

# the dtic

## 2021/22 Annual Report

**Presentation to the Portfolio Committee on  
Trade, Industry & Competition**



**the dtic**

Department  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

**the dtic - together, growing the economy**

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# OUTLINE



- ❑ **PART 1: THE DTIC PORTFOLIO  
HIGHLIGHTS**
- ❑ **PART 2: ANNUAL PERFORMANCE  
SUMMARY PER PROGRAMME**
- ❑ **PART 3: FINANCIAL PERFORMANCE  
and AUDIT OUTCOMES**

# INTRODUCTION

**2019/20:** At the start of the Administration, 6 priorities were identified and implementation started on:

- building dynamic industries through partnerships;
- expanding exports through AfCFTA and trade policy measures;
- improving the climate for investment and the level of fixed investment in the economy;
- spatial equity through targeted policies;
- transformation of economy; and
- building a capable state.

**2020/21:** The priorities were implemented to take account of Covid-19 pandemic and the shocks to firms, consumers, workers and citizens, with use of competition and trade regulations. More focus was given to localisation including medical supplies (ventilators, face-masks, sanitisers; vaccines); and support to firms affected by lockdowns and disruptions to supply-chains.

**2021/22:** Work on all six priorities resumed with greater integration within the dtic group and the state, more focus on partnerships with firms, quick response to deal with the July 2021 unrest (drawing on the Covid-19 experience), speeding up work on masterplans, exports, localisation and transformation, the AfCFTA and World Trade Organisation (WTO) talks and use of off-balance sheet funding.

# **PART 1: HIGHLIGHTS ACROSS THE PORTFOLIO (the dtic group)**

# HIGHLIGHTS: the dtic Group

## Audit Outcomes

**17** - the dtic and entities with **unqualified audits**

**1** - entity received a **qualified audit** outcome (NLC)

# HIGHLIGHTS ACROSS THE PORTFOLIO

**R366 billion** – new investment pledges from 2021 Investment Conference

**The dtic** hosted the Investment Conference on behalf of the Presidency and worked with other Departments to secure pledges

- **79 projects** announced (together with expansions and reductions) totals R366 billion
- **R36.7 billion** - commitments by black industrialists announced at 2021 Investment Conference
- Significant implementation of commitments made at previous Investment Conferences
- **R1.1 trillion** – total pledges over a 4 year period towards the R1.2-trillion 5-year target

# HIGHLIGHTS ACROSS THE PORTFOLIO

## R16 billion –

**Approvals by IDC** in loans and equity support investments

- R 7.2 billion – Disbursements
- R 5.3 billion approved for black-empowered companies (R3.8 billion was for black-owned)
- R4.1 billion approved for black industrialists
- R1.4 billion approved for women and youth empowered businesses

### **Rebuilding its assets**

Pandemic left IDC balance sheet seriously damaged.

Over 2 years, the balance sheet has been rebuilt:

- From R97 billion in 2020
- To R158 billion in this FY

### **July 2021 unrest response:**

- R2 billion allocated
- 1 996 firms supported
- R1,5 billion disbursed
- 26 480 workers supported

# HIGHLIGHTS ACROSS THE PORTFOLIO

## **R1,3 billion** – Approvals by NEF

- Achieved the highest levels of approvals, commitments and disbursements in 2021/22FY, the highest in its 19-year operational history
  - Approvals R1.3 billion (actual) - R800m target
  - Disbursement R1.05 billion (actual) - R652m target
  - Data includes core work and July 2021 unrest funding.

## **US\$250 Million** – Approved transactions by ECIC



# HIGHLIGHTS ACROSS THE PORTFOLIO

**R 6 billion** – Industrial financing approvals by **the dtic**

The department

- approved **196 projects** with a
- **R39,2 billion** in projected total investment value (including (12i incentive programme)
- Supporting a reported **66 700 jobs**.

# HIGHLIGHTS ACROSS THE PORTFOLIO

## Master Plans

In the Steel Masterplan, a number of projects in the value chain leveraged R1.3 billion in new investments and supported 2 439 jobs.

## Global Business Services

The dtic finalised the development of a Masterplan for the global business services sector that has the potential to create thousands of jobs in the next decade.

To give an example: last year, 130 jobs in Cape Town were created by global call centre Boldr, 90% of which will be available to youth employees, based on the incentives provided by the dtic; while digital services infrastructure was reinforced by the announcement of R8,5 billion of investments in data centres, telecommunications and software development.

Tens of thousands of workers are currently employed in the sector as a result of the dtic incentive scheme.

## Master Plans: Sugar

# Sugar industry supported

- **To drive transformation and growth:**
  - R225 million was spent on small-scale (largely black) farmers
  - R60 million premium fund committed by South Africa Sugar Association (SASA) and supported 12867 Small Scale Growers starting from the 2021 season.
- **To drive localisation:**
  - a 22% increase in procurement of local sugar by soft drinks producers. It helped Illovo's small-scale cane development project, employing 860 people in KZN
  - Shoprite partnered with local growers and the government to promote the sale of locally produced sugar in its 1 189 stores

# HIGHLIGHTS ACROSS THE PORTFOLIO

## Master Plans: Poultry

**22,5 million** weekly local chicken slaughter capacity due to increased investment

- The South African Poultry industry pledged to invest R1.5-billion by the end of 2022 and by November 2021, they **invested a total of R1.14-billion** and created 9.8% additional capacity for emerging farmers. As a result of this investment, the slaughter capacity increased from 19 million to 22.5 million birds per week.
- From this fund, 6 poultry projects valued at **R359.5 million** were approved, estimated to create 204 jobs.
- Extra production of Soya (200,000 tons) & maize (3.8 million tons) which will be available for feed and export, 9% **↑** from previous season.
- The industry reported that more than 2000 job were created across the value chain.
- **R1 billion** fund established by IDC and DALRRD to support new and current expansion across the agriculture value chain including poultry farmers

# HIGHLIGHTS ACROSS THE PORTFOLIO

## Master Plan: Clothing, Textiles and Footwear

### Investment

- PFN Group invested R 650 million in non -woven textile plant (W Cape)
- CMT Group invested R 390 million in knitting and dyeing, Fabric & apparel and committed to create 1650 jobs (KZN)
- Premier Group invested R 70 million and committed to create 60 jobs in Safety Footwear and PPE industry (Gauteng).

### Value chain localisation:

- The Foschini Group (TFG) Africa now sources 35% of its clothing locally (on-shore)
- Mr Price now sources 35% of total merchandise units locally, worth about R9.2 billion in retail sales
- Game launched its Style essentials clothing line in August 2020, with about 25% of the range being locally manufactured.

### Rebuilding firms

Rebuilding of firms damaged in the July 2021 unrest – support for small businesses and working with retailers to re-establish supply-chains

### CTFL Rapid Response Fund

- R 148.3 million grant approved
- 49 CTFL damaged firms supported
- 8 932 jobs saved

# HIGHLIGHTS ACROSS THE PORTFOLIO

## Master Plans

### Furniture Masterplan

This was finalised and will focus on opportunities stretching from rural forestry plantations to the manufacture of the desks, couches, beds and fittings that fill our homes.

**With support from one of the dtic schemes, PG Bison announced a R2,5 billion investment in new manufacturing capacity, including the construction of a medium density fibreboard plant in eMkhondo that will have the capacity to replace close to R1 billion worth of imports every year.**

### Autos Masterplan

**In 2021, the first operating year of the AITF, R178 million was approved funding for 10 black owned companies.**

**The OEMs purchase/orders commitment to the 10 enterprises totalled R3,72 billion over a number of years of which R86,6 million was realised in 2021.**

# HIGHLIGHTS ACROSS THE PORTFOLIO

## Automotive Master Plan

new **C-class Mercedes Benz** produced in South Africa

- **Three locations globally:** Bremen (Germany), Beijing (China) and Buffalo City (SA)
- **R13 billion** Investment
- **597 new jobs** (direct) and 2 000 in the value chain
- **5 Black owned suppliers:** E.g. VM Automotive forms part of the suppliers and benefits from the Mercedes Benz Enterprise and Supplier Development (ESD) programme. The company introduced 'laser blanking' as a new technology in the new-generation C-Class.

# HIGHLIGHTS ACROSS THE PORTFOLIO

## R2,6 billion

### Investment by Toyota Building a hybrid car in South Africa

- **Support** from the dtic incentive scheme
- **2 628** jobs sustained
- **308** new jobs created
- **621** localized parts
- **56** local parts suppliers
- **16** black-owned suppliers

Toyota launched the Corolla Cross at its Durban plant in EThekweni on 26 October 2021, with the value of investment for the project being R2.6 billion. To support this project, **the dtic** approved an Automotive Investment Scheme (AIS) grant.

In order to improve local content, five Tier 1 suppliers were introduced to support the build of this model (Wekaba, Standard Profil, Isomoulders, Invusa and Expert Automotive Trim).



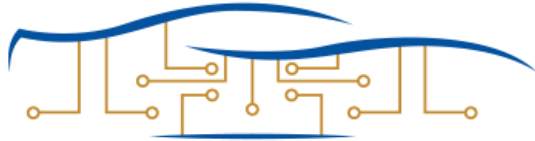
# HIGHLIGHTS ACROSS THE PORTFOLIO

## Special Economic Zones

**3** New Factories opened in  
Tshwane SEZ

**603** Production workers  
employed

**8** Under construction in the  
period under review



**TSHWANE AUTOMOTIVE  
SPECIAL ECONOMIC ZONE**

AFRICA'S FIRST AUTOMOTIVE CITY

In Tshwane, the financing of a new SEZ saw an initial **three factories opening, employing 603 production workers.** This will be expanded in 2022, with an additional eight factories under construction. They are expected to **expand total employment in the SEZ to about 2 000 jobs.**

# HIGHLIGHTS ACROSS THE PORTFOLIO

## Local capacity, African trade and global exports

**Rapid growth in exports of high-tech products like pharmaceuticals and trucks, with export of trucks crossing the US\$4-billion threshold for the first calendar year on record**

- Aspen exceeded its own targets for vaccine production, and Africa's first anesthetic plant was opened in Gqeberha, enabling local hospitals and export markets to be serviced by proudly South African made products.
- **US\$4 billion** in African **trade and investment** unlocked at the **Inter-Africa Trade Fair** held in Durban reported by Afreximbank
- The department contributed to finalizing the rules of origin for products under the AfCFTA. Agreement was reached on rules of origin for about 88% of products on the tariff books, more than 4500 products and meeting the target set the previous year.

# HIGHLIGHTS ACROSS THE PORTFOLIO

## B-BBEE - EQUITY EQUIVALENT INVESTMENT PROGRAMME (EEIP):

**R340 Million-** JP Morgan ( Abadali Fund) launched on 17 August 2021

- Supports black owned enterprises and SMMEs in industrial and green economy, plus education, health and digital inclusion sectors, plus Black Owned entities in the financial services sector.
- Since its launch to end March 2022 the following have been achieved :
  - short term window - 39 deals with R 37 million paid out and 32 new permanent jobs created. Of these, 85% are black owned, 80% are in the industrial sector, 20% in financial services, and one of the deals is based in the township.
  - medium to long term window - 7 transactions worth R60 million are in the pipeline, undergoing due diligence stage. Four are in construction and manufacturing, two in financial sector and one in retail. Paid out to date is R 5 million, to a 100% black owned company based in Katlegong Township expected to created 23 permanent jobs.

# HIGHLIGHTS ACROSS THE PORTFOLIO

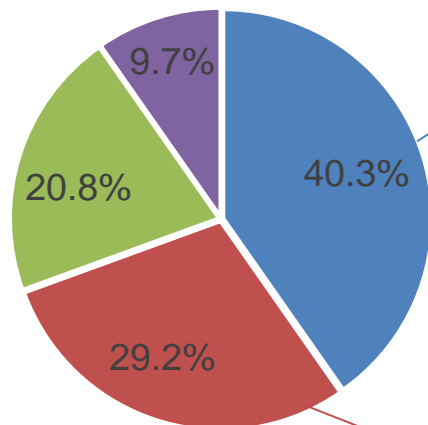
## Competition Highlights: Market Concentration Report

- Competition Commission published the 2021 *Report on Measuring Concentration and Participation in the South African Economy: Levels And Trends* - one of the most significant public documents released in the past 12 months the
- The Report is a Who owns the SA economy: who owns the firms that produces what you eat; where you shop; where you go for your medicines, your blood tests, your X-rays; what you read; what you drink, or smoke or where you gamble; what you drive or who you fly with; the pipes for the water we use; the renewable energy and also the coal used to produce our energy; your insurance, your retirement fund, your medical aid and who you bank with.
- The study found that of the 144 sub-sectors of the economy with sufficient data, over two thirds were found to be highly concentrated, 21% were moderately concentrated and just less than 10% had unconcentrated markets.
- An examination of trends over the last 10 years for the 122 sub-sectors found that industries that are highly concentrated are more likely to see further increases in levels of concentration. Industries with dominant firms were three times more likely to face increasing concentration (60% of sub-sectors) rather than decreasing concentration (19% of sub-sectors) or constant concentration levels (21%). Almost two thirds (64%) of oligopolistic markets (highly concentrated sub-sectors without a presumptively dominant firm) were not becoming less concentrated.

# HIGHLIGHTS ACROSS THE PORTFOLIO

## Persistence of high levels of concentration

Summary of concentration across the economy using industry data



- Highly concentrated + presumptively dominant firm
- Highly concentrated, no presumptively dominant firm

- Farming inputs (various seeds and seed treatment, fertiliser)
- Agro-processing (grain processing for human consumption, fisheries)
- Sin industries (alcohol, gambling and cigarettes)
- Healthcare (medical schemes and administration, pathology)
- Communications (mobile, FTTH, publishing and broadcasting)
- Upstream steel value chain (iron and ferrochrome mining, crude steel production) and chemicals (plastics, ethanol)

- Farming inputs (grain storage, fungicides and insecticides, animal feed)
- Agro-processing (grains processing for animal consumption, bread, poultry, sugar processing)
- Healthcare (hospitals and pharmacy)
- Transport (airlines and commercial vehicles)
- Financial services (all areas of insurance, banks)

# HIGHLIGHTS ACROSS THE PORTFOLIO

## Competition Highlights

**Cartels: 14 cases** investigated and referred for prosecution (incl tourism, defence equipment, vehicle finance, telecom equipment and earthmoving machinery). Addressing cartels is central to efforts to ensure competition in the market.

**Abuse of dominance: 3 cases** completed (Facebook/ WhatsApp, cancer drugs and school uniform). These investigations address the abuse of market power by firms with a very significant market share in a sector or product-line.

# HIGHLIGHTS ACROSS THE PORTFOLIO

## Abuse of dominance: Case study

### **CC vs Roche Holding AG and its Subsidiaries**

The CC conducted an investigation for alleged excessive pricing relating to the sale and supply of the drug called Trastuzumab, a first-line treatment life-saving drug which stops the development of an aggressive type of breast cancer. This drug is used to stop the development of tumour cells to prevent the cancer from spreading and death.

The Commissions' investigation revealed that, approximately 50% of the total number of newly infected patients were unable to receive treatment between 2011 and 2019 due to excessive pricing charged for the medicine. The impact of excessive pricing affected mainly women, particularly poor women, who couldn't afford to access essential treatment. This was the case, even for the minority of women who belong to medical schemes. The Commission's findings revealed that, not only the conduct was prohibited under the Competition Act, but it also infringed on several constitutional rights of South African citizens. CC filed a complaint referral with the Tribunal.

# HIGHLIGHTS ACROSS THE PORTFOLIO

**6 Mergers** - the dtic participated in 6 large mergers with significant public interest outcomes and 53 mergers in total

Below summarizes three:

- **Consol** - R3 billion investment commitment. Will result in import replacement of \$160 Million (R2.9 billion). Some 290 jobs created for one of the projects.
- **Burger King** - The agreement included protection for existing workers and commitments to open 60 new stores and create 1 250 new jobs.
- **Imperial logistics** - commit to capital spending of R2.1 billion in its South African over 4 years; employment commitments; procurement from SMEs
- **Air Liquide** – localisation commitments; green industry; jobs
- Worker ownership provisions were negotiated in significant mergers (see next slide).



# HIGHLIGHTS ACROSS THE PORTFOLIO

## Transformation: examples

### Worker ownership

A new focus on inclusive growth saw work undertaken that resulted in settlement agreements with Burger King and Imperial Logistics, covering about **30 000 workers** who will secure shares in their firms.

Considerable work was completed on an agreement with Shoprite, signed a month following the reporting period covering over **80 000 workers**, bringing the recorded worker shareholding in the economy to well over 400 000 to date.

The dtic promoted efforts at empowerment beyond the industrial sector, for example:

**Global Credit Rating Limited, in which Moody's acquired a majority stake, has a new 20% equity by African Women Chartered Accountants Investment Holdings, facilitated in the competition settlement process.**

**The agreement was negotiated during the financial year and signed on 1 April 2022.**

# HIGHLIGHTS ACROSS THE PORTFOLIO

## Trade policy

Trade instruments to support domestic industries by leveling the playing field with imports and increasing competitiveness include:

### Implemented 5 tariff adjustments and 2 rebate provisions

- **Customs duty adjustments** for tinplate cans, pails and aerosol cans; steel tubes and pipes; chrome grinding balls; foot-operated grease guns; and safety headgear.
- **Duty rebates** for warp knit fabrics for upholstered furniture and caustic soda for manufacture of semi-chemical fluting paper.

### Implemented 7 trade remedy measures and 3 provisional measures

- **1 Anti-dumping:** pasta
- **2 Safeguards:** bolts and set screws
- **4 Sunset reviews of anti-dumping duties** to extend protection against unfair imports on wheelbarrows; stainless steel sinks; garlic and frozen bone-in chicken.
- **3 provisional anti-dumping duties** on laminated safety glass; clear float glass and frozen bone-in chicken.

**Social compacting:** R370 million in **new investments commitments** by firms on International Trade Administration Commission of South Africa (ITAC) work; and **25 600 workers** were covered by the trade measures.

# HIGHLIGHTS ACROSS THE PORTFOLIO

## **Beneficiation**

- Minerals: A number of projects have been supported by the IDC, including projects that is intended to turn South Africa's natural mineral wealth into high-tech batteries that will power green technologies like solar power and electric vehicles. Thakadu Battery Materials and Gilgamesh will produce nickel sulphate and nickel-manganese-cobalt precursor material respectively, while a new Vanadium Redox Flow Battery electrolyte manufacturing plant scheduled to start production in March 2023
- Forestry: Investment in the furniture industry provided opportunities for SA raw materials to be used
- Cotton: the clothing sector focused on promoting local cotton farmers as an input into their production

# HIGHLIGHTS ACROSS THE PORTFOLIO

## Entities

469 983

new companies registered with CIPC within a day

28 622

debt rearrangement matters finalised by the NCT

414

technical standards published by SABS, one-third developed in SA

7

years since the NRCS last had an unqualified audit report  
– this year it achieved an unqualified audit report.

# HIGHLIGHTS ACROSS THE PORTFOLIO

## Action against corruption

During the past year, steps were taken to clean up the National Lotteries Commission, which has been under a cloud of corruption, nepotism and secrecy for a period stretching back over many years:

- The Board was replaced by a team of South Africans with strong governance records
- the SIU provided its first reports
- disciplinary steps were initiated against implicated Board members
- the Gauteng High Court affirmed the right of the Ministry to initiate a forensic investigation, which in turn contributed to the work of the Special Investigating Unit (SIU) set up to probe maladministration in the NLC.

# HIGHLIGHTS ACROSS THE PORTFOLIO

**Economic recovery:** the dtic, IDC and NEF – July 2021 unrest

**R3 billion** – the value of approvals

**2 128** – the number of enterprises that were supported

**More than 38 000 jobs** covered by support programme

# ECONOMIC OVERVIEW

## **Global Economic Outlook:**

- Global economy is projected to grow by 3.2% in 2022 and 2.9% in 2023, downward revisions of 0.4 and 0.7 percentage points, respectively.

## **Risks to the Outlook have increased and they include:**

- Russia/Ukraine war that is disrupting grain and energy markets. Economic costs of war that are expected to spread further afield through commodity markets, trade, and – to a lesser extent – financial interlinkages. Global monetary policy tightening due to rising inflation across both developing and developed economies.
- Fuel and food price rises which are already having a global impact, and are expected to continue to have a negative economic impact on vulnerable populations particularly, in low-income countries
- Lingering COVID-19 effects in China and rising “monkey pox” infections.

# ECONOMIC OVERVIEW

The South African economy began to recover from the first wave of Covid-19, growing at 2,7% during the reporting period. GDP was valued at over **R6 trillion** (in 2021 prices)

Manufacturing exports were the highest in at least a decade

The agriculture and parts of the auto-value chains had their best export performance yet.

Africa opened its first anaesthetic production facility in the same year that pharmaceutical exports reached record levels and crossed the \$1 billion threshold.



# ECONOMIC OVERVIEW

But despite progress, the economy and ordinary South Africans still face many great challenges, some which are persistent and enduring, some of which are new.

Unemployment stood at 7,8 million persons looking for work and 3,7 million discouraged work-seekers.

The growth rate, affected by energy and logistics challenges, is below levels required to boost broader development sustainably.

The past two years have highlighted the risks that the economy faces that require the department to develop robust contributions to de-risking our economy so as to protect the livelihoods of all South Africans, to “build forward better”.

# ECONOMIC OVERVIEW

## Domestic Economic Context

- In the FY under review, growth was driven by six sectors, with transport (9.9%) and personal services (6.5%) showing the strongest expansion.
- Manufacturing grew by 1.1% in the same period and generated R744 billion in annual value-add (2021 prices)
- Growth for the FY was weighed down by four sectors, led by construction (-5.9%) and agriculture (-4.8%)
- Manufacturing exports amounted to R519 billion for the financial year, accounting for 27% of SA's export-basket.
- Growth forecasts for the current calendar year (2022) is 1.9% and for next year it is 1.4%.

# CHALLENGES

Since the start of the reporting period, the country faced three new shocks or headwinds that impacted on the economy and our well-being:

- Firstly, the July 2021 unrest in KZN and parts of Gauteng that led to loss of life and the destruction of infrastructure, dented business confidence and disrupted supply-chains;
- Secondly, the war in Ukraine that resulted in fuel price increases and rising costs of fertilizer, wheat, edible oils and other foodstuffs.
- Thirdly, the recent floods on our eastern seaboard – in April 2022, just after the end of the reporting period - that have led to loss of life and washed away homes, shops, factory assets and railway lines and reminded us of the cost of climate change.

# SOME LESSONS

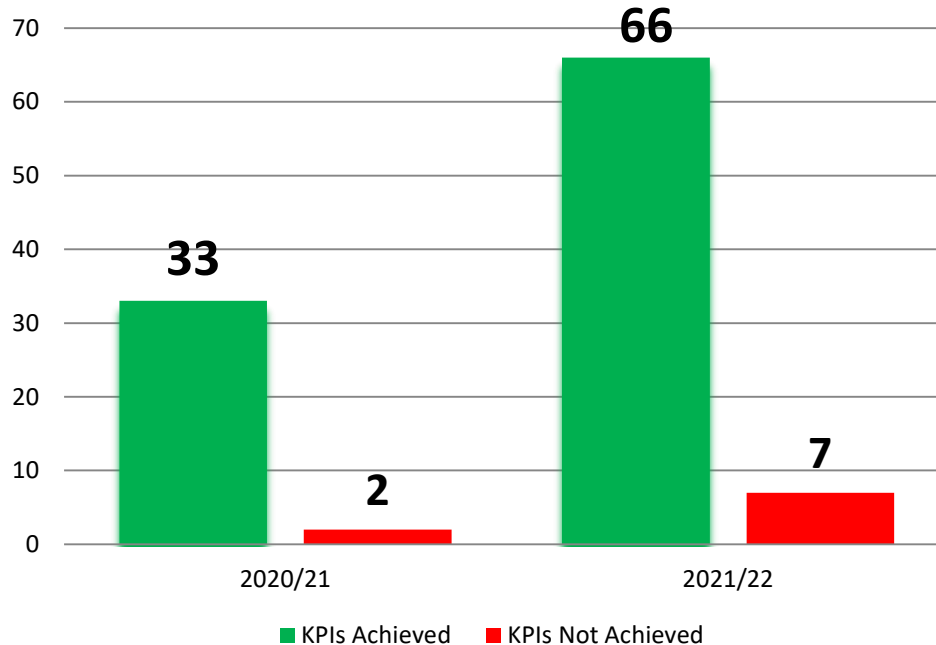
There are three standout lessons from the new shocks of the past year, which reinforce what we have learnt from the systemic shocks of climate change and the Covid-19 pandemic:

- 1<sup>st</sup>, economies and supply-chains are vulnerable and that building greater industrial resilience needs even greater prominence in policy-making;
- 2<sup>nd</sup>, societies need a capable state that is responsive and agile, and equipped to quickly marshal what is needed when risks materialize.
- 3<sup>rd</sup>, the absence of economic justice places the burdens of climate, social or geopolitical disruptions on those in society that can least afford to shoulder these burdens.

# **PART 2: ANNUAL PERFORMANCE SUMMARY 2021/22 for the dtic**

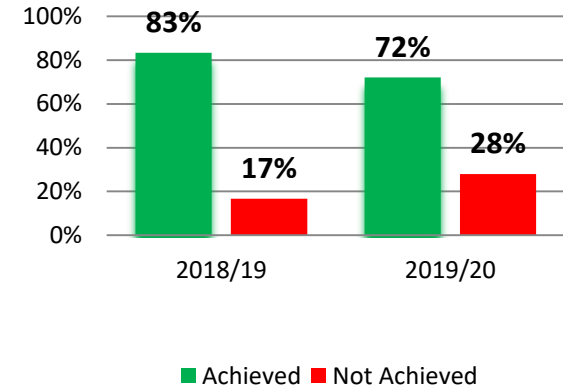
# HIGHLIGHTS: PERFORMANCE OUTCOMES DTIC

## YoY the dtic Performance Information



The department achieved 66 targets of the 73 planned targets set out in the 2021/2022 Annual Performance Plan.

## the dti and EDD Performance



Historical: Performance reporting for the 2019/20 was under the former EDD and **the dti** and respectively

# ANNUAL PERFORMANCE SUMMARY 2021/22

## Performance Report Summary

Annual  
KPIs

**73**

Annual  
Targets

**73**

Targets  
Achieved

**66**

Percentage (%)  
Achievement

**90%**

Budget Spent (%)

**98.3%**

## PROGRAMME

**KPI**

**ANNUAL  
TARGET**

**ACHIEVED**

1: Administration

6

6

4

2: Trade Policy, Negotiations and Cooperation

7

7

7

3: Spatial Industrial Development & Economic Transformation

8

8

8

4: Industrial Competitiveness and Growth

10

10

8

5: Consumer and Corporate Regulation

5

5

5

6: Industrial Financing

9

9

8

7: Export Development, Promotion and Outward Investments

7

7

7

8: Inward Investment Attraction, Facilitation and Aftercare

6

6

5

9: Competition Policy and Economic Planning

7

7

7

10: Economic Research and Coordination

8

8

7

**Total**

**73**

**73**

**66**

# NON-ACHIEVED TARGETS

**Seven out of 73 targets were not achieved.**

Programme	Reasons for targets not achieved
1: Administration	<ul style="list-style-type: none"><li>• Target on Internal Capacity Building Plan not achieved</li><li>• The review of the governance framework has been shifted to the following FY</li></ul>
4: Industrial Competitiveness and Growth	<ul style="list-style-type: none"><li>• Of the two Master Plans targeted, Global Business Services was finalised and launched whilst Consultations on a further Master Plan is still under way.</li><li>• Product designation of building materials: the Minister requested public consultation before publication and this was not completed.</li></ul>
6: Industrial Financing	<ul style="list-style-type: none"><li>• The action report detailing partnerships and activities necessary year-end to increase access to funding for enterprises was finalised and signed off after the financial year-end.</li></ul>
8: Inward Investment Attraction, Facilitation & Aftercare	<ul style="list-style-type: none"><li>• Of the 4 targeted statistical reports on Company registrations from CIPC received, one statistical report omitted information on company registration within one day.</li></ul>
10: Economic Research & Coordination	<ul style="list-style-type: none"><li>• A report on Active Pharmaceuticals (API) Ingredient Study due in Q4 was not produced due to non-compliance issues related to the preferred service provider. API is a highly specialized scientific field. ERC does not have expertise in-house in this area.</li></ul>



# PROGRAMME 1: ADMINISTRATION

- All eligible creditor payments were processed within 30 days
- 3.9% of People with a Disability employed by 31 March 2022. Above the annual target of 3.5%.
- 54% of Women in SMS employed by 31 March 2022. Above the annual target and Cabinet target of 50%.
- 54 interns appointed for 2020/22 against the target of 54. 40 Interns remained in service as at 31 March 2022.
- Standardised, simplified Cyber-Security and ICT Continuity Service Best Practice Frameworks and Self Assessment Protocols agreed and approved. (shared services)
- **the dtic** forensic audit unit has been capacitated to handle forensic investigations into alleged fraud and corruption for **the dtic** and the entities. (shared services)

# PROGRAMME 2: TRADE POLICY & NEGOTIATIONS

## UNDER SOUTH AFRICA'S CHAIRSHIP OF AfCFTA INSTITUTIONS & SACU

- Committees on Investment, Competition Policy, Digital Trade, as well as Women and Youth in Trade were established.
- Started negotiations on AfCFTA rules on the Protocols on Intellectual Property, Investment and Competition Policy
- Dispute Settlement Body and Appellate Body established.
- Agreed on rules of origin which determine African content in our trade on 87.7% of all products.
- SACU Tariff Offer to the AfCFTA improved to 7045 tariff lines.
- Established committees on industrialization, export promotion and investment promotion to try to consolidate value chains and investment in SACU and establish SACU as a base for global exports.
- SA Chairship of AfCFTA institutions extended to July 2022.
- SA concluded term as Chair of SACU.

# PROGRAMME 2: TRADE POLICY & NEGOTIATIONS

## NEGOTIATIONS AND MULTILATERAL FORA

- In March 2022 the dtic led South Africa's participation and interventions at 1st G20 Trade, Industrialization and Investment Working Group under the Indonesian Presidency.
- Led South Africa's participation and interventions at 1st BRICS Contact Group on Economic and Trade issues (CGETI) meeting under the Chinese Presidency.
- At the WTO, focused on advancing an outcome on the TRIPS waiver proposal to ensure that IP rights do not unduly hinder access to medicines and medical technologies and enabling diversification of global pharmaceutical supply chains.
- Technical work was done on the various proposed outcomes for the WTO Ministerial, which was postponed from Dec 2021 to June 2022.
- Led South Africa's delegation and provided substantive inputs in submissions made on behalf of SACU at the arbitration hearing between SACU and the EU in regard to safeguard measure taken on EU poultry imports under the SADC-EU EPA.
- Rooibos added to EU Register of products with protected designation of origin, becoming the first product in Africa to receive the status and the 40th non-EU product.
- First Draft of Trade Marks Amendment Bill submitted to Chief State Law Advisor for pre-certification

# PROGRAMME 2: TRADE POLICY & NEGOTIATIONS

## USA

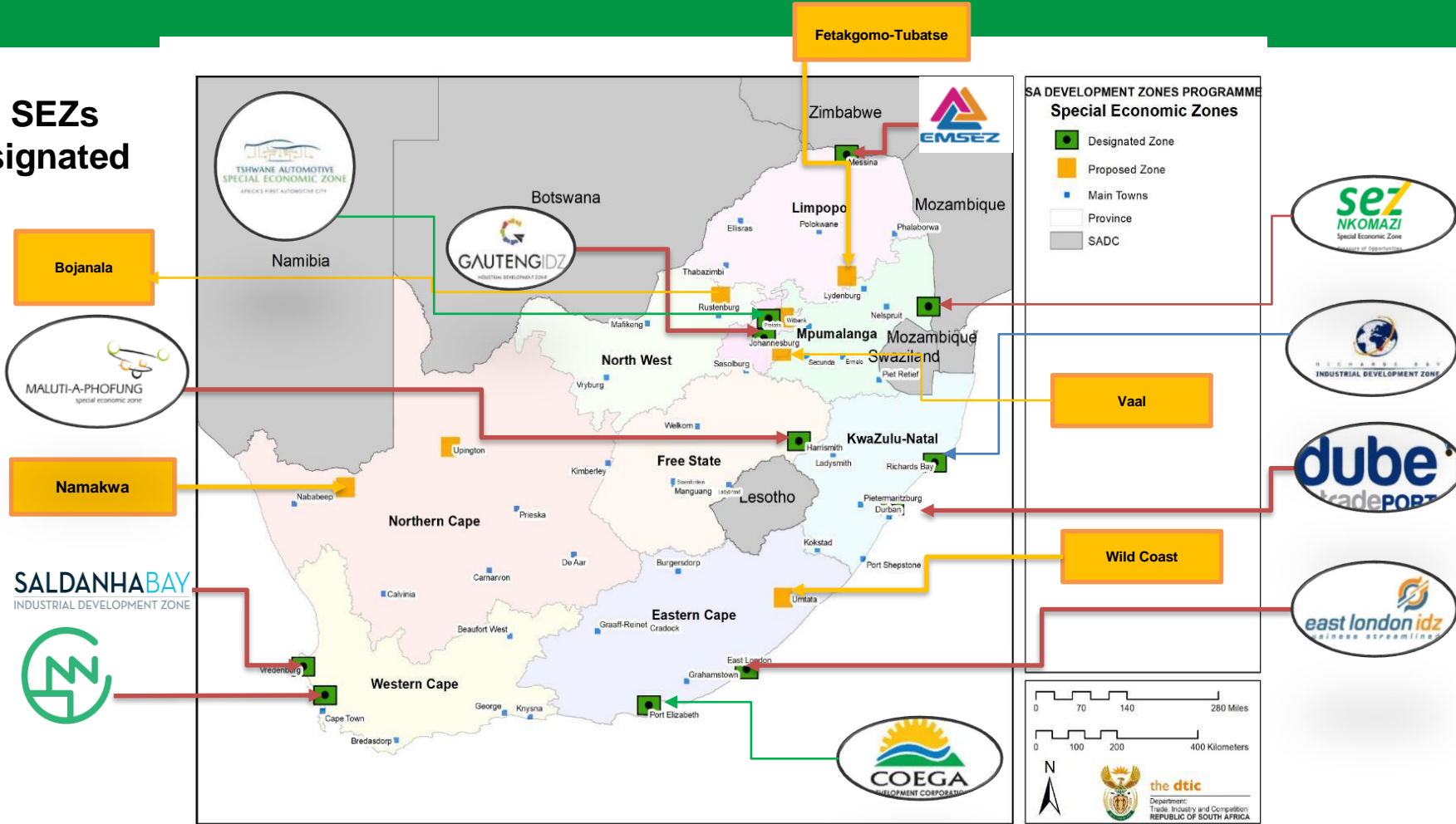
- During the AGOA Ministerial meeting on 21 October 2021, the African Ministers of Trade with concurrence of the United States administration agreed that SA host the next AGOA Forum in 2023.
- SA with African partners seek to encourage the US to extend AGOA beyond its 2025 expiry date, improve conditions of access and ensure the benefits of AGOA continue.
- Sub-Saharan African countries also call for US support to Africa's industrialisation and integration efforts, including the AfCFTA, and encourage increased US investment in manufacturing and infrastructure across the continent.

## CHINA

- The establishment of a Quick Response Team comprising of officials from the Chinese Embassy, **the dtic**, SARS and ITAC. The primary responsibility of the Response Team is to seek speedy resolution to bilateral trade concerns such as customs clearance, illegal imports, and suspension of certain SA products in the Chinese market due to COVID-19 restrictions.
- Following one year of SA's inability to sell its oysters to China, SA's oysters were allowed to enter the Chinese market in August 2021. This was achieved through discussions with relevant Chinese authorities. The success in getting the SA oysters back into the Chinese market saved jobs in the oyster industry.

# PROGRAMME 3: SPATIAL INDUSTRIAL DEVELOPMENT

## 10 SEZs Designated



## Investment Performance

**170** Operational Investments; **R 20, 961** billion Value of Operational Investments; **19 344** Direct Jobs Created

# PROGRAMME 3: SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION

## SPECIAL ECONOMIC ZONES

### Richards Bay Industrial Development Zone (RBIDZ)

- The construction of the Technical Service Centre for Nyanza Light Metals Ltd's titanium dioxide plant, which is valued at R130 million, has been completed and is currently at commissioning phase. The total number of construction jobs that have been created in the process is 286. Once completed, the value of this investment will be R4,5 billion and is expected to create an estimated 550 direct jobs
- A reported 385 construction jobs have been created on the construction of the R1,1 billion edible oils plant by Wilmar Processing SA Ltd in RBIDZ. This project is expected to be completed in March 2023. Earthworks clearing, and the first phase of pilling have been completed. The construction of the pipeline, to pump crude palm oil from the docked ship at the Port to the Wilmar plant, has commenced
- The Lovemore Bros facility has been certified as a bonded facility by SARS and the investor has since erected a warehouse to expand its business opportunities. The expansion has led to Lovemore Bros spending an additional R9 million on equipment for the new bonded warehouse thus increasing the investors cumulative investment value to R 30 million
- ProStar Paints, a manufacturer of paints, decorative, protective, and industrial coatings is also expected to start construction in the new FY following the approval of R 54 million for the top structure by **the dtic**. The project is valued at R 141 million and is expected to create 50 construction jobs and 50 permanent jobs once operational. The plant is projected to be completed in November 2022 and will be operational from January 2023.

# PROGRAMME 3: SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION

## Dube Trade Port Special Economic Zone (DTPSEZ)

- An estimated R161 million private investment has been leveraged during the 2021/22 FY. Two Lease Agreements have been signed with Synergy Blenders (New Investor that has pledged an investment of R 93 million) and LM Diapers (Proposed Expansion valued at R 75 million)
- TradeZone 2 Bulk infrastructure valued at an estimated R 106 million has been completed. In addition, a R 131 million worth investor ready spec factory building, with a floor size of 8000 sqm, has been completed in an effort to boost the integration of SMME economic activity in the zone

## Saldanha Bay Industrial Development Zone (SBDIZ)

- 3 investment pledges were made at the 4<sup>th</sup> SA Investment Conference. They are for Cape Oceans Terminals (COT) and Anchora and a new investor Africa Quartz, a solar energy manufacturing plant for the South African and African markets
- The size of the pledged investment amounts in relation to the above is as follows:
  - R1.5 billion from African Quartz
  - R1.8 billion from Anchora Enterprises; and
  - R2 billion from COT

# PROGRAMME 3: SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION

## **Tshwane Automotive Special Economic Zone**

- Feltex Trim and Aeroklas Duys, which are three of the eleven (11) factories that were under construction in Tshwane Automotive SEZ at the beginning of the 2021/22 FY, are now operational and have created 194 and 199 direct operational jobs, respectively. The balance of 10 companies are at various stages of development, with 5 of these being at equipment installation and commissioning phase. The other 5 were expected to complete their construction in the new financial year.

## **East London Industrial Development Zone**

- ELIDZ has completed new facilities for Mercedes Benz SA, Auria Ebor, Polytech, Valeo Draeger (all in the automotive space) as well Bushveld (renewable energy). The companies which have expanded their facilities in the zone include TI Automotive (who has localized more capabilities that were previously performed in their plants outside South Africa), Yanfeng Linde and Wieman



# PROGRAMME 3: SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION

## INDUSTRIAL PARKS (IPs)

As indicated previously, the dtic has limited powers in respect of Industrial Parks, providing funding without any authority over operations. In the financial year:

- Security upgrades and building refurbishments on 4 Industrial Parks completed (Dimbaza, Komani, Botshabelo and Vulindlela)
- Construction and refurbishment of 4 Industrial Parks (Babelegi, Bodirelo, Isithebe & Nkowankowa),
- Phase 2 factory refurbishment of Seshego IP initiated and Phase 1 of security and bulk infrastructure for Upington IP initiated.
- Applications submitted for Critical Infrastructure Funding for Phase 2 factory refurbishment for 3 Industrial Parks and Phase 1 security upgrades for 2 Industrial Parks
- Botshabelo Digital Hub constructed and operational – attended to over 2000 youth including 130 youth receiving ICT related training
- R2 billion total investment increased from R4 billion to R 6 billion over a 12 month period (FY 2020/21-FY 2021/22).

# PROGRAMME 3: SPATIAL INDUSTRIAL DEVELOPMENT AND ECONOMIC TRANSFORMATION

## INDUSTRIAL PARKS INVESTMENTS AND JOBS

- Reported data subject to further confirmation

Province	Name Of Industrial Park	# of Tenants	# of People Employed	Value of Tenants investments
<b>Eastern Cape</b>	Vulindlela IP	80	933	R164 250 000
	Dimbaza IP	24	703	R100 000 000
	Komani IP	49	2204	R2 000 000 000
<b>Free State</b>	Botshabelo IP	104	5751	R668 729 131
	Phutaditjhaba IP	113	5863	R118 000 000
<b>Gauteng</b>	Ekandustria IP	99	2364	R859 000 000
	Garankuwa IP	120	3173	R513 650 079
	Babelegi IP	136	5102	R513 650 079
<b>Kwazulu Natal</b>	Isithebe IP	128	13000	Unknown
<b>Limpopo</b>	Nkowankowa IP	46	3708	R98 242 783
	Seshego IP	55	1036	R140 242 783
<b>North West</b>	Mogwase IP	110	2041	R810 000
<b>Northern Cape</b>	Upington IP	77	2890	R1 000 000 000
<b>Total</b>		<b>1141</b>	<b>48 768</b>	<b>R6 012 324 855</b>

## Master Plans

A key pillar of the RIS is the development of Masterplans and central to these Masterplans is the strong social compact between government, industry and organised labour, where each social partner commits to implement concrete interventions to transform and build the economy.

Across all the Masterplans and interventions, the focus is on supporting the manufacturers to increase local capacity in order to respond efficiently to the growing domestic demand and to reduce over-dependency on imports. Stabilisation of our manufacturing sector remains key in our efforts to rebuild post covid 19 in the short to medium term and the Masterplans are critical in driving re-industrialization and job creation. In this regard, significant success has been achieved across the various sectors.

# PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

## KEY ACHIEVEMENTS

### FURNITURE INDUSTRY

- FX Group announced its support towards the expansion of board manufacturing
- **the dtic** facilitated access to markets for 10 Design/Manufacturing Companies
- **the dtic** in collaboration with Proudly SA launched a furniture portal to promote furniture localization.

### SUGAR

- Reciprocal commitments and agreements were adhered to by the stakeholders
- Shoprite partnership with SA Cane Growers on prioritizing the selling of locally produced sugar in its 1189 stores
- 15% growth in local sales, adding 188,233 tons (compared to the target of 150,000t)

### POULTRY

- The South African Poultry industry pledged to invest R1.5-billion by the end of 2022 and by November 2021, the poultry industry invested a total of R1.14-billion and created 9.8% additional capacity for emerging farmers
- The industry has invested in creating 120 tons of additional cooking capacity per week and this is specifically designed to access the export market in the EU and the ME where there is a great demand for partially- and fully-cooked poultry products
- The Animal Feed Manufacturers Association (AFMA) has reported an additional 2000 jobs being created in the extended value chain

# PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

## **METALS FABRICATION, CAPITAL AND RAIL TRANSPORT EQUIPMENT**

- The Minister of Trade, Industry and Competition, along with industry stakeholders from the steel and metal fabrication sector signed a Master Plan which has been developed in consultation with all stakeholders from the industry in June 2021. Implementation is under way.

## **SCRAP METALS INTERVENTIONS: CONTRIBUTION TO LOCAL BENEFICIATION**

- An export duty on scrap metal was introduced in the period and through the ITA Act the Price Preference System (PPS) was extended to 31 July 2023. The 2 instruments implemented concurrently ensures adequate quality scrap metals is available at competitive pricing for local processing by steel mini mills; secondary smelters and foundries.
- These measures will contribute towards local beneficiation of scrap metals and restore supply stability for the industry which is mainly located in the Ekurhuleni Municipality; Ethekewini Municipality and City of Cape Town.

## **Textiles, Clothing, Leather and Footwear**

The Implementation of the Retail Clothing, Textile, Leather and Footwear Growth Programme contributed to added investment and growth in numerous companies.

- To this effect, Bader SA (Pty) Ltd, Ga-Rankuwa with 800 employees invested R300 million in additional capacity to manufacture automotive leather and split leather.
- Neptune Boots, Pinetown invested in the additional production of 2500 pairs of Gum Boots / month.

# PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

## Plastics

- Sizabantu Piping Systems invested R70 million for the extrusion of 630mm PVC-O pipes and this will create a further 26 permanent employment positions. This investment is located in RBIDZ.
- Costpac located in Parow, Western Cape made an investment of R3 million and employed 10 people and currently invested another R2 million to introduce the trigger spray pump. Sectoral support: Business linkages to advance localisation in particular with packaging companies mainly for sanitizers
- Verigreen located in Pinetown pledged more than R2 million investment to manufacture re-usable recyclable carrier bag locally for Clicks.
- HOUP located in Cape Town invested R5 million to put up tooling using local engineering firm and licensed production to local manufacture to make vaccine thermal cooler boxes and a further R3 million is being invested to put up a 23.5 litre tooling. They employed extra 5 people.

## Pharmaceuticals And Medical Devices

- In response to the inequality of access to COVID-19 vaccines in developing countries and in particular in Africa, **Afrigen, the Biovac Institute, the South African Medical Research Council**, and a network of local universities, were appointed by the World Health Organisation in 2021 to establish its first mRNA (messenger RNA) vaccine technology development and transfer hub. It is a global initiative to enable sustainable, locally owned mRNA manufacturing capabilities in LMICs, contributing to their future pandemic preparedness.

# PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

## Pharmaceuticals and Medical Devices

### Anaesthetics and vaccines

- **Aspen invested** significantly in developing pan-African sterile capability – this investment has a value of R 3.4 billion that was invested in 2018. This enabled the conclusion of contract manufacturing agreement between Aspen and J&J for the production of the first choice COVID vaccine for the continent. It also enabled (in the subsequent financial year) the conclusion of a license agreement for the product Aspenovax, the Aspen COVID-19 vaccine product between Aspen and J&J.
- To date, Aspen produced 225 million doses of J&J **over the past 17 months**, making it the largest J&J contract manufacturer of their J&J COVID vaccine. This created 110 new jobs and of course absorbed a number of existing jobs. As the bulk of the investment was contained in the R 3.4 billion, the pivoting to vaccine contract production required minimal investment, however, new investments (Approx. R500 mil invested announced at the Investment Summit) to expand vaccine capacities in medium to long term will come into being, in the context of the Serum Institute agreement recently signed between Aspen and Serum Institute.
- Africa's first anaesthetic plant was opened in October 2021, to produce the propofol product for SA and global markets.

# PROGRAMME 4: INDUSTRIAL COMPETITIVENESS AND GROWTH

## **COSMETICS:**

- Facilitated and accreditation programme jointly with SABS where Johnson's Baby South Africa was SABS certified for SANS 1043 which means that, their sanitary Pads and baby diapers products that are manufactured in South Africa can now carry the SABS Approved Mark. They are the first company in Africa to get this certification.

## **GREEN INDUSTRIES:**

- Investment in solar PV panel manufacture – 2 plants (Seraphim and ART Solar) with expansion located in Durban and East London. South Africa is therefore developing a local PV panel capacity for IPPs.
- Investment value: R500 million
- Publication of the green paper on EV for public comment. This will contribute to the development of the EV Roadmap to ensure alignment of the industry to the stricter emission standards in major export markets.

## **AEROSPACE AND DEFENCE**

- 149 highly skilled jobs created or retained through the Aerospace Industry Support Initiative (AISI)
- 20 SMMEs directly supported for technology enhancement as well as standards and accreditations. 85% of the SMMEs have B-BBEE Levels between 1- 4



# PROGRAMME 5: CONSUMER AND CORPORATE REGULATION

## BILLS

- Companies Amendment Bill was published for public comments, from 1 October 2021. The review of the public submissions was underway by the end of the financial year.
- The Liquor Amendment Bill is under review. Inter-Departmental engagements on the government measures and approach to liquor abuse were held in Quarter 2, Quarter 3 and Quarter 4.
- Lotteries Regulatory Impact Assessment (RIA) was finalized and the recommendations will inform proposed legislative changes.
- The branch reviewed the Special Economic Zones Act and policy to identify issues for possible consideration in order to address regulatory issues constraining the implementation of the SEZs

# PROGRAMME 6: INDUSTRIAL FINANCING

## INDUSTRIALISATION STIMULATING INVESTMENT AND LOCALISATION (DISBURSEMENTS)



## INCREASED INTRA AFRICA TRADE TO SUPPORT AFRICA REGIONAL DEVELOPMENT (DISBURSEMENTS)

Supported companies have exported R8 bn

Supported companies reported exporting to Angola, Botswana, Comoros, Democratic Republic of Congo, eSwatini, Kenya, Lesotho, Madagascar, Mozambique, Mauritius, Malawi Namibia, Nigeria, Seychelles, Tanzania, Zambia, Zimbabwe

## INCREASED STRATEGIC INVESTMENT TOWARDS ECONOMIC GROWTH (APPROVALS)



## INTERGOVERNMENTAL ACTION IN IMPLEMENTATION OF THE DDM (DISBURSEMENTS)

32 of the 52 municipalities supported. Of these 32, 8 are metros and 24 are district municipalities. All 24 districts are largely rural. Projects in these districts received support amounting to R505m and have supported 8 700 jobs.

## PROMOTING A STRONG AND INCLUSIVE ECONOMY (DISBURSEMENTS)

79% of beneficiaries paid are B-BBEE level 1-4  
75% Black-owned Projects  
31% Women-owned Projects  
12% Youth-owned Projects

## FUNCTIONAL, EFFICIENT AND INTEGRATED GOVERNMENT

The IFB, the IDC and NEF are working on the development of an Industrial Financing web portal, aligned applications and claim forms as well as integrated Reporting

## THE GREEN ECONOMY AND GREENING THE ECONOMY

Green energy initiatives by funded projects includes the use of solar power, installation of energy efficient equipment and storage of rain water

## PROGRAMME 6: INDUSTRIAL FINANCING

- During the financial year ending 31 March 2022, the department : **approved 196 projects** with a **projected total investment value of R39,2 billion** (including (12i incentive programme). These projects **projected 66 676 jobs**, and were approved to **the projected grant value of R5,7 billion (including R1,1 billion 12i tax allowances)**;
- The Critical Infrastructure reconstruction Programme (CIRP) was approved in August 2021 to support investments that have been affected by July 2021 unrest in the Gauteng and Kwa-Zulu Natal provinces; and the department introduced an online application system for the administration of CIRP applications;
- The revised Sector Specific Assistance Scheme (SSAS) guidelines with the virtual event component as well as the 100% grant funding for women, youth and people with disability business owners, was approved on 11 August 2021;
- The Critical Infrastructure Programme (CIP) approval for phase 1 funding of two newly designated Industrial Parks: Uppington Industrial Park and Wild Coast Industrial Park; and
- The Critical Infrastructure reconstruction Programme (CIRP) was implemented during the quarter and resulted in 12 conditional approvals;
- Changes to 3 Export Marketing and Investment Assistance (EMIA) guidelines were made to also cover digital event support and preferential benefit to woman, youth and people with disabilities owned enterprises; and
- These interventions contributed to growing the country's economy, developing skills, creating job opportunities, thus addressing the challenge of unemployment in the country.

# PROGRAMME 7: EXPORT DEVELOPMENT, PROMOTION AND OUTWARD INVESTMENTS

## AFRICA

- Supported KZN in hosting the **Intra-African Trade Fair (IATF) 2021** which reportedly secured:
  - SA companies held 262 business to business meetings and accessed 2 565 trade leads
  - Around R1.4 million in export sales generated at the fair..
  - IATF 2021 as a whole generated U\$ 42.1 billion in trade and investment deals across the continent.
- Organized **three Business Forums** to **Cote d' Ivoire, Ghana** and **Nigeria** which culminated in a pipeline of US\$1.6 billion worth of projects between firms from Ghana and SA.
- Organized the **SA-Kenya Business Forum** which saw the signing of an MoU between Kenya Airways and SAA, and an agreement between Equity Bank of Kenya and South African wine suppliers.
- Facilitated South African company, **Flowtite** to secure in **Zimbabwe** the manufacture and supply of glass reinforced plastic (GRP) pipes to the National Matabeleland Zambezi Water Phase I & II valued at U\$ 100 million, with a U\$50 million contract already signed.

# PROGRAMME 7: EXPORT DEVELOPMENT, PROMOTION AND OUTWARD INVESTMENTS

## REST OF THE WORLD

- Supported a Kuwaiti owned company based in the Eastern Cape (Al Mawashi), to overcome challenges related to export of sheep and goats to **Kuwait**. The company reported that despite existing challenges, it managed to export 57 000 sheep, 170 goats and 800 cattle. This project required cooperation with the SA Mission and other government departments (DIRCO and DALRRD)
- Facilitated engagement with Port officials and the **Lulu Group** from the **United Arab Emirates (UAE)** to discuss challenges faced by the company at the Cape Town Port when exporting. A commitment was made by Port officials to ensure that problems were resolved for the company.
- A Virtual Retail Induction Session was held with senior buyers from **the Lulu Group's** Cape Town office, focusing on agriculture, agro-processing, beauty and personal care products. 46 South African companies profiled their products, with Lulu's exploring sourcing possibilities with two companies. Minister visited the Lulu Group supermarkets and met with the Chairman of the company.
- Facilitated the export of beef for the company QK Meats to **China**. QK meats, a BEE company and one of the largest meat processing plants, needed to be re-audited by Chinese authorities. Through **dtic** facilitation, QK meats succeeded in getting the plant re-audited to continue exports.

# PROGRAMME 7: EXPORT DEVELOPMENT, PROMOTION AND OUTWARD INVESTMENTS

## REST OF THE WORLD (Cont.)

- Facilitated discussions between the South African Nuclear Energy Corporation SOC Ltd (NECSA) and the Korea Atomic Energy Research Institute (KAERI), culminating in the **signing of an MoU** on bilateral cooperation in the field of nuclear energy on 13 October 2021.
- Arranged a matchmaking session between **United Nordic (Swedish buyer)** and **Carpe Diem (South African organic raisin exporter)**. Carpe Diem was invited to submit a bid (tender) for consideration as preferred supplier of raisins in Sweden, Norway, Denmark and The Netherlands.
- Facilitated the Guinness Funds Group, a **UK distributor of Macadamia** with an annual volume of 126 containers, linking up with the **Green Farms Nut Company**, located in the Mpumalanga province. Discussions were initiated between the two parties.
- Concluded the renewal of the **MoU** between the dtic and the **Swiss Import Promotion Programme (SIPPO)** which forms the basis of collaboration between the two parties for future joint export promotion activities for South African products.

# PROGRAMME 7: EXPORT DEVELOPMENT, PROMOTION AND OUTWARD INVESTMENTS

## DUBAI EXPO 2020 (01 Oct 2021 – 31 Mar 2022)

- South Africa's participation at World Expo 2020 held in Dubai served as a showcase to the world of the best South Africa had to offer in terms of trade, investment, tourism as well as sports, arts and culture.
- In addition to a physical presence through the South African pavilion, the 6-month programme also encompassed off-site activities and events in the United Arab Emirates (UAE), webinars, as well as virtual exhibition and online shopping platforms.
- The virtual exhibition platform allowed more than a 100 companies to exhibit, with 36 companies added to the existing membership of the Proudly SA online shopping platform for the event.
- Sectors profiled included agriculture, agribusiness, clothing and textiles, automotive, mining, capital equipment, tourism, hospitality and manufacturing. Opportunities in renewable and clean energy, fintech, healthcare, digital technologies, defence and aerospace were also presented.
- Although Expo 2020 was primarily not a trade show, South Africa's participation generated close to 90 business leads, with early examples of actual returns including:
  - An Emirati company, Velocity Ventures announced a R250 million investment expansion in SA to produce steel coils.
  - Six South African SMMEs secured R145 million from international investors, after they were selected to pitch to investors using the South African platform at Expo 2022.
  - 12 South African artists received AED1 million (R4.9 million) in performance fees from events linked to Expo 2020.
  - The UAE based store Hyperama, selling South African products, increased monthly turnover by AED1 million (R4.9 million).
  - A South African rooibos tea company secured R242 000 in orders.
  - During the event, sales of R98 925 were generated through the South African online shopping platform.

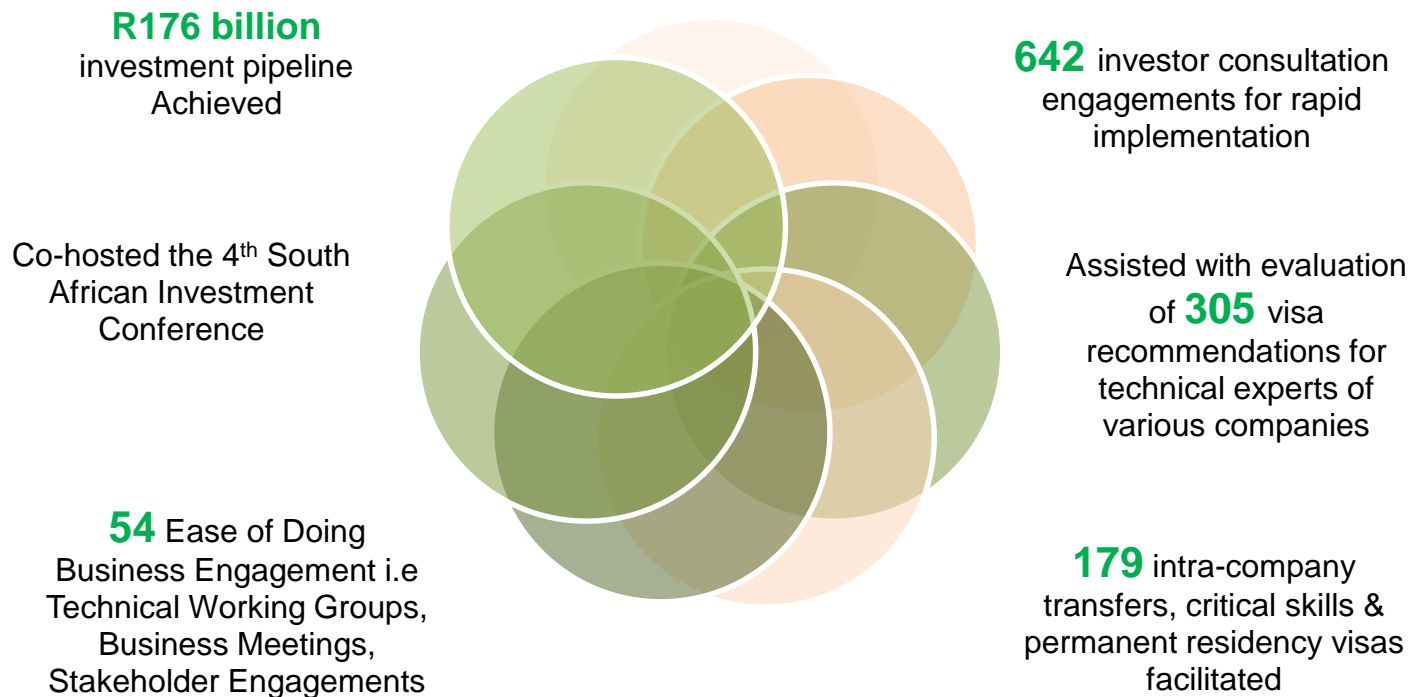
# PROGRAMME 7: EXPORT DEVELOPMENT, PROMOTION AND OUTWARD INVESTMENTS

## EXPORT DEVELOPMENT AND SUPPORT

- Facilitated capacity building and export training through export awareness and Global Exporter Passport Programme (GEPP) training in order to enhance the export readiness of SA companies and to expand the exporter base.
- **346 individuals** representing various companies attended **export awareness sessions** held in various districts
- **205 individuals** went through the intense **Global Exporter Passport Programme (GEPP) training** to enhance their export readiness and to enter foreign export markets.
- **65 individuals** recruited from GEPP graduates went through a **mentorship/incubation programme** championed by **the dtic** with a strategic partner from Germany, the development agency Gesellschaft für Internationale Zusammenarbeit (GIZ). This programme is meant to facilitate SA export ready companies to enter the German market as well as the broader European market.



# PROGRAMME 8: INWARD INVESTMENT ATTRACTION, FACILITATION AND AFTERCARE



# REFORMS TO IMPROVE IMPACT OF INVESTMENT PROJECTS

#	Name of company	DTIC work - brief Summary
1.	<b>Bosch</b>	facilitated visa application from the company to support Southern African-German Chamber of Commerce, GIZ and South Africa on solar, wind and hydrogen energy.
2.	<b>P&amp;G</b>	facilitated deliberations between the company and NRCS on a product in the market to address concerns. This had the potential to cause a potential shutdown of the plant. The matter was resolved amicable through the issuance of a sales permit by the NRCS.
3.	<b>Illovo South Africa</b>	facilitated engagements with SAPHRA for the issuance of a GMP certificate as the company's one expired. This also included a request for the issuance of Manufacturing Licence (ML). This matter was amicably resolved.
4.	<b>Thai Summit Group</b>	facilitated engagements between the City of Tshwane, TSG and Ford South Africa i.r.o the electricity requirements at the TASEZ. The matter was resolved
5.	<b>MCR Plastics</b>	<b>Black Industrialist and Woman Owned firm</b> facilitated the application for funding for machines required to meet the VW contract and visas for technical experts from Portugal to commission the plant.

# REFORMS TO IMPROVE IMPACT OF INVESTMENT PROJECTS

#	Name of company	Brief Summary
6.	<b>Toronto Group</b>	<b>Black Industrialist</b> Delays were experienced with SARS on the release of transfer duty receipt of property which delayed construction and installation of plant. Engaged with SARS and ensured complete documentation was lodged and assisted Toronto Group to get the property transferred.
7.	<b>Cape Bio</b>	<b>Black Youth owned Bio techonology company.</b> Facilitated with Government departments the regulatory process of SAPHRA license to manufacture diagnostic kits.
8.	<b>Evo Health</b>	<b>Black Industrialist in the pharmaceutical sector:</b> facilitated expansion, site location, funding and approval of pharmaceutical license by DOH.
9.	<b>Bio2Watt</b>	escalated the investor request for a No Objection Letter to the Department Forestry, Fisheries and Environment. This will enable South Africa to benefit from the C11 and C12 funding available for green projects.
10.	<b>Real Epic Dog</b>	facilitated deliberations between the company and Alfred Duma Municipality who refused to issue a certificate of occupation notwithstanding full compliance. Escalation of this matter to the KZN HOD of Economic Development resulted in the amicable resolution of this matter.

# PROGRAMME 9 : COMPETITION POLICY AND ECONOMIC PLANNING

## MERGERS

- Participation in mergers aimed at ensuring that public interest issues in terms of Section 12(A)(3) of the Competition Act are comprehensively considered and addressed
- During FY21/22, the Minister was notified of 290 mergers. Of these, the dtic participated in 53 mergers based on public interest considerations that included employment, localisation and ownership consideration.

Public Interest outcomes achieved in mergers participated in FY			
Sec 12A(3)	Description	Public interest criteria	% of total
(a)	effect on a particular industrial sector, or region	15	18.1
(b)	employment	23	27.7
(c)	the ability of small and medium businesses, or firms controlled or owned by historically disadvantaged persons to effectively enter into, participate in or expand within a market	8	9.6
(d)	the ability of national industries to compete in international markets	5	6.0
(e)	the promotion of a greater spread of ownership, in particular to increase the levels of ownership by historically disadvantaged persons and workers in firms in the market	32	38.6
TOTAL		83	100.0

## PUBLIC INTEREST OUTCOMES ON SELECTED MERGERS

the dtic participated in 5 mergers with significant public interest outcomes, these includes:

### (1) Consol agreed to the following public interest outcome:-

- The Merging Parties shall prior to the end of the Planning Phase establish the New Employee Share Ownership Plan (ESOP) that will hold 7% of the issued shares of Consol
- The Merged Firm shall not retrench any Employee as a result of the Merger for a period of 3 (three) years from the Implementation Date
- Invest in the construction of N2 furnace (at an anticipated total cost to Consol of approximately ZAR 1.5 billion)
- commence the construction of N3 furnace (which will involve similar expenditure to that associated with N2) within 24 (twenty-four) months of the finalisation of the construction of N2.
- N2 has been constructed while a decision has been made to fast track the construction of the N3 furnace, work will proceed after receiving environmental approval
- N2 has created 150 additional jobs and the N3 is expected to create 140 new jobs. Both furnaces will result in million of import replacement
- Introduce a range of dining glass which is currently imported

## PUBLIC INTEREST OUTCOMES ON SELECTED MERGERS

### **(2) DP World and Imperial logistics merger was finalized in 4Q 21/22:-**

- Commitment to increase procurement from black and black women owned businesses
- No retrenchment for three years from the merger approval date and maintain the aggregate level of employment for three years
- Establish an ESOP of 5% for South African workers in Imperial Logistics South Africa
- Over a period of 4 years, spend R2.1 billion on CAPEX

### **(3) ECP Africa Fund IV LLC and Burger King merger**

- Establish an ESOP of 5% for workers of the merged entity
- Dispose of its vertically integrated meat processing plant to an HDP owner
- Within 5 years of approval of the merger, invest R500 million to establish 60 new Burger King stores (currently Burger King owns 90 stores)
- Employ an additional 1250 people (base 3 088 employees) at an increased annual payroll of R120 million
- Maintain or expand the level of procurement of South African inputs

## **Presidential Employment Stimulus**

- The funding proposal in respect of the Presidential Employment Stimulus (PES) was evaluated and an amount of R800 million was approved by the Minister of Finance. This amount must be reflected in the AENE 2021 chapter and workbook as “Amounts announced in the budget”. The department must provide monthly reports on expenditure and output performance to the Presidency and the National Treasury.
- Money was transferred to IDC in March 2022
- First disbursement was in June 2022
- 44 000 participants currently enrolled on the system

# PROGRAMME 10: ECONOMIC RESEARCH AND COORDINATION

Trade and Investment Knowledge  
Network Webinar,  
*“Supporting growth through  
stronger investment and trade  
partnerships”*  
10 September 2021

**Convened Knowledge  
Networks and Webinars on  
various trade, industry  
development thematic  
areas to stimulate policy  
discussions to support  
industrialization,  
transformation & building a  
capable state**

Trade and Investment  
Knowledge Network Webinar,  
*“Practical actions on matters  
relating to supporting South  
Africa’s export sector”*  
10 November 2021

Colloquium on - *Opportunities in  
the Mobile Applications  
Development Industry in South  
Africa*  
24 November 2021

Inclusive Growth Knowledge  
Network on - *Just Transition  
for Local Economic  
Development*  
29 March 2022

Webinar on - *Fiscal Policy  
Options to promote economic  
growth, employment and  
industrialisation in South Africa*  
02 December 2021



## Production of economic reports

- **Import Tracker Reports Q1- Q4 2021/22**

Quarterly Import Tracker reports analysing trade data in the manufacturing sector, focusing on clothing, textiles, footwear & leather (CTFL), furniture, chemicals & plastics, steel & metal fabrication and the ICT sector were produced. These industries are prioritised as part of the Re-imagined Industrial Strategy. Industry import monitoring for possible surges is important to flag so as to avert injury to domestic firms and to preserve industry plans and jobs.

- **Report on Executive Pay Ratios**

Contributed towards the development of an economic research report on Executive Pay Ratios. This research report follows deliberations of the 2018 Presidential Jobs Summit which looked at how to support inclusive growth in workplaces, including increasing worker equity and representation in boards, and how to specifically address significant disparities in pay between executives and the lowest-earning workers.

- **Quarterly Analytical Reports** covering **investment**, **employment** and **GDP** performance were produced to track developments on these areas so as to strengthen the work of the Department.

# **PART 3: FINANCIAL PERFORMANCE**

# FINANCIAL PERFORMANCE OVERVIEW

## FINANCIAL PERFORMANCE

Total  
Expenditure



2021/22 expenditure is R11.6 billion, increase from R9.03 billion in 2020/21

Capital Projects  
(SEZs and CIP) expenditure



This consists of incentives support for bulk infrastructure, top structures and critical infrastructure

Spending on  
PPE



2021/22 expenditure is R35 thousand, down from R564 thousand in 2020/21

## FINANCIAL POSITION

Net asset



Which includes



Contingent liabilities



2021/22 contingent liabilities is R8.7 billion, down from R9.6 billion in 2020/21

# APPROPRIATION STATEMENT/ BUDGET HIGHLIGHTS

## Key Budget interventions



- As per the Second Special Appropriation Bill (2021), additional funding support of R1.3 billion was allocated to support businesses that were affected by COVID-19 lockdown restrictions and public unrest in July 2021.
- An additional R800 million was allocated as part of phase 2 of the presidential employment intervention to the IDC's Social Employment Fund - to support the creation of employment through community-based economic activities.
- Budget reprioritisation of R700 million towards the Economic Recovery and Reconstruction programme in support of businesses affected by the public unrest.

# FINANCIAL PERFORMANCE OVERVIEW

1 April 2021



31 March 2022



**R11 812 005 000** Budget



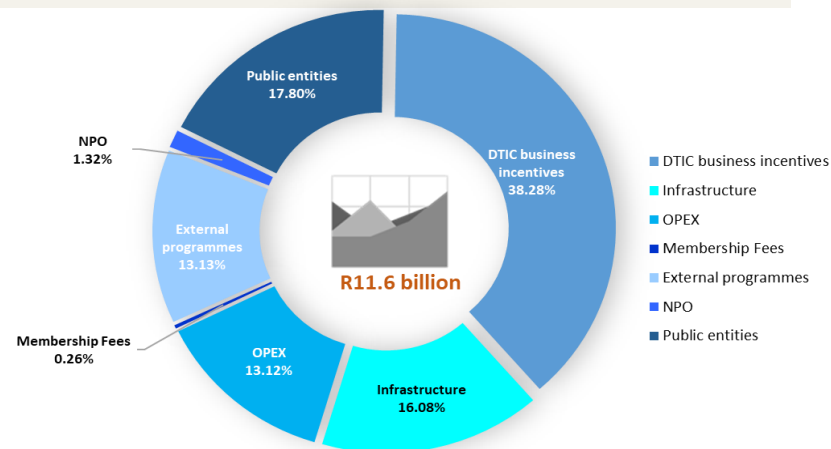
**R11 614 096 000** spent as at 31 March 2022

Spent as % of budget = **98.3%**

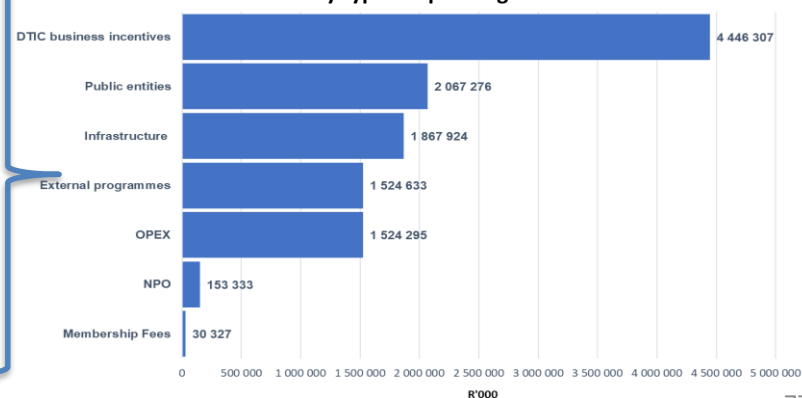
The R11.6 billion spent as at 31 March 2022 comprises of:

- R6.3 billion or 54.4% (i.e. business incentives and infrastructure) was disbursed to the beneficiaries across the various incentive programmes, followed by R2.1 billion or 17.8% transferred to the public entities.
- R1.5 billion or 13.1% was disbursed to various external programmes at the IDC (such as the Social Employment Fund) and CSIR.
- Both the international organizations, which South Africa is a member and non-profit organisations accounted for R184 million or 1.6%.
- Spending on operational costs was R1.5 billion or 13.1%.

Type of spending as % of expenditure



Rand value by type of spending



# FINANCIAL PERFORMANCE PER PROGRAMME AND ECONOMIC CLASSIFICATION

	Budget 2021/22	Actual expenditure 31 March 2022	Variance	Expenditure as % of budget	% Variance
Description	R'000	R'000	R'000		
Programme 1: Administration	787 258	721 265	65 993	91,6%	8,38%
Programme 2: Trade Policy, Negotiations and Cooperation	218 786	217 792	994	99,5%	0,45%
Programme 3:Spatial Industrial Development and Economic Transformation	159 008	122 403	36 605	77,0%	23,02%
Programme 4: Industrial Competitive and Growth	1 638 387	1 638 076	311	99,9%	0,02%
Programme 5: Consumer and Corporate Regulation	324 629	323 388	1 241	99,6%	0,38%
Programme 6: Industrial Financing	6 494 979	6 465 945	29 034	99,6%	0,45%
Programme 7: Export Development, Promotion and Outward Investments	415 155	399 015	16 140	96,1%	3,89%
Programme 8: Inward Investment Attraction, Facilitation and After-care	65 653	53 713	11 940	81,8%	18,19%
Programme 9: Competition Policy and Economic Planning	1 643 136	1 634 534	8 602	99,5%	0,52%
Programme 10: Economic Research and Coordination	65 014	37 965	27 049	58,4%	41,61%
<b>Total</b>	<b>11 812 005</b>	<b>11 614 096</b>	<b>197 909</b>	<b>98,3%</b>	<b>1,68%</b>
<b>Economic classification</b>					
<b>Current payments</b>	<b>1 650 191</b>	<b>1 513 349</b>	<b>136 842</b>	<b>91,7%</b>	<b>7,31%</b>
Compensation of employees	1 064 551	1 018 506	46 045	95,7%	4,33%
Goods and services	585 640	494 843	90 797	84,5%	15,50%
<b>Transfers and subsidies</b>	<b>10 140 376</b>	<b>10 096 844</b>	<b>43 532</b>	<b>99,6%</b>	<b>0,43%</b>
Incentive payments	6 343 232	6 314 232	29 000	99,5%	0,46%
Department entities	2 067 276	2 067 276	0	100,0%	0,00%
External Programmes	1 538 822	1 524 633	14 189	99,1%	0,92%
Non profit organisations (Partnerships with business associations, NEDLAC)	153 334	153 333	1	100,0%	0,00%
Membership fees (International organisations)	30 656	30 327	329	98,9%	1,07%
Households	7 056	7 043	13	99,8%	0,18%
<b>Payments for capital assets</b>	<b>20 321</b>	<b>2 787</b>	<b>17 534</b>	<b>13,7%</b>	<b>86,28%</b>
<b>Payments for financial assets</b>	<b>1 117</b>	<b>1 116</b>	<b>1</b>	<b>99,9%</b>	<b>0,00%</b>
<b>Total</b>	<b>11 812 005</b>	<b>11 614 096</b>	<b>197 909</b>	<b>98,3%</b>	<b>1,68%</b>

# **Trade, Industry and Competition Group (the dtic group) Audit Outcomes**



# 2021/22 AUDIT REPORT

2021/22

the dtic & its entities



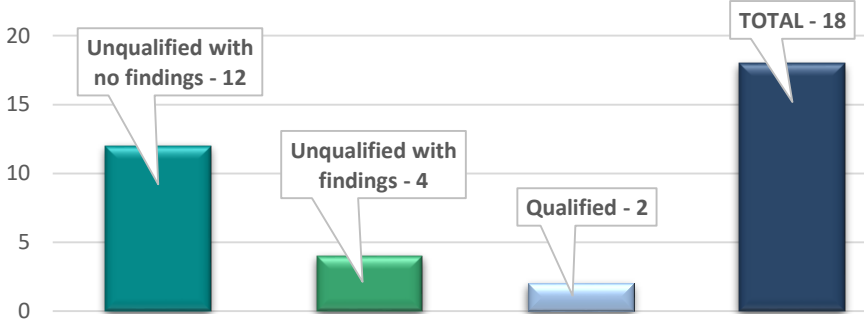
**the dtic and 11 of its entities** achieved financially **unqualified opinions with no findings**, commonly known as a “**clean audit**” opinion.

NLC obtained a qualified audit opinion

Entity	Findings
National Lotteries Commission (NLC)	- Non compliance with sections 55(1)(b); 51(1)(b)(i) and section 51(1)(b)(ii) of the PFMA

2020/21

the dtic & its entities



NRCS and NLC obtained a qualified audit opinion

Entity	Findings
National Regulator for Compulsory Specification (NRCS)	- Material misstatements in the annual performance report - Non compliance with sections 55(1)(b); 51(1)(b)(i) and section 51(1)(b)(ii) of the PFMA
National Lotteries Commission (NLC)	- Non compliance with sections 55(1)(b); 51(1)(b)(i) of the PFMA



# 2021/22 AUDIT REPORT

Audit outcome	Institution
Unqualified with no findings	Department of Trade, Industry and Competition
	Companies and Intellectual Property Commission
	Companies Tribunal (CT)
	Competition Commission
	Competition Tribunal
	Export Credit Insurance Corporation (ECIC)
	National Metrology Institute of South Africa (NMISA)
	National Consumer Commission (NCC)
	National Consumer Tribunal (NCT)
	National Empowerment Fund (NEF)
Unqualified with findings	National Gambling Board (NGB)
	South African National Accreditation System (SANAS)
	International Trade Administration Commission
	National Credit Regulator (NCR)
	Industrial Development Corporation (IDC)
Qualified	National Regulator for Compulsory Specification (NRCS)
	South African Bureau of Standards (SABS)
	National Lotteries Commission (NLC)



# THANK YOU



**the dtic**

Department  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

**the dtic - together, growing the economy**

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