INDUSTRIAL POLICY ACTION PLAN

Annual Report
2017/18

SELECTED TRANSVERSAL HIGHLIGHTS FOR THE FINANCIAL YEAR

Procurement

Designation

- The total value of tenders awarded based on designated products and reported to **the dti** was R1.4 billion during 2017/18. Further instruction notes were issued during this financial year and these included Pumps, Medium Voltage Motors and Associated Accessories and Rail Permanent Way.

National Industrial Participation

- Key highlights in the support of companies' competitiveness and increase of export capabilities:
  - A total of 182 local companies have been supported, attracting investment of R3.8 billion and 594 new direct jobs have been created since inception
  - Hewlett-Packard invested R30 million in a South African company to design and manufacture an electronic device for voter registration and the management of elections
  - Cargotech invested R15 million to expand the manufacturing capacity of CZ Electronics Manufacturing to set-up production lines to manufacture open-view decoder boxes.

Proudly South African

- Local procurement database was re-launched and it now hosts 8 373 locally manufactured products and services.
- During 2017/18 a total of 7 373 new products and services were registered.

Industrial Financing & Incentives

- In 2017/18 financial year, the incentive programme under various schemes, has approved a total of 849 projects and has attracted R36.8 billion worth of projected investments that will create 15,630 jobs and retain 208,101 jobs.

Industrial Development Corporation

- In 2017/18, the IDC approved funding for projects to the tune of R16.7 billion and jobs created/retained was 29 885. The IDC disbursed R15.3 billion during the period.

Special Economic Zones (SEZ)

- In 2017/18 two SEZs were designated: Musina-Makhado in Limpopo with sectoral focus on Metallurgical processing, Petro-chemicals and Logistics and Atlantis in the Western Cape focusing on Renewable Energy/Green Tech hub.
- Musina-Makhado SEZ - the Limpopo Economic Development Agency has signed MoUs and MoAs with nine Chinese companies who have committed to invest more than R 130 billion in the Musina-Makhado SEZ. Richards Bay IDZ – Signing of over R2 billion investments.

Technology & Innovation

- The investment into the Technology Stations expansion and increase opportunities for industrial growth and young Africans employment opportunities is valued at R33 million for the 2017/18 financial year
- Under the Technology Localisation Programme, 28 entities were assisted under the Firm-level Technology Assistance Packages which generated exports of R14 million, created 165 new jobs and retained 2 199 new jobs.

Developmental Trade Policy

Technical Infrastructure

- In 2017, the SABS published a national standard on micro fuel cell power systems, which provides an insight into the innovations made to date; the national standards that support the broadband technology; the toy safety standards aimed at protecting the health and safety of South African children; and the standards on communication networks and systems for power utility automation.
- NMISA assisted National Metrology Institutes of six SADC countries (Botswana, Mauritius, Namibia, Seychelles, Zambia and Zimbabwe) to build their technical capabilities for them to obtain regional and international acceptance of their calibration and measurement capabilities.
- The NRCS has developed and amended a number of compulsory specifications, in support of the Agro-processing sector, including the Compulsory Specifications for: Canned Fish; Canned Meat; Aquacultured Live and Chilled Raw Bivalve Molluscs (Oysters, Mussels) and Live and Chilled Raw Bivalve Molluscs (Oysters, Mussels).

Competition Commission

- The Tribunal reached settlement agreements in priority sectors in 2017/18, amongst others:
    - R149 million with automotive component supplier Autoliv
    - R23 million and R14 million respectively with chemical companies Investchem and Akulu Marchon for cartel conduct
    - R10.6 million with Pride Milling for price fixing in the milled white maize products.

SELECTED SECTORAL HIGHLIGHTS FOR THE FINANCIAL YEAR

Automotives

- The Automotive Master Plan, represents the national strategy to further develop the automotive industry in South Africa through to 2035, in a manner consistent with the National Development Plan (NDP).
- 2017 saw new investments by Original Equipment Manufacturers (OEM)'s. Highlights of the year included Ford Motor Company (more than R125 million) Silverton plant; Volvo Trucks South Africa (VTSA) (R6.5-million) into its semi-knockdown manufacturing plant, in Durban; BMW Group South Africa (BMW SA) has started production of the new BMW X3 at its Rosslyn plant, in Tshwane. Furthermore, BMW SA also launched a new, R73-million training academy at its Rosslyn plant, in Pretoria.
- In order to ensure domestic automotive suppliers remain competitive, 36 component suppliers benefited from phase three of Automotive Supplier Chain Competitiveness Initiative programme (ASCCI) a World Class Manufacturing (WCM), 31 benchmark exercises carried out and 11 projects were launched.

Clothing, Textiles, Leather and Footwear

- **the dti** had approved a total of R5.5 billion approved Production Incentive Programme (PIP), of which R4.9 billion had been disbursed to the industry.
- The Competitiveness Improvement Programme (CIP) which is responsible for the establishment of collaborative cluster programmes – have committed an amount of R962 million. R666 million had been disbursed to the different clusters participating in the programme.

Metal Fabrication, Capital & Rail Transport Equipment

- At the back of rolling stock procurement the following factories were launched; Timken – manufacturing of train wheel bearings; ABB – traction transformer for electric locomotives; Lucchini – railway forged wheels; Morgan Advance Material – electric carbon components; Launching of a transformer partnership (Electro Inductive Industries) with a black industrialist and Siemens; Transnet Engineering unveiled the Trans Africa Locomotive.
- Government has established a R1.5 billion Steel Development Fund to support key downstream steel sectors and sub sectors due to excess supply of steel in world markets.

Agro-processing

- **the dti** launched the R1 billion Agro-Processing Support Scheme (APSS) that will stimulate investment by South African agro-processing and beneficiation enterprises.
- Albany Bakeries launched a R350-million investment into a new bakery in Bellville in the Western Cape, which includes the building of a brand-new plant and an upgrade of interiors of the existing plant.
- Nine South African companies that participated in a trade mission to Senegal Clinched orders for halaal products totaling more than R100m over five years.

Green industries

- South Africa signed long-delayed renewable energy contracts worth $4.7 billion with independent power producers, in the first major investment deal under the President. Agreements opening the way for the construction of 27 renewable-energy independent power producer (IPP) projects, with a combined investment value of R56-billion and a combined capacity of 2 300 MW, were signed in April 2017.
- The National Cleaner Production Centre of South Africa, a government programme that drives the country's transition towards a low carbon economy undertook , 149 assessments during 2017/18, with potential a savings of R373 million.
- Resource saving was R 169.2 million, this included savings of 224.7 GWh of energy and 209 000 kl of water.
- The Industrial Energy Efficiency (IEE) Project resulted in energy savings of R 155.5 million (218.7 GWh) and The Industrial Water Efficiency Project realised its first implemented savings of 89 000 kl (R 2.2 million) in one of the country's largest poultry processing plants.

Selected sectoral highlights for the financial year

Chemicals, Plastics and Pharmaceuticals

- The local pharmaceutical industry key pilot plant launched. A pilot plant for the manufacture of generic active pharmaceutical ingredients (APIs) worth R50-million was officially opened in Pretoria in 2017.
- The Kevali Chemicals, black owned company, which manufactures range of water treatment chemicals, hygiene and sanitation solutions as well as adhesives, received about R18 million from **the dti** to get the business off the ground and about 11 months to start making profit.
- Hosaf, part of KAP Holdings, is a manufacturer of high-density polyethylene and expanded its production facility which will increase production to 240 000 tonnes per annum.

Mineral Beneficiation

Oil & Gas

- Sunrise Energy's R1.02-billion open-access liquefied petroleum gas (LPG) import and storage terminal, in Saldanha Bay, in the Western Cape, will enable the import of LPG in large quantities, boosting regional energy security and increasing downstream competition.
- Sasol has unveiled a R2.9 billion air production unit which is billed as the largest in the world. It will supply the company with oxygen used for production of fuels and chemicals.

Fuel Cells

- Anglo Platinum in collaboration with HySA have developed a fuel cell powered dozer and load haul dumper.
- Other initiatives include a spin-out and commercialization of HyPlat by a Black Industrialist worth R33 million

Marine manufacturing

- At the back of the localisation programme, Damen Shipyards Cape Town was awarded a R2.4 billion contract to build three inshore patrol vessels for the South African Navy.
- Southern African Shipyards based in Durban secured a R1 billion contract for a Hydrographic vessel.

Business Process Services

- Under the incentive scheme, 7 projects were approved during 2017/18, and expected jobs to be created is 1 095.
- The Monyetla Work Readiness Programme trained 3 149 youth and 2 621 were employed.

Aerospace and Defence

- Under the Aerospace Industry Support Initiative, 20 projects were undertaken which led to 20 high skilled jobs created/retained.
- During the period under review, a defence specific BBBEE Charter that takes account of the historical background of the industry was developed.

Electro-Technical and White Goods

- Whirlpool South Africa invested R100 million in a new manufacturing line that retained 1 000 jobs and created 100 new jobs.
- United Industrial Cables launched it R100 million manufacturing facility.

Film sector

- Through the Film and Television Production incentive, 99 projects were approved, and full-time jobs equivalent is 9 423. Of the total project supported in the period under review, 77 were South African films of which 22 are emerging black productions.
- The total incentive granted amounts is valued at R724.7 million attracting R3.1 billion of Qualifying South African Production Expenditure (QSAPE) of which R2.9 billion was invested in the industry.
- The emerging black productions include projects such as Izinga; Loves Reject; Scared Forever; and Our In Laws. Other South African movies include The Harvesters; Broken Promise; Of Gold, Dust and Breathe; On The Run; and Naamlose Woord among many other projects.
- The movie Revolting Rhymes was nominated for the 2018 Oscars.

Key challenges

- Lack of policy coherence and programme alignment across government.
- Continued resource dependence
- Financialisation of the economy where the financial sector is growing at twice the rate of the productive sectors of the economy
- Persistent unemployment, race and gender inequality and rural marginalisation
- Deep seated skills shortages and mismatches which have acted as a barrier to growth
- Domestic economic constraints such as escalating electricity prices; high port & rail costs and inefficiencies; road transport externalities
- Legislative and regulatory delays, particularly with respect to securing coherent, integrated and development – friendly legislation and regulations
- High input cost where private sector market power enables high pricing for key downstream sectors
- Continuing effects of the Great Global Economic Recession

Introduction

The National Industrial Policy Framework (NIPF) developed in 2007 is a roadmap that guides the implementation of successive Industrial Policy Action Plan (IPAP) iterations. IPAP is aligned and contributes to the vision for the country articulated in the National Development Plan (NDP). It points out structural challenges impacting the domestic economy which should be addressed in order to achieve higher levels of growth in the industrial sector in order to contribute to a reduction in poverty, unemployment and inequality. Since then, the implementation of annual iterations of IPAP has taken place at the onset of the Global Financial Crisis of 2008/09. Some of the key guiding principles for IPAP 2017/18 are the need to raise aggregate demand; to ensure a much stronger ongoing focus on labour intensity and an understanding of that the Fourth Industrial Revolution and disruptive technologies present a threat to the competitiveness of the South African industry. This year's Annual Report covers only the 2017/18 financial year, and is cognisant of the important role the various stakeholders play with regards to the country's industrial agenda.

1. Key Achievements

1.1. Public procurement

Designation

From its first iteration, IPAP identified public procurement as a key lever for industrialisation and re-industrialisation, by raising aggregate domestic demand through the promotion of local production and an aggregate increase in the productive sectors' share of production and employment. To date, a total of 23 sectors/products have been designated for local production, with varying minimum local content thresholds. During 2017/18 three products were designated for local procurement: rail permanent way, pumps & Medium Voltage Motors, and steel products and components for construction.

The designated sectors/products are provided in table 1 below:

Table 1: Sectors/products designated for local production in public sector procurement

#	Sectors already designated * Category/description	Minimum local content thresholds
1.	**RAIL ROLLING STOCK**	
	Diesel locomotives	55%
	Electric locomotives	60%
	Electric multiple units	65%
	Wagons	80%
2.	**Bus bodies**	**from 70% -80%**
3.	**Canned/processed vegetables**	**80%**
4.	**Clothing, textiles, leather & footwear sector**	**100%**
5.	**Solar water heaters (tank & collector)**	**70%**
6.	**Set-top boxes**	**30%**
7.	**Certain pharmaceutical products**	**Per tender**
8.	**Furniture products**	**from 65% - 100%**
9.	**Electrical and telecom cables**	**90%**
10.	**Valves and actuators**	**70%**
11.	**Working vessels**	**60%**
12.	**Residential electricity and water meters**	**from 50% to 70%**
13.	**Steel conveyance pipes, pipe fittings and specials**	**from 80% to 100%**
14.	**Powerline hardware and structures**	**100%**
15.	**Transformers**	**From 10% to 90%**
16.	**Two-way radios**	**60%**
17.	**Solar PV components**	**From 15% to 90%**
18.	**Rail signalling system**	**65%**
19.	**Wheelie-bins**	**100%**
20.	**Fire Fighting Vehicles**	**30%**
21.	**Steel Products and Components for Construction**	**100%**
22.	**Rail Permanent Way**	**90%**
23.	**Pumps & medium voltage (MV) motors**	**70%**

Source: the dti

Between 2015 and March 2018, the value of tenders reported to **the dti** for local procurement was R61.3 billion and the biggest share was for rail rolling stock fleet procurement, amounting to R49.5 billion. In 2017/18, the value of tenders with a local content component came to R1.4 billion.

The impact of designation is dependent on implementation by national, provincial and local governments. Thus, **the dti** has a special focus on capacity building regarding local content for supply chain officials in governments and public entities. In this regard, capacity building workshops were conducted with four provincial departments, six local municipalities, seven other institutions and many other forums that included municipalities and public institutions. Also, in strengthening compliance with the designation policy, a review of the technical specification SATS 1286:2011 was carried out in 2017 and it is now a National Standard SANS 1286:2017. The standard provides the standard definition of local content - expressed as a percentage of the tender price and primarily based on local manufacturing. Bidders are therefore compelled to use the standard formula in calculating their local content.

National Industrial Participation Programme (NIPP)

The NIP secretariat is currently managing a range of obligations estimated at R18 billion in total, to be fulfilled over the next 7 years. During 2017/18, the programme has attracted obligations across sectors including Defence, Oil and Gas, Automotive, Aerospace, Rail, Energy and ICT. In total 182 local companies have been supported since inception, to improve their competitiveness and to increase their export capabilities. Also since inception, investments to the tune of R3.8 billion have been attracted towards capital equipment and technology transfers.

Apart from negotiating these NIP obligations, agreements have been concluded on various projects. These include an agreement with Siemens to provide a full suite of Product Lifecycle Management (PLM) software to the CSIR. This will enable the CSIR to support SMME development through the various product lifecycle stages. As at March 2018, the CSIR had identified two companies for piloting the PLM. Also, the Moipone-Marce Joint Venture has commenced with the production of four components for fire-fighting trucks. This will increase local content from a designated threshold of 30% to an average of 70% per truck.

Agreements were also reached with companies within the electronic space such as Huawei who committed to a R2.1 billion investment, and as part of the investment, has started the refurbishment of the building which will house the Joint Innovation Centre. The Centre will focus on developing technologies and software modules for both the domestic and international markets, including 4.5G/5G for the cellular phone industry, smart home solutions, mobile money technologies and application platforms for high-end smart phones. In addition, Hewlett-Packard (HP) invested R30 million in Ideco, a South African company, to design and manufacture an electronic device specifically designed for voter registration, management of elections and security services. The device has been developed and is ready for mass production. In addition, a Mobile Data Terminal was also developed as a voter registration terminal, for the upcoming national elections taking place next year. Furthermore, Cargotec invested approximately R15 million to expand the manufacturing capacity of CZ Electronics Manufacturing (Pty) Ltd in Boksburg. The investment is for the acquisition of the necessary equipment to set up production lines for local manufacture of open-view decoder boxes and affordable television sets.

Proudly SA

Proudly SA (PSA) whose capacity was strengthened, rolled out a Buy Local campaign and other related campaigns that targeted consumers and private sector regarding economy-wide benefits of buying local. In terms of consumer education, the Buy Back SA, Festive Season and Buy Local Summit and Expo advertising campaigns reached more than 5 million consumers.

PSA also conducted public sector-specific procurement roadshows aimed at educating public sector officials of buying local and adhering to designated sectors for local procurement. To that end, procurement workshops were held with Members of the Executive Councils of Finance/Treasury in four provinces (Kwa-Zulu Natal, North West, Free State and Eastern Cape). A partnership agreement was also signed with the South African Local Government Association and PSA was accepted as a full-time member of the State Owned Enterprise Procurement Forum. PSA also developed a system to track designated tenders and it is currently linked to 439 websites.

In order to showcase and promote local manufactured products, a local procurement database was developed. The database was relaunched at the Buy Local Summit and Expo with approximately 1 000 products. During 2017/18 a total of 7 373 new products and services were registered bringing the total to 8 373 products housed on the local procurement database.

1.2. Industrial financing & Incentives

One of IPAP's most effective contributions in support of broadening economic participation, inclusive growth and growth has been the continuous provision of incentive packages. In the last financial year, **the dti** continued to provide support through its on-budget incentives. Through the incentive programme a total of 849 projects were approved with projected investments of R36.8 billion. The investment is projected to create 15,630 jobs and has retained 208,101 jobs with support provided through the following incentive programmes amongst others:

Black Industrialists Development Programme

In November 2015 the Black Industrialist (BI) Scheme was launched, which aims at supporting the emergence of committed black industrialists rather than merely transferring ownership. The programme has benefited from specifically targeted funding earmarked by the **the dti**, Industrial Development Corporation (IDC) and the National Empowerment Fund. Support measures of the programme include but not limited to access to finance, access to markets, skills development, standards, quality and productivity improvements.

During the period under review, 102 BI-projects were approved for financial support and 48 BI-projects were approved for market access. This resulted in R8.8 billion in investment that was leveraged based on incentive support of R2.2 billion of which R62 million had been disbursed and is expected to create 14 430 new jobs. The majority of the projects approved were in the chemicals and pharmaceutical sectors and in the metals sector. The projects approved under the Black Industrialists Scheme include:

- K9 Pet Foods in the agro-processing sector, based in the Western Cape;
- Maneli Pets in the agro-processing sector, based in Gauteng;
- Dursorts Group in the agro-processing sector, based in Limpopo;
- Microfinish in the automotive sector, based in KwaZulu-Natal;
- United Industrial Cables in the industrial infrastructure sector, based in Gauteng;
- Mthembu Tissue in the pulp and paper sector, based in KwaZulu-Natal.

Automotive Investment Scheme (AIS)

For the period April 2017 to March 2018, 69 projects comprising of Original Equipment Manufacturers and component suppliers, were approved for an estimated total grant of R2.6 billion. The projected investment as a result of these projects is valued at R9.3 billion and the projected number of new jobs to be created is estimated at 1 708.

Agro-processing Support Scheme

The Minister of Trade and Industry launched the Agro-processing support scheme which is a R1 billion cost sharing grant fund. In 2017/18, 23 projects were approved to the value of R107 million, and the projected investment leveraged of R533 million. The investment leveraged contributed to 920 jobs created and 1 966 jobs retained.

12i Tax Allowance Incentive Scheme

Under the scheme, 16 projects were approved between April 2017 and March 2018, with a total investment value of R9.6 billion to cover companies across a wide range of sectors including agro-processing, chemicals, wood & paper, cement and transport equipment. The investment is expected to create 1 234 new jobs and retain 1 831 existing ones with a total allowances approved amounted of R2.4 billion.

Aquaculture Development and Enhancement Programme (ADEP)

Under the ADEP, 21 projects were approved in 2017/18 to the value of R72.3 million and the projected investment leveraged is R208.8 million. These projects are expected to create 278 new jobs and retain 612 existing jobs.

The IDC continued its focus and effort on implementing a funding strategy closely aligned with key IPAP priorities. It provided industrial financing to the tune of R16.7 billion to various related priority sectors and helped saved/retained 29 885 jobs. The disbursement during the period was R15.3 billon. The following IPAP priority sectors with jobs created/retained were recipient of IDC industrial funding:

IPAP priority sectors	**Industrial funding amount (in R billion)**	**Jobs created/retained**
Basic metals and mining	6.3	8 967
Heavy manufacturing	2	7 110
Basic and speciality chemicals	1.6	719
Industrial infrastructure	1.3	786
Machinery and equipment	1.3	3 282
Automotive and transport equipment	1.1	1 1 83
Agro-processing and agriculture	0.980	2 942
Clothing and textiles	0.595	2 609
Chemical products and pharmaceuticals	0.527	654

Source: IDC

1.3. Special Economic Zones (SEZ) and Industrial Park Revitalisation Programme (IPRP)

Special Economic Zones (SEZ)

The SEZ Programme is one of the key pillars that underpin government's effort of propelling the country's economy towards industrialisation. The premise is that SEZs will engender inter alia increased levels of foreign and domestic direct investment, gainful employment opportunities, and an export base that is dominated by value added goods, globally competitive industrial clusters as well as improved industrial development platforms.

During 2017/18 two SEZs were designated, the Musina-Makhado SEZ in Limpopo focussing on metallurgical processing, petro-chemicals and logistics and the Atlantis SEZ in the Western Cape focusing on renewable energy/green tech hub.

Key highlights for some individual SEZs for the 2017/8 financial include:

- Musina-Makhado SEZ - the Limpopo Economic Development Agency has signed MoUs and MoAs with nine Chinese companies who have committed to invest more than R130 billion billion in the Musina-Makhado SEZ.
- COEGA SEZ - has over three (3) projects under construction, which include BAIC, Osho Cement and the CCA Zone 1 accumulatively valued at approximately R11.6 billion;
- Richards Bay IDZ – Signing of over R2 billion investments (Palm Oil Co. – R1.2 billion with about R580 million of the signed being black owned companies);
- Dube TradePort SEZ- has over R1.4 billion of committed investments and has increased its total assets to R4.3 billion, generating revenue of R111 million;
- East London SEZ - an investment agreement in the Aquaculture sector was concluded with an investment value of R520 million;
- Maluti-A-Phofung SEZ - has secured beef processing, pork abattoir and chemical investments with the combined investment value of over R440 million; and
- OR Tambo SEZ - a food company has confirmed R219 million investment into the Zone to establish a food processing factory for export of food products from South Africa.

Industrial Park Revitalisation Programme (IPRP)

In 2015, **the dti** launched a structure programme for the revitalisation of industrial parks in a number of old industrial areas in a bid to accelerate economic development in the lagging regions. Under the IPRP programme twelve (12) industrial parks have been revitalized as the industrial parks in Vulindlela and Babelegi were launched during 2017/18. The total expenditure as at March 2018 is R 379 million equating to 91% of the allocated budget. In the period 2017/18, 416 short-term job opportunities were created through the IPRP. Overall a total of 971 job opportunities, made up of 5 individuals with disability; 547 youth male and female, 240 male adults and 179 female adults have been created since the inception of the programme. All these are localized jobs within the respective regions where the parks are located. A total of 141 SMME's have been contracted since the inception of the IPRP.

1.4. Technology & Innovation

The Department of Science and Technology implemented the Technology Localisation Programme (TLP) to increase the level of local production related to public procurement. Under the Firm-level Technology Assistance Packages (FTAPs), 28 entities were assisted to increase their competitiveness either through new or improved processes, products and skills. The value of the contracts was R74 million and it generated exports to the tune of R14 million. Those projects resulted in 165 jobs created and 2 199 jobs being retained.

1.5. Developmental Trade Policy

Technical Infrastructure

In 2017, the technical infrastructure institutions continued to ensure that they remain responsive towards industrial development imperatives. In this regard, the South African Bureau of Standards (SABS) published a number of standards in support of manufacturing. Of note, SABS published the fuel cell power systems to enable localisation through local assembly, key component manufacturing and eventually manufacturing of complete fuel cell solutions. Also the SABS published national standards that support the broadband technology, and identified additional projects for development in the areas of optical fibres which are critical for the broadband infrastructure. In this regard, the entity also published standards on communication networks and systems for power utility automation, as well fibre optic cables. Lastly, SABS published toy safety standards in response to a need for a regulation on toy safety aimed at protecting the health and safety of South African children against inferior toys that are currently entering the local market, posing safety hazards.

There is an expected profound change in the definition of the base units of the international system of units (SI) as units will be redefined in terms of defining constants. The most notable effect will be that the International Prototype of the Kilogram (IPK). The National Metrology Institute of South Africa (NMISA) is developing a primary mass standard in anticipation of the re-definition of the SI in both ways, i.e. a Kibble/Watt balance and the Avogadro project. NMISA entered into a collaborative project with the National Physics Laboratory United Kingdom to develop a benchtop Kibble (Watt) balance to realise the new definition of the kilogram. The final agreement for the development of a Kibble (Watt) balance was signed by both parties during March 2018. NMISA also designed a Kibble balance model with 3-dimensional software and in July 2017 printed a prototype Kibble/Watt balance on an additive manufacturing printer from plastics materials, - a world first.

In terms of building capacity within the region, NMISA assisted the National Metrology Institutes of six SADC countries (Botswana, Mauritius, Namibia, Seychelles, Zambia and Zimbabwe) to build their technical capabilities in order for them to obtain regional and international acceptance of their calibration and measurement capabilities. In support of the Automotive sector, NMISA has commissioned a new 20 kN.m torque machine to expand and improve its torque measurement capability as required by automotive and manufacturing industry especially machine building industry. Torque measurements are required for modern engines to have improved mechanical performances by increasing their rotating speed and improved accuracy and efficiency. NMISA has installed and fully operationalized the Ion Beam Scanning Electron Microscope (FIB/SEM) instrument and this will enable to assist industry with complex surface measurements in support of nano device fabrication.

During the period under review, the NRCS has developed and amended a number of compulsory specifications, which were published for public comment in support of the Agro-processing sector. These included the Compulsory Specifications for: Canned Fish; Canned Meat; Aquacultured Live and Chilled Raw Bivalve Molluscs (Oysters, Mussels) and Live and Chilled Raw Bivalve Molluscs (Oysters, Mussels).

1.6. Competition Policy

Despite the tremendous progress made by the competition authorities since their inception in 1998, high levels of market concentration in the economy persist. A 2017 study by the Commission on concentration levels in the South African economy revealed that at least 70% of sectors have dominant firms (as defined in the Competition Act) and the average market shares shared by 3 or 4 large firms is – 62% for financial services; 57% each for mining and transport; 53% for food & agro processing; 52% for pharmaceuticals; 51% for intermediate industrial products; 50% each for energy and communications technologies; and 46% for infrastructure and construction.

In the period under review, the commission undertook various investigations and reached numerous settlements. The Tribunal confirmed and approved several settlement agreements such as R149 million with component supplier Autoliv for price fixing and market division; Investchem and Akulu Marchon for R23 million and R14 million respectively for cartel conduct; a R10.6 million settlement agreement with Pride Milling for price fixing in the milled white maize products; a payment of R8.4 million with Railway construction company Plassar South Africa for partaking in collusion; payments of R2.2 million and R5.8 million respectively by Independent Media and Caxton, two media companies for participating in price-fixing and fixing of trading conditions; a penalty of R4.7 million with Alvern Cables for engaging in price fixing and market division; and an administrative penalty R1 million payment by Highveld Steel relating to price fixing and market allocation with ArcelorMittal South Africa.

1.7. Automotive Sector

The Automotive Production and Development Programme (APDP) a programme of state support which expires in 2020 has been a key element in sustaining and growing the automotive sector, as evidenced by the expansion of a number of assembly plants as well as large recent investments by newly-arriving Original Equipment Manufacturers (OEM).

The investment by the seven major OEMs in the country in 2017 amounted to a record of R8,2 billion, along with a substantial R4,0 billion investment by the automotive component suppliers. As the largest manufacturing sector in the country economy, vehicle and component production accounted for 30,1% of South Africa’s manufacturing output in 2017, while the broader automotive industry contribution to the GDP stood at 6,9% (4,4% manufacturing and 2,5% retail). The Sector produced 611,000 vehicles per annum as of mid-2017 and employed approximately 113,000 people across the seven light vehicle OEMs, medium & heavy commercial vehicles (M&HCV) OEMs, and with over 400 automotive component firms.

During 2017/18, the OEMs made the following investments as further proof of investor confidence in the South Africa automotive market. These achievements include Ford Motor Company (FMCSA) investing more than R125 million in a conveyor system at its Silverton plant and also announced $220-million investment for the production of the Raptor series. Further to this FMCSA is expanding its Struandale engine plant in Port Elizabeth, as part of a R3-billion investment in its South African operations. Also, BMW Group South Africa (BMW SA) started production of the new BMW X3 at its Rosslyn plant which is part of the R6-billion investment announcement of November 2015.

Other investments included Isuzu Motors South Africa, which took over General Motors South Africa facilities around the country and absorbing 1 000 former GMSA employees. Within the heavy commercial space, Mahindra South Africa announced that it would commence a local semi-knockdown assembly of its new generation Mahindra Pik Up and Bolero bakkie. Similar announcements were made by UD Trucks Southern Africa and Volvo Trucks South Africa who invested R6.5-million into its semi-knockdown manufacturing plant, in Durban. As further sign of confidence in the automotive sector, Goodyear South Africa wrapped up its R1-billion investment programme into the company's Uitenhage plant at the end of the 2017. The Uitenhage plant employs around 1 100 people.

The automotive supplier industry is critical to the competitiveness of the OEMs, and in order to build on that, 36 component suppliers benefited from phase three of Automotive Supplier Chain Competitiveness Initiative programme (ASCCI) a World Class Manufacturing, 31 benchmark exercises were carried out and 11 projects were launched by June 2017 in order to ensure domestic automotive suppliers remain competitive. Seven of the participating firms are black-owned. The Ntinga Project, a Xhosa word which means "to soar", was launched in November 2017 with the announcement of 10 finalists and followed by intensive mentoring to each finalist by an existing and established Volkswagen South Africa (VWSA) supplier. VWSA identified 5 black suppliers and awarded supply contracts to them upon completion of an 18-month training and mentorship programme. Also, Toyota South Africa Motors announced the creation of the Toyota Empowerment Trust (TET). The TET has been seeded with R42-million in start-up funding and will focus on skills and enterprise development initiatives in the automotive industry.

1.8. Clothing and Textiles Sector

The Clothing, Textiles, Leather and Footwear (CTLF) sectors have the potential to create and sustain decent jobs and steady sectoral growth, given adequate levels of investment by business and support from government. The Clothing and Textiles Competitiveness Programme (CTCP) programme is subdivided into (i) the Production Incentive Programme (PIP) and (ii) the Competitiveness Improvement Programme (CIP). As at 31 March 2018, PIP had approved a total of R5.5 billion, of which R4.9 billion had been disbursed to the industry. The CIP - which is responsible for the establishment of collaborative cluster programmes have committed an amount of R962 million of which R666 million had been disbursed to the different clusters participating in the programme.

The CTCP has supported the development of scalable national cluster organisations and collaborative vertical and sub-national retail clusters. The Monitoring and Evaluation results to date indicate that the CTCP is effectively helping beneficiaries in upgrading capital equipment, processes, products and people as well as developing new markets.

Over the past five years, South African footwear manufacturing has grown at an average rate of 10% annually, localising 21 million pairs of shoes/boots by import substitution. Furthermore, in July 2017, the National Bargaining Council of the Leather Industry recorded a peak employment figure of 21,190 in the sector, clawing back jobs to a level last seen in 2007. The footwear manufacturing capacity enhancement continued with 8 factories opened in 2017/18. Accordingly, between 2010 and March 2018, exports of leather and footwear grew by 167%, from R 1.98 billion to R 5.29 billion respectively. Exports of footwear grew from 4.4 million to 4.9 million pairs.

In an effort to strengthen co-operation and co-ordination in the sector, **the dti** approved the establishment of an industry-led Footwear Accessories Component Cluster.

1.9. Metal Fabrication, Capital and Rail Transport Equipment

The Rail Transport Equipment sector is one of SA's major manufacturing sectors. The rail recapitalisation programme - and the leveraging of this programme to deepen local industrial capabilities - remains a major government priority. As part of a R59 billion contract to supply the Passenger Rail Agency of South Africa with new trains, the President unveiled 13 new passenger trains built by the Gibela Rail Transportation Consortium. Gibela has initiated manufacturing trials of the first locally made train car at the Gibela train factory, in Dunnottar, on the East Rand. Local SMMEs earned around R128-million from construction work on the plant in 2017. The number of employees at the plant is more than 460, with 363 involved in rolling stock manufacturing, and 99 in maintenance and service activities. The number of employees inside the plant was expected to increase to 625 by the end of March 2018.

At the back of these designations, the following factories have opened and expansions have taken place: Timken – manufacturing of train wheel bearings; ABB – traction transformers for electric locomotives; Lucchini – production of railway forged wheels; Morgan Advance Material – electric carbon components; launching of a transformer partnership (Electro Inductive Industries) with a black industrialist and Siemens; and Transnet Engineering unveiled the Trans Africa Locomotive.

In the preceding financial year, government intervened to save the steel industry in 2016 through effective use and alignment of industrial policy tools and reciprocal control mechanisms. Over the past 3 years, since the onset of the global steel crisis - characterised by massive oversupply, depressed prices and increased imports - the Inter-Departmental Task Team on iron and steel has implemented a package of measures to support and save the industry from the immediate threat of closure and subsequent loss of capacity. The package of measures implemented to ensure the sustainability of the steel industry included tariff reviews, local procurement, appropriate pricing of flat steel products and establishment of a Steel Industry Competitiveness Fund – to be administered by the IDC to support qualifying enterprises in the downstream steel sector.

In the 2017/8 financial year government established a R1.5 billion Steel Development Fund to support key downstream steel sectors and sub sectors. The establishment of the fund comes as government has committed to continue to work with the steel industry towards averting job losses in the sector.

Government and industry co-operated to develop the National Foundry Technology Network (NFTN) and the National Tooling Initiative (NTI) to improve competitiveness in the sector. Under the NFTN, Quantas Foundry secured an Eskom tender to the value of R2 million following a ISO 9001 intervention to supply a range of brackets to Eskom. As a result, 50 jobs were retained. As part of the NTI, 12 students received their occupational Certificate: Toolmaker National Qualification Framework (NQF) Level 5. This is significant because it is the first time that any red seal trade certificates were issued on NQF level 5 in South Africa.

In the jewellery sub-sector under the Metals sector, the Emerging Exporter Scheme was utilised to ensure the attendance of SMME jewellers at various overseas trade shows. As a result of the participation at various trade shows, exports of precious metal jewellery exports have increased from R271 million in 2011 to R1.8 billion in 2017.

1.10. Agro-processing

Government has identified agro-processing as a critical driver of inclusive growth in South African economy, with very significant job creation potential. The sector also has particularly strong linkages both up- and downstream. Upstream, the sector links to agriculture across a wide variety of farming models and products. Downstream, the sector's products are marketed across wholesale and retail chains and through a diverse array of restaurants, pubs and fast food franchises. Agro-processing is the largest single sub-sector in manufacturing, showing relatively rapid growth in sales and employment over the past 15 years.

In the Eastern Cape, **the dti** provided a cash grant of R40 million under the Employment Creation Fund for a 600 hectares macadamia nut project. R30 million has been disbursed thus far. Furthermore, the South African Macadamia Grower's Association (Samac) has signed a memorandum of understanding (MoU) with the China National Industry Association's (CSNC's) specialised committee for nuts and roasted seeds to enhance cooperation in the nuts and roaster industries of the two countries.

the dti supported nine South African companies that participated in a trade mission to Senegal where they secured export orders for halaal products totalling more than R100m over five years. The fast-growing global halaal market is worth more than R32 trillion. Other highlights include, Albany Bakeries launching a R350 million investment into a new bakery in Bellville in the Western Cape, which includes the building of a brand-new plant and an upgrade of interiors of the existing plant.

1.11. Green industries

In 2010, the South African government developed the Renewable Energy Independent Power Producer Programme (REIPPPP) to contract with private power producers to supply energy to the national grid. This was done to enhance electricity supply at a time of shortages, to encourage generation from renewable sources and to provide a stimulus for manufacturing through the procurement of capital goods for the new plants. As a result, for a number of years this proved a highly successful Green Economy project, attracting investment to the value of R201.8 billion, contributing 3,162 MW of electricity generation capacity and mandating South

African entity participation of 40%, including broad-based black participation in the form of ownership, economic and socio-economic benefits across the term of the contract. As at 31 March 2018, for projects that have reached financial close, Black South Africans hold 30% of the shares across the supply chain and Local Communities hold 11% equity in the independent power producer programmes. All shareholding for communities has been structured through community trusts.

South Africa signed renewable energy contracts worth R56 billion with independent power producers. Agreements opening the way for the construction of 27 renewable-energy independent power producer (IPP) projects, with a combined capacity of 2 300 MW, were signed in 2018. Twenty-four of the projects are either solar photovoltaic (PV) or onshore wind developments, but the list also includes the Redstone Concentrated Solar Power (CSP) project, in the Northern Cape, the Kruisvallei mini-hydro project, in the Free State, and the Ngodwana Energy biomass project, to be fuelled using waste Sappi wood chips, in Mpumalanga. The 27 new projects would stimulate 58 000 new jobs, mostly during construction and mostly in the rural areas of the Northern, Eastern and Western Cape provinces, as well as the North West, Free State and Mpumalanga provinces. There was potential to create a further 1 500 jobs in the manufacturing sector as a direct spin-off from the projects. South Africans own 57.8%, or R11.9 billion, of the companies awarded projects during bid windows 3.5 and 4. Of that, black shareholders own 64.2%, or R7.64 billion.

National Cleaner Production Centre of South Africa (NCPC-SA) a national programme of government that promotes the implementation of resource efficiency and cleaner production (RECP) methodologies to assist industry to lower costs through reduced energy, water and materials usage, and waste management. The NCPC-SA conducted 149 assessments during the period under review. These assessments resulted in resource savings valued at R169.2 million. This included savings of 224.7 GWh of energy (R 161.6 million), 209 000 kl of water (R 6.2 million), 98,000 tonnes of input raw material avoided and 35,800 tonnes of waste diverted from landfill. Energy and waste savings translate into CO_2 emissions savings of 220 800 tonnes.

During the 2017/18 financial year, the Industrial Energy Efficiency Project was implemented in 24 companies. The actual energy savings reported by 16 of those companies was R 155.5 million (218.7 GWh). The Industrial Water Efficiency Project realised its first implemented savings of 89 000 kl (R 2.2 million) in one of the country's largest poultry processing plants.

Between 2016/17 and 2017/18, potential savings identified in water through assessments increased by 160 percent. In addition, the RECP programme assessments conducted during the year identified R 374 million of potential savings in 117 companies across eight provinces. A total of 17 interns were placed in industrial host plants to assess and implement RECP methodologies to reduce water, energy and material consumption. Of these, 14 graduated having successfully completed the expert-level equivalent RECP training. Through the implementation of low and no-cost opportunities, the interns realised actual savings valued at R 6.4 million.

1.12. Chemicals, pharmaceuticals, plastics and cosmetics

The chemical industry globally is an integral component of industrialisation. As an industry it occupies a unique position within manufacturing and the wider economy, with a value chain that stretches all the way from upstream primary industries to downstream consumer products. In between, following the chain, outputs feed into many sectors and may comprise building blocks, intermediaries, inputs into end products, and even the end products themselves. The plastics sector one of the sectors related to chemicals and is an important component of economic development, producing goods, applications and services used across the entire economy, including infrastructure programmes, construction, general engineering, mining, automotives, packaging etc.

Highlights for plastics sector include; Hosaf, a polyethylene terephthalate raw material manufacturer, expanding its facility which was commissioned in 2017. The expansion will increase production to 240 000 tonnes per annum. Furthermore, a record-breaking amount of plastic bottles, about 2.2 billion, were recycled in 2017. This resulted in saving 578 000m^3 of landfill space. It also created 64 000 income-generating opportunities in the process. The figures equate to a post-consumer bottle-recycling rate of 65 per cent, representing a three per cent year-on-year increase in tonnage.

Highlights for chemicals sector include the development of a National Chemicals Strategy in response to challenges and complexities faced by the industry. In a bid to bring more black participants into the chemicals sector, Kevali Chemicals, black owned company, which manufactures a range of water treatment chemicals, hygiene and sanitation solutions as well as adhesives, received about R18 million from **the dti** to get the business off the ground.

Key highlights for the pharmaceuticals sector include a pilot plant for the manufacture of generic active pharmaceutical ingredients (APIs) was officially opened in Pretoria in 2017. This is a R50-million joint project between local company CPT Pharma (CPT standing for Chemical Process Technologies), the IDC and the Technology Innovation Agency, the programme also enjoys the support of the departments of Science and Technology, Trade and Industry, and Health. APIs are crucial components in the manufacture of pharmaceuticals. Hitherto, all APIs used by local pharmaceutical companies have been imported into the country, mainly from India and China.

1.13. Mineral beneficiation and fuel cell manufacturing

South Africa has more than 80% of the world's platinum reserves currently estimated at around R28 trillion and is home to the three largest platinum mining companies in the world. The platinum mines provide direct employment to 136,000 people and further support 325,000 indirect jobs. Platinum Group Metals (PGMs) are the second largest export revenue generator for South Africa and consequently there is a strong interest in supporting the long-term sustainability of the industry. Currently 39% of platinum demand comes from the autocatalytic convertor industry, 29% from jewellery manufacturing and 23% from investment.

Fuel Cells

The fuel cell industry been identified as a priority area to explore and facilitate new market opportunities for platinum and to ensure the continued growth of PGM mining. Fuel cells have applications in various fields such as materials handling, telecoms, mining equipment and the transport sector.

In 2017, fuel cell industry development gained momentum with a task team made up of **the dti**, DST, IDC, DoE and local industry comprised of manufacturers and gas suppliers established. This team initiated a number of projects which are currently at various stages of implementation. These include a project by Anglo Platinum in collaboration with HySA and a local company which have developed fuel cell powered dozer and load haul dumper. Other initiatives include a spin-out and commercialization of HyPlat by a Black Industrialist worth R33 million. There has also been collaborative efforts with municipalities on the adoption and sustainability of fuel cell-based transport within the public and private (buses on mines) sector with localisation opportunities (R250 million). Another key initiative is that of CHEM (a Taiwanese company) & Bambili on potential rural electrification projects and servicing of the telecommunication companies in South Africa and the rest of Africa (R100 million) to mention just a few.

Oil & Gas

Oil and Gas sector is one of the key sectors identified under Operation Phakisa for growth. IPAP also identified it as a key driver given the huge potential for onshore value from natural gas in servicing upstream exploration and production activities.

Sunrise Energy's R1.02-billion open-access liquefied petroleum gas (LPG) import and storage terminal, in Saldanha Bay, in the Western Cape, will enable the import of LPG in large quantities, boosting regional energy security and increasing downstream competition.

Sasol has unveiled an air production unit which is billed as the largest in the world. It will supply the company with oxygen used for production of fuels and chemicals. The gases produced at the facility are used for advanced lighting systems, lasers, medical scanners and high-speed photographic systems, among other uses. With a total production of 5 000 tons of oxygen per day, the unit is the first to be outsourced to a specialist industrial gas production site at the Secunda complex. The R2.9bn facility, developed and operated by Air Liquide, will enable Sasol to operate its Secunda plant up to at least 2050.

1.14. Marine manufacturing

The industry includes the manufacturing of vessels and the maintenance and repair of ships, boats and rigs. Vessels manufactured locally are used for commercial purposes, transportation and leisure. As a result of the designation of working vessels for local procurement (60% local content) and the issuance of the instruction note by National Treasury, in 2017/18 a contract of R1 billion was awarded to Southern African Shipyards by the Navy for a Hydrographic Vessel. In another designation to help domestic companies to localise, Damen Shipyards Cape Town has been awarded a contract of R2.4 billion to build three inshore patrol vessels for the South African Navy.

In order to address the skills gap in the sector, **the dti** in collaboration with the South African International Maritime Institute and Operation Phakisa skills working group conceived a pilot project and secured R14.8 million in funding from the National Skills Fund to train 384 youth and unemployed of which 30 in boatbuilding, a learnership programme of 3 years and 354 in Composites, a skills training programme of 18 months. This is a partnership between the government and private sector to address long term skills development within marine manufacturing.

1.15. Business Process Services (BPS)

The global Business Process Services (BPS) market has evolved into an ecosystem which is now higher-end, more sophisticated and characterised by many cloud-based applications. Leading offshore destinations have repositioned themselves from a narrowly focused BPS approach to being excellent players in a broader ITBPM industry which includes, beyond BPS, Information Technology Outsourcing (ITO), Knowledge Process Outsourcing (KPO) and Legal Process Outsourcing (LPO). These service a number of verticals, with activities ranging from Healthcare to Banking, Financial Services and Insurance (BFSI).

BPSs and contact centres are realigning their business operation models to upscale employment opportunities and increase quality of life for agents whilst still achieving significant cost savings and efficiency gains. In 1998, Lufthansa became the first offshore operation to outsource to South Africa. Following the successful rollout of the Lufthansa operation, South Africa expanded into other global BPS markets and it is now home to operators such as Aegis, Capita, CCI, EXL, Merchants, Barclays, Conduent, Infosys, Genpact, Teleperformance, Webhelp and WNS. It is also the offshore destination of choice for International brands such as Amazon, Asda, Bloomberg, British Gas, Direct Line Group, iiNet, 02, Shell and Shop Direct.

South Africa's strong position derives in no small measure from two key dti initiatives the BPS Incentive Scheme and the Monyetla Work Readiness Program™. Seven projects were approved under the incentive scheme during 2017/18 and the jobs created is 1 095. In terms of the Monyetla Work Readiness Programme, 3 149 unemployed youth were trained and 2 621 were offered employment after their training.

1.16. Aerospace and Defence

The South African Aerospace and Defence industry is a globally competitive industry which supports national interests and is striving to be a preferred choice for aerospace and defence-related solutions on the African continent. The industry is successfully integrated into South Africa's wider industrial landscape. It has helped to expand the national science, engineering and technology base and has supported the technical and technological skills base. In addition, it has successfully entered the global market through its exports to and global partnerships with many of the world's leading aerospace and defence OEMs and Tier-1 /Tier-2 companies.

Furthermore, in support of providing an equitable and competitive environment in the sector, the AISI, a dti's aerospace industry support initiative hosted by the CSIR and guided by **the dti's** strategic objectives, has undertaken 20 projects in 2017/18 with 20 high skilled jobs created or retained. Denel Aerostructures and Aerosud Aviation are the main OEMs that the AISI mainly collaborated with for purposes of technology transfer and technology based supplier development of SMMEs in the industry. Other achievements in the period under review include among others the development of a defence specific BBBEE Charter that takes account of the historical background of the industry; and **the dti**'s Centurion Aerospace Village (CAV) initiative, CAV's fully completed installation of the electrical cable for external bulks services following the service level agreement with the City of Tshwane and the approval and signing off the industry value proposition, as part of the business strategy geared toward benefiting the industry and advanced manufacturing clients.

1.17. Electro-technical

The South African electro-technical sector is largely dependent on imported content for example, electronic components and specialised devices such as medical and telecommunications equipment etc. The majority of imports are from China, followed by Vietnam, USA and the EU. This import dependency is not unique to South Africa, since the global electro-technical sector is dominated by only a few countries, with long-established very large companies.

As a sign of confidence and potential in the South African white goods industry, Defy confirmed that its Head Office in Turkey had approved a R100 million investment for Top Loaders in their Jacobs Plant. In addition, as part of the White Goods Supplier Development Program, a Strategic Alliance Partnership between Zero Appliances and Picom Villa was signed, this enabled Picom Villa to establish a refrigerator plant in Thohoyandou to assemble fridges. Thulamela Municipality has offered another site in Shayandima Industrial Park in support of this initiative.

With financial assistance from **the dti**, appliance manufacturer Whirlpool South Africa invested R100-million in a new manufacturing line that is expected to create about 100 jobs. This increased and expanded investment reaffirms Whirlpool's commitment to the country as it retains 1 000 jobs and brings about 100 new jobs.

1.18. Film and television production

the dti has been supporting the film sector since 2014 through support programmes in order to put South Africa on the global film and television production stage. A few years back **the dti** also launched the South African Black Film-makers Incentive Programme to support emerging black film makers. In the 2017/18 financial year, 99 projects were supported in the filming industry including 77 South African films of which 22 are emerging black productions. The total incentive granted amounts is valued at R724.7 million attracting R3.1 billion of Qualifying South African Production Expenditure of which R2.9 billion was invested in the industry. The emerging black productions include projects such as Izinga; Loves Reject; Scared Forever; and Our In-Laws. Other South African movies include The Harvesters; Broken Promise; Of Gold, Dust and Breathe; On The Run; and Naamlose Woord among many other projects.

As a result of the support, South Africa has seen several blockbusters landing on its shores, such as Avengers – Age of Ultron and Mad Max-Fury Road. Other Foreign Films and TV Series such as Chappie, The Giver, The Last Face, Prisoner of War, Queen of Katwe, Black Sails 1-4, Our Girl 2, Madiba, Maze Runner 3-Death Cure, Tutankhamun, Dark Towers-Gunslinger were produced in South Africa. Another movie Revolting Rhymes was nominated for the 2018 Oscars.

2. Overview of all the KAPs

The monitoring of the implementation of the Key Action Programmes (KAPs) identified in IPAP 2017/18 is done through quarterly meetings chaired by the Minister of Trade and Industry in order to assess and review progress of KAPs. This is done to exercise oversight and unblock any bottlenecks including intra-governmental constraints. In monitoring progress, a colour coding mechanism is used where:

2.1. Green-coded KAPs represent those milestones that have been achieved**.** This applies to 205 KAPs.

2.2. **Orange-coded** KAPs signify milestones that are close to completion but where parts of the total KAP have not been met and where blockages may still exist. This applies to 39 KAPs. Some of the milestones in the KAP have been carried over to the next iteration of IPAP to allow for further stakeholder consultations, delay in processes and on-going processing. These include but not limited to:

- Development Trade Policy: Revision of safety standards on household and similar electrical equipment

- Clothing, Textiles, Leather & Footwear: Building the infrastructure, using funds made available by the KwaZulu-Natal EDTEA and **the dti**
- Clothing, Textiles, Leather & Footwear: Implementation Footwear & Leather Goods Component Sub-National Cluster
- Metal fabrication, capital & rail transport equipment: Develop and implement the rail rolling stock valve supplier development programme in collaboration with DST-TLIU and Transnet Engineering
- Metal fabrication, capital & rail transport equipment: Establish a pilot incubator to support the enterprise development programme
- Forestry, Timber, Paper and Pulp, and Furniture: Develop and publish the regulations with respect to qualifying minimum local furniture levels for approved premises for public sector entities
- Plastics, pharmaceuticals, chemicals and cosmetics - Pharmaceuticals and medical devices: Facilitate the development of regulatory standards and support for certification in South Africa

2.3. **Red-coded** KAPs represents areas where there are significant delays for 4 KAPs. The KAPs was seriously delayed due to funding constraints. These include but limited to:

- Clothing, Textiles, Leather & Footwear: Strategy research completed and draft strategy developed
- Aerospace and Defence: Completion of Action Plan and collaboration with the Private Sector

Table 1 provides an overview of progress across all the Key Action Plans for the implementation of IPAP.

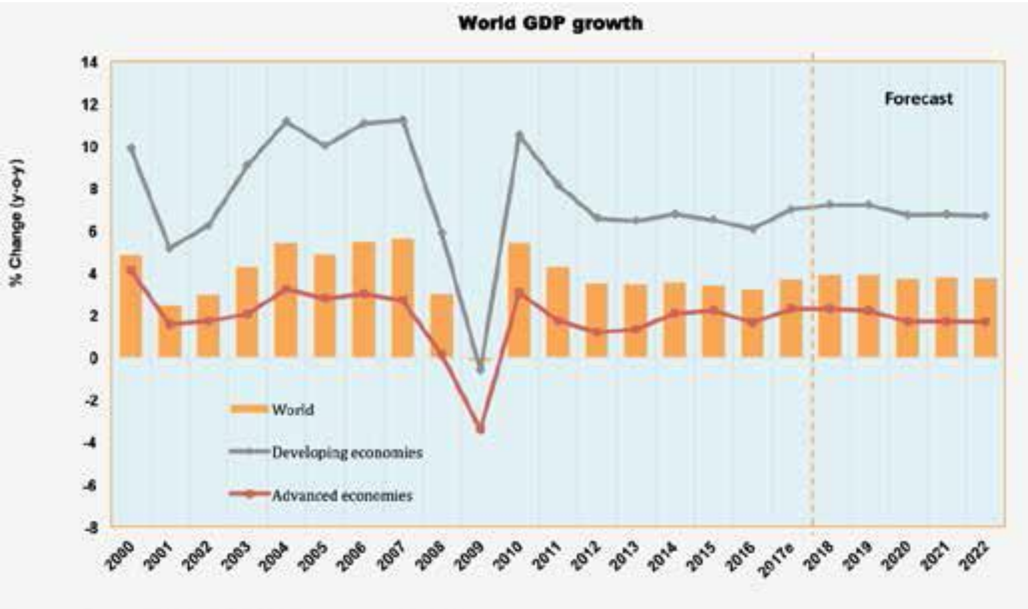
Table 1 – IPAP Key Action Plans

Breakdown of KAPs	Total	Transferred to other Depts.	Deleted from IPAP	Revised Total	Percentage
Green	205	0	0	205	*83%*
Orange	39	0	0	39	*16%*
Red	4	0	0	4	*2%*
Total	**248**	**0**	**0**	**248**	**100%**

3. Economic environment

3.1. Global Growth

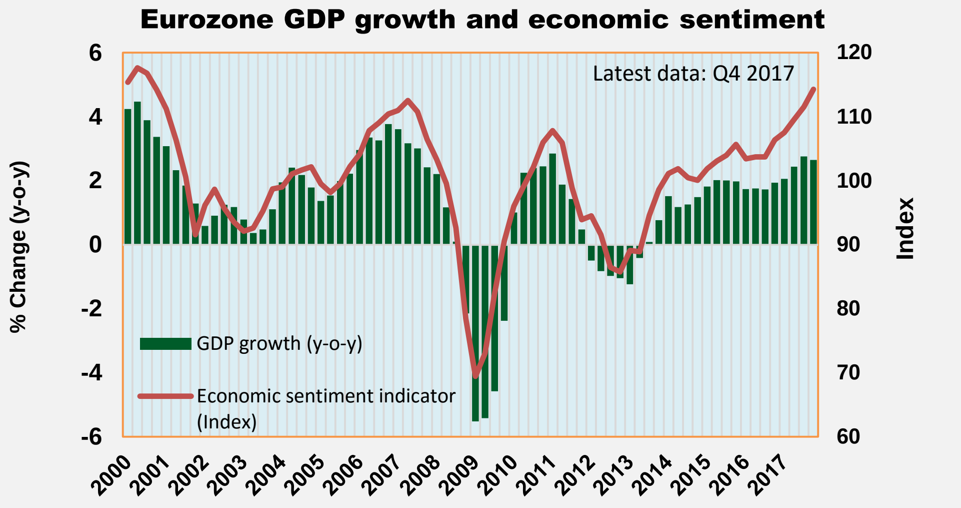
The recovery from the financial crisis that rocked the world economy one decade ago has been long, painful and fragile. It has also relied on highly unconventional and protracted policy support from monetary authorities (‘quantitative easing’) particularly in advanced economies. Such extraordinary support is being gradually unwound as economic conditions normalise, in the process affecting financial and currency markets, capital flows and policy direction around the globe.



Source: IDC, compiled from IMF World Economic Outlook data

The pace of global economic expansion stood at only 3.2% as recently as 2016, the weakest rate of increase in world output since 2009. Activity levels improved in 2017, with output growth accelerating to 3.7% according to the latest estimates of the International Monetary Fund (IMF). Growth has also become more broad-based and synchronised from a regional perspective. The outlook appears brighter, but forecasts for global growth are largely in line with the long term average. Importantly, the downside risks are significant. These range from strong import barriers and supply-side tax and other measures to lure investment, instability in financial markets and significant geopolitical risks.

The expansion momentum is strengthening in the United States. The world’s largest economy recorded 2.3% growth in 2017, up from 1.5% in 2016, with strong household spending, increased private sector fixed investment and an improved export performance as the key drivers. This is underpinned by consumer confidence levels at a 17-year high and a rebound in business sentiment. The US economy has added more than 17.8 million jobs since 2010, reducing the unemployment rate from 10% in October 2009 to 4.1% by December 2017, the lowest in 17 years. Growth in the Eurozone, an important destination for South Africa's manufactured exports, measured 2.5% in 2017, the fastest rate of expansion over the past decade.



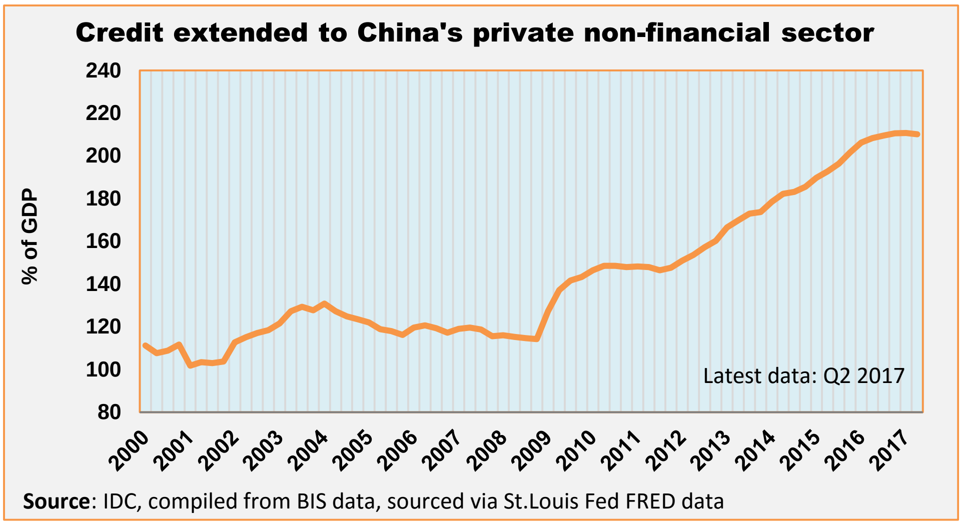
Source: IDC, compiled from OECD, Eurostat, European Commission data

With consumer confidence at a 16-year high, retail sales are increasing strongly. Despite a stronger euro, exports have risen considerably, resulting in a widening trade surplus for the Eurozone at large, but mainly due to Germany's trade performance. Overall economic sentiment in this regional bloc has been on a steep upward trend.

Emerging markets and developing economies have become increasingly important in the world economy, making progressively higher contributions to global output, trade and investment. As a grouping, these economies now account for approximately 59% of world GDP, compared to 43% two decades ago. Furthermore, their contribution to global growth has more than doubled over this period to an estimated 75% in 2017.

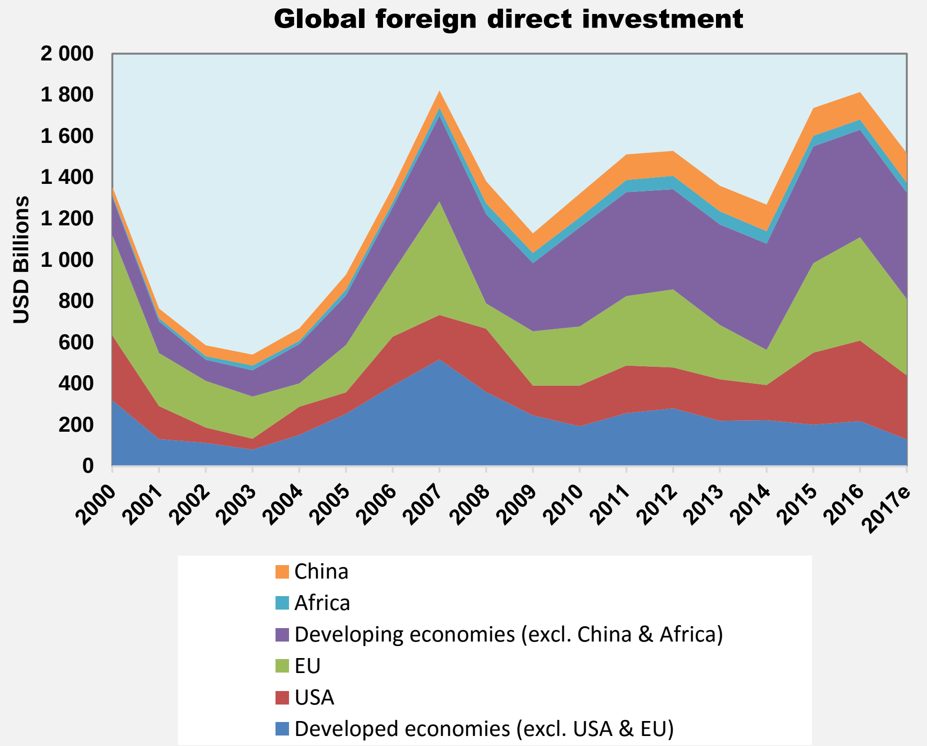
Although the expansion momentum has been decelerating in China in recent years, the world's second largest economy and principal consumer of industrial commodities posted very strong growth in 2017, estimated at 6.8%. This has benefitted commodity markets, both in terms of volume demand and prices, with positive implications for resource-reliant economies throughout the African continent. China's manufacturing output is still expanding, but at a very modest pace.

Moreover, its growth trajectory has been fuelled by sharply rising debt, raising concerns over its sustainability as deleveraging efforts intensify.



Manufacturing activity is increasing across the world, with the global manufacturing purchasing managers' index (PMI) reaching an 82-month high in December 2017. The US manufacturing sector continues to expand at a robust pace, with the January 2018 PMI having recorded its best reading since March 2015. Germany's PMI reached an all-time high as at the end of 2017, declining modestly in January and February 2018, while Spain's reached its highest point in almost 11 years in November 2017 (56.1), with a similar reading of 56 recorded in February 2018. Services-related activities are also on the rise, with the February 2018 global composite PMI (manufacturing and services) standing at its highest level in almost three and a half years.

Notwithstanding the improving economic climate, global foreign direct investment (FDI) is estimated by UNCTAD to have fallen by 16% to US$ 1.5 trillion in 2017. Large declines in FDI inflows were reported by developed economies, particularly the United Kingdom and the United States. Modestly higher inflows were recorded by developing Asia (including China), as well as by Latin America and the Caribbean.



Source: IDC, compiled from UNCTAD data

In contrast, FDI flows into Africa are estimated to have fallen by 1% to US$ 49 billion, largely reflecting adverse conditions in commodity markets and their associated impact on the economic performance of many African economies. FDI flows to South Africa, however, are estimated by UNCTAD to have risen by 43% in 2017 to US$ 3.2 billion; a welcome improvement, albeit still well below historical levels.

3. 2. The domestic economy

3.3.1. Trends in growth, employment and investment

The South African economy is exhibiting welcome signs of recovery after experiencing relatively subdued and declining growth for a number of years. Over the period 2010 to 2017, real GDP growth averaged 2.0% per year, well short of the desired rate of around 5% deemed necessary on a sustained basis in order to meaningfully address the triple challenge of poverty, unemployment and inequality.

At 0.6%, GDP growth in 2016 was the lowest since the 2009 recession. Besides the global economic slowdown, which affected South Africa's export performance and foreign direct investment, several domestic factors and developments affected the economy's performance.

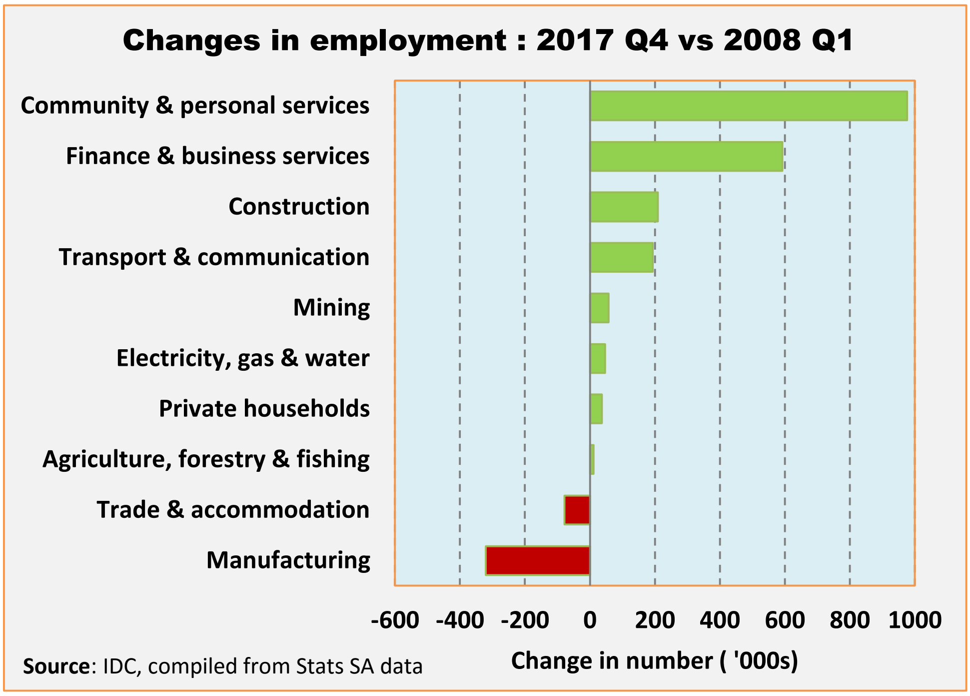
Chief amongst these was the worst drought on record, which not only affected agricultural output, employment and investment, but, through important linkages with many other sectors of the economy, impacted on production activity across many supplying industries.

Source: IDC, compiled from Stats SA data

From 2003 to 2008, Gross Fixed Capital Formation grew strongly as the commodity super-cycle led to investments in South Africa's core manufacturing sectors, which registered a combined Compound Annual Growth Rate (CAGR) of over 13% for the period. From the onset of the Global Financial Crisis in 2009 to 2014, these same sectors experienced CAGR of just 2%, while manufacturing shed almost 200,000 jobs.

In the aftermath of the crisis, South Africa deployed a range of policy interventions, including an infrastructure build programme and supply-side support measures such as the Manufacturing Competitiveness Enhancement Programme. Although, most sectors have grown since 1994 (in real terms), the productive sectors which are crucial for long-term growth and job creation, have grown significantly more slowly than services sectors.

From the start of 2008, the economy did manage to create an additional 1.75 million new job opportunities; most of these in the broader public sector, which forms part of the 'Community and Personal Services' category below.



It is important to note that the creation of any and all new job opportunities has to be set in the context of the approximately 1.12 million domestic jobs that were lost in the economy during the global financial crisis and the ensuing economic recession. The manufacturing sector was hardest hit - currently employing about 320,000 fewer people than in 2008.

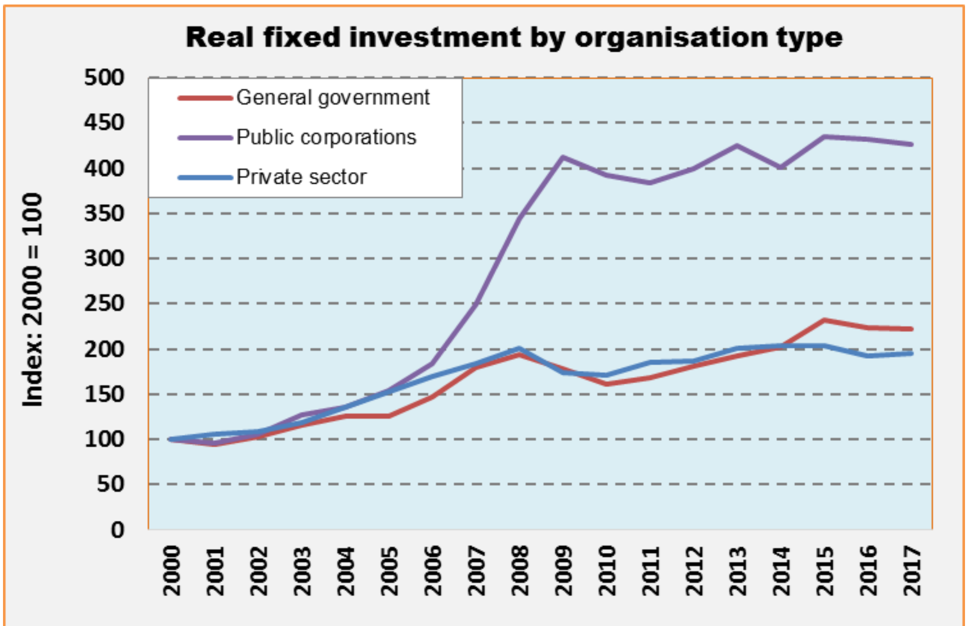
At a deeper structural level, a worrying trend is the declining employment intensity of the South African economy – even more pronounced in the manufacturing sector - as indicated by the employment-to-GDP ratio over time. Although this trend is not unique to South Africa, it manifests in a particularly acute form here - highlighting the urgent need for all stakeholders to get to grips with a set of interlinked and mutually reinforcing problems with potentially seriously destabilising socio-economic potentiality. Some 5.9 million people currently remain unemployed, and, if discouraged work-seekers are included, the number of unemployed rises to 9.2 million - or 36.3% of the population. Of further major concern are the following:

- Approximately two-thirds of the unemployed have been without a job for more than one year;
- The skills/education profile of the unemployed is particularly low and is not being adequately addressed, especially in a period that increasingly requires advanced technical skills to succeed in a fiercely competitive global economic environment.

If the aim is, as it must be, to raise the economy's growth-to-employment potential to a much higher level, key realities will have to be factored in; not least the systemic and institutional challenges that will have to be overcome if South Africa is to find its own unique solutions to creating meaningful work and life opportunities in the context of the global trend towards ever greater technology- and capital-intensity.

The labour absorption capacity of the economy must therefore be taken very seriously and tackled with great urgency, beginning with a concentrated focus on sectors like agro-processing and, amongst others, the components value chain; and these initiatives must be consciously and creatively aligned with finding new areas of employment directly opened up by the Digital Industrial Revolution.

In the face of sharp financial constraints and weak demand for their services – exacerbated by serious institutional failures - public corporations lowered infrastructure spending, mothballing certain operations, postponing some projects and cancelling others. This severely reduced their procurement of locally produced input materials and services, impacting on the performance of many other sectors of economic activity. Faced by severe fiscal challenges, general government has had to cut back on its spending on economic and social infrastructure over the past two years, with real fixed investment spending by government having dropped by 4.1% between 2015 and 2017.



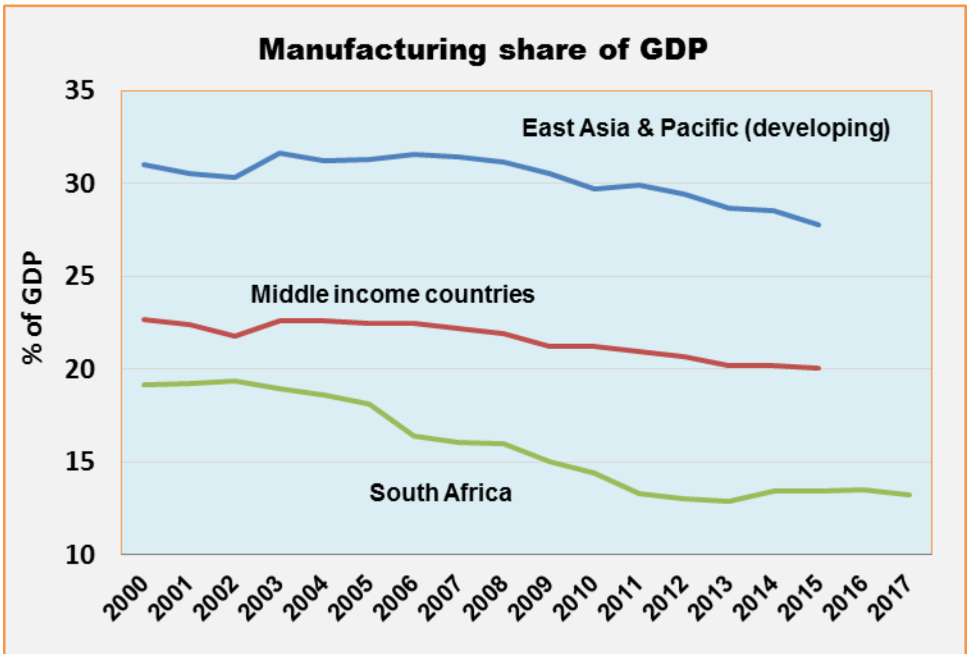
Source: IDC, compiled from SARB data

The factors which have weighed heavily on fixed investment by the private sector are complex. Aside from weak demand and excess production capacity in many sectors, developments on the political front weighed heavily on the private sector's propensity to invest. Political uncertainty was compounded by policy uncertainty and misalignment in key sectors such as mining and agriculture, as well as the threat of further downgrades to South Africa's sovereign credit ratings. Fixed investment spending by the private sector consequently declined in real terms in 2015 (-0.5%) and in 2016 (-5.3%), with a modest rise of 1.2% during 2017.

3.4. Manufacturing sector

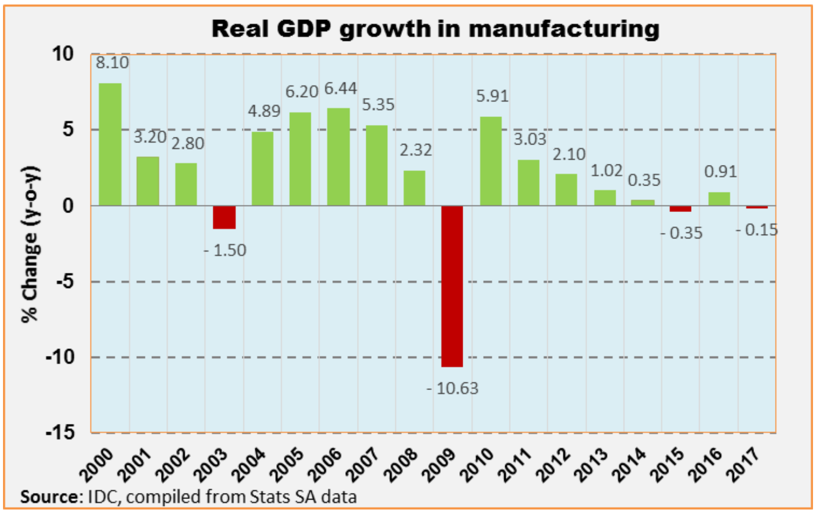
The manufacturing sector has been under severe strain in recent years. The contribution made by the sector to South Africa's GDP has declined over time, to only 13.2% by 2017, from the all-time high of almost 25% recorded in 1981.

This compares extremely poorly from a global perspective, because this level of contribution falls well short of the ratios achieved by developing economies in the East Asia and Pacific region, as well as by the middle-income countries as a group. Moreover, even though the shares of overall GDP claimed by the manufacturing sector in these peer groups have been declining over time, the adverse trend has been far more pronounced in the case of South Africa.



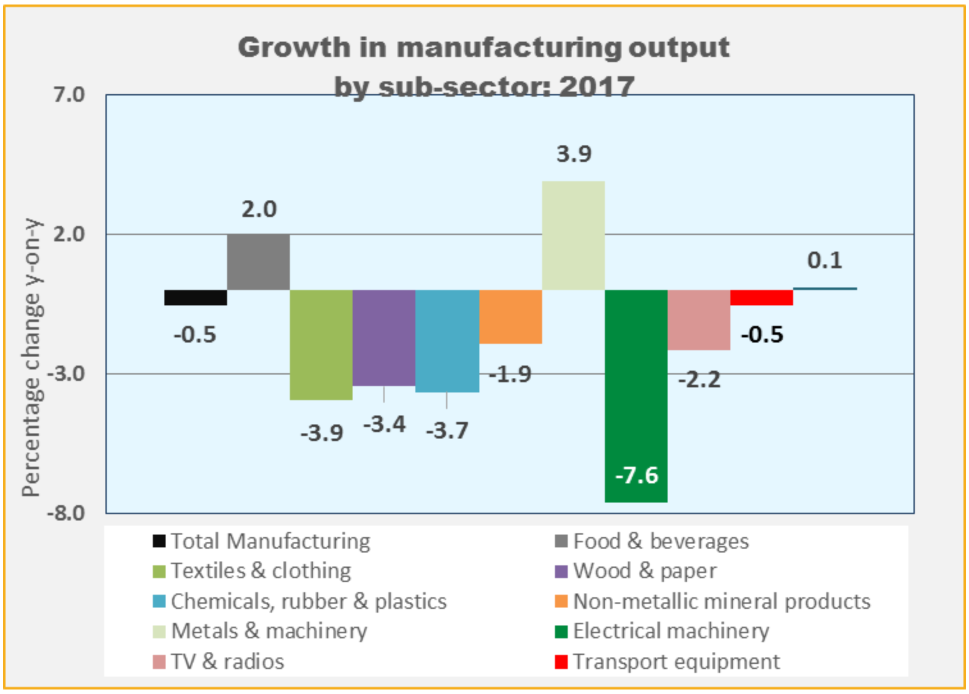
Source: IDC, compiled from World Bank data, SARB data for South Africa

What there should be no debate about is that the manufacturing sector remains vitally important for the South African economy. This because of its strong employment and economic linkages with various supplier and supporting industries and service providers, its employment potential and its contribution to the balance of payments - generating export earnings and reducing import requirements. South African manufacturing has a small bridgehead to work from. After contracting over the three previous consecutive quarters, output rebounded moderately in the second quarter of 2017 and gained some further momentum in the third and final quarters of the year.[1]



The challenge will be to maintain and build on this still very modest momentum. This is no easy matter, as operating conditions continue to remain challenging. As illustrated in the chart below, apart from the food and beverages and metals and machinery sub-sectors (and a very small increase in the furniture and other industries sub-sector) lower output was recorded by all other manufacturing sub-sectors.

[1] In 2017, on a quarterly basis, growth in manufacturing GDP was as follows (q-o-q, seasonally adjusted and annualised): Q1: -4.1%; Q2: +2.9%; Q3: +3.7%; Q4: +4.3%.



Source: IDC

In addition, the global steel crisis impacted negatively on the performance of the domestic steel industry, with low-priced imports competing aggressively in a local market already characterised by weak demand conditions.

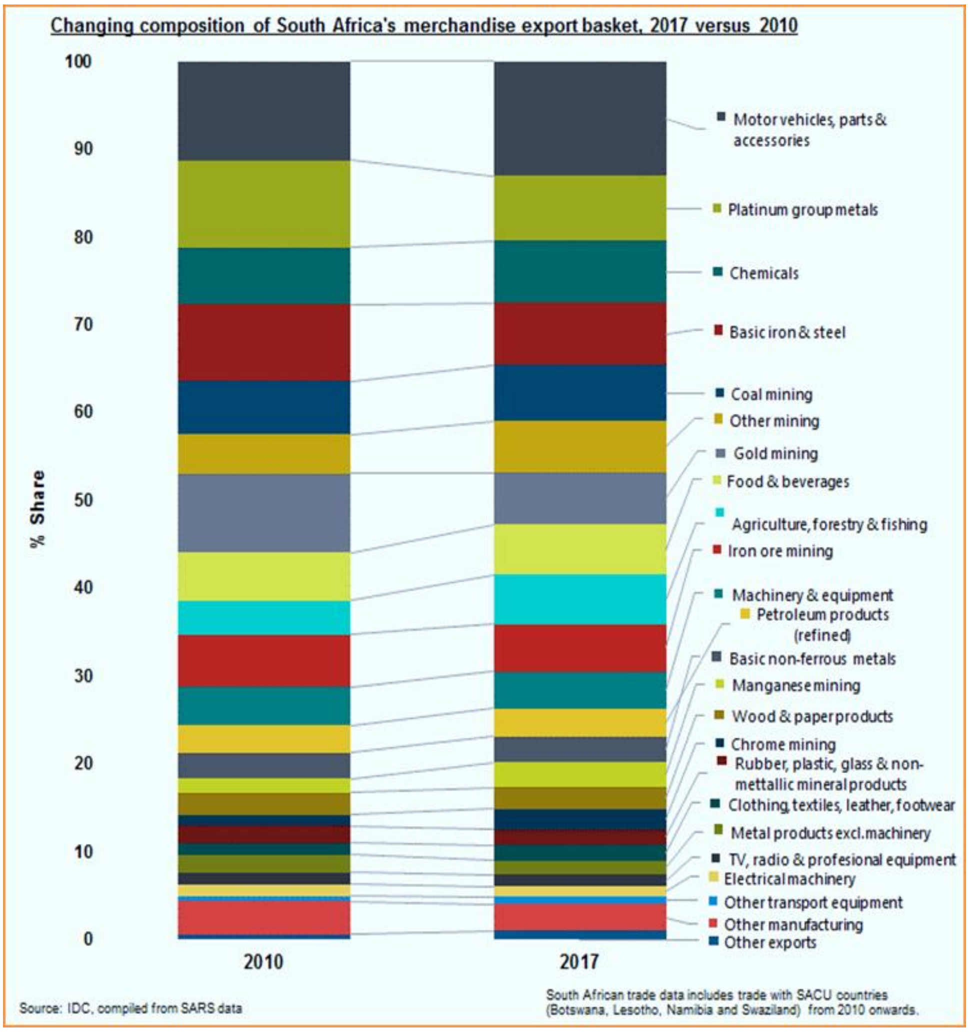
Similarly, the clothing and textiles sector – despite major improvements in processes and productivity actively supported by **the dti** - continues to feel intense pressure from cheaper (and often illegal) imports. Even in the more highly structured automotives industry, subdued local and global consumer demand have impacted on the achievements it has racked up over the past five years and more.

3.4. External balance

Improving economic conditions globally, including rising demand in key external markets and generally higher commodity prices, have been providing export opportunities for domestic producers. Import growth, in turn, has been contained by weaker domestic demand as the economic environment worsened. South Africa' balance of trade recorded a R75 billion surplus in 2017, compared to a deficit of R2.5 billion in 2016. The largest contribution to the surplus was made by the mining sector, as higher commodity prices translated into a 23.5% increase (or R81.2 billion) in export proceeds. The bumper maize crop, which resulted in a substantial surplus on the domestic market, permitted a significantly better agricultural export performance in 2017.

The manufacturing sector, however, remains a substantial drag on export performance, having registered sizeable trade deficits over all the years 2010-2017.

South Africa's export basket has become somewhat more diversified in terms of its sectoral composition. Utilising a normalised Herfindahl-Hirschman Index, which is used to calculate the level of concentration or diversification within a basket, the sectoral concentration decreased from 18.4 in 2010 to 16.3 in 2017. However, a reading above 15 still indicates a medium level of concentration in the sectoral basket.

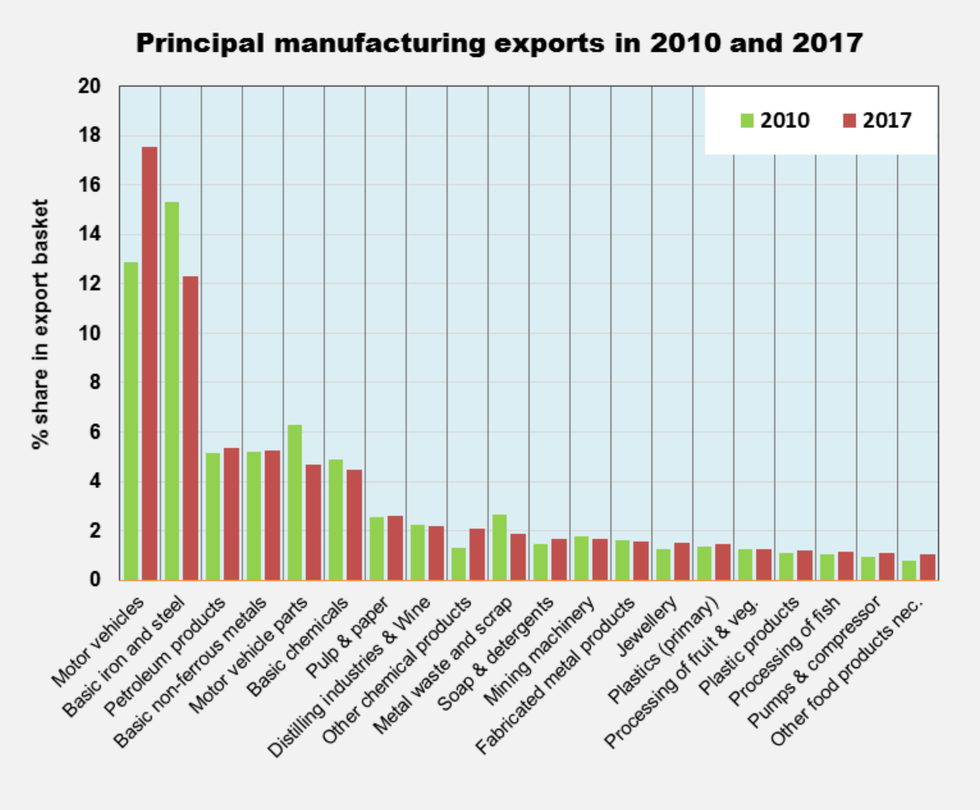


Changing composition of South Africa's merchandise export basket, 2017 versus 2010

Source: IDC, compiled from SARS data

South African trade data includes trade with SACU countries (Botswana, Lesotho, Namibia and Swaziland) from 2010 onwards.

The merchandise export basket is indeed still concentrated on a few sectors, especially within manufacturing. But the economy remains heavily reliant on mining exports for foreign exchange earnings. Exports of mining and mineral products accounted for 36.2% of merchandise exports in 2017, slightly lower than the 38.2% share recorded in 2010.



Source: IDC, compiled from SARS data

4. Conclusions and the importance of Parliamentary oversight

IPAP 2017/18 – 19/20 sought to build upon the achievements and programmes of previous iterations and included new programmes and action plans such as focus on the water sector. Taken together these sought to achieve a higher impact industrial effort and radical economic transformation.

The key underlying principles of IPAP 2017/18 were focussed on raising aggregate domestic demand through procurement and the implementation of the national Buy Back SA campaign; ensuring a much stronger ongoing focus on labour intensity across value chains, a stepped-up effort with regards to exports and an understanding that the digital industrial revolution and disruptive technologies pose a threat to the competitiveness of the South African industry and employment.

The implementation of IPAP 2017 took place against the backdrop of a highly uncertain and volatile global economic environment. The great global economic recession and its aftershocks continued to be felt. The crisis in the steel and poultry industries which government has had to take a lead in overcoming, are prime examples. The domestic economy continued to be plagued by a series of deep-seated structural, historical fault-lines, key challenges and shocks which continued to impact the re-industrialisation effort. The key thrust of the radical economic transformation is to start tackling the long standing fault lines in the economy head on – to systematically eliminate race-based economic ownership and control and finding effective instruments to attack poverty, inequality and unemployment

IPAP is a critical, indispensable component of our collective developmental and economic growth strategy of South Africa. It is and can increasingly be aligned to the National Development Plan. It unflinchingly analyses our collective strengths and weaknesses; it links multi-stakeholder developmental efforts; it builds bridges between government, business and labour; finally, it has a strong ethical compass and a vision firmly fixed on the future and the economy which we must all, working together, build in South Africa.

The critical role that the Parliamentary Portfolio Committee on Trade and Industry plays on monitoring and overseeing implementation of IPAP 2017/18 cannot be overemphasised. The Industrial Policy Action Plan has established itself as a very important policy of government to tackle de-industrialisation and to contribute to job creation in the manufacturing sector.

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
1	**Public Procurement** Consolidation of public procurement framework and reforms	**2017/18 Q1-Q4: Finalise and submit the review of the technical specification of the calculation and measurement of local content.** **2017/18 Q1-Q2: Carry out a sectoral review of the rail localisation programme** **2017/18 Q1-Q4: Participation in the public procurement reforms (PPPFA Draft Regulations and Public Procurement Bill).**	**Review of technical specification for local content (SATS 1286:2011) has been completed.** **The review on the rail localisation programme has been done through Trade & Industrial Policy Strategies (TIPS) and Centre for Competition, Regulation and Economic Development (CCRED) at University of Johannesburg (UJ). This was a case study on rail localisation by both Transnet and PRASA but it focused on Transnet in the main. It reported that there is non-compliance on local content requirements for rail localisation. Oversight on this matter is on-going.** **The amended Preferential Procurement Regulations came into effect on the 1st April 2017. The work on the Public Procurement Bill is on-going and The Department of Trade and Industry (the dti) is part of the task team led by the NT.**
2	**Public Procurement** Designation of further sectors for local procurement	**2017/18 Q1-Q4: Review of research work done by Sector Desks for further designation of sectors/sub-sectors for local procurement** **2017/18 Q1-Q4: Issue procurement instruction notes for designated sectors** **2017/18 Q1-Q4: Work with the Presidential Infrastructure Coordinating Commission and Industry Associations to identify opportunities for further designation.** **2017/18 Q1-Q4: Deepen localisation by using Regulation 9.3 of the PPPFA for the procurement of non-designated products/commodities. This will be done in consultation with other government departments and state owned companies. This will go a long way towards facilitating the local procurement target of 75% set by government in the Medium Term Strategic Framework (MTSF).** **2017/18 Q1-Q4: Provide training on local content to supply chain practitioners in all spheres of government and state owned companies.**	**The following instruction notes have been issued:** • **Steel structures (to reduce the number of Instruction Notes buyers will have to deal with, it was decided that these items be added to the existing Steel Conveyance Pipes Instruction Note)** • **Water meters (instead of creating a new Instruction Note, the department added the Water Meters to the existing Residential Electricity Meters Instruction Note)** • **Rail Permanent Way Sector** • **Pumps, MV Motors and Associated Accessories.** **Three requests to invoke Regulation 8.4 were approved by the Deputy Director General of the Industrial Development Division; the procuring entities were Eskom, Transnet and IEC.** **17 local content workshops and training were conducted with various government entities.**
3	**Public Procurement** Proudly South African campaigns to leverage local	**2017/18 Q1 – Q4: Roll out a properly organised and sustained Buy Local (above and below-the-line) consumer education campaign targeting consumers and the private sector, including but not**	**Proudly South Africa (PSA) held a successful Buy SA Summit in 14 and 15 March April 2018 and also exhibited at the Tourism Indaba, Smart Procurement World Conference, Manufacturing Indaba and Franchise Business Festival**

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
	procurement	**limited to advertising campaigns (Buy Back SA), business forums, sector specific forums, mall activations, youth targeted activities, Buy Local conferences and Expos.** **"2017/18 Q1 - Q4: Conduct public sector-specific road shows aimed at educating both procuring SOEs and public sector officials (especially those involved in procurement) on the economy-wide benefits of buying local, whilst adhering strictly to PPPFA Regulations on designated sectors for local procurement.** **This will be done in partnership with the State-Owned Enterprises Procurement Forum (SOEPF), National Treasury, Provincial Economic Development departments and the South African Local Government Association (SALGA) and other strategic partners."** **2017/18 Q1 – Q2: Develop and re-launch the database of locally manufactured products and services, primarily hosted on the Proudly SA website, with an easy access, user-friendly search facility.** **2017/18 Q3 – Q4: Sustained growth of database to include products across all sectors, with specific focus on products manufactured in labour-intensive and priority sectors.**	**PSA also participated at provincial Business Forums in North West, KZN, Limpopo and the Western Cape. Sector specific forums were also held in the pharmaceutical, steel and poultry sectors.** **Workshops were held in all provinces on local procurement to educate both procuring State Owned Enterprises (SOEs) and public sector officials (especially those involved in procurement) on the economy-wide benefits of buying local, whilst adhering strictly to PPPFA Regulations on designated sectors for local procurement.** **The database of locally manufactured products and services exists, and being developed further and maintained** **A system has been developed at PSA to track designated tenders and inform members to bid. The system is currently linked to 439 websites of entities including National Treasury's online platforms/sites**
4	**Public Procurement: NIPP** Product Life Cycle Management Technology Centre	**2017/18 Q1: Installation of the software.** **2017/18 Q2: Training of CSIR personnel, who will then be expected to train local companies (Train-the-Trainer Programme).** **2017/18 Q3-Q4 Identify individual needs and design support measures for the already identified companies.**	**The CSIR installed the software for the Product Life Cycle Management (PLM). Two companies were identified for piloting the PLM. Progress reports will be submitted to the dti on a bi-annual basis**
5	**Public Procurement: NIPP** Support increased local content for designated products	**2017/18 Q1 – Q2: Identify constraints and opportunities for increased local content for designated products and their specific support needs to be able to manufacture at higher levels of local content.** **2017/18 Q3 – Q4 Identify relevant obligors and negotiate and design support measures.**	**Obligor agreements have been reached with two obligors for local design and production of (i) a Mobile Data Terminal and (ii) Smart Television for lower income earners. A combined (direct) investment of approximately R30 million will be made by these obligors**

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
6	**Industrial Financing** Finalising and implementing the Agro-processing incentive package	**2017/18 Q1: Approved guidelines for support of the agro-processing sector** **2017/18 Q2: Roll out of the incentive programme**	**The Agro-processing incentive was launched in June 2017 by the Minister of Trade and Industry. It is a R1 billion cost sharing grant fund.** **23 projects have been approved to the value of R107 million, with a projected investment of R533 million. As a result of the support scheme 920 jobs have been created and 1 966 jobs retained.**
7	**Industrial Financing** Finalising and implementing the Foundry Sub-Sector Support Package	**2017/18 Q1: Approved guidelines for support of the Foundry sub-sector.** **2017/18 Q2: Roll out of the support programme.**	**Draft guidelines for support of funding sub-sector developed. Undergoing internal approval process.**
8	**Industrial Financing** Improving existing export support measures	**2017/18 Q2: Draft proposal on support for export-orientated projects/activities on the continent, utilising existing incentive programmes.** **2017/18 Q3: Final proposal on support for export orientated projects/activities on the continent, utilising existing incentive.**	**Scoping exercise on existing export support measures undertaken as part of the research on the development of the Industrial Financing Strategy.**
9	**Industrial Financing** Review of Export Credit and Foreign Investment Re-Insurance Amendment Act, 1957	**2017/8 Q1- Q4: Report on the review of ECIC's legislation.**	**Work in progress.**
10	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities	**2017/18 Q1-Q4: Upgraded national dimensional and torque measurement calibration and traceability methods.**	**NMISA has commissioned a new 20 kN.m torque machine to expand and improve its torque measurement capability as required by automotive and manufacturing industry especially machine building industry. Torque measurements are required for modern engines to have improved mechanical performances by increasing their rotating speed and improved accuracy and efficiency.**

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
	1. Automotive Products and Components		
11	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 2. Metal Fabrication, Capital and Transport Equipment	**2017/18 Q1-Q4: Establish reference measurements for metal alloy composition using X-ray photoelectron spectroscopy (XPS).** **2017/18 Q1-Q3: Conduct a benchmark study to investigate how accreditation can support the rail industry**	**Two new x-ray photoelectron spectroscopy (XPS) reference methods were submitted for listing under the Chemistry Reference Materials and Reference Measurements Register and are now offered as metal alloy composition services to industry.** **The benchmarking was done. International Railway Industry Standard (IRIS) was converted to ISO, through the ISO processes.**
12	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 3. Revitalisation of Agriculture and Agro-Processing Value Chain	**2017/18 Q1-Q4: Provide reference measurement capability for toxic substances including heavy metals, arsenic, persistent organic pollutants, per-fluorinated compounds, brominated and chlorinated contaminants as well as dioxins and dioxin-like toxic substances in environmental and food matrices.** **2017/18 Q1-Q3: Provide calibrant solutions for relevant mycotoxins.** **2017/18 Q1-Q4: Provide reference materials for relevant mycotoxins and inorganic elements in food matrices (maize, ground nuts, etc.) in support of food safety.** **2017/18 Q1-Q4: Develop reference measurement capability for amino-acids in food in support of food labelling regulation.** **2017/18 Q1-Q4: Amend VC 8019, the Compulsory Specification for canned meat products.**	**Reference measurements are available for PFOS in water, fish, egg and sediment; heavy metals in wheat flour, arsenic in grains, brominated and chlorinated contaminants in dust as indicators of environmental contamination and dioxin-like compounds in environmental samples. Benchmarking of these measurements will continue according to quality system maintenance requirements.** **Packaging equipment in Reference Material production facility was successfully commissioned in Q4 2017/18 and RAM5 mixing system repaired and operational. Trial processing and packaging of the maize and wheat flour have been tested on the systems.** **Development of amino acid reference measurement has been submitted for international peer review end Q4 (2017/18). Benchmarking of the method is to be finalised by Q2 (2018/19).** **The Compulsory Specification for canned meat products completed.**
14	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 5. Plastics, Pharmaceuticals, Chemicals, Cosmetics	**2017/18 Q1-Q4: Build capability to perform traceable diagnostic measurements from blood samples in support of clinical diagnostics.** **2017/18 Q1: Source and train SANAS Technical Assessors for the Medical Devices and In-vitro Diagnostic programme.** **2017/18 Q1-Q2: Roll out an accreditation programme for Medical Devices and In-vitro Diagnostic.**	**NMISA is participating in an international benchmarking study for diagnostic protein measurement capability in serum. Experiments were performed in Q4 (2017/18) with additional improvements in the analysis continuing in 2018/19.** **Potential Technical Assessors have been trained on the Medical Devices and In-Vitro Diagnostic regulations by Regulatory Authority (Medicines Control Council) with conformance to the International Accreditation Forum (IAF) Mandatory Documents.**

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
			The accreditation programme for medical devices and in-vitro diagnostic was roll-out during September 2017.
15	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 6. Clothing, textiles, leather and footwear	**2017/18 Q1-Q4: Assess feasibility of standards for vegetable tanning methods for leather.** **2017/18 Q1-Q4: Develop a Compulsory Specification for laundry process management.**	**Work in Progress.**
16	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 7. Electro-technical and ICT	**2017/18 Q1-Q4: Conduct a feasibility study to establish the market requirement for national measurement standards for high voltage direct-current.** **2017/18 Q1-Q4: Revision of safety standards on household and similar electrical appliances.** **2017/18 Q1-Q4: New standards on communication networks and systems for power utility automation.**	**Revision of safety standards on household and similar electrical appliances (SANS 60335-2-21, SANS 60335-2-72 and SANS 60335-2-79) are under development.** **Standards on communication networks and systems for power utility automation (SATR 61850 (parts 90-3 and 90-8) documents published.**
18	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 9. Advancing Beneficiation	**2017/18 Q1-Q4: Focused Ion Beam Scanning Electron Microscope (FIB/SEM) with nano-manipulator for analysis and fabrication of nano devices.** **2017/18 Q1-Q4: Internationally benchmarked capability to perform X-ray Diffraction (XRD) analysis of metal alloys.** **2017/18 Q1-Q4: Revision of standards for fuel cells.**	**The Focused Ion Beam Scanning Electron Microscope (FIB/SEM) instrument is installed and fully operational and NMISA is now able to assist industry with complex surface measurements in support of nano device fabrication.** **The X-ray Diffraction (XRD) instrument is installed and fully operational.** **SANS 62282-6-300 for fuel cells has been published.**

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
19	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 10. Growing the Oceans Economy	**2017/18 Q1-Q4: Conduct a feasibility study for developing a Compulsory Specification for live and chilled fish.** **2017/18 Q1-Q2: Proposed regulations for Import conditions for Fish & Fishery products and canned meats.**	**The feasibility Report which recommended that a Compulsory Specification for live and chilled fish be developed was finalised and approved.** **The proposed Regulations were published in a Government Gazette for public comments on the 20th September 2017 with a subsequent WTO TBT Notification for international comments.**
20	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 11. Resolving the Energy Challenge/ supporting Green Industries	**2017/18 Q1-Q4: Improve the measurement accuracy for electrical power and energy by developing primary national measurement standards** **2017/18 Q1-Q4: In support of air pollution monitoring, provide reference measurements to determine sizes of fine to coarse dust particles.** **2017/18 Q1-Q3: Conduct a feasibility study for developing a Compulsory Specification for LED lights**	**New software is currently being developed in-house and the improvement of the standard should be complete by Q4 of 2018/19. This standard supports electrical energy measurements in the country.** **NMISA provides a niche, particle sizing service, analysing low amounts of particles trapped on filters and thimbles.** **Feasibility study for developing a Compulsory Specification for LED lights completed.**
21	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 12. Updating of the National Building Regulations and Building Standards Act	**2017/18 Q1-Q4: National Building Regulations and Building Standards Bill drafted and submitted for Parliamentary legislative process.**	**The amendment bill was pre-certified by the State Law Advisers but is held back due to the schedule of the Portfolio Committee.**
22	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities	**2017/18 Q1-Q4: Legislative review of the technical infrastructure – an investigation into the effectiveness of the four Acts and recommendations for amendments.**	**Consultations with stakeholders as to possible changes to the Act to assist are continuing and this deliverable will be fully met in 2018/19.**

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
	13. Strategic review of legislation		
23	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 14. Consumer protection initiative	**2017/18 Q1-Q4: New standard for safety of toys - olfactory board games, cosmetic kits and gustative game.** **2017/18 Q1-Q4: New standard for safety of toys - trampolines for domestic use.**	**SANS 50071-13 for safety of toys has been published.**
24	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 15. Accreditation programme rollout	**2017/18 Q1-Q4: Conduct a feasibility study on an Accreditation Programme for an Asset Management System.**	**The Asset Management System study was completed as planned. Asset Management Systems aim to harmonise the coordinated activities of an organisation to realise value from its assets. The key is to work towards optimum balance between performance, cost and risk in pursuit of the organisational objectives.**
25	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 16. Unlocking the Potential of SMMEs and Co-operative	**2017/18 Q1: Virtual Reality training module for Uncertainty of Measurement and calibration of mass standards: level F and M of the International Organization of Legal Metrology (OIML).** **2017/18 Q1: SANAS to equip SMMEs through accreditation training on SANS/ISO/IEC 17020 and management system documentation.** **2017/18 Q1-Q4: SMMEs to be assessed for technical competency in measurement and verification.**	**NMISA has developed a VR training module named “Better Measurements Make Happier Customers” aimed at South African SMEs and those in the manufacturing sector. Accurate, traceable measurement underpins what manufacturers need to understand and implement if they plan to grow their business, and especially so if they want to export into other markets.** **10 SMME in Measurement and Verification were trained in SANS/ISO/IEC 17020. SMME trained, and were assessed for technical competency in measurement and verification.**

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
26	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 17. Collaborative research support programme on Science and Technology	**2017/18 Q1 - Q4: Tri-lateral project plan with Egypt and Kenya to develop a primary mass standard (Watt balance and Avogadro sphere project) in anticipation of the re-definition of the International System of Units in 2018.** **2017/18 Q1 - Q4: Project on small field dosimetry in anticipation of the small field dosimetry protocol to be published by the International Atomic Energy Agency in 2018/19.**	**Collaborating with NPL UK for development of a Watt balance as primary mass standard, the creation of the agreement is in an advanced state. Discussions with Egypt and Kenia have not resulted in any concrete arrangement (project plan). Collaboration between PTB and NMISA resulted in PTB loaning NMISA a Si-Sphere and to do collaborative research towards the Avogadro project.** **Measurements performed together with Charlotte Maxeke Johannesburg Academic Hospital and data submitted to the International Atomic Energy Agency (IAEA).**
27	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 18. Water and Sanitation standards support programme	**2017/18 Q1-Q4: New standard for greywater reuse systems - general requirements.** **2017/18 Q1-Q4: New standard for servicing valves for domestic terminal water fittings or appliances.**	**SANS 1732 - development of WD document still in progress.** **SANS 1750 for servicing valves for domestic terminal water fittings or appliances has been published.**
28	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 19. Transport Infrastructure support programme	**2017/18 Q1-Q4: Upgrade of the national measurement laboratories for Force in support of transport, manufacturing and the automotive sector.** **2017/18 Q1 - Q4: Feasibility study to identify standardisation needs of the National Infrastructure Plan.**	**New 5 KN force ordered. Expected delivery June/July 2018** **"Research framework to guide the investigation has been completed. The framework defines the project objectives and scope of the project.** **First draft feasibility report completed and circulated internally for input and comment. External consultation is planned for February 2018; thereafter the report will be finalized.** **External consultation with stakeholders from government, private sector and academia on the draft feasibility report was conducted and the inputs received are being incorporated to finalise the report by 31 March 2018. The feasibility study identifies priority areas for standards development in this sector. "**
29	**Technical infrastructure** Realignment of technical	**2017/18 Q1-Q4: Revision of standards for optical fibres – measurement methods and test procedures.**	**Standards for fibre optic cables (SANS 60793: parts 1-20, 1-41, 1-42 and 1-43) were identified for development and have been published.**

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
	infrastructure activities with IPAP sectors and 9-Point Plan priorities 20. Broadband Rollout Support Programme		
30	**Technical infrastructure** Realignment of technical infrastructure activities with IPAP sectors and 9-Point Plan priorities 21. Regional integration Co-operation on Standards, Quality Assurance, Metrology and Accreditation	2017/18 Q1-Q4: Develop comparison programme within AFRIMETS to compare National Measurement Standards of all countries participating in the CIPM Mutual Recognition Arrangement. 2017/18 Q1-Q4: Virtual Reality training module for calibration of accurate mass standards (E level) and length standards. 2017/18 Q1-Q4: SABS to actively inform the strategic agenda of ARSO through participation in the African Organisation for Standardisation (ARSO) structures.	In total 24 inter laboratory (National Metrology Institute) comparisons are currently active in AFRIMETS. The results of the comparisons that are published in the international Key Comparison Data Base (KCDB) can be used to support Calibration and Measurement Capabilities (CMCs) in the KCDB C. NMISA started working on Virtual Reality (VR) simulation, and the development of several "mobile Apps" that introduce laboratory measurement, and fundamental calibration techniques in the mass, volume, pressure, dimensional as well as temperature domains for training of calibration labs and NMIs in Africa. Input provided on the new ARSO strategy (2017-2022) – this included proposed amendments to constitution and the proposal of a revised and more relevant Annexure to the ARSO strategy; Four stakeholder sessions held to raise awareness on ARSO participation for the two sectors targeted, i.e. ATM and Dangerous Goods Transport.
31	**Competition Policy** Effective competition enforcement and merger regulation	"2017/18 - 2018/19: Continued effective competition enforcement with regard to the following sectors: - Food & Agro Processing: the entire value chain (production, processing, distribution and retail). - Intermediate Industrial Input Products: inputs into strategic manufacturing products such as steel, chemicals and fertilisers. - Construction & Infrastructure: includes construction products and services and transport and logistics (movement of goods and products). - Healthcare: entire value chain, including services and the pharmaceutical market. - Energy: includes markets related to electricity, renewables, LPG (industrial and domestic usage), nuclear and fuel. - Banking & Financial Services: entire sector, including industries	The following investigations were initiated by the Competition Commission: Construction & Infrastructure: CAC confirms finding against Power Construction. Initiation of a cartel case against Corobrick and others. Intermediate Industrial Input Products: Cartel initiation against Mpact and Mpact Recycling on packaging Cartel initiation against Scott Bader (Pty) Ltd and NCS Resins (Pty) Ltd (resins manufacturers) Healthcare/ Financial Services: Settlement agreement of R2 million reached in the prior implementation merger of Bidvest & Adcock merger case.

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
		such as insurance and retail and corporate banking activities. - Information & Communication Technology: telecoms services and products, including markets related to interconnection. " 2017/18 - 2018/19: Annual reporting on the impact and outcomes of competition enforcement in these sectors, and identification of appropriate complementary measures to be taken by government and public institutions to improve competitive outcomes. 2017/18 - 2018/19: A number of strategically identified market enquiries initiated by the Competition Commission into priority areas identified in consultation with government. 2017/18 - 2018/19: Stronger conditionalities to be established on state support for large firms, including development finance, linked to competitive conduct. 2017/18 - 2018/19: Monitoring of compliance, in consultation with government.	Food & Agro-processing: Initiation of an abuse of dominance case against Rooibos Ltd. Settlement agreement of R4.2million with Bothaville milling on its maize milling cartel. Cartel initiation against Fresh Produce Agents. Banking & Financial Services: Pre-hearing of the cartel case against 17 banks for currency collusion held at the Competition Tribunal." The LPG Market Inquiry report was tabled in Parliament by the Minister of EDD, with the Commission's recommendations for Government, Regulators and Industry stakeholders. A market inquiry was initiated into the Passenger Public Transport and the Private Healthcare and Grocery Retail inquiries are in progress.
32	**African Industrial Development** Work programme of the Regional Economic Communities	2017/18 - Q1: Influence and support the formal adoption of the SADC Industrial Action Plan. 2017/18 - Q4: Support the implementation of the Action Plan, giving particular attention to prioritising development in the agro-processing, mineral beneficiation and pharmaceutical value-chains as an initial focus. Actively provide technical guidance to three value-chain projects that include identification of potential private sector partners, supporting infrastructure and/or institutional capacity building.	South Africa provided extensive input into SADC Industrial Action Plan and it was adopted South Africa is supporting the implementation of the action plan and drafting of the detailed operational plan as mandated by the Council of Ministers. As part SA deliverables during the period of chairing SADC, a targeted training on industrial policy for policy makers was conducted for a number of SADC member states officials.
33	**African Industrial Development** Build an African Industrial Development Knowledge Repository, manage value chain research and support capacity building across the continent	2017/18 – Q2: Strengthening of the regional research networks and the convening of quarterly research meetings to agree research priorities for the region. 2017/18 – Q4: 3 research projects initiated into value-chains/industrial policy issues.	Quarterly research engagements, including the TIPS forum took place to discuss progress on the following regional value chain case studies: • Forestry to pulp, paper and furniture (Mozambique) • Sugar to Confectionary (Zambia) • Soaps, detergents and cosmetics (Zambia) • Technical regulations (SADC) • Impact of cost of logistics and transport on regional integration (SADC)

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34	**African Industrial Development** Cross-border Industrial Projects	**2017/18 – Q4: 10 industrial projects identified and scoped as possibilities for detailed project preparation or feasibility studies.** **2017/18 – Q4: Facilitate investment by SA-based companies into 3 industrial projects across the continent.**	**10 industrial projects have been shortlisted:** • **The Gesterra Maize mills (Angola)** • **The Bisea Tin min (DRC)** • **AEC Chloride plant (Tanzania)** • **EPIC Mills Margarine Factory (Zambia)** • **Farm Block Programme (Zambia)** • **Norton-Fruit processing project (Zim)** • **Amplats UNki Smelter (Zim)** • **Tongaat-Hulett Xinavane Sugar refinery (Mozambique)** • **Mozambique - IDC forestry project (Mozambique)** • **Mansa Sugar project (Zambia)** **Investments have been facilitated into:** • **The Bisea Tin min (DRC)** • **Thyssen-Krupp SA - Chloride plant (Tanzania)** • **EPIC Mills Margarine Factory (Zambia)** • **Amplats UNki Smelter (Zim)**
35	**African Industrial Development** Facilitation of Strategic Opportunities for South Africa on the continent	**2017/18 Q3: Identification of 2 mega-projects for intensive research, relationship building and facilitation.** **2017/18 Q4: Orientation of new strategy around the strategic opportunities, in order to deepen South Africa's involvement in them.**	**Background work being done on infra-structure in the DRC/ Zambia Copper belt to support Zambia-South Africa interests. This includes the completion of critical rail links and the possibility of an industrial hub/ supplier base in the region. On-going work on scoping the opportunities in the Rovuma basin in Mozambique particularly focusing on the on-shore opportunities in both Palma and Pemba. These include the onshore developments around the processing of gas, a new housing development and onshore storage facilities.** **A number of mega-projects are being investigated in Mozambique (Oil & Gas) and Zambia (Hub in the Copper belt). 4 key sectors are being investigated to give shape to the strategic opportunities. Oil and gas has been completed. Agro-processing, Energy projects and Mineral Beneficiation are underway.** **A number of high level/mega opportunities identified:** • **Tete**

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			• Copper-belt • Rovuma basin • Pro-Savannah – Nacala
36	**Special Economic Zones (SEZs)** Designation of Special Economic Zones	2017/18 Q1: Review of two applications for designation by Secretariat and Technical Sub-committee of the Board. 2017/18 Q2: Review of at least one application by the Board. 2017/18 Q3: Gazette notice of one application for designation published for public comments. 2017/18 Q4: Designation of one SEZ.	Atlantis and Musina-Makhado have been designated.
37	**Special Economic Zones (SEZs)** Institutional and capacity development	2017/18 Q1: Recruitment of candidates for candidates for SEZ Training in China. 2017/18 Q2: Training in China takes place. 2017/18 Q3: Report on the Training in China approved.	32 officials from national and provincial government departments and agencies participated in the 2017 SEZ Capacity Building Programme in China from 22 May 2017 to 14 June 2017.
38	**Special Economic Zones (SEZs)** Marketing Plan for Special Economic Zones	2017/18 Q1 – Q4: One Investment mission per quarter.	Three investment missions were undertaken: • Guangzhou, China: 8th - 11th May 2017. Over 160 Chinese companies attended the road show • Netherlands in partnership with Gauteng IDZ: November 2017 to engage with Nedstack, a fuel cell stack manufacturing company on the proposition to invest at OR Tambo IDZ. The visit also provided for engagements with other companies that support Nedstack in the manufacturing process • The dti participated in the 7th SA-Joint Economic Commission, held in Switzerland. A presentation on the SEZ Programme was done to highlight investments opportunities and indicate strategic priority sectors that have been earmarked as catalytic economic nodes for the country.

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39	**Innovation & Technology** Strategy for the adoption of locally developed technologies	**2017/18 Q2: The formalisation of the strategy for the uptake of locally developed technologies.** **2017/18 Q4: The established of a partnership with the private sector for the deployment of locally developed technologies in one of the abovementioned focus areas.**	**Cabinet approval secured in September 2017 for a revised strategic framework.**
40	**Innovation & Technology** Commercialisation Framework implementation	**2017/18 Q3: First round DST candidate projects assessed as part of the finalisation of the CFIPs.** **2017/18 Q4: CFIPs refined and presented to DST Executive for approval.** **2017/18 Q4: Establishment of the CCF formalised through requesting nominations of representation from relevant government and private sector organisations.**	**Evaluations have been undertaken and revisions to the protocols completed.**
41	**Innovation & Technology** Harmonisation of innovation support programme	**2017/18 Q3: Preliminary research findings presented to the DST Executive.** **2017/18 Q4: Findings compared and consolidated with other relevant research findings.**	**Preliminary research findings presented completed.**
42	**Innovation & Technology** Establishment of the Sovereign Innovation Fund	**2017/18 Q2: Revised Concept note developed and presented to National Treasury for comment and input.** **2017/18 Q3-Q4: Government and private sector consultations continued.** **2017/18: Finalisation of a business case for the establishment of the Innovation Fund.**	**Several discussions held with National Treasury and concept notes shared, input provided as part of the budget planning process for a SMME- Innovation Fund. DSBD also part of discussions regarding the SMME-Innovation Fund.**
43	**Automotives** Competitiveness Improvement Initiatives: World Class Manufacturing (WCM) (Phase 3)	**2017/8 Q1: Supplier enrolment complete.** **2017/8 Q2: Assessments report and projects identified.** **2017/8 Q3: Implementation progress report.** **2017/8 Q4: Final assessment report and Case Studies.**	**A total of 40 suppliers were contracted with 31 benchmarks conducted and a total of 11 projects launched.** **Assessment report was prepared and 11 projects identified.** **Implementation Progress Report completed, with 66% of the 41 firms recording very good progress.** **Participating firms consist of predominantly tier 1, tier 2 and after market and export suppliers. 7 suppliers are black owned and two of these suppliers have moved from the previous phases to receive further support through the WCM programme. 35 projects have been launched to date of which 21 projects have**

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			successfully closed out. Final assessment report completed and case studies compiled.
44	**Clothing, Textiles, Leather & Footwear** CTCP Impact Monitoring	**2017/18 Q2 and Q4: Bi-Annual Reports to highlight the impact of CTCP on job creation, growth, stability and global competitiveness.**	**Report submitted to the dti by IDC. A workshop took place with industry to share the report at IDC Conference Centre on 8 November 2017.**
45	**Clothing, Textiles, Leather & Footwear** Beneficiation of local Raw Hides through export prohibition	**2017/18 Q1: Submission of application to National Treasury.** **2017/18 Q2: Execution of the recommendations by National Treasury through due processes.** **2017/18 Q3: Monitoring & Evaluation of post leather export prohibitive policy execution.**	**Application was submitted to the National Treasury (NT). Workshop was held by NT for inputs from stakeholders.** **Policy recommendations were prepared with industry representatives on 26th February 2018 where 12 industry participants, Skin Hide & Leather Council of South Africa (SHALC) and DAFF observers participated in the policy recommendation workshop. The dti received an official letter in support of the policy recommendation from Skin Hide & Leather Council of South Africa (SHALC).**
47	**Clothing, Textiles, Leather & Footwear** Establishment of Exotic Leather Goods Quick Response (QR) Design Studio in New York	**2017/18 Q1: Finalise funding through the dti CIP grants.** **2017/18 Q3: Establish Exotic Leather Goods Quick Response (QR) Design Studio in New York.**	**Funding approved through CIP and funds transferred to Exotic Leather Cluster (ELSA). Design Studio established in New York using funding from CIP by the Exotic Leather Cluster.** **The establishment of Design Studio in New York was completed by the Exotic Leather Cluster.**
48	**Clothing, Textiles, Leather & Footwear** Leather Processing Hub	**2017/18 Q1- Engineering design development of the Leather Processing Hub site and investment promotion by KwaZulu-Natal EDTEA, in collaboration with the dti.** **2017/18 Q2 to Q4: Building the infrastructure, using funds made available by the KwaZulu-Natal EDTEA and the dti.**	**Infrastructure development for the hub has not commenced yet, the project is funded by the external stakeholder (KZN EDTEA) and is awaiting approval of engineering services by the relevant MEC.**
49	**Clothing, Textiles, Leather & Footwear** Establishment of Footwear & Leather Goods Component Sub-National Cluster	**2017/18 Q1: Finalise funding through dti CIP grants.** **2017/18 Q3: Implementation Footwear & Leather Goods Component Sub-National Cluster.**	**Due diligence for the funding was completed by the IDC.**

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51	**Clothing, Textiles, Leather & Footwear** Designated Clothing & Textile Retailer Supplier & Enterprise Development	**2017/18 Q2: Working closely with BB-BEE firms to develop an amended scorecard for the clothing and textile retailers regarding Enterprise Supplier** **2017/18 Q4: Proposal for a revised scorecard presented for approval.**	**Request for revision of turnover threshold of BBBEE Enterprise and Supplier Development Beneficiaries from R50M to R100M was supported by the dti. Request to allow retailers to score BEE points if they invest in integrated supply chains through the cluster, was not approved by the BEE unit.**
52	**Clothing, Textiles, Leather & Footwear** Cotton Subsector Development Strategy	**2017/18 Q1: Subsector strategy research completed and draft strategies developed.** **2017/18: Q2 Public and private sector engagements completed.** **2017/18 Q4: Strategies presented and approved by the dti.**	**Strategies developed for the following subsectors:** • **weft knits** • **towelling** • **dyeing and finishing** • **retail**
53	**Clothing, Textiles, Leather & Footwear** Retail -Driven Integrated Supply Chain Programme (ISCP)	**2017/18 Q2: Retailer engagement completed.** **2017/18 Q4: ISCPs implemented and operational.**	**Integrated Supply Chain Programmes still on-going with three retailers – Mr Price, Woolworths and Edcon. Ackermans pulled out due to cluster dynamics and affordability. They are still interested in local procurement but probably within their own cluster.**
54	**Clothing, Textiles, Leather & Footwear** Regional Cotton Textile and Development Strategy	**2017/18 Q2: Strategy research completed and draft strategy developed.** **2017/18 Q4: Public and private sector engagement completed.**	**The Sustainable Cotton Cluster has commissioned a research partner for regional analysis and the following countries were profiled: Zimbabwe, Botswana, Mozambique, Zambia, Namibia, Tanzania, Lesotho, Malawi, Swaziland, Mauritius, Madagascar, Ethiopia and Kenya. The research has been completed and a draft report is being documented. Discussion and implementation delayed due to cluster restructuring and funding issues.**
55	**Clothing, Textiles, Leather & Footwear** Value Addition to transform locally manufactured quality mohair into processed tops, yarns and finished products for local and export markets	**2017/18 Q2: Mohair sector stakeholder engagement.** **2017/18 Q4: Develop at least one Integrated Supply Chain, processing South African mohair into a finished product.**	**Stakeholder workshop was held in November 2017. The "Strategic Mohair Sector Plan" was concluded in March 2018. Ten interventions were identified in the strategic plan:** • **Measure to Manage** • **Participants & Business Process Management** • **Value Chain Mapping and Development** • **Market Development** • **Commercial Enabling Network** • **Consumer Research**

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
			• Innovation • BBBEE Transformation • Technology Demonstration & Sustainability • SA Mohair Ethicality Education Programme
56	**Metal fabrication, capital & rail transport equipment** Designation and Localisation	**2017/18 Q2: Finalise the Pumps and MV motors designation proposal with National Treasury.** **2017/18 Q2: Finalise the industry analysis for possible designation of the rail infrastructure: permanent-way sector.** **2017/18 Q3: Finalise the industry analysis on Pipe Fittings.** **2017/18 Q4: Finalise the industry analysis for possible designation of port equipment.** **2017/18 Q1-Q4: Develop and implement the rail rolling stock valve supplier development programme in collaboration with DST-TLIU and Transnet Engineering.** **2017/18 Q1-Q4: Continuous support and monitoring of the designated products and sectors.**	**Instruction Note/Circular for Pumps and MV motors issued by National Treasury in Q3 with effective implementation date 10 January 2018.** **Instruction Note/Circular for rail infrastructure: permanent-way sector issued by National Treasury in Q3 with effective implementation date 12 December 2017.** **Pipe Fittings and Specials Industry Analysis was approved by National Treasury, designation is effective from 18 February 2018. The Steel Conveyancing Pipe Instruction Note has also been revised and issued by National Treasury.** **Draft report on the possible designation of port equipment has been developed. Engagements with industry and Transnet as the main procurer are on-going to strengthen the business case for designation. This work will flow into the new financial year.** **The identified supplier was given an opportunity to supply into the loco programme however failed to meet the quality requirements. The delivered valves to Transnet Engineering had major defects. This work will continue in the next financial year.** **Engaged with industry and procuring entities to promote localisation (designated products and sectors). Drafted letters to procuring entities requesting consideration of 8.4 provisions of the PPPFA on non-designated products. Letters sent to the OEMs participating in the PRASA passenger coaches and Transnet 1064 locomotive projects to provide information on progress made on local content requirements. Engaged and facilitated a workshop between CRRC-CSR and industry on the OEM's R5 billion exemption. The exemption was subsequently withdrawn with the view to find additional suppliers to reduce the import content**

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			on the remaining loco to still be built.
57	**Metal fabrication, capital & rail transport equipment** Continued competitiveness enhancements programmes deployed at company level, together with dedicated training 1. National Tooling Initiative (NTI) Programme	**2017/18 Q2: Develop and submit all the required documentation to QCTO and NAMB to facilitate the accreditation of the KZN Trade Test Centre.** **2017/18 Q1-Q4: 40 eligible students to undergo trade testing on the new Toolmaker qualification.** **2017/18 Q1-Q4: Implement competitiveness improvement programmes at 8 benchmarked TDM sector companies.** **2017/18 Q1-Q4: Establish a pilot incubator to support the enterprise development programme.**	**Nation Tooling Initiative (NTI) developed and submitted all the required documentation to QCTO and NAMB to facilitate the accreditation of the KZN Trade Test Centre. The verification assessment by NAMB was concluded during Q3 with a recommendation for accreditation. Final accreditation is outstanding due to a request that NTIP must appoint a dedicated moderator, which is in process.** **To date 40 students successfully completed the new Occupational Certificate: Toolmaker and were recommended for certification to the NAMB.** **Implemented competitiveness improvement programmes at 8 benchmarked TDM sector companies.** **Pilot incubator to support the enterprise development programme not established due to limited funding. The limited funding was re-prioritised to ensure students in the tooling programme complete their training** **Continuous technical support to obtain relevant accreditation (ISO9001) to the following foundries:** • **On implementation stage: JC Impellers, WO Foundry, Quantum, Pan Patternmakers.** **On the certification stage: Knight sales, Action Africa, Active and Quantus.** • **On PED implementation stage: Rely Intracast and Vestcast** **To date, 10 foundries have been offered technical support**

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58	**Metal fabrication, capital & rail transport equipment** Dedicated support programme for the Jewellery Industry 1. Market access and export promotion	**2017/18 Q1-4: In conjunction with China-based FER and the local industry, investigate and identify a suitable jewellery exhibition in mainland China for possible participation by SA jewellery manufactures.**	**Consulted Foreign Economic Representatives (FER) in China – obtained advice regarding the three most viable jewellery & diamond trade shows in mainland China. Consulted with Jewellery Council of SA, and concluded that mainland China is not a suitable destination for SA jewellery, due to exorbitant 35% import duties. Concluded that diamond exhibitions in Hong Kong should continue, but jewellery focus should remain on the US to utilise AGOA, as well as Europe and Africa at this stage.**
59	**Metal fabrication, capital & rail transport equipment** Dedicated support programme for the Jewellery Industry 2. Gold Loan Scheme guidelines amendments	**2017/18 Q1-Q3: Develop a detailed proposal for the expansion of the Gold Loan Scheme to include other jewellery manufacturing, raw materials and the revision of qualifying criteria.**	**Developed detailed proposal and amended guidelines, and discussed with Incentive Development and Administration Division (IDAD) within the dti, IDC, Jewellery Council of SA, State Diamond Trader & Nedbank. The scheme is in the process of being overhauled to prevent inherent challenges of the current scheme.**
60	**Agro-processing** Development of the Agro-processing Framework: a value chain approach	**2017/18 Q2: Identify critical interventions in each of the 3 identified value chains** **2017/18 Q4: Resolve at least one critical constraint in each of the value-chains.**	**Rooibos strategy developed; the dti facilitated funding for a black owned rooibos processing enterprise including market access to Germany** **Horticulture - Fruit value chain strategy developed, Market access plan implementation ongoing; the middle East and EU market (Asia and Berlin Fruit Logistica exhibition done).** **Poultry - Developed TORs for poultry growth strategy in collaboration with industry; National Cleaner Production programme for 4 Poultry enterprises supported. Research on investments in Mechanical Deboned Meat underway.**
61	**Agro-processing** Value Chain Programme to Unlock Critical Constraints	**2017/18 - Q2 Publication of a suite of measures to support niche producers linked to the new agri-incentive programme.** **2017/8 - Q4 Roll out of support measures, providing effective assistance to 3 niche sub-sectors or cluster initiatives.**	**Publication of suite of measures to support niche producers being finalised** **Supported the Amajingqi Macademia nuts in Willowvale, Eastern Cape through ECF to the tune of R40m. The investment has assisted Amajingqi to explore Australia, Europe & China export markets.** **The dti has facilitated the application for:** • **Elvima – for various moringa food products,** • **Capital counsel – for commercialisation of Cannabis Sativa,** • **Almond creamery – for manufacturing of almond milk,**

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			• Sibocali – for cashew nuts • Newington casa mia food – for their ready to eat meals.
62	**Agro-processing** Commercialisation of high-value niche sectors	2017/18 - Q2 Publication of a suite of measures to support niche producers linked to the new agri-incentive programme. 2017/8 - Q4 Roll out of support measures, providing effective assistance to 3 niche sub-sectors or cluster initiatives.	The draft agro-processing framework was developed and consulted with relevant stakeholders including provincial departments (economic department and agriculture), NAMC and CSIR. On-going implementation and the monitoring on the agro-processing framework in line with IPAP and business plan deliverables. As part of implementation, the the dti collaborated with SABS to develop Agro-processing sector Standards.
63	**Agro-processing** Agro-processing Supplier Development Programme (Agri-SDP)	2017/18 Q1: Open up relationships with 3 of the mainstream retailers and 3 large agri-producers to assess their current levels of support for emerging players, and address the challenges of bringing them effectively into the supply chains. 2017/18 Q2: Develop a position paper for the state and private sector around a Procurement Charter. 2017/18 Q3: Agreement on a Charter or Code of Conduct with leading retail chains and food processing conglomerates, including (a) commitments from large companies that set targets for procurement from small producers, with large-scale supplier-development schemes and easier access to sales outlets; (b) reciprocal commitments regarding state incentives to leading firms and support for small producers; and (c) the establishment of a task-team to monitor progress and unblock bottlenecks as they manifest themselves. 2017/18 Q4: Implementation of the Charter and state supplier-development measures and programmes.	Engagement done with 3 Agri-producers to open up relationships and assess their levels of support for emerging players. Position paper for the state and private sector around a procurement charter developed. The charter was developed by the dti and Consumer Goods Council of South Africa, it was agreed upon by members of the industry. As part of implementation of the charter, the dti would enter into a Private Public Partnership (PPP) agreement with Department of Agriculture, Forestry and Fisheries (DAFF) and Tiger Brands. The inputs on the role of the dti on PPP agreement were crafted and discussed with Tiger Brands and DAFF. Position paper for supplier development done. On-going engagements and implementation with Woolworths (supplier development) & Spar (rural agri hubs supplier program) to implement supplier development programme. Charter not feasible due to Competition Commission investigations.
64	**Agro-processing** Agro processing export strategy	2017/18 Q2: 3 initiatives developed and costed for increasing exports to the Middle East and China, and partnerships developed with relevant companies and state agencies. 2017/18 Q4: At least 2 measures implemented.	Export strategy has been finalised. SADC-TDCA quota utilisation analysis report done and shared with industry stakeholders (to boost interest in exports on identified quota products) on-going engagements. Endorsements for emerging exporters to participate in international exhibitions done resulting in 45 emerging exporters participating in Food, Hotel & Tourism Bali (Indonesia); Seoul Food & Hotel Exhibition; Food Matters Five (UK); China

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			International SME Fair, Food and Hotel China.
65	**Forestry, Timber, Paper and Pulp, and Furniture** Furniture Competitiveness Programme	2017/18 Q3: Secure partners (municipalities) for implementation. 2017/18 Q3: Secure partners (municipalities) for implementation. 2017/18 Q4: Continuously strengthening working relations with the furniture association in improving competitiveness	Gauteng Department of Economic Development has set aside R20 million for implementation of the project and an application of R50 mil has been lodged with the dti by SEFA. MOU developed between the dti, Gauteng Department of Economic Development, Furntech, SEFA, and South African Furniture Initiative (SAFI).
66	**Forestry, Timber, Paper and Pulp, and Furniture** Furniture Market Access Development Target 1	2017/18 Q2: Review of domestic market opportunities and regulatory frameworks. 2017/18 Q4: Development and Implementation of the market access programme.	Market access programme developed and interventions recommended. Implementation has commenced.
67	**Forestry, Timber, Paper and Pulp, and Furniture** Furniture Market Access Development Target 2	2017/18 Q1: Engage with Treasury to develop and publish the required regulations. 2017/18 Q3: Engage the local retail sector in developing targets for local procurement. 2017/18 Q4: Develop and publish the regulations with respect to qualifying minimum local furniture levels for approved premises for public sector entities.	Funding to undertake the Public Furniture Procurement has been approved. A suitable service provider could not be appointed and the project has been rolled over to the 2018/19 financial year. Engagements took place with Lewis and the Foschini Group on local procurement.
68	**Forestry, Timber, Paper and Pulp, and Furniture** Product Development and Market Access for Small-Scale Sawmillers	2017/18 Q2: Develop a market access and new product development programme for small scale sawmills. 2017/18 Q4: Implement the market access and new product development programme. Design and Implement a low-interest capital loan fund for the sawmilling sector, in partnership with the IDC	This work was put on hold because Department of Agriculture, Forestry and Fisheries (DAFF) indicated that there will not be raw material available for processing.

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69	**Forestry, Timber, Paper and Pulp, and Furniture** Regional Development Programme in the Forestry Value Chain	2017/18: Q1- Q3: Consultation and strategy development 2017/18: Q4: Launch of Forestry Africa Strategy.	Research work has been done on the regional strategy where opportunities were identified in the African Continent. Opportunities identified were in plantations and investments along the value chains (Sawmill, Pulp & Paper).
70	**Forestry, Timber, Paper and Pulp, and Furniture** Paper Recycling Programme for South Africa	Completion and distribution of the Paper Recycling Analysis Report and presentation of the action plans for each of the sub-projects. 2017/18: Q4: Implementation of the plans.	Implementation of the paper recycling plan underway. The project will continue into the next financial year.
71	**Plastics, pharmaceuticals, chemicals & cosmetics** Designation and localisation	2017/18 Q1 – Q4: Develop concept document, conduct research, consult with relevant stakeholders and populate the standard designation template on refuse bags and plastic pipes.	The dti embarked on two designation projects (pipes and refuse bags) in order to leverage on public spending and optimise localisation opportunities presented by the state infrastructure programmes Also working with SOCs such as South African Airways (SAA) to promote localisation of plastic products.
72	**Plastics, pharmaceuticals, chemicals & cosmetics** Plastics Components Cluster	2017/18 Q1-Q2: Feasibility Analysis and Business Case for Implementing the Cluster including identifying cluster members and facilitating the registration of the Non-Profit Company. 2017/18 Q3-Q4: Assist in the development of the strategic framework of the cluster as well as the cluster's business plan, which will consist of the following: – A brief description and map of the cluster; – A description of the strategic framework of the cluster; – The main challenges and issues facing the cluster; – The chosen approach and main steps in achieving the goal/s of the cluster; – A detailed governance model; – Determination of the resources required to run a successful cluster, including a detailed budget plan	A feasibility analysis for a plastics cluster in Durban has been finalised and a business case for the cluster has been developed. The business plan for the Durban Plastics Manufacturing Cluster has been developed and an application for funding to the dti's Cluster Development Programme.

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73	**Plastics, pharmaceuticals, chemicals & cosmetics** Plastic Exports and Import Replacement Programme	**2017/18 Q1 and Q2: Gather market intelligence on African export markets for niche plastic products. Analyse the basic basket of imported plastic products and identify products that impede local production.** **2017/18 Q3-Q4: Develop an export report emanating from countries visited, highlighting opportunities and the 'culture of doing business' in those countries; develop local capability in products that have high import value and a viable business case.**	**An initial study focused on gaining market intelligence on countries in Africa has been concluded. Two countries identified as high opportunity for local plastics were Ghana and Kenya. Plastics SA has contracted Africa House to conduct the research on Kenya and the opportunities for SA's plastic industry.** **The industry has highlighted Kenya and Ghana as possible export destinations for plastics. However, these countries have not been visited yet due to the unrest in Kenya at the time**
74	**Plastics, pharmaceuticals, chemicals & cosmetics** Trade Policy Measures	**2017/18 Q1 and on-going: Analysis of tariff subheading 3926.90.90.** **2017/18 Q3: Application to SARS to create new tariff subheadings for identified plastic products that are manufactured locally but do not have a proper tariff subheading; and to harmonise trade going forward.**	**The dti together with Plastics SA has engaged SARS and they have agreed to assist with the unpacking of 'other' and provide a list of products that are imported under this tariff code 3926,90,90.**
75	**Plastics, pharmaceuticals, chemicals & cosmetics** Increased capacity to support efficient regulatory approval and registration of medicines	**2017/18 Q1-Q2: Explore best practice used in other jurisdictions to accelerate the pace of medicine approvals and fast tracking registrations of domestically produced medicines. Building on lessons from the research phase, develop a recommendation for implementation in South Africa as informed by the analysis.** **2017/18 Q3-Q4: Prepare a recommendation document to Cabinet that outlines the capacity requirements and the other considerations for a preferential system for local manufacturers and the regulatory mechanisms that will need to be implemented.**	**Current progress includes discussions with companies to understand the current regulatory process, systems and processes vis a vis current capacity to deal with large volume areas such as generic applications. Consultation in progress with industry and associations.** **Discussions already held with officials at NDoH and the Registrar of the MCC where in principle support has been provided.**
76	**Plastics, pharmaceuticals, chemicals & cosmetics** Biopharmaceuticals Innovation Forum	**2017/18 Q1-Q2: Identify gaps and challenges in the biopharmaceutical R&D and innovation space and partner respective stakeholders to overcome these barriers at either a HEI, SC or industry level.** **2017/18 Q3-Q4: Establishment of a biopharmaceuticals innovation forum with relevant stakeholders including government, industry, academia and of medical devices, of which 90% are focused on the production of low-tech products like syringes and thermometers. Most high-tech equipment is imported from such countries as the US, Germany and Japan.**	**Established a biopharmaceuticals innovation forum with relevant stakeholders. Participation expanded to include CSIR to align with already established local capabilities which can be leveraged in partnerships/collaborations.**

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77	**Plastics, pharmaceuticals, chemicals & cosmetics** Medical Devices Supplier Development Programme	2017/18 Q1-Q2: Consult with private sector on their procurement policies, supplier database, lists of devices being procured locally and imported. 2017/18 Q3-Q4: Investigate the development of a programme around supplier development for supply into the private sector with medical schemes and private hospital groups.	The activity was not undertaken due to the new Medical Devices regulations – Devices not called up for registration yet. Engagements have taken place with PSA to assist the dti this year with the discussions on getting the private sector on board around local procurement. Second round of discussions will be held to ascertain feasibility and support for a Supplier Development Programme.
78	**Plastics, pharmaceuticals, chemicals & cosmetics** Chemicals Sector Development Strategy	2017/18 Q1–Q4: Initial investigation into the petrochemicals industry to determine the major challenges and issues facing the chemicals sector. 2017/18 Q1-Q2: Review of the current South African chemicals industry, including current sector policies, strategies and government interventions. 2017/18 Q3: Value chain analysis and prioritisation: comprehensive analysis and benchmarking of policies for each of the prioritised industries. 2017/18 Q4: Development and finalisation of the Industrial Growth Strategy for the broader chemicals sector.	The Industrial Growth Strategy for the broader chemicals sector has been developed and completed. Implementation in process.
79	**Plastics, pharmaceuticals, chemicals & cosmetics** Bio-based chemicals development	2017 /18 Q1: Identify and engage global and domestic companies on the possibility of producing bio-based chemicals in South Africa. "2017 / 18 Q2–Q4: Engage DST on the formation of chairs to research low cost routes in the production of bio-based chemicals. Drive the bio-based chemicals development through a forum of researchers, government and chemical companies. Identify commercialisation mechanisms for viable bio-chemicals in South Africa.	In the process of setting up a research consortium that will be funded through Department of Science and Technology (DST). DST is also funding CSIR to setup a bio refinery that would assist in the development of biochemical from forestry and agricultural products. The dti is also in discussion with a company with the possibility of developing bio-chemical value chains from waste who initiated a pilot project in Mpumalanga with the aim of conducting a Bankable Feasibility Study.
80	**Plastics, pharmaceuticals, chemicals & cosmetics** Aerosol Manufacturing Development Programme	2017/18 Q1-Q4: Identify and work with local manufacturers of cans to improve competitiveness. 2017/18 Q1-Q4: Facilitate access to funding for companies, on investments and exports.	the dti and Aerosol Manufacturers Association have been: • Working with SARS to unbundle the HS codes • Working with SABS, NRCS to tackle issues of standards that impact exports into African countries The following companies have been assisted through SEFA, NIPP and IDC:

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			• **Earth Elements,** • **Future Cosmetics,** • **DRA Pharmaceuticals,** • **Unique Choice,** • **USO,** • **KMZ Holdings.**
81	**Plastics, pharmaceuticals, chemicals & cosmetics** Natural Ingredients Export Development Strategy	**2017/18 Q1-Q4: 2017-18 Develop Natural Ingredient and Products Strategy that will focus on value-add and export markets.** **2017/18 Q1-Q4: 2017/18 Implement the export strategy.**	**Developed draft Natural Ingredient and Products Strategy that focuses on value-added products for local and export markets. Implementation of strategy has started.** **Export Development Strategy developed. Cosmetics companies participated at the Professional Beauty in Durban and in Cape Town. Some companies went and participated at the InterCHARM, Moscow Russia, India and Saudi Arabia and Dubai.**
82	**Plastics, pharmaceuticals, chemicals & cosmetics** Cosmetics Competitiveness Cluster Programme	**2017/18 Q1-Q2: Identify Cluster members and facilitate registration of the Non-Profit Company.** **2017/18 Q3: Assist in developing the Cluster business plan/strategic framework.** **2017/18 Q4: Implementation of the Cluster's business plan.**	**Cosmetics cluster/manufacturing hub business plan developed in partnership with industry, IDC, SABS, CSIR, TIH etc. Implementation of the Cluster's business plan currently underway.**
83	**Primary minerals beneficiation** Integrating the activities of the Mining Equipment Manufacturers of South Africa with key stakeholders in the Mining Hub	**2017/18 Q1: Develop the framework for a supply chain strategy to enhance and optimise existing capabilities with leading manufacturers supplying inputs to the mining value chain.** **2017/18 Q1-Q2: Complete an analysis on the procurement activities of 4 major South African mines. Formulate the business case for 4 products to localise or source from existing domestic suppliers.** **2017/18 Q1-Q4: Develop and implement a supplier development and a localisation programme in collaboration with the Technology Localisation Implementation Unit and commission 10 Technology Assistance Packages with equipment suppliers, with the aim of increasing mining companies' procurement of locally manufactured capital goods and consumables by 5-10%.**	**The final report for the framework for a supply chain strategy to enhance and optimise existing capabilities with leading manufacturers supplying inputs to the mining value chain finalised and a presentation was made to the participating mines and key stakeholders.** **Service providers have been appointed after the tender process and the technology upgrades have begun in the companies. A new intake of companies will be explored with Technology Localisation Implementation Unit in the new financial year.**

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84	**Primary minerals beneficiation** Interventions for a sustainable steel industry 1. Monitoring and evaluation of steel pricing principles	**2017/18 Q1-Q4: Monitor monthly steel pricing in accordance with the agreed flat steel pricing basket.** **2017/18 Q1-Q4: Working with EDD/ITAC to monitor the reciprocal tariff commitments.** **2017/18 Q4: Annual report assessing compliance with the pricing agreement and impact of reciprocal commitments.**	**Arcelor Mittal South Africa (AMSA) has proposed and is currently using average steel values (previously low values were used). This has to be presented to ITAC Steel Committee and Ministers for approval). Monthly monitoring of pricing is on-going.** **Reciprocal tariff commitments (investment, performance, pricing and jobs) monitored through ITAC Steel Committee. Quarterly meetings held including presentations by Unions and downstream industry to discuss factors affecting the industry and potential interventions.**
85	**Primary minerals beneficiation** Interventions for a sustainable steel industry 2.2 Supply side interventions	**2017/18 Q2: Submit scrap metal export tax proposal to NT as per draft guidelines for consideration.2017/18 Q2: Submit scrap metal export tax proposal to NT as per draft guidelines for consideration.** **2017/18 Q3: Engage SOC's and other key users to support the use of local steel and steel manufactured components/products in state and non-state procurement.** **2017/18 Q4: Steel R&D Initiative developed with key programmes of action.**	**The scrap metal export tax proposal was submitted to NT in October 2017. Letter from Minister of the dti to Minister of NT sent in June 2018 to follow up.** **On-going engagement, clarification and support provided in implementation of the designation and to support the use of local steel.** **Engagement with Transnet on the use of local steel for the rail localisation programme took place to discuss the request for exemption in the use of local steel for the China North Rail produced locomotives. AMSA will develop capability and supply S460 material for locomotives by Q3 2018.**
86	**Primary minerals beneficiation** Expansion of the PGM Beneficiation Industries 1. Fuel Cell industry development	**2017/18 Q1: Final report to identify opportunities for the deployment of fuel cells in the public transportation sector.** **2017/18 Q3: Development of the value proposition and critical success factors in prioritised market applications, including defining preferred technology partnerships.** **2017/18 Q4: Assessing regulatory and policy framework and support required.**	**Report submitted and opportunities in public transportation sector identified. Demonstration/piloting of bus project in collaboration with metros being pursued with DBSA for application to Green Fund.** **Value proposition and technology partnerships for market segments developed through IDC led steering committee.** **Engagements with DOE underway on regulatory and policy framework for fuel cells and energy storage. Enquiry**
87	**Primary minerals beneficiation** Expansion of the PGM Beneficiation Industries 2. Energy Storage	**2017/18 Q2: Define critical success factors and SA use cases and develop value propositions.** **2017/18 Q3: Engage stakeholders; assess support required and develop an appropriate policy and regulatory framework.** **2017/18 Q4: Identify localisation opportunities.**	**IDC led energy storage steering committee report on South African Energy Storage Technology & Market Assessment completed. Report was launched on 17th August 2017.** **SA use cases have been identified. Pilot/demos required. Potential partnership**

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	Development		**between Bushveld Vanadium energy storage and solar reserve to demonstrate technology in City of Joburg.** **Following IDC/dti localisation projects at an advanced stage:** • **Bushveld Minerals potential localisation of vanadium electrolyte manufacturing in IDZ/SEZ** • **Gilgamesh Cobalt Project (bankable feasibility complete, application for BI funding),** • **Thakadu Nickel Sulphate R200m investment in North West**
88	**Primary minerals beneficiation** Construction 1. Monitoring and implementation of designated sectors Instruction Note 15 of 2016/2017: construction steel products and components	**2017/18 Q1-3: Engagement with procuring entities (SOC's, national, provincial and local government across SA as well as other relevant stakeholders.** **2017/18 Q4: Impact assessment report on the implementation of the designation instruction note.**	**Workshops held with Gauteng metropolitan local governments (City of Tshwane and City of Ekurhuleni) on implementation of local content in construction.**
90	**Primary minerals beneficiation** Gas Industrial Policy	**2017/18 Q2: Develop a local content road map that sets forth a methodology for the implementation of local content along the entire Oil & Gas value chain i.e. from up to downstream and for the off- and on-shore Oil & Gas industry** **"2017/18 Q4: Develop a down-stream industrial strategy that considers:** **– Downstream industrial and other gas demand;** **– Gas supply options in the short, medium and long term and its likely impact of prices and consequently the economics of gas-based projects**	**the dti commissioned Webber Wentzel and McKinsey & Company to develop a fact based report on the realistic demand for gas over the short, medium and long term along the KZN-GP corridor from Industrial and Transport demand applications through engaging in a detailed bottom-up analysis by interviewing/analysing individual companies across Industry and Transport to understand the industrialisation potential in detail.**

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91	**Green industries** A policy roadmap for a climate-compatible industrial development	**2017/18 Q2: Designing the implementation framework for the roadmap developed in 2016/2017: this will include building a prioritisation matrix to select priority areas for action (building on the typology developed in 2016/2017); designing a Strategic Analytical Framework to incorporate climate change into sector strategies (and industrial policy more broadly); and conducting a data stocktaking and analysis exercise to identify data and knowledge gaps.** **2017/18 Q4: Carrying out two pilot studies at the sectoral level which will put the Strategic Analytical Framework into operation, in collaboration with the relevant sector desks.** **2017-2019: Internal sectoral capacity building within the dti on climate change and industrial development. A target of one session per quarter, training 20 people at a time, is envisaged.**	**Pilot study for the steel industry finalised. Pilot study for the Petrochemical Industry will be finalised in Q1 2018/19.** **Internal sector capacity building on climate change and industrial development planned for the 2018/19 financial year.**
92	**Green industries** Strategic National Smart Grid Vision for the South African Electricity Industry	**2017/18 Q1: Establish a working group with terms of reference incorporating all members of lead departments.** **2017/18 Q2: Develop a proposal for inclusion into the Smart Grids Vision document that clearly highlights the objectives of the dti with focus to green economic development.** **2017/18 Q37Q4: Workshop the proposal with relevant stakeholders and incorporate generated input into final proposal.**	**Smart grid vision was developed and finalised and handed over to the dti and Department of Energy (DOE).**
93	**Green industries** A Strategic Roadmap for green transport manufacturing	**2017/18 Q1-Q2: Establish a working group on the development of the green transport industry with terms of reference incorporating relevant stakeholders.** **2017/18 Q3: Develop an actionable strategy for the development of the green transport industry in South Africa.** **"2017/18 Q37Q4: Workshop the proposed strategy with relevant stakeholders and incorporate generated input into final strategy for approval.** **Align with DoT to ensure policy coherence.**	**Working group established and had engagements with Department of Transport (DoT) and DoE. The dti provided significant input into the Green Transport Strategy that is not yet finalised. The strategic roadmap is dependent on the finalisation of the economic assessment and the Green Transport strategy of DoT.**

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94	**Water and Sanitation Outlook** Water Industrialisation Development Plan	**2017/2018 Q3: Memorandum of Understanding with private companies and public sector partners for collaboration towards co-developing and implementing the Water Industrialisation Development Plan.**	**Research on water industrialisation concluded and MOU developed.**
95	**Water and Sanitation Outlook** Innovative Desalination and Water Manufacturing Programme	**2017/2018 Q2: Strategic Assessment on the key desalination technology opportunities (manufacturing components; new membrane development, policy and procurement incentives, new skills build)** **2017/2018 Q3: 5-year implementation plan for desalination solutions for rural and urban needs, with application to drinking water, sanitation and industrial wastewater.**	**An economic analysis on desalination that looks at international and domestic market trends, the manufacturing of desalination components and the applicability of desalination for South Africa was finalised.**
96	**Water and Sanitation Outlook** Next Generation Sanitation Cluster Development Programme	**2017/2018 Q2: Strategic Assessment on next generation sanitation technology opportunities (manufacturing components; new technology development, policy and procurement incentives, new skills build).** **2017/2018 Q3: MoU with private, public and academic partners to co-develop and support the implementation of next generation technologies.** **2017/2018 Q4: 5-year implementation plan for sanitation solutions.**	**An economic analysis on desalination that looks at international and domestic market trends, the manufacturing of desalination components and the applicability of desalination for South Africa was finalised.**
97	**Water and Sanitation Outlook** Modular and Advanced Wastewater Technologies Manufacturing and Capability Build Programme	**2017/2018 Q3: Wastewater technologies strategic assessment in terms of technology options, rollout capability and demographic spread.**	**Partnered with DST and the Bill Gates foundation and identified water sanitation demonstration sites in Durban and Port Elizabeth (PE).**
99	**Business Process Services** Implementation of the BPS incentive	**2017/18 Q1-Q4: Ongoing Implementation of the BPS incentive.**	**7 New projects were approved in the 2017/18 financial year with a 5 year projected Export Revenue of R3 bn. The total amount of claims paid for the 2017/18 financial year on the BPS incentive programme were R330,000,000 with 15,321 sustained jobs from 2015 and a youth percentage of 91%.**

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100	**Business Process Services** Talent Development for the BPS sector	2017/18 Q2-Q4: Training of 6,000 unemployed youth at NQF level 4 and above takes place. 2017/18 Q4: 966 unemployed youth recruited from tier-2 and tier-3 towns, townships and rural areas are contracted into employment. 2017/18 Q4: 4,200 trained learners contracted into employment for a minimum 12-month contract. 2017/18 Q4: Curriculum review and Impact assessment completed (with tracking tool).	32 companies have been shortlisted and allocated 3500 learners as part of the first leg of training. 420 of the allocated learners will work in different wards in townships of the eThekwini Municipality (Akha Unique), Lephalale (EOH) and Kroonstad (Training at work). An external evaluation was conducted and completed in December 2017. This included an impact assessment of the previous phases.
101	**Marine Manufacturing & Associated Services** Designation and Localisation Programme	2017/18 Q1 – Q3: Review and finalisation of the instruction note and amendment of the existing instruction note.	The amended Instruction Note was finalised and approved by National Treasury.
102	**Marine Manufacturing & Associated Services** Components Supplier Development Programme	2017/18 Q1 – Q3: Investigate the private sector's procurement and sourcing patterns to determine value and extent of imported components in the value chain and develop a component supplier development programme working closely with the core builders. 2017/18 Q1 – Q4: Working closely with NIPP to develop a support mechanism for accreditation and certification for component manufacturers and matching potential manufacturers with obligors.	The Supplier Development Programme has not been developed but supply chain analysis and trends has been undertaken. This work will be completed in 2018/19 financial year.
103	**Marine Manufacturing & Associated Services** Skills Development Programme: Competitiveness Improvement Initiative with focus on Skills	2017/18 Q1 – Q4: Roll out the skills development pilot programme in conjunction with the industry and identified training institutions	Roll out of the skills development pilot programme has commenced.
104	**Aerospace and Defence** Establishment of the Bilateral Air Service Agreements (BASA)	2017/2018: Q1: Establishment of the project plan 2017/2018: Q4: Admission of a product for type certification 2017/18 Q1-Q4: Conduct spot checks on local companies awarded tenders designated for local production to verify that local	A project plan has been concluded which included the profiling of the Civil Aviation authority (CAA).

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		production does take place.	
105	**Aerospace and Defence** Enabling High Value Manufacturing through Technology Enhancement for the Aerospace Industry	**2017/2018: Q1: Identify OEMs and SMMEs with potential for high-value manufacturing in the aerospace and defence industry through technology enhancement and enabling projects that promote new advanced manufacturing techniques processes.** **2017/2018: Q3: Implement technology transfers** **2018/2019: Q4: Review and evaluate impact of technology enhancement within the aerospace industry, focussing on aerospace SMME growth and economic impact.**	**3 Projects that will benefit SMME`s were approved, namely: NewSpace Systems - Fluid Inertial Actuator; Cape Aerospace Technologies (CAT) - Small Gas Turbine to Market, and Daliff Precision Engineering - Integrated Digital Manufacturing. The projects will also ensure the transfer of technologies to the participating SMMEs from the CSIR and University of Stellenbosch.** **A total of 14 SMMEs were supported through the technology enhancement projects. In addition, 9 highly skilled jobs were created or retained. 6 of the projects benefitted from access to national infrastructure. A total of 21 people received training in aerospace industry scarce skills during the same period.**
106	**Aerospace and Defence** Development of an industry charter for the South African Defence Industry (SADI)	**2017/18 Q1: Gazetting of the Draft Sector Code for public commentary.** **2017/18 Q2: Analysis of comments and consolidation of the final sector code.** **2017/18 Q3: Launch of the Charter; further advocacy and stakeholder engagements; implementation.** **2017/18 Q4: Establish partnerships and MOUs with strategic entities to implement the Charter - i.e. supplier development of emerging black entities to be included in OEM value chains (give number), training of black engineers and artisans (give numbers).**	**The Charter was gazetted and is open for public comment till 4 October 2017. Several comments were received, analysed and consolidated by the dti, the industry association and ARMSCOR for the sector code. The steering committee conducted several workshops for further engagements and consolidation.** **Partnership has been established with ARMSCOR, South African Aerospace Maritime & Defence Industries Association (AMD), Department of Defence (DoD) and the National Defence Council.**
107	**Aerospace and Defence** Establishment of the South African Commercial Aviation Framework and Implementation Plan	**2017 Q3: Completion of the Research Study; and (subject to the positive outcome of the Study).** **2017 Q4: Completion of Action Plan and collaboration with the Private Sector.**	**The procurement process was cancelled due to key elements that were compromised. A new funding model will have to be secured in the near future.**

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108	**Aerospace and Defence** Building a Competitive Aerospace and Defence Industry through establishing a Manufacturing Cluster and Sub-Tier Development Park	**2017/2018 Q3: Conclusion of Electrical Services and Water and Sanitation Agreements** **2017/2018 Q4: Completion of External Electrical Bulk Services**	**Both these agreements have been concluded with the City of Tshwane.** **The bulk external electrical project implementation has been completed. A site handover certificate was signed by an Electrical Engineer from both Mott MacDonald and City of Tshwane (CoT). The project entailed implementation of 3,261km of cable.**
109	**Electro-technical and white goods industries** Local procurement of Vaccine Refrigerators	**2017/18 Q1: Industry and stakeholder consultation report completed** **2017/18 Q2: State Procuring entities consultation report completed.** **2017/18 Q2: Departmental decision for designation formalised**	**Industry Consultation report completed. Companies consulted manufacture vaccine fridges in Gauteng and Western Cape and one manufactures pharmacy refrigerators in KZN. Consultation with the White Goods Forum and the SA Electro Technical Export Council (SAEEC) also conducted.** **State Procuring entities consultation report completed. State Procuring entities consulted include the following provincial departments: Western Cape, Limpopo, Eastern Cape, Mpumalanga and KZN.** **Designation report with recommendations submitted.**
110	**Electro-technical and white goods industries** Supplier Development Programme for the White Goods industry	**Q1 2017/18: Development of a framework for a supplier development programme, working with key industry players** **Q4 2017/18: Supplier enrolment commences.** **Q4 2017/18: Application for White Goods Cluster Development Programme incentive finalised**	**Development of a framework finalised. A Supplier Development workshop with the White Goods manufacturers was held in February 2017. Companies which have shown most interest include Whirlpool and Defy in KZN and Zero Appliances in Gauteng.** **One supplier identified (PICOM Villa), and already signed a Strategic Alliance Agreement with one of the OEMs (Zero Appliances) to establish a fridge assembly plant in Thohoyandou.** **Engagements took place with the Cluster Development Programme unit at IDAD. Initial discussions proposed Provincial clusters for different components manufacturing.**

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111	**Electro-technical and white goods industries** Localisation of products that are largely procured by the National Department of Public Works	**Q1 – Q2 2017/18: Finalise Action Plan.** **Q3- Q4 2017/18: Finalise Localisation Report on one product procured by Public Works.**	**Action Plan finalised in Q2. In an initial meeting with DPW, they have identified: lifts, air conditioners, LED lights and generators.** **Localisation report on LED Lighting finalised.**