**THE NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**Question 1866**

**Ms T E Baker (DA) to ask the Minister of Trade and Industry:**

(a) Which (i) missions and/or (ii) embassies do not have trade attachés and (b) what are the reasons?NW2076E

**Response:**

1. **the dti** operates Foreign Economic Offices in 48 missions (against 120 total SA Missions and Embassies situated globally) which are located in 44 countries around the world. These offices are located based on the market prioritization of the Department with 13 located in Africa, 14 in Europe, 12 in Asia, 6 in the Americas and 3 in the Middle East. Currently the Department employs 30 South African diplomatic officials, in addition to 62 Locally Recruited Personnel. The Department in collaboration with Dirco is also going through a detailed exercise on how the two Departments can collaborate to ensure the optimal sharing of resources abroad.
2. The location of **the dti** offices is driven by largely 2 factors which are (i) the country’s economic priorities informed by various policies that include Industrial Policy Action Plan (IPAP), the Integrated National Export Strategy (INES), National Investment Promotion and Facilitation Strategy, Trade Policy Strategy Framework amongst others and (ii) The allocation of available human and financial resources which require prioritisation of locations based on the biggest contribution to the fulfilment of the economic priorities as mentioned in (i).

Annexure to (b)

1. **South Africa’s Economic Priorities**

* **Industrial Policy Action Plan (IPAP)**

The Industrial Policy Action Plan (IPAP) is guided by the vision of the National Development Plan and is also a key implementation component of the President’s Nine Point Plan. The policy provides guidance on priority industries for the industrialisation, economic growth and transformation of the South African economy. The priority industries as defined by IPAP, then guides the department in terms of regions and countries that offer potential for partnerships in the implementation of the IPAP. These partnerships are normally in terms of attracting foreign direct investments, technology transfer, opening of export markets and promotion of business partnerships between South African companies and their foreign counterparts.

* **Integrated National Export Strategy (INES)**

The Integrated National Export Strategy builds on IPAP to identify sectors, industries and services based on comparative and competitive advantages that best positions the country as an export economy. The process also ensures that South Africa can build on its competitive industries to better position its companies in the international export markets whilst ensuring that domestic competitiveness translates into international competitiveness.

Part of the implementation of INES is the prioritisation of products and markets that best offer the best export opportunity for South Africa and her companies in the international markets. The prioritisation of key products and markets also takes into account the various transformation policies of the countries which include support to Black Industrialist, Small and Medium Enterprises, Women and Youth Enterprises. **the dti** will continue to leverage market opportunities to benefit South Africa’s economic development priorities in targeted markets and building on its Market Diversification Strategy to ensure that South Africa’s exports to conventional markets stabilise and ensure higher export growth to emerging markets. The Foreign Economic Offices is crucial in its contribution towards increasing the demand for South African goods and services through market diversification, prioritisation and access and strengthening strategic export and investment promotion mechanisms through enhancing South Africa’s value-proposition. The variables eventually play a key role in the decision of the prioritisation of locations of **the dti** offices internationally.

1. **Resource Allocation**

Over the past few years the government has had to introduce a number of austerity measures within government departments with the aim to curb the increase in public expenditure. **the dti** has been affected by these measures which have meant the available resources to operate foreign offices have not grown with the increase in inflation and exchange rate related costs. For this reason, the Department has to frequently review its global footprint with the aim to locate in markets where the biggest return is possible based on the country’s economic priorities. The budget currently available to the Department mitigates against any further expansion of **the dti’s** global foot print of Foreign Economic Offices abroad.