****

**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**PARLIAMENTARY QUESTION NO 3512**

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**mr J H STEENHUISEN (DA) to ask the Minister of Economic Development:**

In light of South Africa’s business confidence levels slipping to their lowest in 16 years, due to poor domestic economic activity, what measures does his department (a) have in place and (b) intend to put in place to (i) improve domestic economic activity, (ii) ensure greater growth in domestic product and (iii) stimulate job creation? NW4175E

**REPLY**

I draw the attention of the Honourable Member to my remarks during the debate on the state of the economy, held in the National Assembly on 18 August 2015, available in Hansard. For ease of reference, an extract form the speech follows:

“These two global storms, in the mineral and steel sectors, are what we have to navigate with as little damage as possible, recognising that production and job losses in these sectors can have a multiplier effect on the economy.

So what are we doing to respond to these conditions and to address the still-continuing high levels of unemployment?

First, we are maintaining a high level of public investment in infrastructure, which is a true game-changer for the economy. We are spending close to a quarter trillion a year, or R1 billion rand per working day, on economic, industrial and social infrastructure. The BRICS New Development Bank is a major potential source of new funding for South African and regional infrastructure.

Second, we are expanding trade with the rest of Africa, particularly exports of South African made cars, machinery, iron and steel and food products.

Honourable Members will be pleased to note that exports to the rest of the continent now account for 244 000 direct jobs and it has been estimated as much as 885 000 total jobs; that last year, Zambia was our number one global export market for televisions, Zimbabwe for plastic products, Mozambique for clothing and the DRC for electrical equipment.

Third, we are implementing actions in the domestic economy, summed up in the 9-point plan announced by the President in the State of the Nation Address in February.

The nine priorities are:

1. Resolving the energy challenges through practical actions, including cogeneration, new IPPs and completing the public energy-build programme
2. Revitalising the agriculture and agro-processing value chain
3. Advancing beneficiation through adding value to our mineral wealth
4. More effective implementation of a higher impact Industrial Policy Action Plan
5. Unlocking the potential of small business, cooperatives and township and rural enterprises
6. Stabilising the labour market
7. Scaling up private sector investment
8. Growing the Oceans Economy and
9. Diversifying and boosting the economy through science, technology and innovation, expanding transport, water and ICT infrastructure and reforming state-owned companies.

To respond to the steel industry's problems:

* We fast-tracked a tariff investigation by the trade authorities on three steel products
* We completed a competition commission probe into steel pricing by the dominant company
* We extended short-term industrial funding of R150 million to one steel-mill to give it the space to restructure rather than close its doors
* We appointed a panel of steel industry experts to identify options for steel that would not damage downstream factory users, and
* We are meeting with business and labour to identify further steps to be taken,

To respond to the mining industry's problems:

* We convened a dialogue with stakeholders to consider options to reduce or avoid job losses
* We are investing in technologies and innovation to boost demand and localisation, such as platinum fuel-cell pilot projects
* We have initiated a Mining Phakisa to address the future of the industry

To respond to the clothing and industry's challenges:

* We implemented a tariff increase on finished products at the start of the previous administration
* We set a reference price on imported clothing to identify smuggling and import-fraud
* We created a competitiveness fund that has already invested over R3 billion in new technologies and work organisation to boost output and jobs.

More generally, the IDC expanded its industrial funding envelope over the past five years, particularly in green energy, putting some R14 billion into the Independent Power Producer programme that has already seen almost 2000 megawatts of energy coming onto the grid.

The IDC is now focusing on expanding investment in manufacturing, agro-processing and new industries.

During a time of declining mineral exports in dollar value, our auto exports have actually accelerated after 2011 and now constitute one of our top five exports, speaking to the success of the partnership built with investors.

To boost competitiveness, the competition authorities have acted against monopolies and cartels in sectors such as fertilisers, bread and poultry, steel, construction and telecomms.

To promote partnership, the Deputy President has led discussions with the business community and trade unions on reducing workplace conflict, including the role of strike ballots, action against violence in strikes and picketing rules. To reduce income inequality in the workplace, proposals for a national minimum wage are under discussion.

To boost youth employment, government is revamping its skills and entrepreneurship support programmes to make them more effective. The President convened a meeting with the business community 10 days ago at which stronger partnerships on skills development and work placement were considered.

…as we navigate our way through the minerals and steel turbulence and storms generated by falling global demand, we need to pull South Africans together, address domestic challenges such as energy and labour-business partnerships and speak with one voice.”

**-END-**