



the dtic

Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## THE NATIONAL ASSEMBLY

### QUESTIONS FOR WRITTEN REPLY

**QUESTION NO. 1250**

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**Inkosi R N Cebekhulu (IFP) to ask the Minister of Trade, Industry and Competition:**

- (1) Whether the Government has put any mechanisms in place to encourage (a) government departments, (b) public entities and (c) local businesses to produce and buy locally as a critical component for creating employment and to act as an industrial growth strategy; if not, why not; if so, what are the relevant details;
- (2) whether his department has established any incentive packages for those who (a) produce and/or (b) procure locally; if not, why not; if so, what are the relevant details? [NW1506E]

### REPLY

The industrial development strategy of government is based on the twin pillars of expanding supply to the domestic market and increasing the level of exports. Within the domestic market, the state is a major procurer of goods and services and thus local procurement policies provide an opportunity to improve the output in the South African economy.

On the 18 May 2021, the Department of Trade, Industry and Competition (**the dtic**) tabled the **Policy Statement on Localisation for Jobs**. This is the strategic localisation objective outlined in the Economic Reconstruction and Recovery Plan and brings a new galvanised purpose to drive industrialisation in South Africa in the wake of the pandemic.

Through the mechanisms of the Preferential Procurement Policy Framework Act, government has promoted the local sourcing by organs of state of products such as rail rolling stock, boats/ working vessels, power pylons, bus bodies, valves, pumps, certain pharmaceutical products, furniture products and textile and clothing products. The 2017 Preferential Procurement Regulations are currently being amended in response to the Constitutional Court judgment dated 16<sup>th</sup> February 2022.

Other measures to promote the development of a competitive local supplier industry has been incorporated in public policy measures including in renewable energy and competition measures.

Government is also working with business and organised labour to implement the localisation commitments made as part of the Economic Reconstruction and Recovery Plan. Social partners at Nedlac have agreed to work together to reduce South Africa's non-oil import bill by 20% over the next five years. Chief Executive Officers and other senior leaders have agreed to serve as product champions across 42 product areas ("Localisation Champions"). This work is targeting at the following value chains:

- (i) Agro-processing value chains;
- (ii) Health-care value-chains;
- (iii) Basic consumer goods;
- (iv) Capital goods;
- (v) Construction-driven value-chains; and
- (vi) Transport rolling stock.

At sector level, this partnership is realised through a number of Masterplan agreements, in which the state partners with the private sector.

This partnership with the private sector is further supported by integrating localisation as an objective throughout the work of **the dtic**. This includes

commitments by firms who utilise a range of public supports and resources and application of trade measures where they are warranted.

The localisation programme will help to stimulate aggregate demand and strengthen support for the local manufacturing sector.

In addition to the Masterplans, **the dtic** offers industrial financing support to improve structural transformation in manufacturing. The industrial financing offered is targeted at improved industrial dynamism and competitiveness as well as promoting new investment, which enables local companies to improve their supply to the public sector.

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