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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 2142

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Mr M J Cuthbert (DA) to ask the Minister of Trade, Industry and Competition:

- (1) (a) Whether he has consulted the lead senior negotiator, on the African Continental Free Trade Agreement (AfCFTA) at his own department regarding South Africa's proposed localisation policies, considering the fact that Dr Morgenie Pillay believes that the said localisation policies are incongruent with the AfCFTA; if not, why not; if so, what are the relevant details regarding the outcomes of the consultations;
- (2) whether he has found that localisation policies are incongruent with the nondiscrimination obligations and commitments imposed on the Republic in the AfCFTA; if not, why not; if so, what is the justification for the continued push for localisation policies by his department [NW2431E]

REPLY

The South African Government's industrialisation and localisation policies aim to build and upgrade domestic production to supply domestic and foreign markets, support wider economic development and promote employment growth.

I draw the Honourable Member's attention to the fact that localisation policies are not simply that of the DTIC. Localisation is a policy framework that enjoys resounding support among South Africans who recognize the need to industrialise our economy. It is the policy of the Administration and follows the commitment in the Manifesto of the ruling party to stronger localisation as a pillar of its industrial policy. The commitment to localisation is included in the Economic Reconstruction and Recovery Plan of government.

The approach on localisation has also been unanimously endorsed by the business, labour and community representatives at Nedlac. They represent a large number of

firms and entrepreneurs, workers in different sectors of the economy and organisations made up of representatives of various community interests. Indeed the agreement at Nedlac specifically provides for a quantitative target and a list of sectors and products. In these circumstances, the consultations on the South African approach to localisation were at the appropriate level at which consultations on policy matters normally take place, namely with social partners and with other Government policy-makers.

I further draw the Honourable Member's attention to local industrialisation policies of governments across the world, in both developed and developing countries. It is what governments do to enable achievement of national objectives and indeed there is today a growing consensus on the value of carefully targeted and well-implemented industrial policy measures. I will be happy to brief the Portfolio Committee in due course on these developments should the Committee so request. There is also a growing literature on the subject which is easily accessible to the public.

In respect of trade, the localisation policies are consistent with South Africa's international trade obligations and building industrial capacity is the very purpose of the African Continental Free Trade Agreement in order to reduce the over-reliance by countries on the continent to imports of manufactured products from elsewhere in the world. The localisation policies followed by the SA government (with the support of business, labour and community organisations) represents inter alia the plan to build South Africa's industrial capacity within the framework of the AfCFTA.

I also draw attention to the *Policy Statement on Localisation for Jobs and Industrial Growth* as well as the *Trade Policy for Industrial Development and Employment Growth*, available on the DTIC's website.

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