



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 3890

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

With regard to his department's mandate to promote a dynamic industrial and globally competitive economy, what proactive action has his department taken to ensure that the Republic continues to positively participate in the global economy amidst looming grey list status and the high inflation rates which have had a negative impact on consumers?

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REPLY:

The Department of Trade, Industry and Competition (**the dtic**) is focused on supporting domestic businesses and foreign and domestic investors.

This support includes the conceptualisation and implementation of sectoral Masterplans by Government, Business and organised Labour. **the dtic's** interventions include the provision of globally competitive financial and non-financial incentives; support for localisation through targeted private and public procurement interventions; careful use of trade policy measures to support investment in the industrial sector; measures in the competition policy space which encourage investment and localisation; and unblocking activities to assist investors to navigate South Africa's regulatory environment as efficiently as possible. These efforts bear fruit with new investments publicly launched in the first six months of this financial year valued at R26, 9 billion and R329 billion worth of manufactured goods were exported in the same period

In common with its key trading partners, South Africa is experiencing a rise in inflation. Supply-chain disruptions experienced during the COVID-19 outbreak, the impact of generous fiscal packages in large economies, and the effect that the war in the Ukraine has had on both the energy and food value-chains, all contribute to inflationary pressures. Rising inflation affects the poor in South Africa disproportionately since food purchases account for a relatively large proportion of these consumers' monthly expenditure. Consequently, **the dtic** seeks to strike a careful balance when taking policy or programme decisions which support industrialisation and which may have an impact on poor consumers. In some cases, a trade-off is required and the Department considers all relevant factors in taking such decisions.

Industrialisation increases South Africa's ability to manufacture a range of products and this ability often mitigates or reduces inflation, especially when global prices for a particular product are rising or when international value-chains are disrupted. The dtic responds to this need and the value of approvals in more than 300 projects approved by the dtic, IDC and NEF amounted to R12,6 billion in incentives disbursed in the first six months of the financial year. Projects are located in 23 of the 52 municipalities. 11 of these are from largely rural districts. Localisation is driven by the steel industry with contribution from motor vehicle parts, renewable energy components and poultry.

I draw the Honourable Member's attention to the efforts by both the Minister of Justice and the Minister of Finance, dealing with greylisting.

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