dtic Performance Report

Presentation to the Portfolio Committee on Trade, Industry and Competition

First Quarter 2023-2024 Accounting Period

Report outline and context

This report covers 1 April 2023 to 30 June 2023 (First quarter of 2023 to 2024 accounting period)

Introduction

This is the first Quarterly Report under the new Annual Performance Plan (APP), which focuses on 45 concrete outcomes.

During the quarter, work was done across the 45 outcome areas, with significant progress in a number of these.

This report provides a summary of progress made with all 45 outcomes and covers 26 of the outcomes in detail. The Q2 Report will cover all 45 outcomes.

20 Highlights – selected examples

1. The 5th **SA Investment Conference was hosted** by the dtic, with cumulative investment commitments secured since 2018 totaling of R1,5 trillion
2. An **agreement was signed with Citibank**, committing R1,375bn of investment, which include urban development and support for black industrialists in the envisaged Vaal SEZ
3. An **AfCFTA Business Forum was co-hosted by the dtic**, bringing together firms across the continent to plan on expansion of trade
4. **R2.3 billion in exports of Global Business Services** was achieved
5. **Rainbow Chickens announced completion of a R220M investment** which will result in R1.4 billion worth of Localisation and created 750 jobs at the Rainbow Chicken Hammarsdale Plant.
6. The **Veer Aluminium plant made a R550 million investment**. The Aluminium plant's total capacity is to produce 60 000 tons per annum
7. Publication of **regulations to know your shareholders** to respond to the grey-listing challenge and as part of giving effect to the General Laws Amendment Act, 2022
8. A Ministry-level meeting with the UAE saw the **signing of an energy agreement** partnership for renewable energy in the SA market
9. A total of **R238bn of manufacturing goods was exports to the rest of the world**, and R95bn to other African countries
10. **An AfCFTA Council of Ministers meeting agreed to rules of origin** for certain clothing products

20 Highlights – selected examples

11. Bravo Brands opened a **new furniture production facility in Cape Town, with 230 new jobs**
12. Lighthouse **Footwear and Leather Factory was revamped and opened** in Kwadukuza in KZN in April 2023
13. **R5,8 billion was disbursed in loans and incentives**, by the dtic-group and partner funds, in the quarter to firms operating in SA
14. **R289m of projects were approved to support firms affected by energy-challenges**
15. Projects with **975 MW of energy were supported** by the dtic-group and their projects facilitated
16. A **compulsory specification for light-bulbs** was issued by the Minister, to promote low-energy lighting for homes and offices
17. Two **block exemptions from certain competition laws were issued** to energy producers and energy users, to assist with collaboration to address the energy challenges
18. **Business Forums were held with foreign investors** from Finland. Singapore, Netherlands, Denmark and Bulgaria
19. Black industrialists in 642 firms supported by the dtic-group, employed 63 500 workers in SA – this survey will be updated with additional firms
20. More than **6 000 workers were able to secure shares in the companies they work for**, as a result of efforts by the dtic-group

Key messages in this report

Industrial policy and strategy – the context for the new APP

This section provides context to the APP outputs

Context

Industrial Policy

Driven through

Solving for

The industrial policy **Outcomes**

Consolidate efforts of all programmes and entities of the "dtic-group" to introduce focus, improve coordination, align resources to priority areas and increase implementation efficiencies:

1. **Industrialisation** that promotes jobs and rising incomes
2. **Transformation** that builds an inclusive economy
3. **A capable state** that ensures improved impact of public policies

The industrial policy **Aims**

Core goals of the re-imagined industrial policy and strategy are to:

1. Combine **growth with transformation**
2. Boost **local production**
3. **Grow exports** and expand African trade
4. Increase **investment**
5. Establish a more reliable and low-cost **energy system** while greening the economy overall
6. **Grow employment**

The industrial policy addresses underlying **Economic Structure** (***the problem statement***)

Constraining effects of the economic structure on growth and its negative distributional effects

1. Unusually large **income and wealth disparities** by international standards
2. High levels of **joblessness**
3. **Low savings and high consumption** levels
4. The associated **high levels of economic concentration** in product markets with a weak small and medium business sector
5. A trade structure that still relies on significant **export of raw materials and import of capital and consumer goods**
6. a high **carbon-intensive economy** and
7. **Over-reliance on a few geographic areas** for economic output

Context

Industrial Policy is further translated in core Strategic Priorities

01 Build industrial resilience and competitiveness through workplace-level support for structural transformation

02 Develop partnerships based on mutual commitments from business, labour and government set out in sector masterplans or social compacts

03 Apply competition policies to address some structural constraints to growth, including through measures by the competition authorities to enhance SMME participation and new entrants in markets

04 Utilize trade policies directed to growing the industrial base, with an evidence-led approach

05 Access markets through preferential trade agreements, particularly where there is industrial complementarity

06 Pivot to African-led trade and investment, through the AfCFTA

07 Promote economic inclusion and transformation in the economy, through measures that promote a wider pool of industrialists (the black industrialist programme); a deeper shareholding through worker ownership schemes; and a broader skills base

08 Promote greater levels of innovation and technological development, by linking research with commercialization strategies

09 Increase levels of local procurement by the state and major firms, coupled with supplier development initiatives

10 Identify and back new sources of growth (digital economy, green industrialization) while retaining employment in traditional sectors

While remaining agile to adjust strategy to contemporary pressures, e.g. implementation of the measures to deal with energy supply or logistics challenges

Industrial Policy

Industrial policy

South Africa's industrial policy refers to efforts by the **State** to shape the sectoral allocation of the economy and promote structural transformation by targeting specific industries, firms, or economic activities

Fundamentally, the Industrial Policy consists of efforts to:

01
- Shape infrastructure and supply chain logistics

02
- Drive innovation, R&D and technology policies that deepen the local technological base

03
- Set education, skills, and productivity policies that identify the best ways to empower workers and entrepreneurs

04
- Set competition policies that simultaneously improve market access and act against abuse of market power

05
- Set trade policies that integrate markets, creating the critical mass and economies of scale

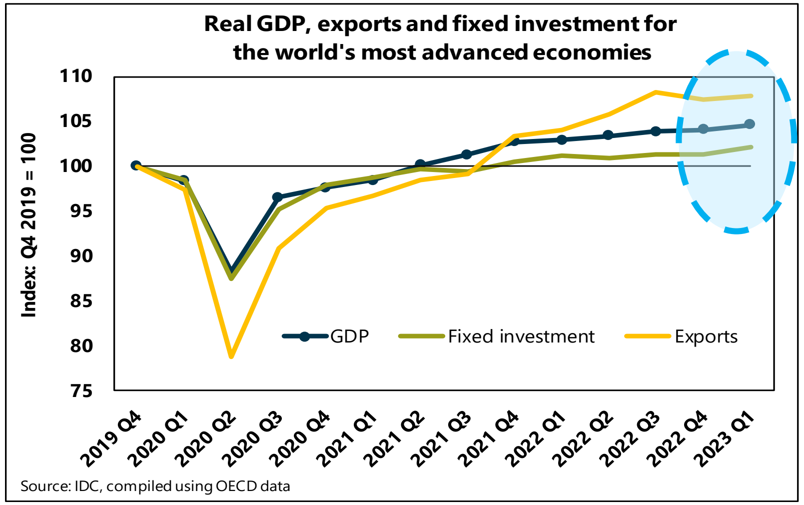
06
- Set macro-policies that ensure stability and a competitive exchange rate

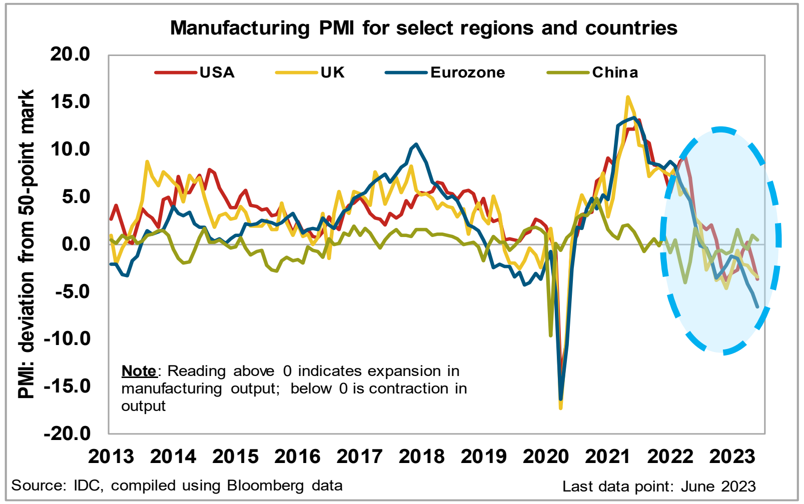
07
- Set financial policies that ensure access to finance at affordable terms

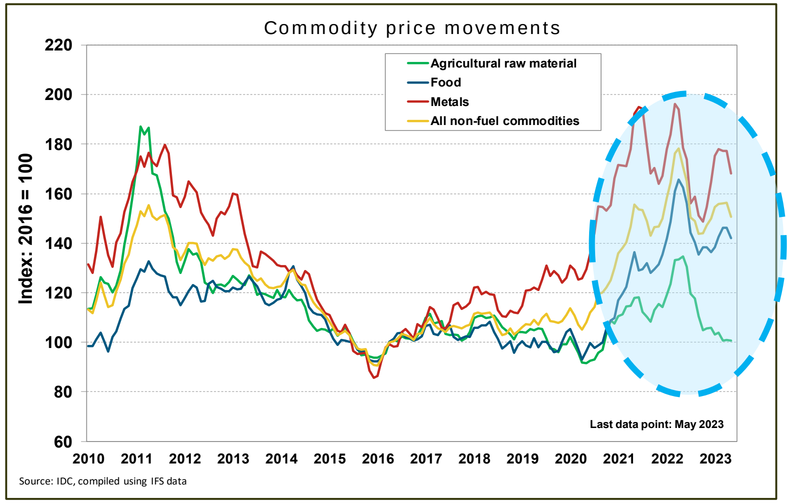
Operating context

Global economy

Global economy resilient, world manufacturing under pressure and commodity prices off their recent highs





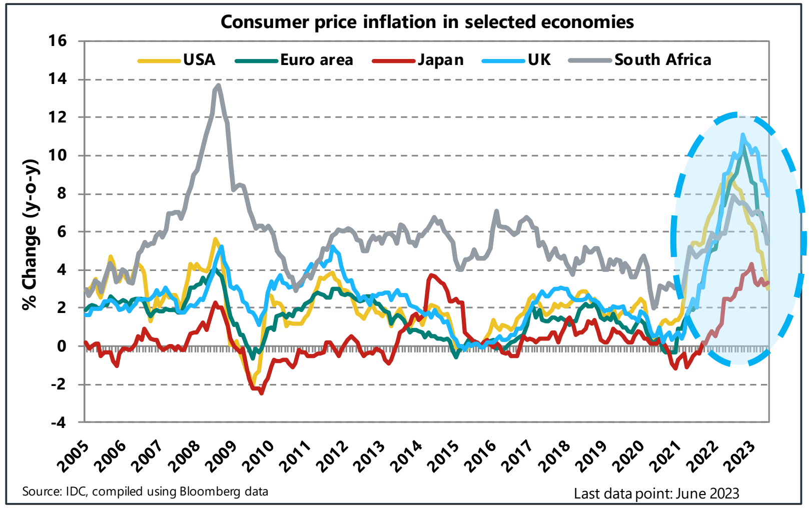


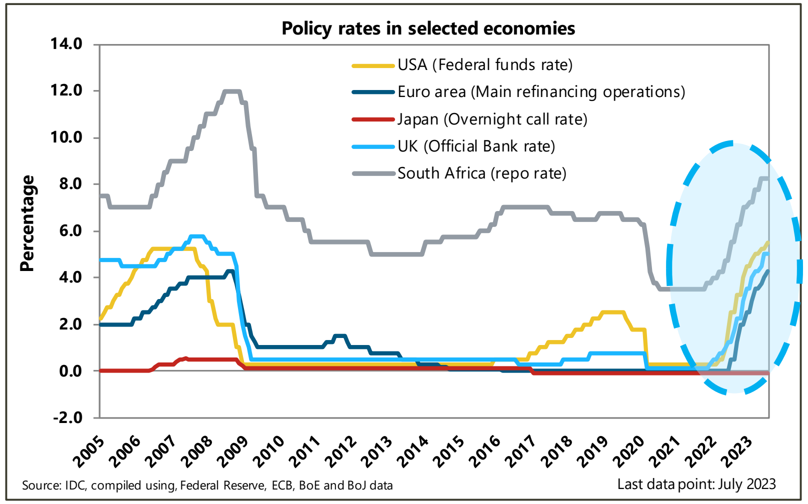
- Global economic growth has slowed and the outlook has deteriorated **but it remains within the APP assumption framework of 2.9%** growth
- The expansion in the US has been supported by consumption spending, with a tight labour market boosting wage growth
- **In China**, the economic performance has slowed from historical highs
- **The Eurozone posted marginal growth** with fiscal support, mild winter and lower energy prices. **Germany** entered a technical recession in Q1 2023. **This is cause for concern as it is SA's 3rd largest export destination**
- The relative normalisation of global supply chains has also played a beneficial role in sustaining global production activity

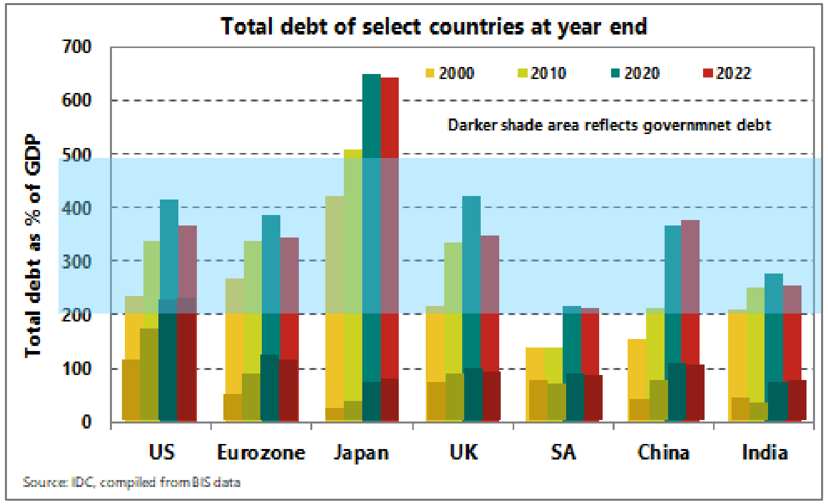
- After a brief recovery, global manufacturing is again under pressure.
- The **manufacturing PMI dipped in June 2023 to 48.8 points** - its lowest reading since the start of the year due to a drop in new orders (the 12th consecutive decline).
- A challenging economic environment will likely take a further toll on manufacturing activity in the months ahead.

- Weaker global demand has affected commodity markets, as reflected by generally lower prices year-on-year.
- Demand for industrial commodities will be adversely affected by weaker investment activity over the short term.
- With Russia terminating the Black Sea Grain Agreement on 17 July 2023, pressure is again being exerted on food prices (e.g. wheat, edible oils).

Moderating inflation, tight monetary policy and concerns on debt sustainability posing significant macro-financial risks







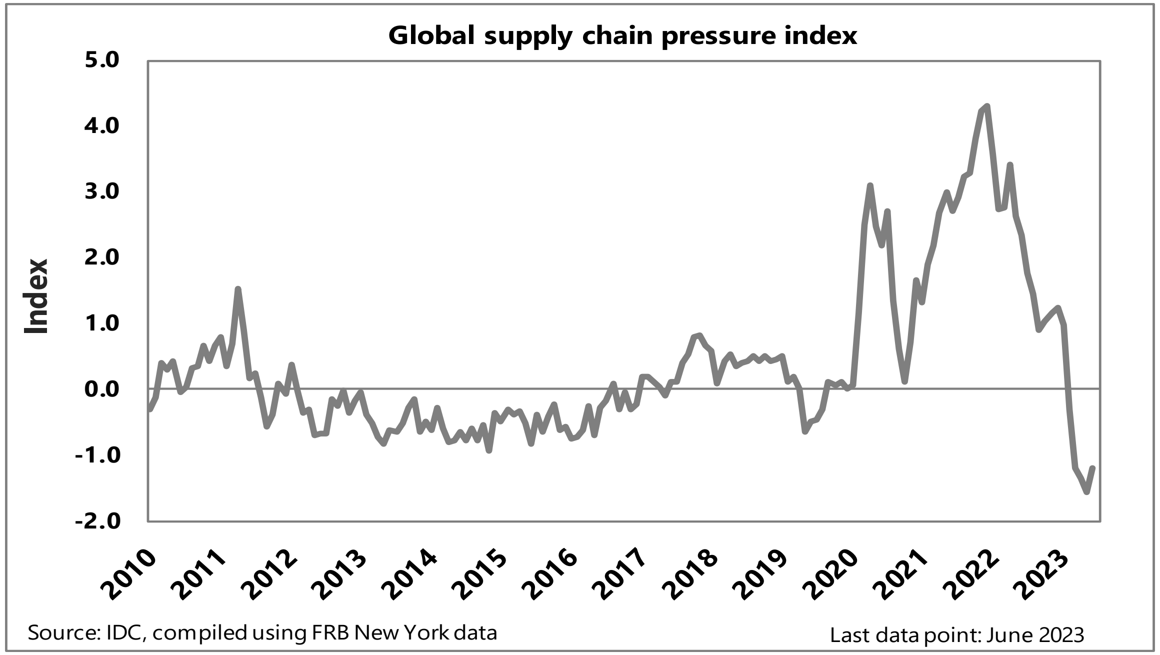
- Notwithstanding the most aggressive and synchronised tightening of monetary policy globally since the 1980s, inflation remained high, particularly core inflation

- The monetary authorities may maintain restrictive policy stances keeping interest rates at high levels
- In the US, the tightening cycle may be very close to reaching its peak, but it could be more prolonged in the Eurozone and UK

- Record low interest rates and quantitative easing over several years led to increased public and private sector borrowing
- Debt ratios progressively rose to very high levels, with sovereign debt positions building up to unsustainable levels in certain economies

The global financial system is clearly under strain and the risks of financial stress among sovereigns, banks and/or non-financial entities are significant, with the possibility of contagion effects always present

World trade slowing as demand weakens

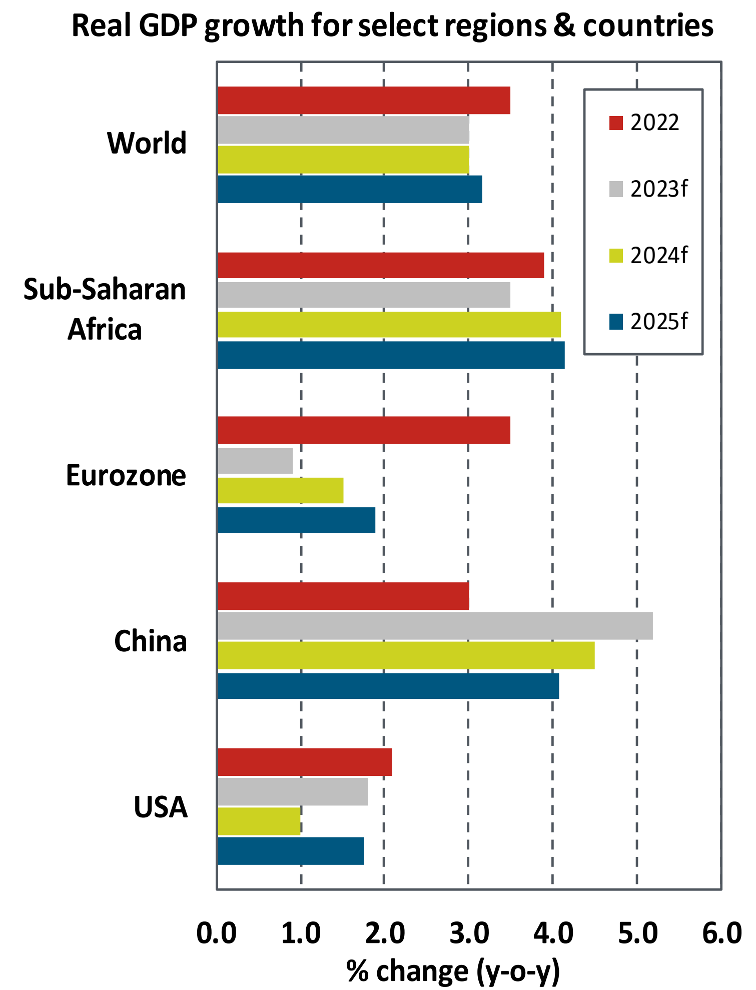


- International trade flows are being dampened by subdued global demand and challenging trading conditions
- Growth in merchandise trade slowed in H1 2023 in line with weaker industrial production globally
- Import demand in some of SA's key external markets declined, year-on-year, over the first 5 months of 2023, with China being an exception
- Such a trend does not bode well for SA's export performance, considering that the countries selected in the following chart collectively accounted for 48.2% of its merchandise exports over the reference period
- On the positive side, global shipping conditions and rates continue to improve, thus alleviating supply pressures

World GDP is projected to expand by 3.0% both in 2023 and 2024 (+3.5% in 2022) according to the IMF's July 2023 outlook

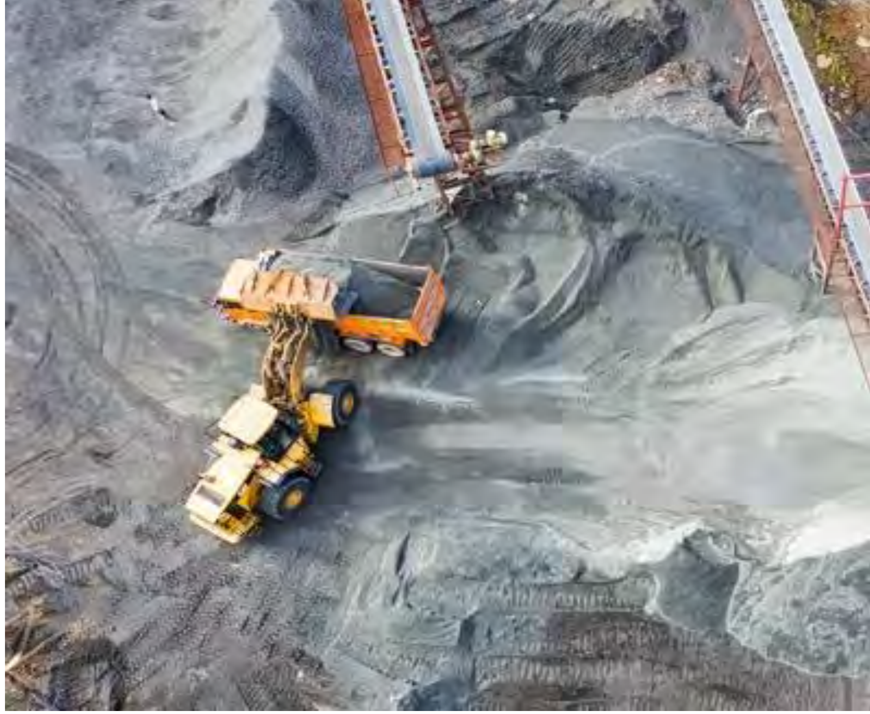
- **Policy priorities** include:
  - Commitment to contain inflation by implementing/maintaining tight monetary policy
  - Ensuring financial stability by enforcing sound supervision
  - Renewed fiscal consolidation efforts
  - Easing the funding squeeze for poorer countries to avoid rising debt crises
  - Enhance the supply side and strengthen resilience to climate change

- **Downside risks** include:
  - Inflationary pressures persisting for longer
  - Increased financial market vulnerabilities, with contagion effects
  - Recovery momentum in China not as strong as expected
  - Rising debt distress as borrowing costs remain elevated, although financial conditions have eased somewhat
  - Geopolitical tensions remain high, causing fragmentation



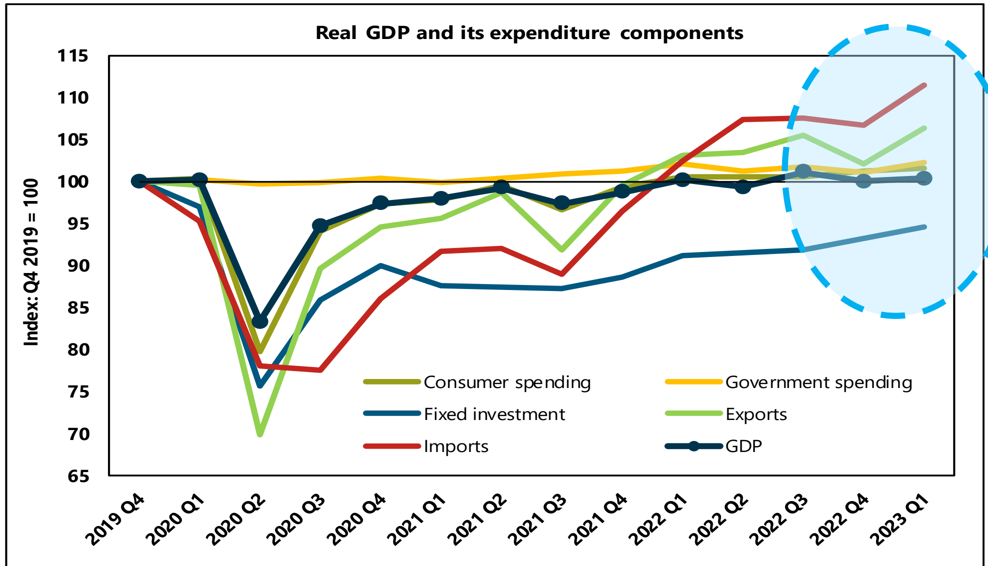
Source: IDC, compiled using IMF data

South African economy

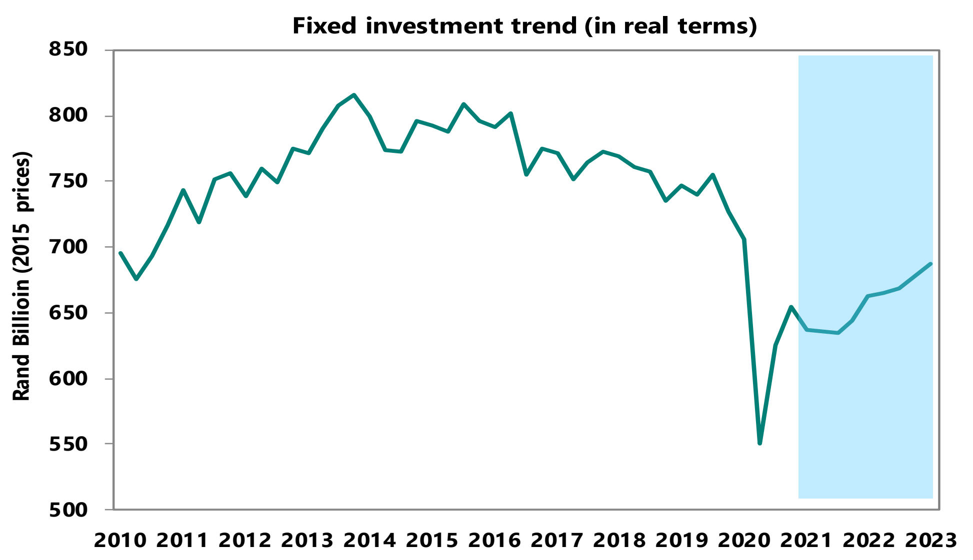


Low GDP growth but fixed investment recovering gradually

Critical reforms required to raise the pace of growth, including addressing the prevailing energy supply and logistics constraints and reducing other barriers to private sector investment



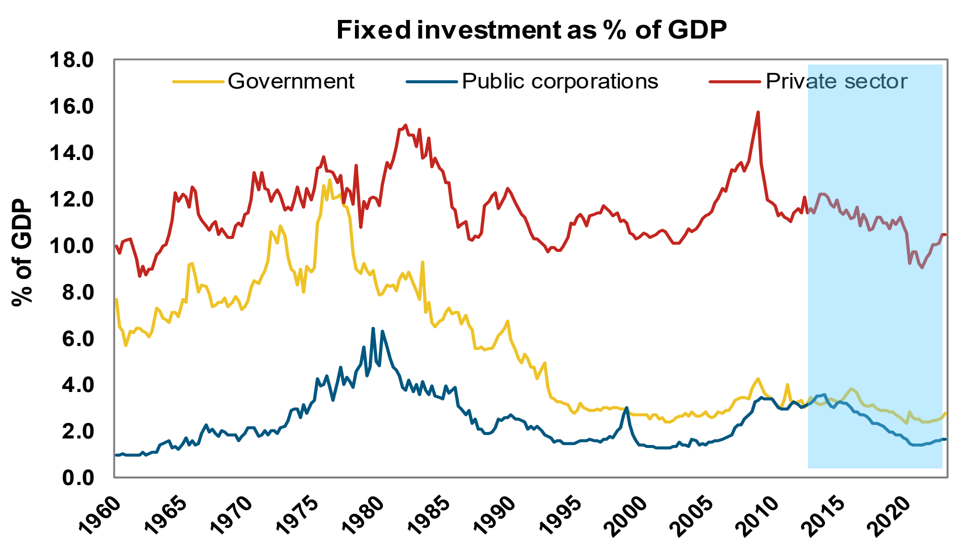
Source: IDC, compiled using Stats SA data



Source: IDC, compiled using Stats SA data

Last data point: Q1 2023

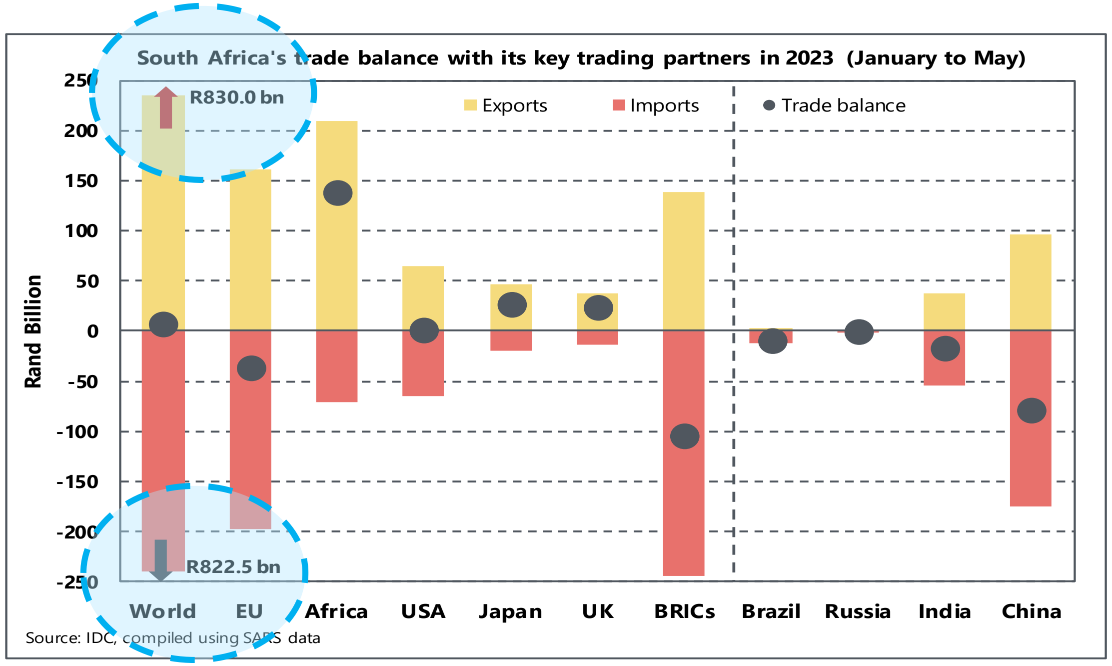
- Real GDP expanded by only 0.4% (q-o-q) in Q1 2023, after contracting by 1.1% in Q4 2022, thus recovering to pre-pandemic levels.
- Weak spending, production and fixed investment activity in an environment characterized by:
  - o high inflation, rising interest rates;
  - o high unemployment;
  - o operational constraints on various critical fronts.
- Fixed investment spending recovered further in Q1 2023 (the 6th consecutive quarterly increase). However, the quantum of fixed capital formation in the economy was still well below pre-crisis levels in real terms

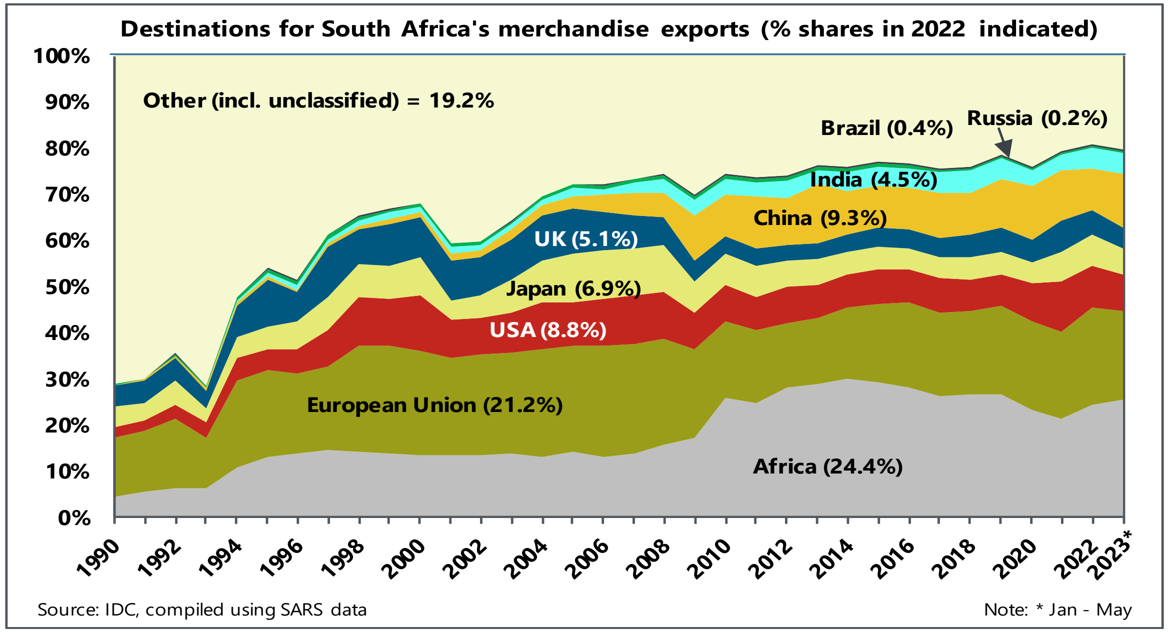


Source: IDC, compiled using SARB data

Last data point: Q1 2023

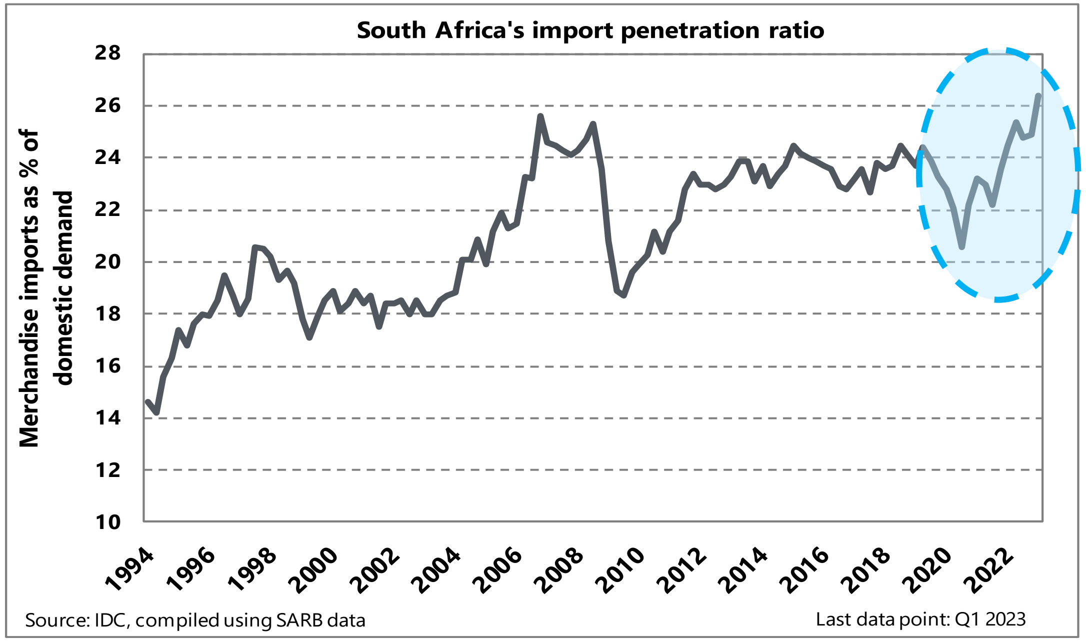
Balance of trade marginally in surplus with pressure on exports

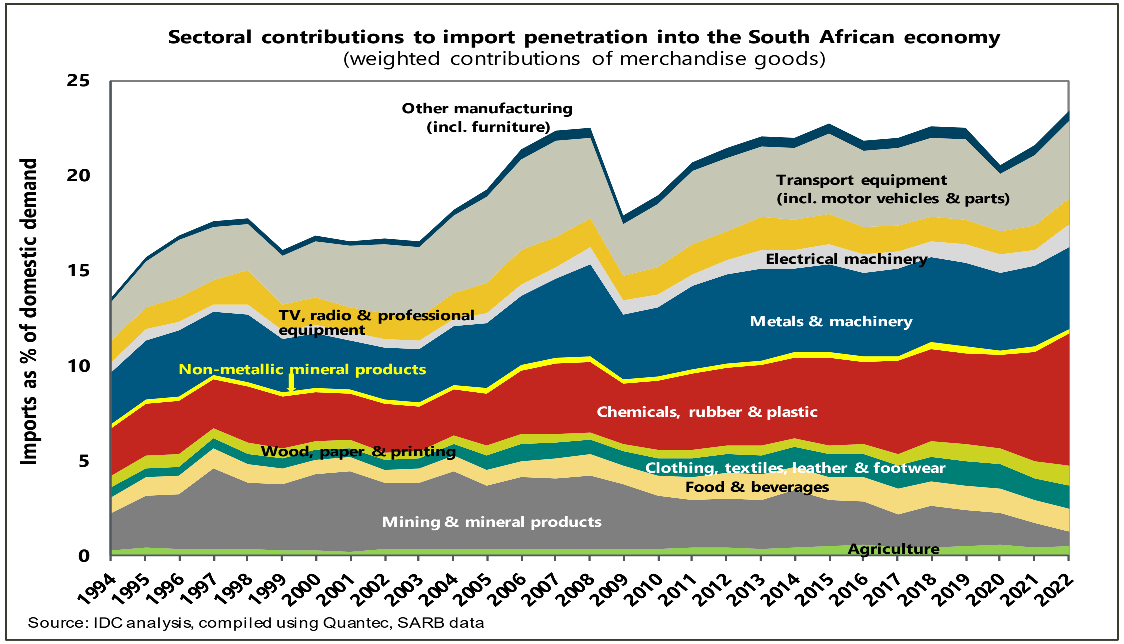




- SA's merchandise exports were under some pressure at the start of 2023, rising by only 4.5% (y-o-y) in nominal terms over the period January to May. Lower commodity prices, weaker global demand and infrastructure-related challenges are affecting the export sector's performance
- Import demand, in turn, increased at a very robust pace of 19.9% over this period, despite a subdued economic performance, reflecting the strong reliance on imports to meet domestic demand
- The overall balance of trade recorded a marginal surplus of R7.6 billion over the period, while sizeable trade deficits were reported in SA's trade with China and the European Union (EU)
- Global destinations for SA's exports have undergone substantial changes over time, with China claiming a rising share

Imports claiming an increasing share of domestic demand





- Imports rose by ca.15% in 2022 and by a further 4.4% (q/q) in Q1 2023, taking the overall value of goods and services imports 11.5% above pre-Covid levels in real terms
- The economy’s import penetration ratio (i.e., real imports of merchandise goods as a percentage of gross domestic expenditure) remains a concern

Progress against the dtic 10 core outputs

01

Investment support

Investment context is challenging

The context for investment in Q1 was challenging and inter alia the following impacted on investor confidence:

- load shedding and energy shortages
- Weakening global trade-flows
- generally weaker domestic economic conditions

Policy initiatives, active coordination efforts and unblocking of obstacles to investment flows had to be stepped up. Significant steps during the Quarter included:

- Convening the 5th SA Investment Conference and announcing a number of new investment commitments to be implemented over a five-year period
- Hosting of Business Forums with foreign and domestic investors
- Policy initiatives and further steps to address load-shedding
- Increase in general government spending on investment, growing by 7% quarter to quarter
- A number of actions to unblock obstacles to implementing investment projects.

Investment pledges secured

Output 1

Output 1 target
R200 billion In investment pledges secured across the state

Budget vote target
R400 billion

Q1 achievement
R 220 billion

% of APP target achieved
120%

- **R 220 billion** in investment pledges secured during Q1. A significant part of this was due to finalization of pledges just prior to the 5th SA Investment Conference, which was the last in the 5-year cycle to reach the R1,2 trillion target set in 2018.
- **R 60 billion** value of investment spending by companies making pledges, during Q1
- **R 207 billion** investments secured though SAIC in Q1

5th South African Investment Conference held in April 2023.

SAIC 2023 IN NUMBERS

R1.2 trillion - President Ramaphosa committed government to raise R1.2 trillion worth of investments into the economy over a five-year period (2018 to 2023)

R1.5 trillion - the value of investment pledges made after five cycles of the SAIC - exceeding the target by 26%

317 - Number of investment pledges made since the first SA Investment Conference in 2018

198 - Number of projects over the 5-year cycle (2018 to 2023) are:

Completed: 97 projects
Under construction: 101 projects
Flows as at 30 June: R511.2bn

SOUTH AFRICA INVESTMENT CONFERENCE
Accelerating Economic Growth by Building Partnerships

Investment overview - SAIC 2023 announcements

- **86** entities made new investment announcements to the value of **R366,7bn.**
- Since the first SAIC in 2018, a number of companies have expanded on or increased their original announcements to the value of **R8,2bn**
- Due to the impact of the COVID-19 pandemic and economic conditions, some companies canceled their projects or reduce the original investment value – this amount comes to **R2,5bn**
- The final tally for SAIC 2023 is thus **R372,48bn**

	Number	Value (R billion)	Amount flowed (R billion)	% Flowed
Projects announced	86	366.7	7.9	2.2%
Completed	10	1.8	1.0	58.5%
Under construction	30	55.8	5.6	10.7%
Early stages	42	267.7	0.9	0.3%
Delayed	0	NA	NA	NA
DFI	2	36.9	NA	NA
Private finance	2	4.6	NA	NA

After the 2023 SAIC, the 5-year investment mobilization drive target stands at **R1.5 trillion** or **126%** of the target of **R1.2 trillion.**

Core outputs

Investment commitments implementation

- Of the **317** investment announcements that are being tracked, **97** projects have been completed with **101** under construction; work on **72** projects has started and **26** projects are either progressing slowly or have been put on hold or cancelled due to the impact of the pandemic or economic factors.

- A further **21** projects from Development Finance Institutions and private finance companies are being tracked. To date, a total of **R511,2 Bn (33,8%)** of the committed investment announcements have already been spent on projects

- Of the **317** projects, **182 (57.4%)** originate from domestic sources while **135 projects (42.5%)** are from foreign sources.

- Projects are spread across **13** sectors including automotives, chemicals, food & beverages, global business services, healthcare, mineral resources, renewable energy, infrastructure and tourism

- These projects are located across all **9** provinces and implemented in the majority of the **52** district municipalities.

As at 30 June 2023, of the committed investments, R511,2Bn has flowed.

	Number	Value	Flows	% flow
Total projects	**317**	**R1,5tn**	**R511,2bn**	**33,8%**
Projects completed	97	R249,4bn	R242,8bn	97,4%
Projects under construction	101	R524,1bn	R200,3bn	38,2%
Projects in early stages of implementation	72	R369,4bn	R5,6bn	1,5%
Projects delayed/on hold	26	R52,5bn	R4,9bn	9,4%
Private finance	5	R18,8bn	R3,4bn	18,3%
DFIs	16	R221,6bn	R54,2bn	24,5%
Announcement additions		*R55,7bn*		
Announcement reductions		*-R15,5bn*		

SAIC 2023: Ten Projects highlighted

Alpla (Austria)
R2bn Investment in 2 packaging facilities using recycled plastic.
Expected date of completion: January 2025

Prism Group (Black Industrialist)
R93m investment in automotive component manufacturing
Expected date of completion: Project completed as at Q1

Pavati Plastics (black industrialist)
R125 million investment in a sustainable packaging
Expected date of completion: Phase one completed

Equinix
R3,8bn investment in automotive component manufacturing
Expected date of completion: June 2024

YOA Cable
R155 million investment in a cable manufacturing plant in Dube Tradeport
Expected date of completion: April 2024

Seriti Green
R4,5bn investment in a 155MW wind farm in Mpumalanga
Expected date of completion: Q3 2025

BMW
R4,2bn investment in a production line for the new BMW model.
Expected date of completion: October 2024

AfroZonke (Black Industrialist)
R1,5 investment in a chlor-alkali chemicals plant
Expected date of completion: Q4 2025

Menar Group
R1bn investment in 2 coal mining projects
Expected date of completion: September 2023 (first phase)

The Housing Hub
R450,5 million investment in social housing infrastructure
Expected date of completion: Phase one completed

Anglo American

- At the 2018 SA Investment Conference Anglo American committed to invest R71,2bn across their mining operations in South Africa, including in expansion of the underground pit at the Venetia Diamond Mine owned by De Beers.

- The Venetia Mine's open pit mining activities came to an end in 2022. By investing in underground infrastructure, the life of the mine was extended until at least 2045.

- The R30,6bn underground extension delivered its first production from the underground operations in the week of 24 July 2023.

- The underground operation will deliver up to seven million tonnes of kimberlite ore per year to produce approximately 4 million carats of diamonds annually.

Total Anglo American Investment announced in 2018	**R71,2bn**
Venetia Mine investment value	R30,6bn (US$2,2bn – in 2018 ZAR terms)
Jobs at the Venetia Mine	4 300
Location of Investment	Vhembe District, Limpopo Province

Venetia mine opened in 1992, and contributes 40 per cent of the country's annual diamond production

Venetia Underground Project will achieve operational readiness and first production in 2023

The new underground mine is the biggest single investment in the country's diamond industry in decades

02

Investment unblocking

Case study - Visas, Work Permits investor facilitation

1 Regulatory assistance

- 9 companies were assisted in fast-tracking regulatory issues

2 Investor facilitation

- 22 Site Visits conducted in relations to facilitation of recommendation of Business Visas
- 23 Companies were assisted by facilitation e.g. funding from DFIs, CIPC registration and Trademarks and Liquor Licences

3 VISAs

- 42 VISAs for 16 companies from Spain, France, China Germany and Thailand were unblocked

	Visa type	Number
1	Visas to attend the Business Conferences	19
2	Accompany spouse (family) Visa	10
3	Intra company Transfer	8
4	Short Term Work Visa	2
5	Business Visas	2
6	Permanent Residence Permit	1

Case Study - BIOWATT Energy Holdings, TERACO and PG Bison

BIO2WATT

- Bio2Watt Invested R463 Million and partnered with BMW to provide their Pretoria manufacturing Plant with green energy. In 2022 Bio2Watt Energy partnered with another proudly South African Company SAB ABInBev to provide green energy to their breweries throughout South Africa
- Bio2Watt Energy is also building a plant at Cape Dairy farm, whose main business is supplying milk to South Africa's Clover Food Group. The plant will handle the waste produced by the 7,000 cows on the dairy farm. The cow dung will be mixed with other organic waste collected in the Malmesbury municipality to produce biogas
- Invest SA facilitated a meeting with the Department of Agriculture, Rural Development and Land Reform (DALRRD) and wrote to the DG of DALRRD to fast-track certification of registration of the product Bio2watts biogas digestate as a fertilizer.

TERACO (Wheeling Agreement)

- Teraco Invested R 2 Billion in 2023
- Through the efforts of Invest SA, Operation Vulindlela and the Embedded Generation Task team as part of the NECOM structure,
- Teraco's wheeling challenge with Ekurhuleni Municipality and Eskom has been unblocked, paving the way for a more streamlined approach to wheeling for all private generation projects. Total MW: 600 MW (IDC)

Unblocking of road – by SANRAL for PG Bison in Mpumalanga

- PG Bison invested R1,98 billion in its eMkhondo factory in Mpumalanga.

- A district road improvement is required in the facility to deal with the increased inbound and outgoing flow (daily volumes are estimated at an average of 190 trucks and a maximum of 250 trucks), as well as a modification to the T-junction of the district road and the national road (N2). PG Bison submitted documents to SANRAL in May of last year, but despite follow-up correspondence, they did not gain final permission

- This was posing a risk to their project, therefore they requested assistance from InvestSA to unlock this clearance. The InvestSA team collaborated with the SANRAL CEO to obtain a letter of permission from SANRAL.

03

Exports

Manufacturing exports (Global)

Output 3

Output 3
R700 billion in manufacturing exports

Budget vote target
R 800 billion

Q1 achievement
R 238 billion

% of app target achieved
34%
30% (Budget Vote)

- **R 238 billion**
  manufacturing exports to the World during Q1
  Value in 2022/23: ZAR 204 Billion
- **R 113 billion**
  manufacturing exports to the world during Q1 linked **to dtic** support initiatives

- The total manufacturing exports to the world during Q1 was valued at **R238bn**
- Of the R238Bn, **R113bn** was generated directly through support initiatives by **the dtic** and entities as follows:
  - Rebates, the APDPD, as well as non-proliferation permits: R73.33bn
  - Exports supported by Export Councils funded by **the dtic:** R25.5bn
  - Industrial financing: R9.8bn
  - Investment facilitation and spatial development support: R4bn
  - Funding for exhibitions and missions: R55.7m
  - Export orders secured as a result of insurance risk cover provided: R43.2m

Manufacturing exports (Rest of Africa)

Output 4

Output 4
R300 billion in **manufacturing exports to Rest of Africa**
Budget vote target
R 330 billion
Q1 achievement
R 95 billion
% of app target achieved
32%   **29% (Budget Vote)**

- **R 95 billion**
  manufacturing exports to other African countries during Q1
  Value in 2022/23: **ZAR 82 billion**

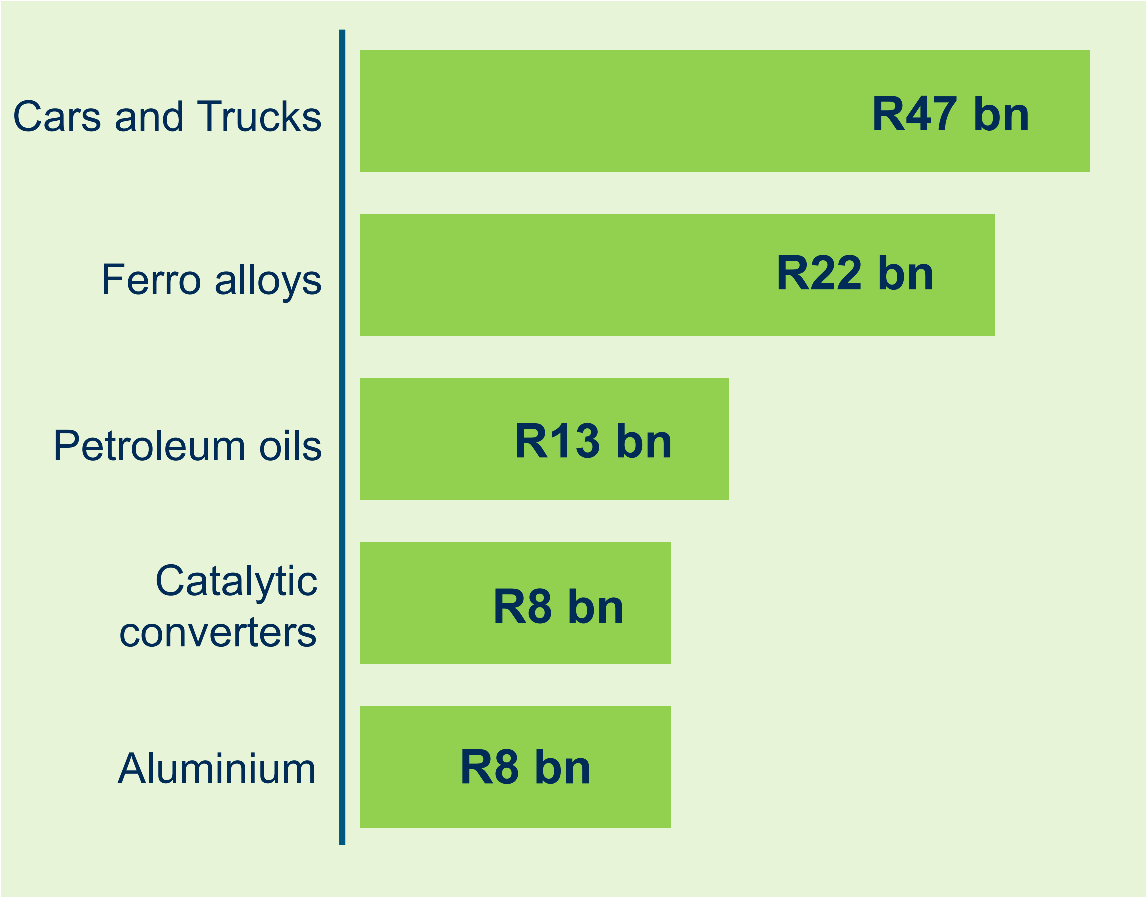
- **R 13.4 billion**
  manufacturing exports to other African countries during Q1 linked **to dtic** support initiatives

- During the first quarter of 2023/24 financial year, a total of **R95bn** of manufacturing exports to the other African countries was generated
- Of the R95bn, **R13.4bn** was generated directly through support initiatives by **the dtic** and as follows:
  - Rebates, the APDPD, as well as non-proliferation permits: R7.1bn
  - Exports supported by Export Councils funded by **the dtic**: R3.57bn
  - Investment facilitation and spatial development support: R2.4bn
  - Industrial financing: R239m
  - Export orders secured as a result of insurance risk cover provided: R43.2m
  - Exports supported through Industrial Policy initiatives: R430 000

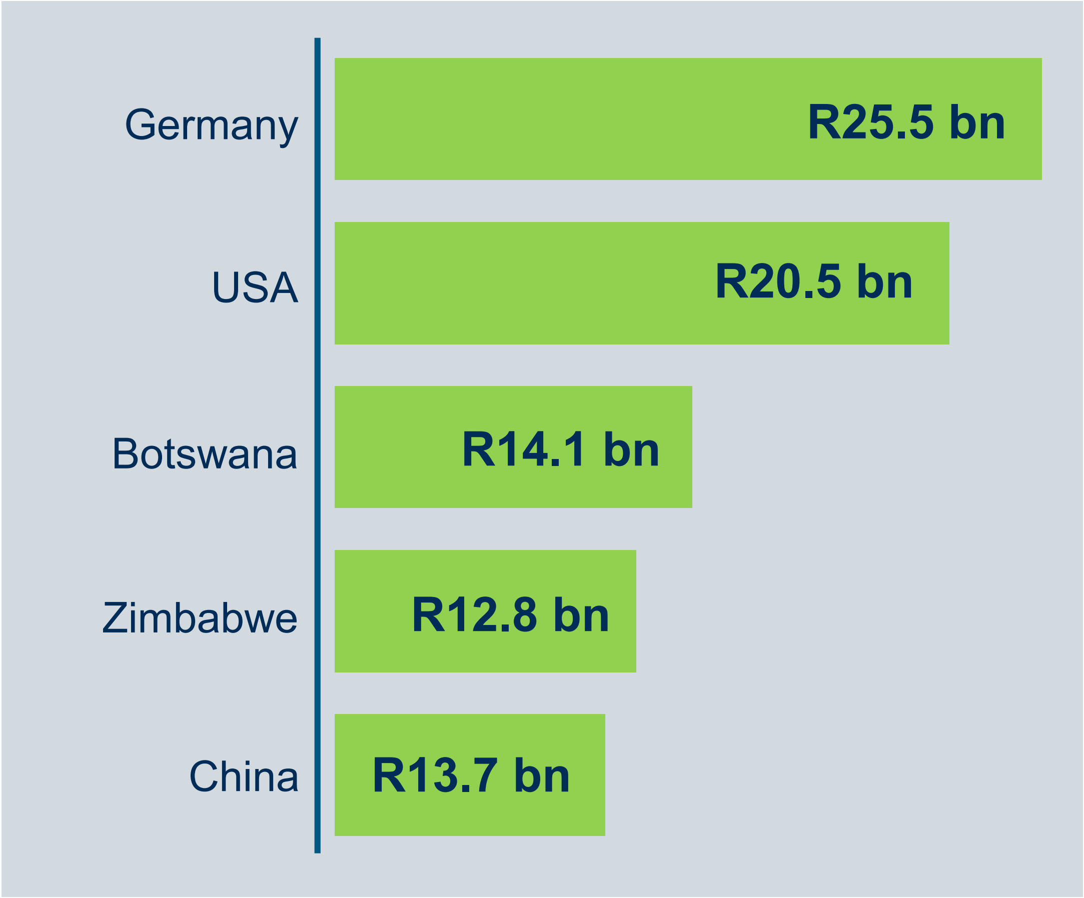
Manufacturing exports

South African exports in **Q1** fared **better than expected** despite anticipated headwinds linked to international monetary policy tightening, the Russia-Ukraine conflict, emerging geo-political threats and severe electricity supply interruption.

Top 5 manufacturing exports Q1 2023



Top 5 destinations for manufacturing exports Q1 2023



Manufacturing exports

Top Exported Products by Country Q1 2023

	Germany	The United States of America	Botswana	Zimbabwe	China
1	Cars	Cars	Petrol	Cosmetics	Ferro-alloys
2	Light trucks	Aluminum	Cosmetics	Light trucks	Wool & wool yarn
3	Catalytic converters	Catalytic converters	Light trucks	Petrol	Wood pulp
4	Other chemicals	Other chemicals	Flat-rolled steel	Soya	Wine
5	Automotive components	Ferro-alloys	Cars	Fertilisers	Wood

**** SARS provisional data for April 2023 – June 2023 subject to updates***

Case study – export marketing and investment assistance

Red meat market access into Kingdom of Saudi Arabia

1

- DALRRD and the dtic facilitated the visit of the Saudi Arabia Food and Drug Authority (SAFDA) in June 2023

2

- SAFDA inspected South African abattoirs and plants in terms of the market access protocol for meat entry into the Kingdom of Saudi Arabia, and for halaal certification

3

- South African meat industry players such as Karan Beef, Beef Master, Spartan and Good Hope Meat Market exhibited their meat products at the Saudi Food Expo in Riyadh from 20 to 22 June 2023 as part of marketing and promotion

4

- According to GlobalData, the Saudi Arabian meat market size is valued at more than $5 billion

Case study – export promotion

Cowgirl

1
- Cape Town-based Cowgirl was founded by Bridget Henderson in 2009. The company specialises in knitting yarns, scarves, shawls, and cushions

2
- It employs people from the local communities and provides its employees with training and skills improvement opportunities

3
- The company's focus on upskilling its employees means almost all possess skills in multiple areas of the production process

4
- The company was approved for Export Marketing Investment Assistance (EMIA) to showcase its work in the US for the 'European H + H Americas' exhibition from 22 to 24 June 2023

5
- This event is anticipated to enable it to expand its current export markets in the US and beyond, to Germany, Australia, Japan and Belgium

Exports to Europe, Japan, and the US

cowgirlblues

DESIGNERS & MAKERS OF FINE CRAFTED KNITS

Case study – export promotion

Reflex Business Solutions CC, trading as Mia Melange

1. Reflex Business Solutions CC, trading as Mia Melange, specialises in handcrafting interior décor and lifestyle products
2. Based in Stellenbosch, the company has a team of 16 skilled artisans creating a range of items, such as placemats, baskets, bowls, planters, bags and ottomans, using a cotton rope that is spun in local mills and braided in Cape Town
3. The cotton is grown locally by South African farmers who are members of the Better Cotton Initiative
4. The company was approved for the Export Marketing and Investment Assistance (EMIA) scheme to attend the Atlanta Market exhibition in the US from July 12 to 16, 2023
5. Through attendance at this event, Mia Melange expects to expand its current average annual exports of R1,75 million, which it generates from orders to Germany, Finland, Switzerland, France, Japan, and Canada
6. Its products are also available at local home stores and retail shops

mia mélange
handcrafted design

FOLDABLE COTTON BUSKET

PRATIQUE BAG

FLOOR BASKET

04

Global Business Services

Global Business Services

Output 5

Output 5
R 2.5 billion in exports of Global Business Services

Q1 achievement
R2.3 billion

% of APP target achieved
92%

- Exports for this quarter included services delivered by the local workforce to new GBS markets like **China** (BRICS member), **Mauritius** (SADC member), European countries such as **Belgium, France and Germany** as well **New Zealand**
- Trend of moving away from traditional call center services to more value adding and high-level skills services
- Service delivered by South African employees to international clients included **financial and accounting**, **legal support, regulatory, financial risk, technology, digital and cyber risk**, as well as **data analytics**
- Supported GBS clients are mainly from industries such as **retail** that offer online customer services and sales and **finance** that offers financial and insurance products and support

Global Business Services

Rashaad Adams & Ilse Blatt
Customer Service Advisors
Teleperformance

56 000
Offshore jobs outsourced to South Africans. Jobs as reported by industry association

30 000
Active jobs reported by GBS incentivised projects with an increase of

increase of 1 000
from last quarter

88% of youth jobs supported

64% of women jobs supported

Wazier Salie & Brandon Mepommi
Customer Service Advisors
Teleperformance

Global Business Services - generating export revenue

TP SA Trading (Pty) Ltd t/a Teleperformance

1 Teleperformance operates as an offshore location receiving support through the Global Business Service incentive to provide contact and call centre services

2 It is being supported to expand existing operations in South Africa

3 Hired South African employers providing services to international clients such as accounting, human resources and customer services in the energy, financial and retail industries

Taufiq Safoedien, Monique Van Neel, Mclouis Luyanda Antoni & Akhona Msophi – Customer Service Advisors

4 Currently, over 2 600 of the company's employees are supported through the GBS incentive, of which approximately 2 400 are youth and 1 700 are female.

5 These include opportunities that were created for graduates, as well as more experienced South Africans with support provided for 2 585 non-complex jobs and 48 complex jobs

6 **R2 billion** was generated in export revenue by the company over the last seven years

R2bn

Export revenue to the UK and USA

2 400

Youth jobs supported

Global Business Services - generating export revenue

Computacenter (Pty) Limited is a South African subsidiary of Computacenter Group.

Computacenter operates as an offshore location receiving support through the Global Business Service incentive to provide IT and Technical Services.

1

Is being supported to expand existing operations in South Africa with offices in Cape Town.

2

Currently, more than **360** of the company’ employees are supported through the G incentive, of which 300 are youth and 107 a female.

3

Employees from Delft, Kraaifontein, Gugulethu and Khayelitsha working in shared services

4

These include opportunities created for graduates and more experienced South Africans with support provided for 73 non-complex jobs and eight complex jobs.

5

The employees are mainly from townships areas such as Delft, Kraaifontein, Gugulethu and Khayelitsha and include 25 previously unemployed persons that were sponsored to complete leadership and be employed as part of the project, as well as existing employees that received support to improve their qualifications.

6

R2 billion was generated in export revenue by the company over the last seven years. The incentive has enabled the company to attract more customers to South Africa by reducing costs and making the company more competitive against call centres in India and Mexico.

R2bn

Export revenue over 7 years

Higher Value Services

South African employees provide higher value services such as IT and technical services to international clients.

Multi-lingual

Servicing markets such as UK and USA as well as non-English markets such as Belgium, France and Germany

Township Youth

Youth employed from townships such as Delft, Kraaifontein, Gugulethu and Khayelitsha

05

Jobs

Jobs - 1 million jobs supported by the dtic group or covered by master plans

Q1 achievement

1 108 006 jobs supported through programmes of the dtic-group or covered by master plans

% of APP target achieved

Exceeded by 11%

Entity	# Jobs
the dtic — Department: Trade, Industry and Competition, REPUBLIC OF SOUTH AFRICA	376 021
ITAC — International Trade Administration Commission of South Africa	130 036
IDC — Industrial Development Corporation	118 379
National Empowerment Fund — Growing Black Economic Participation	19 650
competition commission south africa	394 011

Jobs - Top companies with the highest number of jobs being supported

- **Incentives:** Toyota South Africa **7 944** jobs, Ford Motor Company **5 536**, Webhelp SA Outsourcing **4 291**
- **IDC:** Northam Platinum Limited **21 152**, Life Healthcare Group Holdings **15 436**, Siyanda Bakgatla Platinum Mine **10 417**
- **NEF:** Busa Holdings **1 100**, Orange Farm Community Trust **1 056**, KPML Group **1 050**

Jobs - 100 000 jobs pledged and created (50 000 full-time jobs)

6 364 jobs committed

Nthoese Development **1 300 jobs**
ATD Alliance **228 jobs**
Toyota SA Motors **153**
Richards Bay IDZ **147**

9 375 created

Majority of jobs created through incentive support by the dtic (**4 177** jobs and through mergers and acquisitions **(4 287** jobs)

06

Industrial Support

Overview on industrial support

Mobilization of support

the dtic mobilizes industrial support through the fiscus, development finance institutions and partnerships with the private sector to enable structural transformation and support to firms to enhance their competitiveness

Non-financial schemes

the dtic has a range of non-financial support schemes ranging from rebates on duties to trade tariff support and actions by the competition authorities.

Impact on local production

While the incentive programme require administrative efficiency, the real test of the impact is on increased local production for the domestic market and for exports

Industrial support programmes

Output 6

Output 6
R30 billion in support programmes administered by or in partnership with **the dtic**-Group

Q1 achievement
R 9.5 billion

Q1 achievement on disbursements
R 5.8 billion

% of APP target on disbursements
19%

- **R3.7 billion** Incentives enabled by **the dtic**-group to over **130** projects in Q1
- **R5.8 billion** Incentives disbursed by **the dtic**-group to over **310** projects in Q1

Industrial support - Black Industrialist Manufacturing

Rancent Trading CC t/a Siyakha Imperial Printing (Pty) Ltd

1. **Rancent Trading CC t/a Siyakha Imperial Printing (Pty) Ltd** is an expansion project based in Mount Edgecombe, KwaZulu-Natal with branches in Durban, Johannesburg, Bloemfontein, Cape Town and representation in all nine provinces through distribution and marketing networks
2. The company reported output production with a turnover of R137 million and the new printed labels, that has replaced imports, generated an annual turnover of R2.7 million for the 5 200 000 units produced
3. The technology used in the printing of labels has assisted the company in meeting the demand for products
4. The company retained 80 jobs (31 female, 39 youth and 2 PWD) and created two new jobs
5. The majority of the employees are hired from the townships of KwaMashu and Phoenix, which have high unemployment rates
6. The expansion project also procures additional services from local/surrounding communities such as waste management removal and transportation

IMPORT REPLACEMENT

Siyakha Imperial PRINTING Co | B-BBEE LEVEL 1 | sanas South African National Accreditation System

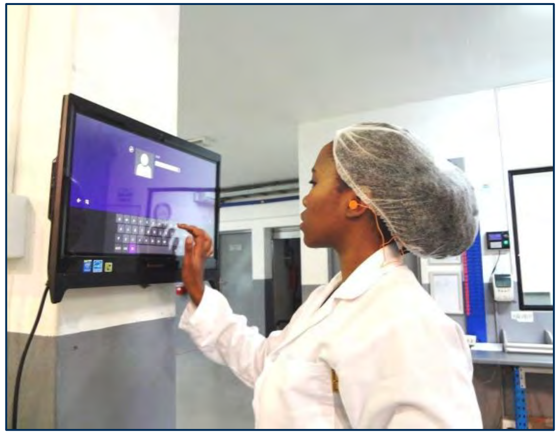
Examples of Printed Labels

Industrial Support - Black Industrialist Manufacturing

Rancent Trading CC t/a Siyakha Imperial Printing (Pty) Ltd

Pearl Sithole – Quality Control

“I started working in the Quality Control Department at the Label Division as it was what I was recruited for at the time of commencement. I did well in my role to the extent that when the company was expanding, Management allowed me to work in the Quality Control Flexible Division and Quality Assurance Department to support the company’s Food Safety Accreditation. This opportunity gave me further growth in the form of promotion, salary raise, and quality control roles. Further training boosted my confidence as I am now a multi-skilled employee and the company can rely on my capabilities.”



Nkosi Mthethwa – Production

“I started employment with Siyakha as an Assistant in the housekeeping team. Through this job, I have been trained and given opportunities for continual improvement. I dedicated myself and when the opportunity was presented through company expansion, I got promoted to a Supervisory role, where I currently lead the Editing Department of 15 staff members. This has allowed for my academic and financial growth. This opportunity encouraged me to study further to improve my skills.”

Industrial support - Black Industrialist Manufacturing

Naude Industries (Pty) Ltd

- **Naude Industries (Pty) Ltd** is an existing company that is 100% black-owned and managed by Mr Leroy Naude.
- The company provides engineering, repairs and maintenance services to the marine and industrial sectors in Cape Town and surrounding areas in the Western Cape.
- Mr Leroy Naude, has 19 years of industry experience in ship repairs, scaffolding, engineering and manufacturing and has been managing his company since January 2018.
- The company has been operating for over four years, employing three permanent and seven temporary staff.
- The NEF approved R1 084 000 to finance the acquisition of scaffolding, a CNC Plasma Cutting machine, develop welding methods, and acquire ISO Certification and working capital.
- The acquisition of physical assets will bring about efficiencies in the business and improve margins and financial sustainability.

Naude Industries workers on the job

Industrial support - enterprises outside main metros

Output 7

Output 7
R15 billion support programmes to enterprises in areas outside of the 5 main metros

Q1 achievement
R 3.8 billion

Q1 achievement on disbursements
R 2.1 billion

% of APP target achieved on disbursements
14%

- **R1.7 billion** of industrial financing accessed by projects located outside of the 5 main metros during Q1
- **R2.1 billion** of industrial financing disbursed to projects located outside of the 5 main metros during Q1
- **38** of the 44 district municipalities are receiving support from the Industrial Financing Group

Industrial support - funding for green project and township economy

Khepri Innovations

1 • **Khepri Innovations,** based in Kagiso township, West Rand District Municipality, Gauteng, is a **black-owned company manufacturing** animal feed and fertilisers.

2 • Khepri collects high-volume organic waste (hazardous to the environment when dumped into water sources) from butcheries and abattoirs and converts it into commercial vermicompost for the plant growing and animal feed industries.

3 • the dtic's Agro-Processing Support Scheme approved the project for funding of R2.4 million which will contribute towards investment of R14.2 million. The co-investors are the SAB Foundation, Diego Trust and the Department of Science & Technology.

4 • In May, the project received its first disbursement for machinery and equipment, commercial vehicle and conformity assessment certification. Khepri has commenced with project implementation and created nine new jobs (5 females and four youth) to date.

5 • An estimated R11 million of goods and services was procured for the project, of which R9.8 million was sourced from local suppliers.

Grower meal

Khepri broiler starter

Core Outputs – **Case Study**

Industrial support - funding for rural and township economy to provide job security

Funding for Fruit Pack House

- **Kapgold Estate (Pty) Ltd**, based in **Louterwater,** Sarah Baartman District Municipality, **Eastern Cape** is a pack house for fruits that sells to local customers and to export markets in Asia (Taiwan, Singapore, Malaysia, India), Russia, Europe, and the rest of the Africa continent.
- The company's location has brought about employment opportunities for communities in nearby farms such as Mistico, Louterwater, Rovon Trust, Langfotein and Rivinia as well as the Krakiel township
- The company's expansion project of the pack house was approved for the dtic's Agro-Processing Support Scheme in **June 2022** for R3 million to purchase machinery and equipment
- In May, the project received a disbursement of R1.6 million based on an investment of R5.3 million
- It reported the retention of 68 baseline jobs and the creation of 94 new jobs of which 84 are female and 69 are youth. Packaging materials worth R750 944 were procured locally from a black supplier

Nosikhumbuzo Xunge – Fruit Sorter and Packer

Industrial support - funding for rural and township economy to provide job security

Funding for Fruit Pack House

Zokwana Vanda – Fruit Packer

She has been trained as a skilled packer, now able to train new employees.

Doreen Fortuin Maletta – Sorting Supervisor

She has been working at Kapgold for 25 years.

Industrial support - funding for rural and township economy to provide job security

Transforming access to Hospitality & Tourism amenities through Black-owned Lodge

1
- **Imvomvo Country Lodge** was established in 2014. The Business started with eight lodging rooms at the time and a small boardroom. It has now expanded to 35 rooms, one large event hall (which can accommodate 350 people) and 4 smaller conferences and an executive boardroom. The business is based at Ntabankulu, Alfred Ndzo District, Eastern Cape

2
- The business is **100% black-owned, 70% black youth, with 55% black women ownership.** The business has to date been developed using only shareholder funds.

3
- The **NEF approved a total of R12 million** for expansion capital to be utilised for Solar system installation (to avoid load shedding issues and also improve margins from the electricity & diesel savings); Spa & Wellness centre; Restaurant & tourism centre; Storm water drainage; Walkways; Parking area and Fencing & greenery.

4
- It is supporting rural-based businesses in a focus province. **32 jobs are supported (26 existing and six additional are created.)**

Women & Youth ownership

Transformation: Black Industrialist

Expansion & Job security

Imvomvo Country Lodge, Ntabankulu, Alfred Ndzo District, Eastern Cape

Industrial support – SMMEs, women & youth enterprises

Output 8

Output 8
R8 billion in financial support programmes to SMMEs, women and youth-empowered enterprises

Q1 achievement
R 1.7 billion

Q1 achievement on disbursements
R 712 million

% of APP target achieved on disbursements
9% excl medium firms

- **R 1 billion** of industrial financing accessed by projects owed by Small businesses, women and youth-empowered enterprises in Q1. Updated data on medium-sized businesses will be provided in the next report.
- **R 712 million** of industrial financing disbursed to projects owed by small businesses, women and youth-empowered enterprises in Q1
- Over **260** small business, women and youth-empowered enterprises received support from the Industrial Financing Group in Q1

Industrial support – Export Promotion - Creating Employment and Enhancing Artisan Skills

- employees at Mia Melange

Chelbé Abrahams – Seamstress

Leonard Regere – Seamster, Tailor and Line Manager

Berney Sebastian- Seamstress and Line Manager

Industrial support – Women-owned SMME

Zazi Holdings

1. Zazi Holdings (Pty) Ltd is a **100% woman-owned and managed start-up uniform manufacturer** in East London, Eastern Cape

2. The company's exposure to the clothing and textiles industry started with manufacturing school uniforms for students and other- clothing for employees spread across the government, private sector and trade unions

3. In addition to this product portfolio, Zazi offers other products such as athletic wear, sweatshirts, sweaters and knit shirts with customised embroidery to diversify its product offering

4. Zazi's workforce is predominantly black women from disadvantaged communities in the Eastern Cape - with a region battling a high unemployment rate

5. The IDC provided funding support to Zazi for working capital and to purchase raw materials, machinery, and equipment through the dtic Clothing, Textiles, Footwear and Leather Growth Programme

Type of Funding	Clothing, Textiles, Footwear and Leather Growth Programme (CTFLGP) loan and grant
Type of Product	Clothing manufacturing
Sector	Textiles Products
Green Project	No
Province	Eastern Cape
District Municipality	Buffalo City Metropolitan
New Jobs	20
Retained/Existing Jobs	6
Ownership	Women Owned + Black Owned
SMME	Yes

Industrial support – Transforming access to amenities through Black-owned development

Dika Plastic Pipes (Pty) Ltd (DPP),

1

- **Dika Plastic Pipes (Pty) Ltd (DPP),** situated in Middleburg, Mpumalanga is a **100% Black-owned company that manufactures** plastic pipes and related fittings. Until recently, DPP supplied non-certified High-Density Polyethylene ("HDPE") pipes to a small market segment.

2

- The Company has now obtained its SANS-4227-2 certification, thus, has the opportunity to sell the SANS-4227-2 pipes to a wider customer base. In addition to the HDPE pipes, DPP will also have Low-Density Polyethylene Pipes ("LDPE") and Polypropylene (PP) Pipes in its product portfolio – the additional capacity will facilitate this addition.

3

- With the **R39million approval** from the NEF, the expansion funding will be utilised in:
  - Acquire manufacturing machinery
  - Testing equipment
  - Delivery vehicles
  - Fund the installation of an alternative energy source and working capital.

4

- Dika Plastics **retained nine jobs** while creating **44 new jobs.**

Images of the Warehouse and pipes of Dika Plastics Pipes

Transformation: Black Industrialist

Manufacturing

Job security

Industrial support – Transforming access to amenities through Black-owned development

Global Wheel (Pty) Ltd

1. **Global Wheel (Pty) Ltd** is the largest manufacturer of commercial, agricultural, earthmoving and military steel wheels/rims in the Sub-Saharan region. It is **a 100% black-owned and managed business** in Heidelberg, Gauteng province.

2. Global Wheel's core competence is designing and manufacturing various high-quality steel rims. The company employs approximately 193 people and has existed for over 44 years.

3. With manufacturing based in Heidelberg, Johannesburg and operations in Zambia and Namibia, along with R50 million invested by the NEF, Global Wheel is set to become one of southern Africa's biggest empowerment enterprises.

4. The transaction ensures the transformation of a foreign-owned manufacturing company, enabling black ownership by Tamela Consortium, including black staff and local management.

5. The R4.2 million approved through the Alternative Energy Fund will assist the company to continue operating during load-shedding.

Transformation: Manufacturing sector

Jo creation

Expansion

Industrial support – labour absorbing sectors

Output 9

Output 9
R7.5 billion financial support to enterprises in labour absorbing sectors

Q1 achievement
R 2.7 billion

Q1 achievement on disbursements
R 1.8 billion

% of APP target achieved
24%

- **R829 million** of industrial financing accessed by projects operating in labour absorbing industries in Q1
- **R1.8 billion** of industrial financing disbursed to projects operating in labour absorbing industries in Q1

Industrial production - manufacturer of frozen French fries

Pumla Holdings (Pty) Ltd

1. **Pumla Holdings (Pty) Ltd, is a 100% black-owned company in the Agro** Processing Sector, based in the East London IDZ, Eastern Cape, is a new project that will produce and package frozen french fries starting in August 2023
2. The project was approved for the Agro-Processing Support Scheme with funding of R10.5 million which will result in an investment of R52.4 million
3. Pumla Holdings will procure 100% of raw materials (potatoes, sunflower oil, plastics and bags) from local black suppliers. It will create 72 jobs within the Buffalo City Metro over the next two years.
4. 67% of frozen fries are imported from Netherlands, Germany and Belgium Through this project, the company will be replacing 15 000 tonnes of imports from mainly European countries with an estimated value of R351.7 million over the next three years
5. It has a letter of intent to supply one of this product's biggest South African importers. The NEF is co-funding the project for R74.6 million

Located in the East London IDZ

Import replacement

100% of local inputs to be sourced from black suppliers

Industrial production - manufacturer of clothing

Junit Manufacturing

1
- Junit Manufacturing is a clothing manufacturer based in Utrecht that supplies a wide range of men's and ladies' clothing to major retailers in South Africa

2
- Junit **employs 538 employees.** The funding received from the IDC will facilitate the purchase of raw materials to execute on orders that the company has secured and to allow it to execute its growth strategy

3
- This funding contributes towards developing local manufacturing capabilities, job creation, and security of supply and supports localisation in line with the R-CTFL Masterplan objectives

4
- From a localisation perspective, the import replacement of men's chino line from Madagascar to South Africa is valued at ca. R14 million

5
- A prominent South African retailer is expanding its men's chino range and is repatriating the entire range from Madagascar to Junit in South Africa in response to the retailer's commitment to increase localisation in line with the Retail, Clothing, Textile, Footwear and Leather (R-CTFL) Masterplan

Jurie Bester
MD at Junit Manufacturing

Type of Funding	MCEP & IDC working capital loan
Type of Product	Manufacturer of men's and ladies wear
Sector	Textiles and Wood Products
Province	Kwa-Zulu Natal
District Municipality	eMadlangeni District
New Jobs	150
Retained/Existing Jobs	538

Industrial production - Transforming access to amenities through Black-owned agro-processing

Forever Mushrooms

1
- **Forever Mushrooms is 100% owned by Mr Percy Karabelo Raseobi,** a start-up growing mushrooms in a controlled environment.

2
- The company will operate from Botshabelo in the Free State, at the Free State Development Corporation Industrial Park.

3
- The project is a collaboration between the University of the Free State (UFS) and Forever Mushrooms to commercialise an opportunity, which UFS has been exploring on a small scale.

4
- Forever Mushrooms will grow and sell exotic mushrooms used for medicinal and home consumption. UFS will provide the spawns, training and ongoing technical and business support.

5
- The **NEF approved R6,2 million** with shareholders contributing R125 000 and DESTEA providing a grant of R320 000 (which was used to reduce the NEF facility). The funding assisted with employing **12 permanent jobs** and created a further 5.

Transformation: Agro Processing

Township Development

Start-up

07

Energy support

Energy support

Output 18

Output 18
R1.3 Billion in financial support to enterprises including SMMEs to mitigate impact of load shedding through energy resilience fund

Q1 achievement
R 289 million

% of APP target achieved
22%

- **R 289 million** of the Energy Resilience Fund accessed by projects to reduce the impact of load shedding
- **R 31 million** of Energy Resilience Fund disbursed to projects to reduce the impact of load shedding

Energy support

Output 19

Output 19

1400 MegaWatts (MW) of energy from projects facilitated

Q1 achievement

975 MW

% of APP target achieved

70%

Projects Facilitated

Company/ Developer	SIZE (MW)	Grid connection/Construction completed
Mahlako	30	Jul-23
Arcelor Mittal	200	Q1 2025
Seriti Green	155	Q4 2025
Chariot / Total Eren	36	Jul-24
Sola Group	200	Mar-24
Toyota	80	Oct-24
Unigreen	100	Q1 2025
GreenCo	85	Nov-25
Castle Wind	89	Oct-25

Energy support

Output 22

Output 22
Number of expedited compulsory specifications and other regulations published for energy efficiency

Q1 achievement
1 EE Compulsory Specification published 2 block exemptions published
% of target achieved
75%

- The Compulsory Specifications for the Energy Efficiency Performance and Safety of General Service Lamps (GSLs) was Gazetted on 23 May 2023.
- These regulations will promote energy-efficient lighting and reduce the load on the electrical grid, especially during peak demand periods.
- 2 block exemptions from competition legislation issued for energy producers and for energy users

Energy investment announced

In response to the energy crises, the dtic, through its branches and the work of the Industrial Development Corporation is facilitating the connection of renewable energy capacity for private and government offtake.

New generation investment pledges

01

At the 5th SA Investment Conference hosted in April 2023, 7 companies announced 801 MW of new generation capacity as part of the yearly investment pledges by the private sector. This includes:

- Generation capacity for industrial off-takers such as Arcelor Mittal and Toyota and mining companies, Tronox Minerals Sands, Harmony Gold and Seriti Resources.
- In Quarter 1 of the 2023/24 Financial Year, a further 85 MW for a solar PV facility was announced. (GreenCo)

Supporting renewable capacity

02

The Industrial Development Corporation is supporting a pipeline of 600MW of renewable capacity including small-scale rooftop PV installations for commercial and industrial customers, larger-scale rollout for the mining industry and the rollout of capacity through the Government's Renewable Energy IPP programme

unblock regulatory challenges

03

To facilitate these projects, Invest SA has been supporting several companies to unblock regulatory challenges.

Energy One Stop Shop

04

The establishment of the Energy One Stop Shop will contribute significantly to not only the reduction of the number of steps required to connect projects to the grid but also to reduce the time it takes to bring projects to fruition.

Launch of the Energy One Stop Shop and Energy Resilience – 27 July 2023

investSA Energy One Stop Shop

1
- As part of the Energy Mitigation Strategy through the National Energy Crisis Committee, Government tasked Invest South Africa to establish an **Energy One Stop Shop** to deal with and fast-track applications from energy developers

2
- The Energy One Stop Shop is expected to contribute to streamlining regulatory processes required for private investment in electricity generation, facilitate pre-investment screening for all energy projects and thereby fast-tracking the approval of energy applications. This is to be achieved through timely intervention on blockages and red tape, reducing the time and cost of getting energy projects onto the grid.

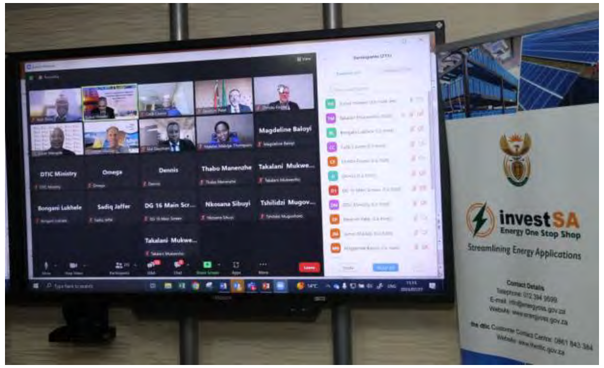
3
- The requirement for predictable energy availability has led the **the dtic** to support alternative energy generation solutions, storage and efficiency measures to support businesses to become energy resilient.

4
- This led to the establishment of an **Energy Resilience Scheme** that will be deployed through **the dtic**, the Industrial Development Corporation (IDC) and the National Empowerment Fund (NEF), comprising of targeted funding solutions for businesses affected by load shedding, including those operating in the townships and rural areas, and to support the localisation of inputs

5
- The IDC administers the Fund under the Manufacturing Competitiveness Enhancement Programme (MCEP) Energy Resilience Fund to support companies through interest-free loans, and be deployed in partnership with the National Empowerment Fund (NEF) to support township businesses.

EOSS Offering
- fast-track and unblock energy project applications
- deliver a streamlined, effective, fast-tracked application process
- Allow new and existing energy developers to register, and track their applications via the EOSS portal.
- Facilitation between energy developers, Government and Industry Associations;
- Provide Technical and Administrative Advisory Services.

Energy Resilience Fund Offering
- a R1.3 billion Energy Resilience Scheme that will be deployed through **the dtic**
- **Fund is administered by the IDC and NEF**
- R140 million managed by the IDC and R100 million by the NEF



Energy support - Scatec Kenhardt and Sustainable Heating 8

Scatec Kenhardt

Location

Kenhardt, Northern Cape

IDC Funding

R1 589m (Senior debt and BEE Mezz loan) utilised to co-fund the implementation of the Project

Project size and description

Combined solar (capacity – 540 MW) and battery storage project (capacity – 225MW/1,140MWh), providing 150 MW of dispatchable power

The Project is part of the Risk Mitigation Independent Power Producers Procurement Programme (RMI4P). Total project cost is R16bn

Notable impact

The local community has a 25% shareholding in the EPC company. The project has created 204 equivalent permanent jobs during construction and 55 direct permanent jobs.

Project status

The Project was approved in FY2022. It is under construction.

Sustainable Heating

Location

Aspen Pharmacare operations, Gqeberha, Eastern Cape

IDC Funding

R116m (Senior debt and BEE Mezz loan) utilised to co-fund the establishment of the biomass boiler at Aspen's operations, plus the supporting infrastructure for the supply of reliable biomass

Notable impact

Aspen's state-of-the-art facility is one of only seven plants worldwide licensed to produce J&J COVID-19 vaccines, and the only one in Africa. The Project is critical in ensuring the plant's continuing capacity to manufacture these and other critical medicines.

The biomass boiler plant replaces the (HFO) Heavy Furnace Oil fuelled boiler plant, which will significantly reduce the carbon footprint of Aspen operations, a key factor in retaining and growing access to international markets.

Project size and description

20-ton-per-hour Low-Pressure Biomass Boiler Total project cost – R149m

Project status

The Project was approved in FY2022. Construction has been completed and the Project is undergoing cold commissioning.

Green economy support

Green economy support

A solid historical base supports accelerated commercialisation

The Green Hydrogen Commercialization Strategy (GHCS)

- Approved by Cabinet in November 2022 for release to the public for comments
- Updated GHCS presented to the DG cluster on 15 June 2023
- Presented to Minister DTIC on 28 July 2023
- Updated GHCS will be submitted to Cabinet in October 2023

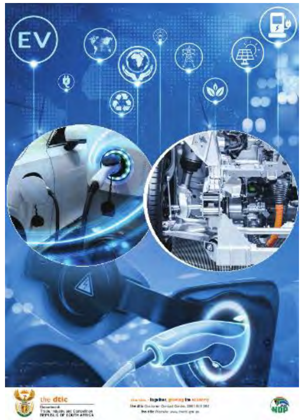
2007 to2018
Initial Strategy and demonstration phase Fuel cells, mining, storage, transport and PGM

2020 to 2021
DSI, HySA, North West University develop Hydrogen Society Road Map

2021 to 2023
The DTIC and IDC coordinate a joint approach to sector planning and establishing the Green Hydrogen Panel

Green economy support

Work to develop support for a transition from ICE vehicles towards e-mobility gains momentum



Completion target date

Target to complete and publish an EV Strategy / Road Map before the end of the 2023/24 financial year

EV Strategy

Draft White Paper due to Cabinet by Quarter 3 of this financial year (2023/24). A DTIC team with support from the IDC and ITAC is leading this work.

Support framework design

During the Quarter, a number of engagements within the government (NT & DTIC) to design a support framework for the local production of Electric Vehicles and their Components such as EV Batteries took place.

This support aimed at catalysing the transition from ICE production to EV production so as to contribute to climate change mitigation and sustaining local automotive production.

New Energy Vehicles

Work Evolution

Green Paper published in May 2021.
Comments from interested parties received.

Four studies between 2021 and March 2022 were undertaken to advise DTIC on Global Trends, Support provided in Comparator Economies, Options for support provision and Cost analysis of support.

Consultations

Consultations with Key Industry Stakeholders continue.

Final Framework

Framework on Support for NEV transition targeted for finalisation in Q3 of 2023/24 FY.

Master Plans

09

Master Plans – jobs impact of work: coverage of master plans

693 026 workers inclusive of women and youth across the country covered by the six masterplans coordinated by **the dtic**

126 000	116 288	230 410	220 328
Workers Covered by Poultry and Sugar Master Plans	**Workers Covered by Automotive Master Plan**	**Workers Covered by CTFL and Furniture Master Plan**	**Workers Covered by Steel Master Plan**

*** Based on data from industry associations and official data.**

Master Plans – 1: clothing textile footwear and leather

Clothing, Textiles, Footwear, Leather masterplan objective: the combatting of illegal imports, localisation of production and the creation of dedicated incentive support resulted in the following impacts:

JOBS

R2,4bn supported 233 projects
- 16 016 Jobs sustained
- 1 599 jobs created

INVESTMENT

R6.6 million invested by two companies:
- Senza Clothing (Pty) Ltd
- Amanda Laird

ILLEGAL TRADE

646 stops carried out.
- 39 cases brought forward, 80% success rate in cases brought forward.
- R18m in audit assessments raised, R6,2m revenue collected.

TRADE MEASURES

34 permits issued for the woven fabric rebate:
- 7.4 meters of finished garments under rebated fabric valued at R967.5 million.
- 2.7 kgs of fabric imported duty free valued at R419.6 million.

TRANSFORMATION

R24.37 million in support of 7 black industrialists:
- Argento Trading 117 CC
- Diphala Development Services (Pty) Ltd
- Isiyalu Business Enterprise (Pty) Ltd
- Ndulita Investments (Pty) Ltd
- Numoode Manufacturing and Trading Enterprise
- Sertx Collective (Pty) Ltd
- Shali Safety Production Hub and Projects

Master Plans – 1: clothing textile footwear and leather

Opening of Lighthouse Footwear and Leather Factory in KwaDukuza, Stanger, KwaZulu Natal

Opening of a revamped Lighthouse Footwear and Leather Factory in KwaDukuza, Stanger, KwaZulu Natal on 5 April 2023 which will be creating 30 new jobs.

Mr Gugulethu Xaba and Mr Reggie Xaba own Lighthouse Footwear

Opening attended by Deputy Minister of Trade, Industry and Competition, Ms Nomalungelo Gina

This factory has been revamped, through the assistance of the Department of Trade Industry and Competition (the dtic's) Clothing, Textiles Footwear and Leather Growth Programme (CTFLGP) concessional funding of R 5 million approved in 2022.

The incentive is one of the pillars of the Retail-Clothing, Textile, Footwear, and Leather (R-CTFL) Master Plan signed between the dtic and key stakeholders in the sector in November 2019.

Amandla Omnotho has helped to establish this factory, i.e. Lighthouse Footwear and Leather

Ii plans to open three new factories, according to Mr Gugulethu G. Xaba the President Amandla Omnotho / MD Lighthouse Footwear & Leather (Pty) Limited.

Master Plans – 2 and 3 : sugar and poultry industries

Sugar industry is winning back market share in regional and international markets, transformation and value-chain diversification resulted in the following impact:

EMPLOYMENT	EXPORTS	TRANSFORMATION
79 000 jobs supported in the sugar industry	Exports estimated at **R6,1bn**	**R1bn** Transformation Fund **R800 million** has been disbursed

A meeting was held with the Sugar Industry in Cape Town to discuss pricing on the 10 May 2023

After identifying a number of possible sugar downstream diversification projects, the following are being considered:

- **Polylactic Acid**
- **Sustainable Aviation Fuels**
- **Polyethylene**
- **Bioethanol**

Poultry industry objective: The main objective of the plan is to drive local demand and protecting the local industry, feed costs (primarily maize and soya), meeting safety and veterinary requirements, as well as compliance to boost exports and transformation of the South African sector as a whole

47 000 jobs supported

Rainbow Chicken pronounced a new investment of **R220m** on a second processing shift, creating around 750 new jobs with a further 100+ jobs expected

Master Plans – 2 and 3 : sugar and poultry industries

Sugar

Rejoice Makhosazana Ncwane a small-scale grower, the current representative of SSGs in several grower structures, and a vice-chairman of the Sezela Cane Growers Association on the south coast of Kwa-Zulu Natal. Rejoice was born into the sugar cane growing industry and has been involved in the industry for over 30 years.

Velile Phakathi is a small-scale grower of sugar cane from Jozini under the Pongola mill area and has been producing sugar cane for a number of years. In partnership with her husband, they use the sugar cane business as a source of income to provide a living for their family, and sugar cane farming has become their lifestyle.

Rejoice Makhosazana Ncwane

Velile Phakathi

Poultry

Phetogo Farming Enterprise CC is a 100% black-owned new poultry contract grower, based in Grootspruit, City of Tshwane. Their new facility was funded with an R65m investment estimated to create 25 new jobs as part of the industry's Master Plan commitment to grow poultry production. To date, R63.4m has been disbursed

Master Plans – 4: automotive industry

Automotive Industry masterplan objective:
The objective of the Automotive Masterplan is to:

- Grow domestic car production to 1% of global output
- Increase local content in South African assembled vehicles to 60% (from 39% in 2015)
- Achieve industry transformation across the value chain by ensuring that 25% Black Owned involved in Tier 2 & Tier 3 component manufacturer levels, dealership networks and authorised repair facilities
- Deepen value addition across selected commodities/technologies

116 218 Jobs Supported under the Master Plan

141 770 units of vehicles produced in the quarter

30 charging stations with two plugs each along the N1, N2, and N3 highways will be set up by VWSA as the elected lead OEM to facilitate the rollout of Phase 1 of the charging infrastructure project with the Automotive Industry Transformation Fund (AITF). providers

20 companies from lower-tier component manufacturers have been selected for training under the KAIZEN training programme which commenced on the 31st of July 2023. This is in line with skills development and industry competitiveness.

- To assist the industry with transitioning to local EV production a Road Map working document for EVs has been developed and the initial Net Benefit Analysis report of the new electric vehicle incentive package has been completed
- A joint Framework to deal with illegal imports of second-hand cars was developed by stakeholders from the government, industry, and labour

Master Plans – 4: automotive industry

SENIOR FLEXONICS - Western Cape

- Senior Flexonics is a tier 1 and 2 company in Cape Town.
- The company provides precision automotive vehicle and engine technology components to local and international customers and specialises in thin-gauge flexible stainless-steel components and assemblies. It employs 202 people.

- Automotive Supply Chain Competitiveness Initiative (ASCCI) funded R250 000 to deliver a World Class Manufacturing project, under the Supplier Capability programme, to support Senior Flexonics to improve production line efficiencies and support the training of shopfloor staff to embed LEAN fundamentals, due to new work being secured over the last year. A total of 25 people received training.
- Senior Flexonics needed to optimise their production lines to handle the increased volume they were expected to deliver.
- The ASCCI project started in September 2022 and concluded in March 2023.
- During the course of the ASCCI project, Senior Flexonics secured a significant export order to supply Marelli (global Tier 1 in multiple locations) with exhaust flex connectors for Nissan’s global contract (Nissan L42P, Nissan P33A, and Nissan P33B) vehicles.

The economic impact of the training intervention:

- Utilization of production capacity improved from 75% to 71%,
- Production line efficiency improved from 63% to 75%
- Overall Employee Efficiency improved from 47% to 53%
- Labour cost saving for Senior Flexonics of R 562 686,19 per annum**.**

Master Plans – 4: automotive industry

Jamsco Automotive Assemblies

JAMSCO
Stampings and Automotive Assembled Parts

- Jamsco Automotive Assemblies is a 100% Black woman owned business established in 2012 and began operating in the automotive sector under the support of the Automotive Industry Development Centre's (AIDC) Incubation Programme.

- The company emerged as a Tier 2 automotive supplier in 2021, supplying 21 welding assemblies to Ford.

- Jamsco was not exporting before receiving support from the dtic, but started exporting in 2015. The assistance received from the EMIA Individual Scheme, from 2015 to 2021 enabled Jamsco Automotive Assemblies to gain access into international markets such as China, Germany, France and Dubai.

- The organisation yielded both financial and non-financial benefits from its participation in the EMIA Scheme.

- Jamsco Automotive Assemblies has supplied products to countries such as Argentina, and credits the dtic's support for having a positive contribution to the company's credibility, as a Black- and women-owned business in the automotive industry. With the assistance provided by the EMIA Scheme, Jamsco's leadership are indeed leading by example in a historically male dominated sector and serve as examples to all future leaders

- As a result of the support, the organisation was able to create approximately 15 jobs.

- Joy Tloubatla, joined the organisation in February of 2017 and is currently a production supervisor. Joy's journey with the Jamesco Automotive is one that has positively impacted her life both in the workplace and in her personal life. "I have seen some positive changes because I have grown so much in terms of overseeing and managing projects.

- For instance, in the project we got from Ford, as I manage it I learn the responsibility of overseeing and managing things so that in future if I were to be provided with an opportunity like this one then I would just execute it because I know the ins and outs of the business," said Joy

- This particularly highlights the important role that the jobs created by Jamsco through the dtic's assistance have played in developing skills among women in the automotive industry.

- Joy added that the leadership skills she has gained in her job are applicable in her personal life as well, "outside of my work I would say I am a more responsible person now. Everything that I learn in the workplace I get to apply outside of work; it's like values that you carry with you… So everywhere I go, I am leader."

Master Plans – 5: steel and metals fabrication industry

Steel & Metal Fabrication masterplan objective: Export measures - tax on scrap metal; support measures for ferro-chrome industry; supply side support through tariffs and trade remedies; addressing illegal imports, and localisation; Demand side interventions focusing on rail, energy, mining, Automotives, yellow metals and gas.

JOBS

220 328 supported by the Master Plan

INVESTMENT

R710 million invested by two companies:

- Veer Aluminium
- Velocity Ventures

PRODUCTION

452.5 thousand tons crude steel was produced in SA in April 2023, which increased by **5.3%** from March 2023. This is the highest output produced since September 2021

LOCALISATION

- **R200 million** contract awarded to Pandrol SA for local manufacture of railway fastening system for a two year contract to supply to Transnet Freight Rail
- **R8.2** million project development funding approved by IDC for development of advanced steel for higher strength, longer wear applications for renewables, Automotives & roofing applications

TRADE MEASURES

- On the 19th of April 2023. anti-dumping duties were implemented on spades and shovels certain widths imported from China & India
- June 15 2023 a notice was published in the government gazette, prohibiting the export of waste and scrap metal for ferrous and copper

Master Plans – 5: steel and metals fabrication

Veer Aluminium Plant

- The Veer Aluminium plant is located in Clayville, Olifanstontein
- A total of 800 full time new jobs to be created
- The Aluminium plant's total capacity is to produce is 60 000 tons per annum.
- The plant is producing a range of extrusion products used mainly in the following in sectors: construction; electrical and renewable energy; automotive; industrial; consumer products; and packaging

R400 million investment achieved, with further R200m planned in two years

800 new jobs to be created

Combating Illicit Trade Interventions

- In April 2023, the first customs officials training was conducted through the Dedicated Metals Training Project. The Project is a joint initiative, coordinated by ISTraining. It forms part of collaborative steps taken by both industry and government to address illicit trade
- This is a forum where the customs officials (mainly responsible for post clearance audit; physical inspections, and document inspections) are offered a "first-hand" experience of the various products, the size of the plants and operations, as well as the opportunity to meet and interact with the industry experts
- Experienced industry experts provide training on aspects as such metallurgy; production processes; understanding costs and statistics; product range and identification; understanding and reading of labels on the product range; price guidelines and understanding how prices are determined
- The initiative is supported by South African Fasteners Manufacturers, South African Iron and Steel Institute, and Southern African Metal Cladding and Roofing Association

Steel Products (Long and flat)
on 25 April, 28 nominated SARS officials attended the "workshop/factory visit" held at ArcelorMittal in Vanderbijlpark

Fasteners (Bolts and nuts)
On 24 April, 26 nominated SARS officials attended the "workshop/factory visit" on Monday held at CBC Fasteners in Factoria, Krugersdorp.

Master Plans – 5: steel and metals fabrication

The President's Meeting with Industry Captains

On 18 April 2023, President Ramaphosa and several key Cabinet Ministers engaged with stakeholders in the steel and engineering industry, led by the President of the Steel and Engineering Industries Federation of Southern Africa (SEIFSA), Elias Monage

The meeting follows a request by the industry for an urgent engagement to discuss a close working together by the captains of industry and government, to protect and grow the sector and ensure its future sustainability

The agreed way forward was to partner on:

- **Creation of Demand:** through leveraging government infrastructure spending. Focus areas: transmission network development, rolling stock maintenance, rails localisation and water infrastructure

- **Increasing exports onto the African continent:** to take advantage of opportunities presented by the AfCFTA

- **Skills Development and Reskilling:** with a key focus on developing programmes and skills required for the future

Master Plans – 5: steel and metals fabrication

Velocity Ventures - investments in aluminum scrap beneficiation plant

1
- At the current facility, Velocity Ventures produces about 1100 tons per month of aluminium ingots which is 100% exported to Asia.

2
- This new facility will produce an additional 1500 tons of aluminium ingots from UBC (Used Beverage Cans) in Phase 1 and 2000 tons per month of aluminium rods in Phase 2. Production for phase 1 is planned to commence in January 2024

3
- The expansion will create 250 new jobs at full production

4
- The scrap metal interventions enable the expansion, the Price Preference System in particular, which has ensured scrap is made available at competitive prices to support industry growth and value-addition

5
- The plant will be the first to integrate energy-efficient production from natural gas, producing green aluminium products thereby contributing positively to the SA decarbonisation roadmap

250 new jobs to be created at full production

R160 million investment commitment, of which R45 million has already been spent

The plant will be energy self-sufficient, contributing positively to the greening agenda.

Master Plans – 5: steel and metals fabrication

Product Development and Introduction of New Valves for Use in Water Infrastructure Programmes

1
- In the first quarter of 2023, RGR Technologies (Pty) Ltd developed two new products: RGR Reliable Ball Valve and RGR Concentric Check Flanged Water Valve. These will be added to their product offering of the water valves

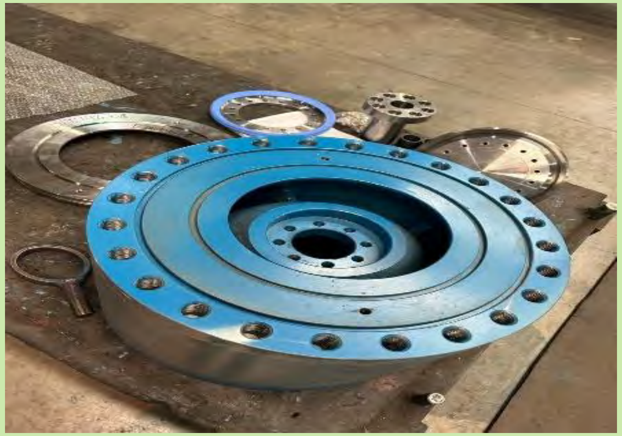
2
- The mining sector uses the high-pressure version of these valves. RGR has identified a gap in the water market for low-pressure versions (mainly in the following ranges: PN10, PN16 and PN25)

3
- The prototypes were manufactured according to American Petroleum Institute (API) requirements, and tested to API and ISO 5208 standards. The products have export potential to Africa, to water utilities that are building and/or maintaining dams, water treatment plants, and water pipelines

4
- Support is currently being solicited from water boards and municipalities to test the products in their treatment plants and for import replacement

5
- RGR Technologies (Pty) Ltd is based in Ekurhuleni, Kempton Park district. It is the leading local manufacturer of metal and soft seated, high-pressure Ball and Check valves used in the oil & gas; mining; water utilities, petrochemical; and paper & pulp industries

6
- The company has benefitted from the localisation policy as valves were designated under PPPFA regulations. The company supplied Ball and Swing Check valves in the previous Transnet's New-Multi-Product Pipeline project



New valves developed for use in water infrastructure programmes, API and ISO 5208 test

Master Plans – 6: furniture

Furniture

22 000 jobs supported in the furniture sector

An investment of **R75million** has been commissioned and an additional **230** jobs will be created

Furniture Fund: R40m approved by end of June 2023

Bravo Brands – a case study

Company and Sector

Bravo Group involved in the manufacturing of furniture

Current Province and district - Western Cape & Gauteng

Export Markets

Bravo Brands have about 50 years of experience in export and have a footprint in the Rest of Africa[1].

Export revenue accounts for a 7%-9% share of total sales

Masterplan Commitments

Bravo Brands committed to commissioning a new factory in Cape Town with total spend of R75m and an additional 230 jobs were created

Bravo Brands completed the relocation and expansion of its lounge factory in Cape Town

The site is now operating with 495 employees, 160 of whom are female

Company Background

Bravo Group consists of the following business divisions:

- Bravo Group Lounge
- Bravo Group Sleep Products

Bravo Group Lounge consists of the following brand divisions:

- Alpine Lounge La-Z-Boy, Grafton, Everest, Destiny Seating and Gommagomma

Bravo Group Sleep Products consists of the following brand divisions:

- Sealy, Slumberland, Edblo & King Koil

[1]Botswana, Italy, Madagascar, Mauritius, Mozambique, Nambia, Swazi, UK, USA, Zambia, Zimbabwe. Bravo Brand is currently working on a project with UK Lazyboy (motion chairs – lounge)

Business forums

Business Forums hosted

Output 25

Output 25
10 Business forums hosted aimed at supporting increased FDI, exports and outward investment hosted

Q1 achievement
4

% of app target achieved
40%

4 Business forums hosted in Q1

During quarter 1 of the 2023 financial year (1 April 2023 to 30 June 2023), the department hosted 4 business forums in support of State visit programmes aimed at supporting increased Foreign Direct Investment, Exports and Outward Investments

The business forums that took place are:

- South Africa – Finland (25 April 2023)
- South Africa – Bulgaria (12 – 13 May 2023)
- South Africa – Singapore (16 May 2023)
- South Africa – Denmark – Netherlands (20 June 2023)

Business Forums

South Africa – Finland (25 April 2023)

- South Africa - Finland Business Roundtable took place as part of the incoming State Visit by Finnish President Sauli Niinistö, accompanied by Mr Mika Lintila, Minister of Economic Affairs and Employment of Finland

- The Business Roundtable discussed opportunities under the theme of “Building Smart, Secure, Sustainable Society Together”; and was attended by 7 Finnish and 14 South African companies

- Sectors of focus were Energy; Forestry; Digitalization and Technology; Mining Tech; Packaging and Food Hygiene; Sustainable Construction; and Finance. Discussions centred on the different services and products offered by business delegates from both countries to identify possible areas of cooperation

- Emanating from the discussions, a capability in the Technology space, particularly in Artificial Intelligence came out strongly and both Presidents expressed their desire to deepen Bilateral Trade between the two countries, particularly considering developments in the digital era

- **Key outcomes**
  - Follow up on possible low-cost housing technology transfer.
  - Expansion of Trade by 2030 focused on manufacturing and high tech.
  - Facilitation by One Stop Shop of investments by local Finnish companies




Business Forums

SOUTH AFRICA – BULGARIA (12 – 13 MAY 2023)

- South Africa - Bulgaria Business Forum took place as part of the Visit by the President of the Republic of Bulgaria Rumen Radev

- The business forum aimed to increase the export of value-added products from South Africa to Bulgaria; attract inward investment from Bulgaria into strategic sectors prioritised by the dtic for investment; as well as address non-tariff barriers that South Africa`s exporters of citrus fruits to the European Union are contending with

- The Business seminar incorporated a Business Matchmaking session with approximately 100 invited South African companies matched with the approximately 50 Bulgarian counterparts, to explore investment opportunities, export opportunities and joint venture opportunities

- **Key Outcomes:**
  - o Signing of the Memorandum of Understanding (MOU) between the Bulgaria Chamber of Commerce and Industry and the South African Chamber of Commerce and Industry
  - o Opportunity for NAAMSA to have B2B engagements with its counterparts from Bulgaria.
  - o Potential to export citrus to Bulgaria and Balkan States.

Business Forums

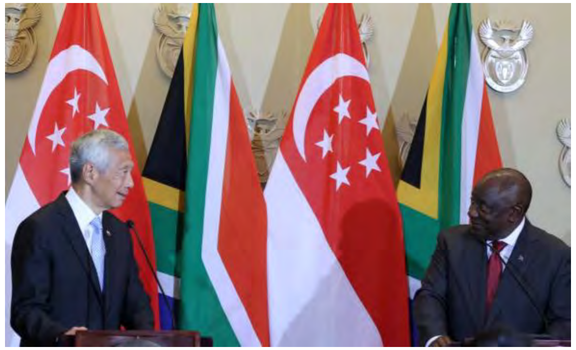
SOUTH AFRICA – SINGAPORE (16 MAY 2023)

- The South Africa-Singapore Business Round Table was held in Cape Town as part of Prime Minister Lee Hsien Long's official visit to South Africa, celebrating 30 years of diplomatic relations between the two countries.

- The Business Round Table, facilitated by Minister Patel, was attended by 17 Singaporean and 12 South African business delegates.

- **Key Discussions:**
  Singapore and SA engaged on lessons of industrial development and economic growth and shared experiences. Some additional matters that came up included:
  - Role of Special Economic Zones and a possible agro-processing zone
  - Collaboration on medical and bio-medical research
  - Infrastructure: transport and energy
  - skills development

- **Key Outcomes**
  - A Singaporean company will be investing R1 Billion in a grain-crushing Plant
  - Wilmar will complete its edible oil refinery in Q4 in Richards Bay
  - Market Access protocols for meat to be finalised by Singapore. (Q2-Q3)



Business Forums

SOUTH AFRICA - NETHERLAND AND DENMARK BUSINESS FORUM 20 JUNE 2023

- President Ramaphosa hosted a Business Forum during the visit of Prime Minister Mette Frederiksen of Denmark and Prime Minister Mark Rutte of the Netherlands on 20 June 2023, to promote investment and collaboration in the Energy and Hydrogen sectors. The theme for the business forum was **Partnering up for green energy: South Africa – Netherlands - Denmark**.

- The Business Forum comprised of :
  - o Plenary on Financing
  - o Plenary on Skills Development
  - o Round Tables on the Establishment of a Green Hydrogen office, Greening the Industry- Port Development and Industrial Development, Green Mobility, Fuel Cells and Electrolysers and Green Energy Generation

- 42 companies from Denmark, 67 South African companies and 31 Netherlands companies totalling 140 companies represented at the Business Forum

- 6 Announcements made at the Business Forum

Netherlands Outcomes

3 Announcements / Partnerships announced

- Establishment of an SA-H2 fund of $1 billion for mobilising green hydrogen Investments by CFM, Invest International, IDC, DBSA and Sanlam
- A concessional financial package worth 300 million euros signed in working towards a water and Infrastructure framework agreement
- Climate –Smart Horticulture Demo Facility between Netherlands and Eskom

Denmark Outcomes

3 Announcements / Partnerships announced by Danish

- Expansion of the South African Energy Partnership
- This partnership is between the Danish Energy Agency and the Department of Minerals and Energy
- Investment by Copenhagen Infrastructure Partners into Mulilo. This investment is $200 million
- Labour Market consortium on social dialogue and skills development between the Danish Confederation of Industries, 3F workers, NUM, NUMSA, BUSA, SEIFSA and NBI

Community outreach

12

Community outreach - case studies telling the South African story

Output 32

205 Cases Studies profiled in Q1

- This output focuses on delivering 1000 Case Studies of firms, workers, entrepreneurs, professionals or communities impacted by the dtic measures including 12 local films/ documentaries telling the SA story

Output 33

28 Community outreach programmes undertaken in Q1 across districts

- This output focusses on delivering 52 Community outreach programmes by the dtic-Group
- Various outreach programmes were held in the quarter to include amongst others, Jozini Sizakhele, Northern Cape, Kuruman, Presidential Imbizo in he Western Cape, Paarl

6 Ministry-level outreach programmes and 22 at level of officials, undertaken in Q1 across districts

Cape Winelands Presidential Imbizo Highlights

Output 33

Minister Ebrahim Patel visited Ashton, Paarl and Stellenbosch to engage with workers and managers on the dtic-group interventions to support jobs and growth.

- **Mellowcabs (Pty) Ltd**
- Designs and manufactures three-wheeled, 100% battery-powered electric vehicles and supported by the dtic-group
- Mellowcabs vehicles provide “last mile” cargo delivery services in the retail, logistics, and e-commerce markets.
- The “last mile” delivery services market has seen rapid growth both locally and globally and Mellowcabs is positioned to capture opportunities presented by this rapid growth.
- Mellowcabs has completed pilot programmes with DHL and Takealot and is now ready to transition to commercial production and sales.

- **Tiger Brands and Langeberg and Ashton Foods**
- In June 2022, Tiger Brands announced it had embarked on a consultation process with permanent and seasonal employees, on the future of its deciduous fruit business based in Ashton.
- **The dtic** set up a high-level team of officials to consider alternatives to the closure of the factory given the number of jobs at stake, the potential loss of export market share, and the associated industrial capacity.
- Following meetings between the government and the CEO of Tiger Brands, the company announced its decision to suspend the closure.
- This followed the agreement on a ‘social compact’ between the company, its workers and farmers in the area that would assist in containing cost increases during the coming season.

Visits also to Genuine Connection, a clothing factory in Paarl producing rugby, netball and soccer jerseys, supported by the dtic-group


Thousands of jobs threatened by Ashton canning factory closure

By Glenneis Kriel | 23 June 2022 | 3:38 pm

Suppliers of canning fruit to Langeberg and Ashton Foods have been placed in an impossible position after Tiger Brands gave them less than 60 days to come up with more than R200 million to prevent the closure of the factory.

Workers at fruit business Langeberg and Ashton Foods (LAF), a division of Tiger Consumer Brands Ltd. Picture:

Transformation

Industrial production - black industrialist* output

Output 11

Output 11
R40 billion in black industrialist output achieved

Q1 achievement
R9.1 billion in black industrialist output achieved

% of APP quarterly target achieved
108%

Based on aggregated data from 494 active projects supported by the dtic-group in past 2 years:

- **R 9.1 billion** **black industrialist output (quarterly) achieved in Q1.**
- **R 43.2 billion** **black industrialist output (annual) achieved from the *portfolio* of projects supported by the dtic-Group in past 2 years.**

* The bulk of output falls within the manufacturing, agriculture and mining sectors. A much smaller value is accounted for by projects in transport, logistics, property and retail services.

Jobs – Black Industrialist* Firms

Output 14

Output 14
23,000 jobs supported in black industrialist firms

Q1 achievement
63,547 jobs supported in black industrialist firms

% of APP quarterly target achieved
276%

Based on aggregated data from 642 active projects supported by the dtic-group in past 2 years:

- **63,547 jobs supported in black industrialist firms assisted by the dtic-Group in past 2 years.**
- **6,618 jobs *to be* supported in black industrialist firms resulting from new project approvals in Q1.**

* The bulk of jobs supported fall within the manufacturing, agriculture and mining sectors. A much smaller value is accounted for by projects in transport, logistics, property and retail services.

Employee Share Ownership Plan (ESOP)

Output 15

Output 15
20 000 Additional workers with shares in their companies

Q1 achievement
6048 workers benefitted

% of target achieved in Q1
30%

Sector	Number
Logistics	5 349
Steel	570
Investment	73
Insurance	56
TOTAL	6048

Transformation - equity equivalent investment programme agreements

Output 10

Output 10
R800 million in Equity Equivalent Investment Programme agreements

Q1 achievement
R 1,375 billion

% of app target achieved
172%

- **R1,38** billion Equity Equivalent Investment Programme Agreement with Citibank in Q1.
- **R1,6** billion pipeline – EEIP equivalent programme worked on in Q1 – that was finalized in Q2 and will be reported on in Q2

Transformation - equity equivalent investment programme agreements

1

- Citibank applied to participate in the Equity Equivalent Investment Programme (EEIP) which was approved in June 2023 for an 8 year period

2

- The B-BBEE Codes of Good Practice provides for an EEIP for multinationals that cannot accommodate a direct equity interest by black South Africans

3

- Citibank committed to an investment of R1,375bn which shall be utilized as follows:
  - The development of Vaal River City and Vaal Aerotropolis, Vaal Special Economic Zone, as catalyst for the economic development of Vaal area
  - R200 million will be managed by the IDC to support black industrialists within the Vaal SEZ
  - An amount of R544 million will be spent on bulk infrastructure, 50% of which (R272 million) will be allocated to Black Owned service providers. The selected infrastructure will serve as a development catalyst for the area

4

- 6 496 jobs are projected to be created during construction.

Citibank CEO Peter Taylor (left) and Acting Director – General of the dtic Malebo Mabitje-Thompson singing a memorandum of understanding on Citibank's EEIP. Minister Ebrahim Patel (back left) and Deputy Minister Fikile Majola witnessing the signing.

Transformation - high-impact outcomes on addressing market concentration

Output 16

Output 10
10 High-impact outcomes on addressing market concentration at sector or firm level

Q1 achievement
1

% of app target achieved
10%

One Impact Report

- Of the implementation of Grocery Retail Market Inquiry (GRMI) recommendation to address concentration and dominance of national supermarkets in the grocery retail sector
- Impact of the Competition Tribunal Consent Order on the abolishment of the Exclusive Lease Agreements between the Competition Commission and Shoprite. Highlighted Impact:
  - 183 lease agreements amended in shopping Malls amended by Shoprite, allowing small speciality grocers and shops owned by HDIs to access to retail spaces in Malls.
  - The report shows how small speciality groceries have gained market access in malls previously prohibited to trade as a result of exclusivity lease agreement by big national supermarkets
  - The report profile the case study of OBC Butchery. OBC was able to have access to retail space in mall
  - The report profiles 2 black owned OBC franchised success story who benefited from the consent agreement

Progress on the online market enquiry

On the 19 June 2023, the dtic submitted comments to the draft recommendations of the Online Platform Intermediation Inquiry relating to the mandate of the department. The report is due to be published on June 30 2023

Addressing crime

Addressing crime - greylisting: publication of ‘know your shareholder’ regulations

As at end of June filings for Phase 1 of the Beneficial Register System, 868 applications were received. Of these, 347 completed, 165 pending and 356 are drafts

Regulations published on 24 May 2023 by the Minister. The CIPC will be engaged on the expectations on the output

In addition, the CIPC has been conducting education and awareness sessions and developed user guidelines, FAQs, Guidance Note which were published internally and externally, and through social media

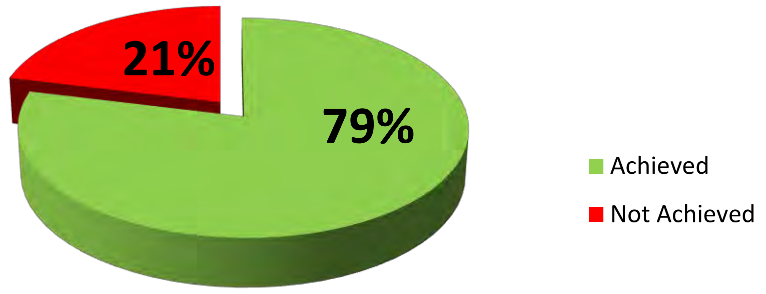
Also conducted webinars with the Prudential Authority (Banks on 06 May and Insurance Sector on 09 May). On 13 June with the General Public, 21 June with BASA Sub-committees: Anti-Money Laundering; Companies Act; CIPC; Direct Tax Subcommittees and on 23 June with CIBA – SAIBA

Q1 performance and financial summary

Q1 performance and financial summary - overview of departmental performance

Programme	Q1 Output Indicators	Q1 Target	Achieved
Programme 1: Administration	3	3	1
Programme 2: Trade Policy	4	4	4
Programme 3: Spatial Industrial Development	10	10	10
Programme 4: Industrial Policy	14	14	11
Programme 5: Consumer and Corporate Regulation	4	4	3
Programme 6: Incentives	1	1	1
Programme 7: Exports	7	7	5
Programme 8: Transformation and Competition	17	17	15
Programme 9: Research	6	6	2
Total	66	66	52

First Quarter Departmental Performance



45 outputs

66 Output Indicators

66 Planned Targets

52 Quarterly Targets Achieved

14 Quarterly Targets work-in-progress

Progress has been good across the 45 outputs and the relevant targets. As this covers Q1, the groundwork was laid for the next three quarters. In some cases, the annual targets have been met.

Q1 performance and financial summary - overview of departmental performance

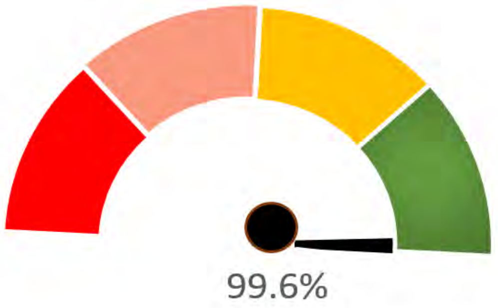
Overview of the financial performance – 30 june 2023

1 April 2023 → **30 June 2023**

R 10.92 billion	Original Budget
R 4.06 billion	Spent as at 30 June 2023

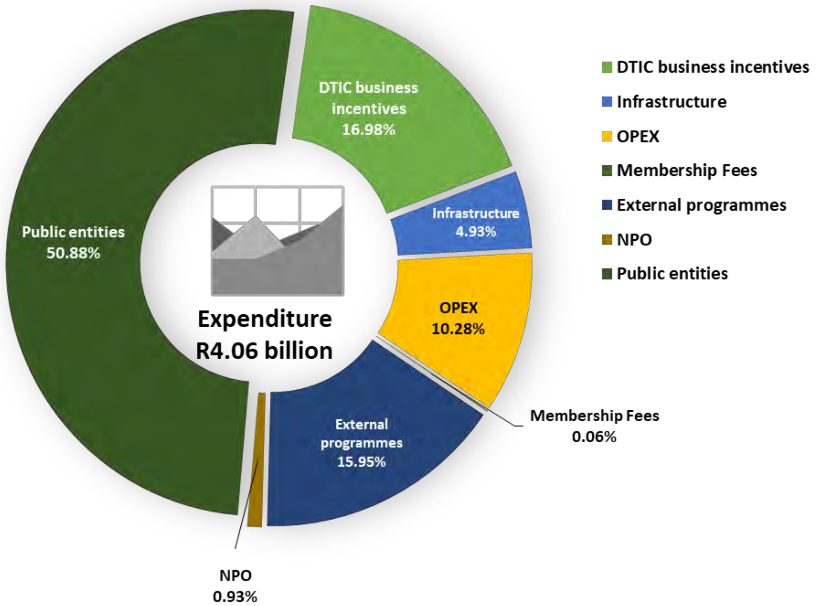
Spent as % of budget = **37.2%**

YTD expenditure as % of YTD projections



Compared to the YTD projections of R4.07 billion, spending is R4.06 billion or 99.6%. Compared

Spending categories as % of total expenditure



As of the 30th June 2023, the department has spent R4.06 billion – which comprised R2 billion or 50.88% transferred to the public entities, followed by R889.99 million or 21.91% (i.e. business incentives and infrastructure) was disbursed to the beneficiaries across the various incentive programmes.

Disbursements to the various external programmes at the IDC and CSIR were R647.88 million or 15.95%; non-profit organisations and international organisations, of which South Africa is a member accounted for R39.95 million or 0.98%. Spending on operational costs was R417.63 million or 10.28%.

Q1 performance and financial summary - overview of departmental performance

Financial performance per programme and economic classification

Description	Budget 2023/24 R'000	Expenditure as % of budget	Available Budget R'000	% Budget Available	Year-to-date (YTD) 1 April to 30 June 2023: Projected expenditure R'000	Actual expenditure R'000	Variance from projected expenditure R'000	% variance from projected expenditure
Programme 1: Administration	840 332	24,1%	637 821	75,90%	174 840	202 511	(27 671)	-15,8%
Programme 2: Trade	244 170	59,1%	99 974	40,94%	144 941	144 196	745	0,5%
Programme 3:Investment and Spatial Industrial Development	168 622	30,7%	116 818	69,28%	48 713	51 804	(3 091)	-6,3%
Programme 4: Sectors	1 722 408	99.9%	725 218	42,10%	1 028 030	997 190	30 840	3,0%
Programme 5: Regulation	359 604	81,7%	65 796	18,30%	291 703	293 808	(2 105)	-0,7%
Programme 6: Incentives	5 391 367	17,2%	4 462 204	82,77%	940 255	929 163	11 092	1,2%
Programme 7: Export	407 562	57,5%	173 111	42,47%	235 227	234 451	776	0,3%
Programme 8: Transformation and Competition	1 728 120	69,4%	529 471	30,64%	1 201 778	1 198 649	3 129	0,3%
Programme 9: Research	60 362	17,1%	50 064	82,94%	14 039	10 298	3 741	26,6%
Total	**10 922 547**	**37,2%**	**6 860 478**	**62,81%**	**4 079 526**	**4 062 069**	**17 457**	**0,4%**
Economic classification								
Current payments	**1 723 241**	**22,5%**	**1 335 360**	**77,49%**	**389 935**	**387 881**	**2 054**	**0,5%**
Compensation of employees	1 066 140	24,5%	804 685	75,48%	261 776	261 455	321	0,1%
Goods and services	657 101	19,2%	530 675	80,76%	128 159	126 426	1 733	1,4%
Transfers and subsidies	**9 161 851**	**39,8%**	**5 516 067**	**60,21%**	**3 688 069**	**3 645 784**	**42 285**	**1,1%**
Incentive payments	5 233 256	17,0%	4 343 261	82,99%	899 935	889 995	9 940	1,1%
Department entities	2 066 598	100,0%	0	0,00%	2 066 598	2 066 598	0	0,0%
External Programmes	1 651 078	39,2%	1 003 196	60,76%	645 972	647 882	(1 910)	-0,3%
Non profit organisations (Partnerships with business associations, NEDLAC)	165 117	22,8%	127 400	77,16%	73 143	37 717	35 426	48,4%
Membership fees (International organisations)	44 459	5,0%	42 218	94,96%	2 241	2 241	-	0,0%
Households	1 343	100,5%	-7	-0,54%	180	1 350	(1 170)	-650,2%
Payments for capital assets	**37 234**	**75,7%**	**9 051**	**24,31%**	**1 522**	**28 183**	**(26 661)**	**-1751,7%**
Payments for financial assets	**221**	**100,0%**	**-**	**0,00%**	**-**	**221**	**(221)**	**0,0%**
Total	**10 922 547**	**37,2%**	**6 860 478**	**62,81%**	**4 079 526**	**4 062 069**	**17 457**	**0,4%**

THANK YOU