

ADDRESS BY THE DTIC MINISTER, HON. PARKS TAU, AT THE OPENING OF PARLIAMENT ADDRESS DEBATE

19 July 2024

Thank you, Chairperson,
Presiding Officers of Parliament
His Excellency President Ramaphosa
His Excellency Deputy President Mashatile
Members of the National Executive
Members of Parliament
Ladies and Gentlemen;

Quite clearly our country is standing at a crossroads. On the one hand, we face a tipping point if we maintain the status quo responsible for South Africa not realising its full potential. On the other hand, we can positively disrupt this status quo with pragmatic interventions that yield positive outcomes.

As the DTIC group, our decision is clear in working to support and enhance the programmes instructively outlined, by the President at the Opening of Parliament. This is important especially if we calculate the costs of poverty which constitutes sixty percent of the national budget.

The reality is that we have to adopt a mission-oriented approach to industrial policy and strategy as articulated by Mariana Mazzucato. As Mazzucato argues, such a strategy is about co-creating markets instead of fixing markets and “designing reciprocal partnerships around shared goals that produce shared value.” She further argues that “It requires a view of the state not just as a ‘market fixer’, but rather as a market shaper”.

As such, we must implement with laser focus, the Programme of Priorities outlined in the GNU to benefit all South Africans, most particularly, women, the youth majority and people with disabilities.

If we do not implement these Programmatic Priorities - of social justice, redress, and poverty alleviation - then our nation-building and social cohesion projects will remain an elusive ideal.

In line with what the President said when talking about smart industrial policy, the DTIC group will implement sectoral plans building on the successes recorded in the automotive, clothing and textiles, retail, and agro-processing sectors.

Smart industrial policy speaks to underlining beneficiation and export-led growth. It highlights the imperatives of the Public Procurement Act that will complement the essential legislative tools to unlock localisation and transformation.

Every year the South African economy spends 25% of the national wealth created on imported goods. Not only is this propensity to import much greater than our competitor countries, it is also out of sync with our developmental needs. We will reverse this in pharmaceuticals and medical devices, green industries, food products and manufactured goods amongst others

Smart industrial policies and programmes are being implemented to respond to the global market trends towards electric vehicles. As you know, in February this year the Minister of Finance announced that the government will introduce an investment allowance for new investments. This will see producers having the opportunity to claim 150 percent of qualifying investment expenditure on electric and hydrogen-powered vehicles within the initial year.

On structural transformation relating to B-BBEE, the DTIC group will use the public procurement regime to advance B-BBEE and SMMEs. We will work with National Treasury to ensure that the Procurement Bill, under consideration by the President, will be implemented.

We are also aware that the enterprise and supplier development (ESD) elements of the B-BBEE Codes, have the potential to raise several billions from the private sector. Therefore, working closely with the B-BBEE Commission in monitoring the

contributions of the ESD, black industrialists and SMMEs will benefit from such financial contributions.

The existential fact for South Africa is that transformation and redress are the precondition and rational basis for the unity of South African people as a whole. Our common prosperity is contingent on building a better life for all, and not for some. In line with what the President said, the DTIC group will refocus on industrialisation in a targeted manner using available policy instruments:

- through aggregating industrial funding to recapitalize the NEF,
- through equity equivalent measures directed at financing, plus, enterprise and supplier development initiatives, and
- through focusing the IDC on Industrialization focused investments

Obviously, partnering is a critical component of our smart industrial programmes. The private sector is an invaluable partner in financing and in driving inclusive economic growth and enhancing our export capacities through, for example, our Export Credit Insurance Corporation.

Furthermore, we are placing focus on regional industrial development, this is being done by working towards a regional market integration through SACU. Our message to our SADC partners is a call-to-action for a united effort to promote regional industrialisation. This will leverage South Africa's trade with Africa which has increased significantly, growing from just over R343 billion in 2019, to just under R547 billion in 2023.

This is what is meant by inclusive economic diplomacy. Hence South Africa has already launched preferential trade under the AfCFTA with twelve (12) products being traded in the continent since January this year. The AfCFTA, is a game-changing initiative to leverage one of the fastest-growing consumer markets in the world, a growing market that is young, tech-savvy, highly educated and conscientious about implementing actionable Pan-Africanism for the twenty-first century.

With approximately \$450 billion in potential income gains from the AfCFTA, a significant portion will arise from improved trade facilitation measures that reduce red tape and simplify customs procedures. It is important to also remember that over 25

percent of RSA global exports go to the African continent, the vast majority of this trade or 64 percent is manufactured goods.

As I conclude, let us be mindful of the hazards of climate change which has real negative consequences as witnessed here in the Western Cape, Eastern Cape and KZN. Whilst acting to contribute to concerted climate action, we continue to advocate for the principle of, “common but differentiated responsibilities and respective capabilities, in light of different national circumstances.” This is important in the context of trade, where countries in the global north introduce trade measures under the guise of Climate Action.

This echoes the sage counsel of Wangari Maathai, when she emphasizes balancing the needs of the economy and the demands of the environment. This Nobel laureate is on record in saying:

“the environment and the economy are really both two sides of the same coin. If we cannot sustain the environment, we cannot sustain ourselves.”

The corollary in this context also holds true; ***If we cannot sustain ourselves, we cannot sustain the environment.***

I thank you.