COORDINATION AND IMPLEMENTATION OF THE INDUSTRIAL DEVELOPMENT STRATEGY (IDS)

PRESENTATION TO THE PORTFOLIO COMMITTEE ON TRADE, INDUSTRY & COMPETITION

DATE: 6 AUGUST 2026

DEVELOPMENT, CONSULTATION, COORDINATION AND IMPLEMENTATION OF THE IDS

- Consultations were held with various stakeholders in the development of Industrial Development Strategy (IDS).
  - The IDS was presented to the Economic Sectors, Investment, Employment and Infrastructure Development (ESIEID) Cluster
  - It was also presented to NEDLAC's Trade and Industry Chamber (government, labour and industry) highlighting areas of focus
  - It also benefitted from inputs from Industrial Policy Researchers, Academics, Advisory bodies
  - Some inputs were sourced from the Masterplan process. Industries were invited to contribute critical issues for consideration through their associations and Masterplan Executive Oversight Committees.
- The IDS reflects the comments received and it is not an end in itself. It is being implemented and reviewed through various policy interventions.
- For the IDS to be successfully implemented, coordination across a range of government departments, as well as appropriate organisation and capacity within them, is required
- Intra-governmental coordination at the national and sub-national levels; and strengthening of organisation and capacity of the state are key.

POLICY INSTRUMENTS TO SUPPORT THE IMPLEMENTATION OF THE IDS

- Industrial Finance
- Tax Incentives
- Tariffs
- Non-tariff instruments (e.g. environmental standards)
- Technological Transfer
- Research & Development
- Design & Innovation
- Public Procurement and Localisation Measures
- Technical standards (SABS, NRCS, SANAS)
- Water and Electricity Prices
- Skills Development
- Transformation & Empowerment

THE ROLE OF MASTERPLANS IN THE IMPLEMENTATION OF THE IDS

- **the dtic** is currently implementing 8 Masterplans, covering 646 769 workers and developing 1 Masterplan (Hemp & Cannabis Masterplan). A range of industrial policy tools are utilised with the aim to claw back domestic market share; build supply chains; support jobs and transformation; grow and develop export capabilities.
- The Masterplans are action-oriented sector-wide policy implementation documents targeted towards boosting local jobs and developing local value chains.

1. **Steel and metal fabrication** is at the heart of the country's industrialisation drive with linkages to mining, construction, automotives, packaging etc.
2. **Automotives (and components)** is a major earner of foreign exchange for South Africa and platform for advanced manufacturing
3. **Retail-Clothing, Textile Footwear Leather (R-CTFL)** is a labour-intensive sector with predominantly women workers and entrepreneurs
4. **Poultry** deals with food security and aimed at increasing the number of broilers, establishing new commercial scale contract farmers
5. **Sugar** deals with food security and aimed at diversifying and sustaining the industry.
6. **Furniture** labour absorbing dominated by family-owned enterprises
7. **Global Business Services** is a labour-absorbing sector and export focused
8. **Medical devices** is a high-tech and knowledge-intensive industry with export capabilities and operated by SMMEs
9. **Cannabis & Hemp** to absorb small-scale growers and downstream processing of hemp

Development of SMMEs and localisation cut across each Masterplan

FUNDING INSTRUMENTS FOR THE IMPLEMENTATION OF THE IDS

- Both Ministers Tau and Godongwana met on 30 June 2026 and discussed Fiscal Requirements for the Implementation of the Industrial Development Strategy (IDS) 2026.

- A task team has been established to deal with the policy instruments required to support the implementation of the (IDS), in particular, tax incentives and the leveraging of public procurement.

- Key to that is the deployment of tax incentives to support industrial growth, lower capital and operational costs, incentivising the expansion of businesses, innovation and job creation.

- **the dtic** is also working on a study aimed at developing a tax-related business case to support industrial development; the study which will be tabled to the National Treasury for discussion and consideration. The purpose of the study is to develop an evidence-based business case for tax measures and incentives, including an assessment of their fiscal implications and economic impacts in line with national industrial policy objectives.

- This is ongoing work and the target is to have some measures to be announced in the Medium-Term Budget Policy Statement.

STEEL INDUSTRY INTERVENTIONS

- The South African Steel Manufacturing Policy Roadmap has been shared with the industry stakeholders for inputs.

- Stakeholders have been asked to nominate representatives to be part of the Steel Masterplan oversight executive committee (EOC).

- The Minister will meet with the EOC in August 2026 to consider the South African Steel Manufacturing Policy Roadmap, which will inform the technological and investment choices.

- The Minister is reviewing recommendations on the price preference system, including price discount.

- Steel products will be designated for local content and production. the dtic is awaiting the gazetting of the Public Procurement Act for operation. The Act and its Regulations will make local content and production compulsory in the public procurement system.

The roll out of the Transmission Development Plan (TDP)

Industrialisation and localisation requirements are embedded in the TDP to ensure that private sector investment delivers tangible domestic economic benefits and industrialisation.

Priority areas:

- Steel fabrication for towers
- Transformers
- Pumps
- Valves
- Conductors
- Powerline hardware including insulators
- Cement

Alignment with the IPPO, DEE and NT.

AUTO INDUSTRY INTERVENTIONS

- the dtic is currently reviewing the Automotive Production Development Programme (APDP). The review is focused on the following priority areas of the Auto Masterplan:
  - Ad-Valorem Duty
  - The usage and trading of the Production Rebate Certificates (PRCs)
  - CKD/SKD Link
  - Trade Measures
  - Localisation
  - NEV Transition
  - Transformation
  - Employment
  - Aftermarket

Policy Measures for NEV Production

- APDP regulations amended for BEVs Fuel Cell EVs – **IMPLEMENTED**
- AIS guidelines amended for EVs - **IMPLEMENTED**
- 150% tax deduction for EV/H2 investment from **MARCH 2026**
- Process to include Hybrid and Plug-in Hybrid EVs are underway

- Further to the Minister's directive at the EOC meeting held in July 2026, a technical meeting was held on 21 July 2026 to discuss the above-mentioned matters. **the dtic,** NAAMSA, NUMSA, and NAACAM attended the meeting.
- The next EOC meeting will be held in August 2026

INDUSTRIAL DEVELOPMENT STRATEGY IN THE CONTEXT JUST ENERGY TRANSITION PATHWAY

Strive for net zero emissions by 2050

(Transition responsibly)

JET Strategy

The Just Energy Transition is not a coal versus renewables position. Rather it is an opportunity for a considered approach towards transitioning from high emitting sources of energy towards cleaner sources of energy.

Investments in energy technologies

Renewable energy and battery storage roll out

eMobility and associated infrastructure

EV manufacturing incentives and charging infrastructure, aimed at reducing the country's carbon footprint while creating economic value

Green Hydrogen

Hydrogen Society Roadmap identifies green hydrogen as key to energy transition, decarbonising heavy industry, transport, and power while creating export opportunities and jobs.

Ramped up Clean energy pipeline

execute **~2GW**[1] of clean energy projects. Developed a pipeline of more than 20GW to diversify our energy mix beyond 2030.

- Furthering all 5 E's of Just Transition : **Employment, Environment, Economic Growth, Equity, Energy**

Source: Eskom

HEALTH INDUSTRY INTERVENTIONS

- The IDS identifies health industries, including pharmaceuticals, biotechnology and medical manufacturing, as strategic sectors under the diversification pathway.
- The strategy further proposes targeted incentives, pharmaceutical manufacturing clusters, active pharmaceutical ingredient capability, pooled procurement mechanisms and public procurement support to strengthen domestic manufacturing capacity.
- There are ongoing engagements involving the President and Ministers of Health, Finance, Trade, Industry & Competition; and Science, Technology & Innovation on prioritising locally manufactured pharmaceutical products and vaccines in tenders.

1. **Demand-side levers**: Strengthen local procurement & scale-up HIV, diabetes, CVD drugs.

2. **Sector-focused SEZs**: Coega and Atlantis - shared infra (cold chain, effluent treatment) & centralized validation laboratories.

3. **Targeted Incentives**: Catalytic support & infra grants, & export-linked benefits & R&D funds.

4. **Active Pharmaceutical Ingredient (API) Development**: Investment in domestic API & develop biologics value chains, reduce forex exposure & strengthen supply chain resilience.

5. **Export Orientation**: Leverage pooled procurement: African Pooled Procurement Mechanism (APPM), SADC & support the operationalisation of the African Medicines Agency (AMA).

TARGETING SPECIFIC SEZS TO ACCELERATE INDUSTRIAL DEVELOPMENT AND PROCESS MINERALS

- There is an opportunity for international collaboration on the planning, development and operation of West Rand SEZ. The SEZ is aimed at attracting investors in agro-processing, renewable energy, warehouse, logistics.

- Vaal SEZ is anchored around green industrialisation as the country’s economic hub for low carbon manufacturing and renewable energy production. The SEZ includes logistics, the aerotropolis and smart city development.

- The Nkomazi Special Economic Zone (NSEZ) is well positioned to attract investments in sectors such as agro-processing, mineral processing, medical technology, and building materials.

- There is a partnership opportunity for SEZ, which are focusing on critical minerals such as Platinum Group Metals (PGMs), Chromium and Palladium in Fetakgomo Tubatse SEZ and Bojanala SEZ.

- There is also a need to accelerate the operation of Musina-Makhado SEZ, which can be used to process minerals such as lithium for battery manufacturing .

Thank You