



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 3273

Ms P Mngadi (MK) to ask the Minister of Trade, Industry and Competition:

What has he found to be the reasons that the rate of factory closures increased drastically after he assumed office as compared to before he assumed it? NW3401E

REPLY:

It is important to note that factory closures are influenced by a range of domestic and global geo-political and economic factors, many of which fall outside the purview of the individual Department or Minister.

It is worth mentioning that the period following my assumption of duty coincided with the lagging effects of severe economic shocks experienced in recent history as a result of COVID-19. The pandemic alone resulted in widespread business distress across the world, affecting production, demand, investment, and employment; of which the impact was felt after 2022.

It is also widely acknowledged that South Africa's manufacturing sector, like many other manufacturing sectors globally, were impacted by many challenges. For example, the US trade measures have had an impact on the automobile, agricultural, and manufacturing exports. This led to problems with component manufacturers and suppliers, who are exporting. The challenges include - low demand coupled with weak economic growth; geo-political developments with resultant disruptions to global supply chains; rising logistics and energy costs; increased international competition in the form of cheap imports; and illicit trade, as well as persistent infrastructure constraints and bottlenecks.



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To avert possible factory closures, the Department of Trade, Industry and Competition (**the dtic**) has implemented a range of measures aimed at supporting industrialisation, safeguarding productive capacity, and preserving jobs through combining trade, industrial, and firm-level interventions.

These include, leveraging preferential trade and investment agreements such as the - African Continental Free Trade Area (AfCFTA); South African – European Clean Trade and Investment Partnership (CTIP); the China-Africa Economic Partnership Agreement (CAEPA), to expand market access and support export-led growth, alongside targeted trade measures such as safeguard duties, anti-dumping actions, and localisation policies to protect domestic industries from unfair competition.

Efforts to diversify export markets, are through **the dtic's** “butterfly approach”. This prioritises the implementation of the AfCFTA, as previously mentioned, and unlocks opportunities in the rest of Africa as the foundation of our global engagements. The “wings” represent additional export initiatives in the rest of the world and focuses on leading- and established markets, as well as new- and emerging market opportunities.

At the firm level, government has engaged directly with strategic companies such as ArcelorMittal South Africa and Tongaat Hulett to stabilise operations, preserve jobs, and secure value chains, while also facilitating negotiated energy pricing arrangements for energy-intensive industries like smelters to improve cost competitiveness. These interventions are complemented by broader industrial financing, infrastructure investment, and structural reforms aimed at enhancing resilience and sustaining long-term industrial growth.

While some firms have unfortunately closed operations due to firm-specific and broader economic challenges, many others have expanded production, invested in new facilities, and created and sustained employment opportunities with support from Government programmes.



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The main focus of my Department remains on creating an enabling environment for job creation through industrial growth by increasing investments, strengthening regional and global value chains, and improving the competitiveness in the manufacturing sector.

The Department continues to monitor developments in the manufacturing sector and work closely with industry and the whole of government to address structural constraints and support sustainable industrial development.

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