



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTIONS FOR WRITTEN REPLY

QUESTION NO. 1302

Mr D D D van Rooyen (MK) to ask the Minister of Trade, Industry and Competition:

Considering that the Industrial Policy Action Plan has correctly identified public procurement as a key lever for industrialisation and re-industrialisation and noting that raising aggregate domestic demand through the promotion of local production was targeted, what is the status of local content verification and/or verification of the real achieved value? NO1561E

REPLY

Since 2011, as part of the Industrial Policy Action Plan (IPAP), the South African government has been implementing local content in the public procurement system as a strategic policy instrument to re-industrialise South Africa. That instrument has been carried out through the Re-imagined Industrial Policy in the last administration.

In order to firm up and institutionalise compliance on the local content requirements, local content verification was institutionalised as the post-tender award system under the auspices of the South African Bureau of Standards (SABS). In essence, this was meant to make sure that there is compliance on the local content in terms of the actual production of designated products within the borders of South Africa.

The SABS is singled out and underlined since it has the technical capacity to verify the local production of tenders, which have been designated for local content. **the dtic** provides fiscal transfers to the SABS to verify tenders based on the value and volume of

the awards. Only successful bidders are verified for compliance on local content requirements and this is based on the bidding documents submitted to **the dtic** by the procuring Organs of State.

Slightly over R80 billion worth of tenders and quotations with the local content requirements were awarded since the inception of the policy; and R927 million worth of tenders was reported for the 2022/2023 financial year.

Tenders with the local content requirements have supported local manufacturers in the value chains spanning from rail rolling stock, clothing and textiles, furniture, boats & working vessels, electric transformers and valves. Local content verification will still be implemented as a compliance instrument when the Public Procurement Act comes into effect.

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