



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 1961

Ms C Makhubele (MK) to ask the Minister of Trade, Industry and Competition:

- (1) (a) What initiatives are being undertaken to enhance the export potential of South African manufactured goods and (b) how does his department intend to support manufacturers in accessing international markets and increasing competitiveness;
- (2) (a) what steps have been taken to improve the infrastructure necessary for the manufacturing sector to thrive and (b) how is his department attracting foreign direct investment to boost the manufacturing sector and create jobs? NW2274E

REPLY:

- (1a) Improving the competitiveness of firms in South Africa will lead to increased export potential of manufactured goods. Competitiveness in turn, is influenced by several factors such as cost competitiveness of an industry, the degree of innovation and the efficiency of a supply chain. The Re-Imagined Industrial Strategy in the form of Masterplans and the draft National Industrial Policy focus on specific interventions to drive competitiveness such as resolving supply side challenges, alignment of various policy instruments and the reduction of regulatory burdens to help companies improve their export competitiveness. For instance, in the automotive industry, **the dtic** supports a variety of firm-level competitiveness improvement interventions for automotive component suppliers through the Automotive Supply Chain Competitiveness Initiative (ASCCI). The ASCCI is a multi-stakeholder partnership of government, industry and labour. Several Supplier Capability Development projects have been implemented, enhancing competitiveness, achieving transformation, and deepening value addition of the component suppliers.
- (1b) The Department will support manufacturers to access international markets and reducing dependence on a small domestic market, through expanding and improving the effectiveness of current export measures, as well as implementing new export initiatives.

Export initiatives include providing South African businesses with export awareness seminars, training and mentorship through a well-established exporter development programme. Additionally, manufacturers are also funded through the Export Marketing and Investment Assistance (EMIA) scheme to participate in international exhibitions and missions to promote their products and services in international markets.

In terms of markets, the Department will advance exports in priority Industrial Policy sectors by focussing on the implementation of the AfCFTA and unlocking opportunities in the rest of Africa as the foundation of our global engagements, while in the rest of the world additional export initiatives will focus on leading and established markets, as well as new and emerging market opportunities.

- (2a) **the dtic** through the Infrastructure Investment Support (IIS) Unit within the Incentives Branch among its programmes administers the Critical Infrastructure Programme (CIP). This is a cost-sharing reimbursable grant funding instrument aimed to leverage investment by supporting infrastructure that is deemed to be critical, thus lowering the cost of doing business. The South African Government is implementing the CIP to stimulate investment growth in line with the National Industrial Policy Framework (NIPF).

The funding is made available to approved applicant(s) or infrastructure project(s) upon completion of verifiable milestones or as may be approved by the Critical Infrastructure Programme Adjudication Committee (CIP AC). Under the CIP, infrastructure is deemed critical to investment if such investment would not take place without the said infrastructure or the said investment would not operate optimally.

Furthermore, **the dtic** through the Special Economic Zones (SEZ) Fund which is also located in the IIS Unit of the Incentives Branch provides financial support for investor-related infrastructure. The SEZ Fund intends to provide multi-year funding for SEZ infrastructure and related operator performance improvement initiatives aimed at accelerating growth of inter alia manufacturing operations to be located within the designated zones. Once a zone has been designated and licensed and an operator permit issued, all requests from an SEZ for funding of new infrastructure as set out in the funding guidelines will be processed and monitored by **the dtic** on a project by project basis.

The infrastructure support provided by **the dtic** through the IIS Unit of the Incentives Branch targeted across all sectors including the manufacturing sector.

Operation Vulindlela, which accelerates the implementation of structural reforms and support economic recovery, is instrumental in improving infrastructure in network industries. It aims to modernise and transform network industries (such

as electricity, water, transport and digital communications) which are the bedrock of economic growth, and are essential to creating a globally competitive economy.

The following are some of the initiatives implemented to improve the infrastructure of the following network industries:

Water:

- In order to address the current water infrastructure concerns at a national level, the South African National Water Resources Infrastructure Agency SOC Limited Act 34 of 2024 (Water Resources Infrastructure Agency Act) was approved by President Cyril Ramaphosa on 7 August 2024 and came into effect on 7 February 2025.
- The purpose of the Water Resources Infrastructure Agency Act is to establish a State-Owned Company to efficiently develop, operate, and manage national water resources infrastructure in line with constitutional mandates and national policy.

Logistics:

- The Freight Logistics Roadmap was approved by Cabinet in December 2023 with a sequenced implementation plan coordinated through the National Logistics Crisis Committee (NLCC).
- The Freight Logistics Roadmap outlines a clear path to reform South Africa's logistics system, including by implementing open access to the freight rail network and introducing private sector participation in container terminals.
- Transnet has taken concrete steps to implement these reforms by establishing an Infrastructure Manager for the rail network, publishing a Network Statement to enable access by private rail operators, and appointing a preferred private sector partner for Durban Pier 2.

Energy:

- 800 megawatts of new generation capacity were added to the national grid after Eskom successfully brought Kusile Power Station's final generation unit online.
- Energy reforms have created a 22 500 mega-watt pipeline of projects, with more than 10 000 mega-watts are formally registered with the NERSA, which is one of the last steps in the regulatory process.

- (2b) The Department attracts foreign direct investment to boost the manufacturing sector and create jobs primarily through various incentive schemes and by promoting South Africa as an attractive investment destination. These schemes provide financial support to qualifying companies, particularly in areas like manufacturing, business competitiveness, and export development.

InvestSA provides investment recruitment, problem-solving, and information services to attract and retain foreign and domestic direct investment. InvestSA actively markets South Africa as an attractive investment location, both

domestically and internationally, showcasing investment opportunities and packaged projects to potential investors focusing on specific sectors and priorities.

The Special Economic Zones (SEZs) assists with identifying attractive locations for investment, offering incentives and regulatory measures to attract both domestic and foreign direct investment.

On our recent investment drives, the Department has met investors interested in our infrastructure and logistics sector. The Department is working with the Department of Energy, Department of Transport as well as SOEs Transnet and Eskom in this regard.

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