the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 2795

Ms S I Nkosi (MK) to ask the Minister of Trade, Industry and Competition:

In light of the ongoing deindustrialisation risks, electricity instability and the increasing dominance of imported goods in strategic sectors such as manufacturing, textiles and automotive supply chains, what immediate interventions has his department undertaken to (a) strengthen localisation, (b) support (i) small-, medium- and micro enterprises and (ii) youth-owned enterprises and (c) ensure that industrial policy translates into sustainable (i) job creation and (ii) economic transformation in the Republic? NW2881E

REPLY:

(a) **the dtic** has undertaken several immediate interventions to strengthen localisation, including the expansion and enforcement of local procurement through designated sectors/products, where the procurement of locally produced goods and services is prioritised within the public procurement system. The Department continues to engage procuring organs of state such as State-Owned Companies, metropolitan municipalities, Provincial Premiers, Treasuries, and Public Works to strengthen the inclusion of local content requirements within their Preferential Procurement policies and Supply Chain Management policies. This includes targeted collaboration with key institutions such as National Treasury (through transversal contracting), Eskom, Rand Water, the National Research Foundation, Transnet and others where specific localisation objectives are being pursued.

To support implementation of local content under the current legislative framework, comprehensive Guidelines aligned with the 2022 Preferential Procurement Regulations have been developed and are circulated on request. In addition, ongoing participation in Bid Specifications, Evaluation and Adjudication Committees enables the Department to directly influence tender outcomes in support of local manufacturing. In parallel, preparations are underway for the implementation of the Local Content and Production policy (Designations) under the Public Procurement Act (PPA), with 16 designation proposals already completed and ready for gazetting.

The Department also continues to support organs of state in monitoring compliance on existing term contracts and ensuring the effective incorporation of local content requirements in new tenders. Furthermore, **the dtic** is implementing sector-specific Master Plans to secure localisation commitments from industry.

Furthermore, the Industrial Development Corporation (IDC) continues to play a central role in advancing industrialisation, localisation and inclusive economic growth, particularly in the context of ongoing deindustrialisation risks, energy instability and increasing import penetration in key sectors.

Strengthening localisation

The IDC prioritises funding for projects that expand domestic productive capacity, promote import replacement, and strengthen industrial value chains across strategic sectors. This includes focused investment in manufacturing, agro-processing, mining and metals, and energy-related industries, in line with government's industrial policy priorities.

Over the medium-term, the IDC has allocated substantial capital towards:

- Manufacturing: approximately R17.4 billion
- Infrastructure and energy: approximately R11.7 billion
- Mining and metals: approximately R5.8 billion
- Agro-processing and agriculture: approximately R4.5 billion

These investments support localisation by deepening domestic value chains, enabling supplier development, and strengthening industrial resilience, while reducing reliance on imports in key sectors.

(b) (i),(ii)

The Department has a suite of targeted incentive programmes such as the Black Industrialist Scheme, the Automotive Investment Scheme, and the Clothing, Textiles, Footwear, and Leather Growth Programme and the Manufacturing Support Programme, which aim to build domestic manufacturing capacity and enhance competitiveness. These efforts are complemented by supplier development initiatives to integrate SMMEs into local value chains, as well as infrastructure and investment support programmes, including ongoing "Buy Local" campaigns to stimulate demand for locally produced goods.

The Department has further operationalised a dedicated Export Support Help Desk, providing SMMEs with direct advisory support on export readiness, incentive programmes, and export opportunities, including guidance on leveraging preferential trade agreements such as AGOA, the EU-SADC EPA, and the AfCFTA. The department's Global Export Passport Programme (GEPP) is actively training and coaching SMME exporters across the full export value chain, from product compliance to buyer engagement, building the practical capacity required to compete in international markets. The Next-Gen Incubation Programme and the Partnership in Business with Germany (PG) Programme are further providing structured incubation and mentorship support to emerging exporters, enabling them to develop into competitive, export-ready enterprises. Several of these incubation and acceleration initiatives are implemented in deliberate collaboration with private sector partners, leveraging corporate ecosystems and resources to deliver a broader, more impactful response than government can achieve alone.

Through our network of Export Councils and in close collaboration with national and provincial stakeholders, the Department has commenced coordinated initiatives aimed at broadening access to export development and promotion support, ensuring that inclusive participation in the export economy is pursued at both national and sub-national levels.

The above programmes are also deliberately accessible to and inclusive of youth-owned enterprises. The Export Support Help Desk is actively assisting youth entrepreneurs with targeted export awareness, market opportunity information, and trade agreement guidance. The GEPP is building a pipeline of trade-literate, market-ready youth exporters, while the Next-Gen Incubation Programme includes incubation, and mentorship components, is providing structured support to transform youth entrepreneurial potential into sustainable export market participation.

The programme is further strengthened through private sector collaboration, with corporates contributing ecosystem-wide resources and expertise that extend the reach and quality of support available to youth-owned enterprises. The Department's Export Council network and national and provincial stakeholder partnerships are actively reinforcing these efforts, driving inclusive export development and promotion initiatives that reach youth-owned enterprises beyond the traditional export support infrastructure.

Through the NEF, **the dtic** supports SMME’s with funding ranging from R250 000 up to R75 million. This support ranges from supporting businesses located in the township and rural areas to supporting manufacturing and processing businesses. The NEF has also developed specialist funds which are aimed at addressing sector specific issues. For example, the Tourism Transformation Fund (TTF) has supported and continues to support businesses in the tourism sector including those which are located in the rural areas. The Women Empowerment Fund supports businesses which are owned and managed by Black women. In addition to the funding support, the NEF also provides non-financial support which includes mentorship through a panel of experienced and retired business people as well as back office (accounting and governance) support for SME’s. In recognition of the reality of some businesses facing economic challenges. The NEF has a dedicated turnaround and restructures department which focusses on ensuring that it provides financial and non-financial support to SME's which are facing financial and operational challenges. Through intergovernmental arrangements with government departments and agencies (e.g. the SETAs), the NEF also creates youth employment opportunities for unemployed graduates and youth in its portfolio of investments.

Furthermore, the IDC supports small-, medium- and micro-enterprises (SMMEs) through targeted financial and development interventions aimed at improving access to funding, enhancing competitiveness, and facilitating participation in industrial value chains.

This includes the provision of debt, equity and blended finance solutions, as well as structured support for supplier development and integration into larger industrial projects. The IDC also plays a countercyclical role by supporting businesses during periods of economic stress, including the approval of approximately R2 billion in funding in the past financial year to support distressed businesses, through restructuring, working capital support and business rescue interventions.

These measures are designed to sustain productive capacity, preserve SMMEs, and enable their growth within priority sectors of the economy.

Supporting youth-owned enterprises

The IDC supports youth-owned enterprises through targeted funding allocations, pipeline development, and tailored support mechanisms aimed at increasing participation in productive sectors.

This includes facilitating access to finance, providing business development support, and enabling integration into localisation and industrialisation initiatives. These interventions form part of a broader effort to expand participation among historically underrepresented groups, including youth, in line with the IDC's developmental mandate.

(c) (i),(ii)

The recently approved Industrial Development Strategy takes cognisance of the need for sustainable job creation and economic transformation. It prioritises a focused set of sectors to drive inclusive industrialisation. It aims to protect existing industries like steel, automotive, clothing and textiles, and mining while building future growth in agro-processing, the digital, and green economy. It also targets sectors that support economic sovereignty (health and aerospace) and job creation, especially for youth, such as tourism and global business services. Overall, it balances strengthening and rebuilding supply chains in traditional industries as well as developing new growth areas.

Ensuring sustainable job creation and economic transformation

Furthermore, the IDC directs its funding towards high-impact, labour-intensive and transformation-oriented sectors to ensure that industrial policy translates into sustainable developmental outcomes.

- Approximately 60% of the IDC's funding portfolio is invested in black-owned, black-empowered or transformation-aligned enterprises.
- Through its partnership under the Black Industrialists Scheme, the IDC has supported 73 companies, with total combined funding of approximately R7.28 billion.
- Corporate Plan targets include approximately 16,000 jobs expected to be created or safeguarded, as well as additional work opportunities through associated funding mechanisms.

In addition, IDC funding supports broad-based regional industrial development across provinces, contributing to strengthened industrial ecosystems, expanded participation, and the sustainability of productive capacity. Through these interventions, the IDC continues to build a pipeline of sustainable enterprises, deepen industrial participation, and advance inclusive economic growth, while supporting government's objectives of localisation, job creation, and broad-based economic transformation.

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