the dtic
Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO 3871

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

(1) What steps have been put in place to reverse the trend of deindustrialisation that has characterised the South African economy in the past five financial years;

(2) whether his department has identified and benchmarked economic models elsewhere in the world where fiscal consolidation created employment and did not suppress economic growth; if not, why not; if so, what are the relevant details? NW4096E

REPLY:

(1) 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.

As part of the Re-Imagined Industrial Strategy under the 6th administration, **the** dtic has developed and is currently implementing 8 Masterplans (automotives, clothing and textiles, leather and footwear, sugar, poultry, steel and metal fabrication, medical devices, global business services, and furniture sectors) and is in the process of reviewing the Hemp and Cannabis Masterplan, which was previously led by the Department of Agriculture.

The common objectives across the various Masterplans include the following:

i. clawing back domestic market share;
ii. building supply chains;
iii. supporting jobs and transformation; and
iv. growing and developing export capabilities.

The recently approved Industrial Development Strategy (IDS) takes cognisance of the need for sustainable job creation and economic transformation. It is informed by the policy priorities of the Government of National Unity, which are centred on inclusive growth and job creation. 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.

The IDS places the manufacturing sector at the centre of industrialisation and recognises the need to boost domestic production. It focuses efforts on building local industrial capability through dynamic and competitive firms and sectors. The IDS promotes inclusive economic growth and job creation by prioritising labour-intensive sectors such as agro-processing, mining, and global business services. For example, Global Business Services (GBS) and tourism are key drivers of jobs, particularly for women and youth.

It looks to expand opportunities for SMMEs and black-owned enterprises through localisation and procurement prescripts and embedding transformation objectives across value chains. It supports broader participation by linking industrial development to skills development, regional inclusion through SEZs, and supplier development, while also crowding in investment through incentives and infrastructure. Together, these measures ensure that industrialisation generates widespread employment, reduces inequality, and enables more inclusive participation in the economy.

Furthermore, leveraging preferential trade and investment agreements such as the African Continental Free Trade Area (AfCFTA), the South African–European Clean Trade and Investment Partnership (CTIP), and 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" as well as negotiating trade agreements with other jurisdictions in order to diversify our export markets, such as the implementation of the AfCFTA as previously mentioned and unlocking opportunities in the rest of Africa as the foundation of our global engagements.

Therefore, South Africa's industrial policy interventions through Masterplans and the IDS are a strategic response to a rapidly changing global and domestic economic environment. These interventions aim to respond to the country's economic challenges, which include de-industrialisation, slow growth, declining industrial capacity, dwindling investment in the economy's productive sectors, structural transformation and transition, and backlogs in infrastructure. In dealing with these challenges, the South African government has deployed policy instruments to optimise the performance of the manufacturing sector, including the implementation of sectoral masterplans. It plays an important role in anchoring economic growth through a coherent coordinating mechanism and system for building productive capacity, competitiveness, and structural transformation of the South African economy. It must do so by creating stable, long-term drivers of economic expansion; shifting the economy towards higher-value production; and reducing reliance on the export of primary mineral and agricultural products, which are prone to cyclical prices.

(2) To date, no benchmarking has been undertaken on international economic models where fiscal consolidation has successfully generated employment without constraining economic growth. Instead, the emphasis has been on identifying the key drivers of growth, as outlined in the Growth and Inclusion Strategy. These include economic reforms, public service reforms, and industrial policy.

The industrial policy pillar focuses mainly on protecting the existing industrial base as a foundation for growth; implementing a forward-looking industrial policy that creates jobs; positioning South Africa as a leading player in the green economy; using trade policy to support export resilience and growth; and investing in research and development to boost innovation.

Following the Cabinet approval of the Industrial Development Strategy (IDS), the Department is in the process of developing instruments required to support its implementation, with particular emphasis on tax incentives. As part of this process, international benchmarking on funding models will be conducted to inform the funding best suited to SA's circumstances, including fiscal consolidation.

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