



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 4751

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

What steps has his department taken to ensure concrete (a) financing and (b) industrial support mechanisms to enable steel and automotive manufacturers to decarbonise while expanding production and employment rather than closing plants, relocating production or retrenching workers? NW5094E

REPLY:

(a)&(b)

The Government's approach as articulated in the Industrial Development Strategy (IDS) is to position decarbonisation as a driver for industrialisation, competitiveness and investment.

To this end, **the dtic** has deployed a range of complementary measures, including production and green technology support through the Manufacturing Competitiveness Enhancement Programme (MCEP), IDC industrial and green energy financing, targeted automotive investment incentives, the 150% capital allowance for qualifying EV and hydrogen vehicle production, reforms to APDP2, localisation initiatives and the development of critical minerals value chain. These interventions are complemented by trade policy measures aimed at safeguarding and strengthening strategic steel production capacity.



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The Automotive Investment Scheme (AIS) provides for a reimbursive cash grant based on approved qualifying investment of 25% for eligible Component Manufacturer (CM) projects and 20% for eligible Original Equipment Manufacturer (OEM) projects located in South Africa, for ICE and hybrid vehicles. A maximum 35% grant for qualifying EV CM projects and 20% for EV OEM projects, as well as a tax allowance, is also provided by SARS. Through the present financial instruments under the AIS, as mentioned above, support is provided to enable automotive manufacturers to decarbonise or expand operations, which may result in employment.

In the steel sector, we are supporting efforts to restructure and restore the competitiveness of primary steel production, while ITAC is implementing appropriate trade measures to mitigate the impact of global overcapacity and import pressures on domestic producers.

Financing support

The IDC has prioritised funding interventions that support the decarbonisation and competitiveness of strategic manufacturing sectors, including steel and automotive manufacturing. These interventions include support for renewable energy integration, energy-efficiency improvements, industrial technology upgrades, battery value chains and new energy vehicle manufacturing.

In the steel sector, the IDC has developed a Steel Emissions Reduction Pathway that supports the transition to lower-carbon production through support for green hydrogen-based direct reduced iron production, renewable-powered electric arc furnaces, and energy and material efficiency improvements. The IDC is also working with development finance partners to mobilise concessional and blended finance for industrial decarbonisation projects and to improve the bankability of strategic investments.

The Corporation has further supported interventions aimed at preserving strategic industrial capabilities where these are important for employment, localisation and downstream manufacturing value chains, including domestic steel-making capacity that supports sectors such as automotive manufacturing, mining, construction, infrastructure and energy.



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Industrial support mechanisms

The IDC's industrial support approach is focused on ensuring that decarbonisation strengthens the competitiveness and sustainability of domestic manufacturing.

In the automotive sector, the IDC supports localisation, supplier development, expansion of component manufacturing, participation by black industrialists and the transition towards new energy vehicle value chains. The objective is to deepen local manufacturing capability, strengthen domestic supply chains and position South Africa to participate in emerging automotive technologies.

In the steel sector, the IDC is supporting the industry's transition through the development of a green steel ecosystem, technology adoption and measures that improve energy and resource efficiency. These initiatives are intended to reduce emissions while maintaining productive capacity, supporting employment and improving long-term competitiveness.

The IDC has also integrated climate-transition and carbon-border-adjustment risks into its industrial strategy, with a focus on supporting affected industries to adapt, remain competitive and avoid deindustrialisation.

Overall, the IDC's approach is to enable a just industrial transition by supporting cleaner production, technology upgrades and new industrial opportunities, while safeguarding strategic manufacturing capacity, strengthening local value chains and supporting sustainable employment.

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