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Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## **THE NATIONAL ASSEMBLY**

### **QUESTION FOR WRITTEN REPLY**

#### **QUESTION NO. 5442**

#### **Mr A D Beesley (ActionSA) to ask the Minister of Trade, Industry and Competition:**

Whether, given the immense challenges in stimulating development in rural and underdeveloped areas, and noting the existence of Special Economic Zones as a policy instrument, he has undertaken any consideration, study and/or steps towards the introduction of legislation that would facilitate the establishment of charter cities or similar jurisdictions with enhanced governance and regulatory powers to drive investment, development and job creation; if not, why not; if so, what progress has been made?

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#### **REPLY:**

Various countries, including South Africa, establish Special Economic Zones (SEZs) as geographic areas set aside for specific activities, which are supported by special policies and incentives. Charter cities are similar to SEZs in that they are governed by specific legislation or regulations. Some countries have created charter cities through SEZs. The Chinese Shenzhen City can be used as a case in point in this regard.

In South Africa, SEZs have been established through a legislative framework, which governs how they are planned, developed and governed. The objectives of the SEZ Programme in South Africa, include investment attraction, increasing manufacturing-led economic growth, enhancing the beneficiation of natural resources, increasing of value-added exports and creation of decent jobs. Notably, the current SEZ Act also makes provision, in terms of section 35 of the Intergovernmental Relations Framework Act, 2005 Act No. 13 of 2000 to enter into implementation protocols with any organ of state on any matter that is appropriate and required for the proper regulation and development of SEZs.

The Department is in the process of finalising the Spatial Industrial Development (SID) Strategy, which encapsulates new reforms to the SEZ Programme. Some of the key reforms of the new model include the prescribed involvement of all three spheres of government in the development and management of SEZs and designation of larger areas to ensure that more industrial and economic activities are integrated to maximise the programmes' impact. The intention is to ensure that SEZs are developed through a comprehensive, integrated and well-coordinated single plan that includes all spheres of government. The mandate of the SEZ Programme in the new strategy extends beyond just the attraction of manufacturing firms, as it also includes gearing SEZs for the purposes of serving as engines for driving city development.

In essence, the central focus of the SID Strategy is to unlock South Africa's manufacturing capacity in a manner that transcends the peripheral corners of the various district municipalities by providing a framework through which constraints inhibiting the regions from realising their full developmental potential can be unlocked. The strategy further provides a framework through which key spatial industrial development opportunities will be identified and supported in all regions, including township and rural areas, based on the comparative and competitive advantages.

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