



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 6853

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

Given the bilateral trade war with the United States of America, (a) what are the relevant details of the practical steps he has taken to strengthen the backbone of the manufacturing sector of the Republic so that it can better serve other markets elsewhere and (b) how long will it take before tangible results may be expected? NO7657E

REPLY:

(a)

The Department of Trade, Industry and Competition (**the dtic**) recognises that the global trade environment is increasingly uncertain, and that reliance on any single external market poses risks to economic stability and job security. While efforts to diversify international markets will continue, equal emphasis is being placed on expanding and deepening the domestic market as a driver of inclusive growth. The Department has developed a National Industrial Policy (NIP) and is currently going through government approval processes. The NIP has three thrusts Decarbonisation, Diversification and Digitalisation, to mitigate the negative impact of current and future carbon barriers by reducing carbon footprint, secure market access to foreign markets for our exports whilst ensuring inclusive industrial, geographical, and demographic transformation. The core of the NIP is to rebuild, strengthen and expand manufacturing capability by:

- I. Supporting new green-economy industries (Electric Vehicles, batteries, hydrogen, renewables).
- II. Improving competitiveness through reliable energy, efficient logistics, and streamlined regulation.

- III. Driving localisation, supplier development, and export competitiveness.
- IV. Ensure inclusion and transformation through targeted funding instruments.

It proposes an integrated approach that involves coordination and alignment of industrial policy tools such as industrial incentives, loans and equity, Standards and accreditation bodies, network reforms, Sector Masterplans (Autos, SAREM, Steel, Digital, Hydrogen), Skills development for the new growth sectors; SEZ infrastructure and industrial parks, localisation & competition policy, Transformation and inclusion mechanisms.

Furthermore, **the dtic** is implementing sector-specific Masterplans that drive export growth in key sectors such as automotives, textile, clothing leather and footwear and Global Business Services.

In addition, the ability to export, build a strong manufacturing sector is dependent on the State's ability to remove structural barriers to competitiveness including high administered prices, unreliable and costly supply of electricity, as well as inefficient rail and port logistics. Through Operation Vulindlela, reforms are implemented to address constraints in network industries that impact the country's export competitiveness. These initiatives will align with the department's priorities to have a strong manufacturing base to drive re-industrialisation, job creation, transformation, and building a capable state.

(b)

Currently it is not possible to determine when tangible results may be expected due to several factors such as geo-political tensions and an unpredictable global trade environment because of the current USA trade policy. However, it is envisaged that if all or most of the proposed interventions can be implemented expeditiously in a whole of government approach, positive results can be achieved.

-END-