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

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 6876

Mr M M Mdluli (DA) to ask the Minister of Trade, Industry and Competition:

With reference to the latest data from Statistics South Africa that shows that manufacturing output grew by just 0,1 percent in the third quarter of 2025, which effectively depicts stagnant growth with the year-to-date performance still 1,5 percent lower than last year, and noting that economists attribute this weakness to collapsing domestic demand, falling export orders and the unresolved United States tariff dispute, (a) what is his department's concrete plan to stimulate demand for locally manufactured goods and (b) how will he protect South African exporters from the deepening trade headwinds and policy uncertainty that continue to suppress industrial confidence? NW7689E

REPLY:

(a)
The Department of Trade, Industry and Competition (**the dtic**) acknowledges the concerns raised by the Honourable Member regarding the multiple challenges currently confronting the manufacturing sector. These challenges include low sectoral growth, subdued domestic demand, declining export orders, and persistent global trade tensions, all of which continue to place pressure on the performance and competitiveness of local manufacturers.

The Department has developed a National Industrial Policy (NIP) that has undergone the Cluster approval processes and is to be tabled at the Cabinet Committee for approval by Cabinet.

The NIP is aimed at bringing about a structurally transformed economy through a dynamic and globally competitive manufacturing sector. Industrial Policy presents a multi-pronged approach to grow a sustainable manufacturing sector as it is a critical engine of economic growth, employment, exports, and technological innovation.

The policy places emphasis on addressing binding constraints, especially in network industries, which are critical to lowering the cost of production in the manufacturing sector.

Also, it looks to stimulate demand linked to structural reforms (electricity, rail and water, ports, telecommunication) through, targeting government procurement with the aim of boosting production for both local and export opportunities, and creating jobs in the associated manufacturing supply chains in order to drive reindustrialisation.

Furthermore, we continue to support the manufacturing sector through various policies that are within the ambit of the Department. These include the social compact approach through eight (8) Masterplans which has proven effective in leveraging private sector investment, improving localisation of supply chains, investment in transformative supplier development programmes.

In addition, we are seeking to diversify and expand South Africa's global trade footprint through our export strategy that has identified 22 priority that cover key markets in Africa, the European Union (EU), the Middle East and BRICS. This is coupled with developmental trade policies such as tariffs, anti-dumping measures; safeguards; rebates; export taxes and standards which are deployed in a selective and strategic manner; as well as leveraging on the trade agreements to defend domestic industrial capabilities against unfair trade practices. In addition, we are seeking to diversify and expand South Africa's global trade footprint through our export strategy that cover access to key markets such as through the AfCFTA.

Additional measures to stimulate demand for locally manufactured goods include public procurement as a key lever for reindustrialisation and localisation efforts. Public procurement is not just about contract and compliance but about how the state can use procurement tool strategically to drive innovation, strengthen local industries, build resilience in supply chains, and create quality jobs. Therefore, we will continue using procurement policy as a strategic lever to favour locally produced goods, some sectors are designated with minimum local content thresholds. Coupled with this will be the deepening and improved coordination of sector master plans to improve competitiveness, investment, export, localisation and job creation.

All these interventions are deployed to unlock manufacturing potential; facilitate industrialisation; create and retain jobs; and to drive sustainable growth in the manufacturing sector.

(b)

The Department aims to assist South African exporters to be more resilient to global trade headwinds and policy uncertainty through a comprehensive trade diversification strategy. A central element of this approach is the acceleration of market and product diversification through a "butterfly strategy." This strategy prioritises the implementation of the AfCFTA, while expanding export initiatives into established and emerging markets in the Americas, Europe, Asia and the Middle East. The strategy focuses on broadening the base of our exports by product, market, and across multiple industries to reduce reliance on a few destinations and to strengthen value-added manufacturing as a driver of resilience and competitiveness.

In addition, the Department has intensified high-level engagements with key partners including China, India, ASEAN, the Gulf Cooperation Council, the European Union and the European Free Trade Association (EFTA) to secure new market access opportunities and reduce non-tariff barriers. These engagements are complemented by export promotion initiatives, such as exhibitions and outward selling missions, which profile South African companies and connect them directly to international buyers.

Through this combination of diversification, diplomacy, and promotion, the Department aims to protect exporters, restore industrial confidence, and position South Africa for inclusive and globally connected growth.

Additional information from the IDC

Potential cross-cutting interventions by the IDC

The key mechanism for withstanding the trade headwinds is competitiveness of domestic production. In support of this, the IDC continues to support investments into upgrading of facilities, energy efficiency, and provides working capital in select circumstances. The Corporation also manages the government funds such as the Manufacturing Competitiveness Enhancement Programme (MCEP); and the Clothing, Textiles, Footwear and Leather Funds (CTFL), which are blended with IDC funds to provide lower cost loans. The Corporation has engaged with industry associations and clients that are vulnerable to the impact of trade headwinds and key insights have informed the design of **a concessionary funding package,** the Export Competitiveness Support Programme (ECSP), which is a collaboration with **the dtic**.

The ECSP is aimed at assisting SA export companies, it will contribute to dealing with the challenges posed by the implementation of the 30% tariff on all non-exempt SA goods. The objectives of the programme are:

- **to assist SA exporting companies in building long-term resilience** and growth strategies to protect jobs and productive capacity; and
- **to provide funding to support short to medium-term competitiveness improvement interventions** by SA companies, that will either result in diversification into new markets, increased exports, maintain competitiveness in domestic and regional markets or development of new products for exporting**.**

Some examples of strategies that are being pursued:

Automotive Industry

- **Introduce impacted automotive suppliers to new OEMs** for additional volumes (Start of production planned for 2027)
- Continue with **developing Projects to establish additional OEMs in SA** to bolster SA production volumes (in line with Auto Masterplan)
- **Support export market diversification strategies**, where financing is required

<u>Steel & aluminium</u>

- **Concessional funding** support through the existing IDC Downstream Steel Industry Competitiveness Fund

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