

# Finding opportunities in South Africa's manufacturing sectors

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Despite the immediate challenges facing South Africa's manufacturing sector such as labour instability, productivity challenges and the country's difficult labour relations, there are opportunities for South Africa's manufacturing sector to grow, says the executive director of South Africa's leading lobby group for leading medium to large manufacturing companies.



"From the outset, it should be recognised that South Africa has manufactured to world class standards for more than a 100 years," says Coenraad Bezuidenhout, Executive Director at the Manufacturing Circle. "We manufacture quality at a good price and are renowned for our integrity and standards. There are many challenges we have to deal with to ensure an environment that is ever more conducive to manufacturing growth, but these are all

surmountable," says Bezuidenhout.

The Manufacturing Circle, which Bezuidenhout represents, is endorsing the first [Manufacturing Indaba](#), organised by Siyenza and held at Emperors Palace on the 19th and 20th May. The event is supported by host city, the City of Ekurhuleni, Productivity SA and Deloitte South Africa and is set to bring together leading manufacturers to catalyse growth in South Africa's manufacturing industries.

Late last year the Manufacturing Circle co-operated with the World Bank in a study focused on South Africa's export competitiveness. The study found three areas which presented significant opportunities to promote competitiveness. The first area was in promoting competition domestically to increase efficiency and improve productivity. Markets for the production utility services and supply for infrastructure projects in particular would not only grow the domestic market, but would bring down costs as economies of scale are improved and new entrants vie for manufacturing opportunities.

"Growing our domestic market is crucial to promoting manufacturing investment and manufacturing growth and therefore an organisation such as Proudly South Africa has a very important role to play," explains Bezuidenhout. "The business community needs to rally behind this organisation to see that it effectively delivers strong, above-the-line 'buy local' campaigns with strong consumer pull-through, by leveraging consumer loyalty programmes."

The second area of opportunity is in alleviating infrastructure bottlenecks, especially in power, as well as removing distortions in access to, and pricing of trade logistics in rail, port, information and communication technologies, which would reduce overall domestic prices and further enhance competitiveness. "It would be especially beneficial for small and medium-size exporters and non-traditional export sectors, which these costs tend to hit harder," says Bezuidenhout.

The third area would be to promote deeper regional integration in goods and services within Africa, which would generate the right conditions for the emergence of 'Factory Southern Africa', a regional value chain that could feed into global production networks. South Africa could play a central role in such a chain, leveraging the scale of the regional market, exploiting sources of comparative advantage across Africa to reduce production costs, and providing other countries in the region a platform for reaching global markets.

"These thoughts will be relevant to many of the proceedings at the upcoming Manufacturing Indaba. Progress on these fronts would help catapult South Africa toward faster-growing exports, allowing it to realise the higher, more inclusive, job-intensive growth articulated in the National Development Plan," says Bezuidenhout, who will be presenting his thoughts in a panel discussion at the Manufacturing Indaba.

The event will be in the heart of the City of Ekurhuleni, close to many of the country's factory bases, where government and investors are hoping the fruit of the National Development Plan will be seen through improved job creation and skills development.

"We are very pleased with the launch of the Manufacturing Indaba because we see the growth potential for job creation and skills development of this sector. Our economy desperately needs a strong and innovative manufacturing base and we must continue to work together to promote this," says Liz Hart, Managing Director of Siyenza.

Siyenza is no stranger to hosting large-scale business events that are strategically formulated to promote Africa as a business region of choice. The company's Africa Energy Indaba is the continent's premier energy event, endorsed by the World Energy Council and South African National Energy Association. The Infrastructure Africa Business Forum is its other main event, which is hosted in partnership with the Gauteng Department of Infrastructure Development.

## **More about the Manufacturing Indaba:**

The conference programme will include plenary sessions as well as breakaway debate sessions to unpack and encourage active participation at the event. Topics to be discussed include:

- What are the challenges and opportunities facing the South African manufacturing sector in the next five years?
- Localisation as a global trend: Developing and maintaining a skilled workforce
- Opportunities for growth in the small business manufacturing environment and how can big manufacturers benefit from small business?
- What incentives are there to ensure foreign investment and establishment of global companies in the South African manufacturing sector?
- Access to finance
- Strategies for growth and competitive advantage including the productivity debate

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