

Driving the industrial effort

By  Danette Breitenbach

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In his keynote address to the Manufacturing Indaba , Department of Trade and Industry (the dti) director general (DG), Lionel October, referred the Industrial Policy Action Plan (IPAP), 2018 and its focus on key themes, which inform the dti's work and act as a roadmap for the wider industrial effort:



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1. Grow the economy

Working closely with the private sector, government must secure and support investment in a modernised and competitive manufacturing and export sector. Investment must, wherever possible, focus on the labour-intensive value chains that link the primary and secondary sectors of the economy: agro-processing; clothing, textiles, leather and footwear; component manufacturing for the automotive and metal fabrication industries; and so forth.

Most importantly, ensure that economic and industrial growth and higher levels of investment secure, strengthen and build black management, ownership and control in the economy and that empowerment is enabled and advanced through the creation of decent employment.

2. Strengthen efforts to raise aggregate domestic demand

Mainly through localisation of public procurement and intensified efforts to persuade the private sector to support localisation and local supplier development. Very choppy waters in the global trading regime taken together with over-supply in critical sectors will lead increasingly to aggressive and even cut-throat import penetration of the domestic market. Taken together with illegal imports this represents a significant threat to the domestic economy.

Both the letter and spirit of the BEE codes do not mean that importers who are black-owned should trump locally manufactured goods. As the dti points out in IPAP 2018 – if a supply chain is not localised there will be no empowerment, no local job creation, no building of local industrial and technology capabilities and so forth.

3. Step up South Africa's export effort

With a focus on key existing exporters, emerging export-ready firms and strong support for new black industrial

entrepreneurs with a geographic focus on new emerging markets especially on the African continent.

4. Create and reinforce policy certainty and programme alignment

This requires intensified efforts to secure a streamlined, inter-departmental 'clearing house' to steer policy and programme alignment, deal with bottlenecks and ensure that all departments, SOCs and agencies are pulling in the same direction and supporting the industrialisation effort.



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5. Reduce barriers to entry

Strengthen ongoing efforts to build a less concentrated, more competitive economic and manufacturing environment in which barriers to entry for new entrants are lowered.

6. Strengthen system of industrial finance and incentives

Build a stronger system of industrial finance and incentives to support and secure higher levels of private sector investment in the productive sectors of the economy and grow exports. The IPAP Chapter on incentives points to some of the proposals in ongoing work in this regard.

7. Persevere with value adding beneficiation projects

Press ahead with technology-intensive, value-adding beneficiation projects which fully leverage SA's comparative resource endowment advantage into a global competitive advantage. IPAP 2018 updates this work, with a strong emphasis on the increasingly significant opportunities emerging in fuel-cell manufacture.



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8. Support energy-efficient production and carbon mitigation

Support the further strengthening of energy-efficient production and carbon mitigation efforts and measures in a manner that allows for sustainable adaptation by all the energy-intensive sectors of the economy. This requires careful, intra-governmental collaboration to shift both energy and all other forms of production to a less carbon-intensive and sustainable platform which is globally competitive and does not lead to job losses.

It must also allow for systematic retraining and 'switching'; and it must ensure that agriculture, mining and manufacturing (especially in renewable energy) do not fall behind the sustainable production and technology curve.

9. Equip yourself for the digital disruption

Finally: Understand, grasp and prepare for the foreseeable effects of the Digital Industrial Revolution and emergent disruptive technologies, collaboratively adapting SA's productive and services sectors to meet the challenges, including those relating to employment displacement. For example, the dti is currently engaged in an urgent effort to develop an

appropriate policy and regulatory framework for e-commerce – the rapid of expansion of which presents both important opportunities and potential threats to the domestic economy.

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