

Patel calls for partnerships in manufacturing sector

Trade, Industry and Competition Minister Ebrahim Patel says South Africa must rebuild its manufacturing strength to be able to fully benefit from the opportunities in the BRICS markets.



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“This needs to be done through deeper partnerships and careful use of both demand and supply-side measures,” Patel said.

Patel was speaking at the BRICS Business Council meeting. The conference, which attracted small and large industrialists, was a hybrid event, with attendance in Sandton and through virtual platforms.

Minister Patel highlighted the crucial role of manufacturing in strong and dynamic economies. “Over a number of years, manufacturing was seen as a sunset industry, a relic of an age that was passing, and policy-makers were urged to abandon efforts to support the industry and seek opportunity in other sectors of the economy.

“In the case of South Africa, the country rapidly opened its trade-exposed sectors to what was described as the bracing effects of global competition, but without supporting local firms to become stronger and more dynamic. The results were painful to see - we lost critical manufacturing capacity,” Patel said.

“It led to a wave of de-industrialisation pressures, and as core feeder-factories were closed down, they impacted on other

parts of supply chains. Our localisation project is about working with the business community to rebuild the foundations of manufacturing, to strengthen industrial capacity that can supply both the domestic and export markets,” the Minister said.

Patel said manufacturing is a big driver of employment with the strongest employment multiplier. “IDC research shows that for every one manufacturing job, another three jobs are created across the economy, in both supplier industries and services sectors.

“It is an earner of foreign exchange and a driver of innovation, of research and development and in times like the Covid-19 crisis, countries with capacity relied on their industries to produce food, personal protective equipment and medical supplies,” he said.



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SA's reimagined industrialisation agenda

Patel noted that the country's reimagined industrialisation agenda is based on building dynamic firms and economic inclusion which includes:

- To retain and modernise traditional sectors, like steel, textiles and clothing;
- To expand advanced-manufacturing sectors such as autos and chemicals;
- To develop national resilience through expanding sectors in food and healthcare; and
- To nurture new industries such as the green economy and the digital economy.

Master Plans

Sector partnership agreements, known as Master Plans, have now been put in place in five sectors, with another one in the furniture industry close to conclusion.

These initiatives have positively impacted on sentiment and investment, and Minister Patel pointed to the recent [R16bn investment](#) announcement by the Ford Motor Company and the R1bn investment in the poultry industry.

Repurposing SA's manufacturing capacity

Patel pointed to progress made during Covid-19 to repurpose the South African manufacturing capacity:

- Local production of hand sanitiser products expanded greatly, supplying the domestic market and also exporting R1.7bn worth of product to other African countries;
 - Manufacturing of medical-grade face masks was ramped up from a capacity of 6 million to 16 million masks per month; and
 - Local innovation and manufacturing capabilities were combined to produce 20,000 CPAP ventilators, used particularly during the second surge.
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Opening export opportunities

Patel called on the manufacturing sector to work on opening export opportunities in BRICS countries through three measures.

First, to produce detailed export-opportunity studies for each BRICS country, identifying the products that can be exported and the support infrastructure needed.

Second, to build greater cohesion within SA manufacturing, with sharing of ideas between industrialists on how to penetrate export markets; and greater use of manufacturing networking to address issues of technology innovation and marketing, among others.

Third, to develop an innovation project to bring together product development and manufacturing people to identify new opportunities where SA may not yet have capacity, but for which there are significant markets in BRICS and indeed beyond it.

He also called on the manufacturing sector to work on attracting bright young people who can bring energy and new ideas to the making of products.

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