

**Portfolio Committee on Trade and Industry  
Workshop on  
Industrialisation and its linkages with trade,  
procurement, investment and the  
localisation drive**

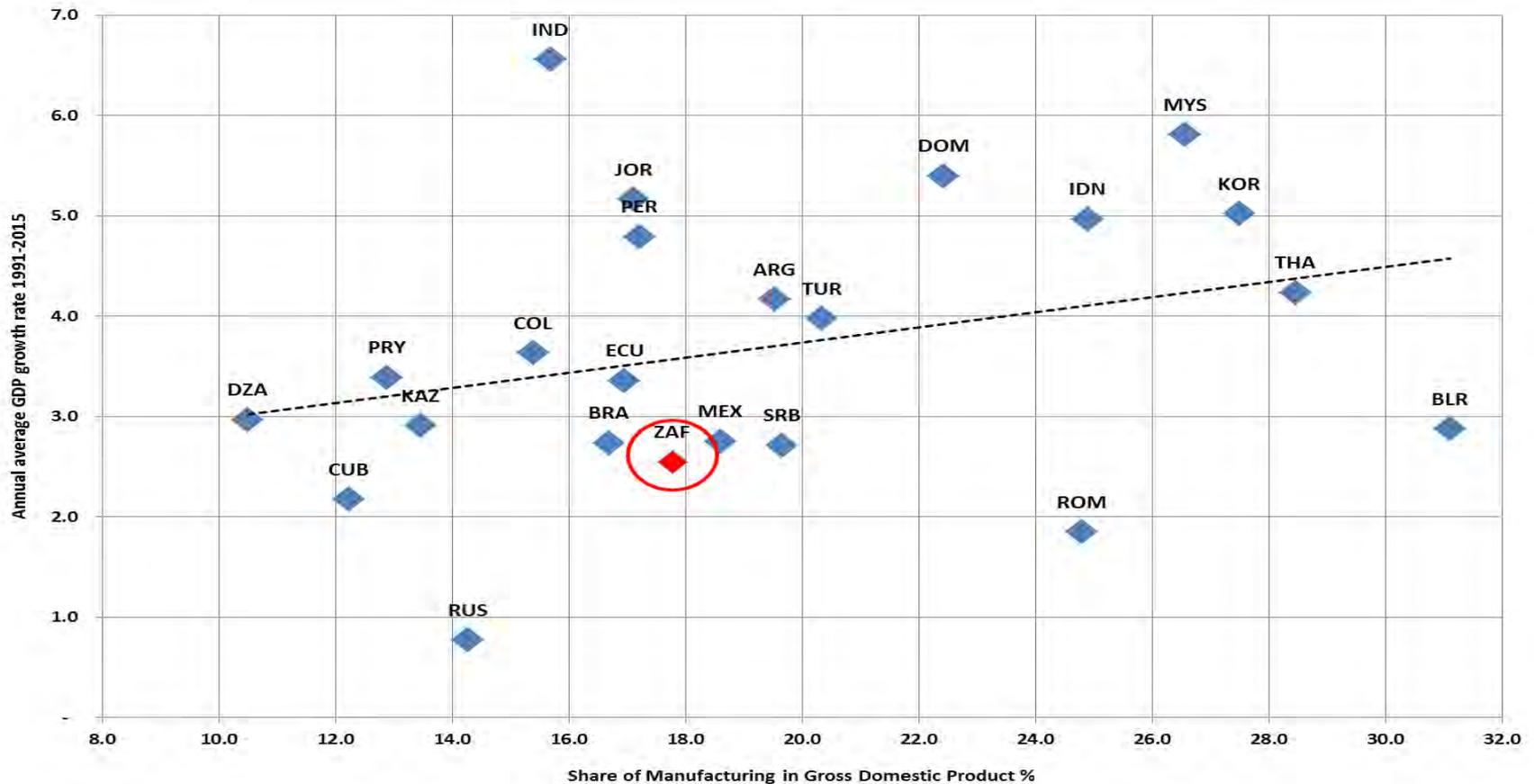
16 August 2016

Industrial Development Advisory Unit

Department of Trade and Industry

# Manufacturing and development

High growth countries have a high share of manufacturing in GDP



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# Industrialisation and trade

- Trade has the *potential* to contribute to rapid growth and employment creation
- Successful late industrialisers have engaged *strategically* with trade
  - Import replacement as a route to export competitiveness
  - Leverage major sources of domestic demand
  - Rapidly build competitive capabilities and economies of scale
  - Develop export competitiveness and markets
  - Mitigate balance of payments constraints



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# Issues in relation to trade

- Slowdown in growth amongst traditional trading partners since financial crisis: EU and US
- Rapid growth of value-added exports to rest of African continent
- Weakening of commodity prices and demand
  - Slowdown of a number of African economies
  - Impacted trade with China and India
- Leverage public investment to develop export capabilities
- Currency depreciation provides opportunity to grow and diversify exports
- Promote a process of complementary regional industrialisation and integration in SADC



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# Industrialisation and investment

- High growth associated with a high share of fixed investment in gross domestic product
- Public and private investment is complementary
  - Address infrastructure backlogs
  - Leverage public investment expenditure
- Development finance
  - Longer term investments
  - Focus on sectors with high potential for value added and direct and indirect employment creation
  - Support Black industrialists: long term ownership and active management in manufacturing
  - Support capacity linked to localisation initiative



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# Industrialisation and procurement

- Significant progress in measures to leverage SA's large-scale public investment and procurement programme
- Priorities
  - Compliance
  - Supplier development
  - Local content verification
  - Import monitoring and export performance
- Reporting
  - Detailed reporting by SOC's and other procuring entities
  - Detailed reporting by each major contracted OEM



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