



# MANUFACTURING CIRCLE

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The Manufacturing Circle Quarterly Communication provides a status update on activities conducted in relation to our objectives for the calendar year

## STRATEGIC PROJECTS STATUS UPDATE

### EXPORTS

- The **Trade Interests Registry (TIR)** is currently in development by Tutwa Consulting in cooperation with the Manufacturing Circle. It is a web-based platform that companies can use to provide input to trade negotiations, report export barriers, receive alerts on trade trends, access relevant research, and inform policymakers of their priorities.
- Each individual member will have its own TIR dashboard to register products and markets that offer growth opportunities (expansion interests), threats to local markets (defensive interests) and existing trade that is crucial to core business (retention interests).
- When a negotiation, trade trend, or report impacts the products or markets identified as an interest, the company will receive a notification on their dashboard with the relevant information. Companies can then provide feedback directly on the platform.
- The Manufacturing Circle will use the platform to systematically gather and organise information on members' priorities, views and concerns; and use this information to inform strategic planning and engagements with government.
- The TIR is currently in active development and is expected to be completed by the end of August.
- An initial trial of the system is expected to be available by late-September, and Manufacturing Circle members will be offered early access to the system.
- In parallel, the Manufacturing Circle is an active participant at **Nedlac** and a range of forums, and is always ready to raise trade or other issues on behalf of members with government.

### ENERGY

- The Manufacturing Circle **Electricity Survey** was finalised in June. Thirteen member companies participated, operating 1 23 factories in 32 municipalities across 9 provinces, and employing just over 28 000 full time personnel.
- Annual aggregate power demand is approximately 5 041 GWh. Only 6 of the 123 factories are supplied directly by Eskom, with the remainder serviced by municipalities.
- To address power supply challenges, most of the respondents have implemented, or are in the process of implementing, industrial energy efficiency measures. Investment in alternative power solutions is also clearly evidenced. Participation in load curtailment programmes is currently taking place by factories located in 10 different municipalities.
- The survey results provide steer to the Manufacturing Circle's next steps, to identify and facilitate solutions on behalf of our members in:
  - o industrial energy efficiency interventions;
  - o demand-side management opportunities; and
  - o alternative power procurement opportunities.
- The Manufacturing Circle submitted comments on the draft **South African Renewable Energy Masterplan (SAREM)** on 31 July; highlighting that effective implementation offers the manufacturing sector significant opportunity to address the current lack of sufficient energy supply, in addition to demand-side opportunities to provide manufactured product into a build programme.
- We remain directly involved in this process including the negotiation of targets through an upcoming facilitated process.

### MUNICIPALITIES

- The upcoming Manufacturing Circle **Municipalities Roundtable** on 5th September: *Moving towards an Active Partnering Model* addresses how industry can engage directly with municipalities to address lack of service delivery from an electricity and water supply perspective.

### STEEL

- The Manufacturing Circle remains actively involved in the **Steel Masterplan Demand Implementation Working Group** to access opportunities in infrastructure, rail and mining and address blockages hampering implementation.
- For the local market, the **Eskom Transmission Development Plan** is a key area of focus including regular engagement with Eskom's Executive Team motivating local industry's supply capabilities and capacity.
- The Steel Masterplan **Export Working Team** has been established to identify target projects in Africa. Pilot projects are currently being identified in five selected countries (Tanzania, Kenya, Mozambique, Nigeria and Namibia) in four sectors (oil and gas, transportation, energy and water); and project teams to drive implementation are currently being finalised.
- A practical briefing session on implications of the **Carbon Border Adjustment Mechanism (CBAM)** on exports in the metals and machinery value chain will take place in October to enable a pro-active response by industry is scheduled for October.

## EVENTS CALENDAR: Q3 & Q4

BE HEARD

### Roundtables

These are closed sessions hosted at BLSA's Sandton offices offered on a first come, first served basis to member companies. Attendees also include guests with specific subject matter expertise. Each session focuses on a Strategic Project, providing members with an overview and status update on workstreams, and the opportunity to engage in comments and feedback.

**5 September 10h30 - 13h00: Municipalities**

**7 November 10h30 - 13h00: Water**

**21 November: AGM**

BE INFORMED

### Briefing Sessions

Informing industry on specific topics, and enabling access to a range of expertise and networks.

**October: CBAM and Industry Readiness**

For further information relating to any of these items please do not hesitate to contact [jo@manufacturingcircle.co.za](mailto:jo@manufacturingcircle.co.za)

## INTRODUCTIONS: AFFILIATE MEMBERS

The Manufacturing Circle's Affiliate Members provide insights to navigate project, trade, finance and incentive opportunities, achieve operational efficiencies and access logistics solutions.



After eight years as an associate member, EY is in no doubt that the Manufacturing Circle is the authentic and (most importantly) the most effective voice of South African manufacturers.

Behind the scenes, EY's advisory team consults extensively with the Circle's secretariat and gives considerable input into policy positions and negotiations. Partner Duane Newman and his EY colleagues also perform an unseen but invaluable role in giving expert advice on Manufacturing Circle initiatives covering electricity, steel, exports and, more recently, localisation.

As many members have experienced over the years, EY is only too happy to share its insights, expertise and thought leadership on a variety of platforms organised by the Manufacturing Circle.

Duane believes that to get the most out of membership of a trade association like the Manufacturing Circle it is important to be an active member. "The Manufacturing Circle very clearly has the interests of its manufacturing members at its centre," says Duane, "and it works extremely hard to advance those interests – in getting close to policy developments and in advocating through avenues such as other industry associations, Nedlac and various government platforms. So, yes, I believe that every large and medium-sized manufacturer that can join the Manufacturing Circle should do so."

Like many other associate members, EY benefits from its membership by being able to take the pulse of Manufacturing Circle members, by sharing thoughts and ideas, and keeping abreast of the manufacturing agenda. The firm consults to a wide variety of manufacturers, most notably on sustainability themes – that are material to almost all manufacturers – through its various service lines that include global trade, carbon and energy, and government grants and tax incentives.

Subjects such as energy-efficiency incentives, carbon taxes, greenhouse gas reporting and accounting, carbon credits, grants and taxes are of growing importance to manufacturers, although most company bosses don't have the time or specialist knowledge to deal with them on a day-to-day basis. Which is where EY can and does help clients – and the Manufacturing Circle. Localisation is another burning issue, Duane says, with a big potential upside for manufacturers – if business can get it right. And it's an area in which EY has a great deal of experience – and expertise.

Be sure to look out for Duane and his EY team members at the next Manufacturing Circle gathering and maybe get their thoughts on your energy-efficiency, export, tax or localisation challenges.



After almost 180 years, Old Mutual knows a thing or two about what makes South African business tick.

But the financial services giant is always keen to know more – which is one of the main reasons why it has joined the Manufacturing Circle as an affiliate member.

Representing Old Mutual at the Manufacturing Circle is Nobesuthu Ndlovu of the newly created SME Team. She says Old Mutual is focused strongly on specific sectors and manufacturing is one of the most important – to Old Mutual and to the well-being of the South African economy. "We want to understand what the manufacturing value chain of delivery and its key pain points look like," Nobesuthu says. "Joining the Manufacturing Circle, we hope to get close to its members, to exchange ideas with them so that we can work out how we can provide them with very specific solutions."

The Old Mutual solution offering extends well beyond short-

term and life insurance and includes trade and supply-chain finance as well as advisory services such as helping manufacturers access markets, improve efficiencies and enhance their employee value propositions. (One area that Old Mutual is particularly strong in is ESD where it is perhaps best known for its award-winning Masisizane Fund.)

"We approach membership of the Manufacturing Circle in a true spirit of partnership," says Nobesuthu, "we want to do much more than network and sell products and solutions, to do whatever we can to grow manufacturing, jobs and the economy. The Manufacturing Circle is one organisation that can really make a difference."

Nobesuthu says she is keen to learn more about the issues and campaigns that the Manufacturing Circle is involved with on behalf of its members and the sector. And to help find ways to strengthen the manufacturing voice in its dealings with government and other stakeholders.



For PwC, being a Manufacturing Circle member is all about gaining insights into the industry's biggest issues, networking and together finding solutions to common challenges.

"We're not at the Manufacturing Circle to sell anyone anything," says Pieter Theron, PwC South Africa's manufacturing industry leader. "We're there more to listen than to talk. Obviously, we're always getting the views of our clients but with the Manufacturing Circle we get a really wide variety of different views and ideas, from a lot of sectors, and a broad understanding of what members are thinking, what their problems and their opportunities are. And what they're up to. The Manufacturing Circle is a place that people really feel part of and so we find that they're willing to speak frankly and discuss things with a view to finding real, practical answers."

Pieter says that not the least of the Manufacturing Circle's strengths is the stature it enjoys with multiple stakeholders – in

both the private and public sectors. He believes that PwC can tap into that standing – and that members can benefit from PwC's own relationships.

PwC also has a lot to bring to the table in terms of thought leadership. Pieter cites two global studies the consultancy recently produced, on smart manufacturing and supply chains. Both offer fresh understanding and insights into matters that are of common concern to many South African manufacturers. "We're always more than willing to share what we've learnt, particularly with those who're interested in real solutions to real issues, like the people who belong to the Manufacturing Circle," says Pieter.

Lastly, he adds, because manufacturing is so important to our society it's essential it speaks on behalf of the sector, with one voice. "The Manufacturing Circle is that voice."