



**MANUFACTURING CIRCLE WELCOMES MINISTER PATEL'S FOCUS ON RE-IMAGINING SOUTH
AFRICA'S INDUSTRIAL STRATEGY**

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In its latest survey, the members of the Manufacturing Circle (MC) - the voice of the manufacturing industry - indicated that weak local demand is the most significant inhibitor of investment. Says Philippa Rodseth, executive director, "Survey questions were developed from our Map to a Million Jobs in a Decade document. In addition to weak local demand, respondents were asked to rank inhibitors to investment comprising high input costs, poor regulation, lack of regulatory co-ordination and weak implementation, as well as unreliable and expensive energy, low export demand, poor service delivery from local government and lack of enforcement in terms of monitoring tariffs and local content designation.

While the industry is working on solutions within its control, such as a stronger buy-local campaign, identifying opportunities for import replacement, and growing exports, Rodseth notes that Government is also focusing on achieving sustainable growth in the long term. She says that the MC, which was a participant in the recent Nedlac Trade and Industry Strategic Session which focused on re-imagining South Africa's industrial strategy, supports the Minister's objectives.

MC attendees at the Session, including several captains of industry, welcomed Minister Patel's emphasis on building blocks of sustainable growth such as restoring the capacity and skills which have been eroded in the public sector and SOEs, promoting a functional relationship between the state and the private sector; and macro-economic policy to support growth and employment.

Ayanda Mngadi, chairperson of the MC, acknowledges "we agree with the Minister that higher growth rates will only be achieved if structural challenges are resolved. Government realises that the critical factors for economic growth include secure and cost effective energy and water supply, reliable and reasonable transport logistics, rail and port costs as well as affordable data costs".

She added, “We also believe that public and private sector collaboration, prioritisation of sectors and the centrality of industrial policy to growth strategy need to be addressed as a matter of urgency. We look forward to the proposed new integrated approach. Implementation with clear action plans, budgets and timelines will be key.”

The significant constraints to growth and investment require a concerted partnership between Government and industry in order to show a vast improvement in the financial performance of the manufacturing industry.

The MC is therefore encouraged by National Treasury’s recently produced paper, ‘Economic transformation, inclusive growth, and competitiveness: Towards an Economic Strategy for South Africa’. The MC supports the emphasis on implementation of a focused and flexible industrial and trade policy to promote competitiveness and facilitate long term growth, and the need for export competitiveness and regional growth opportunities. Furthermore, modernising network industries to promote competitiveness and inclusive growth, lowering barriers to entry and addressing distorted patterns of ownership through increased competition and small business growth, and prioritising labour-intensive growth are welcomed.

According to André de Ruyter, executive member of the MC, the achievement of growth requires collaboration, co-ordination and alignment across value chains, manufacturing companies and government departments. He says, “We see evidence of this in proposals by both the DTIC and Finance, which stress the fundamental importance of the industrialisation of our economy to achieve sustainable growth. Now we need urgent implementation.” He added that the research involved in the Map to a Million Jobs initiative indicated that time is of the essence in addressing these challenges.

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BACKGROUND INFORMATION

The Manufacturing Circle works actively to bring about a resurgence of manufacturing and engages proactively with policy makers and regulators to address key issues. It has three key goals: achieve a competitive manufacturing environment, attain a supportive international trade position and advance the reputation of South African manufactured products.