Statement by Hon. Malusi Gigaba, MP, during the Debate on Vote 39 of the Department of Trade, Industry and Competition (dtic), in Cape Town on 16 July 2024

Honourable Chairperson,

Honourable Minister and Deputy Ministers,

Honourable Members,

Distinguished Guests.

It is an honour to be granted the opportunity to make a statement in support of Vote 39, the Budget Vote of the Department of Trade, Industry and Competition.

All the participants to this debate have spoken as in accordance to the mandate given to them by their political parties.

We have spoken in our respective ways, claiming to represent this or the other constituency of our society.

We cannot refute the fact that some of these constituencies occupy a higher station in our social structure owing to their relationship to property.

Yet others – the workers, the rural poor, the unemployed, women and youth – are equally relentless in their yearning for equal access to the opportunities of a better life that our nation promises all.

It behoves this August House, as the tribune of the people, to strive to represent all with equal measure, to demonstrate its recognition of the merits of economic inclusion and justice.

The concentration of economic ownership in the hands of a few and the existence of large monopolies and oligopolies constitutes an abiding threat to the common survival of all the peoples of South Africa.

We must do more to achieve economic justice and dismantle the unjust concentration of economic ownership and power that still prevails in our society and thus still mars our pursuit for a united and just nationhood.

We must do more to address the structural weaknesses of our economy and advance all-round well-being for all our people and improve the quality of life in meaningful ways.

Ultimately, sustainable development and decent work depends on the interventions that the dtic must pursue.

The dtic is called upon to play a significant role in the pursuit of the green economy, with a view to significantly shift our economy away from its heavy reliance on the core sectors linked to the minerals-energy complex.

It must strive to ensure that the green revolution develops local IPs, skills and technologies, advances local research capabilities and establishes South Africa as a centre of knowledge, learning and research in these fields on the African continent.

In this regard, we must express our concern about the negative impact of protracted fiscal austerity on the pursuit of industrialisation outcomes and the fulfilment of the transformation objectives and mandate of the dtic.

Whilst we note the fiscal and global economic constraints, we believe that better economic governance and effective coordination between various departments and entities, business and labour, can lift South Africa out of the current quagmire.

The RDP had enjoined us to pursue “coordinated and effective policies that combine private sector initiatives and government support to address structural weaknesses”.

We thus recognise the complementary role of the private sector, new value chains, access to financing for emerging black businesses, and how existing systems militate against emerging black businesses.

In advancing transformation and building a capable state, it is critical to have a well-functioning relationship between the state, the private sector as well as other critical sectors of society such as labour and civil society.

The reimagined industrial strategy recognizes the importance of leveraging the strength of the private sector and organized labour.

Our industrial strategy through Special Economic Zones seeks to create a sustainable environment for foreign and domestic investment and build sector-based industries, which will help the South African economy to develop its strategic industrial capabilities.

The programme serves as a key policy initiative underpinning spatially integrated development, particularly in the context of unlocking or optimising South Africa’s comparative and competitive advantage.

To this end, the dtic intends to subsidise bulk infrastructure and factories in SEZs through the allocation of R2.3 billion.

Through the automotive incentive scheme investments (AIS), the sector has supported approximately 11 000 new jobs and retained 63 000 jobs.

Overall, the AIS supports an estimated 109 000 jobs in the sector.

This is evidently not enough to impact on unemployment, but it is vital.

The Portfolio Committee has proposed that the Department should further consider designating SEZs related to the film and television industry in view of the industrial and employment opportunities that this sector offers.

The automotive sector is making significant investments in the South African economy, and needs support to address binding constraints such as port efficiencies that impact on its effectiveness.

Stellantis, the world's fourth biggest automaker, intends investing R3 billion to build a new auto-factory in the Coega Special Economic Zone.

This would, once completed, bring the Peugeot vehicle production to SA.

The Ford Motor Company announced a R5.2 billion investment for the production of the Ford Ranger plug-in hybrid electric vehicle in Tshwane.

The department has in addition recently designated an SEZ in Namaqualand in the Northern Cape, which currently has an investment pipeline of over R29 billion that will result in the creation of 3250 jobs during the various phases of development.

The overall current investment pipeline boasts of small to medium-sized investment companies with activities in green hydrogen and ammonia: fuelling, refurbishing and repairs; energy and petrochemicals for local mobility, manganese sulphate and; mineral beneficiation.

The SEZ will logically connect with another project being built in Ritchersveld Municipality, the Boegoe Baai deep sea port which will be the epicentre of green hydrogen generation in South Africa.

The revival of industrial parks is essential in promoting decentralization of industrialization to the less economic activity laden areas such as townships and semi-rural areas.

The revitalization programme is meant to improve industrial infrastructure which has aged because of the exit of investors in the last few decades.

Working with provincial governments, investors are being sourced to settle in these parks and create jobs.

To this end, the budget allocates R156.3 million for industrial parks and R417,6 million for critical bulk infrastructure such as water, electricity and sewage connections.

The Budget Vote and Annual performance plans clearly articulate a practical and unique approach to respond to the structural transformation of our economy.

This is informed by the imperative to create opportunities for all South Africans, particularly those hitherto excluded from economic participation.

This involves de-concentrating our economy and opening exclusive product and service markets to participation by all.

It is also about our enduring commitment to support the black industrialists and workers who were previously denied access to opportunities for economic ownership and participation.

Building and supporting a new model of special economic zones (SEZs) and industrial parks in secondary towns and rural areas, is informed by the principle of trying to expand industrial activity beyond its concentration in the urban metropolitan areas.

21st century developmental states will no longer just be about industrialisation, employment creation, raising incomes and achieving high-level GDPs, they will be more focused on enhancing well-being for ordinary people on a sustainable basis.

We therefore believe that this budget vote details exactly what our economy needs.

The ANC supports the vote.