

Industrial growth on the cards for SA

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The latest iteration of the Industrial Policy Action Plan (IPAP), aimed at stimulating economic growth, was unveiled in Pretoria on Thursday (4 April).



Image: GCS

Presenting the plan, Trade and Industry Minister Rob Davies said the document was a plan of action for what needed to be done to industrialise the economy.

It sought to build a competitive manufacturing sector with strong growth and employment.

The plan aimed to deepen support programmes in automotive, metals, agro-processing, clothing, textiles, leather, and footwear.

It also sets out to support green industries, renewable energy efficiency, and advanced manufacturing and materials and sets standards and a strategic tariff regime to clamp down on illegal and sub-standard imports.

There was a strategic focus on minerals and resources beneficiation along with an improved competition policy to clamp down on collusion and price-fixing.

Davies said the South African economy had structural problems, which caused it to be driven by imports and consumption sectors.

He said the country had enjoyed growth over the past years, but it still battled with high levels of unemployment.

Davies said structural unemployment experienced in the South African economy over the years could not be addressed by mere economic growth.

"If we want to make a dent on unemployment we need to boost the productive sector of the economy," he said.

Consumption underpinned by manufacturing

The consumption sector of the economy had grown at twice the rate of production sectors, such as agriculture, mining, and manufacturing.

"Even if we have jobs in the services sector, those jobs are more secure and are stronger in quality if they are underpinned by a strong value-added manufacturing sector," Davies said.

The IPAP 2013/14 sought to promote value-added productive activity in different sectors of the economy, and aligned government policies into a single encompassing plan.

Davies said procurement was a priority identified by the plan to boost local production.

"We have taken a decision, as government, that we need to make sure that our procurement policies support deeper localisation and create more opportunities for locally-based productive enterprises to produce goods and supply services to government agencies."

Davies said particular sectors had been designated to boost local content through procurement. These included railway equipment, transmission lines, uniforms, and medicine or tablets used in public health institutions.

There were also new designations which were being prepared, and these included valves, manual and pneumatic actuators, power and telecommunications cables and components for solar water heaters.

Among other sectors identified as having potential for growth were green industries, pharmaceuticals, and agro-processing.

IPAP 2013/14 identified beneficiation as an area with great potential to boost both the mining and manufacturing sectors, while creating jobs.

Davies said the South African economy had to create new export markets, particularly in Africa, improve innovation and technology, and align skills development with its industrial policy.

"We need to pursue regional integration," he added.

Davies said the new plan would be put into practice and aligned to government's infrastructure programme.

Source: *Sapa* via I-Net Bridge