

# Automotive and textile sectors to get more support

The Department of Trade and Industry (DTI) is set to increase support for the automotive and clothing sectors, says Minister Rob Davies.



DTI Minister Rob Davies says incentives for the automotive, clothing and textile industries are paying dividends for South Africa's economic growth. Image: GCS

"Firstly, we see acceleration in the automotive sector, where the Automotive Production Development Programme (APDP) has already supported significant new investment in the sector. Projected capital expenditure for 2014 is anticipated to reach R7.9bn," said Davies during his Budget Vote this week.

The work of the APDP has been acknowledged by organisations such as the National Association of Automobile Manufacturers of South Africa (Naamsa), which has attributed the relatively high levels of capital expenditure by car manufacturers to this programme.

The APDP's objective is to raise the volume of cars manufactured in South Africa to 1.2m a year by 2020 and to diversify the component chain.

Davies said that in the coming year, the APDP will be reviewed. "We will make us take stock of efforts made and determine what more can be achieved in growing the industry in South

Africa," he said.

## Government incentives boost component manufacture

In other efforts to grow the sector, the Automotive Supply Chain Competitiveness Initiative (ASCCI) was launched last year to enhance localisation, production and supplier capabilities. Davies said this programme was also proving to be a success and his department will continue to expand it.

Davies said since the introduction of the Automotive Investment Scheme (AIS) in 2010/11, public sector-approved incentives amounted to R6.3bn and supported investments worth R23bn by original equipment manufacturers (OEMs) in the automotive sector.

"The intention of the AIS is to grow and develop the automotive sector through investment in new and replacement models, as well as the manufacturing of automotive components. The objective here is to increase plant production volumes, sustain employment and strengthen the automotive value chain," he said.

"Given that automotive manufacturer and components comprises 30% of our industrial sector, with strong linkages to other manufacturing sub-sectors, the impact of such investment on our domestic economy is significant," he said.

The country's automotive sector employs more than 100 000 people.

## Clothing and textiles

Davies said another important labour absorbing sector for South Africa is that of clothing, textiles, leather and footwear.

"The DTI has helped to stabilise this sector through improved monitoring of imports to ensure compliance with customs and excise regulations and to reduce unfair and illegal imports," said Davies



Automotive companies benefit from government incentives to boost production in South Africa. Image: BMW



Textile manufacturing sectors have been stabilised through various government incentives to improve competitiveness. Image: [US Embassy](#)

"It has also been designated under the Preferential Procurement Policy Framework Act (PPPFA) and collaboration with key retailers to encourage local procurement," he added.

He says the introduction of the Clothing and Textile Competitiveness Programme (CTCP) in 2010 has also helped the sector over the past few years.

"In the coming year, the department will continue to roll out the CTCP to reach more companies and I will announce in the near future details of a significant programme to increase value addition in the exotic leather and animal hide industries through the National Exotic Leather Cluster," Davies said, adding that the DTI will continue to play its role in ensuring that government procures 75% of its goods and services from

local companies.

According to Davies the next designation of products for government procurement includes steel and building and construction materials, among others.

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