

R1.5bn steel fund to come into effect in June

A R1.5bn steel competitiveness fund will come into effect next month, Economic Development Minister Ebrahim Patel said on Thursday, 25 May.



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Addressing media prior to tabling the Department of Economic Development Budget Vote in Parliament, Patel said the fund will target downstream steel sectors, including foundries and valve and pump manufacturers.

The minister said the fund will be administered by the Industrial Development Corporation (IDC) and will start operations in June.

“The IDC will be making a call for proposals. Essentially, this fund will be open and active from 1 June. We want to go to work immediately. We encourage companies to apply,” said Patel.

The fund excludes component manufactures that qualify for other incentives.

The minister said the fund will assist companies that are looking to expand as well as those who are under pressure from imports.

Some of the investment criteria government is looking at are businesses that are based in South Africa, while black

industrialists will also be considered

“Essentially the fund is intended to be an interest rate subsidy,” said the minister.

IDC Investment

In the past year, the IDC facilitated R47bn worth of investment in the South African economy.

“That is R15.3bn from its own funds and then the rest from private investor partners. That is the largest in its history,” said the minister about the IDC, which is one of the agencies that fall within the department’s ambit.

IDC approvals to black industrialists totalled R4.7bn, a growth of 60% from the previous year.

“More broadly, approvals for black entrepreneurs totalled R10.8bn [while] funding for youth would have almost doubled to R2.4bn and funding for women empowered businesses grew sharply to R3.2bn,” said the minister.

At the briefing, Patel said the department’s budget vote will also indicate that the development finance institution will create or save many jobs.

Africa Day

Meanwhile, the minister told media that the African continent accounts for R320bn worth of exports of South African made goods.

This, as the continent today celebrates Africa Day.

“The continent accounts for R320bn worth of exports of South African made goods. Those support about a quarter of a million South African workers, excluding indirect jobs,” he said.

The minister said that there is new research that ranks China as Africa’s largest trading partner.

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