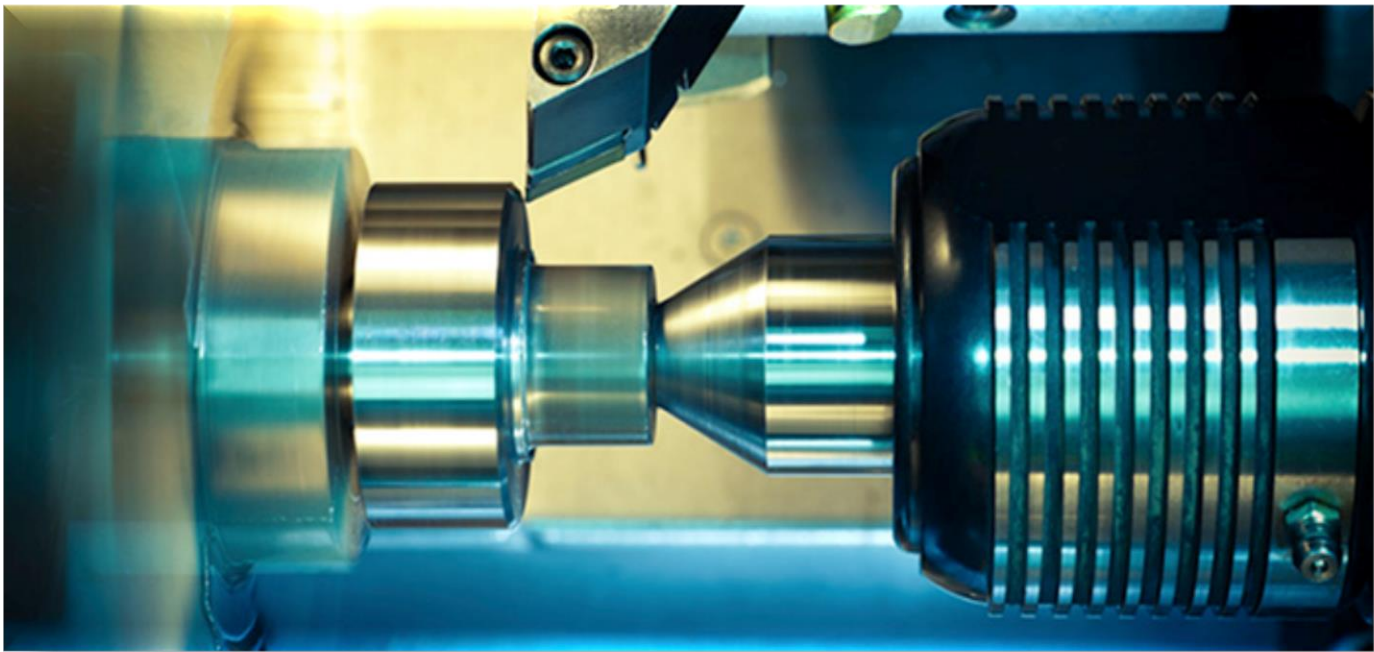
IPAP ANNUAL REPORT 2016/17



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

IPAP ANNUAL REPORT

SUMMARY HIGHLIGHTS SECTION

PART 1: SELECTED TRANSVERSAL HIGHLIGHTS

Procurement

Designations

- The total value of tenders awarded based on designated products was R2.6 billion during 2016/17.Further instruction notes were issued during this financial year, including: Steel and steel products; Rail signalling sector; Transformers and associated equipment; and Wheelie bins.

National Industrial Participation

- Key highlights in support of competitiveness and export capabilities through funding, technology transfer or linking local players with the global value supply chains of OEMs, include:
    - The agreement between **the dti**, South African Airways Technical (SAAT) and an obligor to revive the aircraft engine maintenance, repair and overhaul capabilities of SAAT.
    - A contract was awarded to Cobham Satcom, a South African manufacturer, to supply Airbus with Enhanced Low Gain Antenna, Multi-Channel High Power Amplifier and a Compact Satellite Data Unit Configuration Module for the Light Inmarsat Satcom for the A320 NEO (New Engine Option) and the A330 NEO aircraft.
    - An agreement to establish a joint Innovation Centre in South Africa and develop technologies and software modules for both the domestic and international markets, has also been reached with Huawei.
    - An agreement between an obligor and the CSIR and was reached to provide a full software suite for Product Life Management (PLM) for a period of 4 years, in support for SMME development at various stages including product development, manufacturing simulation, testing and prototyping.
    - Through the Technology Localisation Programme, the Bombardier locomotive building project received R9 million in funding from the DST, together with co-investment by ABB to the value of R6 million. The project is expected to generate R350 million in revenue.

Industrial Financing & Incentives

- The Industrial Development Corporation (IDC), the major source of dedicated industrial financing, disbursed R9.1 billion in 2016-17 financial year in support of IPAP sectors:

Black Industrialists Development Programme

- 36 projects expected to create a further 3,979 direct jobs and sustain 3, 837 jobs, to a total support value of R1 billion, leveraging R3.1 billion in private investment.

Manufacturing Competitiveness Enhancement Programme (MCEP)

- The reopened R1 billion loan component of MCEP and is being administered by the IDC.
- About 1,552 grants and loans, sustaining 230,274 jobs, were approved, at a total value of R 5.8 billion between April 2012 and March 2016, and further 270 projects were supported at a total claim disbursement of R8.24 million supporting R3.38 billion worth of actual investment between 1 April 2016 and 31 October 2016.

Automotive Investment Scheme (AIS)

- During the 2016/17 financial year, an investment valued at R12.2 billion was made by private sector, projected to create 2,514 new jobs and 34 113 projected jobs retained in the passenger and heavy vehicle manufacturing industry.

Industrial Park Revitalisation Programme (IPRP)

- During the 2016/17 financial year, **the dti** embarked on the revitalisation of six industrial parks, focusing initially on critical infrastructure upgrades.

Cluster Development Programme (CDP)

- **the dti** initiated a CDP pilot programme as the first step in a much longer programme to enhance the efficiency and competitiveness of local firms and achieve deeper localisation, diversification and industrial transformation.
- 6 cluster initiatives totalling R56.6m were approved, including the medical devices sector, composites, non-automotive, advanced manufacturing, pharmaceutical and creative industries.

12i Tax Allowance Incentive Scheme

- Under the period in review, 24 projects were approved, with a total investment value of R14.3 billion to cover companies across a wide range of sectors including steel, agro-processing, oil and gas, boatbuilding, chemicals, cement, paper, plastics, food and beverages and furniture.

Aquaculture Development and Enhancement Programme (ADEP)

- Under the 2016/17 financial year, 8 projects were approved with an investment value of R198 million. 220 projected jobs created and 433 projected jobs retained.

Trade and Export Promotion

- 1,473 companies benefited between 2015/16 and 2016/17 financial years (until end of December 2016), from the advanced Global Exporter Passport Programme (GEPP) through training which included modules on Introduction to Exports, Planning for Exports and Succeeding in Export Markets.
- In the period April - December 2016, ECIC approved support for 3 major export-related projects with a South African local content requirement of at least 50% for each of the projects, for a total project value of R318.6 million.
- The Export Marketing and Investment Assistance Scheme (EMIA) supported 1172 projects for a total support package of approximately R106 million.

Special Economic Zones (SEZ)

- The total number of secured investments has significantly increased, from 47 to 72; with the total related total value moving up from R19.7 billion to R41.2billion. Key highlights for some individual IDZs include:
    - Coega IDZ launched the R11.5 billion BAIC automotive investment with an allocation of 1,000 MW under IPP, at an investment value of R25 billion.
    - Dube Trade Port signed a R1.3 billion agreement with CIPLA to produce biosimilars.
    - Saldanha Bay IDZ has a pipeline of 34 investments worth R14 billion.
    - OR Tambo IDZ has attracted a total of R260 million in new investment covering horticulture and metal refining.
    - A R40 billion metallurgical cluster within Musina-Makhado SEZ has entered the implementation phase.

Technology & Innovation

- The impact of the Technology Localisation Programme between 2012 and 2016 include 16 companies supported in the development of new products, 650 direct jobs created ad 6,500 retained, 22 companies supported with development of export capability and 20 with achievement of import substitution, 57 companies secured works with SOCs/OEMs and 65 retained works.
- 40% of companies supported are black women-owned.
- R33 million invested in 2016/17 by DST in support of the Technology Stations expansion in their geographical footprint and reach.

Skills Development

- Under the National Tooling Initiative, the new Toolmaker Trade Test was accredited and the Master Toolmaker Qualification was SAQA-registered in 2016/17. Seven colleges were accredited by QCTO as skills development providers for the new Tooling Qualification.
- NECSA, the first national Trade Test Centre, was accredited and the trade testing process with Indlela commenced in July 2016.
- As part of capacity building and institutional development for the SEZ programme, 80 government officials from across the three spheres of government have been trained to date under the SA and Chinese governments' training agreement.

Developmental Trade Policy

Technical Infrastructure

- Approximately R753 million worth of non-compliant and unsafe products were removed from the market during the past two years by NRCS, including a consignment of 2 million dangerous incandescent lamps imported into South Africa.
- The SABS Design Institute, in partnership with Transnet, rolled out the Moving Ideas programme, an enterprise development initiative.
- SABS is contributing towards the expansion of technology localisation through the development of standards on African Traditional Medicine (ATM), which forms part of South Africa's Indigenous Knowledge Systems (IKS).
- SANAS established a system for the accreditation of certification bodies in information security management.
- NMISA added a laser tracker to its existing range of Coordinate Measuring Machines (CMMs), allowing for large dimensional measurements of heavy parts, typically in locomotives and coaches.
- NMISA established an internationally-recognised capability for pollutant analysis and an African Feed and Food Reference Material programme to produce matrix reference materials in support of intra-Africa trade and exports.

PART 2: SELECTED SECTORAL HIGHLIGHTS

Agro-processing

- **Fruit and veg**: SA's R10 billion citrus industry has set up a non-profit entity for emerging growers, through which it will bolster dwindling production and help new players enter the lucrative export market. The Citrus Growers Association stated that the organisation would contribute R14 million to the newly formed entity.
- **Chicory production:** Nestlé South Africa inaugurated its instant coffee manufacturing plant in KwaZulu-Natal, after a R1.2 billion investment into the expansion of its factory.
- **Wine:** Koopmanskloof Wines secured a deal with a Russian company to start shipping over 60,000 bottles of wine. They are also working on a long-term strategic partnership aimed at providing half a million bottles by 2020.
- **Beverages**: 2016 saw a R1 billion investment by AB Inbev in South Africa to realise localisation as part of its offer to buy rival brewer SABMiller. Of the R1 billion investment, R610 million will be used to support both existing commercial and emergent farmers to enable South Africa to move from being a net importer of hops to a net exporter of hops and value-added malt.
- **Grain staples**: GWK Farm Foods unveiled a technologically-advanced wheat mill, pasta plant and biscuit factory - one of the most modern new food production facilities on the African continent.
- A R300m citrus industry black economic empowerment project was launched in the Sundays River valley. The project, Ikamva Lethu, is very broad-based, with a focus on inclusivity and participation, and will result in about 400 community members becoming shareholders and beneficiaries.

Green industries

- By October 2016, under the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) 6,376 MW of electricity had been procured from 102 renewable energy independent power producers (IPPs) in six bid rounds.
- The REIPPP attracted total investments to the value of R194.1 billion, including R53 billion (27%) from foreign sources.
- After the successful completion of the first phase of its rooftop solar photovoltaic plant in August 2016, Emperor's Palace in Gauteng is expanding its embedded system from 1.18 to 2.72 MW. It is already producing 15% to 20% of its electricity needs during the daytime, for an equivalent of about R2 million of electricity savings per annum at current tariffs.
- The City of Cape Town announced the extension of its MyCiTi system with 10 new electric buses. The R126-million pilot contract, which includes the provision of the buses, ancillary equipment, services, and training, would be partly offset by the income generated from selling carbon credits.

- Since 2010/2011, the NCPC-SA has conducted assessments in 776 plants, identifying annualised potential savings of R 853 million per annum. Assessments identified potential savings valued at R231 million, principally in the chemicals (R 88 million), metals (R 62 million) and agro-processing (R32 million) sectors.

Ship & boatbuilding

- Armscor announced preferred bidders to supply ships for the Navy's projects Biro and Hotel: Southern African Shipyards and Damen Shipyards. The estimated combined value of the tenders is around R5 billion.
- A R290 million new Durban floating dock was launched on the back of R160 million support through the 12i incentive.
- The National Research Foundation's Research Vessel Tender to the value of R1.8 million was awarded to NautiTech.

Electro-technical

- There have been some very important OEM investments in South Africa in the television and White Goods markets (including Hisense, Defy and Samsung). Government incentives and tariff reviews have contributed to enhancing South Africa's Value Proposition as an investment destination for these companies.
- Yangtze Optics Africa Company (YOAC) launched a R150m fibre optic plant at Dube Trade Port in KZN**.** The 15,000 m^2 plant is expected to create approximately 150 new jobs.
- Automation technology group ABB commissioned an integrated solar-diesel microgrid installation – the group's first of its kind in South Africa – at its 96,000 m2 Longmeadow facility in Johannesburg. The microgrid makes use of power fed from the national grid and a solar photovoltaic (PV) installation, as well as a backup feed from four diesel generator sets.
- **Zero Medical Vaccine Refrigerator,** a ground-breaking new off-grid vaccine refrigerator technology, was launched in 2015 by Zero Medical, a subsidiary of Zero Appliances, a South African-based refrigeration manufacturer.

Beneficiation

Metals and Minerals

- The launch of a new R4 billion titanium beneficiation project for manufacturing titanium pigment at the Richards Bay Industrial Development Zone (IDZ) represents a very significant milestone in South Africa's mineral beneficiation and industrialisation paths. 1,200 indirect and 800 direct jobs will be created during the construction phase of the plant, with 550 permanent jobs being established once the plant is operational.

Oil & Gas

- Sunrise Energy announced completion of the fabrication of liquefied petroleum gas (LPG) vessels (or 'bullets') for an open-access LPG terminal being developed at Saldanha Bay, in the Western Cape. The pressure vessels, which were fabricated domestically, would provide 5,500 t of LPG storage capacity at the facility, which is set to be operational by the second quarter of 2017.

Fuel Cells

- Impala Platinum unveiled an innovative technology that could thrust SA to the forefront of global hydrogen fuel cell developments. As part of its hydrogen fuel strategy, in the next two years Implats will build two fuel cell plants at the Springs refinery.
- In collaboration with HySA Infrastructure, Anglo Platinum is developing fuel cell-powered mining equipment - namely a dozer and load haul dumper (LHD) - for its own operations. Testing & technology iterations are progressing positively, with innovative fuelling options.
- Isondo precious metals' (IPM) launched a fuel cell plant. Phase I of the IPM project focused on a pre-feasibility study was launched by the Minister of Trade and Industry, Dr Rob Davies. This first phase quickly moved into Phase II, namely setting up a world-class semi-commercial plant that can manufacture local and international fuel cell component technology.

Plastics and Pharmaceuticals

- Mpact opened a R350 million Polyethylene Terephthalate recycling plant which created 1,000 indirect jobs. The operation has resulted in South Africa becoming the twenty-fourth country and the first on the African continent to meet Coca-Cola's certification requirements to package their soft drinks.
- Cipla Biotec formalised its investment in the Dube Trade Port in KZN, the first-of-it-kind facility in SA for the manufacture of biotechnology products. The facility will focus on the manufacture of biosimilars ('generic' versions of the originator biologics) for the treatment of various cancers.
- SA Health Protecting Service, a local medical consumable supplier, is now venturing into manufacture of condoms and other medical consumables following their partnership formed with HBM. The total value of the 2015-2018 public sector condoms tender was R3.5 billion.
- A risk engine to combat misdeclaration and under-invoicing (customs fraud) was established. SARS has thus far recovered about R500,000 through the correction of quantity and duty for the period December 2015 to August 2016, as part of clampdown on misdeclaration.

KEY CHALLENGES

- Policy uncertainty and programme misalignment between SOC's mandates & industrial policy
- Weak domestic demand and persistent unemployment
- Pricing of electricity especially where high municipal premiums are added.
- Road, rail and port logistics together with inefficiencies together with high input costs where abuse of market power raises prices
- Deep-seated skills shortages and mismatches which have acted as a barrier to growth
- Red tape, legislative and regulatory delays
- High input costs where private sector market power enables high pricing for key downstream sectors
- Continuing resource dependency


IPAP ANNUAL REPORT
NARRATIVE SECTION

Introduction

A higher impact industrial policy is a key pillar of the President's Nine-Point Plan. The key underlying principles of IPAP emphasise the need for a national industrial effort with policy coherence and policy certainty across government; a close collaborative effort between Government, business and labour; a commitment to ensure that the linkages between the primary and secondary production sectors of the economy are maximised and a combined and constructive drive to overcome the key constraints to manufacturing-led, value-adding and inclusive growth with a strong emphasis on labour intensive sectors. This Annual Report provides an overview of the achievements of the 2016/7 financial year and thus underscores the importance of collaboration and co-operation between various stakeholders with regards to the country's industrial agenda.

1. Key Achievements

1.1. Public procurement

Designations

Public procurement is an important tool for industrialisation and is used as a lever for capacity development in the supply chain to ensure that supply chain managers embed local content requirement in their Request for Proposals. To date 21 subsectors/products have been designated for local procurement through the powers conferred to the Minister of Trade and Industry in the amended procurement regulations. In this regard, the total value of tenders awarded based on designated products was R2.6 billion during 2016/17.Further instruction notes were issued during this financial year, including: Steel and steel products to ensure the maximum utilisation of existing steel fabrication capacity across the infrastructure-build programme, rail signalling sector, transformers and associated equipment and wheelie bins.

the dti invoked article 9.3 provisions of the Preferential Procurement Policy Framework Act (PPPFA) and engaged a number of institutions and State-owned Companies (SOC) to ensure that the localisation is realised. These engagements includes entities such as South African National Roads Agency Limited (SANRAL) to secure localisation of steelworks in the Mtentu and Msikaba bridge projects; Transnet on stainless steel welding wire; Department of Water Affairs on steel items for construction; Eskom on steel products; Passenger Rail Agency of South Africa (PRASA) on railing signalling equipment; Eskom on a fencing contract; SAA on disposable plastics to be used on-board the aircraft; Eskom and Ekurhuleni Municipality on transformers; Overstrand Municipality on water meters; National Lottery Commission on procurement of Edutainers and Tzaneen Municipality on their electrification project.

In terms of capacity building regarding local content, workshops were conducted with 72 supply chain officials from 26 national departments. Workshops were also conducted with municipalities and other institutions such as City of Tshwane, Lephalale Municipality, Lepelle Water, Magalies Water, Rand Water, Transnet, PRASA, SANRAL and City Power.

National Industrial Participation Programme (NIPP)

The National Industrial Participation Programme supports a variety of measures to increase competitiveness among small to medium-sized enterprises (SMEs) in key industrial sectors of the economy. The support mechanism includes funding, technology transfer or linking local players with the global value supply chains of OEMs, in order to enhance competitiveness and export capabilities. The key highlights under NIP include the CSIR's agreement reached with an obligor to provide a full software suite for Product Life Management (PLM) for a period of 4 years, in support for SMME development at various stages including product development, manufacturing simulation, testing and prototyping. The project is expected to generate R350 million in revenue.

In addition, an agreement was reached between **the dti**, South African Airways Technical (SAAT) and an obligor to revive the aircraft engine maintenance, repair and overhaul capabilities. The first phase of the project, partially achieved, consists of transferring equipment, tools and technological process know-how from the obligor. The second stage consists of installing the equipment and certificating SAAT to meet the European standards which would render it to be able to carry out repairs on European-registered aircraft.

Furthermore, a South African manufacturer, Cobham Satcom, was awarded a contract to supply Airbus with the Light Inmarsat Satcom package for the A320 NEO (New Engine Option) and the A330 NEO aircraft. With certification of the systems expected to commence in 2017 and installation on the aircraft platforms in 2019, the package consists of Enhanced Low Gain Antenna, Multi-Channel High Power Amplifier and a Compact Satellite Data Unit Configuration Module.

On the technology and innovation front, Huawei has agreed to establish a joint Innovation Centre in South Africa to develop technologies and software modules for both the domestic and international markets. The Innovation Centre is envisaged to create technologies which include 4.5G/5G for the cellular network industry, smart home solutions to aid households and businesses to manage communication systems and mobile money technologies and application platforms for high-end smart phones. The project is expected to create 118 highly skilled jobs and generate about R5 billion in revenue over a seven-year period - of which 60% will be for export markets.

1.2. Industrial financing & Incentives

To deal with increased global competition the South African government's focus on industrial financing has largely been informed by the notion of supply-side measures to restructure support for the manufacturing sector. Industrial financing interventions have significantly contributed to the rescue, revival and growth of several sectors. According to the Economic Sectors, Employment and Infrastructure Development Cluster, more than R20 billion in industrial finance was approved last year, creating 27 000 direct new jobs and approximately 108 000 indirect new jobs.

One of the major sources financing is the Industrial Development Corporation (IDC) which disbursed R9.1 billion in the 2016-17 financial year in support IPAP sectors. The support programmes also include Black

Industrialists Development Programme, and the Manufacturing Competitiveness Enhancement Programme (MCEP) among others.

Black Industrialists Development Programme

The programme aims at supporting black industrialists rather than merely transferring ownership in existing large companies to empowered individuals without any real change in decision making and control. **the dti's** on-budget allocation is R3.6 billion for this Programme. To that end the programme approved support for 36 projects to a total value R1 billion, leveraging R3.1 billion in private investment.

Manufacturing Competitiveness Enhancement Programme

In September 2016 applications for MCEP were re-opened with the R1 billion loan component being administered by the IDC. A further 270 projects across the country were supported at a total claim disbursement of R8,24 million supporting R3,38 billion worth of actual investment during 1 April 2016 to 31 October 2016. The disbursements were allocated between capital investments (R3,11 billion), green technologies (R85 million) and enterprise investments (185 million) all of which supported 62 235 jobs.

Automotive Investment Scheme (AIS)

During the 2016/17 financial year, companies such as BMW, Hyundai, FAW, Sumitomo and Bridgestone in the passenger and heavy vehicle manufacturing industry as well as some foundry companies received investment valued at R12.2 billion, where it is projected that 2,514 new jobs will be created and 34 113 projected jobs retained.

Industrial Park Revitalisation Programme (IPRP)

the dti has revitalised six industrial parks (Botshabelo – Free State, Seshego – Limpopo, Isithebe – KZN, Queendustria, Vulindlela – Eastern Cape and Bebelegi – Gauteng) in an effort to upgrade the infrastructure in the contribution towards stimulating the country's industrial development, economic growth and job creation. A key highlight was the launch of **the dti**'s Komani Industrial Park revitalisation project with an investment value of R22,5 million.

Cluster Development Programme (CDP)

In the aim of the CDP to enhance efficiencies and competitiveness of local firms and achieve deeper localisation, diversification and industrial transformation, **the dti** initiated a CDP pilot programme to inform the rest of the programme. The 6 clusters including medical devices sector, composites, non-automotive, advanced manufacturing, pharmaceutical and creative industries totalling R56,6 million were approved throughout the country.

12i Tax Allowance Incentive Scheme

Under the period in review, 24 projects were approved, with a total investment value of R14.3 billion to cover companies across a wide range of sectors including steel, agro-processing, oil and gas, boatbuilding, chemicals, cement, paper, plastics, food and beverages and furniture.

Aquaculture Development and Enhancement Programme (ADEP)

In its effort to scale up production in the aquaculture sector, ADEP supported 8 projects with an investment value of R198 million, created 220 projected jobs and retained 433 jobs in the 2016/17 financial year.

Trade and Export Promotion

Between the 2015/16 and 2016/17 financial years (until end of December 2016), a total of 1,473 companies benefited from the advanced Global Exporter Passport Programme (GEPP) training which included modules on Introduction to Exports, planning for Exports and Succeeding in Export Markets. Furthermore, the government's Export Credit Insurance Corporation of South Africa (ECIC) covering political and commercial risks for capital goods and services, implemented increasing local content requirements to at least 70% (50% South African and 20% African) for all export-related projects supported as new policy introduced in 2013. In the period April - December 2016, ECIC approved support for 3 major export-related projects with a South African local content requirement of at least 50% for each of the projects for a total project value approximating R318.6 million totalling a local content value of around R3.784 billion achieved since 2011. On the subject of support provided to exporters, Export Marketing and Investment Assistance Scheme (EMIA) supported 1172 projects for a total support package of approximately R106 million.

1.3. Special Economic Zones (SEZ)

The SEZ programme is one of the major instruments of **the dti** used to accelerate industrialisation and stimulate economic growth and decentralization. The programme has now entered the phase of full implementation. More importantly, the SEZ programme is an especially critical tool for the attraction of foreign direct investments (FDIs), creation of decent jobs, establishment of new industrial centres and the development and improvement of existing infrastructure.

The total number of secured investments has increased from 47 to 72; in value terms from R19.7 billion to R41.2 billion. During the 2016/17 financial year, the SEZ programmes achieved outstanding outcomes on policy and legislation, designation of new zones, and investments. The Special Economic Zones Act has been operational as of 9 February 2016, with an Advisory board which is responsible for advising the Minister on policy and strategy issues and the evaluation of new applications for designation. The SEZ Planning Regulations were approved and gazetted and a Monitoring and Evaluation Framework (M & E) has been developed.

As most recently added, Musina-Makhado (Limpopo) is the first zone under the new SEZ Act, focusing on four major industrial clusters including energy and metallurgical; agro-processing; petro-chemical; and trade and logistics. The total investment value in the Musina SEZ is estimated at approximately R56.9 billion. As part of the Musina SEZ, a R40 billion metallurgical cluster has entered the implementation phase. Furthermore, the OR Tambo IDZ attracted a total of R260 million in new investment covering horticulture and metal refining, whilst The RBIDZ was awarded 2,000 MW under Gas IPP.

1.4. Technology & Innovation

The Technology Localisation Programme (TLP)

Demand-side innovation is one of the most effective instruments when leveraging public procurement. The TLP provides technological support to firms and sectors to improve competitiveness which is a pillar for import substitution that translates into a decrease in the level of imports of manufactured goods which can now be produced locally. The programme has been instrumental in firms securing (or retaining) contracts with SOCs, and in developing new intellectual property (e.g. patents, technology demonstrators, manufacturing processes). It has enormously contributed to securing export orders.

The outputs and impact of the programme between 2012 and August 2016 include 16 companies supported in the development of new products, 650 direct jobs created and 6,500 retained, 22 companies supported with development of export capability and 20 with achievement of import substitution, 57 companies secured contracts with SOCs/OEMs and 65 retained contracts, and 40% of companies supported are black women-owned. The Bombardier locomotive building project received via the Technology Localisation Programme, R9 million funding from DST, and ABB's co-investment to the value of R6 million.

In the 2016/17 financial year, the DST invested R33 million to ensure that the Technology Stations expand their geographical footprint, extend their reach, increase opportunities for industrial growth and provide support to young Africans in the 18-34-year age bracket, who predominantly suffer from the high unemployment rate. Since 2013, the Technology Innovation Agency (TIA) has disbursed more than R1 billion in funding for various technology development projects of which approximately 70 technologies have reached demonstration stage, whilst 23 technologies have been taken up by the market and become commercialised.

1.5. Skills Development

In order for manufacturing sector to become competitive, skills development remains a critical element for the economy to produce the requisite capabilities. In efforts to further develop the Toolmaking industry, the new Toolmaker Trade Test was accredited by SAQA and the Master Toolmaker qualification was registered by SAQA in August 2016. The Nuclear Energy Corporation of South Africa (NECSA) was also accredited as the first national Trade Test Centre with the first group of students undergoing the final certification process. To further assist with skills development in the metals sector, the Quality Council of Trades and Occupations (QCTO) also accredited 7 colleges as skills development providers for the new Tooling Qualification.

The list of newly accredited colleges includes Northlink TVET College; College of Cape Town (TVET); Nuclear Skills Development Centre at Necsa; Denel Technical Academy; Tshwane South TVET College; Tshwane Leadership and Management Academy; and Coastal KZN TVET College.

Capacity building and institutional development for the SEZ Programme continued in the period under review. The programme is aimed at strengthening and building institutional capacity in developing and managing the designated SEZs. To date, 80 officials from across the three spheres of government have been trained under the SA and Chinese governments' training agreement to train at least 150 South African government officials on the planning, development and management of SEZ over a period of 5 years.

1.6. Developmental Trade Policy

Technical Infrastructure

Since the financial crises a slowdown in growth also led consumers to focus on perceived value for money which lend consumers to buy cheaper products and services. This places a vast responsibility on government, regulatory bodies and other entities to ensure that such trust is warranted and maintained. Technical infrastructure in South Africa comprises four interlinked entities namely South African National Accreditation System (SANAS), the National Regulator for Compulsory Specifications (NRCS), the South African Bureau of Standards (SABS) and the National Metrology Institute of South Africa (NMISA).

During the 2016/17 financial year, the National Regulator for Compulsory Specifications (NRCS) has managed the removal of approximately R753 million worth of non-compliant and unsafe products from the market in the past two years. These included a consignment of 2 million dangerous incandescent lamps imported into South Africa. It was also noted that the South African Bureau of Standards (SABS) has rolled out an enterprise development initiative named the Moving Ideas programme to assist entrepreneurs to bring their innovative ideas to life and transform their current businesses into more innovative enterprises.

In the same period, the *South African National Accreditation System (SANAS)* on the other hand has established a system for the accreditation of certification bodies in information security management. The national accreditation system is contributing towards the expansion of technology localisation through the development of standards on African Traditional Medicine (ATM) which forms part of South Africa's Indigenous Knowledge Systems (IKS).

NMISA is strengthening its dimensional measuring capabilities. The Laser tracker was upgraded to dimensional facility for large dimensional measurements including locomotives and coaches and an additional Laser tracker added to NMISA's existing range of Coordinate Measuring Machines (CMMs). Due to their large measuring range of up to 100 m with micrometre accuracy, the laser trackers are used for aligning machine tools, measuring of jigs and fixtures, press aligning and assembly integration, part inspection and reverse engineering. The institute has now completed the second-phase upgrade of the electrical power and energy measurement standards to support the measurements required by Eskom and municipalities for the maintenance of the national power grid and the monitoring of its distribution systems.

The improved capability has been accredited successfully through SANAS and a calibration service for the extended range is now being offered to industry. Furthermore, an international recognised capability for pollutant analysis as well as an African Feed and Food Reference Material programme to produce matrix reference materials in support of intra-Africa trade and exports has also been established.

1.7. Automotive Sector

The automotive sector contributed about 7.4% to the GDP in 2016, thus making it an important driver to the South African economy. Automotive manufacturing activities account for 33% of South Africa's total manufacturing output and 15.6% of South African exports. The Automotive Production and Development Programme (APDP) - has been a key element in sustaining and growing the automotive sector, as evidenced by the expansion of a number of assembly plants as well as large recent investments by newly-arriving OEMs. South Africa continues to appeal as an important location for automotive manufacturing – a direct result of industrial policy. Approximately 113,000 people were employed in local automotive assembly and component production in 2015, a similar level to the previous year.

The South African automotive industry's export earnings for 2016 increased by 13%, to a record R171.1 billion, compared with the R151.5 billion reported in 2015. R7.8 billion in incentives was disbursed through the APDP, which unlocked R28.5 billion in investments by original-equipment manufacturers (OEMs). Toyota has been the major exporter but in 2015 and 2016 Mercedes-Benz drastically increased its export market penetration with the new C-class (the W205 model) which was launched mid-2014.

Other highlights include a joint investment project with the IDC, Beijing Automobile International Corporation began building its new R11 billion vehicle manufacturing plant, which is set to create 2,500 direct jobs. The plant will manufacture pickup trucks, SUVs and sedans for the African market. The plant will have an initial capacity to produce about 50,000 cars, trucks and sports utility vehicles.

Toyota South Africa opened an R6.1 billion assembly line to produce the Fortuner and Hilux. R1.9 billion will go towards supplier tooling, R1.4 billion to in-house tooling and the rest will be committed to in-house facilities and buildings to cater for new press machines. The project attracted five new international suppliers, while creating around 2,000 new jobs in the supply chain. **Ford South Africa** is set to invest R11.5 million in the construction and operation of a new job training and entrepreneurial development centre. The Ford Resource and Engagement Centre (FREC) opened in October 2016.

Volkswagen South Africa (VWSA) announced a R4.5 billion investment plan, which will include more than R3 billion in production facilities, about R1.5 billion in local supplier capacity and a further estimated R22-million for the development and training of employees. VWSA has invested R120-million in a new 21,000 try-out press to improve manufacturing capabilities. The new facility will produce close to 10,000 parts per day for the Polo, the Polo Cross and the local Polo Vivo models.

BMW South Africa has unveiled a purpose-built solar carport that allows its electric vehicle (EV) range to charge using the power of the sun. BMW will also expand its Shared Services Centre and IT Operations Centre, which is one of only two specialist hubs globally. The target is to expand both operations by an additional 220 people.

1.8. Clothing and Textiles Sector

The Clothing, Textiles, Leather and Footwear (CTLF) sectors have been identified as one of key areas of government focus due to its economic development potential and creation of decent and sustainable jobs. To sharpen the focus of state support to an industry under severe attack from cheap inputs, the dti introduced the market-neutral Clothing and Textiles Competitiveness Programme (CTCP) in 2009 as a replacement for the previously existing Duty Credit Certificate Scheme (DCCS). Government also designated the CTLF sectors at 100% local content under the revised Preferential Public Procurement Framework Act (PPPFA) in 2012 to assist local manufacturers to build competitiveness and capacity through secured market access to public entity consumption. The CTCP programme which is subdivided into the Production Incentive Programme (PIP) and the Competitive Improvement Programme (CIP) have seen stability being achieved in the four sectors. Since the inception of the CTCP a partnership between **the dti** and the IDC, managed by the IDC - support for the sector has amounted to R4.9 billion in incentives. 81 252 jobs have been saved and an estimated 9 672 new jobs have been created. The rate of on-time, in-full deliveries (OTIF) - one of the most important indicators of operational efficiency and customer service – increased in all sectors, indicating steadily improving delivery reliability from all companies participating in the CTCP.

the dti approved R824 million under a Production Incentive to establish one national and four sub-national clusters in partnership with local clusters institutions. The national support measures resulted in capacity expansions by many manufacturers, the establishment of 28 new companies, creation of 2,200 sustainable jobs, growth in exports and a reduction of the trade deficit.

In 2016, a Component Cluster and Fashion Hub was initiated, as a crucial strategic move to guarantee further growth in the Footwear, Leather and Leather Goods industry. Footwear manufacturing grew by 2 million pairs in quarter 1 of 2016 and employment creation continued. Exports in the leather and footwear sector have begun to increase as well.

A R1.3 billion fabrics manufacturing facility is to be built in Atlantis, in the Western Cape, creating 200 jobs. Czech company, PEGAS Nonwovens, will build the plant and will train Atlantis residents in the Czech Republic. Wesgro and Into SA announced the investment. This marks the largest single manufacturing foreign direct investment that Wesgro and Into SA have secured since 2011. All raw materials used during operations will be sourced locally, while the machines used in the production will showcase state of the art German technology.

1.9. Metal Fabrication, Capital and Transport Equipment

The Metal Fabrication, Capital and Transport Equipment sector includes the following sub-sectors: ferrous metals, non-ferrous metals, capital equipment and rail transport equipment. These sub-sectors play a crucial role in the country's infrastructure-build programme, localisation, domestic rail network and rail infrastructure projects in the Continent, and supporting the outcomes of the Mining Phakisa.

Economic Development Department announced a R95-million allocation towards the establishment of a Steel Development Fund in the 2017 National Budget. The fund would improve the competitiveness of foundries and steel fabricators in the metals and engineering sector. The fund will be administered by the

Industrial Development Corporation (IDC).

Government intervened to save the steel industry in 2016 through effective use and alignment of industrial policy tools and reciprocal control mechanisms. Measures implemented to ensure the sustainability of the steel industry were as follows: Downstream support measures including tariff review on a range of downstream products and the deployment of rebates. Furthermore, an agreement on a set of principles for flat steel pricing in SA: i.e. that the product is priced appropriately to ensure that steel-dependent industries are competitive, while at the same time ensuring that the upstream steel mills remain sustainable. Arcelor Mittal South Africa (AMSA) and government have also agreed to remove import parity pricing with immediate effect. Government has finalised the flat steel pricing principles agreement with AMSA. This together with the pricing remedy in the Competition Commission settlement is an important achievement in the battle against excessive flat steel pricing in the domestic market reflecting governments' commitment to protect downstream consumers of key industrial inputs.

Other highlights include a factory launch by Bombardier Transportation that unveiled a Propulsion and Control facility in Elandsfointein, the new 6,000 square metre facility will produce Bombardier Mitrac high power propulsion equipment for use in the Transnet Locomotives Project. The site will also be home to a testing centre for high power traction converters and electrical cubicles. Another factory launch was AVK Valves with a R200 million plant in Benoni, a partnership with Premier Valves. The plant features improved engineering processes, computer numeric-controlled machines and a training facility. This was at the back of valves designation for local procurement.

Other developments are in the rail programme which includes; MTU South Africa unveiling its newly-upgraded workshop facility based in Cape Town. It will assemble the diesel engines for the 232 diesel locomotives that China North Rail is to deliver to Transnet as part of the 1,064-locomotive build programme. China North Rail delivered 2 CKD diesel locomotives for final assembly at Transnet Engineering's Durban Facility. Secondly, Transnet Engineering revealed its locally manufactured Trans-Africa diesel-powered locomotive, which is particularly suitable for use on branch lines and in shunting yards. Transnet Engineering is an OEM in freight wagons and a major exporter of rolling stock equipment to the African market. In June 2016, Transnet supplied fuel tanker wagons and container wagons to Swaziland Railway, as well as passenger coaches to Botswana.

1.10. Agro-processing and Regional integration

Agro-processing is the largest single subsector in manufacturing, and has shown relatively rapid growth in sales and employment over the past 15 years. It is a major source of exports, especially fruit juice, as well as covering key wage goods and some industrial inputs. It supports important areas of job creation and self-employment both upstream, in agriculture, and downstream, notably in retail and food services. Ensuring adequate, affordable basic foods both improves the quality of life for our people and helps moderate labour costs, effectively raising overall economic productivity.

Some of the major highlights include the new Economic Partnership Agreement which was concluded with the European Union (EU) and Southern African Customs Union, this will lead to improved market access for some agricultural products, such as seafood, wine, canned fruit, sugar and ethanol.

The efforts to diversify the agricultural base continue, with exports of apples to China up by 70%. The South African Table Grape Industry and the Department of Agriculture, Forestry and Fisheries have successfully negotiated a friendlier protocol with China which is expected to lead to significant growth in table grape exports to that country. Furthermore, SA's R10 billion citrus industry has set up a non-profit entity for emerging growers, through which it will bolster dwindling production and help new players enter the lucrative export market. Another achievement is the launch of R100 million tomato processing plant in Tzaneen by Dursots-All Joy. The factory is expected to assist in addressing the increased demand for tomato paste in South Africa, while at the same time ensuring business for 15 commercial farmers in the area. The plan is to ultimately employ 300 people.

National Treasury in partnership with the deciduous fruit industry in the Western Cape provincial government has established the Deciduous Fruit Development Chamber (DFDC) Commercialisation Programme. This will disburse R120 million in funding to emerging fruit farmers to grow their businesses to fully commercial status. R300 million black economic empowerment project was launched in a bid to bring about transformation in the Citrus industry in Sundays River valley. Ikamva Lethu launch is very broad-based, it's about inclusivity and participation and will result in about 400 community members becoming shareholders and beneficiaries benefiting from the success of the project.

Nestlé South Africa has inaugurated its instant coffee (Chicory production) manufacturing plant in KwaZulu-Natal, after a R1.2 billion investment into the expansion of its factory. The investment formed part of the company's cumulative R2.9 billion investment over the past five years. The expansion included the construction of a wastewater treatment plant, a state-of-the-art coffee drying plant and a new coffee processing plant. It's a result of export promotion effort, Koopmanskloof Wines secured a deal with a Russian company to start shipping over 60,000 bottles of wine. They are also working on a long-term strategic partnership aimed at providing half a million bottles by 2020. 2016/17 financial year saw a R1 billion investment by AB Inbev in South Africa to realise localisation as part of offer to buy rival brewer SABMiller. Of the R1 billion investment, R610 million will be used to support emerging farmers and commercial farmers to enable South Africa to change from a net importer of hops to a net exporter of hops and value-added malt.

GWK Farm Foods unveiled a technologically advanced wheat mill, pasta plant and biscuit factory - one of the most modern and technologically advanced new food production facilities on the African continent. Of the R400 million investment, a total of R60 million was invested in an expanded silo capacity at the plant to service the new facility. More than 400 temporary employment opportunities were created during construction, while more than 100 permanent jobs have so far been created at the new plant.

The Nine-Point Plan has committed the cluster to transform the agricultural sector through the roll-out of Agri-parks in 44 districts, fast-track the implementation of the Strengthening Relative Rights of People Working the Land (50/50) Policy at 10 pilot sites and create jobs through the production of key commodities. Two Agri-parks are now operating, while 6 others are under construction. Large companies such as Clover, Tiger Brands, McCain and Distell are busy with initiatives to improve market access for small farmers.

Regional integration on the Continent is crucial in order to support substantive productive investments as well as growing exports from the Continent to the rest of the world. For example, SA-based Westfalia will start to export avocados from Mozambique to the European Union where more than 53,000 trees have already been planted.

1.11. Green industries

South Africa has embarked on the necessary transition to a climate compatible economy. Government policies and strategies have historically supported the development of fossil fuels (primarily coal) and energy-intensive value chains, leading to the entrenched domination of coal-fired electricity generation, carbon intensive transport systems and energy-intensive industries.

Since 2010/2011 financial year, the National Cleaner Production Centre of South Africa (NCPC-SA), has conducted assessments in 776 plants, identifying annualised potential savings of R 853 million per annum. Energy accounted for 78% of the potential financial savings identified, as a result of: (i) energy demand constraints and price increases; and (ii) the financial cost (price) of energy being higher than that of other resources, such as water. During the 2015/2016 financial year alone, 191 RECP assessments were conducted in companies across nine sectors. Assessments identified potential savings valued at R231 million, principally in the chemicals (R 88 million), metals (R 62 million) and agro-processing (R32 million) sectors.

The following important milestones have been achieved; Under the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) 6,376 MW of electricity had been procured from 102 renewable energy independent power producers (IPPs) in six bid rounds. The projects from the first two bid windows were operational and a total of 2,738 MW of electricity generation capacity from 51 IPP projects had been connected to the national grid. The REIPPP attracted total investments to the value of R194.1 billion, including R53 billion (27%) from foreign sources. It created 28,484 job years and generated R256.2 million in socio-economic development contributions and R80.5 million in enterprise development contributions.

Other highlights include the successful completion of the first phase of its rooftop solar photovoltaic plant in August 2016, Emperor's Palace in Gauteng is expanding its embedded system from 1.18 to 2.72 MW. Telkom completed a 3-MW solar PV installation at its headquarters in Gauteng, representing a sizeable share of its peak daytime electricity demand (7.4 MW). Italian energy group Enel's renewable-energy subsidiary Enel Green Power RSA brought its 82.5 MW apiece Adams and Pulida solar photovoltaic (PV) plants into commercial operation. Pioneer Foods rolled out large commercial solar systems at five of its manufacturing facilities in the country, for a combined size of 2.5 MW.

The Wind and SVP Farms Entering Operation, the 80 MW Noupoort wind farm, in the Northern Cape: with all 35 turbines at the R1.9 billion facility commissioned and connected to the Eskom grid. Local independent power producer Cennergion began commercial operations at its 134 MW Amakhala Emoyeni wind farm in the Eastern Cape. The 86 MW Mulilo-Sonnedix-Prieska solar photovoltaic project, in the Northern Cape, has started full commercial operation. The R1.3 billion project comprises 275,000 PV modules, connected by 990 km of cable.

The City of Cape Town announced the extension of its MyCiTi system with 10 new electric buses. The R126-million pilot contract, which includes the provision of the buses, ancillary equipment, services, and training, would be partly offset by the income generated from selling carbon credits. The 122 wind turbines, which together span 6,653 ha, will produce a combined output of 280 MW – which is enough to provide electricity for 240,000 average households per year.

1.12. Ship & boatbuilding

The ship/boatbuilding sector in South Africa and globally displays some key differentiating features in comparison to other manufacturing sectors. To this end, Government has put levers in place to resuscitate the ailing marine industry through the Operation Phakisa initiative launched in 2014. This was based on the current potential and future value of the oceans economy which was identified as one of the key drivers for economic development.

Highlights of the sector include, Armscor announced preferred bidders to supply ships for the Navy's projects Biro and Hotel: Southern African Shipyards and Damen Shipyards. The estimated combined value of the tenders is around R5 billion. A R290 million new Durban floating dock launched on the back of R160 million support through the 12i tax incentive. In addition, the National Research Foundation's Research Vessel Tender to the value of R1.8 million was awarded to NautiTech.

1.13. Aerospace and Defence

The South African Aerospace and Defence industry has successfully entered the global market through its exports, global partnerships with many of the world's leading aerospace original equipment manufacturers (OEMs), such as Airbus and Boeing, and integration into global supply chains. The aerospace and defence industry showed an export propensity of between 60% to 64% from 2010 to 2015. Its innovation index stood at 0.71 in 2015, whilst the total workforce employed by the industry stood at 13,590.

The aerospace industry has also registered a number of achievements during the year. For instance, the Aircraft and automotive components manufacturer AAT Composites is increasing its reach into the aerospace components industry by producing specialist parts destined to be installed into the Pilatus PC-12 passenger aircraft. The South African-designed, developed and built Advanced, High-Performance, Reconnaissance, Light Aircraft (Ahrlac) is due to enter production in 2017, with the construction of a purpose-built factory at Wonderboom Airport in Pretoria. In another development, Falcon Air, also based at Wonderboom Airport, has developed and is producing the Falcon 402 single-engined passenger and utility aircraft.

The satellite sector also forms part of the aerospace and defence industry. A nano-satellite designed and built in South Africa was launched from the International Space Station in the first quarter of 2017 as part of the European Commission's QB50 research project. The satellite is managed by SCS Aerospace Group, South Africa's biggest private satellite concern. With assistance from **the dti's** Aerospace Industry Support Initiative, the camera technology being tested on the Sight1 nano-satellite was developed with its initial support.

On the defence front, the South African based global defence and aerospace company, Paramount, unveiled a new generation 8x8 Infantry Combat Vehicle - representing the pinnacle of land system technologies designed to meet world-wide demand for sophisticated but affordable infantry support equipment. Also, Denel Land Systems (DLS) unveiled the lightest 7.62 mm general-purpose machine gun in the world.

1.14. Electro-technical and White Goods

the dti has successfully implemented various programmes advocated by the Electro-Technical sector strategy. These include, Those which have the global and local awareness programmes, the promotion of growth in the television manufacturing industry and the expansion of the domestic White Goods industry, with the access for contract manufacturers to contracts from multinationals having reduced due to some of the OEMs locating in the country to produce locally.

There is a high export potential in most of the subsectors which could be more effectively leveraged, especially regarding exports to the African continent. The electronics sub-sector accounts for 54% of the total electro-technical exports in 2014, whilst the consumer electronics sub-sector lags behind, accounting for just 8.5% of the total exports. The South African sub-sector that has shown the greatest capabilities and growth is that of electrical machinery and apparatus. Five of the top 10 importing countries are from Asia, while more than half of the exports go to SADC - the top 3 export destinations being Namibia, Botswana and Zambia.

The government incentives and tariff reviews have contributed to enhancing South Africa's Value Proposition as an investment destination. Some of the highlights for the sector include important OEM investments in South Africa in the television and White Goods markets (including Hisense, Defy and Samsung) A recent investment includes a R150m Optic fibre plantby Yangtze Optics Africa Company (YOAC) at Dube Trade Port on 13th May 2016 . The 15,000 m2 fibre optic plant located at the Dube Trade Port is expected to create approximately 150 new jobs.

Other developments includethe inauguration of theits first South African Microgrid by ABB at Longmeadow headquarters. The automation technology group ABB commissioned an integrated solar-diesel Microgrid installation.The Microgrid will make use of power fed from the national grid and a solar photovoltaic (PV) installation, as well as a backup feed from four diesel generator sets. Lastly, the Zero Medical Vaccine

Refrigerator, a ground-breaking new off-grid vaccine refrigerator technology was launched in 2015 by Zero Medical, a subsidiary of Zero Appliances, which is a South African-based refrigeration manufacturer.

1.14. Mineral beneficiation and fuel cell manufacturing

The global economic environment remains very difficult for resource-based economies. In addition, the lower production of commodities without any cost savings has resulted in unit costs far exceeding inflation.

Highlights for metals and minerals include, Tronox opening its new R3.3 billion Fairbreeze mineral sands mine in KZN, with its main product being titanium dioxide. 250 Direct jobs and another 1,000 indirect jobs have been created. The first R2.6 billion phase of the operation has started and will be followed by a second six-year phase, at a total cost of R3.3 billion. Nyanza Light Metals (in collaboration with New Zealand's Avertana Ltd) has completed pilot plant testing of the Highveld Steel & Vanadium (HSV) waste slag to produce Titanium pigment in the Richards Bay IDZ. This plant will be the only titanium pigment producer in Africa after the closure of Huntsman's Umbogontwini plant in 2015, and will create 1,300 jobs. Construction is expected to commence in 2018.

The development of the CSIR-ti-powder production process has reached another milestone after the completion of the upgrading and recommissioning of the pilot plant. The first commercially pure titanium metals were poured in Nov 2016. Additional processes are also being developed for the downstream manufacturing of titanium alloy. The DST has allocated an additional R105 m, from the high-end-infrastructure fund, over the next three financial years to help accelerate the technology maturation process.

Fuel cells industry offer much needed new growth opportunities for platinum mining industries. Efforts to grow platinum value addition to other key manufacturing sectors continued during the period under review. With the backing of **the dti**, the Isondo precious metals' (IPM) fuel cell plant was launched, with Phase I of the IPM project focused on a pre-feasibility study.

The first phase quickly moved into Phase II, namely setting up a world-class semi-commercial plant that can manufacture local and international fuel cell component technology. Impala Platinum unveiled an innovative technology that could thrust SA to the forefront of global hydrogen fuel cell developments. Implats and its strategic partners have developed a prototype fuel cell forklift with novel metal hydride technology for the on-board storage and compression of hydrogen. The forklift and refuelling station was commissioned in October 2015 and has been in operation at Impala Platinum's Base Metal Refinery in Springs. In collaboration with HySA Infrastructure, Anglo Platinum is developing fuel cell-powered mining equipment - namely a dozer and load haul dumper (LHD) - for its own operations. Testing & technology iterations are progressing positively, with innovative fuelling options.

De Beers has selected five black-owned cutting and polishing companies for entrepreneurship development and to improve beneficiation in the diamond sector. The programme includes interventions to improve business knowledge and gain experience in rough diamond purchasing, diamond-cutting and marketing and distribution of the finished product.

Government has given the go-ahead for shale gas development in the Karoo region, Richmond in the Northern Cape. It is estimated that up to 50 trillion cubic feet (Tcf) of shale gas was recoverable in the Karoo Basin. Government had decided to diversify the energy basket to provide "cost-competitive energy security" and to "significantly reduce the carbon footprint".

1.15. Chemicals, pharmaceuticals, plastics and cosmetics

The South African chemicals industry is highly integrated, both internally and with many other areas of manufacturing and commercial activity, making it a key strategic sector of substantial economic significance. In 2016, the sector contributed about 3.1% to total GDP and 22.7% to manufacturing GDP. It remains, however, one of the largest manufacturing sectors in South Africa, employing 156,089 people, both formally and informally, throughout the chemicals supply chain. The export value of chemicals in 2016 was R65.8 billion compared to an import value of R114.2 billion, leading to a trade deficit of R48.4 billion.

Key highlights for the Chemicals, pharmaceuticals, plastics and cosmetics sector include, Mpact opening a R350 million Polyethylene Terephthalate recycling plant which created 1,000 indirect jobs. The operation has resulted in South Africa becoming the twenty-fourth country and the first on the African continent to meet Coca-Cola’s certification requirements to package their soft drinks. The SA Health Protecting Service, a local medical consumable supplier, is now venturing into manufacture of condoms and other medical consumables following their partnership formed with HBM. The total value of the 2015-2018 public sector condoms tender was R3.5 billion. A risk engine to combat misdeclaration and under-invoicing (customs fraud) was established. SARS has thus far recovered about R500,000 through the correction of quantity and duty for the period December 2015 to August 2016, as part of clampdown on misdeclaration.

1.16. Business Process Services (BPS)

The McKinsey Global Institute Report (2015) reveals that South Africa now accounts for an estimated 1% of the global market. The industry offers the country’s largest job creation potential across the service sectors. Furthermore, based on benchmarking with other BPO hubs, MGI estimates that South Africa could quadruple its global market share to 4% by 2030, adding approximately R100 billion to GDP and creating a further estimated 190,000 jobs. Since 2012 the South African offshore Business Process Services (BPS) market has experienced compounded average growth of 25% year on year and now boasts around 30,000 offshore jobs, with the U.K being the leading buyer of South African BPS services followed by Australia and the USA which is rapidly growing.

Other than the factors considered by companies in investment decisions, South Africa’s Value Proposition would not be a strong one if it were not for **the dti’s** BPS Incentive. This has attracted more than 40 multinationals to our shores, securing investments of over R34 billion and creating over 30,000 jobs. At a provincial level, several initiatives are being implemented by government and the private sector. In addition, cities such as Durban and Port Elizabeth have become increasingly preferred locations, given their proximity to Coega and Dube Trade Port. There is also interest in BPS development in tier-2 towns such as Hammanskraal. Eleven new projects were approved in the 2016/17 financial year with a 5-year projected Export Revenue of R7,1 billion. The total amount of claims paid for the 2016/17 financial year on the BPS incentive programme were R266,8 million with 12,568 sustained jobs and a youth percentage of 91%.

EXL opened its call centre in Cape Town, servicing US clients on analytics and business transformation assistance. The operation launched with 60 new jobs with plans to create 6,000 jobs within three years. South Africa secured 2 projects responsible for 688 jobs in an emerging sub sector on tutor services provided in conversational English from South Africa to learners in Asia via online face to face platform.

The funding allocated to train and employ 3,000 unemployed youth under Phase 4b of the Monyetla Work Readiness Programme, by four of the 19 companies – in Bloemfontein, Ermelo, Hammanskraal, Witbank and Tzaneen - had taken on at least 483 learners. Funding was approved in May 2016 for Phase 5 of Monyetla Work Readiness Programme which will train an additional 6 000 unemployed learners, leading to the achievement of a target set in 2012 to put 18 000 for the youth into training, with 70% gaining employment.

ECONOMIC CONTEXT

2. Economic environment

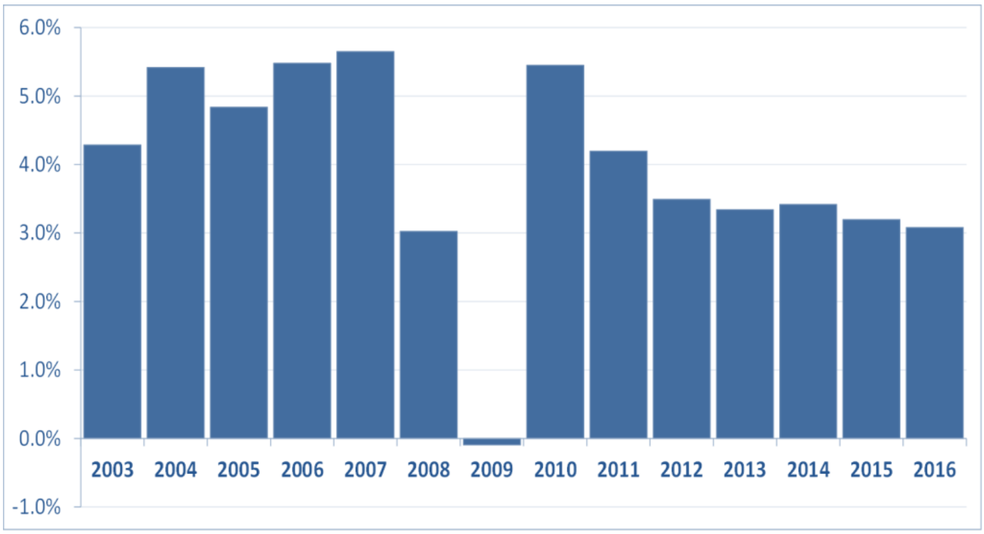
2.1. Global Growth

The past two years saw a deterioration in the already-fragile international economy, with international growth declining steadily from 4,2% in 2011 to 3,1% in 2016. The slowdown contributed to growing political and policy uncertainty in major trading partners. These trends continue strongly to affect industrialisation and inclusive growth in South Africa, and require coherent and effective responses from industrial policy.

Slow global growth marks a structural shift in the global economy, reflected in both the global financial crisis in 2008/9 and the abrupt end of the commodity boom in 2011. The underlying structural dilemma results from the shift of manufacturing to China and the neighbouring economies, leading to worsening employment conditions in other upper-middle-income economies (including South Africa) as well as the global North; the related growth in international capital flows and debt; and the associated increase in inequality. Taken together, these trends increased both economic and political instability, making it difficult to anticipate even relatively short-term economic developments on the world stage.

This section first reviews trends in global growth, and the impact on international trade and investment. It then outlines factors behind the slowdown.

Graph 1. Growth in the world economy, 2003 to 2016



Source: IMF

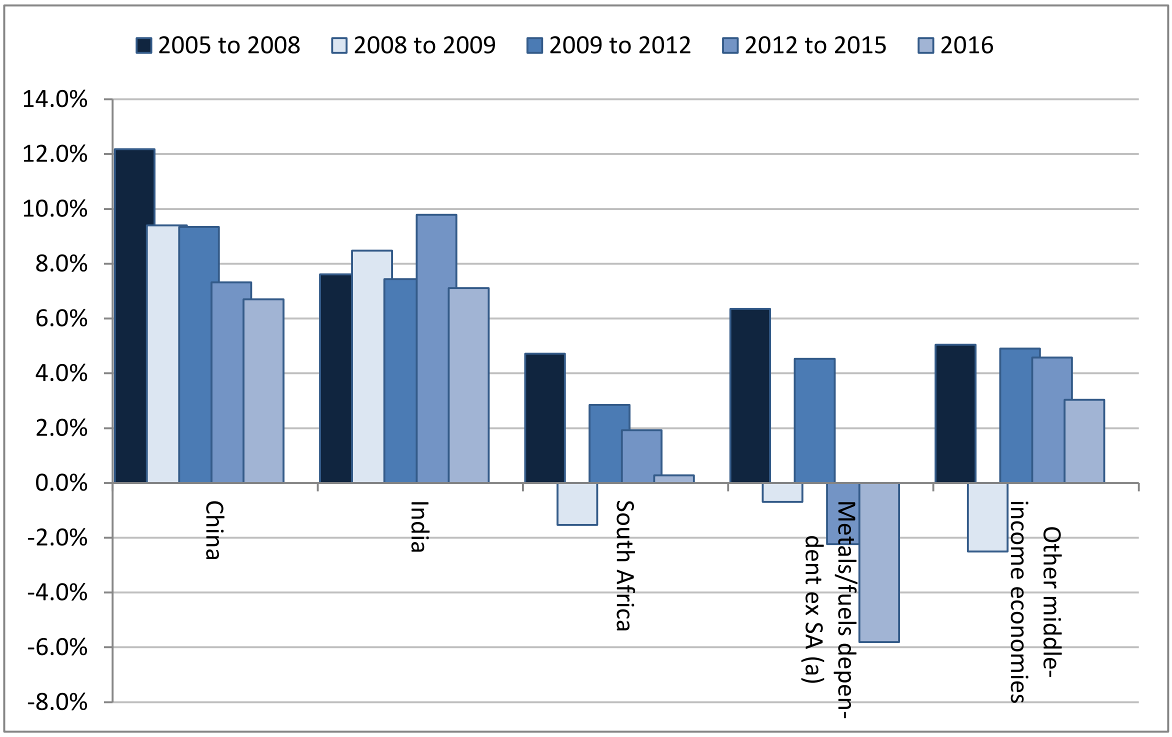
As Graph 1 shows, global economic growth has declined steadily from 2010. International economic expansion since 2010 has averaged 2% less than it was in the five years leading up to the global crisis in 2008/9. The level of global growth over the past 20 years is probably exaggerated by somewhat overstated figures for growth in China, but the trend is clear.

The trends in growth in South Africa's major trading partners – China, the U.K., Germany, the U.S., Japan and sub-Saharan Africa – reflect the structural crisis in the world economy since 2008/9. None of these countries has seen growth to equal the pre-crisis period, and most experienced a marked slowdown from 2012.

2.2. Commodity prices

The commodity boom had a marked impact on mining-dependent economies (including petroleum exporters). Together these countries, which include South Africa, account for around 60% of output for middle-income economies excluding China and India. Their growth was unusually rapid before 2008, during the commodity boom, but much slower than for other middle-income economies after 2012. Half of South Africa's exports derive from mining, but compared to other mining-dependent economies it saw both slower growth before 2008 and less of a crash after 2012.

Graph 2. Growth rate in metals and fuel dependent economies (a) compared to other upper-middle-income economies, 2005 to 2016

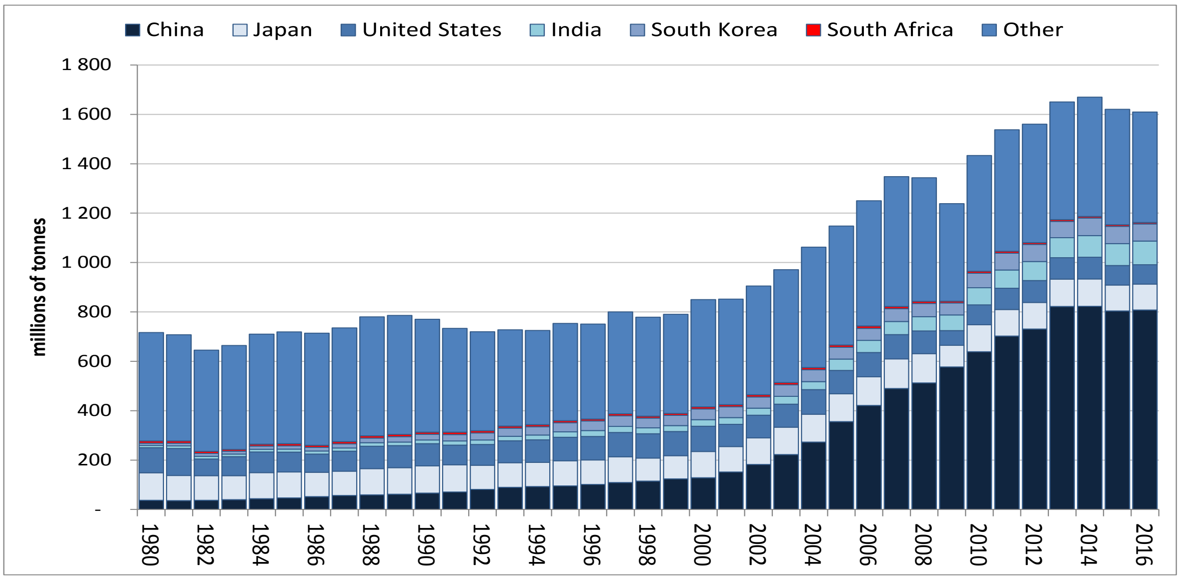


Source: World Bank

Iron ore and steel experienced the greatest price run up during the commodity boom, and the sharpest decline thereafter. This situation largely reflected the rising importance of China as both a consumer and producer of steel.

China accounted for most of the global growth in steel production in the 21st Century as shown in graph 3. After 2011, it slowed its infrastructure investment but did little to reduce support for its steel sector. The resulting over-production brought a rapid rise in Chinese steel exports, a sharp fall in world prices, and the loss of steel capacity in many other countries, including South Africa. In addition, over-investment in iron ore production in Australia and Brazil seem likely to hold down prices for iron ore for the foreseeable future.

Graph 3. Global steel production by country, 1980 to 2016



Source: WorldSteel

Iron ore was South Africa's largest single export in 2010 and 2011, but it slipped behind platinum, coal-based petrol and auto after 2013. According to SARS data, South Africa's iron ore exports fell from a peak 0f R81.7 billion in 2013 to R52.5 billion in 2015; recovering marginally to R53.2 billion in 2016.

The fall in commodity prices also saw a sharp decline in energy costs. In 2014/5, petroleum and coal prices fell by around half in dollar terms. For net petroleum importers like South Africa, the result was a significant fall in import costs. That in turn helped offset the slowdown in export revenues. South Africa's petroleum imports stabilised in dollar terms at around US$22 billion from 2011 to 2014, then fell to US$10 billion in 2016. In rand terms, petroleum imports fell from R250 billion in 2014 to under R150 billion in 2016.

2. 3. The domestic economy

2.3.1. Trends in growth, employment and investment

The fragile global economy was a critical factor behind slowing growth in South Africa in 2016. Manufacturing fared worse than the rest of the economy in terms of output, employment and investment, largely because the end of the 2008/9 global crisis and the end of the commodity boom weighed down on the metals value chain.

Other exacerbating factors were:

a) the worst drought on record in South Africa, affecting not only primary agriculture, but, through strong linkages, also adversely affecting its entire supply chain;

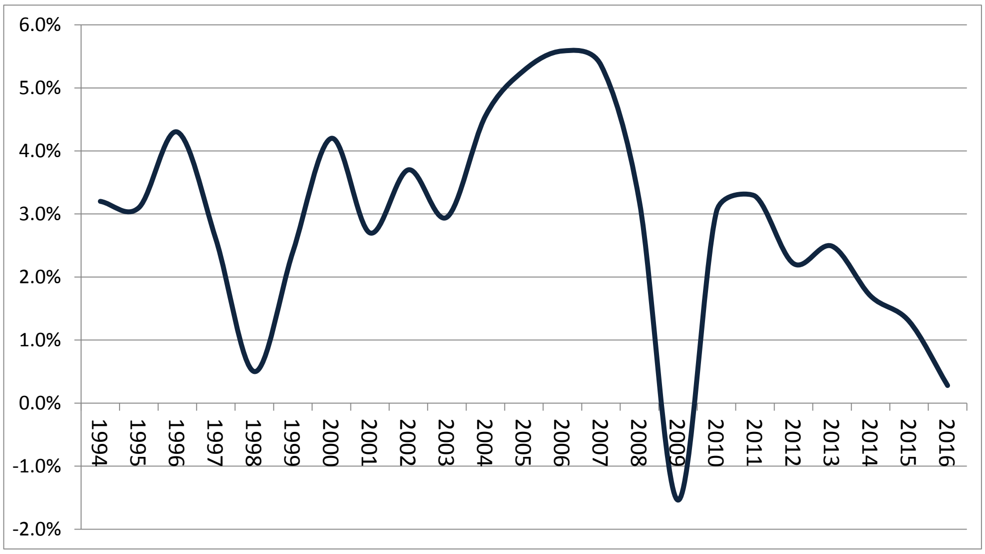
b) a very challenging domestic consumer environment, including higher interest rates, rising living costs and tighter lending practices;

c) a sharp drop in fixed investment;

d) adverse developments in commodity markets such as weaker demand (although commodity prices have rebounded from the worst lows of 2015).

As Graph 4 shows, economic growth tended to decline after the initial recovery from the 2008/9 global financial crisis.

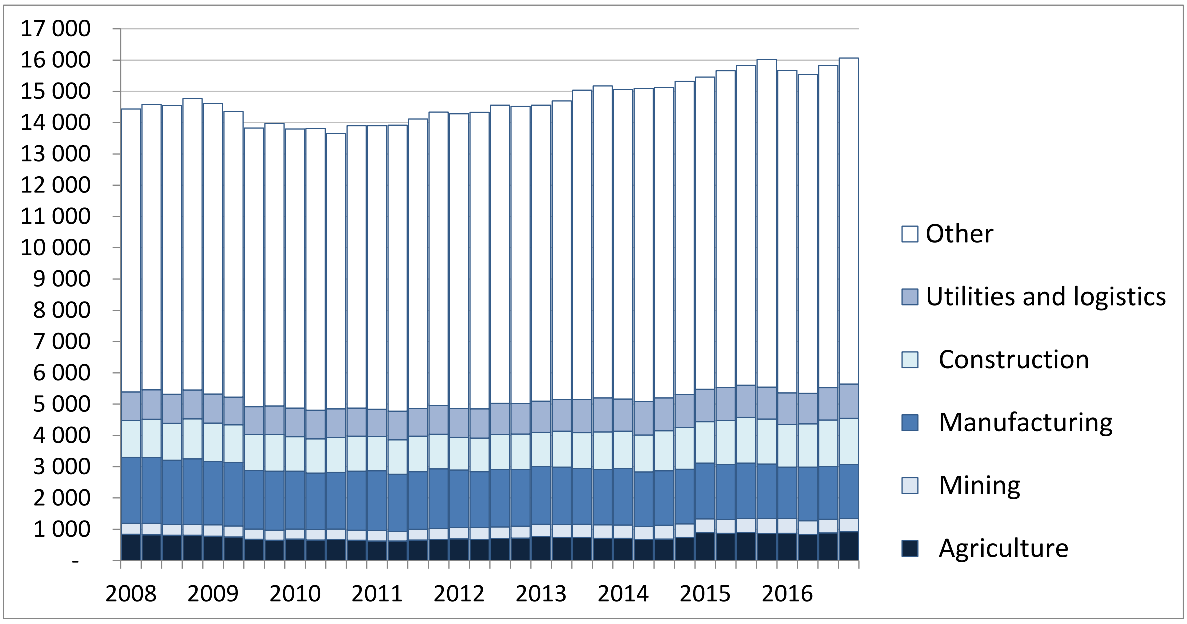
Graph 4: GDP growth, 1994 to 2016



Source: Stats SA

Employment climbed quite rapidly from 2003 to 2008 - mostly on the back of jobs created in the services sector and government – but also mining sector jobs related to the commodity price boom. However, a million jobs were lost in the 2008/9 downturn. Jobs recovery started in late 2010 and employment reached a new high of 16 million late in 2015. But total employment reportedly declined by half a million from December 2015 to June 2016; most notably, in manufacturing employment, which currently stands at about 20% lower than the employment level in Q1 2008.

Graph 5 Quarterly employment by industry, 2008 to 2016

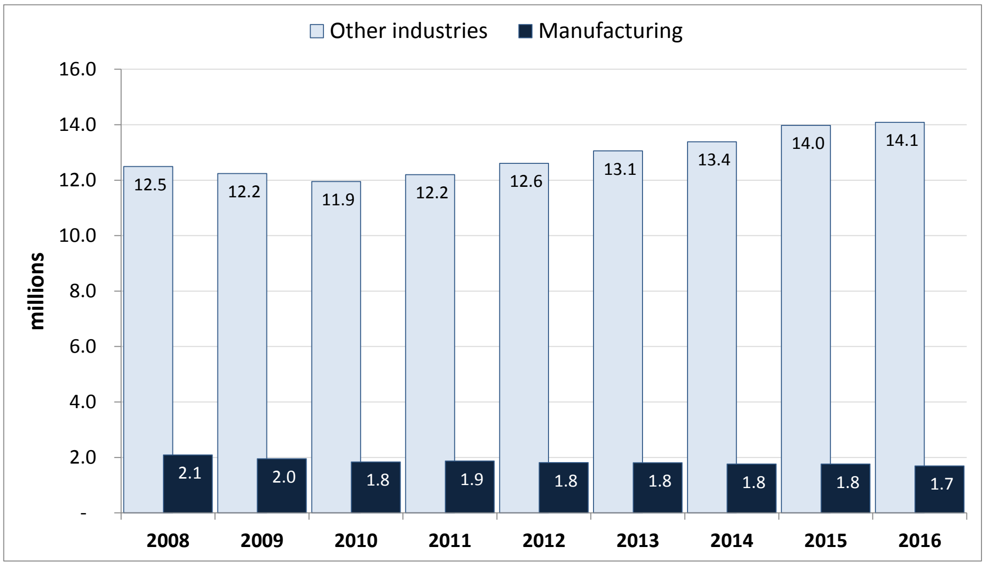


Source: Statistics South Africa

From 1994 to 2016, employment grew by almost six million or around 2,4% a year, while the working-age population rose at just 1,6% a year. Still, the rate of job creation was too low to qualitatively reduce the extraordinary levels of joblessness inherited from apartheid. The share of working age adults with employment rose from around 39% in 1994 to a peak of 46% in 2008, and stood at around 43% in 2016.

While employment in the rest of the economy expanded after the 2008/9 downturn, it failed to recover in manufacturing. From Q1 2008 to Q2 2016 manufacturing shed almost 400,000 jobs. Job losses in the sector persisted for most of the period from 2010 to 2016, even as other sectors began to create jobs. From the fourth quarter of 2010 to the fourth quarter of 2016, manufacturing shed over 150,000 jobs while the rest of the economy generated 2,3 million new ones.

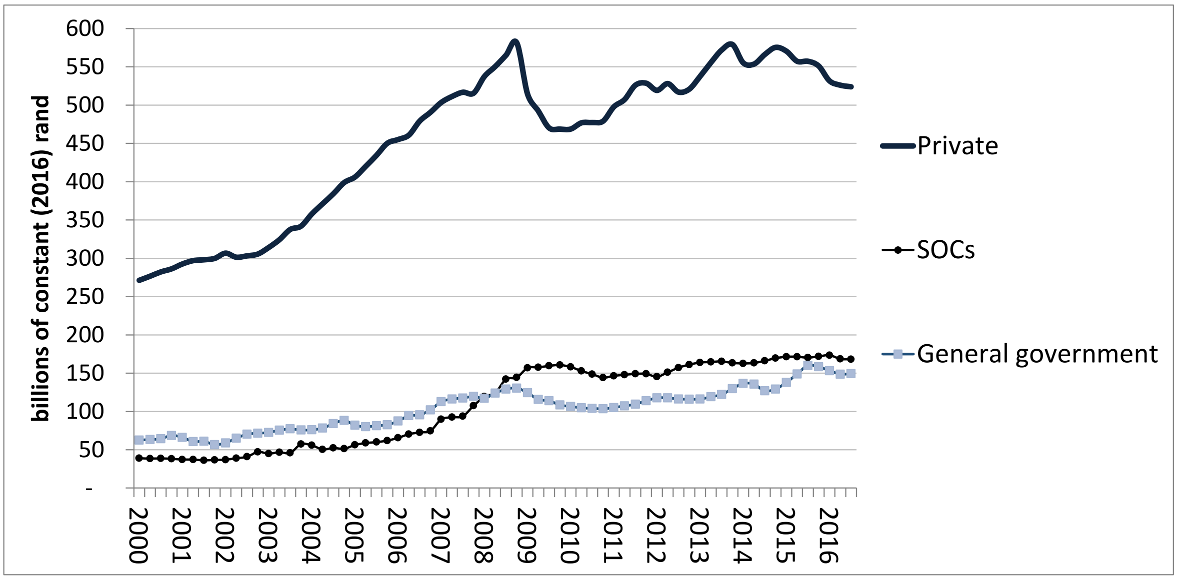
Graph 6 Employment in manufacturing and the rest of the economy, 2008 to 2016, in millions



Source: Statistics South Africa

Investment increased rapidly with the start of the commodity boom around 2003. It fell sharply in the 2008/9 downturn, however, and recovered only partially before falling again from early 2015. But the aggregate figures hide divergent trends in public and private investment. While private investment began to fall from the end of 2013, public investment kept growing for two more years. Then, from in the year to September 2016, government investment dropped by 7%, essentially due to a more restrictive fiscal stance. Investment by state-owned companies, mostly on infrastructure, also began to decline from early 2016.

Graph 7. Quarterly investment by private business, general government and state-owned corporations, in constant 2016 rand, seasonally adjusted, 2000 to September 2016



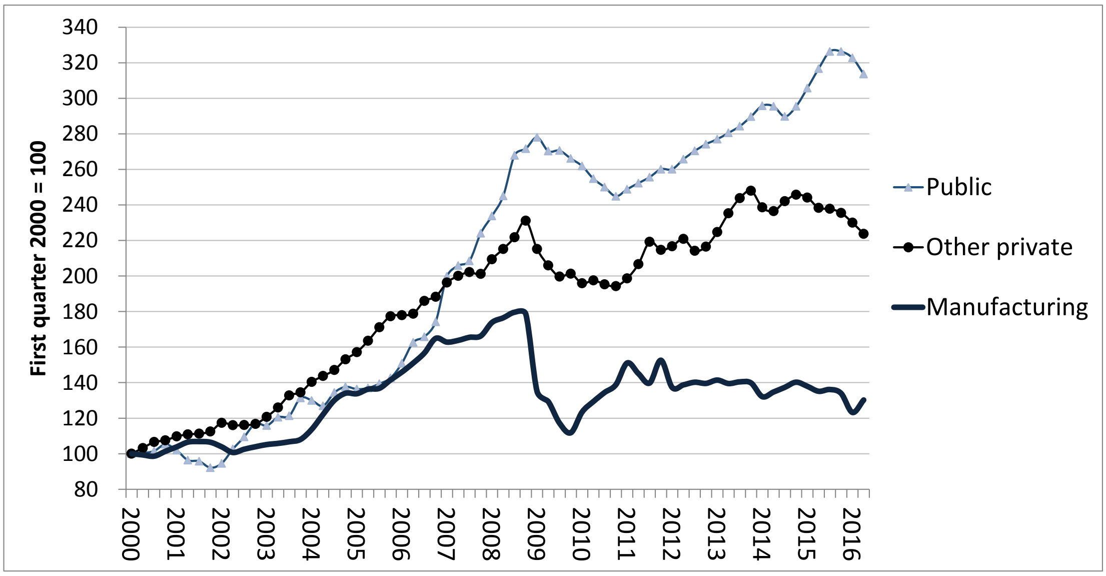
Source: SARB

The investment rate – that is, the share of investment in the GDP – rose from 13% in 1994 to a peak of just under 25% before the 2008/9 global financial crisis.

It dropped to 19% in the crisis, recovered to 21% five years later, but fell back to 19% in September 2016. As a rule, an investment rate of 20% to 25% is required for sustained and rapid economic expansion.

Manufacturing investment performed noticeably worse than other private investment both during and after the commodity boom. It climbed by 77% from the second quarter of 2000 to the second quarter of 2008, but subsequently fell more sharply than investment in other sectors and saw a relatively truncated recovery. In 2010, manufacturing investment remained almost 20% below its 2008 peak, but it began to decline again. From 2010 to September 2016, it then fell by around 15%. In contrast, private investment in other sectors continued climbing through 2014, when it reached 6% above its 2008 level, before falling by 4% in the following two years.

Graph 8. Index of quarterly investment in manufacturing compared to other private and to public investment, seasonally adjusted in constant terms



Source: South African Reserve Bank

3.4. End of the commodity boom

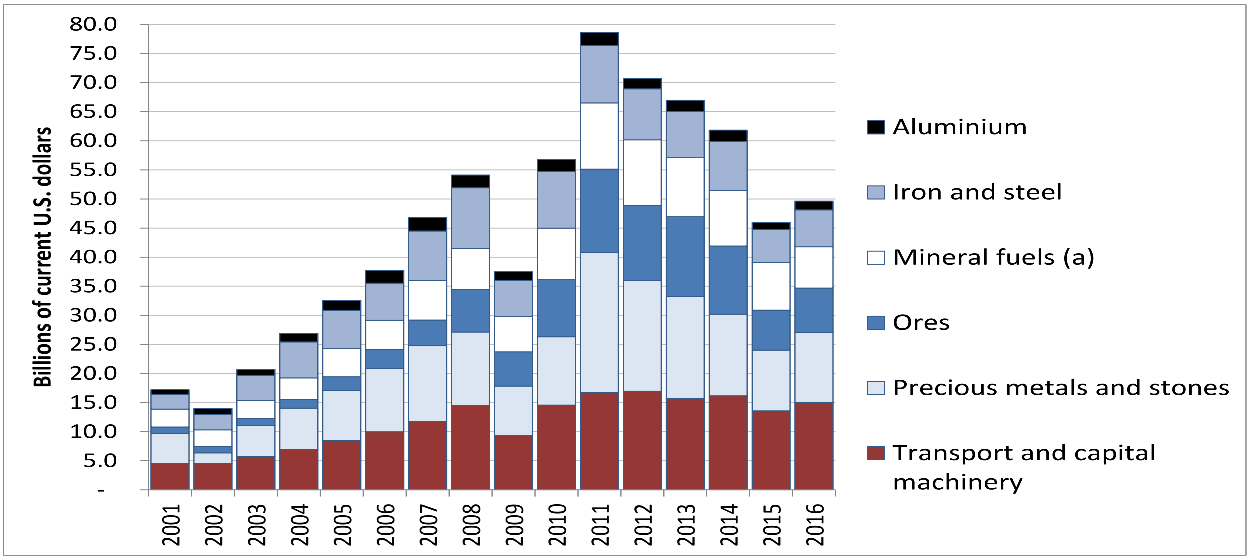
The sharp fall in global metals prices from 2011 affected the South African economy through a decline in revenues from mining and metals exports as well as lower foreign direct and portfolio investment. These trends were associated with a decline in both production and employment in mining and metals, and a fall in the dollar cost of petroleum imports. It also brought about a significant depreciation of the rand, which made manufacturing outside of the mining value chain more competitive but also increased the cost of imported inputs. Finally, largely due to slow growth in tax revenues because of these developments, fiscal consolidation was expected to intensify from 2016.

The most immediate impact came through trade, because of the importance of metals and iron ore for South African exports. From 2011, when the commodity boom ended, through 2016 the value of South Africa's total exports dropped by 31% in current dollars, although depreciation meant that they grew 6% in constant rand (deflated by CPI). In dollar terms, exports of metals and metal products fell by 44%, from $62 billion to $35 billion.

In contrast, exports of autos fluctuated between $8 billion and $9 billion. Capital machinery and equipment exports dropped by a third, from $7,3 billion to $5,1 billion, in part because of the slowdown in mining production globally and particularly in southern Africa. In rand terms, deflated for CPI, revenues for vehicles and machinery, including rolling stock and planes, were boosted by depreciation, rising some 40%.

The share of South Africa's top mining exports - iron ore and ferro alloys, platinum, coal and coal-based oil and gold - fell from over 40% of South Africa's total export revenues in 2011 to 30% in 2015. Mining, metals and basic metal products fell from 60% to 50%.

Graph 9. Exports of ores, metals and metal products, liquid fuels (a) and vehicles and other machinery current U.S. dollars, 2001 to 2016



Source: South African Reserve Bank

The decline in export revenues led to a slowdown in mining and metals production, with a fall in the value of production, profits and employment.

The value of mining production in rand deflated by the CPI almost doubled from early 2000 through 2012, then fell by close to 15% through mid-2016.[1]

[1] In volume terms, the value of mining output remained almost unchanged through the commodity boom, mostly because of the maturing of the gold mines and the associated fall in production. Deflation by CPI, rather than using constant prices, permits an understanding of the how incomes – both profits and wages – evolved in the industry relative to the rest of the economy.

As a whole, mining suffered declining profits from mid-2012, with losses from the first quarter of 2015 to the first quarter of 2016. Mining employment fell by 15% or around 80 000 jobs from its peak in 2012 through the third quarter of 2016. These factors had significant knock-on implications for the rest of the economy. In contrast to mining, beneficiation never fully recovered from the 2008 crash. In part, this situation reflected the rapid increase in electricity prices from 2008, which had a particularly harsh effect on electricity-intensive refineries. In constant rand, sales of iron and steel and non-ferrous metals dropped by 40% in 2008/9. From 2009 to 2016, steel production lost another 6%, but non-ferrous metals recovered. Fabricated metals and machinery sales dropped 20% in real terms in 2008/9, and then fell a further 6% from 2009 to 2016. In contrast, the rest of manufacturing fell 16% in 2008/9, but saw a 14% growth in sales from 2009 to 2014. From 2014 to 2016, however, sales in manufacturing outside of heavy industry dropped by 2%.

As the value of South African metals exports fell, the rand became significantly more competitive. During the commodity boom, the currency was generally uncompetitive for manufactures. Depreciation after 2011 largely tracked the fall in metals prices, and was therefore unlikely to reverse in the foreseeable future.

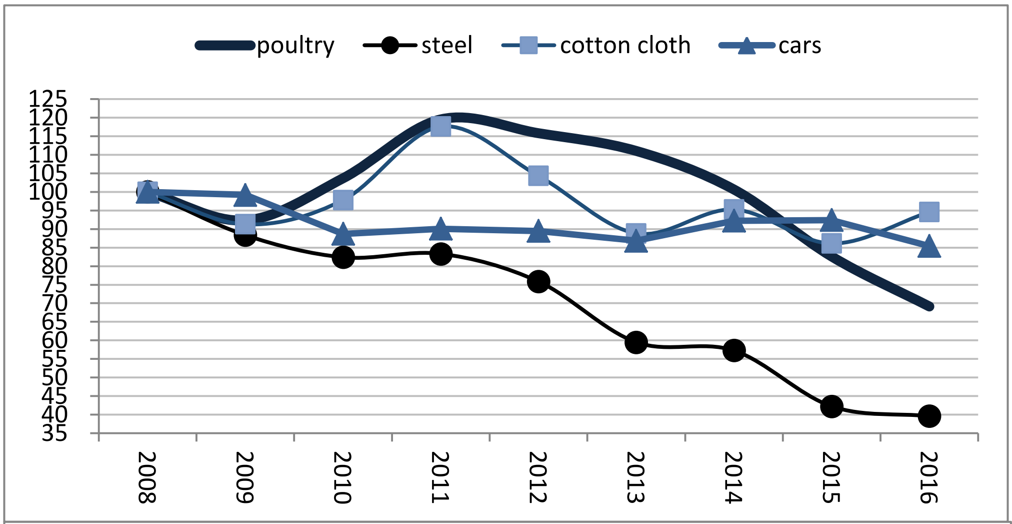
2.4. External balance

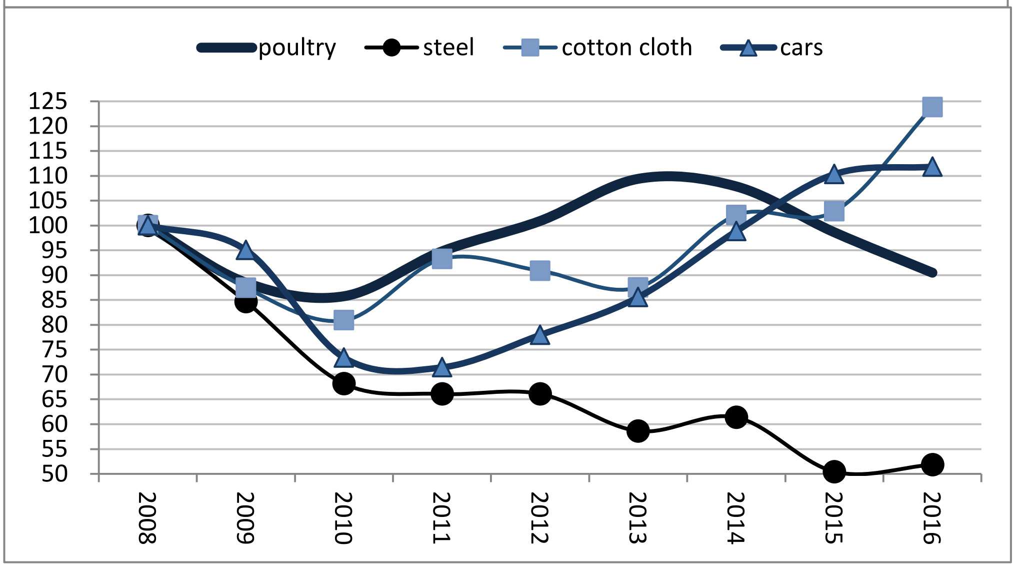
The more competitive rand boosted manufacturing industry, making it easier both to export and to compete with imports. The auto industry stabilised exports in dollar terms from 2011 to 2016, which translated into a 60% increase in value in constant rand (deflated by CPI). By 2016 the auto industry had overtaken gold, platinum, iron ore and coal in export revenues. Depreciation also mitigated the impact of lower dollar prices in the mining value chain and promoted international tourism to South Africa.

The benefits of the more competitive rand were offset to some extent by higher prices for imported inputs as well as the persistence of relatively weak demand especially in Europe, Japan and China. Still, exports to the rest of Africa, which is the largest export market for South Africa’s manufactured goods, maintained fairly strong growth in recent years, although the region also showed signs of slowing growth from 2011.

At the same time, faced with the general global slowdown, companies from competing economies intensified efforts to export to South Africa. That led to a significant fall in the unit price in dollars of major imports such as steel, poultry, clothing and even cars, as Graph 10 shows. The unit price of imported steel and poultry declined even in rand terms, despite depreciation. The domestic steel industry was affected particularly harshly by low-cost imports from China, which faced a major over-supply crisis as its economy and infrastructure investment slowed.

Graph 10. Index of unit prices in current dollars (graph a) and constant rand (graph b) of steel, poultry, cotton cloth and car imports, 2008 to 2016 (2008 = 100)



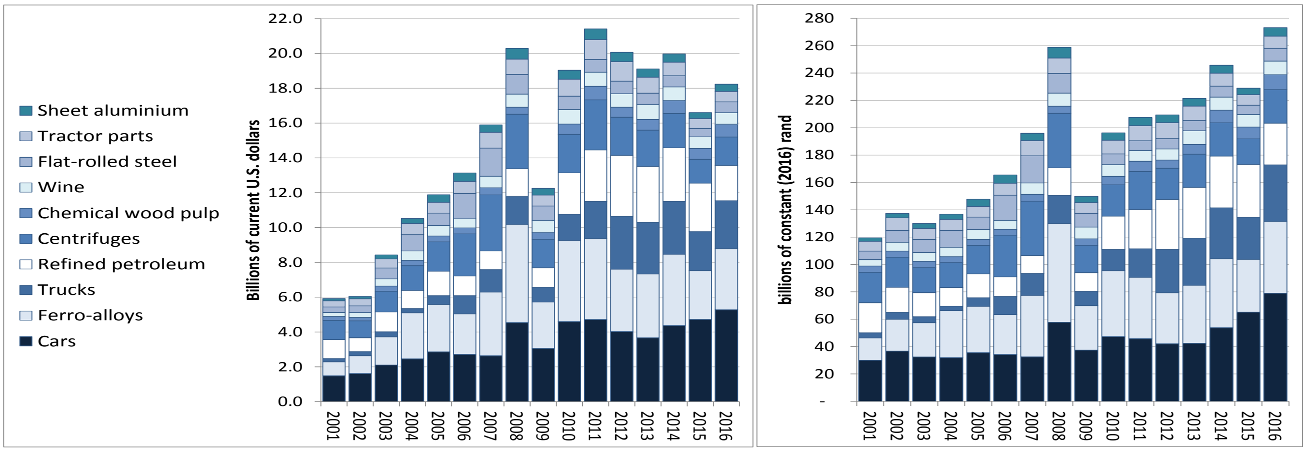


Source: Trade Map

Autos, petrochemicals, machinery and equipment and food products contributed a rising share of South Africa's exports from 2011, in part because ores and metals lost ground and in part because of the boost provided by the more competitive rand. The top ten manufactures reflected these trends, dominated by cars, petrol, mining equipment and wine.

In dollar terms, the value of these exports declined from 2011, after recovering from the sharp fall in 2008/9. In rand, they increased through 2014 but declined slightly in 2015.

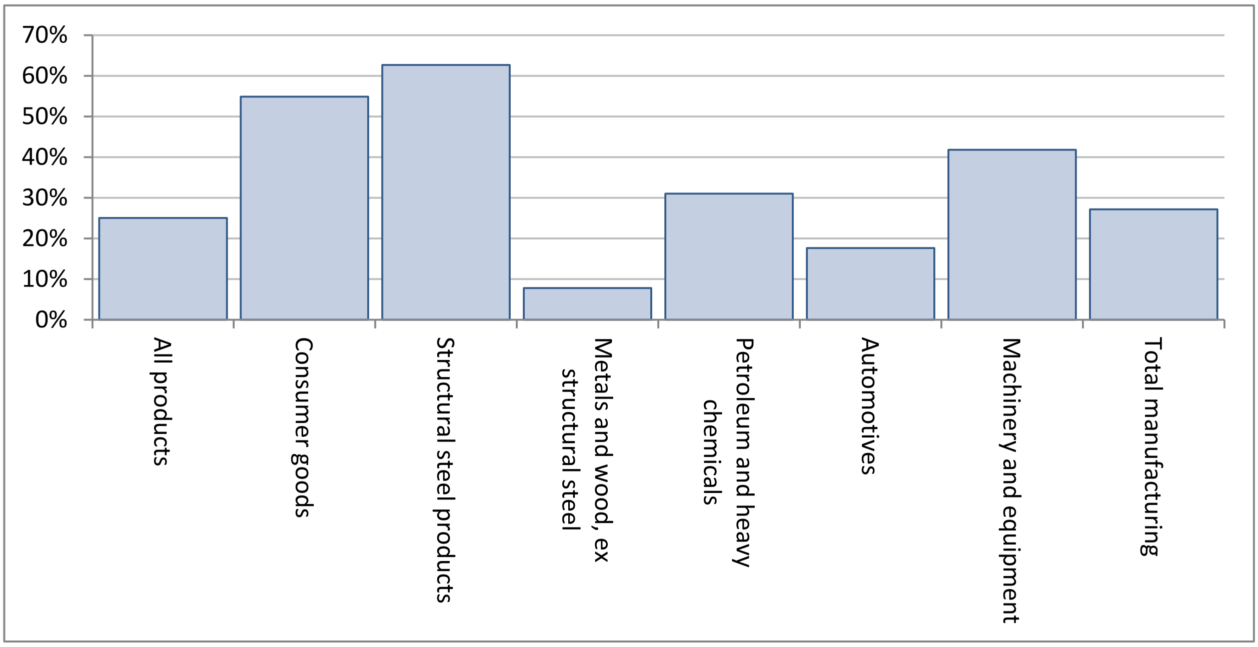
Graph11. Exports of major manufactures in constant rand and dollars



Source: TradeMap

South African manufactured exports depended disproportionately on regional sales, in contrast to mining and agriculture, which largely focused on China and the global North. As the following graph shows, SADC accounted for over half of South African exports of structural steel, consumer goods and machinery and equipment, but only a fifth of autos and under a tenth of metals and wood products, excluding structural steel (graph 12).

Graph12. Share of major exports going to SADC in 2016



Source: TradeMap

3. Conclusions and the importance of Parliamentary oversight

IPAP 2016/17 – 18/19 set out a higher impact iteration of cross-cutting and sector specific programmes. The key underlying principles of IPAP 2016/17 were to emphasise the need for a national industrial effort with policy coherence and policy certainty across government; a close collaborative effort between Government, business and labour; a commitment to ensure that the linkages between the primary and secondary production sectors of the economy are maximised and a combined and constructive drive to overcome the key constraints to manufacturing-led, value-adding and inclusive growth with a key emphasis on labour intensive sectors.

The global economy is still reeling from the lingering effects of the global recession and its aftershocks in the form of weak growth and demand; global oversupply and over-capacity in key sectors; subdued commodity prices and turbulence in the global trade regime. On the domestic front, the economy continues to be beset by a series of deep seated and historical structural fault lines which remain stubbornly difficult to overcome. These sketch a difficult and complex context under which the implementation of IPAP 2016/17 took place inclusive of pronounced challenges in the steel sector.

The requisite role of the Parliamentary Portfolio Committee on Trade and Industry and its contribution and support in ensuring that implementation of IPAP 2016/7 takes place cannot be overstated. The Industrial Policy Action Plan is firmly entrenched in Government's overall policy and plans to address the key challenges of economic and industrial growth and race based poverty, inequality and unemployment. The achievements registered thus far in terms of its transversal and sector specific interventions point to the necessity of having an industrial policy that brings about a comprehensive and lasting structural change to the country's economy.

Therefore, a sustainable growth path requires the cooperation of government, business and labour. Policy alignment and coherence in government is fundamental in order to contribute to this sustainable growth path of value-added manufacturing together with employment creation in labour-absorbing sectors.

4. Overview of all the KAPs

The implementation of the Key Action Programmes (KAPs) identified in IPAP 2016/17 is monitored through quarterly meetings chaired by the Minister of Trade and Industry in order to assess and review progress of KAPs. This is done to exercise oversight and unblock any bottlenecks, including intra-governmental constraints. In monitoring progress, a colour coding mechanism is used where:

Green-coded KAPs represent those milestones that have been achieved**.** This applies to 220 KAPs.

Orange-coded KAPs indicate milestones that are close to completion but where parts of the total KAP have not been met and where blockages may still exist. This applies to 57 KAPs. In some of these instances milestones in the KAP have been carried over to the next iteration of IPAP to allow for further stakeholder consultations, lack of capacity, delay in processes and on-going processing. These include but not limited to:

- Development Trade Policy: Revise the standard on energy efficiency in buildings
- Developmental Trade Policy: Amendment of VC 8014, the compulsory specification for canned fish products.
- Developmental Trade Policy: The Development of a Compulsory Specification for re-treated tyres for commercial and passenger vehicles and their tyres
- Clothing, Textiles, Leather & Footwear: Beneficiation strategy for mohair fibre formulated and implemented.
- Plastics, pharmaceuticals, chemicals and cosmetics - Pharmaceuticals and medical devices: Facilitate the development of regulatory standards and support for certification in South Africa.

Red-coded KAPs represents areas where there are significant delays for 8 KAPs. The majority of these relate to intergovernmental regulatory and coordination issues. These include but not limited to:

- Metal Fabrication, Capital & Rail Transport Equipment: Continuous support and monitoring of the designated rolling stock components.
- Green Industries: Strategic industrialisation through the independent power producers programme.

The following programme was seriously delayed due to funding constraints:

- Aerospace and Defence: Building a competitive aerospace and defence industry through establishing a Manufacturing Cluster and Sub-Tier Developmental Park.

Table 1 provides an overview of progress across all the Key Action Plans for the implementation of IPAP.

Table 1 – IPAP Key Action Plans

Breakdown of KAPs	Total	Transferred to other Depts.	Deleted from IPAP	Revised Total	Percentage
Green	220	0	0	220	*77%*
Orange	57	0	0	57	*20%*
Red	8	0	0	8	*3%*
Total	**285**	**0**	**0**	**285**	**100%**

APPENDIX 1:

TABULAR SUMMARY OF KEY ACTION PROGRAMMES

PROGRAMMES -> ACTIONS / MILESTONES -> PROGRESS

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
1	**Public Procurement** Monitoring expenditure and implementation of local content	**2016/17 Q1: Work closely with National Leader of Audit Services in the Auditor-General's office to scope and agree on designated tenders and products to be prioritised for auditing.**	**Auditor General (AG) was requested to prioritise all tenders with designated products during the auditing process. The office has been receiving requests for assistance from those procuring entities that were found to be non-compliant by AG. This indicates that auditing of tenders with designated products has commenced.**
		2016/17 Q2: Submit proposals to the National Treasury on regulations aimed at tightening areas dealing with compliance on local content.	**The new Regulations (Preferential Procurement Regulations, 2017) were promulgated on 20 January 2017 with the effective date of 1 April 2017. Local Production and Content is retained in the Regulations.**
		2016/17 Q1-Q4: Conduct spot checks on local companies awarded tenders designated for local production to verify that local production does take place.	**Local content verification by SABS was conducted at 12 companies. They all met the stipulated local content minimum threshold.**
		2016/17 Q1-Q4: Work closely with the SABS on (i) review of the technical specifications for the calculation and measurement of local content; (ii) the funding model for local content verification; and (iii) periodic reports and interventions on local content. **2016/17 Q1-Q4: Develop an import monitoring system based on trade import data to assist with establishing whether designations in particular sectors are being complied with.** **2016/17 Q1-Q4: Finalise work on harnessing government's buying power: measuring the extent to which local versus non-local purchasing still make sense.**	**The review has been finalised and the specification is undergoing the SABS internal processes to be published as a standard.**

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
2	**Public Procurement** Increasing aggregate demand through 'Buy Local' campaigns	**2016/17 Q1-Q4: Support the Economic Development Department (EDD) to promote measures to support local procurement in the private sector. Priority commodities are furniture, uniforms, other apparel and pharmaceutical products.** **2016/17 Q1-Q4: Support Proudly SA on aligning its work to ensure that its logo becomes the first 'mark' of local manufacturing. For off-the-shelf purchases, there needs to be a promotion of bar codes of all locally manufactured and packaged consumer goods.**	**Economic Development Department is conducting road shows with private sector.** **A new CEO and management team was appointed at Proudly SA.** **The "Buy Local Summit" was held at Sandton Convention Centre on 3 - 4 April 2017 and attendees (entrepreneurs) were encouraged to subscribe with Proudly South African for their products and services with more than 50% local content to carry the logo.**
3	**Public Procurement** Designation of further sectors for local procurement	**2016/17 Q1-Q4: Review of research work done by Sector Desks for further designation of sectors/sub-sectors for local procurement.** **2016/17 Q1-Q4: Issue procurement instruction notes for designated sectors.** **2016/17-2017/18: Work with the PICC and Industry Associations to identify opportunities for further designation.** **2016/17 Q1-Q4: Deepen localisation by utilising Regulation 9.3 of the PPPFA for the procurement of non-designated products / commodities. This will be done in consultation with other government departments and state-owned companies. This will go a long way towards meeting the local procurement target of 75% set by government in the Medium Term Strategic Framework.** **2016/17 Q1 – Q4: Provide training on local content to supply-chain practitioners in all spheres of government and state-owned**	**Three designation proposals were reviewed, namely, Pumps and MV Motors, Autos Lead Acid Batteries and Industrial Lead Acid Batteries. Section 9.3 is recommended for Autos Lead Batteries instead of designation.** **Seven Instruction Notes were published by National Treasury 2016:** • **Solar PV** • **Rail Signalling** • **Two Way Radio** • **Plastic Wheelie Bins** • **Fire Fighting Vehicles** • **Steel products and components** • **Water Meters** **Working with PICC and Industry Associations are on-going and opportunities for further designations identified.** **The dti assisted a number of institutions to invoke section 9.3 (localisation of non-designated products)** • **Transnet: Material Handling tender** • **SAA: Cosmetic Products tender and Amenity Kits tender** • **PRASA: Rail Infrastructure - Perway** • **Gauteng Department of Health: Pharmaceutical products** • **Stationery procured by SOCs and municipalities26 local content workshops and training were conducted with various government**

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
		companies.	entities.
4	**Public Procurement: NIPP** Marine component manufacturing support programme	2016/17: Q1- Q2 Develop a programme to provide support for local component manufacturers to meet accreditation and certification standards that are required to supply international OEM's. 2016/17: Q3 Negotiate with potential NIP obligors and other relevant stakeholders on possible support measures for the local component manufacturers. 2016/17: Q4 Start the implementation of the support measures.	The support programme has not been developed. The dti engaged the local industry players and discovered that the products such as Marine containers, Sails', shafts, hydraulic systems, Masts, Synchronized lifts, Life jackets, ropes, although currently imported, can be manufactured in South Africa, if supported through investment. Agreement reached between Rheinmettal, CSIR and Siemens to supply CSIR with Product Life Cycle management software that will support some companies in the marine space.
5	**Public Procurement: NIPP** Support programme for local design and development of mobile applications	2016/17 Q1-Q2 Develop a support programme to enable companies participating in the sector to link with obligors with the aim of joint development of certain applications or to develop certain modules for some of the applications. 2016/17 Q3 Negotiate and agree with NIP obligors the nature and scope of interventions to be implemented. 2016/17 Q4 Implement the agreed interventions.	The dti finalised the following funding agreements • Between Marpless and Effective Control Systems (ECS) that paved that way for commencement of software development project in Midrand that enables a transfer of technology to the CSIR, enabling the organisation to increase its support for SMME. • For the establishment of a Joint Innovation Centre for mobile applications whose focus will be the development of new technologies for export markets. An agreement has been reached with Huawei and a local company, CZN, for manufacturing of smart meters whereby Huawei will provide technology and components for CZN to manufacture.
6	**Public Procurement: NIPP** Defence component manufacturing support programme	2016/17 Q1-Q2 Assessment of the current obligors' supplier requirements, future programmes they will be participating in and the potential for local suppliers. 2016/17 Q3-Q4 Negotiate and agree with obligors on the nature and scope of intervention.	A technology transfer agreement has been reached between Pilatus and the AAT, whereby Pilatus is transferring the product life cycle management (PLM) technology to AAT who in turn will use the technology to manufacture composite components for Pilatus PC 12 trainer aircraft in South Africa. The two parties have entered an off-take agreement for a period of 10 years. The technology has been transferred and training conducted.

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
7	**Public Procurement: NIPP** Rail Sector Components Manufacturing Support Programme	**2016/17 Q1 – Q2 Develop a programme to provide support for component manufacturers to acquire accreditation and certification standards that are required to supply international OEMs.** **2016/17 Q3 Negotiate with potential NIP obligors and other stakeholders on possible support measures for the local component manufacturers.** **2016/17 Q4 Start implementation of the support measures.**	**The dti has reached an agreement with ABB to manufacture traction transformers and traction motors for both local and export markets. These are currently being fully imported by ABB. ABB will also develop suppliers for this project.**
8	**Public Procurement: NIPP** Aerospace Development Programme by supporting the integration into the global supply chains	**2016/17 Q1 Assessment of processes required to supply international markets with high value-added products for both MRO services and aircraft component manufacturing.** **2016/17 Q2–Q3 Develop a support programme to enable local companies to meet standards required to supply international markets.** **2016/17 Q4 Start implementation of the programme.**	**The refurbishment of the South African Airways Technical workshop for the maintenance, repair and overhaul of the CFM56-7B engines, on behalf of Lufthansa Technical has been completed. Transfer of Technology from Lufthansa has commenced. Airbus is certifying to be Cobham to produce SATCOM antennas for the A350XWB program with production starting in 2019. This is an additional work package building from the capability that was developed in 2010 for the A320.**
9	**Industrial Financing** Working with private sector financiers on a win-win basis to make available appropriate financial products for the manufacturing sector	**2016/17 Q2: Initiate engagements between the dti and private sector financiers to explore syndicated financing options to support the manufacturing sector.** **2016/17 Q3: Proposed syndicated funding product to support the manufacturing sector with a better mix of public and private sector funding and improved conditionalities.**	**Engagements with private sector financiers commenced in the period under review and discussions are at an advance stage. Announcements will be made in 2017/18 financial year.**
10	**Industrial Financing** Developing new sector-specific packages and tailoring existing sector-specific support measures	**2016/17 Q2-Q3: Scoping appropriate support which will include securing funding from the fiscus and cross departmental technical partnerships.** **2016/17 Q4: Draft funding guidelines developed in consultation with Industry and potential funders to support investments in labour intensive sectors.**	**Draft support and guidelines for the agro processing support programme were developed in the 2016/17 financial year.** **Scoping exercise for the foundry sector was undertaken. Work expected to be finalised in the 2017/18 financial year.**
11	**Industrial Financing** Roll-out of the Black Industrialist Programme	**2016/17 Q1: Roll out of the incentive programme in collaboration with Development Finance Institutions.**	**Overall, the Black Industrialist Scheme's current support in 2016/17 shows the value of 27 approved projects to be R577 million, with a projected investment of R2.5 billion and the creation of a further 5,235 direct jobs and 1,228 indirect jobs. The sectors that received the bulk of the projected investments were Plastics and Pharmaceuticals (R1 billion), Metals (R837 million) and Agro-processing (R410 million)**

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
12	**Industrial Financing** Evaluation of selected Incentive programmes	**2016/17 Q2: MCEP review - Final report** **2016/17 Q2: Annual Incentive report finalised.** **2016/17 Q3: ADEP Rapid Appraisal – Final Report** **2016/17 Q4: Film and TV Implementation Evaluation – Final Report.** **2016/17 Q3: Progress report on Black Industrialist programme produced.**	**The review of MCEP was completed in the 2016/17 financial year.** **The ADEP rapid appraisal was completed in the 2016/17 financial year.** **The Film and TV Implementation Evaluation was completed in the 2016/17 financial year.**
13	**Developmental trade policy** Re-alignment of technical infrastructure activities with IPAP sectors: Green industries	**2016/17 Q1: Conduct a feasibility study for the development of a new Compulsory Specification for thermal insulation products for buildings.** **2016/17 Q4: Revise the standard on energy efficiency in buildings.** **2016/17 Q4: Establish a laboratory to test air conditioners in support of NRCS regulations on energy efficiency labelling.** **2016/17 Q1: Finalise the amendment of VC 9006, the Compulsory Specification for hot water storage tanks - upgrading of energy-efficiency requirements and labelling.** **2016/17 Q4: Second phase upgrade of the electrical power and energy measurement standards by NMISA to support measurements required by ESKOM and municipalities for the maintenance of the national power grid and the monitoring of its distribution systems.** **2016/17 Q4: Develop capability to accurately determine the size of dust particles (in support of Air pollution monitoring).** **2016/17–2017/18: Improve the measurement accuracy for electrical power and energy by developing primary national measurement standards.**	**A feasibility study for the development of a new Compulsory Specification for thermal insulation products for buildings was conducted** **Research phase completed. Compilation of the document will commence in 2017/18 financial year.** **The supply chain processes are underway, however due to changes in the national standard for air conditioner test chamber; it is anticipated that the process will be delayed.** **VC 9006, the Compulsory Specification for hot water storage tanks - upgrading of energy-efficiency requirements and labelling have been published.** **A development project has started to elevate the remaining secondary standards to primary level, i.e. the Quantum Hall for Resistance.** **New Scanning Electron Microscope (SEM) has been installed and it will further enhance the capability.** **The improved capability has been accredited successfully and a calibration service for the extended range is now being offered to industry.**
14	**Developmental trade policy** Re-alignment of technical infrastructure activities with IPAP sectors: Agro-processing	**2016/17 Q4: Provide reference measurement capability for pesticides and inorganic elements in environmental and food matrices including fish in support of food safety.** **2016/17 Q4: Provide reference measurement capability for dioxins, furans and dioxin-like toxic substances in environmental and food matrices in support of food safety.** **2016/17 Q4: Start project to revise the current standard on canned meat products.**	**The capability has been successfully established and the final international benchmarking is being conducted.** **Initial dioxin and furan in sediment screening method has been developed and internationally validated.** **Project is underway.**

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
		2016/17 Q4: Amend VC 8014, the Compulsory Specification for canned fish products. 2016/17 Q1 – 2017/18 Q4: Provide reference measurement capability for persistent organic pollutants including dioxins, per-fluorinated compounds, brominated and chlorinated contaminants as well as dioxin-like toxic substances in environmental and food matrices. 2016/17 Q4 – 2017/18 Q4: Provide reference materials for mycotoxins and inorganic elements in food matrices in support of food safety. 2016/17 Q1 – 2017/18 Q4: Develop reference measurement capability for amino-acids in food in support of food labelling regulation. 2016/17 Q1 – 2017/18 Q4: Provide reference measurement capability and continue to develop new, appropriate measurements for toxic substances, including but not limited to pesticides, polycyclic aromatic hydrocarbons and inorganic elements in environmental and food matrices.	The South African National Standard (SANS) was published in May 2017 and the NRCS will finalise the amendment in the third quarter of 2017. Reference measurements developed for emerging pollutants, PFOS and PBDEs, in environmental and food matrices are published. NMISA worked with NIM China on the development of matrix CRM for mycotoxin in maize Develop reference measurement capability for amino-acids in food in support of food labelling regulation is progressing well NMISA continues to provide proficiency testing schemes for organohalogen and organophosphorous pesticides in water. Measurements of pesticides and pesticides metabolites in urine were completed to UP Toxicity assessment project.
15	**Developmental trade policy** Re-alignment of technical infrastructure activities with IPAP sectors: Metal Fabrication, Capital and Transport Equipment	2016/17 Q4: Finalise the amendment of Compulsory Specifications, VC 8022, 8023, 8024 and 8025, to add further safety features to automotive vehicles and align SA requirements with the latest UN (ECE) requirements. 2016/17 Q4: Benchmarking capability with the National Metrology Institute (NMI). 2016/17 Q3: Upgrade the laser tracker dimensional facility at NMISA for traceability for large dimensional measurements for locomotives and coaches. 2016/17 Q4: Conduct a benchmark study to investigate how accreditation can support the rail industry. 2016/17 Q4: Develop an accreditation programme for fusion welding of metallic materials.	National Regulator for Compulsory Specification (NRCS) will commence the amendment of these compulsory specifications once the South African Bureau of Standards (SABS) concludes the amendment of the relevant standards. NMISA participated in a workshop in Singapore where the comparison protocols were finalised The upgrade of the facility is 50% completed The Railway Safety Regulator published the draft regulations The accreditation programme for Fusion Welding of Metallic Materials was rolled out

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
16	**Developmental trade policy** Re-alignment of technical infrastructure activities with IPAP sectors: Automotive Products and Components	**2016/17 Q4: Develop a Compulsory Specification for re-treaded tyres for commercial and passenger vehicles and their tyres.** **2016/17: Conduct a feasibility study for a regulation for part-worn (used) tyres.**	**Impact assessment report is still outstanding, due to lack of capacity, Automotive specialist appointed and will resume with the project from the 1st of September 2017** **Feasibility study concluded and end results indicated that regulation for part-worn (used) tyres is not feasible**
17	**Developmental trade policy** Re-alignment of technical infrastructure activities with IPAP sectors: Biofuels	**2016/17 Q4: Develop reference measurements in support of accurate measurement standards for biofuels.** **2016/17 Q4: Conduct a feasibility study for the regulation of ethanol gel for cooking and other gel burning appliances.**	**Project is being finalised, however some final challenges during validation and benchmarking have occurred. A benchmarking exercise with another National Metrology Institute (NMI) is planned for 2017/18** **The feasibility report approved by the Project Approval Committee in March 2016/17. NRCS referred the request to regulate Ethanol fuels to the Department of Energy (DoE).**
18	**Developmental trade policy** Re-alignment of technical infrastructure activities with IPAP sectors: Plastics, Pharmaceuticals, Chemicals, Cosmetics	**2016/17 Q2: Finalise the development of a Compulsory Specification for polymer film for damp-proofing and waterproofing in buildings.** **2016/17 Q4: Project to revise the standard on detonators, relays and initiating devices for commercial applications.** **2016/17 Q4: Develop analytical capabilities for monitoring of hazardous substances in polymers, plastics and packaging materials.** **2016/17 Q4: Provide analytical reference measurement traceability for pharmaceutical, personal care and cosmetic products; specifically, to analyse for toxic elements.** **2016/17 Q4: Provide analytical reference measurement traceability for residual solvents in pharmaceutical products.** **2016/17 Q4: Project on conformity assessment specification for**	**Project completion delayed, due to different views and unavailability of accurate information. NRCS finalising the applicable levies for this compulsory specification.** **Following extensive discussions by the working group, it was resolved that the revision of the publication is no longer necessary. The revision of the standard has been cancelled.** **Method development for the determination of phthalates in PVC underway, with international benchmarking dates to be finalised in 2017/18 through BIPM** **The project is underway** **Residual solvent screening method was developed.**

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
		African traditional medicine preparations. 2016/17 Q4: Project on new standards for medical devices. 2016/17 Q4: Project on new standard for surgical drapes, gowns and clean air suits, used as medical devices for patients, clinical staff and equipment - general requirements for manufacturers, processors and products; test methods, performance requirements and performance levels. 2016/17 - 2017/18 Q4: Capability to perform traceable diagnostic measurements from blood samples in support of clinical and diagnostics. 2016/17 - 2018/19 Q4: Build capability to assign purity to peptides in support of biopharma, and protein quantification to support clinical diagnostic measurements.	Committee draft stage completed. Public comment and publication will take place in 2017/18 financial year. Committee draft stage completed. Public comment and publication will take place in 2017/18 financial year. SANS 53795 (Surgical drapes, gowns and clean air suits, used as medical devices for patients, clinical staff and equipment - General requirements for manufacturers, processors and products, test methods, performance requirements and performance levels) has been published. Work has commenced. This is an on-going multi-year project. Work has commenced. This is an on-going multi-year project.
19	**Developmental trade policy** Re-alignment of technical infrastructure activities with IPAP sectors: Clothing, textiles and footwear	2016/17 Q4: Refurbishment of textiles laboratory to continue supporting the consignment inspection services. 2016/17 Q4: Conduct a feasibility study for developing a regulation for Laundry processes and management. 2016/17 Q4: Conduct a feasibility study for developing a regulation for body armour (ballistic vests).	The SABS capacitated its laboratory with a slip resistance test machine to ensure that full testing for SANS 20345:2014 can be provided for the industry. NRCS is participating in the review process and awaiting the pending DSS publication of the SANS before finalisation of the feasibility assessment report. Feasibility study for developing a regulation for body armour (ballistic vests) concluded.
20	**Developmental trade policy** Re-alignment of technical infrastructure activities with IPAP sectors: Advanced materials	2016/17 Q4: Establish advanced microscope that can provide 3D reference measurements for advanced material manufacturing. 2016/17 Q4: In support of the local metal industry, establish surface reference measurement capability. 2016/17 Q4: Conduct a feasibility study for the development of an accreditation programme for medical devices and IVDs. 2016/17 Q4: Project on new standards for nanotechnologies (various parts).	The 3D microscope has been commissioned. The National Metrology Institute of South Africa (NMISA) is participating in two projects for the quantitative analysis of binary alloys to assist the local metal industry Feasibility study completed. Nanotechnologies – Guidance on voluntary labelling for consumer products containing manufactured nano-objects was published on 16 February 2017. Other nanotechnology standards (SANS 80004 series) were published in 2015/16 financial year.
21	**Developmental trade policy** Re-alignment of technical infrastructure activities with IPAP sectors: Electro-technical	2016/17 – 2017/18 Q4: Conduct a feasibility study to establish the market requirement for national measurement standards for high voltage direct current and the findings will be instigated. 2016/17 Q1: Develop a new Compulsory Specification for Power Tools. 2016/17 Q2: Amend VC 8011 for Lamp holders. 2016/17 Q4: Project for the revision of safety standards on	Work has commenced. This is an on-going multi-year project. The compulsory specification for power tools has been developed. Amendment of VC 8011 for Lamp Holders has been completed. SANS 60335-2-3 (Household and similar electrical appliances - Safety Part 2-3: Particular requirements for electric irons) and SANS 603352-17 (Household

IPAP Ref No	Programme/Project	Key actions/quarterly milestones	Progress to date
		household and similar electrical appliances. 2016/17 Q4: Project for new standards on communication networks and systems for power utility automation (various parts).	and similar electrical appliances - Safety Part 2-17: Particular requirements for blankets, pads, clothing and similar flexible heating appliances) were identified for development and have been published. SANS 61850-7-410, SATR 61850-90-2, and SATR 61968-900 were identified for development and have been published.
22	**Developmental trade policy** Re-alignment of technical infrastructure activities with IPAP sectors: Information Communications Technology (ICT)	2016/17 Q4: Upgrade the national measurement standards required to perform diagnostic network tests on fibre-optic and wireless telecommunication systems. 2016/17 Q4: Develop and roll out accreditation programmes for Information Security Management System and Information Technology Service Management. 2016/17 - 2018/19 Q4: Support the South African nuclear regulatory bodies (DOH and NNR) in fulfilling their mandate through traceable measurements and technical expertise. 2016/17 - 2018/19 Q4: Support the SABS through traceable measurements in monitoring radiation workers in the country.	Wavelength measurement capability improvements have been implemented and Polarisation Mode Dispersion (PMD) measurement capability has been verified. Developed and rolled out accreditation programmes for Information Security Management System and Information Technology Service Management. The Radioactivity Section of the NMISA established a lab for low level radioactivity measurements over the last two years. A joint project between NNR and NMISA was established working towards common goals. The project to provide traceability to SABS is far advanced. A Beta system has been procured and is currently being commissioned.
23	**Developmental trade policy** Strengthen SA's technical infrastructure to support industrial development: Updating of the National Building Regulations and Building Standards Act	2016/17 Q4: New NBR Part XB for water efficient building regulations. 2016/17 Q3: Conduct a feasibility study for the development of a Compulsory Specification for lintels in construction. 2016/17 Q4: The Development of a new Compulsory Specification for plumbing components. 2016/17 Q4: Conduct a feasibility study for the development of a Compulsory Specification for timber roof-trusses and punched metal fasteners. 2016/17 Q4 - 2017/18 Q4: National Building Regulations and Building Standards Bill drafted and Parliamentary legislative process.	Project is underway. Research and information gathering has commenced. Stakeholder meetings were held. Feasibility study not yet completed due to lack of capacity. Work in progress. Work in progress. Project plan was developed. Feasibility report completed. The feasibility study is delayed due to lack of capacity. Multi-year project. Drafting task team established. Held 2 workshops with government and industry stakeholders respectively to solicit inputs to the draft Bill. Concluded consultation on 2nd draft Bill with technical experts.
24	**Developmental trade policy** Strengthen South Africa's technical infrastructure to support industrial development: Strategic direction of the South African technical infrastructure.	2016/17 Q4: 10-year strategic plan for South African technical infrastructure. 2016/17 Q4: Strategy to assist industry to comply with sector specific standards, certification and accreditation in sectors such as Oil and Gas, Boatbuilding and Rail.	10-year Strategic plan for South African technical infrastructure not yet completed. Work in progress. Strategy not yet completed.

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25	**Developmental trade policy** Strengthen South Africa's technical infrastructure to support industrial development: Strengthening the enforcement system of NRCS	**2017/18 Q2: Finalise gap analysis research report to inform the NRCS risk-based strategy aimed at improving NRCS coverage of the higher-risk industries; draft appropriate regulations.**	**The project has been realigned with the DTI/NRCS Electro-technical project which focuses on the identification of sub-tariff codes in order to link them with the SARS risk engine.**
26	**Developmental trade policy** Strengthen South Africa's technical infrastructure to support industrial development: Consumer protection initiatives	**2016/17 Q4: Project implementation for Standards on consumer warranties to support Consumer Protection Act.** **2016/17 Q2: Project Implementation for Standards on Consumer Contact Centres to support Consumer Protection Act.** **2016/17 Q3: The Development of a new Compulsory Specification for safety of toys.**	**Project is underway to develop home grown standard** **SABS put forward the current national standards which relate to consumer contact centres (SANS 990-1, SANS 990-2 and SANS 990-3) for further development at ISO level. The standards are currently at final draft international standard stage and will be adopted as national standards upon publication in 2017/18.**
27	**"Developmental trade policy** Strengthen South Africa's technical infrastructure to support industrial development: SMME support	**2016/17 Q4: 50 SMMEs including new and existing entrepreneurs for which design, innovation and entrepreneurship interventions are implemented by the SABS Design Institute.**	**66 SMMEs assisted under the various design, innovation and entrepreneurial programmes implemented in 2016.** • **Under the Transnet Extended Programme 4 SMMEs have been assisted to date on the following areas -Business Plan Refinement, IP support, Manufacturing plan, Product and Packaging design development, Contract Management, Manufacturing factory set up and gap analysis, and Contracts and disclosure reviews.** • **Under the SEDA Programme - 11 businesses (SMMEs) have been assisted to date with Market research to suit the Brand development and Business Reengineering.** • **Under the North West Economic Development programme 32 SMMEs were exposed to the design awareness workshop during July 2016 which focused on building the design capability of these small businesses to enable them to improve business performance and to compete in the global market.** • **Under the Go to Hub Project – 19 new ideas were assessed and**

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			advised on design methodologies in order to kick start product/service development stage.
28	**Developmental trade policy** Strengthen South Africa's technical infrastructure to support industrial development: Public Procurement	2016/17 Q4: Review technical specifications on the calculation and measurement of local content	The review has been finalised and the specification is undergoing the SABS internal processes to be published as a standard.
29	**Developmental trade policy** Strengthen South Africa's technical infrastructure to support industrial development: Regional integration	2016/17 Q4: SABS to put forward proposals for harmonisation of South African Indigenous Knowledge System standards in ARSO and SADC. 2016/ 17 Q4: AFRAC's internal audit in preparation for the ILAC and IAF peer evaluation, pre-peer evaluation of MAURITAS, AFRAC e-learning programme developed	SABS submitted proposals for harmonisation of IKS standards were done at ARSO and SADCSTAN levels. AFRAC internal audit conducted findings in the process of being addressed.
30	**Developmental trade policy** Strengthen South Africa's technical infrastructure to support industrial development: On-going developmental tariff reform	2016/17 – 2018/19 on-going: Scope for industries to apply to ITAC for selective tariff increases on products with significant potential for the creation and retention of sustainable jobs, import replacement and "water" between bound and applied rates. 2016/17 – 2018/19 on-going: Scope for further selected decreases in tariffs, particularly in monopolistic sectors that supply intermediate inputs into manufacturing and other productive sectors, in order to support downstream value-addition. 2016/17 – 2018/19 on-going: Scope for selective creation of rebates for manufacturing products that attract duties, particularly where these are intermediate products in manufacturing, in support of the value-adding manufacturing sectors.	ITAC continued to consolidate and realign itself to support strategic industrial development imperatives. This was reflected in the completion of 12 applications for increase, rebates and reductions of duties across a range of sectors. 12 investigations have been implemented by SARS.
31	**Developmental trade policy** Strengthen South Africa's technical infrastructure to support industrial development: Clampdown on customs fraud, illegal imports and sub-standard products.	2016/17– 2018/19: Strengthening of a range of measures – including closer collaboration between the dti, industry, NCRS, SABS, CIPC (on counterfeit goods) and SARS – through multi-sectoral forums such as the Ports of Entry Control Centre that targets SA border posts. 2016/17– 2018/19: Extend application of the Indicative Reference Price System to other vulnerable sectors to provide an	During the past two years, the NRCS oversaw the removal of approximately R753 million worth of non-compliant and unsafe products from the market. These included a consignment of 2 million dangerous incandescent lamps imported into South Africa.

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		increasingly effective early warning system. 2016/17– 2018/19: Ongoing development of programmes aimed at improving compliance within industry and contributing to the formulation of best practice in the facilitation of trade, in accordance with all the Acts administered by SARS. 2016/17– 2018/19: Conduct continuous targeted investigations and raids, on non-compliant products; confiscation of substandard and illegal products of individuals and companies that are in breach of the law; search and seizure missions to include goods for export.	
32	**Special Economic Zones and** Regional Industrial Clusters Quarterly SEZ Performance Report	2016/17 Q1-Q4: Four Quarterly Reports	Annual Baseline Report developed.
33	**Special Economic Zones and** Regional Industrial Clusters Marketing and promotion of SEZs	2016/17 Q1- Q4: Four targeted international marketing campaigns	Four SEZ Investment and Marketing Mission held in: • Norway (Offshore North Seas) • Hong Kong (Asian Logistics & Maritime Conference) • Singapore (Offshore South-East Asia) • China
34	**Special Economic Zones and** Regional Industrial Clusters Development of priority clusters: Saldanha Bay Oil and Gas Cluster	2016/17 Q2: Development Plan developed and approved 2016/17 Q3: 1st Implementation Report 2016/17 Q4: 2nd Implementation Report	A total of 34 investors have signed letters of intent with a total investment value of R14 billion. Infrastructure development just over 50% completed. Skills development programme is being rolled out, with international marketing continuing. Heads of Agreement signed with TNPA on the Land. IDC Land is ready for occupation. The First tenant has signed for occupation
35	**SEZs and** Regional Industrial Clusters: Development of priority clusters: Musina Metallurgical Cluster	2016/17 Q2: Development Plan developed and approved 2016/17 Q3: 1st Implementation Report 2016/17 Q4: 2nd Implementation Report	The development plan for the implementation of the proposed Energy and Metallurgical was approved and designated as an SEZ by Minister. Final Gazetting od the Zone will be done in 2017.

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36	**Special Economic Zones and** Regional Industrial Clusters Development of priority clusters: Fuel Cells Cluster	**2016/17 Q1: Approved Development Plan** **2016/17 Q2: 1st Implementation Report** **2016/17 Q3: 2nd Implementation Report** **2016/17 Q4: 3nd Implementation Report**	**The proposed Fuel Cells Cluster will be incorporated as an expansion of the designated OR Tambo IDZ.** **Heads of Agreement have been signed between OR Tambo IDZ and Impala on the land. Market Attractiveness Study and Technical feasibility report developed. Project development plan has also been developed.**
37	**Special Economic Zones and** Regional Industrial Clusters Cluster development for enhanced competitiveness	**2016/17 Q1-Q4: Five clusters formed**	**Ten Clusters formed:** • **Polyurethane linings cluster** • **Mining equipment manufacturing cluster** • **Witbank engineering cluster (Mpumalanga steel development forum),** • **Tin park cluster** • **Hlabisa agri cluster** • **uMzimkhulu agri cluster** • **uBumbano motor body repairers cluster** • **Johannesburg south steelworks cluster** • **Durban plastics cluster** • **Biomass cluster**
		2016/17 Q1-Q4: Launch and implementation of Phase 1 of the upgrade of identified industrial parks: security infrastructure upgrade, fencing, street lighting, top structures and critical electricity requirements)	**Four Industrial Parks Launched (Botshabelo, Free State; Seshego, Polokwane; Isithebe Industrial Park; and Komani (Queendustria) Industrial Park)**
		2016/17 Q1- Q4: Five applications processed	**Nine applications have been processed and Seven applications have been approved. Two applications were declined due to non-compliance**
		2016/17 Q1- Q4: Four knowledge Forums established	**Four knowledge forums conducted (Bloemfontein Knowledge Forum), (Polokwane (COP) Knowledge Forum), Gauteng Economic Development Cluster Forum and Agribusiness Development Corporation Forum**
		2016/17 Q1- Q4: Two benchmarking Interventions undertaken	**Conducted Benchmarking Intervention on the Standard Operating Procedures for Industrial Parks. Conducted assessment of identified agri-business and agro-processing facilities across seven provinces in South Africa.**

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38	**Regional integration** Work programme of the Regional Economic Communities	**2016/17 Q2 Work with fellow member states to complete the draft SADC Industrial Development Action Plan** **2016/17 Q4 Build on the Action Plan, giving particular attention to prioritising agro-processing, mineral beneficiation and pharmaceuticals as initial sectors of focus** **Actively provide technical guidance to 3 projects that include sector-supporting infrastructure or institutional capacity building.**	**SADC Industrial Development Action Plan has been developed.** **Action plan was completed and was approved by the Heads of State. Value chain studies completed in the following sectors: Sugar to confectionary; Forestry; Cosmetics, Soaps and Detergents**
39	**Regional integration** Build an African Industrial Development Knowledge Repository, manage value chain research and support capacity-building across the continent	**2016/17 Q1 Identification of key research institutions across the continent, and initial contact made.** **2016/17 Q2 3 research projects initiated into value-chains/industrial policy issues** **2016/17 Q4 Formal network of African industrial policy experts established – the African Industrial Research Network (AIRN)**	**Researchers from different research institutions from Tanzania, Mozambique, Zambia, Zimbabwe and South Africa are currently part of the research network that is guiding the value chain studies.** **3 research projects initiated being further research into the copper belt, cosmetics and household chemicals and the sugar and confectionary -chain.**
40	**Regional integration** Cross-border Industrial Projects	**2016/17 Q4 10 catalytic industrial projects scoped for project preparation or feasibility studies**	**10 projects have been scoped and identified.**
41	**Regional integration** Strengthen Industrial Financing and incentive facilities	**2016/17 Q3: Completion of a research report into South Africa's financing offering** **2016/17 Q4: Publication of a brochure into financing possibilities for investors, project developers and exporters across the continent**	**Publication of a brochure into financing possibilities for investors, project developers and exporters across the continent completed.**
42	**Regional integration** Facilitation of an African Economic Strategy for South Africa	**2016/17 Q2: Obtain buy-in from the political leadership at a Ministerial level as to the urgent need for a strong, coherent African Economic Strategy, and the provision of coordinated support for its modalities - exactly where the responsibilities (and accountability) will lie for how it is managed and implemented. Formation of an inter-departmental task team to drive the process.** **2016/17 Q4: Completion of the strategy.**	**Strategy was not developed because it was decided by the top management that this was not required.**

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43	**Innovation and Technology** Improving linkages between knowledge production, utilisation and innovation and industrial growth	2016/17 Q1: Finalise the Terms of Reference for the study and the data sources 2016/17 Q3: Complete Phase 1 of the study and policy recommendations for FY 2017/18 R&D investment programmes 2016/17 Q4: Complete Phase 2 of the study and recommendations for enhancements to science, technology and innovation policy in the context of South Africa's industrial policy	The department of Science and Technology is preparing a new White Paper focused on a detail analysis of projects, how the technology is matured into innovations (and industrial activity) and who that can be improved. Following a detailed analysis of DST projects, and the work done in preparation of the white paper, substantial recommendations have been made which are being incorporated into the DST's draft new White Paper.
44	**Innovation and Technology** Large R&D programmes in knowledge-intensive areas	2016/17 Q1: Secure stakeholder support for the EIAP concept, Terms of Reference and proposed implementation modalities 2016/17 Q2: Secured stakeholder support and commitment for the evaluation of the first EIAP flagship projects 2016/17 Q4: First techno-economic evaluation completed and EIAP project(s) selected and finalised	The EIAP was conceptualised to help ensure the successful development and maturation from technology until it has been commercialised. The Terms of Reference was developed and an initial consultation with the IDC and the dti took place. However, the need for the EIAP was overtaken by the implementation plans around the 9 Point Plan and the envisaged Sovereign Innovation Fund. It was therefore decided not to proceed with the establishment and implementation of the EIAP.
45	**Innovation and Technology** Commercialisation Framework	2016/17 Q1: Consultation workshops with stakeholders 2016/17 Q2: Methodology identification, development and assessment 2016/17 Q3: Assessment of test programmed / projects 2016/17 Q4: Establishment of permanent advisory committee	The consultation workshop with external stakeholders took place in FY 2016/17. An advisory team had been established to provide inputs on the proposed methodology and approach for the commercialisation framework. The commercialisation framework is in its approval stage.
46	**Innovation and Technology** Harmonisation of innovation support programmes	2016/17 Q1: Ecosystem analysis of RDI support initiatives and launch of the Innovation Bridge Portal 2016/17 Q2: Identification of gaps 2016/17 Q1-Q4: Maintenance of the inter-departmental Government/Agency Commercialisation Forum 2016/17 Q4: Motivation and justification for additional instruments and funding to fill the gap	The Innovation Bridge Portal is under development and will be launched in September 2017. In addition, the DST is developing the concept for a Sovereign Innovation Fund.

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47	**Clothing, Textiles, Leather & Footwear** CTCP Impact Monitoring	2016/17 Q2 and Q4: The Reports will analyse the impact of CTCP in terms of the indicators set out above, and will be released bi-annually in order to establish reasonable tracking data in alignment with the approval of applications and funds disbursed to the industry.	Since the inception of the CTCP – a partnership between the dti and the IDC, managed by the IDC - support for the sector has amounted to R4.2 billion in incentives. 70,000 jobs have been saved and an estimated 9,550 new jobs have been created. the dti approved R824 million under a Production Incentive to establish one national and four sub-national clusters in partnership with local institutions. The national support measures resulted in capacity expansions by many manufacturers, the establishment of 28 new companies, creation of 2,200 sustainable jobs, growth in exports and a reduction of the trade deficit.
48	**Clothing, Textiles, Leather & Footwear** Support Programmes	2016/17: On-going and targeted campaigns against under-invoicing and other illegal activities in the sector. Quarterly reports will be generated after each meeting of the Clothing Textiles Footwear and Leather Illegal Imports Forum which is chaired by SARS.	Reference Price on textiles and clothing is now being utilised to trigger stops at ports of entry for under-priced goods. This has resulted in an increase in declared prices at ports of entry. The programme will be rolled over to include footwear in the new financial year.
49	**Clothing, Textiles, Leather & Footwear** Beneficiation of Local Raw Materials	2016/17 Q1: Knitting of fabrics using cottonised flax yarns and having the fabrics dyed and finished; establishment of the Sustainable Cotton Cluster. 2016/17 Q2: Finalisation of the traceability of cotton lint from the ginneries to the finished products. 2016/17 Q3: Garments manufactured using fabrics manufactured under the linen-from-flax project, with local retailers brought on-board. 2016/17 Q4: Beneficiation strategy for mohair fibre formulated and implemented.	Knitted garments were produced from flat-bed knitting machines in Butterworth at Ivili Loboya and woven fabrics were produced on handlooms also at Loboya using yarn spun at Standerton Mills in Standerton. Traceability programme finalised through the Sustainable Cotton Cluster and information uploaded onto the website developed. The DDG appraised of progress by the Cluster at the Cotton SA Offices. Sample garments manufactured from the fabrics being manufactured using the yarn spun at Standerton Mills. The beneficiation strategy will be completed in the 2017/18 financial year due to the delay in approval of the programme in Critical Infrastructure Programme (CIP)
50	**Clothing, Textiles, Leather & Footwear** Establishment of Centres of Leather and Footwear Entrepreneurship	2016/17 Q1: Finalise funding through, FP&M SETA, SANF&LC, VUT, ELC, UP. 2016/17 Q4: Implementation of established Centres of Leather and Footwear Entrepreneurship in the Eastern Cape Province.	Funding secured from FP&MSETA and fourteen students sent for studies to Northampton University in the UK. The Eastern Cape Provincial Government has made available R 11m for the refurbishment of the infrastructure to be used for the established Centres of Leather and Footwear Entrepreneurship

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51	**Clothing, Textiles, Leather & Footwear** Communal Hides Commercialisation Pilot Project	**2016/17 Q1- Procurement of the identified land by the KwaZulu-Natal Department of Economic Department and Tourism.** **2016/17 Q2 and Q3: Building of the infrastructure in Pietermaritzburg, utilising funds made available by the KZN Department of Economic Development and Tourism and the Industrial Development Corporation.** **2016/17 Q4: Establishment of the pilot plant.**	**Land procured and infrastructure is being built with funding from the KZN provincial government in Pietermaritzburg.** **The pilot plant has been established in Durban at the Durban University of Technology and training is taking place at Labora Shoes and Dick Whittington Footwear.**
52	**Automotives** Competitiveness improvement initiatives	**2016/17 Q1: Supplier enrolment complete.** **2016/17 Q2: Assessments report and projects identified.** **2016/17 Q3: Implementation progress report.** **2016/17 Q4: Final assessment report.**	**25 firms with a particular focus on lower tier and black owned suppliers committed to the World Class Manufacturing Programme of the Automotive Supply Chain Competitiveness Improvement Initiative (ASCCI).** **An initial assessment report was completed, projects also identified and launched.** **Both the implementation and final assessment reports were also completed.**
53	**Automotives** Automotive Supply Chain Competitiveness Initiative (ASCCI) Localisation	**2016/17 Q1: Creation of joint stakeholder reference committee and development of terms of reference.** **2016/17 Q2: Appointment of specialist service provider and submission of inception note.** **2016/17 Q3: Draft business case.** **2016/17 Q3: Approved business case and action plans to support localisation.**	**Automotive Supply Chain Competitiveness Initiative (ASCCI) Localisation programme approved Joint Stakeholder Reference Committee formed with an approved ToR. Shafts and Seat Track Business Cases and Implementation Plans (actions plans) were completed.**
54	**Metal Fabrication, Capital & Rail Transport Equipment** Response to government target of 75% local content across government procurement: Designation and Localisation	**2016/17 Q1: Finalise the instruction note on rail signalling with National Treasury.** **2016/17 Q2: Finalise possible designation process for fabricated structural steel.** **2016/17 Q3: Finalise industry analysis for possible designation process for Pumps and Medium Voltage (MV) motors.** **2016/17 Q1-Q4: Continuous support and monitoring of the designated rolling stock components.**	**Rail signalling and Steel Products and components for construction instruction note have been issued by National Treasury.** **The Trade and Industry Oversight Portfolio Committee visited some of the rail components manufacturers in February 2017. The visit resulted in a follow-up Committee meeting on 24 March 2017 where DTI, DPE and Transnet together with the manufacturers briefed the Committee on the status of the rail programme and challenges on the implementation of the localisation programme.** **Engagements held with three OEMs namely, CSR, GE and Bombardier to measure progress made with respect to the 1064 locomotive project. To date, the delivery schedule issues not resolved and suppliers still grappling with high inventory and working capital issues.**

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55	**Metal Fabrication, Capital & Rail Transport Equipment** Continued competitiveness enhancement programmes deployed at company-level, together with dedicated training: National Tooling Initiative (NTI) Programme	**2016/17 Q2: Accreditation of Necsa's Trade Test Centre for the new toolmaker trade test.** **2016/17 Q3: 73 Students enrolled on the apprenticeship level III.** **2016/17 Q4: 200 students enrolled on the apprenticeship level III.**	**Necsa's Trade Test Centre for the new toolmaker trade test accredited** **370 students were promoted to the level III extended apprenticeship programme**
56	**Metal Fabrication, Capital & Rail Transport Equipment** Continued competitiveness enhancement programmes deployed at company-level, together with dedicated training: National Foundry Technology Network	**2016/17 Q1-Q4: 20 foundries assisted under the CII programme. CII programme will prioritise product development, energy saving measures as well as addressing environmental and waste management needs.** **2016/17 Q1-Q4: 15 young foundry men/women enrolled on Year 1 of the New Foundry Generation Programme aimed at developing future managers and overcoming the 'ageing skill' challenge within the sector.** **2016/17 Q2: 15 young foundry men/women enrolled on the Year 2 of the New Foundry Generation Programme.**	**19 foundries have received interventions under CII programme** **There were 15 students enrolled to NFGF Y1 technical training, however only 7 students have remained in the programme** **There were no students enrolled to NFGF Y2 in February 2017**
57	**Agro-processing** Systemic Alignment Programme (SAP)	**2016/17 Q1: In co-operation with DAFF, develop a database of provincial agro-processing capacity and resources identifying critical weaknesses and instituting programmes of capacity-building where required.** **2016/17 Q4: Provide a template to the provinces for the mapping of provincial agro-processing systems. To use the technical MINMECs as a mechanism to share knowledge and best-practice on improving the provincial agro-processing systems.**	**The questionnaire was developed and data regarding the agro-processing capacity was collected. The process was done in collaboration with DAFF Agro-processing Support Directorate and members of the Agro-processing forum.**
58	**Agro-processing** Value Chain Programme to Unblock Critical Constraints	**2016/17 Q1: To undertake a review with DAFF of the financing, and incentives currently available for the sector, and to make recommendations as to changes to existing programmes or the development of new instruments. To complete a brochure outlining the various financial and non-financial resources available to agro-processing firms.** **2016/17 Q3: Determine a set of potential interventions in key value chains for the dti in at least 4 Value Chains.** **2016/17 Q4: To have resolved at least 1 constraint or intervention in each of the 4 Value Chains.**	**Engagements with DAFF took place and assessments are on-going.** **List of about 40 niche products has been compiled in collaboration with the DAFF. Draft concept has been developed for a commercialisation strategy.**

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59	**Agro-processing** Niche Opportunity Programme	2016/17 Q3: Develop a long-list of 30 niche sectors, and complete private sector engagements with each. 2016/17 -Q4: Agreement within the dti, DAFF and key industry partners as to 10 niche opportunities with proven demand for commercialisation.	List of 36 as well as analysis of niche commodities was completed. The prioritisation workshop was done with various stakeholders including DAFF, ARC, DST and Forum members to agree on niche commodities to be prioritised for support.
60	**Agro-processing** Critical Agro-processing Infrastructure Support Programme	2016/17 Q1: Identify options for critical market-enabling agro-processing infrastructure. 2016/17 Q2: Engage with agri-parks and SEZs based on demonstrable market demand. Identification of critical enabling infra-structure for 5 agri-parks. 2016/17 Q4: Facilitate the financing of critical infrastructure for at least 3 of the agri-parks.	Three Agri-parks which include Witzenberg in the Western Cape, Ncorha in the Eastern Cape and Springbokpan in North West were recommended to apply for Critical Infrastructure Programme (CIP). However, only one Agri-park applied which is the Witzenberg in the Western Cape.
61	**Agro-processing** Agro-processing Supplier Development Programme (Agri-SDP)	2016/17 Q2: Open up relationships with 3 of the mainstream retailers and 3 large agri-producers to define their level of support for emerging players, and seek consensus on how to overcome the challenges of bringing them into the major supply chains. 2016/17 Q2: Develop a costed "average" package of support per supplier, and establish a matching-grant upgrading fund, funded by retailers, donor agencies, provincial governments and the dti. 2016/17 Q3: Embark on a national supplier selection roads how across each of the provinces in collaboration with the leading partner companies, DFIs and other support entities. Identify 100 emerging suppliers, through provinces and local government, food associations, IPAs, export councils and the donor community. 2016/17 Q4: Select 50 suppliers from the 100 above for intensive upgrading support in Phase I of a 3-year programme.	The dti together the DAFF and Tiger Brands have through the Supplier Development Programme (SDP) identified farmers/suppliers in the NC, NW and possibly Limpopo to participate in the peanut butter project as referenced in the Service Level Agreement of the Memorandum of Understanding. Anglo Gold Ashanti (AGA) has also showed interest in this project. 8 products identified for further development with Woolworths. Introduced FABCOS homegrown maize meal and Midi tea for Pick 'n Pay supplier programme.
62	**Forestry, Timber, Paper, Pulp and Furniture** Forestry Beneficiation Framework	2016/17 Q2: Draft Report/Strategy: the establishment of a Working Group made up of key government departments and industry stakeholders to spearhead industry research, benchmarking and policy development. 2016/17 Q4: Development of the strategy with industry consultation; designing programmes that can be implemented to practically and sustainably improve industry competitiveness.	Developed the Beneficiation Framework
63	**Forestry, Timber, Paper, Pulp and Furniture** Furniture Competitiveness Programme	2016/17 Q2: Develop and implement the Furniture Industry Competitiveness Enhancement Programme to improve the competitiveness of the furniture manufacturing sector. 2016/17 Q4: Implement the prioritised Action Plans in the Programme.	Developed the Furniture Industry Competitiveness Enhancement Programme to improve the competitiveness of the furniture manufacturing sector.

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64	**Forestry, Timber, Paper, Pulp and Furniture** Product Development and Market Access for Small Scale Sawmillers	**2016/17 Q2: Develop a market access and new product development programme for small-scale sawmills.** **2016/17 Q4: Implement the market access and new product development programme.**	**Developed the market access and new product development programme for small-scale sawmills.**
65	**Forestry, Timber, Paper, Pulp and Furniture** Regional Development Programme in the Forestry Value Chain	**2016/17 Q4: Undertake a Trade and Investment Mission with one of the priority countries.**	**Mission to Zambia starting on 23 - 26 July 2017.**
66	**Plastics, pharmaceuticals, chemicals and cosmetics.** Plastics: Plastic Exporter Development Programme	**2016/17 Q1 - Q2: Targeted Industry survey to determine market intelligence and export markets for niche plastic products into Africa.** **2016/17 Q3: Develop an exporter programme to assist companies to be export-ready and overcome technical barriers to entry in identified regional countries.** **2016/17 Q4: Implementation of Exporter Development Programme.**	**The Industry survey has been concluded. Two technical missions in Ghana and Nigeria were conducted.** **The Export Development Programme is currently being implemented through Plastics SA and Trade Invest Africa. Exporter Development Training Workshops as part of the Programme took place. The Workshops were held in Polokwane, Pretoria, Johannesburg and Cape Town.**
67	**Plastics, pharmaceuticals, chemicals and cosmetics.** Plastics: Trade Policy Measures	**2016/17 Q1-Q2: Analysis of imported plastic products; identify illegal products that impede local production.** **2016/17 Q3 on-going: In consultation with the industry, build awareness of the remedial trade policy mechanisms available (including unpacking of the category 'other' through the SARS Risk Engine Programme).**	**Initial analysis performed and one of the sub-sectors that have been eroded by imports is bath ware and tableware. The dti is working with SARS as part of Risk engine to deal with issues of misdeclaration and under-invoicing on the affected sub-sectors. SARS is still tracking plastic imports as part of the risk engine and has thus far recovered about R500 000 through the correction of quantity and duty.** **the dti has been visiting companies in the sanitary and bath ware sector to create awareness. Also looking at targeting plastic companies in the kitchenware and construction sector.**
68	**Plastics, pharmaceuticals, chemicals and cosmetics.** Plastics: Plastics Innovation Programme	**2016/17 Q1-Q2: Establishment of a Plastics Innovation Platform with key government departments, industry and academia.** **2016/17 Q3: Platform to identify innovation gaps and challenges to assist companies to penetrate local and global markets.** **2016/17 Q4 on-going: Identify and implement solutions and levers to assist companies to overcome innovation barriers in the local plastics industry.**	**Plastics Innovation Platforms have been established.** **Plastics SA has also been hosting innovation forums to highlight the industry's new innovations as well as issues and challenges the industry is facing with regards to innovation.** **Channelled different companies to various funding institutions/ programmes (e.g. THRIP, SPII) for funding for innovation projects.**

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69	**Plastics, pharmaceuticals, chemicals and cosmetics.** Plastics: Plastics Cluster Programme	**2016/17 Q1: Provincial campaigns with plastic companies on the structuring of the Cluster Development Programme.** **2016/17 Q2: Identify and form cluster membership base; facilitate registration of the cluster as a non-profit company.** **2016/17 Q3: Assist in developing and evolving cluster business plans.** **2016/17 Q4: Determine and implement the cluster funding model.**	**The Non-Automotive Manufacturing Cluster has been registered and funding from the Cluster Development Programme has been approved.**
70	**Plastics, pharmaceuticals, chemicals and cosmetics.** Plastics: Landfill Plastic Diversion Programme	**2016/17 Q1-Q4: Develop a strategy and programme inclusive of appropriate policy levers, working with Plastics SA and municipalities to increase separation at source to increase recovery rates of plastic products for recycling.**	**A National Waste Management Strategy has been developed by DEA with one of the key programmes being zero waste to landfills by 2030.**
71	**Plastics, pharmaceuticals, chemicals and cosmetics. Pharmaceuticals and medical devices:** Pharmaceuticals Industry Development Plan	**2016/17 Q1: Finalise ToR for drafting the Plan and constitute the Technical Working Group to lead the development of the Plan.** **2016/17 Q2: Develop the structure on which the Plan would be anchored - i.e. overall policy framework, skills development, export development etc.** **2016/17 Q3-Q4: First draft of Industry Development Plan/Strategy ready for stakeholder consultation.** **2016/17 Q1- Q4: Comprehensive study on the global biologics environment - the outcomes of which will highlight key opportunities and interventions required to facilitate the growth of this industry in SA.**	**Operational Expenditure (Opex) report finalised and 4 briefing documents complete on enabler for pharmaceutical industry development.**
72	**Plastics, pharmaceuticals, chemicals and cosmetics. Pharmaceuticals and medical devices**: Establishment of an industry upgrading and operational excellence in pharmaceutical manufacturing programme	**2016/17 Q1: Evaluate the feedback on the initial assessment phase to establish the practicality of establishing the programme/intervention.** **2016/17 Q2-Q3: Develop business case for establishing a programme to support industry with upgrading and achieving operational excellence.** **2016/17 Q4: Draft business case presented to the dti ExBo for consideration.**	**The report on the proposed programme has been finalised but no programme established yet as it would not be feasible to establish such a programme in the absence of a pharmaceutical industry development plan.**

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73	**Plastics, pharmaceuticals, chemicals and cosmetics. Pharmaceuticals and medical devices:** Facilitate the development of regulatory standards and support for certification in SA	**2016/17 Q1: Establish stakeholder engagement Forum between the dti, DoH, SABs, MCC/SAHPRA and industry and identify key gaps in standards and certification w.r.t medical device quality and functionality testing.** **2016/17 Q2: Map a plan of action to outline corrective measures to within the standards and certification space.** **2016/17 Q2-Q4: Facilitate the development of regulatory standards for the industry, capacity for performing the standards and possible support mechanisms to subsidise the costs of testing, certification and compliance.**	**The national standard for medical devices has been developed but the SABS cannot audit for compliance to this standard. Minister of Trade and Industry has appointed a task team who is working with the Technical infrastructure unit to understand the current challenges, impact on industry and devise possible solutions to the current challenges.**
74	**Plastics, pharmaceuticals, chemicals and cosmetics. Pharmaceuticals and medical devices:** Facilitate the development of a support mechanism to subsidise access compliance to regulatory requirements to ISO13485	**2016/17 Q2 and Q3: Develop business case for establishing a programme to support industry with compliance with relevant certification for supply of product into the domestic and international markets.** **2016/17 Q4: Draft business case presented to the dti ExBo for consideration.**	**Draft business case for support for regulatory has been drafted with input from industry for submission to the dti Product Development Unit**
75	**Plastics, pharmaceuticals, chemicals and cosmetics. Chemical Sector:** Improving Access to Key Fertiliser Inputs	**2016 /17 Q 1: Prefeasibility and feasibility study to Identify partners and investors.** **2016 /17 Q2-Q4: Development of a product cycle to secure investment.**	**Foskor, an integrated producer of phosphate rock, phosphate intermediate and final products mainly for fertilisers, was identified as a partner and IDC, Foskor's anchor shareholder, the investor in improving access to key fertiliser inputs. IDC has approved R4 billion for Foskor recapitalisation and capital expenditure.**
76	**Plastics, pharmaceuticals, chemicals and cosmetics. Chemical Sector:** Development of Biochemical Regional Value Chain	**2016 / 17 Q1: Creation of an industry-government collaborative group to scope and spec the input requirements to support a biochemical industry in general - and the two pilots in particular.** **2016 / 17 Q2: the dti submission and framework for a biomass and biofuel strategy for the industrial sector as opposed to the fuel sector.** **2016/17 Q3-Q4: Negotiation and facilitation of a biomass and biofuel raw material acquisition strategy for SA industrial players (Feedstock Strategy).**	**The Biochemical regional value chain has not been developed due to interdepartmental processes.**

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77	**Plastics, pharmaceuticals, chemicals and cosmetics.** **Chemical Sector:** Chemical SEZ	**2016 / 17 Q1: Creation of an appropriately convened public and private sector Working Group inclusive of the SEZ unit. Development of programme of work to bring the proposal to feasibility status.**	**Ekandustria was identified as the most appropriate site for chemicals SEZ. The dti have engaged Mpumalanga Economic Growth Agency, MEGA, owner of Ekandustria and Sephaku Fluoride Limited (SepFluor), a company that aims to develop mine and beneficiate fluorspar in Ekandustria. The project has been delayed and the construction of Sepfluor's mine project is planned for 2017/18 financial year and the chemical plant 18 months after the mine is operational.**
78	**Plastics, pharmaceuticals, chemicals and cosmetics.** **Chemical Sector:** CHEMMISA	**2016 /17 Q1 – Q4: MOU with Chemical and Allied Industry Association (CAIA) and re-launch of site and associated support.**	**The NIPP agreement is currently circulating between local Oracle legal and Oracle Head Quarters legal. They will revert back to the dti to update the website once the agreement is signed.**
79	**Plastics, pharmaceuticals, chemicals and cosmetics.** **Cosmetics Sector:** Promotion of cosmetics products from nature to market	**2016/18 Q1-Q4: Develop mechanisms for EU Certification programme in partnership with IDC.** **2016/17 Q1-Q4: Facilitate the development and commercialisation of new products in partnership with Phytotrade, CBI, EgoliBio and CSIR BIDC.**	**18 Companies taken to the In-Cosmetics Trade show in Paris by CBI and the dti, and 10 companies were taken to the US outward mission and also to participate at the Natural Ingredients trade show.**
80	**Plastics, pharmaceuticals, chemicals and cosmetics.** **Cosmetics Sector:** Increase investment, upgrade capital equipment and processes	**2016/17 Q1-Q4: Facilitate access to government incentives by 4 companies to become GMP compliant.**	**8 Companies were assisted (K- Squared, Mamoa, Rae-Amari, Unique Choice, Loreal, Prime Products, Annastellar Brands, Dermacell) to become good manufacturing practice complaint.**
81	**Gas-based industrialisation** Maximising the Industrial Potential of Southern Africa's Petroleum Resources: Towards impactful gas industrialisation policy	**2016/17: Q1-Q2: Finalise the composition of the Gas Industrialisation Unit (GIU).** **Ministerial Report to the ESEID Cabinet Cluster and Full Cabinet.** **2016/17: Q1:Q2: The task team works closely with the IPP office to ascertain, among other considerations, the infrastructure requirements of industry, gas-sharing arrangements, local content requirements etc.** **2016/17: Q2: Launch of the Gas Industrialisation Unit - to be appointed for an initial period of thirty-six months and thereafter assessed annually by the Minister of Trade and Industry.** **2016/17: Q2-Q4: Consolidate the Gas Industrialisation Unit as a vehicle for driving the implementation of gas industrial policy and for international engagement – as a trusted long-term partner and collaborator.** **2016/17: Q2-Q4: Support the growth and development of the restructured SA Oil and Gas Alliance (SAOGA).**	**the dti Minister launched the GIU** **A working committee comprising the dti (IDD, Black Industrialists, BEE) and the IPP office of DOE has commenced work to unpack issues relating to local content, BBBEE and how to deploy the dti incentives to assist investors in the IPP's gas to power programme.**

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		2016/17: Q3-Q4: Work with all the upstream oil and gas industry players to determine goods and services required for their operations in the region and connect these with existing and potential South African services.	
82	**Primary Minerals Beneficiation and Construction** Stabilisation of the iron ore/steel value chain	**2016/17 Q1: Finalise steel pricing agreements with key primary producers and conclude on tariff award conditions.** **2016/17 Q2: Provide quarterly monitoring reports and recommendations to the Inter-Ministerial Steel Task Team.** **2016/17 Q1-Q4: Work with EDD/ITAC monitor the availability and price of scrap metals for local beneficiators.**	**Steel Committee under ITAC has been established to monitor the import tariff support provided to the primary steel industry against the set reciprocal commitments including pricing, equipment upgrading, technology, production and employment.** **Pricing principles agreement signed between AMSA, dti and EDD, pricing principles and basket also reflected in Competition Commission settlement.**
83	**Primary Minerals Beneficiation and Construction** Fuel Cell industry development	**2016/17 Q1- Q2: Development of clear value proposition for public and private off-take.** **2016/17 Q3-Q4: Investment promotion/SEZ viability assessment: promote localisation of fuel cell manufacturing with key OEMs.** **2016/17 Q4: Large scale real-world demonstration of technology(ies).** **2016/17 Q4: Programme of action on how the public-sector transportation sector can be utilized to catalyse the required demand off-take requirements for the localisation of fuel cells in SA.** **2016/17 Q2 -2017/18 Q4: Development and demonstration of fuel cell underground mining equipment.**	**The dti fuel cells localisation programme and offering has been defined. Impala Platinum has made available 16 hectares of land adjacent to their refineries for the Springs Fuel Cell Industrial Park as part of the Gauteng IDZ extension.** **the dti in partnership with the German government hosted 58 delegates for the fuel cell bus workshop from 20 - 21 February 2017 in Cape Town. The purpose of the workshop was for German metros to share fuel cell bus deployment learning's with South African metros. Part of the outcome of the workshop was to attract 3 South African metros to adopt/demonstrate fuel cell buses with the intention of using that potential market to secure investment in fuel cell SEZ.** **Programme of action has been developed on how the public-sector transportation sector can be utilized to catalyse the required demand off-take requirements for the localisation of fuel cells in SA.** **Impala Platinum commercial team reviewing RFP to develop an LHD fuel cell prototype which will go out to market by Q3 2017/18. Anglo Platinum developing an LHD fuel cell prototype with Sandvik to be delivered at Twickenham mine for testing in Q4 2017.**
84	**Primary Minerals Beneficiation and Construction** Stimulation and expansion of the capital goods sector through the establishment of	**2016/17 Q1 - Q2: Conduct baseline study on localisation opportunities in current mining procurement, working with selected mining houses and initiate supplier development programmes to meet identified opportunities.** **2016/17 Q2: Complete consolidated R&D strategy for supply of capital equipment into the minerals value chain, including the**	**Baseline study on localisation opportunities in current mining procurement has been concluded.** **The R&D HUB has been established at the CSIR's Carlow Rd facility and a strategy is being developed jointly amongst the dti, DST, CSIR, the Universities**

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	a new industry forum: Mining Equipment Manufacturers of South Africa (MEM-SA)	**development of Next Generation Mining Systems.** **2016/17 Q3: Seek commitment from targeted foreign OEMs within the sector to invest in and establish manufacturing capacity within South Africa and develop an appropriate framework to guide the process.** **2016/17 Q1 – Q2: Complete review of state supply-side support measures (incentives, tariffs, export incentives) to promote local manufacture of mining inputs.** **2016/17 Q3 – Q4: Develop proposals to increase regional manufacture and intra – regional trade of mining capital goods within SADC.**	**and the Chamber of Mines.** **Caterpillar has committed to a R1.3billion localisation programme over 10 years as an equity equivalent. The dti will work closely with CAT to ensure alignment of the programme to industrial policy objectives. A number of domestic manufacturers have been identified that could supply the in to the CAT value chain.** **Submission has been made for ITAC to pursue an investigation into reviewing the import duties on components used by mining equipment manufacturers.**
85	**Green industries** Strategic Industrialisation through the Independent Power Programme	**2016/17: Revise the reporting of localisation, simplify the local content calculation and implement minimum threshold for components and services that are available from local suppliers at competitive prices. Introduce localisation incentives for supplier development through the entire value chain. This can include extra bidding points for support of new sub-sectors in the renewable value chain.** **2016/17: Make recommendations to streamline the demand and supply of renewable energy components that are manufactured locally. Make recommendations to improve strategic sourcing through a revised contract management system.**	**The IPP is currently facing an uncertain future due to Eskom's refusal to sign PPA's. This is leading to significant disinvestment from:** • **SMA** • **Resolux** • **DCD wind** • **Sanpower**
86	**Green industries** Fostering Industrial Development in a South African Green Economy	**2016/17 Q3: Benchmarking Exercise on Climate Change Mitigation Measures and Industrial Development. This will include a review and analysis of available measures to the Department of Trade and Industry - the research will unpack the universe of instruments available to the dti to support the transition of domestic industries to a low-carbon development path.** **This research will take place within the context of South Africa's existing and developing climate change regime, acknowledging that the implementation of numerous instruments is outside of the control of the dti. It will also include stakeholder engagement and strategic workshops with other line departments involved in climate change policy."** **2016/17 Q4: Present industrial policy recommendations for approval.**	**Study finalised and approved.**

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87	**Green industries** Electric vehicle project	2016-17 Q1: Project Document and resourcing finalised. 2016-17 Q2: Procurement of service providers commenced by UNIDO and initial project implementation commenced. 2016-17 Q4: Project Implementation continues. 2016-17 Q1: Monitoring and evaluation commences. 2016-17 Q2: Project Mid-term impact evaluation commences.	4 charging stations were installed – 1 at the IDC, 2 in the City of Tshwane, 1 at the dti campus. Plans are underway to install a charging station at the SANEDI offices UNIDO handed over an Electric Vehicle to the Department of Trade and Industry (the dti) to launch its low carbon transport initiative. Charging infrastructure and the EV were donated to the department. Employee EV training and a demonstration tour of the DEA's fleet of EVs and charging infrastructure was conducted to build institutional capacity and EV technology know-how amongst delegates who are responsible for managing and operating the vehicle and its supporting infrastructure
88	**Green industries** The development of Green Skills	2016/17 Q4: Develop training material and courses for three new disciplines in Energy Efficiency that have already been identified: refrigeration, solar thermal efficiency and water efficiency.	Training material and courses or three new disciplines in Energy Efficiency that have already been identified: refrigeration, solar thermal efficiency and water efficiency developed
89	**Business Process Services** Implementation of the Business Process Services (BPS) incentive programme	2016/17 Q1-Q4: On-going Implementation of the BPS incentive.	11 New projects were approved in the 2016/17 financial year with a 5-year projected Export Revenue of R7.1 billion. The total amount of claims paid for the 2016/17 financial year on the BPS incentive programme were R266,8 million with 12,568 sustained jobs and a youth percentage of 91%
90	**Business Process Services** Talent development for the BPS sector	2016/17 Q2-Q4: Training of 3,220 unemployed youth at NQF level 4 and above takes place. 2016/17 Q4: 483 unemployed youth recruited from 2 and tier 3 towns, townships and rural areas are contracted into employment. 2016/17 Q4: 2,100 learners contracted into employment for minimum of 12-month contract. 2016/17 Q4: Review of the BPO Cross-Sector Skills Plan finalised.	3220 unemployed youth were trained at NQF level 4 483 have been recruited from Ermelo, Witbank, Tzaneen, uMshwathi and Bloemfontein and contracted into employment 2,624 learners contracted into employment for minimum of 12-month contract Review of the BPO Cross-Sector Skills Plan is completed
91	**Ship/Boatbuilding and Associated Services Industry** Localisation Programme	2016/17 Q1-Q2: A strategic report on the processes of big ticket items/components in the manufacturing of working vessels for further designation. 2016/17 Q2 – Q3: A 5-year Designation Implementation Plan for working vessels approved for implementation by National Treasury. 2016/17 Q4: Research proposal for further designation of components for working vessels.	A study was conducted and concluded for the further designation of components for working vessels. 5-year designation implementation plan for working vessels developed. Research proposal for the further designation of components for working vessels prepared.

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92	**Ship/Boatbuilding and Associated Services Industry** Marine Manufacturing Components Accreditation Framework	**2016/17 Q1 - Q2: Develop a support mechanism informed by the Strategic Report for the Marine Accreditation of Components manufactured locally through NIP.** **2016/17 Q2 – Q3: Piloting of the support mechanism with selected component manufacturers.**	**The support programme has not been developed. The dti engaged the local industry players and discovered that the products such as Marine containers, Sails', shafts, hydraulic systems, Masts, Synchronized lifts, Life jackets, ropes, although currently imported, can be manufactured in South Africa, if supported through investment.**
93	**Ship/Boatbuilding and Associated Services Industry** Strategic marketing campaign	**2016/17 Q1 – Q3: Development of a strategic marketing campaign which will focus on the current opportunities in the following countries: Angola, Namibia, Mozambique, Nigeria, Tanzania, Kenya, Ghana and high-growth countries in the Gulf region.** **2016/17 Q4: Launch of the strategic marketing campaign.**	**Study completed and the strategic marketing booklet completed. It has been circulated in missions abroad.**
94	**Ship/Boatbuilding and Associated Services Industry** Marine Manufacturing Development Plan	**2016/17 Q1 - Q2: Development of the framework on which the Plan will be based on.** **2016/17 Q3: Launch and implementation of the Marine Manufacturing Plan.**	**Marine Manufacturing Development plan developed and buy in received from industry.**
95	**Aerospace and Defence** Development of an Aerospace Industrial Development Strategy	**2016/17 Q4: Approved Aerospace Industry Development Strategy.** **2016/17 Q4: Collaboration with National Champions.**	**The contract with the service provider had to be terminated because of shortcomings with its performance. The process to appoint a new service provider commenced in the last quarter. This work is expected to commence in the 2017/18 financial year.**
96	**Aerospace and Defence** Building a Competitive Aerospace and Defence Industry through establishing a Manufacturing Cluster and Sub-Tier Development Park	**2016/2017 Q1: Conclusion of uptake agreements with prospective tenants and industry investors.** **2016/2017 Q2: Completion of the prioritised core CAV Landside bulk utility services and infrastructure such as water and sanitation, roads and storm water, electricity and land management.** **2016/2017 Q3: Provision of funding for phase 1A development.**	**Limited Availability of CAPEX funding to build the programme. Engagements with relevant stakeholder are on-going. Alternative sources or mechanisms of supporting the project are being sought.**
97	**Electro-technical industry** Implementation of the White Goods Export Strategy	**2016/17 Q4: Action Plan for the establishment of the air-conditioning manufacturing sub-sector finalised.** **2016/17: Tariff review for imported washing machines, microwaves and gas stoves finalised.**	**Action Plan for the establishment of the air-conditioning manufacturing sub-sector finalised.** **Due to the bound rate on washing machines above 10 kg being 0%, ITED has requested that the entire industry be consulted for commitment to manufacture in order to commence engagements with WTO. 2 of the 5 manufacturers have committed to invest subject to tariff review at WTO level**

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98	**Electro-technical industry** Action Plan for the Establishment of the Compressor Manufacturing Industry	**2016/17 Q3: Development of a value proposition for the compressor manufacturing industry finalised.**	**The value proposition was developed in consultation with the White Goods OEMs located in South Africa**