

# Progress Update: Priority Masterplans

NEDLAC Trade & Industry Chamber

20 October 2021



**the dtic**

Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

**the dtic - together, growing the economy**

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1

# OUTLINE

- Masterplan background
- Masterplans in implementation phase
- Masterplans in development
- Masterplans under consideration



**RETHINKING INDUSTRIAL STRATEGY**

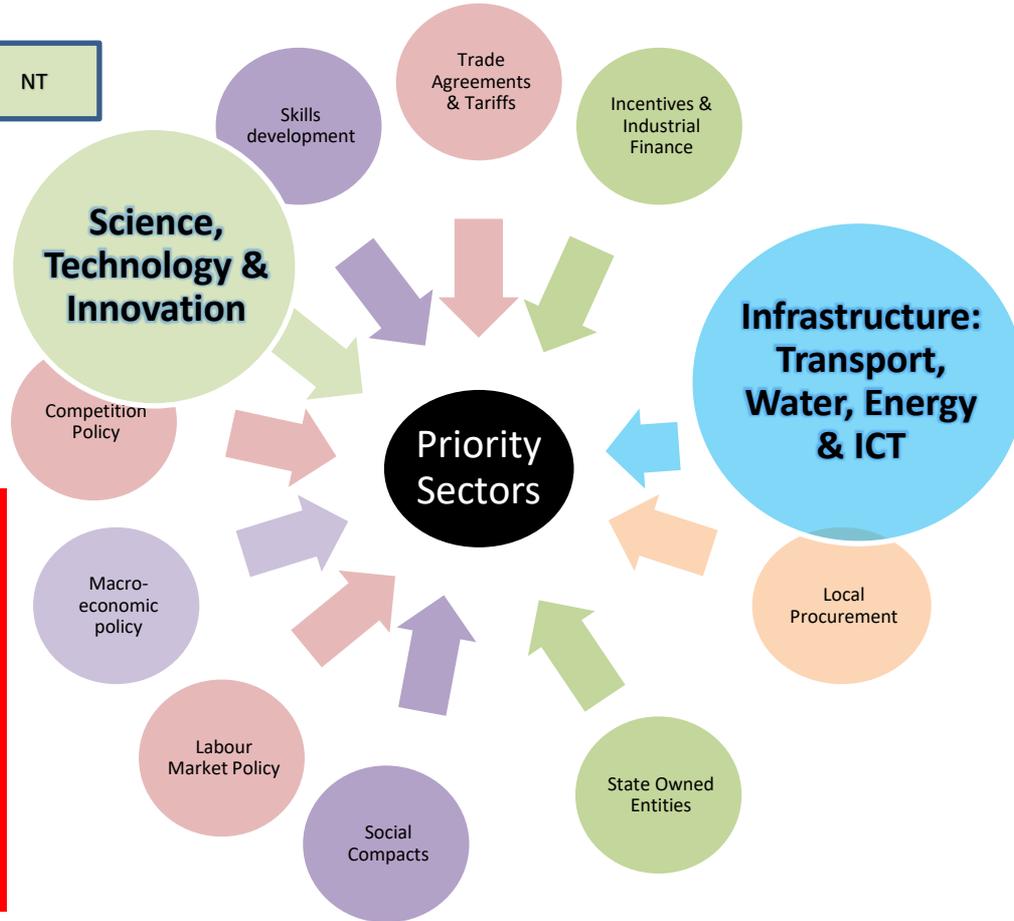
# THE NEW APPROACH

- 1. Five Growth Engines fueled by private-sector partnerships, growing productive forces, and entrepreneurial State**
- 2. Seven Priority Sectors, our Jobs Drivers**
- 3. Four Spatial Interventions:**
  - SEZ's,
  - Industrial Parks,
  - Business Centres, Incubation & Digital Hubs, and
  - Township & Village Enterprises.
- 4. A New Integrated Approach to Implementation**
- 5. Clear Action Plans, Budgets & Timelines.**

# USE MULTIPLE LEVERS!

DHET	DST	NT
the dti	DoC	
CSIR	ARC	

Indicative Dept. Responsibility
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Sector Dept.	PICC
NT	the dti
ESKOM	Prov Gov
Transnet	Munic
TNPA	DPWI

**Supportive Policies Required:**

- Human Settlements
- Public Transport
- Basic Education
- Criminal Justice system
- Social Security policies

# MASTERPLAN PRIORITY SECTORS

- **Sector 1: Industrial Sector:**

- Autos, 
- Clothing Textile Leather and Footwear, 
- Gas Chemicals and Plastics, 
- Renewables/Green Economy, 
- Steel and Metal Fabrication 

- **Sector 2: Agriculture and Agro-processing** 

- **Sector 3: Mining:**

- Minerals and Beneficiation 

- **Sector 4: Tourism** 

- **Sector 5: High-tech Sectors/Knowledge based:**

- ICT and Software Production,
- Digital Economy, 
- Health Economy, 
- Aerospace & Defence Economy

- **Sector 6: Creative Sector** 

- **Sector 7: Oceans Economy** 



On track



Challenges, but largely resolved



No progress, urgent intervention needed

# DASHBOARD

- Since June 2019, a number of Master Plans (MP) have been developed and others are currently being developed to help create conducive conditions for industries to grow;
- To date nine MPs have been completed and implementation is at different phases;
- MP aims to build dynamic firms and local industries' capabilities by:
  - Reducing the proportion of imported intermediate and finished-goods;
  - Improving the efficiency of local producers; and
  - Developing export competitive sectors that can expand the sales of South African made products on the continent and beyond;
- MPs are industry social compacts, in which each partner is expected to contribute, shifting away from a state-centric approach to a partnership model;
- MPs will play a critical part of the Economic Reconstruction and Recovery Plan under the industrialization pillar

# DASHBOARD - 2

Automotive

Retail CTFL

Poultry

Sugar

**Completed, approved  
and in full  
implementation**

Steel

Furniture

Forestry

Tourism

Digital

Aerospace  
& Defence

Renewable  
Energy ???

**Completed, awaiting  
approval and EOC**

# DASHBOARD - 3

Agriculture & Agro-processing

Plastic

Creatives

Chemicals

Renewable Energy ???

Reasonable progress but delayed

Oceans

Mining & Beneficiation

Gas

Cannabis

Some progress but severely delayed

Health

No progress

Critical challenges emerging!

# DASHBOARD - 4

Global  
Business  
Services

Film &  
Animation

Medical  
Products

Construction

**New Masterplans and  
Masterplans being  
considered.**

# PROGRESS ON THE IMPLEMENTATION OF MASTERPLANS

# EXECUTIVE SUMMARY OF IMPLEMENTATION PROGRESS

## Automotive

- Six companies were approved for AITF support to the tune of R1,4 billion namely:
- Formex, a 60% black owned component manufacturer of exhaust and gearbox brackets located in the Eastern Cape province. The company retains a local content of 52% which is above the average vehicle local content of 40%. Support projected to create 12 new jobs and 435 jobs retained.
- Cape Winelands Auto, a 51% black owned company located in the Western Cape with focus on buying out of dealerships. Support projected to 2 create jobs and retain 22 jobs.
- TransMerch Africa (Pty) LTD: 100% black owned based in Coega, EC.
- Baires Automotive Coatings(Pty)Ltd:60% black owned based in Johannesburg ,GP
- Anax Services (Pty) Ltd: 100% black owned located in East London, EC.
- Steel Best Manufacturing Services (Pty) Ltd: 100% black owned located in Johannesburg, GP.
- MBSA unveiled the new C-Class sedan produced in the East London plant following a R13 billion investment on the 24th June 2021, creating approximately 597 new direct jobs with a further 2 000 in the value chain.
- VM Automotive a 100% black owned Tier 1 company located in East London is one of the suppliers into the MBSA W206 as a beneficiary of the MBSA Enterprise and Supplier Development (ESD) programme. The company will be introducing 'laser blanking' as a new technology in the new-generation C-Class.

## Steel Master Plan

- The National Foundry Technology Network funded by the dtic and hosted by CSIR assisted Prevail Engineering Foundry based in Vereeniging secured a 7-year contract to supply automotive components to four OEMs (Mercedes Benz SA, Ford SA, Nissan & Isuzu/Bosch). The contract resulted in the preservation of 55 jobs and has placed the company on a high growth trajectory.
- The scrap metal export was concluded with an effective date of 1 August 2021

## R-CTFL

- Pepkor supported a R30m new factory, creating 40 new jobs.
- The Forschini Group made a R350m investment in expanding its apparel factories
- Mr Price made a R30m investment to develop and support local, small-scale cotton farmers.
- The Master plan also contributed to the empowerment of people with disabilities through the launch of its new Prestige Clothing factory for the hearing impaired in Hillbrow, Johannesburg.
- TFG partnered with the Fibre Processing and Manufacturing SETA and the Thandeka Vocational Education Trust to provide a modern working environment for the learners from St. Vincents School for the Deaf. Through the partnership, the first intake of 23 learners will complete an NQF Level 2 learnership in October 2021. An additional 24 learners will complete their learnership in 2022 with a 3rd intake planned for 2022.

# DETAILED IMPLEMENTATION PROGRESS

## Sugar

- Illovo's small scale cane development project received a grant of R63 million from National Treasury & created 860 jobs in KZN;
- Local procurement target of at least 80% was committed to. This exceeds the Sugarcane Value Chain Master Plan target of 150 000 tons in the first year.
- In addition, total imports declined from 500,868 tons in the 2019/2020 season to 436,275 tons in the 2020/2021 season. The net result is a 13% decrease in season-on-season imports.
- Coca-Cola Beverages Africa (CCBSA), SA's largest consumer of sugar, has also committed to increase procurement of sugar from black farmers over the next 3 years;
- Two buy local campaigns were implemented in conjunction with Proudly SA and South African Cane Growers Association.
- Proudly SA continues its work as the convenor of the task team responsible for driving local demand and offtakes for the sugar masterplan;

**Poultry**

- Transformation is being achieved through the establishment of new black contract growers supported by industry and DALRRD. By the end of 2021, new hatcheries are expected to produce 50,000 birds per week
- National Treasury has concluded internal consultations/ discussions on the designation of the Poultry Products and **the dtic** has submitted all the relevant documents and approvals so that a Circular can be issued in terms of Regulation 8 of PPPFA 2017.
- In 2021 extra production totalling 200 000 tons of Soya & 3.8 million tons of maize will be available for feed;
- The industry's R1.5 billion investment in additional capacity which saw production increasing by additional 1 million birds per week in 2020 (growth of 5% in volume.
- Breakthrough in exports to the Middle East is made, particularly for cooked chicken meat that could be certified as halaal. DALRRD is working on a checklist to ensure producers are aware of the requirements in various countries
- Retailers commitment to minimum procurement spend from black producers e.g. at least 40%.

**Clothing Textile  
Footwear and  
Leather**

- Masterplan commits to increase local procurement from 44% to 65%.
- The government has established a rebate facility for textiles used in the local manufacture of apparel;
- Bader SA (Pty) Ltd, located in Ga-Rankuwa with 800 employee invested R300 million in additional capacity to manufacture automotive leather and split leather;
- Finalization of NSFAS laptop bag order to two manufacturers in Q1 2021 saving 125 full time jobs.
- Localisation of PPE products continuing. Capacity is built through funding facilitation and consultation. CPUT has received funding to expand its laboratory and will be able to test all properties as required by the medical standards. The laboratory will be operational by the end of the second quarter of 2021/22 financial year.

## Auto

- Construction at Tshwane SEZ is underway (R16 billion investment by Ford);
- Publication of the green paper on Electric Vehicle (EV) for public comment. This will contribute to the development of the EV Roadmap to ensure alignment of the industry to the stricter emission standards in major export markets;
- The APDP 2 regulations has been published for implementation since 1 July 2021
- On the 24th of June 2021 Mercedes Benz -SA unveiled the new C-Class W206 sedan produced in the East London plant which is the outcome of the R13 billion investment expected to add 597 new direct jobs;
- VM Automotive a 100% black owned Tier 1 company is one of the suppliers into the new C-Class who will be benefiting from the MBSA Enterprise and Supplier Development (ESD) programme. The company will be introducing 'laser blanking' as a new technology in the new-generation C-Class.
- Transformation Fund: four companies were approved for support to the tune of R63,2 million, namely:
  - TransMerch Africa (Pty) LTD (100% black owned) based in Coega, EC.
  - Baires Automotive Coatings(Pty)Ltd(60% black owned) based in Johannesburg ,GP
  - Anax Services (Pty) Ltd (100% black owned) located in East London, EC.
  - Steel Best Manufacturing Services (Pty) Ltd (100% black owned) located in Johannesburg, GP.

# Progress update: Forestry

## Expansion of the resource, maintenance and protection

- Engagement with DWS on the verification of DFFE plantations – all required information has been submitted and DWS is currently doing the verification;
- DFFE has made a submission to National Treasury for the Stimulus Package Phase 2 where revitalization of plantations are included;
- Handing over of plantations including the lease for Western Cape – part of the Departmental APP
- DFFE in a process of presenting the National Veld and Forest Fire Amendment Bill through the Cabinet to address the issues of fire legislation;

## Transformation;

- Engagement with DALRRD on the post settlement support and models for settling forestry claims. Follow up meeting to discuss the draft model and funding scheduled for 9 June 2021

## Illegal activities;

- Stakeholder meetings were held in November 2020 and 27 January 2021 to discuss amendments to the NCRS regulations to ensure they are worded appropriately for enforcement purposes. Comments have been received and awaiting to be gazetted

# Progress update: Steel

- Supply - Electricity**
  - There is an in principle agreement with Eskom for the load-shedding schedule to proceed to a trial phase. Participating companies include ArcelorMittal (AMSA) Vanderbijlpark, SCAW Metals (Germiston), Highveld Industrial Park (eMalahleni) and Columbus Stainless (Middelburg). An agreement between Eskom and the participants will be finalised and signed, as a group agreement, to allow for a trial implementation;
- Demand**
  - Work on import replacement in the automotive industry including OEMs and the purchasing council to firm up the localisation road-map is under way. This process will include clear timelines for localisation of primary steel grades and value-added steel intensive products. This is one of the ways we can collectively achieve the 60% localisation target as agreed in the automotive masterplan;
- Illegal imports and illicit trade**
  - SARS has agreed to focus efforts on two sub-sectors per quarter. Industry is encouraged by the cases under investigation and interventions to tackle illicit trade on fasteners and corrugated sheets;
- Scrap metal**
  - Transnet will support government's interventions to ensure the availability of affordable scrap metal for the consuming industry. In future Transnet scrap metal will be made available to local scrap metal users only.;  
The first of these processes for the evaluation, tender and award is expected to be completed shortly.
  - Scrap metal export tax effective 1 August 2021
- Resource mobilization**
  - The Steel Fund will be established as a Not for Profit company with an interim Board, Constitution and signatories. This will be funded by a rand-based levy on steel production and used primarily for import and export promotion.

Sector	Current Status
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Agriculture & Agro processing

- Agriculture and Agro-processing Framework Agreement finalized and agreed upon by all social partners;
- The Action Plan of the AAMP to form basis of negotiation phase is in draft form, and circulated to all social partners for input;
- In preparation for the negotiation phase, the AAMP team is finalising the chairpersons and members of the reference group;
- The engagements with National Departments for finalisation of commitments in preparation of Negotiation Phase (DTIC, DSI, DWS, DSBD, DEL, DoT, FoodBev, CoGTA) are on track to finalise (i.e., actions and budget availability).

Aerospace & Defence

- The master plan was finalised and adopted by Stakeholders in November 2020;
- Currently in a process of establishing EOC;
- Regulatory and technical environment remains a challenge.

# Progress update: Tourism

- ✓ Recruitment, selection of learners for the Food Safety Quality Assurer Programme training on norms and standards for safe tourism operations, including COVID-19 undertaken in the WC and Gauteng Provinces;
- ✓ Sites for piloting the budget resort concept and brand identified and the infrastructure audit framework has been developed;
- ✓ Investment facilitation support for high impact tourism businesses in distress has been provided;
- ✓ Implementation of infrastructure maintenance work in 19 (nineteen) National Parks and one Provincial state-owned asset supported, implementation of 30 (thirty) Community-Based Tourism Projects supported and monitored;
- ✓ The TEF is temporarily halted through a court interdict, therefore no adjudication meeting/s held;
- ✓ Three (3) Green Tourism Incentive Programme (GTIP) Adjudication meetings were held; and
- ✓ In respect of the policy review, the Draft discussion document outlining policy areas was finalised and document will be circulated for public comments once endorsed by the Minister.

## Progress update: Furniture

- The dtic in collaboration with Proudly SA launched a furniture portal to promote furniture localization;
- Ongoing discussions are being held with retailers including various independent retailers on how to reduce dependence on imports; and the list of main import items has been finalised;
- Draft Proposal to amend three office furniture standards have been developed;
- A draft procurement framework to guide local procurement has been developed & the guide is intended to assist procuring officers;

# PROGRESS ON THE DEVELOPMENT OF MASTER PLANS

Sector	Current Status
Digital & ICT	<ul style="list-style-type: none"> <li>• ICT &amp; Digital Economy Masterplan and its implementation plan has been approved by the Minister;</li> <li>• Inaugural Executive Oversight Committee Meeting scheduled for August 2021;</li> <li>• Establishment of Work streams and programmes of Action.</li> </ul>
Gas	<p>Department adopted the electricity master plan methodology;</p> <p>Consultation Paper developed and approved for further consultations with industry stakeholders;</p> <p>Workshop on the Consultation Paper with industry stakeholders held &amp; project plan approved.</p>
Mining & Beneficiation	<ul style="list-style-type: none"> <li>• Draft Masterplan completed and signed off by the minister.</li> <li>• The draft will be presented to stakeholders at the launch to be held before end of 3<sup>rd</sup> quarter.</li> </ul>

## Sector

## Current Status

### Renewable Energy

- Coordination of industry to put forward industry representation in the EOC underway;
- Completion of first phase of supporting research packages & this includes;
  - Component level study determining the GVA of localisation and capital investment required;
  - How allocation of capital affects the economy;
  - IHS Markit hydrogen study complete;
- Completion of series of IRG focus groups on:
  - Demand growth through electricity planning
  - Demand growth through energy planning and sector coupling
  - Transformation
  - Just Transition
  - Export
  - Skills

## Sector

## Current Status

### Creatives

- Continue with the inter-departmental engagements and discussions on the CCI Masterplan
- Continue engagements and discussions with the Industry Reference Group in order to strengthen the Sub-sectors Key Action Plans
- Establishment of Sub-Sector Workstreams with Co-Chairs from Business and Labour
- Confirmation of Business & Labour representatives to the EOC

## Plastics

- Draft Plastics Masterplan developed and key stakeholders within the value chain have requested an opportunity to finalise reciprocal commitments as part of their pledge towards sectoral development and the process is to be concluded before the end of Q2 2021.
- Sizabantu Piping Systems is investing R70 million for the extrusion of 630mm PVC-O pipes and this will create a further 26 permanent employment positions. This investment is located in ELIDZ
- Mentholatum(Pty) Ltd, the only local toothbrush manufacturer is engaging Clicks Pharmacy for possible supply of toothbrush.
- The import value of toothbrushes in 2018 was just above R241m, and Clicks has set aside between R10m –R30m in support of localization.
- UNIDO through CSIR has set aside almost R4m for the establishment of a laboratory for testing of bio-based plastic materials and products

Sector	Current Status
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- |           |  |
|-----------|--|
| Chemicals | <ul style="list-style-type: none"> <li>• Stakeholder engagements to collect data and to identify draft interventions for the masterplan across 9 chemical sub-sectors segmented, which was segmented into 3 phases, is now nearing completion</li> <li>• The Extended Steering Committee to review the draft CMP has been established and two meetings have been held thus far to finalise the draft CMP</li> <li>• The draft CMP report is also currently being reformatted from a research report to a format that is similar to other masterplans, e.g., Sugar &amp; CTFL</li> <li>• Thus far the draft CMP is looking at five draft commitments from stakeholders that will form the core of the CMP to stabilise the sector and increase sustainability in the short term.</li> <li>• These include: <ul style="list-style-type: none"> <li>▪ Ensuring existing feedstocks and increase localisation within the chemical value chain</li> <li>▪ Increase competitiveness of local producers and attractiveness of new investment</li> <li>▪ Supporting the Green Economy and Green Chemistry</li> <li>▪ Export promotion</li> <li>▪ Improving the existing level of transformation in the chemical value chain</li> </ul> </li> </ul> |
|-----------|--|

## Sector

## Current Status

### Cannabis

- There is inter-departmental committee established to work on the Cannabis MP, and currently engaging with the provinces as well.
- NEDLAC was engaged to get inputs from business and labour.
- Once inputs received from NEDLAC, the MP would be presented to Cabinet
- Need to establish the governance structure right and create industry reference group and terms of reference.
- Ensure that all sectors from government are on board.

Sector	Current Status
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Ocean Economy

- Work started earnestly to develop the Oceans economies masterplan. Working groups have been established.
- Projects and Initiatives are being implemented as part of the suite of projects and initiatives under Operation Phakisa within the following Focus Areas:
  - Marine Transport and Manufacturing (Boat/Ship building; Ship/Rig repairs and others).
  - Aquaculture.
  - Offshore Oil and Gas.
  - Small Harbours Development.
  - Coastal and Marine Tourism.
- The Oceans Economy Master Plan will include all Sub-sectors, including Fisheries.

# Thank you