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Industrial blueprint seeks jobs, growth

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THE trade and industry department's new industrial policy, which includes a commitment to renew the controversial Motor Industry Development Programme, is ready to go to the cabinet next month.

The policy, which has been in the making for more than a year, will prioritise sectors with high growth and job creation potential, both of which are vital to government reaching its 6% growth target.

The sectors targeted include natural resource-based industries, including iron, steel, aluminium, paper and pulp; downstream beneficiation; advanced manufacturing, including automotive and aerospace; labour-intensive sectors, including clothing and textiles and agroprocessing; and services, which include tourism and business process outsourcing.

"We did an assessment of industrial and trade policies since 1994 and found that our interventions were too dispersed and not well resourced, so the key thing is to strengthen sector policy," says chief director Nimrod Zalk, who headed up the process of drafting the document.

"We have identified obstacles to key sectors — that is those which are key to growth and employment. Going forward we will be much more strategic in how we target those sectors and have a much larger quantum of financial and technical support."

After months of uncertainty, Zalk confirmed that government would renew the Motor Industry Development Programme, which was due to expire in 2012.

Several motor manufacturers have threatened to reconsider their commitment to SA unless government provides certainty on the future of the programme.

Earlier this year, DaimlerChrysler warned that it would be "very difficult" to continue making cars in SA in the absence of the programme.

The programme has been described as one of the most successful pieces of industrial policy to be introduced into the South African economy and has been reported to have yielded benefits worth more than R55bn to vehicle manufacturers to date. The programme is being reviewed to remove contraventions with World Trade Organisation rules and tailor it to assist more players. An announcement about the redrafted programme will be made within weeks.

Sector-specific interventions, along the lines of the programme, are on the cards for a number of other sectors, including clothing and textiles and business-processing.

The industrial policy was crafted with intensive input from business and labour partners.

Some of the key strategic thrusts were how to link the planned R160bn public sector capital expenditure programmes with the new industrial strategy, and leveraging local manufacturing off this; the strengthening of trade policy, including looking at more strategic tariff policy and how to approach bilateral trade and investment relationships with countries such as the US and China; and a broader African focus, which includes promoting industrial integration to enable African countries to better trade with each other.

It also looked at strengthening the hand of the competition authorities, which will help strengthen the position of small, downstream manufacturers.

Zalk cautions that the new industrial policy does not itself constitute an employment strategy. Sector-specific interventions might include tax breaks and discount on capital investments, an industrial source said.

The draft will go to the cabinet next month, after which it will be referred back to the trade and industry portfolio committee.



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