The South African economy: sectoral outlook and development challenges

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Global economic growth

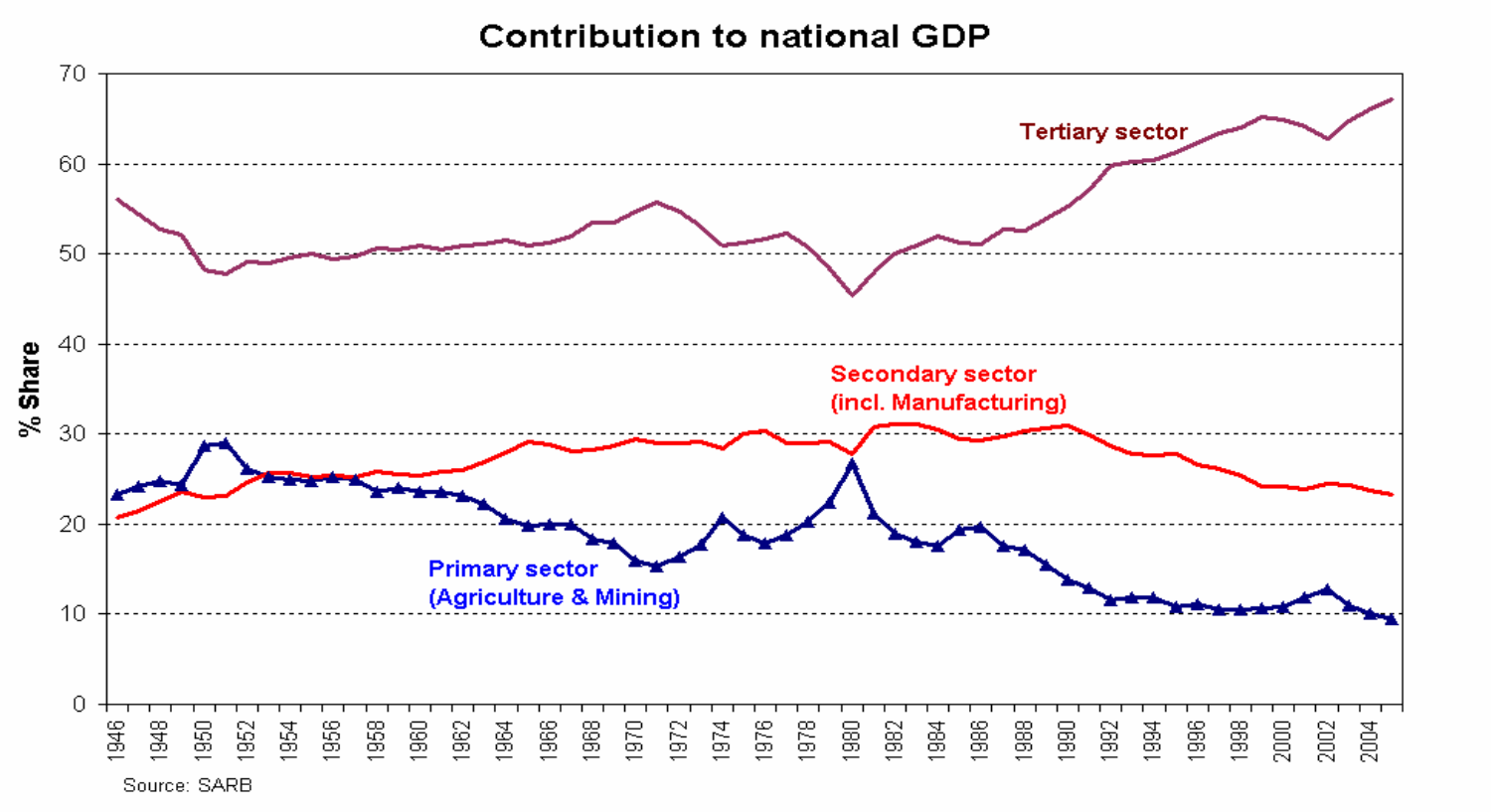
Economic growth around the globe
Real GDP growth p.a. (% growth)

Region/Country	2004	2005	2006	2007	2008
World	5.3	4.9	5.1	4.5	4.6
Developed economies	3.2	2.6	3.1	2.3	2.8
USA	3.9	3.2	3.4	2.1	3.0
Eurozone	2.1	1.3	2.4	1.9	1.9
Japan	2.3	2.6	2.9	2.4	2.5
UK	3.3	1.9	2.6	2.4	2.7
Developing economies	7.7	7.4	7.0	6.4	6.1
China	10.1	10.2	10.7	9.6	8.7
India	8.0	8.5	8.7	7.7	7.2
Brazil	4.9	2.3	3.5	3.4	3.8
Mexico	4.2	3.0	4.5	3.5	3.5
Africa	5.5	5.4	5.4	5.9	5.5
Sub-Saharan Africa	5.6	5.5	5.3	5.3	5.4
South Africa	**4.8**	**5.1**	**4.9**	**4.3**	**4.5**

Source: World Bank, IMF, IDC

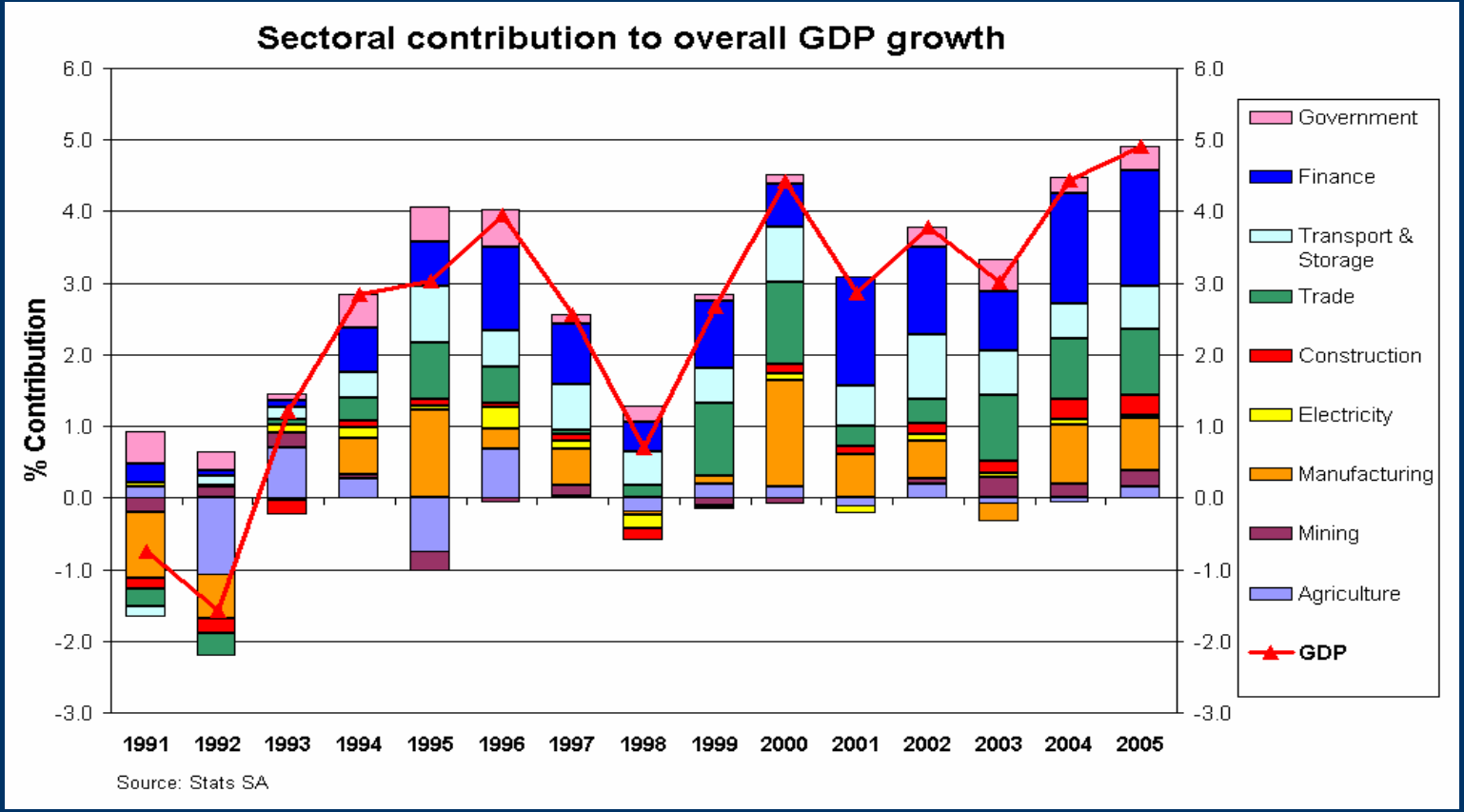
- ***Despite a sharp increase in commodity prices to multi-year or all-time highs, rising interest rates and financial market volatility, the global economy still managed to grow at a rapid rate (world GDP estimated to have expanded by 5.1% in 2006)***
- ***A moderation in world GDP growth is forecast for 2007 as higher interest rates are expected to have an adverse impact on economic activity, particularly in the world's developed economies***
- ***Nevertheless, the long-term outlook for the global economy remains very positive, with real GDP growth averaging about 4.7% p.a. over the period 2007-2011***

Structure of the South African economy



- ***South Africa** has the **27th largest economy in the world***
- ***SA economy increasingly dominated by services-related sectors - in line with international trends***
- ***The primary sectors - agriculture and mining - have seen their share substantially reduced over the past 5 decades***
- ***Share of the manufacturing sector - the 2nd largest sector of the economy - decreased sharply since the early 1990s in light of globalisation, trade liberalisation and an increasingly challenging global trading environment.***

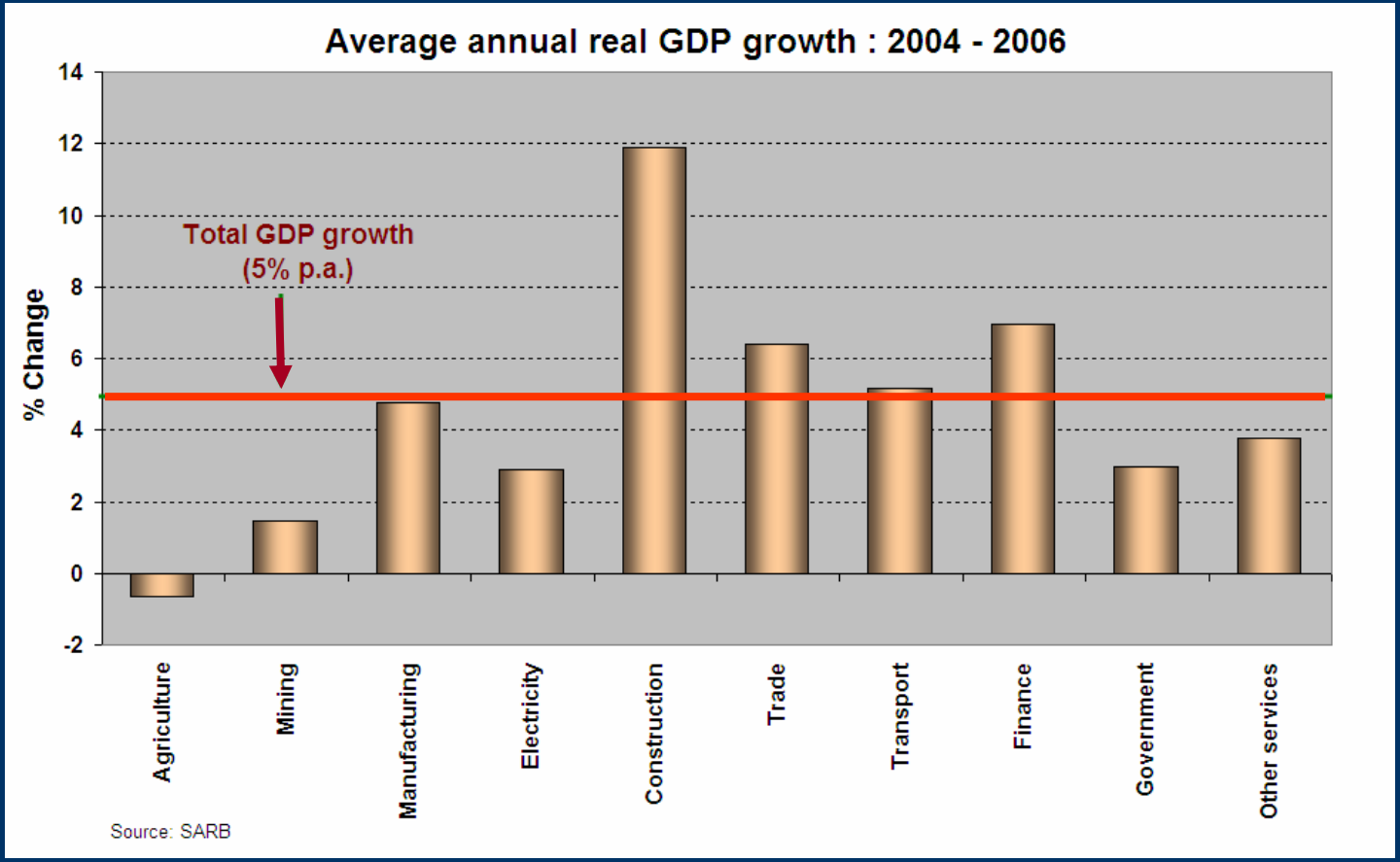
South Africa: GDP performance



- *The pace of economic growth in SA increased substantially since 1994 (average GDP growth of 3.8% p.a. - more than double the growth rate in the decade before 1994)*
- *The services sectors accounted for the major share of GDP growth in more recent years*
- *The manufacturing sector reported a welcomed recovery in 2004 and 2005, following a rather dismal performance in 2003 (mainly due the impact of a strong Rand export-oriented sub-sectors)*

GDP performance

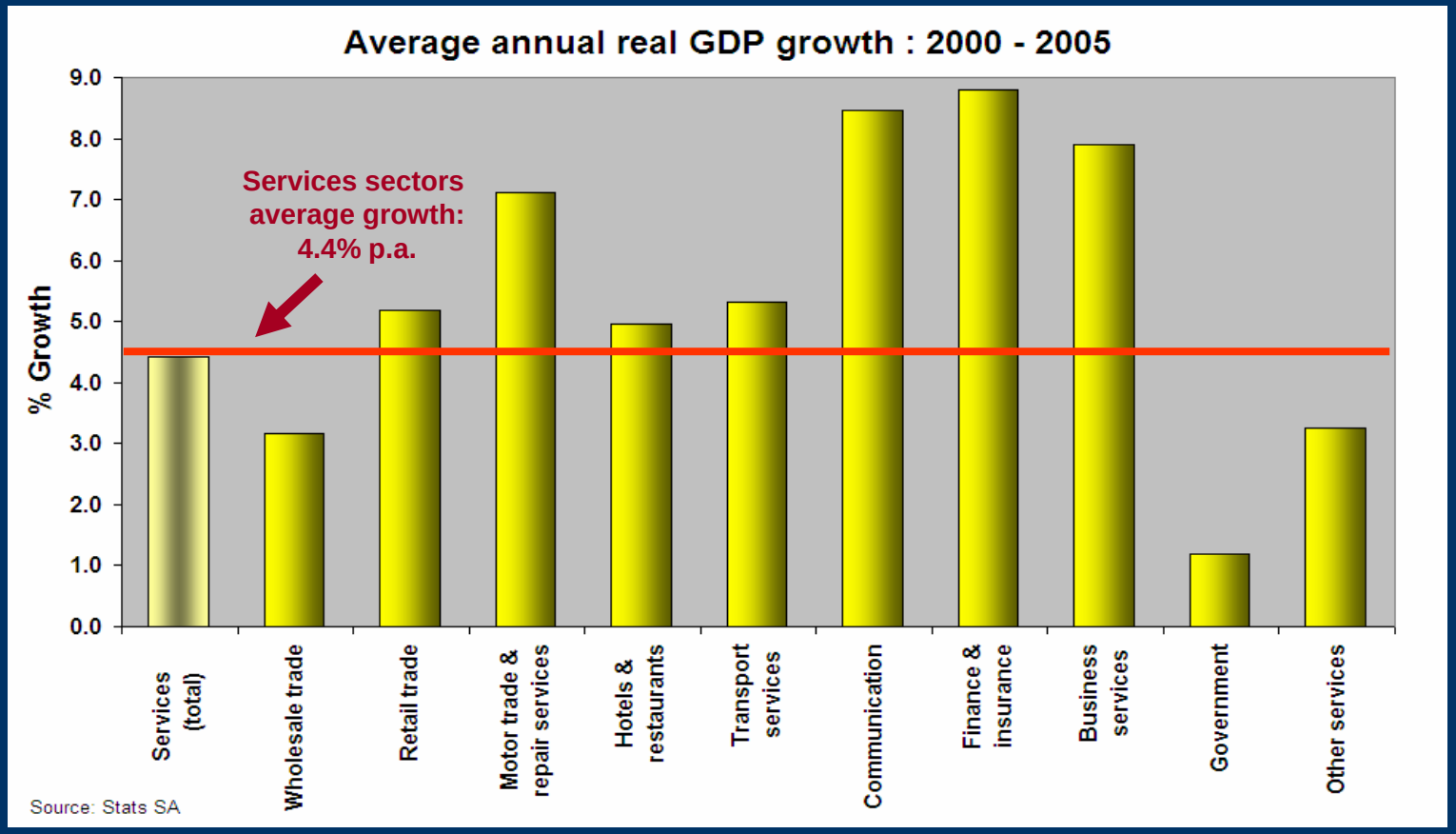
Broad economic sector performance



- *The construction and the financial services sectors posted well above economy-average performances over the past three years*
- *The pace of growth in manufacturing was marginally below the economy average*

GDP performance

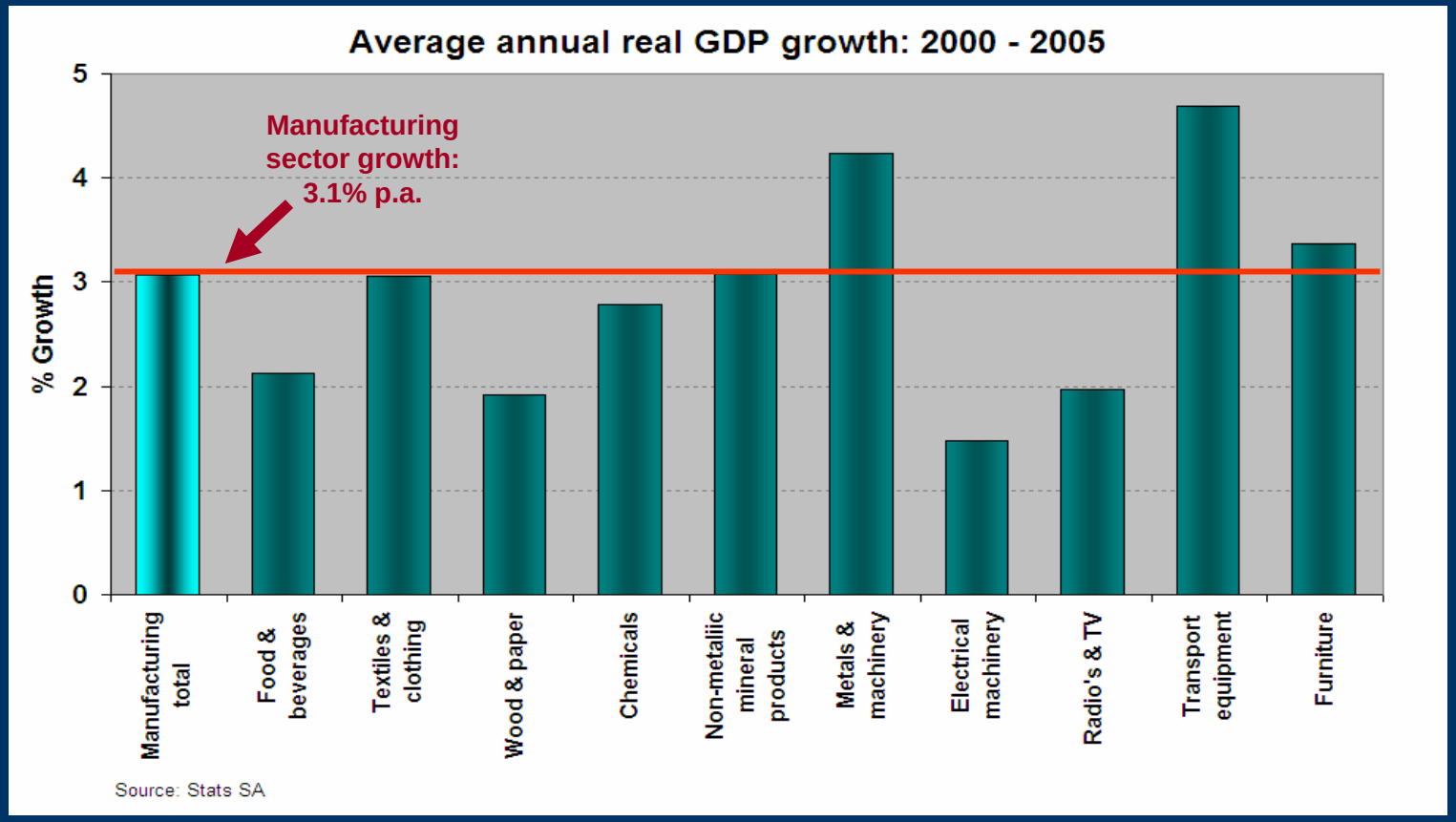
Services sector performance



- *Amongst the services sectors, above average performances were recorded by financial & insurance services, communications, business services, motor trade, transport services and the retail trade over the past five years*

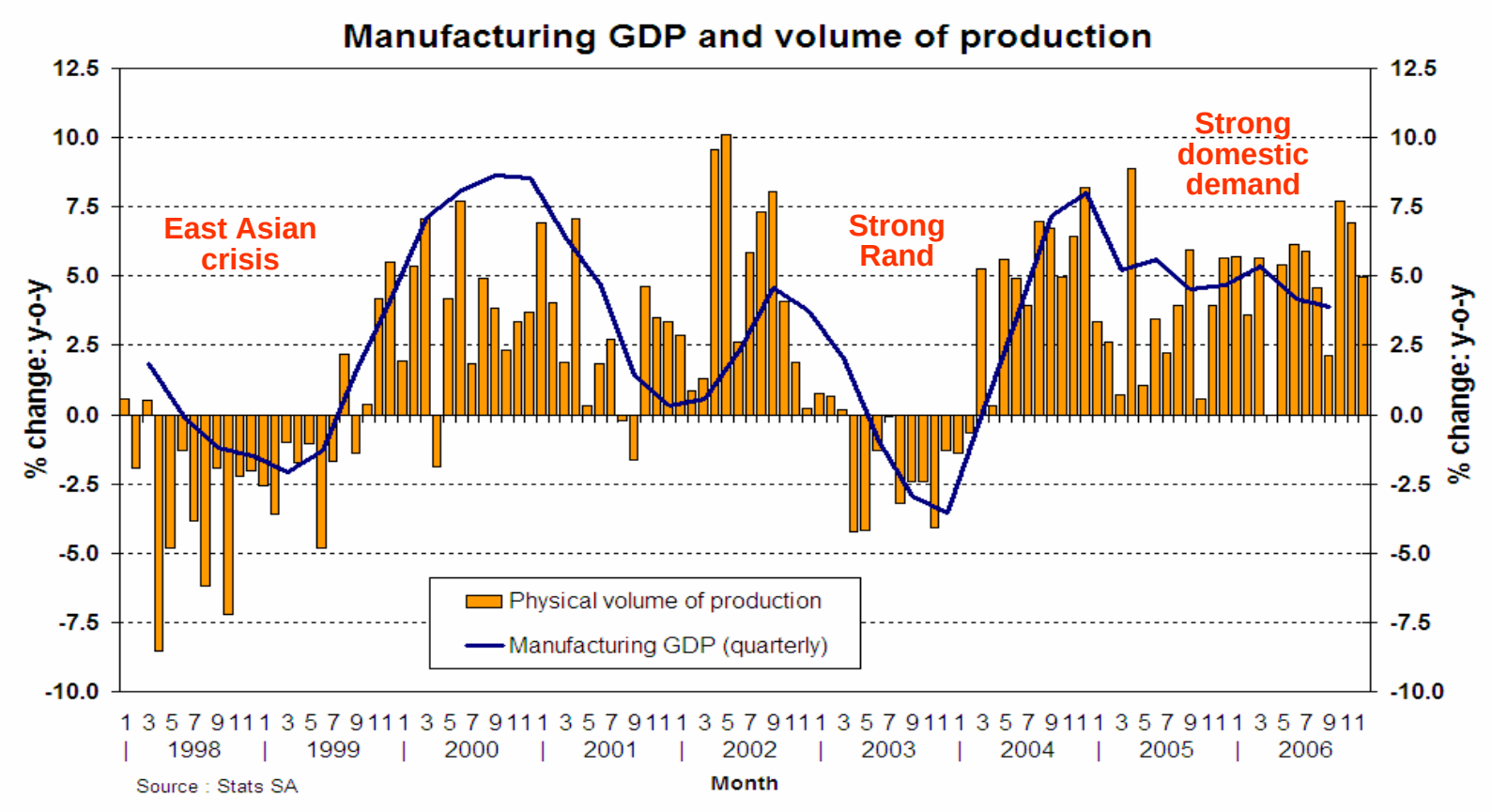
GDP performance

Manufacturing: sub-sectoral performance



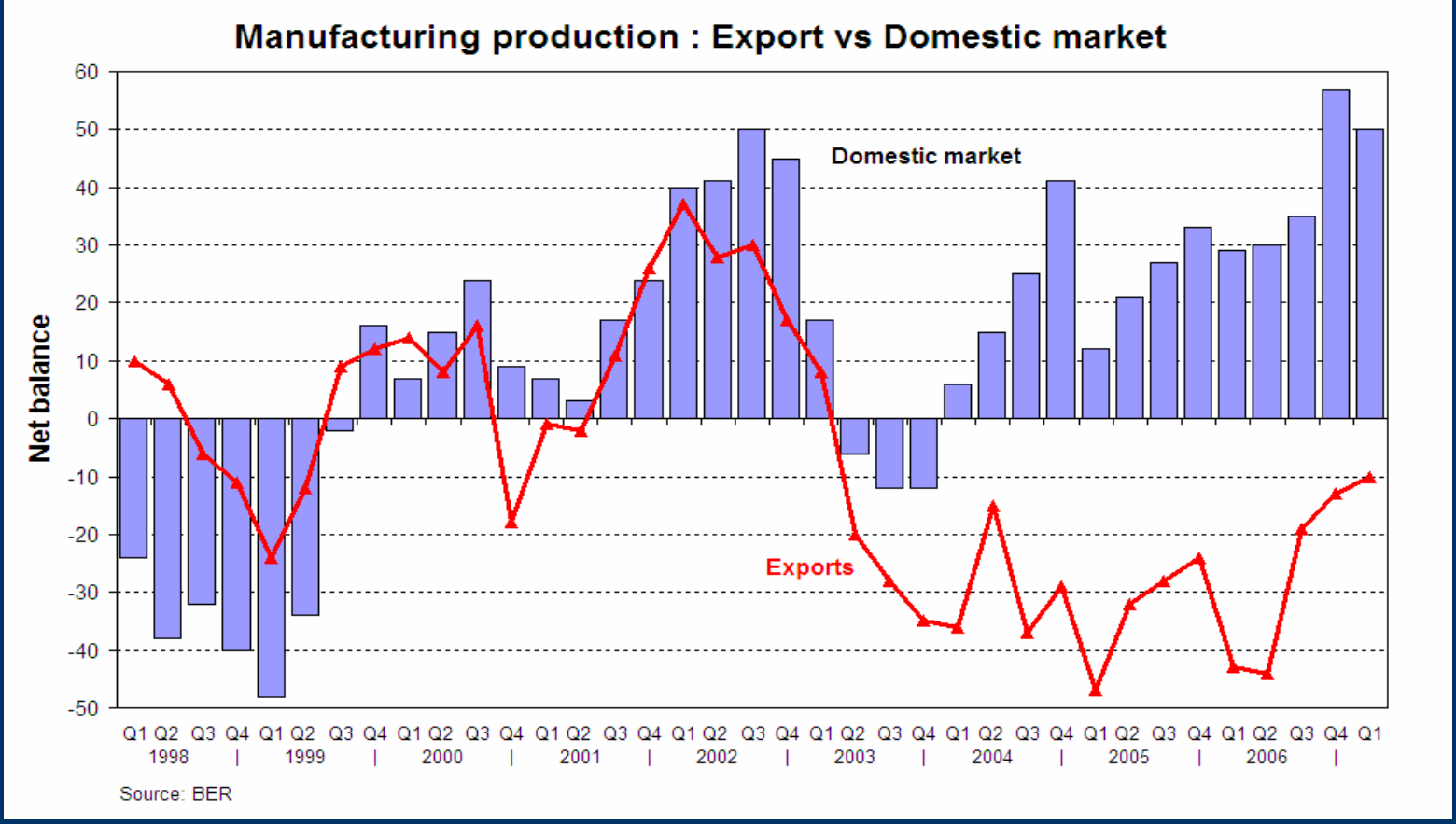
- ***Within the manufacturing sector, above average performances were recorded by the transport equipment, furniture, as well as the metals & machinery industries over the past five years***

Manufacturing sector performance



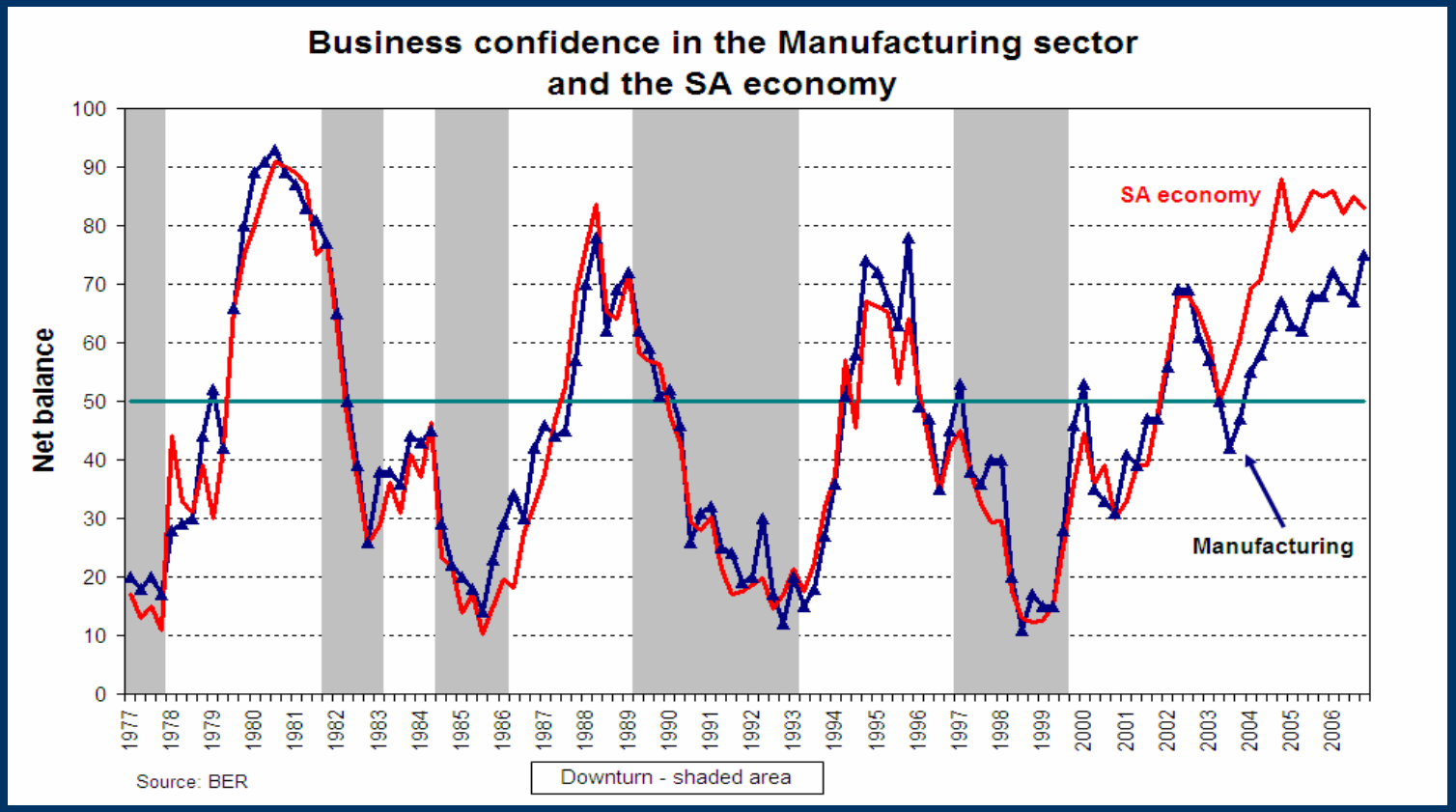
- *The manufacturing sector recorded a substantial improvement in its growth performance over the past decade, with an average sectoral GDP growth of 3% p.a. versus 0.5% p.a. in the preceding ten years*
- *A strong rand adversely impacted on export-oriented manufacturing businesses in 2003, resulting in a 1.4% contraction in manufacturing GDP in that particular year*
- *Domestic demand has been a key driver behind the sector's recovery in the past three years, mainly due to buoyant consumer spending*

Manufacturing sector orientation



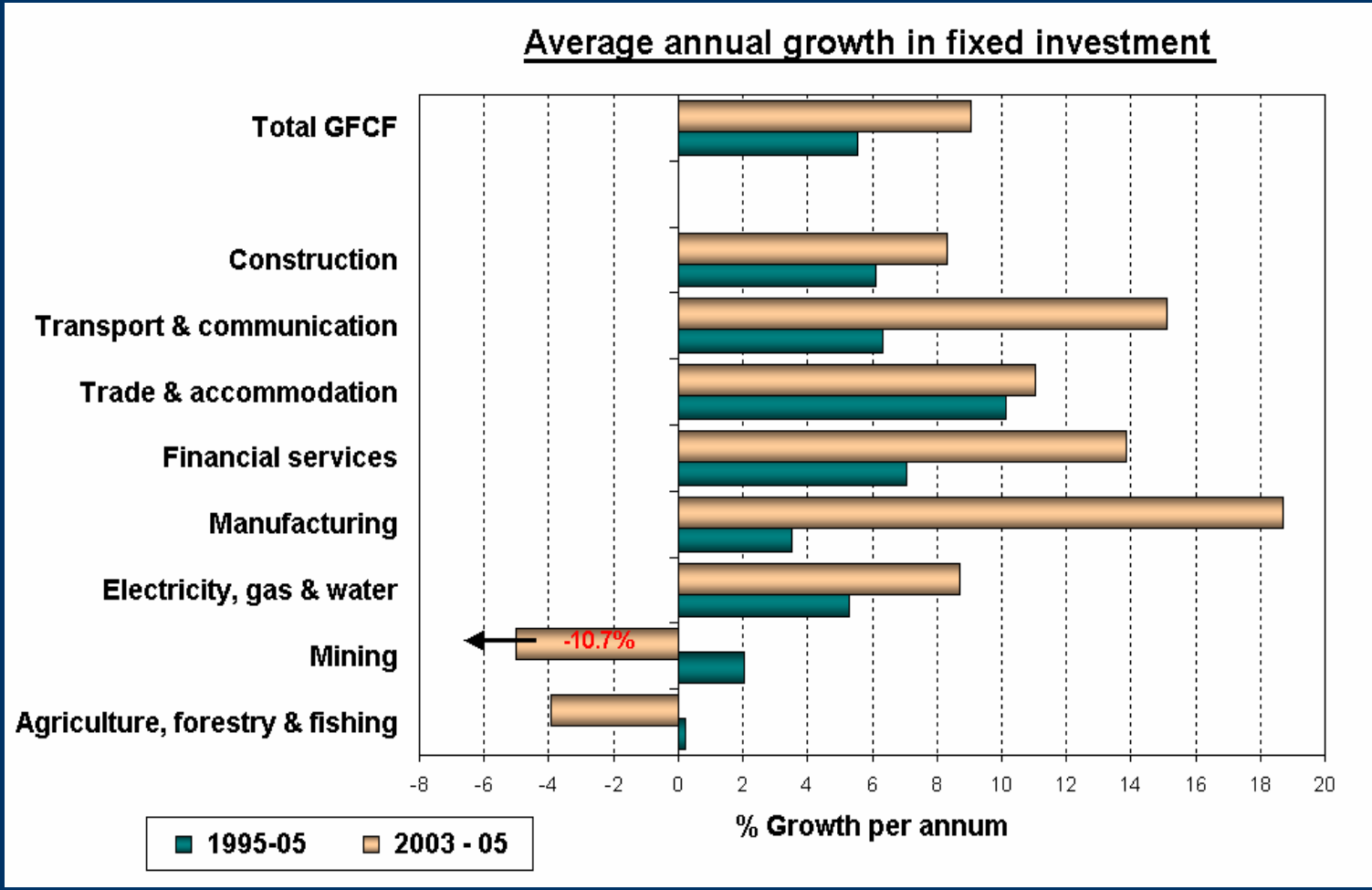
- *Manufacturers have increasingly **switched to** the lucrative **domestic market***
- *Exports are still under pressure, although manufacturers are now **less pessimistic** regarding their **future export potential** more recently*
- *Local manufacturers focusing on the domestic market were increasingly **challenged by cheap imports** in light of a strong currency in recent years.*

Business confidence



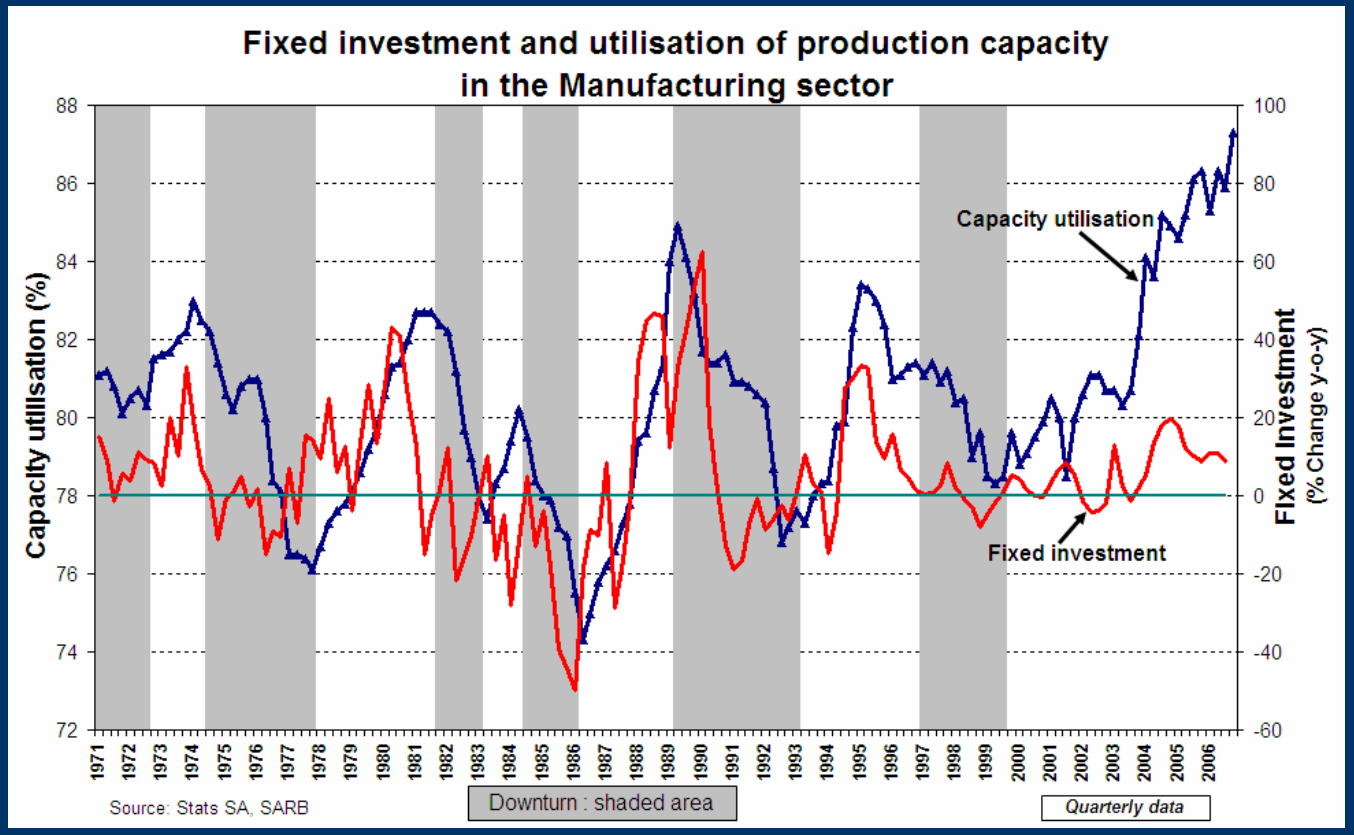
- ***Business confidence** remained at **very high levels during 2006**, providing a good indication that businesses are confident about the performance and prospects for the SA economy*
- ***Rising interest rates, higher inflation and increased import competition did not impact significantly on business confidence during 2006***
- ***Business confidence in manufacturing improved again in Q4 of 2006**, although slightly lower than that for the economy as a whole*

Fixed investment



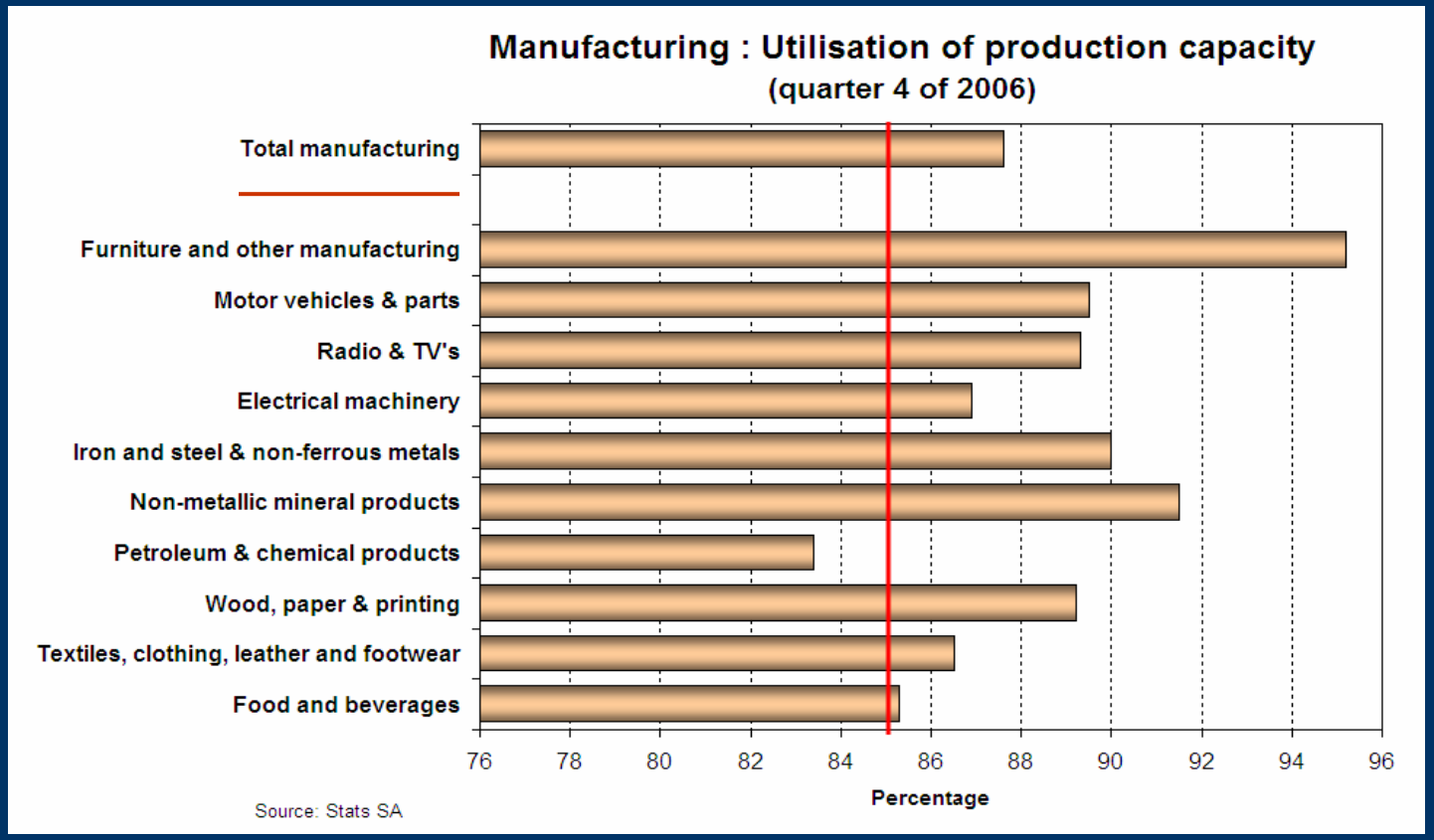
- ***Fixed investment increased strongly** over the past decade, and even more so over the period 2003 to 2005*

Manufacturing performance



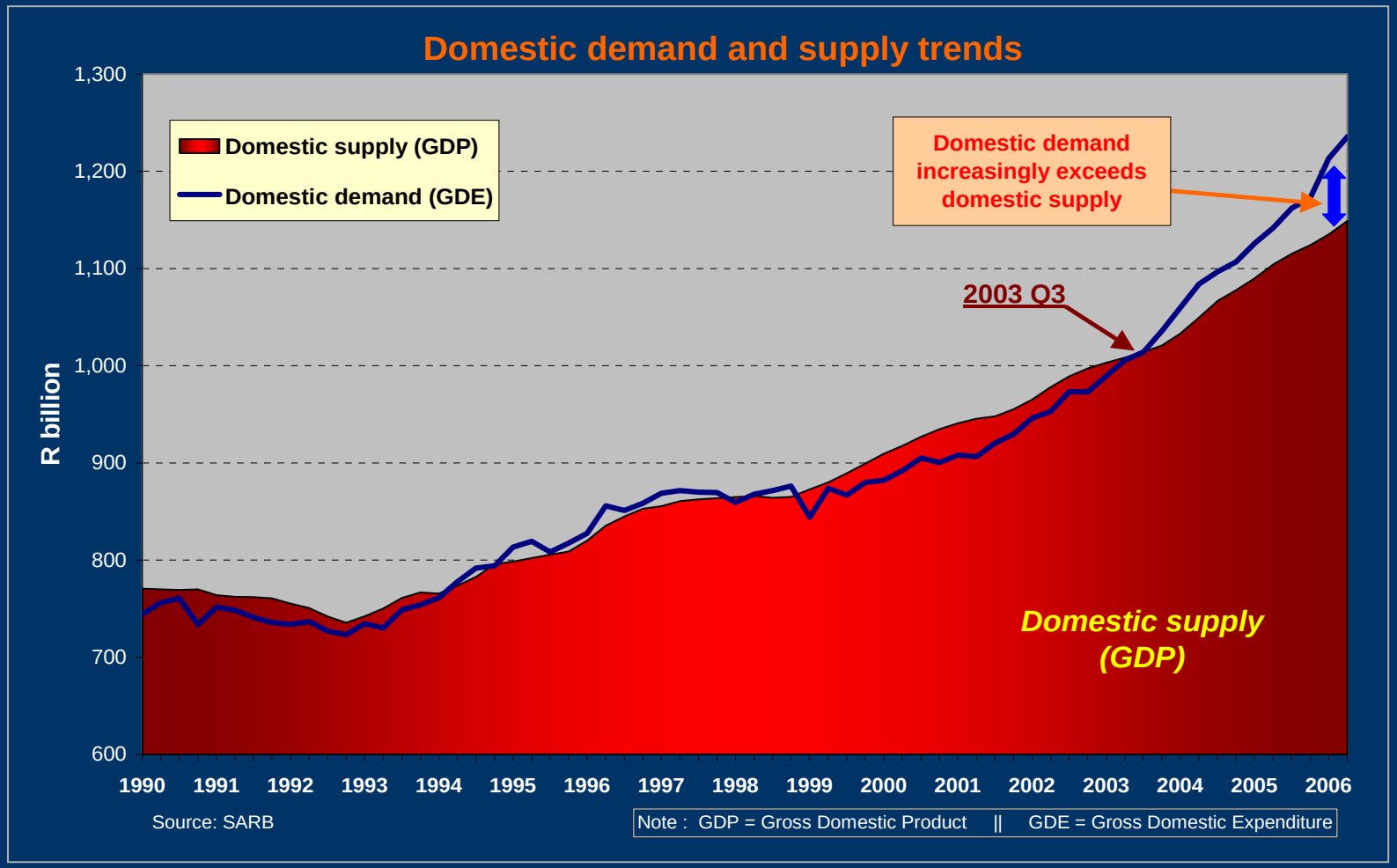
- *The manufacturing sector is experiencing the highest rates of production capacity utilisation of the past 35 years*
- *Strong growth of domestic economy resulted in many sectors operating near full capacity*
- *The relatively low levels of investment in manufacturing in recent years are perhaps an indication that businesses did not anticipate that the strong growth of the SA economy would be sustained over a prolonged period*

Manufacturing performance



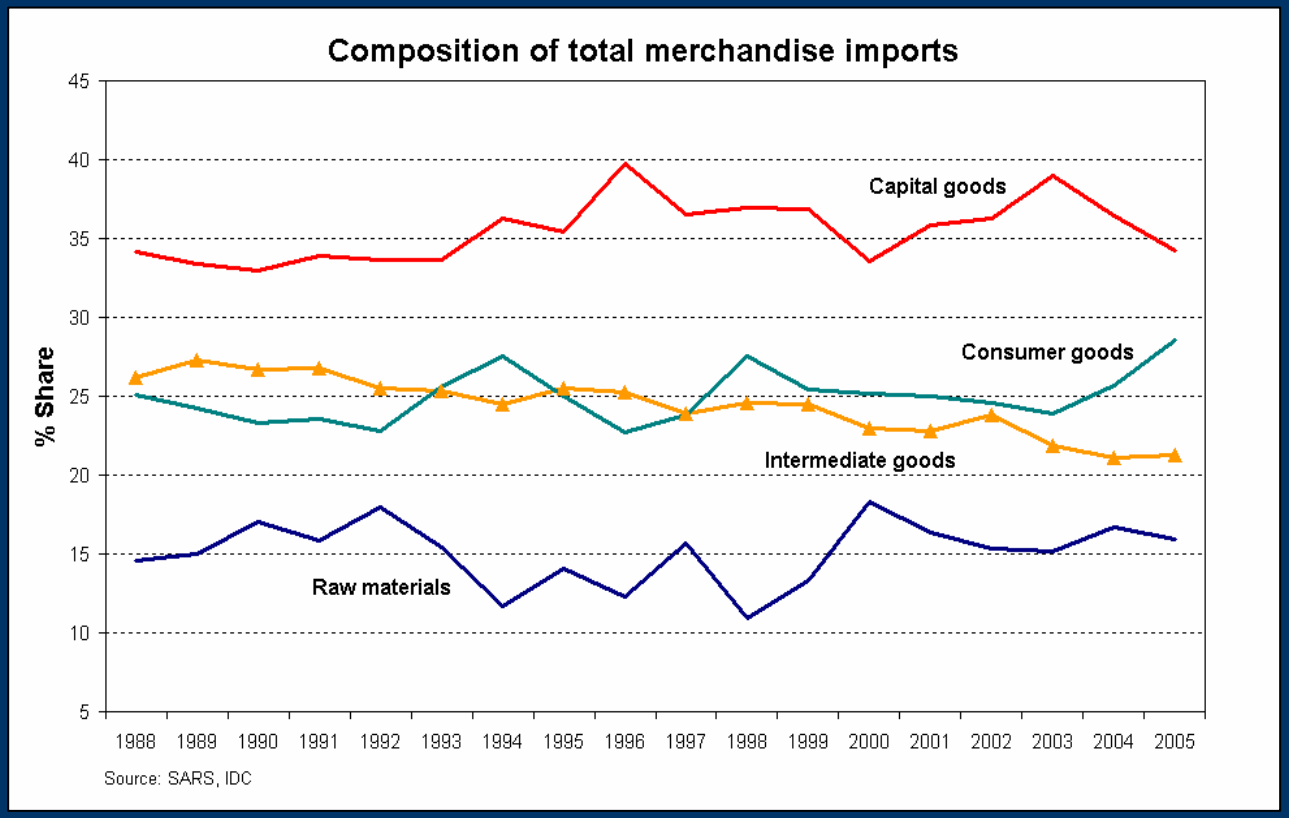
- ***Utilisation of production capacity in manufacturing close to 88%*** ***(full production generally considered at 85% level)***
- ***Urgent investments in new productive capacity are essential to sustain a higher economic growth momentum***
- ***Manufacturing fixed investment is forecast to expand rapidly (at an average rate of roughly 11% p.a.) over the next 5 years***

Domestic demand



- ***The sharp increase in domestic demand, including consumer spending and fixed investment, resulted in a widening output gap***
- ***This is illustrating that the country is consuming increasingly more than it is able to produce, hence a rapid rise in import demand for both consumer and capital goods has emerged.***

Balance of payments: Imports



- ***Robust economic growth, the strengthening of the Rand, as well as conducive domestic economic conditions in support of higher private consumption expenditure, saw the demand for imported consumer goods as well as for capital goods (e.g. machinery and equipment, automotives, aircraft and other transport equipment) increasing sharply since 2003.***
- ***Demand for imported consumer goods increased by 60% between 2003 and 2005***
- ***Nonetheless, capital goods still dominate the import basket***

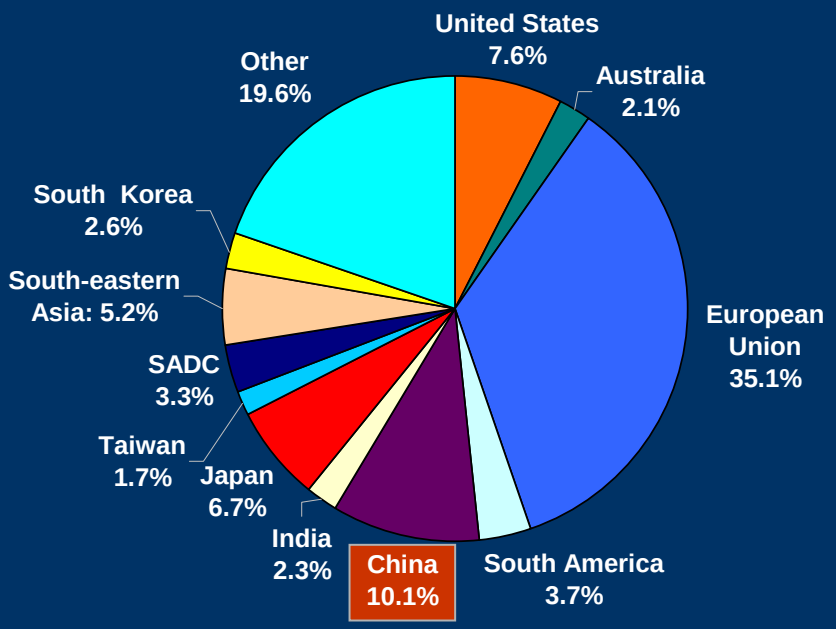
Balance of trade: Imports

Major import components and origin of merchandise goods in 2006 …

IMPORTS BY TYPE OF PRODUCT IN 2006 (R million)			
Product description	Value in 2005 (R million)	Value in 2006 (R million)	% Increase
Mineral products (mainly crude oil)	52,926.0	88,782.4	68%
Base metals and articles of base metals	14,647.4	22,670.1	55%
Machinery and equipment, radio's and TV's, etc.	91,426.7	121,097.4	32%
Paper, paperboard and articles thereof	5,724.9	7,433.4	30%
Textiles and clothing	11,212.7	14,359.9	28%
Chemicals and chemical products	31,439.5	37,817.8	20%
Automotives and other transport equipment	45,555.8	53,662.3	18%
Other imported goods	96,230.8	116,825.4	21%
Total imports	**349,163.7**	**462,648.8**	**33%**

Source: SARS

SA imports by country of origin in 2006

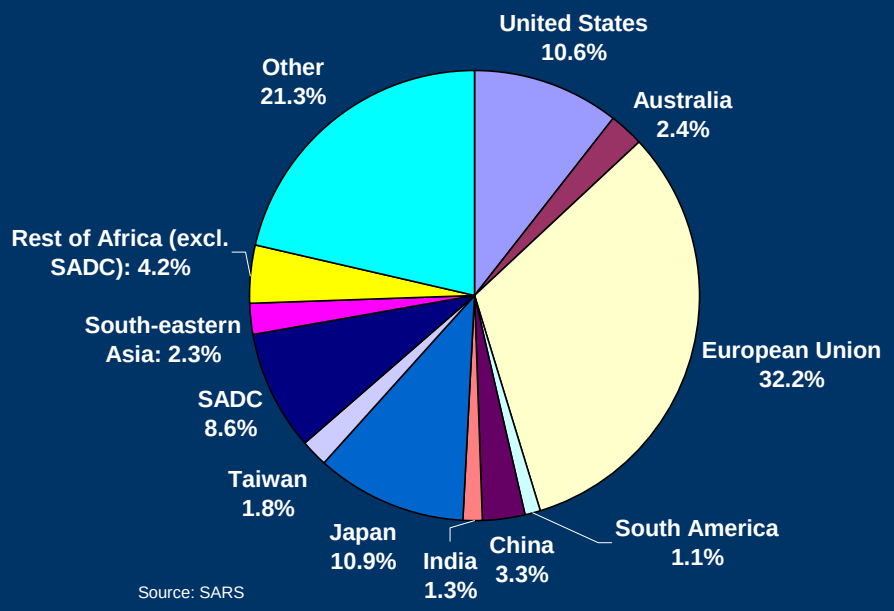


Source: SARS

- ***The import demand for mineral products (mainly crude oil) increased by 68% in 2006, with oil now accounting for close to 15% of all merchandise imports***
- ***China becoming a progressively larger source of imports, with its share in the import basket rising from 1.7% in 1994 to just over 10% last year.***

Balance of trade: Exports

SA exports by country of destination in 2006



Source: SARS

Exports according to stage of manufacturing (% share of total exports)	1990	1996	2000	2004	2005
Gold	28.8	21.6	13.3	9.7	8.3
Primary products	23.2	22.5	19.9	16.4	19.9
Beneficiated primary products	34.0	32.6	36.7	43.8	41.3
Material-intensive products	5.2	6.4	7.3	5.2	5.2
Manufactured goods[1]	**8.8**	**16.9**	**22.8**	**24.9**	**25.3**

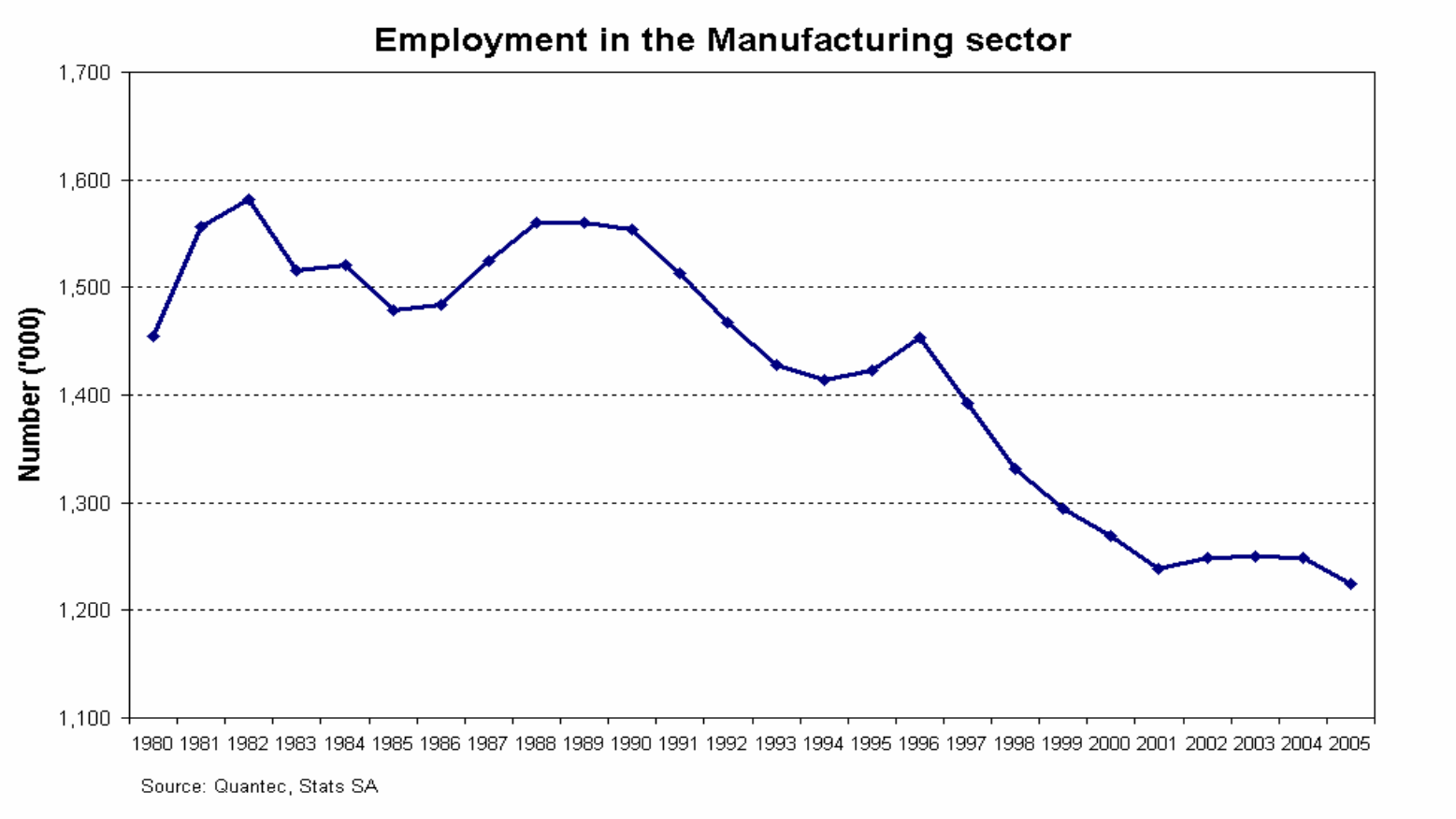
Source: IDC calculations

- *SA's exports are destined mainly to the EU, followed by Japan and the US*
- *The SADC region also accounts for a significant share of SA's exports*
- *Considerable headway has been made in the diversification of the export basket over the past decade*
- *SA's re-admittance into the global economy after 1994 provided local businesses with a multitude of new export opportunities*
- *SA's export propensity (i.e. exports-to-GDP ratio) increased sharply from 22% in 1994 to 33% by 2002, but declined thereafter as a strengthening rand took its toll on the price competitiveness of export-oriented business enterprises*

GDP performance

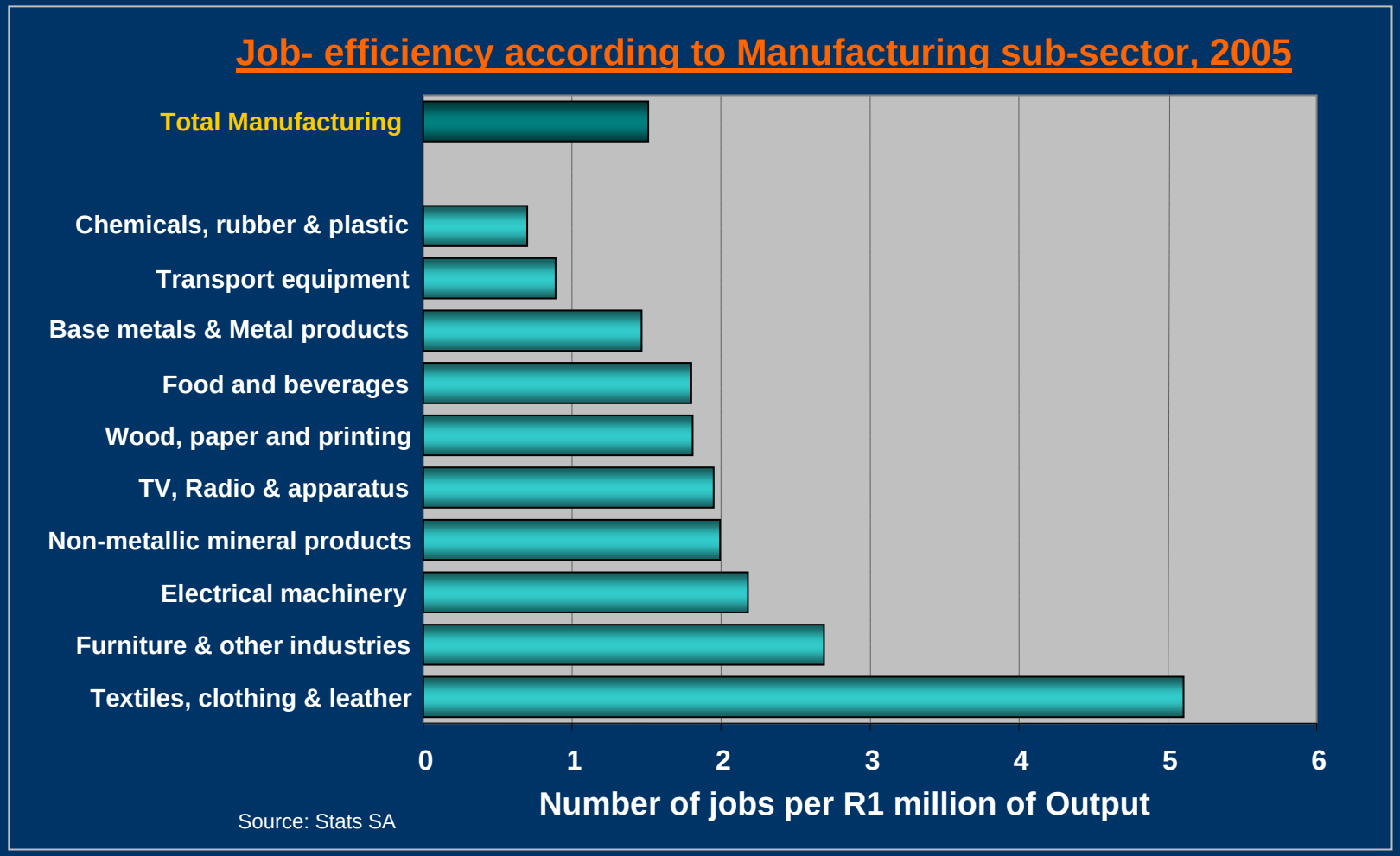
- *The remarkable recovery in SA's overall economic performance since 1994 has not translated into significant job creation in the formal non-agricultural sectors of the economy*
- *The SA economy has become less labour-intensive over the years, although some reversal in this trend has been observed in more recent years*
- *Nevertheless, in the year to March 2006, some 544 000 new jobs were created in the economy at large (515 000 in year to March 2005), with 347 000 of these jobs being within the trade sector*

Employment in manufacturing



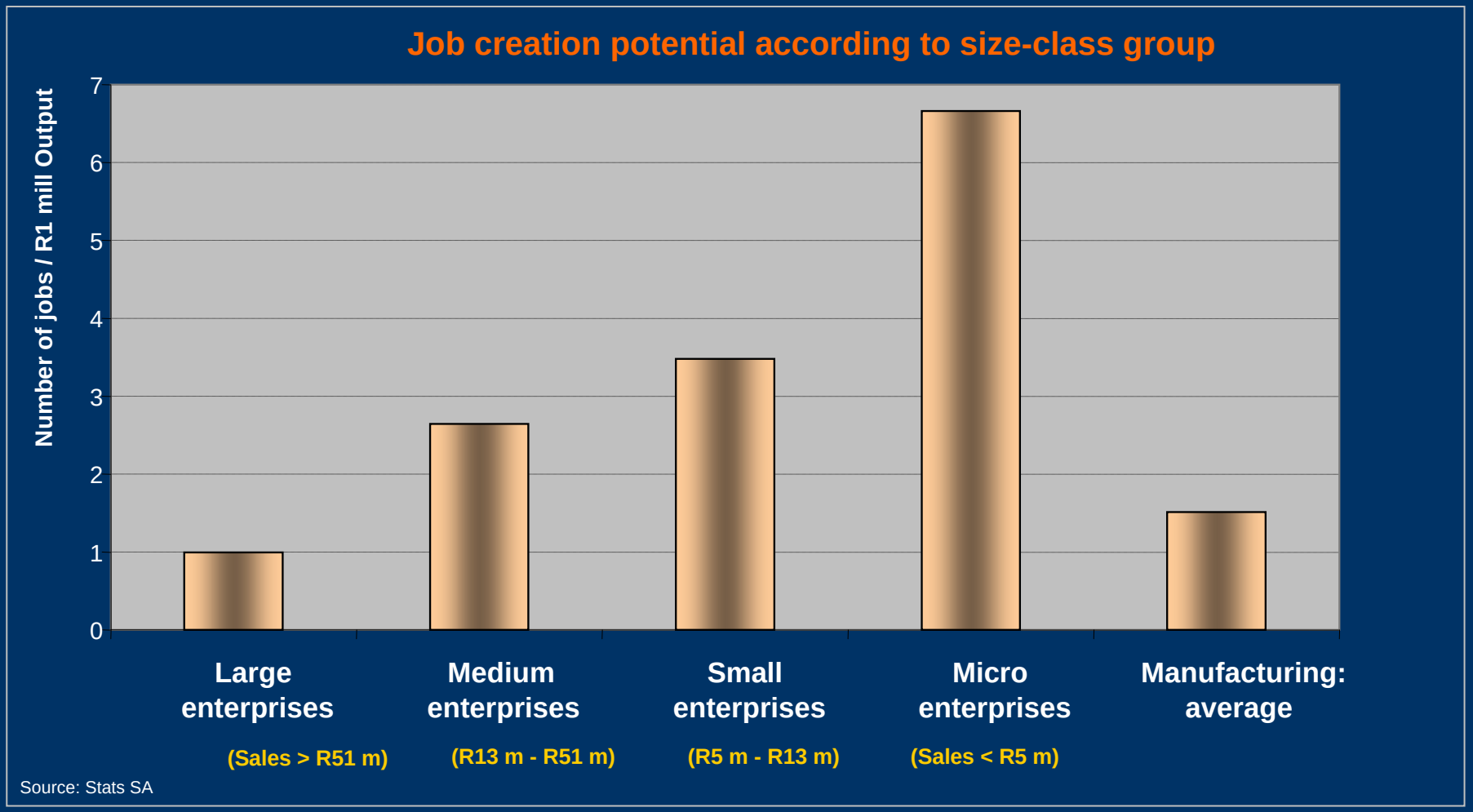
- ***Manufacturing businesses continue to retrench workers to cut costs as they strive to remain competitive***
- ***Increased capital deepening and a move towards modern technology is evident in the workplace***

Employment in manufacturing



- *The clothing and textiles sub-sector is the most labour-intensive*
- *Chemicals production is highly capital-intensive in nature, with less than one job opportunity being created for every R1 million of turnover.*

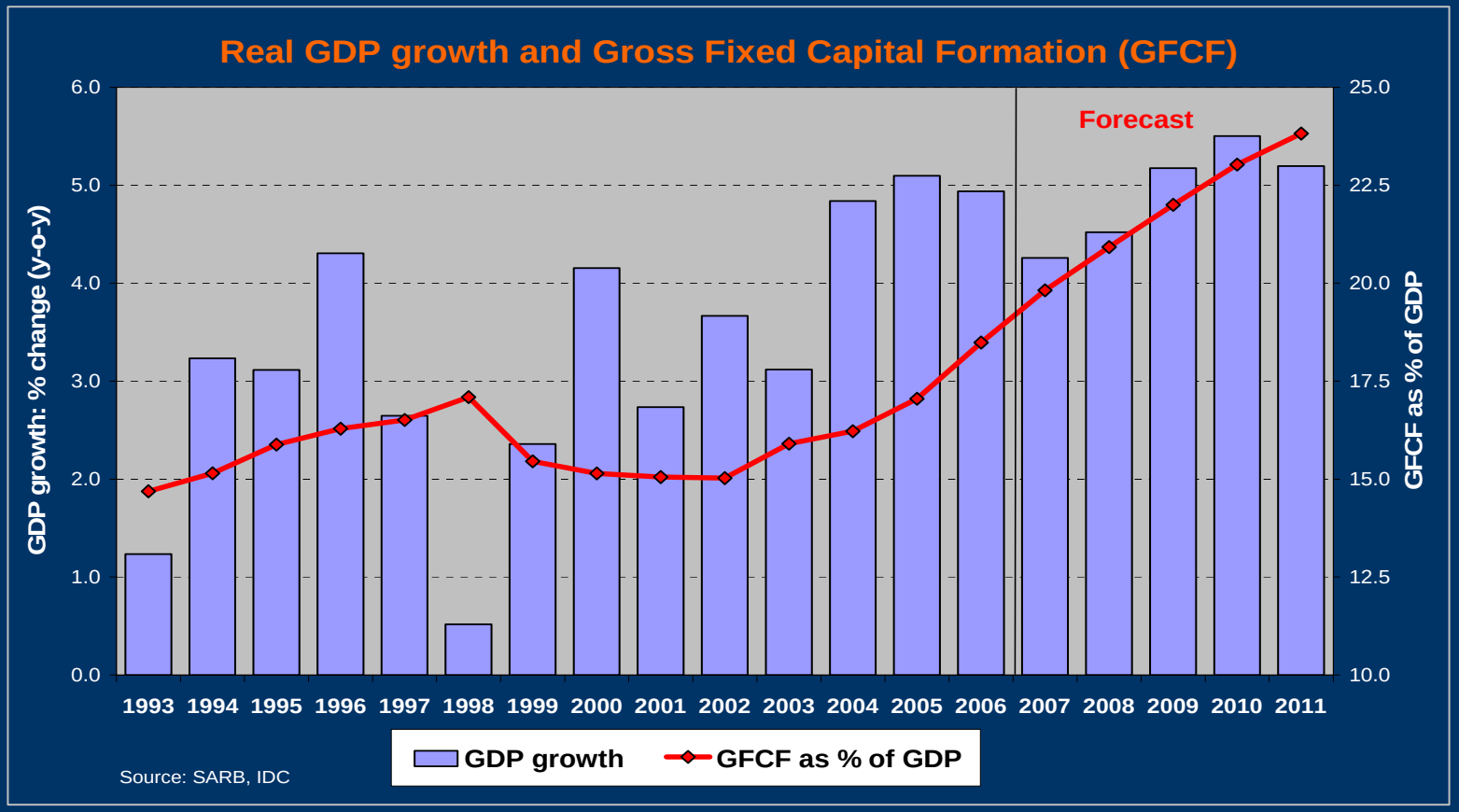
Employment in manufacturing



- *The manufacturing sector creates, on average, approximately 1.5 job opportunities per R1 million of output*
- *Micro enterprises (annual turnover < R5 mil p.a.) are the most labour-intensive, while large enterprises (turnover > R51 mil p.a.) are significantly less labour-intensive*

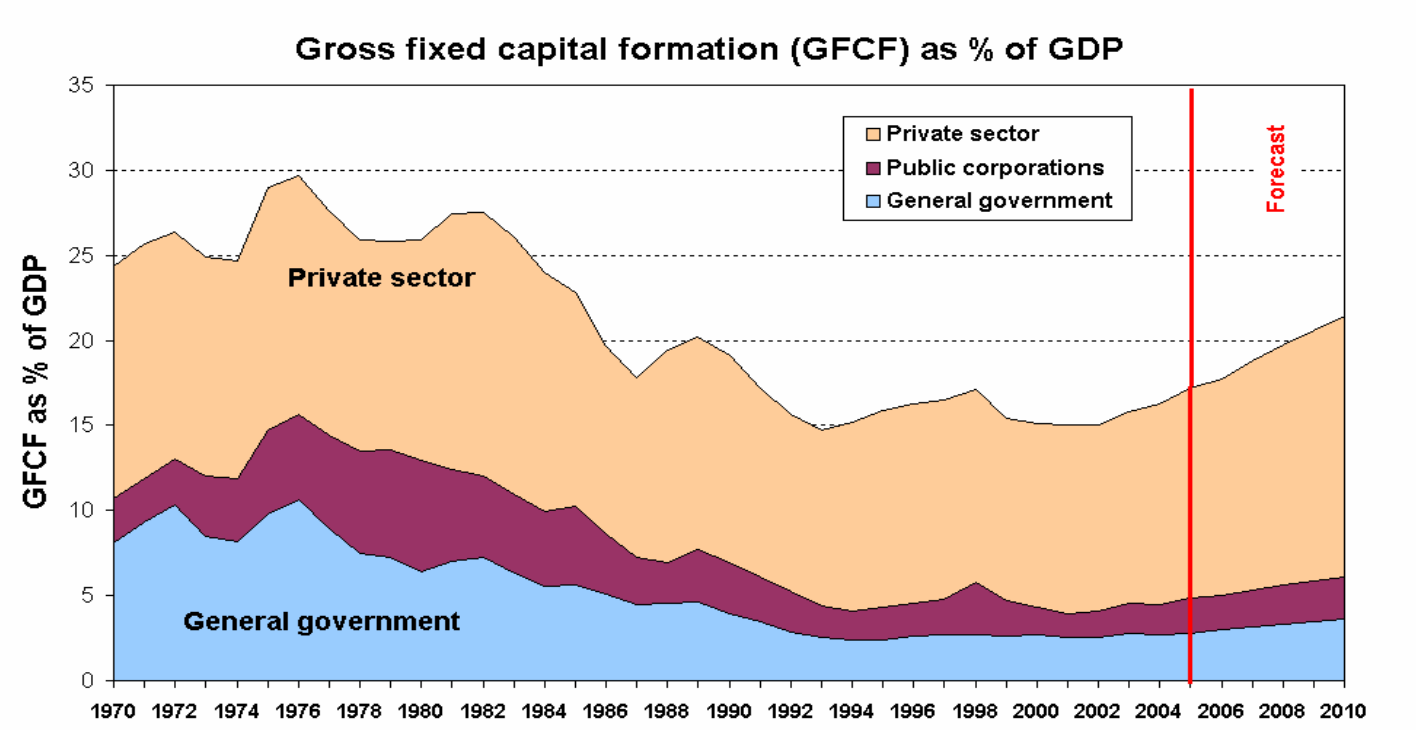
Economic prospects for the next five years

GDP & fixed investment outlook



- ***GDP growth estimates for 2006 have been revised upward, from 4.4% to 4.9%***
- ***Fixed investment is forecast to increase rapidly on the back of government's R410 billion infrastructure programme accompanied by higher levels of private sector fixed investment***

SOE capex programme



Source: SARB, IDC forecasts

- ***Eskom* and *Transnet* are planning to spend *R178 billion* over 5 years (2006/07 to 2010/11)**
- ***These capex programmes will have an *enormous impact* on the economy, including:***
  - ***Demand for inputs***
  - ***Industrial *development of important sectors* such as manufacturing of capital goods and transport equipment***
  - ***Crowding-in of private sector investment* through more effective infrastructure***

SOE capex programme

Main features of the Eskom & Transnet capex programmes (based on capex amount of R133.8 bn previously announced)

Capex spending in R billion			
	Eskom	Transnet	Total
Total Capex	92.9	40.8	133.8
Domestic spending	52.7	28.2	80.9
Import leakage	40.2	12.6	52.9

- ***Total capex of R133.8 billion is equivalent to approximately 60% of total fixed investment in SA in 2004***
- ***Capex programme's 40% import leakage ratio (i.e. imports as a % of output) is excessively high if compared to an average of 11.2% for the economy as a whole***

SOE capex programme

Domestic spending on construction and items in key areas of manufacture will be significant:

- ***Construction, particularly civil engineering (R27 bn)***
- ***Metal products, excluding machinery (R11 bn)***
  (e.g. structural metal products, steel towers and poles)
- ***Electrical machinery (R9 bn)***
  (transformers, cables and conductors, circuit breakers, isolators, metering panels, protection panels etc.)
- ***Non-electrical machinery (R8 bn)***
  (turbines, etc.)
- ***Transport equipment (R5.5 bn)***
  (locomotives, wagons, etc.)

SOE capex programme

Key findings: Macro-economic impact

Impact of R133.8 bn CAPEX on the South African economy in 2004 (R million)			
Economic impact variable	**Eskom**	**Transnet**	**Total Capex**
Total Capital Investment	92,949.0	40,812.0	133,761.0
Domestic spending	52,717.0	28,167.2	80,884.2
Impact on the SA economy:			
Gross Domestic Product (GDP)	60,158.3	30,166.7	90,325.0
Balance of payments			
Direct imports	40,232.0	12,644.8	52,876.8
Import leakage (indirect)	13,948.3	8,385.2	22,333.5
Total imports (direct & indirect)	54,180.3	21,030.0	75,210.3
Government revenue (tax collections)	7,435.3	3,773.1	11,208.3
Employment (number)	32,215	23,043	55,258

Source: IDC

- ***Highly capital intensive*, with a total cost per job = R2.4 million**
- ***Capex programme is forecast to contribute an additional 35% to national GDP over the next five years***

SOE capex programme

Key findings: Sectoral impact

Additional GDP & Employment as result of Capex spending as % of sectoral GDP and Employment in 2004

	(Average annual p.a.)		(Cumulative over 5 years)	
INDUSTRY	**GDP**	**Employment**	**GDP**	**Employment**
Agriculture	0.81%	0.04%	4.05%	0.04%
Mining	1.57%	0.37%	7.84%	0.37%
Food, Beverage & Tobacco	0.83%	0.33%	4.17%	0.33%
Textiles, Clothing, Footwear & Leather	0.87%	0.09%	4.34%	0.09%
Wood, Paper & Printing	1.28%	0.36%	6.38%	0.36%
Chemicals, Rubber & Plastics	1.36%	1.03%	6.82%	1.03%
Non-metallic mineral products	3.57%	0.72%	17.86%	0.72%
Iron & steel, metal products	4.20%	2.78%	21.01%	2.78%
Machinery & equipment	5.60%	1.95%	27.99%	1.95%
Transport equipment	1.93%	1.38%	9.65%	1.38%
Other manufacturing (incl. Furniture)	0.73%	0.32%	3.65%	0.32%
Electricity, gas & water	1.67%	1.85%	8.34%	1.85%
Construction	8.40%	10.32%	41.99%	10.32%
Trade, catering & accommodation	1.09%	0.10%	5.43%	0.10%
Transport, storage & communication	1.31%	0.77%	6.57%	0.77%
Financial & business services	1.48%	0.23%	7.38%	0.23%
Community & other services	0.39%	0.04%	1.96%	0.04%
Total	**1.34%**	**0.97%**	**6.70%**	**0.97%**

Source: IDC

- *Over the five-year period, value added in the construction sector will be 42% higher relative to its 2004 level.*
- *Employment creation in this sector is projected at roughly 33 000 additional workers due to the capex programme, which is equivalent to 10% of its labour force in 2004.*

SOE capex: sectoral development opportunities

A number of previously viable industries that are strong candidates for revival include:

- ***Forging and casting***
- ***Boilers***
- ***Tooling***
- ***Several sub-component manufacturers***
- ***Railway lines***

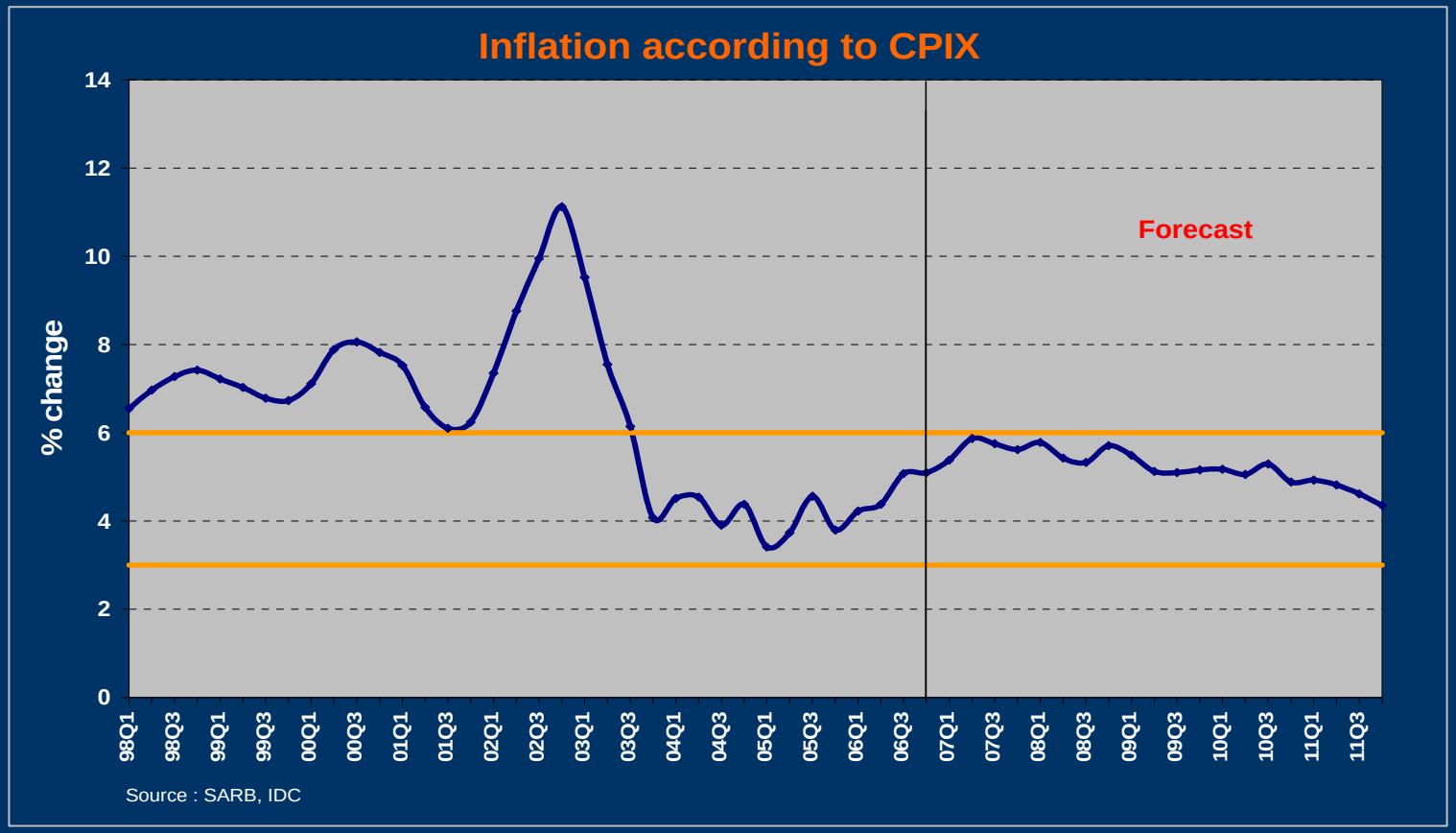
A number of existing industries have been identified for expansion or for developing an export orientation:

- ***Locomotives (refurbishment and/or upgrading), wagons and coaches***
- ***Railway sleepers***
- ***Transformers***
- ***Pumps***
- ***Valves***
- ***Taps***
- ***Cables***
- ***Overhead transmission lines***
- ***Conductors***

Areas for new investment by multi-nationals:

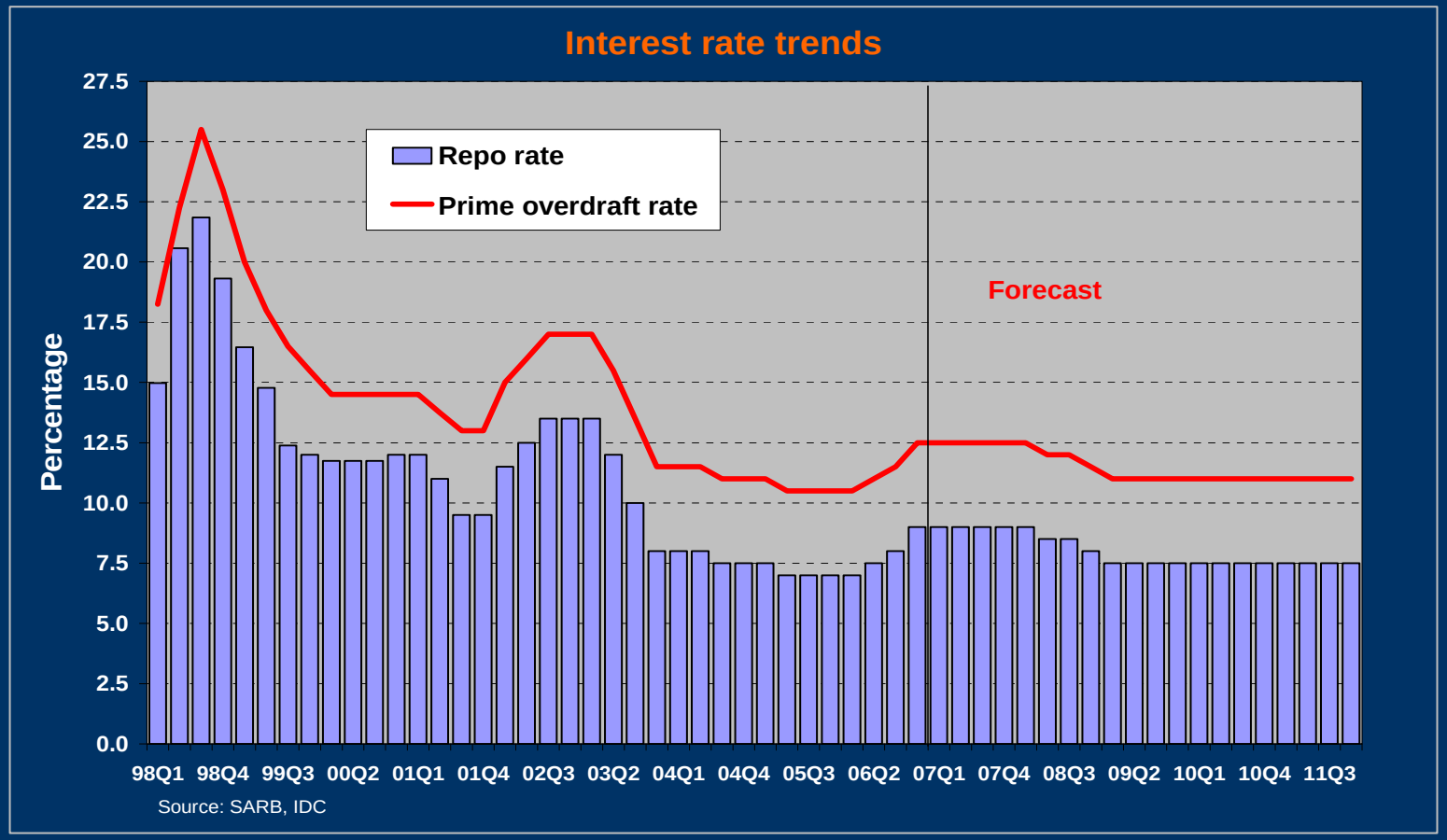
- ***Productions of components for turbines, and assembly of turbines***
- ***Production of components of engines (electrical as well as diesel)***
- ***Production of components of switchgears***

Inflation outlook



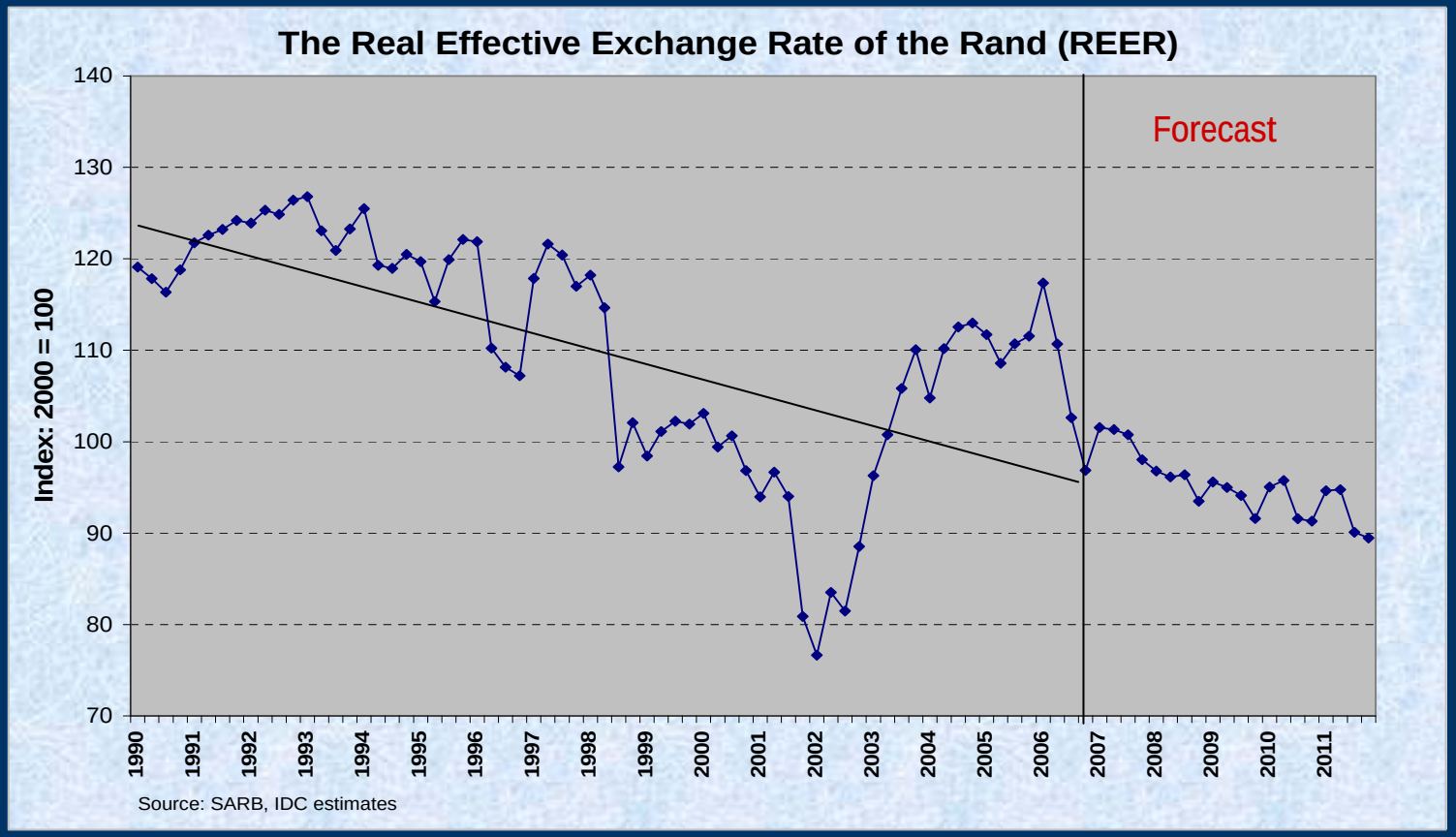
- *CPIX inflation averaged 4.6% in 2006, compared to 3.9% in 2005*
- *Rising petrol prices (particularly over the first 8 months of the year) along with an acceleration in food prices contributed to this higher inflation rate*
- *Upside risks for inflation: demand-pull backed by high levels of credit extension, whilst further food price increases are also posing a risk*
- *A fairly benign oil price outlook should alleviate some inflationary pressures going forward*

Interest rate outlook



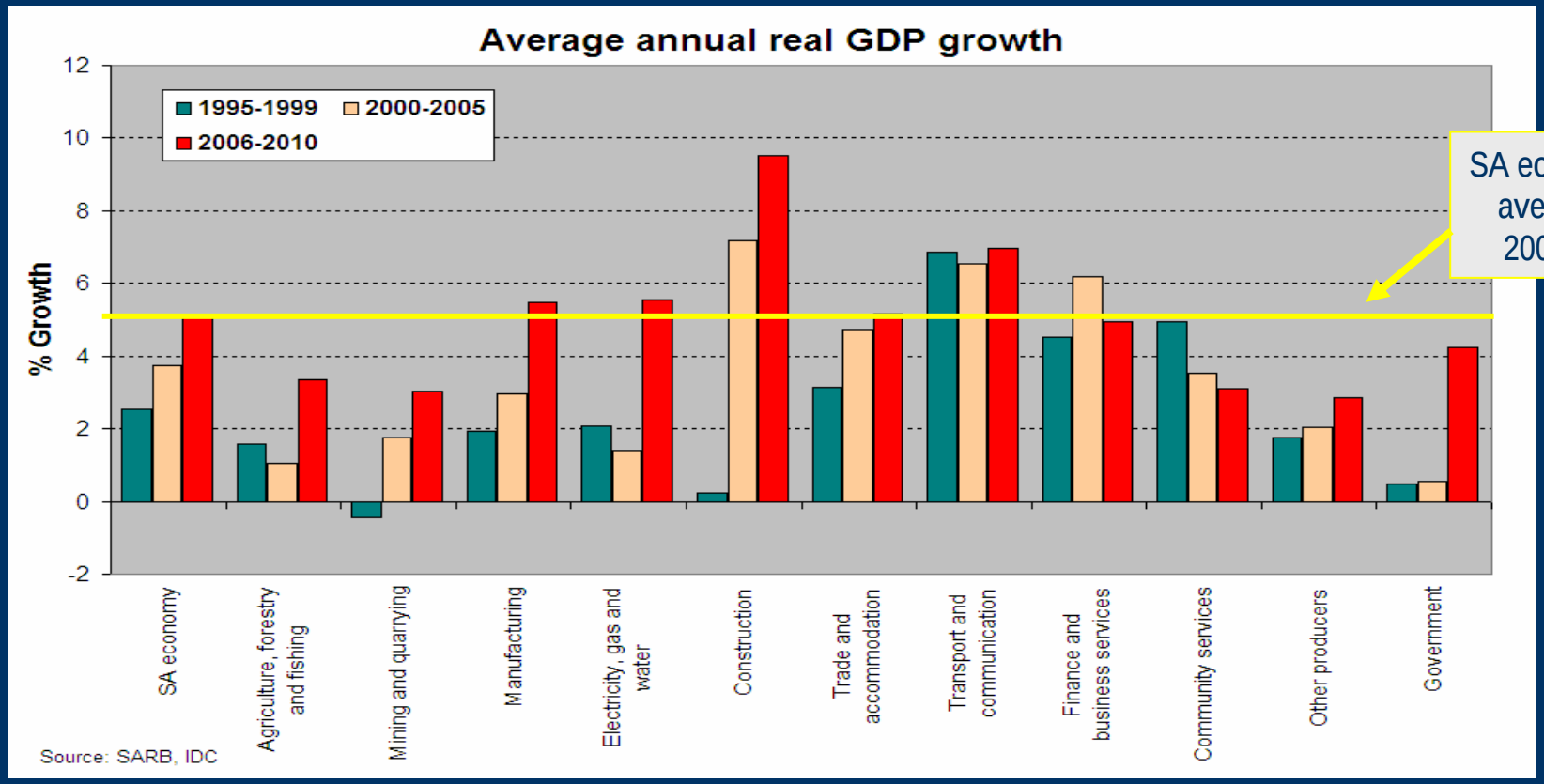
- *Rising inflation during 2006 forced the Monetary Policy Committee (MPC) to hike interest rates by 200 basis points since June last year*
- *However, at its latest meeting (15 February 2007) the MPC decided to leave the repo rate unchanged at 9% (prime at 12.5%)*
- *Nonetheless, the MPC did warn that risks to the inflation outlook do remain, which could influence the future monetary policy stance*

Exchange rate outlook



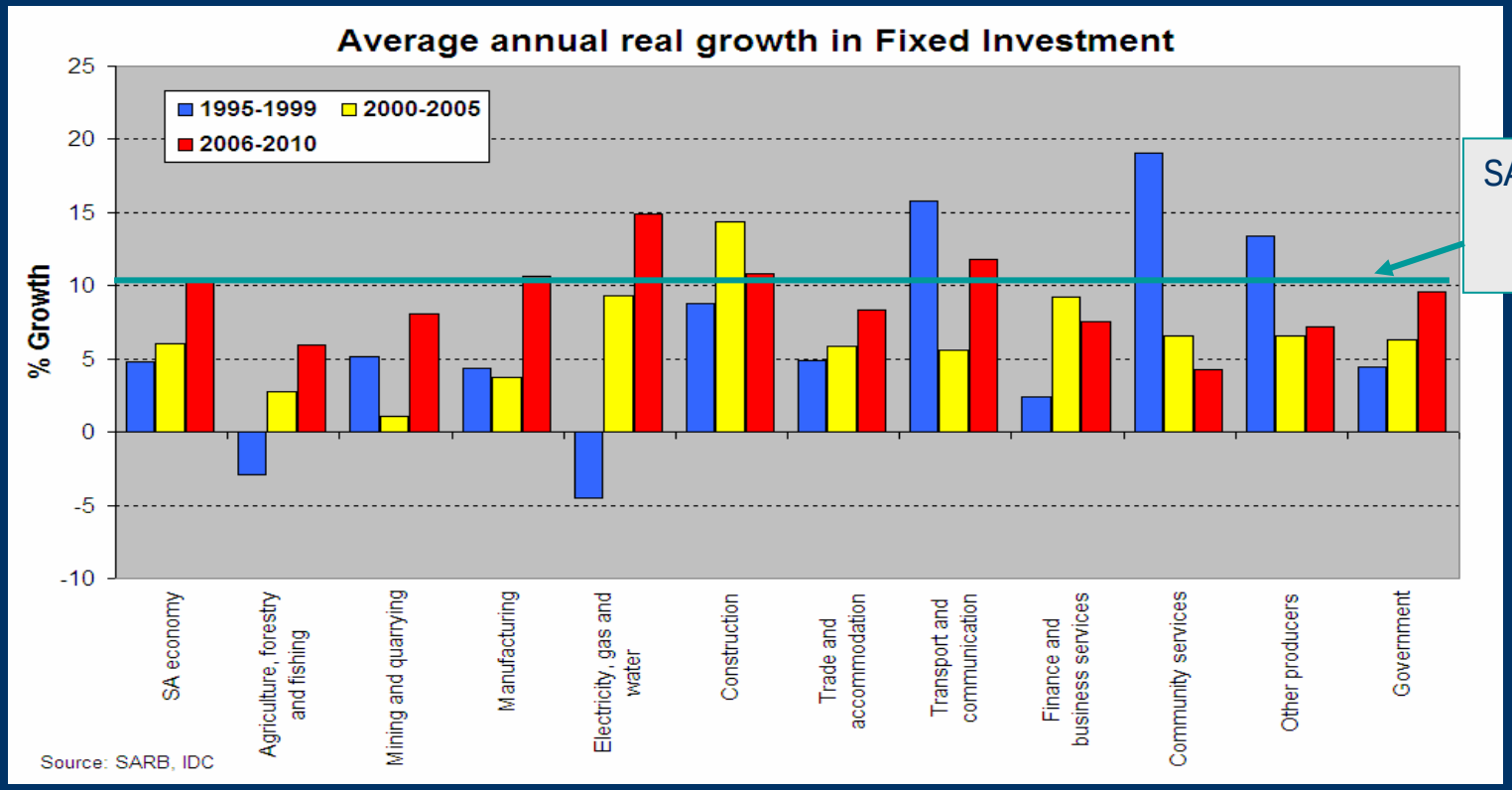
- *A widening gap on the balance of payments, along with emerging market jitters, put renewed pressure on the Rand during 2006*
- *The currency depreciated from R5.95/USD in late January 2006 to R7.98/USD by early October 2006 (a 34% depreciation over this period).*
- *A moderate depreciation of the Rand is forecast for the next 5 years as a substantial current account deficit is likely to put the currency under pressure.*

Sectoral outlook: GDP growth



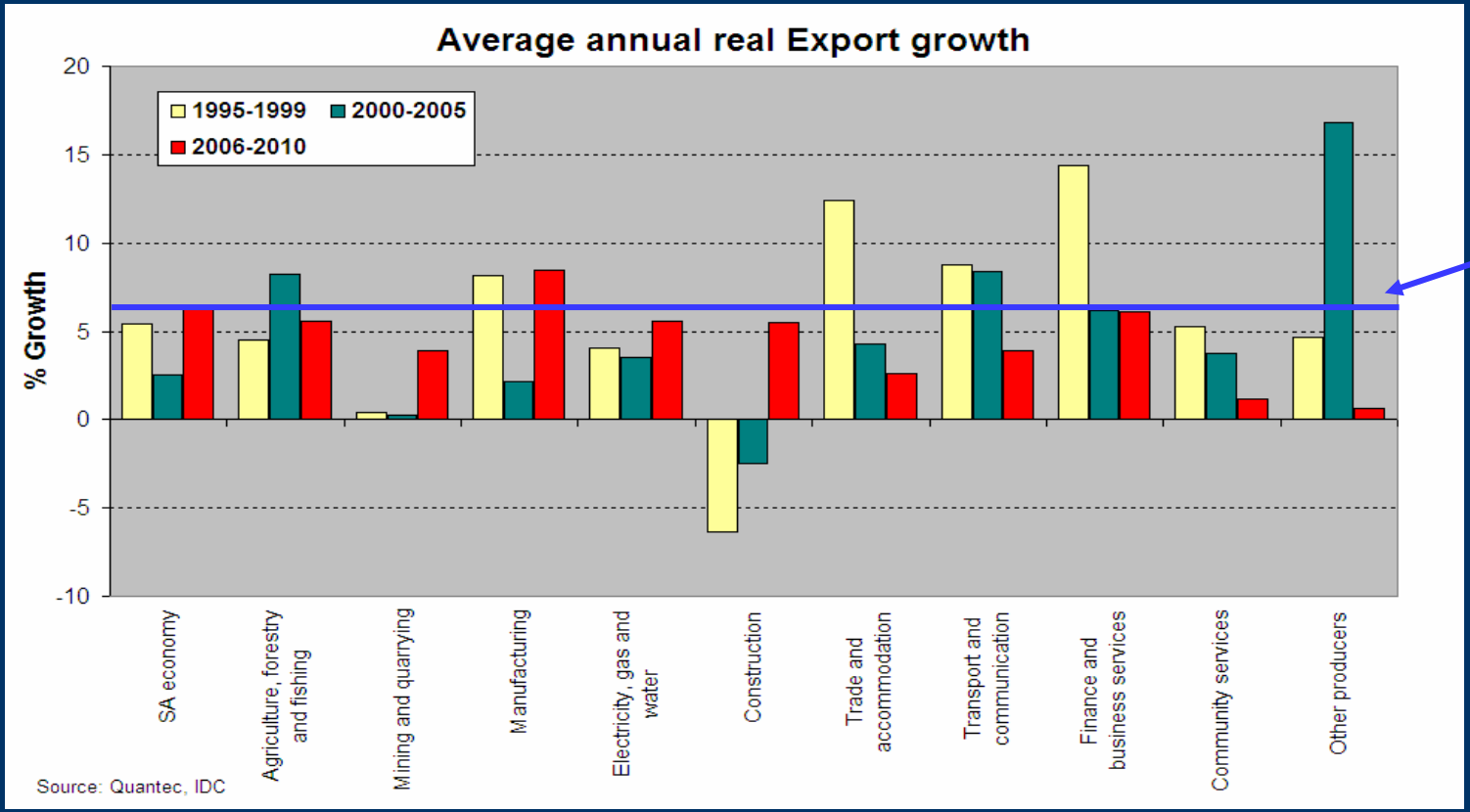
- *A **substantial improvement** in overall economic activity is forecast within the **manufacturing sector**, as this sector is expected to benefit from strong domestic demand as well as from fairly strong global economic growth*
- *The **construction sector will expand rapidly** due to increased activity linked to the SOE capex progammes, public sector and private sector construction activities*
- *The **electricity** and **transport sectors** are also likely to expand faster than the national average*

Sectoral outlook: fixed investment



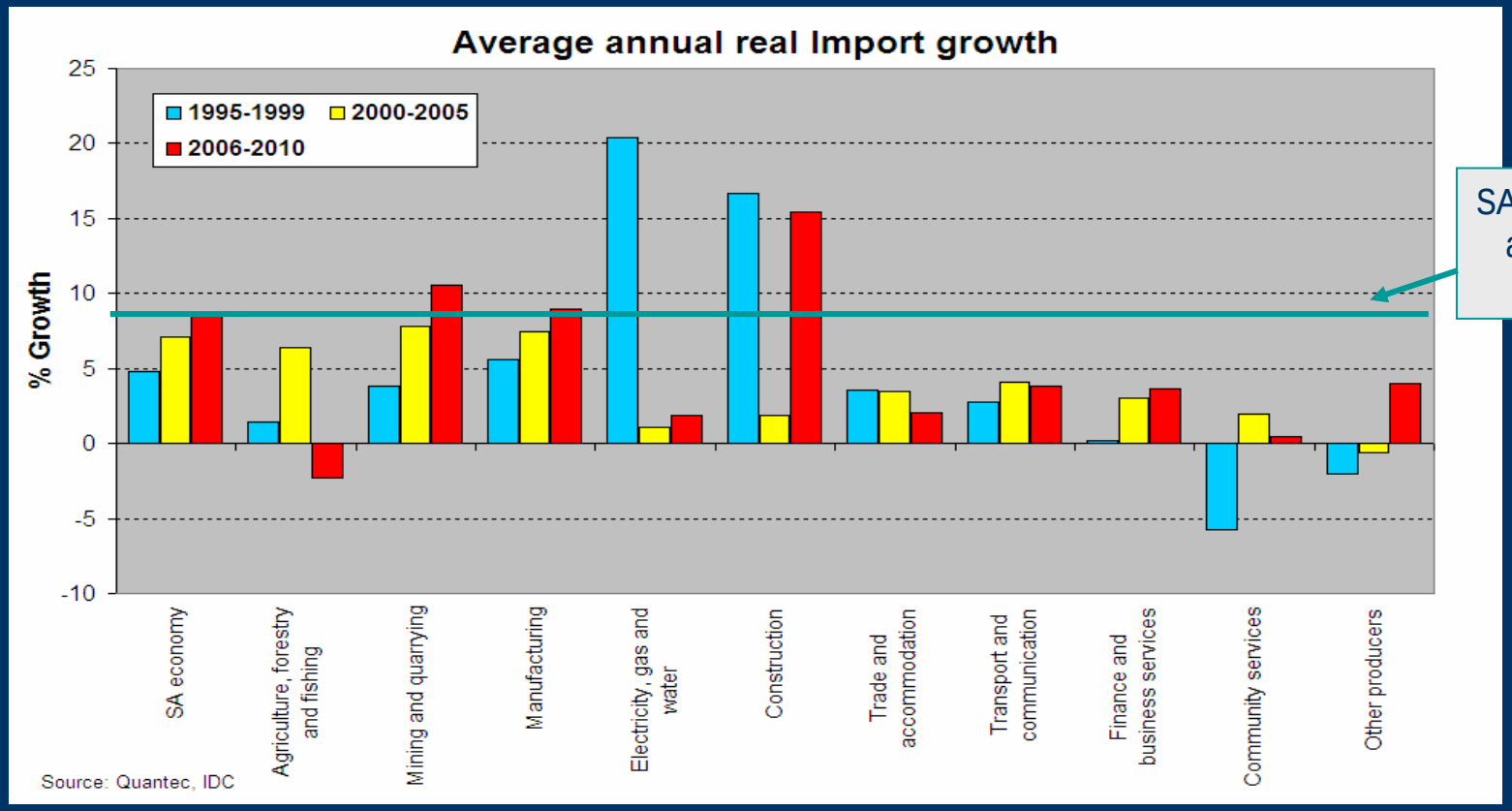
- ***The manufacturing sector is expected to see a rapid increase in fixed investment activity over the next 5 years, as many sub-sectors are operating close to, or at full capacity***
- ***Urgent investments in new productive capacity are essential to sustain the higher economic growth momentum***
- ***Government's multi-billion rand spending on public infrastructure over the next 5 years, the SOE capex programme, the 2010 World Cup and Gautrain will all provide a major stimulus to fixed investment and higher rates of economic growth***
- ***Rapid fixed investment growth of 10% p.a., on average, over the period 2006 to 2010 will result in the investment-to-GDP ratio rising from 17% in 2005 to 23% by 2010***

Sectoral outlook: exports



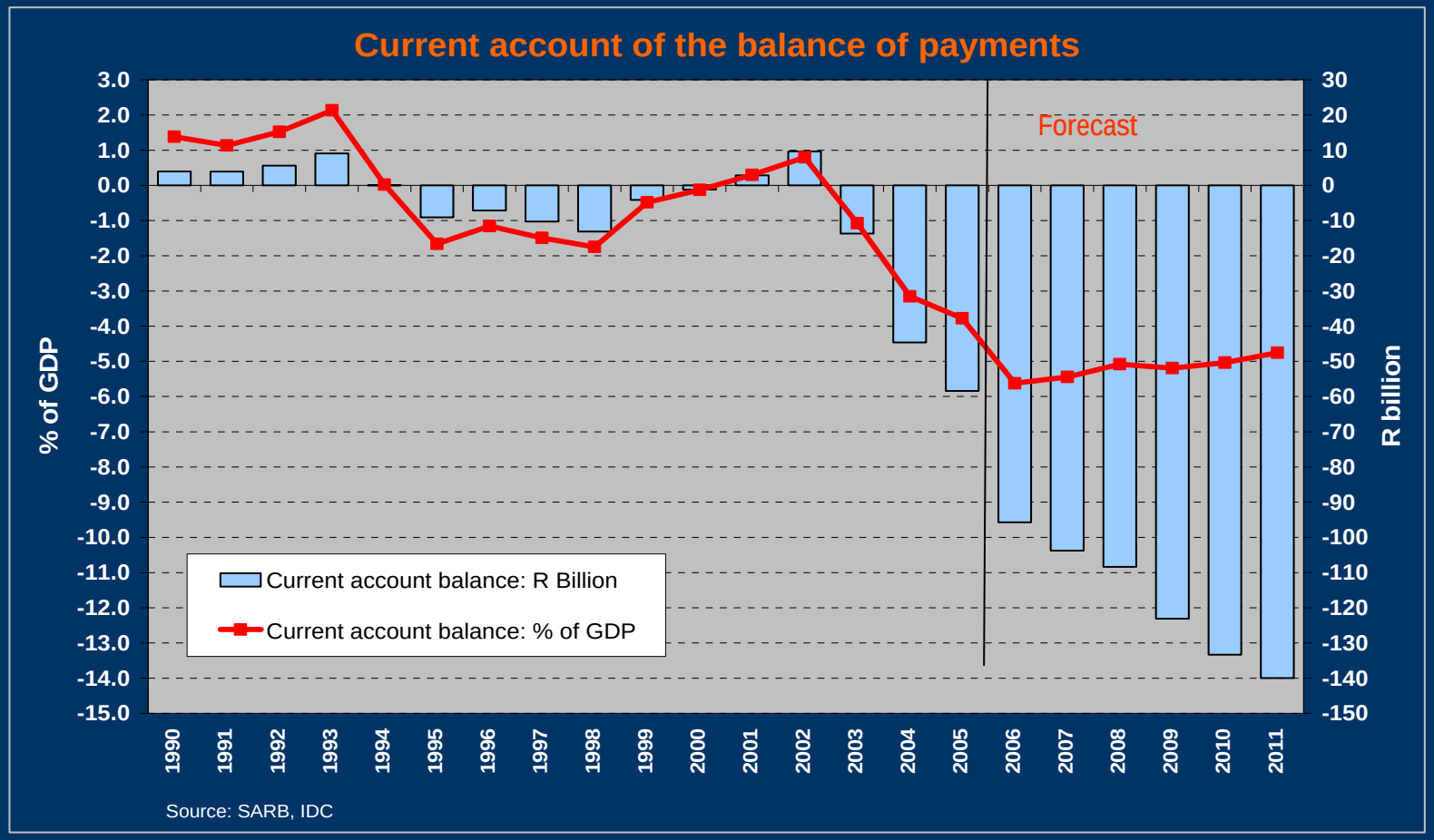
- ***Manufacturing exports** are projected to **grow at a substantially faster pace** due to a gradual depreciation of the Rand, which should improve the price competitiveness of export-oriented manufacturing enterprises*
- ***Mining exports** should **still benefit** from strong **global demand for commodities** and a **weaker rand** over the forecast period*
- ***Gold exports** are forecast to continue their long-term **declining trend***
- ***Exports of non-gold mining industries** are forecast to **increase rapidly**, by more than 5.5% p.a.*

Sectoral outlook: imports



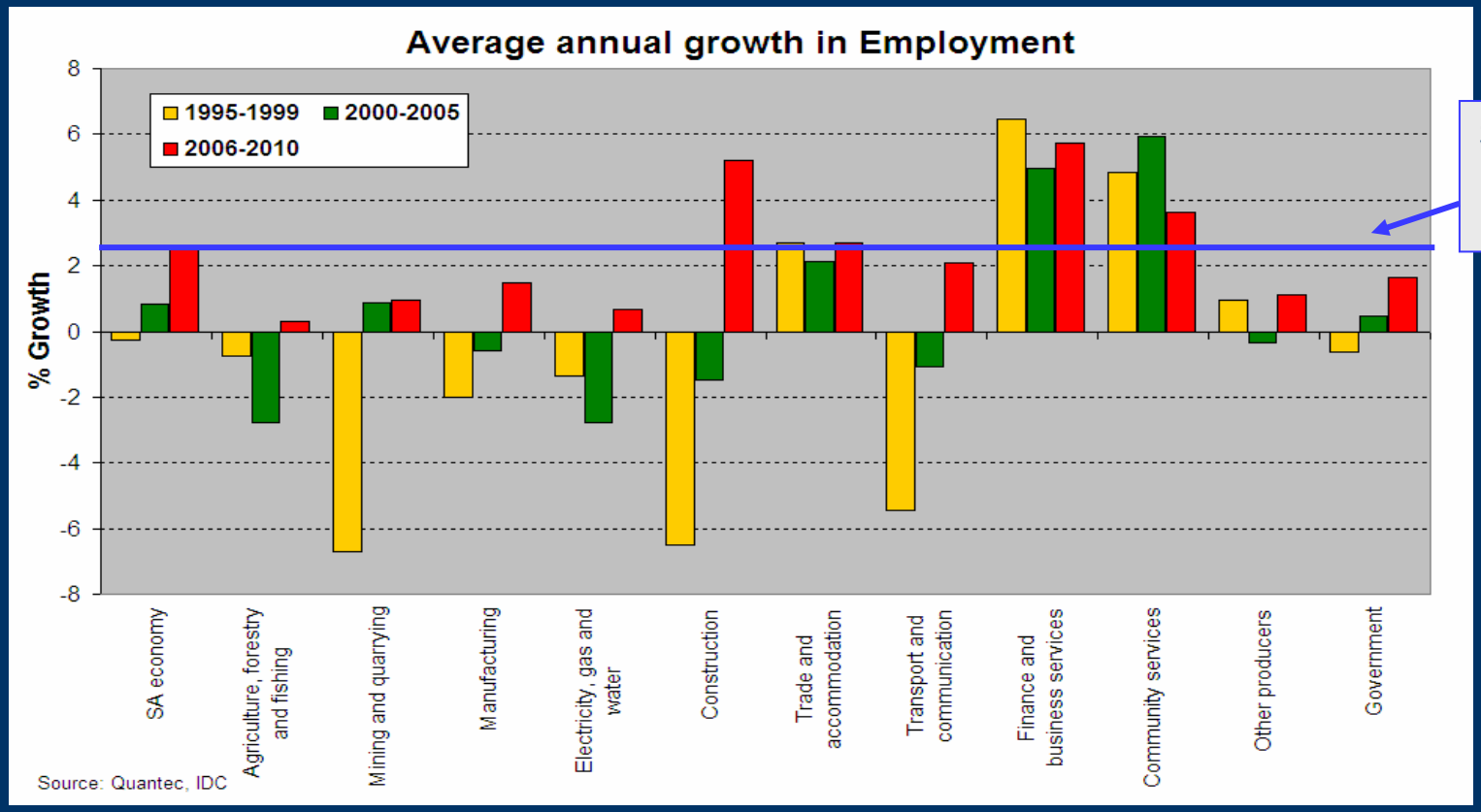
- ***The high import-intensity of fixed investment activity in SA should result in a rapid increase in import demand over the forecast period***
- ***The SOE capex programme has an estimated import leakage (import-output ratio) of 40%, which compares unfavourably with an average import leakage of 12% for the economy as a whole***
- ***Higher levels of economic activity will result in more goods being transported throughout the country, thereby increasing the demand for fuel and, hence, increased imports of crude oil***
- ***Robust consumer demand should continue to be reflected in fairly high levels of imported consumer goods***

Balance of payments outlook



- ***Strong GDP growth, underpinned by fixed investment activity, is likely to exert pressure on the balance of payments over the forecast period.***
- ***The current account deficit is likely to remain at uncomfortably high levels, but an increasing portion of imported goods will consist of capital equipment (machinery and equipment, transport equipment, etc.)***

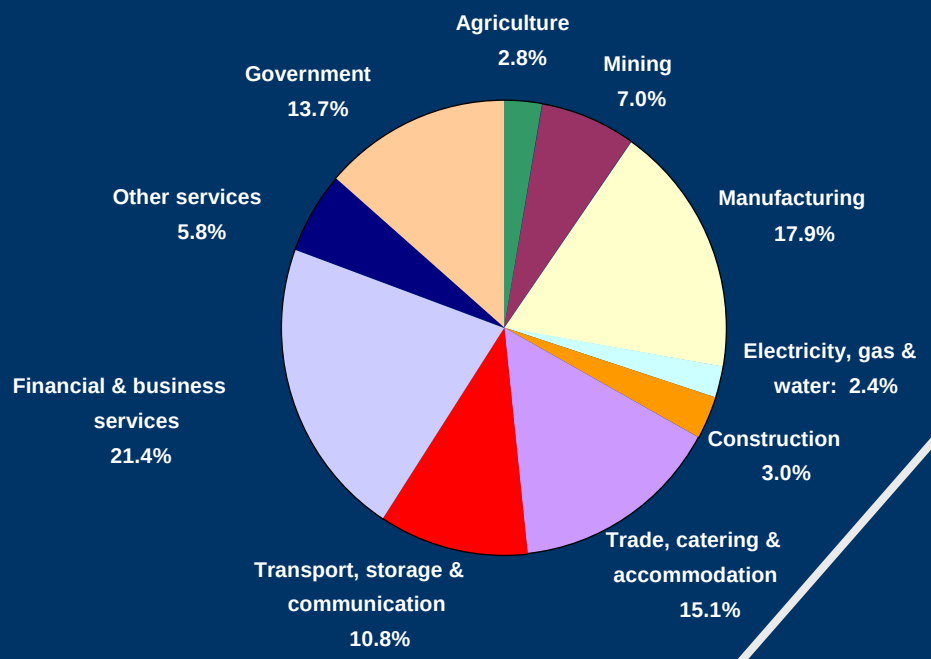
Sectoral employment forecasts



- *Against the background of higher levels of economic activity, it is projected that the labour absorption capacity of the economy will improve*
- *Approximately 1.17 million new jobs are forecast to be created over the period 2006 to 2010 in the formal sectors of the economy*
- *The manufacturing sector could experience a moderate improvement in job creation levels, with roughly 87 000 new jobs to be created until 2010*
- *The main contribution to job creation will emanate from the financial and business services sectors, with close to 480 000 additional jobs*

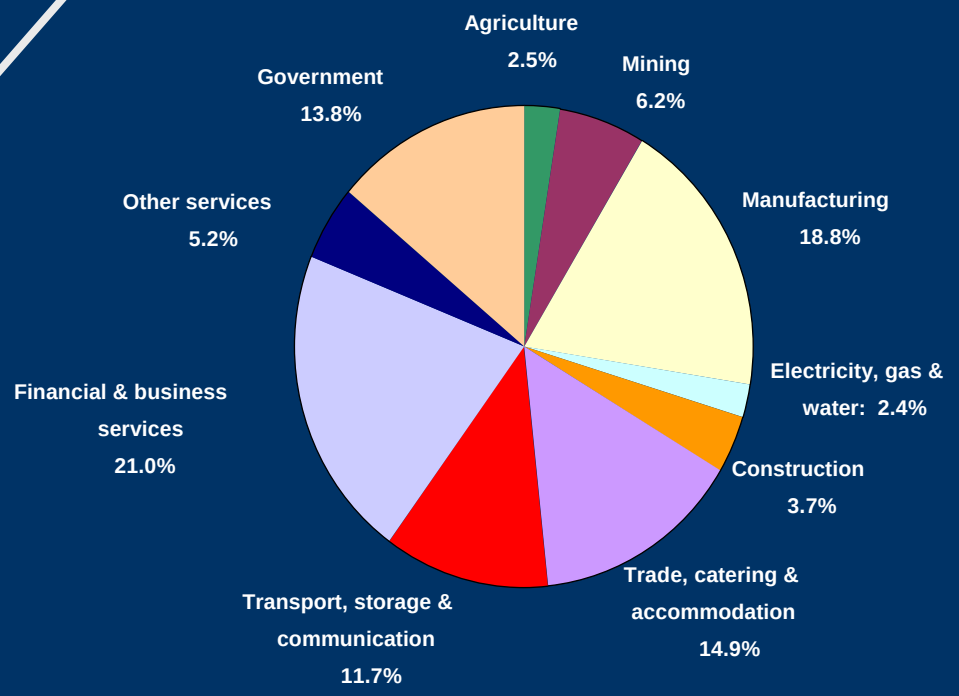
Structure of SA economy in 2010

Structure of the SA economy in 2005



Source: Stats SA

Structure of the SA economy in 2010 (IDC forecast)



Source: IDC

ASGI-SA objectives

Key objective:

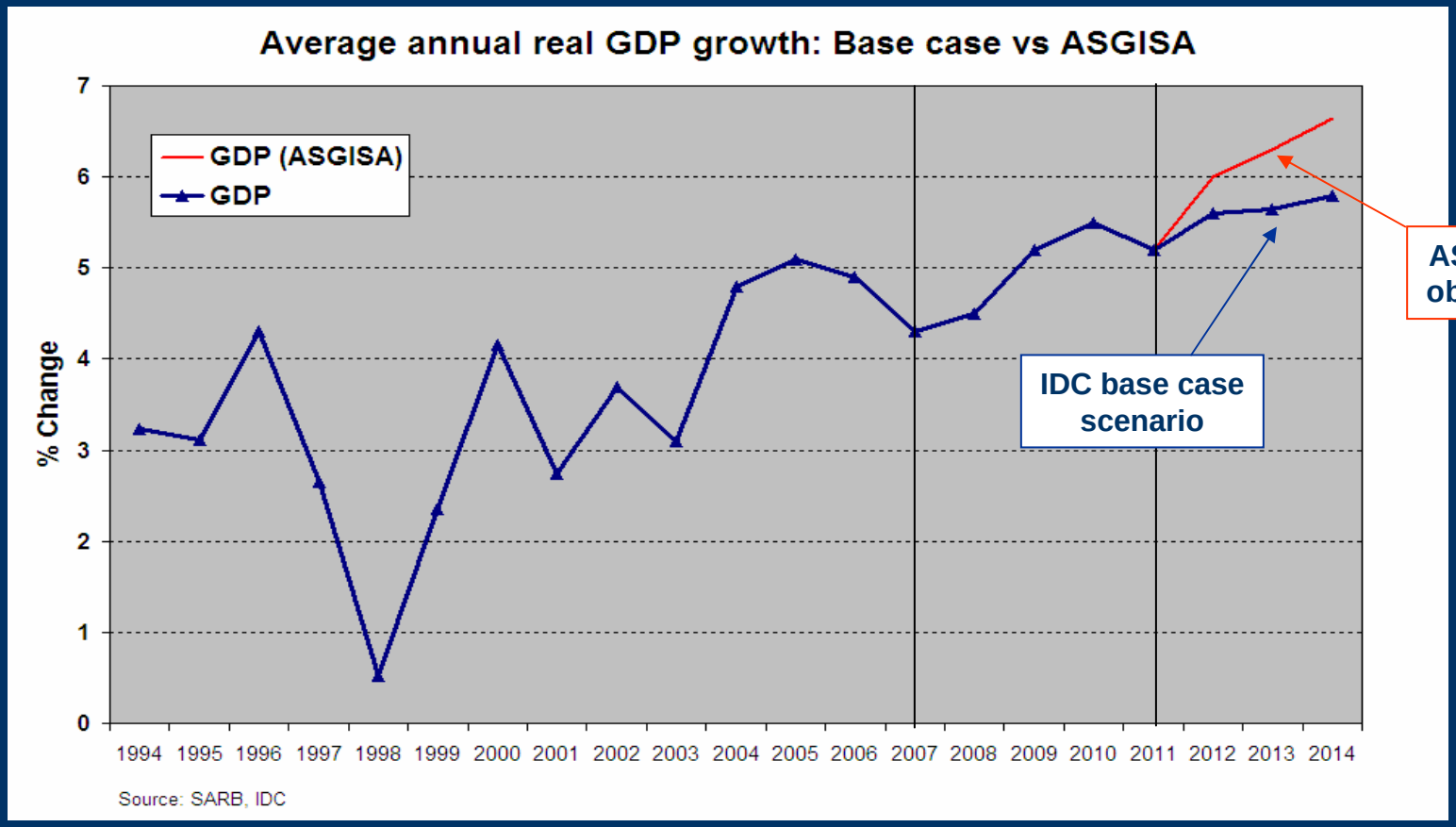
- ***To halve unemployment and poverty by 2014***

  (unemployment rate = 25.6% in 2006 or 4.3 million unemployed people)

This can be achieved only if:

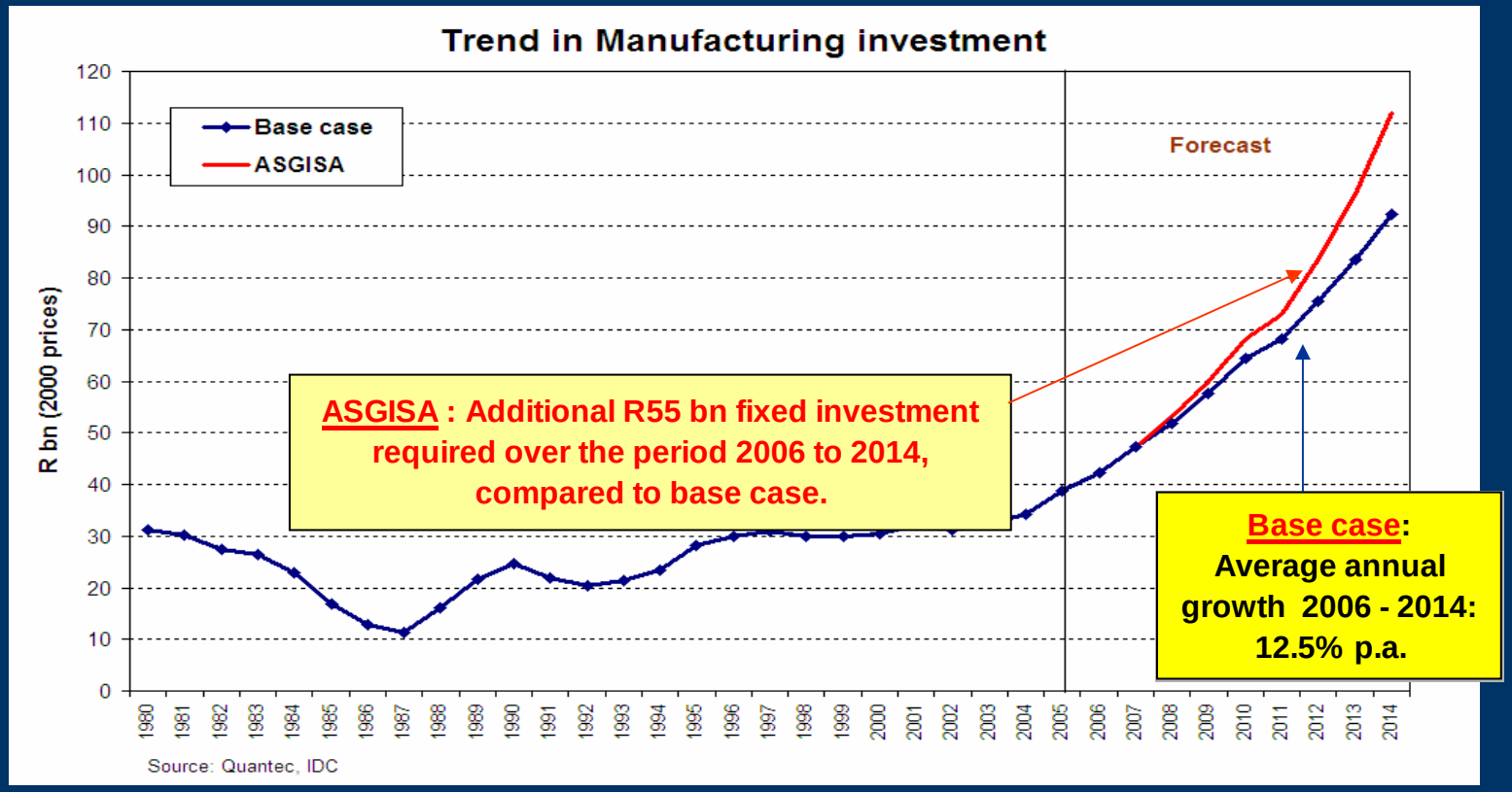
- ***GDP growth is increased to average 6% or more per annum, and***
- ***The investment/GDP ratio being increased to around 25% of GDP compared to the current ratio of 17% (2005)***

ASGI-SA challenges



- ***Strong GDP growth** is forecast for the SA economy, with an average growth rate of roughly **5% p.a.** for the period 2007 to 2011.*
- ***Although a fairly high growth trajectory is forecast for the period 2012 to 2014, it will be challenging to exceed the 6% mark***

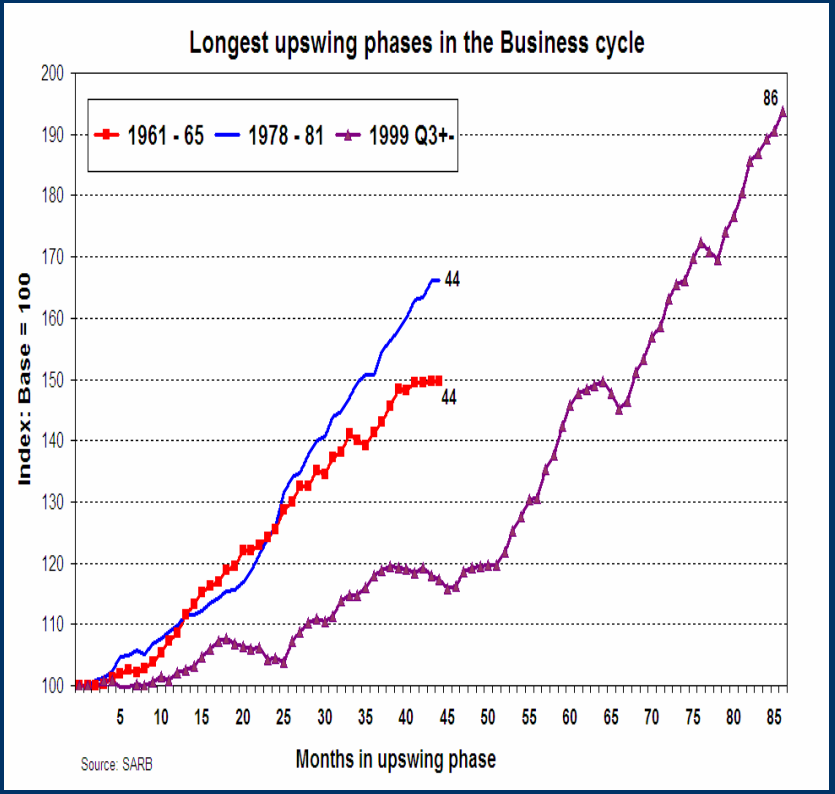
ASGI-SA challenges



- *In 2005, total fixed investment by the manufacturing sector stood at roughly R40 bn*
- *Over the next five years, the cumulative investment spending under the base case scenario will amount to just over R260 bn (more than six times the investment spend of 2005), or annual average of R52.6 bn p.a.*
- *In order to achieve the ASGI-SA target of 6% GDP growth, fixed investment activity for the economy at large has to accelerate by more than 13% p.a. over the period 2011 to 2014, implying an additional R55 bn in manufacturing investment over the period relative to the base case scenario.*

Concluding remarks

- *South Africa is currently enjoying the longest sustained period of economic growth since World War II, with the current upswing in the business cycle already in its seventh year*
- *SA is partaking in many of the challenges of the globalisation process, not least confronting an increasingly competitive environment that calls for:*
  - *productivity growth*
  - *lower production costs*
  - *technological innovation*
  - *capital deepening and job losses in many instances*
  - *as well as the identification of increasingly difficult to find niches in the marketplace*



- *Competitive forces pose opportunities for technological upgrading, innovation, expansion (economies of scale), global joint ventures or partnerships*
- *Identification of niche markets and sectors where SA is likely to exhibit competitive advantage (e.g. BPO, aerospace composites)*
- *Investment in environmentally friendly / green technologies, investment in biodiversity, biotechnologies, alternative energy sources, resource-saving technologies (e.g. water) & processes*

Concluding remarks

- *SA's general economic stability and sound macro-economic management and fundamentals are widely acknowledged. This is reflected in the sovereign ratings*
- *Inflation is under control and at levels last seen in the 1960s. Although inflationary pressures have recently been mounting on the back of rising fuel and food prices, the long-term outlook is positive, with the interest rate cycle likely to be shallower than in the past*
- *Prudent fiscal policy and continued improvements in tax collections resulted in a shift in the government balance from progressively lower deficits towards a budget surplus, hence enabling a developmental approach to fiscal expenditure going forward*
- *The Rand is likely to come under pressure due sustained deficits on the current account of the balance of payments, emerging market jitters and tighter global liquidity conditions, and concerns about the country's ability to continue attracting substantial foreign capital inflows on a sustained basis. The consideration of measures to reduce volatility, while retaining a floating exchange rate and ensuring that the currency supports balanced growth, would be welcomed*
- *Business and consumer confidence levels are at all-time highs, underpinning the strong growth performance of the South African economy. Consumer spending will remain robust, boosted significantly by an emerging black middle class, while fixed investment expenditure by the public and private sectors will be in response to infrastructural and supply constraints relative to demand*

Concluding remarks

- *The efficiency and affordability of physical support infrastructure (e.g. competitive port, rail and telecommunications infrastructure) is deemed critical to raise economic efficiencies. The integrated roll-out of infrastructure is also crucial*
- *The improvement in overall economic activity in SA since 1994 has not translated into a generalised improvement in human development*
- *A vicious cycle of poverty is evident in concentrated segments of the population, typically reinforced by low education levels, location, access to healthcare, and lack of access to economic opportunities. This presents major challenges which require concerted intervention aimed principally at wealth creation and redistribution, access to basic services etc.*
- *Skills shortages are developing in a variety of sectors due to a mismatch between supply and demand, posing a major constraint on the country's development and growth potential. The importance of efforts to resolve this problem cannot be over-emphasised*
- *The extent and nature of criminal activity in South Africa remain a major concern, with their impact felt among households and the business community alike. It is affecting confidence levels and raising costs to society at large. The allocation of additional resources to combating crime is highly welcomed*

Concluding remarks

- ***The resolution of the unemployment crisis is key to alleviating many of South Africa's ills. Despite a reasonably good overall economic performance since 1994, the labour absorption capacity of the economy has not lived up to expectations***
- ***Global competitive forces have played their role in this regard, but domestic factors should not be downplayed***
- ***Domestic factors include the capital-intensive bias of the SA economy and further capital deepening over time in response to challenging labour market conditions (e.g. productivity vs labour costs, skills, industrial relations)***
- ***Addressing the unemployment & poverty challenges is a primary national objective, with economic as well as social policies and strategies of government focusing on halving their magnitude by 2014. The IDC as an implementing agent is both directly and indirectly playing an increasing role in their roll-out***

Concluding remarks

- *South Africa has a range of comparative advantages that, if fully exploited, would lead to a higher growth trajectory*
- *Sectoral development is approached from various angles, including:*
  - *macro-economic interventions such as ASGI-SA and,*
  - *within the industrial policy framework*
    - *customised sector programmes*
    - *measures to assist the development of strong economic clusters*
    - *SME development and the promotion of BEE, and among others,*
    - *linking government procurement and trade policy to industrial strategy*
- *Sectoral growth projections have been undertaken as a basis to identify the relative attractiveness of the different sectors. These form an integral part of the IDC's investment planning and capital allocation process, and a platform for the development of IDC's sectoral development strategies*
- *IDC interventions will take numerous forms, including direct financial support, project development, entrepreneurial development, business support to emerging and established businesses facing new challenges, and assistance to government in strategy formulation and implementation, where applicable*

Concluding remarks

- *Opportunities arising from the SOE capex programme must be secured by South Africa at large, so as to maximise and sustain the economic benefits*
- *The SOEs themselves have an intrinsic interest in supplier development, which should form an integral part of SOE business planning processes. The benefits to SOEs include:*
  - *Improved supplier responsiveness due to proximity*
  - *Improved competitiveness of the supply base*
  - *Lower forex risks*
- *A SOE supplier development process should be adopted timeously with appropriate support mechanisms, and without compromising the SOE procurement capability as well as the roll-out of the capex programmes*
- *The focus of the strategy should be on long-term supplier industry development and upgrading, thus requiring continuity of procurement. Hence, the approach to infrastructure upgrading, maintenance and construction should be continuous, rather than a big-bang, once-off intervention*
- *This would promote investment in internationally competitive capabilities in supplier sectors, leading to:*
  - *Reduced costs through increased efficiencies*
  - *Reducing the dependency on imports and foreign exchange exposure*
  - *Developing niche export competencies*

Thank You