

## **The enhanced interface between the mining and manufacturing sector remains a key facilitator for the re-industrialisation of South Africa**

South Africa remains one of the most geologically blessed regions in the world and re-industrialisation is critical to the growth of the economy and increased employment. South Africa has renewed its commitment to industrialisation and the manufacturing industry is a key catalyst in the equation.

The manufacturing and mining industries alike, have significant upstream and downstream linkages to other sectors in the primary, secondary and tertiary sectors. The socioeconomic contribution of these sectors, is vital to social upliftment and the enhanced interface between the mining and manufacturing sectors, remains an essential benefactor to the success of re-industrialising South Africa.

The objective is to place the country in a manufacturing-led growth path, which will enable the creation of employment opportunities, reduce inequalities and eliminate poverty in order for the South African economy to develop further.

An enhanced interface between the mining and manufacturing sectors has many spinoffs, including expansion and/or diversification of production base in manufacturing, increased value addition in the domestic economy, infrastructure sharing potential, increased demand for mining sector products from an expanding domestic manufacturing subsector and reduced import penetration.

"Much opportunity for traditional manufacturing in South Africa will emanate from mass urbanisation happening in Africa over the next 25 or more years. This will create demand for a mix of household goods and infrastructure items, which South African manufacturers are well-placed to supply. South African manufacturing's relationship with its upstream sectors, as well as the degree that we can increase the efficiency with which we convert raw materials and the quality of products there are inputted to, will determine much of the sector's success as it drives toward becoming a more innovation-led sector", says Coenraad Bezuidenhout, Managing Director for FTI Consulting.

Another key benefit to enhanced collaboration between the mining and manufacturing sectors, would be the positive impact it will have on domestic procurement, including demand for mining sector products, potentially raising the export prospects of South African manufacturing and reducing import infiltration. These factors, directly influencing cost structures, would see South Africa's attractiveness as an investment destination for both local and foreign investors, raised.

It's clear that the manufacturing industry could recapture some of its market share by collaborating more closely with the mining industry. In turn, this would boost economies of scale and manufacturing competitiveness. There is also further potential for growth of the manufacturing sector in terms of exporting to the rest of Africa. Supporting domestic procurement and localisation, building on its successes, and securing private sector support is a priority for government which presents a need for collaborated efforts to drive re-industrialisation.

Therefore, it makes economic sense, particularly in the South African context, to enhance the mining and manufacturing interface through greater coalition of research and development efforts, with respect to mining technology, as well as in developing innovative applications in mining and/or beneficiated products, providing access to new markets that would contribute towards expanding and diversifying the country's industrial base.

The challenge for South Africa's export sector is, therefore, to enhance its global competitiveness and value addition, to diversify its product offer and penetrate non-traditional markets, especially in rapidly growing emerging and developing economies.

What are the key constraints to industrialisation and trade for Africa's transformation – and what role should Governments and other non-State actors play in addressing those binding constraints to trade and industrial development? These are just some of the significant issues that will be addressed at the Manufacturing Indaba in June.

### **About the Manufacturing Indaba**

The 4th annual Manufacturing Indaba will be hosted at Emperors Palace in the City of Ekurhuleni from the 27 – 28 June 2017. The event will comprise a two-day conference and exhibition. The event is hosted in partnership with the Department of Trade & Industry, the Department of Science & Technology, the Department of Public Enterprises, the Manufacturing Circle, the City of Ekurhuleni as the Host City and the NCPC-SA.

The aim of the Manufacturing Indaba is to focus on and boost the growth potential of key industry sectors within manufacturing, namely: automotive, construction, metals, forestry, paper & packaging, chemicals, aerospace & defence, industry products and services, and to provide a platform for informative and interactive sessions with the prime movers of the nation's manufacturing sectors.



For more info on this event, or to register for the Small Business Indaba, visit [www.manufacturingindaba.co.za](http://www.manufacturingindaba.co.za)

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