

The Role of Incentives in Manufacturing

The Department of Trade and Industry (**the dti**) extends several manufacturing-specific government grants and financing options to prospective South African entrepreneurs with leading business ideas

FOR IMMEDIATE RELEASE

Johannesburg, 24 April 2018; The **Manufacturing Indaba 2018** will be leading pertinent discussions regarding the various government grants, tax incentives and financing opportunities available to manufacturing-specific enterprises. The symposium will also focus on the requirements candidates must meet to be eligible for such incentives which aim to foster business growth, promote job creation and stimulate global competitiveness within South Africa's manufacturing sector.

As South Africa prepares for economic growth, competitive with that of the global market, analysts and policymakers have placed great emphasis on the role manufacturing has in helping the realisation of this vision. In light of this, the Department of Trade and Industry (**the dti**) and other government institutions are providing several government backed financing options to incentivise manufacturing entrepreneurs and businesspersons. This will enable prospective industrialists to enter the field, thereby generating a positive economic and social impact, including uplifting their local communities.

Individuals with business ideas and existing setups that comply with the requirements of funding agencies can benefit from government grant and tax incentives that promote business development. To drive the nation's economy in the right direction, several priority or development areas that await sustainable progress have been identified. The incentives available to such manufacturing units vary from cash grants, tax breaks, and industrial financing.

Production incentives are offered to advance national priorities with focus on new assets, green technology, resource efficiency maximisation, enterprise level competitiveness enhancement, feasibility research and cluster interventions. This funding option could be up to 50% of the money spent which is available to existing manufacturers. Some of the incentive programmes that will be discussed include the Support Programme for Industrial Innovation, Black Industrialist Scheme, Agro-Processing Support Scheme, Industrial Policy Incentive, Special Economic Zones, Energy Efficiency Allowance, and the Strategic Partnership Fund.

Rather than financing the entirety of their projects through personal sources, potential manufacturing entrepreneurs can explore incentive options as part of their equity contribution. Loan opportunities from the Development Finance Institutions in this domain, such as the Working Capital Facility and the Industrial Policy Niche Project Funds, have been devised to boost manufacturing ventures with promising social impacts. For example,

business setups contributing to job generation, diversification of manufacturing production and those engaging in augmenting South Africa's exports, are likely to benefit from the availability of this financing facility. Incentives for specialised manufacturing businesses such as engineering support services and conformity assessment services are also available for organisations operating within this domain.

South Africa's manufacturing arena needs a boost through the entry of dynamic, risk-taking and self-motivated entrepreneurs and businesspersons that can take it to the next level. Government funded incentives and grants have been formulated by keeping in view the unique nature of manufacturing setups and the varied objectives of entrepreneurs that intend to enter this field. It is vital that businesses understand the criteria of each the of the programmes to ensure that they are ultimately successful in unlocking the grants. Small and Medium Enterprises (SMEs) that are currently seeking start-up capital to enter the sector can especially profit from such funding sources, having been specially designed to address the exclusive requirements thereof. Moreover, existing manufacturers with established business setups who wish to explore areas of research and development, sustainable employment opportunities, enhancement of value chains, economic empowerment and value addition can secure investment from government sources as well.

Incentivising manufacturing entrepreneurs has emerged as one of the key priority areas for South Africa's economic development. By strengthening this sector, a positive shift in Sub Saharan Africa's economic dynamics is expected to be observed in years to come.

A key discussion panel at the upcoming Manufacturing Indaba conference will focus on the support available to the manufacturers with key experts on hand to explain what incentives are on offer and how to access them. The aim will be to link the private sector to the support available and to enable manufacturing growth.

PRESS RELEASE ENDS

MORE ABOUT THE MANUFACTURING INDABA

The 5th annual Manufacturing Indaba will be hosted at Sandton Convention Centre, Johannesburg from the 19 - 20 June 2018. The event will comprise a two-day conference and exhibition and is hosted in partnership with the Department of Trade & Industry (**the dti**), the Department of Science & Technology, the Manufacturing Circle and the NCPC-SA. The event is designed specifically for private and public company representatives to hear from industry experts as they unpack challenges and find solutions for growth across the manufacturing sectors and explore regional trade into Africa. The 2018 event will launch the IoT / Industry 4.0 Conference aligned to the Manufacturing Indaba as an official side event.

For more info on this event, or to register for the Indaba, visit www.manufacturingindaba.co.za

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