

FREE TRADE AREA

Ramaphosa wants to retool industrial policy with Africa in mind

President says rejigged industrial policy will respond to SA's challenges and its trade and economic position in Africa

🔒 BL PREMIUM

10 JANUARY 2023 - 05:00 by HAJRA OMARJEE

ADVERTISEMENT



President Cyril Ramaphosa. Picture: THAPELO MOREBUDI/THE SUNDAY TIMES

SA industrial policy must be rejigged to capitalise on the continent's free trade area, which brings together more than a billion people in an economic bloc worth more

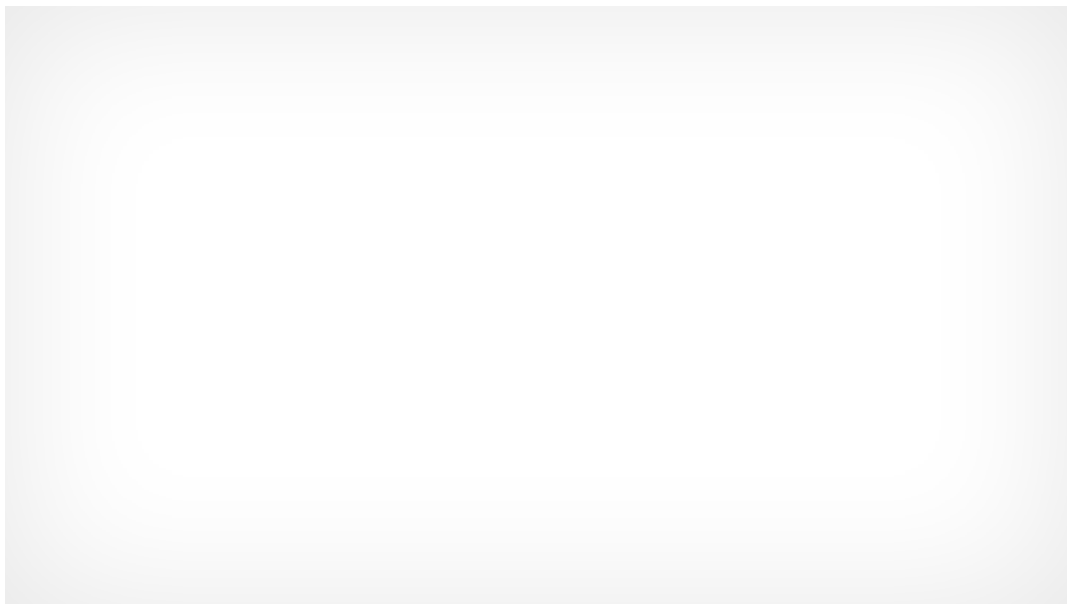
than R50-trillion, President Cyril Ramaphosa said as his government hunts for new ways to reinvigorate the economy.

“We need to have an industrial policy that will respond, for instance, to our trade and economic position in Africa,” Ramaphosa told reporters at a news conference. “We need to get those two aligned.”

ADVERTISEMENT

His comments come exactly two years after African countries began officially trading under the African Continental Free Area agreement, which has been hailed by the World Bank as central to catapulting the economies of many African countries onto a higher growth trajectory through imports and exports.

ADVERTISING



“Those are some of the areas that we are definitely going to move on and they are by no means the only ones, there are many others. So the ambition is there. The resolve is there,” Ramaphosa said. “Because of the economic challenges that we’re facing now, we are going to move quite dramatically on a number of those.”

He did not give details about specific changes to SA’s industrial policy – the cornerstone of which is to shift demand away from imported goods in favour of those made in SA to revive local industries – to benefit from the largest economic trading bloc since the creation of the World Trade Organization in 1994.

Neva Makgetla, a researcher at nonprofit economic research house Trade & Industrial Policy Strategies, said that SA is late to the party.

“It is true when it comes to exports Africa has easier markets. Because we are late comers, we can’t compete with countries like China globally. But markets in Africa are also in some ways limited because of spending power.

“An Africa economic strategy cannot be the only road that we take,” Makgetla said.

Economic growth and business confidence in SA remain stagnant amid continued governance and energy instability, which includes the country facing the worst power cuts in 2022 since load-shedding began in 2008. That has also prompted business leaders to call for politically unpopular decisions on everything from state-owned companies to economic policy.

“Political will is needed and it needs to underpin and underlie a lot of the things if not all of the things that we do. We also need to be alive to some of the constraints and challenges that we have,” Ramaphosa said.

“You have to ask yourself, how do you increase that demand? Do you do it by pumping money into the economy through the individual purses of people? Or do you use other means? How do you, for instance, get reindustrialisation and manufacturing, taking into account that we are a small economy? And sometimes the demand is a little? How do you incentivise your companies to move things? I mean, I’ve seen how we can,” Ramaphosa said.

Right people

He essentially declined to respond to a plethora of questions about SA's energy woes or to give detailed comment on news of Eskom CEO André de Ruyter's alleged poisoning and resignation by saying he does not micromanage.

“That process is being managed by the board and my task is to appoint the right people to do the work. I would really be remiss if I told you where the process is. I expect the board will deal with the matter actively and urgently so that the wheels don't come off when the time comes,” he said.

Ramaphosa said that De Ruyter resigned because “it's a tough job” and added that the government has a “cohesive” plan to resolve the national power shortage.

omarjeeh@businesslive.co.za