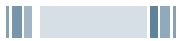




**Annual Report 2005**







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A catalogue record for this book is available from the National Library of South Africa:

Trade & Industrial Policy Strategies (TIPS), South Africa,  
TIPS Annual Report 2005, ISBN: 1-919982-31-0

An electronic copy of this report can be found at [www.tips.org.za](http://www.tips.org.za).

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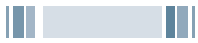
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Design and Layout: DTPworkshop, Johannesburg

Typeset in: Frutiger & Helvetica

Printed by: Masterprint

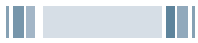




- TIPS develops the first consistent and comprehensive database of Southern African countries' trade flows. The database is available online at <http://www.sadctrade.org> and will be updated regularly. It currently contains data covering the period 2000 to 2004 for most Southern African Development Community (SADC) member states and includes a downloadable analytical tool for generating key trade ratios and indicators.
- The organisation continues to implement the UK Department for International Development's (DFID's) **South Africa Trade and Poverty Programme (SATPP)**, which aims to build capacity in South African institutions to formulate and implement inclusive, pro-poor trade reform strategies. The programme involves research around the analysis of and strategy formulation for free trade agreement (FTA) negotiations, the impact of trade liberalisation, industrial tariffs and intellectual property rights.
- The organisation also co-ordinates a monthly **social dialogue series**, held at the National Economic Development and Labour Council (Nedlac), as part of the SATPP, which encourages and deepens debate amongst role-palyers from civil society, academia, the private sector, government and labour. Key issues discussed include poverty and inequality trends, infrastructure investment, the developmental state and economic transformation, import parity pricing and strategic assessments of various industry sectors in South Africa.
- TIPS is involved in a **Water Research Commission (WRC)** project which assesses the potential impact of South Africa's trade policies on water resource management, service provision and use.
- The organisation co-ordinates the Department of Trade and Industry's (**the dti's**) **Annual Review of Small Business in South Africa – 2004**. This is the second year TIPS has been commissioned to manage the research for and publication of the Annual Review. The 2004 Review is launched at the first annual seda National Small Enterprise Summit in November 2005, which aims to review the progress made in small business development. The Small Enterprise Development Agency is **the dti's** recently established agency for supporting the growth of small enterprise in South Africa.
- As undertaken the previous year, TIPS in 2005 again project-manages and publishes the **Western Cape Provincial Treasury's Provincial Economic Review & Outlook (PER&O)**. The PER&O 2006 provides a snapshot of the Western Cape economy and its medium-term outlook in an effort to deepen the analytical understanding of the province's socioeconomic environment and thereby concretely and constructively inform annual budget decisions.
- TIPS continues to provide planning and research support for **the dti's Agro-processing Customised Sector Programme (CSP)**. CSPs are **the dti's** main sector strategy interventions intended to facilitate sustainable growth and upgrading of sectors.
- TIPS organises a number of **researcher workshops** focused on service sector development, the impact of the World Trade Organisation's (WTO's) Doha trade agenda on African countries, and public sector reform in transport services.







## Executive Director's Overview



Trade and Industrial Policy Strategies (TIPS) is a Section 21, not-for-profit Company which is active in the economic policy arena and co-ordinates a network of researchers throughout South Africa and parts of southern Africa.

It particularly focuses on producing, stimulating and aggregating policy-relevant, applied economic research around trade and industrial policy, small enterprise performance and the economic regulation of key service sectors. TIPS was established in 1996 and initially operated as a project within the International Development Research Centre's (IDRC's) Johannesburg Office. It became an independent company in 2001.

In the current financial year, TIPS undertook substantial policy-oriented research, facilitated workshops and conferences with policy-makers, and supported policy and strategy development processes within key economic ministries in the South African government.

Many of these projects were funded by our key donors, although government departments are increasingly contracting TIPS directly to undertake focused pieces of research.

In the current financial year TIPS was also particularly pleased to begin implementation of a new Australian Agency for International Development (AusAID) funded programme focused on the SADC region.

This programme has led to the creation of the first consistent and comprehensive database of Southern African countries' trade flows. The database is available online on TIPS' own server at <http://www.sadctrade.org> and is also distributed on CD-ROM to SADC countries where access to the Internet is limited.

The database will be updated as new trade data becomes available and currently contains data covering the period 2000 to 2004 for most SADC member states. The SADC Trade Database also contains a downloadable analytical tool developed by TIPS researchers which can be used to generate key trade ratios and indicators, thus simplifying trade analysis.

Working closely with **the dti**, we once again produced the *Annual Review of Small Business in South Africa – 2004* for seda's launch event.

We further provided quantitative analysis for a variety of interactions with senior policy-makers in the trade policy division in support of FTA and WTO negotiations, and

offered extensive research support for the development of a sector strategy for **the dti's** Agro-processing Unit.

In addition, TIPS and the Development Policy Research Unit (DPRU), in association with the United Nations University World Institute for Development Economics Research (UNU-WIDER), joined forces in 2005 to host the Annual Forum around the theme *Trade & Uneven Development – Opportunities and Challenges*.

Professor Erik Thorbecke of Cornell University and UNU-WIDER and Professor Servaas van der Berg of Stellenbosch University presented the keynote addresses, which focused on growth, poverty and inequality, both in the global and local environments.

The Forum was held in Johannesburg and was attended by almost 200 people from the academic and policy communities, leading to the kind of vigorous debate and intense discussion that has become synonymous with TIPS/DPRU events.

TIPS wishes to extend its sincerest gratitude to its donors – the Canadian IDRC, the German Agency for Technical Co-operation (GTZ), AusAID and DFID, UK. Without their generous contributions, the work of TIPS would be significantly curtailed.

Finally, I would like to take this opportunity to thank the TIPS staff, research partners, Members and Directors, and in particular the Chair of the Board, Alan Hirsch, for their valuable support and interest.

**Stephen Hanival – Executive Director**

31 July 2006

## Mandate

Established at the request of senior policy-makers of the new Government in 1996, TIPS is an independent, non-profit economic research institution. The organisation initially operated as a project within the IDRC's Johannesburg Office, and became a Section 21 Company in 2001.

## Vision

To be a source of independent economic policy and research leadership to government and civil society in South Africa and the region.

## Mission

- Developing an internal critical mass of intellectual capacity to undertake and disseminate ground-breaking and relevant economic research.
- Stimulating debate between policy practitioners and the wider research community to generate viable policy options.
- Building on our links with key international policy-relevant institutions to draw the quality of our research efforts ever closer to international best practice.

## Objectives

We are active in both the South African and Southern African economic policy arenas and co-ordinate a wide network of established researchers. Our aim is to remain responsive to the local policy environment, government and other clients' research and information needs; to deliver high-quality, policy-relevant research; and to maintain an overt and strong interest in public policy in the areas associated with developing country economic policy.

## Areas of activity

TIPS undertakes research for a broad range of government departments, non-profit organisations and regional bodies:

- Department of Trade and Industry
- Western Cape Provincial Treasury
- Department of Agriculture
- Department of Transport
- SADC Secretariat
- Water Research Commission

## Partner organisations

TIPS engages with key local, regional and international policy-relevant research and academic institutions to produce and disseminate world-class research and influence economic policy in a constructive manner, including:

- World Bank
- UNU-WIDER
- Cornell University
- Institute of Development Studies (IDS), University of Sussex
- International Trade Centre (ITC)
- Trade Law Centre for Southern Africa (Tralac)
- South African Institute of International Affairs (SAIIA)
- DPRU
- ComMark Trust
- Universities of the Witwatersrand, Cape Town, Pretoria, KwaZulu-Natal and Stellenbosch

## Organisational structure

### TIPS Board

TIPS is governed by a Board of Directors and Members drawn from government, academia and civil society to provide strategic oversight of TIPS' activities:

- Alan Hirsch (Chair) The Presidency
- Claudia Manning BSG Investment Holdings
- Lael Bethlehem Johannesburg Development Agency
- Lesetja Kganyago National Treasury
- Leslie Maasdorp Goldman Sachs International
- Merle Holden University of KwaZulu-Natal
- Rashad Cassim University of the Witwatersrand
- Stephen Hanival TIPS
- Stephen Yeo Centre for Economic Policy Research
- Tshediso Matona **the dti**

### TIPS Advisory Board

Our research activities are supported by an Advisory Board of internationally regarded researchers and policy practitioners:

- Rohinton Medhora IDRC, Canada
- Bernard Hoekman World Bank
- Albert Berry University of Toronto, Canada
- Marc Ivaldi Université des Sciences Sociales de Toulouse, France



## TIPS Staff

TIPS is a relatively small institution but has grown its full-time staff complement to nine members over the year as our research focus widened and deepened.

Our research capacity has increased significantly with the appointment of three new economists, bringing our programme staff complement to six, with additional support

available via our research associates, individuals from our research network, consultants and interns.

The support staff complement manages TIPS' public-good activities, such as training courses and workshops, as well as our continued focus on regular, policy-oriented publications and the provision of a substantial website with various databases and research paper archives that are available online.



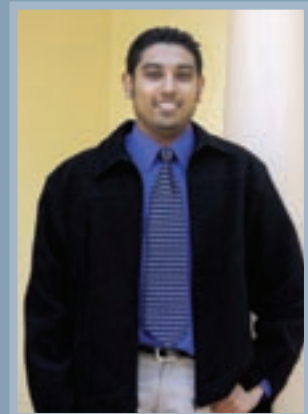
Stephen Hanival  
Executive Director



Owen Willcox  
Trade Programme Manager



Mmatlou Kalaba  
Economist



Marlon Dasarath  
Economist



Landon McMillan  
Economist



Setsomi Molapo  
Economist



Matthew de Gale  
Information Manager



Lucille Gavera  
Editor & Publications Manager



Ian Juskiewicz  
Financial Manager



Amanda Ryland  
Assistant Accountant



Pamela Moloto  
Office Manager



Emily Sindane  
Office Assistant & Maintenance

## Research programmes

TIPS clusters its research activities around four thematic areas or Research Programmes:

- Trade analysis;
- Small, medium and micro enterprise (SMME) development;
- Sector analysis; and
- Economic regulation of public sector reform.

We believe these areas are of direct relevance to other developing countries in the region and we would want our increased activity in the region to flow from a substantial and stable research base in South Africa.

Our projects are a healthy mix of applied and 'over the horizon' proactive strategic research, implemented in close partnership with key stakeholders to ensure buy-in and capacity-building, and include the following services:

- Conceptualisation and design of projects;
- Management and implementation of projects and programmes;
- Economic and econometric research and analysis;
- Training and capacity development; and
- Dissemination of findings via online data hosting, interactive web reports and print and e-publications.

### Trade analysis

This programme has been the core focus of TIPS since its inception. Trade analysis at TIPS has evolved from ad hoc pieces of research into an effective support mechanism for **the dti's** current bilateral, multilateral and tariff reform deliberations. Activities are generally undertaken exclusively for **the dti** and often funded on request by donors, with the understanding that components of the analysis can be shared as a public good via the TIPS website.

TIPS' *State of Trade Policy* publication, a flagship document, was launched in 2002 with a synthesis of research on the impact of trade reform on the South African economy and employment in the 1990s. Building on the 2002 report, which contained much relevant qualitative and quantitative material on the evolution of South Africa's trade policy, TIPS has appointed an external Reference Group and has begun compiling an updated and more comprehensive *State of Trade Policy*, which will be published in 2006.

In the medium term, TIPS' Trade Analysis research programme includes the following components:

#### **Trade and tariff analysis**

This component of support is focused on continuing to assist **the dti** and civil society to assess the impact of new and

existing trade preference agreements, including FTAs, bilateral trade agreements and unilateral trade liberalisation/tariff simplification. A key component of TIPS' research in this field is the application of the latest methodologies to South African data for household economic impact assessments. During the year under review, one of TIPS' long-standing research associates, James Thurlow, made significant progress in developing a Computerised General Equilibrium (CGE) model which will allow the impact of bi- and multilateral trade agreements to be assessed for their poverty impact at household level.

As with much of the work TIPS co-ordinates, the development of the model has been funded as a 'public good' and will be made available on the TIPS website, thereby allowing other researchers to draw on the organisation's work and extend the analysis and methodological innovations even further.

#### **Trade promotion**

TIPS currently subscribes to the Geneva-based International Trade Centre's TradeMap facility, a valuable tool in export promotion as it tracks trade trends across a large number of countries and detailed products. However, at present, government officials do not exploit the resources of TradeMap particularly well.

A key focus of TIPS is therefore to make the database more accessible by packaging sector-focused reports for direct use in

a policy-practitioner manner for government. In addition, a new analytical tool developed by the ITC – MacMap, which contains tariff data – has been made available to all South African-based researchers through a collaborative effort with the South African Department of Agriculture.

### **Trade in services**

Trade in services has been growing rapidly globally, and some developing countries may well have significant competitive advantage in a number of the modes through which trade occurs. TIPS is undertaking a medium-term programme of research in this area which assists government to develop economic strategies that have at their core economic, and not only industrial, development. Improving the understanding of service sector dynamics is a crucial pre-condition to South Africa's successful involvement in General Agreement on Trade in Services (GATS) negotiations.

During the year under review, TIPS organised a number of workshops with researchers and the business community to discuss both the methodological and policy issues arising from South Africa's GATS Offer. Flowing from these workshops, a substantial regulatory review of the South African services sector has been commissioned and five priority service sectors will be analysed in detail to understand better their potential role in alleviating poverty and supporting economic growth in South Africa.

### **SMME development**

As part of a TIPS-co-ordinated programme of research on SMMEs, the research theme of sectoral studies on SMMEs was prioritised. Overall, the goals of this research programme are to enhance the contribution of SMMEs to achieving national government objectives for job creation, entrepreneurship development, economic empowerment and poverty alleviation, and to provide research that offers policy recommendations to local, provincial and national governments concerning SMME development.

### **Sectoral studies on SMMEs**

The application of policy and support programmes and frameworks often fails to address the question of sectoral specificity. This project interrogates specific sectoral issues concerning the growth and/or survival of SMMEs. The core premise of this project is the imperative to unpack the different segments of the SMME economy and to undertake a major programme of sectoral research on the SMME economy.

Under this programme, TIPS was commissioned by **the dti** to undertake the *Annual Review of Small Business in South Africa – 2004*. This is the second year that TIPS has won the contract to provide this crucial research, which is widely disseminated in South Africa and submitted to Cabinet as well as Provincial policy-making bodies.

Two sectors were chosen for analysis in 2005 – agro-fishing and informal retailing. Important policy recommendations have been highlighted in these analyses and TIPS is engaging with seda to assess the feasibility of implementing these recommendations.



## Sector analysis

### *Sector strategy development*

During the year under review, TIPS was requested to assist in the development of a sector strategy for the South African agro-processing sector. The project undertook a detailed review of the sector, assessed its economic potential and developed five key policy and programme recommendations for approval by Government. These recommendations are expected to be presented to senior policy-makers in 2006, and we are confident that many of our recommendations will be acted upon, thereby concretely demonstrating TIPS' capacity to intervene in key policy processes.

TIPS was also requested to produce a *Review of Industrial Sector Performance* in 2005. This project, requested by **the dti**, involved an assessment and analysis of the evolving economic structure, with particular reference to the South African manufacturing sector.

The analysis suggests that the South African economy is becoming increasingly capital intensive, the service sector is growing substantially more rapidly than traditional manufacturing, and the employment growth outlook is becoming more positive as the moderate economic growth of the late 1990s accelerates and public investment increases.

### Economic regulation

Economic regulation is rising in importance as an issue of concern to government policy-makers, with prominence being given to effective State-Owned Enterprise (SOE) restructuring through managed liberalisation and stronger regulation in the application of competition policy.

Also, international experience with the performance of restructured industries in developed and developing economies has reinforced the importance of concurrent development of economic regulation and competition to generate the outcomes policy-makers aim to achieve when embarking on major reforms.

In particular, competition and regulation are critical to generate the welfare effects of reform. TIPS' core research theme in the area of economic regulation has evolved to focus increasingly on public transport, with particular reference to freight rail restructuring and public rail reform

initiatives. During the year under review, a number of workshops and capacity-building activities were undertaken, with a relatively small number of research papers commissioned using GTZ donor funds.

## Research functions and outputs

For each research programme, a range of activities can be implemented. Selecting the appropriate activities for each research programme ensures TIPS' outputs are carefully planned and evaluated for relevance in the local and regional context before implementation.

### Data development

- Collection, structuring and online dissemination.
- Development of new sources and series.

### Development and application of research tools

- Development of new tools or methodologies to answer specific research questions.
- Application and customising of best-practice tools available in the rest of the world to South African data/research.
- Impact assessment tools and techniques.
- Collating relevant literature into thematic online 'Resource Pages'.

### Capacity-building

- Training courses, seminars and workshops.
- Continuous improvement of research quality through grants and active involvement in universities' research agendas.

### Advocacy

- Policy briefings to government and civil society.
- Maintenance of a media presence.

### Research

- Practitioner-focused practical research.
- Substantive research focused on immediate needs.
- Strategic 'over the horizon' public-good research for which there may be little immediate explicit demand.

TIPS commissions research that responds to the information needs of trade, industry and broader microeconomic policy-makers. It further influences the evolution of the policy environment by introducing longer-term research engagement with emerging policy questions and broader trends in trade and industrial policy.

Our extensive set of published reports, articles and working papers by a range of authors is available at [www.tips.org.za/research](http://www.tips.org.za/research).

### Dissemination of research

- Policy-focused Annual Forum.
- Small, highly focused workshops.
- Substantial biennial thematic volumes of policy-focused research.
- Working Paper series.
- Quarterly Trade & Industry Monitor.

TIPS is working hard to find more efficient ways of implementing its research programmes, some of which are in new areas and where TIPS has limited prior experience. Our 'Research Associates' – experienced researchers or policy-makers who are associated with TIPS on a flexible basis – ensure the availability of mentoring support to inhouse staff as well as assistance in the conceptualising of new projects.





## Research dissemination

TIPS plays a significant role in supporting the South African government’s economic policy development. TIPS’ reputation for quality research which is not only academically sound but also policy-relevant remains our key competitive advantage. In particular, TIPS is regularly approached by **the dti**, and increasingly other government departments, to assist in implementing research activities or simply for policy advice. We believe this demonstrates TIPS’ continued relevance in South Africa’s rapidly maturing policy arena.

But TIPS’ role has also evolved to include larger, longer-term research projects where the capacity to co-ordinate and manage multiple researchers and research phases is important. In addition, projects which require substantial data manipulation, database development, the institutionalising of the research results and the development of online ‘Resource Pages’ for subsequent additional research are niche requirements where TIPS is fully able to support the research community.

Moreover, we believe that TIPS has been particularly successful in strengthening research capacity in tertiary educational institutions, leading to an increase in both the quality and quantity of policy-relevant research emanating from South African universities.

## Internal publications

### Working Paper Series 2005

Author	Title	Institution
Lawrence Edwards & Tijl van de Winkel	The Market Disciplining Effects of Trade Liberalisation and Regional Import Penetration on Manufacturing in SA Working Paper 1-2005	School of Economics, University of Cape Town
Christian M. Rogerson	Tourism SMMEs in SA: A Case for Seperate Policy Development? Working Paper 2-2005	School of Geography, Archeology & Environmental Studies, University of the Witwatersrand
Charles Mather	SMMEs in SA’s Food Processing Complex: Development Prospects, Constraints and Opportunities Working Paper 3-2005	School of Geography, Archeology & Environmental Studies, University of the Witwatersrand
Jørn Rattsø & Hidegunn E. Stokke	The Ramsey Model of Barriers to Growth and Skill-biased Income Distribution in SA Working Paper 4-2005	Department of Economics, Norwegian University of Science and Technology



Author	Title	Institution
Torfinn Harding Jørn Rattsø	The Barrier Model of Productivity Growth: SA Working Paper 5-2005	Statistics Norway Department of Economics, Norwegian University of Science and Technology
Dirk Ernst van Seventer, Richard Goode Grové Steyn & Alison Gilwald	Determining an Appropriate Methodology for an Economy-wide Study of the Impact of Restructuring and Privatisation on the SA Economy Working Paper 6-2005	TIPS The Knowledge Bridge LINK Centre, University of the Witwatersrand
John Orford	The Role of Provincial Governments in Supporting Small Enterprise Development Working Paper 7-2005	Centre for Innovation and Entrepreneurship, University of Cape Town
Richard Goode	Models for Private Sector Engagement in the Delivery of Commuter Rail Services Working Paper 8-2005	TIPS
Ryan Hawthorne	An Overview of the Impact of the Commodity Price Boom on the SA Economy Working Paper 9-2005	Johannesburg Economics

#### *Forum Paper Series 2005: Trade and Uneven Development: Opportunities and Challenges*

Author	Title	Institution
<b>GLOBALISATION EFFECTS</b>		
Imraan Valodia & Myriam Velia	Varieties of Manufacturing Adjustment: Evidence from Firms in Durban	University of KwaZulu-Natal
Jeremy Wakeford	Risks to Global Trade and Implications for SA's Economy and Policy	School of Economics, University of Cape Town
Leanne Sedowski & Mike Morris	Globalisation and the Post-MFA Environment: The Competitive Dynamics and Policy Responsiveness of the Post-ATC Clothing Industry in Madagascar	School of Development Studies, University of KwaZulu-Natal
<b>GROWTH SECTOR CASE STUDIES</b>		
Grace Mohamed	The Significance of Product Development to Firm Competitiveness: A Case of Plastic Product Firms in Ekurhuleni	Corporate Strategy and Industrial Development (CSID), University of the Witwatersrand
Marian Walker	Unpacking the Nature of Demand and Supply Relationships in the Mining Capital Goods and Services Cluster: The Case of PGMs	CSID, University of the Witwatersrand
Rob Davies & Dirk Ernst van Seventer	The Economy-wide Effects of Price Reducing Reforms in Infrastructure Services in SA	Employment, Growth & Devel- opment Initiative (EGDI), HSRC TIPS
<b>SUB-NATIONAL GOVERNMENT'S ROLE IN ECONOMIC DEVELOPMENT</b>		
David Kaplan	Microeconomic Development Strategy for the Western Cape	University of Cape Town
Johannes Fedderke & Amanda Fitschen	The Structure of Growth in the Western Cape Manufacturing Sector	University of Cape Town
Amiena Bayat & Zunaïd Moolla	The Role of Local Government in Promoting Trade	University of the Western Cape
<b>TRADE AND POVERTY</b>		
Kalie Pauw	Trade and Poverty in SA: Household Income Sources	University of Cape Town
Reza Daniels & Lawrence Edwards	The Benefit-Incidence of Tariff Liberalisation in SA	University of Cape Town
Christi van der Westhuizen	Trade and Poverty: A Case Study of the Clothing and Textile Industry	Institute for Global Dialogue

Author	Title	Institution
<b>STATE-LED INDUSTRIAL DEVELOPMENT</b>		
Lumkile Mondli & Simon Roberts	The Role of Development Finance for Industry in a Restructuring Economy: A Critical Reflection on the Industrial Development Corporation of SA	IDC CSID, University of the Witwatersrand
Miriam Altman	Services as Part of an Industrial Development Strategy	EGDI, HSRC
Ramos Mabugu & Margaret Chitiga	Textiles Protection, Macroeconomics, Welfare and Poverty in SA: A Dynamic Microsimulation CGE Analysis	University of Pretoria
<b>TRADE AND REGIONAL EFFECTS</b>		
Simon Hess	The Concentration Tendencies of SADC's Manufacturing Industries with regard to SA: 1970-1999	Imani Development
Alain Kabundi & Elsabé Loots	Co-movement Between SA and SADC: Is Trade a Predominant Factor?	University of Johannesburg University of the Free State
<b>POVERTY AND EMPLOYMENT DYNAMICS</b>		
Johannes Fedderke	Trade, Technology and Wage Inequality in the SA Manufacturing Sectors	University of Cape Town
Dorrit Posel & Daniela Casale	Who Replies in Brackets and What are the Implications for Earnings Estimates? An Analysis of Earnings Data from SA	University of KwaZulu-Natal
Tom Hertz	The Effect of Minimum Wages on the Employment and Earnings of SA's Domestic Service Workers	Department of Economics, American University
<b>INDUSTRIAL POLICY AND THE DEVELOPMENTAL STATE</b>		
Nshalati Hlungwane, David Fryer & Niki Cattaneo	Is SA Kicking Away the Development Ladder? Neoliberalism in the Age of Declining American Hegemony	Rhodes University
Neil Rankin, Måns Söderbom & Francis Teal	Growth, Learning, Entry and Exit Among African Exporters	University of the Witwatersrand CSAE, University of Oxford
Geoff Parr	Import Parity Pricing: A Competitive Constraint or a Source of Market Power?	Competition Commission of SA
<b>DEVELOPMENT FINANCE AND ITS EFFECTS</b>		
Jorge Maia, Lumkile Mondli & Simon Roberts	Industrial Development and Industrial Finance in Brazil and SA: A Comparative Assessment	IDC CSID, University of the Witwatersrand
Jorge Maia, Lumkile Mondli & Simon Roberts	An Analysis of the Sectoral and Macroeconomic Impact of the Capital Expenditure Programmes of Eskom and Transnet over the Period 1995-2010	IDC CSID, University of the Witwatersrand
Ryan Hawthorne	An Overview of the Impact of the Commodity Price Boom on the SA Economy	Johannesburg Economics
<b>EXPORT DETERMINANTS</b>		
Andrew Myburgh & James Hodge	Internet Penetration and International Trade: A Gravity Model for SA	Genesis Analytics
Khathu Todani & Victor Munyama	Exchange Rate Volatility and Exports in SA	SA Reserve Bank
Jean Luc Erero, Moses Sichei & Tewodros Gebreselassie	An Augmented Gravity Model of SA's Exports of Transport Equipment and Machinery	<b>the dti</b> University of Pretoria
<b>PLENARY</b>		
Erik Thorbecke	The Globalisation-Openness-Growth-Inequality-Poverty Nexus	Cornell University
Servaas van der Berg, Ronelle Burger, Rulof Burger, Megan Louw & Derek Yu	Trends in Poverty and Inequality Since the Political Transition	University of Stellenbosch



## Trade & Industry Monitor 2005

The quarterly Trade & Industry Monitor is published and distributed by TIPS to almost 500 subscribers locally, in the region and internationally. The Monitor's short, accessible economic research articles on trade and industrial policy, and information on events, seminars and scholarships in these fields, allow a target audience of mainly government officials access to policy-relevant issues and recommendations.

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- The Market Disciplining Effects of Trade Liberalisation and Regional Import Penetration on SA Manufacturing – Lawrence Edwards & Tijn van de Winkel (University of Cape Town)
- More Trade and Fairer Trade for Africa – Commission for Africa
- Special and Differential Treatment in the WTO Agricultural Negotiations – Alan Matthews (Institute of International Integration Studies [IIIS], Trinity College, Dublin, Ireland)
- Trade @ a Glance – Mmatlou Kalaba (TIPS)
- Trade Between SA and China: Future Potential – Owen Willcox (TIPS)

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### VOL. 34 JUNE 2005: ENGINES OF ECONOMIC GROWTH

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- SA as an Engine of Growth in Africa – Vivek Arora & Athanasios Vamvakidis (International Monetary Fund)
- Agricultural Trade Reform and the Doha Development Agenda – Kym Anderson & Will Martin (World Bank)
- China's Leap into the Heart of the 21st Century – Michael Sachs (ANC Head Office)
- Trade @ a Glance – Mmatlou Kalaba (TIPS)
- Focus on Data: SA/India Trade Patterns and Potential – Owen Willcox (TIPS)

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### VOL. 35 SEPTEMBER 2005: TRADE AND COMPETITION POLICY, AND THE RELATIONSHIP TO INDUSTRIAL DEVELOPMENT

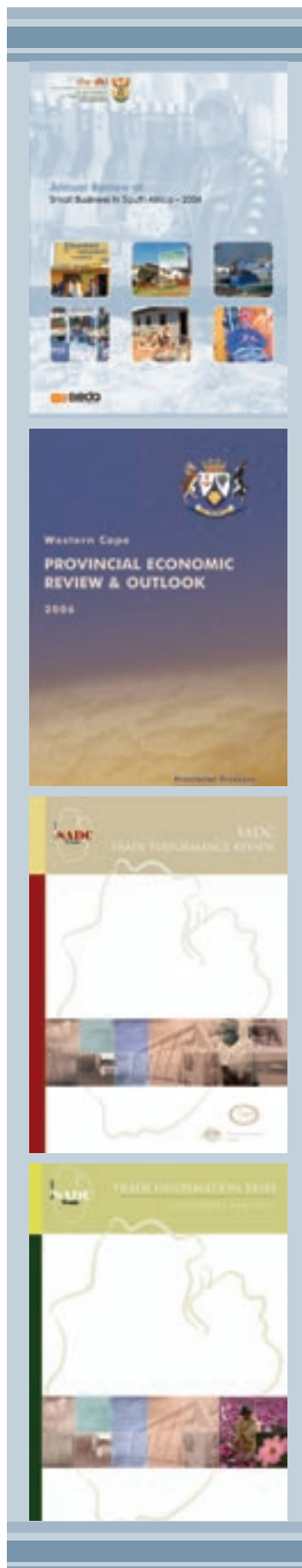
- Revisiting the Revisited Terms of Trade: Will China Make A Difference? – Raphael Kaplinsky (IDS, University of Sussex)
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- Tracking CAFTA's Potential Consequences – Owen Willcox (TIPS)
- Under which Conditions do Employment Concerns Meet the Public Interest Test for Opposing a Merger? – Ryan Hawthorne (Johannesburg Economics)
- Competition Law and SMMEs: Exploring the Competitor/Competition Debate in a Developing Democracy – Kim Kampel (Competition Tribunal of SA)
- Agrarian Reform and the 'Two Economies': Transforming SA's Countryside – Ben Cousins (University of the Western Cape)
- Trade @ a Glance – Mmatlou Kalaba (TIPS)

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### VOL. 36 DECEMBER 2005: ARE DEVELOPING COUNTRIES 'LOSING' POLICY SPACE OR NOT USING NEW OPPORTUNITIES?

- Is a Strong Industrial Policy Possible in the Current Global Environment? – Hajoong Chang (University of Cambridge)
- Preference Erosion and Multilateral Trade Liberalisation – Joseph Francois (Erasmus University, Rotterdam; Tinbergen Institute and the Centre for Economic Policy Research [CEPR]), Bernard Hoekman (Development Research Group, World Bank & CEPR) & Miriam Manchin (Tinbergen Institute)
- Is SA Kicking Away the Development Ladder? Neoliberalism in the Age of Declining American Hegemony – David Fryer, Nshalati Hlungwane & Nicolette Cattaneo (Rhodes University)
- Value Chain Governance Revisited: The Case of the SA Plastics Value Chain – Ralitzia Dobrova (WITS University)
- Trade @ a Glance – Mmatlou Kalaba (TIPS)





## ***Southern African Trade Development Project***

### **TIPS / AusAID**

The three-year SADC Trade Development Programme encompasses a number of research projects on trade reform in Southern Africa, including the development of an online trade database, Social Accounting Matrices to determine the links between trade and poverty, and capacity-building activities to address the relatively low levels of analytical capacity of countries in the region.

In a bid to develop the absorptive capacity of policy-makers in the region, TIPS in 2005 produced a number of accessible research publications:

- The Intra-SADC Trade Performance Review 2005 highlights the intra-SADC structure and patterns of trade for Member States. This 'reference book' uses sophisticated analytical techniques not previously applied to SADC to improve the analytical grounding of policy analyses.
- Electronic and hardcopy Trade Information Briefs provide policy-makers and the private sector with export intelligence regarding the potential of SADC's current as well as potential export basket of goods and services.
- Service Sector Liberalisation Report: Detailed economic profiles and analyses of key service sectors enable policy-makers to assess the likely impact of service sector liberalisation under the GATS agreement and/or bilateral agreements, and calculate potential costs and benefits of liberalising key service sectors.

## **External publications**

### ***Bilateral Trade Studies***

#### **the dti**

South Africa has recently entered into bilateral trade negotiations and/or agreements with a number of developed and developing countries. TIPS' **quantitative impact assessments** of these agreements provide **the dti** with a comprehensive background to existing and potential trade between South Africa and the particular country, as well as its potential implications, examine tariff barriers and analyse the welfare impact of tariff reduction.

### ***Sector Development Strategy: Agro-processing***

#### **the dti**

In 2005, TIPS assisted in drawing up an **Agro-processing Customised Sector Programme (CSP)** as part of **the dti's** sector strategy interventions to facilitate sustainable growth and upgrading of sectors.

## ***Macroeconomic and Trade Highlights: South Africa 1994-2004***

### **the dti**

In collaboration with the DPRU, TIPS in 2005 prepared an in-depth economic analysis of South Africa's macroeconomic and trade performance over the period 1994 to 2004. The objective of the publication was to deliver an economic analysis tailored to **the dti's** information requirements, which included an explicit emphasis on trends in the manufacturing sector and in trade of goods rather than in services.

## ***Trade and Investor Information Service***

### **TISA**

TIPS provides **Trade and Investment South Africa (TISA)** with annual updates on South Africa's macroeconomic and trade performance, as well as analyses of key economic sectors, enabling TISA to give investors relevant, credible information on the local economic environment.

## ***PER&O 2005***

### **Western Cape Provincial Treasury**

This is the second year that TIPS project manages the Western Cape's **Provincial Economic Review & Outlook**, which provides a critical, overarching socio-economic scan of the Province. Building on the 2005 PER&O, the 2006 Review aims to enhance the coherence of provincial macroeconomic, microeconomic and budgetary economic policy advice over the medium term and contribute towards a deeper policy understanding of and engagement on the Western Cape economy.

PER&O 2006 provides a medium-term economic and sectoral outlook for the Province, but deepens the analysis by drawing on an integrated input-output econometric model developed specifically for the Western Cape. A closer labour market analysis is achieved by including a forward projection, which invites debate around the appropriate interventions for enhanced job creation and reduced unemployment. National and Provincial sectoral trends, as well as interventions proposed by the Province's Microeconomic Development Strategy, are weighed against similar activity in the global economy to outline the complexities facing sectoral activity in the Western Cape. This year's Review also measures the extent to which the economic growth experience of the Western Cape has been biased toward or against the poor. A socioeconomic profile at local government level aims to deepen the understanding of existing dynamics at this level, enhancing the provincial-local interface in the Province's shared growth and integrated development strategy.

## ***Annual Review of Small Business in SA – 2004***

### **the dti**

In 2005, seda – **the dti's** agency for supporting small business – tasked TIPS to carry out a second annual review of South Africa's small businesses as part of its mandate to support small enterprise growth, create a better regulatory environment and encourage a culture of entrepreneurship. The **Annual Review of Small Business in South Africa – 2004**, this time published as a Statistical Review and a Qualitative Review, was launched at the first annual seda National Small Enterprise Summit in November 2005, which reviewed the progress made in small business development.

This research publication again sought to address the requirement from **the dti** and Parliament for an annual assessment of the impact of government policy in the area of SMMEs, and extend the dataset of interviewed small businesses, giving **the dti** access to analytically sound information about SMMEs' support needs and stages of development. In collaboration with **the dti**, TIPS once again commissioned the research, managed the project team and prepared the electronic report.

## ***International Marketing Handbook***

### **Oxford University Press**

Oxford University Press in 2005 commissioned TIPS to contribute a chapter on 'Exporting for SMEs' to an under-graduate text book on international marketing to be published in 2006.

## Donor Projects



TIPS operated as a project within the IDRC's Johannesburg Office from 1996 until it became a not-for-profit company in 2001. The organisation continues to receive and actively seek support from a number of donors operating in SA and the region to be able to diversify our funding sources and, more importantly, allow us to expand our public-good activities in areas of relevance to policy-makers in the region.

TIPS is immensely grateful for its donors' generous support. Continued donor assistance highlights the organisation's success in becoming a mature research leader that is increasingly responsive to the local policy environment while maintaining an overt and strong interest in public policy in the areas associated with developing country economic policy.

TIPS' donors in 2005 were:

- IDRC, which supports TIPS' function as a research network support and capacity-building institution.
- GTZ, which aims to enhance South Africa's international competitiveness.
- DFID, which provides project funding for trade research support, particularly to **the dti**.
- AusAID, which supports the SADC Trade Development Programme at TIPS.

### IDRC

Since 2001, the IDRC has supported TIPS to fulfil the following objectives:

- **Serve as a clearing house for policy-makers and researchers:** TIPS has built strong relationships with all the major universities in South Africa and as such has been able to draw readily on researchers to undertake specific research projects, either funded through another donor or, increasingly, funded directly by government. In the field of trade, TIPS accounts for a substantial portion of **the dti**'s research needs, and of course we remain a key dissemination channel for researchers wishing to place their research in policy-makers' view.
- **Strengthen capacity outside of government to increase the quality of policy-applied research:** A key activity under this Programme is the development of analytical courses and summer schools targeted at both researchers and mid-level policy analysts. In addition, TIPS convenes a range of research seminars around specific issues which have resulted in significantly better flows of information about international research methods than previously. Overall, we believe that local research capacity is significantly stronger than before. A new initiative funded primarily by DFID involving a monthly seminar series has increased TIPS' reach considerably, with the labour and civil society constituencies specifically being targeted.
- **Create absorptive capacity in government for applied research:** TIPS strives to ensure that training courses/summer schools are attended by a mix of both researchers and policy analysts. Further, TIPS convenes various seminars and policy briefings where the target audience is specifically government officials. We believe that through these two channels, we have achieved our objective of developing a group of increasingly discerning research users within **the dti** and government as a whole. The project has a significant impact through its policy dialogue function by ensuring greater integration between policy and research.
- **Create and support research infrastructure:** Consistent with our research network approach, and by leveraging additional funding, TIPS focuses on developing infrastructure for research, such as new databases and making them accessible online, thereby significantly improving researchers and policy-makers' access to policy-relevant economic data. Through this, the policy relevance of research has undoubtedly increased dramatically.

### DFID

The South Africa Trade and Poverty Programme was envisaged to provide capacity support to the South African government. Key priorities include South Africa's bilateral and multilateral trade policy agenda, but also a sharp focus on the impact of South Africa's trade policy on poverty.

## Trade research support

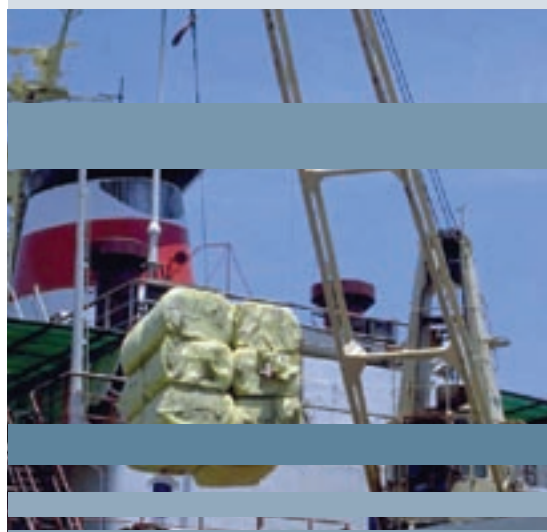
In 2005, TIPS undertook a number of bilateral impact assessments funded by DFID. These reports are highly confidential and are a key input into the Southern African Customs Union (SACU) or South African negotiating teams for bilateral trade agreements. TIPS was also commissioned to undertake focused sectoral assessments of the impact of potential Free Trade Agreements. Analyses were carried out on FTAs between South Africa and the following countries or trade blocs – India, China, Brazil and India, Kenya, Nigeria and the European Free Trade Area (EFTA). FTAs between SACU and Mercosur and SACU and the US were also scrutinised.

## Programme to promote informed dialogue

- The Programme provides assistance in a wide range of activities to help South Africa to formulate, negotiate and implement pro-poor trade policies, including assistance to the private sector, civil society and government through stakeholder seminars, institutional development, and research and capacity-building.
- A seminar series held under the auspices of the National Economic Development and Labour Council (Nedlac) was implemented in 2005, with between 20 and 40 people attending each seminar.
- In addition, a Trade Information Service project has been initiated for TISA, which in its first report reviewed South Africa's overall trade performance in 2005.

## GTZ

This year is the final year of the GTZ programme of funding, which has been used primarily to fund TIPS' Annual Forum as well as other Dialogue events, and to commission specific pieces of research. The TIPS Annual Forum – a vehicle to help to create and sustain a network of researchers in the area of trade and industry and other related fields – is of particular relevance within this Programme. The Forum consistently provides an environment for dialogue between researchers, policy-makers and other stakeholders around policy-relevant issues resulting from research. Research funded by GTZ in 2005 includes a series of SMME-related studies, public transport assessments and reform support, and part of the *State of Trade Policy* publication.





## AUSAID

Discussions in 2004 with AusAID to support TIPS to implement a regional programme on trade-related policy research in 10 Southern African countries culminated in an agreement for a three-year partnership. Implementation of the programme began in 2005. Capacity-building is a core focus of the programme and so far, more than 120 policy analysts and researchers in Southern Africa have been trained in trade data manipulation and advanced trade analysis. Five projects were selected for implementation:

- **Development of a Southern Africa Trade Database:** TIPS researchers travelled to SADC Member States to collect trade data and build capacity through a number of training sessions, particularly aimed at empowering local researchers and policy-makers to use the database effectively. The database is structured using sophisticated database software, Beyond 20/20, which allows for maximum functionality and flexibility, resulting in a very powerful tool for trade analysts and policy-makers in the region. The overwhelming response has been highly positive and participants expressed a strong interest in seeing the database maintained.
- **Integration of SACU Social Accounting Matrices:** TIPS is contributing to the construction of a Swaziland SAM, which will be integrated into a SACU multi-country framework, together with the current Lesotho and South Africa SAMs.
- **Impact Assessment of Services Liberalisation in SACU:** The services liberalisation project consists of two parts – a general academic literature review on trade in services and the effects of liberalisation of trade in services, and an in-depth report of the state of certain services sectors in SACU, the latter mainly based on interviews with firms operating in SACU Member States.
- **SADC Export Market Intelligence:** Information on the export performance and potential of many developing countries remains incomplete. TIPS' Trade Information Service series of market briefs aims to contribute to bridging this information gap for existing producers in SADC who may not have the financial resources to generate a fully fledged market research process. The briefs are basic first-cut analyses of export prospects to allow enterprises to make the decision on whether to initiate further market research. Each 'Brief' covers a product cluster of particular interest to SADC members.
- **SADC Trade Performance Review:** TIPS commissioned in-country researchers for the first intra-SADC trade performance review, which analyses member states' trade performance across a range of dimensions. A special focus of the review is an indication of the level and depth of intra-SADC trade flows. Each country analysis distinguishes between trade with South Africa, trade with the rest of SADC and trade with the rest of the world to offer the SADC Secretariat and other stakeholders further insight into how trade within the region has evolved and could be facilitated further. The ultimate aim of the project is to identify the products that SADC member states import from other countries but could actually source from within SADC.





### Website

The TIPS website plays a key role in disseminating the research output of the organisation as well as of the broader TIPS research community. An outstanding feature of the website is our ability to populate it consistently with important research and data generated within TIPS and procured from the outside. The online, searchable research database contains approximately 700 papers, focusing on, inter alia, trade, industry and regulatory issues, and includes both reviewed working papers and shorter, policy-orientated briefing papers.

### Online data

Sound economic policy-making is dependent on reliable data and is the bedrock of high-quality analysis. By hosting a number of economic and trade databases from leading global statistical institutions on its website, TIPS has actively addressed a previous lack of access to consistent and current data in South Africa and Southern Africa.

The TIPS economic databases, hosted online and accessed through the TIPS website, is a vital resource for researchers working in both the academic and policy communities. The organisation continuously strives to improve the format of data presentation to allow for the easy application of economic analysis. Senior policy-makers and researchers are unanimous that TIPS' provision of easy access to high-quality, online data is one of the organisation's most important contributions to policy-making in South Africa.

TIPS' online data includes:

- **South African Standardised Industry Indicator Time-series:** A disaggregated and consistent long-term view of South Africa's economic structure by industry at the three-digit SIC level.
- **South African HS Exports and Imports: Trade time-series data at the HS6-digit level.** Over 7,000 commodities classified and over 170 countries of origin for imports or destination for exports.
- **SA TradeMap, ProductMap and MarketAccessMap:** Developed by the ITC, in conjunction with TIPS and the dti, the database provides trade, growth trends and market shares to facilitate market research for international trade.
- Reserve Bank Database.
- Organisation for Economic Co-operation and Development (OECD) Industry Indicators.
- International Financial Statistics.
- Global Development Indicators.
- World Trade Database.
- Statistics South Africa Indicators.
- United Nations Industrial Development Organisation (UNIDO) Industry Indicators.
- Abstract of Agricultural Statistics.

#### *About the ITC's tools*

**TradeMap provides online access to the world's largest trade database and presents indicators on export performance, international demand, alternative markets, and the role of competitors from both the product and country perspective. TIPS has provided access to all South Africans since 1999.**

**ProductMap is a web portal presenting business information and intelligence in a product context for 73 product clusters. ProductMap includes market studies, price indicators, links to product information and trade data. TIPS has administered access to ProductMap since the beginning of 2004.**

Since its inception, TIPS has been committed to capacity building – not only of previously disadvantaged social groups but of women in particular, with at least 50% of the organisation's staff consisting of women or previously disadvantaged individuals. TIPS places a high priority on building researchers' and policy-makers' capacity through seminars, workshops and short training courses aimed at a variety of participants. We particularly emphasise supporting disadvantaged individuals in our training initiatives, with a target of at least 50% equity and gender participation, ensured in some cases through financial support.

Through our scholarship programme – primarily awarded to previously disadvantaged students and women – we have not only assisted in building capacity in the field of economics, but enhanced skills and promoted the gaining of experience by allowing scholarship students to attend summer/winter schools free of charge.

Business and small enterprises especially have been targeted for regular customised training workshops on database use for export market analysis, sometimes in collaboration with seda. Our workshops on key economic themes such as competition and regulation attract policy-makers and specialist practitioners.

TIPS also has a significant impact in the area of economic modelling, around which short courses on economy-wide modelling and computable general equilibrium techniques are conducted. With the experience gained in nearly 10 years of work in South Africa, TIPS has expanded its activities to the SADC region, developing courses and workshops on trade data and trade policy geared to assist SADC states in forthcoming trade negotiations.

Members of our research staff regularly attend the technical training courses, summer/winter schools, workshops, seminars and conferences offered by TIPS, as well as conferences offered by other institutions. Support staff have attended various computer and accounting training, language skills and conference management courses in 2005.

Training and capacity-building projects at TIPS in 2005 included:

### **ITC: TradeMap and ProductMap**

#### **Introduction to International Market Analysis Tools – Using TradeMap & ProductMap**

##### **Small Enterprise Development Agency**

TIPS presented a three-day 'training of trainers' workshop in March 2005 to export facilitators selected by seda, aimed at familiarising these trainers with the use of the ITC's online Market Analysis Tools to assist small businesses in developing their export strategies.

##### **the dti, Department of Agriculture and SADC Secretariat**

In June 2005, TIPS held an introductory training workshop on the use of the ITC's online Market Analysis Tools – TradeMap and ProductMap – for officials from **the dti**, the Department of Agriculture and the SADC Secretariat. The seminar focused on the use of the ITC's tools for market analysis in the development of international trade strategies.

##### **SADC Private Sector Organisations**

In November 2005, TIPS presented a brief workshop on using the ITC's online Market Analysis Tools to SADC regional business organisations, aimed at enabling private sector stakeholders to incorporate the ITC's trade data, market and product studies and business intelligence more effectively into their marketing and export strategies.

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## Economic Partnership Agreements

### Advanced Data Training Workshops

#### SADC trade officials

In August and September 2005, researchers and database experts from TIPS gave several trade data training sessions to SADC trade officials involved in Economic Partnership Agreement (EPA) negotiations under the auspices of the SADC Secretariat.

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## Country Visits

### Basic Data Training Workshops

#### SADC ministries, trade officials and export associations

As part of the capacity-building component of TIPS and AusAID's SADC Trade Development Programme, TIPS between May and December 2005 undertook basic trade data training workshops in eight SADC countries – Mozambique, Botswana, Lesotho, Swaziland, Namibia, Malawi, Zambia and South Africa. Officials from various ministries and export associations attended the workshops, which included guiding participants on how to use the SADC Trade Database effectively. Our trainers endeavoured to make these sessions as accessible as possible – for example, in the case of Mozambique we translated our training slides into Portuguese. In Botswana, two sessions were held because of high demand from the Ministry of Agriculture and the Trade Statistics Unit. To complement the training, a 47-page training manual was developed, guiding the participants through the complexities of the Beyond 20/20 database application.

### Advanced Trade Analysis Course

#### SADC in-country researchers

11 in-country researchers – from Lesotho, Botswana, Swaziland, Mozambique, Tanzania, Zambia, Zimbabwe, Mauritius, Malawi, Namibia and South Africa – attended a three-day course at TIPS on trade analysis and how to use the SADC Trade Database to develop SADC country trade profiles, which were included in the TIPS/AusAID *Trade Performance Review* reference book.

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## Modelling

### Introduction to Economy-wide Policy Impact Analysis

#### Local researchers and post-graduate students, SADC ministries and economic development institutions

Input-output analysis, complemented by means of SAMs, is often used as a tool to conduct meso-level economic enquiry. Researchers frequently use these tools to analyse the impact on production, the environment, prices, employment and income effects of policy-related changes in international trade, taxes, fiscal policy and investment. Economic modelling techniques that





capture economy-wide impacts of policy changes are increasingly being used in South African academic, consulting and research circles. To cater for this increased demand, the School of Economics at the University of Cape Town, in conjunction with TIPS, offered its fourth one-week introductory course in economy-wide policy impact analysis in April 2005.

As part of the SADC Trade Development Programme's capacity-building component, TIPS sponsored nine participants from Lesotho, Swaziland and Botswana to attend the course, including officials from the Economic Planning and Development, and Trade and Industry ministries, and Lesotho's Central Bank.

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## Data Manipulation

### Using Online Data Sources

#### Post-graduate students: Pretoria University

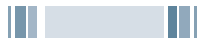
As part of its public-good activities, TIPS presented a one-day course in March 2005 for Department of Agricultural Economics post-graduate students at the University of Pretoria on using online databases effectively.

#### Post-graduate students: University of KwaZulu-Natal (UKZN)

A similar course was presented to UKZN Economics Master degree students in August 2005.

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TIPS plays an important role in disseminating its own research and that conducted within the TIPS network. This is confirmed by the extent to which TIPS is the first organisation approached by many policy analysts for advice, support or simply information.

This view is supported by the fact that TIPS events are attended and TIPS is invited for briefings by various Ministers, Directors-General and senior government officials. We believe TIPS' impact on the policy community to be significant. We are seen as an independent source of analytical information, little

constrained by dogma, and our policy analyses are generally seen as thoughtful. Our activities have greatest impact in the trade arena where we have great confidence that our research is translated into policy.

TIPS each year hosts several conferences, symposia and seminars on issues related to Southern African trade and industrial policy, which serve as a platform for researchers, policy-makers and other stakeholders to discuss ongoing research and enter into dialogue on policy-relevant issues resulting from research.

### **TIPS/DPRU Forum 2005: Trade and Uneven Development: Opportunities and Challenges**

**30 November-1 December 2005**

The Forum is an annual event bringing together members of the research, academic and policy communities to discuss economic policy issues of South African and regional interest. The 2005 event aimed to develop these links and strengthen the flow of relevant research into policy-making by focusing on economic growth, particularly through the lenses of sector strategies and trade policy. Forum 2005 was jointly organised by TIPS and the DPRU at the University of Cape Town, in association with UNU-WIDER. The Forum was attended by about 200 delegates, including senior academics and government officials from South Africa and the region. This was the ninth year that TIPS organised a Forum, which was funded by GTZ.

### **SATPP Policy Dialogue Workshop**

As part of the DFID-funded South Africa Trade and Poverty Programme and its objective to promote informed dialogue on South Africa's trade policy amongst key stakeholders, TIPS in 2005 implemented a seminar series held under the auspices of the Nedlac. These seminars provided a platform for government and civil society representatives (business, labour and broader social interest groups) to discuss critical issues concerning the role of trade policy in fostering poverty reduction and human development in South Africa.

### **Trade Policy and Poverty Reduction Strategies in South Africa**

**27 January 2005**

This was the first seminar in the series. Discussions, led by Matthew Stern, the director of USAID's Support for Economic Growth and Analysis Project, were based on DFID's *Trade and Poverty Handbook*.

### **The Market Disciplining Effects of Trade Liberalisation and Regional Import Penetration on Manufacturing in South Africa**

**25 May 2005**

Dr. Lawrence Edwards of the University of Cape Town presented his and Tijn van de Winkel's work on the market disciplining effects of trade liberalisation and regional import penetration on South African manufacturing. His research advances existing empirical work in several ways. First, it uses detailed sector-level tariff data as one of the indicators of changes in economic openness. Calculating tariff levels for 26 manufacturing sectors between 1988 and 2002 using both scheduled tariff rates and collection duties, the research tests the robustness of the relationship between tariff liberalisation and mark-ups to different measures of tariff protection. Edwards also presented their analysis of the impact of regional imports on mark-ups in the manufacturing sector between 1988 and 2002.

## Telecommunications Prices in South Africa

*29 June 2005*

At this seminar, Sarah Truen of Genesis Analytics presented a comparative study to assess how close to or how far from the competitive, or best practice, price benchmark South Africa's telecommunications prices are. She finds that there is no innate reason why South Africans should not have access to telecommunications services at such a benchmark price level, and therefore compares South Africa to a best-practice peer group.

## A Strategic Assessment of the South African Wearing Apparel Sector

*29 July 2005*

Towards the end of 2004, TIPS and a number of its network researchers as well as external analysts reviewed several sectors of the South African economy as part of a project commissioned by the Presidency and the ComMark Trust to inform policy debate. As part of this process, Dr. Justin Barnes analysed the clothing sector, its major markets and production trends, as well as its broader dynamics. Based on this analysis, various clothing sector constraints and opportunities and hence policy-related challenges were identified. Barnes discussed these issues, as well as the way this work informed the current debate on calls for increased protection for the clothing sector at this workshop.

## Import-Parity Pricing in South Africa and its Implications for Downstream Firms, Employment and Poverty

*31 August 2005*

The practice of import-parity pricing has received much attention in the media in 2005. Import-parity pricing is being challenged at the Competition Tribunal, and **the dti** has been negotiating with various firms to limit its use. At the seminar, Professor Simon Roberts of the Corporate Strategy and Industrial Development Research Programme at the University of the Witwatersrand – who has for a number of years researched this issue and its implications in different sectors of the economy – explained how import-parity pricing works, where its effects are felt and different ways in which the practice could be limited.

## A Review of the MIDP and Implications for Other Sectors of the South African Economy

*2 November 2005*

Frank Flatters, Professor Emeritus of Economics at Queen's University, Canada and consultant to regional organisations and governments in Southern Africa, discussed the economics of the Motor Industry Development Programme (MIDP) at this workshop. To assist in understanding the widely regarded success of the programme and contribute to the current review of its future, Flatters presented an analysis of the way in which the programme operates and some of its actual and alleged benefits and costs. He also reviewed some of the implications of this analysis for MIDP's use as a model for other sectoral industrial policies in South Africa.



## Putting Development Back into the Doha Agenda: Poverty Impacts of a WTO Agreement

**6 April 2005**

TIPS and the WITS School of Economics and Business Sciences hosted, on behalf of the World Bank, a seminar on the poverty impacts of the Doha Development Agenda, which reported on the findings from a forthcoming book based on a major international research project investigating the poverty impacts of a potential Doha Development Agenda Agreement.

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## WTO National Consultative Conference

**27 October 2005**

With no prospect of a successful conclusion of the Doha Round of multilateral trade negotiations by the agreed deadline of 1 January 2005, the WTO General Council agreed in July 2004 to adopt a work programme that seeks to accelerate the negotiating momentum, and to conclude the Round by the end of 2006. As part of preparations for its approach to the 6th Ministerial Conference, the South African Government therefore convened a National Consultative Conference to ensure that interested parties could participate in informing the development of South Africa's approach to the meeting in Hong Kong, China.

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## UNU-WIDER: The Impact of Globalisation on the World's Poor

**1-2 December 2005**

Globalisation offers new opportunities for accelerating development and poverty reduction, but also poses new challenges for policy-makers. There is much concern about the distribution of benefits, in particular whether the poor gain from globalisation and under what circumstances it may actually hurt them. To meet this important agenda, this event and the concomitant research aimed at producing rigorous theoretical and empirical analysis of the poverty impacts of globalisation, thereby providing a framework upon which to build strategies for 'pro-poor globalisation'. Importantly, the discussion evaluated how different poor groups – for example, the rural poor versus urban poor – are affected in different ways by globalisation. The event produced thematic papers as well as country and regional case studies.





# Annual Financial Statements

*for the year ended 31 December 2005*

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## Directors' Responsibility for the Financial Statements

for the year ended 31 December 2005

The directors are responsible for monitoring the preparation and integrity of the annual financial statements and related information included in this annual report.

In order for the board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The board has ultimate responsibility for the system of internal control and reviews its operation.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the company's policies and procedures. These controls are implemented by trained, skilled personnel with an appropriate segregation of duties, are monitored by management and include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa and incorporate responsible disclosure in line with the accounting philosophy of the company. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors believe that the association will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the financial statements.

The financial statements for the year ended 31 December 2005 set out on pages 33 to 43 have been approved by the board of directors on 9 May 2006 and are signed on its behalf by:

A Hirsch  
Director

S Hanival  
Director

### Declaration by Company Secretary

In my capacity as Company Secretary, I hereby confirm, in terms of the Companies Act, 1973, that for the year ended 31 December 2005, the Company has lodged with the Registrar of Companies all such returns as are required of a company in terms of this Act and that all such returns are true, correct and up to date.

I Juskiewicz  
Company Secretary

## To the members of Trade and Industrial Policy Strategies (Association incorporated in terms of Section 21)

We have audited the annual financial statements of Trade and Industrial Policy Strategies (Association incorporated in terms of Section 21) set out on pages 33 to 42 for the year ended 31 December 2005. These financial statements are the responsibility of the association's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly, in all material respects, the financial position of the association at 31 December 2005 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

The supplementary information as set out on page 43 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion on it.

**KPMG Inc**  
**Registered Auditors**  
**Chartered Accountants (SA)**



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**Per T Tshikovhi**  
**Director**

9 May 2006





# Directors' Report

for the year ended 31 December 2005

The directors have pleasure in presenting their report for the year ended 31 December 2005.

## Incorporation and nature of business

Trade and Industrial Policy Strategies (TIPS) is a non-profit public-benefit organisation that is engaged in generating and sustaining a capacity for policy development and research in the sphere of economic policy, with particular emphasis on trade and industry, within and outside of government in South Africa. The company receives grants from international aid organisations and applies these funds against specific projects, administration of these projects and support infrastructure.

## General review and review of financial statements

During the period under review the association had a surplus of R671 957 (2004: deficit of R 2 162 987).

## Directors

The directors of the association during the period and up to the date of this report were as follows:

A Hirsch  
M Holden  
S Hanival  
T Matona

## Secretary

The company secretary is Mr I Juskiewicz.

## Subsequent events

No material fact or circumstance has occurred between the accounting date and the date of this report.

## Registered office and business address

814 Church Street  
Arcadia  
Pretoria  
0083

## Postal address

P.O. Box 11214  
Hatfield  
0028

# Balance Sheet

as at 31 December 2005

	<i>Note</i>	<i>2005</i> <i>R</i>	<i>2004</i> <i>R</i>
<b>Assets</b>			
<i>Non-current assets</i>			
Furniture and equipment	4	128 854	118 562
<i>Current assets</i>			
Accounts receivable	5	812 375	1 382 900
Cash and cash equivalents		4 680 627	4 025 850
<b>Total assets</b>		<b>5 621 856</b>	<b>5 527 312</b>
<b>Funds and Liabilities</b>			
<i>Accumulated funds</i>			
Project funding	6	4 657 462	3 995 797
Fixed asset funding		128 854	118 562
<i>Current liabilities</i>			
Accounts payable		835 540	1 412 953
<b>Total funds and liabilities</b>		<b>5 621 856</b>	<b>5 527 312</b>



# Income Statement

for the year ended 31 December 2005

	Note	2005 R	2004 R
<b>Funds received</b>		7 591 478	4 733 387
Grants received		5 898 588	2 639 654
Contracts		639 292	1 723 645
Interest received		623 168	280 858
Sundry income		430 430	89 230
<b>Expenditure</b>		(6 919 521)	(6 896 374)
Projects		5 477 605	5 153 525
Administration		1 441 916	1 742 849
<b>Surplus/(deficit) for the year</b>	2	671 957	(2 162 987)



## Statement of Changes in Funds

for the year ended 31 December 2005

	<i>Project funding</i>	<i>Fixed asset funding</i>	<i>Total</i>
	<i>R</i>	<i>R</i>	<i>R</i>
<b>Balance at 1 January 2004</b>	<b>6 121 688</b>	<b>155 678</b>	<b>6 277 346</b>
Deficit for the year	(2 162 987)	-	(2 162 987)
Transfer from fixed asset funding	37 116	(37 116)	-
<b>Balance at 31 December 2004</b>	<b>3 995 797</b>	<b>118 562</b>	<b>4 115 359</b>
Surplus for the year	671 957	-	671 957
Transfer to fixed asset funding	(10 292)	10 292	-
<b>Balance at 31 December 2005</b>	<b>4 657 462</b>	<b>128 854</b>	<b>4 786 316</b>



# Cash Flow Statement

for the year ended 31 December 2005

	Note	2005 R	2004 R
<b>Net cash inflow/(outflow) from operating activities</b>		<b>681 523</b>	(3 099 201)
Cash generated/(absorbed) by operations	7	58 355	(3 380 059)
Interest received		623 168	280 858
<b>Cash flows from investing activities</b>		<b>(26 746)</b>	(60 513)
Proceeds from disposal of assets		60 000	-
Acquisition of furniture and equipment – additions		(86 746)	(60 513)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>654 777</b>	(3 159 714)
Cash and cash equivalents at beginning of year		4 025 850	7 185 564
<b>Cash and cash equivalents at end of year</b>		<b>4 680 627</b>	4 025 850

# Notes to the Financial Statements

for the year ended 31 December 2005

## 1. Accounting policies

Trade and Industrial Policy Strategies (the "Company") is a company domiciled in the Republic of South Africa.

### 1.1. Statement of compliance

The financial statements of the company are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the South African Companies Act.

### 1.2. Basis of preparation

The financial statements are presented in South African Rand. They are prepared on the historical cost basis.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these annual financial statements.

### 1.3. Revenue recognition

Revenue comprises grants, conference fees and course fees. Grants are recognised at fair value, exclusive of VAT, at the earlier of when funding is paid to the company or the right to receive payment is established within the financial period. Where grants are linked to specific projects it will be recognised on a stage of completion basis.

Consulting fees and course fees comprise net invoiced fees excluding VAT.

Expenditure incurred directly by founders in pursuit of the activities of the company is not reflected as contributions to or expenditure by the company.

### 1.4. Furniture and equipment

Furniture and equipment is reflected at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes all costs directly attributable to bring the assets to working condition for its intended use. Depreciation is provided on the straight-line basis over the estimated useful life of the assets. The rates used to depreciate assets are as follows:

Furniture and fitting	16.67%
Computer equipment	33.33%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Surpluses/(deficits) on the disposal of furniture and equipment are credited/(charged) to income. The surplus/(deficit) is the difference between the net proceeds and the carrying amount of the asset.

## 1.5. Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

## 1.6. Fixed asset fund

In order that unexpended funds reflect only the funds available to fund the future operations of projects, those funds that relate to the residual value of fixed assets are separated and reflected within a fixed asset fund. In order to give effect to this policy, an amount equal to the cost of fixed assets acquired, adjusted by depreciation and profits or losses on disposal, is transferred each year from unexpended funds to the fixed assets fund. Proceeds on the disposal of fixed assets are transferred to unexpended funds.

## 1.7. Leases

### *Finance leases*

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the company are classified as finance leases. The capital element of future obligations under the leases is included as a liability in the balance sheet.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### *Operating leases*

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases.

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

## 1.8. Financial instruments

### *Measurement*

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below.

### *Trade and other receivables*

Trade and other receivables originated by the company are stated at cost less provision for doubtful debts.

### *Cash and cash equivalents*

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date.

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash on hand and deposits held with banks net of bank overdrafts, all of which are available for use by the company unless otherwise stated.

### *Financial liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisations.

### *Offsets*

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 1.9. Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

## 1.10. Employee benefits

### *Short-term employee benefits*

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The provisions for employee entitlements to salaries and annual leave represent the amount which the company has a present obligation to pay as a result of employees' services provided at the balance sheet date. The provisions have been calculated at undiscounted amounts based on current salary rates.

## 1.11. Comparative figures

Where necessary comparative figures have been reclassified.

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## 2. Surplus/(deficit) for the year

is arrived at after taking into account the following:

	2005	2004
	R	R
Auditor's remuneration – current year	72 000	75 646
Depreciation of furniture and equipment (refer to note 4)	71 355	86 496
Directors' emoluments		
- fees for services as directors	592 542	499 996
Interest income	623 168	280 858
(Profit)/loss on disposal of furniture and equipment	<u>(54 901)</u>	<u>11 133</u>

## 3. Income tax expense

No provision has been made for South African normal taxation because TIPS has been approved as a public benefit organisation in terms of Section 30 of the Income Tax Act ("the Act") and its receipts and accruals are exempt from income taxation in terms of Section 10(1)(cN) of the Act.

## 4. Furniture and equipment

	<i>Depreciation rate</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Carrying amount</i>
	%	R	R	R
<b>2005</b>				
Furniture and fittings	16.67	72 628	14 466	58 162
Computer equipment	33.3	301 572	230 880	70 692
		<u>374 200</u>	<u>245 346</u>	<u>128 854</u>
<b>2004</b>				
Furniture and fittings	16.67	46 374	8 510	37 864
Computer equipment	33.33	249 436	168 738	80 698
		<u>295 810</u>	<u>177 248</u>	<u>118 562</u>
		<i>Furniture and fittings</i>	<i>Computer equipment</i>	<i>Total</i>
<b>2005</b>		R	R	R
Carrying amount at beginning of the year		37 864	80 698	188 562
Additions		34 610	52 136	86 746
Depreciations		(9 213)	(62 142)	(71 355)
Disposals		-	-	(5 099)
Carrying amount at end of the year		<u>58 162</u>	<u>70 692</u>	<u>128 854</u>
<b>2004</b>		R	R	R
Carrying amount at beginning of the year		17 366	138 312	155 678
Additions		25 457	35 056	60 513
Depreciations		(4 959)	(81 537)	(86 496)
Disposals		-	(11 133)	(11 133)
Carrying amount at end of the year		<u>37 864</u>	<u>80 698</u>	<u>118 562</u>

## 5. Accounts receivable

	<b>2005</b>	<b>2004</b>
	<b>R</b>	<b>R</b>
Donors	614 176	1 334 004
South African Revenue Service (Value Added Taxation)	147 151	16 887
Other debtors	51 048	32 009
	<u>812 375</u>	<u>1 382 900</u>

## 6. Project funding

Project funding comprises the unexpended project funding at the end of the year that is to be used against future expenditure.

<b>R</b>	<b>R</b>
<u>4 657 462</u>	<u>3 995 797</u>

## 7. Notes to the statement of cash flows

	<b>R</b>	<b>R</b>
Surplus/(deficit) for the year	671 957	(2 162 987)
<i>Adjustment for:</i>		
Depreciation of furniture and equipment	71 355	86 496
Interest received	(623 168)	(280 858)
(Profit)/loss on disposal of furniture and equipment	(54 901)	11 133
Surplus/(deficit) funding before working capital changes	65 243	(2 346 216)
Decrease/(increase) in accounts receivable	570 525	(1 280 769)
(Decrease)/increase in accounts payable	(577 413)	246 926
	<u>58 355</u>	<u>(3 380 059)</u>



# Detailed Income Statement

for the year ended 31 December 2005

## Funding

Grants received  
Interest received  
Contracts  
Sundry income  
Course fees

## Expenditure

### Projects

Data subscriptions and hosting  
Bank charges  
Consulting fees  
Employment costs  
Equipment  
Office supplies and expenses  
Printing and publications  
Seminars, meetings and conferences  
Small grants and scholarships  
Telephone  
Travel

### Administration

Audit fees  
Bank charges  
Computer maintenance  
Consulting fees  
Data communications  
Depreciation  
Employment costs  
Equipment  
Insurance  
Office rental, security and maintenance  
Office supplies and expenses  
Periodicals and subscriptions  
Printing and publications  
Seminars, meetings and conferences  
Telephone  
Training  
Travel  
Vehicle operations and maintenance  
Office relocation

**Surplus/(deficit) for the year for the year**

	<b>2005 R</b>	<b>2004 R</b>
	7 951 478	4 733 387
	5 898 588	2 639 654
	623 168	280 858
	639 292	1 723 645
	348 170	89 230
	82 260	-
	6 919 521	6 896 374
	5 477 605	5 153 525
	245 172	-
	9 502	12 126
	2 822 635	2 781 855
	1 179 102	1 228 752
	6 140	17 956
	26 559	30 866
	481 562	317 348
	362 189	394 362
	-	10 000
	14 410	23 736
	330 334	336 524
	1 441 916	1 742 849
	75 646	43 000
	19 106	25 256
	23 779	21 952
	328 697	135 130
	60 410	50 072
	71 150	83 809
	396 476	716 195
	67 718	83 207
	29 131	32 495
	177 497	245 372
	44 945	68 527
	6 059	6 129
	54 999	48 365
	17 194	174
	32 137	53 984
	6 600	5 489
	26 530	64 316
	3 842	8 455
	-	50 922
	671 957	(2 162 987)

# Income Statement by Source

for the year ended 31 December 2005

	GRANT-FUNDED PROJECTS					WORKING CAPITAL (COMPRISING UNRESTRICTED)						
	GTZ	IDRC		AusAID	IDRC	Working Capital	World Bank		seda	I-Net Bridge	the dti	
	Enhancing the International Competitiveness of SA	Core and Core Programme	SA Trade Research Network	African Governance Facility	SATPP Phase 2		Poverty Impacts	Competitive Assessment	seda Export Training: Durban	I-Net Bridge	SMME 10 Year Review & Strategy	SMME Annual Review 2003
<b>FUNDING (R)</b>	<b>1 482 653</b>	<b>1 242 258</b>	<b>664 104</b>	<b>2 037 738</b>	<b>926 997</b>	<b>276 791</b>	<b>31 339</b>	<b>89 358</b>	<b>43 015</b>	<b>849</b>	<b>56 317</b>	<b>86 840</b>
Grants	1 263 161	1 242 258	493 953	1 972 220	926 997							
Contract fees						4 339	20 339	89 358	43 015			
Course fees						5 000						
Interest	219 492		170 151	65 518		168 006						
Other income						99 445	11 000			849	56 317	86 840
<b>EXPENDITURE (R)</b>	<b>1 482 653</b>	<b>1 207 003</b>	<b>843 821</b>	<b>1 400 362</b>	<b>926 997</b>	<b>26 392</b>	<b>31 339</b>	<b>89 358</b>	<b>43 015</b>	<b>849</b>	<b>56 317</b>	<b>86 840</b>
Direct	1 205 815	1 207 003	766 686	804 543	786 548	1 448 166	28 558	33 225	21 227	-	56 317	94 047
Allocated	276 838		77 135	595 819	140 449	-1 421 774	2 781	56 133	21 788	849		-7 207
<b>EQUIPMENT (R)</b> (Net of disposals)		<b>35 255</b>		<b>6 139</b>		<b>40 253</b>						
<b>SURPLUS DEFICIT (-) (R)</b> End of period	-	<b>0</b>	<b>0</b>	<b>631 236</b>	-	<b>4 026 226</b>	-	<b>0</b>	<b>0</b>	-	-	-
For the period	-	0	-179 717	631 236	-	210 146	-	0	0	-	-	-
At the beginning of year			179 717			3 816 080						

FUNDING FOR SMALL PROJECTS, CONTRACT FEES AND OTHER INCOME AND EXPENDITURE										Total Working Capital	Consolidated
		Training courses		DPRU		Department of Transport	GFA	FES	University of Pretoria		
SMME Annual Review 2004	Agro-Processing CSP	Economy Wide April 2005	ITC Tools June 2005	Western Cape Analytical Research	Western Cape PER & O 2004	Rail Reform Forum Workshop	Trade Data Analysis	FES Country Study	Water Research Commission		
167 250	86 500	74 875	8 385	87 832	74 483	87 719	8 560	57 000	615	1 237 728	7 591 478
										-	5 898 588
167 250	86 500			87 832	74 483		8 560	57 000	615	639 292	639 292
		68 875	8 385							82 260	82 260
		6 000				87 719				168 006	623 168
										348 170	348 170
167 250	86 500	74 875	8 385	87 832	74 483	87 719	8 560	57 000	615	987 329	6 848 165
131 035	32 232	65 725	1 663	-	19 816	87 944	-	57 000	615	2 077 570	6 848 165
36 215	54 268	9 150	6 722	87 832	54 667	-225	8 560		-	-1 090 241	0
										40 253	81 647
0	-	-	-	0	-	0	-	-	0	4 026 226	4 657 462
0	-	-	-	0	-	0	-	-	0	210 146	661 665
										3 816 080	3 995 797

## Trade and Industrial Policy Strategies (TIPS)

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South Africa

🌐 www.tips.org.za

### **Auditors**

KPMG Inc.

Registered Accountants and Auditors

### **Bankers**

Standard Bank

### **Registered Office**

814 Church Street, Arcadia 0083,

Pretoria, South Africa

### **Legal Status**

TIPS is incorporated in South Africa as a Section 21 Company  
(Registration No: 2001/012247/08)

## Donors





