

Manufacturing key to growing SA economy

By  Danette Breitenbach

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With its multiple effect, manufacturing is the one sector in the economy that has the potential to create the jobs the country needs so desperately. But the industry is under threat and has declined.



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“The industry has not been able to get back the 400,000 jobs lost in the 2008 financial crisis and its contribution to GDP has gone from over 15% in 2008 to under 12% currently. In the 80s, the sector’s contribution to GDP was 24% – double what it is today,” says Ayanda Mngadi, group executive for corporate affairs, Hulamin Ltd and part of the national executive committee of the Manufacturing Circle.

Addressing delegates at the [Manufacturing Indaba](#) last week, she says many factors have contributed to the position the sector currently finds itself in. “Some of these are economic uncertainty, price increases, labour and political uncertainty, competition from the outside and energy uncertainty. The impact has been devastating to the sector and the country.”

Map to a Million New Jobs in a Decade

International experience shows that for South Africa to grow, the manufacturing sector must increase its contribution to GDP, she says.

It is with this in mind that the Manufacturing Circle launched its ‘Map to a Million New Jobs in a Decade’ [last year](#). A plan she describes as “realistic and constructive, with actionable steps to create an environment in which manufacturing in South Africa can thrive and jobs can be created.”



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“We have identified the constraints to address and detailed proposals to nurture an environment that will see manufacturing

thrive,” she adds.

The first priority, she says, is to prevent further deindustrialisation in areas such as the Vaal Triangle and therefore arrest further job losses. “Secondly a number of interventions have been established to increase domestic demand and substitute international products. For example, government and business need to support the Proudly SA and dti programmes as well as locally manufactured goods of quality.”

Policy certainty and currency stability

But she adds a lot more needs to happen. “We need great policy certainty and greater currency stability. Problems in State Owned Enterprises (SOE) are hindering manufacturing, and the certainty and stability within these structures are important. So is the Competition Commission as it regulates monopolies. Municipalities need to be maintained to deliver, as does education to ensure we have the right skills. It is a lot we are asking, but we need to leverage our position as stakeholders to do so,” she says.



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She emphasises the importance of being bold in driving industrialisation. “This challenge rests on our shoulders and it is our responsibility to contribute to the South Africa we all aspire to. Manufacturing should remain the backbone of our economy and it is our responsibility to ensure it remains so.”

Mngadi adds that despite 25 years of democracy and good intentions, this winter the country is once again facing load shedding. “This is a threat to the economy.”

The Manufacturing Circle was established in 2008 as a corporate association of manufacturers. It conducts research and engages with key stakeholders to promote the benefits of manufacturing growth for the broader economy, influence policy, and highlight opportunities and key priorities for manufacturing growth.

The Manufacturing Indaba took place on 19 and 20 June at the Sandton Convention Centre.

ABOUT DANETTE BREITENBACH

Danette Breitenbach is a marketing & media editor at Bizcommunity.com. Previously she freelanced in the marketing and media sector, including for Bizcommunity. She was editor and publisher of AdVantage, the publication that served the marketing, media and advertising industry in southern Africa. She has worked extensively in print media, mainly B2B. She has a Masters in Financial Journalism from Wits.

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