

COMPETITIVENESS

Manufacturers worried about overall economic wellbeing

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THE government has set aside R5,8bn for its manufacturing competitiveness enhancement programme, and a further R2,3bn for industrial development and special economic zones.

Over the next six years, R25bn will be directed at the state's eco-

nomic competitiveness and support package, with R9,5bn allocated over the next three years.

But manufacturers are worried about the overall health of the economy, among them mainstay industrial companies such as ArcelorMittal SA, Sappi and Hulamin.

"My feelings are mixed — disappointed, I suppose, in lots of

ways," Stewart Jennings, chairman of industry body Manufacturing Circle said yesterday.

"(Finance Minister Pravin Gordhan's) words were good and encouraging, but I would rather have seen him be more expansive on the economy."

While welcoming President Jacob Zuma's recent focus on infrastructure and reducing port

charges, Mr Jennings said too many people were on grants.

"All of manufacturing is suffering from margin compression. This has been the cause of all the job losses."

He said there was a need to review trade policy — which had been damaged by imports, especially from China — including imposing countervailing duties.

In his budget review, Mr Gordhan said SA had to implement a strategy for faster and more inclusive economic growth.

"We are not doing well enough in growing our economy and creating jobs for our young people," he said.

He previously spoke of needing at least 7% growth in gross domestic product to keep up with

the demand for jobs. But unlike its emerging-market peers, SA was stuck with pedestrian growth way below this rate.

Mike Rossouw, chairman of the Energy Intensive Users Group of Southern Africa, said the budget review sought to serve the state of the nation address earlier this month. "Infrastructure was always going to be a big issue."

He said funding for such projects would be challenging, and infrastructure building would require more energy than Eskom could now supply.

He said public-private partnerships and procurement procedures all needed to be simplified, while unions' demands were "just not sustainable".

However, Mr Rossouw said the

government could be "commended" for taking a much more "pragmatic and cautious" approach in this year's budget. "At least from a Treasury perspective, they acknowledge the threat to South African competitiveness from all manner of costs."

These included the costs of labour, electricity and the proposed carbon tax.