

**SPEAKING NOTES FOR THE HONOURABLE KZN PREMIER, MR. ES MCHUNU DURING THE  
MANUFACTURING INDABA AT DURBAN'S ICC**

Programme Director

EThekweni Mayor, Cllr James Nxumalo

Distinguished Guests

Ladies and Gentlemen

We meet here today during the month of July, few days after we have celebrated the work and contributions of our founding democratically elected President Nelson Mandela. This must be a constant reminder to all of us that good work and our ability to reach out to the less fortunate, must not only be reserved for the Mandela Day.

It is a great honour and privilege to be part of this Manufacturing Indaba, which is an important event in the calendar of our country. Let me also thank the Manufacturing Indaba organizers and the Industrial Efficiency Group for their sterling work. This year's Manufacturing Indaba is being held under the theme "Localisation and Growth of an Advanced Manufacturing Economy"

It is no coincidence that this Indaba is hosted here at eThekweni, KwaZulu-Natal. This province is one of the major manufacturing hub and workshop in the country. Manufacturing has produced employment to thousands of our people thus sustaining a number of families in the process. KwaZulu-Natal is the country's second largest economy contributing an average of 16.0% (2013) to the country GDP.

The province is strategically positioned by being home to two of the continent's busiest and largest ports (Durban and Richards Bay). The Province also boasts the third highest export propensity and a second highest level of industrialization in the country.

The strategic positioning of KwaZulu-Natal on the eastern seaboard of the country, makes it to have a direct access to both the Indian and Pacific Oceans rims. The region's strategic position on the world trade routes provides effortless access to major global markets, such as South America, Europe, Far East and other areas. The manufacturing sector of this province is the second largest in the country after Gauteng Province. The Province's manufacturing sector is geared for export with nearly the third of the country's exports being produced in KwaZulu-Natal. The Province's diversified nature is significant in the economic growth rate, and generates 20.0% of provincial employment.

The largest manufacturing industries are automobile and component sector, pulp, paper products, chemicals, petrochemicals, food and beverages. Mining sector which consists of titanium dioxide, zircon along with iron and steel is also significant. In spite of the positive picture of the Province and the country's prospect of economic growth, there are threats that need our collective attention.

- Bureaucracy and negative effects on South Africa's competitiveness are among the biggest obstacles.
- Business need to be quick and agile and that stronger technology links and collaboration between universities and industries is needed to help foster industrial innovation.

- Need for vocational training since for every engineer the country produces, requires between 8-10 artisans.

It is very important to note that our country is very far from being a “failed state”, but we still need to do more if we want to alleviate poverty and unemployment. There is still room for further engagement between government and labour in order to avoid whining effects. The Manufacturing Indaba’s primary objective is to give manufacturers a chance to benefit by being part of this great meetings of the minds.

This Indaba is the result of the working partnerships between the Department of Trade and Industries, Public Enterprise and other stakeholders. We are encouraged by some pockets of excellence by manufacturers such as Toyota South Africa Motors (TSAM) which officially launched a local manufactured Mini Bus Quantum. Prior to this model being assembled here in Prospecton, the whole model was imported in fully built-up form. Local manufacturing of this Quantum, in this province has seen Toyota investing over R550 millions today. This is a process to move KwaZulu Natal and the country forward in terms of employment opportunities and other indirect opportunities for our economy.

Programme Director, despite challenges, we have success stories from companies that are thriving here in KwaZulu-Natal, and the rest of the country. One of the success stories to be mentioned is that of Unilever. Unilever is continuing to manufacture here in KwaZulu Natal and in Gauteng, and it is not fazed by the proliferation of cheaper imports. Government has organised incentive schemes to ensure that our local manufacturer are able to compete with foreign imports that continue to flooded our province and the country. With increased global competition, open market

and a challenging labour environment, the domestic manufacturing sector has seen erosion in its competitiveness in the recent years. However, a new initiative to boost manufacturing is the creation of special economic zones, such as Dube Trade Port and Richards Bay Industrial Zone. These spatial economic zones have seen the creation of industrial clusters driven by incentives to attract investments from industries. In this regard, the focus is on value added and export orientated manufacturing.

For the Province of KwaZulu-Natal, the manufacturing Indaba represents a significant step forward in giving effect to our Vision 2030, of “Consolidating progress we have made, and stepping up the pace to achieve radical socio-economic transformation to end Poverty in our Lifetime”(KZN SOPA 2015). Manufacturing has proved to be the backbone of all Modern economies, including our beautiful province. Whilst the manufacturing sector has been on progressive decline during the past twenty years due to global competition, there is a new hope of progress due to initiatives such as today’s Manufacturing Indaba. We are aware of the role we have carved for ourselves as government with regards to what must be done in order to resuscitate our manufacturing in this province.

We remain committed to ensuring that among the critical tasks, we have no option but to engage as stakeholders. We must all join hands with the DTI and other role-players to sustain and focus our interventions in order to position our province as a globally competitive manufacturing hub. KwaZulu-Natal’s manufacturing sector has a great potential to put a major dent on our rising unemployment, especially on the youth, and on poverty. It has a possibility of creating a corridor

that link KwaZulu-Natal with SADC, to the continent and the rest of the world markets. There is also a distinct hope that our manufacturing potential can take us to even greater heights.

To borrow words from the **great Nigerian, and African Novelist, Chinua Achebe's Anthills of Savannah**, I quote, **"The cock that crows in the morning belongs to one household, but his voice is the property of the neighbourhood"**

I am confident that the manufacturing Indaba here in KwaZulu Natal, will be a real good story to tell. It will indeed serve as a spring board from where our province's manufacturing industries and our partners will tap in each other's innovative and competitiveness to increase the growth potential of our economy. This will in turn improve the quality of life of our people.

I thank you