

CONCEPT NOTE

2nd ECONOMIC RESEARCH ADVISORY NETWORK (ERAN) ANNUAL CONFERENCE: 8 -10 MARCH 2017, BLOEMFONTEIN, FREE STATE, SOUTH AFRICA

“DRIVING SOUTH AFRICA’S INDUSTRIAL DEVELOPMENT AGENDA”

1. Introduction

Within the context of a gradually de-industrialising region (Southern Africa), South Africa’s reindustrialisation efforts should continuously be enriched to ensure relevance in the post-modern epoch of societal and industrial development. ERAN held its inaugural conference in East London in 2016 under the theme “Driving South Africa’s Industrial Development Agenda”. The planned 2017 ERAN second annual conference, seeks to continue and intensify academic and intellectual inputs to South Africa’s reindustrialisation efforts. It is within this context that the overarching conference theme remains “Driving South Africa’s Industrial Development Agenda”.

The ERAN is **the dti**’s coordinated economic research advisory network comprised of representatives from national and provincial economic development government departments, government entities, universities, and research institutions. The objective of ERAN is to bridge a diverse community of researchers for the purpose of bringing existing and new knowledge to the foreground of economic development and competitiveness debates and initiatives in the South African economy. ERAN also aims to promote research in support of **the dti**’s strategic objectives of developing trade and industry.

2. Objective

To achieve or facilitate the intended development path, **the dti** in collaboration with the Free State Department of Economic Development, Small Business, Tourism and Environmental Affairs (DESTEa) and ERAN members are hosting the second annual ERAN conference that seeks to provide a new space for collaborative thinking and leadership amongst diverse development practitioners and to forge national and international links with academic and industry peer research actors.

The hosting of this conference comes as an initiative to highlight new research and developments and publicise the latest research and developments under the proposed theme. Furthermore the conference attempts to forge research and development partnerships so as to share information and also make a valuable contribution to the on-going economic development discourse in South Africa and globally.

the dti, DESTEa and ERAN will hold a three day conference which will provide a platform for collaborative thinking, and discuss potential and real economic issues that hamper industrial development and economic growth. The discussions at the conference will interrogate issues on how to build a capable developmental state that promotes wealth and employment creation which, in turn, tackles poverty, inequality and economic growth.



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3. Conference Scope

The ERAN conference brings together academics and professionals from all business and economics disciplines to share latest research findings and brainstorm new research ideas. Only final and completed papers will be presented at the second ERAN conference

3.1 Target audience

The conference will be attended by policymakers, government officials, politicians, academics, diplomats, traditional leaders, non-governmental organisations (NGOs), private sector, farmer cooperatives, commerce and industry, labour unions, students and interested members of the public.

3.2 Plenary session structure

- Key note address
- Presentations including question and answer sessions
- Break-out sessions for in-depth discussions of salient issues arising from the thematic focus of the conference
- The conference will host experts with diverse experience and knowledge of various economic sectors.

3.3 Registration Fee

- No registration fee for all participants with or without papers/abstracts for presentation at the conference.
- Delegates are requested to make their own arrangement concerning travel and accommodation
- Registration to attend to be done online
- Presenters attending the conference must also register to attend.

3.4 Abstract submission guidelines

- Author(s) requested to submit an abstract(s) of between 200 and 300 words with key words on a word document.
- Abstract submission to be done online on or before due date
- Author(s) are requested to refer to paper submission guideline before submitting the abstracts and papers
- Author(s) to indicate the theme for their papers.

5. Call for papers

5.1. Context

Since 1994, South Africa's industrial policy has been successful in improving the international competitiveness of the manufacturing sector, evidenced by the marked increase in exports. However, the contribution of the manufacturing sector to growth and employment creation has been disappointing. Therefore, current government policy seeks to ensure a restructuring of the economy to set it on a more value-adding, labour-intensive and environmentally sustainable growth path. It is paramount that in doing so, ownership of assets by historically disadvantaged groups must be increased, as indicated by the National Development Plan (NDP) 2030. This can be done in part through transparent implementation of BBBEE policies.



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Sustainable long-term development should be underpinned by higher growth, exports and labour-intensive, value-adding economic activity in the production sectors, led by manufacturing. The economy is not made up of a set of discrete and isolated activities, but a range of primary and secondary sectors that are fundamentally interlinked and mutually supportive, requiring carefully calibrated, interlocking interventions.

The New Growth Path (NGP), National Industrial Policy Framework (NIPF) and successive Industrial Policy Action Plans (IPAPs) have consistently made the point that manufacturing has a vital role to play in fuelling employment and growth in the economy. It has also been stressed that industrial policy should be framed and driven by a particular focus on value-adding sectors that embody a combination of relatively high employment and growth multipliers. Agro-processing is identified by the most recent IPAP as an important sector to drive value-added growth. The Agro-processing Infrastructure Support Programme is designed to provide enabling infrastructure for smallholder farmers, producers and processors.

As measured through backward linkages, manufacturing sectors „pull through“ inputs from primary and other manufacturing and services sectors and transform them into high-value products, stimulating employment along the entire value chain. These sectors provide an additional impetus to employment and growth through forward linkages to „downstream“ sectors, predominantly in services. Manufacturing companies depend upon service providers for production in IT, financial services, travel, security and so forth. In this sense, manufacturing „creates demand“ for services inputs and plays an increasingly central catalytic role in the economy.

Energy development has also been indicated by the National Development Plan (NDP) as crucial in supporting industrial development, and also in order to ensure that all households have access to electricity. Reducing carbon emissions is stated as a key component for environmentally sustainable energy production, which is why further exploration into “green” energy generation is paramount. Involving SMMEs in IPPs is one way to support both inclusive growth and the green energy.

This positive dynamic of sectorial linkages – a combination of direct and indirect effects – must be developed and deepened if South Africa is to achieve the necessary step-change towards mitigating and eventually overcoming the serious structural imbalances that characterise the economy.

This highlights a need to assess how existing policy instruments and incentives (and their application) currently contribute to creating an enabling environment in support of the objectives of increased productive capacity and inclusive growth. This includes fiscal incentives, preferential procurement and localisation, technical regulations, technology transfer, R&D support, skills development, trade, investment and market development support among a range of levers available to support private sector development and economic growth which generates employment.

Local procurement has been a key focus of recent iterations of the IPAP, with the textiles, locomotives and bus building industries achieving significant results. The 2016 IPAP strives to continue these localisation efforts, and also looks to leverage fiscal incentives for localisation such as the Black Industrialists Programme. It also highlights the importance of incentives to attract foreign investment, particularly through the development and strengthening of Special Economic Zones and Industrial Development Zones. The newly developed Invest South Africa department of **the dti** will help to facilitate these initiatives.

the dti, DESTEA and ERAN is therefore hosting the second conference around the theme “Driving South Africa’s Industrialisation Agenda” to explore some of these issues and draw practical lessons to improve the economic landscape in South Africa.



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5.2. Key issues raised in the research agendas

Many key, cross-cutting issues were identified in the research agendas from various economic development government departments. These themes largely draw on the NDP, the IPAP and other relevant government policies and programmes, as highlighted above. They included, among others:

- Importance of alignment of research with key government policies, such as the NDP and the IPAP;
- How to increase the integration of SMMEs in the economy;
- Increasing domestic participation from government procurement (Local Content Requirement (LCR) and ensuring compliance with LCR) and SMME development;
- How BEE policies can be used more to address inequalities;
- Diversifying the industrial economy, that is, diversification and value addition of key commodities and resource endowments;
- Promoting cluster approach in industrialisation;
- Improving the competitiveness and performance of the economy;
- Creation of decent employment underpinned by higher growth in the production sectors;
- Skilling the work force and closing the income gap; and
- Ensuring that the Green Economy occupy the centre stage in development.

NB: It is preferred that authors should submit research papers with policy implication which address various aspects of the above identified research areas within the following sub themes:

5.3 Sub Themes

5.3.1 Corporate and Consumer Regulations

- Reducing regulatory barriers to entry, facilitating the ease of doing business and making competition policy developmental
- Ensuring policy coherence and certainty through co-ordinated implementation.

5.3.2 Inclusive growth

- Role of the state and the private sector in inclusive growth
- Measures for ensuring inclusive economic development and industrialisation
- Green economy opportunities in the provinces
- The extent to which wholesale and retail sector helps grow the economy through local content and supplier development
- Poor infrastructure development as hindrance of SMMEs growth in provinces

5.3.3 Industrial development

- Finance for Industrial Policy - the role of Development Financial Institutions (DFIs) and Foreign Direct Investment (FDI)
- Sustainable industrial development models in local municipalities
- The impact of government incentives on economic growth, job creation and the development of SMMEs.

5.3.4 Trade and Investment

- Inclusive export-led reindustrialisation
- Supporting exporter development and market opportunities



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- Measures to revitalise the clothing and textile industry
- The efficacy of the manufacturing incentives in the growing economy

6. Expected outcome

- Presentation of selected papers by researchers to be discussed by experts and the conference participants.
- Publication/dissemination of a report on summary of key findings and messages from conference papers and keynote speeches that refine policy relevance of the conference.
- Publication of papers on conference proceedings.

7. Important Dates

- Abstract Submission : 30 November 2016
- Abstract selection : 15 December 2016
- Draft Paper Submission :20 January 2017
- Final Paper Submission :20 February 2017
- Conference date 8 – 10 March 2017

Recommended website: <http://www.thedti.gov.za/ERPC/ERAN.jsp>

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