
**2025/26 BUDGET VOTE SPEECH BY MINISTER PARKS TAU, AT M46,
MARKS BUILDING, PARLIAMENT, CAPE TOWN ON 4 JULY 2025**

**HOUSE CHAIRPERSON,
HONOURABLE MEMBERS,
DIRECTOR-GENERAL AND SENIOR OFFICIALS OF THE DTIC,
LADIES AND GENTLEMEN,
GOOD MORNING!**

Seventy years ago, in Kliptown, ordinary South Africans dared to imagine an extraordinary future:

“The people shall share in the country’s wealth!”

This call still resonates as we face daunting headwinds like energy insecurity, logistics constraints, premature de-industrialisation and global volatility that have squeezed exports, slowed growth, and deepened uncertainty. We see it in last year’s sluggish 0.6% GDP growth, a near-stall in the first quarter of 2025, a 2.8% drop in exports, and 32.9% unemployment. Since the start of the 7th Administration, we have been in firefighting mode. Saving Arcelor Mittal South Africa (AMSA) to protect long steel and Newcastle, supporting the ferrochrome sector, and navigating strained incentives in the film and Global Business Services sectors. Budget Vote 39, signals a pivot, from crisis management to enabling growth, from emergency fixes to collective action. At its heart lies the simple conviction that when Government, business, labour and communities **co-create solutions**, we unlock exponential impact.

HONOURABLE MEMBERS, On Industrialisation

Together with improved performance of South Africa’s electricity, rail and logistics sectors, as part of our growth agenda we are committed to an industrial policy that will improve the competitiveness of South African manufacturing, support investment in

new industries and will build on South Africa's mineral and resource endowments. Our industrial policy promotes local economic activity, and its review will be guided by opportunities in diversification, decarbonisation and digitalisation. In order to turn constraints into opportunities we are:

- **Convening** investors, industry and regulators in strategic platforms;
- **Co-investing** as equity partners in priority sectors;
- **Catalysing** credit guarantees, policy-certainty bonds and concessional infrastructure finance; and
- **Enabling** Fast-track licensing, streamline visas for scarce skills, and digitise permits through an Omnibus Fast-tracking Act.

Inarguably, we are pivoting our Development Finance Institutions (DFIs) – namely, the Industrial Development Corporation (IDC), National Empowerment Fund (NEF) and Export Credit Insurance Corporation (ECIC) – from passive lenders to frontier-seeking equity partners, creating new industries as their original mandates intended. With the support of Cabinet, we have stabilised the governance at our DFI's. As we work with our partners in government including **National Treasury and the Department of Small Business Development** we are catalysing the deployment of dynamic financing instruments that will unlock trillions in private capital. Therefore, our **co-creation** is the way we will revitalise our industrial development. We would like to thank the Chair and members of the portfolio committee on trade and industry, and the Select Committee for their continuous support and engagement since we took office.

Alongside this, and in line with our DFI's plans for industrialisation, we are planting the seeds for the industries of tomorrow. Our Critical Minerals and Metals Strategy, co-developed with the **Department of Mineral and Petroleum Resources**, and backed by a powerful 150% tax incentive for New Energy Vehicle manufacturers from March 2026, aims to move us beyond raw exports into high-value beneficiation.

As President Cyril Ramaphosa has emphasised, South Africa's abundant renewable energy potential will underwrite our Green Hydrogen Commercialisation Strategy. We have identified the Boegoebaai Special Economic Zone in the Northern Cape as the ideal location for initial rollout of this plan. Provinces such as Western Cape and Eastern Cape have also been targeted for economic development. This sector proves that we **co-create** with our sister **department of Energy and Electricity**, we can realise our decarbonisation goals.

The rollout of our National Policy on the Commercialisation of Hemp and Cannabis will be supported by mega-aggregation schemes, dedicated hubs, and pioneering Cannabis Indigenous Knowledge Sandboxes, which promises to generate new rural livelihoods and significant export revenue, targeting 10% annual growth from a R14 billion base.

To thrive, our industries demand the highest standards. We're transforming the Technical Infrastructure Institutions into dynamic partners that co-create quality assurance for new sectors and elevate standards for existing ones, and we recognise the role that Former Deputy Minister Andrew Whitfield played in fulfilling this objective. It is our intention to make our agencies self-sustaining and therefore, freeing up the R700 million currently required from our budget.

HONOURABLE MEMBERS, On inclusive Economic Transformation and Shared Prosperity

We would like to thank South Africans for participating constructively in the development of the **Transformation Fund**. This fund is a structural shift rooted in the Freedom Charter's enduring call that:

“all other industry and trade shall be controlled to assist the wellbeing of the people.”

For too long, Enterprise and Supplier Development (ESD) efforts have fallen short of their potential. Despite regulations requiring companies to allocate 3% of their net profit after tax towards ESD, only 61% of these funds reach their intended beneficiaries. This leaves an estimated R26 billion untapped each year. The Transformation Fund changes this. By **ring-fencing, aggregating, and centrally managing** these contributions, we will ensure that they are deployed with scale, discipline, and impact.

Parallel to the work on finalising the Transformation Fund document, the department and its entities are mobilising commitment through existing structures, with the intention of aggregation. These funds include the equity equivalent investment programme pipeline projects of **R1 billion** and other sectoral funds (**R3 billion**) such as mining, ICT, automotive and financial sector. The response to this initiative has been overwhelmingly positive, and the message is clear: **South Africa is ready for a smarter, more accountable model of transformation.**

LADIES AND GENTLEMEN,

In the heart of Rosslyn, City of Tshwane, in a state-of-the-art facility, a 100% Black women-owned enterprise — **Bokone Gas** — is producing 10 tons of medical-grade oxygen daily, supplying hospitals, including the Netcare Group, and large-scale industrial clients like the mining sector. By the end of this year, they will bring **locally manufactured nitrogen** to market — opening new frontiers for self-sufficiency and growth.

HONOURABLE MEMBERS, On Unlocking Growth through Reform and Investment Mobilisation

We know that investment is the lifeblood of growth and jobs. That's why we have meticulously curated a R700 billion pipeline of credible, investable projects spanning critical sectors.

From 25 gigawatts of transformative energy projects worth R339 billion – solar parks, wind farms, battery storage, gas-to-power – that will finally end energy insecurity and catalyse industrial revival, to vital upgrades in transport and logistics, manufacturing, agro-processing, and digital infrastructure.

HOUSE CHAIRPERSON,

Potential, trapped in regulatory gridlock benefits no one. Though we recognise that in every crisis lies a golden opportunity for us to do things differently. Our landmark Omnibus Bill, is a powerful tool designed to fundamentally ease the cost and complexity of doing business. Instead of a blunt repeal, it introduces a high-speed approval lane for projects demonstrating significant impact – through job creation, industrial localisation, or export growth. Investors who submit robust impact plans meeting stringent criteria will see their applications fast-tracked, with decisions capped at 90 days.

Our Regulators are going to assist our economy in deconcentrating. Market enquiries into steel, poultry, polymers, and franchising will dismantle entry barriers and restrictive practices in these sectors, promoting a more conducive environment for all players. We are committed to evidence-based decision making and the work done through these inquiries will enable historically disadvantaged people to compete in our market. This is demonstrated through the recently concluded Online Platform Intermediation Market Inquiry which has extracted a R330 million support fund for the digital innovation sector.

We are also reviewing the threshold for merger notifications, particularly large mergers. We have appointed members of the Takeover Regulation Panel (TRP), which will enhance the capabilities of the panel to complete their work within the required turnaround time, thus easing the burden of regulation and enabling faster growth.

We are tackling the red tape that stifles ambition head-on. Our innovative Fusion Centres will bring officials from national, provincial, and local government together under one roof, breaking down silos to jointly resolve conflicts, and accelerate permits. This **all-of-government** approach ensures vertical and horizontal coordination, turning fragmentation into focused action.

HONOURABLE MEMBERS, A Challenging Global Environment

At the heart of our trade and export strategy lies a butterfly — delicate in form, yet powerful in motion. Its body is rooted in Africa, pulsing with the promise of a continent on the rise, rich in talent, innovation, and untapped potential. From this centre, two wings unfurl — one reaching westward across the Atlantic, the other eastward across the Indian and Pacific oceans — carrying with them the ambition of South African enterprise.

This is the **Butterfly Strategy**: a vision where Africa is not a periphery to global trade, as we are showing in our Presidency of the G20, but its beating heart, and where South Africa spreads its wings to engage the world not as a mere exporter of goods, but as a creator of value, a connector of regions, and a catalyst of shared prosperity.

Consolidating the African Continental Free Trade Agreement (AfCFTA) is central to this strategy. We celebrate the rise of South African value-added exports under the AfCFTA to R820 million, but this is just the beginning. We are aggressively finalising an automotive pact to deeply integrate our manufacturers into regional supply chains and expediting the ground-breaking Protocol on Digital Trade, positioning Africa as our bedrock, resilient market. We are also assuming the Chair of the Southern African Customs Union (SACU) where we will lead the conversation on a reimagined SACU.

Beyond our continent, we are actively resetting and deepening key partnerships. We are working to enhance mutually beneficial trade and investment, having submitted our General Terms Framework Deal, and secure the future of Africa Growth and Opportunity Act (AGOA) with the United States. This work would not have been possible without the support of organised business and labour.

Our renewed intent with the European Union (EU) focuses on a Clean Trade and Investment Partnership (CTIP), backed by an initial R90 billion commitment, opens vital duty-free access for exports in key sectors like dairy for the local production of Amarula, sustainable aviation fuel, new energy vehicles, green hydrogen, and battery components, accelerating our industrial decarbonisation. This initial amount is a facilitation which we expect will unlock even more investment value.

We are intensifying our Framework Agreement implementation with China, with a particular focus on diversifying our trade. We welcome the recent announcement made by President Xi Jinping, on preferential market access for African Countries and I look forward to engaging my counterpart, Minister Wang Wentao, on how best South Africa can benefit from this announcement.

In the Gulf, we have value that is waiting to be extracted. We have been having fruitful consultations with Saudi Arabia to conclude our long overdue Joint Economic Commission. The commission will unlock investment in Agriculture, Mining Capital Equipment and Chemicals. We have curated a collection of bankable projects to unlock long standing investment commitments with other members of the Gulf Cooperation Council (GCC), including the UAE and Qatar.

Our BRICS partners, and other priority markets across the Americas, Asia, and ASEAN are actively enhancing the work we are doing in diversifying our trade portfolio.

Through targeted trade missions, specialised exhibitions, and capacity building for exporters, we aim to propel our export value to R3 trillion by 2029/30, a cornerstone of our sustained 3% GDP growth target. We are also strengthening our trade finance architecture.

A fully operational **Export-Import Bank of South Africa by 2028** driven by the ECIC, coupled with the potential upgrading to sovereign shareholding in the African Export-Import Bank (Afreximbank), will expand affordable financing options for exporters. This is **co-creating** with our international partners so that we realise the true potential of South Africa in the global market. In this task and responsibility, allow me to thank Deputy Minister Zuko Godlimpi for his leadership in executing the arduous task of supporting our efforts around the world.

HONOURABLE MEMBERS,

This R11 billion budget, with R5.2 billion going toward our incentive programme, is a focused down payment, prioritising barrier removal, effective resource deployment like and catalysing new growth frontiers. But government alone cannot carry this burden. Our true power lies in partnership and **co-creation**. This collective strategy is supported by the approximately **R300 billion that the entire dtic family**, including our Development Finance Institutions, deploy into the South African economy over the medium term.

HOUSE CHAIRPERSON, HONOURABLE MEMBERS,

The challenges are formidable, but our resolve, forged in the spirit of Kliptown and renewed daily through collaboration, is stronger. Through our consultative process with National Economic Development and Labour Council (NEDLAC) and our other social partners, we are formulating an industrial strategy that will widen our horizons and challenge new frontiers.

The Freedom Charter's vision - ***"The people shall share in the country's wealth!"*** – certainly lights our way. As **the dtic** family, we challenge our local and international partners to join us as South Africa embarks on this growth path to join hands with us.

We would like to thank the Director-General and all dtic staff and our entities for their support.

As we remember the rich contribution of former Deputy President David Mabuza we reflect on his words:

"The fault lines of inequality encourage not only absence of shared social cohesion, but contribute to the delegitimisation of both the public and private sectors. Consensus is built through negotiation and not coercion. We reach a win-win outcome if we do not become entrenched to our private interests, but prioritise the common welfare. Compromise and trade-offs are central in this instance and not the pursuit of a zero-sum game where eventually, no one comes out a winner."

Let us do things the way we know how. The South African way. Together.

I hereby table the dtic Budget Vote 39.

I THANK YOU.