PARLIAMENTARY BUDGET DEBATE
Friday, 04 July 2025

Honourable Mzwandile Masina (MP)
Chairperson of the Portfolio Committee: Department of Trade, Industry and Competition

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION (DTIC) ANNUAL BUDGET FOR THE 2024/2025 FINANCIAL YEAR, SUPPORTED BY THE AFRICAN NATIONAL CONGRESS (ANC)

The budget is presented against the backdrop of a prolonged low economic growth, high unemployment and inequality levels that continue to persist.

The question that confronts the government, in particular the DTIC is 'What is to be done to urgently arrest the catastrophic levels of unemployment, poverty and inequality?'

South Africa has anchored Mining, Agriculture and Manufacturing as the cornerstone of the economy. The state led network industries were designed to service the economy and the state was very deliberate in investing in said infrastructure.

Today, South Africa is the world producer of platinum and without "export quoters" and/or clear "industrial policy" the country is not producing its own computer hard disks and thermocouples. Platinum is used to make optical fibres and Liquid Crystal Display (LCDs), turbine blades, yet none of these products are produced in South Africa. Hence the argument that we are exporting jobs, when our minerals are exported unprocessed.

The same could be said about chrome, manganese, titanium, vanadium, iron ore, cobalt, phosphate and uranium, all these are strategic minerals which constitute South Africa's strategic resources, but we are unable to capitalise on them, because we have been obsessed with pit-to-port, which has not yielded much economic growth for the country.

In the Mineral Sector for instance, the role of the state should not be limited to regulation and the issuing of licenses, but should be elevated to strategic industrial support, to ensure we turn things around.

In contrast, for example, the USA has the so-called "Magnificent Seven" technology companies (Tesla, Meta, Amazon, Nvidia, Microsoft, Apple, and Alphabet). Their dominance would not have been possible without intentional support from their government.

And I dare say, not a whiff of evil labelling follows entrepreneurs behind this companies.

Our Industrial Policy should recognise that the world over has moved from traditional manufacturing, as we can see with what is being termed “Magnificent Seven” plus Netflix, which is outperforming this elite group

The French pride themselves with products like Cartier, which is a luxury jeweller and watch manufacturer, celebrated for its elegant and timeless designs. Its sister brand, Van Cleef & Arpels — has mastered that emotional connection. Their pieces represent more than luxury that appeals to the most affluent.

While Rolex was originally founded in London in 1920, the company moved its headquarters to Geneva, Switzerland, where they are located to this day. Rolex watches have long been synonymous with luxury, precision, meticulous craftsmanship, brand legacy, technological innovation, and market dynamics.

China leads the world in battery storage systems, which help to stabilise power grid over twice as much as other countries combined.

Battery energy storage systems are devices that enable energy from renewables, like solar and wind, to be stored and then released when the power is needed most.

This includes lithium, nickel, cobalt, graphite, manganese, alumina, tin, tantalum, magnesium and vanadium. The rapid uptake of electric vehicles and battery-based energy storage systems around the world is driving global demand for lithium-ion batteries.

Replacing combustion engines with electric vehicles is a major part of the effort to reduce greenhouse gas emissions from the Transportation Sector. Current designs for electric vehicle batteries require several different critical minerals, such as cobalt, natural graphite, lithium, manganese and nickel. Most of these minerals are locally produced, yet no product is locally manufactured.

Globally, when we think of the most innovative products like Smart Phones, Artificial Intelligence (AI), Portable Purifiers, Smart Glasses, Solar Roof Tiles and Vertical Farming Systems, they all started solving an existing problem or tackled a customer need that was considered unsolvable. They all represent a generation of how the world has and continues to evolve.

It is now common cause that FinTech will maintain its role as a potent driver of the future. In 2025, we can anticipate a heightened utilisation of blockchain, AI, automation solutions and big data in financial institutions. Automation and integration will become increasingly refined.

The question isn't whether traditional banks are becoming obsolete, it is how quickly they are being replaced.

CONSIDER THIS: In 2024, digital-first banks like N26 saw their revenues surge by 40%, while legacy institutions struggled to eke out even a 0.4% increase in deposits.

The global FinTech as a service market size was estimated at USD 266.56 billion in 2022 and is projected to reach USD 949.49 billion by 2030.

The Banking Market Size was estimated at 35.40 (USD Billion) in 2024 and is projected to grow significantly. Starting from an estimated size of 37.17 (USD Billion) in 2025, it is expected to reach 55.25 (USD Billion). This growth indicates a positive trend in the Banking Sector, driven by factors like digital transformation and increased customer adoption of online banking services.

Whilst Africa as a continent is credited with tea, coffee, cocoa, and grapes are all grown in Africa. Kenya, Tanzania, Malawi, Zimbabwe and Mozambique are the largest producers of tea, while Ethiopia, Uganda, Côte d'Ivoire, Tanzania, and Madagascar are the major producers of coffee.

Equally, Africa is home to 30% of the world's mineral reserves, 8% of the world's natural gas and 12% of the world's oil reserves. The continent has 40% of the world's gold and up to 90% of its chromium and platinum, yet no locally produced products contain a significant scale in comparison.

The point to make here is that a sound Industrial Policy of the future should be anchored on Innovation, Research and Development. In our case as South Africa, it should openly promote inclusion and start-ups.

The issue of transformation requires our serious rethink as a country. Government was correct and reasonable to propose the BBBEE Scorecard, which includes ownership, management control, skills development, enterprise and supplier development as well as socio-economic development.

However, ownership, management and control have not moved and seemingly, we are running out of ideas. We see multi-nationals pushing us into a corner with regard to other scorecard aspects, which do not deal with fundamental transformation.

It is against this background that we make the following proposals in this BUDGET DEBATE:

We propose tightening of the management and control aspect of the scorecard, through ensuring that transactions of mergers and acquisitions done by the Competition Commission are done in an open and transparent manner. The current model where two companies that propose the merger and bring a repeat BEE without a process, should be stopped.

Since the adoption of the Competition Act in the democratic dispensation and the establishment of Competition Authorities in 1999, approximately 400 mergers and acquisition transactions have been filed each year.

The question which remains, is whether these mergers and acquisitions contribute to economic transformation or heighten the exclusion of previously disadvantaged persons from meaningful participation in the economy.

In this context, the main area where transformation can be achieved through mergers and acquisitions, as assets change hands, are primarily twofold:

Firstly, when shareholders decide to sell a company, there are important initial steps in the identification of the potential buyers of the business. This process is driven by selling shares. However, this process in the majority of cases tends to be run in boardrooms with no measure of transparency. With this lack of transparency, those looking for opportunities to acquire stakes in the open, and are less connected to the concerned businesses, are excluded from this process. Therefore, there is minimal transparency, which is a cause for concern.

Secondly, when mergers and acquisitions are notified with the Competition Authorities, there are often conditions imposed, requiring the sale of stakes to historically disadvantaged individuals. Conditions of this nature became more prevalent after the amendment of the Competition Act in 2019.

Therefore, a call is made that the soon-to-be-established Transformation Fund, BBBEE Commission, NEF, IDC, PIC and DBSA should amongst many others, focus on supporting the work of the Competition Commission, in order to drive the transformation agenda in South Africa.

The days of repeat BEE should be a thing of the past, if we are to champion the ideals of BBBEE. Urgent work will have to be done to ensure proper alignment and implementation.

Last year, we called for the Government 20% stake in the National Lottery to be preserved for the NEF to support transformation. We strongly reiterate the call to ensure these resources are used to stimulate entrepreneurship in South Africa, beyond just good causes, which are still being supported.

Honourable Chairperson,

Having argued a strong case for decisive Industrial Policy for South Africa, anchored on the Mineral and Beneficiation Strategy that is so urgently desirable, to be able to compete with the example countries, such as the USA, France and China. And having stated a very clear case for fundamental altering with the structure, systems and of ownership patterns, it is critical to evaluate work taking place within the DTIC’s institutional framework, in order to ascertain whether or not a potential exists to fundamentally transform our economy.

I, thank you.