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Manuel says planning commission will not be a gatekeeper

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A Green Paper detailing the "precise role and function" of the Planning Ministry and National Planning Commission, headed by former Finance Minister **Trevor Manuel**, will be released for discussion by the end of July. But there are already some signals as to what its role might be.

Manuel himself has indicated that the planning function will primarily coordinate the process through which government developed its long-term vision and plans.

He has also argued that its second major task will be to coordinate the process through which Cabinet collectively agreed to the Medium Term Strategic Framework (MTSF) - the MTSF sets out government's priorities, informed resource allocation and provided a

framework for the sequencing of programmes and reforms.

The Planning Ministry, which was introduced by President **Jacob Zuma** in May, could also play a role in building the organisational and technical capability of the State to help ensure delivery.

"We envisage the creation of a nerve centre in the Presidency, which would develop links with organisations such as the DBSA, HSRC, CSIR and other science councils, universities and relevant think tanks to provide expert opinion on long-term developmental issues, such as water security, climate change, food security, defence capability and migration," Manuel outlined in a recent address to Parliament.

He stressed, too, that the Presidency would not be seeking to replicate capacity that already existed.

There was also a need, Manuel said, to encourage a more systematic approach to long-term planning in government and at State-owned enterprises (SoEs).

"This is particularly true in sectors such as spatial planning, energy, transport and water security where long-term perspectives are important," he added, noting that such plans informed private sector investment, particularly in areas such as mining and agriculture.

The planning function would not, Manuel stressed, take over existing planning responsibilities from departments and SoEs, provinces and local governments.

The Presidency also had no intention of acting as a gatekeeper. "This would be foolish and undesirable, let alone totally impractical leading to massive delays in implementation."

"On the contrary, the task of the Presidency would be to ensure that the quality of planning by government departments, state owned enterprises and provincial and local governments achieves a high standard, and that the quality of planning in these institutions continues to improve," Manuel said.

Tariff Defence

Less thought is having to be given to the role that Trade and Industry must play, despite some shifting of responsibilities from Minister **Rob Davies** to the new Economic Development Ministry, led by **Ebrahim Patel**.

Where an obvious shift in thinking has emerged since the advent of the Zuma Presidency, though, is on tariff policy and on the Department of Trade and Industry's approach to it.

Davies once again articulated this new stance in Parliament last week, when he said that South Africa should have the "courage" to increase tariffs where there was evidence to show that this would prevent the destruction of the economy's productive capacity and where such remedies were in line with South Africa's international trade commitments.

He argued that, in the context of the prevailing global economic crisis, the "overriding risk" was the further de-industrialisation of the South African economy, which had consequences for employment.

Indeed, South Africa's unemployment rate rose to 23,5% in the first quarter of 2009 as the mining and manufacturing sectors, in particular, struggled to adjust to the country's first recession in 17 years, as well as a fall-off in demand for South African exports.

Moreover, the domestic manufacturing sector has been in chronic decline for the past few decades and, since the onset of the current economic slowdown, it has fallen sharply.

Industrial output shrunk by 21,6% in April, when compared with the corresponding month in 2008, with 23 of 39 industrial subsectors having contracted in the first quarter of this year. The current account deficit of the balance of payments, meanwhile, had expanded to R170-billion, or 7,4%, of gross domestic product (GDP) in 2008, which was materially worse than the 1,8% of GDP reported in 1998.

To reverse this slump, Davies argued that both industrial- and trade-policy instruments should be used. And, somewhat controversially, South Africa would consider "defensive measures", within the space allowed by World Trade Organisation (WTO) rules.

Such a response appeared to be at odds with the Group of 20 communiqué, which South Africa endorsed in London in April, which committed signatories to promoting global trade and investment as a response to the crisis and to a rejection of protectionism.

Critics have also warned that a retreat into protectionism by South Africa could raise costs, reduce competitiveness and, in the long term, even destroy "decent work" opportunities.

But, South Africa had become increasingly concerned that the bail-out packages introduced by the major industrialised countries was shifting the risk of plant closures and job lay-offs to developing economies, and contained elements of nontariff protectionism.

"Thus far, the major tariff policy initiatives arising from industrial policy have been to lower tariffs from formerly protected upstream, capital intensive industries, producing inputs that are important cost items for the downstream industries we want to nurture," Davies averred, adding that additional duties would be removed should the evidence be support such intervention.

"At the same time, where processes of 'self-discovery' and the development of sector strategies lead to the conclusion that some particular industry or sector requires some increase in tariffs, and we have the space to do so under WTO rules, we must have the courage to provide such support," he concluded.