

Bell Equipment Media Release

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### **Manufacturing needs to drive industrialisation**

The Minister of Trade and Industry, Dr Rob Davies says Manufacturing should be the leader of industrialisation in the country. Minister Davies was speaking at Bell Equipment's manufacturing facility and head office in Richards Bay, KwaZulu-Natal on Friday, 31 January where he celebrated the handover of the company's 50 000<sup>th</sup> vehicle.

Addressing dignitaries and Bell employees, the Minister said the manufacturing sector has proven that it can be the driver of industrialisation and Bell Equipment's success story is evidence of that. "Manufacturing is the driver of economic diversification and the generator of employment. Even if most of the jobs don't reside in the manufacturing, the sector also supports and sustains a range a service jobs which are high quality and more secure because they are rooted in a growing manufacturing base."

According to Minister Davies, a strategy of Government's Infrastructure Development Plan is to drive industrialisation with all spheres and agencies of Government requiring that a proportion of inputs used in infrastructure development come from locally manufactured sources as a means to support local manufacture.

He added that, as the most industrialised country on the African continent, South Africa would also play a large role in the development of regional economic infrastructure on the continent and Government would be looking to support companies like Bell, which have the competitive ability and capacity, to contribute toward this effort.

Commenting on the Industrial Policy Action Plan, the Minister stated that although IPAP has registered significant achievements over the last five years, it lacks the aspect of recognising champions. "One of the areas of improvement and focus must be to increasingly identify and support 'champions', winning SA companies, and strengthen their efforts in a more focused and strategic manner with the range of policy instruments we have in our armoury – industrial financing, incentives, trade measures and export promotion. The reason for this is that South Africa's growth path is currently consumer driven, import intensive and characterised by significant fault-lines," he added.

In return, he explained, the dti would be looking to local manufacturers for a deepening of localisation and supplier development, employment creation, skills development and improving technological ability.

Bell Equipment, as the joint winner of the Manufacturer of the Year Award at the inaugural South African Premier Business Awards last year, already has quite a number of business practices that could be replicated elsewhere in the country in this regard, he said.

Bell Group Chief Executive Officer, Gary Bell said the company has about 1 000 suppliers in the country of which about 300 are based in Richards Bay and estimates at 65% to 70% value add for the country in terms of its suppliers.

Illustrating the value add that is capable in manufacturing, Bell said: "Essentially the steel used in our Bell machines comes from iron ore mined in South Africa at about R1 200 per tonne, and we convert it into machinery at R120 000 per tonne. So there's some serious added value in these products."

He expressed the company's gratitude to the dti for the MIDP/APDP assistance it has received. "This contribution has been well reinvested into products and development and we aim to do that going forward and believe we can do a whole lot more. We have an opportunity to accelerate the production here; 50 000 machines over 30 years is not that significant but going forward we're expecting to produce some 3 000 to 4 000 machines per year."

Commenting on the challenges facing local manufacturers, Bell said the company receives little in the way of protective tariffs and is disadvantaged in terms of location due to the large distance from our suppliers and our export markets. "Bell competes against twenty to thirty imported competitors and we would like Government to encourage other companies to invest in local manufacture to see them assisting with the creation of jobs in South Africa," he said.

The visit also provided an opportunity for Minister Davies to meet with Bell management to further discuss ways of improving synergies between the local manufacturing and Government in line with the dti's policy of industrialisation and localisation. Bell has previously benefited from the Motor Industry Development

Programme (MIDP), which has been recently superseded by the Automotive Production and Development Plan (APDP).

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Minister of the Trade and Industry, Dr Rob Davies gets a deeper insight into Bell Equipment during a tour of the factory with Bell Group Chief Executive Officer, Gary Bell.