

Hope for SA economy: Thinking ahead to Fourth Industrial Automation technologies

South Africa's economy may be nearing the end of its slump, and could start showing stronger growth by 2021/22, says leading economist

After years of slow growth, South Africa may be over the worst, and could start seeing growth by 2021/22. This is according to leading economist Mike Schüssler, who was addressing a VIP breakfast briefing in Johannesburg last week, ahead of Africa Automation Fair and the Connected Industries Conference.

Schüssler, owner of economic consultancy economists.co.za, said the 1st quarter would likely be a disaster, with corruption and SOEs taking some time longer to sort out. Eskom's challenges would remain a growth inhibitor too, he said. In industries such as mining, Schüssler expected a continuing drop in employment figures for the next two years— partly due to automation, but mainly due to the fact that commodities markets had changed and Eskom was not performing well at all.

He did not expect South Africa's gold and platinum sectors to return to being the GDP contributor they were in the 1970s and 1980s.

However, he was cautiously optimistic about South Africa's growth prospects: "I think we can expect to start seeing growth after a few quarters. We're probably over the worst, and by 2021/22 we could be back at 3% GDP growth," he said.

To help spur this growth, the country needed to be tougher on crime and labour protests, and ease tax and legislation that hampered small business growth. "A profit motive is what enables businesses to grow – if a business doesn't make a profit it simply can't create jobs. So the government needs to reduce the risks of business investment and reduce the red tape in the way of small business growth," he said.

For industry, the hope of a return to growth means this is the time to start thinking ahead to Fourth Industrial Automation technologies and the broader ecosystem, he said.

Schüssler said the Fourth Industrial Revolution era extended far beyond technologies, and signalled a shift from commodities-based economies and manual labour, to services-driven economies. "The Fourth Industrial revolution is also mainly a services revolution," he said. "It's not just about industry, but also how you sell things, transport things and more - it's a services thing."

Changes wrought by this revolution included a significant increase in the number of people working in services and a drop in the number of people working in manual labour intensive industries. "In the past 27 years alone, the number of people employed in agriculture has dropped from 44% to 28% globally, yet agricultural output has increased. Meanwhile, the number of service workers has increased from 31% to 49%."

"The Fourth Industrial Revolution is personalised, serviced-driven and even recycled, so the economic focus is no longer only on commodities," he said.

The Fourth Industrial Revolution and associated services revolution presented significant scope for innovation and new business growth, delegates heard. Marius Smit, General Manager: Technology & Business Events at Africa Automation Fair organiser Reed Exhibitions, noted that there were clear signs of new opportunities for manufacturers and a range of other sectors in the Fourth Industrial Revolution.

Africa Automation Fair 2019 will showcase Industry 4.0 innovations to drive efficiency, productivity and cost benefits, he said, with leading sponsors such as Honeywell and Rockwell Automation highlighting their solutions to fast-track industry into the Industry 4.0 era.

The Africa Automation Fair 2019 exhibition to be staged at the Ticketpro Dome from 4 – 6 June will showcase technologies, solutions and models for next generation manufacturing. Running alongside the fair, the Connected Industries Conference at Africa Automation Fair 2019 will focus on the economic impact of the Fourth Industrial Revolution (Industry 4.0 / IIoT) on South – and sub-Saharan Africa, and how to bring this technology shift to South Africa. To register as a visitor or delegate visit www.africaautomationfair.co.za or www.connectedindustries.co.za