

If we fail to safeguard our country's infrastructure, we fail to protect our economy

By **Mat Cuthbert MP** – DA Shadow Deputy Minister of Trade, Industry and Competition

Honourable House Chairperson,

Cognitively dissonant towards the long term consequences of government-led import substitution, Minister Patel, has forged ahead with his plans to localise up to 20% of all non-petroleum goods.

There is a certain emotive appeal of “local is lekker” that resonates with South Africans who find themselves out of work, living in poverty and looking for a convenient scapegoat upon which to lay the blame.

The reality is that localised goods for which there is no specialisation will soon start to decline in terms of quality and increase in price due to diminished competition and a lack of international market access.

Ultimately, economic growth starts to slow as other countries put in place retaliatory measures and workers who rely on the export of goods lose their jobs.

This policy is being pursued in the context of rising cooking oil, fertiliser, transport and wheat prices as a result of the Russian invasion of Ukraine.

Coupled with inflation gathering pace towards the outer limit of the targeting band and we find ourselves in a full blown cost of living crisis.

As much as the governing party like to virtue signal about fighting inequality, poverty and unemployment, this comes across as inauthentic. The fact is they are the cause of the very challenges they claim to be fighting.

Virtue-signaler-in-chief, Minister Ebrahim Patel, will talk about how he envisions an inclusive and transformed economy but what he fails to admit is that he protects special interests at all costs. Under the auspices of localisation, we have also seen industrial policy become more vertical with the creation of industry master plans and working groups that get to pick the winners and losers in a given economic sector.

His latest localisation hobby horse being the total ban on the export of scrap metal.

It is difficult to accept that he is acting in good faith on this issue considering his track record and therefore, it is naïve not to question his bona fides.

There is no doubt that the industrial scale theft and vandalism of our public infrastructure is an issue that needs to be urgently addressed. This was confirmed in a joint statement released in July 2021 by Telkom, Eskom, Prasa and Transnet, which said that both cable theft and infrastructure vandalism contributed to a direct loss of R7 billion and a R187 billion knock-on effect on the economy per year. In particular, this scourge has crippled our export economy, local government service delivery and public transportation. However, a blunt instrument is not the cure, even though Ministers Gordhan and Mbalula would have you believe so.

As the editorial in last week's Business Day remarked: *"...It would be a mistake to apply such a heavy-handed approach as it would punish legitimate dealers, and the ban could create a thriving black market. The unintended consequences of the ban on the sale of alcohol and cigarettes in 2020 should be a cautionary tale for policymakers"*. It concludes by saying *"SA has a crime problem rather than a trade policy problem"*.

On this score, the DA agrees. It is as a result of this government's failure to enforce the law that we find ourselves in the situation we do. This is why we have put forward a series of local, provincial and national interventions that we believe will go a long way in addressing this crisis.

For the purposes of this speech, I will share the national interventions we have proposed to you and your colleagues in cabinet:

- Proper implementation of the Second Hand Goods Law of 2009;
- Giving copper theft its own crime code and making the theft of it a priority crime at the SAPS;
- Creating a specialised SAPS unit;
- Setting copper theft reduction targets at parastatals;
- Close cooperation between law enforcement and metal recyclers to assist in the tracking of illicitly-traded metals;
- Empowering the Non-Ferrous Theft (NFTCC) Combatting Committee through legislation and its own dedicated budget;
- Establishing a reward hotline;
- Eradicating the backlog of scrap dealer licenses;
- Multi-agency cooperation and information sharing; and
- Standardised transaction recording of scrap metal sales.

The onus is on you, Minister, to cost the interventions that fall within the purview of your Department and investigate how best to include them in your budget.

Despite our respective parties' clear policy differences, I'm sure that we can both agree that if we fail to safeguard our country's infrastructure then we fail to protect our economy.

I thank you.