



MANUFACTURING CIRCLE NEWS RELEASE Q1 2017

Attention Business Writers and Newsdesks. For Immediate Release.
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New Research Shows Business is Resilient in the Face of SA's Downgrades

New research by the Manufacturing Circle, the voice of industry, provides authoritative insight into the concerns of SA industry at the recent ratings downgrades.

The Manufacturing Circle Investment Tracker (MCIT), a survey of SA's top industrialists, sought an overview of current investment plans, as well as reactions to the latest ratings downgrades.

Manufacturing Circle Chairman André de Ruyter revealed that the Tracker does contain some positive insight.

"Investment has not ground to a halt," he said.

"Overall, the tracker shows that there has been an increase in investment in the sector, with the Tracker rising by 5 index points in the first quarter of 2017.

"This suggests that where an investment is underway, it is being maintained.

"However, sentiment may be having a negative impact on new projects and on the future outlook."

A third of respondents to the survey said the downgrades will affect their investment decisions. Another 37% said they were undecided. Only 29% said there would be no impact. Those who were undecided said that they were taking a wait-and-see approach, and that they would act accordingly as more information and events occur. Those who replied 'no' said they would continue with already instituted plans, but even they would halt whatever they can, in order to manage risks.

"The message is that while manufacturers want to invest more, this can be affected by events such as the downgrades," said Manufacturing Circle Executive Director Philippa Rodseth.

"Some of our members are telling us that they are delaying investment - and some are cancelling it.

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"This is concerning for future growth, for jobs and for exports."

The Road Ahead

The Manufacturing Circle is convinced that investment decisions are for the long-term, so while there is concern over the downgrades, there is no need to panic. Where there has been damage, it can be contained.

"The public and private sectors need to work together. We need to maintain and encourage new private sector investment in manufacturing," said Rodseth.

"The Manufacturing Circle is collaborating with other manufacturing associations across the various sub-sectors - including plastics and packaging, chemicals, agroprocessing, and steel - in what we call the 'Map-to-a-Million' initiative."

This initiative aims to create a million jobs, by strengthening and growing the manufacturing sector.

"Our first step is to identify the specific bottlenecks and constraints that need to be addressed to facilitate industry commitment to investments," she explained.

"We are currently obtaining industry input, and will then embark on an engagement process with the public sector that will include discussions with the Ministers of Trade and Industry, Economic Development, and Finance, as well as with the full Economic Cluster."

"The aim is to align the investment we in industry will make to create jobs and grow the economy – while attending to the required unblocking of bottlenecks."

"Trade and Industrial Policy Strategies (TIPS), a not-for-profit economic research institute, is assisting us in the process. TIPS works on industrial policy research, dialogue and training, and is well placed to partner with us in this initiative."

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