

'Manufacturing improvement not yet on the cards'

By [Ntsakisi Maswanganyi](#)

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A number of factors will keep the local manufacturing sector under continued pressure going forward, Stewart Jennings, chairman of the Manufacturing Circle and PG Group CEO said in an interview with BusinessLIVE. The Manufacturing Circle is a growing group of SA's leading manufacturing companies.



Jennings identified the factors as a "still strong rand, cheap Chinese imports, and a gloomy global environment", which he added were leading to a "no confidence to invest" among manufacturers.

These factors would also prevent the sector, which is the country's second biggest contributor to GDP, from generating jobs, Jennings said.

Stats SA was expected to release the August manufacturing data on Wednesday. Manufacturing production fell 6.0% year on year in July after 0.8% growth in June, indicating the significant impact strikes had on the industry during the period.

Jennings said the strike action may have filtered through to the August figures, and expected figures to again reflect some weakness. "The manufacturing sector is still going through a tough time," he said.

Government could assist local manufacturers by taking measures that would ensure a less volatile and "competitive" currency, Jennings said. Incentivising the sector would also help, he added.

Jennings said they were looking forward to the announcement of some incentives for the sector when Finance Minister Pravin Gordhan delivered his Medium-Term Budget Policy Statement in Parliament on 25 October.