

LOCAL CONTENT POLICY/DESIGNATION

MEASURES TO ENSURE COMPLIANCE AND THE VERIFICATION

PRESENTATION TO THE PORTFOLIO COMMITTEE ON
TRADE AND INDUSTRY

DATE: 19 JUNE 2020



the dtic

Department
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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PRESENTATION OUTLINE

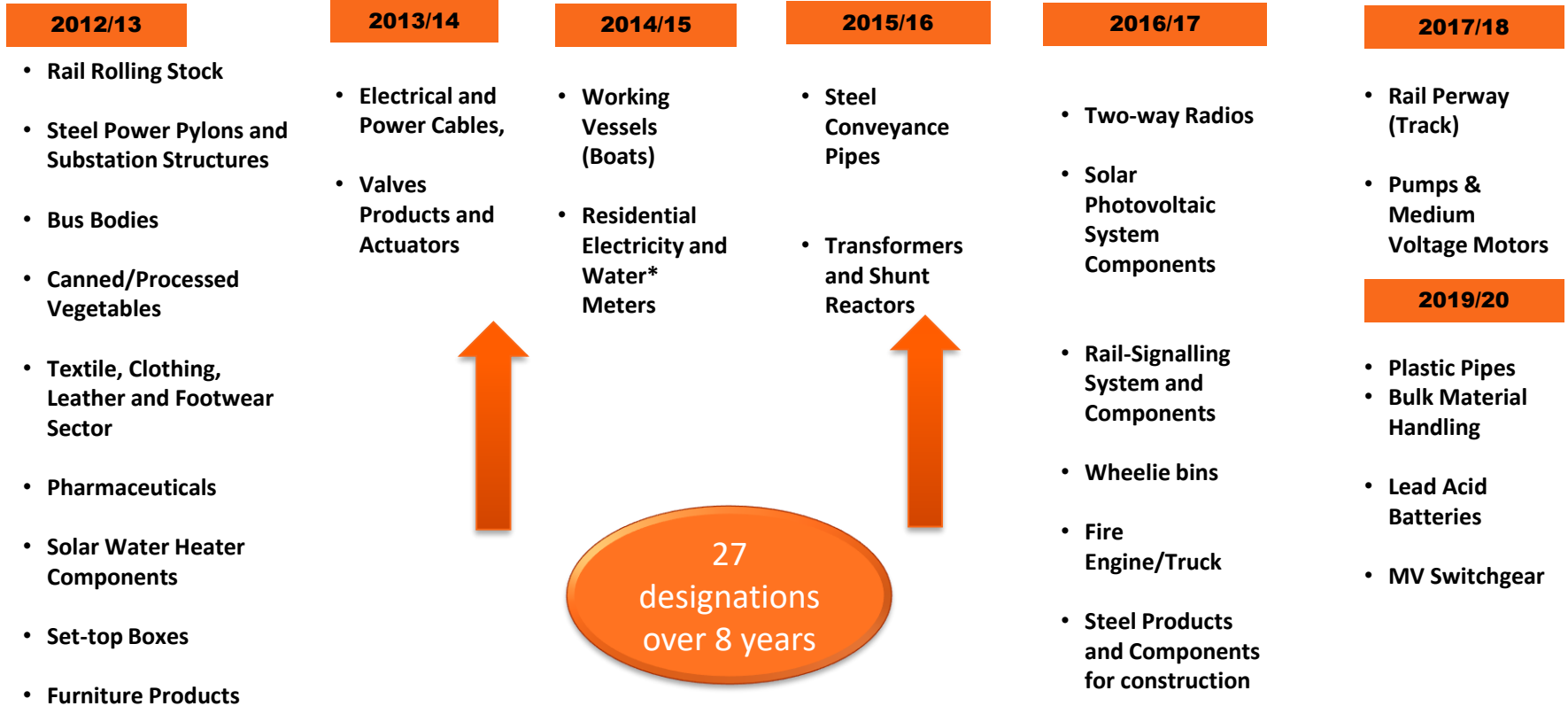
- ❑ **POLICY AND REGULATORY CONTEXTS**
- ❑ **LIST OF DESIGNATED PRODUCTS**
- ❑ **IMPLEMENTATION OF LOCAL CONTENT IN THE
PROCUREMENT OF PPE COMMODITIES**
- ❑ **COMPLIANCE WITH LOCAL CONTENT
REQUIREMENTS**
- ❑ **CHALLENGES ON REPORTING AND
VERIFICATION**



PREFERENTIAL PROCUREMENT REGULATIONS ON LOCAL CONTENT

- **Regulation 8 (1):** empowers **the dti** to designate specific industries/sectors, where only locally manufactured products that meet the stipulated minimum threshold for local content will be considered.
- **Regulation 8 (2):** organs of state must include local content in their bid invites.
- **Regulation 8 (3):** National Treasury must inform organs of state **via circular**.
- **Regulation 8 (4):** allows organs of state to “**self designate**” provided they consult with the dti and National Treasury as per Standard for implementation of Regulation 8.4.
- **Regulation 8 (5):** bid that fails to meet the required local content is unacceptable.

PRODUCTS DESIGNATED FOR LOCAL PRODUCTION



MINIMUM LOCAL CONTENT THRESHOLDS FOR DESIGNATED PRODUCTS

Designated Products	LC Threshold	Date
1. Rail Rolling Stock	65%	16-07-2012
2. Power Pylons	100%	16-07-2012
3. Bus Bodies	80%	16-07-2012
4. Canned/Processed Vegetables	80%	16-07-2012
5. Textile, Clothing, Leather and Footwear Sector	100%	16-07-2012
6. Solar Water Heaters	70%	19-07-2012
7. Set-top Boxes	30%	26-09-2012
8. Certain Pharmaceutical Products	Per Tender	07-11-2012
9. Furniture Products	85%	15-11-2012
10. Electrical and Telecom Cables	90%	08-05-2013
11. Solar Water Heaters	70%	19-07-2013
12. Valves Products and Actuators	70%	06-02-2014
13. Working Vessels	60%	01-08-2014
14. Residential Electricity and Water Meters	70%	01-08-2014
15. Transformers and Shunt Reactors	90%	28-09-2015

Designated Products	LC Threshold	Date
16. Two Way Radio Terminals	60%	30-06-2016
17. Solar PV Components	70%	30-06-2016
18. Rail Signalling System	65%	30-06-2016
19. Wheelie Bins	100%	18-08-2016
20. Fire Fighting Vehicles	30%	21-11-2016
21. Steel Products and Components for Construction	100%	13-01-2017
22. Rail Perway (Track) Infrastructure	90%	13-11-2017
23. Pumps & Medium Voltage Motors	70%	12-12-2017
24. Plastic Pipes & Fittings	100%	16-08-2019
25. Air insulated MV Switchgear	50%	20-12-2019
26. Bulk Material Handling	85%	20-12-2019
27. Industrial Lead Acid Batteries	50%	20-12-2019

THE IMPLEMENTATION OF LOCAL CONTENT IN THE PROCUREMENT OF PERSONAL PROTECTIVE EQUIPMENT (PPE)

- The National Treasury in support of **the dtic** has called on ***all compliant, particularly local suppliers*** providing personal protective equipment (PPE) commodities to direct their offers to the Project Management Office (PMO) set up for this purpose .
- Any procurement of PPE which includes designated products should be subjected to the local content requirements in line with Regulation 8(2) of the 2017 Preferential Procurement Regulations.
- Where a product is not designated for local content, Regulation 8.4 allows for an organ of state to self-designate the product where there is local capability to manufacture it in South Africa.
- The National Treasury's Instruction Note No. 5 of 2020/2021 was amended on the 20th May 2020 to include local content requirements and the list of local manufacturers and suppliers.

PPE COMMODITIES REQUIRING ADHERENCE TO THE LOCAL CONTENT REQUIREMENTS

Product	Standards	Threshold
Clothing and Textiles: 3-ply Surgical Masks	EN 14683 SANS 1866	100%
Clothing and Textiles: Respirators (e.g. FFP2 & FFP3; N95)	EN 149	100%
Clothing and Textiles: Medical Textiles (e.g. Linen, Curtains, Gowns, Coveralls; overshoes; swap suits; etc.)	Department of Health Specifications	100%
Clothing and Textiles: Fabric/Public usage / consumer face masks	Per the guidelines issued by the dtic	100%
Leather and Footwear: Hospital cleaners' closed work shoes	South African Military Health Service and Department of Health Specifications	100%
Leather and Footwear: Nurses' shoes	South African Military Health Service and Department of Health Specifications	100%
Leather and Footwear: Patient shower slippers / sandals	Department of Health Specifications	100%
Leather and Footwear: Service footwear	South African Police, SANDF	100%
Furniture: Beds and Mattresses	Department of Health Specifications	100%

NON-DESIGNATED PPE COMMODITIES WHICH CAN BE LOCALLY PROCURED USING REGULATION 8.4 OF 2017 PREFERENTIAL PROCUREMENT REGULATIONS

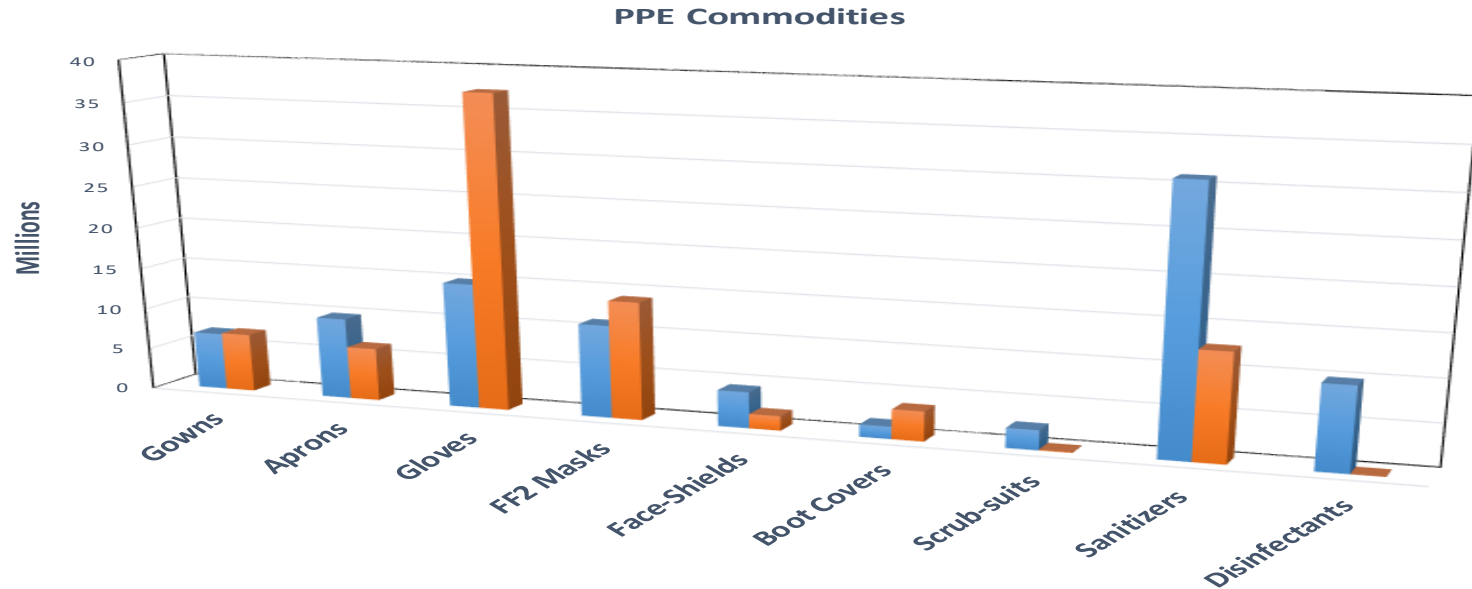
Product	Standards	Threshold
Goggles	EN 166 is SANS 1404	70%
Face-shields	EU standard directive 86/686/EEC (very broad), EN 166/2002 (Eye protection) ANSI/ISEA Z87.1-2010	100%
Disposable Aprons	Department of Health Specifications	100%
Gloves	Department of Health Specifications	100%
Body Bags	ISO 22609 ISO 13485: 2016	100%
Bio hazard bags	ASTM D1922 Tear resistance 500g ASTM D1709 Impact resistance 165g	100%

CRITICAL AREAS AFFECTING THE LOCAL PROCUREMENT OF PPE

- Availability of raw material in South Africa.
- Testing, certification & standards.
- Expansion of production.
- Matching of demand and supply.
- Visibility of tenders and awards, especially from provincial and local governments is a major problem.
- Adherence to procurement regulations and the issuing of timely orders by the organs of state.
- Reporting on contract awards and expenditure.

THE ROLE OF THE MEDICAL EQUIPMENT PPE LOCAL MANUFACTURING PARTNERSHIP

- There are Local Manufacturing Workstreams to ensure that manufacturers close gap between supply and demand for Covid-19 related products.
 - Textile PPEs, Masks, Sanitizers, Face-Shields, Gloves, Testing*



	Gowns	Aprons	Gloves	FF2 Masks	Face-Shields	Boot Covers	Scrub-suits	Sanitizers	Disinfectants
Supply	6888 400	9781 500	15000 000	11090 000	4313 000	1470 000	2348 400	31037 070	9906 733
Demand	7014 015	6349 250	37398 474	14070 000	1727 111	3543 605	89 984	12719 103	23 421

WAY FORWARD

- Strengthening the work of the PPE Local Manufacturing Partnership.
- Working in partnership with the National Treasury, Business and Labour to monitor PPE tenders, contract awards and expenditure.
- Continue efforts to match the supply and demand of PPE.
- Scale up the work by the SABS to test and approve the quality of PPE commodities and report on local content verification.
- Continue to enforce local content requirements.
- Enforce compulsory reporting of tender awards within a scheduled time in the Central Supplier Database (CSD) managed by the National Treasury.