

# Industrial Procurement

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## Industrial Procurement

The revised Preferential Procurement Policy Framework Act (PPPFA) regulations which came into effect on the 7 December 2011 empower the Department of Trade, Industry and Competition (**the dtic**) to designate industries, sectors and sub-sectors for local production at a specified level of local content.

The following industries, sectors and sub-sectors have so far been designated for local production with minimum local content thresholds.

| Industry/sector/sub-sector                                                                                                                          | Minimum threshold for local content                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| Buses (Bus Body)                                                                                                                                    | 80%                                                                                    |
| Textile, Clothing, Leather and Footwear                                                                                                             | 100%                                                                                   |
| Steel Power Pylons,<br>Monopole Pylons,<br>Steel Substation Structures,<br>Powerline Hardware,<br>Street Light Steel Poles,<br>Steel Lattice Towers | 100%                                                                                   |
| Canned / Processed Vegetables                                                                                                                       | 80%                                                                                    |
| <b>Pharmaceutical Products:</b>                                                                                                                     |                                                                                        |
| <ul style="list-style-type: none"> <li>• OSD Tender</li> <li>• Family Planning Tender</li> </ul>                                                    | <ul style="list-style-type: none"> <li>• 70% (volumes)</li> <li>• 50% value</li> </ul> |
| Rail Rolling Stock                                                                                                                                  | 65%                                                                                    |
| Set Top Boxes (STB)                                                                                                                                 | 30%                                                                                    |
| <b>Furniture Products:</b>                                                                                                                          |                                                                                        |
| <ul style="list-style-type: none"> <li>• Office Furniture</li> <li>• School Furniture</li> <li>• Base and Mattress</li> </ul>                       | <ul style="list-style-type: none"> <li>• 85%</li> <li>• 100%</li> <li>• 90%</li> </ul> |
| Solar Water Heater Components                                                                                                                       | 70%                                                                                    |
| Electrical and telecom cables                                                                                                                       | 90%                                                                                    |
| Valves products and actuators                                                                                                                       | 70%                                                                                    |
| <b>Residential Electricity Meter :</b>                                                                                                              |                                                                                        |
| <ul style="list-style-type: none"> <li>• Prepaid Electricity Meters</li> <li>• Post Paid Electricity Meters</li> <li>• SMART Meters</li> </ul>      | <ul style="list-style-type: none"> <li>• 70%</li> <li>• 70%</li> <li>• 50%</li> </ul>  |
| <b>Working Vessels/Boats (All types):</b>                                                                                                           | 60%                                                                                    |
| <ul style="list-style-type: none"> <li>• Components</li> </ul>                                                                                      | <ul style="list-style-type: none"> <li>• 10% – 100%</li> </ul>                         |

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Class 3</li> <li>Class 4</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>45%</li> <li>10%</li> </ul>                                                                                                                                                                           |
| <ul style="list-style-type: none"> <li>Components and conversion activities</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>50% – 100%</li> </ul>                                                                                                                                                                                 |
| <b>Solar PV Components:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                              |
| <ul style="list-style-type: none"> <li>Laminated PV Modules</li> <li>Module Frame</li> <li>DC Combiner Boxes</li> <li>Mounting Structure</li> <li>Inverter</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>15%</li> <li>65%</li> <li>65%</li> <li>90%</li> <li>40%</li> </ul>                                                                                                                                    |
| <b>Two Way Radio Terminals and Associated Equipment:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                              |
| <ul style="list-style-type: none"> <li>Portable Radio</li> <li>Mobile Radio</li> <li>Repeater</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>60%</li> <li>60%</li> <li>60%</li> </ul>                                                                                                                                                              |
| <ul style="list-style-type: none"> <li>Components</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>20% – 100%</li> </ul>                                                                                                                                                                                 |
| <b>Rail Signaling:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>65%</li> </ul>                                                                                                                                                                                        |
| <ul style="list-style-type: none"> <li>Components</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>40% – 100%</li> </ul>                                                                                                                                                                                 |
| <b>Wheely Bins:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 100%                                                                                                                                                                                                                                         |
| <b>Fire Fighting Vehicle</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 30%                                                                                                                                                                                                                                          |
| <ul style="list-style-type: none"> <li>Crew Cabin</li> <li>Super Structure</li> <li>Assembly</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>100%</li> <li>100%</li> <li>100%</li> </ul>                                                                                                                                                           |
| <b>Steel Products and Component for Construction</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                              |
| <b>Steel Value-added Products</b> <ul style="list-style-type: none"> <li>Fabricated Structural Steel</li> <li>Joining/Connecting Components</li> <li>Frames</li> <li>Roof and Cladding</li> <li>Fasteners</li> <li>Wire Products</li> <li>Ducting and Structural pipework</li> <li>Gutters, downpipes &amp; lauders</li> <li></li> </ul> <b>Steel Value-added Products</b> <ul style="list-style-type: none"> <li>Plates</li> <li>Sheets</li> <li>Galvanised and Colour Coated Coils</li> <li>Wire Rod and Drawn Wire</li> <li>Sections</li> <li>Reinforcing bars</li> <li></li> </ul> | <ul style="list-style-type: none"> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> </ul> |
| <b>Pumps, Medium Voltage (MV) Motor and Associated Accessories</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 70%                                                                                                                                                                                                                                          |
| <ul style="list-style-type: none"> <li>Casting or Frame Fabrication</li> <li>Fabrication and winding of the Rotor Core</li> <li>Accessories</li> <li>Assembly and testing of the fully-built unit</li> </ul>                                                                                                                                                                                                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> </ul>                                                                                                                                             |
| <b>Rail Permanent Way</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 90%                                                                                                                                                                                                                                          |
| <ul style="list-style-type: none"> <li>Rails and rail joints</li> <li>Ballasts</li> <li>Ballastless</li> <li>Turnouts/switches and crossings</li> <li>Railway sleepers</li> <li>Rail fastening and accessories</li> <li>Railway maintenance of way plant &amp; equipment</li> <li>Assembly and testing of fully build unitst</li> </ul>                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> <li>70%</li> <li>100%</li> </ul>                                                                                      |
| <b>Plastic Pipes</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 100%                                                                                                                                                                                                                                         |
| <ul style="list-style-type: none"> <li>Polyvinyl chloride (PVC) pipes</li> <li>High density polyethylene (HDPE) pipes</li> <li>Polypropylene (PP) pipes</li> <li>Glass reinforced plastic (GRP) pipes</li> </ul>                                                                                                                                                                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>100%</li> <li>100%</li> <li>100%</li> <li>100%</li> </ul>                                                                                                                                             |
| <b>Air insulated MV Switchgear</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 50%                                                                                                                                                                                                                                          |

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Structural Steel</li> <li>• Rubber</li> <li>• Conveyor Belt</li> <li>• Pulleys</li> </ul>                          | <ul style="list-style-type: none"> <li>• 100%</li> <li>• 100%</li> <li>• 100%</li> <li>• 60%</li> </ul>                                  |
| <b>Industrial lead Acid Batteries</b>                                                                                                                       | 50%                                                                                                                                      |
| <b>Cement</b>                                                                                                                                               | 100%                                                                                                                                     |
| <ul style="list-style-type: none"> <li>• Cem I</li> <li>• Cem II</li> <li>• Cem III</li> <li>• Cem IV</li> <li>• Cem V</li> <li>• Masonry Cement</li> </ul> | <ul style="list-style-type: none"> <li>• 100%</li> <li>• 100%</li> <li>• 100%</li> <li>• 100%</li> <li>• 100%</li> <li>• 100%</li> </ul> |

To access the practice notes to the above designated sectors, please go to [www.treasury.gov.za](http://www.treasury.gov.za)

Other industries, sectors and sub-sectors are still being considered for designation. Once a thorough research and consultations have been concluded a decision to designate will be communicated to the public.

Regulation 8(4) of the 2017 Preferential Procurement Regulations provides that if there is no designated sector, an organ of state may include, as a specific condition of the tender, that only locally produced services or goods or locally manufactured goods with a stipulated minimum threshold for local production and content, will be considered. The per the standard issued by National Treasury designated sectors circular number 11 of 2019/2020.

Please note that the Minister of Finance has approved the following instructions relating to the amendment of:

- Declaration Certificates for Local Production and Content for designated sectors (SBD 6.2 and MBD6.2); and
- National Treasury Instruction on: Invitation and evaluation of bids based on a stipulated minimum threshold for local production and content for Valve Products and Actuators

These instructions will be effective from the date of issue and can be accessed on the [National Treasury website](#).

The standard bidding documents (SBD 6.2 or MBD 6.2) must be completed in line with the requirements of the SABS approved technical specification number [SABS approved standard SANS 1286:2017](#) and the [Guidance Document for the Calculation of Local Content](#) together with the Local Content Declaration Templates

- [Annexure C](#): Local Content Declaration – Summary Schedule,
- [Annexure D](#): Imported Content Declaration – Supporting Schedule to [Annexure C](#) and
- [Annexure E](#): Local Content Declaration – Supporting Schedule to [Annexure C](#).

All these documents are important for the calculation, measurement and verification of local content.

- [SABS approved standard SANS 1286:2017](#)
- [Guidance Document for the Calculation of Local Content](#)
  - Annexures C, D and E – Download in [PDF] or [XLS] format.
  - Examples of completed annexures
    - [Buses](#)
    - [Canned vegetables](#)
- [Preferential Procurement Regulations, 2017](#)
- [Process when requesting exemption letters](#)

For local content related enquiries, please call the helpline on +27 (12) 394 1435.

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