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**MINISTER IN THE PRESIDENCY FOR WOMEN, YOUTH AND PERSONS WITH DISABILITIES**

**REPUBLIC OF SOUTH AFRICA**

**KEYNOTE ADDRESS BY MINISTER SINDISIWE CHIKUNGA, MP DURING THE SOUTH AFRICAN YOUTH ECONOMIC COUNCIL (SAYEC) 3RD ANNUAL JOBS IMBIZO AND CORPORATE GALA DINNER**

**DATE: THURSDAY, 22 AUGUST 2024**

**TIME: 17:00**

**VENUE: THE MARRIOT HOTEL MELROSE ARCH, JOHANNESBURG**

* **Director General, Adv. Mikateko Maluleke**
* **President of SAYEC, Kanakana Mudzanani**
* **Special Advisor to the Minister**
* **The SAYEC Team**
* **Distinguished Guests**
* **Ladies and Gentlemen,**

 **INTRODUCTION**

I would like to begin by extending my sincere greetings and appreciation to the leadership and entire membership of SAYEC. Thank you very much for the opportunity to join the rest of your stakeholders to reflect and contribute to your theme: **“Preparing the Youth for Meaningful Participation in South Africa’s Era of Industrialization.”**

Every time you listen to the news, the youth are often mischaracterized as some kind of a ticking time bomb, reduced to a problem that needs solving. The work of SAYEC contradicts this narrative. The youth are a strategic resource and, to a large extent, an intellectual reservoir of ideas essential for moving this country forward. SAYEC's work is a testament to this reality.

From the outset, I want to emphasize that our youthful population represents a blessing with limitless potential—a strategic asset for the current and future well-being of this country and continent. While the current socio-economic conditions pose a direct threat to national stability and undermine our future prospects, it is not the youth who are a threat to national security. Rather, it is the conditions under which they continue to exist that create opportunities for both known and unknown threats to emerge and become institutionalised. Without a more purposeful, quantifiable, and deliberate investment in their potential and capabilities, South Africa will not be in a position to reap the benefits of its demographic dividend.

Put simply, no country on earth has been able to industrialise or re-industrialize while neglecting the role of youth in the economy. A trained, capable, and industrious youth is the crucial ingredient currently missing in South Africa’s industrialization puzzle.

2. **WHERE WE FIND OURSELVES - 30 YEARS LATER  (DIAGNOSIS)**

To adequately answer the question that SAYEC has posed, two conditions must be met: First, we need to be brutally honest about the state of our economy over the past three decades. Secondly, given that de-industrialization and the resulting job losses have been a structural reality, our proposed interventions must go beyond merely tinkering  with the tip of what is, in effect, a very dangerous iceberg.

Reconstruction, recovery, and re-industrialization will require us to collectively remove the mask and come to terms with the true state of our nation and its economy. A genuine conversation about these issues should necessarily unsettle us. It cannot—and should not—be comfortable, as it must challenge the ever-present temptation to retreat into familiar ideas and structures where we feel comfortable and secure. There is everything wrong with merely glossing over what is essentially the tip of a dangerous iceberg.

Youth participation in the economy should not be reduced to hopping from one internship to another. Placing youth at the centre of re-industrialization must be accompanied by fundamental changes in the structure, systems, and institutions, as well as in patterns of ownership, management, and control of the wealth producing resources in favour of all South Africans, particularly the marginalised, vulnerable, and poor, who are primarily Africans and women

Exactly 30 years since our transition into a democratic dispensation and about 6 years away from a society reflected in our national development plan targets (NDP, 2030). As we look back, there is a general appreciation that we are nowhere near where we should be, and that our democratic dispensation is at a crossroads.

When a growing economy, productivity levels, and shared prosperity are held up as a yardstick to measure how far we have come, despite the visible and significant progress we have made, the past three decades have been far from ideal, particularly for the youth of this country.

Our labour market, industrial and social policy choices have, in the main, created an uneven society that facilitated an unprecedented concentration of income, wealth, power and opportunities in the hands of those already well placed and a steady rise in chronic levels of social and economic insecurity for those who were already in the margins of society.

The latest unemployment figures released by the Statistician General this month only paint a worsening picture for the youth. This is supported by statistics indicating a 45,5% unemployment rate among young individuals (aged 15-34 years), in contrast to the national average of 32,9% in the first quarter of 2024. According to the data, young women display heightened vulnerability in the labour market when compared to young men. In 2024, the absorption rate of young men was 31,9%, outpacing young women, whose rate stood at 24,2%. The unemployment rate among young females was estimated at 49,4% in 2024, marking a notable increase of 3,3 percentage points from 46,1% in 2004.

We are not alone at the economic crossroads. As you have witnessed across Europe, social unrest and political instability are no longer limited to emerging economies. We have to act now before its too late.

3. **WHERE TO FROM HERE?**

To prepare the youth for meaningful participation in South Africa’s era of industrialization, I believe we need a reimagined industrial strategy that is both fit for purpose and responsive to rapidly changing global economic patterns. These patterns range from automation and the rise of artificial intelligence in manufacturing to the ongoing geopolitical realignment. Such a strategy should be anchored on robust economic and market intelligence in order to enhance the quality of decision-making in support of our goals of productivity, industrialization, commercialization, and beneficiation.

With the benefit of hindsight from the past 30 years, the following questions need to be revisited:

(a) First, What kind of economy was inherited in 1994? In what ways has the inherited economic architecture remained the same? Which pillars of this inherited economic architecture require urgent restructuring and/or repurposing in order to accelerate the achievability of our strategic mission?

(b) ​​ Over the past 30 years, what has stunted our economic growth, plummeted productivity and industrial output, and massified unemployment?  If we cannot point to these drivers, they will likely repeat themselves into the next 30 years.

(c) Where (place and sector) has much of the industrial decline occurred?  Where (place and sector) have we shed the most jobs?

(d) Finally, which sectors of the economy present the most potential in South Africa’s Strategic horizon? In other words, what is our competitive advantage? What is the state of beneficiation in these sectors?

I do not have all the answers, instead, I wish to put forward some ideas that we wish to take forward in collaboration with SAYEC and other related stakeholders.

**Intervention 1:** Addressing youth unemployment requires targeted, sustainable interventions with clearly articulated exit opportunities.

The past 30 years have shown that "the master's tools will not dismantle the master's house." To achieve meaningful reconstruction and re-industrialization, we urgently need new tools and approaches to address the youth question. I therefore agree with SAYEC that to address young people's intersectional vulnerabilities, we need targeted programs that recognize the youth are not a homogenous group. There can be no one-size-fits-all solution.

In the early 1990s, the RDP document emphasised that reconstruction must signify the end of one era and the beginning of another.  With regard to the youth, the RDP document was very clear:

"**high levels of youth unemployment require special programs. The National Youth Service Programme must better educate, develop, train and empower youth, and enable them to participate in the reconstruction of society”.**

**Programme Director,**

Much of the cutting edge technology we consume today, from the Internet, Iphones to Land Rover vehicles, can be traced to a defence  industry environment. The majority of the pilots who fly SAA pilots, were once cadets in the air force before transitioning into commercial pilots. All of this was made possible, when a developmental state takes up the role of a patient investor of first resort. We are bringing this appraoch back through an SANDF-Led National Youth Service.

To this end, i am pleased to inform the Imbizo that, on the 21st of May 2024, the Deputy President, Honourable Paul Mashatile, officially launched the South African National Service Institute (SANSI), an institute that will be responsible for implementing an SANDF-led National Youth Service for South Africa.

Through SANSI, we will rally all of government and Industry Associations, from energy companies to manufacturers,  behind a de-siloed and nationally coordinated effort to reinforce our ongoing war on Youth Unemployment. This will be done through value-chain-driven and sector-specific skills development, enterprise development, production brigades, and infant industry development to power up South Africa’s re-industrialisation targets.

The SANSI will ⁠Reinforce a deliberate and seamless skills-to-industry pipeline by training, capacitating, and empowering young emerging industrialists, ⁠Capacitate Youth into patriotic force multipliers. SANSI will also aim to provide the youth with a national service identity that embodies discipline, patriotism, and professionalism of the highest order.

Once funding is approved and allocated, this financial year, phase one of the SANSI will take no less than 125 000 youth.

**I now wish to turn to some of the tangible Projects that we have in the pipeline under this initiative:**

● We will be training emerging industrialists in the Design, Manufacturing, Piloting and Applications of Unmanned Aerial Vehicles (UAVs/Drones). From small drones used to inspect borders, to large fixed-wing UAVs applied in mining, construction, oil and gas and related fields.

● **Gibela Rail and Umgeni Water** have come on board to capacitate unemployed graduates in the Water and Sanitation Infrastructure as well as the Rail Network Development and Maintenance Programme.

We are currently facing a situation where mega infrastructure projects are in the pipeline—from small harbours development, rail, road, and rural bridge construction to human settlements projects, water sanitation projects (including dam construction and maintenance), and energy infrastructure projects. This Imbizo must insist that no labour is imported for these projects while unemployed graduates are sitting at home. Every project, from ideation to implementation, must include the upskilling , reskilling and placement of young people through emerging industrialist apprenticeships.

**Intervention 2: The Potential of Infant Industries and Innovation Driven Industrial Strategies.**

Efforts to re-industrialize South Africa will require more—not less—state involvement and capacity. This administration must intensify support and protection of infant industries - through which the energies of the youth can be channelled to productive activities. Today, companies like Tesla, Apple, or Microsoft would not exist without the interventionist approach successfully applied in places like Silicon Valley.

The need to industrialize through an infant industry approach has been revived by economist Mariana Mazzucato. However, she cautions that unless new sources of finance are established to support these reimagined industrial strategies, they are unlikely to succeed. Innovation requires not just any type of finance, but long-term, patient, and strategic investment.

She rightly argues that:

"Short-termism and risk-aversion mean that the private sector often does not invest in higher-risk areas until future returns become more certain. Throughout history, many of humanity's boldest advances, from the internet and microchips to biotechnology and nanotechnology, were only made possible by public funding.

For example, all the intellectual property currently held by the CSIR needs to be commercialised and beneficiated through enterprise development, with youth-owned enterprises benefiting from that support at every stage—from ideation and product development to market access and expansion.

In both Europe and the US, greater state involvement in economic development was solidified through laws and policies that protected local and small-scale industries from unhealthy competition, which continues to breed unemployment.

**Intervention 3: The Potential of the Oceans Economy in Re-Industrialising South Africa**

For centuries, the ocean has been the backbone of global and regional trade and the driver of major related economic activities. As someone who has worked in Transport and Logistics, I see massive opportunities for our young people in this vast sector of the economy.

The South African coastline, stretching thousands of kilometers, holds immense economic and industrial potential—so much so that some scholars have referred to our territorial waters as South Africa’s "10th province." We occupy an ideal geostrategic position that, when carefully and strategically cultivated, will significantly enhance the contribution of our oceans to job creation and inclusive economic growth.

However, the vast marine resources remain largely untapped or are primarily exploited by external entities, leaving local populations with little to no benefit from their own natural heritage.

Therefore, our commitment to youth empowerment should be reflected in the level of investment we direct towards the beneficiation of the ocean economy.

Practically, we have the following initiatives in mind:

● **The Maritime Youth Employment Program**will recruit and capacitate Matrics to be employed in cruise vessels - in this case cruise liners will provide employment while the government provides funding for training and SAMSA facilities. There are significant opportunities for self-employment in small vessels providing tourist trips on inland waters.

● We will be exploring a partnership with SAMSA’s Rural Maritime Economy Development Program. This programme has **four pillars**: **Marine Tourism**, in which opportunities exist throughout boat building and maintenance value chain. Youth operators would end up employing other youth in their network of boats.

● Through the **Small-Scale Fishing in Rural Coastal Communities,**we will be able to leverage the Fishing Rights offered by the department of fisheries to power up Youth Owned and Operated Fishing cooperatives in this sector.  Just to mention a few.

**Intervention 4: Agriculture and the wealth beneath our feet**

The same principles apply to agriculture, food security, and related value chains. Those of you in the agricultural sector have the responsibility to innovate around the paradox of an arable Africa that continues to import food. Remember, we cannot achieve industrialization without three essential elements: water, food, and energy security.

Our continent holds 65% of the world’s remaining arable land, an abundance of freshwater, and about 300 days of sunshine each year. Yet, despite these strategic advantages, we continue to import food.

As SAYEC, we are relying on your membership’s ability to reverse this trend by cultivating, processing, consuming, and eventually exporting our own produce.

**Intervention 4: The Industrial Potential in Mining and minerals critical to energy transitions and related value-chains**

During the opening of Parliament, President Ramaphosa announced massive plans for South Africa to ramp up a green manufacturing sector over the next five years. This sector will focus on the export of green hydrogen and associated products, electric vehicles, and renewable energy components. As SAYEC, you must seize upon this commitment by the 7th administration.

South Africa is on the verge—if not the forefront—of a projected surge in demand for minerals critical to energy transitions and related value chains. The global transition to clean energy is set to further increase demand for these minerals. The International Energy Agency estimates that between now and 2050, demand for nickel will double, cobalt will triple, and lithium will rise tenfold.

However, although our region plays a significant role in global mineral trade and value chains, our major setback is that we remain primarily focused on basic extraction, with very little processing of minerals. To ensure our youth are not left behind, we urgently need massive public and private investment in domestic processing, beneficiation, and commercialization capabilities to move beyond basic extraction. Beneficiation needs to move from being a song to reality.

We commend your advocacy for the Junior Mining Exploration Fund. However, we need many more such funds, and they should extend beyond exploration to support youth throughout the entire mining value chain. With a robust industrial strategy integrated with a transformative spatial development framework, we should aim to turn Northwest, Northern Cape, Mpumalanga, and Limpopo into the next Gauteng—and beyond.

Moreover, the mission to transform South Africa into the region’s hub for processing, beneficiation, and commercialization of minerals and other commodities must be accompanied by the accelerated reconstruction of port, rail, and energy infrastructure.

**Conclusion and Proposed Way Foward:**

In summary, the trend is clear: we cannot repeat the same approaches and expect the next 30 years to yield different results.

To bring our young people along, the next era of industrialization must be anchored in the sound beneficiation and commercialization of South Africa’s wealth-producing resources. To achieve this, investment in critical infrastructure that connects, transforms, and consolidates South Africa as a gateway to the African continent and its people will be key.

To ensure that all young people are part of this journey, we must establish new growth nodes outside the traditional cities of Gauteng, KwaZulu-Natal, and the Western Cape. We should disrupt apartheid-era spatial patterns by developing smart industrial towns and cities along strategic value chains, such as those in the Northwest and Mpumalanga.

**To conclude i wish to make the following Recommendations:**

● I wish to propose that the Imbizo should produce an Action Plan with timelines and responsible persons with whom we will interface to ensure that what we resolve here is implemented.

● The SAYEC Jobs Imbizo should consider establishing a Youth Unemployment Crisis Committee that should ensure that all plans we have tabled are followed through and carried out timely. This committee should enable us to bring on board everyone - the DTIC, NYDA, Private Sector and Industry Associations to meet quarterly and take our plans forward. At a later stage, once we have defined the role we wish for them to play, we should be in a position to bring all 721 SOEs to be part of these interventions.

**Once again, thank you for this important Jobs Imbizo, I look forward to working with SAYEC all stakeholders present today.**