

NOTICE 404 OF 2002



DEPARTMENT OF TRADE AND INDUSTRY

FIRST EDITION ENVIRONMENTAL

IMPLEMENTATION PLAN (EIP)

2001

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DEFINITIONS AND ACRONYMS

AGENDA 21	Action plan for sustainable development. Adopted in 1992 by 178 governments at the United Nations Conference on Environment and Development (UNCED) Rio de Janeiro. ISBN 0-621-27991-9
CAPCO	Chief Air Pollution Control Officer
CDC	Coega Development Corporation
CEC	Committee for Environmental Coordination in terms of NEMA Act, 107 of 1998
CIV	Cabinet Investment Cluster
CSD	UN Commission for Sustainable Development
CSIR	Council for Scientific and Industrial Research, registered as CSIR
DACST	National Department of Arts, Culture, Science and Technology
DEAT	National Department of Environmental Affairs and Tourism
DEAET	Department of Economic Affairs, Environment and Tourism – Eastern Cape
DG	Director General of the Department of trade and Industry
DTI	National Department of Trade and Industry
DWAF	Department of Water Affairs and Forestry
EGS	Manufacturers and suppliers of environmental goods and services
EIA	Environmental Impact Assessment
EIDD	Enterprise and Industry Development Division
EIP	Environmental Implementation Plan as per NEMA section 11
EIMS	Environmental Implementation and Management System in DTI
EMF	Environmental Management Framework
EMP	Environmental Management Plan as per NEMA section 11
EMU	Executive Management Unit
EPA	Environmental Pollution Agency
EST	Environmentally sound technologies
EXBO	DTI Executive Board
FCCC	UN Framework Convention on Climate Change
GATT	General Agreement on Tariffs and Trade
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution Strategy
GEF	Global Environmental Facility
IDC	Industrial Development Corporation of SA Ltd.
IDZ	Industrial Development Zone
IEF	Industrial Environmental Forum
IMF	International Monetary Fund
ISO	International Organisation for Standardisation

ITED	International Trade and Economic Development Division
LDO	Land Development Objectives
MCDM	Multi-Criteria Decision Model
MDP	Manufacturing Development Programme
MEA	Multilateral Environmental Agreements
MEC	Member of the Executive Committee (Provincial)
MINMEC	Committee of national ministers and MECs
MRA	Mutual Recognition Agreements
MTEE	Medium Term Expenditure Estimates (previously termed Medium Term Expenditure Framework, MTEF)
NCCC	National Committee on Climate Change, a sub-committee of the CEC
NEC	Ngqura (pronounce: Coega) Environmental Committee
NEDLAC	National Economic Development and Labour Council
NEMA	National Environmental Management Act, 107 of 1998
NGO	Non-governmental organisation
NML	National Metrology Laboratory
NTSIKA	Ntsika Enterprise Promotion Agency
POPs	Stockholm Conference on Persistent Organic Pollutants
R&D	Research and development
RDP	Reconstruction and Development Programme
SABS	SA Bureau of Standards
SADC	Southern African Development Community
SANAS	SA National Accreditation System
SDI	Spatial Development Initiative
SEA	Strategic Environmental Assessment
SMME	Small, medium and micro enterprises
SPII	DTI's Support Programme for Industrial Innovation
TBT	Technical Barriers to Trade
TC	Technical Committee
TEO	The Enterprise Organisation
THRIP	DTI's Technology and Human Resource for Industry Programme
TISA	Trade and Investment South Africa
TRIPS	Trade related aspects of Intellectual Property Rights
UNDP	United Nations Development Programme
UNEP	United Nations Environmental Programme
UNIDO	United Nations Industrial Development Organisation
WRC	Water Research Commission
WTO	World Trade Organisation

EXECUTIVE SUMMARY

The dependence of both economic and environmental objectives on the same pool of natural resources gives rise to the possibility of conflicting sustainability interests and therefore demands a deliberate effort to harmonise policies. The overall challenge for government is to reconcile socio-economic and environmental development, in accordance with the three dimensions of sustainable development notably economic and social development and environmental sustainability.

South Africa has been one of the first countries to adopt the principle of sustainable development in its Constitution. The Constitution also defines the principle of cooperative governance. National departments, provinces and local authorities together with the business community and non-government organisations (NGOs) share South Africa's commitment to sustainable development. The mandate of the Department of Trade and Industry (DTI) in this regard is to advance the economic growth dimension by accelerating investment in employment-generating production and services, in order to eradicate poverty and meet the increasing needs of a growing and developing population.

In accordance with Agenda 21¹, government has re-orientated its environmental vision to depart from a conservationist approach and commit itself to sustainable development, with equal emphasis on social and economic development and environmental sustainability. With the aim of putting into practice the principle of environmental cooperative governance, the National Environmental Management Act (NEMA), No 107 of 1998 requires Environmental Implementation Plans (EIP) and/or Environmental Management Plans (EMP) to be formulated and implemented by provinces and specified national departments. It is in this frame of mind that the Department of Trade and Industry (DTI) publishes its First Edition Environmental Implementation Plan (EIP) in compliance with the NEMA.

¹ Agenda 21 – an action plan and blueprint for sustainable development into the 21st century. Adopted by 178 governments at the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992. ISBN 0-621-27991-9

The Department's mandate and main functions as defined in the Medium Term Expenditure Estimates (MTEE) are presented in chapter one. It explains that DTI's contribution to sustainable development mainly entails poverty alleviation, generation of employment through industrial investment and improvement of standards of living. By utilising trade agreements and other economic instruments DTI creates opportunities for export driven economic growth. It facilitates expansion and diversification of the manufacturing sector through supply side measures and other investment promotion initiatives. In quantified terms the aim is to stimulate investment to reach 20-25% of Gross Domestic Product (GDP).

Its recent restructuring and re-alignment process gave rise to the department's *Vision 2004: To position the South African DTI among the top trade and industry departments in its class*. In accordance with this vision the dedicated environmental unit that DTI created in response to Section 24 of the Constitution has amended its previously generic environmental objectives to be specifically focused on meeting the requirements of the NEMA. Publishing this Environmental Implementation Plan and giving effect to it within DTI's corporate management framework, has become the core activity of the environmental sub-section.

The department's major units and the programmes, by which these units achieve the department's objectives, unfold in chapter one. The functions of divisions having the highest environmental significance are explained, including the Enterprise and Industry Development Division (EIDD) and International Trade and Economic Development (ITED). Policy implementation sections with a potentially significant environmental influence are The Enterprise Organisation (TEO) and Trade and Investment South Africa (TISA). Environmental principles, risks, opportunities and possible compliance measures are captured in Table 1.1.

Chapter two elucidates the historical approach to environmental issues in the Spatial Development Initiatives (SDI) programme. This chapter is included as an example to illustrate the department's commitment to sustainable development. Whilst it highlights interaction at local authority level the chapter creates a sense of the complexity and

magnitude of DTI's environmental aspects and brings to the fore the need for a centrally controlled and more systematic approach.

The third chapter illustrates relationships with institutions relevant to sustainable development compliance and performance. The public enterprises selected for inclusion have a clear environmental significance, either due to the potential environmental impacts of their activities, or based on their ability to play a role in achieving environmental objectives. DTI is responsible for monitoring of in-principle compliance by these institutions.

Chapter four looks at cooperative government alignment and highlights areas of common interest between provinces and other national departments, and DTI. Areas of environmental compliance that may require strengthening in the course of giving effect to this EIP arise from every chapter. Chapter four suggests improvements in the area of environmental cooperative governance that could be considered by the Committee for Environmental Co-ordination (CEC), for example additional departments that could be scheduled in the NEMA. The chapter includes a summary table of cooperative governance structures.

Chapter five outlines the instruments to DTI's disposal to refine the environmental orientation of its policies, plans and programmes. This basket of instruments includes this Environmental Implementation Plan (EIP) and an Environmental Implementation and Management System (EIMS), designed to facilitate internal environmental performance. Time schedules for EIMS implementation are included.

Sustainable development pivots on the economic growth that drives it. Developing countries face the complex challenge of aligning technologies and patterns of production and consumption at different levels of sophistication. Long-term sustainability programmes share the stage with efforts to eradicate severe poverty and high rates of unemployment through increased competitiveness. DTI's multilateral role in this regard would include marketing Africa, and in particular the Southern African Development Community (SADC), prioritising economic development as the paramount objective for developing countries.

In domestic context DTI's main customers are the South African business community and potential entrepreneurs; therefore its environmental services include assistance tailored to the needs of business, and in particular small and medium enterprises and enterprises facilitating economic empowerment of women, youth and black entrepreneurs.

1 ROLE AND MANDATE OF THE DEPARTMENT OF TRADE AND INDUSTRY

1.1 INTRODUCTION

The ultimate sustainability of societies, economic systems and nations depends on the integrity and sustained productivity of the natural resource base at their disposal. Safeguarding the sustainability of economic resources forms an integral component of contemporary development strategies.

The dependence of both economic and environmental objectives on the same pool of natural resources gives rise to the possibility of conflicting sustainability interests and therefore demands a deliberate effort by authorities charged with sustainable development coordination to harmonise policies. The overall challenge for government is to reconcile socio-economic and environmental mandates.

National departments, provinces and local authorities together with the private sector, non-government organisations (NGOs) and communities share South Africa's commitment to sustainable development. The mandate of the Department of Trade and Industry (DTI) in this regard is to advance the economic growth dimension of sustainable development by accelerating investment in employment-generating production and services, in order to sustainably eradicate poverty and meet the increasing needs of a growing and developing population.

The present review of Environmental Implementation Plans (EIP) and Environmental Management Plans (EMP) gave rise to a measure of uncertainty about the differentiated mandates of environmental authorities and national departments to ensure the sustainability of development. This uncertainty is to be clarified to some extent by the EIP/EMP respondents' "Alignment Review Report" spearheaded by the Department of Environmental Affairs and Tourism (DEAT).

As early as 1991 the need for a transition towards cleaner production¹ policies on a worldwide scale was recognised at the UNIDO-organised ministerial-level Conference on Ecologically Sustainable Industrial Development². Governments, business and labour organisations, communities, NGOs and other major groups engaged in voluntary initiatives to comply with agreed guidelines for socially and ecologically sustainable economic development.

The 1992 special conference of the UN General Assembly (Rio Earth Conference) gave rise to Agenda 21, the United Nation's programme for sustainable development. Agenda 21 recognises the right of nations to develop, with a corresponding responsibility on governments to ensure that activities within their jurisdiction and/or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction. Agenda 21 provided an internationally accepted definition for the concept of sustainable development: "... *the right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations.*"³

DTI's activities in the environment-economic interface should be shaped in accordance with chapter 30 of Agenda 21: "*30.4. The improvement of production systems through technologies and processes that utilise resources more efficiently and at the same time produce less wastes - achieving more with less - is an important pathway towards sustainability for business and industry. Similarly, facilitating and encouraging inventiveness, competitiveness and voluntary initiatives are necessary for stimulating more varied, efficient and effective options.*"

Due to South Africa's unique situation as a developing country emerging from historic economic imbalances, DTI's focus is on economic development and empowerment against a broader social, economic and environmental sustainability context.

¹ Cleaner production implies striving for optimal energy and resource efficiency at every stage of the product life cycle of all manufactured products.

² The concept of sustainable development is based on three pillars notably social, environmental and economic sustainability.

³ Agenda 21

1.2 THE ROLE OF THE DEPARTMENT OF TRADE AND INDUSTRY (DTI)

1.2.1 Legal framework and policies

The 1994 Reconstruction and Development Programme (RDP) functions as the framework policy for addressing South Africa's socio-economic challenges. These challenges include repairing and growing a distorted economy, recovery from a recession, uplifting living standards and slowing down inflation rates. The four pillars on which the RDP is based are: *"meet the basic needs of the population; developing human resources; building the economy; and democratising the state and society."*

The concept of sustainable development comprises three equal dimensions: environmental, social and economic development. Authorities tasked with development thus have equal but differentiated responsibilities. In pursuance of their respective main objectives, each should take care to ensure long term sustainability by sufficiently considering the other dimensions. The Reconstruction and Development Programme (RDP) affirms the need to manage economic development and human growth in such a way that the earth's life support systems are not damaged or destroyed. The RDP recognises the need for government to work towards:

- a. *Equitable access to natural resources;*
- b. *Provision of safe and healthy living and working environments; and*
- c. *A participatory decision making process around environmental issues*

DTI's mandate in terms of the RDP relates to the economic pillar of sustainable development and is dealt with under Section 1 "Meet basic needs" subsection 1.1 "Job creation"; and also under Section 3 "Build the economy". Items 3.1, 3.2, 3.4 and 3.7 cover this mandate more specifically:

- *Integrated research and development (R&D)(3.1);*
- *Development of small, medium and micro enterprises (SMME)(3.2);*
- *Beneficiation (creation of job opportunities and added economic value by transforming raw materials into manufactured products)(3.4);*
- *Southern African Regional trade policy (3.7).*

DTI's RDP objectives have been translated into a Growth, Employment and Redistribution Macroeconomic Strategy (GEAR), putting forward a long term view for government (mainly DTI) to create an enabling environment for a competitive, fast-growing economy which creates sufficient jobs for all work-seekers; a redistribution of income and opportunities in favour of the poor; a society in which sound health, education and other services are available; and an environment in which homes are secure and places of work are productive. The GEAR emphasises that SA economic growth should be achieved through beneficiation as opposed to mere exploitation of crude natural resources. It states that an example of economic/environmental synergy can be found in the management of waste, providing an effective form of public intervention in favour of the poor and consistent with the reduction of income inequalities. Implicitly the GEAR commits South Africa to advancing measures to combat environmental pollution in tandem with accelerated economic growth.

South Africa has become one of the first nations to incorporate the principle of ecologically sustainable development in its Constitution, notably in section 24 (b) (iii) of the Constitution, Act 108 of 1996. The Department of Environmental Affairs and Tourism (DEAT) has given effect to this sections in its National Environmental Management Act, no 107 of 1998 (NEMA). The principles of cooperative government and intergovernmental relations, legalised by section 41 (2) of the Constitution, together with section 2 (4) (l) of the NEMA, provide the foundations for South Africa's environmental governance framework. The NEMA aims to monitor and promote environmental cooperative governance in South Africa. It mandates the Committee for Environmental Coordination (CEC) to evaluate the environmental strategies of national governments and assess their compliance with such plans.

This First Edition Environmental Implementation Plan (EIP) of DTI has been prepared to meet an obligation in terms of sections 11 to 13 for national departments listed in Schedule 1 of the NEMA. DTI's commitment in terms of the NEMA is to publish a First Edition EIP and to commence with a systematic implementation of environmental principles section by section by 2001.

1.3. MANDATE AND OBJECTIVES AS PER THE NATIONAL MEDIUM TERM EXPENDITURE ESTIMATES (MTEE)

1.3.1 Mandate

The key objective of the Department of Trade and Industry is to facilitate access to sustainable economic activity and employment for all South Africans through increased investment. Priorities include access for South African products to international markets and a fair, competitive and efficient domestic market place. The Department's objectives encompass assisting South African industries to become globally competitive; assisting small, medium and micro enterprise development; promoting economic empowerment and encouraging regional growth.

1.3.2 Strategic overview and key policy developments in DTI: 1997/98 – 2003/04

After the 1994 elections, the Department of Trade and Industry embarked on a process of revising existing incentive schemes and introducing new schemes. Meanwhile, Government's macroeconomic strategy had been introduced, and it became necessary to review both DTI's successes and less successful activities. These changes prompted the restructuring of the Department.

The restructuring of DTI focuses on creating a world-class institution, which is service orientated and delivery driven. It incorporates international best practice and emphasises ease of access for the economic citizenry. It also seeks to accelerate trade and investment in South Africa and the region.

The capacity of the management support unit has been strengthened substantially in order to assist the executive of the Department in policy decisions. This included the appointment of several Deputy Directors-General, a Chief Economist and a Chief Information Officer. Several "programme managers" have been tasked to address certain focus areas, e.g. black economic empowerment, social equity, investment and the new economy, Africa and industrial sector development, among others.

1.3.3 Incentives and industrial support

The Department shifted its focus from demand-driven to supply-side measures. Technology is being promoted through programmes such as the Support Programme for Industrial Innovation (SPII), Partnership in Industrial Innovation, Technology and Human

Resources for Industry programme (THRIP), technology incubators and the latest addition, Technology Through Women in Business. In terms of the Technology Transfer Act that is currently being drafted, the Department of Trade and Industry's envisaged Technology Transfer Centre will require "best available affordable cleaner technology" clearance for all technology transfer transactions, based on the principle of Best Available Technology Not Entailing Excessive Cost (BATNEEC).

The Department maintains a number of incentive programmes encouraging the private sector to create more employment opportunities, thus being a key partner in poverty eradication. DTI sees its role as providing an environment (including incentives) conducive to the promotion of sustainable jobs. The new suite of incentives that is being introduced relies on private sector investment and skills development initiatives, but also encourages a wider range of industries, including industries that were previously excluded, for example tourism, agriculture, recycling, biotechnology, aquaculture and cultural promotion. The incentives provide scope for small and medium-sized industries to participate.

1.3.4 Regulatory environment and services

Over the past few years, the Department of Trade and Industry successfully established a number of regulatory institutions, such as the Competition Commission, the Competition Tribunal, and the Gambling and Lotteries Boards. The Department is reviewing its interface with the public and is considering opening satellite offices in strategically situated centres. This applies especially to its foreign offices, some of which are being combined with the resources of Trade and Investment South Africa (TISA) to render better services to potential investors and to exporters. Part of the activities of TISA will include promoting South Africa as a growing economy with premium investment opportunities.

1.3.5 Regulatory powers and functions

The South African economy is a market economy with private ownership of enterprises. Enterprises are registered at local level and central registration or regulation of business is limited to the registration of companies and close corporations, mainly to control statutory compliance with financial and management structure stipulations. DTI's regulatory powers

and functions are outlined in par 1.4 below, as extracted from its Medium Term Expenditure Estimates (MTEE) for the budget periods 2001/02, 2002/03 and 2003/04.

Environmental regulation is not a DTI competence. National, provincial and local authorities mandated with environmental powers responsible for the formulation, promulgation and enforcement of environmental law.

1.3.6 Organisational structure and major budget programmes

The national Department of Trade and Industry (DTI) dedicated the year 2000 to internal restructuring. At this stage functions and projects are being re-aligned to be more focused on the department's Vision 2004: *To position DTI among the top trade and industry departments in its class.*

1.4 POLICIES, PLANS AND PROGRAMMES

Section 13(1) of the NEMA requires EIPs to contain "...a description of policies, plans and programmes that may significantly affect the environment ..." DTI's priority functions from an environmental perspective are embodied in the programmes assigned to its sections and divisions. Figure 1.1 elucidates the Department's structure.

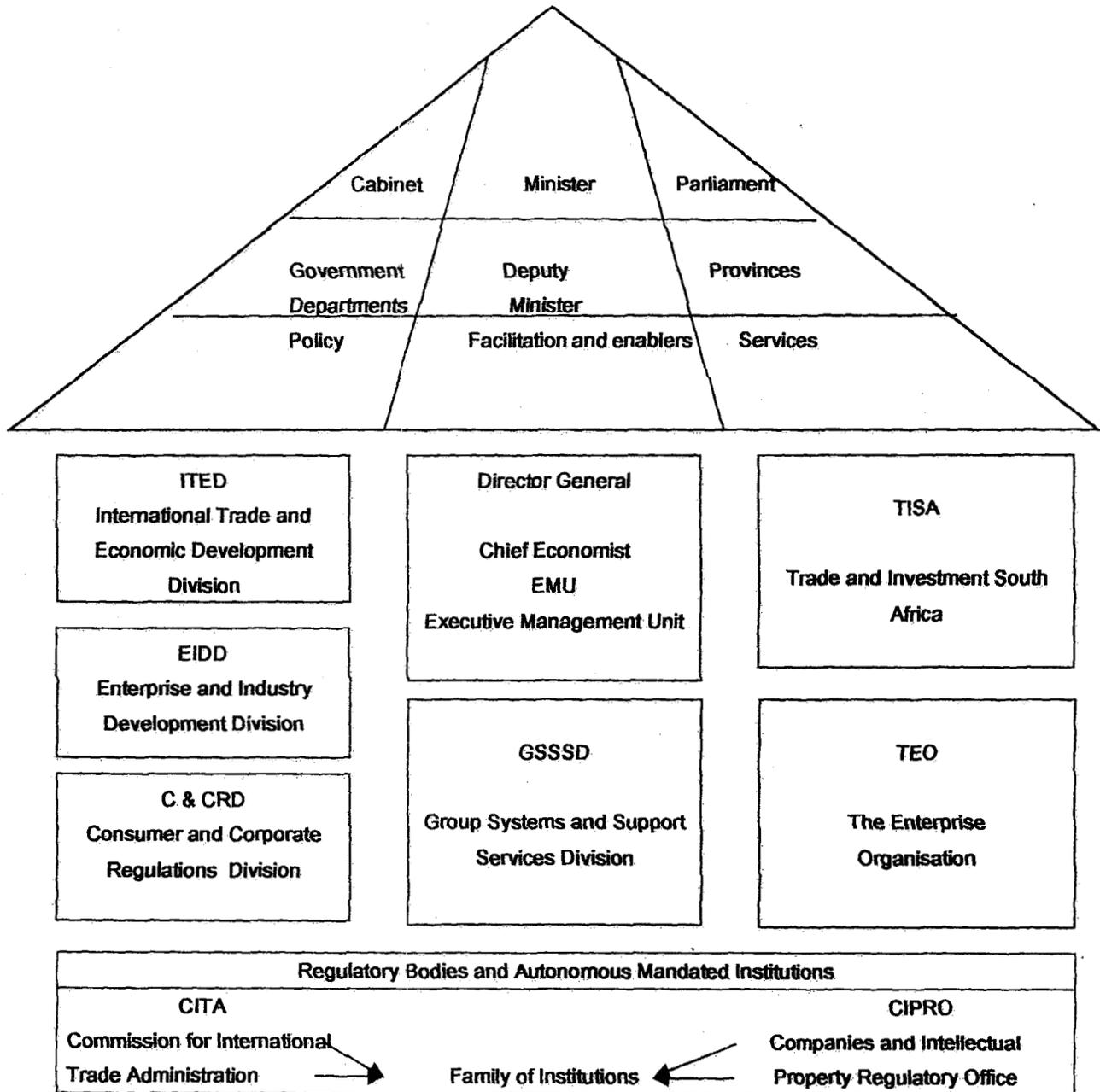
1.4.1 Main divisions and sections

Par. 1.6 below contains a synopsis of the critical outcomes of major divisions sections.

- a) Enterprise and industry development division (EIDD);
- b) International trade and economic development (ITED);
- c) The Enterprise organisation (TEO);
- d) Trade and Investment South Africa (TISA).

A new institution, the Commission for International Trade Administration (CITA), is discussed in chapter three as one of DTI's family of institutions.

Figure 1.1 The restructured Department of Trade and Industry - January 2001



1.4.2 Enterprise and Industry Development Division (EIDD)

EIDD main activities include the Competitiveness Strategy, Enterprise Development, Economic Empowerment, Regional Economic Integration, Non-proliferation of Weapons of Mass Destruction, Commerce Development and Consumer Protection and Company Development and Copyright Law Development and Management.

The division promotes the competitiveness of the manufacturing industries through research implementation, training and other technology and innovation support programmes; a focus on enterprise development with an emphasis on black economic empowerment; and increasing the rate of sustainable small, medium and micro-enterprise creation. The division also intends promoting the efficiency and competitiveness of the South African economy by judicious regulation of the activities of companies to protect consumers against unfair practices and by support for consumer rights. EIDD activities include:

- a. Competitiveness strategy and policy formulation and provision of support services to business and industry in environmental management, as well as in constitutional and environmental legislative compliance. Services supporting the facilitation of standardisation and environmental management in industry are provided to a range of institutions:
 - South African Bureau of Standards (SABS) (refer to par. 3.2.2).
 - Council for Scientific and Industrial Research (CSIR) (refer to par. 3.2.5).
 - The National Metrology Laboratory (NML) (refer to par. 3.2.3).
 - The Proudly South African Campaign supports consumer demands for quality products produced in South Africa, including performance quality, fair labour practices and environmental standards.

The Competitiveness Strategy sub-programme also aims to enhance industrial development and global competitiveness of South African industries through technology support measures. These include:

- Contributions to the Industrial Development Corporation for the Support Programme for Industrial Innovation and Partnership for Industrial Innovation to

- promote technology development in manufacturing industries (refer to par. 3.2.6). Transfers to the Corporation also support the Fund for Research into Industrial Development, Growth and Equity.
- Financial assistance supports technology incubator development in South African industries, including Furntech, Plant-fibre and other incubators.
 - Support for the Industrial participation programme assists the development and expansion of South African industries.
 - Contributions were made to the South African Bureau of Standards for the creation of an emissions test facility.
 - Support is given to the National Productivity Institute for the Workplace Challenge Scheme.
- b. Enterprise development funds are provided to the Centre for Small Business Promotion. The Centre administers the National Small Business Act of 1996 to promote and facilitate small, medium and micro-enterprise policy development and activities. The sub-programme makes contributions to the following institutions, some of which are included in the discussion of DTI's family of institutions in chapter three.
- Ntsika Enterprise Promotion Agency provides wholesale non-financial support services for small, medium and micro-enterprise promotion and development (refer to par. 3.2.7).
 - Khula Enterprise Finance and Khula Institutional Support Services for Khula to provide wholesale support services to retail financial intermediaries (refer to par. 3.2.8).
 - The National Small Business Voice represents and promotes the interests of the small, medium and micro-enterprise sector and advises national, provincial and local governments.
 - The Franchise Association of South Africa provides a financial and non-financial support service and regulatory support to small, medium and micro-enterprise franchising.

- The National Manufacturing Advisory Centre Coordinating Body supports small, medium and micro-enterprises with respect to manufacturing, information and related business development services.
 - The South African Women's Empowerment Foundation supports and empowers women in small, medium and micro-enterprises.
 - Economic empowerment contributes to the National Empowerment Fund administered by the Industrial Development Corporation.
- c. The regional economic integration function administers and manages regional production systems, special economic zones, regional development and state asset restructuring. The sub-programme is also responsible for coordinating and managing Spatial Development Initiatives (SDI) (refer to chapter two).
- d. The non-proliferation sub-programme maintains multilateral relations and agreements on non-proliferation of weapons of mass destruction and space matters, and controls the manufacture, import and export of chemicals, biological materials and dual-purpose nuclear and missile items in terms of the Non-proliferation of Weapons of Mass Destruction Act of 1993 (refer to chapter five - the conventions on biological, toxin and chemical weapons).
- e. Commerce development and consumer protection manages commercial law and consumer protection through the setting of a regulatory framework for gambling, lotteries, liquor, competition and company law, intellectual property and consumer protection through legislation and enforcement. The Chief Directorate: Business Regulation and Consumer Services is being restructured to focus on various aspects of policy and law development, including research and the determination of the effectiveness of the current legislation, policies and enforcement.
- The sub-programme encompasses the following:
- Contributions are made to the National Gambling Board in terms of the Gambling Act of 1996, the National Lotteries Board in terms of the Lottery Act of

- 1997 and the National Liquor Advisory Authority in terms of the Liquor Act of 1989.
- National Consumer Affairs promote access to safe and quality products, and ensure adequate consumer recourse. Contributions are made in terms of various Consumer Affairs Acts.
 - National Inspectorate monitors and investigates business compliance with commercial and consumer legislation.
 - The Competition Commission and Competition Tribunal promote an environment in which competition is allowed to flourish. The Commission and Tribunal investigate and address anti-competitive activities and increase economic concentration in related markets in terms of the Competition Act of 1998.
- f. The Company, Patent and Copyright Law Development and Management sub-programme is responsible for registration of patents, trademarks, designs and copyright in film; protection thereof and of copyright in general; updating and safeguarding of records in this regard; and release and participation of information. Contributions are made in terms of various Acts on patents, trademarks, designs and copyright.
- g. The South African Companies Registration Office, to be established, will provide statutory control of registration of companies, share block companies, close corporations, certain associations and names, and update and safeguard prescribed records. Contributions are made in terms of various Company Acts. The Companies and Intellectual Property Registration Office is to handle applications for the various services being offered by the current Companies and Patents offices. This will lead to the commercialisation of the two offices into a trading account. The Department will keep a contingency budget – during the transitional phase, it will budget for the offices as in the past.
- h. Contributions are made to the World Intellectual Property Organisation for promoting the protection of intellectual property and copyrights.

- i. The Department is working towards establishing and maintaining a sound Standards, Quality Assurance, Accreditation and Metrology framework to promote industrial competitiveness and export-led growth through internationally accepted compliance with trade norms and standards. It has commissioned a mid-term review of the national strategy for the development and promotion of small business in South Africa. This will ensure that corrective action is taken to ensure that the strategy contributes to national objectives of job creation, income generation and economic growth.

1.4.3 International trade and economic development (ITED)

ITED promotes and maintains South Africa's trade relations and agreements with other countries in order to stimulate internal growth and empowerment, and maximise foreign exchange earnings through policy, strategy and programme development, monitoring and evaluation, negotiations and relationship building. It also aims to promote the quality of life of people in South Africa and the common customs areas of the Southern African Customs Union by promoting the international competitiveness of industries in the Customs Union through the management of customs tariffs and anti-dumping measures, and countervailing import and export control measures.

1.4.4 The Enterprise organisation (TEO)

The Enterprise Organisation (TEO) is one of eight new organisational units established under the reorganisation of the Department of Trade and Industry. The core business of the unit is the efficient delivery of a variety of incentive schemes that support industry. TEO manages grant-based programmes dealing with, amongst others, export financial assistance, enterprise financial assistance, investment support, rural enterprise, manufacturing support and SMME related incentives. TEO provides financial support to various enterprises, including small, medium and micro-enterprises through incentives, matching grants and other cost sharing grants. It also aims to promote investment in infrastructure, human capacity, development in the manufacturing sector and related industries, and to assist with exports. TEO will be restructured in the course of 2001 and its new structure will be reflected more comprehensively in the next EIP if required. Present TEO programmes include:

- The Small and Medium Manufacturing Development Programme (SMMDP) providing grants and output incentives to small and medium manufacturers;
- Special industrial economic zones are supported towards globally competitive manufacturing and high-technology services;
- The Strategic Investment Programme provides grants to support globally competitive investments;
- The Critical Infrastructure and Environmental programme subsidises key economic infrastructure that unlocks private investment opportunities;
- The Enterprise Development Programme provides cash grants to qualifying small and medium enterprises;
- The Micro Investor Programme provides cash grants to qualifying micro-enterprises;
- The Skills Support Programme provides a cash grant to companies for skills development through the Department of Labour;
- The Competitiveness Fund provides cost-sharing grants to groups of companies (small, medium and micro-enterprises) to promote competitiveness; this fund *inter alia* offers financial assistance for implementing ISO 9001 quality management systems and ISO 14001 environmental management systems;
- The Taxi Scrapping Allowance will facilitate financial assistance to the taxi industry in terms of taxi re-capitalisation;
- The Sectoral Partnership Fund has been created as an outcome of the presidential Job Summit of 1998. The Fund offers a Trade Union Facility scheme to assist trade unions in different subsectors to carry out specific research to enhance the economic performance of firms in their subsectors.

The Department has revised its policies on investment incentives following an intensive exercise to evaluate the effectiveness of support to industry. A new suite of incentive packages will be introduced during 2001. The focused areas include the promotion of capital investment including small, medium and micro-enterprises, skills development programmes, and a broader definition of target industries, including aquaculture and tourism, to name a few.

The investment incentive programme is designed primarily to raise private sector investment, but will also promote public sector investments. Investment support will cover a wider range of sectors, including tourism, certain business services, information and communication technology investments, high-value agriculture projects, agro-processing, recycling, biotechnology industries, aquaculture and cultural industries. In the short term, these incentive schemes support the international marketing campaign, reduce investment costs, encourage firms to invest more in training, encourage labour-intensive firms to take on new workers, and target infrastructure investments for additional support. Longer-term impacts include support of macroeconomic objectives and strategies.

The taxi re-capitalisation programme is in the final stage of negotiation. The programme aims to regulate the industry by, among other measures, paying an allowance to scrap vehicles and replace current minibuses with 18- and 35-seater models. As indicated in chapter four, environmental concerns related to this programme have been raised by the National Department of transport (NDOT).

The Department is establishing an independent Export Credit Agency, which will be responsible for the Export Credit Reinsurance Scheme and Export Credit Reinsurance Fund.

1.4.5 Trade and Investment South Africa (TISA)

The programme aims to promote foreign trade and investment through trade facilitation, export credit reinsurance, marketing of the South African economy as an attractive investment opportunity, and assisting potential exporters with information on the target market. It supports prospective businesses or projects in foreign countries, focused on supporting South African business in entering new markets.

The programme comprises three sub-programmes:

- a) Investment promotion and international marketing is responsible for export sector promotion, initiating and developing exports on a sectoral basis by liaising with the private sector. The project also organises the President's Award for Export Achievement.

- b) Export services provide export advisory services to the business community, and makes a contribution to Investment South Africa. The services of this section include trade facilitation, assistance to the Reinsurance Fund for Export Credit and Foreign Investment, Management of foreign offices facilitating and promoting foreign investments and international marketing.
- c) In addition TISA manages South Africa's foreign economic services and provides export, investment, promotional and technology transfer services to business. The functions of Investment South Africa are being integrated with the export promotion directorates of the Department.

1.5 SUSTAINABLE DEVELOPMENT

The macro framework within which sustainable development, including environmental governance, is enacted is provided by the Constitution, the GEAR the RDP and NEMA. The environmental significance of the legislation administered and enforced by DTI will transpire from the policy reviews that form part of the first phase of systematically implementing environmental principles in the DTI sections and divisions. The obligations upon which DTI's environmental policy and management system is constructed, originate from the Environmental Right contained in section 24 of the Constitution:

"Everyone has the right –

- (a) to an environment that is not harmful to their health or wellbeing; and*
- (b) to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that –*
 - b prevent pollution and ecological degradation;*
 - c promote conservation; and*
 - d secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development."*

DTI responded to Section 24 of the Constitution by creating an environmental sub-section to function as the node of environmental activity in DTI. Although environmental responsibilities have initially been viewed to be of a general nature, it developed into

clearly differentiated categories since the promulgation of the NEMA. These categories are dealt with in chapter 5.

1.5.1 Sustainable development objectives

By facilitating the creation of employment opportunities DTI reduces poverty (as opposed to poverty alleviation, which is an outcome of welfare activities) and stimulates economic activity among all members of the population. Even in the transition period from demand driven protectionist measures to supply side measures, progress has been made in building an economic environment that provides opportunities for investment, increased trade competitiveness and employment. According to the World Competitiveness Yearbook, published by the Institute of Management Development in Switzerland, SA during in 2000/2001 gained one position in terms of overall competitiveness ranking.

South Africa's core industrial policy objectives aim at creating an enabling climate for accelerated investment and employment, development of small, medium and micro (SMME) enterprises and export-driven economic growth. These objectives are in line with the serious efforts of governments worldwide to become winning players in a globalised trade arena. Practical implementations of the GEAR policy include DTI's Small and Medium Development Programme (SMDP), the Centre for Small Business Promotion with its associated programmes and institutions, the National Empowerment Fund and the Spatial Development Initiatives (SDI) programme.

These programmes, which are long-term projects and should not be confused with the major budget programmes outlined below, assist domestic enterprises in increasing their international competitiveness in order to become winning global players within a given milieu of trade liberalisation and changing production and consumption patterns. Priority is given to projects that promote small, medium and micro enterprises (SMME), develop the regional Southern African Development Community (SADC) and reduce inequality and poverty. More specific targets include increased market access, sustainable beneficiation of natural raw materials, diversification of the economy, productive employment, economic empowerment and environmental management.

DTI gives preference to investment having strong ripple effects in meeting socio-economic challenges such as increased levels of profitable trade, employment and quality of life. DTI programmes endeavour to remedy uneven spatial distribution of economic development, skewed ownership patterns, differences between the income of the lowest and highest income earners, low levels of skills and the lack of access to economic opportunities, knowledge and capital.

1.6 PRIORITY FUNCTIONS IN ACCORDANCE WITH GUIDELINES FOR EIPs

DTI assigned its budget programmes to divisional managers tasked with renewing policies and mobilising implementation projects to meet its overall objectives. Due to the indirect nature of the potential impact of the policies and projects, no significance testing based on empirical data is possible. As far as potential environmental impact is concerned, it would be more appropriate to refer to the potential environmental influence of DTI programmes. The potential influence of the programmes is depicted in chapter one in table 1.1.

In environmental priority order, DTI intends rolling out its EIP into its divisions and sections by means of an Environmental Implementation and Management System (EIMS) in the following sequence:

1. The Enterprise organisation (TEO)
2. Enterprise and industry development division (EIDD)
3. Trade and Investment South Africa (TISA)
4. International trade and economic development (ITED)

THE ENTERPRISE ORGANISATION (TEO)						
Environmental principles, risks, opportunities and possible compliance measures						
Investment support	Outputs	Service delivery indicators	Environmental aspects	Possible DTI responsibilities in promoting sustainable development	Applicable NEMA principle & compliance	
Skills development programme (SDP)	Programme to be managed in conjunction with the Department of Labour	Number of firms supported on training costs and labour induction costs for five years Number of local workers retrained to reduce skills gap	Risk of DTI in terms of the SDP contributing to training programmes lacking a component on social and/or environmental sustainability.	Develop and implement a sustainable development policy for the SDP, providing for a component on social / environmental sustainability.	4 (a) Sustainable development requires the consideration of all relevant factors compliance: partial	
Competitiveness fund (CF)	Improve company competitiveness in South Africa, including ISO 14001	Number of projects that each created at least 20 sustainable jobs	Risk of DTI being party to a contract in support of impacting activities that are not covered by the recipient's environmental policy, management system or agreement with a competent authority.	As part of new applications for incentives, require one or more of: *the environmental policy, *Responsible Care / *ISO 14001 certificate, *agreement with the local / competent authority covering the impacting activities supported by the CF.	4 (a) Sustainable development requires the consideration of all relevant factors compliance: partial	
						21

THE ENTERPRISE ORGANISATION (TEO)					
Environmental principles, risks, opportunities and possible compliance measures					
Investment support	Outputs	Service delivery indicators	Environmental aspects	Possible DTI responsibilities in promoting sustainable development	Applicable NEMA principle & compliance
Exporter assistance	Support prospective exporters with exhibitions	Number of exhibitors supported	Risk of DTI impairing South Africa's market image in environmentally sensitive markets	As part of new applications for incentives, require evidence that applicants have a clearly visible environmental commitment.	4 (a) ... consideration of all relevant factors compliance: partial
Export marketing & investment assistance	Support prospective exporters with exhibitions	Number of jobs created Each Rand spent to realise R140 worth of export sales	Risk of DTI impairing South Africa's market image in environmentally sensitive markets	As part of new applications for incentives, require evidence that applicants have a clearly visible environmental commitment.	4 (a) ... consideration of all relevant factors compliance: partial

ENTERPRISE AND INDUSTRY DEVELOPMENT DIVISION (EIDD)						
Environmental principles, risks, opportunities and possible compliance measures						
Sub-programme	Outputs	Service delivery indicators	Environmental aspects	Possible DTI responsibilities in promoting sustainable development	Applicable NEMA principle and compliance	
Competitiveness strategy	Efficient and effective small business technical funding	Increase in the number of strategic partnerships between government, industry and research institutions	Risk of DTI being party to strategic partnerships that do not prudently manage their environmental aspects	Environmental management should be a component of strategic partnership agreements	4 (a) Sustainable development requires the consideration of all relevant factors compliance: partial	
Competitiveness strategy	A successful technology and human research for industry programme (THRIP)	Increase in the number of innovative products and processes	Risk of DTI providing financial support to environmentally un-sound products and processes	Application requirements should include documents to prove that NEMA principles have been taken into consideration	4 (a) Sustainable development requires the consideration of all relevant factors compliance: partial	
25	Support programme for industrial innovation (SPII) through the Industrial Development Corporation	Technology programmes published on planned date Number of new technology programmes developed	Opportunity to encourage environmentally sound technologies	In reports on new technologies highlight environmentally sound characteristics	4 (a) Sustainable development requires the consideration of all relevant factors compliance: yes	

ENTERPRISE AND INDUSTRY DEVELOPMENT DIVISION (EIDD)						
Environmental principles, risks, opportunities and possible compliance measures						
Sub-programme	Outputs	Service delivery indicators	Environmental aspects	Possible DTI responsibilities in promoting sustainable development	Applicable NEMA principle and compliance	
Competitiveness strategy	Implementation of a successful Workplace Challenge Scheme	Number of projects set up in: <ul style="list-style-type: none"> • Disabled Entrepreneurs • The Crime Buster project • National youth economic participation projects • Development rural women 	Risk of DTI setting up projects with insufficient environmental management	Require environmental policy or strategy as a pre-requisite for support. Assist where the need exists.	2 (3) Development must be socially, environmentally and economically sustainable compliance: partial	
Competitiveness strategy	Khula Enterprise Limited	Number of: <ol style="list-style-type: none"> 1) SMMEs - black women 2) entrepreneurs advised and trained 3) set-ups of venture capital 4) technology-based ventures 5) micro credit loans granted 	Risk of DTI assisting new small, medium or micro-enterprises having insufficient waste / environmental management	Require environmental policy or strategy as a pre-requisite for support. Assist enterprises where the need exists.	2 (3) Development must be ... sustainable compliance: partial	
27	Ntsika Enterprise Partnership Agency	Number of sessions conducted with SMMEs on: <ul style="list-style-type: none"> • Tendering • Exhibition • Investment development Number of service providers and network establishments	Opportunity to sensitise SMMEs on the need for environmental management and cleaner production	Include environmental component in sessions where feasible	4 (a) Sustainable development requires the consideration of all relevant factors compliance: partial	

ENTERPRISE AND INDUSTRY DEVELOPMENT DIVISION (EIDD)					
Environmental principles, risks, opportunities and possible compliance measures					
Sub-programme	Outputs	Service delivery indicators	Environmental aspects	Possible DTI responsibilities in promoting sustainable development	Applicable NEMA principle and compliance
Regional economic development	Provision of advice, support, coordination and promotion in SDI, IDZ and regional production systems	Number of projects launched Number of jobs created / investments realised in each of the projects	Risk of SDI and IDZ projects lacking sufficient environmental management	Require environmental policy or strategy as a pre-requisite for support and document	2 (3) Development must be ... sustainable compliance: yes. Not systematically documented
Non-proliferation	Advice & support to international agreements on non-proliferation of weapons of mass destruction, chemicals, biological materials & nuclear items	Increase in the level of compliance with agreements. Biological meetings held Number of permits processed Number of industries and plants investigated	Risk of the environmental aspects of the implementation of treaties being neglected	Reports should <i>inter alia</i> refer to environmental aspects and their management	4 (a) Sustainable development requires the consideration of all relevant factors compliance: partial
28					

ENVIRONMENTAL ASPECTS OF INTERNATIONAL TRADE AND ECONOMIC DEVELOPMENT DIVISION (ITED)						
Environmental principles, risks, opportunities and possible compliance measures						
Sub-programme	Outputs	Service delivery indicators	Environmental aspects	Possible DTI responsibilities in promoting sustainable development	Applicable NEMA principle and compliance	
International economic development	Negotiations on entering into new and maintaining existing trade relations and agreements 1) within the SADC and the South African Customs Union; 2) within the World Review. Trade bloc negotiations	Increased rate of accessibility in respect of the NEDLAC industry interest groups web site Number of new and existing trade agreements and relations maintained Increased number of interactions with groups of exporters	Opportunities: trade agreements / relations 1) contributing to environmental compliance in SA; 2) in favour of the SA environmental industry; Risk of trade agreements / relations neglecting environment	Include environmental assistance and equal but differentiated environmental norms for trade; Agenda 21 involvement	2(3) Development must be socially, environmentally and economically sustainable compliance: fragmented across industry sectors	
Africa economic development	New offices in targeted African countries Trade negotiations and agreements to promote economic development in Africa	Number of new offices to be opened as targeted within the specified time	Opportunity of foreign offices to promote SA environmental industry Risk of environmental offices not environmentally skilled	Create environmental policy for and conduct a training programme in foreign offices	4 (a) Sustainable development requires the consideration of all relevant factors compliance: partial and un-coordinated	
						30

ENVIRONMENTAL ASPECTS OF INTERNATIONAL TRADE AND ECONOMIC DEVELOPMENT DIVISION (ITED)					
Environmental principles, risks, opportunities and possible compliance measures					
Sub-programme	Outputs	Service delivery indicators	Environmental aspects	Possible DTI responsibilities in promoting sustainable development	Applicable NEMA principle and compliance
International trade administration	Establishment of the Commission for International Trade Administration Tariff investigations, rebate permits, duty credit certificates, import rebate credit certificates	Successful establishment of an independent regulator; Number of investigations, rebate permits, credit certificates	Risk of regulatory functions not considering environmental principles	Environmental policy and strategy	4 (a) Sustainable development requires the consideration of all relevant factors compliance: Import & export control – yes Other functions - partial
31					

2 SPATIAL DEVELOPMENT INITIATIVES AND ENVIRONMENTAL COMPLIANCE

2.1 THE SPATIAL DEVELOPMENT INITIATIVES (SDI) PROGRAMME

2.1.1 Policy Background

The SDI story portrays that DTI is committed to sustainable development, but that a more systematic and centrally controlled system of environmental implementation may be required.

SDI corridors are established with the purpose of stimulating investment in manufacturing industry and tourism along delineated geographical corridors having particular economic needs. DTI's aim with the SDI programme is to unlock the economic potential of SDI corridors in the short to medium term. In instances where enabling infrastructure is lacking, DTI mobilises the relevant powers to improve enabling conditions and infrastructure. SDI project managers ensure that environmental impact assessments, (EIA), overseen by provinces in terms of EIA Regulations, are conducted for each infrastructure project and remind investors in manufacturing and tourism of their environmental obligations. Moreover, SDI managers cooperate closely with relevant local authorities in terms of Land Development Objectives, which are similar to Strategic Environmental Assessments (SEA)⁴. National, provincial and local authorities mandated with environmental powers are responsible for environmental law enforcement and enforcement of possible conditions attached to EIA and LDO approvals.

The concept of IDZ companies created new environmental responsibilities for DTI. In order to meet these responsibilities, the Coega Development Company (CDC) has adopted a system of environmental self-regulation in the form of its ISO 14001 environmental management system in order to ensure compliance with environmental principles, norms and standards. The CDC is in constant consultation with DEAT and

⁴ Barnard, Duard: *Environmental Law for All – a practical guide for the business community, the planning professions, environmentalists and lawyers*, Impact Books Pretoria 1999

relevant provincial and local authorities responsible for the implementation and enforcement of environmental law. The Coega Development Zone is the first IDZ established in terms of DTI's SDI Programme and has as such set an example for all future IDZs.

DTI's environmental compliance role includes sensitising potential investors to the environmental aspects, for example arising from SDI feasibility studies. In addition to this responsibility, SDI project managers co-operate closely with national, provincial and local authorities mandated with environmental powers, in recognition of the responsibility of such authorities to implement and enforce environmental law. Environmental implementation at Coega is included in this section as an example of environmental co-operative government. This example is followed by all other SDIs and IDZs, although each SDI produces its own unique load of community and environmental issues, the content of environmental management activities will vary.

2.1.2 SDI Corridors

The South African SDI programme has identified nearly 800 investment opportunities worth ZAR251,1 billion (\$32,4 billion) with the capacity to create 85,000 jobs. The programme facilitates joint action plans to remove constraints to investment and activate under-utilised potential for economic development. Infrastructure, regulatory and institutional frameworks are dealt with in order to support investment and maximise the ability of local communities to benefit from the economic activity thus stimulated.

The SDI programme is an investment promotion strategy that accelerates development in regions with a high potential for economic growth, by using public resources to leverage in private sector investment. The SDI programme has initially been a responsibility of the Cabinet Investment Cluster (CIC) after which it has been transferred to the Cabinet Subcommittee on Investment and Employment. SDI initiatives are based on feasibility studies and project proposals, aimed at achieving RDP and GEAR objectives. Development of new technology for processing of mineral deposits or agricultural produce as well as development of tourism potential are some of the factors considered in the development of SDIs. Approved projects are launched at investors' conferences.

2.1.3 Strategy and Planning

2.1.3.1 SDI Objectives

Measures aimed at achieving the main SDI objective of creating investment, are structured around four specific objectives :

(i) **Export orientation and earning foreign exchange**

South Africa is blessed with raw materials, strategic location and human resources required to become a global player. Potential projects for mineral beneficiation, agro-processing and tourism are prioritised in order to earn foreign exchange whilst increasing employment and GDP.

(ii) **Sustainable job creation**

The prevalent shortage of appropriately skilled labour and the oversupply of unskilled labour, a heritage of the skewed past education system, needs to be turned around. Prioritising investment in manufacturing industries together with SMME promotion are only some of the measures DTI has implemented to meet the need for employment and empowerment.

(iii) **Better utilisation of existing infrastructure and resources**

Sustainable development in the long run is achieved through, *inter alia*, resource efficient economic development. Over the past twenty to thirty years much high quality infrastructure has been built in South Africa. On top of optimising the efficient utilisation of natural resources, SDIs increase the utilisation of some of the under-utilised highways and airports.

(iv) **Broadening the ownership base of the economy**

Historically the South African economy has been controlled by large conglomerates. The new government's concerted effort to broaden the base of economic ownership, and black economic empowerment in particular, enjoys high priority. Opening up opportunities to formerly disadvantaged entrepreneurs and newly qualified black professionals is critical to South Africa's economic growth and sustainability in the long run.

To achieve these objectives, implementation of the SDI programme is done in a way that ensures cooperation of people in the area in tackling the complex task of realizing the economic potential the programme provides.

2.1.3.2 Industrial Development Zones (IDZ)

Within some SDI corridors, Industrial Development Zones (IDZs) have been identified. IDZs are established in secured premises close to international ports or airports. Government provides export-oriented IDZ tenants with infrastructure, facilities and services tailored to their needs.

Drawing upon international best practice of export-oriented zone development, the Department of Trade and Industry has prepared an enabling framework for South African IDZs, comprising:

- a business environment offering speedy decision-making;
- a trade environment that provides easy access to world markets;
- a basket of competitive benefits; and
- high quality inputs at competitive rates and compliant with standards for labour and environment.

South Africa's vision for IDZs encompasses light manufacturing and assembly through to capital intensive, natural resource based industries. Enterprises located in an IDZ enjoy benefits that flow from the attractive regulatory regime and investment facilitation services provided by zone operators, duty free imports of capital goods, VAT exemption for exports and access to government's incentive mechanisms compliant with WTO guidelines. Underpinning these benefits are effective infrastructure and location next to an international port or airport, turning the IDZ into a sustained competitive advantage. Environmental standards are maintained by means of an environmental management system for each IDZ Company or land-owner and each industrial investor or tenant. DTI appoints and licenses a private sector company for administering each IDZ.

2.2SDI / IDZ PLANS AND PROGRAMMES

2.2.1 Inception Phase

SDI development proposals are based on an intensive appraisal of the particular geographical area, entailing an audit and assessment of social, strategic, environmental, economic, institutional and infrastructure studies. Trade and traffic flow studies indicate the key imports and exports flowing through the area, their sources of origin, destinations

and volumes, means of transport and state of the infrastructure involved. World market demand for relevant imports and exports and the economic impact on south and southern African international trade, comparative advantages and international competitiveness are investigated. Strategic Environmental Assessment (SEA) studies examine resource bases, the existing resource and mineral based industries, current and potential utilization patterns, industrial processes, clusters, investment patterns and up- and downstream beneficiation opportunities. The group of studies would also look at the economic coherence of the area, the macro-economic pre-conditions for success, the key economic sectors and their development potential. Interested and affected parties are identified and involved.

2.2.2 SDI planning and environmental compliance

SDI plans are presented for review at the forums for interaction outlined below.

(i) Cabinet level cooperative governance

Initially, the highest SDI planning and cooperative networking forum was the Cabinet Investment Cluster (CIC). As from 2000 new Cabinet clusters have been formed and the SDI programme manager reports to the Cabinet Sub-committee on Investment and Employment.

Overarching planning is guided by the following principles:

- Availability of or need for development of infrastructure;
- Availability of labour and implementation of sound codes of practice;
- Maintenance of equilibrium between existing and planned economic activity;
- Availability of water and measures to sustain the integrity of water resources;
- Identification and environmentally sound development of land for agricultural, industrial, residential and recreational purposes;
- Protection of ecological processes and aesthetic features of the environment;
- Appropriate tourism development;
- Improvement of regional governance and functioning of the regional economy; and
- Protection of the biological diversity.

(ii) **National department level: DTI's planning approach for SDIs**

DTI, with the assistance of the Development Bank of Southern Africa (DBSA), established the Overall SDI Coordinating Committee (OSDICC). The OSDICC has since the beginning of 2000 been functioning as three committees with a more specific focus on regional SDIs, South African SDIs and IDZs respectively.

DTI and the Department of Land Affairs (DLA) have recently adopted a bilateral memorandum of understanding. The agreement is based on commonalities in the work of the two Departments, for example the requirement to submit Land Development Objectives (LDO) to local authorities prior to rezoning land for development purposes. Since it also contains particulars of the existing and potential growth of the area and associated development strategies,⁵ LDO's are similar to Strategic Environmental Assessments, which assess the strengths and weaknesses of an area in terms of environmental resources that can provide a basis for development.

A planning approach approved by the Cabinet Investment Cluster, comprising the following phases, is followed for each SDI:

- Set Up Phase: Gathering of socio-economic and institutional data on a loosely defined spatial area;
- Pre-Feasibility: Appraisal of data and development of a strategic conceptual development framework and spatial definition;
- Institutional: Establishment of structures at the political, official and technical capacity levels;
- Feasibility: Together with key stakeholders, further development of the conceptual framework into a terms of reference for more detailed appraisal, which identifies lead projects for immediate action and the developmental programme of action required to take the project forward;
- Packaging: Finalisation of a detailed development perspective document which indicates a list of viable projects;

⁵ Department of Land Affairs EIP / EMP, executive Summary par. 4

- Launch: Launching conference of the SDI and establishment of investment promotion mechanisms and implementation capacity. Existing institutions are utilised as far as possible and new institutions are created where required;
- Exit Strategy: Establishment of a cluster process, involving the DTI divisions for Enterprise and Industrial Development (EIDD) and The Enterprise Organisation (TEO).

(iii) **Provinces**

The environmental significance of DTI's SDI programme results from the increased economic activity within an SDI corridor, often cutting across provincial and sometimes even national borders. Because increased economic activity entails increased demands on natural resources, a deliberate effort is required to ensure compliance with environmental norms and standards. Overarching compliance requires alignment of decision making with guidelines provided by environmental tools such as Environmental Impact Assessments (EIA), Strategic Environmental Assessments (SEA) and Land Development Objectives (LDO).

Provincial offices are the processors of EIA and the home of Provincial Environmental Management Strategies. With effect from August 2000 the responsibility for progressing SDI projects is shared by provincial and national structures. Structures for co-operation in respect of SDIs and IDZs include interactions between DDG:EIDD and Provincial MECs for Economic Affairs as the need arises and DDG:EIDD representation on the Boards of Directors of implementing agencies, for example the Coega Development Corporation – at present the only implementing agency for SDIs and IDZs.

(iv) **Local authority coordination: Structure planning to provide local development guidelines**

Each SDI and IDZ has its own project manager, appointed by and accountable to DTI. Project managers in terms of their brief ensure co-ordination at national, provincial and local levels, co-ordination between SDI initiatives and sufficient public participation by interested and affected parties. Within each SDI sharper focus is taken on infrastructural requirements and utilisation of investment and development opportunities. Specific attention is given to facilitation of supply of resources, for example water and energy.

(iv) **Enterprise level: environmental management systems (EMS)**

Driven by legislative and trade requirements, industrial concerns carry the responsibility for performing their business within environmental requirements. Obtaining cleaner production equipment, models, technology, services and certification of performance have financial implications for enterprises. Small and vulnerable enterprises including IDZ tenants are eligible to apply for appropriate incentives from the range of DTI incentive packages administered by The enterprise Organisation (TEO).

Export environmental requirements gave rise to the need for environmental certification to be recognised by foreign trade partners. DTI maintains a standards assurance infrastructure to facilitate mutual recognition of accredited testing and compliance certification. For example an ISO 14001 certificate issued by an accredited certification body will enjoy recognition in relevant trade partners (refer to par. 3.2.4).

2.3 COEGA IDZ ENVIRONMENTAL PROGRAMME

The Coega IDZ, overseen by its implementing agency the Coega Development Corporation, was the first IDZ to be inaugurated and may serve to create a better understanding of how government approaches environmental compliance in IDZs. The Ngqura⁶ Environmental Committee (NEC) has been established with a mandate to oversee environmental issues and facilitate environmental co-operation at Coega. NEC members include DWAF, DTI, DME, Eastern Cape Government Economic, Environment and Tourism departments, the Port Elizabeth Municipality and the Western District Council.

Key objectives of the NEC include:

- To ensure that environmental issues are addressed within planning, design, development and operation of the Coega Development Zone;
- To facilitate proper communication and cooperation between all role-players;
- To advise on environmental aspects, monitor performance and review documentation in order to set sustainable development standards;
- To ensure legal compliance by the IDZ and its tenants;

⁶ Coega

- To advise the Minister of Environmental Affairs and Tourism and Eastern Cape Province MEC for Environment on relevant issues related to Coega DZ; and
- To review annual reports on the environmental performance of the IDZ.

Since its inception the NEC has advised both the Coega Development Corporation and environmental cooperative governance partners (authorities at national, provincial and local level) on a range of issues and reviewed and commented on a number of reports that included planning documents, environmental impact assessments and a proposed environment management system. Studies were undertaken to determine the needs of the zone and potential tenants, for example licensing procedures and EIAs pertaining to the rezoning of land, quarry activities and a hazardous waste landfill. An environmental management system approach has been adopted for the entire Coega Development Zone, taking into account requirements and recommendations arising from various environmental studies. The EMS proposal, including criteria and procedures for determining aspects that could have a significant impact on the environment - 60 significant aspects have been identified - were reviewed and approved by the NEC. The Tenants Approval Procedure (TAP) outlines the tenant application screening process that includes a process to review environmental issues. The TAP also proposes systems for managing the interface between environmental authorities, the CDC and tenants.

2.4 STRENGTHS AND WEAKNESSES

Although major strides have been made to ensure environmental compliance it is clear that a centrally managed, more systematic approach to the environmental aspects of SDIs is required. Implementation of DTI's Environmental Implementation and Management System (EIMS) in the EIDD division will provide for a review of the SDI programme from an environmental perspective within the next four years. Examples set by the Eastern Cape Province, Local and Metro Authorities and the Coega IDZ, inform future policy and practice.

3 INSTITUTIONAL ARRANGEMENTS

3.1 INTRODUCTION

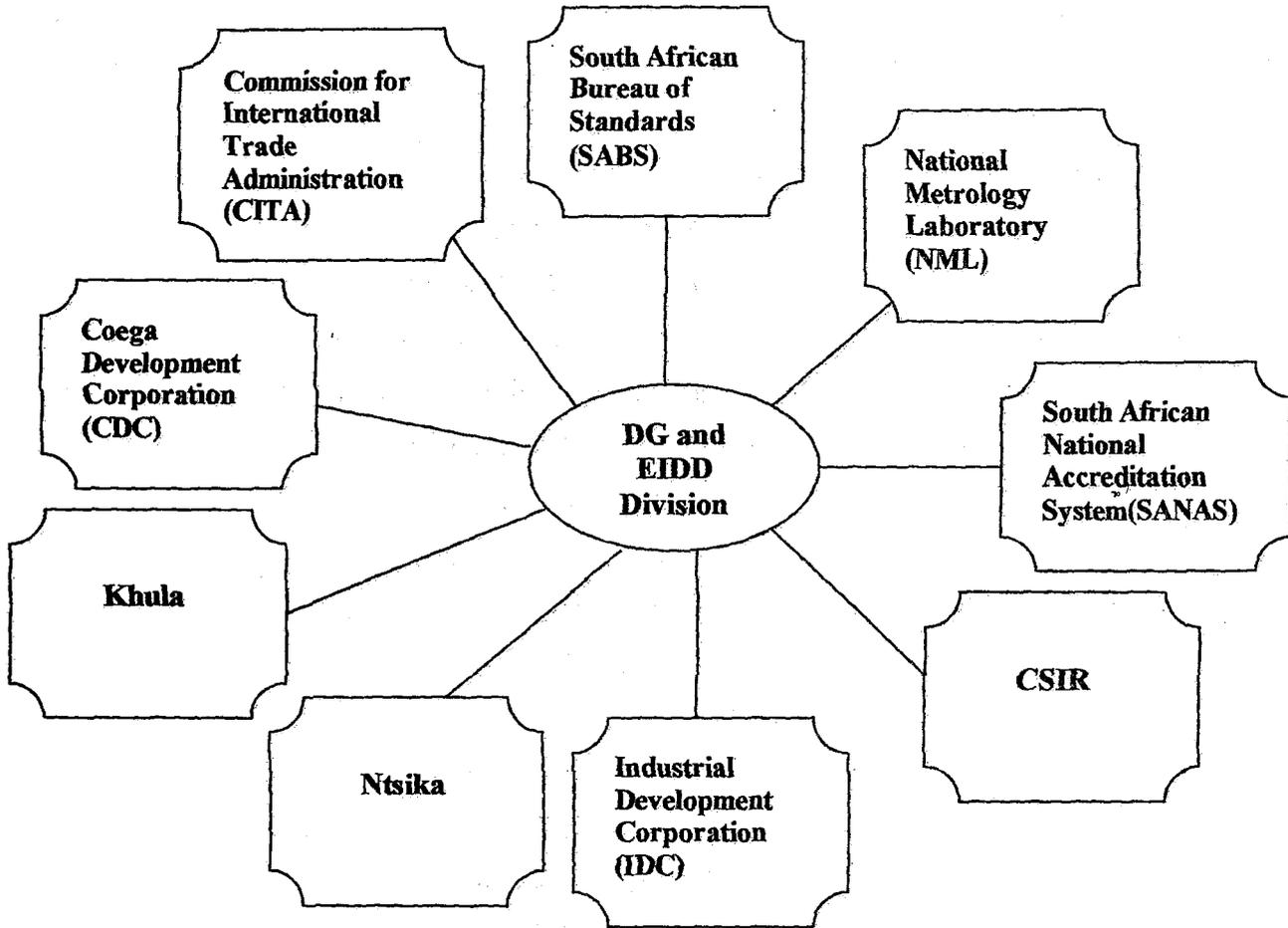
Sustainable development policies for developing countries should allow economic activity to accelerate within a culture of environmentally sustainable production and consumption. Environmental legislation and multilateral agreements may affect investors, employees, consumers and organs of state (government and related institutions). This chapter puts forward institutional arrangements to improve the capacity of the DTI family to provide sustainable development direction and technical support and cross-pollinate sustainable development performance. The discussion begins with the department's own internal arrangements and extends to related and external institutions. Relations with provinces and other national departments are discussed in chapter four. Environmental implementation in DTI divisions and sections, as explained in chapter five, will include monitoring of in-principle compliance by institutions.

3.2 DTI FAMILY OF PUBLIC ENTITIES

DTI's 2001/2001 MTEE refers to several institutions reporting to the Minister of Trade and Industry. Although all DTI institutions could be classified as organs of state in terms of the NEMA, only those institutions of specific significance to sustainable development are highlighted below. Except for the Commission for International Trade Administration that reports directly to the Director General (DG), the EIDD division oversees all institutions discussed in this chapter. It should be noted that the EIDD is ranked second in the list of priority functions according to environmental significance. This priority list and timescales for its implementation are discussed in chapter five.

Figure 3.1

Direct institutional relationships having significant environmental links



3.2.1 Commission for International Trade Administration (CITA)

The Commission for International Trade Administration (CITA) has been established in 2001. It comprises the Board of Tariffs and Trade, an anti-dumping section and industry sector specialists. The Commission reports directly to the Director General (DG).

The Commission will *inter alia* oversee import and export authorisation and regulatory functions, based on Bills of Entry. The system presently in place assesses applications and issues import and export permits for controlled substances in terms of the Basel Convention, the Montreal Protocol and relevant trade regulations. Waste products, for example scrap metals, are subject to control and DTI requires applications for such

permits to be accompanied by a letter of no objection from the Director: Hazardous Waste Management at DEAT. Records are kept of the cross-border movement of controlled substances, quantities, importers and exporters.

The section for import and export authorisations reported that some sustainable development challenges are not yet resolved, including:

- The lack of bilateral agreements with Basel non-member countries that are members of the Southern African Commercial Union (SACU), for example Swaziland and Lesotho;
- Refinement and alignment of permitting procedures for importing waste;

The lack of control measures to detect ozone-depleting chemicals (ODCs) contained in products such as refrigerators or air conditioners.

3.2.2 South African Bureau of Standards (SABS)

Areas such as standardisation, quality assurance, accreditation and metrology are important for the elimination of non-tariff trade barriers, including justified and un-justified environmental barriers. Technical barriers to trade are dealt with in terms of the World Trade Organisation (WTO) Technical Barriers to Trade (TBT) Agreement.

The South African Bureau of Standards (SABS) is charged with implementing the Standards Act, no 29 of 1993, promoting standardisation and quality control in industry and commerce and supervising trade metrology and units of measure. The SABS is South Africa's national standards writing authority and conducts this function through technical committees with participation of affected role players, including industry members. Financial assistance to the Standards Writing Section is provided from the national budget by means of the annual Science Vote. The Department of Arts, Culture, Science and Technology (DACST) administers the function of dividing the Science Vote among the science councils.

The technical committee for environmental standards, SABS TC 207, has played a vital role at international level in the development of the ISO 14000 series of environmental standards. Membership of TC 207 comprises representatives from government, industry and related institutions.

The functions of the SABS TC 207 committee include:

- Representing South Africa at ISO/TC 207 - the International Organisation for Standardisation (ISO) Technical Committee on ISO 14000 standards;
- Representing SA at ISO/TR14025, developing a standard for environmental declarations;
- Representing SA at the ISO/CASCO, the ISO conformity assessment specialists committee dealing with matters including environmental conformity;
- Advising the SA NCCC on technical aspects of the UN Framework Convention on Climate Change and the Kyoto Protocol;
- Driving the integration of environmental considerations in product development on demand of industry through a process of participation;
- Participating in and contributing to research on environmental management systems, environmental labelling, environmental auditing, environmental performance evaluation, life cycle assessment and climate change technology.

In terms of the Standards Act, no. 29 of 1993 the SABS reports to the Minister of Trade and Industry.

3.2.3 National Metrology Laboratory (NML)

The National Metrology Laboratory (NML) aims to promote South Africa's competitiveness through the provision of international measuring standards and measurements in terms of the Measuring Units and National Measuring Standards Act, no. 76 of 1973. The NML attends to the alignment of metrology services with national environmental and economic needs. Due to the strategic importance of metrology services, DTI provides financial support to the NML in terms of a Memorandum of Understanding (MOA).

The NML has recently expanded its facilities to include a chemical metrology facility that will play a vital role in preparing reference materials for pollution monitoring. NML's analytical equipment available for elemental analysis of liquid and solid environmental examples includes a high resolution and laser ablation inductively coupled plasma mass spectrometer and an inductively coupled plasma atomic emission spectrometer. The chemical metrology facility is being developed to match international best practice and should eventually provide quantitative information for the presence of all EPA

(Environmental Pollution Agency of the United States of America) regulated metals in water, soil and plant digests.

During November 1999, the air pollution metrology laboratory of CSIR Environmentek moved to the NML, extending the capabilities of NML to provide measurement traceability for ambient air and emission monitoring, including occupational health and safety applications for air pollution. The NML intends to augment its capacity, to include the ability to conduct field calibrations for ambient air monitoring.

3.2.4 South African National Accreditation System (SANAS)

DTI created the SA National Accreditation System (SANAS) in recognition of the need for access to internationally recognised laboratory accreditation and oversees its operation in terms of a memorandum of understanding. SANAS was primarily established to promote trade flows by providing internationally recognised accreditation for SA calibration and testing laboratories but expanded to encompass a division for accreditation of environmental and quality certification bodies and personnel. International mutual recognition agreements (MRA) have been concluded, ensuring recognition of compliance by South Africa's main trade partners. Recognition includes compliance with recognised environmental management and emission standards, for example emission standards for motor vehicles.

SANAS is a signatory to the European Cooperation for Accreditation Mutual Laboratory Agreement in the fields of calibration and test laboratories, and environmental management systems (EMS). In terms of the MRA signed by SANAS with the International Accreditation Forum (IAF), SANAS continues to play an active formative role in determining the criteria by which national accreditation bodies conclude MRA in the field of certification. SANAS effectively represents SADC in this forum. The IAF is considering an extension of the coverage of the MRA, which currently encompasses ISO 9000, to include ISO 14000.

3.2.4.1 SADC SQAM programme

SABS, NML and SANAS share a mutually supportive working relationship. In addition to serving clients from all walks of the South African economy, these institutions have initiated a range of regional capacity building initiatives. A Standardisation, Quality

Assurance, Accreditation and Metrology (SQAM) Memorandum of Understanding (MOU) have been concluded among the Southern African Development Community (SADC) countries. A SADC SQAM Programme has been initiated with the aim to establish a formal framework for institutional cooperation in the region.

3.2.5 Council for Scientific and Industrial Research (CSIR)

Established in 1945 and currently regulated through the Scientific Research Council Act of 1988, the Council for Scientific and Industrial Research (CSIR) is committed to providing technological solutions and information to contribute towards realising national socio-economic priorities. The organisation's objective is to build appropriate competencies that will provide South Africa with the required technological capabilities, and to promote and develop a culture of science and technology and capabilities. The Council strives to lead technology awareness and to build strong linkages between labour and technology by developing science and technology, transferring technology from the laboratory to industry and disseminating environmental technology and research results. A framework bilateral agreement has been concluded between DTI and the CSIR to facilitate cooperation, including sustainable development cooperation.

The Environmental Economics Group (EEG) at the CSIR Environmentek Division is a small but dynamic group within the Terrestrial Resources and Environmental Management Programme. The group has interests at the macroeconomic policy level as well as microeconomic valuation of natural resources. The group has strong modelling capabilities and plays a key role in the integration of ecological and social considerations, with its main aim to contribute to wise decision-making in the use and management of natural resources in order to meet the long-term goals of sustainable development. Environmentek is instrumental to the development of a suitable environmental indicators system for South Africa.

Environmental initiatives are dealt with as crosscutting and integrative tools. The Environmental Economics Group works closely with other business units across the division, including Common Property Resources management, Ecosystems management, Catchments management, Environmental Health and Forestry & Forest Products. In addition to the contributions of CSIR's dedicated Environmentek Division, the Division of

Manufacturing and Materials Technology (M&MTEK) provides sustainable development technical services and environmental solutions for industry. Joint programmes between DTI and the CSIR include a recent study that will inform policy to support the environmental industry sector.

Through Manufacturing Advisory Centres CSIR in partnership with Ntsika and the National Productivity Institute (NPI), provides extension services, including services to upgrade the environmental performance of SMMEs. Extension services comprise advisory services, technical and information support and assistance in coping with standards.

South Africa's competence in environmental compliance and management can to a large extent be attributed to the mutually supportive relationship between the SABS, NML, SANAS and the CSIR.

3.2.6 Industrial Development Corporation of South Africa limited (IDC)

The Industrial Development Corporation is a state-owned development finance institution governed by DTI. The Corporation is subject to the provisions of the Industrial Development Corporation Act of 1940, as amended, and certain sections of the Companies Act.

The IDC facilitates industrial investment through financial assistance in the form of equity or loans. IDC has adopted an environmental policy in terms of which it will use its best endeavours to ensure that all projects and developments financed through the IDC are in compliance with current environmental legislation and practice. At the national level, the policy is designed to support government's initiatives towards sustainable economic growth coupled with responsible environmental care. At the corporate level, it is aimed at evaluating and managing the environmental dimensions of propositions as a business risk and encouraging risk mitigation by means of cleaner production measures.

During the routine due diligence investigations preceding financing decisions, the IDC will investigate the extent to which the prospective recipient of financing complies with legislation and practice. Thereafter, for as long as the IDC has financial exposure to the recipient, periodic checks on continued compliance are made by directors and client care

officers. In order to implement the policy corporate-wide, the IDC is in the process of equipping staff members who participate in feasibility studies and loan application investigations and who serve as directors or client care officers, with a basic working knowledge of current environmental legislation and practice. Similar checks on environmental compliance are done when the IDC is entrusted with the administration of incentive schemes such as the Support Programme for Industrial Innovation (SPII) on behalf of government. One of the areas covered by both the Matching Scheme and Partnerships for Industrial Innovation under SPII, is support for technical innovation to contribute to cleaner production.

3.2.7 National Enterprise Promotion Agency (Ntsika)

Ntsika was established under the National Small Business Act of 1996 as a Section 21 company to provide non-financial support services for small, medium and micro-enterprises. Ntsika provides access to training, information, capacity building, counselling, markets and technology. It provided the institutional structure and technical assistance for DTI's study on a proposed Quality Infrastructure Development (QID) strategy for SMMEs. QID recommendations are focused on promoting a quality culture in the SMME sector. Focal areas include environmental requirements as a quality aspect. The following findings emerged: SMMEs in South Africa compete in the global market and have to face the realities of international competition, requiring an external market orientation. Compulsory international standards include health, safety and environmental standards. In addition, market-driven harmonisation of specifications has made compliance with voluntary standards desirable for SMMEs.

3.2.8 Khula Enterprise Finance Ltd.

Khula was founded in 1996 and is administered in terms of the National Small Business Act, administered DTI to provide financial assistance to SMMEs. Khula specialises in ensuring the enhanced availability of loan and equity capital to small, medium and micro-enterprises. Finance is made available by offering loans, guarantees and seed funding to retail funding intermediaries in need of capital, risk sharing and capacity, offering guarantees and equity capital directly and indirectly to small, medium and micro-enterprises and providing assistance and guidance on financing and opportunities. Khula is registered as an insurer under the Insurance Act and is governed by the regulations of the Financial Services Board.

In addition, Khula administers the Technology Transfer Guarantee Fund (TTGF). Applications for assistance in terms of the TTGF are scrutinised to ensure that approved technology transfer projects are not harmful to the environment and will contribute to cleaner production. In addition, Khula is in the process of conducting a review of environmental law to establish the implications of environmental legislation for SMMEs.

3.2.9 Coega Development Corporation (CDC)

Management of the Coega IDZ is overseen by its implementing agency the Coega Development Corporation (CDC). As pointed out in chapter two, the CDC plans its environmental compliance in close co-operation with the DEAT Ngqura⁷ Environmental Committee (NEC). This interaction ensures that sustainable development norms and standards for Coega IDZ are set and environmental concerns are addressed in the planning, development and operation phases of the Coega Development Zone. The CDC thus sets an example that will inform policy and practice for future IDZs.

3.3 Co-ordination of Roles

Efforts by these nine institutions to make development socially and ecologically more sustainable, make an important contribution to environmental compliance countrywide and in DTI. It is suggested that these efforts may currently not be optimally coordinated. A sustainable development peer review among the relevant institutions may be a useful coordinating tool. Projects may be necessary to standardise norms and avoid duplication of work. In accordance with the DTI Sustainable Production Policy, EIDD could take up a co-ordinating role, subject to the overarching need to harmonise environmental and developmental objectives.

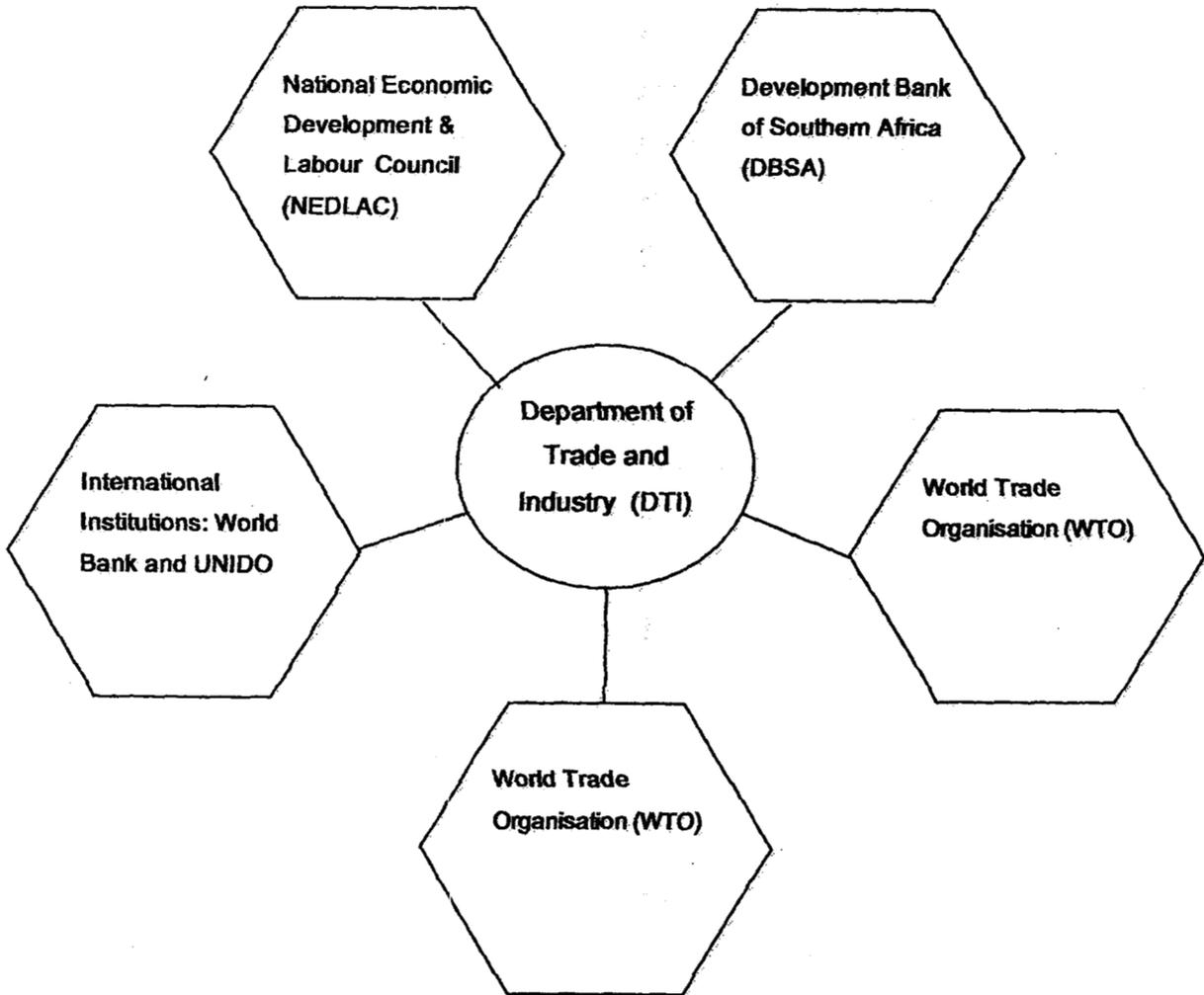
Most institutions reporting to DTI have environmental management systems in place. Although the Department is not mandated to enforce environmental legal compliance, it could sensitise and encourage its institutions to follow these examples.

⁷ Coega

DTI AND EXTERNAL ENVIRONMENTAL LINKS

Figure 3.2

External relationships having significant environmental links



3.3.1 National Economic Development and Labour Council (NEDLAC)

DTI has permanent representation at the Trade and Industry Chamber of the National Economic Development and Labour Council (NEDLAC). The Chamber constitutes a structure for interactive consultation between government, business and labour on trade and industry matters, which may include environmental measures having economic implications. The Sustainable Production Study referred to in chapter two has been conducted with NEDLAC support. Economic implications of the NEMA has been reviewed by NEDLAC business and labour experts. A NEDLAC task team has analysed the policy implications of the Sustainable Production Study.

3.3.1 Development Bank of Southern Africa (DBSA)

The DBSA is involved in a number of developmental programmes in the Southern African Development Community (SADC) and acts as key facilitator in specific DTI initiatives and programmes, for example the rolling out of the Spatial Development Initiative (SDI) Programme. The DBSA provided administrative infrastructure in addition to administering the overall SDI budget in the initial phase. The environmental goods and services industry (EGS) could consider linking to SADC markets via the DBSA.

3.3.2 World Trade Organisation (WTO)

DTI is the national department liaising with the World Trade Organisation (WTO) on trade matters, including Trade and Environment. As a member country, South Africa takes care to ensure that its international trade adheres to WTO rules and resolutions.

DTI's capacity for administering WTO Trade and Environment matters is vested in the division for International Trade and Economic Development (ITED). The Department of Environmental Affairs and Tourism (DEAT) administers South Africa's obligations in terms of mutual environmental agreements (MEAs), about 10% of which have trade implications. Although compatible in theory, the international community's commitment to both trade liberalisation and ecologically sustainable development may give rise to a conflict of interests.

From a global perspective, a direct relationship exists between the affordability of feasible environmentally sound technologies (ESTs), and the rate at which development patterns in any country will become environmentally sustainable. ESTs have, however, become a

high-priced and often un-affordable international trade commodity, leaving developing country enterprises out in the cold. The need for a harmonised and consistent approach to DTI's participation at WTO, CSD, T&E, MEA and other multilateral forums is discussed in par 5.4.2 below.

3.3.3 World Intellectual Property Organisation (WIPO)

DTI represents South Africa at events of the WIPO and make contributions for the protection and efficient utilisation of intellectual property and copyrights. "Copyrights" and "Industrial Property", covering industrial designs and inventions (patents)⁸, are two categories of intellectual property rights relevant to sustainable development. WIPO rules affect the transfer of environmentally sound technologies that are required by developing countries such as South Africa, to put production and consumption patterns on a more sustainable course.

3.3.4 International institutions: UNIDO and World Bank

DTI's membership of the United Nations Industrial Development Organisation (UNIDO) has opened up possible access to UNIDO benefits. Appropriately planned and coordinated utilisation of the benefits and services offered by international institutions may result in development and transfer of cleaner technologies and skills. Cooperation with UNIDO and the World Bank could bridge knowledge and technical expertise gaps in southern Africa.

3.4 STRENGTHS AND WEAKNESSES

Strengthening existing inter-linkages could reinforce the value and environmental efficiency of these institutions. National capacity to deal with environmental challenges will benefit from training and research projects utilising international linkages.

⁸ Manuel Ruiz. The Andean Community's New Industrial Property Regime: Creating Synergies Between the CBD and Intellectual Property Rights. International Centre For Trade And Sustainable Development (ITCSD) November 2000

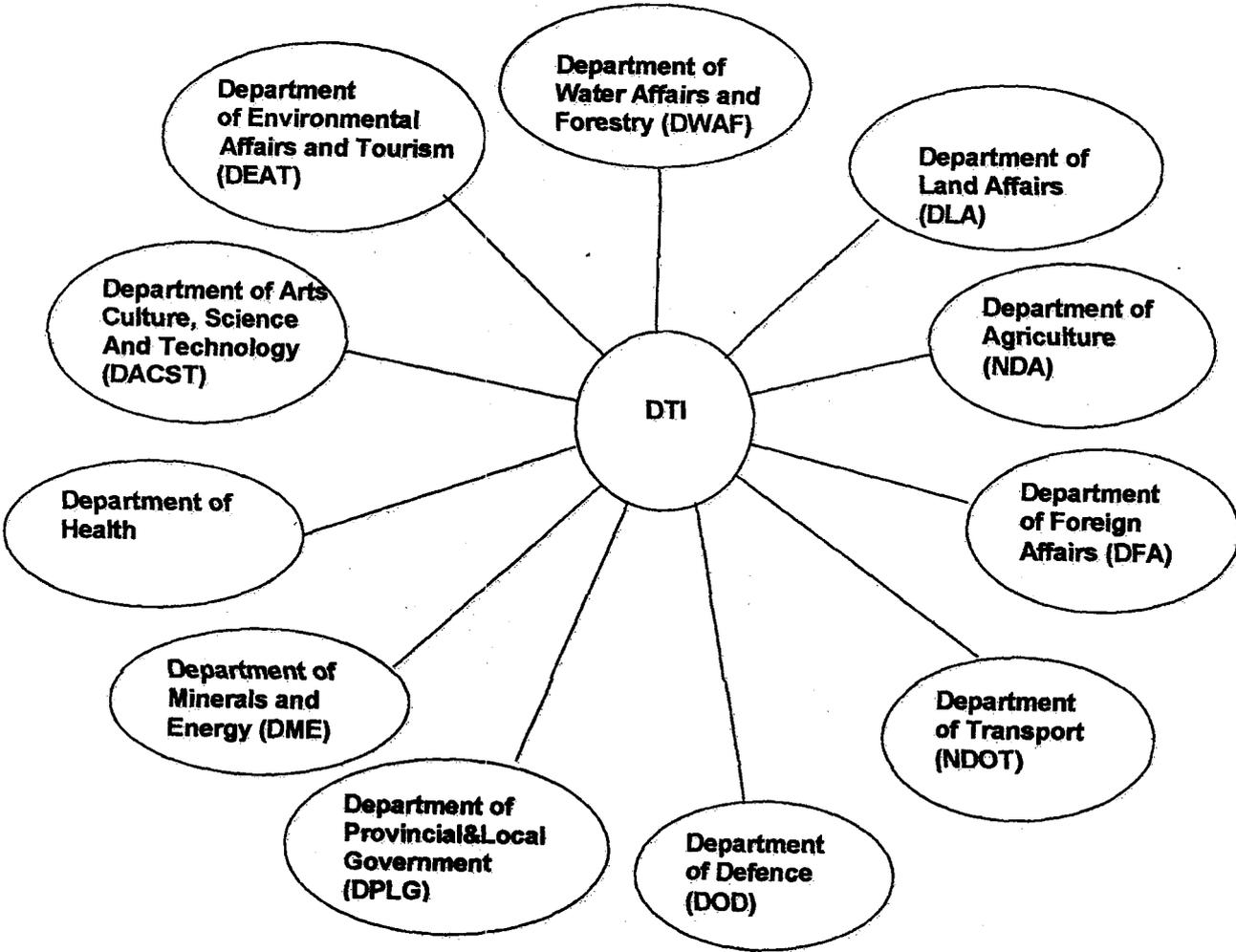
4 SUSTAINABLE DEVELOPMENT COOPERATIVE GOVERNANCE

4.1 SUSTAINABLE DEVELOPMENT PERSPECTIVE

The recommendations covered in this chapter meet the requirements of NEMA section 13(1)(d). Figure 4.1 outlines line function departments with which DTI interacts in the domestic trade and sustainable development arena. The subsequent discussion explains the nature of cooperation and suggests measures to improve co-operative governance. An important outcome of the implementation of EIPs and EMPs commencing in 2001, will be a consistent definition of the respective environmental roles of provinces and scheduled national departments in general, and DTI's role in particular.

Table 4.1 summarises official structures and arrangements that could be used to link environmental and economic activities. Due to existing cooperation with the Department of Foreign Affairs and the Department of Provincial and Local Government, DTI is of the view that these two departments should be included in the schedules of key environmental governance role players.

Figure 4.1
Trade and sustainable development cooperative governance



4.1.1 Department of Environmental Affairs And Tourism (DEAT)

National coordination of environmental cooperative governance is a key function derived from DEAT's mandate:

- To set targets for and monitor performance on sustainable development;
- To initiate and administer new environmental policies and laws;
- To negotiate on the terms and implementation measures of mutual environmental agreements (MEA);
- To enforce compliance with environmental norms and standards adopted by means of law and agreements;
- To review the environmental impacts of all government policies, plans and programmes; and
- To monitor the implementation of stipulations of the National Environmental Management Act (NEMA) no 107 of 1998.

As the custodian of the national Committee for Environmental Coordination (CEC), DEAT provides formal structures to facilitate interaction in the domestic environmental arena. DTI's cooperation with DEAT covers matters ranging from DTI's Spatial Development Initiatives (SDI) to position-statements and reports on domestic and international environmental obligations. The key common interest between DTI and DEAT would be to secure the productivity and economic value of natural resources and to ensure that MEAs having trade implications do not impede South Africa's international trade. DEAT's present Law Reform initiative is aimed at aligning the norms for local and national best environmental practice. The achievement of this goal is subject to the over-arching objective of sustainable development and would create more certainty in respect of environmental guidelines for industry.

Both DEAT and DTI need to build capacity and expertise in the area of assessing the full economic and government implications of MEAs. Another process that may need strengthening is recognising, assessing and jointly dealing with applications for import and export permits in accordance with the Basel Convention in instances where hazardous substances are involved.

4.1.2. Department of Water Affairs And Forestry (DWAF)

DTI appreciates the critical importance of water as a manufacturing resource. The Department of Water Affairs and Forestry (DWAF) regulates the protection, use, development, conservation, management and control of the country's freshwater resources in terms of the National Water Act No. 36 of 1998. DWAF oversees national legislation, permit systems and monetary measures with the aim of controlling water usage and pollution. Supplementary to the regulation of water, DWAF implements sections of the National Waste Management Strategy dealing with municipal sewage and landfills. In terms of the National Water Act, DWAF has the mandate and responsibility to protect the integrity of water resources, in particular the "basic reserve" set aside for humans and the ecology.

Due to the important industrial implications of these functions, the DTI, representing present and future industrial stakeholders that share "water available for use", play a strong participative role in the formulation of national water strategies. In respect of forestry, the two Departments cooperate in the development of industrial forestry products industries and the sustainable development of the industrial forestry sector.

Voluntary industry-owned waste minimisation clubs in SA are particularly active in cleaner production to minimise water-soluble effluents. Innovation and technology-based water efficiencies have reportedly resulted in economically feasible and often profitable minimisation of effluents. Waste minimisation clubs are also participating in the Waste Discharge Charge Awareness Programme.

DTI divisions focusing on investment and enterprise development should encourage water efficiency to counter increasing water use costs and waste discharge charges. Furthermore, consultations with DWAF at the inception stage of any industrial support initiative are necessary for elucidating additional demands on water infrastructure.

4.1.3. Department of Land Affairs (DLA)

As pointed out in chapter two, the relationship between DTI and the Department of Land Affairs (DLA) has been formalised with the adoption of a memorandum of understanding. Decision making in SDIs and IDZs consider land development strategies, delineating the

qualitative and quantitative growth objectives of relevant local authorities. In addition, land development strategies provide valuable guidance in respect of access to services for land development management and associated norms and standards. The cooperation between provincial and local authorities on the one hand and managers of SDI corridors and industrial development zones on the other has been outlined in chapter two.

4.1.4. National Department of Agriculture (NDA)

An area of interest for DTI is the National Department of Agriculture's (NDA) Agricultural Trade and Economic and Policy Analysis programme, ranking international trade as a priority. The work of NDA's Interdepartmental Executive Council concerned with matters relating to genetically modified organisms (GMO) and its Framework for Sustainable Resource Use and Management, 1999, provide opportunities for co-operation in respect of trade and environment. Trade related agricultural risks include environmental trade barriers and sanitary and phytosanitary risks.

4.1.5. Department of Foreign Affairs (DFA)

The Department of Foreign Affairs (DFA) is tasked with representing SA at international forums. Although DFA is not listed in the schedules of the NEMA, it has an important role to play in ensuring that at Trade and Environment arenas around the world the need for development receives high recognition, environmental norms and standards are justified, and environmental is always positioned as a sub-section of sustainable development.

In its preparation for various bilateral and multilateral interactions, the DFA should ensure that South Africa's environmental negotiation positions are representative of the views of all relevant government departments and their customers, for example DTI and small, micro and medium enterprises. A special effort may be required to harmonise the views of departments on specific issues, identify and solve possible differentiations and maintain clear and consistent country positions. The forthcoming Johannesburg World Summit for Sustainable Development (WSSD) provides an opportune event for such coordination. DFA is heading a Substance Committee to prepare South African positions for the summit, which would be incorporated into the positions of regional groupings and G77/China.

Apart from Agenda 21, South Africa is a member to more than ten multilateral environmental agreements having trade implications. Most trade agreements between developed and developing countries refer to environmental co-operation. A concerted programme to harness the possible benefits of environmental coordination and give effect to the suggested joint activities may be beneficial.

4.1.6 National Department of Transport (NDOT)

Environmental considerations played a vital role in NDOT's policies to commercialise transport infrastructure development and safety. The Department oversees the transport infrastructure and benchmark its performance against the objectives set by the 1996 White Paper on National Transport Policy and the 1998 Moving South Africa Strategy. Both these strategies have core trade implications.

A fundamental component of the Taxi Recapitalisation Programme, to which DTI and NDOT are partners, is the replacement of the bulk of the current taxi fleet of 120 000 vehicles which use petrol (largely leaded) with 85 000 vehicles using diesel. NDOT's draft EIP comments on the probability that, due to the impure quality of diesel presently available in South Africa (noted for particulate emissions), one form of pollution will be exchanged for another. DTI and NDOT could consider joint efforts to assist the petrochemical industry with adopting affordable technology providing for diesel of a cleaner quality.

The Cross-Border Road Transport Agency (CBRTA) administers the issuing of permits to cross-border transport operators for both passenger and freight transport. Projects in the business plan of the Agency include freight transport issues and the strict regulation in accordance with the Basel Convention of the transport of hazardous substances. Although DEAT oversees Basel compliance, DTI also has a clear role in respect of the Convention, notably to consider its stipulations in issuing import and export permits. It may add value to environmental co-ordination to create a structure or committee for joint consideration of such permits.

4.1.7 Department of Defence (DOD)

Foreign provisioning contracts, such as purchases of military equipment, require industrial participation overseen by DTI. This requirement entails investment in manufacturing

industry and involves transfer of skills and technology. The Department of Defence has adopted an Environmental Management System that contributes to sound environmental orientation of provisioning transactions. In addition to this measure, DTI's EIMS will encourage the transfer of responsible environmental orientation into industrial participation projects.

4.1.8 Provinces and the Department of Provincial and Local Government (DPLG)

Environment, development and trade at provincial level are competencies assigned to provinces, to be performed in co-operation with local authorities within the provinces. Environmental stewardship in this context includes overall management of the transformation of ecosystems due to expanding industrialisation. Provincial and local authorities are empowered accordingly, to ensure that operations within their borders develop in co-ordination with both national and local planning initiatives. Environmental/socio-economic development models, based on mandatory local structure plans, enable local authorities to co-ordinate and oversee development. Key legal mechanisms for maintaining a balanced sustainable development interface are environmental impact assessments (EIA) and integrated development plans (IDP). The ecological impacts of industrial effluent are mitigated by enforcement of waste management regulations at provincial and local level.

A joint committee (MINMEC) comprising the Minister of Trade and Industry and provincial members of the executive council has been established in accordance with the Constitution. DTI's Executive Board (EXBO), which meets regularly with provincial economic departments, may be optimally structured to deal with sustainable development co-ordination at the level of policies, plans and programmes as required by NEMA (refer to the second bullet point under Provinces and local authorities in table 4.1 below). Current interaction between provincial development agencies and TEO in DTI (refer to Table 4.1) may be expanded in the course of rolling out the EIMS to include regular and structured interaction with Environmental MECs. DTI's DDG:EIDD and Provincial MECs for Economic Affairs in its regular interactions may mirror some environmental-economic issues and contribute to solutions. Work of the NEC in respect of Coega IDZ should be replicated in other provinces in respect of IDZs.

Although the DPLG is presently not listed in the NEMA schedules, it may prove valuable to establish a co-operational structure between DPLG and DTI. The CEC may consider including DPLG in the NEMA schedules of departments that have to submit EIPs.

4.1.9 Department of Minerals and Energy (DME)

Energy provision and the supply of mineral raw materials for beneficiation through manufacturing, form the backbone of the industrial thrust towards poverty eradication.

In essence, environmental requirements for trade entail a cradle-to-grave cleaner production approach, covering the product's life cycle from natural resource and energy provision to eventual re-use, re-cycling or disposal into the waste stream. DTI competitiveness initiatives take due consideration of the need to balance the affordability of equipment, knowledge and technology with cleaner production needs. The matter may in future gain prominence on the agendas of bilateral meetings between DME and DTI.

4.1.10 Department of Health

DTI has an interest in the pharmaceuticals and equipment manufacturing industries from an economic point of view. As medical regulator and consumer, the Department of Health (DOH) established clusters for Pharmaceutical Policy and Planning and for Medicine Regulatory Affairs. The development aspects of medicine regulation, *inter alia* the supply of generic medicines and the cost of medicine for the treatment of HIV positive patients, have trade implications. Relevant manufacturing industries could contribute to policy formulation and implementation dealing.

4.1.11 Department of Arts, Culture Science and Technology (DACST)

The development-related partnership between DTI and DACST includes a joint venture offering incentives for technology incubators. Two incubators are in operation and more should realise in the near future. In addition, applications for incentives supporting one demonstration centre and one innovation centre have been approved. EU funding has been obtained for some of the projects and a process has commenced to create a trust within the next year to oversee these projects. Assessment of applications includes environmental criteria.

4.2 SUMMARY OF EXISTING COOPERATION ARRANGEMENTS

The co-operation summary table (Table 4.1) provides useful baseline information to inform inter-authority environmental alignment and clarify responsibilities. The environmental role of dedicated economic forums may need strengthening.

TABLE 4.1

**SUMMARY TABLE OF COOPERATIVE GOVERNANCE
BETWEEN DTI AND OTHER ENTITIES, COVERING BOTH ECONOMIC AND
ENVIRONMENTAL MATTERS**

GOVERNANCE PARTNERS	NATURE OF COOPERATIVE GOVERNANCE STRUCTURE	ARRANGEMENTS
Department of Provincial and Local Government (DPLG), Provinces and local authorities	<ol style="list-style-type: none"> 1) MINMEC: Minister of Trade and Industry's meetings with members of the provincial executive councils (MEC) 2) DTI meetings with provincial departments of economics 3) TEO monthly meetings with KwaZulu-Natal provincial development agency (ITHALA) 4) TEO monthly meetings with the Western Cape provincial development agency. 5) TEO meetings with other provincial development agencies. 6) Interactions between DTI's DDG:EIDD and Provincial MECs for Economic Affairs 7) Meetings of the Ngqura Environmental Committee in respect of the Coega IDZ; 8) DDG:EIDD representation on the Board of Directors of the Coega Development Corporation – an IDZ implementing agency. 9) Co-operation between SDI project managers and provincial and local authorities relevant to the SDI 	<ol style="list-style-type: none"> 1) Regular meetings on Trade and Industry matters 2) As above, at policy level (EXBO) 3) Co-facilitation of applications for incentives in terms of any of the TEO programmes 4) As above 5) As above 6) Co-operation in respect of SDIs and IDZs as required by such projects 7) Environmental cooperative governance cooperation particular to the Coega IDZ 8) DTI intervention at regular board meetings as required 9) As identified by the relevant SDI project manager
		Continued ...

TABLE 4.1

**SUMMARY TABLE OF COOPERATIVE GOVERNANCE
BETWEEN DTI AND OTHER ENTITIES, COVERING BOTH ECONOMIC AND
ENVIRONMENTAL MATTERS**

GOVERNANCE PARTNERS	NATURE OF COOPERATIVE GOVERNANCE STRUCTURE	ARRANGEMENTS
Department of Environmental Affairs and Tourism	1) Committee considering applications made for import and export permits of ozone depleting substances (ODS) 2) Representation at DEAT CEC and its relevant sub-committees and working groups 3) Bilateral meetings	1) An ODS task team addresses issues at regular meetings; frequency determined by issues 2) CEC: quarterly. Sub-committees determined by issues. 3) DTI's DDG-EIDD and DEAT's DDG take turns to arrange.
Department of Water Affairs and Forestry (DWAF)	DTI participation in working groups, for example development of a Waste Discharge Charge System (WDCS)	In accordance with DWAF project schedule
Department of Land Affairs	Land development issues in accordance with Memorandum of Understanding (MOU)	As required, mostly focused on SDI and IDZ matters
National Department of Agriculture (NDA)	NDA Interdepartmental Executive Council on Genetically Modified Organisms (GMO)	As determined by Council members
Department of Foreign Affairs	When dealing with international issues or when attending international meetings	Ad hoc projects, as required by events, eg. the 2002 Jhb Earth Summit
National Department of Transport	Taxi Recapitalisation Programme	In accordance with programme requirements
Department of Defence (DOD)	DOD foreign provisioning contracts and concomitant industrial participation is overseen by DTI	Determined by events around contracts and industrial participation
Department of Health	Phyto-sanitary regime	Regularly
Department of Arts, Culture, Science and Technology (DACST)	Science council vote Technology project	Series of meetings once a year Determined by project schedule
Labour and Industry	Meetings and processes within NEDLAC	Regularly, in accordance with NEDLAC schedules
Industry sectors	In terms of DTI programmes	As required by individual programmes
Non-Governmental Organisations (NGO)	On issues requiring interaction	As agreed by parties from time to time

5 RECOMMENDATIONS FOR EIP IMPLEMENTATION AND MANAGEMENT

5.1 INTRODUCTION

The previous chapters illustrated the past fragmented approach to environmental performance. This chapter introduces projects and functions adopted to meet the Department's commitment to coordinated performance in terms of a Sustainable Production⁹ Strategy and a corporate EIMS system (refer to par. 5.3). Characteristics of the EIMS and its ability to facilitate the formal integration of environmental principles into all sections and divisions are highlighted. The EIMS strategy, aimed at specific deliverables by specified target dates, presently forms part of DTI's business plans under the EIDD division as Project No. CS 051. A more detailed environmental significance assessment of TEO and EIDD policies, plans and programmes will be prepared in the course of the rollout of the EIMS. Progress will be reported on in every annual report.

5.2 ENVIRONMENTAL SUB-SECTION

DTI met its responsibility under Section 24 of the Constitution by creating a dedicated Environmental unit to function as the node of environmental activity and projects. In accordance with NEMA requirements its present functions include:

- Preparing four-yearly EIPs in compliance with section 11. (1) of the NEMA.
- Preparing annual EIP reports in compliance with section 16. (1) (b) of the NEMA.
- Preparing Agenda 21 reports in compliance with section 26 of the NEMA.
- Developing and administering an Environmental Implementation and Management System (EIMS) to ensure due implementation of the EIP in compliance with section 16. (1) (a) of the NEMA.
- Research with the aim of increasing synergy between government's objectives of environmental due diligence and trade competitiveness.
- Providing advice and support in respect of DTI's positions put forward at international trade and environmental forums.

⁹ The term 'sustainable production' has been derived from the statement that sustainable development can be achieved by orientating production and consumption patterns to be sustainable.

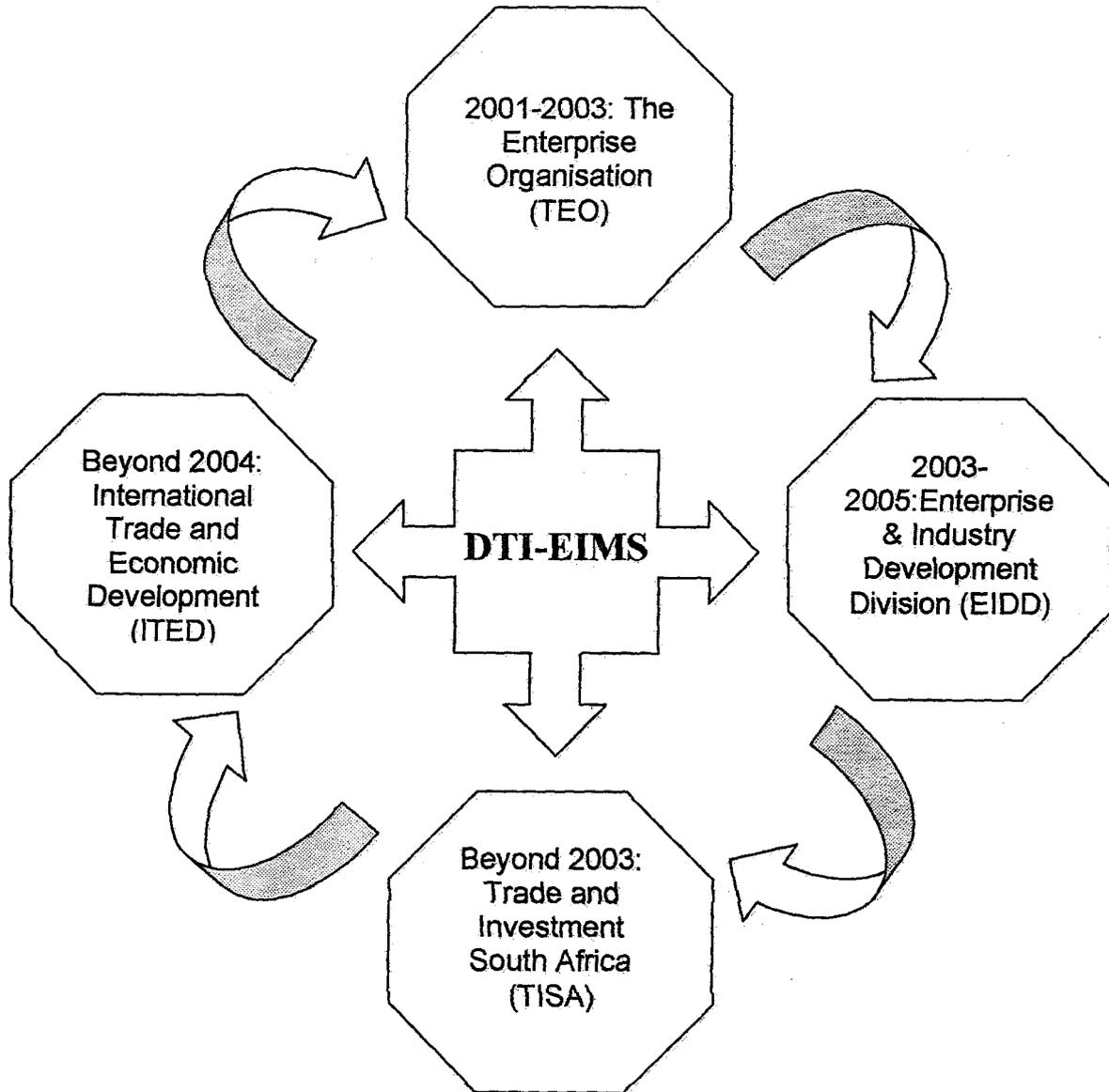
5.3 PROPOSED CORPORATE STRATEGY FOR IMPLEMENTING THIS ENVIRONMENTAL IMPLEMENTATION PLAN (EIP)

The environmental responsibilities of the Department of Trade and Industry, DEAT, provinces and local authorities are equal but differentiated. DTI's environmental influence is indirect and its policies and guidelines for sound environmental management performance have been formulated accordingly (refer to par 5.4.1 below). The proposed pragmatic approach to implementing the EIP is to establish a centrally controlled Environmental Implementation and Management System (EIMS) in the spirit of ISO 14001. The EIMS provides a generic framework for environmental performance management, progressing section by section and eventually encompassing all DTI activities. DTI's EIMS is designed to set sustainable production goals and targets that are aligned with its core business and implementable within the existing management system.

Reportable outputs include performance guidelines and records, audits and review procedures that will meet Public Sector Audit Requirements. In the first EIP period between 2001 and 2005 DTI intends re-orientating policies and programmes with the aim of influencing the environmental performance of its clients, for example enterprises enjoying financial incentives and technical assistance. Procedures will be recorded in environmental management manuals.

Figure 5.1

Incorporation of the EIP in DTI sections and divisions



5.3.1 Incremental steps for environmental implementation and management

DTI should have an EIMS operative in at least one major division (EIDD) and one major section (TEO) by 2005. Annual progress and audit reports are due from 2002. TEO, having the most significant environmental influence, takes the lead with implementation.

Table 5.1 TIME SCHEDULE FOR DTI EIMS IMPLEMENTATION	
Components of EIMS: TEO 2001-2003; EIDD 2003-2005	Financial year
<ul style="list-style-type: none"> a. Establish a TEO EIMS task team; b. Create and record senior management commitment; c. Review work procedures and management system; d. Commence with initial review of policies and programmes; 	2001-2002
<ul style="list-style-type: none"> e. Complete initial review of TEO policies and programmes; f. Review contracts and application forms; g. Identify environmental aspects in policies and programmes; h. Identify legal environmental requirements; i. Align policies and programmes with NEMA principles; j. Formulate timeline and measurable objectives and targets; k. Finalise the TEO environmental implementation and management system. 	2002-2003
<ul style="list-style-type: none"> a. Establish an EIDD EIMS task team; b. Create and record senior management commitment; c. Review work procedures and management system; d. Complete initial review of EIDD policies & programmes; e. Review contracts and application forms; f. Identify environmental aspects in policies and programmes; g. Identify legal environmental requirements; 	2003-2004
<ul style="list-style-type: none"> h. Align policies and programmes with NEMA principles; i. Formulate timeline, measurable objectives and targets; j. Finalise the EIDD environmental implementation and management system. 	2004-2005
Further implementation, review and refinement towards continuous improvement	Beyond 2005

The following principles for sustainable production will be applicable:

- a. To encourage the concept of environmental stewardship among entrepreneurs;
- b. To encourage increased resource efficiency through reuse and recycling;
- c. To encourage minimisation of waste discharge per unit of economic output; and
- d. To increase the number of entrepreneurs engaged in enterprises that subscribe to cleaner production policies and responsible environmental management.

An EIMS team tasked with reviewing policies and programmes to identify gaps with the aim of setting objectives, actions and target dates has been established in the TEO section. It is anticipated that TEO will have a permanent EIMS by mid 2003. The implications of environmental implementation per division and major section in DTI will include sensitising, informing and establishing management commitment in the form of budget, human resources and decision making space. Environmental task teams have a choice between adopting state of the art guidelines or designing its own procedures to guide them through the phases of environmental management. A feasible and gradual approach, based on sound business principles, is recommended.

5.4 RECOMMENDATIONS FOR FURTHER IMPROVEMENTS IN ENVIRONMENTAL MANAGEMENT

As part of meeting the differentiated EIMS requirements applicable to the divisions and sections, it may be prudent for DTI to initiate research and/or assistance projects that will meet specific environmental needs of vulnerable industry sectors.

5.4.1 Synergising economic and environmental objectives

Whilst its environmental activities are intended to ensure compliance with the National Environmental Management Act (NEMA), DTI takes care to maintain the balance between environmental legal requirements and trade, investment, competitiveness and employment objectives.

The synergistic relationship between trade, industry and environment may benefit from initiatives introduced by industry associations and non-government organisations (NGO). A valuable initiative driven by NGOs, are for example the Waste Minimisation and Effluent Treatment Clubs, existing in the western Cape and KwaZulu-Natal provinces. Donor-sponsored lead projects supported by industry associations provide ideal opportunities for industry to explore the competitiveness and cost-saving benefits entailed in cleaner production, for example in the textile, fishing and metals finishing industries. NGOs also gave rise to procedures providing SDIs and IDZs with Environmental Management Frameworks (EMF).

One of the deliverables of the current Standards Quality Assurance, Accreditation and Metrology Study is an Industry Associations Database that could provide useful contact information to future DTI projects.

5.4.2 Sustainable development negotiations, trade and environment issues and multilateral environmental agreements (MEA)

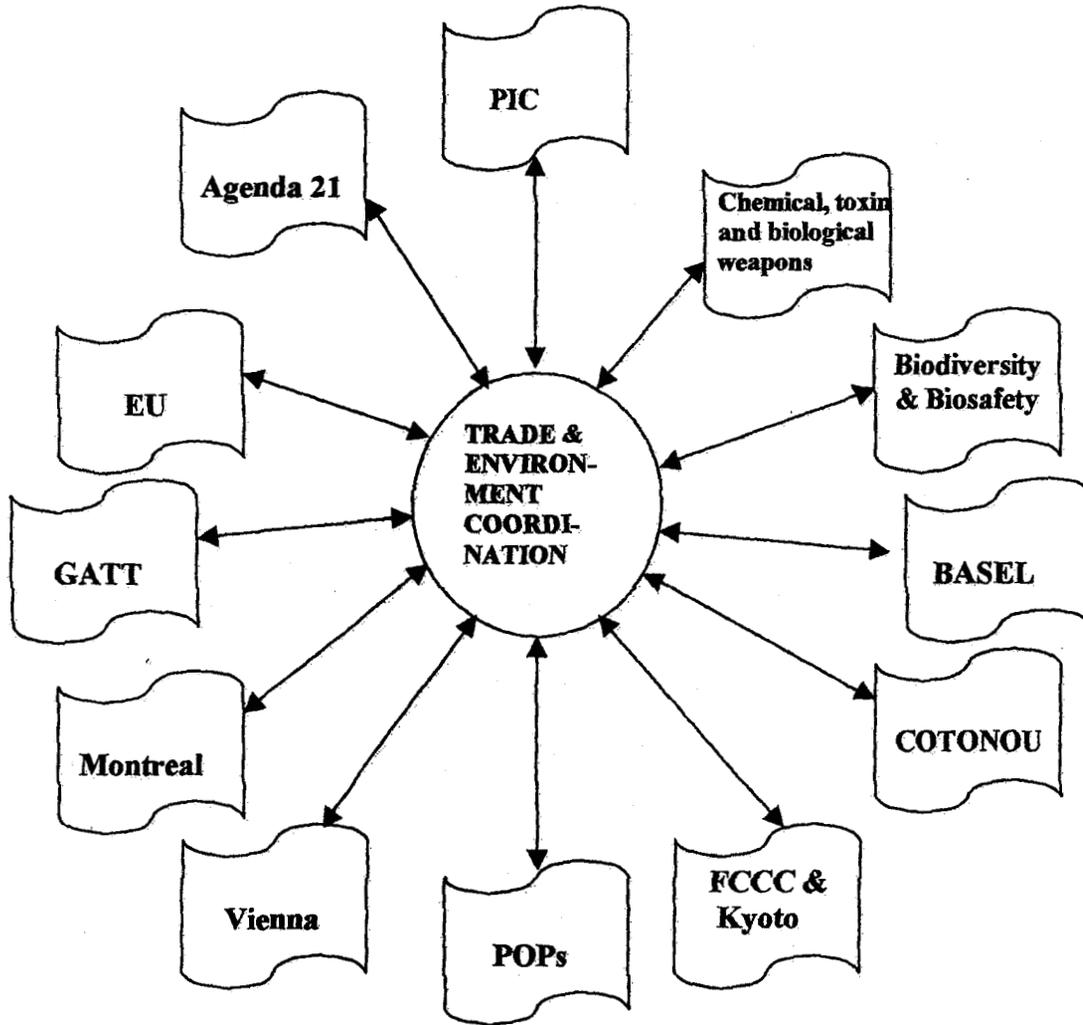
A harmonised and consistent approach is required to DTI's participation at WTO, CSD, T&E, MEA and other multilateral forums. Industry needs a dedicated point of access with the purpose of raising concerns and requesting DTI support in mitigating specific trade-inhibiting environmental trade barriers. Research and knowledge management could improve insight in the potential impacts on competitiveness of the interpretation of MEA stipulations. Due to its well-established knowledge base and specialist skills, ITED may be an appropriate home for advising delegations on the trade implications of multilateral environmental agreements and the environmental aspects of trade agreements.

The key international agreements falling in this category include:

- a. Convention on Prior Informed Consent for Certain Hazardous Chemicals and Pesticides in International Trade (PIC);
- b. Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons, and on their Destruction;
- c. The Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction;
- d. Convention on Biological Diversity; PLUS the Biosafety Protocol;
- e. Basel Convention on the Control Of Trans-boundary Movement of Hazardous Wastes and their Disposal 1989;
- f. Fourth ACP-EEC Convention, 1989 (Fourth Amendment) superceded by the COTONOU agreement;
- g. United Nations Framework Convention on Climate Change (FCCC); PLUS the Kyoto Protocol, 1997;
- h. Stockholm Conference on Persistent Organic Pollutants (POPs);
- i. Vienna Convention for the Protection of the Ozone Layer;
- j. Montreal Protocol on Substances that Deplete the Ozone, 1987;
- k. The GATT and its environmental implications;
- l. EU Trade Agreement;
- m. Annual Multilateral Reviews of Agenda 21.

Figure 5.2

International agreements having both trade and environmental implications



Due to capacity constraints DTI often participates selectively in environmental activities having trade implications. Bearing in mind that increasing globalisation, greater international environmental awareness and world class national environmental regulations impact on trade, harmonisation of responses to various multilateral events at both trade and environmental forums is vital to successful marketing. Close co-operation between ITED and EIDD would be required to accommodate the commonalities between the trade and industrial support functions of DTI.

5.4.3 Co-operative governance

Chapter five outlines the trade and environmental co-operative governance interface. DEAT's participatory process of revising and aligning the EIPs and EMPs of provinces and scheduled departments may eventually bring more clarity on DTI's position and role.

The CEC and its sub-committees provide a formal structure to facilitate interaction between DTI and the Department of Environmental Affairs and Tourism (DEAT). This interaction is supplemented by regular bilateral discussions. Bilateral activities between DTI and other departments, for example the Department of Water Affairs and Forestry, may benefit from a similar approach. Co-operative government with specific departments have been discussed in chapter four.

5.4.4 Provision of environmental information

Investors and industry decision makers need clear and reliable information on environmental legal requirements to create cost accounting certainty and appropriate planning of technology needs. DTI could initiate a project to provide investors and business managers with information on domestic environmental norms, standards, principles and legislation. The information would focus on legislation, pollution permits and regulatory measures to enforce norms such as the "polluter pays" principle. Links could be established between the information base, available options for pollution mitigation (including suppliers of EGS) and information on applicable incentive programmes. The project would require research, synthesis and administration.

5.4.5 Compliance related programmes

Peer departments in the EIP/EMP sub-committee recommended that, in the granting of incentives to stimulate industrial growth, qualifying requirements should invariably require, as a minimum, compliance with national environmental legislation. Since DTI has neither the mandate nor the capacity to enforce environmental compliance, programme managers and decision-making bodies could consider making environmental audit certificates a pre-requisite to DTI benefits.

The cost of environmental risk and/or compliance audits and technology acquisition may be prohibitive, particularly for small businesses; therefore DTI may consider offering dedicated environmental incentives. The Competitiveness Fund administered by TEO provides for supply-side measures co-financing the cost of obtaining ISO 14001 certificates.

5.4.6 Promote environmental management, cleaner production and cleaner technology
Existing DTI incentive schemes could be expanded to support sustainable production and consumption in industry by cleaner technology development and transfer of such technology to industrial applications. The IDC administers the SPII that funds innovation on a matching grant basis. This fund could, for example, be used to support cleaner technology innovations. Similarly certain other incentive schemes of the DTI, such as its Technology and Human Resource for Industry Programme (THRIP) could be modified to include cleaner technology targets. Mechanisms to overcome barriers to cleaner technology transfer and development, could be prioritised.

5.4.7 Promote the environmental goods and services (EGS) industry

Programmes to develop and promote the environmental goods and services (EGS) industry should be undertaken in accordance with the findings of DTI's recent Study to Profile the Environmental Industry. Provision should be made for participation of relevant government departments, technical organisations and other stakeholders, particularly industry stakeholders.

The South African environmental industry supplies measuring, control, pollution reduction, clean-up and waste handling equipment and provides compliance related services. The industry is composed of a large and growing number of enterprises, mostly small and medium sized, collectively employing at least 100,000 people. The demand for environmental goods and services is mainly attributed to legislation together with non-tariff barriers forcing exporters to comply with environmental standards.

The study proposed that maintaining the existing environmental industry database, encouraging better information sharing through more transparent industry environmental

reporting and forming links with expert bodies, such as the Business Council for Sustainable Development – South Africa (BCSD-SA), could promote growth in this sector.

5.4.8 Small, medium and micro enterprises (SMME)

The SMME sector has particular needs with respect to environmental management. SMMEs may experience difficulty in meeting environmental trade requirements and the demands of environmental regulation. A portion of the benefits flowing to SMMEs should be dedicated to actualising increased productive efficiency through cleaner production.

Environmental incentives could sprout from existing programmes. DTI may consider identifying environmentally vulnerable SMME clusters. It may be necessary to increase awareness of legal requirements and knowledge about satisfying green consumer behaviour. Training curricula should cover benefits of cleaner production.

5.4.9 Promote sustainable consumerism

Sensitising purchasers and consumers to the environmental performance of manufacturers and products call for tools such as environmental labelling, certification, reporting and auditing. The optimal role of government, and DTI in particular, includes support to industrial sectors susceptible to market demands for environmental labelling and due diligence auditing.

5.5 CONCLUSION

DTI's EIP deals with environmental matters in the context of sustainable development, which in turn pivots on the economic growth that drives it. DTI's role in reconciling socio-economic and environmental government is vital to maintaining the enabling environment for economic growth. At the multilateral level DTI should assist in the co-formulation of meaningful sustainable development positions for Africa, and in particular for the Southern African Development Community (SADC). In the course of encouraging environmentally sustainable production and consumption patterns, DTI will consider providing some vulnerable sectors and SMMEs with measures to supplement their environmental performance.

Although its environmental significance is mostly indirect, the Department has launched an internal management system to ensure compliance with its environmental obligations.

Attention is paid in particular to sections 11-6 and 26 of the NEMA, which cover the section 2 principles applicable to DTI. By reviewing its policies, plans and projects to re-align decision making to environmental principles, DTI contributes to sustainable production and consumption patterns in the economy.

Stakeholders interested in and affected by DTI's environmental performance include the CEC and the business community, each making a crucial contribution to developing South Africa. DTI's support in every instance where reconciliation is required between socio-economic and environmental government is in turn a vital ingredient of the enabling environment for economic growth. The greater emphasis on South Africa's ability to enforce environmental regulations will both create a development impetus for the environmental industry and encourage industrial innovation to deliver on technology to improve industry's environmental performance.

DTI's sustainable development performance will depend on each division's ability to sustain the flow of benefits and resources for poverty eradicating economic development by rejecting policies and practices that deplete the productive natural resources base. Each section and division, in the course of developing its own EIMS programme, will formulate auditable outcomes and outputs to be achieved within specified timeframes. TEO is the lead division in this respect and the wisdom attained in every step will be transferred to other sections and divisions.

(28 March 2002)