

## Tau stresses importance of the defence industry



Trade, Industry and Competition Minister Parks Tau

20th July 2026

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Trade, Industry and Competition Minister [Parks Tau](#) has lauded the South African [defence industry's](#) (SADI's) contribution to the national economy. He was delivering the keynote address at the [Defence Industry](#) Lekgotla, being held at the Council for Scientific and Industrial Research's International Convention Centre, in [Pretoria](#), on Monday. "[South Africa's defence industry](#) is not a niche sector standing apart from our industrialisation programme," he highlighted. "It is one of its most advanced expressions. It sits at the frontier of manufacturing precision, systems engineering and technology sovereignty."

Despite difficulties, the SADI retains capabilities in the air, land, sea, space and cyber domains. These capabilities range from Level 2 (component manufacturing) to Level 5 (producing integrated systems). The industry is now composed of more than 600 companies, of which more than 250 have a major defence focus, and more than 350 supply components and services into the defence value chains. The country has been ranked (by the Stockholm International Peace Research Institute) twenty-first in the world in terms of major conventional arms exports, from 2018 to 2023. Local industry associations estimate that the SADI exports to more than 115 countries, of which more than 40 are in Africa.

However, he also highlighted how the industry had shrunk over the decades, owing to defence budget cuts in [South Africa](#). While the defence budget had been R26.2-billion in 1989/90, it had fallen to R850-million by 2018; defence research and development spending had fallen from R6.1-billion to R500-million over the same period (these figures were in constant terms).

The SADI had contracted from about 3 000 companies, employing 130 000 people, to today's 600-odd, employing some 13 000 people. "Behind these numbers is a loss of depth as well as breadth," he lamented. "Skills have left the sector, particularly as instability at State-owned entities such as [Denel](#) has pushed experienced engineers and technicians elsewhere. Once expertise leaves, it does not return quickly. This is the central risk we must arrest." Given the deteriorating international situation, the SADI was becoming more important, not less, he stressed.

Tau cited the instruments that his department had created, that could and did provide support for the industry. These included the [Aerospace](#) Industry Support Initiative, now in its twentieth year, that had helped local companies integrate into global supply chains. Another was the National Industrial Participation Programme, which sought to use government procurement to achieve technology transfer and localisation as well as create exports. Then, created in conjunction with the [South African Aerospace, Maritime and Defence Industries Association](#) (AMD), there was the South African AMD Export Council, to expand the industry's export markets.

Additionally, the department is considering the creation of an [Aerospace](#) and Defence Special Economic Zone Cluster in the [Western Cape](#), which is the location of a significant component of the country's commercial space, defence and aviation capabilities. Meanwhile, the [Industrial Development](#) Corporation (IDC) is undertaking new investments in support of [additive manufacturing](#), [robotics](#), drone technologies, supply chain localisation and maintenance repair and overhaul capabilities, with many of these being dual-use technologies. The IDC has also released a newly developed [Defence Industry](#) Development Plan. And the **Export Credit Insurance Corporation** is working directly with the industry on working capital, trade credit and invoice discounting products.

However, SADI activities fell under the aegis of multiple agencies and several government departments. These had to be brought into coordination. A "[South Africa](#) Inc." model had to be created.

"Shared platforms, shared information, and a single national position, rather than parallel processes that do not speak to one another," highlighted Tau. "Government's task is now to match [industry] resilience with coordination, so that the demand exists in the market, the capability exists on our factory floors, and the machinery of the State stands behind both of them together." 

Edited by Creamer Media Reporter