SAPVIA
South African Photovoltaic Industry Association

Manufacturing Working Group Meeting

Date: 28 May 2025
Time: 11:30-13:00
Chairperson: Gareth Burley

Declaration of Interest and Prevention of Anti-Competitive Behaviour

Participants of all SAPVIA meetings agree not to engage in or discuss the following topics:

- **Price-Fixing** - current or future prices, pricing strategies, or price changes.
- **Market Division** - allocation of customers, suppliers, territories, or market shares. dividing markets by geographic areas or product lines.
- **Collusive Tendering** - bid-rigging, including agreements on who will submit bids or the terms of bids, information about tender processes or strategies.
- **Production and Supply Control** - agreements to limit or control production, supply, or distribution of products or services, capacity, production quotas, or inventory levels.
- **Boycotts**- agreements to boycott or refuse to deal with specific customers, suppliers, or competitors, collective actions against any market participant.
- **Information Sharing** - competitively sensitive information, including sales volumes, market shares, costs, marketing strategies, future business plans, research and development projects, or investment strategies.
- **Exclusionary Practices** - strategies to exclude competitors from the market or to create barriers to entry, exclusive dealing, tying arrangements, or predatory pricing.
- **Anti-Competitive Agreements**- discussions that could lead to anti-competitive agreements, whether formal or informal, conversations that could be interpreted as attempts to coordinate competitive behaviour.

Facilitator	Gareth Burley (GB)	***Attendees:***
Note taker	Thabang Molai (TM)	Jan Kotze (JK) Luigi Guerra (LG) Stephen Liasides (SL) Wido Schnabel (WS) Dr Rethabile Melamu (RM) Sinethemba Mguni (SM) Zimkita Bilibana (ZB) Pamela Gama (PG)

1.	**Opening**	**Chairperson**
	Welcome and Introduction The chairperson welcomed everyone to the working group meeting and acknowledged attendees for making time to attend. **Agenda** The agenda was adopted with no amendments. **Minutes** The minutes of the previous meeting were accepted as a true reflection of the meeting proceedings. **Election of the Deputy Chairperson** A call for nominations will be sent out to members, allowing them to propose candidates for the deputy chair position.	
2.	**Focus Areas | Deliverables | Key Initiatives**	
	2.1 Protection and Promotion of Local Manufacturers **2.1.1 Challenges Faced by Local Manufactures** • GB: • Opened the discussion on the protection and promotion of local manufacturers, referencing a previous meeting where a comprehensive list of challenges facing local manufacturers was tabled. • An article summarizing these challenges was subsequently drafted and circulated to SAPVIA's Board for feedback. Despite positive engagement, the decision was made not to publish the article, although the challenges outlined remain highly relevant. • Reiterated the importance of ensuring that SAPVIA, industry stakeholders, and government remain aware of these challenges, with a view to identifying practical steps to address them. • JK: • Noted that while South Africa has ample steel manufacturing capacity, the key challenge remains the	**Gareth Burley** **Luigi Guerra** **Jan Kotze**

	lack of competitiveness against imported products, particularly from China. • Local manufacturers consistently lose out on contracts due to pricing disparities, not due to quality or production capability. • SL: • Echoed these concerns, highlighting that even when importing high-quality products from Europe—which are internationally competitive—the price of Chinese imports remains significantly lower (sometimes by as much as 50%). • Pointed out that some local market players are owned or partnered by Chinese manufacturers, facilitating the inflow of such low-priced goods. • Raised quality concerns regarding the influx of substandard materials (e.g., aluminium cables in place of copper), which, while cheaper, pose risks to product integrity and industry standards. • Stressed that this is not a capacity or technical ability issue for local manufacturers but a price competitiveness problem, heavily influenced by global supply chains and unfair price advantages. • LG: • Echoed previous sentiments and highlighted historical protections that were in place under the REIPPPP which were meant to support local manufacturers but were either waived or reduced to ineffective levels, especially concerning inverter products. • Criticised the superficial fulfilment of local content requirements through "paperwork" that allows imported products to pass as locally compliant without real economic or manufacturing benefit to South Africa. • Expressed concern over the lengthy decision-making processes in government, which delay meaningful support to the sector. • Warned that without effective intervention, South Africa could mirror the situation in the United States, where manufacturing capability was lost, forcing the government to later introduce tariffs and duties to rebuild the industry. • Raised additional points including the unsustainable cost structures faced by local manufacturers compared to countries like China, despite South Africa's relatively low labour costs when compared to the US or Europe. • GB:	

	• Expressed concern regarding recent public comments made by a SAPVIA board representative during a media interview. • The representative's unclear response about the existence and state of local PV manufacturing caused confusion in the market, leading to several customer inquiries questioning the status of local manufacturers. • Responded formally to SAPVIA's board via letter, prompting a constructive reply and an invitation to provide a formal statement clarifying the matter. • Emphasized the urgent need for a high-level engagement involving SAPVIA leadership, relevant government departments (including DTI), and local government representatives to discuss industry challenges comprehensively. • Without such engagement, there is concern the sector will remain stagnant, repeating the same discussions without tangible progress for another year. • The working group agreed on the need for SAPVIA to facilitate this audience. • WS: • Shared insights from his experience establishing a solar module factory in Cape Town (2013/2014), which ultimately shut down due to global oversupply. • Oversupply of PV components globally (modules, inverters, etc.) is deteriorating market conditions, with major international suppliers (e.g., Longi, Trina, JA Solar) reporting losses. • Market demand has not matched the rapid capacity expansions, resulting in economic pressures across the value chain. (South African Policy Environment) • Proposed a large-scale distributed solar rooftop program (targeting 1 million homes with 4 kW systems) to stimulate localized demand. • Such a program could generate demand for 4 GW of locally-produced PV products, laying the foundation for sustainable industrialization. • Emphasis on small and residential installations rather than reliance solely on utility-scale projects. • Job creation potential lies more in installation, maintenance, and associated services than in highly automated module manufacturing lines.	

	• Confirmed his willingness to participate in a ministerial-level discussion on these matters and encouraged a renewed approach with the new Minister or through the Presidency. • Noted that government industrial policy must shift to recognize that automation limits manufacturing job creation; true employment growth lies in downstream activities like installation, operations, and maintenance. • LG: • Supported previous views that the solar market's potential does not solely rely on large utility-scale solar farms. • Emphasized the value of small-scale utility solar projects, suggesting that such developments can stimulate broader market participation, particularly by local businesses and startups. • Noted that expecting large-scale direct employment in manufacturing (like inverter assembly) is unrealistic due to global trends towards automation, especially from China. Instead, South Africa should focus on technical skill development for system operation and maintenance. He stressed the need for a larger pool of locally trained technicians to prevent wage inflation caused by industry-wide poaching of the few skilled workers currently available. Without this, costs for specialised technicians (such as inverter specialists) could escalate unsustainably. • GB: • Recommended pursuing engagement with the Department of Trade, Industry and Competition (DTIC) be approached to support local manufacturing within the renewable energy sector. • WS responded that while DTIC has been engaged previously without much success, a renewed effort could be valuable given the new minister. However, he stressed the need to start at a higher, more strategic level—specifically at the Presidency and with the Minister of Energy—to secure top-level political commitment before working through DTIC structures. Without high-level buy-in and bold action, departmental efforts alone may not yield results. • GB suggested leveraging the recently released South African Renewable Energy Masterplan (SAREM) to support these discussions, as it focuses on local manufacturing	

	and could provide a useful framework for advocacy at the Presidency level. • WS agreed the SAREM could serve as a tool but voiced reservations about the plan's development process, noting that industry recommendations (including from SAPVIA) were largely not incorporated. Despite these concerns, he acknowledged it could still be useful as a reference point in government discussions.	
	2.2 Approved Equipment List and The Integration of Local Standards **2.2.1 Local Manufacturer Database** • GB: • The team has been working over the past year to develop a comprehensive database of local manufacturers relevant to the solar PV and broader renewable energy sector. • The database includes component description, South African manufacturer, local Supplier, percentage of local content, location, duration of manufacturing activity and comments section. • The intent is to finalise and circulate this database to SAPVIA members for review and comment before any engagements with senior government stakeholders. • RM: • Suggested cross-referencing the database with SAPVIA's existing localisation reports from 2.5 years ago, acknowledging they may be slightly outdated but still useful. • Noted the closure of Seraphim's East London facility, which impacts local manufacturing capacity for certain PV components. Seraphim will shift to importing fully assembled modules from China. • JK recommended the database be circulated to all members for review and further input. • GB stressed the importance of having the list completed as soon as possible in anticipation of a potential meeting with government decision-makers.	**Patrick G** **Gareth B** **Luigi G** **Thabiso T** **Sinethemba M**

	2.3 Manufacturing Regulatory Compliance **2.3.1 NRS vs NRCS Follow-up Webinar** • GB: • Reintroduced the agenda item regarding feedback from the successful webinar held in March 2024, which focused on the roles of NRS and NRCS in the context of Small-Scale Embedded Generation (SSEG). • Noted that the session provided valuable clarity on the differences between the adoption of standards by local municipalities, some of whom have implemented these incorrectly. • Acknowledged BravoScan for delivering an outstanding presentation during the webinar. • The session has been widely praised across industry platforms, including news outlets and trade publications, for addressing longstanding confusion in the sector. • Proposed a follow-up webinar, considering that Eskom hosted a similar session thereafter, which reportedly caused additional uncertainty in the market. • The consensus was that a second session would maintain momentum and further clarify sector requirements. • RM: • Expressed strong support for the follow-up webinar, suggesting that the Secretariat should continue promoting the original webinar's content and media coverage to extend its impact. • Recommended that tentative dates (possibly late July 2024, post-AGM) be set to maintain continuity. • GB: • Proposed the theme "Bridging the Compliance Gap in South Africa's Solar Sector" as the title for the follow-up webinar, aimed at providing actionable insights and guidance. • It was suggested that seasoned industry experts, particularly board-level professionals with long-standing sector experience, be invited to provide perspective, complementing the insights of younger market participants. • ZB noted the potential to include an additional stakeholder speaker for the next session.	**Gareth B** **Zimkita B**

	• BravoScan reaffirmed their willingness to participate again as presenters, given their established authority in electrical compliance.	
3.	**Any other matters** **Input Summary – ITAC Engagement Points from Manufacturing Working Group** GB provided a summary of key points submitted to ITAC on behalf of the Manufacturing Working Group. These focus on protecting and promoting local manufacturing in the renewable energy sector, particularly solar PV and inverter components. The following five priority themes were raised: 1. Protection and Promotion of Local Manufacturing • ITAC was asked what measures are currently in place or being considered to protect local manufacturers from unfair import competition, including the potential for tariff adjustments or safeguard duties on imported solar products (such as inverters and components) that undercut local producers. 2. Enforcement at Ports and Customs • Questions were raised regarding ITAC's steps to improve fair customs valuation and product classification to prevent under-declared or mislabelled imports. The group emphasized the need for stronger coordination with SARS and other enforcement bodies. 3. Local Content Requirements and Public Procurement • Concerns were raised about the enforcement of local content requirements in public procurement processes, with recent tenders (e.g., from Eskom) showing weak or absent local content provisions. The group asked about efforts to enforce these requirements and the consequences for non-compliance. 4. Incentives for Local Manufacturers • The group queried whether there are plans to introduce or reinstate targeted incentives, such as rebates or grants, to	**Gareth B**

	help scale and strengthen local manufacturers' competitiveness. The importance of structured support mechanisms was emphasized, noting that global competitors (such as Chinese manufacturers) benefit from strong state incentives. 5. Future Industry Engagement and Collaboration • ITAC was asked to consider establishing a formal platform or regulatory task team to enable regular engagement between government and industry manufacturers. This platform would focus on improving cooperation and enforcement of industry standards and policies. • JK and SL expressed strong support for the submission, noting its comprehensiveness and particularly endorsing the focus on incentives to support local manufacturing competitiveness.	
4.	**Closure** With a vote of thanks, the chairperson formally closed the meeting. ***Next meeting: 27 August 2025***	**Chairperson**

Action Items

No:	Actions	By Whom
1.	**Challenges Faced by Local Manufactures Roundtable Discussion** **1.1** Schedule a meeting with representatives from DTI and Sapvia to discuss challenges and potential solutions. **1.2** Prepare a write-up and agenda outlining key discussion points, including local manufacturing support, regulatory frameworks, and potential collaboration opportunities. **1.3** Explore an engagement with the Presidency or Minister of Energy to push for broader support and policy changes that benefit local manufacturing.	**ZB** **GB**

	1.4 Explore development of a concept note for a "1 Million Rooftops" distributed solar programme, including manufacturing, skills development, and job creation potential.	**WS**
2.	Finalise the current version of the Local Manufacturer Database and circulate it to SAPVIA members for review and comment.	**SM**
3.	**NRS vs NRCS Follow-up Webinar** 3.1 Publicize the March webinar's outcomes further to keep the industry engaged. 3.2 Begin preparations for the follow-up webinar, targeting late July 2025. 3.3 Identify and confirm potential speakers, including BravoScan and other industry veterans. 3.4 Distribute the previously published article with the meeting minutes to reinforce the key messages.	**ZB/PG/SM**
4.	Send out a call for nominations for Deputy Chairperson of the Manufacturing Working Group.	**ZB**