



SUBMISSION

Review of the Tariff Structure for Input Material, Components and Final Goods Used in the Renewable Energy Value Chain Proposals (Regarding ITAC Notice 3846 of 2026)

24 April 2026

ATT: Members of the South African Renewable Energy Master Plan Project Management Unit (SAREM PMU), the International Trade Administration Commission of South Africa (ITAC) and the Local Content Compliance Unit (LCCU)

On behalf of the Institute for Economic Justice (IEJ), thank you for the opportunity to make the following written submission and participate in the public hearings on 16 April 2026 in response to the Review of the Tariff Structure for Input Material, Components, and Final Goods Used in the Renewable Energy Value Chain Proposals published in the Government Gazette on 27 March 2026.

Given the centrality afforded to public participation in our constitutional democracy, we trust that you will give meaningful consideration to our submission and the considered and substantiated proposals.

Should you have any questions regarding this submission, please feel free to contact Jezri Krinsky, the IEJ's Just Energy Transition Researcher, at jezri.krinsky@iej.org.za.

1. Introduction

We welcome the suggestions put forward in Notice 3864 as vital interventions to ensure localisation. Unfortunately, the history of South Africa's just transition has been one of overpromising and underdelivering on job creation and underplaying the importance of job quality for workers (see the case of Komati, for example, where what was supposed to be a

flagship of the just transitions ended up with little to promise workers or communities).¹ This limited employment profile creates a large political liability for efforts to significantly phase in renewable energy to the South African grid. Economic discontent around the decommissioning of fossil fuel-based infrastructure has the potential to breed significant opposition that can stall the much-needed transition to renewable energy. This is not just the case for South Africa, but it is true of a global set of interests involved in fossil fuel energy production, which have weaponised society's economic anxiety to delay energy transitions and weaken state environmental commitments. However, in spite of South Africa's long historical reliance on fossil fuels, working-class organisations and communities remain willing to champion a South African Just Transition.

Therefore, it is in this vein that we propose complementary measures that we believe will go a long way in contributing to significant job creation within the renewable energy sector, as well as a move towards greater energy security and sovereignty. This will play a key role in reducing social opposition to a just transition due to stakeholders' fears of unemployment and deindustrialisation.

We believe that these suggestions are a promising start to a policy process which could boost South African industry across the renewable energy sector. We would like to suggest a range of additional components that should be included in limitations to staged consignment and local content designation (preliminary determination 4 and 5 of ITAC Notice 3864), including batteries and switchgears.

2. Decent work

South Africa's existing renewable energy sector has created disappointing employment opportunities. Construction and installation jobs are often short-term, creating limited opportunities for stable employment and skills development for local communities.² The remaining maintenance jobs create a relatively small employment footprint. Manufacturing has also struggled to provide stable and decent work within the sector, due to erratic orders produced by delays of bid windows and evasion of local content requirements.

Additionally, gender equality forms a major concern within the energy transition globally.³ Women face a range of challenges in the sector, including educational barriers against women in STEM, being considered unsuitable for certain work categories, such as construction, as well as higher obligations for unpaid house and care work.

Revitalising localisation along the value chain is the key to protect against this potential backlash to the transition, and reinvigorating a working-class political drive for renewable

¹ Kamanzi B 2022 Komati Decommissioning: A Spectre Due To Haunt The Just Transition (Accessed on 4 May 2026)

² Malope, B. J. (2022). Power struggles: An exploration of the contribution of renewable energy to sustainable development, decent work and the "just transition" through a case study of wind farm development outside Loeriesfontein, Northern Cape Province (2011-2020)

³ Baruah, B. (2017). Renewable inequity? Women's employment in clean energy in industrialized, emerging and developing economies. *Natural Resources Forum*, 41(1), 18–29.

energy. However, to do this, a clear break must be made with the past pattern of overpromising and underdelivering. Otherwise, mutual mistrust may undermine the potential for an alliance between organised labour and local manufacturing to collectively drive the renewable industry forward in South Africa.

Localisation should be linked with commitments from local companies to offer significant job creation, which meets decent work criteria (prevailing wages and permanent contracts; formal apprenticeship programmes, not internships as currently preferred in SAREM, with monitored apprentice-to-worker ratios; worker representation on company boards in the manufacturing sector and Employee Share Ownership Plans as the preferred vehicle for B-BBEE compliance). Additional job creation in the sector linked to localisation should include commitments to include women and youth. One example of such a policy is the United States Inflation Reduction Act of 2022, which included tax incentives for renewable energy projects as long as the benefiting firms paid prevailing wages in the industry and hired a significant portion of workers through formal apprenticeship programmes.⁴

Recommendations

- Link continuation of tariff protection beyond an initial period (say three years) with meeting realistic standards for job creation and employment quality and gender equity in employment.
- Ensure more transparent and standardised collection and reporting of employment within the renewable sector to better coordinate labour and industrial policy.
- The integration of tariff and local designation policies with skills development policy to ensure the local labour force is upskilled to meet the demands of a growing local manufacturing sector.
- The formation of a decent work charter for the renewable energy sector negotiated through NEDLAC.⁵

3. Ruling on preferential procurement

An important intervention which is necessary in parallel is the clarification of the powers to mandate and enforce local content requirements.

The 2022 Supreme Court ruling on preferential procurement, found that this power should not lie with the Minister of Finance.⁶ While the case refers directly to BEE, it bears directly on local content requirements through their connection in the 2017 Preferential Procurement Regulations. While other organs of state have continued to pursue local content requirements the court case has not clearly specified where this mandate should lie and hence has contributed to an overall confusion in the sector. Additionally, the court case has been misrepresented on occasion to suggest (based on a non-binding minority opinion of some judges in the case) that local content itself as a prequalification criterion has been ruled unconstitutional. This could have a detrimental effect and deter stakeholders from pursuing

⁴ Inflation Reduction Act (IRA) Wage and Apprenticeship Requirements: Effect on Tax Credit Values

⁵ COSATU Response to ITAC Notice 3864 of 2026

⁶ Volmink, P. (2022). Pre-qualification and preference in public procurement: a critical reflection on Minister of Finance v Afribusiness NPC. *African Public Procurement Law Journal*, 9(1), 1-19.

more ambitious local content legislation. A clarification of the court ruling would enable stakeholders to more actively pursue relevant local content requirements/designations.

Recommendations

- The DTIC should publish a notice and hold a workshop which clarifies the legal issues and challenges to localisation policy to relevant stakeholders within the sector.

4. Enforcement and monitoring mechanisms

Additionally, it is necessary to create a range of stronger enforcement mechanisms regarding compliance with local content designations and requirements, to ensure that bid winners in REI4P programmes and other related IPP programmes honour the local content commitment made within their bid application.

Further thought should be given to ways in which local manufacturers may be undermined internationally or unintentionally in a manner which makes it difficult or impossible to meet the requirements of IPPs or EPCs involved in renewable plant construction. For example, financing agreements which place the burden of meeting upfront costs on local manufacturers. That is, IPPs or EPCs may be unwilling (or unable) to pay local manufacturers a significant portion of costs when orders are originally placed or before manufacturing begins. This would mean that local manufacturers have to find capital to cover production costs, months or even years before they are paid for the final product. They may be less able to do so than large, established international competitors. Such problems are exacerbated if there are any risks that orders may be cancelled before completion, which leaves local manufacturers without recourse to cover the expenses they have already incurred. Based on our research and interviews with the sector, we found that financing agreements range from 50% payments upfront to payments upon completion, depending on both the customer and the project. Overall, the sentiment is that given the lack of access to alternative funding, it is often not beneficial to proceed with projects without up-front payments.

Another example of internationally or unintentionally undermining local producers is by delaying orders until the last minute, making time-consuming local production unnecessarily difficult or impossible. Local firm lead times include times for ordering foreign components, setting up local factories for specific requirements of orders, local manufacturing, and testing. Uncertain demand conditions mean that local manufacturers generally do not keep a ready stock of either final stock or necessary components. For example:

- Wind tower construction projects, which have a lead time of 18 months,
- Batteries requiring a lead time of 6-8 months, and
- Solar panels requiring a lead time of 23-24 months.

The court case ARTsolar brought against IPPs, the Ministers of various government departments, Eskom, NTC SA, and NERSA alleges that these players were not complying with minimum thresholds of local content requirements in REIPPPP and RMIPPPP projects. ARTsolar's application to the court asked for these IPPs' conduct to be declared unlawful and to

hold the relevant government departments accountable for continuing to issue tenders to IPPs that fail to comply with local content requirements.

More broadly, in interviews with ARTsolar employees, they criticised the lack of duties imposed on imported components. Naturally, this hurts their position in the market if IPPs opt to import from China for cheaper instead of sourcing components from local suppliers like them. The interviewees suggested that the continued non-compliance with local content requirements by IPPs was enough of a threat to ARTsolar to run them out of business, and ARTsolar is one of the only two solar PV manufacturers in South Africa. From these interviews, it is apparent that local renewable manufacturers in South Africa are simply waiting for legislation, policies, and rules to be adequately enforced in order to protect their industry.

Recommendations

- Greater enforcement of monitoring, evaluation, and auditing, such that there is increased transparency where the sourcing of materials for public renewable projects is concerned.
- Regulations ensuring orders from local manufacturers must be placed with sufficient lead times, so there is no pressure to compromise as IPP projects approach deadlines for completion.
- Regulations ensuring local manufacturers are paid a significant proportion of costs before they must begin manufacturing for orders

5. Concerns over proposed tariff codes for battery components

There appears to be a contradiction within the notice regarding battery component tariff codes. The notice includes that “A preliminary determination to recommend to the Minister of the DTIC that the general rate of customs duty on fully assembled lithium-ion batteries be increased to the WTO bound rate of 15% ad valorem, by way of creation of a new 8-digit tariff subheading.” However, this is contradicted in Table 1, where a tariff of 15% is suggested for the undifferentiated code 8507.60, which includes both lithium-ion cells and fully assembled batteries. This could have disastrous effects on local battery manufacturers, as currently, no lithium-ion cells are locally manufactured, so this would increase the input costs faced by local battery manufacturers. Additionally, Battery Management Units (not included in the original notice) are important imported components and should remain duty-free for now.

In the longer term, policy interventions to support local lithium-ion cell manufacturing could create a large local industry. South Africa has large quantities of lithium deposits, which are currently exported. However, production capacity must be created first. This must be established before any tariffs are imposed on cells.

Recommendations

- Ensure urgency in the separation of tariff codes for batteries and cells, increasing the tariff rate on complete batteries and not lithium-ion cells.
- Ensure that Battery Management Units (HS Code 8504.90.90) remain duty-free.

6. Conclusion

In conclusion, the IEJ makes the following recommendations:

- Link continuation of tariff protection beyond an initial period (say three years) with meeting realistic standards for job creation and employment quality and gender equity in employment.
- Ensure more transparent and standardised collection and reporting of employment within the renewable sector to better coordinate labour and industrial policy.
- The integration of tariff and local designation policies with skills development policy to ensure the local labour force is upskilled to meet the demands of a growing local manufacturing sector.
- The formation of a decent work charter for the renewable energy sector negotiated through NEDLAC.⁷
- The DTIC should publish a notice and hold a workshop which clarifies the legal issues and challenges to localisation policy to relevant stakeholders within the sector.
- Greater enforcement of monitoring, evaluation, and auditing, such that there is increased transparency where the sourcing of materials for public renewable projects is concerned.
- Regulations ensuring orders from local manufacturers must be placed with sufficient lead times, so there is no pressure to compromise as IPP projects approach deadlines for completion.
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- Ensure urgency in the separation of tariff codes for batteries and cells, increasing the tariff rate on complete batteries and not lithium-ion cells.
- Ensure that Battery Management Units (HS Code 8504.90.90) remain duty-free.



The Institute for Economic Justice (IEJ) is a progressive economic policy think tank committed to advancing economic justice, systemic change, and the equitable distribution of resources to ensure rights realisation and planetary wellbeing.

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⁷ COSATU Response to ITAC Notice 3864 of 2026