

Opening Address by President Cyril Ramaphosa at the Second South Africa Investment Conference, Sandton Convention Centre, Johannesburg,

6 November 2019

Programme Director,

Distinguished Guests,

Ladies and Gentlemen,

It is my great privilege to warmly welcome you all to the 2019 South Africa Investment Conference.

It is a particular privilege to welcome all our international guests to South Africa, the home of the champions of world rugby.

Last year, we announced our objective to raise \$100 billion – or R1.2 trillion – in new investments over five years with a view to addressing low economic growth and reducing unemployment.

It is now exactly a year since the inaugural South Africa Investment Conference, where local and international investors responded to our call and stood on this platform to make investment announcements totalling nearly R300 billion.

Of the 31 projects announced last year eight projects have been realised and completed.

Seventeen are in construction or at implementation stage.

In total, this represents R238 billion of the investments that were announced last year.

This is a phenomenal achievement by those who stood hereto announce those investments.

It is gratifying to see the commitments that were made at this Conference last year materialising in the form of new factories, new production lines, new products, new services and new jobs.

I have had occasion to be present at some of these factory and facility openings and have seen the optimism and commitment of the business owners, management teams and workers at all these establishments.

I am pleased to see so many of you here from our own country, as well as from as many as 22 other countries outside the shores of South Africa.

It is pleasing to see that investors continue to consider South Africa as a country with much to offer and a viable and profitable investment destination.

Indeed we have a lot to offer, in the form of our people, in natural and mineral resources, with a young and able workforce, world class infrastructure, sophisticated telecommunications systems, and a well-regulated financial and banking sector.

There is the rule of law in this country, our judiciary is independent and our legal framework is strong, especially around commerce, taxation, maritime issues, competition law, intellectual property, property rights and other basic human rights.

We have a vibrant civil society, a progressive labour regime and an independent and robust media.

Our democracy is strong, robust and wonderfully noisy and our institutions are durable, confirming the political stability of our body politic over the past 25 years and into the future.

Yet, we are also a country with many challenges.

We are also a country which carries the scars of a sad and horrible past, where the colour of one's skin determined one's livelihood and future.

Despite significant progress over the last 25 years, the legacy of our divided past has left many of our people without skills, without assets and without jobs.

All these factors have combined to exacerbate poverty and inequality.

In navigating our way from the horrible past of apartheid misrule into a democratic future, we have made mistakes along the way.

Over the last decade, our economy has barely grown, investment has dwindled and the rate of unemployment has increased.

Today, we are still feeling the effects of several years of state capture and corruption, the erosion of important public institutions and the resultant policy malaise.

But, even in the face of such great challenges, hope continues to spring eternal in the hearts of South Africans who are determined that they will not yield to despair.

As a nation, we have determined that we will not be defeated by challenges we face.

We will not falter on our path to improve the condition of our people.

It is for this reason that, as a government, we reached out to our social partners to forge a new compact for growth and development.

And it was through this collaboration that we identified several major issues we must address to achieve to the economic recovery that we all seek.

We have determined that we will move forward, effect far-reaching reforms and undertake the detailed work required to turn our economy around.

Working together, we have made much progress in implementing the policy reforms that I spoke about at last year's Conference, creating policy certainty, consistency and predictability for investors and for citizens.

We have acted decisively to end state capture and are rebuilding the capacity of the state.

We have fostered greater policy coherence and are improving alignment across the different spheres and entities of government.

We have been steadily working to create a business environment that is competitive and conducive to investment.

As a government, and as a country, we are clear about what we need to do, and we are marshalling our every resource and our every capability to do it.

We are on a path of removing impediments and constraints to inclusive growth.

We have embarked on a path that is illuminated by policy consistency and regulatory certainty, fiscal responsibility, and decisive interventions to stimulate economic activity.

Central to our efforts to ignite growth and create jobs is an ambitious execution oriented industrial strategy founded on partnerships between government, labour and industry.

It prioritises growth in important sectors such as automotive, clothing and textiles, gas, chemicals and plastics, tourism, renewable energy, oceans economy, agriculture, mining and beneficiation, the digital economy and the high-tech industries.

Master plans for each of these sectors will ensure that infrastructure, skills, incentives and other resources are directed towards where they have the greatest impact.

Today we will witness the signing of master plans for the poultry and the clothing, textile and footwear industries.

This will lead to the giant retailers in our economy increasing local procurement, investment and job creation.

Labour is committed to improve productivity levels.

We have identified special economic zones as platforms that can attract investors and enhance economic growth.

To this end, we have established 10 special economic zones in strategic locations around the country where investors are able to produce and export value-added products.

Investors are offered a preferential corporate tax regime, building support, employee tax incentives, favourable customs regulations and support for capital investment and training.

Yesterday, I was privileged to attend the launch of a new automotive special economic zone in Tshwane.

A partnership between the Department of Trade and Industry, Gauteng Provincial Government, the City of Tshwane and the Ford Motor Company of Southern Africa, this automotive SEZ underlines the value of strategic collaboration in the revival of our economy.

As a major boost to manufacturing, localisation and job creation, nine companies have already confirmed their intention to set up factories by January 2021, with some coming on-stream well before this date.

This will entail an investment of around R3.6 billion and the creation of 6,700 direct jobs, consolidating South Africa's position as the auto-hub of the African continent

It is a sign of the enthusiasm for this opportunity that the first phase of the automotive SEZ was oversubscribed.

A few weeks ago we launched the Mara mobile phone factory in the Dube Port special economic zone in KwaZulu-Natal following the commitment that the Mara company made here at last year's conference.

Rapid industrialisation is critical if we are to reap the benefits of the African Continental Free Trade Area, which entered its implementation phase in July this year.

This is a historic development that promises to fundamentally reshape African economies.

The Continental Free Trade Area will improve access to existing markets and lead to the creation of new ones.

This treaty will unleash the manufacturing and industrial capability of the continent as companies seek to make products for the burgeoning African market, and thereby address the absurd situation that African countries do not trade with each other.

Trade among countries in Africa is currently at 15%, compared to 47% in the Americas, 61% in Asia and 67% in Europe.

As one of our Ministers often observes: "We consume what we do not make and we make what we do not consume."

The African Continental Free Trade Area will change all that.

Another critical driver of growth is investment in infrastructure, which is being ramped up after years of decline.

To generate the funding needed for our infrastructure build programme, we have set up an Infrastructure Fund, which is being incubated by the Development Bank of Southern Africa.

With an initial investment from government of R100 billion over 10 years, the fund will leverage investments from financial institutions, multilateral development banks, asset managers and commercial banks.

Infrastructure will also be a driver of our industrialisation policies and component manufacturers across the world will find this a useful place to set up their operations.

Building on the success of our independent power producers programme in the field of renewable energy, we will be expanding opportunities for private sector involvement in other areas of infrastructure development.

Through a newly-established Investment and Infrastructure Office to be headed by Dr Kgosientso Ramokgopa, the President will ensure effective coordination of all aspects of our investment and infrastructure drive, monitor progress and clear blockages.

Steadily but surely, we are making South Africa a more competitive destination for investment by reducing the cost, and improving the ease, of doing business.

We have set ourselves the ambition of being in the top 50 countries in the World Bank's Ease of Doing Business index within the next three years.

Through the expanding network of Invest SA's One-Stop Shops we are working to remove bureaucratic and administrative hurdles to investment, providing new entrants with a single contact point for licensing and regulatory compliance.

This week we launched an integrated online platform for the fast, efficient and inexpensive registration of company.

Known as Biz Portal, this online portal promises to be a game-changer.

Through collaboration among several government agencies and with the involvement of the four major banks, it is now possible for applicants to register their company at the same time as they register for tax, a domain name, a BEE certificate, the Compensation Fund and the Unemployment Insurance Fund, and open a business bank account.

We are aiming for a registration process that can be completed in one day.

Detailed work is underway between government and industry to improve the efficiency of various permitting process, including, for example, the issuing of water use licences.

We have taken steps to provide greater policy certainty in areas such as mining, oil and gas and telecoms as part of efforts to create a stable environment for investment.

We have initiated the release of the high-demand broadband spectrum, which will bring down data costs and encourage investment.

A policy framework has been gazetted and the regulator has published its proposals.

As part of attracting skilled professionals and growing tourism, we have prioritised immigration reform and changes to the visa regime.

More countries have been added to the list of visa-free nations for inward tourism, the requirements on unabridged birth certificates for young tourists have been abolished, and we are piloting a new eVisa portal later this month.

We are now working on a smart system for work permits, for scarce skills and to encourage companies to set up their African corporate headquarters in South Africa.

As the Minister of Finance indicated in his medium-term budget policy statement last week, one of our central priorities is to return our country to a sustainable fiscal path.

We are taking several measures to reduce public spending, eliminate wastage and direct resources to where they will have the greatest impact on long-term growth and poverty alleviation.

We are committed to taking the necessary measures to stabilise the debt-to-GDP ratio over the coming decade.

Our experience over the 25 years of democracy is that macroeconomic stability and fiscal prudence is essential for investment and growth.

The security and sustainability of energy supply is critical for investment in our economy.

We have embarked on urgent far-reaching measures to overhaul the energy sector to ensure that it meets the needs of our economy and our people into the future.

These measures are set out in the Integrated Resource Plan released by the Minister of Mineral Resources and Energy and the paper on Eskom released by the Minister of Public Enterprises.

We have set out a clear process, with timelines, for the restructuring of the power utility, Eskom, into three separate entities for transmission, generation and distribution.

An immediate priority is appointing a CEO and strengthening governance through revamping the board, which we will do in the next few days.

The other key priority is to deal with Eskom's debt as part of the restructuring process and taking urgent measures to significantly improve operations, cut costs, and increase revenue.

Distinguished Guests,

Ladies and Gentlemen,

The South African investment book that we will present at this Conference illustrates just how much potential investment opportunities exist in every part of our country.

Investors do indeed have much to choose from.

There is Gauteng, the country's industrial powerhouse and financial capital, and Mpumalanga, the source of much of the country's energy brimming with opportunities in tourism and agriculture.

There is Limpopo, with its diverse mineral deposits and fertile soil, and the Northern Cape well-endowed with mineral resources and home to the largest solar farm in the Southern Hemisphere.

The North West with the world's largest platinum reserves has great potential for a mining special economic zone, the Free State with its abundant maize, wheat and livestock production, and the Western Cape, a tourist mecca whose wines are renowned around the world.

There is the Eastern Cape, a leader in automotive exports and a growing renewable energy industry, and KwaZulu-Natal, with the largest container port in sub-Saharan Africa, a thriving tourism industry and a maritime sector undergoing rapid growth.

The South Africa we are presenting to you here today is not just the South Africa of the here and now.

It is the South Africa of the future.

It is a South Africa that is interconnected, technologically advanced and sustainable.

Already, South Africa is riding the wave of scientific progress to meet the needs of citizens and overcome its developmental challenges.

To support sustainable and climate smart agriculture, farmers are using mobile applications to track their finances and to sell their produce on the open markets.

Drones are being used in crop management and pest control.

Africa's first solar powered airport is in the city of George in the Southern Cape.

Right here in Gauteng, a BMW plant is being powered in part by biogas generated through agricultural feedlot emissions and food waste.

South Africa is a land of many contrasts.

On one hand, we face substantial developmental challenges, but on the other, we are pushing the frontiers of excellence and innovation.

And we are reaching out to build partnerships within the continent and beyond.

Today will see the signing of agreements to set up business councils with Japan, following my discussions with Prime Minister Abe a few months ago, and with the United States business community.

There can be no better time to invest in this dynamic, growing economy than now.

I look forward to several companies making pledges today to invest in South Africa, by setting up greenfield operations or expanding their existing businesses.

In doing so, you will not just realise great returns.

You will also be claiming a stake in the collective fortunes of an entire nation.

The progress that has been made since we announced our investment drive in April last year owes much to the hard work of the four Presidential investment envoys I appointed to spearhead our efforts – Mr Jacko Maree, Ms Phumzile Langeni, Mr Trevor Manuel and Mr Mcebisi Jonas.

I wish to express my profound gratitude to them for the dedication and determination with which they have undertaken this task.

To strengthen this work, I have this week appointed additional special envoys to focus on specific investment areas.

These are Mr Jeff Radebe, who will focus on oil and gas, and Mr Derek Hanekom and Ms Elizabeth Thabethe, who will both focus on tourism.

Distinguished Guests,

The remarkable achievement of the Springboks in Yokohama on Saturday has inspired our nation to reach for greatness, to reach beyond the limits of the present towards the boundless opportunities of the future.

It has demonstrated the power of a shared vision and a common purpose.

As we undertake the vital task of building a thriving and inclusive economy, we draw strength from the determination of the people of this country to confront even the greatest of challenges and to prevail.

We also draw strength and encouragement from the many business people, investors and entrepreneurs who – like us – see incredible potential in this country.

I therefore invite you all to join us to make South Africa a land of stability, progress and prosperity for all.

I thank you.

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