



BUSA AND CCA ESTABLISH US-SA BUSINESS COUNCIL PARTNERSHIP

On September 29, 2009 BUSA and the Corporate Council for Africa (CCA) announced and entered into an agreement to form a new US-SA Business Partnership after co-hosting the US-SA Business Dialogue for the 7th US Africa Business Summit in Washington D.C. In attendance were DTI Minister Rob Davies and US Assistant Secretary of State for African Affairs, Ambassador Johnnie Carson who both expressed strong support for strengthened cooperation between the South African and American business communities. "Not only will this benefit the two countries directly but there is considerable scope for cooperation on the rest of the African continent," commented BUSA CEO Jerry Vilakazi who was also present along with BUSA Founding President Patrice Motsepe, and representatives from over 30 companies in SA and the U.S. "Within the next few months we will create a sustainable platform and clear agenda for advancing our relationship with CCA," said Mr. Vilakazi. "This will enable us to provide input into the Consultative Group on Trade and Investment that was established by the U.S. and the Southern African Customs Union.



RUSSIANS CALL FOR TECHNOLOGY LEAD IN SA

BUSA will be involved with the DTI in facilitating business initiatives for Russia in SA. On September 21, 2009 BUSA CEO Jerry Vilakazi, Department of Trade and Industry Minister Rob Davies and Ambassador Anatoly Makarov of Russia convened a breakfast attended by BUSA members, department heads, trade sectors and the media. Viktor Polikarpov, executive secretary of the Russia-SA Business Council identified a joint technological expansion to Africa as the biggest strategic business opportunity for Russian and South African businesses. "By putting efforts together, we could get unique market niches in many industries. Technological cooperation will secure close long-term business interaction between our companies," said Polikarpov. He also placed special emphasis on SA increasing its agro-processing and mining presence in Russia and cooperation in the automotive and coal industry.

ESKOM ADDRESSES BUSINESS

Chairperson of Eskom, Bobby Godsell met with BUSA members on September 23, 2009 where he explained the current situation facing the power utility. One of the factors leading to Eskom's recent announcement over electricity price increase was the fact that electricity in the country has been underpriced for the last 30-40 years. Additionally, while growth in the private sector had expanded over the last decades, no new power stations have been built to meet the higher demand. At present, Eskom is in a recovery mode compared to recent years even though it is still battling to survive from its losses. However despite all of the efforts to promote efficient electricity usage, the psychology of saving still hasn't worked, he said. Godsell also mentioned renewable energy sources – for example wind, solar and biomass – as well as nuclear energy as possible solutions for supplying electricity in the future. Speaking after the briefing, BUSA CEO Jerry Vilakazi said that it was clear that Eskom is still grappling with electricity issues. However he encouraged the parastatal to continue keeping business informed of its movements.

BUSA COMMENTS ON SARB INTEREST RATE ANNOUNCEMENT

The Reserve Bank's September announcement to keep interest rates at 7 per cent was met with disappointment by BUSA. "The stronger rand, stable oil prices and domestic recessionary conditions combine to suggest that a further small cut in interest rates would have been feasible at this stage," commented BUSA. It added that it would have liked to have seen the lowest possible level of interest rates consistent with control of inflation to get the economy moving again. "The Reserve Bank acknowledges that the growth outlook remains uncertain. It is necessary to assist the interest rate-sensitive sectors of the economy and nurture the small signs of appearing that the worst of the recession may soon be over for South Africa."



BUSA ANTI-CORRUPTION WORKING GROUP

South African law against anti-corruption prohibits bribery in the private and public arenas. However, what is forgotten- or ignored - is that a person ("principal") acting on behalf of the company or individual is similarly bound by law. Therefore, companies are required to ensure adequate due diligence on agents, intermediaries, consultants and contractors ("agents"). This should involve:



- A copy of the agent's CV and credentials and references;
- References from colleagues/friends/contacts in industry about using the particular agent;
- Credit background checks;
- Legal checks with the police;
- History of the agent's performance and their reputation;
- A search engine (e.g. Google) check of agent's name for any negative reports;
- A copy of audited financial statements of the agent's business;
- If an agent is in another country you may need to check with the local SA embassy on the risks of using local agents and if agent's name is on their radar;
- A copy of the agent's business card to verify their address, email, phone numbers;
- If possible visit the agent's offices and meet employees to ensure everything is legitimate;
- Enter into contract with agent, defining their scope of work, specifying their obligation to comply with local laws and not engage in any action which would breach anti-bribery laws
- Ensure agent's fees are a) permissible under local laws, b) commensurate with norms of that industry sector, c) not excessive (excessive fees give leeway for misuse), d) will be used for agent's benefit and not others associated with scope of work, e) proper record keeping/ invoicing and accounting is maintained (no off the book accounting);
- Resist paying agents fees upfront - try to stagger payments based on their achievements;
- Bonus payments should be based on actual performance, results, ethical behavior, protection of client/principal's interests;
- Deposit fees/payments into legitimate bank account (no cash hand-overs) held by agent in local country of where services are rendered;
- Beware of agents being foisted on you by another party in the contract negotiation or by government officials;
- Beware of agents who have close family relations in government or who are too close to government officials if the scope of the contract involves securing government permits, etc.
- Know your agent - how s/he operates, what s/he will be doing for you, etc. Do not turn a blind eye to any suspicious conduct.

* The first annual Anti-Corruption Business Forum by BUSA will take place on October 30, 2009 at the Sandton Convention Centre. For further information Terrence Mutavhatshindi on 011 748 8000 or terrence.mutavhatshindi@busa.org.za

UPCOMING EVENTS

FORUM ON CHINA-AFRICA COOPERATION

Businesses are invited to join BUSA and the NEPAD Business Foundation in a delegation to Egypt on November 6-9, 2009. South African Minister of Trade and Industry, Dr Rob Davies, will lead the delegation to the fourth FOCAC meeting. The FOCAC meeting will be an opportunity for business representatives to discuss the developmental and commercial relationship with China and 48 other African countries.

BUSA members that are interested in attending this can contact Lerato Nobela, BUSA Manager of Trade and Economic Policy Events on +27 11 784 8000 or events@busa.org.za by October 28, 2009. Companies should also complete FOCAC registration forms in order to participate in this delegation. They will also need to submit their company profiles and photos. The Embassy of Egypt will assist confirmed companies in obtaining visas for their representatives.



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