

E-BUSUA Bulletin

NOV/DEC 2011

END OF YEAR MESSAGE FROM THE CEO

As 2011 draws to a close, we look back on the critical work that has been done at BUSUA, communicated to you through this e-newsletter. This year saw a continued focus on our policy work to achieve economic transformation, strengthen our local manufacturing sector and create jobs - all pivotal objectives of the New Growth Path (NGP). After a slow start, the NGP social dialogue gathered momentum during the year and resulted in tangible commitments. Already, four accords have been signed covering basic education, skills development, green economy, and local procurement through which over 80 South African companies committed to support locally produced and manufactured goods. An accord on enterprise development is likely to be next. The big challenge will be the successful and timeous implementation of what has been committed.

Business has reacted positively to the recent National Development Plan launched by the National Planning Commission. Although looking at a longer term horizon (2030), it complements the NGP. It is important that the two documents talk to each other. The NPC document makes it clear that we have to get both the economics and the politics 'right' if we want to achieve a 5.4% sustainable growth rate in SA in the period ahead. Both the NGP and NPC roadmaps require close collaboration among key stakeholders in the economy.



Nomaxabiso Majokweni BUSUA CEO

Through an MOU that BUSUA has with the NBI, South African business leaders have been engaging constructively with government and members of the international business community in support of a climate change response that ensures South Africa's transition to a lower carbon, climate resilient economy which will sustain economic growth and prosperity in the country and increase South Africa's competitiveness. Through this

cooperation, business has put together comprehensive business program that will run alongside COP 17 in Durban. This also includes an expo showcasing some impressive "green" technologies that the country has.

The recent approval of our Medium Term Organisational Strategy 2012-2014 ushers in a business era that gives South Africa an opportunity to shape an inclusive business future where the focus is on a thriving, strong and competitive business landscape. At this point all indications are that this milestone is more than achievable.

I would like to wish the outgoing CEO of the Afrikaanse Handelse Instituut (AHI) Prof Stefan Coetzee, a business stalwart well, as he retires. Also Vikki Harbhajan as she leaves BUSUA after close to 5 years. We thank you and all of the best to you and your families.

Wishing you all a good festive break and a Blessed New Year!

MEDIA STATEMENTS RELEASED

BUSA COMMENTS ON Q3 GDP AND OCTOBER 2011 CREDIT DEMAND FIGURES

Both the October credit demand figures and the growth performance in 3Q 2011 provide further evidence of a relatively weak economic recovery. On the basis of recent reports from BUSA members these figures do not come as a surprise. For both external and internal reasons it is proving difficult to make the economic momentum truly airborne. As economic activity is anticipated to improve slightly in the final quarter of 2011, BUSA still expects real GDP growth of about 3.1% in 2011 as a whole. Given the deteriorating global situation and its impact on export prospects, the latest trends emphasise the need for SA to remain ready if necessary to implement additional countercyclical policies to sustain the economic recovery into 2012. (Nov 29)

BUSA URGES GOVERNMENT TO RECONSIDER THE 'PUBLIC INTEREST' DIMENSION OF THE PROTECTION OF INFORMATION BILL

BUSA urges government even at this late stage to reconsider the 'public interest' dimension of the Protection of Information Bill to allay fears that transparency and accountability in South African public affairs would be greatly weakened by the exclusion of a 'public interest' clause. As economic performance and good governance are closely bound up with each other, BUSA supports the need for transparent government and supporting institution

In particular it is widely recognized that corruption is a serious threat to the achievement of South Africa's socio-economic goals and that the free flow of information is an essential part of combating it. The recent Global Competitiveness Report of the World Economic Forum listed corruption as one of the top four most problematic factors for doing business in South Africa.

In view of the joint commitment by business and government to address the challenge of corruption – which ultimately undermines growth, employment and poverty alleviation - BUSA appeals to government to subject the new draft legislation to a 'public interest' test. BUSA believes that such an amendment will go a long way to meeting the serious concerns that have been raised. (Nov 23).

TRANSFORMATION POLICY

B-BEE



“Long awaited amendments to the Broad- Based Black Economic Empowerment Act is expected to introduce penalties for non-compliance for the first time - including for fronting - which will range from 2% to 5% of turnover depending on the severity of the offence.”

In November Cabinet approved the publication of the Broad-Based Black Economic Empowerment Act (B-BEE) Amendment Bill for public comment. The proposed amendments to the Act, as contained in the Cabinet Statement, are: (a) Enterprise Development (ED) and Procurement to be elevated with each requiring sub-minimum and enhanced recognition for ED targeted at key sectors in IPAP and the New Growth Path. (The public comment process will be communicated as soon as BUSA has the information.)

- ✓ *The amendments -approved by cabinet - propose to tighten up the law and deal with companies that had “tried to cut corners’ when it came to implementing black economic empowerment.*
- ✓ *The proposed amendments focused on three areas in addition to the introduction of penalties. The one was to elevate some of the principles in the codes of good practice to the main legislation as well as the concept of the balanced scorecard which is used for measuring black economic empowerment.*
- ✓ *Secondly the amendments would ensure that the BBBEE Act is the overarching legislative framework for issues of transformation and empowerment in the economy.*
- ✓ *These amendments will create a more consistent and aligned legislative environment.*
- ✓ *The amendment bill also proposes that a Black Economic Empowerment Commission be established, a new structure which would deal with research, advocacy education and complaints and ensure that there was proper implementation of the law.*
- ✓ *Also, the Independent Regulatory Board for Auditors - the body which governs accountants involved in public accountancy - has been identified in the bill as the main body that will oversee the verification industry and regulate its conduct.*
- ✓ *In terms of the bill the status given to enterprise development and procurement in the scorecard will be elevated into the act itself and e penalties will be imposed for non compliance with these requirements as well as a discount from the overall score. Each of these elements will require sub-minimum and enhanced recognition will be given to enterprise development which is targeted at sectors identified as key in government’s industrial policy action plan and the new growth path.*
- ✓ *The amendments also provide for the ownership elements be broadened to include designated groups in the main points. Cabinet spokesman Jimmy Manyi said this would create “greater incentives for genuine broad-based ownership such as employee share ownership, cooperatives and community ownership.”*
- ✓ *Sub-Minimum thresh-holds have also been set for each element of the scorecard except for the adjusted ownership element.*
- ✓ *The act will also be amended to adjust the scorecard for qualifying small enterprises and certain elements would be made mandatory.*
- ✓ *The thresholds for exempted micro enterprises have been changed and the employment equity element of the scorecard brought into alignment with the Employment Equity Act. The skills development element will also be aligned to the new skills development strategy and the new growth path and the targets for ownership development, procurement and enterprise have been adjusted.*



BUSA AND NACTU'S FIRST EXPLORATORY BILATERAL MEETING

Business Unity SA (BUSA) and the National Council of Trade Unions (NACTU) had a bilateral meeting at the BUSA offices during November. The meeting discussed the challenges around job creation - which has been a central theme to all engagements with the social partners. Bilateral engagement is seen as underpinning the broader social dialogue in Nedlac.

The NACTU delegation was led by its President Joseph Maqhekeni and the BUSA delegation was led by its Deputy CEO, Raymond Parsons. Salient points under discussion which both parties agreed to build on were on job creation and on the New Growth Path Accords agreed to so far. BUSA and NACTU agreed to explore ways to jointly work together to help implement the accords - on Basic Education, Skills Development and Local Procurement.

Attention was also given to practical ways and means of expediting infrastructural spending. The relationship between BUSA and NACTU is geared towards building trust between the respective constituencies and narrowing the gaps which hinder job creation and the growth of an inclusive economy.

The Social Policy Portfolio would like to remind you that today is:



HIV/AIDS DAY

1 DECEMBER 2011

AS BUSINESS,

MAKE A DIFFERENCE!

ECONOMIC POLICY



LOCAL PROCUREMENT ACCORD

Representatives of business, organised labour, the community constituency and government have concluded, through a social dialogue process on the New Growth Path (NGP), an accord on promoting local procurement. The objective of this accord is to accelerate the creation of 5 million new jobs by 2020, as well as the attainment of the goals of the Industrial Policy Action Plan (IPAP 2). The parties to this Accord recognise the important role of local procurement in promoting jobs and industrialisation. The social partners aspire to achieve a 75% localisation in the procurement of goods and services, both by the public sector and by the private sector. This Accord sets out the first steps we take together to move to the attainment of that target.

Organised Business Commitments:

- ✓ **Commitment Four:** Support for Local Manufacturing

- ✓ **Commitment Five:** Investment in Domestic Manufacturing Sectors

- ✓ **Commitment Six:** Complementarities between Private Sector Procurement and State Procurement

- ✓ **Commitment Seven:** Organised Business and industry associations initiatives

BUSA and its affiliates commit to promoting local procurement by analysing and reviewing their supply chain activities with the aim to source locally produced goods and services on major purchase items and activities.

BUSA commits that all stationery, office furniture, promotional items (including t-shirts, tracksuits, hats, jackets and other clothing items, pens, gifts, etc), will be bought from local manufacturers and consulting services and catering services will be procured from local service providers. BUSA will work with all its affiliates to formally adopt this list of items. Business organisations' auditors will be asked to verify that all these named goods have been produced locally and these reports will be made public by the organisations.

The Fourth Accord Signed

THE GREEN ECONOMY



All parties recognise the potential of the Green Economy to create a large number of jobs and committed to work in partnership to realise the potential. They agree with the goal of creating at least 300 000 jobs by 2020 in the green economy and activities that green the economy.

The opportunities in the green economy are many and varied. The following illustrates some opportunities based on current technology:

Manufacturing (or assembly), construction and installation of renewable energy plant and equipment – solar panels, trackers, mirrors, metal frames, glass, wind-turbine blades, towers, turbines, and turbine components electricity inverters and electricity co-generation through the use of by-product industrial heat.

In energy efficiency, there is the local manufacture (or assembly) and installation of Solar Water Heaters – collectors, metal frames, glass, geysers and piping.

In recycling, there are significant opportunities for the creation of small enterprises aimed at benefiting waste at landfill site – building rubble into bricks, plastic into planks and garden compost and agricultural fertilizer, extracting and using landfill gas. Waste management provides another source of opportunity in extracting re-usable resources from industrial waste streams.

The green economy involves largely new economic activities and must provide an important entry-point for broad-based black economic empowerment, addressing the needs of women and youth entrepreneurs and offering opportunities for enterprises in the social economy.

Government has a key role to play in fostering green industrial development, using existing and new tools and incentives. The public interest also requires that competitive domestic markets are created in the green economic space in order to bring costs down, spur innovation and provide choice.

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SA Workshop on South African Maritime Safety Authority (SAMSA) Tariff increase

On 21 November BUSA convened a workshop to analyse the recent 300+% tariff increase by SAMSA. Mr Sello Rasethaba, a shipping expert, gave a presentation and analysis on both the effects of the increase and the procedural and legal issues that should be of concern to business. BUSA is currently using the information gained from the meeting to formulate a formal response to the tariff increase and to interrogate the methods and procedures used to determine the attendant tariff increases. Members will be kept informed on this matter.

WTO Ministerial – Preparatory Conference

On 28 November, BUSA attended a conference to prepare for the 8th WTO Ministerial Conference in Geneva from 15-17 December. In the conference, business and labour presented initial views on various aspects of the WTO Doha Round. Business's views centred on key issues in the agriculture, Non-agriculture market access, and issues of interest for Least Developed Countries. These views have since been circulated to Members for comment before they are formalised as a submission. There was a general convergence of views on South Africa's approach to the negotiations, particularly on the importance of the Developmental mandate the Doha Round negotiations are meant to promote.

South Africa/Argentina Bi-National Commission Seminar

From 9-10 November, BUSA's director for trade policy participated in the South Africa/Argentina Bi-National Commission Seminar in Buenos Aires. Other participant included the South African and Argentine Ministers of Trade and Industry, senior government officials from both countries, and senior representatives from companies such as Standard Bank, SAB Miller, Anglo Gold Ashanti, Blue Label Telecoms. The BUSA presentation featured an analysis of the economic, trade and investment relationship between the two countries as well as views on the SACU-Mercosur Trade Agreement.

Nedlac Export Taxes Task Team

The Nedlac Trade and Industry Chamber has resolved to form a task team to explore ways of resolving the serious problems in the foundries industry and to examine calls for the imposition of export tax on their raw materials. The Terms of Reference for this task team are still under discussion and the task team will meet as soon as these Terms of Reference are finalised.

State Visit to the United Arab Emirates

BUSA participated in a State Visit to the United Arab Emirates from the 12th to the 14th of November 2011. The Visit included events and bilateral business interactions with UAE business people and organisations such as the Dubai Chamber of Commerce and the Abu Dhabi Chamber of Commerce.

South African government's approach to trade in services

The Dti tabled a paper in Nedlac, detailing South Africa's strategic approach to trade in services negotiations. BUSA has since drafted a response urging a thorough analysis of South Africa's

relative strengths and weaknesses in various sectors and promoting the establishment of a formal consultative forum for trade in services negotiations. BUSA also urged the South African government to put greater thought into South Africa's interests in accessing the services markets of other African countries and emerging markets in other parts of the world. This draft response has now been circulated to Members for comment.

Meeting with the President of the Republic of Benin

On 25 November, BUSA met with the President of the Republic of Benin, Dr Thomas Boni Yayi. The bilateral meeting with BUSA was at the request of President Yayi and was organised in conjunction with the Dti. Both the President and BUSA agreed on the importance of increasing economic ties between South Africa and other countries on the African continent. President Yayi instructed his embassy to work closely with South African business to promote the economic ties between the two countries.

Indonesian Minister of Trade

On 1 December 2011, BUSA will have a bilateral meeting with the Indonesian Minister of Trade, H.E Mr Gita Wirjawan and a business delegation. The agenda will be finalised shortly but possible topics for discussion include common positions in the WTO Trade negotiations and improving levels of bilateral market access between the two countries.

U.S.-South Africa Business Forum 2011 Highlights

The U.S.-South Africa Business Forum, a partnership between BUSA and the Corporate Council on Africa - to facilitate increased bilateral trade and investment, saw increased engagement in three key strategic areas in 2011: Lobbying for the extension of The Africa Growth Opportunity Act (AGOA), business-to-business networking platforms and support of official bilateral commercial discussions.

African Growth Opportunity Act (AGOA)

Realizing the importance of AGOA to the South African and African economies, BUSA through the U.S.-Africa Business Forum initiated numerous programs to lobby for the extension of AGOA in its current form beyond 2015. One such effort was the successful lobbying of three U.S. Congressmen in Washington on the 7th October in Washington, DC. This effort was led by a BUSA business delegation in conjunction with the South Africa Embassy in Washington, DC.

The June 2011 AGOA Forum in Zambia presented BUSA and its members an opportunity not only to publicly support the U.S. legislation but it also afforded South Africa to showcase a few of its products and services. BUSA led 12 South African organizations and companies to the Zambia AGOA Forum.

Business-to-Business Networking

As South African companies continue to expand their presence into the African continent as well as into to the Americas, B2B networking opportunities become ever more critical. BUSA in 2011 saw to place more energy into such activities, which culminated in both the BUSA President and its CEO attending the U.S.-Africa Business Summit held this past October in Washington, DC. Over 800 private sector and government officials from across Africa, Europe and the United States attended this Summit. BUSA organized and led a strong south African delegation of 25 member businesses and organizations to this conference. Members and BUSA leadership were provided key speaking roles and unparalleled networking opportunities.

In addition, BUSA fully leveraged the high level South African delegation at the Summit in Washington, DC to hold a U.S.-South Africa Business Forum Steering Group meeting. The business led dialogue focused on methods for increased structured engagement and sustainability of the Forum.

U.S.-South Africa Commercial Relations

The U.S.-South Africa Business Forum in 2011 collaborated closely with both the South African and U.S government to negotiate a revitalized bilateral trade agreement between the two countries. BUSA, CCA, along with the American Chamber of Commerce met with South African Minister of Trade and Industry, Rob Davies and U.S. Deputy USTR, Demetrios Marantis to provide business input to the proposed U.S.-South Africa Trade and Investment Framework Agreement (TIFA) on 6th June.

Both governments have requested the U.S.-South Africa Business Forum to be the representative voice of business at official bilateral discussions.



DECEMBER 2011

8 December	TransPol Strategic Session at BUSA 14H00 TO 18H00
13-14 December	State Visit to Mozambique. Contact Mr Mpho Jonas at mjonas@thedti.gov.za (tel:0123943708) or Ms Thembakazi Maziko at tmaziko@thedti.gov.za (tel:0123941903) before Friday,02 December, 2011.
15-17 December	World Trade Organisation Ministerial Meeting

This newsletter is distributed by the BUSA in-house PR and Communications desk. We always welcome feedback. Contact – Ms Masego Lehihi at masego.lehihi@busa.org.za

To read more on these and other media statements disseminated to media by BUSA, kindly visit our website www.busa.org.za - click under Press Releases.

First Floor 3 Gwen Lane, Sandton 2196.P.O.Box 652807, Benmore, 2010 Tel: 011 011 784-8000



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