

# E-BUSA Bulletin

SEPT/OCT 2011

## ACCELERATING MEASURES FOR JOB CREATION

The month of September was characterized by key and strategic engagements with both our local and international partners. On the domestic front, as the Busa leadership we held a crucial meeting with President Jacob Zuma. We discussed the importance of business unity against the backdrop of recent developments in the organised business sector which led to the proposed establishment the Black Business Council. It was however noted that such business unity should be premised on a solid foundation of a shared vision and commitment aimed at achieving the national imperatives of job creation, alleviating poverty and eradicating inequality.



**Nomaxabiso Majokweni BUSA CEO**

With the mission of job creation in the private sector, we also had a bilateral with Ebrahim Patel, Minister of Economic Development. The meeting was also in preparation for the New Growth Path (NGP) Summit scheduled for the 5<sup>th</sup> and 6<sup>th</sup> of October. We agreed to have three NGP related focus areas as the anchor topics for the NGP meetings; being enterprise development, localization and the green economy.

Also during September, Busa held cooperative bilaterals with its dialogue partners, the Congress of Trade Unions (Cosatu) and the Federation of Unions of South Africa Fedusa to try find urgent short term measures to push the goals of the New Growth Path.

Busa and the social partners have agreed to work together to find urgent solutions to the triple crisis that is facing the country, being unemployment, inequality and poverty. I am heartened that there is consensus between Busa, Cosatu and Fedusa to accelerate agreed steps flowing from the NGP to maximize job creation, as well as retain and enhance employment in a bid to stem job losses. Additionally, it was agreed to give more support to enterprise development through greater assistance to SMEs which offered the better opportunity for job creation.

The National Skills Accord agreed to by business, labour and government –one of the critical elements of the NGP will assist in creating sustainable employment.

Busa also had the opportunity of hosting the SA India Business Seminar, where, as always, we are deepening and strengthening commercial trade relations between the two countries. Present at the forum, was India Minister of State for Commerce and Trade, Honourable Jyotiraditya Scindia Deputy Minister of Trade and Industry, Honourable Elizabeth Thabethe and India's High Commissioner to SA Virendra Gupta. This meeting took place a month after BUSA and the Confederation of Indian Industry (CII) jointly organised the highly successful Engaging India Business Seminar about a month ago.

As you may be aware the U.S-Africa Business Summit hosted by the Corporate Council on Africa in

Washington D.C begins tomorrow 5<sup>th</sup> October until 7<sup>th</sup> October and will focus on bilateral trade and investment issues between the two countries. Look out for the IBSA Summit which will be taking place in South Africa from 14-18 October 2011 in Pretoria. Both these platforms serve to find deeper economic complementarities that would yield increased trade and investment locally, bolstering our export strength and create jobs.

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**President Jacob Zuma met with the Busa leadership**

#### **BUSA MET WITH PRESIDENT JACOB ZUMA ON SEPTEMBER 27th**

President Jacob Zuma met with the leadership of Business Unity South Africa led by its President Ms Futhi Mtoba, at his residence in Mahlambandlopfu in Pretoria. “The meeting was productive and constructive and I am happy that we have been able to have this overdue discussion in a frank and honest manner,” said President Zuma. The BUSA leadership briefed the President on various programmes that they are engaged in, especially to contribute to the fight against unemployment and creating jobs. The BUSA leadership also gave the President their own

perspective regarding the recent developments in the business sector which affected unity, leading to the establishment of the Black Business Council. President Zuma appreciated the briefing as he had not had an opportunity yet to meet BUSA to discuss the matter. He emphasised the importance of unity. “Unity is paramount. All discussions must lead towards unity so that we can work with unified business in pursuit of our goals of prioritising job creation, economic transformation and fighting unemployment. We stand ready to assist in whatever way we can as government. All parties must put the country first. I am happy that BUSA understands this imperative”. Ms Mtoba assured the President of BUSA’s commitment to working towards unity. The meeting agreed to have continuous engagement going forward on the matter of unity as well as to address economic issues facing the country in partnership.

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#### **BUSA ENGAGING SA AND INDIAN TRADE MINISTERS**



**Ms Elizabeth Thabete Deputy Minister of Trade, Jyotiraditya Scindia India's Minister of State for Commerce and Trade and  
BUSA CEO Nomaxabiso Majokweni**

BUSA CEO Ms Nomaxabiso Majokweni, hosted Indian captains of industry on the occasion of the SA- India Business Seminar in Johannesburg, South Africa; 21 September 2011. The Minister of State for Commerce and Trade, Honourable Jyotiraditya Scindia, Deputy Minister of Trade and Industry, Honourable Elizabeth Thabete Captains of Industry from South Africa and India were some of the delegates present. The presence of both Honourable Ministers and the Indian High Commissioner to South Africa reflects the excellent political and business relationship between our two countries.

**BUSA LOOKS FORWARD TO CONSTRUCTIVE ENGAGEMENT WITH BBC**

*BUSA was encouraged by the overall message given by the Black Business Council Steering Committee interim Chairman Patrice Motsepe early September, that the BBC was not formed to fight BUSA but instead wished to negotiate with BUSA on issues of mutual concern. BUSA is open to structured constructive engagement with the BBC on matters of common concern which contribute to strengthening a united business voice as well as the business role in achieving the overarching national imperatives of growth, job creation, inequality and povert alleviation. Given the economic challenges facing South Africa both domestically and internationally, BUSA believes urgent work needs to be done to curb the economic ills of our society.*

**ECONOMIC POLICY**

**'GROWTH PLAN' HELPS RESPONSES TO THE GLOBAL ECONOMIC CRISIS**



**Raymond Parsons BUSA Deputy  
CEO**

Mr Raymond Parsons Deputy CEO of BUSA addressed the Afrikaanse Handelsinstituut (AHI) Annual Congress in Pretoria last week, on 'The New Growth Path after One Year'. "The fact that South Africa is engaged in the new Growth Path process at present is of help in defining current and future responses to the latest global economic crisis. Given the economic uncertainties in the global economy, which could take several years to unwind, it remains essential for an emerging market like South Africa to be able to devise flexible responses to address the cyclical and structural challenges that exist," he said. For this, a 'growth plan' provided a useful framework and focus for what to do next. The global economic recovery had been hit by a number of shocks in 2011 and these would also require the crafting of skillful policies globally if a 'worst case' scenario was to be avoided, he said.

Mr Parsons said that key global policymakers needed to see what elements of hope could be discerned amidst the 'doom and gloom' and offer strong leadership. One of the major factors contributing to depressing the economic and business mood globally was the perception that political will and leadership in key economies like the US and the Eurozone countries had not yet shown themselves equal to the new economic challenges facing them. "The remarkable capacity of the global system to take severe punishment is the best reason for hoping that we will still have time to rally the constructive forces of the world to avoid a 'double-dip' recession," said Mr Parsons,

“provided there is effective political leadership and decision-making”. The forthcoming G20 meeting would be critical in this respect.

Turning to South Africa, Mr Parsons said that economic circumstances had changed since the NGP was launched a year ago. He also recalled that government, labour and business had collaborated in producing the ‘Framework for SA’s response to the International Economic Crisis’ in February 2009. This country would not escape the impact of the recent turn of events in the global economy – BUSA had reduced its forecast of real economic growth from 3.4% to 3.1% for 2011 as a whole – but as an emerging economy SA still had a margin of resilience. To get the full statement visit, [www.busa.org.za](http://www.busa.org.za) under Press Releases.

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## **A submission on STATE OWNED ENTERPRISES OR GBEs**

In September, BUSA had the opportunity to make its first submission to the Presidential Review Commission on State Owned Entities. BUSA in its submission focused on large national-level state owned *enterprises* (as opposed to state owned *entities*) which provide key infrastructure and goods, services and finance to the private sector and citizens. State owned enterprises are also referred to as government business enterprises (or “GBEs”). Examples of these large GBEs are Transnet, Eskom, the Development Bank of Southern Africa (DBSA), South African Airways (SAA) and Telkom.

BUSA believes much work remains to be done to create a firm framework for GBEs in particular, as well as a process to review the rationale of existent entities. There are undoubtedly valid and appropriate reasons to have state owned entities in the South African economy, provided their role and mandate are clear. It needs to be especially clear why any particular GBE should exist if there are private operators willing and able to provide the same goods and services. In addition, where GBEs are active in competitive markets in particular, a disciplined approach to the use of public finance is needed for these entities. **To read up more on this visit [www.busa.org.za](http://www.busa.org.za) under Press Release.**

## **BUSA COMMENTS ON SARB INTEREST RATE DECISION**

While BUSA had hoped that the sluggish economic outlook and better-than-expected consumer inflation data in August would have justified a further cut in interest rates, it understands the balance of risks that have led the SA Reserve Bank (SARB) to leave interest rates unchanged at this stage. The current sharp drop in the rand and its possible rising inflationary implications have reinforced the expected ‘wait-and-see’ approach by the SARB and encouraged the decision to keep interest rates on hold at current levels for longer.

The downside risks to the SA economy remain highly visible in the light of an uncertain and weak global economic outlook and BUSA has already also previously reduced its growth forecast for 2011 as a whole from 3.4% to 3.1%. If domestic and global economic conditions weaken again, with recession threatening, a further interest rate cut will have to be considered before the end of the year. Business confidence remains at a low level. Other policy interventions may be necessary depending on global and domestic economic trends in the months ahead.

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### ANTI-CORRUPTION

On September 16th Busa hosted its second round CEO engagement on anti corruption breakfast at the MichelAngelo in Sandton. This initiative is in partnership with the Danish Embassy (DANIDA) and the Department for Public Service and Administration. BUSA hosted its first annual anti-corruption business forum on 30 October 2009 at the Sandton Convention Centre. The 2<sup>nd</sup> annual anti-corruption forum was held on 28 October 2010 at the same venue. BUSA is currently in the preparation for the 3<sup>rd</sup> and final business forum to be hosted on 21 October 2011 at the Sandton Convention Centre.



### BUSA AND FEDUSA BILATERAL

Business Unity SA (BUSA) and the Federation of Unions of South Africa (Fedusa) held a bilateral on September 27<sup>th</sup> at Nedlac. The meeting discussed measures to create employment, skills development, education, corruption, improving the collective bargaining system and section 77 notices on acid mine drainage and toll roads. The Busa delegation was led by the overall business convenor in Nedlac, Dr Laurraine Lotter and the Fedusa delegation was led by its general secretary Dennis George. In view of the worsening unemployment problem, Busa and Fedusa agreed to find urgent short term measures that would assist to retain and enhance employment in a bid to stem job losses. It was also agreed that more support for enterprise development through greater assistance to SMEs offered the best opportunity for job creation. The social partners also shared a deep concern for the plight of unemployed youth and identified possible measures to create employment and to give adequate support to job seekers by offering them appropriate subsidies, particularly in the short term.

A 2011 independent study commissioned by BUSA shows that there continues to be very low representation of black people in general, and black women in particular, in executive positions in companies listed on the Johannesburg Stock Exchange (JSE).

The study, "A Snapshot of the Demographic Profile and Pace of Transformation of JSE listed companies" is the second such survey commissioned by BUSA in two years. The study identified the demographics of the boards and top executive positions of JSE listed companies, and compared them to the findings in BUSA's 2009 report as well as against targets set in the BEE Codes of 2007. In addition, the 2011 study assessed the transformation status of the JSE top 40 companies, ranked by market capitalization.

To get the full report go to: [www.busa.org.za](http://www.busa.org.za) under Press Releases.

## TRADE POLICY

### **Hearing on Transnet Ports Authority Tariff Increase Application**

BUSA attended the hearing on Transnet Ports Authority's latest tariff increase application. At the hearing, the regulator and the ports authority explained the methodology for calculating tariffs and outlined the procedure to follow when making representations to the regulator. The deadline for making submissions to the regulator is 21 October 2011. In light of this fact, BUSA is convening a workshop on 7 October 2011 to consolidate business's submission to the regulator.

### **US Assistant Secretary of Commerce**

On 19 September, BUSA, in partnership with Webber Wentzel Attorneys and Absa Capital, hosted the US Assistant Secretary of Commerce, Mr Michael Camunez and a business delegation with a renewable energy focus. BUSA's keynote address was delivered by Vice President Mthunzi Mdwaba. Webber Wentzel and Absa Capital gave the delegation some insight into the renewable energy industry in South Africa.

### **SADC Private Sector Workshop**

From 19-22 September, BUSA participated in the SADC Private Sector Workshop supported by the International Trade Centre, GIZ and the SADC Secretariat. The workshop was convened to discuss the role of the private sector in trade policy formulation at the regional level, to consolidate the different entities representing private sector interests at the regional level and to plan a way for the private sector to engage directly with the SADC Secretariat.

### ***Panel Discussion on Trade Agreements***

***On 22 September, BUSA participated in a panel discussion with the title on Trade Agreements: Lessons Learnt and the Way Forward. The panel discussion formed part of the 6TH LO-Norway Co-operating Partners Conference and was hosted by COSATU. BUSA's contribution focussed on the importance of thorough consultation to ensure that governments enter into trade agreements with a full understanding of the pros and cons and to ensure that they have buy-in from key stakeholders. Other issues raised include the importance of addressing trade-related infrastructure, coherence of trade-related rules, procedures and documentation as well as the importance of seeing South Africa as part of a region instead of in isolation.***

## IBSA Summit and Business Forum

### Meetings with Foreign Envoys

In September, BUSA met with the newly appointed Danish Ambassador-at-large to discuss increasing trade and investment ties between her country and South Africa as well as to discuss the South African Deputy President's visit to Denmark in October 2011. BUSA also met with the recently appointed Brazilian Ambassador to South Africa and his team in order to discuss the upcoming IBSA Summit and to exchange ideas on the BRICS grouping.

The IBSA Summit will be taking place in South Africa from 14-18 October 2011. As part of the Summit, BUSA is organising the IBSA Business Forum on the 17<sup>th</sup> of October. The venue for both the Summit and the Business Forum has been moved from Durban to Pretoria and BUSA is in the process of finalising venues, logistics and the programme. A draft programme and further information will be circulated to Members shortly. For more information, please contact Gus Mandigora at [gus.mandigora@busa.org.za](mailto:gus.mandigora@busa.org.za)



## OCTOBER

<b>4 Oct</b>	<b>Trade and Investment Opportunities between Turkey and SA Gallagher Estate</b>
<b>4-5 Oct</b>	<b>NSD Conference in Kempton Park</b>
<b>4-5 Oct</b>	<b>Social Dialogue discussion on New Growth Path</b>
<b>5-6 Oct</b>	<b>New Growth Path Meeting</b>
<b>16-17 Oct</b>	<b>IBSA Business Forum</b>
<b>21 Oct</b>	<b>Anti Corruption Forum</b>

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](mailto:masego.lehihi@busa.org.za)

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