

## **Opening Remarks by BUSA President Ms Futhi Mtoba on the opening session of the SA-Russia Business Forum Moscow 05 August 2010**

Programme Director, Co-chairs of the SA-Russia Business Council, Messrs Robert Gumede and Viktor Vekselberg, Members of the Diplomatic Community, distinguished business leaders present here today, ladies and gentlemen.

We are gathered here today on the first official state visit to Russia by President Zuma since he took office in May 2009. Russia is an important strategic partner for South Africa for many reasons and our relations date back to the days of the liberation struggle. Russia was one of the few countries which showed unconditional support for our liberation struggle; for us as South Africans that is something we shall forever hold close to our hearts.

Ladies and Gentlemen the political relations between our countries continue to grow stronger and stronger with many bilateral agreements signed between our governments on various areas of cooperation; however as far as the business relations there is a huge scope for improvement. Currently trade between our countries stands at \$500million USD and that is certainly something we cannot be proud of. As the business community, we've not been able to fully exploit the economic opportunities that exist in our respective countries. The sound and solid

political relations that exist have not yielded equivalent business relations and that poses a serious challenge and opportunity to us as business leaders to do more. We can perhaps look at the government relations and ask ourselves what is it that we're not getting right? Obviously we can not build business relations on the same premise as the political relations; however we can take a few lessons from those.

Currently there are very few Russian companies with direct investments in South Africa and the few companies that are there are mainly focused in a few mining activities; mainly manganese and uranium projects. Others have chosen to buy stakes in Canadian and US companies with business interests in South Africa. As South African business we would like to do business directly with many Russian companies and not through Canadian and US companies. South Africa is open for investments directly from Russian companies especially in long-term projects because we believe that long-lasting relations can only be built and sustained if we look beyond quick profits and focus on long term sustainability.

Ladies and Gentlemen, we must acknowledge that the business culture and the market conditions in Moscow and Johannesburg are quite different. A few South African businesses who have tried to do business in Russia have faced huge challenges and have seen little success and the

same applies for some Russian businesses who have tried to penetrate the South African market.

The reason for the little success is mainly because we've not been able to appreciate the fact that our markets are different due to our culture and history. As we seek to forge better relations going forward it is important that we do so patiently and seek better understanding of each other.

Hon Ambassador Dr Bheki Langa, SA Ambassador to Russia correctly pointed out in recent weeks in one of the publications that one of the reasons for lack of success in our business relations is because as businesses we do not share enough information with each other about our markets as a result we know so little about each other.

The SA-Russia Business Council, which we launched in Cape Town when former President Putin visited SA a few years ago, remains an under utilized critical structure for exchanging information. In the past two years, the SA side of the Council has hosted breakfast seminars in Johannesburg and Midrand respectively. Our appreciation goes to SA Minister of Trade and Industry, Dr Rob Davies and the Russian Ambassador to SA, Mr. Anatoly MAKAROV who participated in the last one last year. However, going forward ladies and gentlemen, it will be important that we hold working business information exchange meetings that will make us more aware about

business opportunities and the market conditions on a regular basis.

In the past we used to have many South African students who took part in exchange programmes with the various institutes here in Moscow and again Ambassador Langa was one of those students; and that is why he has been able to do a good job as our Ambassador here in Russia. I'm pointing this out ladies and gentlemen because We would like to see the business sector supporting the student exchange programme going forward. In addition, to the Russian business community in the room, we would like to invite students from Russia to come and study in South African Universities; our business schools are internationally accredited. Recently the Institute for African Studies of Russian Academy of Sciences which has recently entered into a working relationship with the University of Pretoria to co-operate on research projects.

In September last year, we also saw a successful launch of our satellite SumbandilaSat with the assistance of Russia. Based on this successful cooperation in the academic arena, ladies and Gentlemen there is more that we can achieve if we can work more together going forward. President Zuma and his administration have shown full commitment in working with Russia and also President Medvedev has shown commitment in building strong relations with South Africa, building on the solid

foundation that was laid by President Mbeki and President Putin a few years ago.

Ladies and Gentleman, I wish you very fruitful deliberations, today and tomorrow as well as the signing of more business ventures.

I Thank You.