

IBSA Business Summit Welcoming Remarks by the CEO of Business Unity South Africa Ms Nomaxabiso Majokweni 17 October 2011

Pretoria, South Africa

Fellow Leaders of Organised Business from Indian and Brazil. Business leaders from Brazil, India and South Africa here present, Senior officials of our respective governments, Ladies and Gentleman;

It is a great pleasure to welcome you in South Africa for the 5<sup>th</sup> Annual IBSA Business Summit, this being the second summit to be held in South Africa. I trust that you are enjoying the great hospitality that our lovely country has to offer. In 2010, the IBSA business Summit was extended to also include our fellow BRICS members Russia and China before the inaugural BRICS Summit which took place earlier this year in the People's Republic of China.

The BRICS forum which all the IBSA member countries also belong to is an important forum, but having said that it does not in any way replace the IBSA agenda which our countries jointly set out with a common understanding and shared objectives as informed by our commitment to continuously deepen and enrich our business engagement.

Today South Africa's trade is highly accounted for by our trade with major developing countries of the South including India and Brazil. This is also complemented by the increase in the investment flows not only Indian and some Brazilian companies investing in South Africa and the continent of Africa in general, but with more companies from South Africa actively taking opportunities in India and Brazil. With the solid small business sector of India and Brazil, this partnership also stands to yield the much needed results of creating genuine small business linkages.

Our relationship with India was further given impetus by our cooperation with the Confederation of Indian Industry (CII), as of late 2010 BUSA opened its doors to formally house a CII country representative to South Africa. We are open to exercising such a collaborative initiative with our Brazilian counterparts.

As the private sector, we must make the most of the opportunities provided by the strong political commitment and will demonstrated by our government leaders to improve trade and investment relations among our countries. The sectoral discussions that will take place today must come up with concrete proposals as to how we can further accelerate this.

We meet at a time characterised by an increasing global economic uncertainty which has resulted in downward revisions of growth forecasts. The sovereign debt crisis in Europe and the United States poses unprecedented harm to the global economy. We cannot pretend it is business as usual at all and here's why:

- The European Central Bank President Jean-Claude Trichet says the debt crisis in his region has reached “systemic dimensions” with sovereign risk moving from some of the smaller economies in Europe to some of the larger ones. He said the ECB has reached the limits of what it can do to support financial markets and it was now up to governments to grapple with the persisting debt crisis in the euro zone. The IMF is also being called in to assist.
- Madame Christine Lagarde said at the recent G20 Meeting of Finance Ministers “emerging economies - whose growth helped support the world economy during the last global crisis - are now starting to be affected by weaknesses in the advanced economies”
- Things are changing, particularly in the developed economies. The financial economy (interest rates, stock prices, foreign exchange rates) is no longer necessarily a reflection of the real economy (growth, profits, job creation). This is because there are two fears that haunt the financial economy right now: Fear of recession and fear of sovereign default.

- The Banking sectors amongst IBSA countries all survived the banking crisis; however our exposure to European sovereign debt poses a serious concern.

Our respective governments and central banks have and need to continue making bold fiscal (with good debt/GDP ratios) and monetary moves that sustain our economies in challenging times. Of particular importance are those policy interventions aimed at stimulating the real economy. These steps need not cut capital expenditure, as this is a key stimulus for economic growth, but rather they should be measures to avoid a fiscal debt crisis.

Emerging economies like ours, even though not enjoying the high growth levels they have been experiencing in the past few years, remain a frontier of hope and economic resurgence. Current growth rates, albeit slightly reduced, as well as investment trends by our companies between our three nations bear testimony to the business sense south south economic relations make. As businesses in developing economies, we need to continuously build on the business engagements that will ensure sustainability well into the future, well beyond the current weak global economic outlook.

The sector discussions that will take place today which include, energy and climate change, mining, agriculture and

agroprocessing, healthcare and pharmaceuticals, infrastructure and financial & other business services must come up with recommendations that will guide us to navigate the road ahead.

Obviously an enabling environment to do business is critical but it is those firm level critical decisions that we, as businesspeople, make on a daily basis that will ensure greater contribution of our firms and sectors to our respective countries' GDP's, thereby creating jobs, and enterprises capable of competing globally, whilst growing shareholder value and improving all other firm performance and position ratios.

In less than 40 days the world will convene in Durban for the 17<sup>th</sup> United Nations Conference of Parties on Climate Change to find solutions to this new major challenge facing the international community.

Business has a major role to play in bringing about new innovative ways of doing business, in a way that protects the environment for sustainable growth and development.

We extend the invitation to our Indian and Brazilian counterparts to attend the business events scheduled on the side-lines of COP17 particularly the international business day celebrations which will take place on the 5<sup>th</sup> of December.

Ladies and Gentlemen: I would like to take this opportunity to wish you well in your sector deliberations. We trust that the time that you are going to spend here in South Africa will not only be enjoyable but will also be productive and fruitful.

I Thank You!!