

**PREPARATORY MEETING
SOUTH AFRICA-SAUDI ARABIA BUSINESS COUNCIL**

**THURSDAY 14 JANUARY 2010
CAPE TOWN
11H00-13H00**

Chair: Dr Iqbal Survé, Sekunjalo Group

Participants: Mr Sadiq Jaffer, Department of Trade and Industry
Mr Faizel Motlekar, M5/Motlekar Investments
Mr Roger Latchman, PKF
Mr Jörn Falbe, Petro SA
Mr Mxolisi Landu, Petro SA
Ms Catherine Grant, BUSA

Apologies: Mr Dean Lowe, Sasol
Mr Jerry Vilakazi, BUSA

1 Welcome

Dr Survé welcomed all the participants and noted the apologies. He outlined the agenda for the meeting and it was adopted without change.

Dr Survé explained that he had contacted all those companies that had been present at the last meeting of the South Africa-Saudi Arabia Business Council. He had also received expressions of interest in joining the Council from others, including KPMG in Saudi Arabia. Dr Survé had also contacted the Saudi members of the Council to check on planning for the meeting in Riyadh. He had received a response from the Executive Manager of the Chamber of Commerce and was expecting to receive an agenda and delegation list early next week.

2 Upcoming Visit to Saudi Arabia

Dr Survé asked Mr Jaffer to provide a status report on planning for the visit to Saudi Arabia from 21 to 28 January 2010.

At the outset Mr Jaffer noted that it would be a major achievement for the South Africa-Saudi Arabia Business Council to hold its second meeting during the upcoming visit. This marked a real commitment from the South African members of the Council and showed a realisation of the importance of Saudi Arabia in the Middle East. There are many business opportunities in Saudi Arabia but South Africa has been losing out on trade and investment. Building personal relationships is fundamental for doing business in Saudi Arabia and the Council is an important platform for encouraging linkages between the two communities. The first meeting of the Council had been held in South Africa in early 2009 and it was envisaged that there would be at least one meeting a year in alternating locations.

Mr Jaffer emphasised the need to have focussed objectives for the visit to Saudi Arabia. **The dti** has identified mining and infrastructure as two possible key sectors. South Africa could also learn from the model for economic cities used by Saudi Arabia.

In order to strengthen the Council, the business interactions between the two countries should take place under its banner. For example, the visit to Saudi Arabia later this month is tied to the MENA EX event in Jeddah which focuses on mining and related services. There will be a South African presence exhibiting at MENA EX.

Mr Jaffer went on to outline the programme for the visit as follows:

Thursday 21 January	Arrive in Jeddah Accommodation: Hilton Hotel
Friday 22 January	Arrive in Riyadh from Jeddah Accommodation: Holiday Inn South African delegation briefing (either in Jeddah or Riyadh) Initial interaction between the South African and Saudi Co-Chairs of the Council
Saturday 23 January	Meeting of the Council, including presentation of opportunities in South Africa One on one meetings between business participants (if required and possible) Return to Jeddah
Sunday 24 January	Official opening of MENA EX
Monday 25 January	South African seminar for business community in Jeddah
Tuesday 26 January	Closing of MENA EX
Wednesday 27 January	Site visit to the King Abdullah Economic City on the outskirts of Jeddah
Thursday 28 January	Return to South Africa

Dr Survé noted that he will be leaving Saudi Arabia on 26 January for Davos. Mr Latchman also noted that he would not be able to travel to Saudi Arabia due to other commitments. Ms Grant added that there were a number of other participants who would be joining the delegation and that it would be important to include them in

the briefing at the beginning of the visit. She also asked that **the dti** check if all South African delegates were registered to attend MENA EX if they were interested.

3 Current Economic Relationship between South Africa and Saudi Arabia

Mr Motlekar observed that there was already some investment activity underway between the two countries. He would personally be signing four agreements during the upcoming visit. The Saudis were clearly interested in South Africa and were already investing in property and tourism. South Africa is an appealing destination due to its stable financial markets and the security provided for the assets of foreigners. There was scope to explore possible equity deals and joint ventures.

Based on his experience in doing business with Saudi Arabia, Mr Motlekar supported the points made by Mr Jaffer about the importance of developing strong personal relationships with the Saudi business community. He also noted that protocol is an important factor for Saudis and that this had caused some difficulties for visitors to South Africa who were not accorded the expected courtesies.

Ms Grant explained that Saudi Arabia was an important trading partner of South Africa. In 2008 Saudi Arabia was South Africa's 39th most important export destination (approximately R2.8 billion) and 5th biggest source of imports (approximately R46 billion). The trade balance is strongly in favour of Saudi Arabia but exports to South Africa are mainly oil and petroleum products together with chemicals. South Africa exports metal products and a variety of food and agricultural products. BUSA had sought information from South African traders so as to get a better understanding of their relationship with Saudi Arabia. The importance of personal relationships had again been emphasised and exporters had made a specific suggestion for South Africa to consider setting up a trading house in Saudi Arabia that could assist in facilitating South African exports. It was felt that such a presence on the ground would make a big difference in deepening the understanding of what South Africa has to offer and in building the necessary relationships.

4 Role and Activities of Business Council

Dr Survé drew the attention of participants to the terms of reference for the Business Council that were signed at the last meeting in Johannesburg. He suggested that the status of the Council needed to be elevated in South Africa among both business and government. This could be done by raising the profile of the Council through, for example, an interactive website and by allocating the resources necessary to run the Council in South Africa. A concrete objective of the Council should be to identify key investment projects that can be presented to the Saudis and that will bring broad benefits to South Africa. With regards to the protocol difficulties referred to by Mr Motlekar, it was suggested that the Council should communicate with the relevant government departments in order to see if improvements can be made in this regard.

Dr Survé proposed that following the visit to Saudi Arabia at the end of the month, representatives of the Council should meet with the Ambassador of Saudi Arabia in Pretoria. Ms Grant suggested that another possible activity for the Council could be road shows in key business centres in South Africa that provide information on opportunities for growing trade and investment linkages with Saudi Arabia. The

Ambassador could be invited to participate together with **the dti** and business people who have experience in the market.

It was agreed that it was important for the Council to provide overarching information to the Saudi business community on the regulatory and economic environment in South Africa. Mr Latchman offered to provide a publication on doing business in South Africa that could be taken on the visit to Saudi Arabia. Mr Landu noted that it was important to emphasise the strengths of the South African system, including financial stability and an effective judiciary. Mr Motlekar advised that such presentations should be kept short.

Dr Survé proposed that consideration should be given to encouraging South African companies to have a secondary listing on the Saudi stock exchange. The Council could usefully begin to explore this idea by visiting the stock exchange. In addition, the Council should establish links with the Islamic Development Bank. Mr Jaffer mentioned that **the dti** had already started talks with the Saudi Arabia General Investment Authority (SAGIA) about a possible cooperative MOU that would enable exchange of staff and project information. Dr Survé asked that SAGIA be invited to make a presentation to the Council that includes identification of barriers faced in investing in South Africa.

Dr Survé summed up the discussion by noting that the upcoming meeting of the Council is likely to focus on strengthening process issues. A re-commitment is required from the Saudi Co-Chair of the Council who has not been in communication since the first meeting in South Africa in February 2009. Work needs to be done on the website and setting up a calendar for the activities of the Council. Dr Survé will arrange the printing of a booklet for the upcoming visit that includes photos and biographies of participants and company profiles. These should be sent to Vanessa in Dr Survé's office. Ms Grant suggested that the South Africa-Russia Business Council could provide a useful model in this regard and she would provide the website link to participants.

5 Other Business

Mr Latchman informed the meeting that the next Gulf-Africa Summit would be held in Riyadh from 24 to 25 April 2010. It was agreed that it would be important for the South African side of the Council to have a presence at this meeting.

Mr Falbe explained that Petro SA was planning a large refinery project at Coega that might be specifically of interest for Saudi Arabia. He indicated that once approval for the project was received (perhaps in February 2010) then it could be presented as part of the work of the Council.

6 Closing

Dr Survé closed the meeting and invited participants to continue discussions informally over lunch.