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New Year's Message from the CEO, January 2010

For business and for South Africa, 2009 was a watershed year. SA was for the first time in many years in a technical recession which continued to spiral fuelled by the global economic crisis. The combination of the economic crisis and preparations for elections shadowed the beginning of 2009 with uncertainty and expectancy. The elections went well without any serious incident and the new cabinet of President Zuma was received positively by the markets locally and internationally.

In February 2009, business, government and labour jointly concluded a framework for South Africa's response to the global economic crisis – a plan aimed at cushioning the most vulnerable members of society from the effects of the recession and minimizing job losses. Despite the rocky economic environment, declining revenues and increased liquidations business continued to forge ahead through the year.

By the third quarter of 2009, South Africa showed economic growth of 0.9% and inflation had dipped into the target band. BUSA believes that South Africa has technically ended its recession. However, while the signs are positive, the reality is that our economy remains weak. Recovery will be slow, linked largely to the pace of global recovery, and employment is likely to lag behind the economic resurgence.

2010 brings South Africa not only the hope and fever of the FIFA World Cup, but the increased spending related to it. Tourism and tax income generated by the event will boost our economic recovery. We expect property prices to increase this year and more investments to start flowing to this sector fuelled by increasing consumer confidence and low levels of inflation. BUSA will continue to work through Business Against Crime in collaboration with the Police to ensure a safe world cup.

For BUSA, the year ahead will be used to build on our successes of 2009. We will continue to fight for a corruption free society through our comprehensive anti-corruption programme, which will run over the next two years in partnership with the Department of Public Service and Administration and the Danish Embassy.

We will intensify the work we began last year with the Competition Commission to promote competitive behaviour in South Africa, without which our economic growth will be restrained. We urge our members to take a lead in taking a stand against anti-competitive behaviour and expose such tendencies where they exist. Similarly, where state owned entities

We will continue to advance the interests of South African businesses internationally by supporting high level initiatives of government to promote South African business abroad. In 2010 BUSA will follow up on initiatives flowing from trade missions undertaken in 2009 to Angola, Brazil and Zambia to ensure that concrete outcomes result for South African companies. We will strengthen our partnership with the Corporate Council on Africa through the SA-US Business Forum to advance our interests in Africa in partnership with the CCA where opportunities present themselves for joint initiatives and investments.



We will work together with key constituents to investigate further measures to ease the strain on small enterprises. Steps have already been taken to establish a small business desk under BUSA's newly formed Chambers of Commerce and Industry Standing Committee, and we have supported the procurement of locally produced products, particularly by large firms from small companies to encourage the development of local SMEs. We remain concerned about the challenges in some of our member organizations and particularly want to encourage the leadership of NAFCOC to find a lasting solution to the issues that plagued the organization in 2009. BUSA remains committed to work with NAFCOC in serving their members most of whom are small enterprises.

We will engage with government on our concerns regarding energy supply, and Eskom in particular, and South Africa's commitments to reducing greenhouse gas emissions stemming from the Copenhagen meeting. We will continue to advocate for de-regulation and for independent power producers as a long term solution to energy security in SA. In a few days, we will present our submission to the NERSA public hearings on the Eskom tariff application.

We will, through the BUSA Parliamentary Office, ensure that the viewpoints of business are heard by our law makers through formal and informal engagements in Parliament.

The BUSA task team on health reform stands ready to engage with government on the national health reform policy once the NHI document is released by the Minister. BUSA supports initiatives that seek to improve access to quality health care by all South Africans in an environment where both public and private providers play a meaningful role.

As affirmed by President Zuma, Nedlac remains the key centre of policy negotiation and we reiterate our call to members to ensure senior representation in our Nedlac teams. We will soon be announcing the Overall Business Convener who will lead our teams at Nedlac. We welcome the appointment of Prof Richard Levin as Director General for the Department of Economic Development and look forward to work with him as we hope to move away from a defensive strategy against the global economic crisis towards crafting a new economic recovery path for SA. Unemployment has risen to un-acceptable levels in the past year – with the loss of over a million jobs. We want to encourage our members in their respective sectors to help us in the search for a growth path linked to job creation and poverty alleviation.

Economic transformation remains one of our key strategic deliverables for 2010. BUSA will work very closely with government and the recently appointed BBBEE Advisory Council to fast track the implementation of the Codes.

This is an election year for BUSA leadership. We will soon be sending out communication on the process to be followed prior to the AGM. Four positions will be affected – President and three Vice-Presidents.

Very best wishes for a productive and rewarding 2010!

Jerry Vilakazi
Chief Executive Officer
Business Unity South Africa