

BRAZIL – SOUTH AFRICA ROUNDTABLE BUSINESS FORUM

8 OCTOBER 2009

ADDRESS

**MR JERRY VILAKAZI
CEO OF BUSINESS UNITY SOUTH AFRICA**

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- Thank you Mr Moderator.
 - Honorable South African Minister of Trade and Industry, Dr Davies; Chairman of the Board of the World Trade Centre, Dr Silva; Captains of Industry and Ladies and Gentlemen
 - I am very pleased to be here in Sao Paolo today to participate in this business forum.
 - This is the second state visit by South African President Jacob Zuma since he took office earlier this year and we in business are extremely pleased that he chose Brazil as his destination.
 - Not only did it give some of our delegation a chance to enjoy the
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- beaches of Rio but it is an opportunity to cement our growing economic partnership.
 - In 2008 Brazil was South Africa's 14th largest source of imports and the 25th most important market for our exports – with total trade of approximately R19.4 billion or \$2.6 billion. These figures represent roughly an average growth in the trading relationship of 35% since 2007. Brazil was our second most important trading partner in the Americas in 2008 – with the U.S. number one.

- The first half of 2009 has unfortunately seen a drop in the level of South African exports to Brazil but Brazilian imports have continued at a steady level.
- South Africa's current exports can be broadly classified as automotive components, chemicals and machinery. We import from Brazil mainly agricultural products, machinery, and aircraft and automotive components. This is positive from the perspective that, while trade levels are not particularly high in overall terms, there is a strong leaning towards value-added products rather than just raw materials or commodities.

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- I am sure that the Minister will speak about a recent study that has been commissioned by his Department to look at the trade opportunities for South Africa in Latin America. The results will only be presented next week but from what we understand the research has indicated that South Africa has the potential to export approximately \$200 billion to the region, including Brazil.
- This is heartening news. The private sector is keen to explore real opportunities to grow trade between our countries. We will be able to take advantage of the tariff preferences that have been negotiated between Mercosur and the Southern African Customs Union (SACU) when the Preferential Trade Agreement (PTA) enters into force. South African business would like to urge all the governments involved to move quickly through the ratification process so as to ensure that the PTA is implemented as soon as possible.
- From a trader's point of view, it is also important to move beyond simply a discussion on tariffs and to look at ways in which we can

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address non-tariff barriers (NTBs) and improve the facilitation of trade.

- Some progress in this regard has already been made through the trilateral cooperation between India, Brazil and South Africa under IBSA. Agreement has been reached on the need to harmonise certain standards and technical requirements. There have also been steps taken to strengthen cooperation between our customs administrations as well as to address logistical challenges facing maritime and air transport between our countries.

10 • South African business welcomes these moves and BUSA has been pleased to have been an active participant in the IBSA Business Council, together with CNI from Brazil.

- Mr Moderator. It is much more difficult to quantify the investment relationship that exists between our two countries but there have been a number of South African companies that have ventured into the Brazilian market. These include Standard Bank, Aspen Pharmacare, Anglo Gold Ashanti and Bosch Projects [involved in the sugar industry].

20 • Some of these companies and many more are with me here today. This is one of the largest South African business delegations to travel on such a mission with our Head of State. There is no more concrete demonstration of the strong support for the development of the economic relationship between Brazil and South Africa than such a strong showing from the private sector.

- We are here today with representatives from a broad cross-section of South African business. There are companies in agro-processing,

banking, financial services, oil and gas, automotives, health care, pharmaceuticals, aviation, mining, energy, tourism, education and construction. Some of South Africa's largest companies are represented here. There are also many emerging players who are keen to diversify their investment portfolios and who are here to listen with interest to the project proposals.

- What is particularly pleasing for me is to see a number of key services sectors represented as I believe that there is real potential to grow the trade in services between Brazil and South Africa.
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- South Africa has much we can learn from Brazil in this regard. Brazil has been at the forefront of public-private partnerships aimed at developing skills, growing technical capacity in research and development, as well as promoting trade and investment. From our perspective there would be no better model for a developing country like South Africa than Brazil as many of the same social and economic challenges are confronted by our societies.
 - Mr Moderator. No country has been spared the impact of the global economic crisis. Thankfully South Africa has relatively robust financial institutions and we did not see the severe repercussions that were felt in other parts of the world. We are however being challenged by increasing levels of unemployment and a much slower rate of growth in the economy as a whole.
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- We do expect a recovery and BUSA is working with our social partners to take the necessary steps to ensure that this is the case. Our Trade Minister Dr Davies has been clear in voicing his view that in light of the global crisis we should now be exploring creative ways of

strengthening our relationships with partners in the South, including Brazil.

- The timing is perfect. The bilateral relationship between Brazil and South Africa is now experiencing a renewal. This visit is a clear demonstration of the increased intensity at a political level.
- It is now up to us as the private sector to build on the momentum created by our political leaders and seize the opportunities that are opening up.
- We welcome consideration of a bilateral trade and investment promotion agreement by our governments. BUSA is also exploring ways to strengthen its links with our partner organisation in Brazil – the National Confederation of Industries - CNI. We hope in the future to be able to formalise our cooperation and commitment to growing the economic partnership between our two countries.
- It has now been fifteen years since democracy came to South Africa in 1994. We strongly believe the time has come to forge a new economic partnership between two key economies of the South. Brazil and South Africa are both uniquely positioned to be at the forefront of the growing relationship between the continents of Latin America and Africa. It is our responsibility as business to share our respective experiences and to search for new ways in which to cooperate for the development of our regions.
- In 2010 South Africa will host the FIFA Soccer World Cup. This will be our chance to show the world that our continent is capable of staging a truly world class event.

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- We had heard that the English invented football and that the Brazilians perfected it. Earlier this year we got to witness this first hand when there was another victory for *A Seleção* [Brazilian nickname for their soccer team] in the Confederations Cup.
- In 2010 we simply hope to show that South Africa was destined to host the best of the beautiful game. If Bafana Bafana are not quite ready to be world champions by next year then perhaps we will have a chance in Brazil in 2014!
- Again, let me thank our hosts here at the World Trade Center Sao Paulo for welcoming us here today. We look forward to a fruitful engagement with you all during the rest of this meeting.
- Thank you. Obrigado.

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