

BUSA Meeting with Minister of Trade and Industry
Dr Rob Davies
13h30-15h00 Monday 15 June 2009

BUSA Welcome
Talking Points

- Honourable Minister, on behalf of Business Unity South Africa, I would like to welcome you, Deputy-Director General Xavier Carim and other officials from the dti here today. This is the first of a programme of engagements between the BUSA membership and Ministers. We believe that it is very appropriate that it is in the area of trade and industry that we start our discussions.
- There is no doubt that the global economic crisis is at the forefront of everyone's thoughts at the moment. Trade and industrial policy can be used to offset some of the negative impacts of the crisis. When I attended the G20 business leaders meeting earlier in the year, the emphasis was placed on ensuring that highly protectionist measures are not used as an easy way out. BUSA was pleased to see this point reiterated by President Zuma recently as well as his commitment to progressing the Doha Development Agenda at the World Trade Organisation.
- I will not take up much more time, Minister, as people have come to listen to you and to engage on issues of specific concern for business. We have asked you to address four points which I would briefly like to introduce.
- First, we would be interested in your thoughts on how the new economic cluster within government will operate. It is still not clear to business how responsibilities for trade and industry issues will be divided between yourself and the new Minister for Economic Development, Ebrahim Patel.
- Second, there have been a number of recent developments in the area of trade policy that are of concern for BUSA members. The signing of the interim Economic Partnership Agreement (EPA) with the

European Union (EU) by Botswana, Lesotho and Swaziland has serious implications for Southern Africa's economic relationship with Europe as well as for our regional integration agenda. We would be keen to hear your views on where to from here and specifically what steps will be taken within the Southern African Customs Union (SACU).

- Staying in the region, we understand that later this week you will host SADC Trade Ministers in Cape Town. BUSA has already sent you a letter setting out our views on some of the issues likely to be discussed. I would just like to reiterate that we are firmly committed to the full implementation of the SADC Free Trade Area and believe that this should be the priority for the region rather than discussions on a possible customs union. BUSA has appreciated the opportunity to participate in a number of SADC meetings this year but we were disappointed that other members have not followed South Africa's example and reached out to their private sector. We hope that you will be able to encourage your colleagues to involve business more in discussion of fundamental regional issues. BUSA will be playing its part by working closely with our colleagues in SADC in advance of the next Summit to be held in Kinshasa.
- Honourable Minister, you have recently emphasised the importance of strengthening South-South trade linkages. BUSA agrees that this is a useful area of focus and we will be actively undertaking research and pursuing trade and investment promotion activities in the coming months. It is clear that there is still considerable scope to engage with our partners in other African countries and we also remain a committed partner in the India-Brazil-South Africa (IBSA) process.
- In addition, business would like to make sure that South African exporters remain well placed to take advantage of the expected recovery in traditional markets. The US and Japan have been identified as two countries for particular focus this year.
- Coming to the third point, Minister, BUSA has always argued that South Africa would benefit from greater alignment between trade

and industrial policies. We are looking forward to having the opportunity to comment on the trade policy review that is currently being prepared by the dti.

- With regards to industrial policy specifically, BUSA notes that there has been limited progress with the implementation of the industrial policy and its accompanying action plan. We eagerly await details of the IPAP review, which we are advised has been underway for a few months now. We are particularly interested in using the review report to work with government on implementing some elements of IPAP.
- The following are areas of particular concern:
 - The design and implementation of an Industrial Upgrading Programme to deepen manufacturing capabilities is still not yet finalised.
 - A revised suite of industrial financing instruments to support the industrial policy have not been tabled for discussion. We would like information on the envisaged timeframes for this work to be completed.
 - The development of a State Owned Enterprise (SOE) Pricing and Procurement Framework is still outstanding. The SOE Pricing framework is important to address the pricing issues in our economy. This discussion must also occur in the context of developments with Eskom, Transnet and other SOE's. Closely related to this point is the need to finalise ports and rail investment plans.
 - The role of development finance institutions (DFI) has been identified as an important part of our industrial policy. In this regard modalities with the Industrial Development Corporation (IDC) must be reached to assist in supporting financing.
 - Issuing of water licenses remains a challenge for business

- We require certainty about the implementation of a telecommunications pricing model which will support investment and economic growth.
- Minister it is our view that the implementation of the above mentioned actions can be useful in bolstering South Africa's competitiveness thus preparing our economy for the upturn in the global economy.
- As you know, BUSA was an active participant in the negotiation of the Framework on South Africa's Response to the Global Economic Crisis. We remain committed to engaging with our social partners in government, labour and community to ensure that this Agreement is implemented. BUSA is hopeful that it may be possible to now move forward quickly in a number of key areas that have been highlighted for priority action, including support for distressed sectors, addressing procurement issues, adopting appropriate social measures and taking the necessary steps to help workers retain their jobs and skills.
- The fourth and final point we would like you to address today Minister is Broad Based Black Economic Empowerment (BBBEE). Here our members are specifically interested in:
 - An update on the appointment of the BEE Advisory Council, including its terms of reference.
 - The long overdue alignment of the Preferential Procurement Policy Framework Act with the BBBEE codes or even the possibility of repealing the PPPFA.
 - Gazetting of sector charters with special emphasis on the progress with regards to the financial sector charter.
- BUSA is excited to partner with the dti in producing an annual report on the status of BBBEE implementation in South Africa.
- Following this meeting Minister BUSA will send a more detailed paper to you setting out our views on all of these issues.
- Thank you.