

UK-SA BUSINESS FORUM

**2-5 MARCH 2010
LONDON, UNITED KINGDOM**

JOINT OUTCOMES

The ministers of both countries in their opening speeches set down the challenge to DOUBLE TRADE between our two countries. There was a huge appetite among the business communities to meet or exceed this objective. This enthusiasm was substantial and mechanisms exist through the biennial South Africa - United Kingdom Bilateral Forum to verify the progress actually being made.

In the discussions, there were common cross cutting themes:

The first is the consciousness that both South Africa and Britain are gateways or bridgeheads to our neighbouring regions. The European Union represents a market of over 500 million people. Already, 4 out every 5 South African investments in Europe are invested in Britain. Likewise South Africa is the hub for the Southern African Development Community – a market of over 300 million people - so South Africa is the right entry point for British inward investment in the SADC region and further north.

The second cross cutting theme is growth of skills, not just in general, but through specific programmes ranging from youth development to the mutual recognition and attainment of internationally standardized professional qualifications in all sectors. This is a powerful enabler of two way staff exchange between South African and British businesses which greatly enriches both countries

The third and final cross cutting theme was public private partnerships and related innovative financial arrangements. There is considerable expertise here in the city of London as well as in Africa's financial hub in Johannesburg. The clarity of purpose expressed in the Industrial Policy

Action Plan presented by The Honourable Rob Davies, Minister of Trade and Industry linked with private sector financial ingenuity brings the real prospect of rapid and effective financing of health, infrastructure and energy – including the longer term objectives of energy security, self sufficiency and sustainability which are huge issues for both our countries

There were seven specific sectors covered:

Infrastructure/Engineering

- Business delegates called for integrated, long term infrastructure planning as a basis for capacity building, skills development and to provide signals for where inward investors should locate.
- Several sectors referred to the need for more expertise in international purchasing and contracts. This is primarily to ensure that industries and utilities become price setters not price takers for internationally traded bulk items such as treatment chemicals in the drinking water industry. A further opportunity here is to enable social development objectives such as broad based black economic empowerment to be moved forwards transparently and rapidly through the medium of international procurement.
- The final point here was to grow maintenance activity to keep pace with our massive infrastructure investment programmes. A clear opportunity here lies in the 20 year programme to renew all 8600 railway carriages by the Passenger Rail Agency of South Africa – a huge investment over a long time wherein new factories can be built for vehicle construction and maintenance in South Africa providing the right contractual arrangements are specified from the start. This approach fits perfectly with the Industrial Policy Action Plan, similar approaches are mature in Britain and once established in South Africa they bring the opportunity to become the maintenance hub for the entire region.

All three of these initiatives are flourishing now and the fresh opportunity is to spread them into other sectors

Higher Education and Skills

- Businesses strongly endorse greater collaboration between education institutions in South Africa and Britain including re-skilling and raising the status of vocational education and training, through teacher and student exchanges as well as twinning programmes.
- Youth unemployment remains a serious concern in both countries. The private sector encourages the exploration of creative means to ensure the greater participation in the formal economies of Britain and South Africa, by young people including the use of targeted incentives.
- The experiences of both Britain and South Africa in the use of **e-learning** technology could usefully be shared in order to grow its educational coverage and impact, especially in the remote rural areas of both countries.

These initiatives are already happening through business-to-business relations but there is an opportunity to catalyse the pace through government-to-government encouragement.

Energy

- Business welcomes the plans for the reform of the power market structure and the role of independent power producers in South Africa, presented by Minister of Energy and the Acting Chairman of Eskom. This programme will provide new opportunities for private sector investment from Britain and elsewhere across the energy spectrum including fossil generation, the whole nuclear cycle, renewables, smart meters and smart electricity grids.
- The primacy of coal in South Africa was recognized and it was agreed that there is mutual benefit in jointly developing coal clean-up and carbon sequestration technologies.
- Both the UK and South Africa are committed to greater use of renewable energy. UK has experience of wind, biomass, wave, landfill gas and other sustainable energy sources and like South Africa is interconnected with a multinational electricity network.

Both countries have large, world class generation and transmission companies so consideration will be given to the UK hosting an international seminar in South Africa on energy system integration

and trading with specific reference to the wider Southern Africa Development Community.

Natural Resources

- South Africa remains a “treasure trove” of mineral resources and this sector will continue to be a key pillar of South Africa’s economic development with significant opportunities for British investors. Challenges remain with regard to the regulation of JSE listed companies and foreign exchange restrictions.
- New opportunities were highlighted with regards to mine ventilation and cooling, health and safety, dust control, and treatment of waste water where there is relevant British expertise.
- Bulk transport presents considerable challenges but can be obviated in the medium term through greater beneficiation of the raw products.
- Community development around mines remains fundamental for South Africa and British investors are encouraged to actively explore the different options available.

ICT

- Noting the importance of efficient, accessible and reliable ICT infrastructure for doing business, the delegations agreed on the need to partner, invest and promote access to broadband and other related, ICT services especially by small businesses.
- Business demonstrated a clear commitment to finding opportunities for collaboration and investment in the ICT and BPO sectors. It is recommended that this be facilitated by UKTI and the dti.

Financial Services

- Financial institutions should strengthen the links that already exist, e.g. between LSE and JSE, to enhance the financial skills of employees in this sector through the interchange of professionals.
- There is a specific opportunity in South Africa for the development of a sustainable venture capital system. Traditionally the market

has been seen as too risky but UK companies are encouraged to fill this gap, particularly in the mining sector.

- UK companies can help in increasing financial literacy among small business and access to microfinance in the commercial and agriculture sectors.
- With the visit of the Lord Mayor of the City of London to South Africa hosted by UKTI later this month many of these issues will be progressed.

Health

- Noting the slow flow of investment by UK companies to the South African healthcare sector, business resolved to explore more partnerships and exchange information in the areas of PPPs and the supply of medical equipment.
- It was proposed that seminars in the UK and South Africa be held to develop partnerships and encourage investment in the healthcare sector.

The delegations agreed on the importance of promoting greater linkages between the business women of South Africa and the UK. The networking event hosted by the UK Women in Business network for participants led by the President of the South African Businesswomen's Association provided a unique opportunity to exchange experiences and ideas.

In conclusion, the South African delegation thanked the hosts – UKTI - and the British business community for showing such warm hospitality during their visit.

The business communities of the United Kingdom and South Africa look forward to following up on the contacts that have been made in London. A plan of action will be developed to implement the specific activities identified at the Forum. It was agreed that more trade missions would be organized and that the participation in relevant events by business would be strengthened.

With South Africa hosting the FIFA World Cup in 2010 and London the Olympics in 2012, greater cooperation is encouraged so that the business

communities of both countries can build on the legacies of these important events.

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