

INSIDE THIS ISSUE

Spotlight: Business Economic Indaba (BEI) 2020
Looking ahead

KEY: STRATEGIC DRIVERS

-  Transformation
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-  Social security
-  SME development
-  Energy
-  Labour market development
-  Progressive pro-growth taxation
-  Enabling trade regime
-  Education and skills

Moodys Rating

Moody's left South Africa on the brink of "junk" status on 1 November 2019 after it revised the outlook on the country's last investment-grade credit rating to "negative," piling pressure on President Cyril Ramaphosa to quicken the pace of reform.

Moody's said the outlook revision on its 'Baa3' rating, was motivated by a deterioration in the economic growth outlook and rising debt. Analysts had expected the move after a bleak mid-term budget statement this week that slashed this year's growth forecast to 0.5% and showed government debt racing to more than 70% of gross domestic product by 2023.

The negative outlook means there is a window of 12-18 months in which a downgrade could be delivered, but it could come sooner if Moody's isn't impressed by the fiscal picture presented at the next budget statement in February. "The development of a credible fiscal strategy to contain the rise in debt, including in the 2020 budget process and statement, will be crucial to sustain the rating at its current level," Moody's said in a statement after South African financial markets had closed.

Business Unity South Africa President Siphon Pityana said he is "alarmed – but not surprised" by the announcement that ratings agency Moody's has lowered its outlook on SA's credit rating from stable to negative. "Business has been saying for months that we need drastic and fundamental action on key economic issues – now it has been confirmed that the lack of action is taking us down an increasingly slippery slope.

Moody's has rightly pointed out that government has to get its house in order, and if it doesn't, our investment rating will be cut to junk. And we all know what that means: our economy will slide even further, we will no longer be able to borrow ourselves out of debt, and the entire economic system starts to unravel. "We need to cut through the grandstanding and posturing, make the necessary compromises, and deal with these issues once and for all. Otherwise we may not have an economy to talk about." Said President Siphon Pityana.

Business Economic Indaba (BEI) 2020

Business Unity South Africa will be hosting its second Business Economic Indaba on 14 January 2020 in a concerted effort to mobilize collective business endeavours to improve the repositioning of the economy and strengthen the working relationship with government on key challenges facing the economy.

The indaba takes place at a critical time in the development of our country. The economy is in serious crisis, growth has flat-lined, inequality is increasing, and hope for the poor and unemployed is decreasing. The ratings agencies have spoken, the poor and unemployed have spoken, and business leaders speak about it every day: drastic action is needed to pull our economy back from the brink.

And, although many of the challenges we face are a result of government action or inaction, we do not believe government should be left to deal with these challenges on its own.

It is for this reason that Business Unity SA is inviting a range of players in the economy and in particular, in business and government -- to BEI2020, around the theme **Activating Actual Outcomes**, with a clear emphasis on real and actionable outcomes and the formation of new practical partnerships.

Prominent business leaders including those from Busa affiliated business associations, Chairmen and CEOs of blue-chip corporates, and the local and international partners and associates will be in attendance.

President Cyril Ramaphosa has accepted BUSA's invitation to attend, and BUSA has other Ministers including Finance Minister Tito Mboweni, Economic Development Minister Ebrahim Patel, Public Enterprises Minister Pravin Gordhan, Energy and Mineral Resources Minister Gwede Mantashe and Labour and Employment Minister Thulas Nxesi.

Many of these Ministers played an informative leadership role at the first BUSA BEI in January 2019, which began to cement meaningful working relationships between government and business. BUSA trust the Ministers will join again to help shape the next phase of the collaboration.

As South Africa's apex business organisation, BUSA is fundamentally committed to coordinating the maximum possible involvement in shaping joint solutions to the problems we all face. To guide our discussion at BEI2020, BUSA has outlined five key focus areas which will be workshopped for the bulk of the day and will focus on how to forge greater business and government collaboration. The focus areas are:

- Energy security
- Enabling a capable state,
- Critical sectors for economic growth,
- The structure of the economy, and
- The Fourth Industrial Revolution

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ICYMI: Business Unity SA, BUSA Business Economic Indaba BEI 2020 press briefing at BUSA offices , in attendance BUSA CEO Cas Coovadia BUSA President Sipho Pityana and BUSA deputy president Martin Kingston BUSA board members Busi Mavuso, Mthokozisi Xulu and Busi Mavuso. on the 26 of November 2019: pictures supplied by Kabuki.



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Econpol & Subcommittees

BUSA trade, transport & logistics sub-committee meeting scheduled for 27 November 2019 took place and the minutes for that meeting were circulated on 02 December 2019 by **Olivier Serrão** the meeting was chaired by Deidré Penfold. BUSA had circulated meeting invites to Members. The Chair indicated that the next meeting of the sub-committee is scheduled to take place in **26 February 2020**.

BUSA Workshop on the 4th Industrial Revolution (4IR)

Olivier Serrão reported that the Presidential Commission on the Fourth Industrial Revolution had submitted its first draft report to the President and indicated that the report was expected to be finalised by February 2020.

Action (2):

BUSA to write to the Presidential Commission requesting that the final report be shared with BUSA in order that it feature as a discussion point in the proposed BUSA Workshop on the Fourth Industrial Revolution (4IR).

Action (3):

BUSA to write to the Chair of the Presidential Commission inviting the Commission to address BUSA members at the proposed BUSA 4IR Workshop.

Action (4):

Following the extensive discussion on the proposed BUSA 4IR workshop, it was agreed that sub-committee members would provide BUSA with bullet points on sectoral 4IR expectations which would be used as agenda items for the workshop. It was agreed that interested sub-committee members would feature as presenters at the proposed workshop.

LOGISTICS AND TRANSPORT

BUSA POSITION ON E-TOLLS

1. The report presented by Olivier Serrão on e-tolls was noted.
2. Olivier Serrão reported that the Minister of Transport had written to BUSA requesting a meeting on e-tolls.
3. Olivier Serrão further reported that due to the unavailability of BUSA's leadership for the proposed dates, the meeting could not take place.

Action (5):

Following the discussion on the possible meeting with the Minister of Transport on e-tolls, it was agreed that the Chair together with selected, technically resourced members of the sub-committee meet with the Minister should BUSA's leadership is not available for the meeting.

Econpol & Subcommittees continued

TRANSNET FEEDBACK

1. Tyson Sibanda reported that BUSANA had tried several times to follow up with Transnet on the agreed quarterly meetings between BUSANA and Transnet without success.
2. The Chair indicated that there had been ongoing restructuring at Transnet.

Action (6):

The Chair undertook to engage Transnet's head of strategy in an attempt to identify the appropriate person that BUSANA could communicate with to organise meetings between BUSANA and Transnet.

NEDLAC RESEARCH GROUP ON THE ROAD TO RAIL TASK TEAM

1. Tyson Sibanda reported that Nedlac supply chain had appointed WesBound (Pty) LTD to conduct the research of the Reference Group on the movement of freight from road to rail in the agricultural sector.
2. Tyson Sibanda further reported that once the inception reported has been concluded, the sub-committee would be given an opportunity to provide inputs.

AARTO

1. Sandile Ntseokane reported that the Department of Transport had called for public comments on the AARTO Regulations and BUSANA did not submit its comments in this regard.
2. Tyson Sibanda in response to Sandile Ntseokane indicated that BUSANA had sent a call for comment to its members and there were no comments received on time apart from inputs from the RFA.
3. Tyson Sibanda indicated that BUSANA had written to Nedlac to ask the Department of Transport to table the draft Regulations to Nedlac for engagement.

Action (7):

Tyson Sibanda undertook to follow-up with Nedlac on the Department of Transport's response to BUSANA's request for AARTO Regulations to be brought to Nedlac.

Action (8):

It was agreed that BUSANA should organise meetings early in the forthcoming year in preparation for anticipated Nedlac meetings on the AARTO Regulations.

ROAD TRANSPORT OF HIGH CUBE CONTAINERS

Gavin Kelly reported that the moratorium in terms of which road transport vehicles were exempted from the 4.3 metre height restriction for a period of 7 years (due to expire on 31 December 2019) would be extended for 18 months to July 2021. An announcement to this effect in the Government Gazette was expected during the course of December 2019.

Econpol & Subcommittees continued

TRADE

NEDLAC TESELICO AND NAMA / NTBS SUBCOMMITTEE REPORTS

1. The reports presented by Olivier Serrão were noted.

Action (9):

BUSA to circulate reports on trade policy received from TRALAC to sub-committee members.

Action (10):

Following a discussion on the review of South Africa's GSP eligibility by the United States Trade Representative's Office it was agreed that BUSA would request, at the next Nedlac Teselico meeting, data from Government on the likely impact on sectors of the South African economy of the removal of GSP eligibility.

Action (11):

Following a proposal from Catherine Grant that BUSA support offering 100% tariff-free market access to LDCs in the AfCFTA negotiations, it was agreed that the proposal would be circulated in writing to BUSA members.

BORDER MANAGEMENT AUTHORITY

1. Catherine Grant reported that the Border Management Authority Bill was currently before the National Council of Provinces (NCOP) Portfolio Committee on Justice and Correctional Services.
2. Catherine Grant further indicated that it was not clear where the funding for the Border Management Authority would come from.

Action (12):

BUSA to circulate the minutes for the Border Management Authority Bill session held by the Portfolio Committee on Justice and Correctional Services on 20 November 2019.

Action (13):

BUSA to circulate the Socio-Economic Impact Assessment (SEIAS) conducted on the then Border Management Agency Bill.

Action (14):

Should there be substantive amendments to the version of the Bill currently before the Select Committee, BUSA to write to the Select Committee requesting a further round of public consultation.

Action (15):

Following a proposal from the Chair, it was agreed that Henk Langenhoven, Gavin Kelly, Deidré Penfold, Catherine Grant and Juanita Maree would meet to discuss the likely practical consequences arising from the rollout of the Border Management Authority.

Action (16):

Catherine Grant to submit a draft media statement to Olivier Serrão with a view to BUSA releasing a statement reflecting its concerns regarding the proposed Border Management Authority.

Econpol & Subcommittees continued

FEEDBACK ON EVENTS WITH WTO AND DTIC

1. The reports presented by Olivier Serrão were noted.
2. Olivier Serrão indicated that there had been various engagements with the Department of Trade, Industry and Competition (DTIC).
3. Olivier Serrão indicated that at the BUSA engagements with the DTIC on AFCFTA implementation, it was agreed that the DTIC's engagements on AFCFTA Trade in Services engagements would be held at sectoral level.

FEEDBACK FROM THE DIGITAL TRADE WORKING GROUP

The report on Digital Trade Working Group was noted.

NATIONAL COMMITTEE ON TRADE FACILITATION (NCTF)

1. Olivier Serrão reported that the 3rd meeting of the NCTF Private Sector Engagement was held on 20 November 2019.
2. Olivier Serrão further reported that the forum currently delivered little value to the private sector given the conceptualisation of the forum by Government, in which no room for substantive engagement was permitted.

Action (17):

Following the report from Olivier Serrão, it was agreed that BUSA should write to the Ministers of Trade, Industry & Competition; and Finance expressing BUSA's concerns regarding the current structuring of the NCTF Private Sector Engagement Forum and how it could be transformed to benefit the country.

CUSTOMS

CUSTOMS & EXCISE PREFERRED TRADER / AUTHORISED ECONOMIC OPERATOR FORUM

The report (annexure 7A-7H) was noted without further discussion.

Action (18):

Subject to the provision of a budget, BUSA to convene a facilitated workshop for the private sector to develop proposals on the PT / AEO programmes for the consideration of SARS.

CUSTOMS & EXCISE GATE MANAGEMENT CONTROL (REVIEW)

The report (annexure 8) was noted without further discussion.

19. WCO – ECA REGIONAL PRIVATE SECTOR GROUP (RPSG)

The report (annexure 9 of the agenda) was noted without further discussion.

Calls for input/ comment

- Draft briefing note for the meeting with the SARS Commissioner deadline for comments was by no later than **06 November 2019.**
- Invitation for Technical Tax Proposals deadline for comments was by no later than **20 November 2019.**
- Pan African Quality Policy deadline for comments is by no later than **10 December 2019.**
- Digital Trade Working Group Framework deadline for comments is by no later than **10 December 2019.**
- Draft BUSA submission on the draft norms and standards for organic waste composting deadline for comments was by no later than **15 November 2019.**

Nominations

- To serve on the Broad-Based Black Economic Empowerment Advisory Council (B-BBEEAC) deadline for nomination is by not later than **09 December 2019.**



■ THE MONTH AHEAD

- **3 December:** Q3 GDP
- **3 December:** Econpol
- **4 December:** Environment Subcommittee
- **9 December:** Food and Beverage
- **10 December:** Manufacturing
- **11 December:** CPI
- **11 December:** Retail Trade Sales
- **11 December:** Motor Trade Sales
- **12 December:** Mining
- **12 December:** PPI
- **12 December:** Nedlac PFMP meeting
- **16 December:** reconciliation day
- **19 December:** Tourism & Migration
- **25 December:** Christmas Day

■ The End!

■ CONTACTS

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