BUSINESS UNITY SOUTH AFRICA

NATIONAL OFFICE
61 Katherine Street, Sandton, 2196
P.O. Box 652807, Benmore, 2010
www.busa.org.za
+27 11 784 8000

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BUSA SUBMISSION ON THE DRAFT COUNTRY INVESTMENT STRATEGY

Introduction

BUSA is a confederation of business organisations including chambers of commerce and industry, professional associations, corporate associations and unisectoral organisations. It represents South African business on macro-economic and high-level issues that affect it at the national and international levels. BUSA's function is to ensure that business plays a constructive role in the country's economic growth, development, and transformation and to create an environment in which businesses of all sizes and in all sectors can thrive, expand and be competitive.

As a principal representative of business in South Africa, BUSA represents the views of its members in a number of national and international structures and bodies, both statutory and non-statutory. BUSA also represents the interests of South African business in the National Economic Development and Labour Council (NEDLAC), Business Africa, International Organisation of Employers (IOE), and International Labour Organisation (ILO).

Background

BUSA welcomes the South Africa's inaugural Country Investment Strategy (CIS) aimed at positioning the country as an ideal and preferred investment destination in the continent by attracting and facilitating both the domestic and foreign direct investments (FDIs). This strategy comes at the right time where the country is in need for accelerated economic growth rate. The CIS aims to boost fixed investment spending (GFCF) to 30% of GDP per annum; the public sector will contribute 10% of Gross Domestic Product (GDP), while the private sector will account for 20% of GDP.

The CIS acknowledges that private investment should be the critical driver of development, i.e., “crowd-in the private sector”. The primary functions of the public sector should be to facilitate private sector investment and stabilise the economic environment when the need arises. Business welcomes and supports efforts aimed at revitalising the country’s ailing economy and takes this opportunity to share its views and comments on the CIS.

The incentives to be offered to both foreign and domestic investors include:

- A moderate Corporate Tax Rate
- Accelerated depreciation allowances
- Special Economic Zone incentives
- Black Industrialists Scheme
- Automotive Production and Development Programme
- Critical Infrastructure Programme
- Clothing, Textile, Footwear and Leather Growth Programme
- Agro-processing Support Scheme
- Aquaculture Development and Enhancement Programme
- Global Business Services incentives

Non-financial assistance to be extended by all three spheres of the government will include:

- Assistance in obtaining regulatory permits and licences
- Access to export market development support
- Registration of Trademarks and Patents
- Market and trade information
- Access to localisation opportunities in both public and private-sector procurement
- The international trade regime responds to unfair trade practices aligned to SA’s multilateral obligations and industrial policy requirements.

General Comments

As business, we believe that South Africa’s investment climate remains a key constraint to long-term growth and sustainability. Over the past 15 years, the country has regressed on key competitiveness measures, with its reputation for being the “gateway” to Africa completely eroded and as a result investors have started looking at alternative countries in the continent for their investment. This is more glaring in key infrastructure sectors. For instance, leading mining companies have now indicated that even when adjusted for prices, the South African ports continue to lose competitiveness vis-à-vis Maputo and Matola ports. Similarly, energy security has deteriorated significantly over the past 15 years – with the significant impacts on economic growth and employment alike.

Business has invested significant resources in supporting policy formulation in South Africa. Our assessment is that the decline in South Africa’s global competitiveness is a function of lack of policy implementation. Our concern is that while government has not even fully implemented the Economic Response Plan, there are already new strategies and measures being proposed. In our view, an efficient approach would be to ensure that policies and measures previously agreed on are fully implemented first. Where this has not happened, the approach should be to provide a clear reasons why certain measures were not implemented.

In the context of the proposed investment strategy, we caution against an approach that prioritises specific sectors. The proposed strategy has identified several industries to be targeted for the investment drive, which include finance, real estate, business services, manufacturing, mining, agriculture, among others. Our view is that an efficient investment strategy should be premised on the following principles: 1) building solid economic infrastructure to support economic dynamism across the economy; 2) improving the overall regulatory and policy landscape to reduce policy risks that are often cited by investors; 3) reducing other costs to doing business, such as the criminal networks which have become more prevalent across the mining, construction and other sectors, and 4) addressing the decay in local government as most economic activities happen at the municipal level.

Key concerns and Specific Comments

At face value, the CIS appears to be a prudent policy aligned with the National Development Plan (2030). The policy affirms the government's commitment to a developmental state model, which requires cooperation between the public and private sectors, including the social interest groups across South Africa's diverse society. The document acknowledges the 'management' shortcomings in the public sector as the primary reason for the low levels of fixed investment. It stresses that better management of public entities and resources will help unlock the hindrances to economic advancement.

Causes of state failures are correctly diagnosed, but evidence suggests the deterioration in service delivery continues

The CIS downplays the extent of state failure, which ranges from the provision and maintenance of basic economic and social infrastructure (schools, water, energy, roads, rail, and ports) to the provision of basic public services. Dysfunction is visible at the national, provincial and, particularly, municipal levels. According to the Auditor-General's 2021 report, only 27 of South Africa's 278 municipalities achieved clean audits, with no evidence of effective financial management and widespread non-compliance with supply-chain management legislation, contributing to irregular expenditure of R26 billion. There are also fewer clean audits than in previous years, suggesting that current interventions, including those articulated in the CIS, have been unsuccessful. Until government resolves these fundamental failures, the investment environment will remain unfavourable, fraught with mounting risks and escalating costs.

Proposed approaches to encourage structural reforms and address infrastructure constraints are still far too fragmented and unnecessarily complicated to promote rapid progress and public accountability

While the energy shortage and surging electricity tariffs have been a major contributor to the protracted slump in private sector fixed investment, business is also experiencing challenges and difficulties with the inefficiency resulting in limited capacity and generally exorbitant costs involved in the use of road (deteriorating quality of domestic roads), rail and port infrastructure. The promise of the AFCFTA is also reduced by the so-called nontariff barriers, including disparate regulatory systems; border-delays; complicated customs and excise requirements; corruption; as well as difficulties in facilitating cross-border payments. The investment potential of the African continent is also significantly restricted by these factors. South African businesses can benefit from stronger economic diplomacy initiatives to strengthen investor protection, which remains a key challenge in some of our key markets on the continent. Business believes that there has been some progress made in directing the key SOEs towards their primary functions in recent years, but the challenging task of ensuring that these entities operate at the highest efficiency level still lies ahead.

The CIS states that higher investment growth will be achieved through *"…(iii) identifying high-impact and high-growth industries which will accelerate contributions to GDP; (iv) supporting existing industries and developing new industries; (v)"*. Business believes that picking sectoral winners inevitably results in distorting economic activities and not necessarily driving higher growth and development. The lessons from South Africa's industrial policy are quite instructive. Despite, various sectoral masterplans, most sectors targeted by government from the initial Industrial Policy Action Plan (IPAP 1) in the late 2000s have failed to be competitive compared to other their emerging market peers. In many cases, the fiscal incentives have created barriers elsewhere in the economy. It is unclear how these lessons are incorporated into the new CIS.

That the CIS *is "underpinned by and aligned to the aspirations and objectives articulated in the NDP, the country's Economic Recovery and Reconstruction Plan (ERRP), the Re-imagined Industrial Strategy (RIS), Sector Masterplans and the National Infrastructure Plan (NIP) 2050"* suggests that government believes this approach remains optimal for long-term investment and economic growth.

Progress on the promised structural reforms to SOEs and network industries listed in the Economic Recovery and Reconstruction Plan (ERRP) remains extremely slow. As noted by the IMF's 2022 Article IV consultation, limited and expensive infrastructure remains the greatest deterrent to private sector fixed investment (both local and foreign). It should therefore take priority in the country's investment strategy.

The CIS states that: "…*considers local conditions, including existing business; local assets; access to resources; local skills and competencies with efforts made to preserve and protect cultural practices, social and political heritage, and environmental endowments. This must also include a measurement criterion to better quantify the socio-economic impact of investment over longer time horizons".* While the rationale driving the need to preserve certain cultural, and social practices and heritage is appreciated, business would caution against the use of these practices and norms, to prevent investment in the South African economy. The recent case of Amazon's investment in the Western Cape, which was interdicted for "cultural reasons" remains a concern for investment promotion. The dynamism of culture and cultural practices means that in many cases, such justification can be used to block or delay an investment project. Unless there is a clear criterion of how this might be addressed, and how "cultural conflicts" can be managed, including this in the investment strategy could be sub-optimal.

The CIS attributes the slow progress to a fragmented framework, skills shortages, and inadequate coordination between the various government departments, committees and other public sector agencies tasked with advancing structural reforms and infrastructure investment. The CIS is presented as the solution to many of these bottlenecks, designed to align the state's efforts and promote 'robust partnerships' between the public, private, academic, and civil society spheres. It is a promising start to articulating South Africa's investment strategy, but the document makes no attempt at streamlining and simplifying government's structure or initiatives, rather it reinforces the existing complicated and fragmented approach to fixed investment, consisting of multiple industry masterplans, an Infrastructure Investment Fund, South Africa's NIP2050, government's strategic infrastructure projects, the District Development Model, and many more initiatives. In our research, we have found it extremely difficult to obtain a simple list of public sector investment projects from any of the entities responsible for leading the country's investment drive. Often private sector projects are grouped with public sector projects.

Pledges are presented as real capital outlays. Projects have no starting dates, anticipated completion dates or estimated values. Given the multiple entities involved, it is not surprising that the details are difficult to pin down.

Business is concerned by the decline in South Africa's economic growth potential. The long-term growth potential is now sub-3%, reflecting structural challenges in the economy. Related to this, the inefficiency in government expenditure, which has seen the country's public investment program continue to sub-perform despite growing public sector debt.

In short, the CIS appears to be the opposite of *One Plan, One Budget*. It is extremely difficult to see how this complicated structure and the overwhelming number of initiatives, albeit overseen by a central committee, promote accountability to the public. The proposed structure will further deepen the already low and or lack of both domestic and foreign investments. We suggest that it is time for us a country to stop using policies and start addressing already identified coordination failures.

'Quality' Foreign Direct Investment (FDI)

The document states that: "*The CIS is not an investment retention and aftercare strategy, and an action is recommended to devote further attention to this critical endeavour, particularly in the unprecedented times posed by Covid-19*". It is difficult to understand how a country investment strategy would not consider investment aftercare. The investment cycle should not end at getting the investment in the ground, but a crucial part of long-term investment growth is ensuring that the investment climate remains supportive for the duration of the investment period and beyond. Recent divestments by companies like Clover in failing municipalities underscore why post-investment care is needed. Feedback from existing investors, can be a signal to potential investors and assist government in early crisis identification and mitigation.

Global empirical evidence confirms that the public sector is exceptionally poor at picking future growth sectors.

The high-priority sectors identified are finance, insurance, real estate, and business services; transport, storage, and communications; manufacturing, and construction. All other sectors are considered medium priorities. The CIS then proceeds to pick specific industries within these high-priority sectors and some medium-priority sectors. The chosen industries are high-value industries, which require professional skills and advanced knowledge, access to sophisticated technology, and substantial and sustained investments in research and development. The CIS argues that the country could unlock faster economic growth and effective skills and technology transfers by attracting FDI to these industries. There is little doubt that greater FDI in the chosen industries would support faster economic growth, but the skills and technology transfer will only

The CIS aims to attract foreign direct investment to South Africa. The CIS specifies the need for 'quality' FDI, even though FDI, by definition, entails significant foreign outlays on physical buildings, plants, machinery, and equipment in the host country. Most FDI ventures entail a long-term commitment and exposure to the host country's political, social, and economic fortunes. The CIS clearly aims to avoid extractive activities to ensure that South African citizens reap long-lasting benefits from FDI activity. The criteria applied to FDI in identifying "priority sectors to drive investment and economic development" are vague and subjective. Business is sceptical in commenting on the "priority sectors" without the underlying assumptions and scenarios. For example, some of the sectorial interventions such as the "Green Hydrogen" seemingly require significant infrastructure resources, yet government has unsuccessfully managed to invest and or maintain the existing infrastructure.

For a CIS to be credible and implementable, it is critically important for quality investments to be as easy as possible, in other words, investments should not be subjected to unnecessary conditions. If there are too many unnecessary conditions to comply with, it reduces profitability, and greenfield investors will simply choose other investment destinations with less conditions. In addition, if governments are using taxpayer money inappropriately or insufficiently to deliver services and the services are inadequate, it increases the cost of doing business, consumer price inflation and interest rates to levels commensurate with lower profits, making investments less attractive. Consequently, acknowledging the source of funding will therefore have a huge impact on any investment strategy.

The CIS states that the policy aims to direct FDI towards those industries identified by the state as high-growth industries, which the state believes will deliver the maximum benefits in terms of economic growth, skills and technology transfer, job creation and transformation. This ‘conditional’ approach to FDI is problematic for several reasons, including complement and enhance the experience of the small minority of South Africans with degrees and other professional qualifications. Apart from construction, and (to a much lesser extent) manufacturing, the vast majority of South Africa’s unskilled and semi-skilled labour force would mainly benefit from the trickle-down effects of faster economic growth.

Government will also have to change its approach to emigration. Despite repeated promises to reform the country’s emigration laws, recent changes have added more restrictions than concessions. The country’s labour legislation also makes it extremely difficult for domestic firms to import the necessary skills and expertise. It is imperative to note that there is always a positive relationship between FDIs and DDIs meaning that when DDI increases for a particular period especially greenfield DDI, foreign investors take note and vice versa. Therefore, obtaining the views from prospective investors, both foreign and domestic, on what they need to consider South Africa as an investment destination, would have added enormous value to the strategy.

Given that South Africa has a well-developed legal system, which offers ample protection to workers at all levels, it would be better to adopt an open and welcoming approach to FDI in all sectors. Skills transfer and human development can occur in tourism, wholesale, retail, motor trade, catering, accommodation, mining, and personal services. This approach would deliver more labour-intensive and inclusive growth.

In the CIS, the temptation to micro-manage the economy clearly emerges. The policy aims to pick and direct fixed investment to specific industries and dictate procurement policies through localisation requirements. In the end, the opportunity costs mount, while the regulatory and legislative burden escalates. The policy runs the danger of adding to the very uncertainties and costs it hopes to reduce. Furthermore, Business proposes the strategy should focus on institutions and statutory agencies across the spectrum that investors interact with that should be strengthened. For example, the investment climate in South African municipalities is poor at best and contributes to the deterioration of the country's economic prospects. Business believes that South Africa should not be positioned as competitor against other African countries for investment but rather be positioned as a "preferred alternative to other emerging markets".

Labour market reforms are neglected

South Africa's labour legislation has been repeatedly identified as a major obstacle to private sector fixed investment by both local and foreign investors. Current legislation undermines labour market flexibility, fails to adequately reward merit and performance, and protects the incumbents at the expense of the unemployed. The legislation also provides little protection against destructive and prolonged industrial action by organised labour.

Furthermore, there are some wrong perceptions on the composition and the structure of the economy which continue to be misplaced (due to insufficient research) and it may lead to the imposition of conditions which will reduce the attractiveness of South Africa as investment destination relative to other competing countries.

For instance, the composition of the employed population has changed over the past 15 years, so has the participation of population groups in the economy, as well as the distribution of income (see page 20). According to Stats SA's Quarterly Labour Force Survey, non-whites comprised 88.7% of the employed in the first quarter of 2022 (Q1 2022), up from 84.6% in the first quarter of 2008 (Q1 2008). Put differently, the white employed component decreased by 24% in the period. As such, the racial structure of the employed is now close to being representative of the population.

The CIS provides little clarity on how fiscal risks will be reduced

Over the past decade government's finances have deteriorated significantly, with the country running budget deficits of over 3% of GDP since 2009. As a result, the government's gross debt burden climbed from 26% of GDP in 2009 to 69.5% in 2021. Recurrent expenditure accelerated, driven by growing social expenditure, a surging public sector wage bill, and repeated bailouts of SOEs paralysed by mounting debt burdens caused by large infrastructure projects derailed by state capture and widespread corruption.

It also critical for Business to understand why this was chosen to be the vison /mission statement *"Africa's leading investment destination"* if the objective is to increase GFCF to 30% of GDP in order to reduce unemployment and in the process poverty and inequality. For instance, why is Africa proposed to be the leading investment destination in the world?

This choice (Africa) creates the impression that it will be too difficult for policymakers to effect the necessary changes to make South Africa the preferred investment destination in the world. With an expanded unemployment rate of 45% and a substantial increase in investments desperately needed to reduce the unemployment rate, South Africa needs an investment strategy which will lay the foundation for South Africa to become the best investment destination in the world – and not just Africa.

Critical aspects not fully researched in the CIS, and which will have a material impact on South Africa's ability to attract the necessary volumes of direct investment, are the monetary sources of investments, as well the necessary research on the conditions under which investments will and will not occur in the desired quantities.

FDI and DDI accrue from two broad sources, namely taxes and investors who are willing to take risks. Taxes are normally used by governments to enable an environment for investment, whilst they also use borrowing (from investors) to fund investments. The private sector normally uses investor funding for investment purposes and will do so if the profits to be made are commensurate to the risk taken.

Despite raising direct and indirect taxes, government revenue growth slowed, due to weak economic growth, inefficient tax collection and a narrow tax base partly caused by structurally high unemployment. Instead of raising the country's potential growth rate, service delivery deteriorated further. The large infrastructure projects, particularly in the energy sector, delivered poor quality assets at huge expense to the public. At the same time, the unsustainably large and expanding fiscal deficits increasingly crowded out the private sector from the capital markets, worsening the slump in private sector fixed investment. Over this period, the three major international rating agencies downgraded South Africa's sovereign risk ratings. By April 2020, all three rating agencies considered South African sovereign debt sub-investment grade. The slide to junk status weakened the country's attractiveness as an investment destination for both foreign direct and portfolio investment. It not only raised the cost of capital for the government but also for the private sector and the country, further limiting government fiscal space and undermining private sector fixed investment.

The government will continue to run large budget deficits. The plan set out in the 2022 National Budget is to reduce the budget deficit only gradually from around 6% of GDP in 2022/23 to 4.2% of GDP by 2024/25. Government's gross debt burden climbs from 72.8% of GDP in 2022/23 to a peak of 75.1% in 2024/25. Unless this trend is reversed, the public sector's large financing requirement will continue to limit private firms' access to funds and inflate the cost of funding.

This situation also compromises the soundness of the local banking sector. As foreign investors reduced their exposure to government debt, local banks were compelled to finance a much greater portion of the government's growing debt burden. This exposure presents a major risk to the local banking sector, flagged as a concerning development by the IMF, the major rating agencies, and the South African Reserve Bank in its latest Financial Stability Report.

Fiscal consolidation is also the only route to creating more policy space. At present, debt service costs remain the fastest growing expenditure item in the National Budget. National

Treasury estimates that debt service costs will grow by an annual average rate of 10.4% per annum over the next three years, consuming almost 21% of gross tax revenue by 2024/25. Surging debt service costs, high and rising social expenditure and a large wage bill have and will continue to undermine government's ability to accelerate infrastructure and other critical capital expenditures. It also inhibits the government from implementing other measures to improve the investment environment, such as reducing corporate tax rates further or providing broader tax incentives for private sector fixed investment and research and development.

Errors in the Strategy

The draft strategy has some errors in the quantitative analysis provided. For example, figure 34 on page 47 misrepresents trends in gross fixed capital formation – the graph cannot be reconciled with the official national accounts data. The suggestion on the same page that *"GFCF by public corporations may increase by up to 60 percent year on year for the period from 2021 to 2024*" is clearly unrealistic. It is impossible to reproduce all the analysis behind the prioritization model in section 9.4.4 and 9.4.5, but several of the results (mining prospects in the Eastern Cape, for example) are counter-intuitive, and the accompanying explanations are too thin to be helpful. This kind of analysis belongs in a technical workstream perhaps, not the overarching strategy paper.

Themes for elaboration

On the other hand, there are several important themes that might be elaborated more substantively in the paper.

These include the following:

- South Africa as a financial and logistical centre and gateway within Africa and the Southern Africa region
- Investment promotion and facilitation – Invest SA and an established network of sectoral and decentralized investment support agencies
- Sector-based industrial master plans
- Jobs-rich growth

- An enabling regulatory framework and South Africa's commitment to addressing administrative barriers and policy uncertainties
- Investment protection and international agreements
- Investment and localization incentives
- Infrastructure investment and district-based coordination of planning.

The draft CIS strongly articulates the need for greater business investment and a higher overall investment-GDP ratio. It argues for greater foreign and domestic direct investment and rightly draws attention to the complementarity between public infrastructure investment in energy, transport, digital communications and water networks and the strengthening of a competitive environment for business investment. It notes that over 50% of gross value added is accounted for by South Africa's eight metropolitan cities and recognizes urbanization as a central growth and investment driver. It highlights South Africa's commitment to the African Continental Free Trade Agreement (AfCFTA) and to the accompanying need for greater investment in cross-border infrastructure and strengthening of collaboration in trade facilitation, tax administration and financial integration.

The role of investment promotion agencies and the associated role of external diplomatic missions and investment or trade counsellors are of particular importance if the intention is to expand and deepen foreign investment and partnerships with South African companies. The paper refers to "30 distinct investment promotion agencies" on page 4, and to "77 distinct IPSs at the national, provincial and local level" on page 100. Some discussion of how better coordination between these agencies, sector departments and external diplomatic missions might be achieved might be a useful extension of this section.

Summary and Conclusion

Business notes the strategic pillars for investment strategy. What is not clear is how actions on foundational building blocks are managed. We would also propose that the foundational building blocks for the strategy should be 1) development of quality and affordable infrastructure 2) supportive macroeconomic environment 3) regulatory certainty and reform agenda 4) appropriate human capital interventions. We believe that job creation is an outcome of a conducive investment climate, and not a foundation building block. Similarly, transformation objectives, should not and cannot be seen to override initiatives to attract investment and therefore growth.

On the six pillars of the CIS, business is not sure that sectoral prioritisation is appropriate. This pillar presupposes that government has at its disposal the ability to make such assessments. Interestingly, this pillar already illustrates the difficulty with this envisaged approach.

We emphasize the role and the centrality of local government in driving investment in the South African context. However, we note that the document is silent as to how the strategy will navigate the co-operative governance systems to address failing municipalities. This will be essential for long term growth and competitiveness.

On the positioning of South Africa, we reiterate that South Africa's competitiveness should be benchmarked against fast growing markets. Additionally, each sector of the South African economy could be benchmarked against countries which are considered leaders in the sectors.

The state of South Africa's infrastructure is one of the leading causes of low growth and underdevelopment. The CIS defers to NDP 2050 infrastructure plans and does not seem to have a definitive path to addressing these challenges. In our view, efficient economic infrastructure is the most transformational pillar of a country's investment strategy. It is the bedrock for competitiveness and is possibly even critical than the prioritised investment promotion work.

On 9.4 identifying and promoting high growth opportunities, Business is not convinced that the sector prioritisation approach is rigorous enough. In any case, our approach is that investment requires basic building blocks is what is required to support long term investment. Relying on a government led approach, when there is broad acceptance that government has limited capacity would seem counter intuitive. Similarly, the provincial and local government sector prioritisation would seem questionable. It is difficult to see how entities that cannot maintain basic infrastructure, including managing potholes, are expected to develop long term sectoral plans or even do sectoral competitiveness studies. As such, reliance on that data is at best questionable.

The CIS states that aggregating existing government efforts but seems to focus on investment agencies. In our view, this is misguided and reflects the failure of government to see investment decisions beyond the narrow realm of attracting new investment. What South Africa needs is a conducive and predictable environment for investors. This cannot be achieved through investment promotion alone. Efficient coordination in our view should be all encompassing and involve economic cluster, justice, and environmental clusters.

The Implementation outline and plan are noted; however, we do not believe that this plan as proposed, without budget will contribute to the achievement of the stated objectives of attracting growth. We register that the vague CIS risks deviating attention from much needed implemented previously agreed economic interventions. South Africa is facing significant social, economic and policy challenges. This moment requires urgent implementation of initiatives and not further policy debates.

Business is of the view that it would be unlikely for CIS to achieve any success if it does not acknowledge and address some of the fundamental real-world why FDI and DDI are lagging (e.g., crumbling municipal infrastructure, lack of electricity, problems with water, policy uncertainty, ineffective state organisations). Equally, there are multiple areas highlighted in this document that would really improve investment if they were just actioned accordingly.

Fiscal consolidation must, therefore, be prioritised to reduce fiscal risks and release some policy space. There is a need for reinforcement and support on the proposed national and provincial/ regional forums through which government and private sector would be engaging on investment and growth.

Business proposes that the country should look at how other countries (with similar strategies) implemented their strategies and achieved the desired results as outlined in their strategies. Such countries include the Saudi Arabia’s National Investment Strategy

(NIS) which is similar to South Africa's CIS in terms of design but differs in pillars and implementation. The NIS is a great success and has placed Saudi Arabia among the top ranked countries in the Global Competitive Report of the World Economic Forum.

Business Unity South Africa together with its members across various sectors believes in South Africa's potential to attract and retain both the current and future foreign direct investments and domestic direct investments and ability to be the emerging countries' top investment destination. While we support every government effort aimed at reviving South Africa's struggling economy, we remain cautiously optimistic about the prospects of the latest proposed strategy. Similar initiatives in the past to address the country's economic challenges have often yielded very little or no positive outcomes. The fact of the matter is that CIS, with all its good intentions, remains another plan in a list of previous economic revival plans. How this plan is implemented, will determine, to a large extent, its success or failure. It would be very unfortunate to see it go the way of most plans that have been developed in the past. As the main private sector representative, we would like to be active participants of the Country Investment Strategy's various proposed workstreams.

Yours Sincerely,

Tyson Thamsanqa Sibanda
Acting Executive Director: Economic Policy
Tyson.sibanda@busa.org.za