



GAUTENG PROVINCE

OFFICE OF THE PREMIER
REPUBLIC OF SOUTH AFRICA

SPEECH

Keynote Address by Gauteng Premier David Makhura, at the Hogan Lovells Africa Forum

7 October 2016

The Chairman of Hogan Lovells South Africa, Mr Lavery Modise;
Mr Andrew Skipper, Partner and Head of Hogan Lovells Africa;
Mr Osborne Molatudi, Partner in the Hogan Lovells Johannesburg Office;
Partners and Executive Management of Hogan Lovells South Africa
Business leaders, here present
Distinguished members of the Legal Profession here present

Ladies and gentlemen:

I would like to thank you for inviting me to address the Hogan Lovells Africa Forum, whose purpose is to have a meaningful conversation on how best to advance Africa's prospects for inclusive growth and shared prosperity. This is a matter of grave concern to our continent's one billion people.

Let me also take this opportunity to welcome all of you to the Gauteng City Region, the economic hub and industrial powerhouse of Sub-Saharan Africa.

Arguably, there is no better place to host a conversation of this nature than here in Gauteng – you are at the right place. There is also no better time to discuss Africa's prospects than now - the major economies of the world are going through turmoil and grave uncertainty.

Africa is the cradle of humanity and human civilisation. Gauteng is also the home of *homo naledi*. This is your home! I am mentioning this because any conversation about the future prospects of our Continent will fall short if it fails to mention Africa's unique role in the evolution of society, the origins and development of humanity.

In this regard, we recall the enormous contribution of ancient African kingdoms to the development of knowledge, science, mathematics, commerce, astronomy, architecture and religions – all of which shaped the evolution of humanity.

Speaking of Africa's unique role and place in the origins and the evolution of society as well as the development of humanity, former South African President, Thabo Mbeki had the following to say:

“One will make bold to say that those of us interested in the history of the evolution of the Earth, have to look at the history of Africa. If we wish to examine the history and the genesis of life, that evidence points to the history of Africa. And as it is now well established, if we want to look closely into the history of the beginnings and evolution of humanity, that history is also in Africa. Of course, all these have been corroborated by the rich and unique African fossil evidence. Indeed, nowhere on Earth is there a concentration of fossil records that reveal so much about the Earth, the evolution of life and of humanity, than those found on the vast expanse of the African landscape, especially in the south and east of the Continent.”

Indeed Africa has bequeathed to humanity her origins, her civilisation and hence her development! Africa must bequeath to economics and business the spirit of Ubuntu, which is at the centre of the new global call for inclusive growth and shared prosperity. Without shared prosperity, there can be no sustainability.

Ladies and Gentlemen, over the past decade, the continent of Africa has cemented its place as one of the world's key and leading emerging markets. There is no doubt that ours is a continent of growth - a continent of hope, a continent on the rise. The Africa Rising narrative emerged from concrete evidence that our continent is making tremendous progress.

Even as the global economy goes through turmoil, Africa's growth is set to continue strongly in the coming years, making Africa the Continent of the future and giving credence to the understanding that this is Africa's century.

According to the 15th edition of the African Economic Outlook Report 2016; “Africa's economic growth remained resilient in 2015 amid a weak global economy, lower commodity prices and adverse weather conditions in some parts of the continent. Real GDP grew by an average of 3.6% in 2015, higher than the global average growth of 3.1% and more than double that of the euro area. At this growth rate,

Africa remained the second fastest growing economy in the world (after emerging Asia), and several African countries were among the world's fastest growing countries.”

The report forecasts that Africa's economic growth will gradually pick up during 2016/17, predicated on a recovery in the world economy and a gradual rise in commodity prices.

While all of this is worthy of acknowledging and even celebrating, we must resist the temptation to romanticise our Continent's prospects because major challenges still have to be overcome.

To address Africa's challenges, we need to push ahead with interventions in areas such as building a democratic culture; ethical leadership that prioritises citizens, sound and enduring institutions that outlive specific leadership personalities and withstand leadership transitions; building infrastructure; promoting economic integration, driving industrialisation and innovation; greater levels of intra-Africa trade and ensuring that growth is inclusive and shared among all citizens of the continent.

This is the dream of the kind of African Continent, whose prospects were eloquently articulated by Pixley ka Isaka Seme, in 1906, when he said: *“The brighter day is rising upon Africa. Already I seem to see her chains dissolved, her desert plains red with harvest, her Abyssinia and her Zululand the seats of science and religion, reflecting the glory of the rising sun from the spires of their churches and universities. Her Congo and her Gambia whitened with commerce, her crowded cities sending forth the hum of business, and all her sons employed in advancing the victories of peace greater and more abiding than the spoils of war. Yes, the regeneration of Africa belongs to this new and powerful period!”*

Ultimately our goal must be to build the kind of Africa whose chains are dissolved; whose desert plains are red with harvest; whose Congo and Gambia are whitened with commerce; whose crowded cities send forth the hum of business – an Africa where all her sons and daughters are employed in advancing the victories of peace, that are greater and more abiding than the spoils of war.

The African Union's Agenda 2063, which is about a transformed Africa, with clean and democratic governance, an inclusive and growing economy as well as human development, is our loadstar to the Africa we desire; the Africa of Pixley ka Isaka Seme.

Specifically, we must address in a comprehensive manner issues related to the integration our economies and markets, investment in Africa's citizens which are our greatest assets, boosting intra-Africa trade and investment, strengthening infrastructure development, encouraging innovation as well as expanding access to funding, including alternative funding, as well as access to regional markets.

I am delighted that this forum will engage in a conversation on some of these critical issues. I trust that all our deliberations at this forum will be geared at ensuring that we seize the moment - Africa's moment - and the opportunities it provides.

In particular, our deliberations must help us leverage off the current reality that Africa is the centre of gravity in terms of future prospects of the entire global economy; that we have abundant natural resources; that we have a younger population; that our citizens are energised and entrepreneurial, always searching for opportunities and that ours is potentially a market of more than one billion people.

Ladies and Gentlemen, because of our strategic positioning, we in the Gauteng City Region believe that we have a greater, more constructive and direct role to play in shaping our country's and our continent's prospects.

Over many decades, Gauteng has evolved from essentially being a gold mining region into South Africa's economic engine as well as Africa's financial, industrial and professional services hub and technological nerve center.

Today Gauteng contributes 35% to South Africa's GDP; 42% of South Africa's industrial output; and 63% to South Africa's exports. Gauteng is the 5th biggest economy in Africa, contributing between 8-10% to Africa's GDP. Gauteng occupies only 1.4% of SA's land mass but is home to close to a quarter (13.2 million) of our country's population.

Over the past decade-and-a-half, our provincial economy has consistently outperformed that of other provinces, with an average of 4.5%. We contribute 40% to total employment and 42% to total industrial output. About 43% of small, medium and micro enterprises in South Africa are based in Gauteng, and 80% of transnational or multinational corporations doing business in Africa are located in Gauteng.

Gauteng's proposition as a Gateway to the African Continent is based on the fact that, currently more than 61% of our exports to the continent

are destined to countries in the Southern African region, 11,7% to East Africa, 9,4% to West Africa and 11,2% to Central Africa. Our ultimate goal is to strengthen two-way balanced trade between Gauteng and all major economies on our continent.

Ladies and Gentlemen, as part of strengthening our strategic position in South Africa and on the Continent, which position we know is not permanent and must constantly be earned, we are currently implementing a bold programme of Transformation, Modernisation and Re-industrialisation.

Ultimately our vision is to transform Gauteng into a seamlessly integrated, economically inclusive, socially cohesive and globally competitive City Region; a leading economy on the continent with smart, innovation-driven, knowledge-based and ecologically sustainable industries of the future; an activist, accountable, responsive and clean government and an active citizenry.

Working together with the rest of society we are delighted that gradually, step by step, we are making progress in building the kind of Gauteng City Region we have envisioned. The results of our work are confirmed by a number of independent and research reports.

These include the Auditor General's Report for the 2015/16 financial year, the 2016 State of South African Cities Report, the Gauteng City Region Observatory's Quality of Life Survey, the Stats SA's General Household Survey and the Community Survey.

All these reports, without exception, support the emerging narrative that; in many areas, the lives of the citizens of Gauteng are being impacted upon in a positive and meaningful way.

We are also making significant strides in improving the quality of our governance as indicated for instance in the Auditor General's Report, where all our departments and agencies, obtained unqualified audits, with 60% obtaining clean audits. This is a function of the quality of leadership we have in our province; a leadership that places a high premium on the values of integrity and credibility.

Equally and as indicated in the 2016 State of South African Cities Report, our Cities are also by and large well managed and have evolved to become key drivers of growth, job creation, innovation and invention not only within Gauteng but also in the country as a whole.

We continue to see strengthened trade inflows into the Gauteng City Region which in 2015 rose to R 518 billion from R 512 billion in the previous year. This is despite the tough global and local economic conditions.

In order to consolidate the gains we are already making we have now identified 7 key priority areas that we will focus on more sharply going forward. These are Education; the Economy; Community Safety; Human Settlements; Infrastructure Development, ICT and Public Transport.

We believe by focusing more intensely on these priorities we will contribute towards improving the prospects of our country and our continent and that we will play a meaningful role in sustaining the kind of “Africa Rising” narrative that is not overly optimistic but realistic and responds to the challenges we face as a Continent.

Let me also assure you that Gauteng is open for business. We consider you, the business sector, as our partners in the development our City Region, our country and our continent.

I wish you successful deliberations.

Thank you.