

**KEYNOTE ADDRESS BY GAUTENG PREMIER, HON,
DAVID MAKHURA AT THE AFRICA AEROSPACE AND
DEFENCE AAD 2016 BUSINESS BREAKFAST:
CENTURION, TSHWANE.**

13 September 2016

Programme Director;

Members of the Executive Council;

Secretary for Defence and Military Veterans, Dr Sam Gulube;

Chairperson of the South African Aerospace Maritime and
Defence Industry Association, Brigadier General (retired) de
Lange;

Chairperson of Armscor , Admiral (retired) Mudimo;

Chairperson of Denel, Adv Mantsha ;

Chief Executive Officer of Armscor, Mr Kevin Wakeford;

Chief Executive Officer of the Gauteng Growth and
Development Agency, Mr Saki Zamxaka;

Acting Chief Executive Officer of Denel, Mr Zwelakhe Ntshepe;

Senior officials of the Department of Defence, Denel and
Armscor;

Leaders of business from our country, continent and the world;

Fellow Africans:

Thank you for the opportunity to address this Business Breakfast as part of the Africa Aerospace and Defence 2016, Africa's premier exhibition of aerospace potential attracting no less than 40 000 visitors per day.

I am delighted that our country and our province in particular is hosting this auspicious event which will showcase Africa's aviation, aerospace and defence industrial capabilities and full potential. This is a sector which can drive Africa's new industrial revolution and leapfrog our continent from the first to the fourth industrial revolution.

As Africans, we too have a contribution to make with regard to advanced manufacturing (often referred to as industry 4.0) in the aerospace and defence industry. We refuse to be left behind.

Accordingly, I gladly welcome you to Gauteng province, the industrial and economic hub of Sub-Saharan Africa. As you know, ours is a province that hosts OR Tambo International Airport, Africa's busiest airport which is located in Africa's biggest aviation hub, the Ekurhuleni Aerotropolis.

Fellow Africans, we in Gauteng are deeply humbled by the fact that we are the custodian of the provincial economy which is the engine of industrialization in the SADC region and Sub-Saharan Africa.

Gauteng accounts for 34% of our SA's GDP; 8% of Africa's GDP, 40% of our national industrial output and 60% of our national exports. We cannot be arrogant about our strategic economic position but should rather work to enhance our continent and region's global competitiveness.

Our strategic goal is to transform, modernise and re-industrialise the Gauteng City Region economy so that it is globally competitive and it becomes the key driver of innovation, smart and green industrialization.

We want an economy that employs and empowers a critical mass of black people, women and youth so that they too participate meaningfully in growing the economy in an inclusive, equitable and sustainable way. We want an economy that is fully integrated into the continent one which grows in a manner that builds the manufacturing base of the entire continent.

Our Provincial Economic Plan identifies key priority sectors for each of the five development corridors of the Gauteng City Region. It is worth repeating that the aviation and aerospace industry is one of the priority sub-sectors of manufacturing, located in Ekurhuleni and Tshwane. It has huge potential that we want to unlock through partnership with industry leaders.

Ladies and Gentlemen it is in this spirit that we are engaging with you this morning and throughout the rest of the day. We are engaging with you also because we are aware that the aerospace and defence industry is a significant contributor to our national economy and to the economy of the Gauteng City Region. Today through this interaction we are beginning this process.

We have made it our primary mission to establish and strengthen transformative partnerships with key stakeholders in society and in the economy. Our presence here today is part of building transformative partnerships with the aerospace and defence industry.

Throughout the course of today I will be visiting a number of firms within the aerospace and defence industry to better understand their challenges and unlock the potential of this

industry as a driver of growth, skills development, job creation, innovation and invention.

We have already engaged with specific firms in the automotive and components sector as well as firms in machinery and equipment manufacturing.

We have also engaged with all Chambers of Commerce and Industry, both local and foreign ones, in order to build a common appreciation of the need to work together to unlock then full potential of our provincial economy.

Programme Director, our Provincial Economic Plan aims to create at least 5 million jobs over the next decade in Gauteng as part of meeting the 11 million jobs target set in the National Development Plan, Vision 2030.

Gauteng needs to create 500 000 jobs per annum in order to alleviate the unemployment burden and meet the future employment needs of our population. In 2015, our provincial economy created 200 000 jobs in the formal sector and 150 000 jobs in the informal sector. However, this was followed by significant jobs losses which occurred at the beginning of 2016.

We are pleased about the 3.3% GDP growth for the second quarter announced by Statistics South Africa. We need a more bullish growth and more enduring partnership between government, business and labour if we are to meet the challenges of unemployment, poverty and inequality.

We also need to transform the post-colonial state into a truly people-centred, people-driven and corruption-free government and end Africa's economic dependence on its erstwhile colonial masters. We need to drive our own agenda for industrialization and innovation through integration and infrastructure development.

We are of the view that the aerospace and defence industries, as part of the broader manufacturing sector, have a significant role to play in helping us achieve the vision outlined in Agenda 2063 and our own National Development Plan, Vision 2030

Both industrialisation and innovation are important for Africa's sustainable development. We know too well that a thriving manufacturing industry is important because for every R1 unit of investment spent on the manufacturing sector, 1.13 units of additional output are generated in the total economy.

Equally, manufactured goods are necessary for trade. According to the World Trade Organisation 80% of inter-regional trade is in goods and only 20% is in services.

Manufactured goods are also critical for the services industry. Even in economies that have a large proportion of the services sector, such as the Gauteng economy, these services industries are dependent on manufactured goods for their progress.

Our enthusiasm about the manufacturing sector is also driven by indications that each manufacturing job creates 3 other jobs in the broader economy, through the multiplier effect. Indeed manufacturing offers the greatest possibility to create decent, sustainable jobs, to eliminate poverty and to grow our economy in a sustainable and inclusive manner.

Fellow Africans, there is no gainsaying the fact that this sector is also critical for meeting Africa's peace, security and stability requirements. Without peace and stability, Africa's economic development and industrial transformation will not be sustainable.

We will therefore have to strengthen the capacity and global competitiveness of aerospace and defence industry as part of both national and continental industrial policy and security strategy.

We are delighted that Gauteng already has significant competitive advantage in the aerospace and defence industry, automotive and component industry, machinery and equipment manufacturing as well as food, beverages and agro-processing in the SADC region.

For instance within Gauteng, the automotive and components sector contributes 7.2% to SA's GDP and \$8.8 billion to our total exports. The auto sector contributes 30% to total manufacturing output. The sector employs 110 000 people in our province and a significant contributor to our export revenue especially, exports to the SADC region.

Equally, within Gauteng, machinery and equipment contributes 25% of the manufacturing sector's Gross Value Added, as well as 32% of manufacturing employment. It contributes R25 billion to our economy and employs 130 000 people.

Statistics from the South African Aerospace Maritime and Defence Industries Association show that in 2015 this industry employed a total of 13 590 people and generated sales to the value of more than R 19 billion. This industry is a major exporter and critical driver of technological diffusion, innovation, research and development. It is a strategic sector that we will continue to support.

Programme Director, as part of mainstreaming the township economy and transforming our townships into centres of innovation and manufacturing, we will also next month launch the Township Stock Exchange. The Gauteng township economy is estimated by the World Bank to be worth over R 10 billion. It is the critical site of the informal sector and more than 1.5 million people. Properly supported, it can contribute to inclusive growth and sustainable economic empowerment of the majority of our population.

We believe this is a critical intervention that will help us build a vibrant manufacturing industry in our townships. Already large numbers of township entrepreneurs are makers of things – they are involved in manufacturing, albeit on a minimum scale. As this government, working together with the private sector, we are determined to support these home-grown, genuine entrepreneurs and catapult them to the next level.

As you build the aviation and aerospace industry, please think of how you can also empower and partner with township enterprises.

As I conclude, I wish to challenge firms in the aerospace and defence industry to join hands with us in the implementation of one of our flagship youth empowerment programmes, Tshepo 500 000. Through Tshepo 500 000 we are working in partnership with the private sector to give hope to our young people by making available to them skills development, employment and entrepreneurial opportunities. Our target is to reach 500 000 young people by 2019.

Youth unemployment as well as lack of opportunities for our young people to enter the labour market has become a structural problem of many economies. The fact that there are more than 1.5 million unemployed youth in the streets keeps me awake at night.

We must do something to give young people hope. Thus far through Tshepo 500 00, which we launched in 2014, we have facilitated decent job opportunities for more than 53 000 young people, including in the private sector. More than 22 000 young people have received skills training and 1 500 have been accredited in entrepreneurship.

Africa's youth is its greatest asset. Let us empower them and ensure they're the source of innovation and advanced manufacturing of air, land and sea defence capabilities of our continent.

We take this opportunity to commend the organisers of Africa Aerospace and Defence 2016, for including a dedicated youth development programme as part of this year's event. We are keen to partner with such initiatives as part of our overall commitment to accelerate youth empowerment.

I wish you a successful Africa Aerospace and Defence 2016. Let this be a platform to build new and strengthen existing partnerships for the common good of all.

Thank you.