

KEYNOTE ADDRESS BY GAUTENG PREMIER DAVID MAKHURA AT THE SOUTHERN AFRICA-GERMAN CHAMBER OF COMMERCE AND INDUSTRY MEMBERS' LUNCHEON. JOHANNESBURG COUNTRY CLUB

9 SEPTEMBER 2016

Programme Director

CEO of the Southern Africa-German Chamber of Commerce and Industry, Mr Matthias Boddenberg;

His Excellency Mr. Klaus Streicher, the Deputy Ambassador of the Federal Republic of Germany;

Dr. Falk Bömeke, the Head of the Economic Department at the Embassy of the Federal Republic of Germany;

Members of the Directorate and Senior Council of the Southern Africa-German Chamber of Commerce;

Captains of Industry and Commerce;

Members of the media

Ladies and Gentlemen:

Thank you for inviting us to address this Members' Luncheon of the Southern Africa-German Chamber of Commerce and Industry. As the Gauteng provincial government, we take seriously the warm relations and productive partnership we have with German companies that have invested in our economy and are located in our province to do business in the continent.

In April this year, I led a government delegation to Hessen Region in Germany. During that visit we had the opportunity to interact with the Chamber of Commerce in Frankfurt. We also visited the Industrial Hubs in Hoechst, in the South of Frankfurt.

My visit to Germany was preceded by several engagements between the Gauteng provincial government, the Chamber and the German Embassy led by Ambassador Walter Lindner and his team.

We are truly committed to strengthen economic relations between Gauteng based businesses and German companies. We do this because we fully recognise Germany's role as Europe's largest economy and a key player in the global economy. In the aftermath of Brexit, Germany, is now the fulcrum of Europe's economic stability.

As a province whose ambition is to be Africa's leader in innovation, information technology, pharmaceuticals, knowledge-based economy and advanced manufacturing, we also acknowledge the strategic position of German companies in the fields of advanced manufacturing, information technology, innovation, research and development.

Germany is South Africa's most important trading partner, accounting for 20% of our total exports. Germany has been the dominant supplier of imports to South Africa over the last three decades.

At an average size of about R 786 million, Foreign Direct Investment projects originating from Germany to South Africa are approximately two and a half times larger than the average across all source countries. From 2003 to 2015, German companies have made a total of R 22 billion in capital investments into the South Africa economy.

It is worth noting that a significant number of German companies based in South Africa have a foothold in Gauteng. They include global brands such as Steinhoff, BMW, VW, Siemens, KPMG, Bayer and Daimler AG.

In 2014, exports from Gauteng to Germany totalled more than R 29 billion, while imports from Germany to Gauteng totalled more than R 78 billion. Gauteng's exports to Germany include motor vehicles, machinery, mineral products and chemicals. Gauteng's imports from Germany include equipment components, machinery as well as plastics and rubber.

Programme Director, I am raising all of these things to indicate the imbedded nature and depth of strategic economic relations between the German and the South African economies. It is with this in mind that we are engaging with you this afternoon, as members of the South Africa-German Chamber of Commerce.

The government I have the honour to lead knows too well that business is not our enemy but our partner in economic development. We need your in partnership to grow our economy in a inclusive, transformative and sustainable manner which employs more people and empowers more blacks, women and youth.

My message to you this afternoon is that Gauteng is open for business! We are today extending an invitation to all of you to work in partnership with us to create an economy that offers opportunities to all our citizens.

Since assuming office in 2014, as this fifth provincial administration, we have taken a similar message of partnerships to other foreign Chambers of Commerce and Industry, such as the American Chamber of Commerce in South Africa, the French South Africa Chamber of Commerce and Industry, the Austrian Business Chamber, the Indian Business Forum, the Portuguese Business Chamber in South Africa as well as the South Africa-Italy Chamber.

We are also encouraged that all the foreign Chambers of Commerce and Industry fully support our Programme for transformation, modernisation and Reindustrialisation of Gauteng's economy. We have no doubt that you too will work with us towards this goal.

Programme Director, as we gather here today, we do so shortly after Stats SA released GDP figures which show that the South Africa economy grew at 3.3% in the second quarter of 2016. Though we are cautiously optimistic, we need to acknowledge these figures represent the strongest economic expansion in six quarters! We will keenly watch the trend for the third and fourth quarter.

We have reason to believe that the performance of the Gauteng economy is favorably disposed to the positive contribution of sectors such as mining, manufacturing and finance to second quarter GDP figures. We expect our province to outperform the national economy when the provincial growth figures are released later in November.

For many years, the provincial economy has outgrown the national economy. Gauteng remains the economic powerhouse and industrial hub of South Africa, accounting for 34% of our country's GDP, between 8 to 10% of Africa's GDP, 40% of total industrial output and 60% of exports.

We know too well that a lot more still needs to be done, to place our economy on an accelerated and sustainable growth path. We are also unwavering in our commitment to ensuring that we pursue the kind of economic growth that is inclusive, job creating and helps us advance social and economic transformation.

Accordingly, we have dedicated the month of October to focusing more directly on interventions aimed at further reigniting our economy. Among others we will, next month, unveil our new Provincial Economic Development Plan for the Gauteng City Region.

At the centre of our Provincial Economic Development Plan is the need to create at least 5 million jobs in Gauteng as part of meeting the 11 million jobs target set in the National Development Plan, Vision 2030.

Our Economic Development Plan also seeks to position Gauteng based companies to play an even bigger role in the major supply and value chains within the SADC region.

Through the Plan we will focus on stimulating the job-creating potential and export capacity of the manufacturing sector and services industries.

As Gauteng, we already have significant competitive advantage in the automotive and component industry, machinery and equipment manufacturing as well as food, beverages and agroprocessing in the SADC region.

For instance within Gauteng, the automotive and components sector contributes 7.2% of the manufacturing sector's Gross Value Added. The sector is a major employer 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.

Ladies and gentlemen, we are now visiting firms and industry clusters with individual firms to understand more intimately the problems they face and to work together to resolve these problems. Ultimately we want these firms and industries to be more competitive so that they can make a greater contribution to our economy.

We are also working with the Department of Trade and Industry to coordinate and strengthen our collective industrial policy interventions in order to optimise their impact and outcomes. We also working with all municipalities to make our cities more attractive to investors, eliminate red-tape on approvals and ensure reliable delivery of services so critical to the functioning and operations of businesses.

During the month of October we will also launch the Township Stock Exchange. This is in line with the commitment we made in State of the Province Address in 2015. It is also part of the work we are doing to mainstream the township economy into broader economy of the Gauteng City Region. We call on big business to work with small township-based businesses to help them grow. This is part of our commitment to growing our economy in an inclusive and sustainable way.

Programme Director, we are alive to the reality that, in order for us to attract investment into our province we must continue to pay attention to the important matter of ensuring the ease and reducing the cost of doing business. Linked to this is the need to strengthen the integrity of our systems, eliminate corruption and improve transparency.

We are hard at work to eliminate corruption, maladministration, bureaucratic inefficiencies and to promote good governance. In this regard we are delighted that all our provincial government departments and agencies received clean audit outcomes for the 2015/16 financial year. It is also a matter of pride that 11 of our 14 departments now pay 95% of their service providers in 30 day, while 9 out of 14 departments pay 70% of their service providers in 15 days.

We reiterate that as this government we are determined not to be party to activities, such as non-payment of service providers on time, that lead to the destruction of especially small businesses that do business with government!

As part of our overall commitment to eliminating corruption, improving transparency and strengthening the integrity of our systems next month we will convene a public workshop on the open tender system which is currently being implemented in all departments of the provincial government. We reiterate that Gauteng is a pioneer in this area of work!

The German vocational training system is one of the best models of transitioning young people from school into the economy. We would like to work with the Chamber to bridge the gap schooling and the world of work. We request you to expand the current CATS training Programme to give industry-specific vocational training in line with our Tshepo 500 000 Programme to give hope to the youth. Tshepo 500 000 is training young people, facilitating their placement in available job opportunities and offer them entrepreneurial opportunities through supplier development.

Let me conclude by saying once Gauteng is open for business. We regard you as our partners in development. We look forward to your contribution in the pursuit of our common goals.

Thank you.