

OPENING ADDRESS BY GAUTENG PREMIER DAVID MAKHURA: THE 2016 SOUTH AFRICA –ITALY SUMMIT. JOHANNESBURG.

18 October 2016

Chairperson, Ms Eleni Giokos

Mr Paolo Borzatta, Senior Partner and Mr Valerio De Molli, CEO of the European House – Ambrosetti, the Organisers of this Summit;

Minister Naledi Pando, other Ministers from South Africa, Italy and the continent at large;

Ambassador Tambo, Ambassador Donicci, Ambassador Mpoko and other members of the diplomatic community;

My counterpart, President of the Emilia-Romagna Region, His Excellency Stefano Bonaccini;

Members of the Executive Council;

Former Ministers

Business Leaders;

Distinguished Delegates to this Summit;

Ladies and Gentlemen:

On behalf of government and the people of Gauteng, I would like to extend a warm welcome to all of you at the 2016 South Africa-Italy Summit. We are grateful and delighted to host this third Summit in Johannesburg, after two previous Summits were held in Cape Town.

At the end of the 2015 SA-Italy Summit held in Cape Town in October last year, I made a commitment that the Gauteng Provincial Government would like to host the next Summit in Johannesburg. I am glad that together with European House – Ambrossetti, we have delivered this Summit. I am happy to say that Gauteng will remain the host of the Summit over the next three years.

Distinguished delegates, the South Africa-Italy Summit is a platform for government and business leaders to explore business opportunities, develop mutual partnerships and strengthen trade and investment between Italy, South Africa and the SADC region.

There are 60 000 South Africans of Italian descent, most of whom live in Gauteng. Many of them are utterly devoted and passionate about South Africa and Gauteng. On a daily basis they are working to strengthen our deep historic bonds of friendship and solidarity. They promote our country and our province, and are building greater understanding between our countries. They are also involved in community development projects, including in our townships.

This year marks the 40th anniversary of the friendship and solidarity between the people of South Africa and Italy. The people of Reggio Emilia joined hands with the people of Mozambique and South Africa during the struggle against apartheid and colonialism. Our diplomatic and economic relations seek to build on a strong historic relationship against racial discrimination and injustice. We shared common trenches against the evil and inhuman system of apartheid. We still share trenches in the global struggle for peace, social justice, equality and prosperity for all.

Ladies and Gentlemen, Italy is the Eurozone's fourth largest economy. In 2013 Italy was South Africa's eleventh most important trading partner. This included exports from South Africa to Italy amounting to more than R 10 billion while imports from Italy to South Africa amounted to more than R 26 billion. This trade imbalance should be corrected.

With regards to Gauteng, in 2015 alone exports to Italy amounted to R8.1 billion, which included products such as iron and steel, vegetables, machinery and mineral products. Similarly, imports from Italy to Gauteng amounted to R 19.1 billion, including products such as vehicles, aircraft and vessels, chemicals, plastics and rubber as well as machinery. Again, we seek to reverse and correct this trade imbalance through the agreement we are signing today with Emilia Romagna.

Furthermore between 2006 and 2014, more than nine Foreign Direct Investment projects have come into the Gauteng economy from Italy. These were worth more than 157 million Euros and created 1 300 jobs. Key South African companies mainly based in Gauteng such as Sasol, SAB Miller, Investec, Barloworld and Dimension Data have already invested in Italy.

Ladies and gentlemen, we are of the view that there is a huge potential to increase economic activities between Italy and South Africa through intensifying trade and investment between major regions and cities of our two countries.

For example, Italy possesses the know-how, products and personnel that can help strengthen our re-industrialisation initiatives. Gauteng can also benefit from the strength of Italy's small and medium-sized firms that drive manufacturing in that country.

In September last year, I visited five regions in Italy (Lazio, Lombardia, Abruzzo, Umbria, and Emilia Romagna) and eight cities in East, West, Central and north of Italy on a mission to promote Trade and Investment between Gauteng and Italian businesses.

During that visit, I saw for myself how small and medium businesses and cooperatives drive the Italian economy. We in the Gauteng City Region must emulate this experience – we are home to 45% of our country's SMMEs.

The signing of a Memorandum of Understanding between Gauteng Provincial Government and Emilia Romagna Regional Government is a major step in intensifying economic diplomacy and strengthening cultural relations. The economies of the two regions are highly compatible as industrial and knowledge hubs of our two countries.

Ladies and gentlemen, allow me to say a few things regarding the position and strength of the Gauteng economy in Sub-Saharan Africa. We have to help Africa to industrialise, innovate, invest in its people and infrastructure and build resilient institutions and ethical leadership. Gauteng has to take a lead in turning Africa's challenges into enormous opportunities.

Gauteng is the metropolitan city region that has the privilege of being the economic hub and industrial heartland of not only South Africa, but the entire Sub-Saharan Africa. Gauteng contributes more than 35% to South Africa's economy; 40% to national employment; 42% to national industrial output and 63% to national exports. While we occupy only 1.4% of our country's land mass, a quarter of South Africa's population (13.4 million people) live in Gauteng.

Our economy is highly integrated into the SADC region. Currently more than 61% of our exports to the continent are destined to countries in the SADC region; 11.7% to East Africa; 9.4% to West Africa and 11.2% to Central Africa.

The economy of the province I have the honour to lead contributes 8-10% to Africa's GDP. Gauteng is the fifth largest economy in Africa, coming after Nigeria, South Africa, Egypt and Algeria. In words, our provincial economy is bigger than five other economies that are in the top ten largest African economies – Angola, Morocco, Libya, Sudan, Kenya and Ethiopia.

Many of you may be aware that the IMF's latest World Economic Outlook data released in August 2016 suggest that South Africa is back as the number one economy in Africa in size, in fierce and constant competition with Nigeria and Egypt.

Ladies and gentlemen, I am sharing with you all these figures and facts not because I want to boast about my province. I just want to underscore the responsibility we have to the national and continent's economy. We have a responsibility to grow with other African countries.

We are at the Gateway to our continent. Already more than 80% of multinational companies doing businesses in Sub-Saharan Africa are located in our province. We are the industrial, financial, technological, aviation, innovation and knowledge hub of Africa.

Gauteng is the home of Maropeng, the Cradle of Humankind, one of the key sites that provide archaeological evidence that Africa is the origin of humanity and fountain of culture and human civilisation.

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.

Indeed Africa has bequeathed to humanity her origins, her civilization 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 is going 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."*

This 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.

We as Afropolitans should reject Afro-pessimism in its entirety. At the same time, we should also resist the temptation to romanticise our Continent's prospects and downplay its challenges. There is no doubt that Africa is more occupying the centre of gravity with regard to the opportunities for real and sustained growth in the global economy. The place to be is in Africa. You are at the right place at the right time.

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.

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.

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.

Once more, I am delighted that Italian businesses understand that the continent to go for limitless growth is Africa. The country to start at is South Africa because of the resilient legal and institutional architecture. The province to locate is in Gauteng because we have the infrastructure, skills and innovation ecosystem to support growth. From South Africa and Gauteng in particular, you can grow your business into the different regions of the African continent.

Ladies and Gentlemen, Gauteng is open for business. Thank you.