

**Speech by Gauteng MEC for Economic Development, Environment, Agriculture and Rural Development Lebogang Maile on the occasion of the Trade and Investment Business Breakfast at InvestSA One Stop Shop Gauteng on the 21<sup>st</sup> of May 2018.**

**Theme: Trade and Investment in Gauteng City Region**

Programme Director

Distinguished Guests

Business Leaders and Captains of Industry

Members of Media

A warm welcome to all of you to the Trade and Investment Business Breakfast, a part of government's drive to promote domestic and foreign direct investment in our economy, in order to promote and stimulate economic growth and development with the aim of improving the quality of life and living conditions of our people.

This is all in line with the call by President Cyril Ramaphosa for us as a country to attract \$100 billion worth of investment and by default, Gauteng as the economic hub of the country and the continent will play a significant role in that. In 2017, South Africa attracted foreign direct investment to the tune of \$3.2 billion, a figure which is low by historical standards as the country saw lower foreign portfolio investments when compared to other emerging market economies, a travesty as statistics tell us that half of the top ten countries attracting foreign direct investment are developing economies.

In 2018, with the advent of the 'New Dawn' under the leadership of President Ramaphosa, South Africa has experienced improved business and investor confidence, with the country having been identified as the key emerging market for 2018 and beyond. There is evidence of significant foreign investor interest in the country, stemming from raised hopes of higher economic growth, restoration of good governance within State Owned Entities and public finances amongst other things. The picture with domestic investors is equally as positive.

From a Gauteng City Region perspective, between January 2011 and December 2016, the provincial economy attracted a total of 460 foreign direct investment projects worth R150 billion. As a provincial government, we are doing everything within our powers to promote Gauteng as an investment destination of choice and facilitate export-led growth. It is one of the reasons why we have this facility, Invest SA One Stop Shop Gauteng, in order to ensure that all trade and investment activities are conducted in an efficient, predictable, transparent and effective manner in line with what is global best practice in terms of norms, standards, technologies etc.

This facility is part of our drive to reduce the cost of doing business in Gauteng as well as improving the ease of doing business by reducing transit times and transactions costs as well as red tape for both domestic and foreign investors. It is a One Stop Shop for investment and trade facilitation with the different spheres of government working in tandem, within this single location to make it as easy and efficient as possible for one to invest in Gauteng.

We also recently took a gigantic step in improving the efficacy of our Environmental Impact Assessment process for developers (investors) with the launch of an online system for EIA applications, which will significantly reduce the time it takes for approval, which used to take a ridiculous 24 months to approve at some stage. We have managed to cut that down to 60 days and with the new system and ground-breaking provincial standard (the only one of its kind in the country); we will be narrowing that down to a 30 day period. This is great news for all investors in Gauteng, given the fact that the old adage holds true that, time is indeed money.

We are also working together with the other spheres of government to remove any bottlenecks to investment (municipal by laws and zoning regulations as an example) to cut down the time it takes as well as the cost to invest within Gauteng, so that investors can realise their investments timeously and be able to get enough bang for their buck as the old cliché goes.

The different spheres of government are also working together to ensure that there is standardisation of incentives as well as joint programmes on export and investment promotion. Within the five development corridors that make up Gauteng City Region we are targeting both domestic and foreign investment, with a focus on developing export oriented manufacturing linked with the corridor's competitive and comparative advantage. We want to retain and expand investment within our development corridors by developing corridor-specific value propositions as well as compelling incentive packages for investors and providing support for the development of identified, key sectors of our economy within each corridor.

It is with this in mind, that we have identified the following sectors as critical sectors to invest in within each corridor:

- Western Corridor - within the West Rand, we believe there are great opportunities for investors in the green economy, tourism, agriculture, agro-processing, mining rehabilitation amongst others.
- Eastern Corridor - we see Ekurhuleni as a hub for manufacturing (SEZ and IDZ), freight, logistics and transport etc.
- Southern Corridor - in Sedibeng there are opportunities for investors in metal beneficiation, chemicals, tourism, manufacturing, agriculture and agro-processing etc.
- Central Corridor - Johannesburg, the pillar of our provincial economy has opportunities in ICT, finance and banking, pharmaceuticals, chemicals and logistics amongst other things.
- Northern Corridor - we see Tshwane as the heart-bed of the following: automotive, knowledge economy, business process outsourcing etc.

As a provincial government, we see investments as key drivers of international economic integration and hence we are focussed on strengthening trade partnerships and finding new trade opportunities. We are pursuing foreign direct and domestic direct investment into the manufacturing sector and see emerging markets as providing local manufacturers with critical market demand.

We want to secure more markets for our manufactured goods in African and industrialised countries. As of 2017, our city region's companies had 169 projects worth R356 billion across the continent. We, as a province account for 71% of South Africa's investment in the different regions of the continent. We are supporting Gauteng based firms to export to other African countries, with our trade and investment excursions and the agreements that come thereof.

City region to city region trade and investment within the scope of bi-national agreements is at the epicentre of regional trade and integration with long term sustainable projects between city regions helping to address infrastructure backlogs and other pertinent challenges as well as creating new opportunities for businesses. As things stand, Gauteng businesses have about \$30 billion invested in the rest of the continent and there is scope for growth.

Gauteng's 15 year Infrastructure Masterplan has bankable projects worth \$150 billion, an incredible opportunity for both domestic and foreign investors and we see the same opportunities as we pursue greater intra-African trade, in other parts of the continent.

The signing of a continental Free Trade Agreement is a significant sign of progress in this regard and will hopefully create a free flow of goods and services as well as people within African countries for greater economic development. One of the exciting ideas that have also emerged is the idea of a Pan-African business visa that cuts across the continent whilst still observing and respecting state sovereignty. This is something which would make it easier to grow trade and investment within the continent.

We are excited that we will be hosting the inaugural Africa Investment Forum on 7 to 9 November 2018, the “Davos of Africa” in Premier Makhura’s words, which should further strengthen trade and investment prospects within the continent. We believe that public investments play a critical role in harnessing the economic infrastructure required to aid long-term economic development and industrial growth in partnership with the private sector and as such, are interested in seeing greater fixed investment by both the public and private sectors.

In closing, allow me to just briefly address the highly topical issue of land expropriation without compensation, a matter that is understandably of great interest to the investment community. As President Ramaphosa has persistently highlighted, we will not pursue this policy of the governing party in a manner that will compromise food security and economic growth. In fact, we will pursue the policy in adherence to the principles of: increased security of tenure, land redistribution and land restitution, all with the underlying objective of using the forward and backward linkages within the agricultural sector to drive modernisation, industrialisation and inclusive growth.

We are a government that is responsible, responsive, and clear about our agenda to grow and transform our economy in a manner that will position Gauteng City Region as a globally competitive, investment friendly and economically inclusive city region that creates space and opportunities for all of its citizens to cash in on the promise of a better life for all. Gauteng is indeed open for business and ready to take its place at the forefront of the economic rejuvenation of both the nation and the continent.

Thank You