



**OPENING ADDRESS BY PRESIDENT CYRIL RAMAPHOSA AT THE
THIRD SOUTH AFRICA INVESTMENT CONFERENCE**

**SANDTON CONVENTION CENTRE, JOHANNESBURG
18 NOVEMBER 2020**

Programme Director,
Distinguished Guests,
Ladies and Gentlemen,

It is a great pleasure to welcome you to the third South Africa Investment Conference.

I would like to extend a particular welcome to those delegates from the SA Tomorrow Conference who are joining us from the African continent, the United States, Europe, Asia and elsewhere.

Over the past two years, this conference has earned its place at the centre of our economic agenda.

It is an expression of our commitment to achieve economic growth through strong partnerships with our key role players – business, labour, and communities.

We meet this year at a time of great uncertainty and upheaval across the world.

Most of the delegates participating in this year's conference are doing so virtually, a reminder of the extraordinarily difficult situation we are in.

Since the start of the coronavirus pandemic, we have understood that the best way to protect the economy is to bring the disease under control.

As we confront this crisis and as we look to the future, I am reminded why the protea is South Africa's national flower.

The protea has survived for millions of years.

Like most of the *fynbos* which is native to this country, it settled into a symbiotic relationship with wildfires for its existence and survival.

The protea has a thick underground stem which allows it to endure significant heat.

In the aftermath of a fire, dormant buds survive and the protea releases its seeds.

The land comes back to life even richer than before.

In many ways it exemplifies how a phoenix rises from the ashes.

This is the situation we find ourselves in today.

The coronavirus pandemic has severely damaged our economy, causing the greatest economic contraction in decades and driving the unemployment rate to its highest level.

In the wake of this pandemic, our foremost task now is to rebuild our economy.

This must be akin to how the protea germinates after the fire.

Our strategic approach must be to restore it to what it was before, but to make it even more vibrant, more resilient and more inclusive.

While this time of rebuilding our economy is fraught with risk, danger, hardship and difficulty, it is also a time of great opportunity.

We have embarked on a mission of economic reconstruction and recovery, building on the successes of attracting investment we have achieved over the past two years.

Since April 2018, when we announced our ambitious target to attract R1.2 trillion of investment over five years, local and international investors have made commitments to invest approximately R664 billion.

At this year's Conference we want to consolidate the commitments that have been made to date, to ensure that they are realised.

We want to see this R664 billion translated into new factories, production lines, mining operations, retail outlets and infrastructure.

We want to see it translated into new jobs, new skills and new opportunities.

We have been closely tracking the implementation of the 102 projects announced at the last two conferences.

R172 billion of the committed amount has been spent on projects to date.

This is just over a quarter of the commitments made in 2018 and 2019.

These projects alone portray an economy with exciting opportunities for growth across a wide diversity of industries.

The sector that has seen the greatest flow of investment from these commitments is mining and mineral beneficiation with just over R63.6 billion having been spent to date.

The flow of investment into the ICT sector currently stands at R31 billion.

Our automotive sector has attracted some R23 billion.

Other sectors that have seen substantial actual investment flow so far include:

- property and hospitality at R8.2 billion,
- infrastructure at R7.7 billion,
- forestry, paper and pulp at R6.3 billion,
- fast-moving consumer goods at R6 billion, and,
- financial services at R5.6 billion.

Nineteen investment projects from the last two years have already been completed or launched.

A further 44 projects – representing 57 per cent of the total investment commitment – are under construction, with another 12 projects in the early stages of implementation.

Unfortunately, 21 projects – representing around 10 per cent total commitments – have been delayed or are on hold as a result of the coronavirus pandemic.

This means that despite the severe disruption of the last few months, the vast majority of projects are making steady progress.

Significantly, these investments are taking place throughout the country, with projects planned or underway in all 8 metropolitan municipalities and 26 district municipalities in all provinces.

We are already beginning to see the benefits of the investment commitments.

A new pharmaceutical manufacturing plant built by Aspen Pharmacare in Nelson Mandela Bay, which was one of the first investment pledges at our inaugural conference, has reached a preliminary agreement with Johnson & Johnson to manufacture and package its COVID-19 candidate vaccine.

Aspen has been able to build further capability to manufacture vaccines following the investment commitment they announced at our inaugural conference.

This would position the Eastern Cape as a global hub for the manufacturing of vaccines and other pharmaceutical products.

The most recent project to be commissioned is a new LPG storage facility built by Bidvest and Petredec in Richards Bay, the largest of its kind in the world, which will bolster the supply of liquefied petroleum gas to South Africa and the region.

Earlier this year, Amazon Web Services launched three new data centres in Cape Town, and Teraco is expanding on its commitment at last year's conference to build the largest data centre in Africa.

Nissan will start production on their R3 billion production plant for the Navarra bakkie in 2021.

Daliso Holdings, a black industrialist company manufacturing chemicals, will be commissioning their factory in December 2020.

The Toronto Group, another beneficiary of our Black Industrialists Scheme, broke ground on their green charcoal facility in August this year, in the midst of the pandemic.

Poultry producers such as Astral have reached commercial operation of new facilities and are now expanding even further as part of commitments in the SA Poultry Master Plan.

Due to the disruption caused by the coronavirus pandemic to the global economy – and our own economy – we decided that this year's conference should focus on the implementation of the investment commitments that have already been made.

Yet, as we have found in preparation for this Conference, there is still a strong appetite for new investment in our economy.

I am therefore pleased to announce that there are over 50 companies that will be making commitments at this year's Investment Conference.

These commitments are much more than statements of intent.

These commitments are a form of compact between companies, their shareholders and their stakeholders.

These are compacts that companies enter into with the communities they serve, with workers and their unions, with the municipalities in which they operate and with broader society.

These compacts place a responsibility on all involved to support the implementation of these commitments and work together to ensure that they are realised.

As we have seen, these commitments do actually translate into new and improved facilities, expanding production, creating employment and opening up new markets.

This progress is testament not only to the resilience of our economy, but also the huge potential that investors see in it.

As we meet here, the African continent stands on the cusp of a new era in its economic development.

In January next year, the African Continental Free Trade Area will take effect, establishing a continental market of some 1.3 billion people with a combined GDP in the region of \$2.3 trillion dollars.

With its advanced infrastructure, diverse economy, sophisticated capital markets and developed manufacturing capacity, South Africa is the ideal location for any company wanting to reach the continental market with greater effectiveness from a cost and logistical point of view.

As we outlined in our economic reconstruction and recovery plan we are pushing ahead with critical reforms.

Our energy sector is undergoing a paradigm shift as our power utility, Eskom, is being restructured into separate entities for generation, transmission and distribution.

This begins with the establishment of the transmission subsidiary as the basis for a competitive electricity supply market, which Eskom is moving ahead with vigorously.

This will improve efficiency and transparency and lay the basis for greater competition and lower energy costs.

We are rapidly expanding our generation capacity, which will see a substantial increase in the contribution of renewable energy sources, battery storage and gas technology.

Request for Proposals will be issued in December 2020 to enable the opening of various bid windows, including bid window 5 of our renewable energy programme.

We have recently taken steps to enable greater self-generation and allow local municipalities to generate their own power.

We will complete the allocation of high-demand spectrum by March 2021 to enable new investment in our telecommunications infrastructure and open the way for a digital economy.

We have already reduced the cost of data through a Competition Commission settlement with the country's mobile operators, which resulted in a 30% drop in the cost of key data bundles.

At last year's Investment Conference, we witnessed the signing of master plans for the poultry sector and the clothing, textiles and footwear sector.

These plans, together with the automotive sector plan, have resulted in real progress and reignited the growth prospects of these sectors.

On Monday this week, Minister Ebrahim Patel and Minister Thoko Didiza signed the Sugar Master Plan with industry stakeholders.

The plan was developed in partnership with sugar cane growers, millers, food producers, beverage bottlers and organised labour.

It provides a framework for a competitive industry that is still Africa's largest sugar producer.

We are now working to finalise masterplans in the digital economy, forestry, agriculture and agro-processing, creative industries, aerospace and defence, renewable energy, steel and metal fabrication and furniture.

In responding to the coronavirus emergency, South Africa has demonstrated its capacity for innovation, collaboration and versatility.

With the support of the Solidarity Fund, the Council for Scientific and Industrial Research and the country's automotive sector have over the last few months developed and manufactured 20,000 ventilators for COVID-19 patients.

The country has increased its capacity to produce N95 medical face masks from 6 million a month at the start of the pandemic to around 13 million a month now.

I would like to commend those companies that have taken steps, working with government, to increase the level of local content in their supply chains.

You are demonstrating what is possible when stakeholders work together to deepen local production.

We have followed through on our commitment to accelerate land reform in a way that addresses the profound injustices of our past and ensures social stability, while providing strong protection for property rights and expanding agricultural production.

We have demonstrated that these objectives can be achieved when we all work together.

We have introduced an Expropriation Bill in the National Assembly to provide greater certainty on this issue, and have released 700,000 hectares of vacant or underutilised state-owned land to support our land reform efforts.

We have taken a firm stand against corruption and state capture.

We continue to strengthen and capacitate our law enforcement agencies and we are working to restore their integrity and credibility.

We have installed capable and experienced managers at our state-owned enterprises, and, despite many challenges, have begun to turn them around.

Through our Economic Reconstruction and Recovery Plan, we are pursuing a few high-impact priorities and focusing relentlessly on implementation.

These priorities include:

- a massive infrastructure programme;
- an employment stimulus to create and support jobs;
- immediate steps to achieve energy security; and
- measures to deepen local industrialisation and African integration.

The private sector is vital to the achievement of these priorities and shifting the economic trajectory of our country.

This is particularly true of our infrastructure programme, which relies on private investment in new infrastructure projects to create efficient, world-class network infrastructure and boost aggregate demand.

Through the Infrastructure Fund, public funds will be used to leverage private investment at a larger scale.

To drive the delivery of key reforms, we have established Operation Vulindlela with a dedicated team from the Presidency and National Treasury.

‘Vulindlela’ means to ‘open the way’ in isiZulu and isiXhosa.

Operation Vulindlela will open the way for high-impact economic reforms in network industries such as energy, water, telecommunications and transport, as well as in attracting critical skills and streamlining the visa regime.

We will focus on a number of priority reforms with clear timeframes and make sure they are effectively and swiftly executed. The team reports directly to me on progress in implementation.

In every part of our country – from the deserts of the Northern Cape to the shores of the Eastern Cape and KwaZulu-Natal, from the high-rises of Gauteng to the valleys of Mpumalanga and Limpopo, from the wide expanses of the Free State and North West to the splendour of the Western Cape – we are seeing the emergence of green shoots of growth.

We are positioning South Africa as a leading market for global business services, leveraging our unique strengths in customer service, broadband infrastructure and expert skills.

We are rebuilding our manufacturing capacity through the establishment of special economic zones and the revitalisation of industrial parks.

Our mining sector has proved resilient through the worst of the pandemic, and is benefiting from renewed demand for our strategic minerals.

Our financial services sector remains among the strongest and best-regulated in the world.

The discovery of significant natural gas reserves off our Southern coast offers the promise of a new surge of investment in our rich natural resources.

Ladies and gentlemen,

I would like to believe that you are here because you believe in the potential of South Africa.

You are here because you believe in the strength of our institutions and in our robust and vibrant democracy.

You believe in our stable macroeconomic framework and in our commitment – even under huge constraints – to maintaining a path of fiscal responsibility.

You believe in our efforts to rebuild the state and to turn the tide on corruption and state capture.

You see the progress we have made and you recognise your own role – as partners and investors in our future – in working with us to achieve the ambitions we have set for ourselves.

Time and time again, South Africa has proven its ability to overcome great challenges and emerge stronger.

Like the protea that adorns our coat of arms, we have flourished even in the harshest of environments.

We have come a long way and we have a long way still to go.

Now is the time to grow anew. Now is the time to invest.

I thank you.