



## **PRESS STATEMENT**

### **Participation by the South African government in the 2010 World Economic Forum on Africa**

More than 1 200 global leaders from governments and the private sector gathered in Dar es Salaam from 5 to 7 May for the World Economic Forum on Africa (WEF Africa). The South African government was represented in the Tanzanian capital by President Jacob Zuma and six members of his Cabinet - Ministers Pravin Gordhan, Rob Davies, Naledi Pandor, Ebrahim Patel, Bulelwa Sonjica and Tina Joemat-Pettersson. Attendance by South Africa business leaders was by far the largest to any WEF Africa, held previously in Cape Town.

WEF Africa took place at a time of ongoing fundamental review of traditional paradigms as a result of the economic crisis of 2007/08. The search for new sources of growth and demand was recognised as a new challenge moving forward. There was overwhelming optimism and recognition of the fact that this situation provides new and important opportunities for South Africa and Africa. The world within which we live is a different world with new sets of values, calling for a new way of addressing challenges facing Africa. Developed countries have to make paradigm and mindset shifts in order for the global playing field to be leveled to create space for African countries to compete. In challenging conventional paradigms, there was a strong call by participating Ministers for increased development finance and private finance to leverage country endowments.

The theme of this year's WEF Africa – *Rethinking Africa's Growth Strategy* – allowed the Government of South Africa (GoSA) to share with other participants a set of key messages in 25 of the 50 working sessions, which were integrated into four themes: building effective institutions

and governance structures, fostering sustainable growth and development, managing risks as opportunities, and fostering an empowerment mindset.

South Africa's participation in WEF provided an opportunity for President Zuma and the six members of his Cabinet to:

- Demonstrate the need for visionary leadership in multilateral and bilateral engagements informed by the need for a paradigm shift in the way that the developed world views emerging, middle and poor economies. This is particularly relevant when it comes to global trade and Foreign Direct Investment (FDI). Africa accounted for only 3.5% of global trade in 2008. Similarly, although foreign direct investment inflows to sub-Saharan Africa grew 78% between 2005 and 2007, FDI to the region remains a small fraction of global FDI flows (1.67%);
- Identify the catalytic forces that set about changing the failures of the past into new opportunities going forward;
- Recognise the synergies between the domestic policies and regional programmes of government and the regional and international strategies of the private sector; and
- Ensure that the various role-players that shape an economy collaborate in a symbiotic manner.

More specifically, the central message from the GoSA was that in this changing, and somewhat uncertain world, Africa matters - South Africa matters. South Africa is a proven connector - a bridge not just to the last great investment frontier, Africa, but between old and emerging powers and between old and new ways of doing and seeing things. Domestically, this will require a different growth path to the one that has been fostered in South Africa for more than a century, which is not all that different in the rest of Africa – extracting minerals, selling them on the world market and using proceeds to fund a high standard of living for a small minority of the population. The solution cannot simply be to do more of the same – to sell more minerals and to distribute the proceeds to a new, if somewhat larger elite.

The message from South Africa emphasised that in key areas of domestic policy, such as land reform and agriculture, health and education and crime prevention, there is a much stronger impetus by Government to tackle the challenges of implementation and to measure improvement. South Africa is rich in intellectual capital, as evidenced by our world renowned universities, research institutions, centres of excellence, and technologically advanced

businesses and creative sectors. South Africa's innovations in areas such as banking for the poor, astronomy (especially the work on the Southern African Large Telescope and Square Kilometre Array), paleontology and resultant development in ICT, are recognised as playing an important role in the region's development. South Africans should be proud of these achievements.

South Africa's achievements, the size of its economy (relative to the rest of the African continent) and the extent that its businesses are integrated in the economies of Southern Africa make it a critical economic and political player in Africa. The impact of one percentage economic growth in South Africa is said to contribute between 0.5 and 0.75 percent growth in the rest of Africa<sup>1</sup>. South Africa will therefore strive to play a positive and constructive role on the continent through its drive to promote intra-Africa trade, to increase levels of competitiveness with the objective of making Africa an attractive trade and investment destination and growth pole.

In the final plenary session - Democracy in Africa - President Jacob Zuma emphasised the importance of institutions as pillars to support democracy. In particular, the President highlighted the importance of economic development as a key ingredient in enhancing democracies in Africa.

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<sup>1</sup>Commission on Growth and Development: Growth Strategies for Africa, Arora and Vamvakidis (2005)