



**MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA**

SOUTH AFRICAN MINISTERS TO UPDATE GLOBAL BUSINESS LEADERS ON IMPLEMENTATION OF NDP AT THE WORLD ECONOMIC FORUM ANNUAL SUMMIT

Seven Cabinet Ministers will represent the South African government at the World Economic Forum (WEF) annual summit to be held from 22 - 25 January 2014 in Davos, Switzerland, where political and business leaders will discuss economic, financial and technological trends and issues of global importance.

At the gathering, the Ministers will update global business leaders on SA's plans to raise the level of economic growth under the auspices of the now broadly accepted National Development Plan (NDP).

This year's WEF takes place as parts of the global economy are showing signs of a pick-up in growth - in some developed countries and more specifically the USA. World business and political leaders will also meet in Davos at a time when the World Bank has just published forecasts which show that growth in emerging markets might accelerate somewhat in the period ahead. At the same time fears about the likely negative impact of tapering by the US Fed remain elevated, especially among investors in financial markets

The World Bank's Global Economics Prospects report published last week pointed out that the slower pace of growth in emerging market economies was not a cause for concern. The bank forecast that growth in emerging markets will rise from 4.8 percent in 2013 to 5.3 percent this year, 5.5 percent in 2015 and 5.7 percent in 2016. This pace of growth is some 2.2 percentage points below the pace emerging markets achieved during 2003-07, a period of unprecedented boom in commodities, the bank said.

The World Bank said that almost all of the difference in the pace of growth reflected a cooling off of the unsustainable turbo-charged pre-crisis growth, with very little due to an easing of growth potential in developing countries. It added that even this slower growth represented a substantial (60 percent) improvement on the growth in the 1980s and early 1990s.

However, developing countries do need higher levels of inclusive economic growth if they are to meet their developmental challenges. In South Africa's case, the country needs faster and more inclusive growth to reduce unemployment, poverty and inequality. To achieve this, South Africans have rallied behind the National Development Plan (NDP) which aims to reduce the costs of living and of doing business, resulting in improved consumer and business confidence, rising levels of private investment, and higher growth and employment.

For SA, the NDP, indeed, provides a strong platform for collaboration among business, government, labour and civil society and the transition to a faster-growing, more inclusive economy. The plan promotes enhanced competitiveness, expanded infrastructure, greater spatial efficiency in growing cities and accelerated rural development. It prioritises measures to build a capable, effective state that delivers services to citizens while encouraging business investment and growth.

As President Jacob Zuma said last week at a breakfast briefing for South African business and government leaders who will be attending WEF, the NDP is a socio-economic blueprint that enjoys overwhelming support by many sectors of society.

"As you engage the world you will be able to say we know exactly where we want to be by 2030 and we are working very hard to get there as South Africans. We are busy factoring the NDP into the draft Medium Term Strategic Framework that will be discussed by the Cabinet that will be appointed after elections in its first lekgotla. In a few months, the Plan will have been mainstreamed in the work of every government department," President Zuma said.

The seven Ministers who will attend WEF are: Yunus Carrim (Communications), Rob Davies (Trade and Industry), Pravin Gordhan (Finance), Derek Hanekom (Science and Technology), Trevor Manuel (Minister in the Presidency responsible for National Planning), Edna Molewa (Water and Environmental Affairs), and Ebrahim Patel (Economic Development).

The theme of this year's WEF annual summit is: "The Reshaping of the World: Consequences for Society, Politics and Business". The summit aims to develop the insights, initiatives and actions necessary to respond to current and emerging challenges. These challenges are, according to WEF, due to the fact that profound political, economic, social and, above all, technological forces are transforming our lives, communities and institutions.

"Rapidly crossing geographic, gender and generational boundaries, they are shifting power from traditional hierarchies to networked heterarchies. Yet the international community remains focused on crisis rather than strategically driven in the face of the trends, drivers and opportunities pushing global, regional and industry transformation," WEF said.

One of the global risks highlighted by WEF is high youth unemployment, a risk which WEF says calls for collaborative multistakeholder action. In this regard, South Africa has this year introduced the Employment Tax Incentive (ETI) to encourage employers to give young South Africans their first working experience. The ETI is part of a range of measures encapsulated in the Youth Employment Accord, which are aimed at reducing youth unemployment.

Issued on behalf of the Ministry of Finance

Date: 19 January 2014