

**ADDRESS TO THE BLACK BUSINESS COUNCIL CONFERENCE
SANDTON, 18 JUNE 2002
TREVOR MANUEL, MINISTER OF FINANCE**

Honourable Chairperson, Distinguished Delegates

The timing of this conference could not be more propitious. As we gather, there are some 200 intellectuals from across the African continent gathered in Pretoria to debate the participation of civil society in the development of NEPAD. Simultaneously, a number of us are engaged in a thoroughgoing review of ANC policy ahead of the ANC 51st Conference to be held in December. And today, President Mbeki will address parliament on the state of the world and a series of initiatives he is involved with – part of a programme to address what is wrong in the world. Every bit of what we do is undergoing very close scrutiny.

Your conference takes place within this policy maelstrom – the work of the Black Business Council will be impacted upon by all of these issues, but perhaps, more importantly, the activities of the Black Business Council must impact upon all of these initiatives. The BBC is an active player and should use the opportunity presented by this conference to raise its profile in shaping the environment within which it operates.

The global economy is pregnant with favourable opportunities. OECD countries have had to revise their growth forecasts downwards. This has prompted a wake-up call of a number of a series of policy issues. Amongst the matters under consideration are:

- ?? The questions of value in the wake of the dotcom equities market collapse.
- ?? Accounting standards and disclosure rules in the wake of the ENRON scandal.
- ?? Trade policy in view of the decisions by the USA government to flout the spirit of the DOHA agreements by protecting their manufacturers.
- ?? The huge inequalities and grinding poverty which obtain, despite earlier assurances that globalisation would lift millions of the poor from the abject conditions which they face.

All of these issues present enormous opportunities for South Africa. In many respects, the opportunities arise from the fact that we are so well positioned in a number of global initiatives – the Summit on Financing for Development held in Monterrey in March, the World Food Summit held in Rome last week and the fact of our hosting the WSSD in

August. Each of these is an opportunity to draw sharp attention to what is wrong in the world, and an opportunity to redefine the rules of engagement ahead.

Perhaps more importantly, we need to recognise the value of our central positioning in giving leadership to NEPAD. President Mbeki leads the team on the African continent which is developing the detail of the programme. Over the past year we have seen a number of African Heads of State meeting to flesh out the proposals. That phase is about securing official endorsement and will reach a highpoint with the adoption of detail at the African Union Inaugural Summit in Durban in just three weeks. It is about ensuring that all African governments understand the terms, agree on the content and commit to implementation in their own countries. But, even after the AU Summit, we must all understand that NEPAD is not a finite programme, it will be an agreed framework for which every country must fill out its own appropriate detail. So we will have much work to do together here to interpret the appropriate terms for South Africa.

At a second level, the broader partnership must be developed to link North and South into the common programme. It is for this reason that President Mbeki will lead a team of Heads of State to Kananaskis in Canada next week to take forward discussions with the G8 Heads of State. This meeting will follow on similar initiatives to G8 Summits in Genoa last year and Okinawa in 2000. Since the Genoa Summit, the G8 Heads of State have each appointed a personal representative to participate in developing NEPAD ; this process can now receive a huge boost forward on the basis of the broader partnership.

The third level involves all of African Civil Society, and the Pretoria meeting presently underway will add an important dimension. But, we also need to remind ourselves that the World Economic Forum Summit in Durban a fortnight ago warmly applauded NEPAD on behalf of business.

In the context of such heightened activity, an organisation like the BBC must continue to engage with the detail, review its own policies and posture and talk to government in order to share its perspectives of how we can accelerate the opportunities for black business in NEPAD. There is no room for complacency and no prospect of holding off for greater definition. NEPAD is ours and we must ensure that the terms are most favourable. There will be fewer opportunities in the future if we allow any slippage now.

But, the challenges are not only in respect of NEPAD, we must be rigorous in our analysis on how we can collectively improve on the quality of life of all South Africans. This entails that the BBC share in our conviction that we have achieved so much by establishing a climate of macro-economic stability. Government must remain vigilant and ensure that in respect of fiscal policy – the detail of our tax policy and administration, and our policy options for spending and improving on the efficacy thereof; and our monetary policy – meeting the Constitutional requirement of price stability, both contribute to sustainable economic growth. Macroeconomic stability is necessary but clearly insufficient to effect the fullest transformation.

At the same time, we need the fullest support of business to tackle the programme of micro-economic reform –

- ?? we need more and better skills;
- ?? more efficient allocation of capital;
- ?? a greater emphasis on job creation;
- ?? taking up export opportunities;
- ?? investment in the Industrial Development Zones;
- ?? support for the development of small and medium businesses;
- ?? much higher levels of spending on research and development.

Our programme of micro-economic reform needs the fullest and active partnership with business. We need to understand the correctness or deficiencies in our policies and we need the assurance that our partners in transformation will be actively engaged in growing this economy.

It is in this context that we must take the necessary steps to advance on the strategy for Black Economic Empowerment – not as a stand-alone, but as an integral part of our programme for economic renewal. As we take forward the work of the BEE Commission, we will have to engage in discussion on a range of matters which we have avoided discussing. We need to discuss issues as diverse as

- ?? Our collective failure to harness the development of small and medium enterprises
- ?? The demise of the SPV's which have left so many black initiatives in debt and without genuine empowerment
- ?? Ensuring BEE participation in strategic sectors of the economy, especially those which are exceedingly change averse

- ?? The unfortunate emergence of front companies and what the BBC will do to assist in preventing this phenomenon
- ?? The weaknesses of the state procurement system and what we should do to better our performance, as government.
- ?? Understanding why black chip shares have been given such short shrift by institutions and have thus performed so poorly on the JSE.

This has to remain an integral part of the total transformation project, which never loses sight of the enormous collective responsibility we have to lift the yolk of grinding poverty from the shoulders of our people. This is surely a time for honest and open assessment in order to launch a second wave of empowerment which will avoid the pitfalls which have tripped up black entrepreneurs until now.

It is necessary to recognise that the success of this project will also be determined by the speed with which a smart partnership can be built between black and white business in South Africa. Our programme of transformation, especially the micro-economic reform strategy needs a single channel of communication between government and business, and it is in the interest of black business to ensure that its white counterparts appreciate the significance of black economic empowerment, without feeling threatened by it – so, the case is made for a new initiative for business unity. I want to emphasise that it cannot be unity at any cost. It must be a unity which recognises the need for co-existence, which does not seek to undermine the struggle for black economic empowerment. It must be a unity which recognises that our national goals have as their object the need to lift our people from poverty. It must be a unity which recognises the need for a skills transfer. It must, ultimately be a unity which is mindful of the enormous opportunities which NEPAD presents, opportunities which, sadly, will be taken by others if our business organisations are paralysed by squabbles. Finally, it must be a unity that constructs a dependable partner for government in this exciting period ahead.

It is a unity which I am confident the Black Business Council can take the initiative to deliver.

I thank you.