

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 3578 [NW4351E]

DATE OF PUBLICATION: 18 NOVEMBER 2011

Mr S J F Marais (DA) to ask the Minister of Finance:

- (1) Whether, with reference to the Walmart/Massmart merger, foreign direct investment (FDI) is welcomed by the Government; if not, why not; if so,
- (2) whether the Government intends to dispel the alleged perception that South Africa will not block FDI; if not, why not; if so, what steps does the Government intend to take to ensure that there is no interference in the said transaction?

REPLY:

South Africa has seen significant FDI inflows in the recent past in the manufacturing sector, mining and of course in the wholesale/retail sector (Wal-Mart / Massmart merger). These constitute a vote of confidence by foreign investors in the Government's stance on FDI. The sharp decline in FDI observed in 2009 during the global financial and economic crisis was consistent with global trends and the global slowdown in cross-border corporate investment activity and is therefore not indicative of a reversal in FDI flows to South Africa. Government will continue to strive to attract FDI and will continue to encourage new inflows of foreign capital, while safeguarding public interest related to cross-border acquisitions.

In February 2011, the National Treasury published a discussion document titled "A review framework for cross-border investment in South Africa". After receiving public comments on the discussion paper, Cabinet has approved the need for consistency in investment policy across government and certainty for investors entering into such transactions. Cabinet has therefore approved that the Minister of Finance lead the work to set up such a framework for cross-border acquisitions of existing South African businesses.

In addition to the above, government will continue to:

- Support Trade and Investment South Africa's efforts to assist investors with the problems they encounter;
- Have open discussions with investors;
- Undertake investor road shows to market South Africa as a FDI destination of choice.