



LAUNCH OF THE TRADE AFRICA AN INITIATIVE BY the dti

15 JULY 2016 AT THE CSIR CONVENTION CENTRE

MANAGING PERCEPTIONS AND THE SOUTH AFRICAN BRAND ON THE CONTINENT

Program Director, Ms. Lerato Mataboge,

Minister of Trade & Industry, Dr. Rob Davies,

Deputy Minister of Trade & Industry, Mr. Mzwandile Masina,

Director-General, Mr. Lionel October,

Captains of Industry,

Distinguished guests,

Colleagues

On behalf of the Board of Trustees of Brand South Africa I greet you all.

Managing a Nation Brand reputation is a collective responsibility and at Brand SA we acknowledge this reality as a result our approach in executing our mandate is to do so with and through our stakeholders. It is for that reason that we really appreciate the invitation on this very important occasion to share with the audience the critical elements of managing the country's reputation through understanding the perceptions about the Nation Brand and developing market specific responses in doing that.

I would like to preface my input to this session by accentuating the centrality of the Rest of the Continent (RoC) in the execution of the Country's Foreign Policy; as such our positioning of the Nation Brand should be reflective of this.

As stated above, there are many players in the Nation Brand reputation building space but what is critical is the understanding of the fact that every little or big thing that we do (as various players) shapes the perceptions that the RoC will have about South Africa.

As we position South Africa as a preferred trade partner in the RoC we need to have an understanding of the expectations of our current and potential trade partners as well as their views about SA. For example (from our engagements with various stakeholders in the RoC) regardless of the position of SA in terms of the GDP size in the continent, SA remains



the most diversified and sophisticated economy and there is an expectation that this expertise (diversification & sophistication) will be shared with the RoC.

There is also a level of expectation that SA would lead the general economic development (including industrialization) of the continent. Therefore as we position ourselves as a trade partner, how do we conduct our business? Are we legitimizing or delegitimizing our expected leadership role? Are we changing the *modus operandi* that has been exploitative or are we perpetuating the status quo?

In making my point clearer, allow me to use In On Africa Consultancy's (IOA) articulation of the rationale for Africa's economic integration. Regional economic integration has been at the forefront of economic and political discourses in Africa. African leaders have committed to implementing the regional economic integration agenda, recognising that without it most African countries, many of them land-locked, have small domestic markets that restrict economic growth and limited individual negotiating power. Most African countries have low per capita income levels and small populations which result in limited markets.

Furthermore, small domestic markets and continental fragmentation translates into a lack of scale economies in the production and distribution of goods and services. Access to regional and international markets on more favourable terms allows trade to be an engine of economic growth. Improved efficiency within a country's economy through reduced tariff and non-tariff barriers (NTBs), fewer barriers to market entry and lower transaction costs, including for transport, stimulates investment.

This will contribute to improved agricultural production and economic diversification, and ultimately lead to increased food security and improved welfare, including in the areas of health and education. The need for effective implementation of the regional economic integration agenda, as a path to job creation and poverty reduction, is critical if African countries are to become internationally competitive.

Cognisant of the realities (as stated above) in many of the African economies, it is very important for South Africa to position herself as part of the continent in conduct and practice because there's a different expectation than if the contrary was done by a non-African trade partner. We need to create the required value chains in order for us to create affinity for the South African traded goods and services.

Again, in the global scenario, trade competitiveness is crucial. A country's trade performance, export sophistication and diversification are important indicators of its competitiveness. Considering various Regional Integration Agreement (RIAs) in Africa, SADC is the best performing region with three of the top five most competitive countries in Sub-Saharan Africa, namely South Africa, Mauritius and Botswana. These countries have relatively conducive business environments with good institutional frameworks, efficient goods and labour markets, and mature financial markets. Of the three top performers South Africa is a bigger economy so the expectations are as such from the RoC (for her to share her expertise).



Cognisant of the reality that the business of business is business (i.e. profit making) but if this becomes our main persuasion at the expense of the less advantaged members of the African community, the Nation Brand will suffer the long-term effects of the oblivion. The manner in which South African corporates do business if done in an exploitative manner evokes the pre-1994 'brand' experience and reverses the gains that South Africa is making in other areas like peace keeping. Such activities tarnish the Nation Brand image and reputation thus delegitimises the leadership role.

We trust that this initiative by **the dti** will create a favourable platform for State-Business Relations that will shape and present a positive brand image about South Africa in the RoC. We hope that the State's developmental agenda in pursuit of the economic diplomacy will be merged with the commercial agenda of the South African Corporates and emerge with a Masterplan that will position South Africa as a preferred trade partner in the Rest of the Continent.