



REGENT
Business School



**Trade &
Investment**
KwaZulu-Natal
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MASTER CLASS

Held on Thursday 20th November 2014 at REGENT Business School under the auspices of:

**Trade & Investment KwaZulu-Natal &
REGENT Business School**

**Topic: Africa Export Rising: Myth
Or Reality?**

Panelists

Mr. Michael Mabuyakhulu (MEC for Economic Affairs and Tourism, KwaZulu-Natal), Mr. Zama Gwala (CEO Trade & Investment KwaZulu-Natal), Mr. Jean-Michel Marnoto (CEO Bureau Veritas), Mr. Andrew Layman (CEO Durban Chamber of Commerce), Professor Anis Karodia (Senior Researcher at REGENT Business School), Mr. Riaz Haffeejee (CEO Sumitomo Rubber South Africa), Ms Ina Cronje (Chairperson of Board for Trade & Investment KwaZulu-Natal)

Moderator

Ms Hannah Edinger (Frontier Advisory)

Rapporteur

Professor Dhiru V Soni

Trade and Investment KwaZulu-Natal (TIKZN) hosted “**Export Week**” between the 17TH and 20th **November 2014** at the ICC in Durban.

Export Week KZN is an annual programme of **TIKZN** that was developed to recognize, promote and assist with growing KwaZulu-Natal’s export businesses and industries. Through its comprehensive programme,



MASTER CLASS

Export Week highlights the significance of exporting to the KwaZulu Natal economy and aims to celebrate the success of KwaZulu-Natal exporters. Export Week KZN is filled with information and networking sessions. An export business summit capped off with the Durban Chamber's Export Awards Gala Dinner. Export Week highlights and supports the efforts of KwaZulu-Natal exporters as well as the many service providers (supporting exports) who make it possible for KZN companies to compete on the world stage.



Setting for the Master class

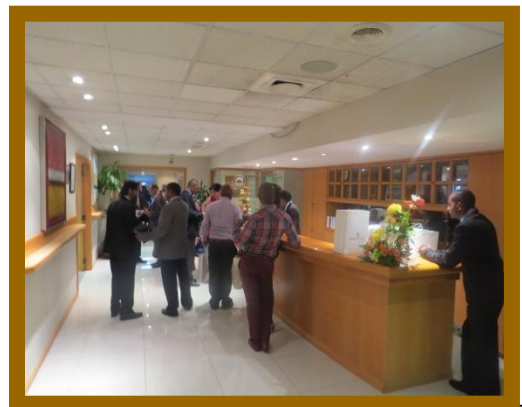
REGENT Business School was invited to partner with **Trade & Investment KwaZulu-Natal (TIKZN)** in hosting a **MASTER CLASS**. The **Topic** for the Master Class was: **Africa Export Rising: Myth or Reality?** The Panelist included **Mr. Michael Mabuyakhulu** (MEC for Economic Affairs and Tourism, KwaZulu-Natal), **Mr. Zama Gwala** (CEO Trade & Investment KwaZulu-Natal), **Mr. Jean-Michel Marnoto** (CEO Bureau Veritas), **Mr. Andrew Layman** (CEO Durban Chamber of Commerce), **Professor Anis Karodia** (Senior Researcher at REGENT Business School), **Mr. Riaz Haffejee** (CEO Sumitomo Rubber South Africa), **Ms Ina Cronje** (Chairperson of Board for Trade & Investment KwaZulu-Natal). The Master Class was Moderated by **Ms Hannah Edinger** of Frontier Advisory and **Professor Dhiru V Soni** (Director for Research & Innovation at REGENT Business School) was the Rapporteur.



MASTER CLASS



Guests Arrive for the Registration and Breakfast



Brief Background to the Africa Rising Narrative

In keeping with the tradition of the REGENT Business School's Brown Bag Seminar Series on *Governance* and *Issues in Critical Management Studies*, Trade and Investment KwaZulu-Natal teamed up with REGENT Business School in hosting a **Master Class** to discuss and debate the narrative of *Africa Export Rising: Myth or Reality*. The master class is couched within a new series titled "*Africa Rising*".



Why the sudden interest in the narrative of *Africa Rising*? The world has suddenly realised that Africa is the last frontier and ideal environment for new business opportunity in the context of a transformed brand of global capitalism.

Is there truth to the new *Africa Rising* narrative? As much as we believe that both the Western and Asian countries are rebranding Africa as a 'continent of opportunity' for self-serving interests, the new narrative bears some truth. New economic growth figures, averaging at about 4 percent, give much credence to the claim that indeed Africa is 'rising'.

The continent's commodities boom and mineral and oil wealth have definitely benefitted state coffers, however, with little 'trickle down' effect. Moreover, there has been a real change in perception by investors, as noted in a new report from Ernest & Young's Africa 2013 "Attractiveness Survey". The change reflects not only an overall transformation in Africa's image, but also shifting investment patterns.

Contrary to stereotypical views, the new narrative portrays a continent where the 'winds of change' are stimulating economic reforms. Africa is becoming more conducive to business development. The new transformation is playing a significant role in promoting Africa as a viable business partner in the global market. Through the influence of the World Bank's "constructive engagement" policies, trade has been liberalised, import restrictions and price controls on many primary and secondary products have been removed and various measures to regulate the financial and banking sectors have been many implemented. These new developments clearly indicate that continent has created the necessary conditions for economic growth and a thriving local and international business community.



"Africa is definitely 'rising' and the private sector is the key to this new advance".

Conflicts and wars though prevalent have diminished in terms of occurrence. New democratic dispensations have added to good governance. Innovative financial markets are opening up and trade is improving. Most importantly, though, economic growth is surging.

More specifically, it is the new consumer-based market of almost one billion that offers the greatest opportunity for trade in Africa. With particular reference to the topic *Africa Export Rising: Myth or Reality*, while Africa's collective long-term prospects are strong, the growth trajectories of its individual countries will differ. Economists have traditionally grouped them by region, language, or income level.

Most African countries today fall into one of four broad clusters: diversified economies, oil exporters, transition economies, or pre-transition economies. Although the countries within each segment differ in many ways, their economic structures share broad similarities. This framework is useful for understanding how growth opportunities and challenges vary across a heterogeneous continent. Although imperfect, this framework can guide business leaders and investors as they develop strategies for Africa and can provide new perspectives for its policy makers.

The Master Class: Discussion Focus

- Is Africa really rising, especially in terms of overall development and export trade? Is the narrative of Africa Rising relevant in terms of the new global political economy?
- What must South African Firms know when trading and doing business in Africa?
- What are the biggest challenges of exporting into key markets in the continent and how are exporters adapting?
- Which South African Firms are best integrating their supply chains across the region and in which markets? What are the key lessons?
- What is the outlook for the rise in consumer spending in Africa and how can South African firms benefit from this? Where are the hotspots of purchasing power and who are the key competitors to watch?

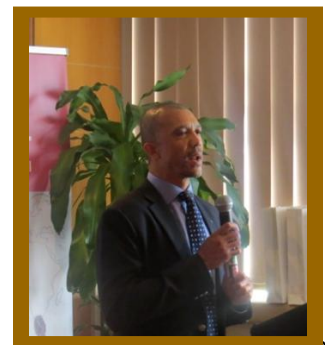
The Master Class: Introduction & Preliminaries



Mr. Ahmed Shaikh, Managing Director of REGENT Business School (RBS) opened the ceremonies at the Master Class. He welcomed all the Guests and briefly contextualised the partnership between TIKZN and RBS in hosting the event. He thanked all the esteemed panelists and in particular the MEC for Economic Affairs and Tourism in KwaZulu-Natal, Mr. Michael Mabuyakhulu, for their attendance. He then handed over to Mr. Lester Bouah, the MC.



Mr. Lester Bouah, Executive Manager for Export Development and Promotion for TIKZN and the Master of Ceremonies for the Master Class, welcomed all and briefly contextualised the event *vis-a-vis* the Export Week. He stated that TIKZN was honoured that RBS accepted its invitation to jointly host the Master Class and was hopeful that the partnership will continue into the future. He then welcomed the Panelists, the Moderator, Ms Hannah Edinger and the CEO of TIKZN, Mr. Zamo Gwala.





Mr. Zamo Gwala, CEO of TIKZN did an introductory presentation about his organisation and how it promotes Exports from South Africa, generally, and KwaZulu-Natal, specifically.

In his address Mr Gwala spoke about the importance of Exports to the South African economy and the need to be competitive in world markets. He specifically referred to the South African Trade Balance and felt it was a worrying factor for the country. In terms of South Africa's Export Performance, he showed how the value of the country's exports decline between 2008 and 2009, especially during the world financial crisis. He then went on to show the country's 15 leading exports. A detailed presentation of his delivery is available at:

<http://www.tikzn.co.za/exportweekdocuments.aspx>



Ms. Hannah Edinger, Director and Head of Research & Strategy at Frontier Advisory (Pty) Ltd, was the Moderator for the Master Class. In her introductory remarks, she briefly explained the narrative of "Africa Rising" and its importance to the development agenda of Africa. She then went on to explain the purpose of the Master Class with specific reference to the topic of discussion, "Africa Export Rising: Myth or Reality?" Ms Edinger then contextualised the Master Class within the perspective of TIKN's Export Week.

She then introduced the Panelist to the audience who were largely composed of invited CEOs of major corporate, public sector leaders, academics and graduate students. She explained the protocols of the Master Class assured the audience that there would be a 'question and answer' session at the end of the presentations. More details regarding the speakers and the content of the Master Class are available below:

<http://regent.ac.za/wp-content/uploads/2014/11/tikzn-rbs-brochure-final-4.pdf>

A video presentation of the Master Class will be available shortly. Check our website: www.regent.ac.za



The Master Class: Panelists



The Panelists from Left to Right: Mr. Jean-Michel Marnoto, Mr. Andrew Layman, Mr. Riaz Haffejee, Mr. Michael Mabuyakhulu and Professor Anis Karodia. The Moderator, Ms Hannah Edinger is on the extreme Right

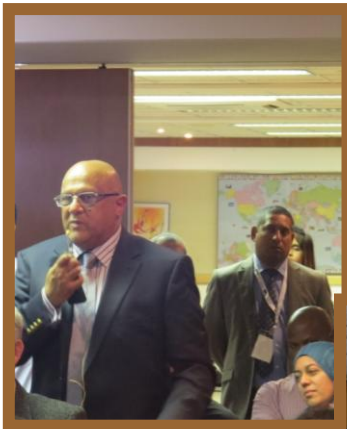


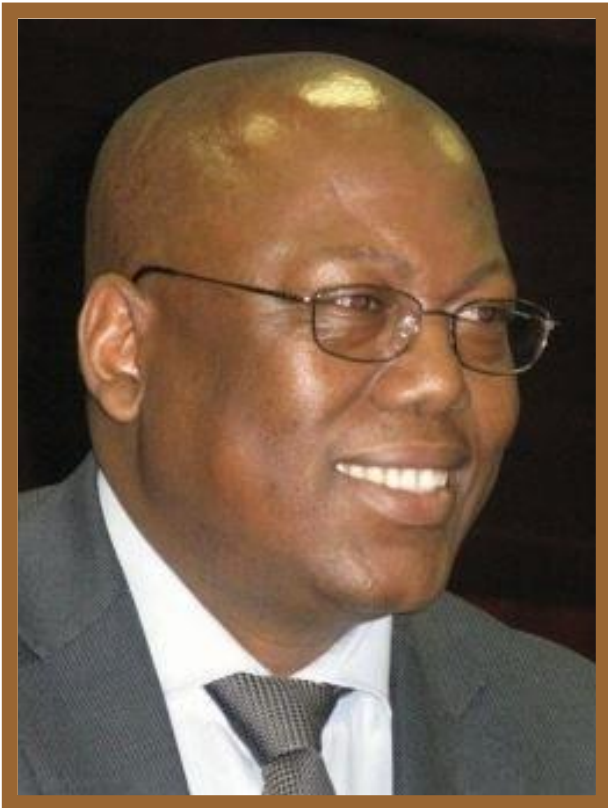
The audience of invited guests, academics and graduate students



MASTER CLASS

Members of the Panel and Audience Engage in Critical Discussion



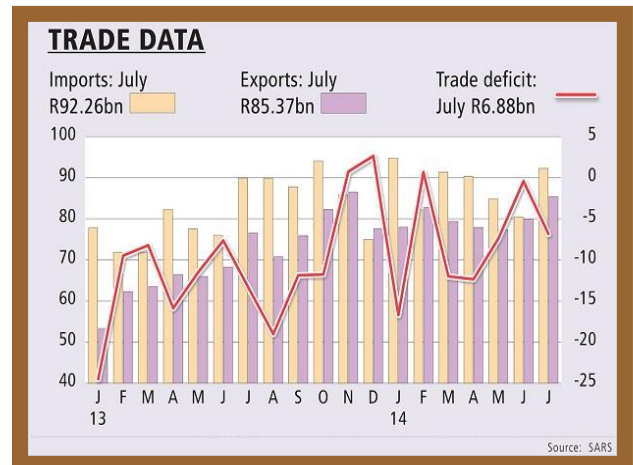


Mr. Michael Mabuyakhulu, MEC for Economic Affairs and Tourism, KwaZulu-Natal was the Keynote Speaker and panellist at the Master Class. He is a key member of the KwaZulu-Natal Legislature and is proudly known for getting his job done. During his tenure he has overseen many important projects in KwaZulu-Natal, including the new International Airport and Dube Trade Port.

In his presentation the MEC outlined the importance of the Export Week and how TIKZN has been assisting local firms to export their goods and services. He then went on to deal with the problems and challenges of exporting. Towards this end, he highlighted the problem of the Trade Deficit, which he felt was a worrying problem for South Africa. In terms of the opportunities in exporting, he made reference to the BRICS bloc and indicated the potential this offered to South Africa. With reference to the Africa Rising issue, he was positive that the new developments in Africa, affirmed the truth of

the narrative. He, however, stressed that as much as Africa was Rising, there are major challenges. He was at pains to point out that if the trade deficit was not dealt with positively, it could affect the overall development agenda of South Africa and contribute negatively in terms of employment.

He finally made an appeal to all, and especially the private sector to assist in increasing our trade revenues through exports. He believed that this was a collective responsibility of all stakeholders in the South African development drama.



The Master Class: Tentative Conclusions



Whilst there was overall agreement that African Exports were rising, many of the panellist expressed serious concerns about the fact that many problems and challenges existed. Some of the panellist expressed their concerns about the fact that the state needs to do much more in facilitating trade between South Africa and Africa and the world. In this respect some panellists were concerned about issues such as the regulatory environment and others were concerned about infrastructure problems. At the meta- level, there seems to be consensus that the growth in GDP of African countries does not truly reflect on the overall development of the continent. The 'trickle down' effect was not occurring and poverty and food insecurity was still a major concern. In terms of opportunities, the MEC was of the opinion that entrepreneurs need to look at 'new value chains' as an alternative to the traditional exporting of commodities. Much more needs to be done to sustain the positive narrative of 'Africa Rising'. The article that follows seems to suggest that indeed Africa is on a new development trajectory.