



SOUTHERN
AFRICA EUROPE
CEO DIALOGUE



The European House
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SOUTHERN AFRICA EUROPE CEO DIALOGUE

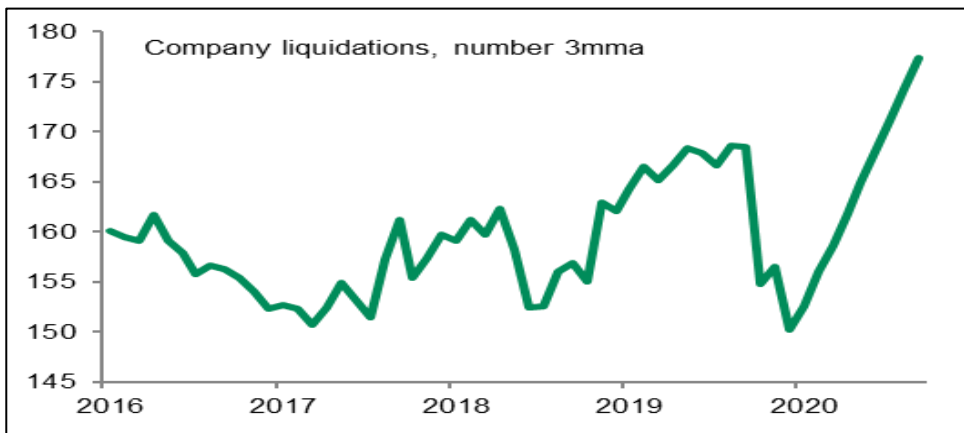
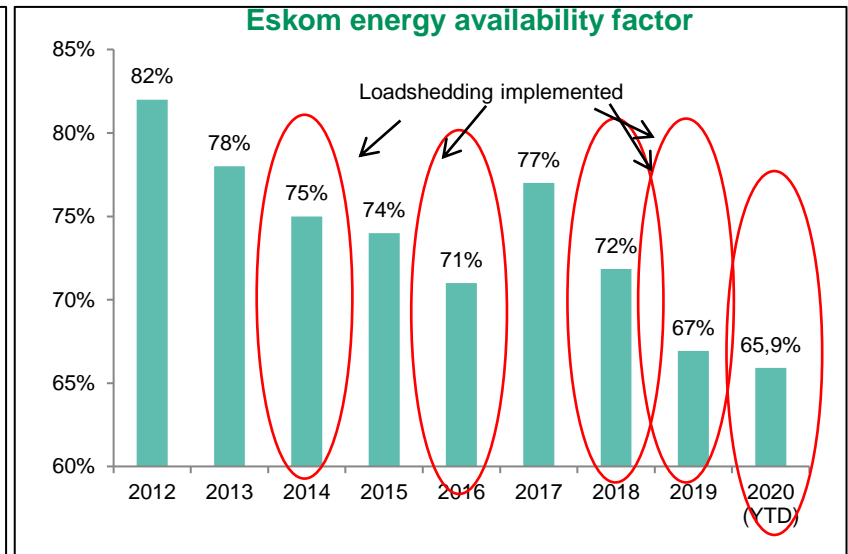
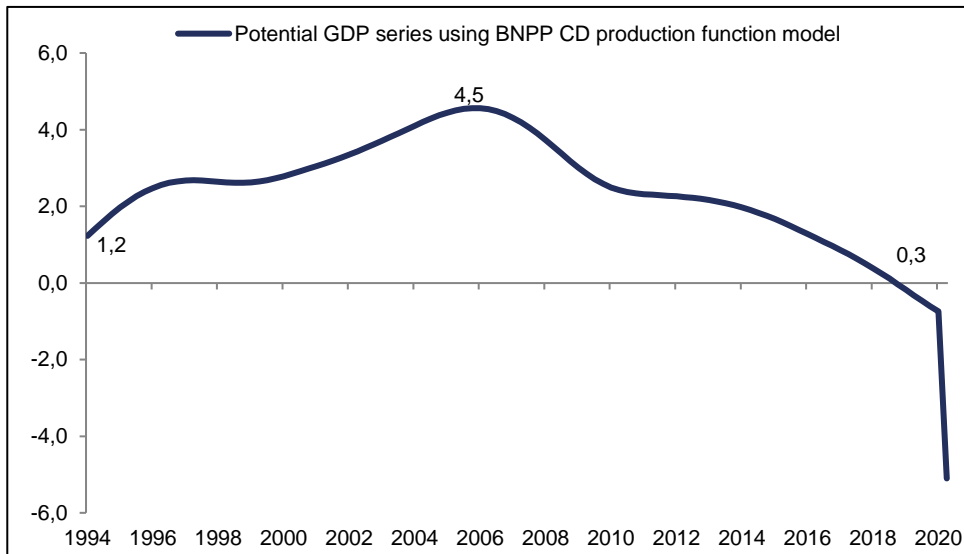
7th Edition

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BUILDING AN EXCLUSIVE, INFLUENTIAL COMMUNITY OF LEADERS FOR GROWING
THEIR ENTERPRISES, THEIR COUNTRIES, AND THEIR CONTINENTS

PRESENTATION BY VIKAS KHANDELWAL

A bad situation gone worse !



- Growth was already in trouble pre Covid 19.
- Several constraints, among which electricity supply, but also other factors including state capacity, corruption, ports, availability and price of data, policy uncertainty, uncontained increased in deficit spending

Covid has made things worse, core issues remain the same

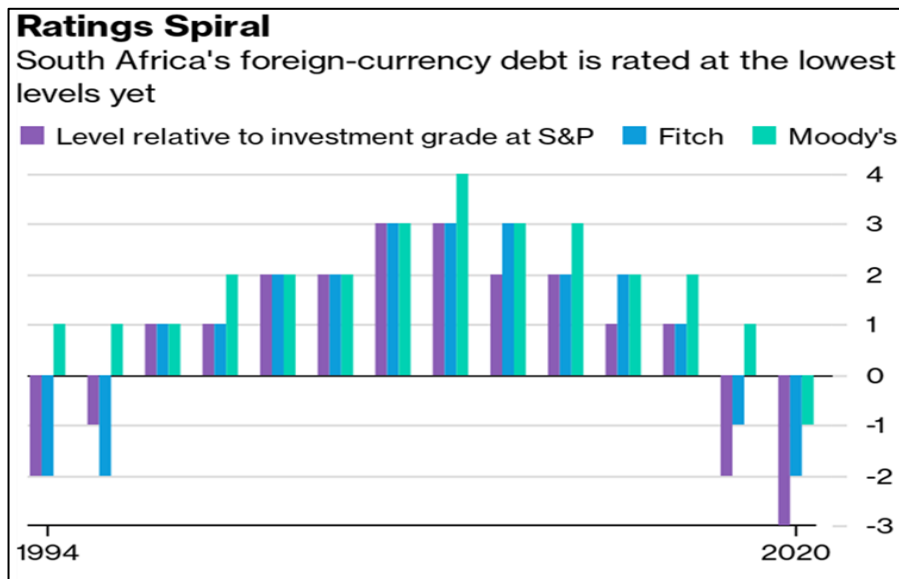
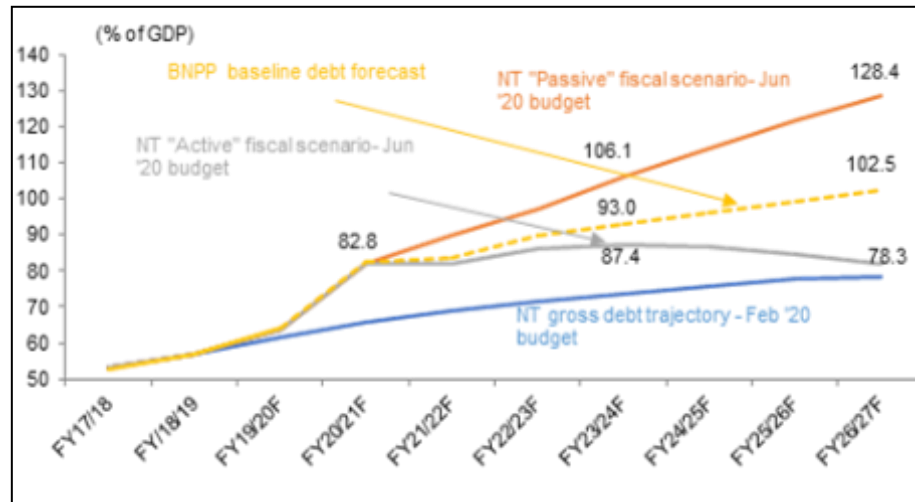
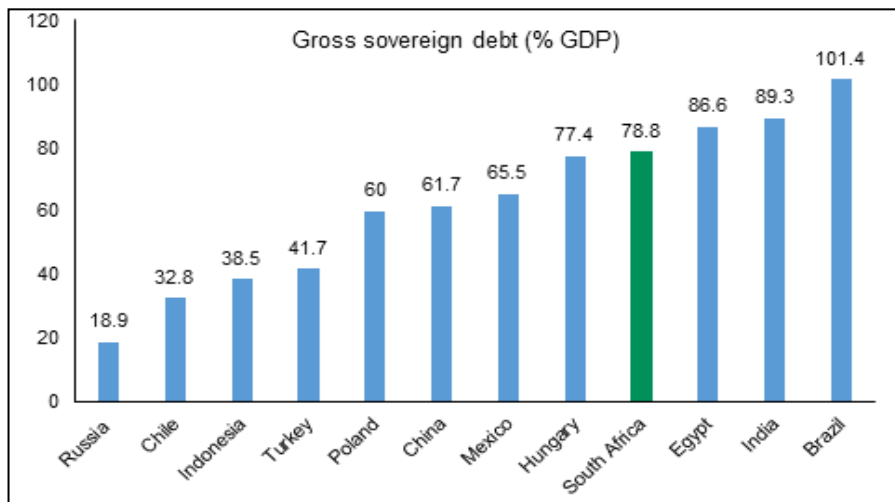


BNP PARIBAS

The bank for a changing world

Sources: Stats SA, SARB, Eskom, BNP Paribas

Worsening Debt situation impacting credit standing



- Growth plans have to be accompanied by spending cuts to rein in deficit.
- Risks from politics, trade unions and social pressures emanating from unemployment, poverty and company closures impede government's ability to impact the negative trajectory, e.g., on the target and amount of spending cuts to move state money from consumption towards investment spending.
- BB range indicates 'higher level of concern that deteriorating economic conditions could hinder the issuer's ability to meet its obligations'.



Accelerate the pace of reforms

Growth story to be made more credible

IMPLEMENTATION, IMPLEMENTATION, IMPLMENTATION

If risk is high, double the efforts so as to 'make doing business easier'

But the reality is ...

*World Bank report 2020 'Doing Business Report' ranks South Africa **84 out of 190** falling behind majority of our BRICS peers. Russia (28), China (31) and India (63). In Africa, Mauritius (13), Rwanda (38) and Kenya (65), all rank way ahead.*

If one looks at the detail, some of the key areas of drag -

139th for 'starting a business'

114th for 'electricity supply'

145th for 'trading across borders'

Country needs to build on its strengths - independent institutions like the South African Reserve Bank, a solid, well-functioning judiciary and constitution and a world class banking and financial markets sector, all critical for business.

Government incentive and pace around SUSTAINABILITY (ESG) across all economic vectors

South Africa ranks 138th (of 180) in the Global Sustainable Competitive Index (GCSI) by SolAbility.



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