



JOHANNESBURG-GAUTENG
SOUTHAFRICA ITALY
SUMMIT/INDABA



The European House
Ambrosetti

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

5th Edition

The Maslow Hotel, Johannesburg
23rd and 24th October, 2018

OPENING SPEECH BY VALERIO DE MOLLI

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DEAR MINISTERS FROM AFRICA AND EUROPE, DEAR AMBASSADORS, DEAR CEO'S, DEAR LADIES AND GENTLEMEN, IT IS A PLEASURE TO WELCOME YOU TO THE FIFTH EDITION OF THE SOUTH AFRICA-ITALY INDABA – ENTITLED “AFRICA EUROPE CEO DIALOGUE” AND ORGANIZED BY THE EUROPEAN HOUSE – AMBROSETTI AND GAUTENG PROVINCIAL GOVERNMENT.

THE EUROPEAN HOUSE – AMBROSETTI,

- WITH ITS MORE THAN 200 PEOPLE SHARING THE SAME PASSION AND DRIVE, HAS BEEN WORKING SIDE BY SIDE WITH ENTREPRENEURS GLOBALLY TO HELP THEM GROW DURING THE PAST 50 YEARS.
- EVERY YEAR WE SERVICE MORE THAN 400 CLIENTS, WE ORGANISE MORE THAN 300 HIGH LEVEL EVENTS AND WE ENGAGE MORE THAN 2,000 NATIONAL AND INTERNATIONAL EXPERTS.
- FOR THE FIFTH CONSECUTIVE YEAR, THE EUROPEAN HOUSE - AMBROSETTI HAS BEEN NOMINATED - IN THE "BEST PRIVATE THINK TANKS" CATEGORY - THE NO. 1 THINK TANK IN ITALY, RANKING IN THE EUROPEAN TOP TEN AND RANKING IN THE WORLD TOP ONE-HUNDRED MOST RESPECTED AND INDEPENDENT THINK TANKS OUT OF 6,846 THINK TANKS GLOBALLY, IN THE UNIVERSITY OF PENNSYLVANIA 2017 GLOBAL GO TO THINK TANK INDEX REPORT.
- OUR SUMMIT IS PART OF THE “SUPPORT TO THE EU-SOUTH AFRICA STRATEGIC ECONOMIC PARTNERSHIP” HIGH LEVEL WORKING GROUP, CONCEIVED BY THE EUROPEAN COMMISSION AND AIMED AT STRENGTHENING EU ECONOMIC ENGAGEMENT IN AFRICA, MAXIMISING TRADE AND INVESTMENT FLOWS.

LET ME THANK MR. **DAVID MAKHURA**, PREMIER OF GAUTENG, FOR HOSTING US IN HIS PROVINCE AND IN THIS OUTSTANDING VENUE AND THANKS TO GAUTENG PROVINCIAL GOVERNMENT FOR ITS SUPPORT.

THANKS ALSO TO **THE MANY MINISTRIES AND GOVERNMENT REPRESENTATIVES** HERE PRESENT, TO AMBASSADOR **PIETRO DONNICI** FROM ITALY AND TO AMBASSADOR **SONI** FROM SOUTH AFRICA, TO THE DELEGATION OF THE EUROPEAN UNION IN SOUTH AFRICA, TO THE AMBASSADOR TO THE REPUBLIC OF SOUTH AFRICA **MARCUS CORNARO** AND TO THE DIRECTOR GENERAL FOR INTERNATIONAL COOPERATION AND DEVELOPMENT **STEFANO MANSERVISI**.

THANKS TO OUR **ADVISORS** AND OUR **PARTNERS**: BBMLAW, MA, PEU GROUP, TRANSNET AND ALITALIA. THE EUROPEAN UNION, GROW TO IN, ITALTILE, CTM, AND GAUTENG TOURISM. RANGE ROVER AND BUSINESS DAY.

THANKS TO THE EMBASSY OF ITALY IN PRETORIA, THE EMBASSY OF SOUTH AFRICA IN ITALY, THE ITALIAN TRADE AGENCY, TO THE ITALIAN SOUTH AFRICAN CHAMBER OF TRADE AND COMMERCE, HIP ALLIANCE, THE NELSON MANDELA FOUNDATION AND THE EUROPEAN PARLIAMENT FOR THE **PATRONAGE** OF THIS EVENT.

FINALLY, THANKS TO **THE EUROPEAN HOUSE – AMBROSETTI TEAM** LED BY PAOLO BORZATTA AND MARINA MIRA D'ERCOLE (PL), TO OUR PARTNER HERE IN SOUTH AFRICA MR. NICO DE COCK AND OPTIMIZE, TOGETHER WITH ALL THE OTHER PEOPLE THAT HAVE WORKED IN THE PAST MONTHS TO REALIZE THIS EVENT.

WELL, I DO NOT WANT TO INDULGE TOO MUCH IN CELEBRATING THE 5TH EDITION OF THE “SOUTH AFRICA - ITALY INDABA” INITIATIVE, BUT LET ME POINT OUT THAT, FROM THIS YEAR ON, THE INITIATIVE WILL BE ENTITLED “**AFRICA - EUROPE CEO DIALOGUE**”.

THIS IS NOT SIMPLY A REBRANDING: THIS GATHERING HAS TODAY AFFIRMED ITSELF AS THE REFERENCE COMMUNITY TO

DISCUSS STRATEGIC ISSUES FROM THE WHOLE SOUTHERN AFRICA AND ITALY AND EUROPE AT LARGE.

THIS ACHIEVEMENT IS THE RESULT OF OVER TEN YEARS OF THE EUROPEAN HOUSE – ABROSETTI ENGAGEMENT WITH AFRICA, WITH ITS BUSINESSES, WITH ITS INSTITUTIONS AND WITH ITS PEOPLE.

WE WANTED TO PUT SOUTHERN AFRICA ON THE RADAR OF EUROPEAN COMPANIES, TOGETHER WITH THE MANY OPPORTUNITIES THE REGION OFFERS. AT THE BASE OF THIS ENGAGEMENT AND COMMITMENT THERE HAS ALWAYS BEEN THE CERTAINTY THAT THE TWO REGIONS ARE, AND WILL BE, VITAL FOR EACH OTHER.

FEW NUMBERS SUPPORT SUCH CONSIDERATION:

- **EU EXPORTS TOWARDS SOUTHERN AFRICA HAVE RETURNED TO GROWTH IN THE PAST YEAR (+8.7%) STRENGTHENING THE EU POSITION AS THE MAJOR EXPORTER TOWARDS THE REGION AND REACHING A VALUE OF €72 BILLION (€34 BILLION IN SADC).**
 - **THIS VALUE IS ALMOST TWICE THE ONE FROM USA, UNITED ARAB EMIRATES AND INDIA COMBINED, AND 15% MORE THAN CHINESE ONE.**
- **CONVERSELY, SOUTHERN AFRICA'S EXPORTS TOWARDS EU KEEP GROWING TOO, +6.5% IN THE PAST YEAR, REACHING A VALUE €69 BILLION AT END-2017.**
 - **HIGHER THAN THE VALUE OF REGION'S EXPORTS TOWARDS THE UNITED STATES, INDIA AND UNITED ARAB EMIRATES COMBINED.**
- **EU HAS ALSO AFFIRMED AS AFRICA MAJOR PARTNER FOR GROWTH, WITH TOTAL FDI_s STOCK IN THE CONTINENT TOTALING €302 BILLION IN 2017 (ACCORDING TO THE EUROPEAN COMMISSION).**
 - **IT IS MORE THAN 5 TIMES THE UNITED STATES' AMOUNT AND 8 TIMES CHINESE ONE, ALSO THANKS TO HISTORICAL EU PRESENCE IN THE REGION.**

DESPITE SUCH INCREDIBLE RESULTS, WE BELIEVE THAT EUROPEAN AND SOUTHERN AFRICA BUSINESS ENGAGEMENT IS STILL BELOW POTENTIAL.

- **ECONOMIC GROWTH IN SOUTHERN AFRICA REGION CONTINUES TO RECOVER STEADILY. REGIONAL GROWTH IS PROJECTED TO PICK UP TO 3.1 PERCENT IN 2018, AND TO 3.5 PERCENT IN 2019 AND 3.7 PERCENT IN 2020,**
- **SOUTHERN AFRICA IS BEING PLUGGED INTO MAJOR TRADE ROUTES. TRADE FLOWS HAVE INCREASED STEADILY IN THE PAST DECADES AND FUTURE PROJECTIONS ARE ALSO POSITIVE: BETWEEN 2018-2020 IMPORT OF GOODS AND SERVICES WILL INCREASE BY 19%, EXPORT BY 16%,**
- **GROSS CAPITAL INFLOWS AND FDI_s TO SOUTHERN AFRICA REGION HAVE BEEN INCREASING FOR THE PAST FEW YEARS AND WERE AROUND 8 PERCENT OF GDP IN 2017,**
- **INTERNATIONAL ENGAGEMENT WILL ALSO CONTRIBUTE TO CREATE A MORE INTERNATIONAL BUSINESS ENVIRONMENT IN THE REGION. ECONOMIC AND BUSINESS ENVIRONMENT IN MANY SOUTHERN AFRICA COUNTRIES IS STEADILY IMPROVING, AND INSTITUTIONS AND GOVERNANCE ARE GROWING STRONGER,**
- **THE REGION HAS ALSO SUCCESSFULLY NURTURED A NEW GENERATION OF ENTREPRENEURS AND LEADERS, CAPABLE TO DRIVE ECONOMIC AND BUSINESS PERFORMANCES AND TO BUILD UP KNOWLEDGE, THE MAJOR NEEDS OF THE CONTINENT.**

WITHIN THIS CONTEXT, WE CANNOT FORGET OR UNDERESTIMATE THE ROLE THAT TWO KEY PLAYERS SUCH AS SOUTH AFRICA AND ITALY CAN PLAY IN BOOSTING THE TWO REGION'S MUTUAL ENGAGEMENT, AT BOTH INSTITUTIONAL AND BUSINESS LEVEL.

SOUTH AFRICA:

- **REMAINS THE REGIONAL ECONOMIC POWERHOUSE, A ROLE THAT WILL MAINTAIN ALSO IN THE YEARS AHEAD, IT**

ACCOUNTS FOR 21.2% OF SOUTHERN AFRICA GDP, FOR 25% OF ITS IMPORTS AND 29% OF ITS EXPORT,

- IT IS THE **1ST AFRICAN COUNTRY AND THE 5TH COUNTRY GLOBALLY CONSIDERING THE AMOUNT OF FDI_s IN SOUTHERN AFRICA** (excluding double counting),
- IT IS THE BEST-PLACED LOCATION FOR RAISING CAPITAL, SECURING INVESTMENTS AND CLOSING DEALS THANKS TO AN ADVANCED FINANCIAL AND LEGAL SYSTEM,
- IT IS COMMITTED IN **ACHIEVING INFRASTRUCTURAL EXCELLENCE**, DEPLOYING A \$115 BILLION INFRASTRUCTURE PROGRAM PIVOTAL, TO TRIGGER TRADE WITHIN THE CONTINENT AND TO ALLOW AFRICAN PARTICIPATION IN GLOBAL VALUE CHAINS,
- LEADS IN INNOVATION: **1ST IN AFRICA FOR R&D INTENSITY (0.75%), HIGHEST NUMBER OF RESEARCHERS PER MILLION PEOPLE IN AFRICA (403, OF WHICH 44% ARE WOMEN), 46% OF SOUTHERN AFRICA'S SCIENTIFIC PUBLICATIONS.**

ITALY:

- HAS BEEN THE **TOP EU INVESTOR** IN AFRICA (CONSIDERING FDI_s) IN 2016.
- AS FAR AS 2017 IS CONCERNED, ITALY RANKS **1ST COUNTRY GLOBALLY CONSIDERING ANNOUNCED GREENFIELD INVESTMENT PROJECTS IN AFRICA**, WITH \$10.4 BILLION AND AHEAD OF CHINA, US, SAUDI ARABIA AND UK [SOURCE: UNCTAD, WORLD INVESTMENT REPORT, 2018].
- IT IS A GLOBAL ECONOMIC LEADER:
 - **1ST IN THE EU CONSIDERING THE NUMBER OF SMES IN MANUFACTURING INDUSTRY** (TWICE FRANCE AND GERMANY, ALMOST FOUR TIMES THE NUMBER OF SPAIN AND UK),
 - **2ND IN THE EU AND 4TH GLOBALLY CONSIDERING MANUFACTURING VALUE ADDED, IN THE GLOBAL TOP-5 WITH MANUFACTURING SURPLUS OF \$100 BLN.,**

- 2ND IN THE EU IN TERMS OF **GOVERNMENT POLICY FAVOURING INNOVATION FOR BUSINESS (ACCORDING TO MANNHEIM UNIVERSITY),**
- 1ST IN THE EU CONSIDERING THE **NUMBER OF REFERENCES PER RESEARCHER,**
- 3RD IN THE EU CONSIDERING REFERENCES IN MEDICINE, GROWING FASTER THAN UK AND GERMANY SINCE 2007, AND 1ST NARROWING THE SCOPE TO ONCOLOGY,
- 2ND MOST REPRESENTED COUNTRY IN THE “EUROPEAN RESEARCH COUNCIL STARTING GRANTS 2018” INITIATIVE,
- 1ST IN THE EU CONSIDERING PHARMACEUTICAL PRODUCTION VALUE, SURPASSING GERMANY IN 2017 WITH THE RECORD VALUE OF €31.2 BILLION.
- INCREASING NUMBER OF LARGE ITALIAN COMPANIES THAT HAVE DECIDED TO BET ON SOUTHERN AFRICA AND TO INVEST IN THE REGION, LOCALIZING PRODUCTION AND STARTING FRUITFUL LOCAL PARTNERSHIPS.
 - AMONG THE ITALIAN PLAYERS THAT HAVE ALREADY SUPPORTED OUR SUMMIT THERE ARE PERAGO, MA AUTOMOTIVE, BUILDING ENERGY, CNH INDUSTRIAL, FERROVIE DELLO STATO ITALIANE, FIERA MILANO, TERNA, ALITALIA, UBI BANCA,
 - OTHER IMPORTANT ITALIAN COMPANIES INVEST IN SOUTH AFRICA LIKE ENI, ENEL, IVECO, BUT ARE NOT YET MEMBERS OF OUR INDABA AND WE HOPE THEY CAN BE SOON MORE INVOLVED.

SUCH DEVELOPMENT CAN PAVE THE WAY FOR OTHER ITALIAN AND EUROPEAN PLAYERS, **IN PARTICULAR SMES**, THAT ARE INCREASINGLY WILLING TO INVEST IN THE REGION AND TO TRADE WITH THE REGION.

WE ARE CONVINCED THAT, BY WORKING TOGETHER, SOUTHERN AFRICA AND EUROPEAN COMPANIES CAN UNLEASH AND NURTURE THE GROWTH OF THE CONTINENT.

TO UNLEASH SUCH POTENTIAL, WHAT IS REQUIRED THE MOST IS **KNOWLEDGE OF THE REGION, NETWORKING AND OF ITS BUSINESS ENVIRONMENT BY EUROPEAN ENTREPRENEURS AND CEOs AND AFRICAN.**

IT IS EXACTLY WHAT WE PURSUE WITH OUR INTERNATIONAL SUMMITS: **TO INCREASE MUTUAL KNOWLEDGE, PERSONAL FEELING AND TRUST, AND TO INVESTIGATE CONCRETE BUSINESS OPPORTUNITIES.**

- **6 PLATFORMS ARE CURRENTLY IN PLACE, DELIVERING CONCRETE RESULTS IN MIDDLE EAST, ASIA, EUROPE AND AMONG THE COUNTRIES INTERESTED BY THE ONE BELT ONE ROAD INITIATIVE. MORE WILL COME.**

THIS YEAR'S EDITION OF THE INDABA WILL FOCUS ON THE IMPACT OF **DIGITAL TECHNOLOGIES AND DIGITIZATION.** THEY POSE UNPRECEDENTED CHALLENGES BUT ALSO OFFER NEW SOLUTIONS AND AMBITS FOR COOPERATION AND INCLUSIVE GROWTH THAT WE WILL INVESTIGATE AND DISCUSS, INCLUDING A DEDICATED SESSION ON TECHNICAL AND SCIENTIFIC COOPERATION.

AS YOU WILL SEE, THE INDABA IS DESIGNED WITH A **SPECIAL AND UNIQUE FORMAT,** SESSIONS ARE MADE OF QUICK INTERACTIONS AND SUPPORTED BY OWN CONTENTS, ELABORATED BY OUR THINK TANK TO FOCUS THE DISCUSSIONS.

TWO POSITION PAPERS, THAT YOU WILL FIND ON YOUR DESK, ADDRESS TOURISM INDUSTRY AND INTERMODAL CONNECTIVITY INFRASTRUCTURES. THESE ARE TWO OF THE MANY FIELDS WHERE WE BELIEVE GREAT OPPORTUNITIES LIES. NOT ONLY FOR LARGE SIZED PLAYERS BUT ALSO FOR SMALLER COMPANIES.

YOU WILL ALSO FIND TWO PAPERS DEVELOPED TOGETHER WITH THE EUROPEAN UNION DELEGATION TO SOUTH AFRICA, TITLED “CONTRIBUTION OF EU INVESTMENTS TO INCLUSIVE GROWTH IN SOUTH AFRICA” AND “EU INVESTMENT DISCUSSION PAPER”, ALREADY PRESENTED TO THE SOUTH AFRICAN GOVERNMENT.

I HOPE THAT THESE TWO INTENSE DAYS OF WORK AND DISCUSSIONS WILL HELP ALL THE PARTICIPANTS TO GET A BETTER KNOWLEDGE OF EACH OTHERS, AND WILL PROVIDE A USEFUL UNDERSTANDING OF OPPORTUNITIES COMING FROM FURTHER ENGAGEMENT BETWEEN EUROPE AND AFRICA.

ALL THE EUROPEAN HOUSE AMBROSETTI TEAM IS AT YOUR FULL DISPOSAL FOR ANY NEED YOU MAY HAVE TO MAKE YOUR PARTICIPATION VERY FRUITFUL AND MEMORABLE.

I WISH YOU ALL A FRUITFUL WORK AND A PLEASANT STAY TO OUR INDABA AND THANK YOU FOR YOUR ATTENTION,

THANK YOU

VALERIO DE MOLLI