



**JOHANNESBURG**  
**SOUTHAFRICA ITALY**  
SUMMIT

**SOUTH AFRICA – ITALY SUMMIT 2016**

THIRD EDITION

**Building a community of leaders for growing  
their enterprises in the two countries and continents**

**October 18 and 19, 2016**

**JOHANNESBURG, SOUTH AFRICA**

**Hyatt Regency Johannesburg**

**Opening remarks of Valerio De Molli**

*(Managing Partner and CEO, The European House - Ambrosetti)*

In cooperation with



Partners



With the patronage of



Media Partner



*Johannesburg, October 18, 2016*

DEAR MINISTERS FROM AFRICA AND EUROPE, ITALY AND SOUTH AFRICA, DEAR AMBASSADORS, DEAR CEO's, DEAR LADIES AND GENTLEMEN,

IT IS A PLEASURE TO WELCOME YOU TO THE THIRD EDITION OF THE SOUTH AFRICA – ITALY SUMMIT ORGANIZED BY THE EUROPEAN HOUSE – AMBROSETTI.

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 FOR 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.

THE EUROPEAN HOUSE – AMBROSETTI HAS ALSO BEEN RECOGNIZED BY THE UNIVERSITY OF PENNSYLVANIA FOR THE THIRD CONSECUTIVE YEAR AS THE FIRST PRIVATE THINK TANK IN ITALY AND FOURTH MOST IMPORTANT IN THE EU. MOREOVER, WE ARE IN THE SHORTLIST OF THE 100 MOST IMPORTANT INDEPENDENT THINKERS GLOBALLY.

FIRST, I WANT TO THANK **MR. DAVID MAKHURA**, PREMIER OF GAUTENG FOR HOSTING US IN ITS PROVINCE AND IN THIS OUTSTANDING VENUE.

THANKS ALSO TO THE **GOVERNMENTS OF THE TWO COUNTRIES**, TO THE **MINISTRIES HERE PRESENT** AND TO **AMBASSADOR PIETRO DONNICI** FROM ITALY AND **AMBASSADOR NOMATEMBA TAMBO** FROM SOUTH AFRICA.

I ALSO WANT TO THANK AMBASSADOR MARCUS CORNARO FROM THE EUROPEAN UNION AND AMBASSADOR IGNACIO SELL SANZ FROM SPAIN, THAT WILL JOIN US THIS EVENING.

THANKS **OUR ADVISORS AND OUR PARTNERS**: BUILDING ENERGY, BBMLAW, MA CLN GROUP, PERAGO, REGIONE LOMBARDIA, FIERAMILANO, BONELLIEREDE, UBIBANCA, AFRICOIL, BANCA AGRICOLA COMMERCIALE, GROWN CONSULTING, CTM AND ITALTILE, TOGETHER WITH OUR **SESSION PARTNERS**.

THANKS TO **ITALIAN MINISTER OF FOREIGN AFFAIRS, GAUTENG PROVINCE, LOMBARDIA REGION, EMILIA ROMAGNA REGION AND REPUBLIC OF SAN MARINO** FOR THE PATRONAGE OF THIS EVENT.

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

THREE YEARS AGO I HAVE ADDRESSED TO YOU SAYING THAT THE SOUTH AFRICA - ITALY SUMMIT WAS NOT INTENDED TO BE JUST A ONE-TIME GATHERING BUT A MILESTONE OF A **BROADER PLATFORM**. THE AMBITION WAS

TO BUILD A STRONG AND HIGHLY-EXCLUSIVE COMMUNITY OF BUSINESS AND INSTITUTIONAL LEADERS, CAPABLE TO INFLUENCE THE AGENDA OF THE TWO COUNTRIES AND SUPPORT MUTUAL RELATIONS BETWEEN THE TWO ECONOMIC AREAS CONTRIBUTING TO MUTUAL CULTURAL, ECONOMIC AND SOCIAL GROWTH.

WELL, **THREE YEARS LATER, HERE WE ARE**, HAVING STRONGLY COMMITTED TO THE POWER OF THOUGHT, BUILDING STRONG AND CONTINUOUS RELATIONSHIPS NOT JUST THROUGH THIS EVENT, BUT WITH YEAR-LONG WORK AND MEETINGS.

GATHERED HERE WE HAVE ALMOST **250 PARTICIPANTS**, OF WHICH **ONE THIRD ARE FROM ITALY**. THE SUMMIT ALSO HOSTS THE SIGNING OF A **MINISTERIAL AGREEMENT** - BETWEEN THE ITALIAN MINISTRY OF THE ENVIRONMENT AND PROTECTION OF LAND AND SEA AND SOUTH AFRICAN MINISTRY OF ENVIRONMENTAL AFFAIRS – AND OF A **MEMORANDUM OF UNDERSTANDING** BETWEEN EMILIA ROMAGNA REGION AND GAUTENG PROVINCE.

FOR THE FIRST TIME, WE ALSO HAVE THE PRESENCE OF DELEGATIONS FROM COMPANIES AND INSTITUTIONS FROM **ANGOLA, BOTSWANA, CONGO, KENYA, LESOTHO, MOZAMBIQUE, NAMIBIA, ZAMBIA, ZIMBABWE, SPAIN AND SANMARINO** INCLUDING **SIX MINISTRIES** FROM EUROPE AND AFRICA.

IT IS A CLEAR SIGN THAT THE **SOUTH AFRICA – ITALY SUMMIT HAS ACHIEVED THE TARGET TO REPRESENT NOT ONLY THE TWO COUNTRIES, BUT ALSO WHOLE AFRICA AND EUROPE**, BECOMING THE **REFERENCE COMMUNITY** FOR LEADERS FROM THE TWO AREAS.

LET ME SAY THAT THIS IS EXTREMELY IMPORTANT, ALSO CONSIDERING THE CURRENT **GLOBAL GEOECONOMIC SCENARIO**. WHILE THE WORLD IS ADAPTING TO A CONTEXT OF **MODERATE GROWTH** (+2,5% IN 2015 ACCORDING THE WORLD BANK) AND EXPERIENCING GROWING **POLITICAL UNCERTAINTY**, SUB-SAHARAN AFRICA IS RECORDING **INCREASED STABILITY AND ECONOMIC GROWTH** HIGHER THAN THE WORLD AVERAGE (+3,0% IN 2015).

AFRICA IS ALSO ATTRACTING A GROWING NUMBER OF INVESTMENTS (\$71.3 BLN. OF FDI FLOWS, GENERATING 150,000 JOBS), RESULTING ONE OF THE ONLY TWO REGIONS GLOBALLY CAPABLE TO RECORD A GROWTH IN FDI'S PROJECTS OVER THE PAST YEAR: +7% VS. A GLOBAL DECREASE OF 5%.

IN THIS CONTEXT, THE **EUROPEAN UNION REMAINS A PRIVILEGED PARTNER FOR SSA**. IT IS THE **FIRST EXPORTER IN SSA GLOBALLY** (24.2% SHARE) AND THE **FIRST DESTINATION FOR SSA EXPORT** (25.7% SHARE) RESULTING IN A TOTAL TRADE VALUE OF \$155 BLN. EU COMPANIES ALSO ACCOUNTS FOR OVER 20% OF GLOBAL FOREIGN DIRECT INVESTMENT IN SSA.

**THE TWO AREAS ARE ALSO STRENGTHENING THEIR COOPERATION IN SEVERAL AREAS**: FROM ENERGY TO INFRASTRUCTURES, FROM AGRICULTURE TO TRADE. AMONG THE OTHERS THE EU PARLIAMENT HAS RATIFIED THE ECONOMIC PARTNERSHIP AGREEMENT FAVOURING TRADE WITH 6 SSA COUNTRIES INCLUDING SOUTH AFRICA.

IN THIS CONTEXT ITALY IS CORROBORATING ITS ROLE OF KEY PARTNER OF AFRICA. ITALIAN COMPANIES ARE AMONG THE TOP INVESTORS IN AFRICA AND ITALIAN GOVERNMENT IS STRONGLY COMMITTED IN FOSTERING THE PARTNERSHIP BETWEEN ITALY AND SSA. DURING OUR SUMMIT IN CERNOBBIO LAST SEPTEMBER, PRIME MINISTER MATTEO RENZI ANNOUNCED THE SO CALLED "AFRICA ACT", EXPECTED TO BE PART OF THE NEXT ITALIAN BUDGET LAW AND TO PROVIDE A STRATEGIC APPROACH TO ITALIAN INVESTMENTS, LEVERAGING ON A DEDICATED TRUST FUND FROM CASSA DEPOSITI E PRESTITI WITH AN INITIAL BUDGET OF €20MLN.

IN LIGHT OF ABOVE EVIDENCES, THIS EDITION OF THE SOUTH AFRICA-ITALY SUMMIT IS EXTREMELY IMPORTANT. **GREAT OPPORTUNITIES FOR THE COOPERATION BETWEEN SOUTH AFRICA AND ITALY STILL EXIST.** AMONG THE OTHERS, TEH-A SOUTH AFRICA-ITALY THINK TANK HAS ANALYSED THOSE IN AUTOMOTIVE, ENERGY, AGRICULTURE AND ICT SECTOR.

CONSIDERING **AUTOMOTIVE**, OUR TEAM HAS ANALYSED SOUTH AFRICAN AUTOMOTIVE CLUSTER, A **PILLAR** OF SOUTH AFRICAN ECONOMY. THE INDUSTRY HAS GROWN STRONG IN THE PAST DECADES, FROM A SMALL ASSEMBLY HUB WITH EXCESSIVE FOREIGN EXCHANGE BURDEN TO A FULL-SCALE, **EXPORT-ORIENTED** MANUFACTURING INDUSTRY, CAPABLE TO ATTRACT MAJOR INTERNATIONAL ORIGINAL EQUIPMENT MANUFACTURERS. PRODUCTION IS STEADY GROWING (+9% BETWEEN 2014 AND 2015), SUSTAINED BY EXPORT (+26% IN THE SAME PERIOD) AND INTERNATIONAL INVESTMENTS.

STILL, THE VALUE CHAIN NEEDS TO BE COMPLETED AND A COMPETITIVE INVESTMENT ATTRACTION POLICY SCHEME IS IN PLACE. DESPITE THESE OPPORTUNITIES AND ITALIAN EXCELLENCES IN THE SECTOR, OUR ANALYSIS SHOWS THAT **ITALIAN PLAYERS ARE LAGGING BEHIND** INTERNATIONAL COMPETITORS IN ENGAGING THE SOUTH AFRICAN AUTOMOTIVE CLUSTER. AFTER A YEAR-LONG WORK, TOGETHER WITH AN HIGH LEVEL AUTOMOTIVE WORKING TABLE, WE HAVE IDENTIFIED A **SPECIFIC PARK** AS A SUITABLE LOCALIZATION OPTION FOR THOSE ITALIAN COMPANIES WILLING TO ENGAGE SOUTH AFRICAN MARKET.

COOPERATION IN THE **ENERGY** SECTOR ALSO SHOWS IMPORTANT SYNERGIES ACCORDING TO THE RESEARCH PERFORMED BY THE EUROPEAN HOUSE - AMBROSETTI. OUR EVIDENCES SHOW THAT THE SECTOR IS UNDERGOING **MAJOR STRUCTURAL CHANGES**. THIS EVOLVING SCENARIO OPENS UP RELEVANT OPPORTUNITIES FOR UPGRADING THE ENERGY INFRASTRUCTURE AND REBALANCING THE ENERGY MIX AND SOUTH AFRICA IS ALREADY INVESTING IN THIS SENSE. **OPPORTUNITIES FOR ITALIAN COMPANIES ARE RELEVANT:** ITALY HAS UNDISPUTED COMPETENCES IN THE NATURAL GAS POWER VALUE-CHAIN, RENEWABLES, SMART GRIDS AND STORAGE TECHNOLOGIES. WHILE MAJOR ITALIAN OPERATORS ARE ALREADY ESTABLISHED IN THE COUNTRY; AN INCREASED COOPERATION COULD GENERATE SIGNIFICANT BENEFITS FOR SMALLER OPERATORS NOT YET ENGAGING SOUTH AFRICAN MARKET.

A THIRD SECTOR WHERE WE FOCUSED OUR ANALYSIS IS THE **AGRIBUSINESS** ONE. WHILE IT CONTRIBUTES TO 12% OF SOUTH AFRICAN GDP AND TO 7% OF EMPLOYMENT, THE SECTOR IS HIGHLY POLARIZED BETWEEN LARGE, CAPITAL INTENSIVE, GLOBALLY-INTEGRATED COMMERCIAL FARMS, AND SMALL-SIZED, LOW-PRODUCTIVE AND LABOR INTENSIVE FARMS. **INTEGRATED AGROINDUSTRIAL PARKS** COULD OFFER A RELIABLE FRAMEWORK TO MITIGATE CHALLENGES FOR SMALLHOLDER FARMERS, ALLOWING THEM TO SHARE RESOURCES AND INVESTMENT AND INCREASE THEIR OUTPUT AND PRODUCTIVITY. OUR WORKING TEAM HAS IDENTIFIED A SUITABLE TESTBED FOR COOPERATION BETWEEN ITALY AND SOUTH AFRICA, TO BOOST AGRICULTURAL PRODUCTION AND VALUE CHAIN DEVELOPMENT.

FINALLY, ANOTHER IMPORTANT AREA OF COOPERATION IS RELATED TO **E-GOVERNMENT DEVELOPMENT**. SOUTH AFRICA IS AMONG THE AFRICAN COUNTRIES WITH THE HIGHEST DEGREE OF E-GOVERNMENT DEVELOPMENT (RANKING 3RD IN SSA), BUT IT STILL LAGS BEHIND THE TOP PERFORMERS (76TH AT GLOBAL LEVEL), WITH A GAP IN FIXED BROADBAND PENETRATION (3.2 SUBSCRIPTIONS PER 100 PEOPLE) AND AN AVERAGE INTERNET CONNECTION SPEED OF 3.7 MBPS. OPPORTUNITIES ARE AVAILABLE FOR COMPANIES IN KEY FIELDS SUCH AS **ICT INFRASTRUCTURES, INTEGRATED CLOUD-BASED AND OPEN DATA PLATFORMS, E-PAYMENT SOLUTIONS AND CYBERSECURITY**. WE HAVE DEVELOPED A 360° STRATEGIC APPROACH FOR E-GOVERNMENT DEVELOPMENT. FEW ELEMENTS OF THIS STRATEGY HAVE ALREADY BEEN ACTIVATED BY SOUTH AFRICA OR ITALY. THE **SHARING OF KNOW HOW, EXPERIENCES AND LESSONS-LEARNED** IN E-GOVERNMENT POLICY, GOVERNANCE AND REGULATION COULD HELP BOTH ITALY AND SOUTH AFRICA PROFIT THE MOST FROM DIGITISATION OF PUBLIC SERVICES AND FOSTER PARTNERSHIPS AND INVESTMENTS ALSO IN THE PRIVATE SECTOR.

FURTHER EVIDENCES AND IN-DEPTH ANALYSIS CAN BE FOUND IN THE **POSITION PAPERS** THAT THE EUROPEAN HOUSE – AMRBOSETTI HAS DEVELOPED. TODAY AND TOMORROW, WE WILL FURTHER DETAIL THE OPPORTUNITIES FOR COOPERATION BETWEEN THE TWO COUNTRIES IN THESE SECTORS AND IN OTHER AREAS OF INTEREST, WITH THE CONTRIBUTION OF OUTSTANDING INTERNATIONAL SPEAKERS AND HIGH-LEVEL GUESTS.

IN CLOSING, I WOULD LIKE TO TAKE A MOMENT TO REMEMBER **VINCENZO SCHIOPPA NARRANTE**, FORMER ITALIAN AMBASSADOR IN SOUTH AFRICA WHO, UNFORTUNATELY, PASSED OUT A COUPLE OF MONTHS AGO. HE STRONGLY SUPPORTED THIS INITIATIVE SINCE ITS CONCEPTION AND WAS ONE OF THE MOST PASSIONATE BELIEVERS OF A STRONG PARTNERSHIP BETWEEN ITALY AND SOUTH AFRICA.

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

*VALERIO DE MOLLI*