



# South Africa

Part one



## Getting ready to shine in 2010

The country gears up for next year's FIFA World Cup

SOUTH AFRICA WILL BE READY to host the 2010 World Cup and to reap the benefits it will bring once the estimated 450,000 soccer fans leave, various government officials say.

"We will be showcasing the best of South Africa, its breathtaking beauty, the heartwarming hospitality of its people, its diverse culture and traditions, and many other things," says Sicelo Shiceka, Minister of Provincial and Local Government. "We plan to capitalize on this opportunity in both the short and long term."

The World Cup event will be held at ten stadiums across the country, located in Cape Town, Port Elizabeth, Durban, Bloemfontein, Johannesburg, Rustenburg, Nelspruit, Pretoria and Polokwane.

To accommodate the influx of half a

million supporters, host cities have seen major improvements to their sports stadiums. Moreover, new hotels have been built and massive investment is being poured into transport infrastructure projects, including new rail lines and highways.

Officials are confident the investment will pay dividends. The late Ivy Matsepe-Casaburri, former Minister of Communication said that schools, hospitals, and remote townships and municipalities can now be brought technologically up to date.

Football fans will get a chance to watch the world's best 31 teams battle it out for the ultimate prize. Preliminary qualifying matches have already begun with some 200 countries from around the world now competing for a coveted place in the tournament.



DANNY JORDAAN  
CEO FIFA 2010  
Organizing Committee

### BILATERAL RELATIONS

## Strategic partnership with EU

South African-European Union relations are being strengthened through a new partnership agreement

EUROPEAN AND SOUTH AFRICAN officials say they are working towards a new trade agreement that will boost cooperation and build on an existing decade-long commerce accord.

Negotiation continues on the Joint Action Plan for the SA-EU Strategic Partnership, which was adopted by the two parties in May of 2007, and which builds on the Trade, Development and Cooperation Agreement (TDCA), signed in 1999.

Although the cornerstone of the new strategic partnership is strengthened through regular summit meetings, it

also promotes stronger cooperation in a wide range of economic and social areas.

"Europe has always been important and our strategic partnership has demonstrated the commitment of both sides to further improve our bilateral relations," says Mandisi Mphahla, Minister of Trade and Industry, adding that he is very pleased with how the 1999 TDCA has unfolded.

"Both Europe and South Africa have benefited tremendously, especially in light of the EU enlargement, which has made the continent the biggest destination for our exports," he says.



MANDISI MPHALWA  
Minister of  
Trade and Industry

### FACTS & FIGURES

#### LOCATION:

At the southern tip of the continent of Africa

#### POPULATION:

49,052,489  
(July 2009 est.)

#### CAPITAL:

Pretoria (administrative)

#### GDP - real growth rate:

3.7% (2008 est.)

#### GDP - composition by sector:

agriculture: 3.4%  
industry: 31.3%  
services: 65.3% (2008 est.)



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▶▶▶ DESPITE GLOBAL ECONOMIC UNCERTAINTY, AFRICA'S LARGEST ECONOMY IS HEADING INTO AN EXCITING YEAR. WITH THE ELECTIONS ON APRIL 22 AND THE FIFA 2010 WORLD CUP FAST APPROACHING, THE RAINBOW NATION IS TAKING CENTER STAGE

## The best has yet to come

SOUTH AFRICA HAS COME a long way in just over 15 years. Emerging from social repression and economic hardship to become Africa's largest economy, and biggest hope, the country and its people have shown that far beneath apartheid lay a vibrant and diverse society, patiently waiting for its opportunity to rise up and beat the odds.

"Even though hatred and racism were systematic in South Africa, we have managed to deal with a very painful past. In this sense, we are a role model in the world and rightfully referred to as the Rainbow Nation," comments Brigitte Mabandla, Minister of Public Enterprises. "We are building a strong democratic society that coheres around the common good. Though many challenges remain, we have achieved a lot."

Chosen to host the 2010 FIFA World Cup, the first African nation ever to have this honor, South Africa is again setting precedents. The prestige of hosting the World Cup speaks volumes to the social progress achieved over the last 15 years, and underpins South Africa's advances in economic, legal and political practices.

For nearly a decade after the end of apartheid, the country enjoyed robust economic growth, culminating in a GDP high of 7% in 2004, which rested on strong government efforts to promote foreign investment. Now facing more turbulent times (a four-year 5% GDP growth streak finally came to an end in late 2008 as the economy slowed for the first time in over a decade), South Africa's heavy infrastructure spending—mainly for roads, rail links and stadiums for the World Cup—could not have come at a better time. High un-



KGALEMA MOTLANTHE, President of South Africa



SICELO SHICEKA  
Minister of Provincial  
and Local Government



JEFFREY RADEBE  
Minister of  
Transportation

employment, which the *Economist* has reported at 23%, for example, will benefit from the addition of 63,000 jobs from World Cup infrastructure projects, such as the Gautrain rail network.

Along with preserving jobs, infrastructure spending will help South Africa sustain consistent economic growth, according to Minister of Transport, Jeffrey Thamsanqa Radebe. "Since 2004, we have worked to ensure that our entire transport infrastructure and networks would match our targeted economic growth and investment, and we are progressing well," Mr. Radebe reports.

While most view the slowdown as inevitable, many are optimistic about the vitality of South African institutions. "We have set aside over 700 billion rands (\$77 billion) for the next three years to repair the damage done by the crisis, and we believe that if we focus our efforts on infrastructure development, we will be able to create even more jobs," Sicelo Shiceka, Minister of Provincial and Local Government says. "We are also very confident in our financial sector and believe that it will withstand the pressure from the recession. This is in part due to strong regulations, a sound banking system and efficient financial systems."

Finally, improving public-private partnerships and collaborations will also provide more opportunities for South Africans in the coming months. "The private sector bears an enormous responsibility when it comes to creating competitive economic sectors," says Jayaseelan Naidoo, chairman of the Development Bank of Southern Africa. "Only by opening up the economy will more jobs be created, and this includes supporting our small and medium-sized enterprises as well."

### GAUTENG PROVINCE

## The journey starts in Gauteng

Home to both Pretoria and Johannesburg, Gauteng is South Africa's economic powerhouse

IN COMING MONTHS, investors will be focusing on South Africa's powerhouse province, Gauteng, to gauge how the global economic crisis will affect the entire country, finance experts say.

"Gauteng has consistently registered more than 30% of total GDP of the country," says Mandla Nkomfe, Gauteng's Member of Executive Council for Finance and Economic Affairs. "As such, the province has a crucial and specific role within the national economy, a historic responsibility in that if we want the South African economy to grow we have got to get things right in Gauteng first."

Outside of Gauteng, investors will monitor how South Africa, Africa's largest economy, performs in 2009 to assess the continent's economic condition and resilience.

Gauteng, a landlocked, high-altitude grassland region to the north, is home to Pretoria, one of South Africa's three capitals, and to the country's economic engine, Johannesburg.

The province, which makes up only

1.4% of South Africa's landmass, is home to roughly 9 million of the 49 million citizens and carries tremendous clout.

"Our province accounts for 10% of GDP of the entire continent," highlights Mr. Nkomfe. His main task right now, he says, is to promote job creation in light of the economic slowdown.

Diversification of employment opportunities comes at a key time for the province because traditional industries have begun to slow. "We cannot deny that some sectors such as mining are declining but even before the global economy started melting down, there were signals of deterioration," Mr. Nkomfe says. "However, over time we have been diversifying our economy, moving away from commodities."

Gauteng's new economy will likely include expanding its high technology and finance sectors. "Our banks are renowned all over the world and our IT companies are rapidly rising," the finance minister says. "I want to see an increase in collaboration with the private sector."

Additionally, he says use of public funds to support private initiatives will help spur

investment. Currently the province has multiple public-private programs, and Mr. Nkomfe highlighted some of the larger ones.

"Through Blue IQ, a multi-billion rand initiative to develop economic infrastructure for specific major projects in the technology sector, high value-added manufacturing and tourism, 11 mega projects with a potential to make significant impact on local economy were identified. The Innovation Hub in Tshwane has a similar outline. This Silicon Valley-like initiative made it possible to get people to work on new ideas and develop them. Finally, there is also the Gautrain project which we believe will bring tremendous added value to the province."

Mr. Nkomfe says that projects designed for the World Cup, like the Gautrain project, will not be underutilized once the thousands of contented soccer enthusiasts leave. BuaNews, a South African government news service, reported that the Gautrain project has created and sustained 63,000 jobs.

"As the Provincial Government of Gauteng, we are already looking beyond the 2010 World Cup to make sure that we bear long-lasting fruits from this incredible event," says Mr. Nkomfe. "Gautrain will be completed by 2010 and in line with our vision and the many existing projects, we have no doubt that visitors will come back to South Africa, whether to invest or to explore more of our beautiful and fascinating country."

Furthermore, revenue generated from the World Cup will go to helping the country's least fortunate citizens. Poverty eradication is at the top of Gauteng Province's biggest priorities.

The province has dedicated R123 billion (\$13.28m) over the medium term on social spending, such as education, social development and healthcare, according to Mr. Nkomfe. Through the Bana Pele Program and No Fee School Policy, needy children are given school uniforms and food, and in other cases, free electricity and water is supplied. "I believe it is fair to say that we have managed to achieve some of our objectives, especially given the reduction of unemployment from 30% to about 19.3% today," says Mr. Nkomfe. "Increasing the quality of life for all our residents is our first and last goal."



MANDLA NKOMFE  
MEC for Gauteng



Gauteng's government has been orienting the province's economy toward high technology and finance



GAUTENG THE ECONOMIC ENGINE OF SOUTH AFRICA

Gauteng is one of Africa's most economically productive regions and ranks high in connectivity to global city networks, global flows of capital, information and goods. This has been achieved through economic policies and programs that the Department of Economic Development has set up and rolled out through its agencies.



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