

Remarks by Eastern Cape MEC for Finance, Economic Development, Environmental Affairs and Tourism Hon. Oscar Mabuyane at the BRICS Breakfast Meeting held on June 30, 2018 at the Regent Hotel in East London.

Mayor of Buffalo City Metro

Presidential Special Envoy

Delegates from BRICS countries

Members of the Media

Ladies and gentlemen

A very good morning

Thank you very much for inviting us to participate in this very important session as we rap-up what I believe has been a very well organised and fruitfull BRICS programme here in the Buffalo City Metro.

Executive Mayor Phakathi and your team you have indeed not sold us short to the world. That is what we expect from the sons and daughters of this Province we so correcty call the Home of Legends where ever they are deployed in the country.

Special Envoy Jonas I am sure you would agree with me when I say the scenery at our own beachfront this week resembled the one that we normaly see at the G-20 or World Economic Forum Meetings in Europe. If I were to give a PMDS assesment score for you on this one Mayor, you will definitely get a 5 no doubt.

I am not here to spoil the positive tone you have set but rather to further contribute to towards elevating the value proposition of our province.

In one of his hard hitting opinion pieces titled; Strengths, weaknesses, opportunities and threats: The State of the SA Economy. Special Envoy Mcebisi Jonas concludes with these excerpts: “Our strengths relate to our extensive infrastructure such as ports, roads, telecoms, and a large and sophisticated business sector. On the next commodities upcycle, we must do more to diversify our economy into areas where we have a comparative advantage. These include export manufacturing, light manufacturing, high tech services, agro-industry, tourism, energy, and the ocean economy.

I was drawn to these excerpts largely because they summarise perfectly the value proposition of our Province through which we aim to re-industrialise and achieve our vision of a prosperous Eastern Cape.

We want to pursue an export led manufacturing agenda to our fellow BRICS countries and to the rest of the world. As things stand we are on the receiving end a very skewed trade relationship, thus the hosting of the BRICS by our country next month should serve as platform to balance the scales.

Our country has been a net importer of commodities from the BRIC bloc over the past ten years, with exports averaging at R125.4 billion and imports averaging at R194.1 billion. Consequently, our province followed the same trend with exports to the BRIC bloc totaling R6.5 billion in 2017, up by R2.0 billion compared to the 2016 period, while imports upsurged by R3.0 billion to R6.8 billion in 2017. We are

confident that we will find one another as the principle of our relationship is premised on mutual beneficiation.

Having said that our two highly efficient Special Economic Zones, the COEGA SEZ here in Nelson Mandela Metro (Port Elizabeth) and East London SEZ in the Buffalo City Metro (East London) are at the centre of our manufacturing efforts. The two Industrial Development Zones are both geographically designated and positioned for specialised industrial activity. They are both excellently managed modern industrial estate that boast world-class infrastructure, quality premises and efficiently operated utilities and amenities for streamlined business operations. All the sites in our IDZs are fully serviced with access to all utilities and ICT infrastructure and all are within close proximity to key transport networks such as airports and ports.

Ocean Economy

Both IDZs are the doorsteps through which investors can access an untapped potential in the ocean economy that is informed by our 800 km of coastline. Opportunities exist in abundance in the areas of aquaculture and marine tourism; oil and gas exploration and bunkering services as well as infrastructure investment in the East London Harbour and in small harbours (Port St Johns) with Transnet.

Green and Renewables

Our province also continues to claim its rightful place in the energy generation space with a particular focus to grow a renewable energy regime. In this regard, the manufacturing of components using new technology for wind and solar farms is our area of interest.

Agro processing

Mayor Phakathi and Special Envoy Jonas would agree with me when I say if we were not constrained by time, this was a perfect opportunity to take our BRICS delegates on a tour of the Eastern Cape so that they can appreciate the massive amount of erable agricultural land at our disposal and offer solutions on how best we can derive a benefit from it.

However it would be amiss of me if I do not share with our guests that our province is a leading producer of milk in the country with a share of about 30.6 % of milk production in the country. We are also potentially a yet to be fully explored leading beef producer in the country. The last time I checked we had 3,2 million cattle in the province that are owned by ordinary men and women in the heartland of our province. All we need is to partner them with suitable investors and graduate them to full scale commercial beef producers.

Sibasuse kulanto yofuyela uxhela ngeKristmas okanye xa kupase abantwana esikolweni Mayor Phakathi, ibengathi singo Councillor Kumbaca.

Automotive Industry

On the automotive sector our track record as the hub of automotive assembly plants is impeccable. We are still beaming with joy following the recent announcement by Mercedes Benz SA of a **R10 billion** investment in their plant here in East London.

What further sweetened that announcement was the **R2 billion** set aside for the benefit of local component manufacturers in the auto sector value chain.

However we remain concerned by the amount of imports in this sector which are suffocating our local content ambitions.

Tourism Sector

Programme Director like most of our BRIC bloc partners our country and province's diversity is unparalleled. We have something to offer to all markets. Our culture and history has a broad appeal just as our facets of natural beauty, incredible coastline and heart racing adventure appeals to a Chinese tourist who loves natural spaces for example or pockets of luxury that the Russian may enjoy, cultural and heritage pockets that Brazilians and Indians find appealing. We implore our BRIC bloc partners to co-invest in our tourism sector especially around issues of infrastructure development that will provide a win win situation to all parties concerned.

Entertainment Economy

There is also a new kid on the block whose full potential is yet to be exploited and that is the film industry. Hollywood and all its propaganda did not happen by mistake. It took a conscious decision to invest in the film industry to tell the American way of life. There is nothing stopping the BRIC bloc from partnering to grow the film industry in our respective countries. Our Province remains a market to be tapped in this regard with breathtaking landscapes that could make for an Oscar Award Winning Movie.

As I conclude Programme Director let me once again reiterate that for us SMMEs should be at the centre of economic development. We are not at the level of our BRIC bloc partners in as far as SMME Development is concerned and we are eager to get things right through the support of our BRIC bloc partners. In the coming months some of our SMMEs will participate in international expos within the BRICS countries and these are:

- China International Small, Medium and Enterprise Fair in October 2018
- Brazil International Shoe and Fashion Fair in July 2018, and
- Asia Fruit Logistical Fair in September 2018

With those few words I wish our guests a safe journey to their respective countries and we look forward to see you put forward the positions that we have taken at the BRICS Meetings we have just had here in Buffalo City Metro on the agenda of the main BRICS Summit in Sandton next month.

Thank you.