

## **Speech by High Commissioner Ruchira Kamboj at the Gordon Institute of Business Science, Johannesburg on 2 November 2017**

Dr. Abdullah Verachia, Director, Center for Leadership & Dialogue at GIBS;

Dr. Yunus Hoosen, Acting CEO of Invest SA;

Mr. Saki Zamxaka, CEO;

Mr. Jameel Chand, Group COO of GGDA

Mr. Bomkazi Maphoto, Dy Director of the DTI;

Ms. Phelisa Nkomo of the Office of the MEC;

Mr. Bobby Madhav of FNB;

Mr. Gaurav Bansal of Fortune Steel;

Consul General K.J. Srinivasa,

Distinguished Guests,

I am delighted to be at the Gordon Institute of Business Science. I wish to thank you all for your invitation and to commend the dynamism and enthusiasm of your Institution.

2. This is a moment to share vision and experience.

3. This is a moment for exchange and debate.

4. India is fast changing course. On 31 October 2017, The World Bank's Ease of Doing Business Report 2018 was released. There is a significant jump in India's rankings . 130 last year to 100 this year. The business environment in India has improved at the fifth fastest pace in the world and India today is among the top ten improvers+ globally, having done better in 8 out of 10 business parameters. The country has jumped 53 places from 170 to 119 on Ease of Doing Business, leapt over to the fourth rank of protecting minority investors and has moved 15 places from 44 to 29 on Ease of Businesses getting credit. The most significant jump is in taxation policy parameters. Broadly speaking, these changes are historic, being the highest jump by any county in the doing business sector and a vindication of India's reform policies under the leadership of Prime Minister Narendra Modi.

5. On the other hand, South Africa, a leader in this part of the world, is a strategic destination for all companies, given that it is the spring board for engagement with Africa at large.

6. Quite disappointingly, however our bilateral trade and economic partnership is markedly below potential. Today, bilateral trade stands at US \$ 10 billion. Indian investment into South Africa is approx. US \$ 9 billion. South African investment into India stands at US \$ 1 billion. The challenge is to double this in the next 5 years and so we must act fast to move to a high growth path.

7. Turning to Gauteng province, there is enormous potential for trade and investment to grow. What makes Gauteng a strategic destination for Indian companies is its potential to act as a platform for engagement, being the economic hub for South Africa and Africa.

8. Based on our strengths, the following key sectors offer opportunities for Indian companies to engage and interact with Gauteng :

**ICT and Startups:** India's presence in the ICT/IT industry is well acknowledged across the world and their contribution to the South African economy is undeniable. Indian companies can continue to invest and expand in this vital sector. In fact, Indian companies are providing training to many South African nationals and continue to provide employment to many South Africans. Similar cooperation with Gauteng could also be considered with collaborations and investment from Indian Start-up companies. India has emerged as the latest hub of Start-Ups and the know-how and investment in that sector can be effectively utilised to partner with firms in Gauteng.

**Mining and Manufacturing sector:** Gauteng has a fairly diversified manufacturing portfolio. Automobiles, machinery, textiles, footwear, chemicals, pharmaceuticals, electronics etc are some of its leading produce. Under the recently launched Invest SA programme of South African government, we understand that Gauteng province has identified manufacturing as a key sector where investment opportunities are abundant. Some Indian companies already have their presence in Gauteng, including Motherson Sumi Systems, assembly plants of Tata Motors, etc. Indian investment can further be explored in manufacturing. Indian mining companies are present in sizeable numbers already, but the potential for more players to invest exists.

**Financial sector:** Gauteng is the centre of all financial and banking activities in SA. We feel there is a scope for Indian Banks and financial institutions to come and establish their businesses in Johannesburg as well as Indian IT companies continuing to expand their support systems to most of the South African banks.

**Infrastructure:** Gauteng has world class physical infrastructure, be it roads, airports, ports or hospitality services. However, the sector has been identified as a priority one by Gauteng government and needs investment to upgrade facilities. There are number of Indian companies in this sector with the expertise and financial prowess who may be encouraged to invest.

**Agriculture:** There seems to be tremendous scope and opportunities for Indian companies to invest and engage in agriculture in South Africa, especially Gauteng for %contract farming+.

**Education:** Given the well-known and extensive advantages that the Indian education system possesses and the need felt by the South African Government, especially to uplift the standard of maths and science, there is immense potential for cooperation in this area. There is also tremendous potential for establishing quality educational institutions for poor children at a feasible cost, establishment of vocational training institutes as well as skill development programs.

**Healthcare:** India has gone a long way to improve and provide quality healthcare, especially through establishment of government hospitals in all its districts. We have seen that in South Africa that private healthcare is world class but very costly, whereas in government hospitals improvements are still needed. In such a case, Indian investment and expertise in this sector may play an important role. Already there is a huge market and scope for medical tourism with many South Africans flying to India for treatment. Indian companies can explore opportunities for JVs with local SA companies to build and operate manufacturing units of both APIs, finished products as well as biotechnology products.

9. Some of the key sectors where South African companies can continue to engage, invest and interact with India are:

**Infrastructure:** India has now opened many sectors for Foreign Direct Investment, one of the main sectors being Infrastructure. Numerous incentives have been announced during the last few years. About US\$ 40 billion has been set aside just in the 2017-18 budget alone for the transportation sector including Indian railways, roadways and shipping and a further investment of US\$ 400 billion in the next few years to be invested for infrastructure including US\$ 82 billion just for road, rail and port connectivity projects. India needs about US\$ 1.5 trillion investment in the next decade. Given the expertise and quality of South African infrastructure and the companies who deal with it, India would be a good

place to begin investment and bid for tenders. Already ACSA with Bidvest has been actively involved in the Mumbai international airport.

**Insurance:** With their comparative strengths and experience, South African companies can continue to explore the Indian market . be it long term/short term, retail or medical insurance. Already a couple of companies are engaged in this sector. We hope India with its open FDI policy can entice more SA companies.

**Mining:** India has big opportunities in its mining sector for capital mining equipment from South Africa especially for deep mining as well as surface mining.

**Agro Processing:** India is 5<sup>th</sup> in the world in exports, production and consumption of agri-products. India exported about US\$ 45 billion worth of processed food exports in 2016-17, comprising 12% of India's total exports with over 42 mega food parks, 121 cold storage products set up to develop supply chain infrastructure. FDI worth US\$ 4.8 billion inflows came to the sector in 2016-2017. 100% FDI is permitted in agriculture and agriculture related activities and there is an increased focus on supply chain infrastructure development. Due to a rising middle class, there is increased demand for branded and packaged food. Many international brands are already present in India. Key fiscal incentives are being given for ultra, mega, integrated food parks, along with Power subsidy, Interest Subsidy, Capital subsidy, VAT reimbursement, etc. With its well-developed agro-processing industry, immense opportunities exist in the food storage sector, especially silos and food processing sector.

Ladies & Gentlemen,

10. While I have outlined some of the opportunities where our two countries and notably Gauteng and India can partner to mutual benefit, I will also say that there are yet challenges that are to be overcome if this relationship is to move to the next level. Let me proceed to identify some of these :

One . the deficit in direct air links is indeed an impediment to the growth of bilateral trade and tourism. We have taken up this matter afresh with the concerned authorities at our end and we seek your support and ideas so as to take this matter forward.

Two . The negotiations on a Preferential Trade Agreement between India and the Southern African Customs Union, of which South Africa is a leading member, are presently under consideration but we have to

move quicker and faster if we are to see early finalisation of this agreement which has been pending for quite a while now. Needless to add, the PTA would lower tariff barriers, also addressing the issue of non-tariff barriers and encouraging businesses of both countries to explore new opportunities in each others' markets.

Three . We would all admit that there is an overly restrictive visa regime that inhibits seamless flow of business, in particular from India to South Africa. Where there is some improvement, notably through the 10-year BRICS Business Visa which has just got off the ground, we are not quite there.

11. I am sometimes told that India as a business entity is not known enough in the South African market, or perhaps not recognised enough in this part of the world. That seems a huge anomaly to me at a time when the world is acknowledging India's competitive edge in key sectors, I do not see why South Africa should lag behind. As I have emphasised at the outset, India is growing as never before and it has never been easier to do business in India than today, as testified by the World Bank's latest Doing Business Report cited at the outset of my speech.

12. We welcome South Africa to explore economic opportunities that our nation has to offer and we from the High Commission and the Consulate General in Johannesburg assure you of the fullest cooperation and support in facilitating this process. We are determined to further improve our linkages and scale greater economic growth.

13. Going forward, we seek to participate with GIBS at a Make in India event in April 2018, where we hope to give a push to a partnership that must grow, as our two countries grow to the benefit of our people. Needless to add, we will, on both sides, need courage, audacity and vision.

14. In conclusion, may I express once again my deep thanks to GIBS for its leadership and commitment in organising today's event which I very much hope will be a fresh point of departure for India-Gauteng and India-South Africa commercial and economic relations to move to the next level.

*Thank you.*