

**SPEECH MADE BY SOUTH AFRICA'S MINISTER OF TRADE AND INDUSTRY, MR TREVOR MANUEL AT THE CANADIAN CLUB LUNCHEON HELD AT THE SHERATON HOTEL, TORONTO, CANADA ON NOVEMBER 27 1995**

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Greetings.

Madame President, Mr Roy McClaren, His Excellency, High Commissioner Billy Modise, Distinguished guests. It is an honour to be here, today, and to address this auspicious group. Canada has been a very close and indeed a very good friend of South Africa for many years - including those dark days that now seem so distant. Then, when South Africans called for economic sanctions against apartheid, the Canadian government and people responded very well, but on their own initiative went a lot further and coupled their withdrawal with assistance programmes in capacity-building and education and training. For this we are grateful. It has set many of us on the path towards making the best possible contribution in our country: To work towards the improvement of the conditions of our fellow South Africans. Some of the people whom Canadians assisted so valiantly are now in key positions in government. We will not let you down.

This visit to Canada over the past four days have been a particularly fulfilling and thoroughly rewarding experience. Last Thursday we travelled for about

25 hours, from Mumbai in India to Vancouver, to meet with 10 Ministers of trade from around the world to discuss the agenda for next year's meeting in Singapore of the World Trade Organisation. The Vancouver meeting was called by Minister McClaren and may well turn out to have been a very crucial one. The joint statement that was released on Friday last week reflected the most serious concerns of some of the poorer countries of the world; all of whom can be grateful, in a sense, for the astute leadership that has been shown by Canada in the search for a more equitable rules-based system of trade in goods and services. The meeting dealt, in a fairly candid way, with some of the more serious concerns and obstacles in the way of implementing the Uruguay Round of the Gatt negotiations and of increased globalisation.

South Africa leans towards this globalisation. We do so not at the expense of our own national interest, but precisely because we recognise that the only way in which we can, actually, consolidate our national interest and promote South Africa Incorporated in the global economy is by realising our competitive advantage and engaging our competitors internationally. That is no different than the tendency that has been reflected in the local media towards Canadisation, I believe the term was.

Chairperson, Honoured Guests, Friends, South Africa is emerging from a protracted period of isolation feeling particularly bullish about our prospects in the global economy. Part of this re-emergence or renaissance, whichever way you choose to refer to it, is to re-establish all the old friendships and trade patterns after the rapturous apartheid years.

Canada was at the forefront of the isolation campaign and it is only fitting that we return here, to repair our old links and consolidate our friendship. As Minister McClaren has mentioned, trade relations between South Africa and Canada have increased substantially in recent months. On the downside, Chairperson, the isolation of apartheid and South African business has caused a type of marasmus of the entrepreneurial spirit of South African manufacturers and providers of services. As mentioned earlier; I was in India at the start of this week, where I took a group of South African business people - big and small black and white - to meet their global competitors and to seek alliances in joint ventures and to promote the exchange of ideas and technology. A dire consequence of the isolation years has been the lack of technology transfer and upgrade and if we are to compete globally this would be a fundamental issue. Because of the savings gap that came out of the past decade, South Africa also experienced a shortage of direct investment,

but if the truth be told, the situation has started to turn around. Since the election South African business people have shown remarkable confidence in the direction the economy is going into and this confidence was evident, too, after the recent elections for local government - the first democratic poll at this level since the historic general election of 1994 and the first ever in South Africa.

Generally the picture is improving significantly:

- Gross Fixed Domestic Investment has increased by 17 percent;
- The manufacturing sector grew by 12.4 percent in the year to 30 September;
- An integrated and wide-ranging programme for the stimulation and promotion of small, medium and micro enterprises is up and running;
- Already underway are US\$15billion worth of projects many in the public sector;
- Just last week the DTI announced a package to support businesses on the supply side including facets such as a competitiveness fund, a training fund and a pre-shipment finance scheme;
- US\$45bn worth of projects have been planned in the private sector for the next five to 10 years;

- Inflation is under control. The most recent statistics reflect inflation at 6.5 percent after having been around 15 percent for over 20 years, and
- Gross Domestic Product growth this year will exceed our population growth - only once in the past two decades has this been possible in South Africa, but this time it is on a sustainable path. A mere three percent growth, but a solid base nevertheless.

This was supported last month when the South African Business Confidence Index - measured monthly by the South African Chamber of Business (Sacob) - reached 114 percent - the highest it has been in three decades.

Earlier today I signed a bi-lateral double taxation treaty and a foreign investment protection agreement with Minister McClaren which confirms not just that we are getting the domestic fundamentals into place, but also that South Africa is ready to do business with its competitors and partners around the world.

Furthermore, in support of any foreign investors, South Africa offers a most sophisticated financial and banking system (we have, for example, more

ATMs per capita than Canada) and among the best road, rail, sea, air and communications networks available anywhere in the world.

Coupled with our geo-strategic location South Africa is fast becoming one of the most attractive investment destinations in the world. The types of investment include downstream projects in metals, paper, pulp, furniture, auto components, textiles, agro-processing, electrical goods and electronics. South Africa offers, also, rapid access to the region, which has 126 million people and modern facilities for storage and re-packaging as well as trans-shipment. The region also has vast under-exploited mineral deposits, such as chromium, diamonds, copper, bauxite and coal. South Africa's future, Chairperson, is inexorably linked with that of the region. To give expression to this we have, for example, initiated a Regional Industrial Location Study which would guide us in the process of integrating the southern African region into an industrial development strategy away from the polarisation of the past.

In my opening remarks I spoke of Canadian involvement in capacity-building and in education and training. To conclude with, Chairperson, before the elections (and afterwards) policy-development was greatly supported and

influenced by Canada. From funding through providing physical support Canada and Canadians have stood by us. In fact, as we speak, I have on my desk a proposal for even greater Canadian assistance with policy development and analysis in the Department of Trade and Industry. What this means is that our policies cannot be in conflict with those of our investors we share the same interests in the global economy while the delivery of goods and services in around the world has become too uniform and standard for there to be any major differences between us: But let us just remember who's best at ice hockey and curling and at cricket and rugby.

I want to thank you once again, Madame Burnham for having invited me to address this gathering. I have a plane to catch and a connecting flight to take at JFK. When we left South Africa some of us, including my private secretary, could not get a visa for the United States, because providing visas to a trade delegation passing through New York was a non-essential service. I am told that things have been sorted out, but there is a long and exhausting flight ahead, to round off what has the most exciting foreign visit since I assumed office in May last year.

I thank you