

Swiss companies in South Africa facing a more difficult period

There has been no better time to stress the economic relations between South Africa and Switzerland than during these days. The annual meeting of representatives of direct Swiss investors, of Swiss business associations, of the Swiss Embassy in Pretoria and the State Secretariat for Economic Affairs (SECO) under the leadership of the Ambassadors Helene Budliger and Livia Leu took place at the Swiss Residence of the Embassy in Pretoria on 30 November as a precursor to the sixth Annual Meeting of the Joint Economic Committee (JEC) which took place on 1 December with the South African Department of Trade and Industry (DTI) delegation.

South Africa is still a key investment destination for more than 100 Swiss companies and more than 35'000 employees and plays an important role as a partner in realising the industrialisation goals and expanding the country's capacity to produce goods and services. The main purpose of the JEC is to strengthen bilateral relations between the two countries. At the meeting on November 30 the representatives of Swiss companies emphasized the General Business climate, the need for a new agreement concerning the protection of Investment between the two countries, the B-BBEE Policy, Intellectual Property Rights and Professional Education.

Amabassador Budliger, after the meeting of December 1, confirmed that all these points were tackled by the Swiss delegation and DTI and have been part of fruitful exchanges. According to the discussions, Helene Budliger has assured that a special focus will be put on B-BBEE and Red Tape throughout the close cooperation with the Swiss Embassy, the Swiss Business Hub in Pretoria and SwissCham Southern Africa. Helene Budliger has also declared that the meeting was fruitful and expressed the continuity and vibrancy of our bilateral economic relations. She added that the readiness for constant dialogue with the private sector represented by Thomas Hippele, President of the South African Chapter of SwissCham Southern Africa has should particularly be underlined. The Ambassador also noted that the support of the Swiss Embassy will go ahead and will keep the dialogue lively and useful.

It is obvious that the business climate has become more difficult in recent years. The DTI will however also in future keep open the dialogue with Swiss companies and will try to find suitable solutions for both countries.

Such a co-operation has become even more urgent during the last days, as in a astonishing move Pravin Gordhan has been brought back to the South African Treasury. Gordhan replaced axed Finance Minister Nhlanhla Nene and the relative unknown backbencher Des Van Rooyen. President Jacob Zuma made these hasty changes, because he received "many representations to reconsider the Van Rooyen decision" and he added that he is emphasizing "the importance of listening to the people and to respond to their views". The actions of President Zuma are interpreted by commentators, namely that Zuma had lost his iron grip over the ANC and that his own days were now numbered in office.

Former Cosatu secretary general Zwelinzia Vavi said on Facebook. "Zuma has lost the plot completely. These are banana republic antics." Democratic Alliance leader Mmusi Maimane said the swapping of posts by Van Rooyen and Gordham "is an admission that Jacob Zuma was indeed reckless and irrational to have fired Nhanhla Nene". He said further: "It is common sense to have in cabinet a proven finance minister who brings fiscal discipline to the government. And we trust Minister Gordhan will continue to hold the line of former Min

ister Nene in respect of SAA and the nuclear build procurement deal.” Maimane concluded, that the president was playing “Russian roulette” with South Africa’s economy.

Julius Malema finally described the situation as one of “pathological crisis” and said in one of the best comments: “No one in the world will trust a political leadership that changes cabinet and finance ministers like underwear”.

After the nomination of Van Rooyen the Rand fell from 14.58 to the US-Dollar to 15.38. There were also large promises already made for vast and unaffordable new spending on nuclear power stations and the insolvent South African Airways. The economy is so lamentably mismanaged that there is a tendency to let public spending take the consequent strain through new investment projects. But the key point is that the ANC relies on so called “patronage networks”. The South African Economy is close to the beginning of a period of recession.

In such a situation it is of prime importance to have again a finance minister who understands what the country needs and what is needed of him and who is not going to be pushed around by corporations and friends of the President. And, as one of the commentators concluded, “We have a transformed President, who from calling all the shots, will now have to consult on every decision he is required to make – almost as to when he can go to the bathroom”.

The business community, including our Swiss companies in South Africa, have now the opportunity of playing a more active role, which they should immediately start to do.

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