

ABCSA NEWSLETTER



May 2017

www.abcsafrica.org

RETAIL PANEL EVENT

Our next formal event will be a **Retail Panel** discussion to be held on the morning of **Friday 7th of July**. Rod Salmon a retail equity analyst from ABSA Capital will facilitate the panel which will include Bernie Brooks, the CEO of Edcon, Andrew Stark, the MD of Flight Centre Group, Lauren Turner the Head of Investor Relations at Growthpoint and we are confirming two other speakers from amongst our other members in retail. Further details will be sent in an official invitation soon. Currently the retail space in South Africa appears to be generally under pressure due to a number of economic factors. The April set of inflation numbers was recently published with **PPI at 4.6% and CPI at 5.3%**, both at their lowest levels since the start of 2016 perhaps providing some respite for the average consumer. With the panel speakers representing clothing, travel, property and a general retail overview, we will get a good feel for the future outlook for consumer spending and the health of companies operating in this space.

EXPORT/IMPORT WITH AUSTRALIA



We have been in contact and are in the process of signing a MOU with the **Export Council of Australia** (ECA) (www.export.org.au). The ECA is a member based organisation with around 1000 members and has been operating for 60 years. The ECA provides international trade education, coaching and training aimed at growing company's international trade skills. In terms of our members thinking of exporting or investing into Australia the ECA can offer practical bespoke one-on-one company focused training and coaching on various aspects of this international trade. The scope of the training can be determined by the interested company according to their individual needs from the 22 topics available for selection, such as shipping and freight procedures, navigating free trade agreements and managing foreign exchange as examples. Fees for this training will be based on the scope selected and the hours of training required. The contact person at the ECA is Collins Rex at collinsrex@export.org.au The ECA web-site also provides access to **importing and exporting companies** (under the Exporter Directory) situated in Australia who can be contacted directly. An Australian importing hand-book (400 pages) is published by the ECA (available at A\$55) which can greatly assist companies from our region aiming on exporting into Australia. The ECA can also put interested companies in contact with government and support organisations and relevant experts who can facilitate international trade activities.

In addition to this, the ECA is embarking on an **African Project** in order to promote South Africa and the rest of Africa as a more prominent business destination for Australian companies. ABCSA will be working where possible to assist the ECA with this endeavor. Companies from the Southern African region may benefit from joining the ECA where various membership levels are offered. Interested parties can contact Kristen Mulligan on +61 2 8243 7400 or kristenmulligan@export.org.au Alternatively Kristen can be contacted directly to find out more about the ECA's offerings.

NEW MEMBERS

We would formally like to welcome two new members who joined the Chamber during the month;

- **Australian Migration Specialists**
- **Global Education**



We look forward to seeing Garry Loseby from Australian Migration and Liza Manoussis and their respective teams at our upcoming events and welcome them to ABCSA.

(MORE) EXPORTING ESSENTIALS

As we believe that companies are often considering various exporting opportunities, the **New Zealand Trade and Enterprise** has made available a general guide on exporting. The link below provides articles on ten export topics with further links to documents containing more detail on each topic;



<https://www.nzte.govt.nz/export-assistance/export-essentials>

[guides?utm_source=ubiquity&utm_medium=engage&utm_campaign=en17032016&utm_content=In Text%20Link%20-%20Export%20Essentials%20Guides](https://www.nzte.govt.nz/export-assistance/export-essentials/guides?utm_source=ubiquity&utm_medium=engage&utm_campaign=en17032016&utm_content=In%20Text%20Link%20-%20Export%20Essentials%20Guides)

This information is aimed at preparing companies for the many pit-falls and difficulties encountered when first starting up export related businesses in a foreign country. Information provided includes understanding your value proposition, logistics options, international funding and compliance requirements. Further links are provided to information on tariff barriers under the Market Research option. We hope this is helpful.

BUSINESS OPPORTUNITIES IN AUSTRALIA AND ASIA-PACIFIC

The German-Australian Chamber of Industry and Commerce in conjunction with the Australian Government and Austrade are hosting an **Asian Pacific Regional Conference in Perth on 3-5 November 2017**. Around 500 Australian and German business representative will be at the event joined by various political leaders. Eight business streams will be discussed at the conference;

- Mining and resources
- Supply chain innovations
- Education and vocational training
- Finance and investment
- Defense and shipbuilding
- Agri-tech and global food supply chains
- Disruptive technologies
- Energy & energy security



**Deutsch-Australische
Industrie- und Handelskammer**
German-Australian Chamber
of Industry and Commerce

The event will also deliver a comprehensive economic outlook on the Asia-Pacific region. ABCSA members are invited to attend. The **Australian Prime Minister**, Mr Malcolm Turnbull will be providing the opening remarks with a keynote speech being delivered by the **Foreign Minister**, Julie Bishop. More information on the event can be found at <http://aprcperth2017.com/> including various attendance options from one day to the full conference package. Registration closes on the **22nd of October**. **Macquarie** one the ABCSA members, is a conference Silver Sponsor. Interested parties can also contact **Heidel Bekker in Johannesburg** on 011 486 2775 or hbekker@germanchamber.co.za on various travel packages that can be organized by the German Chamber here in Johannesburg depending on interest levels. Participants are also free to organise their own flights and accommodation. In addition to networking and "speed dating" sessions, participants will be able to enjoy a showcase of Western Australian and German wines, so there will be some pleasure involved.

NEDBANK ECONOMIC BUSINESS BREAKFAST



Nicky Weimar the Senior Economist from Nedbank gave an excellent talk on the South Africa economy at the event on the 26th of May. She highlighted that in spite of the recent cabinet reshuffle and the ratings downgrades, the rand, JSE indices and bond rates did not suffer as greatly as some may have expected. This was partly due to a "risk on" investment view that was generally prevailing globally at the time, this in turn being underpinned by the view that China and the USA would drive global economic growth. A number of positive factors remain in place such as the end of the recent drought driving down food inflation, global crude oil price recovery is expected to be mild and local interest rates are expected to remain steady (as long as the rand remains stable). Mining production also shows signs of recovering. Nedbank's view is that a gradual weakening of the rand will occur into 2019, with an estimate of 14.74 to the dollar at this point and economic growth is expected to trend upwards from 0.7% this year to 1.9% in 2019.

In terms of potential down-side risks, Moody's is still to update their rating on South Africa and thus far the S&P sub-investment (or junk status) grade is only on the country's internationally denominated debt. Nicky described that if Moody's also downgrade South Africa (two notches) to sub-investment grade **AND** S&P downgrades our rand denominated debt then the picture will probably deteriorate quiet rapidly. South Africa government bonds will drop off the Citi Bank World Government Bond Index putting approximately R600bn worth of Government bonds owned by foreigners at risk of being sold thus leading to a weaker rand. Nicky mentioned that under this scenario the rand could possibly drop to 16 to the dollar. **Nedbank's forecasts are assuming that these downgrades do not occur** although a number of events in the hands of Government can be the decider. That is, no signs of reforms at the SOEs, the budget deficit and Government debt not being brought in-line with Government targets and the nuclear deal coming back on the table. A continuation of leadership in-line with the Zuma administration will also probably contribute to further downgrades. Of course all of us are hoping the ANC will plot a positive course for the country.



EVENT SPONSORSHIP

ABCSA offers a variety of event sponsorship opportunities to showcase your company's services and strengthen your corporate brand in the ABCSA business community. Sponsorship packages are available at various price points and can be fully tailored to suit your organisation's needs and requirements. If you have a specific idea about sponsorship and brand exposure or would like to do something out of the ordinary, please contact mignon@abcsafrica.org

If members have relevant news articles or events that they would like to bring to other members attention, please contact us about adding these to the monthly newsletters.

