

ABCSA NEWSLETTER



July 2017

www.abcsafrica.org

DRINKS AT THE MASLOW

We will be hosting another social evening at the **Maslow Hotel, Rivonia Rd Sandton on Wed 24 August from 5:00 pm.** As we did last time, there is no need to RSVP but just arrive and take part in some casual net-working over drinks and snacks. We will be inviting members from a number of other Chambers and similar organisations to ours so there should be a good crowd to mingle with.

A PRESENTATION ON THE DTI ONE STOP SHOP & DUBE TRADE PORT

We previously outlined the recently initiated **DTI One Stop Shop** in our March newsletter. We now have an event planned in early September where speakers from the DTI will present in more detail on the various funding and support mechanisms handled through the One-Stop Shop (www.gov.za/Invest%20SA%3AOnestopshop). As a reminder, opportunities in 18 business sectors are supported by the DTI, while financing, training allowances and support to attend international trade shows are offered through this mechanism. Also presenting at this event will be **The Dube Trade Port** which is a **Special Economic Zone** centered around the King Shaka airport near Durban. Being a SEZ, confers a number of benefits and assistance packages to business participants including various tax and related incentives. Both local and international investment is being targeted for the zone which is being developed to stimulate economic growth and it supports a number of industry sectors aimed at local and international trade. Apart from the international airport, **Richards Bay Harbour** is 90 minutes from the Trade Port. There is a 50 year master plan to create an international Aerotropolis at the zone and this is an exciting venture well worth hearing more about. See <http://dubetradeport.co.za/> for more information. More details of this event will be sent out shortly.

ORGANISED BUSINESS TRIP TO AUSTRALIA – NOVEMBER 2017



Through our collaboration with **WESGRO**, the official tourism, trade and investment agency for the Western Cape Province, they are proud to invite ABCSA members to join a Western Cape Tourism, Trade and Investment Promotion Tour to Australia (**Sydney, Melbourne, Brisbane, Perth**) and New Zealand (**Auckland**) from 22-30 November 2017. Supported by the Australian High Commission and the Australian Business Chamber of Commerce (Southern Africa) the tour will start you off on an exploration and journey of the opportunities that are available within the Australian and New Zealand economies. Wesgro has undertaken a study of the South Africa-Australia relationship and have recently published a 33 page document outlining trade and other data with South Africa (www.wesgro.co.za/research_articles) The purpose of the tour is to promote trade and investment between companies from South Africa, Western Cape and Australia and is seeking to explore opportunities especially in the **tourism, infrastructure, financial services, retail, agribusiness and mining sectors.** For further information or to confirm your participation, please contact: **Mr Ché Smith, Senior International Trade Manager** at che@wesgro.co.za or 021 487 8648.

AUSTRALIAN HIGH COMMISSION ON LINKEDIN

The Australian High Commission South Africa is now on LinkedIn. Please connect and follow them to receive updates on Australia's economic diplomacy initiatives and **trade and investment engagement** with Southern Africa. The following link from the site <http://dfat.gov.au/trade/economic-diplomacy/Pages/economic-diplomacy.aspx> provides information on trade and investment both in and out of Australia. We have been receiving a number of enquiries about doing business in Australia and from this page, fact sheets on all the Australian States can be found on import and export information – amongst other material on trade and related statistics that will be of benefit to potential investors. You can also **subscribe to a bi-monthly publication** that provides insights into marketing and trade issues related to geopolitical trends and events – The Business Envoy.



NEW MEMBERS



We would formally like to welcome one new member who joined the Chamber during the month; **QI Logistics is a company working in the International Freight forwarding, customs clearing and ancillary products service sector (www.qilogistics.com).**

We look forward to seeing Gerry Robinson and his team from QI Logistics at our upcoming events and welcome them to ABCSA.

AUSTRALIAN GOVERNMENT AFRICA TRADE ENQUIRY

An invitation we sent out over the weekend outlining the details around an **African-Australian trade enquiry** and requesting submissions from industry. As was mentioned, there will be a follow-up meeting to discuss and summarise the comments and feedback in order to present a submission from ABCSA on behalf of our members – and other interested parties. The meeting will be on **Friday the 4th of August at Macquarie Bank** on Sandton Drive from 2.30 for a 3.00 pm start. Following which drinks and snacks will be served for further networking opportunities which are kindly being sponsored by the **Australian High Commission**. Two government speakers will be present who will talk on various trade related issues to commence the meeting;

- H.E. Adam McCarthy, High Commissioner to South Africa
- Gita Kamath, Assistant Secretary Africa Branch, Department of Foreign Affairs and Trade Canberra.

Following on from the two speakers we will take comments from the floor on suggestions and observations on ways of improving and facilitating trade between the two continents. For those wanting to attend, please RSVP to mignon@abcsafrica.org

RETAIL PANEL EVENT

A well-attended panel took place at Hogan Lovells in early July. **Rod Salmon from ABSA** facilitated the panel and set the scene. He described that there is a growing middle class in the country although this



has been backed by a redistribution of government receipts towards employee compensation and social support. This in turn led debt to disposable income rising from 52% to almost 90% in a matter of a few years. Consumer credit growth has now reduced and **is more in line with real GDP growth**. Legislation to curb irresponsible lending has exacerbated the slowdown and Rod suggested that retailers are now facing a lower growth scenario.

Hogan
Lovells

A number of interesting and pertinent points were raised by the panelists. **Bernie Brooks from Edcon** raised the issue about cannibalisation of stores when he referred to the new Edgars shop in the Mall of Africa – a major retailer *has to be there* but the incremental growth in sales is offset by customers moving away from other Edgars stores in the near vicinity. Bernie also mentioned the concept of subscription selling, whereas customers may purchase goods monthly on a regular basis, obviously locking in some proportion of revenue. **Chris Hamilton from Bankserv** mentioned that internet costs in South Africa are amongst the highest in the world and for retail business to grow, these costs (the cost of data) need to be reduced. **Lauren Turner from Growthpoint** stated that the square metres of mall space has been increasing steadily, rising



from 12 million m² in the year 2000 to 24 million m² at the end of 2016, an average annual increase of 4.4% (compared

to average GDP growth over the same period of 2.8%). This is certainly creating more supply for the consumer but reducing revenue per m² for the retailer. She suggested that feet through the door are falling and that malls have to be made more relevant for today's consumers. **Andrew Stark from Flight Centre Group** mentioned that his company were



part way through two and half record years of performance – partly based on the emergence of a new middle class in South Africa. He remains very optimistic on Flight Centre's business model. He also suggested the concept of "clicks and mortar" whereby customers will check-out flight and travel details online (or make enquiries on WhatsApp) but still want to come into a store to make the final booking. This Andrew said was in part due to the customer wanting "someone to blame" if things went wrong – although we are sure Flight Centre get things right for their customers. **Luke Roberts from Disney** spoke about "localizing a brand" He identified various products from Disney that are translated into Zulu for the local market. He also suggested that manufacturing in South Africa could improve – in terms of producing children's toys. So one would think that there is an opportunity here, considering that South Africa can manufacture motor vehicles, textiles and clothing and we have a top class electronics manufacturing sector. Thanks again to **Hogan Lovells** who sponsored the event.

AFRICA DOWN UNDER – NOTE ON VISAS

We wanted to remind you that if you are attending the Africa Down Under Conference (ADU) from 6-8 September 2017 in Perth please submit your visa requests as soon as possible. Australian visa submissions can be made directly to <http://www.border.gov.au/Trav/Visa-1/600-/Visitor-e600-visa-online-applications>.

ADU was created to raise awareness of Australia's interests in **African mining and energy**. The conference has grown into the largest African mining-focused event outside of the continent itself, and its importance is reflected in the number of high profile attendees welcomed to **Perth**, Australia's mining capital. With a bounce-back in the global resources sector and a more positive sentiment from investors, interest in Africa's mineral potential is continuing to gather momentum.

The 2017 program will feature a series of presentations by **senior African ministers, mining company executives, industry specialists and financial experts**. The regular discussion panels will again be programmed to maximise opportunities for discussion, networking and doing deals; while raising awareness of **the resources opportunities** available throughout Africa. Do not miss the chance to be a part of this significant milestone as we mark 15 years of ADU! Click on the logo for all the conference information.



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.