

**Minister of Public Works  
Mr J Radebe  
13 November 1998**

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**"Progress through Partnerships" Business Meeting of TANDEM–Mercedes Benz [SA]  
Fourways, Johannesburg**

Vorsitzender,  
Mitglieder der deutschen und südafrikanischen Geschäftsgemeinschaft,  
Mein Damen und Herren,

*[Chairperson,  
Members of the German and South African business community,  
Ladies and Gentlemen]*

Ich möchte Mercedes Benz (Südafrika) für die Gelegenheit danken, mit ihnen einige Gedanken auszutauschen. Sie sind sich sicher bewusst, dass wir dem Ende eines anstrengenden Jahres zugehen. Es sind wenige Zeichen in Sicht, die uns eine Ruhephase ermöglichen, selbst wenn wir so wollten. Im vergangenen Jahr hat sich der Druck der politischen und ökonomischen Umwandlung bemerkenswert erhöht. Das war teilweise bedingt durch die asiatische und globale ökonomische Krise, aber auch, weil wir uns dem Ende der ersten Amtsperiode unseres ersten demokratischen Regierung nähern. *[I wish to thank Mercedes-Benz [SA] for the opportunity to share a few thoughts with you today. As you all are aware, we are reaching the end of a rather grueling year with little sign that we will be able to relax at all, even if we wanted to. The pressures of political and economic transformation have intensified considerably over the last year. This has been the result partly because of the Asian and partially global economic crisis, and partly because in South Africa we are reaching the end of the first term of office our first-ever democratic government.]*

In diesem Zusammenhang möchte ich einige Bemerkungen über die Art und Weise machen, in der unsere Regierung sich dafür einsetzt, eine stabile und sichere Umgebung für unsere Menschen und deren Aktivitäten zu schaffen. Das Land, das wir erschaffen wollen, ist ein Land, in dem sich unsere ausländischen Geschäftspartner, diplomatischen Vertreter, Touristen, Flüchtlinge von Gewalt und Verfolgung, sicher und geborgen fühlen und erfolgreich sind. In Kürze, unser neues Südafrika richtet sich nach dem Konzept der Partnerschaft und Zusammenarbeit – Ubuntu. Diese Partnerschaften schliessen die internationale Gemeinschaft ein, von der die deutschen Geschäfte im allgemeinen und Mercedes Benz und andere grossen Firmen, anerkannte und geschätzte Partner sind. *[In this context, then, I wish to make a few comments concerning our government's approach to the business of building a stable and secure environment for our people and their various activities. The country that we want to build is the country in which our foreign business partners, diplomatic representatives, tourists, refugees from violence and persecution can also feel safe, secure and be able to prosper. In short, our new South Africa is a country building on the concept of partnerships. Those partnerships include the international community, of which German business generally and Mercedes-Benz and other major corporations are a distinguished and appreciated part.]*

Since 1994 and the election of a new democratic government, international and domestic business confidence in the country has increased measurably. Total foreign direct investment [FDI] since 1994 is in the region of some R40bn, with North America and Europe competing almost neck-and-neck with a share of roughly R14,5bn each. The figures are incomplete but it looks as if in general terms, European investment is picking up at a higher rate than before. One of the major reasons for the growing interest of the past years has been the development of considerable corporate restructuring in South Africa itself. Besides privatisation initiatives, of which Telkom is the largest to date, the last year in particular has seen a surge in the number of unbundlings, mergers and acquisitions. Offshore investment transactions still account for only a small part of this new activity. Essentially, we believe that these developments have opened an important space for foreign entrants to the SA business and corporate landscape. This in turn has resulted in the strengthening of SA-based subsidiaries and we have been encouraged with reports of steadily increasing levels of improved technology and management systems.

Germany's own contribution to FDI in our country was particularly marked in 1996, and we have noted the marked increase in German private investment here since 1994. German investment in South Africa is concentrated in the manufacturing sector, particularly in the automobile and components; chemicals and plastics; pharmaceuticals; and engineering sectors. What is pleasing about this concentrating in the South African context is that it occurs precisely in the areas where we believe job-creation activities and technology transfers have the highest potential returns. One estimate I have seen indicates that the approximately 400 German firms in South Africa employ about 60 000 people. Germany itself is currently ranked 4<sup>th</sup> of the top ten FDI countries after the USA, UK and Malaysia with an FDI contribution of some R2,6bn. Most of this

investment comes through expansion or maintenance of firms that have been established in the country long before 1994. We have not seen significant growth in the numbers of new firms yet, but we are confident that this scenario will change in the near future. A German company is ranked 8<sup>th</sup> of the top ten foreign corporate performers in South Africa.

Government for its part has taken a number of specific initiatives to encourage the growth of FDI in South Africa. The Department of Trade and Industry has been in the forefront of these projects, and is supported by numerous other government departments in terms of the developing programme of increased integration of all government initiatives. Hence, we concentrate on specific areas and regions such as the Spatial Development Initiatives and the Industrial Development Zones. Tax-holiday and supply-side support measures offer specific incentives and it is interesting to note that up to February 1998, 48 tax holiday approvals had been granted, resulting in an investment value of some R1,4bn and approximately 4 938 jobs. Most applications were approved in the industrial heartland of Gauteng, but there were also approvals in KwaZulu-Natal and Western Cape. Most of the foreign applications we received were from Germany and the United Kingdom. Interestingly, the sister programme to the tax holiday scheme, the Small/Medium Manufacturing Development Programme [SMMDP] has not been approached by any European countries other than Italy and Yugoslavia – 90% of all SMMDP applicants are drawn from the Far East.

These initiatives are still in their early manifestations. I would suggest that the interest that has already been shown by a number of countries, particularly Germany and the UK in the tax holiday schemes, indicates that there are grounds for increased use of these initiatives by foreign business concerns wishing to operate in the country. Government has established a particular framework designed specifically around foreign business interests to encourage their participation here. Our objective is to obtain the investment support that we recognise is essential for the overall economic plans and programmes we have. Government itself has voluntarily defined its macro-economic perspective along the lines of GEAR and this places all-too-obvious limitations on the types of domestic initiatives we take. The domestic debates around these issues are well-known and I won't dwell on them here. Let me refer people to the confidence that government has, in the words of the Minister of Finance, that we have weathered the recent and ongoing economic storms quite well compared to other developing countries and that we intend to stay the course. Our socio-economic and welfare programmes are being implemented not only because they are necessary but because they have been structured and carried out in constructive, cost-efficient and effective ways. The ILO has, for example, reported that the public works programmes co-ordinated by my own Department of Public Works are the best that they have inspected in over 30 developing countries in Asia, Africa and the Pacific Rim.

Other important government initiatives undertaken recently include the Poverty Summit, the Job Summit, the Morals Summit and the just-held Anti-Corruption Conference. The Job Summit itself has an interesting institutional background that I notice from press reports has found an echo in Chancellor Schroeder's announcement to bring government, labour and business together in Germany to address the issue of high unemployment in your own country. Our NEDLAC structure, established some years back now, was designed precisely to bring these three cardinal sectors together to identify common ground and to thrash out differences in a constructive and practical manner. The objective is the advancement of what is best for the country as a whole and for its people's development generally: we have moved away from allowing each sector to believe that it can dominate and rule the roost with its own particular agenda. I would suggest that the relative stability in the labour market experienced in recent years, as well as the improved relationships between business and labour within the country has had a lot to do with NEDLAC and its procedures. Criticisms from the sidelines in the country, particularly around aspects of labour legislation, have come from people and parties that do not participate in NEDLAC nor do they appreciate the role that that structure has played.

The Anti-Poverty and Morals Summits, as well as the Anti-Corruption Conference, have addressed particular areas of government concern. They have all brought in a wider constituency of actors in South Africa, drawing quite frequently on foreign experience and expertise. Underlying all of these initiatives has been the publication and dissemination of horrifying statistics concerning the extreme levels of poverty that still afflict our countryside, the depravity of corrupt business people who avoid paying taxes at all costs, or the brutality of murderers who inflict dreadful torture on their victims. The reports on corruption, for example, that emanate from the Heath Commission and the Office of the Public Protector have spurred government to beef up these offices and provide them with more teeth to combat this scourge. But I must emphasise a small yet important point that tends to get forgotten in the hue and cry that greets the information we publicise. The Heath Commission, the Office for Serious Economic Offences, the Public Protector, the Auditor-General and the SAPS Independent Complaints Directorate are all conducting their work under the specific mandate of our democratic government. They are established and funded by government; but they conduct their investigations independently and report as such. We support their work unreservedly. It is government itself that is lifting the lid on many of the practices that have caused our country to get a bad name in certain quarters. It is government that will act to deal with those found wanting accordingly. We are very mindful of

the fine balance of acting with government authority within the confines of a constitutional state, but that does not mean that we will not be tough on criminality.

At this point it is only reasonable to refer to another simple truth: the Mandela government did not come to power as a result of a normal election process in a democratic country. Those elections in 1994 took place in an essentially undemocratic state. There was no democratic parliament yet in existence; there was no final constitution that entrenched or extended the freedoms incorporated in the interim constitution. There were also very vocal, as well as clandestine, threats against the process itself from rightwing armed factions. The only concession to democracy was the franchise itself. The civil service, the police and military, the intelligence community, the judiciary, statutory organs governing education, the professions, health and welfare, the economy, all of these critically important bastions of democratic rule were still dressed in the clothes of the former apartheid era. It was only after 1994 that government, parliament, civil society and the institutions themselves had to begin the process of transformation and change. The integration of armed and security forces has been a battle that is largely successful; the civil service is changing slowly but surely. The judicial services are being constructed anew; education, health, welfare and systems of local and provincial government are now established in terms of law and have just begun the work of becoming institutionalised with the new ethos. Our record of four years' effort stands as a fine achievement under the circumstances.

Most difficult for us is the process of human and political reconciliation. For those who doubt this, let me just refer you to the debates and statements in parliament and around the country on this issue. Deputy President Thabo Mbeki addressed these issues once again just this week in Cape Town. The process and report of the TRC is witness to the extent of the trauma we have endured in coming to terms with a very, very recent past. Not many countries have had the courage to address the awfulness of tyranny in all its forms so soon after its demise.

We remain very much a country in transition. Like many others that have gone through these painful processes, there has been trauma and disruption. Many of our citizens have grasped the freedoms contained in the new constitution with glee and enthusiasm. These may be workers demanding new rights, but they also include the corporate operators that recently challenged my colleague the Minister of Health in court. They include the ratepayers of Sandton and the farm-workers who resist eviction. In other words, the rich and the poor, the business and working communities, appreciate the excitement of the new power of a constitutional state. This excitement is a good thing. Our task is to ensure that the excitement becomes tempered with an appreciation of the duties that come with rights. Our major duty in South Africa is to ensure that the legitimate interests and rights of the poorest of the poor are protected and preserved whilst we retain the rights of all other citizens as well.

Chair, ladies and gentlemen, I am aware of a survey report produced for the German Chamber of Commerce in South Africa that reflects on attitudes, perceptions and fears of a large number of German companies operating in South Africa. I wish to take this opportunity to thank the German CoC for their courtesy in sending that report to Government. I am sure that its contents will be examined in detail and an appropriate mechanism found to address the concerns it contains.

I want to conclude with reference to what has been perhaps the most significant development in German/South African relations for some time: the establishment of the Binational Commission between our two countries last year. As we know, relationships of this nature do not come out of anywhere. I would like to make special mention of the Initiative of German Business in Southern Africa spearheaded by Mr. Jurgen Schremp, Chairperson of Daimler-Benz and our South African Honorary Consul-General in Baden-Wurttemberg, Saarland and Rhineland-Pfalz. The initiative highlighted specific areas and ways in which German investors can contribute to support the development of economic growth between the European Union and the SADC, with South Africa as a key component of this effort. These included providing advice on technology transfers and market access, infrastructure programmes, education and training in SADC and establishing networks that could bring business partners together.

Since 1994 there have been numerous consultations between aid agencies as well as on a government-to-government basis. The result has been significant aid assistance in a number of diverse areas affecting particularly, previously disadvantaged communities. We are grateful for this and I wish to use this opportunity to thank the German community for this assistance.

As you will be aware the Binational Commission has five active committees, namely Development Cooperation, Science and Technology, Defence, Environment, and Economics. These committees, working under the auspices of the Commission itself provide an excellent mechanism for managing and extending the good relations between Germany and South Africa.

The South African Government is enthusiastic about the prospects the Commission opens for us both. Any questions and concerns can be dealt with purposefully through those channels. A meeting of the Commission is scheduled for early 1999. I am sure that the excellent relations that have been built up over the past years will expand under the new government of Chancellor Schroeder. We have looked with interest and expressed our sincere best wishes at Germany's efforts to unite and build a common home for all your people. One symbolic gesture of our confidence in your project is the construction of a new South African Embassy in Berlin that will become the centrepiece of much of our endeavour. Deputy President Thabo Mbeki has made reference in the past to the example of German Unification, an ongoing process that has witnessed its own trauma, economic dislocation and political instability. At bottom, though, has been the commitment of ordinary Germans to support the effort through such mechanisms as the Solidarity Tax, the billions of dollars of public funds transferred from the West to the East to underwrite your efforts at unity and reconciliation. In South Africa today, in the Deputy President's words, "we are spending the same volume of money to address the needs of the entirety of our population as were disbursed to address the needs of essentially the white minority before the democratic transition." More fortunate South Africans should learn a lesson from the German example.

Von unserer beiden Erfahrungen in der Bildung einer Nation und der Vereinigung, ist es verständlich, dass es einiger Zeit bedarf um die Bedingungen für Frieden und Sicherheit zu realisieren. Es bedarf gut durchdachter Programme und direktes Investment in unsere Menschen und andere Grundlagen um ein festes Fundament zu bilden. Wir sind auf dem Weg, langsam aber sicher. Mit Ihrer Hilfe und dem Ausdruck Ihres kollektiven Bewusstseins in unsere Anstrengungen, das teilweise in Ihrer eigenen Erfahrungen von der Übergangsphase zur Umwandlung deutlich wird, sind wir der festen Überzeugung, dass Süd und südliches Afrika ein bleibendes wichtiges Gebiet für ökonomische Investitionen ist. *[From both of our experiences at building national unity and reconciliation, I am sure that we, all of us, realise and appreciate that it takes time to create the conditions that will bring lasting peace and security. It takes deliberate programmes of directed investment in human and other resources to build the foundations. We are getting there, slowly but surely. With your assistance, with the expression of your collective confidence in our efforts, reflected partly on your own experience of transition and transformation, we believe that South and Southern Africa will remain an important area for strategic economic investment and development.]*

Ich bedanke sich.

*[I thank you]*

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