

Brief address by KwaZulu-Natal Minister of Economic Development, Tourism & Environmental Affairs, Mr Michael Mabuyakhulu during the meeting with Business Community in Portland, Oregon on 30th September 2014

Programme Director,

Members of the Business Community,

All protocols observed.

Thank you for warm welcome you have extended to the KwaZulu-Natal delegation. We are a province that is keen on establishing trade relations with the rest of the world. Our presence today we believe will serve as a platform to share our economic vision which is based on the activation of all business sectors to ensure the expansion of our economy. Over the past years we have worked on policies and strategies that we believed would assist in achieving our socio-economic goals. The Province of KwaZulu-Natal wants to become the world's gateway to the rest of the African continent by capitalising on its strategic geographical location on the east coast of the Republic which features two well-developed ports in Durban and Richards Bay.

For the purpose of this session, I will deliberately focus on the maritime industry particularly that we view the State of Oregon and the City of Portland as our potential partners in the development of this sector as one of the key commercial pursuits in the Province of KwaZulu-Natal. In attempting to navigate through the treacherous, but also lucrative waters of the maritime business, we felt necessary that we must identify a reliable partner that could provide us with guidance towards building a globally competitive oceanic industry. Portland matches that description as a natural partner we could learn from.

We have various sectors that make our province tick but these will be covered in the subsequent presentations by senior members of our delegation hence I am using maritime as an ice-breaker in this gathering. This is because we believe it is an area we need to use to forge trade ties between ourselves. More importantly, this is an economic undertaking that could be used as a symbiotic link between the north coastal City of Richards Bay and Portland for future trade.

Richards Bay is a vibrant industrial town around the harbour that is still gasping for more industrial development as you would be briefed later – and Durban is Africa's busiest port which undergoing continues upgrades. At the same time for long term maritime business growth, we have designated the site of former Durban International Airport for the construction of a dig-up port which would spring out massive business opportunities during its commissioning.

South Africa wants to make maritime one of the country's leading industries – capitalising on our stable coastline and well established port infrastructure. The diverse subsectors in this business offer extensive opportunities for growth and employment and these include marine manufacturing, shipping, marine logistics, fishing, ship building and repairs, aquaculture, cruise tourism, oil and gas exploration.

Probably because of its rich history in the mining and other commodity related sectors, South Africa hadn't paid serious attention to maritime. This is reflected in that the country doesn't have flagged merchant fleet and other capabilities related to this industry like ship building facilities. Most of our export and import materials are shipped through foreign owned vessels which has adverse impact on the country's revenue and level of diversification with respect to our people's career and business options. We haven't fully exploited its vast economic benefits amid that we are surrounded by the sea – with the Indian ocean in the east and Atlantic in the west. But this has to change as we are committed in the integration of maritime in the priority list of the economy.

In response to the imperatives of the National Development Plan, that include mobilisation of various economic sectors to generate more business and employment opportunities, maritime has been given an intense focus. This featured prominently when President Jacob Zuma announced the country's 'accelerated strategy and programme implementation' initiative called Operation Phakisa in July this year where maritime was placed as initial phase in the broad state activation of the country diverse economic sectors. Borrowed from the Malaysian experience of fast-tracking service delivery to unleash the potential of all sectors, Phakisa is expected to positively influence socio-economic change in the country.

KwaZulu-Natal had taken a lead with an Integrated Provincial Maritime Strategy having been initiated as back as 2011 – culminating to its endorsement by experts and industry players last year. The national stance has just helped bolster our resolve to roll out our plans in an integrated fashion that would see each aspect of this business contributing to the province's socio-economic advancement through various industry operations like cargo ownership, terminal operations, bunkering, stevedoring, ship chandlers and shipbuilding.

President Zuma reminded the country of its rich marine endowments that could turn around the nation's economic fortunes. As a coastal province featuring good infrastructure in Durban and

Richards Bay the presidential remarks served to inspire and spur to seize the leadership role in this regard, especially that South Africa could no longer justify its historical limited enthusiasm to promote maritime as the country's leading sector.

Being semi-encircled by a 3924 kilometre long coastline and the desire to be counted amongst leading economies in the world market and a respected member of multilateral structures like BRICS, it has elevated maritime to complement other sectors like mining and general manufacturing.

We now believe that we are sitting on a substantially good prospect for growth as this industry could contribute close to R177 billion to the nation's GDP that translates to one million employment opportunities. To illustrate that we have just scratched the surface with respect to this business, currently maritime contributes just R54 billion to the country's GDP.

Though we value each sector of our economy, manufacturing and beneficiation of raw materials is regarded as the long term fillip for the province's future growth – in almost all sectors. The marine manufacturing that would include ship and boat building and repairs and as well as production of components, would be critical in the expansion of this industry. This will tie well with other related logistics like cargo handling, warehousing and storage that promise to expand due to growing volumes of commodities and consumable market products.

With the continuing investigation for oil and gas deposits on the east continent's shoreline, we are confident that the 'blue economy' will address our socio-economic challenges. The extraction, refinery and distribution of fuel and gas products will have direct and indirect business benefits that would transcend national borders especially that the exploration is stretched across the eastern seaboard – from Mombasa in Kenya through Tanzania and Mozambique to our own waters.

But for us to have a thriving maritime industry, we have to invest in skills development programmes for sustainable growth and competitiveness. We therefore believe that through partnerships with established port cities like Portland we could gain from your experience where we could either establish exchange skills training programmes where our people come here for training in the varied subsectors of this industry. Alternatively, you could offer us tutors or trainers that could empower our personnel through tailor-made skills development initiatives conducted either in our local institutions of learning including the recently restructured KwaZulu-Natal Sharks Board Centre of Excellence. But for long term development of a highly diverse pool of adequately skilled maritime

professionals and artisans, we would value your advice with respect to the introduction a comprehensive maritime curriculum in our universities and colleges.

In conclusion, I want to reiterate our desire to forge long term alliances with this part of the US, not only in terms of the maritime business, but with respect to trade and investment as this would have considerable positive benefits for our economies. KwaZulu-Natal is a hive of diverse economic opportunities that would be reflected in the presentations to follow. We have a strong manufacturing base, agriculture, petrochemicals, mining, clothing & textiles, timber products, tourism, telecommunications, transportation & logistics and a very strong and effective financial system essential for a thriving economy that should appeal to investors.

We are also serious about renewable energy which is the new frontier of industrial development that further contributes to the reduction of detrimental greenhouse gas emissions. We have a dedicated district that would be focusing on different renewable energy sources like solar, wind and hydro power and we would be keen to welcome potential investors to discuss opportunities in the green economy. It would be our pleasure too to see you visiting our province to gain first knowledge of what the province could offer in terms of investment opportunities.

I thank you,

Mr Michael Mabuyakhulu, MPP
Provincial Minister of Economic Development, Tourism & Environmental Affairs