SA-EU Strategic Partnership

South Africa has enjoyed a strong political and mutual bilateral relationship since the European Commission’s Special Programmes for Victims of Apartheid was created in 1985, and subsequently with the advent of the first democratically elected Government in 1994. South Africa and the EU signed a Trade, Development and Cooperation Agreement (TACRA) in 1999, which came into force in 2004 and was amended in 2009.

In 2005, SA and the EU established a Strategic Partnership (SP), and following the acceptance of a Joint Action Plan (JAP) in 2007, that facilitates cooperation between South Africa and the EU. South Africa has become one of the European Union’s 12 Strategic Partners and is one only in Africa. The JAP promotes a programme of “Dialogue” as methods of exchanging experiences in areas of common interest and strategies are developed to overcome shared challenges across a wide range of fields (social, economic, culture, etc.).

The Dialogue Facility is an instrument supporting the Strategic Partnership by giving it a human face through people-to-people dialogue and other related interventions, including communication, visibility and awareness-raising activities.

The Dialogue Facility (DF) has since 2011 to date, facilitated three major SA dialogues in sectors such as trade, economy, education, health, science and technology culture, etc.

The Dialogue Facility will provide a common platform, (conference, seminars, workshops, and events), to support study tours, research, mentoring, training, etc.

The Dialogue Facility is strategically guided in a partnership between European Union and the government of South Africa. A Programme Management Unit deals with day-to-day administration.

For further information refer to www.dialougefacility.org

South Africa must do more to attract investment from EU firms. Participants in the Deep Dive workshops mentioned challenges faced by SMEs: in particular, a lack of information, and the complex administrative and regulatory regimes and policy uncertainties (export and investment guarantees), as well as the adoption of the B-BBEE legislation. Perception played a major role, with particular SMEs in terms of the equity element of the Scorecard, the current risk reform debate and the termination of the bilateral investment treaties.

- Overwhelming support for B-BBEE as a concept was contrasted with the bureaucratic challenge and intricacies of the actual implementation and data capturing process. EU companies stressed their commitment to diversity and equality, even beyond the obligations set out by the B-BBEE Scorecard. At the same time a high number of Scorecards (over 60) was not disclosed due to internal tender-related competitor aspects.

- Fast-tracking skills transformation (with a view towards increasing management control) still required both patience and time. Participants acknowledged that one could only fast-track skills transformation to a point and, also, that any fast-tracking should remain substantive. Experience could only be fast tracked or compressed to a point. Substantive transformation also meant that anyone who had been fast-tracked in South Africa, particularly in the multinational context, should be able to be globally competitive and suited to a similar role anywhere in the world.

In summary, the intent of the study to advocate for a more evidence-based policy in the context of FT and inclusive growth has been well-supported, not least during the concluding panel session of the B-BBEE Annual Policy Conference. Stakeholders at the conference also noted the need for policy interventions to consider the experience of those at the implementation end of the policy to facilitate a seamless and consistent policy-implementation process.

All stakeholders have expressed their support for additional research and, subsequently, implementation of findings.

For more information contact:

BMF: Mr Lunga Mantple
Email: langs.mgme.com

DStW: Mr Brey Stias
Email: Life@stias.deza

EUD: Mrs Masina de Luca
Tel: +27 72 481 2705
Maximo-30/U/C4a/eaeuropa.ee.eu

This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of the authors and do not necessarily reflect the views of the European Union.

The project is funded by the European Union.
CONTRIBUTION TO JOB CREATION AND BROAD-BASED TRANSFORMATION IN SOUTH AFRICA BY EU INVESTMENT

IMPACT
✓ Evidence-based information on EU contribution to SA’s transformation efforts to support future policy and partnership discussions between SA and EU.
✓ Set a base line and inform future research direction.

SPECIFIC OBJECTIVES:
- Determine the nature and structure of EU FDI in SA;
- Assess the contribution of EU FDI to economic participation (via employment) in SA; and
- Examine the contribution of EU FDI companies towards broad-based transformation in SA.

Based on data disclosed by the sample of companies, the following major observations were made:

The economic activities of EU companies, reflected in the sample data, are representative of all major industrial classifications. However, investments are not evenly distributed; most companies operate in the manufacturing industry, financial and business services, and trades.

Figure 1: Qualifying companies by industry allocation

868 companies disclosed their employment figures, which totalled at least 498,706 jobs. 95% of which were permanent jobs. 427 of these companies permitted a further breakdown by gender, race and occupational level.

79% of the employees represented people of colour with 16% being white locals and 2% foreign nationals.

Figure 2: Breakdown sample by gender and race (basis: 427 companies)

Gender and racial spread in EU companies reflect national averages, but EU investors compare favourably in terms of balance in medium and higher skilled positions (management reserve).

Figure 3: Occupational levels analysis by racial and gender (basis: 427 companies)

74% of the analysed employees were semi-skilled and skilled.