



by Pumulani Ncube

SA in the bigger picture of africa

How would South Africa Incorporated rate in terms of the BEE scorecard if the universe of its companies was the countries on the African continent. A quick survey of the companies that have expanded into Africa shows that none of these companies has taken on local BEE partners in the countries that they operate in, unless they have been forced to do so.

A number of multi-nationals have implemented BEE transactions in South Africa but have not done the same in other parts of the continent. Are the darkies in South Africa better than the rest of the continent?

In terms of management control, a significant portion of the companies are run by expatriates from South Africa, which could indicate that the skills shortage is not limited to South Africa. However, a significant number of these countries are net exporters of skilled labour to the rest of the world, including South Africa.

On the employment equity issue we would rank quite highly

in that all the menial jobs and lower managerial posts are held by locals. In terms of skills development, we haven't done much, in fact we have taken the cream of the crop from those countries and given them well paid jobs in South Africa. The positive side is that they can at least support the relatives left back home. Interestingly, a few countries have been complaining that South African companies are quick to use black ambassadors and emissaries to get in and yet when the company starts operating in that country all they see are white managers at the top of the pyramid.

Other than vegetables and minor locally produced items, none of the companies that I know of procure significant products from the locals. For example, most of the retail chains in Africa specialise in goods imported from South Africa. If corporates wanted to make a huge impact in these countries they would set up enterprise development initiatives where they would help set up a local supplier who would not only supply them but other retail chains in that country be it local or foreign. I could be wrong but I also haven't seen much corporate social responsibility exhibited by Sotuh African companies operating in the rest of the continent.

Rand as a monetary unit for southern Africa

In 1992, the Euro was established by the provisions of the Maastricht Treaty. Member states had to adhere to strict economic criteria in order to participate in the new currency. I'm also made to understand that a year ago, the Euro took over from the United States Dollar as the currency having the highest number of notes in circulation in global terms.

What seemingly took careful legislation and a number of years to put together by European States appears to have taken Tito Mboweni fewer years and less hassles to implement. If Tito Mboweni had insisted that southern African countries meet South Africa's fiscal policies before the Rand became the common currency of trading in southern Africa, none of the countries would have met the criteria. However the BLNS countries (Botswana, Lesotho, Namibia and Swaziland) have linked their currencies to the Rand. In Swaziland the local currency is pegged to the Rand and if you travel to that country the local currency and the Rand are used interchangeably. The same applies to Lesotho and Namibia, while because of the strength of the Pula, the Botswanan currency floats against the Rand.

However, in all these countries the exchange of the currency is all done above board. Zimbabwe, on the other hand, is in an interesting position for two reasons. The quantum of Rand in circulation in that country is significantly higher than the BLNS countries and the bulk of the currency is traded unofficially. It's common knowledge that since the price controls in Zimbabwe a number of retailers have seen turnover double within a short period of time, while almost all the flashy cars on the streets of Harare have been bought for cash in South Africa using Rand. Furthermore, I know of a lot of shopping tourists who come into the country carrying Rands. A friend of mine tells me of a teacher in Zimbabwe who got paid her retirement package and quickly converted it all into Rands, as this was the best way to retain value.

It would be interesting to know the amount of Rands that are circulating outside South Africa and how this impacts on the money supply figures as supplied by the Reserve Bank. As at December 2006 it is estimated that of the US\$760-million in circulation at least half is in circulation outside the United States. Is the South Africa Rand heading the same way?

Intra-Africa trade

Kenya produces some of the best coffee in the world and yet hardly any of it makes it to South Africa, or the rest of the continent for that matter. Meanwhile, Congo has some of the rarest minerals in the world - I'm told it's the only country where you find a mineral that is used in the making of cell-phones. Nigeria and Angola have huge oil reserves yet the citizens of those countries have not seen the fruits of their resources. Burkina Faso, Mali and Benin are being held to ransom by cotton producers who are subsidised by their governments elsewhere in the world.

A mere twenty years ago, Zimbabwe was the bread basket of the continent. A combination of devastating droughts and land reform has turned them from being the basket givers to basket receivers. The one glaring lesson in all of this is that Africa needs to catch a wake up call. In all these instances the question must be asked, why are we selling resources without adding value to them? Is it because we can't be bothered to invest in machinery to process all these products? Once processed we would be able to receive three dollars instead of one dollar for the same product.

Ignoring all the politics of trading in Africa, how easy would it be to trade amongst the African countries when you consider that the infrastructure is found wanting, whether by land or by air. It is common knowledge that to go to some of the francophone countries one would need to go through Paris and on that basis the chances are that the goods from Kenya would probably take a much longer time to move from Kenya to South Africa than they would to move from Kenya to Europe.

One day someone needs to tell me where all this aid money goes to. Why isn't it being used to build facilities to improve our negotiating power on the global trading table?

Pumulani Ncube is a director of Jala Capital (Pty) Ltd, an investment holding company targeting investments in motor component manufacturers, manufacturing in general industrial supplies and construction supplies. Further details on Jala Capital can be obtained on www.jalacapital.co.za, e-mail Pumulani@jalacapital.co.za.