

Mbeki interview

Pres. Mbeki shared his views on the economy, the African renaissance and other issues with the London Financial Times. Although a report on it was carried in the Business Day, the interview did not receive much attention in the SA media. It is a pity. We provide a synopsis of his comments. It was extracted from a verbatim record of the conversation published on the internet.

1. Mbeki sees **investment** as the key to growth. Government has achieved macro-economic stability by reducing the deficit, cutting taxes and controlling government expenditure. Now, he said, it was time to move to microeconomics and generate investment into the public and private sectors. He specifically referred to the following:

In the public sector

- Telecommunications and information technology: he emphasised that privatisation of Telkom will proceed; that other telecoms capacity in the public sector (e.g. in Escom) will be opened up to the private sector; and that more private sector participation will be allowed in the sector to increase competition and drive down costs. He specifically referred to the high cost of internet access and argued that the only way to reduce that is to have more private sector competition.
- Energy, specifically electricity: allow more private investors to participate in electricity generation and thus encourage new investment in that sector. He emphasised that government wants to keep the cost of electricity down to give a competitive advantage to manufacturing industry (e.g. aluminum smelters on the eastern seaboard).
- Ports: operations and regulatory control have been separated and private sector operators will be invited "into the actual operating of the ports". Again he emphasised the need to reduce the cost of port usage for both imports and exports.
- Railway system: lease out certain lines to private operators – again with the aim to increase efficiencies and lower costs.
- Development of infrastructure: government has budgeted to increase capital expenditure and will use that for labour intensive projects which will help to create jobs; develop infrastructure for agriculture to promote rural development.

In the private sector

- Clothing and textile: these sectors will benefit from the US Africa Growth and Opportunity Act. The president claimed that he has received "major chains from the US" who are interested in setting up operations here to export back to the US under the concessions granted by the Africa Growth and Opportunity Act.
- Mining: again he claims interest from overseas mining houses and states that the barrier to entry is the tight grip on mineral rights. He stressed that he wants to resolve this in co-operation with the SA mining industry and "does not want to produce a negative impact on the existing mining companies."

- Tourism: “that is one sector that can actually grow quite rapidly”. It will entail that govt gets a handle on crime and aids. He quoted a market research report in the UK indicating that the major barrier to British tourists visiting SA is fear of being infected with aids.
2. On **subsidies** to create employment: government is looking at ways to encourage investors to go labour intensive rather than capital intensive. (He did not spell out any details.)
 3. On the **African renaissance**: two issues dominate stood out
 - again Mbeki sees investment as the key. And he argues that you cannot attract investment to one part of the continent if other parts are in turmoil. Hence his efforts to create the African Recovery Plan – a special programme to help with the development and stabilisation of Africa. In June 1999 he got the backing of the EU council and the Nordic prime ministers; during his US visit he got the backing of Bill Clinton; on a later visit to Japan minister Mori expressed support. Details are now being drafted and will be released before the end of the year. The plan will focus on specific issues: release of private capital; debt; mineral beneficiation.
 - African leaders themselves should “demonstrate seriousness and commitment”. He took a swipe at corrupt leaders who line their own pockets; he stressed self-help “It would be incorrect to ... go to the world and say help us ... if we are not helping our selves.” He stressed the importance of good governance, democracy, rule of law and fighting corruption.

On what brought most **gloom** and most **hope**: The Middle East brought most gloom. The ordinary South Africans who approach him and say what do you want us to do to help the country provide most hope.

Financial Times
 London
 26/11/2000