

Japanese Investment Opportunities in Southern Africa

Nash Omar, Managing Director: Broker Markets, Hollard Insurance Group

Good afternoon Your Excellency the President of South Africa, Mr. Cyril Ramaphosa, Your Excellency the Prime Minister of Japan, Your Excellencies African Heads of State, honoured guests and dignitaries, ladies and gentlemen.

As the Hollard Insurance Group of South Africa, we are both honoured and deeply humbled to be able to address you today, as part of this prestigious gathering. We are confident that this convocation will continue to consolidate the burgeoning ties between Japan and the African Continent.

We are especially proud to be speaking to you in the light of an exciting, yet humbling transaction which was concluded late last year, in which Japan's largest and oldest insurance company, Tokio Marine, acquired a 22 and a half percent stake in our organisation and in our international sister company.

The investment will accelerate our international expansion and give us access to Japanese technology and process expertise. It is also a powerful endorsement of the world class South African financial services sector. However, far more significantly, it represents a huge vote of confidence in South Africa as a country and in the African continent as a whole. This injection of Foreign Direct Investment is aligned with President Ramaphosa's call for \$100 billion to be invested in South Africa over the next five years, and we take very seriously our responsibility of demonstrating the value of such investment so that others might follow.

We believe that this Afro-Japanese partnership represents a win-win-win and is the ideal model for potential collaboration between our respective companies and countries, bringing together Japanese technical know-how and African entrepreneurship, in order to bring to the African market products and services fundamental to economic growth and industrial progress.

Having mentioned economic growth, the Southern African region is forecast to grow at a relatively pedestrian, 0.6% this year, due to constraints from rising inflation, widening twin deficits, adverse weather conditions, power rationing and weakening domestic purchasing power. More encouragingly, despite this economic volatility, the medium to long-term political risk rating for most Southern African countries is low-to-moderate.

We are also cognisant of the fact that much work remains to be done in implementing the African Continental Free Trade Area, an agreement which has the potential to increase economies of scale and access to cheaper raw materials; improve the conditions for regional value chains and integration into global value chains; catalyse the transformation of African economies towards greater utilisation of technology and knowledge; facilitate both intra-African and external direct capital flows to African countries and create a labour market and demand pull throughout the continent.

While it is a well-documented fact that Africa's incredible mineral wealth, increasing population (the so-called demographic dividend) and growing economies represent an opportunity for commercial entities, recent political setbacks and general economic turmoil have shown that investors will need to be patient – as with investment elsewhere in the world there is no such thing as a sure bet. A long-term mindset, founded on the idea of sustainability rather than rapid profit generation, along with careful evaluation of individual opportunities, are the approaches that we believe are required to make the right investments in Africa.

For long-term investors we believe that there are good investment opportunities in Southern Africa in services, agriculture, manufacturing, oil & gas and infrastructure development.

Our experience of Japanese investors suggests that this long-term mindset is well established, potentially putting Japan at the forefront of African investment success. We believe that businesses in Africa must contribute in some way to the betterment of the communities in which they operate and to the improvement of society as a whole. This is the key to long-term business success on our glorious continent.

Thank you.