



Introduction by The Rt Hon Lord Hurd of Westwell CH CBE PC Chairman of the FIRST Advisory Council

A State Visit to this country by the President of South Africa would be an important and welcome event at any time. Coming at a time of global economic instability where the emerging continents, including Africa, may provide the impetus for recovery gives the visit extra importance.

I have vivid memories of accompanying the Queen on her visit to South Africa in 1994 and I remember in particular the excited children of the townships as they raced to keep up with the royal car.

South Africa's economic importance cannot be overstated – accounting for 40 per cent of Africa's industrial output and 25 per cent of the continent's Gross Domestic Product. It also accounts for more than half of all the electricity generated in Africa. South Africa has weathered the global financial crisis better than most with its money markets and financial institutions remaining stable. The Finance Minister's easing of exchange controls demonstrates the government's confidence in the economy. There is no doubt that South Africa's government finances are in much better shape than many other G20 countries. There are, however, still challenges such as the slow pace of privatisation and the further development of profit-oriented public sector enterprises.

In his recent State of the Nation speech President Zuma announced a raft of measures to combat the effect of the economic downturn, identifying job creation, skills development, improved basic and vocational education and infrastructure development as the government's top priorities. With an eye firmly on South Africa's future as the major investment hub in Africa, he also announced an extra 846 billion rand (£7.2 billion) over the next three years on improving public infrastructure.

South Africa has steadily rejoined the international community following its isolation during the apartheid years. Following its readmission to the Commonwealth in 1994 it hosted CHOGM in 1999, chaired the Non-

Aligned Movement (1998-2003) and hosted the inaugural African Union meeting in 2002. South Africa is also a key member of the South African Development Community (SADC) and South Africa was a non-permanent member of the United Nations Security Council between 2002-08.

This important State Visit of President Zuma takes place against a backdrop of strong bilateral links between the United Kingdom across areas such as defence, trade liberalisation, development and combating HIV/AIDS. The UK is one of South Africa's major trading partners with nearly £10 billion in two-way trade in goods and services. Significant investment by companies such as Barclays Bank, Rolls Royce and Vodafone demonstrates the significant potential of South Africa as an investment destination. The ongoing privatisation programme and the promotion of Public Private Partnerships will provide further opportunities in water, ports, healthcare, telecommunications, railways and airports.

As South Africa looks to the future, the immediate highlight being the 2010 World Cup, there are still important issues to be addressed. HIV rates remain some of the highest in the world and apartheid has left behind inequality throughout the social and economic spectrum. The UK provides assistance through the Department for International Development (DfID), which spent almost £80 million last year on health programmes to combat Malaria and HIV, infrastructure development and poverty reduction.

The State Visit, while providing the opportunity for private discussions will give us all an opportunity to study what is happening in South Africa and to weigh carefully the opportunities for our two countries to work together even more closely. We at FIRST are delighted to have been asked to produce this special publication and hope that it contributes, in a small way, to the success of the visit and the further development of the bilateral relationship. **F**