



## CCA's U.S.-South Africa Business Forum News Summary and Analysis

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### **U.S.-South Africa Business Forum: News Summary - Currency Debate**

Currently, there is a heated debate within South Africa's economic institutions on what to do with South Africa's strengthening currency. Even the OECD has weighed on the matter, publishing a report declaring South Africa's rand to be 15 percent overvalued. The South African Chamber of Commerce and Industry has warned that any intervention should be carefully weighed as consequences to the economy are unknown.

As an emerging economy with one of the highest levels of unemployment in the world, South Africa will be well served by an export friendly currency, which in principle should create jobs. Please see articles below for more information.

#### **Sacci warns against 'ill-conceived' rand policy**

August 5, 2010

South Africa should first interrogate the reasons for the strong rand before implementing any "ill-conceived" policy on intervening in its performance, the South African Chamber of Commerce and Industry (Sacci) said on Thursday. With the release of the Business Confidence Index (BCI) for July, which stood at 84,3 points, the chamber stated that while the rand strength was causing some discomfort, such intervention could contribute to economic distortions and potentially lead to unintended consequences for the local economy.

<http://www.engineeringnews.co.za/article/sacci-warns-against-ill-conceived-rand-policy-2010-08-05>

#### **OECD says activist currency policy to avoid overvaluation could benefit SA**

July 19, 2010

Greater policy effort to avoid currency overvaluation in South Africa "is warranted", a new Organisation for Economic Cooperation and Development (OECD) report argues. In fact, the inaugural OECD Economic Survey of South Africa, released in Pretoria on Monday, stated that, despite the potential pitfalls associated with a more activist approach to currency management, there could be "net benefits from a range of actions designed to ease upward pressure on the real exchange rate".

<http://www.engineeringnews.co.za/article/oecd-says-activist-currency-policy-to-avoid-overvaluation-could-benefit-sa-2010-07-19>

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## **South African Ambassador-Designate to the United States: H.E. Ebrahim Rasool**

The South African government has appointed H.E. Ebrahim Rasool as South Africa's new Ambassador-Designate to the United States. Below please find a press release from the U.S. Embassy in South Africa regarding H.E. Rasool's appointment and a resume that concludes in 2008.

### **Statement on Agrément on Ambassador-Designate Rasool**

July 2, 2010

Contrary to published reports in the July 2 Mail & Guardian, the formal process of diplomatic agrément—the United States' acceptance of the nomination of an ambassador-designate - has concluded between the United States and South Africa. The United States has formally accepted the appointment of Ambassador-designate Ebrahim Rasool. We look forward to his arrival in Washington, D.C.

<http://southafrica.usembassy.gov/press100702.html>

### **Biography**

Ambassador-Designate Ebrahim Rasool

Source: Office of the Premier – Western Cape

[http://www.info.gov.za/gol/gcis\\_profile.jsp?id=1535](http://www.info.gov.za/gol/gcis_profile.jsp?id=1535)

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## **U.S.-South Africa Business Forum: News Summary - ICT**

As you well know, the growth of fibre optic cable systems in South Africa and Africa have the potential to deliver cheap bandwidth. As illustrated in the articles below, two challenges remain in realizing this potential: 1) broadening the access to this technology to individual consumers and businesses, and 2) long term financing for these projects. Both these challenges offer business opportunities for the right companies.

### **The fibre's coming**

July 8, 2010

SA will soon be awash in cheap international bandwidth. The challenge is getting that bandwidth into the hands of consumers and companies. So, news this week of the launch of a new fibre operator is encouraging. Eassy. Wacs. Ace. Main One. These are the names of new cable systems that are either in the works or already under construction. Together with the Seacom cable in the east and the Sat-3 system in the west, they promise a flood of cheap international bandwidth.

<http://www.fm.co.za/Article.aspx?id=114120>

### **Gauteng broadband project 'faces axe'**

July 6, 2010

THE long-awaited multibillion-rand Gauteng Link broadband project could be shelved, a senior government official has told Business Day. Putting the project on ice would mean Gauteng residents would have to wait longer for access to faster and cheaper broadband. According to reports, about R40m has already been spent on prefeasibility studies.

<http://www.businessday.co.za/articles/Content.aspx?id=113829>

### **A technological backbone**

June 29, 2010

Neotel has invested several billion rand over the past three years in building a national network that has brought real competition to SA's telecom infrastructure market for the first time. Today, the telecom operator has more than 4000km of fibre-optic cable in the ground in SA's major metros and access to a

national network spanning around 10000km of optical fibre infrastructure that links the country's towns and cities. Before Neotel's arrival, Telkom had a stranglehold on SA's fixed-line market.

<http://www.fm.co.za/Article.aspx?id=113198>

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## **U.S.-South Africa Business Forum: News Summary - Renewable Energy**

The South African government and Eskom are taking strides to increase the amount of power from renewable sources and from independent power producers. However, as the rest of the continent, they are finding limited sources to finance these projects. While debt financing from commercial banks is still available, more "preferable" equity financing is difficult to obtain.

### **Limited finance seen hurting African energy projects**

June 30, 2010

Large-scale nuclear and renewable energy projects in Africa are stalling as adequate financing proves scarce, investors and legal advisors said on Wednesday. Tarun Brahma, senior investment officer at the Dutch development finance company FMO , said that while big commercial banks like Standard Chartered and Barclays are willing to provide loans for the power sector, equity and other sorts of capital are harder to come by. "The lack of this type of financing is causing projects to stall," he told an African energy conference in Switzerland.

<http://www.engineeringnews.co.za/article/limited-finance-seen-hurting-african-energy-projects-2010-06-30>

### **IPP deals catalyst for renewable energy growth**

June 25, 2010

Solar power generation company Solairedirect Southern Africa believes that State-owned power utility Eskom's newly signed deals to purchase power from independent power producers (IPPs) is a sign that the renewable energy industry is on track to becoming a commercial reality.

In May, Eskom signed two electricity power purchase agreements with IPPs and is expected to conclude another four soon.

<http://www.engineeringnews.co.za/article/good-news-for-private-electricity-suppliers-2010-06-25>

### **Eskom hopes to complete concentrating solar power project by 2014**

June 18, 2010

As power utility Eskom continues working to ensure the lights are kept on and new coal-fired power stations are built, the company also continues to progress with work on its first concentrating solar thermal power (CSTP) plant, and has identified a site near Upington, completed an environmental-impact assessment and received the record of decision for it. The ambition is to have the CSTP plant completed by the end of 2014.

<http://www.engineeringnews.co.za/article/eskoms-concentrated-solar-power-ambition-2010-06-18>