

- Update on trade and investment

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Isaba News

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FOCUS ON TELECOMS — 2007 likely to be landmark year

The South African telecommunications market is set to become significantly more competitive this year as the second network operator, Neotel, will finally begin offering services to residential and corporate consumers. Aided by municipalities and Internet service providers (ISPs) there will also be further competition in the provision of both wireless and wireline telecom infrastructure.

As new legislation under the Electronic Communications Act comes into place some points to watch for in 2007 include:

Neotel already offering bandwidth to ISPs should be offering its first services to corporate clients and the residential market by the first quarter in 2007.

iBurst, a small but feisty wireless broadband provider, is rapidly expanding its network coverage and could become a significant player in the telecom access market in the next 1 – 2 years. Vodacom is eyeing iBurst with a view to acquiring a controlling stake in the company. iBurst is headed by Alan Knott-Craig Jnr, son of the Vodacom Group CEO.

Sentech which is trying to raise money from the state to set up a national broadband wireless network, is looking increasingly marginalised. Its reliance on government for funding has

places it at a significant disadvantage to private-sector operators. Though government is unlikely to privatise the company, there could be corporate action of some kind to raise the money it needs to compete effectively. A public-private partnerships is one of the options being mooted.

MTN and Vodacom will continue their aggressive deployment of next-generation 3G data networks. HSDPA (high-speed downlink packet access) a type of 3G network which initially offers download speeds of 1,8Mbits/s, will be followed this year with HSUPA (high-speed uplink packet access) which allows similar transmission speeds when sending data.

ISPs such as Internet Solutions (IS) and Verizon Business hope to begin offering wireless alternatives to Telkom. Both have test licences for WiMax, a promising new wireless broadband standard being developed by some of the world's leading technology companies. Expect these two to focus upon the corporate market.

Telkom is also expected to deploy WiMax commercially soon in areas where it has inadequate or not fixed line coverage.

Broadband InfraCo, a new company founded at the behest of

public enterprises minister, Alec Erwin, could also have a dramatic impact on the sector. Reports suggest that Erwin wants to build a submarine telecom cable to rival the Telkom-controlled Sat-3 system that links SA with Europe along Africa's west coast although some speculation indicates that this may undermine plans for the SA-Middle East cable system. Finance Minister Trevor Manuel recently announced that Broadband InfraCo would receive an initial capital injection of R627m.

Municipalities could soon be providing telecom services to their residents with most cities expected to allow third-party service providers to use their infrastructure to provide services rather than doing so themselves. A number of companies already expressing an interest, chief among them Goal Technology Solutions (GTS) which wants to piggyback on municipal electricity infrastructure to provide a triple-play of broadband, subscription television and internet telephony.

Convergence between media companies and telecom operators will start to make its impact felt in 2007. Already Telkom plans to offer pay-TV services across its broadband lines.

Key Economic Indicators

	2006	2007
GDP (real %)	4.9	4.1
Prime lending rate (% , year end)	12.5	12
CPIX inflation %	4.6	5.5
Current account (% GDP)	-5.3	-4.5
Current account (Rbn)	-89.6	-83.3
USD/ZAR (average)	6.76	7.53
GBP/ZAR (average)	12.50	14.30
EUR/ZAR (average)	8.52	9.70
YEN/ZAR (average)	17.30	14.16
Budget Deficit	- 0.7%	-0.2%

Source: www.investec.com

BEE — Affirmative Action

Codes of Good Practice

The codes of good practice for Broad Based Black Economic Empowerment (BEE) will come into effect this month. These codes, aimed at integrating black players into the commercial realm, will also govern procurement and skills development.

Companies with an annual turnover of less than R5m will be exempt from the measures. Those with a turnover of between R5m and R35m will have to adhere to four of the seven codes and larger companies will be scored against all seven.

Among the codes are ownership, equity in the workplace and amount bought and procured from BEE suppliers.

Chief Director of the DTI, Polo Radebe, says the codes are there to provide clarity, director and to limit the sham transactions.

Sales of Jameson in SA

towards Top 40

Jameson, the flagship Irish whiskey looks set to become a Top 40 global spirits brand this year. This is due to the huge growth seen in volume sales of the brand. Jameson's pace of sales growth – which translated into a really impressive value increase of 18% - beat the average 9% growth turned by Pernod Ricard's portfolio of 15 strategic brands. Paul Duffy, CEO of Pernod-owned Irish Distillers acknowledged the particularly strong growth in South Africa which was estimated at 46% and this, coupled with growth rates in other markets such as Russia (82%) and the US (18%) should see the brand reach 3million cases by the end of the decade.

GEDA Delegation to Ireland

A group of 14 delegates representing Gauteng Economic Development Agency (GEDA) travelled to Dublin last month with the aim of gaining insight into regional development in context of global city and the part played by metropolitan or regional government and by economic development agencies. The delegation comprised representatives from the board of GEDA, regional Gauteng ministries and industry within the province.

Enterprise Ireland and IDA Ireland hosted the group with two interactive session which culminated in a valuable exchange of knowledge and both parties agreeing to maintain open lines of communication going forward. The group also visited London and The Hague.

Bazaar na Náisiún 2007

This international fundraiser organised by the spouses of the Diplomatic Corps, will take place on Sunday 18th February from 11 a.m. – 4pm in Jurys Hotel, Ballsbridge, Dublin 4. The Bazaar supports the work of three charities, Friends in Ireland, Careaid International and Loratong Hospice.

Upcoming Events

17th March 2007 - St Patrick's Trust Annual Gala Ball,

Company Gardens, Cape Town

Celebrating Irish South African relations, this annual event is attended by prominent representatives from the business, political and cultural communities of Ireland and South Africa in aid of the St Patrick's Trust.

The entire proceeds of the ball go to the **Saint Patrick's Trust for Enterprise**. Since last year the Trust has offered pivotal support, advice and capital to enterprise groups in underprivileged communities, supporting educational access programs and co-op groups in rural and urban areas.

Tickets are €285 and a week of events has been organised in Cape Town to compliment the Ball.



ISABA Spring Networking Event – Details to follow

SPORT NEWS

Irish Cricket Team hits South Africa in preparation for World Challenge & World Cup

The Irish Cricket Team, led by South African coach and ISABA Council Member Adrian Birrell, embarked last month on a four week long trip to Africa in advance of their travels to the Cricket World Cup in March. The team spent three weeks in South Africa before travelling to Kenya for five ICC World Challenge games in ten days. This will be followed by a four-day game in Sharjah against UAE.

The team will re-coup in Ireland for a fortnight before travelling to Trinidad to acclimatise for the three World Cup matches in Jamaica against Zimbabwe (15th March), Pakistan (17th March) and West Indies (23rd March). There will also be two friendly matches in advance of the group stages against South Africa (5th March) and Canada (8th March).

Ernie Els breaks in new Irish caddy

The Qatar Masters saw South African golfer, Ernie Els breaking in Irish-born caddy JP Fitzgerald last month. Fitzgerald replaces Els' long time caddy Ricci Roberts and has worked with Darren Clarke, Thomas Bjorn and Graeme McDowell.

2006 Subscription Reminder

Please advise Yolande Bell if you have not received your subscription invoice for 2006 on 086 858 0361 or yolandebell@eircom.net

Phone: +353 (0) 86 858 0361

E-mail: yolandebell@eircom.net

Web: www.isaba.org

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