



EVENT REVIEW TITO MBOWENI PRESENTATION

Date : 19th February 2009

Venue : Grayston Sun Conference Centre, Sandton

Speaker : Tito Mboweni, Governor,
South African Reserve Bank



A joint cocktail was held with SwissCham Southern Africa – South Africa Chapter and the Nordic South African Business Association on the 19th February 2009 with guest speaker Tito Mboweni, Governor of the South African Reserve Bank. Our President, Jürg Schalch welcomed the guests. Close to 120 guests attended the function with large corporates as well as SME's well represented. A special welcome was extended to the guests of honour, Swiss Ambassador to South Africa, Rudolf Bärffuss as well as the South African Ambassador designate to Switzerland, George Johannes. Guests of honour from the NSBA were Peter Tejler, Swedish Ambassador to South Africa and Heikki Tuunanen, Finnish Ambassador to South Africa.

Tito Mboweni was born on the 16th of March 1959 as the youngest of three children. He grew up in Tzaneen in the Northern Province. He attended the University of the North in 1979 and 1980 where he registered for a Bachelor of Commerce degree. He did not complete his studies there and left South Africa to go into exile in 1980. While in exile in Lesotho, he joined the African National Congress where he was an activist for the party in many capacities. He obtained a Bachelor of Arts (honours equivalent) degree in

economics and political science from the National University of Lesotho in 1985. In 1987 he obtained a Master of Arts degree in development economics from the University of East Anglia in England.

Tito Mboweni was Minister of Labour from May 1994 to July 1998 in President Nelson Mandela's cabinet. Prior to this he held various positions in Government and in 1995 became one of the World Economic Forum's Global Leaders of Tomorrow. He joined the South African Reserve Bank in July 1998 as Advisor to the Governor and in August 1999 he was appointed Governor of the S.A. Reserve Bank.

Tito Mboweni is a keen fly fisherman and lists soccer among his interests.

In his keynote address, central bank Governor Tito Mboweni said that economic growth should slow to a decade low of 1.2 percent in 2009 from an estimated 3.1 percent last year, partly as a global downturn hits exports, and consumer spending and private sector investment fall. He said that there were both upside and downside risks to the 1.2 percent growth forecast for 2009, adding that the lower output would help significantly to lower inflation.

The potential output for South Africa is 4.5 percent and if there is a growth of 1.2 percent, it would result in a significant output gap which should contribute to significantly lowering inflation. "We expect inflation to come down significantly by the third quarter, which would be good news from the point of view of inflation targeting" he said.

On loosening monetary policy in December, inflation abated on signs the economy was under stress. He said that in the current environment where there is likely to be a global recession, "it might be important for monetary accommodation to be provided to assist monetary stimulation". "There is general agreement within the G20 group (group of 20 developing nations), that countries must do as much as they can to help solve this global crisis we face and we agreed on a number of things."

"Number one, we agreed to do all we can in the provision of fiscal and monetary policy in order to get the economy going", he said.

On Zimbabwe adopting the Rand as legal tender, Mboweni said that the S.A. Reserve Bank had not been approached nor had the finance ministry and as far as he was concerned this was a rumour. He added that Zimbabwe policymakers would have to be willing to sacrifice their currency and the economy would have to undergo substantial changes to revive its manufacturing sector.



From left: Swiss Ambassador to South Africa, Rudolf Bärffuss, SwissCham President, Jürg Schalch, NSBA Chairman, Per Wanland, Swedish Ambassador to South Africa, Peter Tejler



From left : SwissCham President Jürg Schalch, SwissCham Vice- President, Thomas Hippele, Swiss Ambassador to South Africa, Rudolf Bärffuss





The presentation by the Reserve Bank Governor was very interesting and although the Question and Answer session had to be kept very short, some real answers were given. The event was most successful and the cocktail menu at the Grayston Sun excellent as always.