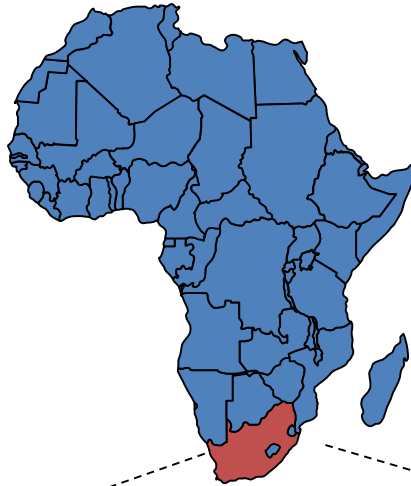


Investing into South Africa

Investment Environment & Opportunities



South Africa at a glance



- Area 1,22 million km²
- Population 50,6m (estimate)
- Head of the State: President Jacob Zuma
- 11 Official languages with English the business language
- Total GDP: 2012 R3 155 bn (US\$ 384,8 bn)
- GDP 2012 per capita: R 60 505 (US\$ 7 379)
- Real GDP Growth: 2,5% (2012)
- Inflation (CPI): 5,6% (2012 annual average)
- Main Exports; minerals & mineral products, precious metals & metal products, chemical & food products, automotives & components.
- Main trading partners: China, USA, Japan Germany, India & the UK.



South African Economy

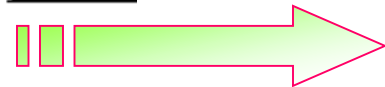
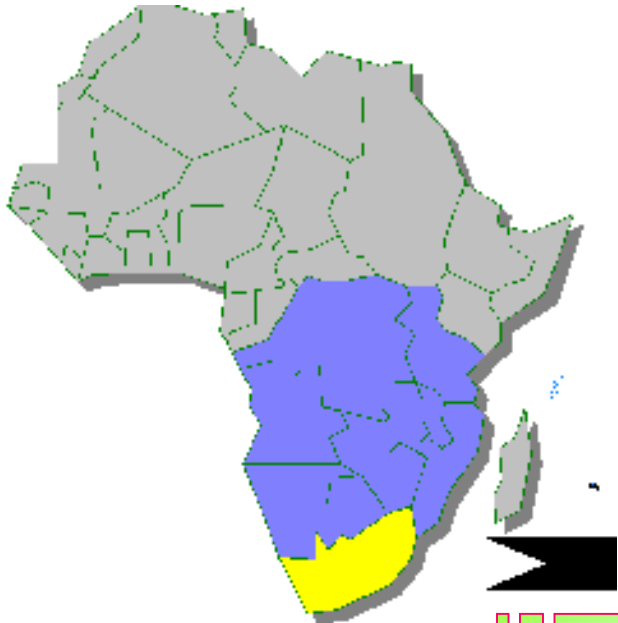
YEAR	1994 THEN	2004	IN 2012
GDP (billions)	R 482 US\$ 60	R 1 374 US\$ 171	R 3 155 US\$ 384,8
Merchandise exports (billions)	R 69, 8 US\$ 8.7	R 281,8 US\$ 35.2	R696,2 US\$ 84,9
GDP Growth	3,2%	4,6%	2,5 %

Source:SARB

- South Africa positioned as a **manufacturing centre of excellence**
- Diversified Industrial sectors
- **Open** economy
- Sound business case for investment and profit
- **Gateway to Africa** and markets of more than **200 Million consumers**
- Africa is the next big story after China and India



SADC and South Africa



- SADC FTA signed in August 2008 – market of 200 million consumers
- Future FTA with SADC, COMESA & EAC with a market of 700 million consumers



South African Trade Agreements

- **South Africa – European Union (EU) Trade, Development and Co-operation Agreement (TDCA)**
- **Southern African Development Community (SADC) FTA**
- **Southern African Customs Union (SACU) - European Free Trade Association (EFTA) FTA**
- **USA Africa Growth and Opportunity Act (AGOA)**

Agreements underway:

- PTA with India
- PTA with Mercosur
- SADC-EAC- COMESA T-FTA



South Africa's leading trade partners (2012)

Export Country	Rand (millions)
1. China	81,141
2. United States	61,556
3. Japan	44,256
4. Germany	37,993
5. India	30,065
6. United Kingdom	27,133
7. Netherlands	24,656

Import Country	Rand (millions)
1. China	120,058
2. Germany	83,958
3. Saudi Arabia	64,601
4. United States	61,156
5. Japan	37,911
6. India	37,643
7. Nigeria	30,549

Source: Quantec



\$1.6 trillion

Africa's collective GDP in 2008,
roughly equal to Brazil's or Russia's

\$860 billion

Africa's combined consumer
spending in 2008

316 million

the number of new mobile phone
subscribers signed up in Africa since 2000

60%

Africa's share of the
world's total amount of
uncultivated, arable land

52

the number of African cities with
more than 1 million people each

20

the number of African companies
with revenues of at least \$3 billion

\$2.6 trillion

Africa's collective GDP in 2020

\$1.4 trillion

Africa's consumer spending in 2020

1.1 billion

the number of Africans
of working age in 2040

128 million

the number of African households
with discretionary income in 2020

50%

the portion of
Africans living
in cities by 2030

South Africa- global perspective

- South Africa is **one of the most sophisticated and promising emerging markets**, offering a unique combination of highly developed first world economic infrastructure with a vibrant emerging market economy.
- South Africa is one of the world's 26 industrialised nations & 27th largest economy
- The country is also regarded as the **gateway to Africa**.
- South Africa has the **largest economy on the African continent**, accounting for approximately 25% of the continent's GDP.
- According to the World Bank, South Africa ranked **35th out of 183** in the world for the **ease of doing business** in 2012.
- The JSE Securities Exchange is Africa's largest and most developed Securities Exchange and **one of the world's top 20 exchanges**.



South Africa - global perspective

- South Africa remains the **world's top producer of minerals** such as gold, platinum, rhodium, chrome, manganese and vanadium.
- South Africa holds 80% of global manganese reserves, 72% of chrome, 88% of platinum-group metals (PGMs), 40% of gold and 27% of vanadium.
- South Africa is ranked #1 for the **regulation of securities exchange, strength of auditing & reporting standards** by WEF's Global Competitiveness Report 2011/12.
- South Africa scored well in various categories according to the **2011/12 WEF's World Competitiveness Report** (138 countries ranked) with overall competitiveness we ranked 50th in place.



South Africa – a conducive environment

World Economic Forum's Global Competitiveness Index (2013/14)
shows that South Africa is:

- # 1 in the strength of auditing and reporting standards
- # 1 in the efficacy of corporate boards
- # 1 in the protection of minority shareholders' interests
- # 1 in the regulation of securities exchanges
- # 1 in legal rights index
- # 2 the availability of financial services
- # 3 in the soundness of banks
- # 10 in the strength of investor protection
- # 11 in the quality of air transport infrastructure
- #1 Overall highest ranking in the sub - Sahara Africa
- 53th overall ranking out of 149 countries and # 2 of all the BRICS economies



Infrastructure Development

- Most advanced and extensive transport infrastructure in Africa offering direct access to 14 SADC countries - a market of 250m people.
- The transport sector has been highlighted by the government as a key contributor to South Africa's competitiveness in global markets.
- South Africa will spend billions of rands on new infrastructure in the coming years, focusing on rail and road projects, economic links in five regions in the country, new universities and refurbished hospitals
- to boost energy capacity, the government would continue searching for renewable energy sources, especially solar electricity and biofuels as it implements the Green Economy Accord with economic stakeholders.



SPECIAL ECONOMIC ZONES (SEZS)

- Government has identified Special Economic Zones as a mechanism that will contribute towards the realisation of its economic growth and development goals;
- And is committed to support and facilitate the designation, regulation and development of Special Economic Zones in South Africa;
- Special Economic Zones will be designated in areas to promote targeted economic activities, supported through special arrangements ;
- and support systems including incentives, business support services, streamlined approval processes and infrastructure,



SEZ VALUE PROPOSITION

SEZ Support Measures

Incentives Strategy

- i) 15% Corporate Tax
- ii) Building Allowance
- iii) Employment Incentive
- iv) CCA
- v) 12i Tax Allowance

Funding Strategy

- i) SEZ Fund
- ii) Mix of funding instruments
- iii) PPPs

Infrastructure Strategy

- i) Bulk infrastructure by government through SEZ Fund
- ii) SEZ Locations
- iii) Various stakeholders roles in providing infrastructure in and out of zone

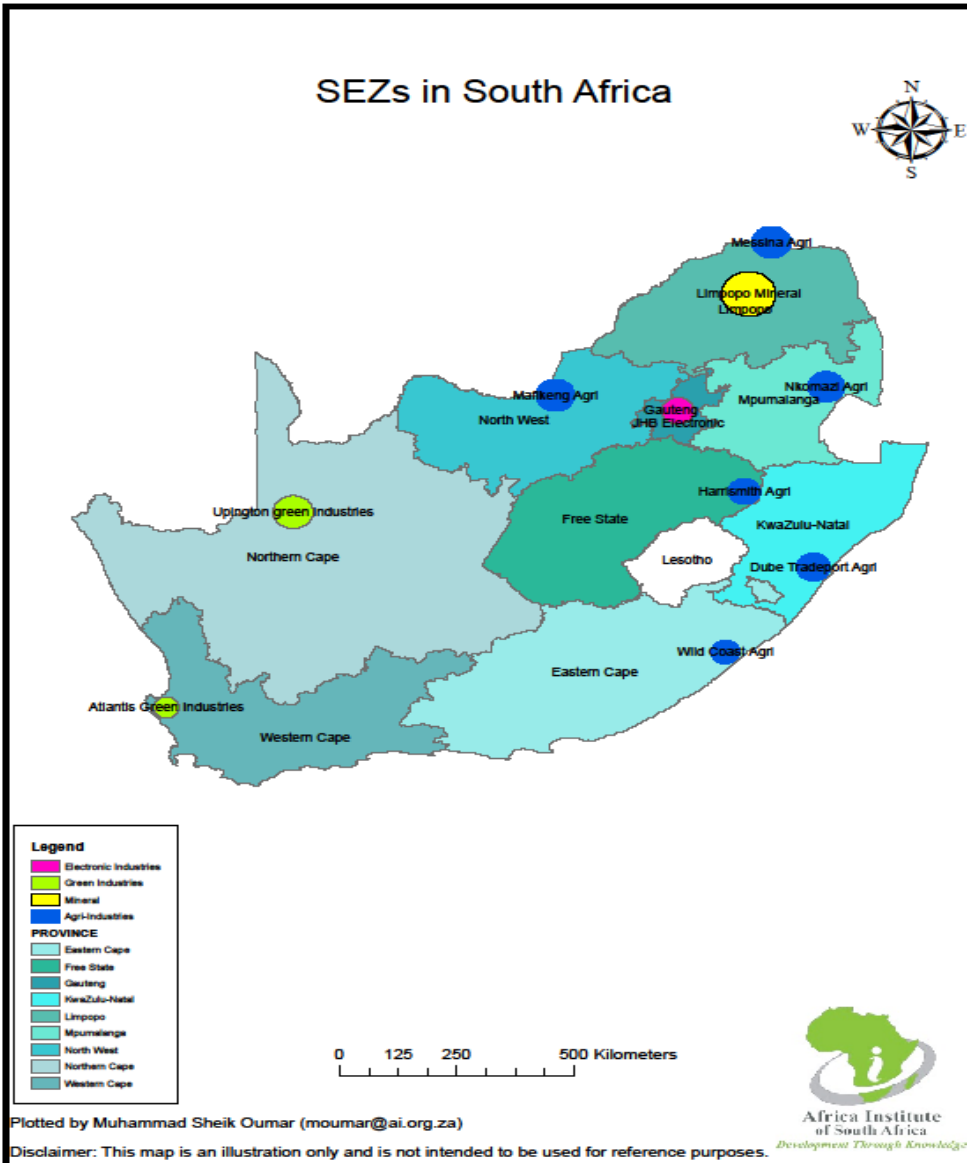
Skills & Supplier Development

- i) Skills dev. Strategies for SEZs
- ii) Supplier development programmes to develop our local businesses
- iii) Continuous training of civil servants

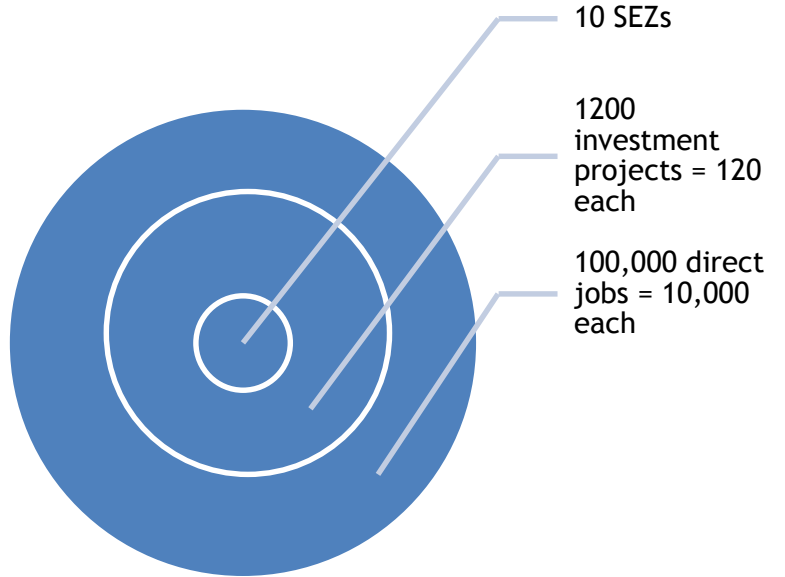
OSS Strategy

- i) To reduce info search & transaction cost
- ii) Facilitate permits & licences for investors
- iii) Eliminate steps in approvals
- iv) After care

SEZ TARGETS



10 SEZs from 2015 @ 300ha
60% FDIs + 40% Domestic



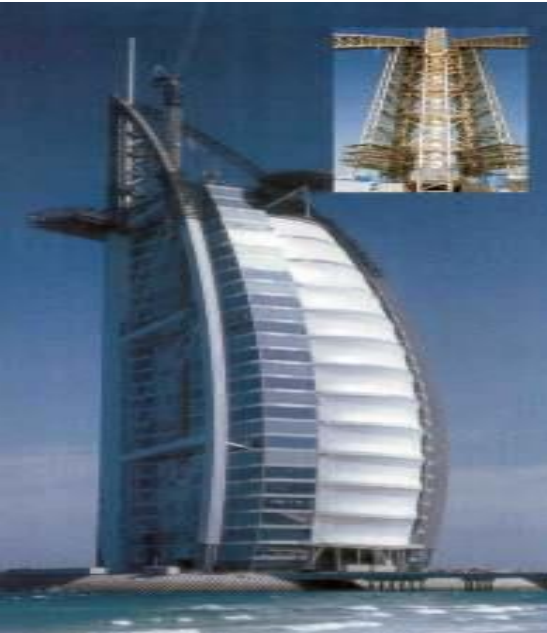
IDZ & PORT INFRASTRUCTURE



World Class Capability

- **South African Construction and Steelwork on ALL continents, including Antarctica!**

- International icons constructed include Burj al Arab Hotel - Dubai, Emirates Towers - Dubai, Khalifa Sports Hall Asean Games 2006 - Qatar and many more!



World Class Capability

- Examples of complete stadiums, including all civils and steelwork built for the World Cup.
- Our steelwork is to be found in and around all the stadiums!



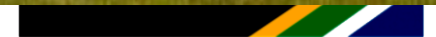
• Greenpoint Stadium, Cape Town



• Moses Mabhida Stadium, Durban



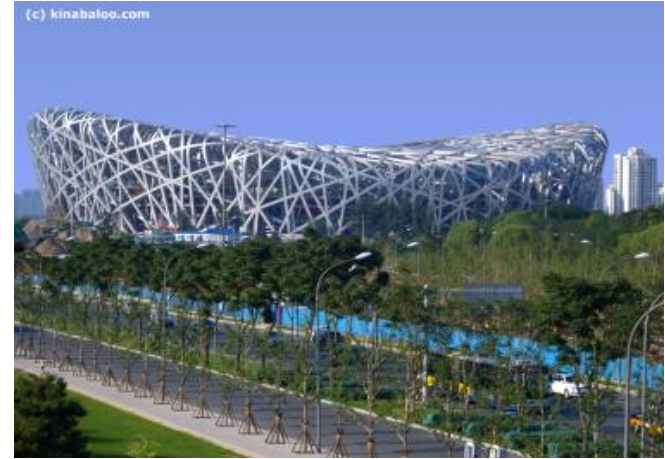
• Soccer City, Soweto



World Standard Comparison

- **Birds Nest Beijing, China**
 - Steel - 110,000 tons
 - Construction period - **5 years**
 - Cost \$423m in 2008 terms
 - **80,000** seating capacity

- **Soccer City JHB, SA**
 - Steel - 110,000 tons
 - Construction period - **3 years**
 - Cost \$445m in 2010 terms
 - **90,000** seating capacity



South Africa

Investment Opportunities

Sector	Sub-sector
Agro-processing	Fisheries and aquaculture i.e. freshwater aquaculture & mariculture Food processing in the milling and baking industries Beverages viz. fruit juices and the local beneficiation, packaging and export of indigenous teas High value natural fibres viz., organic cotton & downstream mohair production High value organic food for the local and export market Biofuels production viz. biodiesel, bioethanol & biogas. Processing of seed oils; tea extracts, including buchu, honeybush; and other oil derivatives (avocado, amarula etc) Diversification/beneficiation of biomass sources i.e. sugar, maize
Business Process Outsourcing & IT Enabled Services	<ul style="list-style-type: none"> •Call Centres •Back /office Processing •Shared Corporate Services •Enterprise solutions e.g. fleet management and asset management •Legal process outsourcing



Investment Opportunities

Sector	Sub-sector
Capital / Transport equipment, metals & electrical machinery & apparatus	Basic iron and steel Basic precious and non-ferrous metals Casting of metals Other fabricated metal products; metalwork service activities General purpose machinery Special purpose machinery Tooling manufacturing Foundries Electric motors, generators and transformers Electricity distribution and control apparatus' Insulated wire and cable Accumulators, primary cells and primary batteries White goods and associated components



Investment Opportunities

Sector	Sub-sector
Electro Technical	<ul style="list-style-type: none">• Advanced telecommunications• Software development• Software & mobile applications• Smart metering• Embedded software• Radio frequency identification• Process control, measurement & instrumentation• Security & monitoring solutions• Financial software• Manufacturing sensors• Digital TV and Set Top Boxes due to migration to full digital television as• Analogue, to be completed by 2015
Textile , Clothing, & Leather	<ul style="list-style-type: none">• Spinning, weaving and finishing of textiles• Knitted and crocheted fabrics and articles• Wearing apparel except fur apparel• Dressing and dying of fur• Leather skins and hides beneficiation



Investment Opportunities

Sector	Activity	Opportunity
Consumer goods	White Goods	<ul style="list-style-type: none">• White goods and associated components
Boatbuilding	Boatbuilding and associated services industry	<ul style="list-style-type: none">• Engines & engine systems• Marine equipment and accessories
Pulp, Paper and Furniture	<ul style="list-style-type: none">• Manufacture of wood and products of wood and cork, except furniture;• Manufacture of articles of straw and plaiting materials;• Manufacture of paper products; publishing, printing and reproduction of recorded	<ul style="list-style-type: none">• Paper and paper products• Furniture

Investment Opportunities

Sector	Sub-sector
Automotives & Components	<ul style="list-style-type: none">- Engines, radiators , filters & components thereof- Air Conditioners/ Climate Control systems- Alarms & Tracking devices- Axles, transmission shafts- Body parts & panels- Catalytic converters, Silencers & Exhaust systems and components- Seats & parts thereof, seatbelts, leather covers- Suspension & shock absorbers, springs and parts thereof- Steering wheels, columns & boxes- Ignition, starting equipment, gauges & instrument parts- Lighting equipment- Wiring harnesses, instrument panels vehicle interiors, electronic drive train components, body parts- Advanced robotics



Investment Opportunities

Green Economy Industries

Power generation:

- Independent power generation, energy infrastructure & alternative energy
- **Nuclear Build Programme** i.e. joint ventures, consortiums and the establishment of new companies to grow South Africa's nuclear manufacturing capability and nuclear supply industry to supply into the nuclear build programme

Renewable energy:

- Onshore wind power - manufacturing of turbines/blades
- Solar PV and Concentrated Solar Power - manufacturing/assembly
- Biomass
- Small hydro

Energy efficiency and energy saving industries:

- Solar water heaters
- National Cleaner Production Centre (CSIR)

Waste Management:

- Reducing landfill
- Lowering greenhouse gas emissions from landfill sites



Investment Opportunities

Advanced Manufacturing

Advanced materials manufacturing viz.

Nano-materials

- High performance materials based on natural resources (advanced bio-composites)
- Composites (intelligent textiles used in medical, building and construction industries)
- Continuous fibre reinforced thermoform composites
- Biochemical and Biologics for applications in agriculture, industry and health/medical sectors

Digital TV and Set Top Boxes due to migration to full digital television as

Analogue, to be completed by 2015.

Electricity Demand Side Management Solutions to improve electricity efficiency usage.



Investment Opportunities

Advanced Manufacturing - Laser technology	Lasers and laser-based additive manufacturing Various applications
Advanced Manufacturing - Advanced Robotics	Mobile Intelligent Autonomous Systems Applications in the mining industry, data collection and analysis, agriculture - tested
Bio- manufacturing	Biochemical and biologics for applications in agriculture, industry and health/medical.

Investment Opportunities

Sector	Sub-sector
Tourism	<ul style="list-style-type: none">•Accommodation - hotels, boutique hotels, lodges & resorts•Urban integrated tourism/ entertainment precincts•Adventure, - eco-, sport-, conference - and cultural tourism.•Infrastructure development.•Leisure complexes & world class golf courses.•Harbour & waterfront developments.•Transfrontier conservation areas.•Tourism transport - aviation, rail, cruise liners etc•Green building and green technologies for tourism•Attractions and activity - based tourism•Museums and heritage•Cultural, music, arts festivals and events

Investment Opportunities

Chemicals , plastic fabrication & pharmaceuticals	<ul style="list-style-type: none">• Basic chemicals• Water treatment chemical products• Man made fibres• Plastic products: polypropylene and polyvinylchloride• Medical (drips & syringes), manufacture of active pharmaceutical ingredient• (APIs) for key anti-retrovirals (ARVs)• Manufacture of reagents for AIDS/HIV diagnostics• Production of vaccines and biological medicines
Creative and Design Industry	Film and Media <ul style="list-style-type: none">• Film studios, treaty film co-production ventures, distribution infrastructure,• servicing of foreign productions.• Production of film and documentaries, commercials, stills photography and• multi-media• Post-production• Design• Jewellery manufacturing and design• Fashion design

Incentives

Incentive	Benefit	Main Conditions
The Enterprise Investment Program (EIP)	The EIP (manufacturing) is a cash grant for locally based manufacturers who wish to establish a new production facility, expand an existing facility or upgrade an existing facility in the clothing and textiles sectors	the EIP will be used to stimulate investment within manufacturing and tourism, it will also be used to deliver on some of the IPAP's key performance areas, as well as priority sectors.
Foreign Investment Grant	To compensate qualifying foreign investors for the cost of moving qualifying new machinery and equipment from abroad to SA.	Foreign investors only
Industrial Development Zone	Exemption from VAT when sourcing goods and services from South African customs territory and duty-free imports of raw materials and inputs for export	Prospective IDZ operator companies must apply for permits to develop and operate an IDZ



Incentives

Incentive	Benefit	Main Conditions
Section 12i Tax Allowance	Tax deductions of up to R 900m depending on status viz. preferred or qualifying projects. Training allowance/ deduction of up to R30m or R36 000 per employee.	Valid until December 2015 Capital investment > R 200m
Critical Infrastructure Fund	Infrastructure projects intended to service IDZ, shall qualify for a grant of 30% of the qualifying infrastructure development cost	The minimum qualifying infrastructure development cost is R15m
The Location Film & Television production Incentive	To encourage and attract large budget films and television productions that will contribute towards SA economic development and international profile and increase foreign direct investment	Foreign owned qualifying productions



Incentives

Incentive	Benefit	Main Conditions
BPO & O Investment Incentive	The BPO&O Investment Incentive comprises an Investment Grant and a Training Support Grant towards costs of company-specific training. The incentive is offered to local and foreign investors	Local and foreign investors establishing projects that aim primarily to serve offshore clients
Competitiveness Improvement Programme	Grants are to be used for the following interventions: World-class manufacturing principles. Training Labour relations and employee wellness programmes Product related Supply chain integration Industrial engineering Competitiveness improvement Bottom line business processes	Clothing and Textile companies and clusters



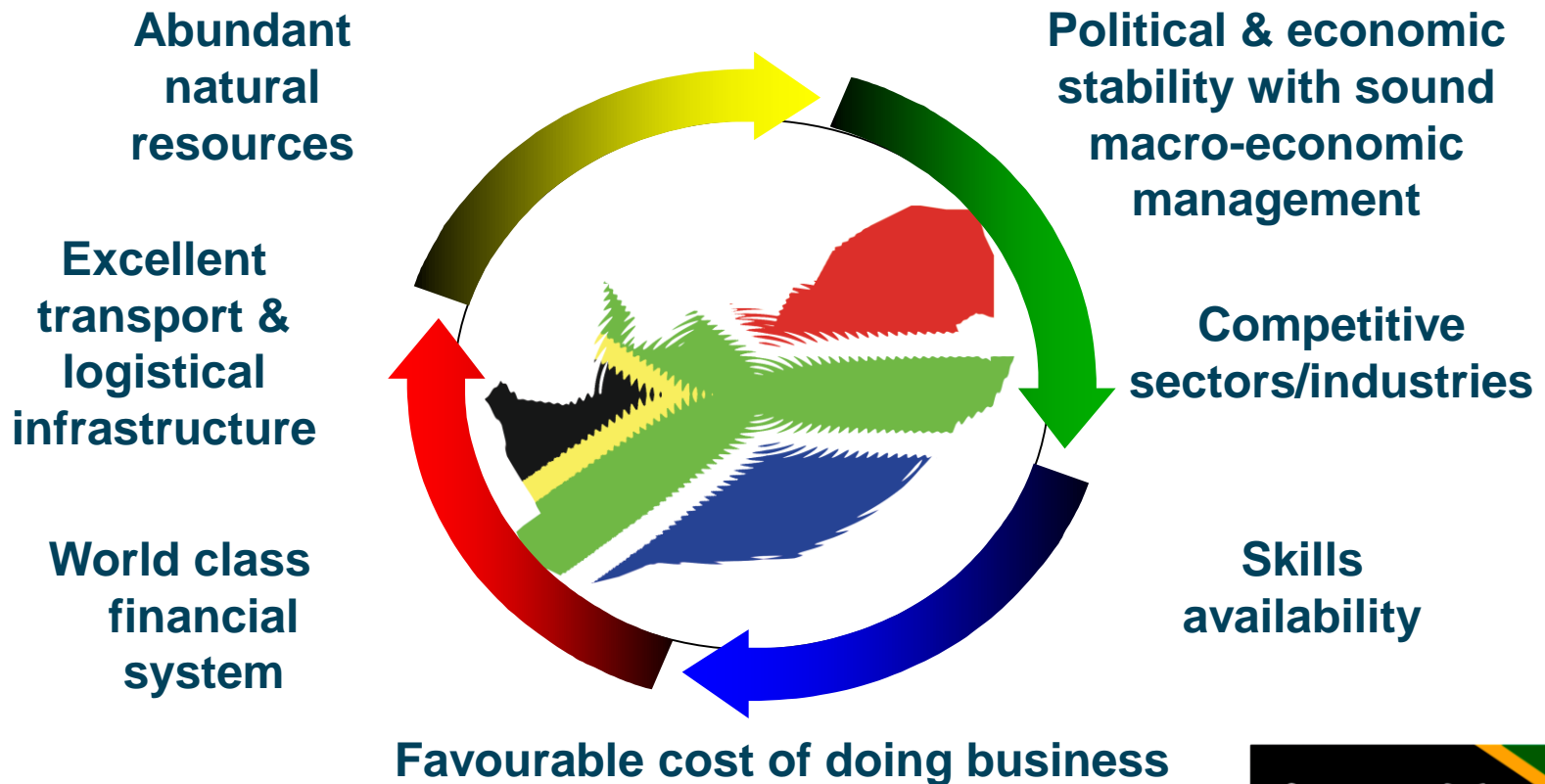
Incentives

Incentive	Benefit	Main Conditions
Production Incentive (PI)	Aims to help the industry upgrade its processes, products and people.	Clothing manufacturers Textiles manufacturers Cut, Make and Trim (CMT) operators Footwear manufacturers Leather goods manufacturers and Leather processors (specifically for leather goods and footwear industries).
Automotive Investment Scheme (AIS)	A taxable cash grant of 20 percent of the value of qualifying investment in productive assets	Motor vehicle assemblers/manufactures. Motor component manufacturers
Manufacturing Competitiveness Enhancement Programme (MCEP)	The MCEP comprises two sub-programmes: <ul style="list-style-type: none"> • The Production Incentive (PI) i.e. 7% to 5% of the manufacturing value added. Industrial Financing Loan Facilities viz: <ul style="list-style-type: none"> • Pre-/Post-Dispatch Working Capital • Industrial Policy Niche Projects Fund 	The MCEP is available to South African-registered entities engaged in manufacturing Standard Industrial Classification (SIC 3), engineering services that support manufacturing, and conformity assessment agencies (SIC 88220) servicing the manufacturing sector.



South Africa's investment environment

South Africa today is one of the most sophisticated and promising emerging markets globally, mainly because of ...



To the next map...

Africa is Huge!

The following countries
could fit within Africa:

	Area (sq. mi)
China	3,705,390
United States	3,618,770
India	1,266,595
Europe	1,905,000
Argentina	1,065,189
New Zealand	103,736
	<hr/>
	11,664,680 sq. mi or 30,211,551 km ²

Africa's area: 11,707,000 sq. mi.
or 30,321,130 km²



the dti's Investment Services

- Sector Information
- Finance to explore investment opportunities in SA
- Facilitating direct Government support in the form of:
 - - information on investing in SA and the Business Environment
 - - detailed investment Incentives
 - - investment facilitation
 - - after care - ongoing contact

Contact Details

- the dti Call Centre: 0861 843 384
- the dti Switchboard: +27 12 394 0000
- Investment Promotion: +27 12 394 1339/1032
- Website: www.thedti.gov.za
- E-mail: investmentsa@thedti.gov.za
- Postal Address: Private Bag X 84, Pretoria 0001
South Africa



THANK YOU

