### South African Economy

<table>
<thead>
<tr>
<th>YEAR</th>
<th>1994 THEN</th>
<th>2004</th>
<th>IN 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (billions)</td>
<td>R 482 US$ 60</td>
<td>R 1 374 US$ 171</td>
<td>R 3 796 US$ 350.2</td>
</tr>
<tr>
<td>Merchandise exports (billions)</td>
<td>R 69.8 US$ 8.7</td>
<td>R 281.8 US$ 35.2</td>
<td>R 1 003.8 US$ 92.6</td>
</tr>
<tr>
<td>GDP Growth</td>
<td>3.2%</td>
<td>4.6%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

- 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

Source: SARB

![South Africa Flag](image)
World Class Capability

• South African Construction and Steelwork on ALL continents!

• 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 CT
- Moses Mabhida Stadium, Durban
- Soccer City, Soweto
## South African Trade 2015

<table>
<thead>
<tr>
<th>Export partners</th>
<th>US $ bn</th>
<th>Import Partners</th>
<th>US $ bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>5.89</td>
<td>China</td>
<td>12.46</td>
</tr>
<tr>
<td>USA</td>
<td>4.91</td>
<td>Germany</td>
<td>7.65</td>
</tr>
<tr>
<td>Germany</td>
<td>4.24</td>
<td>USA</td>
<td>4.77</td>
</tr>
<tr>
<td>Namibia</td>
<td>3.30</td>
<td>India</td>
<td>3.36</td>
</tr>
<tr>
<td>Botswana</td>
<td>3.28</td>
<td>Japan</td>
<td>2.49</td>
</tr>
<tr>
<td>Japan</td>
<td>3.19</td>
<td>Nigeria</td>
<td>2.37</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2.63</td>
<td>UK</td>
<td>2.19</td>
</tr>
<tr>
<td>India</td>
<td>2.56</td>
<td>Saudi Arabia</td>
<td>2.10</td>
</tr>
<tr>
<td>Mozambique</td>
<td>1.85</td>
<td>Italy</td>
<td>1.77</td>
</tr>
<tr>
<td>Belgium</td>
<td>1.84</td>
<td>Thailand</td>
<td>1.64</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>33.69</strong></td>
<td><strong>Total</strong></td>
<td><strong>40.8</strong></td>
</tr>
</tbody>
</table>

*Source: Quantec*
## South Africa USA Trade

### South Africa - USA Trade
**2011 - 2015 (US$)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total South African Exports to the USA</th>
<th>Total Imports from the USA to South Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>3,729,665,125</td>
<td>3,589,875,718</td>
</tr>
<tr>
<td>2012</td>
<td>4,026,345,182</td>
<td>3,815,461,940</td>
</tr>
<tr>
<td>2013</td>
<td>4,180,054,994</td>
<td>3,939,377,890</td>
</tr>
<tr>
<td>2014</td>
<td>4,398,720,344</td>
<td>4,460,186,020</td>
</tr>
<tr>
<td>2015</td>
<td>4,914,999,809</td>
<td>4,767,277,624</td>
</tr>
</tbody>
</table>

**Source:** Quantec
## South Africa USA Trade

<table>
<thead>
<tr>
<th>Top 5 Exports to USA 2015</th>
<th>Top 5 Imports from USA 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>• H7110: Platinum, unwrought or in semi-manufactured forms, or in powder form:</td>
<td>• H8802: Other aircraft (for example, helicopters, aeroplanes); spacecraft (including satellites) and suborbital and spacecraft launch vehicles:</td>
</tr>
<tr>
<td>• H8703: Motor cars and other motor vehicles principally designed for the transport of persons (excluding those of heading 8702), including station wagons and racing cars:</td>
<td>• H8703: Motor cars and other motor vehicles principally designed for the transport of persons (excluding those of heading 8702), including station wagons and racing cars:</td>
</tr>
<tr>
<td>• H7202: Ferro-alloys:</td>
<td>• H3004: Medicaments (excluding goods of heading 3002, 3005 or 3006) consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses (including those in the form of transdermal administration systems) or in forms</td>
</tr>
<tr>
<td>• H8421: Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases:</td>
<td>• H9018: Instruments and appliances used in medical, surgical, dental or veterinary sciences, including scintigraphic apparatus, other electro-medical apparatus and sight-testing instruments:</td>
</tr>
<tr>
<td>• H2614: Titanium ores and concentrates</td>
<td>• H8431: Parts suitable for use solely or principally with the machinery of headings 8425 to 8430:</td>
</tr>
</tbody>
</table>
• SADC FTA signed in August 2008 – market of 200 million consumers
• T- FTA with SADC, COMESA & EAC with a market of 700 million consumers
Tripartite Free Trade Area

Proposed free trade area

**COMESA members:**
Burundi, Comoros, DRC, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, South Sudan, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

**SACD members:**
Angola, Botswana, DRC, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

**EAC members:**
Burundi, Kenya, Rwanda, Tanzania and Uganda.

Source: Ernst & Young’s 2012 Africa Attractiveness Survey.
Global Export Platform – Market Access Arrangements

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

The following countries could fit within Africa:

- **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

Total: 11,664,680 sq. mi or 30,211,551 km²

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

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South Africa
Africa today

$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

Africa tomorrow

$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
Strategic Context

• SA’s vision for inclusive growth & development – decent jobs and equity;

• NDP, NGP and IPAP - promoting a globally competitive economy that produces and trades with the rest of the world in innovative & value added products & services;

• Create 5 million jobs by 2020;

• Beneficiate of own minerals and natural resources;

• Improve physical industrial infrastructure;

• Regionally spread industrial development.

Integrated into the mainstream economy, in terms of value chains and localisation initiatives including skills, technology, tooling and supplier development initiatives
Government Priorities to stimulate growth

- Resolving the Energy challenge
- Revitalizing Agriculture & the Agro-processing value chain
- Advancing Beneficiation/adding value to our mineral wealth
- More effective implementation of a higher impact Industrial Policy Action Plan
- Encouraging private sector Investment
- Moderating Workplace conflict
- Unlocking the potential of SMME’s, Cooperatives and Township & Rural enterprises
- State reform and boosting the role of state-owned companies, ICT infrastructure/broadband roll out, water, sanitation and transport infrastructure
- Operation Phakisa aimed at growing the ocean economy & other sectors

SONA 2015

Government Priorities
**Priority Sectors For FDI**

<table>
<thead>
<tr>
<th>Advanced Manufacturing</th>
<th>ICT and electronics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nanotechnology</td>
<td>BPO (Business Processing &amp; Outsourcing) and Call Centres</td>
</tr>
<tr>
<td>Metals</td>
<td>Chemicals &amp; Biochemicals</td>
</tr>
<tr>
<td>Mining &amp; Beneficiation</td>
<td>Plastics &amp; Composites</td>
</tr>
<tr>
<td>Biofuels</td>
<td>(Bio) Pharmaceuticals &amp; Medical Devices</td>
</tr>
<tr>
<td>Agribusiness</td>
<td>Leather and footwear</td>
</tr>
<tr>
<td>Automotives &amp; Components</td>
<td>Forestry products &amp; Furniture</td>
</tr>
<tr>
<td>Capital Equipment</td>
<td>Energy and Renewables</td>
</tr>
<tr>
<td>Precision engineering</td>
<td>Infrastructure Development</td>
</tr>
<tr>
<td>Aerospace</td>
<td>Waste Management</td>
</tr>
<tr>
<td>Film production</td>
<td>Energy Efficiency &amp; Cleaner Technology</td>
</tr>
<tr>
<td>Tourism</td>
<td></td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td></td>
</tr>
<tr>
<td>Boat Building</td>
<td></td>
</tr>
</tbody>
</table>
Mineral Beneficiation Action Plan

- Iron Ore & Steel
- Titanium
- Platinum group metals
- Polymers
- Precious metals & Jewellery
- Mining Capital Equipment Inputs

South Africa
### Public Procurement: Localisation & Designation

<table>
<thead>
<tr>
<th>Designated Sectors</th>
<th>Sectors Ready for Designation</th>
<th>Sectors for future Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>❑ Rolling stock</td>
<td>❑ Power &amp; Telecom Cables</td>
<td>❑ Tissues</td>
</tr>
<tr>
<td>❑ Power Pylons</td>
<td>❑ Solar Water Heaters</td>
<td>❑ Pre-payment Meters</td>
</tr>
<tr>
<td>❑ Bus Bodies</td>
<td>❑ Valves</td>
<td>❑ Medical Textiles</td>
</tr>
<tr>
<td>❑ Canned / Processed Veg.</td>
<td>❑ Manual &amp; Pneumatic Actuators</td>
<td>❑ Coated Paper</td>
</tr>
<tr>
<td>❑ Textile, clothing, Leather &amp; Footwear</td>
<td></td>
<td>❑ Sanitary Towels &amp; Related</td>
</tr>
<tr>
<td>❑ Pharmaceuticals</td>
<td></td>
<td>❑ Plastic products</td>
</tr>
<tr>
<td>❑ Set - Top boxes</td>
<td></td>
<td>❑ Building Construction Materials</td>
</tr>
<tr>
<td>❑ Furniture</td>
<td></td>
<td>❑ Solar PV panels</td>
</tr>
<tr>
<td>❑ Working vessels</td>
<td></td>
<td>❑ Composites for Infrastructure</td>
</tr>
<tr>
<td>❑ Electricity Metres</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Electronics
Opportunities for investment

- Public Procurement is one of the key strategic levers for industrial development objectives in the NGP and IPAP.

- The revised Preferential Procurement Policy Framework Act (PPPFA) Regulations, which came into effect on 7 Dec 2011, empower the dti to designate industries – within Electronics, the following areas have been designated:

<table>
<thead>
<tr>
<th>Project</th>
<th>Local Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set-top boxes</td>
<td>30%</td>
</tr>
<tr>
<td>Residential Electricity meters</td>
<td>50%</td>
</tr>
<tr>
<td>Power and Telecom cables</td>
<td>90%</td>
</tr>
</tbody>
</table>
Electronics
Localisation Opportunities

• Mobile devices: Laptops, Tablets & Smartphones, televisions
• Vaccine Refrigerators
• Smoke Detectors
• Fridge Compressors
• 2 way radios
• White Goods: Strategy under development
• Electricity/Power related products such as Transformers
• Localisation of radar systems
• Creation of regional value chains to manufacture components, display panels and finished products
Petrochemicals
Opportunities for investment

• Special Economic Zone (SEZ) designated for Petrochemicals

• SEZ specific incentives including low Tax, Building Allowance, Import and Export services, Critical Infrastructure

• SA commissioned the operational and technical feasibility analysis and business case for the products:
  - Methanol
  - Gas to Liquids
  - Coal gasification
  - Polyolefins & Derivatives

• Ammonia and Urea production with Carbon Capture
Petrochemicals
Opportunities for investment

CO$_2$ CAPTURE TO USE AS FEEDSTOCK IN COMBINATION WITH SYNGAS FOR AMMONIA AND METHANOL PRODUCTION

Ammonia and Urea Plant
Fuel Cells
Opportunities for investment

• Methanol-based fuel cells currently offer a short-term market opportunity to be promoted in SA given the barrier, time and cost required for widespread hydrogen supply infrastructure nationally

• SA may commission the operational and technical feasibility analysis and business case for a closed loop recycle and metal financing model for PGM’s used as catalysts in fuel cells.

• Possible integration in the upstream value chain of fuel cell manufacture i.e. stack manufacture in SA

• Demonstration of small-scale static fuel cell applications across several industries in the country i.e. electronics/ICT, mining etc.

• Development of value proposition for the fuel cell industry to be undertaken in 2015
Pharmaceuticals and Medical Devices
Opportunities for investment

- Key opportunities for growing the pharmaceutical and medical devices sectors include:
  
  - Increasing participation in the Health Department tenders - reaching an agreement with the DoH, the National Treasury and the domestic industry regarding the rules of designation of pharmaceutical tenders in the 2015-2016-2017 tender cycle;

  - Expanding the range of generics manufactured in South Africa, taking advantage of the “Patent Cliff” (pharmaceuticals with global sales US$ 200 billion losing patent protection in 2013-2014-2015)

  - Starting the domestic manufacture of advanced generic biological medicines, including the newly off-patent oncology and anti-auto immune diseases products, under licence and/or with foreign investors.

  - Expanding regional co-operation and exports of medical products to SADC and the rest of Africa.
Continued...

- Medical Devices: low hanging fruit – refurbishment of existing and single-use devices
- Possible designation of medical textiles
- API manufacture – list of 200 chemicals from DoH
- Manufacture of medical diagnostics
- Manufacture of vaccines and biologics
- Investment in R&D – clinical trials in SA due to diverse patient populations in SA
Investing In The Green Economy

• The Green Economy is a key focus area for the SA Government

• The New Growth Path sets a goal of creating 5 million jobs by 2020

• The Green Economy is identified as an area of growth that could contribute significantly to job creation

• The Green Economy Accord – signed in 2011 and identifying specific opportunities for the Green Economy
The Green Economy Accord

- Identifies various priority areas including:
  - Rollout of 1 million solar-water heating systems
  - Increasing investment in the green economy through public and private investors (including the Industrial Development Corporation)
  - Procurement of renewable energy as part of energy generation plan
  - Promotion of biofuels for vehicles
  - Promoting energy efficiency across the economy
  - Waste management and recycling
  - Reducing carbon-emissions on the road – a shift to rail for freight-transport
  - Economic development in the green economy – promote localisation, youth employment, cooperatives and skills development
The Policy Environment

- Department of Trade & Industry adapted the Industrial Policy Action Plan to include the Green Economy as a key priority

- Study by the Industrial Development Corporation identified that most green jobs would be created through manufacturing of key components and equipment for the renewable energy industry

- Various measures to create an enabling environment – developing technical and physical infrastructure; developing standards for wind and solar power industries; designate certain components

- Local content requirement is a policy measure implemented and monitored by the dti – certain percentage of local content for each bidding round

- This has contributed directly to investment in manufacturing capacity in the renewable energy sector
Investing into South Africa’s Automotive Industry
Top export destinations in EU 2014

1. Germany – R1 138,7 million
2. UK – R4 616,5 million
3. Belgium – R3 004,7 million
4. Spain – R1 847,5 million
5. France – R1 796,6 million
6. Netherlands – R951,0 million
7. Czech Republic – R950,0 million
8. Poland – R756,8 million
9. Hungary – R364,7 million
10. Sweden – R295,8 million

Source: Naamsa
Top export destinations in NAFTA 2013

1. USA – R18 660,9 million
2. Canada – R242,0 million
3. Mexico – R235,3 million

Source: Naamsa
Top export destinations in Mercosur 2013

1. Argentina — R1 527,0 million
2. Brazil — R410,6 million
3. Uruguay — R1,0 million

Source: Naamsa
Top export destinations in Africa 2013

3. Algeria – R3 109,3 million
9. Democratic Republic of Congo – R1 085,4 million
6. Nigeria – R2 046,7 million
10. Angola – R1 031,4 million
4. Zambia – R2 224,3 million
7. Zimbabwe – R1 049,5 million
2. Botswana – R3 632,4 million
1. Namibia – R6 622,7 million
8. Swaziland – R1 308,1 million
5. Mozambique – R2 083,5 million

Source: Naamsa
SA Automotive Industry: Structure

- Japanese vehicle manufacturers represented in SA – Nissan/Renault and Toyota are both wholly owned subsidiaries.
- Other Multinational manufacturers, Mercedes Benz, BMW, VW, General Motors, and Ford are also 100% controlled subsidiaries.
- Other major marques imported – European (Peugeot/Citroen), Japanese (Daihatsu, Honda, Subaru), Korean (Daewoo, Hyundai, Kia), Indian (Tata, Mahindra), with Chinese brands recently entering the SA market (Chery, Chana, Foton, GWM).
- More than 400 auto component suppliers including global first tier suppliers such as Faurecia, Johnson Controls and Benteler.
Component manufactured in South Africa

Engine, Transmission and Body Parts

Brakes, Wheels, Shock absorbers

Suspension, Exhausts, Windscreens

Electrical, Batteries & Filters

Interiors
Production of Passenger Cars and Light Commercial vehicles 1995 - 2014

Passenger car market (units produced per year)

Light Commercial Vehicle market (units produced per year)

- Domestic Market  - Export Market  *projection for 2014
SA vehicle Exports

Africa

European Union

Australia, Japan, USA

USA

European Union & Africa
### Total Automotive Export Value (R millions) and Ranking by Country

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Country</th>
<th>2013</th>
<th>yoy % Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Germany</td>
<td>19 138.7</td>
<td>2.77</td>
</tr>
<tr>
<td>2</td>
<td>United States</td>
<td>18 660.9</td>
<td>-6.08</td>
</tr>
<tr>
<td>3</td>
<td>Namibia</td>
<td>6 622.7</td>
<td>56.53</td>
</tr>
<tr>
<td>4</td>
<td>Japan</td>
<td>5 160.0</td>
<td>63.12</td>
</tr>
<tr>
<td>5</td>
<td>United Kingdom</td>
<td>4 616.5</td>
<td>30.38</td>
</tr>
<tr>
<td>6</td>
<td>Botswana</td>
<td>3 632.4</td>
<td>24.67</td>
</tr>
<tr>
<td>7</td>
<td>Algeria</td>
<td>3 109.3</td>
<td>17.19</td>
</tr>
<tr>
<td>8</td>
<td>Belgium</td>
<td>3 004.7</td>
<td>11.61</td>
</tr>
<tr>
<td>9</td>
<td>Australia</td>
<td>2 555.8</td>
<td>16.12</td>
</tr>
<tr>
<td>10</td>
<td>Zambia</td>
<td>2 224.3</td>
<td>-2.61</td>
</tr>
</tbody>
</table>

### Top 10 Automotive Components Exported in 2013 by R Million

<table>
<thead>
<tr>
<th>Rank</th>
<th>Component</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Catalytic converters</td>
<td>17641</td>
</tr>
<tr>
<td>2</td>
<td>Engine Parts</td>
<td>3189</td>
</tr>
<tr>
<td>3</td>
<td>Tyres</td>
<td>1842</td>
</tr>
<tr>
<td>4</td>
<td>Stitched leather seat parts</td>
<td>1530</td>
</tr>
<tr>
<td>5</td>
<td>Silencers/ exhausts</td>
<td>1225</td>
</tr>
<tr>
<td>6</td>
<td>Transmission shafts and</td>
<td>926</td>
</tr>
<tr>
<td>7</td>
<td>Automotive tooling</td>
<td>777</td>
</tr>
<tr>
<td>8</td>
<td>Shock absorbers/</td>
<td>474</td>
</tr>
<tr>
<td>9</td>
<td>Road wheels and parts</td>
<td>455</td>
</tr>
<tr>
<td>10</td>
<td>Gauges/ instruments/</td>
<td>435</td>
</tr>
</tbody>
</table>
Green Economy Subsectors

- Renewable energy: wind, solar, biogas, biomass - focus on manufacturing of components
- Waste Management and Waste to Energy
- Energy efficiency and demand management initiatives
- Biofuels
Renewable Energy

- REIPPP has led to **investment of more than ZAR 100bn** (approximately US$10bn) in the first three rounds of the programme.

- In the **Climatscope 2014** report released by Bloomberg New Energy, **SA was ranked third**, after China and Brasil, for investment in clean energy, accounting for more than **90% of these investments in Sub-Saharan Africa**

- South African REIPPP won the **2013 Green Infrastructure Project of the Year Award** at the 6th Global Infrastructure Leadership Conference

- International manufacturers of components have established a presence or declared their intentions to establish

- Local content requirements incentivises local manufacturing

- Investors include Jinko Solar, Art Solar, DCD Dorbyl, GRI, SMA
## REIPPPP Investment And Local Content

<table>
<thead>
<tr>
<th></th>
<th>Round 1</th>
<th>Round 2</th>
<th>Round 3</th>
<th>MW remaining capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved bids</td>
<td>28</td>
<td>19</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Value of approved projects</td>
<td>R46.1bn</td>
<td>R28.1bn</td>
<td>R33.8bn</td>
<td></td>
</tr>
<tr>
<td>Local content value</td>
<td>R11.4bn</td>
<td>R11.8bn</td>
<td>R15.95bn</td>
<td></td>
</tr>
<tr>
<td>Local content % (average for all technologies)</td>
<td>23.7%</td>
<td>46.85%</td>
<td>47.2%</td>
<td></td>
</tr>
<tr>
<td>MW Approved</td>
<td>1 415.6</td>
<td>1 044</td>
<td>1 456</td>
<td>2 808</td>
</tr>
</tbody>
</table>

Department of Energy
### SOUTH AFRICA: A DISTINCTIVE AND RELIABLE BPS AND LPO LOCATION

<table>
<thead>
<tr>
<th>National Outsourcing Association (NOA) Offshoring Destination 2012</th>
<th>First World Experience and Excellent Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>410 000 BPO Industry Addressable Workforce Annually</td>
<td>NOA ‘Skills Development Programme of the Year’ 2014</td>
</tr>
<tr>
<td>Active Support to Potential and Existing Investors by Government and Industry Associations</td>
<td>Operating Cost Savings of 45 – 50% from Source Location</td>
</tr>
<tr>
<td>2 Tiered Market-Leading Incentives for Commoditised and Specialised Work</td>
<td>24/7 Business Support to Customers and at Substantially Lower Costs</td>
</tr>
<tr>
<td>European Outsourcing Association (EOA) – Offshoring Destination 2013</td>
<td>Top 3 Global Locations that support English Language Skills at Scale</td>
</tr>
<tr>
<td>10 Direct Daily Flights to the United Kingdom</td>
<td>Strength in Specialised Skills related to Financial Services, Legal and Healthcare Domains</td>
</tr>
</tbody>
</table>

Stable and Expanding Telecom Infrastructure

Contact: Mr Dean Hoff (Director of Service Based Industries)
Trade and Investment South Africa
Tel: +27 (0) 12 394 1893
E-mail: DHoff@thedti.gov.za
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.
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
Special Economic Zones (SEZs) are geographically designated areas of a country set aside for specifically targeted economic activities to promote rapid industrial development.

Zones are supported through special arrangements and support systems to attract and retain targeted industrial investors.

- Create new employment opportunities
- Increase exports of value added products
- Attract FDI, LDI & Technology
- Improve local socio-economic conditions
- Increase beneficiation & localised value chains
- Improve local socio-economic conditions
Proposed SEZS In South Africa
Value Proposition

- Support across the supply chain for i.e. tooling engineering supplier development etc.
- One stop support services portal (OSS)
- Case specific lower corporate tax rate (15%)
- Employment incentive for low salary workers
- Accelerated depreciation for 11 years
- Customs controlled area – VAT exemptions and duties
- Dti Funding for all bulk and connecting infrastructure
- Holistic industrial investor incentives and support measures
- Physical links to strategic initiatives
- 121 tax allowance - 100 % to 75%
- 11 years @ 20 % in first year and 8 % thereafter
- Green and brownfield investments of between 100 % and 75 % tax allowance
## Summary: Incentives

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Licensee</th>
<th>Operator</th>
<th>Investor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Customs Duties &amp; VAT (in CCA)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2. Employment Incentive</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3. Building Allowance*</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4. 15% Corporate Tax*</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>5. 12(i) Additional Benefits (points &amp; %)</td>
<td></td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>6. SEZ Fund for CAPEX (Infrastructure)</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

* Provided that the Minister of Finance has agreed to allow this benefit to the SEZ, and that the company is involved in activities that have not been excluded.

7. SEZ Management support, infrastructure, security, OSS
## INCENTIVE SCHEMES

<table>
<thead>
<tr>
<th>CLUSTER</th>
<th>INCENTIVE SCHEME</th>
</tr>
</thead>
</table>
| MANUFACTURING INVESTMENT     | • 12i Tax Incentive  
• Automotive Incentive Scheme (AIS)  
• People-carrier Automotive Investment Scheme (P-AIS) |
| COMPETITIVENESS INVESTMENT   | • Manufacturing Competitiveness Enhancement Programme (MCEP)  
• Export Marketing & Investment Assistance (EMIA)  
• Capital Projects Feasibility Programme (CPFP) |
| SERVICES INVESTMENT          | • Film & Television Production  
• Business Process Services (BPS) |
| BROADENING PARTICIPATION     | • Black Business Supplier Development Programme (BBSDP)  
• Co-operative Incentive Scheme (CIS)  
• Incubator Support Programme (ISP) |
<p>| INFRASTRUCTURE INVESTMENT    | • Critical Infrastructure Programme (CIP) |</p>
<table>
<thead>
<tr>
<th>PROGRAMME</th>
<th>PURPOSE</th>
<th>TARGET</th>
<th>OFFERING</th>
</tr>
</thead>
<tbody>
<tr>
<td>EIP: Aquaculture Development and Enhacement Programme</td>
<td>Investment in the aquaculture sector</td>
<td>SA entities involved in Fish hatcheries and fish farms (primary aquaculture), processing and preserving of aquaculture fish (secondary aquaculture), service activities to operators of hatcheries and fish farms (ancillary aquaculture)</td>
<td>20 - 45% grant for investment in land, and buildings, machinery and equipment, commercial vehicles and work boats and bulk infrastructure</td>
</tr>
<tr>
<td>Automotive Investment Scheme (AIS)</td>
<td>Investment in light motor vehicles, and components manufacturing.</td>
<td>Motor vehicle manufacturers producing 50,000 units per plant within 3 years • Component manufacturers.</td>
<td>20-30% grant for qualifying investment in machinery &amp; equipment and buildings.</td>
</tr>
</tbody>
</table>
# Manufacturing Investment Cluster

<table>
<thead>
<tr>
<th>PROGRAMME</th>
<th>PURPOSE</th>
<th>TARGET</th>
<th>OFFERING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>People-carrier automotive investment Scheme (P-AIS)</strong></td>
<td>Investment in people-carrier vehicles and components manufacturing.</td>
<td>People carrier manufacturers / assemblers • Component manufacturers.</td>
<td>20-30% grant for qualifying investment in machinery &amp; equipment and buildings.</td>
</tr>
<tr>
<td><strong>12I (Investment and training allowance)</strong></td>
<td>To promote industrial upgrading and new investment in manufacturing</td>
<td>Medium to large manufacturers with investment between R30m and R1.5bn</td>
<td>• Training allowance: max R36 000 per person • Max 55% of qualifying investment costs in machinery &amp; equipment</td>
</tr>
</tbody>
</table>
## Competitiveness Investment Cluster

<table>
<thead>
<tr>
<th>PROGRAMME</th>
<th>PURPOSE</th>
<th>TARGET</th>
<th>OFFERING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing Competitiveness Enhancement Programme (MCEP)</td>
<td>Improve Manufacturing Competitiveness</td>
<td>South African Manufacturers and Services Supporting Manufacturing</td>
<td>Cost sharing grant for Capital investment; Resource efficiency improvement; Enterprise-level competitiveness improvement; Feasibility studies; Cluster competitiveness improvement; Pre- and post-dispatch working capital facility</td>
</tr>
<tr>
<td>Export Marketing and Investment Assistance (EMIA)</td>
<td>To develop export market for SA goods and services and recruit FDI</td>
<td>Export ready manufacturers</td>
<td>Cost sharing grant for exhibition costs, marketing material &amp; research in foreign markets</td>
</tr>
<tr>
<td>Capital Projects Feasibility Programme</td>
<td>Promote the export of South African capital goods and services</td>
<td>Capital goods sectors and consulting engineers</td>
<td>Cost sharing grant (max 55%) for feasibility study costs</td>
</tr>
<tr>
<td>PROGRAMME</td>
<td>PURPOSE</td>
<td>TARGET</td>
<td>OFFERING</td>
</tr>
<tr>
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</tr>
<tr>
<td><strong>BPS (Business Process Services) Incentive</strong></td>
<td>Encourage the creation of employment opportunities from the offshore market</td>
<td>Enterprises offering Business Process Services to the offshore market</td>
<td>A baseline incentive which offers a 3-year operational expenditure on actual jobs created A graduated bonus incentive which is offered for greater job creation paid once in the year in which the bonus level is first achieved</td>
</tr>
<tr>
<td><strong>Film &amp; TV Production</strong></td>
<td>To grow the film industry to create jobs and to transfer skills</td>
<td>Local and foreign film producers</td>
<td>20% of Qualifying South African Production Expenditure (QSAPE) 25-35% of Qualifying South African Production Expenditure for local films Up to 50% for the first R6 million of the Qualifying South African Production Expenditure (QSAPE) and 25% thereafter for South African Emerging Black Filmmakers</td>
</tr>
</tbody>
</table>
# Broadening Participation Cluster

<table>
<thead>
<tr>
<th>PROGRAMME</th>
<th>PURPOSE</th>
<th>TARGET</th>
<th>OFFERING</th>
</tr>
</thead>
</table>
| **Black Business Supplier Development Programme (BBSDP)** | Broader participation of black-owned SMMEs through provision of business development services | • Majority black owned entities  
• R250k to R35m turnover  
• 1 year trading | • 80:20 cost sharing grant for business development services  
• 50:50 cost sharing grant for tools, machinery and equipment |
| **Cooperative Incentive Scheme (CIS)**               | Broader participation by promoting the development of cooperatives      | • Registered co-operative  
• Operate in the emerging sector  
• Manufacturing, retail & services | 100% grant for machinery, equipment & business development services |

**South Africa**
## Infrastructure Investment Cluster

<table>
<thead>
<tr>
<th>PROGRAMME</th>
<th>PURPOSE</th>
<th>TARGET</th>
<th>OFFERING</th>
</tr>
</thead>
</table>
| Critical Infrastructure Programme (CIP) | Leverage strategic investment projects (greenfields and brownfields) by financially supporting infrastructure critical to such projects | •Private investors/companies  
•South African Municipalities | 70:30 cost-sharing grant for qualifying infrastructure |
Snapshot of some South African Events

- **IFEA**
  Food & Drink Trade Show for the African market. IFEA is dedicated to showcasing new products, where visitors can increase their competitive advantage by sourcing a diverse range of new & consumer-driven products from around the world

- **Johannesburg**
  > Gallagher Convention Centre

- **03.05 - 05.05 2016**

- **POWER-GEN AFRICA**

- **Johannesburg**
  > Sandton Convention Centre

- **19.07 - 21.07 2016**
Snapshot of some South African Events

• **SAAW - SOUTH AFRICAN AUTOMOTIVE NATIONAL WEEK**
  South African Automotive National Week - Component & Allied Manufacturers

• every 2 years

• **Johannesburg**
  > Gallagher Convention Centre

• 11.10 - 13.10 2016
COEGA IDZ
East London IDZ
Richards Bay IDZ
OR Tambo International Airport (licensed)
Dube trade Port IDZ
Saldanha Bay IDZ

Contact:
Letta Kaseke
Assistant Director: Investment Information
Tel: +27 12 394 5935
Email: Lkaseke@thedti.gov.za

REASONS TO INVEST IN SOUTH AFRICA – WORLD COMPETITIVENESS RANKINGS 2016

#1 – Financing through local equity market
#2 – Regulation of securities exchange
#3 – Protection of minority shareholders’ interests
#3 – Efficacy of corporate boards
# 1 - Strength of auditing and reporting standards

#8 – Soundness of Banks
#14 - Strength of investor protection
#14 – Quality of air transport infrastructure
#6 – Availability of financial services
#73 Overall ranking out of 189 countries and #2 in Ease of doing business among BRICS countries in 2016

Top Investors

Trade and Investment South Africa (TISA) is the National investment promotion agency of South Africa offering a one-stop-shop approach to investing in South Africa

2014 UNCTAD winner for excellence in promoting Foreign Direct investment (FDI) projects to advance sustainable development

South Africa was ranked third in the world for investment in clean energy, according to Climatscope 2014 report released by Bloomberg New Energy finance

SA was voted overall winner for Africa by the Financial Times for the best destination for 2013 and 2014

In May 2013, AIM award for facilitating the second-best investment project (pharmaceutical sector)

2014 – Winner at AIM for sustainable development