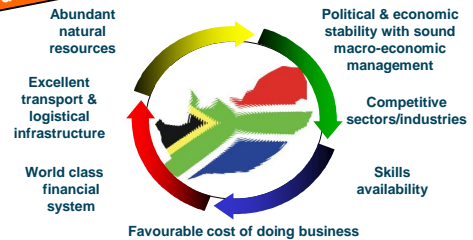


BUSINESS OPPORTUNITIES IN SOUTH AFRICA

Xolisa Mabhongo
Ambassador
South African Embassy
Vienna



Why do business in SA?



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 is a world leader in coal-based synthesis and gas-to-liquid technologies.
- ✓ South Africa is ranked 2nd in the world for the **accountability** of its private institutions and 3rd for its **financial market development** (source: Global Competitiveness Report 2012)
- ✓ South Africa is a **member of BRICS** and the only African country that is a **member of the G20**
- ✓ The Gautrain



South Africa – top tourist destination

- ✓ International tourist arrivals in South Africa grew by 10.2% year-on-year to almost **9.2 million in 2012**, a growth of more than double the global average of around 4%
- ✓ Growth of 300 percent since 1993.
- ✓ Cape Town named the **top tourist destination** in 2011 Traveler's Choice Destinations awards



Recent Major Investments in South Africa

- Wal-Mart stores' acquisition of Massmart Holdings for around USD 4.2 billion in 2012
- BP's USD540 million investment in South Africa over the next five years to upgrade the refinery it shares with Shell in Durban (2013)
- Total South Africa to invest USD11 million over two years to upgrade its blending plant in Durban (2013)
- Indian wind turbine manufacturer Suzlon Energy started its wind farm construction as part of an estimated R47 billion in investments by 28 independent power producers of renewable energy
- Nissan invested R1-billion in 2012 in the expansion of its plant at Rosslyn outside Pretoria
- R4.1 billion of investments in the Coega Industrial Development zone from 2011-2012, which exceeded its targeted number of new investors



Infrastructure Development

- In a massive **public-sector investment**, South Africa has spent **€5 billion** on infrastructure development in the past three years.
- Over the next 20 years, **€70 billion has been approved and budgeted for public sector projects**
 - €25 billion in the energy sector
 - €22 billion for transport and logistics projects



Infrastructure Development (cont.)



Electricity Projects

✓ Medupi and Kusile (Eskom's two large **coal-fired** plants) are under construction and expected to start operating in 2013 and 2014



✓ Construction of six new **nuclear** power stations by 2030

✓ South Africa has a long term plan for **renewable energy**: This includes providing 21% of generation capacity from renewable sources by 2030.

✓ Government is exploring the feasibility of establishing a large **solar** park between 1000MW and 5000MW to accommodate Independent Power Producers.



Infrastructure Development (cont.)

✓ Industrial Development Corporation to provide financing of **€44 million** for independent power producer (IPP) projects.

✓ **€22.3 billion** will be allocated to transport and logistics infrastructure



✓ The South African National Roads Agency will spend around **€2.1 billion on new roads and infrastructure**



Infrastructure Development (cont.)

Telecommunication projects

✓ Growth of internet users from 5,3 million in 2009 to 9,5 million in 2011 has been recorded.

✓ State-owned entities such as **Infraco**, have committed **over €35 million** in capital investment to support the West Africa Cable System (linking South Africa with the UK).

Housing projects

✓ **€4.3 billion** has been allocated to low-income housing and upgrading informal settlements in secondary cities, as well as **€2.3 billion** to upgrade informal settlements in large cities.



OVERVIEW OF SOUTH AFRICA'S TOP INVESTMENT PROJECTS

BUSINESS PROCESS OUTSOURCING

- Major companies such as **Lufthansa, Amazon, ASDA, Shell, and T Mobile** have set up captive centres.
- Providers like **Capita, Serco and WNS** have acquired, or partnered with, local companies

GREEN ECONOMY

- Government's Integrated Resource Plan entails that approximately **42% of the electricity generated** in the country should come from **renewable sources**.

BIOFUELS

- Bio- diesel enjoys a 40% fuel levy exemption
- A 100% fuel tax exemption is proposed for bio-ethanol



SOUTH AFRICA'S TOP INVESTMENT PROJECTS (cont.)

MANUFACTURING OF PRODUCTS FOR PUBLIC SECTOR PROCUREMENT

• **Strong investment incentives are offered for the local manufacturing of these products:**

- Valves
- Manual and pneumatic actuators
- Electrical and telecommunication cables
- Components of solar water heaters
- Rail-rolling stock
- Power pylons
- Bus bodies
- Canned/processed vegetables
- Certain pharmaceuticals
- Furniture
- Textile, clothing, leather, footwear

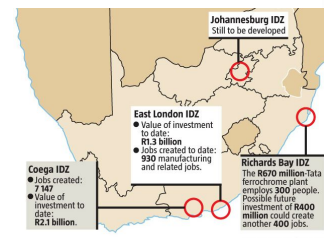


SOUTH AFRICA'S TOP INVESTMENT PROJECTS (cont.)

Industrial Development Zones

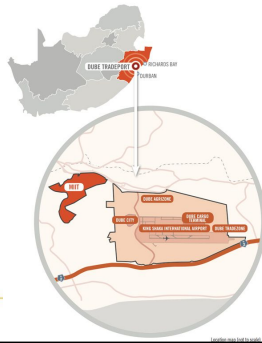
- Coega IDZ
- East London IDZ
- Richards Bay IDZ

➢ 10 potential Special Economic Zones identified (legislation pending)



SOUTH AFRICA'S TOP INVESTMENT PROJECTS

➤ DUBE TRADE PORT



Financial assistance and incentives

•South African Department of Trade and Industry (the dti) provides financial support to qualifying companies in various sectors of the economy.

•Financial support is offered for various economic activities, including **manufacturing, business competitiveness, export development and market access**, as well as **foreign direct investment**

- Concept and Research & Development Incentives (CRD)
- Capital Expenditure Incentives (CEI)
- Competitiveness Enhancement Incentives (ECA)

•For more information about the DTI's incentive offerings, visit www.thedti.gov.za

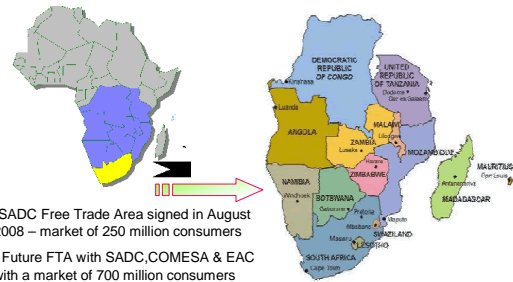


South Africa – BRICS

- Combined GDP of BRICS countries is over \$ 9 trillion
- BRICS will account for 60 % of global growth in 3 years time according to the IMF
- BRICS-Africa trade is expected to show dramatic gains by 2015.
- BRIC's foreign direct investment (FDI) in Africa is expected to soar to more than USD150 billion by 2015.
- Fifth BRICS Summit held on 26 March 2013 in Durban.



Regional Economic Integration



- SADC Free Trade Area signed in August 2008 – market of 250 million consumers
- Future FTA with SADC, COMESA & EAC with a market of 700 million consumers



South Africa's investments in Africa

- South Africa is utilized by foreign investors as the gateway to the African continent
- Major South African businesses in the retail, banking, telecommunications and construction sectors are well established throughout the continent.
- Examples: SAB Miller, MTN, Massmart, Shoprite, Tiger Brands, Standard Bank, Anglo American, Vodafone



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