Investing in South Africa
Roadmap 2020
Foreword

It is with great pride that InvestSA, a division of the Department of Trade and Industry (the dti), and Deloitte Africa bring you the updated and revised version of South Africa’s Investor Roadmap 2020.

South Africa has a number of characteristics that make it a compelling investment destination on the African continent.

The Investor Roadmap provides both foreign and domestic investors with a broad overview of the social, regulatory and economic environment in which they can expect to operate, highlighting the key features and investment incentives that we believe make doing business in South Africa an attractive proposition.

It is hoped that this publication will serve as the single most comprehensive and authoritative source of information for investors, exporters and businesses arriving at our shores.

For more information and advisory support, please contact us.

Mr Yunus Hoosen
Head
InvestSA

Disclaimer

Unless otherwise stated, the information in this Investor Roadmap is based on conditions that existed in March 2019.

The authors accept no responsibility for any errors this guide may contain, whether caused by negligence or otherwise, or for any loss, however caused, sustained by any person that relies on the information herein.

While all attempts have been made to provide up-to-date statistics and other details, this Investor Roadmap is not exhaustive and readers are advised to consult with their advisors and/or the relevant government agency.
Why Invest in South Africa?

10 Reasons to Invest in South Africa

1. Quality infrastructure and efficient logistics
   With well-established and continued investment in infrastructure, South Africa is positioned as a key global hub and an attractive gateway into the rest of the continent.

2. Largest presence of multinationals in Africa
   South Africa is the investment destination of choice of a sizeable number of global corporates, who enjoy the benefits of doing business in the country. More than 180 Fortune Global 500 companies are present in South Africa.

3. Manufacturing hub
   South Africa has a well-developed, diversified manufacturing base that has shown its potential to compete globally, and serves as a manufacturing hub to supply the rest of the continent for a number of consumer product companies.

4. Lucrative emerging market
   South Africa’s growing middle class and most affluent consumer base in Africa presents attractive returns on investment.

5. Favourable market access to global markets
   The African Continental Free Trade Area (AfCFTA) will boost intra-Africa trade and create a market of over 1bn people with a combined GDP of over US$2tn. South Africa has several trade agreements that provide an export platform into global markets.

6. Innovation and tech hub
   The Global Innovation Index ranks South Africa number one in innovation in Africa. South Africa’s intellectual property rights protection is regarded as the second best in Africa. South Africa is also fast becoming a technology hub in Africa and has a growing ecosystem in the tech sector ranging from technical expertise to finance support for entrepreneurs.

7. Abundant natural resources
   South Africa is abundantly endowed with precious metals. It is the world’s leading producer of platinum group metals, the sixth-largest producer of gold, has world-renowned underground mining expertise and more than 100 listed mining companies with operations in the country.

8. Africa’s leading financial hub
   South Africa has a sophisticated banking sector with a major footprint in Africa. It is also a financial hub in Africa, with the Johannesburg Stock Exchange (JSE) the largest stock exchange by market capitalisation in the continent.

9. Young trainable labour force
   South Africa has a number of world-class universities and technical colleges, producing a skilled, talented, and capable workforce. It offers a diversified skillset, a large pool of trainable labour, and government support for training and skills development.

10. Excellent quality of life
    South Africa is renowned for its quality of life, offering both high quality city experiences and more tranquil and breath-taking landscapes.

Attractive and Connected Emerging Market

South Africa is one of the most diversified and industrialised economies in Africa with the most affluent consumer market in Africa.*

Its well-established infrastructure and strategic location, positions South Africa as a key global hub and an attractive gateway into the rest of the continent.

- Most sophisticated financial services sector in Africa
- Largest installed electricity generation capacity in Africa
- 82% smartphone penetration
- 86% of population covered by 4G/LTE network
- 3rd most connected shipping network in Africa
- Top 3 international airports in Africa: Johannesburg, Cape Town and Durban
- 3rd best overall infrastructure in Africa
South Africa is Africa’s preferred investment destination for multinational companies. Thanks to its highly sophisticated business environment, world-class financial services sector and excellent transport links, South Africa is regarded as the leading springboard into the rest of the continent.

More than 180 Fortune Global 500 companies have invested in South Africa, the largest concentration in Africa. The country offers attractive opportunities for investors seeking new markets, or strategic assets.

In 2018, President Cyril Ramaphosa embarked on an ambitious investment drive to secure US$100bn in investments by 2023. In 2018, South Africa witnessed a more than fivefold increase in FDI inflows, accounting for close to 18% of FDI inflows into Africa.

FDI inflows to South Africa increased more than x5 between 2017 and 2018.

Source: Reuters, 2018; UNCTAD, 2019
Key Highlights and Quick Facts

**Connected to the world**
South Africa is well-connected to the rest of the world. Most major international destinations across all continents are accessible from South Africa via direct flights on a daily basis.

**World-class private education**
South Africa has number of world-class, progressive private education providers from pre-primary, primary to secondary and tertiary levels. Some of the world’s most renowned business schools run programmes in the country.

**Outstanding medical facilities**
South Africa has a well-established network of medical facilities, offering world-class medical treatments not only to the domestic market, but also to the region. In 1967, the first ever heart transplant was performed at the Groote Schuur hospital in Cape Town, reflecting South Africa’s pioneering role in the medical field.

**Exceptional value**
While providing an exceptional lifestyle with world-class restaurants, shopping and leisure activities, South African cities are among the most affordable places to work and live in.

**Unbeatable climate**
With up to 300 hours of sunshine per month and its mild and sunny winters, South Africa offers an unbeatable climate. The country’s climate is perfect for outdoor enthusiasts.

**Unmatched natural beauty**
From pristine beaches, lush forests to open plains and rolling hills, South Africa’s diverse geography offers unmatched recreational options. Its Big Five game reserves, including the world famous Kruger National Park, are an ideal destination for nature lovers.

Young and capable population
Close to 60 million people call South Africa home, making it the 5th most populous country in Africa. South Africa has a highly urbanised and young population. The country’s universities are among the best on the continent.

In addition to its universities, South Africa has 50 Technical and Vocational Education and Training (TVET) colleges that focus on technical and vocational skills development. Currently there are 700 000 TVET students studying at 267 campuses across the country.

- 38m South Africans are of working age
- 56% of the population is below 30 years
- 2 in 3 South Africans live in urban areas
- 4 of Top 5 African universities are in South Africa
- 70% of the workforce have at least secondary education
- 95% of the adult population is literate

Africa’s best universities
- University of Cape Town
- University of Witwatersrand
- Stellenbosch University
- University of KwaZulu-Natal

Progressive democracy
Since its first democratic election in 1994, the country has developed a strong track record of democracy. South Africa’s constitution has been hailed as one of the most progressive constitutions and transparency in government.

- 5th strongest investor protection in Africa
- 2nd most independent judiciary in Africa
- 3rd freest media in Africa
- 4th highest Democracy Index (EIU) ranking in Africa

A Snapshot of South Africa’s Key Economic Hubs

South Africa is Africa’s economic powerhouse and most important consumer market. It is home to four of the 10 wealthiest cities in Africa, accounting for more than US$500bn in personal wealth.

The country is home to Africa’s largest luxury market, valued at US$2.2bn or 37% of continent’s total luxury market.

**why INveST IN SoUTH AFRICA?**

**Top 10 African cities by total wealth, 2017**

<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
<th>Total wealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Johannesburg</td>
<td>US$276bn</td>
</tr>
<tr>
<td>2</td>
<td>Cape Town</td>
<td>US$159bn</td>
</tr>
<tr>
<td>3</td>
<td>Cairo</td>
<td>US$140bn</td>
</tr>
<tr>
<td>4</td>
<td>Lagos</td>
<td>US$110bn</td>
</tr>
<tr>
<td>5</td>
<td>Durban</td>
<td>US$54bn</td>
</tr>
<tr>
<td>6</td>
<td>N'Dalni</td>
<td>US$50bn</td>
</tr>
<tr>
<td>7</td>
<td>Luanda</td>
<td>US$34bn</td>
</tr>
<tr>
<td>8</td>
<td>Pretoria</td>
<td>US$34bn</td>
</tr>
<tr>
<td>9</td>
<td>Casablanca</td>
<td>US$42bn</td>
</tr>
<tr>
<td>10</td>
<td>Accra</td>
<td>US$38bn</td>
</tr>
</tbody>
</table>

**Sources:** DHET, 2018; World Bank, 2018; Mo Ibrahim Index, 2018; EIU, 2018; Times Higher Education, 2018; Reporters Without Borders, 2018

**Sources:** StatsSA, 2019; AfrAsia Bank, 2018

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**Sources:** DHET, 2018; World Bank, 2018; Mo Ibrahim Index, 2018; EIU, 2018; Times Higher Education, 2018; Reporters Without Borders, 2018

**Sources:** StatsSA, 2019; AfrAsia Bank, 2018
Fast Facts on South Africa

Economic indicators

Key highlights
- South Africa is the second largest economy in Africa.
- As Africa’s anchor economy, South Africa became a member of the BRICS grouping in 2010.
- South Africa’s prudent monetary policy has kept consumer prices well within its target range of 3%-6%.
- Compared to other major African economies, South Africa has a relatively low commercial bank lending rate.
- Over the last three years, the South African rand was the best performer among major currencies compared to the US dollar, gaining more than 6% against the US dollar.
- The South African rand is freely convertible.
- South Africa’s foreign exchange policy has been progressively relaxed over recent years, with only minor delays in the conversion and transfer of funds.
- In 2017, South Africa was the largest exporter in Africa – exporting almost twice as much as Nigeria, Africa’s second largest exporter.
- In 2017, South Africa was the largest importer in Africa – importing almost one-third more than Egypt, Africa’s second largest importer.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Fast facts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross domestic product (GDP)</strong></td>
<td></td>
</tr>
<tr>
<td>2020: R5.62tn (US$403.0bn)</td>
<td></td>
</tr>
<tr>
<td>2019: R5.24tn (US$385.5bn)</td>
<td></td>
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<tr>
<td>2018: R4.91tn (US$376.8bn)</td>
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<tr>
<td>2017: R4.65tn (US$349.3bn)</td>
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<tr>
<td>2016: R4.35tn (US$317.7bn)</td>
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<tr>
<td>2015: R4.05tn (US$317.7bn)</td>
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<tr>
<td><strong>GDP growth</strong></td>
<td></td>
</tr>
<tr>
<td>2020: 1.5%</td>
<td></td>
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<tr>
<td>2019: 0.6%</td>
<td></td>
</tr>
<tr>
<td>2018: 0.8%</td>
<td></td>
</tr>
<tr>
<td>2017: 1.3%</td>
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<tr>
<td>2016: 0.6%</td>
<td></td>
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<tr>
<td>2015: 1.3%</td>
<td></td>
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<tr>
<td>2000 to 2018: 2.8% p.a. (average)</td>
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<tr>
<td><strong>Consumer price inflation</strong></td>
<td></td>
</tr>
<tr>
<td>2018: 4.8% (average)</td>
<td></td>
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<tr>
<td>2010 to 2018: 5.3% (average)</td>
<td></td>
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<tr>
<td><strong>Interest rates</strong></td>
<td></td>
</tr>
<tr>
<td>Policy rate (repo rate):</td>
<td></td>
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<tr>
<td>2018: 6.59% (average)</td>
<td></td>
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<tr>
<td>23 Jan. 2019: 6.75%</td>
<td></td>
</tr>
<tr>
<td><strong>Exchange rate</strong></td>
<td></td>
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<tr>
<td>2018 average: US$1.00 – R13.25</td>
<td></td>
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<tr>
<td><strong>Merchandise trade</strong></td>
<td></td>
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<tr>
<td>Exports in 2017: US$8.3bn</td>
<td></td>
</tr>
<tr>
<td>Top export destinations:</td>
<td></td>
</tr>
<tr>
<td>• China: US$8.7bn</td>
<td></td>
</tr>
<tr>
<td>• US: US$8.6bn</td>
<td></td>
</tr>
<tr>
<td>• Germany: US$5.8bn</td>
<td></td>
</tr>
<tr>
<td>• Japan: US$4.2bn</td>
<td></td>
</tr>
<tr>
<td>• India: US$4.1bn</td>
<td></td>
</tr>
<tr>
<td>Imports in 2017: US$83.0bn</td>
<td></td>
</tr>
<tr>
<td>Top import sources:</td>
<td></td>
</tr>
<tr>
<td>• China: US$15.2bn</td>
<td></td>
</tr>
<tr>
<td>• Germany: US$9.6bn</td>
<td></td>
</tr>
<tr>
<td>• US: US$5.5bn</td>
<td></td>
</tr>
<tr>
<td>• India: US$3.9bn</td>
<td></td>
</tr>
<tr>
<td>• Saudi Arabia: US$3.8bn</td>
<td></td>
</tr>
</tbody>
</table>

Sources: IMF, 2018; UNCTAD, 2018; StatsSA, 2018a; SARB, 2018 & 2019; Business Insider, 2018.
Socio-economic and demographic indicators

Key highlights
- South Africa is by far the most affluent economy in Africa when considering economies with populations above 5 million.
- South Africa is the fifth most populous country in Africa.
- While South Africa has a young population, its age dependency ratio is among the lowest in Africa.
- About one-quarter of South Africans live in either Johannesburg, Cape Town, Durban or Ekurhuleni. These urban hubs are well connected and present attractive consumer markets.
- South Africa is Africa’s largest market for automobiles and has the largest fleet of cars on the continent.
- A number of government initiatives, such as the Jobs Fund, are geared towards employment creation.
- South Africa faces challenges of inequality; however, its progressive social spending system has helped to mitigate the impact of inequality.

Labour market
Unemployment rate:
- 2017: 27.5%
- Q3 2018: 27.5%
- Q4 2018: 27.1%
- Q2 2019: 29.0%

GDP per capita
- Current prices: $7,204
- PPP: $11,739

Gini coefficient
- 2006: 0.72
- 2015: 0.68

Population
- 5.7m population
- 37.5m working-age population
- 65% under the age of 35
- 6% over the age of 65
- Annual population growth: 1.6%

Highly urbanised population
Share of population living in urban areas:
- 2018: 66.4%
- 2020f: 67.4%
- 2025f: 69.8%

Middle class indicators
- Motorisation rate: 176 vehicles per 1,000 people (2017)
- 57% of the population have access to the internet (2017)
- 67% of adult population have an account with a financial institution
- 95% of population has access to improved water source (2018)

Political and legal environment

Key highlights
- South Africa has been hailed as the most stable democracy in Africa.
- South Africa has the most independent and transparent judicial processes in Africa, guaranteeing investors a fair and reliable business environment.
- South Africa has the best regulatory environment for businesses in Africa, making it a favourable investment destination.
- The South African Reserve Bank is well-managed and independent, ensuring predictability and consistency in monetary policy.
- The Johannesburg Stock Exchange (JSE) is the 19th largest in the world by market capitalisation. On 1st March 2019 the JSE’s market capitalisation was R15.9trn.

SOUTH AFRICA INVESTOR ROADMAP

FAST FACTS ON SOUTH AFRICA

Source: IMF, 2018; World Bank, 2018; StatsSA, 2018b; OICA, 2018

“South Africa has the most admirable Constitution in the history of the world.
Cass R. Sustain, Harvard law scholar

“
Arts, culture and sports

Key highlights
South Africa is a great place to work, play and live. Its diverse climate and geography offers a wide range of leisure activities from swimming, golfing, cycling, mountaineering and more all year round. In general, South Africans are a very sports-enthusiastic nation, and avid followers of local and international sporting events.

In addition to outdoor activities, its cultural diversity and cosmopolitan cities makes South Africa an exciting place to work and live.

South Africa’s rich cultural heritage manifests itself in the country’s creative industry that has produced world class artists, musicians, writers and actors.

Select arts, culture and sports personalities

Sport
Bryan Habana (rugby player)
Chad le Clos (swimmer)
Gary Player (golfer)
Caster Semenya (runner)
Wayde van Niekerk (runner)

Film/TV
Gavin Hood (producer/director)
Trevor Noah (comedian)
Charlize Theron (actress)
John Maxwell Coetzee
Zakes Mda

Music
Black Coffee
Yvonne Chaka Chaka
Ladysmith Black Mambazo
Trevor Stuurman
David Tlale

Fashion

Quality of life
Residing and working in South Africa
- South Africa is a vibrant multi-cultural society with 11 official languages including: English, Afrikaans, isiNdebele, isiXhosa, isiZulu, Sepedi, Sesotho, Setswana, SiSwati, Tshivenda and Xitsonga.
- Johannesburg and Pretoria ranked amongst the top 23% of the most affordable cities (133 cities ranked in five continents).
- South Africa provides a wide choice of quality accommodation, both to rent or buy, with property ranking 11th in the HSBC’s Expat Explorer Survey 2018.
- There are excellent private schools including access to alternative teaching philosophies such as Montessori and Waldorf. There are also international schools in the major cities which follow the American, British, French or German curriculum or the International Baccalaureate.
- 8% of South African universities rank in the top 16% of universities in the world.
- South Africa has well-trained medical staff with world class private hospitals and clinics.
- South Africa ranks in the top 20 out of 149 countries in the WEF’s 2018 Global Gender Gap report, which ranks countries on progress towards gender parity.
- South Africa has been declared one of the 18 megadiverse destinations in the world. The country is home to the famous Big Five (rhino, elephant, lion, leopard and buffalo).
- 66 sites in South Africa have Blue Flag status for outstanding environmental management of coastlines and coastal waters for tourism and development.
- A day at SA’s beaches costs an average of almost half of what it costs in Norway, rated the world’s most expensive beach.
- South Africa is home to 10 UNESCO World Heritage Sites.

Sources: Conservation International, 2018; Wildlife and Environment Society of South Africa, 2018; TravelBled, 2017; Economist Intelligence Unit, 2018a; HSBC, 2018; The Times Higher Education World University Rankings, 2019; World Economic Forum, 2019; UNESCO, 2019
Education

Key highlights

Committed to universal access

The South African government is committed to providing quality education to every child in the country and is working towards achieving universal access to education. In order to achieve this goal, the government launched no-fees schools in the poorest districts of all nine provinces. In addition, the government is committed to providing free tertiary education for students from poor and working class households.

Primary and secondary education in numbers

- 25 762 schools
- 23 796 public schools
- 1 966 independent schools
- 12.9 million learners
- 12.5 million learners in public schools
- 0.4 million learners in independent schools
- 433 320 educators
- 399 156 educators in public schools
- 34 164 educators in independent schools
- 29.8 learners per educator
- 31.3 learners per educator in public schools
- 11.8 learners per educator in independent schools.

Tertiary education in numbers

- 26 public universities
- 731 601 students* enrolled
- The largest share of students are enrolled in Humanities
- 210 931 graduates
- Science, Engineering and Technology accounts for the largest share of graduates
- Unisa is the largest open distance learning institution in Africa
- Unisa is the longest standing dedicated distance education university in the world.

South Africa’s 5 largest universities by students enrolled, 2017

<table>
<thead>
<tr>
<th>University</th>
<th>No. of students</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of South Africa (Unisa)</td>
<td>200 546</td>
</tr>
<tr>
<td>Tshwane University of Technology</td>
<td>45 990</td>
</tr>
<tr>
<td>North West University</td>
<td>45 052</td>
</tr>
<tr>
<td>University of Pretoria</td>
<td>39 709</td>
</tr>
<tr>
<td>University of Johannesburg</td>
<td>38 800</td>
</tr>
</tbody>
</table>

South Africa’s 5 largest universities by graduates, 2017

<table>
<thead>
<tr>
<th>University</th>
<th>No. of graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of South Africa (Unisa)</td>
<td>44 842</td>
</tr>
<tr>
<td>North West University</td>
<td>16 004</td>
</tr>
<tr>
<td>Tshwane University of Technology</td>
<td>14 754</td>
</tr>
<tr>
<td>University of Pretoria</td>
<td>13 273</td>
</tr>
<tr>
<td>University of Johannesburg</td>
<td>13 004</td>
</tr>
</tbody>
</table>

Enrollment rates, 2010-17

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary school (7-15 years old)</th>
<th>Secondary (14-18 years old)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>98.7%</td>
<td>21.4%</td>
</tr>
<tr>
<td>2011</td>
<td>88.7%</td>
<td>17.4%</td>
</tr>
<tr>
<td>2012</td>
<td>98.8%</td>
<td>21.5%</td>
</tr>
<tr>
<td>2013</td>
<td>90.1%</td>
<td>21.8%</td>
</tr>
<tr>
<td>2014</td>
<td>98.8%</td>
<td>21.7%</td>
</tr>
<tr>
<td>2015</td>
<td>90.5%</td>
<td>22.0%</td>
</tr>
<tr>
<td>2016</td>
<td>98.8%</td>
<td>21.9%</td>
</tr>
<tr>
<td>2017</td>
<td>90.3%</td>
<td>22.0%</td>
</tr>
</tbody>
</table>

Students and graduates enrolled by field, 2017

- Education: 21%
- Business Management: 23%
- Science, Engineering & Technology: 30%
- Humanities: 31%
- Other: 22%
**Economic Overview of South Africa**

**National economic overview**

**Key highlights**

- The services sector is by far the largest contributor to the South African economy, accounting for close to 70% of value add.
- The largest sub-sector of the economy is finance, real estate and business services, accounting for one-fifth of value add.
- The fastest growing sectors over the last 10 years were agriculture, forestry and fisheries; construction; and general government services.
- The services sector is the largest contributor to national employment.
- The three largest employment creators between 2013 and 2018 were finance; construction; and community and social services.
- In 2018, South Africa witnessed a rapid increase in FDI inflows, accounting for close to 18% of FDI inflows into Africa. The strong increase in investment inflows was driven by investments in mining, petroleum refining, food processing, ICT, and renewable energy.

**FDI inflows, 2017 vs 2018**

- **US$1.8bn** in 2017 vs **US$7.1bn** in 2018

**FDI inflows by sector, 2017**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Share of FDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance, insurance, real estate and business services</td>
<td>44.6%</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>21.2%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>15.9%</td>
</tr>
<tr>
<td>Transport, storage and communication</td>
<td>10.2%</td>
</tr>
<tr>
<td>Wholesale and retail trade, catering and accommodation</td>
<td>6.5%</td>
</tr>
<tr>
<td>Community, social and personal services</td>
<td>1.4%</td>
</tr>
<tr>
<td>Construction</td>
<td>0.1%</td>
</tr>
<tr>
<td>Agriculture, forestry, hunting and fishing</td>
<td>0.1%</td>
</tr>
<tr>
<td>Electricity, gas and water</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

**Country share of FDI, 2017**

<table>
<thead>
<tr>
<th>Country</th>
<th>Share of FDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>27.0%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>18.0%</td>
</tr>
<tr>
<td>Belgium</td>
<td>14.8%</td>
</tr>
<tr>
<td>US</td>
<td>6.7%</td>
</tr>
<tr>
<td>Germany</td>
<td>4.9%</td>
</tr>
<tr>
<td>China</td>
<td>4.7%</td>
</tr>
<tr>
<td>Japan</td>
<td>3.8%</td>
</tr>
<tr>
<td>Australia</td>
<td>3.6%</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>2.7%</td>
</tr>
<tr>
<td>Mauritius</td>
<td>1.1%</td>
</tr>
<tr>
<td>Rest of world</td>
<td>12.7%</td>
</tr>
</tbody>
</table>

**Sectoral contribution of national GDP, 2018**

- Agriculture, forestry and fishing, 2%
- Mining and quarrying, 8%
- Manufacturing, 13%
- Electricity, gas and water, 4%
- Construction, 4%
- Wholesale, retail, motor trade and accommodation, 15%
- Transport, storage and communication, 10%
- Finance, real estate and business services, 20%
- General government services, 18%
- Personal services, 6%

**National employment by sector, Oct-Dec 2018**

- Agriculture, 5%
- Mining, 2%
- Manufacturing, 11%
- Utilities, 1%
- Construction, 9%
- Trade, 20%
- Transport, 6%
- Finance, 16%
- Community and social services, 22%
- Private households, 8%

**10-year average growth of top 3 sectors, 2008-17**

- Agriculture, forestry and fishing: 3.7%
- Construction: 3.3%
- General government services: 2.7%

Sources: StatsSA, 2018 & 2019; UNCTAD, 2019
Provincial economic overview

Key highlights

• Gauteng (34% of national GDP), KwaZulu-Natal (16%) and the Western Cape (14%) are the three largest regional economies in terms of contribution to the national economy.
• The economies of all provinces are well diversified, without showing an overdependence on a single industry.
• North West, Northern Cape, Mpumalanga and Limpopo have strong mining clusters.
• Gauteng and Western Cape are home to well developed and mature financial services, real estate and business service sectors.
• Gauteng and KwaZulu-Natal (KZN) have strong manufacturing industries. In Gauteng, metal products, food and beverages, chemicals, mining-related manufacturing and the automobile sector are leading sub-sectors of the province’s manufacturing sector. In KZN the automobile sector, pulp and paper products, rubber and plastics, chemicals and petro-chemicals, food and beverages, as well as textiles and clothing are key sub-sectors.
• In all provinces the tertiary sector recorded the strongest average growth between 2010 and 2017.

Provincial contribution to GDP, 2017

- Gauteng, 34%
- KwaZulu-Natal, 16%
- Western Cape, 14%
- Eastern Cape, 8%
- Mpumalanga, 8%
- Limpopo, 7%
- North West, 6%
- Free State, 5%
- Northern Cape, 2%

Sectoral GDP composition by province, 2017

As we expand our presence in Southern Africa, Hisense remains committed to providing solutions that will enable growth and sustain economic development.

Hisense Middle East-Africa Holdings

Provincial employment by sector, Q4 2018

Source: StatsSA, 2018 & 2019
Provincial economic overview (cont.)

Agriculture, forestry and fishing
Mining and quarrying
Manufacturing
Trade, catering and accommodation
Finance, real estate and business services

Gauteng
Commercial hub of the country with the largest presence of MNCs in Africa
- Agriculture, forestry and fishing, 1%
- Mining and quarrying, 3%
- Manufacturing, 15%
- Trade, catering and accommodation, 14%
- Finance, real estate and business services, 24%
- Other, 44%

KwaZulu-Natal
Key manufacturing region and home to Africa’s largest port
- Agriculture, forestry and fishing, 4%
- Mining and quarrying, 2%
- Manufacturing, 18%
- Trade, catering and accommodation, 15%
- Finance, real estate and business services, 17%
- Other, 44%

Western Cape
Strong services, agricultural and manufacturing sectors
- Agriculture, forestry and fishing, 4%
- Mining and quarrying, 0%
- Manufacturing, 15%
- Trade, catering and accommodation, 17%
- Finance, real estate and business services, 25%
- Other, 38%

Eastern Cape
Strong automotive clusters
- Agriculture, forestry and fishing, 2%
- Mining and quarrying, 0%
- Manufacturing, 13%
- Trade, catering and accommodation, 20%
- Finance, real estate and business services, 19%
- Other, 46%

Mpumalanga
Key coal mining and forestry region
- Agriculture, forestry and fishing, 3%
- Mining and quarrying, 0%
- Manufacturing, 13%
- Trade, catering and accommodation, 20%
- Finance, real estate and business services, 19%
- Other, 46%

Northern Cape
Most important manganese mining region in the world
- Agriculture, forestry and fishing, 6%
- Mining and quarrying, 22%
- Manufacturing, 3%
- Trade, catering and accommodation, 12%
- Finance, real estate and business services, 13%
- Other, 42%

Limpopo
Key producer of tropical fruits and second most important PGM producer in the country
- Agriculture, forestry and fishing, 3%
- Mining and quarrying, 29%
- Manufacturing, 3%
- Trade, catering and accommodation, 15%
- Finance, real estate and business services, 15%
- Other, 36%

Free State
Major producer of potatoes, grains and vegetables
- Agriculture, forestry and fishing, 5%
- Mining and quarrying, 11%
- Manufacturing, 11%
- Trade, catering and accommodation, 14%
- Finance, real estate and business services, 16%
- Other, 42%

North West
Most important platinum mining region in the world
- Agriculture, forestry and fishing, 3%
- Mining and quarrying, 34%
- Manufacturing, 5%
- Trade, catering and accommodation, 12%
- Finance, real estate and business services, 13%
- Other, 33%

Source: StatsSA, 2019
South Africa’s diverse economy offers an array of opportunities for investment. While mining and mineral beneficiation remains an important sector for export earnings and growth, business is increasingly geared towards services and manufacturing industries.

Five sector clusters have been identified for investment, in order to increase the country’s industrial base in critical sectors of production and value-added manufacturing, to diversify South Africa’s exports, and to contribute to job creation in the economy.
Thanks to its climatic conditions South Africa has one of the highest potentials for solar and wind energy. The Government is keen to leverage this great renewable energy potential to reduce the country’s current over-reliance on fossil fuels for electricity generation and to set the country on a carbon-light growth path.

Utility-scale renewable projects are driven by the Renewable Energy Independent Power Production Procurement Programme (REIPPPP), which has attracted investments of close to R202bn since its inception in 2011 and are supported by the Government.

Rooftop solar PV and energy efficiency technology are among the key drivers for energy services in South Africa. The commercial and industrial sector presents major opportunities for rooftop solar and energy efficiency technology due to their relatively high electricity costs, large use of electricity and favourable size of premises.

Opportunities
- Roll-out of renewable energy technologies
- Adoption of energy efficiency technologies
- Solar energy technologies and components manufacturing (solar panels, solar water heaters, timers, etc.)
- Wind turbines and components manufacturing
- Pyrolysis/gasification; anaerobic digestion
- Energy storage.

In 2018, South Africa generated 111 million tonnes of waste, of which approximately 75% was landfilled and only 25% reused or recycled. General waste was the most recycled type of waste with close to 40% being recycled, while less than 1% of hazardous waste was recycled in 2017.

South African companies, such as waste-to-protein company AgriProtein, have developed innovative and sustainable solutions for waste treatment, that address some of the country’s most pressing environmental challenges.

New and changing legislation and regulations will unlock a number of key waste streams, notably organics. These changes aim to simplify rules and procedures for alternative waste treatment technologies and activities.

Opportunities
- Development of solutions for green waste, abattoir waste, the organic fraction of solid waste
- Processing/recycling of e-waste
- Thermal treatment technologies for dirty mixed plastics, refuse derived fuels and thermoform PET
- Waste related infrastructure development, expansion and maintenance
- Pyrolysis/gasification; anaerobic digestion
- Recycling (plastics, paper, glass, e-waste, etc.)

As South Africa is a water-scarce country and is ranked as the 30th driest country in the world, there is a high demand for innovative solutions for water management. It is projected that water demand will outstrip supply by 17% by 2030.

The 2017-18 drought conditions in the Western Cape have highlighted the need for more efficient water usage and drought management to reduce per capita consumption.

According to the Department of Water and Sanitation, water losses amount to 37% of water consumption. Given scarcity of supply, water loss prevention is crucial for South Africa.

Opportunities
- Supply and manufacturing of advanced water technologies
- Supply and manufacturing of water-efficient devices
- Supply of smart water metering systems
- Provision of technologies and services for water reuse in the industrial sector
- Supply of alternative water supply technology
- Water efficiency technology for the agricultural industry.
South Africa is committed to leveraging its opportune location and extensive coast line to grow its Ocean Economy. The Government’s strategic support programme called Operation Phakisa, has set a target to grow the Ocean Economy’s GDP contribution to R177bn by 2033, equivalent to a 350% increase in its total value-add in 2016.

Recent gas condensate discoveries off the coast of South Africa are set to boost the country’s role in the global hydrocarbon industry. Its strategic location allows South Africa to serve all major oil fields in West and East Africa. Five of the country’s major ports provide excellent oil rig and drillship repair and maintenance services at competitive rates.

Local boat and small shipbuilders are highly sophisticated and globally competitive, supplying crafts to a wide range of clients across the world.

**Opportunities**
- Repair and maintenance of ships and drilling rigs, supported by extensive infrastructure and deep supply chains
- Investment in next-generation ship and boat-building technology services
- Bunkering, re-supply and medical support services
- Provision of storage and logistics services
- Port operations consulting services
- Provision of maritime training services
- Opportunities for private equity investment in local and pan-African project development
- Oil and gas exploration and support opportunities.

South Africa has a mature and globally competitive market for Global Business Services which is supported by world-class business infrastructure. Operating costs are up to 50-60% lower than in England and Australia, with key supporting incentives reducing these to similar cost ranges as India.

Growing at 22% annually and faster than global industry peers, the sector continues to attract international investments in industry verticals such as technology and communications, financial services, legal and healthcare, creating quality jobs.

There is a move towards delivery of next-generation contact centre and digital services, with a core strength being a high quality multichannel customer experience, supplemented by deep analytics.

**Opportunities**
- Establishment of call centres
- Back-office processing facilities
- Provision of shared corporate services
- Enterprise solutions such as fleet and asset management services
- Legal process outsourcing
- Evolution of the industry from voice-driven towards omni-channel delivery of services
- Analytics solutions services enabled by South Africa’s skills capability, including root cause analysis, predictive analytics, knowledge process outsourcing and digital investment platforms.

With excellent film infrastructure, world-class studios and hard-working crews, South Africa has established itself as a credible and competitive film and TV production destination.

A range of award-winning movies and TV series have been filmed and/or produced in the country. Optimal climatic conditions and a choice of highly diverse locations add to the country’s attractiveness for filmmakers.

South Africa’s competitive overhead costs, highly capable talent pool, comparable internet speeds and growing number of domestic distribution platforms position the country well for opportunities in the global US$270bn animations industry.

**Opportunities**
- Development of feature films and documentaries (with these being the largest segments of the local film industry)
- Although animation is the smallest segment in the industry (around 3%), the proliferation of new technology and skills can unlock significant growth
- Consultancy and training services provision for business and skills development programmes to support emerging filmmakers and fast-track transformation in the industry
- Opportunities across the value chain, including film concept development, film product packaging and distribution, private equity financing, pre- and post-production management companies and marketing services
- Post production and visual effects studios to enable end-to-end production in South Africa
- Investing in new specialised studio space
- Skills development and training across the industry.
South Africa’s commercial agricultural sector is well-developed and globally competitive. Thanks to diverse climatic and geological conditions, South Africa is well suited for the cultivation of a wide range of crops and products including grains, sugarcane, fruits, vegetables, nuts, beef, poultry, mutton, wool, fish and seafood.

Located in the Southern Hemisphere, South Africa enjoys counter-seasonality to the Northern Hemisphere, positioning it well to supply lucrative consumer markets in Europe and North America with its agricultural products.

A sophisticated and competitive agro-processing industry, with a fully-integrated value chain, has been built on South Africa’s diverse agricultural sector, accounting for 23% of the country’s manufacturing sector and making it the largest sub-sector of manufacturing.

### Opportunities
- **Agro-processing**
  - Farming of freshwater and salt water species
  - Supply of aquaculture equipment and technology
  - Supply of skills development programmes for aquaculture
  - Supply of veterinarian services
  - Supply of feed for aquaculture
  - Local feed production
  - Supply of water purification and filtration technology
  - Spot breeding
  - Processing and canning of fish and seafood
  - Supply of logistics services.

- **Aquaculture**
  - Flax production.
  - Artemisinin and respective ingredients for anti-malaria treatment.
  - Wool production, and processing and manufacturing of wool-based textiles
  - Artemisinin and respective ingredients for anti-malaria medications
  - Flax production.

South Africa’s aquaculture sector is relatively small, contributing about 0.8% to the country’s fish production, and accounting for less than 0.2% of the national GDP. However, given its growth potential, aquaculture has been earmarked as a priority sector by the government and is a target sector of Operation Phakisa.

Thanks to its natural resources, extensive coastline and good water quality, South Africa is well equipped for aquaculture development.

South Africa is one of the largest producers and exporters of abalone and is famous for its farmed premium abalone (Haliotis midae). The country produces about 1,700 tonnes of abalone per year. Hong Kong is estimated to account for 80% of South Africa’s annual abalone exports. Annual abalone exports to China (Mainland and Hong Kong) are estimated to reach US$135m in 2020.

- **Mining and Mineral Beneficiation**
  - Development of new resources (coal, manganese, PGM, vanadium, etc)
  - Coal-bed methane
  - Coal-to-liquid
  - Carbon capture and storage
  - Coal ash beneficiation (cementitious input material production)
  - Coal ash for acid mine drainage neutralisation
  - Supply of technologies aimed at enhancing competitiveness
  - Downstream manufacturing (foundries and mini-mills)
  - Nuclear fuel fabrication
  - Establishment of smelters and downstream production
  - Production of titanium dioxide pigments
  - Development of linkages to the global energy storage value chain
  - Value chain development for catalysts and fuel cell manufacturing
  - Development of ferrochrome production capacity
  - Jewellery manufacturing.

The mining and mineral beneficiation sector plays a pivotal part in South Africa’s economy. The sector contributes more than 7% to the local economy and provides inputs into various manufacturing sectors including metal fabrication, automotive and jewellery manufacturing.

South Africa’s mining reserves are among the most valuable in the world. The country has the world’s largest reserves of platinum group metals (PGMs) and manganese, and some of the largest gold, diamonds, chromite ore and vanadium deposits.

South Africa’s mining capabilities and experience make it a world leader in, for example, deep-level mining and the premier source of mining-related skills in Africa.

- **Forestry, Pulp, Paper and Furniture**
  - Jewellery manufacturing.
  - Value chain development for catalysts and fuel cell manufacturing
  - Development of ferrochrome production capacity
  - Jewellery manufacturing.

South Africa’s forestry industry is concentrated in the following provinces: Eastern Cape, KwaZulu-Natal, Limpopo, Mpumalanga and the Western Cape. Pine (49.6%), eucalyptus (43%) and wattle (7%) are the most commonly cultivated tree species on South African plantations.

South Africa has a well-established forestry sector with a fully-integrated value chain including pulp, paper and furniture manufacturing. In 2018, wood-related manufacturing contributed about US$10bn to the local economy. Pulp is a key product of the country’s forestry industry. South African pulp manufacturers are highly innovative and globally competitive.

About 80% of South African plantations are certified under the Forest Stewardship Council (FSC) system, providing the industry with sustainable raw material.

- **Opportunities**
  - Re-afforestation and new afforestation
  - Timber construction – use of timber in construction
  - Manufacturing of Engineered Wood and Orientated Strength Board (OSB)
  - Bio-refinery and transformative technologies
  - Technical training (chemical engineers, technicians and artisans)
  - Supply of wood processing equipment
  - Supply of pulp and paper manufacturing equipment
  - R&D for packaging design/development
  - Manufacturing of school and office furniture.

South Africa’s mining capabilities and experience make it a world leader in, for example, deep-level mining and the premier source of mining-related skills in Africa.

Opportunities
- Development of new resources (coal, manganese, PGM, vanadium, etc)
- Coal-bed methane
- Coal-to-liquid
- Carbon capture and storage
- Coal ash beneficiation (cementitious input material production)
- Coal ash for acid mine drainage neutralisation
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- Development of ferrochrome production capacity
- Jewellery manufacturing.
Manufacturing

The South African Clothing, Textile, Footwear and Leather (CTFL) manufacturing industry is well developed and ranges from the production of synthetic and natural inputs to final clothing and shoes.

Approximately 4,500 formal companies of various sizes are involved in the CTFL manufacturing sector. The local manufacturing industry is mainly concentrated within two coastal regions, KwaZulu-Natal and Western Cape, as well as in Gauteng. The Eastern Cape is an emerging hub in the sector, thanks to its world leading mohair production.

Household spending on clothing and footwear is expected to increase by approximately 25% to R125bn in the next three years.

Opportunities

• Spinning, weaving and finishing of textiles
• Knitted and crocheted fabrics and articles
• Manufacturing of wearing apparel
• Dressing and dying of fur
• Leather skins and hides beneficiation
• Leather seat cover manufacturing for the automotive industry
• Manufacturing of protective clothing for hazardous industrial environments (e.g. mining and chemicals industry)
• Manufacturing of school uniforms
• Manufacturing of uniforms for military and law enforcement
• Manufacturing of work-wear.

Automotive, Yellow Metals and Heavy Vehicles

South Africa is home to Africa’s most advanced automotive industry. Seven major OEMs with operations in the country produce more than 50% of all vehicles produced in Africa. In 2018, over 550,000 vehicles were registered in the country, more than anywhere else on the continent. With approximately 370,000 passenger vehicles sold per year, South Africa accounts for more than 40% of Africa’s passenger vehicle market.

In 2017–18, the major vehicle manufacturers recorded more than US$1bn in capital expenditure. Investments in capacity expansion will increase the demand for inputs including parts and components.

The South African Automotive Masterplan (SAAM) 2035, provides a clear vision and direction for South Africa’s automotive industry. The well-developed SAAM contributes to the attractiveness and competitiveness of local industry by offering incentives and support to OEMs and suppliers.

Opportunities

• Engines, radiators, filters
• Air conditioning/climate control systems
• Alarms and tracking devices
• Axles and transmission shafts
• Body parts and panels
• Catalytic converters, silencers, exhaust systems and components
• Seats and related parts, seatbelts, leather covers
• Suspension and shock absorbers, springs and other related parts
• Steering wheels, columns and boxes
• Ignitions, starting equipment, gauges and instrument parts
• Lighting equipment
• Wiring harnesses, instrument panels, vehicle interiors, electronic drive components and parts.

Rail

South Africa’s railway network, the largest on the continent, is the domain of state-owned Transnet Freight Rail and the Passenger Rail Agency of South Africa (PRASA). Over the last five years, about 220 million tonnes of freight were transported by rail per year, accounting for approximately 25% of overall freight movements in South Africa.

Over the past six years, Transnet’s capital investments averaged R30bn per year. In the next 30 years, Transnet plans to invest R167bn into rail infrastructure and R283bn in rolling stock infrastructure. In addition, PRASA intends to procure 1,200 new trains consisting of up to 7,224 rolling stock over a 20-year period, providing major stimulus to the sector.

Opportunities

• Railway parts and components
• Advanced materials and composites
• Smart signalling and operations automation
• Bulk cars and dedicated rolling fleets
• Refurbishment and maintenance services
• Security equipment
• Route design and network planning services
• Automatic/smart fare collection systems
• Rolling stock depot design services
• Train station re-design and upgrade services.
In 2018, the sector recorded close to US$3.2bn in revenue making it Africa’s largest market for cosmetics and personal care products. Local household spending on personal care products is expected to grow by 25% over the next five years.

South Africa has strong research and development (R&D) capabilities, and companies have in particular invested in R&D capabilities related to African hair and skin care products. Local expertise present opportunities for manufacturers to supply the global multi-billion dollar African hair and skin care market.

South Africans have become more inclined to consuming organic skin and hair products, with close to one-quarter claiming that natural, organic or environmentally-friendly considerations influence their purchasing decisions. The country’s high bio-diversity and unique floral kingdom offer great opportunities to producers of organic products.

Opportunities
- Fragrance-free and high quality fragrance products for distinct niche segments
- Personal care products for the male market
- Development and production of ethnic skin and hair products
- Supply of quality affordable beauty products
- Manufacturing of cosmetic products, packaging and distribution across retail stores
- Production of ingredients that comply with international market requirements in the production of organic or natural cosmetics products
- Production of multifunctional products with a focus upon wellness
- Safety testing of cosmetic products produced locally.

South Africa’s metals fabrication sector is the most advanced and diverse metals fabrication sector in Africa. The industry has major spill-over effects as top steel consuming industries including mining, construction, automotive, cables and structural steel contribute about 15% to the country’s economy.

Local content requirements of various sectors, and strong demand in the automotive and infrastructure sector are expected to drive the demand for metals fabrication going forward.

Metal producers can draw from a sizeable domestic pool of raw material reserves including iron ore and manganese. South Africa is the largest producer of manganese in the world and holds more than 70% of global identified manganese reserves.

Opportunities
- Manufacturing and supply of railway tracks, slipways, locomotives and components
- Manufacturing and supply of structural steel
- Manufacturing and supply of pumps and valves for the water distribution sector
- Manufacturing and supply of sheet metal and stainless steel for automotive industry
- Scrap metal recycling.

South Africa’s pharmaceutical and medical device sectors are the largest and most advanced in sub-Saharan Africa. Pharmaceutical and medical device sales both have more than doubled in the last 10 years and are expected to reach R48bn and R19bn, respectively in 2019.

The country has advanced manufacturing capabilities, including biotechnology manufacturing facilities. In addition, South Africa has strong R&D capabilities in the medical industry.

South Africa is the only Southern African Development Community (SADC) member country that meets the World Health Organization’s Good Manufacturing Practice standards. This positions South Africa as a gateway to the Southern African market for manufacturers of pharmaceutical products.

It is forecasted that pharmaceutical sales will increase by about 40% in the next five years. This is partly driven by the increase in lifestyle-related diseases including hypertension, obesity and diabetes. The demand for generic drugs has risen rapidly in recent years, due to policy-led preferences and the domestic antiretroviral (ARV) treatment programme.

Opportunities
- Manufacturing and supply of medicinal drugs for diseases such as HIV/AIDS, malaria, tuberculosis, diabetes and other lifestyle diseases
- Development and manufacturing of active pharmaceutical ingredients
- Development and manufacturing of generics
- Supply of tele-medical applications
- Supply of niche pharmaceuticals such as alternative healing methods
- Manufacturing of biological-based drugs and biotherapeutics
- Manufacturing of medical consumables
- Development and supply of innovative medical technology
- Servicing and maintenance of medical devices
- Biotechnology and nanotechnology
- Manufacturing and processing of cannabis oil.

South Africa is home to Africa’s most advanced and largest chemicals sector, valued at about US$20bn. It is estimated to be four times and thirteen times larger than the chemicals markets of Nigeria and Egypt, respectively. The country’s chemicals industry is highly mature and diverse, spanning fuel and plastics fabrication to pharmaceuticals, and supplies a wide range of industries. The sector has a fully-integrated value chain that includes the production of raw materials, intermediate products and final chemical products. Given South Africa’s leading expertise in coal-to-liquid technology, its coal deposits present key inputs for the chemicals industry.

South Africa has developed advanced capabilities for the production of emerging materials including advanced carbon materials and biodegradable materials.

Opportunities
- Manufacturing of:
  - organic, mineral or chemical fertilisers and nitrogen compounds
  - polymers including polyethylene used in packaging, bags and injection moulding applications
  - painting and coating (including for automotive industry)
  - organic surface active agents
  - biodegradable materials
  - bio-composites
  - prepared binders for foundry moulds or cores
  - proteins and peptides
  - polypropylene and polystyrene chloride beneficiation
  - composite materials, including bio-composites
  - titanium oxide pigments
  - specialty and fine chemicals
  - primary polyacetals/polyethers
  - nitriles and nitrates
  - carbon fibres
  - engineering plastics - polyamides
  - Fluorspar beneficiation for production of fluorochemicals
  - Silica sand beneficiation for production of fibre glass.
Advanced Manufacturing (cont.)

Electronics, White Goods and Fuel Cells

South Africa has a diverse electronics sector that ranges from electrical machinery, household appliances, telecommunication equipment to consumer electronics. The sector manufactures more than R90bn worth of electrotechnical equipment per year.

South Africa has advanced electronics manufacturing capabilities that comply with international ISO standards. The country’s firms offer an integrated and well-established electronics value chain that includes design, engineering, manufacturing, testing, implementation and maintenance.

Having pioneered the technology, South African companies are world leaders in smart and pre-paid electricity meter technology, positioning the country well in this multi-billion dollar segment.

South Africa accounts for more than 90% of global platinum group metals (PGMs) reserves, which are a key input in the manufacturing of emerging fuel cell technology.

Opportunities
- Contract manufacturing of electronics
- Manufacturing of:
  - household appliances
  - electrical machinery
  - consumer electronics
  - security equipment
  - telecommunications equipment
  - metering equipment
  - inputs including electric cables.

Aerospace and Defence Industries

South Africa is home to sub-Saharan Africa’s most advanced and largest defence sector, with a number of globally-competitive military equipment and aerospace manufacturers. Annual revenues of the aerospace and defence industry amount to about US$2.3bn.

South Africa is also among the world’s leading manufacturers of armoured vehicles. In 2017, it exported armoured vehicles valued at about US$100m.

South African defence equipment manufacturers have developed world-class capabilities in armed unmanned aerial vehicles (UAVs) development and manufacturing, a rapidly growing multi-billion dollar segment of the defence industry. This makes South Africa a member of a small group of countries with these capabilities.

Opportunities
- Ground support equipment
- Passenger transport vehicles
- Cargo de-grouping and logistics
- Air traffic control systems
- Instrument landing systems
- Aircraft technician training systems
- Drone components, systems and training
- Engine management systems
- Precision tooling
- Maintenance, repair and overhaul (MRO) certification
- Flight training systems.
Doing Business in South Africa

How to invest in South Africa: key steps

1. **Opportunity identification**
   - Conduct feasibility study for your product or service
2. **Location identification**
   - Evaluate outcome of feasibility study
3. **Go ahead**
   - Take investment decision
4. **Resourcing requirements**
   - Decide on investment strategy in order to best align to the market opportunity

InvestSA ready to assist

**Investment preparation**
- Decide on geographic location most suitable for investment
- Consult property specialists, real estate agents to identify suitable offices for operations
- Conduct site visits of suitable locations

**Investment execution**
- Acquire/lease site, rent office space
- Apply for municipal services (e.g. water, electricity)

**Location identification**
- Consult property specialists, real estate agents to identify suitable offices for operations
- Conduct site visits of suitable locations

**Resourcing requirements**
- Consult with HR/recruitment agencies about staff requirements
- Determine immigration requirements
- Determine funding model (e.g. self-funding, debt, equity)
- Consult with IT systems providers

**Compliance and legal affairs**
- Determine corporate structure
- Determine licensing and permit requirements
- Consult with labour lawyers
- Consult with InvestSA to identify eligibility for incentives, skills and other support initiatives

**InvestSA ready to assist**
Starting a Business

Registration process

Companies and individuals can start a business in South Africa through an easy inexpensive registration process. The online registration facility allows for registration of a company from anywhere in the world.

South Africa has focused on reducing red tape for starting a business and has formed a partnership between the Companies and Intellectual Property Commission (CIPC) and the local private sector banks, which allows bank clients to register a business and open a bank account in 24 hours.

Four key steps for registering a company

1. Reserve the company name
   - Online through: • Local banks - First National Bank, ABSA, Standard Bank, Nedbank; or • CIPC (www.cipc.co.za)
   - CIPC Self Service Centres and self service terminals:
     - Pretoria – Sancardia Shopping Centre, 1st floor, 541 Madiba Street, Arcadia
     - Johannesburg – 17 Simmonds St, Marshalltown
     - Cape Town – Norton Rose House, Thibault Square, Cape Town

2. Provide details about:
   - Shareholder(s); director(s); and company details

3. Open a bank account
   - Operating business address

4. Register for income tax
   - Online registration with the South African Revenue Service (SARS)

Business vehicles

There are a number of different business vehicles or entities that one can use to do business in South Africa, ranging from companies incorporated under the Companies Act 71 of 2008 to partnerships, trusts, sole proprietors and external companies or branches of foreign companies.

<table>
<thead>
<tr>
<th>Sole Proprietorship</th>
<th>Partnership</th>
<th>Profit Company</th>
<th>Non-Profit Companies</th>
<th>Business Trust</th>
<th>Branch of Foreign Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment/Formation Requirements</td>
<td>No registration required</td>
<td>No registration required</td>
<td>Notice of incorporation and Memorandum of Incorporation needs to be filed with the CIPC</td>
<td>Notice of incorporation and Memorandum of Incorporation needs to be filed with the CIPC</td>
<td>Trust deed to be lodged with Master of the High Court</td>
</tr>
<tr>
<td>Purpose</td>
<td>Small profit-making business owned and operated by individual</td>
<td>Joint venture structure for trade, business or profession</td>
<td>Aims to earn profit through its operations</td>
<td>Public benefit or other social or cultural objectives</td>
<td>Trustees carry out business for benefit of nominated beneficiaries</td>
</tr>
<tr>
<td>Naming Convention</td>
<td>Not specified</td>
<td>Not specified</td>
<td>Private companies end with “(Pty) Ltd”</td>
<td>Public companies end with “Limited”</td>
<td>Must end with “NPC”</td>
</tr>
<tr>
<td>Legal Nature</td>
<td>No separate legal personality</td>
<td>Separate legal entity</td>
<td>Separate legal entity</td>
<td>Separate legal entity</td>
<td>Separate legal entity</td>
</tr>
<tr>
<td>Members</td>
<td>One</td>
<td>Two or more partners</td>
<td>Three or more directors</td>
<td>No limit on the number of directors</td>
<td>Extension of foreign office</td>
</tr>
<tr>
<td>Liability</td>
<td>Limited liability</td>
<td>Liability is jointly and severally shared between partners</td>
<td>Limited liability</td>
<td>Limited liability</td>
<td>Limited liability</td>
</tr>
<tr>
<td>Advantages</td>
<td>Easy start-up and direct control</td>
<td>Limited external regulation</td>
<td>Bears its own liability or risk for its actions</td>
<td>Tax exempt status can be obtained</td>
<td>Better tax planning can be achieved</td>
</tr>
<tr>
<td>Disadvantages</td>
<td>Unlimited exposure to liabilities and lawsuits</td>
<td>There is no perpetual succession</td>
<td>Subject to many legal requirements</td>
<td>Fund-raising may be a challenge</td>
<td>High headline tax rate of 45%</td>
</tr>
</tbody>
</table>
Cost of Doing Business

Reducing the cost of doing business: a national priority

South Africa in partnership with the World Bank, has a national reform programme targeted at improving competitiveness of operating a business in the country and to create an enabling environment for investment.

The country’s economic policies recognise that key to creating an expanded and inclusive economy that generates significant growth and employment, is reducing the cost of doing business.

Government has prioritised some of the key costs that impact on the competitiveness of the business environment, namely, input costs, particularly those prices that are administered by the state or state-owned entities, as well as regulations that constrain business activity.

Targeting best practice

South Africa is targeting to be amongst the top 50 countries in the world on the World Bank’s Ease of Doing Business ranking by 2022.

What follows is an outline of South Africa’s key business input costs over time or in relation to peer economies, which highlight that the country is not only on a path of continuous improvement, but compares favourably with some peer economies. The cost elements reviewed include:

- Telecommunications
- Electricity
- Property
- Water
- Transport
- Fuel.

More detailed indicative costs of these inputs are outlined in Addenda A–J.

Telecommunications

South Africa has one of the most advanced telecommunications industries in the continent, with high mobile penetration (South Africa ranks 9th in the world for mobile subscriptions per 100 people), growing internet penetration, and growing infrastructure network. The Independent Communications Authority of South Africa (ICASA) regulates telecommunications to ensure affordable services that are high quality.

ICT price basket, 2008-17

There has been a sustained decrease in telecommunication costs in South Africa as access and use of telecommunications have increased. This decrease is best demonstrated by the ICT price basket, which includes the price of fixed telephone, mobile and fixed broadband where South African telecommunication costs have almost halved since 2008 and continue on a downward trend.

Electricity

South Africa has five simple procedures to connect electricity, which reduces the cost of getting electricity. These procedures have improved over time, with a 13% improvement between 2015 and 2018 in global best practice for electricity connection procedure, ease of connection, cost, reliability of supply and transparency of tariff index.

The country was ranked 20th in the world for installed solar energy in 2016 and there is a strategy to increase the contribution of renewable energy to the national installed energy mix, which is also expected to have an impact on cost and sustainability of the energy resource.

Average electricity cost, 2018

Sources: ITU, 2018; World Bank Doing Business, 2018
Property

Although on average South African property costs are more than 30% of gross income, these costs have been declining since 2015. The largest decline in costs has been in the industrial property sector.

The emergence of fast-evolving online property portals are expected to further decrease operating property costs by streamlining processes and making transactions more efficient.

**Property operating costs as a percentage of gross income, 2016-18**

Please refer to p. 82 for indicative costs.

Water

South Africa ranks second, when compared to peer economies, on the reliability of water supply. To promote water use efficiency water tariffs are charged on a sliding scale per kilolitre of water used.

South Africa is an arid country and drought conditions have resulted in increases in water costs in some cities. However, there has been a concerted effort to encourage businesses to be more water resilient through managing consumption, re-using water and finding alternative ways of harvesting water through desalination and ground water optimisation.

Government has a programme of diversifying municipal water supply in order to manage supply and cost.

Water tariffs vary across the country per municipality.

**Water consumption tariff per month: major cities in comparative countries**

Please refer to p. 84 for indicative costs.

Transport

The South African government recognises the importance of the country’s transport sector to global competitiveness, investment attractiveness and economic growth. According to the World Bank’s Logistics Performance Index, which measures dimensions of trade, including timeliness, ease of arranging shipments and customs performance – all which impact on efficiency and thus cost – South Africa has been amongst the top 17% of countries in the world between 2012 and 2018.

**Average Logistics Performance Index, 2012-18**

Please refer to p. 84 for indicative costs.

Fuel

The South African fuel price is adjusted monthly based on a number of factors largely influenced by the international oil price and the rand/US-dollar exchange rate. The basic oil price is calculated based on the costs of transporting fuel products to South Africa as well as local levies and a retail margin. Thus the South African fuel price follows the trend of the international oil price.

**Average fuel prices, 2014-18**

Please refer to p. 84 for indicative costs per region.
Labour Costs and Skills Availability

Labour force and employment overview
As of December 2018, 38.1 million South Africans were of working age (15-64 years). The country’s labour force had marginally increased to 22.7 million during the last quarter of 2018. According to StatsSA, 16.5 million South Africans worked at the end of 2018. Community and social services, trade as well as finance are the largest contributors to national employment accounting for more than half of total employment.

In Q4 2018, unemployment declined marginally to 27.1%. In order to address the country’s unemployment challenge, the government in partnership with the private sector has embarked on a number of initiatives and programmes that focus on employment creation.

Cost of remuneration
The South African government has introduced a minimum wage of R20 an hour or R3 500 per month, effective 1 January 2019.

South Africa has a relatively low employment cost as a share of total business expenditure compared to its peers. In order to address the country’s unemployment challenge, the government in partnership with the private sector has embarked on a number of initiatives and programmes that focus on employment creation.

Labor relations

Employment equity
The Employment Equity Act requires designated employers (defined as an employer with at least 50 employees, or minimum annual turnover set by the Department of Labour) to compile and implement an Employment Equity Plan aimed at promoting equal opportunities and affirmative action to eliminate discrimination in the workplace. The Act is intended to redress the employment disadvantages of black people, women and those with disabilities. A designated employer is required to implement affirmative action measures for designated groups in order to achieve employment equity.

Trade unions
Trade unions play an important role in South Africa’s labour relations. There are three major union federations in South Africa, whose affiliates represent a broad spectrum of industry:
- Congress of South African Trade Unions (Cosatu)
- Federation of Trade Unions of South Africa (Fedusa), and
- National Council of Trade Unions (Nactu).

These labour federations form the labour constituency at the National Economic Development and Labour Council (Nedlac), together with members representing the state and business interests.

Business organisations
South Africa also has a number of employers’ organisations. Business Unity South Africa (BUSA) represents the collective interests of business in South Africa and forms part of the Nedlac forum.

There are several foreign Chambers of Commerce and Industry in South Africa that offer business support to foreigners or expats. These chambers are resourceful for expats and locals as they provide country investment information, initiate and support networking connections as well as training sessions.

Labour disputes
Labour disputes are dealt with on several levels such as bargaining councils, the Commission for Conciliation, Mediation and Arbitration (CCMA), the Labour Court or by private arbitration.
Strategic industrialisation

South Africa has a Special Economic Zones (SeZ) programme, which has allowed for the targeted designation of certain locations that can act as drivers of industrialisation, regional development and employment. The focus of the SeZs is to accelerate growth and promote industrial decentralisation through attracting foreign direct investment (FDI), promoting value-added exports, creating jobs, building industrial clusters and regional economic hubs.

The SEZ Act of 2014 provided a more coordinated framework for developing, operating and managing SEZs and significantly improved the competitiveness of these locations by introducing substantial incentives for companies investing in these zones. These incentives include a 46% reduction in the standard corporate tax rates for qualifying companies in the SeZ.

The SEZ programme replaced the Industrial Development Zones (IDZs) programme of 2000, which was more narrowly focused on designating sea and international ports to attract export-oriented investments. All IDZs have been incorporated into the SEZ programme and have been converted into SeZs. As a result there are currently five fully operational SeZs across the country with an additional four that have been designated and are in the process of being set up. The dti is exploring the designation of a further six SeZs that have been proposed.

Incentives offered by SEZs include:

- Preferential 15% corporate tax rate
- Value-added tax and customs duty suspension in customs-controlled areas
- Employment incentive
- Building allowance
- Preferential land rental and utility rates.

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- Preferential 15% corporate tax rate
- Value-added tax and customs duty suspension in customs-controlled areas
- Employment incentive
- Building allowance
- Preferential land rental and utility rates.

**Designated but non-operational SEZ**

- Designated and operational SEZ
- Proposed SEZ

### Special Economic Zones

#### Musina-Makhado (Limpopo)
- 7,262ha in size
- Agro-processing, mineral beneficiation, and petro chemicals
- Proximity to main land-based route into SADC

#### OR Tambo (Gauteng)
- 7.5ha in size
- Beneficiation of precious metals and minerals, and perishable food
- Multi-site development

#### Maluti-a-Phofung (Free State)
- 1,039ha in size
- Multi-modal logistics hub
- Multi-sector

#### Richards Bay (KwaZulu-Natal)
- 383ha in size
- Manufacturing, storage of minerals and logistics
- N2 business corridor connecting to Durban port, Maputo in Mozambique and areas of East Africa

#### Dube Trade Port (KwaZulu-Natal)
- 303ha in size
- Auto, electronics, fashion garments
- Only facility in Africa that has an international airport, cargo terminal warehousing, offices, retail, hotel and agriculture

#### East London (Eastern Cape)
- 462ha in size
- General manufacturing, aquaculture, agro-processing and auto

#### Coega (Eastern Cape)
- 9,003ha in size
- General manufacturing, agro-processing, aquaculture, business processing services and auto

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**Key Points**

- Special Economic Zones (SeZ) Programme
- Targeted designation for industrialisation drivers
- Key focus: FDI, value-added exports, employment, clusters, regional hubs
- SEZ Act of 2014 introduced substantial incentives
- Replaced Industrial Development Zones (IDZs) programme
- Five fully operational SeZs
- Additional four designated SeZs in process
- Six proposed SeZs under exploration
- Key incentives: Preferential tax rates, customs duty suspension, employment incentives, building allowances, preferential land rental and utility rates.
Taxation in South Africa

The South African tax system is made up of direct and indirect taxation. Direct taxes are taxes that are applicable to individuals, trusts, companies, deceased estates and insolvent estates. Indirect taxes are levied on transactions, for example sales and imports.

Tax is administered by the South African Revenue Service (SARS). Every person that, at any time, becomes liable for income tax in South Africa or that becomes liable to submit an income tax return, is required to register with SARS for income tax. A permanent legislative framework for voluntary disclosure that applies to all tax types exists.

The following legislation is administered by SARS:

- Income Tax Act
- Customs and Excise Act
- Value-Added Tax Act
- Customs and Excise Act
- Income Tax Act
- Employment Tax Incentives Act
- Tax Administration Act
- Customs and Excise Act


direct taxation

Income tax

<table>
<thead>
<tr>
<th>Person/Entity</th>
<th>Rate of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>18% to 45%</td>
</tr>
<tr>
<td>South African branches of foreign company</td>
<td>28%</td>
</tr>
<tr>
<td>Trusts</td>
<td>45%</td>
</tr>
<tr>
<td>Qualifying small businesses</td>
<td>0% to 28%</td>
</tr>
<tr>
<td>Qualifying micro businesses (turnover tax)</td>
<td>0% to 3%</td>
</tr>
</tbody>
</table>

Withholding tax (WHT)

The WHT rates on various types of payments are as follows (with the exception of WHT on sales of immovable property, the tax is a final tax for non-residents and the rate may be reduced under an applicable tax treaty):

<table>
<thead>
<tr>
<th>Payment</th>
<th>Residents</th>
<th>Non-residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>Interest</td>
<td>0%</td>
<td>15%</td>
</tr>
<tr>
<td>Royalties</td>
<td>0%</td>
<td>15%</td>
</tr>
<tr>
<td>Management fees</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Proceeds from sale of immovable property</td>
<td>0% to 7.5%</td>
<td></td>
</tr>
</tbody>
</table>

South Africa has concluded tax treaties with a number of countries, and signed the OECD multilateral instrument on 7 June 2017. The maximum WHT rates on dividends, interest and royalties under the relevant treaty.

Transfer pricing

South Africa follows the Organization for Economic Cooperation and Development (OECD) guidelines on transfer pricing and uses the arm’s length standards’ principle to test transactions between connected persons in an international (cross-border) transaction. Allowable methods include the following:

- The comparable uncontrolled price method
- The resale price method
- The cost plus method
- The profit split method
- The transactional net margin method.

For years of assessment commencing on or after 1 October 2016, it is obligatory for taxpayers with qualifying transactions to prepare transfer pricing policies and documentation. Where a transaction between a resident and a non-resident (or a non-resident and a Permanent Establishment (PE) of another non-resident in South Africa, or a resident and a PE of a resident outside SA) is not carried out on an arm’s length basis and results in a tax benefit, the taxable income of the person receiving the tax benefit must be calculated as if the transaction had been entered into on arm’s length terms. If a resident received the tax benefit, an amount equal to the adjustment is deemed to be in specie dividend paid by the resident (if a company), or a donation paid by the resident (if a person other than a company). Compulsory transfer pricing documentation and reporting rules apply. Qualifying taxpayers must file country-by-country reports, a master file and a local file with the SARS.

Thin capitalisation

Thin capitalisation provisions that are part of the general transfer pricing rules limit the deduction of interest payable by South African companies on debt provided by certain non-resident connected persons. South Africa’s thin capitalisation rules also apply to local branches of foreign companies.

Controlled foreign companies (CFCs)

A proportional amount of the net income (including capital gains) earned by a CFC is included in the income of a South African resident shareholder. A CFC is any foreign company where South African residents directly or indirectly hold more than 50% of the total participation rights; or more than 50% of the voting rights in the company; or (with effect from any year of assessment commencing on or after 1 January 2018) any foreign company whose financial results are reflected in the consolidated financial statements (as contemplated in IFRS 10) of any company that is a resident.

The proportionate income of the CFC will be included in the income of the resident, where the resident has participation or voting rights of 10% or more. The income of the CFC is to be determined as if the South African Income Tax Act applied to such entity. Exclusions from the attribution of income under the CFC rules apply under certain specified conditions, including where the foreign taxes paid by the CFC amount to at least 75% of the South African tax that would be payable if the CFC were a South African resident.

Hybrid equity instruments, hybrid debt instruments and third-party backed shares

The Income Tax Act contains sections dealing with hybrid debt instruments, hybrid equity instruments and third-party backed shares. These sections are anti-avoidance sections and are aimed at ensuring instruments are correctly classified as debt or equity for tax purposes.
Interest deduction limitation provisions

Provisions in the Income Tax Act restrict the deductibility of interest on acquisition and reorganisation indebtedness. In addition, there are provisions regulating the deductibility of interest in respect of a debt owed to a person that is not subject to tax in South Africa, where the funds are obtained directly or indirectly from a person who is in a controlling relationship (holding at least 50% of equity shares or voting rights) in relation to the debtor.

General anti-avoidance rule

The Income Tax Act contains a general anti-avoidance rule (GAAR) that sets forth the circumstances under which an arrangement constitutes an “impermissible avoidance arrangement” for tax purposes, and the consequences that flow from this.

Payroll tax

A pay-as-you-earn (PAYE) system applies in South Africa, at the prescribed tax rates for individuals. A 25% rate applies for temporary employees in “non-standard employment.” Employers are liable to pay a monthly 1% skills development levy (SDL) on the total remuneration paid, where the employer’s annual payroll exceeds R500,000. Payments to reimburse employers, pension payments and payments to independent contractors and learners under contract are not subject to the SDL.

Social security

Both employers and employees are obliged to pay a monthly 1% contribution to South Africa’s unemployment insurance fund (UIF). The contribution is based on a maximum (i.e. capped) monthly gross remuneration per employee (currently, R14,872). The employee’s 1% contribution is made by the employer through a deduction from the employee’s salary. Certain remuneration and certain employees are excluded from the UIF contribution requirements.

Indirect taxation

Value-added tax (VAT)

VAT is largely directed at the domestic consumption of goods and services and at goods and services imported into South Africa. The tax is designed to be paid mainly by the ultimate consumer or purchaser in South Africa. Since 1993, VAT was levied at the standard rate of 14%. On 1 April 2018, the standard rate increased to 15%.

The following supplies are exempt from VAT:

- Financial services
- Educational services
- Letting of residential accommodation
- Local passenger road and rail transport.

The rate of 0% applies to certain supplies of goods and services, including exports, certain basic foodstuffs, transfers of businesses as a going concern, international transport and certain services supplied to non-residents.

Excise duties

Excise duties are levied on both imported and locally manufactured products. The effective tax rate is between R6 and R48.

Other taxes

- Estate duty – Estate duty is payable on the dutiable amount of a deceased’s estate.
- Donations tax – Donations tax is payable on the value of any property that is disposed of by way of donation by a resident.
- Transfer duty – Transfer duty is applicable to real estate transactions.
- Securities transfer tax (STT) – STT is levied at a rate of 0.25% on every transfer of securities issued by a company incorporated, established or formed in South Africa and by foreign incorporated companies listed on a licensed exchange.
- Mineral and petroleum resources royalties – The rates for the mineral and petroleum resource royalties, payable in line with the corporate provisional tax cycle, are 0.5%-5% for refined mineral resources and 0.5%-7% for unrefined mineral resources.
- Carbon tax – A carbon tax was introduced and became effective as at 1 June 2019. Carbon tax is payable per tonne of Carbon Dioxide equivalent greenhouse gas emissions from fuel combustion, process and fugitive emissions that exceed a particular threshold in a tax year. The base cost is R120 per tonne of Carbon Dioxide equivalent (tCO2e), although with allowances the effective tax rate is between R6 and R48.
Regulatory Requirements

Corporate regulations

Transparency and accountability key
South Africa is a highly regulated society, however the corporate regulation regime is aimed at promoting equity, transparency, corporate efficiency and regulatory certainty. Some of the laws are generic to all businesses, such as the competition law and other laws may apply to a corporation’s specific sector, like the banking or mining industries.
The main legislation that affects corporations is the Companies Act which requires companies to adhere to a number of measures to ensure transparency and accountability. The Companies Act together with consumer related legislation is administered by the dti. The Competition Act is administered by the Department of Economic Development.

Companies Act
The Companies Act provides for the incorporation, registration, organisation and management of companies.
This includes the efficient rescue of financially distressed companies, the appropriate legal redress for investors and third parties with respect to companies, as well as providing a framework for financial record keeping and reporting.

King IV Report
The King Report on Governance for South Africa provides a list of best practice corporate governance principles and promotes transparency in application of good corporate governance practices.

Consumer Protection Act
The Consumer Protection Act promotes a fair, accessible and sustainable marketplace for consumer products and services and establishes national norms and standards relating to consumer protection and to promote responsible consumer behaviour.

Labour Relations Act
The Labour Relations Act aims to promote fair labour practice, and realise and regulate the fundamental rights of workers as enshrined in the Constitution.

Occupational Health and Safety Act
The Occupational Health and Safety Act requires employers to create and maintain a workplace that is safe and healthy, and to protect the health and safety of its workers.

Skills Development Act
The Skills Development Act aims to develop the skills of the South African workforce through providing a framework for developing national, sectoral and workplace skills development strategies.

Labour regulations

Progressive labour legislation
South Africa’s labour legislation provides a framework for codes of good practice, settling disputes and ensuring fairness in the workplace.
The employment relationship between employer and employee is governed by:
• The common law
• The employment contract or letter of appointment
• Employment policies and procedures
• Collective agreements concluded with trade unions or organised labour

Basic Conditions of Employment Act
The Basic Conditions of Employment Act gives effect to the constitutional right of fair labour practices by establishing and enforcing basic minimum conditions of employment, and regulating the variation of such conditions.

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Competition Act
The Competition Act promotes a more efficient and effective economy and establishes the Competition Commission responsible for the investigation, control and evaluation of restrictive practices, abuse of dominant position, and mergers.
It also establishes a Competition Appeal Court and Companies Tribunal for effective redress.

Employment Equity Act
The Employment Equity Act promotes equal opportunity and fair treatment in employment through the elimination of unfair discrimination.

Finance regulations
Sophisticated financial markets with world class regulation
The South African banking system is well developed and effectively regulated, comprising a central bank, a few large, financially strong banks and investment institutions, and a number of smaller banks. The South African Reserve Bank (SARB) is responsible for bank regulation and supervision in South Africa and is the primary regulator.

South Africa’s financial services sector boasts dozens of domestic and foreign institutions providing a full range of services including commercial, retail and merchant banking, mortgage lending, insurance and investment. The country’s banking sector compares favourably with those of industrialised countries. Many foreign banks and investment institutions have set up operations in South Africa over the past decade.

Intellectual property
Intellectual property law in line with international standards
South Africa recognises the potential intellectual property has for stimulating economic growth and development and thus has a well developed system for protecting and managing intellectual property rights. The South African law on intellectual property distinguishes between four main areas – patents, trademarks, designs and copyright. The dti is the key department responsible for regulating intellectual property legislation and much of this is administered through its agency, the Companies and Intellectual Property Commission (CIPC).

South Africa is also a signatory to a number of international treaties and conventions:
- Paris Convention for the Protection of Industrial Property
- Berne Convention for the Protection of Literary and Artistic Works
- World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement)
- The Community Trademark Convention

Banks Act
The Banks Act provides for the regulation and supervision of the business of public companies taking deposits from the public.

Financial Intelligence Centre Act
The Act puts in place a framework for combating money laundering activities and the financing of terrorist and related activities by establishing a Financial Intelligence Centre and a Money Laundering Advisory Council.

Prevention and Combatting of Corrupt Activities Act
The Prevention and Combatting of Corrupt Activities Act provides for the strengthening of measures to prevent and combat corruption and corrupt activities.

Currency and Exchanges Act
The Currency and Exchanges Act defines the law relating to legal tender, currency, exchanges and banking.
The associated regulations also prescribe the management of South African foreign currency reserves, including accruals thereto and spending.

Protection of Investment Act
The purpose of the Act is to protect investors and investment in accordance with and subject to the Constitution, in a manner which balances the rights and obligations of investors and public interest.

Patents Act
The Patents Act provides for the registration and granting of patents for inventions and for matters connected therewith.

Copyright Act
The Copyright Act protects certain classes or categories of works.

Trade Marks Act
The Trade Marks Act provides for the registration of trade marks, certification trade marks and collective trade marks, and provides for incidental matters.
www.cipc.co.za/files/2214/9682/7240/Trade_Marks.pdf

Counterfeit Goods Act
The Counterfeit Goods Act introduces measures aimed at the trade in counterfeit goods in order to further protect owners of trade marks, copyright and certain marks under the Merchandise Marks Act.

Plant Breeders’ Rights Act
The Act provides for a system where under plant breeders’ rights relating to varieties of certain kinds of plants may be granted and registered.

Merchandise Marks Act
The Act governs the marking of merchandise and packaging as well as the use of certain words and emblems in business.

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Environmental regulations

Environmental management – a constitutional mandate

Environmental legislation and policy in South Africa has been shaped by the Bill of Rights of the Constitution of South Africa. Section 24 of the Constitution guarantees that every person has a right to an environment that is not harmful to their health or well-being. This right is binding on the state and people, both juristic and natural.

The management of the environment in South Africa is highly regulated with various authorisations required for activities that are legally controlled. The country has various sectoral environmental laws, all governed by the National Environment Management Act.

On a global scale, South Africa is a party to the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol. The UNFCCC is an international environmental treaty that was opened for signature to stabilise greenhouse gas concentrations on the atmosphere and has brought about the introduction of a carbon tax in the country. South Africa’s environmental legislation is regarded as one of the most developed in the world and is more comprehensive than that of many other countries.

National Environmental Management Act

This is the overarching environmental statute that lays the foundation for other environmental legislation in South Africa. The Act covers the following areas: air quality, biodiversity, coastal management, protected areas and waste.


National Radioactive Waste Disposal Institute Act

The Act applies to all radioactive waste in South Africa that is to be disposed of in an authorised waste disposal facility.


Marine Living Resources Act

The objectives of the Act include the conservation of marine living resources and the preservation of marine biodiversity, the minimisation of marine pollution, the need to restructure the fishing industry to address historical imbalances, and to achieve equity within all branches of the fishing industry.


Environment Conservation Act

The Act regulates issues relating to, among others, protected natural environments, limited development areas, regulations on noise, vibration and shock, and various provisions relating to offences and penalties for environmental infringements.


National Water Act

The National Water Act provides for the protection, use, development conservation, management and control of water.


Conservation of Agricultural Resources Act

This Act applies to determining the purposes of land use and land planning. This applies to whether it is more appropriate for a piece of land to be zoned for industrial development or agriculture.


Hazardous Substances Act

The Hazardous Substances Act provides for the regulation of substances which, by their nature or chemical composition, may cause injury or ill-health or death of a person.


National Heritage Resources Act

The Act introduces an integrated and interactive system for the management of South Africa’s national heritage resources.

https://www.sahra.org.za/legislations/

Environmental regulations

Electronic Communications and Transactions Act

The Act aims to promote fair labour practice and realise and regulate the fundamental rights of workers as enshrined in the Constitution.


Telecommunication regulations

Building a global information society

South Africa essentially began regulating telecommunications after the historic first democratic elections in 1994. There has since been many developments in ICT policy, law and regulation to align South Africa’s requirements to international best practice.

As the continually and rapidly expanding and converging arenas of technology, media and telecoms continue to develop, it is essential that businesses understand and take advantage of the changes in this arena for their commercial benefit.

Principles of the King IV Report and ISO standards governing information security and business continuity are common practice for managing ICT legal compliance.

Protection of Personal Information (POPI) Act

The Act relates to the processing of personal information by an organisation and the general life cycle of information processed.


Broadcasting Act

The Act develops broadcasting policy in the interest of the public.

www.sabc.co.za/sabc/broadcasting-act

Electronic Communications Act (ECA)

The Act promotes the convergence in the broadcasting, broadcasting signal distribution and telecommunications sectors.

Mining regulations

World renowned mining sector

The country has an abundance of mineral resources (precious metals and minerals, energy minerals, non-ferrous metals and minerals, ferrous minerals and industrial minerals), accounting for a significant proportion of world production and reserves.

South Africa’s strengths include an extremely high level of technical and production expertise, and comprehensive research and development activities. The mining industry, and its related industries, is critical to South Africa’s socio-economic development as it contributes significantly to economic activity, job creation and foreign exchange earnings.

Regulation in the mining sector is aimed at regulating the minerals and mining sector to promote economic growth, employment, transformation and sustainable development.

Transformation

Creating an equitable society

Key to South Africa’s agenda for accelerating growth and reducing poverty is reducing inequality to ensure that growth benefits all South Africans. Thus key to the transformation of the economy is promoting greater economic inclusion. There are a number of policies aimed at driving transformation and equity participation. Legislation that is focused on transformation includes the Broad-Based Black Economic Empowerment (B-BBEE) policies which are aimed at incentivising entities to ensure economic equity amongst different race groups.

Notes:

• The term “black” refers to African, Indians and person of mixed race. The policy also promotes the empowerment of designated groups, which include women, youth, people living with disabilities and rural communities.
• Compliance with the Broad-Based Black Economic Empowerment Act, No 52 of 2003 (B-BBEE Act) is not compulsory.
• BEE points are awarded for spending with compliant entities and your clients will want the value-add of being able to claim spending on your business as B-BBEE spending.
• South African Government entities procurement practices are regulated by legislation to ensure an open and transparent process.

Mineral and Petroleum Resources Development Amendment Act

The Mineral and Petroleum Resources Development Amendment Act makes provision for equitable access to and sustainable development of the nation’s mineral and petroleum resources.


Mining Charter

The Mining Charter aims to ensure the redress of historical socio-economic inequalities, as well as broad-based economic empowerment and meaningful participation of Historically Disadvantaged Persons in the mining and minerals industry.


Mine Health and Safety Act

The Act provides for protection of the health and safety of employees and other persons at mines.


Broad-Based Black Economic Empowerment Act

Broad-Based Black Economic Empowerment is the South African Government’s policy aimed at accelerating economic transformation. The Act is directed at empowering “black” people and designated groups redressing the inequalities caused by Apartheid.

www.dti.gov.za/economic_empowerment/bee.jsp

Preferential Procurement Policy Framework Act

The Act is aimed at using government’s procurement capacity to promote local content in order to transform the structure of the South African economy and promote growth.

www.treasury.gov.za/strategic/ocpo/act/PPPFA

Small Business Amendment Act

The Act puts in place a framework for supporting small and medium enterprise development.

https://www.treasury.gov.za/divisions/ocpo/sc/PPPFA

The Restitution of Land Rights Act

The Act provides for regulations aimed at supporting people who had lost their land as a result of racially discriminatory practices such as forced removals. There are also other land reform policies aimed at uplifting rural communities and promoting access of black people to productive land.


Notes:

• The term “black” refers to African, Indians and person of mixed race. The policy also promotes the empowerment of designated groups, which include women, youth, people living with disabilities and rural communities.
• Compliance with the Broad-Based Black Economic Empowerment Act, No 52 of 2003 (B-BBEE Act) is not compulsory.
• BEE points are awarded for spending with compliant entities and your clients will want the value-add of being able to claim spending on your business as B-BBEE spending.
• South African Government entities procurement practices are regulated by legislation to ensure an open and transparent process.
Sophisticated and efficient land registration process

The Bill of Rights in the Constitution protects property rights. The Constitution protects a person’s real rights to property ownership, lease, mortgage, lien or servitude. The state has a duty to take reasonable legislative measures to promote access to land on an equitable basis and no individual may be arbitrarily deprived of property. In line with this the Communal Land Tenure legislation provides for conversion into ownership of land rights in communal land to communities that own or occupy such land, and for the transfer of ownership to communities and community members of land acquired by the state to enable equitable land access.

Non-resident property ownership

South Africa has no restrictions on foreign ownership of property, however, there are procedures and requirements which must be complied with in certain transfers of ownership. For example, a non-South African entity seeking to purchase land in South Africa has to register a legal entity in South Africa and appoint a South African resident public officer. Non-residents that purchase property in South Africa with the intention of residing for longer periods require a residence permit.

The land registration process gives registered owners security of title.

Five key steps for acquiring land

1. Offer to purchase or declaration of interest to land owner(s) and negotiations
2. Determine any restrictions/interdicts/servitudes on land
3. Formal offer to purchase and agreement if accepted
4. Local municipality rates and taxes clearance certificate
5. Deed of transfer to new owners, registration and payment

The Chief Surveyor General maintains online information on property boundaries, ownership and value. This can be accessed on:
- https://csg.esri-southafrica.com/spatialdataviewer/

The latest land audit is further available on:

Key steps for transferring property

1. The conveyancer conducts a title search and checks encumbrances on the property
   No cost involved
2. Obtain a rates clearance certificate
   Average cost: R201
3. Obtain a plumbing certificate
   Cost: R600
4. Obtain an entomologist’s certificate
   Cost: R600
5. Obtain an electrical compliance certificate
   Cost: R1 250
6. The conveyancer prepares and collects all the required documentation
   No cost involved
7. Obtain a transfer duty receipt
   Cost dependant on property value
8. Parties sign all the documentation at the conveyancer’s office
   Cost dependent on conveyancer
9. The conveyancer lodges the deed
   Cost dependent on conveyancer

- Procedure present in all locations in the country
- Procedure completed simultaneously in all locations in the country
- Procedure present in certain locations only
Environmental Impact Assessment

The purpose of the Environmental Impact Assessment (EIA) is to evaluate environmental consequences of a proposed activity or project and analyse alternatives. The EIA is an integral part of the planning and decision-making process and is focused on effective environmental management.

In lines with the National Environmental Management Act the EIA process:

• Requires an applicant to subject a listed activity to either the Basic Assessment or Scoping and EIA process, depending on the nature of the listed activity
• Requires an applicant to review the activity he/she intends to undertake and to consider the environmental impacts and to consider alternatives and mitigation measures that will reduce those environmental impacts
• Provides the public with a meaningful opportunity to understand and comment on the proposed activity
• Provides the government decision-makers with important information to assist them in deciding whether the proposed activity should be approved, and
• Provides a legal right for interested and affected parties to participate in the process.

Determine whether your production activity is in the list of activities that require an Environmental Authorisation before commencement (refer to https://www.environment.gov.za/sites/default/files/gazetted_notices/nema_listingnotice_33306rg9314gon546.pdf).

Appoint an Environmental Assessment Practitioner.

The Environmental Assessment Practitioner must evaluate which application process should be followed, i.e.:
• a simple Basic Assessment
• a more complex Scoping and EIA, or
• request an exemption.

• After a Basic Assessment, the Competent Authority will request more information/ authorise/reject or order the applicant to subject the activity to Scoping and EIA.
• An EIA applicant may also be requested for more information/ be rejected or authorised.
• Decisions of the Competent Authority can be appealed.
• Authorisation can be amended/withdrawn/ suspended in the event of changes in the activity.

The business community in South Africa is well structured and organised through various industry and topical structures which ensure that the voice of business is active in the legislative and policy programme.

Sappi Limited
Incentive Programmes

South Africa's economic policy is focused on trying to encourage additional investment in order to generate growth and development. Key to this strategy is the provision of a range of demand and supply-side measures to both lower the costs of doing business and to offer compelling investment opportunities.

The incentive landscape in South Africa consists of a network of sector specific and cross-cutting incentives that fall into three main types of funding instruments – cash grants, tax allowances and preferential funding rates.

Incentives that are available are either coordinated by a national, provincial or local government department, a development finance institution, or agency of the state.

Cash Grants

- Targeted cash grants paid to approved projects on completion of certain approved milestones or projects.
  - Cash grants may be for:
    - Feasibility, Research & Development Incentives
    - Manufacturing Incentives
    - Competitiveness Enhancement Incentives
    - Enterprise Development Incentives.

Tax Incentives

- Tax deductions for specified activities or investments that reduce corporate or employer taxes.
  - The tax incentives may be:
    - Tax credits
    - Tax rebates.

Development Finance

- Financing for start-up and existing businesses.
  - Most of the Development Finance Institutions (DFIs) are either sector focused or are targeted at a particular segment of the business market and offer:
    - Loans
    - Debt
    - Mezzanine finance.
### Technology and Human Resources for Industry Programme (THRIP)

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<thead>
<tr>
<th>Description</th>
<th>Qualifying Criteria</th>
<th>Benefit</th>
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<tbody>
<tr>
<td>THRIP supports research and technology development and the development of appropriately-skilled people. THRIP facilitates collaboration of the best of SA’s researchers, academics and industry players.</td>
<td>All companies undertaking science, engineering and technology (SET) research, in collaboration with educational institutions, and with the aim of addressing the participating firms’ technology needs.</td>
<td>50:50 cost-sharing grant, to a maximum of R8m per annum, across any number of projects.</td>
<td>the dti <a href="http://www.thedti.gov.za">www.thedti.gov.za</a></td>
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### Infrastructure Incentives

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<tr>
<td><strong>The Agri-Parks Programme</strong></td>
<td>Agri-parks must be farmer controlled.</td>
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<tr>
<td>An economic hub that integrates a network of various agricultural activities across the value chain and rural development services in order to improve the competitiveness of the agricultural sector and promote rural development.</td>
<td>Hubs in 44 district municipalities offering agro-production, processing, logistics, marketing, training and extension services.</td>
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<tr>
<td><strong>Critical Infrastructure Programme (CIP)</strong></td>
<td>Defined fixed investment, or the expansion or sustaining, refurbishment of the existing fixed investment.</td>
<td>Cost-sharing grant of between 10% and 50% of the total qualifying infrastructural development costs, limited at R50m per project.</td>
<td>the dti <a href="http://www.thedti.gov.za">www.thedti.gov.za</a></td>
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<td>CIP aims to leverage investment by supporting infrastructure that is deemed to be critical – lowering the cost of doing business.</td>
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<tr>
<td><strong>Special Economic Zones (SEZ)</strong></td>
<td>Qualifying projects located in SEZs.</td>
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<tr>
<td>To promote targeted investment to facilitate economic growth and job creation.</td>
<td>• Preferential 15% Corporate Tax rate</td>
<td>• Preferential 15% Corporate Tax rate</td>
<td>the dti <a href="http://www.thedti.gov.za">www.thedti.gov.za</a></td>
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### Social Housing Regulatory Authority (SHRA) Restructuring Capital Grant

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<tr>
<td>The aim is to contribute towards spatial, social and economic restructuring of South African cities by contributing to the capital cost of social housing projects that provide affordable rental housing to the poor.</td>
<td>• Be located in a Restructuring Zone in terms of the Social Housing Policy Guidelines and Act of 2008</td>
<td>Standard grant is R125 615 per unit.</td>
<td>Social Housing Regulatory Authority <a href="http://www.shra.org.za">www.shra.org.za</a></td>
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<td></td>
<td>• Meet social housing policy objectives</td>
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<td></td>
<td>• Be supported by the provincial and local governments.</td>
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### Technology Innovation Agency (TIA) - Technology Stations

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<tbody>
<tr>
<td>Technology Innovation Stations provide access to world-class engineering services and expertise from various universities and industries for technology-based SMes in various sectors ranging from agro-processing, chemicals, clothing and textiles, automotive and tooling.</td>
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<tr>
<td>The access to engineering and technology development services to small and medium enterprises.</td>
<td>Technology Innovation Agency <a href="http://www.tia.org.za">www.tia.org.za</a></td>
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### Manufacturing Incentives

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<tbody>
<tr>
<td><strong>Agro-processing Support Scheme (APSS)</strong></td>
<td>• Minimum investment of R1m</td>
<td>• 20%–30% grant for approved investment costs. Maximum grant per entity is R20m.</td>
<td>the dti <a href="http://www.thedti.gov.za">www.thedti.gov.za</a></td>
</tr>
<tr>
<td>The objective of the APSS is to stimulate investment in agro-processing enterprises. APSS is largely targeted at the following key sub-sectors:</td>
<td>• B-BBEE level of 1–4</td>
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<tr>
<td>• Food and beverage value addition and processing (including black winemakers)</td>
<td>• Demonstrate that at least 50% of raw materials will be sourced from SA suppliers of which 30% must be black South African suppliers</td>
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<td>• Furniture manufacturing</td>
<td>• Commencement date of the project or activities applied for must take place within 95 calendar days after the application has been approved</td>
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<td>• Fibre processing</td>
<td>• Retain and create additional jobs</td>
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<td>• Feed production</td>
<td>• Pay minimum wages</td>
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<tr>
<td>• Fertiliser production.</td>
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<tr>
<td><strong>Automotive Investment Scheme (AIS)</strong></td>
<td>Light motor vehicle assemblers and automotive component manufacturers associated in motor vehicle assemblers’ supply chain.</td>
<td>• 20% cash grant of the value of the investment in approved productive assets</td>
<td>the dti <a href="http://www.thedti.gov.za">www.thedti.gov.za</a></td>
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<tr>
<td>To encourage investment in the light motor vehicle industry sector by manufacturers of specified light motor vehicles and automotive components with the aim of encouraging the localisation of components and increasing plant production volumes.</td>
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<tr>
<td><strong>Black Industrialist Scheme (BISI)</strong></td>
<td>More than 50% shareholding and management control, be directly involved in the day-to-day running of the operation and must have requisite expertise in the sector.</td>
<td>• 30% to 50% cash grant of the project’s qualifying investment costs</td>
<td>the dti <a href="http://www.thedti.gov.za">www.thedti.gov.za</a></td>
</tr>
<tr>
<td>The BISI aims to accelerate and increase the participation of black industrialists in the national economy, particularly in selected manufacturing sub-sectors and value chains.</td>
<td>• B-BBEE level 1–4</td>
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<td>• Minimum investment of R30m.</td>
<td>• Minimum investment of R30m.</td>
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<tr>
<td><strong>Clothing and Textiles Competitiveness Programme (CTCIP)</strong></td>
<td>Clothing manufacturers, textiles manufacturers, Cut, Make and Trim (CMT) operators, footwear manufacturers, leather goods manufacturers and leather processors.</td>
<td>Production Incentive consists of an Upgrade Grant Facility to focus on competitiveness improvement; and an Interest Subsidy for working capital requirements resulting from past and future upgrading interventions. The grant is limited to a benefit ceiling, which is calculated as 7.5% of a company’s manufacturing value addition. The CTCIP provides cluster support.</td>
<td>Industrial Development Corporation (IDC) <a href="http://www.ctcip.co.za">www.ctcip.co.za</a></td>
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<tr>
<td>The CTCIP makes targeted grants to grow and develop the clothing, textiles, footwear, leather and leather goods manufacturing sectors. It is divided into the Competitiveness Improvement Programme (CTCIP) and the Production Incentive (PI).</td>
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<tr>
<td><strong>Investment and Training Allowance - Section 12I of the Income Tax Act (S12I)</strong></td>
<td>Medium to large manufacturers with investment in modern energy efficient technology from R30m.</td>
<td>• 35% to 100% additional tax allowance of qualifying investment costs in machinery and equipment (maximum R65m to R90m for qualifying and preferred status projects respectively).</td>
<td>the dti <a href="http://www.thedti.gov.za">www.thedti.gov.za</a></td>
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<tr>
<td>To promote industrial upgrading and new investment in large-scale manufacturing.</td>
<td>• Training allowance: maximum R60 000 per person and R20m to R30m for qualifying and preferred status projects respectively.</td>
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Special economic Zones.


new and replacement models and carrier sector through investment in To encourage growth of the people-

People-carrier Automotive Investment Scheme (P-AIS)

Medium and Heavy Commercial Vehicles Automotive Investment Scheme (MHCV-AIS)
The MHCV-AIS is a sub-component of the Automotive Investment Scheme (AIS), an incentive designed to grow and develop plant production volumes, sustain employment and/or strengthen the automotive value chain for the medium and heavy commercial vehicle sector.

The grant is available for complete knock down manufacturer of trucks and buses and associated components.

• 20% of the value of qualifying investment in productive assets by medium and heavy commercial vehicle manufactures.

• 25% of the value of qualifying investment in productive assets by component manufacturers and tooling companies for MHCVs.

To encourage growth of the people-carrier sector through investment in new and replacement models and components.

Semi Knock Down (SKD) and Complete Knock Down (CKD) vehicle assemblers of people carriers.

• 25% grant of the value of investment for CKD assemblers.

• 20% grant of the value of investment for CKO assemblers.

• A top-up grant of 5% or 10% of the value of the investment made for strategic projects.

Section 12S of the Income Tax Act

Deduction in respect of buildings in Special Economic Zones.

• Must meet the definition of “qualifying company” as defined in section 12R(1), notwithstanding 12R(4).

• New and unused building, owned by the taxpayer.

• Income derived from trade within the SEZs.

Capital allowance of 10% for any building, per annum.

South African Revenue Service www.sars.gov.za

Sector Specific Assistance Scheme (SSAS)

Develop new export markets, broaden the specific industry export base, increase participation of BB BEE and SMME companies in the export process.

Approved export councils, registered industry associations and joint actions groups.

A matching grant of 40% of the cost to support the development and growth of exports.

the dti www.thedti.gov.za

Competitiveness Enhancement Incentives

Aquaculture Development and Enhancement Programme (ADEP)

Investment in the aquaculture sector.

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).

• 20%–45% grant for investment in land, and buildings, machinery and equipment, and work boats and bulk infrastructure capped at R40m per application.

Comprehensive Agricultural Support Programme (CASP)

The programme is aimed at expanding the provision of agricultural support services and promoting and facilitating agricultural development by targeting subsistence, smallholding and black commercial farmers from a previously disadvantaged background.

Must be a South African citizen

Must be a black South African applicant

Must be 18 years or older

Proof of tenure

Access to services (water, electricity etc.)

Status of Farm Governance Systems

Managerial and technical skills.

Grant funding is project specific.

Department of Agriculture, Forestry and Fisheries www.daff.gov.za

DAC Mzansi Golden Economy (MGE) Grants

The purpose of the MGE is to make strategic investments to optimise the economic benefit of the Arts in South Africa.

Cultural events that contribute to local economic development, job creation and the development of audiences

Touring ventures and market access work

Public Art Programme (PAP).

• Maximum of R2m per grant beneficiary for cultural events

• Maximum of R1m per grant beneficiary for

• Touring ventures and market access work

• Public Art Programme.

Department of Arts and Culture www.dac.gov.za

Employment Tax Incentive

The ETI is an incentive aimed at encouraging employers to hire young work seekers by reducing the costs of hiring young people.

The employer is eligible to claim the ETI if the employer:

• Is registered for Employees’ Tax (PAYE), or must be eligible to register for PAYE

• Is employing 18-34 year olds earning R6 000 or less

• Is not in the national, provincial or local sphere of government

• Is not disqualified by the Minister of Finance due to the displacement of an employee or by not meeting the conditions as may be prescribed by the Minister by regulation.

Employers will be able to claim a maximum incentive of R1 000 per qualifying employee depending on the salary of the employee for a 24-month period.

South African Revenue Service www.sars.gov.za

Energy Efficiency Deduction - Section 12L of the Income Tax

The purpose of the tax allowance incentive is to promote the efficient use of energy as a means to safeguard the security of supply. This will also help combat greenhouse gas emissions. This is also the first-ever “Megawatt-based” tax allowance incentive globally and is regarded as an incentive.

• Establish a baseline, and

• SANAS data must be measurable, traceable and verifiable.

Energy efficiencies are categorised along the following basis:

• 45c/kWh retrospective

• 95c/kWh from 1 March 2015

• The deduction is dependent on an "energy efficiency savings certificate" issued from the South Africa National Energy Development Institute (SANEDI).

South African Revenue Service www.sars.gov.za
### Export Marketing and Investment Assistance

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<tbody>
<tr>
<td>The objective of the EMA scheme is to develop export markets for South African products and services and to recruit new foreign direct investment into the country.</td>
<td>• South African manufacturers and exporters&lt;br&gt;• South African export trading houses representing at least three SMMEs or businesses owned by Historical Disadvantaged Individuals (HDIs)&lt;br&gt;• South African commission agents representing at least three SMMES/HDI-owned businesses&lt;br&gt;• South African export councils, industry associations and (joint action groups (JAGs)) representing at least five South African entities.</td>
<td>• Individual Exhibition Participation: exhibition fees up to a maximum of R50 000, travel and exhibition allowances&lt;br&gt;• Primary Market Research &amp; Foreign Direct Investment: exporters will be compensated for costs incurred recruiting new FDI into South Africa through personal contact by visiting potential investors in foreign countries and travel allowances&lt;br&gt;• Individual Inward Missions: assistance is provided to South African entities organising an inward buying investor, to make contact with them to conclude an exporters order or to attract FDI; registration of a patent in a foreign market; a 50% grant of the additional costs capped at R100 000 per annum and travel allowances.</td>
<td>the dti <a href="http://www.tia.org.za">www.tia.org.za</a></td>
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### Foreign Film and Television Production and Post-Production Incentive

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<tr>
<td>To encourage and attract large-budget films and television productions and post-production work that will contribute towards employment creation, enhance South Africa’s international profile, and increase the country’s creative and technical skills base.</td>
<td>Foreign-owned qualifying productions with Qualifying South African Production Expenditure (QSAPe) of R12m and above.</td>
<td>Rebate of 20% of the QSAPe to qualifying productions and an additional 2.5%-5% for post-production conducted in South Africa.</td>
<td>the dti <a href="http://www.tia.org.za">www.tia.org.za</a></td>
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### Global Business Services Incentive

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<td>Aims to create employment in South Africa through servicing offshore activities.</td>
<td>• Local and foreign investors that are providing IT-enabled services to an offshore market, through a captive or outsourced business environment, thus creating jobs in South Africa&lt;br&gt;• Create at least 30 jobs within three years of which at least 60% must be for the youth (18-34 year olds).</td>
<td>The grant benefit is over five years for job creation and maintained as follows:&lt;br&gt;• Non-complex jobs - up to R142 000&lt;br&gt;• Complex jobs - up to R215 000&lt;br&gt;• Highly complex jobs - R290 000.</td>
<td>the dti <a href="http://www.tia.org.za">www.tia.org.za</a></td>
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### Global Cleantech Innovation Programme (GCIP)

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<tr>
<td>The GCIP is aimed at promoting clean technology innovation and supporting entrepreneurs in growing their SMMEs and start-ups into viable, investment-ready businesses.</td>
<td>SMMEs that pursue innovations in clean technologies.</td>
<td>• Training&lt;br&gt;• Mentoring&lt;br&gt;• Access to capital&lt;br&gt;• Showcasing&lt;br&gt;• Cash rewards.</td>
<td>Technology Innovation Agency <a href="http://www.tia.org.za">www.tia.org.za</a></td>
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### Green Fund

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<tbody>
<tr>
<td>The Green Fund is a catalyst in the transition towards a green economy, as such it seeks to unlock barriers and bridge gaps, wherever they exist along the innovation value chain.</td>
<td>The fund considers opportunities within funding windows as and when they open for applications and the windows are dependent on the key focus at that time.</td>
<td>Financial support: • Grants (recoverable and non-recoverable)&lt;br&gt;• Loans (concessional rates and terms)&lt;br&gt;• Equity.</td>
<td>Green Fund <a href="http://www.sagreenfund.org.za">www.sagreenfund.org.za</a></td>
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</table>
## Description

**South African Film and Television Production and Co-Production Incentive**

*To support the local film industry and to contribute towards employment opportunities in South Africa.*

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<tbody>
<tr>
<td>Productions must have a minimum of Qualifying South African Production Expenditure (QSAPe) of R2:5m for all qualifying production formats and a minimum of R50 000 for documentaries.</td>
<td>The rebate is calculated as 35% of QSAPe. QSAPe is provided for productions hiring at least 30% of black SA citizens as heads of departments and procuring at least 30% of QSAPe from 51% SA black-owned entities which have been operating for at least a period of one year; with a cap of R50m per project.</td>
<td>the dti <a href="http://www.thedti.gov.za">www.thedti.gov.za</a></td>
</tr>
</tbody>
</table>

**Technology Innovation Cluster Programme (TICPS)**

TICPS aims to fund technology development by facilitating an enabling environment for the advancement of technology innovation and commercialisation by adopting a value chain approach and catalysing collaborations amongst value chain players.

<table>
<thead>
<tr>
<th>Description</th>
<th>Qualifying Criteria</th>
<th>Benefit</th>
<th>Custodian</th>
</tr>
</thead>
</table>
| TICPS aims to fund technology development by facilitating an enabling environment for the advancement of technology innovation and commercialisation by adopting a value chain approach and catalysing collaborations amongst value chain players. | Public research institutions, entrepreneurs, companies, suppliers and manufacturers in a particular industry. | ▪ Funding of technology developments in a programmatic framework  
▪ Identification and support of key interventions within the value chain  
▪ Facilitation of the creation and expansion of the local production capacity  
▪ Enhancement of collaboration and networking  
▪ Enablement of incubation services  
▪ Leveraging of funds from local and foreign sources. | Technology Innovation Agency [www.tia.org.za](http://www.tia.org.za) |

**The South African Emerging Black Filmmakers Incentive**

*To nurture and capacitate emerging black filmmakers to take up big productions and contribute towards employment opportunities.*

<table>
<thead>
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<th>Description</th>
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</tr>
</thead>
</table>
| To nurture and capacitate emerging black filmmakers to take up big productions and contribute towards employment opportunities. | ▪ South African black-owned qualifying productions and documentaries with a total production budget of R500 000 and above  
▪ At least 80% of principal photography must be filmed in South Africa  
▪ A minimum of 75% of the total production budget (TPB) must be QSAPe  
▪ Both the Director and Producer must be a black South African citizen who are also credited for their role in the production  
▪ The top writer and producer credits must include South African citizens and either exclusive or shared collaboration credits. | ▪ A rebate of 50% on the QSAPe  
▪ The costs for the purchase of key production equipment may qualify once-off under this incentive programme to a maximum cost-sharing incentive of R2m. | the dti [www.thedti.gov.za](http://www.thedti.gov.za) |

**Enterprise Development Incentives**

**Black Business Supplier Development Programme (BBSDP)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Qualifying Criteria</th>
<th>Benefit</th>
<th>Custodian</th>
</tr>
</thead>
</table>
| BBSDP is a cost-sharing grant offered to black-owned small enterprises to assist them to improve their competitiveness and sustainability to become part of the mainstream economy and create employment. | ▪ 51% black majority shareholding  
▪ R250 000 to R35m turnover per year  
▪ One year in operation and trading as a business. | Maximum of R1m:  
▪ R600 000 for tools, machinery and equipment on a 50:50 cost-sharing basis  
▪ R200 000 for business development and training interventions on a 80:20 cost-sharing basis. | the dti [www.thedti.gov.za](http://www.thedti.gov.za) |

<table>
<thead>
<tr>
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<th>Qualifying Criteria</th>
<th>Benefit</th>
<th>Custodian</th>
</tr>
</thead>
</table>
| Co-operative Incentive Scheme (CIS) | The objective of the CIS is to improve the viability and competitiveness of co-operative enterprises by lowering their cost of doing business through an incentive that supports BBBEE. | ▪ Emerging co-operatives with a majority black ownership  
▪ Adhere to co-operative principles  
▪ Owned by HDIs  
▪ CIS is biased towards women, youth and people with disabilities. | 100% grant for registered primary co-operatives (a primary co-operative consists of five or more members). | Department of Small Business Development [www.dsbd.gov.za](http://www.dsbd.gov.za) |

<table>
<thead>
<tr>
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<th>Qualifying Criteria</th>
<th>Benefit</th>
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</tr>
</thead>
</table>
| Enterprise Incubation Programme (EIP) | The programme is market driven and prepares early stage entities to supply to local markets. | ▪ South African registered and tax compliant entities with vast experience in the development and mentoring of early stage enterprises, and co-operatives with the potential to supply goods and services to firms in the local economy on a sustainable basis. | ▪ R5m-R10m 90% contribution from DSBD  
▪ Feasibility studies will be capped at R1.5m (100% contribution from DSBD). | Department of Small Business Development [www.dsbd.gov.za](http://www.dsbd.gov.za) |

<table>
<thead>
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<th>Qualifying Criteria</th>
<th>Benefit</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Informal and Micro Enterprise Support Programme</td>
<td>The scheme seeks to uplift informal businesses and to address the developmental void at the lower base of SMMEs development.</td>
<td>▪ The scheme prioritises women, youth and people with disabilities who own businesses based in townships, rural areas and depressed areas in towns and cities.</td>
<td>▪ 50:50 cost-sharing grant to a maximum of R1m, to be disbursed as per agreed milestones.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Qualifying Criteria</th>
<th>Benefit</th>
<th>Custodian</th>
</tr>
</thead>
</table>
| Innovation and Partnership Programme (IPP) | The programme aims to foster partnerships with stakeholders for developing small businesses. The small businesses must become competitive suppliers within the value chains of private and public sectors. | ▪ Small businesses with track record in operating sector  
▪ Must be at least 51% black owned  
▪ Demonstrate an existing market to be served. | ▪ Feasibility studies: maximum of R5m per project  

<table>
<thead>
<tr>
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<th>Benefit</th>
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</tr>
</thead>
</table>
| National Gazelles Programme | The aim of the programme is to identify and support SMMEs with growth potential through a comprehensive range of business growth-oriented programmes, activities and partnerships. Through its combination of financial and non-financial support, the programme aims to assist members to grow faster and more profitably than they would normally do. | ▪ Turnover R1m  
▪ 2 years in business  
▪ Employ at least 2 people. | ▪ Customised business mentorship, support and coaching  
▪ Participation in international trade and business visits  
▪ Access to a broad library of online tools and business resources  
▪ Procurement opportunities from state-owned enterprises and other companies  
▪ Facilitated access to funding for growth and expansion. | Small Enterprise Development Agency [www.seda.org.za](http://www.seda.org.za) |

<table>
<thead>
<tr>
<th>Description</th>
<th>Qualifying Criteria</th>
<th>Benefit</th>
<th>Custodian</th>
</tr>
</thead>
</table>
| Start-up Enterprise Development Programme (SEDP) | Provide support to start-up enterprises based in townships or rural areas. | ▪ Small businesses located in townships or rural areas, which are 100% owned by South African women/youth/people with disabilities, and that have the potential or capacity to supply goods and services to public and private sector entities. | ▪ Minimum amount that an applicant can apply for is R60 000  
▪ 100% grant limited at R200 000 per beneficiary. | Department of Small Business Development [www.dsbd.gov.za](http://www.dsbd.gov.za) |
Development Finance

<table>
<thead>
<tr>
<th>Institution</th>
<th>Mandate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Partners</td>
<td>Business Partners provides customised financial solutions, sectoral knowledge, mentorship, business premises and other value-added services for formal SMes in South Africa and selected African countries, namely Kenya, Malawi, Namibia, Rwanda, Uganda and Zambia.</td>
</tr>
<tr>
<td>Development Bank of Southern Africa (DBSA)</td>
<td>The purpose of the DBSA is to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure in Southern Africa. The bank plays multiple roles of financial advisor, partner, implementer and integrator to mobilise finance and expertise for development projects.</td>
</tr>
<tr>
<td>Gauteng Enterprise Propeller (GEP)</td>
<td>GEP was established to address the market failures through support to co-operatives and informal businesses with the intention of advancing economic justice and exclusivity.</td>
</tr>
<tr>
<td>Industrial Development Corporation (IDC)</td>
<td>The IDC is a self-financing, state-owned national DFI that provides financing to entrepreneurs and businesses engaged in competitive industries.</td>
</tr>
<tr>
<td>Ithala Development Finance Corporation Limited</td>
<td>Ithala’s objectives are to provide financial and services support to the people of KwaZulu-Natal in order to promote the development of the province’s human resources and its social, economic, financial and physical infrastructure.</td>
</tr>
<tr>
<td>Land Development Bank of South Africa</td>
<td>The Land Bank is a specialist agricultural bank guided by a mandate to provide financial services to the commercial farming sector and to agriculture and to make available new, appropriately designed financial products that would facilitate access to finance by new entrants to agriculture from historically disadvantaged backgrounds.</td>
</tr>
<tr>
<td>Micro Agriculture Finance Scheme of South Africa (MAFISA)</td>
<td>MAFISA was developed as a micro and retail agricultural financial scheme for economically active poor people. MAFISA allows access to financial services through selected institutions on an affordable and sustainable basis. It assists with loans to target groups, individuals, farmers and other groups as well as savings and banking facilities at approved financial institutions.</td>
</tr>
<tr>
<td>National Empowerment Fund (NEF)</td>
<td>The NEF promotes and facilitates BEE and transformation. Its mandate and mission is to be a catalyst of B-BBEE through asset management, fund management and strategic projects.</td>
</tr>
<tr>
<td>National Youth Development Agency (NYDA)</td>
<td>The NYDA’s mandate is to advance youth development through guidance and support to initiatives across sectors of society and spheres of government and to embark on initiatives that seek to advance the economic development of young people. The NYDA also coordinates the implementation of the Integrated Youth Development Plan and Strategy for the country.</td>
</tr>
<tr>
<td>Small Enterprise Finance Agency (SEFA)</td>
<td>SEFA provides financial services to SMes and co-operatives through direct and wholesale lending across different sectors.</td>
</tr>
<tr>
<td>Technology Innovation Agency (TIA)</td>
<td>The TIA is a national public entity that serves as the key institutional intervention to bridge the innovation chasm between research and development from higher education institutions, science councils, public entities, and the private sector, and commercialisation.</td>
</tr>
</tbody>
</table>

**Sector Education and Training Authorities**

The Sector Education and Training Authorities (SETAs) are educational organisations that have been created with an aim to make sure the National Skills Development Strategy is being used as effectively as it can to improve skills of people in their sector. Employers pay 1% of their wage bill to a particular SETA and are able to recoup this in grants for expenditure on skills development and training.

The grants are as follows:

- **Mandatory:** Mandatory grants are paid out to companies that fulfil the minimum requirements
- **Discretionary:** Discretionary grants are paid out at the discretion of SETA management for skills development projects linked to scarce and critical skills.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRISETA</td>
<td>Agriculture</td>
</tr>
<tr>
<td>BANKSETA</td>
<td>Banking</td>
</tr>
<tr>
<td>CETA</td>
<td>Construction</td>
</tr>
<tr>
<td>CHIETA</td>
<td>Chemical Industries</td>
</tr>
<tr>
<td>CATSSETA</td>
<td>Culture Arts, Tourism, Hospitality and Sports</td>
</tr>
<tr>
<td>ESETA</td>
<td>Energy and Water</td>
</tr>
<tr>
<td>ETDPSETA</td>
<td>Education Training and Development Practices</td>
</tr>
<tr>
<td>FPMSETA</td>
<td>Fibre, Processing &amp; Manufacturing</td>
</tr>
<tr>
<td>FOODREV</td>
<td>Food and Beverage Manufacturing</td>
</tr>
<tr>
<td>FASSET SETA</td>
<td>Financial and Accounting Services</td>
</tr>
<tr>
<td>HSESETA</td>
<td>Health and Welfare</td>
</tr>
<tr>
<td>INJSETA</td>
<td>Insurance</td>
</tr>
<tr>
<td>LGSETA</td>
<td>Local Government</td>
</tr>
<tr>
<td>MERSETA</td>
<td>Media, Advertising, Information and Communication Technologies</td>
</tr>
<tr>
<td>MICTSETA</td>
<td>Manufacturing, Engineering and Related Services</td>
</tr>
<tr>
<td>MGSETA</td>
<td>Mining Qualifications Authority</td>
</tr>
<tr>
<td>PISETA</td>
<td>Public Service</td>
</tr>
<tr>
<td>SASSSETA</td>
<td>Safety and Security</td>
</tr>
<tr>
<td>SERVICES SETA</td>
<td>Services</td>
</tr>
<tr>
<td>TET</td>
<td>Transport</td>
</tr>
<tr>
<td>W&amp;SSETA</td>
<td>Wholesale and Retail</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Qualifying Criteria</th>
<th>Benefit</th>
<th>Custodian</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Strategic Partnership Programme (SPP)</td>
<td>Entity with turnover of at least R100m supporting: • Small enterprises in manufacturing, agro-processing, mineral beneficiation • At least 51% black owned.</td>
<td>Maximum grant of R15m.</td>
<td>the dti <a href="http://www.thedti.gov.za">www.thedti.gov.za</a></td>
</tr>
</tbody>
</table>
Foreign Bank Representatives in South Africa

AfrAsia Bank Limited
Tel: +27 11 268 5780
www.afrasiabank.com

African Banking Corporation of Botswana Limited (trading as BancABC Botswana)
Tel: +27 11 722 5300
www.bancabc.com

Banco Angolano de Investimentos
Tel: +27 11 881 5651
www.bancobai.ao

Banco BPI, SA
Tel: +27 11 622 4376/86
www.bancobpi.pt

Banco Espirito Santo de Lisboa
Tel: +27 11 295 8194
www.nedbank.co.za

Banco Santander Totta S.A.
Tel: +27 11 616 3156
www.santandertotta.pt

Bank Leumi Le-Israel BM
Tel: +27 11 336 0558
https://english.leumi.co.il/

Bank of Cyprus Group
Tel: +27 11 784 3940
www.bankofcyprus.com

Commerzbank AG Johannesburg
Tel: +27 11 486 0724/1642
www.commerzbank.com

Credit Suisse AG
Tel: +27 11 012 7777
www.credit-suisse.com

Ecobank
Tel: +27 11 783 6197
www.ecobank.com

Export-Import Bank of India
Tel: +27 11 442 8010
www.eximbankindia.in

Fairbairn Private Bank (Isle of Man) Limited
Tel: +27 11 296 8194
www.redbank.co.za

First City Monument Bank Plc
Tel: +27 11 881 5520
www.fcmb.com

First Bank of Nigeria
Tel: +27 11 784 9922/9925
www.firstbanknigeria.com

First Rand Bank Limited
Tel: +27 11 282 8000
www.firstrand.co.za

Global Bank
Tel: +27 11 980 9520
www.glb.com

Hellenic Bank Public Company Limited
Tel: +27 11 783 0155
www.hellenicbank.com

Industrial and Commercial Bank of China African Representative Office
Tel: +27 21 200 8005
www.icbc.com.cn

The Mauritius Commercial Bank Limited
Tel: +27 11 880 8472
www.mcb.mu/en

The Royal Bank of Scotland Plc
Tel: +27 11 685 2000
www.rbs.com

The Standard Bank of South Africa Limited
Tel: +27 11 636 9111
www.standardbank.co.za

The South African Bank of Athens Limited
Tel: +27 11 634 4300
www.bankofathens.co.za

The Bank of Tokyo-Mitsubishi UFJ, Ltd
Tel: +27 11 294 4444
www.nedbank.co.za

UBANK Limited
Tel: +27 11 518 5000
www.ubank.co.za

Foreign controlled Banks

Albaraka Bank Limited
Tel: +27 31 366 9000
www.albaraka.co.za

Habib Overseas Bank Limited
Tel: +27 11 834 7441
www.habiboverseas.co.za

HBZ Bank Limited
Tel: +27 31 267 4400
www.hbzbank.co.za

Mercantile Bank Limited
Tel: +27 11 302 0300
www.mercantile.co.za

Financial Banks

Absa Bank
Tel: +27 11 350 4000
www.absa.co.za

African Bank Limited
Tel: +27 11 256 9000
www.africanbank.co.za

Bidvest Bank Limited
Tel: +27 11 407 3000
www.bidvestbank.co.za

Capitec Bank Limited
Tel: +27 21 809 5900
www.capitecbank.co.za

FirstRand Bank Limited
Tel: +27 11 282 8000
www.firstrand.co.za

Grindrod Bank Limited
Tel: +27 31 333 6600
www.grindrodbank.co.za

Investec Bank Limited
Tel: +27 11 286 7000
www.investec.com

Nedbank Limited
Tel: +27 11 294 4444
www.nedbank.co.za

Sasfin Bank Limited
Tel: +27 11 809 7500
www.sasfin.com

The Standard Bank of South Africa Limited
Tel: +27 11 636 9111
www.standardbank.co.za

UBANK Limited
Tel: +27 11 518 5000
www.ubank.co.za

Mutual Banks

Finbond Mutual Bank
Tel: +27 12 460 7288
www.finbondmutualbank.co.za

GBS Mutual Bank
Tel: +27 46 622 7109
www.gbsbank.co.za

Key Contacts

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Addendum

A. Property Registration Costs Per Metropolitan
B. Costs of Electricity Connection Per Metropolitan
C. Water Connection Costs Per Metropolitan
D. 2018 Fuel Prices – Petrol Prices
E. 2018 Fuel Prices – Diesel Prices
F. Telecommunication Costs
G. Property Costs - Office Buildings
H. Industry Property Price - Rental
I. Property Prices - Industrial Stands
J. Rail and Port Costs
K. Key Construction Permit Processes
L. Getting a Permanent Electricity Connection
M. Trading Across Borders
N. Overview of Trade Agreements
O. National Remuneration Data

Acronyms & Abbreviations
References
### A. Property Registration Costs Per Metropolitan

<table>
<thead>
<tr>
<th>Metropolitan</th>
<th>The conveyancer conducts a title search and checks encumbrances on the property</th>
<th>Obtain a rates clearance certificate</th>
<th>Obtain a plumbing certificate</th>
<th>Obtain an entomologist's certificate</th>
<th>Obtain an electrical compliance certificate</th>
<th>The conveyancer prepares and collects all the required documentation</th>
<th>Obtain a transfer duty receipt</th>
<th>Parties sign all the documentation at the conveyancer's office</th>
<th>The conveyancer lodges the deed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buffalo City</td>
<td>R0.00 0.5</td>
<td>R191.00 10</td>
<td>R0.00 0</td>
<td>R600.00 7</td>
<td>R1 250.00 7</td>
<td>R0.00 10</td>
<td>R247 561.00 2</td>
<td>R36 581.00 1</td>
<td>R1 275.00 9</td>
</tr>
<tr>
<td>Cape Town</td>
<td>R0.00 0.5</td>
<td>R75.00 14</td>
<td>R600.00 7</td>
<td>R600.00 7</td>
<td>R1 250.00 7</td>
<td>R0.00 10</td>
<td>R247 561.00 2</td>
<td>R36 581.00 1</td>
<td>R1 275.00 14</td>
</tr>
<tr>
<td>Ekurhuleni</td>
<td>R0.00 0.5</td>
<td>R237.00 21</td>
<td>R0.00 0</td>
<td>R0.00 0</td>
<td>R1 250.00 7</td>
<td>R0.00 10</td>
<td>R247 561.00 2</td>
<td>R36 581.00 1</td>
<td>R1 275.00 11</td>
</tr>
<tr>
<td>Durban</td>
<td>R0.00 0.5</td>
<td>R189.00 33</td>
<td>R0.00 0</td>
<td>R600.00 7</td>
<td>R1 250.00 7</td>
<td>R0.00 10</td>
<td>R247 561.00 2</td>
<td>R36 581.00 1</td>
<td>R1 275.00 14</td>
</tr>
<tr>
<td>Johannesburg</td>
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<td>R0.00 0</td>
<td>R0.00 0</td>
<td>R1 250.00 7</td>
<td>R0.00 10</td>
<td>R247 561.00 2</td>
<td>R36 581.00 1</td>
<td>R1 275.00 11</td>
</tr>
<tr>
<td>Mangaung</td>
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<td>R363.00 12</td>
<td>R0.00 0</td>
<td>R0.00 0</td>
<td>R1 250.00 7</td>
<td>R0.00 10</td>
<td>R247 561.00 2</td>
<td>R36 581.00 1</td>
<td>R1 275.00 9</td>
</tr>
<tr>
<td>Msunduzi</td>
<td>R0.00 0.5</td>
<td>R315.00 48</td>
<td>R0.00 0</td>
<td>R600.00 7</td>
<td>R1 250.00 7</td>
<td>R0.00 10</td>
<td>R247 561.00 2</td>
<td>R36 581.00 1</td>
<td>R1 275.00 9</td>
</tr>
<tr>
<td>Nelson Mandela Bay</td>
<td>R0.00 0.5</td>
<td>R132.00 7</td>
<td>R0.00 0</td>
<td>R600.00 7</td>
<td>R1 250.00 7</td>
<td>R0.00 10</td>
<td>R247 561.00 2</td>
<td>R36 581.00 1</td>
<td>R1 275.00 9</td>
</tr>
<tr>
<td>Tshwane (Pretoria)</td>
<td>R0.00 0.5</td>
<td>R59.00 15</td>
<td>R0.00 0</td>
<td>R0.00 0</td>
<td>R1 250.00 7</td>
<td>R0.00 10</td>
<td>R247 561.00 2</td>
<td>R36 581.00 1</td>
<td>R1 275.00 9</td>
</tr>
</tbody>
</table>

Source: World Bank, 2018a & 2018b

### B. Costs of Electricity Connection Per Metropolitan

<table>
<thead>
<tr>
<th>Metropolitan</th>
<th>Submit an application for electricity connection to the distribution utility and obtain connection fee estimate</th>
<th>Await external site inspection by distribution utility</th>
<th>Await utility inspection of meter box / circuit breaker</th>
<th>Await completion of external connection works by distribution utility</th>
<th>Open customer account, sign supply contract with distribution utility and submit proof of payment of security deposit</th>
<th>Obtain certificate of compliance for the internal wiring and submit to distribution utility to obtain final connection</th>
<th>Electricity tariff costs - municipal websites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buffalo City</td>
<td>R229 268.00 30</td>
<td>R0.00 1 N/A N/A</td>
<td>R0.00 45</td>
<td>R6 416.00 1</td>
<td>R0.00 1</td>
<td><a href="https://www.buffalocity.gov.za/Residents/Tariffs">https://www.buffalocity.gov.za/Residents/Tariffs</a></td>
<td></td>
</tr>
<tr>
<td>Cape Town</td>
<td>R450 125.00 25</td>
<td>R0.00 12 N/A N/A</td>
<td>R0.00 60</td>
<td>N/A N/A</td>
<td>R0.00 6</td>
<td><a href="https://www.capetown.gov.za/Work%20and%20Business/Commercial-utility-services">https://www.capetown.gov.za/Work%20and%20Business/Commercial-utility-services</a></td>
<td></td>
</tr>
<tr>
<td>Ekurhuleni</td>
<td>R218 629.00 25</td>
<td>R0.00 1 N/A N/A</td>
<td>R0.00 14</td>
<td>R40 216.00 2</td>
<td>R0.00 3</td>
<td><a href="https://www.ekurhuleni.gov.za/residents/tariffs/tariffs-2019-00.html">https://www.ekurhuleni.gov.za/residents/tariffs/tariffs-2019-00.html</a></td>
<td></td>
</tr>
<tr>
<td>Durban</td>
<td>R164 275.00 29</td>
<td>N/A N/A N/A</td>
<td>R0.00 7</td>
<td>R44 677.00 1</td>
<td>R0.00 4</td>
<td><a href="http://www.durban.gov.za/City_Services/electricity/Tariffs/Pages/default.aspx">http://www.durban.gov.za/City_Services/electricity/Tariffs/Pages/default.aspx</a></td>
<td></td>
</tr>
<tr>
<td>Johannesburg</td>
<td>R124 835.00 60</td>
<td>N/A N/A N/A</td>
<td>R0.00 3</td>
<td>N/A N/A</td>
<td>R0.00 1</td>
<td><a href="https://www.citypower.co.za/customers/Pages/Tariff-Info.aspx">https://www.citypower.co.za/customers/Pages/Tariff-Info.aspx</a></td>
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<tr>
<td>Mangaung</td>
<td>R543 312.00 50</td>
<td>N/A N/A N/A</td>
<td>R0.00 45</td>
<td>R9 581.00 1</td>
<td>R0.00 11</td>
<td><a href="http://www.centlec.co.za/Pages/Documents/Tariffs">http://www.centlec.co.za/Pages/Documents/Tariffs</a></td>
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<tr>
<td>Msunduzi</td>
<td>R302 421.00 30</td>
<td>R0.00 1 N/A</td>
<td>R0.00 10</td>
<td>R20 567.00 1</td>
<td>R0.00 1</td>
<td><a href="http://www.msunduzi.gov.za/sites/tariffs/">http://www.msunduzi.gov.za/sites/tariffs/</a></td>
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<tr>
<td>Nelson Mandela Bay</td>
<td>R388 095.00 68</td>
<td>R0.00 1 N/A</td>
<td>R0.00 8</td>
<td>R6 740.00 9</td>
<td>R0.00 2</td>
<td><a href="http://www.nelsonmandelabay.gov.ZA/Documents.aspx?cid=37&amp;pageId=03">http://www.nelsonmandelabay.gov.ZA/Documents.aspx?cid=37&amp;pageId=03</a></td>
<td></td>
</tr>
<tr>
<td>Tshwane (Pretoria)</td>
<td>R0.00 30 R0.00 1</td>
<td>R0.00 9 R299 007</td>
<td>R7 759.00 1</td>
<td>R0.00 20.00</td>
<td></td>
<td><a href="http://www.tshwane.gov.za/sites/Departments/Electricity/Pages/Electricity.aspx">http://www.tshwane.gov.za/sites/Departments/Electricity/Pages/Electricity.aspx</a></td>
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Source: World Bank, 2018a & 2018b
C. Water Connection Costs Per Metropolitan

<table>
<thead>
<tr>
<th>Metropolitan</th>
<th>Cost Days</th>
<th>Cost Days</th>
<th>Cost Days</th>
<th>Cost Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buffalo City</td>
<td>R0.00 1 R12 775.00 R0.00 14</td>
<td><a href="http://www.buffalocity.gov.za/Residents/Tarrifs">www.buffalocity.gov.za/Residents/Tarrifs</a></td>
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<tr>
<td>Cape Town</td>
<td>R0.00 1 R10 050.00 R0.00 14</td>
<td><a href="http://www.capetown.gov.za/Work%20and%20business/Commercial-utility-services">www.capetown.gov.za/Work%20and%20business/Commercial-utility-services</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ekuruleni</td>
<td>R0.00 1 R15 755.00 R0.00 21</td>
<td><a href="https://www.ekuruleni.gov.za/residents/tariffs/tariffs-2019-20.html">https://www.ekuruleni.gov.za/residents/tariffs/tariffs-2019-20.html</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Durban</td>
<td>R0.00 1 R21 040.00 R0.00 14</td>
<td><a href="http://www.durban.gov.za/City-Services/water_sanitation/Bills_Tariffs/Tariffs/Pages/Water_Tariffs.English.aspx">www.durban.gov.za/City-Services/water_sanitation/Bills_Tariffs/Tariffs/Pages/Water_Tariffs.English.aspx</a></td>
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<td></td>
</tr>
<tr>
<td>Johannesburg</td>
<td>R0.00 1 R15 019.00 R0.00 10</td>
<td><a href="http://www.johannesburgwater.co.za/resource-centre">www.johannesburgwater.co.za/resource-centre</a></td>
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<td></td>
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<tr>
<td>Mangaung</td>
<td>R0.00 1 R21 350.00 R0.00 5</td>
<td><a href="http://www.mangaung.co.za/category/notices">www.mangaung.co.za/category/notices</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Msunduzi</td>
<td>R0.00 1 R16 420.00 R0.00 18</td>
<td><a href="http://www.msunduzi.gov.za/site/tariffs">www.msunduzi.gov.za/site/tariffs</a></td>
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</tr>
<tr>
<td>Nelson Mandela Bay</td>
<td>R0.00 1 R15 650.00 R0.00 18</td>
<td><a href="http://www.nelsonmandelabay.gov.za/Documents.aspx?catID=37&amp;pageID=0">www.nelsonmandelabay.gov.za/Documents.aspx?catID=37&amp;pageID=0</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tshwane</td>
<td>R0.00 1 R15 300.00 R0.00 30</td>
<td><a href="http://www.tshwane.gov.za/sites/Departments/Financial-Services/Financial-Document/Documents/Pages/Promulgated-Tariffs.aspx">www.tshwane.gov.za/sites/Departments/Financial-Services/Financial-Document/Documents/Pages/Promulgated-Tariffs.aspx</a></td>
<td></td>
<td></td>
</tr>
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</table>

Source: World Bank, 2018a & World Bank, 2018b

D. 2018 Fuel Prices – Petrol Prices

<table>
<thead>
<tr>
<th>Month</th>
<th>95 Unleaded (R/litre)</th>
<th>93 Unleaded (R/litre)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Coastal</td>
<td>Inland</td>
</tr>
<tr>
<td>March 2018</td>
<td>R13.27</td>
<td>R13.76</td>
</tr>
<tr>
<td>April 2018</td>
<td>R13.89</td>
<td>R14.48</td>
</tr>
<tr>
<td>June 2018</td>
<td>R15.20</td>
<td>R15.79</td>
</tr>
<tr>
<td>July 2018</td>
<td>R15.43</td>
<td>R16.02</td>
</tr>
<tr>
<td>August 2018</td>
<td>R15.44</td>
<td>R16.03</td>
</tr>
<tr>
<td>September 2018</td>
<td>R15.49</td>
<td>R16.08</td>
</tr>
<tr>
<td>October 2018</td>
<td>R16.49</td>
<td>R17.08</td>
</tr>
<tr>
<td>November 2018</td>
<td>R16.49</td>
<td>R17.08</td>
</tr>
<tr>
<td>December 2018</td>
<td>R14.65</td>
<td>R15.24</td>
</tr>
</tbody>
</table>

Source: Automobile Association of South Africa, 2019

E. 2018 Fuel Prices – Diesel Prices

<table>
<thead>
<tr>
<th>Month</th>
<th>500 PPM (R/litre)</th>
<th>50 PPM (R/litre)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coastal</td>
<td>Inland</td>
</tr>
<tr>
<td>January 2018</td>
<td>R12.35</td>
<td>R12.74</td>
</tr>
<tr>
<td>February 2018</td>
<td>R12.17</td>
<td>R12.57</td>
</tr>
<tr>
<td>March 2018</td>
<td>R11.70</td>
<td>R12.10</td>
</tr>
<tr>
<td>April 2018</td>
<td>R12.26</td>
<td>R12.75</td>
</tr>
<tr>
<td>May 2018</td>
<td>R12.85</td>
<td>R13.34</td>
</tr>
<tr>
<td>July 2018</td>
<td>R13.96</td>
<td>R14.44</td>
</tr>
<tr>
<td>October 2018*</td>
<td>R15.20</td>
<td>R15.69</td>
</tr>
<tr>
<td>October 2018*</td>
<td>R15.20</td>
<td>R15.64</td>
</tr>
</tbody>
</table>

* October represents an average of two figures, i.e. averaged inland 500 ppm to 15.67 and coastal 50 ppm to R15.18.

Source: Automobile Association of South Africa, 2019

F. Telecommunication Costs

<table>
<thead>
<tr>
<th>Internet Service Provider</th>
<th>4Mbps</th>
<th>20Mbps</th>
<th>100Mbps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cybersmart</td>
<td>R655.00</td>
<td>R905.00</td>
<td>R1 305.00</td>
</tr>
<tr>
<td>Cybersmart (FTTB)</td>
<td>R715.00</td>
<td>R1 055.00</td>
<td>R1 815.00</td>
</tr>
<tr>
<td>Vodacom</td>
<td>R604.25</td>
<td>R806.01</td>
<td>R1 259.96</td>
</tr>
<tr>
<td>MTN</td>
<td>R598.00</td>
<td>R798.00</td>
<td>R1 086.00</td>
</tr>
<tr>
<td>MTN (FTTB)</td>
<td>R698.00</td>
<td>R1 098.00</td>
<td>R1 928.00</td>
</tr>
<tr>
<td>Cell C</td>
<td>R705.00</td>
<td>R907.00</td>
<td>R1 210.00</td>
</tr>
<tr>
<td>Telkom</td>
<td>R709.00</td>
<td>R909.00</td>
<td>R1 299.00</td>
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</tbody>
</table>

Source: ICASA, 2018

Voice Call Costs

<table>
<thead>
<tr>
<th>Vodacom</th>
<th>MTN</th>
<th>Cell C</th>
<th>Vodacom</th>
<th>MTN</th>
<th>Cell C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tariff Plan</td>
<td>Anytime</td>
<td>Per Second</td>
<td>Pay Per Second</td>
<td>R0.66c on Prepaid</td>
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<tr>
<td></td>
<td>Length of a call (minutes)</td>
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<td></td>
</tr>
<tr>
<td>0.5</td>
<td>R0.62</td>
<td>R0.50</td>
<td>R2.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.0</td>
<td>R1.23</td>
<td>R0.99</td>
<td>R5.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5</td>
<td>R1.85</td>
<td>R1.49</td>
<td>R9.99</td>
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<td></td>
</tr>
<tr>
<td>2.0</td>
<td>R2.46</td>
<td>R1.98</td>
<td>R1.32</td>
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<td></td>
</tr>
<tr>
<td>2.5</td>
<td>R3.08</td>
<td>R2.48</td>
<td>R1.65</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.0</td>
<td>R3.69</td>
<td>R2.97</td>
<td>R1.98</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.5</td>
<td>R4.31</td>
<td>R3.47</td>
<td>R2.31</td>
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</tr>
<tr>
<td>4.0</td>
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<td>R3.96</td>
<td>R2.64</td>
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</tr>
<tr>
<td>4.5</td>
<td>R5.54</td>
<td>R4.46</td>
<td>R2.97</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.0</td>
<td>R5.15</td>
<td>R4.95</td>
<td>R3.30</td>
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</table>

Source: ICASA, 2018
G. Property Costs – Office Buildings

Market rental rates for office buildings, Q3 2018

<table>
<thead>
<tr>
<th>Grade</th>
<th>Bloemfontein</th>
<th>Cape Town</th>
<th>Durban</th>
<th>East London</th>
<th>George</th>
<th>Johannesburg</th>
<th>Nelspruit</th>
<th>Pietermaritzburg Core</th>
<th>Polokwane</th>
<th>Pretoria</th>
<th>Richards Bay</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+</td>
<td>R135.00</td>
<td>R157.39</td>
<td>R154.60</td>
<td>R126.29</td>
<td>R126.25</td>
<td>R181.32</td>
<td>R165.00</td>
<td>R111.65</td>
<td>R172.50</td>
<td>R170.83</td>
<td>R90.00</td>
</tr>
<tr>
<td>A</td>
<td>R117.50</td>
<td>R135.91</td>
<td>R119.69</td>
<td>R103.75</td>
<td>R110.00</td>
<td>R139.28</td>
<td>R150.00</td>
<td>R118.33</td>
<td>R138.63</td>
<td>R138.77</td>
<td>R70.00</td>
</tr>
<tr>
<td>B</td>
<td>R89.17</td>
<td>R107.10</td>
<td>R108.78</td>
<td>R94.49</td>
<td>R80.00</td>
<td>R110.68</td>
<td>R84.00</td>
<td>R98.33</td>
<td>R105.67</td>
<td>R118.82</td>
<td>R60.00</td>
</tr>
<tr>
<td>C</td>
<td>R74.92</td>
<td>R84.08</td>
<td>R92.02</td>
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<td>R63.33</td>
<td>R77.50</td>
<td>R65.00</td>
<td>R75.00</td>
<td>R77.50</td>
<td>R95.92</td>
<td>R50.00</td>
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</table>

Source: Rode, 2018

H. Industrial Property Price – Rental

Mean prime industrial market rentals, Q3 2018

<table>
<thead>
<tr>
<th>Area size leased in m²</th>
<th>250</th>
<th>500</th>
<th>1 000</th>
<th>2 500</th>
<th>5 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Witwatersrand</td>
<td>R47.61</td>
<td>R45.37</td>
<td>R42.95</td>
<td>R41.61</td>
<td>R40.24</td>
</tr>
<tr>
<td>West Rand</td>
<td>R44.47</td>
<td>R42.47</td>
<td>R40.06</td>
<td>R37.80</td>
<td>R35.68</td>
</tr>
<tr>
<td>East Rand</td>
<td>R48.35</td>
<td>R47.63</td>
<td>R46.37</td>
<td>R45.18</td>
<td>R43.92</td>
</tr>
<tr>
<td>Far East Rand</td>
<td>R35.93</td>
<td>R35.57</td>
<td>R33.14</td>
<td>R32.21</td>
<td>R30.27</td>
</tr>
<tr>
<td>Pretoria</td>
<td>R47.76</td>
<td>R44.40</td>
<td>R40.50</td>
<td>R36.50</td>
<td>R33.84</td>
</tr>
<tr>
<td>Polokwana</td>
<td>R51.25</td>
<td>R42.23</td>
<td>R36.10</td>
<td>R34.38</td>
<td>R30.00</td>
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<tr>
<td>Nelspruit</td>
<td>R50.00</td>
<td>R44.38</td>
<td>R42.88</td>
<td>R41.25</td>
<td>-</td>
</tr>
<tr>
<td>Durban</td>
<td>R58.54</td>
<td>R57.48</td>
<td>R56.90</td>
<td>R56.10</td>
<td>R53.60</td>
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<td>Ladysmith</td>
<td>R20.00</td>
<td>R17.00</td>
<td>R12.00</td>
<td>R10.00</td>
<td>R8.00</td>
</tr>
<tr>
<td>Cape Peninsula</td>
<td>R55.46</td>
<td>R53.14</td>
<td>R50.59</td>
<td>R46.98</td>
<td>R45.33</td>
</tr>
<tr>
<td>Port Elizabeth</td>
<td>R41.58</td>
<td>R39.78</td>
<td>R35.76</td>
<td>R33.68</td>
<td>-</td>
</tr>
<tr>
<td>East London</td>
<td>R39.15</td>
<td>R34.91</td>
<td>R31.05</td>
<td>R28.35</td>
<td>R25.13</td>
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<tr>
<td>Bloemfontein</td>
<td>R40.93</td>
<td>R38.48</td>
<td>R34.43</td>
<td>R30.50</td>
<td>R26.21</td>
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<tr>
<td>George</td>
<td>R35.78</td>
<td>R32.72</td>
<td>R29.61</td>
<td>R24.56</td>
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<tr>
<td>Pietermaritzburg</td>
<td>-</td>
<td>R48.75</td>
<td>R43.75</td>
<td>R41.67</td>
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</tbody>
</table>

Source: Rode, 2018

I. Property Prices – Industrial Stands

Mean market values for serviced and level industrial stands, Q3 2018

<table>
<thead>
<tr>
<th>Area size leased in m²</th>
<th>1 000</th>
<th>2 000</th>
<th>5 000</th>
<th>10 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Witwatersrand</td>
<td>R1 002.00</td>
<td>R1 007.00</td>
<td>R938.00</td>
<td>R907.00</td>
</tr>
<tr>
<td>West Rand</td>
<td>R771.00</td>
<td>R769.00</td>
<td>R709.00</td>
<td>R676.00</td>
</tr>
<tr>
<td>East Rand</td>
<td>R984.00</td>
<td>R967.00</td>
<td>R889.00</td>
<td>R844.00</td>
</tr>
<tr>
<td>Far East Rand</td>
<td>R574.00</td>
<td>R571.00</td>
<td>R564.00</td>
<td>R549.00</td>
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<td>Pretoria</td>
<td>R788.00</td>
<td>R748.00</td>
<td>R742.00</td>
<td>R698.00</td>
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<td>Nelspruit</td>
<td>R880.00</td>
<td>R880.00</td>
<td>R800.00</td>
<td>R800.00</td>
</tr>
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<td>Durban</td>
<td>R595.00</td>
<td>R577.00</td>
<td>R542.00</td>
<td>R468.00</td>
</tr>
<tr>
<td>Cape Peninsula</td>
<td>R1 811.00</td>
<td>R1 733.00</td>
<td>R1 860.00</td>
<td>R1 590.00</td>
</tr>
<tr>
<td>Port Elizabeth</td>
<td>R552.00</td>
<td>R536.00</td>
<td>R511.00</td>
<td>R491.00</td>
</tr>
<tr>
<td>East London</td>
<td>R566.00</td>
<td>R561.00</td>
<td>R543.00</td>
<td>R531.00</td>
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<tr>
<td>George</td>
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<td>R406.00</td>
<td>R370.00</td>
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<td>-</td>
<td>R450.00</td>
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</tbody>
</table>

Source: Rode, 2018

J. Rail and Port Costs

Transnet is the custodian of ports, rail and pipelines in South Africa

- Rail Charge Levy can be found on the Transnet Freight Rail website: http://www.transnetfreightrail-tfr.net/Business/Pages/Charge_Levy.aspx
- Port Terminal cost information can be found on the Transnet Ports website: https://www.transnetportterminals.net/Customer/Tariffs/Forms/AllItems.aspx
K. Key Construction Permit Processes

<table>
<thead>
<tr>
<th>Stage</th>
<th>No. of procedures</th>
<th>Agency</th>
</tr>
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<tbody>
<tr>
<td>Before Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Obtain a geographical and topographic surveys of land plot</td>
<td>☐ ☐</td>
<td>Licensed private firm</td>
</tr>
<tr>
<td>• Obtain preconstruction clearances</td>
<td>☐ ☐</td>
<td>Relevant municipal department/s</td>
</tr>
<tr>
<td>• Obtain land use management approval</td>
<td>☐</td>
<td>Municipal town planning department</td>
</tr>
<tr>
<td>• Obtain approval of the building plans</td>
<td>☐</td>
<td>Municipal building control department</td>
</tr>
<tr>
<td>• Notify about commencement of building work</td>
<td>☐</td>
<td>Municipal building control department and provincial Department of Labour</td>
</tr>
<tr>
<td>During Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Receive inspections (foundations trenches, drainage system)</td>
<td>☐ ☐</td>
<td>Municipal building control department and provincial Department of Labour</td>
</tr>
<tr>
<td>• Apply for water and sewerage connections</td>
<td>☐</td>
<td>Municipal water and sanitation department</td>
</tr>
<tr>
<td>• Receive inspections and obtain water and sewerage connections</td>
<td>☐</td>
<td>Municipal water and sanitation department</td>
</tr>
<tr>
<td>After Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Notify about completion of building work</td>
<td>☐</td>
<td>Municipal building control department</td>
</tr>
<tr>
<td>• Receive final inspection</td>
<td>☐</td>
<td>Municipal building control and fire department</td>
</tr>
<tr>
<td>• Obtain occupancy certificate</td>
<td>☐</td>
<td>Municipal building control department</td>
</tr>
</tbody>
</table>

Private sector service  Government or utility service  Individual procedure  Procedure is not required in all locations

L. Getting a Permanent Electricity Connection

1. Submit an application for electricity connection to distribution utility and obtain connection fee estimate
2. Await external site inspection by distribution utility
3. Await utility’s inspection of meter box/circuit breaker
4. Await completion of external connection works by distribution utility
5. Open customer account, sign supply contract with distribution utility and submit proof of payment of security deposit
6. Obtain certificate of compliance (COC) for the internal wiring and submit to distribution utility to obtain final connection

M. Trading Across Borders

Export permits issued in two working days
- Register with SARS as an exporter by completing DA185 and DA185.4A2 forms
- Forward forms to Customs office
- Receive a Customs and Excise client code
- Apply for an export permit with the International Trade Administration Commission of South Africa by completing an IE230 form
- Export permit issued.

Import permits issued in three to five working days
- Register with SARS as an importer by completing DA185 and DA185.4A1 forms
- Forward forms to Customs office
- Receive a Customs and Excise client code
- Apply for an import permit with the International Trade Administration Commission of South Africa by completing an IE230 form
- Import permit issued.

Depending on the nature of the import and export, additional documents may need to be submitted to other government departments such as Environmental Affairs or Police Services.

Source: World Bank, 2018a & World Bank, 2018b
## N. Overview of Trade Agreements

<table>
<thead>
<tr>
<th>Agreement</th>
<th>Countries</th>
<th>Objective</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southern African Customs Union (SACU)</td>
<td>South Africa, Botswana, Lesotho, Namibia and Swaziland</td>
<td>Duty-free movement of goods with a common external tariff on goods entering any of the countries from outside the SACU.</td>
<td>All products</td>
</tr>
<tr>
<td>Southern African Development Community (SADC) FTA</td>
<td>Between 12 SADC Member States</td>
<td>Free trade for 92% of the product lines achieved in 2012. Further consolidation required before looking at deeper integration.</td>
<td>Most products</td>
</tr>
<tr>
<td>Trade, Development and Cooperation Agreement (TDCA)</td>
<td>South Africa and the European Union (EU)</td>
<td>The EU offered to liberalise 95% of its duties on South African originating products by 2010. In turn, by 2012, South Africa offered to liberalise 86% of its duties on EU originating products.</td>
<td>Refer to EPA</td>
</tr>
<tr>
<td>European Free Trade Association (EFTA) - SACU Free Trade Agreement (FTA)</td>
<td>SACU and the European Free Trade Association (EFTA) which includes Iceland, Liechtenstein, Norway and Switzerland</td>
<td>Tariff reductions on selected goods.</td>
<td>Industrial goods (including fish and other marine products) and processed agricultural products. Basic agricultural products are covered by bilateral agreements with individual EFTA states.</td>
</tr>
<tr>
<td>Economic Partnership Agreement between the SADC EPA States, of the one part, and the European Union and its Member States, of the other part</td>
<td>South Africa, Botswana, Namibia, Swaziland, Lesotho and Mozambique (referred to as the SADC EPA Group) and the EU</td>
<td>Harmonising the trading regime between SACU and the EU; to secure further market access in agriculture (beyond the SA-EU Trade Development and Cooperation Agreement (TDCA) provisions) and claw back on some policy space lost under the TDCA.</td>
<td>The agreement covers most products. It will replace the Trade Chapter of the TDCA. New market access accrued better than the TDCA will be implemented after entry into force of the SADC-EU EPA.</td>
</tr>
<tr>
<td>SACU-Southern Common Market (Mercosur) FTA</td>
<td>SACU and Argentina, Brazil, Paraguay and Uruguay</td>
<td>Tariff reductions on selected goods.</td>
<td>About 1 000 product lines on each side of the border.</td>
</tr>
<tr>
<td>Zimbabwe/South Africa bilateral trade agreement</td>
<td>South Africa and Zimbabwe</td>
<td>Preferential rates of duty, rebates and quotas on certain goods traded between the two countries.</td>
<td>Selected goods, including lower tariffs and quotas on textile imports into South Africa.</td>
</tr>
<tr>
<td>Generalised System of Preferences (GSP)</td>
<td>Offered to South Africa as a developing country by the EU, Norway, Switzerland, Russia, Turkey, the US, Canada and Japan</td>
<td>Products from developing countries qualify for preferential market access.</td>
<td>Specified industrial and agricultural products.</td>
</tr>
<tr>
<td>African Growth and Opportunity Act (AGOA)</td>
<td>Granted by the US to 39 sub-Saharan African (SSA) countries</td>
<td>Preferential access to the US market through lower tariffs or no tariffs on some products.</td>
<td>Duty-free access to the US market under the combined AGOA/GSP programme stands at approximately 7 000 product tariff lines.</td>
</tr>
</tbody>
</table>

**Agreement** | **Countries** | **Objective** | **Product** |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade, Investment and Development Cooperation Agreement (TDCA)</td>
<td>SACU and the US</td>
<td>Makes provision for the parties to negotiate and sign agreements relating to sanitary and phyto-sanitary measures (SPS), customs cooperation and technical barriers to trade (TBT).</td>
<td>None</td>
</tr>
<tr>
<td>Trade and Investment Framework Agreement (TIFA)</td>
<td>South Africa and the US</td>
<td>Provides a bilateral forum for the two countries to address issues of interest, including AGOA, TDCA, trade and investment promotion, non-tariff barriers, SPS, infrastructure and others.</td>
<td>None</td>
</tr>
<tr>
<td>SACU-India FTA</td>
<td>SACU and India</td>
<td>Tariff reductions on selected goods.</td>
<td>To be determined</td>
</tr>
<tr>
<td>SADC-EAC-COMESA Tripartite FTA (TFTA)</td>
<td>26 countries</td>
<td>Establishing the African Economic Community (AEC), which requires rationalisation of the continent’s regional economic communities.</td>
<td>To be determined</td>
</tr>
<tr>
<td>The African Continental Free Trade Area (AfCFTA)</td>
<td>The AfCFTA integrates 55 countries and builds on the Tripartite Free Trade Area (TFTA) with the Common Market for East and Southern Africa (COMESA), the East African Community (EAC) and SACD and will result in new market access opportunities in West Africa and North Africa which will be beneficial for the export of South African products.</td>
<td>Create a single market for goods and services, and enhance economic integration in the African continent.</td>
<td>To be determined</td>
</tr>
<tr>
<td>SACU-UK Economic Partnership Agreement</td>
<td>SACU, Mozambique and the UK</td>
<td>The agreement will effectively roll-over and replicate the terms of trade present in the existing SACD-EU EPA. It will allow for seamless, uninterrupted trade to continue between SACUM and the UK. The tariff arrangements under the SACD-EU EPA have been carried over to cover South Africa’s trade with the UK.</td>
<td>Refer to EPA</td>
</tr>
</tbody>
</table>

Source: dti, 2019
O. National Remuneration Data

Remuneration data varies by profession and may vary by location.

The below table is based on a remuneration survey for a six-month period (May to November 2018), which considers the total cost to company salary packages in South Africa. The earning potential for similar job functions may differ between provinces due to job and skill supply and demand. For instance, the earning potential for financial professionals is extremely competitive in Gauteng, relative to KwaZulu-Natal and the Western Cape. As a result, salary offers in Gauteng may be, on average, 25% more.

<table>
<thead>
<tr>
<th>Job Sector Category</th>
<th>National Lowest Annual Paid Salary</th>
<th>National Highest Annual Paid Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Intermediate Level Skilled</td>
<td>Senior Level Skilled</td>
</tr>
<tr>
<td>Accounting</td>
<td>R174 048</td>
<td>R218 816</td>
</tr>
<tr>
<td>Admin Clerk</td>
<td>R109 428</td>
<td>R116 588</td>
</tr>
<tr>
<td>Architecture and Engineering</td>
<td>R251 316</td>
<td>R287 064</td>
</tr>
<tr>
<td>Banking</td>
<td>R166 152</td>
<td>R206 376</td>
</tr>
<tr>
<td>Building and Construction</td>
<td>R237 996</td>
<td>R303 000</td>
</tr>
<tr>
<td>Call Centre</td>
<td>R144 684</td>
<td>No information</td>
</tr>
<tr>
<td>Financial Advisory</td>
<td>R308 004</td>
<td>R449 004</td>
</tr>
<tr>
<td>Financial Management</td>
<td>R702 684</td>
<td>R803 472</td>
</tr>
<tr>
<td>Information Technology</td>
<td>R332 004</td>
<td>R370 872</td>
</tr>
<tr>
<td>Insurance</td>
<td>R162 804</td>
<td>R167 148</td>
</tr>
<tr>
<td>Manufacturing and Assembly</td>
<td>R182 400</td>
<td>R122 880</td>
</tr>
<tr>
<td>Marketing</td>
<td>R161 412</td>
<td>R267 432</td>
</tr>
<tr>
<td>Medical and Health</td>
<td>R164 400</td>
<td>R277 620</td>
</tr>
<tr>
<td>Sales</td>
<td>R143 436</td>
<td>R185 004</td>
</tr>
<tr>
<td>Stock Broking and Asset Management</td>
<td>R338 328</td>
<td>R348 000</td>
</tr>
<tr>
<td>Warehousing and Logistics</td>
<td>R112 248</td>
<td>R117 600</td>
</tr>
</tbody>
</table>

Source: CareerJunction, 2018

Acronyms & Abbreviations

- ADEP: Aquaculture Development and Enhancement Programme
- AEC: African Economic Community
- AGFTA: African Continental Free Trade Area
- AGOA: African Growth and Opportunity Act
- AHI: Afrikaanse Handelsinstituut
- AIS: Automotive Investment Scheme
- APSS: Agro-Processing Support Scheme
- ARv: Antiretroviral
- BBEE: Broad-Based Black economic empowerment
- BIS: Black Industrialist Scheme
- BPS: Business Process Services
- BRICS: Brazil, Russia, India, China and South Africa
- BUSA: Business Unity South Africa
- CCMA: Commission for Conciliation, Mediation and Arbitration
- CFC: Controlled Foreign Company
- CIP: Critical Infrastructure Programme
- CIPC: Companies and Intellectual Property Commission
- CIS: Co-operative Incentive Scheme
- CKD: Complete Knock Down
- CMT: Cut, Make and Trim
- COC: Certificate of Compliance
- COMESA: Common Market for Eastern and Southern Africa
- Cosatu: Congress of South African Trade Unions
- CPI: Consumer Price Index
- CPFP: Capital Projects Feasibility Programme
- CTCP: Clothing and Textiles Competitiveness Programme
- CTFL: Clothing, Textile, Footwear and Leather
- DBSA: Development Bank of Southern Africa
- DFI: Development Finance Institution
- DIPA: Durban Investment Promotion Agency
- dti: Department of Trade and Industry

Other Acronyms:
- ADeP: Aquaculture Development and enhancement Programme
- eAC: east African Community
- eCA: electronic Communications Act
- eCDC: eastern Cape Development Corporation
- eFTA: European Free Trade Association
- eIA: Environmental Impact Assessment
- eIP: Enterprise Incubation Programme
- eIU: economist Intelligence Unit
- eMIA: export Marketing and Investment Assistance
- ePA: economic Partnership Agreement
- eTI: Employee Tax Incentive
- EU: European Union

ADDeNDUM

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SOUTH AFRICA INVESTOR ROADMAP

ADDENDUM
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
</tr>
<tr>
<td>IDC</td>
<td>Industrial Development Corporation</td>
</tr>
<tr>
<td>IDZ</td>
<td>Industrial Development Zone</td>
</tr>
<tr>
<td>IFRS</td>
<td>International Financial Reporting Standards</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IndWMP</td>
<td>Industry Waste Management Plan</td>
</tr>
<tr>
<td>InvestSA</td>
<td>Invest South Africa</td>
</tr>
<tr>
<td>IPP</td>
<td>Innovation and Partnership Programme</td>
</tr>
<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>ITAC</td>
<td>International Trade Administration Commission of South Africa</td>
</tr>
<tr>
<td>JAG</td>
<td>Joint Action Group</td>
</tr>
<tr>
<td>JSE</td>
<td>Johannesburg Stock Exchange</td>
</tr>
<tr>
<td>KZN</td>
<td>KwaZulu-Natal</td>
</tr>
<tr>
<td>MAFISA</td>
<td>Micro Agriculture Finance Scheme of South Africa</td>
</tr>
<tr>
<td>MDDA</td>
<td>Media Development and Diversity Agency</td>
</tr>
<tr>
<td>Mecosur</td>
<td>Southern Common Market</td>
</tr>
<tr>
<td>MEGA</td>
<td>Mpumalanga Economic Growth Agency</td>
</tr>
<tr>
<td>MGE</td>
<td>Mzansi Golden Economy</td>
</tr>
<tr>
<td>MHCV-AIS</td>
<td>Medium and Heavy Commercial Vehicles Automotive Investment Scheme</td>
</tr>
<tr>
<td>MNC</td>
<td>Multinational Corporation</td>
</tr>
<tr>
<td>MRO</td>
<td>Maintenance, repair and overhaul</td>
</tr>
<tr>
<td>Nactu</td>
<td>National Council of Trade Unions</td>
</tr>
<tr>
<td>NAFCO</td>
<td>National African Federation of Chambers of Commerce</td>
</tr>
<tr>
<td>NCC</td>
<td>National Consumer Commission</td>
</tr>
<tr>
<td>Nedlac</td>
<td>National Economic Development and Labour Council</td>
</tr>
<tr>
<td>NEF</td>
<td>National Empowerment Fund</td>
</tr>
<tr>
<td>NPC</td>
<td>Non-Profit Company</td>
</tr>
<tr>
<td>NYDOA</td>
<td>National Youth Development Agency</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
</tr>
<tr>
<td>OEM</td>
<td>Original Equipment Manufacturer</td>
</tr>
<tr>
<td>OICA</td>
<td>International Organization of Motor Vehicle Manufacturers</td>
</tr>
<tr>
<td>OSB</td>
<td>Oriented Strength Board</td>
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<tr>
<td>P-AIS</td>
<td>People-carrier Automotive Investment Scheme</td>
</tr>
<tr>
<td>PAP</td>
<td>Public Art Programme</td>
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<tr>
<td>PAYE</td>
<td>Pay-As-You-Earn</td>
</tr>
<tr>
<td>PE</td>
<td>Permanent Establishment</td>
</tr>
<tr>
<td>PET</td>
<td>Polyethylene Terephthalate</td>
</tr>
<tr>
<td>PI</td>
<td>Production Incentive</td>
</tr>
<tr>
<td>PGM</td>
<td>Platinum Group Metals</td>
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<td>PIT</td>
<td>Personal Income Tax</td>
</tr>
<tr>
<td>PRASA</td>
<td>Passenger Rail Agency of South Africa</td>
</tr>
<tr>
<td>PTY LTD</td>
<td>Proprietary Limited</td>
</tr>
<tr>
<td>PV</td>
<td>Photovoltaic</td>
</tr>
<tr>
<td>QSAPE</td>
<td>Qualifying South African Production Expenditure</td>
</tr>
<tr>
<td>RDF</td>
<td>Research Development Fund</td>
</tr>
<tr>
<td>RIEPPP</td>
<td>Renewable Energy Independent Power Production Procurement Programme</td>
</tr>
<tr>
<td>RICA</td>
<td>Regulation of Interception of Communications and Communication-Related Information Act</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>SA</td>
<td>South Africa</td>
</tr>
<tr>
<td>SAAM</td>
<td>South African Automotive Masterplan</td>
</tr>
<tr>
<td>SACC</td>
<td>South African Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>SACU</td>
<td>Southern African Customs Union</td>
</tr>
<tr>
<td>SACUM</td>
<td>Southern African Customs Union and Mozambique</td>
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<tr>
<td>SADC</td>
<td>Southern African Development Community</td>
</tr>
<tr>
<td>SANAS</td>
<td>South African National Accreditation System</td>
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<tr>
<td>SANEDI</td>
<td>South African National Energy Development Institute</td>
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<tr>
<td>SAPOA</td>
<td>South African Property Owners Association</td>
</tr>
<tr>
<td>SARB</td>
<td>South African Reserve Bank</td>
</tr>
<tr>
<td>SARS</td>
<td>South African Revenue Service</td>
</tr>
<tr>
<td>SBL</td>
<td>Sugary Beverages Levy</td>
</tr>
<tr>
<td>SDL</td>
<td>Skills Development Levy</td>
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<tr>
<td>SEDA</td>
<td>Small Enterprise Development Agency</td>
</tr>
<tr>
<td>SEFA</td>
<td>Small Enterprise Finance Agency</td>
</tr>
<tr>
<td>SET</td>
<td>Science Engineering and Technology</td>
</tr>
<tr>
<td>SETA</td>
<td>Sector Education and Training Authority</td>
</tr>
<tr>
<td>SEZ</td>
<td>Special Economic Zone</td>
</tr>
<tr>
<td>SHRA</td>
<td>Social Housing Regulatory Authority</td>
</tr>
<tr>
<td>SKD</td>
<td>Semi Knock Down</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium-sized Enterprise</td>
</tr>
<tr>
<td>SMME</td>
<td>Small, Medium and Micro-sized Enterprise</td>
</tr>
<tr>
<td>SPII</td>
<td>Support Programme for Industrial Innovation</td>
</tr>
<tr>
<td>SPP</td>
<td>Strategic Partnership Programme</td>
</tr>
<tr>
<td>SPR</td>
<td>Sanitary and Phyto-sanitary</td>
</tr>
<tr>
<td>SSS</td>
<td>Sub-Saharan Africa</td>
</tr>
<tr>
<td>SSSAS</td>
<td>Sector Specific Assistance Scheme</td>
</tr>
<tr>
<td>StatsSA</td>
<td>Statistics South Africa</td>
</tr>
<tr>
<td>STP</td>
<td>SEDA Technology Programme</td>
</tr>
<tr>
<td>STT</td>
<td>Securities Transfer Tax</td>
</tr>
<tr>
<td>TBT</td>
<td>Technical Barriers to Trade</td>
</tr>
<tr>
<td>tCO2e</td>
<td>Tonne of Carbon Dioxide Equivalent</td>
</tr>
<tr>
<td>TDCA</td>
<td>Trade Development and Cooperation Agreement</td>
</tr>
<tr>
<td>TEDA</td>
<td>Tshwane Economic Development Agency</td>
</tr>
<tr>
<td>TFTA</td>
<td>Tripartite Free Trade Area</td>
</tr>
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<td>THRIIP</td>
<td>Technology and Human Resources for Industry Programme</td>
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<td>TIA</td>
<td>Technology Innovation Agency</td>
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<td>TICPS</td>
<td>Technology Innovation Cluster Programme</td>
</tr>
<tr>
<td>TIDCA</td>
<td>Trade Investment and Development Cooperation Agreement</td>
</tr>
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<td>TIFA</td>
<td>Trade and Investment Framework Agreement</td>
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<td>Trade and Invest KwaZulu-Natal</td>
</tr>
<tr>
<td>TIL</td>
<td>Trade and Invest Limpopo</td>
</tr>
<tr>
<td>TPE</td>
<td>Total Production Budget Estimate</td>
</tr>
<tr>
<td>TRIPS</td>
<td>Trade-Related Aspects of Intellectual Property</td>
</tr>
<tr>
<td>TV</td>
<td>Television</td>
</tr>
<tr>
<td>UAV</td>
<td>Unmanned aerial vehicles</td>
</tr>
<tr>
<td>UIF</td>
<td>Unemployment Insurance Fund</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
</tr>
<tr>
<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
</tr>
<tr>
<td>Unisa</td>
<td>University of South Africa</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
</tr>
<tr>
<td>VAT</td>
<td>Value Added Tax</td>
</tr>
<tr>
<td>WEF</td>
<td>World Economic Forum</td>
</tr>
<tr>
<td>Wesgro</td>
<td>Western Cape Investment and Trade Promotion Agency</td>
</tr>
<tr>
<td>WHT</td>
<td>Withholding Tax</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
</tbody>
</table>
References


Business Insider (2018): The rand has been the world’s strongest currency against the dollar over the past three years. Retrieved from: www.businessinsider.co.za


National One Stop Shop

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 Salman@wesgro.co.za
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