



**SOUTH AFRICA:
REPLETE WITH OPPORTUNITIES
FOR A BETTER WORLD**



Inspiring new ways

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Inspiring new ways



SOUTH AFRICAN ECONOMY: COUNTLESS INVESTMENT AND TRADING OPPORTUNITIES

10 REASONS WHY YOU SHOULD INVEST IN SOUTH AFRICA

1

VIBRANT EMERGING MARKET

- One of the most sophisticated and promising emerging markets
- Affluent consumer base, growing middle class
- Industrial base to drive long-term returns on investment

6

ABUNDANT NATURAL RESOURCES

- Large and diversified mineral resource endowment
- Home to several listed mining companies
- World-renowned underground mining expertise

2

MOST DEVELOPED ECONOMY IN AFRICA

- Most industrialised and diversified economy on the continent
- Principal manufacturing hub in Africa
- Leading services destination

7

ADVANCED FINANCIAL SERVICES AND BANKING SECTOR

- Sophisticated banking system with major footprint across Africa
- Continent's financial hub
- Home to Africa's largest stock exchange by market capitalisation

3

LARGEST PRESENCE OF MULTINATIONAL CORPORATIONS IN AFRICA

- Location of choice for multinationals in Africa
- Supportive ecosystem as a hub for innovation, technology and fintech

8

WORLD-CLASS INFRASTRUCTURE AND LOGISTICS

- Highly developed economic infrastructure
- Largest networks of air- and sea-ports, as well as logistics in Africa
- Large infrastructure development programme under way

4

PROGRESSIVE CONSTITUTION AND INDEPENDENT JUDICIARY

- Mature, accessible legal system provides certainty, respect for rule of law
- Sound regulatory framework adhering to international standards

9

YOUNG, EAGER LABOUR FORCE

- World-class tertiary education system producing a skilled, talented and capable workforce
- Diversified skills set
- Strong skills development support system

5

PROVIDES INVESTORS ACCESS TO GLOBAL MARKETS

- Several trade agreements support export market growth prospects
- Export potential boosted by African Continental FTA

10

EXCELLENT QUALITY OF LIFE

- Favourable cost of living
- Generally superb weather all year
- Diversified cultural, cuisine and sports offering
- World-class hospitality sector

SOUTH AFRICA AT A GLANCE

Gross domestic product 2020: ZAR 5.52 trillion
(USD 335.4 billion at 2020 average exchange rate)

Inflation 2020: 3.3%
Jan-Aug 2021 average: 4.2%

Prime lending rate October 2021: 7.0%

External trade Merchandise exports:
2020: ZAR 1 395.0 billion
Jan-Aug 2021: ZAR 1 199.6 billion

Merchandise imports: 2020:
ZAR 1 123.4 billion
Jan-Aug 2021: ZAR 864.7 billion

Exchange rate 2020 average:
USD 1.00 = ZAR 16.46

September 2021 average:
USD 1.00 = ZAR 14.59

Population

- 60.1 million
- 39.6 million people in the working-age category
- Young population (63% under the age of 35)
- Highly urbanised (67.4% of population in 2020)

Land

- Total land area: 1 219 090 km²
- Agricultural land: 79.4% of entire land area
- Arable land = 9.9%; permanent crops 0.3%; permanent pasture 69.2%; forest 7.6%
- 16 700 km² under irrigation

Mineral resources

Producer of key mining and mineral products (2020):

- Platinum group metals: 226.5 tonnes
- Gold: 95.8 tonnes
- Coal: 247.1 million tonnes
- Iron ore: 55.6 million tonnes
- Manganese: 16.1 million tonnes
- Chrome ore: 14.5 million tonnes
- Industrial minerals: 67.6 million tonnes
- Diamonds: 8 million carats

Electricity

Total energy generation capacity of 51.6 million kW (2020 estimate)

- Mainly coal-fired power stations (circa 70% of generation capacity)
- Deliberate move to diversify energy mix by introducing renewable energy (solar, wind, other)
- Ranked 10th among G20 countries for renewable energy investment conditions (2017)

Transport and logistics

- 144 airports with paved runways
- Railways: 20 986km
- Roads: 747 014km (paved: 158 952km)
- 8 seaports: Durban, Richards Bay, East London, Ngqura, Port Elizabeth, Mossel Bay, Cape Town, Saldanha Bay
- 2 of the world's top container ports: Durban, Cape Town
- 2 of the world's largest dry bulk ports: Richards Bay and Saldanha Bay

Information Technology

- Highest number of secure internet servers in Africa
- Ranked 3rd in Africa on the Information and Communications Technology Development Index

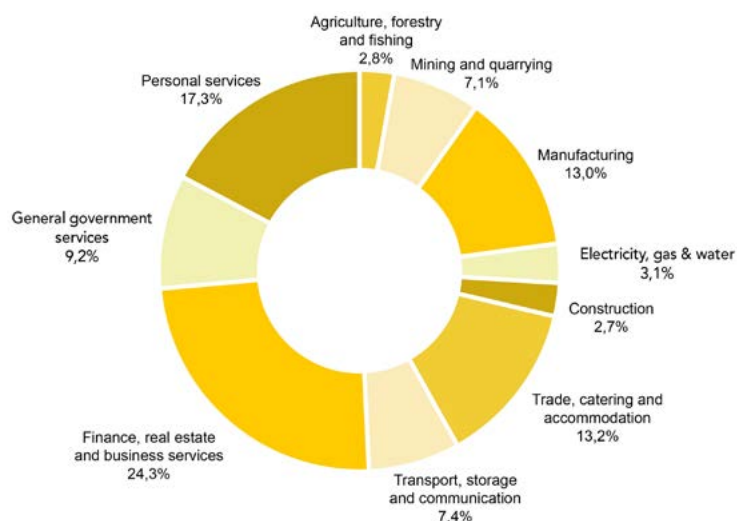


A BIRD'S-EYE VIEW OF THE ECONOMY

- South Africa's ZAR 5.52 trillion economy (USD 335.4 billion*) is the 33rd largest** in the world and represents circa 14% of the African continent's overall GDP.
- The economy is highly diversified from a sectoral perspective and the most developed and technologically advanced economy on the African continent.
- South Africa has one of the most open economies in the world (exports and imports collectively represented approximately 51% of GDP in 2020), with preferential access to numerous global markets.
- Fixed investment activity is spread across all broad sectors of the economy, with the financial services, real estate and business services sector claiming the large share on an annual basis.
- The private sector accounted for 71% of overall fixed investment expenditure, on average, over the past 3 years.
- Foreign direct investment (FDI) inflows have increased substantially since the onset of democracy, with FDI stock representing 36.3% of GDP in 2019, as compared to 6.6% in 1994.
- Although the United Kingdom remains the largest source of FDI, investors from several other countries have been increasingly attracted to South Africa over the past decade.

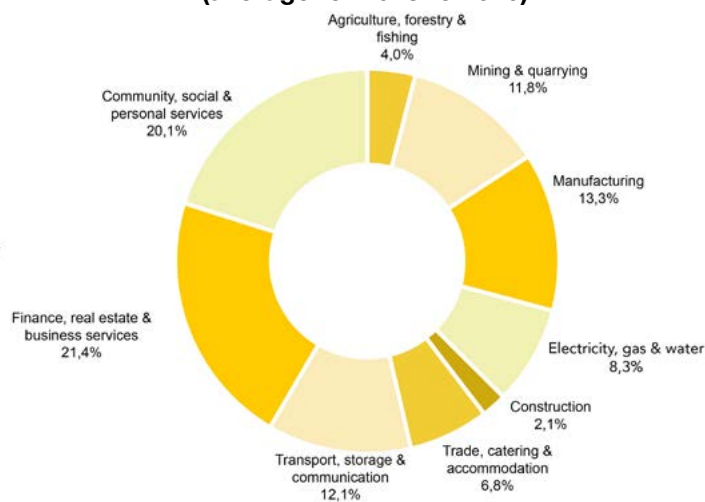
Diversified economy from a sectoral perspective, well placed to support sustainable industrial development ...

Sectoral composition of GDP in 2020



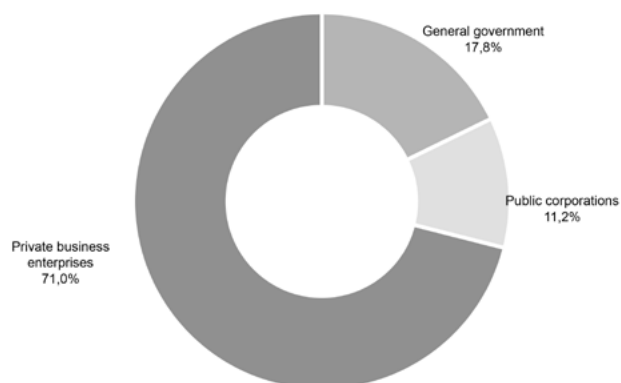
... manufacturing, mining and agriculture sectors claimed 29% of fixed investment activity over the past 3 years

Sectoral distribution of fixed investment expenditure (average for 2018 to 2020)



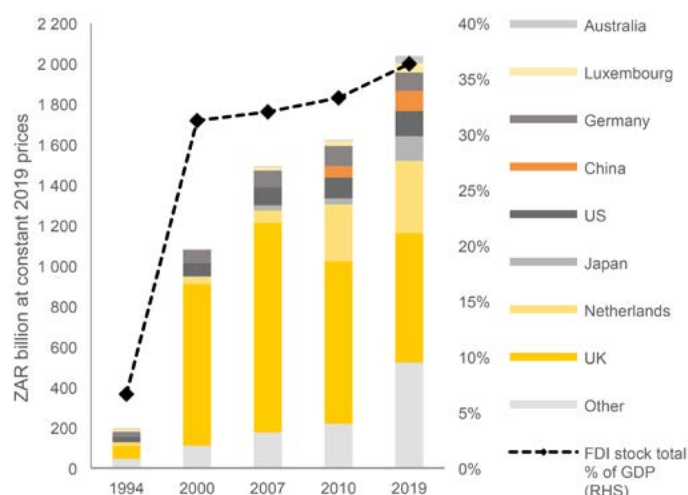
Private business enterprises account for the bulk of fixed investment activity ...

Fixed investment expenditure by type of organisation (average for 2018 to 2020)



... FDI originates from several source countries, dominated by the UK, Netherlands, USA, Japan and China

FDI inflows and FDI stock as a ratio of GDP



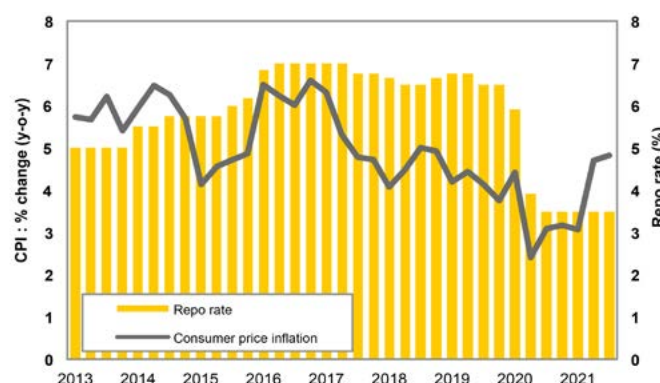
THE ECONOMY IS ON A RECOVERY PATH AFTER THE COVID-19 CRISIS

- The economy recorded better than anticipated growth during the first 6 months of 2021, a clear indication that the post-pandemic recovery momentum is firmly on track.
- Strong global demand and higher commodity prices have underpinned a robust export performance, leading to the largest trade surplus on record during the first 8 months of 2021.
- A rebound in fixed investment activity is expected from 2022 onwards, driven by improving business sentiment and opportunities opening up on the back of structural reforms and increasing local and export demand.
- A progressive recovery in household consumption is anticipated, supported by accommodative monetary policy, improving consumer sentiment and rising disposable income.
- Inflationary pressures in the economy have remained well contained, providing the South African Reserve Bank (monetary authority) scope to keep the repurchase (repo) rate at a multi-decade low of 3.5%.
- Effective implementation of the Economic Reconstruction and Recovery Plan (ERRP) expected to propel the economy's growth trajectory higher.



Accommodative monetary policy in a moderate inflation environment to support economic activity in the years ahead

Consumer price inflation and the repo rate

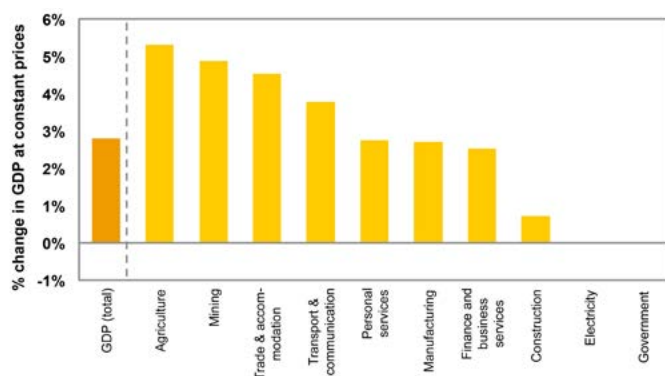


Economic Reconstruction and Recovery Plan (ERRP) to rekindle economic activity post-pandemic in a manner that ensures sustainability, resilience and inclusiveness

- Growth-enhancing policy reforms and programmes.
- Large-scale investment in infrastructure development with increasing private sector participation, prioritisation of public spending towards capital investment.
- Industrial and trade policy to support competitiveness, private sector investment and long-term growth.
- Technology enhancement to improve competitiveness and the dynamism of industries.
- Attractive incentives and financing programmes for industrial development and investment promotion, particularly in the 13 special economic zones.
- Enhance export market development by leveraging on existing trade agreements, including the AfCFTA.
- Reduce barriers to entry in various sectors of the economy to encourage investment and small business development.
- Improve the ease of doing business through a supportive regulatory system.
- Strong focus on the transition towards a low-carbon economy and the development of the green and digital economies in future years.

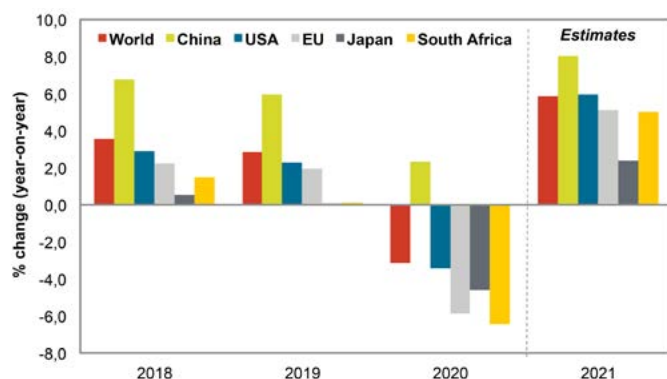
Economic recovery well on track, as reflected by significant rebound in most sectors in the first semester of 2021 ...

Change in real GDP: 1st semester of 2021 vs 2nd semester of 2020



...real GDP should expand by 5% or more in 2021, following a 6.4% contraction in 2020 due to the Covid-19 crisis

Real GDP growth in selected economies

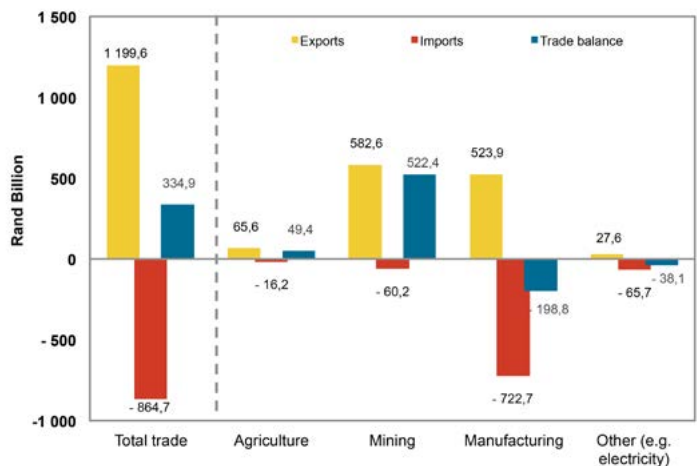


AN EXPORT-ORIENTED ECONOMY

- Exports of goods and services represented 27.8% of GDP in 2020, illustrating the importance of external markets for the economy at large and specific sectors.
- Mining has the highest export propensity (67%) of all sectors of the economy.
- The manufacturing sector has an export:output coefficient of 26.7%, while 27.4% of all agricultural products were exported in 2020.
- Favourable weather conditions have supported robust output levels across the agriculture sector, contributing to much increased exports of several products, including citrus fruit, grapes, apples and pears, as well as maize.
- A surplus amounting to ZAR 334.9 billion was recorded on the balance of trade over the first 8 months of 2021 – the largest on record.

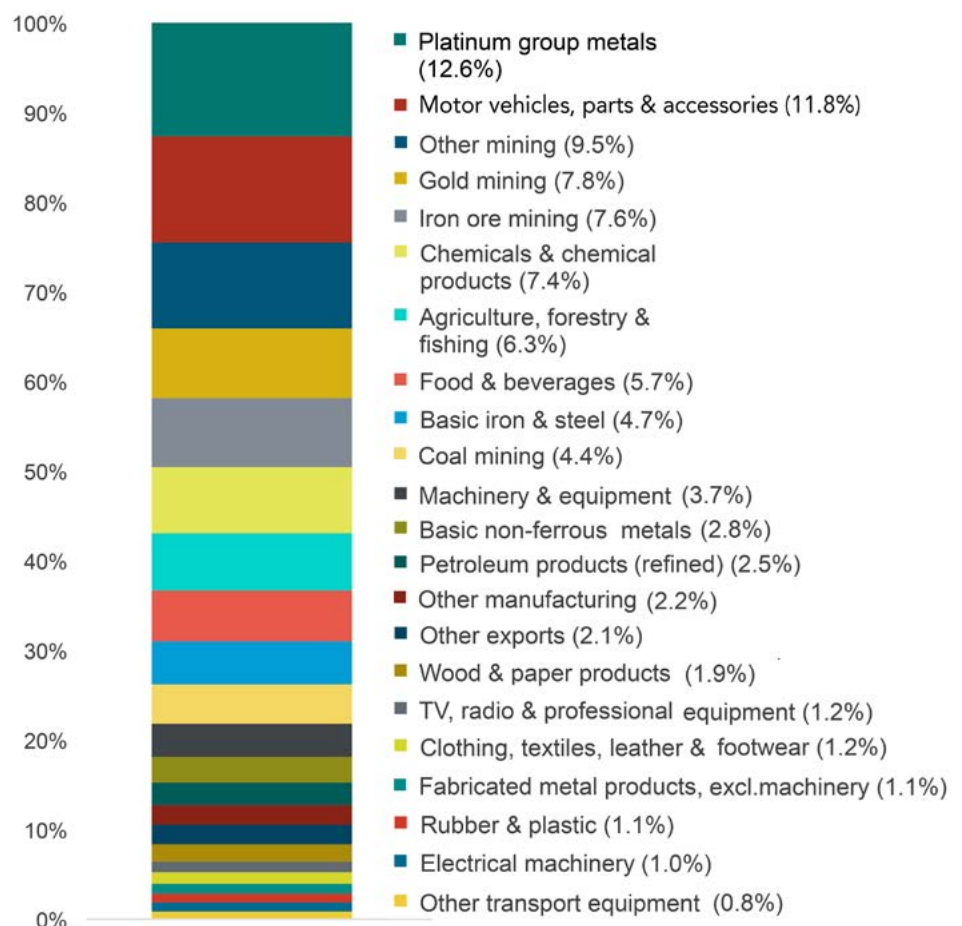
Solid export growth reflects relative competitiveness in key sectors of the economy

South Africa's trade balance according to broad sector in 2021 (January to August)



South Africa's merchandise exports are dominated by mining and mineral exports, as well as by several manufactured product categories

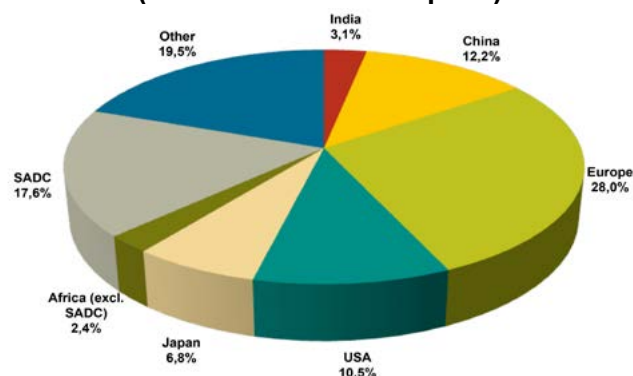
South Africa's merchandise export basket in 2020 (ZAR 1 395 billion)



AN EXPORT-ORIENTED ECONOMY

- Motor vehicles are the largest manufactured export product category, destined mainly for the Eurozone, the UK and the USA.
- China is the principal export market for several industrial commodities, but platinum is primarily exported to the USA, Japan and UK.
- African markets accounted for 20% of South Africa's exports over the first 8 months of 2021.
- Global growth, an improving economic outlook for the African continent and the implementation of the AfCFTA should boost South Africa's export performance going forward.

Regional destinations of South Africa's exports in 2021 (January - August)
(% share of total SA exports)



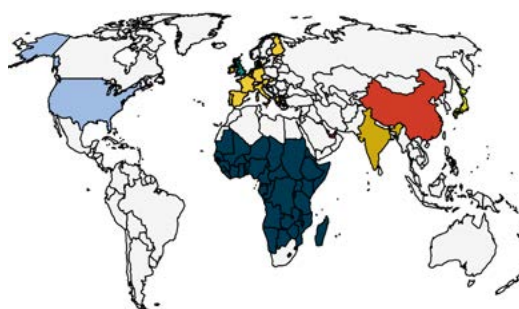
The 8 largest global markets for South Africa's merchandise exports over the period 2018 to 2020, the Top 8 products exported and their corresponding average annual export values over this period ...

Top 8 exports to the United States	
Description	ZAR billion
Unwrought platinum	35.2
Passenger vehicles	6.4
Ferro-alloys	4.7
Unwrought aluminium	3.3
Catalytic converters	2.8
Iron and steel slag	2.8
Titanium ore	2.6
Aluminium plates	2.3
Other	36.4
Total	96.5

Top 8 exports to Eurozone	
Description	ZAR billion
Passenger vehicles	52.3
Commercial vehicles	20.1
Iron ore	11.2
Catalytic converters	10.9
Unwrought platinum	9.5
Precious metals ore	8.2
Ferro-alloys	8.1
Citrus fruit	6.9
Other	106.4
Total	233.8

Top 8 exports to United kingdom	
Description	ZAR billion
Unwrought platinum	29.7
Commercial vehicles	8.0
Passenger vehicles	5.6
Citrus fruit	2.2
Grapes	2.0
Wine	1.9
Catalytic converters	1.8
Apples and pears	1.2
Other	14.1
Total	66.3

Top 8 exports to sub-Saharan Africa*	
Description	ZAR billion
Refined petroleum	22.6
Commercial vehicles	12.6
Coal	4.9
Diamonds	4.8
Passenger vehicles	4.6
Earth moving machinery parts	4.3
Pumps for liquids	3.8
Maize	3.7
Other	267.5
Total	328.9



Top 8 exports to Japan	
Description	ZAR billion
Unwrought platinum	32.5
Passenger vehicles	6.3
Iron ore	4.3
Ferro-alloys	3.2
Manganese	2.1
Wood chips	2.1
Unwrought aluminium	1.7
Articles of iron and steel	1.1
Other	7.9
Total	61.2

Top 8 exports to United Arab Emirates	
Description	ZAR billion
Diamonds	7.4
Ferro alloys	5.6
Citrus fruit	1.5
Coal	1.2
Coal-tar distillates	0.9
Apples and pears	0.5
Passenger vehicles	0.4
Chrome ore	0.4
Other	6.8
Total	24.6

Top 8 exports to India	
Description	ZAR billion
Coal	34.1
Manganese	3.8
Chemical wood pulp	2.5
Iron ore	1.8
Unwrought platinum	1.1
Petrol engines	1.0
Ferrous scrap	1.0
Fluorine minerals	0.6
Other	10.2
Total	55.9

Top 8 exports to China	
Description	ZAR billion
Iron ore	49.4
Manganese	27.8
Chrome ore	14.4
Ferro-alloys	12.8
Unrefined copper	3.1
Wool	3.1
Zirconium ores	3.0
Chemical wood pulp	2.7
Other	22.4
Total	138.9

Note: * South African exports of chrome ore (ZAR 7 billion) and iron ore (ZAR 4.9 billion) to sub-Saharan Africa were excluded from the Top 8 as these were destined to Mozambique in transit to global markets via the port of Maputo. Source (charts): IDC, compiled using SARS data.

AN EXPORT-ORIENTED ECONOMY

Several trade agreements underpin export-related industrial development

- South Africa, a member of the World Trade Organisation, has gained preferential access into key world markets through favourable trade agreements and as a member state of regional economic communities, specifically the Southern African Development Community (SADC) and the Southern African Customs Union (SACU).

Agreement name	Type of agreement	Countries involved
Southern African Customs Union (SACU)	Customs union	South Africa, Botswana, Lesotho, Eswatini, Namibia
Southern African Development Community (SADC) Free Trade Area (FTA)	Free trade agreement	16 SADC member states
African Continental Free Trade Area (AfCFTA)	Progressive liberalisation of tariffs	54 member states of the African Union (AU)
Economic Partnership Agreements (EPAs)	Free trade agreement	SACU-EU EPA plus Mozambique and Angola
European Free Trade Association / Southern African Customs Union (EFTASACU) FTA	Free trade agreement	SACU and EFTA (Iceland, Liechtenstein, Norway and Switzerland)
African Growth and Opportunity Act (AGOA)	Unilateral assistance measures (non-reciprocal)	USA and 39 sub-Saharan African countries
Generalised System of Preferences (GSP)	Unilateral (non-reciprocal)	USA and EU, Norway, Switzerland, Russia, Turkey, USA, Canada, Japan
SACU-Mercosur	Preferential trade agreement	SACU and Argentina, Brazil, Paraguay and Uruguay

Special Economic Zones (SEZs) in South Africa



Incentives offered by SEZs include:

- Provision of targeted investment incentives, support to exporters
- Preferential 15% corporate tax rate in 6 SEZs
- Value-added tax and customs duty suspension in customs-controlled areas
- Employment incentives
- Building allowances
- Preferential land rental and utility rates

13 SEZs in 8 provinces:

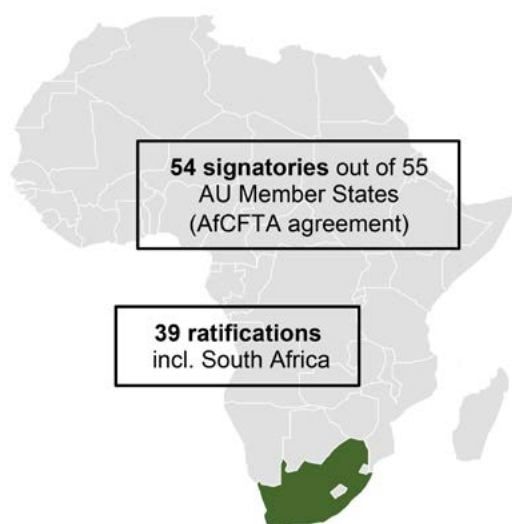
- Atlantis (Western Cape)
- Coega (Eastern Cape)
- Dube Trade Port (KwaZulu-Natal)
- East London (Eastern Cape)
- Maluti a Phofung (Free State)
- Musina-Makhado (Limpopo)
- Namakwa (Northern Cape) (prospective)
- Nkomazi (Mpumalanga)
- OR Tambo International Airport (Gauteng)
- Richards Bay (KwaZulu-Natal)
- Saldanha Bay (Western Cape)
- Tshwane Automotive (Gauteng)
- Vaal (Gauteng) (prospective)



POSITIONED TO BENEFIT CONSIDERABLY FROM THE AFCFTA

African Continental Free Trade Area will enhance intra-African trade and investment

AfCFTA status as of 9 September 2021



- The African Continental Free Trade Area (AfCFTA) officially commenced trading under the agreement on 1 January 2021.
- South Africa ratified the AfCFTA agreement in 2019, thus positioning it for wider access to new market opportunities.
- South Africa is an attractive location for foreign investors requiring access to the rest of the African continent as they can leverage on:
 - South Africa's well-developed industrial ecosystem and diversified economy, particularly its established manufacturing sector and value chains;
 - The country's world-class physical infrastructure and extensive transport and logistics network (which is strongly integrated with other southern African countries), including advanced ICT infrastructure; and
 - Other competitive advantages, including its supportive operating environment (favourable trade regime, sophisticated and sound financial markets, availability of key production inputs).

Integrated single trade and investment market

USD 3.5 trillion
Gross domestic product (GDP) by 2025

52
urban cities ≥ 1 million people

~650 million consumers
African middle class by 2030

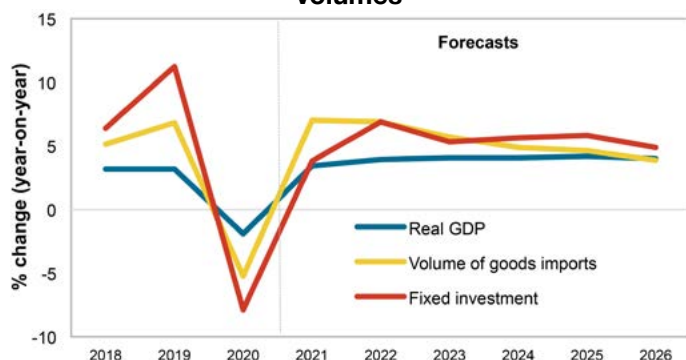
1.5 billion
people (by 2025)

~90 000 per day
New users connecting to internet

~USD 2.5 trillion
African consumer spending by 2030

Progressive acceleration of regional growth to be supportive of export market development and investment opportunities

Sub-Saharan Africa: Growth in real GDP, fixed investment and import volumes



- The African continent is blessed with abundant resource endowments, with several economies likely to play a critical role in the global transition to a greener future.
- The fast-progressing implementation of the AfCFTA agreement will, over time, open up a multitude of new trade and investment opportunities across several sectors and enabling services.
- South Africa is increasing regional cooperation efforts within the African continent.



POSITIONED TO BENEFIT CONSIDERABLY FROM THE AFCFTA

Regional integration opportunities

- Africa is endowed with a massive resource base (incl. agricultural, water and energy resources, industrial minerals) to support climate change mitigation efforts, the greening of the global economy and inclusive development.
- The continent is home to the world's youngest population and is urbanising rapidly.
- Africa has massive infrastructure needs and exhibits huge potential in green/sustainable infrastructure.
- Leap-frogging opportunities brought about by the digital revolution (incl. in fintech, education, health, smart agriculture, etc.).
- Regional integration efforts leading to development of economies of scale, value chain development and improvements in the business environment.

Sectoral distribution of announced FDI greenfield projects in Africa by value

Sector/industry	Value (USD million)	
	2020	2019
Total	28 997	76 637
Primary	1 381	2 829
Manufacturing	8 468	32 621
Services	19 149	41 186

Top industries by value in 2020

Information and communication	8 960	4 639
Energy	5 312	10 228
Coke and refined petroleum	2 315	7 727
Food, beverages and tobacco	1 382	2 448
Transportation and storage	1 277	5 402
Automotive	1 111	4 015

Numerous regional investment opportunities

Climate-smart agriculture and agro-processing

- Around 60% of Africa's arable land is uncultivated and the continent has abundant water resources for agriculture development (incl. climate smart technologies, irrigation), potable water.
- Value-adding opportunities abound in the agro-processing sector (incl. the development of globally competitive processed food, beverages and other derived products industries).

Mining and minerals processing/beneficiation

- Africa is a major player in the extraction of various mineral resources. Its enviable resource endowment provides numerous investment opportunities in mining and minerals beneficiation.
- Investors should target key mining sectors for globally-competitive downstream manufacturing metals industries, mineral exports, as well as to promote energy security and support climate change mitigation efforts. Examples include copper, cobalt, graphite, lithium, nickel, tin, etc.

Hydrocarbons, particularly natural gas

- Large offshore and onshore gas reserve discoveries in, for example, Mozambique and Tanzania present multiple opportunities for energy generation and the development of upstream and downstream related gas resources for other chemical processes and petrochemicals, green chemicals, etc.

Manufacturing

- Low industrial bases in most of the continent, except for a few economies such as South Africa, point to a wide array of investment opportunities.
- Development of value/supply chains across various sectors (e.g. petrochemicals, pharmaceuticals, food, beverages, minerals beneficiation, fabricated metals, wood products, cotton-textiles-clothing/household textiles, leather and leather products).

Digital technologies (incl. information and communications technology)

- Significant and rapidly expanding subscriber bases.
- Covid-19 accelerated the uptake of digital services (incl. e-health, e-learning and e-commerce).
- Further investment opportunities in backbone networks, last-mile connectivity, power supply to support broader digitisation, and innovations to ensure inclusivity.

Infrastructure, logistics and energy development

- Massive development opportunities across the infrastructure spectrum, incl. input supply requirements associated with Africa's ongoing infrastructure and industrial development drive.
- Ample opportunities in the development of physical, digital, green infrastructure (incl. renewable and cleaner energy sources), storage (incl. cold storage), warehousing facilities, etc.
- The AfCFTA will catalyse regional cross-border infrastructure development.

Other consumer goods and services

- Numerous opportunities for consumer-oriented sectors driven by the potential integrated market of over 1.3 billion consumers, a young and rapidly urbanising population, and increasingly sophisticated consumer segments.

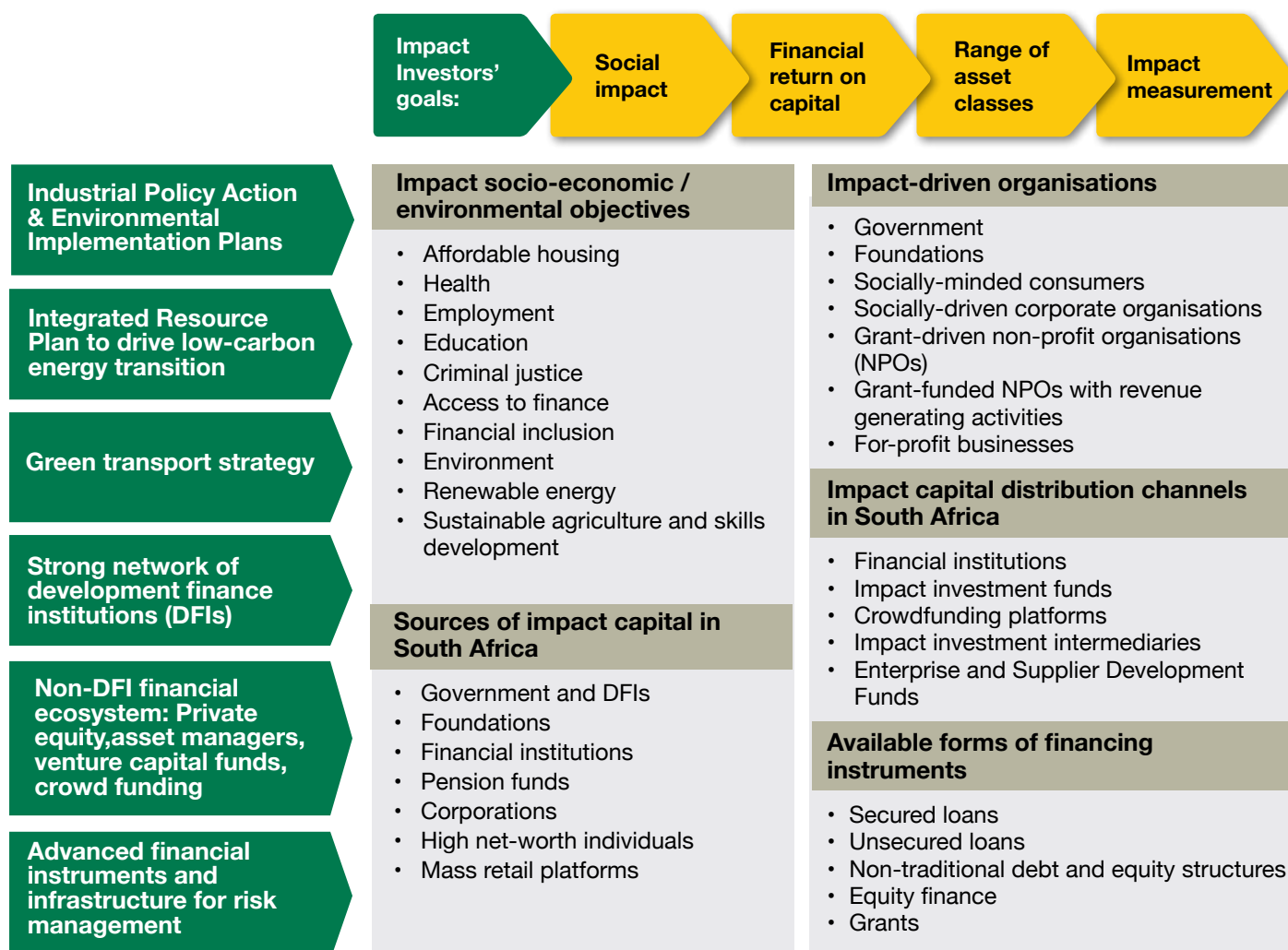
COMMITTED TO A SUSTAINABLE AND INCLUSIVE FUTURE

Prioritising environmental sustainability and inclusive development

- Global climate and humanitarian crises are shifting investor behaviour and decision-making towards impact-oriented forms of capital investment that consider environmental, social and governance (ESG) principles.
- South Africa adopted the United Nation's Sustainable Development Goals (SDGs) in 2015, subsequently aligning these with its National Development Plan Vision 2030 (the overarching long-term policy framework).
- South Africa is a signatory to the 2015 UNFCCC Paris Agreement, adopted by 196 countries that support the transition to a low carbon economy.
- Industrial policy in South Africa is geared to support sustainable industrial development, positioning it as a hub for impact-oriented capital investment.



South Africa's policy framework and developed economic ecosystem provides an ideal environment for impact investors and green economy development



COMMITTED TO A SUSTAINABLE AND INCLUSIVE FUTURE

South Africa's greening trajectory is unlocking numerous development opportunities with attractive investment returns

- A just transition to a low-carbon, climate-resilient, greener economy forms an integral part of South Africa's global commitments, including the Paris Agreement and SDGs.
- The Just Transition framework is also reflected in the country's pertinent legislation, regulations, policies and strategies, including the Integrated Resource Plan 2019 and the Economic Reconstruction and Recovery Plan.

Some of the green economy development opportunities

- Large-scale deployment of renewable energy generation and energy storage
- Adoption of energy and water efficiency solutions
- Green hydrogen value chain development
- Waste re-use/recycling, diversion of waste from landfills to industrial waste recycling
- Beneficiation of industrial waste
- Environmental rehabilitation and preservation
- Forestry development
- Expanded retrofitting of public and private sector buildings

- Green economy development is expected to have a significant socioeconomic impact and provides considerable procurement opportunities for manufacturers and other key input suppliers.
- Repurposing options are being explored by South Africa's power utility (Eskom) for its fleet of coal generation plants that are approaching their end-of-life. These could include their conversion from coal to renewables, biomass-to-energy options, and battery energy storage.
- South Africa's determined approach in driving green economy development offers attractive opportunities for global investors seeking to allocate capital for the development of environmentally-responsible industries.
- High levels of solar radiation, vast stretches of land and a large endowment of PGMs (more than 75% of global output), a key component of electrolyzers in hydrogen production and as catalysts in fuel cells, support the development of the green hydrogen value chain in South Africa.
- An expanding market for the issuance of green bonds provides a financial de-risking mechanism that is expected to drive increased private sector investment and FDI into South Africa's green economy.

Some of the investment opportunities

- Renewable energy generation, particularly wind and solar PV
- Solar energy technologies and components (solar panels and inputs such as solar glass, aluminium, junction boxes and cabling; solar water geysers; timers, etc.)
- Wind turbines and components
- Adoption of energy efficiency technologies
- Energy storage
- Green hydrogen production
- Diversion of landfill waste to industry for re-use/recycling
- Recycling (e.g. plastics, paper and packaging, glass, tyres, batteries, e-waste)
- Waste beneficiation (e.g. ash, slag, gypsum, biomass)
- Waste water treatment
- Electric vehicle infrastructure and value chain development, hydrogen fuel cell based systems, greener components
- Green buildings related materials and products



The background of the slide features a large circular collage. The top half of the circle contains two images: on the left, a woman with a headset smiling at a computer; on the right, a car body on a yellow assembly line. The bottom half of the circle contains a single image of a vast vineyard with rows of green grapevines stretching towards a line of trees in the distance.

SECTOR PERSPECTIVES AND OUTLINE OF INVESTMENT OPPORTUNITIES

AGRICULTURE AND AGRO-PROCESSING

Sectoral outline

Primary agriculture sector:

Economic importance

- South Africa has a well-developed agriculture sector. It contributed 2.8% to overall GDP in 2020, accounted for 6.3% of total export earnings and employs almost 820 500 people.

Structure

- The sector has a well-developed agriculture segment with more than 40 000 commercial farmers and 300 000 small-scale farmers.
- Products include maize, wheat, sugarcane, fruits (e.g. apples, citrus, grapes, berries), vegetables, nuts (e.g. groundnuts, pecan nuts, macadamia), beef, poultry, mutton, wool, fish and seafood.

Extensive sectoral linkages

- The sector has extensive backward and lateral linkages with the manufacturing and services sectors, as well as forward linkages to manufacturing through the supply of raw materials to various processing industries.

Agro-processing sector:

Economic importance

- The agro-processing sectors have grown rapidly over the years, accounting for 3.8% of South Africa's GDP and 5.7% of total merchandise export earnings in 2020. Collectively they employ approximately 245 000 people.

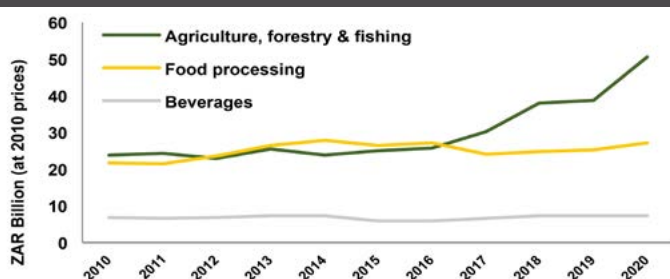
Structure

- Over 7 000 businesses are involved in food processing, dominated by large enterprises.
- These sectors produce a wide range of products, from high quality commodity types to high-end market/niche products.
- The beverages sub-sector incorporates the production of juices, wines and dairy products, among others.

Extensive sectoral linkages

- Agro-processing sectors have extensive backward and lateral linkages with the agriculture, manufacturing and services sectors.

Export performance reflects increasing global competitiveness of the sector's primary and manufactured products



Agriculture, forestry and fishing sector exports

Agriculture, forestry & fishing exports:	Value in 2020 (ZAR mil)	% of total
- Citrus fruit, fresh or dried	27 941.6	31.8%
- Grapes, fresh or dried	10 550.4	12.0%
- Apples, pears and quinces, fresh	9 810.3	11.2%
- Maize (corn)	9 236.1	10.5%
- Nuts except coconut, fresh/dried brazil & cashew	4 588.9	5.2%
- Wool, not carded or combed	4 149.6	4.7%
- Other fruits, fresh	3 119.4	3.5%
- Avocado, dates, pineapple, etc.	2 339.8	2.7%
- Stone fruit, fresh (apricot, cherry, plum, etc)	1 648.3	1.9%
- Seed, fruit and spores, for sowing	1 239.7	1.4%
- Others	13 325.7	15.2%

Agro-processing sub-sectors' exports

Value in 2020 (ZAR mil) % of total

Food processing exports:

- Solid cane/ beet sugar & chemically pure sucrose	6 037.2	9.9%
- Fruit and vegetable juices, not fermented/spirited	4 068.9	6.7%
- Food preparations	3 255.2	5.4%
- Fruit, edible plant parts, prepared/preserved	2 701.6	4.4%
- Animal feed preparations	2 618.3	4.3%
- Cereal grouts, meal and pellets	2 561.6	4.2%
- Fish, frozen (whole)	2 320.9	3.8%
- Fish fillets, fish meat, mince except liver, roe	2 007.8	3.3%
- Flour of meat, fish or offal for animal feed	1 799.9	3.0%
- Malt extract, flour, dairy preparations, cocoa	1 455.5	2.4%
- Others	31 916.5	52.5%

Beverages exports:

- Grape wines (including fortified), grape must	10 073.6	55.1%
- Waters, non-alcoholic flavoured beverages	2 108.2	11.5%
- Ethyl alcohol, undenatured	2 043.4	11.2%
- Liqueur, spirits & undenatured ethyl alcohol	1 771.5	9.7%
- Beer made from malt	989.4	5.4%
- Fermented beverages (e.g. cider, perry, mead)	923.2	5.0%
- Malt	244.5	1.3%
- Unsweetened beverage waters, ice and snow	68.6	0.4%
- Vermouth and other flavoured grape wine	61.5	0.3%

Why invest in South Africa's agriculture sector

- Market oriented, highly diversified and globally competitive exporting capabilities.
- Favourable natural resources and high-quality produce.
- Diverse climatic and geological conditions. Climate varies from subtropical to Mediterranean, permitting a multitude of production opportunities.
- Counter-seasonality to the northern hemisphere.
- Major global producer of various agricultural products.
- Fully integrated and elaborate agricultural value chains.
- Robust backward and lateral linkages to various economic sectors.
- Processing capacity for a wide range of agricultural products.
- Efficient export infrastructure and logistics network to support export oriented growth.
- Industrial capacity to support development and deployment of sustainable and new generation technologies in agriculture.

AGRICULTURE AND AGRO-PROCESSING

Strategic focus areas to drive long-term growth

- Agricultural value chains are a key pillar of the economy. Their development is a government policy priority and presents a myriad of opportunities for investors.
- Access to land for commercial and subsistence farming will be increased substantially, with around 700 000 ha of underutilised state land to be made available for public leasing.
- Strategies have been enacted to drive consolidated buying and market linkages to reduce market risks for producers.
- Strategies are in place to enhance R&D and smart technology absorption in agriculture.



Enhanced value proposition of investment opportunities

Enhanced agro-processing competitiveness

Sectoral master plans to unlock growth

Policy support to agrarian development and transformation

Industrial and trade policies supportive of investment

Reduced supply chain concentration and project risks

- Investment opportunities in agriculture (horticulture, field crops and livestock) and fisheries production and processing across several value chains.
- Agriculture and agro-processing master plans aim to increase domestic consumption and export-orientation, improve competitiveness, raise production and promote investment in the sector.
- Comprehensive Land and Agrarian Strategy focuses on the development of Commodity Corridors and Commodity Production Schemes at the district level. Agri-parks and Farmer Production Support Centres will assist farmers in extracting value from their assets.
- Reconfigured industrial policy incentives for agro-processing will reduce project development and funding risks, boosting the sector's investment proposition.
- Trade policy to enhance access to key external markets for producers in the field crops, horticultural and livestock value chains, as well as protect local industry.
- Support market growth for sustainable agriculture technology solutions such as controlled environment production (e.g. hydroponics), agri-related renewable energy technologies, drone and mobile communications applications.
- Measures to reduce high concentration levels in agricultural inputs supply, agro-processing and food retail to enhance competitiveness and inclusive development.

Some of the investment opportunities

- | | |
|--|---|
| <ul style="list-style-type: none"> • Fruit and vegetable packaging and canning, juice processing. • Oil seed production, edible oil processing, oilcake. • Processing of soy-based products. • Grain sorghum production, malt industry development. • Nut farming (e.g. macadamia, walnut) and processing. • Processing of organic, vegetarian, dehydrated foods. • Meat processing, including ostrich meat. • Expansion of dairy value chain. • Expansion of bakery and confectionery production. • Expansion of aquaculture (abalone, mussels, trout), canning of freshwater fish. • Biofuels development. • Extraction of high-value additives, nutraceuticals. | <ul style="list-style-type: none"> • Production of aromatics, flavourants. • Non-edible oil processing. • Commercial-scale planting of indigenous plants, including flowers. • Production of medicinal extracts, incl. cannabis-based. • Crop production for feedstock into biofuels processing. • Wool and mohair production and processing. • Production of artemisinin for malaria medicaments. • Flax production. • Forestry development. • Development of smart technologies in agriculture. • Water infrastructure investment, wastewater treatment. |
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MINING



Economic importance

Structure

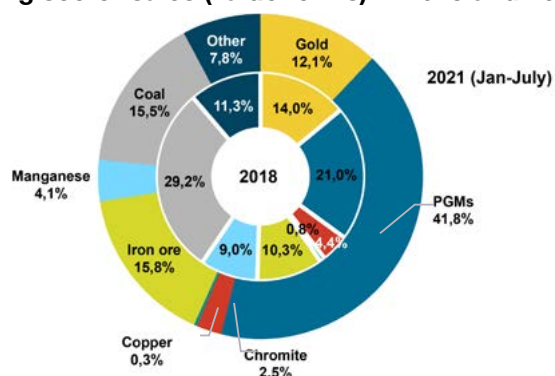
Extensive sectoral linkages

Sectoral outline

- The mining sector contributed 7.1% to South Africa's GDP in 2020 and 41.8% of total export earnings, dominated by platinum exports. The sector employs 452,000 people.
- The mining sector is highly developed and hosts numerous conglomerates responsible for primary production. Emerging miners dominate exploration activity in the sector.
- The sector has extensive backward and lateral linkages with the manufacturing and services sectors, as well as forward linkages to manufacturing through the supply of raw materials into metal fabrication industries.

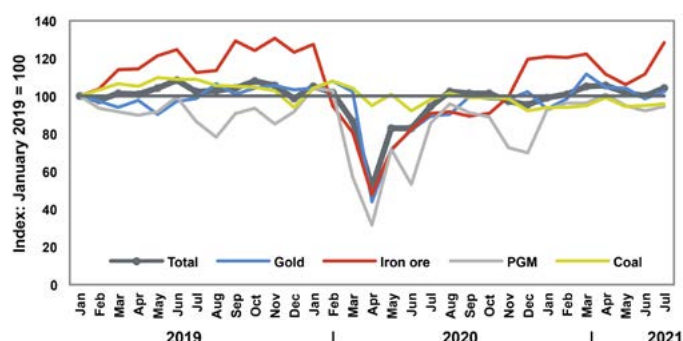
Mining growth - resilience in future oriented sub-sectors

Mining sector sales (value terms) in 2018 and 2021



Mining sector on a sustained demand-driven recovery

Trends in mining output for select sub-sectors



Mining sector exports	Value in 2020 (ZAR billion)	% of total	Mineral beneficiation exports	Value in 2020 (ZAR billion)	% of total
Total mining sector exports:	583.4	100%	Total basic iron and steel exports:	65.9	100%
- Platinum Group Metals (PGMs)	175.2	30%	- Ferro-alloys	43.7	66.4%
- Gold and uranium	108.3	19%	- Rolled stainless steel sheet, width > 600mm	6.6	10.0%
- Iron ore	107.2	18%	- Flat-rolled iron/steel, >600mm, clad, plated/ coated	2.7	4.0%
- Coal	60.3	10%	- Pig iron and spiegeleisen in primary forms	2.1	3.2%
- Other mining exports	132.4	23%	- Semi-finished products of iron or non-alloy steel	1.3	2.0%
• Manganese ores, iron ores >20% manganese	40.3		- Hot-rolled products, iron/steel, width>600mm, etc.	1.3	1.9%
• Chromium ores and concentrates	24.7		- Iron/steel bar, forged hot-rolled drawn, extruded	1.2	1.8%
• Diamonds, not mounted or set	22.4		- Others	7.1	10.7%
• Precious metal ores and concentrates	15.6		Total basic non-ferrous metal product exports:	39.6	100%
• Titanium ores and concentrates	7.5		- Unwrought aluminium	16.6	42.0%
• Niobium tantalum vanadium zirconium ores	6.1		- Aluminium plates, sheets & strip, thickness> 0.2 mm	5.1	12.9%
• Copper ores and concentrates	4.7		- Unwrought nickel	4.6	11.7%
• Zinc ores and concentrates	3.2		- Unrefined copper, copper anodes, etc	4.6	11.6%
• Natural fluorine minerals	1.6		- Refined copper and copper alloys, unwrought	2.7	6.9%
• Petroleum oils, oils from bituminous minerals, crude	1.3		- Manganese, articles thereof, waste or scrap	1.0	2.6%
• Rest of other mining exports	5.0		- Aluminium tubes and pipes	1.0	2.5%
			- Others	3.9	9.9%

Why invest in South Africa's mining sector

- Highly developed and diversified mining sector with mineral resource base ranked as one of the most valuable in the world.
- Very high level of technical and production expertise to support returns on invested capital.
- Leader in global supply chains of PGMs, manganese, chrome.
- Competitive positioning in global production cost curve of several major commodity groups.
- Strong backward and forward linkages with other sectors
- Global leader in deep-level mining, mineral recovery and technology.
- Supportive industrial export infrastructure and policy environment.
- Structural commodities bull market globally has had a beneficial impact on the sector's investment proposition.
- Subsequently, various private equity, hedge and investment funds, and global resources companies have invested in SA's mining assets.
- South Africa hosts the most developed downstream metals fabrication sector in Africa, positioned to leverage domestic and regional growth.

MINING

Strategic focus areas to drive long-term growth

- South Africa is endowed with one of the most valuable mineral resources portfolio in the world.
- Expansion of economic activity across mining value chains forms an integral part of South Africa's reindustrialisation strategy.
- Strong policy emphasis on support for investment in exploration activity, expansion of production capacity, competitiveness enhancements in mining value chains, and minerals beneficiation.
- Enhanced policy certainty and adequate investment protection mechanisms aimed at reducing risks for prospective investors and existing industry players.
- The diversified structure of South Africa's mining sector, an established minerals processing ecosystem and attractive development prospects for green minerals / metals value chains constitute a strong case for value-creating long-term investment in the sector.



Enhanced value proposition of investment opportunities

Developed mining sector with strong backward and forward economic linkages

Policy certainty supports investment across diverse mineral resource portfolio

Strong technical mining expertise reduces project development risk

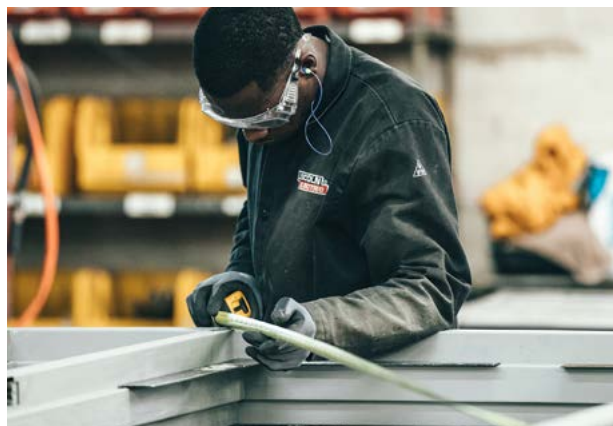
Dominant supply-side position across various mineral value chains

- Diverse mineral resource portfolio presents attractive investment opportunities across precious metals, energy minerals, ferrous and non-ferrous metals as well as other industrial minerals, particularly those utilised in the green and digital economies.
- The accelerating energy transition globally including the development of renewable energy infrastructure is expected to increase the demand for copper, nickel and aluminium, among others.
- The large infrastructure development programme planned for the coming years will raise demand for locally-produced downstream metal products.
- Industrial policy support mechanisms reduce private equity capital financing risks for exploration and new resource development in the mining sector.
- Substantially reduced timeframes for prospecting, environmental and water use licenses will stimulate new mining investment.
- South Africa has developed commercial and technical development leadership in the application of new generation digital technologies in mining operations.
- As a leader in the world's platinum supply chain, South Africa is ideally positioned to leverage PGM business opportunities as the development of the global green hydrogen economy progresses.

Some of the investment opportunities

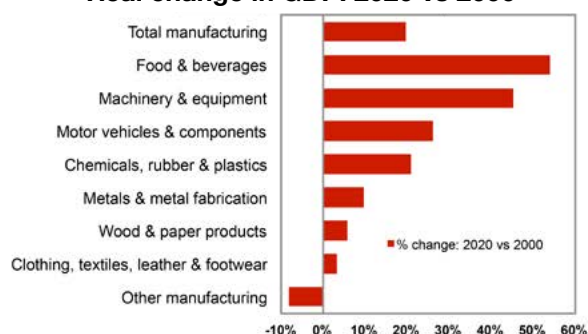
- PGMs beneficiation, development of fuel cell industry
- Increased iron ore beneficiation through revitalisation of downstream manufacturing capacity.
- Manganese value chain development.
- Vanadium as a strategic input for energy storage solutions.
- Titanium value chain development, especially titanium dioxide.
- Ferrochrome production, revitalising chrome value chain.
- Green steel investment (decarbonisation of South Africa's steel industry, which is the largest in Africa).
- Revitalisation of metals downstream capacity leveraging on government incentives.
- Coal ash beneficiation (e.g. production of cementitious materials for construction industry; to address acid mine drainage).
- Carbon capture and storage.
- Oil and gas development opportunities.
- Uranium resource development and beneficiation to support global nuclear fuel fabrication.
- Export-oriented jewellery fabrication, including diamonds, gold and platinum.
- Sustainable mining technology including digitisation, enhanced data analytics and new generation mining equipment.

MANUFACTURING



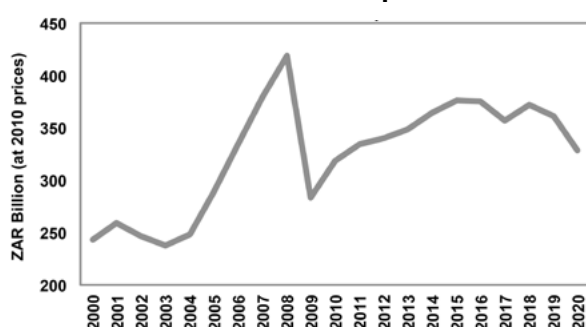
Food & beverages, machinery & equipment, and automotive industries have grown strongly ...

Real change in GDP: 2020 vs 2000



Relative competitiveness in a no. of export-oriented manufacturing industries, especially in regional markets

Manufactured exports



Sectoral outline

Economic importance

- South Africa's well-established and diversified manufacturing sector contributed 13% to overall GDP and almost 50% to total export earnings in 2020. It employs around 1.13 million people.

Structure

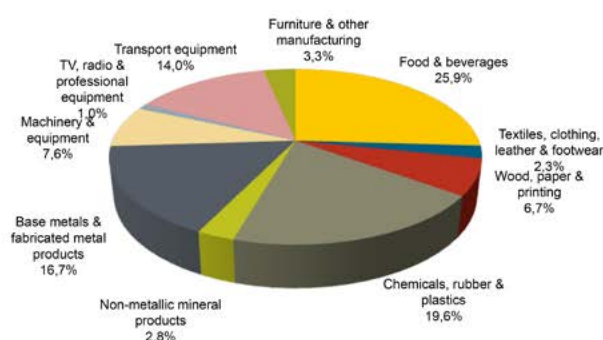
- Diversified industrial structure with large integrated sub-sectors including food processing; beverages; chemicals; motor vehicles, parts and accessories; machinery and equipment; fabricated metal products; paper and paper products; wood and wood products.

Extensive sectoral linkages

- The sector has strong linkages with numerous other sectors of the economy through its procurement of goods and services, as well as with end-use markets for its own products.

... sector dominated by food & beverages, chemicals, metals, and transport equipment industries

Sectoral contribution to manufacturing sales in 2020



Manufacturing sector exports	Value in 2020 (ZAR billion)	% of total
Total manufacturing exports	691.1	100%
- Motor vehicles, parts & accessories	164.8	23.7%
- Basic iron & steel products	65.9	9.5%
- Food	60.7	8.7%
- Other chemicals & man-made fibres	53.3	7.7%
- Machinery & equipment	51.7	7.4%
- Basic chemicals	49.6	7.1%
- Basic non-ferrous metal products	39.6	5.7%
- Coke & refined petroleum products	35.4	5.1%
- Other manufacturing	30.5	4.4%
- Paper & paper products	18.9	2.7%
- Other manufacturing exports	120.7	17.9%

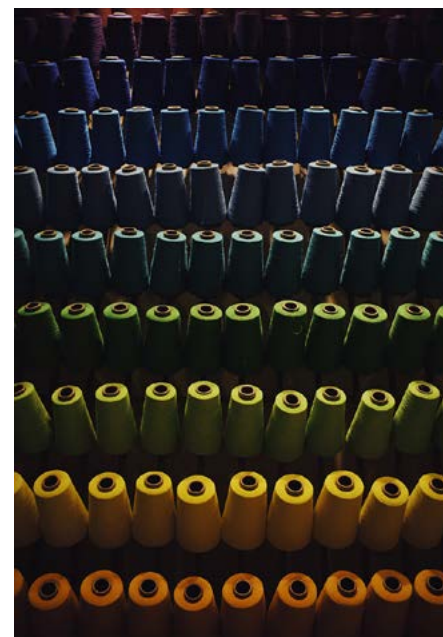
Why invest in South Africa's manufacturing sector

- Well-established, diversified and generally technologically advanced manufacturing base - Africa's most advanced.
- Varied economic performance at industry level owing to diversity in production capability and competitiveness.
- Strong linkages with other sectors of the economy, with supplier proximity often being a key source of competitiveness.
- Innovation and R&D capabilities, along with industrial incentives are supportive of manufacturing growth.
- Manufacturing sector is a principal beneficiary of the public sector's localisation drive.
- Market-oriented and globally-competitive exporting capabilities across several sub-sectors.
- Flexibility and capacity to adapt to the global energy transition with the deployment of sustainable industrial and automotive energy solutions.
- As an important source of manufactured products sold in the southern African region, the domestic sector will benefit from additional export market development opportunities under the AfCFTA.

MANUFACTURING

Strategic focus areas to drive long-term growth

- The reindustrialisation of South Africa's economy is a key component of the ERRP. Objectives include expanding and diversifying the manufacturing base; improving its competitiveness and dynamism; increasing its participation in regional and global markets; reducing concentration levels; and achieving effective transformation.
- Disruptions to global supply chains caused by Covid-19 related lockdowns have highlighted the strategic imperative for companies all over the world to diversify their sources of supply, potentially benefitting South African manufacturers.
- A suite of industrial policy measures is unlocking growth opportunities in priority industries such as automotive; clothing and textiles; chemicals and plastics; steel and metals fabrication; gas; green industries; the digital economy and high-tech sectors.
- Funding availability from the banking and development finance sectors has been instrumental for the implementation of large industrial projects in the sector.
- Investments in port and related infrastructure aim to improve efficiencies, boding well for the competitiveness of locally-manufactured products in global markets.



Enhanced value proposition of investment opportunities

Sectoral master plans to unlock growth of priority sectors

Industrial financing and incentives to boost investment

Product designations reduce market offtake risk

Regional integration presents major opportunities

- Master plans are being implemented in the Automotive; Clothing, Textiles, Leather and Footwear; as well as the Steel and Metal Fabrication industries as mechanisms to raise investment in production capacity, drive innovation, improve productivity and competitiveness, increase local consumption and exports, ensure sectoral transformation.
- Industrial financing support including government schemes, development finance and tax incentives, alongside spatial development initiatives such as SEZs contribute toward reducing project development risks and raising returns on investment.
- The public sector's product designation programme reduces market offtake risks for investments in production capacity in targeted industries. A wide array of products designated for local procurement now include plastic pipes, bulk materials handling, lead acid batteries and MV switchgear, solar panels, wind towers and, among others, cement.
- Industrial policy is particularly targeting domestic procurement of inputs linked to the large renewable energy programme, with major benefits for manufacturers that have been investing heavily in new or existing production capacity to supply such products.
- 37.4% of exports of manufactured goods are destined for other African countries. The AfCFTA's implementation will lead to further export market development across the continent, support the development of regional value chains and South Africa's integration therein.

Some of the investment opportunities

- Fuel cell manufacturing for a variety of applications.
- Manufacture of motor vehicles, parts and components, focusing increasingly on the electric vehicle segment.
- Manufacture of fuel cell mining vehicles and forklifts.
- Machinery and equipment (e.g. minerals processing, materials handling, construction, refrigeration and power-sector related equipment, pumps and valves).
- Railway equipment for domestic and export markets.
- Components and sub-assemblies for electronics manufacturing
- Manufacture of equipment and parts for the rapidly growing wind and solar energy generation industry, including storage equipment.
- Green hydrogen production.
- Parts and components for the aerospace and defence industries
- Medical devices and telemedical instrumentation.
- Pharmaceutical products and speciality chemicals (e.g. biochemicals).
- Fluorspar beneficiation and other chemicals value chain development opportunities.
- Advanced manufacturing opportunities.
- Development of high-end mohair value chain.

SERVICES



Economic importance

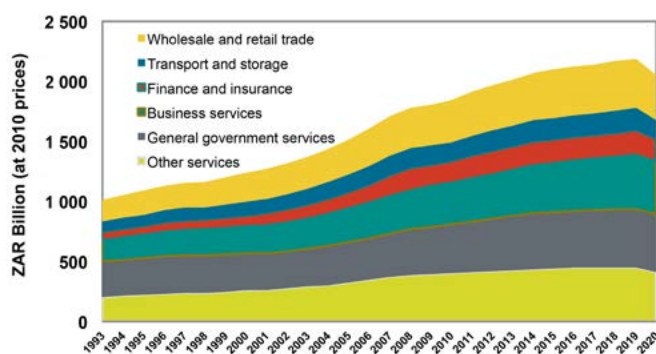
Structure

Extensive sectoral linkages

- South Africa's well-developed services sector plays a crucial role in the economy. It is also the largest broad sector of the economy, accounting for 76% of total GDP in 2020 and employing 9.3 million (79.4% of total formal employment).
- The degree of concentration varies widely across its various sub-sectors. The banking industry, for example, is dominated by five large banks, while the business services sub-sector is quite fragmented. Retail and wholesale trade is dominated by large companies operating alongside SMEs.
- The services sector is central to the functioning of the economy. It has extensive backward, forward and lateral linkages with a multitude of input suppliers and producers, as well as end-use consumer markets.

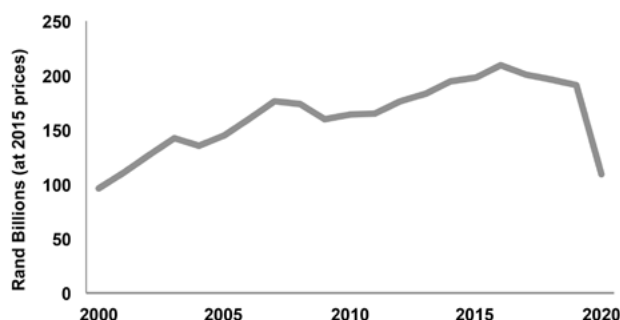
Robust growth across basically all services sub-sectors over the years ...

Real GDP trends



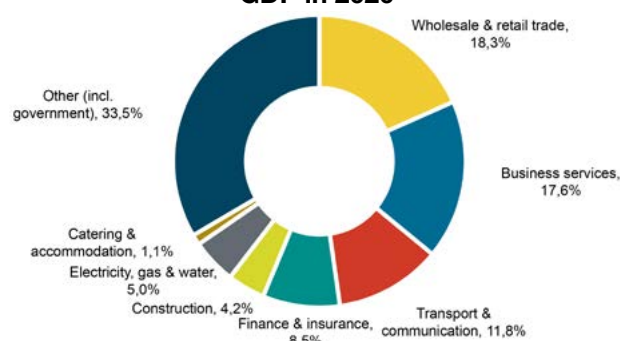
Strong export performance pre-Covid-19, with a robust recovery anticipated ...

Real trend in export of services



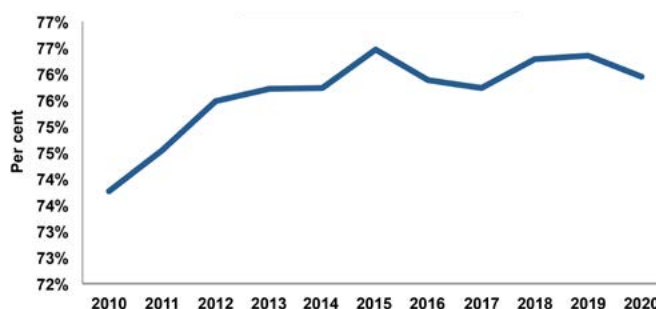
... wholesale & retail, business services, transport & communications, and financial services are the largest

Sub-sectoral contributions to services sector GDP in 2020



... services sector's share of South Africa's GDP has risen over time, underscoring their dominant role in the economy

Services sector contribution to GDP



Why invest in South Africa's services sector

- Well developed and diverse sub-sectors provide attractive investment opportunities such as in financial services, logistics and distribution, business services, etc.
- Several strongly performing sub-sectors over the years.
- Various segments have strong linkages into regional and other global markets.
- South Africa is sub-Saharan Africa's largest exporter of commercial services.
- Generally competitive cost structures relative to global benchmarks.
- South Africa is a global hub for Business Process Outsourcing (BPO) services, with several multinational conglomerates having invested in the country to tap into its skilled and competitive labour force.
- Certain segments, such as BPO as well as film and television production, draw significant public sector support, including incentives.

SERVICES

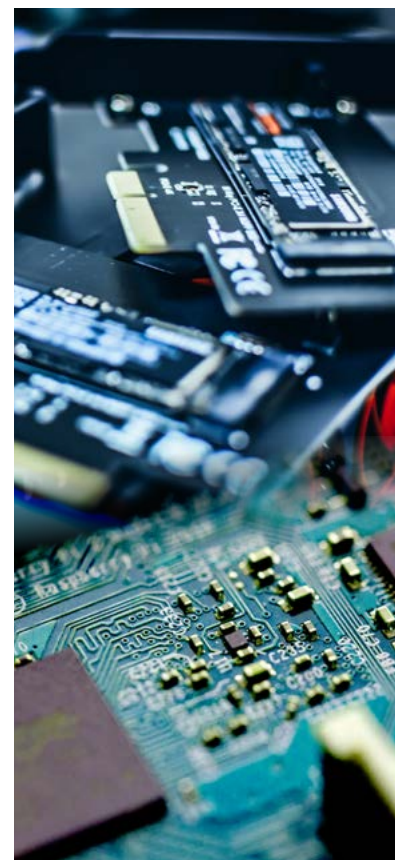
Information and Communications Technology (ICT)

ICT sector income dynamics

- Telecommunication services recorded sturdy revenue generation throughout the Covid-19 pandemic. In 2020, revenue increased by 3.6% to ZAR 201.3 billion, driven by mobile services revenue (+7.8%).
- Broadcasting services revenue declined by 6.6% to ZAR 35.8 billion in 2020, affected mostly by declining subscription and sponsorship revenues despite the increase (+7.8%) in pay-TV subscriber numbers. The revenue of the postal services segment increased by 3.6% to ZAR 5.9 billion 2020, driven by improved efficiencies.

ICT sector development highlights in 2020

- The fixed-line segment of the telecommunications industry is dominated by Telkom, while the mobile segment is led by Vodacom and MTN (over 70% combined market share), with Cell C and newcomers Telkom Mobile and Rain as smaller competitors.
- Telecommunications investment fell by 6% in 2020, the first year of the pandemic, but remains elevated and largely directed at expanding network coverage, raising speed and improving quality for enhanced firm competitiveness in the market.
- National population coverage for 3G and 4G/LTE increased to 99.8% and 96.4% respectively in 2020, while 5G coverage stood at 0.7%. Broadband access continues to improve due to investments in submarine and terrestrial fibre-optic networks, which have increased capacity and coverage.
- Policy reform, particularly the imminent increase in high demand spectrum allocations, is expected to have a highly beneficial impact on future investment in the sector.



Enhanced value proposition of investment opportunities

Digital technology offerings

Conducive regulatory environment and strategic direction

Opportunities for expanding operations into the continent

- ICASA, the regulatory authority, is in the process of auctioning high demand spectrum following the policy directive from the Minister of Telecommunications and Digital Technologies and the temporary allocation which will expire in November 2021.
- Government has created a favourable environment for investment in internet infrastructure and continues to establish regulations (digital migration, Protection of Personal Information Act, Spectrum Auction, Cloud Policy Development) to support the sector's growth.
- The ICT and Digital Economy Masterplan sets out the key objectives, enablers and ambitious action plans to realise the numerous opportunities that South Africa could potentially realise in the digital age.
- South African companies and locally-based subsidiaries of international companies are supplying most of the new fixed and wireless telecommunications networks established across the continent in recent years.

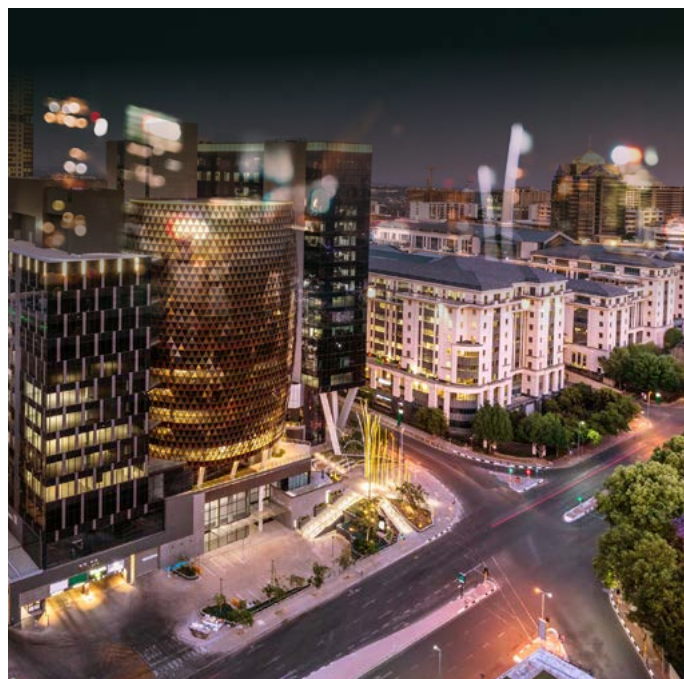
Some of the investment opportunities

- Spectrum licensing is imminent, opening up investment opportunities in the digital and telecommunications industries.
- Investment in advanced telecommunication applications: Internet of Things applications such as telematics and smart devices; inter-device communications technology.
- Big data tools for reporting and analytics.
- Business franchising opportunities in Voice over Internet Protocol solutions.
- Data centres.
- Opportunities for consolidation or investment in fibre internet service providers.
- Connected living opportunities arising from the roll-out of fibre and cheaper data costs.
- Widespread internet adoption provides significant opportunities for e-commerce websites on mobile devices.
- e-services across industries (e.g. technology/applications for e-government and e-health).
- Development of security products.
- Cloud computing opportunities due to improved bandwidth availability, security and lowered cost of broadband, as well as additional internet providers competing in the market.
- Frontier ICT technology skills development.

SERVICES

Finance and insurance services

- South Africa has a well-developed financial ecosystem comparable to, and in some cases surpassing, those of certain advanced economies.
- The country's world-class financial services sector with globally integrated deep capital markets has propelled economic development over the years.
- The sector is one of fastest growing in South Africa, providing all forms of financial intermediation including commercial and retail banking, investment asset management, insurance and pension funding management activities.
- The major banks are Standard Bank, Absa Group, FirstRand, Nedbank and Capitec, some of which provide commercial, retail and investment banking services throughout Africa.
- The country is host to Africa's largest financial exchange - the Johannesburg Stock Exchange – which is ranked among the world's top 20 stock exchanges by market capitalisation and offers investors an efficient platform for capital raising. Alternative exchanges have been launched such as A2X.



Enhanced value proposition of investment opportunities

Highly developed banking sector

Significant domestic & regional market growth opportunities

Sound regulatory environment

- Well-functioning and strongly regulated financial services industry with a strong banking sector that offers commercial, retail and investment banking services throughout the continent.
- Proliferation of technological innovations and fintech offers significant investment growth opportunities for the provision of value-adding financial services to mainstream as well as underserved segments of the population both domestically as well as in other continental markets.
- South Africa's insurance industry accounts for approximately 80% of total direct insurance premium income generated on the African continent.
- Strong, credible regulatory system comprising the central bank (South African Reserve Bank) and Financial Services Board (FSB) providing independent regulatory oversight over the banking and non-banking financial services sectors respectively.

Some of the investment opportunities

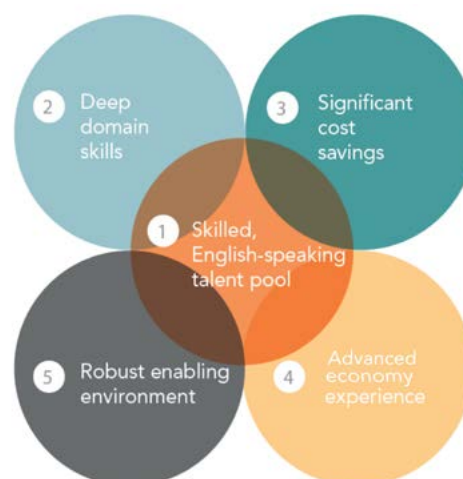
- Strong growth opportunities for provision of financial services to the lower ends of the domestic consumer market, underserved by a concentrated domestic banking industry structure.
- Private equity investment opportunities to leverage domestic industrial development opportunities.
- Expanding middle class provides growth opportunities for asset management services.
- Insurance services growth opportunities from rising non-life.
- Fintech development opportunities in both banking and non-banking segments in the sector, e.g. insurance innovations such as pay-per-use and insurance combined with consumer financing solutions.
- Technological solutions for specialised data management services.

SERVICES

Business services, including Business Process Outsourcing (BPO)

- South Africa has a highly diverse business and professional services sector, among the largest in the economy.
- The country is endowed with strong professional services capabilities including legal, accounting, engineering and architectural services; real estate activities; renting of machinery, equipment, personal and household goods; BPO; computer and IT services; advertising; and, among others, business consulting services.
- South Africa has a mature market for BPO services that is supported by world-class telecommunications, financial and legal infrastructure. BPO services are concentrated in the financial services industry, telecommunications and ICT.
- A robust business services ecosystem has seen South Africa develop as one of the world's major investment hubs for BPO. This has enhanced overall business processes and productivity for numerous multinational corporations.

Factors driving SA's attractiveness as a BPO investment destination



Enhanced value proposition of investment opportunities

Structural trends towards outsourcing

Domestic and global economic recovery

Rising continental business services demand

Supportive ecosystem

Government investment incentives

- South Africa's highly developed business services sector is well positioned to benefit from the structural trend, both domestically and globally, towards outsourcing of non-core business activities.
- The post-pandemic economic recovery locally and globally, the reformatting of industries towards a greater remote working environment orientation, and the proliferation of new generation technologies provides lucrative business services investment opportunities.
- South Africa's infrastructure intensive Economic Reconstruction and Recovery Plan will catalyse domestic demand for business services.
- South Africa's cost-effective BPO services, supported by world-class telecommunications, financial and legal infrastructure, is attracting growing demand in external markets, particularly in other high-growth African countries.
- From a global perspective, South Africa is regarded as one of the most attractive countries for offshoring services provision, presenting a multitude of opportunities such as back-office hubs; knowledge process outsourcing; and, among others, legal process outsourcing.
- Investment into the BPO industry benefits from strategic governmental support via the Business Process Services incentive scheme which contributes to lowering investment costs for foreign investors.

Some of the investment opportunities

- Establishment of back-office hubs for multinational corporations.
- Back-office processing facilities.
- Establishment of call centres.
- Provision of shared corporate services.
- Knowledge process outsourcing (technical and legal).
- Enterprise risk, fleet and asset management solutions.
- Engineering and other technical services to leverage the large public infrastructure development programme currently underway.
- Evolution of the industry from voice-driven towards omni-channel delivery of services has expanded investment prospects.
- Analytics solutions services enabled by South Africa's skills capability, including root cause analysis, predictive analytics, knowledge process outsourcing and digital investment platforms.

INFRASTRUCTURE

Strategic focus areas to drive long-term growth

- South Africa's economic recovery, renewal and expansion momentum is being catalysed by a massive roll-out of investment across the energy, water, road, rail, ports, telecommunication, digital, as well as community and social infrastructure segments.
- An infrastructure development pipeline comprising 276 projects, collectively valued at an estimated ZAR 2.3 trillion, was unveiled at the inaugural Sustainable Infrastructure Development Symposium in 2020. These are being marketed to investors in phases.
- Following the release to market of 62 projects in 2020, 55 projects valued at ZAR 595 billion have recently been released by government to the market in a second phase, presenting significant opportunities for investors.



Enhanced value proposition of investment opportunities

Roll-out of "shovel-ready" sustainable infrastructure projects

Fit-for-purpose procurement framework for infrastructure projects

Revised regulatory framework for PPPs to crowd-in private sector

Localisation drive to enhance economic impact of infrastructure projects

- 62 strategic infrastructure projects, including various water infrastructure developments, fish farming and a satellite hub, were fast-tracked to market by the government in 2020, attracting private funding commitments of ZAR 340 billion.
- An additional pipeline of 55 projects was subsequently released to market with attractive opportunities for public-private partnerships (PPPs).
- Around ZAR 1 trillion in new infrastructure investment is expected to be leveraged by the ZAR 100 billion in blended finance that South Africa's Infrastructure Fund will put forward over the next 10 years. Private sector participation will supplement the capacitation drive currently underway at Infrastructure South Africa through project preparation, implementation and financial structuring capabilities.
- The development of a fit-for-purpose procurement framework for infrastructure projects and an appropriate regulatory framework for PPPs will provide a more conducive environment for infrastructure investment and private sector involvement, significantly reducing project finance risks for investors.
- Sovereign funding guarantees alongside agreed partnerships with commercial banks and development finance institutions on strategic infrastructure projects significantly reduce development risks for investors.

Some of the investment / participation opportunities

- Programme to expand, rehabilitate and maintain the national, rural and municipal road networks provides immediate opportunities for construction companies.
- Water development and irrigation projects (e.g. phase 2 of the Lesotho Highlands project, Vaal River system) approved across all 9 provinces provide investment opportunities for the private sector.
- Sustainable transport financing strategy will unlock development and state-backed funding opportunities for domestic road and rail construction and maintenance.
- Opportunities in the rail network's modernisation and expansion.
- Investment opportunities in catalytic infrastructure projects such as provincial development corridors, social infrastructure, telecommunications and power generation.
- High-demand spectrum allocations, expected to be concluded by March 2022, will accelerate digital migration, unlock major efficiency gains for network operators and open up investment opportunities for infrastructure upgrading and services in the ICT sector.

South Africa's infrastructure development model

National Infrastructure Plan 2045

- Strategic Integrated Projects
- Infrastructure planning and coordination for national infrastructure development

Infrastructure South Africa (ISA)

A single point of entry investors into infrastructure development

Maintains a visible, bankable pipeline of projects

Monitoring and data management

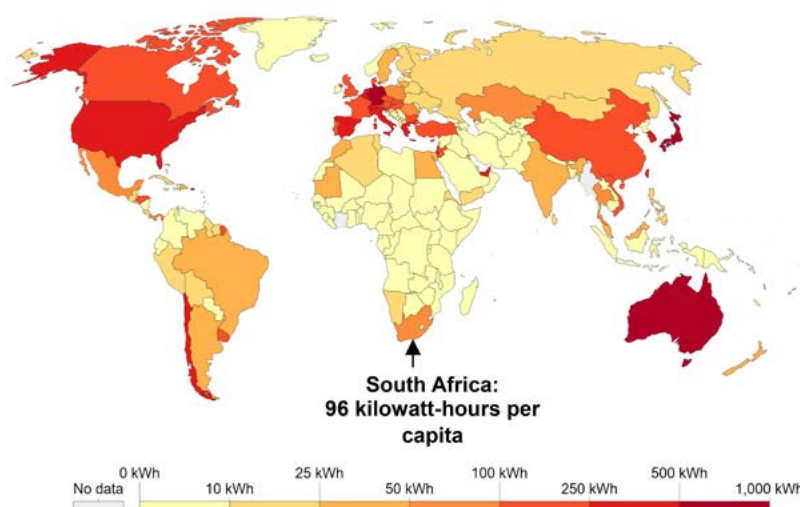
ENERGY

Strategic focus areas to drive long-term growth

- A just transition to a low-carbon economy forms an integral part of South Africa's global commitments to address climate change.
- The transition is imperative as it will drive long-term sustainability, resilience and competitiveness.
- The Economic Reconstruction and Recovery Plan calls for a "new energy paradigm" to support the economy's long-term growth and development potential.
- The Integrated Resource Plan (IRP 2019) outlines South Africa's strategic plan and roadmap for future electricity generation capacity as well as demand.
- The IRP 2019 emphasises the urgency of diversifying the country's energy basket, focusing on the development of new renewable energy generation capacity.
- South Africa's large renewable energy project development capabilities have garnered significant momentum in recent years.
- Renewable electricity generation capacity is set to increase substantially towards 31.2GW, or 37.7% of overall installed capacity (83GW) by 2030, compared to 11.2% in 2018.
- A policy framework that leverages private sector capital, operational participation and capital market depth has accelerated and de-risked renewable energy related capital investments.
- The country has developed a multi-billion rand pipeline of renewable energy projects, mainly based on wind and solar technologies, as well as energy storage solutions.

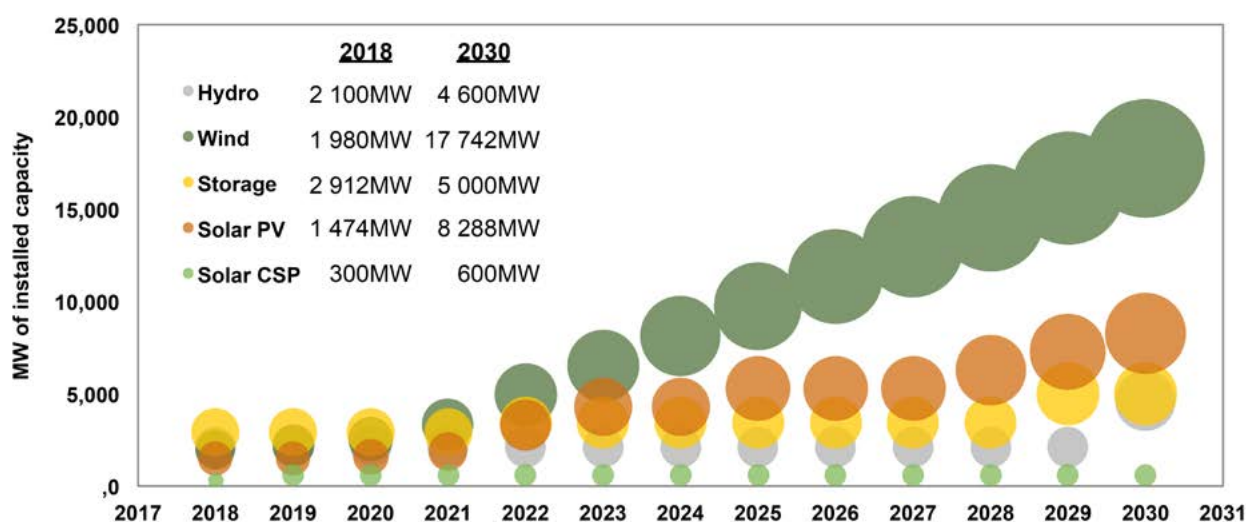
Blessed with high solar irradiation, South Africa is becoming a leading generator of solar energy

Per capita electricity generation from solar power across the world in 2020



South Africa's renewable electricity generation capacity is set to increase substantially

IRP 2019 planned roll-out of renewable electricity generation by source and energy storage



ENERGY

Energy transition: Regulatory reforms unlock lucrative investment opportunities

- Efforts are under way to unlock efficiencies at Eskom, the state power utility, to enable sufficient, reliable and affordable energy to support the economy's long-term growth trajectory.
- A policy framework to enable self-generation and unbundle Eskom will significantly enhance industrial capacity and competitiveness within the energy value chain as well as related industrial sectors.
- The crowding-in of private sector capital and its operational participation in the energy sector are indispensable, especially in a constrained fiscal environment.



Enhanced value proposition of investment opportunities

IRP 2019 provides policy framework for additional energy generation capacity

- IRP 2019 implementation will provide substantial opportunities for private sector participation in the large-scale roll-out of renewable energy generation capacity, particularly wind- and solar-powered.
- 11 318MW of electricity capacity has already been promulgated, comprising of renewable energy, gas, storage and coal technologies. Bid window 5 of the Renewable Energy Independent Power Producer Procurement programme was launched in March 2021, aiming to procure 1 600MW of onshore wind and 1 000MW of solar PV.
- The energy infrastructure roll-out will unlock a wide range of green economy supply chain investment opportunities.
- Energy policy reforms have increased the generation licence exemption limit for self-generation projects from 1MW previously to 100MW. This will reduce the energy supply risk for investment projects, enhance industrial capacity and competitiveness.
- Major opportunities for private sector participation are likely to emerge from the unbundling of Eskom, the power utility, as outlined in the Eskom Roadmap.
- Investment opportunities are expected to arise in efficient power transmission and distribution, in the repurposing Eskom's fleet of coal generation plants that are approaching their end-of-life, as well as in services supplied to Eskom for its enhanced maintenance programme.
- Operational stabilisation of Eskom will significantly reduce energy project finance risks and boost investor confidence.
- The conclusion of the framework for the governance of the gas-to-power industry and the construction of liquid gas terminals present attractive investment opportunities.

Prioritising expanded generation capacity

Attracting private sector capital and operational participation

Opportunities associated with Eskom's unbundling

Governance framework for gas-to-power projects

Some of the investment opportunities

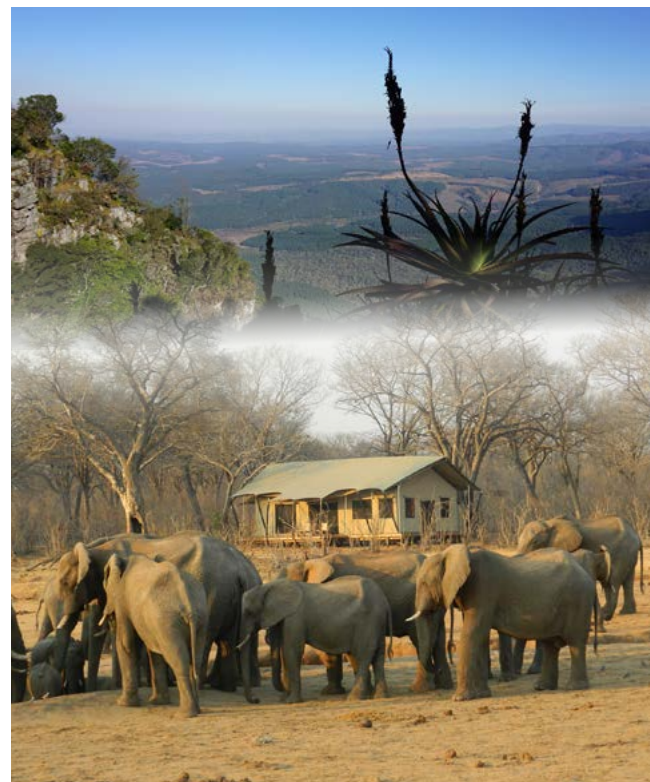
- South Africa's growing energy requirements provide lucrative investment opportunities across numerous energy value chains. Additional electricity generation capacity from 2021 to 2030 by technology:

- Wind: 15 218MW	- Grid-scale electricity storage: 2 088MW
- Solar PV: 6 700MW	- Small-scale embedded generation for own use: 4 000 MW
- Gas/diesel: 3 000MW	
- Self-generation energy projects up to 100MW.
- Opportunities associated with Eskom's unbundling and repurposing of coal power plants reaching their end-of-life.

TOURISM

Strategic focus areas to drive long-term growth

- South Africa's tourism offer, including its scenic beauty and diversity, sunny climate, wildlife and cultural aspects, among many others, constitutes a strong investment proposition.
- The country is the largest tourist destination in the sub-Saharan region, having welcomed more than 10 million international tourist arrivals annually over the period 2016-2019.
- South Africa's tourism sector has developed into one of the principal contributors to the economy and is a major provider of employment opportunities.
- Tourism has extensive linkages to several other sectors, benefitting from the supply of goods and services by a multitude of local producers and service providers.
- The tourism sector has been one of the most detrimentally affected by the global Covid-19 pandemic and is likely to continue experiencing difficult conditions in the short-term.
- Improving Covid-19 vaccination rates should lead to a recovery in domestic household and business travel, and to a progressive normalisation of foreign tourist inflows.
- Tourism recovery and growth is one of the priority interventions of the Economic Reconstruction and Recovery Plan. A Sector Recovery Plan is in place with strategic objectives aimed at reigniting global and domestic demand, rejuvenating capacity and strengthening the enabling environment for the sector.



Levers to enable the recovery and growth of South Africa's tourism industry

Policy framework to support tourism development

- A market entry facilitation programme to support investment in the sector will be a catalyst for renewed growth, development and recovery of the tourism industry.
- The National Tourism Sector Strategy aims to drive domestic and international tourist market growth, also linking tourism marketing plans to the sector's broader development objectives.

Measures to attract international tourists and facilitate their entry

- Governmental drive to facilitate re-entry into international tourism markets through the roll-out of an automated and efficient e-visa system for low-risk travellers.
- Visa waivers, currently involving 82 countries, to be extended to countries exhibiting source market development potential.

Attracting private sector capital and operational participation

- Accelerated implementation of the Tourism Equity Fund aimed at supporting strategic investments that will contribute to the sector's transformation. The Women in Tourism Programme supports the development and empowerment of women in the tourism sector.
- Policy support driving the development of a wide range of high growth segments such as sports tourism, wine tourism and medical tourism, among others.

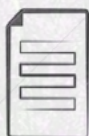
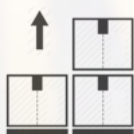
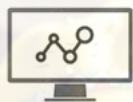
Some of the investment opportunities

- Cultural tourism
- Eco-tourism
- Adventure tourism
- Sports tourism
- Wine tourism
- Medical tourism
- Theme parks
- Investment in world heritage sites



CONCLUDING REMARKS

South Africa: Investment opportunities abound for faster, sustainable and inclusive growth



- South Africa has the most **developed, diversified, technologically advanced and industrially integrated** economy on the African continent.
- The country remains one of the **preferred investment destinations** in Africa and is also an important gateway for markets and other business opportunities throughout the continent. The African Continental Free Trade Area will open up numerous opportunities for the development of export markets, national industrial bases and regional value chains.
- The South African economy has become increasingly diversified over the years, thereby reducing its sectoral concentration risks, particularly in mining. This has unlocked a **diverse range of high-yield investment** opportunities, predominantly but not exclusively in sectors with **high export propensities**.
- The success of many domestic industries in export markets is indicative of **inherent global competitiveness**.
- The economy boasts an extensive and **modern infrastructure network**, which is being expanded further as a large investment programme is rolled out by the public sector in collaboration with the private sector. Together with various other forms of industrial support from the South African government and other public sector institutions, this provides an attractive pull factor for investors.
- The South African economy has the potential to achieve a higher growth trajectory through the unlocking of competitive advantages in key sectors of the economy as well as **implementation of institutional and governance reforms** to support a sustained recovery in business and investor confidence.
- Confidence in the South African government's ability to address structural impediments, including the achievement of greater policy coherence, consistency and certainty, as well as its focus on **entrenching a business-friendly and investment-supportive environment**, will attract investor interest and increase capital spending, from both domestic and foreign sources, in the domestic economy.
- These developments, alongside an anticipated recovery in global growth over the medium-term, augur well for South Africa's **very open economy**, with significant catalytic ramifications for long-term investment prospects across a wide variety of sectors.
- As an integral part of its global commitments to address climate change, South Africa has embarked on a **just transition to a low-carbon, climate-resilient and greener economy**.



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