



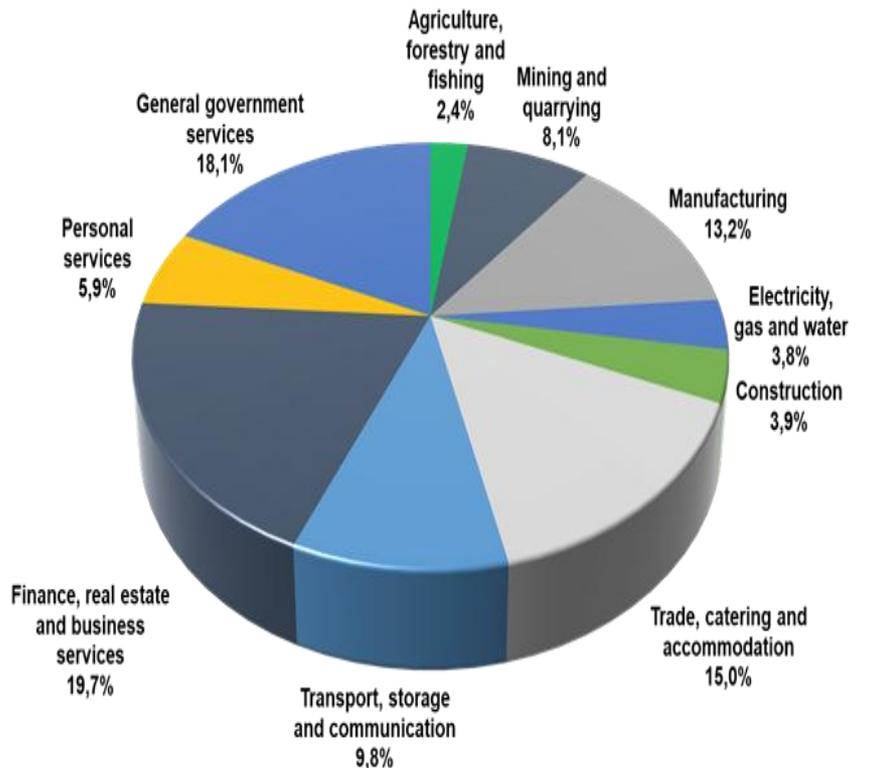
The case for investing in South Africa



The economy: South African economy offers a strong value proposition

Sectoral composition of South Africa's gross domestic product (GDP) in 2018

Sectoral composition of the South African economy in 2018



Source: IDC, compiled using Stats SA data

Note: Sector share according to GDP at basic prices (current prices)

South Africa's value proposition

- Africa's most industrialised economy. It is the region's principal manufacturing hub and a leading services destination.
- Highly diversified economic structure in terms of sectoral composition.
- One of the most open economies in the world (ratio of exports and imports to GDP exceeds 58%). Preferential access to numerous global markets.
- Endowed with an abundance of natural resources.
- An extensive and modern infrastructure network.
- Sophisticated banking sector with a major footprint in Africa. It is the continent's financial hub.
- Offers a supportive and growing ecosystem as a hub for innovation, technology and fintech.

Platform to support growth: Large markets that could be accessed

Domestic market...

- A population of 56.5 million people and a growing middle class.
- South Africa ranks 27th globally for its domestic market size.
- 37.7 million people in the working age category.
- Young population, as 66% are under the age of 35.
- Young, vibrant population presents major opportunities for investors.

Gateway to Africa...

- Location of choice for multinationals in Africa, underpinned by factors such as a skilled labour force, established infrastructure and a world class banking and financial services sector, among others.
- The cost of doing business in South Africa is a major pull factor, underpinned by the supportive environment and relative competitive advantages on the continent.
- Provides access to the continent with a population of over 1 billion and a GDP of USD2.2 trillion.
- Regional partnerships, including participation in the Southern African Development Community, Southern African Customs Union and in the new African Continental Free Trade Area, provide platforms for growth across several sectors.

Platform to support growth: Preferential access to key world markets

- South Africa is a member of the World Trade Organisation.
- Access to global markets has been enhanced through bilateral agreements with most of South Africa's major trading partners. Preferential access to key export markets has been secured through various agreements and by participating in regional economic communities.

Agreement name	Type of agreement	Countries / regional blocs involved
Southern African Customs Union (SACU)	Customs union	South Africa, Botswana, Lesotho, Namibia, eSwatini (formerly Swaziland)
Southern African Development Community (SADC) Free Trade Area	Free trade agreement	15 SADC member states
Economic Partnership Agreements	Free trade agreement	SACU- EU EPA plus Mozambique and Angola
EFTA-SACU FTA	Free trade agreement	SACU + EFTA (Iceland, Liechtenstein, Norway and Switzerland)
African Growth & Opportunity Act (AGOA)	Unilateral assistance measures (non- reciprocal)	US- 39 sub-Saharan African countries
Generalised System of Preferences (GSP)	Unilateral (non-reciprocal)	SA- EU, Norway, Switzerland, Russia, Turkey, the US, Canada, Japan
SACU-Mercosur	Preferential trade agreement	SACU and Argentina, Brazil, Paraguay and Uruguay

The African Continental Free Trade Area will boost intra-Africa trade and create a very large market of over 1 billion people and a combined GDP of USD 2.2 trillion that will unlock industrial development.

Source: Invest SA

Sectoral strengths of South Africa's provinces

North West:

- Mining
- Agriculture and agro-processing
- Tourism
- Metal products
- Machinery and equipment
- Renewable energy (solar)

Northern Cape:

- Mining
- Agriculture and agro-processing
- Fisheries and aquaculture
- Renewable energy (solar, wind)
- Jewellery manufacturing

Western Cape:

- Tourism
- Financial and business services
- Transport and logistics
- Information and communications technology
- Agriculture and agro-processing
- Fisheries and aquaculture
- Petrochemicals
- Basic iron and steel
- Clothing and textiles
- Renewable energy (solar, wind)

Gauteng:

- Financial and business services
- Information and communications technology
- Transport and logistics
- Basic iron and steel, steel products
- Fabricated metal products
- Motor vehicles, parts and accessories
- Appliances
- Machinery and equipment
- Chemical products, pharmaceuticals
- Agro-processing

Limpopo:

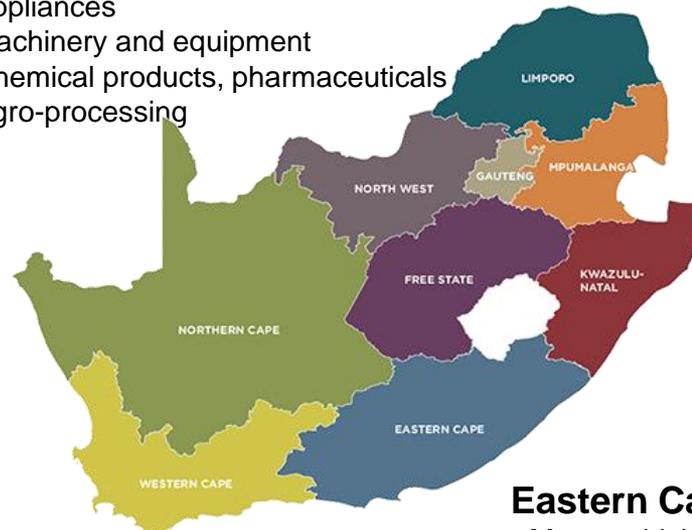
- Mining
- Fertilisers
- Tourism
- Agriculture
- Agro-processing
- Energy, including renewables (solar)

Mpumalanga:

- Mining
- Tourism
- Forestry, paper and paper products, wood and wood products
- Agriculture and agro-processing
- Metal products

KwaZulu-Natal:

- Transport and logistics
- Tourism
- Motor vehicles, parts and accessories
- Petrochemicals
- Aluminium
- Clothing and textiles
- Machinery and equipment
- Agriculture and agro-processing
- Forestry, pulp and paper, wood and wood products



Free State:

- Agriculture and agro-processing
- Mining
- Petrochemicals
- Machinery and equipment
- Tourism

Eastern Cape:

- Motor vehicles, parts and accessories
- Forestry, wood and wood products
- Clothing and textiles
- Pharmaceuticals
- Leather and leather products
- Tourism
- Renewable energy (wind)

Attractive opportunities across several sectors

Agriculture and agro-processing

- Fruit and vegetable packaging & canning.
- Fruit juice processing.
- Processing of soy-based products.
- Processing of organic, vegetarian, dehydrated foods.
- Meat processing.
- Aquaculture.
- Expansion of dairy value chain.
- High value additives and nutraceuticals.
- Non-edible oil processing.
- Crop production for feedstock into bio-fuels processing.
- Indigenous plant and flower growing.

Mining and minerals beneficiation

- Coal-bed methane: coal-to-liquid; coal ash utilisation to address acid mine drainage; carbon capture and storage.
- Manganese value chain development.
- Vanadium as a strategic input to energy storage.
- Development of titanium value chain, especially titanium dioxide.
- Ferrochrome production, revitalising chrome value chain.
- PGMs beneficiation, development of fuel cell industry.

Manufacturing

- Motor vehicles, parts, accessories.
- Other transport equipment (e.g. heavy vehicles, aircraft, vessels, rail equipment).
- Machinery and equipment.
- Metals fabrication.
- Chemicals, plastics.
- Pharmaceuticals.
- Footwear, leather industries.
- Clothing, textiles.
- Cosmetics.
- Fast-moving consumer goods.

Advanced Manufacturing

- Fuel cells.
- Energy storage.
- Speciality materials.
- Electronics.
- Aerospace.
- Defence industries.
- Medical devices and emerging tele-medical instrumentation.
- Speciality chemicals, including biochemicals.
- Additive manufacturing, including 3D printing.

Services

- Tourism.
- Business process outsourcing.
- Financial and insurance services.
- Internet of Things related opportunities.
- Film production and support services.
- Oceans economy related services (e.g. shipbuilding, repairs, maintenance).

Infrastructure

- Energy generation infrastructure, incl. renewables.
- Energy efficiency.
- Transportation and logistics infrastructure.
- Water infrastructure.
- Telecommunications infrastructure.
- Agro-logistics and rural infrastructure.
- Recycling.

Sources: Industrial Development Corporation, Invest SA

Bilateral Trade and Investment

Investment

- **Indian Investment in South Africa: US\$4.71bn**
- Projects: 28 (Financial services, IT, Business machines)
- Employees: 5,434 jobs created

- **South African Investment in India: US\$675m**
- Projects: 84 (IT, Financial services, Automotive)
- Employees: 11,700 jobs

Trade

- South African exports to India: US\$3.7bn (2017)
- Top Products: Coal, Managane, Iron Ore, Chemical wood pulp, Petroleum oils
- 2012-2017: US\$2.06bn-US\$3.7bn

- Indian exports to South Africa:US\$3.49bn (2017)
- Top Products: Petroleum oils, motor vehicles, Medicaments, Rice
- 2012-2017: US\$ 2.53bn-US\$3.49bn
- **YOY% Change: 15% (2016-2017)**

Exhibitions/Delegations

- <https://10times.com/top100/southafrica>

10 *& more*

reasons why you should invest in South Africa

01 HOT EMERGING MARKET

Growing middle class, affluent consumer base, excellent returns on investment.

02 MOST DIVERSIFIED ECONOMY IN AFRICA

South Africa (SA) has the most industrialised economy in Africa. It is the region's principal manufacturing hub and a leading services destination.

03 LARGEST PRESENCE OF MULTINATIONALS ON THE AFRICAN CONTINENT

SA is the location of choice of multinationals in Africa. Global corporates reap the benefits of doing business in SA, which has a supportive and growing ecosystem as a hub for innovation, technology and fintech.

04 PROGRESSIVE CONSTITUTION AND INDEPENDENT JUDICIARY

SA has a progressive Constitution and an independent judiciary. SA has a mature and accessible legal system providing certainty and respect for the rule of law. Ranked no. 1 in Africa for the protection of investment and minority investors.

05 FAVOURABLE MARKET ACCESS TO GLOBAL MARKETS

The African Continental Free Trade Area (AfCFTA) will boost intra-Africa trade and create a very large market of over 1 billion people with a GDP of \$2.6 trillion that will unlock industrial development. SA has several trade agreements as an export platform into global markets

06 ABUNDANT NATURAL RESOURCES

SA is endowed with an abundance of natural resources. It is the leading producer of PGMs globally. Numerous listed mining companies operate in SA, which also has world-renowned underground mining expertise.

07 ADVANCED FINANCIAL SERVICES AND BANKING SECTOR

SA has a sophisticated banking sector with a major footprint in Africa. It is the continent's financial hub, with the JSE being the largest stock exchange by market capitalisation.

08 WORLD CLASS INFRASTRUCTURE AND LOGISTICS

Massive governmental investment programme in infrastructure development has been under way for several years. SA has the largest air, ports and logistics networks in Africa, ranked no.1 in Africa in the World Bank's Logistics Performance Index.

09 YOUNG TRAINABLE LABOUR FORCE

SA has a number of world class universities and colleges, producing a skilled, talented, capable work force. Diversified skills set, emerging talent, large pool of trainable labour and government support for training and skills development

10 EXCELLENT QUALITY OF LIFE

Favourable cost of living, diversified culture, cuisine and sports destination all year round. Renowned hospitality sector.

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