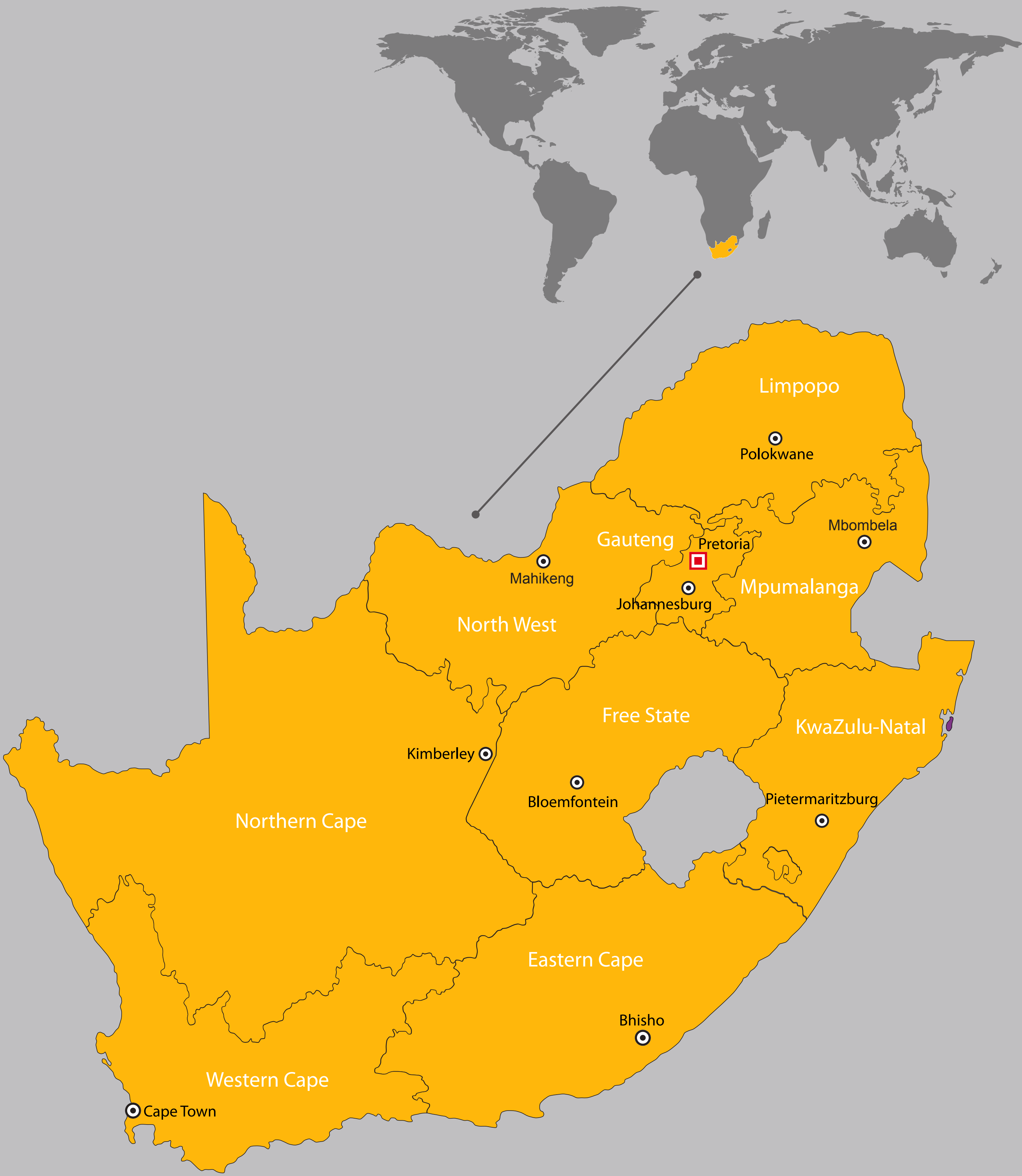
THE CASE FOR INVESTING IN SOUTH AFRICA

ACCELERATING GROWTH BY BUILDING PARTNERSHIPS

SOUTH AFRICA
INVESTMENT CONFERENCE 2018
Accelerating Economic Growth by Building Partnerships

South Africa
Inspiring new ways


Limpopo
Polokwane
Mbombela
Gauteng
Pretoria
Mahikeng
Mpumalanga
Johannesburg
North West
Free State
KwaZulu-Natal
Kimberley
Bloemfontein
Pietermaritzburg
Northern Cape
Eastern Cape
Bhisho
Western Cape
Cape Town

CONTENTS

1.

WHY INVEST IN SOUTH AFRICA

10 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 & INDEPENDENT JUDICIARY

SA has a progressive Constitution and an independent judiciary. The country has a mature and accessible legal system, providing certainty and respect for the rule of law. It is ranked number one in Africa for the protection of investments and minority investors.

05. FAVOURABLE ACCESS TO GLOBAL MARKETS

The African Continental Free Trade Area will boost intra-African trade and create a market of over one billion people and a combined gross domestic product (GDP) of USD2.2-trillion that will unlock industrial development. SA has several trade agreements in place 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 platinum-group metals (PGMs) globally. Numerous listed mining companies operate in SA, which also has world-renowned underground mining expertise.

07. ADVANCED FINANCIAL SERVICES & 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 Africa's largest stock exchange by market capitalisation.

08. WORLD-CLASS INFRASTRUCTURE AND LOGISTICS

A 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, and is ranked number one in Africa in the World Bank's Logistics Performance Index.

09. YOUNG, EAGER LABOUR FORCE

SA has a number of world-class universities and colleges producing a skilled, talented and capable workforce. It boasts a diversified skills set, emerging talent, a large pool of prospective workers and government support for training and skills development.

10. EXCELLENT QUALITY OF LIFE

SA offers a favourable cost of living, with a diversified cultural, cuisine and sports offering all year round and a world-renowned hospitality sector.

SOUTH AFRICA IS A PROMISING EMERGING MARKET

- South Africa is one of the most sophisticated and promising emerging markets, offering a unique combination of highly developed economic infrastructure and a vibrant emerging-market economy.
- South Africa has one of the largest economies on the African continent, accounting for approximately 16% of the continent's GDP. It is counted among the world's industrialised nations.
- South Africa is endowed with advanced financial markets infrastructure, with the Johannesburg Securities Exchange (JSE) being Africa's largest and most developed, and one of the world's top 20 exchanges.

WORLD-CLASS INFRASTRUCTURE AND ACCESSIBILITY

- South Africa has by far the largest road and rail transport systems in Africa. Consequently, the country hosts the largest cluster of air and maritime transportation companies on the continent.
- South Africa has the most advanced information and communications technology (ICT) infrastructure in Africa.
- The country's internet infrastructure is the best on the continent, with upload and download speeds much higher than those of other regional economies. This helps to make South Africa an ideal location for investment in software and information technology, data centres, creative industries and other activities involving high internet usage.
- South Africa has the highest number of secure internet servers in the region.

SOUTH AFRICA IS A WORLD LEADER IN MINERAL RESOURCES

- South Africa remains the world's top producer of minerals such as platinum, rhodium, chrome, manganese and vanadium.
- South Africa holds 80% of global manganese reserves, 72% of chrome, 88% of platinum-group metals (PGMs), 40% of gold and 27% of vanadium.

... AND A CONTENDER IN GLOBAL COMPETITIVENESS

- South Africa scored well in various categories of the World Economic Forum's Global Competitiveness Index 2017/18, ranking 61st out of 137 countries in terms of overall competitiveness and . . .
  - 21st in the category Strength of Investor Protection, 30th in Protection of Minority Shareholders' Interests and 31st in Efficiency of Legal Framework in Settling Disputes.
  - 25th in terms of the Quality of Air Transport Infrastructure, 11th with regard to Internet Bandwidth and 27th in Mobile-cellular Telephone Subscriptions.
  - 30th in the category Capacity for Innovation and 29th in State of Cluster Development.

WORLD-RENOWNED FOR INDUSTRIAL INNOVATION

Some South African innovations:

- World's first human heart transplant
- Coal-to-liquid fuel production (Sasol)
- Deep-level underground mining technology
- Pratley Putty
- Dolosse
- Kreepy Krauly - world's first automatic pool-cleaning unit
- Retinal cryoprobe
- Smartlock safety syringe
- Computerised Axial Tomography (CAT) scan
- Full-body high-speed radiology solution

WELL POSITIONED TO FACILITATE REGIONAL INVESTMENT

- South Africa ranks second on the African continent (tied with Kenya) in terms of attractiveness, according to EY's 2017 Africa Attractiveness Index.
- South Africa ranks relatively well in the pillars of Business Sophistication (37th globally) and Innovation (39th) of the World Economic Forum's 2017/18 Global Competitiveness Index.
- In sub-Saharan Africa, South Africa ranks fifth out of 48 countries in the World Bank's Doing Business 2018 report (after Mauritius, Rwanda, Kenya and Botswana).
- The cost of doing business in South Africa is a significant "pull factor", underpinned by factors such as:
    - Availability of key inputs (e.g. skilled labour, electricity supply);
    - Logistics (e.g. time to import/export); and
    - Supportive operating environment (e.g. sound banking sector).
- South Africa's developed infrastructure, level of industrial development and competitive advantages as an export hub underpin its relative attractiveness as a regional gateway for investment.

African country	Overall African ranking, 2017
Morocco	1
South Africa	2
Kenya	2
Ghana	4
Tanzania	5
Uganda	6
Côte d'Ivoire	7
Mauritius	8
Senegal	9
Botswana	10
Egypt	11
Rwanda	12

Source (table): EY

African country	Overall African ranking, 2017
Tunisia	13
Namibia	14
Algeria	15
Zambia	16
Nigeria	17
Cape Verde	18
Cameroon	19
Ethiopia	20
Burkina Faso	21
Mozambique	22
Madagascar	23
Mali	24
Benin	25

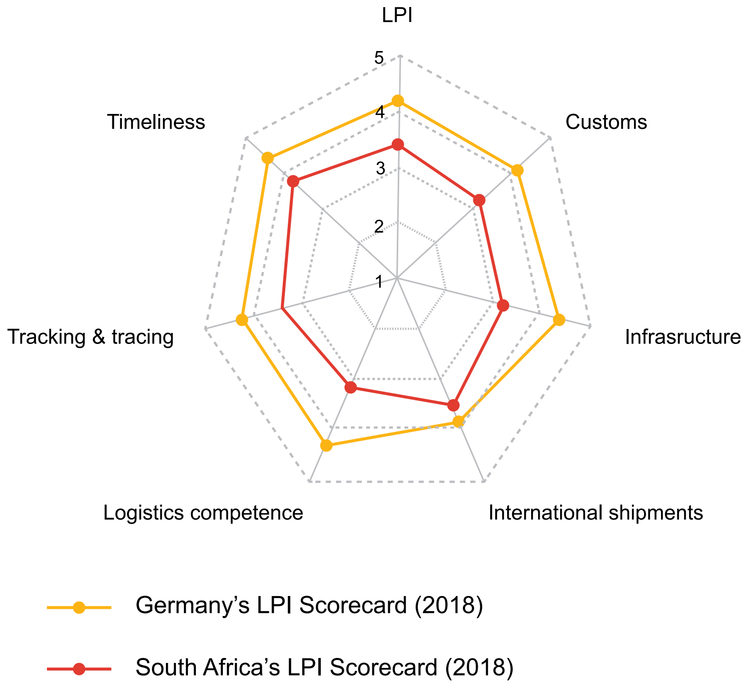
2.

SOUTH AFRICA AT A GLANCE

SOUTH AFRICA AT A GLANCE

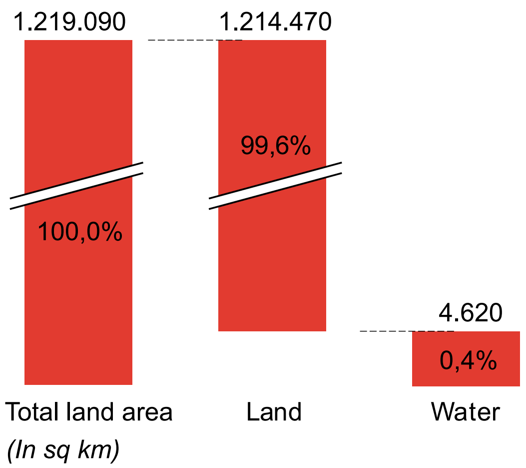
- South Africa has the most developed, diversified and technologically advanced economy on the African continent. Its economy is the 30th-largest in the world, and one of the three largest in Africa. According to the World Economic Forum's 2016/17 Global Competitiveness Report, South Africa ranks 27th for its domestic market size.
- South Africa has a world-class financial sector and is the investment location of choice for multinationals in Africa.
- South Africa's early-stage entrepreneurs generally display a higher appetite for product and technological innovation compared to the African average, and have demonstrated a high international market orientation (Global Entrepreneurship Monitor, 2017).
- South Africa ranked first in Africa on the World Bank's Logistics Performance Index (LPI) for 2018. Its world-class transport infrastructure includes the most advanced and largest air, rail and port networks on the continent. The country has eight ocean economy seaports.
- South African exports represented 0.5% of global exports in 2017 (37th-largest exporter in the world). The export base is broad, with its manufacturing component accounting for roughly 57% of total merchandise exports in 2017.

SA'S LOGISTICS PERFORMANCE INDEX (LPI) SCORECARD COMPARED TO GERMANY'S (WORLD'S TOP PERFORMER), 2018



Source: World Bank Global Competitiveness Report 2017-2018

SOUTH AFRICA AT A GLANCE: RESOURCES

<table>
<tr><th>Measure</th><th>Fast facts</th><th>Key highlights</th></tr>
<tr><td>Land area</td><td>
</td><td>Arable land
• Agricultural land: 79.4%
• Arable land 9.9%; permanent crops 0.3%; permanent pasture 69.2%; forest: 7.6%
• 16 700 square kilometres (km^2) under irrigation (2012)
Geography
• Coastline: 2 798km
• Land area: 1 220 813km^2
• Shares borders with six countries: Botswana, Namibia, Zimbabwe, Mozambique, eSwatini (formerly Swaziland), Lesotho
Coastal resources
• Territorial sea: 12nm
• Contiguous zone: 24nm
• Exclusive economic zone: 200nm</td></tr>
<tr><td>Mineral deposits</td><td>• Precious metals: gold, platinum, palladium
• Refractory metals: vanadium, tin, chromium
• Base metals: iron, copper, nickel, manganese
• Energy minerals: coal, natural gas
• Others: antimony, phosphates, rare earth elements, uranium, gem diamonds, salt</td><td>Rich in reserves
• South Africa holds 80% of global manganese reserves
• 72% of chromium
• 88% of platinum-group metals (PGMs)
• 40% of gold
• 7% of vanadium
Leading producer
• Ranked the world's leading producer of platinum and manganese
• Ranked second globally in the production of palladium and titanium
• Sixth-largest producer of gold in the world</td></tr>
</table>

SOUTH AFRICA AT A GLANCE: INFRASTRUCTURE

Measure	Fast facts	Key highlights
Infrastructure	**Electricity** • Installed energy-generating capacity of 47.28-million kW (2015 estimate)	**Electricity** • Mainly coal-fired power stations • Deliberate move by government to utilise renewable energy sources (e.g. solar, wind) • Ranked 20th in the world for installed solar energy (2016)
	Transport and logistics • 144 airports with paved runways • Railways: 20 986km • Roads: 747 014km (paved: 158 952km) • Eight ocean-economy seaports: • Durban • Richards Bay • East London • Ngqura • Port Elizabeth • Mossel Bay • Cape Town • Saldanha Bay	**Airports** • Ranked 25th out of 137 countries for quality of air transport infrastructure **Rail** • Ranked 47th globally for rail infrastructure • Ranked 13th globally for length of railways **Roads** • Ranked 50th for quality of roads (2017) • Ranked 10th for length of paved roads **Ports** • Home to two of the world's top container ports and two of the world's biggest dry bulk ports • Durban is the largest port, with 2 770 000 TEU (2015) • Mossel Bay allows imports of LNG **Overall** • **South Africa is ranked number one in Africa on the World Bank's Logistics Performance Index**
	Telecommunications	• South Africa has the highest number of secure internet servers in the region • Ranked third in Africa on the Information and Communications Technology Development Index. There is huge potential in this sphere: • Percentage of individuals using the internet: 54% • Broadband subscriptions per 100 inhabitants: 2.84 • Active mobile broadband subscriptions per 100 inhabitants: 58.62

Sources: International Renewable Energy Agency, World Economic Forum Global Competitiveness Report 2017-2018, World Bank

SOUTH AFRICA AT A GLANCE: ECONOMIC INDICATORS

Measure	Fast facts	Key highlights
Gross domestic product (GDP)	• 2017 USD349.4-billion (ZAR4.65-trillion) • 2016 USD295.7-billion (ZAR4.35-trillion) • 2015 USD317.6-billion (ZAR4.05-trillion)	• South Africa has one of the largest economies on the African continent, accounting for approximately 16% of the continent's GDP. • Small, medium and micro-enterprises contributed an estimated 36% to GDP in 2017.
GDP growth	• 2017: 1.3% • 2016: 0.6% • 2015: 1.3% • 2000 to 2017 (average): 2.9% p.a. • 2004 to 2007 average: 5.2% p.a.	• Relatively weak growth since 2015 due to weak confidence, low investment and related weak employment, and subdued global demand, which weighed on the prices in South Africa's primary export commodities basket. • Implementation of key structural reforms currently underway in sectors including mining, telecommunications and tourism could raise South Africa's potential growth rate by 2.5%.
Consumer price inflation	• 2017: 5.3% (average) • 2010 to 2017 average: 5.8%	• Inflation expectations remain anchored in the target band. • 2018 inflation expected at 5.3%.
Interest rates	Policy rate: • 2017: 6.88% (average) • 15 October 2018: 6.5%	• Compared to developed markets, South Africa's relatively higher interest rates offer attractive returns for yield-seeking investors. The recent levels of South Africa's prime lending interest rates (banks' unsecured lending rate to prime borrowers) are as follows: • 2017: 10.4% (average) • October 2018: 10.00%
Exchange rate	• 2017 average: USD1.00 = ZAR13.31 • 16 October 2018: USD1.00=ZAR14.16	• The rand is the 20th most-traded currency globally, with over USD21-billion traded daily.
Trade in goods and services	• Exports in 2017: USD104.0-billion (ZAR1.38-trillion) • Imports in 2017: USD 99.3-billion (ZAR1.32-trillion)	• In 2017 Asia was the largest regional export destination for South Africa, accounting for 32% of total exports by value (primarily mineral commodities), followed by the rest of Africa (26%, mainly minerals, machinery and automobiles), and Europe (22%, mainly minerals, automobiles and agricultural products).
Foreign investment	Portfolio investment inflows: • 2017: USD349.4-billion (6% GDP) • 2010 to 2017 average: 4.1% GDP Fixed investment inflows: • 2017: USD1.33-billion (0.4% GDP) • 2010 to 2017 average: 1.1% GDP	• South Africa was named the Offshoring Destination of the Year at the 2016 Global Sourcing Association (GSA) Awards. • Three of the best cities for investment expansion of international companies in the biotechnology sector are in South Africa - Johannesburg, Durban and Stellenbosch (*Financial Times*, 2017). • South Africa makes up approximately 5% of institutional bond holders' portfolios, for equities and bonds.

Sources: Statistics South Africa, SARB Quarterly Bulletin, World Bank, EPFR, Bank for International Settlements, Department of Small Business Development, National Treasury calculations

SOUTH AFRICA AT A GLANCE: SOCIO-ECONOMIC INDICATORS

Measure	Fast facts	Key highlights
Population	• 56.5-million • 37.7-million working-age population • 66% under the age of 35 • 5% over the age of 65	• South Africa's young population presents major opportunities for investors, as the majority of the population is under 35 years of age.
Highly urbanised population	Percentage of households: • living in urban areas: 66.4% (2018) • with access to electricity supply for lighting: 90.3% (2016)	• Relatively high access to basic infrastructure. • Highly urbanised country presents concentrated markets, thus reducing distribution costs.
Middle-class indicators	• 68% have access to mobile phones (2017) • 54% have access to the internet (2016) • 147 mobile subscriptions per 100 inhabitants (2016) • 77% are banked (including social grant recipients) (2016) • 97.1% primary school enrolment rate; 98.8% secondary (2017) • 15% of population has a post-school or other qualification (2015)	• South Africa has a growing middle class. In 2015, the number of people living below the upper-bound poverty line was estimated at 55.5%, down from 66.6% in 2006. • Ranked 22nd in the world for mobile subscriptions. • Increasing primary school enrolments create a base for future skilled workers.
Labour market	Unemployment rate • 2017: 27.5% • Q2 2018: 27.2%	• There are several initiatives between the government, private sector and civic organisations to address unemployment (e.g. the Presidential Jobs Summit).
GDP per capita	(ZAR/USD exchange rates) • 1997: USD9 636 (R4.61/USD) • 2000: USD6 446 (R6.94/USD) • 2017: USD4 209 (R13.31/USD) USD (PPP) : • 1997: USD7 041 • 2000: USD7 561 • 2016: USD13 196	• South Africa is classified as a middle-income country and is ranked seventh-highest in Africa in terms of GDP (PPP) per capita.
Gini coefficient	• 2006: 0.72 • 2015: 0.68	• South Africa has a highly progressive social spending system, without which the Gini coefficient would be 10.5% higher. • 43.8% of South African households benefited from social grants in 2017.

Sources: World Bank, SARB Quarterly Bulletin, Statistics South Africa,Finscope, IMF, Deloitte, PWC, CIA, National Treasury calculations

SOUTH AFRICA AT A GLANCE: INSTITUTIONS

Measure	Fast facts	Key highlights
Government	• Parliamentary democracy	• Democratic elections held regularly and fairly since 1994.
Legal system	• Mix of Roman-Dutch law (primarily civil), common law and statute (primarily economic affairs) • Constitution protects basic freedoms and secures rights and dignities (including property rights and protection of minorities based on ethnicity, gender, sexual preference, etc)	• Ranked first in Africa and 21st in the world for the Strength of Investor Protection. • Ranked first in Africa for gender equality on the Gender Equality Index.
Fiscal policy	• Balances development needs with fiscal sustainability and intergenerational equity	• Third-most transparent fiscal policy in the world.
Monetary policy	• Inflation targeting regime • Target band between 3% and 6%	• Independent central bank.
Capital controls	• Regulation of foreign inflows is limited • Foreign outflows are permitted • Some limits on permanent residents and citizens	• Since 1994, South Africa has taken a gradual approach to the phasing out and liberalisation of exchange controls. • There are no controls or limits on the repatriation of returns or capital for investors who are not citizens or permanent residents.
Financial institutions	• Highly developed bond and equity markets • Banks regulated under "twin peaks" model, with central bank overseeing both macro- and micro-prudential policy • Signatory to the Basel III accords	• Ranks 25th out of 137 countries in raising finance through the local equity market, 30th for strength of auditing and reporting standards, 37th for the soundness of banks and 46th for the regulation of securities exchanges. • The Johannesburg Securities Exchange's market cap is 19th-largest in the world.
Trade agreements	• WTO member • Bilateral agreements with most major trading partners • Preferential access via AGOA and EPA • Regional markets via SADC Free Trade Area • Transcontinental free trade area	• In 2017, USD1.8-billion (22.6% of total US imports from SA) worth of US imports from SA entered the country under AGOA, with more than 1 800 African products able to enter duty-free under GSP. • Duty-free access to the EU market (€1.8-trillion imported from the world at large) as part of the SADC-EPA economic partnership agreement.
Investment agreements	• International investors protected under South African court system	• Ranked joint second in EY Africa Attractiveness Index. • Ranked 25th in Kearney's Annual (global) Foreign Direct Investment Confidence Index (April 2017).

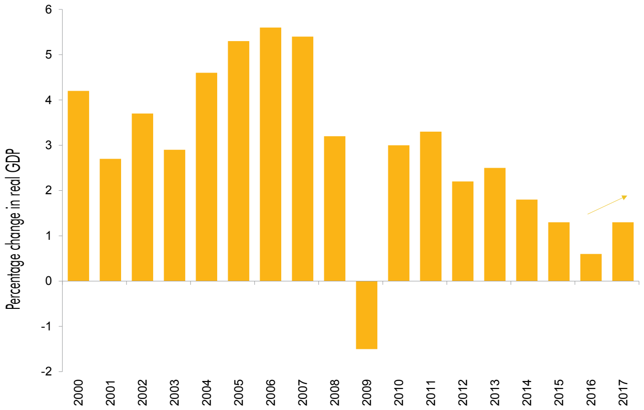
Sources: World Bank, WEF Global Competitiveness Report 2017-2018, African Development Bank, National Treasury calculations

3.

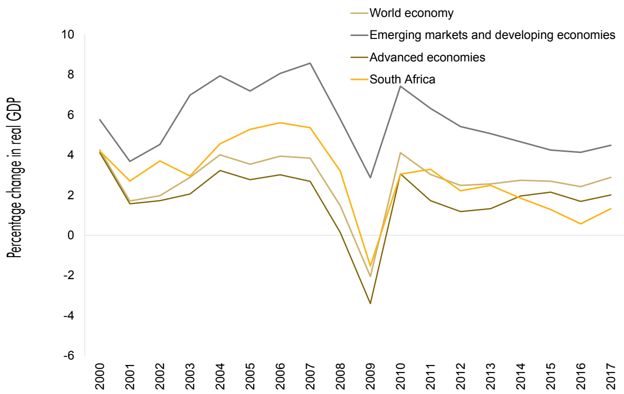
ECONOMIC OVERVIEW

ECONOMIC GROWTH SET TO ACCELERATE

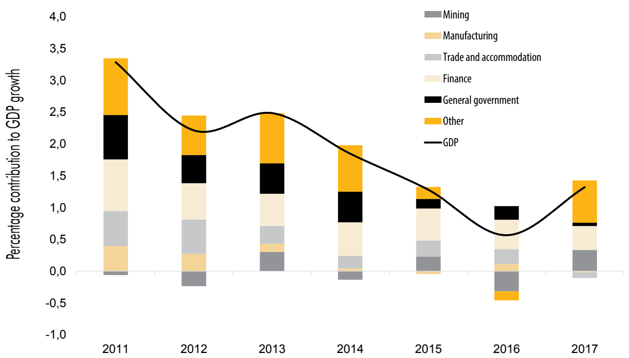
STEADY GROWTH, RECENT SLOWDOWN SET TO REVERSE



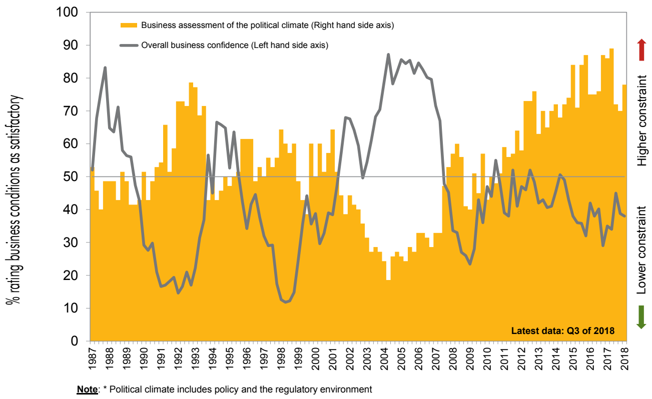
GLOBAL GROWTH DECOUPLING SINCE 2014



SECTORAL CONTRIBUTIONS TO OVERALL GDP GROWTH



LINKED TO POLITICAL, REGULATORY UNCERTAINTY

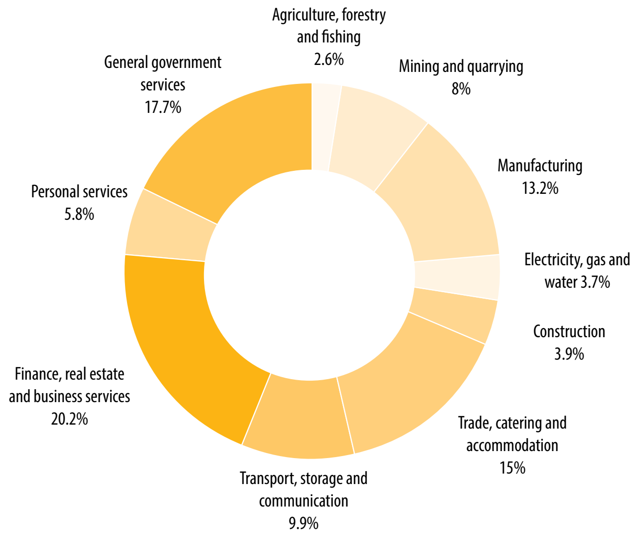


Sources: National Treasury and IDC analysis using data from Statistics South Africa, South African Reserve Bank, International Monetary Fund, Bureau for Economic Research

SOUTH AFRICA'S DIVERSIFIED ECONOMY FORMS AN IMPORTANT BASIS FOR SUSTAINED GROWTH AND RETURNS ON INVESTED CAPITAL

- **Services sector** is highly developed and robust – a key reason for the lower levels of volatility in South Africa. The financial and business services sector and the retail and wholesale trade sector ("trade" sector) have been particularly consistent in terms of performance, as the consumer market has grown in sophistication and spending power.
- **Mining and agriculture sectors** are relatively small in terms of contribution to overall GDP, but are technologically advanced and have important linkages to the rest of the economy. Mining is a key generator of export earnings.
- **Manufacturing sector** is highly diversified and innovative. Technological developments in manufacturing have been developed for the extractive industries and adapted for local use and export.
- **Small, medium, micro and cooperative enterprises** are participants in all productive value chains, with their increasing participation further enhancing economic diversification.

SECTORAL COMPOSITION OF GDP IN 2017



HOUSEHOLD SPENDING SUPPORTING GROWTH

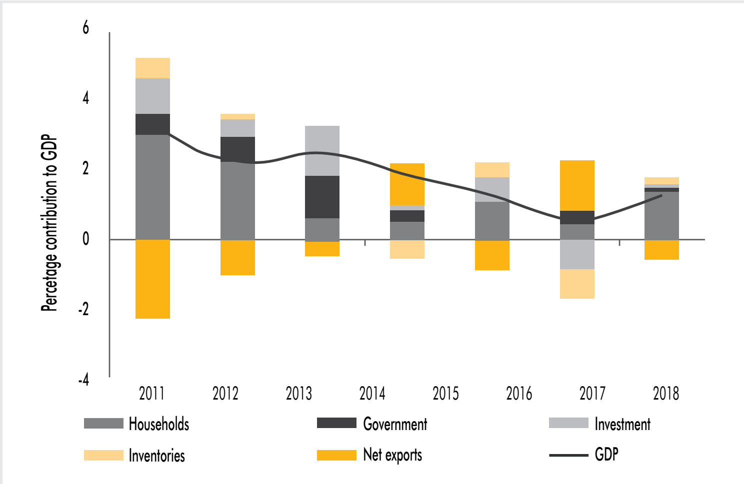
- **Expenditure composition of growth very similar to developed economies**, with the private sector, including small businesses, being a key driver of investment and employment, although the government provides important support.
- **Consumption** has provided critical support to growth. Consumption of services has expanded over the last 10 years.
- **Investment** grew steadily, primarily by domestically-oriented industries, raising the overall share of investment to GDP to 19% in 2017, but has been relatively muted since the global financial crisis.
    - Growth in investment by the public sector has averaged 7.2% per annum over the last 10 years.
- **South Africa has one of the most open economies in the world,** with the combined share of exports and imports to GDP having measured just over 58% in 2017.
    - Exports are dominated by minerals, but manufactured exports also account for a large portion of the export basket.

PERCENTAGE SHARE OF GDP BY EXPENDITURE CATEGORY

	2000	2010	2017
Households	56%	59%	61%
Government	18%	20%	20%
Investment	14%	19%	20%
Change in inventories	0%	0%	0%
Net exports	12%	1%	-1%

Sources: National Treasury analysis using data from Statistics South Africa, South African Reserve Bank

CONTRIBUTIONS TO GDP GROWTH BY SPENDING CATEGORY



Sources: National Treasury analysis using data from Statistics South Africa, South African Reserve Bank

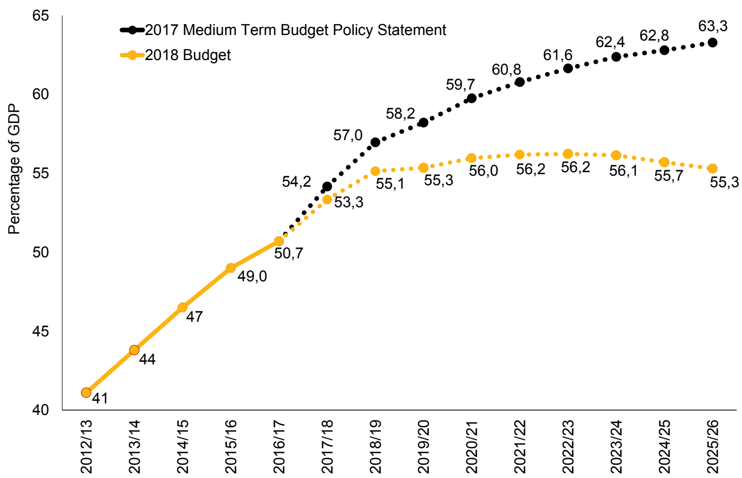
PRUDENT FISCAL CHOICES TO ENSURE FISCAL SUSTAINABILITY

- The 2018 budget accelerated the government's efforts to narrow the budget deficit and stabilise debt.
- Major steps included a one percentage point increase in the value-added tax (VAT) rate in 2018/19 and large-scale spending reallocations over the medium term.
- Efforts to bolster reforms of state-owned companies have been accelerated to restore confidence and reduce the potential drains on the fiscus.
- As a result, sovereign ratings downgrade actions have been arrested.
- Government borrowing remains driven by market conditions.

Rating agency	LTFC[1]	LTLC[2]	Outlook	Revision
Moody's	Baa3	Baa3	Stable	23 March 2018: Rating affirmation and outlook revised to stable (previously negative)
Fitch	BB+	BB+	Stable	15 June 2018: Rating and outlook affirmation
S&P	BB	BB+	Stable	25 May 2018: Rating and outlook affirmation
R&I	BBB	BBB+	Stable	13 April 2018: Rating affirmation and outlook revised to stable (previously negative)

[1]LTFC = Long-term Foreign Currency Rating, [2]LTLC = Long-term Local Currency Rating

GROSS GOVERNMENT DEBT-TO-GDP RATIO



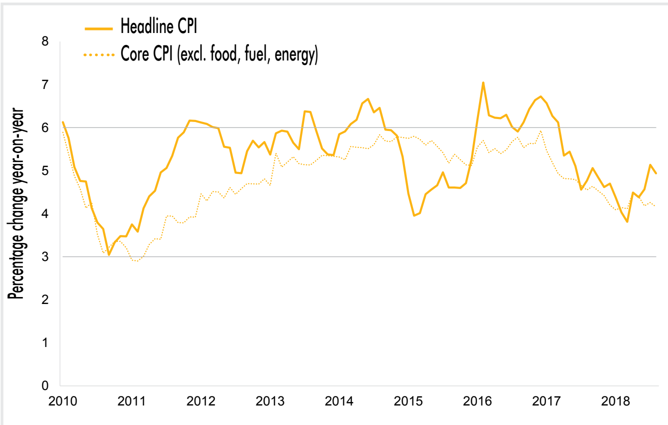
Source (table, charts): National Treasury

INDEPENDENT AND PRUDENT MONETARY POLICY TO ENSURE INFLATION WITHIN TARGET, WHILE STILL ACHIEVING RELATIVELY LOW INTEREST RATES

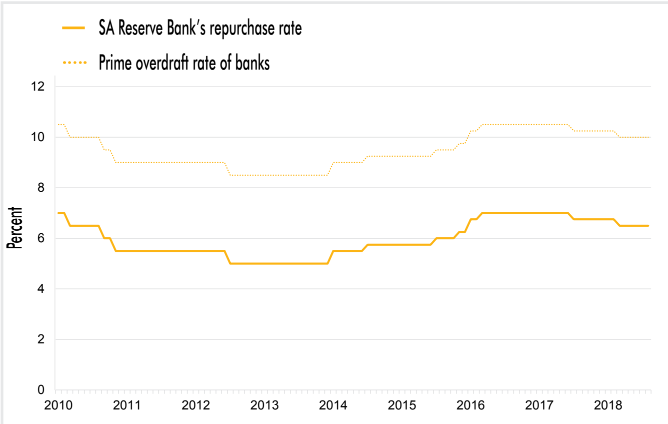
- The South African Reserve Bank (SARB) has been successful in bringing inflation expectations into the target band.
- Despite drought conditions in parts of the country, the knock-on impact of higher food inflation has been relatively limited. The impact of exchange rate weakness on inflation has also been tempered in recent years.
- Policy rates were reduced from 6.75% to 6.5% in March 2018 as the SARB deemed inflation risks over the medium term to be lower.
- Inflation expectations across market participants and social partners remain consistent with inflation in the target band of 3% to 6%.

CPI expectations	2018	2019	2020
SA Reserve Bank (September 2018)	4.8	5.7	5.4
IMF (October 2018)	4.8	5.3	5.4
Bloomberg (September 2018)	4.7	5.2	5.2
Reuters (September 2018)	4.8	5.3	5.3

INFLATION MOVING WITHIN THE TARGET BAND



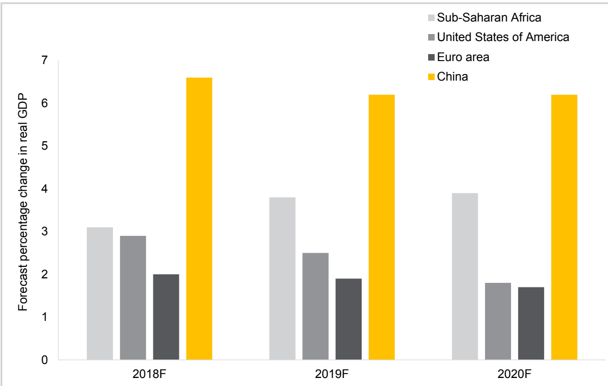
POLICY CREDIBILITY REDUCES RATE VOLATILITY



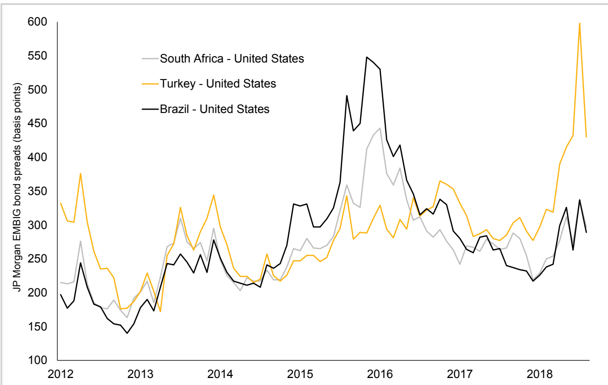
Sources: (charts) Statistics South Africa, South African Reserve Bank; (table) South African Reserve Bank, International Monetary Fund (IMF), Bloomberg, Reuters.

SUPPORTIVE GLOBAL ENVIRONMENT

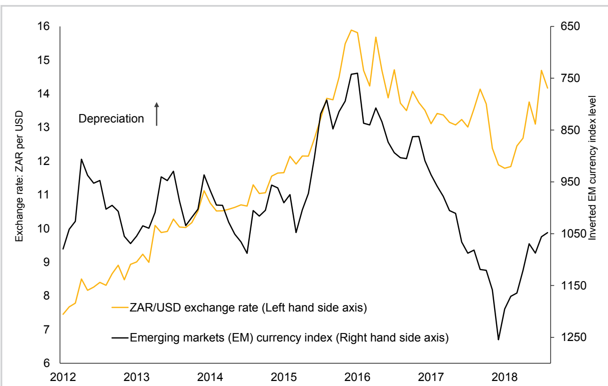
IMF FORECASTING ROBUST GROWTH FOR SOUTH AFRICA'S TRADING PARTNERS



SOME VOLATILITY, BUT SPREAD ON SOUTH AFRICAN BONDS REASONABLE



RAND HAS FOLLOWED EMERGING MARKET TRENDS

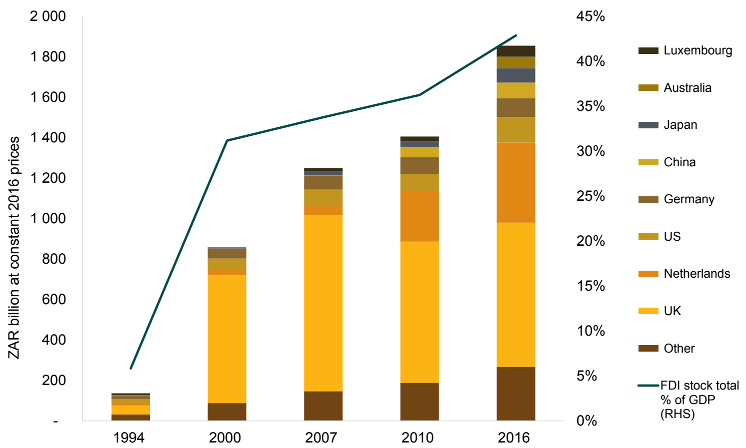


Sources: National Treasury and IDC analysis using data from International Monetary Fund, South African Reserve Bank, Bloomberg

STRONG FOREIGN INVESTOR PARTICIPATION IN THE ECONOMY

- The overall stock of foreign direct investment (FDI) in the economy represented 42.8% of GDP in 2016, up from 5.8% in 1994.
- Inward FDI traditionally dominated by European investors, particularly from the United Kingdom.
- Fast-growing presence of Asian investors in recent years, predominantly from China.

COMPOSITION OF, AND TRENDS IN, TOTAL FDI STOCK FOR SELECT YEARS (AT CONSTANT 2016 PRICES)

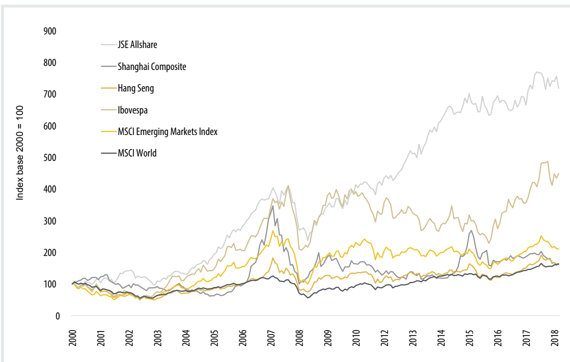


Source: Industrial Development Corporation analysis, compiled using South African Reserve Bank data

SOLID FINANCIAL RETURNS FOR PORTFOLIO INVESTORS

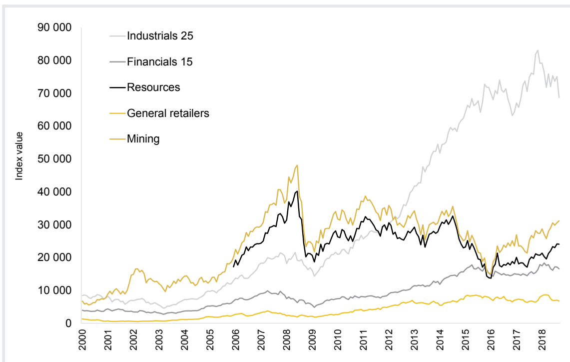
SOUTH AFRICA HAS OUTPERFORMED A NUMBER OF ITS PEERS…

Select global equity markets: relative performance since 2000



… WITH SEVERAL SECTORS GENERATING POSITIVE RETURNS

JSE sectoral indices: relative performance since 2000



Sources: National Treasury analysis using Bloomberg data

ACCESS TO CAPITAL-RAISING OPPORTUNITIES

World-class capital markets…	… reflected in capital-raising statistics*
• South Africa has world-class equity and debt capital markets, on par with those in developed economies. • The Johannesburg Securities Exchange (JSE) is one of the world's top 20 exchanges and has a market capitalisation of USD1.11 trillion (19th-largest globally). • South Africa's major primary and secondary equity and bond markets, based at the JSE, represent a market capitalisation-to-GDP ratio of 312%. • Sophisticated and well-regulated banking sector, ranked 37th globally for financial soundness. • South Africa's financial sector has a large footprint across the African continent.	• Twelve initial public offerings (IPOs) in 2017 with total proceeds of USD2.3-billion, compared to USD261-million in 2013. A total of 44 IPOs over the period 2013 to 2017, collectively totaling USD4.8-billion. • Five of the top 10 IPOs by value in Africa in 2017 were raised in South Africa. • A total of 251 Further Offerings (FOs) in 2017 (collectively valued at USD37.6- billion), up from 35 FOs (total of USD4.6-billion) in 2013. • South Africa accounted for seven of the top 10 Further Offerings in Africa in 2017.

Sources*: PWC Africa Capital Markets Watch, prepared using data from Dealogic

OUTLOOK IS POSITIVE ACROSS A NUMBER OF SECTORS

A sectoral snapshot	Expected developments in demand
• **Mining:** Improving global growth will drive demand for primary resources, supported by increased policy certainty. • **Manufacturing:** Improvement in global economic activity will drive demand in export markets; oil price movements remain a risk. • **Agriculture:** After a severe drought in 2016, climatic conditions normalised in most of the country, with the exception of the southern regions, leading to a substantial recovery in agricultural output in 2017, including the largest maize crop on record at ca. 16.7 -million tons. • **Trade:** Low inflation and improved consumer and business confidence should see retail and wholesale trade improve. • **Finance:** The expansion of services to previously unserved individuals, and expected recovery in credit extension, should drive growth. • **Electricity:** The recent conclusion of the outstanding power-purchase agreements with independent power producers will enable significant investment.	• **Investment will be a critical growth driver.** A recovery in investment, and private sector investment in particular, is anticipated as a result of improved confidence. Public sector investment will be somewhat constrained by fiscal consolidation, although efforts to limit spending on wages are under way to manage this pressure. • **Consumption set to return to trend growth.** Stronger investment will generate higher employment and, in turn, higher consumption by households, which have struggled with relatively low employment levels and weak credit growth over the last five years. Weak inflation will further support purchasing power. However, the household savings rate may yet move higher. • **Current account deficit may widen.** The weaker rand as well as contained inflation should help to further support the competitiveness of South African exports. As global growth remains strong and the continent's growth rate recovers, exports are likely to pick up over time. However, domestic investment activity will remain import-intensive.

SIGNIFICANT UPSIDE POTENTIAL TO FUTURE GROWTH PROJECTIONS

Recent developments

- Real GDP contracted by 2.6% and 0.7% (quarter-on-quarter, seasonally adjusted and annualised rates), respectively, in the first and second quarters of 2018. On a year-on-year basis, however, the economy recorded positive growth of 0.6% in the first semester of 2018.
- The rate of growth in agricultural output was affected by the very high base set in the fourth quarter of 2017, but also reflected drought conditions in parts of the country. The manufacturing sector reported lower output for two consecutive quarters, largely due to weak domestic demand, and major mining segments were affected by subdued demand and low prices.

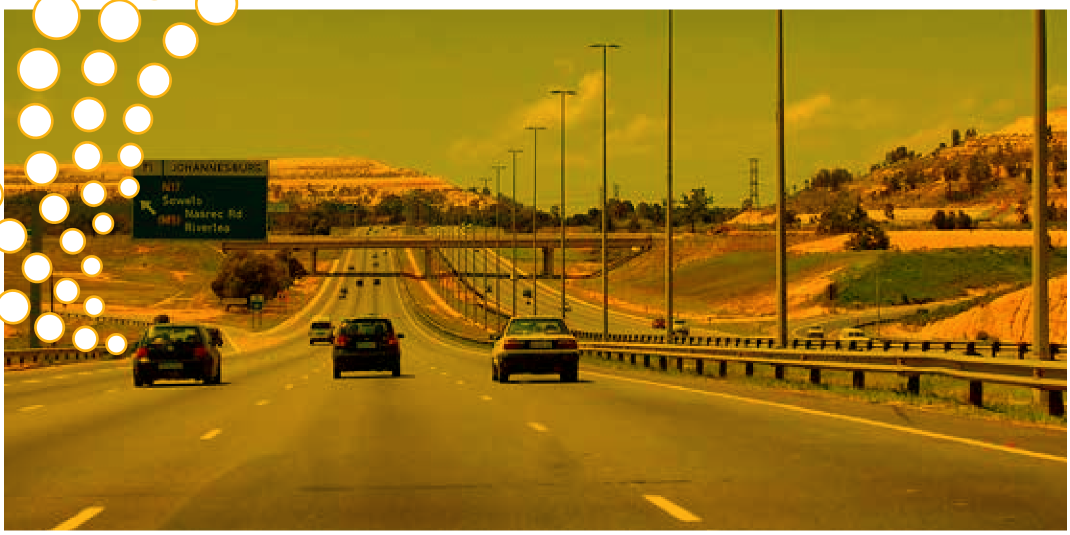
Outlook

- The South African Reserve Bank estimates real GDP growth of 0.7% for 2018, gradually rising to 2.0% in 2020.
- Fixed investment activity is expected to recover gradually, while household consumption expenditure could be constrained for some time by the recent one percentage point hike in the value-added tax (VAT) rate, among other inflationary pressures, as well as by employment prospects.
- The economy has, however, the potential to grow at a much faster pace than current projections, particularly if greater policy certainty and structural reforms lead to improved business, investor and consumer sentiment.

POTENTIAL UPSIDE IN SOUTH AFRICA'S ECONOMIC GROWTH FORECASTS

GDP growth expectations	2018	2019	2020
SA Reserve Bank (September 2018)	0.7	1.9	2.0
IDC (September 2018)	0.8	1.6	2.2
IMF (October 2018)	0.8	1.4	1.7
Bloomberg consensus (September 2018)	0.7	1.9	2.1
Reuters consensus (September 2018)	0.8	1.7	2.0

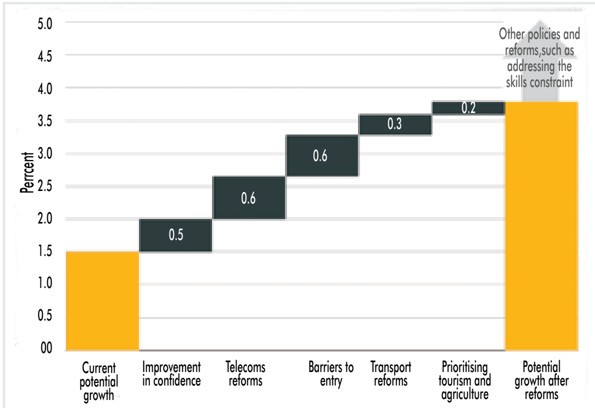
Sources: South African Reserve Bank, Industrial Development Corporation (IDC); International Monetary Fund (IMF), Bloomberg, Reuters.



RAISING POTENTIAL GROWTH REQUIRES ACTION ON STRUCTURAL REFORMS

- South Africa's current trend growth rates are not fast enough to make an impact on the social challenges facing the country.
- Potential growth can be raised by 2.5 percentage points if the necessary policy and administrative reforms are undertaken, particularly in sectors with high growth potential, according to National Treasury estimates.
- Key areas of reform that would drive such growth include:
  - Mining sector policies supportive of investment and transformation;
  - Telecommunications reforms, including the release of additional broadband spectrum;
  - Lowering barriers to entry for small, medium, micro and cooperative enterprises by addressing anti-competitive practices; and
  - Supporting labour-intensive sectors such as agriculture, tourism and manufacturing, as well as increasing skills levels across the economy.

STRUCTURAL REFORMS WOULD DOUBLE GROWTH



Source: National Treasury

The South African government is actively implementing structural reforms deemed key to enhancing the economy's growth potential.

ON A POSITIVE TRAJECTORY TO IMPROVE HUMAN DEVELOPMENT

Key highlights

- South Africa's Human Development Index* increased by 7.3% between 1990 and 2015, mainly driven by an improvement in the average years of schooling and an increase in gross national income per capita.
- Improvements in the education indicators were driven partly by the increase in the ratio of education expenditure to GDP, while education expenditure per capita rose from USD138 to USD398 over the period.

CONCERTED EFFORTS TO ADDRESS CERTAIN PRESSING ISSUES

1.	Education	The government has introduced free tertiary education to previously excluded students so as to build a strong, skilled and competent workforce.
2.	Health	In addition to the large antiretroviral programme, the government is exploring a national health insurance programme to improve access to quality healthcare.
3.	Social services	The government continues to support the elderly, children and other economically inactive groups through the social grants programme.
4.	Employment	Strong partnerships between government, labour and business in initiatives aiming to create employment opportunities.
5.	Youth	Several initiatives and programmes are in place to facilitate the assimilation of the youth into the mainstream economy.
6.	Women	Clear policy framework and several programmes are in place to advance the economic empowerment of women.
7.	Entrepreneurship	The government has established a dedicated small business development and support ministry that coordinates government-wide and targeted financial as well as non-financial support for the SMME sector.

Government interventions are yielding positive results.

* The Human Development Index (HDI) is a composite measure compiled by the UNDP that captures three basic dimensions of human development: a long and healthy life, knowledge, and a decent standard of living.


18%

4.

POLICY FRAMEWORK

THE NATIONAL DEVELOPMENT PLAN: VISION 2030 IS SOUTH AFRICA'S OVERARCHING POLICY FRAMEWORK

- The National Development Plan: Vision 2030 (NDP), which was launched in 2012, constitutes South Africa's overarching policy framework.
- The NDP's comprehensive framework seeks to drive and entrench an inclusive economic growth agenda for South Africa.
- The NDP places small and medium-sized enterprises at the forefront of job creation in the economy, accounting for increasing shares of national output.

The NDP's key priorities and socio-economic outcomes	**Human development**	→	Health and education
	Inclusive economic growth	→	An efficient, competitive and responsive economic infrastructure network
	Environmental sustainability	→	Protecting and enhancing our environmental assets and natural resources
	Accountable and efficient government systems	→	Achieve an efficient, effective and development-oriented public service

By 2030 …

- Raise per capita income to R120 000 (R81 000 in 2017)
- Raise investment-to-GDP ratio to 30% (18.7% in 2017)
- Raise share of national income of bottom 40% of population to 10% (from a 6% share in 2010)
- Raise employment to 24-million (16.2- million in 2017)
- Reduce carbon emissions per unit of power by about 1/3
- Social security system covering all working people
- Reduce ratio of households with a monthly income below R419 per person to ZERO (from 39%)
- Reduce Gini coefficient (inequality indicator) to 0.60 (0.68 in 2015)
- Realise a food trade surplus, with 1/3 produced by small-scale farmers or households

Source (graphic): Information obtained from National Development Plan: Vision 2030, National Planning Commission; various sources for recent data

MICROECONOMIC POLICY INTERVENTIONS TO ENABLE TRANSFORMATION, INCLUSIVE GROWTH AND COMPETITIVENESS

Labour-intensive growth: Agriculture, mining & tourism	Modernise network industries		Lower barriers to entry
	Transport and telecommunications	Electricity and water	
Deliver policy certainty in mining: MPRDA and Mining Charter (DMR)	Introduce Single Transport Economic Regulator (DoT, DPE)	Finalise the Integrated Resource Plan (DoE)	Strengthen the Competition Act (EDD)
Ease visa restrictions for tourists and highly-skilled immigrants (DHA)	Implement hybrid model for spectrum allocation (DTPS)	Review the structure of the electricity sector (DoE, DPE, DEA, DPME and NT)	Reduce switching costs by instituting a regulated switching process with mandatory timelines in banking and telecommunications (DTPS, SARB)
Finalise agriculture insurance framework; implement pilot project (DAFF, NT)	Consolidate government participation in the aviation industry (DPE, NT)	Develop a comprehensive strategy for investment in water resource development, bulk water supply and wastewater management (DWS)	Improve competitive outcomes in retail sector, including limiting the exclusivity of business leases (EDD)
Improve agricultural exports by leveraging market opportunities around the world (DAFF, the dti)	Implement a comprehensive turnaround and restructuring strategy at PRASA (DoT, NT)	Establish an independent water regulator (DWS)	Review municipal licensing and servitudes, including implementation of rapid deployment guidelines (DTPS, NT)
Implement innovative financing solutions for farmers (DAFF, Land Bank, NT)	Introduce competition in port terminal sector (DoT, DPE, Transnet)	Institute regular reviews of all regulated prices and their underlying formulae (line departments)	Reduce red tape (DSBD, DPME, the dti)
Ensure increased safety and security for tourist hotspots (SAPS, NDoT, municipalities)	Ensure ICASA's proposed economic regulation component is independent of line departments and directly funded from industry levies (DTPS, ICASA)		Broaden financing options for small businesses, especially at ideation stage (DSBD)

MPRDA – Mineral and Petroleum Resources Development Act; DMR – Department of Mineral Resources; DHA – Department of Home Affairs; DAFF – Department of Agriculture, Forestry and Fisheries; NT – National Treasury; dti – Department of Trade and Industry; SAPS – South African Police Service; DoT – Department of Transport; DPE – Department of Public Enterprises; DTPS – Department of Telecommunications and Postal Services; DoE – Department of Energy; DEA – Department of Environmental Affairs; DPME - Department of Planning, Monitoring and Evaluation; EDD – Economic Development Department; DWS – Department of Water and Sanitation; DSBD – Department of Small Business Development; SARB – South African Reserve Bank; ICASA – Independent Communications Authority of South Africa; PRASA – Passenger Rail Agency of South Africa

RECENT POLICY INITIATIVES/REFORMS TO ADDRESS OBSTACLES TO INVESTMENT

Key sectors/areas	Actions
Mining	• Withdrawal of 2017 draft Mining Charter. • The government instituted a consultative process with industry, the labour movement and the general public for revising the Mining Charter. • New Mining Charter gazetted in September 2018. • Current Mineral and Petroleum Resources Development Act remains applicable, with the amendment Bill having been withdrawn so as to provide greater certainty for the mining sector.
Land reform	• The government has initiated a structured consultative process to address land reform while maintaining comparative advantages.
Telecommunications	• Broadband policy gazetted in 2013 seeks to provide every South African with access to a broadband connection at a cost of 2.5% or less of the average monthly income.
Energy	• The government's long-term energy plan is expressed in the draft Integrated Resource Plan (IRP 2018), recently published for public comment. The IRP 2018 provides a roadmap for planned energy generation and the evolution of the energy mix over the period to 2050. • Enhanced impetus for renewable energy to replace decommissioned coal generation capacity.

ECONOMIC TRANSFORMATION AND REFORM AGENDA

Drivers of change …

The key driver for economic transformation and the reform agenda is an urgent need for greater economic inclusion (that is, to narrow the gap between the rich and poor while further diversifying the economy).

… Government's efforts to effect transformation

1.	**Extensive social services**	To raise the human capital of the disadvantaged – the foundation of South Africa's fiscal framework.
2.	**SME support**	That includes funding and a programme of policy improvement.
3.	**Active competition policy**	That allows for responsive but predictable policy action against anti-competitive behaviour.
4.	**Broad-based black economic empowerment (B-BBEE)**	Policies to incentivise firms to ensure economic equity amongst race groups.
5.	**Strategic use of state procurement practices**	To give better opportunities to black-owned and small businesses.
6.	**Black industrialists policy**	To provide targeted support to medium-sized black-owned firms to grow into large firms.
7.	**Land reform**	To uplift rural communities and allow black people access to productive assets.

INDUSTRIAL POLICY SUPPORT

Attractive support system for industrial development and investment promotion	Industrial financing
• Industrial financing. • Deployment of conditional incentives. • Local procurement and an offset programme, the National Industrial Participation Programme. • Special economic zones (SEZs) are designated in areas set aside for targeted economic activities. These are supported through special arrangements (including legislation) and systems that are often different from those applicable in the rest of South Africa. • A wide variety of demand- and supply-side industrial policy levers are designed to secure higher levels of investment and raise the competitiveness of the productive sectors of the economy. These include: • Developmental trade policies, including the technical infrastructure institutions that support the industrial effort; • Efforts to stem the tide of illegal imports, working with Customs; • Technology support measures; and • Competition policy (which addresses anti-competitive behaviour and lowers barriers to entry).	• Availability of attractive incentives (e.g. incentives provided under the Manufacturing Investment Programme, Automotive Production and Development Programme, Clothing and Textiles Competitiveness Programme, Critical Infrastructure Programme, Aquaculture Development and Enhancement Programme). • Various instruments available from a range of state-owned development finance institutions such as the: • Industrial Development Corporation; • Development Bank of Southern Africa; and • Land Bank. • Export assistance (e.g. export credit insurance, export marketing assistance).

INDUSTRIAL POLICY SUPPORT: SPECIAL ECONOMIC ZONES

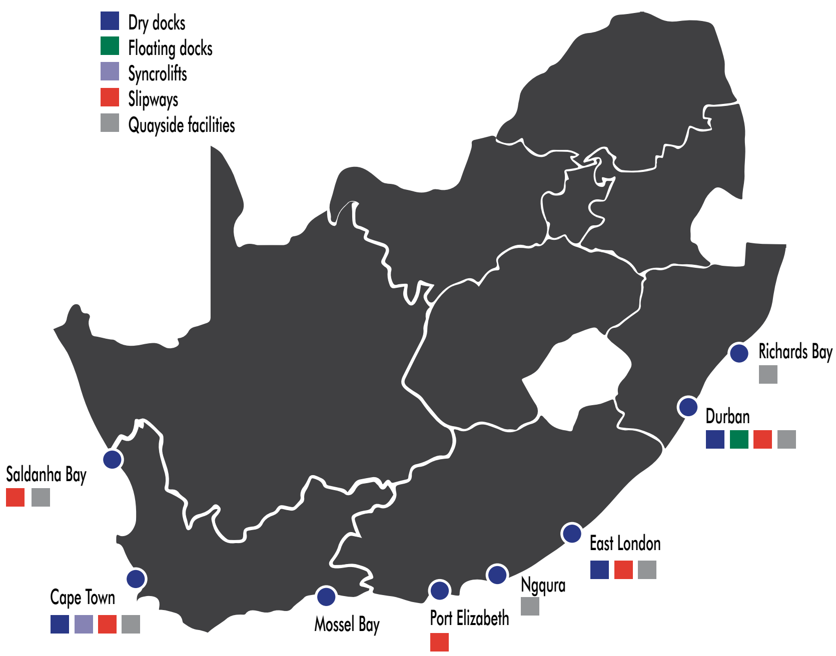
Incentives offered by Special Economic Zones (SEZs) include:

- Preferential 15% Corporate Tax rate;
- Value-added Tax and Customs Duty suspension in customs-controlled areas;
- Employment incentive;
- Building allowance; and, among others,
- Preferential land rental and utility rates.

Seven designated zones:

- Saldanha Bay (Western Cape);
- Dube Trade Port (KwaZulu-Natal);
- Coega (Eastern Cape);
- East London (Eastern Cape);
- Richards Bay (KwaZulu-Natal);
- Maluti a Phofung (Free State);
- Musina-Makhado (Limpopo).

SOUTH AFRICA'S PORTS



TRADE POLICY: SOUTH AFRICA HAS ENTERED INTO SEVERAL TRADE AGREEMENTS

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

Source: Invest SA

The African Continental Free Trade Area will boost intra-African trade and create a large market of over one billion people and a combined GDP of USD2.2-trillion that will unlock industrial development.

TRADE POLICY: MAIN BENEFITS OF SELECT TRADE AGREEMENTS

SADC FTA:

- Import market of USD192.9-billion in 2016.
- SADC incorporates the world's oldest customs union (SACU) involving Botswana, Lesotho, Namibia, South Africa and Swaziland.
- Since 2012, the SADC FTA has allowed for duty-free trade among 12 of the 15 members.
- Encourages intra-regional trade and regional value chain development.

African Growth and Opportunity Act (AGOA):

- Increased the number of products entering the United States (US) market duty-free under the General System of Preferences (GSP) by more than 1 800 products for African countries.
- Improves market access for African products into the USD2.4-trillion US import market.
- Encourages intra-African trade through recognition of African inputs for rules-of-origin purposes.
- African countries do not have to reciprocate by opening up their markets to US products.
- In 2017, USD1.8-billion worth of US imports from South Africa (22.6% of total US imports from South Africa) entered the country under AGOA.

South Africa-European Union Trade and Development Co-operation Agreement (SA-EU TDCA):

- Duty-free access to part of the EU market (overall imports from the world at large amount to about €1.8-trillion).
- Covers 90% of bilateral trade between the EU and South Africa.
- Established as an asymmetrical agreement, with the EU opening up its market faster than South Africa.
- The EU liberalised 95% of its duties on South African-originating products by 2010.
- Covers the liberalisation of trade in goods and services plus the free movement of capital.
- Normally protected agricultural goods in the EU are part of the agreement (with some exclusions).

European Union-Southern African Development Community Economic Partnership Agreement (EU-SADC EPA):

- Will replace the SA-EU TDCA once ratified by the two parties.
- The agreement offers improved market access relative to the EU TDCA.
- EPAs are permanent in nature and incorporate development aid from the EU.
- The EU's Aid for Trade helps partner countries improve customs procedures and reduce paperwork.
- EPA partner countries export to the EU market free of duties and import quotas.
- EPA supports partner countries to meet high EU standards in food safety, animal and plant health.
- One-stage processing in manufactured goods is sufficient to qualify for duty-free entry.
- EPAs promote regional value chains; one country can process inputs and still benefit from duty-free access to Europe.

SOUTH AFRICA WITHIN THE GLOBAL GOVERNANCE FRAMEWORK

South Africa, as a meaningful contributor to global governance, adds to its investment appeal	South Africa has a sound political governance framework
• South Africa has instituted a peaceful, internally-negotiated political settlement. • The country has served two terms as a non-permanent member of the UN Security Council. • South Africa plays an active role in the G20. • South Africa played an active role in transforming the OAU (Organisation of African Unity) into the current AU (African Union), as well as in the facilitation of peace and security on the African continent. • South Africa is a champion of the New Partnership for Africa's Development (NEPAD). • Sout Africa is positioned to leverage strategic partnerships with Brazil, Russia, India and China as the fifth member of the BRICS bloc of economies.	• South Africa's political governance framework ranks favourably vis-à-vis most African countries. • The Mo Ibrahim Index of the quality of governance in Africa ranked South Africa sixth out of 54 countries for overall governance quality in 2017. • South Africa scores in the top 10 in all of the four sub-categories of the Mo Ibrahim Index. These include (South Africa's ranking in parentheses): - Sustainable economic opportunity (fourth); - Safety and rule of law (seventh); - Participation and human rights (fourth); and - Human development (eighth).
South Africa is an active global citizen.	

MAIN BENEFITS OF SOUTH AFRICA'S PARTICIPATION IN BRICS

BRICS (Brazil, Russia, India, China, South Africa)

- The BRICS grouping is an increasingly influential body in the world, representing 40% of the global population, accounting for 22% of the world's GDP and covering 25% of the Earth's surface.
- The BRICS countries seek to influence and/or reform global governance and economic relations.
- BRICS operates on a more equal and balanced development partnership in the relations between major developing countries and their smaller, developing counterparts.
- Other BRICS member states are important destinations for South African exports, collectively accounting for ZAR181-billion (15.2% of total SA exports).
- The New Development Bank was established to mobilise resources for infrastructure and sustainable development projects in BRICS. The New Development Bank offers South Africa and the rest of Africa access to funds for infrastructure development.
- The BRICS Business Council is an important facilitator of FDI and trade opportunities.
- The BRICS countries have adopted the MSME Cooperation Framework. This will permit micro, small and medium enterprises (MSMEs) in the partner countries to exchange information and best practices on regulation, financial and export support, as well as to cooperate on international projects.

5.

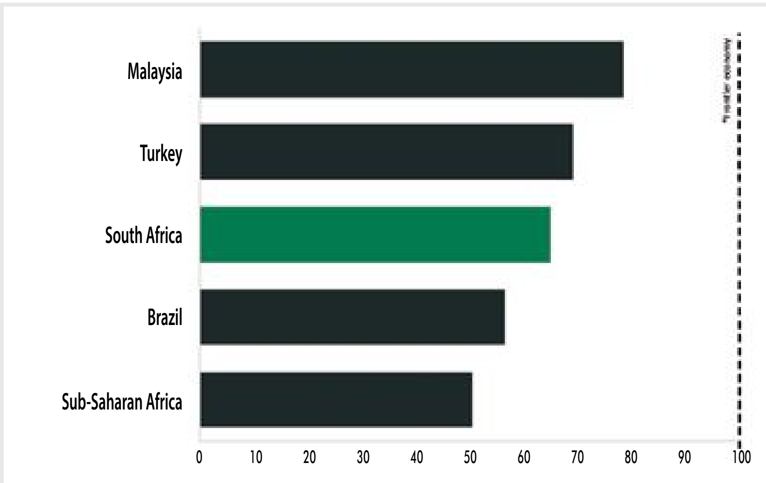
ENABLING ENVIRONMENT

EASE OF DOING BUSINESS: SOUTH AFRICA VERSUS PEER ECONOMIES

South Africa offers an attractive investment proposition on the African continent, with an operating environment that is conducive to and supportive of, business development.

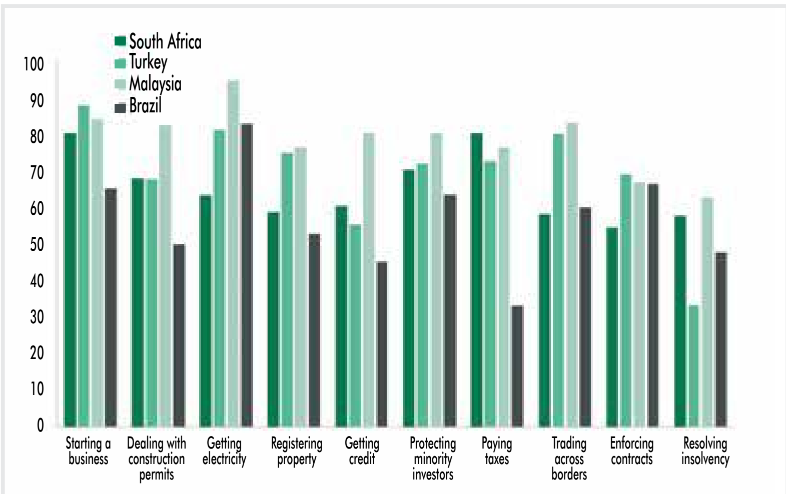
SOUTH AFRICA OUTPERFORMS IN THE SUB-SAHARAN AFRICA REGION WITH REGARD TO OVERALL COST AND EASE OF DOING BUSINESS

Overall performance: distance to frontier



SOUTH AFRICA PERFORMS WELL RELATIVE TO SELECT PEER EMERGING MARKETS WITH REGARD TO SEVERAL CATEGORIES OF EASE OF DOING BUSINESS

Distance to frontier: country comparisons across 10 key indicators

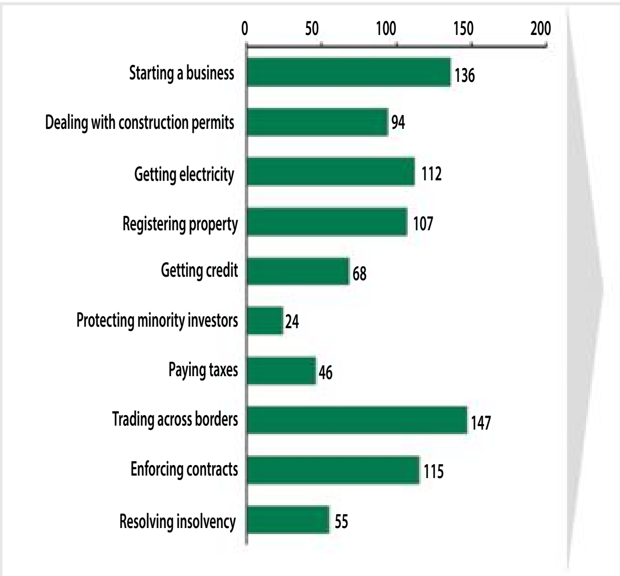


Frontier economy – represents the best-performing economy across each of 10 economic indicators as measured by the World Bank.
Distance to frontier – represents the relative performance of individual economies against the frontier economy, which is benchmarked at 100 index value. The overall value is a simple arithmetic average of distance to frontier values across the 10 indicators.

Sources: World Bank Doing Business 2018 (data), IDC analysis

EASE OF DOING BUSINESS: SOUTH AFRICA FARES RELATIVELY WELL IN VARIOUS CATEGORIES

South Africa's rankings on ease of doing business out of 190 countries	Actions



Source: World Bank Doing Business 2018 (data)

Starting a business

- Register a company in a day using self-service terminals.
- Online search portal for company names.
- The Companies and Intellectual Property Commission (CIPC) has implemented mobility apps.
- South Africa is introducing a single platform for businesses to register for the Unemployment Insurance Fund and the Workmen's Compensation Fund.

Registering a property

- Move to online property registration, and electronic online checking for rates and clearance certificates.
- Work is under way to streamline processes, reducing information asymmetry and reducing costs for registering a property.

Trading across borders

- South Africa has implemented a Preferred Trader Programme and is working towards undertaking joint inspections and adopting new customs legislation.
- South Africa participates in the Global Coalition for Efficient Logistics as regional anchor that integrates domestic and other African small, medium, micro and cooperative enterprises into global markets through B2B digital trading tools.

Paying taxes

- Online e-filing system; improve the transparency of information and documentation required.
- Progress is being made towards reducing the time taken for VAT audits.

Contract enforcement

- Enforcing contracts has been made easier through the amendment of the monetary jurisdiction of lower courts and the introduction of voluntary mediation.

EASE OF DOING BUSINESS: COMPARISON OF SELECT COSTS OF DOING BUSINESS IN SOUTH AFRICA VERSUS SELECT PEER ECONOMIES

The costs of doing business in South Africa are competitive against other emerging markets and are particularly well placed against other economies on the rest of the African continent.

Business cost indicator	South Africa	Brazil	Turkey	Malaysia	Sub-Saharan Africa
Price of electricity (US cents per kWh)	15.1	14.2	12.1	12.9	-
Business tax rate (% of total profit)	28.9	68	41.1	39.2	46.8
Cost to export (total border and documentary compliance costs in USD)	598	1185	463	366	807.2
Cost to import (total border and documentary compliance costs in USD)	870	1077	797	381	986.9
Cost to enforce contracts (% of claim value)	33.2	20.7	24.9	37.3	44
Cost of resolving insolvency (% of estate)	18	12	14.5	10	22.7
Mininimum wage (USD per month)	285	365.5	616.3	257.2	-
Ratio of mininum wage-to-value added per worker	0.4	0.35	0.4	0.2	-

Source: World Bank Doing Business 2018 (data)

CLUSTER OF INCENTIVE/SUPPORT SCHEMES

- South Africa's Industrial Policy Framework aims to galvanise industrial development and economic growth in the country through various strategic incentive schemes targeted at the manufacturing and services sections of the economy.
- A comprehensive public sector support programme, including financial and other forms of business support, is in place to assist the development of small, medium and micro enterprises (SMMEs) in various economic sectors.

Cluster	Incentive/support scheme
Manufacturing investment	• 12i Tax Incentive • Automotive Incentive Scheme (AIS) • People-carrier Automotive Investment Scheme (P-AIS) • Aquaculture Development and Enhancement Programme (ADEP)
Competitiveness investment	• Manufacturing Competitiveness Enhancement Programme (MCEP) • Export Marketing and Investment Assistance (EMIA) • Capital Projects Feasibility Programme (CPFP)
Services investment	• Film and Television Production • Business Process Services (BPS)
Broadening participation	• Black Business Supplier Development Programme (BBSDP) • Black Industrialist Programme • Cooperative Incentive Scheme (CIS) • Incubator Support Programme (ISP) • National Gazelles programme • Enterprise Incubation Programme (EIP) • Amavulandlela Funding Scheme
Infrastructure investment	• Critical Infrastructure Programme (CIP) • Shared Economic Infrastructure Fund (SEIF)

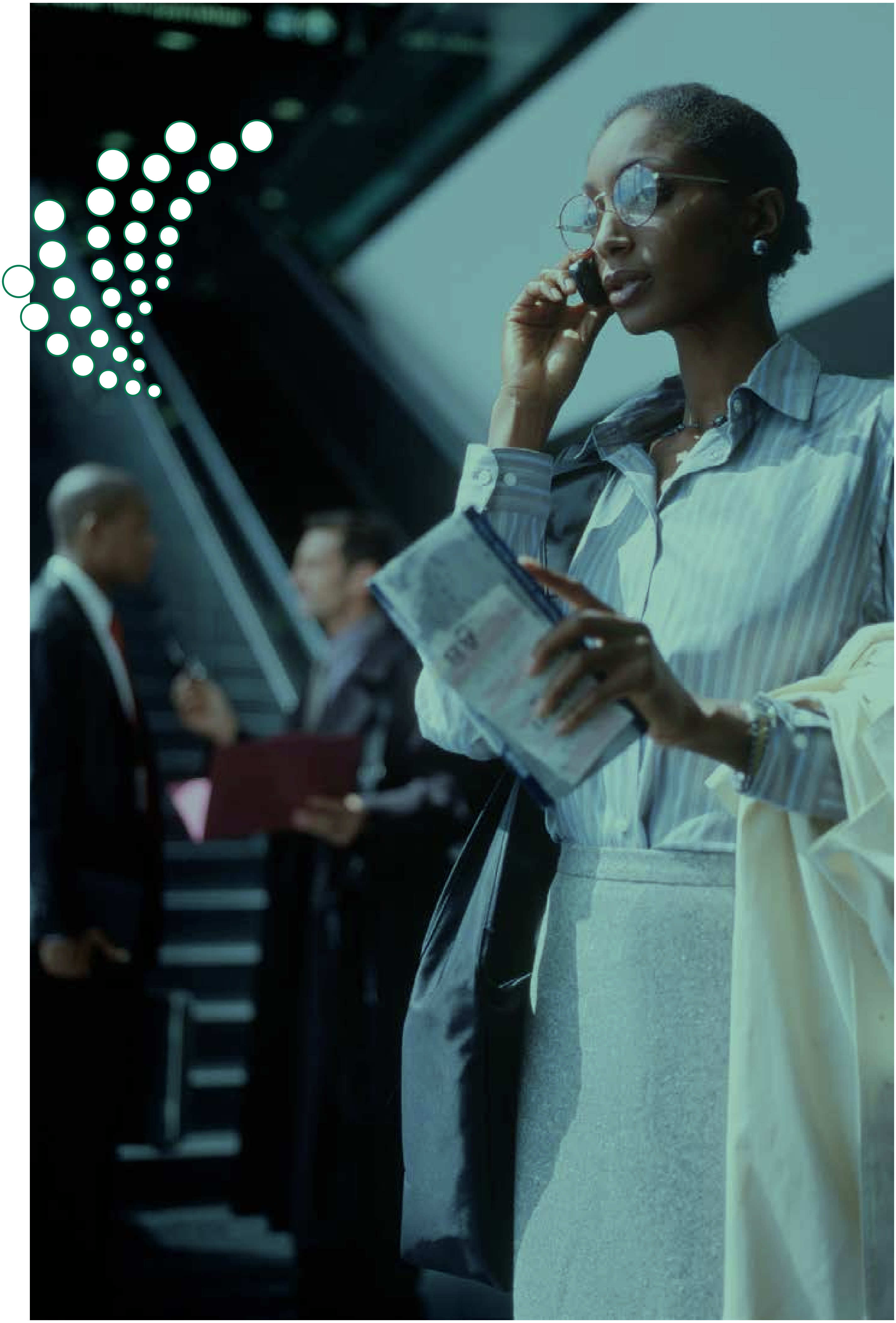
Source: Deloitte South Africa Taxation and Investment 2017

ATTRACTIVE INCENTIVES TO SUPPORT INVESTMENT

The South African government offers a comprehensive suite of financial grants, tax incentives and other forms of business support to investors.

Incentive programme	Description
Research and Development (R&D) Approvals for claiming R&D tax incentives should be obtained from the Department of Science and Technology (DST)	Allowance of 150% of R&D expenditure undertaken within South Africa. Qualifying R&D activities include: • Discovery of novel, practical and non-obvious information; • Development and/or creation of new inventions; • Developing or improving knowledge seen as essential for use in new inventions.
Critical Infrastructure Programme (CIP)	A cost-sharing grant that lowers the cost of doing business by targeting industrial investment projects incurring costs in the development of bulk infrastructure. Grant covers 10% to 30% of total qualifying development costs.
Energy savings tax deduction	Tax deduction for energy savings, dependent on energy savings certificate issued by the South African National Energy Development Institute, priced at ZAR0.95/kWh.
Incentive for industrial policy projects	Income tax allowance for industrial projects – greenfield or brownfield. Allowance dependent on project classification as normal or preferred status. For normal status, tax allowance amounts to 35% of the cost of new and unused manufacturing assets, which can increase to 55% to 100% for preferred status projects. • Companies may make deductions for training costs to a maximum of ZAR36 000 per employee.
Agro-Processing Support Scheme (APSS)	APPS aims to stimulate investment in the agro-processing sub-sector, offering a grant of 20% to 30% of qualifying costs incurred for investments that increase capacity, generate employment, improve competitiveness and productivity, and support broad-based black economic empowerment. Costs include those incurred for machinery, equipment, commercial vehicles, buildings, systems automation and acreditation.
Automotive Investment Scheme (AIS)	Supports light, medium and heavy vehicles and components and tooling manufacturers in the automotive value chain. Covers 20% to 30% of qualifying investment costs.
National Gazelles programme	A publicly-funded high-growth accelerator for SMEs in each of the 10 priority industry sectors identified in the NDP. It facilitates access to finance, skills development and training, and access to business advisory services.
Black Industrialists Scheme (BIS)	Aims to accelerate the economic participation of black industrialists in South Africa. A cash grant, amounting to 20% to 30% of qualifying costs but limited to ZAR50-million, is offered to 51% black-owned, -managed and -controlled businesses to invest in greenfield and brownfield manufacturing projects.
Business Process Services (BPS)	The BPS incentive aims to attract investment and generate employment in South Africa by offshoring business services, targeting business processing and outsourcing BPO projects that create at least 50 new jobs in South Africa. The incentive is granted per offshore job created and is granted over a period of five years.
Film and television production	A package of incentives are available to promote film production and post-production activities in South Africa: • Foreign Film and Television Production Incentive: 20% of qualifying South African production expenditure (QSAPE); • South African Film and Television Production and Co-Production Incentive: 35% of the first ZAR6-million of QSAPE and 25% of the excess; and • South African Emerging Black Filmmakers Incentive: 50% of the first ZAR6-million of QSAPE and 25% of the excess.

Source: Deloitte South Africa Taxation and Investment 2017

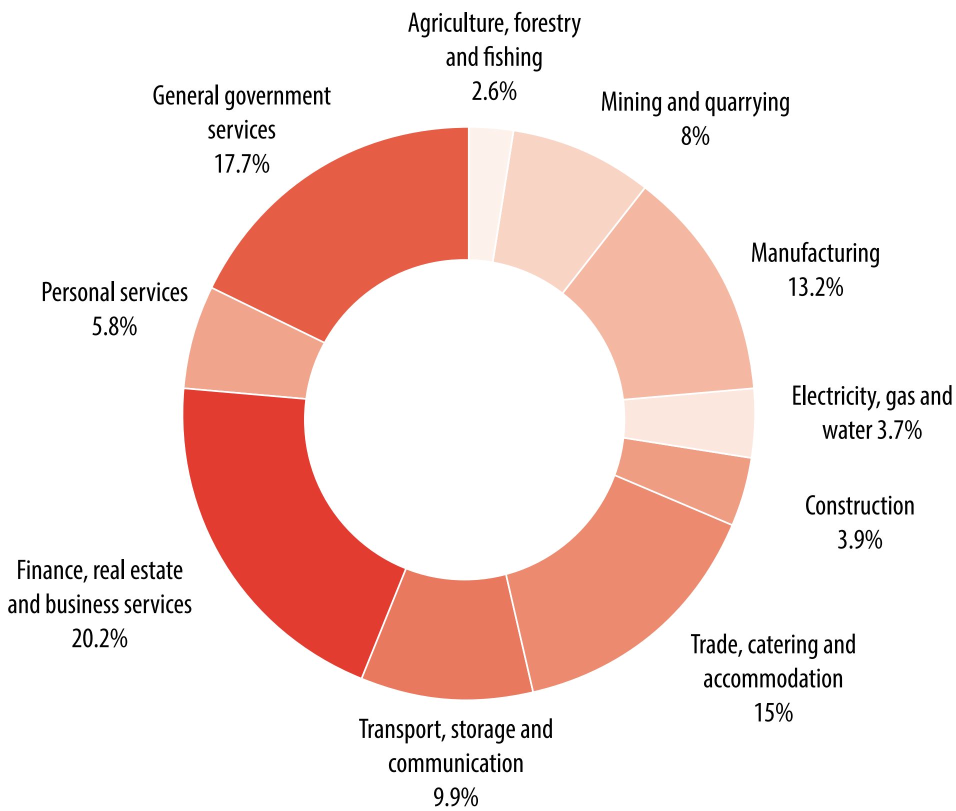


6.
OPPORTUNITIES FOR INVESTORS

SOUTH AFRICA'S DIVERSIFIED ECONOMY FORMS AN IMPORTANT BASIS FOR SUSTAINED GROWTH AND RETURNS ON INVESTED CAPITAL

- South Africa's economy is highly diversified, with services and manufacturing as the dominant broad sectors.
- The top five sectors in the economy – finance and business services; general government services; trade, catering and accommodation services; manufacturing; and transport, storage and communication services – accounted for 76% of GDP in 2017.
- Although direct mining sector concentration risk is low, it remains a significant contributor to growth and export earnings via its extensive backward linkages with other services and manufacturing industries.
- Regionally diversified sectors mean that South Africa is competitively positioned to leverage on continental growth opportunities.
- The country's technological base, advanced manufacturing capabilities and economic infrastructure, supported by sophisticated and globally integrated capital markets, present value chain development opportunities.

SECTORAL COMPOSITION OF GDP IN 2017



SECTORAL STRENGTHS OF SOUTH AFRICA'S PROVINCES

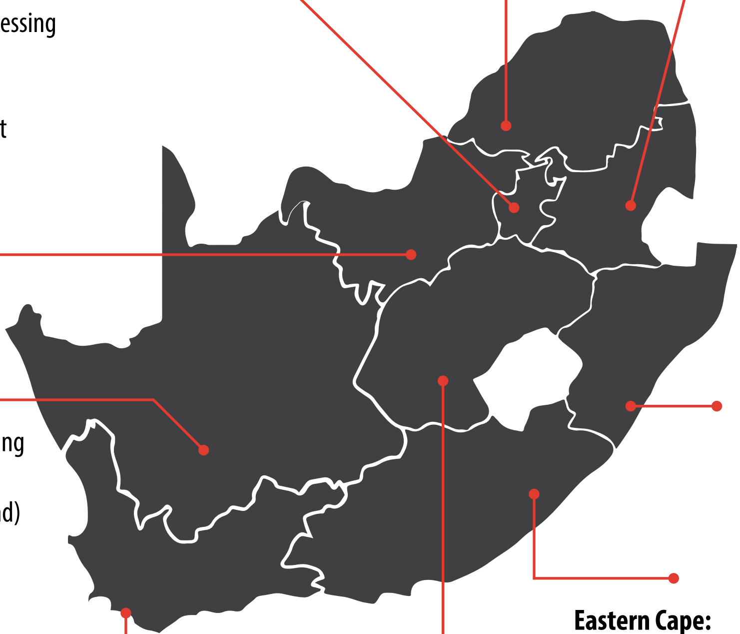
Gauteng:
- Financial and business services
- Information and communications technology
- Transport and logistics
- Basic iron and steel, steel products
- Fabricated metal products
- Motor vehicles, parts and accessories
- Appliances
- Machinery and equipment
- Chemical products, pharmaceuticals
- Agro-processing

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

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

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



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
- ICT
- Agriculture and agro-processing
- Fisheries and aquaculture
- Petrochemicals
- Basic iron and steel
- Clothing and textiles
- Renewable energy (solar, wind)

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)

Source: Industrial Development Corporation (IDC)

ATTRACTIVE OPPORTUNITIES ACROSS SEVERAL SECTORS

AGRICULTURE AND AGRO-PROCESSING

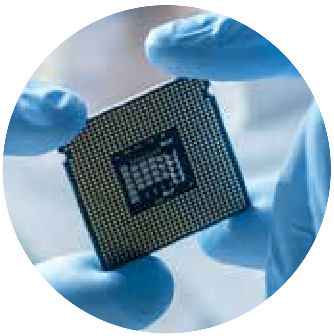
- Fruit and vegetable packaging & canning.
- Fruit juice processing.
- Processing of soy-based products.
- Processing of organic, vegetarian, dehydrated foods.
- Meat processing.
- Aquaculture.
- Expansion of dairy value chain.
- High-value additives and nutraceuticals.
- Non-edible oil processing
-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

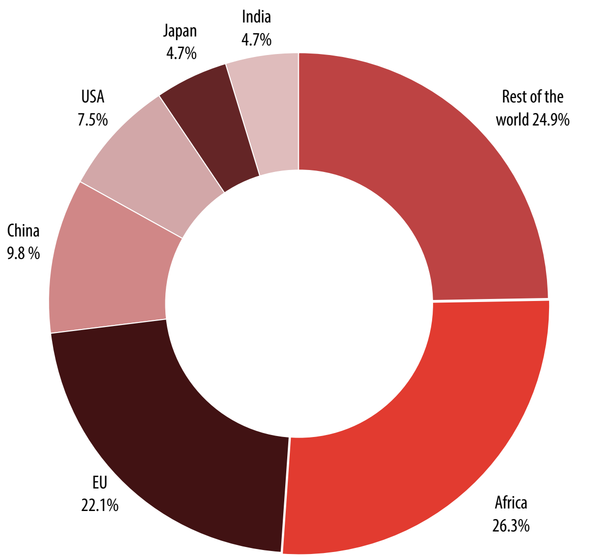
- Energy generation infrastructure, including renewables.
- Energy efficiency.
- Transportation and logistics infrastructure.
- Water infrastructure.
- Telecommunications infrastructure.
- Agro-logistics and rural infrastructure.
- Recycling.

Sources: Industrial Development Corporation, Invest SA

EXPORT-ORIENTED SECTORAL OPPORTUNITIES

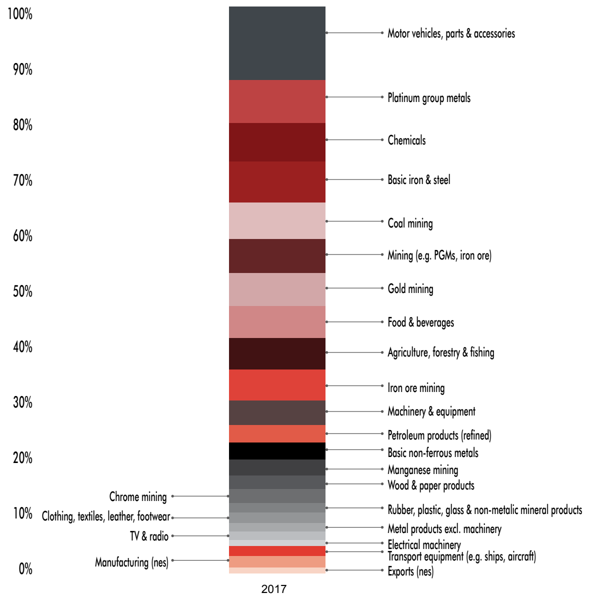
South Africa's access to global markets is enhanced by its trade agreements (e.g. SADC Free Trade Area, EU-SADC Economic Partnership Agreement, preferential access to the US market under the African Growth and Opportunity Act (AGOA)).

LEADING MARKETS FOR SOUTH AFRICAN EXPORTS, 2017 (ZAR1 187.5-BN)



Source: IDC, compiled using South African Revenue Service data

COMPOSITION OF SOUTH AFRICA'S EXPORT BASKET IN 2017



Source: IDC compiled from SARS data Note: nes = not elsewhere specified

EXPORT-ORIENTED OPPORTUNITIES: SELECT NON-AFRICAN GLOBAL MARKETS

The following indicate the best-performing export sectors * (in terms of nominal growth rates in exports) to the respective markets (outside Africa) over the period 2016 to 2017:

European Union	China	United States	Japan
• Agriculture (esp. cereals) • Mining (esp. non-ferrous metal ores and diamonds) • Basic iron and steel products • Other manufacturing (esp. jewellery) • Basic chemicals • Iron ore • Basic non-ferrous metal products • Chemicals and man-made fibres (esp. soaps, detergents) • Machinery and equipment • Textiles	• Iron ore • Mining (esp. non-ferrous metals) • Agriculture (esp. animal farming and cereals) • Manufacturing (esp. recycling material and jewellery) • Chemicals and man-made fibres (esp. medicinal) • Machinery and equipment • Textiles • Coke and refined petroleum products • Television, radio and communication equipment	• Platinum group metals mining • Basic iron and steel products • Basic chemicals • Mining (esp. non-ferrous metals) • Basic non-ferrous metal products • Machinery and equipment • Agriculture (esp. cereals) • Chemicals and man-made fibres (esp. soaps, detergents, perfumes) • Food • Coke and refined petroleum products	• Platinum group metals mining • Motor vehicles, parts and accessories • Mining (esp. non-ferrous metals) • Wood and wood products • Agriculture (esp. cereals) • Food • Chemicals and man-made fibres (esp. paints, varnishes, inks) • Coal mining • Paper and paper products • Manufacturing (esp. recycled metal waste)

** Sectors ranked for each country/region are based on the top export categories (SA exports), with positive growth for 2016/17 and nominal value averaged over the five years to 2017*

EXPORT-ORIENTED OPPORTUNITIES: SELECT AFRICAN MARKETS

The following indicate the best-performing export sectors * (in terms of nominal growth rates in exports) to the selected* African markets over the period 2016 to 2017:

Nigeria	Kenya	Ethiopia	Ghana
• Basic chemicals • Motor vehicles, parts and accessories • Chemicals and man-made fibres (especially medicinal, paints, varnishes, inks) • Machinery and equipment • Food • Metal products (excluding machinery) • Paper and paper products • Beverages • Basic non-ferrous metal products • Textiles	• Basic iron and steel products • Motor vehicles, parts and accessories • Agriculture products (especially cereals) • Coal • Food • Transport equipment (especially helicopter parts) • Metal products (excluding machinery) • Plastic products • Wood and wood products • Mining (especially stone quarrying)	• Basic chemicals • Television, radio and communication equipment • Agriculture (especially cereals) • Wearing apparel • Basic non-ferrous metal products • Wood and wood products • Mining (especially stone quarrying and salt)	• Motor vehicles, parts and accessories • Chemicals and man-made fibres (especially paints, vanishes, detergents, soaps) • Metal products (excluding machinery) • Food • Basic chemicals • Agriculture products (especially cereals) • Beverages • Paper and paper products • Wearing apparel • Textiles

Source: IDC analysis, compiled using South African Revenue Service data

** Top four importing countries within the sub-Saharan region. Sectors ranked for each country/region are based on the top export categories (SA exports), with positive growth for 2016/17 and nominal value averaged over the five years to 2017*

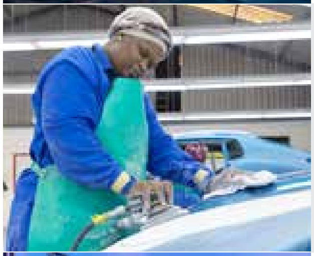
SOUTH AFRICA AS A KEY REGIONAL GATEWAY: SECTORAL DESTINATION OF GREENFIELD FDI PROJECTS IN AFRICA

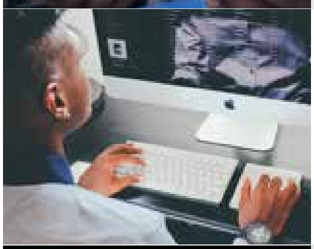
Announced greenfield FDI projects by Industry, 2015-2016 (US$ millions)		
Sector/industry	**Africa as destination**	
	2016	**2015**
Total	**94 073**	**67 047**
Primary	**3 713**	**14 972**
Mining, quarrying and petroleum	3 713	14 972
Manufacturing	**19 385**	**15 178**
Textiles, clothing and leather	1 077	401
Coke, petroleum products and nuclear fuel	5 354	53
Chemicals and chemical products	5 107	2 709
Motor vehicles and other transport equipment	2 788	3 019
Services	**70 975**	**36 897**
Electricity, gas and water	15 601	14 791
Construction	16 372	8 339
Transport, storage and communications	12 879	5 887
Business services	22 734	3 733

Source (table): United Nations Trade and Development Conference (UNCTAD) World Investment Report 2017

- Services sectors driving greenfield project inflows, particularly business services, are construction, electricity, gas and water; as well as transport, storage and communications.
- In manufacturing, there was a substantial rise in greenfield FDI projects in the coke and petroleum products sectors, as well as in the textiles and clothing sectors.
- Although FDI into the motor vehicles and other transport equipment sectors declined in 2016, greenfield FDI projects in this sector have been generally rising.
- Significant cross-border M&A activity has been targeting opportunities in Africa's food processing and beverages industries.

SOUTH AFRICA AS A REGIONAL GATEWAY: AFRICA OFFERS A MYRIAD OF OPPORTUNITIES ACROSS SEVERAL SECTORS

Sector		Opportunity
	**Agriculture and agro-processing**	Africa has 60% of the world's uncultivated arable land, with value-adding opportunities in the food processing sector; it has abundant water resources for energy generation, irrigation and potable water.
	**Mining and minerals beneficiation**	Africa is a major player in producing various mineral resources such as platinum, chromium, diamonds, gold, bauxite, cobalt, copper, phosphate and uranium. The continent has almost 8% of the world's oil reserves. Its enviable resource endowment provides vast opportunities for investment in mining and minerals beneficiation.
	**Hydrocarbons, particularly natural gas**	Large offshore and onshore gas reserves discoveries in, for example, Mozambique and Tanzania present huge development opportunities for energy generation, among others.
	**Manufacturing**	There is a wide range of opportunities, including development of value chains such as petro-chemicals, food processing and beverages production, minerals beneficiation and metal products fabrication, forestry and wood processing, textiles and clothing, footwear, etc.
	**Infrastructure**	There are many development opportunities across the infrastructure spectrum, including input requirements associated with Africa's ongoing infrastructure and industrial development drive.

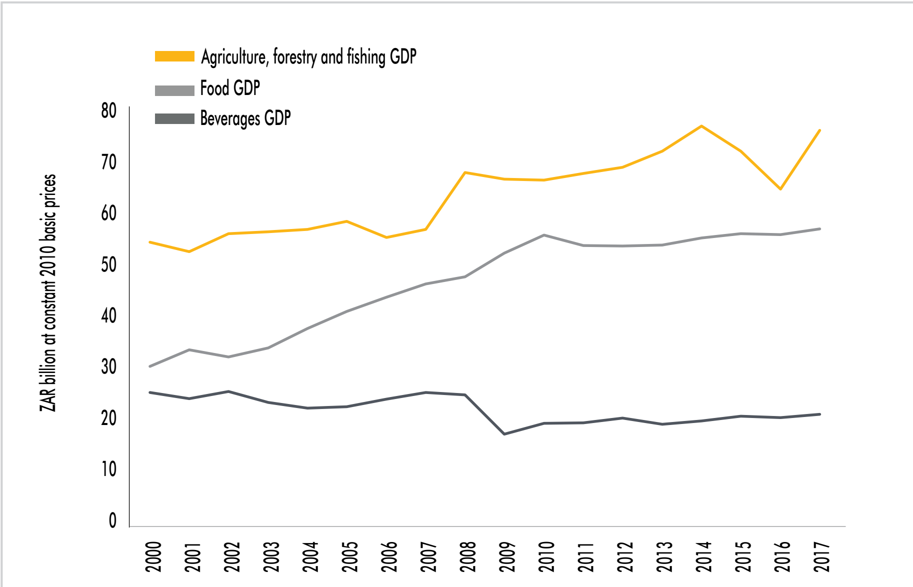
Sector		Opportunity
	**Forestry and wood processing opportunities**	There is substantial potential in commercial forestry and downstream development in the respective value chains.
	**Consumer goods**	Africa has just over one billion consumers, a young population, rising disposable income, a growing middle class and increasingly sophisticated consumer segments. These factors are indicative of numerous opportunities for consumer-oriented industries.
	**Banking sector/financial services**	There has been rapid growth in the past decade, with financial sector reforms underpinning this momentum.
	**Information and communications technology**	This has been an important driver behind Africa's economic growth in recent years, underpinned by an already substantial and rapidly expanding subscriber base.
	**Regional integration**	Regional economic communities (for example, SADC, SACU, Common Market for Eastern and Southern Africa (COMESA) and East African Community (EAC)) are key drivers of economic growth, investment activity in infrastructure and productive activities, as well as intra-African trade. The African Continental Free Trade Area (AfCFTA) will bring together 55 African countries with a combined population of more than one billion people and a GDP of USD2.2-trillion.

6.1 AGRICULTURE AND AGRO-PROCESSING OPPORTUNITIES

AGRICULTURE AND AGRO-PROCESSING SECTORS

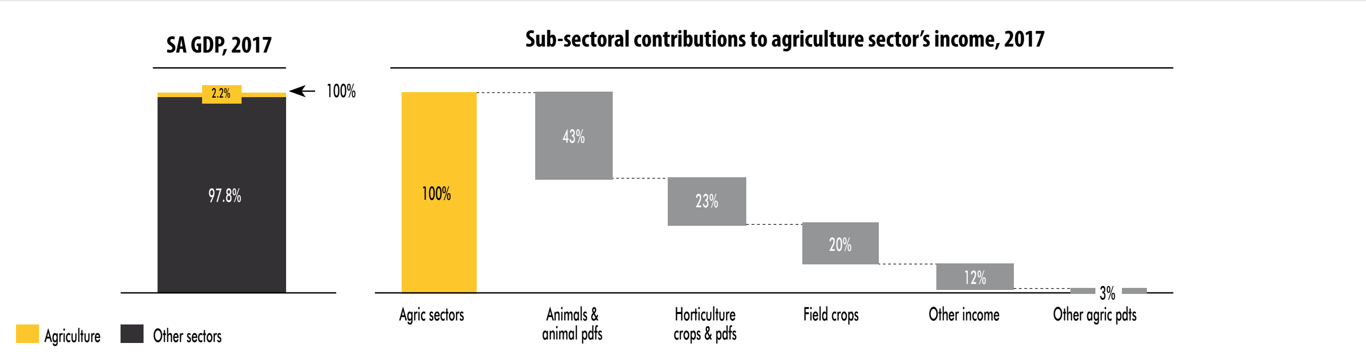
- South Africa has a well-developed commercial agriculture sector.
- The country's climatic diversity (including temperate, subtropical and semi-desert) has given rise to a range of soil types that support the exploitation of a wide array of opportunities across the agribusiness value chain.
- Biodiversity has segmented South Africa into various farming regions for intensive crop production in winter rainfall and high summer rainfall areas, cattle ranching in the bushveld, and sheep farming in arid regions.
- Approximately 69% of South Africa's land is suitable for grazing and other livestock farming.
- Key agricultural and related products include corn, wheat sugarcane, fruits (e.g. apples, citrus fruits, table grapes, berries), vegetables, nuts (e.g. groundnuts, pecan nuts, macadamias), beef, poultry, mutton, wool, fish and seafood.
- The agro-processing sector, in turn, has grown rapidly and accounts for a sizeable share of total manufacturing output. It includes a wide range of food processing activities and beverages production (e.g. juices, wines and dairy products).
- After enduring drought-induced economic distress in 2015-16, South Africa's agriculture sector recorded robust growth across basically all of its sub-sectors (including field crops, horticulture and animal farming) more recently.
- The food processing sub-sector has maintained robust growth in recent years, exceeding growth in overall manufacturing sector output by two percentage points, on average, since 2008.

FOOD PROCESSING INDUSTRY HAS OUTPERFORMED IN TERMS OF TOTAL VALUE-ADD INTO THE ECONOMY



Source (chart): IDC analysis, compiled using data from Statistics South Africa

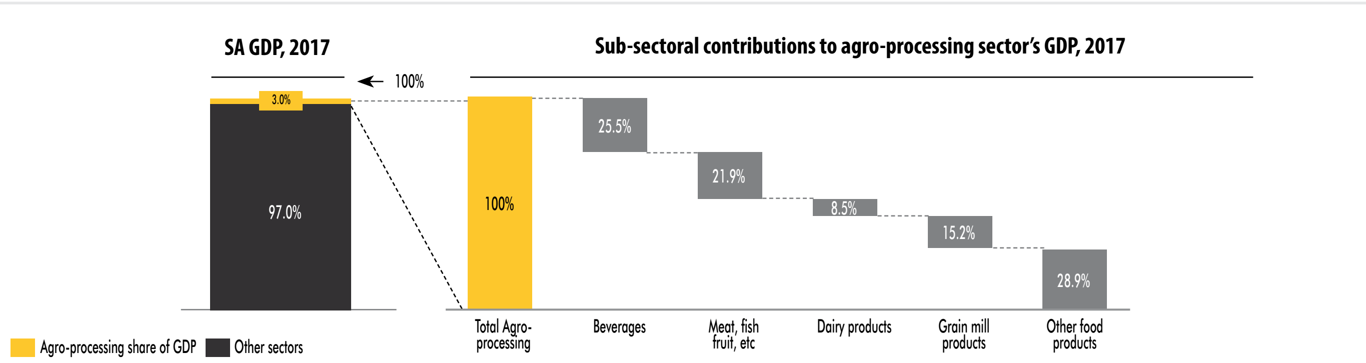
WELL-ESTABLISHED, RESILIENT AGRICULTURE SECTOR



Source: IDC analysis, compiled using Quantec data

Contribution to economy	The agriculture sector (i.e. primary agriculture only, excluding forestry and fishing) contributed 2.2% to South Africa's GDP in 2017 and accounted for 5.7% of total merchandise export earnings. The sector employs 847 000 people.
Structure	The sector has a well-developed commercial agriculture segment (some 40 000 commercial farmers) operating alongside about 200 000 smallholder farmers.
Extensive sectoral linkages	The agriculture sector has extensive backward and lateral linkages with the manufacturing and services sectors through the purchase of inputs and services, as well as forward linkages to manufacturing through the supply of raw materials into various processing industries.

HIGHLY DIVERSIFIED AND COMPETITIVE AGRO-PROCESSING SECTORS

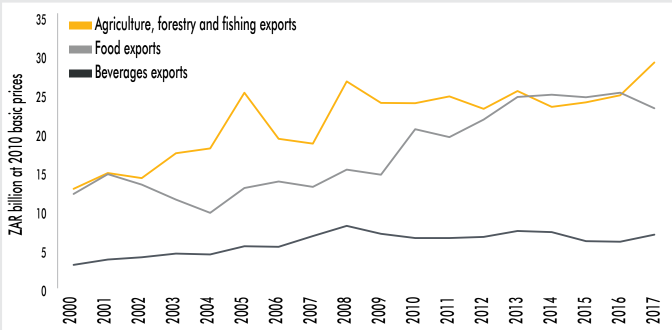


Source: IDC analysis, compiled using Quantec data

Contribution to economy	The agro-processing sub-sectors (i.e. processed food and beverages) contributed 3.0% to South Africa's GDP in 2017 and accounted for 5.8% of total merchandise export earnings in 2017. These sectors employ approximately 246 000 people.
Structure	Over 7 000 businesses are involved in the processing of food in South Africa, but the sector is dominated by large players.
Extensive sectoral linkages	The agro-processing sectors produce a wide range of products, from the basic but high-quality commodity types to the more high-end market/niche products. These sectors have extensive backward and lateral linkages with the agriculture, manufacturing and services sectors.

EXPORT PERFORMANCE OF AGRICULTURE AND AGRO-PROCESSING SECTORS

SIGNIFICANT EXPORT ORIENTATION AND COMPETITIVENESS



TOP PRIMARY AGRICULTURE EXPORTS, 2017

Export product	ZAR million	% of total SA merchandise exports
Citrus fruit, fresh or dried	18 700	1.6%
Grapes, fresh or dried	8 540	0.7%
Apples, pears and quinces, fresh	7 640	0.7%
Wool, animal hair, horsehair yarn and fabric thereof	6 910	0.6%
Cereals	4 602	0.4%
Nuts except coconut, fresh/dried brazil & cashew	4 580	0.4%
Edible vegetables and certain roots and tubers	2 507	0.2%
Oil seed, oleagic fruits, grain, seed, fruit, etc	2 422	0.2%
Fruits nes, fresh	1 740	0.1%
Other	8 590	0.7%
Total exports (primary agriculture)	**66 230**	**5.7%**

TOP PROCESSED FOOD EXPORTS, 2017

Export product	ZAR million	% of total SA merchandise exports
Solid cane/ beet sugar & chemically pure sucrose	3 658	0.3%
Fruit and vegetable juices, not fermented/ spirited	3 363	0.3%
Food preparations, not elsewhere specified	2 637	0.2%
Fruit, edible plant parts nes, prepared/preserved	2 574	0.2%
Animal feed preparations	1 760	0.2%
Sauce, condiments, mixed seasoning & mustard	1 676	0.1%
Fish, frozen, whole	1 551	0.1%
Other	33 175	2.8%
Total exports (processed food)	**50 394**	**4.3%**

TOP BEVERAGES EXPORTS, 2017

Export product	ZAR million	% of total SA merchandise exports
Grape wines (including fortified), grape must	9 555	0.8%
Liqueur, spirits & undenatured ethyl alcohol <80%	2 285	0.2%
Waters, non-alcoholic flavoured beverages	2 011	0.2%
Ethyl alcohol, undenatured and > 80%, /denatured	1 881	0.2%
Beer made from malt	837	0.1%
Fermented beverages (eg cider, perry, mead)	837	0.1%
Malt	270	0.0%
Other	161	0.0%
Total exports (beverages)	**17 839**	**1.5%**

Source (chart & tables): IDC analysis, compiled using data from Statistics South Africa and the South African Revenue Service

THE AGRICULTURE AND AGRO-PROCESSING SECTORS PRESENT COMPELLING COMPARATIVE ADVANTAGES

Basis for comparative advantage

- ✓ Excellent climate and soils, and strong capabilities in the production of wine and citrus fruits.
- ✓ Africa's most modern, productive and diverse agricultural sector.
- ✓ Strong backward, forward and lateral linkages with other sectors of the economy.
- ✓ Competitive input costs, world-class infrastructure.
- ✓ Counter-seasonality to northern hemisphere, vast biodiversity and marine resources.
- ✓ Processing capacity for a wide range of products, from high-quality commodity types to more niche market-specific products.

Select investment trends in these sectors

- Various investment opportunities exist across a broad spectrum of economic activities along entire value chains (e.g. farms or fisheries through to intermediate inputs for industrial applications, as well as final consumer products).
- Global companies are investing in land, production and packing infrastructure in South Africa, including controlled-environment agriculture infrastructure, to diversify sources of supply.
- Enterprises with scalable business models into fast-growing industries in sub-Saharan Africa have attracted private equity investment focused on the grain, dried fruit and livestock value chains.

The government has initiated a structured consultative process to address land reform while maintaining comparative advantages.

INVESTMENT OPPORTUNITIES IN AGRICULTURE AND AGRO-PROCESSING

The agro-processing sector has strong upstream, downstream and lateral linkages. It is linked with primary agriculture via a variety of products, with both intermediate products and final products. The sector is critical for employment creation in South Africa.

Select food-based opportunities	Select non-food-based opportunities
• Fruit and vegetable canning. • Sub-tropical and tropical fruit juice processing. • Oil seed production, edible oil processing, oilcake. • Processing of soya-based products. • Grain sorghum production, malt industry development. • Processing of organic, vegan/vegetarian products, dehydrated foods. • Walnut farming and processing. • Expansion of dairy, bakery, confectionery production. • Meat processing, including ostrich meat. • Indigenous plant growing on a commercial scale. • Expansion of aquaculture (abalone, mussels, trout). • Canning of freshwater fish.	• Medicinal extracts. • Aromatics, flavourants. • Extracting high-value additives, nutraceuticals. • Non-edible oil processing. • Commercial planting of indigenous flowers. • Production of crops for feedstock into biofuels production. • Wool production, and processing and manufacturing of wool-based textiles. • Artemisinin and respective ingredients for anti-malaria medicaments. • Flax production. • Rural forestry projects.



EMERGING GROWTH OPPORTUNITIES IN SUSTAINABLE AGRICULTURE

- The need for enhanced resource efficiency and mitigation of production losses has created investment opportunities in controlled-environment agriculture and in the application of green technologies that support precision farming.
- The controlled-environment agriculture industry (e.g. hydroponics production) is expected to record robust rates of growth, creating opportunities for manufacturers, suppliers, installers and operators.
- There are emerging growth opportunities for the application of drone technologies, mobile applications and development of software programmes for agriculture.
- The need for improved energy efficiency in the sector has created investment opportunities for renewable energy technology as well as conservation agriculture.
- South Africa's agri-related solar photovoltaic (PV) market has grown substantially in recent years, generating opportunities for solar PV developers, installers, service providers as well as farmers.
- Conservation agriculture is growing, providing further opportunities for green agriculture technology. The main investment opportunity is for no-till equipment manufacturers and distributors.

6.2 MINING AND MINERALS BENEFICIATION

MINING AND MINERALS BENEFICIATION

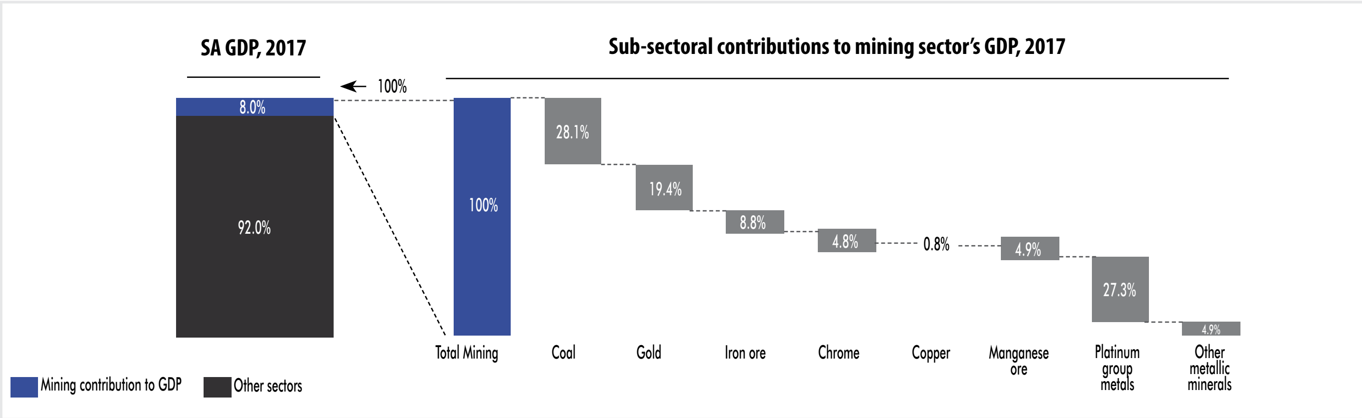
- South Africa is endowed with vast mineral reserves valued at USD2.5-trillion, the most valuable in the world. It hosts the world's largest reserves of platinum group metals (PGMs) and manganese, and some of the largest reserves of gold, diamonds, chromite ore and vanadium.
- The country's mineral wealth has attracted large capital investments over more than a century, resulting in the development of integrated industrial value chains that generate significant value-add for the economy to this day.
- South Africa is one of the world's top mining destinations, with its mining industry rated as the fifth largest globally in terms of GDP. A high level of technical and production expertise, as well as comprehensive research and development capabilities, have collectively positioned its mining companies as key players in the global mining value chains.
- South Africa's mineral endowment supports a wide range of commercial mining production activities, including precious metals and stones, energy minerals (coal, uranium and thorium), ferrous and non-ferrous metals, as well as other industrial minerals (iron ore, vanadium, titanium, lime, kaolin, silica and granite).
- Downstream beneficiation of primary minerals contributes substantially to socio-economic development. The country's minerals beneficiation strategy seeks to optimise synergies and linkages between mineral value chains to promote economic diversification, focusing on industrial capacity development in energy commodities, the iron and steel value chain, the titanium value chain, beneficiation of PGMs and precious metals fabrication.
- The structure of the mining sector, measured in terms of mineral sales per sub-sector, has become progressively more diversified over time. Gold's share declined from 67% in 1980 to 17.5% by 2017.
- Productivity gains and relative competitive advantages have driven robust growth in mineral exports over the years. South Africa maintains an absolute advantage in the production of PGMs, manganese and chromite.

PRODUCTION OF TOP MINERALS IN SOUTH AFRICA'S RESOURCES PORTFOLIO

Mineral product	Volumes			Reserves	SA's global ranking
	1994	2017	% Change	Volumes	
Coal (million tons)	196.5	252.3	28.4%	66 700	5th
Platinum group metals (tons)	183.9	260.3	41.5%	63 000	1st
Gold (tons)	580.2	136.8	-76.4%	6 000	2nd
Iron ore (million tons)	30.5	74.6	144.8%	650	12th
Manganese (million tons)	2.9	14.1	396.1%	150	1st
Chromite (million tons)	3.6	16.6	355%	6 860	1st

Source: IDC analysis, compiled from DMR data; Reserves according to the 2014/15 SAMI report

A HIGHLY DEVELOPED AND DIVERSIFIED MINING SECTOR

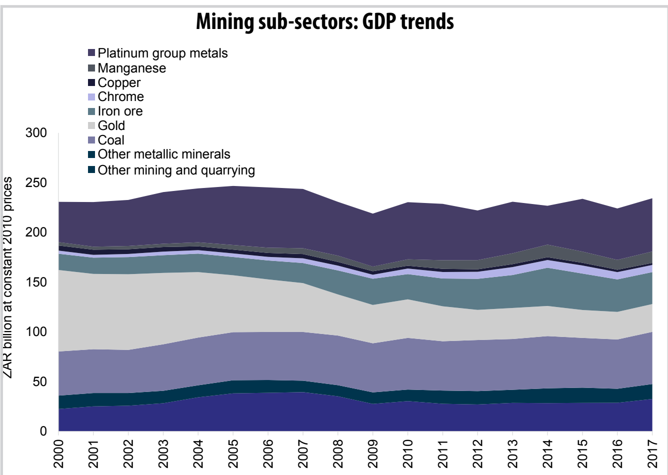


Source (chart): IDC analysis, compiled using Quantec data

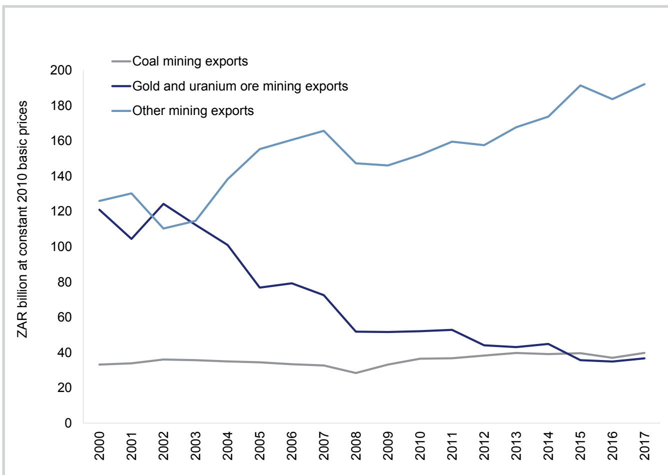
Contribution to economy	The mining sector (including primary gold, coal and other mining activity) contributed 8.0% to South Africa's GDP and accounted for 36.5% of the country's total merchandise export earnings in 2017. Platinum exports dominate the mineral export basket, followed by coal and gold. The sector employs 450 000 people.
Structure	The mining sector is highly developed and hosts a number of mining conglomerates that account for the bulk of mining production. Emerging miners dominate exploration activity.
Extensive sectoral linkages	Mining has extensive backward and lateral linkages with the manufacturing and services sectors through the purchase of inputs and services, as well as forward linkages to manufacturing through the supply of raw materials into various metal fabrication industries.

GROWTH AND EXPORT PERFORMANCE OF THE MINING SUB-SECTORS

GROWTH PERFORMANCE OF SOUTH AFRICA'S MAJOR MINING SUB-SECTORS



EXPORT TRENDS OF SA'S MAJOR MINING SUB-SECTORS



Source: IDC analysis, compiled using data from Statistics South Africa and the South African Revenue Service

GROWTH AND EXPORT PERFORMANCE OF THE MINING SUB-SECTORS CONTINUED

MINING EXPORTS AND RESPECTIVE SHARES OF TOTAL EXPORTS, 2017

Major mining categories	ZAR million	% of total SA exports
Gold mining: Gold, unwrought, semi-manufactured, etc)	68 711	5.9%
Iron ore mining: Iron ores and concentrates, roasted iron pyrites)	63 649	5.4%
PGM mining:		
Platinum, unwrought, semi-manufactured	87 652	7.5%
Metals, clad with platinum, semi-manufactured	2	0.0%
Total PGM Mining	87 654	7.5%
Coal mining:		
Coal, briquettes, ovoids etc, made from coal	76 138	6.5%
Peat (including peat litter)	3	0.0%
Lignite, except jet	2	0.0%
Total coal mining	76 143	6.5%
Total major mining segments (excl. other mining)	**296 157**	**25.3%**

Other mining categories	ZAR million	% of total SA exports
Manganese ores, iron ores >20% Manganese	33 587	2.9%
Chromium ores and concentrates	27 761	2.4%
Diamonds, not mounted or set	25 274	2.2%
Petroleum oils, oils from bituminous minerals, crude	16 980	1.5%
Titanium ores and concentrates	8 512	0.7%
Niobium tantalum vanadium zirconium ores, etc	5 046	0.4%
Precious metal ores and concentrates	3 691	0.3%
Others	10 275	0.9%
Total other mining	**131 127**	**11.2%**
Overall mining exports	**427,284**	**36.5%**

Source: IDC analysis, compiled using data from Statistics South Africa and the South African Revenue Service

COMPARATIVE ADVANTAGES OF SOUTH AFRICA'S MINING SECTOR

Basis for comparative advantage	Select investment trends in these sectors
✓ Significant and diverse mineral reserves portfolio supports the sector's long-term growth outlook.	• Capital investment in South Africa's mining sector is concentrated in brownfield project development.
✓ Very high level of technical and production expertise.	• Several private equity and hedge funds have been attracted to the country's mining assets since the commodity price slump of 2016.
✓ Strong backward and forward linkages with other sectors of the economy.	• New investment projects are heavily weighted towards PGMs mining.
✓ Competitive cost-curve position in several key commodities.	• Declining mineral reserves and rates of production from the central coal basin have led to increased large-scale capital investments for new coal mine development in South Africa's Waterberg region.
✓ Global leader in deep-level mining mineral recovery and technology.	• South Africa has been a key target for Indian FDI in the development and operation of coal assets.
✓ Stable environment supports the sector's investment outlook.	**New Mining Charter gazetted in September 2018. Current Mineral and Petroleum Resources Development Act remains applicable, with the amendment Bill having been withdrawn so as to provide greater certainty for the mining sector.**

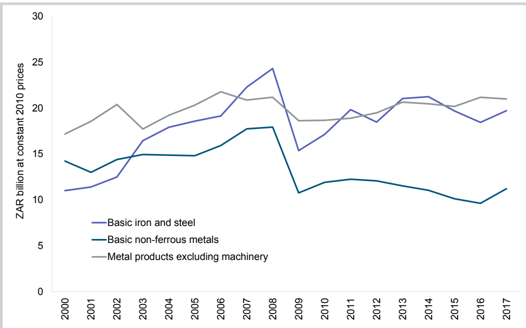
BASE METALS AND METALS FABRICATION SECTORS

- South Africa has the most established metals sector in Africa, hosting major international, vertically-integrated mining firms such as Anglo American and South 32, as well as ArcelorMittal SA in the steel value chain.
- The country's non-ferrous metals production capacity includes:
  - Non-ferrous base metals from raw and recycled materials, including aluminium (South Africa is Africa's top producer of aluminium, accounting for about 1% of global production), lead, zinc and tin;
  - Unwrought non-ferrous base metals;
  - Production of mattes of nickel and copper; and
  - Semi-finished metal products via rolling, drawing and extruding to produce powders, flakes, foil, plates, sheets or strips, bars, rods or profiles, wire, tubes, pipes and pipe fittings.
- The basic non-ferrous metals production industry accounts for about 3% of overall merchandise exports.
- The industry is supported by strategic policy support programmes targeting local components supply in the automotive value chain. This has enhanced its prospects and the scope for increasing local beneficiation.

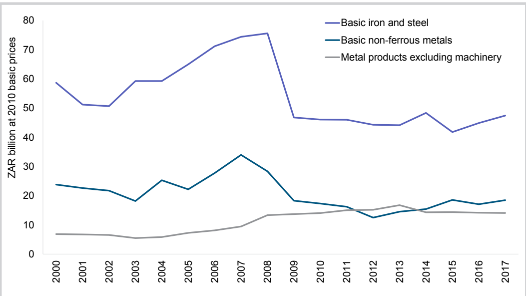
GROWTH AND EXPORT PERFORMANCE OF THE BASE METALS AND METAL FABRICATION SECTORS

- The basic iron and steel sector has recorded an average annual growth rate of 6.1% since the 2009 recession year. Its GDP has now returned to pre-Global Financial Crisis (GFC) levels in real terms.
- Sustained surpluses in the global steel market, protectionism and tension in the world's trading environment, and import penetration in the South African market, particularly from low-cost steel producers, are posing significant threats to this recovery momentum.
- The value-add of the metal products sector, which has a high export propensity, has now exceeded pre-GFC levels in real terms.
- South Africa has developed a competitive advantage in primary aluminium fabrication, despite not being endowed with bauxite resources. The export orientation of the sector positions it well to leverage on regional market growth opportunities.
- Export competitiveness to be supported by South Africa's renewable energy and rail capacity expansion plans.

BASE METALS AND METALS FABRICATION SECTORS: GDP TRENDS



BASIC METALS AND METALS FABRICATION SECTORS: EXPORT PERFORMANCE



Source (charts): IDC analysis, compiled using Quantec data

EXPORT PERFORMANCE OF THE BASE METALS AND METALS FABRICATION SECTORS

EXPORT PERFORMANCE DRIVEN BY FERRO-ALLOYS, UNWROUGHT ALUMINIUM & ARTICLES OF IRON & STEEL

Basic iron & steel export products, 2017	ZAR million	% of total SA exports
Ferro-alloys	49 944	4,3%
Rolled stainless steel sheet, width > 600mm	10 015	0,9%
Flat-rolled iron/steel, >600mm, clad, plated/ coated	3 860	0,3%
Hot-rolled products, iron/steel, width>600mm, etc	3 749	0,3%
Pig iron and spiegeleisen in primary forms	2 512	0,2%
Semi-finished products of iron or non-alloy steel	2 009	0,2%
Tube, pipe of iron/steel, not seamless > 406.4mm	1 366	0,1%
Other	9 722	0,8%
Total basic iron & steel	83 177	7,1%

Basic metal export products, 2017	ZAR million	% of total SA exports
Articles of iron or steel nes	4 040	0,3%
Structures, parts of structures of iron or steel	3 984	0,3%
Interchangeable tools & dies for hand/power tools	1 347	0,1%
Screws, bolts, nuts, rivets, etc, iron or steel	1 005	0,1%
Iron/ steel cloth, grill, fencing and expanded metal	724	0,1%
Aluminium casks, drums, etc capacity <300l	622	0,1%
Aluminium structures, parts nes, for construction	526	0,0%
Other	6 989	0,6%
Total basic metal products	19 236	1,6%

Non-ferrous metal export products, 2017	ZAR million	% of total SA exports
Unwrought aluminium	13 497	1,2%
Aluminium plates, sheets&strip, thickness> 0.2 mm	5 871	0,5%
Unwrought nickel	4 017	0,3%
Refined copper and copper alloys, unwrought	3 513	0,3%
Unrefined copper, copper anodes, etc	1 856	0,2%
Aluminium tubes and pipes	1 295	0,1%
Copper bars, rods and profiles	1 269	0,1%
Other	4 096	0,4%
Total non-ferrous metal products	35 414	3,0%

Source: IDC analysis, compiled using South African Revenue Service data

The competitive advantages of South Africa's metals beneficiation industries provide export growth opportunities.

INVESTMENT OPPORTUNITIES IN MINING AND MINERALS BENEFICIATION

South Africa's minerals beneficiation policy seeks to leverage the linkages between mineral value chains brought about by economic diversification. Investment opportunities across strategic value chains include:

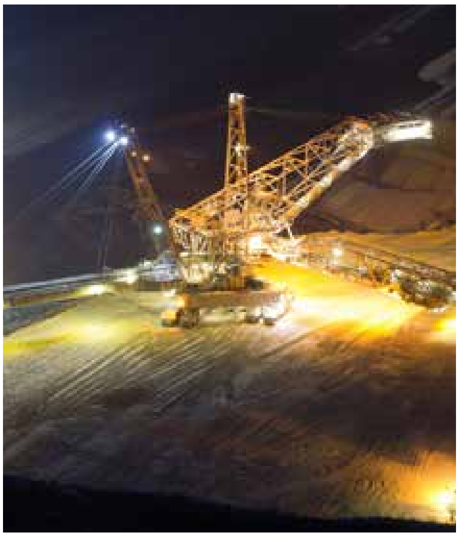
Coal value chain	• There are substantial resource development opportunities, given the increased urgency of developing coal resources in the Waterberg region. • Coal beneficiation opportunities include coal-bed methane, coal-to-liquid (Sasol is a global leader, producing petroleum as well as a range of other petro-chemical products), carbon capture and storage. • Coal ash beneficiation opportunities arise from the vast ash material produced in Eskom's coal-fired power plants. Beneficiation of coal ash entails the production of cementitious input materials for the construction industry. Coal ash also provides an environmental sustainability solution for the mining industry through the neutralisation of acid mine drainage waste streams.
Uranium and thorium	• Beneficiation is primarily targeted at nuclear fuel manufacturing. There are long-term viable resource development opportunities. • Beneficiation opportunities abound for nuclear fuel fabrication to service growing export demand, particularly the US, Canada and China.
Iron and steel value chain	• There are opportunities to improve the competitiveness of the domestic steel industry so as to access growing regional markets. • There are investment opportunities in revitalising downstream manufacturing capacity, such as in foundries and mini-mills, supported by government incentives. • Increased iron ore beneficiation is a strategic objective of the government.

INVESTMENT OPPORTUNITIES IN MINING AND MINERALS BENEFICIATION CONTINUED

Manganese	• South Africa's dominant supply-side position from a global perspective (about 80% of world resources) and low cost resources offer mining development opportunities. • Investment appeal is enhanced by value chain linkages with the global steel value chain. The favourable outlook for the world economy, as well as improved steel producer margins in China, are expected to keep global steel production growth elevated.
Vanadium	• South Africa is endowed with vast, largely untapped, vanadium resources. Potential high growth opportunities exist linked with the global energy storage value chain, with significant market growth potential for energy storage solutions on the African continent.
Titanium value chain	• South Africa has the second-largest titanium reserves in the world. The development of the titanium value chain, including the establishment of a smelter and downstream production, is a strategic objective of the Industrial Policy Action Plan (IPAP) and national beneficiation strategy. • Substantial investment has been facilitated by the government towards value chain development, specifically for the production of titanium dioxide pigment as a key ingredient in paint manufacturing.
Platinum group metals (PGMs) and chrome value chains	• Primary resource development opportunities exist in the Bushveld Igneous Complex (BIC). • Value chain development opportunities include commercial beneficiation applications such as the use of PGMs as catalysts in fuel cell manufacturing. • South Africa produces chrome in the BIC as a by-product of PGM mining. Domestic ferrochrome production and competitiveness have lagged, resulting in increased exports of unprocessed chrome. The government considers increased beneficiation of the country's chrome resources a strategic objective, with the aim of repositioning South Africa as a global leader in ferrochrome production.
Jewellery manufacturing	• South Africa's resource base supports commercial fabrication of gold, PGMs and diamonds. A suite of incentives is available to support the growth and development of export-oriented jewellery manufacturing.

EMERGING GROWTH OPPORTUNITIES IN SUSTAINABLE MINING IN SOUTH AFRICA

- Rising mining depths and challenges with declining mineral ore yields have created the opportunity for the infiltration of new digital technologies, enhanced data analytics and digitisation (including 3D visualisation) to support productivity and efficiency in an era of new-generation mining for South Africa.
- Several large original equipment manufacturers (OEMs), such as Komatsu, Caterpillar and Rockwell Automation, have invested in and developed automated mining solutions for deep-level underground mining operations. South Africa is at the forefront of these developments, which are expected to enhance production cost efficiencies.
- Autonomous and/or semi-autonomous mining has become necessary to extend the life of mine in the gold and platinum mining segments. There are significant growth opportunities for IT systems developers and OEM manufacturers in the digitisation and optimisation of deep and unsafe mines.
- Notable commercial new-generation mining projects in South Africa include De Beers's Venetia Underground Project in Limpopo province, Ivanhoe's Platreef Project in Mokopane, as well as the Waterberg Platinum Group Metals Project north of Mokopane.
- There are significant investment opportunities for the development of local next-generation mining equipment manufacturing clusters.



DIGITAL MINING TECHNOLOGY

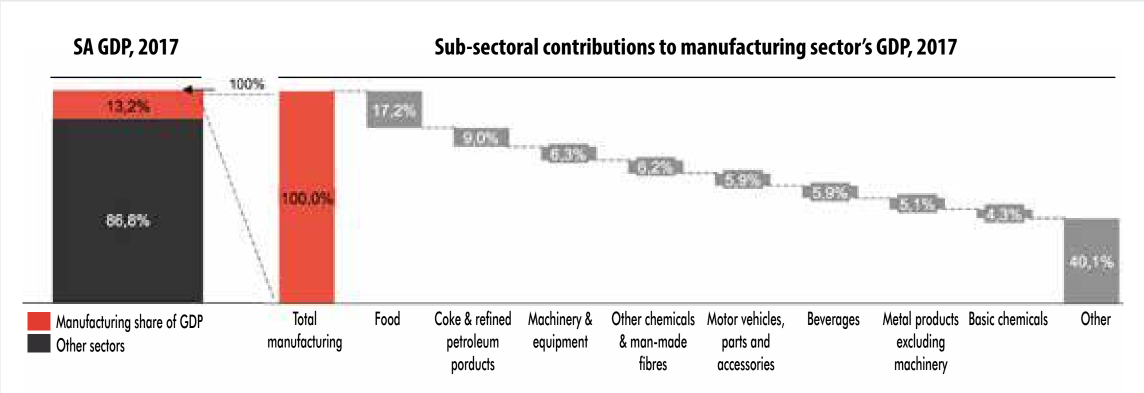
Digital technology is advancing rapidly in South African mining:

- Artificial intelligence applications are helping in the development of driverless mining equipment to access hazardous mineral deposits.
- Technology applications are providing real-time feedback on equipment utilisation rates.
- Drone technology is replacing traditional surveying methods and assisting to provide more detailed information on resource geology, allowing for efficient resource development and management.
- Data analytics are finding increasing use for the analysis and optimisation of mine operational statistics.

6.3 MANUFACTURING OPPORTUNITIES

MANUFACTURING SECTOR

- South Africa has a well-established, diversified and generally technologically advanced manufacturing sector, which accounted for 13.2% of national GDP in 2017.
- South Africa ranked 27th in Deloitte's 2016 Global Manufacturing Competitiveness Index, ahead of Italy, BRICs peers Brazil and Russia, as well as Ireland, Portugal and, among others, Egypt and Argentina. Deloitte expects the country will be positioned two spots higher, in 25th place, by 2020.
- The sector ranks very high in the government's economic development agenda and, as such, is strongly supported by the Industrial Policy Action Plan (IPAP) through a range of targeted sector strategies, action plans and associated incentives.
- IPAP aims to galvanise investment and development in specific manufacturing sub-sectors based on their potential for growth, employment creation, export earnings generation and diversification.
- The sector is one of the main beneficiaries of the public sector's procurement requirements, including input supplies for the ongoing infrastructure development programme.



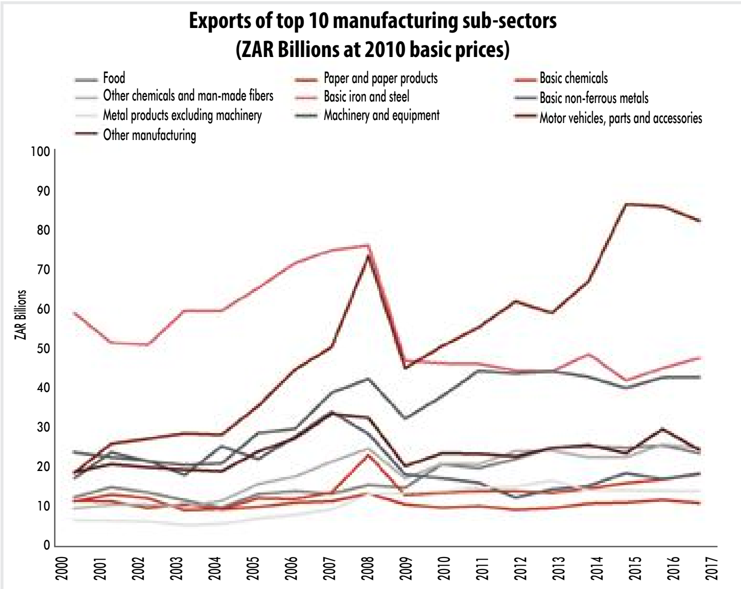
Source: IDC analysis, compiled using Quantec data

Contribution to economy	The manufacturing sector contributed 13.2% to South Africa's GDP and 57.8% to total merchandise export earnings in 2017. The sector employs 1 199 000 people, or 12.2% of total employment in the country.
Structure	The largest manufacturing sub-sectors in terms of value-add (GDP) are those producing food products; chemicals; basic iron and steel; metals products; motor vehicles, parts and accessories; as well as machinery and equipment.
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.

MANUFACTURING SECTOR'S EXPORT PERFORMANCE

- The manufacturing sector accounted for 57.8% of South Africa's total merchandise exports in 2017. The sector has a high export propensity, with the following sub-sectors being the most oriented towards export markets (average export propensities over the past five years indicated in parentheses): machinery and equipment (88%); professional and scientific equipment (81.7%); basic non-ferrous metals (68.5%); basic iron and steel (57%); television, radio and communications equipment (55%).

MANUFACTURING SECTOR MAKES A MAJOR CONTRIBUTION TO SOUTH AFRICA'S EXPORT BASKET



Manufactured export products, 2017	ZAR million	% of total SA exports
Motor vehicles, parts and accessories	130 560	11.2%
Iron and steel	80 584	6.9%
Machinery and equipment, mechanical appliances	71 556	6.1%
Coke, petroleum and petroleum products	38 472	3.3%
Electrical machinery and electronic equipment	24 021	2.1%
Aluminium and articles thereof	23 768	2.0%
Beverages, spirits and vinegar	17 613	1.5%
Other	289 652	24.8%
Total manufactured exports	**676 225**	**57.8%**

Source (chart & table): IDC analysis, compiled using South African Revenue Service and Quantec data

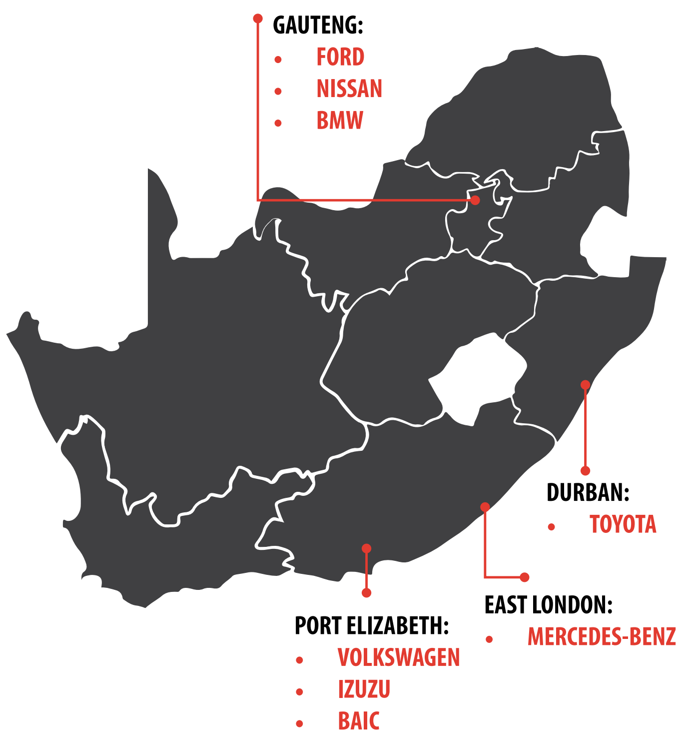
COMPARATIVE ADVANTAGES OF SOUTH AFRICA'S MANUFACTURING SECTOR

Basis for comparative advantage	Select investment trends in these sectors
Established manufacturing base that is generally technologically advanced.	• Increased competitiveness and penetration by South African industry in global automotive chains have attracted increased original equipment manufacturerr (OEM) investment in the country's automotive sector (e.g. BMW, Mercedes-Benz) as well as newcomers such as BAIC.
Sustainable performance owing to diversity in production capability and competitiveness.	
Strong linkages with other sectors of the economy.	• Chinese investment in South Africa manufacturing has been facilitated by the China Africa Development Fund and focusing on electronics manufacturing (e.g. establishment of the Hisense industrial park employing over 1 200 people).
South Africa's world-class infrastructure is geared to support export-led growth.	
Innovation and strong research and development capabilities exist in South Africa's manufacturing sector.	• South Africa's world-class infrastructure and competitive position in accessing regional markets have attracted foreign investment into the textiles industry (e.g. Pegas Nonwovens, the largest producer of spunmelt nonwovens in Europe, the Middle East and Africa, is investing ZAR1.3-billion in Atlantis, Cape Town).
Positioned to continue benefiting from strategic industrial policy support measures due to the relatively high jobs-intensity of several manufacturing sub-sectors.	

AUTOMOTIVE INDUSTRY: WORLD-CLASS AND COMPETITIVE

- The sub-sector producing motor vehicles as well as vehicle parts and accessories, including bodies and trailers, contributes 5.9% to the manufacturing sector's GDP and accounts for approximately 12% of the total value of its sales.
- South Africa is the biggest market for new vehicles in Africa, accounting for around 37% of new vehicle sales on the continent.
- Producing more than 600 000 vehicles annually, South Africa is the dominant vehicle producer on the African continent. The industry attracts high levels of FDI from the leading global OEMs as well as components manufacturers.
- The growing presence of several global OEMs in South Africa signals its increasing prominence as a manufacturing hub. These include Toyota, VW, BMW, Ford, Mercedes-Benz, Nissan/Renault and Isuzu, with China's BAIC as a newcomer. A number of heavy commercial and bus manufacturers assemble vehicles, such as Iveco, FAW and Tata.
- Supplier proximity and local content are key potential sources of competitive advantage for OEMs. South African-based OEMs are supported by about 500 firms split between Tier 1, Tier 2 and Tier 3 suppliers producing a wide range of parts.

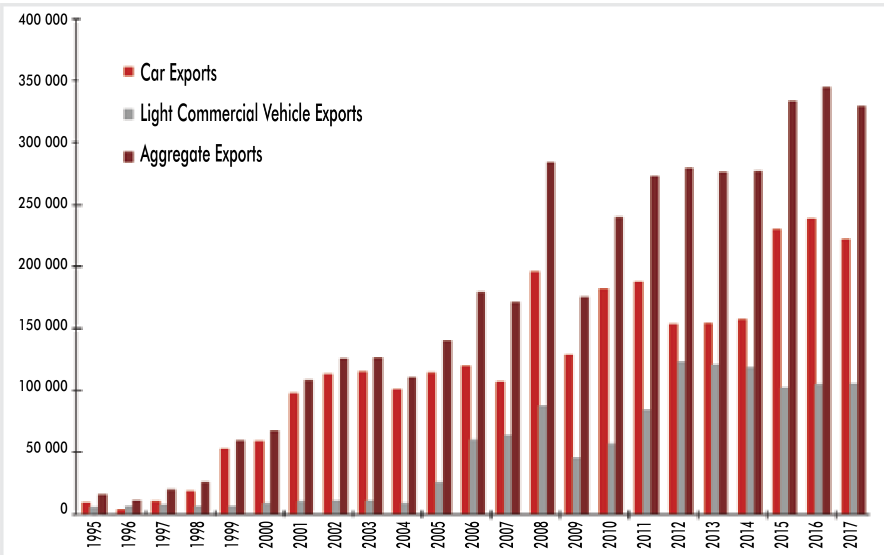
LOCATION OF OEM PLANTS IN SOUTH AFRICA



AUTOMOTIVE INDUSTRY: EXPORT-ORIENTED, INCREASINGLY INTEGRATED IN GLOBAL VALUE CHAINS

- Supported by world-class export infrastructure, South Africa's automotive industry, including components manufacturers, is well integrated into the value and supply chains of global OEMs.
- Exports of motor vehicles, parts and accessories contributed 13.2% to the national export basket in 2017.
- The industry exports to more than 140 countries, benefiting from preferential market access such as:
  - Duty-free exports into the Southern African Development Community (SADC), a 15-country free trade area (FTA) with 300-million consumers;
  - Duty-free exports into the European Union through the SADC-EU Economic Partnership Agreement; and
  - Duty-free exports into the US due to preferential access under the African Growth and Opportunity Act (AGOA).

SOUTH AFRICA'S MOTOR VEHICLE EXPORTS, 1995 TO 2017 (UNITS)



Motor vehicles, parts & accessories export products (incl. services), 2017	ZAR million	% of total SA exports
Vehicles for transport of persons (except buses)	75 437	6.4%
Motor vehicles for the transport of goods	39 503	3.4%
Liquid, gas centrifuges, filtering, purifying machine	18 963	1.6%
Parts and accessories for motor vehicles	9 001	0.8%
Parts for internal combustion spark ignition engine	3 517	0.3%
Cargo containers designed for carriage of goods	2 261	0.2%
Spark-ignition internal combustion engines	1 611	0.1%
Other	3 636	0.3%
Total exports of motor vehicle, parts & accessories, including services	**153 928**	**13.2%**

Source (chart & table): IDC analysis, compiled using NAAMSA and South African Revenue Service data

AUTOMOTIVE INDUSTRY: INVESTMENT ON THE RISE, BENEFITING FROM POLICY SUPPORT

The Automotive Production Development Programme (APDP) was introduced in 2013 by the Department of Trade and Industry with the following primary objectives:

- Support the growth of South Africa's automotive industry to 1.2- million units of vehicles produced by 2020;
- Increase local content in vehicles;
- Improve the automotive trade balance; and
- Increase employment.

AUTOMOTIVE INDUSTRY: INVESTMENT ON THE RISE, BENEFITING FROM POLICY SUPPORT CONTINUED

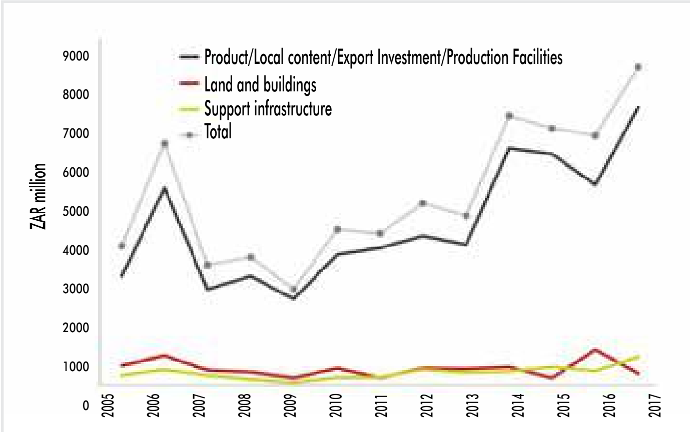
Under the APDP's Automotive Investment Scheme (AIS), subject to qualifying criteria, investors can access the following benefits:

- A non-taxable grant of 20% to 25% of investment is available to qualifying projects;
- A further 5% is avaiable for maintaining or growing employment during the investment period covered by the incentive;
- Potentially, a further 5% is available for component manufacturers who raise turnover and introduce new products; and
- A further 20%-35% of qualifying investment is available as a cash grant for people-carrier manufacturers and manufacturers of related components.

The following incentives (rebate mechanisms) are also available for manufacturers:

- Vehicle Assembly Allowance (VAA): Duty-free import credits made available to OEMs based on 18% of the price of the light vehicles produced locally; and
- Production Incentive (PI): Based currently on 51% of designated value addition in the form of import credits to OEM/components manufacturers.

ORIGINAL EQUIPMENT MANUFACTURERS' CAPITAL EXPENDITURE IN SOUTH AFRICA, 2005 TO 2017 (ZAR MILLION)



Source: IDC analysis, compiled using NAAMSA data

AUTOMOTIVE VALUE CHAIN: INVESTMENT OPPORTUNITIES

- Integration into the global supply chains of global OEMs located in, and operating from, South Africa can unlock significant export growth opportunities.
- The automotive industry's sales revenue is strongly correlated with overall economic growth. The industry is thus expected to benefit from the ongoing economic recovery and higher rates of expansion in the medium term, supporting the case for investment in new capacity.
- The automotive value chain offers opportunities for the expansion of existing production capacity and/or new capacity development, particularly in the components segments, to benefit from the strong linkages with OEMs.
- There is also wide scope for the introduction of new technologies across all tiers of the supply base.

SELECT INVESTMENT OPPORTUNITIES IN THE AUTOMOTIVE VALUE CHAIN

- 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

AUTOMOTIVE VALUE CHAIN: EMERGING OPPORTUNITIES

- The proliferation of advanced technology and artificial intelligence is having a profound impact on components manufacturing, vehicle assembly and services provision in the automotive industry.
- Growth opportunities are fast emerging in alternative engine technologies (e.g. electric vehicle infrastructure and value-chain development, hydrogen fuel cell-based systems); driverless cars; development of new component materials due to green manufacturing requirements; and, among others, advanced robotics applications.
- The evolution and growth of artificial intelligence in the automotive sector is creating growth opportunities in advanced vehicle diagnoses (real-time) and servicing systems. Artificial intelligence systems to allow vehicle dealers to improve vehicle usage diagnosis and servicing systems are gaining global traction and are a potential growth opportunity in the South African business environment.
- Opportunities exist for systems developers in implementing predictive maintenance and data visualisation in on-board vehicle communications systems to reduce traffic jams, improve safety and improve the level of vehicle connectivity.
- Significant growth opportunities exist for applications developers in the advancement of virtual reality car dealerships, and the deployment of big data analytics and robotics systems in manufacturing facilities.

MACHINERY AND EQUIPMENT (NON-ELECTRICAL) INDUSTRY: SIGNIFICANT PRODUCTION CAPACITY DOMESTICALLY

- The machinery and equipment sub-sector, which contributes 6.3% to total manufacturing GDP, encompasses a wide range of manufacturing operations. This includes the production of general purpose machinery, special purpose machinery and household appliances, as well as office, accounting and computing equipment.
- This sub-sector's production value chain generally encompasses the sourcing of inputs from the upstream metal castings, engineering, electrical and electronics sectors. It supplies its products to downstream manufacturers, service providers, households and other machinery producers.
- South Africa has a well-developed and relatively competitive manufacturing capacity in durable goods production, particularly in larger household appliances.
- South African manufacturers of machinery and equipment have largely tended to focus on lower-end technology products, but linkages to the advanced electronics supply chain are strengthening, with innovation as a key driver.
- The machinery and equipment sector has a high export propensity, which averaged 88% over the past five years, compared to 47% in 2012. This reflects comparative advantages and domestic technological and production expertise in certain segments (e.g. the mining and yellow metal equipment production industries).

Machinery & equipment export products, 2017	ZAR million	% of total SA exports
Parts for use with lifting, moving machinery	5 154	0.4%
Machinery to sort, screen, etc mineral products	4 558	0.4%
Pumps for liquids	4 194	0.4%
Automatic data processing machines (computers)	2 968	0.3%
Liquid, gas centrifuges, filtering, purifying machine	2 106	0.2%
Self-propeled earth moving, road making machines	2 028	0.2%
Shafts, cranks, gears, clutches, flywheel, pulleys, etc	2 010	0.2%
Other	26 707	2.3%
Total machinery & equipment exports	**49 724**	**4.3%**

Source: IDC analysis, compiled using South African Revenue Service data

MACHINERY AND EQUIPMENT (NON-ELECTRICAL) INDUSTRY: INVESTMENT OPPORTUNITIES

- The relatively high import intensity of fixed investment activity in South Africa points towards significant opportunities for import replacement. This is supported by localisation initiatives and by the government's industrial policy framework.
- The massive infrastructure development being rolled out by the public sector (i.e. national government, state-owned companies such as Eskom, Transnet and PRASA) has been boosting demand for the machinery and equipment sector and thus contributing to the expansion of production capacity domestically.
- Local production of smaller household and kitchen appliances is generally characterised by assembly and focused on less specialised products. There is scope for the localisation of production of specialised and more technologically advanced items, including components, by leveraging on existing manufacturing incentive programmes.
- Other significant manufacturing import replacement opportunities in the machinery and equipment sector include steam turbines and other vapour turbines.

SELECT OPPORTUNITIES IN MACHINERY AND EQUIPMENT PRODUCTION

- Mineral processing machinery
- Materials handling equipment (e.g. escalators, conveyor systems, rough-terrain forklifts, cranes, components of heavy-duty shovels/scoops)
- Pumps and valves used in agriculture, mining, water-works
- Industrial heating or cooling machinery
- Refrigeration equipment
- Air conditioning equipment and machinery
- Industrial lab furnaces, ovens and incinerators
- Weighing equipment
- Power transmission equipment
- Steam turbines
- Construction equipment

ELECTRICAL MACHINERY AND EQUIPMENT INDUSTRY

- The electrical machinery sub-sector contributes 1.5% to South Africa's total manufacturing GDP. It is segmented into the manufacturing of equipment and components for electricity distribution, which accounts for the bulk of activity in the sector; components for the automotive sector; and the production of lighting equipment.
- Its key products include wires; electrical motors; generators; transformers; distribution equipment; components for the automotive sector (e.g. harnesses, ignition wire sets); lighting equipment and electrical insulators, including light bulbs, fittings and illuminated signs.
- The sub-sector is dominated by two players, namely the Altron Group and the Actom Group, which are integrated across entire supply chains through various operating entities.

Electrical machiney & equipment export products, 2017	ZAR million	% of total SA exports
Insulated wire and cable, optical fibre cable	2 270	0.19%
Electrical switches, connectors, etc, for < 1kV	1 621	0.14%
Electric transformers,static converters & rectifiers	1 355	0.12%
Electrical power, etc, control & distribution boards	1 239	0.11%
Electric motors and generators, except generating sets	940	0.08%
Electrical machinery and apparatus	881	0.08%
Lamps and lighting fittings, illuminated signs, etc	717	0.06%
Other	4 669	0.40%
Total electrical machinery and equipment exports	**13 692**	**1.2%**

Source: IDC analysis, compiled using South African Revenue Service data

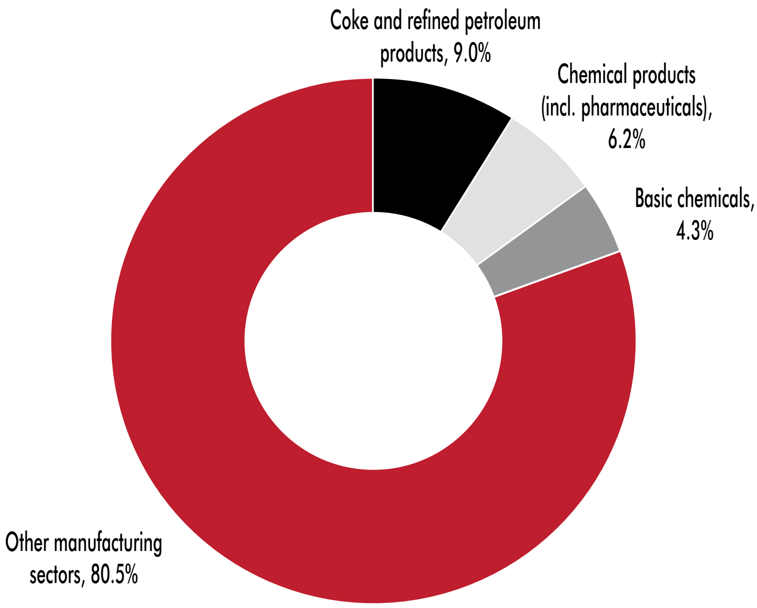
ELECTRICAL MACHINERY AND EQUIPMENT: INVESTMENT OPPORTUNITIES

- There are significant opportunities for the manufacturing of automotive components as well as lighting equipment where the two dominant players do not have a major presence.
- Import replacement opportunities include the production of electric generating sets and rotary converters; parts for electric motors and generators; lamps and light fittings; and, among others, electrical switches and connectors.

CHEMICALS AND CHEMICAL PRODUCTS INDUSTRIES: BASIC CHEMICALS PRODUCTION CAPACITY SERVICING VARIOUS KEY SECTORS

- The basic chemicals sub-sector, which contributes 4.3% to total manufacturing GDP, encompasses the production of:
  - Commodity or base chemicals, which are produced in high volumes from raw commodities (e.g. oil, gas, coal) and used as feedstock into other value chains;
  - Intermediate chemicals; and
  - Speciality chemicals, which are generally low volume, non-commodity (higher value-add) basic chemical products for more specialised applications.
- The basic chemicals sub-sector produces around 600 types of chemicals that are essential inputs into the supply chains of the agriculture, mining, manufacturing (e.g. plastics, food processing, cosmetics, pharmaceuticals, paper, printing), construction and transportation sectors.
- The basic chemicals sub-sector is supported by an abundance of raw materials, which form the basis of certain competitive advantages. The fertiliser industry, for example, leverages on domestically available raw material inputs such as phosphates, phosphoric acid, nitrogen, ammonia, sulphur and potassium.
- While the sub-sector is dominated by a few integrated, locally-based manufacturing companies, it has attracted multinational corporations as well. The sub-sector is also growing its strategic orientation towards speciality chemicals and intermediate and end products.

CHEMICALS AND CHEMICAL PRODUCTS SUB-SECTORS: SHARES OF MANUFACTURING GDP IN 2017 (AT CURRENT PRICES)



Source: IDC analysis, compiled using Quantec data

CHEMICALS AND CHEMICAL PRODUCTS INDUSTRIES: ESTABLISHED PRODUCTION CAPACITY IN VARIOUS CHEMICAL PRODUCT SEGMENTS

- The chemical products sub-sector, which contributes 6.2% to total manufacturing GDP, has installed capacity in a wide range of products.
- Its main segments include pesticides and other agro-chemical products; pharmaceuticals; paints, coatings, varnishes and printing inks; soaps, detergents, cleaning preparations, toilet preparations and perfumes; and other chemical products, dominated by the manufacturing of explosives.
- The production of pesticides, which is characterised by relatively high barriers to entry, is dominated by BASF SA, Syngenta SA, DOW Agrosciences Southern Africa, Plaaskem and Monsanto South Africa.
- South Africa's pharmaceuticals value chain is well established and mature, with local production capacity meeting close to 70% of domestic demand.
- The bulk of local pharmaceuticals manufacturing capacity comprises generic medicines, representing 50% of the overall pharmaceuticals market. Local companies Aspen and Adcock Ingram are major players in the industry.

EXPORTS OF BASIC CHEMICALS AND CHEMICAL PRODUCTS CONTRIBUTED 7.2% OF SA'S EXPORT BASKET IN 2017

Baisc chemical exports, 2017	ZAR million	% of total SA exports
Acyclic hydrocarbons	5 388	0.46%
Polymers of propylene, olefins in primary forms	5 145	0.44%
Acyclic alcohols and their derivatives	2 862	0.24%
Mineral or chemical fertilizers, nitrogenous	2 832	0.24%
Sulphates, alums, peroxosulphates (persulphates)	2 730	0.23%
Ketones and quinones, their derivatives	2 672	0.23%
Polymers of ethylene, in primary forms	1 728	0.15%
Other	21 687	1.85%
Total basic chemicals exports	**45 044**	**3.9%**

Chemical product exports, 2017	ZAR million	% of total SA exports
Medicaments, therapeutic, prophylactic use	4 375	0.37%
Reaction initiators, accelerators & catalysts	4 296	0.37%
Beauty, make-up and skin care preparations	3 374	0.29%
Insecticides, fungicides, herbicides etc (retail)	3 225	0.28%
Organic surface active agent, preparation, except soap	2 410	0.21%
Soaps	2 164	0.19%
Prepared binders for foundary moulds or cores	1 531	0.13%
Other	17 227	1.47%
Total chemical product exports	**38 602**	**3.3%**

Source: IDC analysis, compiled using South African Revenue Service data

CHEMICALS AND CHEMICAL PRODUCTS INDUSTRIES: INVESTMENT OPPORTUNITIES

Basic chemicals

- There are opportunities in the manufacturing of fertilisers and nitrogen compounds linked to the food production value chain, owing to higher farming production yields to meet growing demand for food.
- Investment opportunities exist in the plastics (polymers) sub-sector, on the back of domestic demand for polyethylenes, particularly those used in packaging, bags and other injection moulding applications.
- Increasing liquid fuels energy security presents opportunities.

SELECT OPPORTUNITIES IN BASIC CHEMICALS PRODUCTION

- Polypropylene and polyvinyl chloride beneficiation
- Composite materials, including bio-composites
- Fluorspar beneficiation
- Titanium oxide pigments
- Organic fertilisers
- Speciality and fine chemicals
- Primary polyacetals/polyethers
- Nitrites and nitrates
- Potassic mineral or chemical fertilisers

Chemical products

- Import replacement opportunities abound, including in the production of automotive coatings; organic surface active agents; prepared binders for foundry moulds or cores; peptones and proteins.
- Macro-trends towards increased production yields on less farming land are expected to expand opportunities for agro-chemicals and pesticides manufacturers.
- There are opportunities associated with growing demand for paints and coatings (including automotive coatings) on the back of public sector procurement; expanding vehicle production supported by the APDP; a nd export potential in African and Middle Eastern markets.
- Emerging opportunities exist in the manufacture of organic personal care products.

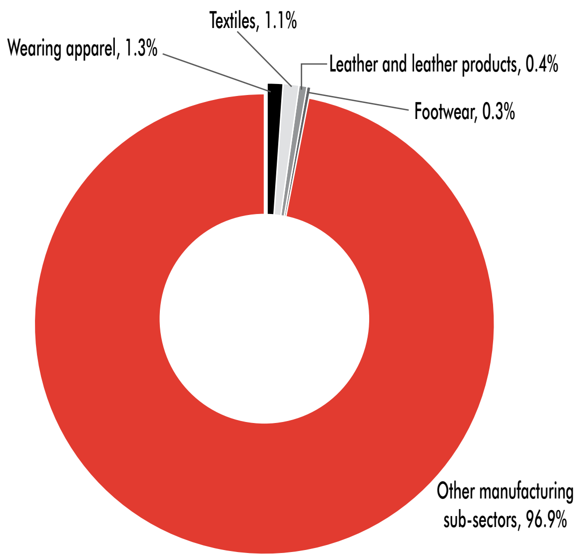
Pharmaceuticals

- South Africa is the only country in SADC that meets the World Health Organisation's Good Manufacturing Practice standards, thus positioning it as the regional manufacturing hub for pharmaceutical products. A new industry regulator – the South African Health Products Regulatory Authority – aims to accelerate product approval times, unlocking R&D investment opportunities.
- Trends towards healthier lifestyles, rising disposable household income and increased access to innovative products are driving the growth and expansion of the domestic pharmaceuticals value chain. The introduction of the National Health Insurance scheme will be a key influencing factor in unlocking growth opportunities for locally-based manufacturers of pharmaceutical products.
- Developing the active pharmaceutical ingredient manufacturing industry, expanding vaccine production and the establishment of production capacity for radiopharmaceuticals for nuclear imaging are specific investment opportunities.
- New technologies and the emergence of alternative healing methods are creating niche opportunities in the pharmaceuticals industry, while next-generation digital technologies are boosting both research capacity and healthcare delivery, creating investment opportunities in the process.
- Telemedical applications are expected to play an increasing role in the country's remote areas, generating manufacturing investment opportunities.
- New drug approvals are increasingly shifting from chemicals- to biological-based drugs, or bio-therapeutics. The latter entails the manufacturing of pharmaceutical drugs from a living (organic) system such as micro-organisms, plants or animal cells. The global proliferation of these products presents a potential high growth opportunity for manufacturing investment in South Africa.

CLOTHING, TEXTILES, FOOTWEAR AND LEATHER INDUSTRIES: STRATEGIC INTERVENTIONS LEADING TO MODERNISATION AND COMPETITIVENESS

- The domestic clothing, textiles, footwear and leather (CTFL) sub-sectors have undergone substantial restructuring in the face of intense competition from foreign producers. Collectively, they currently contribute around 3.1% of total manufacturing GDP.
- Important strategic interventions have been contributing to the stabilisation of the CTFL sub-sectors, their modernisation and their improved competitiveness. These include:
  - The introduction of various customised sector programmes, most notably the Clothing and Textiles Competitiveness Programme (CTCP), which includes the provision of financial grants to support competitiveness improvements;
  - Stronger tariff protection for the domestic industry within the rules of the World Trade Organisation;
  - Preferential public sector procurement, with the textiles, leather and footwear sectors having been designated 100% for local production;
  - Assistance in integrating domestic producers into the supply chain of retailers to enable the "fast response" retail model that is being pursued by the bulk of clothing retailers; and, among others,
  - A crackdown on illegal imports.

CTFL INDUSTRIES' SHARES OF MANUFACTURING GDP IN 2017



Source: IDC analysis, compiled using Quantec data

CLOTHING, TEXTILES, FOOTWEAR AND LEATHER PRODUCTS ACCOUNT FOR ONLY 1.7% OF SOUTH AFRICA'S MERCHANDISE EXPORTS, BUT ARE KEY TO ACHIEVING SOCIO-ECONOMIC DEVELOPMENT OBJECTIVES

Wearing apparel export products, 2017	ZAR million	% of total SA exports
Mens or boys suits, jackets, trousers, etc not knit	854	0.07%
T-shirts, singlets and other vests, knit or crochet	603	0.05%
Woven female suits, jacket, dress, etc	587	0.05%
Female suit, dress, skirt, etc, knit or crochet	463	0.04%
Mens, boys suits,jackets,trousers, etc knit/crochet	391	0.03%
Men's or boys' shirts	268	0.02%
Panty hose, tights, hosiery nes, knit or crochet	267	0.02%
Other	2 807	0.24%
Total wearing apparel exports	**6 240**	**0.5%**

Textile product exports, 2017	ZAR million	% of total SA exports
Sanitary towels and tampons, napkins and napkin liners for babies	1 244	0.11%
Wool and animal hair, carded or combed	1 124	0.10%
Textile tarpaulin, sail, awning, tent, camping goods	596	0.05%
Woven synth filament yarn, monofilament >67dtex	360	0.03%
Sacks& bags of a kind used for packing of goods	353	0.03%
Parachutes, parts and accessories thereof	338	0.03%
Mattress supports, mattresses, bedding	321	0.03%
Other	3 621	0.31%
Total textiles exports	**7 957**	**0.7%**

Source: IDC analysis, compiled using South African Revenue Service data

CLOTHING, TEXTILES, FOOTWEAR AND LEATHER INDUSTRIES: INVESTMENT OPPORTUNITIES

- Substantial opportunities exist for import replacement and export development on the back of highly preferential access to foreign markets, particularly the US (duty-free access to under AGOA), the European Union (SADC-EU EPA), and other member states of the SADC.
- Not only does the African continent present a market of over one billion consumers for African textiles and garments, but these products are also becoming increasingly popular in European and Eastern markets. Clothing brands from African designers are also making inroads in global markets. Significant opportunities exist for designers to adapt traditional African textiles for uses in clothing, household textiles and so on.
- Linkages with the automotive value chain have sustained demand for industrial textiles, particularly leather products for export-oriented leather seat cover manufacturing.

ADVANCED MANUFACTURING

- The proliferation of advanced manufacturing technologies is a disruptive global phenomenon that is affecting all economic sectors at an exponential rate.
- Global digitisation trends and the adoption of the associated emerging technologies constitute key determinants of the future competitive positioning of many of South Africa's industrial sectors in the world economy.
- South Africa, with its well developed industrial base, is favourably positioned to benefit from the global transition process currently under way, which is unlocking a myriad of new manufacturing opportunities across industrial value chains.
- Significant strides in clean energy technology have created opportunities for the commercial development of renewable energy technologies. Specifically, the continued implementation of South Africa's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) is opening up major opportunities for manufacturing capacity development in wind and solar energies, including components production.
- There are significant advanced manufacturing opportunities to drive the proliferation of digitisation and artificial intelligence through robotics and artificial intelligence across numerous manufacturing activities in South Africa.
- The current low adoption of Fourth Industrial Revolution (4IR) technologies in the rest of Africa provides significant opportunities to leverage on South Africa's industrial capital.

Factors supporting the development of advanced manufacturing industries in South Africa	Key growth nodes in advanced manufacturing
Strategic government support through the National Research and Development Strategy (NRDS) and Integrated Manufacturing Strategy (IMS) to boost the development of advanced technologies that will enhance competitiveness in the manufacturing sector.	• Expanding market opportunities in Internet of Things (IoT) emerging technologies, including advanced mobile communication technology and interconnectivity. • Manufacturing of inter-connected devices. • Big data analytics (development of integrated citizen databases enabled by biometric technology and cloud computing). • Artificial intelligence, robotics and neural network technology applications across industrial and services sectors of the economy. • Manufacturing of autonomous vehicles. • New-generation mining equipment manufacturing clusters targeting deep-level, narrow-seam mining. • Additive manufacturing (3D printing). • Nano- and biotechnology. • Quantum computing. • Cybersecurity.
Integrated, sector-driven innovation networks led by science councils, including advanced metals, advanced materials, ICT in manufacturing, aerospace, capital goods, chemicals, and advanced production innovation.	
Technology Stations Programme (TSP) in partnership with leading local universities.	
Research and development tax incentives, public sector product designation, competitive supplier development programmes and technology localisation programme.	
Industry innovation programmes and sector innovation fund.	

ADVANCED MANUFACTURING: INVESTMENT OPPORTUNITIES

- Increased demand and/or regulatory pressure for sustainable manufacturing technologies has generated several new-generation manufacturing opportunities.
- South Africa is among the pioneers of technology in the global fuel cell industry. Although still at a relatively early stage, the promising fuel cell arena is progressing steadily. The competitive advantage emanating from being the largest platinum producer in the world presents substantial leverage for the commercialisation of fuel cells, with Anglo American Platinum spearheading this potential.
- Advanced materials consist of new materials and modifications to existing materials, including composites, to obtain superior performance and, among others, encourage the utilisation of waste materials. South Africa's resource base, well-developed industrial sectors and R&D capacity support the development of advanced materials production capacity. Investment opportunities in niche advanced materials exist in South Africa's petrochemicals and aerospace industries.
- South Africa is among the countries that have made good progress in developing additive manufacturing and commercialising university research related to 3D industries.

SELECT INVESTMENT OPPORTUNITIES IN ADVANCED MANUFACTURING:

- Fuel cells industry (variety of applications, including motor vehicles, energy generation)
- Set-top boxes, digital televisions
- Additive manufacturing, including 3D printing (various applications)
- Speciality materials, niche composite materials
- Medical devices and emerging telemedical instrumentation
- Investment opportunities in research and product development in conjunction with South African universities and other research centres such as the Council for Scientific and Industrial Research (CSIR)

ADVANCED MANUFACTURING: OPPORTUNITIES IN ADDITIVE MANUFACTURING

- South Africa's additive manufacturing capacity has expanded exponentially since around 2010, with the total number of additive manufacturing machines having increased from 200 in 2010 to approximately 5 700 in 2018.
- Additive manufacturing technological and output capacity is most developed in the tooling and refurbishment, aerospace and research segments of the South African economy.
- Automotive, consumer goods, defence and safety and security applications are important growth nodes for additive manufacturing in South Africa.
- Project Aeroswift, a large-area powder-bed additive manufacturing system, aims to unlock significant commercial investment opportunities in metal products additive manufacturing in the country. Project Aeroswift's functional system development has been completed. Expansion of the functional system and development of a full-build working system are pending and require strategic investment participation.

SELECT OPPORTUNITIES IN ADDITIVE MANUFACTURING:

- Production of medical devices and implants
- Manufacturing of parts and components for the aerospace industry
- Refurbishment of parts and tools for the automotive industry
- Tooling and prototyping in the footwear industry
- Development of low-cost 3D printers
- Development of high-end additive manufacturing systems
- Manufacturing of synthetic industrial materials, including sand, platinum, titanium metal powder

ADVANCED MANUFACTURING: OPPORTUNITIES RELATED TO FINANCIAL TECHNOLOGY

- Financial technology (fintech) innovation in South Africa's financial services industry is giving rise to manufacturing growth opportunities in mobile financial applications.
- South Africa's advanced ICT infrastructure, wide mobile network coverage and internet bandwidth are key enablers for the proliferation of advanced financial technologies, even if relatively high mobile services and data costs are a growth constraint. The country's sizeable banked population, sophisticated financial infrastructure and regulatory system are also important contributing factors.
- Robotics, artificial intelligence applications such as robo-advisors in the financial and investment management industry, and the development of algorithmic trading hardware and software, for use by both retail and institutional investors, are increasing in popularity in South Africa. This is consistent with global trends.
- The emergence of digital banks, which seek to conduct bank transactions solely on digital and mobile channels at far reduced cost levels, has disrupted traditional banking services, generating potential growth opportunities for advanced mobile application developers.

SELECT OPPORTUNITIES IN FINTECH-RELATED ADVANCED MANUFACTURING:

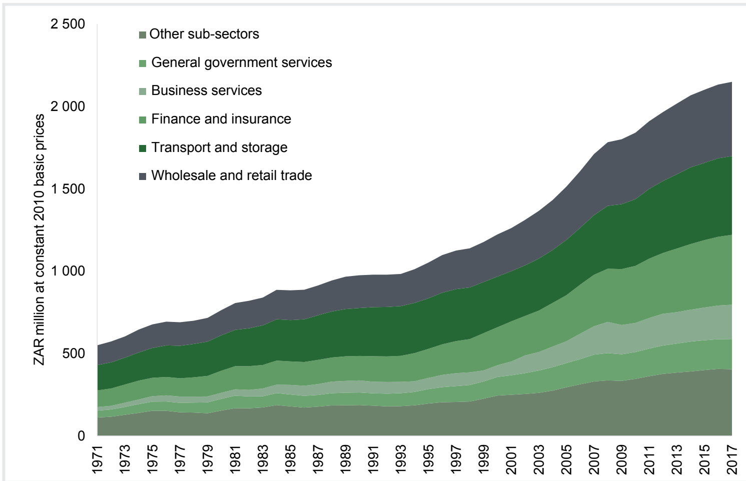
- Manufacturing of contactless, near-field communication technology applications for processing payments
- Advanced cybersecurity systems and applications development
- Opportunities for big data analytics and neural network technology manufacturers in South Africa's financial services industry

6.4
SERVICES OPPORTUNITIES

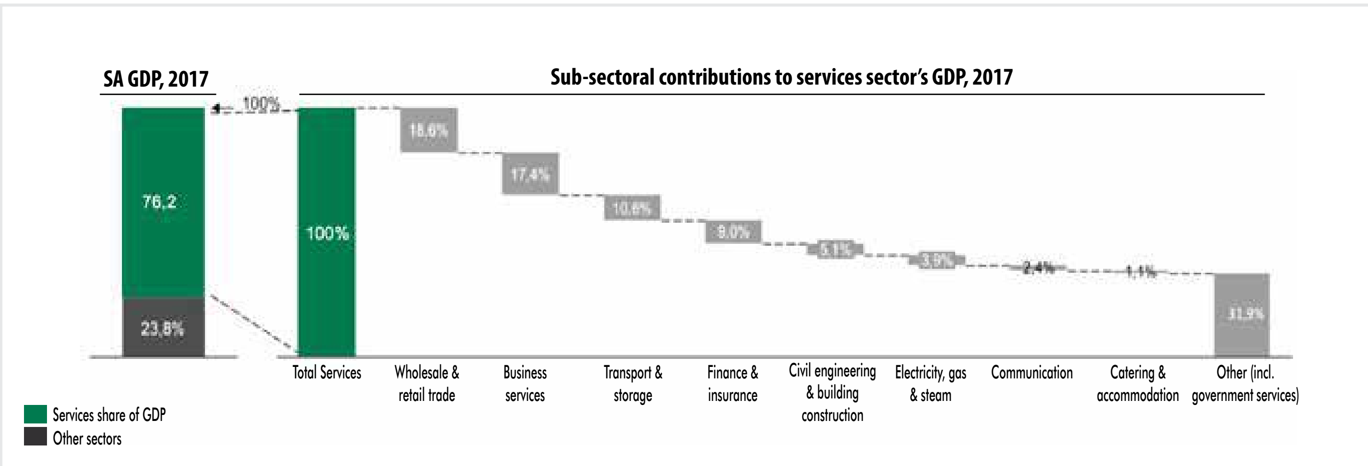
SOUTH AFRICA'S SERVICES SECTOR

- The broad services sector is the largest in the South African economy. Its share of national GDP has expanded substantially over time, rising from just over 61% in 1970 to 76.2% by 2017.
- South Africa's well-developed services sector plays a crucial role in the economy. Its various segments – which include financial, logistics and distribution, business and travel services – provide important services (inputs) to the manufacturing, mining and agricultural sectors, as well as to the public and household sectors. As such, they are key determinants of the competitiveness of export-oriented sectors of the economy.
- Out of the five largest services sub-sectors, the finance and insurance sub-sector has significantly outperformed the others, recording a compound annual growth rate (CAGR) in GDP of 7.3% over the period from 2000 to 2016. This compares with a CAGR of 3.5% and 3.4%, respectively, in the business services and transport and storage sub-sectors. General government services, the largest sub-component, recorded annual GDP growth of 2.7% over this period.
- The services sector is also a major employer and generator of job opportunities.

GDP TRENDS OF THE TOP FIVE SERVICES SUB-SECTORS



Source: IDC analysis, compiled using Quantec data



Source: IDC analysis, compiled using Quantec data

Contribution to economy	The broad services sector is the largest in the economy, accounting for 76.2% of overall GDP. The total employment complement of services-related sectors amounts to 11.7-million people, representing 71% of total employment in South Africa.
Structure	The degree of concentration varies widely, from a banking industry dominated by four large domestic banks to a business services sub-sector encompassing numerous players with varying degrees of market power, depending on the segment. The retail and wholesale trade sub-sector is dominated by large companies operating alongside numerous small to medium-sized firms.
Extensive sectoral linkages	The services sector is central to the functioning of basically all industries in the economy due to its extensive linkages (backward, forward and lateral) with a multitude of input suppliers and producers, as well as end-user consumer markets.

ATTRACTIVENESS OF SOUTH AFRICA'S SERVICES SECTOR

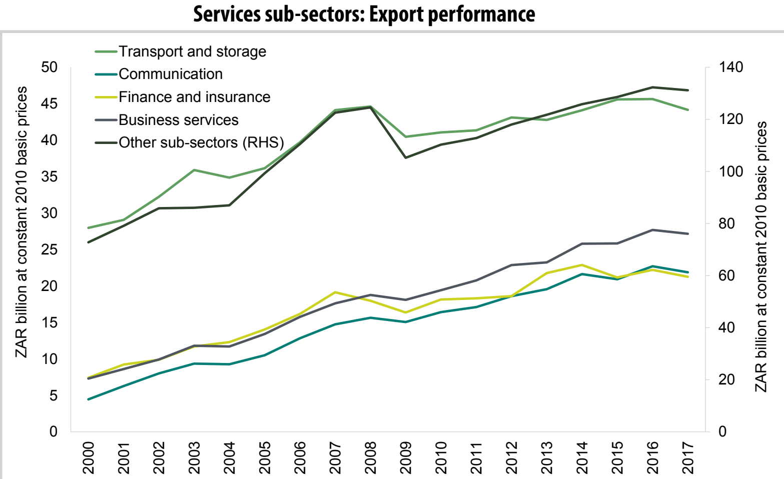
Basis for comparative advantage	Select investment trends in these sectors
✓ Sophisticated, world-class and well-regulated financial sector that has effectively withstood crises in global financial markets.	• Significant investment has flowed into the development of South Africa's offshore business process outsourcing (BPO) sector, which has been experiencing robust, double-digit annual rates of growth.
✓ South Africa is sub-Saharan Africa's largest exporter of commercial services.	• Major Chinese investment has been made in South Africa's financial sector, accompanying the strengthening of bilateral ties and the rapid expansion of trade and investment between the two countries.
✓ Strong backward, lateral and forward linkages with other sectors of the economy.	• Some of the world's largest wholesale and retail corporates, such as Walmart, H&M, Zara and Mango, have invested in South Africa in recent years.
✓ Competitive cost structure relative to global benchmarks.	
✓ Certain segments, such as BPO and film and television production, draw significant public sector support, including incentives.	
✓ South Africa is recognised as one of the leading offshore destinations for the global outsourcing of business services.	

EXPORT PERFORMANCE OF THE SERVICES SECTOR

- Certain services are tradable. South Africa has increasingly become an exporter of services, particularly to other African countries but also globally, currently being the leading exporter and importer of commercial services on the continent.
- The broad services sector's share of overall exports (i.e. goods and services) rose steadily from 23.5% in 2000 to 28.6% in 2017, reflecting relative competitiveness.

STRONG EXPORT GROWTH IN MOST MAJOR SERVICES SEGMENTS

Services sub-sectors: Export performance



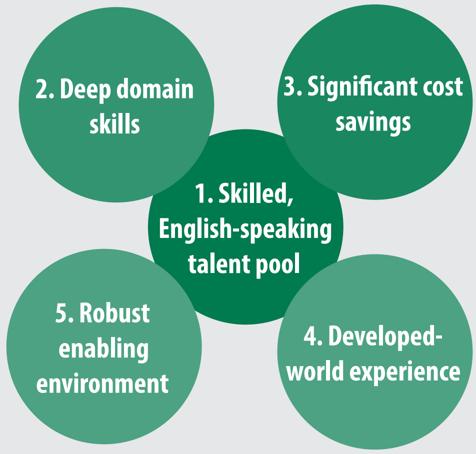
Source (chart): IDC analysis, compiled using Quantec data

Services exports	Compound annual growth rate, 2000 to 2016
Transport and storage	4.3%
Communication	4.4%
Finance and insurance	4.8%
Business services	8.4%
Other services exports	3.6%

BUSINESS PROCESS OUTSOURCING (BPO) SERVICES

- Business process outsourcing unlocks business value by allowing entities to focus on core business functions and processes, and improve overall business processes and productivity.
- The business case for, and the economic merit of, outsourcing business process functions to South Africa have been demonstrated in many instances.
- The country has a mature market for BPO services that is supported by world-class telecommunications, financial and legal infrastructure. BPO services in South Africa are concentrated in the financial services industry (66.5% penetration), telecommunications and ICT.
- South Africa offers major BPO cost-saving alternatives of at least 60% compared to other destinations such as the United Kingdom, according to Business Process Enabling South Africa. It is also endowed with a large pool of experienced English-language talent.
- The BPO industry benefits from strategic government support through the Department of Trade and Industry's Business Process Services incentive scheme, which is aimed at improving South Africa's relative competitive position in such services vis-à-vis other major competing markets. The scheme contributes to lowering the cost basket further for foreign investors.
- South Africa's BPO industry has grown by 22% per year since 2014 – three times faster than India and the Philippines as major offshore BPO services countries. This has led many regional and global companies to set up or expand BPO services operations in South Africa.
- 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; legal process outsourcing; ICT, software design and engineering; game development; and transcription services.
- The value proposition for BPO in South Africa is rooted in delivery point diversification, which allows outsourced business functions to be performed from all parts of the country, with Johannesburg, Durban as well as Pretoria joining Cape Town as BPO locations of choice.
- South Africa's regulatory environment as well as its commercial incentive programmes are positioned to support the growth of impact sourcing opportunities in the BPO industry. The country has a large talent pool with a proven record of reliable service delivery to support the growth of impact sourcing.

FACTORS DRIVING SOUTH AFRICA'S ATTRACTIVENESS AS A BPO INVESTMENT DESTINATION



Source (graphic): Everest Consultancy

The United Kingdom is the largest international market for BPO services based in South Africa, with this market constituting more than 60% of demand. Australia and the United States are important potential growth markets.

SELECT INVESTMENT OPPORTUNITIES IN BPO:

- 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 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

BUSINESS SERVICES

- South Africa is a major hub for business services on the African continent. Its highly diverse business services sector is one of the largest in the South African economy, accounting for 14.3% of GDP in 2017.
- The major segments of the business services sector include professional services such as legal, accounting, engineering and architectural services; real estate activities; renting of machinery, equipment, personal and household goods; business process outsourcing; computer and information technology services; advertising services; and, among others, business consulting services.
- The sector's growth has benefited from the structural trend towards the outsourcing of non-core activities by domestic companies.
- The business services sector is expected to sustain robust rates of growth in the years ahead. This will be anchored by:
  - Progressively higher rates of economic growth, particularly fixed investment activity;
  - The large public sector infrastructure development programme currently under way;
  - The proliferation of new-generation technologies across all sectors of the economy; and, among others,
  - Growing demand in external markets, particularly in other African countries.

WHOLESALE AND RETAIL TRADE SERVICES

- The wholesale and retail trade sector contributed 14.4% to South Africa's GDP in 2017 and is a major contributor to overall employment.
- The sector offers attractive investment opportunities, anchored in rising customer spend that is supported by an expanding population with increasing purchasing power, a fast-growing middle class, and the high inflow of business and shopping tourists, particularly from numerous other African countries.
- Some of the world's largest corporations in the wholesale and retail services arena have recognised these opportunities, thus investing in South Africa in recent years (e.g. Walmart, H&M, Zara, Mango).
- Progressive consolidation in the sector has meant that a smaller number of companies are gaining increasing market share in their respective market segments. Many of the businesses in the sector are integrated in their supply chains and have well-established foundations for further expansion and investment to leverage on the emerging opportunities.
- Several of South Africa's major wholesale and retail corporates have, over the years, developed strong footprints across the African continent. These include warehousing, distribution and retailing operations sourcing goods and services not only in the host countries but also from the South African economy.

FINANCE AND INSURANCE

- The finance and insurance sector is one of the largest and fastest growing, having recorded GDP growth of 7% per year over the period 2000 to 2016.
- The sector is well developed and comparable to those in developed economies. It encompasses all types of financial intermediation, including commercial and retail banking, investment asset management, insurance and pension fund management activities.
- South Africa has highly developed financial markets and a well-functioning, strongly regulated financial industry. The major banks are Standard Bank, Absa Group, FirstRand and Nedbank, some of which provide commercial, retail and investment banking services throughout the continent. The proliferation of technological innovations has led to an increasing number of players offering value-adding competing services and products for both the mainstream and underserviced segments of the population.
- The insurance segment accounts for around 80% of total direct premiums generated on the African continent. Life insurance is dominant, accounting for 75% of the insurance sector.

SELECT INVESTMENT OPPORTUNITIES IN FINANCE AND INSURANCE:

- The financial services segment provides significant growth opportunities, particularly in the lower ends of the consumer market. Despite a highly concentrated banking industry structure, smaller banks have been taking advantage of this potential
- Black economic empowerment legislation continues to drive demand for private equity funds, creating growth opportunities for investors in this area
- Demand for asset management services is growing on the back of changes in tax legislation and an expanding middle class
- Increasing penetration rates of the non-life insurance sub-sector and enhanced life densities are expected to drive robust growth in South Africa's insurance sector, representing a significant investment opportunity
- Insurance solutions such as pay-per-use insurance (for example, on car insurance), insurance combined with financing (for example, micro-loans to purchase solar panels)
- Specialised data provision and data management services

COMMUNICATIONS

- The communications sector accounts for 2.4% of GDP and is a key enabler of other business services sectors in the South African economy. It is also one of its fastest-growing sectors.
- The sector encompasses telecommunications (key players being fixed-line operator Telkom, and mobile ICT companies MTN, Vodacom and Cell C), national postal services (predominantly state-led) and associated courier activities.
- The liberalisation of the domestic telecommunications market, particularly due to the Electronic Communications Act of 2005, facilitated the proliferation of new entrants and increased competition in the sector.
- The country's telecommunications sector is among the largest on the African continent. It is also deemed to be one of the most complex and technologically advanced telecommunications systems.
- Domestic telecommunications are at the forefront with respect to the adoption of technological innovations compared to regional peers, resulting in the local industry's growing penetration of regional markets.
- Saturation of the domestic mobile market and shifts from voice and SMS to data have created significant growth opportunities in 4G Long-Term Evolution (LTE) services.

SELECT INVESTMENT OPPORTUNITIES IN COMMUNICATIONS:

- Investment in advanced telecommunication applications: Internet of Things (IoT) applications such as telematics and smart devices; inter-device communications technology
- Big data tools for reporting and analytics
- Reselling of global cloud platforms
- Business franchising opportunities in Voice over Internet Protocol (VoIP) solutions
- e-Services across industries (e.g. technology/applications for e-government and e-health)
- Data centres, LTE-A data-only mobile network play
- Opportunities for consolidation or investment in fibre internet service providers (ISPs)
- Frontier ICT technology skills development

FILM AND TELEVISION

- South Africa has a proven track record in the film, television and commercial service arenas.
- The direct contribution made by the film industry to the economy was estimated at ZAR 4.4 billion in 2016/17, according to Urban-Econ. The industry has recorded an average growth of 15% per year since 2013, reflecting its vibrancy and expanding investment opportunity set.
- South Africa's film industry has made inroads internationally, but development opportunities exist in pre- and post-production facilities, as well as in other support services (e.g. special effects, design and making of costumes, décor or film sets, animation).
- Private equity constitutes the industry's main source of funding (ca. 32.4%), reflecting its attractive investment credentials.
- The industry receives significant public sector support, including government incentives (e.g. Foreign Film and Television Production and Post-Production Incentive, SA Film Production and Co-production Incentive), development and production funding from the National Film and Video Foundation and the Industrial Development Corporation

SELECT INVESTMENT OPPORTUNITIES IN THE FILM INDUSTRY:

- Development of feature films and documentaries (largest segment of local film industry, ca. 27%).
- Although animation is the smallest segment in the industry (ca. 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 value chain, incl. film concept development, film product packaging and distribution, private equity financing, pre- and post-production management companies and marketing services.
- Post production and VFX studios to enable E2E production in South Africa.
- Investing in new specialised studio space.
- Skills development and training across the industry

TOURISM

- South Africa is one of the world's fastest-growing leisure and business travel destinations. Its scenic beauty and diversity, sunny climate, wildlife and cultural aspects constitute, among others, strong investment propositions for the tourism sector.
- South Africa was ranked 38th in the world in 2017 in terms of international tourist arrivals (10-million in 2016, 10.3-million in 2017) and 36th with regard to international tourist receipts in 2017 (USD8.8-billion, up from USD7.9-billion in 2016), according to the United Nations World Tourism Organisation (UNWTO). It is Africa's second-largest international tourist destination, after Morocco.
- The tourism sector has developed into one of the major contributors to the economy. It has extensive linkages to several other sectors, benefiting from the supply of goods and services by a multitude of domestic producers and service providers.
- Due to its labour-intensity and sectoral linkages, it is a priority sector for the government, with rural tourism being a key area of focus for growth. The sector's growth and development are guided by the National Tourism Sector Strategy.

SELECT INVESTMENT OPPORTUNITIES IN TOURISM:

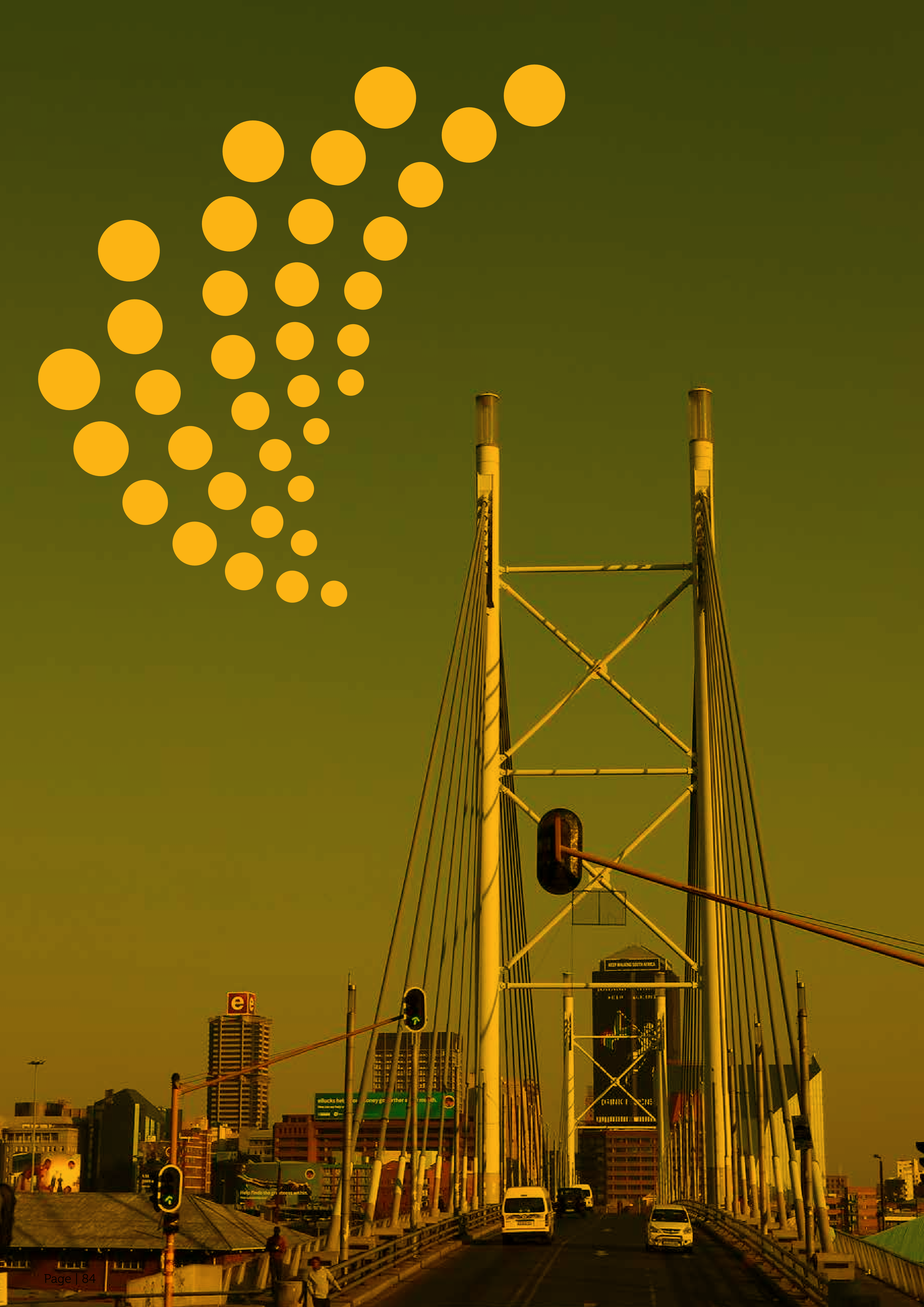
- Business tourism: South Africa has over 1 000 high-quality conference and exhibition venues, with a National Convention Bureau assisting in revenue origination
- Cultural tourism: Investment in existing and development of world-class tourism sites to commemorate South Africa's historical legacy
- Investment in World Heritage Sites: South Africa hosts 10 World Heritage Sites
- Eco-tourism: South Africa's diverse climate, varied wildlife and landscapes create a myriad of opportunities for eco-tourism commercial ventures. The country is leading the way in the development of trans-frontier parks
- Adventure tourism: Marine tourism such as game fishing and shark cage diving
- Other high-growth opportunities: Sports tourism, palaeo-tourism development, wine tourism, theme parks and medical tourism

OCEANS ECONOMY

- Several factors support South Africa's relative competitive advantage for the development and growth of maritime-related services industries. Importantly, South Africa is the strategic African hub for maritime operations in the South-South trade corridor from Asia to the eastern coast of South America and connector routes along the eastern and western coasts of Africa.
- South Africa's proximity to offshore and exploration sites around Africa, supported by sophisticated technology, skills and infrastructure, makes the country a compelling site for investment in maritime services.
- The country has eight major ports, including two of the world's top container ports and two of the world's biggest dry bulk ports, with capacity for Panamex, Capezie vessels and ultra-large container ships. Durban port and Saldanha Bay also have the capacity for offloading large crude carriers.
- A major opportunity pertains to ship/oil rig repair and maintenance services provided to ocean vessels travelling along one of the world's busiest shipping routes. Underpinned by significant skills locally, there are unique opportunities to service (maintain and repair) marine oil rigs along the west coast of Africa, as well as new natural resource extraction projects (e.g. gas in Mozambique).
- The government's strategic support programme, precipitated by the Operation Phakisa for the Oceans Economy, has set a target to grow its GDP contribution to ZAR177-billion by 2033, equivalent to 350% growth of its total value-add in 2016. This will unlock significant investment opportunities.

SELECT INVESTMENT OPPORTUNITIES IN THE OCEANS ECONOMY:

- 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

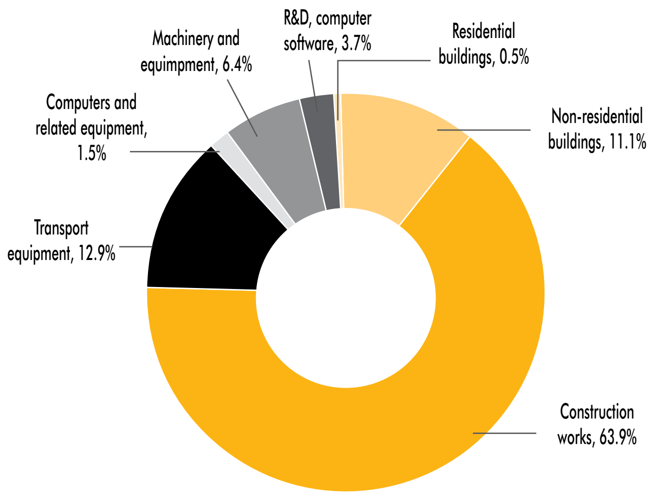


6.5
INFRASTRUCTURE-RELATED INVESTMENT OPPORTUNITIES

AN EXTENSIVE INFRASTRUCTURE DEVELOPMENT PROGRAMME IS UNDER WAY

- South Africa's public sector has, for several years, been rolling out an extensive capital expenditure programme aimed at addressing backlogs and capacity constraints in the country's physical infrastructure.
- The ongoing and planned fixed investment programme will raise the economy's potential and permit a sustainable high-growth trajectory.
- This long-term strategic programme to build an efficient, competitive and responsive economic infrastructure network is captured in the National Infrastructure Plan (NIP).
- The energy, transport and water sectors represent the bulk of the infrastructure investment spending plans for the years ahead. The NIP also aims to support the integration of African economies and the development of intra-regional value chains.
- South Africa's public sector spent ZAR260.1-billion on infrastructure development in the 2017/18 fiscal year, according to National Treasury estimates. The bulk of public sector fixed investment expenditure is on construction works.

COMPOSITION OF PUBLIC SECTOR FIXED INVESTMENT EXPENDITURE IN 2017



Source: IDC analysis, compiled using Quantec data

INFRASTRUCTURE DEVELOPMENT PLAN PRESENTS SUBSTANTIAL INVESTMENT OPPORTUNITIES

- A very large infrastructure development programme is being rolled out in South Africa, providing opportunities for investors to participate in specific projects, as well as for partnering with local suppliers of goods and services in order to benefit from the enormous procurement requirements.
- Public sector infrastructure expenditure is set to total ZAR834.1-billion over the three fiscal years from 2018/19 to 2020/21. Around 75% of the total public sector spending on infrastructure is directed towards transport, energy and water infrastructure, which should contribute to increased localised production capacity.

KEY ELEMENTS OF THE NATIONAL INFRASTRUCTURE PLAN INCLUDE:

Transport and logistics
ZAR288.2-billion
34.5% of total spending

Human settlements
ZAR57.1-billion
6.8% of total spending

Water and sanitation
ZAR118.2-billion
14.2% of total spending

Energy
ZAR218.8-billion
26.2% of total spending

Education
ZAR46.9-billion
5.6% of total spending

Health
ZAR32.6-billion
3.9% of total spending

Source (data): National Treasury

INFRASTRUCTURE DEVELOPMENT PLAN PRESENTS SUBSTANTIAL INVESTMENT OPPORTUNITIES

- The Presidential Infrastructure Coordination Commission (PICC) has approved 18 strategic infrastructure projects (SIPs) to support economic development and service delivery in all of South Africa's nine provinces.
- The SIPs are seen as having the ability to unlock opportunities, transform the economic landscape, create new employment, strengthen the delivery of basic services and support the integration of African economies.
- The government is committed to the roll-out of the SIPs, as illustrated by the ZAR394.3-billion capital allocation in the 2018 National Budget over the three-year period to 2020/21.
- The SIPs present opportunities for strategic investment partnerships and supplier/value chain development across the various project pipelines.

Catalytic infrastructure projects

- Unlocking northern mineral belt
- Durban-Free State-Gauteng corridor development
- South-eastern node and corridor development
- Saldanha-Northern Cape corridor development

Enabling socio-economic projects

- Greening the South African economy
- Electricity generation
- Electricity transmission and distribution
- Integrated municipal infrastructure
- Integrated urban space and public transportation
- Agro-logistics and rural infrastructure
- Regional integration

Cross-cutting projects

- Access to communication technology
- Square Kilometre Array (SKA) and MeerKAT
- National school build
- Higher education
- Revitalisation of public hospitals
- Unlocking economic opportunities in the North West province

- The South African government is committed to increased public sector procurement from local suppliers so as to have beneficial impacts on the domestic economy.
- A wide range of products has been designated for procurement by public sector entities (national, provincial and municipal government departments, as well as state-owned companies) from local producers.
- Product designations can play a crucial role in supporting production activity for local producers, for they secure a considerable source of demand for the respective products.
- Product designations also open up opportunities for the expansion of existing production capacity or investment in new domestic manufacturing capacity.

Industries, sectors and sub-sectors that have been designated for local production with minimum local content thresholds

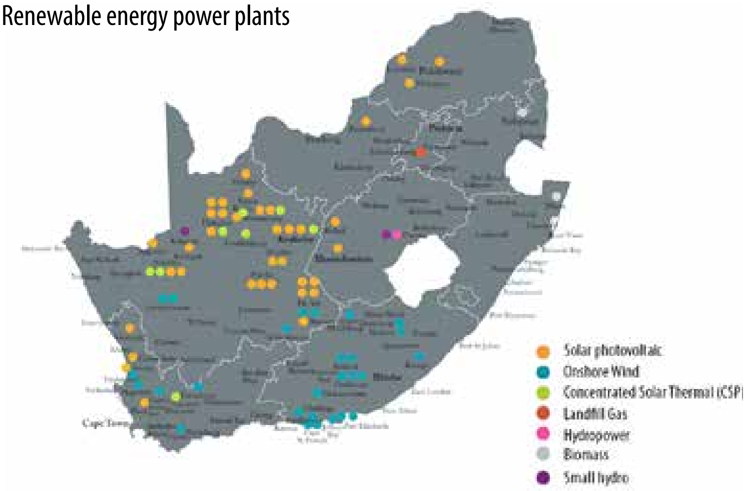
	Minimum threshold for local content		Minimum threshold for local content
Industry/sector/sub-sector		**Furniture Products**	
Buses (Bus body)	80%	Office furniture	85%
Textile Clothing Leather and Footwear	100%	School Furniture	100%
Steel Power Pylons	100%	Base and Mattress	90%
Monopole Pylons	100%		
Steel Substation Structures	100%	**Solar Water Heaters**	
Powerline Hardware	100%	Solar Water Heater tanks / geysers	70%
Street light Steel Poles	100%	Solar Water Heater collectors	70%
Steel Lattice Towers	100%		
Canned / Processed Vegetables	80%	**Electrical and telecom cables**	
		Electrical and telecom cables	90%
Phamaceutical Products			
OSD Tender	70% (volumes)	**Valves products actuators**	
Family Planning tender	50% value	Valves products actuators	70%
Rail Rolling Stock		**Residential Electricity Meter**	
Diesel Locomotives	55%	Prepaid Electricity Meters	70%
Electric Locomotives	60%	Post Paid Electricity Meters	70%
Electric Multiple units (EMU)	65%	SMART Meters	50%
Wagons	80%		
		Working Vessels/ Boats (All Types)	
Rail Rolling Stock Components		Vessels / boats	60%
Assembly of locomotives and EMU	100%	Components	10% -100%
Car body	100%		
Bogie	100%	**Conveyance pipes**	
Coupling equipment	100%	Conveyance pipes	80% -100%
Suspension	100%		
Heat ventialtion and air conditioning	60% - 70%	**Transformers and Shunt Reactors**	
Braking system	70% - 80%	Class 0	90%
Alternators	90% - 100%	Class 1	70%
Traction motors	65% - 80%	Class 4	10%
Electric systems	80% - 90%	Components and conversion activities	50% - 100%
Set Top Boxes			
Set Top Boxes	30%		

Source (table): Department of Trade and Industry

GREEN INFRASTRUCTURE INVESTMENT OPPORTUNITIES

- South Africa is committed to investing in the greening of its economy, with a strategic focus on:
  - Renewable/alternative energy;
  - Improved energy efficiencies;
  - Emissions/pollution mitigation; and
  - Natural resource management.
- The country is rolling out an Integrated Resource Plan (IRP) to address energy requirements going forward, including electricity and liquid fuels.
- The anticipated investment in renewable energy alone is estimated at USD48.3-billion up to 2030. Four out of five rounds of the REIPPPP have already been awarded.
- Wind and solar technologies have been attracting the most interest due to their relatively mature stage of development and South Africa's plentiful solar and wind resources.
- Renewable energy projects added about 3 774MW to the grid between 2011 and December 2017, while a total of 6 426MW has already been procured through seven bid windows.

Renewable energy power plants



South Africa: Installed capacity		
Eskom: legacy coal plants	Decommissioning from 2020	37 754MW
Eskom: peaking power	Gas, pumped storage, hydro	5 819MW
Eskom: new coal	Medupi and Kusile	9 564MW
Nuclear	Koeberg, Cape Town	1 940MW
Eskom: renewable energy		100MW
IPP, renewable energy	REIPPPP	3 314MW
Other IPPs		1 713MW
	Total	**60 204MW**

Source (map and data): Eskom Integrated Energy Report 2017

- The agreements for 27 new projects procured under the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) bid windows 3.5 and 4 were signed in April 2018. Representing a ZAR56-billion capital injection by the private sector, the associated investments will add around 2 300MW of generation capacity to the grid over the next five years. More renewable energy projects are expected to be rolled out, given the government's commitment to procure some 14 725MW in the transition to a low-carbon economy.
- Pyrolysis/gasification, anaerobic digestion, as well as micro/small hydro technologies, will also form part of South Africa's future energy mix, and as such present investment opportunities.
- The roll-out of renewable energy and energy efficiency technologies is leading to increasing demand for numerous components. Although South Africa's industrial base can accommodate some of the procurement needs, new industries are/will be established to cater for rising demand, including the production of associated items (e.g. solar/wind energy technologies and components).

SELECT INVESTMENT OPPORTUNITIES IN GREEN INFRASTRUCTURE AND RELATED VALUE CHAINS:

- Roll-out of renewable energy technologies
- Adoption of energy efficiency technologies
- Solar energy technologies and components (solar panels, solar water geysers, timers, and so on)
- Wind turbines and components
- Pyrolysis/gasification; anaerobic digestion
- Recycling (plastics, paper, glass, e-waste, and so on)
- Electric vehicles and components
- Green buildings-related materials and products
- Desalination plants
- Energy storage

7.
CONCLUDING REMARKS

SOUTH AFRICA:
BUILDING PARTNERSHIPS, ACCELERATING 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 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 massive investment programme is rolled out by the public 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 is poised to achieve a higher growth trajectory. Recent political developments have been widely welcomed, resulting in a clear recovery in business, investor and consumer sentiment.
- 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 a substantially improved global economic outlook, augur well for South Africa's very open economy, with significant catalytic ramifications for investment prospects across a wide variety of sectors.

FOR FURTHER INFORMATION AND OTHER FORMS OF ASSISTANCE, KINDLY CONTACT INVESTSA, SPECIFICALLY:

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