

# **South Africa: Investment Environment & Opportunities**

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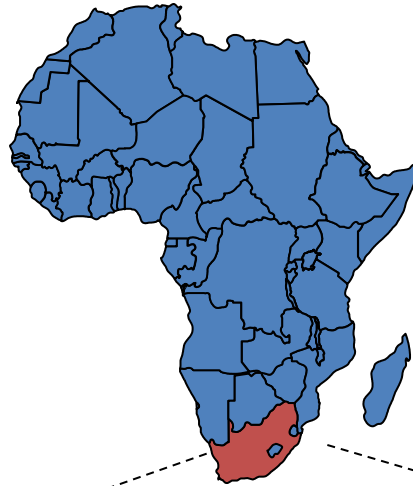




# SOUTH AFRICA : AN OVERVIEW



# South Africa at a Glance



- Area 1,22 million km<sup>2</sup>
- Population 50,6m (estimate 2012)
- Head of the State: President Jacob Zuma
- 11 Official languages with English as the business language
- Total GDP 2012: US\$ 384,8bn
- GDP 2012 per capita: US\$ 7 379
- Real GDP Growth: 2,5% (2012)
- Inflation (CPI): 5,6% (2012 annual average)



# South African Economy

South Africa is always **open for business** in every conceivable economic sector. With a stable democratic government, sound financial security and a transparent and highly regulated banking sector, the country is a haven for investors.

Despite the global recession, South Africa has an excellent economic position due to its commodity prices, low interest rates and strong economic growth.

South Africa is the powerhouse of Africa with the most advanced, broad-based economy on the continent; a thriving democracy; and infrastructure to match any first world country.

It has an abundance of natural resources; well-developed financial, legal, communications, energy, and transport sectors; and the 26th largest GDP in the world.





- Positioned as a manufacturing centre of excellence.
- Diversified Industrial sectors.
- Open economy.
- Sound business case for investment and profit.
- Gateway to Africa and markets of more than 200 Million consumers.
- Africa is the next big story after China and India.





# South African Economic Outlook

- Strong domestic demand, revived consumer spending is a positive factor driving growth.
- SA economic fundamentals remain strong, low international debt.
- The multi-billion rand capital expenditure program by state owned enterprises and increased government infrastructure spending on electricity, water, communication and transport will underpin a robust public sector fixed investment growth.



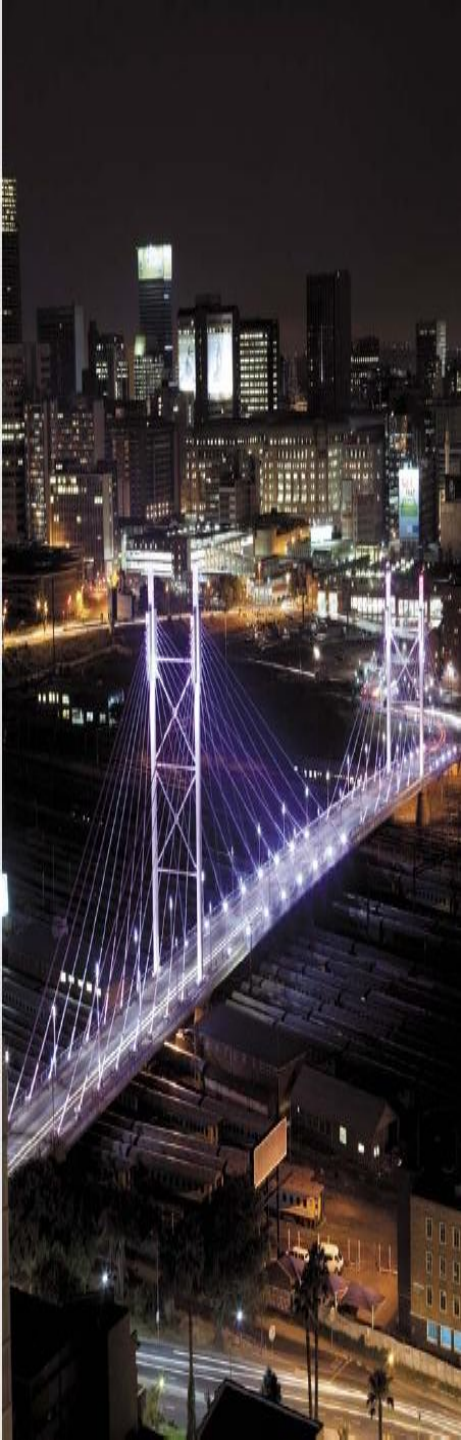


# South Africa - Global Perspective

- Cape Town was named **top tourist destination** in the world in the 2011 Traveler's Choice Destinations awards.
- South Africa is the only African country that is a **member of the G20**
- OR Tambo airport is the **best airport in Africa**, according to the World Airport Awards 2010/11. It was also among the top 3 most improved airports in the world for the same period.

Source: *SouthAfrica.info; Economist Intelligence Unit*





- South Africa is **one of the most sophisticated and promising emerging markets in the world**, offering a unique combination of highly developed first world economic infrastructure with a vibrant emerging market economy.
- South Africa is one of the world's 26 industrialised nations.
- South Africa has the **largest economy on the African continent**, accounting for approximately 25% of the continent's GDP.



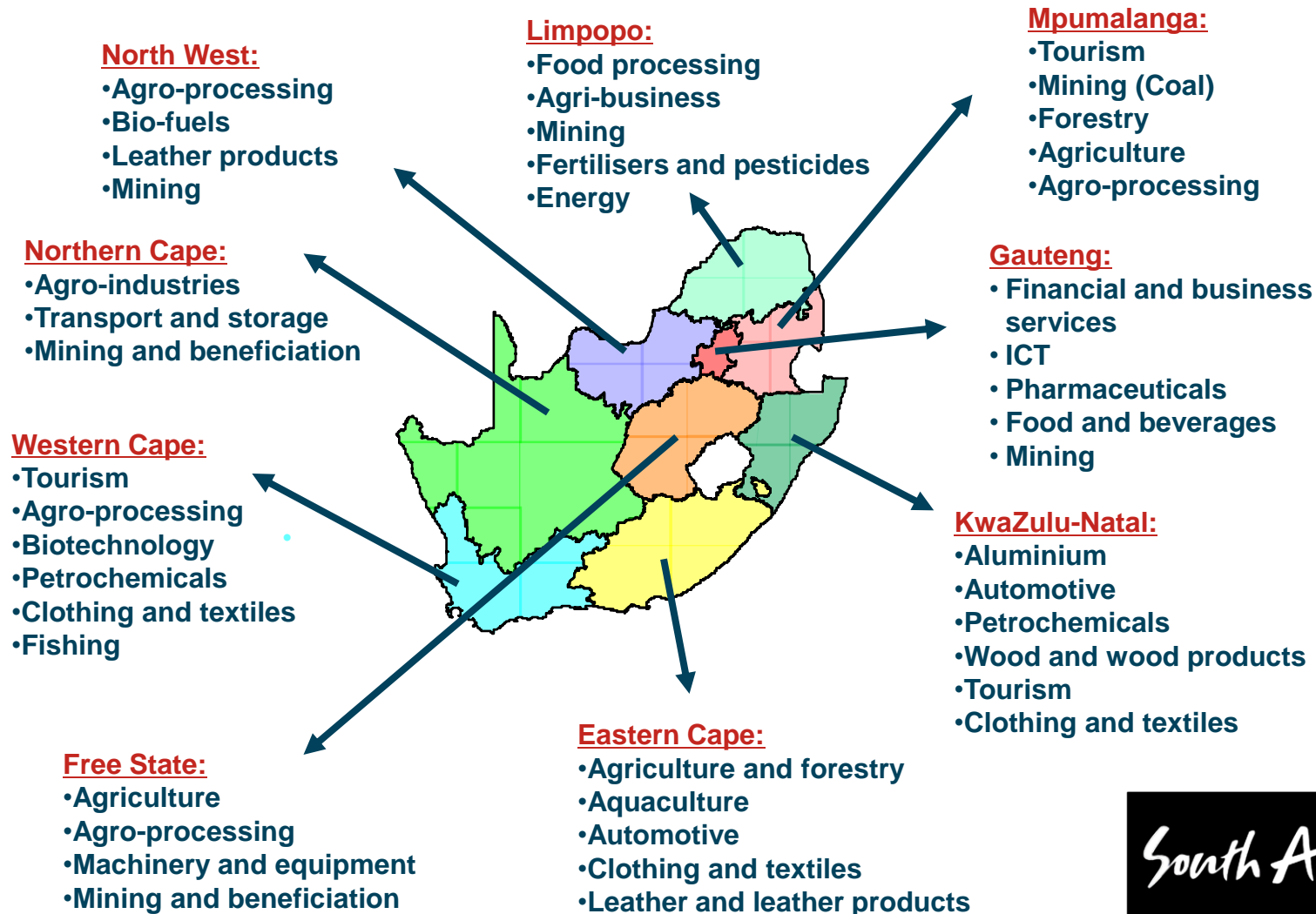




- According to the World Bank, South Africa ranked 35<sup>th</sup> out of 183 in the world for **ease of doing business** in 2012.
- The JSE Securities Exchange is Africa's largest and most developed Securities Exchange and **one of the world's top 20 exchanges**.
- South Africa remains the world's top producer of minerals such as gold, 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.



# Main Economic Sectors by Province





# SOUTH AFRICA : TRADE RELATIONS



# South Africa's: Main Export Products Worldwide

South Africa has a diversified economy that exports a variety of products and services

- Mineral Products (Platinum, Gold, Diamonds, Coal)
- Motor Vehicles and Components
- Steel
- Fruit and Wine,
- Processed Food/ Fish products
- Chemical Products
- Wood, Paper, Pulp
- Manufactured Goods





# Global Ranking: Trade Partners with South Africa 2012

Main Importers of SA Products	Rand (millions)
1. China	81.142
2. United States	61.557
3. Japan	44.257
4. Germany	37.993
5. India	30.066
6. United Kingdom	27.137
7. The Netherlands	24.656
22. Spain	7.228

Main Exporters to SA	Rand (millions)
1. China	120.059
2. Germany	83.959
3. Saudi Arabia	64.601
4. United States	61.157
5. Japan	37.912
6. India	37.644
7. United Kingdom	28.870
23. Spain	10.089

Source: The DTI stats



# EU Ranking: Trade Partners with SA 2012

Main Importers of SA Products	Rand (millions)
1. Germany	37.993
2. United Kingdom	27.134
3. The Netherlands	24.656
4. Belgium	14.962
5. Switzerland	14.463
6. Italy	11.070
7. Spain	7.228
8. France	6.583

Main Exporters to SA	Rand (millions)
1. Germany	83.959
2. United Kingdom	28.870
3. Italy	21.079
4. France	20.304
5. The Netherlands	14.835
6. Sweden	12.104
7. Belgium	10.320
8. Spain	10.089

Source: The DTI stats



# Bilateral Trade Spain / South Africa

Total bilateral trade between Spain and South Africa in 2012 was 1,9 bn Euros.

South Africa's main exports to Spain:

- coal
- fish
- fresh fruits
- iron
- steel products
- ores and slag

Spain's main exports to South Africa:

- vehicles
- automotive parts & accessories
- nuclear reactors & related equipment
- electrical machinery & equipment
- pharmaceutical products



# Bilateral Trade: Between South Africa & Spain

(Millions of Euros)

Year	Spain Imports from SA	Annual Growth	Spain Exports to SA	Annual Growth	Total Trade	Annual Growth
2006	1 351	7%	742	16%	2 094	10%
2007	1 478	9%	775	4%	2 254	9%
2008	1 597	7%	599	-29%	2 197	-2%
2009	871	-43%	551	-8%	1 413	-36%
2010	956	10%	859	56%	1 815	28%
2011	1 062	11%	945	10%	2 008	11%
2012	858	-19%	1054	11%	1 912	-5%

Source: Spanish Ministry of Economy & Competitiveness





# Trade between South Africa & Spain 2013

During the first six months of 2013, Spanish exports to South Africa amounted to 725 million euros, an increase of more than 64% compared to the figures of the first half of 2012. It is evident that there are significant opportunities available for Spanish companies and products in South Africa.

Year Period (JAN - JUNE)	Spain Imports from SA (Millions of Euros)	Spain Exports to SA (Millions of Euros)
2012 (JAN - JUNE)	436	441
2013 (JAN - JUNE)	366	725
GROWTH	-16%	64%



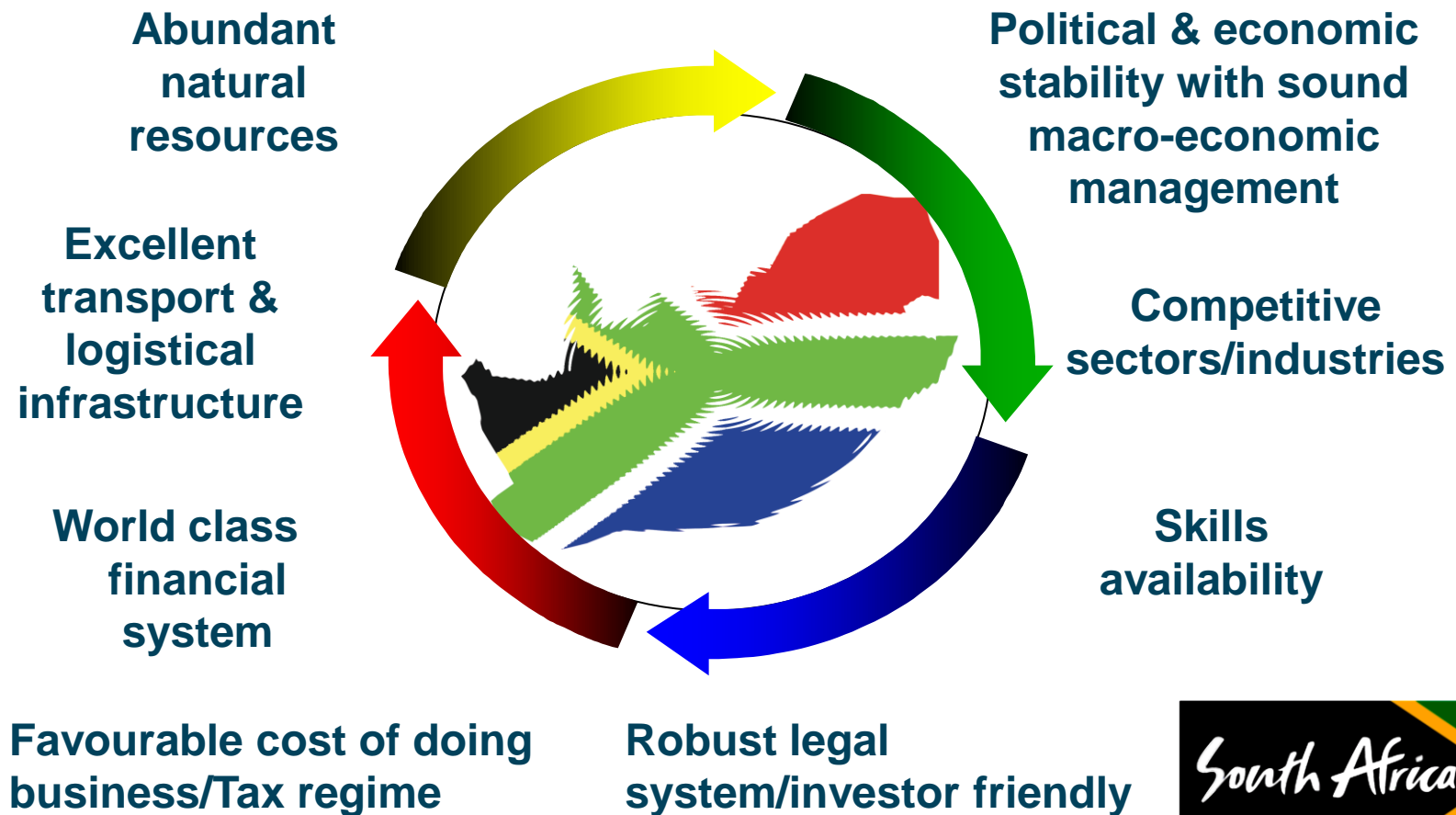


# SOUTH AFRICA : INVESTMENT ENVIRONMENT



# South Africa's investment environment

South Africa today is one of the most sophisticated and promising emerging markets globally, mainly because of ...



# South Africa - emerging market perspective

Of 14 emerging markets; Australia, Canada, Russia, Mexico, China, Poland, Spain, India, Korea, Brazil, South Africa, Colombia, Chile & Argentina

South Africa is:

- 2<sup>nd</sup> most sophisticated financial market
- 2<sup>nd</sup> lowest effective business tax rate
- 4<sup>th</sup> ranked for ease of accessing capital
- 4<sup>th</sup> ranked i.t.o. the cost of capital
- 6<sup>th</sup> ranked for infrastructure
- 8<sup>th</sup> ranked i.t.o labour productivity







# SA New Growth Path at a Glance

Creating 5 million jobs by 2020

Reduce Unemployment from 25% to 15% by 2020

Six (6) key sectors focus in unlocking the employment potential:

1. Infrastructure development
2. Expansion of agricultural value chain
3. Expansion of mining value chain
4. Green economy programmes (Renewable energy)
5. Tourism
6. Manufacturing sector in IPAP2



# Spanish Investment in South Africa

The following sectors in South Africa were to date targeted for Foreign Direct Investment by Spanish companies:

- Metals
- Automotives & equipment,
- Water treatment
- Construction
- Mining
- Renewable Energy
- Clothing / Textiles



# Spanish companies that have invested in South Africa:

- ACS Dragados (Platinum Highway)
- Acerinox (Columbus Stainless Steel)
- Grupo Antolín (Automotive)
- Irizar (Luxury buses)
- Ulma (packaging)
- Gas Natural Fenosa (mining- Kangra Coal)
- Taurus (domestic appliances)
- Inditex 'Zara' (Fashion retail clothing store)
- Mango (Fashion retail clothing store)
- Abengoa (renewable energy)
- Acciona (Renewable energy)
- Gestamp (Renewable energy)
- AMDA Energía (Renewable energy)





# SOUTH AFRICA : OPPORTUNITIES FOR SPANISH COMPANIES





# Investment Opportunities for Spanish Companies: Infrastructure

- South Africa experienced a dramatic boost in infrastructure spending as a result of hosting the 2010 World Cup.
- A massive infrastructure development drive has begun in 2012. South Africa's public sector will spend more than R802 -billion (USD\$121-billion) on new power stations, road networks, dams, water supply, railway infrastructure and port facilities over the next three years.
- To boost energy capacity, the government would continue searching for renewable energy sources, especially solar electricity and biofuels as it implements the Green Economy Accord with economic stakeholders.





# Investment Opportunities for Spanish Companies: Renewable Energies

- There are many reasons for Spanish companies to consider investing in South Africa given their strong experience in the field of infrastructure development and the renewable energy sector.
- The total Spanish share of contracts under the first and second window of the Government's renewable energy procurement programme was 1001 MW, which corresponds to 40.6% of the total capacity awarded.
- A third window opened in August this year and the preferred bidders, which we hope will include Spanish companies, will be announced on 29 October. This initiative is part of South Africa's goal to introduce up to 17 800 MW of renewable energy by 2030.



## Other Investment Opportunities

Sector	Sub-sector
Agro-processing	<p>Fisheries and aquaculture i.e. freshwater aquaculture &amp; mariculture</p> <p>Food processing in the milling and baking industries, meat</p> <p>Fruit and Vegetable Processing Plants</p> <p>Beverages viz. fruit juices</p> <p>Biofuels production viz. biodiesel &amp; bioethanol</p>
Metal fabrication, capital and transport equipment	<ul style="list-style-type: none"> <li>•Manufacturing and assembly of mining, agricultural and construction equipment</li> <li>•Services in the engineering, construction sectors</li> <li>•Rolling stock i.e. locomotives, wagons and coaches</li> <li>•Production of permanent ways i.e. railway lines, signalling equipment, electrification, bridges and stations</li> <li>•Harbour construction and equipment</li> </ul>
Tourism	<ul style="list-style-type: none"> <li>•Accommodation - hotels, boutique hotels, lodges &amp; resorts</li> <li>•Urban integrated tourism/ entertainment precincts</li> <li>•Adventure, - eco-, sport-, conference - and cultural tourism.</li> <li>•Infrastructure development.</li> <li>•Leisure complexes &amp; world class golf courses.</li> <li>•Harbour &amp; waterfront developments.</li> <li>•Transfrontier conservation areas.</li> <li>•Tourism transport - aviation, rail, cruise liners etc</li> <li>•Green building and green technologies for tourism</li> <li>•Attractions and activity - based tourism</li> </ul>



# Other Investment Opportunities

Sector	Sub-sector
Power generation and distribution	Independent power generation, energy infrastructure & alternative energy
Advanced Manufacturing	<p><b>Advanced materials manufacturing viz.</b></p> <p>Nano-materials</p> <ul style="list-style-type: none"><li>•High performance materials based on natural resources (advanced bio-composites)</li><li>•Composites (intelligent textiles used in medical, building and construction industries)</li><li>•Continuous fibre reinforced thermoform composites</li></ul> <p><b>Digital TV and Set Top Boxes</b> due to migration to full digital television as analogue will be switched-off by November 2011.</p> <p><b>Nuclear Build Programme</b> i.e. joint ventures, consortiums and the establishment of new companies to grow South Africa's nuclear manufacturing capability and nuclear supply industry to supply into the nuclear build programme</p> <p><b>Electricity Demand Side Management Solutions</b> to improve electricity efficiency usage.</p>







**THANK YOU**

