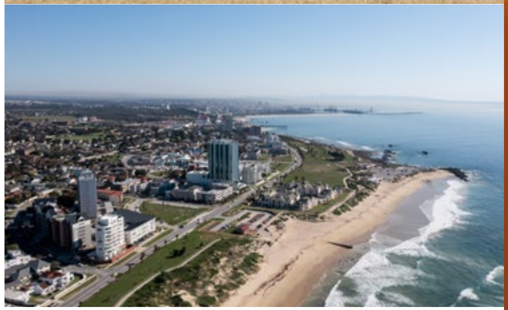

# INVEST IN NELSON MANDELA BAY

## Smart Investment for Smart Returns

nelson mandela bay
MUNICIPALITY






nelson mandela bay MUNICIPALITY

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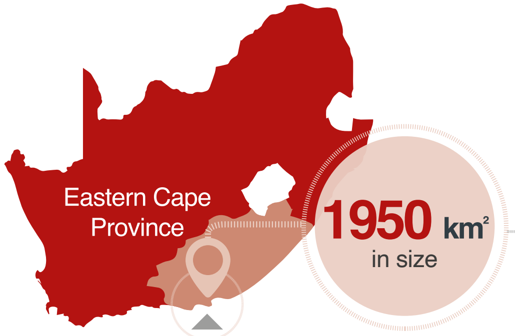



*NMB situated on the east coast of SA*

1. *It lies* **1058 km** *from* **Johannesburg**
2. *It lies midway between* **Cape Town** *and* **Durban**

## QUICK FACTS ABOUT SOUTH AFRICA

**CAPITAL CITIES:**

**Pretoria:** Administrative Capital | **Cape Town:** Legislative Capital | **Bloemfontein:** Judicial Capital

**AREA:**
1 219 090 km²
One Time Zone (GMT + 2)

**POPULATION:**
62 020 000 (2024)

**COMPANY TAX:**
27%

**FOREIGN EXCHANGE:**
There are no foreign exchange restrictions in South Africa.

**FINANCIAL SERVICES:**
The dtic develops and reviews regulatory systems in the areas of competition, consumer protection, company and intellectual property, as well as public interest regulation. It also oversees the work of national and provincial regulatory agencies mandated to assist the dtic in providing competitive and socially responsible business and consumer regulations, for easy access to redress and efficient markets.

# ABOUT THE EASTERN CAPE

*"The Eastern Cape is still a frontier. For the tourist, industrialist or investor, it is a frontier of diversity, potential and economic opportunity. For the people who live here, the province is a frontier at the cutting edge of social and economic transformation."*

The Eastern Cape, holding all that South Africa has to offer, contains all seven of South Africa's biomes (ecological zone) and offers an unrivalled range of climates, landscapes and cultures. The province is the second largest in South Africa and represents 14% of the country's land mass. The area has miles of sandy beaches, a variety of nature reserves and quaint towns filled with rich histories and vibrant cultures. It is these distinctive attributes that attract local and international tourist to the province.

The automotive industry is one of the main contributors to the area's economic growth. The Eastern Cape is home to five major automotive manufacturers, namely Volkswagen, ISUZU, FAW and BAIC (all are located in Nelson Mandela Bay), and Mercedes-Benz South Africa (situated in East London). In addition, there are over a 150 vehicle component manufacturers in the province.

The Coega Special Economic Zone in Nelson Mandela Bay and the East London IDZ are the dedicated areas of development for the province and are strategically positioned and incentivised for local and foreign investors with export interests.

# OVERVIEW

## OF NELSON MANDELA BAY

**Nelson Mandela Bay boasts an assortment of tourist attractions such as its clean, safe, golden beaches and its exquisite natural surroundings and wildlife reserves.**

Nelson Mandela Bay, covering an area of 1950 km², is situated on the east coast of South Africa, in the Eastern Cape Province. It lies midway between Cape Town and Durban and 1058 km from Johannesburg. The Bay is comprised of Gqeberha, Kariega, Despatch and Colchester, with Gqeberha being the largest city in the Eastern Cape. Nelson Mandela Bay is named after former South African president, freedom fighter, and Nobel Peace Prize winner, Nelson Rolihlahla Mandela.



*The area has miles of sandy beaches, a variety of nature reserves and quaint towns filled with rich histories and vibrant cultures.*

# ECONOMY

## OF NELSON MANDELA BAY

**ECONOMIC PERFORMANCE INDICATORS**

**SOCIO-ECONOMIC OVERVIEW: NELSON MANDELA BAY**

**Key facts & figures:**

**R 4.65** trillion

*NMBM contributed* **2.63%** *to the Total GDP of SA*

**R 351** billion

*NMBM contributed* **34.91%** *to the Total GDP of the Eastern Cape Province*

**R 123** billion

**NMBM GDP**

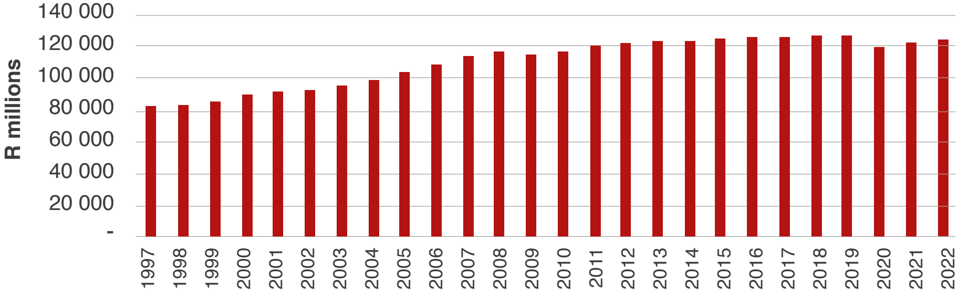


| | |
|---|---|
| **Output/gross value added** | R173.2 billion |
| **Contribution to the national economy** | 2.9% of South African GDP (estimate) |
| **Geographical size** | 1,959 km² |
| **Employed workforce** | 326,000 individuals |
| **Population size** | 1,190,496 |
| **Unemployment** | 33.9% |
| **Number of households** | 307,931 |
| **Average household size** | 3.9 |
| **Formal dwellings** | 92.0% |
| **Electricity for lighting** | 96.5% |
| **Flush toilets connected to sewerage** | 93.5% |
| **Weekly refuse disposal service** | 88.8% |
| **Access to piped water in the dwelling** | 82.3% |

***4th quarter 2023*** *(Sources: Quantec; Statistics South Africa*

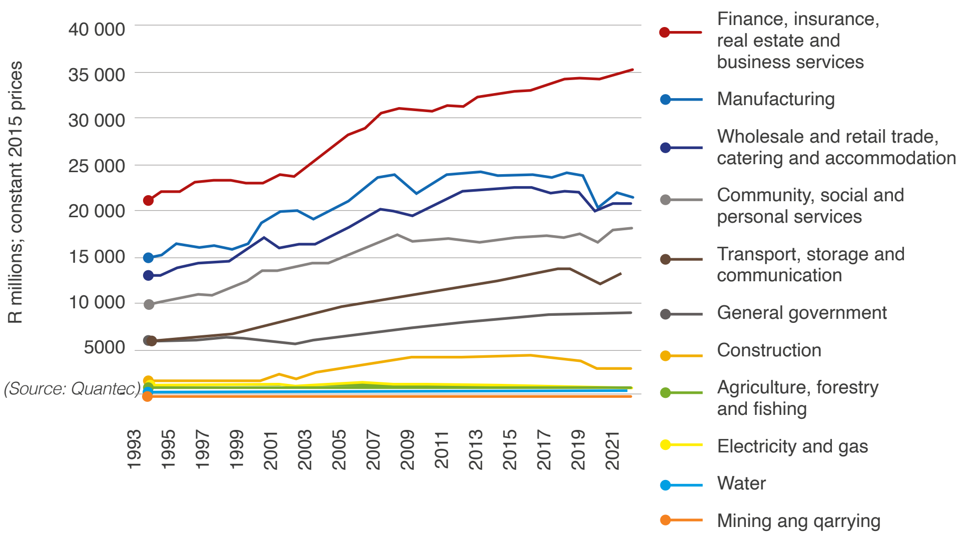
## ECONOMIC ACTIVITY

**Gross value added in Nelson Mandela Bay(adjusted for inflation),** *1997 -2022*




***4th quarter 2023** (Source: Quantec)*

**Year-on-year change in gross value added per sector in Nelson Mandela Bay** *(adjusted for inflation), 1993-2022*




*(Source: Quantec)*

# GROWTH SECTORS

The municipality has targeted and prioritised seven sectors for robust development.

**Main Sectors**

- AUTOMOTIVE
- AGRO-PROCESSING
- LIGHT MANUFACTURING
- TOURISM

*Currently active contributors to the local economy and job creation*

**Growth Sectors**

- SERVICES
- OCEANS ECONOMY
- ENERGY

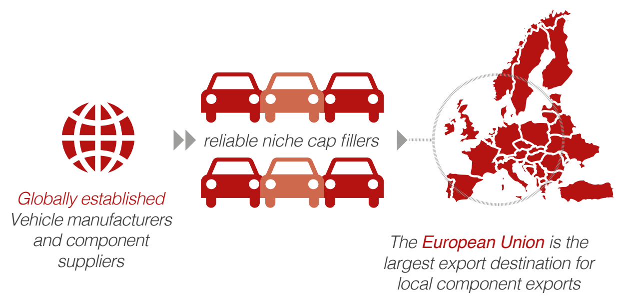
*Potential to support economic growth going forward*

## AUTOMOTIVE

**Nelson Mandela Bay, undoubtedly the motor manufacturing mecca of Africa, is home to a vibrant and ever-growing industry which provides the basis of the region's manufacturing capacity.** The largest car manufacturer in the country, Volkswagen South Africa, a wholly-owned subsidiary of Volkswagen AG, is situated in Kariega. ISUZU SA has also established a presence in the Nelson Mandela Bay area, while Ford SA is another Gqeberha based Original Equipment Manufacturer. Another flagship project for the Nelson Mandela Metro has been the establishment of the BAIC, FAW, and Stellantis in the Coega SEZ.

Nelson Mandela Bay is also home to automotive component manufactures that are well positioned to serve top Eastern Cape exporting OEM's.

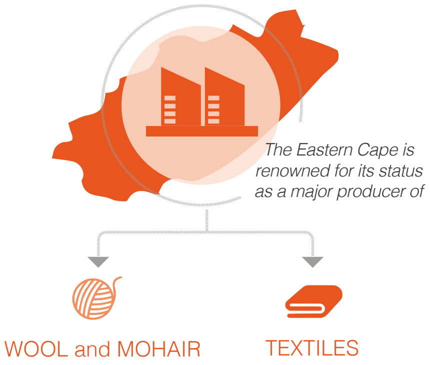
Vehicles manufacturers and component suppliers in this area have established themselves globally as reliable niche cap fillers. The European Union is the largest export destination for local component exports at the moment.



## AGRO-PROCESSING

**Dairy, food processing, wool and mohair are the three primary active agro-processing industries in the Eastern Cape.** There are opportunities to expand processing of Ultra High Temperature (UHT) milk, milk powder and cheese. There are also opportunities for new canning and juicing plants in the citrus industry; as well as prospects for the processing of wool and mohair.

**The Eastern Cape is the leading world producer of high-quality merino wool and mohair fibres.** However, three-quarters of the wool and mohair clips is exported semi-processed and approximately 20% completely raw. There is an opportunity to bring together designers, technology and investors to produce higher value for goods and access new markets.




## OCEANS ECONOMY

This sector has been identified as a focus area for the region in exploiting the opportunities presented by the vast ocean resources available and diversifying the region's economy. Maritime economy opportunities include:

- Marine manufacturing, repairs and maintenance
- Offshore oil and gas exploration
- Aquaculture
- Offshore energy production

## MANUFACTURING

**Manufacturing refers to fabricating, processing, assembling, packaging, finishing, treating, or altering intermediate or finished products from raw materials.**

Nelson Mandela Bay has long been recognised for its competitiveness, capable blue-collar workforce, and significant potential as a manufacturing hub on the African continent.

A number of manufacturing sub-sectors (or industries) have a strong, established presence and potential for further development within the Nelson Mandela Bay area. These include:

### 1 AUTOMOBILE AND AUTOMOTIVE COMPONENT MANUFACTURING *(including paint, tyre, battery)*

- Nelson Mandela Bay is home to five automobile manufacturers and brands, namely Volkswagen, Isuzu, Ford, FAW and BAIC, and the operations of more than 35% of South Africa's automotive component manufacturers are located in the metro.
- Kariega (formerly Uitenhage) is home to the South African production facilities of Volkswagen Group Africa; which is the largest private employer in the metropole with more than 3,500 employees. The Kariega plant, which has been building Volkswagen vehicles since 1951, currently produces the Polo and Polo Vivo models, and is the sole manufacturer of the Polo GTI model internationally.



### 2 CLOTHING, TEXTILES, FOOTWEAR, AND LEATHER (CTFL) MANUFACTURING

- Currently, key manufactured include footwear and clothing as well as seat covers, sound-dampening components, fabric and upholstery for the automotive industry.

### 3 PHARMACEUTICAL, CHEMICALS AND PLASTIC MANUFACTURING

- The largest pharmaceutical company in Africa, Aspen Pharmacare, has located its flagship South African manufacturing site in Gqeberha (formerly Port Elizabeth).
- The paint and plastics industry suppliers the automotive industry with and moulded parts, coatings, and related products.

*The Eastern Cape contributes*

**36% WOOL**

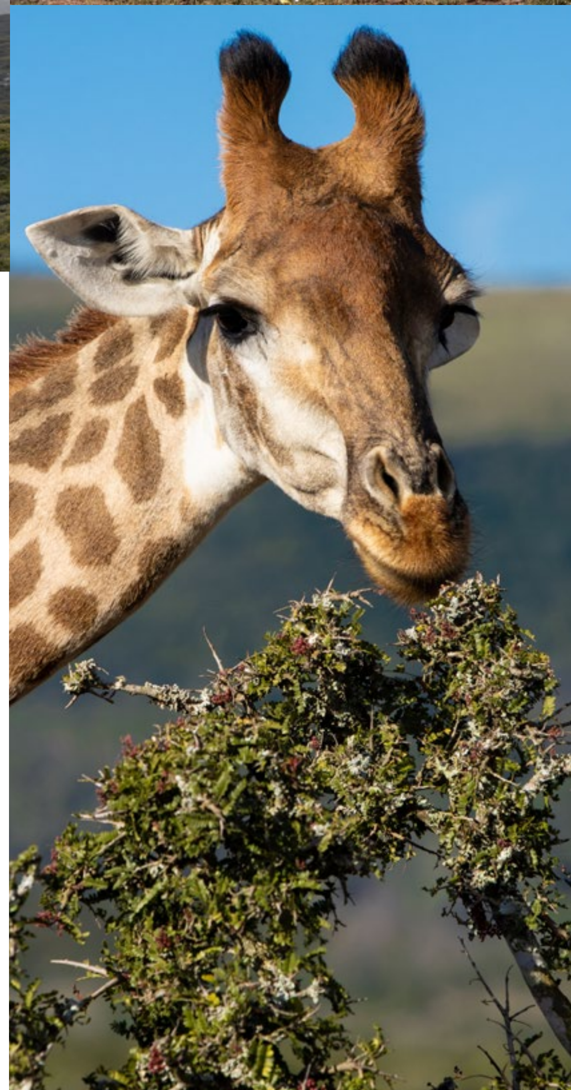
*and*

**75% mohair**

## ENERGY

- The local production and importation of energy and fuels is a catalyst for all economic activity in Nelson Mandela Bay.
- Within Nelson Mandela Bay, the Coega SEZ, and the neighboring Sarah Baartman district, energy project developers are currently focused on wind, gas-to-power, solar, nuclear and Battery Energy Storage Systems (‘BESS’) projects to improve energy security and augment existing supply.
- Considering the global transition away from fossil fuels towards less carbon-intensive production, and the particular impact of this energy transition of the economy and environment of Nelson Mandela Bay; the metropole is also an attractive hub for sustainable energy and fuel production. This includes the production at-scale of green hydrogen from the electrolysis of seawater using renewable electricity.
- For Nelson Mandela Bay, as an establish manufacturing and export hub on the African continent, the growing prevalence of energy sources that are significantly decarbonised is an easily recognised competitive advantage on the international stage.





Nelson Mandela Bay has seen steady growth in the tourism industry in terms of both local and international visitors, resulting in an average annual increase of approximately 10%. **This trend has seen the growth of township tourism**, thereby strategically positioning Nelson Mandela Bay to benefit.

*An assortment of tourist attractions such as its clean, safe, golden beaches and its exquisite natural surroundings and wildlife reserves.*



## TOURISM

**Nelson Mandela Bay boasts an assortment of tourist attractions such as its clean, safe, golden beaches and its exquisite natural surroundings and wildlife reserves.**

Situated on the outskirts of Gqeberha (25 km west from the city centre), one would find the ever popular Seaview Game and Lion Park. The ADDO Elephant National Park, home to the Big 7 and to the world's most comprehensively recorded elephant population, is situated 72 km north of Nelson Mandela Bay. The Bay also presents a diverse marine life that can be enjoyed all year round. The area's vibrant and friendly culture offers visitors diversity, from the indigenous Xhosa culture with its unique and charming craft, music and dance to the European Colonial history showcased in various museums and architecture in the area.

The Mandela Bay Development Agency, an entity of the Nelson Mandela Bay Municipality is mandated to start the Bayworld Precinct development which includes the Happy Valley Programme that will be used for a multiplicity of functions including recreational, tourism, residential, retail, entertainment and commercial uses. The redevelopment aims to bring an increased diversity in income groups, ages, cultural backgrounds who will make use of the area.

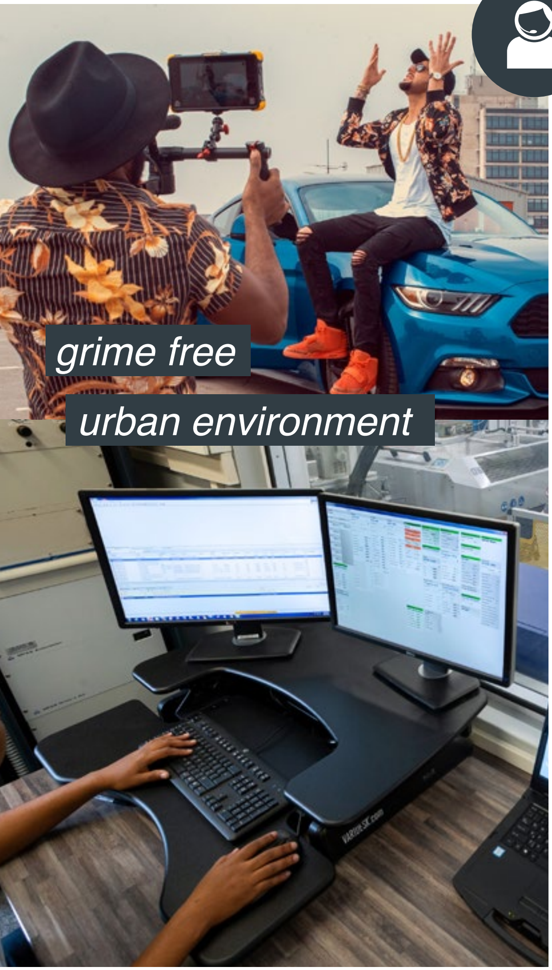

# OUR LIFESTYLE

- Warm, dry summers and mild winter temperatures.
- Superb sailing venues, firstrate scuba diving with colourful coral species, beautiful reefs and shipwrecks, near perfect conditions for wind-surfing, angling, snorkelling, kite-surfing, fly-fishing and canoeing.
- Modern shopping centres.
- Excellent schools, universities, hospitals, good telecommunications infrastructure and modern shopping centres.
- Unspoilt beaches and rivers and countless malaria-free game and nature reserves (free of hippopotamus and crocodile) to explore.
- Three of South Africa’s top 10 golf courses
- Hiking, 4X4 trailing, white water rafting and bungee jumping activities.
- Beautiful parks and botanical gardens with an abundance of bird life.



*Warm, dry summers*

*and mild winter temperatures*




## SERVICES

### 1 CREATIVE INDUSTRIES: FILMING IN NELSON MANDELA BAY

A number of initiatives by the city and provincial government have been launched with the specific intention of building and developing the film industry within Nelson Mandela Bay and the Eastern Cape at large. **Nelson Mandela Bay and its surrounding areas have played host to a number of national and international feature films**.
The city was selected because of the untapped freshness of the locations and “grime free urban environment”. A variety of top quality locations are available in and around Nelson Mandela Bay.

South Africa, and in turn Nelson Mandela Bay, offers film makers cost-effective locations all in close proximity to each other. South African climate is ideal and offers filmmakers an attractive and favourable working environment with optimal light conditions and manageable rain risk. Nelson Mandela Bay dry winters reduce production disruptions due to rain.

### 2 BUSINESS PROCESS OUTSOURCING AND OFFSHORING

The services sector, comprising of the Business Process Outsourcing (BPO) present viable prospects for growth and especially employment creation most notably amongst the youth. The BPO Park in the Coega SEZ is currently home to the Discovery Health call centre, the largest call centre with about 2000 employees. The metro also host a number of multinational call centre operators such as Teleperformance, Outworx, and ISON.

*Discovery Health call centre and WNS has a total combined employment of about*


Nelson Mandela Bay has been identified as a prime location for call centres and back office operations serving South Africa, Africa, Europe and the rest of the English-speaking world. There are opportunities for Offshore companies that seek to establish call centre operations in the region given the affinity to the European region, Australia and the USA.

# REASONS TO INVEST IN NELSON MANDELA BAY

## 1 TRADE & MARKET LINKAGES

- Nelson Mandela Bay (NMB) is well-positioned along the main east-west shipping routes in the Southern Hemisphere
- Shipping links complemented by direct road and rail links to the rest of South Africa and its neighbouring countries
- Close links to a hinterland rich in agriculture, agro-processing, conservation, and tourism activity
- Trade competency: the city-region is renowned for its exports – especially in the automotive, citrus, wool, mohair, and manganese industries
- Only South African metro to be served by two commercial seaports
- The deepwater Port of Ngqura is South Africa's designated hub for container traffic
- The Port Elizabeth harbour is a vehicle export hub as well as operating container, bulk, and breakbulk terminals



## 2 POOLS OF LOCAL TALENT

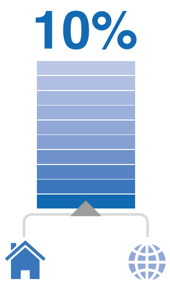
- Access to a young population of work seekers and a market of skilled, semi-skilled and unskilled talent
- Existing blue collar and service sector workers held in high regard by multinationals meeting international standards
- Institutions in place to develop in-demand skills

## 3 A CONNECTED CITY

- Home to Africa's leading SEZ – the Coega Special Economic Zone – as well as two commercial seaports well integrated into the city-regional economy
- B2B networking and business intelligence through reputable chambers of commerce, clusters, and industry and export associations
- Established suppliers and service providers catering to multinationals and exporters
- ±90-minute commercial flights to Cape Town or Johannesburg from the Chief Dawid Stuurman International Airport located less than 10 minutes from the city centre


## 4 A GATEWAY TO LIFESTYLE OPPORTUNITIES

- As the only city in the world with five terrestrial biomes within its boundaries, NMB is South Africa's "nature capital" with immense diversity in marine and land-based life including the 'Big 7' featured in the region's impressive malaria-free game reserves and protected areas
- Starting point for some of Africa's best tourism corridors and adventures
- Enjoy a South African city with pristine, golden beaches, ±100km of coastline, and a moderate climate with mild winters
- Home to many of South Africa's top-ranked schools as well as the prestigious Nelson Mandela University
- Nelson Mandela Bay is South Africa's friendly city. Be welcomed into an inclusive city with a diverse cultural and religious heritage
- Executives and staff will find comfortable homes within an easy 20-minute or less work commute




*Annual increase for both local and international visitors in the tourism industry*



## 5 INVESTMENT-READY PROPERTIES AVAILABLE

- Serviced and unserviced sites are available within the Coega Special Economic Zone, Nelson Mandela Bay Logistics Park, as well as in various private and mixed ownership industrial and commercial precincts
- Properties of all sizes to suit all budgets and project timeframes
- Ample space in the city-region for renewable and alternative energy production – including wind, solar, gas, and green hydrogen

## 6 INVESTMENT AND TRADE FACILITATION

- Cutting across critical economic stakeholders, a responsive team of facilitators are ready to help you make your business decisions with certainty, provide clarity on project timelines, and assist with red tape, applications, and approvals

## 7 ATTRACTIVE BUSINESS INCENTIVES

- Based on the nature and location of your investment, a bouquet of incentives from municipal, provincial and national government as well as the SEZ may be available

# INVESTMENT OPPORTUNITIES



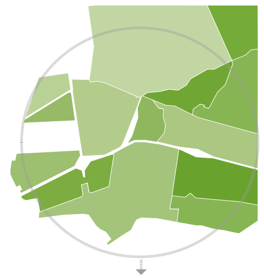
## 1 NELSON MANDELA BAY LOGISTICS PARK

The Nelson Mandela Bay Logistics Park, managed by the CDC, provides infrastructure and services to the motor industry in the Nelson Mandela Bay area. By providing integrated logistics services and infrastructure, the Logistics Park assists the automotive manufacturers to reduce manufacturing costs and improves suppliers' competitiveness.

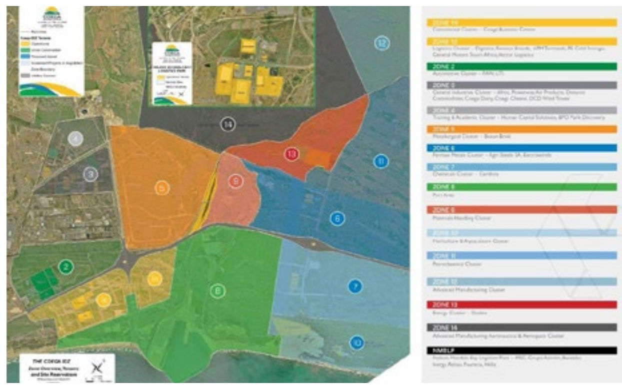
*Reduce manufacturing costs and improve supplier competitiveness*

## 2 COEGA SPECIAL ECONOMIC ZONE

Coega Special Economic Zone (SEZ) established in 1999 and is adjacent to the modern deep-water port of Ngqura, a transhipment hub facilitating trade with the rest of Africa and providing access to international market. The 9 003ha of land divided into 14 zones provides the perfect investment environment for local and foreign investors. Coega SEZ offers customised land and areas for heavy, medium and light industries establishment. This offer includes serviced sites and fast-tracked construction of factories, warehouses and office complexes. A custom secure areas (CSA) for export oriented manufacturing companies. Existing logistics infrastructure, including road, rail, sea, telecommunications and air links. The environment at the Coega SEZ also offers an Economic clusters centred approach that provides backward and forward integration customer secure manufacturing and warehousing flexible lease and utility prices.

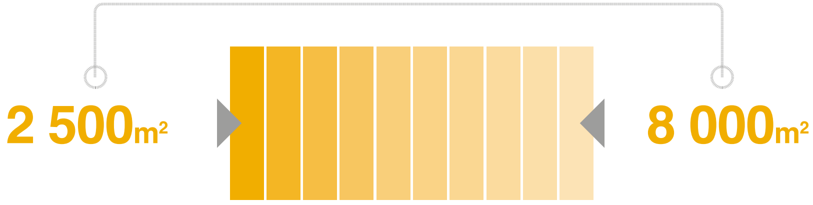


*The 9 003 ha of land divided into 14 zones*



## 3 GREEN BUSHES INDUSTRIAL PARK

The Greenbushes Business Estate is a multi-purpose business estate which comprises of serviced, light industrial zoned erven ranging in size from 2 500m2 to 8 000m2 with consolidation opportunities. One of the estate's defining features is its manned 24 hour security, CCTV, electrified fencing and finger print access technology which further provides a sense of security and peace of mind for future investors and owner-occupiers. Greenbushes Business Estate aims to create a safe environment, housing a balanced range of industrial unit types and sizes with distinct emphasis placed on adaptability and long-life cycle of every building.



*light industrial zoned erven ranging in size*

## 4 BROWN FIELD INDUSTRIAL AREAS

- Deal Party
- Perseverance
- Straundale
- Kariega
- North End
- Neave/Korsten
- Fairview

In these areas, there are opportunities to purchase existing property and land.

# INVESTMENT INCENTIVES

## NON-FINANCIAL INCENTIVES:

### INVESTSA ONE STOP SHOP EASTERN CAPE

InvestSA One Stop Shop Eastern Cape initiative is geared towards providing investors with services to reduce government red tape when establishing a business. It is part of the government's drive to become investor-friendly by improving the business environment, lowering the cost of doing business, and making the process easier.

Eastern Cape Development Corporation (ECDC) is mandated to operate the One Stop Shop in the Eastern Cape (EC), which streamlines the investment value chain for medium to large companies looking to invest in South Africa, mamking it easier and faster to invest in the province. The centre hosts relevant government departments and state owned entities to help investors and exporters negotiate the regulations and administration to obtain various approvals, licences, authorisations, registrations and/or permits.

## FINANCIAL INCENTIVES:

### A NELSON MANDELA BAY MUNICIPALITY INCENTIVE

The Incentive Policy focuses specifically to attract additional investments to the Nelson Mandela Bay from new and existing investors that seek to expanding in the key sectors growth sectors.

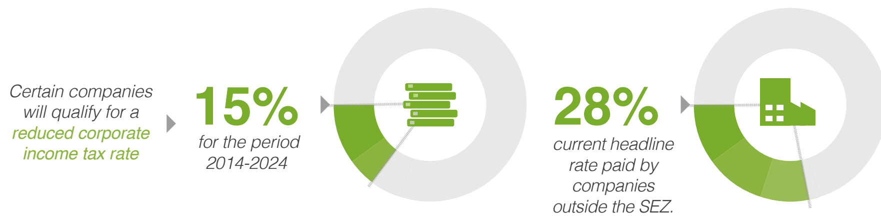
The Incentive Policy covers the entire metro, but special focus is on the key economic development nodes as identified in the new NMBM Spatial Development Framework (SDF).

Key development nodes in the NMB area includes the Port Elizabeth CBD, NMBM Industrial, Coega SEZ, Kariega-Despatch industrial and Colchester areas.

### B SEZ INCENTIVE

**One Stop Investor Services**
One Stop Investor Services Coega SEZ offers fully integrated SEZ support services such as operating an extensive facilities and estate management portfolio; complying with world standards of safety, health, environmental management and quality, safety and security Special Customs Controlled Area (CCA).

**Special Customs Controlled Area (CCA)**
The Coega SEZ has designated some zones in the area as a CCA areas which comply with SARS requirement and offer customs incentives for companies that seek to add value and export. Reduced Corporate Income Tax Rate Certain companies will qualify for a reduced corporate income tax rate of 15% for the period 2014-2024, instead of the current 28% headline rate paid by companies outside the SEZ.



## C ECDC INCENTIVES

The Investment and Promotion Unit of ECDC is the official investment promotion agency of the Eastern Cape Province.

ECDC provides the following incentives to investors/businesses:

- Eastern Cape Economic Development Fund
- Eastern Cape GBS Incentives
- Eastern Cape Film Investment Fund
- Risk Capital Fund
- Job Stimulus Fund



## D OTHER INVESTMENT INCENTIVES

The Department of Trade, Industry and Competition (dtic), as well as other government departments at a national level, developed a list of side supply measures to be used in accordance with the government's incentives and initiatives programme. These side measures range from direct grants, production support, export promotion, human skills development, infrastructure and strategic investment support, tax allowances and duty drawback facilities to name a few.

**The regional (provincial) government also focuses on specific support measures such as investment promotion and investor support services,** while local government focuses on specific requirements, including location and general support services.

# BUSINESS SUPPORT

The business environment of Nelson Mandela Bay is characterised by competitive infrastructure, favourable conditions for export, first-world financial institutions, and a socio-political landscape which provides an environment that is conducive to investment.

## 1 FINANCIAL INSTITUTIONS

First-world financial institutions provide specialised and professional business services in all fields and are on par with those on offer globally. South Africa’s highly competitive banking and finance industry sees bankers, financial advisers, lawyers, tax consultants and experienced chartered accountants able to advise foreign banks on legal issues and guide them through regulatory requirements with ongoing auditing services. Financial institutions are able to offer a full range of banking activities, including trade finance, foreign exchange trading, offshore banking and trust management. Commercial banks provide assistance to exporters in securing payments, while certain major financial institutions have international trade divisions offering more specialised services. Financial packages, covering building finance and that for plant and equipment, as well as working capital and fixed rate finance, are designed to put industrial undertakings on course with the minimum of time and trouble.



## 2 GOVERNANCE

The climate of socio-political stability in the Eastern Cape as a whole is conducive to economic growth and new investment in industrial activity, tourism and small business development. Furthermore, the Nelson Mandela Bay Municipality adheres to high standards of local management and sound institutional capacity. The institution proactively seek out, promotes and facilitates job creation opportunities through investments in all the key thriving sectors, while focusing on sustainable economic, social and environmental development.

## 3 CHAMBERS OF COMMERCE

At the forefront of strategic initiatives aimed at increasing the area’s attractiveness to foreign investors are the Nelson Mandela Bay Business Chamber. It plays a key role in broadening the local, national and international business sector’s awareness of Gqeberha’s advantages. NMBBC specialises in lobbying for and representing local business, and ultimately aims to establish the area as the ‘East coast gateway to southern Africa’.

NMBBC has also been instrumental in facilitating a localised Business Confidence Index, affording businesses the opportunity to access vital information about economic developments in the region. Providing comparisons with the rest of the country, this key initiative is an essential planning tool for businesses operating in the region and those considering opening offices. The index assists decision-makers to make future projections and sound investment decisions, enabling businesses to position themselves more competitively in relation to other cities, both on a national and international basis.

# INTERNATIONAL TRADE AGREEMENT

**“South Africa maintains foreign relations with countries and organisations through missions in 85 countries and through the accreditation of the 160 countries and organisations resident in South Africa.”**

## A CUSTOMS UNION

### 1. Southern African Customs Union (SACU)

- Customs Union
- Botswana, Eswatini, Lesotho, Namibia and South Africa
- Duty-free movement of goods; a common external tariff applied on goods entering any of the countries from outside the SACU

## B FREE TRADE AGREEMENTS (FTAs)

### 1. Southern African Development Community (SADC): Protocol on Trade in Goods

- Free Trade Agreement: Protocol on Trade in Goods
- Among 13 of the 16 SADC Member States. Angola is in the process to accede to the free trade agreement; the DRC and Comoros have not yet acceded
- AFTA, with 85% duty-free trade achieved in 2008. The 15% of trade, constituting the “sensitive list”, was largely liberalised from 2009 to 2012

### 2. Southern African Development Community (SADC): Protocol on Trade in Services

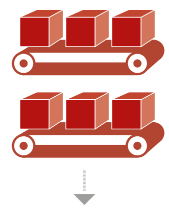
- Services trade liberalization: Protocol on trade in services
- Among 15 of the 16 SADC Member States (Comoros being the exception)
- Liberalize trade in services. Seven of the 15 signatory countries have ratified; awaiting a further 3 countries to ratify the Protocol, for it to enter into force
- Six services sectors initially (communication, construction, energy, finance, transport, tourism); other sectors might follow in a second round of negotiations

### 3. Trade, Development and Cooperation Agreement (TDCA)

- Free Trade Agreement
- South Africa and the European Union (EU)
- The EU offered to liberalise 95% of its duties on South African originating products by 2010. In turn, by 2012, South Africa offered to liberalise 86% of its duties on EU originating products
- The TDCA was reviewed, with the aim of broadening the scope of product coverage. This took place under the auspices of the Economic Partnership Agreement (EPA) negotiations between SADC and the EU. Resulting from these negotiations, the TDCA trade chapter was replaced by the SADC-EU Economic Partnership Agreement

### 4. EFTA-SACU Free Trade Agreement (FTA)

- Free Trade Agreement
- SACU and the European Free Trade Association (EFTA) – Iceland, Liechtenstein, Norway and Switzerland
- Tariff reductions on selected goods
- Industrial goods (including fish and other marine products) and processed agricultural products. Basic agricultural products are covered by bilateral agreements with individual EFTA States



**1,000**

product lines on each side of the border

### 5. Economic Partnership Agreement between the SADC EPA States, and the European Union and its Member

- Economic Partnership Agreement
- South Africa, Botswana, Eswatini, Namibia, Lesotho and Mozambique (referred to as the SADC EPA Group), and the European Union (EU)
- SA's core interest has been to harmonise trading regimes between SACU and the EU; to secure further market access in agriculture (beyond the SA-EU Trade Development and Cooperation Agreement (TDCA) provisions) and regain some policy space lost under the TDCA
- The agreement covers most products. It replaces the Trade Chapter of the TDCA

## C PREFERENTIAL TRADE AGREEMENTS (PTAS)

### 1. SACU-Southern Common Market (Mercosur) PTA

- Preferential Trade Agreement
- SACU and Argentina, Brazil, Paraguay and Uruguay. (Although Venezuela has since joined MERCOSUR, it is not party to the PTA with SACU)
- Tariff reductions on selected goods. It entered into force on 21 October 2016
- About 1 000 product lines on each side of the border



## D NON-RECIPROCAL TRADE ARRANGEMENTS

### 1. Generalised System of Preferences (GSP)

- Unilateral preferences granted under the enabling clause of the WTO; these preferences are not contractually binding upon the benefactors
- Offered to South Africa as developing country by: the EU, Norway, Switzerland, Russia, Turkey, The US, Canada, Japan
- Products from developing countries qualify for preferential market access into these markets
- Selected industrial and agricultural products

### 2. Africa Growth and Opportunity Act

- Unilateral assistance measure; similar to the GSP programmes but wider in scope
- Granted by the US to 39 sub-Saharan African countries
- Preferential access to the US market through lower tariffs or no tariffs on selected products
- Duty free access to the US market under the combined AGOA/GSP programme stands at approximately 7 000 product tariff lines

## E CURRENT TRADE NEGOTIATIONS

### 1. SACU-India PTA

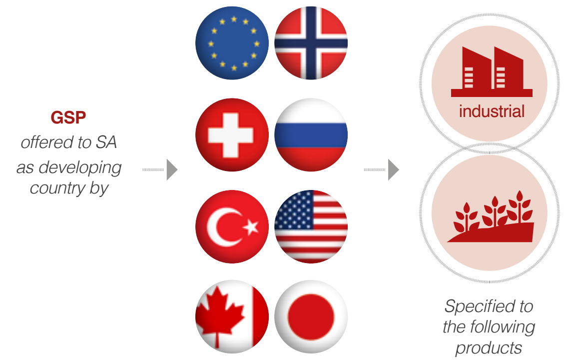
- Preferential Trade Agreement
- SACU and India
- Tariff reductions on selected goods
- SACU and India are in the process of exchanging tariff requests

## 2. SADC-EAC-COMESA Tripartite FTA

- Free Trade Agreement
- 26 countries with a combined GDP of US$860 billion and a combined population of approximately 590 million people
- The Tripartite Framework derives its basis from the Lagos Plan of Action and the Abuja Treaty establishing the African Economic Community (AEC), which requires rationalisation of the continent's regional economic communities. The Tripartite initiative comprises three pillars that will be pursued concurrently, in order to ensure an equitable spread of the benefits of regional integration: market integration, infrastructure development and industrial development
- The FTA will, as a first phase, cover only trade in goods; services and other trade-related areas will be covered in a second phase. The framework agreement and several annexes have been concluded; ratification in member countries are underway. South Africa has ratified. Ratifications have not yet reached the required number for it to enter into force. Negotiating the tariff liberalization schedules are underway. The negotiating modalities require that duties on 60 to 85% of tariff lines be liberalized upon entry into force; the remaining tariff lines will be subject to negotiation for liberalization, with implementation over a 5 to 8 year period. Work in Phase II has commenced

## 3. The African Continental Free Trade Area (AfCFTA)

- Free Trade Agreement
- The AfCFTA integrates a market of 55 countries with a combined GDP of over US$ 3.3 trillion and a population of more than 1 billion people. The AfCFTA builds on the Tripartite Free Trade Area (TFTA) with the Common Market for East and Southern Africa (COMESA), East African Community (EAC) and the Southern Africa Development Community (SADC). The AfCFTA therefore presents new market access opportunities in West Africa and North Africa which will be beneficial for the export of South African value added products services.
- The key objectives of the AfCFTA is to among others, create a single market for Goods, Services, and enhance economic integration in the African Continent in accordance with the Pan African Vision of "An integrated, prosperous and peaceful Africa" enshrined in Agenda 2063; promote structural transformation of the State Parties; boost intra-Africa trade by progressively eliminating tariffs and non-tariff barriers to trade in goods; progressively liberalize trade in services; cooperate on customs matters and the implementation of trade facilitation measures; and design a mechanism for the settlement of disputes concerning their rights and obligations. The AU Assembly launched the AfCFTA negotiations during the 25th Ordinary Summit of Head of States and Governments on 15 June 2015 in Johannesburg, South Africa; adopted the legal instruments establishing the AfCFTA on 21 March 2018 in Kigali, Rwanda and launched the operational phase of the Agreement during the Extra-Ordinary Summit held July 2019 in




Niamey, Niger. South Africa signed the Agreement and deposited the instrument of ratification on 1 July 2018 and 10 February 2019, respectively. Effectively, the Agreement entered into force as at 30 May 2019.

- Agreement establishing the AfCFTA
  - Protocol on Trade in Goods and Annexes
  - Protocol on Trade in Services
  - Protocol on the Rules and Procedures for the Settlement of Disputes.

Phase II of the negotiations will cover Competition, Intellectual Property, and Investment. The AfCFTA is being pursued under the development integration approach which places emphasis on market integration, infrastructure, and industrial development, to address Africa's productive capacity and supply-side constraints.


# STARTING A BUISINESS

*The family of a business permit holder may be issued with appropriate permits*

## 1 IMMIGRATION, BUSINESS & WORK PERMITS

The Aliens Control Act of 1991 prescribes that the application for work permits must be made in the applicant's country of origin or residence before entering South Africa. The application should be lodged with the South African diplomatic mission nearest to the place where the foreigner is residing. Provision is made for the issue of a workseeker's permit should the applicant wish to first seek employment in South Africa before formally applying for a work permit. As in the case of a work permit, application should be made from outside the Republic. Work permits are issued for twelve months only.



**Conditions and requirements for permits according to the Immigration Amendment Act, 19 of 2004:**

The family of a business permit holder may be issued with appropriate permits

### BUSINESS PERMIT

A certificate from a registered chartered accountant (South Africa) is a fundamental requirement for an application and this should show the following:

- At least R2,5 million in cash;
- Capital contribution of at least R2,5 million;
- At least R2 million in cash and a capital contribution of R500 000 originating from abroad;
- Business plan outlining short and long term feasibility;
- Proof of undertaking to employ at least five South African citizens/residents; and
- Undertaking to register with the South African Revenue Services and proof of registration with a relevant body, board or council.

The validity period of a business permit can be determined by the extent of sustainability of the business (but not less than 24 months); and for as long as the holder submits proof every 24 months to show that he/she continues to qualify for the permit.

## WORK PERMIT

**A quota work permit may be issued to a foreigner who falls within a specific professional category or occupational class.** The determining factor for quotas is the scarcity of the skills in South Africa. The application must be accompanied by a confirmation of qualifications and proof of compliance/registration requirements with a relevant professional body.



On the other hand, the general work permit is determined by the following:

- Signed contract of employment;
- Proof of qualifications evaluated by South African Qualifications Authority (SAQA);
- Proof of experience and skills in line with job offer;
- Testimonials from previous employers and a comprehensive curriculum vitae;
- Motivational letter stating why South African citizens/residents could not fill the position including particulars of successful candidates;
- Letter of motivation indicating how one's exceptional skills will benefit the South African environment where one intends to operate;
- Proof of advertisement in national print media;
- If required by law proof of registration with relevant body, council or board;
- Full particulars of employer, including (if applicable) proof of registration with Registrar of Companies; and
- Certification from the Department of Labour or benchmarking organisation stipulating the average salary earned by employees occupying similar positions.

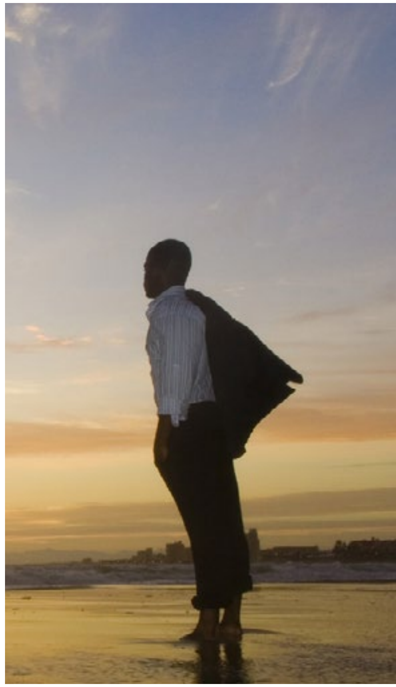
## 2 EXCHANGE CONTROLS

**Are exchange control regulations imposed in South Africa?** Yes. These restrict the outward flow of capital and income of South African residents, as well as regulate foreign investment.

**How are the exchange control regulations administered?** The commercial banks deal with their day-to-day application as agents of the South African Reserve Bank (SARS, the central bank). More complex matters are referred to SARS itself.

**How do the exchange control regulations affect foreign investors?** Foreign-owned entities in South Africa are subject to certain restrictions on their local borrowing (except for ordinary trade credit).

**When should exchange control approval be obtained?** In general, approval should be obtained in advance of the transaction concerned through a commercial bank in South Africa. However, non-residents may freely trade in securities listed on the Johannesburg Stock Exchange, without approval, using financial Rands.



# USEFUL CONTACTS

## 1 USEFUL CONTACTS IN SOUTH AFRICA

| | |
|---|---|
| Automotive Industry Development Centre | www.aidc.co.za |
| Business Partners | www.businesspartners.co.za |
| Business Processing enabling South Africa | www.bpesa.org.za |
| Council For Scientific Research | www.csir.co.za |
| Department of Agriculture, Forestry and Fisheries | www.daff.gov.za |
| Department of Foreign Affairs | www.dfa.gov.za |
| Department of Trade and Industry | www.thedti.gov.za |
| Eskom | www.eskom.co.za |
| Industrial Development Corporation | www.idc.co.za |
| National Association of Auto Manufacturers of SA | www.naamsa.co.za |
| National Ports Authority | www.npa.co.za |
| South African Chamber of Business | www.sacob.co.za |

## 2 USEFUL CONTACTS IN EASTERN CAPE

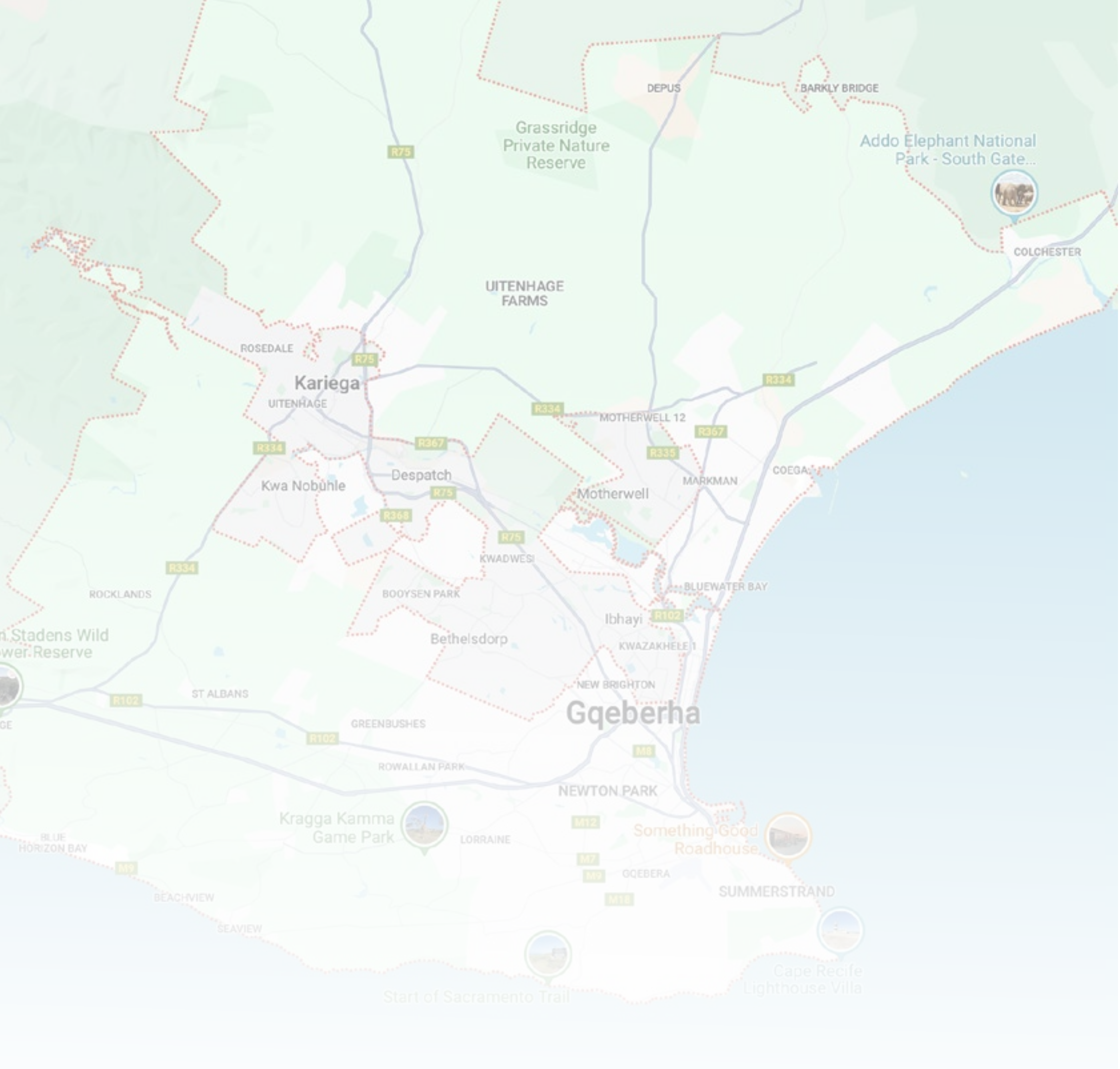
| | |
|---|---|
| Coega Industrial Development Zone | www.coega.co.za |
| East Cape Development Corporation | www.ecdc.co.za |
| Nelson Mandela University | www.nmu.ac.za |

## 3 USEFUL CONTACTS IN NELSON MANDELA BAY

| | |
|---|---|
| Nelson Mandela Metropolitan Municipality | www.nelsonmandelabay.gov.za |
| Nelson Mandela Bay Tourism | www.nmbt.co.za |
| Nelson Mandela Bay Business Chamber | www.nmbbusinesschamber.co.za |
| National African Federated Chamber of Commerce | www.nafcocnmb.co.za |
| Coega Development Corporation | www.coega.co.za |
| Mandela Bay Development Agency | www.mbda.co.za |

**For more information on investment/investor related queries in Nelson Mandela Bay, contact:**

Nelson Mandela Bay Municipality Trade & Investment Sub-directorate
**Tel:** 041 503 7527
**Email:** ankwandla@mandelametro.gov.za




nelson mandela bay
MUNICIPALITY

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