



DOING BUSINESS IN SOUTH AFRICA

In line with promoting foreign investment in South Africa and positioning the country as a financial centre for Africa, foreign companies, governments and institutions may list on South Africa's bond and securities exchanges.

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Broadening economic participation

The Codes of Good Practice for Broad-Based Black Economic Empowerment (BBBEE) are the culmination of the development of the BBBEE Strategy that seeks to enhance the economic participation of black people by growing the economy and reducing income inequality. They assist and advise both public and private sectors on their implementation of the objectives of the BBBEE Act, 2003.

In 2009, the Department of Trade and Industry effected revisions to the Black Business Supplier Development Programme (BBSDP) to enhance the competitiveness of local, black-owned small and medium enterprises (SMEs). The revised BBSDP was expected to come into effect on 1 April 2010.

From its inception in 2002 to the end of July 2009, the BBSDP showed an estimated growth of 800%. A total of 6 409 enterprises benefited from the programme and over R270 million was disbursed.

Amendments to the existing BBSDP were primarily aimed at assisting black-owned SMEs to acquire productivity-enhancing technology. To enable access to the revised programme, the department also introduced a structured training programme for network facilitators, which would enable them to identify interventions that would contribute towards the competitiveness of local enterprises.

Department of Trade and Industry

The Department of Trade and Industry aims to lead and facilitate access to sustainable economic activity and employment for all South Africans. South Africa has trading relationships with over 200 countries and territories.

The department also aims to catalyse economic transformation and development and provide a predictable, competitive, equitable and socially responsible environment for investment, enterprise and trade for economic citizens. In this way, the department contributes to achieving government's vision of an adaptive and restructured economy, characterised by accelerated economic growth, employment creation and greater equity by 2014.

The Public-Sector Small, Medium and Micro-Enterprise (SMME) Payment Assistance Hotline facilitates the payment of services rendered by SMMEs, within 30 days of delivery, to public-sector institutions.



The Public-Sector SMME Payment Assistance Hotline can be reached via a dedicated share call number 0860 766 3729 (0860 SMME PAY). It operates from 06:00 to 18:00 on weekdays. After-hour enquiries may be submitted via e-mail or fax. The e-mail and fax templates can be downloaded via the Small Enterprise Development Agency website.

The completion and publication of the comprehensive National Industrial Policy Framework and the first Industrial Policy Action Plan (IPAP) in 2007/08 marked a significant achievement in the department's evolving efforts to advance industrial development in South Africa.

The 2010/11 to 2012/13 IPAP and its new focus on green jobs will build stronger and more labour-absorbing industries.

The Automotive Production and Development Programme, which seeks to promote domestic manufacturing and the development of a competitive components sector, will replace the previous Motor Industry Development Programme.

The department has also developed a new programme for the leading labour-intensive sector in the form of the Clothing and Textile Competitiveness Programme.

Although the new programme will be fully rolled out in 2012, some elements were expected to be introduced in the 2009/10 financial year, including investment allowance.

In 2009, the department developed a new model for industrial finance and continued to work on all identified lead sectors as well as developed, in conjunction with the Department of Agriculture, Forestry and Fisheries, a comprehensive strategy for agro-industries.

Initiatives in the pharmaceutical sector are crucial to ensure that government procurement is leveraged to develop certain industrial capabilities and facilitate industrial development.

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The jewellery incubator has been established at the Gold Zone in Germiston, Gauteng, to cover training and SMME-development.

By March 2009, the Forestry Sector Skills Plan had been submitted to the Department of Labour, a task team had been established to work on the Skills Development Strategy for the forestry sector, a draft funding policy for small growers had been completed and a call for proposals for the development of a saw timber strategy had been issued.

With regard to the metals sector, the National Foundry Technology Network is fully operational; 17 companies have been benchmarked; and technology upgrading has commenced.

In tourism, key initiatives underway include the Tourism Enterprise Development Strategy, Airlift Strategy, Framework for Integrated Service Excellence, a review of the current grading system, the Tourism Human-Resource Development (HRD) Strategy, and 2010 plan.

On biofuels, licensing criteria were finalised in May 2008 and approved for publication. These criteria are available on the Department of Energy's website (under petroleum-licensing documents).

Trade and Investment South Africa (Tisa)

Tisa is a division of the Department of Trade and Industry and has a national mandate to develop the South African economy, focusing on facilitating and promoting investment and exports.

Tisa is responsible for developing and promoting South African goods and services. It contributes directly towards the objectives



Proudly South African is a Buy Local Campaign launched by government, organised business, organised labour and community organisations (represented in the National Economic Development and Labour Council) to boost job creation by promoting South African companies and locally made products. By buying Proudly South African, consumers/businesses are making a personal contribution to nation-building. Buy Local helps to fight unemployment and in the process also serves to alleviate poverty, crime and disease.



of the Department of Trade and Industry by:

- identifying, researching and promoting market-access opportunities for South African exporters
- facilitating exports by matching potential exporters with foreign buyers
- developing and helping South African exporters to promote their products by providing non-financial support.

Tisa is responsible for attracting foreign direct investment (FDI), and developing and promoting investment by domestic and foreign investors.

The Department of Trade and Industry offers a service by liaising with regulatory institutions and other government departments to resolve bottlenecks, such as residency permits, zoning of land as well as other regulatory matters. The offering is targeted at local and foreign companies, which include new and existing businesses. Tisa can assist businesses with resolving bureaucratic bottlenecks, and will act on behalf of clients to reduce lead-time for investment processes. All current and potential investors qualify for this offering.

National Industrial Participation Programme (NIPP)

The Department of Trade and Industry has been mandated with the management and monitoring of the NIPP. The objectives include increasing the levels of FDI, market access for South African value-added goods and services, job creation and skills development. This

According to the World Economic Forum's *2008 – 2009 Global Competitiveness Report*, South Africa officially has one of the best auditing systems in the world. In 2009, the forum ranked South Africa's auditing systems fourth in the world for auditing and reporting standards. The main goal of the report is to evaluate countries' economic environment and their ability to achieve sustained levels of prosperity and growth. South Africa came in at 48th place out of 137 countries in the report's overall ranking, the second-highest after Tunisia among African countries and ahead of large economies such as the United Kingdom, the United States of America, India and Russia.



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In August 2009, Cape Town Film Studios received R16 million from the Department of Trade and Industry through the Enterprise Investment Programme. The company will offer locations for local and foreign film-makers and use local talent and equipment. It will be a one-stop media-production facility, providing the local and international film industry with fully comprehensive and competitively priced service offerings.



is achieved via the lever of government procurement. Participation in the programme becomes obligatory when the imported content of any public-sector purchase of goods or services exceeds US\$10m.

The NIPP has opened entirely new markets, sometimes with unique new products, such as turning leather into car seats and using platinum to produce catalytic converters. South Africans have taken raw material and moved it up the value chain. At the same time, the NIPP has become a major point of leverage for government's wider vision of growth with equity, as expressed in Accelerated and Shared Growth Initiative for South Africa.

Partnership projects arising out of the NIPP range from the local manufacture of galleys for the Airbus A319 and A320 to the production of cockpit modules for the BMW 3 Series for export purposes.

In 2009, the BEE component saw a South African company being awarded the contract to print the owner manuals for the Mercedes Benz C-Class right-hand drive models assembled in South Africa.

The Enterprise Organisation (TEO)

The Department of Trade and Industry's TEO provides incentives to stimulate or catalyse investment in infrastructure, HRD, integrated manufacturing and related activities, small-business development, specific regions and technology and innovation.

Highlights included:

- the Enterprise Investment Programme approved 21 greenfield and expansion projects in the manufacturing and tourism sectors with a total projected investment of R906 million and 1 070 projected jobs
- the Cooperative Incentive Scheme disbursed R9 million, mostly in rural provinces under the Sector Specific Assistance

Scheme's project funding for emerging exporters, R13,7 million was committed to assist 132 first-time exporters

- the revised Film Incentive Scheme was implemented.

Taxation

International tax agreements are important for encouraging investment and trade flows between nations, by providing certainty about the tax framework. By reaching agreement on the allocation of taxing rights between residence and source countries of international investors, double taxation agreements provide a solid platform for growth in international trade and investment. South Africa has tax agreements with many countries.

Exchange control

Exchange control is administered by the South African Reserve Bank (SARB) on behalf of the Minister of Finance. The bank is assisted in this task by a number of banking institutions that have

Government investment in infrastructure development in the industrial development zones (IDZs) has captured the interest of major investors, especially in the Eastern Cape, where the Coega and East London zones are located. These two zones are expected to raise over R22 billion in investment over the medium term, in line with the objectives of the Accelerated and Shared Growth Initiative for South Africa.

The Coega IDZ covers 11 500 hectares of industrial land located adjacent to the new deep-water Port of Ngqura. By September 2009, more than 50 infrastructure projects had been completed, and over R2,7 billion had been invested by both the Eastern Cape (R1,3 billion) and the Department of Trade and Industry (R1,4 billion). These investments are for facilities and infrastructure development such as roads, bulk electricity power lines, water and sewers, new factory buildings, a residential village, a multitenant office building and bulk earthworks.

Since its inception, the East London IDZ has managed to facilitate investment commitments from 17 manufacturers. By September 2009, the total infrastructure investment value was R920 million and 1 313 direct manufacturing jobs had been created.



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The Independent Development Trust's (IDT) primary task is to support and add value to the national development agenda by using its resources to deliver sustainable development programmes.



This translates into the IDT working with government in largely rural communities to build schools and clinics, upgrade infrastructure, create jobs and provide sustainable solutions to local projects. An assessment over the past financial year showed that 90% of the contractors used were Black Economic Empowerment (BEE) companies. About R500 million that was paid to contractors was committed to BEE companies. In addition, the organisation used over 55% of its programmatic budget for local economic development and job creation, benefiting the historically disadvantaged.

In 2008, the IDT built 731 classrooms and worked to improve 51 health facilities. Through such projects, the organisation created 19 705 jobs and provided over 15 000 training opportunities in governance, life and technical skills.

been appointed by the Minister of Finance as authorised dealers in foreign exchange. These institutions undertake foreign-exchange transactions for their own account with their clients, within limits, and subject to conditions laid down by the SARB.

The Government is committed to an open capital market and the gradual relaxation of exchange controls.

JSE Securities Exchange Limited

The JSE Ltd is licensed as an exchange under the Securities Services Act, 2004 and is Africa's premier exchange. It has operated as a marketplace for the trading of financial products for nearly 120 years. In this time, the JSE has evolved from a traditional floor-based equities trading market to a modern securities exchange providing fully electronic trading, clearing and settlement in equities, financial and agricultural derivatives and other associated instruments. The JSE is also a major provider of financial information.