

## **MEDIA RELEASE**

### **FOR IMMEDIATE RELEASE**

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## **EAST LONDON IDZ ANNOUNCES 16 INVESTORS WORTH R3.3 BILLION**

On Tuesday, 30 November 2021, the East London Industrial Development Zone (ELIDZ) SOC Ltd announced R3,3 billion (bn) worth of private sector investment into the East London-based Special Economic Zone (SEZ). The 16 new investing companies are part of the ELIDZ's efforts to accelerate the localization of local content and are linked to the Mercedes Benz South Africa's (MBSA) new C-Class project (W206).

The ELIDZ Chief Executive Officer, Simphiwe Kondlo, made the announcement at an event attended by the Premier for the Eastern Cape Province, Mr Lubabalo Oscar Mabuyane, Minister for Small Business Development; Ms Stella Ndabeni-Abrahams, Department of Trade, Industry and Competition (the dtic) Deputy Minister, Ms Nomalungelo Gina, Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) MEC, Mr Mlungisi Mvoko and Buffalo City Metropolitan Municipality (BCMM) Executive Mayor, Mr Xola Pakati, just to name a few.

The 16 automotive investors whose collective job creation potential is more than 2070 jobs, have already started operating from their new facilities and are supplying MBSA with various automotive components.

Announcing the investing companies, Kondlo said the investments bodes well for the province's efforts towards deepening the automotive value chain. "The support schemes made available by government to aid the growth of this sector are proving to be the suitable catalyst needed for the growth of this sector," said Kondlo.

Meanwhile, in his keynote address, Premier Mabuyane underscored the role played by the automotive sector in not only reengineering the skillset of the youth but the economic recovery of this well-endowed province.

"The automotive sector is critical for our province. It continues to be the mainstay of our provincial economy. It drives manufacturing activities and the larger economic vibrance of our metros and our province, and it is the biggest Gross Domestic Product (GDP) contributor in the province," he stated.

Mabuyane added that the provincial government will continue to support the ELIDZ as well all efforts targeted at growing the automotive sector.

Minister for Small Business Development, Ms Stella Ndabeni-Abrahams, concurred with Premier Mabuyane and stated that while the South African SEZ Programme will play a significant role towards the revitalization of the country's economic recovery post Covid-19; SEZs are also instrumental in growing the Small, Micro and Medium Enterprises (SMMEs) in their respective regions. This as the ELIDZ awarded R247 million of construction contracts to SMMEs in the 2020/21 Financial Year.

"The development of SMMEs in the country are linked to the National Development Plan. This government strategy recognizes SMMEs as the backbone of our economy. As such, my department was created to ensure that there is alignment between the growth of industry and SMMEs to support that such growth," stated Ndabeni-Abrahams.

Minster Ndabeni-Abrahams also emphasized the strategic importance of manufacturing incubation to prepare SMMEs for locating within SEZs as future industrialists.

"The department has an automotive master plan currently open to comment. This plan is aimed at increasing the local content amongst first and second tier suppliers. We also need to do more to grow SMMEs in the third and fourth tier suppliers in order for those to come back and invest in our SEZs," added Minister Ndabeni-Abrahams.

Meanwhile, the Department of Trade, Industry and Competition Deputy Minister, Ms Nomalungelo Gina, lauded the ELIDZ for championing government's objective for the SEZ programme.

"Special Economic Zones seeks to create a sustainable environment for foreign and domestic direct investment, build sector-based industries, which will help the South African economy to develop its strategic industrial capabilities and industrial capabilities. The Special Economic Zone (SEZ) Programme serves as a key policy programme underpinning spatially integrated industrial development, particularly in the context of unlocking or optimizing South Africa's comparative and competitive advantages."

Gina added that the value of operational investments within SEZs in South Africa increased in the first quarter of 2021/22 from R21, 402 billion to R21, 996 billion as at the end of Quarter 2, of 2021/22 Financial Year. The growth of investments recorded a positive increase of R594 million.

Additionally, the new investments have taken the number of operational factories, within the EL SEZ, to 40 companies with an investment value of R7,7 billion worth of private sector investment since inception. As a result of these developments, the ELIDZ has only 138,99 hectares of its SEZ designated

land parcel remaining for additional development. This equates to only 29,9% of designated area available for further transaction.

In delivering his closing remarks, MEC Mvoko stated that at the heart of South Africa's economic reconstruction and recovery plan is the goal of building a new, fast growing, more inclusive economy; propelled by greater levels of public and private sector investment.

"I know a number of people when we talk about investment they think of foreign investment. A lot of South Africans, including here in the Eastern Cape, are sitting with money in the bank which is un-invested. Our part as the provincial government is to build a conducive environment for greater and sustained investment into our economy."

The 16 investing companies are:

1. AIC South Africa – Germany
2. Auria South Africa - Germany
3. AIH South Africa - South Africa
4. WWS / Permalox - Norway
5. MBSA (W206 Body Shop) – Germany
6. TEM Tooling – South Africa
7. Wheel Assemblers – South Africa
8. Valeo – Germany
9. Ebor Automotive Systems – South Africa
10. Martinrea – Germany
11. Polytec – Germany
12. ZF Lemforder – Germany
13. TI Automotive – Germany
14. Voestalpine – Germany
15. Automold – Germany
16. Molan Pino – Spain.

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