



Induction on **Trade, Investment and Exports**

Portfolio Committee on Trade and Industry

16 July 2019



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA



Presenters

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Outline

Trade policy: Division International Trade & Economic Development

Trade promotion: Trade and Investment South Africa

Investment promotion: Invest SA

Acronyms

International Trade and Economic Development Division (ITED)

Purpose: Policy division in **the dti** responsible for trade and investment policy, conducting trade negotiations, investment treaty, managing bilateral trade relations, and advancing South Africa's trade and developmental agenda in Africa.

Business units:

- Trade Negotiations

- Africa Multilateral Economic Relations

- Bi-lateral Relations with the Rest of the World

- Non-proliferation

- Office of the DDG: Trade policy & Research

Trade Policy Approach

the dti takes an integrated trade and investment policy approach:

- Trade to support industrial development
- Tariff setting to support industrial development
- Establish trade rules to enhance SA's exports of higher value added products
- Preserve policy space for industrial development
- Protect sensitive sectors in order to protect industrial capacity and employment
- Attract investment to sectors that drive industrial development and employment

ITED Priorities

World Trade Organization:

- Support rules-based trading system in the WTO
- Seek reform to address imbalance and inequities that prejudice developing country interests
- Reform to foster inclusivity, development and promote, agricultural reform, industrial development and technology transfer
- To this end, pursue developmental agenda with like-minded countries at WTO

ITED Priorities

South Africa's Agenda in Africa:

- Pursue a developmental approach to economic integration:
 - Market integration (trade liberalization/ free trade agreements)
 - Industrial development (strengthen and diversity manufacturing/ supply) Development and diversification of productive capacity, including through regional value chains
 - Cross-border Infrastructure development
- Current priority: the African Continental Free Trade Agreement (AfCFTA)
- But work ongoing in COMESA-EAC-SADC Tripartite Free Trade Agreement (TFTA), SADC, SACU

ITED Priorities

Bilateral engagements:

- Manage government to government trade and investment relations, particularly with priority economies such as the BRICS, European Union (EU) and United States (US)
- Broadly pursue cooperation on the terms of objectives and approaches set out above

Active implementation of the policies on exports and investment is the mandate of TISA and ISA



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Stakeholders

Promoting trade, investment and exports requires coordination:

- Coordination between divisions in **the dti**
- Inter-departmental coordination: DIRCO, DAFF, NT, SARS (Cluster system, sub-committees, task teams)
- ITAC (tariff setting and rebate provisions; trade remedies; import and export control)
- NEDLAC and the Agricultural Trade Forum
- Export Councils
- Engagements with other Governments (**the dti** co-chairs Economic Committees of BNCs/JMCs)
- Coordination with Southern African Customs Union (SACU) Member States
- Regular reporting to Parliament

Trade and Investment South Africa (TISA)

TISA is a division of the Department of Trade and Industry (**the dti**), tasked with growing the national exporter base and the volume and value of exports by South Africa.

Rationale:

- The National Development Plan has set a target of growing exports by 6% per annum by 2030.
- Exports currently account for 32% of South Africa's GDP.
- Exports thus have the potential for increasing labour productivity, can improve labour absorption in the economy and improve the terms of trade for South Africa.
- The investment drive and the US\$100 billion target may not be reached if the value-proposition presented to investors is not linked to exports. Companies invest where they have access to economies of scale and diverse markets for their goods and services.

ALIGNMENT TO THE NDP AND MTSF

- ✓ South Africa to grow in total exports by 6% pa in volume as determined in the NDP.
- ✓ Exports of manufactured products to grow by 7% pa (double in 10 years) in value.
- ✓ Exports of manufactured products to constitute 40% of total manufacturing output by 2030 in value.
- ✓ Exports of services to constitute 40% of total services supplied by 2030 in value.
- ✓ South Africa to capture 1% of total world exports by 2030 in value.

ALIGNMENT TO THE NDP AND MTSF



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STRATEGIC OBJECTIVES



To stimulate global demand for South Africa's goods and services, in support of industrialization.

To inculcate an export culture, to facilitate the creation of new exporters, in support of transformation.

To facilitate South African investments to the rest of Africa, in support of continental integration and intra-Africa trade and intra-African investments.



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EDS

EXPORT DEVELOPMENT AND SUPPORT

- Creation of a national export culture. Creation of new exporters. Key to transformation – BIs
- Global Exporter Passport Programme
- National outreach campaigns and awareness workshops
- Export Helpdesk.
- Trade Lead System.

EPM

EXPORT PROMOTION AND MARKETING

- Export Marketing and Investment Assistance (EMIA).
- Creating and sustaining markets for SA's goods and services abroad.
- Improving SA's export enabling environment
- Increasing the demand for South African goods and services through market prioritization, diversification and access

TIA

TRADE INVEST AFRICA

- Outward investment-led trade.
- Strengthen relations with the rest of Africa.
- Support Development Integration and the AfCFTA.

FSM

FOREIGN SERVICE MANAGEMENT

- Manage **the dti's** Foreign Offices.
- Provide strategic direction to FERs in stimulating global demand for SA's industrial goods and services.

IO INTERNATIONAL BUSINESS OPERATIONS

- Provide strategic commercial leadership in multilateral platforms – BRICS, IORA, G-20 et al.
- Export Councils + Exporter database
- Team Export SA (TESA).
- Bilateral Business Fora + strategic guidance
- Export strategy review.



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invest SA

ONE STOP SHOP

INVESTMENT SOUTH AFRICA

BRIEFING TO PORTFOLIO COMMITTEE ON TRADE

16 JULY 2019



- **Investment South Africa (InvestSA)** was formally established on 1 April 2016 as the National Investment Agency of Government to:
 - *Support foreign direct investment flows,*
 - *Promote domestic investment and to,*
 - *Establish a one-stop shop service to perform investment promotion, investor facilitation and aftercare support to investors.*
- Since establishment **InvestSA** has made strides towards attracting and facilitating large scale investments, and has since been the focal point and conduit for domestic and foreign direct investments for South Africa.
- **InvestSA** has gained global recognition and has received numerous global accolades in efforts to promote investment attraction in the country.

- ❑ Increase the quality and quantum of South Africa's fixed investment from R50 billion in 2018/2019 to R60 billion in 2021/2022.
- ❑ Provide a dedicated service to all investors to retain and expand investment
- ❑ Provide specialist advisory services and policy advocacy to improve the investment climate by fast-tracking and unblocking investor issues to reduce red tape in government over the medium term.

- **Investment Promotion**

To facilitate an increase in the quality and quantity of foreign direct investment, and domestic and outward investment, by providing targeted lead generation investment attraction, and recruitment support.

- **Investment Facilitation (InvestSA One Stop Shop)**

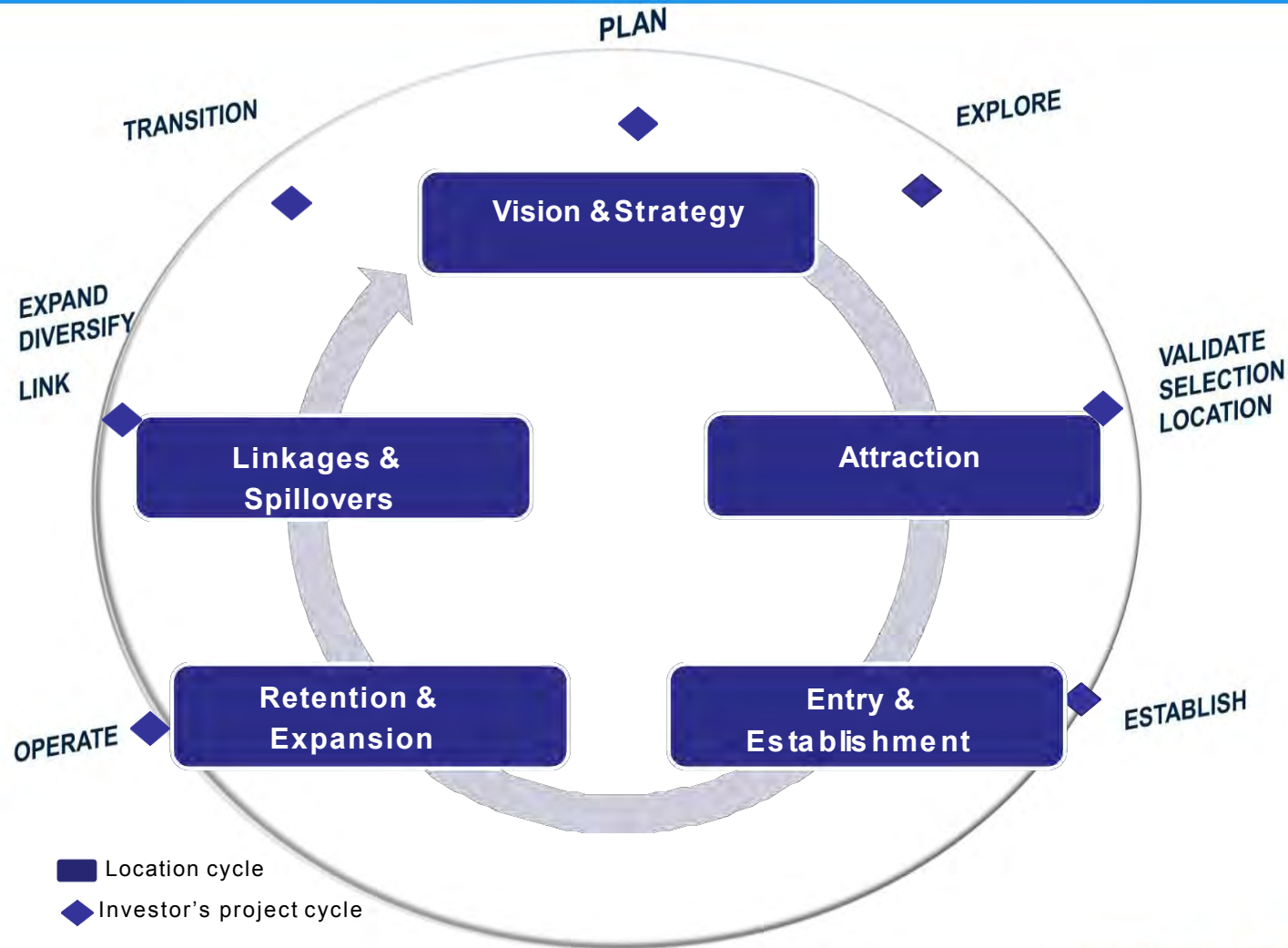
To promote and facilitate investment, and provide support services to the One Stop Shops. This sub-programme also provides a specialist advisory service, fast tracks and unblocks processes and reduces red tape for investors.

- **Investment Support and Aftercare**

To provide specialist advisory services through research, information, marketing, aftercare and policy advocacy to facilitate new investment, and retain and expand existing investment.

- **Investment South Africa**, focuses on investment promotion, investment facilitation and aftercare.
- **Investment South Africa** is the focal point in achieving the Presidential Investment mobilisation drive to attract \$100 billion over the next 5 years.
- **Investment South Africa** facilitates through the One Stop Shop (OSS), intergovernmental coordination, fast tracking and unblocking red tape in government.
- **Investment South Africa** undertakes investment marketing in priority markets and promotes South Africa as an attractive investment destination.
- **Investment South Africa** overall coordinates the Investment Climate Reform Program to improve South Africa's Ease of Doing Business and Competitiveness.
- **Investment South Africa** develops an annual pipeline of investment projects.
- **Investment South Africa** provides support to the Presidential Envoys.
- **Investment South Africa** is responsible for the Presidential Investment Conference.
- **Investment South Africa** is the Secretariat for the Presidential Investment Council.

- To make InvestSA a top five world class investment promotion agency.
- To intensify the President's ambitious investment drive to attract over \$100 billion over the next 5 years.
- To ensure a targeted and coordinated investment drive amongst all stakeholders.
- Diversify and increase investment flows from emerging markets.
- Retain and expand investment flows from developed markets.
- Improve the Ease of Doing Business, SA's investment climate and investment rankings.
- To roll-out One Stop Shops (OSS) in all 9 provinces.



InvestSA actively markets, promotes and facilitates investment in key high- yielding growth sectors of the South African economy

Green Industries	Services Industries	Resource Based Industries	Manufacturing	Advanced Manufacturing
<ul style="list-style-type: none">•Renewable energy•Energy efficiency•Water•The waste economy•Green transport•Sustainable Development Goals	<ul style="list-style-type: none">•Oil & gas•Ship building•Ship repairs•Business process outsourcing•Films•Explorations	<ul style="list-style-type: none">•Mining•Agro-processing•Aquaculture•Agriculture•Mineral beneficiation•Ocean / blue economy	<ul style="list-style-type: none">•Automotive•Leather & footwear•Clothing & textiles•Rail•Metals fabrication•Yellow goods•Heavy vehicles•Cosmetics•FMCG	<ul style="list-style-type: none">•Plastics•Electronics•White goods•Aerospace•Pharma•Chemicals•Biochemical•Defence industries

- InvestSA has been mandated by the IMC on Investment and by the Presidency to champion the establishment of One Stop Shops (OSS).
- The purpose of the OSS is to serve as the focal point of contact in government for all investors by coordinating and facilitating the relevant government departments involved in regulatory, registration, permits and licensing.
- With the aim to significantly shorten and simplify administrative procedures and guidelines for the issuance of business approvals, permits and licenses and reduce bottlenecks faced by investors in establishing or running a business.
- In March 2017, InvestSA launched its **National One Stop Shop** (in Pretoria) which was followed by the launch of three (3) Provincial One Stop Shops during 2017/2018 (i.e. KZN, Gauteng and Western Cape).

Our service offerings to investors:

Investment **Information**

- Economic Environment
- Regulatory Environment
- Legal Environment & Compliance
- Industrial Development & Financial Support
- Investment Guides



Aftercare **Services**

- Advice on recruitment, talent & skills
- Advice on lifestyle amenities e.g. location of housing, schools etc.
- Policy Advocacy
- Investor Surveys
- Business Forums and Investment Roundtables
- Retention & Expansion Services

Investment **Facilitation**

- Inter-governmental coordination and facilitation
- Licencing, company registrations and work permits
- Municipal facilitation
- Incentives facilitation
- Location analysis and facilitation
- Critical infrastructure and utilities
- Broad Based Black Economic Empowerment (BBBEE) Facilitation
- Mediation and Arbitration
- Introduction to financial institutions and funding opportunities
- Priority sectors, designation and localisation
- Site visits and Business to Business Programs
- Partnerships with Stakeholders
- Company verifications
- Enterprise and supplier development
- Introduction to raw materials suppliers
- Advice and customs clearing
- Investment promotion and international investment missions
- Facilitation by **the dti** representatives abroad

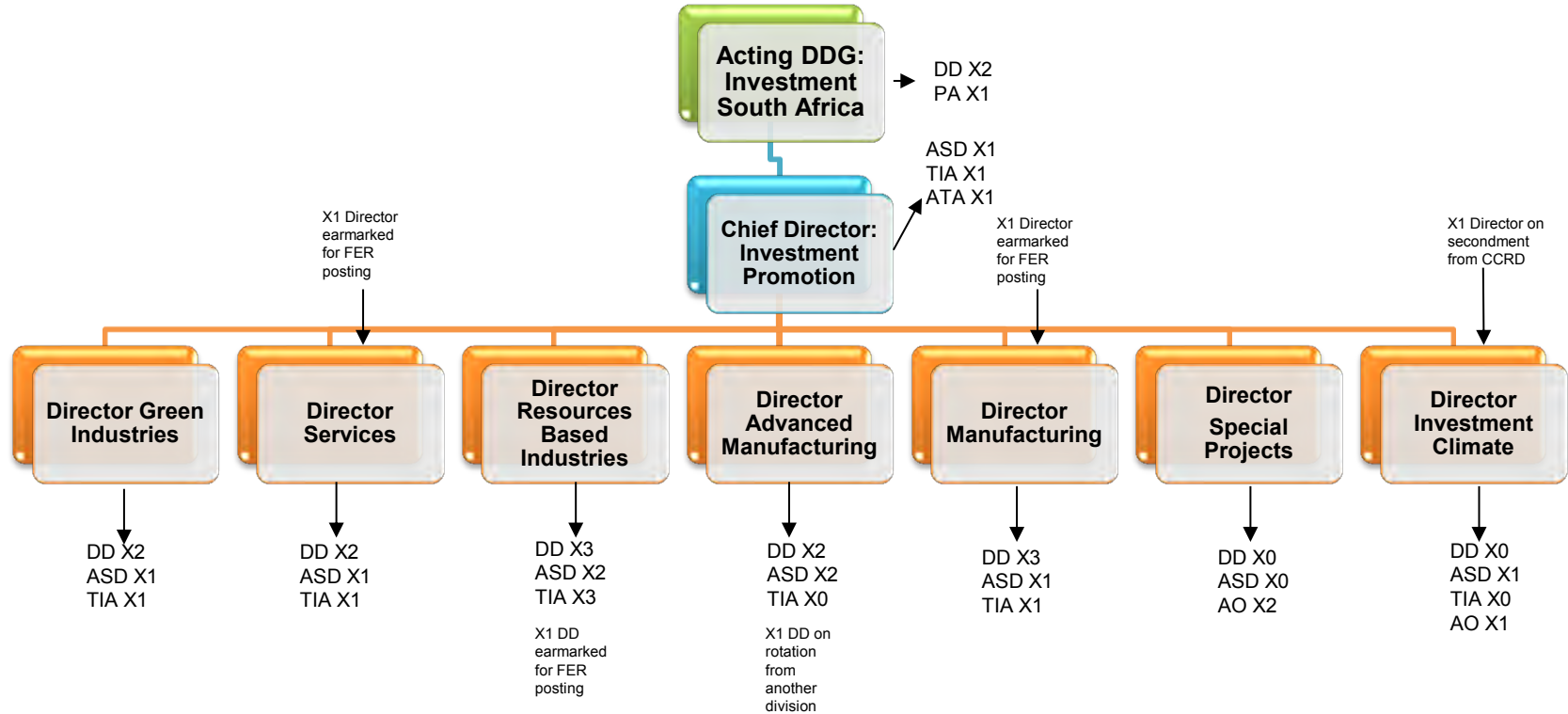
- President Cyril Ramaphosa, in his SONA, 2019, committed to move South Africa to 50th position on the World Bank Survey on the Ease of Doing Business over the next 3 years.
- In the last 10 years South Africa's ranking declined by 50 places and is currently ranked at 82. In 2006 SA was ranked in the top 30.
- The purpose of the ICRP seeks to streamline processes and create efficiencies and improve on the overall customer experience that will improve South Africa's ranking on the World Bank's annual "Ease of Doing Business Survey" and move South Africa's ranking from 82 to 50 over the next three years.
- In March 2019 **the dti** signed an Advisory Agreement with the International Finance Corporation (World Bank Group) to formalize the work pertaining to the Investment Climate Reform Programme (ICRP).
- Improving South Africa's Doing Business performance is key to strengthening the country's investment performance, as annual Doing Business results are used to position and market investment attractiveness to potential investors.

SA'S RANKINGS ON EASE OF DOING BUSINESS INDICATORS

Indicator(s)	2017		2018		2019	
	DB Ranking (1-190) 74	DTF (0-100)	DB Ranking 82	DTF	DB Ranking 82	DTF
1. Starting a Business	131	80.47	136	79.97	134	81.22
2. Paying Taxes	51	81.09	46	80.02	46	81.13
3. Registering Property	105	59.03	107	58.43	106	59.32
4. Trading Across Borders	139	58.01	147	58.01	143	59.64
5. Dealing with Construction Permits	99	68.21	94	67.53	96	68.25
6. Resolving Insolvency	50	57.94	55	57.59	66	54.49
7. Getting Electricity	111	60.18	112	63.21	109	68.79
8. Protecting Minority Investors	22	70.00	24	70.00	23	73.33
9. Getting Credit	62	60.00	68	60.00	73	60.00
10. Enforcing Contracts	113	54.10	115	54.10	115	54.10

The table indicates SA's declining ranking per indicator for 2017 and 2018

HIGH LEVEL ORGANOGRAM



Investment South Africa has an establishment of 50 employees since April 2016

Investment South Africa's operational mandate is impacted on by the following policies & legislation:

- ✓ Broad Based Black Economic Empowerment Act, 2003 (act no. 53 of 2003)
- ✓ National Regular for Compulsory Specifications Act, 2008 (Act no. 5 of 2008)
- ✓ National Supplies Procurement Act, 1970 (Act no. 89 of 1970)
- ✓ Protection of Businesses Act, 1978 (Act no. 99 of 1978)
- ✓ Protection of Investment Act, 2015 (Act no.22 of 2015)
- ✓ Special Economic Zones Act, 2014 (Act no. 16 of 2014)
- ✓ Basic Conditions of Employment Act, 1997 (Act no. 75 of 1997)
- ✓ Immigration Action, 2002 (Act no 13 of 2002)
- ✓ Companies Act, 2008 (Act no. 71 of 2008)
- ✓ Copyright Act, 1978 (Act no. 98 of 1978)
- ✓ Intellectual Property Laws Rationalisation Act, 1996 (Act no. 107 of 1996)
- ✓ Non-proliferation of Weapons of Mass Destruction Act, 1993 (Act no. 87 of 1993)
- ✓ Registration of Copyright in Cinematography Films Act, 1977 (Act no. 62 of 1977)
- ✓ Standards Act, 2008 (Act no. 8 of 2008)
- ✓ Trade Marks Act, 1993 (Act no. 194 of 1993)

Investment South Africa's key partners are:

- ✓ The Presidency (Inter-Ministerial Committee on Investment)
- ✓ Provincial Departments of Economic Development
- ✓ Provincial Investment Promotion Agencies
- ✓ Local Government Investment Promotion Agencies
- ✓ World Association of Investment Promotion Agencies (WAIPA)
- ✓ United Nations Conference on Trade & Development (UNCTAD)
- ✓ World Bank Group



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ONE STOP SHOP



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Acronyms

- AfCFTA African Continental Free Trade Agreement
- AU African Union
- AUC African Union Commission
- EPA Economic Partnership Agreement
- EU European Union
- IP Intellectual Property
- ITED International Trade and Economic Development division
- ITAC International Trade Administration Commission
- NDP National Development Plan
- NEDLAC National Economic Development and Labour Council
- SACU Southern African Customs Union
- SADC Southern African Development Community
- TFTA Tripartite Free Trade Agreement (SADC, COMESA, EAC)
- WTO World Trade Organization

Thank You



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