



Passport for Doing Business in South Africa





OVERVIEW

South Africa is a strategically situated and promising emerging market. The country is a member of the BRICS grouping (Brazil, Russia, India, China and South Africa), and holds a wealth of natural resources, world-class transport infrastructure and an established manufacturing base.

South Africa has sophisticated financial controls, which coupled with a solid legal sector makes it an attractive destination for global business process outsourcing (BPO) operations.

Land surface area

1 219 602km²

Key economic sectors

Mining services and transport, energy, manufacturing, tourism and agriculture

Total population

According to the 2018 mid-year population estimate, the total population is 57,73 million.

Official languages

English, isiZulu, isiXhosa, isiNdebele, Afrikaans, Siswati, Sepedi, Sesotho, Setswana, Tshivenda and Xitsonga

Currency

Rand (ZAR)

Time

GMT +2 hours





Government

Constitutional multiparty democracy, with three spheres of government, namely local, provincial and national

Capitals

Pretoria (administrative)

Cape Town (legislative)

Bloemfontein (judicial)

Provinces

Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape, North West and Western Cape

Transportation

Excellent roads, rail and air facilities (both domestic and international).

Public transport includes the Gautrain between Johannesburg and Pretoria; and the Bus Rapid Transport System in major cities.

Telecommunications

World-class infrastructure; internet access is widely available; five mobile cellular networks available

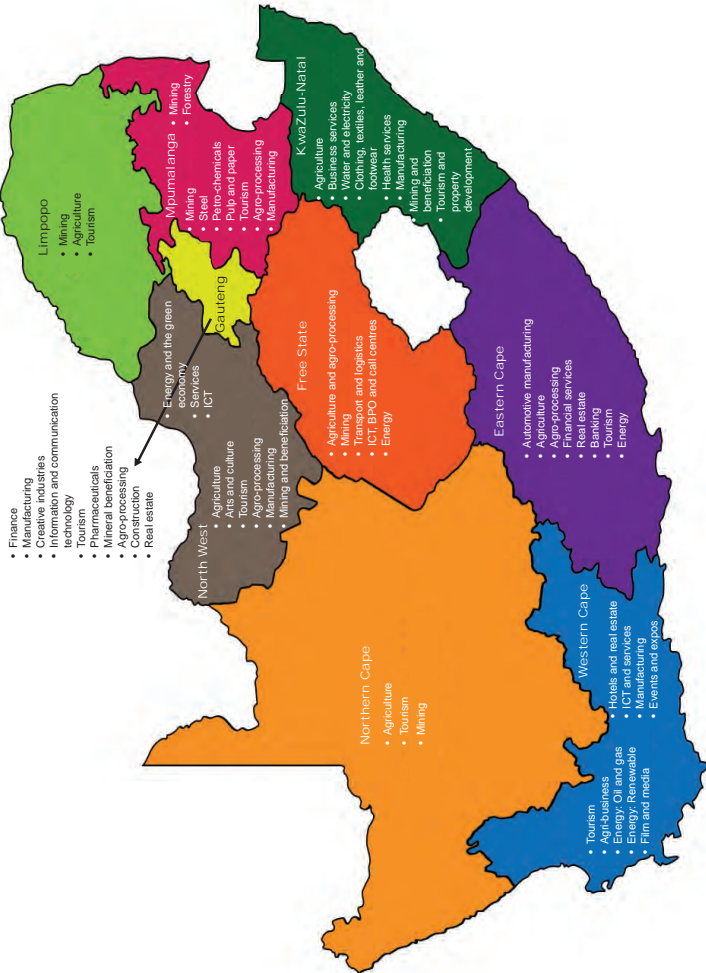
Healthcare

The country offers both public and private healthcare.

Education

There are private and public education institutions throughout the country.

Key economic sectors by province





10 REASONS WHY YOU SHOULD INVEST IN SOUTH AFRICA

1		HOT EMERGING MARKET South Africa has a growing middle class, affluent consumer base and excellent returns on investment.
2		NO.1 DIVERSIFIED ECONOMY IN AFRICA South Africa is the leading services destination, regional manufacturing hub and most industrialised country in Africa.
3		LARGEST PRESENCE OF MULTI-NATIONALS ON AFRICAN CONTINENT South Africa is the multinationals' location of choice. Global corporates enjoy benefits of doing business in the country, with its growing and supportive ecosystem as a hub for innovation, tech and fintech.
4		PROGRESSIVE CONSTITUTION AND INDEPENDENT JUDICIARY South Africa has a progressive Constitution and an independent judiciary. It has a mature, accessible legal system, providing certainty and respect for the law. Ranked no. 1 in Africa for the protection of investment and minority investors.
5		FAVOURABLE MARKET ACCESS TO GLOBAL MARKETS The African Continental Free Trade Area will boost intra-Africa trade and create a market of more than one-billion people with a GDP of \$2.6 trillion that will unlock industrial development. South Africa has several trade agreements that provide an export platform into global markets.
6		ABUNDANT NATURAL RESOURCES South Africa is abundantly endowed with precious metals, is the world's leading producer of PGMs, the sixth-largest producer of gold, has world-renowned underground mining expertise, and more than 110 listed mining companies with operations in the country.
7		ADVANCED FINANCIAL SERVICES AND BANKING SECTOR South Africa has a sophisticated banking sector with a major footprint in Africa and is a financial hub in Africa, with the JSE being the largest stock exchange by market capitalisation.
8		WORLD-CLASS INFRASTRUCTURE AND LOGISTICS With government investment of more than R1 trillion and continued investment in infrastructure, South Africa has the largest air and port network that links into the African continent. It is ranked no. 1 in Africa on the World Bank's Logistics Performance Index.
9		YOUNG TRAINABLE LABOUR FORCE South Africa has a number of world-class universities and technicians, producing a skilled, talented and capable workforce. It offers a diversified skill set, emerging talent, large pool of trainable labour, and government support for training and skills development.
10		EXCELLENT QUALITY OF LIFE Favourable cost of living, diversified culture, cuisine and sports destination all year round. Renowned hospitality sector.



DID YOU KNOW?

- The World Bank ranks South Africa at No. 2 in its 2017 Africa Competitiveness Report, an improvement of nine places from its 2016/17 global ranking.
 - The Africa Investment Index 2018 by Quantum Global Research Lab ranks South Africa at No. 6 in investment attractiveness of African countries in the medium term, based on the growth factor of gross domestic product (GDP), ease of doing business in the country and significant population.
 - The country ranks at No. 61 of 137 economies in the 2017-2018 edition of the Global Competitiveness Report published by the World Economic Forum.
 - South Africa is the only African country included in the Swiss-based IMD's 63-country index, and ranks at No. 53. The IMD measures competitiveness by comparing countries' infrastructure, institutions and policies that encourage value creation by companies.
 - South Africa continues to attract the bulk of FDI projects destined for the continent with a share of 20,6%, followed by Morocco at 12%, Egypt at 11,7%, Nigeria at 7,5% and Kenya at 5,9% (2017 Ernst and Young Attractiveness Programme).
 - South Africa's reputation ranks at No. 39, out of 55 countries. Among the BRICS countries, South Africa is positioned in third place, with Brazil in first place at No. 33 and India second at No. 35 (2018 Country RepTrak® study conducted by Reputation House).
 - The 2017 Mo Ibrahim Index of African Governance ranks South Africa sixth, out of 54 countries assessed.
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GOVERNANCE AND REGULATIONS

Immigration

South Africa's Immigration system is regulated by the Immigration Act, which grants access to foreigners to promote economic growth, while ensuring considerations are met. The system comprises three basic components: visas, and temporary and permanent residence permits. The correct permit must be obtained before an individual can work in South Africa and all permits are activity-based. For further information, visit www.dha.gov.za

Labour

The South African system is guided by the Basic Conditions of Employment Act, which establishes fair labour practices by enforcing basic conditions of employment. The employment relationship is governed by the employment contract between employer and employee. For further information, visit www.labour.gov.za

Corporate regulation

The Companies Act is characterised by flexibility, transparency and regulatory certainty. It guides the operations of profit and non-profit companies. The Act compels foreign countries to register with the Companies and Intellectual Property Commission (CIPC) if they conduct or intend to conduct business in South Africa. For further information, visit www.gov.za

King Report on corporate governance

The King Report provides a list of best practice corporate governance principles, and sets out what ethical and effective leadership is. The principles apply to all institutions, including public institutions, but are not enforced through legislation. The King Report, however, co-exists with a number of laws that apply to companies and directors, including the Companies Act.





Black economic empowerment

Broad-Based Black Economic Empowerment (B-BBEE) is the viable economic empowerment of all black people in South Africa through diverse but integrated socio-economic strategies. B-BBEE is an inclusive process that intends to advance economic transformation and increase the participation of black people in the South African economy. B-BBEE was introduced to address the imbalances created by years of apartheid rule in South Africa.

Incentives

The Department of Trade and Industry (**the dti**) offers numerous incentive schemes, all of which have their own specific guidelines and qualifying criteria. Please consult the relevant guidelines for more detailed information, which are available at **the dti** website www.thedti.gov.za.





FREQUENTLY ASKED QUESTIONS

- **The BEE Codes of Good Practice require that all entities operating in the South African economy make a contribution towards the objectives of B-BBEE. As a multinational, however, we have global practices that prevent us from complying with the ownership element of B-BBEE through the traditional sale of shares to black South Africans. How then do we fulfil this obligation?**

In this instance, and provided that it can be proven that an entity cannot enter into any partnership arrangements in other countries, the Codes of Good Practice have made provision for the recognition of contributions in lieu of a direct sale of equity. Such contributions are referred to as equity equivalent (EE) contributions and count towards the ownership element of B-BBEE. The value of these EE contributions can be measured against 25% of the value of the multinational's South African operations or 4% of the total revenue from its South African operations annually over the period of continued measurement.

For more information on **the dti's** Equity Equivalent Programme, visit www.thedti.gov.za/economic_empowerment/equity.jsp

- **My company is reluctant to invest in South Africa largely as a result of the ongoing discussions on land reform. We are concerned about the impact on all property, not only land, but also intellectual property and investments.**

Parliament has established the Joint Constitutional Review Committee to review Section 25 of the Constitution, which speaks to the right of property ownership. The committee is expected to conclude its work by the end of September 2018 and submit a report to Parliament. In his State of the Nation Address earlier in 2018, President Cyril Ramaphosa indicated that land reform would be pursued in such a way that it does not affect economic growth, agricultural production and food security.



- **What Special Economic Zone (SEZ) incentives are available to me as an investor?**

South Africa has developed SEZ policy and legislative frameworks that seek to guide the development and management of the zones. The legislative frameworks have led to the development and approval of the competitive incentive packages for the SEZs, whereby companies located in the zones may qualify for:

- a) 15% corporate tax
- b) Employment tax incentive
- c) Accelerated depreciation allowance for buildings
- d) Duty Free (customs) and Vat Free

The SEZ policy is available on **the dti** website www.thedti.gov.za.







the dti Campus
77 Meintjies Street
Sunnyside
Pretoria
0002

the dti
Private Bag X84
Pretoria
0001

the dti Customer Contact Centre: 0861 843 384
the dti Website: www.thedti.gov.za

