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## MEDIA STATEMENT

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### **Paddling uncharted waters – *the case of Special Economic Zones during the COVID 19 pandemic***

**Port Elizabeth, 08 June 2020** – As the world continues to come to grips with the COVID 19 pandemic and its ramifications, businesses are faced with difficult decisions on whether to continue with the run-of-the-mill or effect drastic measures to change the current trajectory. Some organisations might be anxious while others worry that the current arrangements as a result of the pandemic may be inadequate to meet their needs.

The COVID-19 pandemic has undoubtedly impacted most businesses negatively both from a revenue generation and sustainability perspective. Businesses are apprehensive about the productivity and financial losses they are suffering and how the future is going to be in uncharted waters. Will the economic recovery be swift and direct or will it be slow and continue to negatively impact on businesses for months or even years.

According to the United Nations Conference on Trade and Development (UNCTAD) 2020, the pandemic is causing massive disruptions to the flow of Foreign Direct Investments (FDI). The developing countries are likely to be hit the hardest. In the midst

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of the pandemic, the global production networks are being disrupted on a scale never witnessed before. “The International Monetary Fund (IMF) highlights that foreign investors have removed 83 billion US\$ from developing countries since the beginning of the COVID-19 crisis, the largest capital outflow ever recorded,” International Monetary Fund Managing Director Kristalina Georgieva.

Foreign investors, as they seek opportunities elsewhere, are looking from a distance on how the African Continent responds to COVID-19. Investors are looking for markets that will ease disruptions in their production chains, swift to implement measures to stimulate economic recovery and growth, and provide policy certainty amid a global challenge.

As both domestic & foreign direct investment destinations, Special Economic Zones (SEZs) are not exempted from the carnage that has affected many businesses. Operators of SEZ’s, like the Coega Development Corporation (CDC), have found the going to be very tough. This is attributed to many investors in the SEZ operating at below capacity and others not operating at all during the national lockdown, putting serious strain on the financial sustainability of the organisation.

The CDC’s challenges during the COVID-19 pandemic includes juggling two sides of a double edged sword during the different Alert Levels of the lockdown. On the one hand, the need to provide essential services to some of the investors located in the SEZ, with others having little to non-existing economic activity. On the other hand, struggling to reduce the cost of operations during the lockdown period and faced with at some point no rental income from some of the investors, poses a challenge on the cash flow for the organisation.

Having to appreciate the enormous challenges faced by our investors located at the SEZ and a need to sustain their businesses during this trying period has certainly brought about a sense of great responsibility on many levels.



The worst is still yet to come regarding the pandemic, the experts say; however, we remain resolute that if we work together supported by our stakeholders to implement the stringent measures required to survive during this difficult time, there is a chance that we could achieve our business objectives.

Knowing that the organisation must cope with the 'new normal,' the CDC has implemented operational measures for business continuity. Key amongst those is providing employees tools of trade to remain productive whilst working from home during the lockdown period. Conducting most of our business through online systems, holding online meetings with local and international clients, investors and stakeholders to increase investment pipeline and attract FDI into the Coega SEZ, is now the new normal. We have also implemented a virtual tour for prospective investors for site visit to see development of the zone and available service land for investment purposes: <http://coega.co.za/map/>

The CDC's COVID-19 Task Team provided strategic & operational guidance to the organization and continues to do so during the lockdown Alert Levels to effectively curb the spread of the pandemic and ensure the organisation complies with the published government regulations. The following are some of the steps taken by the team:

- Extend the CDC's Health & Safety Wellness Clinic services to include the testing for the pandemic by qualified Physicians;
- Compulsory screening at all entry points using hand-held devices and measuring temperature using non-touch forehead temperature Thermometer scanner;
- Stringent security measures at access points in the SEZ, which include checking driver and vehicle license verifications, required permits as per the published regulations, and screening process;
- Signage and information material for COVID-19 posted in the CDC foyers, on all floors and entrances, all boardrooms, and posted on dedicated COVID-19



online portal to create awareness:

<http://www.coega.co.za/DocumentList.aspx?cmd=browse&objID=80&catID=2065>

- Placement of Safety Health Environment (SHE) representatives throughout the organization to monitor the implementation of COVID-19 protocols and ensure compliance with the published regulations;
- Frequent cleaning of common areas (lifts, door handles, lavatories, and other facilities);
- Sanitizers are made available at all CDC's entry points, boardrooms, ablution facilities, reception areas, etc.); and
- Amongst other mechanisms of ensuring a safe working environment is the use of PPE. The CDC has provided PPEs to staff and is complying with keeping physical distancing from each other when at the office, which includes non-sharing of work-spaces, amongst others.

Let us continue to keep safe and courageous with the full belief that we have the power and resolve to defeat the sting of this virus.

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(890 words)

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**About Coega:** The Coega Development Corporation (CDC) is a public entity in terms of the Public Finance Management Act (PFMA), based in the Nelson Mandela Bay Municipality with operations throughout South Africa. The corporation is mandated to develop and operate the 9 003 hectare Coega SEZ, gazetted by the Minister, Dr. Rob Davies (Government Gazette No. 40883 on 2 June 2017) in terms of section 39(2) of the SEZ Act No. 16 of 2014 ("SEZ Act"), replacing the Government Gazette No. 21803 of 1 December 2000, made in terms of the Manufacturing Development Act No. 187 of 1993. In terms of the SEZ Act, the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) is the CDC's Executive Authority, with ordinary shares owned by the Eastern Cape Provincial Government. The CDC Board is the Accounting Authority and is accountable to the MEC for Finance, Economic Development, Environmental Affairs and Tourism, Honourable Mlungisi Gerald Mvoko. The CDC's vision is to be the leading catalyst for the championing of socio-economic development; and its mission is to provide a competitive investment location supported by value-added business services that effectively enable socio-economic development. In the 20 years since its establishment in 1999, the Coega SEZ has become one of the leading SEZ's in Africa, as a gateway to African and world markets, a transshipment hub and Southern Africa's most successful SEZ. To date, the CDC has delivered on its mandate to provide socio-economic development for the Eastern Cape, by enabling the creation of over 120 000 accumulative jobs since inception, with 45 operational investors, who have invested R11.579 billion in private sector investment and R9.53 billion in foreign direct investment. The CDC has also trained over 100 000 people since inception.

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**For more information contact:**

Dr. Ayanda Vilakazi  
Head of Marketing, Brand and Communications  
Coega Development Corporation



Work: 041 403 0464  
Fax: 041 403 0401  
E-mail: [ayanda.vilakazi@coega.co.za](mailto:ayanda.vilakazi@coega.co.za)

