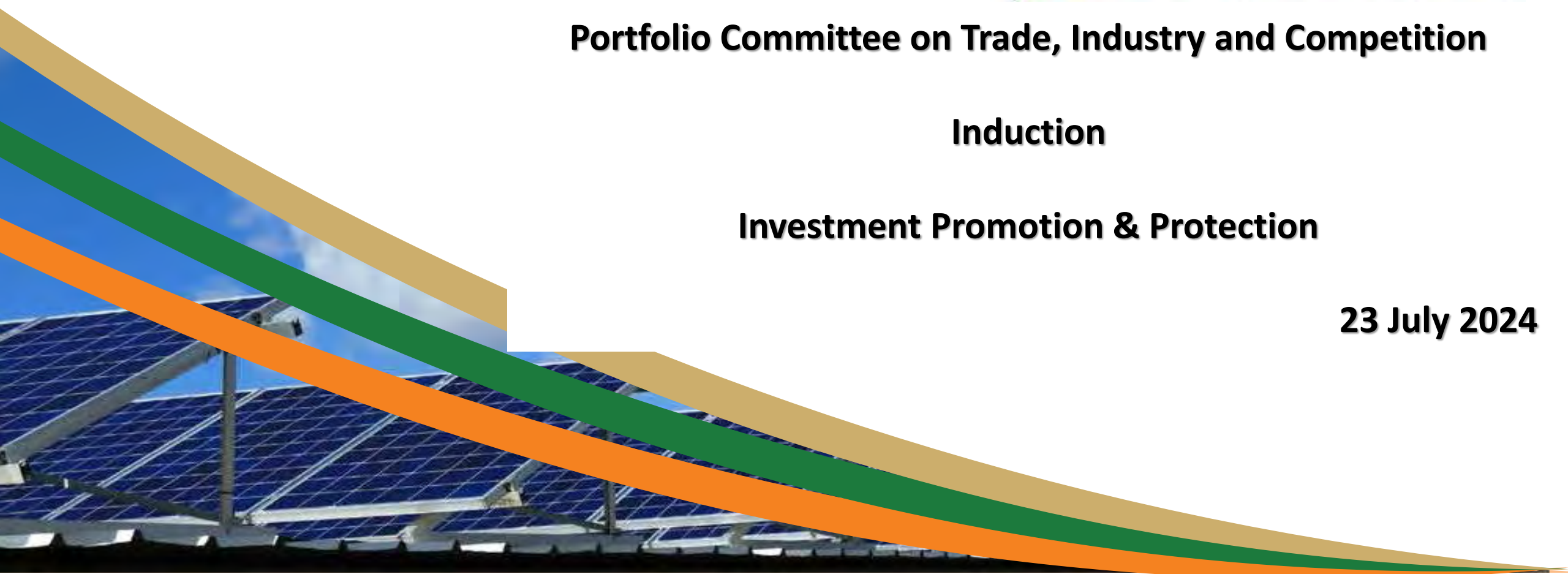


Portfolio Committee on Trade, Industry and Competition

Induction

Investment Promotion & Protection

23 July 2024





STRATEGIC OBJECTIVES

- **Investment South Africa**, focusses on investment promotion, investment facilitation and aftercare
- Investment facilitation through the One Stop Shop (OSS), inter-governmentally coordinates, fast track and unblocks 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 Competativeness
- **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

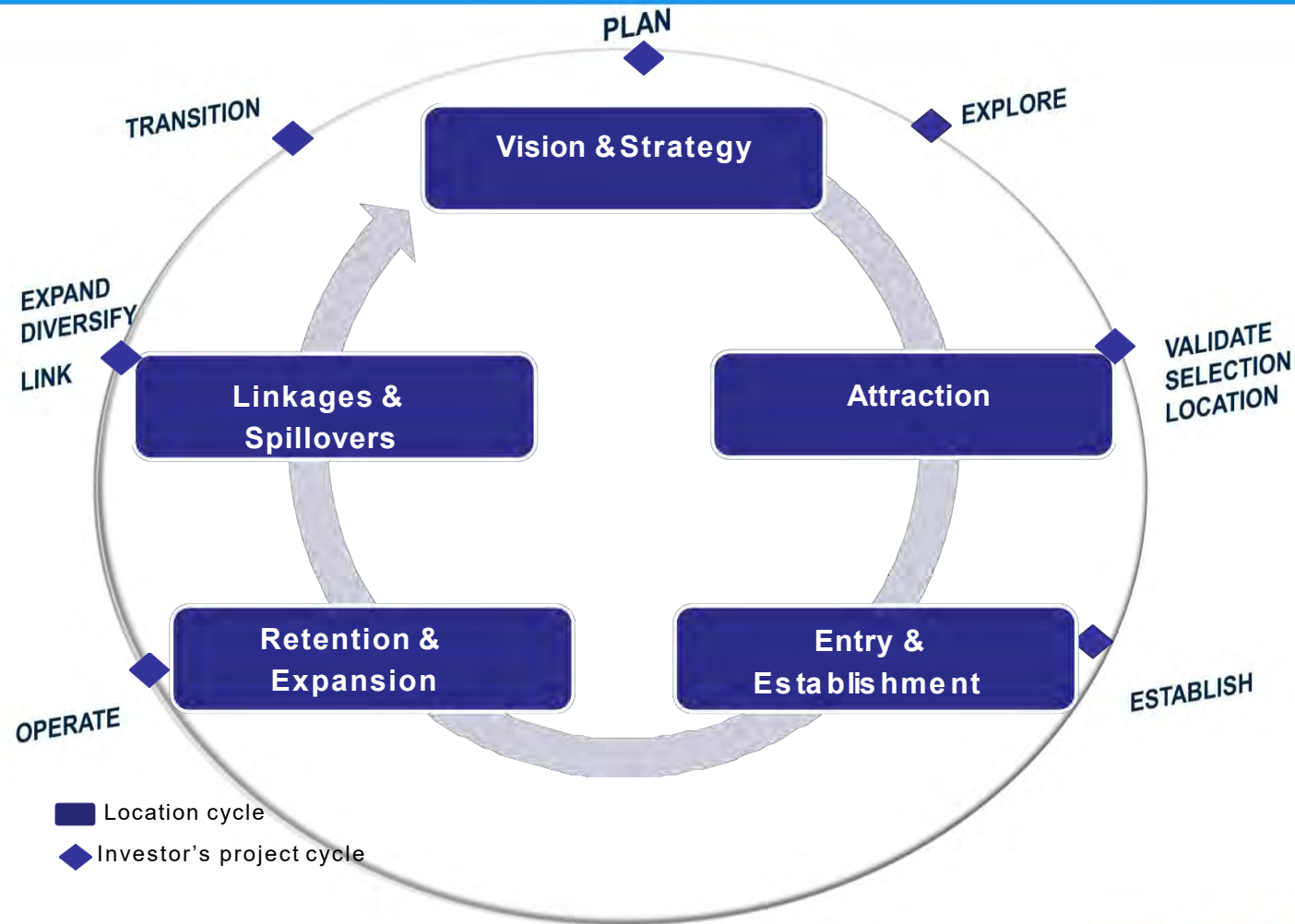
Investment South Africa's operational mandate is impacted on by the following policies & legislation:

- ✓ 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)

IMPACT OF PROGRAMMES - INVESTMENT SA MANDATE

❑ Investment South Africa's mandate translates into the following benefits to the country:

- ✓ Foreign Direct Investment
- ✓ Job Creation
- ✓ Tax infused into the fiscus
- ✓ Supplier Development
- ✓ Technology Transfer
- ✓ Skills Transfer
- ✓ More efficient processes for plant manufacturing
- ✓ Empowerment and establishment of industrialists
- ✓ SMME development and procurement from SMME's
- ✓ Enterprise Development



invest SA

Investment Mobilization

- Opportunity Identification
- Opportunity Development
- Opportunity Packaging
- Identification of Investors and Markets

Investment Promotion & Facilitation

- Promotion of Packaged Opportunities
- Investor Targeting (Foreign and Local)
- Investment Generation
- Investment Facilitation
- Committed Investment

Retention & Expansion

- Existing Firm Engagements
- Industry Engagements
- Government Liaison
- Unblocking Challenges (bottlenecks, Red Tape)
- Unlocking firm growth opportunities

One-Stop-Shops

- Single Entry Point to facilitate investments
- Streamlining Governmental Investment coordination
- Escalating challenges encountered to relevant Departments
- Improve National Subnational Coordination

Ease of Doing Business

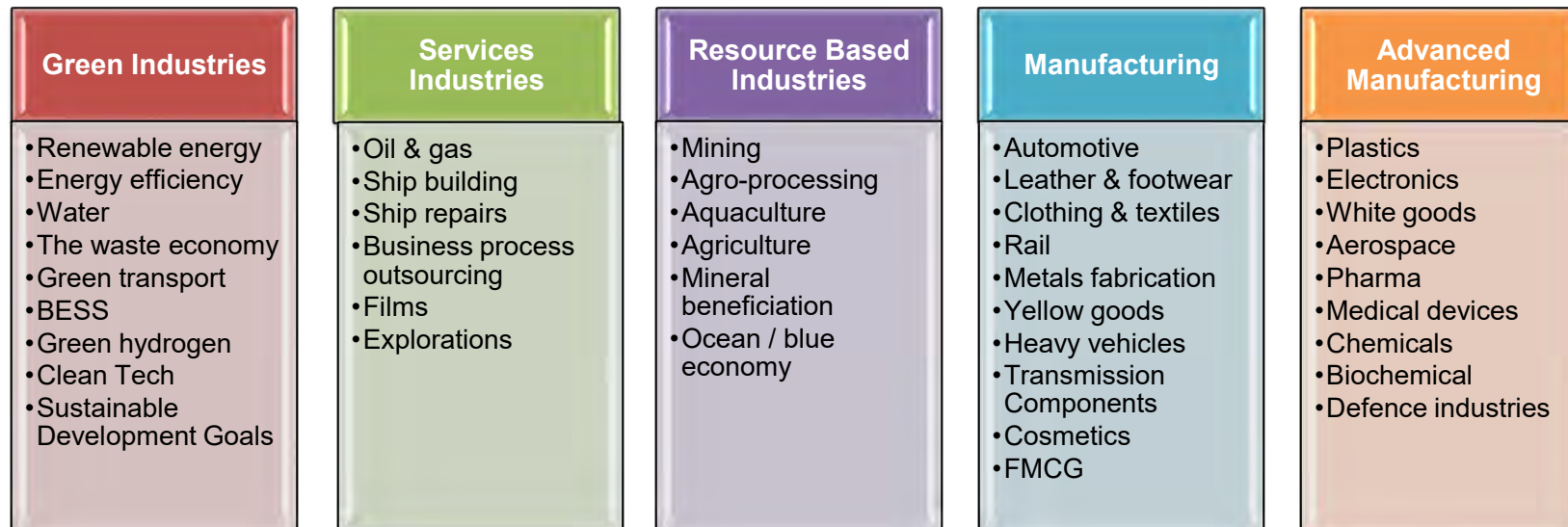
- Starting a Business;
- Registering a Property
- Dealing with construction permits
- Paying Taxes
- Trading across borders



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



Sectoral strengths of South Africa's provinces

North West:

- Mining
- Agriculture and agro-processing
- Tourism
- Metal products
- Machinery and equipment
- Renewable energy (solar)

Northern Cape:

- Mining
- Agriculture and agro-processing
- Fisheries and aquaculture
- Renewable energy (solar, wind)
- Jewellery manufacturing

Western Cape:

- Tourism
- Financial and business services
- Transport and logistics
- Information and communications technology
- Agriculture and agro-processing
- Fisheries and aquaculture
- Petrochemicals
- Basic iron and steel
- Clothing and textiles
- Renewable energy (solar, wind)

Gauteng:

- Financial and business services
- Information and communications technology
- Transport and logistics
- Basic iron and steel, steel products
- Fabricated metal products
- Motor vehicles, parts and accessories
- Appliances
- Machinery and equipment
- Chemical products, pharmaceuticals
- Agro-processing

Limpopo:

- Mining
- Fertilisers
- Tourism
- Agriculture
- Agro-processing
- Energy, including renewables (solar)

Mpumalanga:

- Mining
- Tourism
- Forestry, paper and paper products, wood and wood products
- Agriculture and agro-processing
- Metal products

KwaZulu-Natal:

- Transport and logistics
- Tourism
- Motor vehicles, parts and accessories
- Petrochemicals
- Aluminium
- Clothing and textiles
- Machinery and equipment
- Agriculture and agro-processing
- Forestry, pulp and paper, wood and wood products



Free State:

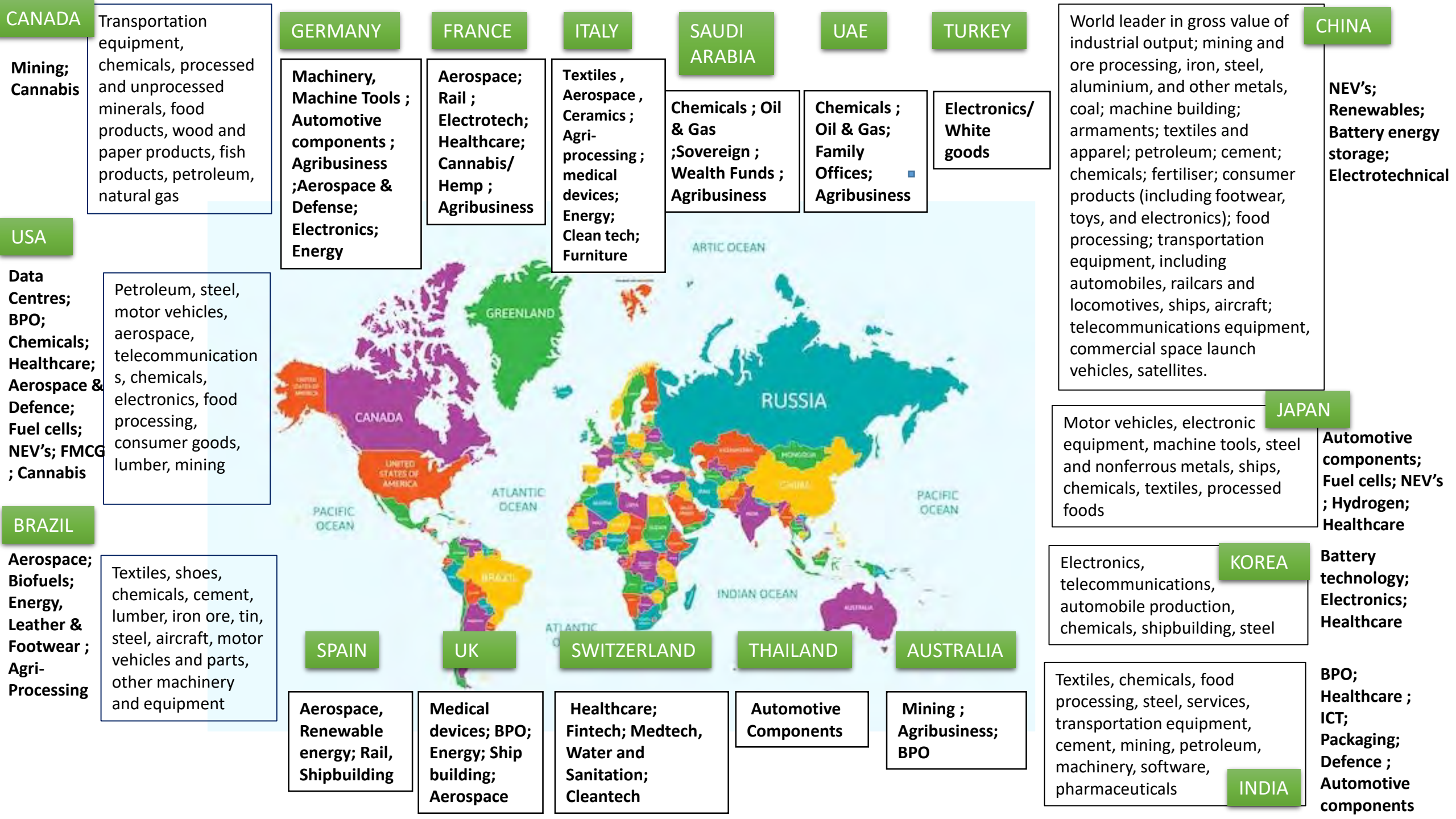
- Agriculture and agro-processing
- Mining
- Petrochemicals
- Machinery and equipment
- Tourism

Eastern Cape:

- Motor vehicles, parts and accessories
- Forestry, wood and wood products
- Clothing and textiles
- Pharmaceuticals
- Leather and leather products
- Tourism
- Renewable energy (wind)

Investment Sectoral Focus & Opportunities

	Agribusiness		Creative Industries		High Tech		TCLF
	Automotive		Furniture & Plastics		Information Technology & Business Services		Tourism
	Cleantech		Healthcare & Lifesciences & Wellness		Mining & Energy		Transport & Industrial



The growth in South Africa as a destination for investment

Positioning South Africa as a critical investment location

Investment
facilitation from
InvestSA

Five investment
conferences hosted

Red tape reduction
to improve business
environment

Foreign direct investment was **R1.1 trillion*** for the five-year period from 2019 to 2023, **3.5x** the FDI for the prior five-year period of **R312 billion***

According to a 2022 report by Bloom Consulting, non-residents have a 'moderately positive' perception of SA's economy and business ecosystem. This correspond with other international rankings that situate SA in the middle of the range of countries for investment appeal, underscoring SA's strong fundamentals like investor protection and corporate governance. PWC Strategy South Africa Economic Outlook. April 2024

South Africa attracted the most FDI projects in Africa, making up 23% of the continent's total, at 157 — and the highest since at least 2016. Its FDI was valued at US\$26.8b and created approximately 15,000 jobs, the most in the region by a considerable margin. It also attracts the bulk of the region's capital, despite its weak economic performance and growth outlook.

Ernst & Young Attractiveness Africa Report.
November 2023

* In real terms using 2023 rands

Flows from SAIC Pledges

	2018	2019	2020	2021	2022	2023	Total
FDI Flows (R Bn/Tn)	72bn	74bn	50bn	594bn	151bn	97bn	R1,038tn
% of GDP	1.3%	1.3%	0.9%	9.5%	2.3%	1.4%	
Source: SARB							
SAIC Pledges (R Bn/Tn)	R299,471bn	R364,4bn	R109,6bn	-	R332,2bn	R378,42bn	R1,5tn
Flows (per project year)	221,6bn	147,8bn	68,1bn	-	111,5bn	16,4bn	R568,3bn
Total Flows (per year)			261,3bn	54,9bn	189,3bn	62,8bn	R568,3bn
% of Flows from pledges	74%	40,6 %	62,1%	-	33,6%	4,5%	26,5%

- After the 2023 SAIC, the 5-year investment target stands at R1,5 trillion – 126% of the target of R1,2 trillion.
- 26,5% of flows materialized from pledges during the period from 2018 to 2023.

Presidential Investment Mobilisation Drives - Investment Facilitation Impact



118 investments have been completed since the investment drive began

The projects announced at the Investment Conferences include the following which have been completed:

- **Automotive:** Major auto-industry investments include projects for Toyota Corolla-Cross, Mercedes C-Class, Isuzu D-Max, Ford Ranger, and BMW X3.
- **Food production:** Food production investments of R33 billion include expansions at PepsiCo, Wilmar, Nestle, Rainbow Chicken, Dr Oetker, Lotus Bakeries, Kerry Foods, in2food, Heineken, and AB InBev.
- **Processed wood:** The new Sappi-Saiccor facility, valued at R7.7 billion, will process raw timber into pulp for various industrial applications, generating R5.5 billion in output and exports.
- **Furniture:** PG Bison's R1.98 billion investment expands MDF board production, supporting and growing local furniture manufacturing.
- **Digital economy:** Google's undersea fibre-optic cable linking South Africa with West Africa and Europe, alongside network expansions by Vodacom, MTN, and Telkom.
- **Mining:** New mining ventures include Anglo American's large new diamond mine and Vedanta Zinc International's Gamsberg Mine.
- **Green energy:** Bio2Watt has partnered with BMW to supply its local factories with green biofuel energy, contributing to green energy initiatives.
- **Pharmaceuticals:** Aspen Pharmaceuticals completed a R3.4 billion sterile production facility in Gqeberha, leveraging dtic incentives. The facility produces critical medical products, including the COVID-19 vaccine and Diprivan, a global anaesthetic.
- **Port infrastructure:** Newlyn PX Terminal and Tetra Pak plant in Durban, supporting rail infrastructure and logistics development

Investment facilitation impact

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Tshwane Automotive Special Economic Zone

A number of manufacturers are currently operating with 3 200 jobs on site at TASEZ

- **FORD Frame:** Located within the TASEZ, FORD Frame assembles chassis for Ford Ranger and Volkswagen Amarok with over 500 robots involved, supporting 800 vehicles/day once fully operational.
- **ATD Alliance:** ATD Alliance produces automotive components through thermoforming, blow moulding, and assembly, with 4 new local content components.
- **Automold:** South African, Automould, specializes in injection moulding automotive parts, expanding production by 27% with a new paint shop and moulding facility.
- **Sodecia:** Specializes in stamping components for the Ford Ranger, including various sub-components. Operations include stamping, MIG and spot welding, tube bending, and laser cutting.
- **Thai Summit:** Specializes in stamping components for the chassis of the new generation Ford Ranger and VW Amarok, producing main stamping components with various sub-components.
- **Feltex Automotive:** Manufactures acoustically engineered carpets and overlay mats for the new Ford Ranger and Volkswagen Amarok.

- 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).

One Stop Shops

- **Investment South Africa** currently rolled out One Stop Shops at National, KwaZulu-Natal, Gauteng and the Western Cape. One Stop Shops yet to be launched in the Eastern Cape, Limpopo, Northern Cape and the Free State.

Key OSS services

Facilitate the entire investment value chain;
Provide specialist advisory services to investors;
Coordinate effectively across various line departments;
Communicate all services to current and potential investors;
Act as the facilitation window of clearance of registration, licensing and permits;
Facilitate the provision of information and support on available investor incentives schemes;
and
Coordinate the regulatory reform / roadmap process in South Africa and improve the investment climate.

National OSS launch



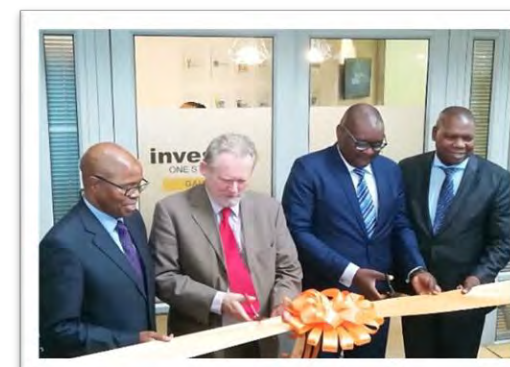
Western Cape OSS launch



KwaZulu-Natal OSS launch



Gauteng OSS launch



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

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Chemicals



FMCG



ICT



Electronics



Technology/Engineering



Retail



Hospitality



Investment Protection

- Protection of Investment Act, 2015, and its Regulations became operational on 13 July 2018.
- The purpose of the Act is:
 - Protect investment in accordance with and subject to the Constitution, in a manner which balances the public interest and the rights and obligations of investors;
 - Affirm the Republic's sovereign right to regulate investments in the public interest; and
 - Confirm the Bill of Rights in the Constitution and the laws that apply to all investors and their investments in the Republic
- The Act provides for fair administrative treatment for investors, equal treatment of investors, and the right for investors to be treated no less favourably than SA investors so long as their investments are “in like circumstances, physical security of investment, legal protection of investment, transfer of funds and government's right to regulate.
- The Act also provides for an alternative dispute settlement mechanism through mediation and for the Government to consent to State to State arbitration after the exhaustion of domestic remedies
- South Africa further signed a number of Bilateral Investment Treaties (BITs) that provided for the protection of investments.
- During a review of the BITs that was undertaken it was found that the first-generation BITs have expansive definitions of rights and protection that open the door for narrow commercial interests to contest important policy matters of vital national interests.

Investment Protection cont.

- The broad provisions in the BITs further subject national policies to unpredictable international arbitration outcomes that could be interpreted as a direct challenge to constitutional and democratic policy-making.
- It was found that the investment system suffers from the following weaknesses:
 - Inconsistent interpretations by arbitration panels even on similar matters - the potential for contrasting decisions on the same (or very similar) issues of fact or law undermine the predictability of investment law.
 - Lack of transparency – investment arbitration cases are shrouded in secrecy and are conducted under confidential proceedings. Rulings are not published and affect not only governments but also other interested parties.
- A process was therefore started to terminate the BITs in place when the fixed periods these BITs are in place comes up for renewal.
- Terminations are taking place indiscriminately and is not calculated to harm a particular region.
- Most of South Africa's BITs have been terminated already but it should be noted that these BITs have survival clauses that provide that investments that were made during the period that the BIT was in place will continue to be covered by the provisions of the BIT for a fixed period after the BIT is terminated.
- All investment that are made in terms of the provisions of the Protection of Investment Act, are protected in terms of the provisions of the Act which also incorporate many BIT-type provisions.



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Thank you

investSA
ONE STOP SHOP



investSA
Energy One Stop Shop