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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NO. 41

Foreign investment

Mr S J Majola (KwaZulu-Natal: MKP) to ask the Minister of Trade, Industry and Competition: (*Interdepartmental transfer – 27 February 2026*)

What specific policy measures is his department introducing to reverse the decline in foreign companies from investing in South Africa as a result of crime, regulatory burdens and infrastructure failures and restore business confidence? CW48E

REPLY:

the dtic is proposing an Omnibus Bill that seeks to modernise South Africa's business and economic legislation, cut red tape, improve the ease of doing business and create a more investor friendly regulatory environment by amending multiple laws in one coordinated reform package.

The Department is also enhancing its investment facilitation suite of service through the Energy One Stop Shop, Roll of One Stop Shops in Tier 2 Cities as well as Fusion Centres to address investor impediments for permits, registrations and licenses. These are aimed to fast track, unblock and reduce turnaround times for investors.



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In addition, the department participates in a number of intergovernmental structures on economic reform which include:

1. Tackling Infrastructure Failures (Energy, Transport, Water, Municipal Services)

a. Energy Sector Reforms

South Africa is undertaking a major overhaul of the electricity sector, including restructuring Eskom and expanding private generation to end energy shortages. These reforms are already unlocking large-scale investment — over R400 billion in energy projects under Operation Vulindlela Phase II.

b. Freight Logistics and Rail Modernisation

the dtic is supporting structural reforms that modernise the freight rail network and improve port and logistics performance — key investor concerns.

c. Water Infrastructure and Municipal Service Delivery

Operation Vulindlela Phase II expanded its focus explicitly to water infrastructure and municipal service delivery, two major bottlenecks for investors. National support teams are being deployed to assist failing municipalities.

2. Reducing Regulatory Burdens

a. Streamlining Visas & Immigration Processes

To address talent shortages and investor frustrations, the government has:

- i. Digitised visa systems; and
- ii. Launched an Electronic Movement Control System with facial recognition.

These reforms contributed to 8.56 million visitors by Oct 2025, boosting business travel convenience.



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b. Modernising Digital Public Infrastructure

All 2024 digital-communication reform targets were met; the next phase focuses on a single government digital platform to simplify regulatory interactions with the state. Legislative Reforms for High-Potential Sectors.:

To remove regulatory blockages and attract sector-specific FDI, new reforms include:

- i. A legislative framework for cannabis and hemp;
- ii. Titling reform to unlock housing market value; and
- iii. A fit-for-purpose procurement regime for State-Owned Entities (SOEs).

These regulatory simplifications reduce uncertainty and improve investor confidence in emerging industries.

3. Addressing Crime, Corruption & Governance Failures

a. Strengthening Measures Against Organised Crime

The government is explicitly investing in efforts to combat organised crime and corruption, recognising their central role in weakening business confidence and deterring foreign direct investment.

b. Improving Government Service Delivery

the dtic acknowledges that inadequate government service delivery — including crime-affected areas — impedes investment. Cross-government initiatives, including Operation Vulindlela interventions and municipal support teams, aim to restore basic functionality across municipalities and state institutions.

c. Governance Reform in State-Owned Enterprises

SOEs governance problems have been a major investor concern. Ongoing reforms target:

- i. Reducing corruption;
- ii. Increasing transparency in procurement; and
- iii. Stabilising energy and logistics SOEs.



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4. Building Investor Confidence through Predictability & Reform Delivery

a. Shifting From “Promise to Proof”

South Africa's investment narrative is now explicitly anchored in reform delivery rather than promises, signalling more predictable policy implementation — which international investors have long demanded.

b. Clear Timelines, Sequencing and Accountability

Reforms (energy, infrastructure, digital systems, procurement) are being communicated with clear deployment timelines and measurable outcomes. This increases regulatory certainty — a key determinant for global.

5. Special Economic Zones Programme

The Special Economic Zones (SEZ) Programme plays an important role in rebuilding investor confidence at a time when some foreign companies have become hesitant to invest because of concerns in respect to crime, regulatory complexity, and infrastructure challenges. The core idea behind SEZs is simple, create well-managed industrial areas where businesses can operate more easily, efficiently, and securely than in the broader economy.

The SEZs restore confidence by providing a more secure and reliable operating environment. These Zones are designed with dedicated security, managed access control and professional zone management. To companies concerned about operational risks such as theft or disruption, this creates a safer environment for production and logistics.

Furthermore, SEZs help restore investor confidence by building industrial clusters. When large anchor companies establish operations in a zone, suppliers and related businesses often follow. This creates integrated manufacturing ecosystems where firms benefit from shared suppliers, logistics networks, and skilled labour pools. Such clustering reduces costs and strengthens the competitiveness of the entire industry.

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