

4 WHAT HAS BEEN ACHIEVED BY THE NIP

- BAE/SAAB has invested in a pistons and High Pressure Die Casting component project in the auto industry.

ii. Catalytic Converters:

As South Africa is the premier producer of platinum, the key component for catalytic convertors, it makes sense for obligors to relocate or to invest in catalytic convertor manufacturers here. Thus Volvo has invested in the Alwin Exhaust Group, with the added advantage of a guaranteed market for exports to Volvo worldwide; also Volvo has transferred its catalytic convertor production from Sweden to South Africa, and invested in Calsonic Kansei in Port Elizabeth, also for catalytic convertor production.

4.4 Metals and Minerals Beneficiation

South Africa's richness in mineral resources has attracted investor attention from obligors. The emphasis is, however, not on the export of raw materials (as in the past) but in adding value through local beneficiation. In the NIP programme examples of this abound: GFC Thyssen has invested US\$18.5 million in the Ferrochrome project to process chrome ore for stainless steel production, and €1.5 million into MAN Turbo Machinery for the manufacture of turbine blades using speciality steel; Agusta Westland has invested US\$800 000 into sintering processes for powdered metals; BAE/SAAB into platinum jewellery and gold chain manufacture; General Electric has facilitated the export of locomotive truck frames (Scaw Metals) and the production of gas turbine bearings for GE plants in France; Alstom (a Spoornet obligor) into the manufacture of a lower power rating motor, and railway rolling stock parts and replacement units for Alstom's Transport System worldwide, and Thales in silicon fume and silicon fume dioxide (projected sales of US\$25.3 million by 2009).

4.5 Pharmaceuticals/Biotech

Aventis Pasteur, in return for a contract to supply vaccines to the Department of Health, invested approximately R40 million in the Triclinium, a new, SA-based research organisation which provides project management services to support the clinical trials throughout the world.

4.6 Others

Obligors have also invested in diverse areas ranging from services to export development. Examples of investors in services include GSC-Ferrostaal's investment of €10 million for developing SA engineering services, particularly for African projects (projected sales: €115 million) and €15 million in MDM Ferroman for mineral process engineering and project management (with projected sales of €265 million) and €3 million for the Atlantis Training Centre; GE has contracted local company Reid & Mitchell to service GE electrical locomotive components and for locomotive refurbishing; Alstom is involved in training South African engineers in France and accrediting them in the planning and design of railway signalling systems, for export; and Blue Water UK (a Soekor contract beneficiary) has outsourced to SA Five Engineering for the outsourcing and commissioning of the Floating Production, Storage and Offloading (FPSO).

Environmentally-related projects also receive attention, as does agroprocessing. GSC-Ferrostaal is involved in a R16.3 million project to recycle plastic bottles; Agusta Westland in sawed, planed kilndried pine for exports to the US and Europe, BAE/SAAB in innovative products such as activated carbon for liquid and gas filtration, new stoves, heating and firelighting products (a KwaZulu-Natal project), Daimler Chrysler in sisal fibre rear parcel trays for the Mercedes Benz C Class vehicles

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Agusta again in recycling plastic waste materials for various industrial applications (projected sales of US\$3.4 million by 2007) and Thales in solar panel manufacturing, and medical waste disposal.





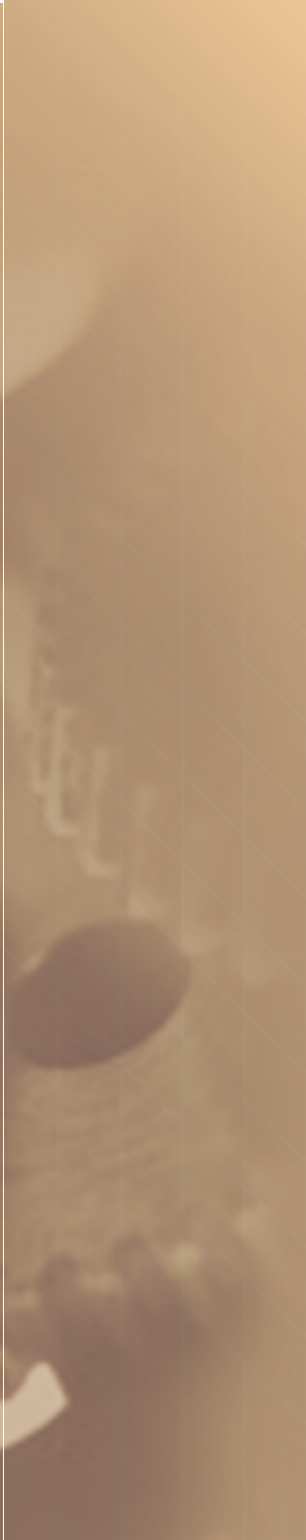
CONCLUSION

What is also notable about the NIP projects is their contribution to job creation, the sustaining of existing jobs, and to rural development. The latter is particularly difficult to invest in, but some progress has been made; the Westland Helicopters pine timber exports project is one example. So are the BAE/SAAB activated carbon manufacturing and Global Forest Products and the gold rope chain production based in Virginia in the Free State, which offers employment to 500 mostly rural women. Daimler Chrysler's sisal fibre project is another example, benefiting Northern Province and Eastern Cape Province rural areas.

Then there is the issue of saving existing jobs through injecting capital, technology and skills into declining projects to revive them. An excellent example of this is the Thales silicon smelter project in Polokwane, Limpopo Province, which turned the business around in an area where jobs are scarce.

Daimler Chrysler's Atlantic investments are another good example of this. So the NIP is not just about creating jobs (important though that is) but about sustaining them.

In sum, besides the added benefits of export diversity and expansion, new products and services, new markets, net technology and skills transfers, the NIP has made a significant contribution to South Africa's first decade of democracy and freedom. This good news is that with many NIP projects still getting off the ground, the best is yet to come.



APPENDIX A

SELECTED NIP PROJECTS: ADDING VALUE FOR SOUTH AFRICA

GFC THYSSEN

1.1 Alltube: Aluminium Tubing and a US\$2 million loan: Adding Value

Product:	Aluminium tubes for the automotive industry for radiators
Sector:	Value-added manufacturing: automotive
Benefits:	Replaces imports, provides opportunities
Local company involved:	Alltube
Total investment:	US\$2.9 million
Projected sales:	US\$28 million over next 5 years
Location:	KwaZulu-Natal
Other benefits:	Training transfers from Germany, created 33 new jobs

1.2 Ferrochrome: Adding Value, Transferring Technology

Product:	Smelter project to process chrome ore into ferrochrome for stainless steel
Sector:	Mineral beneficiation
Benefits:	Modern, environmentally-friendly smelter, latest closed furnace technology, lower costs, higher chrome recoveries, greater competitiveness
Local company involved:	SA Chrome, Bafokeng, IDC
Total investment:	US\$18.5 million
Projected sales:	US\$264 million
Location:	North West
Other benefits:	Approximately 600 jobs created, BEE component.

SELECTED NIP PROJECTS: ADDING VALUE FOR SOUTH AFRICA**GFC THYSSEN****1.3 DSU (Gesellschaft für Dienstleistung und Umwelttechnik GmbH): Growing Exports**

Product:	Packaging, plant services, technical and logistics
Sector:	Services
Benefits:	Expansion of local company to obtain new contracts and transfer of knowledge
Local company involved:	Dispack
Total investment:	US\$6 million
Projected sales:	US\$10 million per annum
Location:	Gauteng
Other benefits:	250 jobs created/sustained

1.4 Titanium Slag: Transferring Technology

Product:	Titanium slag
Sector:	Minerals beneficiation
Benefits:	Transfer of technology, economic competitiveness
Local company involved:	To be determined
Total investment:	US\$70 million
Projected sales:	To be determined
Location:	To be determined
Other benefits:	

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GSC - FERROSTAAL

In total GSC-Ferrostaal's investments amount to €960.3 million, and a total sales worth of €1 892.2 million: €250.7 million in local sales and €1 641.5 million in export sales.

2.1 Stainless Steel Pipes: Expanding Exports

Product:	Stainless steel piping for exports
Sector:	Metal beneficiation
Benefits:	Greatly expanded exports from 10 000 tons to 16 000 tons by 2007
Local company involved:	Salmac
Total investment:	R65 million
Projected sales:	R650 million
Location:	Gauteng
Other benefits:	50 new jobs in 2004

2.2 Tank Containers: Expanding Business

Product:	Production of tank containers
Sector:	Metal beneficiation
Benefits:	Improve quality, increase competitiveness and sustainability Increase production by 1 000% per annum
Local company involved:	Welfit Oddy
Total investment:	€6 million
Projected sales:	€70.4 million
Location:	Eastern Cape
Other benefits:	67 new jobs by mid-2003

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GSC - FERROSTAAL

2.3 Engineering Services: Transferring Skills

Product:	Supply and Implementation of industrial plants worldwide
Sector:	Services
Benefits:	BEE and supply to NEPAD
Local company involved:	Ferroman (Pty) Ltd
Total investment:	€10 million
Projected sales:	€115 million
Location:	Gauteng
Other benefits:	90 jobs created

3.4 MDM Ferroman: Supporting BEE

Product:	Mineral Process Engineering & Project Management
Sector:	Services and construction
Benefits:	Financing of BEE component via working capital and increased growth opportunities
Local company involved:	MDM Ferroman
Total investment:	€15 million
Projected sales:	€265 million
Location:	Gauteng
Other benefits:	

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2.5 Atlantis Training Centre: Saving Communities

Product:	Establishment of a training centre to support Industry's employment needs
Sector:	Education
Benefits:	Skills for the economy
Local company involved:	None
Total investment:	€3 million
Projected sales:	
Location:	Western Cape
Other benefits:	

2.6 MAN Turbo: Adding Value to Exports

Product:	Manufacture of turbine blades using speciality steel
Sector:	Value-added metal beneficiation
Benefits:	New export markets, local and international
Local company involved:	MAN Turbo Machinery (Pty) Ltd
Total investment:	€1.5 million
Projected sales:	€6.7 million
Location:	Gauteng
Other benefits:	

2.7 HOSAF Recycling: Saving the Environment

Product:	Recycling of plastic bottles to produce a PET fibre
Sector:	Plastics
Benefits:	Environmental, creation of new business
Local company involved:	HOSAF Recycling
Total investment:	R16.3 million
Projected sales:	R150 million
Location:	Gauteng
Other benefits:	30 new jobs

SELECTED NIP PROJECTS: ADDING VALUE FOR SOUTH AFRICA**AGUSTA WESTLAND****3.1 GKN Sinter Metals (Pty) Ltd – Cape Town (SMCT): Minerals Beneficiation**

Product:	Ferrous and non-ferrous components using the sintering process for powdered metals
Sector:	Value-added metal beneficiation
Benefits:	Increase in annual turnover, new technologies, new facilities and new export markets
Local company involved:	SMCT
Total investment:	£800 000
Projected sales:	£5 million
Location:	Western Cape
Other benefits:	

3.2 Westland Helicopters/Pineglades Forest Products: Investing in Rural Areas

Product:	Kiln-dried timber: sawn and planed timber products, using South African pine
Sector:	Agro-processing
Benefits:	Competitive pricing, exports to US and Europe
Local company involved:	Pineglades Forest Products (Pty) Ltd
Total investment:	None
Projected sales:	£30 million
Location:	KwaZulu-Natal
Other benefits:	

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BAE/SAAB

4.1 Carbon Manufacturing: Supporting Small Towns

Product:	Carbon for liquid and gas filtration, made from eucalyptus wood
Sector:	Agro-processing
Benefits:	Exports, environment, local production
Local company involved:	Karbotech
Total investment:	\$32m
Projected sales:	\$580m
Location:	KwaZulu-Natal
Other benefits:	300 new jobs on completion of plants

4.2 Greenheat: Growing Exports, Supporting Innovation

Product:	Stoves, firelighting, heating
Sector:	Innovation / Agro-processing
Benefits:	Exports (mostly to UK), great potential for African markets
Local company involved:	Greenheat SA
Total investment:	\$640 000
Projected sales:	\$46m
Location:	KwaZulu-Natal
Other benefits:	20 permanent jobs, 60 seasonal jobs

4.3 Silmar Platinum Jewellery: Value-added Manufacturing

Product:	Platinum jewellery
Sector:	Value-added beneficiation: minerals
Benefits:	Investment in equity to ensure adequate capitalisation. Increased local production of platinum jewellery for export, technology transfer
Local company involved:	Implats, SA Link, Silplat
Total investment:	\$47m
Projected sales:	\$591m
Location:	Cape Town, Western Cape
Other benefits:	120 jobs created/sustained

4.4 South African Royal Manufacturing (SARM): Rural Development for Exports

Product:	Gold rope chain
Sector:	Value-added beneficiation: minerals
Benefits:	Exports (up to 400kg per month), new markets, technology and expertise transfer, value-added
Local company involved:	SARM
Total investment:	\$9m
Projected sales:	\$37m in 2004, up to \$350m by 2011
Location:	Free State
Other benefits:	500 jobs created, mostly for rural women, rising to 1 000 jobs when full production is reached

4.5 Bel Mec High Pressure Die Casting: Transferring Technology

Product:	High-pressure die casting components for automotive industry
Sector:	Auto
Benefits:	Transfer of technology, increased local manufacturing
Local company involved:	New business
Total investment:	N/A
Projected sales:	N/A
Location:	Eastern Cape
Other benefits:	75 new jobs

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GENERAL ELECTRIC

5.1 Scaw Metals: SA Foundry's High Tech manufacturing makes it preferred global supplier to GE worldwide

Product:	Locomotive truck frames
Sector:	Transport
Benefits:	Exports, upgrade of existing manufacturing plant, transfer of top-end technology, 100% use of local scrap metal
Local company involved:	Scaw Metals
Total investment:	N/A
Projected sales:	\$5 million per year, and rising
Location:	Gauteng
Other benefits:	N/A

5.2 Reid & Mitchell Service Centre: Training and New Markets for local repair shop

Product:	Servicing of GE electrical locomotive components, locomotive refurbishing
Sector:	Services
Benefits:	New markets in Africa (incl. Kenya & Botswana), international clients, training of local staff to world-class specifications, GE licensing for repairs worldwide
Local company involved:	Reid & Mitchell
Total investment:	N/A
Projected sales:	N/A
Location:	Gauteng

5.3 Federal & Mogul Large Bearings – Sourcing of High Tech Energy Products

Product:	Gas turbine bearings
Sector:	High-tech, value added manufacturing
Benefits:	Sole supplier status for full bearing sets for two large GE Energy gas bearings, exported to France
Local company involved:	Glacier Bearings
Total investment:	N/A
Projected sales:	N/A
Location:	Gauteng
Other benefits:	N/A

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SIEMENS LIMITED

6.1 Software Development: Transferring Skills

Product:	Software for Siemens digital switching exchanges
Sector:	ICT
Benefits:	Skills and technology transfer, guaranteed export markets
Local company involved:	New business
Total investment:	\$1 million
Projected sales:	\$50 million
Location:	Gauteng
Other benefits:	72 direct jobs, 9 indirect jobs

6.2 MDF Connector Strips: Entering the Knowledge Economy

Product:	Main Distribution Frame connector strips for telecommunications
Sector:	ICT
Benefits:	Technology Transfer
Local company involved:	New business
Total investment:	N/A
Projected sales:	US\$12 million to date
Location:	Gauteng
Other benefits:	11 direct jobs, 16 indirect jobs via SMMEs