the dtic
Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

A NATION THAT WORKS FOR ALL

SEZ

SOUTH AFRICA'S SPECIAL ECONOMIC ZONES

the dtic - together, growing the economy

DRIVING INVESTMENT

INDUSTRIAL DEVELOPMENT

GLOBAL COMPETITIVENESS

SUSTAINABLE GROWTH

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Contents

BACKGROUND

South Africa's Special Economic Zones (SEZ) Programme is a flagship industrial development initiative established to accelerate economic growth, attract investment, create sustainable employment and drive the country's re-industrialisation agenda. Introduced through the Special Economic Zones Act, 2014 (Act No. 16 of 2014), the Programme replaced the earlier Industrial Development Zone (IDZ) model with a more inclusive and flexible framework that supports manufacturing, value addition, exports and regional economic development.

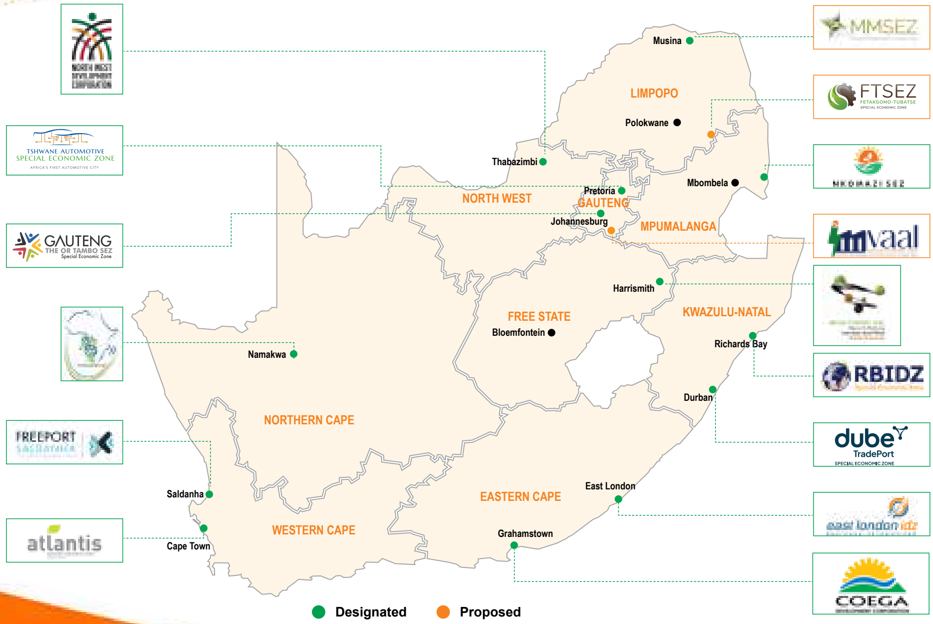
South Africa Special Economic Zones provide investors with world-class infrastructure, investment incentives, streamlined regulatory support and access to strategic logistics networks. By creating globally competitive industrial Zones, the Programme seeks to strengthen South Africa's manufacturing capability, promote beneficiation of natural resources, enhance export competitiveness and integrate local businesses into domestic, regional and global value chains.

Today, South Africa's network of thirteen designated SEZs spans across the country and supports investment across key sectors including automotive manufacturing, agro-processing, mineral beneficiation, logistics, renewable energy, green hydrogen, pharmaceuticals and advanced manufacturing. The Programme is closely aligned with the country's industrial policy objectives, the Medium-Term Development Plan, the National Development Plan 2030 and the African Continental Free Trade Area (AfCFTA), positioning SEZs as catalysts for inclusive, sustainable and export-led industrial growth.

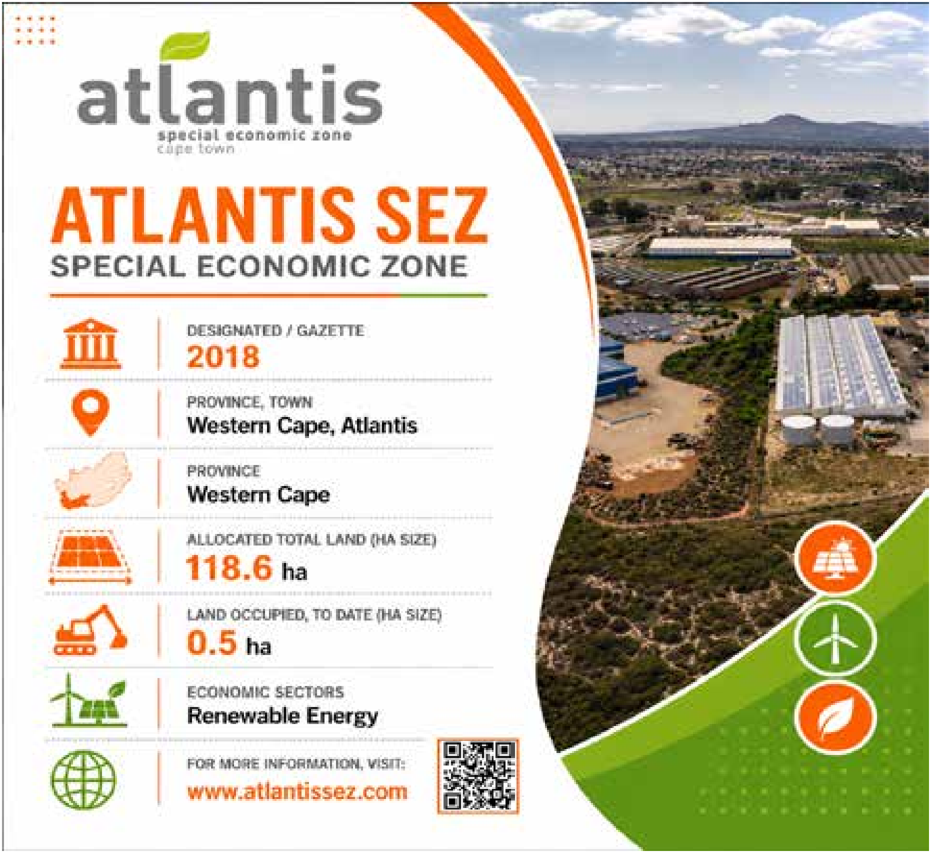
The different categories of SEZs that find expression in the SEZ Act No. 16 of 2014 are outlined below:

- “ Industrial Development Zone” means a purpose-built industrial estate that leverages domestic and foreign fixed direct investment in value-added and export-oriented manufacturing industries and services.
- “Free Port” means a duty-free area adjacent to a port of entry where imported goods may be unloaded for value-adding activities within the Special Economic Zone for storage, repackaging or processing, subject to customs import procedures.
- “Free Trade Zone” means a duty-free area offering storage and distribution facilities for value-adding activities within the Special Economic Zone for subsequent export.
- “Sector Development Zone” means a zone focused on the development of a specific sector or industry through the facilitation of general or specific industrial infrastructure, incentives, technical and business services primarily for the export market.

Geographic Location of Designated & Proposed SEZs in South Africa



LIST OF DESIGNATED SEZs IN SOUTH AFRICA



The City of Cape Town Metropolitan Municipality established a Greentech manufacturing hub in Atlantis in the year 2011 in response to the Department of Energy's Renewable Energy Independent Power Producer Programme (REIPPP). The Atlantis SEZ (ASEZ) was designated in 2018 in terms of the SEZ Act No.16 of 2014. The SEZ is 40 km from Cape Town and situated between the ports of Saldanha Bay and Cape Town. With the present international and South African focus on renewable energy, ASEZ's main objective is to unlock the underlying economic value of existing and under-utilised infrastructure through the creation of a Greentech manufacturing hub. Wind turbines, solar panels, insulation, biofuels, electric vehicles, energy storage, materials recovery, and green building materials are all examples of initiatives that will find a home in the Atlantis SEZ. Five reasons for the renewable energy and green technology sector to locate in the Atlantis SEZ:

1. Strong and growing South African and African markets for green technology
2. Well-located and development-ready area
3. Strong support base and existing relationships for investors to tap into
4. One-Stop-Shop for wide-ranging investor support


COEGA
SPECIAL ECONOMIC ZONE
COEGA SEZ
SPECIAL ECONOMIC ZONE
DESIGNATED / GAZETTE
2001
PROVINCE, TOWN
Eastern Cape, Gqeberha/PE
PROVINCE
Eastern Cape
ALLOCATED TOTAL LAND (HA SIZE)
9003 ha
LAND OCCUPIED, TO DATE (HA SIZE)
5503 ha
ECONOMIC SECTORS
Automotive; Chemicals;
Business processing; Renewable energy;
Agro processing
FOR MORE INFORMATION:
www.coega.co.za
+27 8610 26342 | +27 41 403 0400

Coega was established in 1999 in the Eastern Cape. It was launched as an Industrial Development Zone (IDZ) in 2001 and was designated as an SEZ in 2017. It is the oldest spatial development zone in South Africa and the largest. It is strategically located adjacent to the modern deep-water port of Ngqura, a transshipment hub facilitating trade with the rest of Africa and providing access to international markets. The 9 003-hectare prime serviced industrial land is divided into 14 zones that provide the perfect investment environment for local and foreign investors. The zones are customised for heavy, medium, and light industries.

Coega is the only SEZ with two seaports located in Gqeberha and Ngqura, with purpose-built containers, bulk, and break-bulk terminals. It is an ideal location for business opportunities in South Africa, which is strategically located at the centre of East-West trade routes for both global and African markets served by the world's major shipping and logistics companies. The Coega SEZ operates on South African Standard Time (SAST), which aligns closely with European time zones.

The Coega SEZ is ready toThe Coega SEZ is fully built, connected to utilities, and ready for immediate operational use. All the necessary infrastructure is in place, including roads, bulk water and sewer networks, telecommunication sleeve networks, electrical substations (HV and MV), and overhead power lines (HV and MV) – The Coega SEZ is all that investors are looking for and more in a world-class SEZ.

dube TradePort

DUBE TRADEPORT

SPECIAL ECONOMIC ZONE

DESIGNATED / GAZETTE
2014

PROVINCE, TOWN
KwaZulu-Natal, Durban

PROVINCE
KwaZulu-Natal

ALLOCATED TOTAL LAND (HA SIZE)
3800 ha

LAND OCCUPIED, TO DATE (HA SIZE)
77,82 ha

ECONOMIC SECTORS
Agro-processing; Electronics; Pharmaceuticals

AGRO-PROCESSING | ELECTRONICS | PHARMACEUTICALS

FOR MORE INFORMATION:
www.dubetradeport.co.za
invest@dubetradeport.co.za
+27 32 814 0000 / +27 32 814 0140

Dube TradePort SEZ was designated on 01 July 2014 and is a catalyst for global trade and portal between KwaZulu-Natal and the world. It is a distinct precinct in Africa because it brings together an international airport, cargo terminal, warehousing, offices, global business services, retail space, specialised and general manufacturing as well as a dedicated agricultural area. Located 30km north of Durban, Dube TradePort is positioned between the two biggest seaports of Southern Africa, and linked to the rest of Africa by road, air and rail.

SEZ designated land parcels include two Dube TradeZones, Dube AgriZone and more recently, Dube City as well as two additional areas. The entire precinct is dynamic and diverse with offerings inclusive of manufacturing, renewable energy, warehousing space, freight-forwarding services (within the Dube TradeHouse with a direct link to the adjacent Dube Cargo Terminal via an elevated cargo conveyor system), high-tech agricultural production facilities (located at Dube AgriZone’s future-farming facility that hosts the continent’s largest climate-controlled growing area under glass and focuses on high-value, niche agricultural and horticultural products), as well as an AgriLab which is focused on testing and launching specialised tissue culture, greenhouses, flowers and plants.

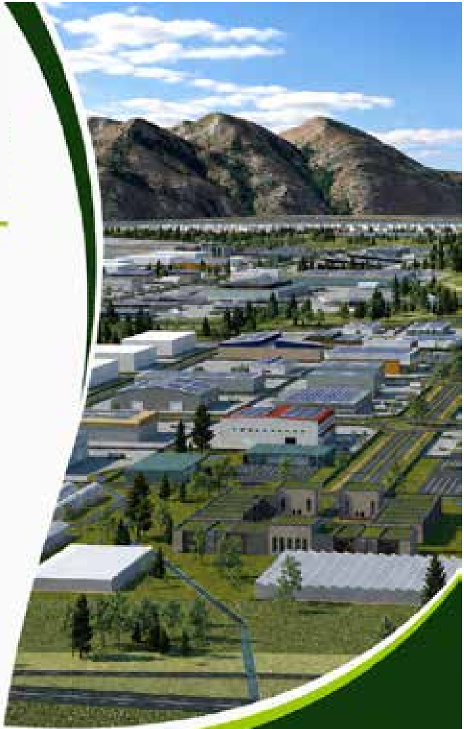

east london idz
business streamlined
EAST LONDON IDZ
BUSINESS STREAMLINED
DESIGNATED / GAZETTE
2003
PROVINCE, TOWN
Eastern Cape, East London (kuGompo)
PROVINCE
Eastern Cape
ALLOCATED TOTAL LAND (HA SIZE)
462,1164 ha
LAND OCCUPIED, TO DATE (HA SIZE)
67,81 ha
ECONOMIC SECTORS
Automotive; Steel fabrication; Renewable energy; Agro-processing
FOR MORE INFORMATION:
www.elidz.co.za
info@elidz.co.za
+27 43 702 8200
AUTOMOTIVE
STEEL FABRICATION
RENEWABLE ENERGY
AGRO-PROCESSING

Innovation, efficiency, growth, and sustainability underpin the East London Industrial Development Zone (ELIDZ). Strategically located within the city of East London now known as KuGompo City, with direct access to the Port of East London, the Zone provides seamless connectivity to domestic and international markets. The ELIDZ offers investors a fully serviced industrial platform, including world-class infrastructure, customised facilities, and integrated business and innovation support services that enable export-oriented growth.

While the automotive sector remains, a key anchor supported by a well-established supplier ecosystem, the ELIDZ is actively diversifying into high-growth sectors and strengthening its innovation capabilities. Notably, the ELIDZ is the only SEZ in South Africa with an embedded Science and Technology Park (STP), which drives skills development, incubation, research collaboration, and technology advancement, positioning the Zone at the forefront of innovation-led industrialisation.

Guided by its Vision 2030 strategy, the ELIDZ continues to position itself as a regional industrial development platform, driving inclusive economic growth, enhancing competitiveness, and connecting investors to strategic markets locally and globally.

FTSEZ
FETAKGOMO-TUBATSE
SPECIAL ECONOMIC ZONE



DESIGNATED / GAZETTE
2026

PROVINCE, TOWN
Limpopo, Steelpoort

PROVINCE
Limpopo

ALLOCATED TOTAL LAND (HA SIZE)
1220 ha

LAND OCCUPIED, TO DATE (HA SIZE)
Site preparations

ECONOMIC SECTORS
Green energy, mineral beneficiation, Automotives (NEVs & aftermarket), Agro-processing and Logistics.

FOR MORE INFORMATION:
enquiries@ftsez.co.za
www.ftsez.co.za
015 833 4700

GREEN ENERGY | MINERAL BENEFICIATION | AUTOMOTIVES (NEVS & AFTERMARKET) | AGRO-PROCESSING | LOGISTICS

Located in the industrial hub of Fetakgomo Tubatse Local Municipality, the FTSEZ aims to accelerate economic growth, development and job creation in the Limpopo Province by promoting industrial agglomeration, increasing trade and investment, supporting sustainable enterprises and enabling infrastructure development. It is positioned to become the industrial and clean-energy hub of the Sekhukhune District.

The FTSEZ is a subsidiary of the Limpopo Economic Development Agency (LEDA), established to plan, develop and market the SEZ in line with the Special Economic Zones Act. It is envisioned as a global centre of excellence for sustainable solutions in mineral beneficiation, green energy, mining inputs supply manufacturing and agro-processing.

The SEZ is accessible via the R37 and R555, key routes that connect it to major markets, including Beitbridge Border Post, Gauteng, Mpumalanga and other provinces. An existing rail network connects Steelpoort via Belfast to the ports of Maputo, Richards Bay and Durban.

FREEPORT
SALDANHA
INDUSTRIAL DEVELOPMENT ZONE

YOUR GATEWAY TO INDUSTRIAL EXCELLENCE

Strategically Located. Future Focused.

DESIGNATED / GAZETTE
2013

PROVINCE, TOWN
Western Cape, Saldanha

PROVINCE
Western Cape

ALLOCATED TOTAL LAND (HA SIZE)
356,11 ha

LAND OCCUPIED, TO DATE (HA SIZE)
156,69 ha

ECONOMIC SECTORS
Primary Oil, Gas and Marine repair; Engineering and Logistics services

FOR MORE INFORMATION, VISIT:
https://freeportsaldanha.com

PRIMARY OIL, GAS AND MARINE REPAIR

ENGINEERING SERVICES

LOGISTICS SOLUTIONS

GROWTH AND INVESTMENT OPPORTUNITIES

Freeport Saldanha IDZ was designated in 2013 under the Manufacturing Development Act, 1993 (Act No. 187 of 1993), as a strategic oil and gas and marine services hub. It is the first South African Special Economic Zone to include a port, to build and operate a marine and energy services and engineering centre. It is strategically located within the deep-water port of Saldanha Bay offering logistics connections by sea, land, rail and air. Over the years the zone has adjusted its value proposition to include greener energy sources such as green hydrogen as a clean fuel resulting in the Freeport being earmarked to be developed as a green hydrogen hub. The Freeport provides bespoke infrastructure, land and operational facilities specifically tailored for:

- Upstream oil and gas support services
- Marine fabrication and vessel repairs
- Green hydrogen and renewable energy investments
- Specialised logistics, shipping agents, and engineering design
- Freeport Saldanha operates under a highly competitive ease-of-doing business model designed to streamline operations and maximize investor profitability.

Key incentives include:

Pre-approved rights: Features fully serviced plots with existing industrial zoning, environmental impact assessment (EIA) approvals, and secured development rights.

SPECIAL ECONOMIC ZONE
Maluti-A-Phofung
Free State, South Africa
Growing the Economy

MALUTI-A-PHOFUNG SEZ

DRIVING INDUSTRY. GROWING THE ECONOMY.

DESIGNATED / GAZETTE
2015

PROVINCE, TOWN
Free State, Harrismith

PROVINCE
Free State

ALLOCATED TOTAL LAND (HA SIZE)
1038 ha

LAND OCCUPIED, TO DATE (HA SIZE)
49 ha

ECONOMIC SECTORS
Agro-processing; Logistics; Pharmaceuticals

FOR MORE INFORMATION:
www.mapsez.co.za
+27 51 400 0880

AGRO-PROCESSING

LOGISTICS

PHARMACEUTICALS

The Maluti-a-Phofung Special Economic Zone (MAPSEZ) is strategically located in Harrismith in the Free State Province at the intersection of the N3 corridor linking Johannesburg and Durban, and the N5 corridor connecting South Africa to Lesotho. This prime location positions the Zone as a gateway to both domestic and regional markets, providing investors with efficient access to key transport and trade routes.

Established to drive industrialisation, attract investment and stimulate economic development, MAPSEZ is designated on 1 038 hectares of land comprising four development precincts that accommodate a diverse range of industries. The Zone is particularly suited to agro-processing, manufacturing, logistics, medical technologies and other export-oriented industries. MAPSEZ offers investors access to serviced industrial facilities, investment support services and a range of incentives designed to improve competitiveness and encourage business growth.

MAPSEZ continues to position itself as a catalyst for industrial growth, investment attraction and export development within the Free State. Through ongoing infrastructure development, investor support and enhanced trade facilitation measures such as the customs controlled area, the Zone is creating opportunities for sustainable economic growth, job creation and increased participation in global value chains.


MMSEZ
Musina Makhado Special Economic Zone
MUSINA MAKHADO SEZ
CONNECTING OPPORTUNITIES, GROWING THE FUTURE.
DESIGNATED / GAZETTE
2018
PROVINCE, TOWN
Limpopo, Musina
PROVINCE
Limpopo
ALLOCATED TOTAL LAND (HA SIZE)
7262,69 ha
LAND OCCUPIED, TO DATE (HA SIZE)
Site preparations
ECONOMIC SECTORS
Metallurgical processing; Petro-chemical; Logistics
FOR MORE INFORMATION:
www.mmsez.co.za
+27 51 400 0880
METALLURGICAL PROCESSING
PETRO-CHEMICAL
LOGISTICS

The Musina/Makhado SEZ comprises two geographical locations that address unique industrial clusters. The site in Musina targets the light industrial and agro-processing clusters, while the Makhado site is a metallurgical/mineral beneficiation complex. A third site has been identified to target petrochemical industries.

The SEZ is strategically located along the N1 North-South route into the Southern African Development Community (SADC), very close to the border between South Africa and Zimbabwe. It forms part of the Trans-Limpopo Spatial Development Initiative (SDI) and has been developed as part of greater regional plans to unlock investment and economic growth and address the development of skills and employment. Newly built infrastructure enables full utilisation of the area’s unique combination of mineral endowments and supports industries in the full-value chains for mineral beneficiation, agro-processing and light industrial manufacturing.

The strategic location of the SEZ and its close proximity to the mainland-based route into SADC and the African continent, together with supporting incentives and a good logistics backbone, will make it the location of choice for investment in the mineral beneficiation, agro-processing and petrochemical industries.


NAMSEZ
NAMAKWA SPECIAL ECONOMIC ZONE
Catalysing investment.
Building the future.
DESIGNATED / GAZETTE
2024
PROVINCE, TOWN
Northern Cape, Namakwa
PROVINCE
Northern Cape
ALLOCATED TOTAL LAND (HA SIZE)
1 270 ha
LAND OCCUPIED, TO DATE (HA SIZE)
Site preparations
ECONOMIC SECTORS
Mineral beneficiation; manufacturing industries, agro-processing, renewable energy and green hydrogen; logistics and distribution
NAMSEZ: Where Opportunity Meets Innovation
FOR MORE INFORMATION:
www.nceda.co.za
+27 53 833 1603
MINERAL BENEFICIATION
MANUFACTURING INDUSTRIES
AGRO-PROCESSING
RENEWABLE ENERGY & GREEN HYDROGEN
LOGISTICS & DISTRIBUTION

A World-Class Industrial Opportunity

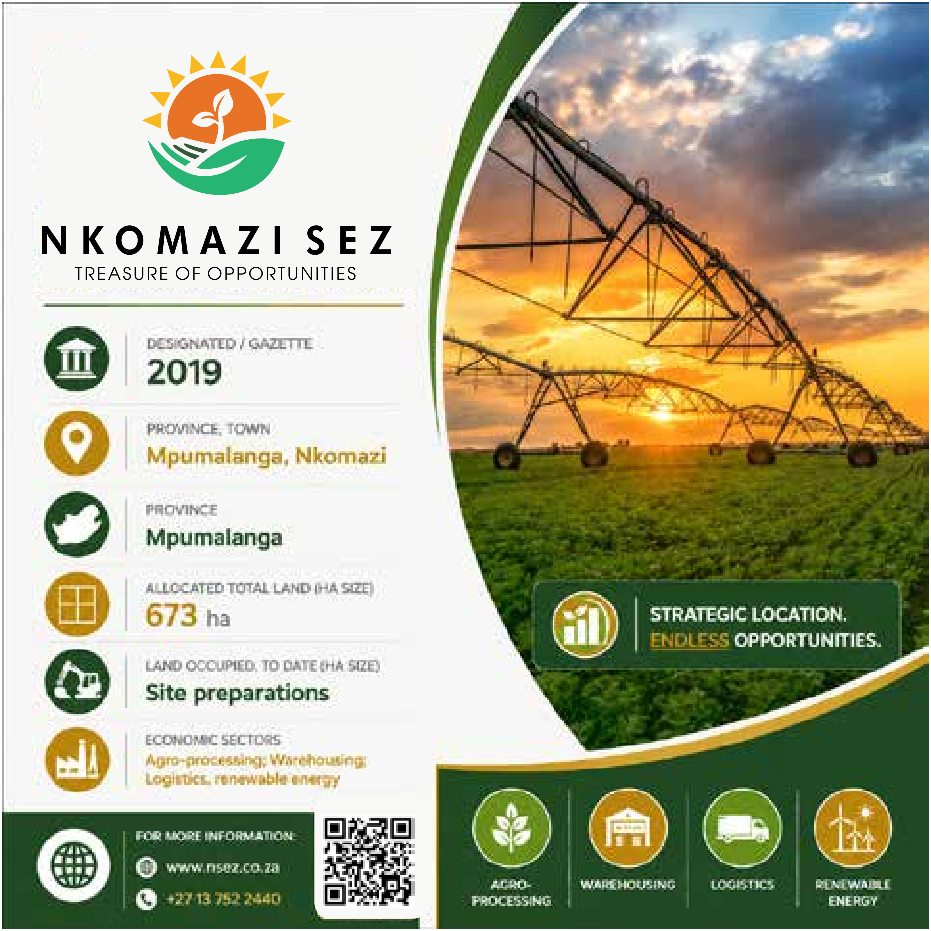
The Namakwa Special Economic Zone (SEZ), located in Aggeneys in the Northern Cape, is South Africa's newest and most strategically positioned industrial hub. Officially designated in May 2024, the SEZ spans 1 270ha of fully serviced industrial land designed to unlock the region's vast mineral wealth and industrial potential.

Anchored by Vedanta Zinc International's Gamsberg mine and planned smelter, along with investments in mineral beneficiation , agro-processing ,rare earth elements, and manufacturing, the SEZ is positioned as a leading beneficiation and industrial processing hub.

Strategically located on the N14 and SIP 5 corridor, the SEZ provides direct connectivity to Saldanha Bay , Cape Town ports and planned Boegoebaai Por, regional rail infrastructure, and the South Africa–Namibia border, enabling seamless access to both regional and global markets. Driven by a clear vision to catalyse economic growth and regional integration, the Namakwa SEZ is positioned as a key industrial gateway for South Africa and the broader SADC region.

Investor Value & Competitive Advantage

The Namakwa SEZ offers a fully serviced, investor-ready platform designed to accelerate business establishment and reduce time-to-market. Infrastructure is already in place, including bulk services, reliable energy supply, and secured water resources.


NKOMAZI SEZ
TREASURE OF OPPORTUNITIES
DESIGNATED / GAZETTE
2019
PROVINCE, TOWN
Mpumalanga, Nkomazi
PROVINCE
Mpumalanga
ALLOCATED TOTAL LAND (HA SIZE)
673 ha
LAND OCCUPIED, TO DATE (HA SIZE)
Site preparations
ECONOMIC SECTORS
Agro-processing; Warehousing; Logistics, renewable energy
STRATEGIC LOCATION.
ENDLESS OPPORTUNITIES.
FOR MORE INFORMATION:
www.nsez.co.za
+27 13 752 2440
AGRO-PROCESSING
WAREHOUSING
LOGISTICS
RENEWABLE ENERGY

The Nkomazi Special Economic Zone (NSEZ), located in Komatipoort, Mpumalanga, is a strategically positioned investment platform on the Maputo Development Corridor. It offers investors direct access to South Africa's agricultural production base and connects them to high-growth regional and international markets through Mozambique, Eswatini, the wider SADC region, and the Port of Maputo.

Wholly owned by the Mpumalanga Provincial Government and aligned to the industrialisation mandate of the Department of Trade, Industry and Competition, the NSEZ is designed to drive investment, expand export capacity, strengthen regional value chains, and create inclusive employment. It provides a competitive, multi-sector environment for investors in agro-processing, logistics, manufacturing, renewable energy, and related industrial opportunities.

For investors seeking efficient access to South African, SADC and global markets, the NSEZ offers a compelling proposition. The Zone is anchored by integrated production corridors that link agricultural supply, industrial processing, logistics infrastructure, and export gateways. Its proximity to the N4 Corridor, South Africa's rail network, the Lebombo and Mananga border posts, and the Port of Maputo enables the efficient movement of goods and strengthens the case for export-led industrial growth.


GAUTENG
THE OR TAMBO SEZ
Special Economic Zone
MORE THAN A LOCATION.
IT'S AN ADVANTAGE.
Strategically connected. Globally competitive.
Powering industries. Creating opportunities.
DESIGNATED / GAZETTE
2002
PROVINCE, TOWN
Gauteng, Kempton Park
PROVINCE
Gauteng
ALLOCATED TOTAL LAND (HA SIZE)
50.4 ha
LAND OCCUPIED, TO DATE (HA SIZE)
3,4735 ha
ECONOMIC SECTORS
Jewellery Manufacturing, logistics, fresh food and agro-processing, medical and pharmaceutical manufacturing, electronics and precision instruments
CONNECTING BUSINESS
TO BOUNDLESS POTENTIAL.
FOR MORE INFORMATION:
info@gidz.co.za
010 023 8510 (Reception)
JEWELLERY MANUFACTURING
LOGISTICS
FRESH FOOD & AGRO-PROCESSING
MEDICAL & PHARMACEUTICAL MANUFACTURING
ELECTRONICS & PRECISION INSTRUMENTS

The OR Tambo International Airport Special Economic Zone (OR Tambo SEZ) is a flagship industrial development programme established and operated by the Gauteng Industrial Development Zone (IDZ) Development Company, a subsidiary of the Gauteng Growth and Development Agency (GGDA). Strategically located along the eastern corridor of the Gauteng City Region, the OR Tambo SEZ serves as a catalyst for export-oriented, high-value manufacturing and logistics activities.

The SEZ comprises three gazetted land parcels with a total footprint of 50.4 hectares, strategically positioned at and around OR Tambo International Airport:

- Precinct 1 (7.5 ha): Located within the property boundaries of OR Tambo International Airport.
- Precinct 2 (29 ha): Situated adjacent to Precinct 1, along Atlas Road in Kempton Park.
- Springs Precinct (13.9 ha): Located approximately 30 km from the airport, in proximity to a major Platinum Group Metals (PGM) refinery.


RBIDZ
Special Economic Zone
PROMOTING INDUSTRY.
POWERING PROSPERITY.
A world-class investment destination driving industrial growth, trade and sustainable development.
DESIGNATED / GAZETTE
2002
PROVINCE, TOWN
KwaZulu-Natal, Richards Bay
PROVINCE
KwaZulu-Natal
ALLOCATED TOTAL LAND (HA SIZE)
240 ha
LAND OCCUPIED, TO DATE (HA SIZE)
15,5 ha
ECONOMIC SECTORS
INVEST TODAY.
GROW TOMORROW.
FOR MORE INFORMATION:
www.rbidz.co.za
info@rbidz.co.za
+27 35 797 2600

Development Zone SOC Ltd, is a purpose-built, secure and port-linked industrial platform located on South Africa's north-eastern coastline in KwaZulu-Natal. Strategically positioned near the deep-water Port of Richards Bay and along the N2 economic corridor linking Durban, Richards Bay, Maputo and broader regional ma rkets, the Zone provides investors with a competitive location for export-oriented manufacturing, mineral beneficiation, agro-processing, logistics and energy-linked industrial development.

The RBIDZ offers serviced industrial land, world-class infrastructure, investor facilitation, transaction support, customs controlled area benefits, tax and duty-related incentives, and proximity to one of Africa's most important bulk cargo ports. Its location supports industries requiring efficient access to port, road and regional logistics networks, while enabling value addition to minerals, agricultural products, industrial inputs and imported feedstocks.

The Zone continues to scale from infrastructure development into implementation, with a growing portfolio of operational, construction-stage and bankable projects.

Through its integrated approach to investment promotion, infrastructure delivery and project facilitation, the RBIDZ serves as a gateway to African and global markets and a catalyst for industrial growth in South Africa.

TSHWANE AUTOMOTIVE
SPECIAL ECONOMIC ZONE

AFRICA'S FIRST AUTOMOTIVE CITY

STRATEGIC LOCATION. GLOBAL CONNECTIONS. LIMITLESS OPPORTUNITIES.

TASEZ is the premier automotive and industrial hub in South Africa, enabling investment, innovation and sustainable economic growth.

DESIGNATED / GAZETTE
2019

PROVINCE, TOWN
Gauteng, Tshwane

PROVINCE
Gauteng

ALLOCATED TOTAL LAND (HA SIZE)
204 ha

LAND OCCUPIED, TO DATE (HA SIZE)
91 ha

ECONOMIC SECTORS
Automotive Supplier Park, automotive components, logistics and distribution, light manufacturing and assembly, high tech and automotive, general manufacturing, renewable energy

STRATEGICALLY LOCATED
Easy access to major highways, airports and ports

WORLD-CLASS INFRASTRUCTURE
State-of-the-art facilities and bulk infrastructure

INVESTOR FRIENDLY
Competitive incentives and dedicated support

SUSTAINABLE FUTURE
Commitment to green growth and renewable energy

FOR MORE INFORMATION:
www.tasez.co.za
+27 12 564 5821

AUTOMOTIVE SUPPLIER PARK
AUTOMOTIVE COMPONENTS
LOGISTICS & DISTRIBUTION
LIGHT MANUFACTURING & ASSEMBLY
HIGHTECH & AUTOMOTIVE
GENERAL MANUFACTURING
RENEWABLE ENERGY

Africa’s first automotive city, the Tshwane Automotive Special Economic Zone (TASEZ), is changing the face of South Africa’s manufacturing industry, accelerating economic reform, encouraging investment in the sector and, most importantly, creating jobs. Located in the City of Tshwane, the multibillion project covering over 200 hectares is a joint project between the Department of Trade, Industry and Competition, the Gauteng Government, and the City of Tshwane. This innovative and crucial economic zone fits seamlessly into the priorities of the South African Economic Reconstruction and Recovery Plan and plays a catalytic role in extending economic participation across the Tshwane region, opening up multiple opportunities for small, medium and micro enterprises (SMMEs) and co-operatives, and promoting skills development and the transferal of technological expertise in the automotive manufacturing industry. The TASEZ offers logistics optimisation due to its close proximity to Africa’s largest pool of three automotive original equipment manufacturers (OEMs). Additionally, TASEZ provides direct access to the largest automotive sector skills pool on the continent.

TASEZ has become a crucial investment hub for a number of investors. The SEZ offers a wide range of services. These include: a secure, business environment with world-class manufacturing and logistics infrastructure designed to support freight-orientated activities through rail connectivity to ports designed to accommodate both containerised goods and roll on-roll off ships.

Work is under way between **the dtic** and the provinces on the planning and implementation of new SEZs. The current work package focuses on infrastructure planning, designation process and investment promotion.

1. BOJANALA SEZ (NORTH WEST)

The proposed Bojanala SEZ is also known as the Platinum Valley SEZ, which clearly indicates its focus on the mineral beneficiation of platinum group metals (PGMs), including platinum (Pt), palladium (Pd), rhodium (Rh), osmium (Os), ruthenium (Ru) and iridium (Ir).

This process is spearheaded by the North-West Development Corporation (NWDC)

For more information, visit www.nwdc.co.za

The SEZ falls within the originally conceptualised Platinum Corridor, with the focus on the North-West portion of the East-West Corridor that links Maputo with Walvisbay through Nelspruit, Pretoria, Rustenburg, Lobatse and Windhoek; the Treasure Corridor, to strengthen developments from Johannesburg to Potchefstroom, Klerksdorp and further south along the N12; and the Western Corridor, to strengthen a North-South initiative from SADC through Botswana and the North West to the Northern Cape.

The SEZ targets PGM beneficiation, mining equipment and machinery, renewable energy products and components and logistics, including the upstream value chain as well as several downstream opportunities.

The primary focus of the SEZ is on PGM beneficiation industries and key opportunities include catalysts (automotive catalytic converters), electrical and electronics components, biomedical and pharmaceutical products (cancer treatment and micro implants), high-performance alloys (labware, optical equipment and turbine blades), fuel cells and jewellery.

The SEZ will capitalise on the area's well-established mining industry, good infrastructure and a large labour pool to drive investment and economic growth, skills development and employment. The area is ideally located to leverage main trade routes into Africa, the SADC region and international air destinations. This location attracts investment, while t**he dtic**'s SEZ incentives—alongside customs and VAT relief—enhance the competitiveness of export-driven industries.

2. SEZ TAX INCENTIVES

To complement **the dtic** SEZ strategy, a package of tax incentives will be available to companies locating in certain SEZs, subject to specific criteria. The tax incentives that companies may qualify for include VAT and customs relief if located within a Customs-Controlled Area (CCA), employment tax incentive, building allowance and reduced corporate income tax rate.

The design and eligibility criteria for each incentive seeks to strike a balance between achieving the objectives of higher levels of investment, growth and employment creation, and ensuring that the incentives are appropriately targeted for efficiency purposes, while minimising any deadweight loss to the fiscus.

Business located within a CCA will qualify for VAT and customs relief (similar to that for the current IDZs). The employment tax incentive will be available to businesses located in any SEZ. Businesses operating within approved SEZs (by the Minister of Finance, after consultation with the Minister of Trade, Industry and Competition) will be eligible for two additional tax incentives. Firstly, all such businesses can claim accelerated depreciation allowances on capital structures (buildings) and, secondly, certain companies (carrying on qualifying activities within an approved SEZ) will benefit from a reduced corporate tax rate (15% instead of 28%).

VAT AND CUSTOMS RELIEF

Companies located within a CCA will be eligible for VAT and customs relief, as per the current IDZs.

Characteristics of a CCA include the following:

- Import duty rebate and VAT exemption on imports of production-related raw materials,

including machinery and assets, to be used in production with the aim of exporting the finished products;
- VAT suspension under specific conditions for supplies procured in South Africa; and
- Efficient and expedited customs administration.

More information on CCAs can be found on the SARS website www.sars.gov.za

EMPLOYMENT TAX INCENTIVE

All employers of low-salaried employees (below R60 000 per annum) in any SEZ will be entitled to the employment tax incentive (ETI). This aims to encourage employers to hire young and less experienced work seekers. However, the employee age restriction will not apply to SEZs. It reduces an employer's cost of hiring people through a cost-sharing mechanism with government, while leaving the wage the employee receives unaffected. The employer can claim the ETI and reduce the amount of Pay-As-You-Earn (PAYE) tax payable by the amount of the total ETI calculated in respect of all qualifying employees.

BUILDING ALLOWANCE

Businesses operating within approved SEZs (by the Minister of Finance, after consultation with the Minister of Trade, Industry and Competition) will be eligible for an accelerated depreciation allowance on capital structures (buildings). The special rate of capital (depreciation) allowances in lieu of normal allowances will be available for erecting or improving buildings and other fixed structures. This rate will equal 10% per annum over 10 years.

Companies engaged in the following activities, based on the Standard Industrial Classification Code issued by Statistics South Africa, will not qualify for the building allowance:

- Spirits and ethyl alcohol from fermented products and wine (SIC code 3051)
- Beer and other malt liquors and malt (SIC code 3052)
- Tobacco products (SIC code 3060)
- Arms and ammunition (SIC code 3577)
- Bio-fuels if that manufacture negatively impacts on food security in South Africa

REDUCED CORPORATE INCOME TAX RATE

Certain companies will qualify for a reduced corporate income tax rate of 15%, instead of the current 28% headline rate. To qualify, the following conditions must be satisfied:

- The company must be located in a SEZ that is approved by the Minister of Finance;
- It must be incorporated or effectively managed in South Africa;
- At least 90% of the income must be derived from the carrying on of business or provision of services within that SEZ; and
- The company must not be engaging in activities listed in the Government Gazette No. 39930.

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