



SOUTH AFRICA  
INVESTMENT CLIMATE STATEMENT  
2015

## Table of Contents

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### Executive Summary

#### **1. Openness To, and Restrictions Upon, Foreign Investment**

- 1.1. Attitude Toward FDI*
- 1.2. Other Investment Policy Reviews*
- 1.3. Laws/Regulations of FDI*
- 1.4. Industrial Strategy*
- 1.5. Limits on Foreign Control*
- 1.6. Privatization Program*
- 1.7. Screening of FDI*
- 1.8. Competition Law*
- 1.9. Investment Trends*
  - 1.9.1. Tables 1 and if applicable, Table 1B*

#### **2. Conversion and Transfer Policies**

- 2.1. Foreign Exchange*
  - 2.1.1. Remittance Policies*

#### **3. Expropriation and Compensation**

#### **4. Dispute Settlement**

- 4.1. Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts*
- 4.2. Bankruptcy*
- 4.3. Investment Disputes*
- 4.4. International Arbitration*
  - 4.4.1. ICSID Convention and New York Convention*
- 4.5. Duration of Dispute Resolution*

#### **5. Performance Requirements and Investment Incentives**

- 5.1. WTO/TRIMS*
- 5.2. Investment Incentives*
  - 5.2.1. Research and Development*
- 5.3. 5.3 Performance Requirements*
- 5.4. Data Storage*

#### **6. Right to Private Ownership and Establishment**

**7. Protection of Property Rights**

*7.1. Real Property*

*7.2. Intellectual Property Rights*

**8. Transparency of the Regulatory System**

**9. Efficient Capital Markets and Portfolio Investment**

*9.1. Money and Banking System, Hostile Takeovers*

**10. Competition from State-Owned Enterprises**

*10.1. OECD Guidelines on Corporate Governance of SOEs*

*10.2. Sovereign Wealth Funds*

**11. Corporate Social Responsibility**

*11.1. OECD Guidelines for Multinational Enterprises*

**12. Political Violence**

**13. Corruption**

*13.1. UN Anticorruption Convention, OECD Convention on Combatting Bribery*

**14. Bilateral Investment Agreements**

*14.1. Bilateral Taxation Treaties*

**15. OPIC and Other Investment Insurance Programs**

**16. Labor**

**17. Foreign Trade Zones/Free Ports/Trade Facilitation**

**18. Foreign Direct Investment and Foreign Portfolio Investment Statistics**

**19. Contact Point at Post for Public Inquiries**

## Executive Summary

With the most advanced, broad-based economy on the continent, South Africa offers investors a diverse and mature economy with vibrant financial and other service sectors, as well as preferential access to export markets in the United States, the European Union and the southern Africa. Standards are generally similar to those in most developed economies, U.S. investors find local courts generally fair and consistent, and infrastructure is well-developed. South Africa's democracy is well-established with transparent and contested elections, an appreciation for the rule of law.

Despite this generally welcoming and stable environment, there are serious and growing concerns among investors about the general direction of policy making and structural reform issues. Labor strikes have increased in recent years, even while union membership is declining. Two strikes in 2014 in mining and metalworking were noteworthy for their duration and intensity. Ratings agencies have warned that significant strikes in 2015 could further lower South Africa's credit rating. Violent crime and corruption remain widespread. Security and avoiding corrupt practices are factors that investors have to address. Basic infrastructure gaps and poor government service delivery in low-income areas have increased the incidence of protest and crime in recent years. Access to electricity has become a significant concern with the advent at the end of 2014 of "load shedding" (planned, limited brownouts of sectors of a city), shaving 1 percent off estimates for economic growth. The South African Government estimates load shedding will continue for the next 2-3 years. Unemployment is high, averaging 25 percent by standard definitions, but high-skilled labor is in short supply and immigration laws make importing labor a challenge that has frustrated many current investors.

The biggest concern for investors has become the direction of economic policy. The South African government has since 2012 increasingly proposed laws, policies and reforms aimed at improving the lives of historically disadvantaged, generally black South Africans, arguing that the transition from apartheid over the last 20 years has not produced the expected economic transformation in terms of employment and ownership of companies. There is also a sense that the ANC and the South African Government feel they cannot rely on the private sector to complete this transformation in a timely manner, and thus the state needs to take a more direct hand in driving development, particularly by promoting greater industrialization. The need to improve economic outcomes for the unemployed and historically disadvantaged is broadly recognized within the business community, and companies have invested significant time and money in developing their staff and development opportunities in their communities. Recent initiatives have included tightening labor laws to achieve proportional racial representation in workplaces, performance requirements for government procurement such as ownership transfer and localization, and weakening commercial property rights. While some initiatives have gained the force of law, such as the updated 2013 Broad-based Black Economic Empowerment (B-BBEE) amendments, other initiatives remain the subject of debate, creating uncertainty about the future regulatory and investment climate. Sectors of specific concern have included the extractive industries, security services and agriculture.

Despite policy uncertainty, South Africa is a destination conducive to U.S. investment, and should remain so as the dynamic business community is highly market-oriented and the driver of

economic growth. South Africa offers ample opportunities, and continues to attract investors seeking a location from which to access to the rest of the continent.

## **1. Openness To, and Restrictions Upon, Foreign Investment**

### **Attitude toward Foreign Direct Investment**

The government of South Africa is generally open to foreign investment as a means to drive economic growth, improve international competitiveness, and access foreign markets. Merger and acquisition activity is more sensitive and requires more advance work to answer potential stakeholder concerns. Virtually all business sectors are open to foreign investment. Certain sectors require government approval for foreign participation, including energy, mining, banking, insurance, and defense. Excepting those sectors, no government approval is required to invest, and there are few restrictions on the form or extent of foreign investment. The Department of Trade and Industry's (DTI) Trade and Investment South Africa (TISA) division provides assistance to foreign investors. The DTI concentrates on sectors in which research indicates the foreign country has a comparative advantage. TISA offers information on sectors and industries, consultation on the regulatory environment, facilitation for investment missions, links to joint venture partners, information on incentive packages, assistance with work permits, and logistical support for relocation. DTI publishes the "Investor's Handbook" on its website: [www.dti.gov.za](http://www.dti.gov.za).

While the South African government supports investment in principle, investors and market commentators are concerned its commitment to assist foreign investors is insufficient in practice. Some of their concerns included a belief that the national-level government lacked a sense of urgency when it came to supporting investment deals. Several investors reported trouble accessing senior decision makers. Additionally, South Africa scrutinizes merger- and acquisition-related foreign direct investment for its impact on jobs, local industry, and retaining South African ownership of key sectors. Private sector representatives and other interested parties were concerned about politicization of South Africa's posture towards this type of investment. Despite South Africa's general openness to investment, actions by some South African Government ministries and statements by politicians provide troubling examples of a lack of awareness of the potential impact domestic policies can have on investments. At times, there also seems to be a lack of conviction in some political circles about the importance of FDI to South Africa's growth and prosperity. There is also a general inability among South African Government ministries to consult adequately with stakeholders before implementing laws and regulations, which has on occasion produced unintended but serious consequences that hamper investors. Examples include new regulations on obtaining visas, the private security industry bill and the minerals and petroleum development act.

### **Other Investment Policy Reviews**

Macroeconomic management was generally strong over the first half of the past decade, with reduced levels of public debt, generally low inflation, and a positive rate of economic growth. Inflation has remained within the central bank's target range of 3-6 percent since 2010, though it has pushed the upper limit since late 2012. Growth has stalled, averaging 2 percent for the past 4 years, and government revenue has been negatively affected to result in a projected deficit of 3.9

percent of GDP through March 2015. Sovereign debt remains investment worthy despite recent downgrades and a sustained negative outlook. In October 2014, Moody's downgraded South Africa's credit rating to Baa2 from Baa1, and maintained a negative outlook. The rating agency still cited the government's weakening institutional strength, lackluster economic growth despite low interest rates, infrastructure shortfalls, high labor costs despite high unemployment, and increased concern about political stability as the major factors for maintaining a negative outlook for South Africa. In 2014 Fitch downgraded South Africa's sovereign debt to BBB with a negative outlook; Standard and Poor's downgraded South Africa to BBB- at the same time.

### **Laws/Regulations of Foreign Direct Investment**

After the end of apartheid in 1994, the government liberalized trade and enhanced international competitiveness by lowering tariffs, abolishing most import controls, undertaking some privatization and reforming the regulatory environment. Since the 2008 financial crisis, the government has adopted a more protectionist trade policy to incubate developing industries. South African banks are well-capitalized and have little exposure to sub-prime debt or other sources of financial contagion.

### **Industrial Promotion**

The Department of Trade and Industry has incentive programs in automotive, clothing and textile, critical infrastructure, industrial innovation, agricultural development, and the film and television sectors. Information is available on their website at:

[http://www.thedti.gov.za/industrial\\_development/industrial\\_development.jsp](http://www.thedti.gov.za/industrial_development/industrial_development.jsp)

### **Limits on Foreign Control**

Currently there are no limitations on foreign ownership, although the Private Security Industry Regulation Act (PSIRA) which has passed Parliament and is awaiting presidential signature to become law, has a clause requiring 51 percent ownership and control by South Africans.

### **Privatization Program**

Not applicable/information not available.

### **Screening of FDI**

Mergers and acquisitions in South Africa are subject to screening and approval under the Competition Act of 1998. This act allows South Africa's Competition Commission to review investment for public interest considerations such as its effect on specific industrial sectors, employment within South Africa, the ability of small businesses to become competitive, and the ability of national industries to compete internationally. These broad powers present a risk. Political interference has, at times, imposed requirements that discriminated against foreign investors. The Competition Tribunal reviews decisions made by the Competition Commission. Inward investment is subject the Companies Act of 2011, which sets out requirements for corporate governance, among other considerations. South Africa's Industrial Policy Action Plan (IPAP) aims to strengthen industrial development. Key stated objectives include revising

government procurement policy to support targeted sectors (capital and transport equipment; automotive; chemical, plastic fabrication and pharmaceuticals; and forestry, paper and furniture); using trade and competition policy to improve South Africa's competitiveness; and facilitating industrial financing for small- and medium-sized firms.

### **Competition Law**

The Competition Commission is empowered to investigate, control and evaluate restrictive business practices, abuse of dominant positions and mergers in order to achieve equity and efficiency. Their public website is [www.compcom.co.za](http://www.compcom.co.za)

### **Investment Trends**

South Africa's Broad-Based Black Economic Empowerment (B-BBEE) program has a significant effect on foreign investment. B-BBEE is an affirmative action program assisting historically disadvantaged South Africans to participate in the economy. B-BBEE requirements are specified in the Codes of Good Practice, which were published in the Government Gazette in 2007 and first implemented in 2011. The codes were updated in 2013 with those changes entering into force in April 2015. The 2013 updates retain a Black Economic Empowerment (BEE) "Scorecard" to rate a firm's commitment to economic transformation using five different dimensions—ownership, management control, skills development, enterprise and supplier development, and socio-economic development. Each dimension is weighted, with ownership receiving the most empowerment points (25) and socio-economic development the least (5).

Equity equivalence deals provide multinational corporations options for scoring on the B-BBEE ownership dimension without the transfer of equity stakes, which could run against a company's bylaws. Such a deal would likely involve creation of a black-owned South African joint venture valued at least 25 percent of the multinational's South African operations. However, the process for approving an equity equivalent mechanism by the DTI is complicated and requires a significant effort on the part of the multinational. The updated codes identify ownership, management and enterprise development/preferential procurements as key elements. Should a firm fail to score high enough in any of these areas, a one level penalty is applied to the final scorecard.

In addition to B-BBEE transformation framework, sectors such as financial services, mining, and petroleum have their own "transformation charters" intended to accelerate empowerment within the sector. In 2011, the integrated transport, forest products, construction, tourism, and chartered accountancy sector charters gained force of law in South Africa. In 2012, the Information and Communication Technology (ICT) Charter and Property Sector and Financial Services charters gained force of law. Other sectors, including Agri-business and Marketing, have transformation charters that are more "aspirational" in nature. While public tenders consider B-BBEE along with price, quality and delivery to weigh bids, individual public tenders increasingly involve additional performance requirements separate from B-BBEE such as job creation, localization, and knowledge transfer. These reduce the weight of price in the final calculation of a bid's competitiveness.

Table 1

Measure	Year	Index or Rank	Website Address
<b>TI Corruption Perceptions index</b>	2014	67 of 175	<a href="http://transparency.org/cpi2014/results">transparency.org/cpi2014/results</a>
<b>World Bank's Doing Business Report "Ease of Doing Business"</b>	2015	43 of 189	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>
<b>Global Innovation Index</b>	2014	53 of 143	<a href="http://globalinnovationindex.org/content.aspx?page=data-analysis">globalinnovationindex.org/content.aspx?page=data-analysis</a>
<b>World Bank GNI per capita</b>	2013	USD 7,190	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

## 2. Conversion and Transfer Policies

### Foreign Exchange

The South African Reserve Bank's (SARB) Exchange Control Department administers foreign exchange policy. An authorized foreign exchange dealer, normally one of the large commercial banks, must handle international commercial transactions and report every purchase of foreign exchange, irrespective of the amount. Generally, there are only limited delays in the conversion and transfer of funds. Due to South Africa's relatively closed exchange system, no private player, however large, can hedge large quantities of Rand for more than five years.

While non-residents may freely transfer capital in and out of South Africa, transactions must be reported to authorities. Non-residents may purchase local securities without restriction. To facilitate repatriation of capital and profits, foreign investors should ensure an authorized dealer endorses their share certificates as "non-resident." Foreign investors should also be sure to maintain an accurate record of investment.

### *Remittance Policies*

Subsidiaries and branches of foreign companies in South Africa are considered South African entities and are treated legally as South African companies. As such, they are subject to exchange control by the SARB. South African companies may, as a general rule, freely remit the following to non-residents: repayment of capital investments; dividends and branch profits (provided such transfers are made out of trading profits and are financed without resorting to excessive local borrowing); interest payments (provided the rate is reasonable); and payment of royalties or similar fees for the use of know-how, patents, designs, trademarks or similar property (subject to prior approval of SARB authorities).

While South African companies may invest in other countries, SARB approval/notification is required for investments over R500 million (USD 43.5 million). South African individuals may freely invest in foreign firms listed on South African stock exchanges. Individual South African

taxpayers in good standing may make investments up to a total of R4 million (USD 340,000) in other countries. As of 2010, South African banks are permitted to commit up to 25 percent of their capital in direct and indirect foreign liabilities. In addition, mutual and other investment funds can invest up to 25 percent of their retail assets in other countries. Pension plans and insurance funds may invest 15 percent of their retail assets in other countries.

Before accepting or repaying a foreign loan, South African residents must obtain SARB approval. The SARB must also approve the payment of royalties and license fees to non-residents when no local manufacturing is involved. When local manufacturing is involved, the DTI must approve the payment of royalties related to patents on manufacturing processes and products. Upon proof of invoice, South African companies may pay fees for foreign management and other services provided such fees are not calculated as a percentage of sales, profits, purchases, or income.

### **3. Expropriation and Compensation**

The Expropriation Act of 1975 (Act) and the Expropriation Act Amendment of 1992 entitles the government to expropriate private property for reasons of public necessity or utility. The decision is an administrative one. Compensation should be the fair market value of the property as agreed between the buyer and seller, or determined by the court, as per section 25 of the Constitution. In several restitution cases, in which the government initiated proceedings to expropriate white-owned farms after courts ruled the land had been seized from blacks during apartheid, the owners rejected the court-approved purchase prices. In most of these cases, the government and owners reached agreement on compensation prior to any final expropriation actions. The government has twice exercised its expropriation power, taking possession of farms in Northern Cape and Limpopo Provinces in 2007 after negotiations with owners collapsed. The government paid the owners the fair market value for the land in both cases. There is no record, dating back to 1924, of an expropriation or nationalization of a U.S. investment in South Africa. A new draft expropriation law, intended to replace the Expropriation Act of 1975, is currently under consideration in Parliament. Some commentators have raised concerns about aspects of the new legislation, including new clauses that would allow the government to expropriate property without first obtaining a court order.

Racially discriminatory property laws during apartheid resulted in highly distorted patterns of land ownership in South Africa. In 2011, South Africa tabled a “Green Paper” on land reform to address these distortions. The Green Paper’s “three pillars” include a land management commission, a land valuation-general and a land rights management board with local management committees. These would keep track of land sales, ensure proper record keeping, and “facilitate productive land usage and an equitable land distribution.” Certain provisions in the Green Paper have generated controversy such as proposed “severe limitations” on private land ownership, particularly foreign ownership, the powers granted to a proposed “valuer-general” to assist the Department of Rural Development and Land Reform in assessing the fair value of land, the proposed Commission’s powers to invalidate title deeds and confiscate land, and the state’s right to intervene regarding the use of land. President Zuma suggested that private land ownership will be limited to 12,000 hectares (roughly 30,000 acres) and that no foreigners would be allowed to own land in his State of the Nation address in February 2015. While details about these proposed policies remain hazy and are not yet law, it is an indication of

the direction of government policy, and has already caused some investors to cancel potential deals. The Finance Minister announced the creation of the Office of a Valuer-General will be funded in the 2015-16 fiscal year.

In March 2014, the Parliament passed the Restitution of Land Rights Amendment Bill, which reopens the window for persons or communities disposed of their land after 1913, due to past discriminatory laws and policies to lodge claims for their properties. President Zuma signed the bill on July 1, 2014. As expected, the bill inspired some significant new claims for restoration of property seized during colonization or under the Apartheid government.

The Mineral and Petroleum Resources Development Act 28 of 2002 ("MPRDA"), enacted in 2004, gave the state ownership of all of South Africa's mineral and petroleum resources. It replaced private ownership with a system of licenses controlled by the South African government. Under the MPRDA, investors who held pre-existing rights were granted the opportunity to apply for licenses provided they met certain criteria, including the achievement of certain BEE objectives. Amendments to the MPRDA passed by Parliament in 2014 but not signed into law by President Zuma grant the state de facto expropriation rights for projects in the minerals and petroleum sectors; they also grant broad discretionary powers to the person of the Minister to restrict exports and prices for commodities the Minister deems strategic. While seemingly written for the mining sector, the bill's inclusion of petroleum could complicate, if not obviate, new investment in oil and gas because of the carried interest provisions. The South African government has been strongly urged to separate out petroleum from the bill. In February 2015 the bill was returned to committee because of constitutional concerns over process and policy.

In February 2014, the South Africa Parliament passed amendments to the 2001 Private Security Industry Regulatory Act aimed at controlling national security risks associated with foreign investors. President Zuma had not signed the bill into law as of March 2015. This bill would require at least 51 percent domestic ownership of foreign-owned private security companies, possibly including not only private security services providers, but also security equipment manufacturers and service providers like locksmiths and key makers. The forced ownership transfer requirements likely would be found in violation of South Africa's commitments under the General Agreement on Trade in Services (GATS). There is concern that passage of the bill with the local ownership requirement would lead other industries to ask for similar provisions.

In 2013, the government published for comment a draft bill—the Promotion and Protection of Investment Act—to put the rights of foreign and domestic investors on an equal footing. The draft would provide the government the option to expropriate commercial property at a price lower than market value based on a formulation in the Constitution termed “just and equitable compensation.” This considers market value but discounts it based on the current use of the property, the history of the acquisition and use of the property, and the extent of direct state investment and subsidy in the acquisition and beneficial capital improvement of the property. The bill also would allow the government to expropriate under a broad range of policy goals, including economic transformation and correcting historical grievances. The government has underscored its intentions are not to expropriate property, and was revising the draft in early 2015.

## **4. Dispute Settlement**

### **Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts**

South Africa has a mixed legal system of Roman-Dutch civil law, English common law, and customary law.

### **Bankruptcy**

South Africa has a strong bankruptcy law, which grants many rights to debtors, including rejection of overly burdensome contracts, avoiding preferential transactions and the ability to obtain credit during insolvency proceedings. South Africa has a World Bank rank of 39 in the 2015 Doing Business report.

### **Investment Disputes**

A major U.S. company sued the South African Government in 2014 over a disputed award on a government tender. The dispute is on-going in South African courts.

### **International Arbitration**

Arbitration in South Africa follows the Arbitration Act of 1965, which does not distinguish between domestic and international arbitration and is not based on UNCITRAL model law.

#### *ICSID Convention and New York Convention*

South Africa is a member of the New York Convention of 1958 on the recognition and enforcement of foreign arbitration awards, but is not a member of the World Bank's International Center for Settlement of Investment Disputes (ICSID). South Africa recognizes the International Chamber of Commerce, which supervises the resolution of transnational commercial disputes. South Africa applies its commercial and bankruptcy laws with consistency, and has an independent, objective court system for enforcing property and contractual rights. South Africa's new Companies Act also provides a mechanism for Alternative Dispute Resolution. South African courts retain discretion to hear a dispute over a contract entered into under U.S. law and under U.S. jurisdiction. The South African court will interpret the contract with the law of the country or jurisdiction provided for in the contract, however.

### **Duration of Dispute Resolution**

Dispute resolution can be a time-intensive process in South Africa. If the matter is urgent, and the presiding judge agrees, an interim decision can be taken within days while the subsequent appeal process can take months or years. If the matter is a dispute of law and is not urgent, it may proceed by application or motion to be solved within months. Where there is a dispute of fact, the matter is referred to trial, which can take several years. The Alternative Dispute Resolution involves negotiation, mediation or arbitration, and may resolve the matter within a couple of months. Alternative Dispute Resolution is increasingly popular in South Africa for many

reasons, including the confidentiality which can be imposed on the evidence, case documents and the judgment.

## **5. Performance Requirements and Investment Incentives**

### **WTO/TRIMS**

South Africa is a member of the WTO. It is increasing its local content requirements for investors, largely under the Broad-Based Black Economic Empowerment (B-BBEE) program, which is not mandatory, but will influence the ease of doing business in South Africa and the ability to bid on public tenders.

### **Investment Incentives**

- Business Process Services (BPS) replaced in 2010 the Business Process Outsourcing & Off-Shoring (BPO&O) investment incentive. BPS is aimed at attracting investment and creating employment in South Africa through off-shoring activities.
- The 12i Tax Incentive supports investments of more than R1.6 million (USD 139,000). Projects must be within the priority sectors identified in the Industrial Policy Action Plan (IPAP). Projects should: upgrade an industry within South Africa; provide general business linkages within South Africa; acquire goods and services from small, medium and micro-sized enterprises (SMMEs); create direct employment within South Africa; provide skills development in South Africa.
- The Manufacturing Investment Program offers an investment grant of up to 30 percent of qualifying investment costs in machinery, equipment, commercial vehicles, land and buildings required for: establishing a new production facility; expanding an existing production facility; or upgrading production capability in an existing clothing and textile production facility.
- The Sector Specific Assistance Scheme (SSAS) is a reimbursable cost-sharing grant whereby financial support is provided to Export Councils, Industry Associations, and Joint Action Groups. Foreign companies can access SSAS funding through participation in one of these entities.
- The Film and Television Production Rebate Scheme.
- The Automotive Investment Scheme was announced in 2010 as part of the Automotive Production and Development Program (APDP). It provides qualifying firms a taxable cash grant of 20 percent of the value of qualifying investment in productive assets.
- The Capital Projects Feasibility Program (CPFP) is a cost-sharing grant that contributes to feasibility studies for projects to increase local exports and stimulate the market for South African capital goods and services. A foreign entity will only be considered if it partners with a South African registered entity, and if the application is submitted by the South African entity.
- The Critical Infrastructure Program (CIP) is a cost sharing grant for projects designed to improve critical infrastructure in South Africa. The grant covers qualifying development costs up to 30 percent towards the total development costs of qualifying infrastructure. Private firms with a minimum B-BBEE level of four can qualify.

- Incubation Support Program (ISP) supports business incubators for enterprises with the potential to revitalize communities.
- The Manufacturing Competitiveness Enhancement Program (MCEP) encourages manufacturers to upgrade production facilities to sustain employment and maximize value-addition.
- The Support Program for Industrial Innovation (SPII) promotes technology development in South Africa's industry through the development of innovative products and/or processes. SPII focuses on the development phase, which begins at the conclusion of basic research and ends at the point when a pre-production prototype has been produced.
- The Clothing and Textile Competitiveness Improvement Program (CTCIP) supports capacity among manufacturers and the apparel value chain in South Africa on issues of cost, quality, flexibility, reliability, adaptability and the capability to innovate.
- Special Economic Zones were approved in 2014 and are in the process of being created. These zones will provide tax and tariff incentives for manufacturing in specified locations

### *Research and Development*

Foreign companies are eligible for public financed research programs. Most government tenders are subject to a relatively high score on the B-BBEE scorecard.

### **Performance Requirements**

South Africa uses government procurement policies to promote domestic economic development and fight unemployment. South Africa's Preferential Procurement Policy Framework Act of 2000 (the Framework Act) and associated implementing regulations created a legal framework and formula for evaluating tenders for government contracts. Certain provisions of the Act provide a pathway for government departments to issue tenders that favor local content providers. Moreover, in a bid to boost industrialization and to create jobs, the government signed with labor leaders in 2011 the "Local Procurement Accord," which commits the government to increasing the proportion of goods and services procured from South African suppliers to an "aspirational target" of 75 percent.

### **Data Storage**

There are currently no requirements on local data storage for intellectual property rights. However, there is a new draft IP rights policy under consideration, which has not yet been released for public content.

## **6. Right to Private Ownership and Establishment**

The right to private property is protected under the South African constitution. All foreign and domestic private entities may freely establish, acquire and dispose of commercial interests. The securities regulation code requires an offer to minority shareholders when 30 percent of shareholding has been acquired in a public company with at least ten shareholders and net equity in excess of R5 million (USD 410,000). However, in the 2015 State of the Nation Address, President Zuma announced that foreigners would no longer be able to own land, though they would be able to secure long-term leases. This land reform policy has not been approved by

Parliament, and at this point is only an indication of where the government of South Africa plans to move.

## **7. Protection of Property Rights**

### **Real Property**

The South African legal system protects and facilitates the acquisition and disposition of all property rights (e.g., land, buildings, and mortgages). Deeds must be registered at the Deeds Office. Banks usually register mortgages as security when providing finance for the purchase of property.

### **Intellectual Property Rights**

South Africa has a strong legal structure and enforcement of intellectual property rights through civil and criminal procedures. Criminal procedures are generally lengthy, so the customary route is through civil enforcement. There are concerns about illegal commercial photocopying, software piracy, and internet policy.

Owners of patents and trademarks may license them locally, but when a patent license entails the payment of royalties to a non-resident licensor, DTI must approve the royalty agreement. Patents are granted for twenty years - usually with no option to renew. Trademarks are valid for an initial period of ten years, renewable for ten-year periods. The holder of a patent or trademark must pay an annual fee to preserve ownership rights. All agreements relating to payment for the right to use know-how, patents, trademarks, copyrights, or other similar property are subject to approval by exchange control authorities in the SARB. A royalty of up to four percent is the standard approval for consumer goods, and up to six percent for intermediate and finished capital goods.

Literary, musical, and artistic works, as well as cinematographic films and sound recordings are eligible for copyright under the Copyright Act of 1978. New designs may be registered under the Designs Act of 1967, which grants copyrights for five years. The Counterfeit Goods Act of 1997 provides additional protection to owners of trademarks, copyrights, and certain marks under the Merchandise Marks Act of 1941. The Intellectual Property Laws Amendment Act of 1997 amended the Merchandise Marks Act of 1941, the Performers' Protection Act of 1967, the Patents Act of 1978, the Copyright Act of 1978, the Trademarks Act of 1993, and the Designs Act of 1993 to bring South African intellectual property legislation fully into line with the WTO's Trade-Related Aspects of Intellectual Property Rights Agreement (TRIPS). Amendments to the Patents Act of 1978 also brought South Africa into line with TRIPS, to which South Africa became a party in 1999, and implemented the Patent Cooperation Treaty. The private sector and law enforcement cooperate extensively to stop the flow of counterfeit goods into the marketplace, and the private sector believes that significant progress has been made since 2001. Statistics on seizures are not available.

In August 2012, the Copyright Review Commission (CRC) released a report recommending amending laws to hold Internet Service Providers (ISPs) and Wireless Application Service Providers (WASPs) accountable for copyright violations occurring through the internet and improve royalty collection. In December 2013, President Zuma signed into law a bill amending

four pieces of intellectual property legislation to protect indigenous intellectual property. IP experts and rights holders have been concerned the legislation could undermine the ability of existing IP rights holders to protect their rights in court. In 2013, the government released a draft National Intellectual Property Policy that would inform the government's approach to intellectual property and existing laws. The policy recommended South Africa make greater use of TRIPS flexibilities in order to lower the cost of medicines, and ensure the protection of rights reflected in national industrial and public objectives. In February 2015, the government rescinded the draft 2013 policy, and reissued a new draft policy that has not yet been published.

#### *Resources for Rights Holders*

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For additional information about South Africa's treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

A list of attorneys for various South African districts can be found on the U.S. Mission Citizen Services page: [http://southafrica.usembassy.gov/information\\_for\\_travelers.html](http://southafrica.usembassy.gov/information_for_travelers.html).

## **8. Transparency of the Regulatory System**

South African laws and registrations are generally published in draft form for stakeholder comment, and legal, regulatory, and accounting systems are generally transparent and consistent with international norms.

South Africa implemented a new Companies Act in 2011, intended to encourage entrepreneurship and employment opportunities by simplifying company registration procedures and reducing the costs for forming new companies. It is also intended to promote innovation and investment in South African markets and companies by providing for a predictable and effective regulatory environment. In the first action against a U.S. company under the new act, South Africa's Competition Appeals Court dismissed in March 2012 an appeal by the South African Government to overturn the Competition Tribunal's approval of a U.S. company's purchase of a majority stake in a South African retailer. The court, however, ordered the South African firm to re-employ 503 workers fired before the merger and commissioned a study to recommend the best means by which South African small and medium sized suppliers could participate in the U.S. company's global value chain.

South Africa's Consumer Protection Act (2008) went into effect in 2011. The legislation reinforces various consumer rights, including right of product choice, right to fair contract terms, and right of product quality. Impact of the legislation will vary by industry, and businesses will need to adjust their operations accordingly. The legislation for the Consumer Protection Act can be found at: [www.dti.gov.za/ccrdlawreview/DraftConsumerProtectionBill.htm](http://www.dti.gov.za/ccrdlawreview/DraftConsumerProtectionBill.htm)

The implementing regulations can be found at: [www.dti.gov.za/ccrd/cpa\\_regulations.htm](http://www.dti.gov.za/ccrd/cpa_regulations.htm).

## 9. Efficient Capital Markets and Portfolio Investment

Not applicable.

### Money and Banking System, Hostile Takeovers

South African banks are well capitalized and comply with international banking standards. There are 17 registered banks in South Africa, of which 14 are branches of foreign banks. Four banks - Standard, ABSA, First Rand (FNB), and Nedbank - dominate the sector, accounting for over 80 percent of the country's banking assets, which total over USD 366 billion. However, Capitec Bank is a notable newcomer in the retail banking space. The South African Reserve Bank (SARB) regulates the sector according to the Bank Act of 1990. There are three alternatives for foreign banks to establish local operations, all of which require SARB approval: separate company, branch, or representative office. The criteria for the registration of a foreign bank are the same as for domestic banks. Foreign banks must include additional information, such as holding company approval, a letter of "comfort and understanding" from the holding company, and a letter of no objection from the foreign bank's home regulatory authority. More information on the banking industry may be obtained from the South African Banking Association at the following website: [www.banking.org.za/](http://www.banking.org.za/).

The Financial Services Board (FSB) governs South Africa's non-bank financial services industry (see website: [www.fsb.co.za/](http://www.fsb.co.za/)). The FSB regulates insurance companies, pension funds, unit trusts (i.e., mutual funds), participation bond schemes, portfolio management, and the financial markets. The JSE Securities Exchange SA (JSE) is the seventeenth largest exchange in the world measured by market capitalization. Market capitalization stood at R11.036 billion (USD 1 billion) in February 2014, with over 380 firms listed. The Bond Exchange of South Africa (BESA) is licensed under the Financial Markets Control Act. Membership includes banks, insurers, investors, stockbrokers, and independent intermediaries. The exchange consists principally of bonds issued by government, state-owned enterprises, and private corporations. The JSE acquired BESA in 2009. More information on financial markets may be obtained from the JSE (website: [www.jse.co.za](http://www.jse.co.za)). Non-residents are allowed to finance 100 percent of their investment through local borrowing (previously, they were required to invest R1 for every R3 borrowed locally). A finance ratio of 1:1 also applies to emigrants, the acquisition of residential properties by non-residents, and financial transactions such as portfolio investments, securities lending and hedging by non-residents.

## 10. Competition from State-Owned Enterprises

State-owned enterprises (SOE) play a significant role in the South African economy. In key sectors such as electricity, transport (air, rail and freight), and telecommunications, SOEs play a lead role, often defined by law, although limited competition is allowed in some sectors (i.e., telecommunications and air). The government's interest in these sectors often competes with and discourages foreign investment. The Department of Public Enterprises (DPE) minister has publicly stated that South Africa's SOEs should advance economic transformation, industrialization and import substitution. DPE has oversight responsibility in full or in part for eight of the approximately 300 SOEs that exist at the national, provincial and local levels: Alexcor (diamonds); Broadband Infracore (fiber optic cable); Denel (military equipment); Eskom

(electricity generation); South African Express; South African Forestry Company (SAFCOL) (forestry) and Transnet (transportation). South African Airways (SAA) was transferred in 2014 to control by the National Treasury. These eight SOEs employ approximately 118,000 people. South Africa's overall fixed investment was 19 percent of GDP. The SOEs share of the investment was 21 percent while private enterprise contributed 63 percent (government spending made up the remainder of 16 percent). The IMF estimates that the debt of the SOEs would add 13.5 percent to the overall national debt.

The state-owned electricity monopoly Eskom generates approximately 95 percent of the electricity used in South Africa. Coal-fired power stations generate approximately 93 percent of Eskom's electricity. Eskom's core business activities are generation, transmission, trading and distribution. South Africa's electricity system operates under strain because of low availability factors for base load generation capacity due to maintenance problems. The electricity grid's capacity reserve margins frequently fall under two percent, well below international norms. Since November 2013, Eskom has periodically declared "electricity emergencies," and asked major industrial users reduce consumption by ten percent for specified periods (usually one to two days). Additionally, Eskom has implemented load shedding (rolling blackouts) to ease demand on the system on a periodic basis since November 2014. To meet rising electricity demand, Eskom is building new power stations (including two of the world's largest coal-fired power stations, but both are years overdue and over budget) and power lines. Eskom and independent industry analysts anticipate South Africa's electricity grid will remain constrained for at least the next several years. The South African government has implemented a renewable energy independent power producer procurement program (REIPPP) that in the past 3 years has added 1500Mw of a planned 3900Mw of renewable energy production to the grid. Standard and Poor's rates Eskom as BBB- with a Fair business risk and highly leveraged financial risk.

Transnet National Port Authority (TNPA), the monopoly responsible for South Africa's ports, charges the highest shipping fees in the world. In March 2014, Transnet announced an average overall tariff increase of 8.5 percent at its ports to finance a USD 240 million modernization effort. High tariffs on containers subsidize bulk shipments of coal and iron ore, thereby favoring the export of raw materials over finished ones. According to the South African Ports Regulator, raw materials exporters paid as much as one quarter less than exporters of finished products. TNPA is a division of Transnet, a state-owned company that manages the country's port, rail and pipeline networks. Transnet is in its third year of the Market Driven Strategy (MDS), a R300 billion (USD 26 billion) investment program to modernize its port and rail infrastructure. Transnet's March 2014 selection of four OEMs to manufacture 1064 locomotives is part of the MDS. This CAPEX is being 2/3 funded by operating profits with the remainder from the international capital markets. Standard and Poor's rates Transnet as BBB- with a Strong business risk and significant financial risk. Of the major South African SOEs, Transnet is the most competently managed.

Direct aviation links between the United States and Africa are limited, but have expanded over the past few years. The growth of low-cost carriers in South Africa has reduced domestic airfares, but private carriers are likely to struggle against national carriers without further air liberalization in the region and in Africa. In South Africa, the state-owned carrier, South African Airways (SAA), relies on the government for financial assistance to stay afloat. SAA dominates

the southern Africa regional market, but faces competition from regional airlines such as Emirates. SAA has had losses exceeding USD 1.8 Billion over the past 11 years. In January 2015, they received a government-backed loan guarantee of USD 565 million, bringing their total loan guarantee to USD 1.25 billion. Their last CEO was suspended under dubious reasoning in November 2014 and the interim CEO is also the CEO of Mango Airlines. As part of its 90-day turn-around strategy, SAA has cut unprofitable routes (i.e., the Johannesburg to Beijing route which lost over USD 100 million since its opening in 2012), renegotiated leases on its A340s, and is seriously considering redundancies to trim its bloated payroll. In addition, the airline is seeking a strategic partnership with an international partner such as Etihad. The much-needed tender for wide-body long haul aircraft has been put on hold until the airline is on more solid financial footing.

While government efforts to liberalize the telecommunications sector and encourage competition have improved, regulatory uncertainty and fragmented competition have hampered growth. Key challenges include: strengthening the capacity of the sector regulator, the Independent Communications Authority of South Africa (ICASA), and implementing a spectrum auction. Most analysts believe that South Africa will fail to meet the June 17, 2015 International telecommunications Union (ITU) deadline for switching off analog TV signals as part of the digital migration. Many of the issues stem from the confusion and infighting caused by the split of the Department of Communications into two departments shortly after the May 2014 national election. The two departments—the Department of Communication (DOC) and the Department of Telecommunication and Postal Services (DTPS)—have been at odds over roles and responsibilities. ICASA falls under the DOC while DTPS is responsible for writing the policies on telecommunications that ICASA is supposed to regulate.

The constant battling between the two departments has delayed much-needed rapid deployment guidelines for broadband and spectrum allocation that is supposed to be a by-product of the constantly delayed analog to digital migration. In February 2015, the DTPS announced that Telkom (a 51 percent state-owned telecommunications company) will take the lead in a national broadband rollout with the goal of introducing broadband to the rural and historically underserved areas. Analysts are skeptical of Telkom's ability to effectively roll out broadband on such a scale.

### **OECD Guidelines on Corporate Governance of SOEs**

Not applicable.

### **Sovereign Wealth Funds**

South Africa does not have a sovereign wealth fund.

## **11. Corporate Social Responsibility**

Corporate Social Responsibility (CSR) is well-developed in South Africa, and is driven in part by the recognition that the private sector has an important role to play. The socio-economic development element of B-BBEE has formalized and increased CSR in South Africa, as firms have largely aligned their CSR activities to the element's performance requirements. The 2013

amendment's compliance target is one percent of net profit after tax, and at least 75 percent of the CSR activity must benefit historically disadvantaged South Africans referred to the B-BBEE act as black people, which includes South Africans of black, colored, Chinese and Indian descent. Most CSR is directed towards non-profit organizations involved in education, social and community development, and health.

### **OECD Guidelines for Multinational Enterprises**

Not applicable/information not available.

## **12. Political Violence**

Seven politically motivated killings occurred during 2014. Many more individuals survived assassination attempts. According to press reports, since 2011 at least 47 ANC members, at least 17 members combined from the Inkatha Freedom Party (IFP) and National Freedom Party, and one member of the Agang SA party were killed in politically linked violence.

Although violence occurred, the Independent Electoral Commission (IEC) called the 2014 election the most peaceful on record. The election coincided, however, with a record number of protests over poor government services and local grievances. The government preemptively deployed a record 20,000 police and army personnel to potential trouble spots to maintain order. There were reports of electoral irregularities, including attempted vote rigging, but the IEC responded quickly to incidents, and political parties had an opportunity to challenge results in wards where incidents occurred.

## **13. Corruption**

Allegations of corruption in the public tendering process persist in South Africa at all levels of government, despite the country's excellent anti-corruption regulatory framework, as highlighted by the Prevention and Combating of Corrupt Activities Act of 2004. The office of the Public Protector, among other agencies, is tasked with conducting independent investigations into allegations of official corruption, and is widely respected for its effectiveness and impartiality. The Public Protector conducted an extended investigation into public spending on President Zuma's private residence in Nkandla, KwaZulu-Natal, which has increased the public dialogue around corruption.

*UN Anticorruption Convention, OECD Convention on Combatting Bribery*

South Africa signed the Anticorruption Convention on 9 Dec 2003 and ratified it on 22 Nov 2004. They have also signed the OECD Convention on Combatting Bribery, in 2007, with implementing legislation dating from 2004.

*Resources to Report Corruption*

To report corruption to the government:  
Advocate Thuli Madonsela  
Public Protector

Office of the Public Protector, South Africa  
175 Lunnon Street, Hillcrest Office Park, Pretoria 0083  
Anti-Corruption Hotline: +27 80 011 2040 or +27 12 366 7000  
<http://www.pprotect.org> or [customerservice@pprotect.org](mailto:customerservice@pprotect.org)

Or for a non-government agency:

David Lewis  
Executive Director  
Corruption Watch  
87 De Korte Street, Braamfontein/Johannesburg 2001  
+27 80 002 3456 or +27 11 242 3900  
<http://www.corruptionwatch.org.za/content/make-your-complaint>  
[info@corruptionwatch.org.za](mailto:info@corruptionwatch.org.za)

#### **14. Bilateral Investment Agreements**

South Africa had bilateral investment treaties (BITs) with 41 countries. After a two-year review of BITs, the DTI determined in 2012 that “first generation” BITs, an estimated 30 agreements mostly with EU states, exposed South Africa unnecessarily to international arbitration or created domestic policy conflicts, and should be terminated. South Africa may adopt a new BIT model for the future that exempts investor-state dispute and expropriation provisions, and facilitates the government’s economic transformation goals including Broad-based Black Economic Empowerment (B-BBEE). South Africa has allowed the BITs of Netherlands, Spain, Luxembourg and Belgium and Germany to expire. Article 52 of the 1999 EU-South Africa Trade, Development, and Cooperation Agreement covers investment promotion and protection.

The United States and South Africa signed a Trade and Investment Framework Agreement (TIFA) in 1999. TIFA discussions were renewed in 2011, and the agreement was updated in 2012, and discussions were held again in April 2015. The United States and the South African Customs Union negotiated in 2008 a Trade, Investment and Development Cooperation Agreement (TIDCA) which also covers South Africa. TIDCA talks were also held in April 2015.

#### **Bilateral Taxation Treaties**

The U.S.-South Africa bilateral tax treaty eliminating double taxation entered into force in 1998. The U.S. and South Africa signed a new bilateral tax treaty in June 2014 to implement the U.S. Foreign Asset Tax Compliance Act which went into force in October.

#### **15. OPIC and Other Investment Insurance Programs**

Since a 1993 agreement to facilitate Overseas Private Investment Corporation (OPIC) programs, OPIC has invested in a number of funds supporting sub-Saharan Africa development, including the Africa Catalyst Fund (USD 300 million focused on small- and medium-sized enterprise development), Africa Healthcare Fund (USD 100 million focused on private healthcare delivery businesses, and ECP Africa Fund II, (USD 523 million, focused on telecommunications, oil and gas, power, transportation, agribusiness, media, financial services and manufacturing). Tailored

products to support clean and renewable energy are a particular focus. OPIC opened an office in Johannesburg in 2013 to support investment to key African countries through its financing and risk mitigation instruments. Additional information on OPIC programs that involve South Africa may be found on OPIC's website: <http://www.opic.gov>.

## 16. Labor

Over the last 21 years, the South African government has replaced apartheid-era labor legislation with policies that emphasize employment security, fair wages, and decent working conditions. Under the aegis of the National Economic Development and Labor Council (NEDLAC), government, business and organized labor negotiate all labor laws, with the exception of laws pertaining to occupational health and safety. South African law allows workers to form or join trade unions without previous authorization or excessive requirements. Labor unions that meet a locally negotiated minimum threshold of representation (often 50 percent plus one union member) are entitled to represent the entire workplace in negotiations with management. As the majority union or representative union, they may also extract agency fees from non-union members present in the workplace. In some workplaces, this financial incentive has encouraged inter-union rivalries, including intimidation and violence, as unions compete for the maximum share of employees in seeking the status of representative union.

There were 181 trade unions registered in March 2015. Trade union membership figures are imprecise, but according to the 2014 Fourth Quarter Labor Force Survey conducted by government entity Statistics South Africa (StatsSA), 3.8 million workers belonged to a union: 29.5 percent of the formal sector. According to StatsSA, union membership increased by 172,000 from the fourth quarter of 2013 to the fourth quarter of 2014. A survey by South Africa's African Institute of Race Relations (IRR) released in February 2015, however, found that fewer than one in five economically active South Africans are choosing to join trade unions. IRR analysts concluded declining membership indicates unions are struggling to find relevance and attract young workers. Key findings of the report include registered union membership as a proportion of total employment decreased by 20 percent between 1994 and 2014; the number of registered trade unions decreased by 14 percent between 1994 and 2014; and registered union membership declined by 26 percent between 1994 and 2014. In recognition of their affiliates' declining membership, In order to increase their affiliates' membership, South Africa's three largest labor federations pledged to step up efforts to recruit members in order to strengthen workers' collective bargaining power.

The right to strike is protected under South African law. There were 7.5 million working days lost in the second quarter of 2014 as compared to 1.8 million days lost in the first half of 2013 and the overall of 5.2 million 2013, according to a wage settlement survey conducted by Andrew Levy Employment consulting firm. Data from the Department of Labor indicates 131 working days were lost due to work stoppages per 1,000 working South Africans in 2013, compared to 244 in 2012. The mining industry endured 28 percent of all days lost. In 2013, employees lost approximately R6.7 billion in wages due to participation in work stoppages, compared to R6.6 billion in 2012. Data from the Department of Labor indicates 21 percent of strikes in 2013 lasted between 16-20 days, down almost 17 percentage points from the previous year.

In 2014, there were a number of economically impactful strikes, in the mining, postal, steel and engineering sectors. The platinum mining sector was paralyzed by a five month long strike in the first half of 2014. An additional month long strike in July 2014 by the National Union of Metalworkers South Africa (NUMSA) further damaged the economy. Improved labor stability is essential for South Africa's economic stability and development, and vital to the country's ability to continue to attract and retain foreign investment. Government, business, and labor are attempting to address these challenges through a process led by South African Deputy President Cyril Ramaphosa. In November 2014, stakeholders endorsed a joint declaration outlining a roadmap for resolving labor market instability and wage inequality. They appointed representatives to two teams tasked with determining areas of agreement by July 2015 on the modalities of instituting a national minimum wage and minimizing strike violence and frequency.

Major labor legislation includes:

The Labor Relations Act (LRA), in effect since 1995 with amendments made in 2014, provides fair dismissal guidelines, dispute resolution mechanisms, and retrenchment guidelines stating employers must consider alternatives to retrenchment and must consult all relevant parties when considering possible layoffs. The Act enshrines the right of workers to strike and of management to lock out striking workers. The Act created the Commission on Conciliation, Mediation, and Arbitration (CCMA) which can conciliate, mediate, and arbitrate in cases of labor dispute, and is required to certify an impasse in bargaining council negotiation before a strike can be called legally. The CCMA's caseload currently exceeds what was anticipated; the South African Government provided the CCMA an additional USD 60 million to handle its caseload and any possible increase caused by the 2014 amendments to the LRA. Amendments to the LRA deal with the regulation of temporary employment service firms, extend organizational rights to workplaces with a majority of temporary or fixed term contract workers, reduces the maximum period of temporary or fixed term contract employment to three months, establishes joint liability by temporary employment services and their clients for contraventions of employment law, and strengthens other protections for temporary or contract workers.

The Basic Conditions of Employment Act (BCEA), implemented in 1997 and amended in 2014, establishes a 45-hour workweek and minimum standards for overtime pay, annual leave, sick leave and notice of termination. The Act also outlaws child labor. Further, it states that no employer may require or permit overtime except by agreement, and overtime may not be more than ten hours per week. Amendments made in 2014 clarify the definitions of employment, employers, and employees to reflect international labor conventions, closing a loophole that previously existed in South African law between the LRA and the BCEA. The revised Act gives the Minister of Labor the power to set minimum wages and annual minimum wage increases for employees not covered by sectoral minimum wage agreements.

The Employment Equity Act of 1998, amended in 2014, prohibits employment discrimination and requires large- and medium-sized companies to prepare employment equity plans to ensure that historically disadvantaged South Africans, such as Blacks, South Asians, and Coloreds, as well as women and disabled persons, are adequately represented in the workforce. The Employment Equity Act amendments increase fines for non-compliance with employment equity measures and have a new provision of equal pay for work of equal value. The Act prohibits the

use of foreign nationals to meet employers' affirmative action targets, and relaxes the standards for parties in labor disputes to access the CCMA instead of going directly to the Labor Court.

More information regarding South African labor legislation can be found at: [www.labour.gov.za/legislation](http://www.labour.gov.za/legislation).

### **17. Foreign Trade Zones/Free Ports/Trade Facilitation**

South Africa designated its first Industrial Development Zone (IDZ) in 2001. IDZs offer duty-free import of production-related materials and zero VAT on materials sourced from South Africa, along with the right to sell in South Africa upon payment of normal import duties on finished goods. Expedited services and other logistical arrangements may be provided for small to medium-sized enterprises, or for new foreign direct investment. Co-funding for infrastructure development is available from DTI. There are no exemptions from other laws or regulations, such as environmental and labor laws. The Manufacturing Development Board licenses IDZ enterprises in collaboration with the South African Revenue Service (SARS), which handles IDZ customs matters. IDZ operators may be public, private, or a combination of both. IDZs are currently located at Coega near Port Elizabeth, in East London and Richards Bay. In February 2014, the Department of Trade and Industry introduced a new Special Economic Zones (SEZs) bill focused on industrial development. The bill was subsequently passed, and the SEZs are in the process of being created. The SEZs are intended to encompass the IDZs but also provide scope for economic activity beyond export-driven industry to include innovation centers and regional development. The broader SEZ incentives strategy allows for 15 percent Corporate Tax as opposed to the current 28 percent, Building Tax Allowance, Employment Tax Incentive, Customs Controlled Area (VAT exemption and duty free), and Accelerated 12i Tax Allowance.

## 18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
<b>Host Country Gross Domestic Product (GDP) (\$B USD)</b>	2014	330.4	2014	350.6	<a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>
<b>Foreign Direct Investment</b>	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
<b>U.S. FDI in partner country (\$M USD, stock positions)</b>	2013	8,500	2013	5,207	
<b>Host country's FDI in the United States (\$M USD, stock positions)</b>	2013	6,000	2013	1,052	<a href="http://bea.gov/international/factsheet/factsheet.cfm?Area=436">http://bea.gov/international/factsheet/factsheet.cfm?Area=436</a>
<b>Total inbound stock of FDI as % host GDP</b>	2013	2.4%	2013	1.4%	

\*<https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/6532/01Full%20Quarterly%20Bulletin%20%E2%80%93%20December%202014.pdf>

Table 3: Sources and Destination of FDI

<b>Direct Investment from/in Counterpart Economy Data</b>					
<b>From Top Five Sources/To Top Five Destinations (US Dollars, Millions)</b>					
<b>Inward Direct Investment</b>			<b>Outward Direct Investment</b>		
Total Inward	152,124	100%	Total Outward	128,682	100%
United Kingdom	73,437	48%	China	40,559	32%
Netherlands	25,580	17%	United Kingdom	11,866	9%
United States	9,355	6%	Luxembourg	10,983	9%
Germany	7,217	5%	Mauritius	9,244	7%
China	5,618	4%	United States	6,565	5%

"0" reflects amounts rounded to +/- USD 500,000.  
Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

<b>Portfolio Investment Assets</b>								
<b>Top Five Partners (Millions, US Dollars)</b>								
<b>Total</b>			<b>Equity Securities</b>			<b>Total Debt Securities</b>		
All Countries	175,723	100%	All Countries	164,418	100%	All Countries	11,304	100%
United Kingdom	79,418	45%	United Kingdom	76,720	47%	United Kingdom	2,697	24%
Luxembourg	24,287	14%	Luxembourg	23,509	14%	Italy	2,279	20%
United States	21,729	12%	United States	19,691	12%	United States	2,038	18%
Ireland	16,436	9%	Ireland	16,109	10%	Luxembourg	778	7%
Bermuda	9,806	6%	Bermuda	9,684	6%	India	543	5%

Source: IMF Coordinated Portfolio Investment Survey

## 19. Contact for More Information

Contact Point at Post for Public Inquiries

- Edward H. Winant
- Trade and Investment officer
- 877 Pretorius Street, Pretoria, South Africa
- +27 (0) 12 431 4343
- WinantEH@State.Gov