

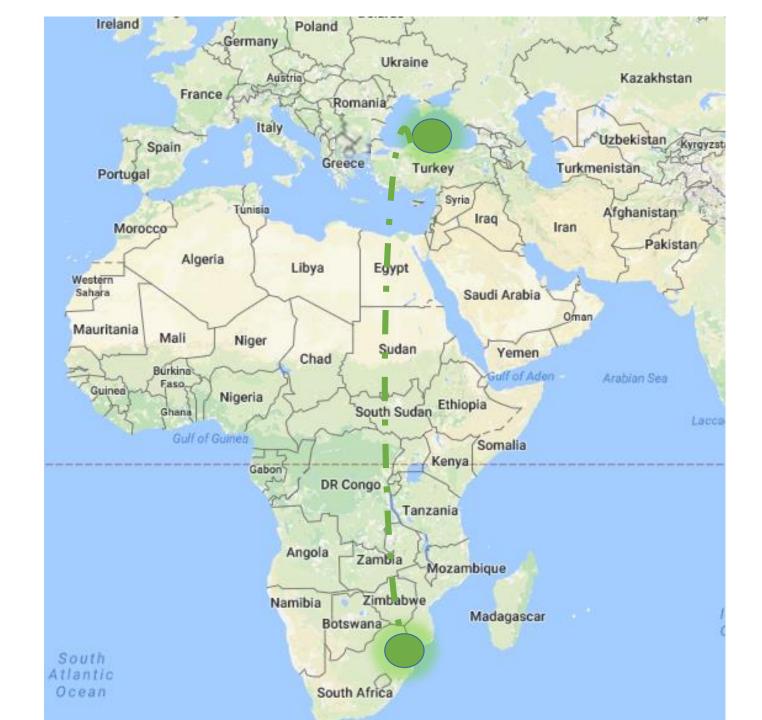
FREE STATE PROVINCE SOUTH AFRICA PRESENTATION TO DEIK & KOC HOLDINGS

22 September 2016

Delegation Lead by:

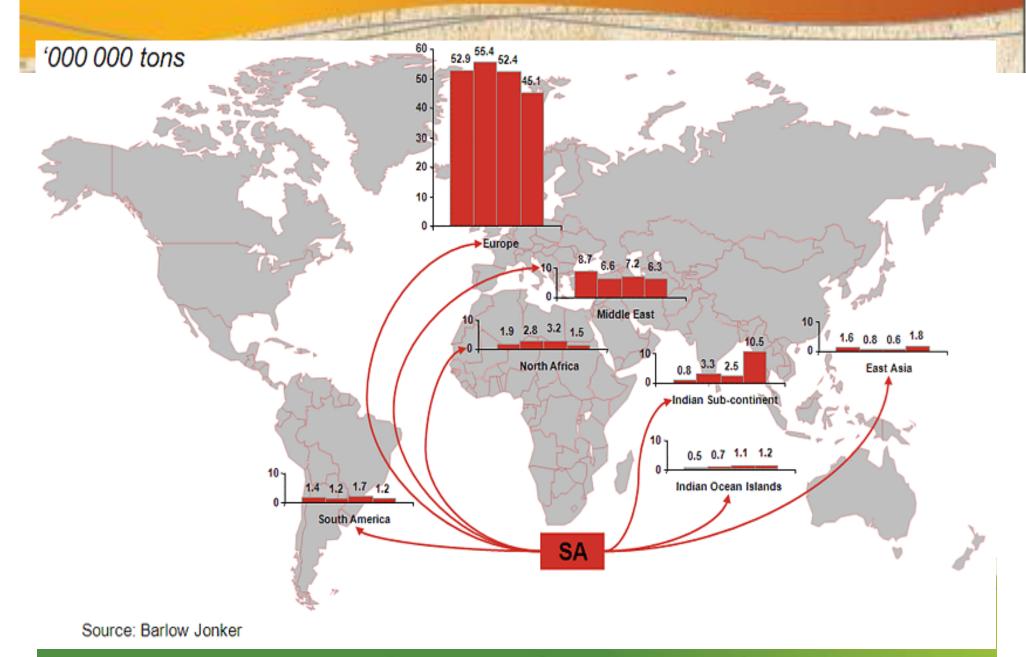
Hon Premier. Mr. E.S. Magashule

GLOBAL MARKET ACCESS





Market Access



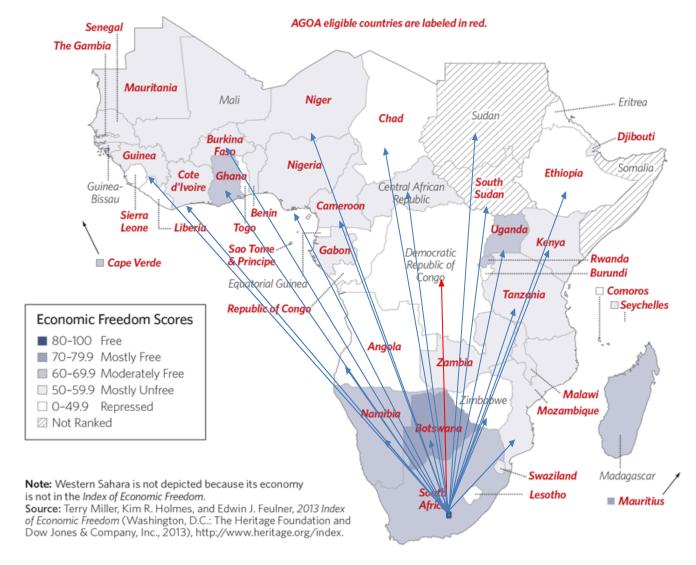




AGOA MARKET ACCESS

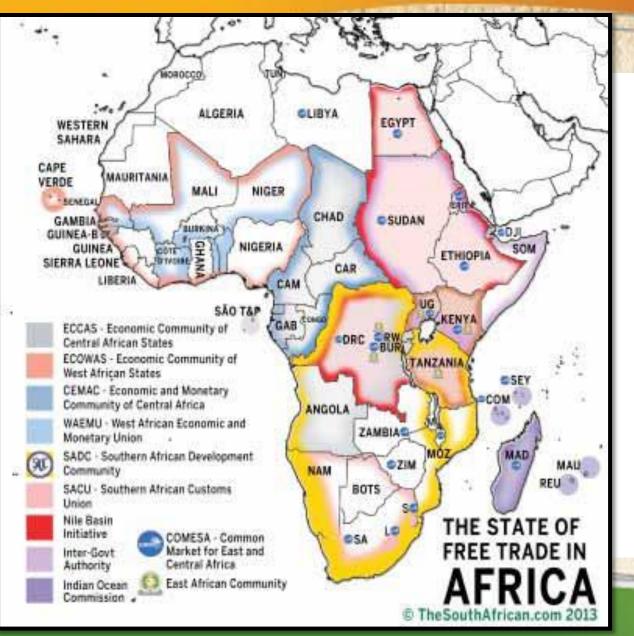


Economic Freedom and the African Growth and Opportunity Act (AGOA)





Market Access





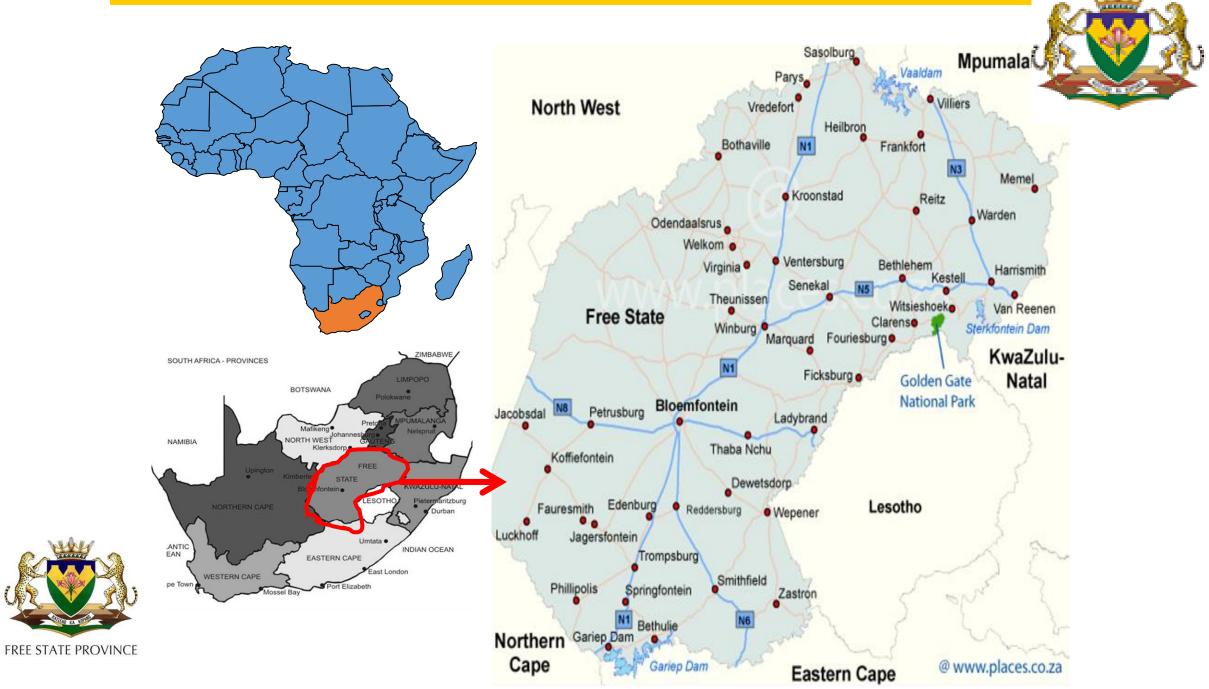
Free Trade Agreements, as follows:

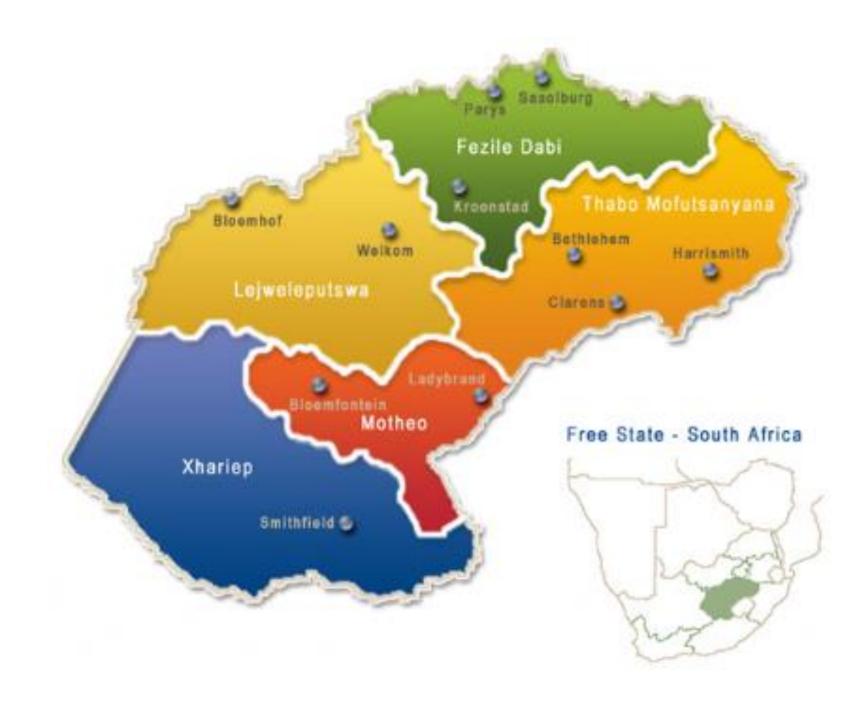
•Southern African Customs Union (SACU) & Southern African Development Community(SADC)

•Economic Community of West African States (ECOWAS)

•Common Market for East and Central Africa (COMESA)

SOUTH AFRICA'S MOST CENTRALLY LOCATED PROVINCE







Free State Sector Contribution to SA GDP

How did South Africa's economy perform in 2015*

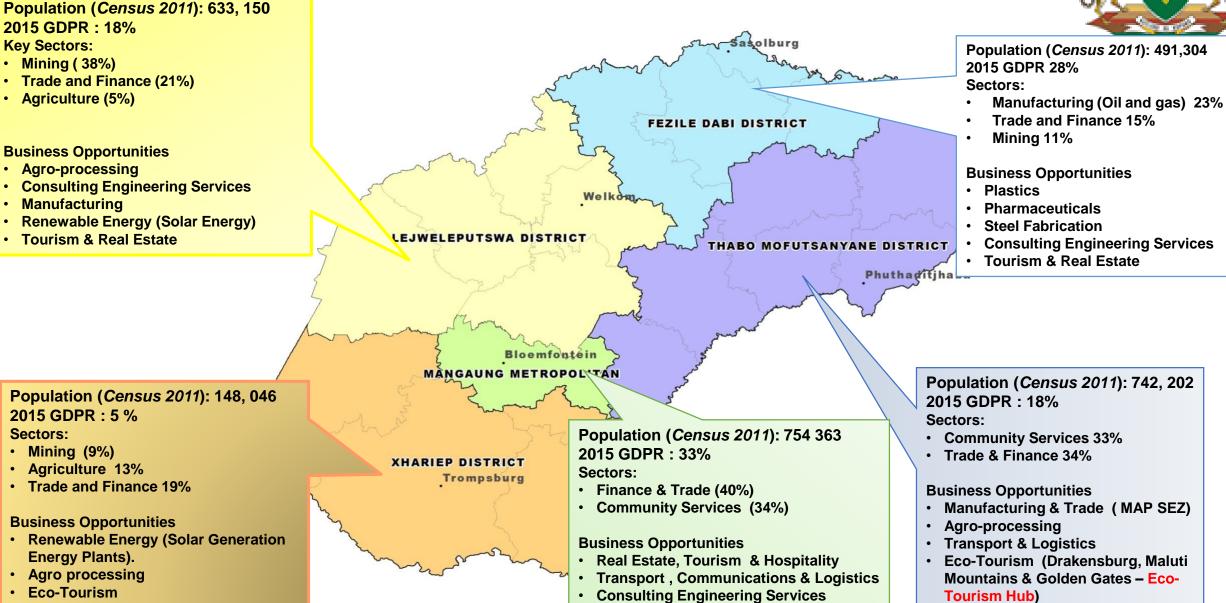
1.1



* Preliminary results Source: Gross Domestic Product, 4th quarter 2015 http://www.statssa.gov.za

REGIONAL ECONOMIC PERFORMANCE : 2015

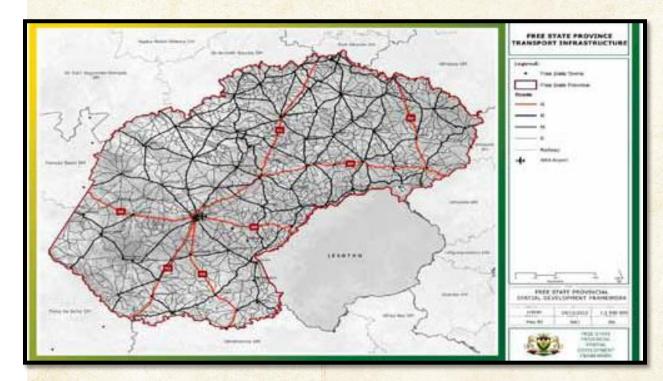




Business Process Services



Sophisticated Infrastructure



- Road Infrastructure
- Airport
- Rail Infrastructure
- Water Distribution Network







INVESTMENT OPPORTUNITIES

3.1. Key Sectors – Investment Opportunities



SECTOR	Opportunities
 Agro-processing and agribusiness 	 1.1. Freshwater aquaculture 1.2. Food processing 1.3. Beverages 1.4. Downstream wool production 1.5. Bio-fuels 1.6. Processing of oilseeds
2. Business Process Services	 2.1. Call centres 2.2. Back offices operations 2.3. Medical and legal transcriptions 2.4. Enterprise solutions
3. Electro-technical	3.1. Mobile applications development3.2. Smart metering3.3. Set-top boxes
4. Pulp Paper and Furniture	4.1. Kraft paper milling
5. Textiles, Clothing , Leather and Footwear	5.1. African designs5.2 Leather and footwear

3. Key Sectors – Investment Opportunities



SECTOR	Opportunities
6. Green Economy	 6.1. Solar 6.2. Hydro 6.3. Biogas / bio-ethanol 6.4. Solar PV and Concentrated Solar Power manufacturing and assembly of solar panels and modules manufacturing 6.5. Solar Water Heaters manufacturing
7. Chemicals Plastic Fabrication and Pharmaceuticals	7.1. Plastic products7.2. Active Pharmaceutical Ingredients7.3. Biological medicines
8. Creative Design	 8.1. Film and media 8.1.1. film, documentaries, photography 8.2. Jewellery manufacturing and design 8.2.1. Fashion design





MAP Special Economic Zone



MAP SEZ SERVICES

Strategic Business Intelligence

Provide market and business intelligence

Analyse trade and investment trends

Identify business opportunities

Investment Facilitation

Provide immigration support Provide business premises Provide access to incentives Provide access to decision makers Provide access to business networks

Marketing the SEZ

Generate awareness on business opportunities

Position the zone as a competitive business location

Collaborate with strategic partners to promote business

MAP SEZ



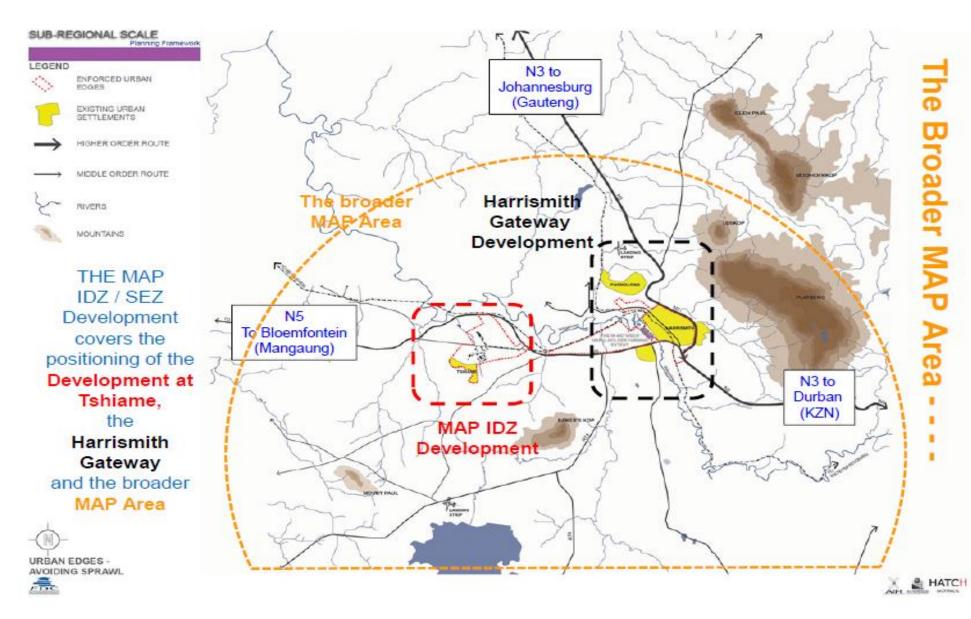
MAP SEZ MANDATE MILESTONES Promote the competitiveness of the manufacturing sector **PROJECT PIPELINE** MAP SEZ Designated in terms of Promote beneficiation and trade the law in locally available resources 14 Investment Projects valued at Infrastructure roll-out to support Attract investment to MAP SEZ R5 Billion already registered business is continuing Zone Medi-Pro South Africa (AJV Increase exports and contribute to between a Shanghai based regional integration **Medical Instrumentation Company** and a South African Company Alu Gas South Africa (A South African and German based Alu Gas AJC Concentrate Factory to supplie **Distell factory in Springs**



department of economic, small business development tourism and environmental affairs FREE STATE PROVINCE

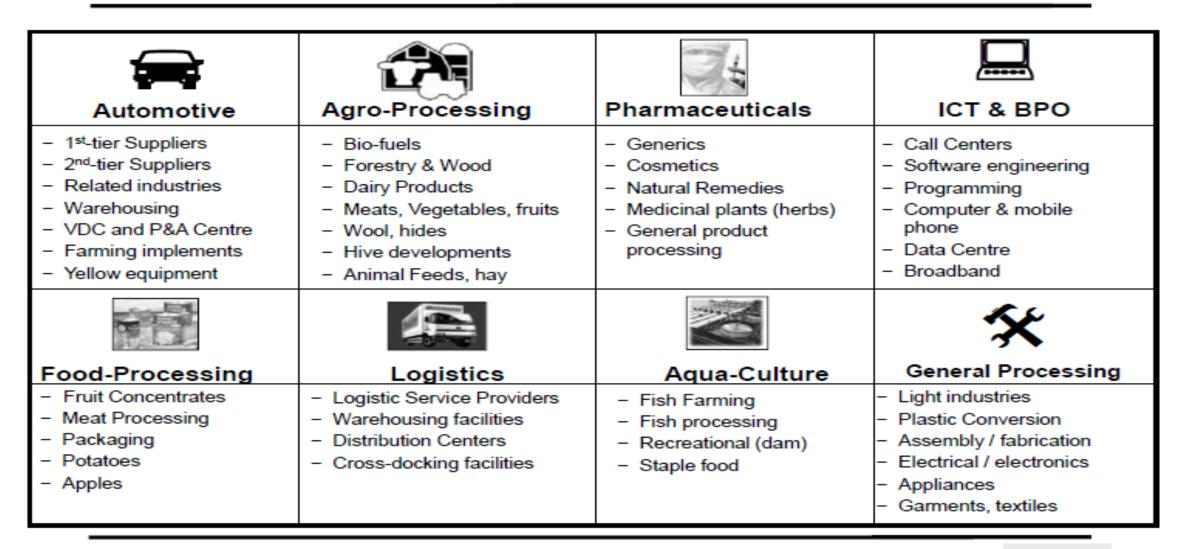


MAP OF THE SPECIAL ECONOMIC ZONE (SEZ)



MAP IDZ / SEZ Development

Targeted Sectors: Top Priority and Others



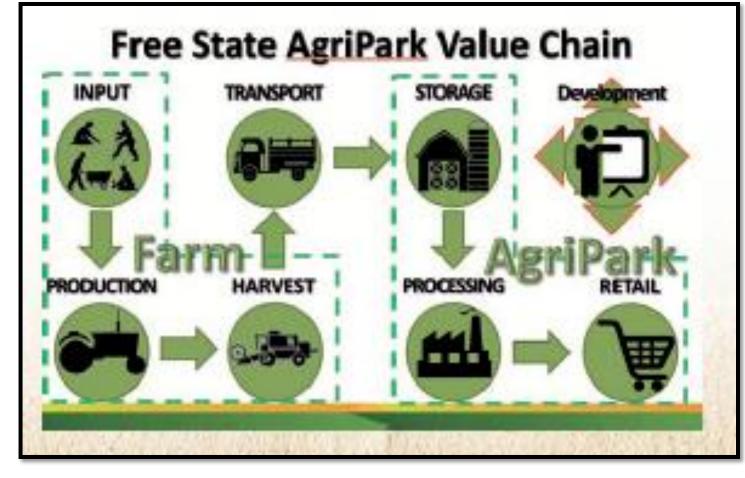
Top

Priority

Agriculture



Agriculture & Agro Processing





WHAT IS AVAILABLE IN THE SPECIAL ECONOMIC ZONE (SEZ)

Industrial land	 Serviced land – bulk infrastructure servicing each site within the zone Greenfields development – flexible size options available Lots of space – more than 1000ha available Long-term lease periods long enough to recoup investment on infrastructure Affordability – below market rate rentals because of government investment
Purpose Built Infrastructure	 Custom design to suit upstream Multi-Sector Service and Processing requirements Heavy load-bearing roads and sites Customer /site specific infrastructure offered (warehousing, specialised workshops, processing facilities)
Dedicated Road and Rail Access	 Dedicated transport linkage directly with facilities Wide roads and turning circles, heave load capacity Designed to complement road and rail transport and logistics functions
Unique Selling Points	
Free Port (Customs	 Custom Control Area (CCA) means no VAT or duties on goods landed in the zone
Control Area)	 Dedicated road and rail access means seamless transfers along SIP2 Corridor and across Southern Africa and back
	 Focus on operational efficiency of handling and turnaround time
Ease of Doing Business	 In addition to Customs free environment
	 One stop shop for government and regulatory services
	 Incl. permitting, immigration and business support etc.

WHAT IS AVAILABLE IN THE SPECIAL ECONOMIC ZONE (SEZ)

VILLE

Multi-Sector vs Sector-Specific Focus	 Focus on attracting multi-sector investors First major tenant companies already in land allocation discussions Dedicated industry support from Government, industry bodies and sectors Proximity of sophisticated engineering base, including companies already servicing the
Ease of Access	 Industry Dedicated supplier database of locally-based companies meeting international standards in both direct and indirect services Skills database for ease of recruitment

BENEFITS WITHIN THE SPECIAL ECONOMIC ZONE (SEZ)



A number of incentives will be available to ensure SEZs growth, revenue generation, creation of jobs, attraction of Foreign Direct Investment (FDI) and international competitiveness. These SEZ incentives include:

- Preferential 15% Corporate Tax Businesses (prescribed in section 24(4) of the SEZ Act) that are located in a Special Economic Zone may be eligible for tax relief, including the reduced rate of corporate income taxation. In addition to satisfying the requirements of the SEZ Act, further criteria for some of the available tax incentives are stipulated in the Income Tax Act, 1962 (Act No. 58 of 1962.)
- Building Allowance Businesses and Operators (prescribed in section 1of the SEZ Act) operating within a Special Economic Zone may be eligible for tax relief, including the building allowance, subject to requirements contained in the Income Tax Act.

BENEFITS WITHIN THE SPECIAL ECONOMIC ZONE (SEZ)

- Employment Incentive Businesses and Operators operating within a Special Economic Zone may be eligible for tax relief, including the employment tax incentive subject to requirements contained in the Employment Tax Incentive Act, 2013 (Act No. 26 of 2013).
- Customs Controlled Area Businesses and Operators located within a customs controlled area of a Special Economic Zone will be eligible for tax relief as per the Value-Added Tax Act, 1991 (Act No. 89 of 1991), the Customs and Excise Act, 1964 (Act No. 91 of 1964), the Customs Duty Act 2014 (Act No. 30 of 2014) and the Customs Control Act, 2014 (Act No.31 of 2014).
- 12I Tax Allowance The 12I Tax Incentive is designed to support Greenfield investments (i.e. new industrial projects that utilise only new and unused manufacturing assets), as well as Brownfield investments (i.e. expansions or upgrades of existing industrial projects). The new incentive offers support for both capital investment and training. For further information,

see: http://www.thedti.gov.za/financial_assistance/financial_incentive.jsp?id=45&subthemeid=26

Government Incentives for Foreign Investment



Manufacturing Investment Programme (EIP)



· Support private sector investment in manufacturing sector

- 15-30% grant for investment in land, buildings, machinery, equipment and customised commercial vehicles
- 15% transportation cost for production machinery and equipment by investor



Foreign Investment Grant (FIG)

- Incentivises the actual transport costs of relocating qualifying new machinery and equipment
- Foreign investors setting up manufacturing facilities in South Africa
- 15% of the value of qualifying imported production machinery and equipment to a maximum of R10m



Government Incentives for Foreign Investment



Investment and training allowance



- To promote industrial upgrading and new investment in manufacturing
- Medium to large manufacturers with investments of between R30m and R1,5B
- Maximum 55% of qualifying investment costs in machinery and equipment, training allowance to a maximum of R36 000 per person per annum

Export Marketing and Investment Assistance (EMIA)



- Provide marketing assistance to develop new export markets and grow existing export markets;
- Assist with the identification of new export markets through market research;
- Assist companies to increase their competitive by supporting patent registrations, quality marks and product marks;
- Assist with facilitation to grow FDI through missions and FDI research; and
- Increase the contribution of black-owned businesses and SMMEs to South Africa's economy.

For more info on incentives visit: www.thedti.gov.za

Why the Free State Province

- Centricity
- Access to market borders 6 provinces
- Key Sectors (Primary Secondary)
 - Manufacturing
 - Agriculture
 - Mining
 - Logistics and Transport
 - Tourism
- Low base potential to grow
- Set up costs
- Skilled labour 7500 bursaries Special skills 950 in 2017
- Just under 1000 Students abroad
 - 31 Students to study agriculture in Plovdiv, Bulgaria
- (Engineers, Doctors, Economists, Accountants, Agricultural Economists | Agrarians and other aligned to skills demand of the Free State Sector Strategy)
- Students have international exposure | Work Exposure
- Thank you!



destea

conomic, small business developmen



