

SPECIAL ECONOMIC ZONES PROGRAMME IMPLEMENTATION

BRIEFING TO PORTFOLIO COMMITTEE ON
TRADE AND INDUSTRY
25th OCTOBER 2016
CAPE TOWN



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PRESENTATION OUTLINE

- Introduction
- Key Highlights during the Year
- Designations
- Investments
- Regulations
- Challenges and Opportunities
- Conclusion



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KEY HIGHLIGHTS



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KEY HIGHLIGHTS

- Coega IDZ launched the R11, 5 billion BAIC investment for automotives
- Dube TradePort signed a R1, 3 billion agreement with CIPLA for the production of biosimilars
- Musina-Makhado SEZ designation approved, anchored on a US\$3, 9 billion
- Saldanha Bay IDZ has to date, a pipeline of 34 investments worth R14 billion (letters of commitment)
- OR Tambo IDZ has attracted a total of R260 million new investment covering horticulture and metal refining
- Coega has been allocated 1000MW under IPP, with an investment value of R25 billion
- RBIDZ awarded 2000MW under Gas IPP,

DESIGNATIONS



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DESIGNATION OF ZONES

Designated and Operational Zones

- Coega
- Dube TradePort
- East London
- Richards Bay

No change

Designated but non-Operational Zones

- OR Tambo Airport
- Maluti-a-Phofung
- Saldanha Bay
- Musina-Makhado

Increased by 1

Applications

- Atlantis - WC
- Platinum Valley (Bojanala) - NW
- Nkomazi - MP



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DESIGNATIONS

- **Approved applications**
 - Musina-Makhado SEZ (Limpopo)
- **Pipeline applications**
 - Atlantis, Western Cape
 - Platinum Valley, North West
 - Nkomazi, Mpumalanga



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INVESTMENTS



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CUMULATIVE INVESTMENT PERFORMANCE OF OPERATIONAL ZONES : 2000 – 2016

IDZ	NO. OF INVESTORS ON SITE	EST. PRIVATE INVESTMENT VALUE OF OPERATIONAL INVESTORS(R'000)	NO. OF SECURED INVESTORS(but not operational as yet)	EST. PRIVATE VALUE OF SECURED BUT NOT YET OPERATIONAL INVESTMENT(R'000)	DIRECT EMPLOYMENT	CONSTRUCTION & INDIRECT JOBS	TOTAL EMPLOYMENT
COEGA	34	6 609 574 264	29 (43)	6 800 000 (28 000 000)	7174 (7 628)	37 448	44 622
ELIDZ	28	1 800 000	4	1 200 000	1 997	23 975	25 972
RBIDZ	2	820 000	9	10 020 000	300	3 961	4 261
DTPIDZ	6	1 080 000 000	5 (16)	1 700 000 (2 018 000)	505	-	505
TOTAL	69	9 479 450	47 (72)	19 720 000 (41 238 000)	9 976 (10 433)	65 384	75 360



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INVESTMENT PERFORMANCE OF NON-OPERATIONAL ZONES

ZONE	VALUE OF INVESTMENT PIPELINE
Saldanha Bay	R 14.8 Billion
Musina	USD 3.9 Billion
Atlantis	R 300 Million
Upington	R 800 Million
Maluti A Phofung	R 2,0 Billion



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SELECTED ZONES



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COEGA IDZ: Projects in Initiation Phase

No.	Project Name	Description	Investment Value	Jobs	Status
1	MM Engineering	Gas Bottle Manufacturing	R350 million	92	Construction
2	Q-Plas Expansion	Auto components supplier to VW	R110 million	40	Construction
3	Kenako Medical	Manufacture of medical devices	R125 million	150	Design and Planning
4	Dynamic Commodities	Food processing for exports	R11.5 million	1783	Construction
5	Sanitech	Waste water treatment	R10 million	35	Design and Planning
6	Q-Plas Phase 2	Auto components supplier to MB	R32.5 million	40	Construction

Transformational Projects - Summary

#	Project Name	Description	Investment Value	Jobs (direct & indirect)
1	BAIC	Vehicle Manufacturing Plant	R 11.5 bn	12 100
2	CCGT -Power Station	DoE led Gas to power programme (3126MW+ 600MW)	R 40 bn	8 140
3	Renewable Energy	Renewables	R 2.8 bn	2 500
4	Stainless Steel Thin Strip Mill	Metallurgy	R 0.5 bn	5730
5	Aquaculture Complex	Aquaculture Development Zone – 448 Ha	R 2 bn	5 605
6	Manganese export & Rail Upgrade	Mn export capacity from 5.5 to 16mtpa. Rail upgrade	R 27 bn	5 000
9	Return Effluent	Recycled water for industrial use	R 1.2 bn	1 500

SALDANHA IDZ

- **Investments:** A pipeline of 34 investors (letters of commitment) with investments worth R14 billion

- **Infrastructure:**
 - Bulk infrastructure and Civil Services underway

 - TNPA run projects
 - Deep Water Rig Repair Berth – EOI out
 - Shallow Water Jetty – EOI out
 - Offshore Supply Base procurement process scheduled for 2017

- **Skills:**
 - Over 500 students placed in various skills programmes (Learnerships and Apprenticeships)



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DUBE TRADEPORT

- **Investments:**
 - R1, 08 billion of operational investments
 - Pipeline investments: R3 billion
- **CIPLA Investment:**
 - R1, 3 billion
 - First biotech facility for biosimilars production in SA
 - Over 300 direct jobs
 - Cancer and autoimmune diseases in Africa

DUBE TRADEPORT

- **Jobs:**
 - Direct and permanent: 2 410
 - Direct but temporary: 1 096

- **Exports:**
 - Over R507, 7 million



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REGULATIONS



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REGULATIONS

- SEZ Planning Regulations:
 - Approved and published in the Government Gazette
- Governance Regulations:
 - Draft in place and currently being reviewed by the lawyers
- Planning Guidelines:
 - Draft in place, going through internal discussions
- Regulations on industries qualifying for SEZ Tax incentive
 - Completed and published in the Government Gazette by National Treasury



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CHALLENGES AND OPPORTUNITIES



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CHALLENGES AND OPPORTUNITIES

- The future direction of the Renewable Energy – IPP Programme will have a direct impact on investments in certain SEZs,
- Strength of implementing institutions will have a direct bearing on sustainability of SEZs,
- Water availability in some regions will have a direct bearing on the speed of Industrialisation,
- Development of technical skills, technicians and artisans, critical for the industrial development and will determine whether host communities benefit or not,
- Cooperation with China (and other) countries, important in unlocking investments,
- Alignment between **the dti** and National Treasury to unlock more value,
- Invest SA rolling out One Stop Shop in all provinces.

CONCLUSION

- Steady but significant progress is being made on SEZ Implementation
- Some SEZs are showing massive growth (Coega, DTP and SBIDZ) while others require more support
- Strengthening implementing agencies (implementation capacity) is key to the success of the SEZ Programme
- Intensive marketing and promotion needs to be sustained

THANK YOU



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