Doing Business in South Africa
2015 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in South Africa

Market Overview

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The South Africa Country Commercial Guide (CCG) presents a comprehensive look at South Africa's commercial environment, using economic, political and market analysis.

South Africa is a country of 54 million people, rich in diverse cultures and natural heritage. Enjoying relative macroeconomic stability and a largely pro-business environment, South Africa is a logical and attractive choice for U.S. companies seeking to enter the sub-Saharan Africa marketplace. The country covers 1.22 million square kilometers and is the world's largest producer of platinum, vanadium, chromium and manganese.

South Africa is the most advanced, diverse, and productive economy in Africa. However, its growth does not match that of other African economies. In 2014, its gross domestic product (GDP) grew by 1.5% to an estimated $ 683.1 billion (based on purchasing power parity - ppp) and $ 341.2 billion nominal. The mature nature of the South African economy is reflected in the mix of economic sectors:

- primary (including agriculture, fishing and mining): 7%
- secondary (manufacturing, construction and utilities): 20%, and
- tertiary (trade, transport and services): 73%

The tourism sector has experienced above global average growth, capitalizing on South Africa's natural beauty, wildlife reserves and good infrastructure. The sector is a major foreign exchange earner, along with minerals, agricultural products and some niche, high-tech sectors.

The country's urban areas boast well-developed infrastructure, comparable to OECD standards. Its growing service sector is a major employer, and the private, corporate side of the economy is well-managed, although facing slow productivity gains. The banking and financial services sector is stable and has weathered the worldwide financial crisis well. The Johannesburg Stock Exchange (JSE) ranks among the top emerging market exchanges in the world.

South Africa is well integrated into the regional economic infrastructure as formalized by membership in the Southern African Development Community (SADC). In addition, the Southern African Customs Union (SACU) agreement with Botswana, Namibia, Lesotho and Swaziland facilitates commercial exchanges. South Africa is a member of the World Trade Organization (WTO), the G20, and BRICS (Brazil, Russia, India, China and South

Africa).

In 2012, South Africa saw an increase in the stock of U.S. Foreign Direct Investment (FDI) from R61.76 billion to R62.24 billion. The United States is the largest portfolio investor in South Africa with investments of over R 921 billion as of 2012 and is the second largest source of FDI in South Africa, after the United Kingdom. Since 2012 however, a clear change has set in; in 2014 FDI amounted to a net negative R13bn. In Q1 2015, a net outflow of R27.5bn was recorded. For the first time in many years, local companies invested more outwards than foreign companies invested inwards.

Mergers and acquisitions (M&A) activity in South Africa came under pressure in the first two quarters of 2013 amid slower emerging market growth due to heightened risk aversion, a volatile Rand and labor unrest. During the first half of 2013, 206 transactions were recorded in South Africa with an estimated total value of R121.4 billion. In 2012's first half, 217 transactions worth a total of R65 billion were recorded. The second quarter of 2013, however, returned only 67% of the value achieved in the first quarter, which was R48.7 billion compared with R72.7 billion.

The African Growth and Opportunity Act (AGOA), renewed in 2015, provides duty-free access to the U.S. market for most sub-Saharan African countries, including South Africa. The United States and South Africa signed a new Trade and Investment Framework Agreement (TIFA) in 2012. The United States and SACU concluded a Trade, Investment and Development Cooperation Agreement (TIDCA) in 2008. The United States and SACU rely on TIDCA as a forum to conclude a range of agreements on various trade facilitation issues and other areas of cooperation.

The United States is a critical trading partner for South Africa, and ranks annually as South Africa's second or third largest partner in two-way trade of goods by value.

	2012	2013	2014
U.S. Exports to South Africa	7,553	7,292	6.369
U.S. Imports from South Africa	8,657	8,480	8,713
U.S. Trade Balance with South Africa	-1,104	-1,187	-1,948

The U.S. government released the Presidential Policy Directive "U.S. Strategy Toward Sub-Saharan Africa" in June 2012. In support of its implementation, during her November 2012 visit to Johannesburg, Acting Secretary of Commerce Rebecca Blank launched the "Doing Business in Africa" (DBIA) campaign, bringing together resources of various USG agencies to increase trade and investment opportunities for U.S. businesses in Africa. For further information on DBIA, please see http://export.gov/africa/

Why should U.S. companies consider exporting to South Africa?

1. South Africa remains a must-consider country in sub-Saharan Africa (SSA) when new-to-market (NTM) companies weigh up location options; the logistics infrastructure, English language and benign legal processes make this a low entry-threshold country.

2. The business management environment (legal, publicity, marketing, accounting, forensics, process outsourcing, etc.) is the best in Africa.
3. South Africa is a business incubator for NTM ideas; as the middle class in Africa grows, business models launched in and from South Africa will find easier acceptance in other SSA markets.
4. The penetration of South African companies and agencies into Africa makes finding the right partner to piggy-back with into third markets a low-risk business development model.
5. South African companies are receptive to a range of partnering arrangements with U.S. companies; these range from agency, to licensing, to JV's, to mergers and acquisitions; some SA companies hope to enter the U.S. market in this fashion.

Market Challenges

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U.S. firms entering this market must contend with a typically mature and competitive market with well-established European and Asian competition. A trade agreement with the European Union enables many European products to enter South Africa duty-free or at lower rates than U.S. products.

Broad-Based Black Economic Empowerment (B-BBEE) policies aimed at redressing economic imbalances among historically disadvantaged communities require consideration by all firms planning to do business with the South African government, but also within the general business community. New more ambitious requirements were introduced in 2013 to enter into force in early 2015. A few companies have addressed the ownership element of B-BBEE by implementing "equity equivalent" programs that emphasize training and development of local companies. The SA Government is continuously enhancing the mandatory industrial localization requirement for foreign suppliers who often view this as a cost and risk factor for doing business in South Africa.

It is important to note that serious concern has been growing around a host of economic and regulatory factors that impact foreign businesses. These include increasingly aggressive labor action, persistently high unemployment, violent crime and corruption, insufficient infrastructure and poor government service delivery. Noteworthy is the government's repeatedly delayed roll-out of additional electricity generation that has seen power to mines, industry, businesses and households curtailed. The debate around the direction of economic policy has been amplified by a predicted economic growth rate of less than 2 percent in 2015.

The South African government has since 2012 announced plans to tighten labor and foreign ownership laws, mandated industrial localization and weakened commercial property rights. Sectors of specific concern have included the extractive industries, security services and agriculture. It remains uncertain in which direction government will go to address rigidities in labor regulations in the face of popular discontent around unemployment, poverty and inequality.

Despite current uncertainties, as the most advanced, broad-based economy on the continent, South Africa still 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 African Development

Community (SADC). Standards are generally similar to those in most developed economies, U.S. investors find local courts fair and consistent, and infrastructure is well-developed. Similarly, democratic life is well-established with transparent and contested elections, an appreciation for the rule of law, and citizens maintaining significant pride in the constitution and the peaceful formation of the post-Apartheid state.

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 to access the rest of the African continent whose emerging economies have become more and more attractive.

Although unemployment remains high (official figure of about 25%), skilled labor can be difficult to find in many, if not most, technical and professional segments due to emigration and the poor state of the education system. In addition, HIV/AIDS affects approximately one in ten South Africans with unfortunate implications for labor availability, productivity and healthcare costs. Annual labor negotiations have been marked by increased, partly violent unrest in the ramp-up to the May 2014 general elections that were the most peaceful since the first democratic elections in 1994.

Transparency International's Corruption Perceptions Index in 2014 ranked South Africa at 67 out of 177 countries -- just ahead of Brazil, and followed by Russia, India and China.

Market Opportunities

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Opportunities for U.S. exporters and investors in South Africa reflect its growing consumer base, and efforts to upgrade and develop its infrastructure to fuel economic growth.

Factors benefiting U.S. exports include:

- Sophisticated financial services and legal services sectors;
- Transportation infrastructure improvements;
- South Africa's position as an entryway to other countries and markets in sub-Saharan Africa;
- The strong reputation enjoyed by U.S.-branded goods;
- South African government-owned utilities such as Eskom (electric power) and Transnet (transportation) have formalized capital expenditure plans amounting to more than R675.5 billion

In general, the best prospects for exports are in capital goods, though opportunities exist in a wide range of consumer products, services and franchising.

Of particular note are:

- Electricity Power Generation Systems;
- Aviation;
- Automotive Components;
- Transportation, Infrastructure and Civil Construction;

- Franchising;
- Renewable Energy;
- Pollution Control Equipment;
- Mining Equipment;
- Medical Equipment and Healthcare Services;
- Telecommunications; and
- Information Technology.

Market Entry Strategy

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Because the South African market is sophisticated, entry should be well planned, taking into consideration the following factors:

- The skewed demographic income distribution pattern, where 10% of the population earns 45% of national income;
- The price-sensitive nature of the majority of consumer demand;
- An unpredictable Rand-Dollar exchange rate;
- An unreliable electricity supply network;
- Distribution issues, given that large retail centers are concentrated in five metropolitan regions;
- Well-developed consumer protection rules and recently, better enforcement;
- A conservative market that tends to stick to known suppliers and therefore requires sustained market development; and
- South Africa's position as a stepping stone for developing market opportunities in sub-Saharan Africa: the marketing mix should anticipate this medium-term option. However, the new-to-market foreign supplier will find markedly different conditions when venturing northwards. This lack of regional integration relates especially to financial services, trade documentation and road transportation networks and may have a significant impact on the cost of doing business.

A judicious selection of one of three low-risk entry strategies (representation, agency or distributorship) is required by new-to-market entities. If you are selling to the government or government-funded organizations, any local partner should be B-BBEE-compliant and be aware of local procurement regulations.

In addition to this Country Commercial Guide, the Commercial Service offices in Cape Town and Johannesburg offer many services designed to assist you in developing your market entry strategy into South Africa. For a detailed description of these services please visit:
http://www.export.gov/southafrica/servicesforu.s.companies/index.asp

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Chapter 2: Political and Economic Environment

For more information on the political and economic environment of South Africa, please click on the link below to the U.S. Department of State Fact Sheet.

http://www.state.gov/r/pa/ei/bgn/2898.htm

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Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

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One of the first steps an exporter may wish to take in locating an agent or distributor in South Africa is to contact the U.S. Commercial Service in South Africa and register for one of the services specifically designed to meet the needs of U.S. client companies. South Africa offers foreign suppliers a wide variety of methods to distribute and sell their products, including using an agent (also known as a Commission Sales Representative, or CSR) or distributor. A link to details of these services is available at the end of this report.

In South Africa, the terms "Agent" and "Distributor" have a very specific meaning: “agents” work on a commission basis after obtaining orders from customers; distributors buy, carry stock and sell products directly to customers.

Agents often distribute durable and non-durable consumer goods, as well as some industrial raw materials. They may be particularly appropriate when products are highly competitive and lack a large market. It is common to appoint a single agent capable of providing national coverage either through one office or a network of branch offices. In addition to their role as the local representatives of U.S. exporters, agents should be able to handle the necessary customs clearances, port and rail charges, documentation, warehousing and financing arrangements.

Local agents representing foreign exporters, manufacturers, shippers, or other principals who export goods to South Africa, are fully liable, under South African import control law, for all regulations and controls which are imposed on the foreign exporters. Local agents are required to register with the Director of Import and Export Control of the Department of Trade and Industry. It is important for a U.S. exporter to maintain close contact with the local agent to track changes in importing procedures and to ensure that the agent is effectively representing the sales interest of the exporter.

Typical commission rates for agents (also known as a Commission Sales Representative, or CSR) in South Africa depend upon the contract concluded and upon the CSR's responsibility. These rates can range from 3% - 25% commission per concluded transaction. Companies sometimes pay a retainer fee plus costs plus an incentive scale on deals.

Distributors who buy for their own account and carry a wide range of spare parts often handle capital equipment and commodities such as chemicals, pharmaceuticals, and brand new products on an exclusive basis. Leading distributors often have branches throughout South Africa and sell to both wholesalers and retailers.

When appointing a South African distributor, U.S. exporters should take care to find out if the distributor handles a competing product. In some instances, major South African corporations whose holding companies market products competing directly with American products have approached some U.S. exporters.

In South Africa's competitive marketplace, it is essential that the U.S. exporter provide adequate servicing, spare parts, and components, as well as qualified personnel capable of handling service inquiries. In most cases, after-sales service should be available locally since potential delays often lead purchasers to seek alternative suppliers.

The U.S. Commercial Service has found that the most successful ventures entered into by U.S. companies have been preceded by thorough market research. This is an important first step before engaging in a search for agents or distributors. Once contacts are established, U.S. companies should visit South Africa, since first-hand knowledge of the market is an advantage. Such a visit provides an opportunity for a personal appraisal of the prospective agent or distributor. U.S. exporters should carefully investigate the reputation and financial references of a potential agent or distributor and establish a clear agreement delineating the responsibilities of both the exporter and the agent.

The Commercial Service (CS) in South Africa offers a number of business facilitation services, including market research, appointment-setting, and background checks on potential business partners. For a full list of the services offered, please visit:

http://export.gov/southafrica/index.asp

As part of the Presidential National Export Initiative (NEI) and the Doing Business in Africa (DBIA) campaign, CS South Africa coordinates market research and business facilitation in a number of sub-Saharan African states. These include:

Benin
Botswana
Burkina Faso
Cote d'Ivoire
DRC Congo
Gambia

Guinea
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritius
Namibia
Senegal
Swaziland
Zambia

The U.S. Commercial Service also has seven offices in the following sub-Saharan States:

Angola
Ethiopia
Ghana
Kenya
Mozambique
Nigeria
Tanzania

For additional information, please e-mail the U.S. Commercial Service office at: Johannesburg.office.box@trade.gov

Establishing an Office

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Since 2009, South Africa has slowly been slipping in the World Bank's Ease of Doing Business Index, to attain a ranking of 41 in 2013. However, South Africa has consistently done well for ease of access to credit and has shown improvements in trading across borders.

The Companies Act of 2011 makes no distinction between locally-owned and foreign-owned companies. Companies may be either private or public. Foreign companies establishing subsidiaries in South Africa must register the subsidiary in accordance with the Act.

Under the current law, all companies, whether public or private, are required to be audited. The Act allows for private entities to choose - they can decide to be audited or, alternatively, they may be subject to an independent review of their financial statements. The Act introduced far-reaching changes to the South African corporate regime. A director may now be held liable for losses sustained for a breach of duty, although the new Act includes “prescribed officers” amongst the company's employees who may be similarly responsible. The category of prescribed officers may expose persons in management positions who are not directors to new obligations and possible personal liability.

Foreign companies may establish a local branch office in South Africa by registering the branch as an "external company". Any nonresident or foreign company must register within 21 days of establishing an office in South Africa. Government approval is not required for registration and there is no requirement that a percentage of share capital be held locally. The branch company must file annual financial statements within six months after the end of its fiscal year. Branch profits remitted to a foreign firm's headquarters are not subject to withholding tax. The legal liabilities of a branch are not limited to only its South African assets.

In order to make South Africa a more attractive location for multinational enterprises wishing to invest in Africa, a Headquarter Company (HQC) regime has been introduced in South Africa. The rules create a more attractive fiscal and regulatory environment necessary for foreign holding companies seeking entry into Africa, and rules eliminate certain barriers which had discouraged foreign investors from using South Africa as a holding company location. There are three forms of business enterprises in South Africa: Private Companies (Pty), Public Companies (Ltd), and previously, Close Corporations (CC). South Africa has an estimated 400,000 Private Companies, 4000 Public Companies, and still 1.6 million Close Corporations.

Each form has its own setup and reporting requirements as detailed below; the oversight authority is the Companies and International Property Commission (CIPC):

Private Companies:

A locally registered private company, identified by the words "Proprietary Limited" (Pty) in its title, is a form commonly used to carry on operations as a subsidiary of a foreign company. Private companies may have up to 50 shareholders, but cannot offer shares to the public or transfer them and are not required to have a minimum capital subscription.

Private Directors need not lodge a written consent with the authorities and they need not be South African nationals or residents of South Africa. The registration of a company is established by filing the following information with the CIPC:

- A certified copy of the Memorandum and Articles of Association;
- The registered address;
- The name and address of the company's local auditor; and a share capital duty receipt.

Private companies are not subject to the statutory meeting and reports requirements of public companies and do not have to lodge their annual financial statements with the CIPC.

Public Companies:

Public companies, designated by the word “Limited” or letters "Ltd" in the title, are formed to raise funds by offering shares to the public. Therefore, there is no limit on the number of shareholders in a public company. Public companies are required to file annual financial statements and reports with the CIPC.

For public companies that issue a prospectus, proof must be submitted to the CIPC that each director has paid full price for the shares and the number of shares issued equals the stated minimum subscription. For public companies with share capital, the following must be forwarded to the CIPC:

- A director's statement that capital is adequate for business operation;
- Particulars of the directors and officers; and
- Proof that the annual duty has been paid.

A public company may not commence operations prior to receipt of the CIPC's certification.

Close Corporations:

Close corporations, designated by the letters "CC" after their names, were a form of business organization unique to South Africa. They can only be organized by natural citizens of South Africa and are limited to a maximum of ten persons. Close corporations are subject to fewer registration and operating regulations than companies.

However, the current Companies Bill forbids the new registrations of CC's, and the CIPC has established a new process whereby these companies would be required to file annual tax returns. As many of these companies are thought to be dormant, this procedure is intended to give CIPC more up-to-date information on how many of these companies are still active.

For more information on company formation and registration contact:

Companies and International Property Commission (CIPC)

Postal Address:	PO Box 429, Pretoria, 0001
Physical Address:	The DTI Campus, Block F, 77 Meintjies Street Sunnyside, Pretoria
Tel:	+27 (0)12-394-9500;
Fax:	+27 (0)12-394-9501
Email Address:	info@cipc.co.za
Website:	www.cipc.co.za

Franchising

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Franchising has become more popular in recent years, as it is perceived to be an effective way to conduct and grow successful businesses across a range of services. Franchising also plays an important role in furthering the development of small and medium businesses. Job creation, poverty alleviation, economic growth and black empowerment rank high on the South African government's agenda, and there appears to be a growing recognition by the South African government (SAG) that franchising can be an effective business model to address these needs.

More information about this sector can be found in Chapter Four within the Franchising sub-section.

Additional information can also be found at:
Franchise Association of Southern Africa (FASA)
Postnet Suite 256, Private Bag X4, Bedfordview, 2008
Physical Adress: First Floor, Block A, Eastgate Office Park,
South Boulevard, Bruma 2198

Tel: +27 (0) 11 615 0359; Fax: +27 (0)11 615 3679
Ms. Vera Velasis, Executive Director
Email: fasa@fasa.co.za
Website: http://www.fasa.co.za/

Direct Marketing Return to top

Direct marketing is expected to grow over the next ten years. Direct marketing channels in South Africa include:

- Direct e-mail selling - such as Internet viral campaigns (where one email user nominates "friends" to participate in a promotional campaign and to his/her own benefit hands over the email addresses of friends and colleagues);
- Direct selling channels - such as the independent agent or distributor system; and
- Internet marketing – which has also grown rapidly as South African consumers become more comfortable about handing over banking details and ordering from non-brick and-mortar companies.

Joint Ventures/Licensing Return to top

Joint ventures and licensing arrangements involving foreign entities attract the attention of the South African regulatory authorities when repatriation of funds (royalties, fees and profits) from South Africa to a foreign recipient is agreed to or possibly required in the future.

When a company is interested in entering into a foreign licensing agreement to manufacture a product in South Africa, the South African licensee must submit an application to the Department of Trade and Industry (DTI). DTI, in turn, will make a recommendation to the South African Reserve Bank (SARB) which must approve the payment of royalties. When a licensing agreement involves no manufacturing, the request for exchange control approval is sent directly to SARB by the South African licensee.

The calculation of discretionary funds (royalty, fees etc.) that can be set by the parties to a Joint Venture or Licensing arrangements are subject to a complex foreign exchange controls set by the SARB that have been made less onerous over recent years. Contract conditions involving obligatory purchasing and pricing agreements or requiring the licensee to sole source articles from the licensor are prohibited.

More detailed and up to date information on the foreign exchange aspects of joint ventures and licensing can be obtained from the SARB or an approved foreign exchange dealer and can be found in the SARB's Exchange Control Manual, accessible via the following website.
http://www.resbank.co.za/RegulationAndSupervision/FinancialSurveillanceAndExchangeControl/EXCMan/Pages/default.aspx

Selling to the Government Return to top

Government purchasing is a significant and growing factor in the South African economy as it addresses infrastructure deficits that include energy, transportation, communications, health and education.

In 2013, then-SA Minister of National Treasury Mr. Pravin Gordhan, announced public-sector-driven infrastructure spending would involve R827 billion over the next three years. This included provinces and municipalities spending most of R430 billion for schools, hospitals, clinics, dams, water and electricity distribution networks, electrification of over a million new homes, sanitation schemes, building more courtrooms and prisons, and improved bus, commuter rail and road links. It also included financing for R400 billion worth of projects for state-owned enterprises like Eskom and Transnet.

Nearly all purchasing (at all three levels of government – national, provincial and municipal) is done through competitive bidding on invitations for tenders, which are published in an official state publication, the State Tender Bulletin (http://www.greengazette.co.za/publications/tender-bulletins) and sometimes in leading newspapers. Although the purchasing procedures of the central government and parastatal institutions favor local manufacturers, an overseas firm is not precluded from bidding if the firm has an agent in South Africa to act on its behalf. As a general practice, payment is made to the local agent. Several factors impact the process of selling to the SA Government and it agencies.

Central Government Procurement:

South Africa has changed its government procurement to a "Supply Chain Management" process to streamline the buying procedures of national, provincial, local, and state-owned companies. As part of the Public Finance Management Act Regulations of 1999, procurement accountability has devolved to "accounting officers." Depending on their level of responsibility, accounting officers may approve government purchases up to a certain amount.

The South African Constitution lays out basic, socio-economic principles for government procurement. Procurement by an organ of State or any other institution identified in national legislation must be "in accordance with a system which is fair, equitable, transparent, competitive and cost-effective," while also allowing for categories of preference and the protection, or advancement, of persons disadvantaged by unfair discrimination, within a framework national legislation. Other principles on which procurement must be based in South Africa are accountability and the just-in-time (JIT) delivery principle.

Purchases are generally by competitive tender for project, supply and other contracts. Bidders generally need not pre-qualify, but the ability of bidders to supply goods or render a service generally is examined. Foreign firms can bid through a local agent. The due date for a bid is usually at least twenty-one days from the publication of the notice. As a general practice, however, a lead-time of thirty to forty-five days is allowed. Bids for government tenders must be on a basis of all costs included to the specified delivery point.

Local Content Requirements:

Since 2011, the SAG has ramped up its local content requirements. The Department of Public Enterprises (DPE) has formulated the Competitive Supplier Development Programme (CSDP), aimed at building up the local supply base. This is becoming increasing important in the bidding process, particularly for foreign firms.

Previously, state-owned enterprises (SOE's) participated in the National Industrial Participation Programme (NIPP), an import-offset program for government agency expenditure managed by the Department of Trade and Industry (DTI). Under the NIPP program, all imports of more than R96.5 million required the supplier to work with DTI to invest the equivalent of 30% of the value of the purchase in a non-related industry. However, under CSDP, companies now have more discretion to meet government requirements in this area.

Foreign prospective suppliers need to look closely at localization requirements, which are complex, evolving, and vary by sector.

The logistics SOE, Transnet, has formulated guidelines for the CSDP program:

http://www.transnet.net/BusinessWithUs/iCLM%20HQ%200624%20Supply%2028%20Straddle%20Carriers/The%20Contract/Part%201%20Agreements%20Contract%20Data/C1_2%20Contract%20Data%20Part%201/Annexure%20C%20-%20CSDP/Supplier%20Guidelines%20CSDP.pdf

Black Economic Empowerment (BEE):

A pivotal consideration with the government and parastatal procurement process is that manufacturers or suppliers to government need to qualify as BEE (Black Economic Empowerment) partners. These criteria aim to quantify the contribution by these partnerships to empower previously disadvantaged individuals according to a varying mix of the following parameters:

- Black Ownership
- Black Management Control
- Employment Equity
- Percentage of Black Skilled Personnel
- Preferential Procurement from Black/BEE Suppliers
- Skills Development Initiatives
- Enterprise Development initiatives for Black Businesses

The South African government is upping BEE requirements on an ongoing basis. New regulations enter into force in early 2015 and vary by industry sector. In BEE legislation, the term "Black" is used generically to refer to South African citizens of the following racial/ethnic groups: Blacks (those whose ancestry is exclusively/almost exclusively African), "Coloureds" (those of mixed European/African or European/Asian origin), or Indians (those whose ancestry originates in the Indian sub-continent). A 2008 Court decision expanded the BEE program to include South African Chinese.

The Broad-Based Black Economic Empowerment Act of 2003, the legislation enacting the BEE strategy, directs the Minister of Trade and Industry to develop a national strategy for BEE, issue BEE implementing guidelines in the form of Codes of

Good Practice, encourage the development of industry-specific charters, and establish a National BEE Advisory Council to review progress in achieving BEE objectives. While firms are not legally required to meet BEE criteria, in practice they have little or no chance of competing if they do not.

BEE Codes of Good Practice and other pertinent legislation may be found on DTI's website: https://www.thedti.gov.za/economic_empowerment/bee_codes.jsp

Public Private Partnerships (PPP):

The South African government and its parastatals also give close attention to public private partnerships (PPP). This mode of outsourcing operational responsibility is an alternative to direct government procurement. While it allows a variety of leasing options, it can also include buying a service from a private entity. This mode of business implies less risk for government due to a significantly reduced capital investment requirement, and a predictable expenditure model (linked to the fee structure payable to the service provider) while at the same time allowing BEE entities to benefit from traditional government operations. The more complex PPP tender bidding process has in some cases also led to longer adjudication and awarding timelines.

In some quarters of organized labor, the PPP process has been criticized as leading to greater privatization and deregulation.

The SA Ministry of Finance (Treasury) administers the government procurement process. For more information:

South African National Treasury
PPP Unit
Tel: +27 (0)12 315 5741
Fax: +27(0)12 315 5477
Website: http://www.treasury.gov.za/

Offsets and Counter-Trade:

South Africa's National Industrial Participation Program (NIPP) mandates a counter-trade/offset package for state and parastatal purchases of goods, services, and lease contracts over R96.5 million. Under the program, all bidders on government and parastatal contracts who exceed the imported content threshold must also submit an Industrial Participation package worth 30% of the imported content value. These NIPP requirements are issued with the tender documentation of all government and parastatal tenders and are overseen by the Industrial Participation Secretariat of the Department of Trade and Industry.
The Department of Trade and Industry administers the NIPP:
http://www.thedti.gov.za/industrial_development/nipp.jsp

Parastatals:

Parastatals (also known as state-owned enterprises - SOEs), local authorities, and major private buyers, such as mining companies, must follow practices similar to central government. Parastatal procurement is guided by and bound to the schedule of local content preference. Local government purchases are increasingly significant and also involve overseas bidding. With decentralized procurement by the nine separate provincial governments in South Africa, the prospects for additional government procurement below the central government level are significant, even though strict budgetary restraints are in place and many agencies face a lack of capacity in rolling out and managing projects.

Some SA Government agencies and parastatals have their own exclusive tender platforms,
e.g. ESKOM: http://mp2vmsa037.eskom.co.za/tenderbulletin/
Airports Company: http://www.acsa.co.za/home.asp?pid=92
Telkom: http://www.telkom.co.za/sites/aboutus/procurement/tenderbulletins/

Special Economic Zones (SEZs) and Industrial Development Zones (IDZs):

New legislation embodied in the Special Economic Zones (SEZ) Act was signed into law in May 2014. This Act is aimed at supporting balanced industrial development, manufacturing capabilities, and the development of more competitive regional economies.

Prior to the SEZ Act, the Department of Trade and Industry (DTI) initiated the Industrial Development Zone (IDZ) program under the Manufacturing Development Act of 2000. The focus of this IDZ program was largely to attract foreign direct investment, increase exportation of value-added manufactured products, and to create linkages between domestic- and zone-based industries. Bulk ore handling, petro-chemicals, automotive manufacture, and related industries benefited from this initiative. Five IDZs were designated: Coega, East London, Richards Bay, OR Tambo and Saldanha Bay, of which three of the five: Coega, East London and Richards Bay – are fully operational. The largest IDZ, Coega, has attracted investments worth approximately R30 billion.
It is understood that the new SEZ Act would cater to coordinated multi-government agency planning and result in a more holistic industrial-development approach. The Act provides for the designation of different types of SEZs, but also free ports as well as free-trade zones and IDZs.

The new Act also allows for the creation of specialized zones that focus on the development of a specific sector or industry through the facilitation of general or specific industrial infrastructure incentives and technical and business services, primarily for the export market.

Apart from the SEZs and IDZs, there are separate logistics hubs (both at ports and inland) that have bonded warehouses managed by freight forwarders; this is of significant value to importers who ship goods through South Africa into neighboring states with different duty and excise regimes.

Distribution and Sales Channels Return to top

Approximately 90% of South Africa's economically active population is found in areas surrounding the cities of Johannesburg, Cape Town, Durban, Pretoria and Port Elizabeth. These five cities represent the country's major areas of economic activity and consumer markets.

The distribution chain within a given industry varies, depending on the nature and type of equipment and/or products being imported. Consumer-oriented products, for example, are distributed by local subsidiaries or joint-venture partners to a fixed number of distributors who sell to wholesalers and/or retailers who in turn sell to end-users. There may be more middlemen within the chain, depending on the arrangement worked out by the original equipment manufacturer (OEM).

In South Africa, each industry sector has but a handful of major distributors, but often hundreds of small players. Major players prefer an exclusive agent/distributor agreement with the foreign firm. Most South Africa imports are handled through the country's largest airport in Johannesburg or through one of three of the country's ports: Durban, Cape Town and Port Elizabeth.

The major distribution point is Johannesburg which has bonded inland port status for custom and excise purposes.

- Johannesburg

The City of Johannesburg is the commercial hub of South Africa. As the country's transportation hub, it is the center for all aviation, rail and road infrastructure. It also has the continent's busiest international airport, which can handle 20 million passengers and 400,000 metric tons of cargo annually. The headquarters of the National Ports Authority of South Africa (NPA) is also located in Johannesburg.

Johannesburg is one of the world's few major cities located on neither the ocean nor a major river. Yet it hosts the largest and busiest "port" in Africa – an export-import freight container terminal and bonded warehouse called City Deep, which handles 30% of South Africa's exports.

- Durban

Durban is the busiest ocean port in Africa, and the Durban Container Terminal is the largest and best-equipped container terminal in the southern hemisphere. Durban's location on the eastern coast of South Africa makes the terminal a pivotal hub for the entire southern African region of the Indian and South Atlantic Oceans, serving trade routes linking North and South America with the Middle East, India, Asia and Australia. The terminal is a crucial interface for the distribution of cargos between ocean carriers and the markets of South Africa, Botswana, Zimbabwe, Zambia and Zaire. On the landside, there is direct connection with surface transport via rail sidings and also speedy connection to South Africa's trunk road network. The facility handles in excess of 4,000 ships annually, with an estimated gross tonnage of 81,700,000. Containers handled at Durban port represent 64% of the total number of containers handled at South African ports. Durban port is currently undergoing extensive upgrades aimed at increasing both efficiencies and net capacity.

- Cape Town

Cape Town, located at the southern-most point of Africa, is ideally positioned as a hub terminal for cargo to South America and the Far East. West/East Africa cargo has grown substantially, making the Cape Town Container Terminal the terminal of choice for trans-shipment cargo. The terminal currently handles 3,161 vessels per year for a gross tonnage of 44,501,297.

- Port Elizabeth

The Port Elizabeth Container Terminal is one of the three specialized container-handling facilities along the South African coastline. Port Elizabeth serves the immediate area of the Eastern Cape, where its main business focuses on the needs and requirements of the motor vehicle and components industry as well as various agricultural products. The terminal offers value-added services in the form of storage, packing and unpacking of containers and logistics management. The terminal currently handles 1,271 ships with a total gross tonnage of 25,756,823.

Selling Factors/Techniques Return to top

Introducing new products to the South African market requires extensive market research and mass advertising to identify potential customers' buying patterns and preferences. This applies particularly to unknown brand names, as South Africans are very brand conscious.

One way of launching a new product in South Africa is by exhibiting at a trade show. Promotional "give-aways" are also very popular. An editorial and/or advertisement in a specialized trade publication will also enhance awareness of the product. Although South Africa has eleven official languages, promotional material is typically printed in English.

Direct selling has certainly found a niche market in South Africa. Direct sales to individuals on a personal one-on-one basis by freelance agents are fast becoming a multi-million dollar industry in South Africa. Examples of products sold in this way include costume jewelry, plastic containers, lingerie and personal products and personal health and herbal type products.

Amendments to the Consumer Protection Act (CPA), effective since 2011, have changed many aspects of business in South Africa by introducing new legislation concerning manufacturers and service providers. The new legal framework aims to protect the consumer through controls on product liability, sales and marketing practices and fairness in consumer contracts, among other issues. In essence, the CPA shifts the burden of proof from the consumer to the supplier. Importantly, the CPA also provides the same consumer protection status to a franchisee in relation to the franchisor. A recent test case of a ladder fall injury involving a retailer of Walmart subsidiary Massmart is seen as possibly becoming groundbreaking:
http://www.financialmail.co.za/fmfox/2015/05/14/consumer-law-retailers-under-fire

For a more detailed discussion of the amended Consumer Protection Act, please see:
http://www.michalsons.com/the-consumer-protection-act-a-heads-up

Thanks to the mature nature of the SA economy, there are many industry associations that range from employers interests' groups, to equipment importers, to professional service providers. Being able to team up with an association is useful and in strategic sectors, often imperative.

Electronic Commerce Return to top

E-Commerce is making steady progress in the South African retail environment, especially in far-flung areas where traditional distribution channels are too costly. Traditional retailers have almost all taken on a web-presence to compete with mail-order companies; many outsource delivery to a service provider. Express delivery is still based on motor vehicle delivery, although there is more clarity around the commercial use of drones since the release of Civil Aviation Authority guidelines:

http://www.defenceweb.co.za/index.php?option=com_content&view=article&id=39409:south-african-uav-regulations-workshop-to-be-held-next-week&catid=35:Aerospace&Itemid=107

Cell phones have largely replaced wallets, as banks, card operators, retailers and communications companies provide alternatives to cash as a means of payment. M-commerce, where cell phones are used to pay for goods and services, has advanced beyond mobile banking to debit and credit transactions. M-commerce is particularly attractive in Africa due to the rapid increase in the number of cell phones, limited access to the Internet, and poor fixed-line infrastructure.

Trade Promotion and Advertising Return to top

South Africa has a sophisticated advertising industry. Advertising agencies provide a full range of services. Most larger agencies are subsidiaries of prominent international agency groups. Major media outlets include television, radio, newspapers and magazines, outdoor advertisements, cinema and the Internet. The deregulation of the airwaves has introduced more competition through additional independent television channel and radio stations.

The key figures in South Africa's advertising industry are the Association for Communication and Advertising (ACA) (http://www.acasa.co.za); the two major media bodies, the National Association of Broadcasters (NAB) (http://www.nab.org.za) and the Print Media Association (PMA) (http://www.printmedia.org.za); and finally the Advertising Standards Authority of South Africa (ASA), which regulates South African advertising standards.

Advertising agencies in South Africa are no longer solely remunerated by clients on a commission system. Fee arrangements are becoming increasingly common and specialist media buying companies are taking a growing market share of media purchases in South Africa. Customarily, the various media offer 16.5% commission to recognized advertising agencies, provided payment is made within the stipulated 45-day period.

Additional information can be obtained from the following association:

Advertising Standards Authority
Willowview, Burnside Island Office Park
410, Jan Smuts Avenue,
Craighall Park, Johannesburg
Tel: +27 (0)11 781 2006; Fax: +27 (0)11 781 1616

Mr. Fred Makgato
Email: freddy@asasa.org.za
Website: http://www.asasa.org.za

Names and addresses of major advertising agents, newspapers, magazines, market research companies, and public relations consultants along with their current rates, can be found in the Advertising and Press Annual of South Africa available from:
Infixion Medio (PTY) Ltd.
Lynn Quintino
Marketing & Communications
Email: lynn.quintino@infixion.co.za
Tel: +27 (0)11 835 2221; Fax: +27 (0)11 835 2631
Website: http://www.infixion.co.za
Major English-language South African newspapers include:

Business Day	http://www.businessday.co.za
The Star	http://www.thestar.co.za
The Citizen	http://www.citizen.co.za
The Sowetan	http://www.sowetan.co.za
The Times	http://www.thetimes.co.za
Mail and Guardian	http://www.mg.co.za
Sunday Independent	http://www.sundayindependent.co.za

Major English-language periodicals for business include:

Financial Mail	http://www.financialmail.co.za/
Engineering News	http://www.engineeringnews.co.za

Several trade exhibition firms operate in South Africa. The Exhibition Association of Southern Africa (EXSA) provides an overview of the Exhibitions and Trade Shows being held in South Africa and can be found at: http://www.exsa.co.za.

You can also visit the Commercial Service South Africa's website for links to upcoming trade events and business service providers:
http://www.export.gov/southafrica/tradeevents/index.asp

Pricing Return to top

Prices are generally market-determined, with the exception of petroleum products, certain agricultural goods and prices administered by SOEs.

South Africa applies a 14% Value Added Tax (VAT) (as opposed to General Sales Tax) on all goods and services, except for some basic staple diet items. Exports are zero-rated and no VAT is payable on imported capital goods. In Industrial Development Zones (IDZ) there is a VAT suspension on imports and exports, provided the finished product is exported. The South African Revenue Service (SARS), a division of the South African Department of Finance/Treasury, administers VAT:

SARS
Tel: +27 (0)12 422 4000; Fax: +27 (0)12 422 5181
Website: http://www.sars.gov.za

Sales Service/Customer Support

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In the South African consumer market, after-sales service is extremely important to prospective clients, especially in the case of technical and spare part services. Many South African consumers base purchasing decisions on reliable after-sales service, especially for high-end luxury goods such as electronic equipment. Appointing a central distributor who stocks spare parts and provides maintenance and repair service is advisable for existing brands and new brands breaking into the market. As the South African market opens up and becomes more competitive, South African consumers are more concerned about quality and after-sales service. Foreign companies that bring strong customer support systems to this market will have a competitive edge.

Protecting Your Intellectual Property

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Protecting Your Intellectual Property in South Africa:

Several general principles are important for effective management of intellectual property ("IP") rights in South Africa. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in South Africa than in the United States. Third, rights must be registered and enforced in South Africa, under local laws. Your U.S. trademark and patent registrations will not protect you in South Africa. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the South Africa market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in South Africa. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in South Africa law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. government stands ready to assist, there is little we can do if rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in South Africa require constant attention. Work with legal counsel familiar with South African laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-sized companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both South Africa or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- Wassenaar Arrangement (WA, on conventional arms and technology exports)

South Africa is a signatory of various international agreements and conventions relating to the protection of intellectual property, which includes Patents, Trade Marks, Designs and Copyright. South Africa has an independent judiciary under which any threat to property rights may be enforced without political interference.

While South African intellectual property laws and regulations are largely consistent with Trade-Related Aspects of Intellectual Property (TRIPS), there are still concerns about widespread copyright piracy and trademark counterfeiting. The United States is working with the South African authorities to address these issues. The South African authorities are keen to enforce a higher compliance with IP laws and the South African Revenue Service (SARS) has been playing a prominent role in deterring imports of counterfeit goods.

The U.S. and South African governments have held extensive consultations to clarify a section of the South African Medicines Act, which appeared to grant the Minister of Health broad powers in regard to patents on pharmaceuticals. The U.S. and South African governments reached an understanding that any action taken by the South African government will be compliant with TRIPS. A similar understanding was then reached between the pharmaceutical companies and the South African government. However, there are still concerns with intellectual property in pharmaceutical circles. Current discussions are centered on data exclusivity as a means to protect intellectual property.

Additional information on South African rules and registration procedures for patents, trademarks, and copyrights can be obtained from CIPC:

http://www.cipc.co.za/index.php/trade-marks-patents-designs-copyright/commercialising-your-ip/

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at http://**www.StopFakes.gov**.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the U.S. Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at **http://www.stopfakes.gov.**
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: **http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html**
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: http://www.StopFakes.gov. This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers South Africa at: Johannesburg.office.box@trade.gov

Due Diligence Return to top

Proper due diligence information should form the starting base for any business negotiation with South African concerns. U.S. companies should act prudently in completing due diligence reports prior to any proposed business deals.

The U.S. Commercial Service can provide valuable background information on South African firms through our International Company Profile (ICP) service. Further information can be obtained by visiting our website at http://export.gov/southafrica/index.asp or by contacting your local U.S. Export Assistance Center or the U.S. Commercial Service directly in Johannesburg (see contact numbers at the end of this guide).

Local Professional Services Return to top

For information on local business service providers for U.S. exporters to South Africa, please visit the U.S. Commercial Service South Africa website at http://export.gov/southafrica/businessserviceproviders/index.asp or contact the U.S. Commercial Service in Johannesburg (see contact numbers at the end of this guide).

U.S. companies seeking legal representation in South Africa should contact the Commercial Service office in South Africa for a list of local attorneys. For more specific information, please contact:

Law Society of the Northern Provinces
Tel: +27 (0)12 338 5800; Fax: +27 (0)12 323 2606
Website: http://www.northernlaw.co.za/

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Association for Communication and Advertising	http://www.acasa.co.za/
Advertising Standards Authority of South Africa	http://www.asasa.org.za
Department of Trade and Industry (DTI)	http://www.dti.gov.za/
Exhibition Association of Southern Africa	http://www.exsa.co.za
Franchising Association of South Africa	http://www.fasa.co.za
Law Society of the Northern Provinces	http://www.northernlaw.co.za/
National Association of Broadcasters	http://www.nab.org.za/
Infixion Media (PTY) Ltd.	http://www.infixion.co.za
Print Media Association	http://www.printmedia.org.za/
South African National Consumer Union	http://www.sancu.co.za
South African National Treasury	http://www.treasury.gov.za/
South African Revenue Service	http://www.sars.gov.za/

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

Agricultural Sectors

Green Technologies

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In 2012, 72% of South Africa's total primary energy consumption came from coal, followed by oil (22%), natural gas (3%), nuclear (3%), and renewables (less than 1%, primarily from hydropower), according to BP Statistical Review of Energy 2013. South Africa's dependence on coal has led the country to become the leading carbon dioxide emitter in Africa and the 14th largest in the world, according to the latest U.S. Energy Information Agency estimates. In 2014/15 two ultra large coal fired power stations of 4,800MW each are expected to be connected to the grid.

With this and South Africa's energy shortages in mind, the government is increasingly turning to generation from renewable sources and a focus on energy saving measures. The SAG has a target of 20,000MW of renewable generation by 2030. Progress toward this goal has been sluggish, with South Africa only generating around 1% power through renewable sources. To support these efforts, the government is currently negotiating the Green Economy Accord with business and organized labor.

Several incremental green technology measures are under implementation or expected in the near future, including:

- The government has delayed the implementation of a planned carbon tax to 2016 – previously it planned to charge R120 on every metric ton of carbon emitted above a 60% threshold from 2014 and raise the rate by 10% a year for the following six years.The government has consistently approved way-above inflation electricity tariff increases since 2000. With the increased tariff regime, cost structures may become more attractive for nascent Independent Power Providers (IPPs with coal, coal & biomass, gas, and pump-storage power projects) who only produce 1,500MW of a national total of 47,500 MW.
- Increasing the efficiencies of the Eskom-dominated power grid.
- A reduction of South Africa's coal energy reliance, although the use of Clean Coal Technologies (CCT) may alleviate some pressure to reduce reliance on coal power generation.
- The use of commercial-scale CCS technologies in the future for both power generation and the Coal to Liquid (CTL) petro-chemical industry – at present a cornerstone of the South African petrochemical landscape.
- Medium term, the establishment of a nuclear power generation capacity, to supplement the aging facility at Koeberg in the Western Cape. Commissioned in 1984, Koeberg has a capacity of 1,940MW; the government is considering a new nuclear power generation build program of 9,600MW.
- The use of solar and wind power generation as a long-term green technology option, given the country's abundant sunshine and long coastline. Long term, the development of a Smart Grid.

  National Development Plan
  Website: http://www.gov.za/issues/national-development-plan/

Industry sector developments in this field overlap with these headings, as treated elsewhere in this CCG:

- Pollution Control Equipment
- Electrical Power Systems
- Green Building Technology
- Standards (in Chapter 5)

Electrical Power Systems Return to top

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Eskom, the government owned power utility, generates about 95% of electricity in South Africa. Approximately 88% of South Africa's electricity is generated in coal-fired power stations. Koeberg, a large nuclear station near Cape Town, provides about 6.5% of capacity. A further 2.3% is provided by hydroelectric and pumped storage schemes. South Africa supplies two-thirds of Africa's electricity and remains a low-cost, subsidized electricity producer. South Africa's rapid economic growth in recent years has resulted in electricity demand rising faster than anticipated and in 2008 was forced to resort to load shedding. Although the 2009 global economic slowdown took the pressure off, domestic demand has now recovered and ESKOM is facing supply constraints with scheduled load shedding expected across the country. Electricity supply constraints are expected to continue for several years, and the introduction of additional capacity will be required for at least the next 20 years.

The South African Government's National Development Plan (NDP), is the blue-print for infrastructure development to 2030.The NDP lays out a framework for future power generation and more specifically the generation-mix in South Africa. The plan lays out targets for generation at two key points namely 2020 and 2030.

Additional Generation Capacity
Eskom will play a key role in achieving the objectives as set out in the NDP. The aim is to increase generation capacity as follows:

	Current	2030
Total Generation	44 000MW	73 000MW
Coal Powered	40 000MW	47 500MW
Nuclear and Renewable	4 000MW	25 500MW

A large portion of the planned generation is based in the renewables space. A key issue has been the move towards natural gas as a fuel source. Currently efforts are being made to develop West-Coast offshore gas and explore shale gas reserves. The aim is to have LNG infrastructure in place to power combined-cycle gas turbines by 2020. Looking further out to 2030, a mix of shale gas and imported LNG will be a growing part of the power generation mix.

Funding

Further capital expenditure is ongoing with the two large scale coal-fired plants under construction; Medupi Power Station (4800MW) and Kusile Power Station (4800MW). Both projects are severely over budget and well behind schedule. The sector is expected to remain in crisis through 2018, and there is an estimated USD 18.4bn funding gap for new capacity.

The National Energy Regulator of South Africa (NERSA) declined Eskom's recent request to increase electricity prices. NERSA cited Eskom's unexplained delays in bring their large new build projects online, and the company's failure to adequately take into account the effect of the conversion of a ZAR 60bn loan into equity for the decision. In the short term, this has been heralded as a win for consumers, however, Eskom still lacks the financing it needs to expand capacity, and consumers still face an insecure supply of electricity.

The possibility of privatization in the power sector is slowing beginning to become a reality, with Eskom currently buying power from both Sasol and MTN (large corporates with self-sustaining generation). Furthermore, government is considering selling off assets in order to bridge Eskom's current funding gap, how and when this will come to fruition remains to be seen.

Best Prospects/Services

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Products and services with immediate need or potential in South Africa include:

- Renewable Energy Independent Power Producers Programme (REIPP)
- Energy Efficiency and Demand Side Management (DSM)Technologies,
- Transmission and Distribution Equipment
- New Plant Equipment and Related Systems
- Process Automation and Systems Control Equipment

Renewable Energy Independent Power Producers Program (REIPPP)

The DoE initiated the REIPPP Program in 2011 and some of the first projects awarded have in operation. The Program aims to increase independent renewable power generation in South Africa the REIPPP targets the procurement of 3 725 MW of power to be generated from renewable energy by 2015.

The REIPPP consist of a total of 5 procurement windows, four of which have been completed (July 2015). Wind and photovoltaic generation projects have dominated to date, with hydro playing a smaller role. In the context of the South African market, the renewables sector shows potential for growth and opportunity in the short to medium term. The industry has praised the REIPPP framework, and it has served as a solid source of foreign investment into South Africa.

Demand-focused Initiatives

To relieve short-term pressure on the generation system term, the government has also been trying to reduce demand. Demand side management is recognized in the IRP2010 document, which cites energy efficiency as an important contributing factor to the overall energy system in South Africa, and projects a savings level of 3,420 MW by 2030.

The National Energy Efficiency Agency (NEEA), under the rearranged South African National Energy Development Institute, will have the lead on energy efficiency projects.

Electricity Distribution

In addition to the threat posed by inadequate generation capacity, the security of electricity supply in South Africa is threatened by the dilapidated state of the country's electricity distribution industry (EDI).

Eskom and South Africa's 187 municipal governments are responsible for electricity distribution in South Africa. Many of the municipalities are experiencing financial problems. The maintenance backlog in the sector is valued at approximately R38.6 billion, and is growing at a rate of about R3.377 billion a year.

Web Resources

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Engineering News
Website: http://www.engineeringnews.co.za

Department of Energy Renewables
Website: http://www.ipprenewables.co.za

Central Energy Fund
Website: http://www.cef.org.za

Department of Energy
Website: http://www.energy.gov.za

Eskom Holdings Limited
Website: http://www.eskom.co.za

South African National Energy Association (SANEA)
Website: http://www.sanea.org.za

For More Information

Contact the U.S. Commercial Service in Johannesburg South Africa via e-mail at: Jean-Claude.Gelle@trade.gov; Phone: +27-11- 290-3241; Fax: +27-11- 884-0253 or visit our website: http://export.gov/southafrica/index.asp

Information Technology (IT)

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Overview

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Unit: USD billions

*	2012	2013 (estimated)	2014 (estimated)	2015 (forecasted)
Total Market Size	57	61	67	73
Hardware sales	22	23	26.1	27.7
Software sales	13	14	16	17.1
Services sales	21	22	25.8	28.8
Exchange Rate: 1 USD	8.22	9.65	11.07	

*BMI Industry Report Q3 Sales
Data Sources: *Above figures are unofficial estimates obtained from industry sources.*

South Africa's information technology market is the largest in Africa, ranking 20th in the world in overall market size, and eighth in IT spending as a proportion of GDP. It shows technological leadership in the mobile software field as well as electronic banking services. As an increasingly important contributor to South Africa's gross domestic product (GDP), the country's ICT and electronics sector is both sophisticated and developing. Several international corporates operate subsidiaries from South Africa, including IBM, Unisys, Microsoft, Intel, Systems Application Protocol (SAP), Dell, Novell and Compaq. The electronics industry’s revenue is growing. Key players in industrial, power, defense and telecoms electronics include Siemens, Alcatel, Ericsson, Altech, Grintek, Spescom, Tellumat and Marconi.

South Africa's ICT products and services industry is penetrating the fast-growing African market. South African companies and locally based subsidiaries of international companies have supplied most of the new fixed and wireless telecoms networks established across the continent in recent years.

The South African Government continues to be the largest player when it comes to IT spending. Private consumption will rise, but the strong growth of smartphones is likely to offset PC and laptop usage. It is a strongly regionalized market, due to a lack of inter-city connectivity and infrastructure in parts of the country.

Sub-Sector Best Prospects

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The major worldwide trend towards cloud based systems has gained momentum in South Africa. The strong entrepreneurial drive within the local IT sector is creating larger demand for cloud based services. Machine-to-machine (M2M) communication and the Internet of Things, or the smart market, is forecast to grow.

Software

Business software spending may be driven by customer-centric industries, such as retail, financial and telecoms, where businesses are recognizing that solutions can be a competitive differentiator. Cloud-based software products are expected to drive growth. This sub-sector is still hampered by piracy. The Business Software Alliance (BSA) estimate around 35% of installed software in SA is illegal. The need for security products is growing, with company spends increasing to about 8% of the total IT budget.
The higher end of South Africa's software market has matured and companies are price sensitive and cautious about investing in new technologies. E-commerce and related software is showing growth with South African online stores showing the number of online shoppers increased significantly year-on-year.

Opportunities

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- There may be opportunities with organizations looking for help in utilizing efficiencies from cloud computing such as Software as a Service (SaaS) and Infrastructure-as-a-Service. Cloud computing is becoming more important due to improved bandwidth availability, security and cost, as well as additional internet providers competing in the market. According to Business Monitor International, areas of opportunity for cloud computing include banking and retailing. Cloud computing growth has also resulted in increased investments in data centers and related infrastructure.
- There have been high profile cyber-attacks and hacks on financial, utility and even political parties. Due to the increase in web traffic there will be increased demand for IT security products within most sectors.

Web Resources

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The Department of Communications South Africa
Website: http://www.doc.gov.za/

The State Information Technology Agency
Website: http://www.sita.co.za/

Computer Society South Africa
Website: http://www.cssa.org.za/

Internet Service Providers Association (ISPA)
Website: http://www.ispa.org.za

The Electronic Industries Federation (EIF)
Website: http://www.eif.org.za.

Business Monitor

Information Technology Association (ITA)
Website: http://www.ita.org.za

The South African Communications Forum (SACF)
Website: http://www.sacomforum.org.za/

For More Information

The U.S. Commercial Service, Johannesburg, South Africa can be contacted via email: Jean-Claude.Gelle@trade.gov; Phone: +27 (0)11 290 3241; Fax: +27 (0)11 884 0538 or visit our website: http://export.gov/southafrica/index.asp

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Telecom Operators

National Fixed Line Network Operator	Telkom SA Limited
Second Network Operator (SNO)	Neotel
Private Network operator 1	Eskom Enterprises
Mobile Operator 1	Vodacom
Mobile Operator 2	MTN
Mobile Operator 3	Cell C
Mobile operator 4	8ta (Telkom)
ISP 1 (tier 1)	MTN Business
ISP 2 (tier 1)	Internet Solutions
ISP 3 (tier 1)	SAIX
ISP 4 (tier 1)	MTN Network Solutions
ISP 5 (tier 1)	Datapro

Data Sources: Business Monitor International

The South Africa telecommunications sector has the continent's most advanced telecom market in terms of technologies deployed and services provided, with a 99.9% digital network. Telecommunications is one of the fastest growing sectors in South Africa's economy, driven by considerable growth in mobile telephony and broadband connectivity. Currently the best prospects are in the fiber to the home (FTTH) sector, with local telco's providing 100mbs lines to homes in various neighborhoods. The independent Communications Authority of South Africa (ICASA) is the telecommunications and broadcasting regulator.

After the May 2014 elections and appointment of a new cabinet, President Zuma created a Department of Telecommunications and Postal Services. This department is tasked with developing spectrum policy and establishing an ICT forum among its other activities. The existing Department of Communications has taken on other functions, including communications policy and strategy, information dissemination and publicity and South Africa's international branding. The national telecommunications watchdog, the Independent Communications Authority of South Africa (ICASA), falls under the Department of Communications. Following are some market highlights of the telecommunications industry:

- Fixed line continues to be dominated by Telkom, a Johannesburg Stock Exchange (JSE) listed company, but the Department of Communications is its majority shareholder;
- The Second Operator Network (SNO), Neotel, launched in 2007, offers wholesale, corporate, and residential services. Its majority shareholder is India's Tata Communications. Neotel offers data and voice services to approximately 9-million customers;
- There are four licensed mobile operators: Vodacom (majority owned by UK's Vodaphone), MTN, Cell-C (75% owned by Saudi Orger) and Telkom Mobile
- Mobile phone usage has increased from 17% in 2000 to 76% in 2010
- MTN has approximately 100-million subscribers in about 20 countries in Africa, Asia, and the Middle East;
- Smartphone usage has increased considerably, with more South Africans using the internet. There are approximately 10-million users in South Africa;
- The 2010 Interception of Communications Act (RICA) requires registration of all users of cellular phones (SIM cards);
- The Seacom submarine fiber-optic system, commissioned in 2009, links south and east Africa to global networks via India and Europe;
- The East Africa Submarine Cable System (EASSy), began service in 2010, and links countries along Africa's eastern coast to the rest of the world;
- The West Africa Cable System (WACS) is Africa's largest capacity submarine fiber optic cable linking South Africa with the United Kingdom along the west coast of Africa. WASCS raised South Africa's broadband capacity by more than 500 Gigabits (Gbps) per second;

- Other cables in progress include Africa Coast to Europe cable (between France and South Africa), and the South Atlantic Express Cable (between South Africa and Angola and Brazil);

- The South African government (SAG), via the Department of Communications, plans to implement a national broadband network to ensure universal access by 2020;

- To this end, state owned, Broadband Infranco was created to sell high capacity long distance transmission services to telecoms operators, internet service providers, and other Value Added Network Systems (Vans). Infranco's main objective is to improve access and bring down consumer broadband prices.

Sub-Sector Best Prospects

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- National and city wide fibre optic cable networks
- Wireless Broadband Services
- Advanced Cellular Services
- Telecommunications skills development programs

Opportunities

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- Market demand for lower cost high-speed data services
- Convergence of bundled uncapped broadband

Exhibitions & Conferences

- Satcom 2015
  http://www.terrapinn.com/exhibition/satcomafrica/index.stm

- Africom 2014
  http://africa.comworldseries.com/

Web Resources

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Department of Communications (DoC)
http://www.doc.gov.za

Independent Communications Authority of South Africa (ICASA)
http://www.icasa.org.za
Telkom
http://www.telkom.co.za
Neotel
http://www.neotel.co.za
Vodacom
http://www.vodacom.co.za
MTN
http://www.mtn.co.za
Cell C

http://www.cellc.co.za
SEACOM
http://www.seacom.mu/
EASSy
http://www.eassy.org/

Mining Equipment

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Overview

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Unit: USD thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	205,000	211,000	190,000	190,000
Total Local Production	77,000	72,000	65,000	68,000
Total Exports	18,000	18,000	20,000	21,000
Total Imports	165,000	170,000	150,000	140,000
Imports from the U.S.	46,000	46,000	45,000	44,000
Exchange Rate: 1 USD	9.65	11.07		

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: *Above figures are unofficial estimates obtained from industry sources.*
Note: *Figures include exploration and extraction equipment, but exclude beneficiation and bulk transportation equipment.*

The challenges in the mining industry, such as high input costs, electricity supply constraints, environmental, health and safety regulations, a fluctuating exchange rate and logistic inefficiencies, were compounded in 2012 and 2013 by labor violence in the platinum sector that had a significant impact on employment, growth, business confidence and credit ratings. During the course of 2013, the situation was aggravated by populist rhetoric, and investors are taking a cautious approach. The failure of the labor-intensive Platinum Metal Group (PMG) and gold mining sectors to address deep-seated structural challenges has profound implications for South Africa's society.

Sub-Sector Best Prospects

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The South African mining industry is well-developed and sophisticated. Many local equipment and service providers as well as organized events exist to facilitate the distribution of goods or services into the African continent. With robust growth in Africa’s mining sector, South Africa remains an important stepping stone to develop that area.

U.S. goods and services in the following fields are well represented in South Africa (although Europe is the largest source region of foreign mining equipment):

- Software;
- Furnaces;
- Drill rigs;
- Automated controls;
- Mining processing;
- GIS mapping;
- Communications systems; and
- Materials extraction and handling technology.

Opportunities

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Mining and related projects have traditionally been responsible for significant infrastructure development. For example, 2,200 miles of railway line, three new ports and a large amount of bulk handling infrastructure at other ports are high on the agenda for both the South African Government and mining consortia. Increasing the efficiency of material handling systems is high on the agenda of exporters of ores and minerals. The power generation constraints in South Africa have been an added stimulus to the coal mining industry to upgrade the supply chain.

Recent mining infrastructure plans include:

- Saldanha Bay iron and steel ore bulk export hub;
- Coega Port infrastructure development, focused on the creation of a dedicated rail line for the export of manganese from the Northern Cape and the creation of a chorine plant, and
- Further enhanced bulk material handling systems for coal at the port of Richards Bay.
- Shale gas deposit exploration work in the Karoo desert have been put on hold due to regulatory delays and the down-turn in energy process.

Resources

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Exhibitions and Conferences

Electra Mining Africa
Mining, Industrial & Construction
Transport Expo
Transport for the mining industry
Date: 12 – 16 September 2016
Venue: MTN Expo Centre,
Nasrec, Johannesburg
Website: http://www.electramining.co.za

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Mining Weekly Publication
Website: http://www.miningweekly.co.za
South African Chamber of Mines
Website: www.chamberofmines.org.za

Council for Geoscience
Website: http://www.geoscience.org.za
Mintek
Website: http://www.mintek.co.za

For More Information

Contact the U.S. Commercial Service in Johannesburg, South Africa via e-mail at: Johan.vanRensburg@trade.gov; Phone: +27-11- 290-3208; Fax: +27-11- 884-0253 or visit our website: http://export.gov/southafrica/index.asp

Pollution Control Equipment Return to top

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Unit: USD thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	41,090	44,377	49,500	52,500
Total Local Production	7,300	7,600	7,900	8,300
Total Exports	1,710	1,720	1,740	1,750
Total Imports	35,500	38,500	42,000	45 000
Imports from the U.S.	5,300	5,400	5,600	5,700
Exchange Rate: 1 USD	9.65	11.07		

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: Above figures are unofficial estimates obtained from industry sources.
Note: Figures exclude water desalination and petroleum refinery equipment.

The Government of South Africa, through the Department of Environmental Affairs (DEA) has set up the Green Fund to support the transition to a low carbon, resource efficient and climate resilient development path, and has allocated R800m for disbursement. The DEA has appointed the Development Bank of Southern Africa (DBSA) as the implementing agent of the Green Fund.

Promulgated in the South African Government Gazette, South Africa's air-quality regulations are additions to the National Environmental Management: Air Quality Act (Nemaqa). The Act is aimed at imposing a carbon emissions tax and also enforcing gas-emissions limitations that are on par with global standards.

As is the case globally, pressure on industry from governmental institutions and civil society to reduce air pollution and its carbon footprint is steadily increasing. As a result, companies are either introducing new or upgrading their air-pollution-control technologies.

The main sources of air pollution in southern Africa include industry (thermal power stations, smelters, cement factories, chemical factories), forest /savannah fires, biomass burning, (use of firewood and charcoal), waste burning and transportation emissions. Air pollution is linked to a number of human health and environmental impacts including respiratory diseases, heavy metals poisoning, and affects to lakes by increasing levels of acidity or nutrients, which affect water quality and aquatic biodiversity.

The Air Pollution Information Network for Africa (APINA) is a key driver of the regional air pollution policy process within the Southern African Development Community (SADC) region.

South Africa's government delayed the implementation of a planned carbon tax to 2016, while saying it may impose new levies on mining companies to help fund the treatment of acid water seeping from disused gold mines.

Sub-Sector Best Prospects Return to top

South African businesses are under increasing pressure to regard sustainability as a business imperative - prompted by a mix of fiscal interventions, tighter pollution laws and inspections, higher energy prices, a new corporate governance code and a global focus on climate change.
Three major issues dominate the South African Government's environmental efforts:

- The implementation of the stricter South African Air Quality Act;
- Regulation of the use of leaded gasoline, low sulfur diesel oil, and
- Enforcement of regulations on management of hazardous waste materials (particularly asbestos).

Other matters that are enjoying closer scrutiny are:

- Sustainable water usage, including gray water recycling, and
- Industrial water effluent, especially Acid Mine Water Drainage (AMD).
- Waste water treatment plants and basic sanitation.

Industry sectors under pressure to improve their environmental record include iron and steel, cement, pulp and paper, and oil refining. Municipalities will have responsibility for monitoring ambient air quality and source emissions, while emissions producers will have to apply for new permits.

Hazardous waste management is also a growth sector (including asbestos products and by-products). In 2012 the Integrated Industry Waste Tyre Management Plan (IIWTMP) of the Recycling and Economic Development Initiative of South Africa (Redisa) was approved and implemented.

Clean water supply is also a major concern. Significant pressure on water resources has meant more attention to water management systems, including by municipalities. At the same time, industrial water users are looking at the sustainable management of water. South Africa faces a water shortage due to poor planning and lack of investment,

With the National Water Act of 1998 still under review, municipalities are exerting more pressure on industry to conform to the effluent discharge standards, which can often present compliance challenges.

The Act, which aims to ensure that the country's water sources are developed, used, conserved and managed in a sustainable manner, is under review to improve on various regulations, including wastewater treatment requirements, as stated by the Department of Water Affairs in its strategic plan for the fiscal years 2013 to 2018.

Best Products/Services

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The key sub-sectors offering the most opportunities for U.S. companies are:

- Water Treatment technologies and services,
- Air Pollution Control and Monitoring,
- Hazardous Material Containment and Management,
- Solid Waste Management Technology, and
- Sustainability Management, Auditing and Carbon-Trading Expertise

Opportunities

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Water Management

At current consumption rates, South Africa will be using more water than it has by 2025, according to the water affairs department. By 2030, it will be using 17% more, according to the 2030 Water Resources Group.

Acid mine drainage (AMD) is possibly the most pressing industrial remedial water management issue facing South Africa. AMD is a major environmental problem, and is associated with surface and groundwater pollution, and is responsible for degradation of soil quality and aquatic habitats.

The biggest issue facing big urban centers is the underground loss of bulk water due to failing infrastructure (25% of all water supplied). In most cases, the reported drop in quality of potable water is due to lack of technical capacity of the local water authorities to manage water purification systems. Water sanitation is another opportunity for U.S. water consulting firms to collaborate with local municipalities to address sanitation projects.

South Africa is considering coastal city desalination programs as an immediate technology option to address rapidly increasing water demands. The guiding policy document is the Department of Water Affairs and Forestry's 2009 Framework on Water for Growth and Development. This document tasks major coastal cities to urgently look into this technology. Government has set a target of producing 7-10% of all water from desalination by 2030. Constructing of new desalination plants also presents an opportunity for U.S. firms.

Air Pollution Control and Monitoring

The Air Quality Act mandates large South African industrial groups to implement emission management and monitoring equipment. There is an opportunity for extensive implementation of emission filters and cleaner production technology to assist the large air-polluting industries in South Africa to reach mandatory emissions targets. There is demand for monitoring technology to measure emission levels in different industrial zones.

Hazardous Waste Management

Opportunities for U.S. companies exist in treatment of hazardous waste sites, containing chemical and hydrocarbon spills, and cleaning and rehabilitating of asbestos and gold mine dumping sites. The South African Government is also looking at a road freight management system to monitor hazardous material shipments and end-use compliance.

Solid Waste Management

The implementation of so-called integrated waste management plans and policies by municipalities will create opportunities for U.S. suppliers. In the short- and medium-term, opportunities exist in the provision of residential solid waste technologies and rehabilitation equipment to assist local municipalities.

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Key Contacts
Department of Environmental Affairs and Tourism
Website: http://www.environment.gov.za

Recycling Economic Development Initiative of South Africa
Website: http://www.redisa.org.za

Department of Water Affairs and Forestry
Website: http://www.dwaf.gov.za

Water Research Commission
Website: http://www.wrc.org.za

Water Institute of Southern Africa
Website: http://www.wisa.org.za

Rand Water - South Africa
Website: http://www.randwater.co.za

For More Information
The U.S. Commercial Service Commercial Specialist for the Pollution Control Equipment Sector in Johannesburg, South Africa can be contacted via e-mail at: Mohammed.essay@trade.gov Phone: +27-11-290-3025; Fax: +27-11-884-0253 or visit our website: http://export.gov/southafrica/index.asp

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Unit: USD thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	425,000	430,000	430,000	435,000
Total Local Production	41,000	43,000	43,000	45,000
Total Exports	52,000	52.000	55,000	53,000
Total Imports	450,000	450,000	450,000	445,000
Imports from the U.S.	230,000	220,000	220,000	220,000
Exchange Rate: 1 USD	9.65	11.07		

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Note: Above figures exclude the value of the unannounced replacement program of SAA and expected defense procurements.
Date Source: Above figures are unofficial estimates obtained from industry sources.

The growth of commercial and general aviation in southern Africa is slowing down. High operating costs and a sluggish economy are taking their toll on discount airliners and general aviation. The biggest growth can be expected in other sub-Saharan African states as they ramp-up up their capacity to meet consistent growth in passenger travel and air freight. There has been a downturn in airborne mineral deposit surveying done by South African operators in southern and central Africa over the past year.

The single most important aviation procurement for 2015 is an expected upgrade of the national carrier South African Airways (SAA) fleet amounting to as many as 32 new aircraft.

The CAA in May released drone regulations that have been welcomed by the UAV / RPA industry: http://www.caa.co.za/Pages/Aircraft%20Certification/Unmanned-aircraft-systems.aspx

Sub-Sector Best Prospects
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The best prospects for U.S. suppliers are:

- Ground Support Equipment;
- Passenger Transport Vehicles;
- Cargo De-Grouping and Logistics;
- Air Traffic Control,
- Instrument Landing Systems and
- Aircraft technician training systems

Opportunities

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Due to a shortage of skilled technicians and a low throughput from training institutions, there are definite opportunities in training systems to upgrade the skills pool.

There is also demand for commercial and general aviation solutions from the United States in the following fields:

- Engine Management Systems;
- Precision Tooling;
- Maintenance, Repair and Overhaul (MRO) Certification; and
- Flight Training Systems

Exhibitions

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Africa Aerospace and Defense (AAD) 2014
Land, Sea and Air Systems Show
Date: September 14-18, 2016
AFB Waterkloof
Pretoria
Website: http://www.aadexpo.co.za

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Airports Company South Africa (ACSA)
Website: http://www.airports.co.za

Air Traffic and Navigation Services (ATNS)
Website: http://www.atns.co.za

Commercial Aviation Association of Southern Africa (CAASA)
Website: http://www.caasa.co.za

Civil Aviation Authority of South Africa (CAA)
Website: http://www.caa.co.za

For More Information

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Green Building Technologies

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South Africa presents potentially lucrative opportunities for U.S. firms involved in Green Building Technologies (GBT). By developed-economy standards, South Africa lags far behind in its adoption of green building practices. However, the notion of green building has gathered momentum with an array of projects in the pipeline. This, in turn, is making green building an increasingly feasible option with regards to longevity, efficiency, and the reduction of operation costs in the long run.

The South African Government, together with the private sector, recognizes the need for energy-efficient building systems and practices. To achieve a green and sustainable building culture, South Africa requires extensive international, financial and technical support. Green building technologies and practices from developed countries, such as the United States, are sought after.

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The South African Government's progressive green policy is exemplified in South Africa's involvement with the World Green Building Council (WGBC), where it used the expertise and guidance of other nations in establishing the Green Building Council of South Africa (GBCSA) in November 2008. The GBCSA is the entity currently leading the green revolution in South Africa. Market trends indicate great potential in this growing market and a growing desire and ability to offer more environment-friendly products.

South Africa does not have affordable and easy access to new, alternative technologies, while the historic lack of legislation to enforce green building design means that measures such as the Green Star SA rating, operated by the Green Buildings Council of South Africa (GBCSA), are voluntary. Furthermore, the green building industry is fairly new in South Africa. This means green building resources, including skilled professionals and manufacturers of green products and services, are limited. Despite these constraints, as a consequence of increased consumer and market awareness, the green building market in South Africa, in line with international trends, is responding with a diverse range of green building materials and products.

GBCSA launched the Green Star South Africa rating tool for office developments, which is freely available on the council's website at http://www.gbcsa.org.za. It provides the benchmark against which sustainable building practices can be measured. This rating tool draws from the UK and U.S. systems, as well as Australian and New Zealand systems owing to their similar climates, and aims to provide objective measurements for green buildings. Rating tools have been instrumental in increasing the mainstream take-up of green building practices in markets worldwide; South Africa is following this trend.

In South Africa, certified new green buildings cover nearly one-million square meters and savings in electricity, water consumption and waste disposal at these buildings are having a significant impact on reducing the construction sector's carbon footprint, helping in the global battle to combat climate change and conserve natural resources. Developers of the 50 certified projects expect their buildings will result in combined yearly savings of 76-million kilowatt hours, the amount of electricity needed by 5 300 households for a year; yearly carbon emissions savings of 115-million kilograms, the equivalent to having 28 000 fewer cars on the road; and savings of 124 million liters of water a year – sufficient to sustain 34 000 households for a year.

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The GBCSA develops rating tools according to market demand, and has reported the interest in green building and sustainability has not slowed, despite the economic downturn. Although no formal statistics are recorded for green building products in South Africa, the building and construction materials market is estimated at about $10 billion per annum, with 60% sold direct to end-users and 40% via the distribution/merchant network. Of this $10 total, 18% worth of materials are used in the additions, alterations and home improvement market (including unrecorded home improvement).

South Africa's State-owned Industrial Development Corporation (IDC) plans to inject $1.2billion into ‘green' industries over the next five years as part of a larger $13 billion disbursement plan by 2015. The IDC indicated that the "green economy" has emerged as a primary focus for the development finance institution (DFI), owing to its potential to create jobs and lower the carbon intensity of the South African economy.

As increasing environmental pressures take hold in South Africa, the country’s major construction companies have shown they are starting to focus on pursuing green practices and projects, particularly in renewable energy projects where opportunities are emerging. There is a growing recognition that climate change opportunities exceed risks, and companies now seek to develop capabilities around greener practices and technologies on a wide scale across business units.

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Green Technologies in the following categories offer opportunities for U.S. companies:

- Natural Heating and Cooling; Natural Lighting (design of buildings to make optimal use of day-lighting) and Energy-Saving Lighting technologies.

- Energy Generation: photovoltaics, wind turbines, solar hot water heaters, flat panel collectors, evacuated tubes.

- Heating, Ventilation and Cooling, Greenwalls, Glazing and Windows, Solar Shading, Greenroofs/Cool Roofs, Permeable Paving, Water-Efficient technologies, Structural Insulated Panels and Formaldehyde–free board.

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South African trained environment professionals are beginning to take seriously the ambition to lessen the carbon footprint associated with buildings and residences, especially by using design and technological innovation to decrease energy consumption and limit waste. However, local suppliers and manufacturers are reluctant to tie funds up with expensive green stock and resources amidst the decline in the general construction industry.

These circumstances leave only a small niche of green manufactures in South Africa, resulting in many complex green building products being outsourced abroad (mainly from Australia and the EU). In the long run, South Africa should have adequate resources to supply many green building materials, if they partner with relevant international companies to source technological expertise and obtain distributor and/or licensing agreements with these foreign entities. This is certainly an opportunity for U.S. companies to explore.

GBCSA may well face a challenge in overcoming industry reluctance to understand and accept its role in green certifications. Another shortcoming will also be whether the design and material solutions are readily available as the GBCSA provides merely a rating tool and certification of buildings, but does not provide direct design advice.

As a first step, U.S. companies seeking South African representation should contact the U.S. Commercial Service South Africa (http://www.export.gov/southafrica)

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Trade Events in South Africa

Green Building Council Convention & Exhibition 2014
Date: November 2-6, 2015
Venue: Cape Town International Convention Center
Website: https://www.gbcsa.org.za

Interbuild Africa
Date: August 17-20, 2016
Expo Center, NASREC, Johannesburg
http://www.interbuild.co.za/

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Green Building Council of South Africa
Website: http://www.gbcsa.org.za

For More Information
The U.S. Commercial Service, South Africa can be contacted via e-mail at: Jaisvir.Sewpaul@trade.gov; Phone: +27 21 702 7379; Fax: +27 21 702 7402 or visit our website http://www.export.gov/southafrica

Automotive

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Overview

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Unit: USD Billion

	2013	2014	2015 (proj.)	2016 (est.)
Total Market Size	20.25	22.80	24.03	26
Total Local Production	12.57	13.23	14.68	25.50
Total Exports	7.68	8.42	9.33	10
Total Imports	15.36	16.86	18.68	18.9
Imports from the U.S.	1.12	1.60	1.73	1.85
Exchange Rate: 1 USD	9.65	11.07		

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: NAAMSA

Note:
Above figures are estimates obtained from the National Association of Automobile Manufacturers of South Africa (NAAMSA) and represent the South African Automotive Industry as follows:

- Total Market Size represents new and used vehicle sales, workshop revenue, spares, accessories and other trading revenue
- Total exports represents the total value of both components and vehicles
- Total imports represents the total value of imports of both components and new vehicles
- Imports from the U.S. also reflects the value of components and new vehicles

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Total domestic vehicle production is expected to reach 627,500 units in 2015, compared to the 566,083 units in 2014, an increase of 10.8%. South Africa exports most of its vehicle production, and export prospects remain a function of the performance and direction of global markets. Recovering sales in the U.S. and the EU and continued growth in Asia, particularly China, represent the main drivers behind global sales. Demand for light commercial vehicles in African markets was also expected to show above-average growth.

American automotive corporations are well represented in South Africa. Ford Motor Company and General Motors are long established, leading automotive producing corporations in South Africa. Moreover, most of the top U.S automotive component suppliers are represented in South Africa, including Johnson Controls, Lear, TRW

Automotive, Tenneco, Federal Mogul, Delphi, Visteon, and ArvinMeritor, amongst others. All of these companies have built strong business links between their South African operations and other international stakeholders. These established business links enhance the potential for mutually beneficial trade between the United States of America and South Africa. The African Growth and Opportunities Act (AGOA) has been the catalyst to boosting South African automotive exports to North America. Percentage increase in automotive exports from 2001 (when AGOA commenced) to 2013 equaled 306.8%. The percentage increase of automotive exports from the United States to South Africa was 321.9% during the same time frame.

The automotive industry, South Africa's leading manufacturing sector, contributed (in total) 7.0% to the country's GDP in 2013. South Africa was ranked 25th in respect of global vehicle production with a market share of 0.64% in 2012. Significant investment programs driven by export plans have been implemented by all the Original Equipment Manufacturers (OEMs) since the commencement of the Motor Industry Development Program (MIDP) in 1995. Capital expenditure by the OEMs from 1995 to 2012 amounted to $4.42 billion. Under the MIDP 2,411,277 left and right hand drive vehicles have been exported to global markets. Major OEMs include General Motors; Ford; Mazda; BMW; Mercedes; Nissan; Renault; Volkswagen and Toyota.

OEMs and official dealers and repair specialists work closely together to provide maintenance and repair services. They also cooperate to ensure warranty service, driver safety, environmental protection, spare parts availability and information about technical improvements. South Africa had a vehicle park (number of registered vehicles) of 10.61 million at the end of 2012, of which 6.11 million or 57,6% comprised passenger cars. The broader South African automotive industry incorporates the manufacture, distribution, servicing and maintenance of motor vehicles and components. In terms of the trade which supports this industry, there are approximately 4,600 garages and fuel stations (with the majority having service workshops as well) plus a further 1,898 specialist repairers; 1,374 new car dealerships holding specific franchises; an estimated 1,696 used vehicle outlets; about 292 vehicle component manufacturers, together with about 150 others supplying the industry on a non-exclusive basis; 1,508 specialist tire dealers and retreaders; 483 engine re-conditioners; 167 vehicle body builders; 2,907 parts dealers and around 220 farm vehicle and equipment suppliers.

Automotive Policy

The Automotive Production Development Program (APDP) replaced the export-oriented Motor Industry Development Program in 2013 with the aim of stimulating local production of automotive components while maintaining the incentives for OEMs to manufacture passenger cars and light commercial vehicles in the country for export and the local market. One of the attractions of South Africa's automotive policy over the past two decades has been its long-term vision and consistency. The APDP has reinforced policy certainty, which is critical for the industry to make long-term investment decisions. The APDP's focus is on raising local value addition to enhance the automotive industry's manufacturing output and export competitiveness. The automotive sector relies heavily on the additional economies of scale provided by exports and competitiveness is critical to its success.

Tariffs
Import duties on vehicles and automotive components will remain at 2012 levels (25% on light vehicles and 20% on original equipment components) through to 2020. A preferential agreement results in imported vehicles from the EU paying only 18% duty. These tariffs are meant to provide just enough protection to justify continued local vehicle manufacturing.

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Consumers in South Africa are spoilt for choice. In just about every segment of the market, every brand has a benchmark product. There were 55 brands and 4,406 passenger car model derivatives for consumers to select from in 2014. This offered car buyers the widest choice to market size ratio anywhere in the world. On the light commercial vehicle side there were 31 brands with 615 model derivatives to choose from. The car ownership ratio in South Africa is in the order of 180 vehicles per 1,000 persons.

In respect of Africa's regional integration agenda, South Africa remains important for the development of the region. Since South Africa is a catalyst for the future growth and development in sub-Saharan Africa, any reduction in trade in automotive products could have negative implications for growth and development in the Southern African region. Increased trade between South Africa and the United States, in the longer term, will create improved opportunities and demand for U.S. technical expertise, credit and markets and will also focus on incremental trade and investment opportunities between the two countries.

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There has been a rapid growth in demand for automotive aftermarket specialty equipment and accessories in South Africa. This market size is estimated to be between $2– $2.5 billion. In the last nine years accessorizing and improving performance of vehicles has transformed from a hobby to a fully-fledged culture of fierce competition. In the race to individualize and distinguish their vehicles from others, enthusiasts constantly seek innovative, authentic specialty components and accessories with little regard to price. In this lucrative segment, South Africans are highly receptive to U.S. brands and often follow trends set in the U.S.

The following performance products are sought after by dragsters in "the race to be the best": intercoolers; ball bearing turbos; octane boosters; gauges; racing bolts; performance water injection systems, high flow injectors; racing clutches; metal head-gaskets; racing tires, nitro fed boosters, racing pistons; calipers and racing disk kits; high pressure fuel kits; gas flow cylinder heads, dynanometers.

A constant need to distinguish and individualize vehicles creates opportunities for U.S. suppliers of automotive interior and exterior accessory products such as body styling kits; racing seats; alloy wheels; lowering-suspension kits; graphics; steering wheels; gear and hand-brake pouches; boot spoilers and wings; aluminum pedals; xenon light kits.

Opportunities

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South African specialty equipment and accessory wholesalers and retailers constantly seek to expand their product range and welcome opportunities to establish distributor/agent agreements with U.S. firms. The majority of the performance products are imported directly from the United States, United Kingdom, Italy and Germany. However, these imports may not necessarily be purchased from the manufacturer or with any exclusivity and/or distributor agreements. This scenario leads to "rogue distributors" and fierce competition amongst wholesalers and smaller retail-customizing and performance shops. South African companies are interested in acquiring U.S. distributorships, however, either U.S. companies do not reply to their inquiries, or the U.S. company's minimum requirement to ship is too large for the South African importer. This leaves the South African importers without much choice but to engage U.S. agents who consolidate and ship U.S. specialty products that are purchased from "third parties", to them.

South African aftermarket importers and wholesalers often attend international exhibitions such as SEMA, AAPEX, Performance Racing Industry and Automechanika to meet and partner with foreign companies not represented locally.

Exhibitions

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Automechanika Johannesburg
http://www.automechanikasa.co.za/about.html
May, 2017, Johannesburg
South Africa's Leading International Trade Fair for the Automotive Industry targeting Trade Visitors from the Sub-Saharan Region. Automechanika Johannesburg offers a unique spectrum of products from the fields of automotive parts, car wash, workshop and filling-station equipment, IT products and services, accessories and tuning.

Johannesburg International Motor Show (JIMS)
http://www.jhbmotorshow.co.za/
TBC, 2016
The biennial Johannesburg International Motor Show is a comprehensive automotive exhibition and automotive lifestyle event. The exhibition runs in conjunction with two additional shows the Johannesburg Truck and Bus Show and Auto Shop which collectively offer a complete representation of the motor industry, serving Sub Saharan Africa and South Africa as host country.

Web Resources

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National Association of Automobile Manufacturers of South Africa
Website: www.naamsa.co.za

National Association of Automotive Component and Allied Manufacturers (South Africa)
Website: www.naacam.co.za

The Department of Trade and Industry South Africa
www.thedti.gov.za

For More Information
The U.S. Commercial Service, South Africa can be contacted via e-mail at: Jaisvir.Sewpaul@trade.gov; Phone: +27 21 702 7379; Fax: +27 21 702 7402 or visit our website www.export.gov/southafrica

Rail Infrastructure

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Overview

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Unit: USD thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	800,000	870,000	950,000	960,000
Total Local Production	61,000	61,000	90,000	110,000
Total Exports	52,000	52,000	52,000	52,000
Total Imports	850,000	950,000	1,100,000	1,200,000
Imports from the U.S.	430,000	430,000	430,000	430,000
Exchange Rate: 1 USD	9.65	11.07		

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Note: Above figures exclude the value of the independent Richards Bay coal terminal consortium upgrades and multi-year diesel and electric locomotives roll-out confirmed in 2010/ 1 and in 2014. Above figures also exclude related road, highway and port / maritime investments.
Date Source: Above figures are unofficial estimates obtained from press and industry sources.

Rail (freight and passenger) and port capacity shortages are a severe constraint in domestic and regional trade. The SAG has announced plans to spend R 900 billion over the next 15 years on transportation infrastructure. Project implementation was initially slow, but seems to have now developed momentum.

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In 2012, the Passenger Rail Agency of South Africa (PRASA) of the SA Department of Transport (SADOT) initially announced an R123-136 billion “rolling stock fleet-renewal program” for passenger rail systems to include signaling, new depots, modern stations and integrated ticketing that started in part in 2014. Latest indications are that R 120 billion will be spent on the project over 2 subsequent cycles of 10 years each with the first ten-year contract running from 2015 and the second from 2025. The first train of 600 passenger trains is being delivered in 2015.

The state-owned Transnet Freight Rail (TFR) and others are considering and close to finalizing logistic (mostly rail, but also ports) projects such as upgrading the Sishen-Saldanha Bay ore line, the Richard Bay coal line and other new coal line networks in the north-west. Transnet’s rail and port projects are reportedly set to cost around R300 billion over 7 years and include augmenting the tractive and bulk car fleet, signaling, maintenance, advanced train management systems and network expansion / concession models.

The government-owned Transnet Port Terminals (TPT), which operates South Africa's ports, is to invest R33 billion over the next six years for the expansion and improvement of its bulk and container terminals. Significant capacity-creating projects include the expansion of the Durban Container Terminal's (DCT's) Pier 1 that would increase its capacity from 700 000 twenty-foot equivalent units (TEUs) to 820 000 TEUs by 2013 and 1.2-million TEUs by 2016/17.

Other expansion projects include the Ngqura Container Terminal, Durban Ro-Ro and Maydon Wharf terminal, the iron-ore bulk terminal at the Port of Saldanha and the ageing Richards Bay Terminal where R3.7 billion is set aside for mobile and quayside equipment, as well as weighbridges. Safety-critical, environmental and legal compliance projects are also planned.

A multibillion-Rand deal with the Development Bank of Southern Africa (DBSA) to provide funding and expertise for Transnet's private sector participation program was formalized in May 2015. The agreement will pave the way for DBSA to co-fund preparatory and strategic support for Transnet projects, including the manganese common user loading facility in the Northern Cape, the Grootvlei coal loading structure in Mpumalanga and the Tambo Springs inland container terminal to be built in Ekurhuleni to the east of Johannesburg.

Best Prospects/Services Return to top

Transportation equipment and infrastructure:

- New and refurbished locomotives for African railroad operators
- New bulk car and other dedicated rolling fleets
- Smart Signaling and operations' automation
- Business model analysis
- Automatic fare collection systems
- Rolling stock depot design
- Strategic route design and network planning

Resources Return to top

Transnet
http://www.transnet.co.za

Rail-Road Association
http://www.rra.co.za

Richard Bay Coal Terminal Consortium
http://www.rbct.co.za

Transnet Ports Authority
http://www.transnetnationalportsauthority.net/

Passenger Rail Agency of South Africa
http://www.prasa.com/contactdetails.aspx

Conferences and Exhibitions [Return to top]

Africa Rail 2016 (includes Ports and Cargo)
TBC, 2016
Sandton Convention Center, Johannesburg
http://www.terrapinn.com/exhibition/africarail/?pk_campaign=Terr-Listing&pk_kwd=Transport+%26+Logistics+in+Africa

For More Information

The U.S. Commercial Service in Johannesburg, South Africa can be contacted via e-mail at:
Johan.vanRensburg@trade.gov
Phone: +27-11- 290-3208; Fax: +27-11- 884-0253 or visit our website:
http://export.gov/southafrica/index.asp

Port and Maritime Infrastructure [Return to top]

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The South African Government views the country's ports and terminals as key engines for economic growth. South Africa is situated on one of the busiest international sea routes, critical to international maritime transportation, and its geographical location presents a huge opportunity for investing in a diversified maritime market

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The first area of focus for Operation Phakisa, which was announced in June 2014, relates to maritime development of the 'Blue Economy'. There are four priority sectors for the Blue Economy: marine transport and manufacturing activities (coastal shipping, trans-shipment, boat building); offshore oil and gas exploration; aquaculture and marine protection services; and ocean governance. The South African Government has consulted with 180 stakeholders in the four priority areas to develop detailed plans of action for each sector. Operation Phakisa complements U.S. interests in protecting fragile ocean ecosystems and generating economic development through the utilization of South Africa's abundant maritime resources. It is estimated that Operation Phakisa could create over a million sustainable jobs.

The Port of Durban is the busiest container terminal in Africa and the second busiest in the southern hemisphere following Melbourne, Australia. Over 4,000 commercial vessels called at the port's 57 berths last year. After 1994, international interest in the port increased significantly. Over the past five years, volumes have continued to increase due to the increasing number of automobiles exported from Durban by

BMW and other car manufacturers in the region producing for export. The Durban Car Terminal, the largest import/export facility for the motor industry in South Africa, handled over 700,000 automobiles in 2013, a growth of 7.2% over the previous year. The Ports Authority alone employs 6,200 people at the Durban Port. This figure is expected to rise to over 9,000 by 2018/19 as the R300 billion Capex plans for expansion begin to yield benefit. Transnet estimates 71% of this budget will go towards increasing capacity in order to meet its projections for increased traffic. The Ports Authority estimates that over 30,000 are also employed indirectly. In addition to the container terminal, the port has a ship building and ship-repair facility, a yacht facility, a rail marshaling service, a sport facility, a Navy outpost on Salisbury Island (which the port is trying to obtain for civilian use), a protected mangrove, and a Port Academy that trains future employees. Ports Authority management is very interested in exploring ways in which the port, particularly the Port Academy, can cooperate with the U.S. government through exchanges, guest speakers, or other opportunities.

To the north of Durban in KwaZulu-Natal, Richard's Bay is the busiest port in South Africa by tonnage and is one of the top two coal handling ports in the world. Richard's Bay focuses on bulk cargo handling while the Durban Port focuses on general cargo. It has also been earmarked for expansion projects with R3.7-billion had been set aside for mobile and quayside equipment, as well as weighbridges. Safety-critical, environmental and legal compliance projects would also be carried out.

Cape Town, located at the southern-most point of Africa, is ideally positioned as a hub terminal for cargo to South America and the Far East. West/East Africa cargo has grown substantially, making the Cape Town Container Terminal the terminal of choice for trans-shipment cargo. The terminal handles 3,161 vessels per year for a gross tonnage of 44,501,297. Transnet National Ports Authority (TNPA) has selected the V&A Waterfront as the preferred bidder for the development of a cruise terminal at the Port of Cape Town. The V&A Waterfront would invest about R179-million to finance, design and develop the terminal, which would remain at E berth, Duncan Dock, in the Port of Cape Town. All international cruise liner vessels are required to dock at the Port of Cape Town as the first port of call in line with a directive from the Home Affairs Minister under the Immigration Act 13 of 2011. "The upgraded Cape Town cruise terminal facility to be developed by V&A Waterfront will be a gateway to a unique African experience in cruise tourism. About R1.2-billion on capacity-creating projects in Richards Bay will be set aside as Transnet pursues re-engineering of the port to create additional capacity for bulk products at the terminal.

The Port Elizabeth Container Terminal is one of the three specialized container-handling facilities along the South African coastline. Port Elizabeth serves the immediate area of the Eastern Cape, where its main business focuses on the needs and requirements of the motor vehicle and components industry as well as various agricultural products. The terminal offers value-added services in the form of storage, packing and unpacking of containers and logistics management. The terminal currently handles 1,271 ships with a total gross tonnage of 25,756,823. Transnet has also confirmed that it would relocate the current export manganese facility from Port Elizabeth to a new two-berth facility at the Port of Ngqura by 2015/16, to facilitate an expansion of South Africa's manganese export capacity.

Opportunities / Best Prospects
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Transportation equipment and infrastructure:

- Business model analysis
- Port mobile cranes
- Ship repair
- Cargo handling services
- Weighbridges
- Quayside systems
- Upgrading of existing port equipment

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Transnet
http://www.transnet.co.za

Transnet Ports Authority
http://www.transnetnationalportsauthority.net/

Richard Bay Coal Terminal Consortium
http://www.rbct.co.za

Conferences and Exhibitions
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Africa Ports 2016 (includes Rail and Cargo)
TBC, 2016
Sandton Convention Center, Johannesburg
http://www.terrapinn.com/exhibition/africarail/?pk_campaign=Terr-Listing&pk_kwd=Transport+%26+Logistics+in+Africa

Agricultural Equipment
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Unit: USD millions

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	920	925	1000	1000
Total Local Production	51	53	56	56
Total Exports	5.71	5.75	5.80	5.80
Total Imports	863	865	870	870
Imports from the U.S.	192	194	198	198
Exchange Rate: 1 USD	9.65	11.07		

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: *Above figures are unofficial estimates obtained from industry sources.*

The South African agricultural equipment market is estimated at approximately R8.9 billion. Tractor sales constitute 60% of the market followed by combine and baler sales. Of new agriculture equipment, 5% is produced locally, while 95% of agriculture equipment and parts are sourced from international markets, with at least 25% coming from the United States. Second-hand equipment has limited market opportunities.

Compared to the rest of Africa, South Africa has by far the most modern, productive and diverse agricultural economy. Agriculture as a percentage of GDP has decreased over the past four decades, contributing approximately 2%. Because of its potential for job creation, the agriculture sector is a key focus on the government's New Growth Path, a plan by the government to create 5 million new jobs by 2020. Plans include programs to promote commercially oriented small-scale farming, while support is also available to smallholders on land acquired through land reform.

The Development Plan lays out a strategy under which both emerging and commercial agriculture is still be afforded the opportunity to contribute optimally to economic growth, job creation, foreign exchange earnings and development of the industrial sector within a safe and non-discriminatory environment.

Agricultural Equipment Market Segmentation:

Equipment	Percentage Share
Tractors	58.9
Hay and silage equipment	11.6
Harvesting equipment	9.1
Planting, fertilizing, pest control equipment	7.8
Tillage equipment	4.5
Other	8.2

Source: South African Agricultural Machinery Association (SAAMA)

South Africa has good sunlight nationwide throughout the year, which allows for more controlled farming, particularly green - house farming. This supports a growing market in greenhouse farming solutions and other related products. Given increasing electricity prices and frequent power cuts, more and more farmers are investing in alternative energy solutions.

Sub-Sector Best Prospects **Return to top**

The best prospects for U.S. suppliers, in South Africa and the region, are:

- Tractors
- Combines
- Bailers
- Planters
- Precision Agriculture Equipment and Technologies
- Sprayers
- Irrigation

- Storage
- Soil testing equipment
- Spare parts and service facilities

Opportunities Return to top

According to the South African Agricultural Machinery Association (SAAMA) on a year-to-date basis tractor sales are approximately 8% down compared to June 2014 whilst on a year-to-date basis combine harvester sales are approximately 40% down. This was mainly due to the weaker Rand.

Despite the economic downturn, farmers appear to be upbeat about agriculture conditions. Sporadic rains and prevalent dry weather conditions are a concern and present opportunities for no till planting equipment. Companies and farmers have indicated a strong interest in soil sampling equipment.

There are very few barriers to bringing new equipment to the South African market. Equipment like planters, sprayers and tilling equipment enter duty free, provided the exact same product is not manufactured in this market.

Most of the precision agriculture equipment like planters, self-propelled sprayers and combine harvesters are imported from South America, Europe and the United States, and smaller implements are purchased locally. Known U.S. brands like Massey Ferguson, John Deere, New Holland, AGCO and CaseIH are well entrenched and are all well known for their quality.

The latest local buzz word is “regional expansion” with excellent opportunities in neighboring countries such as Malawi, Zambia, Angola, Mozambique, presenting further opportunities for U.S. business. Second hand tractors and equipment are well received in these regional markets.

South Africa also hosts the largest agricultural equipment show on the continent called NAMPO harvest day. This show usually takes place in May each year and provides an excellent opportunity for U.S. firms to exhibit at our USA pavilion.

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Exhibitions and Conferences

Show:	**NAMPO Harvest Day Week**
Focus:	Largest Agriculture Machinery and equipment show in the Southern Hemisphere.
Dates:	17 –20 May, 2016
Venue:	Bothaville, Free State, South Africa

Show:	Agritech 2016
Focus:	Agriculture machinery and equipment show
Dates:	14 – 16 April 2016
Venue:	Chisamba, Zambia

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South African Agricultural Machinery Association (SAAMA)
Website: http://www.saama.co.za/

NAMPO Harvest Day
Website: http://www.nampo.co.za

Agritech Expo Zambia
Website: http://www.agritech-expo.com/

Agricultural Business Chamber (ABC)
Website: http://www.agbiz.co.za

South African Department of Agriculture, Forestry and Fisheries
Website: http://www.daff.gov.za/

Agri SA
Website: http://www.agrisa.co.za/

For More Information

The U.S. Commercial Service Commercial Specialist for Agriculture in Johannesburg, South Africa can be contacted via email: Mohammed.Essay@trade.gov ; Phone: +2711 290 3025; Fax: +27 (0)11 884 0538 or visit our website: http://export.gov/southafrica/index.asp

Medical Devices

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Unit: USD billions
Unit: USD million

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	1.108	1.109	1.111	1.113
Total Local Production	0.05	0.05	0.06	0.06
Total Imports	1.058	1.059	1.061	1.063
Imports from the U.S.	311.4	305.5	302.4	302.5
Exchange Rate: 1 USD	9.65	11.07		

Although the medical device market in South Africa continues to be dominated by the U.S., followed by Germany; Chinese suppliers made considerable inroads in 2014, with their market share reaching double digit growth. They will continue to consolidate their position as an avenue for lower cost products. U.S. and Germany's share fell in 2014, primarily because of the weakening Rand against the dollar. Imports measured in USD declined due to the currency weakness and this trend is likely to continue in the short to medium term, particularly in light of the low economic growth and a tighter fiscal policy being adopted. Forecasts for this market in the long term look a little more promising, as government's pledge to allocate more resources is likely to bump up local demand.

Market growth will likely be influenced by national legislation related to the government's NHI program, as well as the Competition Commission's investigation into private healthcare costs. Government spending in healthcare has risen to approximately 9.1 percent of GDP (2014), and may increase as the government plans to overhaul primary healthcare facilities and systems as part of Operation Phakisa.

Competition from local production will be muted, and mostly limited to consumables (bandages, dressings, etc.) and furniture. However the local development of Lodox Systems, a full-body X-ray machine indicates that local producers can successfully compete with international suppliers of sophisticated equipment if they have access to the appropriate funding channels.

The South African Government published draft medical device regulations in April 2014, but it is presently unclear when these regulations will become law. The exception is electro-magnetic devices, which are regulated by the South African Health Department for Radiation Control. These products must carry the CE mark. FDA approval alone will not be sufficient.

Sub-Sector Best Prospects

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Diagnostic Imaging Equipment:
Diagnostic imaging equipment grew by 1.4 percent in 2014, and is likely to continue as and when healthcare infrastructure and upgrades will be made.

Dental Equipment
Although the smallest product area (3.6 percent of all medical imports), it was the best performing segment in dollar terms with a CAGR of 6.8 percent.

Patient Aids
Patient monitoring devices, powered mobility aids and other patient aids have experienced higher growth. This is a market that is dominated by India and China. This market sector has grown by 3.4 percent in 2014.The sophisticated South African medical community is generally interested in new technology developments and new products, hence all product categories will be considered.

Opportunities

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Ample opportunity will exist for exporters of medical equipment (particularly new and innovative equipment), as extensive upgrades and development of hospital infrastructure is being considered. The private healthcare sector is very sophisticated and boasts world class facilities with several centers of excellence. However, over 95% of equipment is imported. Please note that refurbished equipment is generally not favored by the medical community, particularly in the private sector, and that market opportunities here will be very limited.

Web Resources

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South African Medical Devices Industry Association (SAMED)
http://www.samed.org.za

Radiological Society of South Africa
http://www.rssa.co.za

South African Orthopaedic Association
http://www.saoa.org.za

South African Spine Society
http://www.saspine.org

For More Information

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http://export.gov/southafrica/index.asp

Franchising

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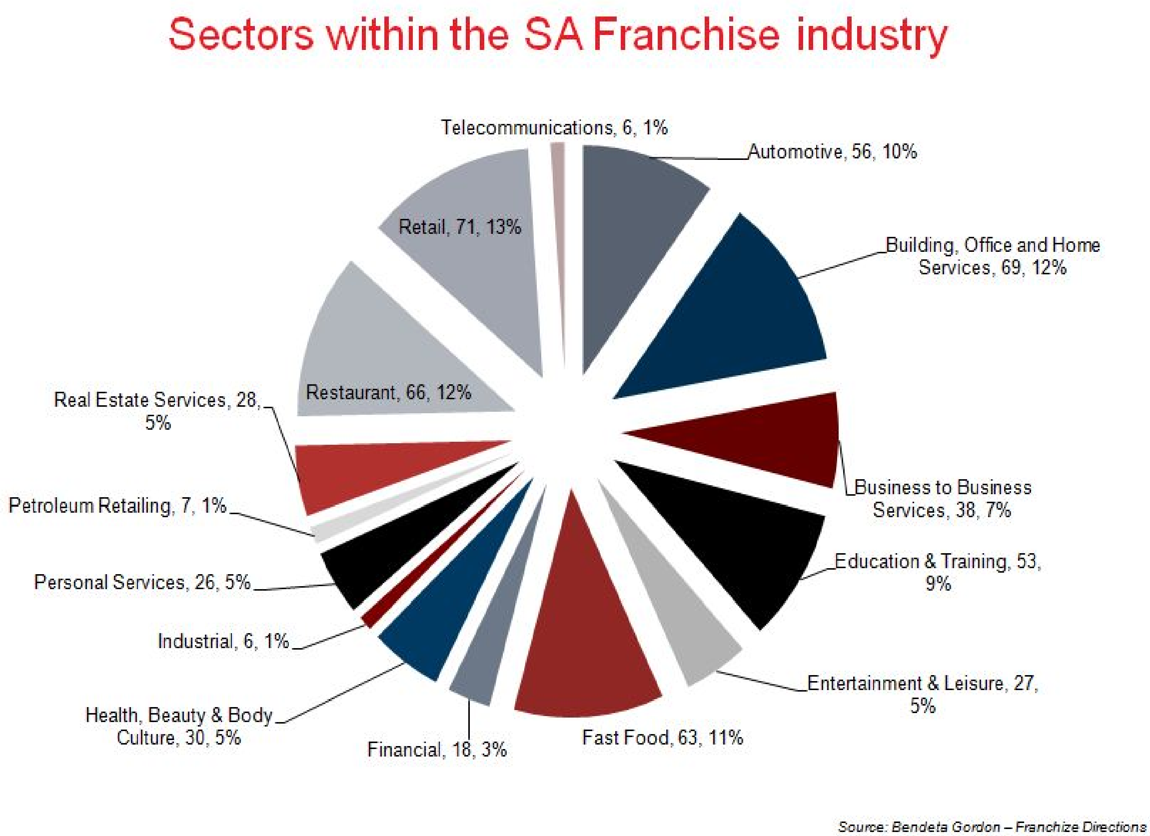
There are over 550 franchised systems and over 30,000 franchised outlets in South Africa today. Franchising contributes around 9.7% to South Africa's GDP, and is an important job-creator and driver in the country's economy, in addition to having one of the highest business success rates. According to the latest data, total turnover for the sector was around R302 billion in 2013.

Approximately 40% of franchises are located in the Gauteng province, particularly Johannesburg and Pretoria, the economic powerhouse of the country, and the African continent. Food franchises make up about 25% of total franchises, with some segments that are considered saturated such as pizza and burgers. Other franchise concepts such as B2B services, automotive, after-care and education are also making inroads into the market.

Patterns within existing franchises are changing due to economic belt-tightening by the population and changing consumer behavior. Some franchise owners are starting to develop smaller, more cost-effective models with reduced fees, lower start-up costs, fewer employees and reasonable rentals. Franchise owners are exploring new, less expensive locations beyond shopping and strip malls and are developing models such as stand-alone kiosks, corporate catering, campuses and sporting events. Other developments include incorporating a brand within a convenience store or a service station. Some franchises have found success by operating in tandem with non-competing brands. Almost 90% of franchises are locally developed and around 12% Master Licenses are international. Some of the bigger South African franchisors, such as Famous Brands and Nando's have expanded to other regions in Africa. Notable challenges include limited access to finance, as banks tend to be more cautious in the financing of franchises. This translates into a relatively small pool of entrepreneurs and companies with the ability to absorb the costs of Master Licenses of popular international brands. U.S. iconic brands: Pizza Hut and Krispy Kreme are the most recent entrants into this market.

Several business laws apply to franchising and copyrights – such as the Consumer Protection Act, Copyright Law, Common Law, Contract Law and Intellectual Property Law, which are vigorously adhered to.

Sub-Sector Best Prospects Return to top



Service-based franchises have experienced the fastest growth in South Africa for the past number of years, but fast-food still remains a strong opportunity As consumers look for a combination of gut-fill and good value meals, as well as convenience.

Opportunities Return to top

B2B services, green products, automotive, home care, childcare, health and fitness, home improvement and more.

Fast food still represents a strong opportunity due to increased consumption patterns since 2011. There are two main reasons: meat is widely consumed in South Africa, and the nation has a strong eat-out culture. Certain segments are looking for “gut-fill” – a good value for money meal with well-sized portions. South Africa also has a comparatively good infrastructure from a logistical perspective. However, new entrants meet strong competition from home-grown brands. U.S. brands interested in entering the market must do their homework thoroughly, as the market is very fragmented. Understanding the target market and effective brand communication will determine the success or failure of the product.

Resources Return to top

Exhibitions

International Franchise Expo (South Africa)
April 08 – 10, 2016
Sandton Convention Center

Websites

Franchise Association of South Africa (FASA)
http://www.fasa.co.za

WhichFranchise
http://www.whichfranchise.co.za

Franchising Plus
http://www.franchisingplus.co.za

Franchize Directions
http://www.franchize.co.za

For More Information

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Film and Entertainment Return to top

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Film
The South African film and television industry contributes around R3.5 billion a year to the country's GDP (both direct and indirect spend). It is a fast growing sector in the South African economy. South Africa offers various incentives to promote film production and the post production industry. The Foreign Film and Television Production and Post-Production incentive attracts foreign based film production to shoot on location in South Africa and conduct post-production activities. This incentive is run by the DTI (Department of Trade and Industry) and contributes

towards employment creation and increases the country's creative and technical skills base. The incentive is in the form of a 20% rebate. QSAPE (Qualifying South African Production Expenditure) of ZAR12 million and above, provided that at least 50% of the principal photography schedule is filmed in South Africa, for a minimum of four weeks. QSAPPE (Qualifying South African Post Production Expenditure) of ZAR1.5 million and above provided that 100% of the post production is conducted in South Africa, for a minimum of two weeks. This shows South Africa is competing for the global film dollar. There are approximately 150 registered production companies currently active with about 15 of these commanding over 90% of feature films and television production.

Music

Statistics provided by the DTI (Department of Trade and Industry) in South Africa state that in 2012 the recording industry was valued at R1.544 billion. Audiences across the region are passionate about music both local and international. Some markets such as the industry in Europe are finding it challenging to adapt to new market conditions. Africa's market is structuring itself around an emerging digital ecosystem comprising of labels, digital service providers, distributors, handset manufacturers and app developers.

Opportunities Return to top

Due to the increased international interest in filming in South Africa there are opportunities for ancillary film services as well as training and development. Opportunities are also present in post-production & niche equipment.

Web Resources Return to top

(DTI) Foreign Film TV Production and Post-Production Guidelines
31 March 2012
The South African Film and Television Industry Report
http://www.gov.za
South Africa online
http://www.southafrica.info
The NFVF (The National Film and Video Foundation)
http://www.nfvf.co.za
RISA (Recording Industry of SA)
http://www.risa.co.za

For More Information

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http://export.gov/southafrica/index.asp

Agricultural Sectors Return to top

Poultry

South Africa has a market-oriented agricultural economy that is highly diversified and includes production of all the major grains (except rice), oilseeds, deciduous and subtropical fruits, sugar, citrus, wine and most vegetables. Livestock production includes cattle, dairy, pigs, sheep, and a well-developed poultry and egg industry. Value-added activities in the sector include slaughtering, processing and preserving of meat; processing and preserving of fruit and vegetables; dairy products; grain mill products; crushing of oilseeds; prepared animal feeds; and sugar refining, cocoa, chocolate, and sugar confectionery amongst other food products.

The agricultural sector contributes around 10% to South Africa's total export earnings. South African produce, mostly harvested during the northern hemisphere's winter, has achieved remarkable success on foreign markets and is well-known for its uncompromising quality. Citrus and wine, highly in demand in foreign countries, accounts for the largest volume of exports. South Africa also exports apples, pears, corn, wool, sugar and mohair to name just a few.

South Africa imported $7.4 billion in agricultural and food products in FY2014, a seven percent increase from the previous fiscal year. The major products imported were wheat ($505 million), rice ($424 million), palm oil ($366 million), soybean meal ($260 million), chicken cuts and offal ($258 million) and soybean oil ($153 million).

In FY2014, the United States exported $324 million of agricultural, fish and forestry products to South Africa up 3% from the previous fiscal year. Almost 40% of exports were in the intermediate product category, which reached a record of $120 million. Products in this category include vegetable oil, feed and fodder, sugar and planting seed. The United States also exported $26 million of wheat to South Africa in the FY2014.

USDA's Foreign Agricultural Service (FAS) in Pretoria prepares more than thirty reports each year on the agricultural situation by commodity sector in South Africa. Some reports highlight opportunities for U.S. farm exports. For other sector reports, and U.S. exporters of agricultural products, please start with the Exporter Guide for South Africa at http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx

If you are an exporter of U.S. agricultural products, please feel free to contact the Foreign Agricultural Service in Pretoria for further information at the following address:

Foreign Agricultural Service U.S. Embassy Pretoria, South Africa Tel: +27 (0)12 431 4057; Fax: +27 (0)12 342 2264 Email: agpretoria@fas.usda.gov

Overview Grains Return to top

The grain industry (barley, maize, oats, sorghum and wheat) is one of the largest agricultural industries in South African, contributing more than 30% to the total gross value of agricultural production. The industry is comprised of a number of key stakeholders including input suppliers, farmers, silo owners, traders, millers, bakers, research organizations, financiers, etc. The animal feed industry is an important client and role player in the grain supply chain. Around 4 million tons of grain and 1.5

million tons of oil cake (from imported and locally produced sunflower and soy beans) are used by the animal feed manufacturing industry in South Africa.

Corn is the largest locally produced field crop, and the most important source of carbohydrates in the SADC region for animal and human consumption. South Africa is the main corn producer in the SADC region, with an average production of around 12 million tons per annum. Local commercial consumption of corn amounts to about 10 million tons, and surplus maize is usually exported. Wheat is produced mainly in the winter-rainfall areas of the Western Cape and the eastern parts of the Free State with considerable annual fluctuations in production. Average wheat production has been about 1.8 million tons a year. There is, however, a distinct downward trend in the area planted with wheat over the past few years; hence South Africa has become more dependent on imports to meet the local demand of about 3.3 million tons.

	FY 2012	**FY 2013**	**FY2014**
Total Local Production	15 million tons	14 million tons	11 million tons
Total Exports	$490 million	$486 million	$556 million
Total Imports	$592 million	$460 million	$610 million
Imports from the U.S.	$17 million	$24 million	$37 million

Best Product: Wheat

South Africa is the only country in the region with significant wheat production. However, in the past 20 years, and especially after the deregulation of the market in 1997, there has been a decreasing trend in the area planted with wheat despite increasing local consumption. Declining profit margins saw local wheat farmers scaling down wheat production and switching to other crops like canola, corn, soya beans or increased livestock production. Furthermore, the trend in wheat production has been sporadic over the past 20 years because of unpredictable weather conditions. Without an advance in technology or policy changes, the decreasing trend in hectares planted with wheat in South Africa will continue.

South Africa’s 2014/15 MY (October 2014 to September 2015) wheat crop is estimated at 1.8 million tons on 476,000 hectares, 1.5 million tons less than the expected local demand. Annual wheat consumption in South Africa is about 3.3 million tons, or about 50 kg per capita, the highest in the sub-Saharan region. Its population is growing by 1.7% annually, and there is a rapid urbanization of South Africa's major cities.

	FY 2012	**FY 2013**	**FY 2014**
Exports	$9 million	$4 million	$89 million
Imports	$492 million	$439 million	$540 million
Imports from the USA	$12 million	$13 million	$26 million

Opportunities

Contact U.S. Wheat Associates Cape Town office for current opportunities in the South African market for U.S. wheat at: http://www.uswheat.org

Resources

U.S. Wheat Associates has an office in Cape Town South Africa. They would be happy to help any company interested in purchasing or exporting U.S. wheat. They can be contacted at InfoCapeTown@uswheat.org

Overview: Alcoholic Beverages

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South Africa is a net exporter of alcoholic beverages; however, imports of alcoholic beverages have been increasing over the past few years. Whiskies are the category of alcoholic beverages that has grown the most. Over the last few years, a wide range of new imported products has become available in the market. Some products that do not correspond to recognized official product by alcohol level categories have been frustrated. South Africa tastes and preferences are becoming more sophisticated and the average consumer is increasingly expecting a wide range of products on retail shelves. Traditionally, the South African distilled spirits consumer has preferred Scotch whisky and brandy. Recent trends indicate that consumers are turning to new and innovative distilled spirits, including a greater prominence in previous disadvantage areas. Openness to new products and increasing disposable income help create a positive climate for the sale and promotion of U.S. distilled spirits. However, price sensitivity, rather than brand loyalty, rules the consumer's purchasing behavior.

	FY 2012	**FY 2013**	**FY2014**
Total Exports	$108 million	$137 million	$162 million
Total Imports	$350 million	$354 million	$381 million
Imports from the U.S.	$28 million	$24 million	$28 million

Note: All figures in US$ Million
Above Figures are from Global Trade Atlas

Resources

The Distilled Spirits Council of the United States can help U.S. distillers with market information and advice on how to export to South Africa (http://www.discus.org/).

Overview: Poultry

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The South African poultry meat industry, with a gross value of more than R30 billion, is the country's largest individual agricultural industry and contributes almost 16% to the total gross value of agricultural products. The South African per capita consumption of poultry meat is estimated at 39 kg per annum. In comparison, each South African consumes only three kilograms of mutton, five kilograms of pork and 19kg of beef per annum. Broiler meat consumption increased by about 70% since 2000 and is now the most important protein source in the diet of the majority of South Africans. In 2014, South Africa consumed more than 1.8 million tons of broiler meat.

South Africa imported 383 thousand tons of poultry meat in FY2014 at a value of $371 million. Chicken bone-in portions represented the largest category of poultry meat imports, namely 39% or 150 thousand tons, at a value of $258 million (70% of the total value of poultry meat imports). The second largest category in volume is mechanically deboned meat with a share of 38% or 146 thousand tons, at a value of $64 million (17% of the total value of poultry meat imports). These two poultry meat product segments represent 77% of total poultry meat imports in quantity by South Africa and are followed by turkey (9%) and chicken offal (6%). Brazil is the most important trading partner for South Africa in terms of poultry meat, with 33% market share of the import market followed by the Netherlands (26% share) and the United Kingdom (15% market share).

	FY 2012	**FY 2013**	**FY 2014**
Total Exports	$14 million	$21 million	$89 million
Total Imports	$399 million	$443 million	$371 million
Imports from the U.S.	$31 million	$28 million	$18 million

Note: All figures in US$ Million
Above Figures are from Global Trade Atlas

Challenges

In February 2012, South Africa extended and increased the anti-dumping duties on frozen meat of Gallus domesticus fowls, cut in pieces with bone in (tariff subheading 0207.14.90), originating in or imported from the United States, for another five years. The anti-dumping duties were increased to R9.40 per kilogram, without differentiating between suppliers as in the past. In addition, in September 2013, South Africa increased the import duties on five poultry products. This came after months of campaigning for greater protection by poultry producers in South Africa, stating that thousands of jobs are under threat due to cheap imports.

However, in June, 2015, the South Africa and United States poultry industries came to an agreement that would permit the return of United States bone-in chicken to South Africa. That agreement is not yet finalized, but would allow a quota of 65,000 tons of United States' bone-in chicken into South Africa.

The strong demand for poultry products in South Africa will continue, and with the United States' ability to compete with the current top suppliers in the South African market, increased poultry meat imports from the United States is a possibility.

Resources

The U.S.A. Poultry and Egg Export Council can help U.S. poultry exporters with market information and advice on how to export to South Africa (http://www.usapeec.org).

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Chapter 5: Trade Regulations, Customs and Standards

Import Tariffs Return to top

South Africa applies Most Favored Nation (MFN) rates to imports from the rest of the world, as well as preferential rates applied to products originating from trade partners with which it has negotiated trade agreements. South Africa has a Free Trade Agreement (FTA) with the European Union. Tariff rates are detailed here and are part of the Southern African Customs Union arrangement (SACU – www.sacu.int):

http://www.sars.gov.za/ClientSegments/Customs-Excise/Pages/Tariff.aspx

SACU comprises South Africa, Botswana, Lesotho, Swaziland and Namibia and administers a common external tariff for third parties. SACU member states also apply identical excise duties and ad valorem customs duties as reflected in the relevant schedules of the respective member States Customs and Excise Acts. In support of this, member States also do not have rules of origin on trade among themselves. This common external tariff and excise regime provides a cornerstone of the customs union and SACU's relationship with third parties. The SACU regime requires review, with the arrangement having often been described as complicated and haphazard.

The South African International Trade Administration Commission (ITAC) is responsible for tariff investigations, amendments, and trade remedies in South Africa and on behalf of SACU: http://www.itac.org.za/

As a result of the Uruguay Round in 1994, South Africa reformed and simplified its tariff structure. Tariff rates have been reduced from a simple average of more than 20% to an average of 5.8%. Notwithstanding these reforms, importers have complained that the tariff schedule remains unduly complex, with nearly forty different rates. Tariff rates mostly fall within eight levels ranging from 0 to 30%, but some are higher (e.g. most apparel items).

Nearly all of South Africa's specific and composite duties were converted to *ad valorem* rates (a tax, duty, or fee which varies based on the value of the products, services, or property on which it is levied), with a few exceptions remaining in a limited number of sectors, including textile and apparel products.

In the Uruguay Round, South Africa agreed to a twelve-year phase-down process. The end rate for apparel is 40%, yarns 15%; fabrics 22%; finished goods 30%; and fibers, 7.5%. The effective rated duty rates on cars, light vehicles, and minibuses is still at the high level of 34%, while the rate of duty on original motor parts is 20%.

The dutiable value of goods imported into South Africa is calculated on the f.o.b. (free on board) price in the country of export, in accordance with the WTO (ex-GATT) Customs Valuation Code. The value for customs duty purposes is the transaction value, or the price actually paid or payable.

In cases where the transaction value cannot be determined, the price actually paid for similar goods, adjusted for differences in cost and charges based on distance and mode of transport, is regarded as the transaction value. If more than one transaction value is determined, the lowest value applies. Alternatively, a computed value may be used based on production costs of the imported goods. In the case of related buyers and sellers, the transaction value will be accepted if, in the opinion of the Commissioner for Customs, the relationship does not influence the price, or if the importer shows that the transaction value approximates the value of identical or similar goods imported at or about the same time.

Dutiable weight for the assessment of specific duties is the legal weight of merchandise, plus the weight of the immediate container in which the product is sold, unless specified otherwise in the tariff.

The value-added tax (VAT) is 14%. VAT is payable on nearly all imports. However, goods imported for use in manufacturing or resale by registered trades may be exempt from VAT.

Specific excise duties are levied on tobacco, tobacco products, and petroleum products. Duties on alcoholic beverages are set at fixed percentages of the retail prices.

Ad valorem excise duties are levied on a range of "up market" consumer goods. The statutory rate is currently 10% (except for most office machinery, as well as motorcycles, that attract duty of 5%).

Various provisions for rebate of duty exist for specific materials used in domestic manufacturing.

The importer must consult the relevant schedules to the Customs and Excise Act to determine whether the potential imports are eligible for rebate duty. Information can be found on the International Trade Administration Commission of South Africa's website at: http://www.itac.org.za

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U.S. companies have cited protective tariffs as a barrier to trade in South Africa. Other barriers to trade include port congestion, technical standards, customs valuation above invoice prices, theft of goods, import permits, antidumping measures, IPR crime, an inefficient bureaucracy, and excessive regulation.

For additional information on trade barriers for the Southern Africa Customs Union that includes South Africa, please see the National Trade Estimate Report on Foreign Trade Barriers published by the Office of the U.S. Trade Representative at: http://www.ustr.gov/Document_Library/Reports_Publications/Section_Index.html

In a 2008 ruling, the South African Supreme Court of Appeal upheld rulings by the Competition Tribunal in favor of local soda ash producers and against the American Natural Soda Ash Company (ANSAC). According to the court ruling, ANSAC admitted that its membership agreement eliminates price competition between its members in export sales to South Africa. ANSAC has agreed to pay an administrative penalty and cease exports to South Africa. The agreement does, however, allow the constituent members of ANSAC to continue trading in South Africa.

On June 19, 2014 the Government of South Africa issued an affirmative final determination in its antidumping investigation involving imports of disodium carbonate (soda ash) from the United States. The South African Customs Tariff heading for this product is 2836.20.00. Soda ash is used in the manufacture of glass, paper, rayon, soaps, and detergents. It is also used as a water softener, stain remover and bonding agent. According to the schedule published by the South African Revenue Service, definitive antidumping duties imposed on U.S. imports of soda ash range from 8% to 40% as follows:

Tata Chemicals Partners Inc: 8%
OCI Chemical Corporation: 21%
All Others: 40%

While the penalty and market size is negligible for ANSAC, this may constitute a possible international precedent in relation to price fixing. South Africa is the only developing country that has effectively prohibited ANSAC.

According to Global Trade Atlas, South African imports of the merchandise under investigation were valued at $22.8 million in 2013, of which approximately $20 million (86%) was from the United States.

The International Trade Administration Commission (ITAC) is tasked with administering
South African trade laws and therefore receives requests for tariff protection from a number of local industries. For additional information on ITAC's responsibilities (tariff administration, trade remedies, and import and export controls) please visit its website at: http://www.itac.org.za.

Import Requirements and Documentation Return to top

South Africa has a complex import process. The South African Revenue Service

(SARS) defines approximately 90,000 product tariff codes that are strictly enforced on all imports. New-to-Market U.S. exporters are actively encouraged to engage the services of a reputable freight forwarding / customs clearance agent well versed in South African convention.

Customs South Africa (Customs SA), a division of SARS, requires that an importer register with its office and obtain an importer's code from SARS. This impacts many importers and may cause delays to clearance of goods.

SARS uses a Single Administrative Document (SAD) to facilitate the customs clearance of goods for importers, exporters and cross-border traders. The SAD is a multi-purpose goods declaration form covering imports, exports, cross border and transit movements.
The following is required for shipments to South Africa:

- For customs purposes in South Africa, one negotiable and two non-negotiable copies of the Bill of Lading are required. The Bill of Lading may be made out either "straight" or "to order".
- A Declaration of Origin Form, DA59, is to be used in cases where a rate of duty lower than the general rate is claimed as well as for goods subject to antidumping or countervailing duty. DA59 is a prescribed form with stipulated format, size and content. This form does not require Chamber of Commerce certification. One original signed copy of the form must be attached to the original commercial invoice covering goods, which require such a declaration.
- Four copies and one original Commercial Invoice are required. Suppliers must give, in their invoices, all data necessary for the importer to make a valid entry and for the South African Customs to determine value for duty purposes.
- Invoices from suppliers will not be accepted as satisfying the requirements of the customs regulations unless they state, in addition to any proprietary or trade name of the goods, a full description of their nature and characteristics together with such particulars as are required to assess the import duty and to compile statistics.
- One copy of the insurance certificate is required for sea freight. Follow the importer's and/or insurance company's instructions in other matters.
- Three copies of the Packing List are required. Data contained in this document should agree with that in other documents.

To reduce the likelihood of a dutiable assessment of samples, the shipper must state the following:

> **"Sample: Of no commercial value / Value for customs purposes is USD xxx."**

Zero-value invoices are not accepted by South African customs authorities; the correct value must be stated of the shipment in question.

Import licenses are required for restricted items. Importers must possess an import permit prior to the date of shipment. Failure to produce a required permit could result in the imposition of penalties. The permit is only valid in respect of the goods of the class and country specified. It is non-transferable and may only be used by the person to whom it was issued. Import permits are valid only for the calendar year in which they are issued.

Import permits required for specific categories of restricted goods are obtainable from the Director of Import and Export Control at the Department of Trade and Industry. These categories have been reduced, but still must be obtained for most used / second-hand items.

Department of Trade and Industry
International Trade Administration Commission (ITAC)
Import Control
Private Bag X753
Pretoria, 0001
Tel: +27 (0)12 394 3590/1; Fax: +27 (0)12 394 0517
Website: http://www.itac.org.za

Exhaustive SARS import manuals can be found at:
http://www.sars.gov.za/home.asp?pid=4150

U.S. Export Controls Return to top

South Africa is a party to the Wassenaar Arrangement. South African "listed" items are those that appear on the Department of Commerce Control List. These require a license to be exported to South Africa based on the Export Control Classification Number and the Country Chart.

These items are detailed here:
http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=e5ad0606a0cddccb0c2c89109c4f77a4&tpl=/ecfrbrowse/Title15/15cfr730_main_02.tpl

The Country Chart, which includes South Africa, is in Part 738. The Commerce Control
List is in Part 774; there are ten categories that can be pulled up as separate files.

Temporary Entry Return to top

South Africa has a variety of mechanisms to facilitate the temporary importation of mostly commercial goods and services.

1. Carnet Entry (also known as ATA Carnet)

South Africa is a member of the ATA Convention:
http://www.atacarnet.com/what-carnet?gclid=CJyU7PTe-a0CFYPc4AodDX3Ssw

Typically, the following goods are eligible to qualify for carnet entry:

1. Commercial samples,
2. Goods for international fairs and exhibitions, and

3. Professional equipment (including tools and instruments, but not goods for processing or repair).

The exporter must provide a letter stating that the exporter/carnet holder authorizes the customs clearance agent to clear the shipment on its behalf and may deliver to the consignee addressed therein. This letter from the carnet holder is to accompany the carnet document. SARS will not process carnet clearance without this letter. No duty or VAT is payable on carnet shipments. The same carnet is used on export.

2. Temporary Entry

The shipping agent in the United States and its correspondent customs clearance agent in South Africa must be notified that a shipment is only intended to remain in South Africa for a limited period of time.

- The customs clearance process will include a "Provisional Payment" (PP) that is valid for a period of six months; and the shipment must be exported within this time. If export is to take longer, a formal extension request must be submitted to the South African Revenue Service (SARS, Customs and Excise) before the six-month period has expired.
- Upon import, the serial numbers of all the goods must be indicated on the documentation (i.e., invoices from shipper). Customs will examine the shipment and will verify the serial numbers and endorse the documentation.
- Upon export, the same procedure is followed so as to verify that the same goods are leaving the country. The PP will cover any customs duty and VAT applicable to shipment. After export, this PP is then liquidated by means of submitting the import and export documentation and requesting the refund.

3. Repair and Return Entry

The shipping agent in the United States and its correspondent customs clearance agent in South Africa must be notified that the shipment in question is for repairs, or a return shipment for repairs performed in the United States.

- When the product is exported, the serial numbers are to be stated on invoices; examination will be done by SARS.
- When imported, serial numbers are to be stated on invoices, with the examination to be done by SARS.
- No duty is payable as duty was paid on the first import into the country.
- However, VAT is payable on repair costs only, even though value of goods is declared to SARS as well.

The above is in accordance with SARS rebate item 409.04. In order to make use of this rebate item, the importer must comply with the following provisions:

- Goods are to be returned to original exporter and there is no change of ownership; the essential characteristics of product remain the same. There are no alterations made to goods (i.e., just repairs). Goods exported under customs supervision with export documents SAD 500 and DA65 must be produced at time of import clearance.

- The goods must be identifiable by the serial numbers on the goods. If these provisions cannot be met, the importer will have to enter the goods as a Duty Paid (DP) clearance (i.e., as a new import that has not previously been exported). The full value, which consists of the export value plus any cost of repair, must be declared.

If the goods are repaired under warranty, the cost of repair will not be dutiable, provided the importer can prove the following:

- The duty was paid on first importation of the goods in question (again by use of serial numbers);
- The warranty is in force at time of re-importation;
- All criteria in terms of rebate item 409.04 are complied with; and
- That warranty agreement is available for Customs if requested.

In South Africa, the South African Chamber of Commerce and Industry (SACCI) is the correspondent agent for ATA Carnet matters:

http://www.sacci.org.za/index.php?option=com_content&view=article&id=40:duty-free-temporary-imports&catid=5:trade&Itemid=49

SACCI accepts ATA Carnets for:

- Commercial Samples
- Exhibitions and Fairs
- Professional Equipment

Labeling and Marking Requirements Return to top

South Africa has a well-developed regulatory standards regime that oversees the labeling and marking requirements.

The South African Bureau of Standards (SABS, an agency of the Department of Trade and Industry, or DTI) and its accredited divisions and agents, is the national standards, homologation and accreditation authority. SABS oversees labeling and marking in the following categories:

- Chemicals
- Electro-technical
- Food and Health
- Mechanical and Materials
- Mining and Minerals
- Services
- Transportation.

A detailed listing of the relevant technical specifications by product is given at http://www.sabs.co.za/ (see Commercial Services).

SABS is responsible for the issuing of LOA's (Letter of Authorities), i.e., the control documentation on the importation of several items where certain standards must be met. Imports into South Africa must comply with the specifications for a given product or the relevant application.

If an imported product does not bear a quality or standards specification marking, the importer will finally be liable for the quality of the product. Established importers will therefore want to divest themselves of this liability by ensuring the product under discussion complies with the pertinent specifications and bears the relevant standards marking.

The marking and labeling often revolve around the categories listed above to ensure consumer and environmental protection. Often the importer will insist that the foreign manufacturer affix these at the time of manufacture or shipment from the factory. Only in exceptional cases will the importer, wholesaler or retailer at the bulk break stage be prepared to affix these labels and markings.

Labeling and marking requirements pertain mainly to textiles, shoes and bags, where a permanent label identifying the manufacturer and country of origin must be displayed. This process is administered by ITAC. Other, controlled import items that are subject to pre-import approval (noxious chemicals, pharmaceuticals; bacteriological, nuclear / radioactive and dangerous / volatile items) are imported by registered importers whose labeling and marking requirements are defined on an ad hoc basis during the product approval process.

It is common practice for retailers to insist that imported technical goods carry safety instructions or other user guides in the English language. Pictures and/or diagrams often supplement English user instructions. While liability laws and conventions in South Africa are not as onerous as in the United States, the retailer, wholesaler and importer are all desirous to reduce their liability to a minimum. South African legal practice follows the precepts of English Commercial Law, as well as Roman Dutch civil law.

It is also common for the user to indicate details of the official South African service agent for the product, and, less often, the importer of the product. This user instruction will also indicate the information about the South African warranty.

The 2011 South African Consumer Protection Act (CPA) gives consumers greater legal clout when lodging product liability damages claims. The act places greater liability on foreign manufacturers in addition to their distributors, and shifts greater burden of proof on the manufacturer, not the consumer, should someone sue for damages. The stricter rule allows for the foreign company's assets in South Africa to be forfeited to pay any damages caused by the product. The provisions of the CPA are especially important when it comes to labeling. U.S. manufacturers must take extra care on any product that needs warning labels or product information sheets explaining product use, as both the local retailer as well as the manufacturer could be liable.

Please also read the Labeling and Marking Section subsection under Standards.

Prohibited and Restricted Imports

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The importation of the following goods into South Africa is prohibited:

- Narcotic and habit-forming drugs in any form;
- Fully automatic, military and unnumbered weapons, explosives and fireworks;
- Poison and other toxic substances;
- Cigarettes with a mass of more than 2 kilograms per 1,000;
- Goods to which a trade description or trademark is applied in contravention of any Act (for example, counterfeit goods);
- Unlawful reproductions of any works subject to copyright; and
- Prison-made and penitentiary-made goods.

Each year, the Department of Trade and Industry (DTI) publishes a list of goods requiring import permits in an annual Import Control Program, which covers imports from any country. The Directorate of Import and Export Control of the DTI administers the issuance of permits, though for some imports, additional and prior authorization may be required from other departments. By notice in the Government Gazette, the Minister of Trade and Industry may prescribe that goods of a specified class or kind may not be imported into South Africa, except under the authority of, and in accordance with, the conditions stated in a permit issued by ITAC.

The main categories of controlled imports are as follows:

- Used goods: ITAC may grant import permits on used goods or substitutes if not manufactured domestically, thus creating a *de facto* ban on most used goods. While designed to protect the domestic manufacture of clothing, motor vehicles, machinery, and plastics, these restrictions limit imports of a variety of low-cost used goods from the United States and Europe;
- Waste, scrap, ashes, and residues: The objective of import controls on these goods is to protect human health and the environment under the Basel Convention;
- Other harmful substances: Imports of substances such as ozone-depleting chemicals under the Montreal Convention and chemicals used in illegal drug manufacturing under the 1988 United Nations Convention are controlled for environmental, health, and social reasons; and
- Goods subject to quality specifications: This restriction permits the monitoring of manufacturing specifications that enhance vehicle safety (such as in the case of tires) or protect human life.

A sanitary-phytosanitary certificate is required for the importation of lard, bacon, ham, hides and skins, animal hair and bristles, and honey products. These certificates are issued by the Department of Agriculture, Forestry and Fisheries (DAFF). Other products that require import permits include fish and fish products, residues, petroleum products, firearms and ammunition, gambling equipment, and radioactive chemical elements.

The South African Revenue Service (SARS), a division of the Department of Finance/ Treasury, administers import duties and controls. The latter are implemented in consultation with the Department of Trade and Industry.

SARS - Customs and Excise - Johannesburg
Postal Address- Customs and Excise
Private Bag X21, Marshalltown
Johannesburg 2107
Tel: +27 (0)11 225 9000; Fax: +27 (0)11 225 9013
Website: http://www.sars.gov.za/

Customs Regulations and Contact Information

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The South African Revenue Service (SARS), a division of the Department of Finance/ Treasury, administers import duties and controls. The latter are implemented in consultation with the Department of Trade and Industry.

SARS - Customs and Excise - Johannesburg
Postal Address- Customs and Excise
Private Bag X21, Marshalltown
Johannesburg 2107
Tel: +27 (0)11 225 9000; Fax: +27 (0)11 225 9013
Website: http://www.sars.gov.za/

Standards

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The South African Bureau of Standards (SABS) is a specialized South African statutory agency responsible for the promotion and maintenance of standardization and quality relating to commodities and the rendering of services. Its tasks include:

- Publishing national standards,
- Testing and certifying products and services to standards,
- Developing technical regulations (compulsory specifications),
- Monitoring and enforcing of legal metrology legislation,
- Promoting design excellence, and
- Providing training on aspects of standardization.

SABS is accredited nationally by the South African National Accreditation System (SANAS), and is recognized internationally by Netherlands-based Raad voor

Accreditatie (RvA). SABS belongs to both the International Organization of Standardization (ISO) and the International Electrotechnical Commission (IEC). Accordingly, it issues pharmaceutical and industrial standards that conform to those of the ISO.

All SABS standards have been renamed as South African National Standards (SANS) to make the numbering system simpler and easier to understand.

SABS follows the standards of the ISO, the IEC and the European Committee for Standardization (CEN), and does not automatically recognize the standards of the United States. British Industry Standards and the Deutsche Industrienorm are favored in the SABS systems for historic and technical reasons. Products sourced from these countries enjoy quasi-automatic accreditation.

In practice, U.S. companies have been able to comply with South African standards when importing goods into South Africa. Based on a survey of U.S. firms already established in South Africa, the standards maintained by SABS have not been a major trade-inhibiting factor; the automotive sector is one exception that is receiving more attention.

Manufacturers have the option of paying SABS to test and approve their products. This option is rarely exercised. Though SABS has the right to terminate the sale of products if it receives enough complaints, there have been very few cases of this happening.

The standards issued by the SABS are in accordance with the Environmental Conservation Act and are enforced on all imports and exports. All foreign companies establishing themselves in South Africa need to have their Environmental Management System (EMS) certified. This certification needs to be updated every year in order to ensure that the company is observing South African standards.

The Directorate of Plant Health and Quality within the National Department of Agriculture (http://www.nda.agric.za) is responsible for setting standards for certain agricultural and agricultural-related products. These standards cover aspects such as composition, quality, packaging, marketing, and labeling as well as physical, physiological, chemical, and microbiological analyses.

The Standards Act, Nr. 29 of 1993 gave SABS the power to be involved in the regulations governing consumer protection. There are voluntary and compulsory standards. Only 53 of SABS's approximately 5,000 standards are actually mandatory. However, depending on the laws, other standards may be considered compulsory as well (i.e., electricity standards) and it may create uncertainty for businesses**.**

With regard to consumer protection, reports indicate that SABS is taking a tougher line on companies that violate mandatory standards. This comes in the wake of the amended Consumer Protection Act of 2008 that from 1 April 2011, changed many aspects of business in South Africa by introducing new legislation concerning manufacturers and service providers, This legal framework aims to protect the consumer through controls on product liability, sales and marketing practices and fairness in consumer contracts, among other issues.

Standards Organizations

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The following is a list of the major South African organizations involved in the management of the standards regime:

SABS - South African Bureau of Standards, the Government agency regulating standards.
Website: http://www.sabs.co.za
Human Science Research Council (HSRC) – works with non-governmental organizations (NGOs), international development agencies, and the Government on large-scale, social-scientific projects. HSRC is also involved in the homologation of academic standards.
Website: http://www.hsrc.ac.za/PHHSI.phtml

Medicines Control Council (MCC) – the organization that regulates medicine in South Africa.
Website: http://www.mccza.com

NIST Notify U.S. Service
Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: http://www.nist.gov/notifyus/

Conformity Assessment

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The following is a list of the major South African organizations involved in conformity assessment:

NMISA - National Metrology Institute of South Africa develop primary scientific standards of physical quantities for SA
Website: http://www.nmisa.org/Pages/default.aspx

SABS - South African Bureau of Standards, a Government agency regulating standards.
Website: http://www.sabs.co.za

SANAS – South African National Accreditation System
Website: http://www.home.sanas.co.za/

NRCS – National Regulator of Compulsory Specifications, a Government agency overseeing EHS standards and consumer protection.
Website: - http://www.nrcs.org.za/

Product Certification
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Important points concerning product certification:

- Electrical products need to receive Electromagnetic Interference (EMI) certification.

- A mutual recognition agreement (MRA) exists between the Engineering Council of South Africa (ECSA) and the Accreditation Board for Engineering and the Accreditation Board for Engineering and Technology, Inc. (ABET) in the United States.
- All medicines must be certified by the Medicines Control Council (MCC) Website: http://www.mccza.com/

- Electro-medical products, such as x-ray devices, need certification from the Radiation Control Council, a directorate of the Department of Health Website: http://www.doh.gov.za/show.php?id=2963

Accreditation
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The following is a list of organizations involved in accreditation in South Africa:

South African National Accreditation System (SANAS) – Organization that awards official recognition to laboratories, certification bodies, inspection bodies, proficiency testing scheme providers, and good laboratory practice (GLP) test facilities that possess the capability to carry out certain tasks. Electronic equipment must be tested at labs accredited by SANAS.
Website: http://www.sanas.co.za

International Laboratory Accreditation Cooperation (ILAC) – International body that determines whether laboratories are able to perform specific tasks.
Website: http://www.ilac.org

International Accreditation Forum (IAF) – Accreditation organization whose members are required to maintain high standards when accrediting companies.
Website: http://www.iaf.nu

Publication of Technical Regulations
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The SABS is the statutory repository of all relevant standards. These can be obtained in electronic format from the SABS:
https://www.sabs.co.za:/Business_Units/Standards_SA/index.aspx?Services_LeftLinks_StandardsSA1:MenuLink1=6

All proposed and final technical regulations are published in the *Government Gazette*.
To subscribe to the printed (hard copy) of the *Government Gazette*, please contact:

The Government Printing Works
E-mail: jpe@print.pwv.gov.za
Tel: +27 (0)12 334 4737/4734; Fax: +27 (0)12 323 0009

Access to the Government Gazette is available online through a fee-based service provided by Sabinet Online Ltd. For additional information, visit http://www.sabinet.co.za.

Labeling and Marking

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Important points on labelling/marking:

- Labeling/marking for industrial and pharmaceutical imports must be provided in English. South Africa follows the Harmonized System (HS) and belongs to the Southern African Customs Union (SACU), an organization that permits goods to be exchanged practically unhindered among the member states: South Africa, the principal administrator and revenue collector; Lesotho; Swaziland; Botswana and Namibia.

- The South African Government has regulations mandating the labeling of genetically modified (GM) food products under certain circumstances, including when allergens or human/animal proteins are present and when a GM food product differs significantly from a non-GM equivalent. The new rules also required validation of enhanced-characteristic (for example, “more nutritious”) claims for GM food products. The regulations did not address labeling claims that products are GM-free. Biotechnology advocates are concerned about this omission, noting it could lead to fraudulent claims. Trade organizations seem satisfied with the regulations, which follow internationally recognized, scientific guidelines (under the Codex Alimentarius Commission (Codex) (http://www.codexalimentarius.net). South Africa’s Codex representative comes from the Directorate of Food Control.

For more information, see:
http://www.doh.gov.za/healthtopics.php?t=Food%20Control

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The South African Bureau of Standards
Tel: +27 (0)12 428 7911; Fax: +27 (0)12 344 1568
Website: http://www.sabs.co.za/

National Department of Agriculture (NDA)
Tel: +27 (0)12 319 6001; Fax: +27 (0)12 325 7394
Website: http://www.nda.agric.za/

Trade Agreements

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- There is duty-free trade between South Africa and the other four countries (Botswana, Lesotho, Namibia, and Swaziland) that comprise the Southern African Customs Union (SACU).

- The Southern African Development Community (SADC) Free Trade Agreement as of 2012 allows duty-free trade among the 12 of the 15 member.
- The European Union-South African Trade and Development Cooperation Agreement that came into effect in 2000, has as a progressive Free Trade Agreement (FTA) that has become the cornerstone of the regional trading landscape, which some trading partners (including the United States) would like to emulate in their trade regime with South Africa.
- South Africa has also negotiated agreements with the European Free Trade Association and Mercosur.
- South Africa, through SADC, is finalizing negotiations (June 2015) in the Tripartite Free Trade Agreement (T-FTA), which will link SADC, the East Africa Community (EAC) and the Common Market of Eastern and Southern Africa (COMESA) into a free trade area.
- Negotiations are slated to begin in June for the Continental Free Trade Agreement (CFTA), under the auspices of the African Union that will link T-FTA with the Economic Community of West African States (ECOWAS).

The South African Reserve Bank approves currency exchanges.

The Department of Trade and Industry (DTI) is empowered to regulate, prohibit or ration imports to South Africa in the national interests, but most goods may be imported into South Africa without any restrictions.

As a matter of government policy, the South African Government is aiming to open its market further in order to increase trade and to develop more competitive domestic industries. However, in 2006, the South African Government made exceptions to this approach in order to protect the labor-intensive garment industry.

Web Resources Return to top

ATA Carnets
Website: http://www.atacarnet.com/

Bureau of Industry and Security, U.S. Department of Commerce
Website: http://www.bis.doc.gov

Codex Alimentarius Commission (Codex)
Website: http://www.codexalimentarius.org

Council for Scientific and Industrial Research
Website: http://www.csir.co.za

Department of Health
Website: http://www.doh.gov.za

Department of Trade and Industry
Website: http://www.thedti.gov.za

Directorate of Plant Health and Quality/National Department of Agriculture
Website: http://www.nda.agric.za

Engineering Council of South Africa
Website: http://www.ecsa.co.za

Human Science Research Council
Website: http://www.hsrc.ac.za

International Accreditation Forum
Website: http://www.iaf.nu

International Laboratory Accreditation Cooperation
Website: http://www.ilac.org

International Trade Administration Commission of South Africa
Website: http://www.itac.org.za

Medicines Control Council
Website: http://www.mccza.com

National Department of Agriculture
Website: http://www.nda.agric.za

Office of the U.S. Trade Representative
Website: http://www.ustr.gov

Sabinet Online Ltd
Website: http://www.sabinet.co.za

South African Revenue Services
Website: http://www.sars.gov.za

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Chapter 6: Investment Climate

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.

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.

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
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**

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

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.

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.

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.

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 thanR1.6 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.

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.

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.

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**
The implementing regulations can be found at:
www.dti.gov.za/ccrd/cpa_regulations.htm.

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/**.

The Financial Services Board (FSB) governs South Africa's non-bank financial services industry (see website: 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). 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.

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 Infraco (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.

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.

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.

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**
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

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.

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**.

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 16-20days, 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**.

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.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

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

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

FDI as % host GDP					

*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

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			**Outward Direct Investment**		
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

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
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

Contact for More Information

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Chapter 7: Trade and Project Financing

How Do I Get Paid? (Methods of Payments)

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South African importers utilize most of the standard payment methods available in international commerce. The most commonly used are:

- Cash in Advance: the buyer pays for goods in advance and money is transferred from the buyer's account to the seller's account in the currency of the Pro Forma Invoice. (Lowest Risk).

- Letters of Credit (LC), also known as Commercial or Documentary Credits: this form protects both buyer and seller against non-payment and is issued by a bank on behalf of an importer in favor of a beneficiary, typically the exporter.

- Irrevocable LC: if the exporter is concerned about the reliability of the importer only, he/she should use an irrevocable LC.

- Confirmed irrevocable credit: if the exporter is also concerned about the standing of the issuing bank and/or the standing of the importer's country, he/she should use a confirmed irrevocable credit.

Other methods of payment include the following:

- Bank Collections and Bills of Exchange: whereby the exporter initiates through the banking system the collection of money owed to him by the buyer (Medium Risk).

- Open Account: the seller relies entirely on the buyer/importer to make payment as stipulated under a contract of sale, usually after a part of the consignment has been sold (High Risk).

- Sales on Consignment: the seller sends goods prior to payment, but retains ownership of the goods until the buyer sells the goods to the end-user. The buyer is then expected to pay for the goods (Highest Risk).

For most payment processes, two reliable methods are used: Telegraphic Transfers (TT's) or S.W.I.F.T. (Society for Worldwide Interbank Financial Telecommunication).

In South Africa, all credits issued are subject to exchange control regulations, and in limited cases, a South African import permit. South African exchange control regulations stipulate that payment of imports may be effected only by authorized banks against submission by their customers of documentary proof that the goods were imported into South Africa as evidenced by invoices and shipping documents stamped by South African Customs. An exception is, inter alia, when South African banks have opened documentary import letters of credit in favor of foreign exporters. Payment in those instances may be effected against presentation by the exporter of invoices and shipping documents to the foreign negotiating bank before the goods have arrived in South Africa (but after they have left the United States). If credit is available, payment will take place upon presentation of documents.

American exporters should offer quotations based on the f.o.b. value at the port of export. As a general rule, such quotations should also include a statement of the actual charges for freight and insurance plus any additional charges to the port of delivery. Quotations are usually in terms of the currency of the country of origin.

The terms of payment for imported goods vary according to the type of buyer and the buyer's access to capital. Large organizations such as the government or mining companies tend to transact business on a sight-draft basis, while small companies tend to operate on documents against acceptable terms.

Payment between 80 and 120 days after acceptance is most common, but terms may vary between 30 and 180 days. For larger orders of capital equipment, longer terms are often required. It is advisable to ship on a letter of credit, sight letter of credit, or 30-day letter of credit basis that the importer can use as a negotiating instrument to expedite the payment transfer. The payment transfer can be affected within 24 to 48 hours after the importer presents a valid import permit and proper documents to his or her bank.

How Does the Banking System Operate

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The Basel 3 framework was implemented in South Africa in January 2013 and is scheduled to continue until 2018.

Despite recent ratings downgrades, South Africa still has a well-developed banking system which resembles Britain's system rather than that of the United States. It consists of three key elements:

- The South African Reserve Bank (the country's central bank),
- Private sector banks (commercial banks, merchant banks, and general banks), and
- Mutual banks.

The South African banking system weathered the recent global financial crisis relatively well, and remains relatively stable and the South African Reserve Bank reported that banks were adequately capitalized.

South African banks hold the first six places among the top 100 banks on the African continent. Four large banks dominate, with Standard Bank of South Africa, Nedcor,

ABSA (Amalgamated Bank of South Africa, now owned by Barclays PLC), and FirstRand Bank collectively accounting for around 85% of banking services in South Africa. New banking entities, Capitec and African Bank have made significant inroads into the unbanked and entry-level banking segment. In total, there are approximately 70 foreign banks operating in South Africa, either via representative offices, branches, subsidiaries or joint ventures with local companies. These are listed here:
http://www.resbank.co.za/RegulationAndSupervision/BankSupervision/Pages/SouthAfricanRegisteredBanksAndRepresentativeOffices.aspx

International banks in the country have focused on offshore lending (where they have a competitive advantage as a result of their low overheads and their ability to raise funds at comparatively favorable rates), as well as treasury activities for corporate clients and government.

All banks offer a comprehensive range of products and services through extensive branch and electronic banking infrastructures, serve a wide customer base, and have the characteristics of universal banks.

Based on population numbers, South Africa does not appear to be "over-banked," as one branch exists for approximately every 9,500 persons. However, a large portion of the population does not have access to normal banking services and uses only a few products. Many Black South Africans tend to save outside the formal banking sectors, and choose to save in cooperative savings institutions called "stokvels." Excluding the non-banked segment of the population, it is estimated that there is one branch for every 3,200 persons. Electronic banking has become commonplace. The banking sector is overshadowed by the four largest retail banks that set cost and service standards. Attempts by authorities to make the banking sector more cost-effective and service orientated, especially to new entry-level clients, have met with limited success.

Foreign- Exchange Controls

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The Exchange Control Department at the South African Reserve Bank (SARB) administers a foreign exchange policy that has been progressively relaxed over recent years. Authorized foreign exchange dealers, normally one of the large commercial banks, must handle all international commercial transactions and report every purchase of foreign exchange, irrespective of the amount, received by South African residents and companies. In practice, there are only limited delays in the conversion and transfer of funds.

All inquiries regarding exchange controls should be directed to an authorized foreign exchange dealer, who will, if required, refer the matter to the Exchange Control Department of the SARB. For more information and a list of authorized dealers in foreign exchange, please refer to:
http://www.resbank.co.za/RegulationAndSupervision/FinancialSurveillanceAndExchangeControl/ExconAdmin/Pages/default.aspx

South African Reserve Bank (SARB)
Mr. Elijah Mazibuko
Head, Exchange Control Department

Tel: +27 (0)12 313 3911; Fax: +27 (0)12 313 3133

When South African authorized dealers of foreign exchange open documentary import letters of credit in favor of foreign exporters, payment is effected against presentation by the exporters of invoices and shipping documents to the foreign negotiating bank prior to the arrival of goods in South Africa.

Foreign exchange may also be provided on a cash-with-order basis to cover the cost of permissible imports up to an amount of R50,000 but authorized dealers must satisfy themselves by the subsequent production of the usual documentary evidence that the exchange provided has been used for the purposes stated and that the goods have been imported into the country. Prior Exchange Control approval is required for amounts exceeding R50 000.

Private and corporate payments by means of credit and/or debit cards are limited to R50,000 per transaction. The cardholder can make multiple purchases provided it does not exceed the limit.

Foreign Exchange regulations are detailed here:
http://www.resbank.co.za/RegulationAndSupervision/FinancialSurveillanceAndExchangeControl/EXCMan/Pages/TableOfContents.aspx

U.S. Banks and Local Correspondence Banks Return to top

U.S. Banks with representative offices in South Africa:
Bank of New York Mellon
Merrill Lynch Bank of America (pending)

U.S. Banks with registered offices in South Africa:
JP Morgan
Citibank

Banks in South Africa with Correspondent Worldwide Banking Arrangements:
ABSA (with Chemical Bank)
First National Bank
Nedbank (with Bankers Trust, Chase Manhattan, Chemical Bank, Citibank, and Morgan Guarantee Trust)
Bank of Taiwan (South Africa) Limited
FirstRand Bank Limited
First National Bank of Southern Africa Limited
Mercantile Bank
HSBC
International Bank of Southern Africa - S.F.O.M. Limited
Investec Bank Limited
Rand Merchant Bank Limited
Societe Generale South Africa Limited
Standard Merchant Bank Limited
The South African Bank of Athens Limited
The Standard Bank of South Africa, Ltd.

For a current listing of all South African Reserve Bank registered banks, see:

http://www.resbank.co.za/Publications/Guides/Documents/Financial%20corporate%20sector.pdf

Project Financing Return to top

Much of the SA Government's impressive capital infrastructure investment drive is being financed by the Government and the larger state-owned enterprises (Transnet, Eskom, ACSA, TCTA), although a sizeable portion has also been funded by the private sector in the form of public private partnerships (PPP). South Africa was an early pioneer of PPPs, embracing, for example, the use of toll roads to upgrade and maintain the national road systems as early as 1997, and building the first two private prisons in South Africa in 2000-01. Since then, there has been a downturn in PPP projects, but renewed fiscal pressures may see closer cooperation with private funders and operators.

National or provincial governments will generally publish tenders, requiring consortia to respond to PPP-type projects. This is different from normal infrastructure tenders in that all the funding is privately raised. The concessionaire will usually be required to build and operate the infrastructure for an extended period of time, taking the risks and rewards that go along with such an endeavor.
Project finance in South Africa generally exhibits the following characteristics:

- Long-term tenders, to match the underlying concession contract with government.
- Limited recourse, meaning that the lender takes on the project risk.
- Involvement of more than one bank, owing to the large amounts of debt.
- Very high gearing as infrastructure is a low-risk asset class, and there is usually no or very limited market risk being taken by the funders. This results in lower shareholder equity requirements.

Most of the current deals in the PPP sector involve building and operating the project; the most profiled recent example is the now commissioned Gautrain high-speed passenger rail connection between Johannesburg, Pretoria and OR Tambo International Airport.

The Government has a dedicated PPP unit in the National Treasury, whose task it is to oversee new and existing projects. Their website, http://www.ppp.gov.za/Pages/default.aspx, gives further details around PPPs.

A current list of PPP projects appears here:
http://www.ppp.gov.za/Lists/PPP%20Project%20List%20Master/Master%20Project%20List.aspx

The five big emerging economies of Brazil, Russia, China, India and South Africa (Brics) have in principle agreed to create a Brics development bank. The bank would fund infrastructure and development projects throughout the developing nations. Details on the location, structure and funding of the bank remain to be worked out.

Sources of Project Financing in South Africa

U.S. Trade and Development Agency (TDA)
The U.S. Trade and Development Agency promotes economic development in developing countries by funding feasibility studies, consultants, training programs, and other project planning services. In Africa, TDA assists U.S. firms by identifying major development projects that offer large export potential and by funding U.S. private sector involvement in project planning. This, in turn, helps position U.S. firms for follow-on activities during the implementation phase of the project. For more information contact:

Ms. Koketso Tlatsana
Business Development Specialist
US Trade and Development Agency
Tel: +27 11 290 3071
Email: ktlatsana@ustda.gov
Website: http://www.tda.gov/

Export-Import Bank
Ex-Im is an independent U.S. Government agency that helps finance the overseas sales of U.S. goods and services. In over 70 years, Ex-Im Bank has supported more than R3.86 trillion in U.S. exports. Ex-Im Bank's mission is to create jobs through exports. The Bank provides guarantees of working capital loans for U.S. exporters, guarantees the repayment of loans or makes loans to foreign purchasers of U.S. goods and services. Ex-Im Bank also provides credit insurance that protects U.S. exporters against the risks of non-payment by foreign buyers for political or commercial reasons. Ex-Im Bank does not compete with commercial lenders, but assumes the risks they cannot accept. It must always conclude that there is reasonable assurance of repayment on every transaction financed. To qualify for Ex-Im Bank support, the product or service must have significant U.S. content and must not affect the U.S. economy adversely. Ex-Im Bank supports the sale of U.S. exports worldwide, and will support the financing of the export of any type of goods or services, including commodities, as long as they are not military-related.

EXIM bank has over several decades built up a solid track record as the export guarantee partner of choice for costly US-sourced capital procurements in South Africa. It has several Master Guarantor Agreement (MGA) arrangements with South Africa financial institutions and has also developed a dedicated Rand-denominated guarantee loan scheme for South African end-users or end-users in the region that make use of a South African MGA financial partner.

In September 2013 SOE logistics company Transnet received approval for an EXIM loan finance facility for 143 locomotives on order with GE. The South African aviation industry as well as power utility Eskom are regular users of EXIM guarantees; at the same time importers of small consignments have also found EXIM to be useful under certain circumstances.

For more information, please visit http://www.exim.gov

Overseas Private Investment Corporation (OPIC)
OPIC is the U.S. Government’s development finance institution. It mobilizes private capital to help solve critical development challenges and in doing so, advances U.S. foreign policy. Because OPIC works with the U.S. private sector, it helps U.S.

businesses gain footholds in emerging markets, catalyzing revenues, jobs and growth opportunities both at home and abroad. OPIC achieves its mission by providing investors with financing, guarantees, political risk insurance, and support for private equity investment funds.

For additional information contact:

Mr. Peter Ballinger
OPIC, Johannesburg
Tel: +27 (0)11 290-3000
Email: Peter.Ballinger@opic.gov
Website: http://www.opic.gov/

Development Bank of Southern Africa (DBSA)
The DBSA is one of five existing development finance institutions in South Africa and has a mandate to accelerate sustainable socio-economic development in the region by funding physical, social and economic infrastructure. For additional information contact:

CEO: Mr. Patrick Dlamini
Tel: +27 (0)11- 313-3516; Fax: +27 (0)11-206-3516
Email: lorraineL@dbsa.org
Website: http://www.dbsa.org

Industrial Development Corporation of South Africa, Ltd (IDC)
The IDC is a state-owned financial institution offering an extensive range of financing facilities to private sector entrepreneurs engaged in manufacturing industries in South Africa. Its mission is to assist in the financing of new and existing private sector enterprises so that industrial development takes place in South Africa according to sound business principles.

CEO: Mr. Geoffrey Qhena
Tel: +27 (0)11-269-3000; Fax: +27 (0)11-269-3113
Email: geoffreyq@idc.co.za
Website: http://www.idc.co.za

Small Business Development in South Africa
The United States Agency for International Development (USAID) is the U.S. Government agency responsible for development assistance. USAID assists government and non-government institutions in South Africa to contribute to the political, social, and economic empowerment. It has two programs that help with small business development in South Africa.

- The Southern Africa Trade Hub (SATH)

SATH is a USAID funded grant program that seeks to increase international competitiveness, intra-regional trade and food security in the Southern Africa Development Community (SADC) region. SATH will realize this through supporting progress on the SADC regional integration agenda and increasing the trade capacity of regional value chains in selected sectors.
Website: http://www.satradehub.org/grants-program/usaid-southern-africa-trade-hub-is-accepting-grant-concept-applications

- South African Supplier Diversity Council (SASDC - previously South African International Business Linkages SAIBL).

SASDC is a USAID supported supplier diversity program aimed at assisting products and services from previously under-used South African suppliers. This process helps to sustainably and progressively transform a corporation's supply chain to reflect the demographics of the society in which it operates. In South Africa, it involves the process of integrating a growing pool of competitive black suppliers into corporate supply chains, using targeted procurement and enterprise development to achieve this.

Website: http://www.sasdc.org.za/

Please contact USAID for additional information on its programs at:
United States Agency for International Development - South Africa
Tel: +27 (0)12-452-2000; Fax: +27 (0)1- 460-3177
Website: http://sa.usaid.gov/

Enterprise Development in Southern Africa
The Southern African Enterprise Development Fund (SAFEDF), a R965 million USAID-sponsored project supports small-to-medium-sized enterprises throughout South Africa. For additional information on the SAFEDF, please visit the website at: http://www.saedf.org.za/.

The Entrepreneurship Development Unit of the University of the Western Cape also provides information on small business development in South Africa:
Entrepreneurship Development Unit
Department of Management
Head of Department: Mr. Goosain Solomon
University of the Western Cape
Tel: +27 (0)21-959-2595; Fax: +27 (0)12-959-3219
Website: http://www.uwc.ac.za/ems/man/edu.htm

Multilateral Development Banks
The African Development Bank Group
The African Development Bank Group (AfDB), headquartered in Abidjan, Côte d'Ivoire, is an international financial institution created in 1964 to promote the economic and social development of member African countries. Due to the current situation in the host country, the AfDB has temporarily relocated to Tunis, Tunisia, until the political situation has normalized in Côte d'Ivoire. The Bank Group covers Africa exclusively, with its lending operations and non-lending development activities all centered on Africa. Additional information about the African Development Bank Group can be found on the Internet at http://www.afdb.org.

African Development Bank Group (Temporary Relocation to Tunis)
Tel: (+216) 71 10 39 00 Fax: (+216) 71 35 19 33
E-mail: afdb@afdb.org
Website: http://www.afdb.org

The World Bank Group

South Africa was a founding member of the International Bank for Reconstruction and Development (IBRD) in 1944. It joined the International Development Association (IDA) in 1960, the International Finance Corporation (IFC) in 1957, and the Multilateral Investment Guarantee Agency (MIGA) in 1994. Additional information is available on the Internet at http://www.worldbank.org
Or contact:

- World Bank Resident Mission in South Africa/IBRD Section

Chief of Mission: Ms. Ruth Kagia
Tel: +27 (0)12- 742-3105; Fax: +27 (0)12-742-3135
Email: plamptey@worldbank.org
Website: http://www.worldbank.org/za

- IFC Section (International Finance Corporation)

Tel: +27 (0)11-731-3000; Fax: +27 (0)11-268-0074
Country Manager: Mr. Salix Karimjee
Email: skarimjee@ifc.org
Website: http://www.ifc.org

- U.S. Commercial Service Liaison Office at the World Bank

Mr. David Fulton
Advisor & Director of U.S. Business Liaisons
Office of the U.S. Executive Director
U.S. Trade Advocacy Center
Bank E-mail: world.bank@mail.doc.gov
Commerce E-mail: David.Fulton@trade.gov
Phone: (202) 458-0120
Fax: (202) 477-2967
Website: http://www.buyusa.gov/worldbank/

Web Resources Return to top

African Development Bank Group
Website: http://www.afdb.org/

Ex-Im Country Limitation Schedule
Website: http://www.exim.gov/tools/country/country_limits.html

Development Bank of Southern Africa
Website: http://www.dbsa.org

Entrepreneurship Development Unit of the University of the Western Cape
Website: http://www.uwc.ac.za/ems/man/edu.htm

Export-Import Bank of the United States
Website: http://www.exim.gov

Country Limitation Schedule:
Website: http://www.exim.gov/tools/country/country_limits.html

Industrial Development Corporation of South Africa, Ltd
Website: http://www.idc.co.za

OPIC
Website: http://www.opic.gov

SBA's Office of International Trade
Website: http://www.sba.gov/oit

South African Association of Freight Forwarders
Website: http://www.saaff.org.za

South African Reserve Bank
Website: http://www.reservebank.co.za

Southern African Enterprise Development Fund
Website: http://www.saedf.org.za

The World Bank
Website: http://www.worldbank.org

Trade and Development Agency
Website: http://www.ustda.gov

USDA Commodity Credit Corporation
Website: http://www.fsa.usda.gov/ccc/default.htm

United States Agency for International Development South Africa
Website: http://www.sn.apc.org/usaidsa/

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Business customs in South Africa are generally similar to those in the United States and Western Europe. South African business people tend to dress conservatively, particularly in the financial sector. However, “smart-casual” clothing has become increasingly popular with executives in the ICT, tourism, and other services related industries**.** Terminology used in business invitations are:

- Black Tie (dark suit and tie or tuxedo or formal evening dress)
- Business (jacket and tie or a business dress)
- Smart Casual (casual clothing with or without tie, but no jeans and no sneakers)
- Casual (can include jeans but no sport shorts)

Business cards are usually simple, including only the basics such as company logo, name, business title, address, telephone/mobile number, fax number, e-mail, and web-address. South Africans are usually punctual, so it is best to make every effort to be on time for appointments. Appointments are always made in advance of a business visit.

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The South African currency is the SA Rand (“R”) that can be volatile at times. It is reportedly the most traded currency of all Emerging Markets and the exchange rate often reflects carry trade that leverages global interest rate differentials, leading importers to hedge against devaluation with forward cover. The Rand is the currency of the Common Monetary Area (CMA) comprising South Africa, Swaziland and Lesotho. The SA Rand is also a legal tender in Namibia, at a fixed exchange rate to the Namibian Dollar.

In 2014 the official average US Government's SA Rand - Dollar exchange rate was R 11.07.

Travel Advisory

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Travelers are encouraged to be vigilant and avoid large gatherings, particularly protests and demonstrations. The possibility of violence should not be discounted, particularly in times of heightened world tension, although South Africa is a comparatively "low risk' country in terms of terrorist attacks. While the majority of visitors complete their travels in South Africa without incident, criminal activity, often violent, does occur regularly, i.e. armed robbery, carjacking, mugging, "smash and grab" attacks on motor vehicles and other incidents.

For the latest Consular Information Sheet and travel advisory on South Africa, please click on the following link: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1008.html

For general information on international travel, please visit the main website at: http://travel.state.gov

Value-added Tax (VAT) is levied at 14%. Travelers may apply for tax refunds on purchases made in South Africa over $37 on departure.

Visa Requirements

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In June 2014 the SAG announced new visa regulations with these notable changes for investors:

- The criteria for business permits: it is required that the intended business fit into a specific business category as well as not being deemed an undesirable business.
- Quota work permits and exceptional skills permits will no longer be available.
- A new work permit called a critical skills permit is now offered.
- First time permit applicants will have to submit their applications at an embassy or consulate in their country of origin.

Further notes are available here:
http://www.vfsglobal.com/dha/southafrica/Business_Visa.html

U.S. citizens traveling to South Africa require a valid passport. A visa is not required for regular passport holders on bona fide holiday or business visits for periods of up to 90 days or in transit. However should a U.S. citizen wish to visit neighboring countries, a visa may be required for that particular country. For South Africa, visas are also required for extended stays, employment, study, and for diplomatic and official passport holders.

All travelers under the age of 18 departing from, and arriving in South Africa are required to additionally present an unabridged birth certificate:
http://www.southafrica.info/travel/documents/travel-children-110614.htm#.VaY4oWyzeM8

Evidence of a yellow fever vaccination is necessary if arriving from an infected area. Information on South African visa requirements can be obtained prior to departure from the United States by checking with the South African Embassy in Washington, D.C. http://www.saembassy.org or the South African Consulates in New York, Chicago, and Beverly Hills.
S.A. Consulate, New York: http://www.southafrica-newyork.net/homeaffairs/index.htm

For information on visa requirements for other countries, contact the Embassy of the country you intend to visit, or a travel agent, or a U.S. Consular Officer.

IMPORTANT NOTE: All travelers to South Africa should make sure that their passports contain at least two completely blank pages for stamps; otherwise they will be turned away and refused entry by South African immigration officials. As a general precaution, travelers are advised to carry a photocopy of the photo/bio information page of their passport and keep it in a location separate from the passport.

U.S. companies that require travel of foreign businesspeople to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links:

State Department Visa Website: http://travel.state.gov/visa/index.html
United States Visas: http://www.unitedstatesvisas.gov/
US Embassy Pretoria Visa Information: http://southafrica.usembassy.gov/non-immigrant_visas.html

Telecommunications Return to top

The South African telecommunications sector boasts one of the continent's most advanced telecommunications markets in terms of technologies deployed and services provided. The national fixed line operator is Telkom; the Second National Operator (SNO) is Neotel.

Cellular services are provided by four licensed cellular operators: Vodacom, MTN, Cell C and 8ta. All four mobile operators offer voice and data solutions to subscribers.

Transportation Return to top

South Africa boasts one of the most modern and extensive transport infrastructures on the African continent in terms of road, railway systems, airports and seaports.

There are two major international airports: OR Tambo International in Johannesburg, and Cape Town International Airport in Cape Town. Carriers that fly directly from the United States to South Africa are Delta Air Lines (http://www.delta.com) and South African Airways (SAA) (http://www.saa.co.za) only. United Airlines code-shares with SAA (http://www.united.com). A high-speed train, the Gautrain, runs from O.R. Tambo International to Sandton, every fifteen minutes from 7:00am to 8:00pm. (http://join.gautrain.co.za).

Do not hail taxis in South Africa. When taking a taxi, it is recommended to use private taxi companies that operate at all four and five-star hotels. Travelers to South Africa can also rent a car. Major car rental groups represented include: Hertz (http://www.hertz.co.za), Avis (http://www.avis.co.za) and Budget (http://www.budget.co.za). South Africans drive on the left-hand side of the road.

To view U.S. Consulate information sheet on travel to South Africa visit: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1008.html

Language Return to top

South Africa has 11 official languages. Based on the most recent data available, the respective percentages of the population speaking each of them are: Zulu (23.8%), Xhosa (17.6%), Afrikaans (13.3%), Sepedi (9.4%), English (8.2%), Setswana (8.2%), Sesotho (7.9%), Xitsonga (4.4%), Swazi (2.6%), Venda (1.7%), and Ndebele (1.5%). Languages used by the Asian population include Tamil (2%), Hindi (2%), Gujerati (2%), and Urdu. Business is conducted mostly in English.

Health Return to top

In line with U.S. laws, the South Africa's health policy stipulates that smoking is prohibited in public places unless otherwise designated as smoking areas. South African tap water is mostly safe to drink, generally adhering to the highest standards, but if a traveler is not acclimatized to it or has a sensitive digestive system, bottled water is widely available.

South Africa has world-class (private care) medical services and all major cities have modern well-equipped hospitals and ambulance services to assist travelers in emergency situations. Travelers should familiarize themselves with emergency telephone numbers and the locations of nearest hospitals on arrival in the country. The national emergency telephone number is 10111.

South Africa has a few provinces where there is a threat of contracting malaria. Appropriate prophylactics taken well in advance of visiting these areas should limit the risk of falling ill. Self-protection actions should include use of mosquito repellant (all day), wearing of light long sleeved shirts and pants as well as socks and shoes from dawn and at night. Sleeping under a mosquito net or in a mosquito-proof room should also be considered.

High risk malaria areas: Lowveld of Mpumalanga and the Limpopo (the region where the Kruger Park is located) as well as in Kwazulu Natal (on the Maputaland coast).

Intermediate risk malaria areas: Kosi Bay, Sodwana Bay, Mkuze Game Reserve and St Lucia (but not the town of St Lucia and the river mouth).

Low risk malaria areas: North West Province and the Northern Cape along the Molopo and Orange Rivers, including the Augrabies Falls and the Kgalagdi Transfrontier Park (malaria is rarely transmitted here, so anti-malaria drugs may not be necessary).

It is very important for travelers to realize that they may still contract malaria despite all precautionary measures, and if any flu-like symptoms such as headaches, fever, muscular and joint pains, sweating, shivering and attacks of nausea or diarrhea occur at any time within six months after a visit to one of these high-risk areas, a physician should be consulted immediately.

South Africa has also an epidemic of HIV/AIDS and travelers should ensure that they are well aware of the associated risks.

Local Time, Business Hours, and Holidays Return to top

Throughout the year, Standard Time in South Africa is two hours ahead of Greenwich Mean Time and seven hours ahead of Eastern Standard Time. Clocks are not advanced in the summer. Generally, business hours are weekdays from 8:00 a.m. to 1:00 p.m. and 2:00 p.m. to 5:00 p.m. Most offices observe a five-day week, but many stores are open on Saturdays, and from 9:00am to 2:00pm on Sundays. All banks are open weekdays from 9:00 a.m. to 3:30 p.m., and Saturdays from 8:30 a.m. to 11:00 a.m. In certain large shopping centers, some bank branches are open on Sunday mornings.

Local Holidays 2015

1-Jan	Thursday	New Year's Day
21-Mar	Saturday	Human Rights Day
3-Apr	Friday	Good Friday
6-Apr	Monday	Family Day
27-Apr	Monday	Freedom Day
1-May	Friday	Workers Day
16-Jun	Tuesday	Youth Day
9-Aug	Sunday	National Women's Day
24-Sep	Thursday	Heritage Day
16 Dec	Wednesday	Day of Reconciliation
25-Dec	Friday	Christmas Day
26-Dec	Saturday	Day of Goodwill

Note: U.S. Government offices in South Africa are closed on U.S. federal and legal holidays.

Temporary Entry of Materials and Personal Belongings Return to top

Travelers must declare all goods in their possession with the exception of personal clothing, essential toilet articles and used sporting equipment. In order to be free from declaration, these goods must be for the passenger's personal use and not intended as gifts or to be sold, exchanged, or traded. All articles, used or unused, carried by the visitor as presents or parcels for other people, must be declared. There are no restrictions on the amount of U.S. Dollars that may be taken into South Africa.

U.S. Dollars cannot be used in South Africa and must be converted into the local currency - the South African Rand - by authorized foreign exchange dealers, hotels, commercial banks, and certain travel agencies. It is illegal to convey foreign currency to anyone else and U.S. Dollars may not be used in commercial or other private transactions.

With a valid carnet, a visitor may enter South Africa with his/her automobile for a period not exceeding 12 months. An import duty will be charged on entry and rebated on departure. If a visitor wishes to sell his/her vehicle during his/her stay or upon departure, he/she must first obtain an import permit and pay the relevant duty.

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Hotels
http://sandton.hotelguide.co.za/

Car Rental

Avis:	http://www.avis.co.za
Budget:	http://www.budget.co.za
Hertz:	http://www.hertz.co.za

Air Lines

Delta Air Lines:	http://www.delta.com
South African Airlines:	http://www.saa.co.za
United Air Lines:	http://www.united.com

Private Healthcare (Hospitals)

Netcare:	http://www.netcare.co.za
MediClinics:	http://www.mediclinic.co.za
Life:	http://www.mediclinic.co.za

U.S. Government

Consular Services for American Citizens
http://pretoria.usembassy.gov/wwwhacs1.html

Consular Information Sheet on South Africa
http://travel.state.gov/travel/cis_pa_tw/cis/cis_1008.html

State Department Visa Website
http://travel.state.gov/visa/index.html

U.S. Commercial Service – South Africa
http://export.gov/southafrica/

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Chapter 9: Contacts, Market Research, and Trade Events

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United States Embassy South Africa - http://www.southafrica.usembassy.gov

American Chamber of Commerce South Africa – http://www.amcham.co.za

Attorneys in South Africa – http://www.attorneys.co.za

Exhibition Association of Southern Africa – http://www.exsa.co.za

Internet based South African travel information – http://www.sa-venues.com/tourist_and_visitor_information_.htm

Statistics South Africa – http://www.statssa.gov.za

South African Department of Trade and Industry – http://www.dti.gov.za

South African Government – http://www.gov.za

South African Internet search engines – http://www.ananzi.co.za, http://www.google.co.za

Southern African Tourism Services Association – http://www.satsa.co.za

United States Commercial Service in South Africa - http://export.gov/southafrica/

United States Consular Services in South Africa - http://www.unitedstatesvisas.gov

United States Embassy, Pretoria - http://pretoria.usembassy.gov/

Market Research Return to top

To view market research reports produced by the U.S. Commercial Service please go to the following website: http://export.gov/mrktresearch/index.asp and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

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Please click on the links below for information on upcoming trade events.
http://www.export.gov/tradeevents/index.asp

South African trade events are detailed here:
http://export.gov/southafrica/tradeevents/index.asp

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Chapter 10: Guide to Our Services

SelectUSA:

SelectUSA was created by President Obama in June 2011 through Executive Order 13577, as the U.S. government-wide program to promote and facilitate business investment into the United States, including foreign direct investment (FDI) and reshoring.
The program is housed within the Commerce Department and coordinates investment-related resources across more than 20 federal agencies through the Interagency Investment Working Group (IIWG).
SelectUSA provides services to two types of clients: investors and U.S. economic development organizations at the state and local level. Services include:
Information Assistance:

- SelectUSA provides information to investors on the benefits of establishing operations in the United States, as well as the information needed to move investments forward. Investors can access facts, data and local contacts for the U.S. market.
- SelectUSA also works closely with state, local and regional economic developers to provide counseling on strategy, best practices, and on-the-ground intelligence from the Foreign Commercial Service network across more than 70 foreign markets.

Ombudsman Services: SelectUSA coordinates federal agencies to address investor concerns relating to a wide range of federal regulatory issues – helping them to navigate an unfamiliar system.
Investment Advocacy: U.S. state and local governments often find themselves competing with a foreign location for a project. SelectUSA can coordinate senior U.S. government officials to advocate to the investor to bring those jobs to the United States.
Promotional Platform: SelectUSA brings the power of the “USA” brand to high-profile events, such as,such as the upcoming 2015 Investment Summit, to attract investors to learn about our nation’s investment opportunities. SelectUSA organizes international Road Shows and missions to trade fairs, while also offering tailored on-the-ground assistance in more than 70 markets.

Note: SelectUSA exercises strict geographic neutrality, and represents the entire United States. The program does not promote one U.S. location over another U.S. location.

For more information on SelectUSA and services provided for investors and economic development organizations please click on the following link: http://selectusa.commerce.gov/

National Export Initiative:

The President’s National Export Initiative/NEXT marshals Federal agencies to provide customer service-driven services and actionable information resources that ensure American businesses are able to capitalize on expanded opportunities to sell their goods and services abroad.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

CS South Africa coordinates market research and business facilitation in several sub-Saharan African states through U.S. Embassies. These include the following countries (hyper-linked):

Benin
Botswana
Burkina Faso
Cote d'Ivoire
DRC Congo
Gambia
Guinea
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritius
Namibia
Senegal
Swaziland
Zambia

The U.S. Commercial Service also has seven offices in the following sub-Saharan States:
Angola
Ethiopia
Ghana
Kenya
Mozambique
Nigeria
Tanzania

For additional information, please e-mail the U.S. Commercial Service Johannesburg office at: Johannesburg.office.box@trade.gov

In 2014 the official average US Government SA Rand - Dollar exchange rate was R 11.07.

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: http://www.export.gov/southafrica

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E).**

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