



SOUTH  
AFRICA

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Value  
Proposition



the dti

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

investSA

# 10 reasons South Africa is an attractive investment destination

1

## Quality infrastructure and efficient logistics

With well-established and continued investment in infrastructure, South Africa is positioned as a key global hub and an attractive gateway into the rest of the continent.

2

## Largest presence of multinationals in Africa

South Africa is the investment destination of choice for a substantial number of global corporates, who enjoy the benefits of doing business in the country. More than 180 *Fortune Global 500* companies are present in South Africa.

3

## Manufacturing hub

South Africa has a well-developed, diversified manufacturing base that has shown its potential to compete globally, and serves as a manufacturing hub to supply the rest of the continent for a number of consumer product companies.

4

## Lucrative emerging market

South Africa's growing middle class as well as its most affluent consumer base in Africa presents attractive returns on investment.

5

## Favourable market access to global markets

The African Continental Free Trade Area (AfCFTA) will boost intra-Africa trade and create a market of over 1bn people with a combined GDP of over US\$2trn. South Africa has several trade agreements that provide an export platform into global markets.

6

## Innovation and tech hub

The *Global Innovation Index* ranks South Africa number one in innovation in Africa. South Africa's intellectual property rights protection is regarded as the second best in Africa. South Africa is also fast becoming a technology hub in Africa and has a growing ecosystem in the tech sector ranging from technical expertise to finance support for entrepreneurs.

7

## Abundant natural resources

South Africa is abundantly endowed with precious metals. It is the world's leading producer of platinum group metals, the sixth-largest producer of gold, has world-renowned underground mining expertise and more than 100 listed mining companies with operations in the country.

8

## Africa's leading financial hub

South Africa has a sophisticated banking sector with a major footprint in Africa. It is also a financial hub in Africa, with the Johannesburg Stock Exchange (JSE) the largest stock exchange by market capitalisation in the continent.

9

## Young trainable labour force

South Africa has a number of world-class universities and technical colleges, producing a skilled, talented, and capable workforce. It offers a diversified skillset, a large pool of trainable labour, and government support for training and skills development.

10

## Excellent quality of life

South Africa is renowned for its quality of life, offering both high quality city experiences and more tranquil and breath-taking landscapes.

# Attractive and connected emerging market

South Africa is one of the most diversified and industrialised economies in Africa with the most affluent consumer market in Africa.\*

Its well-established infrastructure and strategic location, positions South Africa as a key global hub and an attractive gateway into the rest of the continent.

Most **sophisticated financial services sector** in Africa



**+180**  
**Fortune Global 500 companies**  
are present in South Africa



**Largest installed electricity generation capacity** in Africa

**Largest coal terminal (Richards Bay)** in Africa



**Largest port**

(Port of Durban) in Africa

**3rd most connected shipping network** in Africa

**3rd best overall infrastructure** in Africa



**Top 3 international airports** in Africa

Johannesburg, Cape Town and Durban



**Most efficient air transport service** in Africa

**86%**  
of population covered by **4G/LTE network**

**+96%**  
of households have access to **mobile phones**

**+31m**  
**internet users**



**82%**  
**smartphone penetration**

\*When considering economies with populations above 5 million.

Sources: IMF, 2018; WEF, 2018; Skytrax, 2018; World Bank, 2018; AfrAsia Bank, 2018; StatsSA, 2018; UN, 2018; World Internet Stats 2019; ICASA, 2019

# Preferred investment destination in Africa

South Africa is Africa's preferred investment destination for multinational companies.

Thanks to its highly sophisticated business environment, world-class financial services sector and excellent transport links, South Africa is regarded as the leading springboard into the rest of the continent.

More than 180 *Fortune Global 500* companies have invested in South Africa, the largest concentration in Africa.

The country offers attractive opportunities for investors seeking new markets, access to resources, efficiencies or strategic assets.

In 2018, President Cyril Ramaphosa embarked on an ambitious investment drive to secure US\$100bn in investments by 2023.

By 2018, South Africa had already witnessed a more than fivefold increase in FDI inflows, accounting for close to 18% of FDI inflows into Africa.

Sources: Reuters, 2018;  
UNCTAD, 2019

## Sample of Fortune Global 500 companies present in South Africa

### Automotive



### Resources



### FMCG



### Chemicals



### ICT



### Electronics



### Technology / Engineering



### Financial Services



### Retail



### FDI inflows, 2017 vs 2018



FDI inflows to South Africa increased more than **5x** between 2017 and 2018

# Affordable investment destination with sizeable talent pool



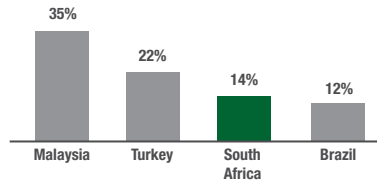
## Affordable office space

South Africa offers highly competitive commercial property rates.

Average cost per sqm prime office space, 2018



Employment costs as share of total business cost, 2016



## Affordable labour

In 2019, South Africa introduced a minimum wage of R20/hour (ca. US\$1.40/hour), keeping its labour costs globally competitive.

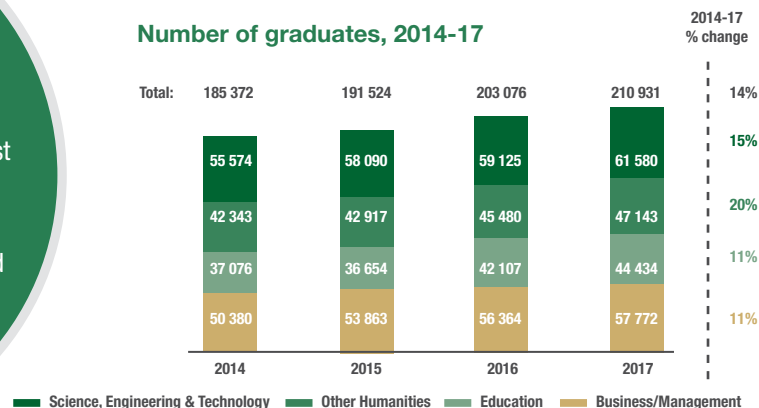


## Sizeable talent pool

South Africa's universities produce more than 200 000 graduates per year. The largest share of university students graduate in Science, Engineering and Technology.

An additional 700 000 students are enrolled in Technical and Vocational Education and Training colleges, providing the labour market with valuable technical skills.

Number of graduates, 2014-17



Sources: Colliers International, 2018; Rode, 2018; CBRE, 2018; World Bank, 2018; DHET, 2018

# Great place to live, work and play



## Connected to the world

South Africa is well-connected to the rest of the world. Most **major international destinations** across all continents **are accessible from South Africa** via direct flights on a daily basis.



## World-class private education

South Africa has number of **world-class, progressive private education providers** from pre-primary, primary to secondary and tertiary levels. Some of the world's most renowned business schools run programmes in the country.



## Outstanding medical facilities

South Africa has a **well-established network of medical facilities**, offering **world-class medical treatments** not only to the domestic market, but also to the region. In 1967, the first ever heart transplant was performed at the Groote Schuur Hospital in Cape Town, reflecting South Africa's pioneering specialist role in the medical field.



## Exceptional value

While providing an exceptional lifestyle with world-class restaurants, shopping and leisure activities, **South African cities are among the most affordable places** to work and live in.



## Unbeatable climate

With up to 300 hours of sunshine per month and its mild and sunny winters, **South Africa offers an unbeatable climate**. The country's climate is perfect for outdoor enthusiasts.



## Unmatched natural beauty

From pristine beaches, lush forests to open plains and rolling hills, **South Africa's diverse geography offers unmatched recreational options**. Its Big Five game reserves, including the world famous Kruger National Park, are an ideal destination for nature lovers.

## Young and capable population

Close to 60 million people call South Africa home, making it the 5<sup>th</sup> most populous country in Africa.

South Africa has a highly urbanised and young population. The country's universities are among the best on the continent.

In addition to its universities, South Africa has 50 Technical and Vocational Education and Training (TVET) colleges that focus on technical and vocational skills development. On average there are 700 000 TVET students studying at 267 campuses across the country.

- **38m** South Africans are of **working age**
- **56%** of the population is **below 30 years**
- **2 in 3** South Africans live in **urban areas**
- **4 of Top 5 African universities** are in South Africa
- **70%** of the workforce have at least **secondary education**
- **95%** of the adult population is **literate**



## Africa's best universities

- University of Cape Town
- University of Witwatersrand
- Stellenbosch University
- University of KwaZulu-Natal

## Progressive democracy

Since its first democratic election in 1994, the country has developed a strong track record of democracy.

South Africa's constitution has been hailed as one of the most progressive constitutions in the world.

The country's vibrant and active civil society and media ensure accountability and transparency in government.



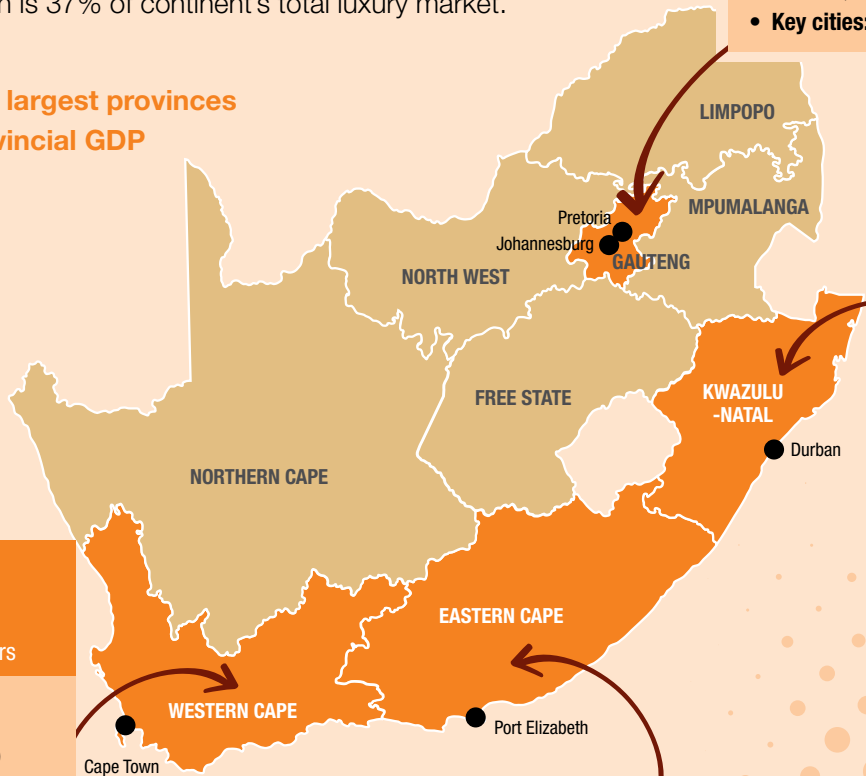
- **5<sup>th</sup> strongest investor protection** in Africa
- **2<sup>nd</sup> most independent judiciary** in Africa
- **3<sup>rd</sup> freest media** in Africa
- **4<sup>th</sup> highest Democracy Index** (EIU) ranking in Africa

# South Africa's key economic hubs

South Africa is Africa's economic powerhouse and most important consumer market. It is home to four of the 10 wealthiest cities in Africa, accounting for more than US\$500bn in personal wealth.

The country is home to Africa's largest luxury market, valued at US\$2.2bn which is 37% of continent's total luxury market.

## South Africa's largest provinces by size of provincial GDP



### GAUTENG

Commercial hub of the country with largest presence of MNCs in Africa

- **Provincial GDP:** R1 594bn (34% of SA's GDP)
- **Contribution to provincial GDP:**
  - Finance, real estate & business services: 24%
  - Manufacturing: 15%
  - Trade, catering & accommodation: 14%
- **Key cities:** Johannesburg and Pretoria

### KWAZULU-NATAL

Home to Africa's largest port and a key manufacturing region

- **Provincial GDP:** R746bn (16% of SA's GDP)
- **Contribution to provincial GDP:**
  - Manufacturing: 18%
  - Finance, real estate & business services: 17%
  - Trade, catering & accommodation: 15%
- **Key city:** Durban

### WESTERN CAPE

Strong services, agricultural and manufacturing sectors

- **Provincial GDP:** R633bn (14% of SA's GDP)
- **Contribution to provincial GDP:**
  - Finance, real estate & business services: 25%
  - Trade, catering & accommodation: 17%
  - Manufacturing: 15%
- **Key city:** Cape Town

### EASTERN CAPE

Strong automotive cluster

- **Provincial GDP:** R359bn (8% of SA's GDP)
- **Contribution to provincial GDP:**
  - Trade, catering & accommodation: 20%
  - Finance, real estate & business services: 19%
  - Manufacturing: 13%
- **Key city:** Port Elizabeth

## Top 10 African cities by wealth, 2017

Rank	City	Total wealth
1	Johannesburg	US\$276bn
2	Cape Town	US\$155bn
3	Cairo	US\$140bn
4	Lagos	US\$108bn
5	Durban	US\$55bn
6	Nairobi	US\$54bn
7	Luanda	US\$49bn
8	Pretoria	US\$48bn
9	Casablanca	US\$42bn
10	Accra	US\$38bn

# Key contacts for more information

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