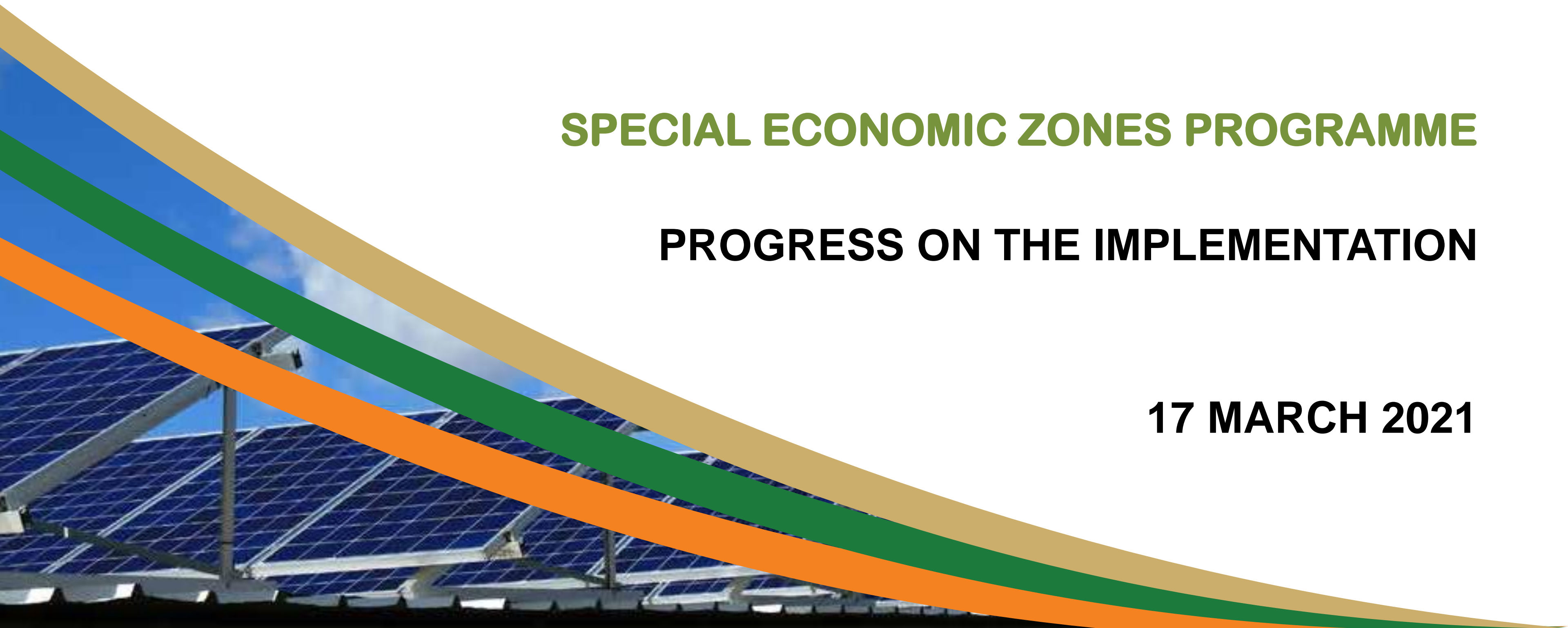


PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY

SPECIAL ECONOMIC ZONES PROGRAMME

PROGRESS ON THE IMPLEMENTATION

17 MARCH 2021



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INTRODUCTION

- Due to the unprecedented challenges confronting the globe, the manufacturing sector has experienced a decline in growth.
- South Africa, like many other developed and emerging economies continues to experience manufacturing decline, companies are struggling due challenges brought by COVID-19, unreliable power and limited demand for their products.
- As part of the economic recovery plan, South Africa is using Special Economic Zones to reignite manufacturing led industrialisation in an accelerated manner.
- Although the SEZ programme is relatively new in SA (started in 2014), it has and continues to attract significant number and value of investments in various regions.
- The rapid growth of SEZs such as Coega, East London, Dube TradePort and Tshwane Automotive sector continue to demonstrate the significant role played by Special Economic Zone programme in the country.
- The value of operational investments has increased from **R17, 714 billion** in Q3 2019/20 FY to **R19, 538 billion** Q3 2020/21 FY, recording a positive increase of **R1, 824 billion** increase.
- The number of investments have increased from **129** in Q3 2019/20 FY to **143** Q3 2020/21 FY.
- There has been a marginal increase in direct jobs from **15 392** in Q3 2019/20 FY to **15 747** Q3 2020/21 FY.
- The number and value of operational investment are expected to increase by almost **R10 billion** during 2021/22 FY due to investments that are currently under construction.



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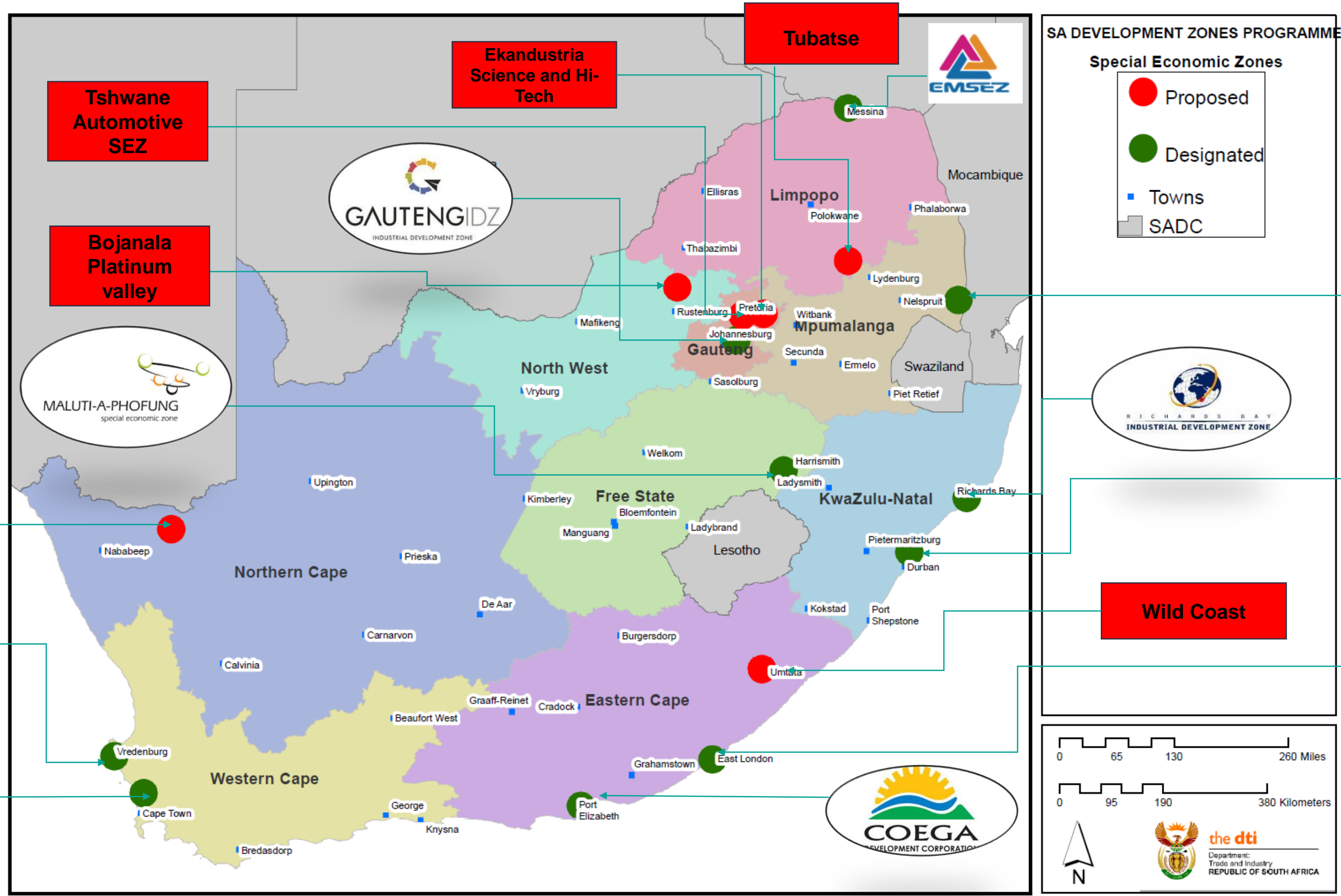
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KEY HIGHLIGHTS 2020/21 FY

- **Despite the devastating impact of COVID-19 in the economy, SEZ programme achieved the following during 2020/21 financial year**
 - Tshwane Automotive SEZ is completing the construction of 12 factories with the private investment value of R4.33 billion, these investments are expected to create approximately 2 088 jobs;
 - DTP secured new investments worth approximately R 600 million, the investments are expected to create 841 jobs;
 - COEGA has signed four (4) new investors that are estimated to be valued approximately R49 million and are expected to create an estimated 101 new jobs;
 - SBIDZ is completing the construction of two manufacturing facilities with an investment value of R380 million, they are expected to create approximately 90 direct jobs;
 - Richards Bay IDZ is completing the construction of edible oil factory and Titanium Dioxide factory with a combined private investment value of R5.8Billion, they are expected to create approximately R600 direct jobs;
 - Consensus with DPE and Transnet on the establishment of rail corridor between Ford and Port of Ngqura to support Ford and TASEZ on the movement of components and finished cars from Pretoria to the port;
 - ELIDZ completed the construction of 9 investor facilities and the expansion of three existing facilities. These facilities will create an additional 1 534 manufacturing and services jobs and these will be operationalised within the next two years.

DESIGNATED & PROPOSED SPECIAL ECONOMIC ZONES IN SOUTH AFRICA



Tshwane Automotive SEZ

Ekandustria Science and Hi-Tech

Tubatse

Bojanala Platinum valley



Namakwa

SALDANHABAY INDUSTRIAL DEVELOPMENT ZONE



SA DEVELOPMENT ZONES PROGRAMME

Special Economic Zones

- Proposed
- Designated
- Towns
- SADC



Wild Coast

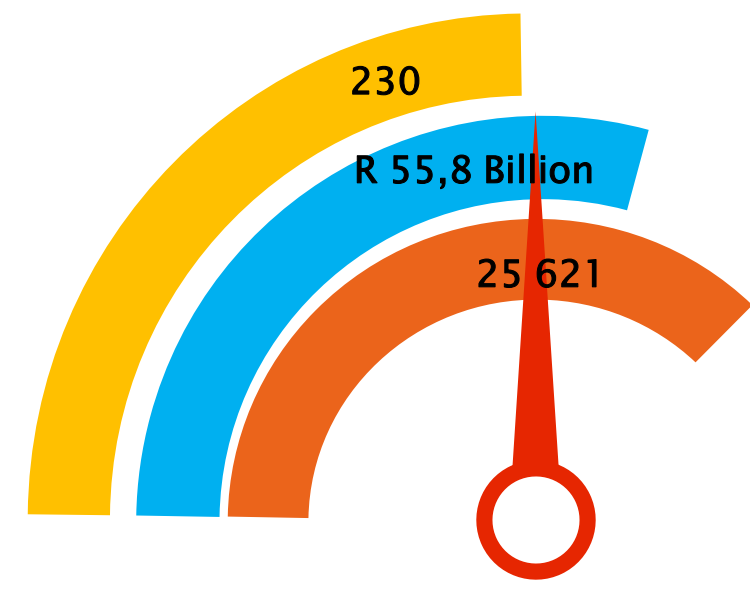


SEZ INVESTMENT PERFORMANCE OVERVIEW: 2020/21 (Q3)

Foreign & Domestic Direct Investment

YEAR-ON-YEAR GROWTH IN INVESTMENT PERFORMANCE

2020/21 FY Q3		2020/21 FY Q3:	
ACTUAL HEADCOUNT:	129	ACTUAL HEADCOUNT:	143
INVESTMENT PIPELINE HEADCOUNT:	96	INVESTMENT PIPELINE HEADCOUNT:	87
OPERATIONAL INVESTMENT VALUE:	R17 714 b	INVESTMENT VALUE:	R19,598 b
SECURED BUT NON-OPERATIONAL VALUE:	R35 480 b	SECURED BUT NON-OPERATIONAL VALUE:	R36,202 b
Direct Jobs:	15 392	Direct Jobs:	15 747
Additional Expected Jobs:	12 584	Additional Expected Jobs:	9 874



Current Performance Status: 2020/21 (Q3) FY

Attracted Operational & Secured but Non Operational Investors	Rand Value of Private Investment: Operational & Secured but Non Operational Investors	Created & Expected Direct Jobs:
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230

R 55,8 Billion

25 621

SEZ INVESTMENT PERFORMANCE OVERVIEW: 2020/21 (Q3)..Cont

Foreign & Domestic Direct Investment

SEZs that are Operational and Have Broken-Ground

SEZ Name	No. of Operational Investors	Operational Investment (R Millions)	Jobs Created	No. of Secured But Non-Operational Investors	Secured But Non Operational Investment (R Millions)	Expected Jobs To Be Created
Coega	49	10 941,00	8 113	13	2 578,00	1 474
ELIDZ	33	4 177,00	2 075	12	3 361,00	2187
MAPSEZ	4	1 025,00	80	6	3 967,00	373
SBIDZ	6	119,50	57	16	11 825,00	483
DTPSEZ	43	2 078,80	3 794	10	3 043,00	2 185
RBIDZ	3	320,00	96	3	6 700,00	782
OR Tambo	1	257,00	1 200	13	375,50	277
Atlantis	4	680,00	332	2	20,00	25
TASEZ	0	0	0	12	4 332,60	2 088
Total	143	19 598,30	15 747	87	36 202,10	9 874

SEZ INVESTMENT PERFORMANCE OVERVIEW: 2020/21 (Q3).....Cont

Foreign & Domestic Direct Investment

Designated SEZs that are Yet to Break-Ground

Name of the SEZ	Year of Designation	Total Size (ha)	Signed Investors	Estimated Investment Value
Musina-Makhado (LP)	2018	7 262	9	\$ 14,1 billion
Nkomazi (MP)	2019	155	6	R 1,073 billion
Total		8 819,5	15	

PENDING SEZ EXPANSION APPLICATIONS: STATUS QUO

- Finalisation of the Dube Trade Port SEZ expansion application (approved by the SEZ Advisory Board on the 07th of August 2019).
- The respective provincial development agencies are currently finalising applications for the designation of the proposed SEZs. The following table captures the respective proposed SEZs, which are at various stages of planning and completion.



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PENDING SEZ APPLICATIONS: STATUS QUO

Proposed SEZ	Province	Sectoral focus	Status	Required Intervention / Standing Resolutions
Bojanala	North West	PGM beneficiation and Mining input supplier park	<ul style="list-style-type: none"> Cabinet approval pending, subject to the revision of the Business Case, role of province and municipality, strengthening the capacity of the PMU and strengthening of the investment pipeline. 	<ul style="list-style-type: none"> Acceleration of the revitalisation of the Bodirelo Industrial Park; The Business Plan for the proposed Bojanala SEZ to be revised by the end of December 2020 Consolidation of the Investment Pipeline; The establishment of the SEZ company by end of March 2021 Strengthening of the governance capacity of the PMU for the effective planning and development of the proposed SEZ by end of March 2021.
Vaal River City	Gauteng	Manufacturing & Logistics	Planning phase	<ul style="list-style-type: none"> Establishment of the PMU; Consolidation of the priority projects; Development of a Business Case for each of the identified project; Develop a Master plan for the proposed Vaal River SEZ

PENDING SEZ APPLICATIONS: STATUS

Proposed SEZ	Province	Sectoral focus	Status	Required Intervention / Standing Resolutions
Namakwa SEZ	Northern Cape	Mineral processing	<ul style="list-style-type: none"> • Business Case complete • SEZ Company has been established • Funding from the province secured for Opex 	Finalisation of the EIA and Township establishment Consolidation of the investment pipeline
Wild Coast Mthatha	Eastern Cape	Agro-processing and Tourism hub	<ul style="list-style-type: none"> • Feasibility studies completed • Province committed R116 million toward the project • Signed investments with the value of R1.4 billion 	<ul style="list-style-type: none"> • Establishment of the SPV • Land preparation (Township Est, SDPs, etc) • Infrastructure roll-out
Tubatse	Limpopo	PGM beneficiation and Mining input supplier park	Feasibility studies completed	<ul style="list-style-type: none"> • Strengthen the capacity of the PMU; • Consolidation of the Investment pipeline; • Comprehensive plan for the support infrastructure (Roads/Water/Energy); • Classification of the roles and responsibilities between National, Provincial & Local government in the infrastructure development.

GAUTENG-EC HIGH CAPACITY FREIGHT CORRIDOR

- **the dtic**, Gauteng and Eastern Cape provincial governments and Ford have proposed the development of the Gauteng-EC high capacity freight corridor to support the expansion of Ford and the Tshwane Automotive SEZ;
- Tshwane Automotive SEZ have also stimulated a proposed development of a high capacity rail infrastructure corridor between Gauteng (Silverton) and Eastern Cape (Port Elizabeth);
- The rail corridor will assist with the efficient movement of finished vehicles for export through Port Elizabeth. This corridor development will include the deep-water port that stands to benefit from roll-out of strategic infrastructure, including creation of jobs and SMME empowerment;
- The high-capacity rail freight corridor with Port Access will allow Ford and other OEMs in Gauteng to motivate further expansion of investment to include other models;
- The project has been embraced by Transnet leadership and the Department of Public Enterprise;
- Transnet will commence with the extensive feasibility study process in the new year to test the long term viability of the initiative.



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THE DTIC'S INTERVENTION TO STRUGGLING SEZ

- **Dedicated intervention teams consist of the dti senior officials have been established to support the following prioritised proposed and struggling zones**
 - Vaal River City and Tshwane Automotive SEZ (Gauteng)
 - Nkomazi SEZ (Mpumalanga)
 - Maluti-A-Phofung (Free State)
 - Bojanala (North West)
 - Namakwa (Northern Cape)
 - Musina and Tubatse (Limpopo)
 - Wild Coast (Eastern Cape)
- **The intervention teams will assist provinces in implementing, amongst others, the following :**
 - Develop and implement tripartite agreements
 - Planning and development of infrastructure for the zone
 - Mobilise funding from all spheres of government for operations and infrastructure
 - Investment facilitation
 - Stakeholder mobilisation and management
 - Compliance and institutional development
- **The intervention team will be supported by the SEZ Project Management Unit established at IDC.**
- **The work has already started in provinces such as Limpopo, North West, Gauteng, Northern Cape and Free state.**



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NATIONAL PROJECT MANAGEMENT UNIT

- The National PMU is located at the Industrial Development Corporation (IDC) headquarters and will work closely with both the IDC and the DBSA;
- The PMU was established after cabinet approval on the establishment of the national implementing mechanism to address the challenges confronted by provinces;
- The cabinet approval included the reconfiguration of the SEZ programme to include intimate involvement of the national government in the planning and management of Special Economic Zone;
- The national PMU is specifically established to focus on the following:
 - support **the dtic** in its responsibility to be an active participant in the planning, development and management of SEZs and industrial parks;
 - provide specialist advisory services to assist provinces and municipalities in accelerating the planning, development and management of SEZs and industrial parks;
 - support **the dtic** in coordinating the contribution of all national stakeholders to planning, development of SEZs and industrial parks, ensuring that there is alignment and that all synergies are realised; and
 - ensuring that sustainable development impact, as measured by the balance between social, economic and environmental needs, is entrenched in the rollout of SEZs and industrial parks, making implementation both inclusive and transformative.

- It is envisaged that the PMU will help alleviate the poor synergy that currently exists at the national level.



PRIORITIES FOR 2021

1. Policy and Legislation

- ✓ Finalise the provincial consultations on the new SEZ approach;
- ✓ Finalise the 10 year SEZ Development Roadmap (SEZ Strategic Framework: 2020-2030);
- ✓ Consultations with the Ministers of Public Enterprises and Transport, including Transnet to explore possible discounts on ports tariffs as well as the development of Gauteng- Eastern Cape rail corridor.

2. Fast Tracking the Development of Newly Designated SEZs

- ✓ Nkomazi SEZ (Mpumalanga);
- ✓ Tshwane Automotive SEZ (Gauteng);
- ✓ Musina-Makhado SEZ (Limpopo);
- ✓ Atlantis SEZ (WC).

3. Fast tracking the planning of proposed SEZ

- ✓ Finalise the planning for the proposed Bojanala SEZ (NW);
- ✓ Finalise the feasibility studies for the proposed Namakwa SEZ (NC);
- ✓ Finalise the planning for the proposed Wild Coast SEZ (EC);
- ✓ Planning for the proposed Vaal River SEZ (Gauteng);
- ✓ Planning for the Tubatse-Fetakgomo SEZ (Limpopo);
- ✓ Planning for proposed Automotive supplier park and Clothing and Textile SEZ (KZN).



THANK YOU



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