

Hot Emerging Market

South Africa is a strategically situated and promising emerging market. The country is a member of the BRICS grouping (Brazil, Russia, India, China and South Africa) and boasts a wealth of natural resources, world-class transport infrastructure and an established manufacturing base.

South Africa scored well in various categories of the World Economic Forum's Global Competitiveness Index 2017/18, ranking 61st out of 137 countries in terms of overall competitiveness. The country was ranked 21st in Strength of Investor Protection, 30th in Protection of Minority Shareholders' and Interests, and 31st in Efficiency of Legal Framework in Settling Disputes.

The same index found that South Africa ranked 25th in terms of Quality of Air Transport Infrastructure, 11th with regard to Internet Bandwidth access, 27th in Mobile-cellular Telephone Subscriptions, 30th in Capacity for Innovation, and 29th in State of Cluster Development. It also ranked relatively well in the pillars of Business Sophistication (37 globally) and Innovation (39).

Ernst and Young's 2017 Africa Attractiveness Index ranks South Africa second on the African continent (tied with Kenya) in terms of attractiveness, while the World Bank's Doing Business 2018 placed the country fifth out of 48 (after Mauritius, Rwanda, Kenya and Botswana).

South Africa's developed infrastructure, level of industrial development and competitive advantages as an export hub underpin its relative attractiveness as a regional gateway for investment.

Most Diversified Economy in Africa

South Africa is the leading service destination, regional manufacturing hub and most industrialised country in Africa. The country boasts a wealth of natural resources – including coal, platinum, coal, gold, iron ore, manganese nickel, uranium and chromium – and enjoys increased attention from international exploration companies, particularly in the oil and gas sector.

The economy remains dominated by the manufacturing sector, and in recent years the finance, real estate and business services sectors have grown to be significant contributors to gross domestic product (GDP).

Small, medium, micro and cooperative enterprises are participants in all productive value chains, with their increasing participation further enhancing economic diversification.

The top five sectors in the economy accounted for 76% of GDP in 2017, namely finance and business services; general government services; trade, catering and accommodation services; manufacturing; and transport, storage and communication services.

The South African government is also working on making the country's economy more inclusive and reflective of all its inhabitants. The state has enacted broad-based black economic empowerment legislation, which provides a framework for the transformation of the economy. The legislation promotes economic inclusion of previously disadvantaged individuals and the Codes of Good Practice provide clear and comprehensive criteria for the measurement of broad-based BEE.

Largest Presence of Multi-Nationals on African Continent

South Africa is the multinationals' location of choice. Global corporates enjoy benefits of doing business in the country, with its growing and supportive ecosystem as a hub for innovation, tech and fintech.

The country's strategic location at the tip of Africa makes it the ideal entry point into the rest of the continent, a potential market of more than one-billion consumers.

The overall stock of foreign direct investment (FDI) in the economy represented 42.8% of GDP in 2016, up from 5.8% in 1994. Inward FDI was traditionally dominated by European investors, particularly from the United Kingdom, and accompanied by the fast-growing presence of Asian investors in recent years, predominantly from China.

The country's established transport infrastructure, sophisticated financial and regulatory environments, coupled with South Africa's established manufacturing base makes it the ideal base for multinationals looking to establish a base for trade with the rest of the continent.

Progressive Constitution and Independent Judiciary

South Africa has a progressive Constitution and an independent judiciary. It has a mature, accessible legal system, providing certainty and respect for the law.

The Protection of Investment Act, 2015 came into effect in 2018 and specifically provides domestic legal protection to foreign investors in South Africa.

The Act sets out a national treatment standard,

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a physical security of property standard, and a right to transfer funds.

The Act has no direct effect on protections offered to foreign investors under international treaties.

Favourable Market Access to Global Markets

The African Continental Free Trade Area will boost intra-Africa trade and create a market of more than one-billion people with a GDP of \$2.6 trillion that will unlock industrial development. South Africa has several trade agreements that provide an export platform into global markets.

Abundant Natural Resources

South Africa's economy was built on the extraction of its natural resources, particularly gold and diamonds. While the industry's share of the country's GDP has shrunk significantly over time, it is still a major contributor to the South African economy.

South Africa remains the world's top producer of minerals such as platinum, rhodium, chrome, manganese and vanadium. The country holds 80% of global manganese reserves, 72% of chrome, 88% of platinum-group metals (PGMs), 40% of gold and 27% of vanadium. It also has significant deposits of base metals such as iron, copper and nickel, along with coal and natural gas.

The country has abundant sunshine, which can be harnessed for solar energy.

Advanced Financial Services and Banking Sector

South Africa has a sophisticated banking sector with a major footprint in Africa. The Johannesburg Stock Exchange is the largest on the continent, by market capitalisation, and the 19th largest in the world.

South Africa has highly developed bond and equity markets. The central bank oversees both macro- and micro-prudential policy.

South Africa ranks 25 out of 137 countries in raising finance through the equities market, 30th for strength of auditing and reporting standards, 37th for the soundness of banks, and 46th for the regulation of securities exchanges.

World-Class Infrastructure and Logistics

South Africa has the largest and most sophisticated road and rail transport networks in Africa and hosts several air, road and maritime logistics operators.

South Africa has the most advanced information and communications technology (ICT) infrastructure in Africa, making it an attractive destination for investment in software and information technology, data centres and other creative industries.

The South African government is rolling out a large infrastructure development programme, with public sector infrastructure expenditure estimated to total R834.1 billion over the three fiscal years from 2018/19 to 2020/21. Around 75% of the total public sector spending on infrastructure is directed towards transport, energy and water, which should contribute to increased localised production capacity.

The Presidential Infrastructure Coordination Commission (PICC) has approved 18 strategic infrastructure projects (SIPs) to support economic development and service delivery in all of South Africa's nine provinces.

A Young Talent Pool

The South African population is estimated at around 56-million people, the majority of whom are under the age of 35.

South Africa has a number of world-class universities and technikons, producing a skilled, talented and capable workforce. It offers a diversified skill set, emerging talent, large pool of trainable labour, and government support for training and skills development.

Nationally, just more than 30% of people over the age of 20 have completed basic school, with 14% having obtained some post-school qualifications. A recent study released by Statistics South Africa shows that the number of graduates from public higher universities more than doubled from 92 874 in 2000 to 203 076 in 2016. In 2016, the number of graduates from TVET and private colleges stood at 135 492.

Of these, 1,4% of students progressed to doctoral studies, 6,3% completed masters level with 19,8% completing honours qualifications.

Excellent Quality of Life

South Africa has a favourable cost of living, diversified culture, cuisine and offers leisure activities all year round. The country has a renowned hospitality sector and facilities to cater to every taste.

The country has something for everybody, from the laidback coastal cities to the vibrant economic hub of Gauteng.

You can visit historic battlefields in KwaZulu-Natal or swim with sharks just further south. The Garden Route is world-famous as a driving destination and South Africa is blessed with some of the best game-viewing facilities in the world.

The country boasts world-class telecommunications and transport infrastructure with convenient links to all major international air transport hubs and a road network to all neighbouring countries.

South Africa is well-served with high-quality public and private health facilities in all provinces and the education sector boasts excellent public and private schools and higher education institutions.

All this with a favourable climate which lends itself to outdoor and leisure activities.