



REPUBLIC OF SOUTH AFRICA

Standard Bank Moving Forward™

INTRODUCING

COUNTRY PROFILE – FACTS AND FINDINGS



Location: South Africa is located at the southern tip of the continent of Africa. It is bordered by six countries – Namibia, Botswana, Lesotho, Zimbabwe, Mozambique and Swaziland.

Chambers/Associations: The country's national, regional and local business associations, chambers and foundations all work to promote growth and investment, build new enterprises, and forge stronger links between the country's business communities.

National business associations include: The South African Chamber of Commerce and Industry (SACCI); Business Unity SA (BUSA); The National African Federated Chamber of Commerce (Nafcoc); Afrikaanse Handelsinstituut (AHI); Family Business Association of Southern Africa (Fabasa); Foundation for African Business and Consumer Services (Fabcos); National Small Business Chamber (NSBC); and the Minara Chamber of Commerce.

INTERNATIONAL MEMBERSHIPS/RELATIONS:

- South Africa plays a key role in Africa, especially Southern Africa. Among other things, it supports peacekeeping operations in Africa's conflict zones.
 - The country is a member of the Southern African Development Community (SADC). Together with other members, it seeks to build closer 'South-South' ties, particularly with China, India and Brazil, as well as with other African trade blocs.
 - South Africa maintains close relationships with the EU and the US.
 - South Africa is a member of major international organisations such as the United Nations, International Monetary Fund, World Bank, G-20 and World Trade Organisation (WTO).
 - South Africa is a member of BRICS and also participates as a key partner in the Enhanced Engagement programme of the Organisation for Economic Co-operation and Development (OECD).
- The South African economy is import-dependent
 - International trade for 2014 (USD thousands):
 - Total imports: USD 99 892 738
 - Total exports: USD 90 612 104

Top five export locations	Top five import locations
1. China (9.6%)	1. China (15.5%)
2. United States of America (7.1%)	2. Germany (10.0%)
3. Japan (5.4%)	3. Saudi Arabia (7.1%)
4. Botswana (5.3%)	4. United States of America (6.6%)
5. Namibia (5.0%)	5. Nigeria (5.1%)

Top five exported goods	Top five imported goods
1. Pearls, precious stones, metals, coins, etc. (15.5%)	1. Mineral fuels, oils, distillation products (23.3%)
2. Ore, slag and ash (12.9%)	2. Machinery, nuclear reactors, boilers etc. (13.3%)
3. Mineral fuels, oils, distillation products, etc. (10.5%)	3. Electrical, electronic equipment (9.7%)
4. Vehicles other than railway and tramway (9.7%)	4. Vehicles other than railway and tramway (8.2%)
5. Iron and steel (7.7%)	5. Commodities not elsewhere specified (6.6%)

INTERNATIONAL TRADE

(Source: BMI Research (ITC calculations based on UN COMTRADE statistics)

SOUTH AFRICA'S OPENNESS TO FOREIGN

DIRECT INVESTMENT

- South Africa is a key investment location. This is both in terms of the country's own market opportunities and in terms of the opportunities that exist to use the country as a gateway to the rest of the massive market on the continent.
- Key drivers for inward investment include the country's status as the most advanced economy in sub-Saharan Africa and its strong tourism potential and mineral wealth.
- The country's preferential access to the EU market (through a free-trade agreement) and to the US market (under the African Growth and Opportunity Act (AGOA)) also supports investment.
- South Africa is also a major investor in Africa. Local firms have a presence in various sectors, including services and infrastructure, as well as in natural resource exploitation. According to the South African Reserve Bank, South Africa's FDI into the rest of Africa amounted to US\$3.8 billion in 2013.
- Key sources of FDI include the UK (Barclays and Vodafone); Germany (Mercedes-Benz and BMW); and the US (Coca-Cola, Ford and Walmart). Investment from more non-traditional sources such as China (ICBC) and India (Tata and Cipla) is growing strongly and is expected to continue.
- From a provincial perspective, the bulk of FDI flows into Gauteng, followed by the Eastern Cape (including the Coega Industrial Development zone), KwaZulu-Natal and the Western Cape.
- FDI has played a key role in boosting exports, facilitating growth and boosting employment. Besides providing capital, FDI allows for the transfer of technology, skills, and provides closer linkages to the global economy.

POLITICS AND LEGAL



- South Africa is a constitutional democracy with a three-tier system of government (national, provincial and local) and an independent judiciary. The country has one of the most advanced and entrenched democracies in sub-Saharan Africa.
- The Constitution of the Republic of South Africa of 1996 was approved by the Constitutional Court in December 1996 and became effective on 4 February 1997. The Constitution is the supreme law of the land. It regulates human rights and all legislation and guarantees the independence of the judiciary.
- Chief of state and head of government: President Jacob Zuma (since 9 May 2009).
- The African National Congress (ANC) dominates the country's political landscape. Support for the party has weakened from of 69.7% voter support in 2004 to 62.2% in 2014.
- Analysts believe that the ruling party is facing challenges resulting from discontent with what is known as the Nkandla scandal, the threat of economic recession, gold and coal sector strikes, and job losses in the mining sector.

Challenges/Opportunities to consider:

- The social and economic inequalities stemming from the

apartheid era could be a major threat to the country's political stability over the longer term.

- A constant concern is the threat of industrial action and disruption to economic activity. This may be ascribed to the high level of unionisation in the country.
- There is uncertainty about land reform, with the possibility of the current willing buyer/willing seller principle being dropped in order to speed up the process.

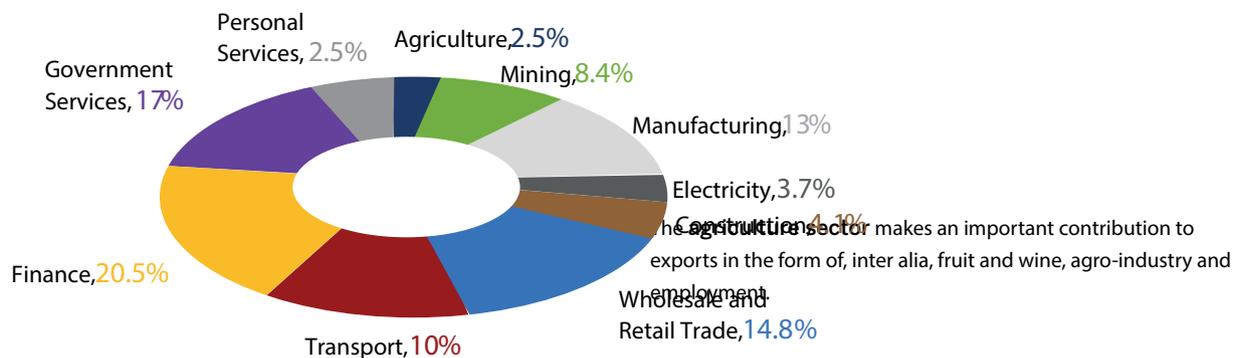
ECONOMICS

- South Africa is a middle-income emerging market with an abundant supply of natural resources. It has well-developed financial, legal, communications and transport sectors. Its stock exchange is the largest in Africa and features among the top 20 in the world.

The structure of the South African economy

- South Africa boasts a diverse economy, driven by the services industry. It is moving towards becoming a knowledge-based economy with a greater focus on technology, e-commerce, and financial and other services.

COMPOSITION OF THE ECONOMY



(Source: Statistics South Africa: Statical Release PO441, 24 November 2015)

- The country has both well-developed commercial farming as well as more subsistence-based production activities in the deep rural areas.
- The sector remains vulnerable to weather conditions characterised by erratic rainfall and drought.
- The long coastline supports a number of fisheries, while Mpumalanga, KwaZulu-Natal, and the Eastern and Western Cape house extensive forestry operations.
- Biofuels are a potential growth area, given government plans to require that a proportion of fuels must contain bio-petrol and bio-diesel.

Mining equipment accounted for more than 55% of capital equipment exports from 2005 to 2009. This leaves the country highly vulnerable to shifts in global commodity markets. Slowing demand from major trade partners such as China and falling international commodity prices may affect the sector adversely.

- The mining sector has struggled in recent years due to underinvestment. This may be ascribed to regulatory uncertainty, electricity shortages and load shedding, and labour unrest and strikes.
- Of significance is the growth of the country's secondary and tertiary industries and a decline in mining production. That means the opportunity is now in the downstream or beneficiation minerals industry, which is targeted by government as a growth sector. A wide range of materials is available for jewellery manufacturing, including gold, platinum, diamonds, tiger's eye, and a variety of other semi-precious stones.

South Africa has developed and established a diversified manufacturing base, with the potential to compete in the global economy.

- The manufacturing sector, a key employer and source of exports for the South African economy, contributed 13.3% to GDP in

2014.

- This sector is dominated by other sectors such as agro-processing, automotive, chemicals, information and communication technology, electronics, metals, and textiles and clothing.
- Manufacturing sub-sectors such as textiles and clothing remain vulnerable to imports from cheap Asian suppliers.
- Manufacturing sub-sectors such as textiles and clothing remain vulnerable to imports from cheap Asian suppliers.
- The automotive industry is one of the country's most important manufacturing industries. Many of the major multinationals are using South Africa to source components and assemble vehicles for both the local and international markets. Multinationals such as Toyota, Nissan, General Motors, Ford, Volkswagen, BMW and Tata have made substantial investments in the South African automotive industry over time. Several are engaged in new expansion projects, showing the long-term commitment of these companies to South Africa. This sub-sector is poised for further growth, helped by incentives offered to investors under the Automotive Production and Development Programme (APDP), which runs up to 2020. Opportunities for expansion also exist in 'green industries'.
- The main constraints affecting the industry are the electricity shortages and the risk of labour unrest coupled with strikes.
- The electricity, gas and water (utilities) sector is the economy's second-smallest sector, contributing only 3.7% to total output.
- The South African economy has been troubled by electricity woes that have resulted in lower economic growth. As long as the electricity supply constraints persist, the country will experience limited growth. Economic growth is unlikely to exceed 3%.

Prospects for the trade sector, contributing 14.8% of GDP in 2014,

look good. This may be ascribed to the growing population, especially the growing black middle class, rising personal disposable income levels, urbanisation and changing spending patterns.

- The retail market is dominated by around 12 large holding companies. Major retailing groups include Edcon, Massmart, Pick'n Pay, Shoprite Checkers, Spar, Woolworths, Metcash, Mr Price Group, Foschini Group, JD Group and Elleries Holdings. Approximately 80% of retailers are food retailers. While online shopping is still limited, the attraction of e-commerce is increasing for South African consumers.

Transport and communications will continue to benefit from new investment in infrastructure and fibre-optic cables.

- The communications sector has been one of the fastest-growing sectors of the economy, reflecting the rapid expansion of mobile telephony across the country.
- The country's modern infrastructure supports the relatively efficient distribution of goods to major urban areas throughout the region. However, its growth is held back by its unstable electricity supplies.

The country has a sophisticated financial sector.

- Regulations governing the financial sector have undergone considerable refinement to align them to internationally recognised standards and best practice. This is especially true of risk management.
- The financial sector boasts many domestic and foreign institutions. These provide a full range of services, including commercial, retail and merchant banking, mortgage lending, insurance and investment. The South African banking sector compares favourably with those of industrialised countries.
- Foreign banks are well represented. There are extensive

electronic banking facilities, with a country-wide network of automatic teller machines (ATMs). Internet banking is also available.

- The large finance sector, including financial, real estate and business services, has proved to be a pillar of the country's economic growth over time. This sector will gain support from the spread of financial services to the non-banked, as well as expansion into new external markets, in particular in sub-Saharan Africa.

Given the country's variety of natural attractions and favourable climate, tourism has considerable potential, especially in terms of job creation. High levels of crime as well as the tightening of visa rules in 2014 could be deterrents.

ECONOMIC GROWTH:

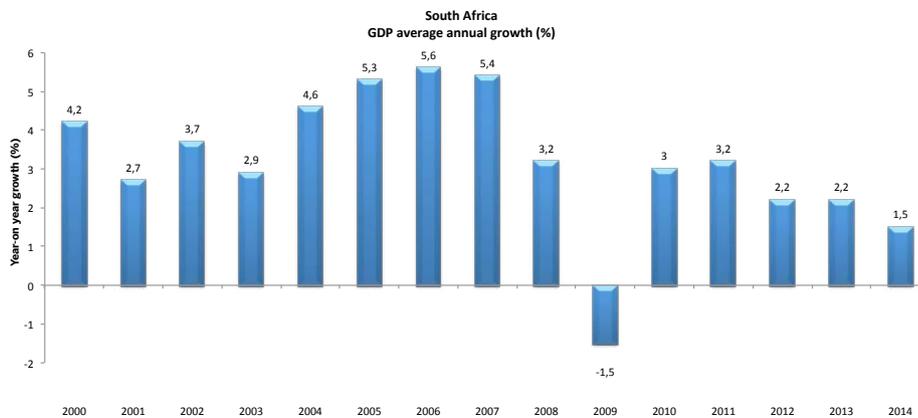
- Economic growth has deteriorated in recent years, slowing to 1.5% in 2014. This is the lowest level since 2009, when negative growth of -1.5% was experienced.
- In Q3 2015, South Africa avoided slipping into a technical recession, defined as two consecutive quarters of economic contraction. The country's economic growth remains extremely weak. It is showing seasonally adjusted annualised growth of only 0.7% in this quarter, following a contraction of 1.3% in the preceding (second) quarter of 2015. The growth was supported by the manufacturing, finance and trade sectors. Mining, agriculture and utilities showed declines. The construction sector also experienced a further deterioration in its performance.

- Mining production was negatively affected by lower commodity prices and slower growth, coupled with lower demand in China. The local drought furthermore hampered agricultural output, especially in respect of field crops such as maize, sunflower and sugar cane. The decline in the utilities sector reflects on the continued constraints affecting power supplies, even though less load shedding is experienced. Both production and consumption of electricity declined.

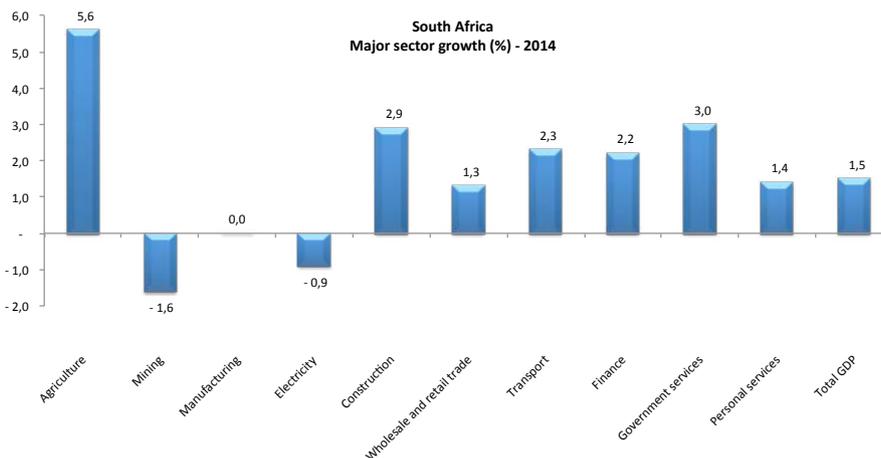
- While the trade sector's performance improved, there is no certainty yet that this will be sustained. This sector could be affected if disposable income comes under more pressure due to higher inflation, further interest rate hikes and dismal job growth.

Challenges/Opportunities to consider:

- South Africa is an open economy with close links to the global



(Source: Statistics South Africa: Statical Release PO441, 24 November 2015)



(Source: Statistics South Africa: Statical Release PO441, 24 November 2015)

economy. This means the country remains heavily exposed to developments in the external environment.

- A major challenge for policymakers will be to accelerate economic growth. This will require the urgent tackling of structural constraints such as skills shortages, inadequate infrastructure, electricity supply shortages, labour disputes and frequent work stoppages due to strike action, high unemployment, and declining global competitiveness. These factors also serve as a drag on foreign direct investment, resulting in businesses rather opting for other more stable markets or ones with higher growth potential.
- At this stage the GDP growth anticipated for the country in the next few years falls short of the 5% growth target of the National Development Plan.
- Inflation could be kept in check by sound policies, sluggish consumer demand, spare industrial capacity and lower oil prices. Yet upward pressure could come from steep electricity tariff increases, higher food prices due to the drought, wage increases, as well as weakening of the currency. The continued depreciation of the rand poses inflationary risks.
- While the continued weakening of the rand poses inflationary risks, the prospect of continued drought conditions in 2016 will push up food prices.
- The danger of sharply higher interest rates, due to an economic shock, could slow down economic growth further or even push the country into recession. This could result in political and social instability.

Fiscal discipline and the management of public finances are of the essence. Fiscal consolidation is imperative if South Africa's creditworthiness is to be preserved. The medium-term budget policy statement (MTBPS) on 21 October 2015 shows a commitment to maintaining fiscal consolidation, but the MTBPS proposes that fiscal consolidation will happen more slowly. This implies a

slower narrowing of the budget deficit.

- Besides the risk of major tax revenue shortfalls due to the subdued growth, there is also a risk of uncontrolled spending. The key risks relate to unsustainable growth in the public sector wage bill; the weak financial state of several parastatals such as Eskom and South African Airways, which may require additional government guarantees; mounting pressure to increase support for farmers affected by the drought; and calls for more support for higher education.
- South Africa's sovereign credit ratings: The risk of South Africa losing its investment grade ratings in the near future remains. A

Economic growth (%)						
	2014	2015 ^(f)	2016 ^(f)	2017 ^(f)	2018 ^(f)	2019 ^(f)
Economic Intelligence Unit (EIU) ⁽¹⁾	1.5	1.6	1.8	2.6	2.7	3.1
- Agriculture	5.6	-3.0	-1.5	3.2	3.0	3.5
- Industry	-0.2	1.5	1.7	2.2	2.7	2.9
- Services	2.1	1.9	1.9	2.7	2.6	3.1
BMI Research ⁽²⁾	1.5	1.4	1.9	2.3	2.4	2.7
Bureau for Economic Research (BER)	1.5	1.4	1.4	2.2	2.4	2.8
Inflation (%)						
EIU (Y-o-y average)	6.1	4.7	5.5	5.7	5.9	5.6
BMI Research ^(e) (year-on-year average)	6.1	4.9	6.1	6.0	5.5	5.0
Bureau for Economic Research (BER) ⁽³⁾	6.1	4.7	6.2	5.8	5.3	5.6
Central bank policy rate						
BMI Research ^(e) (end of period)	5.75	6.25	6.50	6.50	6.00	6.00
Investment (measured by gross fixed capital formation)						
Bureau for Economic Research (BER)	-0.4	0.9	-0.2	1.9	3.0	3.6
(f): forecasted; (e): estimate						
Sources: ⁽¹⁾ EIU: Country Report, generated 2 December 2015; ⁽²⁾ BMI Research: South Africa Country Risk Report Q1 2016, 6 October 2015; ⁽³⁾ Bureau for Economic Research: Forecast Results, October 2015						

downgrade would make the country less attractive to investors and raise the fiscus/government's cost of borrowing.

SOCIAL

POPULATION:

- The country had an estimated 53 675 563 people in 2015.
- The biggest proportion of the population is young, with almost 47% of the population falling in the 0-24 years age category. A large percentage of 64.8% of the total population is urbanised, with urbanisation occurring at an estimated annual rate of 1.59% during 2010–2015.
- A growing middleclass population offers immense opportunities for the development and growth of the retail, entertainment and tourism sectors.
- South Africa's Gini coefficient is one of the highest in the world. This indicates a significant disparity between the income and wealth of its poorest and richest citizens.
- There is a concern over the high youth unemployment with only about 32% of the working-age youth population (aged 15-34 years) employed.
- The country's overall unemployment was at 25.5% in the third quarter of 2015.

EDUCATION:

- Education in the country remains of a poor quality in many areas. This is hampering the development of a skilled workforce that has secondary and tertiary education. As a result, there are limited job opportunities for the inadequately educated workforce. However, substantial investment into education infrastructure and efforts by government to improve education standards and the overall attendance rate through various interventions are beginning to have an effect. This should reflect in higher enrolment figures and an improvement in the quality of both secondary and tertiary education.

HEALTHCARE:

- The country's healthcare system consists of a large under-resourced and over-used public sector that provides healthcare for 80% of the population, and a smaller, well-funded and well-equipped private sector. Preparations are in process for the rollout of a national health insurance system
- South Africa remains Ebola-free. In 2014, the South African government committed to R32.6 million for Ebola prevention and control measures, as well as for assistance to other countries.
- Key risk factors to healthcare include smoking, diabetes, obesity and poor sanitation, especially in rural and semi-rural areas.

CHALLENGES/OPPORTUNITIES TO CONSIDER:

- Unemployment, poverty and inequality remain challenges. These challenges are being addressed by the South African government through two key economic frameworks: the New Growth Path and Industrial Policy Action Plans (IPAP). These frameworks focus largely on job creation and the inclusion of historically disadvantaged groups in the mainstream of the industrial economy.
- South Africa suffers from a high prevalence of HIV/Aids, which has social risks and can reduce economic growth in the longer term. There is discontent with government's efforts to counter the rising threat of the disease.
- The inadequately educated workforce remains a problematic factor for doing business in the country. There is an urgent need for investment in education in order to improve the quality and standard of education.
- The threat of 'brain drain' of skills remains, with skilled workers leaving the country to look for better job opportunities abroad.

TECHNOLOGY

- South Africa boasts one of the largest ICT markets in Africa. The country is considered to be the most advanced in terms of technology deployed and services offered.

THE TELECOMMUNICATIONS MARKET IN PERSPECTIVE:

- Revenue from the country's telecommunications market is expected to increase to R187 billion in 2016.
- Two fixed-line telecommunications groups operate in the country: Telkom and Neotel. The main mobile service providers are Vodacom, MTN, Cell C and Telkom.
- In addition, there are several mobile virtual network operators (MVNOs). The MVNOs do not have their own network infrastructure. Instead, they leverage third-party infrastructure for a fee. MVNOs include Virgin Mobile, MRP Mobile and newly launched me&you mobile.
- The mobile market has experienced significant growth and is South Africa's dominant technology for voice and data communication. This market has reached a mature stage. Future growth in mobile subscriptions will be restricted owing to the already high mobile penetration of over 150%. The high penetration rate is due to ownership of multiple mobile phones, mostly because many users have separate work and personal subscriptions. Mobile penetration is expected to increase to 170% by 2017, with a 78% unique penetration rate.
- A major concern and point of frustration for the South African consumer is the high cost of telecommunications. Government has repeatedly called on network operators to lower communications costs, arguing that high costs discourage investment in the country.

DATA COMMUNICATIONS IN PERSPECTIVE:

- While the country has progressed as regards Internet connectivity, it still has a long way to go before all South Africans can enjoy affordable and reliable access. According to estimates, South Africa has a 49% Internet penetration rate and only 17% high-

speed broadband penetration. Mobile has gained the largest share of the country's broadband market.

- Government has set a goal of a 100% broadband penetration rate by 2030. In pursuit of this goal, a national broadband policy, South Africa Connect, has been developed to guide the roll-out of services to the nation. According to World Bank research, every 10% increase in broadband penetration increases economic growth by 1.38%.
- Consumers are becoming more self-sufficient through the use of Internet. By banking online or through mobile applications and mobile money services, consumers are forcing banks to adapt and create a different environment to offset the declining requirement for bank structures.

NETWORK INVESTMENTS:

- South Africa's network infrastructure is considered more robust than that of any of its African counterparts. In recent years, capital spend has been mostly directed at expanding second-generation (2G) and third-generation (3G) coverage. Mobile companies are, however, now also focusing on the roll-out of their long-term evolution (LTE) networks. LTE networks offer higher speeds than older technologies.
- The importance of infrastructure sharing to promote effective competition, avoid duplication of investment in infrastructure, reduce the cost of services and realise universal access objectives is highlighted by the March 2015 National Integrated ICT Policy Review.

SOUTH AFRICAN OPERATORS ELSEWHERE IN AFRICA:

Large telecommunications companies operating across the country's borders include MTN and Vodacom.

- MTN is the continent's largest telecommunications company. It operates in 22 countries across Africa and the Middle East. In 15 of the African countries, MTN has the largest market share. Nigeria

is the company's biggest market, with 61.2 million subscribers at the end of March 2015.

- Vodacom operates in four countries outside South Africa – the Democratic Republic of Congo (DRC), Lesotho, Mozambique and Tanzania. Vodacom plans to expand into African countries with low mobile coverage and with the potential for growth in data services.
- The African continent offers significant opportunities for telecommunications companies, as sub-Saharan Africa is considered to be the world's fastest-growing mobile market.
- Mobile banking has given consumers cheaper access to their finances, owing to a reduced need to travel and the lower overall cost of using a mobile phone for financial transactions. It also offers other services such as health insurance and lending, and the ability to pay or receive salaries and pay for services online.

ENVIRONMENT

- The country's government remains committed to helping find solutions to the problem of global warming. Part of the reason for this is that developing countries in particular will be suffering from the effects of global warming.
- Current environmental problems include the growth in water usage which is outpacing supply; rivers are being polluted by agricultural runoff and urban discharge; air pollution is resulting in acid rain; and soil erosion and desertification are affecting the quality of available land.
- The country remains vulnerable to oil spills as high levels of oil are transported from the Middle East to Europe and America along the coast. The environmental damage that follows affects the health of the country's population as well as the species that live in the area, while also contributing to the world-wide issue of climate change.

- South Africa is party to the following International environment agreements: Antarctic-Environmental Protocol, Antarctic-Marine Living Resources, Antarctic Seals, Antarctic Treaty, Biodiversity, Climate Change, Climate Change-Kyoto Protocol, Desertification, Endangered Species, Hazardous Wastes, Law of the Sea, Marine Dumping, Marine Life Conservation, Ozone Layer Protection, Ship Pollution, Wetlands and Whaling.

OPERATIONAL RISKS/BARRIERS TO DOING BUSINESS:

Africa's growth and development have attracted foreign investment to the continent. Yet there are many risks associated with doing business or operating in African countries. The following are some of the potential risks

facing investors operating in South Africa:

- Electricity shortages and higher power tariffs are constraining energy-intensive investment, including mineral processing. Efforts to rectify the power issues through the construction of the Medupi and Kusile coal-fired power plants have yet to come on full track, as construction has been delayed countless times.
- Extensive and tight labour regulations have resulted in a rigid labour market. Employers are obliged to meet racial- and gender-based employment quotas.
- There is a strongly unionised and regulated workforce.
- The country's export-oriented mining and manufacturing sectors are continuously being challenged by an unpredictable exchange rate and labour issues.
- The country suffers from a very high rate of crime. Besides the dangers for foreign businesses and their personnel, high security expenses increase operating costs.
- Lengthy business registration, closing and opening turnarounds make it difficult to start a new business.

- The country is dependent on one freight mode. Reliance on the country's roads for freight transportation increases the threat of congestion and heightens logistics risks.
- The scale of corruption in Africa is escalating, with South Africa emerging as one of the worst performers. The country's worsening corruption profile, especially in political circles, could deter investment.
- The country's competitiveness is hampered by its weak economic outlook.
- There is a lack of sufficient local skills as a result of weak education levels and a brain-drain of well-educated workers looking for better job opportunities.

OPPORTUNITIES FOR DOING BUSINESS:

In contrast, there are many opportunities that could make investment in South Africa a viable option.

- South Africa's geographic location offers a gateway to investment in the African continent. The African continent has been identified as the world's second-fastest-growing region, creating substantial new business opportunities for global businesses.
- South Africa's general commercial legal practices relating to transactions and the drafting of commercial agreements are, in general, globally applicable and in line with international norms and conventions.
- All foreign and domestic private entities are, in general, entitled to own business enterprises and engage in profit-making activities.
- Trade and industry take place within the framework of a free enterprise economy. South African courts are open to foreigners on the same terms and conditions as for South African citizens. Many commercial disputes are, however, resolved through arbitration by agreement between involved parties.
- The country's stock exchange, the JSE, is regarded as a mature, efficient and secure. The market has world-class regulation, trading clearing, settlement assurance and risk management. The JSE has harmonised its listing requirements and its disclosure and continuing obligations with those of the London Stock Exchange (LSE) and offers superb investor protection.
- South Africa is an attractive market for investors, as reflected by the robust FDI inflows that the country has experienced, largely due to the favourable legal and business environment.
- There are no limitations on foreign ownership and investment. Foreign investors are allowed 100% ownership.
- The country also has a clearly defined tax environment which is highly favourable by regional standards. This is in part due to its efficient tax bureaucracy and competitive corporate tax rate (with 28% being the highest marginal corporate tax rate).
- In South Africa, property rights, including intellectual property, are protected under a variety of laws and regulations. The country has an independent judiciary under which any threat to property rights may be enforced without political interference. It is also a signatory to most of the international conventions related to intellectual property rights.
- Businesses benefit from good contract enforceability and intellectual property rights, which reduce operating costs.
- South Africa has a well-developed banking and financial industry. This sector represents a major investment advantage for businesses operating in the country and fosters a high degree of access to financial services.
- Other significant operational advantages include a high degree of protection for minority stakeholders as well as a large presence of foreign banks in the country.
- South Africa's large group of mega-corporates contribute generously to the fiscus. The country is also not dependent on foreign aid.
- The country's diverse economy makes it possible to move away from the more traditional focus on primarily minerals exports towards a competitive industrialised economy.

- There are attractive renewable energy opportunities, especially with regard to wind and solar power generation. However, institutional factors need to be addressed.
 - Inter-regional trade agreements facilitate trade flows and reduce costs.
 - There is a limited threat from domestic and international terrorism.
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