

**Western Cape  
Government**  
Economic Development  
and Tourism

# Overview of opportunities in the Atlantis Special Economic Zone

Catalytic Infrastructure  
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# SEZs and Industrial Policy

- Success of SEZs depends on a variety of factors, including
  - Location,
  - Governance/role of entity and
  - Quality of infrastructure and services provided.
- Impact is enhanced through ‘spillovers’ – skills and enterprise benefits to communities and connections to value chains in the context of broader industrial development imperatives.
- Enabling and stable policy environment is essential
- Expecting investment incentives to do the trick does not work

# SEZ incentives: national

1. There are new two types of special income tax incentives for qualifying companies carrying on business within an SEZ:
  - Companies carrying on business within an SEZ are subject to an annual income tax rate of 15%.
  - A special building allowance that relates to expenditure incurred on the cost of any new or unused building or improvement to such building (a rate of 10% per annum on the cost of such building or improvement)
2. The employment tax incentive (ETI) is an existing tax incentive designed to encourage the employment of young persons. It allows employers hiring people 18 to 29 years old to reduce the amount of employees' tax paid on behalf of their employees whilst leaving the wage received by the employee unaffected.

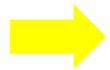
## SEZ incentives: national 2

3. Enterprises located within a CCA of an SEZ are eligible for the relief from import customs and excise duties on goods imported into the CCA. The relief amounts to a full rebate of import customs and excise duties on all goods imported into a CCA by a CCA enterprise.
4. VAT incentives are available to a business that is situated in a CCA of an SEZ (applies only in the CCA of the SEZ) or the operator of the SEZ operator for purposes of developing the CCA within the SEZ
5. The 12I Tax Allowance Incentive is designed to support Greenfield investments (i.e. new industrial projects that utilise only new and unused manufacturing assets). The new incentive offers support for both capital investment and training.
6. SEZ Fund will be available for infrastructure projects within designated SEZs – open to the licensee or the operator to apply

# What is the ASEZ purpose?

To utilise SEZ policy instruments and incentives as a catalyst for the long-term growth of a green technology manufacturing and services SEZ in Atlantis – thereby supporting the growth of the green economy in South Africa.

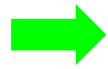
The ASEZ seeks to:



Continue attracting long-term investment and spur on job creation



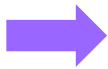
Draw on the Atlantis location at the heart of the West Coast Development corridor



Draw on the eco-system of green technology already developing in the Western Cape



Service the local as well as the export market



Effectively link the business activity in the Zone to a system of research & development, innovation and focused skills programmes

# What is GreenTech?

Lower Carbon

More resource efficient

More socially inclusive

- The type of products that are manufactured (for example, solar PV panels, water saving devices);
- The way in which production takes place (for example, energy efficient production processes with minimal waste),
- The resources with which these products are made/services are delivered (for example, recycled materials as input).
- The development of opportunities for low- and no-skilled workers in what is often a high-tech field



# Categories of green technologies



**Renewable energy generation:** renewable energy generation



**Energy storage:** batteries, thermal storage, hybrid systems



**Resource efficiency:** smart grids, green buildings, lighting, HVAC, smart & efficient appliances, collaborative consumption, efficient processes



**Transportation:** e-mobility and electric vehicles, traffic management, fuelling charging infrastructure, rail & water transport innovation



**Water and wastewater:** conservation, purification, treatment, production



**Recycling and waste:** recycling, waste treatment and recovery



**Advanced materials and packaging:** Nano, biomaterials, green chemicals, advanced packaging



**Air and environment:** carbon sequestration, carbon trading/offsets, emissions control



**Agriculture:** land management, green pesticides, aquaculture, hydroponics, aeroponic



# ASEZ value proposition

Location at the heart of the West Coast development corridor & close to major routes

Integrated investment support & ease of doing business

World class infrastructure, supported by a capable SEZ managing entity

Existing industrial capability & skill base

Well-considered skills and enterprise development programmes

Green economy ecosystem that includes key developers, the universities and other tertiary institutions

“Living lab” concept

# City of Cape Town incentives

## 1. Financial incentives include:

- Development application fee waivers
- Reduced development charges
- Electricity tariff reductions
- Broadband line rental holidays

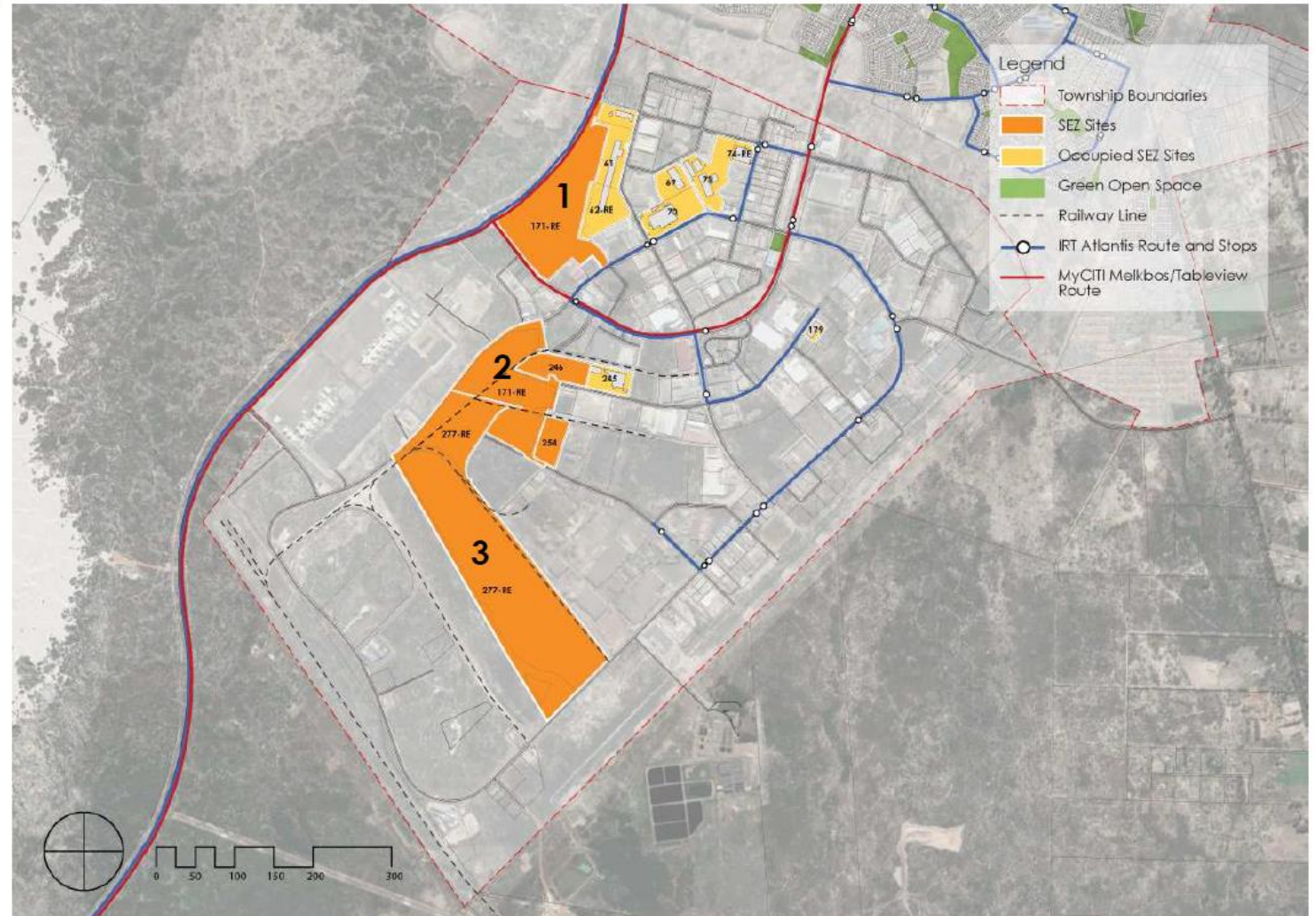
## 2. Non-financial incentives include:

- Fast-tracked development applications
- A dedicated investment facilitation service, which covers:
  - One-stop-shop investment function;
  - Mayoral Urban Renewable Programme aspects;
  - Targeted marketing and promotion

# ASEZ Property overview



- 118.6ha in total
- 5 Investors currently operating (24.6ha);
- 93.5 ha available for development



# What has been achieved thus far?

6 new investments to the value of R700 million

300 direct jobs created, majority taken up by Atlantis residents (excluding construction of new facilities)

R240 million in upgrades by the City of Cape Town

R200 Million invested by DTPW into roads infrastructure

Atlantis Community Stakeholder Network (CSN) established

Designation as an SEZ: 2018;  
ASEZ Co established De 2019

## **Broad ecosystem support in Atlantis: Skills and Small Business Development:**

- SEDA incubators established (SAREBI and SMTDC): 10 Companies supported
- Joint skills programme with West Coast FET College
- MerSETA funding for skills in 2018/9 (75 learners across NQF 2-4, 10 apprentice and 20 RPL)
- Number of learners from Atlantis provided with skills opportunities for 2017/18 - 2018/19: 600

Western Cape Government & City of Cape Town funding of green economy eco-system development supports the growth of the green tech market

# ASEZ: Investor sector targeted

## Short Term (within 5 years)

- **Advanced and green materials** – such as materials and fibres made from recycled plastics
- **Green building materials** – such as thermal insulation, double-glazed windows, biodegradable structural materials.
- **Advanced or eco-friendly packaging** – such as packaging made from recycled plastics (e.g. PET) or paper. Wood-based material replacing plastics in carrier bags etc. Reusable packaging.
- **Water efficient devices**
- **Eco-friendly or advanced chemical products**
- **E-mobility (non-battery components)** – niche opportunities in coachwork and components for public transport

## Medium Term (5 to 15 years)

- **Solar PV components**– such as PV components and panel assembly
- **Wind turbine components**– such as additional tower or blade manufacturer
- **E-mobility (non-battery components)** Expanded opportunities for provision of components and aspects of infrastructure (e.g. charging stations) for electric public transport vehicles
- **Advanced materials and packaging** – expanded opportunities in advanced materials and packaging due to increased incentives for recycling
- **Waste & recycling** – niche opportunities in reclamation and processing of higher-value waste streams (e.g. e-waste)

## Long Term (15+ years)

- **Gas based opportunities**– such as an additional closed cycle gas turbine for power generation.

The ASEZ may be able to attract additional RE component manufacturers and E-mobility components for public transport and associated infrastructure in the medium term when demand is more supportive.

# ASEZ: Investment approach



## Product

- Greenfield land
- Legacy infrastructure
- Incentives
- Long term infrastructure
- Skills development programmes - FET college



## Outreach

- Developing investor pipeline
- MIR (Market Intelligence Reports)
- Opportunity scans
- Wesgro research
- ICN/GIZ/Smart Cities
- Dti/InvestSA/Wesgro
- Direct



## Support

- Stakeholder introductions
- Application forms
- Business Registration
- Access to information
- Access to utilities
- Red tape reduction
- OSS
- SAREBI



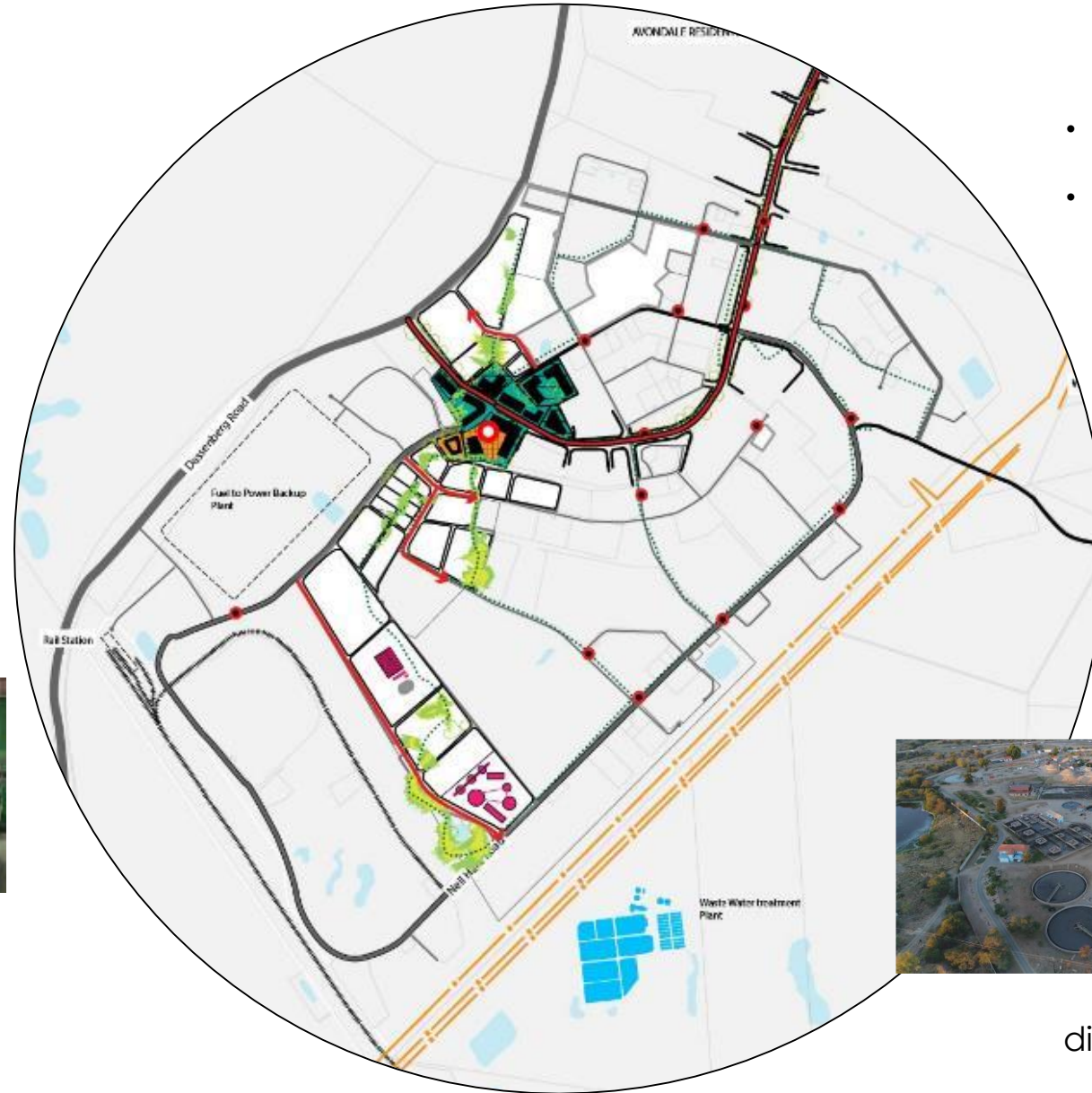
# Living Lab and differentiators (examples)



Business hub to foster innovation



Material recovery facility



- Catalyzes through differentiator facilities
- Develops differentiators (e.g. business hub). Remainder of land as flexible parcels that can be subdivided to respond to market opportunities.



Private response: mixed use hub



Waste digester facility

# Questions?



# Thank you

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