

INTRODUCTION



South Africa's constitution (Chapter 3: Co-operative Government) constitutes government as national, provincial and local spheres of government. It describes these spheres as distinctive, interdependent and interrelated. The constitution spells out principles for co-operative governance, including that the spheres should co-ordinate their actions and legislation with one another.

The constitution provides for nine provinces, each with its own legislature. Each province has its own Executive Council, headed by a Premier elected by the Provincial Legislature.

Provinces have legislative and executive powers concurrently with the national sphere over, amongst other areas:

- agriculture
- health services
- public transport
- tourism
- urban and rural development
- environment
- housing
- regional planning and development
- trade and industrial promotion

These powers can be exercised to the extent that provinces have the administrative capacity to assume effective responsibilities. Provinces have exclusive competency over a number of areas, which include liquor licences and provincial planning.

The dti and the provinces

Each province has a Member of the Executive Council (MEC) responsible for the portfolio most closely linked to that of the Ministry of Trade and Industry. Although the combination of portfolios differs from province to province, economic affairs and tourism are often linked.

Several initiatives ensure that there is co-ordination between **the dti** and the provincial departments. A Provincial Heads of Department Committee meets monthly; there are regular MinMecs (meetings of the National Ministry with the Provincial MECs); there are monthly visits by **the dti** to the provinces; **the dti** rotates the venue of its Executive Board meetings and there is an annual Provincial Lekgotla.

The economy in the provinces

This booklet sketches out an economic profile of each province. In order to provide comparable data, some of the statistics date back to 1994. Although the numbers will have changed over the past nine years, the data does give an indication of the relative sizes of the provincial economies, and the sectors within them.

More than just collating statistics, however, the aim of this booklet is to give an outline of the real economy in each province, especially the major projects that the province is planning in order to contribute to the growth and development of the country.

Spatial Development Initiatives and Industrial Development Zones

Many of the major projects in the provinces fall in line with the national government strategy of Spatial Development Initiatives (SDIs) and Industrial Development Zones (IDZs).

Spatial development initiatives focus high-level support on areas where socio-economic conditions require concentrated government assistance and where inherent, underutilised economic potential exists.

As identified investment opportunities are taken up by the private sector, the SDIs aim to facilitate the creation of viable jobs and maximise the ability of local communities to benefit from the increased economic activity.

IDZs are purpose-built industrial estates linked to an international port or airport containing a controlled duty-free area suited to export-oriented production. These facilities will offer private manufacturing businesses an environment of attractive benefits, high quality inputs at competitive rates and an environment that gives easy access to world markets.

Sources for this document

Material provided by the Provincial Departments of Economic Affairs

Provincial websites

Stats SA (www.statssa.gov.za)

Census 1996

Income and Expenditure Survey, 1995 (Measuring poverty in SA)

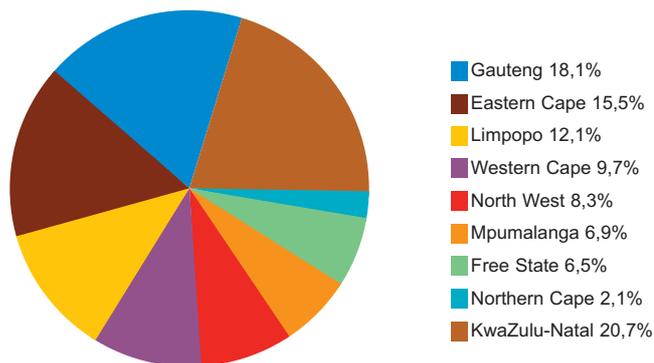
Labour Force Survey September 2001

South Africa Yearbook 2001/2002; GCIS (www.gov.za/sa_overview)

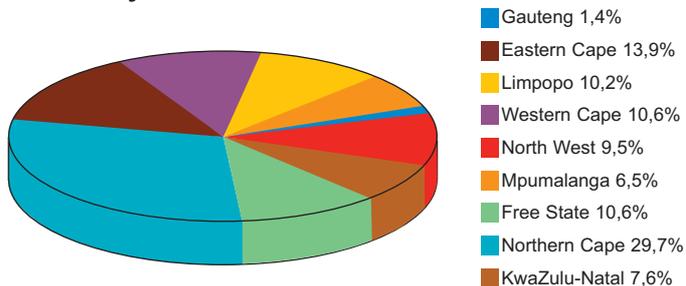
KwaZulu-Natal Review 2001/2002 (www.infobiz.co.za)

An overview of the Provinces

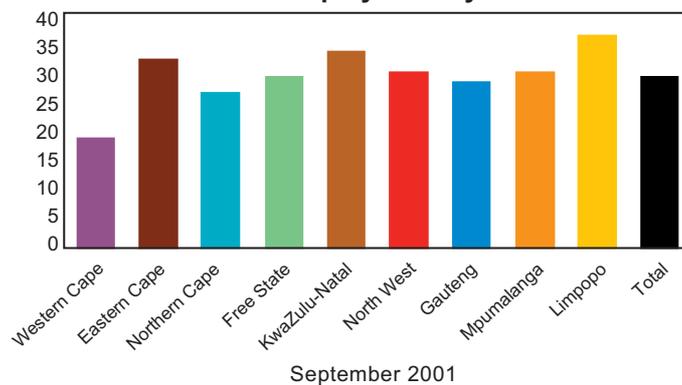
Percentage of the population in each province - October 1996



Area by Province in South Africa



Official Unemployment by Province



THE EASTERN CAPE

www.ecprov.ecape.gov.za

Capital: Bisho
Premier: Rev. Makhenkesi Stofile
MEC for Economic Affairs,: Mr Enoch Godongwana
Environment and Tourism

| | |
|---|-------------|
| Total Population (2000): | 6.7 million |
| % Urban | 33.2 |
| % Rural | 66.8 |
| % of RSA Population | 15.2 |
| Total Area ('000 km ²) | 170.6 |
| % of RSA Area | 13.9 |
| % HIV Prevalence (1998) | 11.8-20.0 |
| Official Unemployment (2001) | 32.0 |
| Poverty Index (Mean Household Expenditure in R/Month (1995) | R 1 815 |
| % Contribution to GDP (1994) | 8.1 |



Premier Makhenkesi Stofile



MEC Enoch Godongwana



INTRODUCTION

The Eastern Cape is the second largest province in South Africa and is situated on the eastern seaboard of the country. The province is emerging as the hub of South Africa's motor industry and has a significant potential for agricultural development and primary production value-added processing. Poverty and unemployment are the most urgent challenges.

THE REAL ECONOMY

The Eastern Cape has a substantial manufacturing sector, which accounts for 18% of provincial GDP, and many world-famous companies have made major investments. The Eastern Cape is widely regarded as having the potential to substantially increase its contribution to the national economy as the country moves towards an export-led industrial strategy.

Apart from the motor industry, other major industries in the province include agriculture, textiles and clothing, wool processing, tourism, timber and transport. Tourism is expected to develop into a major growth sector, based on the province's 800 km of unspoilt subtropical coastline, lapped by the warm waters of the Indian Ocean. Game fishing, mountain hiking trails, snow skiing, game reserves and several resort hotel

developments are established within easy reach of airports at the major centres of Port Elizabeth and East London.

The province's two harbours at Port Elizabeth and East London, together with a new deep-water port being developed at Coega, provide a sound basis for making the Eastern Cape an ideal export centre for manufactured and value-added goods.

ECONOMIC POLICY

The Department of Economic Affairs, Environment and Tourism is responsible for co-ordinating the implementation of national economic policy in the province, particularly with respect to manufacturing, small business development and tourism. This is effected principally through the Eastern Cape Development Corporation (ECDC) and the Eastern Cape Tourism Board (ECTB), which are parastatal agencies established by the department.

Together with the provincial government, the department strives for an Eastern Cape devoid of the inequalities of the past, unified through integrated and sustainable economic, social and cultural development, in order to provide an acceptable quality of life for all its people in the context of a united, non-racial, non-sexist and democratic South Africa. The department's mission is to build a sound, growing and sustainable economy which facilitates economic empowerment and delivers an optimal standard of living for all the citizens of the province.

ECONOMIC SECTORS

Gross Domestic Product per Region (GDPR) for the Eastern Cape was estimated at R53.7bn in 2001, compared to R46.5bn in 1995. This represents an annual growth rate of 2.4% p.a. between 1995 and 2001.

The dominant productive sectors in the province are Manufacturing (17.8% of GDPR), Finance/Real Estate/Business Services (15.8% of GDPR), and Wholesale/Retail Trade/Hotels/Restaurants (15.2% of GDPR).

The province's GDPR in 2001 represented just over 8% of national GDP, while the province's share of national population was around 15.5%.

The sectoral distribution of GDPR (2001) and employment (1999) in the province are indicated below:

| Economic Sector | GDPR in Rand Million (2001) | % of Total GDPR | Number of Employees (1999) | % of Total Employment |
|---|-----------------------------|-----------------|----------------------------|-----------------------|
| Agriculture, Hunting, Forestry and Fishing | 1 818 | 3.4 | 70 470 | 13.2 |
| Mining and Quarrying | 57 | 0.1 | 7 154 | 1.4 |
| Sub-Total: Primary Production | 1867 | 3.5 | 79 744 | 14.6 |
| Manufacturing | 9 489 | 17.7 | 97 035 | 18.1 |
| Electricity, Gas and Water | 2 704 | 5.0 | 5 598 | 1.0 |
| Construction | 1 071 | 2.0 | 43 635 | 8.1 |
| Sub-Total: Secondary production | 13 264 | 24.7 | 146 268 | 27.2 |
| Wholesale/Retail Trade and Accommodation | 8 173 | 15.2 | 83 818 | 15.7 |
| Transport, Storage and Communication | 5 158 | 9.6 | 32 851 | 6.1 |
| Financial, Insurance, Real Estate and Business Services | 8 496 | 15.8 | 35 181 | 6.6 |
| Government, Community, Social and Personal Services | 12 233 | 22.8 | 159 453 | 29.8 |
| Sub-Total: Tertiary Production | 34 060 | 63.4 | 311 303 | 58.2 |
| Taxes less Subsidies on Products | 4 543 | 8.4 | .. | .. |
| TOTAL | 53 735 | 100.0 | 535 195 | 100.0 |

Sources: ECDC, 1999; StatsSA 2002

GDPR: Gross Domestic Product per Region at constant 1995 prices

While the provincial economy is dominated by Tertiary Production sectors (63.4% of GDPR and 58.2% of employment), these consist predominantly of relatively unproductive activities, in terms of real value-added, and are associated with government, community, social and personal services. The principal value-adding and employment generating activities are in the Secondary Production sectors, predominantly in Manufacturing (18% of both GDPR and employment); while the Primary Production sectors contribute 3.5% and 14.6%, of GDPR and employment, respectively.

In terms of output, value-added, employment and relative efficiency, the manufacturing sector is the key productive sector in the provincial economy. However, in terms of distributional equity, manufacturing activities are heavily skewed towards the urban agglomerations in the Nelson Mandela Metro and Buffalo City, where the province's two principal ports and generally superior infrastructure constitute a focus for industrial investment, growth and development. In fact, some 90% of manufacturing GDP in the Province is generated in these two areas.

In the medium- to longer-term, the manufacturing dominance of the Nelson Mandela Metro and Buffalo City will be intensified due to substantial anticipated private sector investment and developments associated with the establishment of Industrial Development Zones at Coega (Nelson Mandela) and East London (Buffalo City), which are currently significantly supported by infrastructural and operational financial investments by the national, provincial and local government spheres. While this represents a key aspect of state intervention to promote sustainable, value-adding and export-oriented manufacturing development, it is imperative that hinterland and rural development should not be neglected.

Towards this end, significant new investments by national, provincial and local government institutions are planned for areas outside of the direct sphere of influence of the dominant urban agglomerations. These are directly and indirectly linked to the Integrated Sustainable Rural Development Programme (ISRDP) and the Spatial Development Initiative (SDI) Programme.

MAJOR REAL ECONOMY PROJECTS

The Wild Coast SDI consists of four main elements:

- The development of the Pondoland Park, which will be a new, consolidated conservation area comprising a marine and terrestrial park environment in the Wild Coast area;
- The construction of the N2 Toll Road between East London and Port Shepstone to consolidate the N2 route from Cape Town to Kosi bay;
- The four-year European Union Programme, involving NGOs that work with local communities to identify, develop and operate community-based tourism initiatives; and

- Sustainable economic development at the Port St Johns Coastal Node, in collaboration with the local municipality, the DBSA and the IDC. The main focus of this undertaking is linked to tourism, agriculture and primary production processing.

The Coega Industrial Development Zone involves the development of a new purpose-built industrial port, associated infrastructure and a customs secure area. The IDZ aims to position South Africa as a platform for global export manufacturing, based on local and foreign investment. The Coega Project will generate long-term sustainable economic growth and employment creation, and the IDZ will establish synergy between the location of manufacturing activities and world-class infrastructure to facilitate globally competitive export-oriented business.

The East London Industrial Development Zone is located between the river port at East London and the EL Airport, thus facilitating export and import logistics to support new industrial development. Key initial projects include infrastructure development in association with Portnet (the Port Authority) and the Buffalo City Municipality, which owns the land designated for the IDZ.

The Coega and East London IDZs form a complementing industrial undertaking to establish broadly based manufacturing development with clear forward and backward linkages into the provincial and the national economies.

Key Provincial Contact Details

MEC Enoch Godongwana

Telephone: 040-609 3234 Fax: 040-609 3211
Postal: Private Bag X0054, Bisho 5605

Head of Department (Mr L N Vanda)

Telephone: 040-609 3221 Fax: 040-609 3240
Postal: Private Bag X0054, Bisho 5605

Eastern Cape Development Corporation (ECDC)

Telephone: 043-743 2158 Website: www.ecdc.co.za

Eastern Cape Socio-Economic

Telephone: 040-635 1590

Consultative Council (ECSECC)

E-mail info@ecsecc.org.za

Coega Development Corporation

Telephone: 041-507 9111 Website: <http://www.coega.co.za>

East London Industrial Development Zone Corporation

Tel: (043) 727-1447 Fax: 043 727 0512

E-mail: info@elidz.co.za

Website: www.elidz.co.za

THE FREE STATE

www.freestatetourism.gov.za



| | |
|---|----------------------|
| Capital: Bloemfontein | |
| Premier: Winkie Direko | |
| MEC for Tourism, Environmental and Economic Affairs: Mr Sakhawe Belot | |
| Population: 2,9m Urban:Rural split: | 71,2%:28,8% |
| | % of SA 6,6% |
| Area: | 10,6% (joint 3/9) |
| HIV Prevalence (1998): | 20,2 – 25,3% (3/9) |
| Official Unemployment (2001): | 29,1% (6/9) |
| Mean h/h expenditure R/month (1995): | R1 794 (9/9) |
| % of GDP (1994): | 6,19% (6/9) |
| Poverty Index (Mean household expenditure R/month, 1995): | R1794 (9th lowest) |
| | % of GDP (2001) 5.8% |



MEC for Tourism,
Environmental & Economic
Affairs:
Mr Sakhawe Belot

INTRODUCTION

The Free State lies in the heart of South Africa, with the Kingdom of Lesotho nestling in the hollow of its bean-like shape. It lies between the Vaal River in the north and the Orange River in the south.

The capital, Bloemfontein, is also the judicial capital of the country, housing the Supreme Court of Appeal.

The road network density of the province is the third highest in the country. The big national road, which is the artery between Gauteng and the Western and Eastern Cape, passes through the middle of the Free State.

The Free State is the third largest province in South Africa. However, it has the second smallest population of all the provinces. According to the Stats SA 1995 Income and Expenditure Survey, its households have the lowest monthly expenditure of all provinces.

THE REAL ECONOMY

Best known for its maize production, the "breadbasket of South Africa" also produces a variety of other agricultural products and possesses rich gold deposits. It is the home of SASOL that produces synfuels and associated products.

Since 1989, the Free State economy has changed from being dependent on the primary sector to being a manufacturing, export-orientated economy. The Free State's Gross Geographic Product (GGP) amounted to approximately R33,495 billion in 2001, which represents a 5.8% contribution to the South African economy. Projections for Free State GGP indicates an increase to R34,805 billion in 2002. For the rest of the MTEF period, projections indicate that the Free State GGP will increase further – R36.110 billion in 2003; R37,532 billion in 2004 and R39,079 billion in 2005.

ECONOMIC POLICY

The vision of the Free State provincial government is to develop a sustainable, growing, accessible, affordable, broadly based and structurally interdependent economy through the maximum use of human, financial and other material resources and to mobilise and manage all the resources of the province to support activities that would provide a better life for all its citizens, in harmony with the environment. The quest for accelerated economic growth, job creation and service delivery to break the vicious circle of poverty and unemployment remains the overall objective of the department.

The province is geared to a three-tier development process:

- Beneficiation
- Empowerment and capacity building, and
- Competitiveness.

ECONOMIC SECTORS

Machinery and equipment

The Free State produces world-class machinery at competitive prices and has good export markets in Africa, Latin America, Eastern Europe, Australia, North America, and some South American countries. There has been some foreign investor participation in the form of joint ventures or equity partnership. Smaller manufacturers of specialised products compete and profit in the industry as well.

Floriculture

Free State has an advantage due to the opposing seasons of the southern and northern hemispheres. However, other South Africa provinces and neighboring countries, such as Zimbabwe, Zambia and Kenya, serve as strong competition. Principal growing areas in the Free State are within 2-3 hour drive from Gauteng and direct flights to Europe. Free State exports approximately 1.2 million cut flowers per year – the Netherlands is the main market, followed by Switzerland and Australia.

Fruit and vegetables

The province produces approximately 100,000 tons of vegetables and 40,000 tons of fruit each year. The main vegetable crop is asparagus, both white and green varieties. The industry is expanding and becoming increasingly export orientated; however, most produce leaves the province unprocessed.

Leather tanning and finishing

Free State is a major producer of livestock for South Africa. Free State abattoirs export wet salted hides for tanning to neighboring provinces and overseas to Italy and Germany. Cow, sheep and ostrich hides are widely available in the province.

The major market is the EU. The manufacture of automotive upholstery leather in South Africa is rising dramatically, with South Africa currently the world's second largest producer of automotive leather. World demand for leather has been increasing at an average annual rate of 5.3% - worldwide the industry is valued at more than US\$150 billion. The largest importers are Germany, Italy, France and the US.

Jewellery manufacturing

Demand for jewellery products in South Africa is growing. Nine commodities are being exploited in the Free State of which gold and its by-products are by far the most important followed by diamonds and coal. The general rate of duty for South African jewellery exports to the US is zero, while exports to Canada will qualify for a preference tariff of 6.5%.

Twelve gold mines operate in the province. Free State is the fifth largest global producer of gold. Harmony Gold Refinery is one of two refineries

in the country that are authorised to sell gold directly to jewellery manufacturers.

Petrochemicals (downstream processing)

Northern Free State is established as one of the most important chemical hubs in the southern hemisphere. More investment is possible in the downstream processing of petrochemicals. SASOL is the exclusive world leader in Fischer-Tropsch technology. The province has competitive advantages in the production of certain fuels, waxes, chemicals and low-cost feedstock from coal.

MAJOR REAL ECONOMY PROJECTS

Development of the Goldfields as the jewellery manufacturing hub of South Africa.

The primary objective is to improve the jewellery industry's competitiveness through cluster initiatives. Investments have already been made in Virginia, e.g. Royal South African Manufacturers (RSAM), jewellery school, etc.

The significance of the jewellery school – established in Virginia - is the fact that it serves as a tool to especially develop and unleash the creativity of our youth. We are very proud of the fact that 18 black students are enrolled in this school – it is their creative jewellery designs that have captured the attention of exhibition delegates! From our recent trip to Uganda, we have registered interest from the Ugandan government to send their students here for training at the jewellery school. The development of our human resources is of paramount importance in the development of our economy.

Agro-industry development

Farmers in the province are shifting their farming from the conventional to commercially focused activities. In the process, black economic empowerment is taking place, for example farm workers are receiving shares in the business venture.

Another development activity in the southern Free State, which includes the production of natural rubber, pulp and resin, is in the planning phase.

Development of the tourism industry

The domestic market represents the bedrock of the Free State tourism industry. During the past financial year approximately 75 752 people

visited the provincial reserves and resorts and 2.2 million domestic trips were undertaken to the Free State in 2000/2001. Twenty (20%) per cent were from Gauteng and six (6%) per cent from the Eastern Cape. Most leisure travelers were from Gauteng.

Development of the downstream chemical industry

An initiative has already been planned to stimulate and facilitate the development of a viable downstream chemical industry. The vehicle created to manage this industry initiative is ChemCity, which will comprise approximately 400 businesses focused on the fine and specialised chemical and related sectors of the chemical industry. The Chemcity site in Sasolburg provides access to infrastructure, raw materials, utilities, effluent and waste treatment facilities, and a wide range of professional services. This will accommodate tenants with access to key raw materials, support services and synergistic possibilities which, when combined with financial incentives, translates into unique competitive advantage. This opportunity offers the ideal location for new facilities with a significant home market demand, coupled with a strategic location for expansion in Africa.

KEY PROVINCIAL CONTACT DETAILS

MEC for Tourism, Environmental & Economic Affairs:

Mr Sakhwe Belot

Tel: 051 403 3728

Fax: 051 448 4286

E-mail: molusil@dteea.fs.gov.za

Postal Address: PO Box 264, Bloemfontein, 9300

Head of Department: Mr Noby Ngombane

Tel: 051 403 3719

Fax: 051 448 4286

E-mail: lerothom@dteea.fs.gov.za

Postal Address: Private Bag X20801, Bloemfontein, 9300

GAUTENG

www.gpg.gov.za / www.finance.gpg.gov.za



| | | |
|---|-----------------|----------------------|
| Capital: | Johannesburg | |
| Premier: | Mbazima Shilowa | |
| MEC for Finance and Economic Affairs: | Jabu Moleketi | |
| Population (1996): | 7,3m | Urban:Rural - 97%:3% |
| | % of SA: | 18,1% (2/9) |
| Area: | 1,4% | (9/9) |
| HIV Prevalence (1998): | 19,2 - 25,7% | (4/9) |
| Official Unemployment (2001): | 28,2% | (7/9) |
| Poverty Index (Mean household expenditure R/month, 1995): | R5 086 | (1/9) |
| | | (least poor) |
| % of GDP (1994): | 37,73% | (1/9) |



MEC for Finance &
Economic Affairs:
Mr Jabu Moleketi

INTRODUCTION

Gauteng is the Sotho word for "Place of Gold" and takes in the mineral rich area known as Pretoria-Witwatersrand-Vereeniging, acknowledged as one of the largest industrial regions in the southern hemisphere. Although the province is the smallest of all the provinces in South Africa, it plays a highly significant role both politically and economically. The province accommodates more than seven million people.

THE REAL ECONOMY

Gauteng Province is the powerhouse of the South African economy. The province is not only an important contributor to the country's GDP, it also plays a very critical role in the regional (Southern African Development Community, SADC) and Africa's economies. It generates about 9% and 25% of the total African continent and SADC gross national products respectively. Gauteng Province also represents the highest per capita income level in the country.

ECONOMIC POLICY

The Gauteng Department of Finance and Economic Affairs seeks to achieve growth and development through investment in strategic economic infrastructure that boosts the competitive advantages of key

sectors of the economy. It further seeks to increase foreign and domestic investment as well as trade. The implementing entities for the realisation of these goals include the Gauteng Economic Development Agency, Gaumac, Blue IQ and the Gauteng Gambling Board.

ECONOMIC SECTORS

The province has always been the engine of the country's transformation from a pastoral (agriculture-based) society to a modern industrial nation. Although the mining industry was originally the major cornerstone of this province's economy, this has turned around recently and manufacturing, trade and financial services sectors have become predominant. Fast growth is expected in the information technology, telecommunication, financial service and high added-value sectors in the next few years.

| MAJOR SECTOR CONTRIBUTIONS (source: WEFA, 2001) | | |
|--|---------------------|----------------|
| Economic sector | South Africa | Gauteng |
| Manufacturing | 18.2 | 17.2 |
| Finance | 19.3 | 26.2 |
| Consulting Services | 23.1 | 20.0 |
| Trade | 13.1 | 13.8 |
| Mining | 6.5 | 4.5 |
| Transport | 10.0 | 11.7 |
| Construction | 2.9 | 3.1 |
| Agriculture | 3.7 | 0.6 |
| Electricity | 3.3 | 2.3 |

Source: Statistics South Africa

MAJOR REAL ECONOMY PROJECTS

The Gauteng provincial government has launched an umbrella project called Blue IQ, which consists of 11 different mega projects in economic infrastructure development in the areas of tourism, technology, transport and high value-added manufacturing. The aim is to attract some R100 billion in foreign direct investment in the next 10 years. In excess of R2 billion has already been allocated by the Gauteng provincial government.

Technology

Telecommunications is recording a growth rate of 45% a year in South Africa. Considering the size of the market, the number of operators is low, ownership is concentrated and there is much opportunity to both diversify ownership and encourage new entrants. There is one project in this category:

The Innovation Hub - www.theinnovationhub.com

This project is a partnership between the Council for Scientific Research and Industrial Research (CSIR), the University of Pretoria and the Gauteng provincial government. The aim of the Innovation Hub is to attract "smart" industries to Gauteng, by creating strong links between business, education and research, as well as providing physical premises to bring together similar companies that will benefit from interaction and networking.

Culture/Tourism

Gauteng is the preferred point of entry for most business and leisure travellers and has enormous potential to further develop its cultural, heritage and eco-tourism offerings. There are five projects in this category:

- **Newtown Cultural Precinct**

The aim of this project is to market Newtown as the premier entertainment and cultural venue in Johannesburg. It is an important initiative in the regeneration of the inner city, and has already seen the opening of the Mary Fitzgerald Square. Another important aspect of the project is the Nelson Mandela Bridge, which is due to be opened in March 2003.

- **Cradle of Humankind** (www.cradleofhumankind.co.za)

A vast area in north-western Gauteng, which includes the Sterkfontein Caves where very early evidence of human ancestry has been found, was declared a World Heritage Site in 1999. It has the potential to become a major international tourist attraction and plans are being made to promote public-private-sector partnerships, thus encouraging job creation, employment opportunities and economic growth for the area.

- **Constitution Hill**

A new constitutional court and constitutional commission buildings will be constructed next to the Old Fort in Braamfontein, a former apartheid prison. The old fort was selected because of its historical importance. The site will also be developed into a tourist attraction.

- **Dinokeng**

Dinokeng, a seTswana word meaning "place of rivers", is located in north-eastern Gauteng, on the border of Mpumalanga. It aims to create a conservation-based eco-tourism destination established around a "Big Five" game reserve. This will be complemented by iron and stone age sites, historic World War II monuments, the story of early mining in South Africa, destinations focused on the history of the Ndebele and Shangaan people, and the homes of important literary and musical figures, such as Ezekial Mphahlele and Madikwe Dikobe

- **Kliptown**

The anchor project at this historic site, the place where the Freedom Charter was adopted in 1955, will be a monument and Freedom Square. Other plans include cleaning up the Klipspruit river, upgrading the roads system and building housing units.

Transport

As a hub of road and rail links, Gauteng is well positioned for access to the countries in the Southern African Development Community. There are three projects in this category.

- **Gautrain Rapid Rail Link** (www.gautrain.co.za)

The area between Johannesburg and Pretoria - two major cities in South Africa - is recording the fastest rate of economic development in southern Africa. The Gautrain initiative involves a new rail-bound mass transit system covering 79km with eight stations. The distance between Pretoria and Johannesburg will be covered in less than 38 minutes. Apart from the convenience, the project will provide a pivotal stimulus to economic and social development.

- **Johannesburg International Airport Industrial Development Zone**

The plan is to create a duty-free zone for high-value goods. The project will also include the upgrading of the road network around the airport to improve access to the freight area.

- **City Deep Container Depot IDZ**

The City Deep Container Depot is a bonded warehouse, which falls into the category of an inland port. About 40% of all cargo exported via the port of Durban originates in City Deep. The process of having the land declared an IDZ is proceeding, and plans are underway to improve the road access to City Deep.

High value - added manufacturing

Gauteng's manufacturing base is moving towards sophisticated products and high value-added exports. There are two projects in this category:

- **Gauteng Automotive Cluster** (www.aidc.co.za)

This incorporates the Automotive Industry Development Centre, which was launched in 2000, to establish world-class resources in competitiveness improvement, automotive engineering design and testing, automotive research and development and human resource development. The aim of the project is to transform the South African industry into a globally competitive industry, participating in global component and model exports through to concept and design participation.

- **Wadeville Alrode Industrial Corridor**

This corridor has the greatest density of manufacturing plants in the province, but there has been a tendency in the recent past for some industries to relocate. The regeneration project will aim to stem the exodus and then persuade new businesses to move into the corridor.

Key Provincial Contact details

MEC for Finance & Economic Affairs: Mr J Moleketi

Tel: 011 355-8703 Fax: 011 834 1972

Postal Address: Private Bag X091, Marshalltown 2107

E-mail: mathabom@gpg.gov.za

Head of Department: Ms Thenjiwe Chikane

Tel: 011 355 8701 Fax: 011 355 8500/8479

E-mail: chikanet@gpg.gov.za

Gauteng Economic Development Agency:

Tel: 011 833 8750 Fax: 011 833 8930

E-mail: info@geda.co.za

Gauteng Tourism Authority

Tel: 011 327 2000 Fax: 011 327 7000

E-mail: tourism@gauteng.net

Blue IQ

Tel: (011) 689-1600

E-mail: info@blueiq.co.za Website: www.blueiq.co.za

KWAZULU-NATAL

www.kwazulu.net



| | | |
|--|---------------------------|------------------------|
| Capital: (Joint capitals) Ulundi and Pietermaritzburg | | |
| Premier: Lionel Mtshali | | |
| MEC for Economic Development and Tourism: Mr Roger Burrows | | |
| Population (1996): 8,4m | Urban:Rural - 43,1%:56,9% | |
| | % of SA: | 20,7% (1/9) |
| Area: | | 7,6% (7/9) |
| HIV Prevalence (1998): | | 29,3 - 35,7% (1/9) |
| Official Unemployment (2001): | | 33,5% (2/9) |
| Poverty Index (Mean household expenditure R/month, 1995): | | R2 680 (3rd highest/9) |
| % of GDP (1994): | | 14,9% (2/9) |



MEC for Economic Development & Tourism:
Mr Roger Burrows

INTRODUCTION

KwaZulu-Natal Province stretches along the eastern seaboard of South Africa from the southern borders of Swaziland and Mozambique to the Eastern Cape border in the South. Inland, it is flanked by the Kingdom of Lesotho, the Free State and Gauteng Province. It is the third smallest province, but has the largest population. KwaZulu-Natal is one of the country's premier tourism destinations.

THE REAL ECONOMY

The key strength of this province's economy is its trade and transport infrastructure. It ranks second after Gauteng in terms of contribution to GDP and third in terms of household expenditure. However, with an unemployment rate of 33,5%, it has the second highest unemployment rate of the provinces, and the highest estimated prevalence of HIV-AIDS.

ECONOMIC POLICY

The KwaZulu-Natal Department of Economic Development and Tourism seeks to achieve a high level of economic growth through the attraction of sustainable investments; expanding local manufacturing capacity; improving global competitiveness; and; promoting black economic empowerment. The department also encourages strategies to boost

development in small towns. One of the key priorities for the province is the development of a new trade port and logistics platform with La Mercy International Airport on the north coast as a key node. Furthermore, the department seeks to promote more effective support for the development of SMMEs.

The targeted sectors for effective intervention include:

- Manufacturing: auto, textiles, petrochemicals, aluminium, paper and pulp
- Perishables: focus on organics for foreign markets, labour intensive with low capital expenditure
- Tourism: focus on foreign charter market and black community ownership ventures.

ECONOMIC SECTORS

Manufacturing, the largest sector, enjoys a comparative advantage over industry elsewhere in South Africa in terms of access to basic production inputs such as water and coal, as well as accessible marine waste disposal. Contributing to the high production figures, the major sub-sectors in KwaZulu-Natal's manufacturing segment comprise the following:

- Textiles, clothing, leather and footwear
- Pulp and paper products
- Basic metals
- Food and beverages
- Chemicals, rubber and plastics

The Port of Durban handles over 30 million tons of cargo annually with a value of more than R100 billion. The Port of Richards Bay handles about 1000 containers per month. Combined, these two ports handle about 78% of South Africa's cargo tonnage.

| Economic Sector | KwaZulu-Natal | South Africa |
|------------------------|----------------------|---------------------|
| Agriculture | 5.9% | 4.8% |
| Manufacturing | 30.3% | 24.2% |
| Trade | 16.1% | 14.9% |
| Finance | 11.1% | 11.8% |
| Transport | 11.0% | 7.5% |

Richards Bay is the centre of operations for South Africa's aluminium industry. Bayside Aluminium is a major producer of primary aluminium, while Richards Bay Coal Terminal is instrumental in ensuring the country's position as the second largest exporter of steam coal in the world. Richards Bay Minerals is the largest sand mining and mineral-processing operation in the world.

The motor vehicle manufacturing industry has created a considerable multiplier effect in component and service providers. The automotive leather industry has grown rapidly, with exports significantly increasing foreign exchange earnings.

Agricultural production, together with its forward and backward linkages, is an important contributor not only to household food security but also to the economy. The coastal areas are used mainly for sugar cane and subtropical crops and vegetables. Despite the fact that KwaZulu-Natal covers such a small amount of South Africa's land area, a large percentage of the country's total number of small-scale farmers are based in this province.

KwaZulu-Natal is the country's leading timber producer, with plantations processing well over half of all timber used in the country and a substantial percentage of all wood product sales are generated here.

In terms of trends, the informal sector has experienced some growth in the areas of recycling (8%), vending (7%), manufacturing (16%) and indigenous craft (5%). The tourism industry has also experienced growth. In the first quarter of 2002, one billion rand in revenue from domestic tourism was earned. There is a general decline in formal employment in the manufacturing sector, in particular the clothing sector. There is also some decline in economic activity in the rural and small town economies.

REAL ECONOMY PROJECTS

The province has identified several strategic projects that will propel economic development and growth, create sustainable employment opportunities, improve the living standards of many people as well as improve industry competitiveness.

- Aimed at strengthening existing industries, the current focus areas of the Pietermaritzburg-Msunduzi SDI comprise the leather and footwear industries, wood products and furniture, the aluminium industry, and the establishment of a tourism cluster.
- The Richards Bay-Empangeni SDI is focused on industries, infrastructure projects, SMME development and the creation of downstream processing opportunities for the wide array of raw materials produced in the area, as well as developing its tourism strength as the gateway to northern KwaZulu-Natal.
- The Lubombo SDI (a corridor stretching from the Greater St Lucia Wetland Park and along the Indian Ocean coastline to Ponta do Ourao in Mozambique, embracing Jozini Dam and game reserves in Swaziland) is focused on tourism and major agricultural development opportunities.

La Mercy / King Shaka Airport

The government has approved a comprehensive relocation package for a major new international airport at La Mercy on the North Coast. The development is essential to securing greater access to the international tourism market, holding significant implications for business and tourism in the northern metropolitan areas, as well as the important freight and communications network.

Other projects include the following:

- **Petro-Chemical Hub**

Discussions have been held with SAPREF, Engen and Sasol Polymers to start developing a petro-chemical hub to be located at a site next to Durban International Airport.

- **Integrated Freight Strategy**

The objective of the freight strategy is to promote greater efficiencies at key nodes - Durban, Richards Bay, City Deep in Johannesburg, Johannesburg International Airport, La Mercy and Durban International Airport. A framework for co-operation with Gauteng is being developed.

- **Transport Infrastructure**

Toyota SA, together with the Department of Economic Development and Tourism as well as the Durban Metro, has identified the need for essential upgrades to the transport infrastructure within the province. These upgrades will also be extended to Kaarlfontein in order to maximise strategic growth in the province and in the country as a whole.

KEY PROVINCIAL CONTACT DETAILS

MEC for Economic Development & Tourism: Mr Roger Burrows

Tel: 031 310 5301

Fax: 031 310 5426

E-mail: nivend@ecotour1.kzntl.gov.za

Postal Address: Private Bag X02, East End, 4018

Head of Department: Mr M Clark

Tel: 031 310 5400

Fax: 031 310 5354

E-mail: melclark@mweb.co.za

Address: Private bag X001, Bishopsgate 4008

Trade & Investment KwaZulu-Natal

Tel: 031 304 4303

Fax: 031 304 4471

E-mail: e-tik@tikzn.co.za

Website: www.tikzn.co.za

Lubombo Spatial Development Initiative

Tel: 031 261 8181

E-mail: lubombo@sdi.org.za

Website: www.lubombo.org.za

Richards Bay Spatial Development Initiative

Tel: 035 901 5228/011 313 3911

E-mail: skelly@cybertrade.co.za

LIMPOPO

www.limpopo.gov.za



| | | |
|--|------------------------------------|-----------------------|
| Capital: | Polokwane (previously Pietersburg) | |
| Premier: | Advocate Ngoako Ramatlhodi | |
| MEC for Economic Affairs & Tourism: | Mr Thaba Mufamadi | |
| Population (1996): | 4.9m | Urban:Rural - 11%:89% |
| | % of SA: | 12,1% (4/9) |
| Area: | | 10,2% (5/9) |
| HIV Prevalence (1998): | | 9,2 - 13,7% (7/9) |
| Official Unemployment (2001): | | 36,1% (1/9) |
| Poverty Index (Mean household expenditure R/month, 1995) | | |
| R2188 | | (7/9 3rd lowest) |
| % of GDP (1994) | | 3,7% (8/9 2nd lowest) |



MEC for Economic Affairs
and Tourism:
Mr Thaba Mufamadi

INTRODUCTION

The Limpopo Province (formerly the Northern Province) is situated in the north-eastern corner of South Africa and shares international borders with three countries: Botswana to the west and north-west, Zimbabwe to the north, and Mozambique to the east. The province has almost 5 million people, with a very strong rural bias (89% of the population is rural). The province contributes only 3,7% to the country's GDP, the second least of all the provinces. However, in the period between 1995 and 2000, the economy grew at an average of 5.5% in real terms. In the year 2000, Limpopo also saw an increase of 0,9% in employment.

THE REAL ECONOMY

The N1 route from Johannesburg, which goes through the length of the province, is the busiest overland route in Africa in terms of cross-border trade in raw materials and beneficiated goods. The port of Durban, Africa's busiest, is served directly by the province, as are the ports of Richard's Bay and Maputo.

The province is endowed with mineral deposits of national and international importance.

ECONOMIC POLICY

The province's Growth and Development Plan is a five-year development plan aimed at facilitating economic growth that produces employment, addresses infrastructural backlogs and focuses on poverty alleviation and social development. The key performance targets for the plan include job creation, equitable distribution of resources, above average increase in economic growth, above average increase in investment and the promotion of fair trade. In addition, there is a strong focus on social services and infrastructure development.

The key priorities for the province are the development of the industrial development strategy, the implementation of SDIs, promotion of beneficiation of mining produce and skills development for small-scale mining and emerging SMMEs.

Emphasis is also placed on increased production through small farmer support programmes and increased access to economic opportunities in a way that fosters employment creation.

ECONOMIC SECTORS

| Economic Sector | Contributions to GGP |
|-----------------------------------|----------------------|
| Mining and Quarrying | 22% |
| Finance and Real Estate | 9% |
| Agriculture, Forestry and Fishing | 11% |
| Transport and Communications | 4% |
| Trade and Catering | 11% |
| Construction | 3% |
| Electricity and Water | 8% |
| Manufacturing | 7% |
| Services | 28% |

Mining

The Limpopo Province is endowed with an abundance of mineral resources. The platinum group includes platinum itself, chromium, nickel, cobalt, vanadium, tin, limestone and uranium clay. Other reserves include antimony, phosphates, fluor spar, gold, diamonds, copper, emeralds, scheelites, magnetite, vermiculite, silicon, mica, black granite, corundum, feldspar and salt.

Agriculture

The Northern Province is one of South Africa's richest agricultural areas. The province produces 75% of the country's mangoes, 65% of its papaya, 36% of its tea, 25% of its citrus, bananas, and litchis, 60% of its avocados, two thirds of its tomatoes, 285,000 tonnes of potatoes. Other products include coffee, nuts, guavas, sisal, cotton and tobacco, timber with more than 170 plantations. Apart from all these, cotton, sunflower, maize, wheat and grapes are cultivated. Most of the higher lying areas are devoted to cattle and game ranching, earning a reputation for quality biltong.

Manufacturing

Most local industry is focused on agro-processing. Timber processing has spawned furniture, interior fitting and crate and pallet manufacturing. The province has attracted a wide range of engineering operations, including footwear, brewing, soft drinks, bottling, packaging, brick making, ceramics and jewellery.

MAJOR PROJECTS

• Industrial Development Zone (IDZ)

This is mainly an export development initiative. The area around the capital city had been identified as an IDZ. Negotiations between the provincial department and **the dti** are at an advanced stage for declaring the area as an IDZ.

• Phalaborwa Spatial Development Initiative (PSDI)

The area has a rich natural resource base that could be further developed and processed. Its natural link with the Maputo Corridor and proximity to the Maputo port, good supporting transport infrastructure and the availability of energy, indicates that the area has much potential.

The project carries numerous advantages to business and industry along the SDI, including increased and better access and decreased transportation costs as a result of the Maputo Development Corridor, which can, in turn, attract new investments and the expansion of existing economic activities. Communities also stand to benefit in terms of small enterprises as well as absorption into and greater ownership within the mainstream economy. The project will also foster better linkages between and amongst regional markets.

The key sectors in the Phalaborwa SDI are tourism, agriculture, mining and mineral processing and forestry.

- **N1 Corridor**

This project encompasses agro-processing and mining beneficiation activities. These include the Orchard, cattle and game farming, iron ore and magnetite (Grindstone Belt) and a trade and manufacturing centre.

- **Golden Horse Shoe**

This scheme will remove boundaries between the province's numerous game reserves to create a single reserve that will arc from the Kruger Park in the east round to Botswana in the west. It will also break down national boundaries with Botswana and Zimbabwe to include sights such as the Victoria Falls and Botswana's wetlands.

- **Diloking Corridor**

This is mainly a tourism development initiative. The main development nodes have been identified and include the Sekhukhuneland and cultural heritage, the Drakensberg escarpment, Chuenespoort holiday resort as well as the Bakone Malapa.

Limpopo Province is the link between South Africa and countries further afield in sub-Saharan Africa. On its southern flank, the province shares borders with Gauteng, with its Johannesburg-Pretoria axis, the most industrious metropole on the continent. Thus, the province is placed at the centre of the current developing markets, regional, national and international.

These connections are very well served by excellent road, rail and air links. The other most significant facility in the province as the heartland of an emerging market is the Gateway International Airport situated in Polokwane, the capital of the province.

| SOCIO-ECONOMIC INDICATORS | |
|----------------------------------|-------------|
| Area | 123 910 km |
| Population | 4.9 million |
| Human Development Index | 0.4 |
| Contribution to GDP | 3.7% |
| Personal Income Per Capita | R800.00 |
| Urban-Rural balance | 89% rural |
| Unemployment rate | 46% |

The challenge is to catalyse economic growth through the exploitation of dominant resources while creating an enabling environment for increased production and downstream processing. This will enable the province to aggressively address social-economic backlogs in the medium- to long-term, and fulfill the need for the sustainability of basic services, such as electricity, water and sanitation, and improve access to credit and ensure availability of bridging finance.

Tourism

The province is also home to a large section of the Kruger National Park, together with Mpumalanga. Tourism is becoming increasingly important, with features like the Limpopo Valley, the Soutpansberg Mountains, the Modjadji cycad forests, the Venda holy forests, Waterberg Biosphere (the internationally declared world conservation area) and several important archeological finds.

Investment opportunities

The province has the following investment opportunities:

- Agri-business
- Dimension stone
- Food processing
- Tourism

MAJOR PROJECTS

•Phalaborwa Spatial Development Initiative (PSDI)

The area has a rich natural resource base that could be further developed and processed. Its natural link with the Maputo Corridor and proximity to the Maputo port, good supporting transport infrastructure and the availability of energy, indicates that the area has much potential.

The project carries numerous advantages to business and industry along the SDI, including increased and better access and decreased transportation costs as a result of the Maputo Development Corridor, which can, in turn, attract new investments and the expansion of existing economic activities. Communities also stand to benefit in terms of small enterprises as well as absorption into and greater ownership within the mainstream economy. The project will also foster better linkages between and amongst regional markets.

The key sectors in the Phalaborwa SDI are tourism, agriculture, mining and mineral processing and forestry.

KEY PROVINCIAL CONTACT DETAILS

MEC for Economic Affairs & Tourism : Mr T Mafumadi

Tel: 015 298 7000

Fax: 015 295 3311

E-mail: mahlangued@finptb.nortprov.gov.za

Postal Address: Private Bag X9486, Polokwane, 0700

Head of Department: Mr Morore Mphahlele

Tel: 015 295 4281

Fax: 015 295 3311

E-mail: mphahleleB@finptb.nortprov.gov.za

Postal Address: Private Bag X9486 Polokwane, 0700

Trade and Investment Limpopo

Tel: 015 295 5171

Fax: (015) 295 5197

E-mail: vandykd@til.co.za

Website: www.til.co.za

MPUMALANGA

www.mpumalanga.mpu.gov.za



| | | |
|--|--------------------------------|------------|
| Capital: | Nelspruit | |
| Premier: | Ndaweni Mahlangu | |
| Population (1996): | 2,8m Urban:Rural - 39,1%:60,9% | |
| MEC for Finance and Economic Affairs: | Mr Jacob Mabena | |
| | % of SA: | 6,9% (7/9) |
| Population: | 2.8m Urban:Rural %: 39,1:60,9 | |
| | % of SA: | 6,9% (7/9) |
| Literacy rate (2001): | 65.2% | (5/9) |
| Development index: | (2001) .55 | (6/9) |
| Area: | 6,5% | (8/9) |
| HIV Prevalence (1998): | 24,3 - 35,8% | (2/9) |
| Official Unemployment (2001): | 39,3% | (3/9) |
| Poverty Index (Mean household expenditure R/month, 1995) | R2356 (4th highest) | |
| Average annual Growth (2002): | 2.8% | (5/9) |
| Mean h/h expenditure R/month (1995): | R2 356 | (4/9) |
| % of GDP (2002): | 8,1% | (4/9) |



MEC for Finance
& Economic Affairs:
Mr Jacob Mabena

INTRODUCTION

Mpumalanga means "Place where the sun rises", and is located on the South of Limpopo Province, East of Gauteng, North West of KwaZulu Natal, West of Swaziland and Mozambique. Mpumalanga province has a network of excellent roads and railway connections, making it highly accessible to the tourist. Because of its popularity as a tourist heartland, Mpumalanga is also well served by a number of small airports.

THE REAL ECONOMY

Mpumalanga produces about 80% of the country's coal and it remains the largest production region for forestry and agriculture. Mining, manufacturing and electricity contribute about 65 per cent of the province's GDP and the remainder comes from government services, agriculture and forestry and other related industries. Mpumalanga is the fourth biggest contributor to the country's GDP.

ECONOMIC POLICY

In line with the Integrated Economic Action plan, which was adopted by Cabinet in January 2001, the province has prioritised the following industries:

- Stainless steel
- Petro-chemicals
- Agro-processing
- Mining
- Wood and wool.

Mpumalanga province is well known for its tourist attractions. The tourism industry has a potential for further development, which could play a crucial role in employment creation in the province. This could also prove to be a catalyst for small, medium and micro enterprises (SMME) development and further participation by previously disadvantaged individuals. A number of spots to be established as tourism areas have been identified throughout the province.

The province has been engaged in developing a specific SMME export strategy, which would look at how the province could help to develop SMMEs in the region. For this strategy to benefit SMMEs in the region, the province aims to work closely with the national department of Trade and Industry (**the dti**) to utilise the exports incentives available. The province is currently implementing a pilot project involving 13 emerging exporters. The model will be replicated in the next financial year.

One of the priorities in this regard is to fast track the roll out of the manufacturing advisory council (MPUMAC) to other parts of the province. Access to finance is a key to the development of sustainable SMMEs. The province aims to work closely with Khula and Ntsika to make sure that SMMEs in the region benefits from the services offered by these institutions.

To encourage local economic development, the province aims to work very closely with the municipalities to ensure that provincial strategies and policies are aligned with each other. Local economic development encourages economic development throughout the province that is consistent with adopted comprehensive plans. These are to promote economic opportunity for all citizens of the province, especially for unemployed and disadvantaged persons; and, encourage growth in areas experiencing insufficient economic growth, all within the capacities

of the province's natural resources and local public facilities. In order to have a coherent and co-ordinated approach amongst different municipalities, the Province is also engaging the Department of Provincial and Local Government towards developing a Provincial LED framework.

ECONOMIC SECTORS

Mpumalanga is very rich in coal reserves. The country's biggest power stations, three of which are the biggest in the southern hemisphere, are situated here. Unfortunately, these cause the highest levels of air pollution in the country. Secunda, the petroleum-from-coal installation, is also located in this province.

One of the country's largest paper mills is situated at Ngodwana, close to its timber source. Middelburg produces stainless steel and vanadium, while Witbank is the biggest coal producer in Africa.

Sabie and Graskop provide a large part of the country's total requirement for forestry products. These forestry plantations are also the backdrop for eco-tourism opportunities, with a variety of popular hiking trails, a myriad of waterfalls, patches of indigenous forest, and a variety of nature reserves.

Nelspruit is the second-largest citrus-producing area in South Africa. It is responsible for one-third of the country's export in oranges. The Sabie area is the biggest single region of forestry plantations in South Africa.

| Sector | Regional share of national total 2002 | GGP Contributions |
|---------------|---------------------------------------|-------------------|
| Agriculture | 13.0% | 6.1% |
| Mining | 22.3% | 22.3% |
| Manufacturing | 11.6% | 27.1% |
| Electricity | 34.4% | 10.2% |
| Construction | 4.8% | 1.6% |
| Trade | 5.0% | 8.2% |
| Transport | 3.8% | 4.5% |
| Finance | 2.2% | 5.4% |
| Comm serv | 5.4% | 14.6% |
| Total | 8.1% | 100.0% |

(source: Global Insight or WEFA)

MAJOR PROJECTS

The Maputo Development Corridor

The Maputo Corridor, link Gauteng with the Maputo harbour, and has opened new tourism opportunities for Mpumalanga and industrial development in Mozambique.

A Spatial Development Initiative focuses on the N4 route stretching from Witbank in South Africa to Recano Garcia in Mozambique. The Corridor programme is more than just the construction of the road. It includes the following key anchor infrastructural projects as well: the railway line, telecommunication, dredging the harbour and upgrading port facilities.

The corridor is being developed according to the Public-Private Sector Partnership (PPP) policy and has seen the concession of the N4 road to TRAC on a Build Operate, Maintain and Transfer (BOMT) arrangement for 30 years. A total of five toll plazas have been erected along the length of the road, two in Mozambique and three in South Africa. It is Africa's first international toll road.

The SDI/Corridor objectives are as follows:

- Attract investments
- Unearth and unlock local economic potential of the landlocked parts of the country and thus generate sustainable economic growth
- Create sustainable jobs
- Exploit spin-off opportunities that emanate for the crowding in of domestic and foreign investment.

Secondary industry development

The province commissioned a research study which was completed in March 2003 to identify opportunities for promotion of secondary industry development, small business development and job creation. A stainless steel incubator is established in Middleburg and the study has identified some opportunities for further expansion. Other opportunities are chemical manufacturing around Witbank and Secunda. In line with the national Micro-economic Reform Strategy, objectives set are to promote collaboration, enhance strengths, address weaknesses, determine opportunities for investment, create competitiveness and maximise employment in local economy.

SASOL Gas Pipe

The Governments of Mozambique and South Africa, and Sasol have reached a number of historic agreements which, allowed the development of significant natural gas industry in Southern Africa. By committing its plants and markets to taking natural gas from Mozambique, via the major parts of Mpumalanga, Sasol has enabled a project whose value is expected to exceed an estimated \$1 billion. Development of the field and construction of a 865km pipeline have started to bring gas to South Africa. The first gas should reach Secunda by the first quarter of 2004,thereby inaugurating a new chapter in the energy history of Southern Africa.

Kruger Mpumalanga International Airport (KMIA)

Kruger Mpumalanga International Airport was Build within 14 Months and opened in November 2002. KMI Airport is built, owned and operated by Primkop Airport Management (Pty) Ltd. KMI Airport is the facility for direct national and international flights to and from Mpumalanga, South Africa: The 3.1 km long, 60 m wide runway, has the capacity to land Boeing 737, 747, 767 and the Airbus series.

KMI Airport is strategically positioned within the heart of the tourism and export industry in Mpumalanga - to provide easy access to the region for national and international tourists, businesspersons and freight. It is 22 km from Nelspruit city centre and 40 Km from the Numbi Gate to Kruger National Park.

These region will also benefit from export opportunities out of KMI Airport. Mpumalanga exports include tobacco, citrus and sub-tropical fruits, vegetables, flowers, plants, sugar, nuts, tea, coffee, wool and crafts - this region is Africa's fastest growing powerhouse, with investment opportunities in a wide spectrum of industries including agriculture and tourism. Mpumalanga is the core of The Maputo Development Corridor - a unique partnership between South Africa and Mozambique, established to attract investment through a mutually beneficial drive for economic growth and regional co-operation between Mpumalanga-South Africa, Mozambique and Swaziland.

Cluster developments

Careful not to rely only on the Maputo Corridor, the province has launched a second development initiative to tap into existing natural resources and create industrial manufacturing clusters for the local beneficiation of raw materials. The most advanced of these cluster developments are centred around existing stainless steel plants in Witbank / Middelburg and the petrochemical industry in Secunda and Sasolburg. The world's fifth largest stainless steel producer, Columbus Steel in Middelburg, anchors the stainless steel cluster. Other clusters include a wood product manufacturing centre in Piet Retief area, an agro-food processing cluster in the subtropical lowveld and a safari tourism industry in the same region.

KEY PROVINCIAL CONTACT DETAILS

MEC for Finance & Economic affairs : Mr J Mabena

Tel: 013 766 4554 Fax: 013 766 4617

E-mail: smnisi@nel.mpu.gov.za

Postal Address: Private Bag X205, Nelspruit, 1200

Head of Department: Mr Rabeng Tshukudu

Tel: 013 766 4585 Fax: 013 766 4613

E-mail: rtshukudu@nel.mpu.gov.za

Postal address: Private Bag X205, Nelspruit, 1200

Mpumalanga Tourism Authority

Tel: (013) 752-7001 Fax: (013) 752 7012

Website: www.mpumalanga.com

THE NORTH WEST

www.nwpg.org.za



| | |
|---|--------------------------------|
| Capital: | Mafikeng |
| Premier: | Popo Molefe |
| Capital: | Mafikeng |
| MEC for Economic Development & Tourism: | Maureen Modiselle |
| Population (1996): | 3,3m Urban:Rural - 34,9%:65,1% |
| % of SA: | 8,3% (6/9) |
| Area: | 9,5% (6/9) |
| HIV Prevalence (1998): | 19,1 - 23,4% (5/9) |
| Official Unemployment (2001): | 29,9% (joint 4/9) |
| Poverty Index (Mean household expenditure R/month, 1995): | R2218 (4th poorest) |
| Mean h/h expenditure R/month (1995): | R2 218 (4/9) |
| % of GDP (1994): | 5,5% (7/9) |



MEC for Economic Development & Tourism:
Ms Maureen Modiselle

INTRODUCTION

The North West Province is centrally located in the subcontinent with direct road and rail links to all of the southern African countries and has its own airport. The province borders on Botswana and is fringed by the Kalahari Desert in the west and the Witwatersrand area in the east. The province has a strong rural bias, with 65% of people living in rural areas.

THE REAL ECONOMY

The economy of the North West is based on minerals, particularly platinum, and agriculture. Most economic activity is concentrated in the southern region (between Potchefstroom and Klerksdorp), Rustenburg and the eastern region, where more than 83,3% of GGP of the province is produced. The province is the third lowest contributor to South Africa's GDP.

ECONOMIC POLICY

During 1997, the province developed and negotiated the first five-year Provincial Development Plan called "Northwest 2001". This plan recognises that development is not only about economic growth and identifies many other very important issues and services that must be rendered to improve the quality of life of all people. The six strategic pillars of the national Strategic Vision were identified as:

- Economic service delivery
- Physical infrastructure delivery
- Social service delivery
- Human resource development
- Delivery of protection services (safety and security)
- Optimal governance delivery.

It was concluded that an economic growth of at least 5% per annum is required to redress structural imbalances, provide adequately in basic needs, create enough jobs per annum and generally improve the quality of life of all residents in the province.

After the elections in June 1999, the emphasis shifted dramatically towards delivery targets and outcomes to be achieved. Specific key components relating to development in the NW Province included the following:

- Launching job creation initiatives
- Integrated rural development initiative
- Establish Capital Development Fund
- Develop sustainable partnerships
- Integrated Poverty Alleviation Programme
- Establish co-ordinated HIV/AIDS programmes.

ECONOMIC SECTORS

Mining

Mining contributes 35,5% to the economy and 17,8% of total employment in the North West. It makes up 15,5% of the mining GDP in South Africa. The North West is also the dominant province in mineral sales with a contribution of 17,8% to the South African mining sector. Diamonds are mined at Lichtenburg, Koster, Christiana and Bloemhof, while Orkney and Klerksdorp have gold mines.

The area surrounding Rustenburg and Brits boasts the largest single platinum production area in the world. Marble is also mined here. Fluorspar is exploited at Zeerust.

Manufacturing

Manufacturing contributes 12,8% of the province's GDP and 9% of its employment opportunities. It provides 1,6% of the South African manufacturing sector's contribution to GDP. Industrial activity is centred around the towns of Brits, Klerksdorp, Vryburg and Rustenburg.

The Brits industries concentrate mostly on manufacturing and construction, while those at Klerksdorp are geared towards the mining industry, and those at Vryburg and Rustenburg towards agriculture.

Manufacturing is almost exclusively dependent on the performance of a few sectors in which the province enjoys a competitive advantage. These are fabricated metals (51%), food sector (18%) and non-metallic metals (21%).

Agriculture

Agriculture in the North West is the second most important sector, contributing about 8,6% to provincial GDP and 16,7% to employment. Some 5,3% of the South African GDP in agriculture and 16,96% of total labour in agriculture are based in the North West.

Maize and sunflowers are the most important crops, while the North West is the biggest producer of white maize in the country.

Some of the largest cattle herds in the world are found at Stellaland near Vryburg, which explains why this area is often referred to as the 'Texas of South Africa'. Marico is also cattle country. The areas around Rustenburg and Brits are fertile mixed-crop farming land.

Construction

There has been a marked decline in the output of the construction sector. It only contributes 1,8% of the total economic production in the North West, down from 3,8% in 1990.

Transport and communication

Production in the transport and communication sector in the North West Province nearly tripled between 1990 and 1999, from R926 million to approximately R2.4 billion. This represents a phenomenal growth rate of approximately 11.3% per annum over this period, from a fairly small base. The sector provides employment for roughly 15 000 people, 3% of employment opportunities in the province.

Tourism Industry

About 5% of the country's foreign visitors visit the North West Province. There are two tourism initiatives underway, one a heritage route, which includes the Sterkfontein Cradle of Mankind, and another which will establish a conservation corridor linking the Pilanesberg National Park and the Madikwe Game Reserve.

MAJOR PROJECTS

Platinum SDI

Most of this SDI falls within the North West Province. The road around which the SDI is based runs from the north of Pretoria in Gauteng, through the North West Province towns of Brits, Rustenburg, Swartruggens and Zeerust, joining the Trans-Kalahari Highway in Lobatse, Botswana. There are also direct links to important tourism, industrial and agriculture processing activities in the North West Province, and to the Mabopane-Centurion Development Corridor around Pretoria. The Platinum SDI also forms part of the Coast-2-Coast SDI that links Maputo Port in Mozambique to Walvis Bay in Namibia.

The area is well known for its mineral resources and a number of new mining opportunities have been identified, many with a strong chance of development in the short to medium term. They include the platinum group of metals, gold, diamonds, slate and nickel. Around 200 potential projects and project opportunities in tourism, manufacturing, agriculture and mining have been identified. Those for which a project profile is available are estimated to need capital investment of R730 million and have the potential to create 9000 jobs in the short to medium term.

There are 33 tourism projects that are ready to be introduced to investors. Most are aimed at creating tourist facilities and accommodation in the region. Opportunities for the establishment of livestock processing, automotive and food processing clusters have been identified and are being pursued.

KEY PROVINCIAL CONTACT DETAILS

MEC for Economic Development and Tourism : Ms Maureen Modiselle

Tel: 018 392 1293

Fax: 018 384 1026

Postal Address: Private Bag X90, Mmabatho, 2735

Head of Department: Ms Irene Tihase

Tel: 018 392 5318

Fax: 018 392 5782

Postal Address: Private Bag X90, Mmabatho, 2735

THE NORTHERN CAPE

www.northern-cape.gov.za



| | |
|--|---------------------------------|
| Capital: | Kimberley |
| Premier: | Manne Dipico |
| MEC for Economic Affairs & Tourism: | Mr Thabo Makweya |
| Population (1996): | 0,8 m Urban:Rural - 70,1%:29,9% |
| | % of SA: 2,1% (9/9) |
| Area: | 29,7% (1/9) |
| HIV Prevalence (1998): | 6,4 - 13,4% (8th lowest/9) |
| Official Unemployment (2001): | 26,1,% (8/9 2nd lowest) |
| Poverty Index (Mean household expenditure R/month, 1995) | |
| R2217 | (6/9 3rd poorest) |
| Mean h/h expenditure R/month (1995): | R2 217 (6/9) |
| % of GDP (1994): | 2,1% (9/9) |



MEC for Economic
Affairs & Tourism:
Mr Thabo Makweya

INTRODUCTION

The Northern Cape Province has by far the biggest land mass of all the provinces, being more than ten times the size of Gauteng. However, it has only 2,1% of the country's population. The Northern Cape is bounded by the Atlantic Ocean on the west, Namibia and Botswana to its north-west and north respectively. Its most important asset, the mighty Orange River, provides the basis for a healthy agriculture industry.

THE REAL ECONOMY

The economy of the Northern Cape is the smallest of all the provinces, with a contribution to GDP of only 2,1%. Its population is largely urban, with 70% living in towns. The economy of the province is based on primary production, with the mining sector dominated by diamond mining and metal ores. Sheep farming is a major part of the agricultural sector.

ECONOMIC POLICY

The policy of the provincial government is to encourage the diversification of the province's economic base through the expansion of the secondary sector, especially the manufacturing sectors. It also encourages the service economy.

It has further facilitated the formation of the Coastal Zone Management Plan, which aims to attract investment in mariculture projects, such as

deep-sea fishing. The mariculture project has been closely linked to the existing plans of the Namaqualand Development Corridor (NDC), which has been actively lobbying investment support for a deep-sea harbour along the west coast of the Northern Cape. The NDC also focuses on the beneficiation of sea products and their exports.

ECONOMIC SECTORS

| Sector | Percentage % GGP |
|---|------------------|
| Mining and quarrying | 21.8 |
| Agriculture and fishing | 9.7 |
| Manufacturing | 4.4 |
| Electricity and water | 3.7 |
| Construction | 2.1 |
| Trade: Wholesale, retail & accommodation | 15.3 |
| Transport, storage & communication | 11.3 |
| Finance, insurance, real estate & business services | 10.1 |
| Government & community services | 19.8 |
| Other | 1.8 |

Mining

The country's chief diamond pipes are found in the Kimberley district. The Sishen Mine near Kathu is the biggest source of iron ore in South Africa. The copper mine at Okiep is one of the oldest mines in the country. Copper is also mined at Springbok and Aggeneys. The province is also rich in asbestos, manganese, fluorspar, semi-precious stones and marble.

Agriculture

Agriculture covers a range of activities from household food and livestock production to capital-intensive, irrigated farming ventures along the banks of the Orange and Vaal Rivers. Game farming for hunting, food production and processing for the local and export market are growing. The karakul pelt industry is one of the foremost agricultural activities in the Gordonia district of Upington

The province has several national parks and conservation areas. The Kalahari Gemsbok National Park, together with the Gemsbok National Park in Botswana, is Africa's first transfrontier game park, known as the Kgalagadi Transfrontier Park. It is one of the largest nature conservation areas in southern Africa, and one of the largest remaining protected natural ecosystems in the world.

MAJOR REAL ECONOMY PROJECTS

Gariiep SDI

The main objective of the Gariiep SDI is to unlock inherent economic potential in the Kalahari, Lower Orange and Namaqualand districts as well as in southern Namibia by enhancing the attractiveness of these areas for investment. To this end, the SDI aims to facilitate the creation of viable new jobs through a process of sector scanning, the identification of potential investment opportunities and project appraisal. As part of this process, a great deal of attention is devoted to enlisting the support of local stakeholders and development institutions in order to identify and unblock any bottlenecks that may exist that prevent economic development.

Some key projects envisaged include:

Tourism

Kgalagadi Transfrontier Park: Linking Kalahari Gemsbok Park and the Gemsbok Mabuasehube National Park

Mariculture

Namaqualand Coast Mariculture: Various individual projects, including abalone ranching, kelp processing, alginates, oysters, shore-based fish farming, spirulina, brine shrimp, etc.

Gas and power generation

The Kudu natural gas field off the shore of southern Namibia raises the prospect of the supply of gas as an energy source.

Infrastructure

Plans have been approved to make available 4000 hectares of additional water rights on the lower Orange River for commercial emerging farmer settlement.

Agriculture

Prieska Pistachio nuts scheme; Lower Orange River olives and olive oil; and, these include the Upington table grapes.

Mining and Mineral Processing

Hotazel ferro manganese smelter; marine and alluvial diamond mining; and, these include the direct reduction iron plant - Sishen

KEY PROVINCIAL CONTACT DETAILS

MEC for Economic Affairs & Tourism : Mr Thabo Makweya

Tel: 053 839 4005 Fax: 053 832 9464

E-mail: mthomas@met.ncape.gov.za

Postal Address: Private Bag X6108, Kimberley, 8300

Head of Department : Mr Martin van Zyl

Tel: 053 830 9600 Fax: 053 831 4474

E-mail: astrakhan@met.ncape.gov.za

Postal Address: Private Bag X5016, Kimberley, 8300

Northern Cape Tourism Authority

Tel: 053 832 3257 Fax: 053 831 2937

E-mail: tourism@notherncape.org.za

Website: www.northerncape.org.za

THE WESTERN CAPE

www.westerncape.gov.za



| | | |
|--|-------------------------|---------------------------|
| Capital: | Cape Town | |
| Premier: | Marthinus Van Schalkwyk | |
| MEC for Finance & Economic Development: | Mr Ebrahim Rasool | |
| Population (1996): | 3,9m | Urban:Rural - 88,9%:11,1% |
| | % of SA: | 9,7% (5/9) |
| Area: | 10,6% | (joint 3/9) |
| HIV Prevalence (1998): | 3,2 - 7,2% | (9/9) |
| Official Unemployment (2001): | 18,4% | (9/9) |
| Poverty Index (Mean household expenditure R/month, 1995) | R3919 | (2/9 2nd highest) |
| Mean h/h expenditure R/month (1995): | R3 919 | (2/9) |
| % of GDP (1994): | 14,21% | (3/9) |



MEC for Finance
& Development:
Mr Ebrahim Rasool

INTRODUCTION

The Western Cape has a population of 4,5 million people, 88,5% of whom are urbanised. It has an 18,9% unemployment level. Its capital, Cape Town, ranks alongside Johannesburg (Gauteng Province) and Durban (Kwazulu Natal Province) as one of the three major metropolitan areas in the country.

THE REAL ECONOMY

The Western Cape is characterised by a range of economic activities, with no single industrial sector dominating the regional economy. Agriculture, manufacturing, trade, tourism and financial services are some of the activities.

The diversity of the Western Cape industrial structure is a result of several factors. One major factor is that Cape Town's location is far from Gauteng, the economic centre of South Africa. This allows sectors that otherwise would have gravitated towards Gauteng to flourish. The growth of footloose industries and the IT industry demonstrates this point.

ECONOMIC POLICY

The Western Cape Department of Economic Development has identified key sectors that will be specifically targeted to improve their competitiveness. The sectors are agri-business, clothing and textiles, furniture, bio-tech, information and communications technologies and metal fabrication.

The department is currently undertaking feasibility studies in terms of Industrial Development Zones as part of its overall infrastructure development strategy. The strategic framework for the province is built on four pillars, namely the learning Cape, which seeks to establish world-class primary and secondary schooling, the international Cape for the establishment of an export-oriented economy, the enterprising Cape, which deals with the promotion and development of SMEs and the Cape of Good Hope for all, which seeks to create sustainable jobs and economic empowerment for all.

The main objectives of the framework is to rapidly evolve a knowledge-based economy in the Western Cape, for industries to become innovative, productive and able to compete internationally and deliver a quality life for all in the country.

ECONOMIC SECTORS

| Economic Sector | GDP % | Employment % |
|-------------------------------|-------|--------------|
| Agriculture | 5.9 | 9.0 |
| Manufacturing | 20.1 | 14.2 |
| Trade | 11.1 | 8.8 |
| Tourism | 9.1 | 9.3 |
| Financial & Business Services | 17.4 | 6.3 |

The head offices of all but one of South Africa's petroleum companies are located in Cape Town. The city also houses the head offices of many of the country's insurance giants and national retail chains. With over 170 000 people employed in the clothing and textile industry, it is the single most significant industrial source of employment in the Western Cape. The biggest segment of South Africa's printing and publishing industry is also situated in Cape Town.

Cape Town International Airport - the main gateway to the Western Cape - has seen a dramatic increase in passengers and airlines serving the area. The Port of Cape Town plays a considerable role in the regional economy. It is one of the largest deep-water harbours in Africa, able to handle the largest container vessels afloat, and, as a wide-mouth port, can handle extraordinary vessels, such as the steady flow of oil rigs which use the port for maintenance and repairs. It is a sophisticated ship repair centre, which brings in approximately R500 million to the Cape economy.

MAJOR PROJECTS

The current mega projects, which also represent investment opportunities currently underway, include the following:

Cape Town International Convention Centre

The granting of the metropolitan casino license has opened the way for an envisaged R320 million convention and exhibition centre. Linked to this, the Roggebaai Canal Development will include significant residential, specialised retail, entertainment and office components as well as a range of tourist amenities along the length of the canal. Currently under construction, the canal will link the Waterfront with the CBD and the new International Convention Centre.

Tyger Waterfront

The Tygervalley/Durban Road "Golden Mile" is one of the fastest growing nodes in the Western Cape and provides upmarket retail, office, residential and leisure-related opportunities. There is a proposal for the development of a lakefront with 130 000 square metres that will house an office park and commercial developments.

Airport Expansion

Following the restructuring of the Airports Company South Africa - including its partial privatisation and the formation of partnerships with foreign firms - development of the first phase of the 650 hectares of land surrounding the aviation infrastructure has begun. Future plans include a second runway, redevelopment of the terminus buildings and the addition of internal and external transport links.

Inner City transport renewal

Cape Town's City Bowl has maintained an unusually strong development momentum over the past decade. The biggest bottleneck in inner city development is the access of road transport from the suburbs and the lack of inner city mass transport. The choice of the future inner city transport mode (light rail, bus, taxi, etc.) is still pending but its impact is likely to be substantial.

Khayelitsha Business Centre

Plans are in an advanced stage to combine commercial, administrative (magistrate's office and police station), recreational, light industrial and transport-focused investments on the vast vacant area east of Khayelitsha station. The search for a private-public partnership to navigate and co-fund the project is already underway.

Capricorn Technology and Industry Park

The Capricorn Project is planned as an integrated research and industrial park, combining light manufacturing with office/research facilities in a campus environment around a lake, together with hotel, conference and housing facilities. The first precinct is currently on sale. Infrastructure developments for R65 million for Phase One of the projects are currently underway, together with the first building for a Plessey/Sasol joint project.

Phillipi Business Developments and the Wetton-Lansdowne Corridor

In the south east of Cape Town there are plans for a R1 billion commercial and office investment package, a wholesale and fresh produce market, a new rail station and bus terminus at Stock Road, a 200-bed hospital and community facilities and the expansion of Philippi Industria. The total package, spread over 5 to 8 years, could add up to more than R3 billion.

Jewellery Emporium

A site has been identified for the development of a 'Gold and Jewel City'. The concept entails bringing together manufacturers of jewellery, arts and crafts into a single industrial and retail hive. The complex – in the heart of central Cape Town – will include manufacturing space, a

jewellery-making training school, retail space, and offices to house local and international buyers as well as various government departments, such as foreign exchange, VAT and Customs & Excise.

Kudu Gas (Cape Power Project)

The R6 billion Kudu mega-project involves the piping of gas from fields located off the shores of Namibia to meet South Africa's rapidly increasing energy demands. The construction of a combined gas cycle/gas turbine power plant with a generating capacity of not less than 1000mw (expandable to 2000mw) is proposed.

Mitchell's Plain Industrial Park

Mitchell's Plain town centre is currently one of the country's most profitable shopping centres in terms of spending per square metre. The R500 million Industrial Park is located to the north of this major retail centre and provides opportunities for the development of both retail and light industrial activities. The Industrial Park is ideally situated to service Philippi and Khayelitsha as well as Mitchell's Plain markets.

Perlemoen Project

Presently the worldwide demand for abalone is in excess of twice the declining world supply. This highlights the possibility of abalone mariculture and export.

Refrigerated Container Plant

A new plant for the manufacture of refrigerated stainless steel containers is to be built in the Cape winelands town of Paarl (around 30 minutes from Cape Town). The product is designed for both local and foreign markets. Total cost of the project will be in the region of R200 million and 40% of this is already secured.

Robben Island Gateway Centre

The Robben Island Museum is planning a R40 million complex on the mainland to give a 'virtual experience' of the island to those without the time or resources to make the trip across. This will add to the already existing Nelson Mandela Gateway Centre, which is located at the ferry embarkation point at the V&A Waterfront.

KEY CONTACT DETAILS

MEC for Financial Development: Mr E Rasool

Tel: 021 483 3531 Fax: 021 483 3015

E-mail: frakiep@pawc.wcape.gov.za

Postal: Private Bag X648 Cape Town 8000

Head of Department: Mr Brendon Roberts

Tel: 021 483 3841 Fax: 021 483 3409

E-mail: csobey@pawc.wcape.gov.za

Postal: P.O. Box 979 Cape Town 8000

Wesgro (Western Cape Trade and Investment Agency)

Tel: 021 418 6464 www.wesgro.co.za