

SOUTH AFRICA AT A GLANCE

OVERVIEW OF GEOPOLITICAL
ENVIRONMENT, DEMOGRAPHICS
AND BUSINESS ENVIRONMENT



We speak your language

Geopolitical environment and demographics

South Africa is a middle-income country with an abundant supply of resources, well-developed financial, legal, communications, energy and transport sectors, a stock exchange that ranks among the top twenty in the world, and modern infrastructure supporting efficient distribution of goods to major urban centres throughout the entire region. South Africa is ranked 26th in the world in terms of GDP (PPP). Today, South Africa is a young and vibrant democracy with a multicultural and multilingual population.



| Key facts | |
|----------------------------|------------|
| Population ¹ | 49,052,489 |
| Average age | 24.7 years |
| Literacy rate ² | 86.4% |
| Business language | English |
| Time zone | GMT+2 |

¹July 2010 estimate

²Definition: age 15 and over can read and write

Strategic location

The Republic of South Africa is located at the southern tip of Africa. It is the 25th largest country in the world in terms of area and has 2800km of coastline.

South Africa's geographic location positions it favourably for global ocean trading activity. It also gives it time zone advantage for doing business with the UK.

For administrative purposes, South Africa is divided into nine provinces. The main industrial and commercial areas are centred in Johannesburg, Pretoria, Cape Town and Durban.

Pretoria serves as the administrative capital, Cape Town as the legislative capital, and Bloemfontein as the judicial capital of South Africa.

Stable democracy

South Africa is a constitutional democracy with a three-tier system of government and an independent judiciary. The national, provincial and local governments have legislative and executive authorities in their own spheres.

Since the end of apartheid in 1994, South Africa has enjoyed a stable, democratic environment which has accelerated socio-economic growth in the country.



Pretoria skyline

Young, multicultural and multilingual society

South Africa is a young society with the average age being 24.7yrs. The population has a good mix of ethnicities.

Compared to other developing economies, South Africa has a high literacy rate. 86.4% of the population above the age of 15 is literate.

Though English is the business language, South Africa is a multilingual society. There are 11 official languages spoken in South Africa, namely Afrikaans, English, IsiNdebele, Sepedi, Sesotho, Siswati, Setswana, Xitsonga, Tshivenda, IsiXhosa and IsiZulu.

Economy



Construction of Gautrain route

Key facts

| | |
|------------------------------------|--------------------|
| Currency | South African Rand |
| Nominal GDP(USD Bn) ¹ | 287.2 |
| GDP per Capita (USD) ² | 5,861 |
| Inflation rate ³ | 3.5% |
| Sovereign risk rating ⁴ | BBB+ |

Since the stabilisation of the political scenario in the late nineties, the South African economy has made rapid progress, which has catapulted South Africa onto the global stage.

Stable and prospering economy

South Africa has a nominal GDP of USD 287 billion and is ranked 26th in the world in terms of GDP (PPP). Since the late nineties, the economy has witnessed steady growth. During the last 5 years, South Africa's GDP has grown at an average rate of 3%.

The economy is robust and stable underlined by its S&P sovereign rating of BBB+, which ranks above other growing economies such as India and Brazil.

Regional powerhouse

South Africa is the economic powerhouse of Africa. It has the highest nominal GDP among African nations which accounts for 25% of the continent's GDP.

Robust service sector

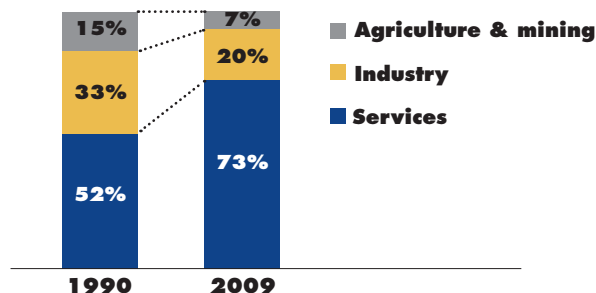
The service sector is rapidly becoming the dominant driver of the economy. It constitutes 73% of the country's GDP and 65% of the overall employment.

Open economy with vibrant trade

South Africa has bilateral and multilateral trade agreements with all the major global economies.

During the last decade, South Africa's foreign trade has grown at more than 10% annually. In 2009, South Africa's exports were worth US\$71.9 billion and imports US\$75.7 billion.

Changing composition of South Africa's GDP



^{1,2} 2009 data at official exchange rates

³ Aug 2010

⁴ Standard and Poor's sovereign risk ratings. Decreasing order of ratings: BBB+, BBB, BBB-, BB+

Doing business in **South Africa**

South Africa offers a very attractive environment for doing business. According to the World Bank's 'Ease of doing business' study conducted in 2010, doing business in South Africa is much easier than in many other developing countries.

The Ease of Doing Business 2010¹

| Rank | Country |
|-----------|---------------------|
| 34 | South Africa |
| 89 | China |
| 120 | Russian Federation |
| 129 | Brazil |
| 133 | India |

"South Africa's overall business environment is good relative to its peer group of upper middle-income economies, and has improved a great deal since 2003 in many respects"

World Bank



Gautrain



The Johannesburg Securities Exchange listings board

Key things that you should know about doing business in South Africa:

Tax regime

- Income tax for individuals is levied on a progressive basis, with the highest rate of 40% applicable to taxable income over R525,000 per annum
- Corporate tax rate is 28%, with an additional 10% 'STC' (Secondary Tax on Companies) payable on net dividends
- The standard VAT rate is 14%.

Capital accessibility

South Africa has a well developed and effectively regulated financial services sector. Foreign banks are well represented and electronic banking facilities are extensive, with a nationwide network of automatic teller machines (ATMs) and internet banking facilities.

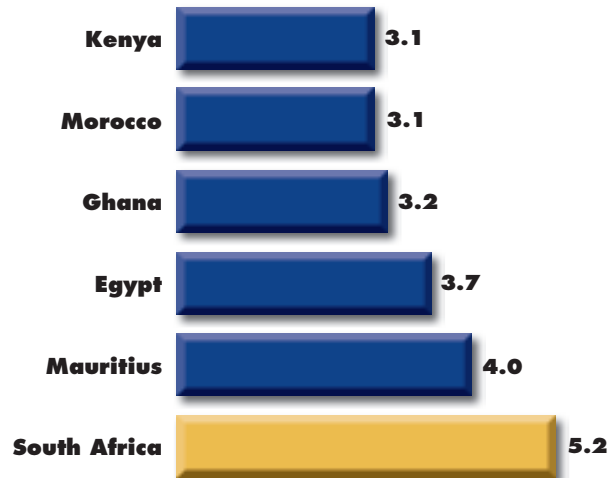
South Africa has a modern stock exchange. The JSE (Johannesburg Stock Exchange) ranks among the top 20 stock exchanges in the world in terms of market capitalisation.

South Africa ranks 2nd in the world in the World Bank's 2010 ranking on the 'effectiveness of credit market'.

¹Ease of doing business 2010, The World Bank and the IFC.
Sources: World bank. Deloitte report (Investing in South Africa 2010)

IP Protection regulation

Index: 1 = weak; 7 = strong and enforced



Source: World Economic Forum's Global Competitiveness Report (2009-2010)

Intellectual property protection:

South Africa is a signatory member of all of the major international treaties and conventions on intellectual property protection (e.g. Paris convention, Berne convention, WIPO copyright treaty).

Compared to other African countries, South Africa offers a much stronger intellectual property regime.

Black Economic Empowerment (BEE)

What is BEE?

BEE is a programme launched by the South African government to ensure the equitable and inclusive economic growth of the country. The programme is aimed at encouraging companies to undertake measures that benefit black people. These measures include employment, skills development, ownership, management control, socio-economic development, preferential procurement and enterprise development.

Implications of BEE on businesses

- The degree of impact BEE compliance has on companies depends on their businesses' involvement with the South African market. BEE compliance is a strong commercial imperative if companies are serving the South African government or public sector enterprises.
- South Africa has a balanced approach to achieving its BEE objectives. Participating in BEE does not have to be onerous as there are many paths available to achieve good BEE ratings, such as employment and skill development initiatives.

Living in South Africa

South Africa is an attractive location for expatriates. It has an excellent quality of life, world class standards and relatively low costs.



Cape Town

Modern transportation system:

South Africa has a modern and well developed transport infrastructure. The roads and airports are world-class.

Roads: Total length of 754,000 Km

Air travel: Three major international airports in Johannesburg, Cape Town and Durban with connections to all major global cities

Rail: 10th longest network in the world (>22,000Km)



*Aerial view of
Sandton CBD*



*Drakensberg Mountain Range,
Royal National Park,
KwaZulu Natal*

*Victoria and Alfred
Waterfront, Cape Town*



Attractive tourism opportunities

South Africa offers residents and visitors a wide range of world-class tourist facilities. All major tourist destinations have excellent accommodation and transportation links. During the 2010 FIFA World Cup, South Africa provided a world class experience to more than a million tourists.



*Mont-aux-Sources Amphitheatre,
Drakensberg mountains*

Attractive climate

One of the key factors making South Africa popular with expatriates is its warm, temperate and sunny weather. Temperatures in summer typically range between 25°C and 35°C and winter temperatures typically range between 5°C and 15°C.



Passion for sports

Many South Africans are passionate about sport: soccer, rugby, cricket, hockey and many others.

The country has an excellent sports infrastructure and has been host to international sporting events, including the 2010 FIFA World Cup.

*FIFA South Africa
Football World Cup
2010 Stadium*

Developed education system

Education is one of the key focus areas for South Africa. The government spends 20% of its expenditure on education.

South Africa's National Qualifications Framework (NQF) recognises three broad bands of education: "General", "Further" and "Higher".

General education (up to Grade 9) is compulsory. Further education takes place from Grades 10 to 12, and includes career-oriented training.

South Africa has a vibrant Higher education sector, with more than a million students enrolled in professional, technical and general courses. It has many world-class academic institutions, offering cutting edge education and research facilities in a variety of fields.

Professional qualifications (e.g. accounting, law) are similar to those of developed markets.

| University | Key achievements |
|---------------------------------|---|
| The University of Witwatersrand | <ul style="list-style-type: none"> ● 4 Nobel Prize winners ● 88 Rhodes scholars ● Business School ranked 53rd in Financial Times Executive Education rankings (2010) |
| The University of Cape Town | <ul style="list-style-type: none"> ● 5 Nobel Prize winners ● 32 scientists rated as "world leaders" in their fields ● Exchange programmes with 16 leading US and UK universities |