U.S. Department of State
FY 2000 Country Commercial Guide: South Africa

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I. EXECUTIVE SUMMARY

The markets of the world are progressively becoming more integrated in the wake of globalization. As economies undergo deregulation, current and capital account liberalization, and technological advancement, globalization is bringing with it new opportunities for expanded trade and investment. This is especially valid for South Africa since its return to the global economic fold during the past 5 years. Here, national stock and bond exchanges are being opened up to international participation. Domestic markets for goods and services are undergoing liberalization. With the proliferation of the Internet, resellers as well as end-users in South Africa can now engage in electronic commerce (the process whereby a transaction is concluded thanks to networked computers; E-commerce) as easily as sending E-mail.

In this regard, South Africa offers excellent potential for American exporters and investors with the right products, resources, ideas and commitment. Five years after the historic 1994 elections, the number of multinationals with direct investments or employees in South Africa has increased dramatically - with American companies leading the way. On the economic front, cautious economic policies enabled South Africa to successfully emerge from foreign exchange market pressures and weather better than most the spillover effects of the Asian crisis in 1997-98. Moreover, the recent success of the country's second democratic elections has reinforced international confidence in the country's political system. In addition, the South African government has reaffirmed its commitment to attract foreign investment through the support of initiatives to enhance trade and industrial development.

The most promising areas for increased U.S. exports and investment in South Africa include the sectors of IT (Information Technology) - particularly internet-related software and services; telecommunication equipment and services; security and safety equipment; managed health care; E-Commerce; airports; cosmetics and hair care products; air pollution and waste management technologies; tourism; infrastucture, as well as project finance and management. Some of these best prospects' sectors are of a capital expenditure nature. As new ideas and technologies are embraced in partnership with overseas companies, South Africa will continue to serve as an attractive destination for exports, foreign investment and joint ventures.

South Africa has undergone profound political and economic change over the last several years, and both the U.S. and South Africa have used this period to strengthen bilateral trade channels. The process, begun in 1994, of reintegrating the South African economy into the global economy gained further momentum during June 1997, when President Clinton launched his Partnership for Economic Growth and Opportunity Initiative. This initiative encourages greater two-way trade and private sector investment in Africa. As a result, U.S. exports to Africa have grown significantly, exceeding USD 800 million for the first four months of 1999. Major investment opportunities also continue to be identified and explored. The big investment story of 1998 was the acquisition of the South African chemical company Sentrachem by Dow Chemical in a deal valued at USD 850 million. The Dow deal was preceded by the decision of Texas headquartered SBC Communications, in partnership with Telkom Malaysia, to participate in the largest privatization project in sub-Saharan Africa. Together in 1997 they purchased a stake in Telkom South Africa valued at USD 1.3 billion. These success stories are indicative of the growing international interest and potential opportunities available in the "new" South Africa.

Upbeat economic predictions for the year 2000 and beyond, a stable socio-political environment and reinforced vigor of the South African Government (SAG) to address the issues of privatization and deregulation, while maintaining the long term goal of making the country more investor friendly, bode well for US businesses seeking trading, investment and joint venture opportunities in South Africa. The domestic market is characterized by increasing competition in almost all fields, margins are being reduced as result and many local companies used to tariff and non-tariff protection are being forced to streamline their operation in order to survive. In the wake of the SAG's policy of income redistribution in favor of the disadvantaged, certain high-end products are on the retreat; conversely the strategy of the SAG of providing basic needs to the economically disenfranchised offer good prospects, especially of a large capital nature. The SAG has vigorously explored WTO-permissible supply-side measures designed to facilitate worker retraining and technological innovation as part of its policy of helping local companies face up to foreign competition.

South Africa's market size of 43 million people, infrastructure, and pro-business environment make it the logical choice for an increasing number of companies seeking a steppingstone to conduct business on the continent. The South African economy is characterized by standards similar to those found in developed countries. It is the most advanced, broad-based, and productive economy in Africa, with a gross domestic product (GDP) that exceeds that of Egypt, Nigeria, and Kenya combined. South Africa's borders with Namibia, Botswana, Zimbabwe, Mozambique, Swaziland and Lesotho, and its well-developed road and rail links provide the platform and infrastructure for ground transportation deep into sub-Saharan Africa. The country also boasts a sophisticated financial sector, with well-developed financial institutions and a stock exchange (Johannesburg Stock Exchange) that ranks among the top exchanges in the world. The South African economy is however, also characterized by its symbiotic relationship between the first world economy and third world informal sector, born from the legacy of Apartheid. Addressing this first/third world dichotomy remains a major challenge facing South Africa.

South Africa is ideally positioned for easy access to the countries comprising the Southern African Development Community (SADC), the islands off Africa's east coast, and even the Gulf States and India. SADC in particular, with a combined gross national product (GNP) of USD 170 billion and app. 185 million people represents a significant growing market for U.S. trade and investment. In 1998, U.S. exports to SADC countries totaled approximately USD 4.4 billion. Although the tangle of conflict that has engulfed South Africa's neighbors in and around the central African sub-region may have tarnished the region's image, the extent of capital investment expected over the next several years is a clear indication of the region's largely untapped economic potential.

The South African government has made steady progress in restructuring the country's economy. Trade and industrial policy reforms, organizational and regulatory changes in the financial markets, and the relaxation of exchange control measures have been collectively aimed at transforming the economy and facilitating the country's reintegration into global markets. There remain, however, remnants of an industrial system based on import substitution and industrial protection and some attempts buy foreigners at gaining access to the market have been troubled by government bureaucracy and a lack of transparency. Although the government has stated its intention to abide by its World Trade Organization (WTO) commitments, American exporters who believe they have not received "level-playing-field" treatment are encouraged to contact the Ronald H. Brown Commercial Center in Johannesburg for support. As the Center of American Business in Africa, the Ronald H. Brown Commercial Center and the U.S. Commercial Service provide American businesses with the knowledge, support and commitment necessary to successfully compete for increased market share in southern African markets.

Note: This Country Commercial Guide (CCG) presents a comprehensive look at South Africa's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. Government agencies. Country Commercial Guides (CCGs) are available for U.S. exporters from the National Trade Data Bank (NTDB) on CD-ROM or via the Internet. Please contact STAT-USA at 1-800-STAT-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at:

www.stat-usa.gov, www.state.gov, and www.mac.doc.gov.

They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRAD(E) or by fax at (202) 482-4473.

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II. ECONOMIC TRENDS AND OUTLOOK

1. Major Trends and Outlook

With the peaceful democratic elections and smooth transition to majority rule in 1994, South Africa embarked on a structural transformation of its economy aimed at redressing racial inequalities and fostering long-term, outward-oriented growth. The country has a fair-sized domestic market of USD 133.4 billion (1998) with significant growth potential and is increasingly becoming free-market oriented. It enjoys easy access to other markets in Africa and has well-developed financial institutions and capital markets, a good communication infrastructure, lower labor costs compared to western industrialized countries and inexpensive electrical power and raw materials. It has, however, yet to develop to its full potential because of years of isolation, former inward-looking trade and investment policies, low savings rate and a largely unskilled labor force with attendant low productivity.

President Thabo Mbeki has repeatedly stressed his determination to meet the challenges facing the South African economy, particularly fighting crime and corruption; creating jobs; providing education, training, housing, and health care - including confronting the scourge of HIV/AIDS; stimulating growth in the economy; and alleviating poverty. South Africa continues to lack skilled labor, not only in professional fields relating to the sciences, medicine, technology and mathematics, but also in practical technical fields. This skills' shortage results from the inherited shortcomings of the educational system as well as the departure of skilled labor from South Africa to more lucrative employment opportunities abroad.

The South African government is addressing these problems through a number of policies, including the "Growth, Employment and Redistribution" (GEAR) macroeconomic policy, based on sound economic principles, which have earned international praise. The policy calls for foreign as well as domestic investment, privatization of government-owned enterprises and the restructuring of industry along globally competitive lines.

South Africa's proactive quest for foreign investment is a key part of its GEAR macroeconomic policy. In his July 1999 "State of the Nation" speech, newly inaugurated President Thabo Mbeki announced his plan for creating a prestigious International Investment Council which would include leading players in the global economy to ensure South Africa's attractiveness as a destination for foreign investment. Business has reacted positively to Minister of Trade and Industry Alec Erwin's April 1999 announcement of a new phase of the Department of Trade and Industry's (DTI) investment promotion campaign, which includes a late September 1999 roadshow to New York City and Los Angeles. Minister Erwin identified auto components, chemicals, electronics, information technology, pharmaceuticals, telecommunications and tourism as priority areas for attracting U.S. investment into South Africa.

Progress on privatization has been slower than expected, delayed by the government's strong desire to achieve consensus among business, government and labor in order to sustain the momentum of reform. South Africa has taken a number of steps to make its economy more open and attractive to global business including: reducing import tariffs and subsidies to local firms; eliminating the discriminatory non-resident shareholders tax; removing certain limits on hard currency repatriation; reducing the secondary tax on corporate dividends; lowering the corporate tax rate on earnings to 30 percent; and reducing tariff rates (although South Africa's tariff system remains complex and subject to rapid change).

As part of the opening of its economy, South Africa is working to develop and strengthen its trading relations with the world. In one such step on March 24, 1999 the South African Cabinet, the European Council of Ministers and the European Commission approved and endorsed the South Africa/European Union Trade, Development, and Cooperation Agreement. The EU and South Africa are expected to ratify the Agreement in time for implementation on January 1, 2000.

One of the provisions of the SA-EU Agreement is for a Free Trade Area (FTA). Under the FTA provision the EU is committed to the full liberalization of 95 percent of South African imports over a 10-year transitional period, while South Africa is to liberalize 86 percent of EU imports over a 12-year transitional period. Further, duty-free South African goods entering the EU are to increase by twenty percentage points over the next ten years. Many goods, especially agricultural goods, are currently subject to EU quotas that will be increased under the FTA.

2. GDP Outlook and Regional Role

South Africa's economic growth has been sluggish at 2.5 percent in 1997 and 0.5 percent in 1998. The decline was largely due to the Asian crisis, the delayed effects of South Africa's economic isolation during the Apartheid era and very high real positive interest rates. The fall in 1999 of the gold price to its lowest level in 20 years and low commodity prices in general brought on by the global economic slow-down have also had a clearly negative effect on the country. In July of 1999, the SA Rand was at 6.0 to the US Dollar.

Recent positive economic indicators include the substantial drop in key interest rates and the stabilization of the Rand, the South African currency. Inflation, which was in double digits for nearly twenty years, has been reduced to around 7% and the fiscal deficit to about 3 percent of gross domestic product (GDP). New South African government figures also indicate that the economy is more heavily weighted toward the service sector than previously thought, with primary and secondary sectors comprising only 34.5 percent total GDP, while the tertiary (services) sector comprises 65.5 percent.

A recent Reuters poll shows economists believe that South Africa's economy will be characterized by improving growth, stable inflation, a steady exchange rate and lower interest rates. They believe that South Africa has now emerged from the 1998 emerging financial market crisis, and will start to benefit from a return of foreign capital to lift growth this year and next year. The poll of 30 South African and European economists forecasts growth in 1999 at 0.9 percent and at 3.0 percent in 2000. Steep cuts in interest rates are predicted to free up consumer spending, which has been tied with rates that peaked at 25.5 percent in 1998, dropping to 16.5 percent by August 1999.

2.1 Regional Role. While South Africa's reputation as an emerging market suffers from its proximity to the tangle of conflicts that have engulfed its northern neighbors in and around the central African sub-region, its geographic position offers access to markets not only throughout Africa but also farther afield in the southern hemisphere.

The Southern African Development Community (SADC) was founded in 1980 is the most important regional organization in the continent. South Africa has been a member of SADC since 1994 and chairs the organization until September 1999. The SADC is a sub-regional organization created from the South African Development Coordinating Conference (SADCC) in 1980. The organization seeks to foster economic growth and development through increased economic integration among its 14 member states with approximately 180-million inhabitants: Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe Mauritius and Tanzania, the Democratic Republic of Congo (former Zaire), and the Seychelles. These countries range from some of the poorest in the world, like Mozambique to the power-house of Africa - South Africa. Angola and Mozambique should be among Africa's wealthiest countries, but they have been devastated by war.

The SADC Trade Protocol is the cornerstone of SADC's sub-regional trade integration effort. On August 24, 1996 eleven SADC member states signed the SADC Trade Protocol, and to date Botswana, Mauritius, Namibia, Tanzania and Zimbabwe have ratified it. South African officials made a detailed proposal to their SADC counterparts indicating they are prepared to take steps toward ratification. At present there are intense discussions on the tariff reduction schedule and the rules of origin. Insufficient analytical capacity, perceptions of uneven benefits, non-tariff trade barriers and the absence of agreement on customs procedures and standards have slowed the implementation process. Nonetheless, there remains optimism that the SADC Free Trade Area (FTA) will come into effect in early 2004.

South Africa has been a member of the South African Customs Union (SACU) since its inception in 1910. The SACU agreement was renegotiated in 1969 following the independence of Botswana, Swaziland, and Lesotho. Namibia joined SACU in 1990.
SACU aims to promote free trade and cooperation on customs matters among its five member states. There are presently no internal tariff barriers between SACU member states, but because of different tax regimes, there are some tax adjustments that occur at the borders. All

SACU members, except Botswana, share a common currency as members of the Common Monetary Area.

3. Principal Growth Sectors

3.1 Agriculture. For South Africa's farmers, 1998 was slightly less prosperous than 1997, although the historical trend in output was not down significantly (agriculture's economic performance in both 1996 and 1997 was above average). The contribution of agriculture to GDP increased from R23.8 billion in 1997 to R24.0 billion in 1998, although the percentage contribution decreased from about 4.5 percent to 4.1 percent in 1998. The main reason for the decrease in agricultural production during 1998 was dry and hot conditions with below average rainfall during the first half of the year. During the year, the estimated volume of agricultural production fell 4.8 percent below 1997 with the volume of field crop production (grains and oilseeds) declining by 13 percent as a result of the drought.

The real contribution of the agricultural sector to the national economy is often obscured by its nominally low direct contribution to GDP (less than 5 percent) and employment (about 13 percent). However, if the full impact of income and employment linkages and multipliers are included, agriculture contributes about 12 percent to GDP, and 30 percent to employment. About two-thirds of agricultural output is used as intermediate inputs in the manufacturing sector. This fact is borne out by the large impact of drought on GDP; more severe droughts have caused a decline in total GDP of as much as 0.5 to 2 percent, a high figure for a sector playing a relatively small role in the economy.

South Africa has a market-oriented agricultural economy, with significant volumes of both agricultural imports and exports. The decline in the value of the South African Rand relative to the dollar over the last two years has had a beneficial effect on the country's agricultural export earnings. Exports rose to R13.4 billion in 1998 compared to about R12.3 billion in 1997. Principal exports in 1998 included fresh and processed fruits and vegetables worth about R4.4 billion and sugar worth about R1.7 billion. Agricultural exports contributed more than 30 percent of the gross value of agricultural production in 1998 while imports were equal to about 21 percent of the value of output..

The United States plays a major role in the South African agricultural market, supplying 11.5 percent of imports and taking 4.5 percent of the country's exports. Total U.S. agricultural exports to South Africa climbed to $296 million in 1996, but fell back to $195 million in 1998, mainly due to the decline in the value of the Rand. As of July 1999, the SA Rand was at 6.0 to the US Dollar.

Table 1: SOUTH AFRICA: AGRICULTURAL DATA:

	1996	1997	1998	1999 Est.
GDP, Rand Billion	484.1	529.6	573.0	580.0
Contribution of Agriculture, Rand Billion	22.6	24.0	23.8	25.0
% Contribution	4.7	4.5	4.1	4.3

Total market size:				
Expenditure on food,				
Rand Billion	78.1	87.4	93.0	98.0
Total local production:				
Gross value,				
Rand Billion	39.7	41.7	42.7	43.8
Total agricultural exports,				
Rand Million	11,640	12,258	13,394	15,000
To the U.S.	463.8	465.6	599.5	625.0
% to the U.S.	4.0	3.8	4.5	4.2
Total agricultural imports,				
Rand Million	7,697	8,602	9,345	10,000
From the U.S.	1,272	1,009	1,079	1,100
% from the U.S.	16.5	11.7	11.5	11.0

Estimates and forecasts from various sources

1996 U.S. Dollar R4.3, 1997 U.S Dollar R4.61
1998 U.S. Dollar R5.5, forecast, 1999 U.S. Dollar R6.0.

3.2 Air Pollution and Waste Management. South Africa's reintegration into the global economy necessitates improved pollution and waste management systems. Also, beginning with the country's first democratic elections, South Africa's role and influence in the Southern African Development Community (SADC) suggests that it should take the lead in promoting clear air and waste management technology within southern Africa. Key issues include water, air and land pollution, and poor disposal of waste. The potential air pollution resulting from industrial parks and residential areas has to date not been adequately considered during the planning stages of many initiatives. Moreover, control equipment is poorly maintained and often non-operational.

With knowledge of the potential hazards of pollution, a growing need exists for measurement and analysis instruments - specifically for instruments that are able to measure a number of parameters simultaneously and handle a number of observations over time. There is also a need in the market place for American "know-how"; the expertise which goes along with such products.

(For further information, refer to Air Pollution and Waste Management, under Leading Sectors for US Exports and Investment: Best Prospects for Non-Agricultural Goods and Services, page 35)

3.3 Cellular Telephony. The explosive growth of South Africa's cellular industry continued to outpace industry forecasts during the year under review. The industry has two principal operators, Vodacom and MTN, with licensing for a third mobile cellular operator scheduled for early next year. The Vodacom Group, in which Telkom has a 50 percent equity stake, saw its customer base climbing to two million by the end of 1998, of which 1.5 million were active subscribers, representing an increase of some 50 percent. Turnover rose by 56 percent to R6.8 billion from the previous year's R4.4 billion, while operating profit stood at R1.5 billion. Based on call traffic volumes, the regional distribution of users are 29 percent in Gauteng (the Johannesburg and Vereeniging area excluding Pretoria), 24 percent in

Pretoria, Northern Province and Mpumalanga, 19 percent in the Western Cape, 4 percent in the Free State and Northern Cape, 7 percent in Eastern Cape and 17 percent in KwaZulu-Natal.

The Vodacom Board approved a capital expenditure program of R 2.5 billion for the year, an investment that was entirely self-funded. Included in the program were 100 micro-base stations, six voicemail platforms and two additional Intelligent Network platforms. Network expansion is ongoing and expenditure is expected to exceed R 2.3 billion in the coming financial year.

Another milestone for Vodacom was its entry into the Internet market with the launch of Vodacom Internet Company, its new Internet Service Provider (ISP), and Yebo!Net, which offers prepaid access to the Internet at local Telkom rates.

MTN (Mobile Telephone Networks), a privately-held company with shareholders in South Africa (a 25 % shareholder being Transtel, a parastatal South African organization and subsidiary of Transnet) and the United Kingdom, was recently awarded a second network operator's license in Uganda and a first operator's license in Rwanda. It is currently bidding for licenses in several other sub-Saharan countries. MTN's strategy in these countries is one of alliance-building to promote local job creation, entrepreneurship, skill-training, empowerment and enhanced socio-economic integration.

As the only telecommunications company in the southern hemisphere and one of only three in the world to have been awarded ISO 9001 quality accreditation, MTN has been approached by Visa Mastercard, Verifone and First National Bank to be the network carrier for the pilot project for retailer on-line verification. This will allow on-line retail point-of-sale transactions to be done without a phone line, thus opening up additional opportunities for rural areas.

MTN's coverage presently extends to over 34 percent of South Africa's geographical area. MTN had installed of over 6,500 of MTN's community payphones by December 1997 - well in excess of the numbers agreed to in terms of license obligations.

Potential investors and operators have thus far supported the South African government's efforts to create a favorable investment environment. In particular the low cost of market entry has been seen as a golden opportunity. Cellular networks can currently operate at a maximum speed of 9.6 kilobits per second (kbps). MTN recently carried out tests in conjunction with Ericsson (cellphone manufacturer) where speeds of up to 56kbps were achieved. Once speed of two to three gigabits (gbps) is reached, there is no reason why South Africa should be dependent on fixed lines for carrying voice or data. MTN predicts that speeds ranging from 28 to 56 kbps will become a commercial reality within the next 18 months, and that within three to five years this will be increased to speeds of 2 to 3 gbps. Increased speed across the networks will encourage the use of cellular telephony for data communications, which currently account for less than 2 percent of cellular usage. Moreover, once network speeds increase, opportunities will exist for carrying video to the cellular handset with video capability over the Internet using Internet protocol, the telephone network, or satellite infrastructure.

3.4 Computer Software and Services. The local computer software and services market has shown strong growth over the past few years, and to date investors have been rewarded by those IT companies focused in promising sectors. From high margin businesses such as networking and systems integration to lower margin businesses such as hardware distribution, there are many opportunities in the local software and services market for companies with the right management approach. Key trends in this market include:

* Electronic Commerce
* Internet-oriented software and services
* Convergence of technologies
* Increased focus on outsourcing

* * * * The convergence of technology and specifically the conversions of voice-to-text and vice-versa on advanced platforms are crucial for future growth. More and more demand will be placed on integrating voice into an IT solution. Demand for networking products as well as highly specialized software will enable communications and value-added services on all communications platforms. Value-added software is a key to long-term growth.

Software growth in South Africa, which has been consistently higher than the world average over the past several years, is expected to show substantial growth for the next two to three years.

(For further information, refer to Computer Software and Services, under Leading Sectors for US Exports and Investment: Best Prospects for Non-Agricultural Goods and Services, page 35)

3.5 (Eco) Tourism. With its return to the "global village," South Africa is fast becoming a popular tourist destination. In a recent report, the World Tourism Organization (WTO) ranked South Africa as the 25th most frequented tourist destination in 1998, a significant move upward from the 1990 ranking at 50th. The most recent figures on tourism illustrate that the number of travelers arriving to South Africa has grown steadily grown from 5.2 million in 1996, to 5.4 million in 1997, and 5.7 million in 1998. September was the most popular month for foreign arrivals in 1998. The number of Americans arriving to South Africa increased 16 percent between 1997 and 1998, and at 166,071 arrivals, American visitors represent the third largest overseas market after the U.K. (321,281) and Germany (195,878).

The number of American visitors is expected to continue rising through the year 2000 as a result of two agreements recently signed between the U.S. and South Africa. The first of these, a bilateral tourism initiative to promote co-operation in the tourism sector, was signed in mid-1995. In addition, the U.S. and South Africa signed a Civil Aviation Agreement that increased the number of weekly direct flights between the U.S. and South Africa from 7 to 11, effective 1 April 1996. This number will increase annually to 21 per week by 1 April 2000.

The tourism accommodation industry in South Africa provides a wide spectrum of lodgings - from the formal hotel sector to the informal holiday flats and cottages, game lodges and reserves, guest-houses, youth hostels, and bed-and-breakfast inns. Of the estimated 30,000 rooms available in South Africa's hotels, about 46 percent are categorized as "not graded"; 5 percent as "one and two-star"; 31 percent as "three-star"; 13 percent as "four-star"; and 5 percent as "five-star." The lack of five star accommodation, particularly on Durban beaches (situated in the KwaZulu-Natal province) has been an obstacle for tour operators looking for business in up-market areas. To improve the area's tourism potential, KwaZulu-Natal authorities have established a Tourism Authority, which is also empowered to engage in joint ventures with private enterprise. A number of major development opportunities exist, with projects already under development and further sites already identified as prospective locations for the development of tourism infrastructure.

The fastest growing segment of tourism in South Africa is ecological tourism (ecotourism), which encompasses fauna to flora, action holidays and, increasingly, local community empowerment and development. For U.S. exports, key sectors identified as having the greatest commercial potential include information systems, marketing, design, architecture, finance and planning - particularly with respect to the long-term development of the Kwa-Zulu Natal and the Western Cape as a tourist destination. The lack of local expertise in these areas creates an excellent opportunity for U.S. firms in fields ranging from management skills to education and training. Additional opportunities for U.S. investment may also exist in making tourist facilities accessible to the disabled.

3.6 Electronic Commerce. Over the next few years, electronic commerce or e-commerce (which encompasses all business conducted by means of computer networks), is likely to radically transform the way most South Africans do business. It reflects a paradigm shift driven principally by a wide range of converging technological developments and the emergence of the "knowledge economy." There are already a growing number of South African companies actively conducting electronic business via the Internet. The value of business conducted electronically has consistently increased on a month-by-month basis, with the overall transactional value growth of 140 percent over the past twelve months.

For developing countries like South Africa, e-commerce presents important new opportunities to achieve a more level playing field vis-à-vis larger, more developed economies; it reduces existing drawbacks relating to cost, communication, and information, and has the potential to create huge new markets for U.S. products and services. One of the leading areas for continued growth is Internet security. Merchants and consumers who regularly engage in online trade are expressing growing concerns over security infrastructures on the Internet, and are demanding more secure session technology to guarantee the confidentiality of data exchanged during online transactions. Other promising areas include new technologies and business development concepts in e-commerce.

(For further information, refer to Electronic Commerce, under Leading Sectors for US Exports and Investment: Best Prospects for Non-Agricultural Goods and Services, page 35)

3.7 Mining. The mining industry has played a significant role in the economic development of South Africa. In terms of the world's mineral reserves' base, South Africa ranks number one for gold, platinum, manganese, chromium, vanadium, alumino-sillicates and titanium, second for vermiculite and zirconium, third for fluorspar, fourth for antimony, and fifth for zinc, coal, lead and uranium. While the reserve base for diamonds is not known, South Africa ranks second or third in terms of the value of current global diamond exports. In total the country produces some sixty mineral commodities of which gold, platinum group metals (PGM) coal and ferro-alloy account for 86 % of mineral exports and some 50 % of total merchandized exports. During the past decade South Africa's mining sector has undergone a major transformation. The gold mines in particular have seen costs increase significantly while both the tonnage and grades of ore produced have declined. The result has been the restructuring of a number of mining companies, for example Anglogold, Goldfields and Billiton. Thus far, the declining SA Rand-Dollar exchange rate, together with increased sales of PMGs, iron ore, copper, nickel and zinc as well as diamonds and coal have partially offset the declining export earnings of the gold sector. Improving economic conditions in many parts of the world however, including Japan's industrial production, should eventually flow through to mining. Thomas MacNamara, representing New York investment firm CIBC Oppenheimer, suggests that fundamental demand for gold continues to grow, while the world's central banks are not likely to sell as much of their gold reserves as previously believed.

In recent years, the coal sector has also seen significant expansion in terms of export earnings. However, intense competition in key markets and global oversupply of sea borne steam coal have been two factors contributing to downward pressure on spot and forward coal prices. At the same time the emerging markets financial crisis has led to reduced industrial output and hence a decreased demand for energy, resulting in a decline in the demand for coal.

Importantly, a number of resource-based mega-projects (e.g., Columbus Stainless Steel and Billiton's Hillside Aluminum Smelter) have allowed South Africa to move beyond exporting primary commodities to become a world-class exporter of processed industrial minerals. New investments in a small number of resource-based projects have accounted for almost half of recorded formal sector economic growth since 1994. Such investments are largely a consequence of increased investor confidence in the country's long-term political stability, and enabled South Africa to cross an important threshold in 1995 when for the first time exports of processed primary products exceeded gold exports. Looking forward, a host of natural resource and metals projects offer the potential for sustained industrial growth in the coming years.

Recognizing this potential, South Africa's industrialization program focuses heavily on resource-based manufacturing and processing to stimulate growth - especially in the minerals processing, petrochemicals, jewelry, and metal fabrication industries. This will, however, require massive investment and continued access to foreign markets. Competition for market share has increased at the same time that commodity prices have fallen and demand in East Asian countries has generally decreased. The key to the industry's survival lies in improved productivity which can be achieved, in part, through greater education, training, and motivation of the workforce.

Although the mining industry's contribution to the South African economy has declined since the early 1970's, it remains a substantial contributor both in terms of foreign exchange earnings and GDP. In 1998, the mining industry contributed 6.03 percent to GDP, or approximately 13 percent if indirect multiplier effects associated with the industry's effect on the economy are included. While the relative importance of gold mining has declined over the last decade in line with fluctuations in the gold price, gold mining still contributes a little more than 2 percent to GDP. Observers calculate that the mining industry contributes more than 50 % to South Africa's merchandized exports; this excludes the domestically generated beneficiation of these resources. With this value-added component, the contribution to exports could be as high as 70%.

For the year under review, mining also continued to contribute significantly to gross domestic fixed investment (GDFI) and gross capital formation, contributing 8.6 percent to GDFI. The industry also contributed significantly to the national fiscus, both directly and indirectly. For the fiscal year 1998/99, estimated total direct taxation paid by the industry was some R1.7 billion, representing 1 percent of total tax revenue. Mining also contributes indirectly through taxation paid by employees and by industries that supply the mining industry or use mining industry products and through indirect taxes paid by mines on input costs (such as the fuel levy).

3.8 Security and Safety Equipment. With the increasing loss of cars due to theft and hijacking, a great need exists for vehicle security products. Bank robberies persist, albeit with less frequency. Another major source of concern has been the heists on cash-in-transit vehicles by highly organized and heavily armed groups. As a consequence of the amount of criminal activity, there continues to be a strong demand in South Africa for security and self-defense related products and services. For example, large retailers are beginning to take pilferage very seriously and are installing substantial surveillance systems in their shop fronts. CCTV is ideal for this purpose, particularly because it produces concrete evidence in court.

The commercial and industrial security industry in South Africa is valued at approximately USD 1.8 billion Dollars. Of this aggregate value, the most promising sub-sectors include:
* Vehicle security (car alarms, anti-carjacking devices and satellite tracking systems) - USD 417 million
* Perimeter security and access control (e.g., fencing, wire, and security gates) - USD 154 million
* Detection devices and building protection (e.g., close circuit t.v. and security glass) - USD 149 million
* Internal physical security and turnkey systems (e.g., security doors and computer based microprocessor systems) - USD 96 million
(For further information, refer to Security and Safety Equipment, under Leading Sectors for US Exports and Investment: Best Prospects for Non-Agricultural Goods and Services, page 35)
3.9 Spatial Development Initiatives (SDIs). SDIs are strategically located development regions aimed at unlocking the economic potential in selected areas. A single SDI may offer, among others, opportunities in construction, tourism, agriculture, and manufacturing. Because the initiatives are multifaceted they are implemented through consortia. The SDI program consists of ten local SDIs and four Industrial Development Zones (IDZs) at varying stages of development. To date, the current portfolio of SDIs has identified 518 investment opportunities

valued at approximately R115.4 billion (USD 19.2 billion) with the capacity to generate more than 118,000 new jobs. The initiatives are the practical implementation of the government's economic strategy as set out in its GEAR policy framework, and should provide U.S. companies with infrastructure, technological and investment opportunities. Former South African President Nelson Mandela likened the SDI program to an industrial revolution, stating the ultimate vision was to open the entire South African market through public-private partnerships. The aims of spatial development initiatives include:
* Facilitate sustainable and equitable growth and development
* Generate sustainable employment
* Maximize private sector investment
* Exploit South Africa's under-utilized locational and economic advantages

General information on SDIs and links to the individual project initiatives can be found on the Internet at www.sdi.org.za or at www.transport.gov.za/projects/sdi.html. Brief descriptions of the major SDIs are below.

3.9.1 The Lubombo Initiative. The Lubombo Initiative is a concerted program by the governments of Swaziland, Mozambique, and South Africa to ensure that new investment occurs rapidly in the area. An essential infrastructure project is the upgrade of secondary roads and construction of a tar road through the SDI to link the major South African coastal road, the N2, to Maputo, the capital of Mozambique. Tourism anchor projects being proposed are the Ponta to Puro-Kosi Bay and Futi/Tembe/Usuthu transnational tourism nodes, the Greater St. Lucia Wetland Park, a tourism cluster at Lake Sibayi, an integrated Mlawula-Hlane wildlife project, the Lavumisa-Pongola Trans-Frontier Complex and the Lubombo tourism train route. In all 694 projects have been identified to the estimated value of R148 billion in the tourism, education, craft, commercial and agriculture sectors, including substantial opportunities for communities and small businesses.

Additional information can be found on the Internet at www.lubombo.org.za.

3.9.2 West Coast Initiative. The West Coast Investment Initiative is focused on the opportunities created by the mini mill of Saldanha Steel as well as under utilized opportunities in agriculture, tourism, manufacturing and fishing in the region. This initiative opens a window of opportunity to potential investors in an area with a significant resource base, and adequate and improving infrastructure. In addition, an investor friendly package of incentives and institutional arrangements is in place to enhance innovative and sound investments. One hundred and twenty investment projects were launched at the investment conference held in Saldanha Bay on the West Coast from 25 to 27 February 1998.

Additional information can be found on the Internet at www.westcoast.org.za. Also see Appendix H.

3.9.3 The Fish River Initiative. The Fish River initiative has evolved to promote employment in the Port Elizabeth and East London parts of the Eastern Cape. The primary focus of the Fish River SDI is on "crowding in" new investment from the private sector. Sectors under consideration include the automobile industry, supplier development, agro processing and forestry. The Fish River Initiative offers exciting opportunities for investors and has been designed to provide local entrepreneurs, international and national investors and fledgling businesses with a broad range of investment options.

Additional information can be found on the Internet at www.fishriver.org.za.

3.9.4 The Maputo Corridor. The Maputo Corridor, a development axis between Johannesburg and the city and port of Maputo, Mozambique, has seen considerable success since its launch in 1998 and is the most widely known development initiative. There has been a continual process of identifying investment opportunities in the following sectors: infrastructure, agriculture, mining, energy, chemicals, tourism and manufacturing. There are currently 180 projects under consideration with a total value estimated at approximately R42 billion (USD 7 billion).

Additional information can be found on the Internet at www.dbsa.org/Corridors/Maputo.

3.9.5 Wild Coast Initiative. The Wild Coast is a stretch of approximately 280 kilometers (174 miles) situated between the Mtamvuna River in the north and the Great Kei River in the south. The lull of perfect beaches attracts the majority of visitors to the resorts along the coastline, and the Wild Coast Initiative builds on this attraction through agri-tourism projects. Forestry and agriculture projects are also in development.

Additional information can be found on the Internet at wildcoastsdi.org.za.

3.9.6 Rustenburg (Platinum) Initiative. The Platinum SDI forms part of the Coast2Coast SDI that links Maputo Port in Mozambique to Walvis Bay in Namibia. Most of the Platinum SDI falls inside South Africa's North West Province, with direct links to import tourism, industrial and agriculture processing activities in the North West Province, and to the Mabopane-Centurion Development Corridor around Pretoria. The region has a wealth of raw materials, which can be used in processing and manufacturing industries. It also has tremendous potential to develop a tourist industry considering its existing tourism infrastructure and attractions, including big five nature reserves. An appraisal of the economic potential of this area has identified approximately 200 potential projects and project opportunities in tourism, manufacturing, agriculture and mining.

The Platinum SDI management team will provide additional information upon request.

Rustenburg (Platinum) SDI Project Manager
Mr. Rekwele Mmatli
Tel: (27 11) 313-3331
Fax: (27 11) 313-3000

3.9.7 Phalaborwa SDI. The Phalaborwa Initiative, broadly covering the Northern Province and Mpumalanga, is in the process of identifying and preparing attractive projects and investment opportunities in agriculture, forestry, tourism, mining, and mineral processing. The region is a significant supplier and processor of wood fiber in South Africa and internationally; it also includes a wide range of tourist attractions centered primarily in and adjacent to the famous Kruger National Park. The Phalaborwa SDI is linked to Maputo Development Corridor, and therefore has access to Maputo and international markets.

The Phalaborwa SDI management team will provide additional information upon request.

Phalaborwa SDI Project Manager
Mr. Jurgens van Zyl
Tel: (27 11) 313-3518
Fax: (27 11) 313-3086

3.9.8 Richards Bay Initiative. The Richards Bay Investment Center officially opened its doors in October 1998 to assist companies that want to establish a presence in the region. Industrial projects identified by the Industrial Development Corporation include opportunities in aluminum, heavy minerals, chemicals, wood, and sugar clusters. Tourism is also expected to become a key industry for the region. Richards Bay acts as a gateway to the Lubombo region, and the harbor is within a 45 minute drive of "big five" game viewing opportunities.

Additional information can be found on the Internet at www.richardsbay.org.za.

3.9.9 KwaZulu-Natal SDI. One of nine provinces of South Africa, KwaZulu-Natal stretches over 57,000 square miles on South Africa's eastern seaboard. KwaZulu-Natal is a competitive region for the attraction of foreign investment and nine target areas have been identified for this purpose. These areas include: textiles, clothing, plastic products, chemicals, fabricated metal products, automotive components, wood and wood products, footwear, machinery and appliances. During the three-year period ending March 1998, 47 foreign companies established operations in the region, primarily in four sectors: textiles, clothing and leather (38.3%), chemicals and plastics (21.3%), fabricated metal products and machinery (19.2%) and paper and paper products (17.0%).

Additional information can be found on the Internet at www.kmi.co.za.

4. Government Role in the Economy

South Africa under the former Nationalist Party government pursued a strategy of import substitution and industrial development which protected local industries by means of high tariff barriers and heavy state involvement in electrical, transportation, communications and service industries. In 1994, the ANC inherited an economy in which roughly half of all capital assets were owned by the government, a quarter of which were parastatal corporations.

A key element of GEAR is the "restructuring of state assets." In 1995, under a "National Framework Agreement" (NFA), tripartite stakeholders from government, business, and labor agreed to a substantial program of restructuring and privatization of state assets. President Mbeki has repeatedly reaffirmed the South African government's commitment to the privatization program. Partial or complete privatization of several parastatals has been completed, including: The Airports Company, (an umbrella company for the country's major airports); six radio stations of the South African Broadcasting Corporation (SABC); Sun Air (a small former homeland airline); and Telkom (the national telecommunications company). South Africa's most recent privatization was the June 25, 1999 sale of 20 percent of South African Airways (SAA) to Swissair for USD 230 million. The sale puts the total value of the airline at USD 1.2 billion, making the deal South Africa's second-largest privatization effort. The South African government has indicated that as much as 40 percent of SAA could be in private hands by the end of 1999.

In his June 1999 "State of the Nation" speech, President Mbeki stated "some of the most important developments with regard to the restructuring of state assets will relate to Transnet" (the transportation parastatal). According to President Mbeki, "the priority given to this corporation arises from the fact that the transport and logistic system it contains underpins the success of other major investment projects." Priority will also be given to the liquid fuels and petrochemical industry through a joint effort of the Ministries of Minerals and Energy, Trade and Industry, and Public Enterprises. This effort will include the finalization of discussions with the Government of Mozambique on a gas pipeline that is to run from Mozambican gas fields to South Africa. Mbeki also noted that there would be further developments with the issuing of new licenses in the telecommunications sector.

Although present government policy is to refrain from competing with private entities in the private sector, the following firms enjoy a degree of protection through direct or indirect allowances from the government which give them a financial advantage vis-à-vis private entrants: ADE (diesel engines); SASOL (synthetic fuels and petrochemicals); IDC (industrial development corporation); CSIR (scientific and industrial research and marketing innovations); and the Central Energy Fund family of companies, including Mossgas, the Strategic Fuel Fund, and Soekor, the state oil exploration company. In addition, Telkom (the state telecommunications company) enjoys a monopoly until the year 2002 on providing international and fixed line telecommunications services. If Telkom's strategic equity partners meet certain performance targets, the South African government will consider an extension of this monopoly until 2003. Transnet enjoys a monopoly on most transport and port services and Eskom (the state electricity monopoly) operates as a non-taxed company, which pays dividends to the state as its sole shareholder.

5. Balance of Payments Situation

Decreased demand in the South African economy contributed to a reversal of the deficit on the current account of the balance of payments into a surplus of R2.0 billion in the first quarter of 1999. At a seasonal adjusted annualized rate, the surplus in the first quarter is equal to

0.8% of GDP. The improvement came largely from a substantial decline in the value of merchandise goods imported and an equally substantial increase in the value of merchandise exports. The decline in the exchange value of the Rand also assisted in creating the surplus (see Appendix C 2). The value of South Africa's net gold exports however declined due to a lower volume of exports as well as lower realized prices.

The slowdown of financial flows to emerging market economies was echoed in a contraction of financial flows to South Africa during 1998. Foreign direct investment in South African assets declined sharply - from R17.6 billion in 1997 to R3.1 billion in 1998. The outflow of capital arising from acquisitions of foreign direct investment assets by South African entities maintained a steady flow from R10.8 billion in 1997 and R9.6 billion in 1998. The inflow of capital resulting from portfolio investment by non-residents has varied since early 1998 with an inflow of R26.5 billion in the first quarter of 1998, followed by an outflow of R1.1 billion in the third quarter, and then inflows of R2.5 billion and R10.9 billion in the fourth quarter of 1998 and first quarter of 1999. The variety of these demonstrates flow reflect the liquidity of the South African markets.

The fourth and first quarter inflows reflect continued confidence by short-term foreign investors in the South African economy. This was echoed by the recent U.S. Duff and Phelps credit rating for South Africa, which maintained the country's long-term foreign currency and Rand debt ratings at BBB- and A- respectively. The rating was largely based on Duff and Phelps' positive view of the South African government's macroeconomic framework including its fiscal consolidation, flexible monetary policy and external liberalization. U.S. trade with South Africa totaled USD 4.67 billion in total (two-way) goods trade during 1998. U.S. exports to South Africa increased by 49% over the years from 1992 to 1998. Imports from South Africa have risen 77% over the last six years.

6. Infrastructure

6.1 International Trade Infrastructure. The exploitation of natural resources over the past century has created a transportation infrastructure in South Africa that dominates the subcontinent. South Africa provides more tonnage through its ports than the combined facilities of Angola, Gabon, Kenya, Mozambique, Tanzania, and the Democratic Republic of Congo; and more air transport than all other countries of Southern, Central and East Africa combined. South Africa's international trade infrastructure is relatively well-developed, while in the context of the developing world it ranks as excellent. However, a 1996 analysis conducted by the Department of Transport identified the following problem in terms of international transport:

* With the exception of world-class bulk transport systems in two key corridors, freight transport in general does not meet the needs of customers in terms of both cost and service.

The last few years have seen significant steps to enhance the effectiveness of South Africa's physical and service infrastructure. Trade support services such as cargo inspection, standards information and certification, and credit insurance have been improved, and the country's major ports (Durban, Cape Town, Richards Bay, and Port Elizabeth) are well-equipped to move cargo of all types.

6.2 Infrastructure in Rural Areas. The quality of infrastructure in the rural areas and the former homelands (the geographic ethnic-statehoods created and imposed by the previous National Party government) varies, and most townships (urban and peri-urban residential areas of mostly economic and sub-economic housing inhabited by the Black populace) remain in need of road development and improvement. The South African government continues to look for projects in the framework of its Spatial Development Initiatives Program (SDIs), in urban and rural centers, and in partnership with other countries in the region in order to improve infrastructure. The government is also working to shift the weight of funding in public transport in favor of public transportation infrastructure, and is providing support to provincial Roads Departments to assist them in restructuring and rationalizing infrastructure delivery institutions. This support is intended to ensure that the level of expenditure on overhead is reduced in favor of expenditure targeted at the provision of new road infrastructure (particularly in rural areas), as well as to the rehabilitation and ongoing maintenance of existing provincial roads.

6.3 Transnet. The government department, South African Transport Services, was restructured into a public company (with share capital controlled by the Minister for Public Enterprises) in 1989, and became Transnet in 1990. Transnet's position as a profit-seeking, commercialized company, migrating towards a holding company over the next five to seven years, allows the company to pursue initiatives such as joint ventures and private/public sector partnerships as well as maintain competitiveness in a global business environment. Transnet's transport holdings include: Spoornet (rail), Portnet (ports), Metrorail (rail), Autonet (roads), Fastforward (trucking), Petronet (pipelines), and South African Airways (SAA), each of which operates as a separate company. The next few years may continue to see a restructuring in Transnet as the company aims to secure private capital and reduce state debt. Transnet reported a R426 million loss for the year to March compared with the R278 million profit previously and has been identified by President Mbeki and Public Enterprises Minister Jeff Radebe as a "key priorty." Already the partial privatization of Spoornet has opened the opportunity for private rail companies to gain concession for operating lines. Also, several private sector companies provide trucking services, and recently a number of private airlines have begun to provide services which compete with those offered by the government owned SAA. The successful restructuring of Transnet is expected to generate business opportunities in the following areas:
* Stand-alone Core Business
* New Business Opportunities
* Strategic Business Development (national/international)
* Black Empowerment
* Logistics

Additional information about Transnet can be found on the Internet at www.tnet.co.za.

III. THE POLITICAL ENVIRONMENT

1. Nature of the Bilateral U.S.-South Africa Relationship

Since the historic, first multiracial and multiparty elections in South Africa, the country has undergone a dramatic transformation from a pariah Apartheid state to one with a democratically elected, multiracial government. This democracy was further consolidated with the successful completion of the country's second democratic elections in June 1999, which were free and fair and held under much more peaceful circumstances that the 1994 elections. Similarly, U.S.-South Africa bilateral relations have changed and strengthened during the past five years, as exemplified by President Clinton's visit to South Africa in March 1998. Subsequent to the removal of Apartheid era sanctions by the 1992 South Africa Transition to Democracy Act, U.S.-South Africa bilateral trade and investment have increased markedly. In February 1998, the United States suspended debarment of several South African defense-related firms, including ARMSCOR, Denel, and Fuchs, opening the way towards normalization of bilateral defense trade relations. As a result, the Department of State is once again considering requests for licenses for the export of items on the U.S. Munitions List to South Africa.

The post-Apartheid U.S.-South Africa relationship has been built upon the foundation of an October 1994 agreement signed in Washington, D.C. by Presidents Clinton and Nelson Mandela, which created the U.S.-South Africa Binational Commission (BNC), co-chaired by Vice President Al Gore and then Deputy President Thabo Mbeki. Only the second one of its kind (the U.S.-Russia Binational Commission was the first), the U.S.-South Africa Binational Commission oversees, coordinates, and promotes the development of relations between the two countries across the broadest possible spectrum of activities. This is done through the work of committees in the areas of: trade and business development, agriculture, defense, energy, environment, housing, human resource development, science and technology, as well as justice and anti-crime coordination.

Following the 1994 elections in South Africa, the international community normalized both its diplomatic and economic relations with the new government. Since then, South Africa has not only resumed its full membership with the United Nations and rejoined the Commonwealth, but has also become a member of the Organization of African Unity and the Indian Ocean Rim Association for Regional Cooperation. South Africa also currently serves as the Chair of both the Non-Aligned Movement and SADC.

2. Major Political Issues Affecting the Business Climate

South Africa's Apartheid-era government, while preaching free-market economics, essentially practiced statism. The African National Congress (ANC), many of whose leaders were exiled for years in the Soviet Union and its satellite states, returned to South Africa firmly believing in centralized economic planning and the nationalization of the means of production. However, as South Africa's constitution began to take shape at the multiparty negotiations leading up to the 1994 elections, the ANC began to see the merits of a market-driven economy - including greater competition. The ANC subsequently dropped its traditional nationalization plank from its policy framework and began to support privatization of certain parastatal firms.

Another major factor that has affected the business climate in South Africa, and may continue to do so, has been the extent of violence prevailing in the country. Political violence reached a peak in the pre-1994 election period and, though continuing into the 1995-96 timeframe, has largely begun to disappear as a major issue. As noted earlier, the 1999 national election was practically devoid of political violence. Areas where political violence continues, though in much fewer instances, include parts of the south coast and midlands of KwaZula-Natal and in some of the townships near Cape Town. In both areas, supporters of the ANC continue to clash with supporters of the Inkatha Freedom Party (IFP) and the United Democratic Movement (UDM). However, one positive sign that political violence is likely to continue to wane was the May 1999 signing of a peace pact between the ANC and IFP in KwaZula-Natal.

On the other hand, occurrence of criminal violence is relatively high and can be expected to persist throughout the country's period of transition to social stability. National and provincial governments have unveiled a number of programs aimed at attacking crime in general and South Africa is working closely with donor countries to address this problem.

South Africa's government, under the leadership of Thabo Mbeki, can be expected to largely maintain its policy direction of the past few years. However, the central government will likely begin to shift its focus from political consolidation to redoubling its efforts at speeding up delivery of services to the majority population, moving from a transition phase to one of more rapid transformation. Along with attacking the crime problem, economic growth and development will be a priority and the climate for U.S.-South Africa bilateral trade and investment should benefit.

3. The Political System

As stipulated in South Africa's Constitution, the country's parliament has two chambers: the National Assembly and the National Council of Provinces. The 400 seats in the National Assembly are allocated to political parties on the basis of proportional representation in accordance with their share of the national vote as a whole and the national vote in each of the nine provinces. As a result of the June 1999 elections, the African National Congress, which won 66.35 percent of the vote, now holds 266 Assembly seats, one shy of a two-thirds majority and an increase of 14 seats from 1994. The Democratic Party (DP) increased its support from 1.7 percent in 1994 to nearly 10 percent in 1999. With 38 Assembly seats, the DP assumes the mantle of official opposition. The Inkatha Freedom Party (IFP) holds 34 Assembly seats while the New National Party (NNP) has 28. The new United Democratic Movement moved into parliament for the first time with 14 Assembly seats while the remaining 20 seats are divided among eight additional parties. The 90-member National Council of Provinces (NCOP) consists of ten delegates elected from each of South Africa's nine provinces, selected by the provincial legislatures. The parties in the provincial legislature are awarded a number of NCOP seats based on their share of the provincial vote. As such, the ANC, as it does in the National Assembly, easily controls the voting majority within the NCOP.

The members of the National Assembly elect the President who is vested with broad executive powers, including the power to appoint a cabinet. In Thabo Mbeki's new cabinet, of the 28 ministerial-level positions (including the Deputy President, ANC's Jacob Zuma), the ANC holds 25 positions while the Government of National Unity formula offering three seats to the IFP was continued.

South Africa's highest judicial courts are the Constitutional Court, which sits in Johannesburg and has the power to invalidate laws and executive actions found to violate the South African Constitution, and the Appellate Division, seated in Bloemfontein, which hears and decides appeals from a system of provincial Supreme Courts.

Local elections took place in 1996 in all nine provinces and the ANC won control in the lion's share of localities. South Africa's second round of local elections is slated to occur sometime in the year 2000.

3.1 Orientation of the Major Political Parties

Thirteen parties are now represented in the National Assembly after the 1999 elections, compared to only seven after 1994. The dominant African National Congress (ANC) has a predominantly black membership, although it enjoys growing support within the liberal white community, and all races are represented within the ANC's leadership and cabinet appointees. Representing the pre-1994 national liberation movement, the ANC is now overwhelmingly occupied with the critical need to provide adequate employment, education, health care, and housing to the majority of South Africans whose standard of living was depressed under Apartheid.

Second in size, the Democratic Party (DP) is the largely white, socially liberal but economically conservative party that grew exponentially between 1994 and 1999. Taking only 1.7 percent of the 1994 vote, under the leadership of Tony Leon the DP became an outspoken critic of ANC policy in the National Assembly and parlayed Leon's tough-talking and personal recognition to claim nearly 10 percent of the vote and the mantle of official opposition in the 1999 elections. Much of the increase in the DP's support base came at the expense of the New National Party (NNP), in the form of Afrikaans-speaking whites, who saw Leon and the DP as a more effective opposition to the ANC than the NNP.

The NNP, formerly known as just the National Party, ruled South Africa for 46 years prior to 1994. It was responsible for creating the Apartheid policy, but later, under F.W. De Klerk's leadership, abandoned it and entered into negotiations with the ANC. After the 1999 election, the NNP lost much of its national support and seems to have become largely a regional party, centered in Western Cape Province, which it governs in coalition with the DP and where it relies primarily on white and colored middle-class voters.

The third largest party, after the ANC and the DP, is the Inkatha Freedom Party (IFP), whose support is heavily concentrated in the KwaZula-Natal Province. The IFP made a strong appeal to Zulu ethnic pride prior to the 1994 election, which proved especially effective in rural areas of the province. While slipping from 11 percent to roughly 9 percent of the vote nationally in 1999, the IFP still managed to hold sway in KwaZula-Natal, again sweeping most rural areas of the province. The party's policies have long favored federalism as a check on the powers of the central government; its economic policy is generally characterized as free-market oriented.

The are nine other parties represented in the National Assembly. The United Democratic Movement (UDM) was formed in late 1997 and is led by former Transkei strongman and ANC evictee Bantu Holomisa and former NP stalwart Roelf Meyer. The UDM espouses free-market economic principles and stresses the need for a nonracial South Africa. In the 1999 elections the UDM gained 14 Assembly seats. The African Christian Democratic Party (ACDP), with 6 Assembly seats, has a religious bent and views politics largely from a moral perspective. The Freedom Front (FF), with 3 seats, represents the right-wing Afrikaner community, some of who still hope to establish their own geographically designated, politically autonomous territory to serve as their cultural homeland, or "Volkstaat." The Afrikanische Eenheidsbeweging (AEB), with just one seat, similarly represents far right-wing Afrikaners. The Pan Africanist Congress (PAC) has a left-wing, mostly black membership, though the PAC did make attempts to appeal to all races prior to the 1999 election, which saw its share of the vote drop to under one percent and the number of Assembly seats cuts from 5 to 3. Another former liberation movement and far left-wing party, the Azanian People's Organization (AZAPO), performed dismally in the 1999 elections, taking just .17 percent of the vote and gaining one Assembly seat. The United Christian Democratic Party (UCDP) is a relatively new party, led by former Bophuthatswana leader Lucas Mangope, and centered almost exclusively in Northwest Province, where the party will sit as official opposition to the ANC in the provincial legislature in addition to occupying 3 seats in the National Assembly. The Federal Alliance (FA) has 2 Assembly seats and is led by former South Africa Rugby Union boss Louis Luyt. The FA attracted mostly disgruntled white voters searching for an alternative to the ANC and the NNP. Finally, the Minority Front, based in Durban, owes its one seat in the National Assembly to its strong showing in Durban's South Asian community.

IV. MARKETING U.S. PRODUCTS AND SERVICES

1. Distribution and Sales Channels

Approximately 90 percent of South Africa's population is found in areas surrounding the cities of Johannesburg, Cape Town, Durban, Pretoria and Port Elizabeth, which represent the country's major areas of economic activity and consumer markets.

1.1 Gauteng. Previously known as "PWV" - the "Pretoria - Witwatersrand - Vereeniging" area of the Southern Transvaal - stretches from Pretoria, the country's administrative capital in the North, to Vereeniging in the South, with Johannesburg and the Witwatersrand (the industrial and mining belt) straddling the center. Gauteng is the powerhouse of the South African economy, generating approximately 37 percent of the country's GDP, equivalent to 26 percent of the aggregate GDP of the 14 countries comprising SADC, and 9 percent of the continent's GDP. The service sector (including trade, finance, insurance, real estate and business services) is the main contributor to the provinces gross geographic product (GGP), followed by manufacturing.

1.2 Johannesburg. Johannesburg, the commercial and financial hub of South Africa, is located in the center of Gauteng. Industry in the Johannesburg area emphasizes steel, petrochemicals, and manufacturing. As the country's transportation hub, it is the center for all rail and road connections and has the country's major international airport. Johannesburg is 456 miles from Durban and 954 miles from Cape Town.

1.3 Durban. Bounded by the Indian Ocean to the east, the Durban Metropolitan Area (DMA) is the second largest urban area in South Africa and home of the largest and busiest port on the African continent. The triangle of Durban-Pietermaritzburg-Pinetown is the manufacturing core of Natal, and the region contributes approximately 20 percent to national manufacturing statistics. Key industries in the Metropolitan Area include: manufacturing (petrochemicals, textiles, clothing, food processing, and motor components); transport (port and airport); and commerce and services (trade, catering, financial and tourism). Emerging sectors include professional and scientific equipment and nonferrous metals. The past five years has seen a number of multinational companies establishing manufacturing operations in the region. Companies such as Dow, Rohm and Haas, Bayer, Toyota, Borregaad, Hoechst, T&N, and Tridelta have brought over USD 3.5 billion of foreign direct investment into the area. These companies, in a trend that is likely to continue over the next few years, view the DMA as a major center in their global sourcing operations (see the profile on KZN - Region of Opportunity - Appendix G).

1.4 Cape Town. Over the years, the importance of manufacturing and construction has declined as the region's comparative advantages have moved towards agriculture, transport, and commerce. The Western Cape has excellent road, rail and air links, and Cape Town itself has a well-equipped, modern harbor. Cape Town's location along the coast as well as the region's rich farmland, have led to growth in the food processing industry. Cape Town is the country's insurance capital and the home base for most multinational oil companies. Other strong industries include textiles, clothing, footwear, wood and furniture products, chemicals, plastics, machinery, and technology-based industries. Northwest of Cape Town is Saldanha Bay, developed specifically to handle iron ore exports. The port also has potential to handle commercial shipping.

1.5 Port Elizabeth. The Port Elizabeth-Uitenhage Metropole holds a population of approximately 1.4 million people, and is fast gaining the reputation as the "best kept secret" in South Africa for investment. The Metropole is home to some of the largest automotive and component manufactures in the country, and the stage has been set for further investment in the region with an entertainment resort earmarked for the city's beachfront. The Port Elizabeth region is homogenous in its political profile and is thus freeing the economy of any political disruptions. Labor stability has improved dramatically, with labor disruption in the workplace decreasing by 93% thus enhancing the commitment by the labor movement to sustained and viable economic growth. The region is also sufficiently supplied by a large skilled and semi skilled workforce. Crime statistics indicate that the Port Elizabeth region is the safest metropolitan area in Southern Africa. The Port Elizabeth airport is currently planning to increase its capacity to cater for international flights, which will improve the regions' ability to compete in terms of international trade. Port Elizabeth also has a highly efficient port that operates as a national gateway to the eastern seaboard. The national harbor authorities currently rate the Port Elizabeth port as the most efficient in the Southern African sub-continent region.

Under the new form of governance, it will be increasingly important to do business directly with provincial authorities. The nine provinces of the Republic of South Africa are: Northern Transvaal, North-West Province, Gauteng, KwaZulu-Natal, Mpumalanga, Free State, Eastern Cape, Western Cape, and Northern Cape.

2. Use of Agents and Distributors: Finding a Partner

South Africa offers foreign suppliers a wide variety of methods to distribute and sell their products. These include using an agent or distributor; selling through established wholesalers or dealers; selling directly to department stores or other retailers; or establishing a branch or subsidiary with its own sales force. When appointing a South African distributor, U.S. exporters should take care to find out if the distributor handles a competing product. It has happened that major South African corporations whose holding companies market products competing directly with American products have approached some U.S. exporters.

In South Africa's very competitive marketplace, it is essential that the U.S. exporter provide adequate servicing, spare parts, and components, as well as qualified personnel capable of handling service inquiries. In most cases, servicing should be available locally since potential delays often lead purchasers to seek alternative suppliers.

One of the first steps which an exporter may wish to take in locating an agent or distributor in South Africa is to contact the U.S. Department of Commerce and to register for one of the many services specifically designed to meet the needs of U.S. client companies. The Ronald H. Brown Commercial Center of the U.S. Commercial Service in Johannesburg also offers a number of services, including:

* Customized Market Research, tailor made to any requirement and undertaken by contract specialists. Provides in-depth information on any aspect of a particular industry sector.

* The Market Probe, developed to assist exporters in exploring the potential of their particular market in South Africa. The service provides 8 hours of targeted market research at a set fee, and may address a number of the client's most pressing concerns as well as providing a list of potential agents/distributors.

* "Gold Key" service to arrange appointments for those who visit the country in person.

* The Agent Distributor Service (ADS), designed to provide a list of qualified potential agents/distributors for U.S. companies.

The Commercial Service has found that the most successful ventures entered into by U.S. companies are those where there has been thorough market research prior to engaging on a search for agents or distributors. Once contacts are established, it is often advisable to visit South Africa, since firsthand knowledge of the market and society is an advantage. Such a visit provides an opportunity for a personal appraisal of the prospective agent or distributor. U.S. exporters should carefully investigate the reputation and financial references of a potential agent or distributor and establish a clear agreement delineating the responsibilities of both the exporter and the agent.

2.1 Selling Through an Agent or Distributor. In South Africa, the terms "Agent" and "Distributor" have a very specific meaning: Agents work on a commission basis after obtaining orders from customers; distributors buy and sell products directly to customers. Agents often distribute durable and non-durable consumer goods, as well as some industrial raw materials. They may be particularly appropriate when products are highly competitive and lack a large market. It is common to appoint a single agent capable of providing national coverage either through one office or a network of branch offices. In addition to their role as the local representatives of U.S. exporters, agents should be able to handle the necessary customs clearances, port and rail charges, documentation, warehousing, and financing arrangements.

Local agents representing foreign exporters, manufacturers, shippers, or other principals outside South Africa who export goods to South Africa, are fully liable, under South African import control law, for all regulations and controls which are imposed on the foreign exporters. Local agents are required to register with the Director of Import and Export Control of the Department of Trade and Industry. It is important for a U.S. exporter to maintain close contact with the local agent to track changes in importing procedures and to ensure that the agent is effectively representing the sales interest of the exporter.

Distributors who buy for their own account and carry a wide range of spares often best handle capital equipment, and also handle commodities such as chemicals, pharmaceuticals, and brand new products on an exclusive basis. Leading distributors often have branches throughout South Africa and sell to both wholesalers and retailers. In some cases, the distributor is also the principal with sub-agents or a major user of the products. For example, there are South African distributors of general aviation aircraft who also run charter aircraft companies using the aircraft they distribute, or distributors of helicopters who also operate helicopter services for crop spraying and the transport of passengers and materials.

3. Franchising

Franchising as a mechanism to expand business was, until the early 1990s, not widely used in South Africa. Traditionally, business concepts that allowed for multi-unit operations have been expanded as company-owned business units operated with employed management. Recent years have seen the popularity of franchising increase significantly, emerging in South Africa as an effective way to conduct and grow successful businesses. Franchising also plays an important role in furthering the development of small and medium businesses. Business format franchising in particular, is a proven business concept offering potential opportunities for interested exporters.

According to the Franchise Association of Southern Africa (FASA), franchise systems have grown by at least 33 percent in number over the past twelve months, with service-orientated franchises making the greatest impact. There are currently some 300 reputable franchisors in South Africa, 150 of whom are members of the Association. FASA's members currently account for almost 10,000 franchise outlets with sales estimated at more than USD 6.8 billion during 1996/7.

By far the largest franchise sector in South Africa is the fast food sector, representing approximately 29 percent of the franchise industry. Over the past eighteen months, however, there has been major growth in non-food retailers, with the service industries showing the greater prominence. In addition, there are many other industries that exhibit promise for future growth, such as automotive, educational training, building and home services, business services, health and beauty services, printing, real estate, and leisure services. In a report on franchising, the Department of Trade and Industry (DTI) suggests that certain enterprises in the informal sector could also be considered as a potential franchise option. It notes that the operation of spaza stores, shebeens, and flea markets, for example, could be greatly improved through the mechanism of franchising. Additional information can be obtained from the Franchise Association of Southern Africa (FASA).

Franchise Association of Southern Africa (FASA)
Postnet Suite 267
Private Bag X30500
Houghton 2041
Tel: (27 11) 484-1285; Fax: (27 11) 484-1291
Contact: Mr. Nic Louw (Executive Director)
Internet: www.fasa.co.za
E-Mail: fasa@faso.co.za

4. Direct Marketing

Although South Africa's foreign exchange controls and import documentation requirements have been relaxed (refer to Sections VI and VIII), it is recommended that overseas firms contract with a South African agent or partner who would be responsible for marketing the product, holding stock, fulfilling purchasing transactions, and remitting revenue to the U.S. company. Companies interested in learning more about South Africa's mail order sector may contact the South African Direct Marketing Association.

South African Direct Marketing Association
P.O. Box 977
Auckland Park, 2006
South Africa
Tel: (27 11) 482-6440; Fax: (27 11) 482-1200
Contact: Mr. Davy Ivins (Executive Director)

5. Joint Ventures/Licensing

Exchange control regulations stipulate that the South African Reserve Bank's (SARB) Exchange Control Section must approve the payment of royalties. When a licensing agreement involves no manufacturing, the request for exchange control approval is sent directly to SARB. When a company is interested in entering into a foreign licensing agreement to manufacture a product in South Africa, the South African licensee must submit an application to the Industrial Development Branch of the Department of Trade and Industry. The application should include a draft licensing agreement and a questionnaire, known as Form MP 337. The Department of Trade and Industry, in turn, will make a recommendation to the SARB. Additional information on licensing regulations can be obtained from the Directorate of Technology Promotion.

Department of Trade and Industry
Directorate: Technology Promotion
Private Bag X84
Pretoria
South Africa 0001
Tel: (27 12) 310-9839
Internet: wwwdti.pwv.gov/dtiwww

Royalty fees are based on a percentage of total ex-factory sales, with a maximum of 4 percent for consumer goods and 6 percent for intermediate and final capital goods. Down payments will not be approved unless actual costs of transferring tangible technology items are incurred. Minimum or annual payments are not acceptable to SARB. Exchange approval will normally be granted for an initial period of five years. Contract conditions involving obligatory purchasing and pricing agreements or requiring the licensee to sole source articles from the licensor are prohibited.

6. Steps to Establishing an Office

The Companies Act of 1973, which is administered by the Registrar of Companies, regulates the formation, conduct of affairs, and liquidation of all companies. The act makes no distinction between locally-owned or foreign-owned companies. Companies may be either private or public. Foreign companies establishing subsidiaries in South Africa must register the subsidiary in accordance with the act. The South African Government contact is the Registrar of Companies.

Registrar of Companies
PO Box 429
Pretoria 0001
Tel: (27 12) 310-9791; Fax: (27 12) 328-3051

6.1 Private Companies. A locally registered private company, identified by the words "Proprietary Limited" (Pty) in its title, is a common form to carry on operations as a subsidiary of another company. Private companies may have up to 50 shareholders, but cannot offer shares to the public or transfer them, and are not required to have a minimum subscription. Private directors need not lodge with the Registrar a written consent, and they need not be South African nationals or residents of South Africa. The registration of a company is established by filing the following information with the Registrar of Companies: a certified copy of the Memorandum and Articles of Association; the registered address; the name and address of the company's local auditor; and a share capital duty receipt. Private companies are not subject to the statutory meeting and reports requirements of public companies and do not have to lodge their annual financial statements with the Registrar.

6.2 Public Companies. Public companies, designated by the word "Limited" or letters "Ltd" in its title, are formed to raise funds by offering shares to the public; therefore, there is no limit on the number of shareholders in a public company. Public companies are required to file annual financial statements and reports with the Registrar of Companies. For public companies that issue a prospectus, proof must be submitted to the Registrar that each director has paid full price for the shares, and the number of shares issued equals the stated minimum subscription. For public companies with share capital, the following must be forwarded to the Registrar: a director's statement that capital is adequate for business operation; particulars of the directors and officers; and proof that the annual duty has been paid. A public company may not commence operations until receipt of the Registrar's certification.

6.3 Close Corporations. Close corporations, designated by the letters "CC" after their names, are a form of business organization unique to South Africa. They can only be organized by natural citizens of South Africa and are limited to a maximum of ten persons. Close corporations are subject to fewer registration and operating regulations than companies.

6.4 Local Branch Offices. Foreign companies may establish a local branch office in South Africa by registering the branch as an "external company" with the Registrar of Companies. Any nonresident or foreign company must register within 21 days of establishing an office in South Africa. Government approval is not required for registration, and there is no requirement that a certain percentage of share capital be held locally. The branch company, within six months after the end of its financial year, must file annual financial statements with the Registrar. Branch profits remitted to a foreign firm's headquarters are not subject to withholding tax. The legal liabilities of a branch are not limited to only its South African assets.

7. Selling Factors/Techniques

7.1 Selling Through Established Wholesalers. Consumer goods requiring maintenance of stocks and industrial raw materials often are exported to South Africa through established wholesalers.

7.2 Selling Through Retailers. Many U.S. exporters of consumer goods sell directly to South African retail organizations, such as consumer corporations, department stores, chain stores, and cooperative groups of independent retailers, which assume the functions of wholesale buying, selling, and warehousing.

7.3 Consumer Retail. Retail trade outlets in South Africa offer the full spectrum available in the United States. These range from the neighborhood convenience drugstore (called a cafe), to the small general dealer, specialty stores handling a single product line (for example, clothing, electronics, furniture), exclusive boutiques, chain stores (groceries, clothing, toiletries, household goods), department stores, cash and carry wholesale-retail outlets, to co-operative stores serving rural areas. About 90 percent of the consumer trade inventories of these stores are domestically sourced. A major phenomenon in South Africa has been the evolution of hypermarkets, which sell large quantities of almost all consumer goods on a self-serve basis. The hypermarkets, located in suburban shopping centers, have disrupted the traditional distribution chain by purchasing directly from manufacturers and bypassing the wholesaler, and with low margins achieving high turnover, thereby placing price pressure on all competing outlets.

8. Advertising and Trade Promotion

South Africa has a sophisticated advertising industry. Advertising agencies provide a full range of services and the majority of the larger agencies are subsidiaries of prominent international agency groups. Major media outlets include television, radio, newspapers and magazines, outdoor advertisements, cinema and the Internet. The deregulation of the airwaves has introduced more competition through a further independent television channel and independent radio stations.

In line with global trends, the impact of recently introduced anti-tobacco legislation will detrimentally affect future advertising expenditure and the profitability of agencies handling tobacco accounts. It is also expected that further legislation regulating advertising in other product categories (e.g., liquor) will similarly be introduced. The Freedom of Commercial Speech Trust, established by the advertising industry in 1997, continues to plan an important role in promoting freedom of commercial speech, self-regulation and the curtailment of proposed government legislation to limit or regulate advertising in various industries.

The four key players in South Africa's advertising industry are the Association of Advertising Agencies (AAA), the Association of Marketers (ASOM), and the two major media bodies, the National Association of Broadcasters (NAB) and the Print Media Association (PMA). AAA has 60 corporate members and owns the AAA School of Advertising, established in 1990 to address the industry's training and manpower development needs.

Advertising agencies in South Africa are no longer solely remunerated by clients on the commission system. Fee arrangements are becoming increasingly evident and specialist media buying companies are taking a growing market share of media purchases in South Africa. Customarily, the various media offer 16.5 percent commission to recognized advertising agencies provided payment is made within the stipulated 45-day period.

Additional information can be obtained from the Association of Marketers (ASOM) and the Association of Advertising Agencies (AAA).

Association of Marketers (ASOM)
PO Box 98859
Sloane Park 2152

Tel: (27 11) 706-1633; Fax: (27 11) 706-4151
Mr. Derrick Dickens (Executive Director)
E-mail: asom@pixie.co.za

Association of Advertising Agencies (AAA)
PO Box 2289
Parklands 2121
Tel: (27 11) 781-2772; Fax: (27 11) 781-2796
Mr. Russell Cory (Financial Director)

Names and addresses of major advertising agents, newspapers, magazines, market research companies, and public relations consultants along with their current rates, can be found in the Advertising and Press Annual of South Africa available from:

The National Publishing Company (Pty) Ltd.
IHS South Africa
PO Box 8147
Johannesburg 2000
Tel: (27 11) 835-2221; Fax: (27 11) 835-2631
Mr. Tim Gray (Executive Director)
E-mail: natpub@lia.co.za

8.1 Languages. The white population speaks Afrikaans and English. The African (black) and Asian populations speak a variety of languages and many also use English and Afrikaans. Printed advertising directed at the nonwhite population is mostly in English; radio advertising is broadcast in nine African languages, and television advertising is conducted in five languages. African language advertising and broadcasting are expected to escalate to reach more black consumers. South Africa has 11 official languages. Based on the most recent data available, the respective percentages of the population speaking each of them are: Zulu (22.4 percent), Xhosa (17.5 percent), Afrikaans (15.1 percent), Pedi (9.8 percent), English (9.1 percent), Tswana (7.2 percent), Sotho (6.9 percent), Tsonga (4.2 percent), Swati (2.6 percent), Venda (1.7 percent), and Ndebele (1.5 percent). Languages used by the Asian population include Tamil (2 percent), Hindi (2 percent), Gujerati (2 percent), and Urdu (1 percent).

8.2 Newspapers. Five daily national newspapers and thirteen weekly national papers are published in South Africa. The major press groups are Independent Newspapers, Nasionale Media Bepeck and Times Media Limited. The national dailies (and their language) include: Beeld (Afrikaans), Business Day (English), The Citizen (English), The Sowetan (English), The Star (English), Die Volksblad (Afrikaans). The national weeklies are: City Press (English), Rapport (Afrikaans), Sunday Times (English), Sunday Tribune (English), Sunday Independent (English), Mail & Guardian (English). There are also several regional newspapers published for the Johannesburg, Durban, and Cape Town areas.

Information about newspapers in circulation can be obtained from the Newspapers Press Union of South Africa. The circulation figures cited below are based upon a survey conducted in June of 1999. The actual readership figure for each paper is actually 3 to 4 times higher than the circulation figure.

Newspapers Press Union of South Africa

PO Box 47180
Parklands 2121
Tel: (27 11) 447-1264; Fax: (27 11) 447-1289
Mr. Graham Langmead (Executive Director)

Major newspapers in South Africa include:

Business Day
PO Box 1746
Saxonwold 2132
Tel: (27 11) 280-3000; Fax: (27 11) 280-5600
Daily (Monday to Friday); Circulation: 44,042
Internet: www.bday.co.za

The Star
PO Box 1014
Johannesburg 2000
Mr. Gary Pitzer (Advertising Manager)
Tel: (21 11) 633-2417
Daily (Monday to Saturday); Circulation: 166,962
Saturday Star circulation: 145,250
Internet: www.star.co.za

The Citizen
PO Box 7712
Johannesburg 2000
Tel: (27 11) 402-2900; Fax: (27 11) 402-6862
Daily (Monday to Saturday); Circulation: 117,398
Saturday circulation: 112,016

The Sowetan
PO Box 6663
Johannesburg 2000
Tel: (27 11) 474-3740; Fax: (27 11) 474-8834
Daily (Monday to Saturday); Circulation: 209,855

City Press
P.O. Box 3413
Johannesburg 2000
Tel: (27 11) 402-1632 through 9; Fax: (27 11) 402-6501
Daily circulation: 293,258

Sunday World
P.O. Box 30315
Wibsey 1717
Tel: (27 11) 471-4200
Fax: (27 11) 474-8834
Sunday circulation: 26577

Sunday Tribune
P.O. Box 47548, Greyville 4023
Tel: (27 31) 308-2911
Fax: (27 31) 308-2715
Daily circulation: 111,198

The Mail & Guardian
PO Box 32362
Braamfontein 2017
Tel: (27 11) 727-7000
Weekly; Circulation: 36,555
Internet: www.mg.co.za

The Sunday Times
PO Box 1742
Saxonwold 2132
Tel: (27 11) 280-3000; Fax: (27 11) 280-3200
Weekly; Circulation: 476,034

The Sunday Independent
PO Box 1014
Johannesburg 2000
Tel: (27 11) 633-9111; Fax: (27 11) 836-8398
Weekly; Circulation: 42,628
Internet: www.iol.co.za

Beeld
PO Box 5425
Johannesburg 2000
Tel: (27 11) 406-4600; Fax: (27 11) 406-4643
Daily; Circulation: 105,210
Saturday: 91,533

Rapport
PO Box 28052
Sunnyside 0132
Tel: (27 12) 341-0981; Fax: (27 12) 341-4620
Weekly (Sunday); Circulation: 361,666

8.3 Trade Journals. See Appendix C for a listing of trade journals.

9. Pricing Product

Prices are generally market-determined, with the exception of petroleum products and certain agricultural goods. Provisions of the Sales and Service Matters Act (previously known as the Price Control Act) set marking requirements and stipulate that prices cannot be evaded through auction sales. The act also requires that persons offering goods or services for resale keep and retain records for possible recall, indicating purchase costs, manufacturing costs, and selling prices. Changes in the fixed prices are published in the South African Government Gazette (Tel. 27 12-334-4500).

10. Sales Service/Customer Support

For a variety of reasons, including years of economic isolation, private sector and parastatal monopolies, collusion, and the lack of real competition in many sectors, there is in general a lack of a customer service mentality in South Africa. While there has been political emancipation in the New South Africa, the customer is still in many instances at the mercy of the old ways of doing business. There are exceptions, of course, but by and large American companies that bring well-honed customer support systems and attitudes with them to this market will find themselves with a competitive advantage. Queries and complaints may be directed to:

The Consumer Council
Private Bag X091
Marshalltown 2107
Tel: (27 11) 355-8008; Fax: (27 11) 355-8019
Contact: Mr. Moeletsi (Director)

11. Selling to the Government

Government purchasing is a significant factor in the South African economy. Nearly all such purchasing is done through competitive bidding on invitations for tenders, which are published in an official state publication, the State Tender Bulletin, and sometimes in leading newspapers. Although the purchasing procedures of the central government and parastatal institutions favor products of local manufacturers, an overseas firm is not precluded from bidding if the firm has an agent in South Africa to act on its behalf. As a general practice, payment is made to the local agent.

Although there are currently no legislated minimums for majority-owned (non-white) businesses, pressure is growing to include "set-asides" and other preferences for black businesses in national government procurement policy, as some provinces already do, including Gauteng province (comprising Pretoria and Johannesburg). When selling to the government, consideration should be given to the government's priority on accelerating black participation in the economy.

11.1 Central Government Procurement. The South African Government is attempting to centralize and universalize the buying procedures of national, provincial, local, and state-owned corporate entities. Currently, the Chief Directorate of the Office of the State Tender Board in Pretoria and nine provincial offices perform the administrative work of the State Tender Board and provincial tender boards, which has responsibility for procuring for over forty government departments. However, a government appointed task team has recently proposed abolishment of provincial tender boards as part of its Green Paper on Public Sector Procurement.

Purchases are by competitive tender for project, supply and other contracts. Bidders generally need not pre-qualify, but the ability of bidders to supply goods or render a service generally is examined. Foreign firms can bid through a local agent, who will then be so examined. The due date for a bid is usually at least twenty-one days from the publication of the notice. As a general practice, however, a lead-time of thirty to forty-five days is allowed. Bids for government tenders must be on a basis of all costs included to the point where the goods are required. Bids on tenders are to be addressed as indicated in the tender document and must be lodged in a sealed envelope with the tender number, due date and name and address of the tenderer on the outside.

As part of the Government's policy to encourage local industry, a price preference schedule, based on the percent of local content in relation to the tendered price is employed to compare tenders. To claim preference for local content, tenders must enclose with their bid a certificate showing classification of supplies offered in terms of local content, calculated as follows:

Table 2. Competitive Tender Price Preference Schedule

Percent of Local Content	Price Preference
Not more than 5 percent	1
Over 5 percent to 10 percent	2
Over 10 percent to 20 percent	3
Over 20 percent to 30 percent	4
Over 30 percent to 40 percent	5
Over 40 percent to 50 percent	6
Over 50 percent to 60 percent	7
Over 60 percent to 70 percent	8
Over 70 percent to 80 percent	9
Over 80 percent	10

An additional 2.5 percent preference may be claimed if a product bears the mark of the South African Bureau of Standards. On tenders of less than R2 million the government awards preference points to enterprises and companies operating in South Africa that demonstrate significant ownership or employment of previously disadvantaged individuals. Additional information on tender requirements can be obtained by contacting:

Department of State Expenditure
Office of the State Tender Board
Private Bag X845
Pretoria 0001
Tel: (27 12) 315-5111; Fax: (27 12) 325-4533

11.2 Offsets and Countertrade. In late 1996, the government approved the Industrial Participation Program (IPP) which mandates a countertrade/offset package for all state and parastatal purchases of goods, services, and lease contracts in excess of USD 10 million. Under the program all bidders on government and parastatal contracts who exceed the imported content threshold must also submit an Industrial Participation package worth 30 percent of the imported content value. The bidder then has seven years to discharge the Industrial Participation obligation. Non-performance of the contract is subject to a penalty of 5 percent of the outstanding Industrial Participation obligation. These IPP requirements have been issued with the tender documentation of all government and parastatal tenders since September 1996 and are overseen by the Industrial Participation Secretariat of the Department of Trade and Industry.

11.3 Parastatals, Local Authorities and Private Buyers. Parastatals, local authorities, and major private buyers such as the mining houses must follow similar practices to the central government. Parastatal procurement is guided by and bound to the schedule of local content preference. Local government purchases are increasingly significant and also involve overseas bidding. With the establishment of nine new provincial governments in South Africa, the prospects for additional government procurement below the central government-level are significant.

12. Protecting Your Product from IPR Infringement

12.1 Protection of Property Rights

Property rights, including intellectual property, are protected under a variety of laws and regulations. South Africa has an independent judiciary under which any threat to property rights may be enforced without political interference.

Patents may be registered under the Patents Act of 1978 and are granted for 20 years. Trademarks can be registered under the Trademarks Act of 1993, are granted for ten years and may be renewed for an additional ten years. New designs may be registered under the Designs Act of 1967, which grants copyrights for five years. Literary, musical and artistic works, cinematographic films and sound recordings are eligible for copyrights under the Copyright Act of 1978. This act is based on the provisions of the Berne Convention as modified in Paris in 1971 and was amended in 1992 to include computer software. The Patents, Trademarks, Designs, and Copyrights Registrar of the Department of Trade and Industry administers these acts.

South Africa is a member of the Paris Union and acceded to the Stockholm text of the Paris Convention for the protection of industrial property. South Africa is also a member of the World Intellectual Property Organization (WIPO). The Government passed two IPR-related bills in parliament at the end of 1997 -the Counterfeit Goods Bill and the Intellectual Property Laws Amendment Bills, thereby enhancing its IPR protections.

While South African IPR laws and regulations are largely in keeping with TRIPS (Trade Related Aspects of Intellectual Property), there is concern about increasing copyright piracy and trademark counterfeiting. The U.S. copyright industry estimates trade losses due to piracy of copyrighted works increased by more than 35 percent between 1997 and 1998. The U.S. is working with the South African Government to find ways of raising awareness and ensuring that all government offices in South Africa use only legitimate software. The South African Government recently took the positive step of adopting an implementing strategy to its 1997 Counterfeit Goods Act, which could strengthen enforcement. South Africa is required to bring its IPR regime into full compliance with TRIPS before the treaty's required deadline of January 1, 2000.

The U.S. and South African governments have held extensive consultations to clarify a section of the South African Medicines Act which appears to grant the Minister of Health broad powers in regard to patents on pharmaceuticals. Due to a separate constitutional challenge to the law brought by private parties, the law has not been implemented.

Additional information on South African rules and registration procedures for patents, trademarks, and copyrights can be obtained from:

Department of Trade and Industry
Trademarks, Patents, Design and Copyright
Private Bag X84
Pretoria 0001

Tel: (27 12) 310-8700/8707; Fax: (27 12) 323-4257
Internet: wwwdti.pwv.gov/dtiwww

13. Need for a Local Attorney

U.S. companies seeking legal representation in South Africa should contact the Commercial Service office in Johannesburg for a list of local attorneys. For additional information, contact the Law Society of the Transvaal.

Law Society of the Transvaal
PO Box 1493
Pretoria 0001
Tel: (27 12) 323-0400; Fax: (27 12) 323-2606
Mr. M.J.S. Grobler (Executive Director)

The following attorneys's firms offer useful information on their websites:
www.werkmans.co.za
www.gjw.co.za
www.alevy.co.za
www.ir-net.co.za

V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

1. Best Prospects for Non-Agricultural Goods and Services

1.1 Telecommunication (TES)

Until recently, telecommunications in Africa has been the preserve of government, usually through a ministry of posts, telegraphs and telephones (PTT). Profits from services however, were usually not reinvested and as a result, telecommunications services are still considerably under-provided throughout the southern Africa. However, the last few years have seen some increase in private sector involvement in southern Africa's telecommunication sector. These include large multinationals interested in equity in national telephone operators, regional investors interested in the cellular market and local companies starting up Internet operations.
There is a trend by many African governments to prepare network operators for competition and privatization. The South African Government (SAG), for example, sold 30 percent of Telkom SA to Thintana Communications (a consortium made up of SBC Communications of the US and Telekom Malaysia), for $1.261-million. Botswana and Mauritius have experienced the highest growth in main lines this decade.
In South Africa, a license for personal communication by satellite has recently been issued. This was spurred by the release of the policy by the Department of Communications in December 1998 on global personal communication by satellite (GMPCS). However, market access in the provision of satellite communications services is still somewhat hindered by Telkom's monopoly period -until May 2003.

Table 3. Telkom's economic/financial Statistics (1998)

Annual Investment	$1,437 billion*
As a % of gross fixed assets	$ 17.82%
Total capital investment per new connection:	$ 2.601 per line
Foreign Debt PTO:	$ 784 million
Operational Revenue per line:	$ 738
Operational Cost per line	$ 530

* Telkom plans to spend $8.3 billion to $10.4 billion over five years to install 2.8 million new lines and digitise 1.27 million analogue lines.

Source: BMI-Technowledge

Additional information can be obtained from Telkom S.A. Limited or on the Internet.

Telkom S.A. Limited
Private Bag X 780
Pretoria 0001
Tel: (27)(12) 311-5000 / Fax: (27)(12) 311-3023
Internet: www.telkom.co.za.

1.2 Telecommunications Equipment (TEL)

Industry sources believe that after liberalization, the market will double or even treble in ten years in South Africa. However, the growth of the telecommunications equipment market will depend on whether the new entrants are encouraged to build their own network, infrastructure or to interconnect with the existing network. If the new entrants build their own networks it will have a major impact on equipment sales.
Telkom will face competition from 2003, by which time it must install 3-million lines to achieve the target laid down in its license in return for being granted a five year exclusivity period for fixed-line voice services in South Africa. The main targets for these lines are under-serviced and disadvantaged areas as well as providing telephone services that will meet the needs of the disabled. If Telkom achieves 90 percent of its total line target and 80 percent of its target for installing lines in under-serviced areas by year four of its five-year exclusivity period, the parastatal will be eligible for an extra year of exclusivity.
This will be extended by another year if Telkom meets government's network rollout service targets. South Africa's telecommunications industry was worth approximately R45-billion (USD 7.5-billion) in 1997, in terms of services and equipment, of which 53 percent consisted of telecommunications services and equipment and 47 percent of information technology (IT). In 1998, the industry generated revenues of R56-billion (USD 9.3-billion), made up of 55 percent telecommunications services and equipment, and 45 percent IT. Industry sources believe that after liberalization, the market will double or even treble in ten years.

Table 4 Telecommunications Equipment Market Statistics

	1998	1999	2000
A. Total Market Size	3.1	4.1	5.1

B. Total Local Production	1.80	2.0	2.1
C. Total Exports	0.16	0.18	0.19
D. Total Imports	1.20	1.32	1.40
E. Total Imports from U.S.	0.16	0.16	0.18
F. Exchange Rates	5.2	6.1	6.3

(Note: the above statistics are in USD-billions and are based on unofficial estimates. Figure includes fixed lines, cellular and broadcasting equipment. Local equipment production include foreign manufactured parts and components. Telecommunications equipment may also encompass certain types of components considered to be part of other industry sectors, i.e. IT).

1.3* * Computer Software and Services.

In general, IT encompasses all aspects of hardware, software and related professional services. Specific product groups are particularly difficult to define in this industry as rapidly evolving technologies increasingly blur the distinction between data, voice, and image mediums. There are however, two areas likely to exhibit strong growth well into the millennium, and these are: e-commerce (electronic commerce) and computer software and services.

(See information under Principal Growth Sectors, page 11)
Approximately 82 to 85 percent of PC software originate within the U.S., with the balance coming from Israel and Germany. Other competitors in this sector include France and the United Kingdom. There is minimal competition from local companies. In a bid to become more competitive in the global market, South African companies and parastatals are increasingly turning to outsourcing as a means of improving operational efficiencies and reducing costs. Software growth in South Africa, which has been consistently higher than the world average over the past several years, is expected to show substantial growth for the next two to three years.

Table 5. Computer Software Market Statistics

	1998	1999*	2000*
A. Total Market Size	454.79	545.74	682.17
B. Total Local Production	22.0	25.5	28.6
C. Total Exports	7.0	8.8	12.2
D. Total Imports	363.83	436.59	545.73
E. Imports from U.S.	301.97	358.00	447.49

(Note: the above statistics are in USD-millions and are based on unofficial estimates)
*Estimates and forecasts from various sources. USD millions. 1997: U.S. Dollar R4.61. 1998: U.S. Dollar R5.5. Forecast, 1999: U.S. Dollar R6.0.
1.4 Electronic Commerce. (See information under Principal Growth Sectors, page 11)
During the last quarter of 1998, there was 77 percent growth in overall transactional value as compared to the previous quarter, reflecting an online Christmas shopping spree. For the first quarter of 1999, growth increased again by another 5 percent despite the typically slow business month of January. In line with global trends, these

percentages suggest a steep upward movement in e-commerce in South Africa.

It is apparent that most of the major developments in this field have sprung from the private sector, and will continue to do so in the future. The South African government has however, played an important role in promoting the understanding and application of Internet-related technologies throughout South Africa. An example of this is the Department of Communication's launch of an aggressive series of initiatives under the collective label "Info.Com 2025" program, which seeks to achieve broad-based growth and equitable development through communications and information technologies. Some of the key components of the Info.Com program include:

* Public Information Terminals (PITs), Internet-2000, and Web Internet Lab: projects designed for rapid expansion of access to the Internet and for experimentation with Internet applications

* TradeNet: liaison with the Department of Trade and Industry to promote international trade opportunities via e-commerce

Beyond South Africa's borders, half of SADC's member countries now have "full" Internet connectivity. This means that these countries have access to the complete suite of Internet services available, as well as access to dedicated Internet connections via leased lines. If current trends continue it will not be long before the region is fully connected to the Internet, thereby allowing U.S. exporters to conduct electronic commerce throughout the entire Southern African region.

1.5 Airports. Since it commenced operations over five years ago, the semi-privatized Airports Company South Africa Limited (ACSA) in which Aeroporti di Roma has a stake to the value of USD 850 million, has transformed a fragmented parastatal into a service-oriented and market-driven commercial enterprise. ACSA's primary task has been to upgrade standards at the country's airports and improve productivity. The company currently handles approximately 90 percent of the country's aviation requirements, operating 3 international airports (Johannesburg International, Cape Town International, and Durban International) and 6 national airports (Port Elizabeth, East London, George, Kimberly, Upington and Bloemfontein). The company also recently decided to acquire the Pilanesberg Airport near Sun City as well as at Plettenberg Bay and Richards Bay. Encouraged by the potentially lucrative retail and property sectors, ACSA has also identified the opportunities existing in airport retailing and continues to make progress in developing both airport infrastructure and peripheral property. King Shaka International for which planning and financing is underway, is envisaged for between 2005 and 2010 as replacement for Durban - La Mercy.

Since 1994 international air traffic movements have increased by more than 70 percent and the number of departing international passengers by 85 percent to 2.6 million. The total number of departing passengers rose by 3.1 million to 9.5 million and aircraft landings increased by 59,112 to 187,423 over the five-year period. Forecasts for Johannesburg International and Cape Town International suggest that a four-fold increase in traffic is likely over the next twenty-five to thirty years. The market is expected to grow at an average annual growth rate of approximately 30 percent until the year 2030.

ACSA has embarked on a series of ambitious capital projects aiming to transform South Africa's major airports into world class tourist gateways, planning to spend R800 million (USD 133.3 million) in the next financial year on capital expenditure and a total of R2.6 billion (USD 433.3 million) by the end of 2004. Negotiations for investment partnerships are also being conducted with a number of airport authorities in Africa, particularly in Southern African Development Community (SADC) countries such as Namibia and Mozambique. Some 200 privatizations of airport authorities are expected to occur around the world during the next ten years, and the potential opportunities offered through investment partnerships are both significant and lucrative. ACSA is positioning itself to be a regional and international force in the airport management industry.
Finally, the months ahead will be a decisive phase of ACSA's development, as the company begins the process of securing a listing on the Johannesburg Stock Exchange (JSE). The total debt burden required for capital improvement (R2 billion; USD 333.3 million) could dampen local investor's enthusiasm when the company comes to market. To overcome such anxiety, the challenge facing ASCA will be to increase operating profits substantially during the next few years.

Table 6.   Airports Company South Africa (ASCA) - Financial Highlights

	1997	1998	1999*
A. Turnover	125.30	129.20	140.70
B. Operating Income	48.90	51.20	62.50
C. Other Income	16.30	15.00	10.00
D. Income Before Tax	64.20	66.00	72.80
E. Income After Tax	37.70	41.40	46.70
F. Net Income	29.50	33.30	36.70

Source: ACSA, 1999 Annual Report. USD millions. 1997 U.S. Dollar R4.61. 1998 U.S. Dollar R5.5. Forecast, 1999 U.S. Dollar R6.0. *For the year ending March 31, 1999.

Additional information can be obtained from ACSA's corporate office or on the Internet.

Airports Company South Africa Limited
PO Box 75480
Gardenview 2047
Tel: (27 11) 453-9116; Fax: (27 11) 453-9354
Internet: www.airports.co.za.

1.6   Air Pollution and Waste Management. (See information under Principal Growth Sectors, page 12)
According to projections, South Africa's population of 43 million in 1999 could increase to over 50 million by the year 2006. This will place increasing demands on land, water and air resources and consequently a greater need will exist for effective pollution control measures.

The monitoring, measuring, and testing equipment market is estimated to be growing at roughly 10 to 12 percent per annum (real growth), and this trend is expected to continue for at least the next five years. Custom duties range from 5 to 25 percent in addition to a 14 percent value-added tax (VAT) which is levied on all non-essential goods and services.

Table 7. Air Pollution and Waste Management Market Statistics (Equipment Only)

	1998	1999*	2000*
A. Total Market Size	14.0	14.9	21.3
B. Total Local Production	5.0	6.1	8.5
C. Total Exports	1.0	2.8	4.8
D. Total Imports	8.0	9.3	13.9
E. Imports from U.S.	3.5	4.5	6.4

(Note: the above statistics are in UDS-millions and are based on unofficial estimates)

*Estimates and forecasts from various sources. Because of the diversity of the category "monitoring, measuring and testing equipment," 1999/2000, figures are also estimates - USD millions. 1997 U.S. Dollar R4.61. 1998 U.S. Dollar R5.5, 1999 U.S. Dollar R6.0.

1.7 Security and Safety Equipment. (See information under Principal Growth Sectors, page 12)
Despite new crime fighting programs and improved organization and training of the South African Police Force, crime in South Africa continues to rise. According to Martin Schnteich, of the Institute for South African Security Studies, the positive trend of decreasing crime levels between 1994 to 1997 is no longer evident. Moreover, with so many adults dying of AIDS, the psychological and subsequent socio-economic impact on orphaned children will predispose them toward lives of crime. Mr Schnteich states, "The increase in the juvenile population and AIDS orphans will hit South Africa at the same time. These two factors will result in an increased crime rate." Observers in South Africa are in agreement that should the SAG be able to implement an effective strategy, it will take at least 2 years before any meaningful change will come about in the South African crime situation

South African companies produce basic security equipment. U.S. security companies wishing to enter the South African market will find, despite a high level of domestic and international competition, that many sales opportunities do exist - particularly for those companies offering new and innovative security products. In addition, barriers to trade do not exist in this sector although import permits are required for certain equipment.

Table 8. Security and Safety Market Statistics

	1997	1998	1999*

A. Total Market Size	257.4	380.0	709.9
B. Total Local Production	123.7	146.3	237.7
C. Total Exports	14.0	16.7	20.4
D. Total Imports	108.8	127.6	185.6
E. Imports from U.S.	12.0	14.7	17.3

(Note: the above statistics are in USD-millions and are based on unofficial estimates)

*Estimates and forecasts from various sources. USD millions. 1997 U.S. Dollar R4.61. 1998 U.S. Dollar R5.5. Forecast, 1999 U.S. Dollar R6.0.

1.8 Managed Health Care. Health care is an issue affecting most employed people on a daily basis and rapidly rising health costs have made it a top priority for employers. Systems which reduce costs but sacrifice quality are usually the forerunners in an emerging managed health care market and these products often alienate consumers, creating the impression that managed care is about lowering costs only.

For many years industries such as mining and steel have operated managed care delivery systems that mimicked the health maintenance organizations (HMOs) of the United States. Mine hospital systems employ the personnel who provide services to the employees. The efficiencies derived from this system mean that in many cases the mines are able to offer benefits similar to those offered by medical schemes at less than half the cost.

Mines, industrial funds and some larger industry medical schemes have used managed care techniques for some time - usually in the form of panel doctors. Although relatively successful, most of these plans lacked the technological infrastructure required to take managed health care to the next level. Today, these same funds and medical schemes that have not embraced managed care have felt increasing pressure to control costs within the existing panel doctor structures.

High and uncontrolled inflation of medical costs during the 1980's and early 1990's virtually forced the introduction of alternatives such as managed health care, and while some players are still reluctant to embrace this new paradigm, most have realized that the probable future lies within this field. Those administrators who have not yet developed managed care systems and technologies are in the process of doing so and analysts predict that the end of the century, will see out the last of the unmanaged fee-for-service plans.

Until 1994, the Medical Schemes Act effectively prohibited all but the very largest employers from becoming involved in managed health care. They did this by disallowing medical schemes from contracting with doctors on equity basis or from owning health care infrastructure or employing health care personnel. Since the 1994 amendments, schemes have been able to offer managed care products to many employers who are regionally based. The economies of scale that can be achieved by these managed health care plans and the fact that many medical schemes administrators are owned by insurers has meant that the financial investments required to develop managed health care technology have been forthcoming.

The managed care industry is very competitive and each new addition to the pool of companies active within the sector adds to this, while also improving technology. According to industry analysts, future competitiveness will be based on the sophistication of technology, the quality of managed care networks and economies of scale due to size and integration.

Time magazine reported in July 1999 that recent statistics released by UNICEF showed that HIV was spreading faster in southern Africa than anywhere else. Although most of the world's 33,5-million HIV/AIDS victims live in sub-Saharan Africa - with an additional 4-million people being infected each year - the continent is also pressed by issues of conflict resolution, development and famine. While business leaders are more concerned about the Y2K computer bug than the long-term effects of AIDS, statistics show that 20% of the workforce in SA is likely to be HIV-positive by the year 2000. Time has also warned: "The way managers address AIDS in the workplace will determine whether their companies survive the first decade of the 21 century". Authoritative sources indicate that many SA companies are losing 3% of their workforce to the disease per year.

1.9 Cosmetics and Hair Care. The South African cosmetics industry has become an active and fast developing economic sector with an estimated annual turnover of R2.6 billion (USD 333 million). There are eight identifiable market segments: hair care, facial and body skin care, perfumes and fragrances, color cosmetics, bath and shower products, deodorants, oral hygiene products and men's shaving products.

The cosmetics industry directly employs approximately 65,000 people in manufacturing, sales hairdressing, therapist and clerical positions. It is surmised that there are a further 65,000 employed indirectly in supporting industries, providing a total employment of approximately 130,000. Some 120 members, including importers, distributors, manufacturers, contract packers, and direct sales companies, are registered with recognized associations, and it is further estimated that there are about 70-100 industry participants not members of associations. The industry consists of approximately 33,000 retail outlets countrywide.

Table 9. Cosmetics Industry by Market Segment

Market Segment	Rand (millions)	1999 USD (millions)	2000 USD* (millions)
A. Perfumes and Fragrances	415.2	69.2	70.58
B. Color Cosmetics	150.6	25.1	25.60
C. Skin Care Products	319.6	53.3	54.37
D. Hair Care Products	428.4	71.4	72.83
E. Bath and Shower Products	336.6	56.1	57.22
F. Deodorants	293.4	48.9	49.88
G. Oral Hygiene Products	347.4	57.9	59.06
H. Men's Shaving Products	265.2	44.2	45.08
TOTAL	2,556.4	426.1	434.62

Forecast, 1999/2000 U.S. Dollar R6.0.
* Estimated Growth: 2%

Surveys show that the ethnic market accounts for approximately 60 percent of total product sales across all categories. There are hair care products specifically produced, targeting Black African consumers. This market is estimated at USD 166.7 million annually and its growth correlates directly with increases in disposable income. Around 2,000 identifiable urban Black hair salons operate nationwide, as well as approximately 10,000 to 12,000 informal salons servicing rural and township areas. Currently no formal regulations exist which govern training or licensing issues for Black hair salons.

2. Best Prospects for Agricultural Products

Current estimates indicate that South Africa will continue to rely partially on imports to meet its food needs for the near-term. Principal imports for the year 2000 include include wheat (600,000 tons), corn (700,000 tons), rice (550,000 tons), oil meals (350,000 tons), vegetable oils (60,000 tons) and a variety of consumer-oriented products.

The U.S. is one of the major suppliers of wheat and rice to South Africa and has made inroads in several consumer oriented products. One of the strong trade growth areas is in intermediate agricultural products such as oilmeals, oils and seeds where U.S. sales increased from $52 million in 1997 to $83 million in 1998. The consumer-oriented product sector has also shown potential in recent years. The U.S. exported consumer-oriented products valued at $77 million to South Africa during 1997 and $59 million in 1998. Poultry meat accounted for a large share of those sales in both. Forest product exports reached $34 million during 1997 and $21 million in 1998. The decrease in dollar sales was mainly due to the low value of the Rand.

The best prospects for future U.S. agricultural exports to South Africa include the following products: processed and consumer oriented products (U.S. $65 million), wood and wood products (U.S. $30 million), poultry products (U.S. $35 million), pet food (U.S.$7 million) and soybean meal (U.S.$12 million). Snack food and nuts exports should reach U.S. $7.5 million in 1999. In addition, South Africa offers market opportunities for various upscale prepared foods and consumer ready products in demand by a growing number of affluent consumers.

Table 10. BEST PROSPECTS FOR INCREASED U.S. AGRICULTURAL TRADE:

U.S. Dollar Million	1996	1997	1998	1999 Est.
Consumer-oriented products, Including:	57.1	77.1	59.1	50
Snack foods (excluding nuts)	3.5	4.3	4.0	4
Tree nuts	3.3	2.9	2.6	3

Poultry meat	25.4	44.2	29.7	20
Processed fruit & vegetables	3.8	4.1	2.8	3
Pet food	7.8	7.2	6.0	7
Soybean meal	5.3	11.2	11.7	12
Forest products	26.3	34.1	21.4	20
Including:				
Hardwood lumber	18.7	24.0	14.4	15
Panel products	5.3	6.9	0.7	5

3. Major Projects/Significant Investment Opportunities

United States foreign direct investment abroad contributes substantially to both the national and foreign policy interests of the U.S. It strengthens and expands the U.S. economy by improving U.S. competitiveness in the international marketplace and is an important tool for global US corporate positioning. It also helps developing countries expand their economies and become valuable markets for U.S. goods and services, thereby increasing U.S. exports. Recognizing the benefits that outward investment brings to the economy, the U.S. has promoted initiatives, such as the Partnership for Economic Growth and Opportunity in Africa, which support American investors and encourage exports to sub-Saharan Africa.

3.1 Capital Projects. The trends in fixed investment spending suggest that areas of potential investment include water management; power/renewable energy; health care services, particularly service delivery; the promotion of tourism and other service-related industries; airport expansion and ground support equipment and port operations such as the Richards Bay dry dock as well as information technology. From January 1997 through June 1998 a total of 363 capital projects were announced with an aggregate Dollar value exceeding USD 22 billion. It should be noted however, that not all of the projects announced during this period are necessarily in progress at the date of writing. Some projects may be delayed or abandoned due to lack of funding or other complications. The expected completion dates of these projects range from 1999 through 2014.
The high level of fixed investment spending in 1998 was driven primarily by the acquisition of new aircraft by South Africa Airways and accelerated spending by Telkom on the expansion of the telecommunications network to previously under-serviced areas. During the first quarter of 1999 however, gross fixed capital formation by public corporations declined sharply - thus reinforcing the decline in gross fixed capital formation in the private sector. A complete listing of capital expenditure projects and/or additional information on fixed investment spending can be obtained from the Economic Unit of Nedcor, one of South Africa's four major banking groups.

Nedcor Group Economic Unit
PO Box 582
Johannesburg 2000
Tel: (27 11) 480-1048; Fax: (27 11) 480-1044
Internet: www.nedcorgroup.co.za

The following are examples of some of the major capital projects likely to drive fixed investment activity over the coming years:

Table 11. Major Capital Projects/ Fixed Investment Activity

Company Name	Project Name	Completion Date (Estimated)	Dollar Value (Estimated)
Telkom	Telkom's Vision 2000	2000	6.3 billion
Eskom	Majuba Power Station	2001	2.4 billion
Foskor	Phlogopite Plant	2001	890 million
Durban Metro Water	Metro Water Scheme	2005	297 million
BP and Shell	Refinery Expansion	2001	257 million

Estimated Dollar value based on average U.S. Dollar R5.055.

Consultancies. The U.S. Trade and Development Agency (TDA) promotes economic development in developing countries by funding feasibility studies, consultancies, training programs, and other project planning services. In Africa, TDA assists U.S. firms by identifying major development projects that offer large export potential and by funding U.S. private sector involvement in project planning. This, in turn, helps position U.S. firms for follow-on activities during the implementation phase of the project.

TDA activities include, but are not limited to, the following sectors:
Environmental Projects
* Telecommunications
* Energy Development
* Food Production
* Minerals Development
* Industry
* Transportation
* Air Traffic Control
* Waste Management

Each year TDA has engaged numerous definitional missions of technical specialists to appraise official requests for planning grants. Many of these have resulted in feasibility studies (FS), technical conferences and seminars (TS), and orientation ("reverse") trade missions (OV). Selected grants approved for FY 1999 are listed below.

* Fluidized Bed Combustion Project (FS)
* Petroleum Storage and Tanker Mooring Project (FS)
* Bagasse Hydrolysis Project (FS)
* Light Rail Transportation Orientation Visit (OV)
* Digital Satellite Service Study (FS)
* Peacock Bay Industrial Waste Incineration Project (FS)
* Gauteng Province Solid Waste Management and Recycling (FS)
* South African Trade and Investment Conference (OV)
* Johannesburg-Metropolitan Area-Airport Transport Linkages (FS)
* Dredging Orientation Visit (OV)

* Glycol Processing Facility (FS)
* Healthcare Orientation Visit (OV)
* Bakery and Milling Project (FS)
* Durban Solid Waste (OV)
* Illovo Sugar (FS)

Additional information can be found on the Internet at www.tda.gov

U.S. Trade and Development Agency
Africa Division
SA-16, Room 309
Washington, DC 20523-1602
Tel: (703) 875-4357; Fax: (703) 875-4009
Contact: Mr. John Richter, Regional Director
E-mail: jrichter@tda.gov

Regional Offices (U.S.)

New York	Tel: (212) 466-2950; Fax: (212) 466-2959
Miami	Tel: (305) 526-7425; Fax: (305) 526-7435
Chicago	Tel: (312) 353-8081; Fax: (312) 353-8098
Houston	Tel: (281) 721-0465; Fax: (281) 679-0156
Long Beach	Tel: (562) 980-4580; Fax: (562) 980-4590

4. Best Prospects for Southern Africa Development Community (SADC)

Located at the southernmost tip of the African continent, South Africa is ideally positioned for easy access to the 13 other countries comprising the Southern African Development Community (SADC). Founded in 1992, SADC has evolved into the predominant regional organization on the continent - representing a total population of 185 million people (26 percent of the total population of the African continent) and a combined GNP of USD 170 billion.

In 1995, U.S. Vice President Gore and the SADC Executive Secretary Mbuende met in Gaborone, Botswana, to sign a memorandum of understanding endorsing and encouraging expansion of trade and investment as a means for promoting growth and job creation in the region. The U.S. Government has also provided technical assistance to SADC to help develop a regional trade protocol and a regional transportation protocol. In 1998, U.S. exports to SADC countries totaled USD 4.4 billion.

Although the macro-economic outlooks for the SADC region vary from country to country, generally the economies of the region are well-managed, with structural adjustment programs realizing some success. There are a range of obstacles however, that stand in the way of increasing SADC's role in the global economy. These obstacles include large disparities in economies and infrastructure; limited technological capacity and financial resources; varied monetary arrangements and policies; and ongoing civil conflict, particularly within the Democratic Republic of the Congo. It has been noted that SADC's economies, as a whole, rank near the bottom of any index of openness, with the exception of the smaller states - Botswana, Swaziland, Seychelles, and Mauritius.

The following table presents the findings of a survey conducted by the Ronald H. Brown Commercial Center during the month of March 1999 in which U.S. firms ranked the major impediments to conducting business in the SADC region. Corruption and bureaucracy stand out as the major barriers facing U.S. firms. Even so, relative to the rest of sub-Saharan Africa, the region has done well in terms of attracting foreign direct investment and portfolio capital. An analysis of foreign direct investment flows and a review of current and impending infrastructure projects confirms that the SADC region is regarded as a priority location for many of world's leading mining houses, oil companies, and multinationals involved in power generation and engineering.

Over the past five years, the liberalization of SADC economies, notably Mozambique, Tanzania and Zambia, has allowed for the participation of private companies in activities traditionally pursued by the state. This includes - through privatization - the ownership and/or management of water, power and gas utilities, ports and railways, and processing industries.

Table 12. Impediments to American Firms doing Business in the SADC Region

Percentage of total U.S. firms surveyed (N=150)

Impediment	Responding Percentage
Corruption	71.0%
Bureaucracy	67.0%
High Tariffs	66.0%
Procurement Policy	65.0%
Financial Transparency and High Taxes	44.0%
Cost of Labor and Materials	36.0%
Customs Regulations	29.0%
Interest Rates	24.0%
Safety and Security	20.0%
Intellectual Property Rights	9.0%
Human Resources/Other	6.0%

[Source: Based on a survey of 150 U.S. firms conducted by the Ronald H. Brown Commercial Center during the month of March, 1999, covering a broad range of American businesses operating directly or through a subsidiary or representative office in at least three SADC countries.]

South Africa's advantage as a springboard to the region lies not only with its obvious geographical proximity, but also with its extensive dealings with African countries, and subsequent insight and understanding of many of the complex issues involved in trading with these countries. Local companies are adept both in adapting overseas goods for the African market and in marketing these goods throughout the region.

4.1 Angola. Potentially one of Africa's wealthiest countries, Angola's development has been stunted by almost twenty-five years of civil war (from 1975 to present) which resulted in near total destruction of the country's infrastructure and eroded the public sector budget. According to 1995 figures, it has a population of 11.25 million, with a GDP of USD 7.72 billion in 1992.

In recent years the government has intermittently undertaken several programs aimed at privatizing, liberalizing and generally restructuring the economy along market oriented lines, although there are still many areas where transparency is lacking. Privatization efforts have virtually halted due to political impediments and lack of available financing. A significant economic reform package, including liberalization of interest rates, authorization for the currency to float freely, and legalization of Dollar accounts, was undertaken in May 1999. Similar fiscal measures dealing with customs reform, budgetary reform, regulations harmonization, legal protections for investors, and revisions of the commercial code are proposed for late 1999.

U.S. companies have already begun to capitalize on new opportunities presented by Angola's changes, and many more opportunities exist for mutually beneficial partnerships between the U.S. and Angola. The country has many positive aspects:

* An economy that continues to progress towards a free-market;
* Abundant natural resources, largely untapped; and
* Significant experience working with U.S. corporations in the oil sector.

The resurgence of the civil war in December 1998 has significantly inhibited commerce in Angola. Many areas of the countryside are not effectively under government control, and the rebel group UNITA has in some recent instances specifically pursued the execution of expatriate businessmen operating in rural areas.

Infrastructure throughout the country has been severely degraded by effects of the war and lack of maintenance. Railways do not function, roads are in poor repair and may be unsafe to travel, electricity supply is irregular and subject to daily outages, and municipal water supplies are dilapidated and insufficient to meet the needs of the rapidly urbanizing population. Inefficiency and corruption at the port and airports makes import and export operations cumbersome and expensive. Unskilled labor is abundant, but skilled labor is very scarce. High unemployment has led to rising crime.

The national currency, the Kwanza, has lost over 80 percent of its value in the last 18 months, and as of June 1999 trades at approximately 2.3 million Kwanzas to the U.S. Dollar. Inflation in June 1999 (annualized) stands at 217 (two hundred and seventeen) percent. Credit for industrial investment remains tight, but the Angolan government has proposed a series of measures to alleviate this problem. Those measures are proposed to begin in the third or fourth quarter of CY 1999.

Angola is the U.S.' third largest trading-partner in sub-Saharan Africa. Approximately 18 percent of Angola's total imports (some USD 354 million) were from the U.S. last year.

The petroleum industry and related service industries remain a primary American business interest, as do capital goods and heavy machinery (particularly in the mining and petroleum industries), transportation, construction and communication equipment, information technology, vehicles, spare parts, textiles, and clothing. Other areas of potential for U.S. exporters and investors include mining, and infrastructure projects in the following sectors:

* Telecommunications
* Food Commodities
* Construction
* Power and Energy

For additional information, consult the Country Commercial Guide: Angola or contact:

The Commercial Section
American Embassy
Caixa Postal 6484
Luanda, Angola
Tel: (244) (2) 345-481: Fax: (244) (2) 346-924

4.2 Botswana. Botswana's market for U.S. products and services may be considered somewhat limited due to its relatively sparse population (only 1.57 million) and GDP of almost USD 4.9 billion. Although one-third of all products consumed are imported, only 2 percent is imported directly from the U.S. It is estimated that the actual amount is more than three times this if one takes into account those U.S. products that reach Botswana via South Africa.

Although commercial ventures in the private sector generally offer less scope for potential suppliers, the country's relative prosperity and political stability do offer some opportunities for trade and investment. Past major imports in terms of value have included mineral fuels, iron and steel articles, heavy machinery and mechanical appliances, electrical machinery and vehicles.
Leading sectors for U.S. exports and investment include:
* Heavy Mining Machinery
* Tourism
* Solar Resource Management and Design Engineering

Other potentially interesting areas are:

* Computer Hardware and Software
* Off-shore Banking Insurance
* Water Pipes and Infrastructure
* Motor Vehicle Assembly
* Consumer Telecommunications
*
For additional information, consult the Country Commercial Guide: Botswana or contact:

The Commercial Section
American Embassy
PO Box 90
Gaborone
Botswana
Tel: (267) 353-982; Fax: (267) 356-947
E-mail: uscomml@mega.bw

4.3 Malawi. Malawi is a small, land-locked country about the size of Pennsylvania. Its 9.8 million people are among the world's poorest, with a per capita income of approximately USD 200.

There is a narrow economic base characterized by a highly concentrated modern sector, low levels of foreign and domestic investment, and few mineral resources. Agriculture dominates the economy, and contributes about 87 percent of export earnings, 36 percent of GDP, and employs over 80 percent of the labor force. Tobacco, tea and sugar are the key export crops.

The investment climate is relatively free, and the government is encouraging unrestricted domestic and foreign investment in most sectors. Government efforts are underway to make the climate more attractive by improving the infrastructure - which deteriorated significantly over recent years and still remains a problem - and streamlining the investment process. The privatization program, open to both domestic and foreign investors, is progressing moderately well.

South Africa remains Malawi's major supplier of imported goods, and many U.S. suppliers make use of this longstanding commercial relationship as well as the lower product and transport costs by using South Africa as a springboard to Malawi and the other SADC countries.

Malawi has been largely free of political violence since independence in 1964. While armed robberies (including carjackings) have increased in recent years, there are no nascent insurrections, belligerent neighbors or other politically motivated activities of major concern to investors. Sectors where U.S. products/services are in significant demand include:

* Used Clothing
* Used Equipment/Vehicles
* Computers and Computer Peripherals
* Aid Projects
* Telecommunications
* Agriculture

For additional information, consult the Country Commercial Guide: Malawi or contact:

The Commercial Section
American Embassy
PO Box 30016
Lilongwe 3
Malawi
Tel: (265) 783-166; Fax: (265) 780-471

4.4 Mauritius. An island with a population of only 1.2 million, Mauritius' political, legal and economic systems are among the most advanced in the region. Trade and financial activities are supported by a well-developed telecommunications and banking infrastructure, and both government and private sector are trade orientated, with the government welcoming foreign investment, particularly export-oriented industries.

Although South Africa and European countries dominate the local market, there is growing interest in American technology. Competition is keen though - the United States is Mauritius' third largest market, but ranks only tenth in terms of exports to Mauritius.

There are generous incentives available to foreign companies establishing operations the Export Processing Zone, the Offshore Business Center and the Mauritius Freeport. The most recent foreign investment has gone into:

* Hotels
* Banking
* Fast Food
* Pharmaceuticals
* Information Technology
* Printing and Publishing
* Light Engineering
* High Quality Garments and Jewelry

Other potential activities include:

* Information Technology
* Tourism
* Seawater Desalination
* Transshipment and Re-exportation
* Offshore Banking and Other Financial Services
* Textile Industry (machinery and raw materials)
* Sugar Industry (machinery and equipment)
* Printing Industry (machinery and equipment)
* Telecommunications
* Communications and Broadcast Equipment
* Energy
* Medical Equipment and Supplies
* Agricultural Industry and Equipment
* Crude Vegetable Oil
* Infrastructure Projects (airport modernization; road and dam construction; light rail transport; integrated business park)
* Sewage Treatment

For additional information, consult the Country Commercial Guide: Mauritius or contact:

The Commercial Section
American Embassy
PO Box 544
Port Louis
Mauritius
Tel: (230) 208-2347, 208-2354
Fax: (230) 208-9534
The Country Commercial Guide for Mauritius can be found on the Internet at: usis.intnet.mu/commg.htm.

4.5 Mozambique. In 1994, Mozambique held its first multiparty elections, bringing to closure a seventeen-year civil war that disrupted the economy and decimated vital facilities. The country currently enjoys peace and relative stability, and has the potential to become one of the brighter spots in Africa. Mozambique is endowed with vast and untapped natural resources which could support the development of agriculture, forestry and fishing, energy and tourism. With a population of 15.5 million (in 1995), and a GDP of USD 965 million (1992), it links the Indian Ocean port of Maputo to northern South Africa, Swaziland, Zimbabwe, Zambia, and Malawi. In addition, Mozambique is in partnership with South Africa in developing the Maputo Corridor SDI to link the port of Maputo with the heavy industries town of Witbank in South Africa.

Through its Economic and Social Rehabilitation Program, the Mozambican Government has achieved significant progress in moving the economy in a market-oriented direction. The role of the State in the economy has been gradually reduced, creating space for the development of private economic agents, although entrepreneurship has at times been hampered by the lack of private capital. Mozambique's privatization program is one of the most active in Africa - more than 900 state enterprises have been privatized, including the entire banking sector and a number of state manufacturing firms. The country also stands to benefit from the Heavily Indebted Poor Countries Initiative (HIPC), under which the World Bank, the International Monetary Fund, and other creditors agreed to provide debt relief amounting to roughly USD 3 billion.

Leading sectors for U.S. exports and investment include:

* Energy (natural gas exploration, alternative energy systems)
* Construction and Materials (agriculture-related infrastructure, hotels and tourism complexes, water supply)
* Mineral Resources and Mining Industry Equipment
* Fisheries Services (marine electronics, processing, marine engineering)
* Telecommunications

For additional information, consult the Country Commercial Guide: Mozambique or contact:

The Commercial Section
American Embassy
PO Box 783
Maputo
Tel: (258) (1) 49-27-97; Fax: (258) (1) 49-01-14

4.6 Lesotho. Lesotho is a small, landlocked country, population around 2 million, which is economically dependent on South Africa. The South African Rand is legal tender in Lesotho.

Successful marketing in this country requires extensive personal contact, and consequently the geographically advantaged South African companies tend to dominate existing distribution and sales channels. The Lesotho National Development Corporation (LNDC) offers support and assistance to foreign investors and joint venture partners. The country offers a number of incentives to foreign investors, including a maximum corporate tax rate of 15 percent for manufacturers and no withholding tax on dividends; free repatriation of profits; and access to loan financing for fixed assets.

The recent privatization of Government Vehicle Pool Services and Lesotho Bank suggests that Lesotho is committed to promoting foreign investment and strengthening the private sector. In general, however, entrepreneurship remains weak and the public sector continues to dominate the economy.

The Lesotho Highlands Water and Hydro-electric project, the largest of its kind in Africa south of the Sahara, continues to require large scale construction equipment and a variety of engineering services, with Phase 1A now completed and Phase 1B in process. (The project consists of five phases - 1A, 1B, 2, 3 and 4, spanning three decades). The Lesotho-South Africa treaty governing the project requires that all foreign companies working on the project enter into joint ventures with local firms. Requests for proposals for Phase 2 are scheduled to begin early in the year 2000.

Other areas of potential involvement for U.S. exporters/investors include:

* Renewable Energy Technology (e.g., solar energy)
* Adventure, Environmental and Cultural Tourism Development and Construction in a Multi-destination Format
* Business and Financial Services Focusing on Regional Trade and Commerce
* Machinery and Equipment for Stone Cutting and Finishing for Construction, Housing and Decorative Purposes
* Stand-alone Water and Waste Management Systems for Industrial, Agricultural and Residential Purposes

For additional information, consult the Country Commercial Guide: Lesotho or contact:

The Commercial Section
American Embassy
PO Box 333
Maseru, 100
Lesotho
Tel: (266) 312-666; Fax: (266) 310-116

4.7 Namibia. Namibia is a multi-party democracy of 1.6 million citizens (1995) that gained its independence from South Africa in 1990. The government, formerly led by the Marxist-oriented South West African People's Organization (SWAPO) party, now champions a market economy with a GDP of USD of 2,11 billion (in 1992). Job creation and foreign investment are two of the government's highest priorities.

Leading sectors for U.S. exports and investment include:

* Water and Energy Technology
* Value-added Manufacturing and Equipment
* General Industrial Equipment/Supplies
* Tourism
* Oil and Gas Exploration
* Telecommunications
* Environmentally Safe Agricultural Chemicals

For additional information, consult the Country Commercial Guide: Namibia or contact:

The Commercial Section
American Embassy
Private Bag 12029
Ausspannplatz
Windhoek
Namibia
Tel: (264) (61) 221-601; Fax: (264) (61) 229-792
Internet: www.usemb.org.na

4.8 Seychelles. With a population of fewer than 100,000 and a per capita income of roughly USD 6,500, Seychelles is one of Africa's smallest but wealthiest countries. Its economy is dependent on tourism, fish-processing, and foreign assistance, primarily from Europe. In recent years, Seychelles has begun to move away from the statist economic policies it followed for two decades after independence from Great Britain in 1976, but onerous regulations and controls remain.

The best opportunities for trade and investment lie in tourism, fishing and light manufacturing. Seychelles offers tax and other concessions to export-oriented manufactures. New investment opportunities may arise if the government continues its privatization program; several years ago a subsidiary of U.S. based Heinz and Company invested in an ailing government-operated tuna-processing plant. The business has grown rapidly, and the company is now the largest private-sector employer in the country.

The U.S. does not maintain an embassy in Seychelles, but a consular agent is based in Victoria to provide assistance and answer queries. Official inquiries should be directed to the U.S. Embassy in Port Louis, Mauritius.

U.S. Consular Agent
Victoria House
Victoria, Seychelles
Tel: (248) 225-256
Fax: (248) 225-189

For additional information, consult the Appendix of the Country Commercial Guide: Mauritius or contact:

The Commercial Section
American Embassy
PO Box 544
Port Louis
Mauritius
Tel: (230) 208-2347, 208-2354
Fax: (230) 208-9534

4.9 Swaziland. With just under a million inhabitants, the Kingdom of Swaziland is the smallest country on the African continent. A strongly export-driven economy with a GDP of USD 4838.76 million also means that, to an extent, Swaziland's economic performance tends to parallel global trends in growth, world commodity prices and flow of capital and aid.

Almost non-existent ten years ago, Swaziland's industrial sector has grown to over 36 percent of GDP today. This has been fueled by growth in both food processing and small manufacturing industries.

Swaziland has in place all of the systems upon which a modern economy is based, although this may not always be evident in the day to day running of the economy as only about a third of the population is urbanized and thus involved in these developments.

The Swazi business climate is similar to that of South Africa, although somewhat less dynamic and sophisticated. Over 85 percent of the country's imports come from or through South Africa, investment in Swaziland originates in South Africa, and changes in economic performance indicators for South Africa and its economic policy are of major concern for the Government of Swaziland.

Although British interests in the exploitation of natural resources and bulk agricultural production are well entrenched, there is opportunity if potential U.S. entrants are willing to market energetically. For over a decade, Swaziland's government has had a firm commitment to welcome foreign investment. While major legislation to support a solid investment climate was previously lacking, the country enacted the Swaziland Investment Promotion act in January 1998. The act established the Swaziland Investment Authority.

One of the current key issues is the privatizing of strategic parastatals such as Swazi Post and Telecommunications, and there are opportunities here for joint ventures with foreign investors. In general, the kingdom's size increases its attractiveness as a potential site for investment and infrastructure project participation rather than a source of significant revenue for U.S. export markets.

Swaziland is intensifying its efforts to maintain its tradition as a fertile ground for foreign business opportunity.

Leading sectors for U.S. exports and investment include:

* Telecommunications
* Electrical Power Systems
* Food Processing/Packaging
* Airports and Ground Control Equipment
* Pulp/Paper Machinery
* Medical Equipment
* Trucks/Trailers/Buses
* Travel/Tourism
* Architectural/Construction/Engineering Services
* Accounting Services
* Computer Hardware and Services
* Agriculture

For additional information, consult the Country Commercial Guide: Swaziland or contact:

The Commercial Section
American Embassy
PO Box 199
Mbabane

Swaziland
Tel: (268) 404-6441; Fax: (268) 404-5959

4.10 Tanzania. One of the world's least developed nations, with a population of some 29.7 million, and a GDP estimated in 1992 to be $2,35 billion, Tanzania is striving to consolidate thirteen years of economic and eight years of political restructuring. Although Tanzania continues to make concerted efforts to liberalize its underdeveloped economy, substantial barriers still exist for those firms wishing to invest in Tanzania. Bureaucratic intransigence and poor infrastructure are just two of the hurdles interested investors must overcome to establish a permanent presence in the country.

On the positive side, the Tanzanian government is still eager to attract foreign investors wishing to capitalize on one of the most politically stable countries in Africa. Over the last 12 months, the Tanzanian government has continued its efforts to rid itself of its unwieldy and unprofitable state-owned enterprises. In addition, the country continues to offer investment incentives to those individuals and firms wishing to invest in Tanzania. Furthermore, Tanzanian efforts to liberalize its foreign exchange control regime have allowed all sectors in the economy to expand their horizons and attract foreign capital.

While Tanzania still relies heavily on agriculture for the bulk of its GDP, other sectors have come to the forefront as investment possibilities. Leading sectors for U.S. exports and investment include:
* General Industrial Equipment
* Miscellaneous Textiles Articles (mostly used clothes)
* Telecommunications Equipment and Services
* Travel and Tourism
* Aircraft and Parts
* Construction Equipment
* Computers and Computer Peripherals

Recently, a number of American firms have established operations in Tanzania, including a large multinational manufacturing firm, a U.S. based international bank, an internationally recognized hotel chain, and a multinational communications firm. In addition, over the last 24 months, Tanzania has increased its demand for American manufactured goods, as well as U.S. grown foodstuffs.

For additional information, consult the Country Commercial Guide: Tanzania or contact:

The Commercial Section
American Embassy
PO Box 9123
Dar Es Salaam
Tel: (255) (51) 666-010; Fax: (255) (51) 666-701
E-mail: usembassy-dar2@cats-net.com

4.11 Zambia. Zambia is a landlocked southern African country of 10 million people, with good mineral resources, extensive arable land and normally adequate rainfall. The country has numerous natural attractions (including the Victoria Falls), relatively abundant wildlife and a generally pleasant climate. With an estimated per capita

GDP of only USD 380 however, the country is also burdened with high unemployment, and the latest Zambian Central Statistics Office (CSO) Survey (1997) indicates that 65 percent of the country's inhabitants live below the poverty line.

Agriculture and mining (copper and cobalt) account for much of Zambia's GDP, and mining in particular accounts for the majority of Zambia's export earnings. The country began an economic reform program in 1991, and has made significant progress in trade liberalization and privatization. More than two-thirds of Zambia's 330 parastatal companies were privatized by January 1999, including portions of the dominant copper conglomerate ZCCM. The remaining parastatals are slated for privatization over the next two years.

The Zambian government actively seeks foreign investment through the Zambian Investment Center (ZIC). Although skilled and professional workers are in short supply, there is an abundance of unskilled and adequate semi-skilled labor. Thus far, the largest foreign investments have come from the United Kingdom and South Africa, or have involved the South African subsidiaries of multinational firms. There is however, a fair presence of U.S. companies in the Zambian market. Roughly 30 U.S. firms have investments or agents in Zambia and at least two major U.S. firms have taken leading positions in Zambian privatization. Overseas Private Investment Corporation (OPIC) insurance is available to U.S. investors in Zambia, and the country is a member of the Multilateral Investment Guarantee Agency (MIGA).

Leading sectors for U.S. exports and investment include:

* Mining (non-copper sector)
* Agriculture
* Tourism
* Telecommunications
* Processing of Local Raw Materials

For additional information, consult the Country Commercial Guide: Zambia or contact:

The Commercial Section
American Embassy
PO Box 31617
Lusaka
Zambia
Tel: (260) (1) 250-955; Fax: (260) (1) 252-225
Internet: www.zamnet.zm/zamnet/usemb/welcome.html
E-mail: usembass@zamnet.zm

4.12 Zimbabwe. Following independence in 1980 and a decade of state-dominated socialism, Zimbabwe commenced with a five-year economic reform program aimed at restructuring the economy with a GDP, in 1994, of USD 4.79 billion. The country achieved an average 1.7 percent growth between 1991-95; 7.3 percent in 1996; and 3.5 percent in 1997. The resultant improvement in the economic climate has made it easier to do business in Zimbabwe, and the country has now embarked on the second phase of its economic reform program entitled Zimbabwe Program for Economic and Structural Transformation (ZIMPREST).

The country's economy is agriculturally based and an excellent rainy season combined with new investment has resulted in unexpected growth in this sector. There has also been continued expansion in mining, and private sector services (30 percent of the GDP) are expected to grow between 3 and 5 percent.

Improved investment in water management and conservation is improving Zimbabwe's ability to withstand crippling drought, and the government is making real attempts to control public expenditure and inflation. High unemployment and inadequate wages are also major issues with which the government is struggling to cope.

Although Zimbabwe, with a population of 11.2 million (1995 estimate), is a country in transition, and considerable patience and perseverance are needed to break into the competitive market, there is promise, and the results will be worth the effort.

Leading sectors for U.S. exports and investment include:

* Agricultural Equipment
* Transportation Equipment
* Power Generation and Transmission Equipment
* Telecommunications Equipment
* Franchising
* Textile Machinery
* Food Processing and Packaging Equipment
* Engineering Services and Construction Materials
* Mining Equipment
*

For additional information, consult the Country Commercial Guide: Zimbabwe or contact:

The Commercial Section
American Embassy
PO Box 3340
Harare
Zimbabwe
Tel: (263) (4) 794-521; Fax: (263) (4) 796-488

Note: Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-Rom or via the Internet. Please contact Stat-USA at 1-800-Stat-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at www.stat-usa.gov. They can also be ordered in hard copy of on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS.

VI. TRADE REGULATIONS AND STANDARDS

South Africa is a member of the World Trade Organization (WTO) and follows the Harmonized System (HS) of import classification. Beginning in 1994, South African shipments to the U.S. have received Generalized Schedule of Preferences (GSP) treatment. There is free and virtually unimpeded exchange of goods between South Africa and the other four countries (Botswana, Lesotho, Namibia, and Swaziland) comprising the Southern African Customs Union (SACU). U.S. shipments to South Africa qualify for MFN (Most Favored Nation) rates.

Under the terms of the Import and Export Control Act of 1963, South Africa's Minister of Trade and Industry may act in the national interest to prohibit, ration, or otherwise regulate imports. In recent years, the list of restricted goods requiring import permits has been reduced, but still includes goods such as: fish and dairy products (health concerns), petroleum products (strategic concerns), Montreal Protocol chemicals (international obligations), pneumatic tires (quality specifications), footwear (monitoring in respect of WTO quotas), as well as firearms and ammunition (safety concerns). Nonetheless, the South African government remains committed to the simplification and reduction of tariffs within the WTO framework, and maintains active discussions with the Organization.

The opening of the South African economy necessitated many changes to the country's trade and industrial policies. In terms of the agreement concluded in 1994 with the WTO, the South African Government committed itself to reducing and restructuring import tariffs, removing import surcharges and phasing out the General Export Incentive Scheme (GEIS). Since 1994, on a weighted-average basis, trade tariffs have been lowered by approximately 8 percent. GEIS was terminated in July 1997 and replaced by a number of so-called supply-side measures. The government introduced the "Export Marketing and Investment Assistance Scheme" (EMIA) in August 1997 to assist exporters with meaningful international market research. Special emphasis is being placed on supporting small and medium-sized enterprises and business ventures in the previously disadvantaged communities.

As a result of the growing openness of the South African economy, the ratio of trade in goods and services to gross domestic product increased from 45.3 percent in the period 1980-1985 to 53.9 percent in the 1990s. This ratio has risen from 53.6 percent in 1994, when the country held its first fully democratic elections, to 64.8 percent in 1997.

1. Trade Barriers

Under its market access offer for the Uruguay Round, South Africa will:

* Rationalize 10,000 tariff lines down to 5,000 - 6,000 by the end of the five-year adjustment period following 1995
* Bind 98 percent of its tariff lines over that period, well up from the 16 percent that existed prior to the offer1
* Replace all remaining quantitative control and formula duties with ad valorem duties; and
* Cut back tariff lines from the 80 different levels of the past into six levels: 0 percent, 5 percent, 10 percent, 15 percent, 20 percent, and 30 percent.

Two exceptions exist: clothing and textiles will comply with WTO schedules over twelve years instead of five, and maximum tariffs will fall only to 45 percent (note: clothing only) instead of 30 percent. Motor industry manufacturers have a maximum of eight years to adjust instead of five, and will have to reach a terminal maximum tariff of no more than 50 percent. These levels represent binding commitments and are not part of South Africa's phase-down program.

Traders are subject to exchange control approval, administered by the South African Reserve Bank. The Ministry of Trade and Industry is empowered to regulate, prohibit or ration imports to South Africa in the national interest and most goods may be imported into South Africa without restrictions. Import permits are required only for specific categories of goods and are obtainable from the Director of Import and Export. Importers must possess an import permit prior to the date of shipment. Failure to produce a required permit could result in the imposition of penalties. In recent years the list of restricted goods requiring import permits has been reduced. In a move applauded by the international business community, the South African government eliminated the much-maligned import surcharge on all goods effective October 1995, in accordance with WTO commitments.

The South African government and banking system recognize the need to turn the country from an inward-looking, import-substitution regime to a competitive, export-focused market-economy. Progress towards the goal of changing the focus of the economy from import substitution to export promotion requires improving the competitiveness of heavily protected industries. Since the lifting of sanctions, companies from around the world have been introducing their products to South African distributors and consumers. But perhaps even more important, since the lifting of sanctions, domestic firms have been forced to face up to increased foreign competition by new foreign entrants to the market, as well as increasing expectations of enlightened price- and quality-conscious customers, thereby encouraging greater efficiency and productivity.

2. Tariffs and Import Taxes

2.1 Tariffs. In keeping with its WTO commitments, the South African Government has sought to reform a complex tariff structure inherited from Apartheid-era governments. Over the last several years, the government has been quite successful in simplifying and reducing its overall tariff code such that the average tariff rate has fallen from a level in excess of 20 percent to just over 12 percent in just under three years. Nonetheless, as the Department of Trade and Industry pushes ahead with liberalizing policies, many industries previously protected by non-tariff barriers have sought to increase tariffs in their industry to GATT-binding levels. The government, however, has refused the majority of these tariff increase applications in favor of more WTO-friendly supply-side measures.

2.2 World Trade Organization (WTO) Commitments. As a result of both its market access commitments in the Uruguay Round and the government's attempts to reform its tariff structure, South Africa:

* Has rationalized 9,580 tariff lines down to 7,182
* Will bind 98 percent of its tariff lines to WTO binding levels by 2000, up from the 16 percent currently bound
* Replace all remaining quantitative controls with ad valorem duties and make formula duties WTO-consistent
* Cut back tariff lines from the 80 different levels of the past into six levels (with a few exceptions): 0 percent, 5 percent, 10 percent, 15 percent, 20 percent, and 30 percent

However, clothing and textiles will comply with the WTO schedules over seven years, ending in 2002, instead of the twelve years negotiated under the WTO, and maximum tariffs will in several categories fall to levels below WTO binding levels. According to the plan, South Africa's tariffs in textiles will fall to the following five levels:

Table 11. South African and WTO Tariff Levels - Textiles

Product	South Africa Plan	WTO Binding Level
Clothing	40 percent	45 percent
Made-up Textiles	30 percent	30 percent
Fabrics	22 percent	25 percent
Yarn	15 percent	17.5 percent
Fibers	7.5 percent	10 percent

The range of tariff rates for which the South African government is aiming (and the WTO is expecting) are as follows: 0 - 10 percent for primary and semi-primary products; 0 - 10 percent for capital products; 10 - 15 percent for components; and 15 - 30 percent for consumer products.

In the case of the automotive and textile industries, which the government considers sensitive, the process of gradual tariff reductions is on a longer schedule in order to give uncompetitive domestic producers a grace period in which to increase efficiency. Tariffs applied to original equipment components have been given eight years to fall from 100 percent to 30 percent. The target tariff for passenger and light commercial vehicles is 40 percent in 2002. Further subsequent phase-downs are also being considered. The tariffs for medium and heavy commercial vehicles will reach 20 percent by the year 2000. Textile tariffs will proceed over seven years from 100 percent to 45 percent on clothing, from 50 percent to 25 percent on fabrics, from 35 percent to 17.5 percent on yarn, from 15 percent to 10 percent on fibers, and from 60 percent to 30 percent on household textiles.

Although the government seems intent on conforming to the standards of the WTO, the legacy of an import-substitution policy supported by high tariffs and import permits has left South African industry largely uncompetitive on the world market. Due to this lack of competitiveness coupled with the high unemployment rate in South Africa, the government has vigorously explored WTO-permissible supply-side measures designed to facilitate worker retraining and technological innovation.

The Board on Tariffs and Trade is a statutory body that advises the Government on tariffs. The Board considers applications for both tariff relief and tariff protection and makes recommendations to the Minister of Trade and Industry. Applications are normally published for a period of six weeks for comments and consultation. The general trend has been for tariffs to be reduced to encourage industries to become more competitive and also to reduce cost structures. Although industries can still apply for tariff protection, such applications will be subject to rigorous analysis and evaluation in the context of industrial and agricultural policies.

Additional information on import policy and tariffs can be obtained from the Department of Trade and Industry.

Department of Trade and Industry

Board on Tariffs and Trade
Private Bag X753
Pretoria 0001
Tel: (27 12) 310-9500; Fax: (27 12) 320-2085
Mr. D. J. Jordaan (Director)

2.3 Customs Valuation. The dutiable value of goods imported into South Africa and the Southern African Customs Union (SACU) is calculated on the f.o.b. price in the country of export, in accordance with the GATT Customs Valuation Code.

According to Section 66 of the South African Customs and Excise Act, the value for customs duty purposes is the transaction value, the price actually paid or payable. In cases where the transaction value cannot be ascertained, the price actually paid for similar goods, adjusted for differences in cost and charges based on distance and mode of transport, is regarded as the transaction value. If more than one transaction value is ascertained, the lowest value applies. Alternatively, a computed value may be used based on production costs of the imported goods. In the case of related buyers and sellers, the transaction value will be accepted if, in the opinion of the Commissioner for Customs and Excise, the relationship does not influence the price, or if the importer shows that the transaction value approximates to the value of identical or similar goods imported at or about the same time.

Dutiable weight for the assessment of specific duties is the legal weight of the merchandise, plus the weight of the immediate container in which the product is sold, unless specified otherwise in the tariff.

2.4 Import Surcharge. The South African Government, on October 1, 1995, eliminated all import surcharges as committed to the WTO.

2.5 Value-Added Tax. The value-added tax (VAT) is 14 percent. VAT is payable on nearly all imports. However, goods imported for use in manufacturing or resale by registered traders may be exempt from VAT. The valuation of imported goods for VAT is based on the f.o.b. value plus 14 percent of that value, plus any non-rebated customs duty (tariff plus import surcharge).

2.6 Excise Tax. Specific excise duties are levied on alcoholic and nonalcoholic beverages, tobacco and tobacco products, mineral waters, some petroleum products, and motor vehicles. Ad valorem excise duties are levied on office machinery, photographic film, and luxury consumer goods such as cosmetics, home entertainment products, and motorcycles.

2.7 Tariff Rebates. Various provisions for rebate of duty exist for specific materials used in domestic manufacturing, mostly in cases where such material or a specific type of grade thereof is not produced in the customs union area. The importer must consult the relevant schedules to the Customs and Excise Act. (Note: Not the Import Control Act) to determine whether the potential imports are eligible for rebate of duty.

3. U.S. Export Controls

U.S. nationals may engage in the full range of trade activities in South Africa. The United Nations repealed its arms embargo in May 1994 and the United States Government followed suit one month later. In February 1998 the U.S. suspended the debarment of several South African firms, including ARMSCOR, Denel, and Fuchs, thus normalizing defense trade relations. As a result, the Department of State can again consider requests for licenses for the export of items on the U.S. Munitions List to South Africa. Exporters should call the Bureau of Export Administration at telephone 202-482-4830 (www.bxa.doc.gov) for an update on "dual use" export controls.

4. South African Export Controls

A number of products are subject to export control and licenses, including strategic goods (exhaustible resources), metal waste and scrap. Diamonds for export must be registered with the Diamond Board. No price-controlled petroleum product produced at local synfuel plants may be exported.

Metal scrap is subject to an export permit, which is issued 5 days after the application is made, thus giving time and opportunity to local users to negotiate for the purchase price thereof.

Only ostriches and their fertilized eggs are subject to complete export prohibition. Export prohibitions on any product, however, are difficult to enforce.

VII. INVESTMENT CLIMATE

1. Openness to Foreign Investment

South Africa offers an attractive climate for foreign investors, and as a result, a large number of American firms have invested or reinvested in South Africa since the lifting of sanctions in the early 1990s, making the U.S. the largest source of new investment in South Africa. The Gore/Mbeki Binational Commission (BNC) has fostered unusually strong bilateral relations including rapidly expanding commercial ties. The South African government's GEAR macroeconomic policy is based on sound economic principles and is highly praised internationally. South Africa has a substantial market with significant growth potential, an economy steadily moving toward market orientation, access to other markets in Africa, well-developed financial institutions and capital markets, excellent communication and transport links, liberal repatriation of profits and other earnings, lower labor costs compared to western industrialized countries (although productivity is also lower), and availability of inexpensive electrical power and raw materials. However, South Africa's economic growth has been sluggish at 2.5 percent in 1997 and 0.5 percent in 1998; and the country faces daunting challenges as it competes with other emerging market countries for foreign investment. While South Africa's reputation as an emerging market suffers from its proximity to the tangle of conflicts that have engulfed its northern neighbors in and around the central African sub-region, it offers access to markets not only throughout Africa but also farther afield in the Southern Hemisphere.

Investment has been spurred by a number of steps designed to make South Africa's markets more attractive to foreign investment. These include: reducing import tariffs and subsidies to local firms; eliminating the discriminatory non-resident shareholders tax; removing certain limits on hard currency repatriation; halving the secondary tax on corporate dividends; lowering the corporate tax rate on earnings to 30 percent; and allowing foreign investors 100 percent ownership. Additionally, the government does not impose performance requirements on foreign companies, does not normally screen foreign investment, and does not require new investments to comply with specific requirements (although the government encourages investments that strengthen, expand, or enhance technology in various industries). At the same time, South Africa's tariff system is complex and is subject to rapid change. Foreign companies also complain about delays or rejections in receiving work permits for some of their proposed expatriate employees.

The South African Government treats foreign investment essentially the same as domestic enterprise investment. Foreign firms receive national treatment for various investment incentives such as export incentive programs, tax allowances and other trade regulations. As the Government pushes ahead with plans to attract strategic equity partners for its large parastatal organizations, sensitivity to the concerns of foreign investors has become more pronounced.

The main area in which foreign investors are treated differently from domestic investors concerns local borrowing restrictions imposed by exchange control authorities. No person in South Africa may provide credit to a non-resident or "affected person" without exchange control exemption. An "affected person" is a company or other body in which (1) 25 percent or more of the capital assets or earnings may be utilized for payment to, or to the benefit of, a non-resident, or (2) 75 percent or more of the voting securities, voting power, power of control, capital, assets or earnings are vested in, or controlled by, any non-resident. A company falling into the category of an "affected person" may only borrow up to a specified percentage of its total "effective capital" which mainly comprises issued shared capital, share premium accounts, reserves created from profits, unappropriated profits and approved shareholders' loans.

Normally, the maximum amount an "affected person" may borrow is 50 percent of the total "effective capital", plus an amount determined by the following formula: South Africa participation/non-resident participation times 50 percent. Requests to borrow in excess of the formula are granted for operations that are considered to be in the national interest such as import replacement. The primary purpose of the local borrowing restriction is to ensure the adequate capitalization of foreign investments and to prevent excessive "gearing" using local funds (i.e., a company borrowing against its share capital). The definition of local borrowing includes overdrafts, leasing of capital equipment, mortgage bonds and local shareholders' loans in excess of foreign shareholders' loans.

In 1995, under a "National Framework Agreement" (NFA), tripartite stakeholders from government, business, and labor agreed to a substantial program of restructuring and privatization of state assets. President Mbeki repeatedly has reaffirmed the Government's commitment to the privatization program. Partial or complete privatization of several parastatals has been completed, including The Airports Company, (an umbrella company for the country's major airports), six radio stations of the South African Broadcasting Corporation (SABC), Sun Air (a small former homeland airline), and Telkom (the national telecommunications company). South Africa's most recent privatization story was the June 25, 1999 sale of 20 percent of South African Airways (SAA) to Swissair for USD 230 million. The sale puts the total value of the airline at USD 1.2 billion, making the deal South Africa's second-largest privatization effort. The Government has indicated that as much as 40 percent of SAA could be in private hands by the end of 1999.

In his June 1999 "State of the Nation" speech, Mbeki stated "some of the most important developments with regard to the restructuring of state assets will relate to Transnet" (the transportation parastatal). According to Mbeki, "the priority given to this corporation arises from the fact that the transport and logistic system it contains underpins the success of other major investment projects." Priority will also be given to the liquid fuels and petrochemical industry through a joint effort of the Ministries of Minerals and Energy, Trade and Industry, and Public Enterprises. This effort will include the finalization of discussions with the Government of Mozambique on a gas pipeline that is to run from Mozambican gas fields to South Africa. President Mbeki also noted that there would be further developments with the issuing of new licenses in the telecommunications sector.

South Africa has been a member of the SADC since 1994 and currently chairs the organization (until September 1999). SADC is a sub-regional organization created in 1992 that seeks to foster economic growth and development through increased economic integration among its 14 member states. SADC origins go back to 1980 when the organization was created as the South African Development Coordinating Committee with the objective of cooperating to, inter-alia, reduce dependence on the then Apartheid regime of South Africa. The organization's name changed to SADC in 1992 when economic integration and free trade became explicit goals.

The SADC Trade Protocol is the cornerstone of SADC's sub-regional trade integration effort. On August 24, 1996, 11 SADC member states signed this Trade Protocol, and as of August 1999 Botswana, Mauritius, Namibia, Tanzania and Zimbabwe have ratified it. South African officials made a detailed proposal to their SADC counterparts indicating they are prepared to take steps toward ratification. At present, there are intense discussions on the tariff reduction schedule and the rules of origin. Insufficient analytical capacity, perceptions of uneven benefits, non-tariff trade barriers, and the absence of agreement on customs procedures and standards have slowed the implementation process. Nonetheless, there remains optimism that the SADC Free Trade Area (FTA) can come into effect in early 2000.

Economists predict that a likely negative impact of the implementation of the SADC Trade Protocol will be the loss of customs revenues upon which many SADC countries are heavily dependent. This loss will not significantly affect South Africa, however, because only 3.4 percent of South Africa's revenue is derived from tariff collections.

South Africa has been a member of the South African Customs Union (SACU) since its inception in 1910. The SACU agreement was renegotiated in 1969 following the independence of Botswana, Swaziland, and Lesotho. Namibia joined SACU in 1990. SACU aims to promote free trade and cooperation on customs matters among its five member states. There are presently no internal tariff barriers between SACU member states, but because of different tax regimes, there are some tax adjustments that occur at the borders. All SACU members, except Botswana, share a common currency as members of the Common Monetary Area (CMA).

The SACU agreement is again being renegotiated but it is not clear when these discussions will be completed. Disputes over how to redo the revenue sharing formula and over the powers to be given the new SACU secretariat are slowing the negotiations. Under the current revenue sharing formula, South Africa would soon pay out to other SACU members larger customs related shares than the Customs Union takes in. South Africa is therefore seeking a revenue sharing formula that would take account of the phase down in the customs tariff.

On March 24, 1999, the South African Cabinet, the European Council of Ministers and the European Commission approved and endorsed the South Africa/European Union Trade, Development, and Cooperation Agreement. The EU and South Africa are expected to ratify the Agreement in time for implementation on January 1, 2000.

One of the provisions of the SA-EU Agreement is for a Free Trade Area (FTA). Under the FTA provision, the EU is committed to the full liberalization of 95 percent of South African imports over a 10-year transitional period, while South Africa is to liberalize 86 percent of EU imports over a 12-year transitional period. Further, duty-free South African goods entering the EU are to increase by twenty percentage points over the next ten years. Many goods, especially agricultural goods, are currently subject to EU quotas. These quotas will be increased under the FTA. Differences over health requirements (sanitary and phyto-sanitary requirements) will oblige South Africa to make additional changes before the benefits of lower agricultural tariffs can be realized. The least liberalization will occur in agricultural products and the most in manufactured products.

Although the EU-SA FTA is expected to have a significant impact on SACU revenue collection, it is not likely to have a major short-term impact on non-SACU, SADC countries. Until analysis of actual tariff lines under the EU-SA FTA is completed, it is impossible to determine the exact impact on U.S. exports.

2. Currency Conversion and Transfer Policies

Investment South Africa (ISA; www.isa.co.za) - a national investment promotion agency established by the DTI on April 1, 1996 - provided most of the following information on foreign exchange controls. ISA provides information and assistance to prospective investors, including identification of opportunities and joint venture partners and sourcing of technology and capital. The South African Reserve Bank (SARB) administers foreign exchange controls through its Exchange Control Department. Commercial banks act as authorized dealers of foreign exchange on behalf of the SARB.

During the Apartheid era, South Africa restricted investment abroad by its citizens through a stringent foreign exchange control regime. In 1994, the Government announced a long-term plan for the gradual lifting of foreign exchange controls. In 1995, the abolishment of the financial Rand mechanism removed most exchange controls on non-residents. Unless otherwise authorized by the exchange control department, all transactions between residents and non-residents of South Africa must be accounted for through the authorized dealers.

In general, there are no controls on the removal of investment income or capital gains by non-residents. Dividends may be paid to non-residents without the approval of the SARB, provided an auditor's certificate shows such dividends are a result of post-tax trading, or realized capital profits. The SARB must approve the payment of dividends following deregistrations or liquidations. The SARB does not allow the remittance of profits or repayment of loans when, as a result of the remittance, the local financial assistance limit is exceeded. In such cases, local financial assistance will be reduced prior to remittance.

Companies taking money out of South Africa must complete a Form A (available from authorized dealers) if the amount is in excess of the currently prescribed amount of R 50,000 (USD 8333 as of July 1999 - see Appendix C 2).

Foreign firms may invest in share capital without restriction. In order to return disposal proceeds and dividends to their country of origin, foreign investors should ensure that their share certificates are endorsed "non-resident" by an authorized dealer.

Royalties, software license fees, and certain other remittances to non-residents require the approval of the SARB. The Department of Trade and Industry must approve manufacturing royalties (not including sales or marketing royalties). Royalty fees are based on a percentage of ex-factory sales with a maximum of 4 percent for consumer goods and 6 percent for intermediate and final capital goods. Approval is normally for five years.

Additional information on exchange control regulations can be obtained from the South African Reserve Bank.

South African Reserve Bank
Exchange Control Division
P.O. Box 3125
Pretoria 0001
Telephone: (27) (12) 313-3911, Fax: (27) (12) 313-3197
Internet: www.resbank.co.za

3. Expropriation and Compensation

There is no record of any expropriation or nationalization of American investment in South Africa. The one known case of nationalization in South Africa occurred in 1924 and involved an airline in financial difficulties. The new government has shown no interest in utilizing nationalization as a policy tool in spite of African National Congress (ANC) statements in years past.

Under the Expropriation Act of 1975 and the Expropriation Act Amendment of 1992, the state is entitled to expropriate property for public necessity or public utility. The decision to expropriate is an administrative one vested in the state. Compensation is determined by the amount the property would have realized in an open market transaction by a willing seller to a willing buyer. Compensation is not payable for any rights where there has been no registration of such rights. Due process and transparency are established. However, the legal process of determining compensation can require 18 months to three years. Interest is not payable during this period.

4. Dispute settlement

South Africa is a member of the New York Convention of 1958 on the recognition and enforcement of foreign arbitral awards, but is not a member of the International Center for the Settlement of Investment Disputes (Washington Convention).

5. Performance Requirements and Incentives

South Africa does not impose performance requirements as a condition for establishing, maintaining or expanding investments, or for access to tax and investment incentives. However, investment in certain strategic sectors is contingent upon acceptance of informal sectoral "gentleman's agreements" aimed at assuring security of supply. For example, oil companies are required to purchase synthetic fuels at a specified formula price. The government has identified the need to deregulate sectors governed by such informal agreements, including the transportation, energy, and telecommunications sectors to encourage investment and foreign participation in the economy.

By virtue of South Africa's membership in the World Trade Organization (WTO), SA is a signatory to the Trade-Related Investment Measures (TRIMS) agreement. South African legislation is fully compliant with the TRIMS agreement. In 1998, the last protectionist local content requirements with regard to tea and motor vehicle schemes were phased out.

On October 1, 1996, South Africa introduced an incentive scheme as part of the Small/Medium Manufacturing Development Program (SMMDP). Incorporated entities as well as sole proprietors and partnerships (excluding trusts) qualify for the incentive package and may apply for assistance. Only "new, secondary" operations engaged in manufacturing as well as processing or assembly may be considered for incentives. A "new" operation refers to any entity registered after October 1, 1996, and "secondary" refers to the manufacturing of final products. The incentive package provides for an establishment grant payable for three years on qualifying assets and a profit/output incentive payable for an additional year. The industrialist may also qualify for an additional two years profit/output incentive provided the industrialist can meet or exceed the labor remuneration to value added ratio of 55 percent measured in the fourth financial year. The SMMDP also provides a Productivity Improvement Program on merit and at the discretion of the Board.

Initial assistance is rendered in the form of a tax-free establishment grant for the first three years calculated at 10.5 percent per year on qualifying assets up to a maximum investment of R3 million (USD 542,495 at the 1998 average exchange rate) per enterprise per project. Qualifying assets are defined as land and buildings owned at cost, land and buildings leased (capitalized at 15 percent), plant and machinery at cost, and capitalized leased plant and machinery. Payment of the establishment grant is subject to the demonstration of a minimum equity of 10 percent.

The tax free profit/output incentive is calculated as 25 percent of profit before tax (PBT), not to exceed the annual establishment grant as calculated above, up to a maximum amount of R315,000 (USD 56,962 at the 1998 average exchange rate) per year, per undertaking, whichever is the lesser. To qualify for the fifth- and sixth-year profit/output incentive, the applicant is required to maintain a labor remuneration to value added ratio equal to or exceeding 55 percent. The labor remuneration to value added means the percentage is determined in accordance with the formula and with all the accounting terms referred to given their meaning as understood under the General Accepted Accounting Practice (GAAP).

The incentive package also provides for a foreign investment grant up to a maximum value of USD 50,000. This assistance is only provided with respect to an initial maximum investment of up to R3 million in qualifying assets per enterprise per project. No further assistance will be granted with respect to any future expansions of the project. The incentives are tax-exempt in terms of Section 10 (zH) of the Income Tax Act, 1962 (Act No. 58 of 1962) and valid in all areas of South Africa for the maximum period of six years. All incentives are offered on a basis that does not discriminate between national and foreign investors.

All inquiries regarding the SMMDP should be directed to:

Board for Regional Industrial Development
The Chief Director
Private Bag X86
Pretoria
Fax: RSA (012) 325-5268
Fax: International 27 12 325 5268
Tel: RSA (012) 312-9121 or 312-9319 or 312-9461
Tel: International 27 12 312-9121 or 312-9319 or 312-9461

While the SMMDP scheme follow a wide burst approach, some much more focussed incentive schemas have been created. These aim at creating a whole new industry cluster or supporting an existing cluster with self-generating support sectors up- and down-stream in the value chain.

An example is the MIDP (Motor Industry Development Program) which in its current format will run out by the year 2007. It has had a significant effect on attempts to rationalize the traditionally over-protected SA motor industry in a piecemeal fashion while facing up to the gradual reduction of import duties on motor vehicle imports (10 years ago the import duty was more than 115 %; currently it is 50.50 % and dropping). The MIDP scheme has resulted in reinforcing South Africa as a production location of certain RHD platform models for a global, if marginal, market, as well as the production of components requiring natural resource inputs e.g. leather seats (labor intensive, cow or buffalo hide beneficiation) or catalytic converters (platinum beneficiation), to name but a few.

The MIDP enables South African vehicle and component manufacturers to increase production runs and encourages rationalization of the number of models manufactured by way of exports and complementing imports of vehicles and components. With the MIDP scheme South African exporters of motor vehicles or motor vehicle components earn export credits which can be used to off-set the import duty at currently 50.50 % on similar imports.

A logical opportunity in this field of SAG incentives is presented by the alliance / merger of Daimler-Chrysler AG, with Mercedes Benz having a South African passenger vehicle production facility as well as a nation-wide product and service delivery infrastructure. The opportunity with this cross-cutting delivery strategy is to expand the Chrysler market share in South Africa, and to let Mercedes-Benz take advantage of export opportunities incentives thanks to the local production of the RHD C-Class range.

The issue of Black Economic Empowerment (BEE) has assumed growing importance in the past five years. Government, for its part, has shown increasing interest in using its position, as both buyer and seller, to promote the economic empowerment of historically disadvantaged groups. Depending on the ministry involved, this interest has been reflected in varying degrees. In large-scale infrastructure projects like the Maputo Corridor, BEE objectives were evident in requirements mandating the use of small and medium subcontractors. In other cases, like the tender for the third cellular license, having a BEE plan and partner was mandatory. The variations in Government's approach to BEE and concerns that existing empowerment efforts have not benefited the public at large have led to calls for a review of the practice in general. One such review is currently underway through the privately backed Black Economic Empowerment Commission, which is scheduled to release a set of recommendations in late 1999.

In September 1996, the Department of Trade and Industry (DTI) introduced an Industrial Participation (IP) program. The role of this program is to fast-track investment, exports and technology development by utilizing the instrument of government procurement to leverage such initiatives. The program is designed to create a win-win situation by encouraging foreign suppliers of major government contracts to seriously evaluate the South African market as a possible investment or business location. Under the program, all government and parastatal purchases or lease contracts (goods, equipment or services) with an imported content equal to or exceeding USD 10 million (or the equivalent thereof) are subject to an Industrial Participation Obligation. This obligation requires the seller/supplier to engage in commercial or industrial activity equaling or exceeding 30 percent of the imported content of total goods purchased under government tender. The seller/supplier submits and implements business projects, generating IP credits in an amount that equals or exceeds the IP Obligation. Excess credits may be "banked" for a period of four years after the obligation is discharged. Only 50 percent of a new obligation can be fulfilled by banked credits. The obligation must be fulfilled within seven years of the effective date of the Industrial Participation agreement.

The state-owned Industrial Development Corporation provides loan financing to the private sector for the development of viable secondary manufacturing industry. As of July 1999, the fixed annual IDC rate was 17 percent and the variable rate was 4.5 percent below the Prime rate for loans to emerging entrepreneurs or when one job is created for every R100,000 (USD 16,667 as of July 1999 see Appendix C 2) borrowed, and 2.0 percent below the Prime rate in all other cases. IDC financing facilities include: term loans for land, buildings, plant and machinery; finance for exporters of capital goods and services; import financing; and venture capital, usually for small, high technology businesses with good growth potential. In addition, IDC offers financing under the following heading:

Employment Promotion Scheme, providing finance for operations creating new employment capacity;
Economic Empowerment Scheme, for industrialists from previously disadvantaged communities establishing new, or buying into existing manufacturing businesses;
Orchards Scheme, for orchards establishments creating job opportunities in rural areas;
General Tourism Schemes wherein existing accommodation facilities throughout South Africa are renovated or extended; and,
Ecotourism Schemes where tourist facilities in game parks and conservation areas are developed, improved, or expanded.

Several government-supported bodies provide technical assistance for new industries. These include the Council for Scientific and Industrial Research (CSIR), a multi-disciplinary research, development, and implementation organization; Technifin, a government-owned firm financing the commercialization of new technology and products; and the Council for Mineral Technology, Metallurgy Research and Development (Mintek). The Government has established the National Research Foundation to promote research and general education in science. The Foundation funds the Agricultural Research Council, the Medical Research Council, the Human Sciences Research Council, and the Minerals Technology Council. The Foundation for Research Development (FRD) funds research and education in natural sciences, engineering, and technology as well as operates three National Research Facilities.

A Government program of "Spatial Development Initiatives" (SDIs) - sometimes known as "Investment Corridors" - has enhanced investment opportunities outside of the major industrial centers. The SDI program aims to create jobs and encourage economic growth through industrial and agri-tourism development, and represents the practical implementation of the South African government's economic strategy as set forth in its GEAR policy. The roughly ten such initiatives underway in South Africa are to be financed primarily by private investment with a maximum of 10 percent government participation. Each SDI area, or corridor, is to be driven by inherent economic potential, but will be promoted and facilitated by government through the provision of detailed information about the area, descriptions of existing private sector plans, government investment in infrastructure to relieve bottlenecks, the creation of industrial development zones or parks, and opportunities for private participation in publicly-funded supplies of services to the local population. Each SDI includes of a number of projects that are available to investors, both foreign and local. Within each SDI area, local facilitators provide assistance and work directly with private investors. The use of local facilitators has kept government involvement to a minimum and no special Government agency has been created to deal with SDIs. Investment South Africa also provides individual SDI advisors assigned to each Spatial Development

Initiative to keep track of investment projects (refer to pages 15 - 18 for additional information).

Additional cross-border investment corridors are being considered within the SADC region. The South African cabinet has provided a special budget for the Beira Corridor, running from Beira in Mozambique to Harare, Zimbabwe. The SAG has also begun to discuss the Benguela Corridor with Angola. Other possible projects include a Tazara Development Corridor from Dar es Salaam, Tanzania to Lusaka, Zambia; a Nacala Corridor from Nacala, Mozambique to Lilongwe, Malawi, which would open up resource-based industries such as agriculture, forestry, mining, and tourism; a Malanje Corridor from Luanda to Msianje, both in Angola; and a Namibe Corridor from Namibe to Manongue, both in Angola, which would make iron resources at Kassing more accessible. Additional SDIs under consideration within the SADC region include the Zambezi River SDI in Mozambique as well as the Okavango-Upper Zambezi Tourism SDI to promote international tourism within the area outside of limited visits to Victoria Falls.
Internet: www.sdi.org.za.

6. Right to Private Ownership and Establishment

Private property rights, whether foreign or domestic, are equally protected by law and the same opportunities exist for both foreign and domestic private entities. In general, all foreign and domestic private entities are entitled to own business enterprises and engage in profit-making activities. Private entities are allowed freely to establish, acquire, and dispose of interests in business enterprises. The acquisition of an existing business enterprise is usually achieved through the purchase of shares or assets. The securities regulation panel code applies to public limited companies and to private companies with 10 or more shareholders and capital and reserves in excess of R5 million (USD 904,159 at the 1998 average exchange rate). If a stake of 30 percent or more is acquired, an offer must be made to minority shareholders to acquire all their shares at a price equal to the highest paid by the investor.

Present government policy is to refrain from competing with private entities in the private sector. The following firms enjoy a degree of protection through direct or indirect allowances from the government which give them a financial advantage vis-à-vis private entities: ADE (diesel engines), SASOL (synthetic fuels and petrochemicals), IDC (industrial development corporation), CSIR (scientific and industrial research and marketing innovations), and the Central Energy Fund family of companies, including Mossgas, the Strategic Fuel Fund, and Soekor, the state oil exploration company. In addition, Telkom (the state telecommunications company) enjoys a monopoly until the year 2002 on providing international and fixed line telecommunications services. If Telkom's strategic equity partners meet certain performance targets, the SAG will consider an extension of this monopoly until 2003. Transnet enjoys a monopoly on most transport and port services, and Eskom (the state electricity monopoly) operates as a non-taxed company, which pays dividends to the state as its sole shareholder.

7. Protection of Property Rights

Property rights, including intellectual property, are protected under a variety of laws and regulations. South Africa has an independent judiciary under which any threat to property rights may be enforced without political interference.

Patents may be registered under the Patents Act of 1978 and are granted for 20 years. Trademarks can be registered under the Trademarks Act of 1993, are granted for ten years and may be renewed for an additional ten years. New designs may be registered under the Designs Act of 1967, which grants copyrights for five years. Literary, musical and artistic works, cinematographic films and sound recordings are eligible for copyrights under the Copyright Act of 1978. This act is based on the provisions of the Berne Convention as modified in Paris in 1971 and was amended in 1992 to include computer software. The Patents, Trademarks, Designs, and Copyrights Registrar of the Department of Trade and Industry administers these acts.

South Africa is a member of the Paris Union and acceded to the Stockholm text of the Paris Convention for the protection of industrial property. South Africa is also a member of the World Intellectual Property Organization (WIPO). The Government passed two IPR-related bills in parliament at the end of 1997 -the Counterfeit Goods Bill and the Intellectual Property Laws Amendment Bills, thereby enhancing its IPR protections.

While South African IPR laws and regulations are largely TRIPS-compliant, there is concern about increasing copyright piracy and trademark counterfeiting. The U.S. copyright industry estimates trade losses due to piracy of copyrighted works increased by more than 35 percent between 1997 and 1998. The U.S. is working with the South African Government to find ways of raising awareness and ensuring that all government offices in South Africa use only legitimate software. The South African Government recently took the positive step of adopting an implementing strategy to its 1997 Counterfeit Goods Act, which could strengthen enforcement. South Africa is required to bring its IPR regime into full compliance with TRIPS before the treaty's required deadline of January 1, 2000.

The U.S. and South African governments have held extensive consultations to clarify a section of the South African Medicines Act which appears to grant the Minister of Health broad powers in regard to patents on pharmaceuticals. Due to a separate constitutional challenge to the law brought by private parties, the law has not been implemented.

8. Transparency of the Regulatory System

In general, South Africa's Companies Act provides for clear, transparent regulations concerning the establishment and operation of businesses. Business organizations of more than 20 persons that operate for gain must be registered as a company under the Companies Act of 1973, which is based upon British company law. Foreign investments are organized under the same rules and regulations as domestic firms with one exception. Foreign companies that choose not to form a firm in South Africa operate as "external companies." External companies do not normally pay tax on undistributed profits, but share capital duty is based on the shares of the parent firm. The legal liabilities of an external company are not limited. Foreign investors may normally buy into local firms without limitation. Restrictions on foreign ownership in the 1990 privatization of ISCOR were an isolated case. No local equity requirements exist. In practice, foreign firms invite domestic participation when it is suitable for the business of the firm.

It is not necessary for any shares in a firm to be held by a South African resident. Shares of any denomination may be issued, and no-par shares are permitted. The use of "nominee" shares, non-voting, and low-voting shares is common, as are cross-holdings among corporations and overlapping boards of directors. This makes it difficult to identify the ownership of many listed corporations and concentrates control among the country's large conglomerates. A pending change to the Companies Act, which will affect voting and nominee shares, is likely to make share ownership more transparent. Regulations on insider trading are poorly developed with little investigation of insider trading. The Financial Services Board has indicated that it will beef up its monitoring and protection against insider trading. The subscription of a minimum amount of shares is not required. Public firms must have at least two directors and private firms one director. The directors need not be South African residents. External firms must appoint a South African resident to accept services of notices on the firm. All firms must keep proper financial records, but only public companies and external companies must file annual financial statements with the registrar of companies. External companies must file with the registrar their South African financial statements and the financial statements for the foreign company as a whole. An application for exemption from this requirement may be requested.

All businesses must obtain a business license from the local authority, which is valid indefinitely unless the business is relocated or acquired by a new owner. In general, businesses must register with the local Regional Services Council, Department of Labor, Workman's Compensation Commissioner, the appropriate Industrial Council, the Receiver of Revenue, and the Department of Customs and Excise.

As a general principle, taxes are levied only on income derived from a source within or deemed to be within South Africa. This principle applies to resident and non-resident individuals and companies.

Income tax payers are divided into two categories: individuals, who are taxed at progressive rates, and companies, taxed at 30 percent of taxable income (mining companies have different tax rates). A secondary tax on companies (STC) - an additional tax on company income - is imposed at a rate of 12.5 percent on the net amount of dividends declared by a company. Withholding taxes are imposed on interest and royalties are remitted to non-residents. Capital gains are tax free, and dividends received by a South African company are tax exempt. South Africa has a 14 percent value-added tax (VAT). Exports are zero-rated, and no VAT is payable on imported capital goods. The Government levies a one-time fixed income tax rate of 2.5 percent on demutualization funds from life insurance companies Old Mutual and Sanlam.

The maintenance and promotion of the Competition Act of 1979 provides for the prevention of, or control over, restrictive trade practices and monopoly situations. The Competition Board, which has power to investigate anti-competitive behavior or structure, implements the Act.

It can only recommend to the responsible cabinet minister punitive or preventative action against the concerned parties. A 1986 amendment to the Competition Act of 1979 specifically prohibits five anti-competitive practices: resale price maintenance, horizontal price fixing, horizontal collusion on conditions of supply, horizontal collusion on market sharing, and collusive tendering or "bid rigging". In spite of these measures to restrict anti-competitive behavior, South Africa is known for "cozy relationships" among business owners, which may involve cross sitting on one another's boards and the extension of favors. Recent decisions of the Competition Board (such as the Mondi and Kohler decision) suggest increasing openness to foreign investment and more likelihood of stopping domestic tie-ins that appear to restrict competition.

The South African Parliament recently passed a new Competition Act, based largely on the Canadian and British models of common law, which is to take effect September 1, 1999, replacing the 1979 Act. The Bill creates a Competition Commission (replacing the Competition Board) to act as investigator and prosecutor of anti-trust cases, a Competition Tribunal to consider and rule on the cases, and a Competition Court to act as the appeals body. These bodies are too new to evaluate their performance.

Under the Communications Law of 1996, a new regulatory authority for the telecommunications sector was created - the South African Telecommunications Regulatory Authority (SATRA), which assumed its new responsibilities in early 1997. Under the law, SATRA is independent from the Ministry of Posts, Telecommunications, and Broadcasting and has exclusive authority over the issuance of licenses in the telecommunications industry, the investigation of anti-competitive actions by market participants, and the enforcement of government telecommunications policy. As a relatively new regulatory authority, SATRA is still engaged in the process of building its technical and legal capacity, and defining its relationship with the Department of Communications and the telecommunications industry. Unlike the U.S. Federal Communications Commission (FCC), SATRA does not have control over the formulation of government telecommunications policy, which is retained by the Minister of Posts, Telecommunications, and Broadcasting. SATRA has made several important rulings, such as the refusal to grant Telkom exclusive rights to promote Internet access, and the prohibition of "callback" operations, both of which are currently before the courts.

South Africa's tax, health, and safety laws and regulations are fairly unbureaucratic and transparent. See Section 14 for the regulatory framework for labor.

9. Efficient Capital Markets and Portfolio Investments

The South African Reserve Bank (SARB) provides oversight of South Africa's financial markets. South Africa's sophisticated non-bank financial services industry is governed by the Financial Services Board Act, which regulates insurance, pension funds, unit trusts (i.e., Mutual funds), participation bond schemes, portfolio management, and the financial markets (the Johannesburg Stock Exchange, Bond Exchange of South Africa, and South African Futures Exchange).

The Johannesburg Stock Exchange (JSE) is the principal center for raising equity capital in South Africa. As of July 1999, the total capitalization value of JSE firms was over R1.3 trillion (approximately USD 216 billion as of July1999). Turnover (total value of shares traded) increased from R206.5 billion (USD 34.41billion) in 1997 to R319.3 billion (USD 53.22 billion as of July1999) in 1998. The number of shares traded in 1998 was 34.4 billion compared with 17.9 billion shares in 1997. Two sections within the JSE are the Venture Capital Market (VCM) and the Development Capital Market (DCM). The DCM, which was established in 1984, permits the listing of smaller companies on simplified terms and at far less cost. The VCM, established in 1989, consists of joint ventures between listed and non-listed firms.

The South African Futures Exchange (SAFEX), whose members include banks, stockbrokers, futures brokers and other institutions, is the exchange that trades the futures market in South Africa. It is licensed under the Financial Markets Control Act. It has three tiers of membership: clearing members who guarantee all trades done in the market, non-clearing members (brokers or non-brokers) who must clear trades through a clearing member, and clients who must trade through a broking member.

The Bond Exchange of South Africa is empowered to regulate the fixed-interest securities market. Membership includes banks, insurers, investors, stockbrokers, and independent intermediaries. Its operations are governed by the Financial Markets Control Act.

Within the foreign exchange control system, financial resources move in response to market signals. Private financial services companies make an active market in government and private securities and equities. A variety of credit instruments are available to the private sector, including bankers' acceptances, fixed and variable rate securities, bonds and equities. On November 1, 1995, the JSE began permitting banks and foreign firms to join its registry. South African financial institutions and markets are in the throes of adjusting to international competition. The policy board for financial services and regulation has initiated a policy process intended to bring South Africa in line with international practices. The three exchanges have agreed in principal to merge eventually into a single regional exchange with a goal of becoming a platform for regional integration of financial markets and development of South Africa as a regional financial hub.

South Africa's banking system is comprised of three elements: the South African Reserve Bank, private sector banks, and mutual banks. The latter are banks registered without ordinary shareholders, owned instead by all shareholders/depositors. Four exist in South Africa. The Banks Act of 1990 regulates private banks. In May 1995, amendments to the Banks Act permitted foreign banks to conduct banking operations via branches, ending the earlier requirement that they establish subsidiaries.

10. Political Violence

Since South Africa's first non-racial elections in April 1994, political violence has decreased dramatically. The second non-racial elections in June 1999 were generally peaceful, with political violence comparatively minimal. The highest incidence of political violence occurred in rural areas of the province of KwaZulu/Natal, where there were occasional clashes between supporters of the African National Congress (ANC), the Inkatha Freedom Party (IFP) and the United Democratic Movement (UDM). In June 1999, the ANC and the IFP signed a peace pact, which indicates that politically motivated violence is likely to wane. Foreigners have not been specific targets of political violence.

11. Corruption and Crime

South African law provides for prosecution of government officials who solicit or accept bribes. Penalties for offering or accepting a bribe may include criminal prosecution, monetary fines, dismissal for government employees, and deportation for foreign citizens. Responsibility for the enforcement of anti-corruption law lies primarily with the South African Police Service (SAPS) Office of Serious Economic Offenses. Although this office has occasionally been criticized for its low conviction rate, enforcement of anti-bribery and anti-corruption laws appears to be consistent among both domestic and foreign business concerns. Judge William Heath heads a commission (the Heath Commission) that investigates corruption and attempts to recover funds related to bribery and malfeasance. Still, with violent crime rates in South Africa on the rise, economic offenses are likely to be devoted fewer resources than criminal cases as the SAPS struggles to do more with limited resources. U.S. firms have not identified corruption as an obstacle to foreign direct investment.

During the last few years, crime has been a far more serious problem than either corruption or political violence, and an impediment to and a cost of doing business in South Africa. President Mbeki (in speeches) and South African citizens and foreign residents (in polls) underscore the urgency of combating crime and violence. The police have not been effective or well accepted in many communities because of their historical role in enforcing minority rule, poor training, and internal crime and corruption.

In June 1999, Safety and Security Minister Steve Tshwete announced a new initiative to establish a FBI-type agency that will target violent and commercial crime, including police corruption. The new agency will bring together specialists from various departments as well as outside government. Minister Tshwete said measures would also be taken to strengthen community police forums to improve their capacity to mobilize citizens against crime and improve cooperation between citizens and law enforcement agencies.

In May 1995, the SAG had adopted a National Crime Prevention Strategy that outlined an overall strategy which includes: strengthening the criminal justice system; redesigning crime-resistant governmental systems such as new personal identity documents and a new vehicle registration system; educational crime prevention programs targeted the youth in schools; as well as strengthening South Africa's regional security. Local government and community involvement are increasingly perceived as important factors in crime prevention and control.

12. Bilateral Investment Agreements

South Africa has signed various investment agreements with many countries since 1994. South Africa's investment agreements that have entered into force include those with the U.S., Malaysia, the UK, the Netherlands, Switzerland, the Republic of Korea, Germany, France, Cuba, Denmark, Austria, China, and Canada. South Africa has also signed many investment agreements that have not yet been ratified or entered into force, including those with Paraguay, Senegal, Mozambique, Italy, Iran, Mauritius, Sweden, Ghana, Argentina, Finland, Spain, Egypt, Chile, Greece, Russia, the Czech Republic, the Belgo-Luxembourg Economic Union, and the European Investment Bank. The South African Customs Union (SACU) agreement with Botswana, Lesotho, Namibia, and Swaziland; and the Common Monetary Area agreement with Lesotho, Namibia, and Swaziland also facilitate investment flows between the participating countries.

The U.S.-South Africa bilateral tax treaty signed in February 1997 entered into force on January 1, 1998. This treaty eliminates double-taxation of business officials from one country working in the other.

In February 1999, the U.S. and South Africa signed a Trade and Investment Framework Agreement (TIFA). This was the first TIFA for the U.S. signed in sub-Saharan Africa, recognizing South Africa's importance as a leading African economic power. The TIFA establishes a Council on Trade and Investment composed of representatives of both governments, chaired in the U.S. by the Office of the U.S. Trade Representative and in South Africa by the Department of Trade and Industry. The council is to meet regularly to discuss specific trade and investment matters, negotiate agreements where appropriate and identify and work to remove impediments to trade and investment flows. The council may also consult with the private sectors of both countries. The first Council meeting took place on July 28, 1999.

13. OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) supports, finances, and insures projects that are financially sound, and promise significant benefits to the social and economic development of the host country, and do not injure the U.S. economy. OPIC assists American investors through the following four principal activities which are designed to promote overseas investment and reduce the associated risks: financing businesses through loans and loan guarantees; supporting private investment funds; insuring investment against a broad range of political risks; and engaging in outreach activities designed to inform the American business community. Between 1994 and 1998 OPIC committed more than USD 80 million in combined political risk insurance and project financing to U.S. businesses seeking investment in South Africa.

South Africa signed a bilateral investment incentive agreement with the United States in November 1993 with respect to all of OPIC's programs. OPIC has received dozens of insurance registrations for a variety of sectors, including computers, communications and electronic products, restaurants, banking, housing construction, mining, and pharmaceuticals. A registration represents an investor's interest in obtaining OPIC insurance prior to submitting a formal application.

OPIC backs a number of investment funds focused on the sub-Saharan Africa region. They include the USD 25 million Africa Growth Fund, the USD 150 million Modern Africa Growth and Investment Fund, and the USD 120 million New Africa Opportunity Fund ("NAOF"). The NAOF is open for investment in South Africa. Most recently, at the July 1999 World Economic Forum in Durban, South Africa, George Muñoz, President and Chief Executive Officer of OPIC, announced the launch of the USD 350 million New Africa Infrastructure Fund (NAIF). OPIC's largest single fund, NAIF is to target the infrastructure needs of sub-Saharan Africa, including South Africa, and investments that help women and those living in rural communities.

South Africa is also a member of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank.

14. Labor

Since 1994 the South African government has been systematically removing the vestiges of the Apartheid labor system. The government is attempting to erect in its place a system that balances flexibility in an economy increasingly open to international competition with employment security and decent wages and working conditions. The new system, which was negotiated between government, business, and organized labor under the aegis of the National Economic Development and Labor Council (NEDLAC), places a high value on worker rights and collective bargaining between parties that are equally empowered.

The new labor dispensation rests on four legislative pillars. The Labor Relations Act, in effect since November 1996, is the cornerstone of the whole regulatory structure. It enshrines the right of workers to strike and also the right of management to lock out workers and hire replacement labor during a strike. The Act created the Commission on Conciliation, Mediation and Arbitration (CCMA), which in its first two years in existence settled more than 100,000 cases referred to it for mediation and completed more than 15,000 arbitrations. Second is the Basic Conditions of Employment Act, implemented in December 1998. The Act establishes a 45-hour workweek and minimum standards for overtime pay, annual leave, notice of termination, and the like. Third is the Employment Equity Act, which prohibits unfair employment discrimination on some 19 grounds and which, effective December 1999, requires large- and medium-sized employers to prepare affirmative action plans to ensure that blacks, women, and disabled persons are adequately represented in the workforce. Fourth is the Skills Development Act, passed in October 1998, which will impose a levy on employers equal to one percent of payroll to be used for training programs devised by industry-run training authorities. Many in business claim that the South African labor market is over-regulated, and have urged government to scale back some of the recently passed legislation. In response, Mbeki has promised to examine the impact, if any, of the labor laws on investment and job creation.

According to the latest (October 1997) household survey conducted by Statistics South Africa, there are 2.2 million unemployed people in South Africa, or 23 percent of an economically active population of 9.8 million. These figures use the International Labor Organization (ILO) definition of unemployed, which excludes persons who have not looked for work in the four weeks prior to the interview. Official unemployment rates are highest for black people (29 percent), followed by colored (16 percent), Indian (10 percent), and white (4 percent) people. Education and skills training are not keeping pace with the rapid increase in demand for skilled workers.

In recognition of the seriousness of the unemployment problem, President Mandela called for a Jobs Summit, which took place in October 1998 and resulted in a number of job-creation initiatives. These initiatives include a pilot housing project to build between 50,000 and 150,000 units by the end of 2001; a R1 billion (USD 170 million) "business trust" to finance labor-intensive projects in the tourism industry and education projects in disadvantaged communities; short-term public works projects targeting unemployed youth; and programs to assist microenterprises through access to credit, mentorship schemes, and business incubation centers.

In 1997 there were 3.4 million union members in South Africa, or nearly 35 percent of the economically active population, as defined by the ILO. The largest labor federation, the 1.8 million-strong Congress of South African Trade Unions (COSATU), is in a formal alliance with the African National Congress (ANC) and the South African Communist Party (SACP). Several COSATU officials have left the union movement to run for parliament and take positions in government up to the ministerial level. The current premier of Gauteng province - the commercial, financial, and industrial heartland of South Africa, with almost 40 percent of South Africa's GDP - is former COSATU general secretary Mbhazima Shilowa. COSATU, while supportive of the ANC, nevertheless has its differences with the government over economic policy, in particular government efforts to privatize municipal services and state-owned corporations. These differences have manifested themselves in debate, not industrial action. In fact, strike activity has declined sharply under the ANC-led government, averaging 1.6 million person-days lost per year in 1995-98 against 4.2 million per year in 1987-94. There are indications of an upswing in strike activity in 1999 coming mainly from the public sector.

15. Foreign Trade Zones and Free Ports

The Department of Trade and Industry has undertaken to implement a series of Industrial Development Zone (IDZ) Initiatives that aim to create environments conducive to export-oriented production and services for international and local investors. The idea is that by locating within these zones, new investments will benefit from world-class infrastructure, local and cost advantages, in addition to existing fiscal incentives, linkages with local markets, expedited customs procedures, and a single stop regulatory authority. IDZs are to be geographically designated within a controlled duty free area, near a port or airport. A National Development Zone Authority (NDZA) is to be responsible for the regulation, facilitation, and administration of the IDZs. Local NDZA offices will facilitate the regulatory and approval process - acting as "one-stop shops" - while the private sector manages and develops the zones. The Coega Industrial Development Zone Initiative, which includes South Africa's first deep-water free port near Port Elizabeth, is up and running. Development has also begun on the East London IDZ Initiative, designed to create a duty free environment with tax incentives and access to deep water ports while minimizing input costs, particularly transport. More information on

IDZs is available from the Department of Trade and Industry at www.sdi.org.za.

16. Foreign Direct Investment Statistics

16.1 Foreign Direct Investment into South Africa. Foreign direct investment (FDI) data is readily available in South Africa, but published statistics vary widely depending on source. Among the various institutions that provide foreign investment data, the U.S. Embassy in South Africa tends to rely most heavily on the South African Reserve Bank (SARB), the Investor Responsibility Research Center (IRRC) - a Washington, D.C. based corporate research provider, and South Africa based Business Map (BM). The latter two offer fee based services for a wide range of investor related data and analysis and may be contacted via their respective web sites, www.irrc.org and www.bmap.co.za.

Although FDI statistics from IRRC and BM are not in total agreement, both show the U.S. to be the largest source of new foreign direct investment in South Africa since the 1994 transition to democracy. The SARB does not provide country specific figures which distinguish between actual new investment flows and changes in investment stocks caused by asset swaps, exchange rate adjustments, and mergers and acquisitions - making it difficult to track the U.S. FDI position in South Africa on a yearly basis.

16.2 South African Direct Investment Abroad. Since 1994, direct investment abroad by South African multi-national firms has outpaced that of FDI inflow into South Africa. Throughout this period, for instance, net FDI inflows from sources into South Africa have been largely offset by net FDI outflows from South Africa to the UK, Luxembourg, and Switzerland by primarily large south African conglomerates, particularly Anglo American/De Beers. South Africa is now the largest source of new investment for many surrounding SADC nations and South African investment in the rest of Africa presently exceeds that from all of Asia, the U.S., and Latin America.

16.3 Statistics. The following statistics on foreign direct investment were drawn from the SARB's June 1999 Quarterly Bulletin. SARB statistics conform to the IMF definition of FDI and represent actual investment, excluding announced but not completed "intended" investment. The conversion exchange rate used was that of the average for each year cited.

Note: FDI is generally defined as ownership of at least ten percent of the voting rights in an organization by a foreign resident or several affiliated foreign residents, including equity capital, reinvested earnings and long-term loan capital. Average exchange rates by year: 1993 - 3.40; 1994 - 3.54; 1995 - 3.65; 1996 - 4.30; 1997 - 4.61; 1998 - 5.53. Figures are in millions unless otherwise indicated.

Table 14. Year-end Stock of Foreign Direct Investments in South Africa

	1993	1994	1995	1996	1997
RAND	36,334	44,701	54,764	61,976	82,463
USD	10,686	12,627	15,004	14,413	17,888

Table 15. Year-end Stock of South African Direct Investment Abroad

	1993	1994	1995	1996	1997
RAND	61,020	67,698	84,991	114,013	133,774
USD	17,947	19,124	23,285	26,515	29,018

Table 16. GDP* and FDI as Percentage of GDP

	1993	1994	1995	1996	1997	1998
GDP	426.1	482.1	548.1	614.9	680.2	737.8
FDI	8.0	9.0	9.0	10.0	12.0	N/A

*In Rand at current prices (see Appendix C 2).

Table 17. 1997 Year-end Stock of Foreign Direct Investment in South Africa by
Region/Country

Region/Country	RAND	USD
Europe	61.8	13.4
-United Kingdom	37.4	8.1
-Germany	10.4	2.3
-Netherlands	4.6	1.0
-Switzerland	3.8	0.8
-France	1.8	0.4
-Italy	0.8	0.2
North & South America	13.7	3.0
-USA Only	12.4	2.7
Africa	0.9	0.2
Asia	5.5	1.2
-Malaysia	3.5	0.8
-Japan	1.1	0.2
Oceania	0.5	0.1
-Australia	0.5	0.1
International Organizations	0.1	0.03
TOTAL	82.5	17.9

Table 18. 1997 Year-end Stock of Foreign Direct Investment in South Africa by Industry

Industry	RAND	USD
Agriculture, Forestry and Fishing	0.4	0.1
Mining	3.6	0.8
Manufacturing	35.1	7.6

Construction	0.2	0.04
Trade, Catering and Ccommodation	8.3	1.8
Transport, Storage and Communication	5.4	1.2
Finance, Insurance, Real Estate and Business Services	29.4	6.4
Social Services	0.1	0.02
TOTAL	82.5	17.9

Source: South African Reserve Bank (SARB).

According to Investment South Africa, the following statistics represent the top U.S. and international investors in South Africa from 1994 to the present (mid-year 1999). Investment South Africa's web site is www.isa.co.za

Table 19. Top 15 U.S. Investors in South Africa (Rand billions)

Ranking	Company Name	Invested
1.	SBC Communications	3.720
2.	Dow Chemicals	2.720
3.	Coca-Cola	2.070
4.	Caltex	1.200
5.	IBM	1.020
6.	Salem	0.887
7.	Goodyear	0.568
8.	Duracell	0.525
9.	Ford	0.350
10.	McDonalds	0.350
11.	Ucar International Corporation	0.330
12.	Minute Maid International	0.250
13.	Federal Mogul	0.248
14.	Arrow Electronics Corporation	0.200
15.	Pepsico Foods International	0.190

Table 20. Top 15 International Investors in South Africa (Rand billions)

Ranking	Company Name	Source Country	Invested
1.	Petronas	Malaysia	4.700
2.	SBC Communications	USA	3.720
3.	Dow Chemicals	USA	2.720
4.	Telecom Malaysia	Malaysia	2.200
5.	Coca-Cola	USA	2.070
6.	Lafarge	France	1.530
7.	Placer Dome	Canada	1.410
8.	Lonrho Pic	UK	1.400
9.	Swissair	Switzerland	1.400
10.	AP Moller	Denmark	1.222
11.	Caltex	USA	1.200
12.	Billliton	UK	1.104
13.	BMW	Germany	1.100

14.	IBM	USA	1.022
15.	Movenpick Hotels and Resorts	Switzerland	0.923

Source: Investment South Africa

Business Map provided the following statistics on FDI flows into South Africa by industry sector and country of origin.

Table 21. FDI Flows into South Africa by Country, 1994 - April 1998 (Rand millions)

Country	FDI
USA	14,263
Malaysia	6,658
UK	6,192
Germany	2,661
Japan	1,785
Switzerland	1,686
Italy	1,409
Sweden	843
Netherlands	694
France	519
Dubai	450
Thailand	350
Korea	277
Indonesia	260
Austria	230
Denmark	180
International Organizations	167
India	145
Turkey	117
China	108
Norway	92
Australia	61
Namibia	60
Belgium	26
Canada	10
Mauritius	5
TOTAL	39,252

Table 22. FDI Flows by Investment Sector, 1994 - April 1998 (Rand millions)

Investment Sector	FDI
Telecommunications	6,930
Energy and Oil	4,517
Motor and Components	4,242
Food and Beverages	4,142
Chemicals and Plastics	2,989
Mining and Quarrying	2,412
Manufacturing Other	2,369
Hotel, Leisure and	

Gaming	1,616
Property	1,270
Financial Services	1,121
Transport	1,086
Pharmaceutical and Medical	1,016
Electronics and Electrical	847
Information Technology	808
Consultancy and Management	532
Investment Holdings	500
Metals Manufacturing	441
Clothing and Textiles	401
Engineering	395
Media and Publishing	376
Construction and Materials	317
Agriculture, Forestry And Fishing	268
Services	243
Retail and Wholesale	157
Packaging and Paper	156
Industrial Holdings	92
TOTAL	39,252

Note: The Business Map definition of FDI includes mergers and acquisitions, new investments, privatizations, expansions that result in new productivity capacity, and firm plans or intentions to invest (i.e. commitments).

VIII. TRADE AND PROJECT FINANCING

1. The Banking System

South Africa's well-developed banking system resembles Britain's system rather than America's and is composed of three key elements: the South African Reserve Bank (the country's central bank), private sector banks (commercial banks, merchant banks, and general banks), and mutual banks. In 1998 South African banks held the first six places amongst the top 100 banks on the continent of Africa. The legal distinctions between commercial, merchant, and general banks have eased in recent years, and South Africa's major bank holding companies typically own several banks geared to various clienteles. The structure of financial intermediation involves a considerable degree of concentration of ownership. As of January 1998, 56 fully licensed institutions and 60 representative offices of foreign banks conducted banking in South Africa. There is currently only one U.S. bank (Citibank) with a full commercial banking license. Four large blocks have traditionally dominated the sector, accounting for as much as 80 percent of total bank assets:

* Amalgamated Banks of South Africa (ABSA)
* Standard Bank Group
* First National Bank of SA Ltd.

* Nedcor

Banking institutions are regulated by the Banks Act of 1990 which stipulates compliance with specific prudential requirements regarding capital, cash reserves, liquid assets, and large exposures. South African banks are now required to maintain a capital to risk weighted asset ratio of 8 percent, bringing this country into line with international practice. The banking system in South Africa was strengthened in 1995 by the increased willingness and ability of international investors to offer the banks an increasingly diversified shareholder base. In addition, the restructuring of The Johannesburg Stock Exchange (JSE) has, for the first time, allowed banks to enter the securities markets as stockbrokers. Assets held in the banking sector have expanded from R39 billion in 1980 to R540 billion in 1998.

In May 1995, the amended provisions of the 1990 Bank Act came into operation by virtue of a Proclamation by the President of the Republic, thereby allowing for the conducting of business by a foreign financial institution by means of a branch office in South Africa. Citibank is the only U.S. branch in the country and currently has 1 operating branch with two more expected to open shortly. New legislation has been introduced before Parliament to further clarify South African banking regulations and to bring them into line with international "best business" standards.

2. Foreign Exchange Controls

Exchange controls were first imposed in South Africa just prior to World War II. Whereas exchange controls have been effective in preventing the outflow of funds, they have also discouraged inward investment. In recent years, the South African financial sector has moved on the road towards globalization by expanding the involvement of foreign banks in the country and that of non-residents in the South African financial markets. Since 1994 significant progress has been achieved, including the elimination of the financial Rand in March 1995; the lifting of exchange control on investments by individuals up to R200,000 (approx. USD 33,333); and the increasingly large offshore investments corporations have been allowed to make.

Exchange controls are currently administered by the South African Reserve Bank (SARB)'s Exchange Control Department through commercial banks that are authorized to deal in foreign exchange. All international commercial transactions must be accounted for through these "authorized foreign exchange dealers." This provides the SARB some degree of flexibility for determining short-term exchange rates. In March 1997, the Finance Ministry announced phased-in measures to relax foreign exchange controls, including doubling foreign firms' access to local credit and increasing, higher retention of offshore income, and increased ceilings on foreign investment holdings of local financial institutions. Further relaxation of exchange controls and the restructuring of the financial system are important preconditions for South Africa's greater participation in the globalization process. The South African government's commitment to exchange control reform is well-known; the key question, however, is how to sequence such reforms. One structural reform in need of attention is South Africa's forward book, which creates risk perceptions about the Rand. J.P. Morgan economist Peter Worthington suggests that once the forward book has been addressed, the consequences for the Rand of an easing of exchange controls would be easier to manage.

All inquiries of an exchange control nature should be directed at an authorized foreign exchange dealer, who will, if required, refer the matter to the Exchange Control Department of the SARB.

South African Reserve Bank
Mr. A.M. Bruce-Brand
Head, Exchange Control Department
PO Box 8432
Pretoria 0001
Tel: (27 12) 313-3911; Fax: (27 12) 313-3197
Internet: www.resbank.co.za

A list of authorized dealers in foreign exchange can also be found on the Internet at www.resbank.co.za/Exc/authdel.html.

2.1 Currency. The currency unit is the Rand, denoted by the symbol R1. R1=100 cents. South Africa has recently introduced new notes and coins, but the old currency is still in circulation. On March 20, 1995, the South African Government eliminated the two-tiered currency system comprising the commercial Rand and the financial Rand. Consequently, all foreign exchange transactions, including foreign investment flows, capital gains, and proceeds from the sale of equities and securities by non-residents now take place via the unitary Rand (see Appendix C 2).

3. General Financing Availability

South Africa's sophisticated financial sector has some thirty two commercial and merchant banks that can provide overdraft facilities and roughly thirteen merchant banks that can provide short to long term credit. Only banks deemed to be "authorized dealers in foreign exchange" are allowed to handle foreign trade payments. There are approximately 40 foreign banks represented in South Africa, (see list at the end of this section). Key areas of business for foreign banks include trade finance, letters of credit, foreign exchange activities and services to offshore investors. A number of European finance and development institutions, such as the European Investment Bank and the United Kingdom's Commonwealth Development Corporation, have opened offices in South Africa.

4. Methods of Payment

Letters of Credit (LC) are the customary way to finance imports into South Africa. LC's are documents issued by a bank on behalf of an importer in favor of a beneficiary, typically the exporter. The most commonly used documentary credits are: 1) irrevocable credits; and 2) confirmed irrevocable credits. If the exporter is concerned about the reliability of the importer only, he/she should use an irrevocable LC. If the exporter is also concerned about the standing of the issuing bank and/or the standing of the importer's country, he/she should use a confirmed irrevocable credit.

In South Africa all credits issued are subject to exchange control regulations and when necessary, a South African import permit. South African exchange control regulations stipulate that payment of imports may be effected only by authorized banks against submission by their customers of documentary proof that the goods were imported into South Africa as evidenced by invoices and shipping documents stamped by South African customs. An exception is when South African banks have opened documentary import letters of credit in favor of foreign exporters. Payment in those instances may be effected against presentation by the exporter of invoices and shipping documents to the foreign negotiating bank before the goods have arrived in South Africa (but after they have left the United States).

If credit is available, payment will take place upon presentation of documents. Payment can be made via transmission or airmail depending on the reimbursement clauses. The advising bank should, if possible, be the same bank as the exporter's bank. If the exporter's bank is unknown the South African bank will advise the credit through a correspondent bank known to it in the US and, if possible, in the exporter's city.

4.1 Quotations and Terms of Payment. American exporters should offer quotations based on the f.o.b. value at the port of export. As a general rule, such quotations should also include a statement of the actual charges for freight and insurance plus any additional charges to the port of delivery. Quotations are usually in terms of the currency of the country of origin. The terms of payment for imported goods vary according to the type of buyer and the buyer's access to capital. Large organizations such as the government or mining companies tend to transact business on a sight-draft basis, while small companies tend to operate on documents against acceptable terms. Payment between 80 and 120 days after acceptance is most common, but terms may vary between 30 and 180 days. For larger orders of capital equipment, longer terms are often required.

It is advisable to ship on a letter of credit, sight letter of credit, or 30-day letter of credit basis that the importer can use as a negotiating instrument to expedite the payment transfer. Payments for shipments made on an open account basis will have a lower priority for foreign exchange, possibly delaying payment to the exporter. The payment transfer can be affected within 24 to 48 hours after the importer presents a valid import permit and proper documents to his or her bank.

5. Foreign Exchange for Import Purchases

Generally, the SARB's Exchange Control Department does not provide foreign exchange in payment of imports prior to the date of shipment or dispatch of goods to South Africa. When South African authorized dealers of foreign exchange open documentary import letters of credit in favor of foreign exporters, payment is effected against presentation by the exporters of invoices and shipping documents to the foreign negotiating bank prior to the arrival of goods in South Africa.

Foreign currency payments for imports may only be made against the following documents:

* Received for shipment bills of lading
* On-board bills of lading
* Air waybills of lading
* Parcel post receipts

* Carriers' receipts or railroad bills of lading giving title to the goods and evidencing dispatch to a port for shipment to South Africa
* Arrival notifications issued by Ellerman and Bucknall (Pty) Limited, Safmarine Limited, and the Transatlantic Shipping Agency (Pty) Limited, and Nedloyd Agency Cies SA (Pty) Limited.

Foreign exchange may be provided for advance payments not exceeding 33 1/3 percent of the ex-factory cost of capital goods to be imported provided that 1) the South African banker is satisfied from the production of documentary evidence supplied by the overseas manufacturer that the order would otherwise be refused, 2) that such payment is normal in the trade concerned, and 3) the importer has applied to the South African Reserve Bank and the application is justified. The first shipment from a new supplier, the lack of availability of the imported equipment, or its superior quality to what is available in South Africa, are all examples of conditions for proper justification. Higher payment amounts (millions of Dollars) are less likely to receive pre-payment permission.

Foreign exchange may also be provided on a cash-with-order basis to cover the cost of permissible imports, but authorized dealers must satisfy themselves by the subsequent production of the usual documentary evidence that the exchange provided has been used for the purposes stated and that the goods have been imported into the Republic.

Authorized dealers must in due course insist upon the presentation to them of original bills of entry import or local parcel post receipts as evidence that goods, in respect of which transfers have been effected in terms of the above rules, have been received in South Africa. Such documents will also be boldly stamped "Exchange Provided." The date of the exchange transaction should be inserted under the stamp and, in the event of a part payment, the amount concerned should be stated. Customers are advised to retain the stamped documents for at least two years for inspection purposes.

5.1 Air Shipments. The SARB amended the payment procedures for imports consigned by air in March 1992. The new regulations allow the South African importer to obtain foreign exchange to meet import payments for goods consigned by air on a cash-on-delivery basis before the goods are cleared through customs. The documentation required for this transaction is a copy of the respective air waybill bearing an original stamp with the words "For Exchange Control Purposes Only" and dated and signed by a member of the South African Association of Airfreight Forwarders. Inquiries may be addressed to:

South African Association of Airfreight Forwarders
Private Bag X89
Bryanston 2021
Tel: (27 11) 463-4131; Fax: (27 11) 463-1367

6. Types of Available Trade and Finance Insurance

The United States' Export-Import Bank and the Trade and Development Agency offer their programs to support U.S. trade and investment activities in South Africa. The South African Government has a number of development agencies that provide project financing. With the lifting of international sanctions against South Africa, a number of multilateral lending agencies have made available financing for projects in South Africa.

6.1 Export-Import Bank of the United States. All of the Export-Import Bank's programs (Eximbank) are available to finance the sale of U.S. goods and services to South Africa. Exports of consumer goods, spare parts, raw materials (on terms up to 180 days) agricultural commodities and quasi-capital goods (on terms up to 360 days) can be supported under Eximbank's short-term credit insurance policies. Exports of capital goods and related services can be supported by Eximbank's long-term loans and guarantees of commercial bank financing (up to ten years repayment), or medium-term loans, guarantees and insurance (up to seven year repayment terms).

Repayment of loans made to the Government of South Africa and its parastatals must be guaranteed by the full faith and credit of the Republic of South Africa. Eximbank will consider private obligors which are credit worthy as demonstrated by their financial statements, commercial track record and credit history. The large private banking sector in South Africa may be able to guarantee repayment of smaller firms' obligations arising from the importation of U.S. goods or services.

Exporters can apply for a letter of interest (LI) when negotiating a sale of capital goods or services. The LI will be issued within seven business days and indicates Eximbank's willingness to finance a potential sale.

Eximbank is also very interested in considering acceptable forms of limited recourse project finance in South Africa where reasonable assurance of repayment is based on the project's cash flow rather than guarantor. For additional information on Eximbank's programs, see page 44.

7. Available Project Financing

7.1 U.S. Trade and Development Agency (TDA). The U.S. Trade and Development Agency promotes economic development in developing countries by funding feasibility studies, consultancies, training programs, and other project planning services. In Africa, TDA assists U.S. firms by identifying major development projects that offer large export potential and by funding U.S. private sector involvement in project planning. This, in turn, helps position U.S. firms for follow-on activities during the implementation phase of the project. For additional information contact:

U.S. Trade and Development Agency
Africa Division
SA-16, Room 309
Washington, DC 20523-1602
Tel: (703) 875-4357; Fax: (703) 875-4009
Contact: Mr. John Richter, Regional Director
E-mail: jrichter@tda.gov

7.2 Development Bank of Southern Africa (DBSA). DBSA was originally formed in 1983 by the South African Government to fund development projects in the formerly "independent" black homelands of Transkei, Ciskei, Venda, and Bophuthatswana. Today DBSA is expected to play a major role in mobilizing and providing loan finance and technical assistance for major development projects in South Africa and in neighboring Southern African countries. DBSA membership is open to any country in Southern Africa. It functions as a "banker's" bank, providing soft loans to governments, local authorities, development corporations, and nongovernmental organizations, which in turn make loans to individuals in bank-approved projects. DBSA's financial resources include share capital contributions from its members and loans obtained from financial markets. Grant aid from the South African Government comprises an important source of DBSA's funding.

Development Bank of Southern Africa
PO Box 1234
Halfway House 1685, MidRand
Tel: (27 11) 313-3911; Fax: (27 11) 313-3086
Internet: www.dbsa.org

7.3 Industrial Development Corporation of South Africa, Ltd. (IDC). The IDC is a state-owned financial institution offering an extensive range of financing facilities to private sector entrepreneurs engaged in manufacturing industries in South Africa. Its mission is to assist in the financing of new and existing private sector enterprises so that industrial development takes place in South Africa according to sound business principles.

IDC's import finance scheme involves credit and guarantee facilities for local industrialists to finance the importation of capital goods and services. Impofin Limited (Pty) is a wholly-owned subsidiary of IC which can conclude line-of-credit agreements with banks in most of the supplier countries to South Africa to enable South African importers to purchase plant and equipment on extended credit terms. The IDC recently established a special Black Economic Empowerment Scheme to make its financing programs available to black South African enterprises, entrepreneurs, and employer organizations. The scheme can provide finance for the creation of a new enterprise, the expansion of an existing enterprise, and the acquisition of control or a significant stake in an existing enterprise.

IDC
PO Box 784055
Sandton 2146
Tel: (27 11) 269-3000; Fax: (27 11) 269-3116
Contact: Mr. Khaya Ngqula (Managing Director)
Mr. Ted Droste (General Manager)
Internet: www.mbendi.co.za/coid.htm
www.idc.co.za

7.4 Small Business Development in South Africa. For a comprehensive listing of organizations in South Africa that support small and medium business development, please refer to the OPIC/Department of Commerce publication entitled Africa: A Guide to Business Finance for U.S. Firms. Additional information may be obtained from the United States Agency for International Development (USAID).

USAID/South Africa
PO Box 55380
Pretoria 0007
Tel: (27 12) 323-8869; Fax: (27 12) 323-6443

7.5 The Enterprise Development Unit. The Enterprise Development Unit of the University of the Western Cape also provides information on entrepreneurship and small business development in South Africa.

Enterprise Development Unit
Department of Management
University of the Western Cape
Private Bag X17
Bellville 7535
Internet: www.uwc.ac.za/ems/ems.htm

7.6 The African Development Bank Group. The African Development Bank Group (AfDB), headquartered in Abidjan, Côte d'Ivoire (West Africa), is an international financial institution created by Africans in 1963 to promote the economic and social development of its member African countries. The Bank Group covers Africa exclusively, with its lending operations and non-lending development activities all centered on Africa. Founded with initial capital resources of USD 250 million, it has authorized capital today of over USD 24 billion. The bank is owned by its 77 member countries, 53 of which are African and 24 non-African. The United States joined the (AfDB) in 1983 after membership was opened to non-African countries and currently holds approximately 5.6 percent of shares outstanding.

The AfDB is comprised of three institutions: the African Development Bank (ADB), the African Development Fund (ADF), and the Nigerian Trust Fund (NTF). Collectively, these institutions are known as the AfDB or Bank Group. The AfDB lends to creditworthy African member countries and the poorer African member countries. Additional information about the African Development Bank Group can be found on the Internet at www.afdb.org.

Office of the U.S. Executive Director
African Development Bank
01 B.P. 1387
Abidjan 01, Cote D'Ivoire
Tel: (225) 20-40-15; Fax: (225) 33-14-34

Office of Multilateral Development Banks
U.S. & Foreign Commercial Service
U.S. Department of Commerce
Room H-1806
Washington, DC 20230
Tel: (202) 482-3399; Fax: (202) 482-3914

7.7 The World Bank Group. South Africa was a founding member of the International Bank for Reconstruction and Development (IBRD) in 1944. It joined the International Development Association (IDA) in 1960, the International Finance Corporation (IFC) in 1957, and the Multilateral Investment Guarantee Agency (MIGA) in 1994. From 1953 to 1966 South

Africa took out 11 loans from the Bank - 4 for electricity projects and 7 for transportation projects. The last of these loans was closed in 1968 and all amounts have been fully repaid.

The focus of the Bank's current work in South Africa is on poverty alleviation and reduction of inequality, as well as on economic growth. Support is mainly in the form of technical assistance and sharing the experience of lessons learned in relevant areas. One loan (Industrial Competitiveness and Job Creation Project) and one GEF Grant (Cape Peninsula Biodiversity Project) were signed in March 1998. MIGA has issued guarantees for 3 investments in South Africa as well as 2 investments by South African corporations in neighboring countries.

Taking a lead role in private sector development in Africa is the International Finance Corporation (IFC), the private sector lending arm of the World Bank. IFC's activities in South Africa target private sector development and job creation and its aggregate committed portfolio in South Africa is approximately USD 41 million. Through its small project facility, the Africa Enterprise Fund (AEF), the IFC provides project financing ranging from USD 100,000 to USD 1.5 million, typically in the form of a loan (at market rates) or an equity investment. Additional information is available on the Internet at www.worldbank.org, or contact:

World Bank Resident Mission in South Africa
IBRD Section:
PO Box 12629
Hatfield 0028
Tel: (27 12) 342-3111; Fax: (27 11) 342-5151
Contact: Mr. Fayez Omar (Chief of Mission)

IFC Section:
PO Box 41283
Craighall 2024
Tel: (27 11) 325-0720; Fax: (27 11) 325-0582

U.S. Department of Commerce
Liaison to the U.S. Executive Directors Office
International Bank for Reconstruction and Development
1818 H. St., NW
Washington, DC 20433
Tel: (202) 458-0118; Fax: (202) 477-2967

Office of Multilateral Development Banks
U.S. & Foreign Commercial Service
U.S. Department of Commerce
Room H-1107
Washington, DC 20230
Tel: (202) 482-3399; Fax: (202) 482-3914

Africa Project Development Facility
1818 H St., NW
Washington, DC 20433
Tel: (202) 473-0508; Fax: (202) 522-3204

United Nations Development Program (UNDP). The United Nations' Development Program (UNDP) is also represented in South Africa.

UNDP
PO Box 6541
Pretoria 0001
Tel: (27 12) 320-4360; Fax: (27 12) 320-4353
Mr. David Whaley (Resident Representative of the UNDP)

8. Banks in South Africa with Correspondent U.S. Banking Arrangements

ABSA (with Chemical Bank)
Standard
First National
Nedbank (with Bankers Trust, Chase Manhattan, Chemical Bank, Citibank, and Morgan Guarantee Trust)

9. Banks in South Africa with Correspondent Worldwide Banking Arrangements

ABSA Bank Limited
Bank of Lisbon International Limited
Bank of Taiwan (South Africa) Limited
Boland Bank Limited
FirstCorp Merchant Bank Limited
First National Bank of Southern Africa Limited
French Bank of Southern Africa Limited
International Bank of Southern Africa - S.F.O.M. Limited
Investec Bank Limited
Nedcor Bank Limited
Rand Merchant Bank Limited
Societe Generale South Africa Limited
Standard Bank of Bophuthatswana Limited
Standard Merchant Bank Limited
The South African Bank of Athens Limited
The Standard Bank of South Africa Limited
UAL Merchant Bank

10. Foreign Banks Represented in South Africa

Belgium: Belgolaise Bank
Canada: Royal Bank of Canada
Egypt: National Bank of Egypt
France: Banque Francaise du Commerce Exterieur; Banque Paribas; Compagnie Financiere de Cic et de L'Union Europeenne;
Credit Commercial de France;
Credit Lyonnais
Germany: Bayerische Landesbank Girozentrale; Bayerische Vereinsbank AG;
Berliner Handels Und Frankfurter Bank AG; Deutsche Bank AG; Dresdner Bank AG Vereins-und Westbank AG
India: Export Import Bank of India
Israel: Bank Leumi Le Israel BM
Japan: The Bank of Tokyo - Mitsubishi, Ltd.
Luxembourg: Kredietbank NV & Kredietbank SA
The Netherlands: ABN Amro Bank NV
Portugal: Banco Borges & Irmao; Banco Comercial Portugues; Banco de Comercio e Industria; Banco Espirito Santo e Commercial de Lisboa;

Banco Portugues do Atlantico SA;
Banco Totta & Acores
Spain: Banco de Santander
Swaziland: Meridien (Biao) Bank Swaziland Limited
Switzerland: Credit Suisse/Swiss Credit Bank; Creditanstalt-Bankverein; Swiss Bank Corporation;
Union Bank of Switzerland
United Kingdom: Baring Brothers & Company Limited:
Hill Samuel Bank Limited;
Kleinwort Benson Limited;
Rea Brothers (Guernsey) Limited;
Robert Fleming (Pty) Limited; Standard Chartered Bank;
West Merchant Bank Limited U.S.A.:
AIG Johannesburg NA;
Citibank NA;
Equator Bank Limited;
First Union National Bank;
Merrill Lynch Capital Markets Bank Limited

IX. BUSINESS TRAVEL

1. Business Customs

Business customs in South Africa are generally similar to those in the United States and Western Europe. South African business people tend to dress conservatively. Loud sports jackets and slacks are rarely seen at work. South African businesswomen tend to wear woolen or woven cotton blend suits in the cooler months April through August. In the warmer months cotton or linen suits are appropriate. Men tend to favor medium or heavy woolen suits for year-round wear. During the warmer months of October through March, darker lightweight fabrics such as tropical worsted are appropriate and a lightweight raincoat is recommended. A medium-weight overcoat is recommended for the colder months of April through August.

Business cards are usually simple, including only the basics such as company logo, name, business title, address, telephone number, and fax number. South Africans are very punctual, and South African businesspersons make every effort to be on time for appointments. Appointments should be made in advance of a business call.

2. Travel Advisory and Tips

2.1 Entrance Requirements. U.S. citizens traveling to South Africa require a valid passport. A visa is not required for regular passport holders on bona fide holiday or business visits for periods of up to 90 days or in transit. Visas are required, however, for extended stays, employment, study, and for diplomatic and official passport holders. Evidence of a yellow fever vaccination is necessary if arriving from an infected area. Information on South African visa requirements can be obtained prior to departure from the U.S. by checking with the South African Embassy in Washington, D.C. or the South African Consulates in New York, Chicago, and Beverly Hills. For information on visa requirements for other countries, contact the Embassy of the country you intend to visit, or a travel agent, or an U.S. Consular Officer.

Travelers must declare all goods in their possession with the exception of personal clothing, essential toilet articles, and used sporting equipment. In order to be free from declaration, these goods must be for the passenger's personal use and not intended as gifts or to be sold, exchanged, or traded. All articles, used or unused, carried by the visitor as presents or parcels for other persons, must be declared. There are no restrictions on the amount of Dollars that may be taken into South Africa.

U.S. Dollars cannot be used in South Africa and must be converted into Rand by authorized foreign exchange dealers, hotels, commercial banks, and certain travel agencies. It is illegal to convey foreign currency to anyone else and Dollars may not be used in commercial or other private transactions.

With a valid carnet, a visitor may enter South Africa with his automobile for a period not exceeding 12 months. An import duty will be charged on entry and rebated on departure. If a visitor wishes to sell his vehicle during his stay or upon departure, he must first obtain an import permit and pay the relevant duty.

2.2 Traveler's Advisory. A new Electronic Bulletin Board has been established in the State Department's Bureau of Consular Affairs as a means for keeping the international traveler informed about security and crime problems abroad. The bulletin board known as the Consular Affairs Bulletin Board or CABB has been designed in compliance with the Aviation Security Improvement Act of 1990, which required the Bureau of Consular Affairs to create a bulletin board for use by the American public.

In addition to crime and security information, the CABB will contain data on a variety of consular subjects, including passports for U.S. citizens, emergencies involving U.S. citizens abroad, visas for foreigners wishing to come to the United States, acquisition and loss of U.S. citizenship, international adoptions and entry requirements for Americans wishing to travel to other countries. In addition, the CABB offers copies of consular information sheets, which contain general information on every country in the world. Copies of the consular information sheet for South Africa are available from the consular sections in Cape Town, Durban and Johannesburg. Access to the CABB is free of charge to anyone with a computer and a modem. Callers simply dial 202-647-9225 from the modem.

Additional information can be found on the Internet at travel.state.gov.

2.3 Foreign Personnel. Foreigners who plan to work in South Africa temporarily must have proof of employment in order to apply for a temporary work permit. Applications should be made to the South African Embassy or Consulates in the United States. Permits are issued for one-year intervals and may be extended once in South Africa. The application process normally takes six to eight weeks. There is no fee involved. A foreign driver's license is valid for six months in South Africa. An international driver's license is valid for one-year, and must be obtained prior to leaving the United States. There are no special restrictions imposed on families accompanying foreign personnel working in South Africa. Foreigners planning to work and/or live in

South Africa must pay a deposit equivalent to the customs duty on personal effects that are brought into the country. The deposit will be refunded upon removal of goods or if the owner becomes a permanent South African resident.

2.4 Tourism. There are more than 1,500 licensed hotels in South Africa, ranging from small country hotels to large five-star city hotels. Rates are considered modest depending on the type of accommodations. Reservations should be made in advance, particularly in resort areas during the peak summer months of December and January. A guide to South African hotels and other tourism information is available from:

South African Tourism Board
500 Fifth Avenue, 20th floor
New York, NY 10011
Tel: (212) 730-2929; Fax: (212) 764-1980

Suitable long-term housing accommodations are often difficult to obtain promptly, so Americans planning lengthy stays should budget for four to eight weeks in a hotel until more permanent quarters can be located. Eating customs and menus are similar to those in Western Europe. Drinking water is both ample and safe. Tipping is lower than in Europe or the United States and ten percent is the typical rate. It is customary to tip porters, taxi drivers, waiters, and stewards.

2.5 Airlines. South African Airways, sharing a codeshare partnership with American Airlines, is currently the sole provider of direct flights to South Africa from New York's Kennedy Airport and Cape Town from Miami International Airport, although the Bilateral Civil Aviation Agreement authorizes additional direct flights. Northwest/KLM and United/Lufthansa also have codeshare flights to the U.S. via Amsterdam and Frankfurt respectively. As the new Civil Aviation Agreement currently allows up to 16 direct flights from the U.S. per week, it is expected that other U.S. carriers will begin direct service in the near future.

Over fifty foreign air carriers serve South Africa, including most European, Asian, and African airlines.

3. Business Infrastructure

3.1 Millennium Bug (Y2K). The "Millennium Bug" or "Y2K" problem arises due to computer systems and time-based consumer equipment not being programmed to recognize date digits starting with 20. On 1 January 2000, six digit date fields in many computer programs will read 01-01-00, causing the machines to interpret the date as 1 January 1900 rather than January 2000. To monitor its own and the private sector's drive to Y2k readiness the South African government established the National Year 200 Decision Support Center (Y2K Center) in February 1998 to act as a watchdog monitoring the country's progress towards Y2K compliance. In the relatively short time since it was established, the Center has been at the forefront of a national Y2K effort which has resulted in South Africa being recognized by the World Bank as one of only nine developing countries in Africa rated in the "highly aware" Y2K category and as having taken "concrete steps" to address the millennium bug.

Most banks, financial institutions and large utilities have run extensive tests on hardware and software systems to ensure Y2K compliance. At the level of the national government, the latest assessment, released in April 1999, showed the following among targeted departments:

Table 23. National Government Y2K Assessment

Department	Status
Dept. of Communications	Compliant
South African Revenue Service	Final testing of all systems
Dept. of State Expenditure	Final testing of all systems
Dept. of Transport	Final testing
National Intelligence Agency	Final testing
Dept. of Public Works	Testing
Dept. of Correctional Services	Mission critical systems compliant
Dept. of Agriculture	Mission critical systems up and running
Dept. of Finance	Remedial phase/final testing
South African Police Services	Remedial phase
Dept. of Foreign Affairs	Final Testing
Dept. of Home Affairs	Remedial phase
Dept. of Housing	Testing completed
Dept. of Justice	Implementation phase
Dept. of Labor (Main system)	Awaiting approval to migrate to open system
Dept. of Health	All information systems compliant
Dept. of Trade and Industry	N/A

Of great concern is the readiness of smaller businesses and local authorities. Less than 10 percent of small business have taken measures to ensure Y2K compliance. For most businesses, Y2K compliance in all their suppliers will be hard to monitor and assess, and non-compliant systems that link in to these organizations could disrupt operations. Additional information can be obtained from the National Year 2000 Decision Support Center.

National Year 2000
Decision Support Center
Tel: (27 12) 427-8232
Internet: www.y2k.org.za

3.2 Commercial Language. South Africa has eleven official languages. All documentation is presently printed in English and Afrikaans. English is more frequently used commercially. Most companies in South Africa are able to correspond in either language. A majority of the white population speaks both languages, as does a considerable proportion of the non-white population. There is some language sensitivity in South Africa, particularly among the Afrikaner population; consequently, many firms print much of their literature, including annual statements, in both languages. For information about languages spoken by South Africa's black and Indian populations please refer to the "Marketing and Distribution" section of this publication.

3.3 Local Time, Business Hours, and Holidays. Throughout the year, Standard Time in South Africa is two hours ahead of Greenwich Mean Time and seven hours ahead of Eastern Standard Winter Time. Clocks are not advanced in the summer. Generally, business hours are weekdays from 8:00 a.m. to 1:00 p.m. and 2:00 p.m. to 4:30 p.m. Most offices observe a five-day week, but shops are generally open from 8:30 am to 1:00 p.m. on Saturdays. Banks are open weekdays from 9:00 a.m. to 3:30 p.m., and Saturdays from 8:30 a.m. to 11:00 a.m.

Table 24. Local Holidays 1999-2000

Holiday	1999/2000
New Year's Day	January 1
Human Right's Day	March 21
Good Friday	April 2
Family Day	April 5
Freedom Day	April 27
Worker's Day	May 1
Youth Day	June 16
National Women's Day	August 9
Heritage Day	September 24
Day of Reconciliation	December 16
Christmas Day	December 25
Day of Goodwill	December 26

Note: U.S. Government offices in South Africa are closed on American legal holidays.

3.4 Telephone Service. South Africa's country code is 27. The city codes for major South African cities are: Johannesburg, 11; Pretoria, 12; Cape Town, 21; and Durban, 31. The United States can be dialed directly from South Africa using the country code 091. Peak rate calls (called standard time) to the U.S. are from 07:00 a.m. to 07:00 p.m., Monday to Friday and discount rate calls (called callmore time) are from 07:00 p.m. to 07:00 a.m. Monday to Friday. All weekend calls are at discount (callmore) rates.

3.5 Electric Current. Electric current in South Africa is alternating current, 50 cycles, 220/380 or 230/400 volts, 1, 3 phases, 2, 4 wires; 240/415 volts for Pretoria; and 250/433 volts for Port Elizabeth. The current used for industrial purposes is 525 volts/50 cycles.

3.6 Express Mail Services. DHL and Federal Express offer air express services to South Africa. The state post office mail service is unreliable and slow. Within South Africa a currier or Postnet service is recommended. Airmail from the US is slow, it van take anything between 2 to 3 weeks.

3.7 Shopping. Shopping here is similar to that in the United States, with large and very modern shopping centers. Almost everything is available. Most stores are open from 8:30 am to 5:00 p.m., Monday through Friday and from about 8:30 am to anywhere from 1:00 p.m. to 5:00 p.m. on Saturday. Overseas credit cards such as American Express, Master Card, Visa, and Diners Club can be used to pay locally. Very few walk-in retails outlets are open 24 hours a day, but most fuel stations sell basic consumer and household items and are open 24 hours per day.

3.8 Sending Gifts. Duties on bona fide unsolicited gifts entering South Africa consigned by individuals in South Africa can be fully rebated as long as (1) he or she does not receive more than two parcels per calendar year; and (2) the value of each parcel does not exceed R400. This rule excludes goods that are contained in passengers' baggage, wine, spirits and manufactured tobacco (including cigarettes and cigars).

X. APPENDICES

Appendix A: Country Data

1. Population. Roughly 43 million. Racial composition: 77 percent Black; 11 percent White; 9 percent Colored (mixed race) and 3 percent Asian. According to the 1996 official census statistics South Africa has a population of 37,859,000, these figures have however been largely discredited and revised upwards to app. 43million, at an average density of 34 per sq km, and increasing at 2.4% p.a. (1985-95 average). Birth rate 31 per 1,000. Life expectancy (1995) is 66 years (68 for women and 63 for men). The African linguistic groups comprise Zulu (38.5%), Xhosa (11.6%), Sotho (27.2%), Tswana (6.6%), Shangaan/Tsonga (6.7%), Swazi (4.4%) and several smaller groups. The so-called colored group also includes descendants of slaves brought from Malaya, Indonesia and Madagascar, and the Khoi-Khoi people of the Cape. There is also a substantial flow of inward migration of people seeking employment, most from neighboring countries such as Lesotho and Mozambique.

2. Population Growth Rate: South Africa's population grew at a rate of 2.2 % in 1997. According to the latest (October 1997) household survey conducted by Statistics South Africa, there are 2.2 million unemployed people in South Africa, or 23 percent of an economically active population of 9.8 million. Due to increased urbanization, 53.7% of South Africans now live in urban areas.

3. Religions. A mix of traditional African religions, Dutch Reformed Church, Anglicanism, Roman Catholicism, Methodism, Hinduism, Judaism. Christianity predominates at around 77%, those who profess to "no religion" 19.7%, Hinduism 1.7%, Islam 1.1%, Judaism 0.4% "other" religions 0.1%. There is some practice of traditional African religions in rural areas.

4. Government System. South Africa is a republic, consisting of a central government and nine provincial governments. It has a bicameral parliament elected every five years, consisting of the National Assembly and the National Council of Provinces under the executive leadership of the President who is elected by the National Assembly. Thabo Mbeki, representing the African National Congress (ANC), was elected President of South Africa in June 1999. As a result of the June 1999 elections the African National Congress, which won 66.35 percent of the vote, now holds 266 Assembly seats - one seat shy of a two-thirds majority and an increase of 14 from 1994.

5. Languages. There are eleven official languages. They are Afrikaans, English, Ndebele, Sotho, Tsonga, Swati, Tswana, Venda, Pedi, Xhosa, and Zulu.

6. Work Week. Monday through Friday, 8:00/8:30 a.m. to 5:00 p.m.

7. Ethnic Diversity. The semantics accompanying the complex composition of the population are complicated, rather different from those applying elsewhere, and thus potentially confusing to visitors. Foreign business executives need to be conscious of the hidden nuances of which all South African residents are acutely aware. The term 'Black' has various meanings. To some, 'Black' means all who are not white. More commonly it is used to mean black Africans only i.e., neither coloureds (a mix of White and Black), nor Indians (of Indian origin).

Appendix B: Domestic Economy

1. Domestic Economy Statistics (USD Billions)

	1997	1998	1999*
A. Nominal GDP	147.5	133.4	N/A
B. Real GDP Growth (%)	1.7%	0.1%	0.6%
C. Population (millions)	37.9	40.5	41.4
D. Population Growth Rate (%)	2.6%	2.2%	2.2%
E. Real per capita GDP (USD)	3,131	2,525	N/A
F. Inflation (CPI, average)	8.6%	6.9%	5.7%
G. GNP (Atlas method)	130.2	130.4	N/A
H. PSBR/GDP (%)	4.6	3.7	N/A

*Estimates and forecasts from various sources.

2. Production and Employment

	1997	1998	1999*
A. Labor Force (millions)	13.5	13.8	N/A
B. Unemployment Percentage	35.6%	33.9%	N/A
C. Manufacturing Volume Index (1995 = 100)	98.5	101.0	100.4
D. (Other) Mining Volume Index (1990 = 100)	97.7	107.0	104.2
E. Fiscal deficit as percentage of GDP	3.5%	2.9%	3.0%

*Estimates and forecasts from various sources. The unemployment percentage is consistent with the "wide definition" of unemployment according to which those who have not taken active steps to find work are also counted as part of the economically active population.

3. Balance of Payments and Foreign Investment (USD Billions)

1997 1998 1999*

A. Total S.A. Exports, f.o.b.	30.4	27.3	27.9
B. Total S.A. Imports, f.o.b.	28.8	26.5	27.8
C. Trade Balance	2.5	0.89	0.05
D. Current Account Balance	-1.4	-2.3	-3.4
E. Capital Account Balance	4.2	2.5	2.7
F. Gross Reserves	5.9	5.5	5.2
G. Foreign Debt as Percentage of GDP	30.4%	30.9%	N/A
H. Foreign Interest Payments to Exports Ratio	7.8	8.6	N/A
I. Average Exchange Rate	4.61	5.5	6.0

*Estimates and forecasts from various sources. 1997 U.S. Dollar R4.61. 1998 U.S. Dollar R5.5. Forecast, 1999 U.S. Dollar R6.0.

4. 1998 Year-end Contribution of Industrial Sectors to Overall Economy

Industrial Sector	Percentage Contribution
Manufacturing	25.50%
Trade and catering	15.04%
Finance, insurance, real estate and business services	14.49%
General government	13.38%
Mining and quarrying	9.72%
Transportation and communications	7.43%
Agriculture, forestry and fishing	5.28%
Electricity, gas and water	4.37%
Construction	3.48%
Other producers	2.18%
Community	1.82%

Source: Werksmans Attorneys, Business Guide to South Africa - Appendix 1.

Appendix C: Trade Data

1. Trade Statistics (USD millions)

	1997	1998	1999*
A. Total S.A. Exports (f.o.b.)	30,369	28,182	29,567
B. Total S.A. Imports (f.o.b.)	28,373	27,109	27,833
C. U.S. Exports to S.A.	2,999	3,626	2,460
D. U.S. Imports from S.A.	2,500	3,055	2,908
E. U.S. Share of total S.A. Imports	10.6%	13.4%	8.8%
F. Projected Average Annual Growth Rate of all Imports	4.8%	6.2%	N/A
G. S.A. Total Imports of Agricultural Goods	1,866	1,699	1,667
H. S.A. Imports of U.S. Agricultural Goods	219	196	183
I. U.S. % of S.A. Agricultural Imports	11.7%	11.5%	11.0%
J. S.A. Agricultural Trade Balance			

with U.S.	182	N/A	N/A

*Estimates and forecasts from various sources. 1997 U.S. Dollar R4.61. 1998 U.S. Dollar R5.5. Forecast, 1999 U.S. Dollar R6.0.

2. The US Dollar - SA Rand exchange rate

The US Dollar - SA Rand exchange rate in July of 1999 was 1 USD = 6.0 SA Rand. In 1998 the SA Rand was at an average of 5.53 to the Dollar. For the purposes of the CCG 2000, all conversions have been made using an exchange rate of 1 USD = 6.0 SA Rand.

This exchange rate is subject to continuous change, but on average forex dealer calculate a devaluation rate of app. 10 % per year. The consensus is that in 1998 the SA Rand was in a range of app. 12% to 29% below Purchasing Power Parity (PPP); in June 1999 it was app. 24% below PPP. This unusual strengthening of the SA Rand in 1999 is seen as a result of sound macro-economic policy, the positive business and political environment, as well as a more positive reassessment of emerging markets generally.
The following South African exchange rate factors come into play:
1. The inflation rate in South Africa app. 7%; this is higher than most of its major trading partners;
2. Political factors: any unforeseen political developments have a negative impact on sentiments and the strength of the SA Rand;
3. Both current and capital accounts of the balance of payments as well as the effect of currency speculation;
4. The BEM (Big Emerging Market) malaise which since the Asian contagion is also effecting external perceptions of South Africa;
5. The reluctance of the SAG to intervene in forex operations;
6. The interest rate for money market investments in South Africa. With high interest rates, there is an artificial demand for SA Rand: with every reduction in prime lending rate, there is a clear depreciation in the SA Rand.

Key market rates

	6/8/99	13/8/99	change
Repo rate	13.60	13.56	-4bp
3-month NCD	11.95	11.95	0bp
R150	14.84	14.64	-20bp
JSE overall	7 142	7 177	+0.5%
Dow Jones	10 714	10 974	+2.4%
USD/ZAR	6.1800	6.1050	-1.2%
EUR/USD	1.0737	1.0570	-1.6%
GBP/USD	1.6092	1.6042	-0.3%
USD/JPY	114.76	115.75	+0.9%
Trade weighted ZAR	43.01	43.54	+1.2%

Key economic statistics

	May	June	July
Gold & forex reserves (USDbn)	5.5	5.8	5.8
Trade balance (ZARm)	2217	2294	
CPI (% y/y)	7.1	7.3	
PPI (% y/y)	6.0	6.4	
M3 (% y/y)	6.8	6.6	

Private credit extension (% y/y)   10.4 11.4

Source: Standard Bank: Rand report: August 16, 1999

3. Major Trade/Business Journals

Computer Week
Systems Publishers Pty Limited
Private Bag X8
Craighall 2024
Tel: (27 11) 789-1808; Fax: (27 11) 789-4725

Computing South Africa
Thomson's Publications
PO Box 182
Pinegowrie 2123
Tel: (27 11) 789-2144; Fax: (27 11) 789-7194

The SA Association of Consulting Engineers Directory
PO Box 1644
Randburg 2125
Tel: (27 11) 787-5944; Fax: (27 11) 789-5264

Engineering News
Martin Creamer Publications
PO Box 75316
Gardenview 2047
Tel: (27 11) 622-3744; Fax: (27 11) 622-9350

South African Builder
Melnor (Pty) Ltd
Private Bag X20
Auckland Park 2006
Tel: 27 (11) 726-3081; Fax: 27 (11) 726-3017
Cell: 083 268 0397

Financial Mail
Times Media House
PO Box 1744
Saxonwold 2132
Tel: (27 11) 280-3000; Fax: (27 11) 280-3337

Finance Week
Private Bag X786466
Sandton 2146
Tel: (27 11) 884-7676; Fax: (27 11) 884-0468 (advertising)

Franchise Digest
Franchise Association of Southern Africa (FASA)
Postnet Suite 267
Private Bag X30500
Houghton 2041
Tel: (27 11) 484-1285; Fax: (27 11) 484-1291
Contact: Mr. Nic Louw (Executive Director)

Internet: www.fasa.co.za
E-Mail: fasa@faso.co.za

Enterprise Magazine (Black Business)
PO Box 2185
Houghton 2041
Tel: (27 11) 483-3863; Fax: (27 11) 783-5496

Appendix D: Investment Statistics

1. Year-end Stock of Foreign Direct Investments in South Africa

1993
1994
1995
1996
1997
RAND
36,334
44,701
54,764
61,976
82,463
USD
10,686
12,627
15,004
14,413
17,888

2. Year-end Stock of South African Direct Investment Abroad

1993	1994	1995	1996	1997	
RAND	61,020	67,698	84,991	114,013	133,774
USD	17,947	19,124	23,285	26,515	29,018

3. 1997 Year-end Stock of Foreign Direct Investment in South Africa by Industry

Industry	RAND	USD
Agriculture, Forestry and Fishing	0.4	0.1
Mining	3.6	0.8
Manufacturing	35.1	7.6
Construction	0.2	0.04
Trade, Catering and Accommodation	8.3	1.8
Transport, Storage and Communication	5.4	1.2
Finance, Insurance, Real Estate and Business Services	29.4	6.4
Social Services	0.1	0.02
TOTAL	82.5	17.9

4. 1997 Year-end Stock of South African Direct Investment Abroad by Region/Country

Region/Country	RAND	USD
Europe	119.8	26.0
-Switzerland	52.2	11.3
-United Kingdom	42.1	9.1
-Luxembourg	18.5	4.0
North & South America	5.5	1.2
-USA Only	3.5	0.7
Africa	6.1	1.3
Asia	0.9	0.2
Oceania	1.4	0.3
International Organizations	.009	0.002
TOTAL	133.7	29.0

Average exchange rates by year: 1993 - 3.40; 1994 - 3.54; 1995 - 3.65; 1996 - 4.30; 1997 - 4.61; 1998 - 5.53. Figures are in millions unless otherwise indicated. Source: South African Reserve Bank.

Appendix E: U.S. and Country Contacts

1. U.S. Embassy Trade Related Contacts

All U.S. Embassy contacts are included below in sections 2,3,4 & 5.

2. American Chamber of Commerce and/or Bilateral Business Councils

American Chamber of Commerce in Southern Africa
PO Box 1132
Houghton 2041
Tel: (27 11) 788-0265; Fax: (27 11) 880-1632
Email: amcham@yebo.co.za

South African Chamber of Business (SACOB)
PO Box 91267
Auckland Park 2006
Tel: (27 11) 482-2524; Fax: (27 11) 359-9773
Internet: www.sacob.co.za

Johannesburg Chamber of Commerce and Industry (JCCI)
Private Bag X34
Auckland Park 2006
Tel: (27 11) 726-5300; Fax: (27 11) 482-2000
Internet: www.jcci.co.za
Durban Chamber of Commerce and Industry
PO Box 1506
Durban 4000
Tel: (27 31) 335-1000; Fax: (27 31) 304-5255
Internet: www.durbanchamber.co.za

Cape Town Regional Chamber of Commerce and Industry
PO Box 204
Cape Town 8000
Tel: (27 21) 418-4300; Fax: (27 21) 418-1800

Internet: www.capechamber.co.za

Port Elizabeth Regional Chamber of Commerce and Industry
PO Box 2221
Port Elizabeth 6056
Tel: (27-41) 484-4430; Fax: (27-41) 487-1851
Internet: www.pechamber.org.za

3. Country Trade or Industry Associations in Key Sectors

Western Cape Investment and Trade Promotion Agency
PO Box 1678
Cape Town 8000
Tel: (27 21) 418-6464; Fax: (27 11) 418-2323

Chamber of Mines
PO Box 61809
Marshalltown 2107
Tel: (27 11) 498-7100; Fax: (27 11) 834-1884
E-mail: webmaster@bullion.org.za

Agricultural and Veterinary Chemicals Association (Plant Protection and Animal Health Association of South Africa)
PO Box 1995
Halfway House 1685
Tel: (27 11) 805-2000; Fax: (27 11) 805-2222
E-mail: accasa@pixie.co.za

Information Technology Users Council
PO Box 1688
Halfway House 1685
Tel: (27 11) 805-3151/2; Fax: (27 11) 315-7341
E-mail: ituc@mweb.co.za

Electrical Engineering and Allied Industries Association
SA Engineers and Founders Association
Electronics and Telecommunications Industry Association
Ferro Alloy Production Association
Iron & Steel Producers Association
Non-Ferrous Metal Industry Association
Materials Handling Association
All found at:
PO Box 1338
Johannesburg 2000
Tel: (27 11) 833-6033; Fax: (27 11) 838-1522

Motor Industries Federation
PO Box 2940
Randburg 2125
Tel: (27 11) 789-2542; Fax: (27 11) 789-4525
E-mail: tina@samiea.org.za

The Exhibition Association of South Africa (EXA)
Private Bag X07
Bertsham 2013
Tel: (27 11) 494-9193; Fax: (27 11) 494-1506

Information Technology Association
PO Box 3277
Randburg 2125
Tel: (27 11) 789-3805; Fax: (27 11) 789-3805

National Clothing Federation of South Africa
PO Box 75755
Gardenview 2047
Tel: (27 11) 622-8125; Fax: (27 11) 622-8316

The S.A. Association of Consulting Engineers
PO Box 1644
Randburg 2125
Tel: (27 11) 787-5944; Fax: (27 11) 789-5264
E-mail: saace@iafrica.com

The Grocery Manufacturers' Association of South Africa
PO Box 34
Randburg 2125
Tel: (27 11) 886-3008; Fax: (27 11) 886-5375

4. South African Black Business Organizations

Black Management Forum (BMF)
PO Box 781220
Sandton 2146
Tel: (27 11) 784-4407; Fax: (27 11) 784-4644
Internet: http://bbn.co.za/bmf/

Foundation for African Business & Consumer Services (FABCOS)
PO Box 8785
Johannesburg 2000
Tel: (27 11) 333-3701; Fax: (27 11) 333-1234

National African Federated Chamber of Commerce & Industries (NAFCOC)
PO Box 61213
Marshalltown 2107
Tel: (27 11) 336-0321; Fax: (27 11) 336-0420

5. 5. Country Government Offices Relating to Key Sectors and/or Significant Trade Related Activities (Links to each of these offices can be found on the Internet at www.gov.za/ministry/index.html).

Mr. A. Erwin, Minister of Trade and Industry
Private Bag X274
Pretoria 0001
Tel: (27 12) 322-7677; Fax: (27 12) 322-7851

Dr. Z. Rustomjee, Director-General, Department of Trade and Industry
Private Bag X84
Pretoria 0001
Tel: (27 12) 310-9791; Fax: (27 12) 322-2701

Mr. R. Kasrils, Minister of Water Affairs & Forestry
Private Bag X313
Pretoria 0001

Tel: (27 12) 338-7500; Fax: (27 12) 328-4254

Mr. Mike Muller, Director-General of Water Affairs & Forestry
Private Bag X313
Pretoria 0001
Tel: (27 21) 338-7500; Fax: (27 21) 328-4254

Ms. S.D. Mthembi-Mahanyele, Minister of Housing
Private Bag X644
Pretoria 0001
Tel: (27 12) 441-879; Fax: (27 12) 341-8513

Mrs. M. Nxumalo-Nhlapo, Director-General of Housing
Private Bag X644
Pretoria 0001
Tel: (27 12) 421-1311; Fax: (27 12) 341-2998

Dr. A.T. Didiza, Minister of Agriculture & Land Affairs
Private Bag X844
Pretoria 0001
Tel: (27 12) 323-5212/3/4; Fax: (27 12) 321-1244

Mr. G.M. Budlender, Director-General of Land Affairs
Private Bag X833
Pretoria 0001
Tel: (27 12) 312-8911; Fax: (27 12) 323-7124

Ms. B. Njobe-Mbuli, Director-General of Agriculture
Private Bag X250
Pretoria 0001
Tel: (27 12) 319-6000; Fax: (27 12) 326-3454

Mr. T.A. Manuel, Minister of Finance
Private Bag X115
Pretoria 0001
Tel: (27 12) 323-8911; Fax: (27 12) 323-3262

Ms. M. Ramos, Director-General of Finance
Private Bag X115
Pretoria 0001
Tel: (27 12) 315-5111; Fax: (27 12) 323-3262

Ms. P. Mlambo-Ncguka, Minister of Minerals & Energy
Private Bag X646
Pretoria 0001
Tel: (27 12) 322-8695; Fax: (27 12) 322-8699

Mr. S. Nogxina, Director-General of Minerals & Energy
Private Bag X59
Pretoria 0001
Tel: (27 12) 317-9000; Fax: (27 12) 322-3416

Mr. M.V. Moosa, Minister of Environment Affairs & Tourism
Private Bag X447
Pretoria 0001
Tel: (27)(12) 321-9587; Fax: (27 12) 323-5181

Prof. P. Fitzgerald, Director-General of Environment Affairs & Tourism
Private Bag X447
Pretoria 0001
Tel: (27 12) 310-3911; Fax: (27 12) 322-2682

Ms. S.N. Sigcau, Minister of Public Works
Private Bag X890
Pretoria 0001
Tel: (27 12) 324-1510; Fax: (27 12) 325-6380

Mr. C. Gounden, Director-General of Public Works
Private Bag X65
Pretoria 0001
Tel: (27 12) 337-2000; Fax: (27 12) 323-2856

Dr. I. Matsepe-Casaburri, Minister of Posts, Telecommunications & Broadcasting
Private Bag X860
Pretoria 0001
Tel: (27 12) 427-8111; Fax: (27 12) 362-6915

Mr. A.A. Ngcaba, Director-General of Posts, Telecommunications & Broadcasting
Private Bag X860
Pretoria 0001
Tel: (27 12) 427-8000; Fax: (27 12) 427-8026

Mr. A.M. Omar, Minister of Transport
Private Bag X193
Pretoria 0001
Tel: (27 12) 309-3000; Fax: (27 12) 328-3194

Mr. D.D. Patel, Director-General of Transport
Private Bag X193
Pretoria 0001
Tel: (27 12) 309-3000; Fax: (27 12) 324-3486

Mr. B. Nconde, Minister of Sports & Recreation
Private Bag X896
Pretoria 0001
Tel: (27 12) 321-1781/2; Fax: (27 12) 321-8493

Mr. M. Tyamzashe, Director-General of Sports & Recreation
Private Bag X896
Pretoria 0001
Tel: (27 12) 334-3100; Fax: (27 12) 321-6187

Professor K. Asmal, Minister of Education
Private Bag X603
Pretoria 0001
Tel: (27 12) 326-0126; Fax: (27 12) 323-5989

Dr. N.C. Manganyi, Director-General of Education
Private Bag X895
Pretoria 0001

Tel: (27 12) 312-5911; Fax: (27 12) 321-6770

Mr. J.T. Radebe, Minister of Public Enterprises
Private Bag X15
Hatfield, 0028
Tel: (27 12) 342-7111; Fax: (27 12) 342-7226

Dr. Z.S.T. Skweylya, Minister of Welfare & Population Development
Private Bag X885
Pretoria 0001
Tel: (27 12) 328-4600; Fax: (27 12) 325-7071

Ms. L. Abrahams, Director-General of Welfare & Population Development
Private Bag X901
Pretoria 0001
Tel: (27 12) 312-7500; Fax: (27 12) 323-5277

Dr. M.E. Tshabalala-Msimang, Minister of Health
Private Bag X399
Pretoria 0001
Tel: (27 12) 328-4773; Fax: (27 12) 325-5526

Dr. A. Ntsaluba, Director-General of Department of National Health
Private Bag X828
Pretoria 0001
Tel: (27 12) 312-0000; Fax: (27 12) 325-5706

6. Country Market Research Firms

South African Market Research Association (SAMRA)
P O Box 91820
Auckland Park, 2006
Tel: (27 11) 482-1419; Fax: (27 11) 726-3639

SAMRA will be happy to refer US companies to an appropriate market researcher depending on subject matter and type of study required.

Institute of Marketing Management South Africa (IMM)
PO Box 91820
Auckland Park 2006
Tel: (27 11) 482-1419; Fax: (27 11) 726-3639
Internet: www.imm.co.za

7. Country Commercial Banks

There are over 40 banks registered in South Africa, however four commercial banking groups have traditionally dominated the industry:

Amalgamated Banks of South Africa (ABSA)
International Banking Division
PO Box 62238
Marshalltown 2107
Tel: (27 11) 833-5800; Fax: (27 11) 833-1171
Internet: www.absa.co.za

Standard Bank Group
International Business Center

PO Box 3720
Johannesburg 2000
Tel: (27 11) 636-9112; Fax: (27 11) 636-6062
Internet: www.sbic.co.za

First National Bank Holdings
1 First Place
Bank City
PO Box 1153
Johannesburg 2000
Tel: (27 11) 371-2111; Fax: (27 11) 371-2257
Internet: www.fnb.co.za

Nedcor Bank Limited
PO Box 1144
Johannesburg 2000
Tel: (27 11) 630-7111; Fax: (27 11) 630-7810
Internet: www.nedcorgroup.co.za

South Africa has one of the most sophisticated banking infrastructures in the world. Its banking industry is an integral part of the broader South African financial services industry. The demand for banking services in South Africa is high. There are roughly 22 million adult South Africans, around 10% of whom have check accounts, 15% have card-based facilities and 40% have transmission or savings accounts that are accessible via ATMs. Bank branches are usually modern outlets offering facilities which comply with the highest international requirements and provide impressive electronic banking services.

Although foreign banks are unable to accept deposits, the number of foreign banks represented in South Africa has grown steadily, increasing the intensity of competition in the industry. There are over 60 foreign banks operating in South Africa, either via representative offices, branches, subsidiaries or joint ventures with local companies. International banks in the country have focused on off-shore lending (where they have a competitive advantage as a result of their low overheads and their ability to raise funds at comparatively favorable rates), as well as treasury activities for corporate clients and government.

The banking sector comprises:

* The South African Reserve Bank, the key institution supporting the sector and the Central Bank of South Africa
* Commercial banks which provide retail and clearing bank facilities
* Merchant banks, specializing in corporate finance, investment management and money and capital market trading
* Discount houses
* Other banks with specific functions (e.g., the Land and Agricultural Bank and the Development Bank of Southern Africa)

There is also an organized money market and a capital market that includes the Johannesburg Stock Exchange (JSE), the Bond Market Association (BMA), the South African Futures Exchange (SAFEX), and related brokering activities.

Government intervention in the industry is largely confined to the protection of depositors and the implementation of monetary policy, taking the form of changes in the rate at which the Reserve Bank lends to the commercial banks, and requirements placed on their cash and liquid assets reserves.

Additional information can be obtained from the Financial Services Board.

Financial Services Board
PO Box 35655
Menlo Park
Pretoria 0102
Tel: (27 12) 428-8000; Fax: (27 12) 347-0221

8. Multilateral Development Bank Offices

U.S. Department of Commerce Liaison Office
African Development Bank
01 B.P. 1387
Abidjan 01, Cote D'Ivoire
Tel: (225) 21-46-16; Fax: (225) 22-24-37

World Bank Resident Mission in South Africa
IBRD Section:
PO Box 12629
Hatfield 0028
Tel: (27 12) 342-3111; Fax: (27 11) 342-5511
Contact: Ms. Judith Edstrom (Resident Representative)

U.S. Department of Commerce
Liaison to the U.S. Executive Directors Office
International Bank for Reconstruction and Development
1818 H. St., NW
Washington DC 20433
Tel: (202) 458-0118; Fax: (202) 477-2967

Office of Multilateral Development Banks
U.S. & Foreign Commercial Service
U.S. Department of Commerce
Room H-1806
Washington, DC 20230
Tel: (202) 482-3399; Fax: (202) 482-3914

Appendix F: Market Research

All U.S. Department of Commerce-generated information about South Africa's marketplace, including the Industry Sector Analyses, is publicly available through the National Trade Data Bank (NTDB). The NTDB can be accessed through any federal depository library, purchased on CD-ROM, or on the Internet: www.stat-usa.gov
* * * * * * * * *
During FY 2000, the Commercial Service is scheduled to produce ISA's (Industry Sector Analysis) on the following topics:
Cosmetics and Hair care
Franchising
Privatization of Infrastructure Projects

Food Processing
Airport Projects in the SADC
Power Generation/Distribution in the SADC
E-Commerce
Water Treatment Services
Managed Healthcare Services
Commodities Market
Wireless Telecommunications in the SADC
Tourism

Industry Sector Responsibility

FCS Johannesburg

Trade Specialist: Luisa Dos Santos
Major Sectors: Airports Expansions
Automotive
Broadcasting
Telecommunications
Financial Services

Trade Specialist: Thamie Lefakane
Major Sectors: Agricultural Equipment
Energy
Tourism

Trade Specialist: Averil Millard
Major Sectors: Computer Hardware and Software
Information Technology
Security Equipment
Environmental Services, Technologies and Equipment
Textiles, Apparel and Shoes
Electronics
Mining Equipment and Services

Trade Specialist: Beki Ndimande
Major Sectors: Health Care Services
Medical Equipment
Pharmaceuticals

FCS Durban

Trade Specialist: Laurie Kohrs
Major Sectors: Tourism
Chemicals
Food processing

FCS Cape Town:

Trade Specialist Chris Turner
Major sectors: Infrastructure
Tourism
Agriculture

Appendix G Kwa-Zulu Natal (KZN) as Region of Opportunity

Commercial Service (CS) Durban invites comments and detailed questions on any of the subjects raised in the article below.

GEOGRAPHIC AND POLITICAL

KZN comprises 8% of South Africa's geographic area and is the most populated province in the nation with nearly 9 million people. KZN enjoys two of the continent's premier harbors - Richards Bay and Durban. This is the main reason that industry -domestic manufacturers and foreign investors alike- is migrating to KZN. Immediate proximity to increasingly business-friendly Mozambique (another country with excellent harbors) is a second reason for KZN has been a favorite target for foreign investors in the past several years. A final factor behind KZN's burgeoning economy is the high number of government-supported "Spatial Development Initiatives" (SDI) in the region, including the enormously attractive Lubombo SDI (tourism development in South Africa, Mozambique and Swaziland); there are also promising local SDI's as Richards Bay, relocation of the Durban Airport and expansion of the Durban Port.

REGION OF OPPORTUNITY

KZN is aptly described as a Region of Opportunity. KZN accounted for nearly half of South Africa's economic growth last year [Source: KZN Ministry of Economic Affairs 10/1/98] and promises more of the same in 1998. It is no surprise that a recent study conducted by an U.S. analyst identified KZN as South Africa's "most globally competitive region."

THRIVING ECONOMY

CS Durban identifies these factors as the major underpinnings for KZN's competitiveness:

Relatively inexpensive transport costs - "first world" rail, road, air and sea infrastructure.
Location on South Africa's eastern coast, with proximity to Asian markets in particular.

Among the lowest rates for electric power in the world.
While by no means perfect in terms of its crime problem, Durban is presently the safest among South Africa's four major cities; in Durban's surrounding area, particularly the Midlands, politically-related violence declined significantly. following peaceful local elections in June 1996. The situation continues to stabilize.
A pro-business climate at both the municipal (Durban) and provincial (KZN) levels.
A superb quality of life, including climate, cultural life, housing and recreational opportunities.
As a result, over the past 5 years, more foreign investment in physical plant, joint ventures and new companies has taken place in KZN than in any other province [Source: KwaZulu Finance Corporation, September 28, 1998]. KZN now has South Africa's second largest provincial economy, contributing approximately 15% of the nation's GDP. CS Durban sees KZN's share of GDP growing even more dramatically in the next 5~10 years as the migration from the "interior" to the "coast" accelerates.

AMERICAN BUSINESS IN KZN

Thirty U.S. companies are now in the province, the second highest concentration in the country. Sara Lee (America's largest employer in South Africa) and Masonite (which will celebrate 50 years in SA next year) are good examples of this high-level presence.

BEST TRADE & INVESTMENT PROSPECTS FOR AMERICAN COMPANIES

CS Durban has identified the following sectors as the best trade opportunities for U.S. suppliers: land use, engineering and spatial planning for infrastructure projects; financial and commercial feasibility studies for infrastructure; health care; vocational training; IT; and security. In the investment area, these sectors offer particularly promise: tourism, manufacturing, food processing, and chemicals (including petrochemicals).

CS Durban believes that the visitor industry is the #1 prospect by far and is the key to the economic and commercial future of the KZN region. While the prospects for tourism may be the brightest overall, provincial authorities are giving manufacturing, especially for regional and international export markets, their number one priority - any US firm coming into this sector will be welcomed with open arms. The province's manufacturing base is relatively strong and now accounts for 30% of the GPP. As new companies are created through the privatization of Transnet & Portnet (the South African Government's parastatal in charge of ports, airports, etc), a whole host of good commercial opportunities may arise in the next five to ten years (e.g. BOO, BOT, ROT).

COMMERCIAL SERVICE DURBAN

The U.S. Department of Commerce has a full-service office in the American Consulate General, Durban, to support the efforts of U.S. business to expand operations in KZN and to locate reliable local partners for both trade and investment ventures.

For more information contact:

E-MAIL: fcsdbn@icon.co.za
FAX: (27) 031-301-0265
TEL: (27) 031-304-4737

Appendix H West Coast Tourism Initiative

The West Coast Investment Initiative (WCII) is a drive by national government, in partnership with provincial and local government, to harness the economic and investment potential of the region. Stretching from Atlantis in the south to Vredendal in the north, the WCII area includes the industrial hub of Saldanha/Vredenburg, which is helping the West Coast Peninsula to become the region's industrial heart. The farming towns of Vredendal, Citrusdal, Clanwilliam, Piketberg, Morreesburg, Malmesbury and Wupperthal and the coastal towns of Elands Bay, Lamberts Bay and Doring Bay, also form part of the region. While the economy of the West Coast has been dominated by agriculture and manufacturing, tourism is considered a sustainable resource (if managed correctly) with great potential for growth. The tourism sector has grown rapidly in the West Coast, as is evident from the sharp increase in guesthouses, farm tourism, and restaurant and retail outlets.

Tourism offers excellent opportunities for public-private sector partnerships (PPPs). The West Coast Investment Initiative's project management team is designing such partnerships in:
Algeria in the Cedarberg wilderness area, where Cape Nature Conservation manages hiking and accommodation facilities.
Lamberts Bay, which has an invaluable resource, Bird Island, where members of the local community, in partnership with the municipality, are to develop under-utilized coastal land.
At the Langebaan site of the National Parks Board office, negotiations have begun with the National Parks Board, Cape Nature Conservation and the local municipalities around the creation of recreation and accommodation joint ventures, which will provide equity opportunities for large and small investors.

BACKGROUND: The South African government designated the West Coast as one of eight "Spatial Development Initiatives" (SDI) locations in the country. The intention is to focus interest, effort, and investment in a specific location of potential, with under-utilized infrastructure and resources. The West Coast Investment Initiative is focused on the opportunities created by the steel mill of Saldanha Steel as well as the under-utilized opportunities in agriculture, tourism and fishing in the region. This initiative opens a window of opportunity to potential investors in an area with a significant resource base, adequate infrastructure (and substantial plans to improve) and an environment which offers attractive social facilities and natural attributes. In addition, an investor friendly package of incentives and institutional arrangements is in place to enhance innovative and sound investments.

The decisions by Namakwa Sands Mining and Saldanha Steel to invest in the region were made in the 1990s. These projects have highlighted the potential for growth in the region. The investment of Saldanha Steel has introduced leading edge technology that places the plant as the global leader in the integration of technology and environmental compatibility.

Statistically, the West Coast region contributed only 1% of GNP (1991) and 1.8% in 1997. It is, however, a (stable) source of large quantities of the national wheat requirements, is significant in citrus production, has grown in importance as a producer of wine and deciduous fruit for export and became important in the exports of iron ore and other minerals through Saldanha Bay.

The region is of particular environmental importance and boasts a National Park, two Ramsar wetland sites (Verlorenvlei and Langebaan Lagoon) and the impressive wilderness areas within the Cedarberg mountains. It is also internationally renowned for its flower and bird species.

The West Coast Investment Initiative (WCII) is one of eight Spatial Development Initiatives (SDIs) in South Africa because the region has high growth potential for internationally competitive industries, and is linked to a port for easy trade access.

West Coast Investment Initiative (WCII) aim is to:

Stimulate sustainable job creation;
Realise the growth potential of existing infrastructure and resources in the region, including human resources;
Encourage the involvement of small, medium and micro enterprises (SMMEs); and
Develop the export potential of the region through the port.

Key aspects of SDIs include:

Crowding in of investment;
Public-private partnerships (PPP);
Inherent economic potential;
Political commitment; and
Rapid planning and delivery.

WEST COAST TOURISM:

The resource base: The region has a rich history and variety of tourist attractions, and the potential for coastal resort areas are still largely underdeveloped compared to the other coastal regions of the Western Cape such as the Cape Metropole, Overberg and Southern Cape. The Port Owen Marina and Club Mykonos offer unique, high quality facilities, but have not yet fully realized their potential. Several holiday resort settlements are in the process of being established, including Shelley Point, Yzerfontein, Paternoster, Dwarskersbos and Strandfontein. The granting of casino license for the region in the near future will greatly enhance the tourism prospects.

Bioregional planning principles are being applied to the planning of the region in terms of UNESCO's Global Biodiversity Strategy. The intention is to balance the requirements of human quality of life, the economy and the environment.

The Ramsar Sites: Verlorenvlei and Langebaan lagoon have a unique range of bird species. South Africa undertook to manage these resources in terms of world standards, ensuring the sustainability of internationally threatened fauna and flora and biological systems.

The nature reserves: To protect the diversity of the natural resource base of the region, the West Coast National Park has been established. The area has an unusually rich and internationally renowned plant, animal and bird life.

The numerous significant archaeological sites: The sites illustrate the socio-historical importance of preserving the human history of many centuries. There is a rich heritage of bushman rock art within the mountain ranges of the region. At an excavation site at Elandsfontein, near Hopefield, animal remains and stone implements dating back some 500,000 years have been discovered. Fossil sites in the area have yielded spectacular finds, including fossil crocodiles, a giant long legged bear and wolverines. The recent discovery at Langebaan of two human footprints dating from 117,000 years ago (as published worldwide in National Geographic, September 1997), and the previous "Saldanha Man" discovery, emphasize the importance of the West Coast's archaeological heritage.

INVESTMENT OPPORTUNITIES FOR US FIRMS: Tourist accommodation is concentrated in the Vredenburg/Saldanha area, with Malmesbury having the second largest concentration. More than 60% of the accommodation facilities are in the southernmost portion, within 150 km of Cape Town. According to the WCII, there is a critical shortage of hotels, holiday cottages, flats and rooms of acceptable quality. This provides investors with the opportunity to provide such facilities. Roads, electricity and water are not an inhibiting factor in the provision of tourist accommodation and services.

Small launching facilities are essential for exploring the potential for water sport. In many instances, such as at Mykonos, Port Owen and Lamberts Bay, they are adequate, while opportunities to improve the facilities at Saldanha and Langebaan can be used positively by the private sector.

Specific projects identified by the WCII include:

Langebaan Lodge: The sight lies adjacent to South African national Parks Board (SANP). Proposals are invited for a public/private partnership development of a hotel, restaurant, a retail complex, a West Coast National Park eco-tourism center and amenities such as a market, bathing and boat launching.

Lamberts Bay Waterfront: The development will be a resort-type harbor-focused development including a hotel, seafood restaurants, retail opportunities, resort accommodation, and extended public areas with amenities such as open-air markets, bathing and boating.

CS Cape Town sees the hotel projects as being of particular interest to US companies that are already active in the construction, planning and management of hotel and tourist-related facilities. According to the WCII, the opportunity is more attractive for US investors because of the return on investment that is anticipated by the WCII because of anticipated growth in the region.

Appendix I: Trade Event Schedule for CS South Africa 1999 / 2000 / 2001

1999

October 19 - 23	Saitex - Johannesburg Contact: Averil Millard
October 25-26	Saitex - Durban Contact: Laurie Kohrs
October 28, 29	Saitex - Cape Town Contact: Rizwan Khaliq
October 24-Nov 3	Corporate Council of Africa Mission Contact: Andrea Chambers (Tentative)
Late October	Cross Sector Catalog Show Contact: Bheki Ndimande (Tentative)

November 9-20   I.T. International Buyers visit to COMDEX, Orange County, CA., and Denver
Contact: Chris Turner

2000

February 12-18	American Education Expo 2000 Contact: Averil Millard
February - March	Infrastructure 2000 Catalog Show - Durban Contact: Laurie Kohrs (Tentative)
March 19-20	Infrastructure 2000 Catalog Show - Cape Town Contact: Rizwan Khaliq (Tentative)
March 23 - 25	Franchise Expo - Johannesburg Contact: Thamie Lefakane (Tentative)
March 26-April 6	National Medical Association TM Contact: Bheki Ndimande
April 11-14 Contact Laurie Kohrs	Maritime 2000 Exposition - Durban
June 4-8	Supercomm 2000: Atlanta, Georgia Contact: Luisa dos Santos

2001

March	Franchise Expo - Johannesburg Contact: Thamie Lefakane (Tentative)

APPENDIX J SOUTH AFRICAN WEBSITES

August 1999

(IMPORTANT SOUTH AFRICAN WEBSITES FOR US - SOUTH AFRICA COMMERCE, INVESTMENT AND STATISTICS)
This non-exhaustive listing does not include US search engines and commercial databases for sourcing US exporters, manufacturers etc. This is available from the address detailed below. The US FCS also has a listing of SADC - related websites which is available free of charge from the below address.

A very extensive web listing with many, often academic, hotlinks to socio-political and economic sites covering South and southern Africa is hosted by Columbia University (www.columbia.edu) under the heading African Studies. Many hotlinked sites are resident in Europe. Do a search for a topic or enter:
http://www.columbia.edu/cu/libraries/indiv/area/Africa/bus.html

This listing can be used as a random-access database by pressing Ctrl F and entering a concept (e.g. customs).

The US Foreign Commercial Service assumes no responsibility for the content or availability of these sites.

Bold entries refer to South African search engines / databases.

Acronym a-z
and / or Name
http://
Activities
Comments

Agricultural Research Council

www.botany.uwc.ac.za

Ananzi

www.ananzi.co.za
Search Engine

ANC
Political Party
www.anc.org.za

Andersen Consulting

www.ac.com

Accounting
Business
Associations and Institutes

www.tecnet.co.za

Listing of professional / industrial associations / institutes

Barney's

www.barney.co.za/

SA real-time business
Extensive database
Braby's

www.brabys.co.za

Full database on the internet

Brain
Business Referral and Information Network
www.brain.org.za

Small business support network
Extensive
Buildnet

www.buildnet.co.za

Building & construction
Civil eng, housing, building standards etc.
Business day
Newspaper
www.bday.co.za

Financial and business daily newspaper

Cape Town

www.capechamber.co.za

Chamber of Commerce
Regional business interests
CCMA
Commission for Conciliation, Mediation and Arbitration
www.ccma.org.za

Labor
SA government agency
Chamber of Mines

www.bullion.org.za
Mining houses & employers' group

Coopers & Lybrand

www.coopers.co.za

Accounting
Business
CSIR
Council for Scientific and Industrial research
www.csir.co.za

Technical
SA Government sponsored agency for R&D.
Customs SA Information

www.removalists.com/customs/sacustoms.html

DBSA
Development Bank of Southern Africa
www.dbsa.org

SA based funding bank for capex and infrastucture
Hotlinks to major projects in the region
Deloitte & Touche

www.dtt.co.za

Accounting
Business

DOC - ITA

www.ita.doc.gov

US DOC home page for export markets
Comprehensive
DTI
Dept of Trade and Industry
www.gov.za/dti

Government / Services / Trade
FDI /sourcing and export incentives
Durban City Authority

www.durban.org.za
Durban promotion agency
Major Southern African container port
Econometrix

www.econometrix.co.za

Consulting economists' firm
Reputable macro-economic research
Edata

www.edata.co.za

Financial and marketing sources site
Extensive with good hotlinks under Research
ELA
Earthlife Africa
www.earthlife.org.za

Environmental protection group
Vocal
Ernest & Young

www.eysa.co.za

Accounting
Business
Escom
Electricity Supply Commission
www.eskom.co.za

SA statutory electricity utility

E-Spec-Online

www.e-spec.co.za

Building and Construction
Sourcing of products and services
Exchange Rates
Business Times newspaper
www.btimes.co.za/currency/currency.htm

Daily Rand / forex rates

Ezee-Dex
Who does What?
www.edx.co.za

Commercial database
Paid on-line and CD-Rom based database
Fanagalo

www.fanagalo.co.za

Press search engine

Financial Mail Internet Edition

www.fm.co.za
Business publication

Fisher Hoffman Sithole

www.fhs.co.za

Major SA accounting firm
Business
Gogga

www.gogga.ru.ac.za

Press search engine
Hosted by Rhodes University
Health Systems Trust

www.hst.org.za

Health policy review

Healthlink

www.healthlink.org.za

Review of medical sector

HSRC
Human Sciences Resource Council
www.hsrc.ac.za

SA Gov.'s human sciences agency
Diplomas, degrees homoligation etc.
IDC
Industrial Development Corporation of SA Ltd.
www.idc.co.za

SA Government Ind. Dev. promotion agency

Industrial relations

www.ir-net.co.za

Industrywise

www.industrywise.co.za
Extensive sector- specific commercial database
Covers SA and Africa
Interactive Investor SA

www.iii.co.za

Real-time JSE share prices
Many financial products reviewed
International Chamber of Commerce - SA Committee

www.iccwbo.org

International Trade Administration
Trade Development

http://tradeinfo.doc.gov
US federal export assistance programs / country / regional market info
US Department of Commerce
ISA
Investment South Africa
www.isa.co.za

SA Government agency to encourage FDI

ITWeb

www.itweb.co.za

News service provider on the IT sector in SA
Very focused, very extensive
JCCI
Johannesburg Chamber of Commerce & Indust.
www.jcci.co.za

Regional interests' chamber
> 4000 members, many SMMEs
JSE
Johannesburg Stock Exchange
www.jse.co.za

Info on all listed companies and market
Slow at end of day's trading
KMI
Kwa-Zulu Natal Marketing Initiative
www.kmi.co.za

Regional trade / investment promotion agency

Legal Information Systems

www.legalinfo.co.za

Mac
Market Access and Compliance
www.mac.doc.gov/africa

Site providing U.S. companies with a full range of information on accessing foreign markets.
Formerly the Global Export Market Information System (GEMS).
Mail & Guardian

www.mg.co.za

Weekly upmarket editorial newspaper
Southern African edition with archives' search
Market Potential indicator for Emerging Markets

www.ciber.bus.msu.edu/publicat/mktptind.htm
Market research

Mbendi

www.mbendi.co.za

Commercial database of sectors and businesses
Covers South Africa and southern Africa
MMI
Mpumulanga Investment Initiative
www.mii.co.za

Regional trade and investment promotion agency

MRC
Medical Research Council
www.mrc.ac.za

Mweb

www.mweb.co.za
Search Engine

Nedbank

www.nedbank.co.za

Financial
Major banking group
Nedlac
National Economic Development and Labour Council
www.nedlac.org.za

Labour

NTDB
National Trade Database
www.stat-usa.gov

US Dept of Commerce trade and investment information service
Massive economic, commercial and political database of most countries in the world. US $ 150.00 fee p/a.
Old Mutual

www.oldmutual.co.za

Financial
Major SA investment house
Plastics Federation of SA

www.plasticsinfo.co.za

Plastics' Industry website

Polity
Site of the now defunct Government of National Unity
www.polity.org.za

Political
Useful hotlinks
Rand Merchant Bank

www.rmb.co.za

Financial and Investment bank
Economics report
Rapid

www.rapidttp.co.za
Travel and Tourism info on Africa
Extensive
Rubani

www.rubani.com

Search engine
African country profiles
SA Business Guidebook

www.guidesa.co.za/

SA Financial Sectoral Forum

www.finforum.co.za

Linked to ABSA's data resources with sectoral and macro-eco prognoses
Very extensive.
Many hotlinks to other financial institutions, agents etc.
SA Futures Exchange

www.safex.co.za
Derivatives' trading, data, etc.
Comprehensive website, add-ons
SA Government

www.gov.za

SA Government home page
Many, very useful hotlinks
SA Govt. Website
SA Government and Communication System
www.gcis.gov.za

Official SA national govt. website
Many hotlinks
SA Institute of Race Relations
SAIRR
www.raicc.org.za

Authoritative, independent, social research organization and watchdog
Researches education, business, unemployment housing, etc
SA National Government Admin.
SA provincial, regional, local and city governments
www.gov.za

Official homepage
Hotlinks to SAG departments, agencies, institutions, tenders, etc.
SA Online

www.saol.co.za

Commercial database for SMME's
Business support & opportunities. Accessible with FCS - JHB
SA Reserve Bank

www.resbank.co.za

SA State Tenderboard

www.tenderboard.co.za

Subscriber databank with 2000 new tenders per week
Accessible free of charge at the CIRC, FCS - JHB.
SABS
SA Bureau of Standards
www.sabs.co.za

SA Government agency
Technical standard and norms; consumer protection
SACOB
SA Chamber of Business
www.sacob.co.za

National business
interests' group

SAIRR
South African Institute of Race Relations
www.pcb.co.za/saiir

Political
Watchdog civic organization
Sanlam

www.sanlam.co.za

Financial
Investment House
SDI
Spatial Development Initiative
www.sdi.org.za

DTI webpage for industrial development
In support of SA and SADC geo-clusters
South African Reserve Bank

www.resbank.co.za
SA central bank

Standard Bank

www.sbic.co.za
Commercial Bank

Statistics
South Africa
(ex-Central Statistical Services)
www.statssa.gov.za

National statistics, census
Certain services are cost recovery
Stones

www.stones.co.za

Internet-based business solutions

Tariffic

www.tariffic.com

Global customs tariff info.
Paid-up subscription
Times Media Limited

www.tml.co.za

Business Information

Travel Allowances
US Department of State maximum per diem travel allowances

www.state.gov/www/perdiems

Monthly updates for Johannesburg, Pretoria, Cape Town and Durban
Authoritative indicator of comparative living expenses
UNISA
University of SA
www.unisa.ac.za
Academic
Hotlinks
US Embassy
Pretoria
www.usia.gov/posts/pretoria

Political, Commercial, Economic, Consular

Welcome to South Africa

www.southafrica.net
South Africa
Hosted by SA Embassy, Washington, DC
Werkmans

www.werksmens.co.za
Legal
Attorneys
Hotlinks to legal firms in southern Africa
Worldtariff

www.worldtariff.com

Global customs tariff info.
Paid-up subscription
Woza

www.woza.co.za
News provider

Year 2000 bug

www.y2k.org.za
SA Government site

Zebra

www.zebra.co.za
Search Engine

Comments and suggestions from users on these and other related websites would be appreciated:

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US Foreign and Commercial Service
Commercial Information Resources Center (CIRC), Johannesburg, SA
Tel: (**27) 011 442-3571
Fax: (**27) 011 442-3761
E-mail: usfcs@icon.co.za

Should you as a stateside-client of US FCS - Johannesburg be able to land a success story by exporting to South or Southern Africa, this office will gladly place your business partners in the area on a list for free subscriptions of commercial publications from the US. Please advise us!

Visit the US Commercial Service in South Africa on the following home page: www.ita.doc.gov/fsa

APPENDIX K CCG CUSTOMER SURVEY AND FEEDBACK FORM

Thank you for referring to our Country Commercial Guide (CCG)! We welcome your inputs in order to improve the quality of our research.

Please take a minute to complete this form and fax back to FCS in Johannesburg, South Africa:
Fax # ** 27 11 442-3770

1. CUSTOMER SURVEY

Please complete these fields

SURNAME:
INITIALS:
Mr. Ms. Mrs.
ADDRESS:
COMPANY:
Tel #
Fax #
Email:
POSITION:
ACTIVITY:
COMMERCIAL SECTOR:

Are you new to the export market of South Africa?

How did you get to know about FCS and the CCG?

Have you referred to the CCG before?

Which are your preferred means of obtaining information on a new export market: visits, inquiries, the web, outsourcing?

2. Feedback - How do you feel about our CCG?

Poor
Average
Good
Excellent
Presentation

Clarity

Brevity

Scope

Detail

Relevance

Usefulness

Other:

please specify !

3. Would you again refer to our CCG?
Why ?

4. Are there any aspects of the CCG which have become redundant or require overhauling or expansion?

Which?

Thank You!

End of Document