

# US GAUTENG TRADE AND INVESTMENT PRESENTATION

Gauteng Growth and Development Agency



## ABOUT THE GAUTENG GROWTH AND DEVELOPMENT AGENCY



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The purpose of the Gauteng Growth and Development Agency is to provide specialized and focused strategic capability for the Gauteng Province to implement its economic development policies and strategies.

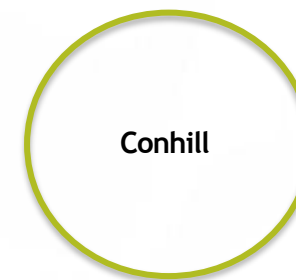
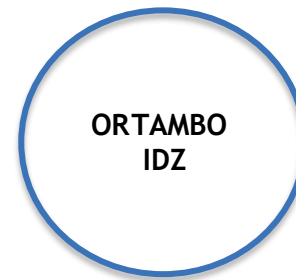
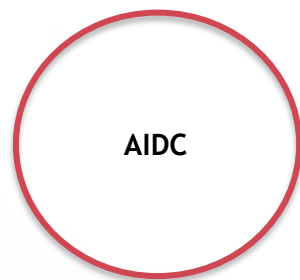
## Key focus areas are:

- **Trade & Investment (Investment Attraction, Investment Promotion & Export Development)**
  - INVESTSA One-stop shop facilities
  - Attraction of foreign direct investment (FDI) domestic direct investment that supports the modernization and reindustrialization of Gauteng's economy.
  - Increase the global investment and trade footprint of Gauteng enterprises.
  - Increase intra-Africa trade
- **Economic Infrastructure,**
  - Provider of strategic economic infrastructure that supports and facilitates radical economic transformation and the reindustrialization of Gauteng.
- **Business Intelligence and Research**
  - <sup>3</sup>• Provider of Economic Research, Economic Information and Business Intelligence



# GGDA ECOSYSTEM

The GGDA is endowed with subsidiaries that strategically drive growth in these sectors for example, **The Innovation Hub** is the first Science and Technology Park (STP) by international standards in Southern Africa-established with a view to spurring the development of smart industries (high- technology sectors) in Gauteng, TIH's role in the provincial innovation ecosystem is to be a catalyst for innovation and a key knowledge economy driver, in line with the Gauteng Growth and Development Strategy. **The AIDC** manages the Automotive Supplier Park (ASP) and provides services to the automotive sector and the automotive original equipment manufacturers (OEMs). AIDC provides assistance through automotive investment facilitation, skills development and training, incubation programmes and supply chain development. Additionally, the **Industrial Development Zone (IDZ)**, a special economic zone set up around the OR Tambo precinct, was established to support industrial development in Gauteng Province with specific focus on mineral beneficiation and export-oriented, value-added industry, concentrated around OR Tambo International Airport, in Ekurhuleni. The core purpose of **ConHill** is to add to the rejuvenation of the Johannesburg Inner City through the development and promotion of the ConHill Heritage Project.



# WHY SPECIAL ECONOMIC ZONES?

## SEZ INCENTIVES PACKAGED TO SUPPORT FOREIGN OR DOMESTIC DIRECT INVESTMENT

### Special Economic Zone Investment Incentives



#### **Infrastructure funding:**

With the support of the dti SEZ fund, designated SEZs can apply for grant infrastructure funding for the development of bulk and topstructure, resulting in lower rental rates being offered to the market



**Duty-free imports** of rawmaterials or equipment utilised for production in the Zone



**Tax deductions** of up to ZAR900m in respect of projects above ZAR200m



A **lower corporate tax of 15%** vis-à-vis the standard 28% is proposed for companies housed within the SEZ



**Exemption from Value Added Tax** for goods produced in the Zone for export



All employers operating in a designated SEZ are entitled to access the **employment tax incentive**, assisting to reduce the employer's cost through a **cost sharing mechanism with government**



Provision of **working capital loans through a metals financing scheme**

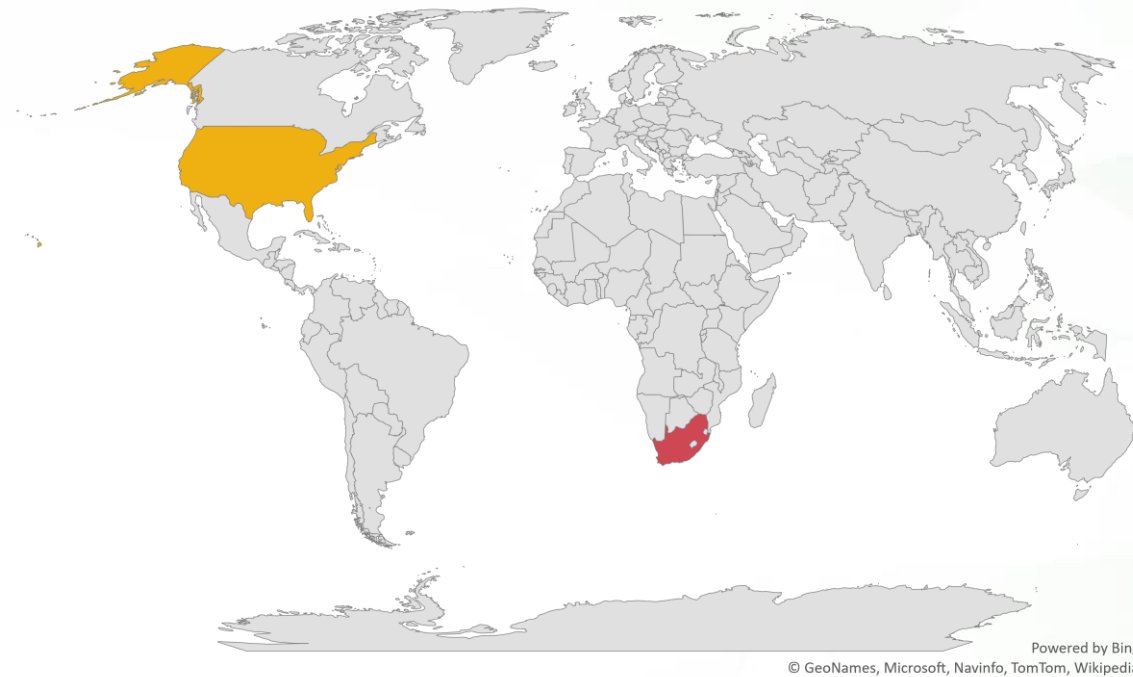
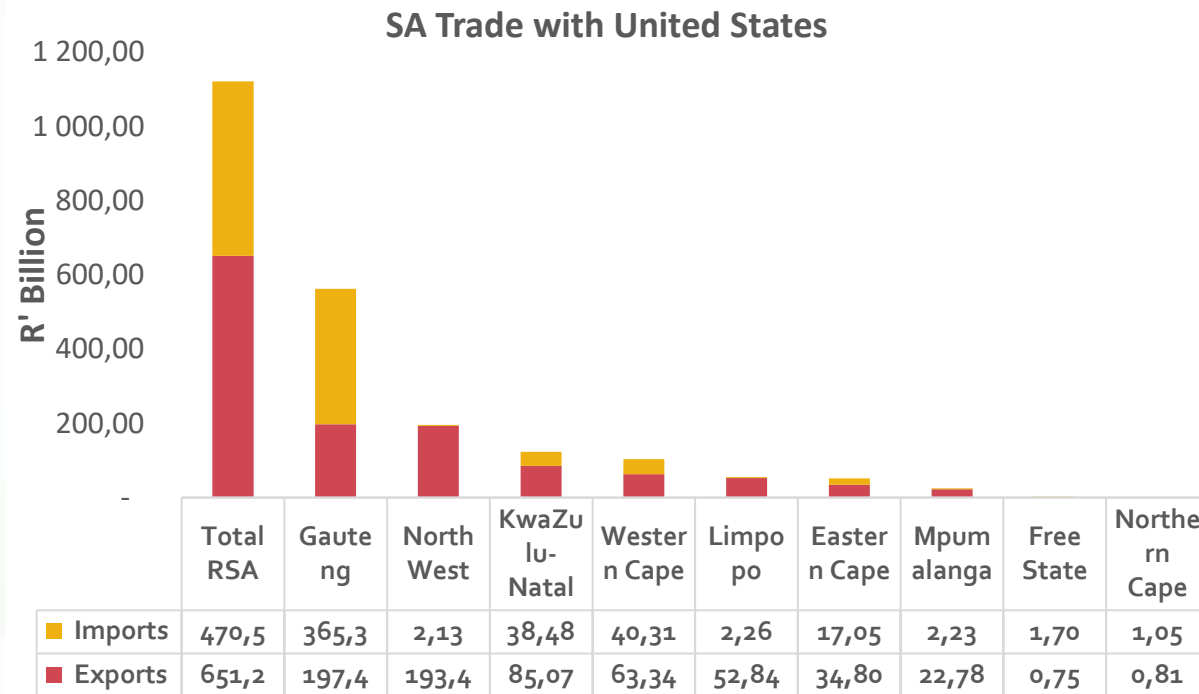


Businesses operating within approved SEZs will be eligible for an **accelerated depreciation allowance on capital structures (buildings)** at a rate equal 10 per cent per annum over 10 years

## TRADE BETWEEN GAUTENG AND UNITED STATES (2016-2021)



# TRADE BETWEEN GAUTENG AND UNITED STATES (2016-2021)

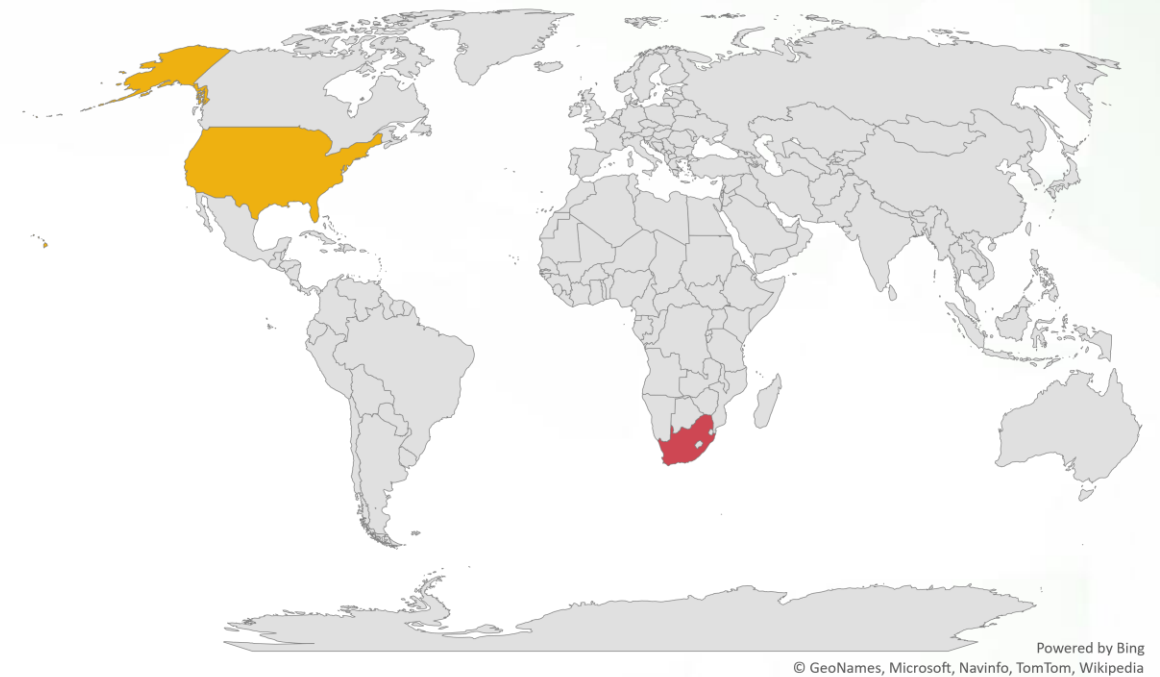
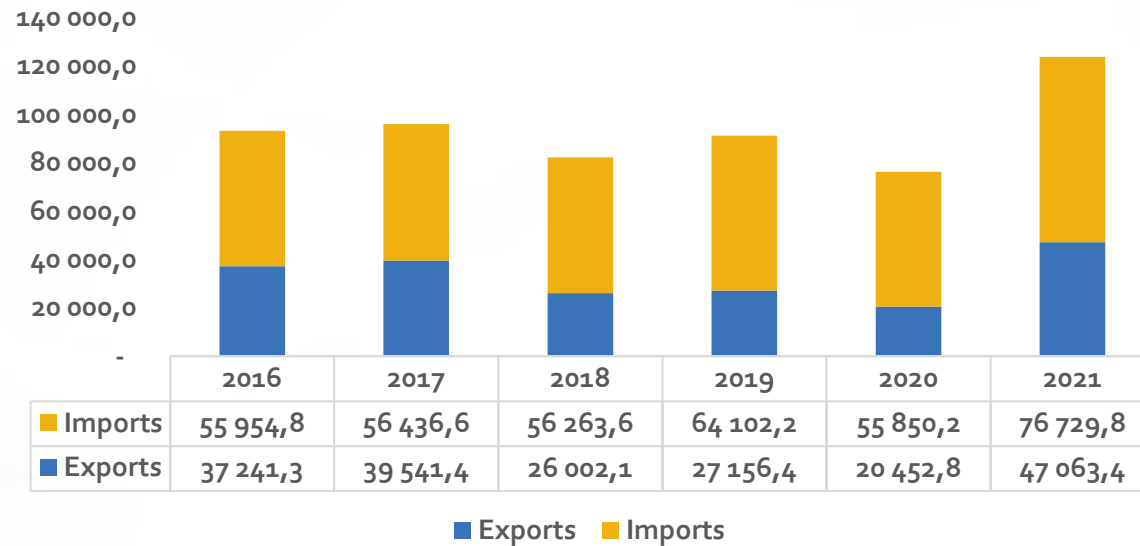


- Since 2016, total trade between South Africa and United States has amounted to R1121.8 billion worth of goods and services.
- Between 2016-2021 South Africa exported R651.3 billion worth of goods and services to the United States.
- Over the same period inbound goods and services imported from the United States amounted to R470.6 billion. Representing a national trade surplus of approximately R180.7 billion.



# TRADE BETWEEN GAUTENG AND UNITED STATES (2016-2021)

Gauteng Trade with United States

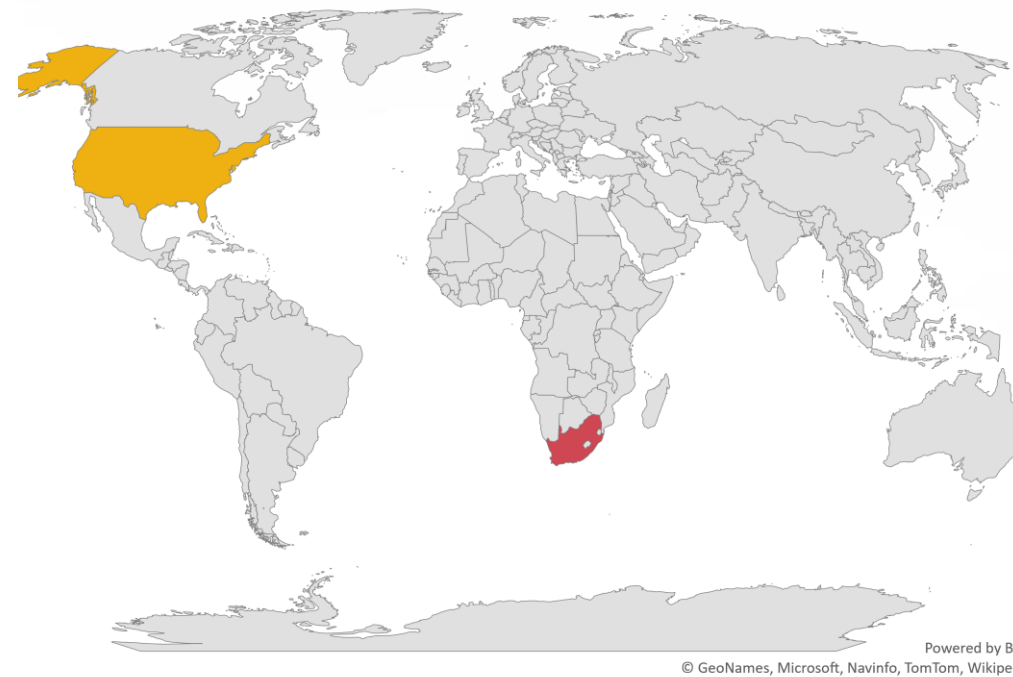
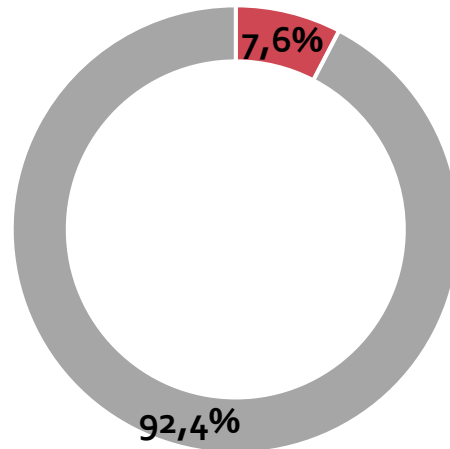


- Over the same period the Gauteng City-Region exported R197.5 billion worth of goods and services to the United States, accounting for 30.3% of goods and services exported from South Africa to the United States
- Additionally, the Gauteng City-Region received R365.3 billion worth of goods and services from the United States, representing 77.6% of goods and services imported from the United States

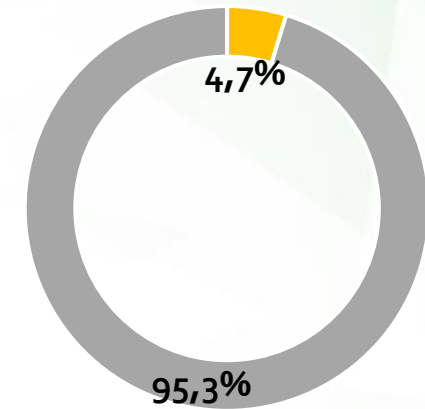


# TRADE BETWEEN GAUTENG AND UNITED STATES (2016-2021)

■ Imports from United States  
■ Total Imports to Gauteng



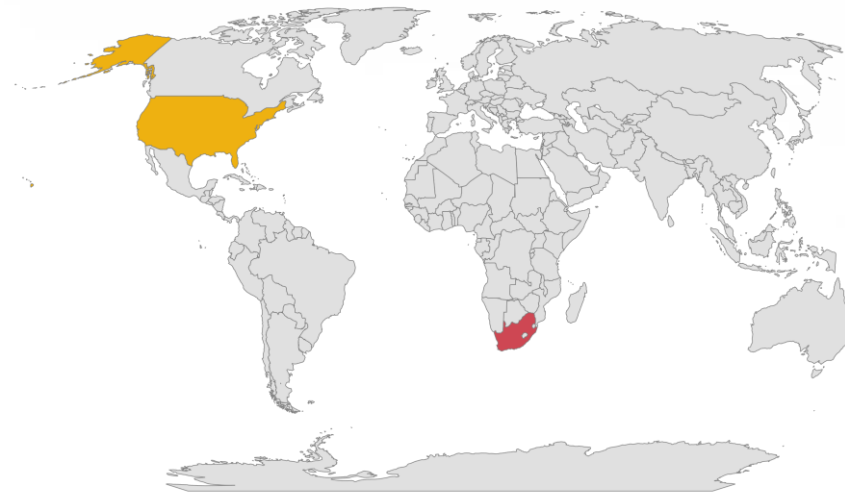
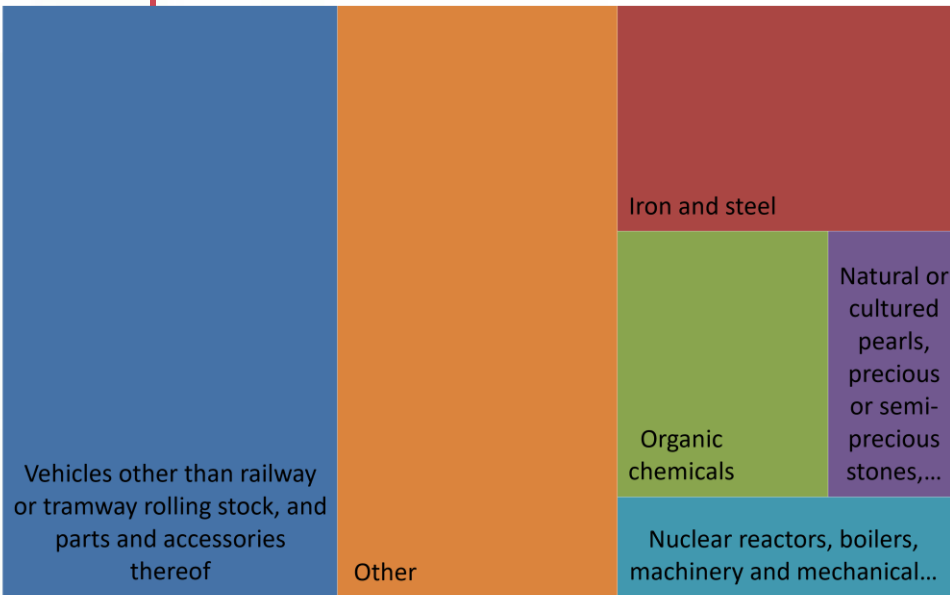
■ Exports to United States  
■ Total Gauteng Exports



- The United States is GAUTENG's third largest trading partner, after China, and Germany
- Additionally, GAUTENG's United States largest trading partner in Africa
- The United States accounts for 7.6 % of Gauteng's Imports
- 4.7% of Gauteng's Exports are bound to the US Market

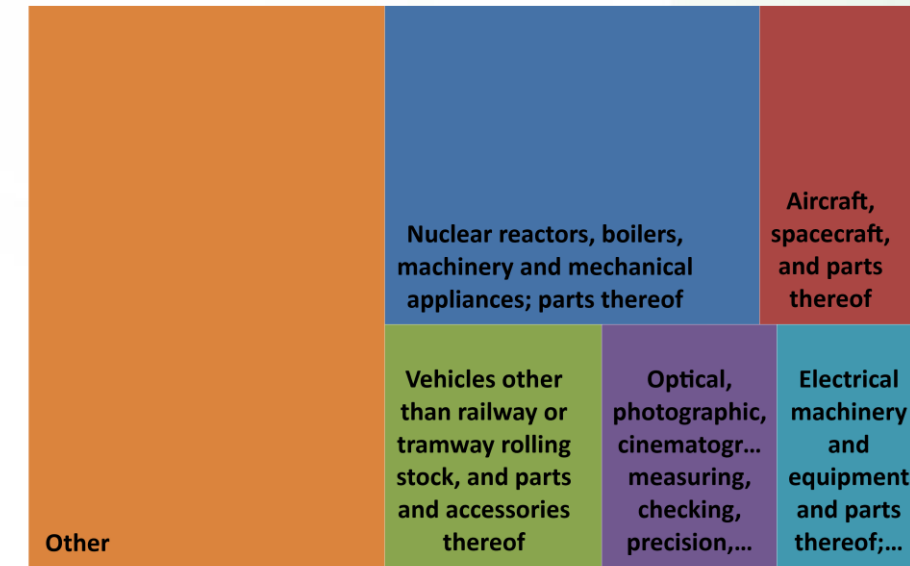
# TRADE BETWEEN GAUTENG AND UNITED STATES (2016-2021)

Top 5 Exports from Gauteng to US



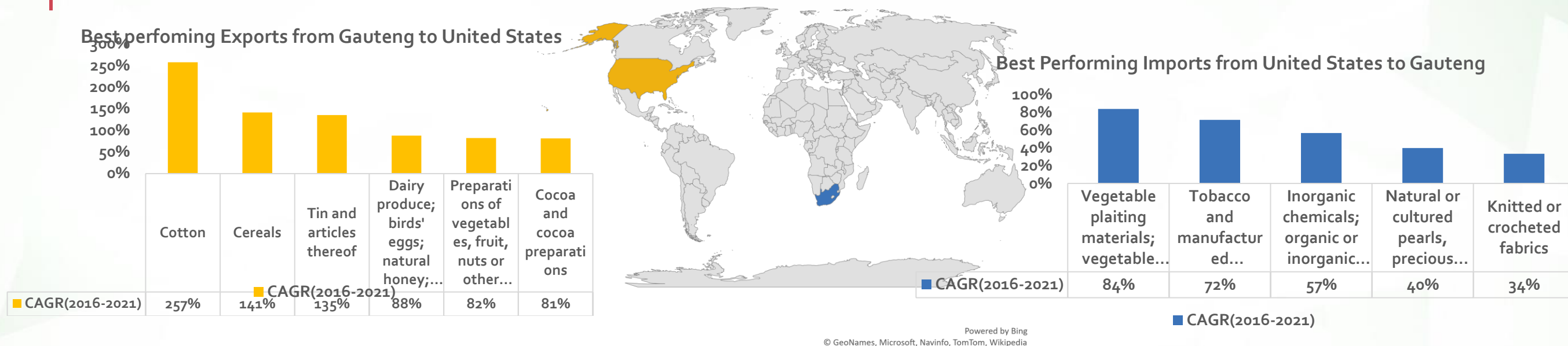
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Top Imports from US to Gauteng



- The top 5 exported commodities from Gauteng to the US are *Motor Vehicles, Iron And Steel, Organic Chemicals, Precious Stones, and Capital Equipment*
- The top 5 imported commodities from the US to Gauteng are *Capital equipment, Motor vehicles, Photographic Equipment, Aircraft Related Parts and Advanced Electrical Machinery.*

# TRADE BETWEEN GAUTENG AND UNITED STATES (2016-2021)



- The fastest-growing exported commodities from Gauteng to the US are *Cotton, Cereals, Tin related articles and Vegetable preparations.*
- The fastest-growing imported commodities from the US to Gauteng are *Vegetable preparations, Tobacco related goods Inorganic chemicals and Precious stones.*

# SUMMARY OF TRADE BETWEEN GAUTENG AND UNITED STATES (2016-2021)

Country	Share of Gauteng Imports	Share of Gauteng Exports	Top 5 Exported Goods	Top 5 Imported Goods	Top 5 Fastest-Growing Exports	Top 5 Fastest-Growing Imports	Competitive Exports	Competitive Imports
USA	7.6%	4.74%	<ul style="list-style-type: none"> <li>Ores and slag</li> <li>Motor Vehicles</li> <li>Iron and steel</li> <li>Nickel</li> <li>Cereals</li> </ul>	<ul style="list-style-type: none"> <li>Capital Equipment</li> <li>Vehicles</li> <li>Aircraft, Spacecraft</li> <li>Optical instruments etc</li> <li>Electrical machinery &amp; equipment.</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Cotton,</li> <li>Cereals,</li> <li>Tin related articles and</li> <li>Vegetable preparations.</li> </ul>	<ul style="list-style-type: none"> <li>Vegetable preparations,</li> <li>Tobacco related goods</li> <li>Inorganic chemicals and</li> <li>Precious stones.</li> </ul>	Destination market for: <ul style="list-style-type: none"> <li>23% Organic chemicals</li> <li>14% Aircraft and spacecraft parts</li> <li>10% Original equipment components</li> <li>9% Motor vehicles</li> </ul>	Source market for: <ul style="list-style-type: none"> <li>48.6% Aircraft, Spacecraft</li> <li>22.2% Explosives, pyrotechnic products, matches</li> <li>17% Optical photographic equipment,</li> <li>17.6% Pulp of wood and other cellulose materials</li> <li>10% of Pharmaceutical products</li> </ul>

## FDI BETWEEN GAUTENG AND UNITED STATES 2014-2020



# US COMPANIES INVESTING IN GAUTENG (2016-2021)

69

Number of FDI Investments

7 389

Jobs

R33.3 billion

Total Investment

Source: FDI Markets, GGDA BI

## Notable companies

PriceWaterHouse Coppers

Deloitte Touche Tohmatsu

Amazon Web Services

Harvard Business School (HBS)

Cummins

Microsoft

Ford

SAS (SAS Institute)

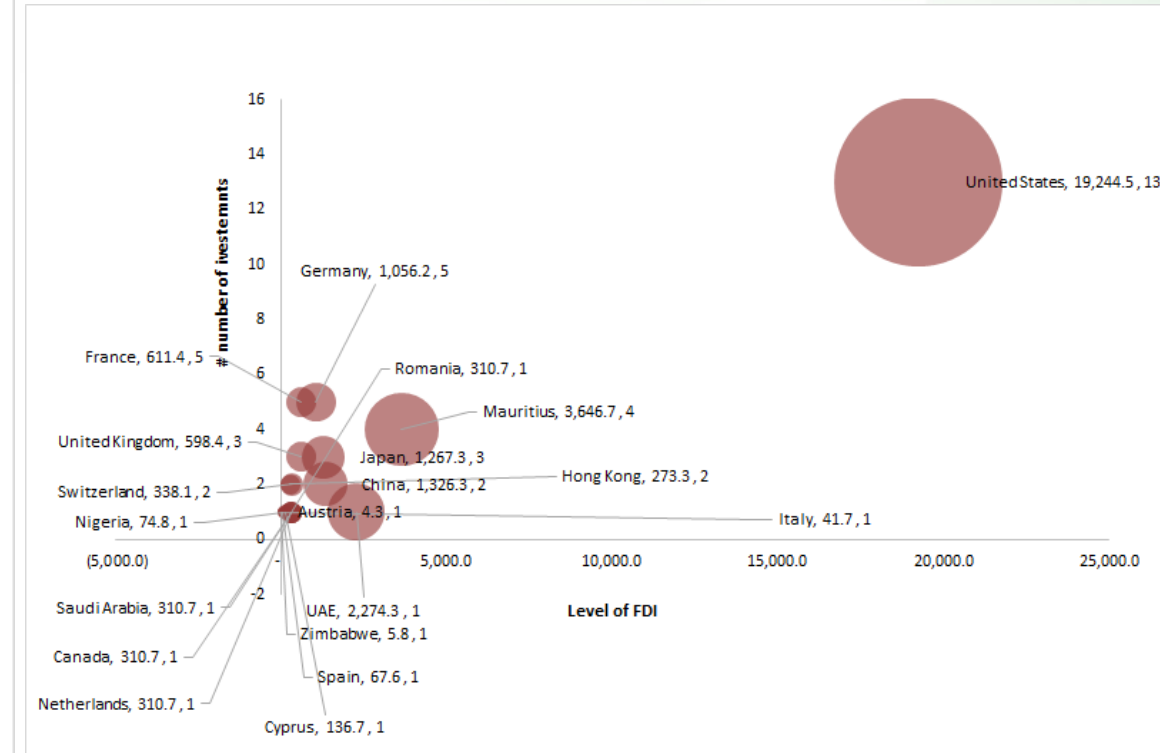
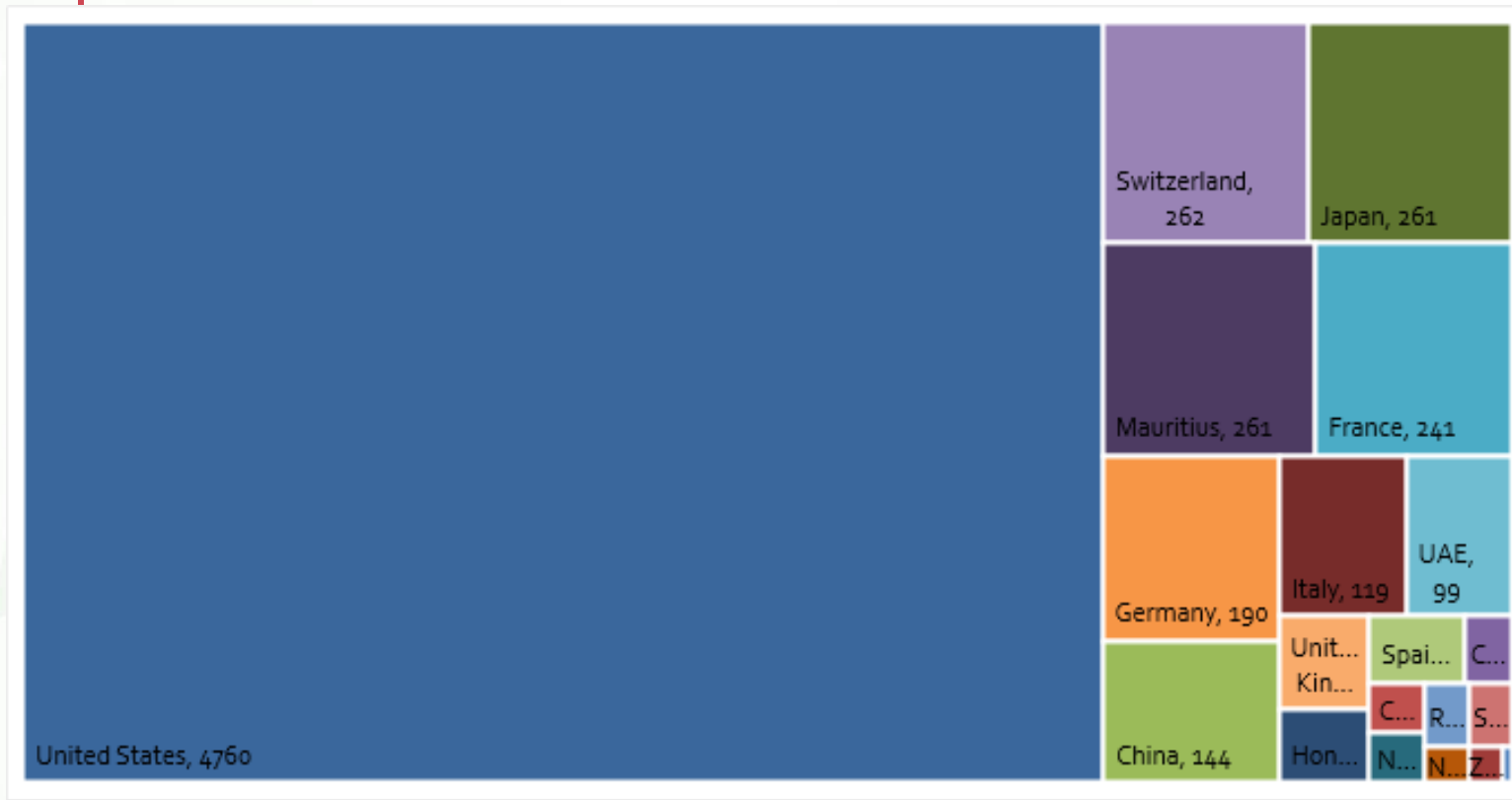
General Electric (GE)

Airbnb



# 2020 GAUTENG FOREIGN DIRECT INVESTMENT PERFORMANCE

Jobs Created by FDI, by country



- Historically the United States has been GAUTENG's largest source of FDI.
- Between 2003 and 2019 US investments accounted for 19% of FDI inflows in the country.
- Keeping with the trend, in 2020, the United States was Gauteng's largest source of FDI
- A total of 13 major investments worth R19.2 billion
- Notable investments in 2020 include, **Crane Worldwide Logistics, CrowdStrike, Fulcrum Biometrics,, Plug and Play and Ford**
- Additionally the US sources FDI led to approximately 4 760 direct jobs



## AREAS OF COLLABOARATION



# POSSIBLE AREAS OF COLLABORATION BETWEEN GAUTENG AND THE US

## General Areas of collaboration

- Increase Local collaboration with US Companies to support Localization interventions
- Investment attraction facilitation and attracting further FDI's
- Increase US air access into Gauteng
  - *United Airlines commenced services in Jun2021 will a daily flight to Newark (New Jersey).*
  - *Delta Airlines resumed services in August 2021 will a daily flight to Atlanta.*
- Technology transfer, skills Development & Training interventions

## Auto Sector

- Electric Vehicle landscape interventions: Research and Development within the ( EV batteries/ research/ best practice etc)
- A possible meetings with US Embassy sector officers based in SA, so to share the SA Automotive Master Plan 2035 and look at joint thinking around, knowledge based learning and conference with joint sector experts ( locally & abroad)
- Attract investment into the auto sector in TASEZ,AIDC Supplier Park ( linked to point 1)
- Local development & collaboration to support within Auto Sector, university projects, skills transfer

## Advanced Manufacturing

- Collaboration in development of hydrogen fuel cells sector
- Technology transfer, skills transfer and investment in Advanced manufacturing in future and current SEZs
- Technology transfer, skills transfer and investment in Healthcare & Pharma and Agro-processing

## Creatives Industry

- Cultural Exchange between US and Gauteng (tapping into the Africa diaspora)
- Use of 4IR technology and Augmented Reality in improving the tourist and creative industry offering



FOR MORE INFORMATION CONTACT

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# THANK YOU

