

FREE STATE BUSINESS

THE GUIDE TO BUSINESS AND INVESTMENT IN THE FREE STATE

2014/15



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FREE STATE BUSINESS

This edition of Free State Business 2014/15 sets out to continue its tradition as a highly successful reference guide to business and investment in the Free State province.

In this publication we will attempt to paint a comprehensive canvas on this golden province, the Free State, and how it fits into the bigger picture that is South Africa. We will strive to tell the reader about the resources and the endless possibilities in the Free State. This book is intended to be an essential, region-specific reference guide for entrepreneurs and investors eyeing the Free State as a business destination.

We have outlined in greater detail in this publication an overview of the Free State as an investment destination. We take the reader through the province's natural, agricultural and mineral resources and opportunities arising out of its unique advantages as South Africa's most central province.

We will also inform our readers about the enterprise development, export promotion and investment facilitation efforts of the Free State Development Corporation, the province's economic development arm which has been tasked with fast-tracking the Free State's economic development agenda.

The Free State is evolving into one of the country's fastest-developing regions in the country, thanks to a number of game-changing projects unfolding in the province's districts.

One of the pillars of our development strategy as the Free State Province is to attract investment and also position the industrial sector as a key contributor to economic growth and development in the province. We also wanted to come up with development models that would grow the economy in a sustainable manner so that this province does not lose its precious human and natural resources to other provinces and so that it actually creates wealth for its people where they live.

We place these initiatives in the public domain so that local entrepreneurs and international investors will embrace this province as their business destination of choice. ■

Ikhraam Osman

Chief Executive Officer, FDC

CONTENTS

South Africa in brief	1
Free State in brief	3
Regional overview of the Free State Province	4
Establishing a business in South Africa	11
South African investment incentives	13
Reasons to invest in the Free State	15
Free State Development Corporation: Profile	16
Free State investment opportunities	18
Free State trade opportunities	24
Export Marketing and Investment Assistance	25
Agriculture	26
Mining	29
Manufacturing	31
Transport and logistics	34
Tourism	37
Oil and Gas: Sasol	39

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South Africa in brief



South Africa's platinum mining sector contributes significantly to the country's GDP.

In 2014 South Africa celebrated 20 years of democracy. A peaceful election was held with the African National Congress getting the support of more than 60% of the voting public. Although there have been significant achievements in the delivery of basic sanitation, electricity and housing (nearly four-million units since 1994), unemployment rates are high.

Sound financial management has seen South Africa's macro-economic fundamentals become strong off the shaky base the apartheid regime created. In particular, prudent controls meant that South Africa was able to withstand the shockwaves sent around the world by the international financial sector meltdown.

South Africa has the 24th-largest economy in the world and contributes 30% of Sub-Saharan GDP despite having only 6.5% of the population. Growth has been steady.

There are three levels of government: national, provincial and municipal. The nine provinces each has a premier and a legislature and they have certain limited powers. Municipalities provide services such as water, electricity and waste removal. South Africa has 270 district and local municipalities, and eight metropolitan municipalities, including Mangaung (Bloemfontein).

Geography and climate

South Africa's location between the Atlantic and Indian oceans ensures a generally temperate climate. The 2 954km coastline stretches from the border with Namibia on the Atlantic to the border with Mozambique in the east. The cold Benguela current sweeps along the western coast while the warm Indian Ocean ensures that the Mozambique/Agulhas current is temperate.

South Africa's coastal plain is separated from the interior by several mountain ranges, mostly notably the Drakensberg which runs down the country's eastern flank. Smaller ranges in the south

and west mark the distinction between the fertile coastal strip and the dry interior known as the Karoo.

Most of the country has summer rainfall but the Western Cape receives its rain in winter. Droughts are not uncommon and although the national average is 464mm, most of the country receives less than 500mm of rain every year.

The Orange and Vaal rivers play important roles in water schemes and irrigation and the Limpopo River defines the country's northern boundary. A number of rivers run strongly from the Drakensberg to the sea but South Africa has no navigable rivers.

Maize is produced in large quantities in the interior with the Free State province prominent. The dry interior mostly supports livestock in the form of sheep and cattle. South Africa is the world leader in mohair production. Wines and fruit are specialties of the Western Cape while KwaZulu-Natal and the

low-lying areas of Mpumalanga are known for sugar cane and tropical and subtropical fruits, Limpopo is a major vegetable producer.

Economy

While the economy continues to grow – driven largely by domestic consumption – growth is at a slower rate than previously forecast. It is projected to grow by 3.5% in 2014 and 3.8% in 2015.

Although mining plays a far smaller role in the economy than it used to, it still contributes 10% to GDP and is experiencing something of a revival due to greater demand for platinum, iron ore and manganese from China and India.

The biggest confirmation of international perceptions of South Africa as a gateway to the African market came in 2011 with the invitation for South Africa to join BRICS. BRICS is the grouping of Brazil, Russia, India and China which intends to put the case of emerging markets more forcefully on the international stage. China is South Africa's biggest trading partner as a single country (since 2009) although the European Union is still the largest as a bloc.

South Africa has played a big role in the African Union and been involved in several peace-keeping efforts on the continent.

The overall investment environment remains encouraging. A G20 country, South Africa is considered a low-risk investment destination for investors looking for a foothold into Africa. As the continent's largest African investor, South Africa sends more than 25% of its manufactured products into the continent.

Through investment incentives and industrial financing interventions, the government actively seeks to encourage commercial activity and attract foreign capital. South Africa earned around R42-billion in foreign direct investment in 2011, which was more than four times the amount in 2010. ■



MINING **4.9%**
 AGRICULTURE **2.2%**
 CONSTRUCTION **3.0%**
 MANUFACTURING **15.2%**
 PERSONAL SERVICES **5.4%**
 ELECTRICITY AND WATER **1.8%**
 GOVERNMENT SERVICES **13.7%**
 WHOLESALE, RETAIL AND MOTOR TRADE **12.5%**
 TRANSPORT, STORAGE AND COMMUNICATION **9%**
 FINANCE, REAL ESTATE AND BUSINESS SERVICES **21.5%**

South Africa has a diverse economy, with key sectors roughly contributing to GDP as indicated (as of end of 2013).

SOURCE: STATISTICS SOUTH AFRICA (2014)

Free State in brief



Brill House, Grey College, Bloemfontein.

The Free State is South Africa's most centrally located province. It has borders with most other provinces and the mountainous country of Lesotho is its eastern neighbour.

The landscape is characterised by wide open spaces in the west and beautiful valleys in the foothills of the Maluti mountains in the east. The province is sparsely populated, with a population of less than three-million people mostly living in the north and east of the province. Sotho is the most widely spoken language, followed by Afrikaans. The region receives its rainfall in summer but sometimes the west and south can experience drought.

The province is relatively well watered with the Vaal and Orange rivers defining its northern and southern boundaries. In addition, a network of smaller rivers run through the area and run-off from hills and mountains ensures that the good soils of the area are well irrigated.

The capital city of Bloemfontein is known as 'the City of Roses' and its schools such as Grey College, St Andrew's High School, Central High School and Eunice High School for girls all enjoy excellent reputations.

The Free State has several major assets in the creative sector so business investors and their families will be well catered for in many fields:


- Pacofs presents musical and theatrical shows and administers the huge Sand du Plessis Theatre Complex. The Free State Symphony Orchestra and dance and opera companies perform regularly.
- The Macufe Festival has become a national event. Held in Bloemfontein every year, it attracts upwards of



The Sand du Plessis Theatre.

150 000 festival-goers to a range of dance, theatre, music, poetry and fine art events.

- OFM is central South Africa's biggest independent radio station. It has a wide audience that listens to English and Afrikaans programmes across the Free State, Northern Cape, North West Province and southern Gauteng. ■



REGIONAL OVERVIEW OF THE

FREE STATE

Investments in the chemicals and renewable energy sector are in line with the Free State's determination to grow and diversify its economy.

The Free State is South Africa's most central province and shares its borders with six other provinces and with Lesotho. Five major national highways intersect the province which is also well served by rail and air links. The newly renamed Braam Fischer International Airport in the provincial capital city of Bloemfontein is the site of a multi-phase industrial and commercial development.

Rich soils and deep gold mines support large-scale commercial agriculture and labour-

intensive mining. Wheat, maize, sunflower, sorghum and cattle and sheep farming predominate in the western and southern regions, while the better-watered areas support nuts, potatoes, asparagus and cherry cultivation.

The province's gold mines also supply silver and uranium, and there are also large deposits of diamonds and coal. Bentonite, clay and gypsum are among the Free State's other assets.

The provincial economy is in the process of diversifying away from a reliance on farming and mining. The northern part of the province hosts a cluster of chemical companies anchored by Sasol, and vital to the South African economy. Manufacturing jobs in this sector are highly skilled.

The province's capital city, Bloemfontein, hosts sites of architectural and historical importance as well as South Africa's Supreme Court of Appeal, the University of the Free State and the Central University of Technology.

The current state and shape of the Free State's economy clearly presents huge opportunities for investors in the manufacturing sector. The Free State Development Corporation (FDC) is actively promoting Free State business opportunities to attract both foreign and domestic investors to locate their business in the Free State.

The opening of a Makro store in Bloemfontein, and extensions being carried out on other retail malls, indicates that a recovery in the provincial economy is underway. Massive investments by companies in the oil and gas and petrochemical sectors in Sasolburg have also boosted the economy.

In agri-processing, a number of opportunities exist in the province. Some products that are being explored are cherries, asparagus, vegetables, wholesale meat, leather and increased seed production in the province's eastern reaches.

Tourism is another sector that is being targeted as the province seeks to diversify its economy. The Free State has several large dams, including the Gariep and Vaal dams. These are major sources of water and venues for recreation, as are the Free State's lesser dams such as Sterkfontein, Allemanskraal and Kalkfontein. Tourism and aquaculture are just two potential income generators related to these water bodies.

on the agenda: 194 students are in Cuba, 316 in China and a further 40 in Turkey. This will equip them for the increasingly globalised economy and strengthen the capacity of the Free State to grow its economy.

In the course of his State of the Province address in 2014, Premier Magashule outlined several major infrastructure projects that will further serve to equip the Free State to modernise its economy and make it attractive to investors. From the national list of Strategic Integrated Projects, coordinated by the Presidential Infrastructure Coordinating Commission, the Premier highlighted:

- The Durban-Free State-Gauteng Development Corridor, a logistic hub and a special economic zone for Maluti-a-Phofung comprising the Harrismith Gateway and Tshame Industrial Development Area.
- The Ingula Pumped Storage Scheme Project, one of Eskom's major energy infrastructure projects, will be complete in 2015.

Other major infrastructure projects include:

- The first Independent Power Producer (IPP) in Soutdrift near Bloemfontein. A second project is underway at Boshof.
- Basic water-supply infrastructure, with several areas supplied including Edenville, the QwaQwa areas (Kestell, Tshame and Mokgolokweng), Paul Roux as well as Jagersfontein and Fauresmith. This is not only important for residents but for the prospects of future economic investment in these areas.

Modernising and investing in the economy

In recent years, the scale of support for tertiary education in the province has increased, in line with the goal of creating a skilled workforce able to work in a high-skills environment. In 2009, the provincial government awarded 129 full-time bursaries whereas in 2013 this figure when past the 7 500 mark. A further 500 were issued in 2014 and international study is also very much



- The creation of investment nodes: Mangaung Airport Development Node; Harris Smith Logistics Hub; N8 Development Corridor.
- Relaunch of a large biofuel project in Bothaville valued at R2.5-billion after the resolution of regulatory issues relating to what fuel could be used.

The *Free State Business Bulletin* reports that there is a strong probability of an underground coal gas power project being built near Theunissen. The newspaper quotes developing company Africary to the effect that the project will 'transform the face of coal mining and electricity production in South Africa'. Several large farms have been bought with a view to extracting gas. The plant is expected to go into full production in 2016.

District municipalities

The Free State has one metropolitan municipality (Mangaung) and four district municipalities, comprised of 19 local municipalities. Mangaung Metropolitan Municipality is made up the towns of

Bloemfontein, Botshabelo and Thaba Nchu and is the subject of a separate article.

Xhariep District Municipality

Towns: Trompsburg, Koffiefontein, Zastron, Philipolis, Edenburg, Fauresmith, Smithfield, Wepner, Naledi

The southernmost region of the Free State is a largely dry area with open grasslands predominating, although it is also home to the Gariep Dam, South Africa's largest. Crops are produced in the northern parts of the district whereas sheep farming predominates in the south. Trompsburg has the second-biggest sheep-shearing barn in the country.

Diamonds, gravel and clay are mined at Koffiefontein. Jagersfontein is one of the first places where diamonds were found, and it has its own version of the Big Hole to prove it. The town of Bethulie is a good stopping-over place for tourists wanting to experience the water sports available on the Gariep Dam.

The dam is also the site of aquaculture projects which are intended to create employment and

MUNICIPALITY	CODE	SEAT	AREA AREA (KM ²)	POPULATION (2011)	POPULATION DENSITY (PER KM ²)
Fezile Dabi District Municipality	DC20	Sasolburg	21 301	488 036	22.9
Lejweleputswa District Municipality	DC18	Welkom	31 930	627 626	19.7
Mangaung Metropolitan Municipality	MAN	Bloemfontein	6 284	747 431	118.9
Thabo Mofutsanyana District Municipality	DC19	Phuthaditjhaba	32 637	736 238	22.6
Xhariep District Municipality	DC16	Trompsburg	37 674	146 259	3.9

Free State municipalities.

In the Naledi Local Municipality, tourists are catered for on the Highlands of the Maluti Route. The steel bridge over the Caledon River at Wepener is a national monument.

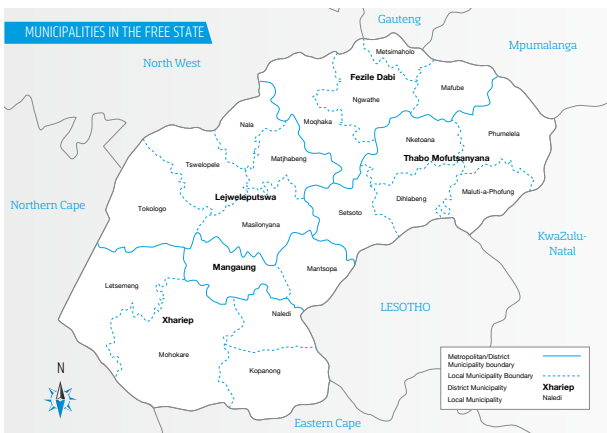
Towns: Welkom, Virginia, Boshof, Christiana, Bultfontein, Bothaville

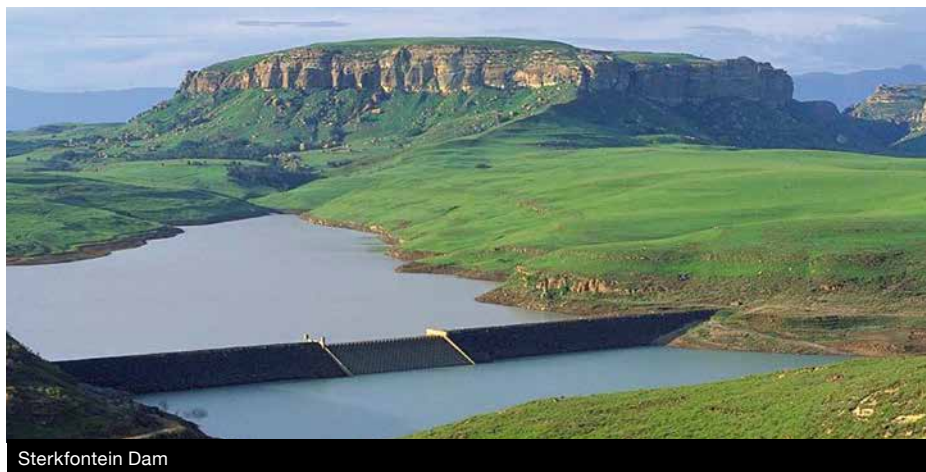
The Lejweleputswa district, known as a mining powerhouse in the province due to its gold mining activities, may also be in need of the same diversification as the Mangaung

Fezile Dabi District Municipality

**Towns: Sasolburg, Parys, Kroonstad,
Frankfort, Heilbron, Viljoenskroon**

A good proportion of South Africa's grain crop is sourced from this district and when the vast fields of sunflowers and cosmos flowers are in bloom, a marvellous vista is created. The Vaal River presents opportunities for yachting, rafting and resort-based enterprises. Parys is a charming town and Vredeford is home to a World Heritage site – the Vredeford Dome where a meteor crashed to earth.





Sterkfontein Dam

Fezile Dabi District Municipality is the biggest contributor towards the provincial GDP, contributing approximately 35% (Global Insight, 2013). Curiously, it should be highlighted that the situational analysis of the province revealed that Fezile Dabi's contribution towards employment in the province is far lower than its share towards provincial output (Fezile Dabi District Municipality Integrated Development Plan 2012-2017), and this could mean that Fezile Dabi is performing well below its potential. The Fezile Dabi area is mostly dominated by the industrial prowess harnessed by Sasol, with the manufacturing of refined petroleum, coke and chemical products adding largely to its GDP.

The establishment of ChemCity, a wholly owned subsidiary of Sasol, has also added a business incubator that allows SMMEs to feed off and diversify from the opportunities that prevail due to the energy consortium operating in the area.

Thabo Mofutsanyana District Municipality

Towns: Phuthaditjhaba, Bethlehem, Tweespruit, Ladybrand, Clarens, Harrismith, Vrede, Ficksburg

The final stop-off point in South Africa for any

traveller going to Lesotho is the busy town of Ladybrand in the Mantsopa Local Municipality. Tweespruit is a major sunflower seed production centre.

Tourism and fruit farming are the two principal economic activities of this area which is characterised by beautiful landscapes: the Maluti and the Drakensberg mountain ranges, wetlands in the north, well-watered river valleys and the plains of the north and west. The most famous asset is the Golden Gate National Park.

Industrial activity is undertaken at Harrismith and Phuthaditjhaba, where the Free State Development Corporation is promoting investment. Harrismith is the focus of efforts to create a multimodal transport and logistics hub.

The commercial centre of the district is Bethlehem while Clarens and Ficksburg have become famous for their artists and cherries respectively. Marquard produces 90% of South Africa's cherries. The north of the district has many sunflower seed farms.

The Basuto cultural village in Qwa Qwa offers beautifully made crafts, and rock paintings can be seen as illustrations of the artistic skills of much earlier inhabitants of the area. ■

Mangaung Metro

The capital city of the Free State, Bloemfontein, has excellent infrastructure and hosts South Africa's Supreme Court of Appeal. Collectively, the towns of Botshabelo, Thaba 'Nchu and Bloemfontein make up the Mangaung Metropolitan Municipality. The Mangaung Metro became South Africa's newest metropolitan authority on the completion of the local government elections in May 2011.

The South African Constitution makes provision for metropolitan government where centres of economic activity require a higher degree of co-ordination than would be the case in other areas. The central locality of the Mangaung area within both the regional and national context provides a strong argument for integrated planning, and therefore metropolitan status.

With the north-south N1 and east-west N8 highways passing through the axis of Bloemfontein, the centrality of the area's location is obvious. Bloemfontein is linked to all of South Africa's major cities by rail and has a modern airport.

The infrastructure of the Mangaung Metropolitan Municipality is well developed and would be able to absorb much more development.

Bloemfontein contributes about 25% of the gross regional domestic product (GRDP) of the Free State. Within that, community services make up more than a third of the municipality's economy, with finance (18%), transport (13%), retail and trade, and manufacturing being the other significant contributors.

Botshabelo is about 54km from Bloemfontein and has a number of industrial and commercial business properties located in it, several of which are textile concerns. Thaba Nchu lies still further to the east of the provincial capital and is popular with tourists. The Protea Hotel Black Mountain is located within the Maria Moroka Nature Reserve and near the Groothoek Dam.



Main building of Bloemfontein University.

The establishment of a metropolitan authority presents a further chance to better integrate the three towns that made up the original municipality. Bloemfontein is the main economic driver while Bothshabelo and Thaba Nchu have economic potential that has not been fully realised.

The metropolitan municipality has a five-year Integrated Development Plan which aims to integrate human settlements within the metro.

N8 corridor development

The key priority of the Mangaung Metro is to ensure that the N8 corridor development project is realised as soon as possible. The N8 project focuses on the economic development of areas along this national road as a development spine linking the three urban centres of Mangaung – Bloemfontein, Botshabelo and Thaba 'Nchu – and towns including Ladybrand and all the way to Kimberley in the Northern Cape. It also serves as an important link to the neighbouring Mantsopa Local Municipality and the city of Maseru, in neighbouring Lesotho. The new town to be built along the N8 will have an ICC and hotels, an Urban Square, a mall, mixed housing, educational and civic sites and a railway station. The entire area to be developed is 2 000 hectares, the

first phase which is currently being implemented is 700 hectares.

Key economic activities

There are plans to attract private investors to develop a solar water-heater manufacturing plant in Botshabelo. The aim is to make up to 300 000 solar water heaters a year. The renewable energy market is growing fast in South Africa, with several international firms signing up to national government's independent producers' programme. The downstream manufacturing market is similarly growing and there are several opportunities in the Free State.

The Mangaung area's importance to the economy of the neighbouring country of Lesotho cannot be over-stated. There are plans to further strengthen these ties through a rail link and the strengthening of the N8 corridor.

An important component in the city's trading environment is the Mangaung Fresh Produce Market. The new market is located alongside the strategic N8 highway, with the bulk of the trading occurring in fresh produce. Bloemfontein has a petroleum depot, a marshalling yard, rail connections to all parts of South Africa and two airports. Many national logistics companies have warehouses in the city, because of its central location.

Bloemfontein regularly hosts large events such as the Macufe Festival, and has successfully hosted important football matches in international tournaments such as the Africa Cup of Nations and the FIFA World Cup. The city has excellent schools and hosts the Central University of Technology, the University of the Free State, Motheo Further Education and Training College, Universitas Academic Hospital and the Mangaung Nursing College of the Free State. Motheo FET College offers pre-tertiary and tertiary courses in diverse fields such as art and design, engineering and hospitality.

The Bloemfontein campus of UFS caters for 16 000 students in six faculties. Students from 16 nations attend the university which employs

about 40 international academics. A key component is the academic health complex based at the UFS in Bloemfontein.

A proposed Mangaung Bio-Medical Park aims to provide a world class bio-medical park and would tap into the existing expertise available at the university. The park hopes to attract companies wanting to do research and development, develop and export new products.

The city is positioning itself as a centre for Business Process Outsourcing (BPO). With several educational institutions as a source of skilled labour and with good infrastructure, call centres are being attracted to Bloemfontein. The city hosts a switching centre for national telephone company Telkom and is located on the national and international fibre optic routes.

The capital city's local free newspaper, Free State Business Bulletin, has listed some major new projects currently underway in Bloemfontein:

- Airport Development Node. First phase on 700ha will be mixed development, value R11-billion.
- Warehouses for Hulett's Sugar and others going up in Estoire (in the east of the city), together with a shopping centre.
- Second Avenue shopping development in city centre, Georgiou Trust.
- Expansion of Quagga Park light industry complex, new warehouses and offices at Quaggafontein.
- R87.5-million water reservoir being constructed on Naval Hill, with another at Vista Campus set to start soon.

Tempe Military Base makes a sizeable contribution to the local economy, containing as it does a number of units, including 44 Parachute Battalion. Several Air Force helicopter units are located at Air Force Base Bloemfontein, at Braam Fischer International Airport.

The 'City of Roses' has several fine museums, including those that focus on fire brigades, military armour, Afrikaans literature and toys. The National Museum in houses a superb collection of fossils and archaeological finds such as the Florisbad skull. ■

Establishing a business in SA

Starting a business in South Africa is very easy. No permits are required for foreigners and locals to begin a business (apart from business and work permits for foreigners).

Normally a range of administrative procedures have to be complied with. Having obtained business and work permits (applies to foreigners only), the following steps need to be taken:

Registration of company: The company must be registered with the Companies and Intellectual Properties Commission (CIPC) in Pretoria within 21 days of the company being started.

Bank account: Open a business bank account with any of the banks in South Africa.

Registration with the receiver of revenue:

- as a Provisional Taxpayer
- as a VAT vendor
- for Pay As You Earn (PAYE) income tax on employees
- for Standard Income Tax on Employees

Registration with the Department of Labour: Businesses employing staff will have to contact the Department of Labour regarding mandatory contributions to the Unemployment Insurance Fund (UIF).

Register with Compensation Commissioner for Compensation Fund: Files with the Compensation Fund (in the Department of Labour) for accident insurance (Workmen's Compensation).

Registration with the local authority: Relevant only to businesses dealing in fresh foodstuffs or health matters.

South Africa has a sophisticated legal, regulatory and banking system. Setting up a business in South Africa is a relatively straightforward process with assistance being offered by organisations such as the Department of Trade and Industry and provincial investment agencies like the Free State Development Corporation.

South African law regulates the establishment and conduct of businesses throughout the country. Tax, investment incentives, regulations governing imports, exports and visas are uniform throughout the country. The particular environment varies from province to province with regard to the availability of human and natural resources, the infrastructure and support services, business opportunities and the quality of life.

In this respect, the Free State Development Corporation can offer specific advice about the business environment in the province.

Business is regulated by the Companies Act and the Close Corporation Act, which cover accounting and reporting require-

ments. Under new legislation, no new Close Corporation can be created but CCs can convert to companies.

There are a range of administrative procedures that need to be fulfilled. The Companies and Intellectual Property Commission (CIPC) has information on and regulates the formations of companies.

Other procedures include:

- Checking exchange control procedures (note that non-residents are generally not subject to exchange controls except for certain categories of investment)
- Obtaining approval for building plans
- Applying for industry and export incentives
- Applying for import permits and verifying import duties payable
- Registering as an exporter and applying for an export permit
- Ensuring exchange control compliance when remitting payments overseas

Business entities

There are a variety of forms which businesses can take, including private and public companies, close corporations, partnerships, joint ventures and branches of foreign com-

panies (or external companies). Companies and close corporations are legal entities separate from their members. Close corporations can have up to 10 shareholders, all of whom have to be natural persons. Foreign investors usually use the private version of a company and the branch. Foreign individuals sometimes use the close corporation but use is limited because exchange control regulations are applied more strictly to such entities. Branches of foreign companies fall under the Companies Act of 1973 and are required to register as 'external companies' with the CIPC. An external company is not required to appoint a local board of directors but must appoint a person resident in South Africa who is authorised to accept services of process and any notices served on the company. It must also appoint a registered local auditor and establish a registered office in South Africa.

Patents, trademarks and copyrights

Trademarks (including service marks) are valid for an initial period of 10 years and are renewable indefinitely for further 10-year periods. Patents are granted for 20 years, normally without an option to renew. The holder of a patent or trademark must pay an annual fee in order to preserve its validity. Patents and trademarks may be licensed but where this involves the payment of royalties to non-

resident licensors, prior approval of the licensing agreement must be obtained from the dti. South Africa is a signatory to the Berne Copyright Convention.

Business and work permits for foreign nationals

Work permits

In considering whether or not to grant a work permit, the Department of Home Affairs will evaluate the validity of the offer of employment by checking whether the Department of Labour has been contacted, whether the position has been widely advertised, and whether the prospective employer is able to prove that he or she tried to find a suitably qualified local employee and that the prospective employee is appropriately qualified and has the relevant experience.

Business permits

Foreign nationals who wish to establish their own business or a partnership in South Africa must, apart from having sufficient funds to support themselves and their family, be able to invest at least R2.5-million in the business. The funds must originate overseas, be transferable to South Africa and belong to the applicant (ie emanate from the applicant's own bank account). The business must also create jobs for South African citizens. After six months to a year, proof will have to be submitted that the business is employing South African citizens or permanent residents, excluding family members of the employer. Applications for work permits for self-employment can only be lodged at the South African Consulate in the applicant's country of origin. The processing fee is US\$186. The applicant would also have to lodge a repatriation guarantee with the Consulate equivalent to the price of a one-way flight from South Africa back to his or her country of origin. This guarantee is refundable once the applicant has either left South Africa permanently or obtained permanent residence. Any application for an extension of a business permit may be lodged locally. The processing fee per passport holder is R425. Some countries also need to pay R108 per return visa. A list of countries to which this applies is available from the Department of Home Affairs. The FDC assists investors in applying for the relevant work permits to conduct their business.

What would the FDC do for you?

The FDC will help new businesses by assisting in project appraisal and packaging, putting investors in touch with relevant agencies and government departments, alerting investors to investment incentives and setting up joint ventures where required. A full description of the services offered by the FDC is reflected elsewhere in this publication. ■

South African investment incentives



and Enhancement Programme (ADEP), the Clothing and Textile Competitiveness Improvement Programme (CTCIP) and the Tourism Support Programme (TSP).

In a province like the Free State, where sectors such as tourism, business process outsourcing and textile manufacturing have been identified as key drivers of the diversification programme, incentives such as those listed above (CTCIP and TSP), as well as the Business Process Services (BSP) are very relevant.

Manufacturing

Key planks of the incentive programme are the Manufacturing Incentive Programme (MIP) and the Manufacturing Competitiveness Enhancement Programme (MCEP). The MCEP was last updated in early 2014, making it easier for smaller enterprises to gain access to funding. Other aspects of the successful programme that have been adjusted relate to funding for green technology and resource efficiency. Since it was introduced in 2012, the MCEP has disbursed R4-billion to support more than 500 manufacturers, resulting in more than 100 000 jobs being retained in the sector.

The Department of Trade and Industry has a range of incentives made available to investors, existing companies, entrepreneurs and co-operatives across many sectors.

Just as South Africa wishes to diversify its economy away from an over-reliance on mining and agriculture (while retaining these sectors as important components of the economic mix), so the Free State is looking to build new capacity. Incentives are an important part of the strategy to attract investors to South Africa's most centrally located province.

The dti is the lead agency in the incentives programme that is designed to encourage local and foreign investment into targeted economic sectors, but the Industrial Development Corporation (IDC) is the most influential funder of projects across South Africa. National government is the sole shareholder of the IDC.

In the 2012/13 financial year, the IDC committed R311-million to the Free State in projects as diverse as chicken processing (Grandfield Chickens), mining (Lace diamond mine), walnuts (Rotondo in Rouxville), sweets and confectionary (Sunkist) and concrete products (Stabilan).

Within the IPAP there are many programmes and schemes that are sector-specific such as the Aquaculture Development

The Free State is very focussed on enhancing its manufacturing sector and is keen to attract investors in this sector.

Incentives such as the Technology and Human Resources for Industry Programme (THRIP) would be as useful to general manufacturers as they would to businesses in the chemical sector, one of the Free State's strongest suites.

Another incentive that is available to investors and existing businesses in more than one sector is the Support Programme for Industrial Innovation (SPII). It is easy to envisage entrepreneurs and businesses looking for industrial innovation in the chemicals sector, where by-products and downstream production manufacture has seemingly endless possibilities.

More general incentives also designed to attract investors and make manufacturing more competitive include:

- Section 12i of the Income Tax Act is a tax-allowance programme based on investment in new manufacturing assets and training provided to employees in the project. National Treasury has calculated the value of this concession at R20-billion overall.
- The Black Business Supplier Development Programme (BBSDP) is a cost-sharing grant offered to black-owned small enterprises.

- The Critical Infrastructure Programme (CIP) covers between 10% and 30% of the total development costs of the qualifying infrastructure.
- The Co-operative Incentive Scheme (CIS) is a 90:10 matching cash grant for registered primary co-operatives.
- The Sector Specific Assistance Scheme is a reimbursable 80:20 cost-sharing grant that can be applied for by export councils, joint action groups and industry associations.

Because research has shown that a lot of jobs are created in the small medium and micro-enterprise (SMME) sector, a number of investment incentives are designed to promote the growth of small businesses. In addition to the BBSDP and the CIS mentioned above, these include:

- Small Medium Enterprise Development Programme (SMEDP)
- Isivande Women's Fund
- Seda Technology Programme (STP)

Seda is the Small Enterprise Development Agency which falls under the dti and exists to promote SMMEs. Examples of successful Seda interventions in the Free State include helping a dairy distribution business (Siba's Dairy) increase its geographical reach through the acquisition of new vehicles, and assisting a furniture manufacturer get access to new markets. Kukama Creative Designs specialises in leather and skin products and now exports bags, purses and iPad holders to the Netherlands and Germany.

The Export Marketing and Investment Assistance (EMIA) scheme is explained in a separate article in this publication.

For a more detailed list of all the available incentives and the application forms please visit the dti website or contact the Free State Development Corporation directly. ■

ONLINE RESOURCES

Department of Trade and Industry: www.thedti.gov.za
Free State Development Corporation: www.fdc.co.za
Industrial Development Corporation: www.idc.co.za
Official portal for South African Government Incentive Schemes: www.investmentincentives.co.za

Reasons to invest in the Free State



The Free State Province of South Africa offers an abundance of opportunities for both local and international investors and traders; accessible through the Free State Development Corporation.

About the Free State

Situated in the heart of South Africa, the Free State is the country's third-largest province and borders Lesotho as well as six of the eight other provinces, including the country's economic centre, Gauteng.

The Free State is an ideal trading partner both within South Africa, and with Africa and other international markets. The province has excellent infrastructure and transport links, and provides easy access to the main ports of Durban, East London and Port Elizabeth.

Factors that favour investment in the Free State

Factors positioning the province as a favourable business and investment destination:

- Centrally located with easy access to markets within South Africa and Africa
- Availability of a large and affordable labour pool
- Excellent infrastructure (roads, rail, airports, offices, education, banking and medical facilities)
- Competitively priced electricity, water and telecommunications rates
- Competitive land and building costs
- Low factory rentals
- Abundance of natural resources, recreational and lifestyle facilities
- Most developed telecommunications network in Africa
- Open to business, trade and foreign investment

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REGION	% OF POPULATION	DOMINANT ECONOMIC SECTORS
Fezile Dabi	17.3	Mining, agriculture and manufacturing
Lejweleputswa	23.2	Mining (primarily gold), agriculture (primarily maize)
Motheo	27.4	Wholesale, retail and trade finance, real estate and business services, transport and communication, community and social services, mining and agriculture
Thabo Mofutsanyane	26.8	Agriculture, tourism (Drakensberg and Maluti mountains, Golden Gate Highlands National Park)
Xhariep	5.2	Agriculture and mining (especially diamonds), tourism (Gariep Dam)

Economic activity in the Free State.

Free State Development Corporation (FDC)

Driving enterprise development and investment in South Africa's most central province, the Free State.



The FDC contributes to economic development of the Free State through its four service delivery pillars:

- Funding and support to co-operatives and SMMEs
- Export promotion
- Investment promotion and facilitation
- Provision of industrial and commercial business premises

Co-operatives and SMME funding and support

The FDC provides the following products and services to SMMEs and co-operatives:

- Financial support (business loans)

- Business development support (through facilitating training and mentoring service providers)

The principal loan products offered to Free State entrepreneurs by the FDC are:

Start-up loans

For businesses which have just been established and are mainly at formative stages.

Expansion loans

This offers viable and existing businesses the capital needed to expand.

Business take-over finance

The product will assist a potential client to acquire an existing business as a going concern.



Bridging finance

This product offers financial assistance to SMMEs who have been awarded contracts or tenders and have short-term cash-flow problems.

Export-related services

FDC services to exporters include the Export Promotion Programme, which aims to grow demand for Free State products in global markets through the following programmes:

- Capacity-building workshops
- Dissemination of trade leads
- Networking opportunities with inbound trade missions
- Product promotion through participation in outbound group missions and on national and international exhibitions
- Access to national export-incentive programmes
- Market access information
- Technical advice on exporting procedures

Investor services

FDC services to investors include:

- Project appraisal and packaging
- Promotion and facilitation of investment projects
- Providing access to business and government networks
- Facilitation of access to finance
- Assistance with business retention and expansion
- Information on statutory requirements and investment advice
- Assistance with investment incentive applications and business permits
- Assisting with the development of local and international markets
- Facilitating joint ventures/equity partnerships through identification of local partners

Property management

The FDC administers a diverse property portfolio and its property management unit offers small to medium enterprises suitable premises at affordable rates.

- The corporation has some 253 commercial properties, 290 industrial properties and a large number of residential and vacant land for development.
- The corporation aims to use them to facilitate commercial and industrial activity, while assisting new investors who may be looking for suitable premises.

The FDC offers the following incentives:

- Subsidised rental rates
- Rental holidays of up to three months
- Special incentives and discounts for BEE companies or individuals

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Free State investment opportunities



Maluti-A-Phofung Special Economic Zone (MAP SEZ)

A Special Economic Zone (SEZ) is defined as a 'geographically designated area of a country set aside for specifically targeted economic activities, which are then supported through special arrangements (which may include laws) and support systems to promote industrial development'. The SEZ programme is a tool that is used by many countries to promote trade, economic growth and industrialisation.

The MAP SEZ is one of 11 SEZs the South African government intends to license in the country. With the Dube TradePort in Durban, it is only one of two projects that is about to receive an interim licence as an Industrial Development Zone (IDZ) to expedite the establishment process that is already gaining critical mass. This licence will be converted into a SEZ licence as soon as that legislation is enacted.

The Free State Development Corporation (FDC) has applied for funding for the SEZ infrastructure development.

The Tshaime Food Processing Park

The Free State Development Corporation (FDC) is seeking investors and partners to locate into the Food Processing Park in Tshame, Harrismith, in the Eastern Free State as part of the MAP SEZ. Up to 60 000m² of space is available for development. Opportunities for investment exist in the production of potato crisps, potato flakes, maize grit, cereals and frozen vegetables production. This project is intended to position Harrismith as an agro-industry hub by creat-

PHOTO: MEDIA CLUB SOUTH AFRICA

ing value-adding capacity and ensure that agri-commodities produced in the Free State are processed locally and exported. The hub will host multinational and domestic companies in the food production sector and will provide for logistical services, warehousing, cold storage and manufacturing facilities to enhance production efficiencies. The value of this project is estimated at R1.5-billion and is expected to be implemented in phases over a three-year period. The land for this project has already been secured and the feasibility study and business plan have been completed.



Harrismith Logistics Hub (HLH)

This Logistics Hub project, which is part of the Presidential Strategic Infrastructure Projects (SIP), involves a web of activities designed to ensure the efficient movement of raw materials, intermediate inputs and finished goods between suppliers, manufacturers and consumers. This project is intended to improve customs clearance, where varying level of inefficient procedures delay shipments and increase import and export costs. This project is further intended to leverage the strategic position of the Free State as the most centrally located land-locked province in South Africa, bordering six other provinces and South Africa's largest industrial and consumer market in Gauteng.

The town of Harrismith forms part of the N3 Corridor linking Gauteng, the Free State and KwaZulu-Natal. This corridor underpins what is referred to as the SIP2 project. It carries 65% of the country's freight between Gauteng and the Port of Durban. The HLH precinct will consist of 1000 000m² at the point where the N3 crosses the N5, a unique position available nowhere else on the N3 corridor. The project is intended to establish a distribution centre for the de-stuffing and break-bulk packaging of inland-bound cargo as well as for the consolidation of outbound cargo, as follows:

- Warehousing and distribution, freight forwarding, customs brokerage, transportation and supply-chain management services
- Domestic and international transportation management, customs brokerage and freight forwarding, supply-chain consulting, warehousing and distribution services
- Warehousing and distribution, air and ocean shipping, supply-chain management, dangerous goods
- Customs clearance of inbound and outbound cargo documentation, freight forwarding, break-bulk distribution and consolidation, in-transit warehousing, cross docking of cargo between road and rail

The HLH will be supported by the manufacturing hub in Tshiame, 8km from the hub precinct. This facility will enable the relocation of entities in the manufacturing sector for export through the



Durban harbour.

A business case is being developed which will determine the ability of the province to create cargo for export in the form of automotive parts, agro-processed and other finished goods in order to ensure the independence of the Hub from the N3 traffic.

Vehicle parts and accessories distribution centre

The Free State is looking to recruit private investors in logistics services to establish and operate a Vehicle Distribution and Parts and Accessories Manufacturing facility in its Tshiame Industrial Estate outside Harrismith. This project is intended to ensure that the Free State, and in particular the Eastern Free State, positions itself as the fourth vehicle distribution hub in South Africa after Gauteng, the Eastern Cape and KZN. This will also ensure that the Free State leverages its strategic position as the most centrally located province in South Africa. Studies by logistics integration service providers have indicated that the Free State has the best potential to be a warehousing and logistics centre due to its proximity to the Gauteng market and links through N3 to the Durban port and Coega through the N6.

The VDC will consist of a bonded area operated by customs where new imported vehicles will be exempt from paying import duties until the vehicle is ordered by a customer or dealership. This is intended to improve the cash-flow position of vehicle manufacturers. The critical aspect of this project is to secure the declaration of the VDC & PA centre as a duty-free zone for newly imported vehicles until they are ordered or leave the VDC by the Commissioner of Revenue Services. After interaction with the sector, cross-docking services were added to the concept. The feasibility study has already completed and the expected capital cost requirement is R600-million.

Active Pharmaceutical Ingredients (API) manufacturing

The Free State is keen to develop its pharmaceutical R&D capabilities. Some of the required feedstock for the API facility is currently produced by Sasol, a petrochemical giant based in Sasolburg in Northern Free State. The University of Free State based in Bloemfontein has also developed an excellent research capability in medical research and biotechnology. The university is currently producing patents in various medical areas. A private sector investor with good quality API production capability (synthesis process) is intending to establish an Active Pharmaceutical Ingredients (API) facility in the Free State. Good-quality API production is core to the manufacturing of effective and safe essential drugs.

Establishing this cluster will provide participants with all the benefits of being located in the SEZ and proximity to natural and industrial resources.

Latex condom manufacturing

The Free State is looking to recruit a leading latex condom manufacturer to license a South African company in pharmaceuticals and biotechnology to manufacture condoms for the African market. This project will be based in the Tshiame

Industrial Estate of the MAP SEZ. Conceptual documents have been completed and the estimated capital cost is R370-million.

Projects in other areas of the Free State

Renewable energy projects

Xhariep solar park

The FDC is in the process of recruiting an investor to set up a solar park in the Xhariep District in the Free State. Investment in renewable energy and energy efficiency are important to reduce the negative economic, social and environmental impacts of energy production and consumption in South Africa. Currently, renewable energy contributes relatively little to primary energy and even less to the consumption of commercial energy.

The use of solar power for electricity generation is deemed a non-consumptive use of natural resources and produces zero greenhouse gas emissions. Solar-generated electricity is set to play a significant role in reaching the South African government's renewable energy target of 10GWh of renewable energy by 2013. Feed-in tariffs guarantee prices for developers, but there is a lack of certainty on the amount of renewable electricity such laws would deliver under local conditions. Portfolio standards set a fixed quantity, which would guarantee diversity of supply. Power purchase agreements, access to the grid

and creating markets for green electricity are some supporting activities are key sector support policy options.

Botshabelo solar water geysers

The FDC is looking to recruit investors to set up solar water heater manufacturing facilities in Botshabelo situated within the Mangaung Metropolitan Municipality thereby positioning the Free State as a centre of excellence for the manufacturing of solar energy products.

Biofuel plant at Bothaville

This project was started in the Free State many years ago when the idea was mooted to manufacture biofuel from maize. Due to food security considerations, that project was shelved but it was resuscitated by a privately owned company two years ago; however, the input feedstock is now sour sorghum, a resilient harvest that poses no threat to food security.

The FDC is actively supporting this R2.2-billion project as it proposes to employ about 3 000 people during the construction phase and 2 000 once operations commence. The company plans to source sour sorghum from emerging black farmers from across the province. This will lead to further job creation and the transformation of the Free State agricultural economy.

It is expected that this project will be a game-changer for the Free State economy but especially for the town of Bothaville and the Nala Local Municipality within which it is situated.

The production of biofuel from sour sorghum is therefore a sector of the economy that the FDC will actively promote across the province but especially in areas where sour sorghum grows freely.

Manufacturing

Manufacturing of PVC pipes

The Free State Development Corporation seeks an investor and technology partner to manufacture PVC pipes, in partnership with a local Free State company.

The proposed PVC manufacturing plant would produce pipes that are used in conveying water (high-pressure pipes), pipes used in sanitation (low-pressure pipes) and pipes used in telecommunications and electrical conduits. The opportunity also exists to include an accessory PVC plant, which would manufacture all forms of joints and fittings in the future.

The required feedstock is readily available from Sasol Polymers which is part of Sasol's petrochemicals manufacturing cluster in Sasolburg. The ChemCity industrial estate, situated in Sasolburg in the Metsimaholo Local Municipality, is a potential location for the PVC manufacturing facility.



Agro-processing projects

Integrated beef project

This project is intended to increase the value-added beef processing capacity in the province.

Primary production requires the following that is readily available in the province:

- 160 000ha to handle 20 000 herd of cattle breeding stock
- 50 000ha to plant grain to be used as feed at feedlot
- 50 000ha to plant artificial pastures
- Maize is produced for the feedlot and other suitable crops will be planted on rotation basis
- Production capacity of 20 000 @ 80% = 16 000 calves per annum will come from these farms
- Implement a beef-rearing programme designed to grow young calves to an acceptable weight and size for entry at feedlot
- Source remaining 184 000 weaner calves to get to target of 200 000 calves per annum from certified beef breeders
- Maintain strategic partnerships with key players in the beef production value chain

The feasibility study has been completed and the expected capital cost requirement is R100-million.

Soya and maize milling

The Free State is a major producer of both soya and maize and, in the recent past, we have observed a growth in the milling of both products. This is in line with the FSPG's stated objective that value be added to local agricultural produce. There is also increasing evidence that there is a trend to locate beneficiation plants closer to the

source of their input stock due to changes in logistics methodology, access to markets and transport costs.

The province is inviting manufacturers to consider it in their location plans. These operations can be located anywhere in the province and the FDC will assist and facilitate the establishment of such industries.

Business process services

South Africa has won both the national Outsourcing Association (UK) and European Outsourcing Association Offshoring Destination of the Year awards for 2012 and 2013, making it the most desirable country to set up operations. There are a number of companies in back office outsourcing and contact centres that have already set up shop in the Free State and Bloemfontein is gradually becoming a hub for these type of operations.

The Free State presents a

number of advantages for organisations looking to set up business process services organisation:

- Availability of relevant infrastructure
- Incentives for companies wishing to set up operations in the Free State and in particular in Bloemfontein or Welkom
- Talent pool of potential employees
- English speaking personnel coupled with a “neutral South African accent”
- Bloemfontein sits on the Telkom telecommunications ‘switching point’

Industrial and commercial parks

Mangaung Industrial Park

This is a project of the Mangaung Metro and is fully supported and promoted by the FDC.

The objective is to position Bloemfontein as a manufacturing hub by establishing a purpose-built industrial estate with a controlled customs area. This project is intended to take advantage of existing industrial capacity, promote integration with local industry and increase value-added production. Delivering infrastructure for the proposed Industrial Park encompasses the erection of perimeter fencing for the park, boom gates, internal access roads, bulk water services, bulk electricity, factory buildings, parking and loading bays, and servicing of greenfields land.

The strategic intent of the programme is to facilitate and coordinate the industrial development in Bloemfontein and its surrounding areas by designing, building, operating and managing a world-class industrial development complex. The goal is to continuously promote and recruit viable investment opportunities and recruit potential public and private investors within the identified industrial clusters such as a white goods cluster, electronic components cluster, automotive components and services and to facilitate trade between South Africa and the rest of Africa and the rest of through the common customs secure area. This initiative is still at conceptualisation stage and this project is intended to an anchor project within the N8 Corridor. The expected capital cost requirement for this project is R2-billion.

Mangaung Bio-Medical park

The intention is to construct a Bio-Medical Park within the N8 corridor to host biotechnology and pharmaceutical manufacturing companies.

The Mangaung Bio-Medical Park will be an excellent bio-medical facility designed to host research laboratories, export orientated pharmaceutical companies, biotechnology and medical research companies and competitive pharmaceuticals products, services and technologies.

The strategic intent of this project is to leverage on existing bio-medical research capability based at the University of the Free State and to ensure that patents been produced annually are commercialised locally. It will establish a world-class infrastructure to support the incubation of a network for newly established export oriented high-technology companies.

Matjhabeng industrial innovation hub

This project is promoted by the Matjhabeng Local Municipality in association with a private-sector company. It is focussed on technical innovation in the areas of renewable energy, engineering and services.

A feasibility study was completed recently but the promoters of the project and the municipality still require working capital of about R7-million for this study. The capital expenditure for the hub is estimated at R30-million.

This area is a primary mining area in the Free State but it is in decline due to the closure of many mines and the area needs to diversify its economy if it is to survive. In the last two years we observed the establishment of many small engineering companies in the area. There is potential to develop Matjhabeng into a metal engineering centre of excellence and this proposed innovation hub would be able to contribute to this strategy. ■

FREE STATE TRADE OPPORTUNITIES

The Free State Province offers a wide range of trading opportunities.

The main products exported from the Free State are:

- Mineral products
- Plastics and articles thereof
- Chemical products
- Vehicle and transport equipment
- Agricultural equipment
- Semi-precious stones, metals, imitation jewellery
- Base metals and articles thereof
- Textile and textile articles
- Vegetable and fruit products
- Wood and articles of wood
- Raw hides and skins, leather and articles thereof
- Medical or surgical instruments and apparatus
- Live animals

Additional breakdown of products

- Minerals (gold, coal, diamonds, clay, limestone, salt, gypsum, granite, sand stone aggregates)
- Agriculture (maize, wheat, sorghum, potatoes, sunflower, red meat, vegetables, dry beans, fruit, peanuts, wool, poultry, dairy, cherries)
- Floriculture (cut flowers)
- Chemicals (fuels, waxes, synthetic fuel, liquid carbons)
- Agricultural machinery and equipment
- Vehicles (trailers)
- Arts and crafts

For additional information on trading opportunities please contact the FDC on 051 400 0800.

The Free State Development Corporation office details.

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Thabo-Nchu/Motheo Office

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THABO MOFUTSANYANA

DISTRICT OFFICES

Thabo Mofutsanyana Office

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Industriqwa/Harrismith Office

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Fax: 058 973 2603

XHARIEP DISTRICT OFFICES

Xhariep Office

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Fax: 051 713 0342

FEZILE DABI DISTRICT OFFICES

Fezile Dabi Office

31 NJ Van der Merwe Crescent,
Sasolburg 1942
Tel: 016 976 8944/5
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Export Marketing and Investment Assistance (EMIA)



Local investors can obtain significant support for any initiatives that lead to the export of South African goods. The Department of Trade and Industry (the dti) has developed a comprehensive incentive programme to stimulate the country's export profile, and this includes support for locals who reach out to international investors and to international importers of South African goods.

The scheme is called the Export Marketing and Investment Assistance (EMIA).

The EMIA offers financial assistance for South Africans travelling abroad to meet potential investors, as well as for invited inbound potential buyers (importers) of South African products. In addition, the EMIA will help pay for the costs of registering a product in a foreign market (with 50% of the additional costs being capped at a maximum of R100 000 per year). In the preparation phase, the dti's Trade and Investment South Africa unit will help South Africans find out more about the market that they want to export to. This could be a targeted new market, or an expansion of an existing market.

South African organisations that can apply for assistance from the EMIA programme are:

- Manufacturers and exporters
- Export councils
- Industry associations
- Over-arching organisations (also called Joint Action Groups,

JAGs) representing at least five bodies

- Agents representing at least three small-medium-micro enterprises (SMMEs) and/or businesses owned by historically disadvantaged individuals (HDIs)
- Export houses representing at least three SMMEs and/or businesses owned by HDIs

The EMIA's individual schemes are as follows:

- dti national pavilions participation (international)
- Individual exhibition participation
- Outward selling trade missions
- Outward investment recruitment missions
- Inward buying trade missions
- Inward investment missions
- Primary market research and foreign direct investment
- Sector specific assistance scheme including for emerging exporters

For additional information please refer to the dti website www.thedti.gov.za or contact the Free State Development Corporation who will assist you with your applications. ■



Agriculture

The size and shape of the agricultural sector

The Free State agricultural sector, just like the national agricultural sector, comprises crop production, animal production, horticulture, dairy farming, game farming, aquaculture, fruit production and agro-processing. The focus of agricultural development in the Free State is agriculture diversification and agri-business.

The Free State is South Africa's bread basket

The primary agricultural sector has always played an important role in the Free State economy. The sector is characterised by large farms and is responsible for 15% of gross agricultural income in the country. Major crops are maize, wheat, sorghum, sunflowers, potatoes, groundnuts, soy beans and wool. The province accounts for 90% of cherry production in the country.

- Cattle (beef and dairy) – 7.5-million hectares representing 58.2% of total farm land in the province is used as grazing pastures. About 24% of South African beef is produced in Free State.
- Sheep (mutton and wool) – the Free State contributes 17.4% of sheep production in the country.
- Pork – the Free State accounts for 8% of pork production in the country.
- In 2012, per capita consumption of poultry meat was 32.96kg per year in comparison to beef at 17.65kg and pork at 5.48kg and mutton and goat at 3.16kg. The industry is currently growing at 4% per annum and consumption of broilers is complemented by 15% of exports mainly from Brazil.
- Chicken production in Free State consist of broilers and layers. Broilers constitute 83.3% of the chicken industry.

The agricultural sector is vital to the well-being of the province, both as a provider of foods and jobs. But it also holds the potential in its raw materials to help the Free State expand its manufacturing sector. Provincial authorities are very upbeat about the potential for agri-processing. Investors are being encouraged to look at baby vegetables, wholesale meat production and leather manufacturing.

The Free State Department of Agriculture and Rural Development (DARD) has pointed out that only 11% of the province's primary agricultural production is processed within the province's boundaries. Improving on this percentage is key to the strategy known

SECTOR INSIGHT

The IDC is supporting the Free State's drive to beneficiate its agricultural produce.

- The Re Kgaba ka Diratswana programme is promoting food security through community gardens.
- A walnut plant will boost manufacturing.
- Cherries and asparagus are north-eastern specialties.

as Mohoma-Mobung. A sum of R30-million has been allocated to the first phase of the project.

Another initiative to boost production among smaller farmers is the Nguni cattle project. Bulls and heifers are distributed to co-operatives. Other support projects include raising goats and vegetable and crop production. The Re Kgaba ka Diratswana programme aims to see community organisations, churches and schools start gardens to improve food security. By 2013 the programme was achieving some notable successes and an awards ceremony was held to encourage further participation.

Key to commercialising these agricultural options is access to finance and the Industrial Development Corporation (IDC) has been very active in the province in this sphere. An investment by the IDC in Grainfield Chickens has helped boost production to

160 000 chickens per day and created some 900 jobs to be phased in over three years.

Rotondo Walnuts is also being supported, with a factory planned for when the walnuts mature. The Free State has a well-deserved reputation of being the nation's breadbasket, producing as it does more than a third of South Africa's wheat and maize, but the province's agricultural riches are many and varied.

Facts and figures

The Free State Agricultural Union (VS Landbou) reports that the province has 7 515 farming units, the most in the nation, and that it accounts for 26.4% of South Africa's field crops and 15.9% of all its animals. The Free State is responsible for 15% of South Africa's gross agricultural income. The sector contributes approximately 7% to the provincial gross domestic product.

The Free State is a summer-rainfall region, with mean annual rainfall of 532mm. The climate, soil types and topography vary greatly within the province, with plains in the west and mountains in the east. The western and southern areas are semi-desert, with some Karoo vegetation occurring in the south. An escarpment sharply separates the province from its southern and eastern neighbours, the Eastern Cape and KwaZulu-Natal. Just over 90% of the province is agricultural land, with

32% of 11.6-million hectares classified as arable and 60% suitable for pasture.

The province supplies significant proportions of the nation's sorghum (53%), sunflowers (45%), potatoes (33%), groundnuts (32%), dry beans (26%), wool (24%) and almost all of its cherries (90%). Red meat and dairy are other important products and game hunting is a fast-growing industry. Several large Free State farms have been converted from stock to game farms in recent years, particularly in the western and southern parts. Crop production represents about two thirds of the province's gross agricultural income. The main crops are maize and wheat. Sunflowers, sunflower seeds, sorghum and soy beans are other major crops. The Mangaung Fresh Produce Market plays a vital role in the sector, catering as it does to householders, bulk buyers, informal traders, agents and farmers.

In line with building a strong agricultural economy for the province, the University of the Free State's Centre for Sustainable Agriculture, Rural Development and Extension is active in research and awarded 53 post-graduate degrees in 2012, including three doctorates.

Companies

South Africa's biggest agricultural companies are very active in the Free State and several of them are investing in new plants and facilities. Afgri, with three large divisions that include a grain management section that controls 65 grain silos and nine bunkers (with a capacity of over four million tons), has signed an agreement through one of its subsidiaries with Sandstone Estates to establish a new grain storage facility in the vicinity of Ficksburg that will have a capacity of 50 000 tons. A landlease arrangement has also been signed and Afgri will take responsibility for the existing 12 000ton silo, a weighbridge and a laboratory.

Oos Vrystaat Kaap Operations (OVK) is headquartered in the eastern part of the Free State in the town of Ladybrand, although the company's varied operations cover the Northern Cape and Eastern Cape as well.

In addition to standard agricultural offerings, OVK also runs fuel depots and sells motor vehicles. OVK recently signed a distribution agreement with German giant Claas, manufacturer of tractors and other agricultural equipment.

OVK runs a maize mill and a wheat mill in Tweespruit (east of Bloemfontein) and a new wheat mill at Clocolan is recording increasing volumes every year. OVK has a 34% shareholding in the Cape Mohair and Wool, the company which produces 73% of South Africa's mohair.

One of South Africa's biggest agricultural companies specialising in the storage and handling of grain and oilseeds is Senwes. The



company's silo infrastructure has a capacity of 4.6-million tons, which is more than a quarter of the nation's storage capacity.

The company is a partner in a joint logistics venture with Imperial called Grainovation. The Free State Senwes office is located in Bothaville in the northwestern, grainrich part of the province.

GWK operates throughout the central region. The group has interests in fertiliser (Sidi Pirani), logistics (Flotank), feed phosphates and auctioning although the main focus is grain. The company's Eastern Free State marketing office is in Ficksburg. The Landzicht wine estate at Jacobsdal is 160km west of Bloemfontein.

Agriculture by district

Xhariep district

Sheep are mostly found in the dry southern areas and wool is an important product. Irrigation schemes, such as the one at Jacobsdal, allow for the production of grapes, with Landzicht and Wilreza Cellars being two of the main wine producers. The potato is the other main crop to benefit from irrigation. Walnuts are cultivated near Rouxville and peanuts, wheat and vegetables are also cultivated.

Mangaung Metro and surrounding areas

Open grass plains characterise this central section of the province, with mountains in the east. Commercial livestock farming, notably at Mantsopa and Naledi, is the main form of farming, and one of the country's biggest dairies is just north of Bloemfontein. The eastern area produces potatoes and sunflowers. There is also a large fruit-juice-concentrate concern, Frucon Foods, which has a factory in Bloemfontein.

Lejweleputswa district

The Vals River irrigates the region well and maize is the main product, but wheat, sunflowers, nuts and vegetables thrive here too. Welkom is the site of a pecan-nut project while peanuts are cultivated in more

than one location. Livestock and dairy farming complete a diverse farming portfolio. Bothaville is the centre of maize farming and Virginia is an important railhead.

Fezile Dabi district

The Vaal Dam provides a plentiful water supply to support the extensive production of maize, wheat and sunflowers throughout the region. Around Parys, tobacco, maize, sorghum and cattle are also farmed, while the land around Vredefort also supports peanut crops. Kroonstad is an important town for the regional agricultural economy, containing large grain elevators and railway-marshalling yards.

Wheat flourishes in the eastern parts of the Free State where between 650 000 and 740 000 tons are harvested every year.

Thabo Mofutsanyana district

Fully 90% of South Africa's cherries are produced near the town of Ficksburg. Both green and white asparagus are produced in the district, which is hilly and well watered. Soya, dry beans of many sorts, sorghum, sunflowers, potatoes and wheat are other important crops. Areas around the towns of Reitz and Bethlehem are conducive to horticulture. The many waters of the area, like the extensive Sterkfontein Dam, make for attractive destinations for investment in aquaculture. ■

ONLINE RESOURCES

Agricultural Research Council: www.arc.agric.za

Agri South Africa: www.agrinfo.co.za

Grain SA: www.grainsa.co.za

Landbank: www.landbank.co.za

National Department of Agriculture, Forestry and Fisheries: www.daff.gov.za

SA Grain Information Service: www.sagis.org.za

South African Meat Industry Company: www.samc.co.za

Mining

Mining contributes 12.6% of the Free State provincial gross domestic product and many thousands of families are dependent on mining wages. The gold sector in South Africa employs 157 000 people (32% of mining sector employment) who earn about R19.9-billion (Chamber of Mines). Important minerals mined in the Free State include gold and its by-products (uranium, silver, platinum-group metals and sulphuric acid), diamonds, coal and bentonite.

The entry of a new company, Sibanye Gold, has shown that there is still life (and profit) in many of the mines on the massive gold reef which stretches 400km across Gauteng and the northern Free State. South Africa has gold reserves of 6 000 tons and the Free State has 12 gold mines.

The decision by Gold Fields to hive off a new company called Sibanye Gold, which launched on the JSE in February 2013, was generally welcomed by commentators, if not the market in the first days of trading. In the months since, the company's share price has soared: *Business Day* reported in the last week of April 2014 that it had 'more than doubled this year'.

Sibanye Gold is responsible for Beatrix in the Free State mine and others in Gauteng. Gold Fields has retained for itself the highly mechanised South Deep mine and has assets in Australia, Ghana and Peru.

Diamonds

With the granting of a licence to Diamond Corp to develop the Lace Mine, the Kroonstad area is once again a centre of diamond mining, as the Voorspoed mine owned by De Beers is nearby.

The potential for annual diamond production at the Lace Mine could be 400 000 to 500 000 carats per year.

The Industrial Development Corporation has advanced R220-million in project finance, conditional on Diamond Corp obtaining the balance needed to start mining. In March 2014, a new share issue in London attracted R38-million, and was over-subscribed.

De Beers' Voorspoed mine will have a production capacity of 800 000 carats per year when it is fully operational. During the building phase, about R70-million was generated in the region, and the company intends spending R400-million per year on developing its capacity.

SECTOR INSIGHT

Diamond Corp's R38-million new share issue takes it a step closer to production at its Lace mine.

- Sasol Mining has invested in dust-suppression technology at Sigma-Mooikraal.
- Petra Diamonds is achieving \$471 per carat at its Koffiefontein mine.

Petra Diamonds' Koffiefontein mine produced 34 800 carats in 2013, a drop in production compared to 2012, but the company expects to scale up again in 2014. The value per carat achieved in FY2013 was \$471. The company spent \$20.4-million in the year.

Gold

Mining Weekly reported that for the quarter ended 31 March 2014 that Sibanye Gold increased production by 11% to 332 400 ounces with Beatrix (the Free State mine) going up by 28% to 76 200 ounces. Costs were reduced in the same period by 9%.

AngloGold Ashanti's Vaal River Complex operations are mostly near the town of Orkney in the North West Province.



However, the Great Noliwga, Kopanang and Moab Khotsong mines are all over the Vaal River in the Free State. The complex includes one uranium plant, four gold plants and one sulphuric acid plant.

Anglo Gold Ashanti intends spending several billion rand over the next decade to extend the life of the Maob Kotsong mine. Village Main Reef had good returns from its Tau Lekoa mine in 2013.

Most of Harmony's operations, including a tailings treatment, are in the Free State. The mines are Tshipong and Phakisa (near Odendaalsrus), Virginia, Target (near Allanridge), Masi-mong (Riebeeckstad), Joel (near Theunissen) and Bambanani at Welkom.

Phakisa has mineral reserves of just over five-million ounces of gold and Harmony has invested heavily in the project.

Gold mines in the Free State also supply a substantial portion of the total silver produced in the country, and large concentrations of uranium occurring in the gold-bearing conglomerates of the goldfields are extracted as a by-product.

The Jeanette mine near Welkom has been purchased by Chinese company Taung Gold.

Coal

The Sigma-Mooiplas mine is run by Sasol Mining and supplies Infrachem in Sasolburg with two-million tons of coal per year. Sasol Mining has invested in dust-suppression technologies which are remote controlled. Technologies include scrubbers and high-pressure water-spray systems.

Anglo Coal runs the New Vaal Colliery in the middle of a triangle of three towns that play an important part in industrial production: Vereeniging, Sasolburg and Vanderbijlpark. The mine employs more than 900 people and supplies about 15-million metric tons of coal to Eskom's Lethabo power station annually.

Other minerals

Among the companies running large quarries in the Free State are Lafarge, Raumix and Corobrik. Sand, stone aggregate, gypsum and granite are found at various sites throughout the province. Limestone and calcrete occur in the western Free State where salt is also panned. Production is concentrated around the Florisbad salt pan, north-west of Bloemfontein.

The Ocean Bentonite Mine near Koppies in the north-west Free State is one of only two in the country.

Beneficiation and other policies

Lucrative opportunities exist for downstreaming and mineral processing. Government has already developed a minerals beneficiation strategy as a key area for potential for growth. This has a potential to transform the sector from resource based to knowledge based. ■

ONLINE RESOURCES

Chamber of Mines of South Africa: www.bullion.org.za
 Geological Society of South Africa: www.gssa.org.za
 Mining Qualifications Authority: www.mqa.org.za
 National Department of Mineral Resources: www.dmr.gov.za
 South African Mining Development Association: www.samda.co.za
 Southern African Institute of Mining and Metallurgy: www.saimm.co.za

Manufacturing



Sector insight: chemicals and petrochemicals

South Africa has a well-established manufacturing base, which places it well ahead of many developing countries.

South Africa is among the top 25 chemical-producing countries in the world. It contributes significantly to the global chemicals industry. The chemicals sector is South Africa's largest in terms of value-added output and is the fourth-largest employer in the manufacturing segment. The industry is dominated by basic chemicals, with major production of liquid fuels, olefins, organic solvents and industrial mineral derivatives. The domestic plastic industry caters to local demand and various export markets

Downstreaming in the petrochemical industry would seem to have potential. The ChemCity complex has now been established and manufacturing and business services stands are available for purchase or long term-lease in the ChemCity complex. The country offers a competitive advantage in terms of raw materials and

SECTOR INSIGHT

Incentives are in place to encourage manufacturing.

- Nestlé has a large plant in the province.
- Food and beverages account for 20% of capacity.
- Pharmaceuticals and renewable energy are showing great potential.

feedstock. There is an abundance of mineral feedstock for manufacturing chemicals. The rock phosphate available in South Africa is benchmarked as being of the highest quality.

The Free State Sasol complex produces the following:

- Sasol Nitro: Produces ammonia, nitric acid, industrial explosives and fertilisers
- Sasol Polymers: Produces ethylene, propylene, polypropylene and hydrochloric acid
- Sasol Solvents: Produces alcohols, acrylic acid, ethyl acetate and mining chemicals
- Sasol Olefins and Surfactants (SO&S): Produces paraffins, olefins, zeolites and oleochemicals
- Sasol Technology: Manages Sasol's research and development, technology, management and innovation, engineering services and project management portfolios,



- Sasol Wax: A world-leading supplier of hard and medium waxes, petroleum jellies and liquid paraffins
- Sasol Infrachem: Provides a services platform for reforming natural gas and providing utilities, infrastructure and site support at Sasol's Sasolburg complex. It is responsible for the Sasolburg site-governance and provincial reputation management in the Free State.

Diversification is key

The Free State is in the process of growing and diversifying its manufacturing sector. The existing manufacturing sector has capacity in many sectors including agri-processing, textiles, carpets, engineering, packaging, furniture and jewellery.

Where before it was reliant on primary sectors such as agriculture and mining, the Free State manufacturing sector now accounts for 14% of the provincial gross domestic product (PGDP). Part of the reason for this growth has been the decline of the mining sector's contribution, but manufacturing is also being encouraged by government.

A new kraft paper factory is planned for Frankfort, the result of a R47.8-million grant from the national Employment Creation Fund run by the Department of Trade and Industry (dti). The project investment value is estimated at R650-million including the construction of raw materials storage facility and paper recycling plant.

The IDC is the main financier for the project and investment partners have already been identified.

The IDC has also successfully invested in concrete product manufacturer Stabilan.

Other methods of promoting small-scale manufacturing include developing a 'small town strategy' and linking this with local economic development (LED) plans.

The mine mitigation project is intended to identify new economic uses for closed mining shafts of areas that have been previously mined in Matjhabeng. This is intended to identify new development opportunities that will be accompanied by close mine rehabilitation programme. Special measures to support refocused economy with special emphasis on those negatively affected by closure of mines. Local communities and entrepreneurs are being encouraged to think of ways of using assets that will be left behind: shafts, workshops, boarding houses, recreational facilities and metallurgical plants.

Agriculture and mining can still play an important role in providing raw materials for manufacturing processes. The Virginia Jewellery Hub, for example, takes advantage of the availability of gold and silver in the Lejweleputswa district. Harrismith is the home base of Nouwens Carpets, a company established in that town in 1962 as well as Boxmore Plastics, South Africa's biggest converter of PET resin to bottles and it sells its products in 26 countries. Empire Gloves makes industrial gloves.

Kroonstad-based Octa Engineering makes specialised rail carriages for the gold and platinum mining sector. In Bloemfontein, Transnet Rail Engineering manufactures new wagons for the Transnet group, including iron ore and cement wagons and fuel tankers. VAE Perway, a private company that used to form part of Transnet, makes turnout systems (points switches) for the rail network. Austrian company Voestalpine VAE is the majority shareholder with Transnet holding 35%.

Although the textile and apparel sector has been under tremendous pressure in recent times, the towns of Botshabelo, Qwa Qwa and Thaba Nchu have factories employing several thousand people. The Free State Clothing Manufacturers' Association comprises mostly Chinese and Taiwanese factory owners, according to the *Mail & Guardian*.

Maluti-A-Phofung SEZ (Special Economic Zone)

The Special Economic Zone Act, Act No 16 of 2014, became effective on 19 May 2014. The Free State Provincial Government (FSPG) has conceptualised the Maluti-A-Phofung Special Economic Zone and applied for designation in terms of the Act. The programme

is intended to enhance industry competitiveness and attract foreign direct investment into the region.

Some of the projects under consideration include industrial precincts such as food processing, container terminal, vehicle distribution centre, parts and accessories and general manufacturing. The facility will offer a prime value-added service by it having a customs-controlled area (ie a 'free zone'), a benefit afforded to it by its SEZ designation and operator permit.

New sectors

The pharmaceuticals sector is being targeted for growth. A Pharmaceutical Biomedical Park is being considered in an area close to the N8 highway and Bloemfontein, where the medical expertise of university personnel is a major asset.

The Free State Development Corporation has identified investment opportunities in the renewable energy field: a solar water heater manufacturing facility is planned for Botshabelo and there are opportunities in solar panel assembly and manufacturing.

The Central University of Technology, with campuses in Bloemfontein, Welkom and Kimberley, has a Product Development Technology Station which works together with manufacturers in testing products and suggesting improvements in design.

Food and beverages

Nearly 20% of the province's manufacturing sites are devoted to food and beverages. Coca-Cola Fortune has a large bottling plant in Mangaung, as does Frucon Foods, a Ceres Fruit Juices company which makes fruit concentrate and fruit juice, which has Superfruit and Caribbean among its brands. Clarens in the north-east has its own micro-brewery which also manufactures apple cider. A new bottling plant has been constructed to service the Landzicht Wine Cellar, an operation that distributes

2.4-million litres of wine every year from Jacobsdal. Free Staters drink about 1.25-million litres of beer every year, and two-million litres of soft drinks.

The Homsek Group is an integrated dairy products producer with one of the biggest Ayrshire herds in the world and factories in Bloemfontein that produce fresh dairy products (up to 60 000 litres per day) and long-life milk (200 000 litres per day). Homsek's fresh milk is supplied to Woolworths.

Dairy Corporation, a major supplier to Bloemfontein and surrounds, opened a new factory and laboratory in 2011. In 2009, Nestlé invested more than R340-million and announced plans to spend R48-million more on its infant formula and cereal plant in Harrismith. Harrismith is strategically located on the N3 highway between Johannesburg and Durban.

The main poultry and animal feed operations of Country Bird Holdings are in the Free State. Supreme, which has a head office in Bloemfontein, employs more than 3 330 people in the province and in neighbouring North West Province. Between 1.2-million and 1.4-million birds are slaughtered every week. Nutri Feeds has feed mills in Bloemfontein and Viljoenskroon. ■

ONLINE RESOURCES

Consumer Goods Council of South Africa: www.cgcsa.co.za

Institute of Packaging: www.ipa.co.za

Manufacturing Circle: www.manufacturingcircle.co.za

National Department of Trade and Industry: www.dti.gov.za

South African Bureau of Standards: www.sabs.co.za



Logistics and transport

The central location of the Free State ensures a strategic role in the logistics sector. The transport and logistics sector plays a crucial role in the provincial economy mainly due to the province's strategic geographic position. Players in the logistics sector regard the Free State as a centre of gravity in the country. This means that the Free State has greatest opportunity for investment in warehouses, logistics and distribution. Major players have already opened their logistics operations in the Free State. The N8 corridor in close proximity to Bloemfontein airport is a popular investment location for warehousing, distribution, transport and logistics opportunities.

The Free State is leveraging its strategic position as South Africa's most centrally located province to boost the transport and logistics sector. Several national roads pass through the province: the extremely busy N3 to the ports of Durban and Richards Bay, the N1 and N5 highways leading to the industrial development zones at Port Elizabeth (Coega) and East London, with the N1 ending at the port city of Cape Town.

A plan to boost 'corridor development' along the N8 is also in place. The N8 connects the provincial capital with Lesotho's capital, Maseru, and the Northern Cape city of Kimberley.

There are a number of national courier and freight companies which maintain warehouses in Bloemfontein. Harrismith is also centrally located: 300km from Johannesburg, 350km from Bloemfontein and 300km from Durban. This has made it the ideal location for a logistics hub and dry port.

The Durban-Free State-Gauteng logistics and industrial corridor is intended to promote not only better transport of goods between the end points, but also boost economic development in towns and rural areas along the way. The Free State section of the corridor is divided into two: the Tshiamo Industrial Development and the Harrismith Gateway Development which both constitute the Maluti-A-Phofung SEZ (Special Economic Zone).

Germany's Bremen Logistics Group is one of the companies that has expressed an interest to invest in the development of a Vehicle Distribution Centre at Tshiamo outside Harrismith. The proposed MAP SEZ will have a duty-free zone that will allow vehicles to be off-loaded from ships and transferred through rail to Tshiamo VDC before being distributed to dealerships in Gauteng and central South Africa.

SECTOR INSIGHT

A 2 000ha project is set to transform Braam Fischer International Airport into a multi-use precinct.

- A commuter rail service is being explored to link Botshabelo and Thaba Nchu with Bloemfontein.
- Transnet has re-opened the Orkney-Vierfontein rail line.
- The Mangaung Metro has a five-year Integrated Development Plan.

The volume of cargo passing through Harrismith is estimated to increase by 25% per annum for the next seven years.

Rail

The Free State Rail Initiative is a three-phase project that includes using Bloemfontein as an intermodal hub for the transportation of manganese, the commissioning of dormant branch lines to transport agricultural commodities, and the building of a railway line to link Bloemfontein with Kimberley and Maseru.

Manganese that is currently transported by truck all the way from the Northern Cape to Durban will now make the first part of the trip to Bloemfontein in rail

trucks. This is part of a national drive to move freight to rail, and is expected to be followed by a line expansion to Port Elizabeth to allow more of the mineral to be exported from the port at Coega.

Transnet Engineering Bloemfontein employs more than 2 000 people in making and refurbishing wagons and repairing diesel locomotives. Grain tonnages carried by Transnet Freight Rail will almost double in the five years to 2019. A first step in this strategy was unveiled in December 2012 when the Orkney-Vierfontein rail line was reopened.

Transnet's expansion plan is based on a Market Demand Strategy: getting the grain to market is driving the need for investment in rail lines. A branch-line concessioning process offers opportunities for private operators such as large agricultural companies. The lines make up 7 278km of the parastatal's 20 953km network.

The Mangaung Metropolitan Municipality has a five-year Integrated Development Plan in place, and transport is a key component. The N8 is a central part of the plan, providing as it does the main link on the east-west axis. A commuter rail option is being explored with the Passenger Rail Association of South Africa (PRASA), to enable residents of Botshabelo and Thaba Nchu to better connect with Bloemfontein. Linking this to a bus rapid transport (BRT) system and taxis will also form part of the solution.

Kroonstad is one of the country's most important junctions, straddling as it does the main line between Cape Town and Johannesburg. It is also a major marshalling yard.

Gold-mining concerns have contracts with independent rail contractors such as Sheltam and Rail Road Logistics Grindrod (RRL Grindrod) for the movement and delivery of their ore from mines to plants. Sheltam operates out of Virginia. VAE Perway manufactures turnout systems for railway gauges and Octa Engineering in Kroonstad supplies the mining industry with special carriages.

Air

The airport at Bloemfontein, Braam Fischer International, is the province's major airport and is managed by Airports Company South Africa (Acsa). A project covering 2 000ha and expected to cost in the region of R100-billion over several phases has been initiated at the airport. The 700ha first phase is currently being developed: ultimately the area will have industrial land, mixed housing, a regional mall and be served by public transport.

South African Airways, SA Express, SA Airlink and Mango serve the Free State capital, which receives a large number of business visitors. The airport receives about 200 000 passengers annually. SA Airlink started flying to Bloemfontein airport from OR Tambo in Johannesburg in 2013 and there is a service between Bloemfontein and Durban.

Facilities at Bloemfontein airport are shared with Air Force Base (AFB) Bloemspruit, which serves the central region, and the SA Red Cross Air Mercy Service. The AFB has about 800 staff and the focus is firmly on helicopters. Tempe Airport, 15km north of the city, is privately owned and is used for charter flights, recreational flying and the Bloemfontein Air Show. Airports are also located at Bethlehem and Welkom, and there are a number of airstrips on farms and game reserves ■

ONLINE RESOURCES

Airports Company South Africa: www.acsa.co.za
 Department of Transport: www.transport.gov.za
 Free State Department of Police, Roads and Transport:
www.freestateonline.fs.gov.za
 Passenger Rail Agency of South Africa: www.prasa.com
 Railroad Association of South Africa: www.rra.co.za
 Roadfreight Association of South Africa: www.rfa.co.za
 South African National Roads Agency (SANRAL): www.nra.co.za



Tourism in the Free State



Golden Gate National Park.

SECTOR INSIGHT

The Naval Hill Planetarium will be South Africa's first digital planetarium.

- The Macufe Festival attracts large crowds to Bloemfontein.
 - A vulture restaurant has opened in the Golden Gate Highlands.
 - The Tour de Free State cycling event is growing in popularity.
-
- There is an investment opportunity to offer mine tours at Virginia and Welkom to showcase some of the deepest and richest mines in the world.
 - The National Hot Air Balloon Championships are annually hosted at Bethlehem.
 - The Thabo Mfutsanyana region of the Eastern Free State offers mystical places for ecotourism activities, and has numerous San rock art locations, fossils, Sotho remains, etc.
 - The annual National Gliding Championships are hosted at the Gariep Dam Airfield.
 - The Free State National Botanical Garden in Bloemfontein spans over 70ha and is home to approximately 400 species of plants mainly from the

Tourism attractions and opportunities

A broad spectrum of tourist attractions exist. These include:

- Bothaville is the head office to Grain South Africa and in the heart of the 'Maize Triangle'. The NAMPO Harvest Festival held every year in May at Bothaville is one of the biggest agricultural festivals in the world. Bothaville also plays the annual host to the Bakkiedag Musiekfees in February, and the popular Pioneer Voedsel and Witblits Festival in October.
- Botshabelo Creation Co-op in Botshabelo manufactures materials and articles such as traditional African dresses, weaving, silk painting and beadwork.
- Fauresmith is the second-oldest town in the Free State and hosts the International Horse Endurance Race every year in July. The race covers a distance of 205km and runs over three days.
- Hunting is a popular tourist attraction at farms such as Driehoek, Excelsior, Hanover, Hartenbos and Holfontein near Bultfontein. Other hunting areas with packaged tours are located at Hertzogville, Wesselsbron, areas around Thaba 'Nchu, Frankfort, Heilbron, etc.
- Koffiefontein is home to unique artworks and murals painted by Italian prisoners of war during the Second World War.

Free State, Northern Cape and Lesotho. Furthermore, approximately 124 species of birds and 54 species of reptiles inhabit the garden.

- The Golden Gate Highlands National Park and approximately 80 provincial, municipal and privately owned nature parks, nature reserves, game reserves, game farms, etc.
- The Hobhouse, Tweespruit, and Ficksburg (provincial polo fields) districts are popular areas for polo. Harrismith is the so-called 'horse country' of the Free State and annually hosts various polo tournaments. Lindley is home to the Sparta Polo Club which is renowned for its excellent fields and facilities.
- The Northern Free State with its large water bodies is a prime destination for adventure activities such as white-water rafting, canoeing, boating and angling.
- The town of Clarens, known locally as 'the jewel of the Free State', is renowned for its location at the foothills of the sandstone Red Mountains and surrounding Maluti Mountains. Clarens is an artist's haven with many well-known artists either living in or visiting the village often.
- The Vredefort Dome offers hiking, rock climbing, bird-watching, horse-riding, etc.
- Well-known hiking and

mountaineering trails have been developed in Wepener, Caledon Nature Reserve, Tweespruit, Ladybrand, Ventersburg, Virginia (ie Hammerkop and Paradise Flycatcher Trails), Maria Moroka National Park, Heilbron. The five-day, 65 km Brandwater Hiking Trail close to Fouriesburg is well-known for its scenery and is regarded as a tough hiking trail.

- Parys is a well-visited town in the Free State. Like Clarens, many artists have settled in the town. Attractions include arts and crafts, golfing and river rafting.

Dramatic mountainscapes, huge bodies of water that lend themselves to recreation, spectacular national parks, World Heritage Sites, and wide open spaces — the Free State has all of this, and then some.

As South Africa's most centrally located province, the Free State is easy to get to and it has shown a growing ability and desire to host big events.

Among the province's finest natural assets are:

- The Vredefort Dome, a World Heritage Site. The nearest towns are Parys, Vredefort and Potchefstroom. The world's largest olive wood forest lies within the conservancy.
- The Golden Gate National Park stretches across the top of the Free State in the foothills of the Maluti Mountains. The highland habitat provides a haven for oribi, black wildebeest, springbok and Burchell's zebra and many bird varieties. Special provisions have been made for vultures in the park, with the launch in 2012 of a 'vulture restaurant'.
- The Free State is home to many rock art sites, from the extraordinary 18m wall of San art at Sterkstroom that includes the mystical rain animal to the Tandjesberg site that has more than 500 paintings.

The Free State Big Five Route was launched at the Tourism Indaba in Durban in 2013. Events tourism is growing. The Tour de Free State cycling event is growing rapidly. Another example is the Fauresmith 200 Horse Endurance Ride, a well-established part of the horse-riding calendar. The Phakisa Race Course is a highly regarded Formula Two motor racing venue. Power-boat racing is another active sector.

The Naval Hill Planetarium in Bloemfontein is set to become the country's first digital planetarium after the injection of R3-million

Regions and routes

The Free State Tourism Authority has identified a number of key tourist routes in the province which not only offer cultural, recreational and heritage opportunities but are aligned with important development nodes.



Die Vierde Raadsaal building in Bloemfontein.

- **Active N8 Route:** This route links Bloemfontein and Lesotho, passing Ladybrand, Thaba Nchu, and Botshabelo. From Bloemfontein westwards the N8 leads via Petrusburg to Kimberley. This route is also an alternative route for travellers from KwaZulu-Natal to the Eastern Cape and Cape Town via Bloemfontein.
- **Battlefields Route:** The central location of the Free State was a major theatre of war during the Anglo-Boer War. There are 13 battlefield sites, two war museums, and three concentration camp and war cemeteries.
- **Bloemfontein, Botshabelo and Thaba 'Nchu Heritage Route:** This route takes visitors to all three areas and offers a variety of landscapes, Basotho traditions and other activities.
- **Friendly N6 Route:** This route takes travellers through the scenic Southern Free State and towns such as Smithfield and Rouxville, and on into the Eastern Cape Province. It passes through open countryside where sheep, cattle and goats graze, Anglo-Boer War battlefields and off-the-beaten track villages and towns.
- **Maluti Route:** This route traverses the Maluti Mountains into Lesotho and includes dramatic scenery on the R26.
- **Mangaung Cultural Route:** This initiative uses the experience of local guides in taking visitors through areas near the city of Bloemfontein. An eco-park is planned for Mangaung. The cultural village of Mautse is to be revitalised to allow for informal trading in arts and crafts by local artists.
- **Goldfield Route:** This route passes through the Lejweleputswa Region and explores the fascinating history of gold mining.

Themed routes include the Flamingo Route in the province's grain-growing areas, the Lion Route in the north, the Eagle Route encompasses all the charming towns of the north-east, and the Cheetah Route which begins in Bloemfontein and ends on the Lesotho border. Others include:

- **Riemland Route.** Vendors along this route make Western Cape wines available to day-trippers.
- **Vredefort Dome route.** ■

ONLINE RESOURCES

Free State Department of Tourism, Environment and Economic Affairs: www.freestateonline.fs.gov.za

Free State Tourism: www.freestatetourism.org

National Department of Tourism: www.tourism.gov.za

South African National Parks: www.sanparks.org

South African Tourism: www.southafrica.net

Tour de Free State: www.tourdefreestate.co.za

SASOL

Operating in Sasolburg since the 1950s

Formed in 1950, Sasol started producing synthetic fuels and chemicals in Sasolburg in 1955. Originally, Sasol's facility in Sasolburg, now referred to as the Sasol One Site, converted coal into liquid fuels, fuel components, wax and chemicals through Sasol's proprietary technology processes. However, since 2004, the Sasol One Site has been using natural gas from the onshore Pande/Temane gas fields in Mozambique as feedstock. Natural gas is reformed into synthesis gas to produce a variety of chemical products. During 2013, Sasol in Sasolburg also started to produce electricity from natural gas to supplement its existing generation capacity and energy sourced from Eskom.

The first incubator building was officially
opened on 10 October 2013



FACILITY EXPANSION

Various Sasol business units are housed on the Sasol One Site. Furthermore, the facility continues to expand. Our R1,9 billion ethylene purification unit construction was completed at the end of 2013 and inaugurated on 14 January 2014. Sasol New Energy successfully started operations on the gas engine power plant and began producing electricity at the end of December 2012. It produces 140MW, making it the largest power plant using gas engines in South Africa. The Secunda-Natref integration pipeline, which will facilitate the transfer of liquid fuel components between the two facilities, was commissioned in 2013 within its budget of R1 billion. Construction on the R13.6 billion Fischer-Tropsch (FT) wax expansion facility continues to progress. The commissioning of the new slurry bed reactor is expected to take place during 2014.

COMMUNITY INVOLVEMENT

Our community investment and enterprise development initiatives seek to promote people-centred, needs-driven sustainable development of the communities in which we operate. Through these initiatives we strive to develop economically and socially thriving individuals and enterprises. Our Ikusasa public/private partnership seeks to create a more conducive environment for talent, strengthen internal and external partnerships, and build capacity in our host municipalities in the Sasolburg and Secunda regions. The programme focuses on education, health and wellbeing, infrastructure, and safety and security. Through Ikusasa, we have invested R63 million in Sasolburg during the previous financial year, over and above our existing corporate social investments.

DEVELOPING THE CHEMCITY ECO-INDUSTRIAL PARK

The ChemCity Eco-Industrial Park in Sasolburg (CEIP: Sasolburg) offers entrepreneurs, industrialists, SMME's and large businesses a world-class industrial facility that can cater to their requirements and contribute to the socio-economic development of the region.



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The CEIP comprises 172 hectares of industrial land for general business and industrial activities and includes some retail and office sites. There are approximately 240 stands available with erf sizes ranging from 630m² to 68 000m². A reliable supply of utilities (i.e. water, electricity, firewater & sewer system), support services and infrastructure are available on site, to ensure an environment that is conducive to successful production, logistics and marketing.

The park is being developed in two phases. Phase 1, comprising of 110 stands, is complete and stands are selling swiftly. Stands ranging in size from 630m² to 990m² and can be consolidated depending on the individual's requirements. The stands are zoned as Light Industry. Civil infrastructure for Phase 2 has also been completed. Special utilities and industrial services can be sourced from adjacent heavy industries.

The site offers competitive rental and sale prices to potential occupants who wish to establish their businesses on the ChemCity managed site. Land prices range from R200/m² upwards.

The Park offers an environment that incorporates elements of biodiversity, indigenous vegetation, green and energy efficient infrastructure, support for recycling initiatives and general business support.

CHEMCITY BUSINESS INCUBATOR (CBI)

The ChemCity Business Incubator (CBI), housed on the CEIP site, aims to offer an ecosystem designed to accelerate the successful development of entrepreneurial companies by providing an array of business support resources

The main incubator building is scheduled to be completed January 2015



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and services. The first incubator on site was officially opened on 10 October 2013. The main incubator building will be completed in January 2015.

The CBI aims to lower the cost of operating a business through offering access to shared resources and building infrastructure; facilitating access to finance and markets through credible support; guidance and business management support; development of entrepreneurs through awareness creation; mentoring and coaching and providing networking opportunities to access markets. The incubation period for SMEs within the CBI is 36 months.

Incubation support will be offered to resident clients that occupy space in the CBI and to virtual clients (affiliates) located on the CEIP and surrounding areas.

The CBI offers its clients a variety of basic as well as specific business support services. This includes; production, workshop and office space at very competitive monthly rates; hot desking (– includes limited printing and faxing, internet access and telephone); conference rooms; access to a shared reception, meeting spaces and kitchen facilities. In addition, residents of the CBI and clients located on the CEIP gain access to an array of free business development support services from business guides/analysts as well as coaching, mentoring and networking opportunities.

SOME OF THE ADVANTAGES OF THE CEIP ARE:

- Assistance offered to entrepreneurs in designing their buildings to be “green” in terms of utilising alternative building methods, solar geysers, solar panels, etc.
- 24 Hour access control
- A rates and taxes holiday until 31 December 2018
- A greenfield site with the brownfield benefits of being located between heavy industries
- A world-class environment that is geared towards achieving a (net) zero Carbon footprint through the application of environmentally sustainable infrastructure and operating principles
- Possible inclusion into the ChemCity Business Incubator support program

Driving Economic Development in the Free State Province



Enterprise development



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