

Report on the Development of Chinese

**Enterprises in South Africa
(2021 – 2022)**



**Joint Conference of Chinese Overseas Chambers of Commerce (JCCOCC)
South Africa-China Economic and Trade Association**

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Preface



President of the South Africa-China Economic and Trade Association

Mr. Wang Wen'an

The year 2021 marks the 23rd anniversary of the establishment of diplomatic relations between China and South Africa. Since that establishment, Chinese-South African relations have achieved a historic leap from partnership and strategic partnership to comprehensive strategic partnership. China and South Africa have been exchanging frequent high-level visits, increasing political mutual trust, and maintaining mutual understanding and support on issues involving core interests and major concerns on both sides. President Xi Jinping pointed out that China attached great importance to the development of the special relationship of “camaraderie and brotherhood” between China and South Africa. He believes both sides should insist on being future-oriented strategic partners with a high degree of mutual trust, being equal partners in development, in a win-win relationship between friendly global partners with mutual understanding, mutual support, mutual exchange and close collaboration.

As a member of BRICS and of the G20, South Africa, featuring

excellent geographical location, complete infrastructure, and a sound legal and financial environment, is the most industrialized country in Africa and also one of the most attractive countries for investment in Africa. In recent years, the comprehensive strategic partnership between China and South Africa has been strengthening and picking up steam with the support of the two heads of state, with fruitful results in practical economic and trade cooperation. South Africa has been China's top African trading partner for 12 consecutive years, while China has maintained its position as South Africa's largest trading partner for 13 consecutive years. South Africa is one of the largest investment destinations for Chinese enterprises in Africa, and many Chinese enterprises have chosen South Africa as their regional headquarters in Africa. By the end of 2021, Chinese enterprises have cumulatively invested and financed over USD 25 billion in South Africa to create more than 400,000 local jobs. Chinese enterprises in South Africa have written a wonderful chapter on the win-win cooperation and common development between China and South Africa by actively fulfilling their social responsibilities, complying with local laws and regulations, and supporting the economic and social development of South Africa.

The South Africa-China Economic and Trade Association (SACETA) was established in 2011 in Johannesburg, South Africa to serve member enterprises and promote the sound and rapid development of Chinese-South African trade and of the respective economies; to urge member enterprises to operate in accordance with the law and actively fulfill their social responsibilities; to protect the legitimate rights and interests of member enterprises and cope with business risks and challenges; to strengthen horizontal ties among member enterprises and share business experiences, and more. In December 2021, SACETA was elected Vice

Chairman of the Joint Conference of Chinese Overseas Chambers of Commerce. Up to now, SACETA has more than 180 members involving many industries such as power and energy, mineral resources, financial services, equipment manufacturing, communication services, transportation equipment, engineering construction, logistics trade, and others. At present, the office of President of SACETA is held by the Africa Office of State Grid Corporation of China, and the long-term office of Secretariat is held by People's Daily Online South Africa. The office of Honorary President is held by Sinosteel (South Africa), and the office of Executive Vice President by Bank of China, Johannesburg Branch. SACETA has five branches, with one each in Cape Town, Mandela Bay, Durban, North West Province and Limpopo Province. It has seven industry committees which are in energy, mining, infrastructure, manufacturing, communications, finance and transportation, and seven departments, including Public Relations Department, Safety Management, Social Responsibility, Public Relations, Legal Affairs, and others.

In recent years, SACETA has been actively forging ahead towards its objectives and vigorously promoting bilateral economic and trade cooperation between China and South Africa to make positive progress in investment and cooperation in mining, energy, finance, communications, equipment manufacturing and other fields. Member enterprises of SACETA are highly regarded by local communities due to their active fulfillment of social responsibilities and contribution to local communities. The Report on the Development of Chinese Enterprises in South Africa and the Report on the Corporate Social Responsibility of Chinese Enterprises in South Africa, prepared and released by SACETA, have received enthusiastic reactions from all sectors of society in South Africa. In 2021, SACETA released the inaugural issue of the South

Africa-China Economy and Trade, which was a special issue for National Day, comprehensively introducing the dynamics of economy and trade between China and South Africa, and also introducing industry and member dynamics, which were fully recognized by all concerned circles. Since the outbreak of COVID-19, SACETA has made more than 20 donations totaling RMB 25 million to the local government and communities. Such donations have been well-received by local communities and mainstream media, and reflect the good image of SACETA and Chinese enterprises in terms of helping and supporting each other.

The Report on the Development of Chinese Enterprises in South Africa (2021-2022) was jointly prepared by SACETA and the JCCOCC to provide an objective and detailed account of the current economic and social situation in South Africa, the production and operation of Chinese enterprises in South Africa, and the business environment in South Africa. Furthermore, it provides an account of the opportunities and challenges faced by Chinese enterprises, with a view to providing reference for Chinese enterprises to explore the South African market. In addition, the Report, by collecting the demands of Chinese enterprises in South Africa, delivers the front-line voices of Chinese enterprises to relevant government departments and institutions in South Africa, and puts forward recommendations on optimizing industrial structure, improving the business environment, introducing preferential policies, strengthening the efficiency of social services, and stabilizing the currency exchange rate. It is expected that relevant parties in South Africa will pay attention to such recommendations and provide a stable, consistent and continuous macro policy environment for foreign investors, including Chinese enterprises, so as to make South Africa a more attractive investment

destination. In the future, SACETA will continue to raise its service level, help Chinese enterprises to develop soundly and rapidly in South Africa, and create a favorable environment for long-term economic and trade exchanges and a sustainable development between the two countries. It will also make new efforts to encourage the two countries to increase their mutually beneficial cooperation.

Wang Wen'an

June 2022

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Chapter 1 Overview of Chinese enterprises in South Africa

1.1 Basic information and characteristics

In 2021, Chinese President Xi Jinping delivered a keynote speech at the opening ceremony of the 8th Ministerial Conference of the Forum on China-Africa Cooperation (FOCAC) and stated that China would work closely with African countries to implement the “Nine Projects”: first, a medical and health project; second, a poverty alleviation and agricultural development project; third, a trade promotion project; fourth, an investment promotion project; fifth, a digital innovation project; sixth, a green development project; seventh, a capacity building project; eighth, a cultural and person-to-person exchange project; ninth, peace and security project. In recent years, China has actively promoted Chinese-African industrial connection and capacity cooperation by encouraging and supporting Chinese enterprises to invest in Africa and cooperate in building or upgrading a number of industrial parks. In terms of infrastructure cooperation, China and African countries will strengthen mutually beneficial cooperation in the planning, design, construction, operation and maintenance of infrastructure, and support Chinese enterprises to actively participate in the construction of African railways, highways, regional aviation, ports, power plants, communications and other infrastructure to enhance Africa’s capacity for sustainable development. The deepening Chinese-African financial cooperation is reflected in the expanding scale of RMB settlement and the domestic currency swap business, and the increasing number of branches of

Chinese financial institutions in Africa.

President Xi Jinping has instructed as to Chinese-African relations that both sides should adhere to being equal development partners with mutually beneficial cooperation, and should give full play to the advantages of mutual political trust and economic complementarity between China and South Africa. Furthermore, cooperation should be promoted in key areas such as the maritime economy, production capacity, energy, trade and investment, and the balanced and sustainable development of bilateral trade. More and more Chinese enterprises come to South Africa in the context of the continuous warming of Chinese-South African relations.

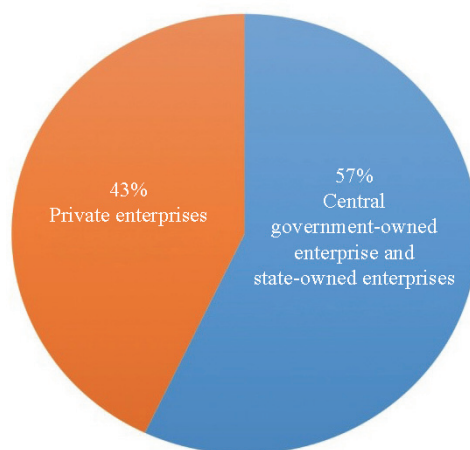


Figure 1-1 Nature of Chinese enterprises in South Africa

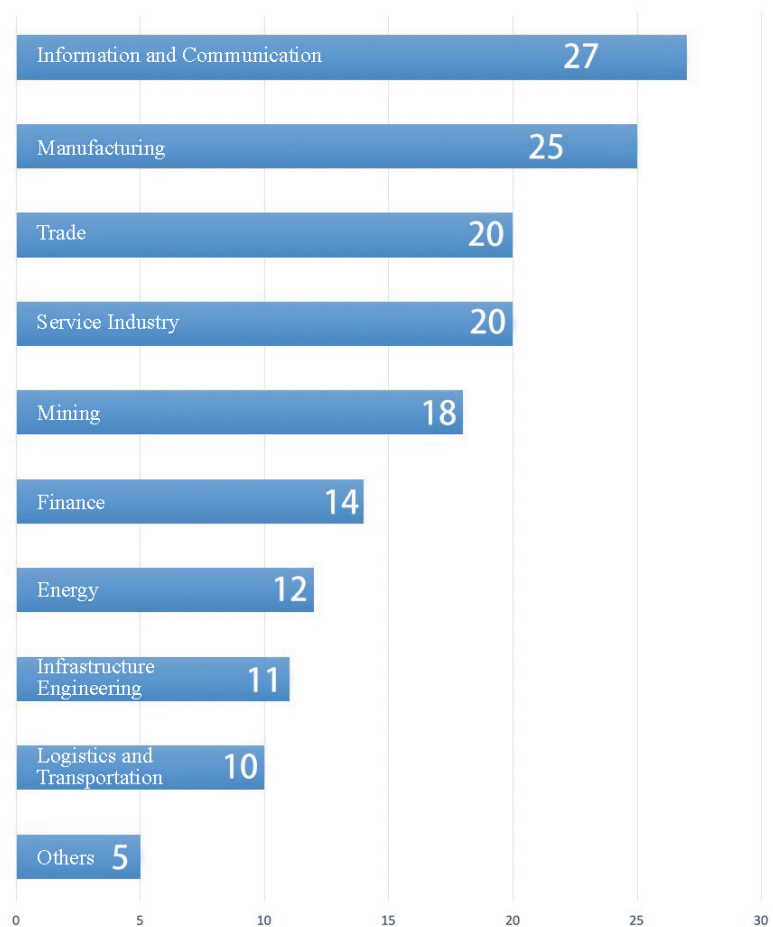


Figure 1-2 Industrial distribution of SACETA member enterprises

The cooperation in production capacity is an important breakthrough in the economic and trade cooperation between China and South Africa in recent years. The South African government encourages foreign enterprises to invest in industries that could increase employment and high value-added products for South Africa, including agricultural processing, chemicals, plastic products, steel, aluminum, automotive, electronics technology, capital equipment, renewable energy, paper and pulp, and others. This would vigorously facilitate the development of industrial manufacturing, structurally transform the national economy, and upgrade the industrial chain. South Africa also actively draws on China's successful practices to actively implement industrial parks, science and technology parks, special economic zones and other

development models. There is an urgent need and large potential for cooperation between the two countries in the transfer and undertaking of industries.

By the end of 2021, China has cumulatively invested about USD 25 billion in South Africa, and has more than 200 Chinese enterprises (including representative offices) in South Africa, including about 140 large and medium-sized enterprises in the fields of energy, finance, mining, home appliances, communications, automotive, engineering machinery, real estate, textiles and garments, logistics, and others.

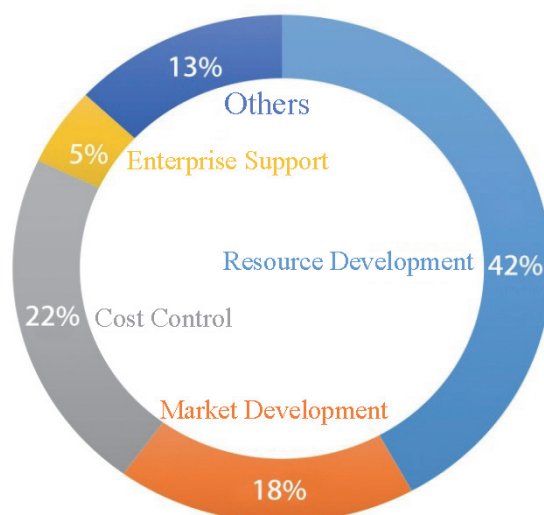


Figure 1-3 Investment purpose of member enterprises of SACETA

1.2 Contribution of Chinese enterprises to the local economy

South Africa, as the most developed economy in Africa, has developed in a relatively stable manner, but faces high unemployment, uneven development, and poverty. In recent years, the slowed and weakened economic growth of South Africa due to the dual impact of the world economy and the pandemic has caused challenges to the economic development of South Africa. Chinese enterprises in South Africa have

always been helping their people in times of difficulty by continuing to expand the scale of investments and businesses, by promoting the transformation of the economy, and by trying to drive economic growth in South Africa.

1.2.1 Contribution to local economic development

(1) Energy

Ramaphosa, President of South Africa, said that infrastructure investment played a vital role in driving economic growth, creating jobs, developing small and medium-sized enterprises, and improving people's quality of life. He went on to say that the South African government strongly supported the investment and construction in infrastructure such as roads, power stations and schools. The energy industry is the most important industry of a country. For many years, a shortage of energy in South Africa has hampered industrial production and negatively affected people's lives in the country.

At the end of 2012, State Grid Corporation of China (SGCC) established its Africa office in South Africa. At the end of 2015, in the presence of the two heads of state, State Grid Corporation of China and Eskom (a South African electricity public utility) signed a strategic cooperation agreement in the fields of smart grid technology application, transmission and substation engineering, equipment lease financing, technical training, business consulting, and more. In recent years, China and South Africa have been cooperating on all fronts on transmission project development, power reform consultation, and energy and power transformation.

The De Aar wind power project, funded by Longyuan (South Africa),

has a total installed capacity of 244,500 kilowatts and can meet the power needs of 85,000 local households. The project is also the first wind power project integrating investment, construction and operation provided by a Chinese state-owned power enterprise in Africa.

Goldwind, as China's largest manufacturer of wind power equipment and the world's leading provider of wind power technology, along with local partners, has won bids for several wind power projects of the Renewable Energy Independent Power Producer Procurement Program (REIPPPP) in South Africa, thereby introducing China's advanced renewable energy technologies to South Africa.

Power China has won and signed 9 project contracts with a total value of roughly USD 1,839 million, since the establishment of its South African branch in April 2008.

(2) Financing loans

In recent years, South Africa has witnessed an increasing number of Chinese financial enterprises, from the establishment of these companies to the development of business. With quality, efficiently integrated financial services, Chinese financial institutions have effectively enhanced the vitality of South Africa's financial market with their global financial network, and provide strong financial support to important sectors of South Africa's economy, such as energy, mining, telecommunications, manufacturing, real estate, retail, agriculture, and others.

The Johannesburg Branch of Bank of China was the first Chinese bank incorporated in South Africa. Up to now, this branch has raised more than ZAR 25 billion from the international market to support the economic development of the country, in addition to capital investment of

nearly ZAR 5 billion. These loans not only help well-known South African enterprises expand their business, but also promote the localized production and technology transfer of Chinese enterprises.

The Johannesburg Branch of China Construction Bank was the fourth overseas institution established by China Construction Bank Corporation. Since its entry to the South African market in 2000, the Branch has contributed a cumulative capital of USD 385 million and provided loans of USD 12.085 billion to enterprises. Among them, local customers account for 84% and local assets account for 68%.

The Industrial and Commercial Bank of China (ICBC) became the sole largest shareholder of Standard Bank of South Africa Limited, the largest commercial bank in South Africa, by investing close to ZAR 36.7 billion (roughly USD 5.5 billion) in 2008 to acquire its 20% equity. Such investment is also the largest single foreign direct investment received by South Africa to date. In 2011, ICBC's Africa Representative Office was officially established. So far, ICBC has provided loans of over USD 3.2 billion to local and Chinese enterprises (excluding Standard Bank).

China Development Bank (CDB) entered the South African market in 2006. By the end of October 2021, CBD had offered loans totaling USD 9.36 billion in South Africa, with an outstanding loan balance of USD 5.58 billion, for projects in various fields such as railway equipment, power, mining, telecommunications, financial institution cooperation, African SMEs, and more. In September 2018, CBD and a number of African financial institutions, including Standard Bank of South Africa and Amalgamated Banks of South Africa (ABSA), jointly launched the China-Africa Inter Bank Association (CAIBA).

The China-Africa Development Fund has now invested in over ten projects in South Africa in the fields of capacity cooperation,

infrastructure construction, manufacturing, energy resources development, culture and people's livelihood, with a total investment of USD 683 million. South Africa has become one of the priority countries for investment by the China-Africa Development Fund.

In addition, China Export and Credit Insurance Corporation and other financial institutions have established permanent personnel in South Africa to actively provide insurance services for foreign trade and foreign investment, and to cooperate with Chinese enterprises.

(3) Communication

At present, South Africa is still subject to a limited coverage of fixed broadband and an Internet penetration rate of only 72%. The digital divide between economically developed metropolitan cores and remote provinces, and between the wealthy and the disadvantaged cannot be ignored in South Africa.

Since its entry into South Africa, China Telecom has provided globally integrated solutions to users in a wide range of industries, including government agencies, media, banking, energy, and IT. To date, China Telecom has laid a total of more than 1,100 kilometers of fiber optic cables in South Africa and invested in several international submarine cables, thereby greatly promoting the development of the Internet industry in South Africa.

Huawei Technologies South Africa, as an important contributor to the development of telecom in Africa, was the first to introduce the world's leading 4G technology to South Africa in 2012. Currently, Huawei Technologies South Africa has become an important 5G partner of major telecom operators in the country and has made positive contributions to the promotion of 5G development there.

China Comservice South Africa has built and upgraded more than 2,300 communication base stations and designed more than 20,000 km of fiber optic cable routes, just in 2021 alone, making a great contribution to the construction of local communication infrastructure in South Africa.

China Unicom South Africa, being market-oriented and customer-centric, and aiming at continuously expanding its global network coverage, increasing its service scope and improving its services to customers, is now becoming an influential provider of communications and information services in South Africa and the surrounding areas.

Founded in 2006, ZTE South Africa has launched far-reaching cooperation with major communication operators such as MTN, CELLC and Vodacom, with more than 10 years of efforts to provide fast and stable communication services to more than 30 million South Africans. ZTE South Africa greatly accelerated the modernization of the country's communication industry, thus laying a solid foundation for the informationization and intelligent transformation of South African society.

(4) Transportation

Inadequate railway capacity and locomotives in disrepair have always been a problem for South Africa's railway transportation. Since 2012, CRRC has executed the orders with Transnet (a national transportation company of South Africa), in order to effectively enhance South Africa's logistics capacity and foreign trade competitiveness.



Figure 1-4 A CRRC 45D diesel locomotive running on the railway in South Africa

In the field of air transport, Air China launched the Beijing-Johannesburg route at the end of 2015. The new route not only greatly facilitates the round trip between China and South Africa, but also greatly promotes economy and trade between the two countries.

In terms of highway transport, FAW has invested in a FAW plant in Coega, South Africa and put it into operation in July 2014. Currently, the annual production by the plant of 1,500 medium and heavy-duty trucks satisfies the demands of the South African market while helping other countries in Africa. BAIC South Africa, established in 2015, has a plant in the Coega Industrial Development Zone in Port Elizabeth, Eastern Cape. It was established to deliver products ranging from passenger vehicles, off-road vehicles, light delivery vehicles, and more. The total investment in the project is USD 800 million, of which 65% is invested in BAIC accounts and 35% in local partners accounts.

In terms of maritime transport, COSCO Shipping has maintained rapid development in Africa over the years. It has now set up branches in South Africa, Nigeria, Tanzania, Kenya, Ghana and other countries, and

has contracted agents in Côte d'Ivoire, Togo and Benin in West Africa and Mozambique in East Africa, to guarantee the free trade flow of bulk commodities and consumer goods in South Africa.

1.2.2 Tax payment according to the law and creation of jobs

In terms of tax payment according to the law, HBIS Group has cumulatively paid ZAR 2.14 billion since its acquisition of Palabora Mining Company, South Africa in 2013; ICBC has cumulatively paid taxes of approximately ZAR 13.21 billion since its acquisition of 20% equity in Standard Bank of South Africa in 2008; Hengtong Group has paid USD 17.4 million in cumulative taxes since its acquisition of Aberdare in South Africa in 2016; Huawei Technologies South Africa more than USD 100 million in the past three years; CRRC more than ZAR 3.4 billion since its entry to the South African market in 2012; Hisense South Africa Manufacturing Co., Ltd. USD 109 million since 2014; Baiyin Nonferrous Group ZAR 1,105 million from 2012 to 2017; and Sinosteel Group ZAR 1,595 million since 1996 through its two joint ventures in South Africa (Tubatse Alloy (Pty) Ltd. and Tubatse Chrome Minerals (Pty) Ltd.).



Figure 1-5 A corner of production line in Hengtong Group

In terms of position creation, the incomplete statistics indicate that the number of employees in Chinese enterprises in South Africa now exceeds 32,000, including 30,000 local employees, resulting in a localization rate of employees of 93.75%. Among them, Baiyin Non-Ferrous Group invested in the Gold One project in South Africa and employed 2,600 local employees, with a localization rate of 99.9%; Tubatse Alloy (Pty) Ltd. and Tubatse Chrome Minerals (Pty) Ltd. employ more than 2,000 local employees, with a localization rate of 99.9%; the two office building projects invested and developed by China Railway International Group (South Africa) directly created more than 2,000 positions; CRRC South Africa created more than 1,000 positions and maintains more than 10,000 positions through manufacturing subcontracting, joint ventures and local upstream and downstream procurement in South Africa's railway industry chain; BAIC's Coega plant created about 13,000 direct and indirect positions; China Telecom is committed to local development while boldly employing local employees

to directly create 1,010 jobs for South Africa; FAW’s Coega plant has driven the employment of more than 500 positions during the construction period, and 240 fixed positions after its completion and operation, thereby driving the employment of thousands of positions in upstream and downstream enterprises.

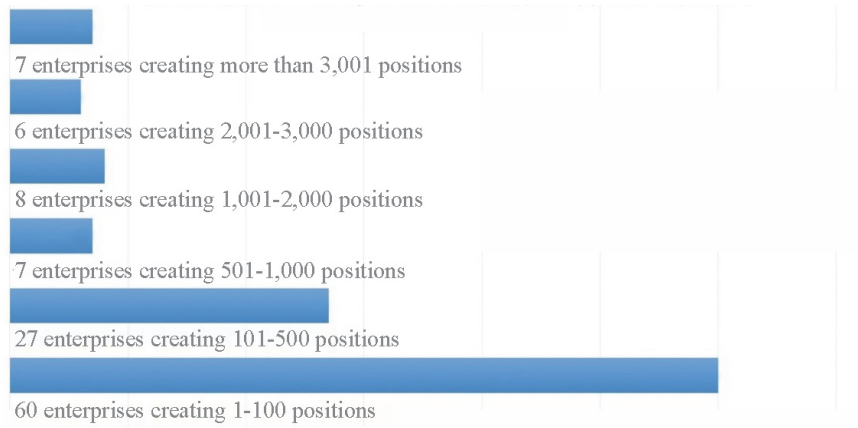


Figure 1-6 Creation of direct positions for local communities by SACETA member enterprises

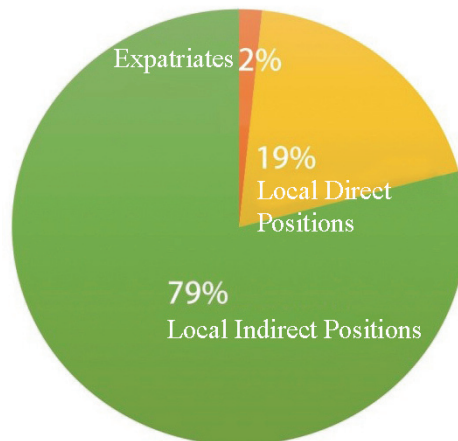


Figure 1-7 Employee organization of SACETA member enterprises

Chinese enterprises strictly comply with relevant provisions of South Africa’s Black Economic Empowerment Policy (BEE) and the Labor Act, and actively favor blacks, women and the disabled in their labor structure.

PMC of HBIS Group has 2,385 registered official employees and 2,342 contract workers. Among the official employees, 1,516 are black, accounting for 63.5%; 522 are female, accounting for 21.9%, including 11 women at manager level or above; and 11 employees are disabled. Hisense South Africa has invested in the first phase of the Hisense Home Appliance Industrial Park in Western Cape Province, and created more than 700 direct positions, and more than 3,000 indirect positions for the supporting industries of local accessories, logistics, and others. On the project, less than 10% of employees are expatriates and more than 40% are female from local communities. 20% of ZTE South Africa's management positions are held by local female employees, and 39 are disabled interns.



Figure 1-8 Production workshop of Hisense South Africa

1.2.3 Improvement of life quality

Chinese home appliance enterprises are increasingly entering the South African market with excellent brand quality and products attractive

in price and quality. Hisense TVs and refrigerators both rank atop the markets in South Africa. The business scope of Skyworth and SVA covers not only TVs, refrigerators, air conditioners and mobile phones, but also the fields of medical devices and intelligent transportation, in which more cost-effective options are provided to the people of South Africa.

China Mobile, China Unicom, Huawei, ZTE and other communications enterprises step up efforts to tap into projects in cooperation with the South African government and enterprises, while actively providing turnkey solutions in broadband, energy, transportation, education and smart parks to help improve the quality and efficiency of services to the local people.

Chinese banks and UnionPay have launched a variety of personal financial service products, such as “Love Shopping in South Africa” to greatly enhance the convenience of cross-border consumption between the two countries, for the purpose of developing the tourism industry in South Africa and facilitating Chinese tourism there.

Access to the StarSat Satellite TV platform operated by StarTimes in many South African households enables ordinary local people to enjoy TV programs from around the world at a low cost. Chinese pharmaceutical and equipment manufacturing enterprises such as Beijing Tong Ren Tang, Tianjin Tasly, Suzhou Longrich, and Shenzhen Mindray also have provided quality Chinese products to improve medical standards and people’s health in South Africa.

Vehicles under Chinese brands such as Haval, BAIC and JMC have been on the streets of South Africa, with their price and quality widely recognized by the general public. Real estate development enterprises such as China Railway International Group and Balfour have independently designed and built commercial and residential properties at

different price levels to prosper the real estate market in South Africa. The high-tech monitoring systems and security services provided by Hikvision and Dahua Technology ensure the reliable security for South Africans. In addition, SF Express have also entered the South African market.

1.3 Fulfillment of social responsibilities

Chinese enterprises in South Africa have won the appreciation of the local government, communities and people by actively fulfilling their social responsibilities, giving back to the local community, and contributing to the social and economic development of South Africa.

1.3.1 Personnel training and technology transfer

Chinese enterprises have trained a number of qualified and skilled personnel for the local community by actively transferring advanced technologies and providing skills training to local employees.

Huawei has trained nearly 20,000 local ICT talents in South Africa so far, and been awarded an “Outstanding Employer in South Africa” several times as Huawei has implemented the Seeds of the Future project together with the Department of Communications and Digital Technology of South Africa. Seeds of the Future selected outstanding local ICT students to study in China every year; opened networking academies along with South African universities and provided scholarships; and established the Huawei South Africa Training Center in 2008 to provide training for Huawei’s local employees and employees of South Africa’s five major network operators.



Figure 1-9 Huawei invited outstanding South African undergraduates to China for training on Chinese culture and ICT



Figure 1-10 Students of Huawei Seeds of the Future visited Huawei Beijing Research Institute



Figure 1-11 Ambassador Chen Xiaodong and Ntshavheni, South Africa's Minister of Communications and Digital Technology, attended the launch of Huawei Seeds of the Future 2021

SGCC has attached great importance to power and energy training in South Africa. Since 2015, SGCC has invited employees from local power and energy institutions and enterprises, such as the Department of Mineral Energy (DMRE), Eskom, and the Central Energy Fund (CEF) of South Africa, to participate in power and energy training held in China with a total of more than 70 participants, involving renewable energy, cross-border grid interconnection, grid operation, among others.

Longyuan (South Africa), paying attention to the skills development and training of employees, has hired professional consulting enterprises to develop training programs, including working at height, high-pressure operation, first aid, and more, and regularly submits reports on training results to the Department of Labor, industry committees, etc. of South Africa.



Figure 1-12 Outstanding Development Project Awards of Longyuan (South Africa)

Goldwind Africa (Pty) Ltd. each year has been committed to updating and introducing the latest wind power and hybrid energy technologies to new energy developers in South Africa, and partnering with the South African New Energy Training and Education Center in sponsoring South African students to complete their studies in wind turbine technologies. PMC of HBIS Group has spent ZAR 136 million on training employees with respect to professional skills and certification, personal development, retraining, undergraduate induction, and more.

PMG South Africa of GXDM provides employees with a wide range of training opportunities including truck drivers, forklift drivers, electricians, plant operators, designated coordinators, first aid representatives, office management and design, and more. The human resource development education program at the Gold One Modder East Mine under Baiyin Non-Ferrous Group targets basic education training for the illiterate population in the local community and provides scholarship programs for outstanding local students in South Africa.



Figure 1-13 Employees of Gold One Modder East Mine under Baiyin Non-Ferrous Group participate in the construction of flood control facilities in communities

A total of over 2,000 employees have been trained by CRRC in South Africa, including locomotive drivers, technology and quality engineers, maintenance and overhaul personnel of the locomotive depot, production workshop workers, and others. CRRC has also arranged for more than 400 technicians and workers of Transnet to go to China for training in locomotive production and manufacturing technologies. In addition, CRRC through the Education and Training for Internationalized Talents in Rail Transportation project in cooperation with Tongji University, has also provided international training opportunities to core technical personnel of local partners.

In order to support quick pickup of the production process and technologies by local employees, and enable their growth towards professionals or technical experts, Hisense has actively implemented the 1+10 training program, where one Chinese technician is responsible for

training 10 local employees and having all of them qualified in the mentorship system. Hisense has unreservedly passed on China's advanced production, management experience, and electronics manufacturing technologies to the people of South Africa.



Figure 1-14 Chinese employees of Hisense South Africa provide technical experiences to local employees

CBMI South Africa has comprehensively implemented technology transfer during the construction of the production line project of the PPC Cement Group in South Africa, in which training of safety skills for mobilization, orientation and the mentorship system of employees has directly improved the technical skill of local employees.

In addition to regular training for dealers and local employees, Beijing North Vehicle (South Africa) also organizes local technical teams to make technical improvements to products in response to local market demands. Up to now, more than 100 technical training visits to Chinese

plants have been organized, along with more than 20 special technical trainings in South Africa and more than 100 localized technical improvements.

1.3.2 Protection of rights and interests and guarantee of security

Chinese enterprises in South Africa strictly formulate rules and regulations, execute labor contracts with local employees in accordance with the law, and adjust remuneration packages according to the *Labor Law* and industry practices of South Africa. This facilitates a stable employment environment, a balance between work and life for local employees, and sustainable development.

Chinese enterprises in South Africa, following local employee development practices, have generally established a comprehensive assessment system to encourage local employees to show their talent and provide them with corresponding career development paths. Subject to a localized talent management system, Hisense plants have been paying full attention to the cultivation of local employees, so as to produce not only excellent production technology and management talent but also produce home appliances in South Africa. This includes locals holding positions such as Deputy General Manager of the production base, Human Resources Manager, directors of core positions, workshop team leaders, and others.

In the course of business, Chinese enterprises in South Africa respect the systems of labor unions, maintain good communication and collaboration with labor union organizations, understand relevant demands of employees in a timely manner, and provide appropriate care for employees suffering from illness or family difficulties. Chinese enterprises have also formulated and implemented safety-related rules

and regulations, clarified operation standards, and carried out safety inspections for employees working in mines and assembly lines.

1.3.3 Focus on harmonious community development

Chinese enterprises in South Africa, bearing in mind their responsibility to integrate into the local community, have been taking real action and using their own resources to help the development of local communities.

Two communities with a total of 45,000 residents surround the Wesizwe Platinum. In response to the local residents' difficulties in accessing water, Wesizwe Platinum has installed 32 sets of 5,000-liter water supply facilities in each of the two communities since 2013, in order to provide clean water to the communities.

Baiyin Non-Ferrous Group's subsidiary Gold One understands the importance of community construction and development around the mines, and deems the maintenance of good community relations an important task. Gold One has established a structured and equitably representative platform, e.g. the Gold One Stakeholder Engagement Forum (GOSEF), to enhance interaction and communication with communities and local associations. The platform is designed to address the concerns of communities and all stakeholders, and accelerate the fulfillment of commitments to social and labor programs.

The municipal jurisdiction of Phalaborwa, where PMC of the HBIS Group is located, has a population of nearly 150,000 people spread over 8 communities. PMC has been committed to and played a significant role in the sustainable development of its employees and the entire Phalaborwa community for many years, while working to promote community transformation.



Figure 1-15 PMG South Africa of GXDM donated to the community



Figure 1-16 Longyuan (South Africa) donated to local schools

1.3.4 Promotion of multicultural exchanges

In the process of investment and operation in South Africa, Chinese enterprises have been integrating the multi-ethnic and multi-racial “rainbow culture” into their corporate culture and making efforts to deliver happiness and joy to their employees and surrounding communities.

The Johannesburg Branch of China Construction Bank actively builds corporate culture and fully understands and respects diverse cultures, religious beliefs and folk customs, while focusing on building a harmonious, diversified team. Specifically, its regular staff activities with the theme of team building have cultivated a team spirit of unity and close cooperation between the employees of both countries, and enhanced a sense of collective honor.

The Johannesburg Branch of Bank of China, based in South Africa and integrated into the local community, gathers employees with different ethnic backgrounds to grow together and build a harmonious and inclusive corporate culture. The management and expatriates consciously hone the habits of local employees to transform them into professionals. Priority is given to sending the local professionals to China for special training and enhanced cohesiveness.

Tubatse Chrome Minerals (Pty) Ltd. has prioritized building a harmonious relationship with local employees and local communities, by strictly complying with local laws and regulations, insisting on the employee localization policies, respecting and safeguarding employees’ rights and interests, emphasizing equal opportunities, and advocating diversity and inclusiveness.

The employee activities organized by FAW South Africa on important holidays of China and South Africa greatly promote the

exchange and integration of different cultures within the company.

1.3.5 Establishment of environmental protection concepts for South Africa

Chinese enterprises in South Africa have integrated the concept of green operation into every process of enterprise development, as environmental management, green production, energy conservation and emission reduction, and green offices are all part of the enterprise development strategy. Chinese enterprises effectively comply with the requirements of the *South African Environment Act* in their operations and production, and work together with South Africans to protect the blue sky.

Under the established complete environmental management system, PMC of the HBIS Group strictly follows the ISO14001 standard to develop relevant policies and procedures for waste management. Waste may be generated at different stages of mining and processing. PMC maintains a highly responsible attitude toward waste management by avoiding pollution, reducing the potential impact of waste on the environment, and systematically managing classified waste.

CBMI takes multiple measures to protect the local environment, increase efficiency and reduce consumption, under the environmental protection concept of “building our common homeland with a humanistic spirit and environmental awareness”. For example, a professional waste disposal company is hired to sort construction waste and domestic waste.

In addition, Chinese enterprises are also actively sharing their expertise on energy conservation and reduction of emissions and pollution in South Africa. COSCO Shipping has reduced CO₂ emissions by 33,000 tons per year by developing and establishing an intelligent

vessel energy efficiency system. The Mamba Cement Project in South Africa, funded by the China-Africa Development Fund, can reduce industrial coal consumption by 17,000 tons and reduce CO₂ emissions by 50,000 tons per year by upgrading energy-saving technologies. These upgraded technologies have now become the highest standard of energy saving and environmental protection in the cement industry in South Africa.



Figure 1-17 Mamba Cement Project, South Africa

BAIC South Africa has made environmental protection an important requirement and an operational element of engineering process design since the planning stage of its plant. It did this in a multi-pronged manner by extensively using technologies and measures such as photovoltaic power generation, high-efficiency engine ventilation, variable frequency compressors, plant-wide steam condensation recovery, cleaning and rainforest water recovery, rainwater collection, and sewage treatment stations. This all ensures the implementation of environmental protection and energy saving.

1.3.6 Care for local people

Thriving Chinese enterprises in South Africa still insist on deeming social welfare as an important part of their business activities, and establishing a good corporate image by proactively and selflessly sharing their business achievements with local people through social welfare activities.

The Johannesburg Branch of China Construction Bank has actively participated in the “Path of Life” education program in South Africa and donated ZAR 1 million to support 10 university students in completing their studies or further education, in order to achieve the goal of national talent development.

BAIC South Africa has donated sports equipment, including rugby balls, soccer balls, basketballs and baseballs, to the Coega Primary School in Nelson Mandela Bay. FAW South Africa also has donated ZAR 200,000 and 300 sets of school uniforms and 400 pairs of sports shoes to 6 local schools.



Figure 1-18 FAW South Africa donated daily necessities to local students

Tubatse Chrome Minerals (Pty) Ltd. continues to sponsor the teachers and poor children from local primary and secondary schools. Through the local municipal government, PMG South Africa of GXDM has donated schooling funds to local primary schools along with school uniforms, school bags, shoes and stationery. CBMI has repaired campus roads and renovated the kitchens for schools in the local community.

China Telecom supports local education by offering donations to help poor students complete their studies at the International Computer Academy. Hisense South Africa has launched the “Hisense Scholarship” to support poor students from middle schools in Karvina-Molapo, Gauteng. ZTE South Africa has partnered with the Gauteng University Alliance Commission (55 senior middle schools) to build an ICT training and learning center to regularly train students in science and engineering skills.

The clinic donated to the local community by Baiyin Non-Ferrous Group’s subsidiary Gold One in South Africa serves multiple communities and benefits tens of thousands of people. Hisense South Africa has regularly donated to the South African Red Cross Children’s Hospital and has made donations to the Cape Town Home for the Aged and the Johannesburg Orphanage since 2012. Since 2013, the China-Africa Development Fund has led the invested enterprises to carry out CSR activities that reflect Chinese enterprises’ support for community development every year, including donation to schools and orphanages.

Hengtong South Africa has established a support center for the disabled in Pietermaritzburg to provide the disabled with accommodation, daily care and medical services, and train them to earn their own living. Hengtong South Africa also founded Aber-School to provide math, science and language tutoring to poor students from senior middle schools.



Figure 1-19 Opening ceremony of Hengtong Aber-School

Chinese financial institutions and enterprises have sponsored the “Chinese Bridge” competition for many years to encourage South African students from middle schools and universities to learn Chinese, and help students realize their dreams of studying in China.

China Comservice South Africa, committed to “localized” development, has created more than 500 direct positions and more than 1,300 indirect positions in South Africa. In addition, China Comservice South Africa also pays great attention to the skill training of local employees by training all in-service technicians and some technicians of subcontractors on safety production and professional skill improvement. Between 2017 and 2019, several visits were made to the Transoranje School for Deaf-Mutes in Pretoria, with donations totaling ZAR 139,000. In October 2021, China Comservice South Africa donated ZAR 50,000 to Phuti Nare Middle School for the Black in Limpopo Province, South Africa to upgrade the school’s IT teaching equipment, which was praised and recognized by the local people.

Chapter 2 Evaluation of the Business Environment in South Africa by Chinese Enterprises

2.1 Overview of business environment in South Africa

2.1.1 Positive attitude to attract foreign investment

The World Bank's Doing Business 2020 Report shows that South Africa ranks 84th out of 190 economies worldwide in terms of ease of doing business, down two places compared with 2019. The ranking of South Africa in each sub-item is as follows: protecting minority investor (13th), paying taxes (54th), resolving insolvency (68th), access to credit (80th), dealing with construction permits (98th), contract enforcement (102nd), registering property (108th), getting electricity (114th), starting a business (139th), and trading across borders (145th).

The *Company Act* of South Africa, effective from 2011, facilitates conducting business in accordance with the law for investors by providing detailed regulations on the formation, registration, organization and management of enterprises, capitalization of profit-making enterprises, and registration of foreign enterprises (offices) that intend to conduct business in South Africa. The *Investment Promotion and Protection Act* of South Africa was launched in 2015 and came into force in 2018 to protect the interests of foreign investors by granting them the same rights as domestic investors to enjoy national treatment.

For the purpose of creating a business environment more conducive to foreign investment and to attract foreign investment, in March 2017 the South African Department of Trade and Industry established the Invest

SA, a one-stop service agency for investment in South Africa, to simplify the previously cumbersome official declaration and approval process. Invest SA enables investors to coordinate with relevant regulatory, registration and licensing authorities, etc., and receive comprehensive services, ranging from permits to utility supply, and from taxation to license processing.

The current South African government is committed to promoting South Africa as one of the top-ranked countries in the world for doing business in the coming years by further streamlining business procedures, automating processes, and providing additional support for micro-, small- and medium-sized enterprises in order to further attract foreign investment. In addition, as a founding member of the World Trade Organization, South Africa also actively participates in regional economic integration, bilateral and multilateral economic and trade cooperation, and especially achieves zero tariffs on the vast majority of goods from the African continent through the *African Continental Free Trade Agreement*.

The relatively complete transportation system of South Africa plays an important role in the economic development of South Africa and its neighboring African countries. The South African government also intends to strengthen its position as a gateway to the African market, with efforts made to establish extensive economic and trade cooperation with major economies such as China, the United States, India, Japan, Russia, and others.

2.1.2 Vigorous promotion of the construction of development zones

Since 2000, South Africa has been implementing an industrial development zone program by selecting areas near international seaports and airports to provide investors with comprehensive infrastructure,

convenient customs clearance procedures and tax incentives, and establish intensive manufacturing bases. To make up for the policy shortfall in industrial development zones, the South African government enacted the *Special Economic Zones Act* in 2016, by which the former industrial development zones were converted to special economic zones. Currently, there are 11 special economic zones in South Africa.

The incentive policies for South African Special Economic Zones consist of three components: first, an incentive package issued by government departments to enhance investment attractiveness; second, additional incentives provided by relevant provinces and municipalities to enterprises within the local special economic zones; and third, additional incentives provided by individual economic zones to involved enterprises. Incentives mainly include: (1) employment tax incentives, i.e. a 24-month pay-as-you-go tax credit for young employees aged 18-29 earning ZAR 20,000 - 60,000 per annum in any special economic zone, subject to a limit of ZAR 1,000/month/person; (2) construction allowance, which allows the capital used by enterprises in any special economic zone for investment in fixed assets to be depreciated at a rate of 10% per annum on assets for 10 years; and (3) tax credit, i.e. a tax credit for expenditure on greenfield or brownfield projects in the areas of capital and training; (4) VAT and duty exemptions, i.e. import refunds, VAT exemptions and expedited customs clearance for enterprises in the customs control area within any special economic zone; and (5) corporate income tax benefits, i.e. the rate of corporate income taxes is reduced to 15% for enterprises within any special economic zone and 28% for enterprises outside the special economic zone.

2.1.3 Great potential for radiating Africa

The African Continental Free Trade Area (AfCFTA) is a free trade area agreed and established by 54 members of the African Union, which aims at deepening African economic integration through the strengthening free flow of people, capital, goods & services, the promotion of agricultural development, food security, industrialization, and structural economic transformation. The AfCFTA envisages a combination of market integration and industrial and infrastructure development to address Africa's production capacity, while enhancing the position of Africa's trade in global markets by strengthening the common voice of Africa and improving Africa's policy space in global trade negotiations. On January 1, 2021, the AfCFTA was officially launched.

In February 2019, the Parliament of South Africa ratified the AfCFTA agreement, and South Africa officially joined the AfCFTA. Although the South African government has not introduced any industrial policies related to the AfCFTA in the short term, it is worthwhile for Chinese enterprises to study how to share the dividends arising from AfCFTA and how to make use of the zero tariff preferences to manufacture qualified products as specified in the rules of origin.

2.2 Evaluation of Chinese enterprises

As indicated in the survey conducted by the SACETA among Chinese enterprises on the business environment in South Africa, most Chinese enterprises believe that the investment environment in South Africa was subject to a declining yet generally stable trend in 2020 and 2021 due to the pandemic. It is expected that the business environment in South Africa will recover as the South African government is now

actively responding to the pandemic and working toward economic recovery, and the rebound in global commodity prices also favors the recovery.

At present, South Africa is subject to a generally stable political situation and strong policy continuity. However, riots across several provinces in July 2021 revealed some hidden problems in its social stability. If major domestic political and social issues are not well resolved, such riots may still break out frequently and seriously disrupt its economic development. South Africa, featuring abundant mineral resources, a relatively developed manufacturing industry, and a basically modernized transportation system and communication network, has a complete legal system for investment and supervision. Despite a relatively young demographic structure and abundant educational resources, the restoration of economic growth remains a challenge against South Africa due to problems such as high unemployment, a serious social security situation, tight energy supply, inadequate maintenance of its energy infrastructure, and other issues.

The South African government attaches great importance to foreign investment and has certain policy advantages in terms of investment protection and tax payment. A risky employment environment exists in South Africa, in spite of rich labor resources and low costs, as a result of, among other things, low quality of labor and a shortage of special technical personnel, the influence of trade unions, excessive protection of labor laws.

Chinese enterprises believe that South Africa is still worth focusing on due to its huge investment potential in such fields as mining, new energy, infrastructure and the digital economy. In addition, investment of private capital in South Africa will continue to trend upward.

Chapter 3 Challenges faced by Chinese enterprises

3.1 Serious public security problems

South Africa has a high crime rate compared to other countries, including a relatively higher rate of murder, armed robbery and rape. According to ARMORMAX, 5 South African cities were ranked in the “20 Most Violent Cities in the World” in 2021, and included Pietermaritzburg (11th), Pretoria (13th), Durban (15th), Johannesburg (16th) and Cape Town (19th).

3.2 Insufficient power supply

In recent years, South Africa has had difficulty developing its power industry as constrained by its national economic development. Besides this, shortages in power supply and the rising price of electricity caused by underinvestment, mismanagement, aging equipment, and other issues also lead to the occurrence of large-scale limited power supply from time to time. This seriously affects the lives of residents, business operations and economic development. Eskom is currently in a deep financial crisis and faces serious challenges with respect to business organizational structure, finance, operations, governance, and others. The South African government announced the spinoff and reorganization of Eskom in 2019, but slow progress may fail to solve the power shortage in the short term.

3.3 Strained industrial relations

Powerful trade unions and frequent strikes in South Africa seriously

hinder the normal operation of enterprises and also lead to significant losses. According to the South African Department of Labor, South Africa leads the world in the number of work days lost per 1,000 people per year due to strikes. Mining, energy, construction and automobile manufacturing are among the industries seriously affected by the strikes.

3.4 Shortage of technical professionals

According to relevant survey reports, there are now almost 830,000 highly skilled vacant positions available due to a lack of qualified talent in South Africa, and the scarcest talent includes professionals and skilled workers such as senior management personnel, medical personnel, engineers, accountants and lawyers, and technical personnel such as technicians and agronomists.

3.5 High logistics costs

As one of the most developed economies in Africa, South Africa has relatively complete infrastructure, but is subject to problems such as insufficient railway capacity. South Africa's railway lines are more than 30,000 kilometers in length, but about half of them are currently not operating properly due to aging and disrepair. In South Africa, the railway lines are mainly used for freight transport. The lack of transport capacity and inefficient operation have seriously affected the international competitiveness of exported goods such as iron ore and manganese ore. The tight financial situation has led to insufficient investment in infrastructure and further pushed up logistics costs to a certain extent.

3.6 Visa application difficulties

In order to support a stable employment rate of local residents, South Africa imposes strict restrictions on foreign workers. According to the *Immigration Act* and the *Foreigners Management Act*, positions that can in principle find eligible candidates locally cannot be offered to any foreigners. It is very difficult for foreigners to obtain a work visa for South Africa. The cumbersome procedures and regulations of SA Migration International sometimes result in failure obtaining on-time visas and failure entering the country to work as scheduled. Some projects face the risk of delays due to the failure of key technical and management personnel obtaining visas on schedule, while enterprises are unable to find eligible local technical personnel as substitutes due to the aforementioned lack of talent and other difficulties.

Chapter 4 Challenges and opportunities of the post-pandemic era

4.1 Challenges

Given that the COVID-19 pandemic has caused a significant impact on the South African economy and society, the economic recovery of South Africa in the post-pandemic era is subject to many uncertainties due to the global economic downturn, plummeting commodity prices and rising logistics costs. For Chinese enterprises that have invested and are planning to invest in South Africa, the challenges facing them are mainly as follows:

1. The remaining high possibility of local riots or anti-foreigner events in South Africa put the production and operation of Chinese enterprises at risk. In addition to these risks are a further increase in unemployment caused by the pandemic, the trial of Zuma's case, local elections, and other political factors.
2. The South African government will inevitably increase public expenditure to appease the public's discontent against economic setback, which will further expand the size of South Africa's fiscal deficit. The economic recession arising from the pandemic has significantly reduced South Africa's income tax, VAT, customs duties and other major tax revenues. It is foreseeable that the National Treasury of South Africa will readjust the fiscal budget by reducing its support for certain industries accordingly. In addition, the rising size of public debt and the downgrade of its sovereign credit rating may also exacerbate the government's lack of money, and therefore hinder

its ambition to increase investment in infrastructure.

3. The shortage of energy supply remains prominent and has become one of the major obstacles affecting South Africa's economic development in the post-pandemic era. Eskom, the state-owned enterprise of South Africa, has become a drag on the reform of state-owned enterprises and economic development in South Africa.
4. Due to the plague of the Omicron variant, South Africa is once again facing the pressure of the pandemic. As the holiday economy is overshadowed by weak consumption and travel disruptions arising from the pandemic, it is inevitable that Chinese enterprises engaged in or working with related industries will also face an economic winter.
5. Since the outbreak of the pandemic, there have been some anti-China remarks among South African citizens misled by Western public opinions, which have caused a certain negative impact on Chinese-South African civil exchanges and mutual trust.

4.2 Opportunities

China and South Africa have stood by each other and joined hands to fight the pandemic since its outbreak, thereby strongly empowering the international community to work together and overcome the pandemic as soon as possible. At present, both countries are facing the difficult task of fighting the pandemic, stabilizing the economy and protecting people's livelihoods. The economies of China and South Africa are highly complementary. It is believed that the China-South Africa capacity for cooperation will continue to be more of an opportunity than a challenge in the post-pandemic era. Specifically,

1. The pandemic has awakened new areas of investment, such as the

digital economy, distance learning, town construction, etc. Chinese enterprises have more experience in these fields and it is suitable for them to achieve a win-win situation by integrating into the South African market.

2. With the gradual recovery of the global economy in the post-pandemic era, traditional industries may face opportunities for retaliatory growth and increasing demand for African resources. Chinese enterprises can be more proactive in seeking opportunities for project investment to fill some of the capital gaps that occurred during the pandemic.
3. In response to the urgent need of the South African government to expand employment, Chinese financial institutions and infrastructure enterprises may have more opportunities to participate in government investment. According to President Ramaphosa, the overall infrastructure investment should increase by 30% by 2030 to achieve the development goals of the National Development Plan. The enterprises engaged in infrastructure of South Africa have been hit hard by the pandemic. However, the large demand for infrastructure construction is creating opportunities for Chinese enterprises, such as railway construction, port renovation, etc.
4. To solve the power shortage problem, the South African government is actively promoting power system reform and expanding the investment in the power and energy sector. The thermal power-oriented generation structure, the inter-regional transmission mode, and the promoting optimization initiatives for the energy structure of South Africa have great similarities with those of China. Both countries have strong complementary cooperation in the power sector, and also a great potential for cooperation in power generation, transmission and renewable energy.

Chapter 5 Demands and suggestions of Chinese enterprises in South Africa

5.1 Economic policies

South Africa's current economy relies heavily on resource development and more on the export of primary products from mineral resources, thus being vulnerable to international macroeconomic influences. In the future, it is suggested that the South African government should concentrate on restructuring the economy, strengthening industrial construction, and improving the manufacturing sector; implementing the industrial park economy, and developing special economic zones; increasing investment in infrastructure construction; encouraging special development and attracting foreign investment to diversify the national economy.

The current economic transformation of South Africa mainly aims to achieve inclusive growth and address livelihood issues such as employment and poverty eradication, while making economic restructuring the key to revitalizing the economy and diversifying development according to local conditions.

(1) Vigorously promote industrialization to drive comprehensive development of the economy. The only way to eliminate poverty in South Africa is through industrialization, which is a prerequisite for achieving inclusive and sustainable economic growth. Practical and feasible industrial policies are required to gear up South African economic restructuring. In the process of industrialization, South Africa must change the status quo of relying on mineral resources exports, and instead

explore its own industrialization strategies and paths based on specific local conditions.

(2) Accelerate the development of the agriculture and service industry and enhance diversification of the economy. Currently, South Africa has a relatively well-developed agriculture sector, with export revenues accounting for 15% of the non-mining exports revenues. However, there are still enormous opportunities for development of the sector. Besides agriculture, South Africa should be committed to further develop the service sector to drive economic development. The rise and development of the service industry has a positive effect on the improvement of the economic structure, attraction of foreign investment, increase of employment opportunities and promotion of economic diversification in South Africa.

(3) Actively promote the development of tourism. South Africa is rich in tourism resources. Tourism has the potential to create numerous job opportunities and is considered to be a green industry. Therefore, South Africa has huge potential in tourism and should give priority to its development as an emerging industry in the post-pandemic era.

(4) Focus on solving the power shortage. The power shortage seriously affects the production and operation activities of Chinese enterprises in South Africa. Aging generating units and bottlenecks of transmission lines also seriously constrain the sustainable production of power. It is suggested that the South African government should invest in renewable energy generation and construction of transmission corridors, and actively attract international investors to participate in the construction of power infrastructure, thereby improving the reliability of power supply.

5.2 Investment environment

On the whole, South Africa has a stable investment environment and welcomes foreign investment. However, further work could be done to attract foreign investment and improve the investment climate.

5.2.1 Investment policies

(1) Launch of foreign investment protection policy. In order to promote South Africa's socio-economic development, a great significance must be placed on accelerating economic reform, improvement of the investment environment, and utilization of foreign investment. From the perspective of long-term national development, it is suggested that the South African government should develop unified and clear policies dedicated to encouraging and protecting foreign investment in order to communicate to the public the State's will to carry that out through forms of legislation. The South African government ought to improve the stability and transparency of those policies to rebuild and protect investor confidence and provide foreign investors with a stable, consistent and ongoing macro-policy environment.

(2) Launch of tax incentive policies for foreign investment. It is essential to encourage foreign enterprises to introduce advanced technology and equipment, to promote industrial restructuring and technological progress, and to maintain sustained, rapid and healthy development of the national economy. The specific measures include: giving preferential tax treatment to foreign-invested advanced technology enterprises to facilitate the establishment of technologically advanced enterprises and reduce the current gap between foreign advanced technology; charging a preferential tax rate for export enterprises in order to promote exports of South African products and to increase foreign

exchange reserves; providing tax incentives to guide foreign investments towards the development of fundamental industries such as infrastructure, power, energy, transportation and communications, and weak industries and economically disadvantaged areas such as agriculture, forestry and horticultural products. These measures shall promote a coordinated development of the national economy.

5.2.2 Social services

(1) Improve the efficiency of government departments. Although less approval is required by the South African government for foreign investment, further improvement should be made to ensure the efficiency of governmental departments. The South African government is suggested to be committed to improving administrative efficiency of government departments, developing and optimizing a soft environment and reducing start-up costs of foreign investors.

(2) Upgrade social security. Violent crime in South Africa is a problem that foreign investors have to face during their daily operations. On the one hand, the South African government should strengthen police team building, improve the efficiency of police investigations and its success rate of crime detection ; and on the other hand, the government should also increase its efforts toward cracking down on a variety of crimes, especially violent crimes, increase the penalties of committing crimes, and reduce the crime rate in order to create a safer environment for a vast number of foreign investors so that foreign investors can enjoy a stable investment and work environment and have peace of mind.

(3) Improve public transportation, energy and water supply. South Africa has relatively sound transport infrastructure, yet there are deficiencies in social services for production such as logistics, public

transportation, energy and water supply and so forth. These deficiencies hinder economic and social development. High logistics costs are accompanied by serious lack of public transportation, and the supply of energy (especially electricity) and water is often limited. It is suggested that the South African government should increase investment in logistics, public transportation, electricity, and water facilities, to ensure the basic conditions for foreign investment and reduce the operating costs of foreign investors.

5.2.3 Human resources

In South Africa, there co-exists a high unemployment rate of up to 32% and a serious lack of highly skilled personnel. At the same time, there is also a skills-mismatching problem. The South African government should increase human resource development at all levels to train laborers and personnel to have different skills. From the perspective of economic globalization and foreign investment utilization, with the further contribution of foreign capital, technology and products, enterprises will increasingly experience a lack of high-quality management and technical personnel. Accordingly, attracting enough foreign investment relying on abundant natural resources will be far from sufficient, and excellent human resources will be more appealing to the investment environment.

In addition, the South African government should also consider relaxing its immigration and work permit policies for foreign investors, which, on the one hand, will help fill the gap of high-quality talent, and on the other hand will be conducive to developing and raising the quality of local human resources.

5.2.4 Monetary policies

In recent years, as the world economy continues to weaken, the South African economy suffered from decreasing commodity prices and underwent slow growth. From the perspective of the improvement of economic development and investment climate by means of financial regulations, it is suggested that the South African government should consider the stability of its currency on the basis of national conditions and monetary policies targeting inflation control, and stabilize the rand's exchange rate to maintain foreign investor confidence in the rand.

Introduction to the SACETA

The SACETA, established in 2011, is headquartered in Johannesburg, South Africa to serve member enterprises and promote the sound and rapid development of Chinese-South African trade and economy; to urge member enterprises to operate in accordance with the law and actively fulfill their social responsibilities; to protect the legitimate rights and interests of member enterprises and cope with business risks and challenges; to strengthen horizontal ties among member enterprises and share business experiences, and so on. In December 2021, SACETA was elected Vice Chairman of the Joint Conference of Chinese Overseas Chambers of Commerce. Up to now, the SACETA has more than 180 members involving many industries such as power and energy, mineral resources, financial services, equipment manufacturing, communication services, transportation equipment, engineering construction, logistics trade, and others, and is mainly composed of central government-owned enterprises, state-owned enterprises and Chinese enterprises in South Africa.

At present, the office of President of the SACETA is held by State Grid Corporation of China, with the office of Secretariat held by People's Daily Online South Africa, the office of Honorary President by Sinosteel (South Africa), and the office of Executive Vice President by the Johannesburg Branch of Bank of China. The SACETA has 5 branches in Cape Town, Mandela Bay, Durban, North West Province and Limpopo Province, 7 industry committees in energy, mining, infrastructure, manufacturing, communications, finance and transportation, and 7 departments such as Public Relations Department, Safety Management, Social Responsibility, Public Relations, Legal Affairs, and others. The

cumulative investment of the SACETA members in South Africa has now reached a total of USD 15 billion, involving finance, mining, home appliances, communications, automotive, engineering machinery, real estate, textile and garment, logistics, and more, and has played an important role in the economic life of South Africa.

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The background features a large, abstract geometric design. It consists of several overlapping shapes in shades of purple and grey. A prominent feature is a large, light purple triangle pointing towards the left, which overlaps with a darker purple shape. The top right corner is a light grey triangle. The bottom left corner is a solid dark purple shape. The overall composition is modern and minimalist.

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(2021 – 2022)**