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South Africa on target

King Senzangakhona Stadium, Durban, KwaZulu-Natal



On the road to 2010



Come Fly KwaZulu-Natal!

The Province of KwaZulu-Natal is blessed with an incredible strategic location in South Africa. Three countries, Lesotho, Swaziland and Mozambique lie contiguous to the province. It possesses the closest harbours to the mineral and industrial heartland of Gauteng. The corridor between Johannesburg and Durban has been progressively shortened as the roads have undergone dramatic improvement. The harbours of Durban and Richards Bay handle some 78% of all national cargo and serve as gateways for the countries of Southern Africa. The Durban Harbour, which is about to be widened, will be ready to handle increased activity. The Richards Bay complex has spawned a veritable hive of international investors bringing with them state of the art technology.



Sibusiso Ndebele,
Premier of KwaZulu-Natal

The upcoming development of the Dube TradePort and the new Airport signifies the Province's commitment to being a global player.

KwaZulu-Natal's state-of-the-art International Convention Centre (ICC) has already attracted huge attention worldwide and has successfully co-ordinated many international conferences.

Our Province is a mecca of tourist adventure unsurpassed in the world. Blue Flag beaches dot the warm Indian Ocean coastline. The pristine wetlands of the St. Lucia Estuary are a World Heritage Site. Overlooking the province is the majestic Drakensberg Mountain Range. Factor in the game ranges many of which possess the Big Five and one will understand why the Province has so many international tourists who return again and again.

The Province's commitment to cooperatives has unleashed a hitherto untapped entrepreneurial spirit in the Province. Small businesses too, especially the ethnic craft industry, are being co-opted into mainstream business opportunities. And already the products made in the remotest parts of the Province are finding their way into global markets.

We have created a permanent working relationship with business in the province, and the government has contributed at least R6-billion investment towards the province, which is at the centre of economic developments in South and Southern Africa.

We have first-class infrastructure, an innovative business class and a welcoming seat for you in our vibrant economy.

Faces of KwaZulu-Natal Provincial Government 2006



Dr. Z. Mkhize
MEC: Finance and Economic Affairs



Mr M. Mabuzyakulu
MEC: Local Government and Traditional Affairs



Inkosi Nj Ngubane
MEC: Social Welfare and Population Development



Mr S. Cele
MEC: Transport, Community Safety and Liaison



Prof L. Ndabandaba
MEC: Agriculture and Environment



Mrs C.M. Cronje
MEC: Education



Mr A. Rajbani
MEC: Sport and Recreation



Mr M. Gwala
MEC: Public Works



Ms P. Nkomo
MEC: Health



Mrs W. Thusi
MEC: Arts, Culture and Tourism



Office Of The Premier
KwaZulu-Natal Provincial Government

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Province of KwaZulu-Natal, South Africa

Growing economy has new goals in sight

Having celebrated more than five years of sustained growth, South Africa is now reaping the benefits of sound financial and monetary policy.

The government's ground-breaking Accelerated and Shared Growth Initiative (ASGISA)—a combined effort by government, business, civil society and academic institutions to boost growth to at least 6% between 2010-14 and halve poverty and unemployment—is already making a difference. And, thanks to education reforms and socially inclusive programs, a new middle-class is emerging, while low borrowing rates, cheaper imports and unprecedented demand for household goods has led to a boom in consumer spending.

Business is also booming. Many dynamic and successful pan-African multinationals are based here and continuing to expand across the continent. Moreover, as the bitter memory of apartheid starts to fade, a new generation of globally successful South African companies is proving that this modernizing country is “alive with possibility” and ready to do business.

Alan Hirsch, Chief Director of Economic Policy at the Presidency and an instrumentalist of the ASGISA initiative says: “We believe there are still quite a few areas available and that in a number of instances, we are placed to benefit from China's and India's growth well ahead of many other developing countries, especially in the services sector and in some parts of manufacturing.”

Hirsch is author of “Season of Hope: Economic Reform Under Mandela and Mbeki”, which seems a fitting moniker for this new chapter in South Africa's history. Without doubt,



Thabo Mbeki, President of South Africa

large doses of investment and the right skills base are needed to bring the country up to speed, but the general feeling here and now is “Look how far we have come.”

Tom Grieve, CEO of KPMG South Africa sums up the situation nicely. He says: “South Africa has a number of

competitive advantages, such as natural resources, a well-developed infrastructure and its service industry. We have high skills in project management. The English language is a huge advantage, along with the time zone, that is convenient for both Europe and the U.S.

“The disadvantages on the other hand are the skills and education of the majority of the population, which is still at a

Image: Copyright South African Tourism



Durban Yacht Basin

low level. This problem is a legacy of our past and one that will take time to resolve. But we recognize the problem, which was not the case ten years ago.”

Grieve gives South Africa his vote of confidence in terms of its market potential. He says: “We believe it is important to have KPMG in South Africa, since it brings credibility to the capital market that it otherwise does not have.

“KPMG in South Africa brings credibility to the market.”

“For instance, when a bank is looking to open up affiliates in other countries and they see the KPMG sign, they know it has enough safety and credibility to be a potential market to operate in. Bringing international skills to South Africa is not only good for the clients but also for our employees who are being trained to operate at a global level.”

The country is also alive with positive expectations for the next FIFA World Cup. The announcement two years ago that South Africa would host this showcase world event in 2010 was met with euphoria and a sense of pride that Africa's time had come at last. As President Thabo Mbeki said at the unveiling of the FIFA Soccer World Cup South Africa 2010 emblem in Berlin this July: “We are confident this event will do the same to consolidate our self-respect and dignity gained when we attained our freedom and democracy in 1994, and in a unique way, help our own nation and the continent of Africa bask in the ‘Miracle of South Africa.’

Danny Jordaan, CEO of the FIFA World Cup Local Organising Committee was the lynchpin in organizing the campaign that secured the bid, and is entrusted with making it happen by 2010. He says: “Because Africa had never hosted the event, the world needed convincing that a World Cup in South Africa would not only be successful, but that it would be profitable.”

"When putting together the bid, we focused very specifically on the infrastructure and the business environment here, to assure FIFA and its commercial partners that this country can conduct a profitable World Cup worth U.S.\$3bn."

Minister of Sport and Recreation, the Reverend Makhenkesi Arnold Stofile will act as co-ordinator, bringing all parties together from the public and private sectors. He is clearly excited at the prospect of hosting a world-class event on this scale and its potential for the country. He says: "The goal is to have satisfied visitors during the World Cup so that word of mouth will spread, which will have a long-term effect on the tourism industry in South Africa.

"Our marketing experts are now working with FIFA to fine tune our strategy of how we want South Africa to be positioned internationally. We are also busy preparing a world-class football team. Even with the challenges we face, the whole of Africa is getting excited. It's a great time to be in this country."

The question mark over whether the country's infrastructure will bear up during the World Cup is strongly refuted from the higher echelons of the Transport Sector. Director General of the Department of Transport, Mpumi Mpofu, says: "There are two areas within which we would see the broad challenge of 2010. The first is simply about South Africa meeting its guarantees to FIFA, including such stringent measures as the five minute waiting time for FIFA officials outside the venue and the 30 minute travel time

between place of origin and destination. This is something we have guaranteed and something I am certain we can do. Also, providing the transport to get fans to the stadiums on certain designated days is something South Africa can do with its eyes closed.

"The real challenge we face, however, that is different from other World Cups, is that the fans are here for longer. What we need to look at is what the soccer fans will be doing on a day there is no match. These are the people who will have left their cars in their countries of origin and be wanting access to the public transport systems."

Using a U.S.\$0.5 bn public infrastructure fund, the Ministry of Transport will be investing heavily in the major city networks—"because the demand will be there anyway"—including a light rail system, designated bus lanes and other anti-congestion initiatives. Durban and Cape Town in particular will be implementing networks to carry passengers to and from the airports.

Plans are also afoot to improve synchronicity between the Metrorail—the country's 2,400km commuter rail link, and the planned Gautrain Rapid Rail Link—which will alleviate congestion on the Gauteng province's main roads.

Mpofu is confident that transport operations will offer huge investment opportunities over the coming years, especially in the form of public-private partnerships. She says: "I would argue that the growth you are going to see over the next few years will be in public transport and in freight and aviation. Transport will be a major catalyst for growth."

Brand South Africa takes to the global stage



Yvonne Johnston, Chief Executive Officer, International Marketing Council

"If ever there was proof that South Africa is ready and open for business, this is it," said Yvonne Johnston, CEO of the International Marketing Council of South Africa (IMC).

The effervescent leader made the statement in response to a report ranking South Africa 29th out of 175

countries, and top in Africa, for doing business. The "Doing Business 2007" report is a joint publication of the World Bank and the International Finance Corporation.

Johnston is at the helm of the IMC, an agency dedicated to raising South Africa's profile internationally, and creating a national sense of pride and direction at home. The branding of a country with such diversity and a history of division does not come without challenges, but Johnston and her team are unfazed. She says: "Yes, there are different views, but "Alive with Possibility" is the essence of where we are today."

The "Alive with Possibility" logo can be seen everywhere. It conjures up an image of a solutions-oriented South Africa, South Africa as a "can-do" nation—which is exactly the image the IMC is selling. Johnston says: "What we do now, as a more sophisticated and integrated society, is go

around the world checking best practice and making it better. We add our own unique energy—in effect, we Africanize it!"

Good communication lies at the heart of the IMC. With a successful World Cup to aim for, "good news" stories will be the key to promoting a country that has, over the years, received only negative press. At a recent IMC meeting, Johnston said: "Our communication content leading up to 2010 will be to tell the stories of South Africa's heroes, in business, in civil society, in sport. We have so many of them. It is they that make us different—it is they that will deliver a World Cup unlike any ever seen before. It is they that have overcome adversity to become our inspiration." She added: "2010 is our next April 27th 1994—it is our moment to seize."



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"2010 is our next April 27th 1994—our moment to seize."

Until then, rest assured that the IMC will be working tirelessly in its mission to present South Africa as "a country at the southern tip of Africa that inspires the world to a new way of doing things because its unique combinations create refreshing possibilities."

Going for efficiency

A new dynamic is emerging in South Africa which sees both business and the public sector focus on tighter efficiency, expansion and growth.

With 3,500 visitors expected to descend on Cape Town for the GSM-3G Africa conference on 19th-20th October, the city will be buzzing with mobile operators and industry exhibitors. As one of the world's least penetrated mobile markets, Africa continues to record high growth rates, with 184 million more subscribers expected between December 2006 and December 2011. A flurry of mergers and acquisitions this year shows the heightened level of activity, with MTN, Etisalat and MTC/CelTel taking the largest shares of the pie.

South Africa's telecoms landscape is growing at a rate of 25% a year, spurred on by a government that has recognized the importance of ICT and the need for a more competitive environment, especially in regards to fixed line operators. As Radhakrishna Padayachie, Deputy Minister of Communications notes: "The ICT sector has been governed primarily by a monopoly condition in fixed line services such as TELKOM." To change all that, the government awarded a second network license this August to NEOTEL, which is



Phuthuma Nhleko, Group CEO, MTN

partly owned by Transnet (15%), Eskom (15%), Nexus Connexion (19%) and a consortium led by the Indian TATA group. The latter demonstrates how foreign investors are beginning to make an impact in new sectors.

Neotel plans to spend U.S.\$1.53bn rolling out the network over the next ten

years. It will begin hooking up business clients in the major cities this year, with consumer services beginning in 2007.

South Africa's thriving mobile sector is another story. Since the market opened almost ten years ago, business has been booming, with more than 20 providers emerging in 1997 and 1998.



Radhakrishna Padayachie, Deputy Minister of Communications

MTN, the market leader, and officially the 14th most successful company in Africa, has been hugely successful in expanding throughout the continent. It is the largest GSM operator in Africa in terms of both revenue and subscriber base and had 25.4 million subscribers as at June 2006. Apart from Nigeria, where the company has a 47% market share, MTN has concentrated on smaller markets, such as Zambia, Uganda, Rwanda, Swaziland and Cameroon. Group chief executive Phuthuma Nhleko says: "This is the region from which the company has grown. We prefer to go for larger opportunities but they are not always there."

Nonetheless, the strategy is paying off. This July, the MTN Group increased its shareholding in MTN Uganda to 97.34% after acquiring all of Rwandan-based Tri-Star Investments' 12.89% stake and a 32.44% stake from Sweden's Overseas Telecom. Nhleko says: "Our vision is to become the leader in the emerging mobile industry markets. We are at the top right now compared to other companies and we believe we have the ability to become leaders."

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The V&A Waterfront has transformed Cape Town's harbor

"The key issue is having a meaningful geographic focus. The goal is to be the leader in this continent and logically in North Africa and the Middle East."

MTN is keen to be seen as a young, dynamic and energetic brand that people associate with high quality coverage. Nhleko says: "We want to be known as "a new South African company" or a "New World company" since MTN's market capital is about U.S.\$18bn today. This is significant for a company that is only ten years old and we are becoming more and more international, so we try to capture all of this in the brand."

Meanwhile, Econet Wireless, a South Africa-based SME with branches in Botswana, Lesotho and Zimbabwe, recently entered the Nigerian market and is also developing its operations in New Zealand. This autumn they are due to list on the London Stock Exchange to raise cash for an expansion program, while building investor confidence in their brand. Econet's CEO Strive Masiyiwa says: "We are also defining what we are selling to the customer. The technology comes from Ericsson and Nokia and we must create a product from that to form an emotional value for the customer. We are selling service, not technology."

Nashua Broadband is a division of Nashua Mobile, another strong telecoms company, and one of the largest independent service providers in the southern Africa market. The firm forecasts a total of 400,000 fixed line ADSL subscribers by the end of the year, and will continue to build up its customer base by providing the right solutions.

Public enterprises mean business

Meanwhile, the Department of Public Enterprises (DPE) is encouraging a more streamlined public sector. Portia Molefe, Director General of the DPE, says: "We are looking at various sectors, for example in transport and railway operation where we realize that the integrated infrastructure needs a great deal of rebuilding and modernization."

Transnet, South Africa's main transport operator, is currently undergoing a fierce restructuring program which aims to fast-track the country's economic growth and reduce the cost of doing business in South Africa. Led by CEO Maria Ramos, recently voted the 29th most influential businesswoman in the world in a FORTUNE 500 survey, Transnet has made some no-nonsense decisions to focus on what Ramos calls "the core business", i.e. freight and logistics in the bulk and manufacturing sectors.

As the sole shareholder of Transnet, the government recently took back business Ramos claimed "did not fit this direction," including Transnet's passenger rail division and South African Airways. Ramos, widely credited with bringing Transnet back from the brink—and then some—was due to leave this October, but has signed up for another two years until 2008. Since being in post, she has turned the organization around: Transnet recorded a net loss of U.S.\$0.45bn for the 2003/4 financial year, compared to a U.S.\$1.1bn profit this year.

Profits are up thanks to a four-point turnaround strategy, introduced last year. The pillars focus on greater efficiency, a rationalized portfolio, the highest standards of corporate governance and an increase in talent management and leadership skills amongst staff. Customer service, safety and maintenance are all high on the agenda.




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Econet Wireless Group is one of the few African businesses with a global reach with a vision to provide international standard telecommunication services in the core areas of mobile cellular and fixed telephony networks, satellite services and internet operations.





Maria Ramos, CEO, Transnet

It sounds like a tall order, but as Ramos points out: "The pressure has been there from day one. We have an unbelievable set of assets [over U.S.\$8.9bn in assets and 65 000 people] and we need to unlock the value in these assets. Core line productivity has increased significantly and we are funneling new

funds into infrastructure development. Capital expenditure plans for the continuing businesses over the next five years amount to U.S.\$8.2bn. These relate to the upgrade and expansion of rail, pipeline and port facilities. We are already feeling the impact of increased volumes."

While noting that "shipping is not a sexy industry", Ramos is determined to build a solid company that shines, despite being a state-owned monopoly. She says: "Our goal is to make South Africa better for business, so being a monopoly does not mean that we are not competing and working hard to implement change, efficiency and customer service."

One gets the distinct impression that with Ramos in the driving seat, Transnet will continue to thrive. She says of her FORTUNE 500 status: "I would not do anything if I were not totally committed and passionate about it. It is nice to get recognition for a hard job."

Part of Transnet's efficiency drive involves the selling of prime real estate in Cape Town, South Africa's number one tourism destination. The Victoria and Alfred Waterfront, a

mixed-use development around the historic Victoria and Alfred Basins, was recently taken over by L&R Consortium, through Lexshell 44 General Trading (Pty) Ltd ("Lexshell"), who was selected as the successful bidder to acquire 100% of the V&A Waterfront for U.S.\$0.9bn.

Nestled between Table Mountain and Robben Island, the Waterfront's attractions include coffee shops, hotels, cinemas and an aquarium, drawing approximately 20 million visits every year. Derick Van Der Merwe, the development's managing director, looks forward to a landmark chapter in the company's history. He says: "Fresh direct investment in the Waterfront will give us a new set of shareholders with new dynamics that will help move the company forward."

Another gem in the DPE's portfolio is diamond mine Alexkor Ltd. Perched on the northern border of South Africa with Namibia, the mine has yielded around ten million carats of diamonds in its 75-year history, with potential for another six million on land concessions, plus unexplored marine reserves. CEO Mzamani Mdaka is managing the changes as the company prepares to go on sale next year. He says; "We are getting our house in order, which involves settling a land claim case, and specifying all the parameters for investment. I have no doubt that the level of potential reserves will see a great many people wanting to join us. This will be a big story next year."



Mzamani Mdaka, CEO, Alexkor Ltd.

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Trade and Investment South Africa, a division of **the dti**, is responsible for attracting foreign and domestic investment into all sectors of the South African economy. Agro-processing, Automotive, Marine, Rail and Aerospace,

Business Process Outsourcing, and IT Enabled Services, Capital Equipment, Chemicals, Clothing, Textiles and Footwear, Cultural Industries (including Film), Electrotechnical Industries, Mining and Mineral Beneficiation, and Tourism have been identified to have high potential and to achieve the national objectives of economic growth, employment creation and the redistribution of the ownership base in the country.

Trade and Investment South Africa offers an array of services to potential, new and existing investors. These include the following:

- Information Services
- Facilitation Services
- Customized Sector Programs (CSP)
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For more information contact:

The Department of Trade and Industry (**the dti**),
77 Meintjies Street, Pretoria, 0002,

the dti Customer Contact Centre: 0861 843 384 (South Africa) + 27 12 394 9500 (International) Website: www.thedti.gov.za



Seeking added value and going global

The strong growth and expertise of South African companies such as MTN and De Beers highlight the globalization trend.

A booming mining sector has propelled the country's mining companies to expand internationally too. Encouraged by record gold prices, currently at more than U.S.\$600 an ounce, companies like Goldfields and Anglo Gold are moving aggressively onto the international stage.



Siphso Mkhize, Managing Director & CEO, PetroSA

In the same way, the rising cost of oil, and the growing need for energy from emerging markets like Brazil, China and India is fueling the expansion of the oil and gas sector. Moreover, with oil prices set to stay above U.S.\$60 in the short- to medium-term, new technologies are constantly being sought.

Pioneering state-owned Petroleum Oil and Gas Corporation of South Africa, trading as PetroSA, has developed a unique Gas to Liquids (GTL) technology, which it is now ready to compete with traditional gas refining projects on an international scale. The technology produces a clean, efficient and cost-effective diesel and promises to change the face of the industry.

Commercializing this new technology is not without its challenges, however. Siphso Mkhize, managing director and CEO of PetroSA says: "GTL still has to compete with other gas projects such as Liquefied Natural Gas, methanol and gas as sources of energy. Indirectly, GTL products sometimes do not fit in the market where other chemical derivatives exist, which creates constraints for the way we can competitively market GTL products."

It is an ambitious goal for a mid-size oil and gas company that currently produces around 45,000 barrels of oil per day at Mossel Bay in the Western Cape. However, Mkhize is determined to reach 25% GTL exports to Europe by next year. He says: "The technology PetroSA uses to process the GTL products is unique, which creates attractive opportunities that respect environmental standards. This has created a key niche. We will access opportunities and work with our partners to further develop international sales and marketing for GTL products."

In terms of regional integration, PetroSA has established strategic positions to reduce South Africa's reliance on oil and gas imports. Mkhize says: "If countries in the region



PetroSA owns the largest commercial GTL plant in the world

can co-operate together, we can acquire access to gas and partner countries can acquire access to our technological expertise. Indirectly, as we develop the infrastructure to distribute the gas, we foresee a great many new opportunities to build energy growth and increase co-operation with our trading partners. Our next big challenges are Algeria and Egypt."

To fund the project, PetroSA is following a combination of project finance and business development, "thereby investing in new self-sustaining projects on a commercial basis," Mkhize explains. "As South Africa's national oil company, we have access to technological support and local demand that feeds our expansion. The only thing we do not have in South Africa are proven gas reserves, but we are looking to develop gas in regional markets such as Namibia and Mozambique."

"Our next big challenges are Algeria and Egypt."

Mkhize cites General Electric (GE) as one global giant he admires. He says: "The most important aspect of a business is its people and GE has managed to develop a system that evaluates and positions its employees with the right qualifications in the right place." This is one of Mkhize's goals: to create an atmosphere that will give people the freedom to explore their abilities, develop new initiatives, create more value and explore new business opportunities for PetroSA—and fuel its growth on an international scale.

So where does Mkhize believe PetroSA will be in ten years' time? He says: "I see us being a major player in the energy sector, both in South Africa and in the rest of the continent. GTL is a new and innovating form of providing energy and we will therefore continue exploiting new opportunities and seeking partners for future projects."



Roll out the barrels, roll in the profit

As South Africa's national oil company, PetroSA is committed to providing quality oil, gas and petrochemicals to the African and global markets. Our state-of-the-art refinery in Mossel Bay is home to the world's largest gas-to-liquid (GTL) processing plant, a patented technology that converts gas into gasoline.

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Meanwhile, gold producers Gold Fields Limited have reported net earnings of U.S.\$217 million this year. CEO Ian Cockerill says: "Back in April 2002, I spoke about the gold industry and why I felt that the gold price would rise. I gave these reasons: the weak U.S. dollar, rising global tension, a reduced supply of gold due to lack of investment and exploration, a move from hedging to dehedging, and concerns about stability of the market. All of these issues I believed were the principal drivers toward a higher U.S. dollar, which conversely meant strengthening commodity currencies. All have panned out in the last four years.

"The last 18 months has seen an additional phenomenon with the increased price of oil. This has always been a driver of the gold price. As soon as the oil price goes up, you start to see increased petrol dollars in the Middle East. This leads to reduced investment in dollars there and increased demand for gold."

Another factor driving the gold price has been the emergence of Exchange and Trade of Gold (ETG), an idea pioneered by Gold Fields' previous chairman Chris Thompson, to open up gold investment to individuals. "This has led to a daily trade of gold at just under U.S.\$1bn a day, which is more than the total tradability of gold equities," says Cockerill. "It is new money coming into the market, which has led to increased awareness of the role of gold in an individual's portfolio."

There has been much speculation about increased co-operation between Gold Fields and Anglo Gold Ashanti, two

of the leading South African gold-mining corporations. Cockerill says: "Gold Fields and Anglo Gold Ashanti have two quite different business philosophies. The only value that would come from a merger is that they would come out with a 50% premium. Other than that, on a broad scale, we do not see any value in merging. Consolidation has to have a meaningful value added to the company and its shareholders. I am not a big fan of consolidation, whereas on the other hand, it is true that regional co-operation is a possibility. We could work together with Anglo Gold Ashanti in those countries where we both have investments."

When pressed on the issue, Bobby Godsell, CEO, Anglo Gold Ashanti seems to agree. "If we could find a way of generating value by sharing some assets, we would be delighted to do so," he says.

A value-added economy

At present, South Africa is set between two worlds, the high-tech, knowledge-driven economies of the West, and the low-tech, labor-intensive economies of the developing world. It is therefore looking to find niche markets that will allow it to compete with the likes of China and India.

It is also tightening up trade agreements. Deputy Minister at the Department of Trade and Industry, Dr. Rob Davies says: "The Trade Development Corporation Agreement, an assymetrical free trade agreement between Africa and Europe, is currently being implemented, which provides for over 90% of duty free access to the European market."



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Left: Ian Cockerill, CEO, Gold Fields
 Center: Sibusiso Ndebele, Premier of KwaZulu-Natal
 Right: Dr. Rob Davies, Deputy Minister of Trade and Industry

The agreement has, he says, created a stable and predictable trading platform, and many opportunities that still need to be explored. In terms of agriculture, however, negotiations are still ongoing on both a bilateral and multilateral level.

Diversification is a key theme within the provinces. Gauteng province, home to Johannesburg, is the country's economic engine and holds the head offices of numerous multinational corporations, including Coca-Cola Africa, IBM and SAP. The three-city province's economy continues to grow exponentially, thanks to state-of-the-art infrastructure for manufacturing, transport, research and development and financial services.

KwaZulu-Natal is the second-most important province after Gauteng, contributing 16% of the country's GDP. Its economy centers around commerce—the port of Durban yields 65% of South Africa's trade and the Coal Terminal of

Richard's Bay is the largest in the world. Other important sectors are industry—TATA Steel recently invested U.S.\$0.25bn in a major steel plant—natural resources, such as wood-processing and coal, and tourism. Unemployment levels, however, are still some of the highest in the country, something KZN's Premier Sibusiso Ndebele, also chairman of the governing ANC, is working hard to change.

His first challenge in office was to bring peace to the nation's most restless province, before confidence in the economy could be brought about. "Even the success that South Africa had in conflict resolution did not come about

"Confidence is coming back to KwaZulu-Natal."

so easily here, as our problems were directed by African against African. We consulted with communities and found that everywhere people longed for peace, so we have led a constructive dialog, ensuring that all parties participate.

"Now, the people see us as a government that is improving all aspects of life, such as roads, water and education and confidence is coming back to KwaZulu-Natal, as should befit this province of abundant natural resources, with the highest population."

Now that peace reigns, further confidence is being instilled in the province by a huge improvement in infrastructure and the establishment of an International Economic Advisory Committee, using overseas success stories in increasing

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investment and adapting them to the province, particularly in view of the 2010 World Cup, where the province's main city, Durban, will play a key role.

"Right now we are seeing the biggest investment seen here of some U.S.\$500 million in thirty months, which has been agreed with Airports Company South Africa for the new Dube TradePort incorporating King Shaka International airport," says Ndebele. "This really is the best time for KwaZulu-Natal, and the private sector is responding. For instance, the huge Indian group, TATA, recently chose our province for their operations."

A catalyst for development

Dubbed 'Africa's Global Trade Gateway' the 3,000 hectare Dube TradePort is a state-of-the-art export development facility, complete with new airport, trade zone, cyberport, perishables facility, inter-modal freight transfer facility and other commercial and retail opportunities. It is linked with Durban, 30km to the south, and Richards Bay.

Set to begin operations in 2008, the Dube TradePort is a critical infrastructure development for South Africa, enhancing tourism and supporting exports and designed to serve as a catalyst for economic development and sustainable job creation. Its location capitalizes on the fast growing tourism and business travel demand within the region, the underserved industrial property demand in the North Durban area, and the major freight corridor between Gauteng and KwaZulu-Natal's ports. The integrated new

international airport, due to open in time for the 2010 World Cup, will address the inadequacies of Durban's existing airport and drive tourism growth as direct international flights are introduced to this province of beautiful beaches, scenery and excellent safari opportunities.


Initial capacity will allow for four million passengers annually with opportunities for significant expansion, while its runway will accommodate the latest New Generation Large Aircraft including the A380 Airbus. The passenger terminal will have expanded retail concession opportunities.

Other major infrastructure projects include a new 70,000-capacity World Cup stadium, the upgrades of Durban Harbor and the deep-sea port of Richards Bay and the attraction of light industry to the area.

Development is not only occurring at an economic level, however. Around U.S.\$10 million is being invested in education and Ndebele has pledged that by 2008, all remaining households without potable water will have close access to it.

South Africa's northern-most province, Limpopo, sandwiched between Botswana, Zimbabwe and Mozambique, is also its fastest growing. Previously known as Northern Province, the rebranding is symbolic of a government aggressively raising awareness of the province, to date best known as being home to the world-famous Kruger National Park.

"During my two years as Premier, I have identified the comparative advantages Limpopo offers," says Premier



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Sello Moloto. “We still have not yet fully developed these advantages, although as a province we are developing faster than the rest of the country. However, we are now highlighting, promoting and reclaiming our position on a national and international basis.”

The cornerstone in Moloto’s plan is a Provincial Growth and Development Strategy which focuses on the development of regional trade, smaller, more effective government and growth through development of the province’s key economic potential. Areas slated for growth are tourism, mining, energy generation and value-added agricultural production.

“Limpopo has the largest deposits of all the important minerals in South Africa today. For example, the largest deposits of platinum group metals are found here,” says Moloto. “Apart from further investment opportunities below ground, such as extraction of platinum from chrome tailings at several mines, and graphite in the northwest, there are also opportunities above ground, particularly as we seek to



Sello Moloto, Premier, Limpopo Province

attract new technology that can make sure the processing of these minerals is environmentally-friendly.”

There are more than 70 active mines at present and the province also has some of the biggest and most profitable deposits of diamonds and coal. Chrome, iron ore and copper also abound and

mining currently accounts for 20% of the province’s GDP.

The Free State province, meanwhile, is seeking to move beyond its image as the bread basket of South Africa. Premier Frances Marshoff says: “There is a high demand overseas for our agricultural products, so we are focusing on the



Frances Marshoff, Premier, Free State Province

Japanese markets for example, because there is a lot of potential there.”

The provincial government is working with local farmers to develop its added-value agro-processing facilities. As Marshoff explains: “There is a strong international interest, especially in relation to our strategic provincial development strategies, particularly from India, Canada and Germany. For instance, we are signing a memorandum of understanding with a group of German engineers for skills development and training. This exchange program will thus help position our skilled engineers to gain valuable insight and experience.”

She adds: “We have an active investment promotion for the province, although it is not yet fully operational. We are opening a dynamic Investment Promotion Agency, and have been on business trips to Brussels, the U.K. and Germany, to look into opportunities for collaboration and exchanges. We are keen to support SMEs, because they are the motor of the economy and we are also working close to the private



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Alexkor promises to yield over 6bn carats of quality diamonds

sector, with the major banks, to train and mentor young people entering the market.”

Yedcor Consulting is an example of the growing number of pan-African companies. Although non-South African in its origins, having begun in Côte D'Ivoire in 1998, the company has its headquarters in Johannesburg. Four different are divisions committed to working with investors, companies and governments to establish business links across Africa: construction, aviation, cargo and Yedcor Capital.

“Yedcor will be one of the leading African companies and the first African consulting company within the next five

years,” states chairman and CEO Desnos T. Yed.

The company already has many success stories to tell. “Yedcor has set the ground for Renault to enter markets in West and North Africa, and developed its marketing strategies for local markets,” says Yed. “We have helped Morgan Stanley set up in Africa and consulted for the Government of Canada for trade projects in Mali, Guinea and Cameroon. Recently, we facilitated the major contracts for Arabian Petrol to the tune of U.S.\$278 million.” Now the company is investing in the mining sectors in West Africa and Central Africa. Its primary advantage is to use its local knowledge to understand the competition and to respect local customs when embarking on projects.

Banking on growth

The growing need for services has seen a phenomenal expansion in the banking sector at 13.5%, dominated by the four major commercial banking groups: Absa, Standard Bank, Nedbank and First National Bank. Growing international confidence was highlighted in the U.K.'s Barclays Bank's U.S.\$3bn investment in Absa—the largest single foreign investment South Africa has ever seen. It also heralded a more competitive marketplace.

To succeed in the new environment, many banks have been restructuring and adopting new management methods that center on efficiency, better services and innovation. Nedbank, for example, went through a heavy shake-up when CEO Tom Boardman arrived in October 2003. With revenues, business confidence and market share down, Boardman had his work cut out. Today the company is building up its client services and retail division and is open to collaboration and international partnerships to claim more of the market share.

Boardman says: “In the late Nineties, Nedbank did not focus on retail banking as a strategic market—we focused on corporate banking, and as a result, we are currently one of the leading corporate banks in South Africa. In retail banking, we are ranked fourth.

“South Africa's middle-class market is growing exponentially. We are therefore positioning ourselves to attract customers from this market. We are also capturing a share of the growing SME market, which is propelling the economy. So although we are behind the pack in the retail sector, I see this as an opportunity for us to reposition the brand, to grow organically one customer at a time and to make things happen.”

In reference to his innovative management approach, Boardman says: “I truly believe that great companies achieve and maintain greatness by being vision-led and values-driven. You need a clear and compelling vision to take people along with you towards new goals and objectives. It requires passionate, committed and ethical people to move together towards a clearer vision.

“At Nedbank, our vision is to be respected by our staff, clients, shareholders, regulators and communities, with staff coming at the top of the list. Some people say clients should come first, but I believe we need to have passionate

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“Flanked on the west by the Waterberg mountain range, which is a wildlife garden and UNESCO biosphere, and on the north by the Soutpansberg area, a real “pantry” since it is not only a place of salt but has an abundance of fauna and flora... This is also the magic of the place that the vast expanses give one the sense of being alone among the baobabs. It has an abundance of cycads that go back to the Stone Age and grow up to 15 metres high. Lake Fundutzi, very sacred to the Venda people, is one of the country's very few natural freshwater inland lakes...”

Lizeida Mda, Editor-in-Chief, 'Editorial Comment'
in Sawubona, November 2005.

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Development is about people

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Left: Desnos T. Yed, Chairman and CEO, Yedcor Consulting

Center: Alan Mukoki, CEO, Land Bank

Right: Tom Boardman, CEO, Nedbank Group

people working with us to attract customers. I also firmly believe that we need to deliver superior services to our customers in order to achieve greater returns for our shareholders. It is also important to us to be highly respected by our regulators, including the tax authorities, who are doing an excellent job.”

He adds: “We are living in an exceptional country at an exceptional time and, as a bank, we are truly committed to improving the quality of life of the people in South Africa. If we can play a part in the country’s growth and development, then this is a reward in itself.”

Meanwhile, Land Bank is implementing a turnaround strategy to diversify its business in line with the Ministry of Agriculture’s modernizing reforms. The independent agricultural bank is mandated to develop the agricultural sector by offering financial support to emerging farmers, but the bank will now extend activities to commercial as well as

residential land. Alan Mukoki, CEO, Land Bank says: “The overall objective of the turnaround strategy that we are implementing is to ensure that the bank becomes a profit-making entity capable of carrying out its stated mandate.”

Mukoki plans to have Land Bank’s house in order by next year by working closely with international donor organizations and also forging alliances with foreign developmental banks.

He says: “We have already started discussions with certain institutions, such as Credit Agricole in France. We think it would be really interesting to co-operate with them at an operational level. In the short-term, we want to expand into neighboring countries.”

Another organization that is rapidly expanding is Drake & Scull. As the economy booms, more and more authorities are demanding maintenance services, such as cleaning, catering, facilities management and security and the company is gearing up to exploit this.

Bonang Mohale, CEO, Drake & Scull, notes the changing face of South Africa’s skills market: “We need a national, integrated human resource development policy that can focus our efforts on the skills supply and demand.

“When you look at China and its success in the manufacturing industry and India, in the information services sector, you will notice that they consciously develop a focused human resource strategy to prepare themselves for future growth in these sectors. This is what South Africa needs to do.”

A large advertisement for Transnet. The background is a photograph of a port at dusk or dawn, with a large cargo ship docked at a pier. In the foreground, a train is visible. In the top right corner, the Transnet logo is displayed. At the bottom, the text reads "delivering on our commitments" in a large, white, sans-serif font, with "www.transnet.net" below it. There are three small inset images on the left side: a close-up of a port crane, a blue train, and an offshore oil rig.

Image: Copyright Wietsche Bosman/South African Tourism



Amphitheatre, Drakensberg in northern KwaZulu-Natal

With outstanding natural beauty, once-in-a-lifetime safari experiences and a beautiful coastline and climate, tourism is one of South Africa's fastest growing sectors.

The country's tourism industry currently brings in U.S.\$10bn a year, set to rise sharply in the run up to the World Cup. According to Marthinus van Schalkwyk, Minister of Environmental Affairs and Tourism, however, the country needs to add new dimensions to its tourism product before then.

A growing tourism sector

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and can advise on the most viable projects. Tanya Abrahamse, CEO, says: "In the past ten years, tourism has grown from zero to U.S.\$55 million a year, which gives me great confidence in the industry."

Rejoice T. Mabudafhasi, Deputy Minister of Environmental Affairs and Tourism notes: "Every province is unique in its attractions, and tourism is a key source of wealth generation at

"Every province is completely unique in terms of its attractions."

grassroots level, for the people that need it most."

Local companies such as Southern Sun and Tourvest are already making an impression. Southern Sun, for example, recently rebranded to increase its exposure on the tourism landscape. The company already has an impressive portfolio: 82 hotels in six countries across Africa, the Indian Ocean and soon, the Middle East.

Helder Pereira, MD, says: "We are focusing on Dubai, Qatar, Kuwait and Bahrain because we believe the whole region will experience a strong growth in hotel demand—there are not enough international chains to satisfy. India and China will also be interesting markets for us."



Left: Dr. Tanya Abrahamse, CEO, TBCSA



Right: Helder Pereira, MD, Southern Sun

At present, however, 90% of company turnover is from the domestic market. Pereira says: "We have over 14,000 rooms and 75 of our 82 hotels are in South Africa. We are one of the few hotel chains worldwide that runs right across the range, from budget to deluxe. Our new Southern Sun Square project, for example, will be launched in March next year. This is an economy-plus hotel with a 22m²

low-cost designer hotel room."

Meanwhile, the Cape Cadogan Hotel, a quaint, Victorian boutique hotel in Cape Town, is also a national monument, which perfectly illustrates the diversity of accommodation on offer, especially with 2010 looming.

The 2010 opportunities are in everyone's mind, particularly business leaders like Tommy Edmond, CEO, Tourvest, who believes 2010 will be a launching pad for tourism growth.

He says: "I believe the World Cup will offer a huge opportunity for South Africa to build upon its tourism potential. It will also be a uniting factor that will bring the country together as we prepare to deliver a world-class soccer event."

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