

The Role of SEZs in the Eastern Cape Province

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Eastern Cape, 16 September 2019; Special Economic Zones (SEZs) represent a major component of South Africa's industrial development policy, comprising key objectives to attract new talent along with developing new industries. Designed as an economic tool, these zones function under the Special Economic Zones Act (Act No 16 of 2014) which facilitates the development and operation of an SEZ. This consequently enables a SEZ implementation site to flexibly structure and implement the SEZ development tool in various ways.

SEZ implementation intends to put into effect various support systems, amongst which include business support services, incentives, along with efficient government approval processes and the establishment of supportive infrastructure. These initiatives are an endeavour to boost regional industrial demand; develop industrial infrastructure to boost foreign direct investment; stimulate collaboration between the public and private sectors as well as to employ the zones as a platform for further developments. They additionally aim to enhance export promotion to booming economies; fortify the nation's industrial base as well as purposely encourage a labour-absorbing industrialisation course. The establishment of SEZs aim to encourage industries to develop in clusters, leading to economies of scale, skills-sharing and increased accessibility for suppliers.

The Eastern Cape comprises two such economic zones, the **East London Industrial Development Zone, located in Buffalo City, East London** and the **Coega Industrial Development Zone, based in Nelson Mandela Bay**. Coega is a 11,500 hectare (ha) industrial complex which comprises the transshipment port of Ngqura, thereby offering an ideal location for strategic investment with distinct economic benefits.

Furthermore, it includes the 216 ha Nelson Mandela Bay Logistics Park (NMBLP) in Uitenhage, a region that not only offers infrastructure but support facilities to the automotive manufacturing industry, thereby cutting costs and enhancing competitiveness amongst suppliers. Now deemed the most successful SEZ on the continent, the SEZ has 40 operational investments with an investment value of approximately R6.996 billion and a further 22 investments in progress. The most recent investment into the Coega IDZ is from Beijing Automobile International Corporation (BAIC), taking a 65% share in an R11-billion joint venture with the Industrial Development Corporation. Their key objective is the manufacturing of 100 000 vehicles, while First Automotive Works (FAW) has currently erected a R600-million assembly plant in Zone 2.

Moreover, the metals and manufacturing sector of the Coega IDZ has matured significantly and intends to implement three new investment projects, including a R650 million manufacturing cement grinding plant, a R350 million gas cylinder plant and a R71 million ready mix concrete plant.

The East London Industrial Development Zone's (IDZ) strongest sector has proven to be automotive and automotive parts. Within the IDZ is the Automotive Supplier

Park (ASP) which houses world renowned automotive suppliers that conduct business with industry frontrunners such as Mercedes Benz, Nissan, Volkswagen, Ford, and General Motors. Further, owing to its close proximity to Mercedes-Benz (South Africa MBSA), the ELIDZ hosts a number of the MBSA component suppliers. Moreover, the region's most recent investments include approximately R378m in the manufacturing sector and three incubators which are now established at the ELIDZ STP.

With such favourable economic conditions, the Eastern Cape Manufacturing Indaba could not have come at a more opportune time. The critical role of SEZs in the Eastern Cape province will be comprehensively addressed at this revered event and anyone vested in the manufacturing industry will want a seat at this year's conference to keep abreast of not only the abovementioned, but future opportunities the region has to offer both local and foreign industrialists and investors alike.