



TSHWANE AUTOMOTIVE
SPECIAL ECONOMIC ZONE
AFRICA'S FIRST AUTOMOTIVE CITY

LATEST NEWS BULLETIN

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WOMEN OF THE SEZs TAKE OFF

A significant event took place in early September 2023 with the launch of the Women of the SEZs initiative – a project showcasing the achievements of women in special economic zones (SEZs), inspiring future generations, and creating an environment that nurtures growth and success.

The event was a declaration of the sector's commitment to building a future where women's voices are not only heard but celebrated, and where their

contributions are not only acknowledged but revered.

Central to the launch was a panel discussion on the role of women in South Africa's key economic sectors and how the role they can play in bring about transformation.

Taking part in the discussion were the chair of the SEZ CEO Forum Kaashifah Beukes; the acting deputy director-general responsible for industrial finance at the department of trade, industry and competition and TASEZ board member, Susan Mangole; and Lebogang Zwane, project manager at the Motheo Construction Group.

Irene Ramafola, the chair of TASEZ's audit and risk committee, moderated the discussion.

The panellists spoke passionately about the challenges women face in the industrial sector, sharing practical solutions and personal experiences. Issues covered included:

- making sure women's voices are heard and boundaries are pushed back;
- the need for mentorship and continuing support and monitoring to ensuring women succeed in business;
- ensuring women are included in procurement processes;
- making sure targets aimed at including more women-owned small medium and micro enterprises in the economy are met; and
- sharing information about where to find support.



TASEZ hosts Smarter Mobility Africa Summit delegates

Participants at the 2023 Smarter Mobility Africa Summit toured the factories based at the Tshwane Automotive Special Economic Zone on 4 October 2023 to get a glimpse into the future of the automotive industry.

The group were investigating how the automotive industry is adapting to new, innovative and technologically driven changes. The summit takes place at the start of national Transport Month held every October.

According to the Department of Transport, the month draws attention to the multiple transport infrastructure services from aviation and maritime to public transport and roads. It is also a time to highlight South Africa's road safety campaigns and create awareness of the economic benefits of the sector. The focus for the month is on how the country can build a better transport infrastructure to grow South Africa together.

The visitors to TASEZ toured the Ford plant, looking at what the future holds in terms of new energy

vehicles.

Welcoming the visitors TASEZ's CFO Rebecca Hlabatau emphasised how important the automotive industry is to growing South Africa's economy and tackling the country's triple threats of poverty, inequality and unemployment. "Integrated smarter mobility is central to growing our economy, creating decent jobs, increasing equality, and protecting the environment," she noted.

TASEZ has a very important role in this regard as a special economic zone focused on supporting the transformation and development of

the sector, Hlabatau added.



"We hope you have gained some insight into the enormity of the projects going on in the sector."

SEZs ARE ENGINES OF ECONOMIC GROWTH

SEZs attract investors at Transport Evolution Africa



Special Economic Zones are engines of economic growth and are instrumental in promoting industrialisation and diversifying the economy – and they are well placed to play a significant role in improving the competitiveness of African economies.

Known by a host of different labels – Free Trade Zones, Sector Development Zones, Free Ports, Industrial Development Zones – SEZs are a global phenomenon. According to UNCTAD (the United Nations Conference on Trade and Development) there are some 5 400 SEZs in existence, with more than 1 000 established in the last five years. There are 237 in Africa, and 11 in South Africa.

SEZs are designated geographic areas that offer incentives and benefits to attract foreign investments with function of promoting economic growth. To quote UNCTAD: “Economies that have most successfully achieved rapid industrial development through the use of SEZs underscore that zones are not only an investment promotion tool, but first and foremost an industrial policy tool.”

This is in keeping with the revised South Africa’s Industrial Policy Action Plan (IPAP2), which seeks to ensure that investment is aimed at the manufacturing and other production sectors of the economy to grow the sectors and accelerate the creation of jobs.

In South Africa, SEZs have the further mandate of addressing the ills of the past, opening up economic activities for previously disadvantaged groups, and creating a trans-

formed, inclusive society.

Among the targets identified within the Industrial Policy Action Plan is the automotive manufacturing sector, the particular focus of the Tshwane Automotive Special Economic Zone (TASEZ). It is through the focus on specific sectors that the country will be able to attract foreign direct investment, increase exports, and create jobs while boosting the sector itself.

Industry focused

TASEZ, as the only SEZ in the country that is industry-focused, has been given the task of boosting the automotive sector and acting as a catalyst for change.

The automotive sector has been identified as one that has enormous potential to contribute to economic growth, sectoral transformation, regional development, and job creation. For every single job on the original equipment manufacturer’s factory floor, there is a ripple effect with 14 jobs being created both upstream and downstream in the automotive value chain – this comes to a total of more than 460 000 highly skilled and direct jobs.

It is important to note at this point that available infrastructure and transport networks are critical components in moving goods seamlessly from place of origin to the market and beyond.

In terms of the mandate of TASEZ, we are helping to make sure that the South African Automotive Masterplan of increasing the production of vehicles along with the localisation of components and jobs meets the targets set for 2035: the

production of 1.392 million units annually by 2035; and the doubling of employment within the sector by 2035.

UNCTAD has shown that the scope for synergies, as well as for sharing resources and costs, can play important factor in driving the success of SEZs and their contribution to national economic development.

We know that transport systems form the backbone of South Africa’s socio-economic activities by enabling the movement of people and products. We also know that apartheid planning left us with a legacy of poorly integrated transport networks, with workers and jobs separated by vast distances.

Most of the goods produced in Gauteng and destined for other cities in the country and importantly for export from our ports are being transported by road rather than by rail, which then has a knock on effect on the road infrastructure, on efficiencies, and even on job creation along the routes and in our port cities.

TASEZ is ideally placed to make the most of all the logistic and transport infrastructure available in the country. We are based in the country’s capital city of Tshwane with access to all the national research agencies. We also have access to the various administrative departments, allowing us access to invaluable, supportive and innovative partners such as the Innovation Hub, which is just down the street. And there are numerous diplomatic channels in the form of consulates and embassies.

Our favourable location makes it easy to do trans-shipment into the other countries. To the east is the Mozambique corridor, south-east is the Gauteng-Durban corridor. We are close to the northern and north-western borders too.

Economic development

Our links to our ports are vital. At face value it seems pretty straightforward: the vehicles produced in the TASEZ hub are sent to the Durban port, some 600km away, placed on ro-ro ships and car carriers and transported abroad.

But TASEZ’s contribution goes way beyond simply adding value to our tenants in their production; we create jobs within our SEZ but also create direct and indirect jobs to other SEZs.

Excerpt of a speech delivered in by TASEZ CEO Dr Bheka Zulu at Transport Evolution Africa 2023

This year’s Transport Evolution Africa had an innovative new element; a lounge set aside to showcase the offerings of South Africa’s special economic zones.

Transport Evolution Africa, which took place at the Inkosi Albert Luthuli ICC Complex in Durban, KwaZulu-Natal, from 20-22 September 2023, provided those involved in the transport sector the opportunity to access the entire value chain, from transport infrastructure, to logistics, to the manufacture of components, to cargo packaging and warehousing, and to technology and innovation.

The theme for the three-day event was “Boosting transport infrastructure and logistic operational levers as strategic enablers for competitive trade in Africa”.

SEZ offerings

The Special Economic Zones lounge showcased infrastructure project pipelines, helping build investor confidence, and highlighting business opportunities within these economic zones.

The lounge, which was hosted by the Tshwane Automotive Special Economic Zone (TASEZ), looks set to become an annual element of Transport Evolution Africa.

“This is a great fit for an event that focuses on facilitating business across the entire transport and logistics value chain - a critical component to SEZs,” said the CEO of TASEZ, Dr Bheka Zulu.

Dr Zulu was also a keynote speaker at the event, discussing the “Unlocking synergies: SEZ zones and the transport sector evolution”.

TASEZ took the opportunity to share its value proposition with potential investors, including its ideal location for automotive manufacturers and component suppliers, its numerous tax incentives, and its ready supply of qualified local workers.

Transport Evolution Africa, which has been running for a decade, creates a platform for everyone involved in the sector to build strong partnerships, make use of expert networks, and market their offerings across a broad spectrum of channels.

The exhibit allows for the sharing of the latest trends, showcasing innovation, numerous workshops and lectures, and access to the industry’s thought leaders.

This year saw more than 100 exhibitors from 34 countries attend the event.

TASEZ an economic showcase for BRICS decision-makers



A high-level delegation of BRICS business leaders toured the TASEZ hub in August 2023 to see firsthand what opportunities SEZs can offer investors.

The delegates, part of the BRICS inward buying and investment mission, visited a number of factories producing components for the Ford Next Gen Ranger to view the world-class facilities available in the TASEZ hub.

They observed the manufacture of components at Automould, Aeroklas Duys (ADT), Ford Frame and Sodecia, elements of the just-in-time and just-in-sequence processes that go into building each car.

Some 700 vehicles come off the assembly line each day.

Summing up their impressions, the deputy chair of the BRICS Manufacturing Working Group, Lesetja Mogaba described what the team had experienced was something that showed just how to link industrial development to local community needs – “This is a class act,” he said.

SEZs are seen as vehicles to broaden South Africa’s economic activities and foster industrial growth, encouraging direct foreign investment, providing skills development,

creating jobs and transforming the country both socially and economically.

TASEZ chair Lionel October noted that inequality and poverty were the biggest challenges facing the country.

“It has been shown that the only way to move out of poverty is through industrial development, and SEZs are central to the industrialisation process.”

Lionel October

He described how TASEZ had, in two short years, developed a world-class zone in an undeveloped area of scrub and trees. “We are building Africa’s first industrial city here.”

South Africa wanted to become a player in the advanced and medium technology industries, October said, adding TASEZ was looking forward to attracting international investors in the original equipment manufacturing and components space.



TASEZ signs agreement with Motheo Construction

Continuing on its track to shape the future of automotive excellence, the Tshwane Automotive Special Economic Zone has concluded a partnership agreement with the Motheo Construction Group.

Construction is about much more than erecting buildings, it is about developing people, and that is exactly what was on display when the Tshwane Automotive Special Economic Zone signed a Memorandum

of Understanding with the Motheo Construction Group.

The important event took place in the City of Tshwane on Thursday, 2 November 2023, watched by a young group of construction learners who are part of the Motheo Academy.

TASEZ executive of business development Msokoli Ntombana spoke of the close relationship the SEZ has with the Motheo Group.

The Motheo Group’s website states: “We put roofs over heads, but we also put work boots on feet ...



We believe in building our nation not only with bricks and mortar, but with the powerful spark that comes from unity.”

As the CEO of the Motheo Group Lettie Mashau noted: “Skills development is critical as it has a positive impact on our communities.”

This is closely aligned with the

ethos of TASEZ, which has a mission “to be a catalyst for employment, transformation, and socio-economic development and industry growth”.

Ntombana explained that TASEZ was established as part of the country’s drive towards industrialisation. “But to industrialise, we need our people to be trained.”

The partnership with the Motheo Group speaks to the government’s targets, he added, pointing to the company’s focus on developing women in a male-dominated sector.

THIRD CLEAN AUDIT FOR TASEZ



The Tshwane Automotive Special Economic Zone is proud to announce it has received a clean audit for its 2022/23 financial report.

This is the third consecutive year the entity has received such a finding from the Office of the Auditor-General.

“It is with immense pride and gratitude that I announce a momentous achievement that reflects our unwavering commitment to transparency, accountability, and excellence,” said board chair Lionel October.

“This clean audit reaffirms our commitment to prudent financial management, effective controls, and ethical practices.”

The clean audit means that TASEZ produced financial statements that are free from material misstatements and have no material findings on reporting on performance objectives or non-compliance with legislation.

TASEZ features on Power FM



The secret to the success of the Tshwane Automotive Special Economic Zone lies in its partnerships, says TASEZ board chairperson Lionel October.

He was speaking to Power FM's Nolithando Mthonti-Mlambo during the business focus on 25 October 2023.

TASEZ is based on partnerships between the SEZ and the communities of Mamelodi and Eersterust, the Ford Motor Company of Southern Africa and its international component manufacturers that come from Thailand, Portugal, Brazil, as well as South Africa, and government.

“If the three partners work together the community gets real benefits – [jobs and skills development], government provides the world-class infrastructure required, and the private sector creates the jobs and brings the technology, creating our export platforms that is the secret to success,” October said.

TASEZ is one of 10 SEZs set up in South Africa to help grow the South African economy. SEZs are geographically designated areas set aside for distinct economic activities and are supported by special arrangements and systems that are often different from those that apply in the rest of the country.

They are seen as engines that can propel government's strategic objectives of industrialisation, regional development, and employment creation forward through attracting

Foreign Direct Investment and exporting value-added commodities.

Looking at the impact of TASEZ on the South African economy, October pointed out that it is a relative newcomer to the SEZ space, being built in record time, in two years and during Covid-19. This was thanks to strong leadership from the president, the Minister of Trade, Industry and Competition and the provincial and local governments, October said.

In addition, Ford invested R16-billion into expanding their plant in South Africa. “They are now producing the new Ford Ranger vehicle in one of the biggest plants in their stable, exporting to over 100 countries.”

Ford's investment has seen the creation of highly skilled jobs – 2 000 created by Ford and 3 200 created by TASEZ. “This development has really been beneficial to the local economy.”

Considering how South Africa's SEZs measure up globally, October looked to China and the Asian Tigers, pointing out that their success can be attributed to SEZs. “While they obviously provide tax incentives and import incentives, but the real winning proposition that we see from China is power, land and logistics.”

It is important to provide a proper logistics system, rail and road; to provide regular and consistent electricity; and to provide a well-developed zone in which to base the manufacturing businesses.

Integrity and diligence

“It reinforces our position as a reliable SEZ for local and international investors, assuring them that their investments are managed with the utmost integrity and diligence. Our ability to consistently uphold the principles of transparency and accountability is a cornerstone of TASEZ's reputation as a world-class hub for automotive investments,” October added.

TASEZ, known as Africa's first automotive city, provides an SEZ that offers a range of financial incentives and high-level support services to investors. Its mandate is to accelerate economic reform through attracting investment and creating jobs and opening up opportunities for small, medium and micro enterprises – and ultimately transforming the automotive sector.

CEO WINS LEADERSHIP AWARD



CEO Dr Bheka Zulu was professionally recognised at the Transport Evolution Africa Awards, winning in the category “Inclusive Leadership”.

The three-day exhibition, focusing on the theme “Boosting transport infrastructure and logistic operational levers as strategic enablers for competitive trade in Africa”, has been taking place at the Inkosi Albert Luthuli ICC Complex in Durban, KwaZulu-Natal, from 20 -22 September 2023.

The annual gathering allows decision-makers, businesses and organisations involved in the transport sector to access all categories within the value chain; from transport infrastructure, to logistics, to the access and manufacture of components, to cargo packaging and warehousing, to technology and innovation, to manufacturing.

Trailblazers

One of the key events of Transport Evolution Africa is the annual awards in recognition of “the achievements of transport trailblazers in making an impact locally, nationally and continentally”.

The organisers note that “the Transport Evolution Africa Awards serves as a powerful platform to recognise, reward and celebrate those who have not only transformed the industry but have also left an indelible mark in driving

enterprise development, sustainability, and inclusivity”.

In a 2020 article “The Key to Inclusive Leadership” published in the Harvard Business Review, authors Juliet Bourke and Andrea Titus noted that “inclusive leadership is emerging as a unique and critical capability helping organisations adapt to diverse customers, markets, ideas and talent”.

Leadership traits

Bourke and Titus note that inclusive leaders exhibit six signature traits:

- They make diversity and inclusion a personal priority.
- They are humble and create space for others to contribute.
- They are self-aware and work hard to ensure a meritocracy.
- They are empathetic, hold an open mindset, and listen without judgment.
- They are attentive to others' cultures.
- They empower others and focus on team cohesion.

Other awards announced at Transport Evolution Africa included: rising star; women mentor of the year; women excellence leadership; best equity, diversity and social inclusion programme; best port and terminal operator; and best rail operator.