Opportunities in Selected Industries for Thailand in South Africa

Royal Thai Embassy

July 2024

BMi Research

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Table of Contents

Introduction

BMi Research

BMi Research is a long-standing, full-service research house within the Cognition Holdings group of companies. BMi provides valuable insights across multiple industries including automotive, beverages, financial, food, foodservices, ITC, packaging, property, raw materials, retail, technology, and wholesale.

BMi's professional and experienced team provide a complete research solution to our customers, delivering insights across all tiers of the value chain.

BMi's Business Research Division has in the past provided and continues to provide research solutions to various industries in South Africa.

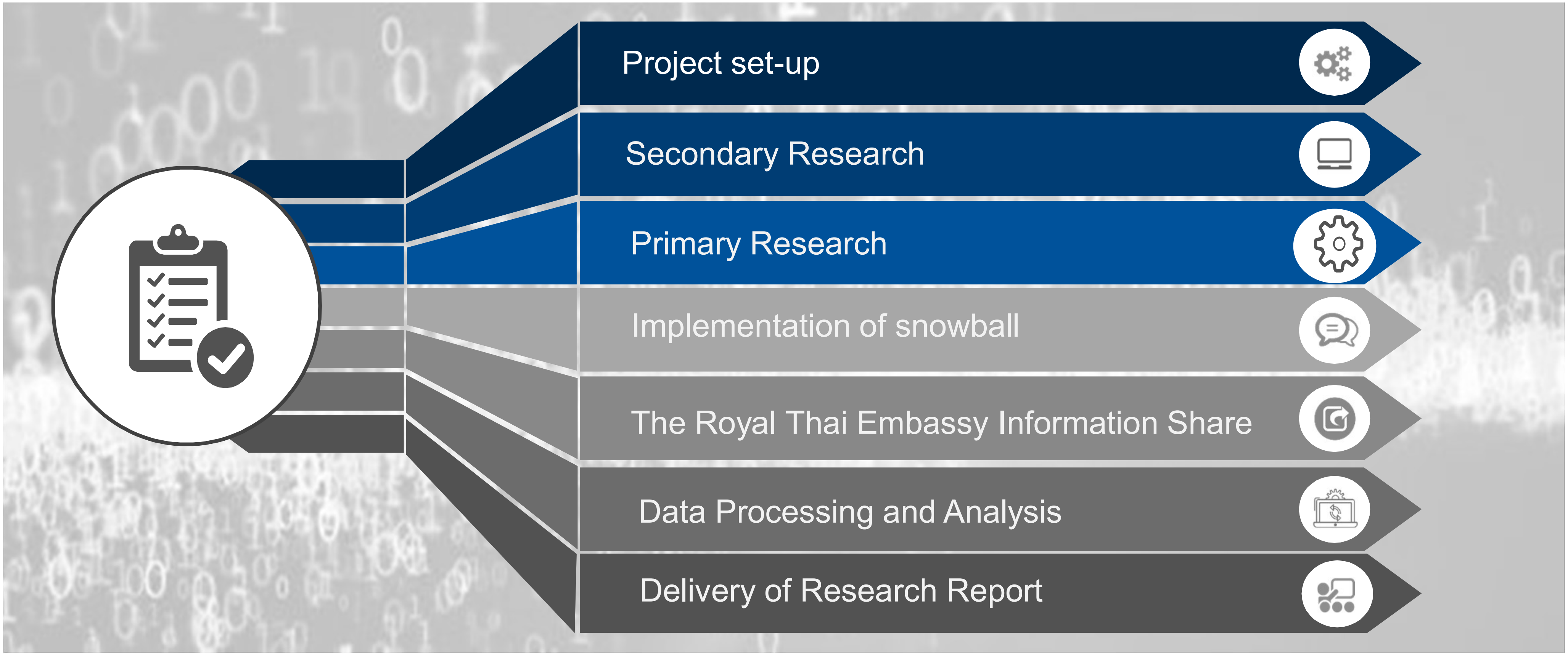
BMi is proudly affiliated with the following organisations:

- Consumer Goods Council of South Africa (CSGSA)
- The European Society for Opinion and Market Research (ESOMAR)
- Mobile Marketing Research Association (MMRA)
- Mystery Shopping Professionals Association (MSPA)
- Packaging Association of South Africa (PackagingSA)
- Pan African Market Research Organisation (PAMRO)
- South African Market Research Association (SAMRA)
- The Institute of Packaging South Africa (IPSA)

Introduction

Research Methodology

The research progress, conducted by senior research analysts, for this research project is presented below



Introduction to BMi Research

Background

Experience	Consultation Philosophy	Pricing Specialists
South African Market Value Chain Knowledge	Total market quantification of various CPG categories annually	Database of SA Food, Retail, Wholesale & Packaging Information
Trending Research	Customized IT platform (Mobile, Reporting & Dashboard)	Flexible Reporting Technology

Affiliations

ESOMAR member

consumer goods council of south africa

PACKAGINGSA

THE INSTITUTE OF PACKAGINGSA

SAMRA Southern African Marketing Research Association Quality Research • Quality Decisions

pamro Pan African Media Research Organisation

MMRA Mobile Marketing Research Association

Research Methodology

Category Quantification Method

Confidentiality of Information

Face-to-Face & Telephonic Interviews

Top-down Research

Interviews with all suppliers

Attain input related to each objective – sales, trends, forecasts, etc.

Import Review

- Local import agents
- Manufacturer exporting from neighbouring countries
- South Africa export statistics review

Accurate Market Reports

Competitor input

Snowballing

30+ Years Experience

Experts

Internet

Media

Trade Journals

Bottom-up Research

Primary interviews with industry players

Attain input related to each objective – sales, trends, forecasts, etc.

Definitions

General Definitions

General Definitions	
CAGR	Compound Annual Growth Rate
e	Current year/Quarter estimated data
f	Forecast data
p.a.	Per annum
RSP	Retail Selling Price
Q-o-Q	Quarter-on-Quarter
Y-o-Y	Year-on-Year
YTD	Year to date
MAT	Moving annual total

Definitions: Industries

Definitions	
Agriculture	The agriculture industry in South Africa encompasses a wide range of activities related to the cultivation of crops, and livestock (including poultry) farming. It plays a vital role in the country's economy by providing employment, contributing to food security, and generating export revenues. Key agricultural products include maize, wheat, sugarcane, fruits, vegetables, and a variety of livestock. The industry is characterized by both large commercial farms and smaller subsistence operations, facing challenges such as water scarcity and land reform issues, while also benefiting from advanced agricultural technologies and practices.
Fisheries	The fisheries industry in South Africa involves the harvesting of marine and freshwater resources, including fish, crustaceans, and molluscs, for commercial, recreational, and subsistence purposes. It is a significant contributor to the economy, providing employment, food security, and export income. Key activities include deep-sea trawling, coastal fishing, aquaculture, and mariculture. The industry faces challenges such as overfishing, environmental sustainability, and the need for effective management and conservation practices to ensure the long-term health of fish stocks and marine ecosystems.
Mining	The mining industry in South Africa encompasses the extraction of minerals and precious metals from the earth's crust for commercial purposes. It is a cornerstone of the country's economy, historically renowned for its abundance of mineral resources such as gold, platinum, diamonds, and coal. The industry encompasses various mining methods, including underground and surface mining, and plays a vital role in employment, economic development, and foreign exchange earnings. Challenges faced by the industry include labour unrest, regulatory complexities, and environmental concerns.
Real Estate	The real estate industry in South Africa involves the buying, selling, renting, and development of land and buildings for residential, commercial, industrial, and agricultural purposes. It includes property management, real estate brokerage, and valuation services. The sector is crucial to the economy, contributing to investment, employment, and infrastructure development. The industry faces challenges such as fluctuating property values, regulatory changes, and economic conditions that influence demand and supply dynamics in the property market.

Executive Summary

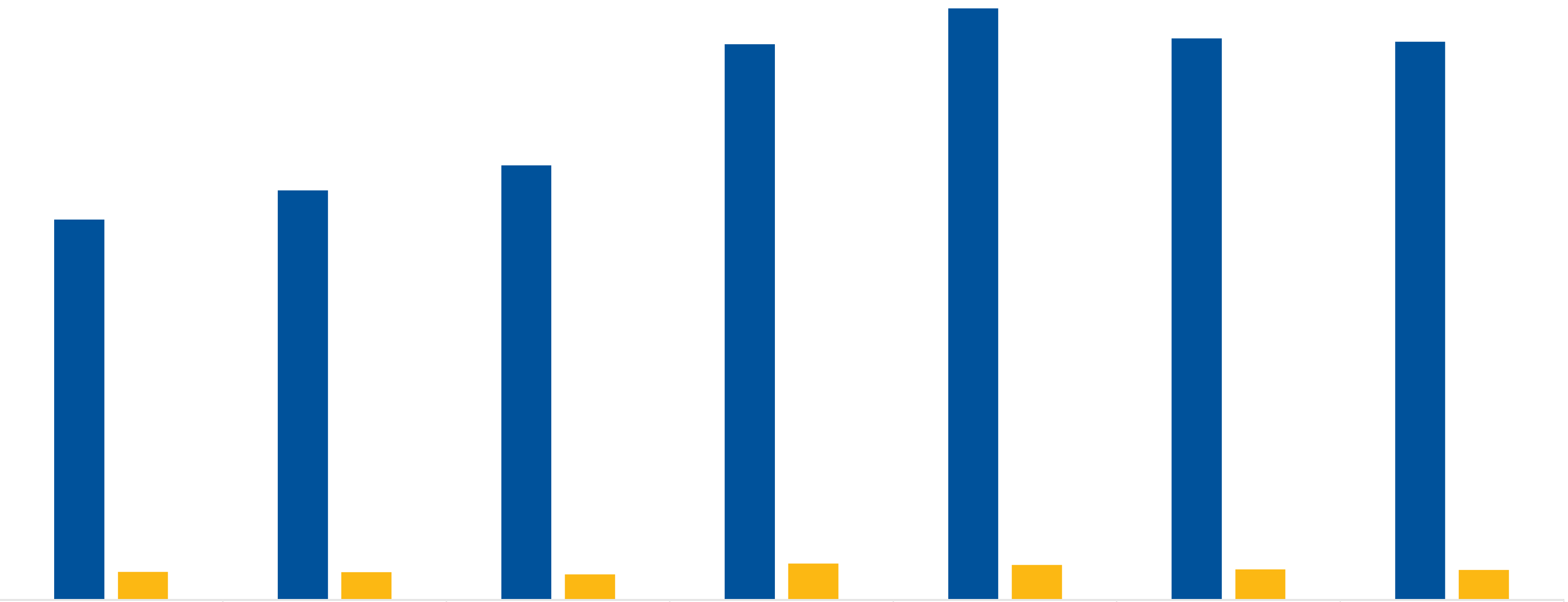
Overall Industry Value Across All Selected Industries - Agriculture, Mining, Real Estate, Seafood

Estimated Annual Value Across All Industries

Source: BMi, StatsSA

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44



	2018	2019	2020	2021	2022	2023	2024e
Value (Rand Million)	R891,887.89	R959,961.67	R1,018,512.88	R1,302,678.67	R1,386,987.82	R1,316,317.83	R1,308,999.03
Value (US Dollar Million)	$65,763.48	$64,990.76	$59,936.07	$85,207.57	$82,016.36	$71,370.30	$70,104.59

Overall Industry Value per Sub-Sector
- Agriculture, Mining, Real Estate, Seafood

Source: BMi, StatsSA

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
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*Estimated Annual Value per Industry – **Million Rand***

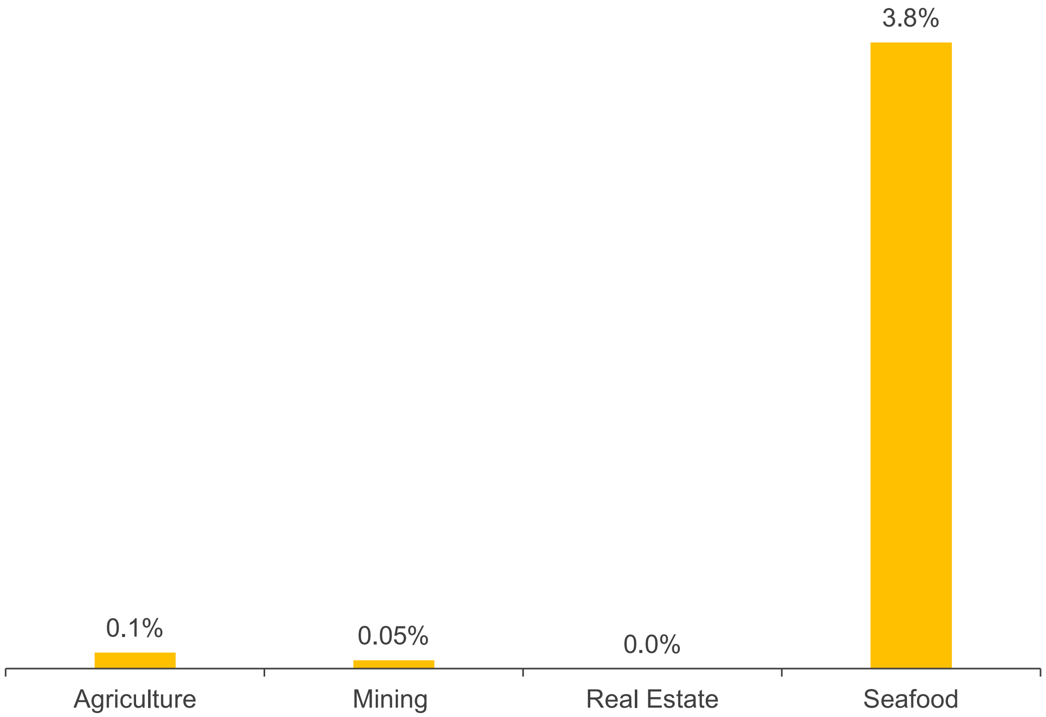
Year	Value (Rand Million)				
	Agriculture	Seafood	Mining	Real Estate	Total
2018	R289,296.43	R30,674.36	R498,500.80	R73,416.30	R891,887.89
2019	R287,427.69	R30,674.36	R552,880.90	R88,978.71	R959,961.67
2020	R328,011.93	R28,207.86	R613,191.60	R49,101.49	R1,018,512.88
2021	R355,973.65	R30,963.95	R856,420.00	R59,321.07	R1,302,678.67
2022	R403,355.66	R32,273.42	R883,542.50	R67,816.24	R1,386,987.82
2023	R431,590.55	R34,120.47	R792,205.00	R58,401.81	R1,316,317.83
2024e	R455,328.03	R37,179.84	R759,724.60	R56,766.56	R1,308,999.03
CAGR 2018 - 2024e	7.9%	3.3%	7.3%	-4.2%	6.6%

*Estimated Annual Value per Industry – **Million US Dollar***

Year	Value (US Dollar Million)				
	Agriculture	Seafood	Mining	Real Estate	Total
2018	$21,331.31	$2,261.78	$36,757.03	$5,413.36	$65,763.48
2019	$19,459.26	$2,076.70	$37,430.82	$6,023.98	$64,990.76
2020	$19,302.40	$1,659.94	$36,084.27	$2,889.46	$59,936.07
2021	$23,284.06	$2,025.34	$56,018.01	$3,880.16	$85,207.57
2022	$23,851.52	$1,908.41	$52,246.27	$4,010.16	$82,016.36
2023	$23,400.69	$1,850.00	$42,953.08	$3,166.53	$71,370.30
2024e	$24,385.49	$1,991.20	$40,687.71	$3,040.18	$70,104.59
CAGR 2018 - 2024e	2.3%	-2.1%	1.7%	-9.2%	1.1%

Thailand's Presence within Selected Sub Sectors - Agriculture, Mining, Real Estate, Seafood

Thailand's % Contribution per Selected Sub-Sector 2023, R1 316 Billion



Source: Stats SA, BMi

Thailand's % Contribution per Selected Sub-Sector 2023, R1 316 Billion

- Thailand's presence within the South Africa's - Agriculture, Mining, Real Estate, Seafood industries is quite limited.
- Current activity within these industries is reportedly largely limited to exports from Thailand as opposed to local entities, with perhaps only a few exceptions
- The primary products exported from Thailand within each of the selected sub-sectors, not limited to, include:
  - Canned Fish
  - Precious metals and stones, coins
  - Milling products, malt, starches, wheat gluten
  - Flour, starch, milk preparations and products
  - Preparations of vegetable, fruit, nut food
  - Etc.
- The general outlook from South African industry players is positive towards products from Thailand. More has to be done to market and position Thai products with local industry players, as little is known about the related product offerings from Thailand

Overall Industry Value Forecast
- Agriculture, Mining, Real Estate, Seafood

Source: BMi, StatsSA

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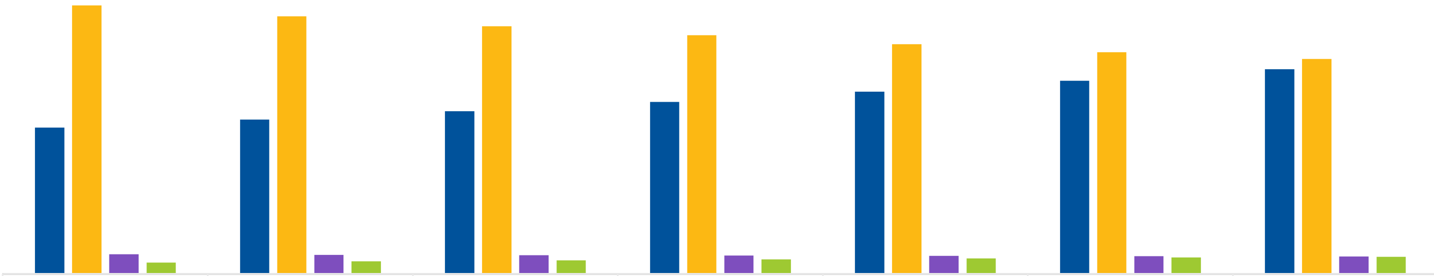
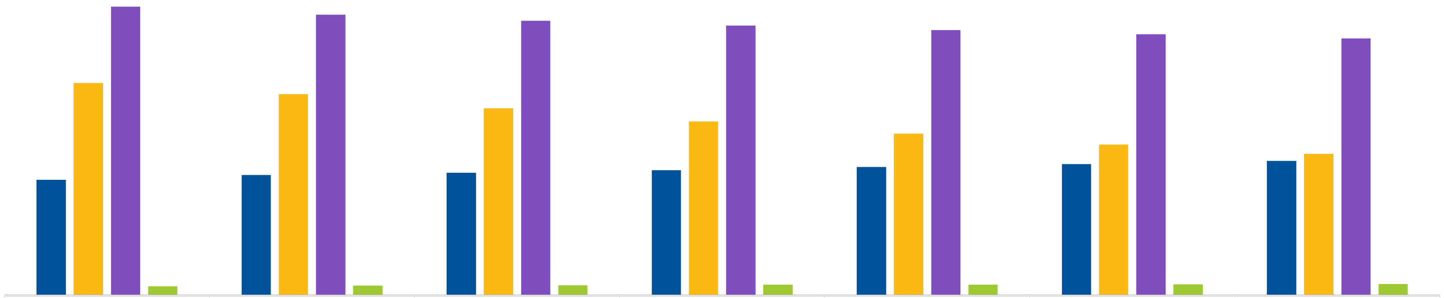
*Annual Value Forecast per Industry – **Million Rand***



	2023	2024e	2025f	2026f	2027f	2028f	2029f
Agriculture	R431,590.55	R455,328.03	R479,915.75	R507,270.95	R537,199.93	R569,431.93	R603,597.84
Mining	R792,205.00	R759,724.60	R730,855.06	R703,813.42	R677,772.33	R654,050.30	R634,428.79
Real Estate	R58,401.81	R56,766.56	R55,517.70	R54,573.90	R53,646.14	R52,787.80	R51,943.20
Seafood	R34,120.47	R37,179.84	R40,216.77	R43,535.34	R46,057.94	R48,499.93	R51,129.68

*Annual Value Forecast per Industry – **Million US Dollar***



	2023	2024e	2025f	2026f	2027f	2028f	2029f
Agriculture	$23,400.69	$24,385.49	$24,833.15	$25,361.00	$25,949.08	$26,575.87	$27,217.80
Mining	$42,953.08	$40,687.71	$37,817.95	$35,187.14	$32,739.34	$30,525.08	$28,608.05
Real Estate	$58,401.81	$56,766.56	$55,517.70	$54,573.90	$53,646.14	$52,787.80	$51,943.20
Seafood	$1,850.00	$1,991.20	$2,081.01	$2,176.55	$2,224.80	$2,263.53	$2,305.57

South Africa Macro-Economic Overview

Country Profile: South Africa

South Africa: Country Overview

Electricity supply shortages have constrained South Africa's growth for several years. Rolling scheduled power cuts (load-shedding) started in 2007 and have intensified exponentially, reaching close to 9 hours daily in 2022, and more in 2023. This severe electricity shortfall has disrupted economic activity and increased operating costs for businesses, many of which rely on costly diesel generators. It has also affected other infrastructure such as water, IT, and service delivery (health and education). Although new reforms and investments are being considered, load-shedding is expected to continue for at least two more years. Load shedding peaked in 2023, and has since eased ahead of the May 2024 election.

Weak structural growth and the COVID-19 pandemic have exacerbated socio-economic challenges. South Africa has recovered its pre-pandemic GDP but not its employment level. At the end of the second quarter of 2023, there were still about 74,000 fewer jobs than at the end of 2019, with women and youth persistently more impacted. Inequality remains among the highest in the world, and poverty was an estimated 62.6% in 2022 based on the upper middle-income country poverty line, only slightly below its pandemic peak. These trends have prompted growing social demands for government support, which could put the sustainability of public finances at risk if they are to be met.

The global environment remained supportive but increasingly severe domestic constraints led to GDP growth slowing to 1.9% in 2022 from 4.7% in 2021. Mining production fell while manufacturing production stagnated, as load-shedding and transport bottlenecks intensified. The services sectors (financial, transport, and personal) and domestic trade were key drivers of growth. The labour market has remained weak. The employment ratio only increased slightly to 39.4% at the end of 2022 and 40.1% in the second quarter of 2023 from a pandemic low of 35.9% in September 2021. In this context, the COVID-19 Social Relief of Distress Grant, introduced in May 2020, was extended for another year until March 2024. Socio-economic challenges were further exacerbated by rising fuel and food (bread and cereals) prices, which disproportionately affected the poor. Inflation averaged 5.8% in 2023 and 7.0% in 2022 but was 8.2% for those at the bottom 20% of the income distribution in 2022.

Source: https://www.worldbank.org/en/country/southafrica/overview
BMi

Country Profile: South Africa Continued

South Africa: Country Overview Continued

Key Development Challenges

South Africa has taken considerable strides to improve the well-being of its citizens since its transition to democracy in the mid-1990s, but progress has stagnated in the last decade. The percentage of the population living below the upper middle-income country poverty line fell from 68% to 56% between 2005 and 2010 but has since trended slightly upwards, to 57% in 2015, and is projected to have reached 60% in 2020.

Structural challenges and weak growth have undermined progress in reducing poverty, heightened by the COVID-19 pandemic. The achievement of progress in household welfare is severely constrained by rising unemployment, which reached an unprecedented 35.3% in the fourth quarter of 2021. By the second quarter of 2023, the unemployment rate had declined marginally to 32.6%, still above the already high pre-pandemic levels. The unemployment rate is highest among youths aged between 15 and 24, at around 61%.

Other structural challenges have also increased, transport and logistics, which have deteriorated due to weak management of the state-owned enterprise Transnet, theft, and sabotage, constraining South Africa's export capacity.

South Africa remains a dual economy with one of the highest and most persistent inequality rates in the world, with a consumption expenditure Gini coefficient of 0.67 in 2018. High inequality is perpetuated by a legacy of exclusion and the nature of economic growth, which is not pro-poor and does not generate sufficient jobs. Inequality in wealth is even higher, and intergenerational mobility is low, meaning inequalities are passed down from generation to generation with little change over time.

Source: https://www.worldbank.org/en/country/southafrica/overview

Country Profile: South Africa Continued

Overview of the South African Economy

- "South Africa boasts the most advanced, broad-based economy in sub-Saharan Africa. The investment climate is fortified by stable institutions; an independent judiciary and robust legal sector that respects the rule of law; a free press and investigative reporting; a mature financial and services sector; and experienced local partners."[1]
- The South African government seeks to utilise laws and policies to encourage, and in some cases mandate, reform of the historical economic imbalances entrenched during Apartheid and accelerate the participation in the economy of historically excluded or disadvantaged citizens. This is conducted using Broad-Based Black Economic Empowerment (B-BEEE) programmes, which aim to achieve proportional representation in the workplace of racial, gender, and disability groups. Also prescribed are government procurement requirements including equity stakes and employment thresholds for groups deemed historically disadvantaged.
- Tariffs are introduced on imported goods to encourage greater local industrialisation, at the expense of foreign trade partners. In October 2020, President Ramaphosa set a domestic support target in his Economic Reconstruction and Recovery Plan. The goal is to replace 20% of imported goods in 42 categories with locally produced products within five years.
- During the Covid-19 pandemic in South Africa, the country received funds from the International Monetary Fund (IMF) and the World Bank to assist in the country's Covid-19 response: $4.3 billion in July 2020 from the IMF, and a further $750 million in 2022 from the World Bank. This is the first financial assistance granted by these institutions to South Africa since 1994.
- Economic growth in South Africa has been largely stagnant since 2008. The economic growth forecast for South Africa is minimal at 0.1% (International Monetary Fund) to 0.3% (South African Reserve Bank). The IMF projects a recovery to 1.5% in the medium term. Income per capita is expected to decline. The fiscal balance is likely to suffer from ongoing relief required by state-owned enterprises (SOEs), including Eskom, and owing to increasing demand for social grants. The IMF projects that the fiscal balance will improve after 2026 to 2027, should interventions at Eskom bear fruit.

Source: [1]https://www.state.gov/reports/2023-investment-climate-statements/south-africa/
https://www.investec.com/en_za/focus/economy/loadshedding-is-not-forever.html#:~:text=According%20to%20the%20Energy%20Council,Eskom%20and%20the%20private%20sector.&text=If%20you've%20ever%20entered,numbers%20are%20inexplicably%20not%20yours.
https://www.imf.org/en/News/Articles/2023/03/21/mcs032223-south-africa-2023-article-iv-mission
https://www.gov.za/Invest%20SA%3AOnestopshop

Country Profile: South Africa Continued

Overview of the South African Economy Continued

- Obstacles to growth in South Africa include lack of access to reliable power, “policy uncertainty, lack of regulatory oversight and enforcement, state-owned enterprise (SOE) drain on the fiscus, widespread corruption, violent crime, labour unrest, lack of basic infrastructure and government service delivery and lack of skilled labour.”[1] Unemployment in South Africa eased after the Covid-19 lockdowns were relaxed, particularly in the services sector. However, unemployment levels were still above pre-pandemic levels in 2022, and exacerbate the high levels of poverty and inequality that characterise the country. Corruption throughout levels of local, regional and national government, as well as in the private sector, hamper growth and development. Racial tension continues to affect the citizenry, and this is not always discouraged by local and national leadership and activists. Product and labour markets in South Africa have been described as rigid.
- In 1994, South Africa achieved a “relatively peaceful political transition from apartheid to inclusive democracy”[2]. The African National Congress (ANC) won the election in 1994 and each subsequent election until 2024. The official opposition parties have been the Democratic Party and National Party, who merged into the Democratic Alliance (DA), the Inkhatha Freedom Party (IFP), the Freedom Front Plus (VF+) and the more radical Economic Freedom Fighters (EFF). Recently, former ANC president Jacob Zuma joined the MK (uMkhonto we Sizwe) Party and ran against the ANC in 2024, eroding the ANC’s majority.
- South Africa is a constitutional democracy. Since the end of apartheid in 1994, it has been regarded globally as a proponent of human rights and a leader on the African continent. However, service failures and rampant corruption have caused the public to question the value of the democracy, constitution and bill of rights that they fought for. “Anti-constitution pessimism and opportunism has been on the rise. A lack of meaningful redistribution of wealth has provided an opportunity for politicians to proclaim that constitutional democracy has failed. This is true for people inside as well as outside the ruling African National Congress (ANC).”[2] General elections are scheduled to be held in 2024, and polls project an overall majority for the ANC ruling party, despite waning popularity.
- “South Africa’s government wants to accelerate digital technology adoption to support better public services while providing skills and jobs for its expanding youth population…The public service spent approximately R62 billion on digital technologies between 2018 and 2021... half of the 34 information technology projects did not yield the intended results.”[3] The South Africa Connect Programme, launched in 2013, brought broadband connectivity to more than 900 government institutions, but more is needed for 4 000 more institutions, from rural schools, clinics and police stations, to advance e-learning, tele-health, real-time policing, and the use of Internet-of-Things devices.

Source: [1]https://www.state.gov/reports/2023-investment-climate-statements/south-africa/
https://www.investec.com/en_za/focus/economy/loadshedding-is-not-forever..
https://www.imf.org/en/News/Articles/2023/03/21/mcs032223-south-africa-2023-article-iv-mission
https://freedomhouse.org/country/south-africa/freedom-world/2022
[2] https://theconversation.com/south-africas-1994-miracle-whats-left-159495
[3] https://d1.awsstatic.com/institute/AWS-Institute-South-Africa-re-energizes-transformation-2022.pdf

Country Profile: South Africa Continued

Overview of the South African Economy: Electricity Supply as a Red Flag

- Scheduled electricity outages, known as load shedding, are currently being employed in South Africa to ease the burden of demand on the constrained electricity supply. The stated aim is to avoid a national blackout of electricity by maintaining aged coal plants. Consumers have access to electricity on a rotation, according to a published schedule. Unplanned electricity outages are also common. The load shedding system is no longer seen as a temporary measure by many South Africans, though the Energy Council of South Africa maintains that Eskom has plans to supply sufficient electricity to meet demand within the next one to four years.
- Sufficient electricity supply is required for GDP growth. According to Investec, an Energy Availability Factor (EAF) of at least 70% in required for the country to grow 3% per annum.
- "In November 2021 at COP 26 the GoSA, the United States, the UK, France, Germany, and the European Union (EU) announced the Just Energy Transition Partnership (JETP). The partnership aims to accelerate the decarbonization of South Africa's economy, with a focus on the electricity system." [1]
- The National Development Plan (NDP) is the South African government's plan, drafted in 2012, for the 17 years until 2030. It includes the framework for future power generation. The DMRE's Integrated Resource Plan (IRP) is an electricity infrastructure development plan which estimates electricity demand growth and identifies the types of energy required to meet these needs, as well as their timing and cost implications. More about the NDP is available here: https://www.gov.za/issues/national-development-plan-2030
- According to the Energy Council of South Africa, 86% of the country's electricity is generated from coal. In June 2020, Eskom's coal-fired power station capacity had a total installed capacity of 44 602 MW, and a nominal rate (which reflects auxiliary power consumption and reduced capacity caused by the age of the plant) of 39 930 MW. South Africa needs 39 696 MW added to its energy generation capacity between 2019 and 2030, according to the Energy Plan of 2019, and this process has already started with the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). The additional capacity is expected to include 14 400 MW from Wind power and 6 000 MW from solar photovoltaic sources. The fleet of coal-fired power stations is aging, with some of the decommissioned stations being brought back into operation on a temporary basis to assist with load shedding. By the year 2030, approximately 10 500 MW will be removed from the fleet as the plants are at end-of-life, and by the year 2050, this jumps to approximately 35 000 MW.

Source: [1]https://www.state.gov/reports/2023-investment-climate-statements/south-africa/
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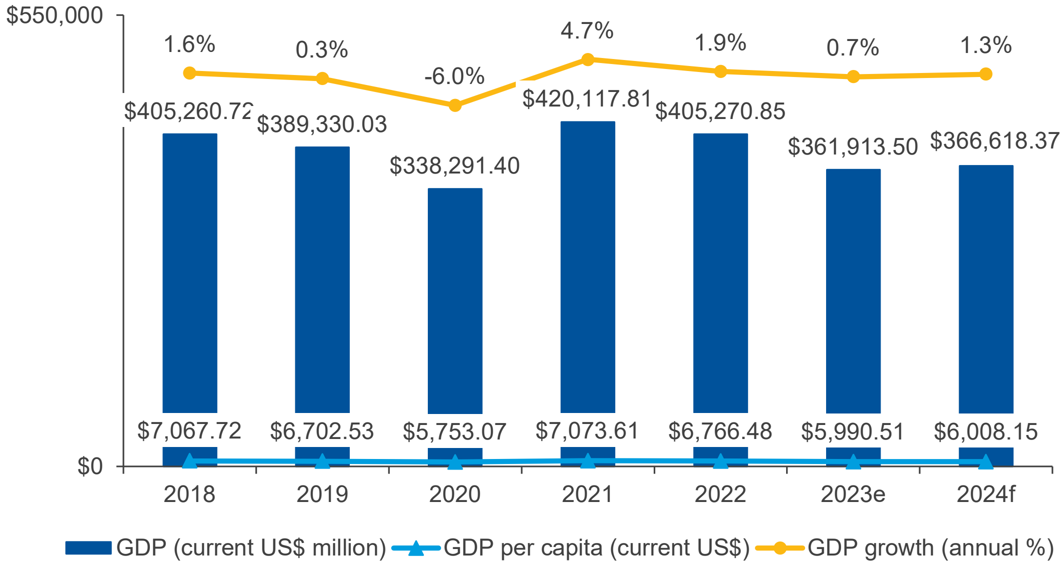
Economic Country Profile: South Africa

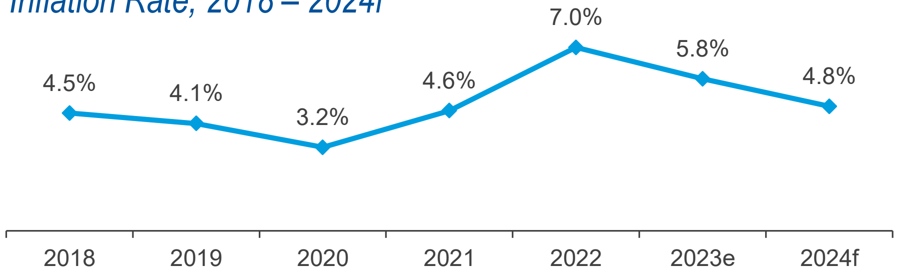
Source: https://www.worldbank.org/en/home

GDP, GDP Growth, GDP Per Capita, 2018 – 2024f

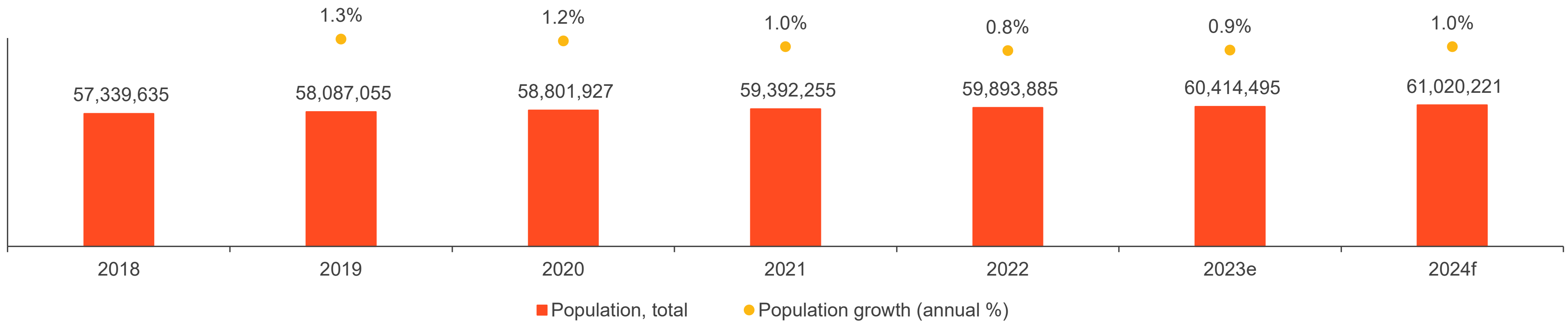


Average Exchange Rate Local Currency to USD, 2018 – 2024f

Inflation Rate, 2018 – 2024f



Population and Growth Rate, 2018 – 2024f



Industry Overview

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Estimated Annual Value Across All Industries

Year	Value (Rand Million)	Rand Value Rate of Change	Value (US Dollar Million)	Dollar Value Rate of Change
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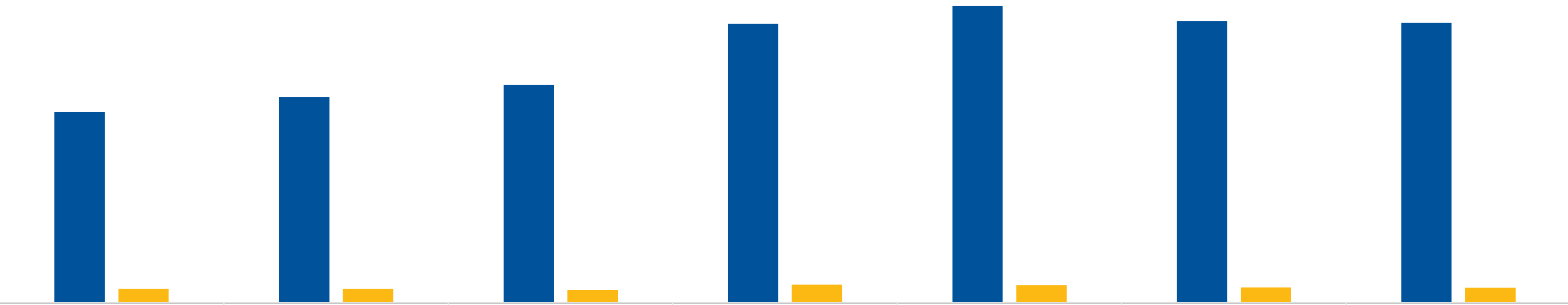
2023	R1,316,317.83	-5.1%	$71,370.30	-13.0%
2024e	R1,308,999.03	-0.6%	$70,104.59	-1.8%
CAGR 2018 – 2024e		6.6%		1.1%



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2019	R287,427.69	R30,674.36	R552,880.90	R88,978.71	R959,961.67
2020	R328,011.93	R28,207.86	R613,191.60	R49,101.49	R1,018,512.88
2021	R355,973.65	R30,963.95	R856,420.00	R59,321.07	R1,302,678.67
2022	R403,355.66	R32,273.42	R883,542.50	R67,816.24	R1,386,987.82
2023	R431,590.55	R34,120.47	R792,205.00	R58,401.81	R1,316,317.83
2024e	R455,328.03	R37,179.84	R759,724.60	R56,766.56	R1,308,999.03
CAGR 2018 - 2024e	7.9%	3.3%	7.3%	-4.2%	6.6%

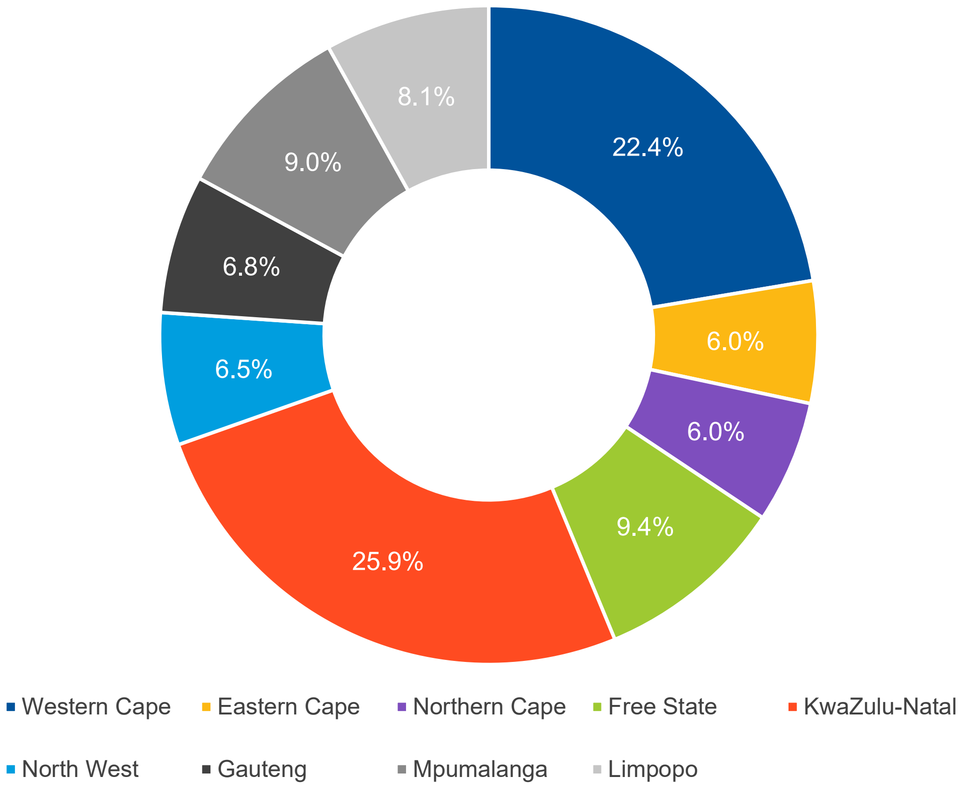
*Estimated Annual Value per Industry – **Million US Dollar***

Year	Value (US Dollar Million)				
	Agriculture	Seafood	Mining	Real Estate	Total
2018	$21,331.31	$2,261.78	$36,757.03	$5,413.36	$65,763.48
2019	$19,459.26	$2,076.70	$37,430.82	$6,023.98	$64,990.76
2020	$19,302.40	$1,659.94	$36,084.27	$2,889.46	$59,936.07
2021	$23,284.06	$2,025.34	$56,018.01	$3,880.16	$85,207.57
2022	$23,851.52	$1,908.41	$52,246.27	$4,010.16	$82,016.36
2023	$23,400.69	$1,850.00	$42,953.08	$3,166.53	$71,370.30
2024e	$24,385.49	$1,991.20	$40,687.71	$3,040.18	$70,104.59
CAGR 2018 - 2024e	2.3%	-2.1%	1.7%	-9.2%	1.1%

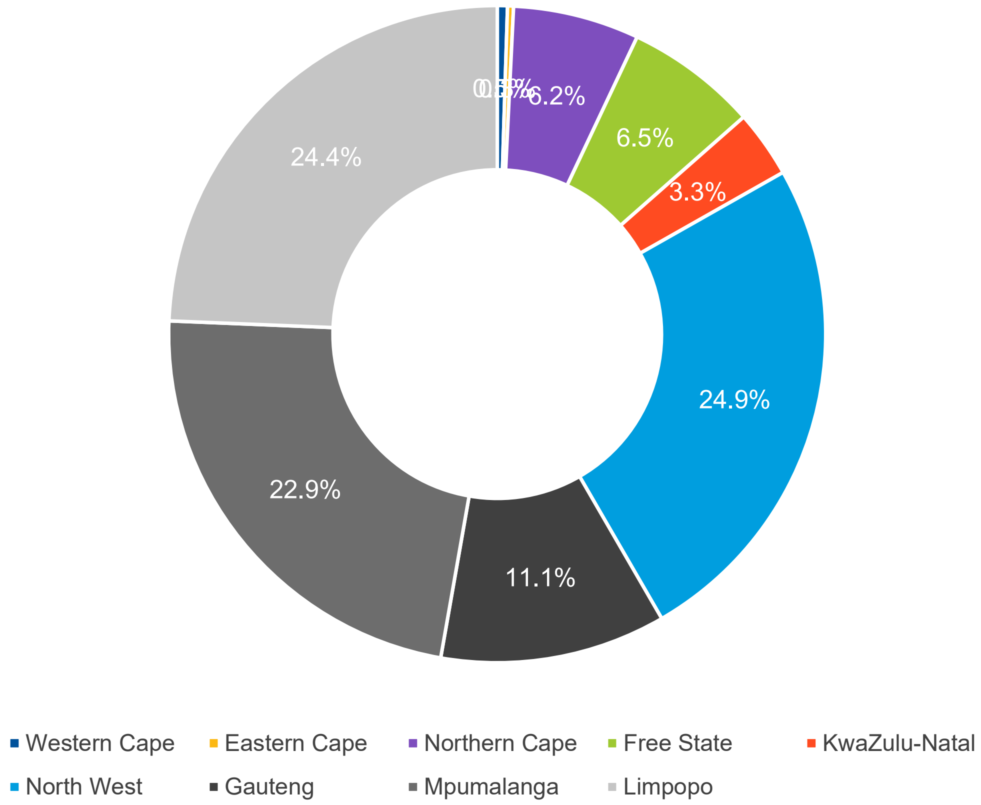
Source: Stats SA, BMi

Overall Industry Regional Distribution

Agriculture Industry Regional Production
2023, R431,590.55 Million



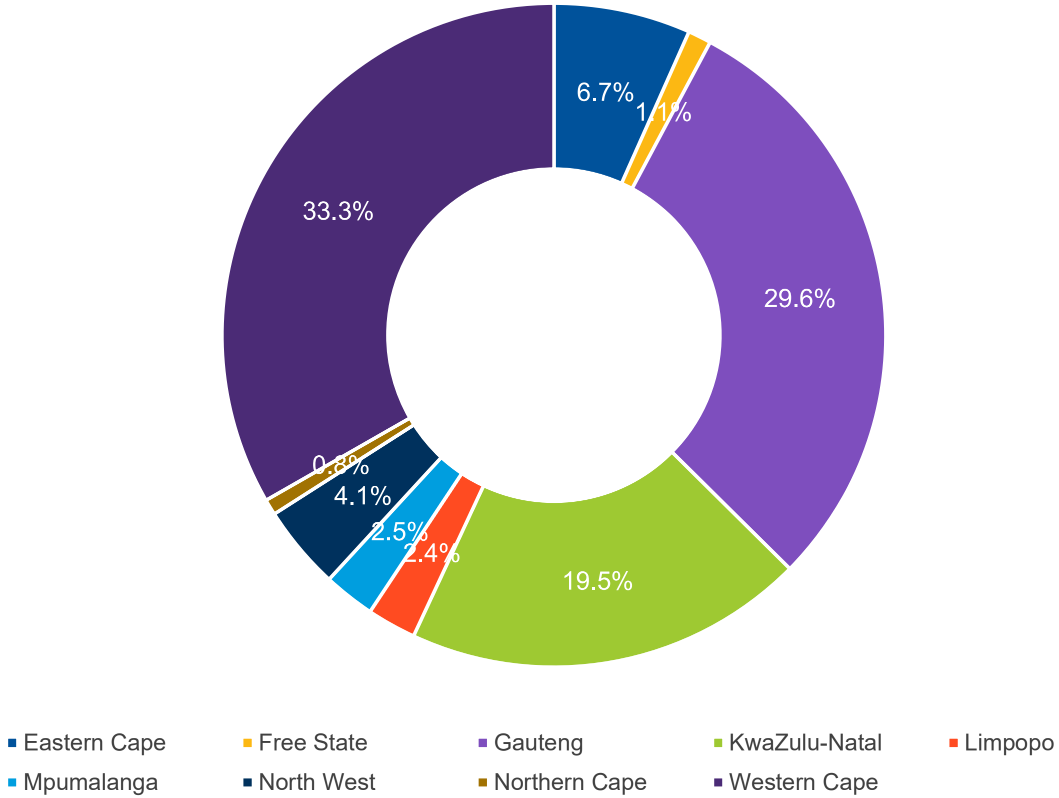
Mining Industry Regional Production
2023, R 792.2 Billion



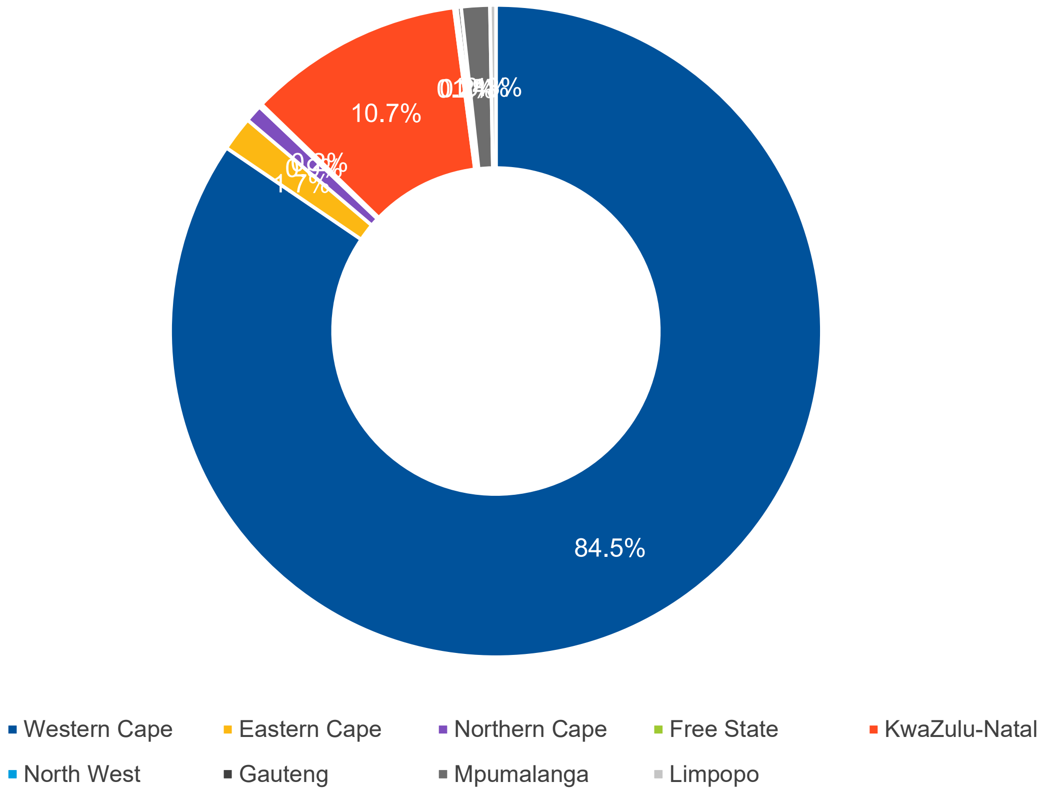
Overall Industry Regional Distribution

Source: Stats SA, BMi

Real Estate Industry Regional Sales
2023, R58 402 Million

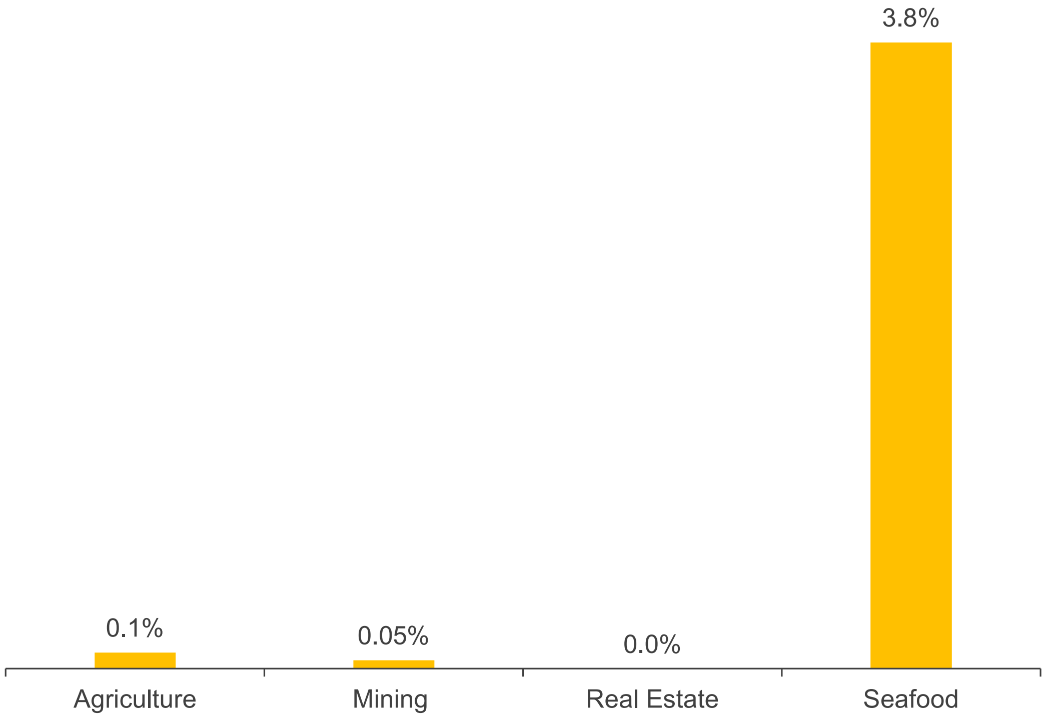


Seafood Industry Regional Production
2023, R 34 120 Million



Thailand's Presence within Selected Sub Sectors
- Agriculture, Mining, Real Estate, Seafood

Thailand's % Contribution per Selected Sub-Sector
2023, R1 316 Billion



Source: Stats SA, BMi

Thailand's % Contribution per Selected Sub-Sector
2023, R1 316 Billion

- Thailand's presence within the South Africa's - Agriculture, Mining, Real Estate, Seafood industries is quite limited.
- Current activity within these industries is reportedly largely limited to exports from Thailand as opposed to local entities, with perhaps only a few exceptions
- The primary products exported from Thailand within each of the selected sub-sectors, not limited to, include:
  - Canned Fish
  - Precious metals and stones, coins
  - Milling products, malt, starches, wheat gluten
  - Flour, starch, milk preparations and products
  - Preparations of vegetable, fruit, nut food
  - Etc.
- The general outlook from South African industry players is positive towards products from Thailand. More has to be done to market and position Thai products with local industry players, as little is known about the related product offerings from Thailand

Overall Industry Value Forecast
- Agriculture, Mining, Real Estate, Seafood

Source: BMi, StatsSA

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

*Estimated Annual Value per Industry – **Million Rand***

Year	Value (Rand Million)				
	Agriculture	Seafood	Mining	Real Estate	Total
2018	R289,296.43	R30,674.36	R498,500.80	R73,416.30	R891,887.89
2019	R287,427.69	R30,674.36	R552,880.90	R88,978.71	R959,961.67
2020	R328,011.93	R28,207.86	R613,191.60	R49,101.49	R1,018,512.88
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Overall Thai Presence in South Africa

Overall Thai Presence in South Africa

Kokoro Market of Wemaco Holdings

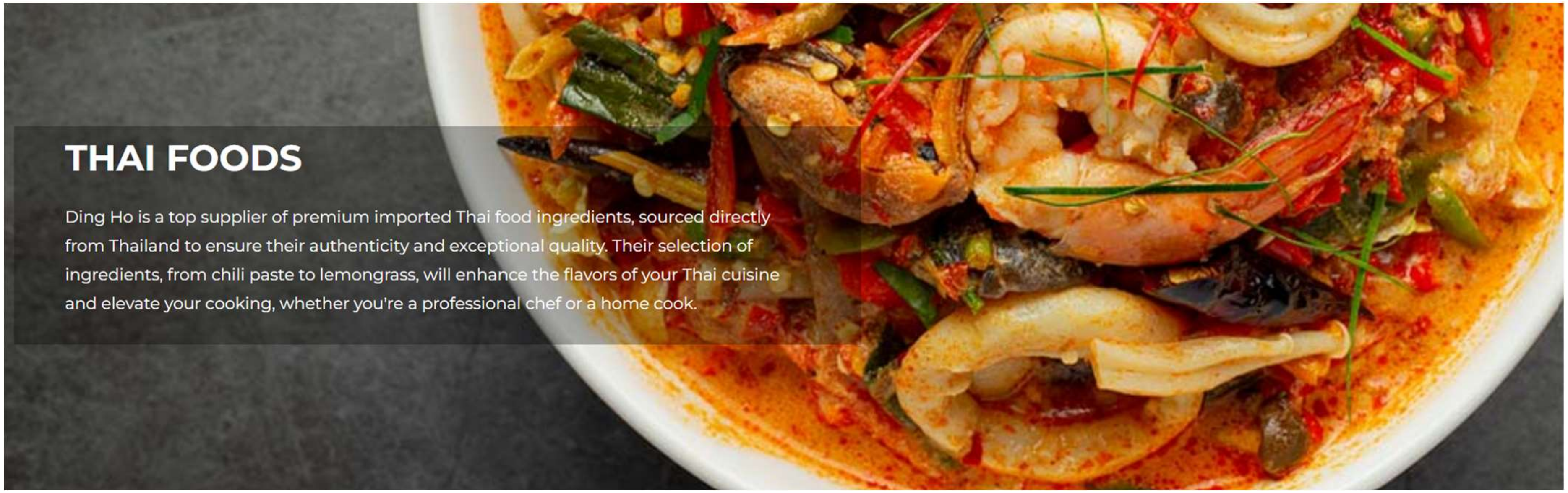
Kokoro Market of Wemaco Holdings ltd is a well-known Asian supermarket importing Korean, Japanese, and Thai products with branches in Pretoria and Johannesburg.

Source: https://pretoria.thaiembassy.org/en/content/deputy-minister-of-foreign-affairs-of-thailand-had-3?page=5d66366f15e39c2ad0003ac0&menu=5d66366f15e39c2ad0003ac1
https://wemaco.co.za/

Overall Thai Presence in South Africa

Dingho

Dingho company is the largest Asian food and ingredients importer in South Africa distributing food and products to supermarkets and Asian restaurants across the country. Thai products include: curry pastes, coconut water, juice, powder, cream and milk, instant curry, chilly powders and pastes, soups and bread crumbs.



Source: https://pretoria.thaiembassy.org/en/content/deputy-minister-of-foreign-affairs-of-thailand-had-3?page=5d66366f15e39c2ad0003ac0&menu=5d66366f15e39c2ad0003ac1
https://www.dingho.co.za/thai-foods/

Overall Thai Presence in South Africa

SunSun

Sunsun (Bobo) provides food and beverage items from Thailand, China, Japan and Korea to the local market. Thai products on offer include curry paste, lime leaves and juice, palm sugar, rice flour, rice paper, sauces, ginger, bamboo shoots, seeds and herbs, coconut milk, batter mix, sago, and assorted nuts.

Other Suppliers

Thai products are available from outlets including Makro, Vongkamphu Trading, Thai Coco, Hello Asia, and Home Bao. Food and beverage products on sale include instant tea powders, sauces, coconut products, curry pastes, lime juice, rice, and coconut and basil beverages.

Suree Pad Thai Sauce

Mae Plot Thai Red Curry Paste

Basil Seed Juice

Coconut Beverage in Assorted Flavours

Source: https://sunsun.co.za/collections/thailand
https://thaicocosa.co.za/
https://www.makro.co.za/search/?text=thai
https://www.homebao.co.za/
https://helloasia.co.za/search?q=Thai&options%5Bprefix%5D=last

Overall Thai Presence in South Africa

Automotive and Industrial Oils and Lubricants

Ptt Lubricants sells oils and lubricants to both consumers and industrial clients in South Africa. Attempts to strengthen relations between Thailand and South Africa in the past have borne fruit. In 2017, South Africa signed a Memorandum of Understanding with Thailand, aiming at promoting and facilitating cooperation between the two countries on investments in automotive, agro-processing and electronics sectors.

Source: https://thaiafrica.org/product/
https://www.sanews.gov.za/business/sa-thailand-strengthen-economic-ties
https://pttlubricants.pttor.com/en/news_list/1
https://www.pinsentmasons.com/out-law/news/south-africa-woos-investors-from-thai-automotive-sector-in-trade-mission

Overall Thai Presence in South Africa

Thailand and South Africa Strengthen Bilateral Ties through Trade Talks

January 2024
In a series of high-level meetings, Mr. Jakkapong Sangmanee, Deputy Minister of Foreign Affairs of Thailand, engaged in bilateral discussions with South African officials, emphasizing the commitment to enhance relations and promote trade and investment between the two nations.

During talks with Mr. Alvin Botes, Deputy Minister of International Relations and Cooperation of South Africa, both sides expressed their dedication to fostering bilateral and multilateral ties. Deputy Minister Sangmanee sought South Africa's support for establishing a Free Trade Agreement (FTA) between Thailand and the Southern African Customs Union (SACU). Additionally, he requested support for Thai companies investing in South Africa. In response, Deputy Minister Botes highlighted South Africa's aim to boost exports to Thailand and encouraged Thai private sectors to invest in his country.

Deputy Minister Sangmanee also informed the South African officials of Thailand's intention for an official visit this year, marking the first prime ministerial visit since the establishment of diplomatic relations in 1993. The Thai side sought support for its candidature to the Human Rights Council (HRC) for the term 2025-2027.

Ambassador of Thailand to South Africa Mungkorn Pratoomkaew, Deputy Minister of Foreign Affairs of Thailand Jakkapong Sangmanee, Deputy Minister of International Relations and Cooperation of South Africa Alvin Botes and Chief Director of Dirco Sindiswa Mququ (photo: Embassy of Thailand)

In another meeting, Deputy Minister Sangmanee engaged with representatives from South African importers of Thai products, including Market Kokoro of Wemaco Holdings Ltd and Dingho Company. Discussions focused on the potential of the South African market, identifying Thai products with export potential, and addressing challenges faced by Thai product importers. Both sides agreed that the establishment of an FTA between Thailand and SACU would facilitate smoother import-export processes and enhance Thai product exports to South Africa.

Market Kokoro, a well-known Asian supermarket with branches in Pretoria and Johannesburg, specializes in importing Korean, Japanese, and Thai products. Dingho Company, the largest Asian food and ingredients importer in South Africa, distributes products to supermarkets and Asian restaurants across the country.

Source: https://www.thediplomaticsociety.co.za/4320-thailand-and-south-africa-strengthen-bilateral-ties-through-trade-talks

Overall Thai Presence in South Africa

Thailand and South Africa Strengthen Bilateral Ties through Trade Talks Continued

In a separate bilateral meeting with Mr. Fikile Majola, Deputy Minister of Trade Industry and Competition of South Africa, both sides expressed satisfaction with their status as significant trading partners. The officials pledged to maintain and double bilateral trade volumes. Deputy Minister Sangmanee updated his South African counterpart on the request to export South African apples to Thailand. Thai agencies are scheduled to visit South Africa in March 2024 for a quality evaluation, while Thailand is working on a work plan to export mangosteen and longan to South Africa.

The South African side expressed support for the establishment of an FTA between Thailand and SACU and readiness to participate in the 6th meeting of the Joint Trade Committee between Thailand and South Africa, to be hosted by Thailand later this year.

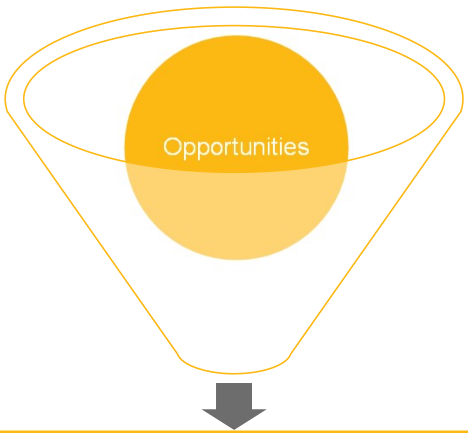
Deputy Minister Sangmanee meeting with Fikile Majola, Deputy Minister of Trade Industry and Competition of South Africa (photo: Embassy of Thailand)

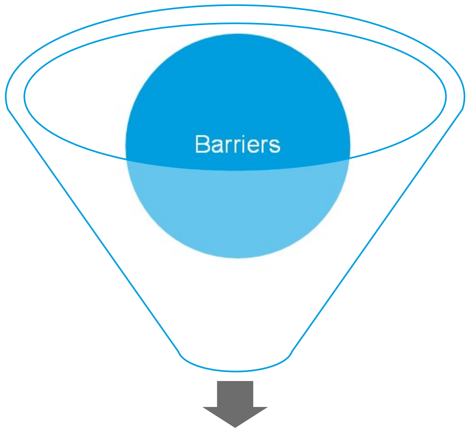
Deputy Minister Sangmanee meeting with South African importers of Thai products (photo: Embassy of Thailand)

Source: https://www.thediplomaticsociety.co.za/4320-thailand-and-south-africa-strengthen-bilateral-ties-through-trade-talks

Overall Thai Investor Focus

Opportunities and Barriers for Thai Investors in South Africa





Possible opportunities for Thai companies in South Africa are as follows:

- South Africa offers exporters and investors a diverse and mature economy with proven infrastructure, financial and other service sectors, as well as preferential access to export markets in the European Union, the Southern African Development Community (SADC) as well as the rest of Africa
- South Africa is the second largest economy on the continent, only exceeded by Nigeria, which has more than three times the population size. Over the past decade, South Africa has experienced rapid change and is ranked by the World Bank as an "upper middle-income country".
- Approximately half the more than 400 companies on the continent earning more than $1bn annually, are based in South Africa.
- Democratic life is well established with transparent and contested elections; an appreciation for the rule of law; a free, vibrant, and outspoken press; and citizens maintaining significant pride in the constitution and the peaceful formation of the post-apartheid state
- Since the fall of Apartheid South Africa has experienced rapid economic growth, and in recent years South Africa's black middleclass has expanded. This group's purchasing power is increasing, and the high and middle-income groups are expected to rise with the country's economic growth
- Commercial standards are generally comparable to those in most developed economies
- The dynamic business community is highly market-oriented and the driver of domestic economic growth
- The presence of strong, capable South African companies that can serve as good partners for trade and investment.

Barriers for Thai companies in South Africa are as follows:

- Merger-and-acquisition related foreign direct investment is scrutinized closely for its impact on jobs and local industry. Private sector and other stakeholders have expressed concern about politicization of South Africa's posture towards this type of investment.
- Sectors such as financial services, mining, and petroleum have their own "transformation charters" intended to promote accelerated empowerment within the sectors. These charters have to be incorporated within all businesses trading in South Africa
- Companies in many economic sectors experience recruiting difficulty because of skills shortages and emigration.
- South Africa has preferential trade agreements with certain regions and countries, for instance the European Union (EU. South Africa effectively sets the level of most favoured nation In addition, South Africa applies specific duties on certain products, including textiles, fish, oil, and many agricultural goods. Due to South Africa's preferential arrangements with other countries, companies from countries outside of these agreements often face a disadvantage when exporting their products to South Africa
- Economic strife, and high unemployment, remains a challenge in South Africa, despite positive strides made in economic standing of many South Africans
- The lack of infrastructure maintenance and corruption have snowballed into the breakdown of the public infrastructure, affecting most areas including electricity supply, rail systems, road maintenance and more recently municipal water supply
- Other barriers and challenges include reports about government corruption and mismanagement, violent crime, insufficient infrastructure, and poor government service delivery to impoverished communities

Legal Requirements and Considerations for Foreign Investors in South Africa

South Africa has few restrictions on foreign investment, with tax breaks and incentives for small enterprises, strategic industrial projects and exporters. The Department of Trade and Industry and Competition offers a range of incentive schemes to encourage growth of competitive new enterprises and creation of sustainable industries.
South Africa is also a member of many international bodies, co-operation agreements and treaties that aid in foreign investment. Commencement of the African Continental Free Trade Area Protocol, aimed at increasing intra-continental trade and protecting, promoting and liberalising investment across Africa, has already generated interest from investors as the remaining protocols are finalised.

The Promotion and Protection of Investment Act provides foreign investors with the same rights as domestic investors. Foreign investors also benefit from the legal protection of property rights granted by the constitution.

Although there is no overarching legislation limiting foreign ownership, regulations affecting foreign ownership can be found in certain strategic sectors such as energy, mining, banking, telecommunications and defence. Recent amendments to the Competition Act have also introduced national security provisions aligned with international trends, requiring authorisation for notifiable mergers involving a list of national security interests. This provision is, however, not yet in force.

Business Vehicles

The primary corporate legal entities are public or private companies, personal liability companies, close corporations, trusts and partnerships. Offshore entities may also operate by registering as an external company, though the most common form of business vehicle used by foreign companies is a private limited liability company that is simple and cheap to establish, either incorporating a new entity or purchasing an 'off-the-shelf' company.

Regulation

Regulators are generally professional and commercially minded. For private companies, the primary regulators are the Companies and Intellectual Property Commission, and the Companies Tribunal. For public companies or companies that meet certain thresholds, the Takeover Regulation Panel, which regulates takeovers and affected transactions, is also relevant.
For listed entities, the primary exchange is the Johannesburg Stock Exchange (JSE), which, along with the Registrar of Securities Services and the Financial Services Board, regulates securities trading, central securities depositories and listed companies.
The Companies Act and King Code on Corporate Governance are generally applicable. In some cases, where merger thresholds are met, approval of a transaction will require competition and antitrust approval from the Competition Commission and/or Tribunal. The Financial Surveillance Department of the South African Reserve Bank has oversight of exchange control aspects of cross-border transactions. The relevant sector-specific regulator may also play a role.

Source: Bowmans

Legal Requirements and Considerations for Foreign Investors in South Africa Continued

Mergers and Acquisitions

Principle methods of acquisition or business combination of a private company are a sale of shares, sale of business, amalgamation, merger or issue of shares. For a listed public company, there are schemes of arrangement, tender offers, sale of assets, mergers or amalgamations, each with their own pros and cons linked to approval thresholds, tax and timing considerations. Hostile bids have not traditionally been common, although this is changing.

Stake-building is not uncommon prior to launching an offer, and shareholder disclosure requirements have been introduced into law. The mandatory offer threshold is 35%, and the squeeze-out threshold is 90%. Typically, early phases of negotiations are conducted in confidence, with disclosure if the confidentiality of price-sensitive information cannot be maintained.

Standstills, exclusivity arrangements and non-solicitation provisions are not uncommonly dependent on the leverage of the parties, often coupled with break fees or match rights, subject to regulatory restrictions. Consideration may be in the form of cash, shares or both.

Irrevocable undertakings are typically sourced shortly before offers are made to minimise the window of restricted trading. South African law imposes statutory obligations on directors to act in the best interest of a company, coupled with restrictions on frustrating a transaction once a board receives a genuine offer.

Shareholder activism, while not traditionally an important force, is on the rise, most notably linked to environmental, social and governance (ESG) and remuneration. Due diligence is becoming increasingly important, with the scope expanding to include these and other factors.

Exchange control laws

Approval of the South African Reserve Bank, usually through authorised dealers, is required for most movement of capital and funds in and out of borders. South Africa's exchange control regulations focus on promoting a stable currency and preventing capital flight. However, this should not be seen as a restriction, since all that is required is obtaining relevant approval upfront by showing that the transaction is for fair value and on arms-length terms.

The National Treasury is further relaxing requirements to encourage investment, moving away from a conservative approach that disallowed any capital flows without permission to an exceptions approach with pro-investment allowance of all capital flows, save for a limited list of risk-based capital flow measures.

Economic transformation

Broad-based black economic empowerment (B-BBEE) is a unique and central part of South Africa's economic transformation strategy to decrease racially based income inequalities. In terms of the B-BBEE Act and procurement legislation, every organ of state and public entity is legally bound to take into account and, as far as possible, apply codes in determining criteria for issuing of licences and procuring services.

Companies are scored on the extent to which they meet targets linked to previously disadvantaged person ownership, management, procurement and other metrics. There is no "hard law" requiring that any private entity must meet specific B-BBEE targets in terms of sector-specific legislation and licence terms, apart from certain strategic sectors such as mining, telecommunications and gaming.

However, there is a commercial imperative to strive to improve any company's B-BBEE rating to the extent that it will be doing business with local companies or government entities that consider B-BEE important for their own procurement score.

Source: Bowmans

Legal Requirements and Considerations for Foreign Investors in South Africa Continued

Competition Laws
Competition and antitrust laws are regulated by the Competition Act, which prohibits any anti-competitive behaviour such as price-fixing, bid-rigging, market allocation and abuse of dominance. It also regulates M&A, prohibiting any transactions that would substantially lessen or prevent competition in the market. The Competition Commission and Tribunal have the power to investigate and prosecute any violations of the competition law, which can lead to fines, divestitures and other penalties.

Labour Laws
South Africa has a well-educated and skilled workforce, particularly in finance, engineering and technology, making it an attractive destination for companies seeking to establish operations on the continent. It also has a highly regulated labour environment, with various laws and regulations governing the relationship between employers and employees. Foreign investors must be aware of the labour law landscape in the country. The Constitution and Bill of Rights protect workers' rights, and labour laws are designed to promote social justice, economic growth and employment creation. There are various laws and regulations that govern employment contracts, including the Basic Conditions of Employment Act, Labour Relations Act and Employment Equity Act.

It is notable that South Africa has a strong labour union movement, with many workers belonging to trade unions that negotiate collective bargaining agreements with employers. Strikes and other forms of industrial action are common, and the labour laws provide for procedures to be followed in the event of a dispute between employers and employees. Compliance with labour laws and regulations is strictly enforced and penalties for non-compliance can be severe.

It is important to seek legal advice and assistance when investing in South Africa, clearing the way for successful investment. To quote South African President Cyril Ramaphosa: 'We invite you to be part of South Africa's growth story.'
.

Source: Bowmans

Views and Perceptions towards Thai Investment

Local Interest in Thai Industry Investment

South African industry players, across all sectors, are certainly interested in working with their counterparts in Thailand.

Thailand's Relatively Small Presence in South Africa

Currently Thai players have a relatively small presence within South Africa, and the views expressed for this limited presence include::

- Thai industry players are not active enough in South Africa, promoting the products offered by Thai companies
- Thai company activity is largely limited to certain sectors, primarily motor vehicle parts and lubricants, as well selected food industries
- Strong competition with companies importing products from China, that have an established local presence in South Africa. Besides the local presence of Chinese companies, the prices of products imported from China are very competitive

Positives

South African companies that have indicated that they are satisfied working with Thai companies, have provided the following positive reasons for the ongoing relationship

- Good service levels and response times received from Thai companies and exporters
- Good quality of products imported from Thailand, particularly when compared to the quality of products imported from other parts of the world

Overall

General sentiment expressed by local industry players and retailers is that Thai products would be more popular in South Africa if:

- Thai products were marketed better in South Africa
- Thai product pricing would have to be aligned to South African consumer expectations
- Thai players maintained current high service levels, seen in industries where Thai companies are prominent in South Africa

Agriculture Industry

South African Agriculture

Agricultural Overview and Stats in South Africa: Extracts

Agriculture plays a pivotal role in the economy and livelihoods of many nations, and South Africa is no exception. Known for its diverse landscapes and favourable climate, South Africa has a rich agricultural history and continues to be a key player in the global agricultural arena. In this article, we will delve into the agricultural insights and statistics that define the agricultural landscape of South Africa.

Agricultural Sector Overview

South Africa's agricultural sector is a dynamic and multifaceted industry that encompasses a wide range of activities, including crop production, livestock farming, forestry, and fisheries. The sector contributes significantly to the country's GDP, provides employment opportunities, and serves as a critical source of food security.

South Africa boasts the largest expanse of agricultural land across the African continent. As of the year 2020, this vast terrain encompassed over 96 million hectares, constituting nearly 80 percent of the total land area. Among these, approximately 87 percent were designated as permanent meadows and pastures, while nearly 12.5 percent comprised arable land. Despite this substantial land allocation, agriculture contributed a modest 2.4 percent to the country's GDP in 2020. This relatively low share placed South Africa among the nations in Africa with a more service-oriented economic focus.

The agricultural sector in South Africa is marked by diversity and abundant production, particularly in maize and poultry. In the year 2020, sugar cane and maize took centre stage as the leading crops, yielding 18.2 million and 15.3 million metric tons, respectively. Maize, in particular, holds a pivotal role in South Africa's agriculture, covering the largest harvested land area. Additionally, as of 2021/2022, the country ranked among the top 10 corn-producing nations globally.

96 million hectares
of agricultural land

Equal to

Approximately 80% of total land
area in South Africa

87% of this designated permanent
meadows and pastures

12.5% arable land

2.4% – 2.5% of GDP
in 2023

South Africa also boasted a substantial poultry industry in 2020, with a population of over 179 million chickens.
In comparison, sheep and cattle numbered significantly lower, at 21.6 million and 12.3 million heads, respectively. During the same year, animals and animal products generated an income of 152 billion South African rands, equivalent to 8.75 billion U.S. dollars.

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Source: https://farmingsouthafrica.co.za/agricultural-overview-and-stats-in-south-africa/
BMi

South African Agriculture Continued

Agricultural Overview and Stats in South Africa: Extracts Continued

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Trade and the Organic Farming Sector

South Africa's agricultural exports surpass its agricultural imports. In 2020, exports continued their upward trajectory, reaching a total of 9.5 billion U.S. dollars, while agricultural imports stood at 5.3 billion U.S. dollars. The leading exports within the agricultural industry were horticultural crops, boasting a total value of 5.4 billion dollars. Notable contributors to this category included citrus, grapes, and apples. Cereals ranked second, with a value of nearly 1.05 billion U.S. dollars, and maize emerged as the predominant crop in this export category. Conversely, the nation's primary agricultural imports comprised cereals (specifically wheat and rice), valued at 1.2 billion U.S. dollars, and oilseeds, with an import value of 915 million U.S. dollars.

Agricultural

Exports $9.5 billion

Of which horticultural crops at $5.4 billion

Imports $5.3 billion

Since 2016, the organic agriculture sector in South Africa has demonstrated a noteworthy expansion, characterized by an increasing allocation of land for organic farming. However, it had yet to reach the levels attained in 2009, when approximately 59,550 hectares were dedicated to organic farming, marking the highest point since 2000. The cultivation of cereals and grapes constitutes the majority of organically farmed crops within this burgeoning sector.

Source: https://farmingsouthafrica.co.za/agricultural-overview-and-stats-in-south-africa/
BMi

South African Agriculture Continued

Agricultural Overview and Stats in South Africa: Extracts Continued

Livestock Farming

Cattle: Cattle farming is a significant component of South Africa's agriculture. Both beef and dairy cattle are raised, with beef production being particularly important for the domestic market.

Poultry: The poultry industry in South Africa is one of the fastest-growing sectors, providing an affordable source of protein to the population. It includes the production of chicken, eggs, and poultry products.

Sheep and Goats: These livestock are raised for both meat and wool production. South Africa is known for its high-quality mohair and wool products.

The quantity of meat exported from South Africa in 2021, categorized by type

In South Africa, chicken emerged as the primary type of meat exported in 2021, with nearly 6.45 million heads shipped to international markets. Additionally, exports of horse and sheep meat amounted to approximately 127.08 thousand and 88.14 thousand heads, respectively.

The quantity of meat imports into South Africa in 2021, categorized by type

In South Africa, chicken took the top spot as the most imported meat type in 2021, with nearly 346 thousand metric tons of chicken meat brought into the country. Following closely were imports of meat meal at 63.2 thousand metric tons and turkey at 25.28 thousand metric tons. Additionally, approximately 24.31 thousand metric tons of pork meat were imported.

In 2021/2022, South Africa's sheep meat production totaled roughly 5.03 million heads. Pig and cattle production came next, with approximately 3.61 million heads and 3.27 million heads, respectively. Additionally, the country's horse meat production reached 7.06 thousand heads. Overall, in that year, chicken was the most abundantly produced livestock in South Africa.

Source: https://farmingsouthafrica.co.za/agricultural-overview-and-stats-in-south-africa/
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South African Agriculture Continued

Agricultural Overview and Stats in South Africa: Extracts Continued

Challenges in South African Agriculture

While South Africa's agricultural sector is flourishing in many aspects, it faces several challenges:

Drought and Climate Change: South Africa is prone to periodic droughts, which can have a devastating impact on crop and livestock production. Climate change exacerbates these challenges, making water management and conservation crucial.

Land Reform: Land reform remains a complex and contentious issue in South Africa. The government aims to address historical land imbalances by redistributing land to previously disadvantaged communities while maintaining food security and sustainable agriculture.

Market Access: Access to international markets and trade agreements is vital for the agricultural sector's growth. South Africa must navigate trade barriers and market fluctuations to ensure its agricultural products remain competitive.

Infrastructure and Technology: Investment in modern infrastructure and technology is necessary to improve efficiency and competitiveness within the agricultural sector.

Source: https://farmingsouthafrica.co.za/agricultural-overview-and-stats-in-south-africa/
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South African Agriculture Continued

Farming Trends

Which farming is the most profitable in South Africa?

The profitability of farming in South Africa can vary widely depending on factors such as location, crop or livestock type, market demand, and management practices. Several farming sectors have shown profitability in South Africa, but it's essential to note that profitability can change over time due to market dynamics and external factors.

Some of the most profitable farming sectors in South Africa included:

Citrus Farming: South Africa is one of the world's largest exporters of citrus fruits. Oranges, lemons, and grapefruits are highly profitable due to strong international demand.

Avocado Farming: Avocado production has been on the rise, both for domestic consumption and export. South Africa's avocados are in demand in various global markets.

Wine and Vineyards: The wine industry in South Africa is well-established and profitable. South African wines are exported worldwide and have gained international recognition.

Macadamia Nuts: Macadamia nut farming has seen significant growth in South Africa, thanks to increasing global demand for these nuts.

Game Farming: Some farmers have found success in game farming for tourism and hunting purposes. It can be a profitable venture, particularly in areas with a focus on eco-tourism.

Poultry Farming: Poultry farming, including broiler chicken production and egg farming, remains a profitable venture due to high domestic consumption.

Greenhouse Farming: Protected agriculture, including greenhouse vegetable farming, has gained popularity and can be highly profitable, especially for high-value crops like tomatoes and peppers.

Livestock Farming: Beef and dairy cattle farming can be profitable, but profitability can be influenced by factors such as feed costs and market prices.

Horticulture: The cultivation of high-value vegetables and fruits, especially for export, can be profitable.

Source: https://farmingsouthafrica.co.za/farming-trends/

South African Agriculture Major Players

Major Players: South Africa Agriculture Industry		
A&H Meat Wholesalers	Agri AI Africa Holdings	ApexGro
ADAMA South Africa	Agri All Africa	AquaCheck
AECI Plant Health	Agri Eastern Cape	Aqunion
AF4RICA Lab	Agri Enterprises (Pty) Ltd	ArtéKatz Siberians
AFG Worldwide	Agri SA	Asearch Agri-Tech (Pty) Ltd
AFGRI Agricultural Services (AFGRI)	Agri Technovation South Africa	Avolands
AFGRI Equipment	Agri Urb	BETHEL FARM
AFGRI Technology Services	Agri-IQ	BKB Ltd
AGRI VITALITY NPC	Agri-Smart Livestock Technology (Pty) Ltd	BacksaverAfrica
AGRISOL	Agri4Africa	Baramakama Poultry
AGT Foods Africa aka Advance Seed	AgriLED PTY LTD	Barenbrug SA
AL 3 BOERDERY	AgriRevolution	Barloworld Handling SA
APEX pollination	Agricane Consulting Limited	Barloworld SEM
Abalimi Bezekhaya	Agricol Seeds	Barnlab - Animal Feed
Adagin Technologies	Agricultural Protection Systems cc	Beefmaster Group (Pty) Ltd
Afresh Brands	Agrifusion (Pty) Ltd	Bester Feed & Grain (Pty) Ltd
AfriNat	Agrigistics	Big Dutchman South Africa
Africa Biomass Company	Agriserve	Big Inja Farming
Africa Grain & Seed	Agromate (Pty) Ltd	BioBee Integrated Crop Solutions (Pty) Ltd.
African Agri Council NPC	Agronuts	Biozone Manufacturing
African Fertilizer and Agribusiness Partnership	Alimandi Nursery	Bitek Industries
African Roots Products & Distribution (Pty) Ltd	Allesbeste	Boschendal Farm
Afrikan Farms	Allflex Livestock Intelligence Sub-Saharan Africa	Bosman Family Vineyards
Afrilogic	Amorentia Estate and Nursery	Bosman Van Zaal South Africa
AgTech UAV	Andermatt Madumbi	

Source: Source: https://www.lusha.com/company-search/farming/112/south-africa/38

South African Agriculture Major Players Continued

Major Players: South Africa Agriculture Industry		
Brisen Commodities	Daybreak Farms Official	Famers of South Africa
Bulasi Farms	De Heus Pty Ltd	Farm Costing Solutions
By den Weg Foods SA	De Keur Group	Farm2ForkZA
CAPSTONE SEEDS SOUTH AFRICA	Denny Mushrooms (Pty) Ltd	FarmAbility
CITROGOLD	Dew Crisp (Pty) Ltd	FarmPin
COSMOCEL SPECIALISED NUTRITION	DigiKraal	FarmSol Africa (Pty) Ltd
Cairo Group	Donkerhoek Data	FarmSpace
Cape Eastern Livestock	Drone Dusters	FarmTrace
Capstone Seeds	Dryers for Africa	FarmYard Organics
Cato Produce	Dutoit Agri	Farming By Faith
Cherry Irrigation	ECOFARMA SOUTHERN AFRICA	Firstfruits Consulting
Clark Horticulture	EZIGRO SEEDLINGS	Firth Group Farming
Clean Tech Africa	Eagles Pride Hatchery (Pty) Ltd	Food Equity, Equality and Democracy
Coega Biomass Centre	Eagles Rock Feed Mill (Pty) Ltd	Food For Mzansi
Coetzee & Coetzee Pty Ltd	Eagles Valley Poultry (Pty) Ltd	FoodMakers Africa
Comdi Agricultural Markets	Easigrass Somerset-West	Fresh Life Produce
Cordys Africa (Pty) Ltd	Ecosoil South Africa	Freshlyft
Corporate Farms (Pty) Ltd	Ecoveld	FruitOne South Africa
Country Bird Holdings Ltd (CBH)	Effective Farming Solutions	Fruitlab
Crafted Hemp Farm	Eggbert Eggs (Pty) Ltd	GRAIN SA/GRAAN SA
Creation Breeding Innovations	Elgin Free Range Chickens	GWK
Crookes Brothers	ExperiCo Agri-Research Solutions	GWK Veewinkel
CropLife South Africa	ExploGrow™	Game Rangers Association of Africa
CropsProfit	FCO AGRITRADE	GardenShop
Crossley & Webb	FORT COX AGRICULTURE AND FORESTRY TRAINING INSTITUTE	Graaff Fruit

Source: Source: https://www.lusha.com/company-search/farming/112/south-africa/38

South African Agriculture Major Players Continued

Major Players: South Africa Agriculture Industry		
Grain Field Chickens	Illovo Sugar South Africa	Langplaas
Grainvest Physicals	Ingeli Group	LantekSA
Grass Master	Innofert (Pty) Ltd	Leafboxes
Green Bio	InteliGro Crop Solutions	Legacy Livestock
Green Smoke Room	InteliSeed	Legendri Proprietary Limited
Green Terrace (Pty) Ltd	Introlab (Pty) Ltd	Lemang Agricultural Services
GreenLab Technologies (Pty) Ltd	IrriCheck	Lichen Growing Mediums (Pty) Ltd
Greenhouse Technologies	Irritech Agencies International (Pty) Ltd	Lindsay Africa
Groote Post Vineyards	Irvines Africa (Pty) Ltd	Lively Greens
Grounded - Living soils, thriving farms, honest products	Irvines Group	Livestock Wealth
GuanoBoost	JMB Water Storage Solutions cc	Livetrack SA
HIK Abalone Farm (Pty) Ltd.	Jamavani	Living Desert Plants (Pty) Ltd
HORTGRO	Jupidex (Pty) Ltd	Ludwigs Roses
Haygrove Growing Systems - Southern Africa	KARAN BEEF	Lynette Beer Seeds of Inspiration
Haygrove Heaven	KELPAK	MBFi
Heads Tractor	KHULA!	MONUTRIX
Heifer International South Africa	KURAI	Mahindra Tractors South Africa
Herbs-Aplenty®	Klein Karoo Seed Marketing	Maltento (Pty) Ltd
Hippo Roller	Koppert South Africa	Manstrat Agricultural Intelligence Solutions
Hoedspruit Hub	Kubu Group (Pty) Ltd	Mascor
Honey Lotus	Kynoch Fertilizer (Pty) Ltd	Mayfair Marketing (Pty) Ltd
INZALO FARMING AND MINING	LFP Agri	Mayfield Enterprises
IRRI-GATOR PRODUCTS	LUXURY CAPE TOWN ACCOMMODATION	Mayfly Agri (Pty) Ltd
Ichthys Aquaponics	Laastedrif Agri (Pty) Ltd	Mcfair Holdings (Pty) Ltd
IdentiTAG	Laeveld Agrochem	Meitheal

Source: Source: https://www.lusha.com/company-search/farming/112/south-africa/38

South African Agriculture Major Players Continued

Major Players: South Africa Agriculture Industry		
Meraki Agri Solutions	PEPPER AGRI HOLDINGS	RecruitAgri
Mercordi SA (Pty) Ltd	Paltrack (Pty) Ltd	RedSun Hortitech
Metson World	Pannar Seed	Reel Gardening
Mobbisurance	Patagonia Farming	RegenZ
Mortgage Healthcare	Perfect Precision	Riddle Rack Holdings
Mottech Water Management (pty)ltd	Peritum Agri Institute	Riversmead Poultry
NISC FARMS	Pick-Me Nursery & Landscaping	Rolfes Agri
NWK Limited	Pig Improvement Company - PIC South Africa	Ronrick Communication & Marketing Services
Nemlab	Pioneer Seed South Africa	Rose Chickens Poultry
Netafim South Africa	Plant Matter	Rovic Leers
Nexus AG	Plasson Livestock SA	Rudo Love Health
Nulandis Agriculture	Plennegy Group	SA Biodiesel (Pty) Ltd
Number Two Piggeries (Pty) Ltd.	Polyfence PTY LTD	SA Canegrowers Association
Nutri Feeds	Potatoes South Africa	SA Feedlot Association
Nutribase	Precision Drainage (Pty) Ltd	SA Stud Book / SA Stamboek
OBARO	Proponics	SAPO Trust
OVK - Group/Groep	Provar	SENSAKO @ Syngenta Seeds
Oaklands Farm Stay	Prudentia Agri	SINOWATEK
Omnia Nutriology	Quantum Foods Holdings Limited	SUNBIRD® Poultry Lighting Systems
Ooka.co.za	RAINBOW	Sannitree International
Organic Matters	RFID Experts	Schnauzer Friends South Africa
Organigro (Pty) Ltd	RITLEE XECUTECH SALES & SERVICE PTY LTD	Schoonbee Landgoed
Orizon Agriculture	RSA Group	Schoonbee Landgoed
Oro Agri SA	Radium Engineering	Scimetic
Overberg Agri	RealIPM South Africa	Seed Co Group

Source: Source: https://www.lusha.com/company-search/farming/112/south-africa/38

South African Agriculture Major Players Continued

Major Players: South Africa Agriculture Industry		
Selemo Valley Farms	TWK Sunshine Seedling Services	Urban Roots Hydro (Pty) Ltd
Sentraal-Suid Co-operative	TZAMAC	VALSTRAT
Senwes	Techmach Technology (Pty) LTD	VKB Group
Simply Salads	The ANB Group	VKB Landbou
Sisonke Farm & Nature Reserve	The Bee Effect	VS Agri (Pty) Ltd
Siyavuna Development Centre	The Dutoit Group	Valtrac Pty Ltd
Soetfontein Guest Farm	The Farm & Garden National Trust	Van Zyl Staalwerke
Sorghum Solutions Africa	The Farm Nearby	Vantage SSA (Pty) Ltd
South African National Seed Organization (SANSOR)	The Match Exchange	Vashto Flowers
Southern African Agri Initiative (SAAI)	The Southern African Grain Laboratory NPC	VeggFarming Business in a Box
Sparta Beef	The Veggie Dealer	Vegtech Netafim
Stargrow	Thornlands Group	Vertical Farming
Starke Ayres (Pty) Ltd.	Thrive Agriculture and Nutrition	Vertical Organic Farming Gauteng
Stof Agri (Pty) Ltd	Timac Agro South Africa	Villa Crop Protection
Suiderland Plase	Tongaat Hulett	Vitam International (Pty) Ltd
Suidwes	TopFruit	WelMac (Welgevonden Macadamia)
Summer Citrus from South Africa	Treeshop	Weldhagen Eggs
Summerhill Stud	Tuinroete Agri	West Cape Bearings & Transmission
Super Sprout	Turf-Ag	Wildeklawer (Edms) Bpk
Supreme Poultry (Pty) Ltd	Two Terriers Coffee Company	WildwoodFarm
Surehatch Africa	Two-a-Day Group (Pty) Limited	Wistek
Surehatch Incubators and Hatchers	UCL Company (Pty) Ltd	XSIT
Sutherland Seedlings	UCanGrow_Earth	ZZ2
SwiNE Nutrition Management	UVS	Zaad Holdings
SwiftVee	Umbhaba (Pty) Ltd	Zylem
TCF - Tissue Culture Facility	Urban Apiary	
TONY TURNER AGENCIES	Urban Cultivation International	
TPK Greens	Urban Farmer Pty Ltd	

Source: Source: https://www.lusha.com/company-search/farming/112/south-africa/38

South African Agriculture Major Players Profile

Company	Description of Activities
AFGRI	Grain management, retail and equipment sales, financial and insurance services, poultry division, crushing and oil extraction, animal feed. Active in Zambia, Ghana, Congo-Brazzaville, Uganda and Nigeria.
AVI	Has a brand portfolio comprising 33 owned brands and 20 international brands under licence. Brands include I&J fish and Five Roses Tea. Affiliates active in Botswana, Zambia and Namibia and third-party distribution networks into other African countries.
Astral Foods	Poultry producer involved in broiler genetics, animal feeds, sale of day-old chicks, integrated breeder and broiler production operator. Active in Mozambique, Zambia, Swaziland.
Clover Holdings	Produces dairy and non-dairy beverages; distributes chilled and ambient consumer goods; sales and merchandising of consumer goods.
Illovo Sugar	Producer of sugar and downstream products. Active in Zimbabwe, Zambia, Swaziland, Mauritius, Tanzania and Malawi.
Oceana Group	Fishing and commercial cold storage. Operations in South Africa and Namibia; distribution in Botswana, Lesotho, Swaziland, Zimbabwe, Malawi, Angola, Mauritius, Nigeria, Cameroon, Democratic Republic of the Congo and Nigeria.
Pioneer Foods Group	Producer and distributor of food, beverages and related products— including animal feeds—through the Sasko, Bokomo and Ceres Beverages division. Active in Botswana, Namibia, Uganda and Zambia.
Premier Foods	Wheat and Maize milling and bakery business, producing biscuits, animal feeds, pasta and mageu, sugar confectionery, home & personal care. Active in Swaziland and Mozambique and distributing these countries as well as Lesotho.
Rainbow Chicken (RCL Foods)	Breeder, processor and marketer of chicken. A subsidiary of RCL Foods, which also owns Foodcorp and Vector (logistics) and has joint ventures in Zambia for beef and chicken operations.
Tiger Foods	Milling, baking, cereals, consumer brands. Besides South Africa, the group owns or has controlling shares in businesses in Chile, Cameroon, Nigeria, Ethiopia, Kenya, Zimbabwe and Nigeria.
Tongaat Hulett	Agriculture and agri-processing business focusing on sugarcane and maize, property development. active in Botswana, Namibia, Swaziland, Mozambique and Zimbabwe.

Source: https://acbio.org.za/corporate-expansion/africa-el-dorado-south-africas-agribusiness-giants/
BMi

South African Agriculture Industry

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

Overall Value of South African Agricultural Industry (Gross Production Value)

Year	Gross Production Value (Million Rand)	Gross Production Value (Million US Dollars)
2018	R289,296.43	$21,331.31
2019	R287,427.69	$19,459.26
2020	R328,011.93	$19,302.40
2021	R355,973.65	$23,284.06
2022	R403,355.66	$23,851.52
2023	R431,590.55	$23,400.69

Source: https://www.fao.org/faostat/en/#country/202
BMi

South African Agriculture Continued

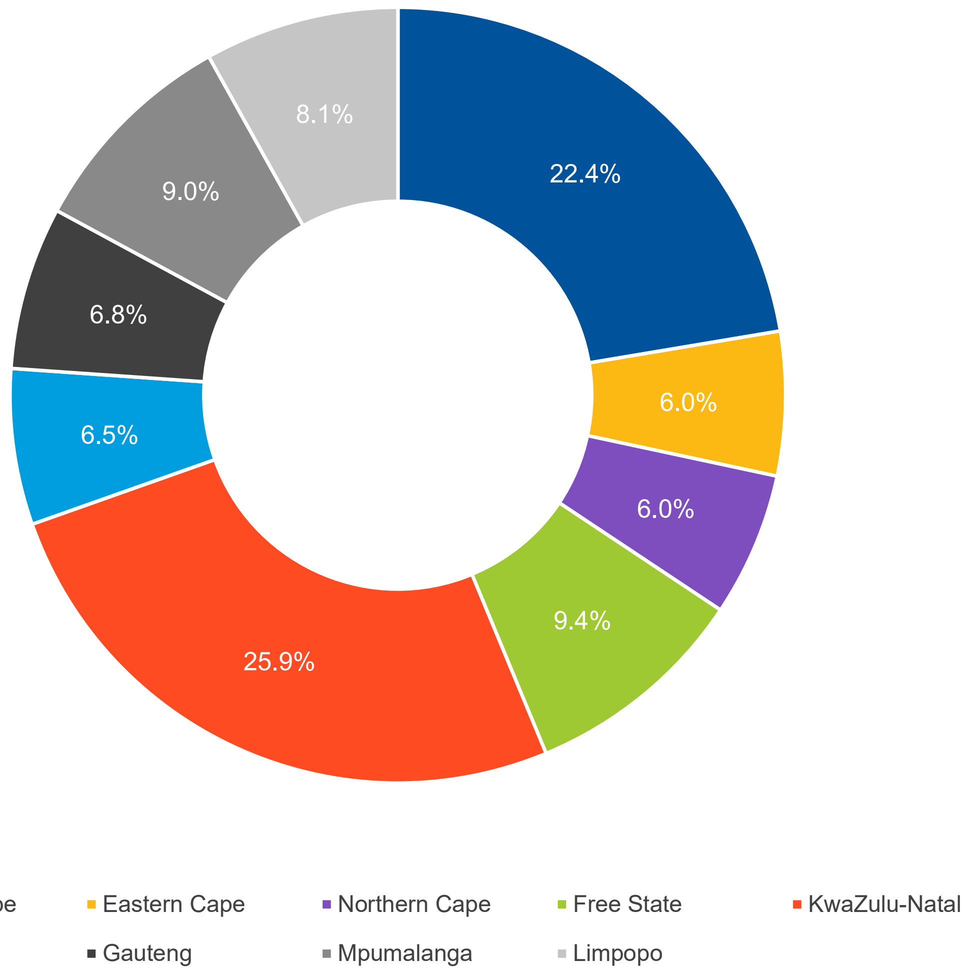
Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

Crop	Gross Production Value 2022 (Million Rand)	Gross Production Value 2022 (Million US Dollars)
Sugar Cane	65,147.81	3,981.37
Maize	39,153.71	2,392.79
Maize, green	13,243.75	809.36
Onions, dry	12,520.02	765.13
Grapes	11,640.18	711.36
Lemons and Limes	9,812.31	599.66
Soybeans	9,766.56	596.86
Apples	9,335.09	570.49
Sunflower Seed	8,226.85	502.77
Oranges	7,262.28	443.82
Wheat	5,855.06	357.82
Tangerines, mandarins, clementines	3,957.33	241.84
Pears	3,795.55	231.96
Bananas	3,331.73	203.61
Tomatoes	3,009.90	183.94
Potatoes	2,845.14	173.87
Grapefruit including pomelos	1,948.78	119.10
Pumpkins, squash and gourds	1,925.33	117.66
Barley	1,396.45	85.34
Carrots and turnips	818.91	50.05

South Africa Regional Distribution within Agricultural Industry

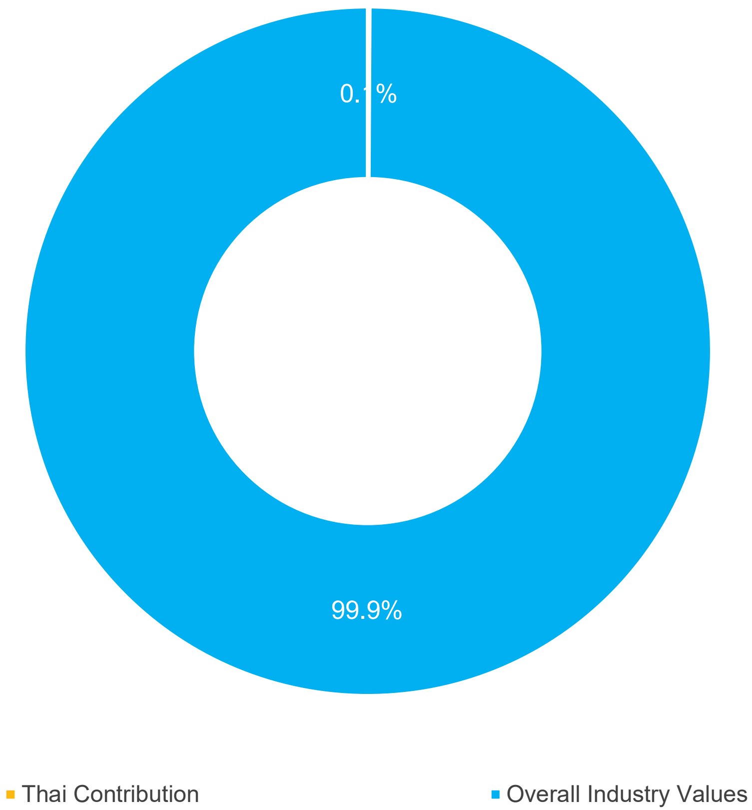
Agriculture Industry Regional Production
2023, R431,590.55 Million



Source: Stats SA, BMi

Thailand’s Presence within South Africa’s Agricultural Industry

Thailand’s % Contribution to South Africa’s Agricultural Industry
2023, , R 431,590.55 Million



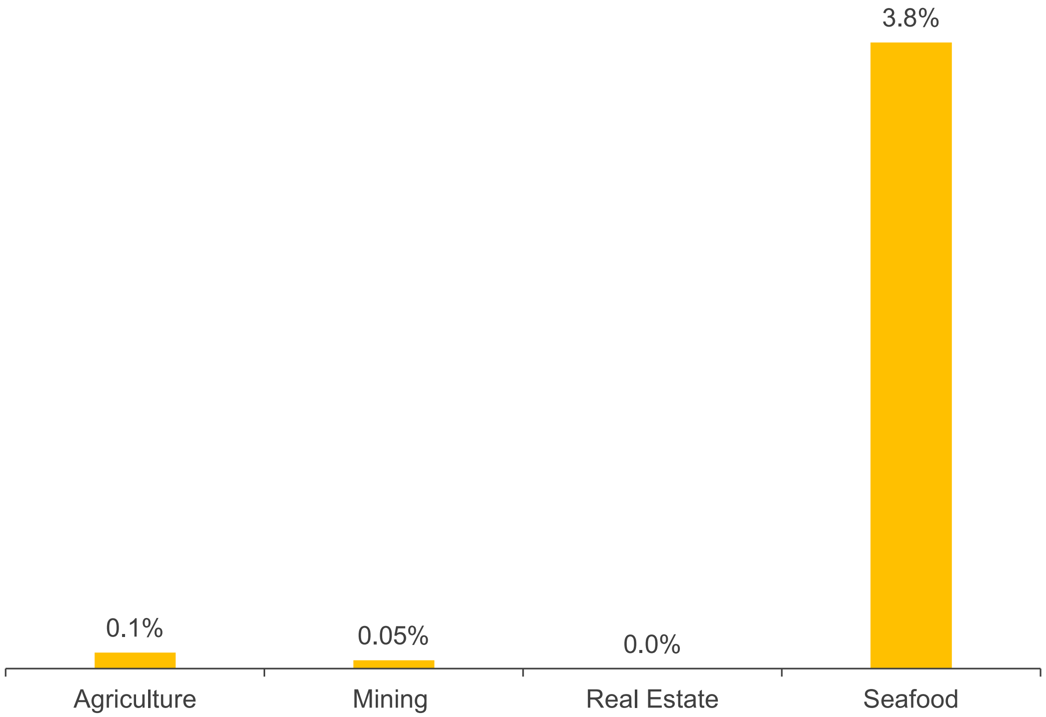
Source: SARS, BMi

Thailand’s Presence in the Agricultural Industry

- Thailand’s presence within the South Africa’s agricultural industry is very limited.
- Opulent direct and indirect supply to the local agricultural industry does mean that there are fairly limited opportunities for outside suppliers, particularly when they are not as well known locally.
- The primary products exported from Thailand to the local agricultural industry, not limited to, include:
  - Milling products, malt, starches, inlin, wheat gluten
  - Flour, starch, milk preparations and products
  - Preparations of vegetable, fruit, nut food
  - Meat and edible meat offal
  - Oil seed, oleagic fruits, grain, seed, fruits
  - Etc.

Thailand's Presence within Selected Sub Sectors - Agriculture, Mining, Real Estate, Seafood

Thailand's % Contribution per Selected Sub-Sector 2023, R1 316 Billion



Source: Stats SA, BMi

Thailand's % Contribution per Selected Sub-Sector 2023, R1 316 Billion

- Thailand's presence within the South Africa's - Agriculture, Mining, Real Estate, Seafood industries is quite limited.
- Current activity within these industries is reportedly largely limited to exports from Thailand as opposed to local entities, with perhaps only a few exceptions
- The primary products exported from Thailand within each of the selected sub-sectors, not limited to, include:
  - Canned Fish
  - Precious metals and stones, coins
  - Milling products, malt, starches, wheat gluten
  - Flour, starch, milk preparations and products
  - Preparations of vegetable, fruit, nut food
  - Etc.
- The general outlook from South African industry players is positive towards products from Thailand. More has to be done to market and position Thai products with local industry players, as little is known about the related product offerings from Thailand

Agriculture Industry Trends

Agriculture Industry South Africa

- El Niño is the warming of ocean currents off the South American coast around Christmas. Increased sea-surface temperatures in the equatorial Pacific Ocean influence atmospheric circulation, and consequently rainfall and temperature in specific areas around the world.
- The El Niño weather phenomenon has triggered a dry spell in southern Africa that's reduced South Africa's maize crop by at least 20% and led countries including Malawi, Zambia and Zimbabwe to declare states of national disaster owing to crop failures.
- The majority of white maize exported from South Africa is bound for other African nations. Argentina, Brazil, Mexico and the USA may be able to supply the deficit.
- Astral Foods describe themselves as the largest integrated poultry producer in South Africa. Their brands include Goldi Chicken, Festive, County Fair, Mountain Valley, among others. Astral Foods has reported a 441% increase in basic headline earnings per share, benefitting from improvements in load shedding and reduced diesel costs. It has also recovered from a devastating bird flu outbreak. Its operating profit margin of 5.3% showed a "marked improvement following poor interim results" last year, which included a cost of R740 million owing to load shedding.
- A basket of 17 core food items in South Africa cost 21% more in from January 2024 than the same month in 2022. These core items, staple foods for the majority of the population, included maize meal, rice, cake flour, sugar, sugar beans, samp, cooking oil, salt, potatoes, onions, frozen chicken pieces, and bread, amongst others.
- The provincial Department of Agriculture has presented a R2 million cheque to the Citrus Growers Association (CGA) to support the Sterile Insect Technique (SIT) programme aimed at suppressing the False Codling Moth (FCM). FCM is a phytosanitary pest affecting export crops such as citrus, table grapes, and stone fruit.
- An outbreak of foot-and-mouth disease put a group of Eastern Cape farms in quarantine in May. Nine Foot-and-mouth outbreaks have occurred in South Africa since January 2019.
- Business has remained downbeat about agricultural conditions in SA, according to the Agricultural Business Chamber's latest index. The Government of National Unity formed since the elections in South Africa has been positively received.

Source: https://www.news24.com/fin24/climate_future/news/worst-drought-in-four-decades-cuts-zimbabwean-maize-crop-by-72-20240508
https://www.rainbowtanks.co.za/what-are-el-nino-and-la-nina/
https://www.news24.com/fin24/economy/thabile-nkunjana-drought-and-lower-sa-yields-push-maize-prices-up-to-201617-levels-20240428

Agriculture Industry Trends

Agriculture Industry South Africa Continued

- The Africa Growth and Opportunity Act (Agoa) is due to expire in September 2025. South Africa has called for an early and substantial extension to the agreement, ahead of the US elections in 2024. Agoa has been in place since 2000, and could be extended as far as 2041. Joint research completed by the Trade and Industrial Policy Strategies (TIPS) and the Congress of South African Trade Unions (Cosatu) shows that 75% of agriculture and 59% of manufacturing exports to the US utilise the Agoa preferences, and that various agricultural and food products such as citrus, nuts, wine and even ice-cream benefit under the scheme.

Source: https://www.engineeringnews.co.za/article/south-africa-continues-to-push-for-long-extension-to-agoa-well-ahead-of-2025-expiry-2024-06-26

Industry Value Forecast

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

Agriculture Industry Value Forecast

Year	Value (Rand Million)	Rand Value Rate of Change	Value (US Dollar Million)	Dollar Value Rate of Change
2023	R431,590.55		$23,400.69	
2024e	R455,328.03	5.5%	$24,385.49	4.2%
2025f	R479,915.75	5.4%	$24,833.15	1.8%
2026f	R507,270.95	5.7%	$25,361.00	2.1%
2027f	R537,199.93	5.9%	$25,949.08	2.3%
2028f	R569,431.93	6.0%	$26,575.87	2.4%
2029f	R603,597.84	6.0%	$27,217.80	2.4%
CAGR 2023 - 2029f		5.7%		2.6%

Source: Stats SA, BMi

Thai Sector Focus

Poultry Industry

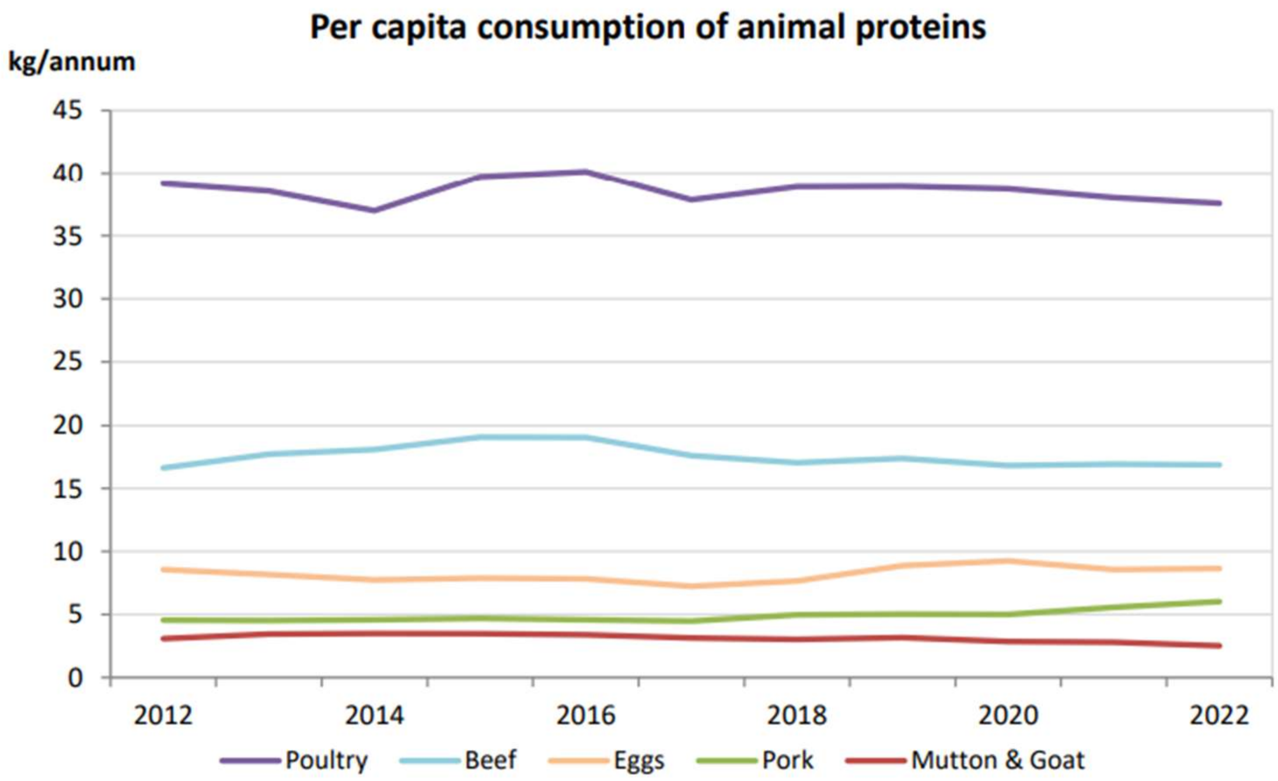
Poultry Industry Overview

Introduction

The poultry industry remains one of the largest contributors to agricultural revenue in South Africa. The industry has maintained relatively stable prices through high levels of productivity and economies of scale. This served to retain price-sensitive consumers. Strong local demand, driven by the relative affordability of chicken compared to red meat, benefited the poultry industry even during the higher commodity price cycle. Despite its resilience, the industry faces an increasingly difficult business environment, including loadshedding, high feed costs, a weaker rand and cash-strapped consumers. But it was the recent avian influenza (AI) supply shock that dealt the hardest blow to the industry, leading to a rise in demand resistance.

The South African poultry industry dominates the animal products sector, providing 56.0% of locally produced red and white meat protein consumed in the country. The per capita consumption of poultry meat and eggs in 2022 was 37.3kg and 8.7kg, respectively, with a combined per capita consumption of 46.0kg (including backyard consumption).

Consumption of Animal Proteins Per Capita



Source: https://www.sapoultry.co.za/wp-content/uploads/2024/07/PBN2024_0021-Digital-Ed.pdf
https://www.sapoultry.co.za/
BMi

Poultry Industry Major Players

List reflects major industry players. Smaller regional industry players may also be active.

Major Players	Major Players	Major Players
A & B Poultry Supply	Cutt Agriculture	Inkaba Farming Project
A & J Broiler Breeders	Daybreak Farms	JMB Harries Faming
A A Quality Chickens	Dirabotle Projects	Jura Poultry Farm
ADK Poultry	DLJ Free Range Chickens	Kuipers Group
African Gate Farms	Drakenstein Correctional Services	Kwa-Andries Agri
African Ranchers	Ducko Processing	Kwamhlanga Poultry Project
AgriPak Group SA	Eagles Pride Hatchery	KwaZulu Natal Poultry Institute
ANCA Foods	Eagles Valley Poultry	Kwena Chicks
Anton Voere T/A Chickcheeks Boerdery	East Claire Investment	L F Poultry
Asibambisane Farmers Co-op	Ekungwini Poultry Farm	LBL Poultry
Astral Foods	Elgin Free Range Chickens	Lesedi Poultry
Bahumi Chicks	Ezamandolwane Projects	Lima Energy
Banabatau Agric Co-op	Farmyard Chickens	Ludonga N P Project
Bashitwa Livestock Production	Fly Feather Chicks	Lufafa Hatchery
Bhovungana Enterprise	Fourie's Poultry Farms T/A Chubby Chick	Lwakwalindo Business Enterprise
BOBTC Poultry	Fresklee	Malele Farming Enterprises
Buyis'Indyebo Agric Cooperative	Fuyalima	Mamphokoya Poultry
CC Chickens	Goyapele Poultry Farm	Marcia Matlala Agri Business
Cheyeza Farming	Grain Field Chickens	MASA Sunrise Farming
Chubby Chick	Imizamo Yethu Farming Co-op	Matshimo Holdings
Country Bird Holdings	Imports	Mfan Farm

Source: https://www.sapoultry.co.za/
BMi

Poultry Industry Major Players Continued

List reflects major industry players. Smaller regional industry players may also be active.

Major Players	Major Players	Major Players
MNR Eggs & Chicks	Phahamiso Holdings	Sheng Holdings
Mokoji Trading & Projects	Phetogo Farming Enterprise	Simayi Farm
Mokoka Shabangu Farming & Poultry	Phirima Agrarian Services	Siphesihle Family Trust
Monate Poultry Production	Pholopheto Enterprise	Sir Ace Farms
Mongatana Trading & Projects CC	Pioneer Foods	Sir Rooster Farm
Moselane Farn Produce	Pops Eggs	Sovereign Foods
Motjha O Tjhele Poultry & Eggs Farming	Potego Group	Stonor Farm
Mphoetsile Farm	Poultry Harvest	Thantsha Poultry Farm
MSP Agricultural Holdings	PoultryCorp	Thiel Farm (Motse)
Mtima Farming	Quantum Foods	Tiger Brands
National Chicks a Division of Astral Operations	Raised Right Chickens	Tirisomaatla Projects & Trading
Ndiza Poultry Rearing	Raseto Agricultural Enterprise cc	TNB Ntsau Agric Producers
Neves Hatchery	Ratan Agro Industries	Tshele Moloi Farming
Ngenani Investments Holding	RCL Foods	Tuelo Farming & Infrastructure
Ngwanetsi Farming & Agric cc	Risuna Ra Africa Holdings	Vuka Sizwe Investments
Nkanyezi Farming	Rolammu	Westwood Poultry Farm
Northroost Hatchery	Rossgro Chickens	Yenzokuhle Agri Investments
Ntlafatso Rahube T/A Botho Royale	Ryall Chicken Producers	Zande Enterprise
Ntsakisi Investment Holdings	Section 80 Trading	Zeny Trading
Ntshidisang Project	Semanzi General Trading	
P J Magalies Farm	Shango	

Source: https://www.sapoultry.co.za/
BMi

Poultry Industry Value

Poultry Industry Value: Meat and Eggs

Year	Poultry Meat Value (Billion Rand)	Poultry Eggs Value (Billion Rand)
2019	R49.50	R10.30
2020	R52.47	R9.03
2021	R50.59	R10.62
2022	R59.02	R12.60
2023	R64.33	R13.23
2024e	R69.48	R14.29

Source: https://www.sapoultry.co.za/
BMi

Poultry Industry Trends

The poultry and egg industry is the largest contributor to the agricultural sector in South Africa. It is the second largest consumer of maize after human consumption, and supports many peripheral businesses. The industry is the primary supplier of quality, affordable protein to South Africans and there are over a million households engaged in some form of poultry production. The industry had been under pressure for a number of years following a severe drought and avian flu outbreaks.

A report on personal income found that 73.7 percent of the adult population in South Africa earns around less than R6,111 ($322) per month, while the BFAP's Thrifty Healthy Food Basket for June 2023 was estimated at R3,614 ($190). Chicken is one of the most popular meat choices with an annual per capita consumption of 37kg, beef is the second most popular with an annual per capita consumption of 16.1 kg. As a result of chicken being a staple product, chicken price increases are highly regressive since, according to the Competition Commission (a statutory body created by the Government of South Africa). The poorest 10 percent of households spend up to 7 percent of their total expenditure on chicken products.

As a result of the high cost of living, the South African consumers have replaced meat protein with alternatives such as offal and higher starch consumption. According to DALRRD, the per capita consumption of all meat types dropped by 10 percent in 2022. Chicken consumption decreased significantly in 2022 by four percent. Price inflation for chicken products continues to increase. Chicken giblets seem to have the highest inflation growth in July 2023 with an 18 percent increase followed by fresh chicken portions. Chicken giblets used to be the cheapest portions in all chicken portions but have recently increased as a result of high demand by consumers.

Products	July 2022 Price(R/kg)	July 2023 Price(R/kg)	Percentage Price Growth Rate
Whole chicken - fresh	R55.68	R61.1	10%
Chicken portions - fresh	R70.79	R79.8	13%
IQF chicken portions	R88.63	R92.67	5%
Chicken portions frozen - non IQF	R59.4	R65.31	10%
Chicken giblets (neck, gizzards, hearts, etc.)	R39.11	R46.16	18%

Source: Statistics South Africa

Since 2019, South African Poultry Association (SAPA) has invested 1.14 billion rand ($78 million) for expansion of production facilities to support new commercial farmers. According to SAPA, these investments have yielded an increase in production of 1 million additional birds per week. SAPA's goal is to enable the industry to increase production by a minimum of 10 percent in the period of 2019- 2023. However, Post forecasts production will increase only marginally during this period due to the myriad of challenges associated with higher feed and fuel prices. Post anticipates that 2023 will provide an opportunity for recovery for the industry.

Source: BMi and https://www.sapoultry.co.za/

Poultry Industry Trends Continued

HPAI Outbreak

South Africa continues to experience outbreaks of the Highly Pathogenic Avian Influenza (HPAI) in winter periods. Since the beginning of April 2023, 2 million chickens have been culled as a result of HPAI outbreak. Three provinces namely, The Western Cape, Mpumalanga and Northwest provinces identified outbreaks of the HPAI in commercial farms. The layer industry was mostly affected by this outbreak with an estimated loss of R34 million ($1.8 million). South African farmers are accustomed to managing avian influenza outbreaks as they occur frequently due to migratory patterns of wild birds. Most farmers put in place biosecurity measures during the 2017 outbreak when 5.4 million chickens were culled resulting in a loss of 1.87 billion rand ($102 million). Therefore, farmers are relatively undeterred by recent events and are not shifting or scaling-back production. The HPAI situation appears to be improving as new outbreaks have become less frequent in recent months.

South African poultry and egg players are increasingly forward and backward integrated, as a means of extending control over the supply chain, to maximise margins.

The table below reflects the extent of integration among South African poultry and egg industry players.

	Feed	Breeder / Parent Stock / Hatchery	Day-old chick (broiler) / pullet supplier	Reared live broilers / layers	Abattoirs	Broiler Processing & Supply	Egg Production
Astral Foods	X	X	Broiler	X	X	X	
Country Bird Holdings	X	X			X	X	
RCL Foods	X	X	Broiler	X	X	X	
Quantum Foods	X	X	Broiler & layer pullets	Broilers (contract) & layers			X
Sovereign Foods			Broilers	Broilers	X	X	
Kuipers Group	X		Broilers	Broilers & layers	X		X

Forecast is for chicken meat production to increase in 2024, as a result of improving efficiency in an increasingly vertically integrated industry, expected lower feed prices driven by increases in local soy production alongside an expected maize bumper harvest season, and recovery from loadshedding shocks. Feed The South African Crop Estimates Committee has reported that South Africa produced its second largest commercial corn crop on record in 2022/23 at 16.4 million metric tons (MMT) which is 5 percent larger than MY 2021/2022’s corn crop. Furthermore, South Africa is expected to produce its largest soybean crop on record in MY 2022/23 at 2.7 MMT. The increased investment in oilseed plantings and processing capacity in the past 10 years led to an increase in the available locally produced soybean meal. Previously, South African producers relied heavily on imported soybean meal which had to be transported from ports, an endeavor made more challenging and costly in recent years due to deterioration of infrastructure. Industry Composition Although there are many small-scale poultry producers in South Africa, the domestic poultry industry is dominated by large-scale producers and highly concentrated, with five producers accounting for close to 70 percent of the total chicken production. Two producers alone, namely RCL Foods and Astral Foods, make up approximately 50 percent of the market. Small-scale independent growers are increasingly becoming integrated producers/contract growers. The contract growers are supplied with day old chicks to raise by the larger producers and when the chickens are old, they are delivered to the large producers for slaughtering.

Source: BMi and https://www.sapoultry.co.za/

Poultry Industry Media Releases

South Africa opens official inquiry into the poultry market

February 2024

Announcement of a new inquiry into the competitiveness of the South African chicken meat and egg markets has not been welcomed by the industry body.

Despite a number of misgivings, national industry body, the South African Poultry Association (SAPA), has vowed to cooperate with an inquiry into the poultry market announced recently by the Competition Commission (CC).

However, in response to the announcement, SAPA said it sees no justification for such an investigation. Furthermore, it has contested some of the statements made by the CC.

Earlier this month, the CC launched the inquiry, which will cover both the chicken meat and hen egg markets in South Africa.

Draft terms of reference have been published with regard to the Competition Act 89 of 1998. Stakeholder and members of the public are invited to respond to the CC by March 8.

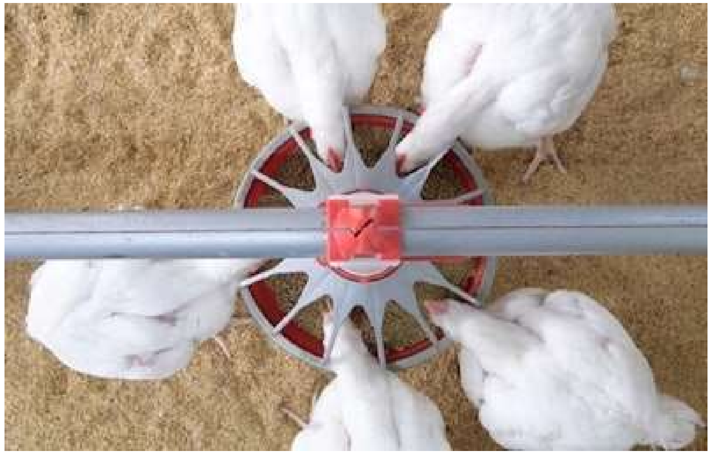
The CC's final report is scheduled for publication within 18 months.

Basis for the Inquiry
For the CC, chief economist James Hodge said that chicken and eggs are important sources for many South Africans — particularly for those with low incomes — and so it is important to ensure fairness in the poultry market.

"A poultry market inquiry into the concentrated and integrated structure of the industry can complement other initiatives to improve the competitiveness of the industry to the benefit of consumers and smaller participants," he said.

Five objectives for the inquiry are set out by the CC, considering both the broiler and layer sectors.

Firstly, the body will examine whether the features of the markets distort competition within the value chain. The CC offers the examples of pricing and access to inputs such as genetic stock, parent stock, feed, eggs, day-old chicks, slaughterhouses, processing facilities, and cold-chain logistics.



Source: https://www.wattagnet.com/regions/africa/article/15665041/south-africa-opens-official-inquiry-into-the-poultry-market
BMi

Poultry Industry Media Releases

South Africa opens official inquiry into the poultry market Continued

Another aspect to be studied is the extent to which large integrated producers exclude small and medium-sized enterprises (SMEs), and those owned by historically disadvantaged people, from participating in the value chain.

A third aspect of the market to be examined is the extent of any imbalances in negotiating power and market intelligence between the large integrators and their contract growers. The CC implies that if such imbalances exist, they could be detrimental to the growth and sustainability of small-scale producers and new entrants.

Furthermore, the inquiry will examine the ease of access for independent poultry producers to the retail, quick-service restaurant, and further processed food markets.

Last but not least, the CC will identify remedies to any adverse effects to competition that are revealed by the inquiry.

Summary of the industry’s response
Once again, SAPA asserts that the national poultry industry’s main competition comes from imports. In particular, it sees the main threat coming from large U.S. producers with a weekly output more than twice that of the whole of the South African.

What the industry has repeatedly requested is protection against unfair and dumped imports, it says.

SAPA continues that the nation’s 2019 Poultry Master Plan committed the government to helping to curb imports, to act decisively against illegal and dumped chicken imports, and to promote local industry growth and job creation.

It denies that the South African poultry industry is uncompetitive, citing international studies that show the country to be among the world’s lowest-cost producers.

Over recent years, the industry has been challenged by rising feed costs since the Russian invasion of Ukraine. Furthermore, SAPA says, the industry has been hit hard by disruption of the national water and electricity supplies as well as deterioration of the road and rail network — conditions which it blames on the government. The situation has been exacerbated by the government’s introduction of rebates on poultry import tariffs. According to SAPA, this will facilitate additional imports into the local chicken market that is already over-supplied.

“The poultry industry has for decades supplied South Africa with affordable meat protein,” concludes SAPA. “If it is to continue to do so, it deserves understanding and support.”

Source: https://www.wattagnet.com/regions/africa/article/15665041/south-africa-opens-official-inquiry-into-the-poultry-market
BMi

Industry Value Forecast

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

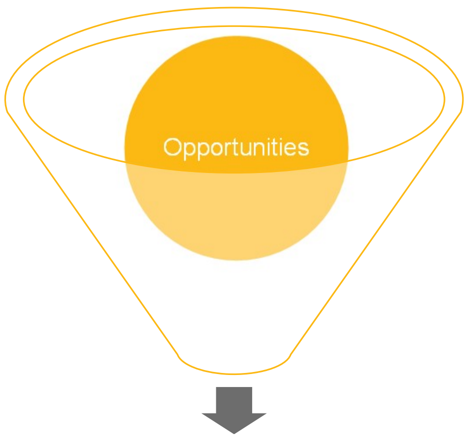
Poultry Industry Value Forecast

Year	Value (Rand Million)	Rand Value Rate of Change	Value (US Dollar Million)	Dollar Value Rate of Change
2023	R77.56		$4.21	
2024e	R83.77	7.6%	$4.49	6.7%
2025f	R90.22	7.7%	$4.67	4.1%
2026f	R97.43	8.0%	$4.87	4.3%
2027f	R105.23	8.0%	$5.08	4.3%
2028f	R113.65	8.0%	$5.30	4.3%
2029f	R122.85	8.1%	$5.54	4.4%
CAGR 2023 - 2029f		8.0%		4.7%

Source: Stats SA, BMi

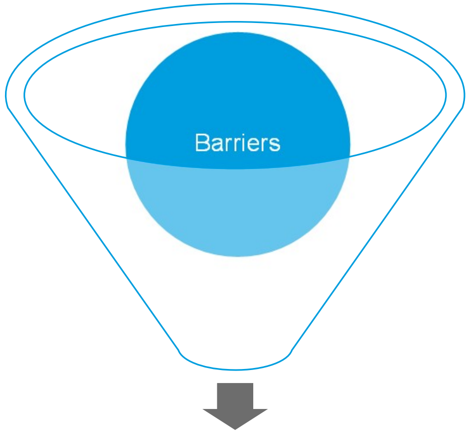
Overall Thai Investor Focus

Opportunities and Barriers for Thai Investors in South Africa – Agriculture Industry



Possible opportunities for Thai companies in South Africa's agriculture industry are as follows:

- South Africa boasts a climatic kaleidoscope, supporting a staggering diversity of animal husbandry and crops. Citrus orchards flourish in the east, grapes plump under the Western Cape sun, and vast plains cradle wheat and maize. This translates to increased revenue streams, hedging your bets against single-crop vulnerabilities. Italian jewellery campaigns can be initiated with major local retail chains to ensure increased awareness and demand for Italian jewellery
- With centuries of experience and a growing embrace of sustainable practices, South African farms offer not just yields, but resilient, future-proof investments
- Organic farming, water conservation, increasing use of agritech applications and renewable energy are all increasingly used and applied within the local agricultural industry, ensuring long-term profitability and ethical appeal.
- Land values in South Africa have enjoyed consistent historical growth, averaging a reported 8.0% per year over the last 2 decades. Additionally, agricultural investments offer excellent portfolio diversification, mitigating risks associated with traditional markets..
- South Africa isn't an isolated island. Well-developed export infrastructure and preferential trade agreements open doors to the insatiable global demand for food
- The South African agricultural industry is highly competitive, and new "green fields" projects generally find it more difficult to be competitive. Consequently, the purchase of an existing local agricultural business, that already has a local presence, is advised
- Fully integrated systems, whereby the means of production and downstream channels are owned, similar to the system seen in South Africa's poultry industry is advised



Barriers for Thai companies in South Africa's agriculture industry are as follows:

- The South African agricultural industry is highly competitive, which leaves little room for new entrants or emerging farmers. There are limited support systems available to support new and smaller farmers, causing such farmers to be unable to take advantage of the various opportunities that the South African government has been instituting
- Adequate ports and rail are critical to agricultural exports and domestic product distribution. Government has fallen short in delivering a range of basic services – water, energy, roads, rail, and ports that present risks for the long-term growth prospects of the sector.
- South Africa's agricultural industry is heavily dependent on exports, which exposes it to the performance of the local currency, which is not always favourable to local industry players
- Following on from the previous point, many of the input costs of materials used within the local agricultural industry are subject to US Dollar based import parity pricing, whereby local players pay similar costs to international players for input materials. The volatility and general weakness of the local currency lead to higher costs paid locally to produce goods, making these products less competitive in international markets.
- Other challenges and barriers faced include lack of transportation alternatives to markets from the farms, lack of marketing skills and information, poor market infrastructure, high set up and transaction costs, insufficient land availability to expand production, lack of agricultural implements to better production, poor production and farm management skills, as well as generally low farming education levels

Legal Requirements and Considerations for Foreign Investors in South Africa – Agricultural Industry

The foreign direct investment (FDI) regime in South Africa is relevantly open in that foreign investor is not only protected but also greatly encouraged in South Africa. As such, we have relatively fewer FDI approvals or restrictions then might be present in certain other jurisdictions. However, there are certain approvals and restrictions that would need to be considered by any foreign investor seeking an opportunity in South Africa.

As a starting point, the South African FDI regime generally applies to all investors in all sectors. That being said, the FDI framework may prescribe additional approval requirements that would need to be obtained depending on what sector the FDI is made into.

South Africa Land Reform Legislation

The dispossession of land through the 1913 Natives Land Act was apartheid's original sin. The "land question" goes back more than a century to the 1913 Natives Land Act, which provided legislative form to a process of dispossession that had been under way since colonial times.

The 1913 Natives Land Act saw thousands of black families forcibly removed from their land by the apartheid government. The Act became law on 19 June 1913 limiting African land ownership to 7 percent and later 13 percent through the 1936 Native Trust and Land Act of South Africa. The Act restricted black people from buying or occupying land. The apartheid government began the mass relocation of black people to poor homelands and to poorly planned and serviced townships. No longer able to provide for themselves and their families, people were forced to look for work far away from their homes. This marked the beginning of socio-economic challenges the country is facing today such as landlessness, poverty and inequality. The Land Act was finally repealed when the Abolition of Racially Based Land Measures Act, 1991 (Act No. 108 of 1991) came into force on 30 June 1991.

Vision 2030 and the National Development Plan

The National Development Plan (NDP) states that land reform will unlock the potential for a dynamic, growing and employment-creating agricultural sector. The NDP bases land reform on the following principles:

1. Enable more rapid transfer of agricultural land to black beneficiaries without distorting land markets or business confidence in the agri-business sector.
2. Ensure sustainable production on transferred land by making sure that human capabilities precede land transfer through incubators, learnerships, mentoring, apprenticeships and accelerated training in agricultural sciences.
3. Establish monitoring institutions to protect land markets from opportunism, corruption and speculation.
4. Bring land-transfer targets in line with fiscal and economic realities to ensure that land is successfully transferred.
5. Offer white commercial farmers and organised industry bodies the opportunity to significantly contribute to the success of black farmers through mentorships, chain integration, preferential procurement and meaningful skills development.

Source: https://www.gov.za/issues/land-reform

Legal Requirements and Considerations for Foreign Investors in South Africa – Agricultural Industry Continued

Restitution of Land Rights Act, Act No.22 of 1994

In 1994, the first law to be passed by the first democratically elected parliament was the Restitution of Land Rights Act (Act 22 of 1994). This was done with the conscious acknowledgement that land justice is important to deal with the challenges of poverty, unemployment and inequality.

The Act makes provision for the restitution of rights in land to persons or communities dispossessed of such rights after 19 June 1913 as a result of past racially discriminatory laws or practices. To administer this task, the Act established a Commission on Restitution of Land Rights and a Land Claims Court. The Minister is authorised to purchase, acquire in any other manner or expropriate land or rights in land for the purpose of restitution awards.

Land reform: progress and plans

Government has settled 80 664 claims benefitting 2,1 million beneficiaries at the cost of R40 billion inclusive of financial compensation to beneficiaries. 163 463 of these are female-headed households. Furthermore, Government has restored 3,5 million hectares of land which can be used as a catalyst for agricultural and economic development.

The Department of Rural Development and Land Reform is strengthening integrated development to ensure that land access yields broader economic spin-offs. The department is also resolving systemic challenges which form barriers to the progress of beneficiaries. To support black farmers, preferential allocation of water rights, infrastructure provision and access to markets will be applied. In the 2018/19 financial year, Government intends to settle 1 151 land claims at a cost of R2 billion; and prioritize post settlement support on restituted farms, to the value of R700 million.

Government position on the parliamentary process

Government will continue to accelerate the pace of land reform within the framework of the Constitution of the Republic of South Africa, respective legislation and according to the rule of law. Government will at all times act in the best interest of our nation.

Government's intention is to unlock the economic potential of land. Government supports a land restitution and redistribution process which supports agricultural production and investment in the land. By bringing more land into productive use, by giving more South Africans assets and opportunities for sustainable livelihoods, the country is creating conditions for greater, more inclusive and more meaningful growth.

Government provides support to beneficiaries of land redistribution through financing, training, market access, irrigation and the provision of seeds, fertiliser and equipment, all of which contribute to the sustainability of emerging agricultural enterprises.

South Africans are urged to be patient and trust the parliamentary processes to address land dispossession, rural development and food security. The proposed Constitutional amendment seeks to clarify and reinforce the fundamental principles of the property clause, which, among other things, prohibits the arbitrary deprivation of property and holds that expropriation is possible in the public interest subject to just and equitable compensation.

Source: https://www.gov.za/issues/land-reform

Seafood Industry

South African Seafood Industry

Introduction to commercial fishing in SA

The Department of Agriculture, Forestry and Fisheries is tasked with managing the development and sustainable use of marine and coastal resources; maximising the economic potential of the fisheries sector; and protecting the integrity and quality of the country's marine and coastal ecosystems.

The South African coastline covers more than 3 000 km, linking the east and west coasts of Africa.

These shores are particularly rich in biodiversity, with some 10 000 species of marine plants and animals recorded.

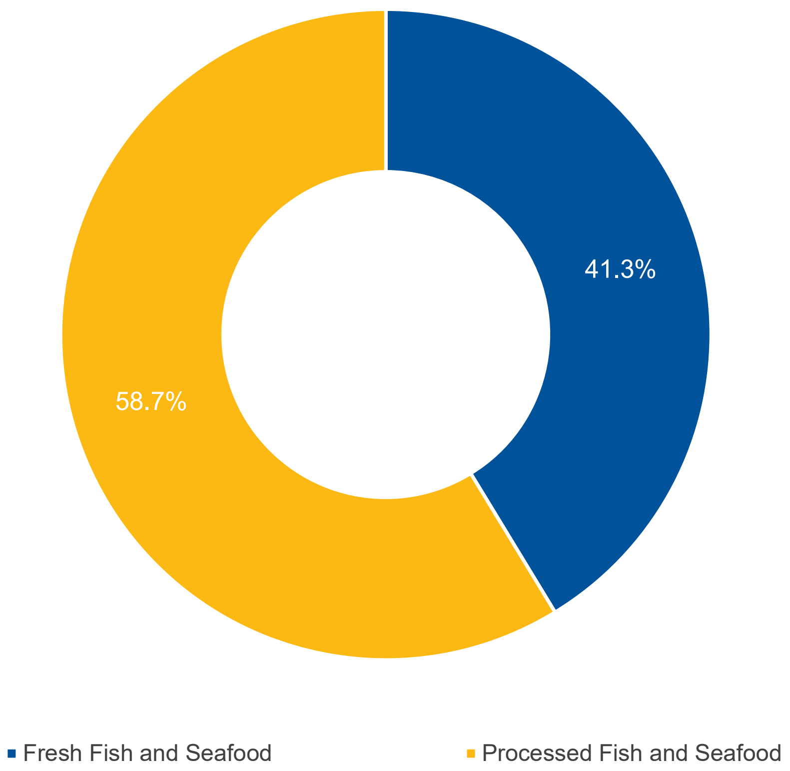
The productive waters of the west coast support a variety of commercially exploited marine life, including hake, anchovy, sardine, horse mackerel, tuna, snoek, rock lobster and abalone.

On the east coast, squid, linefish and a wide range of intertidal resources provide an important source of food and livelihood for coastal communities.

South Africa is among the global fishing nations which have identified the challenges within their fishing industry. With 22 commercial fisheries sectors and new fisheries being explored and experimented with, South Africa has two fisheries sector components.

Wild capture fisheries include three distinct components, commercial, recreational and subsistence fisheries, each of which requires specific research and management interventions. The aquaculture (fish farming) sector is considered underdeveloped and as a result, has been prioritised, due to declining wild stocks.

Contribution to Total Fishing Industry Revenue



Source: https://www.gov.za/about-sa/fisheries
Stats SA, BMi, Statista

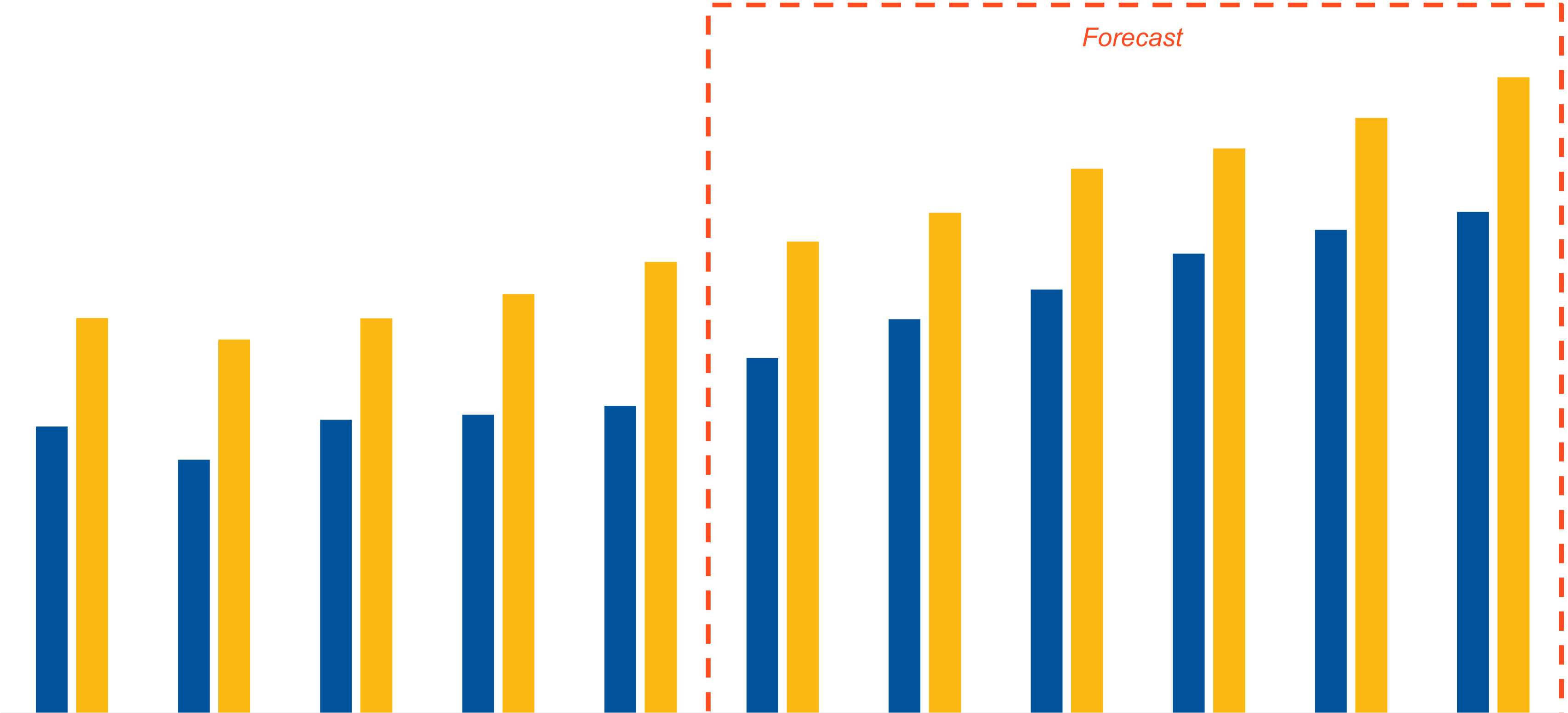
Seafood Industry Major Players

Major Players	Major Players
Aqunion (Terrasan)	Marifeed (Terrasan)
Atlantis Foods	Mayfair
Blue Wave Fish Traders	Oceana
Cape Point	Pacific West Food
Chapman's Seafood Company	Pelagia
Deep Catch Trading	Premier Fishing SA
Glenryck (African Pioneer Group)	Private Label Brands
Goldcrest	Saldanha (Terrasan)
I&J (Irvin and Johnson)	Sea Harvest
Jutland	Seawork Fish Processors
King Oscar	Steinz
La Marina Foods	West Point Processors
M Foods	

Source: BMi

South African Seafood Industry

Fisheries Industry South Africa, Estimated Annual
Value Million Rand

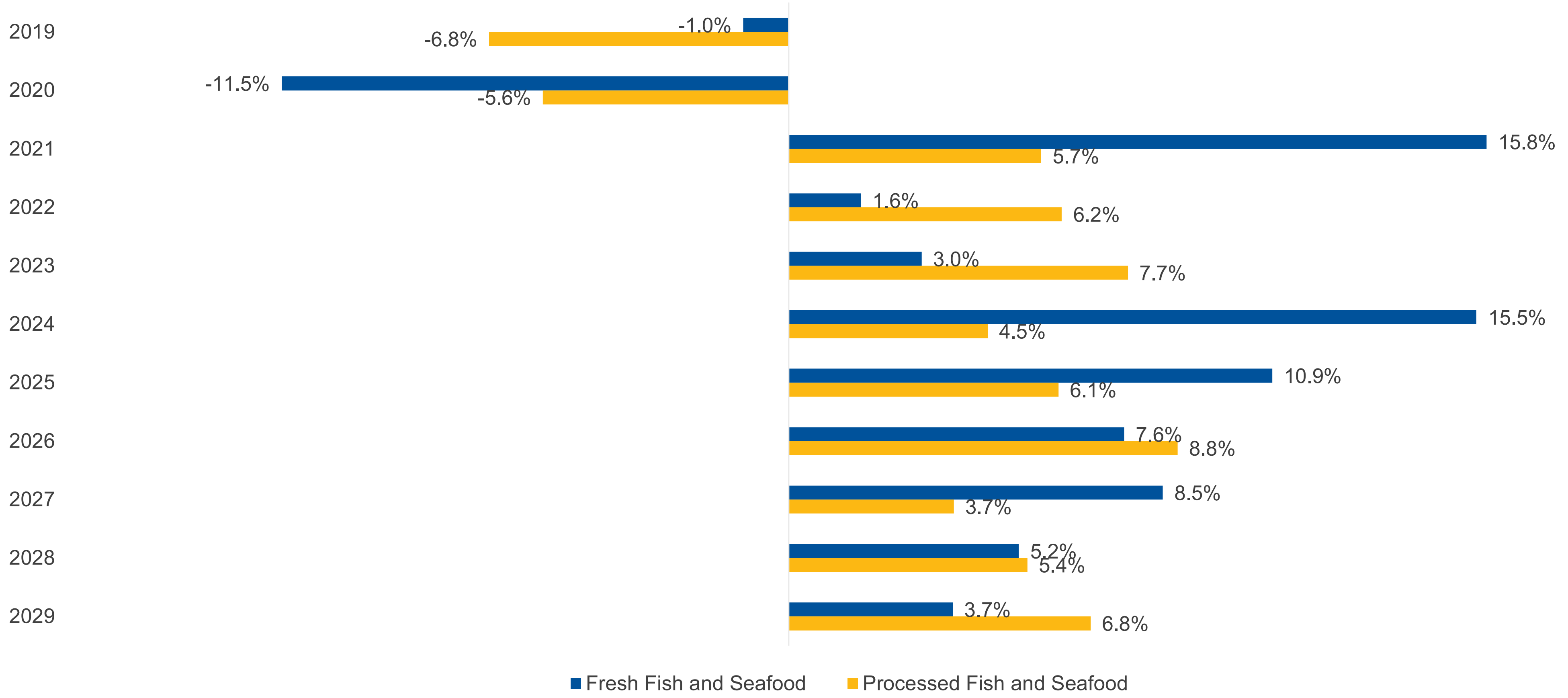


	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Fresh Fish and Seafood	R12,901.57	R11,406.33	R13,204.51	R13,419.22	R13,821.79	R15,968.87	R17,713.37	R19,055.29	R20,665.59	R21,739.13	R22,544.28
Processed Fish and Seafood	R17,772.79	R16,801.52	R17,759.44	R18,854.20	R20,298.67	R21,210.97	R22,503.40	R24,480.05	R25,392.35	R26,760.80	R28,585.40

Source: Stats SA, BMi, Statista

South African Seafood Industry

Fisheries Industry South Africa, Estimated Annual Revenue Rate of Change

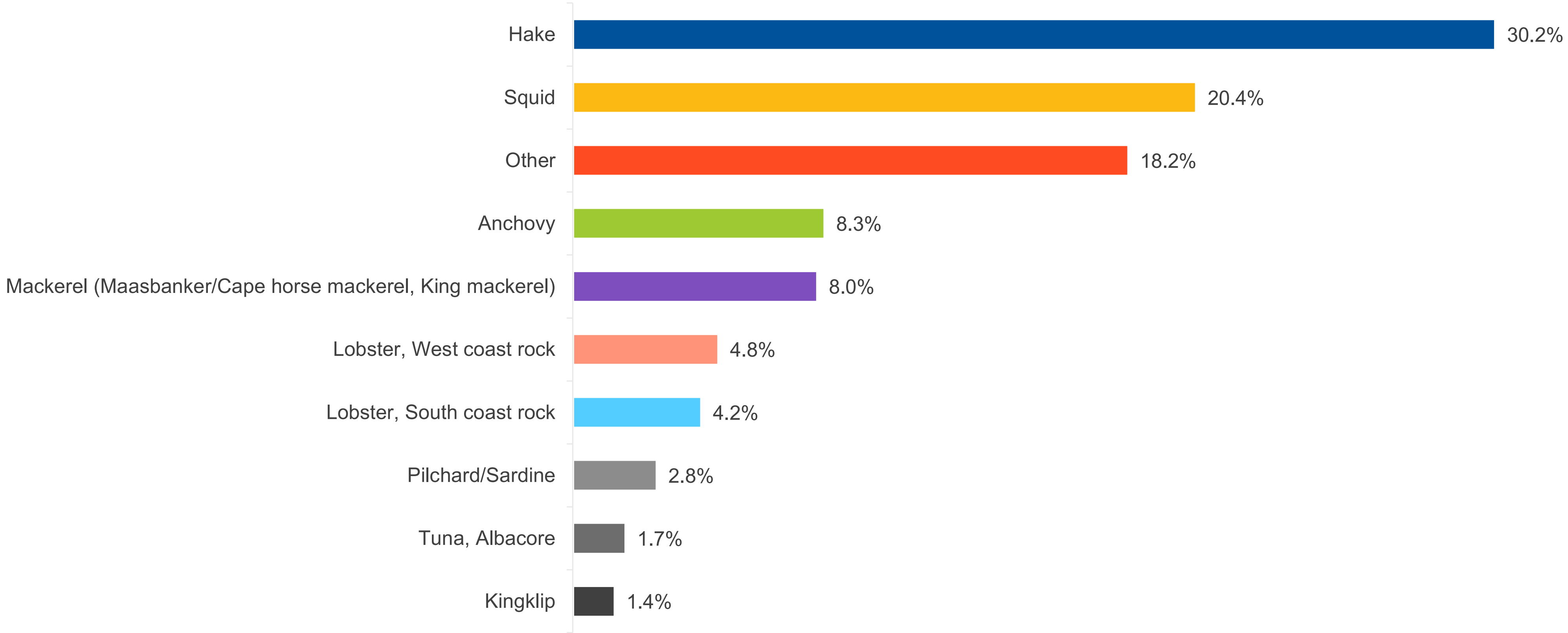


Source: Stats SA, BMi, Statista

South African Seafood Industry

Type of Seafood: Contribution to Total Value

Fresh Fish and Seafood 2023, R13 822 Million

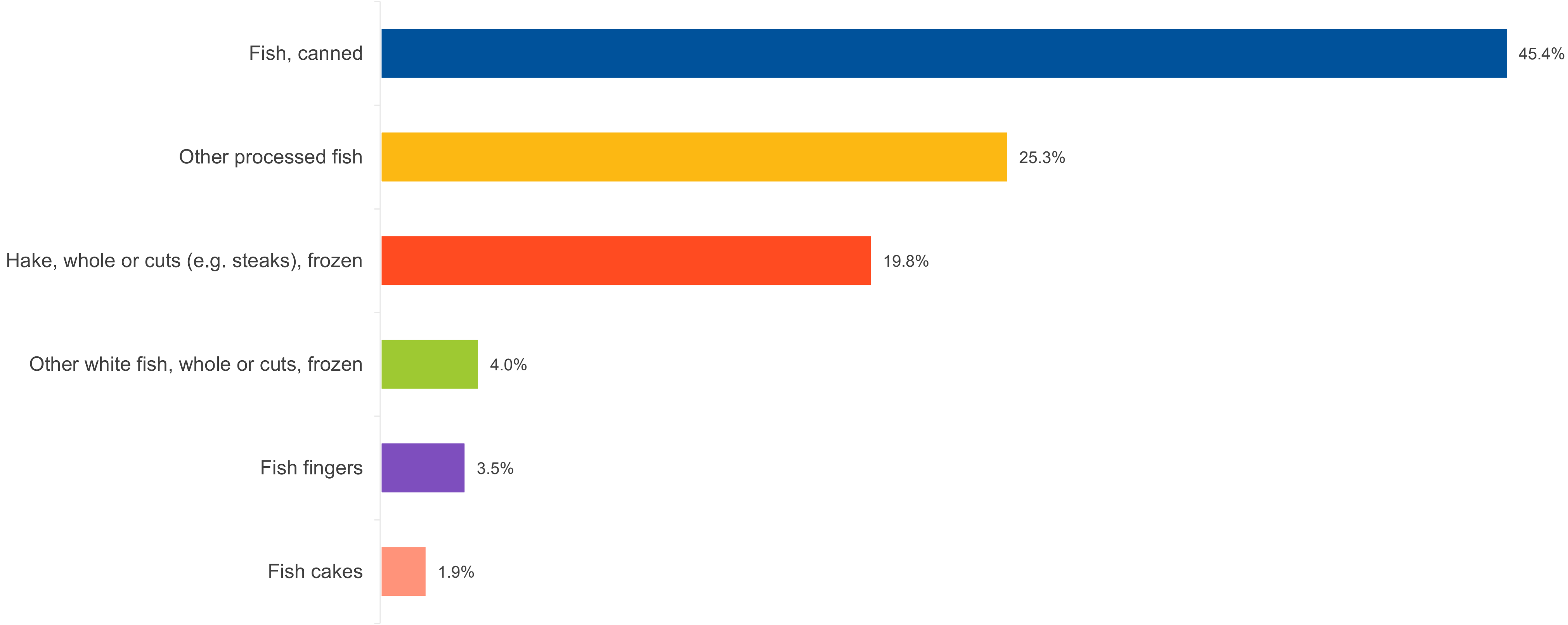


Source: Stats SA, BMi, Statista

South African Seafood Industry

Type of Seafood: Contribution to Total Value

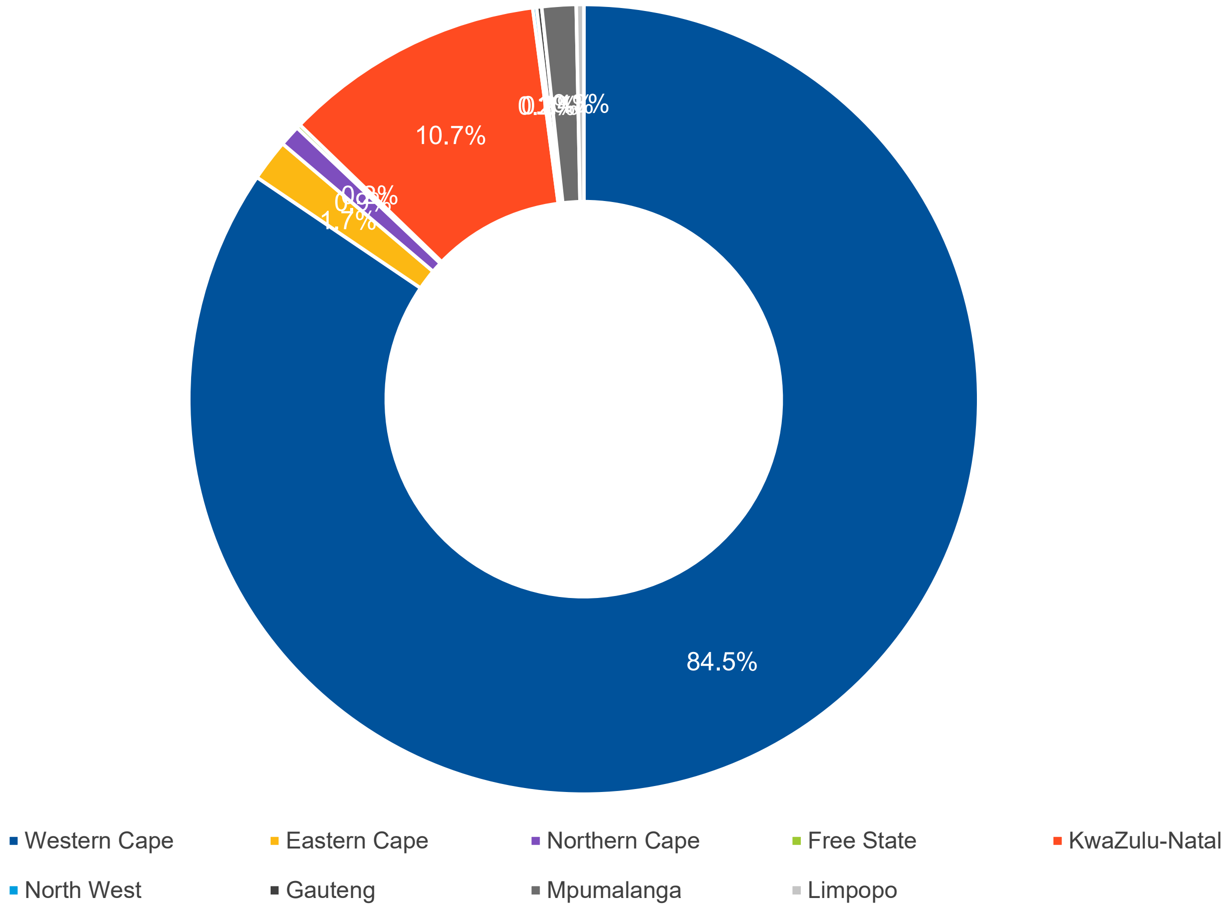
Processed Fish and Seafood 2023, R 20 299 Million



Source: Stats SA, BMi, Statista

South Africa Regional Distribution within Seafood Industry

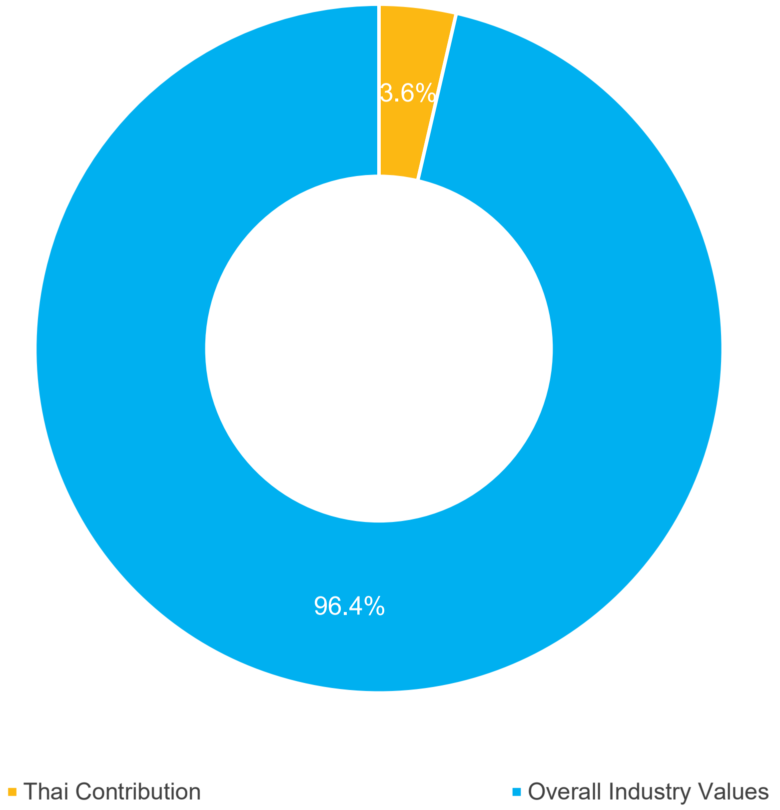
Seafood Industry Regional Production
2023, R 34 120 Million



Source: Stats SA, BMi

Thailand's Presence within South Africa's Seafood Industry

Thailand's % Contribution to South Africa's Seafood Industry
2023, R 34 120 Million



Source: SARS, BMi

Thailand's Presence in the Seafood Industry

- Thailand's presence within the South Africa's seafood industry is most prominent among the industries reviewed, and is set at just over 3.5%.
- Feedback received s that Thailand's seafood exports to South Africa has seen selected growth, largely driven by the higher quality versus alternatives imported from other countries
- The primary products exported from Thailand to the local seafood industry, not limited to, include:
    - Canned Seafood
    - Selected Fresh Seafood
    - Etc.

Seafood Industry Trends

Seafood Industry South Africa

- Sea Harvest is contributing R48 million to repair equipment and harbour infrastructure at Saldahna Bay harbour, The Department of Public Works and Infrastructure (responsible for maintaining and improving the infrastructure of South African harbours and letting or renting land and structures at harbours) will add a further R24 million to the project. Sea Harvest has alerted the government about the state of the harbour for years, after its quay was left damaged due to sagging and erosion. A memorandum of agreement was also signed between government departments to ensure small-scale fishers are given preferential access to harbour facilities in the future. The move will prevent retrenchments at Sea Harvest and is in line with the government's plan to attract additional investors at local harbours. The project will take between three and six months to complete.
- Sea Harvest is acquiring pelagic fish and abalone businesses in a major deal, potentially valued at just over R1.2 billion. Sea Harvest, which is valued at about R2.8 billion on the JSE, would acquire 100% of Terrasan's West Point Fishing Saldahna brand pelagic fish business and 63.07% of its Aqunion abalone business.
- Astral Foods is exploring the option of trialling canned chicken as an alternative to the smaller-format pilchard and sardine products making serious inroads in the local animal protein market. Sales of canned fish, and especially pilchards, are increasing in South Africa, and benefit from a lower price per unit than chicken, as well as being shelf stable and unlikely to spoil during extended power outages.
- During the bird flu outbreak in 2023, the price of eggs and chicken rose, putting pressure on lower income consumers. Lucky Share producer Oceana expected a rise in demand for canned pilchards as consumers search for alternative sources of affordable protein.
- At home demand for seafood grew during the Covid-19 lockdowns, and much of this gain has been sustained in the years since the lockdowns. Sea Harvest reported an 18% rise in revenue to R3.2 billion for the first half of 2023. This is despite cost inflation driven by rising diesel and packaging prices, load shedding, and unfavourable weather patterns reported in 2023.

Source: https://www.news24.com/fin24/companies/sea-harvest-announces-r48-million-investment-to-improve-saldanha-bay-harbour-20240516
https://www.news24.com/fin24/companies/sas-largest-poultry-group-plans-tinned-chicken-to-take-on-pilchards-20240521
https://www.news24.com/fin24/companies/sea-harvest-inks-r12bn-deal-for-fresh-pelagic-fish-and-abalone-businesses-20240122
https://www.news24.com/fin24/companies/chicken-vs-fish-lucky-star-owner-oceana-expects-higher-demand-amid-poultry-crisis-20231128
https://www.news24.com/fin24/companies/sa-seems-more-hooked-on-seafood-says-sea-harvest-20230904

Industry Value Forecast

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

Seafood Industry Value Forecast

Year	Value (Rand Million)	Rand Value Rate of Change	Value (US Dollar Million)	Dollar Value Rate of Change
2023	R34,120.47		$1,850.00	
2024e	R37,179.84	9.0%	$1,991.20	7.6%
2025f	R40,216.77	8.2%	$2,081.01	4.5%
2026f	R43,535.34	8.3%	$2,176.55	4.6%
2027f	R46,057.94	5.8%	$2,224.80	2.2%
2028f	R48,499.93	5.3%	$2,263.53	1.7%
2029f	R51,129.68	5.4%	$2,305.57	1.9%
CAGR 2023 - 2029f		7.0%		3.7%

Source: Stats SA, BMi

Thai Sector Focus

Canned Fish

Canned Fish Industry Overview

Canned Fish Industry

- South Africa is a significant producer and consumer of canned fish. The industry is dominated by long established local companies, such as Lucky Star and Saldanha, but also characterised by imports from other regions of the world.
- The demand for canned fish in South Africa has increased, as a source of affordable and flavourful protein in a price sensitive market. Rising prices of alternative proteins such as chicken and pork have enhanced this trend.
- Canned fish is also less subject to spoiling during electricity outages, unlike chicken, the affordable alternative.
- Fish and seafood producers have been able to keep price increases moderate, despite rising input costs. On a price per unit basis, canned fish is cheaper than chicken. Astral Foods is exploring the option of trialling canned chicken as an alternative to the smaller-format pilchard and sardine products making serious inroads in the local animal protein market.
- Fish are sourced locally and internationally and canned in South Africa.

Source: BMi
https://www.news24.com/fin24/companies/sas-largest-poultry-group-plans-tinned-chicken-to-take-on-pilchards-20240521

Canned Fish Industry Major Players

Major Players and Brands
Abagold
Cape Point
Gabriel
Glenryck (African Pioneer Group)
Goldcrest
Jutland
King Oscar
Liza Se Tafel
M Foods
Mayfair
Oceana
Pacific West Food
Premier Fishing
Private Label Brands
Saldanha (Terrasan)
Steinz
Tiger Brands
West Point Processors

Source: BMi

Canned Fish Industry Major Players

Canned Fish Industry Trends

- Canned fish and seafood is a staple protein in South Africa. It is an affordable source, competing with chicken and poultry.
- Load shedding and other electricity supply disruptions have increased the appeal of the shelf stable pilchards and other canned fish and seafood products.
- Although canned fish prices have recently increased, producers have absorbed some of this, and a trend of consumers switching to chicken and fish is likely to remain an important feature of grocery shopping in the coming months.
- While canned fish is more expensive per kilogram than chicken, the price per unit is lower, increasing the product's appeal to cash strapped consumers.
- Fish prices have increased, but much of this price increase has been absorbed by producers, rather than being passed on to end consumers.
- According to the Competition Commission's latest food price monitoring report, in December 2023, canned pilchards cost consumers R1.12 per protein gram, while dried beans cost R0.32 per protein gram. Egg prices were R0.48 per protein gram, frozen chicken was R0.91 per protein gram, and beef was the most expensive at R2.81 per protein gram.
- According to the Competition Commission's report, the volumes for Lucky Star increased by 9% to 9.6 million cartons in its 2023 year. Sales for Premier's pilchards also increased by 59% to 1 866 tonnes in 2022.
- Canned pilchards are harvested from the same pelagic fishery, which includes sardines, anchovies, and redeye red herring in South Africa.
- Commission economist Kagiso Zwane said catches had been managed to be supplemented by a 70% increase in the imported volume of frozen pilchard fish from Thailand, China and Namibia which increased from 767 405 tonnes in 2021 to 1 302 236 tonnes in 2023.

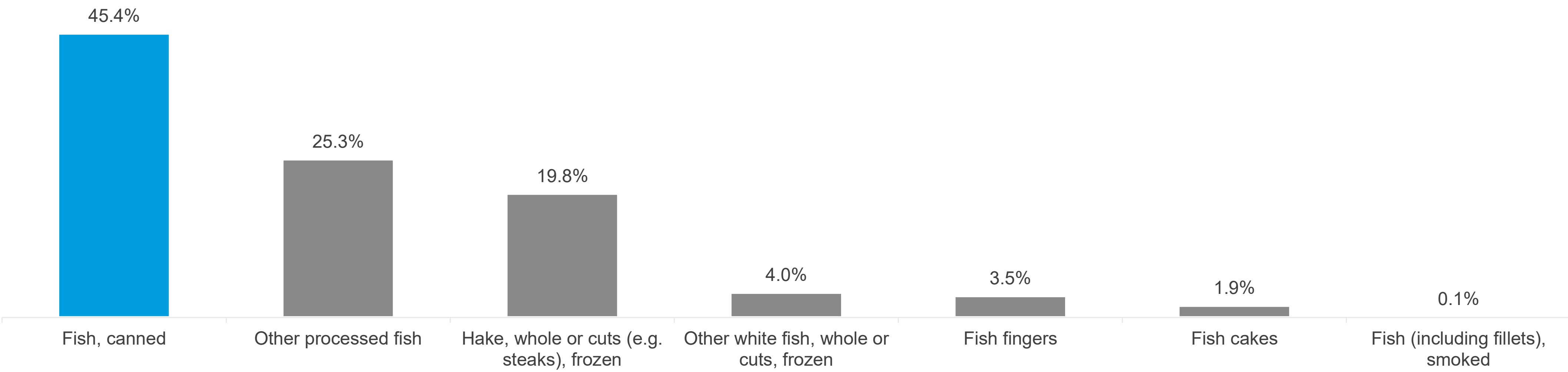
Source: BMi
https://www.news24.com/fin24/economy/why-tinned-fish-has-taken-sa-by-storm-20240507#:~:text=According%20to%20the%20report%2C%20the,1%20866%20tonnes%20in%202022.

Canned Fish Industry

Canned Fish Industry Value, 2023

Product	Value (Million Rand)
Processed Fish and Seafood	R20,298.67
Canned Fish	R9,221.11
Fresh Fish and Seafood	R13,821.79
Grand Total	R34,120.47

Canned Fish Contribution to Processed Fish and Seafood Industry Value, 2023



Source: Source: Stats SA, BMi, Statista

Canned Fish Industry Media Releases

Why tinned fish has taken SA by storm

- More South African consumers are choosing canned pilchards as their protein source, according to a new report from the Competition Commission.
- The main reasons include the longevity of the product amid load shedding and an attractive price point.
- Even though prices have gone up, producers have absorbed some of this, and chicken and canned fish look set to remain increasingly popular.

Despite sardine numbers being under pressure in South African waters, local consumers have readily swapped out their favourite protein choices for canned fish alternatives, according to the Competition Commission's latest food price monitoring report.

The report, which was released on Monday, indicated that pilchards are becoming increasingly popular due to the product's shelf life and price amid load shedding and elevated food inflation.

While food inflation has recently abated, food prices are still rising at a rate which may be a threat to food security, it warned. Although canned fish prices have recently increased, producers have absorbed some of this, and a trend of consumers switching to chicken and fish is likely to remain an important feature of grocery shopping in the coming months.

Commission economist Kagiso Zwane said while fish is the pricier protein per gram compared to chicken and dried beans, the packaging of pilchards had made the product more attractive and cheaper for consumers. The product is also zero-rated for value-added tax (VAT).

According to the report, in December 2023, canned pilchards cost consumers R1.12 per protein gram*, while dried beans cost R0.32 per protein gram. Egg prices were R0.48 per protein gram, frozen chicken was R0.91 per protein gram, and beef was the most expensive at R2.81 per protein gram.

Looking at price increases, prices for eggs shot up by 26% per gram in March 2024 when compared to a year earlier but remain the second-most affordable protein.

Source: https://www.news24.com/fin24/economy/why-tinned-fish-has-taken-sa-by-storm-20240507#:~:text=According%20to%20the%20report%2C%20the,1%20866%20tonnes%20in%202022.

Canned Fish Industry Media Releases Continued

Why tinned fish has taken SA by storm Continued

But apart from eggs, which have been affected by the avian flu outbreak, inflation in protein sources was modest over 2023.

Figure 9: Relative inflation in various protein sources (December 2022 to December 2023).

Source: Commission own using Stats SA

Dried beans' inflation of 10% was also higher than food inflation over the period, though it remains the cheapest protein source. Beef had the lowest price inflation at 2%, followed by canned pilchards and individual quick-freezing (IQF) chicken which both rose 6%.

"The popularity [of canned pilchards], I think, has been driven by a combination of it being cheaper when it is in the 400g tin, as well as perishability," Zwane said at a briefing on Monday.

"It can be stored for a long time, which is important in the context of load shedding and other power interruptions. Wider ranges are being introduced for flavour profiles, which some households might use. Then these households do not spend on flavour-enhancing ingredients."

"There are some benefits [for pilchards] which consumers think are relevant for their decisions and thought were relevant in their decisions now and in the past as they were faced with increased inflation and load shedding levels," he added.

Companies making profit

Zwane said the commission had seen the popularity of the canned fish through the performance of major fish companies, including Lucky Star and Iqbal Survé-linked Premier Fishing, which has benefitted from revenue and volume increases in recent years.

Source: https://www.news24.com/fin24/economy/why-tinned-fish-has-taken-sa-by-storm-20240507#:~:text=According%20to%20the%20report%2C%20the,1%20866%20tonnes%20in%202022.

Canned Fish Industry Media Releases Continued

Why tinned fish has taken SA by storm Continued

According to the report, the volumes for Lucky Star increased by 9% to 9.6 million cartons in its 2023 year.

Sales for Premier's pilchards also increased by 59% to 1 866 tonnes in 2022. The company delisted from the JSE late last year.

Zwane said companies have also managed to absorb cost pressures related to pilchards to benefit consumers, with canned fish price compression - referring to the limitation of price appreciation potential - reaching its lowest levels since 2021/22.

But among the pressures is the impact of poor local sardine catches, which have made local sources of this species unprofitable for major canneries, according to the Department of Forestry, Fishery and Environment's status of marine fishery resources.

Canned pilchards are harvested from the same pelagic fishery, which includes sardines, anchovies, and redeye red herring in South Africa.

According to the report, the total allowable catches (TAC) for sardines reached 457 000 tonnes in 2004, but then dropped to a 70-year low of 2 100 tonnes. The catch has only recovered to 26 000 tonnes as of 2022.

Zwane said catches had been managed to be supplemented by a 70% increase in the imported volume of frozen pilchard fish from Thailand, China and Namibia which increased from 767 405 tonnes in 2021 to 1 302 236 tonnes in 2023.

Source: https://www.news24.com/fin24/economy/why-tinned-fish-has-taken-sa-by-storm-20240507#:~:text=According%20to%20the%20report%2C%20the,1%20866%20tonnes%20in%202022.

Canned Fish Industry Media Releases Continued

Why tinned fish has taken SA by storm Continued

"The market combines sources of supply locally and from imports. We see this benefiting consumers, with the combination also smoothing out the global volatility of fish prices," he said.

Consumer swaps out

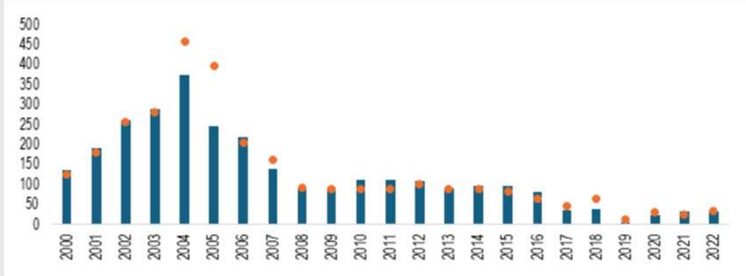
According to the report, consumers are expected to swap out food items like pilchards due to increasing cost pressures from load shedding and logistics. This is despite annual food inflation reaching its lowest level since 2020, reaching 5.1% in March of this year.

Climate change and volatile weather patterns will continue to pose a risk to food prices going forward.

"While lower food inflation may be a positive sign – food prices are still rising at a rate which may be a threat to food security [...] Within this context, consumer decisions to swap items in their basket for other foods, such as chicken for canned pilchards, are likely to continue and remain an important feature of grocery shopping in the coming months," the report said.

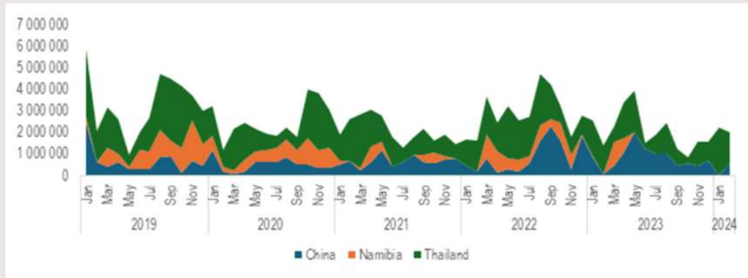
*Note: The report calculated costs per protein gram. In nutrition science, "protein gram" refers to the number of grams of the macronutrient protein, not the number of grams of a protein.

Figure 10: Sardine TAC and Catch volumes (000 tons)



Source: Department of Fisheries, Forestry, and the Environment

Figure 11: Import volumes of sardines (pilchards) from major source markets (kg)



Source: Commission's own using SARS. Notes: We use the following tariff codes: 16041305; 16041310; 16041312; 16041315; 16041317; 16041320; 16041380; 16041390

Source: https://www.news24.com/fin24/economy/why-tinned-fish-has-taken-sa-by-storm-20240507#:~:text=According%20to%20the%20report%2C%20the,1%20866%20tonnes%20in%202022.

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

Industry Value Forecast

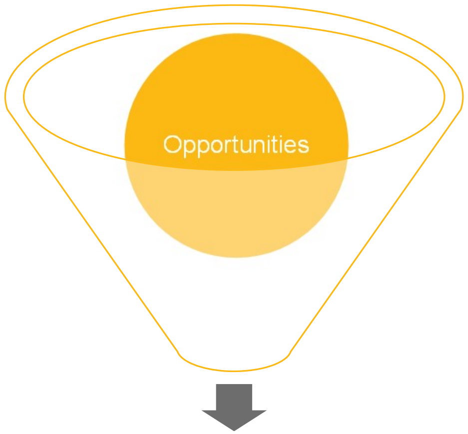
Canned Fish Industry Value Forecast

Year	Value (Rand Million)	Rand Value Rate of Change	Value (US Dollar Million)	Dollar Value Rate of Change
2023	R9,221.11	-	$499.97	-
2024e	R9,765.16	5.9%	$522.98	4.6%
2025f	R10,351.07	6.0%	$535.61	2.4%
2026f	R10,982.48	6.1%	$549.07	2.5%
2027f	R11,663.39	6.2%	$563.39	2.6%
2028f	R12,386.53	6.2%	$578.09	2.6%
2029f	R13,166.88	6.3%	$593.73	2.7%
CAGR 2023 - 2029f		6.1%		2.9%

Source: Stats SA, BMi

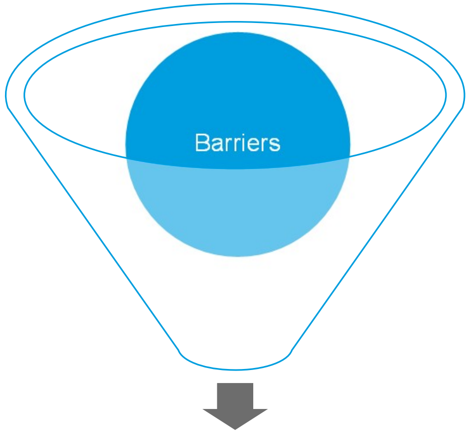
Overall Thai Investor Focus

Opportunities and Barriers for Thai Investors in South Africa – Fisheries Industry



Possible opportunities for Thai companies in South Africa's fisheries industry are as follows:

- South Africa is flanked by two highly biodiverse and productive large marine ecosystems, the Benguela and Agulhas currents. A wide variety of fisheries take advantage of the fish stocks in these two marine ecosystems, ranging from large industrialised fleets to small artisanal operations.
- Demand for seafood continues to rise, marking yet another shift in people's global diet preferences for protein; the previous one being the shift from beef to chicken. This trend remains the same for South Africa.
- Price increases seen across most protein sources in South Africa over the last few years, has led to increased focus on more affordable alternatives. From a processed perspective, canned fish has emerged as a popular local option and continues to see increased popularity. From a fresh seafood perspective, horse mackerel and snoek is the seafood of choice for lower-income households
- South Africa is seeing increased interest in value added seafood alternatives, including ready-made seafood meals as well as more upscale exclusive seafood ranges..
- Exports of seafood from South Africa is becoming increasingly popular, largely driven by aggressive pricing and as well as the quality of seafood from South Africa, particularly hake, being world-renowned.
- The South African fisheries industry is highly competitive, and new "green fields" projects generally find it more difficult to be competitive. Consequently, the purchase of an existing local fisheries business, that already has a local presence, is advised



Barriers for Thai companies in South Africa's fisheries industry are as follows:

- Similar to other industries, the South African fisheries industry is highly competitive, small-scale fishing operators find it difficult to compete with often discriminatory practices applied locally, which ranges from restricted fishing quotas, food security and equality. .
- Infrastructure challenge are seriously hampering the local fisheries industry ranging from breakdowns at ports and rail service, as well as electricity outages. Government has fallen short in delivering a range of basic services – water, energy, roads, rail, and ports that present risks for the long-term growth prospects of the sector.
- Overfishing in South Africa's oceans remains a persistent challenge that has severe ecological and economic repercussions. It is essential to manage fish stocks sustainably to maintain the health of marine ecosystems and to ensure the long-term viability of the fishing industry
- Illegal fishing from both local and international perpetrators remains a challenge locally. These perpetrators are often part of larger criminal syndicates that have resource, are well armed and dangerous ultimately making them difficult to control
- The processing input costs of materials used within the local fisheries industry are subject to US Dollar based import parity pricing, whereby local players pay similar costs to international players for input materials. The volatility and general weakness of the local currency lead to higher costs paid locally to produce goods, making these products less competitive in international markets.
- Other challenges and barriers faced include high input costs, lack of marketing skills and information, poor market infrastructure, high set up and transaction costs, lack of fishing implements,, as well as generally low fishing education levels

Legal Requirements and Considerations for Foreign Investors in South Africa – Fisheries Industry

Fisheries in South Africa are managed as a national competence (rather than on a provincial basis). Marine and Coastal Management (MCM) within the Department of Environment Affairs and Tourism (DEAT) is the regulatory authority (based in Cape Town in the Western Cape Province) responsible for managing all marine and coastal activities, and the issuing of rights to commercial and subsistence fisheries16.

Through a transformation process following democratic elections in 1994, new fisheries policies were developed for all commercial fishing sectors resulting in firstly four-year “medium term” rights issued between 1998-2004 and thereafter long-term rights for up to 15 years17. There is no formal Individual Transferable Quota regime although fishing rights are transferable by specific application and is handled under a recently (2009) developed Rights Transfer Policy. The principal regulatory framework governing fisheries management comprises section 24 of South Africa’s Constitution and the Marine Living Resources Act of 199818 (and associated regulations and specific permit conditions).

Each commercial fishery sector therefore has a clear policy that provides guidelines for the issuing of fishing rights as well as a strategy designed to secure transformation of the fishing industry through a balance of maintaining an environment in which large companies would continue to invest and small companies would be able to develop. Separate management plans for each of the main fishery sectors are however still being developed. There are numerous other Acts that add to the marine legislative framework that work in conjunction with the MLRA. These include the National Environmental Management: Protected Areas Act (No. 57 of 2003), the National Environmental Management: Biodiversity Act (No. 10 of 2004), the Maritime Zones Act (No. 15 of 1994), Sea Birds and Seals Protection Act (No. 46 of 1973), Sea Shore Act (No. 21 of 1935) and the Nature and Environmental Conservation Ordinance, (Ordinance 19 of 1974). In matters relating to fishing on the high seas, South Africa also applies to fishing permits specific conditions that might, for example, relate to conservation measures in CCAMLR and other RFMOs.

Institutional Framework
Ultimate responsibility for fisheries and all management decisions lies with the Minister in the relevant Ministry (presently DEAT). The Minister may also delegate responsibility for some decisions, such as the annual issuing of TACs or the granting of “exemptions” for specialised projects, to the Deputy Director General (DDG) who heads up MCM. Within the Department of Environmental Affairs and Tourism, the branch Marine and Coastal Management was established in 2000 (formerly the Department of Sea Fisheries that included the Sea Fisheries Research Institute).

An important overarching policy has been the commitment to the implementation of an Ecosystem Approach to Fisheries (EAF) by MCM – there are now concerted efforts to manage fisheries under an EAF regime including inputs to all management decisions by a specific scientific Ecosystem Working Group. Within the MCM organisation there are different directorates - these include : • Administration • Research, Antarctica and Islands • Integrated Coastal Management • Monitoring Compliance and Surveillance • Legal Resources • Resource management Compliance is maintained through a comprehensive monitoring, control and surveillance strategy, patrol vessels, officers and vessel monitoring systems. The Antarctic Islands (Prince Edwards Islands) are managed collectively with the fisheries research group and legal issues are also dealt with as an independent directorate. Integrated coastal management does not deal directly with fisheries, but is still a vital component when dealing with coastal zone and community-based fisheries.

Source: National Fishery Sector Overview South Africa

Legal Requirements and Considerations for Foreign Investors in South Africa – Fisheries Industry Continued

Transnational Development

South Africa is a full member of several regional fisheries management organizations whose objectives are the management and conservation of shared fish stocks. These include the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR), the International Commission for the Conservation of Atlantic Tunas (ICCAT), the South East Atlantic Fisheries Organisation (SEAFO), the Benguela Current Commission (BCC), the Southwest Indian Ocean Fisheries Commission (SWIOFC), the Southern African Development Community (SADC) protocol on Fisheries, and the International Whaling Commission (IWC)15. Further, South Africa is a non-contracting participating member of the CCSBT and the IOTC. In recent years, fisheries management and research has seen increasing participation of the fishing industry and non-government organisations. For example, fishing industry representatives and scientists actively participate and contribute to the Scientific Working Groups as well as the Resource Management Working Groups (RMWG) for each of the main fishery sectors.

The South African maritime Economic Zone borders with Namibia on the west coast and Mozambique on the east coast. The EEZ also extends well south into Antarctic waters around the Prince Edward Islands. South Africa is a founder member of CCAMLR and works closely with that organisation with regard to the management of the Patagonian toothfish longline fishery in CCAMLR areas 58.6 and 58.7. A proposed offshore MPA around the Prince Edwards Islands is also under consideration. A marine protected area also abuts Mozambique and there is ongoing research into the development of Offshore MPAs that may have transboundary implications with Namibia. A critical transboundary

Foreign Aid

Foreign aid for the development of the fisheries sector in South Africa is minimal. Regionally the BCC is supported in part by UNDP and FAO funding. The ASCLME and SWIOFP research programmes are funded in part by UNDP, GEF and the World Bank loans. Norway, through the NORAD programme contributes to many aspects of fisheries research and social development (relating to fisheries). South Africa is a member of the African Union – a specific fisheries portfolio is being developed that will provide funds for fisheries development on a needs basis, but is still at an early stage of development.

Source: National Fishery Sector Overview South Africa

Mining Industry

Mining Industry Trends

Registered Mines in South Africa

South Africa is a mineral-rich country and listed as the largest producers of platinum (1st), coal (3rd), gold (6th) and diamonds (7th). South Africa's mineral profile is large and diverse, with many opportunities for international and local investors. South Africa country has the world's biggest deposits of platinum group metals, battery metal vanadium, chrome and manganese. 2004 active mines registered with the South African Mineral Resources & Energy Department mine the following minerals. The number of operating mines is indicated.

- Diamonds: 501
- Coal: 191
- Gold: 114
- Silver: 62
- PGM: 60
- Chrome: 55
- Copper: 55
- Cobalt: 50
- Manganese: 49
- Iron Ore: 34
- Semi-Precious Stones: 32
- Chromium: 12
- Titanium: 9
- Uranium: 4
- Aluminium: 2
- Rare Earth: 1

Gold is mined in the north and western parts of the Witwatersrand Basin in South Africa, on the Kaapvaal Craton, an elliptical basin stretched over 400km in an area that includes land in the Free State, North West and Gauteng provinces.

The five largest gold mines in South Africa in 2021 are presented below, in descending order.

- Kloof Gold Mine in Gauteng, which mines approximately 396 thousand ounces of gold and an estimated 5.6 million metric tons per annum (mmtpa) of Run-of-Mine (ROM, natural and unprocessed ore), and is owned by Sibanye Stillwater. It is due to operate until 2034. Also owned by Sibanye Stillwater, Driefontein Gold Mine in Gauteng, will operate until 2030, and has an estimated gold production of 328 thousand ounces and an estimated 1.3 mmtpa of ROM.
- South Deep Gold Mine in Gauteng, owned by Gold Fields, is licensed to operate until 2106, and produces 292.6 thousand ounces per annum. Impala Mine in the North West, owned by Impala Platinum Holdings, is licensed to operate until 2035, and produces 263.5 thousand ounces per annum. Tshepong Mine in the Free State, owned by Harmony Gold Mining, is licensed to operate until 2041, and produces 238.5 thousand ounces per annum.
- Harmony Gold, Sibanye-Stillwater, Gold Fields, and Pan African Resources were the top four gold producers in the country in 2020. In addition, Anglo Gold Ashanti, Village Main Reef, and Northam Platinum continue to produce gold in South Africa.

Source: https://www.dmr.gov.za/mineral-policy-promotion/operating-mines
https://www.globaldata.com/data-insights/mining/south-africa--five-largest-gold-mines-in-2090873/
https://www.globaldata.com/store/report/south-africa-gold-mining-market-analysis/
https://www.mining.com/web/south-africa-sets-900-million-annual-mineral-exploration-target/

Major Players – Minerals Council Members

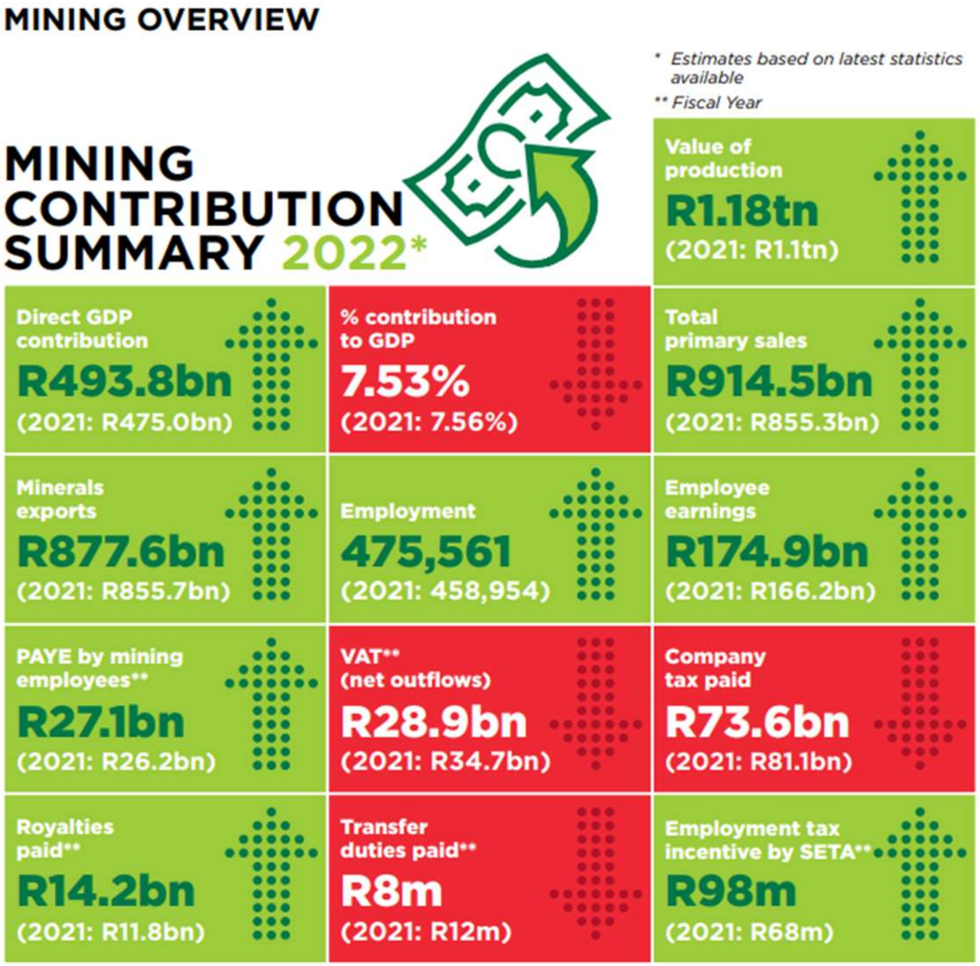
Minerals Council Members			
African Rainbow Minerals Limited	Ekapa	Miracle Upon Miracle Investments	Sedibelo Platinum
Afrimat	Exxaro Resources Limited	Moolmans	Sedibeng Iron Ore
AGA capital	Fraser Alexander (Pty) Ltd	M-Resources	Seriti Resources
Anglo American	Glencore	Msobo Coal (Pty) Ltd	Sibanye-Stillwater
Anglo American Platinum Corporation Limited	Gold Fields Limited	Murray and Roberts (Cementation)(Pty) Limited	Siyanda Resouces
AngloGold Ashanti Limited	Harmony Gold Mining Company Limited	New Venture Mining Investment Holdings	South African Diamond Producers' Association
Artika	HCI Coal	Nkwe Platinum	South32 Ltd
ASPASA (Aggregate & Sand Producers Association of Southern Africa)	Ilima Coal Company	Northam Platinum Holdings Limited	Tharisa
Assore	Imerys South Africa (Pty) Limited	Orion minerals	Theta Gold Mines
Barplats	Impala Platinum Limited	Palabora Mining Company Limited	Thungela
Bauba Resources	Ivanplats	Pan African Resources plc	Tronox
Black Mountain Mining (Pty) Ltd	Kolobe Nala Investment Company	Petra Diamonds	Tshipi e Ntle Manganese Mining
Bushveld Minerals	Kropz Elandsfontein	Platinum Group Metals	United Mangenese of Kalahari
Chrometco Limited	Kudumane	PPC (Pretoria Portland Cement)	Vaalbult (Pty) Ltd
Clay Brick Association Limited	Kumba Iron Ore Limited	Redpath Mining (South Africa) (Pty) Limited	Vanadium Resources
Coastal Fuels	Lethabo Exploration	Richards Bay Minerals	Wesizwe Platinum
Corobrick (Pty) Limited	Limberg Mining Company	SADPO	West Wits Mining
De Beers Consolidated Mines Limited	Mbuyelo Group (Pty) Ltd	Samancor Chrome	
DRD Gold Ltd	MC Mining	Sasol Mining (Pty) Limited	

Source: https://www.mineralscouncil.org.za/about/members

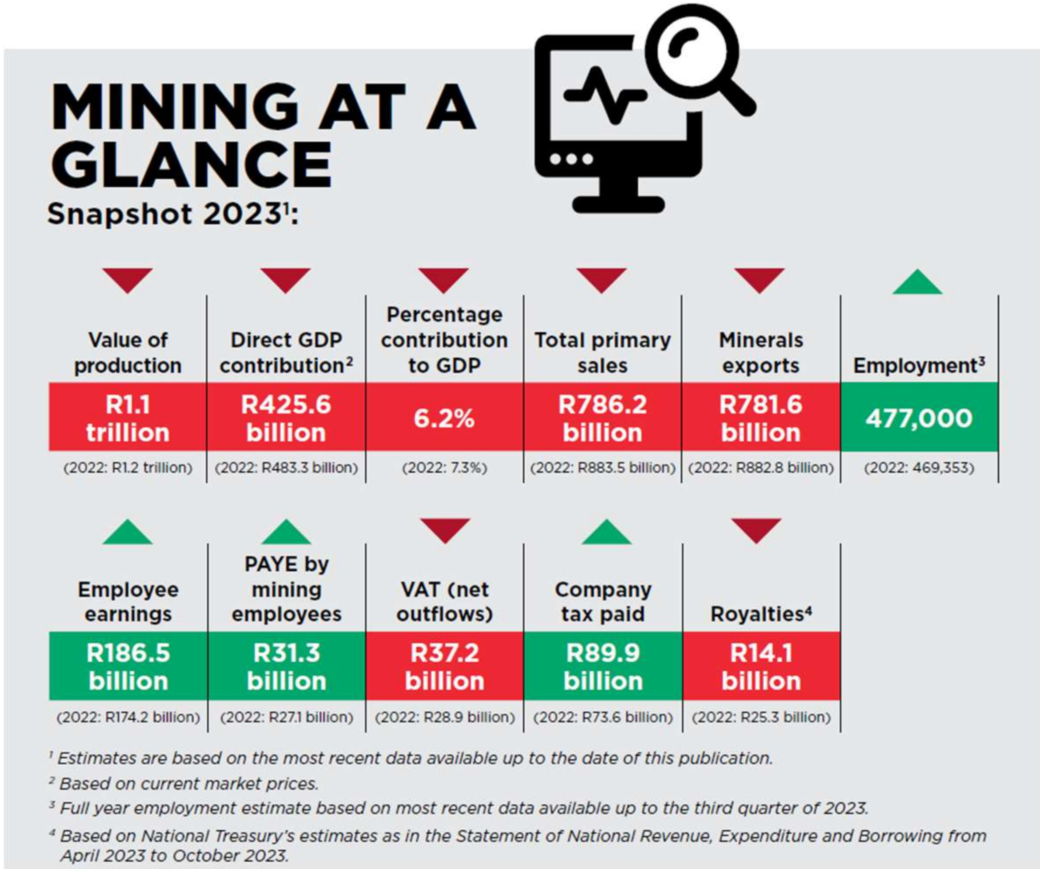
Mining Industry Trends Continued

Source: https://www.mineralscouncil.org.za/industry-news/publications/facts-and-figures

Minerals Council Mining Overview 2022



Minerals Council Mining Overview 2023



Mining Industry Trends Continued

Source: https://www.statssa.gov.za/publications/P2041/P2041August2023.pdf

StatsSA Mining Volume Index

Stats SA presents an index of the volume of mining production with a base set at 100 in 2019. Monthly production is shown. Only total years 2018 and 2021 exceeded the production base of 2019: the mining industry does not appear to be increasing supply into the market, as tracked by Stats SA.

Table 1 – Index of the volume of mining production (Base: 2019=100)

Month	2018	2019	2020	2021	2022	2023	2024
Jan	89,2	86,3	92,6	84,8	85,4	83,0	80,8
Feb	90,1	83,5	88,8	86,4	80,4	75,4	83,6
Mar	99,2	99,3	83,2	105,0	97,5	96,1	91,5
Apr	93,4	93,1	45,1	101,9	87,0	88,7	89,3
May	104,7	106,3	82,7	103,6	97,1	96,0	
Jun	113,2	110,3	84,3	106,5	99,4	100,3	
Jul	99,2	101,9	95,9	106,6	98,4	94,4	
Aug	108,4	105,6	102,4	108,2	102,1	100,1	
Sep	104,9	105,5	102,5	102,5	97,2	95,5	
Oct	109,2	107,5	101,9	104,9	92,4	96,0	
Nov	105,5	106,0	96,4	102,7	93,1	99,9	
Dec	94,1	94,5	93,4	91,8	88,3	88,6	
Year	**100,9**	**100,0**	**89,1**	**100,4**	**93,2**	**92,8**	

Mining Industry Trends Continued

Source: https://www.statssa.gov.za/publications/P2041/P2041April2024.pdf

StatsSA Mining Sales

Stats SA presents mineral sales at current prices, by mineral.

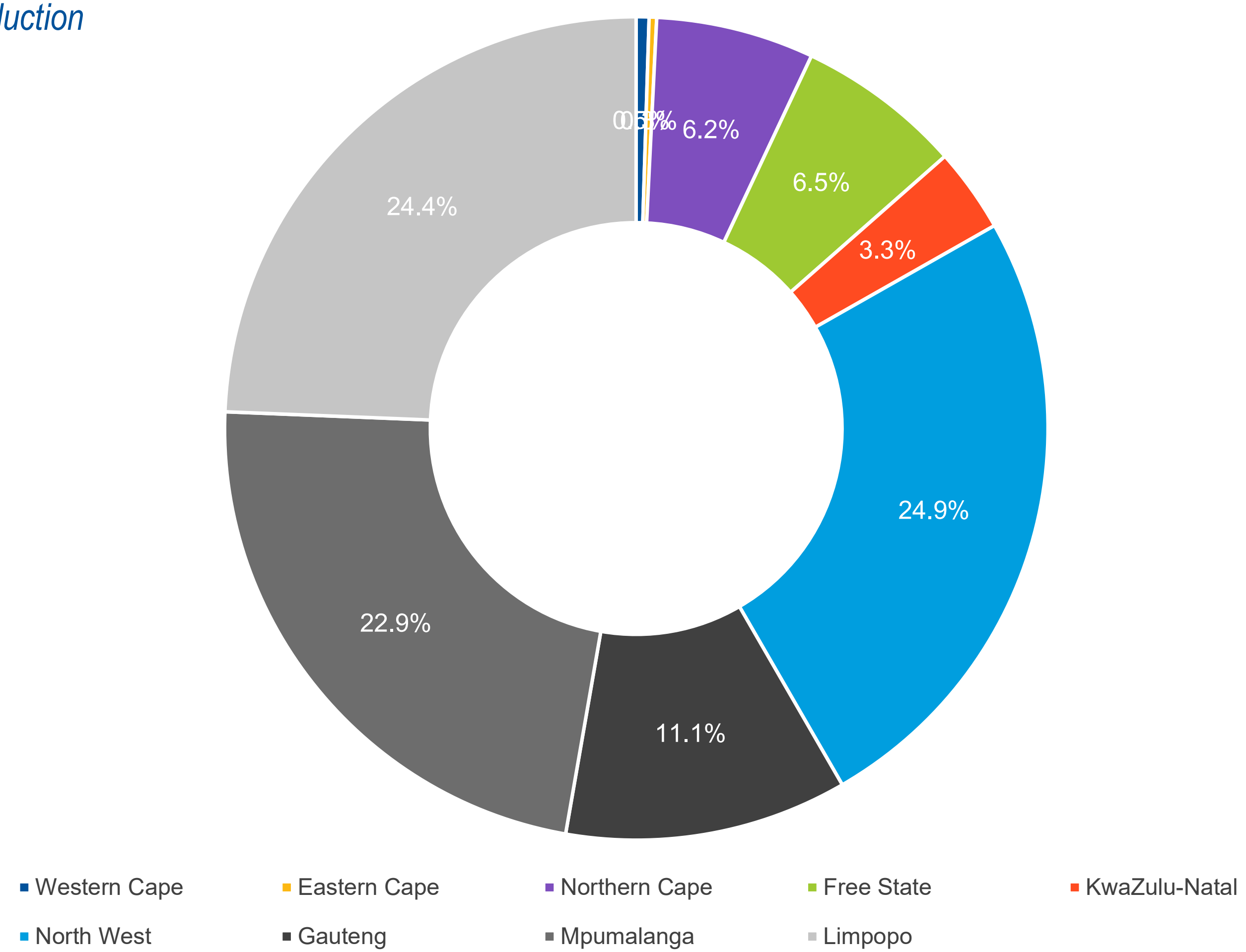
Table 11 – Mineral sales at current prices by mineral group and mineral (R million) [1]

Mineral group and mineral	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
Gold	15 778,6	10 031,8	9 420,8	11 653,0	7 633,6	15 140,1	8 160,3	12 983,7	18 388,3	5 969,2	8 858,7	11 010,3
Iron ore	8 155,2	7 672,5	8 091,6	8 298,5	7 035,2	7 146,8	10 548,5	10 966,6	8 930,5	9 379,4	7 178,8	9 261,2
Chromium ore	4 446,2	5 050,3	4 852,4	5 027,1	4 799,1	5 078,9	5 251,2	5 040,3	4 266,9	5 125,7	5 144,4	5 551,9
Copper	629,0	496,0	508,8	614,0	657,0	489,6	674,6	481,6	541,9	540,1	368,6	504,5
Manganese ore	4 887,9	4 415,7	3 341,4	3 725,5	3 651,8	3 732,7	3 099,1	4 274,1	2 837,6	3 161,1	3 863,2	3 321,3
PGMs	22 174,7	16 230,3	11 726,9	13 567,5	17 099,7	15 668,2	15 988,7	15 199,3	11 993,7	11 328,2	13 571,5	15 837,1
Nickel	1 004,7	971,7	862,2	834,7	1 020,6	861,8	894,6	1 345,0	586,9	786,6	494,0	907,8
Other metallic minerals	2 272,1	2 077,5	1 877,3	1 756,0	1 661,4	1 463,7	2 185,9	1 526,8	1 840,9	1 524,1	2 065,1	1 915,3
Coal	15 502,2	16 070,4	13 468,0	16 644,1	16 228,9	16 841,0	16 723,6	15 138,1	14 608,9	14 501,2	16 181,1	15 481,7
Building materials	1 150,8	1 132,3	1 096,8	1 235,7	1 096,8	1 204,4	1 185,9	889,3	892,8	1 103,3	1 075,0	1 050,0
Other non-metallic minerals	3 305,1	2 232,0	2 018,9	3 809,1	2 074,3	2 130,7	2 332,9	2 206,4	2 312,8	2 681,5	2 375,7	2 280,8
Total	**79 306,5**	**66 380,4**	**57 265,2**	**67 165,2**	**62 958,5**	**69 757,9**	**67 045,2**	**70 051,1**	**67 201,2**	**56 100,5**	**61 176,1**	**67 121,7**

[1] All values in this table are preliminary.

South Africa Regional Distribution within Mining Industry

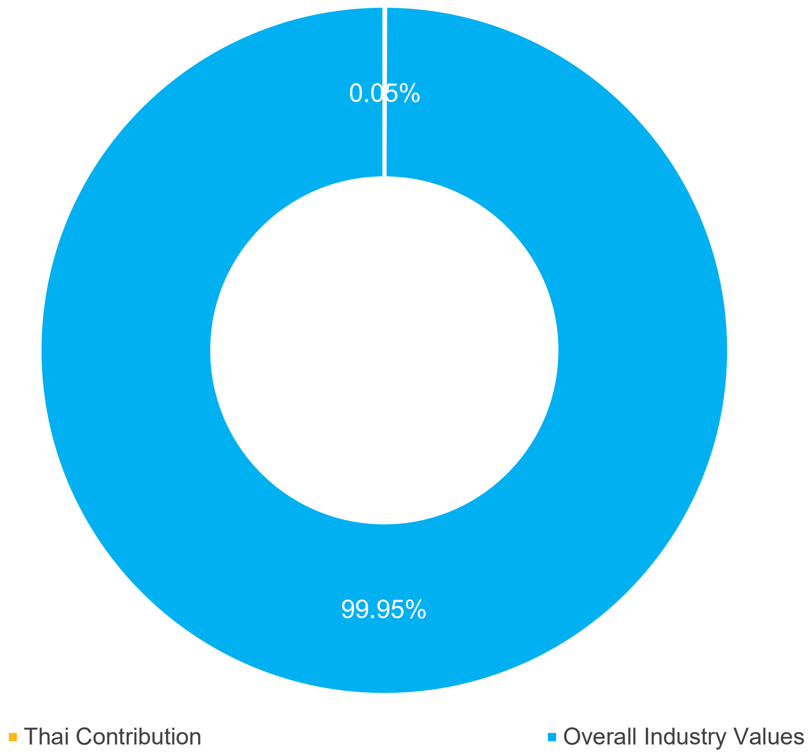
Mining Industry Regional Production
2023, R 792.2 Billion



Source: Stats SA, BMi

Thailand's Presence within South Africa's Mining Industry

Thailand's % Contribution to South Africa's Mining Industry
2023, R 792.2 Billion



Source: SARS, BMi

Thailand's Presence in the Mining Industry

- Thailand's presence within the South Africa's mining, industry remains limited. This is a highly competitive and established local industry, which makes it more challenging to break into.
- The primary products exported from Thailand to the local mining industry, not limited to, include:
  - Precious metals and stones, coins
  - Copper, Lead, Zinc
  - Other base metals, including cermets.
  - Etc.

Mining Industry Trends

Mining Industry South Africa Continued

- In 2021, South Africa contained 35% of the world's chromium (World ranking: 1), 40% of manganese (World ranking: 1), and 91.3% of platinum group metals (World ranking: 1). South Africa was, in the same year, ranked in the top five for supply of fluorspar, gold, titanium, vanadium, vermiculite, and zirconium metals.
- Overall, PGM, gold, coal and iron ore comprise 80% of South Africa's mineral exports; all have registered declines in 2023.
- Despite the wealth of minerals mined locally, various challenges encountered within the industry mean that South Africa's mining output has fallen below pre-pandemic levels. Industry data shows that the most prominent reasons provided for the recorded decline include persistent electricity outages and rail disruptions, hampering the industry and payouts to investors. The local mining industry has been shrinking for years as ore grades decline and output was disrupted in 2020 when COVID-19 lockdowns impacted operations. Although a weaker rand has helped exporters offset some of the output decline as they capitalise on the rand-dollar exchange rate benefits, mining analysts have warned of a softer currency's impact on the cost of imported inputs.
- The Mining industry in South Africa faces several challenges, detailed below:
    - Mining requires reliable baseload power, i.e. continuous power over a long period of time. Many mines are now working to generate their own electricity through solar, gas, hydrogen, wind and battery storage systems. However, the yield of these sources of electricity is highly variable. As a result of the instability of the power achieved through these projects, and the irregularity of the power supplied from the national grid, many smelters and refiners have been unable to run at full capacity.
    - The competitiveness and profitability of mining companies in South Africa is also affected by the increase in electricity tariffs, both via the national grid, and as a result of investments in alternative power sources. Electricity costs have increased by 500% over the last decade, according to the Minerals Council of South Africa.
    - Transporting bulk commodities from their source in Limpopo, Mpumalanga and the Northern Cape relies in part on crumbling rail infrastructure.
    - Delays and backlogs at ports, already in need of expansion, slow down the process of import and export. Several of South Africa's ports were recently ranked as among the worst in the world in terms of performance and competitiveness, according to the World Bank and S&P Global Container Port Performance Index for 2023.

Source: https://edition.cnn.com/2024/04/30/africa/manganese-south-africa-exports-electric-vehicles-batteries-spc-intl/index.html
https://www.miningweekly.com/article/south-africa-well-on-way-to-unlocking-incredible-base-metals-potential-orion-2023-01-31
https://businessmediamags.co.za/mining/sa-mining/the-rise-of-base-metals-in-an-emerging-green-economy/
https://www.mineralscouncil.org.za/industry-news/publications/facts-and-figures
https://www.news24.com/fin24/companies/critical-mining-rights-database-moves-ahead-after-govt-signs-agreement-with-consortium-20240521
https://www.investec.com/en_za/focus/economy/minerals-of-the-future--an-untapped-goldmine-for-sa-.html
https://www.engineeringnews.co.za/article/durban-port-upgrade-and-expansion-project-south-africa-2017-01-20/rep_id:4715/company:transnet-port-terminals-2008-04-30

Informal Mining and Extraction

Artisanal and Illegal Mining in South Africa

- South Africa's MPRDA stipulates that a mining permit or licence is required to mine lawfully. Artisanal and small-scale mines that function without a mining permit are illegal and criminalised by the act. Unlicensed or informal miners (locally known as “zama zamas”) typically target abandoned underground industrial shafts instead of open-pits mines, as in other countries. The Department of Mineral Resources and Energy (DMRE) in South Africa released the draft Artisanal and Small-Scale mining policy for implementation in March 2022 (link here: https://www.gov.za/documents/mineral-and-petroleum-resources-development-act-artisanal-and-small-scale-mining-policy) in a bid to formalise the artisanal mining sector in South Africa. The policy introduces permits for South African citizens and distinguishes between artisanal (up to R1 million per annum) and small-scale (up to R10 million per annum) mines. Large mining companies would be encouraged to form tributing agreements with newly licensed operators. However, the artisanal mining sector continues to operate and grow owing to a lack of enforcement, manpower, and incentive. Artisanal and small-scale mining account for 10% of the national gold production in South Africa. Gold amounting to R7bn a year is smuggled out of the country to buyers in neighbouring countries, and illegal mining extends to other minerals, including diamonds and coal, in other provinces. Collaboration between formal mining interests is required to address artisanal mining.
- The Minerals Council of South Africa has a long-established Standing Committee on Security (SCOS) through which its members deal with all issues relating to security at mines.
- Informal mines have been criticised on the following grounds:
  - A lack of safety procedures that characterise formal mining operations, and increased costs to formal mining in terms of security, maintenance, and mine closures
  - The illegal use of explosives, diesel, copper cables, water, and mine equipment stolen from formal mining operations which pose dangers to informal and formal miners alike
  - Environmentally unfriendly extraction and refining methods and results in environmental degradation
  - Resources obtained support illicit trade (often involving human rights abuses)
  - Denying the state revenue that results from the formal industry, estimated at up to R20 billion per annum in lost sales, taxes and royalties.

> “In the medium and long term, rampant illegal mining will undermine the aims of the MPRDA and the Mining Charter and will result in irreparable damage, sterilising of resources and leaving behind a costly and damaging environmental legacy.”
>
> http://www.mineralscouncil.org.za/reports/2016/download/CM-IR16-focus-illegal-mining.pdf

Source: https://www.sciencedirect.com/science/article/abs/pii/S074301672200328X
https://www.mineralscouncil.org.za/work/illegal-mining
https://knowledge.uneca.org/asm/sa#:~:text=The%20sector%20employs%20nearly%2030,skills%20than%20typical%20artisanal%20miners.
https://www.mining-technology.com/analysis/south-africa-asm-regulation/?cf-view&cf-closed

Mining Industry Media Releases Continued

Alarm bells over one of South Africa's most important sectors Continued

However, with the significant drop in platinum group metal and coal prices from record highs, there could be a limitations on investment.

Tax importance

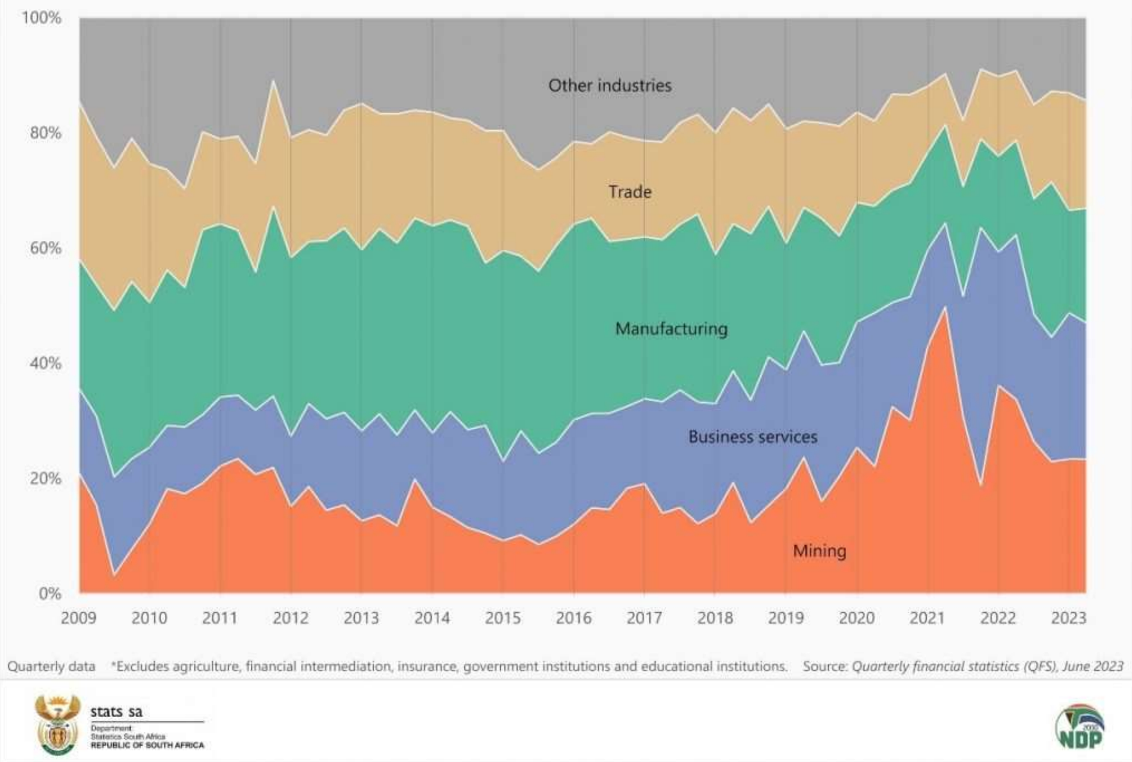
A successful mining industry also benefits the South African economy, with declining profits hurting the nation's corporate tax collections.

Following a peak of R31 billion in Q2 2022, tax from the mining sector has dropped massively to R12 billion in Q2 2023, StatsSA said.

With this, company tax dropped from R77 billion near the end of 2021 to R49 billion in Q2 2023, with a massive shift in collections from the mining sector partially responsible for this.

The statistic body said that the mining industry benefitted from the commodity boom following the end of the Covid-19 pandemic, with the glossy outlook impacting Treasury's expectations in the 2023 budget, which now looks to be far off the mark.

Figure 1: Mining's contribution to company tax increased notably in 2020 and 2021
Percentage of company tax contributions in the formal business sector by industry*



Source: https://businesstech.co.za/news/finance/722922/alarm-bells-over-one-of-south-africas-most-important-sectors/

Mining Industry Trends Continued

Mining Industry South Africa

- Australian company BHP offered to purchase non-domestic parts of UK-based Anglo American, excluding South African units for Anglo American Platinum (Amplats) and Kumba Iron Ore. The deal would have allowed them to purchase the desirable Copper assets in South America (including four of the largest copper mines in the world), highly valued for futures industries, including the manufacture of solar panels, electric vehicles and rechargeable batteries.
- The conditions of the proposed deal, leaked to the press before the national election, raised questions regarding the firm’s view on the desirability of mining in South Africa. The political opposition to the ruling ANC party represented BHP’s bid as a stinging rebuke of the government’s handling of the economy in a country with one of the world’s highest unemployment rates and deteriorating infrastructure. BHP has, however, denied that its proposal was an indictment of the country, saying "The proposed structure does not reflect a view of South Africa as an investment destination and is based on portfolio and commodity considerations." BHP is reportedly interested in “low-cost, long-life, high-quality assets”.
- The deal, as it stood, was not accepted by asset managers Ninety One and Coronation. Nor were two other offers made during the same period, the last of which valued the company at R900 billion. A deal between two of the world's largest resources companies would have reshaped the sector, with far-reaching consequences for commodities markets and the global energy transition.
- Since the deal was refused, Anglo American has commenced a demerger between the Anglo Platinum Group and Amplats. Anglo Platinum will continue operations in South Africa and Zimbabwe and are listed with a primary listing on the Johannesburg Stock Exchange. The demerger will allow Amplats to reinvest capital back into its Platinum Group Metal business, rather than seeing this capital allocated elsewhere in the Anglo American group. Platinum Group Metals are used in fuel-cell electric vehicles (FCEV), and the demand for FCEV is expected to continue to grow in South Africa and globally.
- Impala Platinum has concluded a R9 billion broad-based black economic empowerment (B-BBEE) transaction at both its Impala Rustenburg and Impala Bafokeng assets. The transaction will result in 13% B-BBEE ownership at both Impala Platinum, which owns the Impala Rustenburg and Impala Refineries assets, and Impala Bafokeng through its wholly owned subsidiary, Impala Bafokeng Resources Proprietary Limited.

Source: https://www.news24.com/fin24/companies/coronation-ninetyone-prefer-all-in-anglo-american-buyout-20240503
https://www.news24.com/fin24/companies/bhp-deploys-senior-execs-to-woo-sa-govt-shareholders-over-anglo-deal-20240502
https://www.news24.com/fin24/companies/coronation-ninetyone-prefer-all-in-anglo-american-buyout-20240503
https://www.news24.com/fin24/companies/anglo-bid-clock-ticking-for-bhp-as-deadline-looms-20240521
https://www.news24.com/fin24/companies/implats-concludes-r9bn-empowerment-deal-following-rbplats-acquisition-20240520

Mining Industry Trends Continued

Mining Industry South Africa Continued

- The South African government has signed a service-level agreement with the Canadian-South African PMG Consortium for the design, implementation, and maintenance of a new mining rights database (or cadastral system) which is considered critical to unlocking exploration investment in South Africa's resources sector. The absence of a cadastral system has also contributed to a backlog in processing mining rights applications. The PMG Consortium is made up of the Canadian group Pacific GeoTech Systems and two South African companies: the ICT consulting group MITS Institute and professional services firm Gemini GIS and Environmental Services.
- The Transnet National Ports Authority announced in 2023 that it was calling for proposals for the reconstruction, deepening and lengthening of berths at the Durban Container Terminal's Pier 2 North Quay over a five-year period. These plans have been in the making for several years and will require other improvements throughout the supply chain.

Source: https://www.news24.com/fin24/companies/critical-mining-rights-database-moves-ahead-after-govt-signs-agreement-with-consortium-20240521
https://www.investec.com/en_za/focus/economy/minerals-of-the-future--an-untapped-goldmine-for-sa-.html
https://www.engineeringnews.co.za/article/durban-port-upgrade-and-expansion-project-south-africa-2017-01-20/rep_id:4715/company:transnet-port-terminals-2008-04-30

Industry Value Forecast

Mining Industry Value Forecast

Note: Includes Local Consumption plus Exports

Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

Year	Value (Rand Million)	Rand Value Rate of Change	Value (US Dollar Million)	Dollar Value Rate of Change
2023	R792,205.00	-	$42,953.08	-
2024e	R759,724.60	-4.1%	$40,687.71	-5.3%
2025f	R730,855.06	-3.8%	$37,817.95	-7.1%
2026f	R703,813.42	-3.7%	$35,187.14	-7.0%
2027f	R677,772.33	-3.7%	$32,739.34	-7.0%
2028f	R654,050.30	-3.5%	$30,525.08	-6.8%
2029f	R634,428.79	-3.0%	$28,608.05	-6.3%
CAGR 2023 - 2029f		-3.6%		-6.5%

Source: Stats SA, BMi

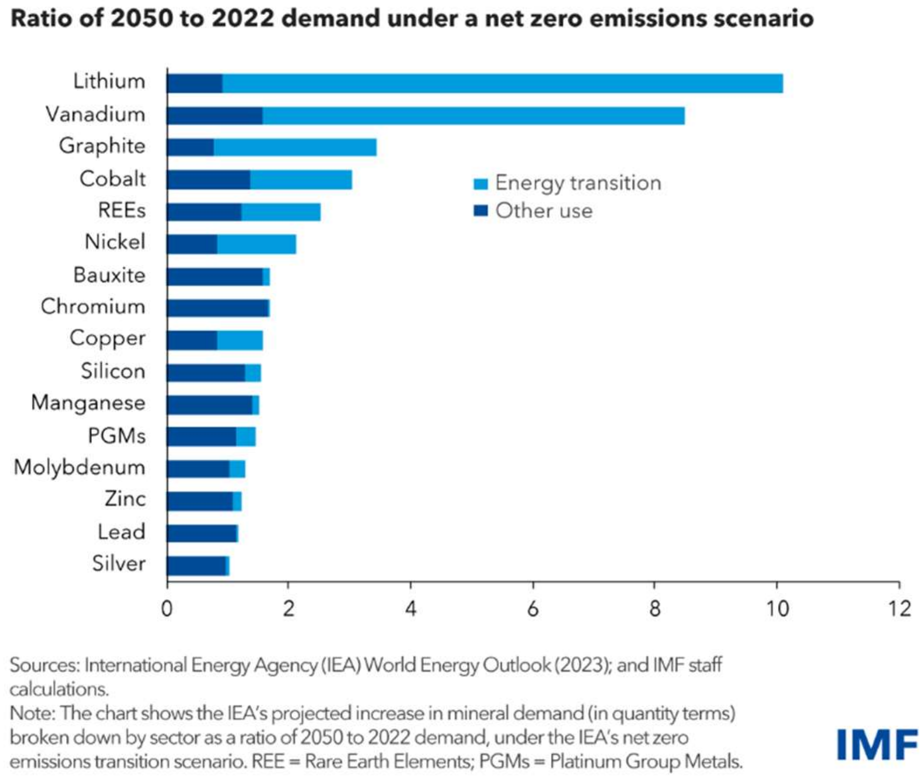
Thai Sector Focus

Future Mining

Mining Industry Trends Continued

Mining Industry South Africa Continued

- The global demand and security of supply of critical minerals was a key topic of the 2024 Mining Indaba. Critical minerals include cobalt, copper, iridium, lithium, manganese, nickel and platinum group metals, and are essential for the continued development of the futures industries. These minerals are used in the manufacture of wind turbine magnets, nuclear reactors, photovoltaics, and electric vehicles batteries. Cobalt, copper, lithium, manganese, nickel and platinum group metals are found in the abundant mineral reserves found in Africa, and approximately 30% of known mineral reserves for the futures industry are located in Sub-Saharan Africa. The International Energy Agency projects that between 2022 and 2050, demand for nickel will double, cobalt triple and lithium rise tenfold (see right).
- South Africa has the largest reserves of manganese and platinum in the World, and some of the largest reserves of chrome. The country's mineral wealth is estimated at $2.5 trillion. The South African government is working to encourage exploration in the country to locate further reserves and attract foreign investment. A focus on the beneficiation (transformation of the raw mineral through refining or smelting into higher value products) of the minerals has also been emphasised by industry leaders.
- In order to promote exploration and support junior miners (emerging mining companies) in South Africa, the IDC (Industrial Development Corporation), in partnership with the DMRE (Department of Mineral Resources and Energy), has established a R400,000,000 junior mining exploration fund. Grants between R5,000,000 – R45,000,000 will be made to eligible junior miners through three funding calls in 2024.



Source: https://www.news24.com/fin24/companies/critical-mining-rights-database-moves-ahead-after-govt-signs-agreement-with-consortium-20240521

Mining Industry Trends Continued

Mining Industry South Africa Continued

- South Africa has the world's largest manganese reserves, but processes approximately 2% of the ore it produces in South Africa. The Manganese Metal Company is expanding its processing facilities in the country, building a $25 million commercial plant that can produce 5,000 metric tons of battery-grade manganese sulphate a year. Manganese is used in steel production, in lithium-ion batteries for consumer goods and electric vehicles (EV), and in "green" technologies including solar panels and wind turbines.. The International Energy Agency (IEA) found the demand for automotive lithium-ion batteries increased 65% in 2022 due to rising EV sales. And while there are several ways to create lithium-ion batteries, the chemistry combination of lithium, nickel, manganese, and cobalt oxide (NMC) supplied 60% of the market share, according to the IEA.
- Two emerging production hubs in the Northern Cape are the Prieska copper-zinc Mine and the Okiep copper Project. These projects will enable South Africa to produce the minerals needed for rising industries globally, including green metals, needed to support the global energy transformation, and those needed for products and strategies aimed at mitigating climate change. They plan to refine local battery metals and enhance the Northern Cape's green energy production. Virgin deposits of nickel, copper, cobalt and platinum group metals have been identified in the province.
- Orion owns mining and prospecting rights on the Prieska copper/zinc mine, the Okiep copper mine, and the Jacomynspan nickel, copper, cobalt, platinum group metals, and gold project. According to Gravitas Minerals MD Tebogo Kale, "Northern Cape is the next big green eco supplier in this country... There's zinc, iron ore, lead, and cadmium. At Gravity, as we are readying ourselves for manganese that goes into batteries, and the Northern Cape has 80% of the world's manganese."
- Base metals are increasingly important given the shift in Western countries to renewable and green energies, driven by the United Nations. This is known as the Just Energy Transition. Metals required for batteries are essential for electric vehicles, and for infrastructure and mines. These metals include (amongst others) cobalt, copper, graphite, manganese, nickel and silicon, all of which are found in South Africa. Similarly, minerals found in South Africa that are required in the production of wind turbines include chromium, copper, iron ore, lead, manganese, and nickel.

Source: https://edition.cnn.com/2024/04/30/africa/manganese-south-africa-exports-electric-vehicles-batteries-spc-intl/index.html
https://www.miningweekly.com/article/south-africa-well-on-way-to-unlocking-incredible-base-metals-potential-orion-2023-01-31
https://businessmediamags.co.za/mining/sa-mining/the-rise-of-base-metals-in-an-emerging-green-economy/
https://www.mineralscouncil.org.za/industry-news/publications/facts-and-figures

Mining Industry Major Players

Future Mining South Africa

Mining Industry Major Players	Mineral
African Rainbow Minerals	Copper, Nickel
Anglo American	Copper, Nickel
BHP Billiton	Copper
Bushveld Minerals	Vanadium
Copper 360 Limited	Copper
Glencore	Vanadium
Impala Platinum Holdings	Nickel
Ivanhoe Mines	Copper
Keliber Lithium Project (in development)	Lithium
Kumba Iron Ore	Copper
Manganese Metal Company (MMC)	Manganese
Marula Mining (Blesberg Lithium and Tantalum Project)	Lithium
Palabora Mining Company Limited	Copper
Sibanye Stillwater	Nickel
Siyanda Resources	Nickel
South32	Manganese
Vanadium Resources	Vanadium

Source: https://www.miningweekly.com/article/south-africa-well-on-way-to-unlocking-incredible-base-metals-potential-orion-2023-01-31

Future Mining Industry

Note: Includes Local Consumption plus Exports

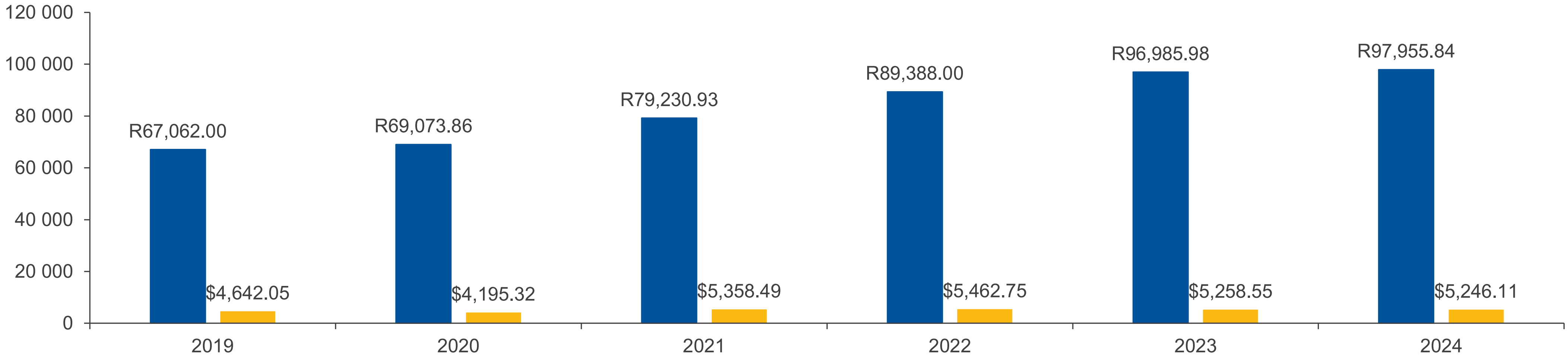
Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

Future Mining Industry Value, 2023

Year	Future Mining Value (Million Rand)	Future Mining Value (Million Dollars)
2019	R67,062.00	R4,642.05
2020	R69,073.86	R4,195.32
2021	R79,230.93	R5,358.49
2022	R89,388.00	R5,462.75
2023	R96,985.98	R5,258.55
2024	R97,955.84	R5,246.11

Future Mining Value Trending

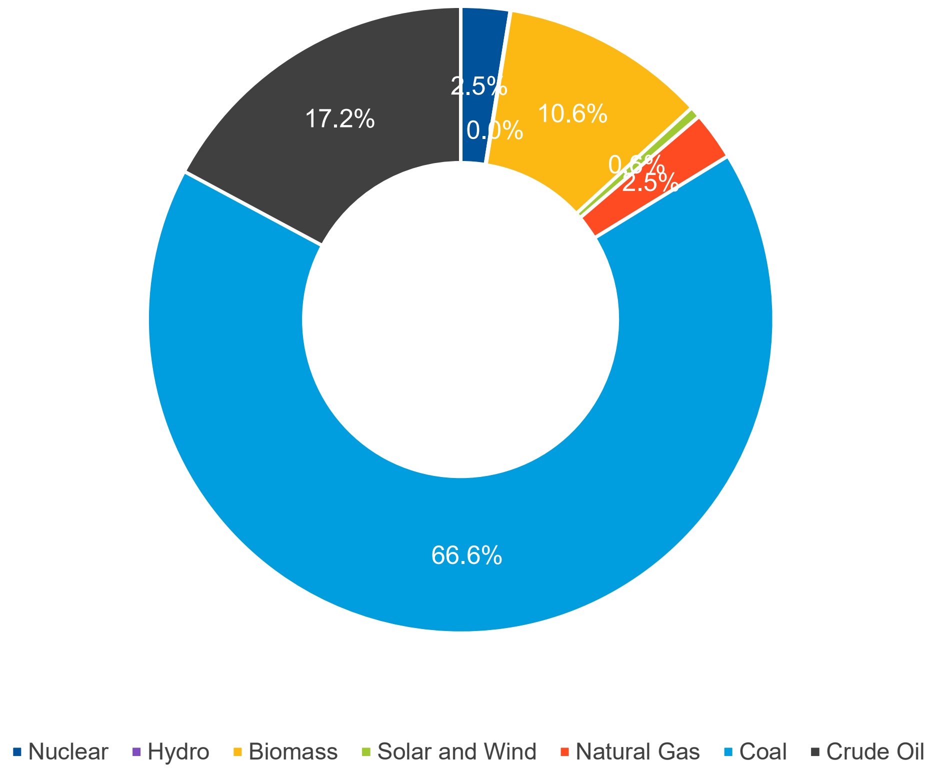


Source: Source: Stats SA, BMi

Overall South Africa Energy Industry Profile

Overall South Africa Energy Industry Profile, 2019

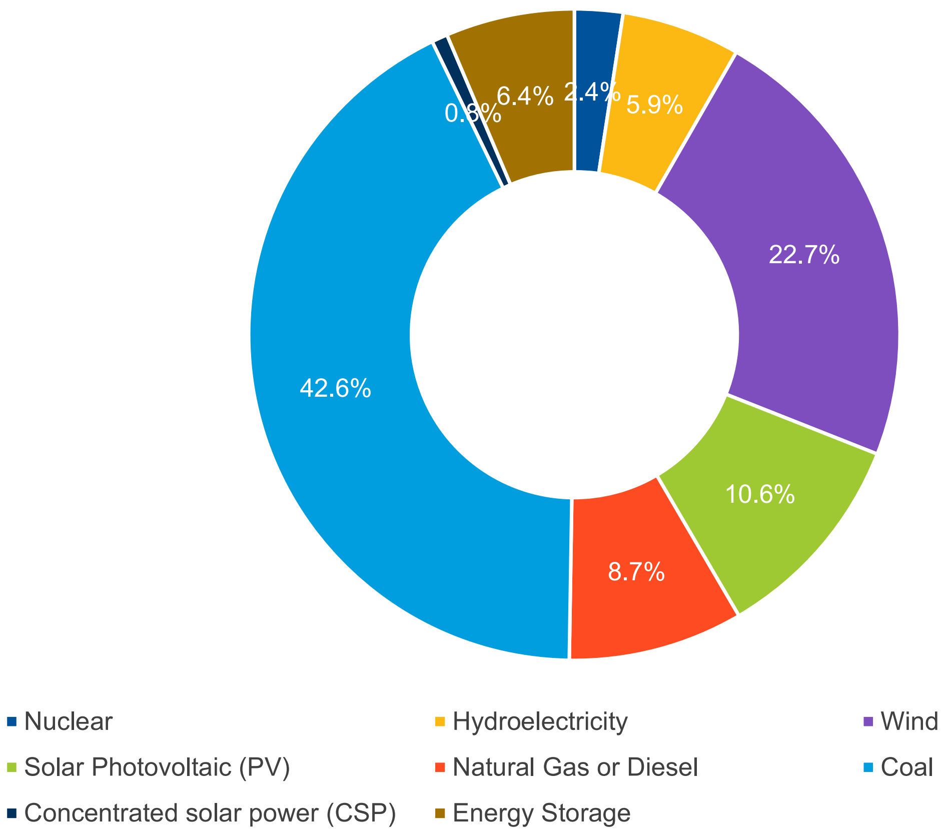
In 2019, the South African energy supply was comprised as follows:



Source: Department of Mineral Resources and Energy
https://www.energy.gov.za/files/publications_frame.html

Overall South Africa Energy Profile South Africa, 2030

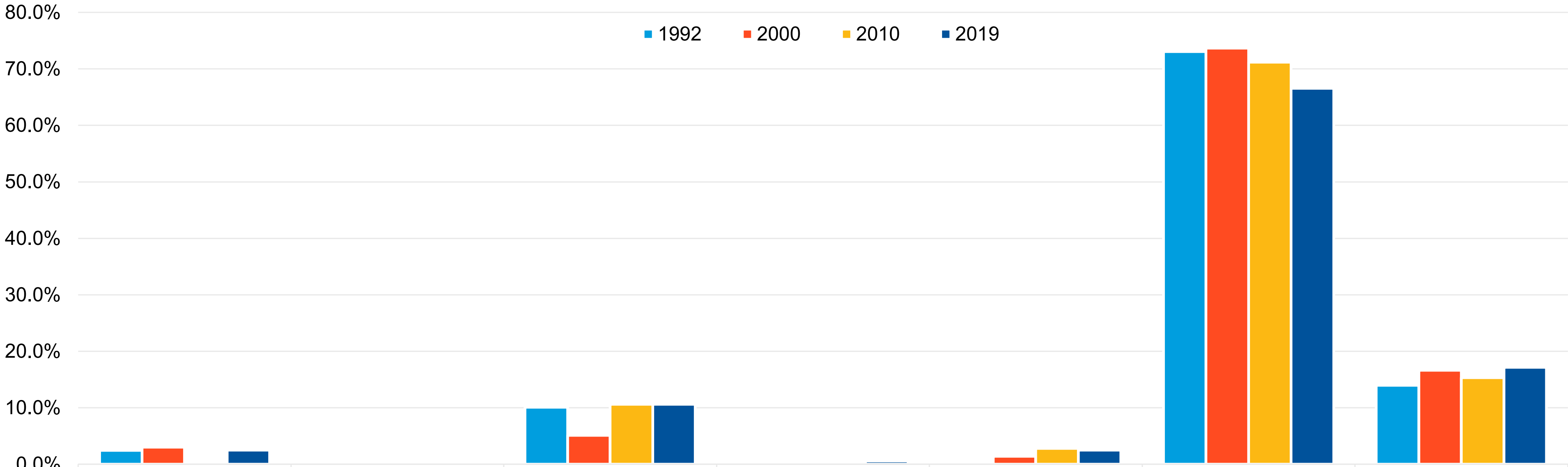
In 2030, the South African energy supply is expected to be comprised as follows:



Overall South Africa Energy Industry Profile Continued

Overall South Africa Energy Profile

The primary South African energy supply has remained fairly stable since 1992.



	Nuclear	Hydro	Biomass	Solar and Wind	Natural Gas	Coal	Crude Oil
1992	2.5%	0.1%	10.1%	0.0%	0.3%	73.1%	14.0%
2000	3.1%	0.1%	5.1%	0.0%	1.4%	73.7%	16.6%
2010	0.0%	0.0%	10.6%	0.0%	2.8%	71.2%	15.3%
2019	2.5%	0.0%	10.6%	0.6%	2.5%	66.6%	17.2%

Source: Department of Mineral Resources and Energy
https://www.energy.gov.za/files/publications_frame.html

Energy Industry Trends

Energy Profile South Africa, 2030

The National Development Plan (NDP) is the South African government's plan, drafted in 2012, for the 17 years until 2030. It includes the framework for future power generation. The DMRE's Integrated Resource Plan (IRP) is an electricity infrastructure development plan which estimates electricity demand growth and identifies the types of energy required to meet these needs, as well as their timing and cost implications.

In June 2020, Eskom's coal-fired power station capacity had a total installed capacity of 44 602 MW, and a nominal rate (which reflects auxiliary power consumption and reduced capacity caused by the age of the plant) of 39 930 MW. South Africa needs 39 696 MW added to its energy generation capacity between 2019 and 2030, according to the Energy Plan of 2019, and this process has already started with the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). The additional capacity is expected to include 14 400 MW from Wind power and 6 000 MW from solar photovoltaic. The fleet of coal-fired power stations is aging, with some of the decommissioned stations being brought back into operation on a temporary basis to assist with load shedding. By the year 2030, approximately 10 500 MW will be removed from the fleet as the plants are at end-of-life, and by the year 2050, this jumps to approximately 35 000 MW.

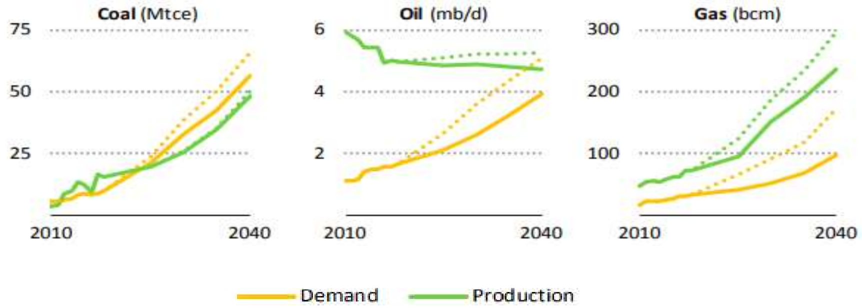
Source: https://www.eskom.co.za/about-eskom/about-electricity/facts-and-figures/
'https://www.trade.gov/country-commercial-guides/south-africa-energy

Sub-Saharan Africa Energy Review

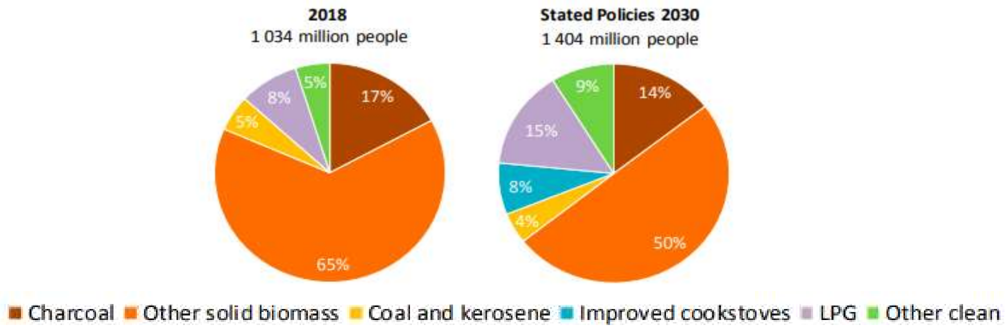
Sub-Saharan Africa's key indicators

	2000	2018	2030	2040
GDP ($2018 billion, PPP)	1 375	3 536	6 161	10 346
Population (million)	626	1 034	1 404	1 761
with electricity access	20%	43%	62%	66%
with access to clean cooking	6%	13%	31%	51%
CO_2 emissions (Mt CO_2)	130	312	534	843

Sub-Saharan Africa Fossil Fuel Demand and Production



Sub-Saharan Africa's Energy Profile, 2018 and 2030 (Stated Policies)



Source: International Energy Agency - Africa Energy Outlook
BMi, ChatGPT

Challenges:

- Limited Access to Electricity: Lack of reliable and affordable electricity hampers economic development, education, healthcare, and overall quality of life.
- Insufficient Generation Capacity: Inadequate electricity generation capacity to meet growing demand. This can lead to frequent power shortages, load shedding, and reliance on expensive emergency power sources.
- Aging Infrastructure: The electricity infrastructure, including power plants, transmission lines, and distribution networks, is in need of significant upgrades and maintenance.
- Limited Regional Power Trade: Limited interconnection between countries restricts the exchange of surplus electricity, making it challenging to balance supply and demand.
- Financial Sustainability: inefficiency in billing, collection, transmission and distribution is rife, and levels of non-payment are high.
- High Reliance on Fossil Fuels: Several countries in the region heavily depend on fossil fuels for electricity, particularly coal. International pressure and incentives to move away from non-renewable sources disincentivise investment in traditional sources of energy.

Opportunities:

- Renewable Energy Potential: Southern Africa has abundant renewable energy resources, including solar, wind, hydro, and biomass. Utilising these resources can improve diversity in the energy supply and contribute to energy.
- Increased Investment in Renewable Energy: International agencies incentivise investments in renewable energy projects and create opportunities for employment, local economic growth, and skills development.
- Regional Power Integration: Strengthening regional power interconnections and establishing cross-border transmission infrastructure can facilitate the exchange of surplus electricity and improve grid stability.
- Off-grid Solutions: Off-grid solutions such as mini-grids and standalone renewable energy systems present opportunities for decentralized and sustainable electrification, particularly in remote and underserved areas.
- Energy Efficiency: Enhancing energy efficiency can help to optimize energy consumption and reduce demand and alleviate pressure on the electricity system. Energy efficiency can be encouraged via policy, financial incentives, and improved public awareness.
- Regional Policy and Regulatory Frameworks: Harmonizing energy policies, regulations, and standards across the region can facilitate regional energy trade, encourage investments, and promote renewable energy development.
- Capacity Building and Technical Expertise: Developing local skills and expertise in renewable energy technologies and grid integration can support the growth of the renewable energy sector and smooth the transition to renewable energy.

Mining Industry Media Releases

Lithium sales from South Africa on track to begin this month, Marula Mining reports

January 2023

Johannesburg – Sales of lithium processed out of stockpiles at the Blesberg project in the Northern Cape are expected to commence this month.

“We’re on track for the first delivery of a thousand tons through to the offtake party that we’ve contracted with,” Marula Mining CEO Jason Brewer told Mining Weekly in a Zoom interview. (Also watch attached Creamer Media video.)

The first shipment of high-grade 'run-of-mine’ lithium ore is being undertaken under a $5-million lithium prepayment facility to a South Africa-based subsidiary of global commodity group Traxys.

“We're well funded and well supported, and lithium is one of those commodities with tremendous demand growth and prices that are at an all-time high, so I think we're in a good position to take Blesberg forward into being, hopefully, South Africa's premium lithium operation over the course of the next two to three years,” said Brewer.

Aquis Stock Exchange-listed Marula is a mining and exploration investment company focused on identifying and targeting investments in advanced and near-term production and revenue generating opportunities within Africa’s mining sector.

The company is particularly set on mining investments in commodities that are considered critical to meeting the demand from modern green technologies and the battery metals sector.

In the last few months, the pioneering South African lithium project has gone from zero employees to 50, of which over 90% are from the local community. The feasibility of developing an openpit mine once stockpile resources are depleted is under way, which would generate more local employment should it go ahead.

Stockpile processing is taking place at the active operation, with residues being moved to a new stockpile site, owing to the existing stockpiles being on top of the pegmatite from which lithium could in future be extracted.

“This is almost like a pre-strip operation we've got at the moment, just by removing those stockpiles. Our contractors, Southern Metals Processing, are doing a great job.

“We've got between 250 000 t and 400 000 t of stockpiles there. Blesberg was a former mine mostly for tantalite, so there's 80 years of intermittent mining activity out there.

“We're looking at between two and three years of just reprocessing those stockpiles. That gives us a good base upon which we then look at the broader exploration and hard rock mining potential that exists at Blesberg,” said Brewer.

Blesberg is located in one of South Africa's biggest mineralised lithium pegmatites.

Source: https://www.miningweekly.com/article/lithium-sales-from-south-africa-on-track-to-begin-this-month-marula-mining-reports-2023-01-12

Mining Industry Media Releases

Lithium sales from South Africa on track to begin this month, Marula Mining reports Continued

“That's been the subject of a lot of historical work and its proven. It's now about how we can, in the current strong commodities environment, take this forward and build a long-term, sustainable ten- to 15-year-plus mining operation, which will have big implications for the mining sector in South Africa,” said Brewer.

Marula secured initial interest in the beginning of July. The fenced area has accommodation, ablution blocks, a mobile crushing screening plant, several dump trucks and excavators as well as gensets ahead of a longer-term renewable energy solution, which will likely involve solar power and possibly also wind power.

“The wind at Blesberg is quite significant. We've had to solve a number of dust issues with the processing that we're doing, so wind is also an alternative but solar is clearly high on our list and we've been approached already by a number of groups to provide our longer-term power requirements,” said Brewer.

Mining Weekly: What are your plans for the operation beyond stockpile mining?

Brewer: We've already got our exploration plans together. The existing mining operations and the stockpiles have come from the Noumus I pegmatite. That's one of a whole swarm of pegmatites in that region. There's the parallel Noumus II and we will be doing further drilling, a lot of bulk sampling and a lot of trench work there. The idea is to establish a long-term 10-, 15- to 20-year mining hard rock openpit mining operation.

How much lithium is in the stockpiles?

In September, we reported a one ton bulk sample that came out at 6.19% spodumene. Previous work by Mintek on some of the bulk sampling came up with between 3% and 6% recoverable through some very simple dense media separation plants. Initial estimates of 10 000 t to 15 000 t was what the previous geologists looked at. We think it's significantly more than that, which is why we think we've got a two- to three-year mine life, just on reprocessing those stockpiles.

Will you also be marketing the tantalum?

Absolutely. It's one of those great by-product credits that you get in there and something where the pricing is very attractive. Our initial focus has clearly been on the lithium, and importantly as well, not on the fines. Of the existing stockpiles, we've not focused on the fines, which accounts for about 30% and a lot of the tantalum is contained within that. As we optimise our operations over the first half of 2023, we'll be able to look to adding even more value to the processing of this operation.

Source: https://www.miningweekly.com/article/lithium-sales-from-south-africa-on-track-to-begin-this-month-marula-mining-reports-2023-01-12

Mining Industry Media Releases

Lithium sales from South Africa on track to begin this month, Marula Mining reports Continued

How did the global commodity group Traxys become involved?

That was through Southern Metals Processing. They've got a very strong relationship with the group in South Africa and have previously been involved with some tantalum operations out of Southern Africa and Zimbabwe. They came in through those personal relationships, they did their independent due diligence, had people on site. A very detailed technical geological report was completed, and they agreed to advance $5-million to us, of which we've already drawn $2.5-million. This was used to commence the reprocessing of the stockpiles and also to allow us to increase our shareholding in the project. We've put it to good use. Once we've delivered the first 1 000 t to them later this month and in February, then there will be another advance of $2.5-million to us. That will then give us the opportunity to look at potentially increasing the monthly processing rates of the stockpiles, but also to apply some of that to broader exploration at Blesberg. To have Traxys involved is a big endorsement of the merits of the project and of the lithium within the project itself, so a very good transaction we did with them.

What should be the biggest takeaway from this interview?

The biggest takeaway should be that stockpile reprocessing is just the cream. It's the bonus that allows us to demonstrate that we, as a London-listed company, can come into South Africa, with a South African management team and South African partners, and operate a mine very quickly and be able to deliver a product to the export market. We remove all those concerns about operating in South Africa. The takeaway is we can look beyond the stockpile reprocessing project, which we're in now, to the hard rock potential at Blesberg, which is tremendous.

Source: https://www.miningweekly.com/article/lithium-sales-from-south-africa-on-track-to-begin-this-month-marula-mining-reports-2023-01-12

Mining Industry Media Releases

South Africa well on way to unlocking incredible base metals potential – Orion

January 2023

Johannesburg – Emerging production hubs in the Northern Cape are opening the way for South Africa to be a producer of future-facing ‘green’ metals to support the global energy transformation and to help mitigate against climate change.

The two emerging production hubs are the Prieska Copper-Zinc Mine and the Okiep Copper Project.

Both are the outcome of the vision of the Sydney- and Johannesburg-listed Orion Minerals, which is now well on its way to achieving its goal of unlocking what it describes as incredible base metals potential in the Northern Cape.

Following the securing of a funding package to progress pre-development at Prieska Copper-Zinc and the completion of permitting and early stage funding for Okiep Copper, stakeholders are on standby for the imminent transition to mine development and production.

The funding arrangements include the introduction of South Africa’s State-owned Industrial Development Corporation (IDC) as an Okiep development partner, in addition to being a Prieska funder.

The combined pre-development funding by Triple Flag of Canada and the IDC for Prieska now totals R350-million-plus, allowing for trial mining and underground dewatering to help bring about early works bankable feasibility study completion by mid-year.

“Orion is entering an exciting phase ,” Orion CEO Errol Smart stated in the December quarterly release to Mining Weekly.

Base metals prices continued their upwards trajectory during the December 2022 quarter on the back of relatively bullish sentiment, although the movement was not uniformly upwards.

Bank of America commodity strategists believe copper could rally to $12 000/t in the second quarter of 2023, given the right set of circumstances.

Source: https://www.miningweekly.com/article/south-africa-well-on-way-to-unlocking-incredible-base-metals-potential-orion-2023-01-31

Mining Industry Media Releases Continued

South Africa well on way to unlocking incredible base metals potential – Orion Continued

Fitch Ratings, however, have kept their copper assumptions unchanged, reflecting “softer market sentiment linked to the global economic slowdown in 2023, offset by supportive short- and medium-term supply-demand drivers”. The same also remains the case for zinc, noting “smelter and refining bottlenecks that kept the market tight in 2022 will continue in 2023, despite growing mine supply”.

Concentrates surpluses will remain until 2024, when new Chinese smelting capacity comes on stream, alleviating refined metal scarcity.

Mine Dewatering

At Prieska, preparations are on schedule to allow dewatering to begin during this quarter in a modular form that allows for scale-up should the need arise and sufficient funding become available.

At Okiep, the water use licence application process began in November with the public participation process to remain open until mid-February, after which submission to the Department of Water and Sanitation can proceed.

Source: https://www.miningweekly.com/article/south-africa-well-on-way-to-unlocking-incredible-base-metals-potential-orion-2023-01-31

Mining Industry Media Releases Continued

SA and other African mines could supply 10% of global rare earth minerals in 5 years

July 2024

African mines could account for nearly a 10th of the world’s rare earths in five years, climbing from zero today, creating new players in a market dominated by China.

Eight mines in countries such as Tanzania, Angola, Malawi and South Africa are expected to start production by 2029 and contribute 9% of global supply, according to Benchmark Mineral Intelligence. Most of this new supply could still be secured by Western and non-Chinese processing firms, the London-based industry consultant said in a new analysis.

China mines about 70% of the world’s rare earths and refines almost all of the material – a cluster of 17 elements that make magnets used in electric vehicles, wind turbines and military equipment. Beijing can flex its muscles by limiting both production and exports. In December, the Asian country banned overseas sales of a range of rare-earth technologies.

The US and its allies are trying to build supply chains independent of China. While 37% of the future African supply is already destined to be shipped to Chinese buyers, most of the production is "potentially available for ex-China and Western rare earths companies," Benchmark said, noting that Europe is developing the most processing facilities outside of China.

"China will not be the only beneficiary of Africa’s active, low cost pipeline, which will also become strategically valuable for the EU and US," it said.

None of the companies building the African rare earth mines covered in Benchmark’s research – including Pensana, Rainbow Rare Earths and Mkango Resources – are Chinese-owned and all are registered in Western countries. However, China’s customers will remain crucial for some of the miners to ensure their projects are viable because processing capacity in the West is not expanding quickly enough, the report added.

Source: https://www.news24.com/fin24/companies/sa-and-other-african-mines-could-supply-10-of-global-rare-earth-minerals-in-5-years-20240711

Industry Value Forecast

Future Mining Industry Value Forecast

Note: Includes Local Consumption plus Exports

Dollar- Rand Exchange Rates used:

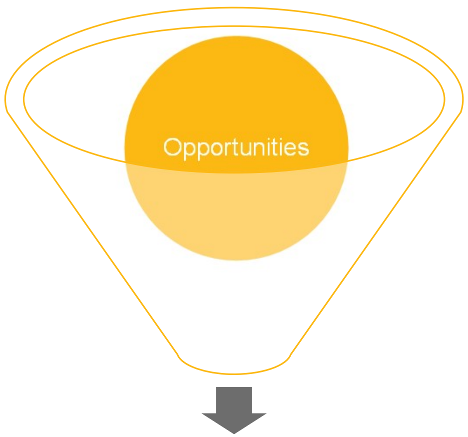
2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

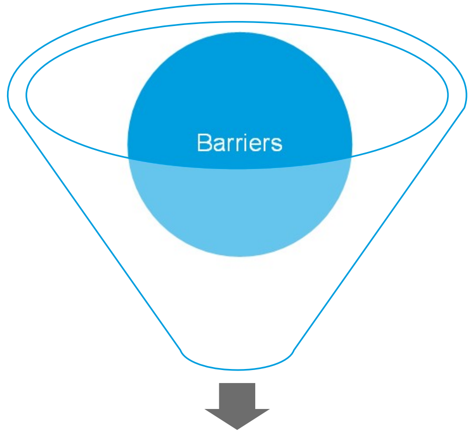
Year	Value (Rand Million)	Rand Value Rate of Change	Value (US Dollar Million)	Dollar Value Rate of Change
2023	R96,985.98		$5,258.55	
2024e	R99,507.62	2.6%	$5,329.22	1.3%
2025f	R102,194.32	2.7%	$5,288.03	-0.8%
2026f	R104,953.57	2.7%	$5,247.15	-0.8%
2027f	R107,892.27	2.8%	$5,211.66	-0.7%
2028f	R111,021.14	2.9%	$5,181.45	-0.6%
2029f	R114,240.76	2.9%	$5,151.41	-0.6%
CAGR 2023 - 2029f		2.8%		-0.3%

Source: Stats SA, BMi

Overall Thai Investor Focus

Opportunities and Barriers for Thai Investors in South Africa – Mining Industry





Possible opportunities for Thai companies in South Africa's mining industry are as follows:

- South Africa has long been an international mining investment destination, and still holds vast quantities of minerals, such as gold, platinum, coal, iron ore and copper. This makes South Africa a strong candidate for investment opportunities in the mining sector.
- South Africa's well established mining industry offers opportunities to an array of complimentary value added industries, including drilling, surveying, mining engineering, testing labs, beneficiation plants, capital equipment, general mining services (soft services), logistics, process automation, etc.
- Being the world's leading producer of manganese, South Africa has about 78% of the world's identified manganese resources. Most of the manganese mined in South Africa is exported, as it has no substitutes that are suitable to be used on a global scale. As South Africa has a fundamental role to play in the future supply of manganese, investors interested in this sector can find an array of new business opportunities.
- Copper offers an alternative and renewable energy markets (such as battery energy storage, renewable energy harvesting, electric vehicles, cell phones and towers, computers, smart homes, pipelines and super tankers) are driving increasing demand for copper. South Africa produced over 100 000 tons of copper in 2019, and the country holds promising investment returns.
- The South African mining industry is highly competitive, and new "green fields" projects generally find it more difficult to be competitive. Consequently, the purchase of an existing local mining business, that already has a local presence, is advised

Barriers for Thai companies in South Africa's mining industry are as follows:

- South Africa's unreliable electricity supply is a major barrier to growth in the local mining sector. Unfortunately, electricity load-shedding is a reality the country likely must cope with for the foreseeable future as electricity demand growth expectations remain negative and are not expected to meet demand, due to closures of aging coal plants and projections of worsening supply towards 2025. Meanwhile, the building of renewable electricity and alternative energy sources will take time to fill the gap.
- South African competitiveness in international markets is diminished by high costs and low productivity.
- The commodity price volatility notably affected the African mining sector in 2023. African mining companies tapping into commodity markets face challenges that require agile business planning, risk management, and cost effectiveness, building on diversification, sustainable practices, and an emphasis on implementation.
- Technological innovation is reshaping South Africa's mining industry, with an increased focus on advanced technology like automation and artificial intelligence for improved performance and safety. The enterprise faces the dual challenge of making an investment in new technologies while also making sure that the workforce is equipped with the necessary abilities.
- Other challenges and barriers faced include limited exploration, competitiveness within the global mining industry, ever increasing regulatory environment in South Africa's mining industry curtailing growth opportunities, etc.

Legal Requirements and Considerations for Foreign Investors in South Africa – Mining Industry

The South African mining industry, one of the country's few world-class industries, has the capacity to continue to generate wealth and employment opportunities on a large scale. Mining is an international business and South Africa has to compete against developed and developing countries to attract both foreign and local investment. Many mining projects in South Africa have tended to be unusually large and long term, requiring massive capital and entailing a high degree of risk.

South Africa has an exceptional minerals endowment, and in several major commodities has the potential to supply far more than the world markets can consume. As articulated in its macroeconomic strategy, Government has committed itself to a continuing process of economic liberalisation, thus strengthening the competitive capacity of the economy, fiscal and tariff reform and bureaucratic deregulation. These are essential steps towards enhancing the country's competitiveness, attracting foreign direct and portfolio investment and creating a climate conducive to business expansion. The mining industry among others will benefit in the long term from these developments.

By its very nature the mining industry has the potential to endanger human health and safety as well as the physical environment. It is the responsibility of Government to establish a regulatory framework that minimises such dangers without imposing excessive cost burdens on the industry and thereby jeopardising its economic viability.

Policy Requirements

Common views and requirements of the investment community, regarding the local mining industry, encompasses the following:

- The distinctive characteristics of the mining industry need to be recognised in the formulation of the policy and regulatory framework.
- The framework must be consistent and stable so that investors can be confident in their financing decisions and the industry can be confident about its continuing ability to do business profitably.
- Investors place a high premium on macro-economic, political and social stability, as well as smoothly functioning labour relations and foreign investors need the freedom to repatriate profits and capital.
- South African-based mining companies wish to see a speeding-up in the comprehensive dismantling of foreign exchange controls.
- Investors need security that they will be allowed to exercise their rights to exploit minerals, subject to statutory requirements.
- Non-confidential and publicly available information about the minerals sector needs to be well organised so that it is readily accessible to investors.
- New investors need opportunities for access to mineral rights.
- The cornerstones of any policy to promote investment must be market principles and economic efficiency.
- The nature of international mineral markets and of South Africa's mineral resources must be taken into consideration when promoting investment, including the effect of increased supplies on prices.
- Equitable access to all natural resources is required, based on economic efficiency and sustainability.
- The creation of wealth and employment is required for the economic empowerment of communities, both directly and through the multiplier effect. This is especially relevant in the underdeveloped regions of the country.
- Investment incentives and promotional activities should be cost-effective and should not lead to inequitable demands on the fiscus.

Source: https://www.gov.za/documents/green-papers/minerals-and-mining-policy-south-africa-green-paper-01-feb-1998

Legal Requirements and Considerations for Foreign Investors in South Africa – Mining Industry Continued

Policy Proposals

Government will seek to create a macro and regulatory environment conducive to economic growth and development, in which the mining industry can make effective use of its human and capital resources.

Through the new Labour Relations Act and the specific industry-level and workplace structures it creates, Government will facilitate improved industrial relations in the industry. Government will seek to ensure, within the constraints of its available resources, the efficient provision and functioning of the physical, social and institutional infrastructure necessary for the competitiveness of the mining industry.

Government will ensure the effective organisation and accessibility of public information about the minerals sector and will aim to lower barriers to entry to prospective new investors in the industry.

Taxation

Background

The current system of mining taxation of mining activities follows the normal rules of taxation, subject to the following particular features:

a) Income

A mining company may derive income from mining operations and non-mining operations. Different rules and tax rates are applied according to the nature of such income. Differences also apply according to whether the mining income is derived from gold or other operations.

b) Deduction of expenditure

A mining company incurs a wide range of expenditure. Some of this is in the nature of current expenditure (deductible in terms of the general deduction formula), and some in the nature of capital expenditure. The capital expenditure provisions of the Income Tax Act provide for the immediate deduction of capital expenditure and of expenditure on prospecting and incidental operations. Capital expenditure includes expenditure on shaft sinking, mine equipment, development, general administration and management. Some assets such as housing for residential accommodation, motor vehicles for private use of employees, and some railway lines and pipelines qualify only for a partial annual redemption.

c) Ring-fencing

The Income Tax Act applies a ring-fence to the taxable income of a mine, by restricting the deduction of its capital expenditure to the taxable income from mining on that mine. In certain circumstances the ring-fence may be breached by up to 25% of taxable income to allow a company to apply a portion of its expenditure on one mine against the taxable income of another of its mines.

d) Capital allowance

To encourage high capital investment during times of inflation, the Income Tax Act provides for a capital allowance, calculated as a percentage per annum of total expenditure, which is transformed into a deduction against current capital expenditure.

Source: https://www.gov.za/documents/green-papers/minerals-and-mining-policy-south-africa-green-paper-01-feb-1998

Mining License Regulations

Mining Rights and Permits in South Africa

- In 2004, the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA) was enacted. This replaced private ownership of mineral and petroleum resources in the country with state ownership and a system of licenses issued by the Department of Mineral Resources. Investors who previously possessed these mineral rights were granted licenses if they met the new criteria, including B-BBEE objectives.
- An amendment to the MPRDA in 2014 was approved by Parliament but was not signed by then-President Jacob Zuma. In 2018, Minister for the Department of Mineral Resources Gwede Mantashe advocated for a recall of the yet-to-be-enacted amendment such that oil and gas could be regulated under a new bill. In addition, he stated that B-BBEE laws to be found in the Mining Charter would not apply during exploration for minerals, but only after mining had been initiated.
- Other relevant statutes in the mining industry in South Africa are the Mining Titles Registration Act of 1967, the Precious Metals Act of 2005, the Precious Metals Act of 1986, the Mine Health and Safety Act of 1996, the National Environmental Management Act of 1998, and the National Water Act of 1998. Land use planning, relevant for prospecting, is regulated by the Spatial Planning and Land Use Management Act of 2013. More on the regulation framework in South Africa may be found here: https://uk.practicallaw.thomsonreuters.com/w-017-7378?transitionType=Default&contextData=(sc.Default)&firstPage=true#co_anchor_a115740.
- The latest Mining Charter, released in 2018, intended to be operationalised within five years, saw the establishment of requirements for new licenses and investment in the mining sector, and included B-BBEE targets, regulations regarding human rights and the environment. According to the Mining Charter, new mining rights must have a minimum of 30% black economic empowerment shareholders, in the following structure:
    - At least 5% non-transferable carried interest to qualifying employees.
    - At least 5% non-transferable carried interest or “equity equivalent benefit” to host communities.
    - At least 20% effective ownership in the form of shares to a BEE entrepreneur, 5% of which must preferably be for women.
- The Minerals Council of South Africa applied for a judicial review in 2019 of the new Mining Charter, which overturned key aspects including those related to black ownership targets.
- Mining rights and permits are granted only when applicants are compliant with the Mining Charter.
- The Mining Charter can be read in full at https://www.gov.za/sites/default/files/gcis_document/201809/41934gon1002.pdf.

Source: https://www.cliffedekkerhofmeyr.com/
https://www.state.gov/reports/2023-investment-climate-statements/south-africa/
https://www.parliament.gov.za/press-releases/media-statement-mineral-resources-and-energy-committee-concludes-public-hearings-uprd-bill-all-nine-provinces
https://uk.practicallaw.thomsonreuters.com/w-017-7378?transitionType=Default&contextData=(sc.Default)&firstPage=true

Mining License Regulations Continued

Mining Rights and Permits in South Africa

- Gold resources in South Africa are said to be declining, following significant disruptions during the Covid-19 lockdowns. Before the pandemic, gold ore grade was found to be deteriorating, and production has for many years been hampered by electricity shortages. These power supply issues also impact transit of the ore by Transnet, which vies with disruptions due to cable theft, and vandalism of requisite infrastructure. Expectations for the country's mining future lie in minerals for new or emerging industries including battery storage, artificial intelligence, robotics, electric vehicles, and clean energy.
- South Africa provides 70 – 75% of the world's mined platinum. Recent delays in production have encouraged a rise in global platinum prices and in the associated platinum group metals (PGM). Sibanye Stillwater expects that the country's PGM output will decline by up to 20% in 2023 owing to load shedding. Overall, PGM, gold, coal and iron ore comprise 80% of South Africa's mineral exports; all have registered declines in 2023. Lower commodity prices on some of these exports exacerbate the reduction in tax revenue from mining, and threatens the meeting of the country's budget deficit requirements.
- Mining rights are obtained from the Department of Mineral Resources and Energy (DMRE) in South Africa. A mining right may not exceed a period of 30 years.
    - A mining right is granted if: the mineral can be mined optimally; the company has the funds and expertise to conduct the proposed mining operation optimally; the financing plan is compatible with the intended mining operation and for the duration thereof; no unacceptable pollution or damage to the environment will occur as a result; financial and other provisions for the prescribed social and labour plan have been made; mining will not contravene the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) (MPRDA); and the operation is in line with the Mining Charter.
    - The application is completed online, and should be completed in conjunction with an environmental authorisation.
    - The applicant must then notify and consult all interested and affected parties within 180 days from the date of the notice.

Source: https://www.gov.za/services/mining-and-water/apply-mining-permit#:~:text=A%20mining%20permit%20is%20valid,mined%20optimally%20for%20two%20years
https://www.state.gov/reports/2023-investment-climate-statements/south-africa/
https://www.kimberleyprocess.com/
https://www.state.gov/reports/2022-trafficking-in-persons-report/south-africa/
https://www.reuters.com/markets/commodities/south-africas-mining-output-falls-further-below-pre-pandemic-levels-2023-08-07/#:~:text=South%20Africa%20is%20the%20world's,COVID%2D19%20lockdowns%20impacted%20operations.

Mining License Regulations Continued

Mining Rights and Permits in South Africa

- Prospecting rights are obtained from the DMRE, valid for 5 years (which may be extended to 8 years) and allows your company to survey or investigate an area of land for the purpose of identifying an actual or probable mineral deposit. It requires compliance with the Mine Health and Safety 1996 (Act 29 of 1996) and Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), and that no other company holds a prospecting right, mining right, mining permit or retention permit for the same mineral and land. As with the mining right application, an environmental authorisation must be obtained at the same time.
- Mining permits are provided by the DMRE and last for up to two years. The permit may be renewed three times, for up to one year each time.
    - A permit requires that the mineral in question can be mined optimally for two years, and that the mining area does not exceed 1.5 ha.
    - Once the application has been approved, a regional manager will request an environmental management plan, and the applicant should consult with the landowner, its legal occupants, and affected parties. A written outcome of the consultation should be submitted to the regional manager within 30 days, and the DMRE will then issue a permit.
- Concerns about South Africa's failings to address the use of forced labour and trafficked labour have placed South Africa, for the second consecutive year, on a Tier Two Watchlist from the U.S. Department of State. Forced labour may be used in, among other places, illegal or unregistered mines.

Source: https://www.gov.za/services/mining-and-water/apply-mining-permit#:~:text=A%20mining%20permit%20is%20valid,mined%20optimally%20for%20two%20years
https://www.gov.za/services/mining-and-water/apply-mining-right
https://www.gov.za/services/mining-and-water/apply-prospecting-right

Real Estate Industry

South Africa Real Estate Industry

Source: https://housingfinanceafrica.org/app/uploads/2022/03/V4-National-Property-Market-Report-4-March-2022-FINAL-2.pdf

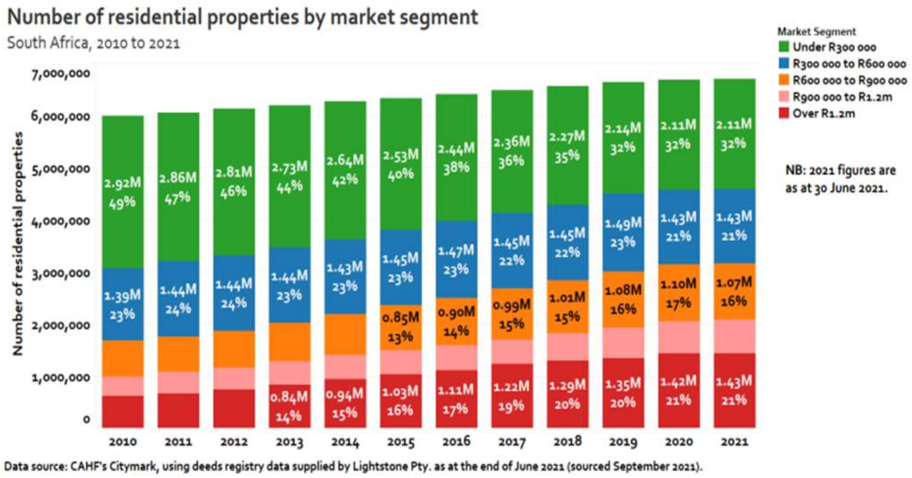
South Africa's residential property market includes rental properties, where more than one family might live in a property with a single title deed, such as a block of flats. Just over 3 million households are reported to be occupying rental units nationwide.

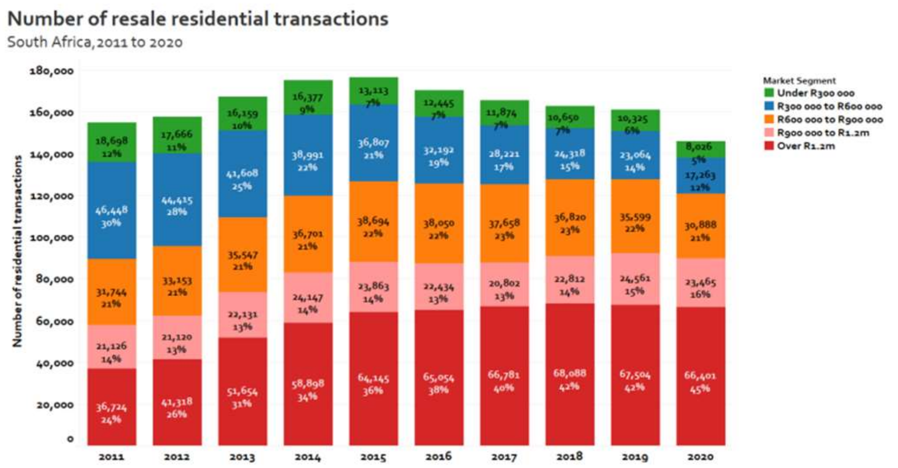
Of the 7.5 million properties on the South African deeds registry, 89%, or 6.7 million, of these properties are residential. The residential property market is thus the largest component of the South African property market, accounting for the majority of property assets in the country, and an important component of household wealth.

Residential properties range from sectional title and freehold properties, to residential dwellings in private estates, government-subsidised homes, homes occupied by their owners or rented to others, and holiday homes. Housing spans rural areas, mining towns, small towns, secondary or intermediary cities, and metro municipalities.

The past couple of years have seen a succession of interest rate hikes as the South African Reserve Bank sought to combat inflation. However, that trend may be coming to an end. September 2023 saw the SARB elect to keep interest rates the same. In fact, experts predict interest rate cuts as soon as May 2024. Despite rising inflation, PwC and Nedbank are predicting rate cuts in the future as the South African Reserve Bank looks to stimulate the market. This is sure to bring about an increase in home loan applications.

Over the last ten years, the composition of the residential property market has shifted towards a larger share of properties in the high-end and luxury market segments. In 2010, the large majority of residential properties – 72%— were properties valued below R600 000. At that time, nearly half (49%) of all residential properties were in the entry market (valued below R300 000), the majority of which were built through the government housing programme.





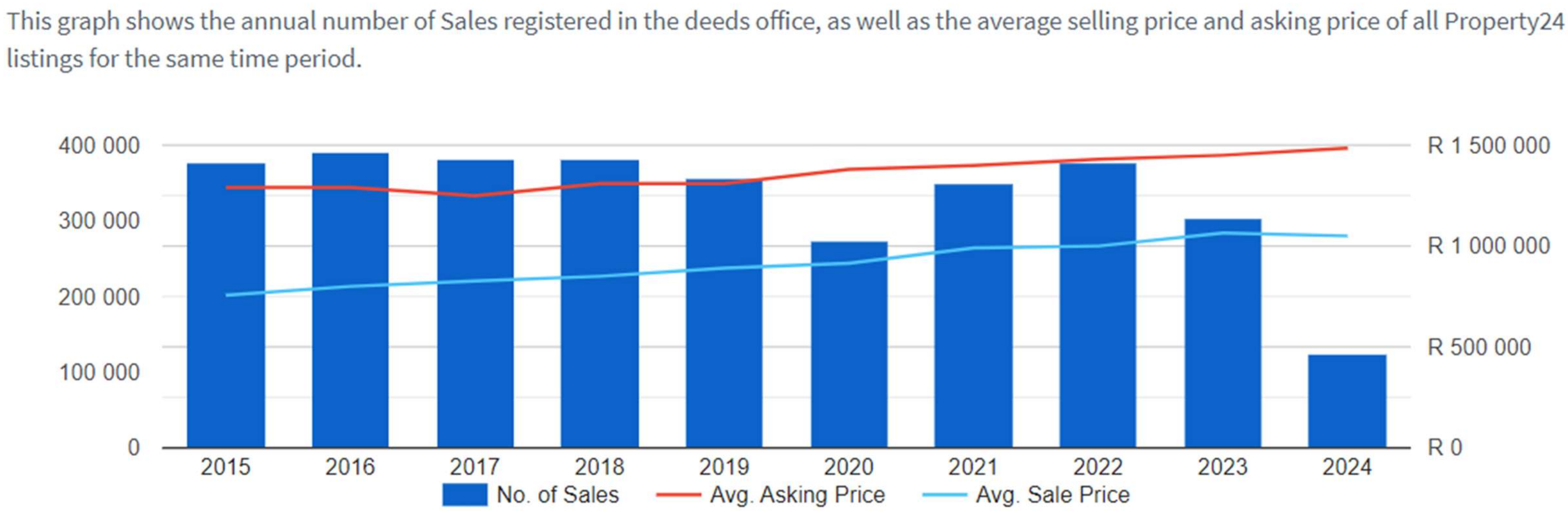
Property Development Industry Major Players

Major Players: Real Estate				
Abacus Development Company	FB Ellmer	Knight Frank	Quanta Homes	Summercon Holdco
Abland Property Development	Fireblade Automotive	Legaro Property Development	Rabie Property Developers	Swish Property Group
Acsion	Free State Development Corporation	MAREF Mon Tresor Investments 2	Rabie Property Group	TCI Properties
AFHCO Holdings	Gap Infrastructure Corporation	McCormick Property Developers	Rawson Developers	Tongaat Hulett Developments
Alchemy Properties	Giflo Holdings	MDV Developments	Redefine Properties	Tricolt Group
Atterbury Management Company	GLC Development	Meraki Property Group	Reeflords Property Development	Trimantle Unit Trust
Axel Finance Company	Global Property Developers	Montagu Homes	Renishaw Hills Developments	Twin City Development
Balwin Properties	Group Five	MSP Developments	Renprop	Uniqon Wonings
Barrow Properties	Growthpoint Properties	Newlyn Group	Resilient Property Income Fund	Urban Ocean Property Developers
Basinghall Properties	Heartland Property Developers	O'Keefe Demolition (Byrne Group)	Riverbank Unit	Visual International Holdings
Benchmark Group	Hyder Properties	Orapa FRD JV	Roux Property Development Africa	Vukile
BEP Developments	Hyprop	P137	Royal Reef Estate	WBHO Construction
Bothongo Group	Ingenuity Property Investments	P43	RPP Developments	Westbrook Residential Development
Byrne Bros (Formwork)	Investec Property	Pam Golding	Russells	Zeno Capital
Caro Investment Holdings	Jawitz Properties	Pendle Russells	S Identity Holdings	Zenprop Property Holdings
Century Property Developments	JHI Properties	Pikes Peak Properties	Seeff Property Group	Zotos Brothers
Chorus Group Holdings	Keystone Investments	Project 2 Holdings	Signatura Property Development	
Eris Property Group	Kiklo Spaces	QikRentals	SK	

Source: www.businesswire.com
BMi

Real Estate Industry Trends

South Africa Property Trends and Statistics – Annual Property Sales and Ave. Prices (Rand)

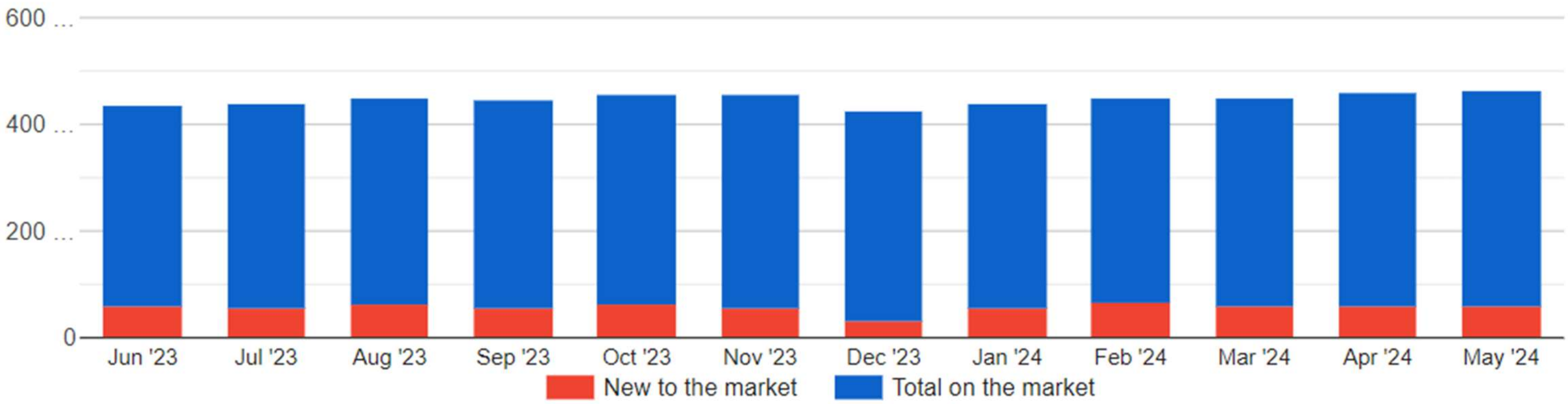


Source: https://www.property24.com/property-trends
2024 is Year-to-Date data

Real Estate Industry Trends

South Africa Property Trends and Statistics – Monthly Property Sales 2023

This graph shows the monthly number of properties and properties new to the market in South Africa, as listed for sale on Property24.

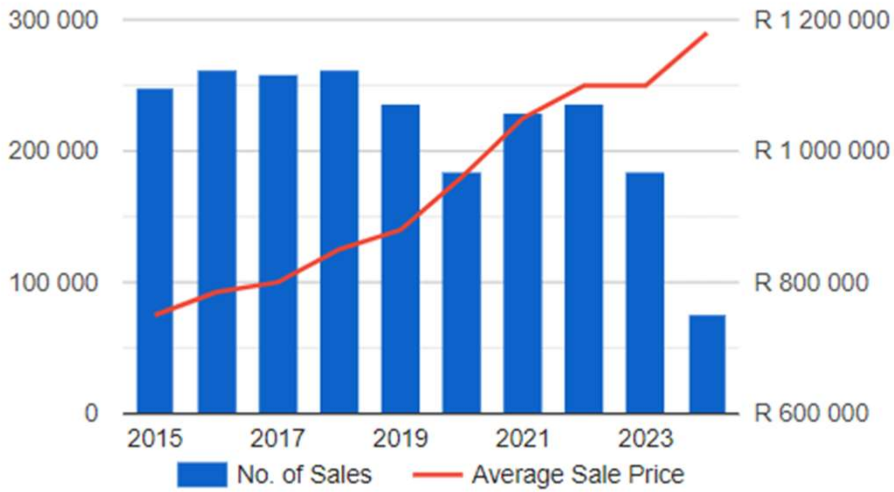


Source: https://www.property24.com/property-trends

Real Estate Industry Trends

Sold Erven

This graph shows the annual number of sold erven and average sold price in South Africa, as registered in the South African Deeds office.



Sold Sectional Scheme Units

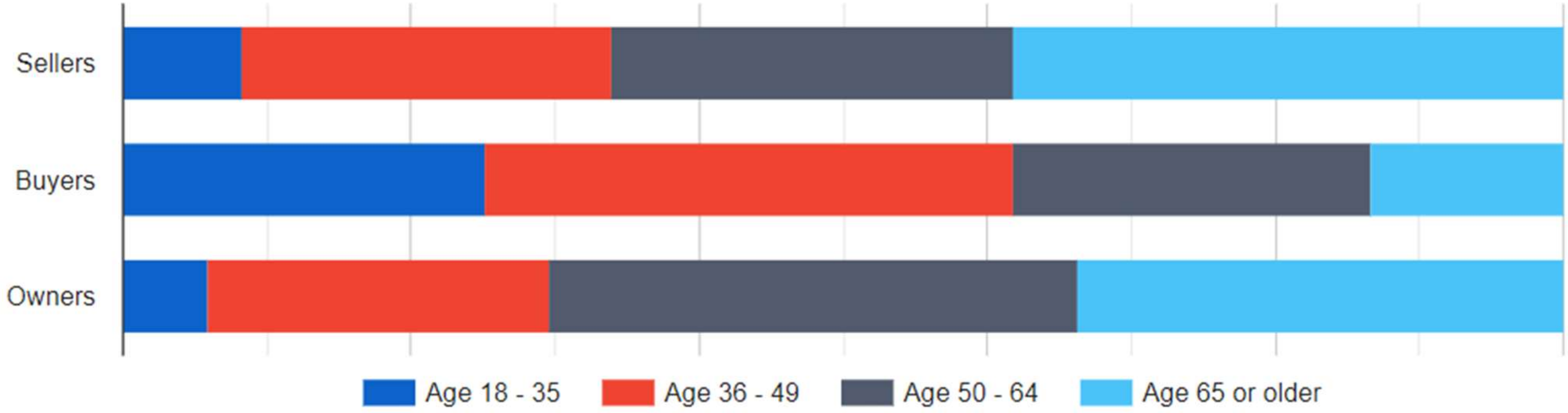
This graph shows the annual number of sold sectional scheme units and average sold price in South Africa, as registered in the South African Deeds office.

Source: https://www.property24.com/property-trends
2024 is Year-to-Date data

Real Estate Industry Trends

Age Profile

This graph shows the property buying and selling trends relative to age in South Africa, as registered in the South African Deeds office. Buyers and Sellers are those who have appeared in a registered transfer in their respective roles within the last 6 months, while owners are those who purchased their property more than 6 months ago.



Source: https://www.property24.com/property-trends

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

South African Real Estate Industry Demand by Year

Estimated Overall Annual Demand Value

Year	Rand Million	Rate of Change	Dollar Million	Rate of Change
2018	R 73,416.3	-	$5,544.21	-
2019	R 88,978.7	21.2%	$6,159.13	11.1%
2020	R 49,101.5	-44.8%	$2,982.26	-51.6%
2021	R 59,321.1	20.8%	$4,011.96	34.5%
2022	R 67,816.2	14.3%	$4,144.44	3.3%
2023	R 58,401.8	-13.9%	$3,166.53	-23.6%
CAGR 2017 - 2022e		-4.5%		-10.6%

Note: Includes imports and local production

South African Real Estate Industry Demand by Year

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
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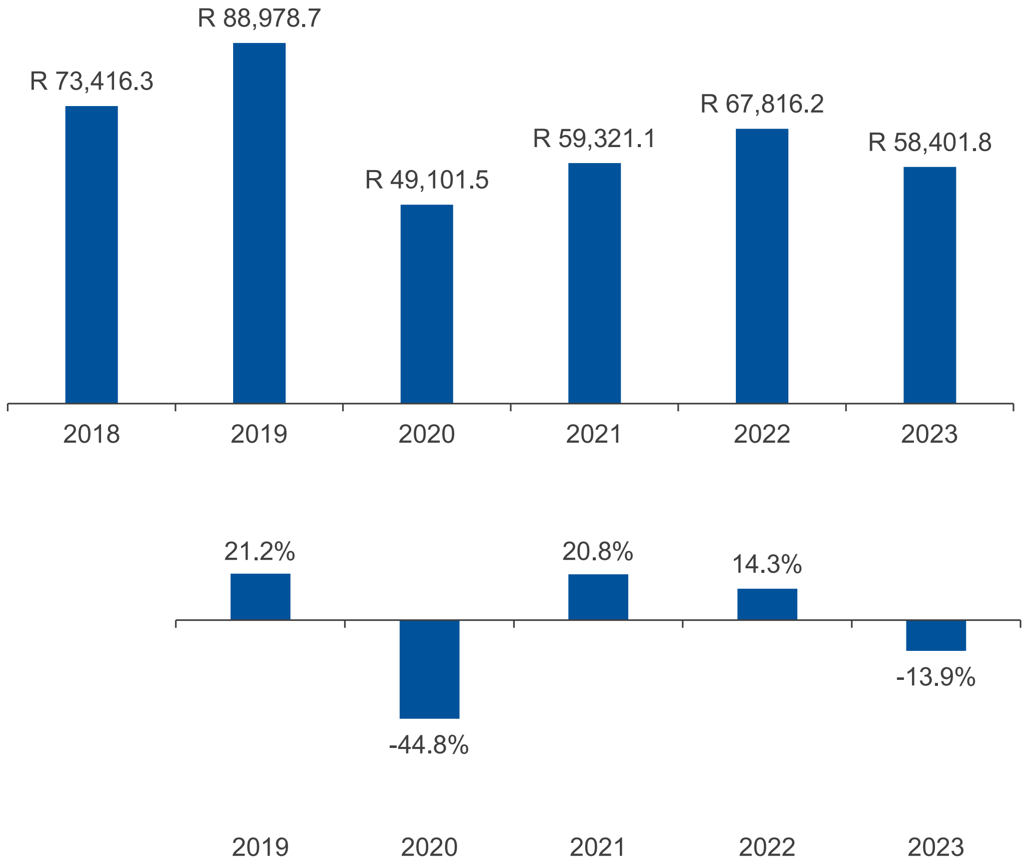
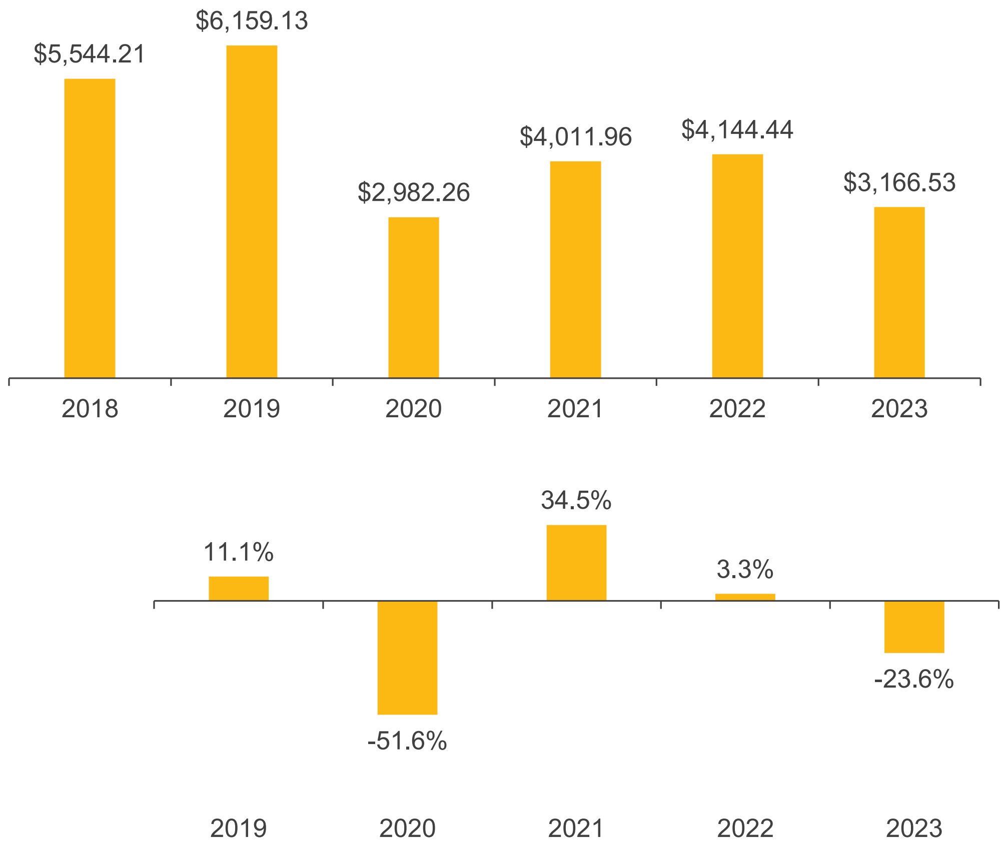
Estimated Overall Annual Demand Value, Rand Million



Estimated Overall Annual Demand Value, Dollar Million



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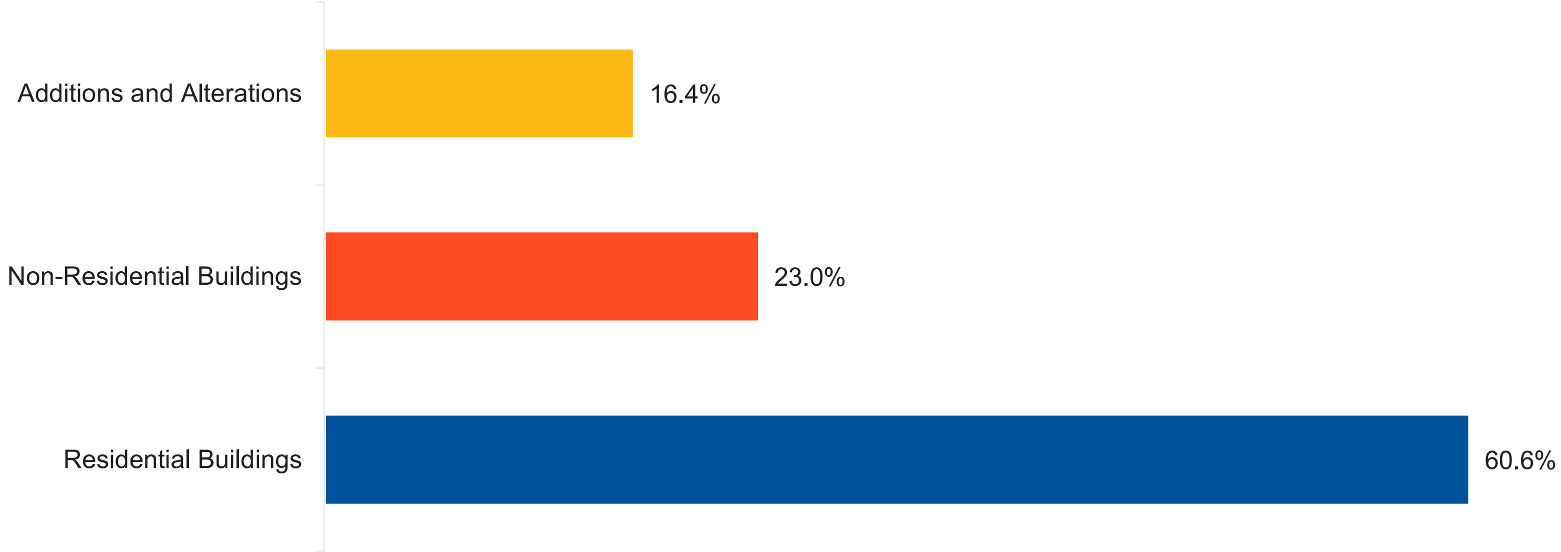
2020	$1 = R16.46	2023	$1 = R18.44

South African Real Estate Industry Demand by Type

Total Value by Type of Work ***Completed***

Product	Rand Million 2023	% of Total	US Dollar Million 2023
Additions and Alterations	R 9,585.64	16.4%	$519.73
Non-Residential Buildings	R 13,444.76	23.0%	$728.97
Residential Buildings	R 35,371.42	60.6%	$1,917.83
Grand Total	R 58,401.81	100.0%	$3,166.53



Note: Includes imports and local production

South African Real Estate Industry Demand by Type

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2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

*Total Value by Type of Work **Completed** - Annual Review Million Rand*

Product	Rand Million 2021	Rate of Change	Rand Million 2022	Rate of Change	Rand Million 2023	Value CAGR 2018 - 2023
Additions and Alterations	R 13,481.55	17.8%	R 15,875.08	-39.6%	R 9,585.64	-4.9%
Non-Residential Buildings	R 12,980.62	13.6%	R 14,751.63	-8.9%	R 13,444.76	-4.2%
Residential Buildings	R 32,858.90	13.2%	R 37,189.54	-4.9%	R 35,371.42	-4.5%
Grand Total	R 59,321.07	14.3%	R 67,816.24	-13.9%	R 58,401.81	-4.5%

*Total Value by Type of Work **Completed** - Annual Review Million Dollar*

Product	US Dollar Million 2021	Rate of Change	US Dollar Million 2022	Rate of Change	US Dollar Million 2023	Value CAGR 2018 - 2023
Additions and Alterations	$911.77	6.4%	$970.17	-46.4%	$519.73	-11.0%
Non-Residential Buildings	$877.90	2.7%	$901.51	-19.1%	$728.97	-10.3%
Residential Buildings	$2,222.29	2.3%	$2,272.76	-15.6%	$1,917.83	-10.6%
Grand Total	$4,011.96	3.3%	$4,144.44	-23.6%	$3,166.53	-10.6%

Note: Includes imports and local production

South African Real Estate Industry Demand by Type

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

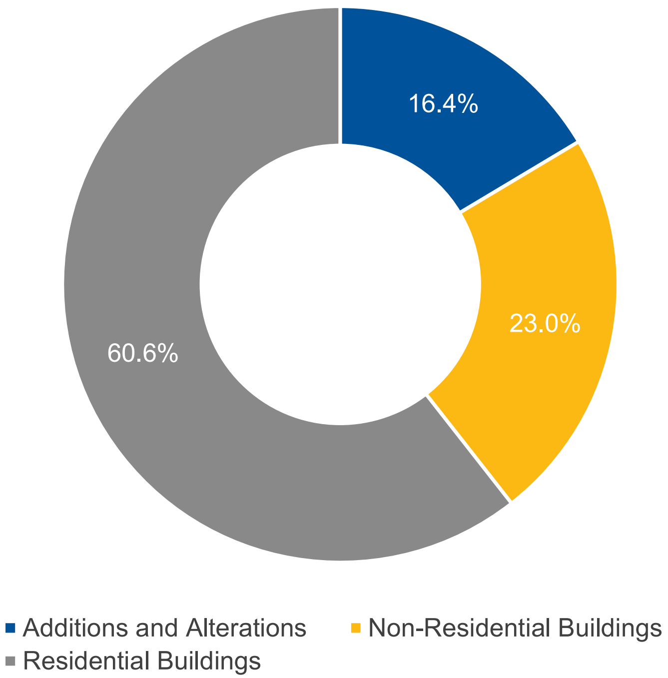
*Total Value by Building Type 2023 Work **Completed***

Category	Product	Rand Million 2023	% of Total	US Dollar Million 2023
Additions and Alterations	Dwelling-houses	R 5,827.13	10.0%	$315.94
	Other buildings	R 3,758.51	6.4%	$203.79
Total Additions and Alterations		R 9,585.64	16.4%	$519.73
Residential Buildings	Dwelling-Houses < 80 Square Metres	R 2,863.18	4.9%	$155.24
	Dwelling-Houses >= 80 Square Metres	R 19,755.03	33.8%	$1,071.11
	Flats and Townhouses	R 12,282.81	21.0%	$665.97
	Other Residential Buildings	R 470.39	0.8%	$25.50
Total Residential Buildings		R 35,371.42	60.6%	$1,917.83
Non-Residential Buildings	Industrial and Warehouse Space	R 6,744.71	11.5%	$365.70
	Office and Banking Space	R 2,140.87	3.7%	$116.08
	Shopping Space	R 3,536.44	6.1%	$191.74
	Other Non-Residential Buildings	R 1,022.74	1.8%	$55.45
Total Non-Residential Buildings		R 13,444.76	23.0%	$728.97
Grand Total		R 58,401.81	100.0%	$3,166.53

Note: Includes imports and local production

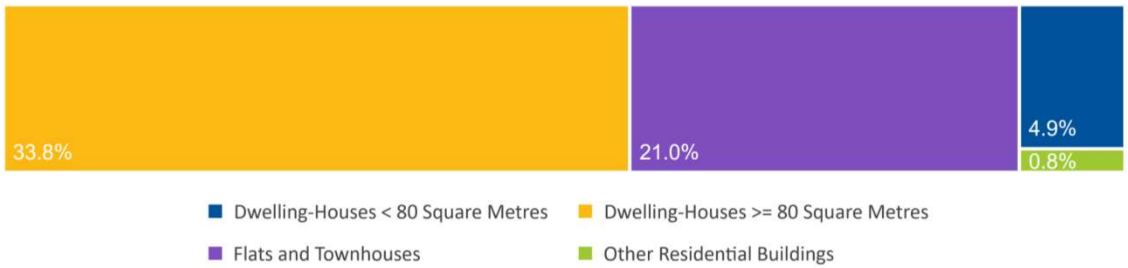
South African Real Estate Industry Demand by Type

*Total Value by Building Type 2023 Work **Completed***

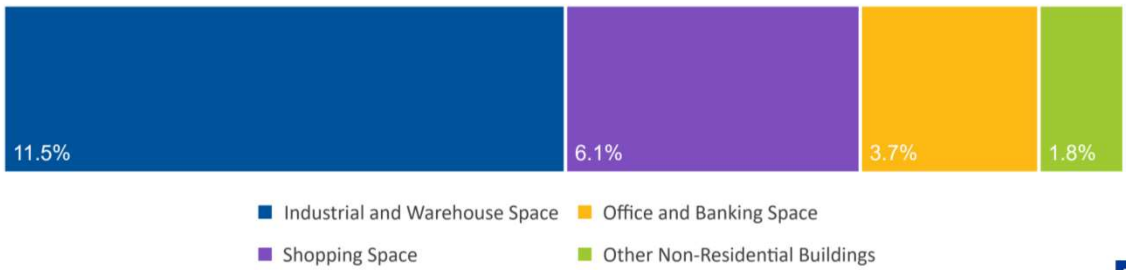


*Additions and Alterations 2023 Work **Completed***

*Residential Buildings 2023 Work **Completed***



*Non-Residential Buildings 2023 Work **Completed***



Note: Includes imports and local production

South African Real Estate Industry Demand by Type and Year

*Total Value by Building Type Per Annum Work **Completed** - Rand Million*

Category	Product	Rand Million 2021	Rate of Change	Rand Million 2022	Rate of Change	Rand Million 2023	Value CAGR 2018 - 2023
Additions and Alterations	Dwelling-houses	R 7,786.29	29.6%	R 10,088.36	-42.2%	R 5,827.13	-6.1%
	Other buildings	R 5,695.27	1.6%	R 5,786.72	-35.0%	R 3,758.51	-2.8%
Total Additions and Alterations		R 13,481.55	17.8%	R 15,875.08	-39.6%	R 9,585.64	-4.9%
Residential Buildings	Dwelling-Houses < 80 Square Metres	R 2,891.62	19.9%	R 3,466.38	-17.4%	R 2,863.18	-3.5%
	Dwelling-Houses >= 80 Square Metres	R 16,750.58	23.3%	R 20,648.62	-4.3%	R 19,755.03	-0.1%
	Flats and Townhouses	R 12,658.21	-1.8%	R 12,428.03	-1.2%	R 12,282.81	-9.8%
	Other Residential Buildings	R 558.49	15.8%	R 646.51	-27.2%	R 470.39	-7.0%
Total Residential Buildings		R 32,858.90	13.2%	R 37,189.54	-4.9%	R 35,371.42	-4.5%
Non-Residential Buildings	Industrial and Warehouse Space	R 6,047.23	30.4%	R 7,887.06	-14.5%	R 6,744.71	0.5%
	Office and Banking Space	R 1,690.59	-32.8%	R 1,135.25	88.6%	R 2,140.87	-18.0%
	Shopping Space	R 3,894.94	-9.5%	R 3,523.35	0.4%	R 3,536.44	5.3%
	Other Non-Residential Buildings	R 1,347.86	63.7%	R 2,205.98	-53.6%	R 1,022.74	-8.2%
Total Non-Residential Buildings		R 12,980.62	13.6%	R 14,751.63	-8.9%	R 13,444.76	-4.2%
Grand Total		R 59,321.07	14.3%	R 67,816.24	-13.9%	R 58,401.81	-4.5%

Note: Includes imports and local production

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

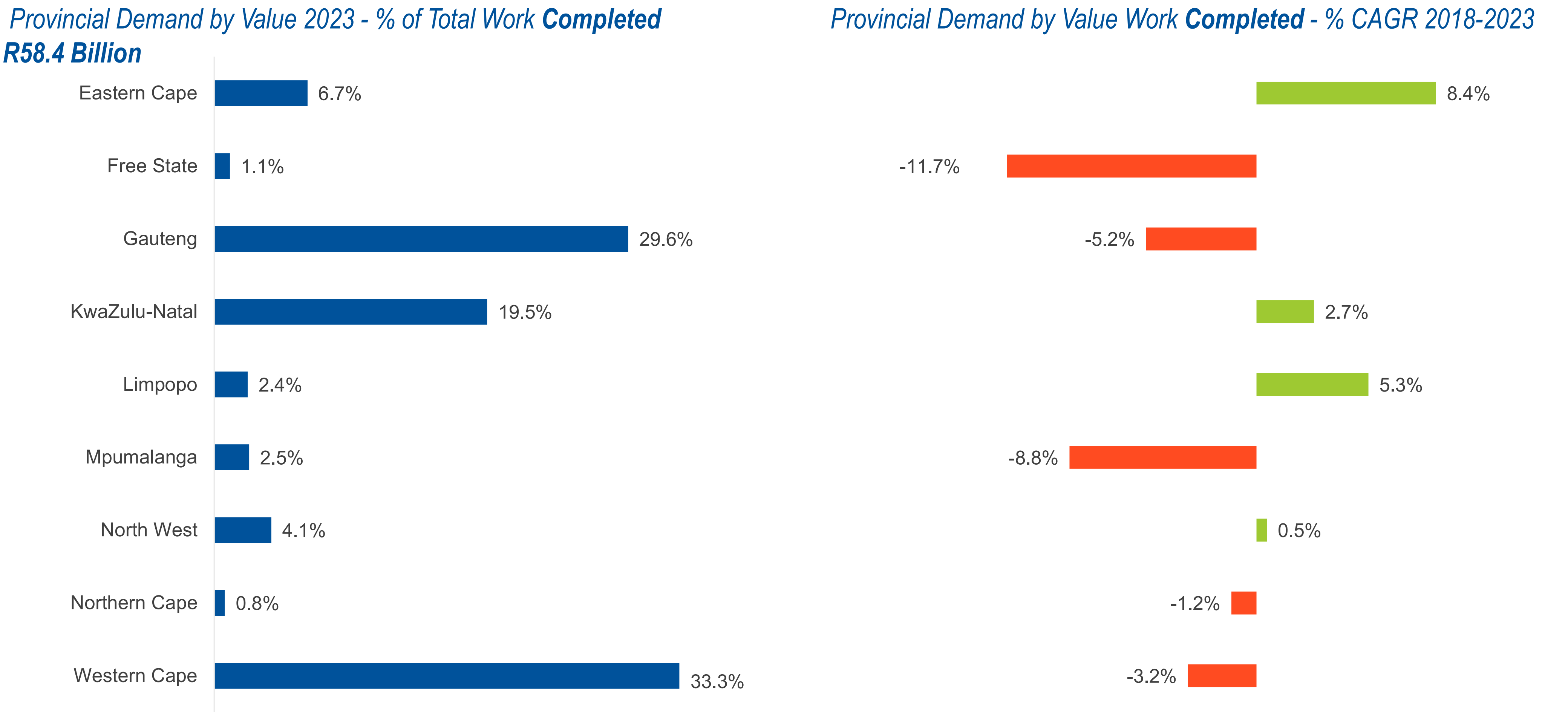
South African Real Estate Industry Demand by Type and Year

*Total Value by Building Type Per Annum Work **Completed** - Dollar Million*

Category	Product	US Dollar Million 2021	Rate of Change	US Dollar Million 2022	Rate of Change	US Dollar Million 2023	Value CAGR 2018 - 2023
Additions and Alterations	Dwelling-houses	$526.60	17.1%	$616.53	-48.8%	$315.94	-12.1%
	Other buildings	$385.18	-8.2%	$353.64	-42.4%	$203.79	-9.0%
Total Additions and Alterations		$911.77	6.4%	$970.17	-46.4%	$519.73	-11.0%
Residential Buildings	Dwelling-Houses < 80 Square Metres	$195.56	8.3%	$211.84	-26.7%	$155.24	-9.7%
	Dwelling-Houses >= 80 Square Metres	$1,132.86	11.4%	$1,261.90	-15.1%	$1,071.11	-6.5%
	Flats and Townhouses	$856.09	-11.3%	$759.51	-12.3%	$665.97	-15.6%
	Other Residential Buildings	$37.77	4.6%	$39.51	-35.4%	$25.50	-12.9%
Total Residential Buildings		$2,222.29	2.3%	$2,272.76	-15.6%	$1,917.83	-10.6%
Non-Residential Buildings	Industrial and Warehouse Space	$408.98	17.9%	$482.00	-24.1%	$365.70	-5.9%
	Office and Banking Space	$114.34	-39.3%	$69.38	67.3%	$116.08	-23.2%
	Shopping Space	$263.42	-18.3%	$215.32	-10.9%	$191.74	-1.4%
	Other Non-Residential Buildings	$91.16	47.9%	$134.81	-58.9%	$55.45	-14.1%
Total Non-Residential Buildings		$877.90	2.7%	$901.51	-19.1%	$728.97	-10.3%
Grand Total		$4,011.96	3.3%	$4,144.44	-23.6%	$3,166.53	-10.6%

Note: Includes imports and local production

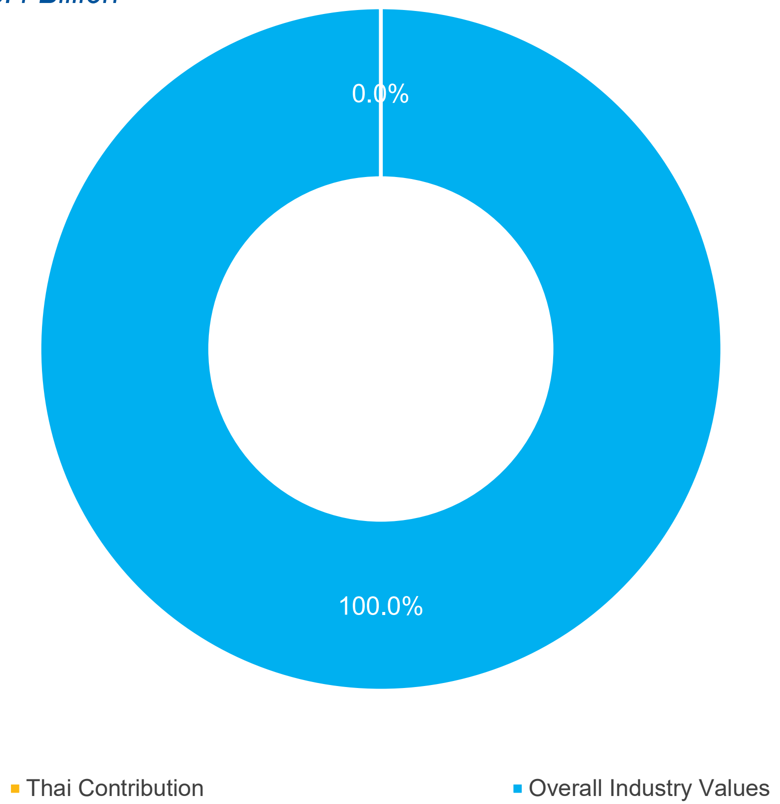
South African Real Estate Industry Regional Demand



Note: Includes imports and local production

Thailand's Presence within South Africa's Real Estate Industry

Thailand's % Contribution to Real Estate Industry 2023, R58.4 Billion



Source: SARS, BMi

Thailand's Presence in the Local Real Estate Industry

- Thailand's presence within the South Africa's Real Estate industry is very limited currently, and BMi did not uncover any local presence
- Local real estate industry players did not have any comments about working with Thai suppliers or developers, based on the complete local presence.

Real Estate Industry Trends

Real Estate Industry South Africa

- South Africa attracts real estate investment in urban areas such as Johannesburg, Cape Town, and Durban, as well as in tourist destinations on the coast and near game reserves. Properties in these areas are sought after for their location, lifestyle, and investment potential. Residential properties in secure complexes and estates are popular among local and international investors.
- South Africa appeals to the international investor owing to scenic beauty, diverse landscapes, and affordable luxury, especially compared to Western countries. A robust financial and legal system and a diversified economy add to its appeal.
- Threats to the real estate industry in South Africa include concerns about political stability, economic volatility, energy and water shortages, and high crime rates. The pace of new housing construction to meet demand may be hampered by funding challenges, delays in obtaining planning permissions, and the high cost of construction.
- In major urban areas like Johannesburg, Cape Town, and Durban, prices have generally been rising, albeit at different rates. These cities, known for their economic opportunities and lifestyle offerings, attract both domestic and international buyers, driving up demand and prices. The Western Cape has seen significant growth owing to its perceived quality of life and transparent governance.
- Buyers are showing a growing interest in sustainable and energy-efficient homes, reflecting local energy and water supply instability and challenges and, to a lesser extent, global trends towards environmental consciousness.
- There is reportedly a trend towards buying property as an investment, particularly in high-demand urban areas, as well as an increased demand for retirement properties, including secure, low-maintenance homes and retirement villages offering healthcare and other amenities.
- In urban areas, there is a high demand for apartments and townhouses which is driven primarily by young professionals, students, and smaller families who value proximity to work, educational institutions, and urban amenities. Secure complexes are popular and may offer amenities like parking, security, and shared leisure facilities like pools or gyms. In the suburbs, single-family homes are favoured for their space and privacy, and proximity to schools and amenities. Gated communities are preferred, although these come with additional costs.

Source: https://theafricanvestor.com/blogs/news/south-africa-real-estate-market

Real Estate Industry Trends

Real Estate Industry South Africa Continued

- Consumer confidence in the local residential property market rose in the second quarter of 2024, according to Absa Bank, South Africa's second-largest home loan provider. In the Absa Homeowner Sentiment Index (HSI) or the second quarter, consumer confidence in the local residential real estate market increased to 84% from 82% in the first quarter. There was a noted increase in applications for home loans from single women, and particularly young, black, single women, and from first time buyers. The survey results highlighted the positive sentiment arising after the national election in South Africa in May 2024, after consumers delayed decision making in purchasing property in the run up to the elections. In addition, the increased confidence was driven by the improved electricity stability in the country. There is some expectation that interest rates will decrease in the latter half of 2024, which would drive consumer confidence and property sales in South Africa.
- Developers are focused on creating affordable housing solutions for low and middle-income households, as well as catering to the demand for high-end residential properties. This approach ensures that individuals and families across various income brackets have access to suitable housing options, helping to reduce the housing deficit and improve living standards.
- Property development in South Africa extends beyond housing projects. Developers are actively involved in the development of commercial properties, office spaces, retail centres, and industrial parks. These projects not only stimulate economic growth but also enhance infrastructure development. With modern amenities and well-planned layouts, these developments attract businesses, create job opportunities, and contribute to the overall urbanization and growth of South African cities.
- Developers are incorporating green building techniques, energy-efficient designs, and renewable energy sources into their project plans.
- The property development sector in South Africa is a vibrant and essential component of the country's economy. Through government support, meeting housing needs, infrastructure development, and sustainable practices, developers are reshaping cities, creating job opportunities, and improving the lives of South Africans. The sector holds the potential to drive further economic growth and social progress in the nation.

Source: https://www.news24.com/fin24/companies/confidence-up-in-residential-market-thanks-to-elections-stable-power-supply-absa-20240718
https://shedyt.medium.com/the-thriving-property-development-sector-in-south-africa-5c0c888198c4

Real Estate Industry Trends

Selected building statistics of the private sector as reported by local government institutions, March 2024

Key Findings

The value of building plans passed (at current prices) decreased by 9,2% (-R2 179,0 million) in the first quarter of 2024 compared with the first quarter of 2023. Decreases were reported for residential buildings (-11,8% or -R1 496,3 million), non-residential buildings (-7,5% or -R321,3 million) and additions and alterations (-5,4% or -R361,4 million).

The value of buildings reported as completed (at current prices) decreased by 19,1% (-R2 399,1 million) in the first quarter of 2024 compared with the first quarter of 2023. Decreases were reported for non-residential buildings (-57,2% or -R2 135,2 million) and residential buildings (-8,8% or -R592,3 million). An increase was reported for additions and alterations (15,9% or R328,4 million).

Source: https://www.statssa.gov.za/?page_id=1854&PPN=P5041.1

Industry Value Forecast

Note: Dollar- Rand Exchange Rates used:

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2020	$1 = R16.46	2023	$1 = R18.44

Real Estate Industry Value Forecast

Year	Value (Rand Million)	Rand Value Rate of Change	Value (US Dollar Million)	Dollar Value Rate of Change
2023	R58,401.81		$3,166.53	
2024e	R56,766.56	-2.8%	$3,040.18	-4.0%
2025f	R55,517.70	-2.2%	$2,872.75	-5.5%
2026f	R54,573.90	-1.7%	$2,728.42	-5.0%
2027f	R53,646.14	-1.7%	$2,591.34	-5.0%
2028f	R52,787.80	-1.6%	$2,463.65	-4.9%
2029f	R51,943.20	-1.6%	$2,342.25	-4.9%
CAGR 2023 - 2029f		-1.9%		-4.9%

Source: Stats SA, BMi

Thai Sector Focus

Real Estate Development

Property Development Industry Overview

Property Development Industry South Africa

- South Africa's property development sector has emerged as a dynamic force, driving economic growth and reshaping the urban landscape. With a growing population and increasing urbanization, the demand for quality housing and infrastructure has skyrocketed.
- The South African government has recognized the importance of the property development sector and has implemented policies to promote its growth. Initiatives such as tax incentives, streamlined approval processes, and public-private partnerships have helped to create a favourable environment for developers. The government's commitment to addressing the housing backlog and providing affordable housing has further bolstered the sector, attracting local and international investors.
- However, known barriers to growth include electricity supply disruptions, including planned outages (loadshedding) and unplanned outages, as well as limits on supply available to new developments given current infrastructure. Labour disruptions, owing to civil action, and trade union activity slow property development.
- Staff face transport challenges, and developers content with acquisition complexities, zoning challenges, and skills shortages.

Source: https://shedyt.medium.com/the-thriving-property-development-sector-in-south-africa-5c0c888198c4
https://jb-propertydev.co.za/challenges-facing-south-africas-real-estate-developers/#:~:text=Infrastructure%20deficiencies%20like%20electricity%20shortages,significantly%20impact%20South%20Africa's%20developers.

Real Estate Development Industry Major Players

Major Players: Property Development	
Abacus Development Company	MSP Developments
Abland Property Development	Newlyn Group
Alchemy Properties	Rabie Property Developers
Balwin Properties	Rawson Developers
Barrow Properties	Redefine Properties
Bothongo Group	Reeflords Property Development
Century Property Developments	Resilient Property Income Fund
Eris Property Group	Roux Property Development Africa
GLC Development	Royal Reef Estate
Global Property Developers	RPP Developments
Growthpoint Properties	S Identity Holdings
Heartland Property Developers	Seeff Property Group
Hyder Properties	Signatura Property Development
Jawitz Properties	Tricolt Group
JHI Properties	Twin City Development
Knight Frank	Uniqon Wonings
Legaro Property Development	Urban Ocean Property Developers
McCormick Property Developers	Zenprop Property Holdings
MDV Developments	
Meraki Property Group	

Source: BMi

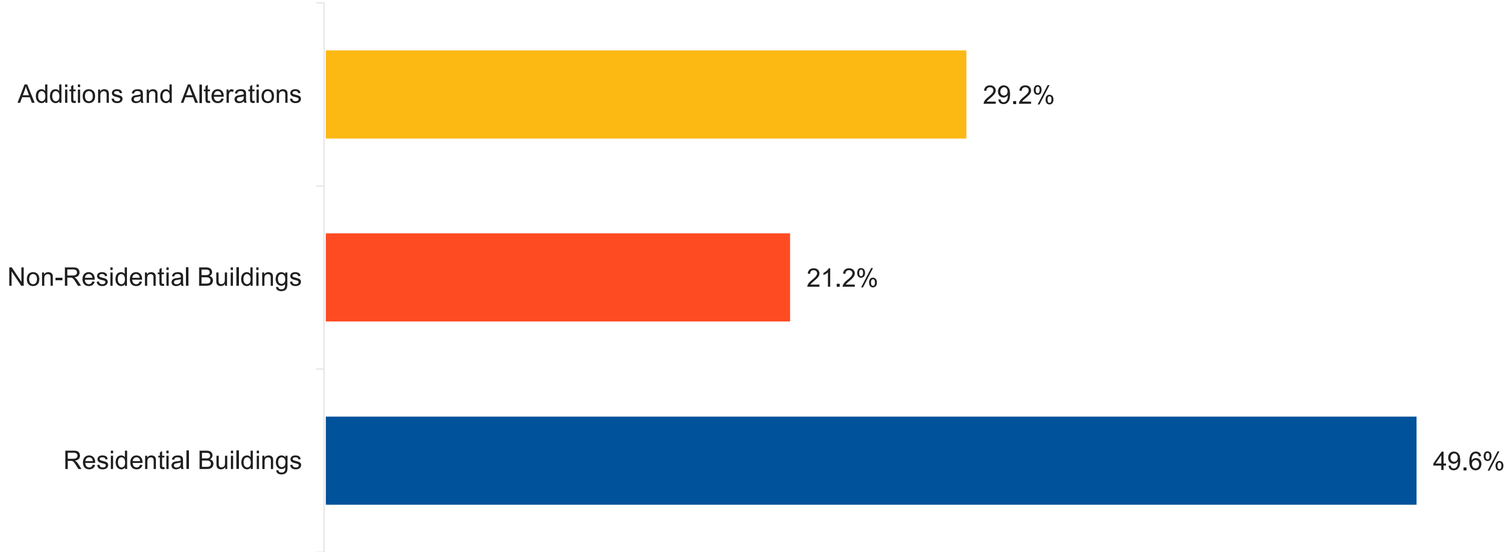
South African Real Estate Development Demand by Type

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

Total Value by Type of ***Plans Approved***

Product	Rand Million 2023	% of Total	US Dollar Million 2023
Additions and Alterations	R 29,646.02	29.2%	$1,607.40
Non-Residential Buildings	R 21,537.85	21.2%	$1,167.77
Residential Buildings	R 50,361.56	49.6%	$2,730.59
Grand Total	R 101,545.43	100.0%	$5,505.76



Note: Includes imports and local production

South African Real Estate Development Demand by Type

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

*Total Value by Type of **Plans Approved** - Annual Review **Million Rand***

Product	Rand Million 2021	Rate of Change	Rand Million 2022	Rate of Change	Rand Million 2023	Value CAGR 2018 - 2023
Additions and Alterations	R 29,909.61	11.0%	R 33,186.52	-10.7%	R 29,646.02	0.0%
Non-Residential Buildings	R 18,848.04	19.3%	R 22,479.15	-4.2%	R 21,537.85	-4.7%
Residential Buildings	R 60,298.10	3.3%	R 62,270.44	-19.1%	R 50,361.56	-4.0%
Grand Total	R 109,055.75	8.1%	R 117,936.11	-13.9%	R 101,545.43	-3.1%

*Total Value by Type of **Plans Approved** - Annual Review **Million Dollar***

Product	US Dollar Million 2021	Rate of Change	US Dollar Million 2022	Rate of Change	US Dollar Million 2023	Value CAGR 2018 - 2023
Additions and Alterations	$2,022.83	0.3%	$2,028.12	-20.7%	$1,607.40	-6.4%
Non-Residential Buildings	$1,274.72	7.8%	$1,373.76	-15.0%	$1,167.77	-10.8%
Residential Buildings	$4,078.04	-6.7%	$3,805.52	-28.2%	$2,730.59	-10.2%
Grand Total	$7,375.58	-2.3%	$7,207.41	-23.6%	$5,505.76	-9.3%

Note: Includes imports and local production

South African Real Estate Development Demand by Type

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

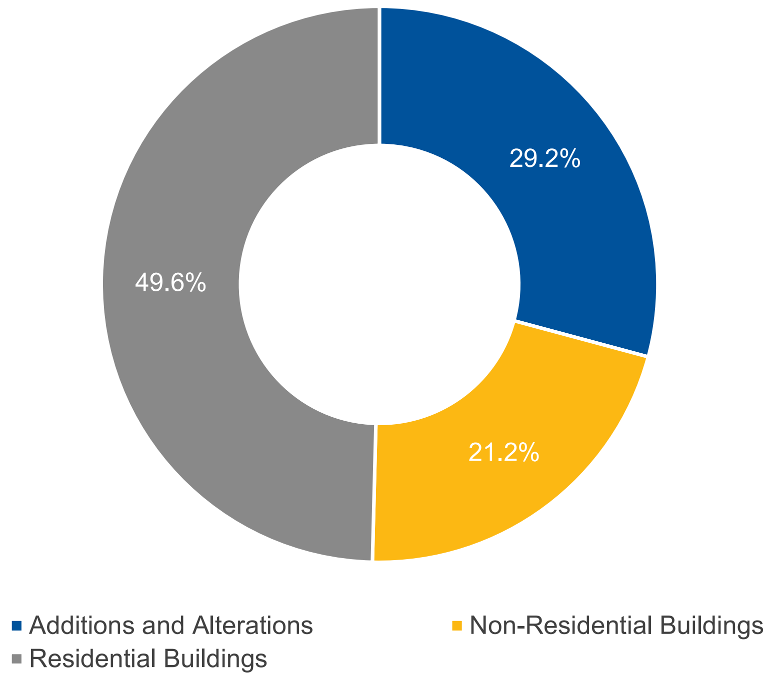
Total Value by Building Type 2023 ***Plans Approved***

Category	Product	Rand Million 2023	% of Total	US Dollar Million 2023
Additions and Alterations	Dwelling-houses	R 20,808.89	20.5%	$1,128.25
	Other buildings	R 8,837.13	8.7%	$479.15
Total Additions and Alterations		R 29,646.02	29.2%	$1,607.40
Residential Buildings	Dwelling-Houses < 80 Square Metres	R 2,577.11	2.5%	$139.73
	Dwelling-Houses >= 80 Square Metres	R 30,294.55	29.8%	$1,642.56
	Flats and Townhouses	R 16,685.34	16.4%	$904.67
	Other Residential Buildings	R 804.57	0.8%	$43.62
Total Residential Buildings		R 50,361.56	49.6%	$2,730.59
Non-Residential Buildings	Industrial and Warehouse Space	R 10,481.87	10.3%	$568.32
	Office and Banking Space	R 2,931.54	2.9%	$158.95
	Shopping Space	R 5,028.41	5.0%	$272.64
	Other Non-Residential Buildings	R 3,096.03	3.0%	$167.87
Total Non-Residential Buildings		R 21,537.85	21.2%	$1,167.77
Grand Total		R 101,545.43	100.0%	$5,505.76

Note: Includes imports and local production

South African Construction Ind Real Estate Development Demand by Type

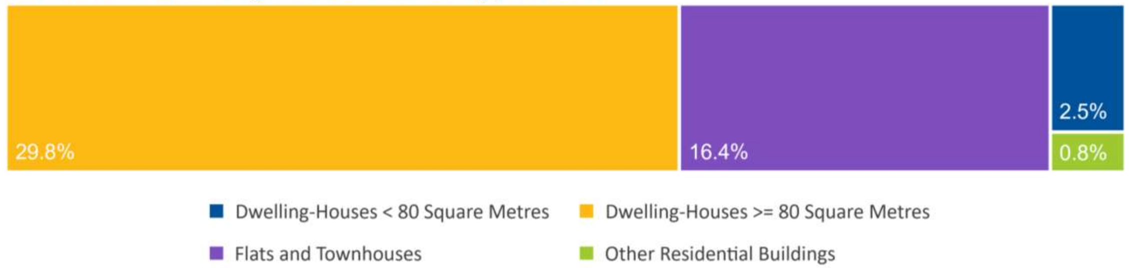
Total Value by Building Type 2023 ***Plans Approved***
R101 545.43 Million



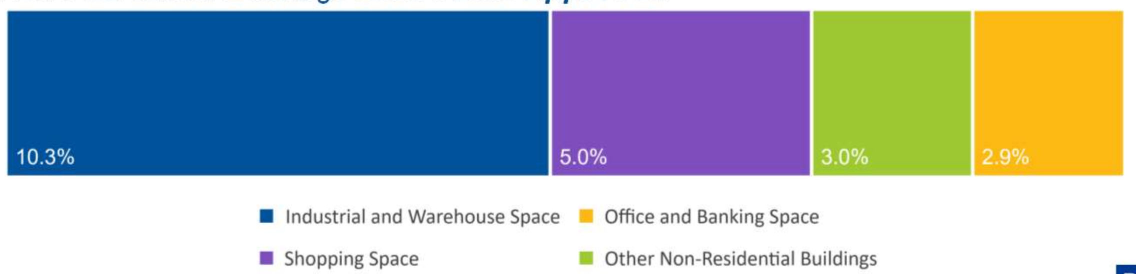
Note: Includes imports and local production

Additions and Alterations 2023 ***Plans Approved***

Residential Buildings 2023 ***Plans Approved***



Non-Residential Buildings 2023 ***Plans Approved***



South African Real Estate Development Demand by Type and Year

*Total Value by Building Type Per Annum **Plans Approved** - **Rand Million***

Category	Product	Rand Million 2021	Rate of Change	Rand Million 2022	Rate of Change	Rand Million 2023	Value CAGR 2018 - 2023
Additions and Alterations	Dwelling-houses	R 22,521.94	7.2%	R 24,148.76	-13.8%	R 20,808.89	-0.1%
	Other buildings	R 7,387.67	22.3%	R 9,037.75	-2.2%	R 8,837.13	0.3%
Total Additions and Alterations		R 29,909.61	11.0%	R 33,186.52	-10.7%	R 29,646.02	0.0%
Residential Buildings	Dwelling-Houses < 80 Square Metres	R 3,765.90	-2.6%	R 3,667.86	-29.7%	R 2,577.11	-10.3%
	Dwelling-Houses >= 80 Square Metres	R 34,259.19	7.9%	R 36,961.42	-18.0%	R 30,294.55	1.1%
	Flats and Townhouses	R 21,004.31	-2.2%	R 20,540.62	-18.8%	R 16,685.34	-9.1%
	Other Residential Buildings	R 1,268.70	-13.3%	R 1,100.54	-26.9%	R 804.57	-15.0%
Total Residential Buildings		R 60,298.10	3.3%	R 62,270.44	-19.1%	R 50,361.56	-4.0%
Non-Residential Buildings	Industrial and Warehouse Space	R 10,130.34	14.1%	R 11,562.50	-9.3%	R 10,481.87	-3.0%
	Office and Banking Space	R 2,519.71	10.3%	R 2,778.83	5.5%	R 2,931.54	-13.0%
	Shopping Space	R 4,036.50	20.2%	R 4,851.85	3.6%	R 5,028.41	-1.2%
	Other Non-Residential Buildings	R 2,161.49	52.0%	R 3,285.97	-5.8%	R 3,096.03	-4.5%
Total Non-Residential Buildings		R 18,848.04	19.3%	R 22,479.15	-4.2%	R 21,537.85	-4.7%
Grand Total		R 109,055.75	8.1%	R 117,936.11	-13.9%	R 101,545.43	-3.1%

Note: Includes imports and local production

South African Real Estate Development Demand by Type and Year

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

*Total Value by Building Type Per Annum **Plans Approved** – US Dollar Million*

Category	Product	US Dollar Million 2021	Rate of Change	US Dollar Million 2022	Rate of Change	US Dollar Million 2023	Value CAGR 2018 - 2023
Additions and Alterations	Dwelling-houses	$1,523.19	-3.1%	$1,475.80	-23.5%	$1,128.25	-6.5%
	Other buildings	$499.64	10.5%	$552.32	-13.2%	$479.15	-6.2%
Total Additions and Alterations		$2,022.83	0.3%	$2,028.12	-20.7%	$1,607.40	-6.4%
Residential Buildings	Dwelling-Houses < 80 Square Metres	$254.69	-12.0%	$224.15	-37.7%	$139.73	-16.1%
	Dwelling-Houses >= 80 Square Metres	$2,316.99	-2.5%	$2,258.82	-27.3%	$1,642.56	-5.4%
	Flats and Townhouses	$1,420.55	-11.6%	$1,255.30	-27.9%	$904.67	-14.9%
	Other Residential Buildings	$85.80	-21.6%	$67.26	-35.1%	$43.62	-20.4%
Total Residential Buildings		$4,078.04	-6.7%	$3,805.52	-28.2%	$2,730.59	-10.2%
Non-Residential Buildings	Industrial and Warehouse Space	$685.13	3.1%	$706.62	-19.6%	$568.32	-9.2%
	Office and Banking Space	$170.41	-0.3%	$169.82	-6.4%	$158.95	-18.6%
	Shopping Space	$272.99	8.6%	$296.51	-8.1%	$272.64	-7.5%
	Other Non-Residential Buildings	$146.18	37.4%	$200.81	-16.4%	$167.87	-10.6%
Total Non-Residential Buildings		$1,274.72	7.8%	$1,373.76	-15.0%	$1,167.77	-10.8%
Grand Total		$7,375.58	-2.3%	$7,207.41	-23.6%	$5,505.76	-9.3%

Note: Includes imports and local production

Industry Value Forecast

Note: Dollar- Rand Exchange Rates used:

2018	$1 = R13.24	2021	$1 = R14.79
2019	$1 = R14.45	2022	$1 = R16.36
2020	$1 = R16.46	2023	$1 = R18.44

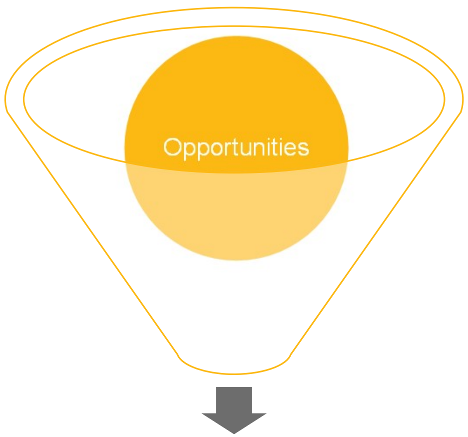
Real Estate Development Industry Value Forecast

Year	Value (Rand Million)	Rand Value Rate of Change	Value (US Dollar Million)	Dollar Value Rate of Change
2023	R101,545.43	-	$5,505.76	-
2024e	R99,311.43	-2.2%	$5,318.71	-3.4%
2025f	R97,325.20	-2.0%	$5,036.07	-5.3%
2026f	R95,378.69	-2.0%	$4,768.46	-5.3%
2027f	R93,471.12	-2.0%	$4,515.06	-5.3%
2028f	R91,788.64	-1.8%	$4,283.85	-5.1%
2029f	R90,320.02	-1.6%	$4,072.77	-4.9%
CAGR 2023 - 2029f		-1.9%		-4.9%

Source: Stats SA, BMi

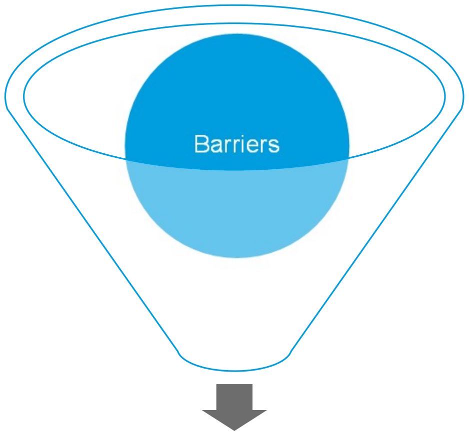
Overall Thai Investor Focus

Opportunities and Barriers for Thai Investors in South Africa – Real Estate Industry



Possible opportunities for Thai companies in South Africa's real estate industry are as follows:

- South Africa, and the broader Africa, continues to see population growth ahead of other parts of the world. Continued population growth leads to challenges such as resource constraints, but it also presents various opportunities in the form of continued real estate development for general housing, education facilities, healthcare facilities, etc.
- In South Africa, the traditional office format is being challenged by dynamic and flexible environment of co-working spaces. These spaces offer cost savings, flexibility, and heightened productivity for businesses. Smaller and larger businesses are able to avoid rigid long-term leases and upfront costs associated with conventional offices, opting instead for the flexibility and cost-efficiency inherent in co-working spaces. Further saving and efficiencies are gained from shared amenities offered by co-working spaces and eliminates the financial burden of maintenance costs and renting space that isn't used constantly like meeting rooms, enabling businesses to scale up or downsize in response to their requirements without being bound by prolonged leases. The growth in co-working spaces is evident and is expected to continue over the longer term
- The demand for data centres is becoming increasingly popular in South Africa and throughout the African continent as the world progresses towards a more interconnected and automated future. Amazon building one of their largest global data centres in South Africa is a clear sign of the development in this space
- The continued need for lower cost housing remains prominent in South Africa, particularly considering the economic strain placed on local consumers



Barriers for Thai companies in South Africa's real estate industry are as follows:

- Industry red tape remains a challenge and necessity locally. The local real estate industry is required to pay particular attention to the legal implications involved in real estate transactions. Keeping abreast of the ever-changing legal landscape, adhering to regulations, and maintaining accurate documentation are vital to avoiding legal disputes. Additionally, monitoring regulatory developments, such as zoning regulations, property tax policies, and land reform initiatives, is essential to ensure compliance
- Depressed local consumers are required to stay abreast of financing and maintenance costs associated with homeownership, encompassing mortgage repayments, property taxes and estate/housing association levies…which are reportedly often not paid during constrained economic periods. These levies are essential for property maintenance, and when they are not paid, the maintenance budget suffers. This neglect results in decreased property values and resale prices, ultimately leading to a loss on investment for homeowners.
- Challenges faced include urban growth which is accompanied by challenges such as housing shortages, infrastructure strain, and service delivery issues. Conversely, rural areas face depopulation, ageing infrastructure, and economic decline
- Additional challenge include legal implications, regulatory shifts, credit and financing uncertainties, economic fluctuations, market instability, property value oscillations, property rates and taxes increases, electricity and municipal water shortages, and technological disruption

Legal Requirements and Considerations for Foreign Investors in South Africa – Mining Industry

The Protection of Investment Act, 2015 (the Act) came into effect on 13 July 2018. By way of background, the South African government first began a review its investment laws and regulations following the case of Piero Foresti, Laura de Carli & Others v The Republic of South Africa launched under the auspices of the Washington DC-based ICSID in 2007.1 Following the review, South Africa terminated several Bilateral Investment Treaties (BITs) to which South Africa was a party. It then sought to "substitute" the treaty protections with domestic legislation, which ultimately led to the Act being passed.

Although the stated purpose of the Act is to protect foreign investors in South Africa, overall, the protections offered in the Act are substantially diminished when compared to the substantive standards contained in international treaties.

Notably, the Act will have no direct effect on any protections which foreign investors enjoy under international treaties; those protections are still governed by the international instruments from which they arise.

Key features of the Act which any investor should be aware of.

- The Act sets out a national treatment standard, a physical security of property standard, and a right to transfer funds. These are also standard protections in international treaty law.
- The Act explicitly grants the South African Government the right to take regulatory measures in order to: redress historical, social and economic inequalities and injustices; uphold the rights, values and principles contained in the Constitution of the Republic of South Africa; and to promote and preserve cultural heritage, foster economic development, protect the environment; and achieve the progressive realisation of socio-economic rights. This seeks to ensure that the rights of foreign investors cannot be interpreted in a way that would infringe on the government's right to implement regulatory measures that it sees as being in the public interest. While the Act sets forth various protections, there is a concern that these do not provide any greater comfort than those already included in the Constitution. More so, as the Act is ordinary legislation, it may be repealed, revoked or amended at any stage in the future.
- Also, although the Act grants South Africa the right to take regulatory measures, this differs from the protection under investment treaties in that investment treaties would ordinarily protect investors from any adverse effects of such measures insofar as they result in an expropriation or unfair and inequitable treatment of the investor.
- The Act does not provide for compulsory investor-state arbitration and subjects disputes under the Act to the South African domestic courts. This is fundamentally different to the protections offered at international law through investment treaties, which not only enshrine generous protections in line with international law jurisprudence, but also ordinarily require disputes under the treaty to be submitted to a neutral arbitral tribunal.

Source: https://www.webberwentzel.com/News/Pages/south-african-investment-laws-key-changes-of-which-foreign-investors-should-be-aware.aspx

Legal Requirements and Considerations for Foreign Investors in South Africa – Mining Industry

- Recourse to international arbitration has been explicitly removed. Investors with grievances under the Act will only be able to request the South African Department of Trade and Industry to appoint a mediator and/or to approach a South African court or a tribunal or statutory body provided in any other South African legislation. Unlike investment treaties, which prescribe compulsory investor-state international arbitration outside of South Africa before an international tribunal, the Act contains no compulsory referral to international arbitration at all. To the extent that international arbitration is mentioned in the Act, it may only be conducted as between two States (i.e., not involving the investor directly) and only with the consent of both States. The impact of this on dispute resolution clauses in contracts concluded with the government after the date of the commencement of the Act is unclear. Section 13(5) of the Act states that "[t]he government may consent to international arbitration in respect of investments covered by this Act, subject to the exhaustion of domestic remedies. The consideration of a request for international arbitration will be subject to the administrative processes set out in section 6. Such arbitration will be conducted between the Republic and the home state of the applicable investor." It is arguable that the Act seeks to limit the government's ability to agree to any international arbitration in respect of any investment covered by the Act, by contract or otherwise, except as provided in section 13(5). An investment is very broadly defined in the Act. It is, however, likely that section 13(5) will be narrowly and contextually interpreted only to disputes arising out of alleged breaches of the Act.
- The Act fails to address concerns over the neutrality of the forum for adjudicating any investor disputes, which is one of the key rationales for the investor-state arbitration regime which has become entrenched in international law and commerce since the 1960s.
- The Act does not contain a most favoured nation treatment standard, and a fair and equitable treatment standard. These protections have been the cornerstone of modern international investment law and their omission represents a significant departure from what has become a norm.
- The Act curtails the possibility of claiming compensation significantly and alters the standard of compensation to what is "just and equitable" (to conform to the constitutional standard described above), rather than full market value compensation.
- The remit of some of the Act's protections is unclear. By way of example, section 8 of the Act provides that foreign investors and their investments must not be treated less favourably than South African investors "in like circumstances". The Act, however, does not define "like circumstances" and the factors which should be taken into account in determining whether there are like circumstances are so vague and broad that they have the potential to be used to discriminate against foreign investors.

Source: https://www.webberwentzel.com/News/Pages/south-african-investment-laws-key-changes-of-which-foreign-investors-should-be-aware.aspx

Conclusion

Conclusion

Real GDP growth decelerated from 1.9% in 2022 to 0.6% in 2023, due to persistent electricity shortages, transport sector constraints, and lower international prices for gold and platinum group metals. These factors resulted in a deceleration of growth in the key sectors of agriculture (down 3.2%) and mining (down 1.6%) in 2023 compared with 2022. Manufacturing picked up marginally (up 0.2%) owing to increased demand for petrochemicals and vehicles. Household consumption declined from 2.8% in 2022 to 0.7% in 2023 due to higher interest rates. Inflation declined from 6.9% in 2022 to 6.0% in 2023 reflecting lower international fuel prices.

The industries reviewed during this research project - Agriculture, Mining, Real Estate, Seafood – have all be under pressure, or at best showing moderate growth over the last few years. It is believed that the performance of these industries has been curtailed by:

- Depressed local economy driven by various factors including high inflation, which has led to high levels of unemployment, higher local interest rates and ultimately reduced consumer spending
- Infrastructure challenges most notably around electricity supply, rail and road transport. Lack of maintenance and well reported corruption have contributed to near failing state of infrastructure in certain parts of the country
- Variable global commodity prices, further exacerbated by inconsistency and weakening of the local currency
- Strong competition locally and abroad has affected industry margins

Opportunities

Despite the challenges faced, opportunities remain, particularly for Thai companies which are viewed favourably locally. It is believed that increased marketing and improved positioning of Thai products will reap rewards locally as long as these products are priced correctly and consistently.

Further opportunities are created by the presence of strong, capable South African companies that can serve as good partners for trade and investment. The competitive nature within all of the researched industries does point to mergers and acquisitions, as opposed to “green fields” market entry strategies, to gain a foothold locally and ensure quicker success

Forecast

Overall the medium to longer term outlook for South Africa is positive. Successful general election have resulted in changes to the political status quo in the country, and most are positive about the possible results that it could deliver.

Consumers are the lifeblood of the South African economy: more than 60% of the country’s GDP comes from household spending. As such, the health of the consumer wallet is integral to the country’s economic prosperity and social stability.. Consensus is that South African shoppers will remain cautious about the economic outlook for the remainder of 2024 and heading into 2025. It is believed that consumers will continue to be very price sensitive in their shopping activities.

Appendix: Media Releases

Media Releases:
Port Expansion and Transnet Railway

Media Releases: Port Expansion

Cape Town Port the world's worst in 2023 – report extract

June 2024

- The Port of Cape Town has been ranked as the worst-performing port in 2023, according to a report by the World Bank and S&P Global.
- Four South African ports found themselves in the bottom 20, including the last two spots.
- The highest ranking South African port was the Port of Port Elizabeth, ranked at 32 in the Sub-Saharan African region and 391 globally.

SA dominated the bottom of the rankings of the world's ports in 2023, throwing into stark relief just how much damage to the country's competitiveness has been dealt by logistics dysfunction at operator Transnet.

According to the World Bank and S&P Global Container Port Performance Index for 2023, the Port of Ngqura in the Eastern Cape and Cape Town were the worst-performing and least competitive ports last year, ranking second-last and last on a list of 405 ports, respectively.

Meanwhile, the Port of Durban, South Africa's largest port and handler of nearly half the country's port traffic, was ranked 399th.

The World Bank index considered data captured from about 194 000 port calls (the total hours spent at a port) and 250 million container movements at 876 container terminals. It also includes time stamp information from the world's shipping giants.

According to the index, the best-performing port is the Port of Yangshan in China, followed by the Port of Salalah in Oman and Cartagena Port in Colombia.

In sub-Saharan Africa, the highest-ranking ports were located in Somalia, with the Port of Berbera and Port of Mogadishu occupying the top two spots on the list and ranking 103 and 176 globally.

Source: https://documents1.worldbank.org/curated/en/099060324114539683/pdf/P17583313892300871be641a5ea7b90e0e6.pdf
https://www.news24.com/fin24/economy/cape-town-port-the-worlds-worst-in-2023-report-20240606

Media Releases: Port Expansion Continued

Durban port upgrade and expansion project, South Africa

March 2024

Transnet National Ports Authority is about to award a service provider for the expansion of Durban's Point Container Terminal as part of a broader initiative to enhance port infrastructure.

Transnet National Ports Authority (TNPA) expects to award a service provider for the detailed design and commissioning of berth infrastructure works of the Point Container Terminal Marine Infrastructure and Bulk Services project at the Port of Durban by April 2024.

The project seeks to expand the terminal capacity from 0.2m TEUs to 1.8m TEUs.

The investment is part of the port authority's efforts to accelerate port infrastructure development projects aimed at addressing congestion and increasing capacity at the Eastern Region ports of Durban and Richards Bay. Durban is South Africa's main cargo and container port due to its strategic location along international shipping routes.

For the Port of Richards Bay, TNPA has appointed the terminal operator for the handling of Liquefied Natural Gas (LNG) in the South Dunes Precinct.

In the coming months, the port plans to appoint a developer of the port's common-user infrastructure facility required to support the LNG terminal. The developer will carry out the construction of marine structures such as berths, bollards, fenders, pipe racks, and bund walls as well as the development of a gas transmission pipeline for handling LNG imports and bulk services infrastructure.

The implementation is being accelerated following the much-needed preparation funding from the Development Bank of Southern Africa (DBSA), which will enable the port to execute these projects within the specified timelines.

Source: https://www.worldcargonews.com/news/2024/03/tnpa-to-select-durban-port-berth-infrastructure-provider-by-april-2024/?gdpr=deny

Media Releases: Port Expansion Continued

Durban port upgrade and expansion project, South Africa Continued

“Our continued investment in infrastructure and the repositioning of the two ports is pivotal in meeting the demands of the maritime industry – in particular, the increasing size of container vessels calling at our ports and introducing new energy mix within the port system,” TNPA Portfolio Director for KZN Logistics Hub, Bridgette GasaToboti, said.

The project pipeline for the region also encompasses the deepening and lengthening of berths 203, 204 and 205 at the Pier 2 Durban Container Terminal at the Port of Durban.

In this regard, the request for proposal for the multi-billion-rand main marine construction works package is out in the market and will close on 19 April 2024, TNPA said. The project is scheduled to commence between August and December 2024.

The project aims to increase the berth length from 914m to 1,210m to safely accommodate the simultaneous berthing of three Super Post Panamax vessels of 350m in length and draft of 14.5m.

ICTSI contract award

At the beginning of March, the Board of Directors of Transnet SOC Ltd (Transnet) approved proceeds to finalise the contract award to International Container Terminal Services Inc. (ICTSI) from the Philippines following the conclusion of the financial due diligence.

In July 2023, ICTSI was selected as the preferred bidder to partner in a 25-year joint venture with Transnet Port Terminals (TPT) to develop and upgrade the terminal, which is Transnet’s biggest container terminal handling 72% of Port of Durban throughput and 46% of SA traffic.

The completion of the financial close is still subject to other non-financial processes which are currently underway.

Transnet expects the procurement of a private sector partner to improve terminal productivity and increase terminal throughput, bolstering the competitiveness of South Africa’s economy.

The award of the contract is subject to successful finalisation of a number of outstanding legal and regulatory matters, according to the port authority.

Source: https://www.worldcargonews.com/news/2024/03/tnpa-to-select-durban-port-berth-infrastructure-provider-by-april-2024/?gdpr=deny

Media Releases: Port Expansion Continued

Durban port upgrade and expansion project, South Africa Continued

CEO suspension

Separately, TNPA has been in the center of media attention recently after suspending its chief executive, Pepi Silinga, and two general managers over allegations of wrongfully awarding a R300-million tender.

“The Transnet Board and TNPA Board have been fully briefed and made the decision to place the Chief Executive of TNPA and two general managers on precautionary suspension while the allegations are investigated,” Chairperson of Board of Directors, Andile Sangqu, said in a statement on March 1.

“Transnet will do everything to expedite these investigations, which are being conducted by an independent law firm and a forensic firm. Transnet will take any further action as necessitated by the outcome of the investigations. Every effort will be made to ensure that fair labour processes are followed and that the interests of Transnet and its employees are protected. “

Source: https://www.worldcargonews.com/news/2024/03/tnpa-to-select-durban-port-berth-infrastructure-provider-by-april-2024/?gdpr=deny

Appendix: Media Releases

Electric Vehicles in South Africa

Media Releases

BMW to invest R4.2bn to produce the new X3 in SA, plug-in hybrid included

June 2023

BMW will invest R4.2-billion over the next five years in its Rosslyn plant in South Africa to build the new-generation X3 sports-activity vehicle, including a plug-in hybrid electric vehicle (PHEV).

South Africa will be the exclusive global supplier of the X3 PHEV, with internal combustion engine production to only be added to the fold later in the product's lifecycle.

Production of the PHEV will start in the second half of next year, with the first prototype vehicles already rolling off the assembly line in Pretoria.

The PHEV will also be on sale in South Africa.

The Rosslyn plant this year celebrates its fiftieth anniversary. It was the European premium car maker's first wholly owned plant outside Germany.

BMW management board member for production and BMW Group South Africa (BMW SA) chairperson Dr Milan Nedeljković says the next step for the South African plant will be battery electric vehicles (BEVs).

"By preparing for PHEVs we are setting the path for electrification."

Source: https://www.engineeringnews.co.za/article/bmw-to-invest-r42bn-to-produce-the-new-x3-in-sa-plug-in-hybrid-included-2023-06-29

BMW to invest R4.2bn to produce the new X3 in SA, plug-in hybrid included Continued

Nedeljković says PHEV production will require some structural preparation within the plant, as well as skills training.

He adds that flexibility is key to BMW's global success, especially the ability to assemble different derivatives on a single assembly line, as is currently the case with Rosslyn producing the current X3, as well as the initial prototypes of the fourth-generation X3.

"We are committed to transformation and our associates' skills development with the implementation of a plant-wide training programme for the new model," says Rosslyn plant director Dr Niklas Fichtmüller.

"More than 300 BMW Plant Rosslyn associates will receive specialised training to support the production of the next-generation BMW X3 PHEV."

Around 20 000 people are directly and indirectly employed at BMW SA's facilities and within its supply chain.

More than 1.6-million vehicles have been manufactured at the Rosslyn plant, to date, and exported to more than 40 countries worldwide, including 14 African countries.

The production portfolio in Rosslyn has included the BMW 1800 SA and BMW 2000 SA, as well as BMW 5 Series and BMW 7 Series vehicles.

Source: https://www.engineeringnews.co.za/article/bmw-to-invest-r42bn-to-produce-the-new-x3-in-sa-plug-in-hybrid-included-2023-06-29

BMW to invest R4.2bn to produce the new X3 in SA, plug-in hybrid included Continued

Rosslyn had been an important pillar for the production of the BMW 3 Series from 1983 until 2018, when the BMW X3, the best-selling BMW vehicle in South Africa, started rolling off the assembly line.

PHEV production at Rosslyn will make the X3 the second PHEV model to be produced locally among South Africa’s seven vehicle manufacturers, with one mild hybrid also in production. No BEVs are produced in South Africa.

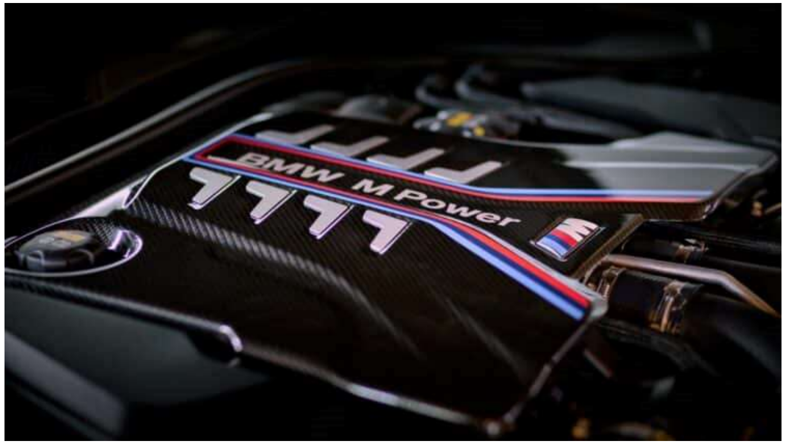
Unicef
BMW has also announced a donation of R30-million to support a United Nations Children’s Fund (Unicef) programme.

The BMW Group and Unicef will embark on a joint effort targeted at thousands of South African primary and secondary school learners to extend and deepen their knowledge in science, technology, engineering, arts and mathematics.

Source: https://www.engineeringnews.co.za/article/bmw-to-invest-r42bn-to-produce-the-new-x3-in-sa-plug-in-hybrid-included-2023-06-29

Media Releases

BMW to invest R4.2bn to produce the new X3 in SA, plug-in hybrid included Continued



February 2024

BMW is introducing a trial fleet of the BMW iX5 hydrogen car throughout the world, including South Africa. The company views hydrogen cars as an addition to battery-electric vehicles (BEVs), not as a rivalry between the two technologies.

The iX5 Hydrogen pilot fleet is not meant for commercial use, but the German automaker has begun testing hydrogen-powered cars in South Africa. The hydrogen car trial was revealed during the regional meeting of the Hydrogen Council in Sandton, Johannesburg.

BMW has revealed that it will begin testing in collaboration with Anglo-American Platinum and Sasol. The Sasol BMW Fuel Cell Electric Vehicle, or Sasol BMW FCEV, is the name of the joint venture project. BMW and Sasol, a multinational integrated chemical and energy corporation, are working together to develop hydrogen fuel cell technology for electric vehicles.

According to Dr. Juergen Guldner, BMW Group General Program Manager, the company doesn't see the hydrogen car as a rival to BEVs. Customers who travel frequently or do not have access to electric charging at home or work might find hydrogen cars to be the best option because they offer the benefits of electric driving together with the ability to recharge rapidly.

Source: https://lagradaonline.com/en/bmw-goodbye-electric-cars-hydrogen-car/

Media Releases

BMW to invest R4.2bn to produce the new X3 in SA, plug-in hybrid included Continued

BMW starts FCEV prototype tests in South Africa

This partnership's main objective is to hasten the adoption of FCEVs and support the construction of hydrogen infrastructure throughout South Africa. The joint venture expects to create a sustainable transportation ecosystem by utilizing BMW's FCEV technical experience, Sasol's hydrogen production expertise, and Anglo American Platinum's supply of platinum group metals (PGMs), which are essential for FCEVs.

This program is in line with the government of South Africa's green hydrogen economy policy, which attempts to reduce carbon emissions, draw in investments, create jobs, and increase demand for vital metals. Under the agreement, Sasol will supply mobile refuelling solutions and renewable hydrogen, and BMW will deliver FCEVs. After significant development work, these cars will go through real-world testing to assess the BMW iX5 Hydrogen's performance.

A new age of environmentally friendly transportation in South Africa is going hand in hand with Sasol's hydrogen production capabilities. Along with the demonstrated productive operation of its Sasolburg facility and BMW's state-of-the-art FCEV drive technology, there is a great deal of potential for the partnership to change both the energy and automotive sectors in South Africa.

Additionally, the partnership hopes to lower carbon emissions, boost demand for locally based materials like PGMs, and drive economic growth through investment and job creation by encouraging the adoption of hydrogen-fuelled mobility solutions.

Source: https://lagradaonline.com/en/bmw-goodbye-electric-cars-hydrogen-car/

Media Releases

BMW to invest R4.2bn to produce the new X3 in SA, plug-in hybrid included Continued

The BMW Group's most potent passenger hydrogen fuel cell electric vehicle (FCEV) in the world is the BMW iX5 Hydrogen. The small series fleet is being utilized to obtain important insights about the customer experience and operation of hydrogen fuel cell electric vehicles. Furthermore, the program underscores South Africa's resolve to halt climate change and move toward a low-carbon future.

The Hydrogen Economy in South Africa

The goal of Anglo-American, a South African firm, is to transform and improve people's lives. Their Sustainable Mining Plan serves as the foundation for this, outlining how they mine and handle their output to create a more sustainable company throughout their whole value chain. The three main pillars of the Sustainable Mining Plan are in line with the Sustainable Development Goals of the UN.

To address this, the Anglo-American company is striving to create a more sustainable, cleaner, and greener planet while also taking significant steps to decarbonize the industry. The framework is focused on placing a strong emphasis on developing the hydrogen economy, a sector that has the potential to be very important in the transition to sustainable energy.

Source: https://lagradaonline.com/en/bmw-goodbye-electric-cars-hydrogen-car/

Media Releases

Naamsa: March 2024 Industry New Vehicle Sales extract

March 2024 - Industry New Vehicle Sales

Market at a Glance

Passenger Vehicles - YTD Mar 2024

84 837 -8.0% ↓ compared to YTD Mar 2023 (92 246)

2020	2021	2022	2023
246 539	304 338	363 681	347 388

Light Commercial Bakkies & Mini Buses - YTD Mar 2024

39 083 -0.2% ↓ compared to YTD Mar 2023 (39 143)

2020	2021	2022	2023
110 912	133 078	135 711	151 492

Medium Trucks & Buses - YTD Mar 2024

1 862 -7.8% ↓ compared to YTD Mar 2023 (2 020)

2020	2021	2022	2023
6 735	7 520	8 308	8 251

Heavy Trucks & Buses - YTD Mar 2024

5 419 5.0% ↑ compared to YTD Mar 2023 (5 161)

2020	2021	2022	2023
16 019	19 555	21 841	24 656

naamsa
THE AUTOMOTIVE BUSINESS COUNCIL

Source: https://naamsa.net/wp-content/uploads/2024/04/FLASH_STD_202403.pdf

Media Releases

Naamsa: March 2024 Industry New Vehicle Sales extract Continued

New Vehicle Sales Totals and Export Sales

	Mar 2024		Mar 2023		Var %		Feb 2024		Mar 2024 YTD		Mar 2023 YTD		Var %	
	Local	Exp	Local	Exp	Local	Exp	Local	Exp	Local	Exp	Local	Exp	Local	Exp
Passenger	26 577	17 274	31 601	23 483	-15.9%	-26.4%	28 883	26 421	84 837	57 526	92 246	55 823	-8.0%	3.1%
Light CV < 3501kg	14 870	6 858	15 542	9 578	-4.3%	-28.4%	13 319	10 744	39 083	23 007	39 143	28 761	-0.2%	-20.0%
Medium CV 3501-8500kg	726	1	862	18	-15.8%	-94.4%	626	3	1 862	6	2 020	56	-7.8%	-89.3%
Heavy CV 8501-16500kg	534	16	488	32	9.4%	-50.0%	406	23	1 281	57	1 254	68	2.2%	-16.2%
Extra Heavy CV > 16500kg	1 469	9	1 577	25	-6.8%	-64.0%	1 443	9	3 987	41	3 788	94	5.3%	-56.4%
Bus > 8500kg	61	3	44	-	38.6%	0.0%	55	8	151	12	119	9	26.9%	33.3%
Industry Total	**44 237**	**24 161**	**50 114**	**33 136**	**-11.7%**	**-27.1%**	**44 732**	**37 208**	**131 201**	**80 649**	**138 570**	**84 811**	**-5.3%**	**-4.9%**

naamsa
THE AUTOMOTIVE BUSINESS COUNCIL

Source: https://naamsa.net/wp-content/uploads/2024/04/FLASH_STD_202403.pdf

Media Releases

Good news for electric cars in South Africa

March 2024

Multinational carmakers in South Africa are in discussions with their international headquarters to produce electric vehicles (EVs) in the country, and the recently announced tax incentive could soon extend to hybrid cars.

This is according to Mikel Mabasa, CEO of the naamsa | The Automotive Business Council, who told Rapport that it would take a year or more for these carmakers to start producing EVs locally.

This is because parts of the production line need to be recalibrated, and personnel need additional training.

Mabasa said the recently announced investment incentive only refers to fully electric vehicles.

However, he added that Naamsa would ask Department of Trade, Industry, and Competition Minister Ebrahim Patel to include hybrid vehicles.

Mabasa says Finance Minister Enoch Godongwana’s announcement during his budget statement is a commitment to provide continued support to the vehicle industry in South Africa.

Martina Biene, managing director and chair of Volkswagen South Africa, warned that further delays could result in the country missing out on securing future investment in its motor industry.

“Electric-vehicle policies are popping up everywhere. Egypt has one, and even Ethiopia, a country that is not known for automotive industrialisation as South Africa is, has an EV policy,” said Biene.

Source: https://naamsa.net/good-news-for-electric-cars-in-south-africa/

Media Releases

Good news for electric cars in South Africa Continued

She added that, from Volkswagen's perspective as a potential investor, prioritising countries with EV policies is critical, and South Africa's loss of one means it doesn't feature high up on carmakers' lists.

Biene said Volkswagen is still committed to production in South Africa. However, it requires a business case to manufacture 50,000 to 60,000 EVs to invest accordingly.

EVs are becoming increasingly popular in South Africa, with Toyota revealing that the country had shattered its sales records in early 2024.

During its State of the Motoring Industry (SOMI) 2024 address at the Kyalami racing circuit on 25 January 2023, Toyota said 931 new fully-electric vehicles were sold in South Africa in 2023.

This is 85% more than 2022's 502 units, surpassing all the fully electric models sold in South Africa from 2020 to 2023 by 119 units.

It added that the options available to South African motorists expanded from eight in 2021 to 31 in 2023.

Motorists have a broader selection of hybrid electric vehicles in South Africa, including models from prominent manufacturers like Toyota, Lexus, BMW, and Mercedes-Benz.

Carmakers who produce hybrid vehicles are set to benefit from the investment tax incentive if naamsa is successful in its discussions with Patel.

naamsa is talking to vehicle manufacturers to import cheaper models — less than R500,000 — to encourage the use of electrified vehicles in South Africa.

Article sourced from Myles Illidge: https://mybroadband.co.za/news/motoring/529163-good-news-for-electric-cars-in-south-africa-2.html

Source: https://naamsa.net/good-news-for-electric-cars-in-south-africa/

Appendix: Media Releases
General Economic Trends

General Economic Trends Media Releases

How Eskom is managing to keep load shedding suspended

April 2024
Despite Eskom's energy availability factor (EAF) sitting at a 20-year low, South Africa has experienced almost two weeks without load shedding – which an energy analyst says is simply a result of declining demand and not by the grace of Eskom.

When the Eskom board was appointed, Public Enterprises Minister Pravin Gordhan gave it the mandate to increase the EAF to 75%.

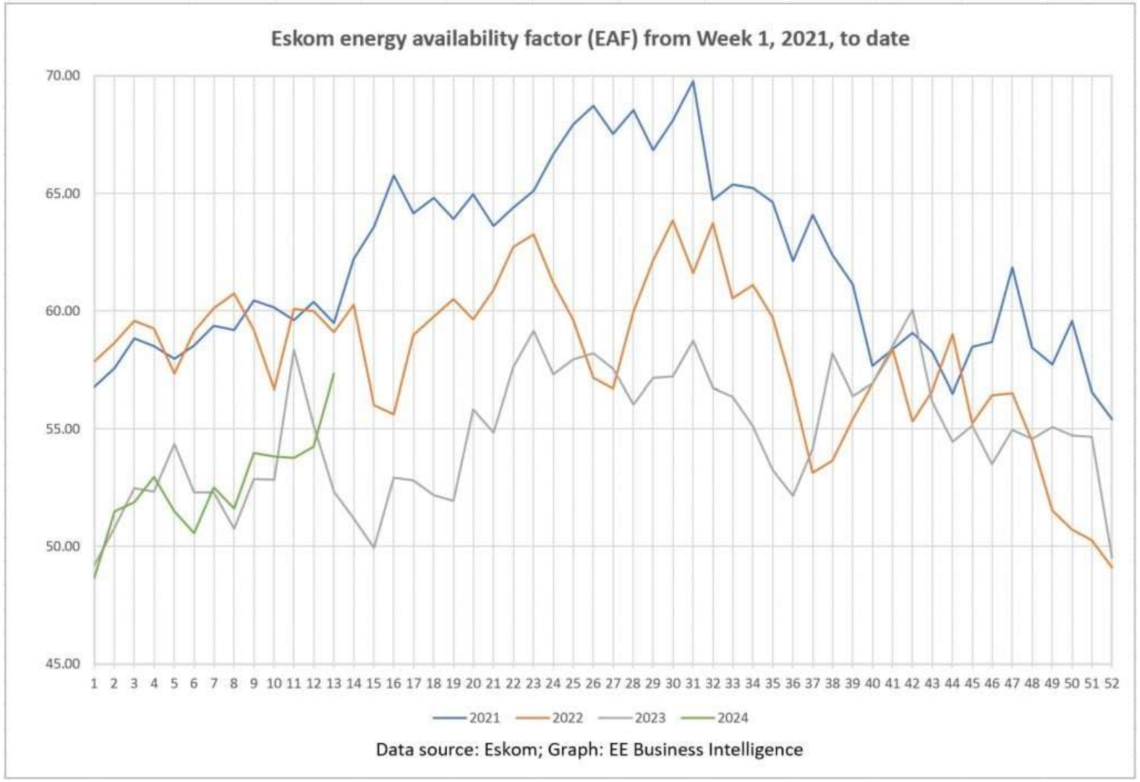
In response, acting Eskom chair Mpho Makwana in January last year said It would take at least two years to improve the EAF from the current 58% to 70% – announcing goals of a 60% EAF by 31 March 2023, then 65% EAF by 31 March 2024 and 70% by 31 March 2025.

However, instead of improving, it deteriorated.

It has been a year since the former Eskom chairman unveiled their EAF targets, and data presented by energy analyst Chris Yelland and EE Business Intelligence shows Eskom failed its target miserably.

Against a target of 65%, Eskom's actual EAF for the 2024 financial year was 54.68% – missing its goal by just over 10 percentage points.

Yelland added the EAF for the last month of the 2024 financial year (March 2024) was 54.63%, and the EAF for the last week of March 2024 was 57.34%.



Source: https://businesstech.co.za/news/energy/766583/how-eskom-is-managing-to-keep-load-shedding-suspended-despite-major-fail/

General Economic Trends Media Releases Continued

How Eskom is managing to keep load shedding suspended Continued

Interestingly, Yelland also pointed out that while unplanned breakdowns (UCLF) are down this year compared to last year, this is offset by increased planned maintenance outages (PCLF) compared to the same period last year.

This means the availability of the Eskom fleet (EAF) this year is about the same as last year.

Why we're experiencing no load shedding

EAF is a core performance metric for Eskom because it is directly linked to load-shedding. When the EAF declines, less power is available, which typically leads to load-shedding.

However, despite the dismal EAF, South Africans have experienced 12 consecutive days (as of Monday, 8 April) without load shedding – and counting.

While some were quick to commend Eskom for this, Yelland noted the answer is that demand for Eskom grid electricity continues to decline in South Africa.

He further listed five main contributors to the decline in demand:

1. The weak South African economy results in a generally flat overall demand for electricity.
2. Rapidly rising Eskom and municipal electricity prices above the inflation rate are dampening demand for Eskom-generated electricity.
3. Load shedding and low reliability of Eskom and municipal grid electricity are negatively impacting electricity supply.
4. Electricity customers are moving to self-generation and alternative energy sources, including rooftop PV, battery energy storage, gas for cooking, solar hot water geysers, energy efficiency and general reduction in demand for grid electricity.
5. The pipeline of big renewable energy and battery storage plants is now coming to the grid, and this is accelerating.

"This relieves Eskom of a burden that it has been struggling to meet over the last few years, resulting in a significant reduction in the frequency and intensity of load shedding this year compared to the same period last year," he said.

Driving this point home, Yelland showed that despite the reduction in load shedding, Eskom's total electricity produced in Gigawatt-hours over the 2023 financial year ending March 2024 reached a 20-year low.

Source: https://businesstech.co.za/news/energy/766583/how-eskom-is-managing-to-keep-load-shedding-suspended-despite-major-fail/

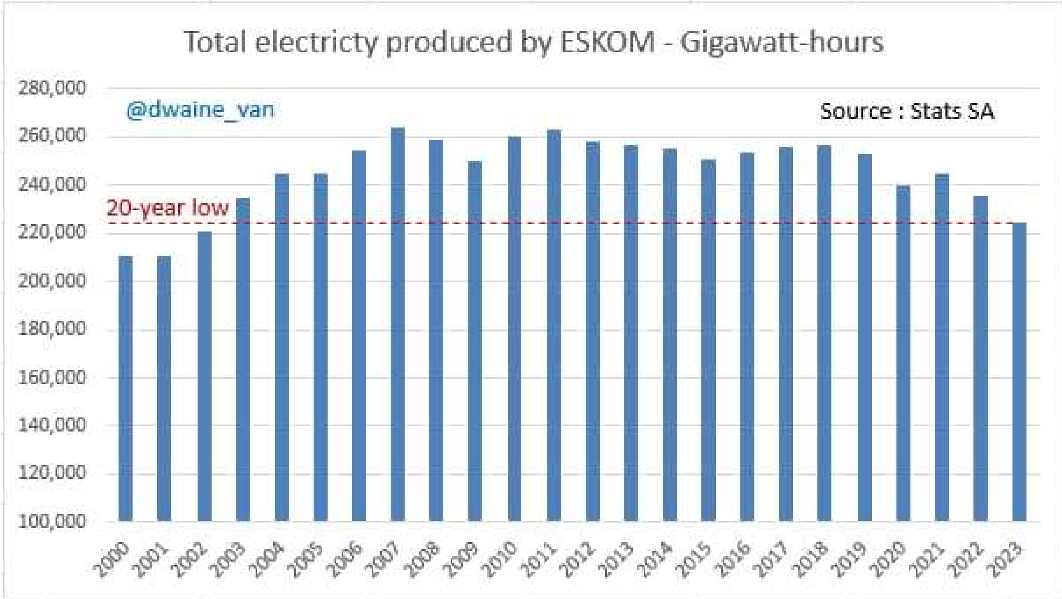
General Economic Trends Releases Continued

How Eskom is managing to keep load shedding suspended Continued

But there is reason for optimism, Yelland added.

"The growing multi-party consensus in Parliament on the passage of the Electricity Regulation Amendment Bill is positive. This will provide the necessary legal, policy, regulatory and planning framework for the envisaged reforms.

"The pace of reform in the electricity supply industry of South Africa is now gathering momentum, driven by the need for decarbonisation and security of supply, and the reality of the economic imperatives," he said.



Source: https://businesstech.co.za/news/energy/766583/how-eskom-is-managing-to-keep-load-shedding-suspended-despite-major-fail/

General Economic Trends Releases Continued

Eskom board approves delay in decommissioning three power stations till 2030

May 2024

- Eskom's board has approved a decision to run Hendrina, Grootvlei and Camden power stations up until 2030.
- The power stations were previously scheduled to be shut down between 2023 and 2027.
- The new schedule for their shutdown has yet to be finalised.

Eskom's board has approved a decision to run Hendrina, Grootvlei and Camden power stations up until 2030, later than their original decommissioning schedule.

Eskom group executive for generation, Bheki Nxumalo, on Monday during a briefing about the Energy Action Plan, shared that the new schedule for the decommissioning of the plants would be determined at a later stage.

"We have just recently received board approval to run three of our power stations, Hendrina, Grootvlei and Camden, up until 2030," he told journalists at Megawatt Park.

Eskom is prioritising grid stability and energy security before it can start considering new decommissioning dates.

"…At least now we have created a space where we will keep these plants maintained up until 2030," said Nxumalo.

Delaying the decommissioning of Grootvlei, Camden and Hendrina - all located in Mpumalanga - is among government's interventions to address the country's ongoing energy crisis.

Eskom's 2023 revised shutdown plan, cited in the draft Integrated Resources Plan of 2023, shows these power stations were to be shut down between 2023 and 2027.

South Africa, however, entered into a Just Energy Transition Partnership (JETP) with rich nations - the UK, US, Germany, France and EU - in 2021 to secure climate finance that would go toward decommissioning its coal-fired power stations. This is in order to meet climate commitments to reduce emissions.

The energy sector (which also includes transport, oil and gas) is the country's biggest contributor to emissions that cause climate change - which is why the JETP targets interventions in the energy sector.

Pledges to the JETP grew from $8.5 billion to $11.6 billion after Denmark and the Netherlands joined the pact last year.

Source: https://www.news24.com/fin24/climate_future/energy/eskom-board-approves-delay-in-decommissioning-three-power-stations-till-2030-20240521

General Economic Trends Media Releases Continued

Eskom board approves delay in decommissioning three power stations till 2030 Continued

Rudi Dicks, head of the project management office in the Presidency, told journalists in February that South Africa had engaged with the funders about the delayed commission as a means to address energy security.

"They have accepted we need to be pragmatic, that we are in a difficult situation," Dicks said previously.

In response to questions from News24, a spokesperson from the Just Energy Transition Project Management Unit has said work is underway and that it would be reporting to the Climate Investment Funds (CIF) by the end of the year.

South Africa in 2022 secured $500 million (~R9 billion) from the CIF Accelerated Coal Transition Investment Plan - aimed at decommissioning old coal plants and shifting to renewables.

Asked about whether the delayed decommissioning is in line with policy, Nxumalo said that Eskom works with the Department of Mineral Resources and Energy before plans are presented to the board for approval. "There is no contradiction between policy and what we are doing within Eskom to run the plants further," said Nxumalo.

Electricity Minister Kgosientsho Ramokgopa echoed sentiments that the delayed decommissioning is in line with government policy which seeks to address a nexus of issues - ensure energy access, energy security, a transition to green technology while also ensuring socio-economic conditions are met such as job creation.

"We can't be in a situation of energy deficit and choose to close down the power stations that are giving the megawatts. There is something incoherent about that particular argument," he said. Ramokgopa emphasised it is important to ensure energy security to ensure the South African economy does not collapse.

Ramokgopa said that Eskom would continue to assess the implications of the delayed decommissioning on emissions, and cost of running the power stations for longer as it formulates new timelines for them to be shut down.

Source: https://www.news24.com/fin24/climate_future/energy/eskom-board-approves-delay-in-decommissioning-three-power-stations-till-2030-20240521

Appendix: Media Releases

Election Year

Media Releases Continued

SA rides a wave of investor cash before the election

May 2024

- Money has been pouring into SA on a bet that the ANC will win enough of the vote to avoid being forced by left-leaning coalition partners to implement less market-friendly policies.
- South African bonds absorbed the most cash in April since in 2019, stocks are at a 15-month high, and the rand is one of only five emerging-market currencies to strengthen this year.
- To the most bullish investors, South Africa is a comeback story.

The most pivotal South African election in decades is already turning the tide of the country's financial markets.

Money has been pouring into the country on a bet that the ANC will win enough of the vote to avoid being forced by left-leaning coalition partners to implement less market-friendly policies. South African bonds absorbed the most cash in April since Bloomberg started tracking the data in 2019, and the trend is continuing in May. Stocks are at a 15-month high. The rand is one of only five emerging-market currencies to strengthen this year.

To the most bullish investors, South Africa is a comeback story. Foreign investors pulled $50 billion from its markets over the past decade as the country grappled with a crisis of confidence. Unprecedented power outages stifled economic growth, while corruption and maladministration sapped investor confidence.

"International equity investors are largely underweight South Africa, so their biggest risk is a positive election result driving a stronger currency and a re-rating of both our equity and bond markets," said Peter Brooke, a portfolio manager at Old Mutual Investment Group Ltd. "The low positioning and cheap assets could make this an explosive rally."

Lessons from around the globe show that elections matter. In 2023, Greece and Argentina elected pro-market leaders who introduced economic reforms. That led to significant market returns, with an MSCI gauge of Greek equities soaring 48% that year and the index for Argentina up 67% in dollar terms.

South African shares have historically performed well over a month horizon following an election, according to Goldman Sachs Group Inc. strategists including Sunil Koul. A supportive fundamental backdrop plus "election relief" could spark a rally in domestic-focused stocks, wrote the strategists, who favour domestic cyclicals and banks.

Source: https://www.news24.com/fin24/investing/sa-rides-a-wave-of-investor-cash-before-the-election-20240520

Media Releases Continued

SA rides a wave of investor cash before the election Continued

To be sure, South Africa has a lot of convincing to do after years of economic mismanagement, according to Derrick Msibi, chief executive officer of Stanlib Asset Management Ltd.

"Those who have been disappointed have the memory of an elephant," Msibi said. "They never forget or easily relinquish their reservations, demanding compelling evidence of change."

This time last year, President Cyril Ramaphosa’s government was grappling with a crisis of confidence. The rand plummeted to historic lows and yields on local-currency bonds soared to highs last seen during the pandemic. But the electricity supply has stabilised somewhat. The government is on track to post its first primary budget surplus in 15 years, setting it on course to curb growth in worryingly high public debt.

"We hope that growth ticks up, local bond yields move down and the rand remains stable," JPMorgan Chase & Co. strategist David Aserkoff said. "If that happens, then we are confident South Africa will outperform emerging markets sharply, reversing the trajectory of the last 10 years.“

Opinion polls have shown that the ANC risks losing its majority for the first time since 1994 in the May 29 election. But concerns that a poor showing may force it to seek alliances with parties to its left has waned.

"Our base case remains that the ANC wins this election outright with an overall majority," said Razia Khan, head of research at Standard Chartered Bank. "If that doesn’t happen, we still think it’s a likely coalition with relatively benign, relatively centrist coalition partners.“

Parties likely to get the largest shares of the vote outside of the ANC include the official opposition Democratic Alliance, the populist Economic Freedom Fighters and the newly formed uMkhonto weSizwe, led by former president Jacob Zuma — who is facing criminal charges relating to corruption.

UBS Group AG strategists including Manik Narain said the nation’s equities offered the best risk/reward in relation to the upcoming vote. Local stocks could see as much as 17% upside if the ANC enters into a coalition with the DA, they said.

The election premium in bonds is also falling away. Local-currency debt trailed emerging markets for much of the first four months of 2024. But the debt has rallied into the top 10 this quarter, giving investors a return of 6.3% in dollar terms.

Citigroup Inc. strategists including Bhumika Gupta have turned overweight on the debt and expect fresh inflows into bonds in the months ahead.

Source: https://www.news24.com/fin24/investing/sa-rides-a-wave-of-investor-cash-before-the-election-20240520

Media Releases Continued

SA rides a wave of investor cash before the election Continued

"The risk of the ANC having to team up with the EFF post-election has led to meaningful underperformance in South African bond and credit markets in recent months," said Roger Mark, an emerging-markets fixed-income analyst at Ninety One. "Because we view this scenario as a tail risk only, we are turning increasingly constructive on the country's assets."

Credit Agricole SA went long rand versus the greenback in April, with a target of R18.60 per dollar. The South African currency has already strengthened below that level and was trading around R18.14 on Monday morning.

Investors need to see the turnaround in state-owned entities persisting beyond the election, continuing improvements at key institutions like the revenue service, as well as successful prosecution of those involved in corruption, said Cumesh Moodliar, CEO of Investec South Africa.

"None of these are out of the reach of government," Moodliar said. "A concerted effort to follow through is probably the first requirement to rebuilding confidence."

Source: https://www.news24.com/fin24/investing/sa-rides-a-wave-of-investor-cash-before-the-election-20240520

Media Releases Continued

SA's financial markets brimming with optimism ahead of elections

May 2024

- There's a widespread belief among investors that stocks, bonds and the rand will keep soaring after the May 29 election.
- Recent polls suggested the ruling ANC will lose its majority in Parliament, but win enough votes to avoid having to enlist less market-friendly rivals as coalition partners.
- The rand has touched a 15-month high against the dollar, yields on 10-year government bonds have dropped 60 basis points from their 2024 highs, and the benchmark stock index is near a record high.

South African's financial markets are brimming with optimism as voters get ready to cast their ballot.
There's a widespread belief among investors that stocks, bonds and the rand will keep soaring after the May 29 election, especially as record-hitting commodity prices boost the exports that South Africa's economy relies on. In a Bloomberg survey of 26 emerging-market investors, most were overweight or neutral on South Africa, and said they preferred the country over investing in Egypt or Nigeria, Africa's two other powerhouses.

It's another marker of just how dramatically investors have changed their minds about South Africa, which has suffered from years of power outages, poor economic growth and mismanagement. Recent polls suggested the ruling ANC will lose its majority in Parliament, but win enough votes to avoid having to enlist less market-friendly rivals as coalition partners.

"The election uncertainty has been weighing on South Africa so an outcome that rules out a populist government would be received well by the market," said Kaan Nazli, a portfolio manager at Neuberger Berman Asset Management. A favourable outcome would also allow the government to focus on structural reforms to unlock economic growth, he said.

Almost two-thirds of respondents said they'd be most likely to increase exposure to South Africa if the election results in a coalition between the ANC and the official opposition DA, while 19% said they would do so if the ANC won outright, but with a reduced majority. More than 90% of respondents said they expect assets to rally in the event of an election outcome that ensures policy continuity.

Source: https://www.news24.com/fin24/markets/sas-financial-markets-brimming-with-optimism-ahead-of-elections-20240523

BMi RESEARCH

Media Releases Continued

SA's financial markets brimming with optimism ahead of elections Continued

"If the election turns out reasonably you could see quite a bit of foreign buying coming into our markets," said Peter Armitage, chief executive of a Anchor Capital. The Johannesburg-based money manager said he became more bullish on South African stocks about two months ago, and has bought "quite heavily" into banks, as well as retailers including Shoprite and some real estate firms.

To be sure, investors were quick to point out that any rally will be short-lived unless the new government makes some dramatic reforms. In the survey, which took place between May 6 and 17, the majority of investors said curbing crime and corruption and easing the nation’s debt burden are the most pressing challenges.

"The durability and extent of that rally will be determined by the ANC addressing long-standing challenges such as security, growth and fiscal issues," said Thys Louw, a portfolio manager at Ninety One. "The challenges are immense, but going into the election we’ve actually seen improvement in areas such as fiscal, which is encouraging."

Markets in Africa’s most industrialised economy have been on a tear in recent weeks. The rand has touched a 15-month high against the dollar, yields on 10-year government bonds have dropped 60 basis points from their 2024 highs, and the benchmark stock index is near a record high.

There is room for further gains, according to Kamakshya Trivedi, head of global FX, rates and emerging-market strategy at Goldman Sachs Group Inc. Goldman sees South African stocks outperforming emerging-market peers ex-China, and prefers domestic cyclicals and banks over export-oriented sectors.

"South African local assets – especially local bonds but also the rand and equities – are not expensive," Trivedi said. "If the election results allow more decisive action to address these fiscal or growth challenges then there is room for the current rally to extend."

Sergei Strigo, a portfolio manager and co-head of emerging-market debt at Amundi, said he expects further economic reforms and improving implementation if the election produces a market-friendly result.

"This would make South Africa a structural play," he said.

Source: https://www.news24.com/fin24/markets/sas-financial-markets-brimming-with-optimism-ahead-of-elections-20240523

Media Releases Continued

Elections, the Rand and the Year Ahead

Chris Paizis

Managing Director and Head of Client Foreign Exchange, Absa CIB

February 2024

What does 2024 hold in store for the rand? We examine the outlook for the currency and its emerging market peers

It's the year of elections. In 2024 voters in more than 60 countries, including South Africa, will go to the polls. Add to that the ongoing conflicts in Ukraine and the Middle East, and it's a recipe for volatility. What might that mean for emerging market (EM) currencies like the rand?

"The rand has been relatively weak for the past two years or so," says Chris Paizis, Managing Director and Head of Client Foreign Exchange at Absa CIB. "Unfortunately, it looks like it's going to be more of the same in 2024, with the rand being part of a group of EM currencies – which also includes the Brazilian real, Argentinian peso and Turkish lira – that are forecast to remain under pressure."

International factors

The rand and its under-pressure EM peers are expected to see continued weakness against developed market currencies as well as major EM currencies. "The Chinese yuan, Mexican peso and even the Russian ruble are forecast to perform better in 2024," says Paizis.

"The path of the rand is a function of both international and local factors," he adds. "In 2024 we are forecasting [that] international factors [will] still be a dominant force. Factors like the elections in the United States, United Kingdom and elsewhere, together with the wars in Israel and Ukraine, are going to be significant. And it's an election year in South Africa as well, so there's going to be a lot of local noise, too."

Risk-off sentiment

For the past few years, geopolitics and a general risk-off sentiment have been major issues for all EM currencies – especially weaker ones like the rand.

"This environment means that investors in general would require a significant risk premium to expose themselves to emerging markets," says Paizis. "By the looks of it, the risk premiums that are offered in South Africa's interest rates and in our local markets are not enough to make investors feel sufficiently safe. That's going to be another cause of volatility and relative weakness in 2024."

Source: https://cib.absa.africa/home/insights-and-events/elections-the-rand-and-the-year-ahead/

Media Releases Continued

Elections, the Rand and the Year Ahead Continued

Internal factors

But the rand's challenges don't all come from the outside. Paizis highlights a range of internal factors that South Africa's currency continues to grapple with. "Electricity, constrained Transnet port issues, the election and possible uncertainty around its results… But then after the elections, there is concern about, 'Well, what comes next?'

"A lot of questions are being asked about South Africa," Paizis says, "and when you combine them with the international forces at play, it's really affecting the value of our currency. And all the factors combined mean it's a recipe for rand volatility in 2024."

How to navigate 2024

"We are definitely in for another year of ups and downs," says Paizis. For corporate treasurers, the lingering question remains: what's the best way to ride out that expected rand weakness and volatility?

"The advice to our clients remains, stay close to your banking partners," says Paizis. "Keep close to your hedging policies and do not panic when the market moves significantly. Markets don't generally move in a straight line."

Importers, especially, can get their foreign exchange fingers burnt if they don't achieve their budget rate. For them, Paizis offers a final piece of advice.

"Working closely with your bank allows you to develop a hedging strategy with the appropriate hedging instruments," he says. "In markets like this, that allows you to hedge through the volatility and get close to your target rates."

Source: https://cib.absa.africa/home/insights-and-events/elections-the-rand-and-the-year-ahead/

Appendix: Media Releases

Agriculture

Media Releases Continued

Goldi owner Astral Foods sees a 440% earnings leap as it puts bird flu behind it

May 2024

- Astral Foods has reported a 441% increase in basic headline earnings per share to 884c.
- This is as it put a devastating bird flu outbreak behind it, and it benefitted from load shedding improvements and reduced diesel costs.
- Its operating profit margin of 5.3% showed a "marked improvement following poor interim results" last year.

Astral Foods has reported interim earnings at the upper end of guidance as it put a devastating bird flu outbreak behind it and benefitted from load shedding improvements and reduced diesel costs.

SA’s largest poultry producer had flagged a more than fivefold increase in headline earnings per share of between 435% and 445% in April, but Monday’s results for the half year to 31 March saw it delivering a 441% increase in basic headline earnings per share to 884c.

The owner of the Goldi and County Fair brands also reported that its group revenue increased 4% to R10.4 billion to the R10 billion reported in the same period last year, saying this was due to higher sales volumes and an improvement in sales realisations reported by the poultry division.

Its operating profit margin of 5.3% showed a "marked improvement following poor interim results" last year, which reflected a R740 million cost to the group due to load shedding.

Astral booked operating profit of R550 million, a 461.2% increase on the R98 million last year thanks again to its poultry division reporting an operating profit against a loss of R283 million in the comparable period. The group again elected not to declare an interim dividend.

It said, though, that its working capital requirements increased slightly as parent stock numbers were repopulated following the devastating impact of bird flu in the 2023 financial year.

The group also reduced its overall gearing level by more than half to 10.1% or R444 million from the R1.03 billion at 30 September 2023 when it had a gearing level of 25.6%.

Astral said its banking facilities "remain in good standing with no covenants, and remain unsecured".

Breaking down its results by segments, the group said its revenue for the poultry division increased by 6.7% to R8.7 billion, supported by higher sales volumes over the comparable period where load shedding had disrupted the poultry processing and sales mix at the time.

Source: https://www.news24.com/fin24/companies/goldi-owner-astral-foods-sees-an-over-440-earnings-leap-as-it-puts-bird-flu-behind-it-20240520

Media Releases Continued

Goldi owner Astral Foods sees a 440% earnings leap as it puts bird flu behind it Continued

It said selling prices also improved during the half, as it looked to recover input costs following an extended period of "subsidising" the cost of producing substantial losses in financial year 2023.

Astral recorded its first full year loss overall in its 23-year history in its 2023 year. The gloomy outlook at the time was supported by the worst bird flu outbreak in SA's history, load shedding, as well as ongoing municipal infrastructure failures, such as water.

But in January, it cited improvements in load shedding, reduced diesel costs and the end of the fat chicken crisis, which had been caused by power interruptions negatively impacting production.

During the half year to end March, broiler sales volumes rose 4.2%, despite broiler bird numbers being cutback from an average of 5.8 million birds per week in September 2023 to 5.4 million birds during the six months to end March 2024.

"This was an effort to balance supply with demand as the market witnessed weak consumer spending and Astral avoided the over-production of finished goods, whilst selling out of stock and easing working capital requirements," it said.

"Broiler performances improved significantly following the normalisation of bird age and live weight in June 2023 as the backlog in the slaughter programme following the load shedding crisis was cleared, with efficiencies for the six months ended 31 March 2024 surpassing historical levels."

Revenue for Astral's feed division decreased by 24.4% to R4.9 billion from R6.4 billion in the same period last year, as a "direct result of lower sales volumes as the internal requirement for feed reduced, together with a decrease in selling prices on the back of lower raw material costs".

Looking ahead, notwithstanding the improvements in load shedding, Astral still flagged power interruptions as a concern, particularly as it related to embedded diesel costs, albeit at lower levels in the past few months.

It also said bird flu remained a "major risk" to the local poultry industry, with slow "progress being made towards approval for the vaccination of broiler breeding stock".

Astral noted that El Niño weather patterns could also have an impact on the local grain crops due to dry weather in a critical period of the growing season, leading to a smaller crop and higher pricing, while weak economic growth and depressed consumer spending could impact supply and demand dynamics in the future.

Source: https://www.news24.com/fin24/companies/goldi-owner-astral-foods-sees-an-over-440-earnings-leap-as-it-puts-bird-flu-behind-it-20240520

Media Releases Continued

Pot of gold or bumpy road: What's in store for Rainbow Chicken as it heads to the JSE?

June 2024

- Rainbow Chicken returns to the JSE when things are looking a bit more promising for the poultry industry.
- The sector has managed to put the worst bird flu outbreak in history behind it, while load shedding is abating and input costs pressure has eased.
- A big question is what Johann Rupert's Remgro will do with its 80% interest in Rainbow after listing on 26 June.

With just days to go until it lists on the JSE, Rainbow Chicken's return to the bourse as a standalone company comes at a time when the sun is shining a little more brightly for a battered poultry sector.

Not only has the industry seemingly drawn a line under the country's worst bird flu outbreak on record in 2023, but commodity prices appear to be easing, bringing much-needed relief for the chief input costs, namely maize.

At the same time, load shedding, which cost the sector hundreds of millions, has been suspended for the past couple of months, saving companies in the sector significant diesel costs. The "fat chicken" crisis caused by delays in the processing systems of big poultry players due to constant power interruptions also seems to be a thing of the past.

It's been a torrid time, though.

As Small Talk Daily analyst Anthony Clark describes it, the "poultry sector has not been a pretty place to be for the last two years".

Blood on the floor

"There's been lots of blood on the floor, as we saw last year with Astral Foods losing R1.3 billion (full year) from its poultry division."

And now, while the environment for poultry players is certainly better than it was last year, it would be a mistake to think it will just be plain sailing from here.

Clark points out that a lot also depends on the direction of the economy, with consumers under the whip and shopping around for the most affordable options.

But there are some hopeful signs too, Clark says retailers are now more open to price increases that have to be pushed through by producers such as poultry players to cope with their rising costs.

Source: https://www.news24.com/fin24/companies/pot-of-gold-or-bumpy-road-whats-in-store-for-rainbow-chicken-as-it-heads-to-the-jse-20240620

Pot of gold or bumpy road: What's in store for Rainbow Chicken as it heads to the JSE? Continued

This should bring some respite to the poultry sector. Furthermore, Clark says transport costs are also coming down, which will mean more money in consumer pockets for chicken.

Poultry is by far SA's most important animal protein source, and according to industry statistics, it accounted for more consumption than all other meats combined in 2022, or a total for meat and eggs of 46kg per person.

And if a government of national unity can bring some stability to SA, consumer and economic confidence should improve, says Clark, with the "welcome uplift" in the form of an interest rate cut possibly on the cards later this year.

There is also some optimism SA could also start moving back into La Niña conditions, which should help generate better maize production going forward and see input costs fall.

Says Clark: “In theory, the poultry sector does have some reasonable tailwinds. Well rather, it's not much of a wind, I would say it's more like a gentle puff.”

Reroosting on the JSE

Enter Rainbow into the mix. The group, which is about to be spun out of Remgro-controlled RCL, comes to a listing environment on a far more solid footing than it has been in years. At the same time, its listing on 26 June will also effectively bring RCL, which also owns brands such as Yum Yum peanut butter and Selati sugar, full circle.

Previously, the Rainbow business was the original listing on the JSE in 1989, before it evolved into RCL Foods with the acquisition of groups such as Foodcorp and TSB Sugar.

According to its recent pre-listing statement, Rainbow, which joins the JSE as SA's second-largest poultry player with an 18.5% market share, arrives with a net asset value of about R4 billion and minimal debt.

In recent years, the Rainbow division has struggled, but is in the process of being turned around by new CEO Marthinus Stander, who previously headed Country Bird and is highly rated in the industry.

Clark says from the pre-listing statement, it is clear RCL, which is 80% held by Remgro, has pumped some cash in to "reinvigorate its stressed balance sheet", bringing in about R300 million. At the same time, Rainbow will have minimal debt, helpful in tough conditions.

Its new life as a separate company also comes as no surprise to him.

Source: https://www.news24.com/fin24/companies/pot-of-gold-or-bumpy-road-whats-in-store-for-rainbow-chicken-as-it-heads-to-the-jse-20240620

Pot of gold or bumpy road: What's in store for Rainbow Chicken as it heads to the JSE? Continued

In fact, Clark himself first broke the news of a possible standalone listing for Rainbow when Stander left Country Bird to take up his new position heading up the Rainbow division for RCL Foods in November 2020. For Clark it was a no-brainer that Rainbow could enjoy a new incarnation as a standalone listing.

"I believed his exit from Country Bird Holdings to go back to RCL, where he used to work many, many years ago, was probably a prelude to him eventually wanting Rainbow to unbundle from RCL."

The reason for this, Clark notes, is that a "seasoned industry executive" like Stander walking away from a substantial position at the unlisted and better performing Country Bird to work for Rainbow, which was at that stage "very volatile", including having a genetics problem with its flock. These genetics problems ultimately also resulted in Rainbow changing its poultry breed from Cobb to Indian River.

Clark was proved right after all when RCL flagged in March it would be spinning out Rainbow as a separate listing.

A big question for market analysts now is what the pricing of Rainbow, which comes to the market with a net asset value of R4 billion, will likely be, as well as what Remgro, which will also hold 80% of Rainbow, will do with its stake in the chicken producer.

Trading volatility

While even in the best times the profit margins enjoyed by the cyclical poultry industry are razor thin, Richard Cheesman, partner at investment group Urquhart Partners, said Rainbow was being spun off when there were likely better days ahead.

"The sector has come through a very difficult patch, but at the moment, the environment is picking up."

Nonetheless, it is a "highly commoditised" industry, where the companies do not have the luxury of setting prices.

He said large retailers or fast-food chains would seek to obtain chicken at competitive prices, which means the producers struggle to get price increases across.

At the same time, poultry producers are at the mercy of volatile global commodity prices.

This makes it a tough business in which to succeed.

Source: https://www.news24.com/fin24/companies/pot-of-gold-or-bumpy-road-whats-in-store-for-rainbow-chicken-as-it-heads-to-the-jse-20240620

Media Releases Continued

Pot of gold or bumpy road: What's in store for Rainbow Chicken as it heads to the JSE? Continued

But Cheesman believes that a reasonable discount to the group's net asset value is possible.

One problem for the counter, though, is that it is so tightly held by Remgro, with a very limited free float available to investors. This brings with it liquidity issues for investors, Cheesman pointed out, adding that "trading may be sparse".

He said liquidity on the JSE as a bourse was a concern in general and that there were counters on the JSE with similar sizes that see trade by appointment only.

For Chris Logan, MD of Opportune Investments, a key issue will also be the pricing of the new listing, notwithstanding the majority Remgro holding and the potential for illiquidity, saying that unbundling often provides good opportunities to get in at a very attractive pricing.

"From my perspective, it is certainly a company worth following, notwithstanding the liquidity limitations," says Logan.

Stander is doing a good job at Rainbow, with Logan adding he is a "competent operator" which augurs well for the group as a standalone business and listing.

"Marthinus and his team have earned credibility. Even the way they go about sharing information about the listing, about what is happening. It is very professional."

Clark is adopting a wait and see approach, while also pointing out the positive signs that Rainbow under Stander's leadership, is experiencing the beginning of a revival.

Clark says that it is "quite evident that Rainbow has provisionally turned the corner".

Nonetheless, he will not "be chasing my pot of gold at the end of Rainbow at listing".

Rather, Clark will keep a watchful eye on it, especially when it brings out results later this year, when there could be more positive momentum and possibly more reasons to have another look at the stock.

If a few things go in its favour in the next couple of months – including lower input costs, a more stable political and economic outlook and continued absence of load shedding, the "reporting season in the second half into 2025 could be slightly better and perhaps a little bit more optimistic compared to the current market's pessimistic outlook".

Source: https://www.news24.com/fin24/companies/pot-of-gold-or-bumpy-road-whats-in-store-for-rainbow-chicken-as-it-heads-to-the-jse-20240620

Media Releases Continued

Pot of gold or bumpy road: What's in store for Rainbow Chicken as it heads to the JSE? Continued

Remgro's egg-sit?

Another burning question in the market is whether the listing of Rainbow will be followed by further corporate action in the form of another player possibly looking to acquire the group.

And if this is the case, any would-be suitor would have to approach Remgro. Market consensus, however, is that, on balance, it would appear Remgro does not intend being a long-term shareholder.

Logan himself is watching keenly to see what Remgro does.

Cheesman, likewise, believes that further corporate activity could be possible once Rainbow is spun off, saying this was often the case when companies followed this route.

One case in point was the 2020 acquisition by PepsiCo of Pioneer Foods, which itself had previously spun off Quantum Foods, SA's largest egg producer.

There is also much speculation that Quantum Foods, which is tightly held by a small group of shareholders, may also soon be the subject of a takeover itself.

Potentially aligning with this is the incentive scheme that is being put in place Rainbow's top executives.

Referring to the pre-listing statement released this week, Cheesman said Rainbow executives are being incentivised through potential share allocations for the company to achieve "R300 million operating profit or more" over the next two financial years.

In a report by VS Research, which Rainbow Chicken commissioned, it was specifically mentioned that a "large part of the financial improvements at Rainbow" are premised on the turnaround strategy, including it changing bird breeds and improving chicken rearing methods.

For Cheesman, the relatively short-term horizon for these incentives could hint at the listing of Rainbow potentially being a "market sounding exercise" to try to determine what the market value of this business was to prepare it for further sale.

With this in mind, he said it is possible that Remgro may not be a long-term shareholder of the business.

Clark himself has also previously questioned how long Remgro will be prepared to hold on to what will be an 80% interest in Rainbow post listing.

Source: https://www.news24.com/fin24/companies/pot-of-gold-or-bumpy-road-whats-in-store-for-rainbow-chicken-as-it-heads-to-the-jse-20240620

Pot of gold or bumpy road: What's in store for Rainbow Chicken as it heads to the JSE? Continued

He told News24 earlier this month that one of the main reasons Remgro wanted to separately list Rainbow was to rid itself of the volatility that poultry brings to the table.

Being stuck with an 80% holding in Rainbow after listing puts it in a similar quandary to the one it is now.

This sets the scene for possible further corporate action down the road with other possible third parties keen to take this stake off Remgro's hands.

General benefits?

All in all, though, Clark believes the separation of Rainbow from RCL is a good thing, particularly for RCL.

From RCL's perspective, it will be a step in the right direction given that as things now stand it is a "hodgepodge of interests and not all of them completely align with food".

At the moment, its sugar business is its most profitable, but this too is a volatile industry, so RCL will be glad to be rid of the extra volatility a chicken business brings, he said.

However, being a standalone business will also allow Stander and his management team a "chance to stand on their own two feet" and make capital allocation decisions independent of what RCL might want.

Clark also believes that having another relatively large player join the JSE as a counterpart to Astral could help improve the market generally.

As an unlisted player it is far easier to push competitive price cuts because the underlying impact on the bottom line is not as clearly apparent to market analysts as a listed company, which is under much more scrutiny.

"Having Rainbow listed, they [Rainbow] will not act in a very highly competitive or price competitive environment against Astral, because their profits and their revenue would lose out," he said, adding: “So having Rainbow listed should bring more balance and calm to a poultry market and remove some of the pricing volatility which has been detrimental to the entire industry as they compete against each other.”

"I'm not saying it's going to be a cozy duopoly – that would be wrong. What I am saying is there will be a much calmer environment regarding pricing and production volumes going forward.

"Hopefully this will keep the market much more in balance. The last thing we want is someone trying to grab market share and pushing down prices."

Source: https://www.news24.com/fin24/companies/pot-of-gold-or-bumpy-road-whats-in-store-for-rainbow-chicken-as-it-heads-to-the-jse-20240620

Media Releases Continued

Thabile Nkunjana | Drought and lower SA yields push maize prices up to 2016/17 levels

April 2024

Drought and lower South African yields have caused white maize prices to rise to levels last seen eight years ago, writes Thabile Nkunjana.

In South Africa and throughout southern Africa, the problem of food insecurity is becoming more and more apparent. This comes after many reports from major maize-producing countries in the region that are currently experiencing drought brought on by the El Niño phenomenon.

There has been a reported 20% reduction in maize production in South Africa. There have also been notable declines reported in certain areas of Malawi, Zimbabwe, and Zambia. Mozambique is another country that normally experiences the effects of El Niño, and it imports a large amount of food, including white maize, from South Africa.

Africa has been the primary destination of South Africa's white maize exports over the last marketing seasons. For instance, at least 90% of the 1.1 million tonnes of white maize exported as of March 2024 went to Africa. The same pattern of 46% and 76% of South Africa's exports of white maize to Africa was noted in 2022 and 2021, respectively.

Drought and lower South African yields have caused white maize prices to rise to levels last seen eight years ago during the 2016/17 marketing season. This is true even though, in comparison to the 2016/17 era, we have comparatively larger maize stocks this time around.

A tonne of white maize sold for R5 163 in March 2024, a 26.3% increase year over year (y/y) from R4 257 in February, whereas a tonne of yellow maize sold for R4 220 in the same month. The price differential between yellow and white maize was R900 per tonne as a result of the spike in white maize prices.

Potential implications to food security

Although production of both white and yellow maize is predicted to decline, concerns are greater with white maize for several reasons.

Firstly, white maize is meant for human consumption in South Africa and its neighbours, while yellow maize is for animal feed. Reduced output of white maize will raise the cost of the grain as well as its by-products, including maize meal.

Secondly, two countries in the world that can export enough maize to countries in need of white maize are South Africa and Mexico. However, because of the ongoing drought, South Africa can only export a smaller amount of white maize, which creates a sizeable market void.

Source: https://www.news24.com/fin24/economy/thabile-nkunjana-drought-and-lower-sa-yields-push-maize-prices-up-to-201617-levels-20240428

Media Releases Continued

Thabile Nkunjana | Drought and lower SA yields push maize prices up to 2016/17 levels Continued

Thirdly, in southern Africa, South Africa produces and exports at least 70% and at least 80% of the total amount of maize. As was already indicated, several regional white maize importers rely on South Africa for their supplies. As a result, if white maize from South Africa becomes less accessible, demand for both white maize and milled white maize products could rise.

The harvest of white maize in South Africa is predicted to be 6.3 million tonnes, down 25% year over the year and the lowest in a number of years. This means that the price of white maize will inevitably rise since countries that typically import maize from South Africa may increase their imports of processed maize, particularly maize meal.

Among the countries that import maize or both milled grains and maize from South Africa are Botswana, Lesotho, Namibia, Eswatini, Mozambique, Angola, Zambia, Madagascar, and the Democratic Republic of the Congo.

White maize prices are anticipated to remain high for some time because there aren't many opportunities for substitute suppliers in the near future. The other potential supplier of white maize is Mexico, though it does not have enough to export. Drought had a detrimental effect on maize output, and the United States is currently prohibited to export white maize to Mexico, hence the low amount available for export.

Consumers in South Africa and the rest of southern Africa may have to pay higher costs for goods made from white maize until early 2025 as a result of this and the restricted supply of white maize coming from South Africa. By then, fresh South African maize stock would be coming onto the market, and things in Mexico with regard to white maize would have improved.

Given the current developing situation, it’s unlikely that South Africa will be able to supply all the countries it normally supplies with white. For now, countries need to make plans for difficult circumstances.

Possible solutions

Southern African countries should import more alternative cereals to cushion general food supplies. Regionally, wheat and rice are the second and third most consumed food after maize, and presently there is enough of both available in the market to import.

Source: https://www.news24.com/fin24/economy/thabile-nkunjana-drought-and-lower-sa-yields-push-maize-prices-up-to-201617-levels-20240428

Media Releases Continued

Thabile Nkunjana | Drought and lower SA yields push maize prices up to 2016/17 levels Continued

Argentina's exports of white maize can be of interest to countries that are now in need of them. In the past, Mexico, the US, and Argentina have provided white maize to southern Africa. Argentina's grain output has significantly increased this year, and exports are predicted to increase by 40%.

The harvest of maize began in late March and will continue until mid-June of 2024; this may be the appropriate time to place an order. Zimbabwe is reportedly considering placing an order for maize from Brazil, another possible substitute for maize imports.

The region’s leading maize producers and exporters should open trade of maize. South Africa has already stated that maize exports will continue, and this should play a critical role given the country's significance in regional maize supplies.

The opening of trade in milled products is also necessary because certain countries have sufficient stocks for processing, and permitting the import of processed maize products would protect consumers in those countries from the limited supply of maize.

Thabile Nkunjana is an agricultural economist in the Agro-Food Chains Markets and Economic Research Division of the National Agricultural Marketing Council.

Source: https://www.news24.com/fin24/economy/thabile-nkunjana-drought-and-lower-sa-yields-push-maize-prices-up-to-201617-levels-20240428

Media Releases Continued

Take A Look: The shock price hikes in SA food basics since 2022

- Food prices for key items are, on average, more than a quarter higher than they were before the start of the Russia-Ukraine war.
- While the food inflation rate is easing, consumers will likely not experience significant relief in the short term.
- A poor local maize crop, weak rand and high fuel prices are keeping prices high.

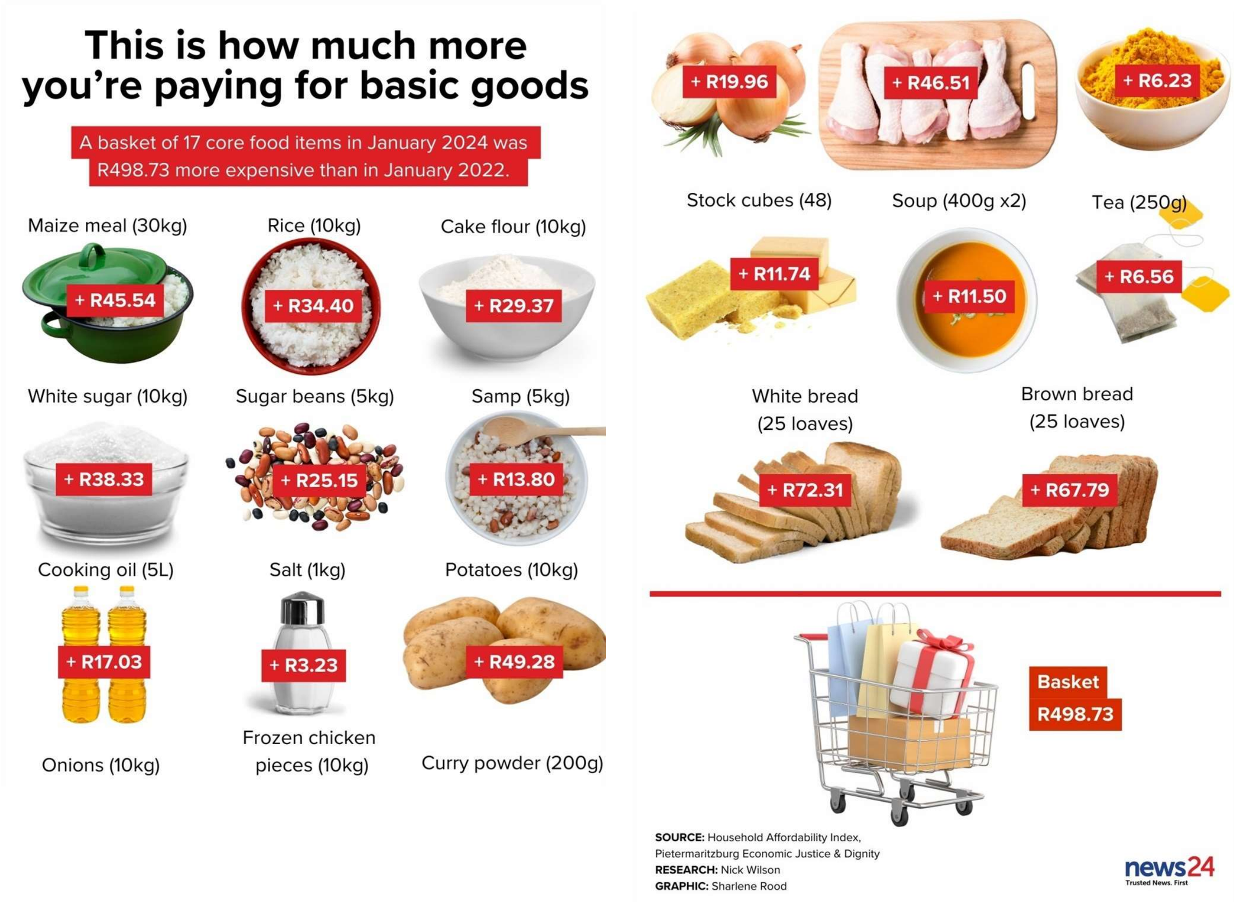
Just over two years since Russia invaded Ukraine and sparked an inflation wildfire, South African food prices for key grocery items are on average more than a quarter higher than they were before the start of the conflict.

Though the South African food inflation rate has been easing in recent months, any hope for significant relief for consumers, particularly the poorest, is rapidly receding thanks to a poor local maize crop, weak rand and persistently high fuel prices.

Just how difficult the situation is for the most economically vulnerable is underlined by the Household Affordability Index prepared by advocacy group, Pietermaritzburg Economic Justice & Dignity (PMBEJD).

According to the group, the average cost of a basket of 17 core food items that are prioritised and bought first by households was R2 837.56 in January 2024. That's R498.73 more expensive than the R2 338.83 it cost them in January 2022. This was a 21% increase in the total cost of the basket. Looking at all the individual food items, the average price increase was 26%.

Here are increases in basic food product prices since 2022:



Source: https://www.news24.com/fin24/economy/take-a-look-the-shock-price-hikes-in-sa-food-basics-since-2022-20240420

Take A Look: The shock price hikes in SA food basics since 2022 Continued

Making matters worse for SA's low-income segment is that all of the food items worst hit by inflation are, on a regular basis, the most prominent items in their food basket.

Adrian Saville, professor in economics and finance at the Gordon Institute of Business Science (GIBS), says lower income groups feel it the most when food prices rise, as food makes up the highest weighting of their household baskets on average.

Mervyn Abrahams, the programmes director for the PMBEJD, said SA's most vulnerable households are facing a food crisis. He points out that the situation has been exacerbated by both local and international factors. In SA, load shedding expenses, as well as the increasing costs of transporting food because of the country's failing port and rail infrastructure, have all piled up.

"So, the consumer is paying a premium, not just in terms of food prices but also for the collapse of our infrastructure," he says.

Global factors are also fuelling price hikes.

Covid-related supply chain squeezes resulted in the initial spike in inflation, before the Russia-Ukraine war acted as an accelerant.

At the same time, Abrahams says, countries such as India have held back on rice exports as they look to combat their own domestic inflation woes and rising food prices, as well as have a contingency plan if there are any shortages caused by El Nino weather patterns. These patterns bring fluctuating climactic conditions depending on where you are on the globe.

Compounding the problem is that food inflation is running a "long way ahead of other inflation", says Saville, noting that this is a "global problem and not just a South African one".

For example, says Saville, in the US, food prices are up 21% since early 2021, adding that this type of inflation rate has not been seen since the 1980s.

Unsurprisingly, as a result of these inflationary pressures, Abrahams says the poor are eating less food and also opting for more processed options that do not have much in the way of nutrition available to them.

This has a direct impact on health rates, particularly among women, who often will eat last to ensure their children and partners get fed first, he adds.

Abrahams says this ultimately affects the economy because productivity levels are lower than they otherwise would have been if people were getting proper nutrition and not going hungry.

Source: https://www.news24.com/fin24/economy/take-a-look-the-shock-price-hikes-in-sa-food-basics-since-2022-20240420

Media Releases Continued

Take A Look: The shock price hikes in SA food basics since 2022 Continued

As to what the short to medium outlook is, there appears to be a mixed bag for consumers. Certain product items are certainly seeing some easing, while others are again accelerating.

As a whole though, consumer food inflation is definitely slowing – sitting at 6% in February 2024 from 7% in the previous month, with Wandile Sihlobo, chief economist at the Agriculture Business Chamber of SA, expecting this broad trend to continue for most products within the average food basket.

But he warns that there is upside risk for bread and cereal prices in particular, because of upward pressure on the white maize price, something which is echoed by Farzana Bayat, portfolio manager at Foord Asset Manager, who notes that there has been an up to 40% hike in the price year to date.

Here, the biggest risk is the potentially poor white maize harvest on the back of a dry weather spell, notes Sihlobo.

"There are notable crop failures in the western regions of South Africa, which are primarily white maize-producing regions. It is unclear what the maize harvest will be as the weather conditions remain challenging," he says.

At the end of February, the estimates from the Crop Estimates Committee placed SA's 2023/24 white maize harvest at seven million tons, down 17% year-on-year.

But this estimate, says Sihlobo, will also likely be lowered over the coming months as the country has "gone through March with virtually no rains in the white maize regions".

Although one counter-argument is that there are ample maize supplies globally that could cushion SA, Sihlobo says the problem is that it is not as widely traded, with yellow maize being the most common.

As a result, he also expected a "disconnect between the domestic white maize prices and the general global maize prices, which are likely to continue softening due to improved supplies".

This is being seen in yellow and maize futures, with Sihlobo pointing out that as at 22 March, SA’s white maize spot price is sitting at R5 159 per ton, while yellow maize is R4 258 per ton.

Source: https://www.news24.com/fin24/economy/take-a-look-the-shock-price-hikes-in-sa-food-basics-since-2022-20240420

Media Releases Continued

Take A Look: The shock price hikes in SA food basics since 2022 Continued

Another spanner in the works for the food inflation picture is SA's weak currency, both Bayat and Saville point out.

Saville says earlier in 2024 the prospects for a stronger rand this year had looked better, but that this has now failed to materialise, given the Fed's recent hawkish stance on interest rate cuts.

Saville says initially there were expectations of six or even seven interest rate cuts in the US, but "now we sit in April and it looks like the rate cuts have been kicked down the road because inflation in the US remains stubborn".

Bayat agrees that the change in stance on interest rates in the US has affected the picture in SA, with the local market now "basically pricing in flat interest rates", which ultimately means less cash available for consumers to weather affordability issues.

Another problem, she says, is the high global oil price, which raises fuel costs. So far this year, the Brent crude oil price is up nearly 20% to about $89 a barrel.

All of this has a knock on effect on food down the entire value chain, adds Bayat.

Source: https://www.news24.com/fin24/economy/take-a-look-the-shock-price-hikes-in-sa-food-basics-since-2022-20240420

Media Releases Continued

Port woes and drought drive sentiment in SA's agricultural sector to 15-year low

June 2024

- Business has remained downbeat about agricultural conditions in SA, according to the Agricultural Business Chamber's latest index.
- The index fell to 38 in the second quarter of the year, its lowest level since the financial crisis in 2009.
- The chamber said there had been slight positive reaction to the recent elections and plans to form a government of national unity.

Business confidence in the agricultural sector has fallen to its lowest level since the financial crisis in 2009, according to the Agricultural Business Chamber of South Africa's (Agbiz) Confidence Index.

The index indicated that declining confidence had been driven by worsening farming conditions caused by El Niño, port challenges, and infrastructure and service delivery issues.

Sentiment in the sector has renewed its decline after a slight improvement in the third quarter of 2023, with the index dropping from 40 to 38 in the second quarter of the year.

The index, compiled by Agbiz and the Industrial Development Corporation, tracks the sentiments of 25 agribusiness decision makers about the economy, export volumes, capital investment and general agricultural conditions.

Source: https://www.news24.com/fin24/economy/port-woes-and-drought-drive-sentiment-in-sas-agricultural-sector-to-15-year-low-20240624

Media Releases Continued

Port woes and drought drive sentiment in SA's agricultural sector to 15-year low Continued

In a statement on Monday, the chamber said, "the mid-summer El Niño drought's impact on summer grains and oilseed production is one of the major factors that weighed on the sentiment. The drought coincided with long-standing challenges of inadequate road infrastructure and municipal service delivery.

"Moreover, while the farming community recognises the improvements in Transnet's operations, they highlight the need for continuous work to address the inefficiencies of the ports and rail network."

Amid an ongoing logistics crisis, the World Bank earlier this month ranked the country's ports among the worst in the world. Cape Town ranking last out of 405 ports due to efficiency and declining performance.

The index also cited lingering animal diseases and heightened geopolitical tensions as reasons for the overall sentiment decline.

News24 previously reported that the highly pathogenic avian influenza had wreaked havoc in the poultry sector, causing egg prices to shoot up amid a shortage of the product on retailer's shelves.

SA’s largest poultry producer, Astral Foods, recorded a R621 million operating loss amid the outbreak, while SA's biggest egg producer, Quantum Foods, said the risk of the disease is still high within the sector amid the unavailability of vaccines for certain strains of the disease.

Source: https://www.news24.com/fin24/economy/port-woes-and-drought-drive-sentiment-in-sas-agricultural-sector-to-15-year-low-20240624

Media Releases Continued

Port woes and drought drive sentiment in SA's agricultural sector to 15-year low Continued

According to the index, sentiment in exports also declined by 14 points to 21 for the second quarter this year, indicating a possible decline in export activity from record export volumes of $13.2 billion (R238.76 billion) in 2023.

Meanwhile, sentiment for economic conditions increased by 9 points to 38. The chamber said the slight recovery was due to improved load-shedding performance and GDP forecasts.

Chief economist for Agbiz, Wandile Siholobo, said, "While the farming sector may have worried about the political outlook at the time of the survey, the reaction to the newly formed Government of National Unity has been widely positive, and the financial markets reaction reflects that optimism."

Source: https://www.news24.com/fin24/economy/port-woes-and-drought-drive-sentiment-in-sas-agricultural-sector-to-15-year-low-20240624

Media Releases Continued

El Niño dries up South Africa's agricultural business confidence for the second quarter

June 2024

The Agricultural Business Chamber of South Africa (Agbiz) and Industrial Development Corporation's Agribusiness Confidence Index (ACI) reached a 15-year low of 38 points in the second quarter of the year.

This is the lowest level since the third quarter of 2009 and compares with a level of 40 in the first quarter of the year.

The level of 38 suggests that agribusinesses are downbeat about business conditions in the country, with the El Niño-induced drought's impact on summer grains and oilseed production being one of the major factors that weighed on sentiment.

The drought coincided with existing challenges of inadequate road infrastructure, municipal service delivery, lingering animal disease outbreaks and heightened geopolitical tensions.

Uncertainty about the formation of the national and provincial government at the time the ACI survey for the second quarter was conducted may have also added to the downbeat mood among agribusinesses.

Agbiz says the farming community recognises the improvements in Transnet's operations, but believes more work is needed to address inefficiencies at the country's ports and on the rail network.

Source: https://www.engineeringnews.co.za/article/el-nio-dries-up-south-africas-agricultural-business-confidence-for-the-second-quarter-2024-06-24

Media Releases Continued

El Niño dries up South Africa's agricultural business confidence for the second quarter Continued

Five of the ACI's ten subindices declined in the second quarter, with the turnover subindex having decreased by 22 points to 31 in the second quarter. This reflects the expectations of poor summer grain and oilseed harvests in an environment where input costs remain high compared with pre-Covid-19 levels.

Similarly, the net operating income subindex decreased by 13 points to 35 in the second quarter, which reflects the impact of the mid-summer drought on farming business' income.

The employment subindex lowered by 12 points to 38 in the second quarter, which Agbiz says may reflect the drought's impact on jobs despite employment numbers in agriculture having grown by 6% year-on-year in the first quarter of the year to 941 000.

The capital investments index decreased by four points to 46 in the second quarter, which Agbiz says is unsurprising, as tractor and combine harvester sales have generally declined since the start of the year.

Moreover, the volume of export subindex decreased by 14 points to 21 in the second quarter, which signals the potential decline in export volumes this year from what had been record exports of $13.2-billion in 2023.

Admittedly, Agbiz explains, the first-quarter agricultural exports were robust on the back of strong horticulture, wine and livestock product exports, but the full year's export activity may be weak compared with the prior year.

Some of the mild improvements to the ACI included the market share of the agribusiness subindex having increased by six points to a level of 65 in the second quarter and the general economic conditions subindex having recovered by nine points to 38.

Source: https://www.engineeringnews.co.za/article/el-nio-dries-up-south-africas-agricultural-business-confidence-for-the-second-quarter-2024-06-24

Media Releases Continued

El Niño dries up South Africa's agricultural business confidence for the second quarter Continued

"This slight recovery in the mood about economic conditions could be linked with expectations of a reduction in loadshedding this year and it is broadly consistent with improvements in various market analysts' GDP forecasts," Agbiz states.

The general agricultural conditions subindex grew by 28 points to a level of 46 in the second quarter, which shows optimism about the end of the intense El Niño cycle and the expected transition to La Niña later this year, which will ensure more rain into the 2024/25 season.

The debtor provision for bad debt subindex increased by three points to 31 in the second quarter, which is an unfavourable development and shows prospects of harsh financial conditions in some farming businesses, possibly those in summer grains.

The financing costs subindex declined by four points to a level of 23 in the second quarter, signalling that agricultural firms may believe the interest rate would soon start to decline. This is important in a sector with more than R205-billion in farm debt, Agbiz says.

There ultimately remains pessimism in the agriculture sector, although some subsectors had an impressive start to the year. Perhaps sentiment in the ACI will tick up following the formation of the new government, which has been positively received in the financial markets, Agbiz notes.

Source: https://www.engineeringnews.co.za/article/el-nio-dries-up-south-africas-agricultural-business-confidence-for-the-second-quarter-2024-06-24

Media Releases Continued

South Africa continues to push for long extension to Agoa well ahead of 2025 expiry

June 2024

With the expiry of the Africa Growth and Opportunity Act 15 months away, South Africa is continuing to call for an early and substantial extension of the preferential trade arrangement, which has been in place since 2000.

Department of Trade, Industry and Competition chief director for bilateral trade relations Malose Letsoalo reported this week that South Africa remained optimistic that Agoa would be extended beyond its September 2025 expiry date.

Speaking during a Trade and Industrial Policy Strategies (TIPS) discussion, Letsoalo highlighted ongoing bipartisan support for Agoa in the US Congress, which could consider extending the scheme for up to 16 years to 2041 in line with a Bill put forward by Democratic Senator Chris Coons and Republican Senator James Risch.

African governments have argued that an extension of at least ten years was necessary to provide the certainty required for more countries to take fuller advantage of the unilateral scheme.

South Africa, whose Agoa status came into question last year when tensions over an alleged arms sale to Russia almost prompted an out-of-cycle review of the country’s eligibility, remains one of a handful of countries that genuinely benefits from the arrangement.

Source: https://www.engineeringnews.co.za/article/south-africa-continues-to-push-for-long-extension-to-agoa-well-ahead-of-2025-expiry-2024-06-26

Media Releases Continued

South Africa continues to push for long extension to Agoa well ahead of 2025 expiry Continued

TIPS executive director Dr Saul Levin quoted joint research undertaken with the Congress of South African Trade Unions (Cosatu) showing that, while much of South Africa's commodity exports enter the US duty-free outside of Agoa, the country's agriculture and manufacturing exports benefitted disproportionately from the country's eligibility.

The research shows that 75% of agriculture and 59% of manufacturing exports to the US utilise the Agoa preferences. Besides automobile exports, South Africa's largest Agoa beneficiary by value, various agricultural and food products such as citrus, nuts, wine and even ice-cream benefit under the scheme.

Exports from South Africa under Agoa reached $3-billion for the first time in 2022, the TIPS-Cosatu research shows, and have consistently hovered at about $2-billion for much of the programme's recent history.

In 2022, exports under Agoa made up 21% of South Africa's exports to the US, while trade under Agoa and America's generalised system of preferences (GSP) scheme combined made up 25% of total exports.

"This likely underestimates the true scale of Agoa/GSP usage, since 2022 featured an unusually high degree of platinum group metal exports and, on average since 2010, Agoa/GSP have made up 33% of total exports to the US."

Levin added that, in the absence of a trade agreement, the Agoa platform also provided for ongoing trade-related engagements between South African and American firms and ongoing eligibility remained a "development imperative".

Source: https://www.engineeringnews.co.za/article/south-africa-continues-to-push-for-long-extension-to-agoa-well-ahead-of-2025-expiry-2024-06-26

Media Releases Continued

South Africa continues to push for long extension to Agoa well ahead of 2025 expiry Continued

The research also points to jobs benefits in both South Africa and the US, where the total cost of foregone tariff revenue is almost negligible.

However, director of the Nelson Mandela School of Public Governance Faizel Ismail, who was South Africa’s ambassador to the World Trade Organisation between 2010 and 2014 and who participated in the negotiations for the country’s continued eligibility in 2014 and 2015, which was threatened by an out-of-cycle review triggered largely by a dispute over poultry, stressed that access to Agoa was not “cost free”.

He highlighted the concessions made in the areas of poultry, beef and pork, as well as risks associated with out-of-cycle reviews, where various domestic trade and industrial policies could be challenged in the process.

Ismail recommended that South Africa and Africa should seek not only a long-term extension, but for Agoa’s “artificial division” between sub-Saharan Africa and North Africa to be scrapped in the interest of aligning Agoa with the framework provided by the African Continental Free Trade Area Agreement.

He also argued that the current legal framework, which he said was facilitating “attrition”, should be contested, as it was not in Africa or America’s interest to continue to allow for single-interest groups to petition for reviews that jeopardise a country’s eligibility or result in a partial withdrawal of benefits.

Source: https://www.engineeringnews.co.za/article/south-africa-continues-to-push-for-long-extension-to-agoa-well-ahead-of-2025-expiry-2024-06-26

Media Releases Continued

South Africa continues to push for long extension to Agoa well ahead of 2025 expiry Continued

This was the case, he argued, with Rwanda when US exporters of second-hand clothing successfully objected to the African country's ban, which had been implemented as part of a policy being pursued to build a domestic apparel sector.

These issues, along with calls for a change to the rules of origin to align Agoa with Africa's aspirations to build regional value chains, were likely to feature at the upcoming Agoa Forum in July.

Letsoalo said that while some had suggested that a formal extension could be announced at the forum, he anticipated that it would take place later, with South Africa keen for finality on the extension during 2024.

Source: https://www.engineeringnews.co.za/article/south-africa-continues-to-push-for-long-extension-to-agoa-well-ahead-of-2025-expiry-2024-06-26

Appendix: Media Releases

Fisheries

Media Releases Continued

Sea Harvest announces R48 million investment to improve Saldanha Bay harbour

May 2024

- Fishing company Sea Harvest will partner with government to improve productivity at the Saldanha Bay harbour through a R72-million investment to repair equipment and harbour infrastructure, it announced on Monday.
- According to Sea Harvest, it has alerted the government about the state of the harbour for years, after its quay, which it rents from government, was left damaged due to sagging and erosion.
- A memorandum of agreement was also signed between government departments to ensure small-scale fishers are given preferential access to harbour facilities in the future.

Government and fishing company Sea Harvest have announced an R72-million investment to improve productivity and repair equipment at the Saldanha Bay Harbour.

Public Works and Infrastructure Minister Sihle Zikalala said the agreement would resolve the infrastructure challenges experienced by the company. The initiative is also expected to give small-scale fishers and local businesses access to the harbour and improve job security for workers.

Speaking at an imbizo with the local community on Wednesday, Zikalala said: "We have entered into an agreement with Sea Harvest to develop the harbour to ensure that the company will not retrench but employ more people. We are investing R24 million, and they are investing [R48 million]. We are also ensuring access to the port for small and medium enterprises to make sure they benefit from the developments."

The investment comes after years of requests from Sea Harvest to the government to repair its facilities. According to a statement, the company had suffered damage to the quays it rents from government due to sagging. It had also previously asked government to repair the land it used for its two factories at the Saldanha Bay plant.

The Department of Public Works and Infrastructure (DPWI) is responsible for maintaining and improving the infrastructure of South African harbours and letting or renting land and structures at harbours.

Board chairperson Fred Robertson said the partnership to improve the state of the harbour with the government was welcomed by Sea Harvest.

"We are pleased that we will be able to continue offering our employees a safe place to work, and having the peace of mind that our vessels can come safely alongside to offload the fish they harvest, while also ensuring an efficient and effective supply chain and the continued success of Sea Harvest’s contribution to the ocean's economy and food security," he said in a statement.

According to Zikalala, the repairs could take three to six months to finish.

Source: https://www.news24.com/fin24/companies/sea-harvest-announces-r48-million-investment-to-improve-saldanha-bay-harbour-20240516

Media Releases Continued

Sea Harvest announces R48 million investment to improve Saldanha Bay harbour Continued

He said the plan to improve the harbour's productivity is part of the government's plan to attract additional investors at local harbours.

"Sea Harvest has committed to supporting SMMEs in the area. This is not an empty promise or promise for elections [...] The department also intends to let out harbours to investors, but with an understanding that small-scale fisherman can participate," he said.

The minister's remarks come more than a year after his visit to local harbours, which were described as in dire condition and in a state of decay.

During his visit, Zikalala announced that the government would invest R501 million in its Small Harbours Repairs and Maintenance Programme for 13 proclaimed fishing harbours in the Western Cape.

As part of Operation Phakisa to boost economic growth and create jobs, the repair programme aims to improve harbour infrastructure by removing sunken vessels, repairing slipways, and repairing shore cranes.

Saldanha Bay, one of the five proclaimed fishing harbours on the West Coast, had also previously launched a R96-million project to repair slipway infrastructure as part of the Small Harbour Programme.

Access for small-scale fishers

Environment Minister Barbara Creecy announced at the imbizo that the DPWI and the Department of Forestry, Environment and Fisheries (DFFE) have signed a memorandum of agreement (MoA) to ensure that small-scale fishers are allowed to access and benefit from all fishing harbours.

Creecy said the MoA would attempt to ease the "long-standing conflict" about access to fishing and harbour resources and improve collaboration and "co-management" between the fishers, the DPWI and the DFFE.

According to the DFFE, the MoA will cover areas including small fishing harbours, forestry villages, expanded public works, and government offices and facilities. Small-scale fishers are also expected to benefit from investments in deep fishing, storage, and processing facilities at the harbour.

Source: https://www.news24.com/fin24/companies/sea-harvest-announces-r48-million-investment-to-improve-saldanha-bay-harbour-20240516

Media Releases Continued

Sea Harvest announces R48 million investment to improve Saldanha Bay harbour Continued

Creecy said: "Currently, the year-on-year leases [for facilities at the harbour] are not giving proper stability while fisherman cannot utilise their licences to invest in their facilities or boats [...] We have to find new ways fishing operatives can access facilities in harbours through a 10-year agreement."

While Creecy said commercial fishing companies would still be favoured for leasing opportunities, the department would request that DPWI and commercial fishing companies include and support small-scale fishers in their plans.

News24 previously reported that fishers at Hout Bay harbour had pleaded with the government to implement transformation plans and improve access to harbour facilities so they could benefit from the local ocean economy.

Source: https://www.news24.com/fin24/companies/sea-harvest-announces-r48-million-investment-to-improve-saldanha-bay-harbour-20240516

Media Releases Continued

Sea Harvest inks R1.2bn deal for fresh pelagic fish and abalone businesses

- Sea Harvest is acquiring pelagic fish and abalone businesses in a major deal, potentially valued at just over R1.2 billion.
- The deal will also see Brimstone give up control of Sea Harvest, even as it remains its largest shareholder.
- Sea Harvest is valued at about R2.8 billion on the JSE, with one analyst questioning the relative size of the deal.

Sea Harvest will acquire pelagic fish and abalone businesses in a share and cash deal potentially valued at just over R1.2 billion.

The deal will also at a stroke result in investment holding company Brimstone, which currently holds 54.4% of the JSE-listed fishing company, ceasing to have control of it. As a result, Brimstone Investments, which is also listed on the local bourse, will end up with a shareholding of below 50%. Nonetheless, it will still remain the largest shareholder.

Following the announcement on Monday, Sea Harvest's shares rose nearly 5% initially on small volumes before pulling back to close 0.45% lower. Brimstone Investments was unchanged.

In terms of the transaction, Sea Harvest, which is valued at about R2.8 billion on the JSE, would acquire 100% of Terrasan's pelagic fish business and 63.07% of its abalone business.

Terrasan is a local investment holding company established in 1963 and has interests in pelagic fishing, mariculture, aquaculture and property.

Terrasan's pelagic fish business is called West Point Fishing, employs more than 600 people and is based in St Helena Bay on SA's West Coast. It operates a fishing fleet that catches sardines and anchovies and also produces fish oil and fish meal, both largely for export.

It also produces canned fish under the Saldanha brand. Terrasan's abalone business is called Aqunion and employs 430 people. It is based in Hermanus and Gansbaai and sells dried, canned and live abalone to a "diversified customer base across the Far East".

Sea Harvest CEO Felix Ratheb said the group is "confident that the acquisition will create value and diversification into wild-caught pelagic species and their processed products, including fish oil, fish meal and canned fish".

Sea Harvest said in response to questions that the transaction consideration is structured in terms of an upfront consideration of about R965 million, as well as "two earn-out" agreements. This means that sum will only be paid if certain profit targets are met. The value of these two agreements is potentially R98 million and then another amount of R157 million.

Source: https://www.news24.com/fin24/companies/sea-harvest-inks-r12bn-deal-for-fresh-pelagic-fish-and-abalone-businesses-20240122

Media Releases Continued

Sea Harvest inks R1.2bn deal for fresh pelagic fish and abalone businesses Continued

Explaining the rationale for the acquisitions, Sea Harvest, which was established in 1964, said that since its listing in 2017, it had actively sought to grow organically and through acquisitions "in the fishing and aquaculture sectors in line with its strategy and vision of becoming one of the largest black-owned diversified global seafood businesses".

The company has also been diversifying its portfolio to include businesses outside traditional seafood, including its 2018 agreement to buy Ladismith Cheese for R527 million.

In 2022, it also inked a deal of about R785 million for Australian marine company MG Kailis, which brought, among other things, prawn and fishing interests.

It said the latest transaction represented "material progress" in its ambition of becoming a "leading black-owned, responsible and diversified food and fishing business".

Casparus Treurnicht, portfolio manager and research analyst at Gryphon Asset Management, said the acquisition was not surprising given Sea Harvest's series of acquisitions over the past few years to diversify its portfolio, including Ladismith Cheese.

From this point of view, the transaction therefore did not "surprise him much".

But Treurnicht questioned the size of this transaction, saying it was "massive in relation to its market capitalisation".

He said there were numerous examples in SA's corporate history of companies being too ambitious in their deal-making, with large transactions often coming back to haunt them.

Another problem, he said, is that a major deal like this one could distract a company and keep its focus off its existing business.   He said he would have preferred a "phased-in approach" to this deal instead of buying everything in one fell swoop.

Source: https://www.news24.com/fin24/companies/sea-harvest-inks-r12bn-deal-for-fresh-pelagic-fish-and-abalone-businesses-20240122

Media Releases Continued

Chicken vs fish: Lucky Star owner Oceana expects higher demand amid poultry crisis

November 2023

- Oceana says more consumers could switch to its canned Lucky Star pilchards if chicken and egg prices heat up.
- The affordable protein market in SA is worth around R100 billion, and is dominated by frozen chicken pieces, eggs and polony - with Lucky Star representing almost 6%.
- Oceana's US business saw a surge in operating profit over the past year.

As a devastating bird flu outbreak and load shedding costs fuel higher chicken and egg prices, more South Africans are expected to switch to canned pilchards, says Lucky Star producer Oceana.

The company saw strong volume growth in the past year to end September as it kept price increases at 10% - even as input costs more than doubled, says CEO Neville Brink.

This put pressure on its margins: Lucky Star's margin decreased to 8.9% from 10.3% in the previous year. But the group delivered strong sales growth of 9% for the year across both local and export markets, totalling 9.6 million cartons. In the previous year, it sold 8.8 million cartons.

Brink says the affordable protein market in SA is worth around R100 billion, and is dominated by frozen chicken pieces, eggs and polony. Lucky Star's turnover of about R5.5 billion meant it was still a relatively small player in the segment, and illustrated how much opportunity there was to extend this footprint, says Brink.

Eggs, which represent about 11% of the affordable protein market, have been in short supply, which has pushed prices higher. Brink expects chicken prices to start to increase too, which he expects to drive more consumers to switch to the popular canned pilchards brand.

Brink told News24 he had great sympathy for chicken producers such as Astral Foods, which recently reported its first loss in 23 years. He said they were wrestling load shedding's direct and indirect costs, as well as the fallout from bird flu, which had devastated flocks across the country.

Brink said poultry producers found themselves in a position where they would be forced to put prices up to claw back some of these costs. But if they did, they would also see a drop-off in volume, "so it is a double-edged sword".

Source: https://www.news24.com/fin24/companies/chicken-vs-fish-lucky-star-owner-oceana-expects-higher-demand-amid-poultry-crisis-20231128

Media Releases Continued

Chicken vs fish: Lucky Star owner Oceana expects higher demand amid poultry crisis Continued

He said while poultry, eggs and products like polony remained key protein products with people wanting to "buy them all", at the end of the day, affordability would dictate shifts in consumer patterns.

A key difference between pilchards and any other protein, said Brink, was how much more a can of the fish could be extended to feed a family of five.

"You can take a bit of starch, rice or pap or cabbage. You each get a piece of fish and you take the sauce and you add some onions and you spread it out."

The Lucky Star brand's presence in SA households surveyed has increased to 93% compared to 87% a year ago, Brink says.

On Monday, Oceana reported growth in headline earnings of almost 29% to R980 million, with its total dividend up just over a quarter to 435c per share for the year. Revenue from continuing operations rose 23% to R10 billion.

The growth was driven by Lucky Star's volume growth and a particularly strong performance from its US business Daybrook. The US fishmeal and fish oil business had seen operating profit surge some 30% in US dollar terms.

Daybrook was helped by soaring fish oil prices internationally, which were supported by a shortage in Peru, the largest provider of fish oil in the world, making it the biggest contributor to Oceana's results.

Looking ahead, the company also said the shift in the weather cycle from the La Niña to the El Niño effect is expected to improve fishing conditions and catch rates of South African hake, horse mackerel and squid.

Small Talk Daily analyst Anthony Clark Clark says the new weather cycle is "hot on land and cold in the water", which traditionally meant better fishing conditions.

He believes Oceana could afford to push up prices a "little bit more" than it had so far, considering the price increases in chicken and eggs caused by bird flu.

"Oceana could be lined up for a very good haul of earnings in the next six and 12 months."

Source: https://www.news24.com/fin24/companies/chicken-vs-fish-lucky-star-owner-oceana-expects-higher-demand-amid-poultry-crisis-20231128

Media Releases Continued

Chicken vs fish: Lucky Star owner Oceana expects higher demand amid poultry crisis Continued

Makwe Masilela, who heads up Makwe Fund Managers, said the strong results were to be expected considering Oceana covered a wide range of living standards measures with its products, which ranged from lobsters to pilchards.

He said the Lucky Star pilchards, in particular, continued to be one of the cheapest proteins available, which made it attractive to constrained consumers.

"If you are able to make sure your protein prices are not too elevated and maintained at least within a certain bracket, you will be able to increase your revenue."

Masilela was also impressed that Oceana had extended Brink's contract until December 2026, saying that in a difficult environment like the one SA was navigating, stability like that was needed.

"Even if they are dealing with challenging trading environments, at least on the management side, you know there is stability."

Source: https://www.news24.com/fin24/companies/chicken-vs-fish-lucky-star-owner-oceana-expects-higher-demand-amid-poultry-crisis-20231128

Appendix: Media Releases
Mining

Media Releases Continued

Transnet arrests trend of falling freight rail volumes - for the first time in 5 years

April 2024

- Transnet has arrested the trend of falling rail freight volumes for the first time in five years.
- Revenue performance for the group has also improved, unaudited results show.
- However, port performance remains in trouble until new equipment can be delivered.

Transnet is making progress in recovering its rail freight business, coming close to meeting its revised targets for 2023/24, but ports will continue to "limp along" until more equipment is procured, the company said at a media briefing on Friday.

Transnet's new board, which came into office in July last year, revised its rail freight targets from 183 million tonnes for 2023/24 to 154-170mt in October last year. At the end of the financial year on 31 March, it recorded volumes of 151.7mt.

This is the first time Transnet Freight Rail (TFR) has arrested the declining trend in volumes, which have been in free fall since 2018/19. In 2017/18, it reported volumes of 226mt, but by 2022/23, this had dropped to 149.5mt.

Transnet CEO Michelle Phillips said that a second top priority of the recovery plan was to improve port efficiency, which depends largely on acquiring new equipment.

So far, Transnet has secured some equipment from its customers who diverted their orders, including 35 haulers and seven cranes. More handling equipment is expected to be delivered at the end of April and during May.

However, orders for some equipment would take longer.

Phillips said:

"When we first came to the market with the recovery plan, we indicated that the problems were largely due to the failure to replace equipment timeously, so a lot of effort has been put into orders. We are continuing to limp in the ports and we will continue to limp until such time that the equipment is put in place."
Through a focus on operations, the queue of waiting vessels outside the busiest terminal—Durban Container Port 2—has been reduced from a high of 23 vessels in November to six.

The pipeline business underperformed the recovery plan by 3.8%.

Source: https://www.news24.com/fin24/companies/transnet-arrests-trend-of-falling-freight-rail-volumes-for-the-first-time-in-5-years-20240426

Media Releases Continued

Transnet arrests trend of falling freight rail volumes - for the first time in 5 years Continued

While Transnet is in a closed period while its financial statements are audited, Phillips said that group revenue had increased by 12.8% (unaudited), which was 4.2% below budget.

Said Phillips:

"Over the past six months, we have set the tone for the 18-month (turnaround) journey. Our recovery plan said we would reach 154mt in freight rail, and we have come close to that number, at 1.8% under."

Chairperson Andile Sanqu said he believed the business was in recovery. Together with the Treasury, it would now begin an exercise to restructure its balance sheet to inform the kind of support required from the government.

"We remain cautiously optimistic about the state of the Transnet ecosystem. We forge ahead with implementing Phase 2 of the Recovery Plan, which commenced on 1 April 2024," he said.

However, Sanqu said that he was "very worried" about the state of procurement at Transnet. In August, Transnet contracted a company without sufficient capacity to provide security on the north corridor, the company's most lucrative route. The company, Amahlo Consulting Joint Venture, has since been fired.

In the past week, Transnet has also attempted to defend a contract with a port handling equipment supplier whose directors are on trial for fraud. A court has set aside the contract and awarded it to another firm, which also has had ethical questions raised over its conduct.

"Yes, we do have a procurement problem and are seized with it as a board and a management. It is an issue, and we are very worried," he said.

Sanqu said that Transnet remained committed to facilitating private participation in its network and infrastructure refurbishment, a key reason for the rail reform that will separate infrastructure ownership and management from operations.

While the Transnet Draft Network Statement published in March was roundly criticised for setting tariffs for third-party access at very high levels, Sanqu said that there was a possibility that the balance sheet restructuring would enable recommended tariffs to be revisited.

Source: https://www.news24.com/fin24/companies/transnet-arrests-trend-of-falling-freight-rail-volumes-for-the-first-time-in-5-years-20240426

Media Releases Continued

Transnet arrests trend of falling freight rail volumes - for the first time in 5 years Continued

"The network statement doesn’t take account of the work we are doing to optimise the balance sheet. We don't know the outcomes of that yet. However, we had to come up with a tariff based on the balance sheet as it is. We are spending R13 billion a year on interest alone. This is too heavy. That we can relook at the tariffs after the balance sheet optimisation is a possibility," he said.

Transnet also gave an update on the court challenge to its first major private participation exercise, which was the concession of the Durban Container Terminal Pier 2 awarded to Filipino International Container Terminal Services Inc. (ICTSI).

Unsuccessful bidder AP Moller-Maersk has challenged the award on the grounds that ICTSI did not attain the solvency ratio specified in the bid requirements.

"The process of selecting ICTSI was rigorous, competitive, and fair and complied with our governance standards. Transnet will defend its procurement process and is currently waiting on the allocation of a hearing date," he said.

Phillips said that detailed due diligence on ICTSI had found that it had the financial resources to undertake the project.

Phillips said the time taken to finalise a contract with ICTSI after announcing its preferred bidder status was because Transnet was charting new territory with its first major private sector concession.

"It is the first time that Transnet has engaged in such a transaction. We had to put in place a framework to transact with the private sector. As we proceed, we will get better at doing it."

Source: https://www.news24.com/fin24/companies/transnet-arrests-trend-of-falling-freight-rail-volumes-for-the-first-time-in-5-years-20240426

Media Releases Continued

Opinion: Nick Hedley | BHP's vote of no confidence in South Africa

6 May 2024

Anglo's South African businesses are key suppliers of platinum and iron ore, which are also critical to the shift to a low-carbon economy. In other words, BHP is saying it's not you, Anglo Platinum and Kumba, it's the country you operate in, says Nick Hedley.

BHP Group's conditional offer to acquire Anglo American shows just how unenticing South Africa has become to international mining companies.

In a move that's shaken up the global mining industry, BHP recently made a R740 billion bid for the company that Ernest Oppenheimer founded in Johannesburg back in 1917.

The catch is that BHP wants Anglo to first ditch its holdings in Anglo Platinum and Kumba Iron Ore – both South African assets.

BHP hasn't said why it's not interested in these operations, but one thing's clear: If South Africa were an attractive destination for mining investments, the Australian behemoth would want all of Anglo.

Part of the reason BHP is pursuing Anglo in the first place is that a tie-up would boost its access to minerals needed for the global energy transition, including copper.

Yet, Anglo's South African businesses are key suppliers of platinum and iron ore, which are also critical to the shift to a low-carbon economy. In other words, BHP is saying it's not you, Anglo Platinum and Kumba, it's the country you operate in.

One can speculate that there are three main reasons for South Africa being snubbed in this mining mega-deal (which Anglo has rejected, by the way, at least for now).

First, it's not easy to operate mines in a country where the supply of electricity is erratic.

Source: https://www.news24.com/fin24/opinion/nick-hedley-bhps-vote-of-no-confidence-in-south-africa-20240506

Media Releases Continued

Opinion: Nick Hedley | BHP's vote of no confidence in South Africa Continued

Some 16 years after rolling blackouts first arrived, South Africa's energy crisis remains unresolved, despite the temporary reprieve we're currently enjoying. And the Department of Mineral Resources and Energy (DMRE) is still not bringing on nearly enough new generating capacity to shut the supply gap.

Load shedding is expected to continue for another few years, at least, and that's hardly appealing to the likes of BHP. At the same time, electricity tariffs continue to increase at well above the inflation rate, which is further squeezing margins.

Second, Transnet's meltdown has placed a serious drag on South Africa's mining houses.

Kumba said recently that in the fourth quarter of 2023, ore volumes railed to the Saldanha Bay Port were down by a fifth compared to the prior three months, resulting in on-mine stockpiles "increasing to unsustainable levels".

As a result, CEO Mpumi Zikalala said, Kumba decided to throttle its production rates.

So even when mining groups manage to get minerals out the ground, they can't get them to our ports.

And third, the local industry is hampered by regulatory uncertainty, incompetence, and own goals.

For example, the DMRE's administrative systems are a complete mess. According to a recent report by Daily Maverick, more than 2 500 mining applications were received in the 2024 financial year; yet, not a single one was finalised. This hardly bodes well for miners with expansion plans.

All things considered, South Africa nowadays ranks among the world's 10 least attractive mining destinations in the Fraser Institute's annual survey of mining companies.

It's no wonder, then, that BHP has once again shied away from the country. Bear in mind that the Aussie giant also let go of its South African coal assets back in 2015.

South African policymakers have unsurprisingly come out in opposition to a BHP-Anglo deal. No doubt they feel slightly bruised by BHP's cold shoulder. As they should.

Source: https://www.news24.com/fin24/opinion/nick-hedley-bhps-vote-of-no-confidence-in-south-africa-20240506

Media Releases Continued

Opinion: Nick Hedley | BHP's vote of no confidence in South Africa Continued

So what can be done to restore confidence in the industry?

A more competent administration would be a great place to start, but that seems like a pipe dream for now.

There are nevertheless some reasons to believe that things will slowly start to improve in the years ahead.

For one thing, new rules allowing mines and other companies to participate in the electricity sector have paved the way for a flood of power projects. This will help to restore energy security within the next few years, in spite of the DMRE's tardiness.

And Transnet is preparing to allow third parties to access its rail network, which should help to resolve some of those bottlenecks.

Finally, the global energy transition is gathering momentum, meaning South Africa's reserves of copper, iron ore, manganese, platinum, nickel and other critical minerals will become increasingly alluring – despite the ruling party's constant missteps.

BHP's aversion to South Africa could signal the industry's rock-bottom moment, but better days may lie ahead.

Source: https://www.news24.com/fin24/opinion/nick-hedley-bhps-vote-of-no-confidence-in-south-africa-20240506

Media Releases Continued

'The sun is finally shining': Junior miner Orion says the GNU has already brightened its prospects

June 2024

- Junior miner Orion Minerals says the government of national unity looks set to be good for its business.
- Being located in South Africa has for long weighed on the company's investment case, it says.
- Since the election outcome, the miner has experienced an uptick in interest from potential funders.

When Errol Smart, CEO of Orion Minerals, travels abroad, many people tend to express their enthusiasm for the junior copper mining company and its Northern Cape projects – lamenting, however, that is located in South Africa.

Jurisdictional risks have been a sizeable cloud hanging over the company, Smart said during an investor presentation on Wednesday.

"That cloud has grown darker and darker over the last six months as we ran into elections, which were held on the 29 May," he said, adding: “but [it was a] fantastic outcome for South Africa.”

Smart's comments came just ahead of the inauguration of President Cyril Ramaphosa as head of the new government of national unity (GNU), which comprises the ANC, the business-friendly DA, the IFP, the PA and GOOD.

Importantly, all parties are aligned with the Constitution, which envisages stable municipalities, merit-based public service and economic growth and stability, which has been welcomed in many quarters of the investment community.

With the country suddenly seeming more business-friendly and the outlook for copper being extremely strong, Smart said Orion offered investors an exceptional opportunity.

Source: https://www.news24.com/fin24/companies/the-sun-is-finally-shining-junior-miner-orion-says-the-gnu-has-already-brightened-its-prospects-20240619:

Media Releases Continued

'The sun is finally shining': Junior miner Orion says the GNU has already brightened its prospects Continued

The Australian- and Johannesburg-listed company is developing the Prieska Copper Zinc project and Okiep Copper project in the Northern Cape. Both projects are fully permitted, save for an outstanding water-use licence at Okiep, and both also have bankable feasibility studies nearing completion.

They are being developed in a macro-environment where everything is positive, Smart said.

"Interest rates are likely to fall with the local currency, the rand, having dramatically strengthened. And we've got medium- to long-term certainty in our outlook. You know, there are very few opportunities in the world where that can be delivered," he said, adding: “so, for us as a junior miner in South Africa, the sun is finally shining on us.”

Building the business

The stronger rand will hit the earnings of most commodity producers as they incur costs in local currency, but earn in dollars and other foreign currencies when they sell their products into international markets. But for Orion the stronger currency is "a dream".

"When you [are] going into construction, the best thing that you could possibly ask for is the strong currency … A lot of the stuff is bought from offshore – your machines, your diesel, your oil, your tyres," he said.

The Northern Cape has produced over 2.5 million tonnes of copper historically and may do so again as Orion and another junior miner – Copper 360 – move forward with projects to revive copper production in the mineral-rich province.

The closest to production is the Prieska copper-zinc project, where a bankable feasibility study will soon be completed. The next step is to complete the project funding, 12 to 18 months whereafter the project is expected to come into production.

Prieska project funding requirements won't be known until processes are finalised.

Already $80 million (about R1.44 billion) is lined up from mining financier Triple Flag. "We are in discussions with debt financiers, with offtake related financiers, and we are in discussions with a lot of large build, own, operate types on the processing plant. So that total mix of financing is being finalised as we speak," said Smart. "We are getting a lot of inquiries at the moment; the good election outcome has been fantastic for us."

Source: https://www.news24.com/fin24/companies/the-sun-is-finally-shining-junior-miner-orion-says-the-gnu-has-already-brightened-its-prospects-20240619

Media Releases Continued

'The sun is finally shining': Junior miner Orion says the GNU has already brightened its prospects Continued

Already, 160 employees are on site where trial mining is seeing ore stockpiled on surface. Eskom is also due to connect power to the operation in the coming days, at which point Orion can accelerate efforts to pump water out of the old mining shafts.

"There are very few opportunities in the world where they are mines that are fully permitted, that can come into production in 12 to 18 months, and that have a big growth profile in front of it. And that's where we are," Smart said.

The Okiep project is further off, with production likely to be pushed into 2026.

The Okiep mining district has historically produced lower-grade ore, but just a few weeks ago Orion drilled what it called one of the highest-grade intersections that's been drilled in the world of 5% at 50m deep. "There is high-grade ore that hasn't been mined, and we will be proving it as we go," Smart said.

While Orion is listed in Australia, which has a vibrant junior mining investment culture, it is also widely held by South African investors.

Currently, 44% of the shares sit in trading accounts on the JSE and 56% on the ASX. Included in the shareholding are over 30 000 retail shareholders in South Africa and the bulk of the trading happens on the JSE – some days accounting for as much as 90% of the trading activity.

Major asset managers are typically not invested in juniors like Orion, as a market capitalisation of at least R2 billion is often a key investing criterion.

With a share price of just 21c, Orion's market cap is little more than R1.27 billion, but is expected to grow as Prieska moves forward.

Poor liquidity is also an issue in such stocks, but Smart sees that as also likely to improve in the coming months as project financing is secured.

"We've had a number of the funding institutions in Cape Town and Johannesburg that have been phoning over the last few days and saying: 'Right, the elections behind us, how do we get involved?'" Smart said.

Source: https://www.news24.com/fin24/companies/the-sun-is-finally-shining-junior-miner-orion-says-the-gnu-has-already-brightened-its-prospects-20240619

Media Releases Continued

'Tangible excitement' at Amplats ahead of expected Anglo spinoff

June 2024

- Spirits are high at Anglo American Platinum as it prepares to be spun off from the Anglo group.
- The company will finally be able to invest cash flows back into the platinum business.
- investor outflows are a concern, prompting plans for potential listings outside of South Africa.

There is "tangible excitement" at Anglo American Platinum as the process to demerge the company from the Anglo American group has kicked off.

This is according to Anglo American Platinum (Amplats) CEO Craig Miller, who addressed delegates at the London Indaba on Wednesday. He said Amplats employees are excited about "what the future holds" for the company once it is unbundled.

The plan to spin out Amplats came just last month amid BHP's subsequently failed takeover proposal for Anglo American — sans Amplats and Kumba Iron Ore — which prompted the group to hasten the launch of its own restructuring plan that will pare down its exposure to copper, iron ore and crop nutrients.

"It's an exciting prospect for us as a business, as it means that we, Anglo American Platinum, will continue to be listed with a primary listing on the Johannesburg Stock Exchange and headquartered in South Africa with operations in both South Africa and Zimbabwe, two countries we're strongly committed to," said Miller who took up the job of CEO in October last year.

"And this demerger will enable us to determine our own priorities and our own future to deliver on what we see as the company's full potential. It is a company with excellent prospects and a successful long-term track record."

This positive sentiment is also shared by some analysts, who note that, historically, a large portion of cashflows from the platinum business have been diverted by Anglo into other ventures.

Miller said the demerger would see Amplats allocate capital back into its Platinum Group Metal (PGM) business, better enabling it to exploit the opportunities it has within its resource base, adding: "We've got an opportunity to really be part of the future and that sustainable, greener future that we know that our metals are going play a role in."

Miller said Amplats was also "very much looking forward" to having a new set of shareholders.

Source: https://www.news24.com/fin24/companies/tangible-excitement-at-amplats-ahead-of-expected-anglo-spinoff-20240627

Media Releases Continued

'Tangible excitement' at Amplats ahead of expected Anglo spinoff Continued

Demerger considerations

Practically speaking, the demerger will see all existing Anglo American shareholders become direct shareholders in an independent Anglo American Platinum through a similar process which was used to spin off the SA coal assets into Thungela Resources in 2021. The only difference is that Amplats, which is 79% owned by Anglo, is already an independent listed company with external shareholders.

There is, however, concern that the demerger trigger large outflows as the shares are bestowed upon those who don't want the shares or cannot hold the shares for various reasons. The "flow-back risk" is something Amplats and Anglo will work through together, Miller said.

"We'll have a primary listing on the Johannesburg Stock Exchange, and we're committed to South Africa, but we will look at alternative listings to ensure that we preserve the value for all of our shareholders — current shareholders that we have today and future shareholders in the future," he said.

The Amplats resource base has world-leading geological potential, particularly regarding the Mogalakwena mine in Limpopo, "and we have the best in class, truly world-class metal processing, smelting and refining business as well", Miller said.

But given the prevailing low-price environment and other cyclical factors, he said Amplats was working to get the business into a better shape so that it performs better in a low-price environment. The PGM basket price fell 35% in 2023 and remained relatively flat for the first half of 2024. Miller said some of these price moves partially reflect a normalisation of supply expectations after some turbulent years.

"But as many of you know, over 60% of PGM demand is accounted for by catalytic converters [which reduce emissions from internal combustion engines]. The decarbonisation of the road transport system is at the heart of this downward price pressure," he said.

Amplats, however, still sees a role for PGMs as the trajectory around decarbonisation of the road transport system is not happening in the manner or at the rate many had anticipated. Especially promising for the industry is PGMs role in fuel-cell electric vehicle (FCEV) technology, which would not have to capture a huge share of the global light vehicle sales to create a meaningful demand for PGMs, Miller noted.

Source: https://www.news24.com/fin24/companies/tangible-excitement-at-amplats-ahead-of-expected-anglo-spinoff-20240627

Media Releases Continued

'Tangible excitement' at Amplats ahead of expected Anglo spinoff Continued

Asked whether Amplats intended to take its flagship open-pit Mogalakwena mine underground, Miller said the company was undergoing exploration work in that regard and would make a decision as and when it was required.

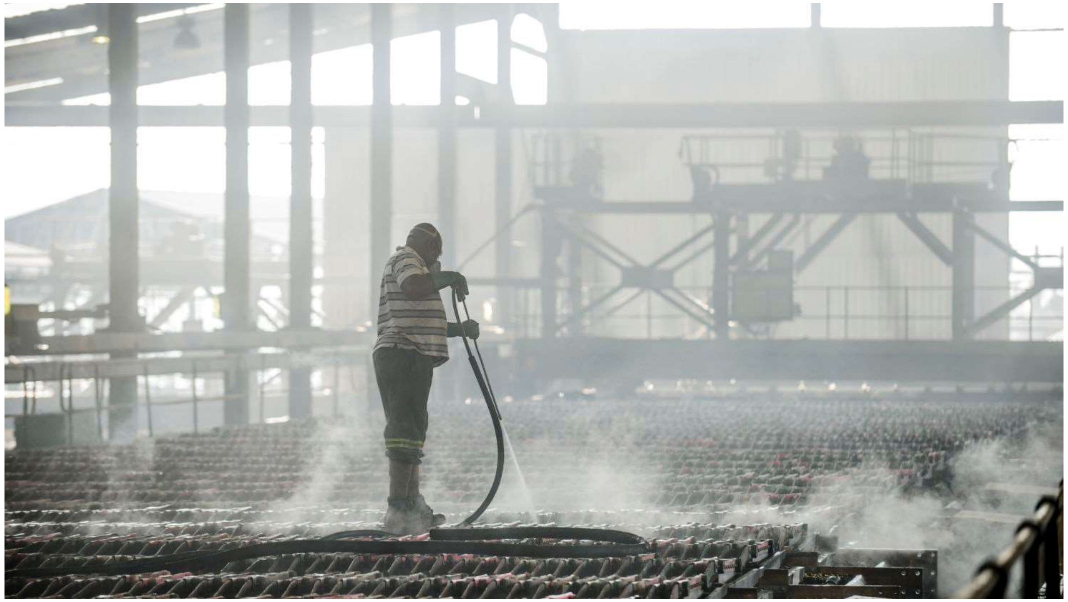
However, early indications are that there is much higher-grade metal underground.

"But I think importantly, the underground of Mogalakwena is not conventional mining, as we know, in the PGM industry," said Miller. "And the deployment of new technology, new ways of mining, in the PGM space will be certainly a great enabler for us going forward."

Source: https://www.news24.com/fin24/companies/tangible-excitement-at-amplats-ahead-of-expected-anglo-spinoff-20240627

Media Releases Continued

South Africa has one of the world's largest manganese reserves. So why does it outsource for processing?



Located on the outskirts of Mbombela, South Africa, Manganese Metal Co. produces and exports 28,000 tons of product a year.
Manganese Metal Co.

April 2024

On delivery day at the Manganese Metal Company's industrial complex in Mbombela, South Africa, truckloads of manganese ore from the Kalahari Basin in the Northern Cape are ushered inside for processing.

Manganese is commonly found in the Earth's crust. The mineral is not only known for its nutritional benefits, but it's critical in the production of steel and batteries.

South Africa has the world's largest manganese reserves; however, the International Manganese Institute estimates only 2% of the manganese ore produced within the country is locally processed. The Manganese Metal Company is looking to fill this gap.

The refinery says it receives about 80,000 metric tons of manganese a year to produce high grade electrolytic manganese metal (EMM) - one of the critical alloy components to make steel.

The company's CEO, Louis Nel, says over the last decade it has seen a "significant" increase in demand for refined manganese in part due to the growing demand for lithium-ion batteries used in electric vehicles (EV).

"With the growth in EV sales globally, that requires raw materials and batteries. Manganese is a key component in those batteries. So of course, with the uptick in EVs, the raw materials are pulled along," Nel said.

Source: https://edition.cnn.com/2024/04/30/africa/manganese-south-africa-exports-electric-vehicles-batteries-spc-intl/index.html

Media Releases Continued

South Africa has one of the world's largest manganese reserves. So why does it outsource for processing? Continued

Production challenges
Most manganese by-products are found within the steel industry. Aloys d'Harambure, the executive director of the International Manganese Institute, says only 2% of manganese is used for batteries, with only 1% of that going toward rechargeable batteries.

The International Energy Agency (IEA) found the demand for automotive lithium-ion batteries increased 65% in 2022 due to rising EV sales. And while there are several ways to create lithium-ion batteries, the chemistry combination of lithium, nickel, manganese, and cobalt oxide (NMC) supplied 60% of the market share, according to the IEA.

Compared to other minerals used to make lithium-ion batteries, Nel says manganese, "provides some thermal stability to the battery, which is a safety concern" and is more affordable.

While the opportunity sounds promising, creating these batteries is no easy feat. "A battery consumes manganese in the form of chemical and that's where the bottleneck is," d'Harambure said.

He explains manufacturers need to use a high purity manganese sulfate to make the type of battery used in EVs. About 90% of these chemicals are processed in China, he adds, but notes there is a growing push to build chemical processing facilities in other parts of the world.

"Next year we should see some production in South Africa and in Mexico, and progressively in the US and Australia," he said.

With an abundance of manganese reserves, South Africa has potential to become a leader in high purity manganese sulfate production, but d'Harambure says "issues with the electricity sector in South Africa" and "an increase in electricity prices" have made it difficult to produce manganese chemicals and alloys there.

The Manganese Metal Company says it receives 80,000 tons of ore every year, with plans to build a $25 million commercial processing plant by the end of 2026.
Manganese Metal Co.

Manganese alloys and chemicals are used in the production of steel and batteries. Manganese Metal Co.

Source: https://edition.cnn.com/2024/04/30/africa/manganese-south-africa-exports-electric-vehicles-batteries-spc-intl/index.html

Media Releases Continued

South Africa has one of the world's largest manganese reserves. So why does it outsource for processing? Continued

D'Harambure adds the country has been slow to open manganese chemical processing facilities due to the lack of local customers that would use the product.

"It's better to build the manganese chemical facility near the customer because transporting manganese to another country is not extremely expensive – what is expensive is producing the chemical," he said.

Green potential

These obstacles are not stopping the Manganese Metal Company from trying to capitalize on the EV boom and expand its processing facilities. The company says it is planning to build a $25 million commercial plant that can produce 5,000 metric tons of battery-grade manganese sulphate a year. Nel says he's optimistic it can complete the build within 18 months and bring products to market by the end of 2026.

Access to this "strategic" metal valued by the US and Europe gives Africa advantages, Nel says, adding it will also generate "huge job creation opportunities, as well as economic growth."

Several sectors within the local economy are already reaping the benefits of manganese. According to the International Manganese Institute, the manganese mining industry employed more than 20,000 South Africans in 2022.

D'Harambure also points to a need beyond steel and batteries for the green economy.

"Manganese is essential to producing several other green power technologies including solar panels (and) wind turbines. It's also used to treat wastewater and extract pollutants from soil and air," he said. "So, the whole push towards greener energy directly benefits to manganese industry."

Employees at the Manganese Metal Company use rubber mallets to strip manganese away from steel sheets. The product is then washed and dried before being loaded into bags for export. Manganese Metal Co

Source: https://edition.cnn.com/2024/04/30/africa/manganese-south-africa-exports-electric-vehicles-batteries-spc-intl/index.html

Mining Industry Media Releases Continued

Alarm bells over one of South Africa's most important sectors

October 2023

Mining companies have seen a substantial drop in profits over the last year, which poses a serious problem for South Africa's tax collection.

This is according to the latest PwC South Africa's 2023 SA Mine report, which looks at various factors negatively impacting the mining sector, including productivity and infrastructure constraints, decreases in the prices of certain minerals, and increases in input costs.

"The amalgamation of these factors has resulted in a decrease in profits and operating cash flows experienced by South African mining companies," Andries Rossouw, PwC's Africa Energy, Utilities and Resources Leader, said.

"However, strong balance sheets have enabled miners to increase investment into operations and pay dividends."

Rossouw added that the weakening of the rand did provide some relief to the lower dollar-mineral prices, but this was eroded by more costly imports and the prices for key inputs, including chemicals, materials and equipment.

South African economy has been highly dependent on the mining sector, with data from the South African Revenue Service showing that 58% of South Africa's exports (R575 billion) were mined material exports in the first half of 2023.

Rossouw noted that the sale of mined material is essential for the local economy, as inflows boost the nation's foreign reserve currencies.

"The socio-economic environment in which mining companies operate in South Africa is often characterised by high levels of unemployment, low skills and poverty," he added.

Source: https://businesstech.co.za/news/finance/722922/alarm-bells-over-one-of-south-africas-most-important-sectors/

Mining Industry Media Releases Continued

Alarm bells over one of South Africa's most important sectors Continued

"The consequences of any challenges to mining could result in a dire situation for the nation's economy and security, including the social well-being of society."

However, mining companies have faced several headwinds over the last year, including electricity constraints, logistical nightmares for bulk commodity exports, above-inflationary cost pressures, changes in commodity prices, widespread illegal mining and a shortage of critical skills.

With these challenges in mind, there are concerns over how long South Africa can continue to rely on key commodities, such as gold, coal, iron ore and platinum group metals, as stocks decline.

A lack of exploration and a lag between investment decisions could also hurt the long-term sustainability of the industry.

However, there may be hope for the sector, as the push for global decarbonisation pushes demand up for South Africa's critical minerals.

"Southern Africa has some of the critical metals needed, and it is important for the region to look at opportunities and take advantage of them," Vuyiswa Khutlang, PwC South Africa Energy, Utilities and Resources Partner, said.

"To take advantage of these opportunities will require significant cooperation between public and private stakeholders."

Looking positively, mining companies are increasing their investment for future operations, PwC's report notes.

"Investment in the future of operations has increased, while continuing to return value to shareholders through dividends, even though profits have decreased," Khutlang said

"Miners have continued to invest in projects in South Africa, with the largest increase identified in capital spending on assets year on year, from 18% in 2022 to 37% in 2023."

Source: https://businesstech.co.za/news/finance/722922/alarm-bells-over-one-of-south-africas-most-important-sectors/

Appendix: Media Releases
Real Estate

Media Releases

An overview of the property market – where the value lies

April 2023

An analysis of economic and property trends reveals insights into the effects of migration, economic confidence and the post-Covid world.

As in many other countries, the residential property market is a key component of the economic health of the nation. As such, the dynamics of residential property give an important picture of the financial and demographic trends driving the economy.

These trends were the focus of a recent seminar hosted by Investec for Intermediaries. Key speakers were David Gracey, head of fixed income at Investec, and Prenil Sewmohan, lead data scientist at Lightstone, a firm specialising in data on property, automotive and business assets.

Gracey set the scene on the global economic front, highlighting how central banks have had to tackle decades-high inflation rates in the aftermath of the Covid-19 pandemic. “Central banks were probably slow to act (to the early signs of inflation),” he said, “But they have then had to raise rates rapidly and may have to raise rates further.”

“The big worry by central banks is that inflation may become entrenched, which is a major problem because, over time, inflation destroys wealth,” he added.

Turning to South Africa, Gracey highlighted the problems at Eskom and other state-owned enterprises as the dominant theme, alongside high unemployment and the uncertainty about the political landscape post-2024 as the dominant themes.

Eskom remains one of the biggest areas of concern, said Gracey.

And with South Africans moving off the grid, this asks the question of whether Eskom in its current form can survive.

Gracey said that there was also a concern that, if there were to be a global recession, this would knock commodity prices and put pressure on SARS’s revenue collections.

On the political front, Gracey said there was a strong possibility of a coalition government coming to power after the 2024 elections, which had its own implications, such a rise in populism.

David Gracey, Head of Fixed Income, Investec

“We know that Eskom won’t be able to produce more capacity for the next 18 months. We also know that those who can afford it are moving off the grid.”

Source: https://www.investec.com/en_za/focus/economy/an-overview-of-the-property-market---where-the-value-lies.html

Media Releases Continued

An overview of the property market – where the value lies Continued

“In short, don’t expect growth in South Africa to do anything for a while,” he added.

Nonetheless, Gracey said that South Africa’s undoubted potential could be unlocked, provided there was the political will to do so and the right economic policies were deployed.

Where South Africa’s property value lies

Sewmohan gave a detailed overview of the trends driving the residential property market, including geography and demographics. Looking at the market as a whole, he highlighted the importance of differentiating between the total number of properties and the total value of housing.

Prenil Sewmohan, Lead data scientist at Lightstone

“A big part of the market doesn’t have access to bank financing – in the low value market, only 20% of homes are bonded.”

Out of 7 million residential properties (worth R6.6 trillion), freehold (over 80% of properties) dominated in, but represented 65% of the total value. Sectional title homes formed 12% of the number, but about 15% of the value, while estates made up 7% of the total number of homes, but represented 20% of the value.

Most of the value in residential property was made up of a smaller number of homes, he added. “For example, only 18% of residential homes are worth R1.5 million or more, but this segment makes up 54% of the total value,” he noted.

About 42% of homes are valued at below R500,000, or 11% of the total value, while 55% are valued at below R700,000, he added.

On a provincial level, Gauteng made up 38% of the total value, followed by the Western Cape at 29% (though only 18% of the volume) – with the latter percentage growing fast, in line with internal migration patterns and urbanisation trends.

Demographic trends
Sewmohan said Lightstone tracked trends in demographics and retail, to see what this implied for the economy, notably in the sense of where the infrastructure and residential property spending is likely to occur.

Source: https://www.investec.com/en_za/focus/economy/an-overview-of-the-property-market---where-the-value-lies.html

Media Releases Continued

An overview of the property market – where the value lies Continued

Looking at migration trends, he noted that these were fairly evenly distributed across income levels when it came to Gauteng. It was a different story when it came to the Western Cape however, where much of the increase in migration to the province was coming at the lower and top ends of the income spectrum. This had implications for the middle-class income brackets, which could create political tensions in the future.

Looking at retail activity, notably visits to retail centres, Sewmohan said that there were some clear trends shown since the Covid-19 lockdowns.

In particular, the numbers indicated that, while there has been a recovery in retail visits since the peak of the lockdowns, these were still only at 80% of what they were in January 2020.

However the pattern was not universal, he noted, with some towns in South Africa at 150% of the activity of previously. This pointed to changes in how and where people were living and working after Covid-19, as well as migration trends. It also highlighted broader issues about where new infrastructure will be needed, including new housing.

Regarding the clear trend of increased migration to the Western Cape, Sewmohan said the bulk was coming from Gauteng and KZN, but he stressed that it was not the case that "everyone is moving to the coast".

"There is a consistent demand for housing in South Africa," he said. Transaction volumes had recovered after Covid-19 though not to the level that they had been at beforehand.

The Global Financial Crisis also had an impact on price growth. "We saw house price growth of over 30% in the build-up to the crisis, before going negative thereafter," he said. "While it has recovered since then, it's at a much lower level, at around 5 to 6% a year."

The economic difficulties from about 2016 onwards had also left their mark, he noted. "Whereas the high-end properties have generally held their value over a longer period, we saw this reverse in the last few years of the last decade. Now the mid-value properties are seeing the most growth," he said.

When it came to overall activity in the housing market, South Africa was remarkably stable, said Sewmohan. Apart from a sharp rise in the build-up to the Global Financial Crisis and a falloff thereafter, the number of transactions has stabilised.

Finally, looking at commercial, industrial and retail property, he said that there had been a good recovery in prices in most sectors, apart from office, since Covid-19. "There appear to be some big changes afoot in the office sector, such as repositioning for other segments, such as retail and residential," he said.

Ultimately, said Sewmohan, and returning to the theme raised by Gracey, the overall property market's fortunes will depend on GDP growth.

Source: https://www.investec.com/en_za/focus/economy/an-overview-of-the-property-market---where-the-value-lies.html

Media Releases Continued

7 Property trends we're seeing in South Africa in 2024

A potential reversal of interest rate hikes, a surge in buy-to-let, and increased co-buying are just some of the property market trends to take into account.

- Interest rates were trending upward for a while but that is expected to reverse in the near future.
- Buy-to-let is surging in the Western Cape due to increased competition for a limited supply of properties.
- Semigration continues to make large homes in remote areas a solid investment.
- Other factors include increased co-buying, high home loan approval rates, and high pre-approval rates.

In this age of constant change, the stability of bricks and mortar is especially appealing, and property investment remains a solid foundation for economic prosperity even in such tumultuous times.

So what do investors need to know about the movements of the property market in 2024? Interest rates, semigration, and foreign investment are just some of the factors that need to be taken into account.

Property trends in South Africa for the upcoming year

1. A cease in interest rate hikes.
2. Increase in co-buying.
3. Surge in buy-to-let.
4. Semigration.
5. High home loan approval rates from banks.
6. First-time homebuyers prioritising deposits.
7. High pre-approval rates.

Source: https://www.ooba.co.za/resources/property-trends-south-africa/

Media Releases Continued

7 Property trends we're seeing in South Africa in 2024

1. Interest rates
A succession of interest rate hikes intended to combat inflation slowed down the housing market in the past couple of years, but in September 2023, the rate was left unchanged.

Despite rising inflation, PwC and Nedbank are predicting rate cuts in the future as the South African Reserve Bank looks to stimulate the market. This is sure to bring about an increase in home loan applications.

ooba Home Loans has already reported an uptick in applications thanks to the easing of interest rates, with August data recording an 8% increase in the monthly intake of applications.

2. Increase in co-buying
Co-buying is when two or more people purchase a property together, dividing the home loan repayments and management costs between themselves.

This is an option employed by couples, friends, and business partners.

Co-buying provides a way for young homebuyers to get on the property ladder.

ooba Home Loans reports that of joint applications received, 75.3% were purchased with a spouse, whereas 24.7% were purchased with others (such as business partners or relatives).

3. Surge in buy-to-let.
The buy-to-let market hit an all-time high in June 2023, accounting for 10.9% of all home loan applications received by ooba Home Loans.

The Western Cape especially has seen an uptick in buy-to-let purchases. Much of this can be attributed to foreign buyers looking to snap up luxury properties and rent them to tourists.

Increasing competition due to semigration and foreign investment, combined with an undersupply of properties and high property prices, had led to an increase in tenants in areas like the City Bowl, Atlantic Seaboard, and Southern Suburbs.

4. Semigration
Work-from-home is on the rise, leading to a higher demand for larger houses in scenic areas.

Source: https://www.ooba.co.za/resources/property-trends-south-africa/

7 Property trends we're seeing in South Africa in 2024

Western Cape is an obvious target for people seeking more peaceful surroundings, with coastal areas being especially popular.

Property investors would do well to take advantage of semigration by investing in large properties in scenic areas.

5. High home loan approval rates
Rising inflation has not made banks any less willing to approve home loan applications. In fact, increasing competition between banks has led to better deals with lower interest rates for homebuyers.

ooba Home Loans reports an 83% approval rate in 2023, with an average interest rate of 0.43% below prime.

6. Increase in deposits
You'd think deposits would be the biggest challenge for first-time homebuyers, but as of August 2023, the average deposit as a percentage of the purchase price stands at 10.9%.

This could be the result of a decrease in the average purchase price (R1.47 million in March 2023 to R1.43 million in August 2023).

7. High pre-approval rates
Pre-approval provides homebuyers with an idea of what they can afford and an analysis of their credit record.

It allows homebuyers peace of mind in that they'll have a solid idea of what they can afford, and serves as proof that the home buyer can afford the home loan, making banks more likely to approve it.

Pre-approval is so effective that ooba Home Loans has an approval rate of 92.3% for home loan applications that have been pre-approved.

Source: https://www.ooba.co.za/resources/property-trends-south-africa/

Media Releases Continued

The real estate market in South Africa: 2024 forecast

January 2024

As we step into the year 2024, the real estate landscape in South Africa continues to evolve, presenting both challenges and opportunities for investors, homeowners, and industry stakeholders.

In this article, we will give you a clear picture of what's happening in South Africa's real estate scene for the year ahead.

If you need a full and more detailed report, with fresh data and actionable advice, please note that you can get our pack of documents related to the real estate market in South Africa. This pack will also give you unlimited access to our team of experts, allowing you to ask them anything related to the housing market in South Africa.

How's the South African economy doing?
Current state
The real estate market in South Africa has been deeply intertwined with the country's economic and political history.

Historically, South Africa's economy and stability have seen significant fluctuations, which have had a direct impact on the real estate sector.

During the apartheid era, real estate was heavily influenced by segregationist policies, leading to substantial disparities in housing quality and accessibility. Post-apartheid, the government implemented various policies to redress these imbalances, such as the Reconstruction and Development Programme (RDP), which aimed to provide affordable housing to the previously disadvantaged.

However, challenges such as urbanization, population growth, and economic disparities continued to strain the housing market.

In recent years, the South African real estate market has seen varied trends. Economic challenges, political uncertainty, and socio-economic disparities have affected market stability. This has been compounded by factors like high unemployment rates and a fluctuating currency.

However, certain sectors of the market, particularly luxury and commercial real estate, have shown resilience, attracting both local and international investors.

Government policies in recent times have continued to focus on affordable housing and redressing historical inequalities. However, these efforts have sometimes been hampered by issues such as bureaucratic inefficiency and corruption. Notable events like the global economic downturn and domestic political shifts have also impacted investor confidence.

Source: https://theafricanvestor.com/blogs/news/south-africa-real-estate-market

Media Releases Continued

The real estate market in South Africa: 2024 forecast Continued

In terms of regulatory changes, South Africa has been working towards making property buying and selling more transparent and efficient.

The introduction of new laws and amendments, such as the Property Practitioners Act, aims to regulate property practitioners and protect consumers.

South Africa does attract real estate investment, particularly in urban areas like Johannesburg, Cape Town, and Durban, as well as in coastal regions and game reserves. Properties in these areas are sought after for their location, lifestyle, and investment potential. Residential properties in secure complexes and estates are particularly popular among both local and international buyers.

For foreign investors, South Africa offers a range of opportunities, but there are also drawbacks to consider.

The country's scenic beauty, diverse culture, and relatively lower property prices compared to some Western countries make it an attractive investment destination. However, concerns about political stability, economic volatility, and crime rates are potential deterrents.

When compared to neighbouring or similar countries, South African real estate prices can be higher, particularly in prime areas. However, they are often more affordable when compared to Western standards. The legal framework surrounding real estate investment is generally stable and transparent, with clear processes for property acquisition and ownership.

Yet, it's crucial for investors, especially those from abroad, to be aware of the specific legal requirements and potential risks involved in the South African real estate market.

Outlook and forecast

South Africa's real estate market does have unique factors distinguishing it from others.

The legacy of apartheid has created a market characterized by significant contrasts - from luxurious estates to informal settlements. This history impacts the urban landscape, property values, and investment patterns.

Forecasting South Africa's economy and stability involves considering various factors. The country has faced economic challenges, including high unemployment, inequality, and energy supply issues. However, it also has a robust financial system and a diversified economy.

Source: https://theafricanvestor.com/blogs/news/south-africa-real-estate-market

Media Releases Continued

The real estate market in South Africa: 2024 forecast Continued

Balancing these factors, the forecast might lean more towards cautious optimism rather than outright positivity or negativity.

In terms of regional growth, cities like Johannesburg, Cape Town, and Durban have traditionally been the economic powerhouses.

However, there's a trend towards growth in secondary cities and towns, driven by urbanization and the search for more affordable living and business spaces. These areas might present new opportunities for real estate development and investment.

Compared to its regional neighbours, South Africa's economic forecast can be seen as more stable, thanks to its diversified economy. However, it still faces more significant challenges compared to some of its more politically stable neighbours.

Regarding government policies, 2024 could see continued efforts to address housing shortages and improve property registration processes. Policies might focus on stimulating affordable housing development and addressing issues in the rental market. Any such policies could stimulate the lower and middle segments of the housing market, potentially increasing demand in these areas.

Specific facts suggesting improvements in South Africa include advancements in renewable energy, efforts to improve governance and reduce corruption, and initiatives to stimulate small and medium-sized enterprises.

These factors can contribute to economic growth and stability, positively impacting the real estate market by increasing demand and potentially leading to higher property values.

However, potential risks for investors include political instability, economic volatility, and issues with crime and safety. Specific risks like changes in land reform policies or shifts in global economic conditions could directly impact the real estate market.

If these risks materialize, they could lead to decreased investor confidence and a slowdown in the real estate sector, affecting property values and investment returns.

Source: https://theafricanvestor.com/blogs/news/south-africa-real-estate-market

Media Releases Continued

The real estate market in South Africa: 2024 forecast Continued

What about housing prices in South Africa?
If you want to know the last prices, rents and yields in South Africa, we have prepared everything you need in our property pack for South Africa.

Current state
The trend in real estate prices in South Africa over the past few years has been somewhat varied, influenced by several economic and sociopolitical factors.

Generally, the real estate market has shown resilience, but growth in prices has not been uniform across all regions or property types.

Historically, real estate prices in South Africa have been sensitive to economic crises and booms. During times of economic growth, there's typically been a surge in property prices due to increased demand and investor confidence. Conversely, during economic downturns, such as the global financial crisis in 2008 or more recent challenges like the COVID-19 pandemic, the real estate market has often seen a slowdown in growth, with prices stabilizing or even declining in some areas.

Comparing current real estate prices with those from a decade ago, there's been an overall increase.

However, this growth has not been explosive and varies greatly by region and property type. Inflation and changes in the South African Rand's value also play a role in these price dynamics.

Currently, the trend in real estate prices appears to be regionally segmented. In major urban areas like Johannesburg, Cape Town, and Durban, prices have generally been rising, albeit at different rates. These cities, known for their economic opportunities and lifestyle offerings, attract both domestic and international buyers, driving up demand and prices.

The regions experiencing the highest growth in real estate prices often have specific driving factors. For instance, Cape Town's real estate market has been buoyed by its attractiveness as a tourist destination and a place for second homes for international buyers.

The Western Cape, in general, has seen significant growth due to its perceived quality of life and governance.

The comparison between urban and rural real estate prices shows a significant difference. Urban areas, especially in and around major cities, typically have higher real estate prices due to higher demand and better economic opportunities. Rural areas, while more affordable, don't usually experience the same level of demand, keeping prices lower.

Source: https://theafricanvestor.com/blogs/news/south-africa-real-estate-market

The real estate market in South Africa: 2024 forecast Continued

This urban-rural divide is a common trend in many countries and is influenced by factors like employment opportunities, infrastructure, and lifestyle preferences.

Specific factors causing these trends include economic stability, the state of the national and global economy, interest rates, and socio-political factors. Urban areas benefit from better infrastructure, more job opportunities, and a higher concentration of services, which drives real estate demand and prices.

In contrast, rural areas, while offering more space and often a lower cost of living, don't have the same level of economic activity, which tends to keep real estate prices more moderate.

Understanding these dynamics is crucial for anyone considering investing in or moving within the South African real estate market.

Each region and property type presents its own set of opportunities and challenges, influenced by a complex web of factors.

Outlook and forecast
The current state of real estate prices in South Africa is being influenced by a variety of economic and demographic factors.

Firstly, the overall economic environment, including GDP growth, inflation, and interest rates, plays a significant role. For example, lower interest rates make borrowing more affordable, which can increase demand for housing and push prices up. Additionally, South Africa's economic recovery post-COVID-19, with industries bouncing back, is likely to boost the real estate market.

Demographically, urbanization is a key factor. As more people move to cities in search of employment and better living conditions, the demand for housing in urban areas increases, leading to higher prices.

This is particularly evident in major cities like Johannesburg and Cape Town.

The growing middle class in South Africa also contributes to this trend, as increased disposable income leads to higher demand for housing, especially in urban and suburban areas.

Regarding trends that could lead to an increase in housing prices, one significant factor is the ongoing demand for housing in major urban centres.

Source: https://theafricanvestor.com/blogs/news/south-africa-real-estate-market

Media Releases Continued

The real estate market in South Africa: 2024 forecast Continued

This demand is driven not just by local buyers but also by foreign investors, particularly in premium locations like Cape Town's Atlantic Seaboard. Another factor is the potential improvement in the country's economic stability and growth, which would increase consumer confidence and spending power. However, this increase in housing prices is unlikely to be uniform across all regions.

Areas with high economic activity and development, such as Gauteng and Western Cape, are more likely to see price increases compared to more rural or economically stagnant areas.

Conversely, there are several factors that could lead to a decrease in housing prices.

Economic downturns, whether global or local, could reduce consumer confidence and spending power, leading to decreased demand for housing. Political instability or changes in government policies, especially those related to property ownership or foreign investment, could also negatively impact the market.

Additionally, if there is a significant increase in interest rates, it could make mortgages more expensive, thereby reducing demand for housing. Like the potential increases, decreases in housing prices will not be evenly spread across all regions.

Areas that are economically vulnerable or heavily dependent on specific industries that might be experiencing downturns could see more significant price drops.

How's the demand for the real estate market in South Africa?
Current state
The current demand for residential real estate in South Africa is influenced by various factors, including economic conditions, demographic trends, and interest rates.

The market dynamics vary between regions, with some areas experiencing a higher demand than others.

In general, there's a healthy demand for residential real estate, particularly in urban areas and major cities like Johannesburg, Cape Town, and Durban. These areas are often characterized by a higher number of buyers than sellers, driven by urbanization, the influx of people moving for work, and the overall appeal of city living.

This demand is more pronounced for certain types of properties, such as secure housing complexes, modern apartments, and properties in well-located suburban areas.

Source: https://theafricanvestor.com/blogs/news/south-africa-real-estate-market

Media Releases Continued

The real estate market in South Africa: 2024 forecast Continued

The supply of new housing is a critical factor in meeting this demand. While there are ongoing developments, especially in urban areas, the pace of new housing construction can be hampered by factors like funding challenges, delays in obtaining planning permissions, and the high cost of construction.

This mismatch between demand and supply can lead to an increase in prices, especially in high-demand areas.

In terms of property preferences, buyers are often looking for properties that offer security, convenience, and lifestyle benefits. Gated communities and properties with modern amenities are particularly popular.

There's also a growing interest in sustainable and energy-efficient homes, reflecting global trends towards environmental consciousness.

Current interest rates for mortgages play a significant role in shaping the buying power and demand of consumers. Lower interest rates make it more affordable for consumers to take out mortgages, thereby increasing the demand for housing. Conversely, higher interest rates can reduce affordability and dampen demand.

The impact of interest rates can vary across different income groups, with more price-sensitive buyers being more affected by changes in rates.

Recent changes in government policies or regulations can also significantly impact the real estate market. These may include tax changes, such as adjustments to property transfer taxes, which can influence the cost of buying a home. Subsidies for homebuyers, particularly first-time buyers, can stimulate the market by making it more affordable for new entrants to purchase property.

Additionally, changes in zoning laws can impact where and what type of housing can be developed, influencing both the supply and nature of available properties.

Outlook and forecast
Demographic shifts in South Africa, such as aging populations and urbanization, are significantly influencing the demand in the real estate market.

The aging population is leading to an increased demand for retirement properties, including secure, low-maintenance homes and retirement villages offering healthcare and other amenities. Urbanization, a prominent trend in South Africa, is driving demand for residential properties in urban centres and cities.

Source: https://theafricanvestor.com/blogs/news/south-africa-real-estate-market

Media Releases Continued

The real estate market in South Africa: 2024 forecast Continued

This is leading to a surge in demand for apartments and townhouses, especially in areas close to business districts, shopping centres, and other amenities.

Current trends in household formation, such as the rise in single-person households and smaller family sizes, are influencing the types of properties in demand.

There's a growing preference for smaller, more manageable properties like apartments and townhouses. This shift is also due to factors like lifestyle choices and the increasing cost of living, which makes smaller homes more appealing and affordable.

In terms of real estate investment, there's a noticeable trend towards buying properties for rental income, particularly in urban areas. Investors are often looking for properties that offer good rental yields and capital appreciation potential.

This includes apartments in city centres and near universities, which are popular due to the consistent demand from students and young professionals.

Cultural trends also play a role in shaping the housing market.

For instance, there's an increasing awareness of sustainability and green living, leading to a growing demand for eco-friendly homes. These properties are designed to be energy-efficient, use sustainable materials, and often come with features like solar panels and water-saving systems.

Regarding the purpose of buying properties, there's a mix of both investment and living purposes. However, there's a noticeable trend towards buying property as an investment, particularly in high-demand urban areas.

This is partly driven by the potential for rental income and capital appreciation.

Foreign investment plays a significant role in the South African real estate market, particularly in certain segments like luxury properties and holiday homes. Foreign buyers often gravitate towards high-end properties in prime locations, such as Cape Town's Atlantic Seaboard and the Johannesburg northern suburbs.

This demand from foreign investors can drive up prices in these specific markets.

Regarding regulations for foreign investors, South Africa has been relatively open, though there are certain restrictions and regulatory requirements that foreign investors need to be aware of.

Source: https://theafricanvestor.com/blogs/news/south-africa-real-estate-market

Media Releases Continued

The real estate market in South Africa: 2024 forecast Continued

The impact of foreign investment on the market can be both positive and negative, boosting demand and prices in certain areas but also potentially making housing unaffordable for local residents.

Within the South African real estate market, there are niche markets experiencing unique trends. The luxury property market, particularly in prime locations, continues to attract high-net-worth individuals. There's also a growing interest in eco-friendly homes, as mentioned earlier, and in gated communities, which offer security and lifestyle amenities.

These niche markets often follow different dynamics compared to the broader market and can provide unique opportunities for investors and buyers.

How's the rental market in South Africa?
Current state
The current demand for rental properties in South Africa is quite diverse and influenced by various factors including location, property type, and demographic characteristics of tenants.

In urban areas, particularly in cities like Johannesburg, Cape Town, and Durban, there's a high demand for apartments and townhouses.

This demand is driven primarily by young professionals, students, and smaller families who value proximity to work, educational institutions, and urban amenities. Apartments in secure complexes are particularly popular, offering amenities like parking, security, and sometimes communal leisure facilities like pools or gyms.

In suburban areas, the demand shifts slightly towards single-family homes, especially among families who seek more space, privacy, and a community-oriented environment. Features like a garden, good security, and proximity to schools and shopping centers are highly valued.

There's also a growing trend towards gated communities and estates in suburban areas, which offer additional security and lifestyle amenities.

In rural areas, the rental market is generally less active compared to urban and suburban areas.

However, there is still demand, often for single-family homes, and this is primarily driven by individuals or families working in these areas or those seeking a quieter, more spacious living environment.

Tenant preferences vary significantly based on demographic characteristics.

Source: https://theafricanvestor.com/blogs/news/south-africa-real-estate-market

Media Releases Continued

The real estate market in South Africa: 2024 forecast Continued

Younger tenants, such as students and young professionals, often prioritize location, convenience, and affordability. They are more likely to rent apartments or shared accommodations in urban areas. Families generally look for larger spaces, prioritizing safety, schools, and family-friendly amenities, leading them to suburban single-family homes or townhouses.

Income levels and economic factors greatly influence the type of properties tenants can afford.

Higher-income tenants are more likely to rent larger properties in well-located areas, while those with lower incomes might opt for smaller apartments or shared accommodations, often in less central locations.

Certain regions do have a high concentration of specific tenant groups.

For example, university towns or areas with a high density of tertiary education institutions have a significant student population, leading to a demand for student housing and affordable shared accommodations. Urban centers like Johannesburg and Cape Town attract young professionals, driving demand for apartments and rentals in central business districts or nearby areas.

In contrast, coastal towns and certain areas within cities like Cape Town and Durban attract retirees, who often look for secure, low-maintenance properties.

Outlook and forecast
The rental market in South Africa is influenced by several key factors.

Urbanization is a major driver, with more people moving to cities for employment and education opportunities. This shift has led to increased demand for rental properties in urban centers.

Economic conditions also play a critical role, as they determine affordability and influence people's ability to rent in different areas.

Evolving lifestyles and work patterns, particularly the rise of remote work, are beginning to influence rental preferences. With more people working from home, there's a growing demand for rentals with extra space for home offices. This trend might lead to a shift in demand from city centers to suburban or even semi-rural areas where larger properties are more affordable.

Certain cities and regions in South Africa are experiencing significant demographic changes, impacting their rental markets.

Source: https://theafricanvestor.com/blogs/news/south-africa-real-estate-market

Media Releases Continued

The real estate market in South Africa: 2024 forecast Continued

For example, Cape Town continues to attract both domestic migrants and international expats, which sustains high demand for rental properties. Johannesburg, with its diverse economic opportunities, also attracts a wide range of tenants, from students to professionals.

Emerging urban areas, particularly those near major cities or economic hubs, are becoming new hotspots for rental properties.

Areas like Midrand between Johannesburg and Pretoria are witnessing growth due to their strategic location and relatively affordable housing options compared to the main cities.

Technological advancements are significantly impacting the rental market. Online platforms have made it easier for landlords to connect with potential tenants, and for renters to find properties. Additionally, technology in property management, like apps for rent payment and maintenance requests, is improving the efficiency of managing rental properties.

Sustainability and green living are increasingly influencing the rental market.

There's a growing demand for energy-efficient homes and buildings with green features like solar panels and water-saving systems.

This trend is particularly noticeable among environmentally conscious tenants and in higher-income brackets where tenants are willing to pay a premium for eco-friendly features.

The rental market forecast varies across different regions of the country. In economic hubs like Johannesburg and Cape Town, the demand for rentals is expected to remain strong. However, in smaller towns or economically struggling regions, the rental market might face challenges, including lower demand and potential oversupply.

The long-term outlook for the rental market in South Africa considers these varied factors. Urban areas with economic opportunities are likely to maintain strong demand, while remote work trends could boost rental markets in suburban and semi-rural areas.

Technological and sustainability trends will likely shape tenant preferences, potentially leading to a market where eco-friendly and technologically equipped properties are more sought after.

Within this landscape, there are niche markets experiencing unique trends. The luxury rental market, particularly in affluent areas of major cities, continues to attract high-income tenants and expatriates. Eco-friendly homes are also carving out a niche, appealing to environmentally conscious renters.

These trends indicate a rental market that is diverse and evolving, influenced by a mix of economic, demographic, technological, and lifestyle factors.

Source: https://theafricanvestor.com/blogs/news/south-africa-real-estate-market

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