Doing Business in South Africa

Commissioned by the Netherlands Enterprise Agency

Contents

Introduction
How can we support your business

Trade & Investment
Stepping stone to Africa

High Potential Sectors
Topsector Agriculture raw materials & horticulture
Topsector Water
Topsector Transport & Logistics
Topsector Life Sciences & Health care
Topsector Energy
Topsector Creative Industries

Doing Business in South Africa
Doing Business in South Africa
Starting a Business in South Africa
Business Entities
Business Banking
Taxation
Labour Regulations
Black Economic Empowerment (BEE)
Environmental Law
Issues Affecting Business
Corporate Social Responsibility
Responsible Business Practice in line with OECD Guidelines
Business Organisations & Useful Contacts
Resources

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Introduction
Africa is increasingly recognised as a continent of business opportunities, especially for Europe - the neighbouring continent. Africa is the second fastest-growing economic region after Asia. Governments have become more stable, improved governance, created a healthy business environment, expanded infrastructure and attracted foreign investment. This in itself offers opportunities for doing business in Africa.

As the most diversified and second-largest African economy after Nigeria, South Africa is an ideal starting point to explore African opportunities. It is a major transport hub, has abundant potential business partners with experience in the region, a well-developed banking sector, strong regulatory and legal frameworks, independent judiciary, high internet penetration and strong protection of social values and human rights (incl. women’s and LGBTIQ+ rights).

After a decade of governance challenges, the current administration led by President Cyril Ramaphosa has set an ambitious target to bring South Africa in the top 50 of the World Bank’s Ease of Doing Business index again (South Africa holds position 84 in the 2020 report).

As one of the fastest growing consumer markets, South Africa presents numerous opportunities with a population of over 60 million people and a strong emerging middle class. There are strong synergies between the challenges South Africa is facing and Dutch expertise. In sectors such as sustainable agriculture, horticulture, transport and logistics, water, clean energy, health and the creative industry the Netherlands offers added value and innovative solutions that are often very welcome.

South Africa has a dynamic innovation ecosystem with high potential start-up hubs in Johannesburg and Cape Town. The country hosts large data and processing centres, is in the top 10 of global AR/VR hubs, is a top publisher of scientific articles on AI, is at the forefront of FinTech solutions and a pioneer in health-tech. The country for example performed the first 3D printed bone transplant in the world.

This booklet gives a brief overview of opportunities and information on doing business in South Africa. It also provides some tips and an overview of practical issues to take into account. We hope that it will convince you to not miss out on the opportunities. The Embassy of the Kingdom of the Netherlands in Pretoria and the Consulate General in Cape Town are ready to support you in your South African business journey.
How can we support your business?

The Netherlands Embassy in Pretoria and the Consulate General in Cape Town, support Dutch companies to grow their trade and investment with South Africa. We provide detailed information about opportunities in sectors with high potential where the Netherlands offers specific added value, namely agriculture, transport and logistics, water, energy and health.

We work closely with the Netherlands Enterprise Agency (RVO), the Netherlands Foreign Investment Agency and regional development hubs (f.e. Oost-NL).

The Dutch government also provides a number of support instruments to assist Dutch businesses in South Africa. For detailed information on the available instruments please refer to the Embassy website. Together with the Netherlands Enterprise Agency, we offer the following basic services to companies:

Trade enquiries

- E-mail a trade enquiry to the Embassy/Consulate General on pre-trade@minbuza.nl
- Interested in exploring business opportunities in South Africa? You can contact the Netherlands Enterprise Agency: T: +31 88 042 42 42
- Request tailor-made information (‘Informatie op Maat’) from the Netherlands Enterprise Agency, which provides a tailor-made overview of opportunities in the product market you are interested in South Africa. Fill in the online form for further assistance in this regard https://www.rvo.nl/aanvraagformulier-adviesgesprek-wssl

Business Partner Scan

Request a Business Partner Scan (Zakenpartnerscan) from the Netherlands Enterprise Agency in cooperation with the Embassy and Consulate-General. The Business Partner Scan will provide you with a detailed overview of potential business partners in South Africa. This extensive service carries a fee of 500 Euro.

Contact: the Netherlands Enterprise Agency at www.rvo.nl or e-mail pre-trade@minbuza.nl
Monitoring business opportunities

The Embassy and Consulate General are constantly scanning for business opportunities, particularly in the priority sectors. Relevant leads, are published in market studies and ‘kansenkaarten’ on the South Africa country page of the Netherlands Enterprise Agency website or the Linked-in page of the Netherlands in South Africa network. Contact pre-trade@minbuza.nl for more information.

Support demonstration projects, pre-feasibility studies and investment preparation (DHI).

The DHI (Demonstratie Projecten, Haalbaarheidsstudies en investeringsvoorbereiding) subsidy is an RVO instrument for businesses who want to enter a foreign market and reduce their trade or investment risk. More information is provided on the RVO website and for further questions you are welcome to contact the South Africa network on pre-trade@minbuza.nl.

Support market entry in a supply chain with Partners International Business (PIB)

One of the most exciting market-entry instruments is the Partners for International Business, where a consortium of 5-10 companies team up to identify and create business leads, build prospects and achieve deals in their subsector. The embassy provides support in matchmaking, organizing visits or trade shows and branding of the Dutch subsector in South Africa. The Mission network in South Africa can assist to answer questions and support the steps toward a PIB.

Trade missions and visits to South Africa

We regularly support and organise incoming and outgoing trade missions between South Africa and the Netherlands. Information about such missions is published on the Embassy social media, RVO website or through third parties which may organise such missions.

Networking opportunities

The Embassy and Consulate General regularly organise networking events for Dutch businesses with South African counterparts. These can be general receptions, targeted events, seminars or functions linked to a specific incoming mission or event. The aim is to provide a platform to share best practices and explore business opportunities with potential partners. We have experience in assisting small and medium enterprises (as well as start-upsSCALE-ups) and encourage entrepreneurs to participate and approach us at pre-ea@minbuza.nl or through our social media [linked-in], [facebook] and [twitter].
Stepping stone to Africa

The South African Economy

South Africa is an economic powerhouse in Africa, leading the continent in industrial output and mineral production and generating a large agricultural production in the European winter. The country has abundant natural resources, well-developed financial, legal, communications, energy and transport sectors, a stock exchange ranked in the top 20 in the world, and modern infrastructure supporting efficient distribution of goods throughout the southern African region. South Africa also has a world-class and progressive legal framework. Legislation governing commerce, labour and maritime issues is particularly well developed, and laws on competition policy, copyright, patents, trademarks and disputes conform to international norms and conventions. The country’s financial systems are sophisticated and robust. Not only is South Africa itself an important emerging economy, it is also a gateway to other African markets.
Economic Growth

South Africa’s economy was completely overhauled with the advent of democracy in the country in 1994. Until the global economic crisis hit South Africa in late 2008, economic growth had been steady and unprecedented. From the first quarter of 1993 to the second quarter of 2008, the country enjoyed an unprecedented 62 quarters of uninterrupted economic growth. Unfortunately a decade of deteriorating governance and ‘state capture’ under the Zuma administration led to a deteriorating fiscal position and a weak growth trend. In 2020 Moody’s cut South Africa’s sovereign credit rating to sub-investment grade (from Baa3 to B1). The current economic downturn in South Africa is also fuelled by the COVID19 crisis and the global commodity price collapse. Even though the country is facing a number of structural economic issues – including high unemployment, decreasing international competitiveness and lack of skills – government has committed to improve foreign investments and bring South Africa in the top 50 of ‘doing business’.

The impact of Covid-19 on the South African Economy

South Africa has one of the strictest lock-down regimes in the world, resulting in a serious blow for the economy. International travel might only restart at the end of 2020 or beginning of 2021. The government’s approach to established 5 phases to re-open the economy and manage the pandemic has become an international example, but is developed while the crisis hits the country. New analysis from OECD (2020) estimates that the initial economic costs of shutdowns could exceed 10 percent of gross domestic product (GDP) in South Africa during 2020.

South Africa’s economy was already fragile as it entered the COVID-19 shock, despite a pickup in economic activity at the start of the year. Interest rate cuts and quantitative easing announced by the South African Reserve Bank will provide some support to consumer spending and encourage lending and investment. However, a combination of low commodity prices, capital outflows (mainly, portfolio investment), reduced tourism activity, and a major slowdown in key trading partners is expected to weigh heavily on economic activity. The lockdown announced by President Cyril Ramaphosa on March 23 has significantly affected retail sales and the mining sector, two key sources of growth for the economy.

Measures taken by Government to curb the impact of Covid-19

Fiscal: The government will assist South African companies facing distress, through the Unemployment Insurance Fund and special programs from the Industrial Development Corporation. Within the realm of the budget, workers with an income below a certain threshold will receive a small monthly payment during the next four months. Funds will be available to assist small and medium-size enterprises under stress, mainly in the tourism and hospitality sectors. Allocations will also be made to a solidarity fund to help combat the spread of the virus, and it will be created with the assistance of private contributions.
On the tax front, the revenue administration will accelerate reimbursements and tax credits and allow small and medium-size enterprises to defer certain tax liabilities. The authorities have released partial cost estimates for the measures, so far amounting to ZAR 12 billion (0.2% of GDP). The government is working on additional support measures to be presented to parliament. Companies that have invested more in equality through skills development and transfer of ownership can receive more support than others.

**Monetary and micro-financial:** The central bank has cut interest rates several times since the start of the year which has brought the repo rate to a historically low to 3.75%. Additionally, it announced measures to ease liquidity conditions by: (i) Increasing the number of repo auctions to two to provide intraday liquidity support to clearing banks at the policy rate (ii) Reducing the upper and lower limits of the standing facility to lend at the repo rate and borrow at the repo rate less 200 bps (iii) Raising the size of the main weekly refinancing operations as needed (iv) The government announced the launch of a unified approach to enable banks to provide debt relief to borrowers.

**Exchange rate:** The central bank announced that it will continue its longstanding practice of not intervening in the foreign exchange market.
High Potential Sectors
Topsector Agriculture, raw materials & horticulture

The agricultural sector has one of the largest growth potentials in the economy. Food and raw materials are traded in the European and Asian winters and demand is growing for high quality fruits, nuts and vegetables – in which subsectors South Africa is strong.

The agricultural sector in South Africa is characterised as being a dual system. On the one side the sector is highly commercial (with about 30,000 farmers occupying commercially processing and retail segments of the value chain) big in grains, maize, citrus and tropical fruit. On the other side it has developing emerging agrifood players strongly supported by Government. Agriculture contributes about 10% of formal employment and about 2.6% of the country’s GDP. The Netherlands is the largest importer of fruit from South Africa. For example about three quarters of the total avocados produced in South Africa are exported to The Netherlands.

Market opportunities
Opportunities to strengthen the South African agricultural and food production sector cut across the entire value chain. Besides partnering with the highly commercial sector, training and skills development, access to finance for SME’s (innovative financing models) and linking these farmers to the markets form part of the main opportunities. In terms of primary production, Climate Change related challenges have been visible in the form of droughts and water shortages in the country. Climate Smart agriculture technologies are therefore of great importance. A recent study on agro-processing in South Africa has also shown that capacity strengthening and sharing of technologies for agro-processing would help Dutch companies to benefit from the growing need to support the South African agricultural and food production sector across the value chain.

Market risks
Specific challenges in South Africa are the inclusion of developing farmers in commercial agriculture, and the connection of farmers with consumer demands. There are limited financing opportunities for developing farmers while skills development is an important need. The Netherlands can help developing tailor-made concepts for the entire value chain of inclusive agriculture and food production and trade. The ongoing debate concerning land reform can pose a risk to African agricultural and food production sector across the value chain.
Topsector Water

Achieving a water secure future is one of the biggest challenges for South Africa in the 21st century. South Africa is facing increasing water demands to meet the needs of a rapidly growing and urbanizing population, changing lifestyles, and economic growth leading to industrialization in water-scarce regions. In 2018 Cape Town was the first city in the world facing ‘day zero’. In most parts of South Africa, the availability of a reliable source of water has become more urgent than before. For this reason, water security is priority for the South African government. Especially water use in water-dependent sectors such as agriculture and highly populated cities are changing rapidly. This has led to more national urgency for innovation in the water sector with regards to water efficiency, water re-use and smart water management.

Some of the priorities of South Africa are:

- Increase water re-use and waste water treatment: Less than half of SA’s municipal wastewater is treated. In order to solve the current water crisis more water has to be reused.
- Reduce non-revenue water (37% and more)
- Water efficiency: decrease average water consumption and improve the efficiency of water use.
- Maintenance and operations of water infrastructure
- Look at new sources of water such as stormwater and ground water.

The cooperation between Netherlands and South Africa in the field of water is intensive and longstanding. Strong relationships exist between the Department of Human Settlements, Water and Sanitation and the Dutch Ministry of Infrastructure and Water through an MoU. The South African and Dutch Water authorities are working together on the Blue Deal, aiming to achieve safe and clean water for 2,5 million people by 2030. Strong relationships with companies, municipalities (such as Cape Town and Durban), knowledge institutes and small and large businesses makes market access easier.
Market opportunities
The top sector Water can play an important role in reducing water loss and re-use of water in cities and water consuming industries such as mining and industrial processing. The Netherlands has a highly advanced water sector supported by strong research institutes and an export-oriented private sector. With these capacities it can provide innovative technologies adapted to the African market as well as business concepts especially in the field of water-efficiency, water re-use and water quality. The Netherlands Embassy and Consulate hope to get to know you and are keen to share information about our initiatives, such as:

- Collaboration with the city of eThekwini (Durban) on the development of PPPs in the water sector, for example on water re-use and stormwater harvesting.
- The WaterHub: a testing facility for water innovations in Fransschoek, Cape Town
- A company mapping of industries in Gauteng (Johannesburg) who are keen to invest in water re-use and efficiency solutions, in collaboration with South Africa’s National Business Initiative
- A collaboration with the City of Cape Town on livable urban waterways
- Previous studies on industrial water re-use, water in agriculture and water in mining.

Market risks
Specific challenges in South Africa in the government focusses water sector are the fragmented water facilities (national, province, city), preference for local suppliers and the levels of corruption in public sector procurement. In addition, though many private sector companies start to realize water is scarce, the low water price does not stimulate the business case to invest in water efficiency. Therefore, the Embassy works with companies as well as the private sector to look for innovative and implementable solutions.
Topsector Transport & Logistics

South Africa is a gateway to Southern Africa and an important transportation hub with major shipping lines hugging its coastline. The country is a continental leader in terms of transport and logistical sophistication with a strong road network, the largest rail network in Africa, and nine commercial ports to serve specific hinterlands.

The South African government has highlighted the transport sector as a key contributor to the country's global competitiveness and a critical enabler of economic growth. Despite the current economic headwind, the South African government is committed to invest R870 billion on infrastructure projects over the next few years—of which a significant portion of nearly R292 billion has been earmarked for transport and logistics. Freight rail, port development, road upgrades and other projects to improve economic integration will receive specific attention. Besides the planned government expenditures, state-owned corporation Transnet is already implementing a rolling seven-year R336.6 billion plan to expand and upgrade rail and port capacity.

Opportunities

There are significant market opportunities in more efficient and cleaner transport. Through the use of Dutch technologies, expertise and systems, Dutch businesses can make a valuable contribution to building competitive transport and logistics value chains in South Africa and the continent. Opportunities have been identified in tackling specific sector challenges such as cold storage (agriculture), spare part management (mining, health care), transport efficiency management (ports, healthcare, agriculture), dredging services and smart logistics (AI, IoT, e-commerce). There are also several opportunities on the hardware side including rolling stock and signaling systems for the rail industry; container handling, trucks and earth/ heavy haul mining equipment.

South Africa’s logistics landscape is the most sophisticated on the continent. However, logistics takes place in an environment of neglected maintenance and accompanying infrastructure degradation, and relatively high logistics costs. This inefficient environment provides inherent opportunities for improvement and optimisation. At present, many organisations in South Africa do not have the skills to utilise digital technologies effectively. This represents a significant opportunity for digital skills development and knowledge transfer.
HIGH POTENTIAL SECTORS

regarding the benefits of these technologies across the logistics sector. This could include pilot projects and benchmarking exercises as proofs of concept.

The opportunity also exists for collaboration in infrastructure development projects, and for innovation for operational efficiency improvements. The objective is optimal efficiency of an adequately-capacitated internal logistics infrastructure system.

Risks

Unfortunately the sector has experienced a protracted period of government disinvestment which has resulted in severe bottlenecks and inefficiencies in the system. The state owned enterprises for rail, airports and ports have been involved in cases of corruption, high rotation of staff, and decrease in efficiencies. The current administration is taking steps though to make improvements in this vital sector of the economy.

Except for some international companies operating locally, South Africa has not yet embarked on a path towards a cleaner transport sector. The transport sector is the second largest emitter of carbon emissions in the country.
Patients from all over the world fly to South Africa for high quality and comparatively low cost health care, paid by their insurances. Healthcare in South Africa is provided through a highly unequal, two-tier system, with the private sector accounting for more than 50% of the country’s total expenditure on healthcare, while providing care to just 16% of the population. This is due in part to the relatively high cost of private sector healthcare, high levels of income inequality in the country, and the limited number of individuals covered by medical aid (mutual health insurance). The public sector, which accounts for less than half of the country’s total healthcare expenditure, services the remaining 84% of the population, a large proportion of which access fee-free primary care delivered through nurse-led clinics. Generally speaking, the private, for-profit sector is well-resourced and caters to a population that tends to be wealthier, urban, and more likely to be formally employed. In contrast, the public sector caters to the majority of South Africans, and is challenged with fewer resources, both in terms of health professionals and equipment and infrastructure.
South Africa is faced with a quadruple burden of disease which stems from a relatively high degree of communicable diseases (specifically HIV/AIDS and TB); but also non-communicable diseases such as diabetes; high maternal and child mortality and high levels of violence and injuries.

Opportunities
South Africa and the Netherlands are both healthcare innovators – for example respectively producing the first human heart transplant and the first artificial heart. There are significant market opportunities, which include making quality healthcare available to rural communities, developing sustainable building solutions for health facilities and optimising logistic. A specific area of opportunity relates to heathtech – specifically electronic health records, telemedicine, m-health, virtual healthcare, wearables, diagnosis and treatment decision support, advanced imaging and automated delivery and dispensing. The Netherlands’ innovative solutions for prevalent communicable diseases are also of specific relevance to South Africa.

Risks
The healthcare sector in South Africa is currently in a state of flux, with several processes in train that may result in huge structural changes to the sector. Most significantly, the government’s proposed National Health Insurance (NHI) programme, if implemented, will fundamentally alter the way both the public and private sector operate. At this stage, there is still much uncertainty surrounding the detail of what NHI will look like, and whether the plans will ever be put into practice. However, providers of all healthcare products and services should be starting to think about how to position themselves as suppliers to the NHI Fund, as part of their medium-term strategy. NHI opportunities will be seized by companies which are able to scale up to meet the challenge of delivering on a national footprint (and who are able to prove they can scale up).
Topsector Energy

The national power utility Eskom has in 2019 and 2020 at times been unable to meet the national electricity demand. The ageing fleet of coal-fired power plants is suffering from a lack of maintenance and can therefore not fuel Africa’s most industrialized economy. As this has a negative effect on South Africa’s economic growth, energy is at the very top of the political agenda. Eskom is being restructured and more liberalization is expected.

South Africa is investing in renewable energy, albeit on a relatively small scale. The country benefits from an abundance of wind in the coastal areas and sun in the western part of the country. Dozens of Independent Power Producers (IPPs) have become active in electricity generation over the past decade, including European companies. South Africa has a procurement system with annual bid windows for the delivery of renewable energy, scored for 70% on price and 30% on socio-economic impact. This system has received much praise, but also faces political headwind from opponents of the energy transition. Opening of the next bid window is expected early 2021. Official planning indicates procurement of 14,400 MW from wind energy; 6,000 MW from solar PV; 3,000 MW from gas, up until 2030.

Recent announcements from government also included allowance of small-scale embedded generation, whereby industry players can generate electricity for own consumption. Technologies that can be used include bio-energy. Another development is that municipalities will be able to procure electricity on the open market. In the current system municipalities buy all electricity from Eskom, which they then distribute and sell to the inhabitants of the municipality. This liberalization will thus mean more space for IPPs and a weakening of the Eskom monopoly. Also this could encourage municipalities to invest in waste-to-energy, to solve two issues at once.

Opportunities

- Become an independent power producer
- Deliver goods or services to independent power producers
- Deliver goods or services to municipal waste-to-energy projects
- Offer solutions to businesses and households for small-scale embedded generation
- Pioneer the nascent bio-energy market (liquid biofuels and solid biomass opportunities)
- Gas infrastructure development

Risks

- Low economic growth results in lower growth in energy demand than expected
- Political opposition to the energy transition can lead to delays in renewable energy developments
Topsector
Creative industries

The South African creative industries has been identified as a key force and driver of employment, tourism, urban renewal and FDI over the past two decades, and is touted as a key medium to reposition the country’s position within the global economy. This sector enjoys high recognition on the south African government’s development agenda. Furthermore, the creative industries contribute to the achievement of the Sustainable Development Goals (SDGs) through various creative mechanisms, and helps improve urban development of local economies guaranteeing job creation, infrastructure development, social inclusion and the promotion of arts, culture, traditions and heritage. Sustainable urban regeneration can continually help to promote the business environment, so that innovative firms can attract and retain a creative, educated, and entrepreneurial workforce and hence build the platform for resilient cities in metropoles like Cape Town, Johannesburg and Durban. These three cities are synonymous with having well developed creative economies and are home to a number of creative enterprises, where the sub-sectors that control those local landscapes are the performing arts, music, film, and visual arts.

The Department of Sports, Arts and Culture in South Africa drives the overall mandate of the creative industries, funded through the Department of Trade and Industry and supported by the Department of Communications through oversight and distribution specifically of audio visual content on various platforms. The Netherlands Creative Industries sector is one of the most advanced internationally
HIGH POTENTIAL SECTORS

with key focuses in Design (Communication Design and Interactive Design, Product Design, Interior Design), Architecture, Fashion, Gaming, Music and Television (exportation of TV formats). The latter is key as the Netherlands and South Africa have a Co-Production Film Treaty between the nations ratified by the Netherlands Film Fund and the National Film and Video Foundation (on behalf of the DTI).

The Mission network in South Africa has recently started working with the creative industries as a top sector, and have thus far identified key opportunities in the Film, Fashion and Gaming niches in the market for NL businesses and entrepreneurs to explore.
Opportunities

**Gaming:** Cape Town is the frontrunner in gaming for the African continent. Of the 70 gaming businesses in South Africa, 40-45 of them are based in Cape Town. This presents an opportunity for NL gaming companies to explore partnerships, talent and share markets as a stepping stone into the African market.

**Animation:** Cape Town has the biggest animation industry in Africa but is experiencing a brain drain in this field.

**Film:** Various regions in South Africa offer niche expertise and focus: Long film, animation, international TV series and commercials are big in Cape Town, while Johannesburg is the epicentre for the creation of local TV series.

**Script writing (overarching for Gaming, Animation and Film):** Johannesburg and Durban have existing film commissions whereas Cape Town does not. This creates a mismatch between creative talent (which exists in Cape Town) and incentives, and the solution to this problem could be the ‘sharing of markets’ between NL and SA given that the SA market is small and the majority of South Africans cannot afford expensive games and gaming devices. Additionally, script writers in Cape Town could learn and be capacitated by knowledge and expertise from NL. NL has TV formats as one of its biggest export products and is advanced in gaming industry. Opportunity is for example to train SA scriptwriters by NL script writers – this includes scripts in the gaming, film and animation sector.

**Fashion:** Cape Town had a booming textile industry which took a large knock after South Africa opened up its market. South African Fashion industry is now rising again with prominent designers really making their name on a global stage as well as African orientated content being highly popular globally. The latter can be seen in the global shift towards African content like the outfits worn by Miss Universe Zozibini Tunzi during the pageant, and the popularizing of African content in high grossing movie on global circuits seen in Black Panther. There is a big opportunity for how knowledge and markets can be shared in fashion, and the introduction of tech wearables which also takes into account the waste side of the fashion industry in terms of valorizing, re-using and re-purposing.

Risks

- Market is relatively small market compared to NL
- Sluggish intergovernmental coordination to support the creative industries
Doing Business in South Africa
It is not by chance that South Africa is referred to as the Rainbow Nation. The country is home to 58.8 million people with different cultural, linguistic and religious backgrounds - it is not one homogeneous society. The national identity is therefore complex and difficult to generalize. The population consists of four main ethnic groups: Black (81%), Coloured (9%), White (8%) and Asian (3%). The black population consists of a number of different ethnic cultures as well. Each group exhibits differing religious, cultural and linguistic traits. South Africa has a total of 11 official languages, including English, Afrikaans, Zulu, Xhosa, Sotho and a number of other African languages.

The traditional African concept of ‘Ubuntu’ is widely respected amongst South African people, particularly the black population. Ubuntu is an ethnic or humanist philosophy that emphasises people’s allegiances and relations with each other;

“I am what I am because of who we all are”

QUALITIES ASSOCIATED WITH UBUNTU ARE MUTUAL RESPECT AND SUPPORT, INTERDEPENDENCE, UNITY, COLLECTIVE WORK AND RESPONSIBILITY.
The South African business community has historically been very conservative with a keen awareness of hierarchy and an accumulation of power at top-management level. Change is slowly introduced, partly by the large multinational companies that invested in the country post 1994. In line with this conservative attitude, the business community is generally risk averse as indicated by the importance of contracts. These are very detailed and verbal agreements are rarely used.

The one factor which is important across all cultures is personal relationship. A good personal relationship will provide a solid foundation for further cooperation and will make doing business in South Africa easier. This is especially true within Government. Third-party introductions are therefore useful.

It should be noted that there are distinct differences in business culture when comparing the different institutional relationships. Business-to-the-Public services can vary in experience, but the Business-to-Business culture is generally very professional and of international standard.

The impact of Covid on Doing Business in South Africa

Business Restrictions
In March, South Africa announced a national state of disaster in accordance with the Disaster Management Act, 2002 (Act No. 57 of 2002) and implemented a countrywide lockdown, which limited economic activity to essential services. On May 13, South African President Cyril Ramaphosa announced the government’s intention to ease restrictions according to a Risk Adjusted Strategy: a 5-level system of alerts aimed at defining permissible levels of general movement, travel and economic activity. South Africa is currently on level 4 with the aim of moving to level 3 by the beginning of June. The system allows the government to place different parts of the country on different levels based on localised Covid19 infection rates. For a detailed overview of the different levels and the economic and social activity allowed, please see SA’s dedicated COVID-19 website.

Obligations
There are several pieces of COVID-19 related legislation and/or directives issued by the SA government, which impose obligations on companies operating in the country during the state of disaster. For example, prior to operating from their premises, businesses must develop a “COVID-ready” Workplace Plan and must designate a COVID-19 Compliance Officer to oversee the implementation of the plan and to ensure adherence to the standards of hygiene and health protocols at each office/location. There are also several directives that relate to labour relations which should be taken note of. Please see the comprehensive list of legislation, directives and guidelines on the SA Government website. An overview of Frequently Asked Questions for Dutch companies in SA can be found on the website of RVO.
Starting a Business in South Africa

This section provides a brief overview of the most important aspects of starting a business in South Africa.

Permits
The first step to take when starting up a business in South Africa is applying for a business permit. You may enter South Africa with a visitor’s permit, but once you are in South Africa you will need to apply for a business permit. This permit is needed to start up a business, and at the same time it functions as a temporary residence permit. When applying for a business permit you can simultaneously apply for permanent residence. All three permits are explained in detail in this section.
Application Help

The South African Department of Home Affairs oversees everything permit-related. Their procedures are complicated, and it is therefore advised that you make use of a registered immigration service provider. Most of these agencies also offer help with non-permit-related issues, e.g. insurance, tax registrations, business plans, and setting up bank accounts. Information on where to apply for a permit can be found on the Department of Home Affairs website: www.dha.gov.za

Visitor’s Permit

Visitors’ visas are for international travellers (citizens of other countries) who have permanent residence outside South Africa and who wish to visit the country on a temporary basis for tourism or business purposes for a period of 90 days or less. Requirements for visitor’s visas differ from country to country (http://www.dha.gov.za/index.php/immigration-services/exempt-countries), and the requirements are subject to change. Visas are not issued at South African ports of entry, and airline officials are obliged to insist on visas before allowing passengers to board. If you arrive without a visa, immigration officials are obliged to put you onto a flight back to your home country.

Business Permit

Foreigners who are contemplating investing in the South African economy by establishing a business or by investing in an existing business in the country must apply for a business visa, if it is his or her intention to be employed in the business. Different forms need to be taken care of when applying for a business permit. One of these is a certificate issued by a Chartered Accountant or a Professional Accountant registered with the South African Institute of Professional Accountants to the effect that you have at least R5 000 000 available in cash, or at least R5 000 000 in cash and capital to be invested in the Republic. The holder of a business visa is entitled to study part-time, without the need to apply for permission from the Department of Home Affairs in the form of an application for change of conditions to an existing business visa.

NOTE: Bear in mind that the requirements for visas change over time, please visit the website of the Department of Home Affairs: www.dha.gov.za for the latest developments.

Immigration service provider websites (The Embassy cannot endorse any company, but list service providers here for ease of reference)

https://www.immigrationspecialists.co.za/
https://imcosa.co.za/
https://www.intergate-immigration.com/
https://www.visaimmigrationsa.co.za/
https://www.workpermitsouthafrica.co.za/
Business Entities

When setting up a business you have different business formats to choose from which are explained here. In the New Companies act 2008 there are two broad types of companies included: non-profit companies and profit companies.

**Profit companies**

The principal methods of doing business in South Africa are by using a: Public (name ends in “Ltd”) or private (“Pty Ltd”) company, Personal Liability Company (“Inc”), Partnership, Business trust, Sole proprietorship and External company (branch of a foreign company).

Tax and other considerations affect the choice of a particular form of business entity. The most commonly adopted forms of doing business by foreign investors are private companies and branches. Branches of foreign companies are accorded legal status in South Africa by virtue of their registration as external companies but are not recognised as separate legal entities – except for exchange control purposes.

You can reserve a company name and register your business through the Companies and Intellectual Property Commission (CIPC) website www.cipc.co.za. To register a company, please follow the steps outlined on the CIPC website. The first step is to register as a CIPC customer. However, it brings with it certain responsibilities, irrespective of whether the business is trading. For example, you will need to file an annual return and pay an annual fee. A company registration may vary between R175 and R475 (R175 for a private company, R475 for a non-profit company registered without members).

The new Companies Act, which was promulgated in 2009 and has been effective since May 2011, rewrites South African law completely. The new Act aims to modernise the law, align it with international best practice, and make it more business friendly – especially by streamlining it with other South African legislation, such as the Promotion of Access to Information Act.

By making it simpler and less prescriptive, the new Act encourages entrepreneurship as well as economic and employment growth. It is more flexible (companies are allowed to change certain requirements according to their own circumstances, for example); and adaptable (smaller companies have less arduous responsibilities than large public companies when it comes to corporate governance and financial reporting).
The South African government institution responsible for supervising the registration of companies is the Companies and Intellectual Property Commission (CIPC). Their website offers extensive information about different types of companies and requirements.

BizPortal
BizPortal is a platform developed by the Companies and Intellectual Property Commission (CIPC) to offer company registration and related services in a simple seamless digital way which is completely paperless. It was developed in response to the quest of improving the ease of doing business in South Africa, specifically starting a business.

As the CIPC strives to provide innovative and convenient ways of transacting with the CIPC, BizPortal is an additional channel to transact with CIPC. The CIPC BizPortal sees the CIPC collaborating with other government agencies (UIF and Compensation), industry regulators and private sector (Banking institutions).

BizPortal aims to offer a service where you would be able to register a company and on the same platform apply for B-BBEE, UIF, Compensation Fund, domain names, and even initiate the process of opening a business bank account; all this on a one platform.

Services Offered:
- Company Registration
- Name Reservation
- Tax Registration
- Domain Name Registration for .co.
- B-BBEE Certificates for Exempted Micro Enterprises (EME) with Turnover between R0 and R10 000 000.
- Compensation Fund Registration
- Unemployment Insurance Fund (UIF) Registration
- Business Bank Account Opening

InvestSA One Stop Shop
InvestSA is a division of the South African Department of Trade, Industry and Competition (the dtic). InvestSA supports investors exploring opportunities in South Africa by helping with information, facilitation and aftercare. One Stop Shops provide practical assistance to streamline the process of setting up a business.
When you first come to South Africa on a visitor’s permit, you can only open a non-resident bank account. This account can only receive non-rand deposits. This is a means by which you can transfer funds into the country. After you have received your temporary residence permit (business permit), you will be able to open a resident bank account, which lifts the deposit restriction.

Part of setting up a business is opening a business bank account. South African Banks are among the biggest banking corporations in the entire African continent. The existence of these banking institutions in South Africa has attracted investment globally and local.

The South African Reserve Bank’s Prudential Authority has published its annual report for 2019/20, showing how the country’s five biggest banks continue to dominate the sector, despite an increase in competition. According to the SARB, South Africa’s banking sector is dominated by the five largest banks, which collectively held 89.4% of the total banking sector assets as at 31 March 2020 (March 2019: 90.5%).

These banks are:
Standard Bank: www.standardbank.co.za
First National Bank: www.fnb.co.za
Absa: www.absa.co.za
Nedbank: www.nedbank.co.za
Investec: www.investec.co.za

Opening of a business bank account can be challenging. There are differences in the documents that each bank requires. It would be advisable to go through all four websites and choose which bank suits you best. Talking with people at each bank will also help in making a choice.
Taxation

Comprehensive tax information is available on the website of the South African Revenue Service (SARS) (www.sars.gov.za). Apart from general information on South African taxes it also provides practical guidance on registering with the tax authority. Accountants also provide a useful service in this regard.

Value Added Tax (VAT)

VAT can be compared to BTW in the Netherlands and is charged at a rate of 15% (As of 1 April 2018). Companies who make taxable supplies in excess of 1 million ZAR (∆ 52,000 EUR*) in any 12-month consecutive period have to register for VAT. A company can also register voluntarily if the total amount of taxable supplies has exceeded 50,000 ZAR (∆ 2,600 EUR*) in the previous 12-month period. Non-residents that carry on an enterprise in South Africa are required to register. Certain supplies are zero-rated or exempt from VAT.

An application for VAT registration must be made on SARS eFiling (SARS’ electronic filing platform) whereafter certain documentation must be submitted, in person, at the SARS branch nearest to the place where the business is situated or carried on. A registered tax practitioner may assist the person in filing the application. A VAT101 application for registration may also be submitted at the SARS branch. For more information refer to SARS website.

Income Tax

The tax system of South Africa is residence-based: residents are taxed on worldwide income while non-residents, are only taxed on their South African income. The Netherlands has a double taxation agreement with South Africa so you will be taxed on your income only once. A company that is managed from South Africa or incorporated in South Africa is treated as a South African resident. If you have immigrated to South Africa you are seen and treated as a South African resident.

Employer and employee taxes: PAYE, SARS, SDL and UIF

Whenever you start a business, you need to register with your local South African Revenue Service (SARS) branch office. SARS will issue you with an income tax reference number. Even in the case that there is no salary/wages paid to employees as a monthly return, the company/employer should still be submitted to SARS. Employers need to register for both Pay As You Earn (PAYE) and/or SDL (Skills Development Levy). The company/employer deducts employees’ tax from an employee’s remuneration paid or payable. This process of deducting
or withholding tax from remuneration as it is earned by an employee is commonly referred to as PAYE.
The Skills Development Levy (SDL) is an employer’s tax set up to fund education and training. You are
exempted from paying SDL if the total remuneration paid to employees is not expected to exceed
500,000 ZAR (± 26,000 EUR*) the next year. When you register you will have to indicate to which
Skills Education Training Authority (SETA) you belong if applicable. For more information refer to the
Embassy or SARS website.

An employer who is registered or required to register with SARS for PAYE and/or Skills Development Levy
(SDL) purposes, is also required to register with SARS for the payment of Unemployment Insurance Fund
(UIF) contributions to SARS. The maximum rate of income tax for an individual is ZAR 532,041 plus 45%
of taxable income above ZAR 1,500,000. The employer and the employees’ each contribute to the UIF an
amount equal to 1% of remuneration but not exceeding ZAR 14,872 per month.

The employer and the worker each contribute 1%. Contributions are paid to the Unemployment Insurance
Fund (UIF) or the South African Revenue Services (SARS).

SARS has recently revised the foreign earnings exemption for remuneration earned in a foreign jurisdiction.
Previously remuneration earned in a foreign jurisdiction was exempt from income tax in South Africa. In
terms of the revised exemption, from 1 March 2020 only the first ZAR 1 million of qualifying foreign earnings
will be exempt from income tax in South Africa. In circumstances where the earnings are taxed both in
South Africa and in the foreign jurisdiction, SARS will be obliged to allow the applicable foreign taxes paid
as a credit in South Africa.

**Compensation Fund**

All employers must register with the Compensation Fund so that their workers can claim compensation
for occupational injuries and diseases. A separate registration is necessary for each separate branch of a
business, unless an arrangement for combined registration has been made.

**Capital Gains Tax (CGT)**

Capital gains tax (CGT) is not a separate tax but forms part of income tax. A capital gain arises when you
dispose of an asset on or after 1 October 2001 for proceeds that exceed its base cost. (CGT is levied on
capital gains made when capital assets are disposed of.) The inclusion rate for South Africa is 40% for
individuals and 80% for companies. Companies will effectively be taxed 22.40%. Individuals tax on capital
gains depends on the taxable income. The maximum amount of tax for individuals will be 16.40%. When
becoming a South African resident, the person/company will have to value the assets they possess on
the date they will become resident. That value will be used to calculate future CGT.
Dividends Tax (DT)

DT is a tax imposed on shareholders at a rate of 20% on receipt of dividends. It is withheld and paid to SARS by the company paying the dividend or by a regulated intermediary. (The DT replaced the previous system of Secondary Taxes on Companies on the 1st of April 2012).

The double tax agreement with Netherlands will make that a dividend paid to a non-resident individual but received the dividend from South Africa will not pay the 20% tax and effectively. Dividends between South African incorporated companies are also exempt from this tax, only the actual natural person will pay the tax.

Dividends tax is levied on all dividends distributed to shareholders by South African companies and foreign companies listed on a South African securities exchange, subject to certain exemptions. Dividends tax is waived where, inter alia, the beneficial owner of the dividend is a South African resident company.
Labour Regulations

Different labour laws are in place, not only to address the general aspects of labour, but also the inequalities that arose during apartheid. This section outlines the most important aspects that you need to take into account.

South Africa’s labour laws are procedurally cumbersome. A good working knowledge of the relevant legislation is therefore a prerequisite, but given the complexities thereof, the assistance of labour lawyers or consultants is also advised.

The relevant acts as well as practical guidelines are freely available on the Department of Labour’s website, www.labour.gov.za.

TIP: Certain sectors have Sectoral Determinations that control their terms and conditions and which may differ from the Basic Conditions of Employment Act. One goal of Sectoral Determinations is to set minimum wages. Find out if your industry is subject to a Sectoral Determination by visiting: www.labour.gov.za/legislation/sectoral-determinations/sectoral-determination
BEE, or Broad Based Black Economic Empowerment (BBBEE) as the Act refers to it, is a government policy aimed at the economic transformation of South Africa through the increased participation of previously disadvantaged people at all levels of the economy. BBBEE aims to redistribute management, ownership and control of economic and financial resources in order to decrease income inequalities. BBBEE is enforced through a system of preferential procurement; companies that do business with government therefore prefer to buy from BBBEE compliant businesses. The BBBEE policy is legislated through the BBBEE Act no. 53 of 2003, and is now known as Act no. 46 of 2013. The Act has been updated on the 27th of January 2014. BBBEE-status is also taken into account by government in licensing and concessions and public-private partnerships. BBBEE operates through the Codes of Good Practice which utilizes a score-card for business that contains seven elements.
Exempt Micro Enterprises (EMEs), with a turnover of below 10 million ZAR automatically qualify and obtain a level 4 BBBEE score. Any business or enterprise where the annual turnover is over R10 million but less than R50 million, is a Qualifying Small Enterprise (QSE). A QSE BEE must be measured on all 5 elements of the revised BEE scorecard. Each element has a target, and compliance is measured as a percentage of the target. This compliance score will determine what level contributor you are, and ranges from level 8 to level 1. Level 1 is the most compliant and level 8 is least compliant. Above level 8 is considered not compliant.

Compliance with B-BBEE in South Africa is not required by law, but instead, incentivises companies to work towards achieving a higher B-BBEE rating level in order to remain competitive in the South African market. The result being, entities in South Africa are aiming to achieve a higher B-BBEE rating in order to attract customers and suppliers who themselves are looking to improve the enterprise and supplier development element on their B-BBEE scorecard. In addition, an entity’s B-BBEE rating is an important factor in acquiring government and public entity tenders, support and licences (in most industries).

As foreign entities are not exempt from compliance, they are subject to the same criteria as any other South African entity. For foreign entities the most difficult elements to meet are often ownership and management control as result of global restrictions on ownership and management control that can be transferred to a South African entity. An alternative option is for entities to score high on socio-economic development, and skills development elements. Another alternative to ownership is to establish a so called “equity equivalent programme”, which must be approved by the Department of Trade, Industry and Competition, which requires the foreign multinational to fund the activities of the approved programme (for example providing training to a specific group of black people). Such a programme would allow a foreign multinational BBBEE to score ownership points without entering into an equity transaction. This option is however seldom used because the foreign multinational must usually have a global policy of only having wholly owned subsidiaries.

BBBEE is not compulsory for non-governmental enterprises. However, the procurement chain drives BBBEE increasingly also in the private sector. A company may count up to 135% of its procurement spend on compliant BBBEE companies towards its ‘preferential procurement’ element, which increases its own BBBEE score. Companies are increasingly requiring BBBEE Certificates from their counterparts before entering into business.
Environmental Law

Environmental law has the primary purpose of protecting and conserving the natural environment while, in the South African context, seeking also to recognise the need for sustainable socio-economic development. South Africa has a well-developed and comprehensive environmental law regime. Fundamental to the South African environmental law regime is the ‘polluter pays’ principle, which imposes liability on parties responsible for environmental pollution and degradation.

Obligations to protect the environment in the context of sustainable development are also contained in South Africa's company law regime, which requires corporate entities to take measures to manage and report on the impact of their activities on the natural environment.

Investors, manufacturers and others wishing to do business in South Africa are required to be aware of the legal regime that regulates the impacts of their business on the environment, including the requirements for environmental impact assessment, prior authorisation of activities, obligations to monitor and report on environmental impacts and substantial liability for remediation and rehabilitation where environmental damage occurs.

At national level, South African environmental legislation consists of:

- the National Environmental Management Act, 1998 (NEMA),
- regulations passed under NEMA, and
- a range of resource and sector specific national legislation, consisting of acts and regulations which govern, among others, water use, emissions to air, waste management and land use

Climate related risks

Legal and policy actions around climate change continue to evolve in South Africa. Policy and legislative initiatives include the implementation of a carbon tax, (CBT) the shifting of energy use toward lower emission sources and requirements for businesses to adopt energy-efficiency solutions, greater water efficiency measures and sustainable land-use practices.

Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. A company’s financial performance may be affected by, among others, changes in water availability, sourcing, and quality, food security and extreme temperature changes affecting premises, operations, supply chain, transport needs, and employee safety.
The Carbon Tax Act of 2019 came into effect on 1 June 2019 and is administered and collected by SARS. The emissions that are subject to CBT are determined in accordance with either an approved reporting methodology of the Department of Environment, Forestry and Fisheries (DEFF), or the prescribed formulas in terms of the Carbon Tax Act, 2019. The first phase has a carbon tax rate of R120 per ton of carbon dioxide equivalent emissions. This rate will increase annually by inflation plus 2 per cent until 2022, and annually by inflation thereafter. Significant industry-specific tax-free emissions allowances ranging from 60 per cent to 95 per cent will result in a modest nett carbon tax rate ranging from R6 to R48 per ton of carbon dioxide equivalent emissions to provide current emitters time to transition their operations to cleaner technologies through investments in energy efficiency, renewables, and other low-carbon measures.

Send your questions to carbontax@sars.gov.za
Issues affecting business

Skills deficit and inflexible labour laws
The legacy of Apartheid has led to a majority of the labour force being under skilled. Moreover, frequent strikes will require structural reforms to the labour market and its institutions. These reforms need to be undertaken to generate new jobs, especially unskilled jobs, required to address the unemployment problem. Highly skilled labour is available, but comes at a price due to shortages of especially technical and managerial skills. Government and the strong trade unions place great emphasis on decent jobs, which makes labour regulations well defined and implemented. At the same time this leads to a rather inflexible labour market and cumbersome procedures. Furthermore, health issues such as HIV/Aids should be taken into account when doing business in South Africa.

Corruption
Although South Africa scores as one of the least corrupt countries in Africa (and 70th out of 180 countries worldwide) in Transparency International’s Corruption Perception index, businesses may on occasion encounter such issues. South Africa has set up a number of mechanisms to combat corruption.

It is important to note that both Dutch and South African law contains an obligation to report corruption. The main law protecting whistle-blowers against victimisation, reprisals and discrimination is called the Protected Disclosures Act, 2000. The Companies Act of 2008 also has whistle-blower protection, which extends to a broader range of people including shareholders, employee representatives and suppliers. There are several channels for reporting corruption anonymously or subject to confidentiality which are very helpfully listed by the South African NGO Corruption Watch.

Government decision-making processes
Companies note that government decisions (e.g. on land leases, permits, certification of products, etc.) often take long, which may affect investment decisions or marketing strategies. Policies and tender procedures are also not always consistently and transparently executed. Furthermore long delays in payment by parts of government may cause difficulties in particular for SME’s. Government is aware of these issues and has committed to a 30 day payment deadline.
The Department of Performance Monitoring and Evaluation (DPME), said that Cabinet had decided on the establishment of a special unit in the DPME to investigate cases of late or non-payment within 30 days. The unit would work closely with National Treasury (NT) and the Department of Public Service and Administration (DPSA). It would report on a quarterly basis to Cabinet on departments’ compliance with the 30-day period and would make recommendations regarding possible disciplinary action, where needed. Legislation pertaining to the scope of the DPSA regulates financial management in the national government and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments; and to provide for matters connected therewith.

Service delivery
The sometimes inconsistent and increasingly expensive delivery of services as electricity, water and interconnectivity faces larger and smaller companies alike. Electricity prices are expected to continue their upward trend over the coming years, while water is becoming scarcer (even though the quality is steadily improving). Interconnectivity is expected to improve in the coming years with the arrival of new intercontinental connections.

Crime
The South African Police Service (SAPS) shows that overall the statistics paint a more negative outlook for crime in the country: of the 27 crime categories presented in the data, only 13 had decreases in reported criminal activity. The remaining 14 categories saw crime levels rise. Businesses must take this into account, both in terms of safety consciousness while on business trips and in investing in safety measures when setting up a business in South Africa.

HIV/AIDS
South Africa has the biggest HIV epidemic in the world. The estimated overall HIV prevalence rate is approximately 13.5% among the South African population. The total number of people living with HIV (PLWHIV) is estimated at approximately 7.97 million in 2019. For adults aged 15–49 years, an estimated 19.07% of the population is HIV positive. South Africa accounts for a third of all new HIV infections in Southern Africa and has the world’s largest antiretroviral treatment (ART) programme. Government aims to reduce the annual number of new infections to under 100,000 by 2022. South Africa’s ART services have undergone dramatic expansion in recent years, in keeping with the World Health Organization’s (WHO) changing guidelines.
Firms will face higher direct and indirect costs as a result of the HIV/AIDS epidemic. The higher direct costs include increased contributions to pension, life and medical benefit schemes, while the higher indirect costs include the cost of training and recruiting new personnel, loss of turnover and profits as well as additional sickness and compassionate leave.

HIV/AIDS prevalence is assumed to be lower for skilled workers than for unskilled workers. Perceptions of risk have increased as far as investment in South African assets is concerned, particular in high-risk industries such as mining. Decreases in production and the resulting effects on business supply chains, as well as the higher interest rates, lower spending and slower economic growth resulting from the impact of the epidemic on the South African economy leads to a decline in FDI.
Corporate Social Responsibility

Standards for corporate governance are set by the King Reports, issued by the Committee on Corporate Governance chaired by former Supreme Court Judge Mervyn King from 1994. These reports have been hailed internationally as trailblazing in corporate governance and have made the South African system one of the most advanced in the world. Compliance with the King Reports is a requirement for companies to list on the Johannesburg Stock Exchange (JSE). The most recent King-IV report (2016) came into effect on 1 November 2016 and requires that companies include ethical considerations (responsibility, accountability, fairness and transparency) in the mainstream of their annual reporting, thereby implementing the CSR agenda of integrated reporting. King in his report makes a direct reference to the concept of Ubuntu as an expression of the moral duties also applying to business. The King Reports are guidelines and are not enforced through legislation. The law that regulates companies is the Companies Act no. 71 of 2008. A useful website with all acts, guidelines and relevant case law is www.polity.org.za.

One element of Broad-Based Black Economic Empowerment (BBBEE) policy is companies' contribution to socio-economic development. This is translated into encouragement for companies to give back to the community through Corporate Social Responsibility (CSR). Under the BBBEE guidelines 1% of net profit before tax should be spent on social development, whereby companies are encouraged to have at least 75% non-white beneficiaries. Most companies operating in South Africa therefore have a CSR policy whereby they support some form of charity or other type of development projects.
Responsible Business Practice in line with OECD Guidelines

The aim of the OECD Due Diligence Guidance for Responsible Business Conduct RBC is to provide practical support to enterprises on the implementation of the OECD Guidelines for Multinational Enterprises (MNEs) and seeks to promote a common understanding among governments and stakeholders on due diligence for responsible business conduct.

Both South Africa and the Netherlands are members of the OECD and as such support the implementation of the guidelines on RBC. These guidelines provide norms of conduct for MNEs and for how they should act to avoid harmful impact caused by their supply chains. The guidelines further provide normative standards regarding human rights, labour, employment and industrial relations, environment, bribery, consumer concerns, science and technology, competition and technology.
South Africa’s private sector is represented by a number of different business organisations. To create a united business representation, the private sector is still split into a number of different business associations. Most of these organisations aim to be a voice for business towards government as well as a support platform for their members. For foreign companies active in South Africa, these organisations can offer good networking opportunities, extensive information and once established in South Africa, a forum for raising issues with government.

**Business Leadership South Africa (BLSA)**
**Representing South Africa’s largest businesses**
T: +27 11 356 4650  
E: businessleadership@businessleadership.org.za  
[www.businessleadership.org.za](http://www.businessleadership.org.za)

**Business Unity South Africa (BUSA)**
**Representing different branch organisations ranging across the whole economy**
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**National African Federated Chamber of Commerce & Industry (NAFCOC)**
**Representing mostly emerging black SME’s**
T: +27 11 807 5063  
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**Foundation for African Business & Consumer Services (FABCOS)**
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**Black Management Forum (BMF)**
**Representing management professionals from the corporate and public sector as well as entrepreneurs**
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**South African Chamber of Commerce & Industry (SACCI)**
**Representing SME’s branch organisations across the whole economy**
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