

South Africa

SPECIAL ADVERTISING SECTION

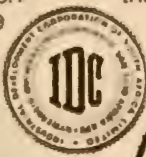
November 21, 1977

South Africa is open for business

The South African economy is recognized internationally as one of the world's soundest. And there's a lot of money to be made.

Good people to show you around are the Industrial Development Corporation.

The IDC provides tailor-made financial assistance in the form of medium and long term loans for the establishment and expansion of industries in any area of the Republic.



The IDC also provides industrialists with favourable financial facilities for the import and export of capital goods and services.

A special scheme also exists to finance the creation of capacity for exports.

Materials are here in abundance—steel, abundant mineral resources and a wide spectrum of agricultural products.

Our gold rush has never really ended.

Industrial Development Corporation of South Africa Limited

SOUTH AFRICA: Veritas Building, 13 Hulse Street, Box 9022, Johannesburg, South Africa. Tel: 633-2711 Telex: Jhb 8-771 SA
LONDON OFFICE: 31 Mary Axe House, 34-36 St Mary Axe, London EC3A 8BH Tel: 243-3088 Telex: 488330 887578
WEST GERMANY: Bonn, Bad Godesberg 10, Auf der Heide 2 Tel: 351101 Telegrams: SALEG BONN Telex: 885720

Racism

Nuts and bolts of investment

The South African economy is based essentially on free enterprise. The Investor Responsibility Research Center of Washington, D.C., in its 1976 report, "Labor Practices of U.S. Corporations in South Africa," said: "To most U.S. companies, South Africa offers an attractive business opportunity. The country's investment terms are generous, all current income may be repatriated, and the Government offers numerous concessions to companies interested in establishing operations in government-designated growth areas including low interest loans, preferential transportation rates, cash rebates and tax concessions."

Moreover, managing directors of U.S. companies in South Africa say the risk of political instability or government interference adversely affecting their business operations is small.

IRRC continued: "A number of U.S. corporate representatives volunteered the opinion that there was less evidence of non-legal payments to government officials and less regulatory bureaucracy in South Africa than in almost any other country."

With the exception of a few types of business considered strategically important, there is little official pressure, and no law, to oblige foreign investors to give South Africans a stake in any business they may establish in the Republic. They are not even pressured to employ South African nationals—although obviously this makes sense. Immigrants can be brought in from overseas to fill key managerial or technical positions.

Exchange control is generally liberal. All current earnings may be repatriated freely, provided transfers are financed from available cash funds, not excessive local borrowings. Earnings can be considerable. One U.S. multinational has enjoyed a return of at least 33 per cent on its assets every year since it first started operations in South Africa in the fifties.

Capital may be repatriated in full after being held in specified securities (most of them interest-paying) for five years. Or it may be repatriated immediately via the securities arbitrage system involving a bank and varies according to market conditions, but is currently about one-third of capital value. Local capital originally introduced from abroad can be freely transferred out of the country if this was agreed to by the authorities when the money was brought in. Otherwise, it must be repatriated on the same basis as lived capital.

To prevent foreigners investing tiny amounts in foreign subsidiaries in South Africa, then raising most of their capital elsewhere in the country through loans, companies owned 25 per cent or more by non-residents may not borrow locally without permission from the exchange control authorities. This permission depends on the maintenance of a reasonable balance between foreign and local funding.

Tax laws do not discriminate against foreigners. Corporate tax currently runs at 35 per cent plus a 6 per cent compulsory loan

Visit South Africa

No one would form an opinion about the U.S. unless they have visited there. Likewise, no assessment of South Africa can be complete without first-hand experience of the country. To confirm the investment, trade, business and tourist opportunities in South Africa, and to appraise the social and political life, the country welcomes all who are interested to come and see for themselves.

levy—eventually repayable. However, allowances for investment in buildings and machinery reduce liability. Manufacturing companies effectively pay an average of 38½ per cent, not 43 per cent.

Substantial incentives are offered to industrialists willing to establish plants in decentralized areas. These include cheap money, special tax allowances worth up to 40 per cent of the Black and Colored wage bill for seven years, cash grants to cover moving costs, rebates on railage and harbor dues, and price preferences when bidding for State and semi-State tenders.

The physical and human environment favors business. Most industrial sites are served by good rail and road transportation, relatively cheap power, and often by gas.

Commercial law, based on the English system, is administered by an independent judiciary.

Labor unions have a remarkable record of cooperation with employers, and strikes are rare. There is a plentiful supply of unskilled labor, especially in the decentralized areas. Skilled labor is not so plentiful, but in-company training facilities are encouraged and enjoy substantial tax benefits.