

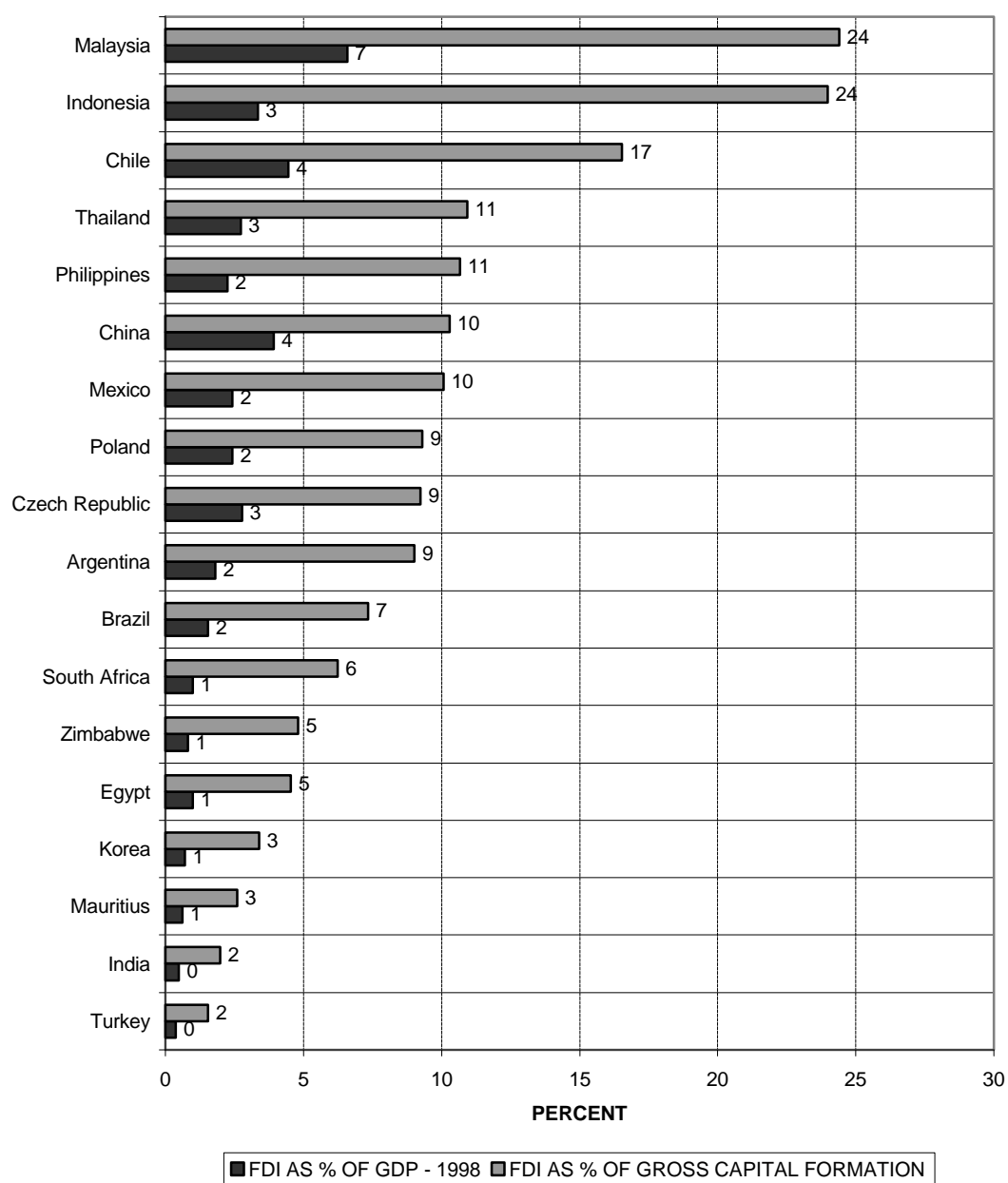
FOREIGN DIRECT INVESTMENT

Figures and Tables

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Figure 1 Comparative shares of average net foreign direct investment inflows both prior to and after the Asian crisis.

Net foreign investment flows are shown as a percentage of gross capital formation



Source of basic data: World Development Indicators 2000

*****Must insert Table 1 SA BOP Data here

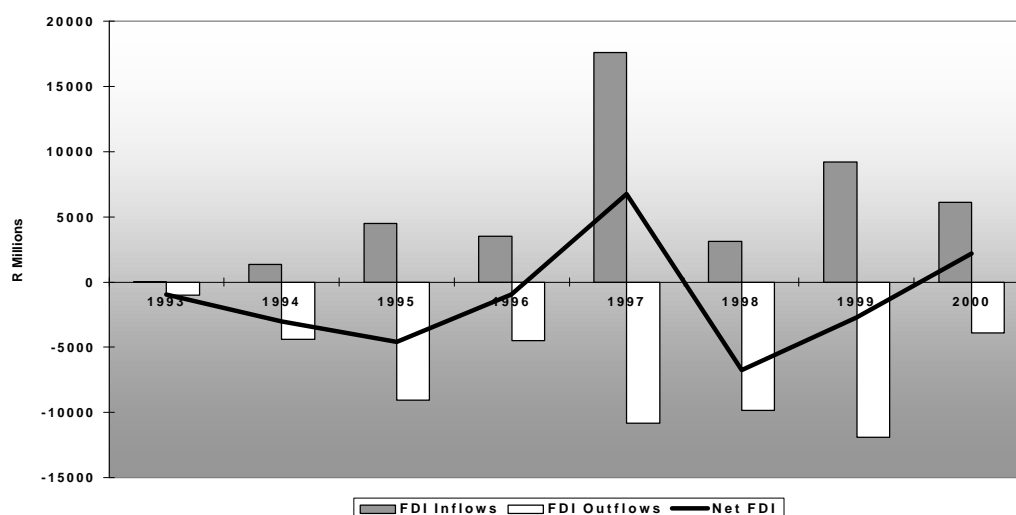


Figure 2 Trends in Net Foreign Direct Investment into South Africa
Source: SA Reserve Bank Quarterly Bulletin, June 2001

Table 2 National Enterprise Survey – Sectoral Profile of Firms With More than 10% Foreign Ownership

Sector	Number of foreign firms surveyed	Number That Invested After 1989	Avg % foreign ownership	Total people employed	Total turnover in last financial year	Export sales as % of total turnover	Total replacement value of fixed assets	Total fixed investment in past two financial years
Food & beverages	13	4	67%	20 690	R12 255m	3,2%	R8 246m	R925m
Wood, pulp & paper	7	2	87%	1 853	R5 185m	39,2%	R30 958m	R446m
Chemicals, rubber & plastics	18	8	77%	3 351	R1 562m	9,5%	R861m	R89m
Auto assembly & components	22	2	86%	16 210	R10 903m	23,5%	R5 934m	R1 171m
Textiles & clothing	13	5	79%	2 036	R534m	28,1%	R646m	R46m
Fabricated metal	12	2	80%	2 107	R888m	17,2%	R1 188m	R65m
Furniture	4	0	83%	10 571	R2 610m	16,4%	R1 215m	R51m
Electrical, electronic & other machinery	23	4	76%	8 630	R3 460m	22,4%	R1 327m	R226m
Printing & publishing	6	0	59%	8 864	R2 590m	0,3%	R1 923m	R68m
Financial & business services	12	4	80%	16 563	R29 866m	2,0%	R743m	R448m
IT services	13	12	83%	1 163	R1 100m	8,7%	R246m	R46m
Tourism & catering	13	9	77%	2 784	R482m	2,1%	R434m	R112m
Retail	9	2	93%	2 623	R970m	1,6%	R198m	R43m
TOTAL	165	54	79%	97 445	R72 406m	10,1%	R53 920m	R3 736m

Source: National Enterprise Survey

Table 3 National-Enterprise Survey – Profile of “typical” foreign-owned firm

Firm Characteristics	Manufacturer		Service Provider	
	Pre-1990	1990 Onwards	Pre-1990	1990 Onwards
Average period in South Africa	44yrs	5yrs	46yrs	5yrs
Most likely “sectors”	Scale: 33% Knowledge: 27% Labour: 24% Resource: 15%	Scale: 34% Knowledge: 21% Labour: 24% Resource: 21%	Consumer: 55% Producer: 45%	Consumer: 40% Producer: 60%
Employment numbers Mean: Median:	912 220	139 105	1 345 345	212 139
Annual turnover Mean: Median:	R464m R86m	R46m R17m	R1 717m R111m	R73m R35m
Export sales as % of turnover Mean: Median:	16,6% 7,5%	50,0% 50,0%	24,4% 5,6%	4,0% 5,6%
Fixed investment as % of fixed capital stock Mean: Median:	19,5% 6,8%	27,4% 5,0%	19,9% 11,9%	27,0% 12,1%
Likelihood that an exporter	86%	83%	45%	52%
Average period of operation before commencing exports	25yrs	< 1yr	39yrs	< 1yr
Export sales Mean: Median:	R85m R8m	R24m R7m	R97m R12m	R5m R3m
Exports per employee Mean: Median:	R84 000 R38 000	R182 000 R100 000	R112 000 R39 000	R30 000 R20 000
Average export destination	Africa: 55% EU/US/Jap: 30% Other Asia: 8% Australasia: 7%	Africa: 50% EU/US/Jap: 40% Other Asia: 10%	Africa: 41% EU/US/Jap: 16% Other: 43%	Africa: 73% Other Asia: 12% EU/US/Jap: 8% Australasia: 7%

Source: National Enterprise Survey

Table 4 National Enterprise Survey – Profile of “Typical” Foreign-Owned Firm’s Fixed Capital and Investment Activity

Firm Characteristics	Manufacturer		Service Provider	
	Pre-1990	1990 Onwards	Pre-1990	1990 Onwards
Average number of plants/outlets	2,5	1,1	17,7	1
Fixed assets per firm				
Minimum:	R1m	R1m	R1m	R1m
Mean:	R598m	R32m	R68m	R25m
Median:	R45m	R8m	R20m	R3m
Maximum:	R30 000m	R257m	R657m	R234m
Fixed assets per employee				
Mean:	R275 000	R303 000	R93 000	R292 000
Median:	R173 000	R147 000	R46 000	R33 000
Ratio of turnover to fixed assets				
Mean:	8,9 : 1	3,8 : 1	17,3 : 1	19,1 : 1
Median:	2,2 : 1	3,0 : 1	6,4 : 1	9,0 : 1
Spending on vehicles over past 2 financial years				
Mean:	R4 190 000	R180 000	R3 055 000	R144 000
Median:	R120 000	0	R208 000	0
Average % of total capex:	28,0%	2,8%	22,0%	7,7%
Spending on computers over past 2 financial years				
Mean:	R1 268 000	R186 000	R7 885 000	R521 000
Median:	R125 000	R7 000	R385 000	R75 000
Average % of total capex:	8,5%	2,9%	56,8%	27,9%
Spending on other machinery & equipment over past 2 financial years				
Mean:	R7 070 000	R3 763 000	R1 555 000	R386 000
Median:	R650 000	R13 000	R54 000	R5 000
Average % of total capex:	47,4%	59,0%	11,2%	19,8%
Spending on land and buildings over past 2 financial years				
Mean:	R917 000	R1 435 000	R1 309 000	R644 000
Median:	0	0	0	0
Average % of total capex:	6,1%	22,5%	9,4%	34,5%
Spending on other capital expenditure over past 2 financial years				
Mean:	R2 884 000	R813 000	R85 000	R192 000
Median:	0	0	0	0
Average % of total capex:	19,0%	12,8%	0,6%	10,1%
Total capital expenditure over past 2 financial years				
Mean:	R15 096 000	R6 377 000	R13 889 000	R1 949 000
Median:	R1 948 000	R119 000	R1 728 000	R333 000

Source: National Enterprise Survey

Table 5 National Enterprise Survey: Source of Finance for Investment
Percentage of respondents selecting each factor

Primary source of finance for capital expenditure	Foreign owned		Locally owned		All firms	
	Primary source	Second source	Primary source	Second source	Primary source	Second source
Retained earnings	63	14	51	17	52	17
Sale of shares	2	1	3	4	3	4
Sale of bonds	0	0	0.2	0.2	0.1	0.1
Loans from SA banks	18	30	28	24	27	24
Loans from foreign banks	3	9	2	2	2	3
Loans from family	3	1	3	5	3	5
Leasing arrangements	5	16	5	13	5	14
Other	4	3	2	2	2	2

Source: National Enterprise Survey

Table 6 National Enterprise Survey: Motivations for Investing in South Africa

Performance criteria	Market-seeking		Efficiency-seeking/ Cost-reducing	
	Pre - 1990	1990 onwards	Pre-1990	1990-onwards
Number of qualifying firms	53/111	14/54	5/111 * 7/111 **	4/54 * 0/54 **
Regional turnover as % of total Mean: Median: Mean: Median:	99% 100%	98% 100%	15% * 13% * 88% ** 98% **	5% * 4% *
Replacement value of fixed assets Mean: Median: Mean: Median:	R209m R42m	R53m R18m	R55m * R30m * R5 012m ** R2 000m **	R10m * R7m *
Total capital expenditure over the past two financial years Mean: Median: Mean: Median:	R29m R4m	R24m R4m	R9m * R4m * R276m ** R222m **	R6m * R1m *
Average capital expenditure as % of fixed assets Mean: Median: Mean: Median:	12,5% 8,0%	21,4% 13,5%	13,4% * 7,7% * 8,2% ** 5,7% **	20,4% * 18,1% *

* Turnover to non-African world more than 70% of total turnover

** Annual turnover more than R1000 million

Source: National Enterprise Survey

Table 7 National Enterprise Survey: Significant Obstacles to Investment

Most Significant Obstacles identified by firms*			
Foreign owned	%	Locally owned	%
Crime and related social problems	42	Crime and related social problems	56
High levels of interest rates	40	High levels of interest rates	51
Labour regulations	35	Labour regulations	41
Poor sales outlook	31	Fluctuations in the interest rate	40
The level of the exchange rate	30	High company tax rates	39
Exchange rate instability	30	Uncertainty over labour relations	39

*i.e. rated as 'insurmountable' or 'severe' by firms

Source: National Enterprise Survey

Table 8 National Enterprise Survey: Responses to New Labour Regulation

Type of response	Most important response (%)		2nd most important response (%)	
	Foreign	Local	Foreign	Local
Reduced workforce by attrition	20	12	13	8
Replaced labour by machines	13	12	7	8
Replaced full-time workers with part-time	4	6	5	6
Replaced permanent employees with temporary	7	6	9	7
Increased outsourcing and sub-contracting	22	16	24	14
Other (specify)	3	2	2	1
<i>No significant response</i>	28	44	6	4

Source: National Enterprise Survey

Table 9 Government understanding of business

Ownership	How well do national government officials understand the problems faced by business?	Is government policy coherent and predictable?	To what extent does the government take into account concerns of business when introducing policy?
Foreign	Badly (38%)	Unpredictable (46%)	Hardly ever (49%)
Local	Badly (42%)	Unpredictable (39%)	Hardly ever (43%)

Source: National Enterprise Survey

Table 10 National Enterprise Survey: Impact of Import and Export Regulation on Foreign owned firms

Type of import/export regulation	% of respondents rating factor	
	Serious Obstacle	Major Benefit
SA antidumping action to stop sale of foreign goods below cost price	8.9	7.6
Licenses or other barriers limiting access to imports	1.9	1.9
Costs of clearing imports through SA customs	7.0	
Delays of clearing imports through SA customs	16.6	
Improper application of tariff and custom rules by SA officials	13.4	
SA regulations affecting export shipments	3.2	
Foreign tariffs raising price of your exports	10.2	
Foreign licenses or other barriers limiting access to export markets	6.4	

Source: National Enterprise Survey

Table 11 Reliability and cost of infrastructure

Type of infrastructure	Firm ownership	Obstacle (% of respondents)	Benefit (% of respondents)
Reliability and speed of Postal services	Foreign firms	55	8
	Local firms	48	10
Cost of postal services	Foreign firms	39	6
	Local firms	45	5
Reliability of power supplies	Foreign firms	24	31
	Local firms	24	26
Cost of Power supplies	Foreign firms	21	18
	Local firms	27	8
Cost of local/national telephone calls	Foreign firms	58	6
	Local firms	64	5
Cost of international telephone calls	Foreign firms	53	5
	Local firms	44	4
Reliability of telephone calls	Foreign firms	45	15
	Local firms	44	14
Cost of internet access	Foreign firms	15	22
	Local firms	19	17
Reliability of internet access	Foreign firms	20	32
	Local firms	18	22

Source: National Enterprise Survey