South Africa

Best Business Opportunities, Identification and Selection of right Project, Thrust areas for Investment, Industry Startup and Entrepreneurship

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Introduction

South Africa is the southernmost country in Africa. It is bounded on the south by 2,798 kilometres of coastline of southern Africa stretching along the South Atlantic and Indian Oceans, on the north by the neighbouring countries of Namibia, Botswana and Zimbabwe, and on the east by Mozambique and Swaziland, and surrounding the kingdom of Lesotho.

Unlike most other countries around the world, South Africa has not one but **three capital cities**. More precisely, the government branches are divided among three major South African cities: **Pretoria, Cape Town, and Bloemfontein**. Much like the very idea of the balance of powers, leaders of early South Africa decided that having all government centralized in one place could give that place too much power, so it divided the branches among three provinces. South Africa is the 25th-largest country in the world by land area, and with close to 53 million people, is the world's 24th-most populous nation. South Africa is the second largest economy in Africa.

The country rank 39th on the Ease of Doing Business Rank and the World Bank ranks it as an upper-middle income economy. About 80 percent of South Africans are of sub-Saharan African ancestry, divided among a variety of ethnic groups speaking different Bantu languages, nine of which have official status. The remaining population consists of Africa's largest communities of European (white), Asian (Indian), and multiracial (coloured) ancestry. Although Africa's growth prospects are bright, they differ not only country by country but also sector by sector.

Geography and Climate

South Africa occupies the southern tip of Africa, its coastline stretching more than 2,500 kilometres (1,600 miles) from the desert border with Namibia on the Atlantic (western) coast southwards around the tip of Africa and then north to the border with Mozambique on the Indian Ocean. The low-lying coastal zone is narrow for much of that distance, soon giving way to a mountainous escarpment (Great Escarpment) that separates the coast from the high inland plateau. In some places, notably the province of KwaZulu-Natal in the east, a greater distance separates the coast from the escarpment. Although most of the country is classified as semi-arid, it has considerable variation in climate as well as topography.

South Africa is located, as one might expect, on the southern tip of Africa. It is bordered by the Atlantic Ocean on the west, the Indian Ocean on the south and east. Along its northern border, from west to east, lie Namibia, Botswana, and Zimbabwe, and to the northeast are Mozambique and Swaziland. South Africa has a generally temperate climate, due in part to being surrounded by the Atlantic and Indian Oceans on three sides, by its location in the climatically milder Southern Hemisphere and due to the average elevation rising steadily towards the north (towards the equator) and further inland. Due to this varied topography and oceanic influence, a great variety of climatic zones exist. The climatic zones range from the extreme desert of the southern Namib in the farthest northwest to the lush subtropical climate in the east along the Mozambique border and the Indian Ocean. Winters in South Africa occur between June and August.

Economy

The economy of South Africa is the second-largest in Africa, behind Nigeria. South Africa accounts for 24 percent of Africa's gross domestic product (PPP), and it is ranked as an upper-middle-income economy by the World Bank - one of only four such countries in Africa (alongside Botswana, Gabon and Mauritius). South Africa experienced an average growth rate of approximately 5 per cent in real terms between 2004 and 2007. However, the period 2008 to 2012 only recorded average growth just above 2 per cent; largely a result of the global economic recession.

Of the nine provinces in South Africa, three power houses stand out. Gauteng, Kwazulu-Natal and Western Cape collectively contribute a significant portion to the country's value added, reported at over 60 percent. The Economic Development Department is responsible for coordinating the development of the country's National Growth Path (NGP) and overseeing the work of key State entities engaged in economic development. The department promotes economic development through participatory, coherent and coordinated economic policy and planning for the benefit of all South Africans. South Africa's large domestic market and natural resource base make it a promising candidate for economic freedom-led growth. However, recent labour unrest and falling commodity prices have undermined growth and tarnished the economy's investment reputation.

Art & Culture

South Africa is often called the ‘Rainbow Nation', a term which was coined by the former Archbishop, Desmond Tutu, and neatly describes the country's multicultural diversity. The culture of South Africa is known for its ethnic and cultural diversity. The South African black majority still has a substantial number of rural inhabitants who lead largely impoverished lives. It is among these people, however, that cultural traditions survive most strongly; as blacks have become increasingly urbanized and Westernised, aspects of traditional culture have declined.

Indian South Africans preserve their cultural heritage, languages and religious beliefs, being either Christian, Hindu or Muslim and speaking English, with Indian languages like Hindi, Telugu, Tamil or Gujarati being spoken less frequently as second languages. Black African culture is most obviously known for its art, dance and music - these have been profoundly influenced by more than two centuries of colonialism and the work of Christian missionaries. The oldest art objects in the world were discovered in a South African cave. Dating from 75,000 years ago, these small drilled snail shells could have no other function than to have been strung on a string as a necklace.

South Africa was one of the cradles of the human species. One of the defining characteristics of our species is the making of art (from Latin 'ars' meaning worked or formed from basic material). Investing in Culture is the department's flagship programme to eradicate poverty, providing the necessary skills to enable people to assume greater responsibility for their future. The Investing in Culture Programme aims to provide access to skills and markets as a tool for urban regeneration, rural development and job creation.

BUSINESS SECTORS

Agriculture

Agriculture is Africa's largest economic sector, representing 15 percent of the continent's total GDP, or more than $100 billion annually. It is highly concentrated, with Egypt and Nigeria alone accounting for one-third of total agricultural output and the top ten countries generating 75 percent. South Africa has a dual agricultural economy, with both well-developed commercial farming and more subsistence-based production in the deep rural areas. Agriculture in South Africa contributes around 10% of formal employment, relatively low compared to other parts of Africa, as well as providing work for casual labourers and contributing around 2.6 percent of GDP for the nation. Agricultural activities range from intensive crop production and mixed farming in winter rainfall and high summer rainfall areas to cattle ranching in the bushveld and sheep farming in the arid regions. Maize is most widely grown, followed by wheat, sugar cane and sunflowers. Citrus and deciduous fruits are exported, as are locally produced wines and flowers. Despite the limited agricultural potential and resource scarcity, South Africa has managed to make substantial improvements in many areas. It remains one of the main exporters of agricultural products to the most lucrative markets in the developed world. It exports citrus, wool, avocados and nuts to the US and horticultural products, wine and tea to the EU.

There has also been more diversification in terms of products such as soybeans. These are in high demand globally and investment is increasing to support production. Although a number of constraints and problem areas prevent the agricultural sector from operating at full potential, this is only part of the picture. There are positive indications that some farmers are doing well under the current circumstances. It is also evident that there is a good base and a positive attitude and willingness among farmers, agribusiness enterprises and government to tackle the following challenges and turn them into opportunities.

Forestry and Fisheries

The Department of Forestry and Fisheries is one of the departments of the South African government. It is responsible for overseeing and supporting South Africa's agricultural sector, as well as ensuring access to sufficient, safe and nutritious food by the country's population. The Department of Agriculture, Forestry and Fisheries is responsible for production and resource management; agricultural support services; trade and economic development; food safety and bio security; forestry; and marine aquaculture.

The main challenge in fisheries is to create a balance between maximising the social and economic potential of the fisheries industry; protecting the integrity and quality of the country's marine and coastal ecosystems and addressing transformation in the sector. 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. The long-term success of South Africa's fishing industry and coastal fishing communities is inextricably linked to our ability to implement sustainable solutions to these challenges through responsible and collaborative management.

Tourism

South Africa's scenic beauty, magnificent outdoors, sunny climate, cultural diversity and reputation for delivering value for money have made it one of the world's fastest growing leisure - and business - travel destinations. The tourism industry continues to play an important role in the South African economy. The latest Tourism Satellite Account for South Africa report provides an overview of tourism's contribution in terms of spending, employment and its impact on the gross domestic product (GDP). Growing at three times the world average, tourism has become one of the most important sectors in South Africa following the end of apartheid, creating almost a million jobs and even overtaking gold exports as an earner of foreign currency.

South Africa is one of the top leisure destinations in the world. With its rich diversity and culture, and picture perfect scenery, our country has a lot to offer avid travellers. Every year around this time, the spotlight falls on the tourism sector and focuses on its social, cultural, political and economic value. The tourism industry is a multi-billion dollar industry and it is continuously growing each year accounting for bulk of most countries GDP. Tourism is regarded as a modern-day engine of growth and is one of the largest industries globally. One of the advantages of tourism as an export earner is that it is less volatile than the commodity sector. Business tourism has also increased, especially since the establishment of the country's first South African National Convention Bureau (SANCB) as a business unit under South African Tourism (SAT). From a product point of view, a number of generally accepted sub-sectors exist in the tourism industry, namely:

- Hospitality / Accommodation
- Food & Beverage,
- Attractions,
- Transportation,
- Meetings, Exhibitions, and Special Events (MESE) (also referred to as MICE in some countries) and
- Tourism Services.

Mining and Mineral

Mining in South Africa has been the main driving force behind the history and development of Africa's most advanced and richest economy, after Nigeria. The industry remains the biggest contributor to the country's gross domestic product. The mining industry has embraced a new way of doing business. "Organisations have entered a new era of doing business in communities to whom products and services are sold and on whom mining companies depend for future sustainability and profitability. To make certain that the mining industry operates in a sustainable and competitive environment, all stakeholders in the industry need to intensify skills development efforts.

The future of mining in the country largely depends on the successful implementation of skills development initiatives. With South Africa's economy built on gold and diamond mining, the sector is an important foreign exchange earner, with gold accounting for more than one-third of exports. Through the implementation of more stringent regulations, South Africa's mining industry has become safer as well as more socially and environmentally conscious. There are some 680 producers of industrial minerals in South Africa, of which almost half are in the sand and aggregate sector. There are some 153 producers of clays (brick making and special), 40 limestone and dolomite, 79 dimension stone, 28 salt and 20 silica producers. Bulk consumption of industrial minerals is realised in the domestic market, as most are low-priced commodities and sold in bulk, making their economic exploitation highly dependent on transport costs and distance to markets.

Energy Sector

Much of the manufacturing sector is also linked to mining activities through minerals beneficiation and metals production. All of these activities are energy-intensive, relying on the availability of coal for electricity production. The Department of Energy (DoE) places emphasis on broadening electricity supply technologies to include gas and imports, as well as nuclear, biomass and renewable energy resources (wind, solar and hydro), to meet the country's future electricity needs and reduce its carbon-dioxide (CO_2) emissions. Energy is vital to development in Southern Africa. Beyond its use in daily life, fuel and electricity catalyse infrastructure projects that drive both Regional Integration and economic growth.

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Niir Project Consultancy Services

106-E, Kamla Nagar, New Delhi-110007, India.

Email: npcs.ei@gmail.com , info@entrepreneurindia.co

Tel: +91-11-23843955, 23845654, 23845886

Mobile: +91-9811043595

Fax: +91-11-23841561

Website :

www.niir.org

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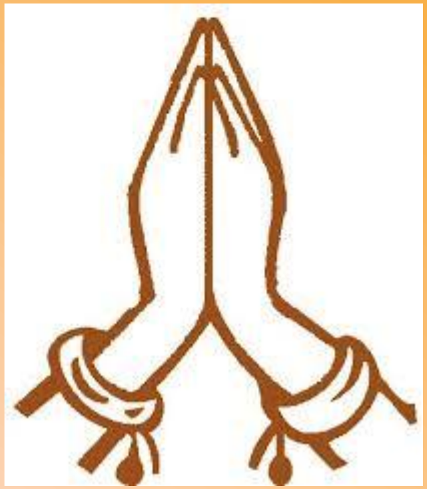

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