



TSHWANE AUTOMOTIVE  
SPECIAL ECONOMIC ZONE  
AFRICA'S FIRST AUTOMOTIVE CITY

# LATEST NEWS BULLETIN

APRIL 2024

## A study in successful partnerships

Integrated strategic partnerships are crucial in creating an enabling environment for potential investors; and the Tshwane Automotive Special Economic Zone (TASEZ) is a great example of this process.

In a high-level exploratory meeting held at TASEZ on 14 March 2024, representatives from TASEZ, the United Nations Alliance for Sustainable Development Goals (UnASDG) Intergovernmental Organisation, South Africa's National Planning Commission, and businesses, discussed the possibility of developing strategic partnerships.

Central to the introductory the

discussions was how TASEZ had managed to establish Africa's first automotive city in record time, all through the strong partnerships between Ford Motor Company of Southern Africa and the three tiers of government.

TASEZ chair Lionel October explained to the visitors how the special economic zone (SEZ) had completed the first phase of de-

velopment in a mere 18 months – and during Covid-19; utilising a R24-billion investment in setting up an automotive manufacturing zone that has 12 fully operational facilities and employs 3 500 people.

“This was a pilot project of a new integrated strategic partnership to be used by SEZs in South Africa,” October explained. It is a three-tier partnership between national government that focuses on the high-level structure, provincial government that provides funding for the infrastructure within the zone, and local government that provides infrastructure such as roads and electricity into the zone.

Globally, successful SEZs, in China, Japan, and South Korea, for example, focused on modern, new industries and were based on entire cities, October noted. “South Africa, however, took a different approach, focusing on reindustrialisation in under-developed areas.”

Under the leadership of CEO Dr

Bheka Zulu, TASEZ unlocked the potential available in strategic relationships, opening an investor-friendly hub for OEMs and the manufacturers of automotive components. In addition, it laid the framework to engage with local communities, creating job opportunities for local small, micro and medium enterprises (SMMEs) and workers.

Phase 1, for example, saw R1.7-billion spent on SMME procurement. During this phase TASEZ ensured local community members were given economic opportunities; and innovative technologies, including high-speed internet and green energy solutions, were made available to potential investors.

TASEZ is now preparing to roll out phase 2 of the project – a mixed-use development, which will include incubator programmes to create opportunities for new, emerging suppliers for the automotive component manufacturing sector.



## Auto sector on the move in TASEZ

The Tshwane Automotive Special Economic Zone (TASEZ) continues to grow, with another international investor joining the hub in February 2024.

Trimotive, part of AutoPacific Group, has now become part of the TASEZ family. The company, a leading designer, manufacturer and distributor of a wide variety of

a wide variety of high-quality, custom-engineered towing, trailering, cargo management and other related accessory products, has invested R30-million in setting up its requirements.

The company sees itself as a long-term player in the South African region, looking to build on its continued growth and market leading position.

The company, which has produced automotive components since 1951, has a large global footprint, with a presence in Australia, New Zealand, the Asia-Pacific region, North America, South America, and, of course, South Africa.

With the company setting up facilities in TASEZ, it will be well placed to supply components to one of the country's local OEMs and use this

foundation to make the most of other opportunities. It will also be able to export products back into other markets, helping to balance supply chain variations and market requirements.

“This development is indicative of the reputation our special economic zone has developed in the global automotive manufacturing sector,” notes TASEZ CEO Dr Bheka Zulu.

“South Africa in general, and Tshwane in particular, has a favourable business environment.”

# Green TASEZ ready for global manufacturing investors



Investors are crucial for the strengthening of South Africa's economy, and the Tshwane Automotive Special Economic Zone (TASEZ) is ensuring it provides the best possible business environment for international automotive manufacturers and component producers.

The manufacturing sector is one of the key drivers of the country's gross domestic product, with the automotive industry providing direct links to the global market and local entrepreneurs.

The special economic zone's (SEZ's) focus on attracting investment is in keeping with the South Africa Investment Strategy which aims to position South Africa as a preferred African investment destination, and in so doing, attempt to meet the National Development Plan target of 30% of gross fixed capital formation to GDP by 2030.

## Investment strategy

The South African Investment Strategy aims to attract and facilitate quality foreign direct investment and domestic direct investment and ensuring the provision of such investment is well-coordinated and anchored by quality institutions and robust economic infrastructure networks.

The national strategy plans to achieve this through:

- A new investment model to address under-investment;
- Attracting quality greenfield and brownfield investments in high-impact and high-growth industries, that will accelerate contributions to GDP and support the country's transition to a green economy;
- Supporting existing industries and developing new industries with clear goals; and
- Targeting areas of intervention, along with providing resources and improved institutional alignment and capacity, while ensuring policy certainty and coherence.

TASEZ is ideally positioned to answer the call of the investment strategy: it operates in a high priority sector – manufacturing; it offers green solutions to its clients; and is forward thinking in ensuring it embraces the latest technology available to ensure its premises are energy resilient and technologically advances.

Known as Africa's first automotive city, TASEZ is strategically located in the economic heart of the country and is able to offer unparalleled access to markets across Africa and beyond. With its base close to existing OEMs and an existing automotive value chain, access to a highly

skilled workforce, and proximity to leading academic, research and development institutions, investors in TASEZ can tap into a wealth of human capital and knowledge. This advantage allows for the seamless integration of cutting-edge technologies and innovative manufacturing.

## Tapping into many markets

As TASEZ CEO Dr Bheka Zulu notes: "With increasing urbanisation and economic growth across the continent, investing in TASEZ offers an opportunity not only to serve the domestic market but also to expand and tap into the burgeoning markets across Africa."

Currently products manufactured in the SEZ are exported to more than 150 destinations world-wide.

In keeping with their determination to provide the best facilities possible for investors, representatives from TASEZ took part in the Africa Energy Indaba, on in Cape Town between 5 – 7 March 2024, where they the TASEZ team investigated the latest trends in the energy sector, including renewable energy.

A primary element that makes TASEZ an attractive destination for investors is its commitment to green manufacturing.

"By embracing renewable energy solutions and reducing its carbon

footprint, the SEZ is taking significant strides toward creating an environmentally conscious and responsible manufacturing ecosystem," Dr Zulu notes.

In line with global trends, TASEZ is also promoting the development of electric vehicles. "By encouraging the development of New Energy Vehicles (NEV) and their components, our SEZ is driving a revolution that is expected to reshape the entire automotive landscape."

As the global automotive industry undergoes a profound technological evolution, TASEZ is geared up to take advantage of the opportunities such change brings.

# South Africa's SEZs driven by renewable energy



The Tshwane Automotive Special Economic Zone (TASEZ) has a mixed-energy response – including gas and renewables – to ensure operations based in the manufacturing hub are not brought to a halt by power outages.

A key challenge to business operations within South Africa is ensuring energy supply remains constant, despite regular nationwide load-shedding.

“This has led us to find innovative solutions,” TASEZ CEO Dr Bheka Zulu explained during a fireside chat at the Sustainable Infrastructure Development Symposium of South Africa (SIDSSA) in Cape Town on Tuesday 19 March 2024.

## TASEZ plans

“We are currently building a gas plant project, along with utilising solar energy.”

However, as Africa's first automotive city – based in Silverton – continues to grow, it needs to find more energy, Dr Zulu added.

SIDSSA, an annual event, brought together stakeholders from South Africa and across the continent to discuss ways to drive infrastructure development, which has been identified as the key driver in growing the economy.

SIDSSA provided a platform for infrastructure investment landscape, with a focus on accelerating economic activity through strategic

infrastructure plans.

SEZs are ideally placed to accelerate industrialisation in the country; according to the Chief Operations Officer of the Industrial Zones Programme at the Industrial Development Corporation, Stieneke Jensma. “We started a programme focusing on energy security, specifically regarding SEZs. The idea is to collaborate and to ensure that what we are delivering promotes industrialisation.”

Strategic partnerships are key in implementing green energy projects, according to TASEZ's CEO.

Two alternative energy solutions being put in place at TASEZ are solar and battery storage, and gas power generation. Currently TASEZ has turned to the market for proposals for the solar and battery storage required by the SEZ.

TASEZ's approach to energy takes cognisance of the United Nations' Sustainable Development Goals – particularly Goal 7, which is linked to the provision of clean energy; Goal 9, which aims to build resilient infrastructure using innovative technology; and Goal 13, which is about taking action to combat the impact of climate change.

## TASEZ gets accolades from media

During a roundtable discussion on Gauteng's economic development with MEC for economy, Tasneem Motara, and members of the media on Thursday, 15 February 2024, it was a journalist who noted that the Tshwane Automotive Special Economic Zone could be considered “a resounding success”.

A manufacturing development project that could have taken a decade, came to fruition in a mere 36 months.

TASEZ – Africa's first automotive hub – was officially launched in November 2019, and the first cars rolled off its Ford production line in November 2022.

The automotive hub's achievement was even acknowledged when it won a Built Environment Recognition Award as a “state-owned entity that implemented infrastructure projects timeously” at the end of 2023.

As a special economic zone focused on growing investment and innovation within the automotive

sector, TASEZ is a vital cog in the country's economic development. Based in the automotive hub of the City of Tshwane, TASEZ sees itself as “shaping the future of automotive excellence” as it helps the South African automotive industry on its path to transform the sector by attracting investments and becoming more inclusive and more sustainable.

Motara briefed the media on the economic landscape of the province, highlighting a number of achievements and speaking plainly about the challenges.

### Building township economies

Key to the development of the Gauteng economy is transformation and the building of the township economy.

Motara explained how the province has provided financial aid and legislative support to emerging entrepreneurs and small, medium and micro enterprises (SMMEs).

Among the programmes run by the Gauteng provincial government are the acquiring of products and



services from township SMMEs; support for upgrading township businesses in the key sectors of manufacturing, retail, ITC, the taxi industry and backyard real estate.

Public private partnerships involving the Gauteng provincial government include: Bizniz in a Box hawkers stalls in partnership with Coca-Cola Beverages South Africa; the Last Mile delivery initiative providing market access to motorbike riders, in partnership with UberSA,

iBoltSA and Takalot; and the refurbishment of five township bakeries, with family tree, Heinkeken and Coca-Cola providing equipment.

Although not part of the roundtable discussion, TASEZ too plays its part in empowering local township economies. It has a Memorandum of Understanding with the local communities through the Community Project Committee (CPC) which represents Eersterust, Mamelodi and Nelmapius.

# EEC group visits TASEZ to talk collaboration



Investigating possible collaboration around developing industrial parks, the Tshwane Automotive Special Economic Zone hosted a high-level delegation from the Eurasian Economic Commission (EEC) on 22 January 2024.

The members spent time with the TASEZ leadership team, sharing ideas and exploring ways to collaborate in setting up industrial parks.

TASEZ was seen as an important special economic zone to visit, given that it managed to grow from a vacant lot into a well-established manufacturing hub in three short years, winning a Built Environment Recognition Award as a “state-owned entity that implemented infrastructure projects timeously” in 2023.

From the sod-turning ceremony overseen by President Cyril Ramaphosa in November 2019 to the start of production on Ford’s Next-Generation Rangers on 15 November 2022, TASEZ has been a case study for infrastructure development in South Africa.

## Attracting investors

In addition, TASEZ and their EEC guests, including Nikolay Kushnarev, director of the industrial policy department of the EEC, and Armen Harutyunyan, director of the EEC agricultural policy department, discussed opportunities for foreign investment and the possibilities of attracting investors from the Eurasian Economic Union countries into South Africa’s SEZs.

The commission, which was established in 2012, has five members at present: Armenia, Belarus, Kazakhstan, the Kyrgyz Republic and Russia.

“The experience of successful implementation of the Tshwane SEZ clearly demonstrates the existing industrial and technological capabilities and advantages that can contribute to integration with the Eurasian Economic Union industrial sector, [as well as the] increase in value-added production and regional economic development,” Kushnarev noted.

TASEZ CEO Dr Bheka Zulu concurred, adding: “We are confident this visit will serve as a platform for meaningful collaboration between TASEZ and the EEC, opening new avenues for possible collaboration.”

Based in the automotive hub of the City of Tshwane, TASEZ, Africa’s first automotive city, aims to attract automotive manufacturers and suppliers, providing a world-class hub with bespoke facilities and services.

The zone sees itself as “shaping the future of automotive excellence” as it helps the South African automotive industry on its path to transform the sector by attracting investments and becoming more inclusive and more sustainable.

“A real winning proposition that we see from China is power, land and logistics.”

It is important to provide a proper logistics system, rail and road; to provide regular and consistent electricity; and to provide a well-developed zone in which to base the manufacturing businesses.

## State of the Province notes Gauteng is ready to create new opportunities

If potential investors were listening to Gauteng’s State of the Province speech on Monday evening, 19 February 2024, they would have much to encourage them to look closer at being based in the province.

Premier Panyaza Lesufi noted that if Gauteng was a country, it would have the third largest economy after Egypt and Nigeria, having introduced processes to transform, modernise and reindustrialise the economic sectors.

The premier described the five major economy corridors that are now ready to grow. “We took a conscious decision that each corridor must have a powerful economic centre.”

For example, one of the key economic sectors in the Tshwane region is that of the automotive industry, where the Tshwane Automotive Special Economic Zone plays a critical role.

The economic development of Gauteng has focused on four key aspects: the financial sector; telecommunications; pharmaceuticals; and ICT.

All the banks and insurance companies, as well as the telecommunication giants have their headquarters in Gauteng.

The premier went on to highlight the development of the various



Gauteng regions and their specific economic focus. As pointed out, the motor vehicle industry is a key driver of the Tshwane economy.

Premier Lesufi noted that TASEZ’s “operations are in full swing, with the completion of Phase 1 of its development seeing the production of the first next-generation Ford Ranger and the VW Amarok getting into gear in November 2022.”

Lesufi explained that this was the result of a capital investment of R15.8-billion by the Ford Motor Company of South Africa, with the company looking to increase its capacity to produce 200 000 vehicles annually and export vehicles to more than 100 global markets.

In addition to Ford’s investment Ford suppliers invested a further R5.6-billion into TASEZ, along with an initial government investment of R3.9-billion.

With the need to streamline the export of vehicles, the premier announced the development of “a new railway line between Tshwane and East London” to ship the cars globally.