
BRAND SOUTH AFRICA

National Business Initiative -

An investor perspective on South Africa

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Let's not talk on empty!

*Let's be informed, and
forewarned about winds of
change!*

THE GLOBAL ENVIRONMENT - TURBULENCE AS THE NEW NORMAL

The global environment

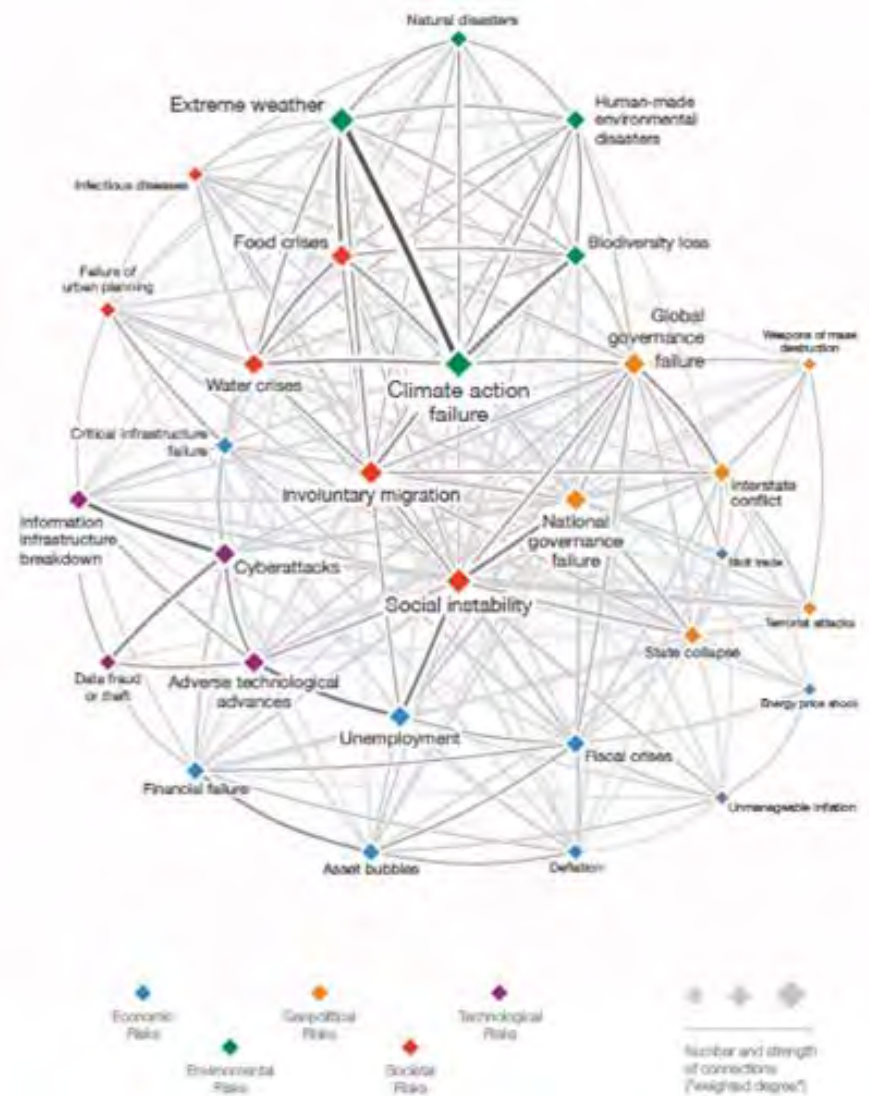
World Economic Forum - Global Risks 2020

It is important to note that the general risk landscape is, according to the WEF report:

“...shaped in significant measure by **an unsettled geopolitical environment** - one in which **new centres of power and influence** are forming - as old alliance structures and global institutions are being tested... Unless stakeholders adapt multilateral mechanisms for this turbulent period, the risks that were once on the horizon will continue to arrive.”

The global environment

- The global economy is faced with a ‘**synchronised slowdown**’;
- An expectation for cyber-attacks to increase;
- Challenges to social cohesion in societies due to increasing inequality, and a worsening of both national and global economic outlook;
- A potential decoupling of the USA and Chinese economies;
- Environmental degradation & climate change is, for example, listed as one of the top five risks according respondents to the WEF survey.



The global environment

- “Like global growth, FDI remains lower than before the 2008-2009 crisis. It has decreased for the last three years. In 2018, net FDI inflows were down 38% compared to 2017, and less than half of the level they were in 2015.
- The snapshots illustrate dwindling world economic output projections, as well as negative trends in FDI inflows to the USA, Euro Area, and China.

Foreign Direct Investment Net Inflows



Source: World Bank Open Data, <https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?end=2018&locations=CN-XC-US&start=2009&view=chart>, accessed 15 December 2019.

IMF World Output Projections



Source: IMF. 2018 and 2019. *World Economic Outlooks* and quarterly updates.

RESEARCH IN ACTION

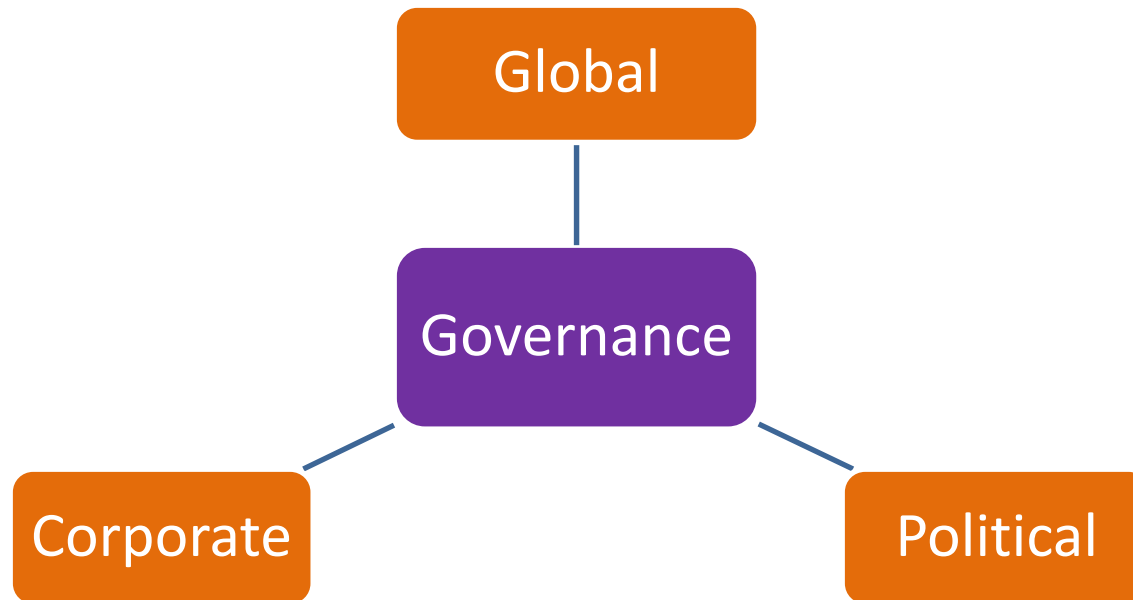
NATION BRAND PERFORMANCE



Inspiring new ways

Nation Brand Performance

- Governance plays a critical role in shaping the reputation of the Nation Brand
- For this reason the Brand South Africa Nation Brand Performance presentation is anchored by perspectives on governance in 3 realms of activity:



Nation Brand Performance

GLOBAL GOVERNANCE



Inspiring new ways

Nation Brand Performance - Global Governance

The Nation Brand's global and domestic reputation is to a large extent shaped by perceptions of efficient internal governance, while the nation brand's contribution to global governance has a direct bearing on international perceptions

Global Governance Contribution

- Peaceful internally negotiated political settlement
- Active role in transforming OAU to AU & contribution to Peace & Security on the African continent
- Served 2 terms as non-permanent member of the UN Security Council
- Champion of New Partnership for Africa's Development
- Plays an active role in the G20
- Included as fifth member of BRICS

Global governance contribution to humanity

The Good Country Index

- South Africa ranks 47/163.

Significant rankings:

- 3/153 countries in International Peace & Security,
- 18th for Science & Technology, and
- 31st for its contribution to World Order.

South Africa in the Good Country Index				
	Version 1.0 (2014)	Version 1.1. (2016)	Version 1.2 (2017)	Version 1.3. (2018)
Overall ranking	44/125	51/163	47/163	47/153
Science & Technology	29/125	26/163	25/163	18/153
Culture	60/125	79/163	65/163	57/153
International Peace & Security	15/125	1/163	2/163	3/153
World Order	31/125	33/163	25/163	23/153
Planet & Climate	102/125	143/163	150/163	124/153
Prosperity & Equity	121/125	160/163	114/163	93/153
Health & Wellbeing	56/125	36/163	56/163	85/153

Nation Brand Performance

POLITICAL GOVERNANCE



Inspiring new ways

Snapshot of governance performance indicators

Governance Indicators

WEF – Institutions = 69/140 (2018) 55/141 (2019)

WEF – Judicial Independence = 48/140 (2018) 33/141 (2019)

WEF – Financial System = 18/140 (2018) 19/141 (2019)

WEF – Market Capitalisation (%GDP) = 2/140 (2018) 2/141 (2019)

WEF – Budget Transparency = 27/140 (2018) 1/141 (2019)

Open Budget Index = 2/102 (2018)

World Press Freedom Index = 39/180 (2016)

Climatescope renewable energy country competitiveness index = 6/71

Constitutional democracy + high levels of transparency =



Snapshot of governance performance indicators

Governance Indicators

WEF – Efficiency of legal framework in settling disputes= 40/140 (2018)
=31/141 (2019)

IIAG - Representation of women in the judiciary = 1/54 (2018)

IIAG – Protection against ethnic and religious discrimination = 1/54 (2018)

IIAG – Capacity of election monitoring agencies = 1/54 (2018)

IIAG - Online Public Services = 5/54 (2018)

IIAG - Civil rights and liberties = 4/54 (2018)

Ibrahim Index of African Governance 2018

- An annual assessment of quality of governance in every African country
- South Africa ranks **7th out of 54 countries** overall Governance
- Scores in the Top 10 in all four categories



Sustainable
Economic
Opportunity

4th



Safety &
Rule of Law

9th



Participation
& Human
Rights

4th



Human
Development

8th

Top fifteen nations in IIAG 2018



MAURITIUS



Seychelles



NAMIBIA



BOTSWANA



RWANDA



SENEGAL



Ghana



SOUTH AFRICA

RANK/54		2017 SCORE/100.0	CHANGE 2008-2017
1 st	Mauritius	79.5	-0.7
2 nd	Seychelles	73.2	+4.0
3 rd	Cabo Verde	71.1	-0.8
4 th	Namibia	68.6	+3.3
5 th	Botswana	68.5	-3.7
6 th	Ghana	68.1	+0.9
7 th	South Africa	68.0	-0.6
8 th	Rwanda	64.3	+5.9
9 th	Tunisia	63.5	+6.9
10 th	Senegal	63.3	+5.9
11 th	Kenya	59.8	+6.1
12 th	São Tomé & Príncipe	59.2	+2.3
13 th	Benin	58.7	-0.1
14 th	Tanzania	58.5	+1.3
15 th	Morocco	58.4	+7.3



CAPE VERDE



Nation Brand Performance

COMPETITIVENESS & ECONOMIC GOVERNANCE



Inspiring new ways

Nation Brand Performance



10 REASONS WHY YOU SHOULD INVEST IN SOUTH AFRICA

- 

1. VIBRANT EMERGING MARKET
Growing middle class, affluent consumer base, excellent returns on investment.
- 

2. MOST DIVERSIFIED ECONOMY IN AFRICA
South Africa (SA) has the most industrialised economy in Africa. It is the region's principal manufacturing hub and a leading services destination.
- 

3. LARGEST PRESENCE OF MULTINATIONALS ON THE AFRICAN CONTINENT
SA is the location of choice for multinationals in Africa. Global corporates reap the benefits of doing business in SA, which has a supportive and growing ecosystem as a hub for innovation, technology and fintech.
- 

4. PROGRESSIVE CONSTITUTION & INDEPENDENT JUDICIARY
SA has a progressive Constitution and an independent judiciary. The country has a mature and accessible legal system, providing certainty and respect for the rule of law.
- 

5. FAVOURABLE ACCESS TO GLOBAL MARKETS
The African Continental Free Trade Area will boost intra-African trade and create a market of around 1.3-billion people with a combined gross domestic product (GDP) of USD2.3-trillion that will unlock industrial development. SA has several trade agreements in place, creating an export platform into global markets.
- 

6. ABUNDANT NATURAL RESOURCES
SA is endowed with an abundance of natural resources. It is the leading producer of platinum-group metals (PGMs) globally. Numerous listed mining companies operate in SA, which also has world-renowned underground mining expertise.
- 

7. ADVANCED FINANCIAL SERVICES & BANKING SECTOR
SA has a sophisticated banking sector with a major footprint in Africa. It is the continent's financial hub, with the JSE being Africa's largest stock exchange by market capitalisation.
- 

8. WORLD-CLASS INFRASTRUCTURE & LOGISTICS
A massive governmental investment programme in infrastructure development has been under way for several years. SA has the largest air- and sea-ports, as well as logistics networks in Africa, and is ranked number one in Africa in the World Bank's Logistics Performance Index.
- 

9. YOUNG, EAGER LABOUR FORCE
SA has a number of world-class universities and colleges producing a skilled, talented and capable workforce. The country boasts a diversified skills set, emerging talent, a large pool of prospective workers and government support for training and skills development.
- 




10. EXCELLENT QUALITY OF LIFE
SA offers a favourable cost of living, with a diversified cultural, cuisine and sports offering, generally superb weather all year round and a world-renowned hospitality sector.

WEF Global Competitiveness Report 2018 - 2019

WEF Global Competitiveness Index 2018 and 2019 South Africa		
Pillar	Rank(/140) 2018	Rank(/141) 2019
Over-all rank	67	60
Institutions	69	55
Infrastructure	64	69
ICT Adoption	85	89
Macro-economic stability	57	59
Health	125	118
Skills	84	90
Product market	74	69
Labour market	55	63
Finance system	18	19
Market size	35	35
Business dynamism	56	60
Innovation capability	46	46

Based on the new WEF GCI methodology it is clear that South Africa still ranks extremely well in terms of: Market size, Finance System, and Innovation Capability.

In the African context Mauritius is first at 49/164, and South Africa second at 67th, Morocco, third at - 75th, Tunisia fourth at - 87th, and Botswana at 90th making it the fifth most competitive African nation.

Improvement	
Decline	
No change	

President Ramaphosa has made the goal of enhancing ease of doing business a major priority

World Bank Ease of Doing Business 2019/20 South Africa Performance

	DBI 2016	DBI 2017	DBI 2018	DBI 2019
Over-all ranking	72/189	74/190	82/190	84/190
Starting a business	125	131	136	139
Registering Property	100	105	107	108
Trading across borders	137	139	147	145
Dealing with construction permits	98	99	94	98
Getting credit	60	62	68	80
Enforcing contracts	110	113	115	102
Getting electricity	108	111	112	114
Paying taxes	49	51	46	54
Protecting minority investors	18	22	24	13
Resolving insolvency	51	50	55	68



Nation Brand Performance

SOUTH AFRICA'S INBOUND & OUTBOUND INVESTMENT PROFILE



Inspiring new ways

Infrastructure (1)

South Africa has world-class infrastructure, including an excellent transport network, low-cost energy and sophisticated telecommunications facilities



Road and Rail Transport

- A massive motorway improvement scheme has seen extra lanes added, a sophisticated electronic toll system introduced and interchanges drastically renovated
- The Gautrain rapid rail system links the OR Tambo International Airport with stations in Johannesburg and Pretoria

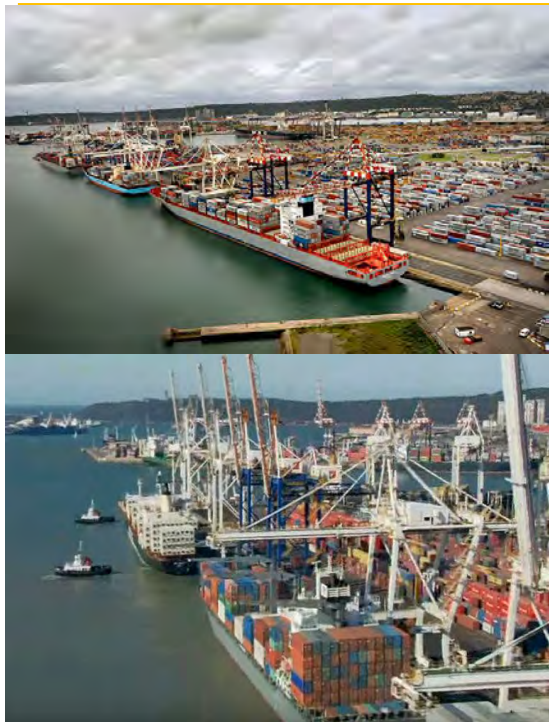
Infrastructure
Indicators

WEF – Quality of roads = 47/141 (2019)

WEF – Railroad density = 47/141 (2019)

WEF – Efficiency of train services = 68/141 (2019)

Infrastructure (2)



Ports

- Most advanced port infrastructure on the African continent
- Saldanha Bay in the Western Cape is the largest natural anchorage with the deepest water, 60 nautical miles northwest of Cape Town
- The Durban port in KZN handles the greatest volume of sea-going traffic of all SA ports
- The Richards Bay Port in KZN can handle a total of 1 782 ships with a gross tonnage of 65 994 515 in a year
- The Port Elizabeth Port in the Eastern Cape handled a total of **976** ships during the 2015 calendar year
- The Cape Town Port in the Western Cape competes with Alexandria for recognition as the most famous port in Africa

Infrastructure
Indicators

WEF – Efficiency of seaport services = 50/141 (2019)

IMD – Reliable infrastructure = key attractiveness factor of the economy

Infrastructure (3)

Air Transport



- OR Tambo International caters for 19 million passengers annually
- Airports Company of South Africa (ACSA) operates 9 airports, which handle more than 200 000 aircraft landings
- The numbers all add up to ACSA being Africa's premier airports authority

Infrastructure
Indicators

WEF – Airport connectivity = 39/141 (2019)

WEF – Efficiency of air transport services = 27/141 (2019)

IIAG – Air transport = scores 97/100 (2016)

World Bank Logistics Performance Index 2018

- The LPI is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance



- South Africa ranks **33rd** out of **160 countries** overall

LOGISTICS PERFORMANCE INDEX 2014-18

	Overall Rank	Customs	Infrastructure	International Shipment	Logistics Quality & Competence	Tracking & Tracing	Timeline
2014	34	42	38	25	24	41	33
2016	20	18	21	23	22	17	24
2018	33	34	36	22	39	35	34

WEF - Border Clearance Efficiency =

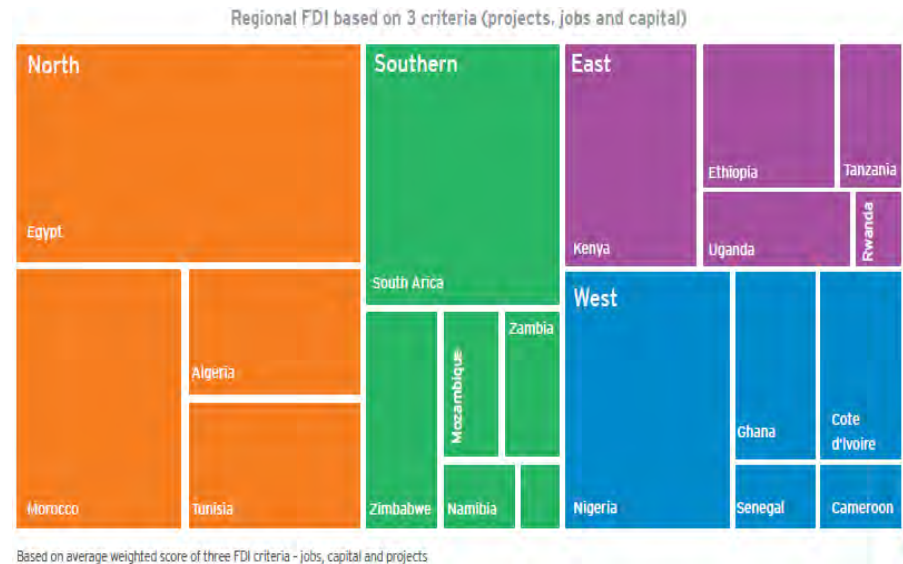
EY - Africa Attractiveness Survey (2019)

Inbound:

1. Egypt is the top FDI destination due to capital intensity of projects entering the market.
2. South Africa attracts the largest number of FDI projects, however, with less capital invested than in Egypt.
3. Morocco maintains a very strong position as third largest recipient of FDI on the continent.

Inbound:











The figure below shows that the North African sub-region dominated FDI attraction in the past year, while South Africa dominates FDI attractiveness in the Southern African sub-region:



Source: EY Africa Attractiveness Survey 2015 & 2016

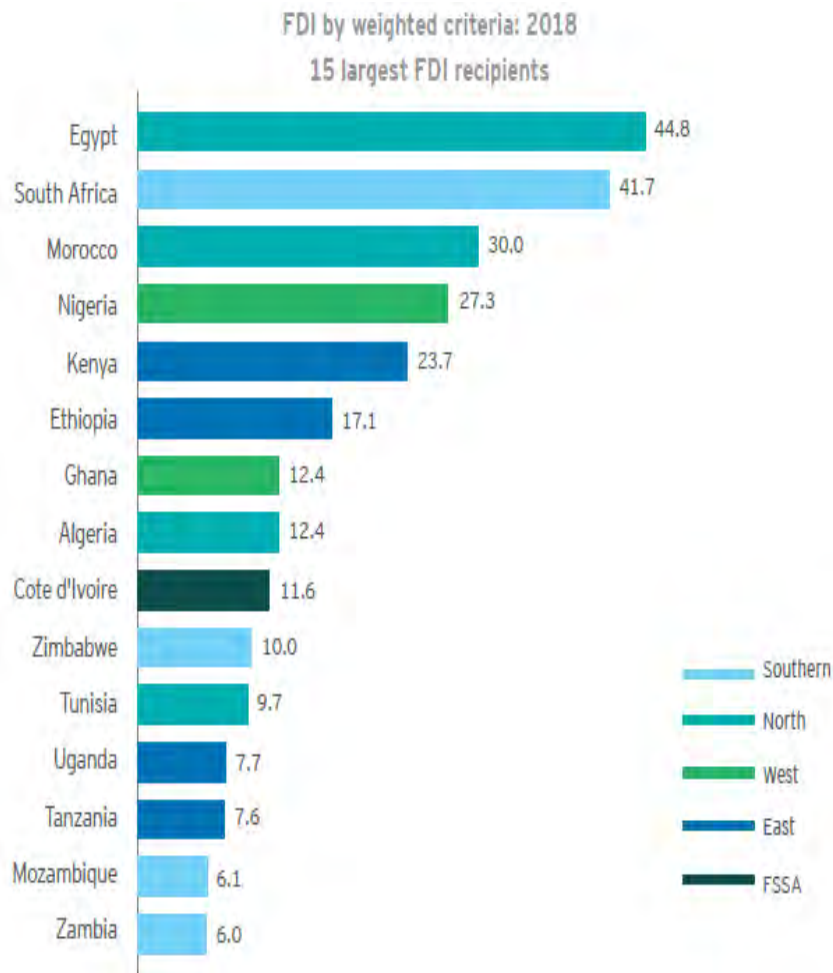
EY-FDI Source Markets

FDI 2014-2018 by source: 10 largest investors

Country	Projects	Jobs created	Capital US\$m
 USA	463	62 004	30 855
 France	329	57 970	34 172
 UK	286	40 949	17 768
 China	259	137 028	72 235
 South Africa	199	21 486	10 185
 UAE	189	39 479	25 278
 Germany	180	31 562	6 887
 Switzerland	143	13 363	6 432
 India	134	30 334	5 403
 Spain	119	13 837	4 389

- For a relatively small economy it is significant that South Africa ranks 5th as source of FDI in the African economy
- Illustrates the deep strategic importance of the ACFTA in coming decades
- The USA and France continue to be the largest source markets of FDI into the pan-African economy.
- Indicative of historical relationships, EY indicates that French FDI continued to flow predominantly towards French-speaking African nations, while investment from the USA tended to be directed at South Africa- and English speaking African nations.

EY-Ranking of African markets in relation to FDI inflows



- Egypt is the top FDI destination due to capital intensity of projects entering the market.
- South Africa attracts the largest number of FDI projects, however, with less capital invested than in Egypt.
- Morocco maintains a very strong position as third largest recipient of FDI on the continent.

Brand Reputation

THE BRICS BRAND - FROM ECONOMIC CONCEPT TO INSTITUTION OF GLOBAL GOVERNANCE



Inspiring new ways

BRICS Brand Research Report

Contents

Executive Summary & Key take outs

Introduction

Converging diversities – a short history of the BRICS

From economic concept to institution of global governance

BRICS Agreements, Commitments & Compliance

Themes emerging from Summit declarations

Conclusions: soft power & the BRICS brand

BRICS Brand Research Report

- South Africa's hosting of the tenth BRICS Summit in 2018 is a significant moment to reflect on the evolution of the BRICS in the past decade.
- This report captures findings related to three aspects, being:



Firstly, the emergence of the BRICS as an institution in the global governance arena



Secondly, how the institutionalisation of the BRICS contributes to the development of the BRICS brand



Thirdly, how this BRICS brand presents a unique case of compound soft power, or, as alternatively referred to as the multilateralization of soft power

The Brics brand - from economic concept to institution of global governance

Cedric de Coning argues that,

“No analyst foresaw, nor did the BRICS themselves, that in less than a decade, these actions would bring them to a point where the BRICS has become an important force in defence of global governance, economic globalisation, free trade, and collective climate action.”

- Formalisation of intra- and inter-BRICS interactions, establishment of institutions such as the BRICS New Development Bank, increased interaction on platforms such as the Business Council, and Think Tank structures, also lead to the development of the BRICS brand, or collective image, of the member states.
- **Underlying objective:** communicate global governance contribution of BRICS, and elevate message of South-South cooperation and solidarity between developing nations. Enhanced reputation at level of global governance and advocacy for transformation of post WWII global governance institutions.



The Brics brand - from economic concept to institution of global governance

But, developments in the global economy, and geopolitical environments, play a major role in driving the search for strengthened, deepened, and institutionalised BRICS interactions. Development of the BRICS brand (based on the institutionalisation of the organisation) takes place in a world characterised by turbulent change:

Increasing trade wars

Witness US imposition of import tariffs and overtures of trade wars

Isolationism, economic nationalism & anti-globalisation

BREXIT and increasing popularity of anti-EU political parties in Europe

Epically destructive proxy conflicts

Witness developments in Ukraine, Syria, Yemen, Iraq, Afghanistan, Libya



However, through BRICS interactions, the member states have been putting their proverbial money where their mouths are. Consequently, BRICS nations have been bucking trends of anti-globalisation, and counter-integrationist discourses that have emerged in the northern hemisphere, and in so-called 'advanced nations,' in the past decade.

The Brics brand - from economic concept to institution of global governance

Based on assessments of the BRICS, Chatin & Gallarotti (2016), for example, argue,

“The bloc has also transformed into a diplomatic forum representing increasing power, value and capacity of action for the member states, this attributing to them a distinctive standing and an image associated with a ‘special mark’. Along the same lines, Montbrial stresses that the BRICS have become a ‘real brand,’ to which the states composing the group dedicate great attention.”

Brand SA fieldwork &
reputation research.
Brand SA designed, and
executed in markets

RESEARCH IN ACTION

THE SA INC PROJECT



Inspiring new ways

The SA Inc. Project: Fieldwork

Cycle 1 - 2014/15: Kenya, Nigeria, Ghana

Cycle 2 - 2015/16: Russia, Angola, DRC, Senegal

Cycle 3 - 2016/17: Ivory Coast, Senegal, Algeria,
Mozambique

Cycle 4 - 2017/18: 30 years of Dakar 1987, South Korea,
Singapore, Rapid Lion Film Awards, CNBC

Cycle 5 - 2018/19: Consultation with EU business in SA; BRICS
Summit & Development of the BRICS Brand research;
Rapid Lion Film Awards; Project review

Cycle 6 - 2019/20: Intensified environment analysis;
Consultation with Asian stakeholders in SA; BRICS; Ghana -
focus on ACFTA & implications for the Pan-African brand

Major lessons from the SA Inc project

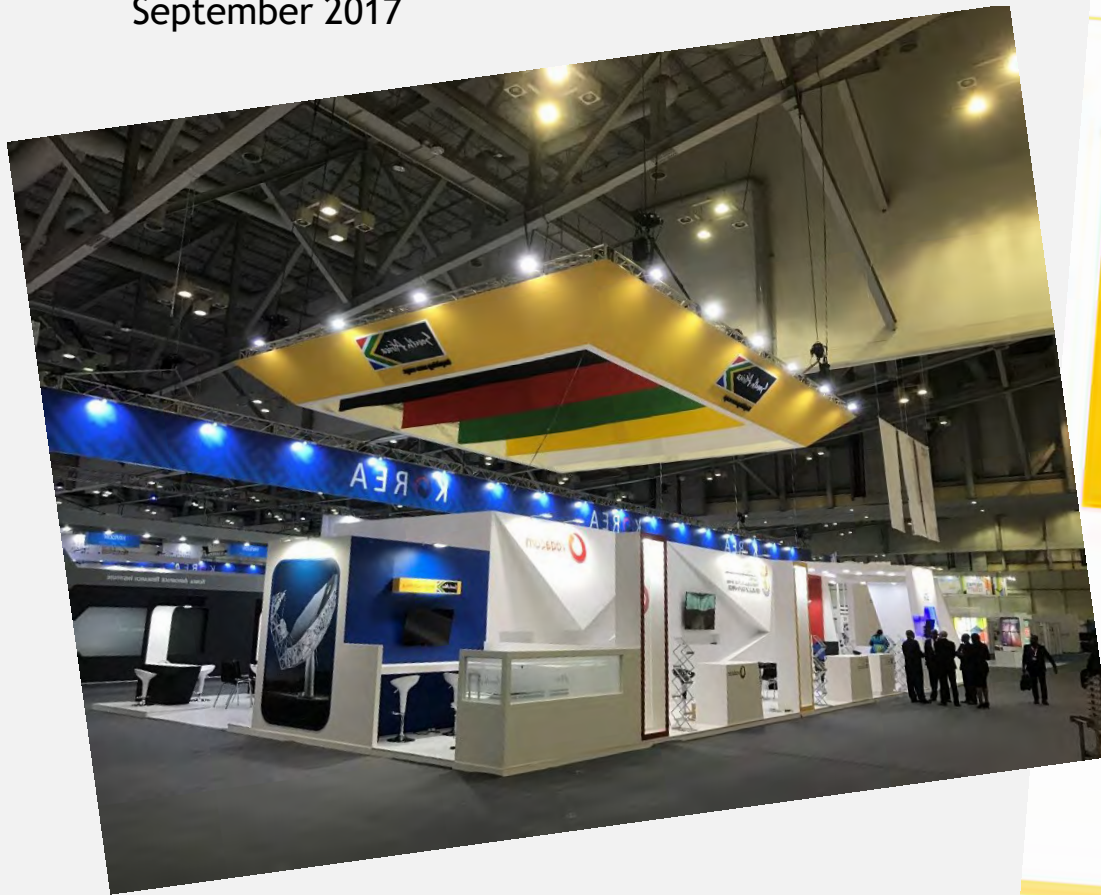
- Interactions with products, services, and South African companies active in the markets have specific **Country of Origin effects** on the Nation Brand profile and reputation;
- South Africa's diversified economy, infrastructure are key **attractiveness features**;
- South Africans are seen as **open**, and the culture perceived as liberal. South Africa's robust and **free media seen as a reputation enhancer**;
- The transparency and democratic principles upon which the society is based seen as **progressive and appealing**;
- Major lessons forthcoming from the project pertains to **market entry strategy** in peer African markets;
- Linked to the above, South Africans, and South African companies are sometimes criticised as not being open to **local partnerships and listening to advice**;
- South Africans need to develop **cultural competence**, and need to have a deeper understanding of the nuances of doing business in peer African markets;

Major lessons from the SA Inc project

- Avoid **parachute/guerrilla business tactics** - take time to get to know the market, and listen to local advice;
- South African products, services and companies seen as highly competent and able to deliver **high quality goods & services**;
- South Africa and South Africans can learn more from peer African markets in terms of developing **partnerships and relationships of trust**;
- Need to understand the potential implications and opportunities opening through the **Continental Free Trade Area Agreement**;
- **Visa regulations** and procedures often cited as cause for concern in bi-lateral relations;
- **Xenophobia**, while less incidents have taken place in recent years, South Africa continues to be associated with such behaviours;
- In some markets, e.g. Nigeria, Angola, Senegal, Mozambique there is a sense that South Africa can do more to acknowledge the role the continent played in the **struggle for liberation**;
- **Lengthy decision-making processes** in South African corporates, and SOEs often cited as reason why business deals go southwards.

Reputation Research Profile

South Africa Pavilion @ ITU, South Korea,
September 2017



SA Inc. Research - Singapore



1. Global South African's in the Singaporean market acknowledge the importance of collaborating with Brand South Africa and the High Commission in terms of marketing and positioning the Nation Brand.

2. Global South African's in the market understand how critical their role is in promoting the country and thus despite the issues faced back home, they speak positively about the country.

3. The positive uptake of research and analysis conducted by Brand South Africa and the need to be regularly informed about new research papers for the High Commission, Global South African's and Singaporeans alike.

4. As anchor market in Asia, more work needs to be done to enhance familiarity with South Africa among key audiences in Singapore

Key findings in Singapore



SA Inc. Project: Angola, DRC, and Senegal Findings 2015

- ❖ Need for increased cultural contact and building of mutual understanding due to complex historical relationship;
- ❖ Building local knowledge, and need for cultural competence a major lesson from the Angola & other fieldwork;
- ❖ Understand political & administrative context and “do homework”! Invest adequate resources (time & money) in preparing to enter market



SA Inc. Project: DRC Key Findings

- “The Congo is a big country with a relatively small budget and many priorities”

Great expectations, ample opportunities and overwhelming priorities

- SA to utilise well-established footprint in DRC to promote SA investments



Source: <http://www.iol.co.za/dailynews/opinion/sas-role-in-african-peace-1756310>



SA’s Lieutenant General Derrick Mbuyiselo Mgwebi, Force Commander of the UN Organization Stabilization Mission in the DRC (MONUSCO)

SA Inc. Project: Ghana Key Findings

SA's reputational strengths:

- SA's corporate governance, managerial, technical, & other expertise
- Strong people-to-people relations & potential for expansion in creative spheres, e.g. design, music, visual arts



SA Inc. Project: Kenya Key Findings

SA's reputational strengths:

- SA democratic transition, strong institutions
- Major interest in SA music & culture



Photos: www.southafrica.info

Brand South Africa
Research Note

South Africa In(c) Series
African market entry
strategy -
*learning to listen and
listening to learn*

By: Dr. Petrus de Kock
General Manager, Research, Brand South Africa

Brand South Africa
Research Note

A lesson for Brand SA
from Nigeria
Be bold, keep it real, and
make it quick -
*a conversation on the art of
Nollywood success*

By: Dr. Petrus de Kock
General Manager, Research, Brand South Africa



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