

AUTOMOTIVE + AGRO-PROCESSING + RENEWABLE ENERGY  
AQUACULTURE + ICT & BPO + GENERAL MANUFACTURING



**east london idz**  
*business streamlined*

# **INVESTMENT OPPORTUNITIES**

IN THE EAST LONDON INDUSTRIAL DEVELOPMENT ZONE

# ABOUT THE ELIDZ

The East London Industrial Development Zone SOC Ltd is the operator of the East London Industrial Development Zone (ELIDZ), an entity which exists to help **manufacturers to become globally competitive** through the development and efficient management of a **modern, purpose built industrial location**, which offers investing industries a **streamlined business environment** enhanced by a range of **supporting services**.

The Zone is already operational and currently houses a number of manufacturers that supply products for the local and international markets.

The East London IDZ is a prime industrial park in South Africa. It is perfectly positioned for light industry manufacturers that are investing from R10 million (+/- \$1.2 million) upwards. The zone is specially developed for growth oriented manufacturers in search of ultimate global competitiveness. The zone focuses on streamlining business operations and engineering operational efficiencies for located industries.

Boasting 150 fully serviced sites, the company is on a mission and has already succeeded in establishing local and global export-oriented industries within the zone.

The company offers complete solutions and streamlined business activity for companies doing business in a number of sectors. These include:

- + **Automotive**
- + **ICT and Electronics**
- + **Agro-processing**
- + **Pharmaceuticals**
- + **Energy and Advanced Manufacturing**
- + **Marine Aquaculture**
- + **Business Process Outsourcing and Offshoring**

# PART OF THE **SPECIAL ECONOMIC ZONE** PROGRAMME

The East London Industrial Development Zone is an initiative under the South African Government's Special Economic Zones (SEZ) Programme.

Special Economic Zones (SEZs), are geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements (that may include laws) and systems.

SEZs are designed to be conduits for the creation of an appropriate environment for foreign direct and domestic investment and the development of strategic industrial capabilities. Companies that locate in the SEZ have access the following incentives:

- **VAT and customs relief, if located within a Customs-Controlled Area (CCA);**
- **Employment tax incentive;**
- **Reduced corporate income tax rate.**

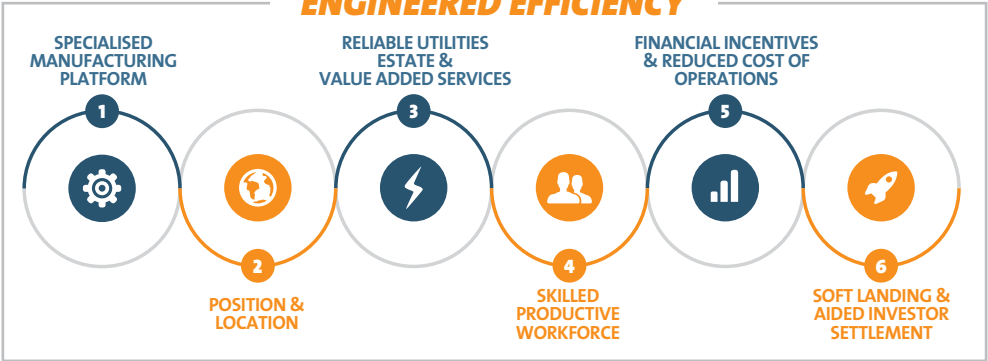


# OUR OFFERING TO **INDUSTRY**

The East London IDZ is a greenfield development transforming over 400 hectares of prime land into a world class industrial location. The zone has six individually fenced sub-zones, each designed to serve specific manufacturing needs. It characterised by excellent internal roads boasting a newly built dual carriageway designed to carry both light and heavy vehicles including 22m-long interlines. All the sites in the ELIDZ are fully serviced with access to all utilities and ICT infrastructure and all are within close proximity to key transport networks

Investors that locate in the zone can take advantage of:

## **ENGINEERED EFFICIENCY**



## 1. **OPTIMAL PURPOSE BUILT OPERATING ENVIRONMENT**

- + **132/11Kv sub-station** built for sustainable and adequate supply of electricity to the East London IDZ's industries;
- + **Water supply systems** designed to cater for various industries
- + **2.4 m high fence with a 3m high internal electrified fence** to allow for a high level of protection for all manufacturing operations
- + **Access control and data assessment system** which provides the necessary security and **24 hour controlled access** into the zone.
- + Quality premises and efficiently operated utilities and amenities
- + **Highly competitive telecommunication infrastructure** (Value Added Network licence) and **broad band internet** connection
- + **Purpose built investor facilities** designed and delivered to customer specifications for cost and time efficiency
- + **Expert investor facility construction services**, from initial planning, design, right through to project administration
- + **International industry benchmarking and research** of new found building technologies leading to the delivery of environmentally advanced facilities which contribute to investor competitiveness.

## 2. INNOVATIVE INDUSTRIAL SOLUTIONS

The East London IDZ has engineered solutions to streamline business operations and enhance the competitiveness of its tenants. These solutions include:

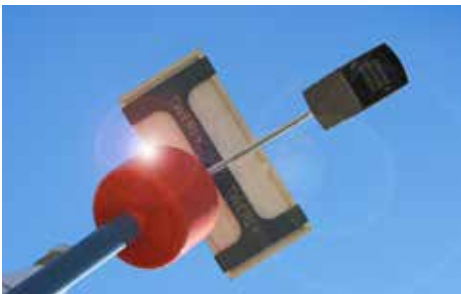
- + **Enabling sector specific infrastructure** (reduces set up and operational costs)
- + **A cluster- driven servicing approach** (shared services for economies of scale)
- + **Sourcing and localising of production inputs** (value chain enhancement)

The ELIDZ also encourages innovation in zone based industries through the East London IDZ's Science and Technology Park (STP). The STP is strategically located in the ELIDZ and is strategically positioned to:

- + Support industrial **research and development**
- + **Incubation of new technologies**
- + **Stimulate, organize and manage** the transfer of knowledge and technology from the knowledge custodians to companies and the market place
- + Stimulate the development of young technology industries

**The STP currently offers:**

- + An **open innovation** platform
- + **Centre of Excellence** for Renewable Energy
- + Advanced **Tooling and Process Engineering** support



### 3. AN **INCENTIVISED** BUSINESS ENVIRONMENT

The East London IDZ has various incentives which can be accessed by qualifying industries. These are:

+ Specialised Customs Controlled Area benefit for qualifying industries. This includes

**VAT (15%) exemption on:**

- + Goods imported
- + Capital equipment
- + Land supplied (to CCA enterprises) for sale and letting
- + Electricity and water supply

**No import duties on:**

- + Raw materials and other consumables for manufacture
  - + Goods for storage
  - + Capital goods used in the CCA
    - Specialised local incentives including:
    - Preferential land rental
    - Preferential utility rates
    - Competitively priced land
    - Access to national manufacturing and other generic government incentives
- 

### 4. TAILORED INDUSTRY ASSISTANCE AND **SUPPORT SERVICES**

The East London IDZ prides itself in providing soft landing support to investors through the provision of business streamlining and support services that aid investors in the completion of investments and the start up of local operations.

A skilled team of experts assist the investors with:

- + **Relocation planning** assistance
- + Assistance with high level **market research and intelligence**
- + Start up assistance relating to business set up requirements including **company registration, visa and various permit applications**
- + **Assisted access to municipal** planning services and compliance to the necessary municipal and zone building regulations/guidelines
- + **Assisted regulatory compliance and government services access.**
- + **Application support** for national and local incentive programmes and benefits
- + **Labour recruitment and skills development** facilitation
- + Access to convenient, zone based **community services and amenities.**

# INVESTMENT PROJECTS AND OPPORTUNITIES

## AUTOMOTIVE

### Automotive Suppliers & OEMs

- Automotive Supplier Park 2
- Other land – OEMs, Tier 2 & 3

## AUTOMOTIVE INITIATIVES

### Automotive Supplier Park 1

- An already operational ASP housing multinationals (100,000sqm under roof) supplying local OEMs (MBSA, BMW SA, Toyota SA, VW SA).
- Suppliers enjoy Access to DTI & SEZ incentives.

### Automotive Supplier Park 2

- Govt funded cluster which is currently being set up. +/- 65000sqm planned under roof.
- Completion by mid 2020.
- Suppliers have Access to DTI & SEZ incentives.

### Tier 2 and 3 Suppliers

- With increasing vehicle production volumes in SA, opportunities continue to increase in the localization of components and outsourcing of services (e.g stitching and sewing). Partnerships with BBB-EE companies encouraged/ beneficial.



## AGRO-PROCESSING

<b>Blue Berry Production &amp; Processing</b>	<ul style="list-style-type: none"><li>• CAPEX = R 24.5 million</li><li>• IRR = 30% (10 year)</li></ul>
<b>Tannery</b>	<ul style="list-style-type: none"><li>• CAPEX = R 50 million (approx.)</li><li>• IRR = 19%</li></ul>
<b>Hydroponic Vegetable Production and Packaging</b>	<ul style="list-style-type: none"><li>• CAPEX = Greenhouses: R 24 million (5 ha);</li><li>• IRR = 33%</li><li>• CAPEX = Greenhouses: R 48.5 million (10 ha);</li><li>• IRR = 25%</li><li>• Packaging facility: R 6 million</li></ul>
<b>Berry Puree</b>	<ul style="list-style-type: none"><li>• CAPEX = R 16.4 million</li></ul>
<b>Pomegranate Production and Processing</b>	<ul style="list-style-type: none"><li>• CAPEX = R 30.8 million</li><li>• IRR = 46.6%</li></ul>
<b>Irrigated Pasture Dairy Farm</b> - 30,000 litres per day	<ul style="list-style-type: none"><li>• CAPEX = R 101.7 million</li><li>• IRR = 26.3%</li></ul>

## AQUACULTURE

<b>Aquaculture incubator:</b> - 200 tons - pilot phase	<ul style="list-style-type: none"><li>• CAPEX = R 43 million (24 months)</li></ul>
- 1000 tons - commercial phase	<ul style="list-style-type: none"><li>• CAPEX = R 277.2 million</li></ul>
<b>Farming Yellowtail Kingfish</b>	<ul style="list-style-type: none"><li>• CAPEX = EUR 14,060,000 million</li><li>• IRR = 18.4%</li></ul>
<b>Farming &amp; Processing – Dusky Kob</b>	<ul style="list-style-type: none"><li>• CAPEX = R 201 million</li><li>• IRR = 19% (10 years)</li></ul>
<b>Mariculture Overview</b> <ul style="list-style-type: none"><li>• Favourable climate to most species.</li><li>• Dedicated 32 ha marine aquaculture cluster focused on recirculating systems.</li><li>• Rental of fully serviced sites, zoned agricultural.</li><li>• Environmental Impact Assessment approval for indigenous marine fish farming already granted for at least 10,000 tons annually in place.</li><li>• Environmental authorization for Barramundi, Rainbow trout, Atlantic salmon in place.</li><li>• Accessible high quality bulk sea water supply at 185 litres/second and effluent handling based on at 85% water recirculation per farmer.</li><li>• Importation of performance demonstrated Recirculating Aquaculture Systems technology being investigated.</li></ul>	



## RENEWABLE ENERGY

<b>Waste Wood Gasifier</b>	<ul style="list-style-type: none"><li>• CAPEX = R 4.7 million</li><li>• IRR = 7%</li></ul>
<b>Municipal Waste to Energy</b>	<ul style="list-style-type: none"><li>• CAPEX = Phase 1: Municipal landfill gas to energy - R 58.6 million</li><li>• IRR = 22%</li></ul> <hr/> <ul style="list-style-type: none"><li>• CAPEX = Phase 2: Biogas energy from municipal wastewater, sewage sludge and bio-waste - R 196.1 million</li><li>• IRR = 21%</li></ul>
<b>Agriculture Biogas</b>	<ul style="list-style-type: none"><li>• CAPEX = R 116.2 million</li><li>• IRR = 24%</li></ul>

## RENEWABLE ENERGY INITIATIVES

<b>The ELIDZ Renewable Energy Centre</b>	<ul style="list-style-type: none"><li>• An already established center with potential for R&amp;D activities</li></ul>
<b>Energy Manufacturing Cluster</b>	<ul style="list-style-type: none"><li>• Govt funded cluster which is currently setting up. Shared equipment and services will be part of this facility to allow for low operating costs for SMMEs and start-up companies</li></ul>
<b>Adventure Power</b>	<ul style="list-style-type: none"><li>• Local 300kW wind turbine manufacturing company currently for sale. Prospectus can be made available.</li></ul>
<b>Energy Storage Systems</b>	<ul style="list-style-type: none"><li>• Current work with Impala Platinum (raw material supplier) on fuel cell manufacturing is taking place.</li></ul>
<b>ELIDZ Energy Initiatives</b>	<ul style="list-style-type: none"><li>• ELIDZ currently investigating renewable energy mix into the zone with rooftop PV being analysed</li></ul>
<b>Clari-Cluster</b>	<ul style="list-style-type: none"><li>• Clariter convert plastic waste into solvents, oils and waxes. At least 20 products have been identified from their final product for SMME's to manufacture. Each product has been packaged with high level financials and break-even points.</li></ul>

# GENERAL MANUFACTURING INITIATIVES

Local Procurement is being targeted by the Eastern Cape Govt in the following sectors:

## Latex Cluster

- Pursuant to the increased local procurement of medical devices, the ELIDZ is open to expanding its latex cluster. With 1 company currently setting up, opportunities to share services can be investigated.

## Medicines

- SA's second largest commodity imported is in pharmaceutical products. Opportunities exist to explore the local manufacture of ARV's and supplementary medications.

## Clay Beneficiation / Building Materials Production

- A big local procurement drive for building materials is being pursued. Roof and ceramic tiles are amongst these
- The Eastern Cape hosts the largest deposits of good quality Kaolin clay in S. Africa. The mines are currently underexploited and an opportunity exists for partnerships to be created between local and international miners and the municipality to mine this mineral and increase local production of ceramic tiles. The mines are <150km from EL where tile manufacturing can take place.
- Shale clay used in brick manufacturing is also mined in the Eastern Cape. Mixed with kaolinitic clay creates greater elasticity.
- With access to both these minerals in close proximity, brick and tile manufacturing opportunities exist.

## Other light Manufacturing

- The platform exists to host producers of white goods, office and school furniture



## ICT & BPO

### 3000 Seat BPO Facility

- CAPEX = R 701 million

### 1000 Seat Business Continuity and ICT Training Facility

- CAPEX = R 701 million

### Document Scanning, Printing and Storage Facility

- CAPEX = R 247 million

### Scalable Data Centre

- CAPEX = Phase 1: R 178 million  
Phase 2: R 60 million  
Phase 3: R 67 million  
Phase 4: R 74 million

### ELIDZ Smart Park Conversion

- ELIDZ currently planning to convert into a Smart Park with IoT capability. Feasibility study as well as benchmarking exercise underway.

### ICT Supplier Park

- Based on the current electronics OEM value chain the ELIDZ is looking to create an ICT cluster in support of its localization strategy



## OTHER OPPORTUNITIES

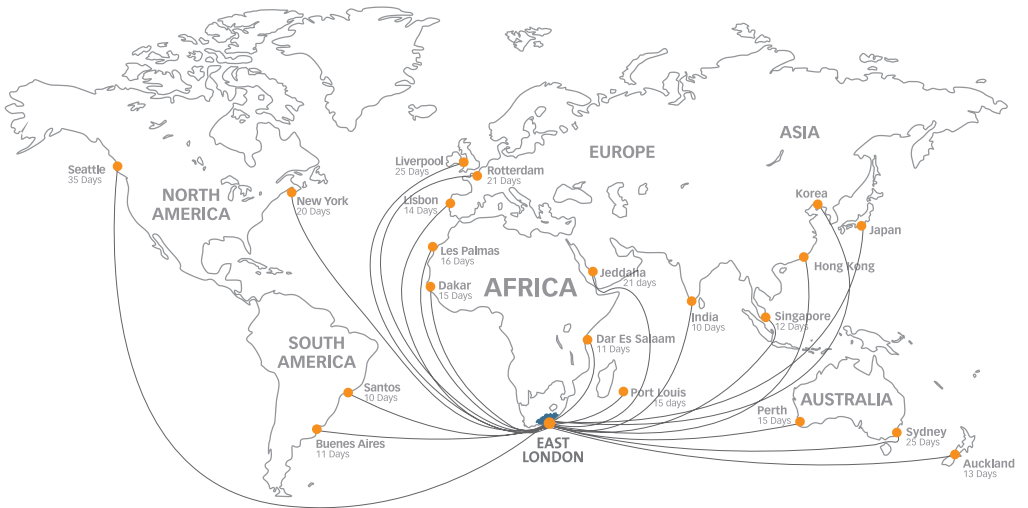
### SMME Factory Flats

- SMME factories measuring from 248m<sup>2</sup> upwards have been conceptualized to accommodate smaller operating entities.



# ACCESSING GLOBAL MARKETS

## SHIPPING ROUTES FROM EAST LONDON



Lower Chester Road,  
Sunnyridge,  
East London, 5201  
Republic of South Africa

T: +27 (0)43 702 8200  
F: +27 (0)43 702 8251  
E: info@elidz.co.za  
[www.elidz.co.za](http://www.elidz.co.za)



**east london idz**  
business streamlined