

10 Key Points about South Africa

- 1 > *Recovered economic stability*
 - 2 > *Tense social climate*
 - 3 > *Robust legal and financial infrastructure*
 - 4 > *Highly- developed logistical and transport infrastructure*
 - 5 > *Numerous natural resources*
 - 6 > *Economy orientated towards Africa*
 - 7 > *Business-friendly environment*
 - 8 > *Qualified and competitive workforce*
 - 9 > *Numerous expanding sectors*
 - 10 > *Country open to the rest of the world*
- + > **Code of Conduct / how to act during your first meeting.**

1 *Recovered economic stability*

South Africa is one of the most advanced developing countries in the world. The economic power of the continent can be demonstrated by a GDP of 1 900 billion Rand (€175 billion), representing 30 % of the total GDP of Africa. Over the course of the last fifteen years, South Africa has achieved robust macro-economic stability as a result of policies aiming to promote competitiveness, development and employment. Between 2000 and 2007, the economy has seen an average growth rate of 4.5 %. Significant economic reforms have also sustained economic stability: reduction of the tax burden; reduction of import tariffs; control of budget deficits; and relaxing of exchange control regulations.

2 *A tense social climate*

The social climate has been hugely affected by the economic crisis. The trade unions are increasingly active and regularly appeal for national strikes. Their main demand is for an increase in salaries. The disparities between salaries are the biggest in the world. Even though the abolition of Apartheid put an

end to political and legal segregation in South Africa, it did not put an end to economic and social segregation. Despite the voluntarist policies of different governments, the country has had to confront record levels of poverty and unemployment. The immediate cause of poverty is inequality in different areas of society, for example, access to private property, financial resources, education, etc.

3 *Robust legal and financial infrastructure*

South Africa's financial system is robust and well regulated, and its banking sector is ranked in the top 10 in the world. **The Reserve Bank**, the central South African bank, is independent of the government. The Johannesburg Stock Exchange is in the top 20 stock exchanges in the world in terms of capitalisation. Legislation relating to commerce, work and maritime affairs is very developed, with specific laws on competition, copyright, patents, commercial labels and conflicts, which are in accordance with international standards and agreements. Independent courts ensure that rights and commercial obligations are respected.

4 *Highly-developed logistical and transport infrastructure*

South Africa's road, rail, harbour and airport infrastructures are highly developed and constitutes one of the cogs of commercial and industrial activity. **Transnet**, the country's main transport operator, manages 176 million tonnes of rail freight, 2.8 million tonnes of road freight and 194 million tonnes of shipping freight each year, in addition to transporting 6.1 million passengers by air. South Africa has the longest road network on the continent with 7 200km of road in total, as well as 11 airports, of which 3 are international (O R Tambo International Airport in Johannesburg, Cape Town International Airport, Durban International Airport). The national airline, South African Airways, serves 700 destinations. The country's main ports are Cape Town, Durban, Port Elizabeth, East London, Richards Bay and Saldanha Bay.

5 *Numerous natural resources*

South Africa is the world's largest producer of platinum, the second largest producer of gold (after China), and one of the largest producers of diamonds and carbon. In the last few years, the South African mining companies have become international corporations. Two of the largest global mining companies are based in South Africa: **BHP Billiton** and **Anglo American**. The agricultural sector is also highly-developed, allowing South Africa to meet its domestic requirements for the majority of the main agricultural products.

6 *Economy orientated towards Africa*

South Africa is ideally situated to offer access to the 14 countries of the **Southern African Development Community**, the islands off the East coast, and even the Gulf countries and India, which have been strongly represented in South Africa for a long time. The country is a central location for transits between Latin America and the economies of South Asia and the Far East. The main maritime routes pass along its coasts and its seven commercial ports constitute the most complete, best equipped and most efficient network in Africa.

7 Business-friendly environment

The 2009 study by the World Bank on the business climate (**Doing Business**) places South Africa in 32nd place out of a possible 181 countries included in the study and second in Africa behind Mauritius.

Energy costs are among the lowest in the world, the price of telecommunications is falling and the taxation system for businesses is generous compared to that of other developed and developing countries. Finally, South Africa is one of the least expensive countries in which to live and work, largely because of its exchange rate.

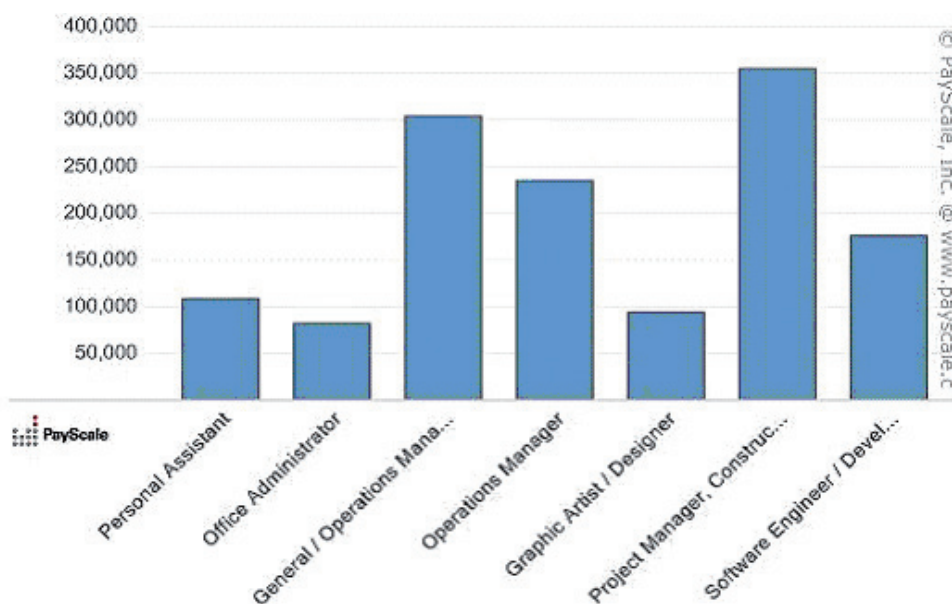
It is to be noted that South Africa was placed 44th out of 130 countries (ahead of Italy and India) in the global competition index set up by the **World Economic Forum** in 2007/2008. The competition law of 1998 has fundamentally reformed the government system, which is now well-developed and regulated in line with the best international practices.

8 A qualified and competitive workforce

According to a study carried out by **Careers 24** in 2008, the average monthly salary in South Africa is 16 586 Rands (€1 487). Women earn 13 692 Rands (€1 228) per month, whilst men earn 19 912 Rands (€1 785). South Africa is competitive in terms of the salaries paid to qualified employees which are generally lower than their equivalents in developed countries. On the other hand, the poor salary levels have their downside as they can lead to a brain drain.

In the areas of information technology and telecommunications, salaries are higher than the average salary and can reach up to 19 435 Rands (€1 742) per month.

Workers in the mining sector have the highest average salary - 25 487 Rands (€2 285), followed by foresters - 23 832 Rands (€2 137), and those working in the energy sector - 22 973 Rands (€2 060).



Country: South Africa | Currency: ZAR | Updated: 4 Oct 2009 | Individuals Reporting: 29,270

This chart displays Median Salary by Job for Country: South Africa. Get your own personalized salary report in just five minutes by filling out our simple survey.

Nevertheless, it is important to note that this is only an average and that there are many unqualified individuals who are unemployed.

9 Numerous expanding sectors

South Africa is a noted destination for commerce and investment, having met the demands of global commerce and international investors. Numerous lucrative opportunities are available in all sectors, particularly agro-industry, car manufacture, fishing, banking and financial services, mining, chemical, housing, textiles, tourism and telecommunications.

10 Country open to the rest of the world

Since signing the General Agreement on Tariffs and Trade (GATT) in 1994, South Africa has become a major player in international commercial exchanges, and has implemented a series of commercial reforms. Access to the market has been improved by a number of agreements, mostly with the European Union and the **Southern African Development Community**. The country has established ties with African, Asian and Latin American markets. The alliance between India, Brazil and South Africa aims to increase commercial exchanges between the three countries, with South Africa becoming a key commercial and investment partner for China. Economic and commercial relations between China and South Africa have been reinforced since the institution of formal diplomatic relations in 1998. South Africa is the main commercial partner of China in Africa: bilateral relations represented a total of 40 billion Rands (€3.6 billion) in 2005 with South African exports increasing from 7.85 million Rands (€0.7 million) in 1996 to 8.5 billion Rands (€0.76 billion) in 2005.

Code of conduct

How to act during your first meeting.

In South Africa, the first meeting is decisive in building a trusting relationship between you and your interlocutor. To greet people a handshake suffices, although women often prefer a simple nod of the head. Avoid hugging and kissing as this is reserved for close friends and family. Similarly, it is important to know that there is no exchange of gifts in business meetings. Even if South Africans do not need to build long-term personal relations before doing business, it is nevertheless important to be punctual. Be aware that the inhabitants of Johannesburg are more punctual than those of the coastal towns. After the introductions, the negotiation phase is also subject to some precise rules. Try not to show off to your interlocutor: creating sophisticated presentations will turn out to be pointless, because they won't impress South Africans. It is very impolite to interrupt a South African. Also, avoid being aggressive; remain compliant during the course of the negotiation. Note that this requires patience: the decision-making process can seem long. However, if you have been clear on the deadlines from the outset, you should not hesitate to chase them up.