

where green
tech grows



atlantis

special economic zone
cape town

About the Atlantis SEZ for Green Technologies

Background

Special Economic Zones (SEZs) are key tools used by the South African government for driving industrial and economic development. Within SEZs, cluster industries from a particular sector locate in geographically designated areas to get the benefits of scale and co-location. SEZs are governed by the SEZ Act (No.16 of 2014) and are supported by a range of incentives aimed at attracting foreign and local investment.

The City of Cape Town established a greentech manufacturing hub in Atlantis in 2011, in response to the Department of Energy's Renewable Energy Independent Power Producer Programme (REIPPP).

The hub has already attracted four large greentech investors that are fully operational:

- Gestamp Renewable Industries (GRI, wind towers, investment R475m),
- Resolux (wind turbine internals, R25m)
- Kaytech expansion (geotextiles, R130m)
- Skyward Windows expansion (double glazing, R50m)



- Siemens wind towers manufactured at Gestamp Renewable Industries in Atlantis -

Designation as a greentech SEZ

In 2015, the Western Cape Provincial Government submitted an application for the designation of the Atlantis Special Economic Zone (ASEZ) for Green Technologies. After thorough engagement and assessment, the South African Cabinet in June 2018 approved the decision by Minister Rob Davies to designate the Atlantis SEZ as South Africa's greentech SEZ.

Situated on the West Coast of South Africa, 40kms from Cape Town, the ASEZ capitalises on the province's already booming renewable energy and green technology sector.

Greentech refers to green technologies that reduce or reverse the impact of people on the planet. These include renewable energy technologies. Wind turbines, solar panels, insulation, biofuels, electric vehicles, materials recycling and green building materials are all examples of green technology.

Six reasons for the renewable energy and green technology sector to locate in the Atlantis SEZ

1. Strong and growing South African and African markets for greentech

- Independent market research shows strong demand for renewable energy and green technologies from South Africa and the African continent.
- Support for the renewable energy market was reinforced when the Department of Energy announced in 2015 an additional 6,3GW of renewable energy procurement through the REIPPP.

2. Well-located & development-ready area

- Large tracts of industrially-zoned land with appropriate bulk infrastructure in place (green and brown fields).
- New public transport links and fibre connectivity.
- Well located.
 - Close proximity to Saldanha port (105kms), airports, and Cape Town (40kms).
 - Good access to major national road network (N1, N2 and N7 routes).
 - Proximity to key renewable energy markets.

3. A strong support base and existing relationships for investors to tap into

- Partnerships and relationships that will help facilitate investment and doing business are already in place with business, government and labour.
- A large range of institutions will provide investor support. (See page 4)
- International support from the International CleanTech Network, with strong connections to clean technology clusters across the globe.

4. A One-Stop-Shop (OSS) for wide-ranging investor support

- The ASEZ team can assist with information, and facilitate access to permits, licenses, planning and development approvals, incentives and finance.

5. Incentives for investors and tenants

- The ASEZ, City of Cape and the national government offer a range of attractive incentives for investors and tenants. (See page 5)

6. Attractive, wide-ranging skills base to recruit from

- The City of Cape Town and the Western Cape province offer a large range of unskilled, semi-skilled, technical and professional candidates.
- A skills development drive is underway in Atlantis through partnerships with youth organisations, local TVET colleges and high schools.

Location of Atlantis



- View of Table Mountain from the GRI site -



- Inside the South African Renewable Energy Business Incubator in Atlantis -

Institutions that will support the ASEZ & investors

GreenCape (www.greencape.co.za) will act a single point of contact linking investors to:

Investment Support:

One Stop Shop - Invest SA
salman@wesgro.co.za / zaheer@wesgro.co.za

Wesgro
www.wesgro.co.za

Business networks:

Atlantis Industrial Initiative (All)

Business Western Cape

Black Management Forum
www.bmfonline.co.za

Cape Chamber of Commerce
www.capechamber.co.za

City of Cape Town Atlantis Investment
 Facilitation Office (AIFO)
www.capetown.gov.za

South African Renewable Energy Business Incubator
 (SAREBI)
www.sarebi.co.za

Academia:

University of Cape Town
www.uct.ac.za

Energy Research Centre (University of Cape Town)
www.erc.uct.ac.za

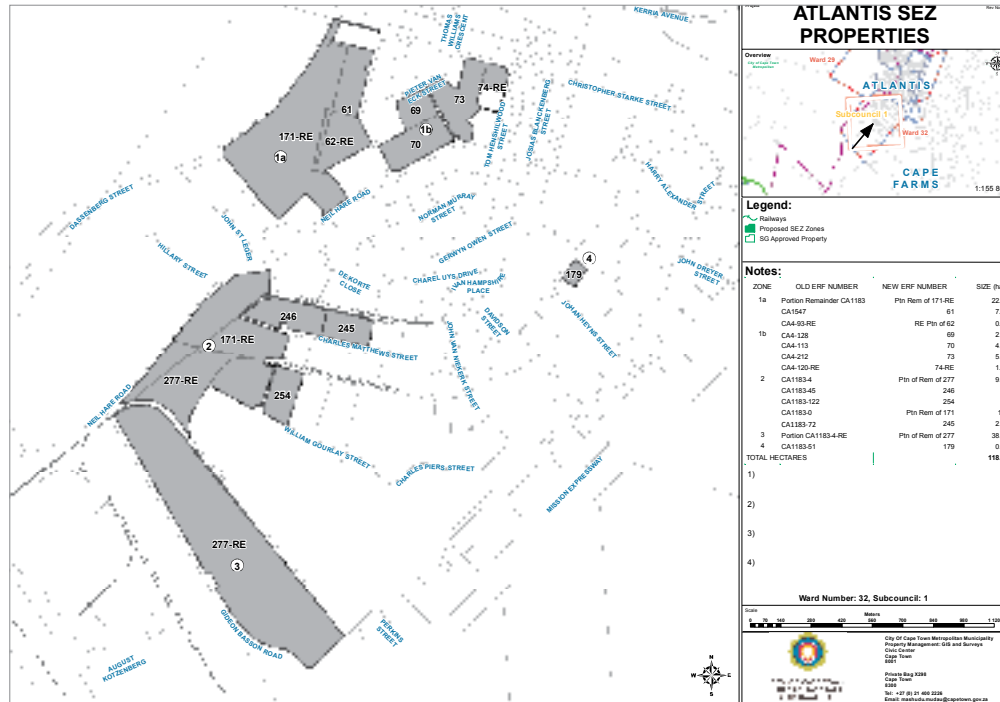
Stellenbosch University
www.sun.ac.za

Centre for Renewable and Sustainable Energy
 Studies (CRSES) (Stellenbosch University)
www.crses.sun.ac.za

Cape Peninsula University of Technology
www.cput.ac.za

South African Renewable Energy
 Technology Centre (SARETEC)
www.saretec.co.za

SEZ site highlighting the City of Cape Town's land



There are a number of incentives available to those organisations that set up operations within the SEZ. These include:

City of Cape Town incentives:

- Attractive land purchase and lease arrangements for greenfield sites with environmental authorisations in place. (See table on page 6)
- A quick, clear, transparent application process for business sites.
- Fast-tracked development approvals for land use and building plan applications. Fee exemptions for land use and building plan application fees and development contribution deferrals.
- A municipal electricity tariff subsidy.

National incentives:

- include the 12I Tax Allowance which supports capital investment and training.
- All other national incentives are also applicable. (See www.investmentincentives.co.za)

SEZ Tax Incentives

The SEZ offers a number of tax incentives for qualifying companies and these include: Preferential corporate income tax; building allowance; the employment tax incentive; and, if located within a Customs-Controlled Area (CCA), VAT and customs relief.

Preferential Corporate Tax and Tax Relief

Certain companies will qualify for a reduced corporate income tax rate of 15% for the period 2014-2024, instead of the current 28% headline rate.

Building Allowance and Tax Relief

Qualifying businesses operating within approved SEZ will be eligible for an accelerated depreciation allowance on capital structures (buildings). This rate will equal 10% per annum over 10 years.

Employment Tax Incentive

All employers employing low-salaried employees (below R60 000 per annum) in any SEZ will be entitled to the employment tax incentive. This is an incentive aimed at encouraging employers to hire young and less experienced work seekers. The employer can claim the ETI and reduce the amount of Pay-As-You-Earn (PAYE) tax payable by the amount of the total ETI calculated in respect of all qualifying employees.

Customs Controlled Area Tax Relief

Companies located within a CCA will be eligible for VAT and customs relief in accordance with the current VAT and customs legislation. Characteristics of a CCA include:

- Import duty rebate and VAT exemption on imports of production-related raw materials, including machinery and assets, to be used in production with the aim of exporting the finished products;
- VAT suspension under specific conditions for supplies procured in South Africa; and
- Efficient and expedited customs administration



- Cape Town visible from the SEZ site - © Bruce Sutherland, City of Cape Town -

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