



Grant Thornton

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Wealthline

SEPTEMBER 2016

A BI-MONTHLY NEWSLETTER FOCUSING ON PERSONAL FINANCIAL PLANNING FOR PRIVATELY HELD BUSINESS AND THEIR OWNERS

Despite the fact that no economic growth is expected for 2016, South Africa's biggest vehicle investment deal in 40 years is a sign that the country remains a solid investment destination.

Earlier this month the Coega Development Corporation announced a R11-billion investment deal with the Beijing Automobile International Corporation from China for the establishment of a vehicle manufacturing plant in the Coega Industrial Development Zone. This development bodes well not only for the economy but for the entire usiness ecosystem down the line.

For this, and many other reasons, SA business must do more to tell the positive story.

Most businesses in search of growth will, at some point, consider expanding into an emerging economy. The large working-age populations and huge, hungry consumer markets that these countries offer are strong pull factors for ambitious businesses.

Yet there is often something holding them back from investing: the tough social challenges documented on an almost daily basis by the world's media. South Africa is a case in point.

We are the single biggest recipient of Foreign Direct Investment in Africa attracting a quarter of the continent's total take – however in many countries, the dominant story about South Africa is one of crime, violence and, more recently, poor labour relations.

How do promising emerging economies address this challenge of perception versus reality in order to realise their full potential?





Don't let the economic doom and gloom get you down

BY DEEPAK NAGAR: NATIONAL CHAIRMAN, GRANT THORNTON SOUTH AFRICA

What businesses can do

South Africa is fighting against a host of socio-economic challenges and during this fight we have unfortunately gained a negative reputation.

The government is taking steps to tackle the country's social problems and businesses must do their bit too. For SA companies looking for investment, this means clearly communicating the market opportunities. For those on the outside, it means looking past the negative headlines and discerning the truth for themselves, which is brighter than many might think.

Many foreign owned companies have been successful despite these troubles. Those who have succeeded have teamed up with a credible local partner who has helped them navigate the nation's many challenges and make the right decisions.

These decisions include not only how to avoid trouble spots but also how to steer clear of corrupt practices and keep up with and make sense of complex and frequently changing regulation.

Positive pulls

SA has much to offer businesses interested in expanding into the country. Alongside developed physical and digital infrastructure, we have a well-regulated and secure stock market, tough banking regulations and attractive foreign exchange provisions.



Part of the solution

Many of our nation's challenges cannot be tackled overnight but the government has made a start, bringing some of the country's leading employers together to explore how to address these issues and take the economy into its next phase of growth. The prize is great – to become the investment gateway to the entire African continent.

We all could do more, in our own small way, to help in telling the bigger SA story that persuades companies from all over the world to establish operations in SA especially as some of those businesses have enjoyed huge success and excellent profitability.

However, we are probably only 50% of the way there as we have set the bar quite high. So stay positive and look for the positive stories in your environment. We have much to look forward to if we do.

Deepak Nagar is involved in the strategy and direction of the firm as well as the day-to-day management, meeting and consulting with a broad spectrum of clients including being the lead engagement partner in a number of the offices listed clients.

Deepak is currently the managing partner of the Durban office and he simultaneously holds the position of National Chairman of Grant Thornton SA.

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