

South Africa Business Guide

Compiled by:

Swiss Business Hub Southern Africa

Pretoria, April 2014

Arrival and departure

Valid Passport; Swiss citizens are exempted from South African Visa Control. **Important:** South Africa's Immigration Services requests that passports contain at least two completely empty pages. Not complying with this regulation may result in visitors not being allowed entry and returned to point of departure.

If you have any further questions regarding travelling to South Africa, please consult the homepage of the South African Embassy in Switzerland:

www.southafrica.ch

As of 12 December 2008, South African visitors to Switzerland require a Schengen visa. For further information and the requirements thereof please consult the Embassy's homepage in South Africa:

www.eda.admin.ch/pretoria

Languages used for business

Although there are 11 official languages, the main business language is English when dealing with international matters.

Public holidays

- 1 January 2014 – New Year's Day
- 21 March 2014 - Human Rights Day
- 18 April 2014 – Good Friday
- 21 April 2014 – Family Day
- 27 April 2014 - Freedom Day
- 1 May 2014 - Workers Day
- 16 June 2014 - Youth Day
- 9 August 2014 - National Women's Day
- 24 September 2014 – Heritage Day
- 16 December 2014 - Day of Reconciliation
- 25 December 2014 - Christmas Day
- 26 December 2014 - Day Of Goodwill

Note: Due to the fact that Christmas and the school summer holidays coincide, it is not advisable to attempt to do any business from mid-December to mid-January. The vast majority of South Africans take their summer vacation at this time and if Industry and Government offices are open at all they only have a skeleton staff present and making contact is very difficult.

<http://www.info.gov.za/aboutsa/holidays.htm>

2014 School terms South Africa

| Term | School starts | School ends |
|------|--------------------------|---------------------------|
| 1 | 15 th January | 28 th March |
| 2 | 7 th April | 27 th June |
| 3 | 21 st July | 3 rd October |
| 4 | 13 th October | 10 th December |

Source: <http://www.schoolterms.co.za/2014.html>

Health and inoculations

Vaccinations for cholera and smallpox are not required although cholera cases were identified in several provinces (notably Limpopo, Mpumalanga, Gauteng and KwaZulu-Natal) in 2009 as a result of the outbreak in Zimbabwe. Travellers from a yellow fever zone must have a valid certificate. Anti-malaria tablets recommended when visiting some regions, particularly the eastern parts of South Africa. The Medical Research Council (MRC) has made a number of maps available for high, medium and low risk malaria areas in South Africa which can be accessed at www.pharmnet.co.za.

HIV / AIDS

HIV/Aids represent a huge burden in Southern Africa. South African companies and authorities drive educational/awareness programmes in social behaviour and campaigns against AIDS. Infection rate of the population is one of the highest in the world

Time zones

GMT +2 (all year)

Time difference between Switzerland and

From the last weekend in October to the 230th March 2014 there is +1 hour difference. Thereafter, when the clocks change for summer no difference.

Electricity supply

220/230 Volts AC 50Hz

Plugs: Type M

Adapter is needed, some hotels provide multiple power sockets that accept Type C plugs (two prongs ungrounded and popularly known as Europlug). Power cables of Type M and adapters that accommodate Type C plugs can be found in larger department stores, food retailer outlets and hardware stores.

Warning

Although SA faced a severe shortage of electricity supply in 2008, the following years were free of blackouts, however, parts of Gauteng are again experiencing such events due to maintenance work and shortages by ESKOM (South African electricity public utility). Should power outages occur traffic lights are also affected and considerable delays can be experienced when travelling by car. You should therefore always ensure that you leave yourself an ample amount of time when going to an appointment.

Methods of payment

SA Rand (International symbol: ZAR) (11.04.2014)

CHF/ZAR = 11.8380

GBP£/ZAR = 17.4546

US\$/ZAR = 10.3985

EUR/ZAR = 14.4168

(www.oanda.com)

For current exchange rates see also South African Reserve Bank (www.resbank.co.za)

The South African Reserve Bank administers exchange control applies to resident, non-resident, tourists and investment as well as commercial transactions.

Interest rates (April 2014):

Repo: 5.5%

Prime: 9.0%

Indices

CPI: 5.9% (Feb. 2014)

PPI: 7.7% (Feb. 2014)

GDP Growth: 2.2% (Apr. 2014)

(www.resbank.co.za)

International credit cards (AMEX, MC, DC, Visa), as well as traveler's cheques in all major currencies are accepted.

ATMs are situated outside most banks in towns and cities as well as airports and in shopping malls and operate 24 hours a day.

Be careful around isolated ATMs particularly at night. Try and avoid changing large sums of money at airports.

Transportation

SWISS International Air Lines and Lufthansa

2nd Floor, Grosvenor Court
Hyde Park Lane Office Complex
Corner Jan Smuts Ave & William Nicol Drive
Johannesburg
Tel. +27 11 341 9540
Tel. 0860 0 405 06
Fax: +27 11 325 1922

SWISS Service Centre

Tel. +27 860 04 0506

Frequent Flyer Queries

Tel. 0861 636 237
Fax. +27 21 415 3569
Open Daily from 08h00 to 18h00

www.swiss.com

By air

International flights South Africa to Switzerland/Europe

Lufthansa Airlines, South African Airways (SAA), KLM Royal Dutch Airlines, Air France, British Airways (BA), Turkish Airlines, Emirates Airlines, Olympic Airways, Qatar Airways, Etihad Airways

Domestic flights

SAA, BA Comair, SAA Airlink, SAA Express. Low cost carriers: Kulula, Mango

Main Airports

International: OR Tambo International (Johannesburg), Cape Town International, King Shaka International (Durban)

National: Port Elizabeth, East London, George, Bloemfontein, Kimberley, Upington, Nelspruit

Transport connections to hotels

Bus, shuttle bus service, taxi, rental car, chauffeured limousine service, Gautrain

Public transport

Trains and buses are available, however, using public transport is not generally recommended. The exception being the Gautrain (The Gauteng underground system), which is safe to use. It links OR Tambo International Airport to Sandton, Johannesburg and through to Pretoria. It runs from 05:30 to 20:30 at night and there are connecting bus services at every station.

By sea

Main harbours are in Durban and Cape Town

By road

Traffic safety

Unlike Switzerland, South Africa drives on the left-hand side of the road. Highways are of developed world standard and tolls generally apply. Pedestrians should take extra care while crossing streets. Traffic comes from the right. Night driving outside urban areas should be avoided. Excess speed, poor lighting and poor maintenance of minor roads and vehicles are other challenges. Driving through red traffic lights is not uncommon. Traffic lights are often out-of-order. In this case “4-Way-Stop” rule is applied, i.e. where all cars must stop. The car that arrives first has right of way.

There are also some linguistic and even amusing difficulties that you might encounter. Don't, for example, be surprised that when asking for directions someone might tell you to turn left at the 'Robot'. It refers to a traffic light!

Note: Gauteng province has recently introduced e-tolling on the highways which can significantly increase the costs of driving around Johannesburg and Pretoria. If on holiday or only visiting for a short time, it is possible to buy day-pass for ZAR30.00. Additional information on e-tolling can be found at (www.sanral.co.za) .

Petrol stations

Fuel stations are full service (self-service does not exist here) with unleaded (93 & 95 octane), lead replacement petrol and diesel available. Pump attendants will offer to wash your windscreen and check oil and water in addition to just filling up the car. It is usual to tip the attendant approximately ZAR2/3. Most fuel stations are open 24 hours a day.

Up to recently only special South African issued “Petrol” cards or cash were accepted at petrol stations. The former can also be used at tollgates on the highways. However, petrol stations now accept direct debit cards and some now accept credit cards. Cash payment is always possible, but it is not always a good idea to carry large sums of money on you.

By rail

There are several completely different train services:

- Shosholozza Meyl long-distance passenger trains

Shosholozza Meyl is a long-distance passenger train linking Johannesburg to Cape Town, Durban, Port Elizabeth & East London..

- Premier Classe trains

Premier Class trains link Cape Town & Johannesburg weekly including exclusive use of a cosy private sleeper and all meals & afternoon tea in the restaurant car

- The Blue Train, Cape Town to Pretoria...

A world-famous luxury train from Cape Town to Pretoria once or twice a week.

- Gautrain linking Jo'burg, Pretoria & Jo'burg airport

Gautrain is the brand-new safe and modern electric suburban train service around Johannesburg. The Airport Line links Johannesburg's O.R. Tambo international airport with Sandton. The North-South Line links Park Station in central Johannesburg (used by Shosholozza Meyl and Premier Class long distance trains) with Sandton and Pretoria.

- Metro suburban trains

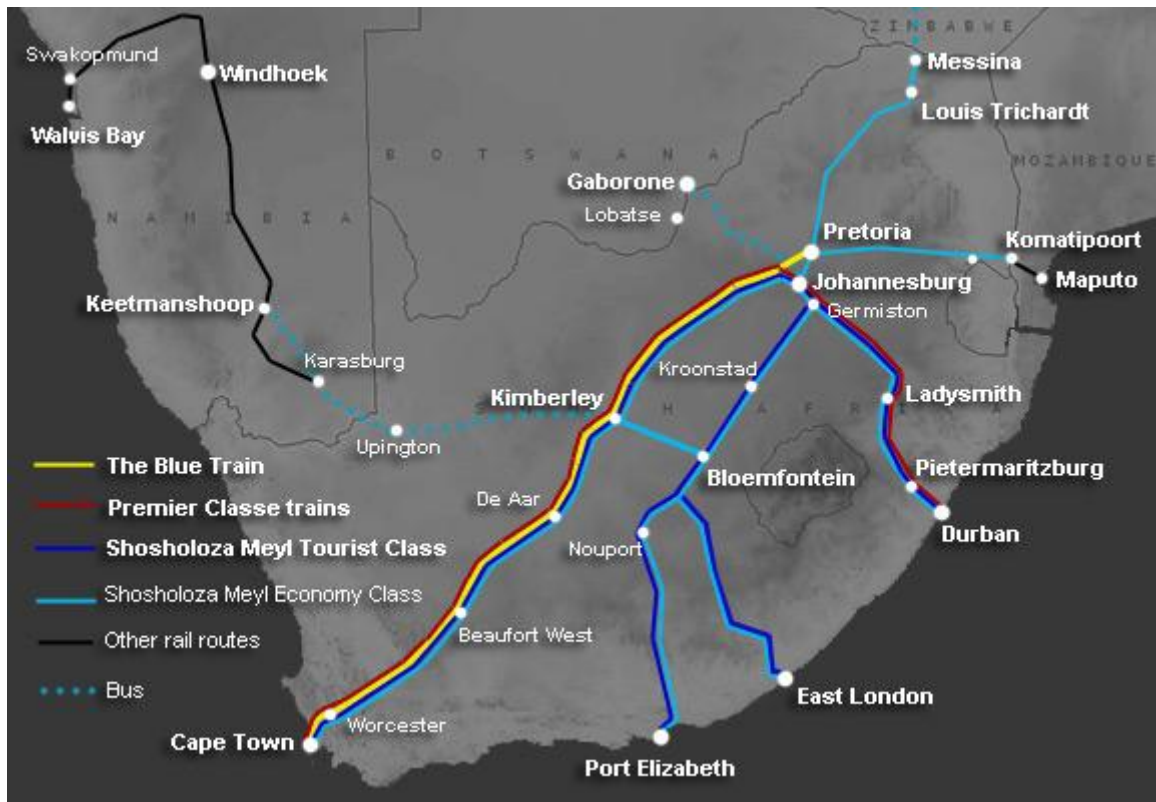
Suburban (*Metro*) trains around Johannesburg & Pretoria cannot be recommended to be, but those around Cape Town can be used if you're reasonably careful to travel from Cape Town to Stellenbosch, Paarl & Simon's Town.

- Cruise trains (Rovos Rail, Shongololo)

There are several luxury cruise trains in South Africa, run by companies like Rovos Rail or Shongololo, aimed a tourists with western-style prices.

- International travel to & from South Africa by train, bus & sea

Unfortunately, there are now no international trains (other than occasional tourist cruise trains) from South Africa to Namibia, Botswana or Zimbabwe, but it is possible to travel by a combination of train and bus from South Africa to Zimbabwe.



Hotels

Hotels, Bed & Breakfast and Guesthouses

1 to 5 star accommodations available – on par with or even superior to European and American standards.

Wining & Dining

Restaurants are generally of a very good standard and almost all types of food are catered for from Indian through French, Greek, etc. to typical South African cuisine. Tipping is usual and should be about 10% of the bill.

South African wines are varied, extremely good and very popular worldwide. They are well worth trying whilst you are in SA.

Communication

Telephones

International dialling code

to SA: +27

to Switzerland: +41

Local calls: Use local area codes for all telephone calls (012 Pretoria; 011 Johannesburg; 021 Cape Town; 031 Durban).

Internet/E-Commerce

Business to business transactions is the main area in SA at present. Growth expected in the ICT, automotive, CleanTech, health care and Tourist sectors. Internet connections can be slow and compared to international standards rather expensive. This is set to improve in the near future as new cables have been laid along the east coast and should be in operation towards the end of the year. Wireless services are increasingly available especially in airports, urban areas, hotels, guest houses and other public spaces.

Cell phones

Swiss mobile phones can be used in South Africa, nevertheless contact your service provider for confirmation and additional information such as roaming charges. Alternatively, pre-paid SIM-cards in South Africa from Vodacom, M-Net, Virgin Mobile and Cell C can be purchased. Outlets of these service providers are located mainly in shopping malls and at airports.

<http://www.cellc.net/content/home/home.asp>

<http://www.mtn.co.za/>

<http://www.vodacom.co.za/welcome.do>

<http://www.virginmobile.co.za>

Business hours

Office hours:

08h00 or 09h00 – 16h30 or 17h00; lunch break: 13h00 – 14h00

Banking hours:

Monday – Friday: 09h00 – 15h30; Saturday: 08h30 – 13h00

Shopping hours:

Cities:

Monday - Saturday: 09h00 - 17h00; Sunday: 09h00 – 13h00.

However, especially shopping malls tend to be open longer in the evening and on Sundays.

Smaller towns:

Week-days: 08h00 – 16h30; Saturday: 08h00 – 13h00; Sunday: Closed

Addresses and opening hours of the Embassy of Switzerland to South Africa

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Embassy of Switzerland 225 Veale Street, New Muckleneuk 0075 Pretoria South Africa Tel: +27 12 452 0660 Fax: +27 12 346 6605 www.eda.admin.ch/pretoria | Consulate General of Switzerland Nr 1 Thibault Square, 26 th Floor cnr. Long & Hans Strijdom Street Cape Town 8000 Tel: +27 21 418 3669 Fax: +27 21 418 1569 www.eda.admin.ch/capetown |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Tips for initiating business contacts

South African customs, reflected by the so-called “Rainbow Nation”, are socially and in the international business world very similar to their European and USA counterparts. Respect is the core to business relations.

Introductions are usually orchestrated in order of seniority. This is generally accompanied by a handshake which tends to be a firm one. The ‘African handshake’ starts normally and then is augmented by slipping the hand forward around the other person’s thumb and then returning to the normal grip. This shake is used between blacks and between blacks and whites, but not between whites. Maintaining eye contact is essential. Female executives and professionals are respected as equally as their male counterparts.

Use of titles: (i.e. President, Professor, Doctor, etc.) followed by the surname can be used but not mandatory, or in lieu of a title, use Mr, Mrs or Ms.

Introductions: Use first name and surname, followed by company you are representing. Be prepared for the fact that South Africans move very quickly to the use of first names even in a business setting.

Formal attire in the business environment although there has been a trend towards smart casual at lower than board-level.

Business cards are normally exchanged at the commencement of a meeting.

A small gift is a nice gesture. Although small good quality gifts are welcome, lavish gifts are not expected. Should a business delegation visit SA, a more expensive one could be presented to the head delegate, smaller ones to the rest of the delegation.

Business in South Africa is often conducted at a business breakfast/lunch, a time economising way of welcoming the potential business partners to their country. South Africans are known for their hospitality.

Wait till you are asked to be seated and expect to be offered some kind of refreshment. It is a good idea to accept the offer as this provides a break in the formality and allows some time for ‘small talk’.

When presenting, keep it short and to the point. A first meeting to a South African is generally about **establishing rapport** – **don’t expect instant decisions or deals**. South Africans are not generally

impressed by lengthy, ornate PowerPoint. It is better to talk about specific points related to the special circumstances of doing business in South Africa. The logistics and financing of the deal are as important as the actual product or service that you are trying to sell.

South African business people tend to be entrepreneurial and decisive. They are not “cut-throat” negotiators and they enjoy personal contact with business partners. They strive to build consensus and prefer to see all sides gain something; the pace of business can be relatively slow. Being overly aggressive about deadlines or the pace of decision-making may prove to be counterproductive; **avoid the “hard sell”**. **A “too pushy” approach is off-putting to a South African executive.**

Basic Do's & Don'ts

Acquire a working knowledge (not overly detailed) of the domestic political scene to avoid making any serious mistakes. Language is not a problem as most South Africans are bilingual or multilingual. Business is generally conducted in English. There is a wide variety of cultures in South Africa and friction can exist between different ethnic groups. Don't worry about it too much, it's not your problem. There are differing social rules regarding race and colour which would be too complex to cover in this report. So, the best rule is to **follow the lead of your host in regard to these matters.**

Note: Not showing the proper respect for an elder person is highly offensive to most Africans;

Refrain from lecturing about “political correctness” – there is, in fact, far less colour consciousness in SA than in many other parts of the world.

For more in-depth know-how about business etiquette please see the following internet site:

http://www.executiveplanet.com/index.php?title=South_Africa

Special features on the market

Before seeking out a partner or beginning talks, have some idea of which legal structure will work best for your business. The legal system is a hybrid of English common law and civilian Roman-Dutch legal principals. South African corporate law, like its tax system, is a complex maze of distinct corporate structures; the South African legal system is fair and mostly devoid of corruption.

The **Swiss Business Hub South Africa** is part of the Switzerland Global Enterprise Network and looks after Swiss business interests and provides additional information (pre.sbhsa@eda.admin.ch). The World Wide Web provides extensive information on South Africa and government sites in particular are extensive and informative. A selection of potential interesting sites is available at the end of this business guide.

Given the high level of competition for foreign direct investment among emerging markets, South Africa has placed greater importance on forming strong economic ties with trading blocs to gain access to key markets such as EU, NAFTA, MERCOSUR, etc.

Bilateral Trade Agreements

EFTA and **SACU** (South African Customs Union = South Africa, Namibia, Lesotho, Swaziland and Botswana) signed in 2006 the bilateral trade agreement (Free Trade Agreement between the EFTA States and the SACU States). Switzerland and SACU signed a bilateral agreement on Agriculture too (Agricultural Agreement between the SACU States and Switzerland). These Agreements became effective after ratification by all signatory states on the 1st May, 2008. They will be implemented gradually over the next 10 years.

Taxation Treaty

Switzerland and South Africa signed a Tax Treaty in 1967 see:

http://www.admin.ch/ch/d/sr/c0_672_911_81.html

A bilateral Taxation Agreement on double taxation was signed 2007.05.08 and has now been ratified.

Swiss Business in SA

Over 100 major companies from Switzerland are active in South Africa. Among them: NESTLE, ABB, ROCHE, NOVARTIS, CLARIANT, UBS, CREDIT SUISSE, GLENCORE XSTRATA, BÜHLER, SCHINDLER, SGS, and SULZER.

In addition to the big players, Swiss immigrants to South Africa have established numerous businesses ranging from small to medium sized enterprises. No precise numbers are currently available but conservative estimates indicate that 250 to 300 companies with Swiss roots are active in the country.

Labour

Labour costs are generally low. Skilled workers are scarce in all sectors and difficult to retain. Labour laws are generally quite rigid in South Africa. Strikes for better wages are common especially in low paying service sectors. Labour unrest are, unfortunately often overshadowed by violence.

Corruption

SA government is serious about combating corruption and has an active anti-corruption task team that monitors corruption in different spheres of private sector and Government. SA is actively engaged in negotiations on the drafting of a UN Convention Against Corruption. SA is also 1 of 5 countries in Africa that participates in the UN's global Anti-Corruption Programme.

Financial services

Whole range of sophisticated financial services are available. South Africa has one of the most highly regulated financial services sector in the world. The Johannesburg Stock exchange was recently placed at number one in a comparison with all of the stock exchanges worldwide.

Useful Internet addresses

Government & Parastatals

- Statistics South Africa: www.statssa.co.za
- SA Reserve Bank: www.resbank.co.za
- SA Revenue Services: www.sars.gov.za
- South African Government: www.gov.za
- Department of Trade and Industry: www.thedti.gov.za
- Department of Finance: www.treasury.gov.za
- Department for Minerals and Energy: www.dme.gov.za
- Department of Labour: www.labour.gov.za
- Transnet: www.transnet.co.za
- Eskom: www.eskom.co.za

Banks & Commerce

- Development Bank of Southern Africa: www.dbsa.org
- Industrial Development Corporation: www.idc.co.za
- Chamber of Commerce and Industry / Think tanks:
- Trade Law Centre for Southern Africa: www.tralac.org
- Trade and Industrial Policy Secretariat: www.tips.org.za
- South African Institute for International Affairs (SAIIA): www.saiia.org.za
- Johannesburg Chamber of Commerce and Industry: www.jcci.co.za
- Western Cape Trade and Investment Promotion Agency: www.wesgro.org.za

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