



POLYPROPYLENE BENEFICIATION INVESTMENT IMPLEMENTATION PLAN

FINAL REPORT



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1 Introduction

This document is an output of the Fund for Research into Industrial Development, Growth and Equity (FRIDGE) project to develop an approach to **attracting investment in polypropylene (PP) beneficiation**, through the development of a marketing document and associated investment strategy and implementation plan. The project aims to address the need to drive downstream beneficiation of PP, with the ultimate objective of increasing employment, technology and skills transfer, and exports.

The project involved research and analysis of potential investors' location requirements, to understand how well-aligned these are with the South African investment environment. Based on this analysis, **content for a marketing document** and slideshow was developed, to highlight advantages of investing in South Africa, as well to provide information to potential investors. The investment strategy focuses on the use of this marketing document by investment promotion agencies and other entities, including sector prioritisation and criteria for prioritising companies to target for investment promotion activities. It also sets out wider initiatives to improve South Africa's investment environment.

This implementation plan sets out guidelines and main activities for the implementation of the investment promotion strategy.

2 Guidelines for implementation

► **Polypropylene-specific investment promotion activities should link into existing investment promotion efforts**

A range of role-players are currently engaged in investment promotion activities, both at a general level, and within sectors that overlap with PP conversion. There are also wider initiatives that affect the investment environment for PP converters. Therefore implementation of the polypropylene beneficiation investment strategy should link into existing activities where possible so as not to duplicate activities.

► **Entities engaged in investment promotion will need to coordinate their efforts**

The various investment promotion agencies will need to coordinate their activities, to avoid duplication of efforts. This could be done through information sharing of investment tracking database.

► **Investment promotion activities should be monitored and evaluated**

Investment promotion activities can be costly due to media and travel costs, and therefore the success/failure of efforts should be assessed. This can be based on:

- Inputs (e.g. marketing materials circulated, number of number of expos attended, number of one-on-one interactions with potential investors)
- Outputs (e.g. number of potential investors indicating interest in locating in South Africa)
- Wider outcomes (e.g. increase in employment resulting from increased investment, increased volume of PP to which value is added locally)

The investor tracking database will be a key tool to track the relationship between investment promotion activities and impacts on new investments. In addition, performance against the actions set out in the implementation plan would need to be incorporated into individual and institutional performance management systems, in particular for investment promotion agencies.

3 Main role-players and activities

The investment promotion strategy identifies three main areas of investment promotion activities:

- ▶ Building strategic relationships
- ▶ Investment tracking
- ▶ Image-building and investment lead generation

Key implementing role-players and activities in relation to these activities are set out below.

3.1 The dti (including Trade and Investment South Africa (TISA), Foreign Economic Representatives, International Trade Administration Commission (ITAC))				
	Key activities			Related existing activities
	Immediate	Short-term	Medium-term	
Building strategic relationships	<ul style="list-style-type: none"> ▶ Agree a vision and targets for PP investment promotion ▶ Reach agreement between entities involved in investment promotion on approach to coordinated support for PP investment promotion 	<ul style="list-style-type: none"> ▶ Continued coordination between investment promotion entities ▶ Stronger coordination between the dti chemicals sector desk and ITAC 		<ul style="list-style-type: none"> ▶ Coordination for trade and investment promotion activities, e.g. TISA- Provincial Investment Promotion Agency (PIPA) meetings
	<ul style="list-style-type: none"> ▶ Relationship building with: <ul style="list-style-type: none"> – SA industry associations – Local companies, including potential joint venture partners. SMMEs to be approached in collaboration with SMME support service providers, e.g. Small Enterprise Development Agency, SA industry associations 	<ul style="list-style-type: none"> ▶ Building closer relationships with potential investors outside of South Africa ▶ Relationship building with international plastics industry associations (in collaboration with Plastic Federation of South Africa (PFSA)) 		<ul style="list-style-type: none"> ▶ Support to the International Investment Council ▶ Inter-departmental coordination activities, e.g. relationships with organisations providing services to investors (e.g. Dept of Home Affairs)
Investment tracking	<ul style="list-style-type: none"> ▶ Initial database design and setup 	<ul style="list-style-type: none"> ▶ Continued database building 	<ul style="list-style-type: none"> ▶ Ongoing database updates 	<ul style="list-style-type: none"> ▶ Chemical industry database updating
	<ul style="list-style-type: none"> ▶ Selection of performance indicators to track investment promotion activities linked to TISA performance indicators (in consultation with multi-stakeholder group) 	<ul style="list-style-type: none"> ▶ Finalisation of performance indicators and inclusion in database 	<ul style="list-style-type: none"> ▶ Evaluate implementation progress and impact, reflect in TISA performance assessment 	<ul style="list-style-type: none"> ▶ Existing dti and TISA performance management system

3.1 The dti (including Trade and Investment South Africa (TISA), Foreign Economic Representatives, International Trade Administration Commission (ITAC))				
Image building and investment lead generation		<ul style="list-style-type: none"> Potentially establish a "one-stop-shop" for investor contact and after-care in PP-related industries 		<ul style="list-style-type: none"> Existing TISA and sector directorate interaction with investors and industry
				<ul style="list-style-type: none"> Further investigation into specific products aligned to South African investment environment to refine investment targeting
	<ul style="list-style-type: none"> Set up website containing marketing material, cross-links to relevant organisations, and up-to-date content, e.g. press releases Desktop production of marketing materials and web content 	<ul style="list-style-type: none"> Integrate PP marketing content into the promotional materials of the dti, IMC and other investment promotion entities when updated (e.g. web content, "SA Geared for Growth") Dissemination of marketing materials (using industry associations existing information sharing activities) 	<ul style="list-style-type: none"> Updates to the marketing document as required 	<ul style="list-style-type: none"> Current investigations into pricing practices Current production of investor information materials ("SA Geared for Growth", Investor Handbook) IMC activities, including "toolkits" and "talking points"
	<ul style="list-style-type: none"> Agree schedule of events (with other organisations involved in investment promotion efforts), including: <ul style="list-style-type: none"> Selected expos and missions (e.g. "K", PROPAK/ PROPLAS, Automotive week) Media booking targets e.g. trade publications SA Plastics and Rubber, Food and Beverage Reporter, Packaging & Print Media, Packaging Review, Modern Plastics Worldwide 		<ul style="list-style-type: none"> Coordination and arrangements for attending expos, placing advertisements, etc. Client management services for new investors Follow up where potential investors require further information 	<ul style="list-style-type: none"> Coordination of inward and outward investment missions Support for trade and investment delegations through the national export strategy and Export Marketing & Investment Assistance Scheme (EMIA) Bilateral meetings with key partner countries Assistance with establishment issues e.g. company registration, permits
Wider strategic initiatives	<ul style="list-style-type: none"> Communication of industrial policy framework and action plan, and available incentives to SA industry 	<ul style="list-style-type: none"> Finalise sector development and incentive programmes and communicate to industry and investor targets 		<ul style="list-style-type: none"> Operation and review of incentives schemes (e.g. the Motor Industry Development Plan (MIDP) and the Small and Medium Enterprise Support Programme (SMEDP) review processes)
			<ul style="list-style-type: none"> Inclusion of PP products in trade negotiation offensive positions 	<ul style="list-style-type: none"> Programme of trade negotiations

3.1 The dti (including Trade and Investment South Africa (TISA), Foreign Economic Representatives, International Trade Administration Commission (ITAC))

		▶ Market research to support export development of existing and new investors		▶ Funding of market research and export development strategies
		▶ Continued support for developing downstream clusters, e.g. automotive, food and beverage, etc.	▶ Monitor potential for development of appliances industry	▶ Roll-out of Industrial Policy Action Plan (IPAP) and sector development initiatives

3.2 Polypropylene manufacturers, compounders

	Key activities			Related existing activities
	Immediate	Short-term	Medium-term	
Building strategic relationships	▶ Build relationships with international customers			▶ Current customer relationships and marketing
Image building and investment lead generation	▶ Provide suitable photographs for inclusion into published version of marketing document and slideshow ▶ Provide links to website from home pages	▶ Provide input into marketing document on areas of support ▶ Participate in distributing marketing materials to key customers ▶ Provide updates to marketing documents where necessary		
Wider strategic initiatives	▶ Input into forum for R&D into new PP materials	▶ Increased support for R&D into new PP materials and applications		▶ Industry R&D programmes ▶ Technical support programmes with customers
	▶ Contribute to multi-stakeholder statement on support for investment, and communicate to industry and potential investors	▶ Improve access to rebates, particularly where PP components are exported as part of a finished good		

3.3 The International Marketing Council (IMC)				
	Key activities			Related existing activities
	Immediate	Short-term	Medium-term	
Building strategic relationships	<ul style="list-style-type: none"> ▶ Include PP-related organisations in relationship-building activities 			<ul style="list-style-type: none"> ▶ Provision of information, including economic information ▶ Efforts to address negative perceptions e.g. through business “ambassadors” ▶ Offices in the United Kingdom, India, the United States
Image building and investment lead generation	<ul style="list-style-type: none"> ▶ Provide logo for inclusion into published version of marketing document and slideshow ▶ Provide links to website from home page 	<ul style="list-style-type: none"> ▶ Including PP marketing content in marketing materials 		<ul style="list-style-type: none"> ▶ Overall promotion of the country as a place of ‘possibility’

3.4 Provincial and local investment promotion entities, special purpose vehicles (SPVs)				
	Key activities			Related existing activities
	Immediate	Short-term	Medium-term	
Building strategic relationships	<ul style="list-style-type: none"> ▶ Agree coordination of activities with the dti 	<ul style="list-style-type: none"> ▶ Build relationship with potential investors in their location 		<ul style="list-style-type: none"> ▶ Chief Executive Officers’ forum between TISA and PIPAs (if still active)
Investment tracking	<ul style="list-style-type: none"> ▶ Information sharing with the dti 			
Image building and investment lead generation	<ul style="list-style-type: none"> ▶ Provide logo for marketing document ▶ Provide links to website from home pages ▶ Agree schedule of events and media placement with the dti 	<ul style="list-style-type: none"> ▶ Integrate PP content into marketing materials 		<ul style="list-style-type: none"> ▶ Marketing and information sharing ▶ Overseas missions ▶ Support for identification and negotiation of competitive premises and utilities ▶ Providing additional incentives to investors ▶ Matchmaking of suppliers with “anchor” tenants

3.5 Industry associations (National Association of Automotive Component and Allied Manufacturers (NAACAM), National Association of Automobile Manufacturers of South Africa (NAAMSA), Plastics Federation of South Africa (PFSA), Plastics Converters Association (PCA))				
	Key activities			Related existing activities
	Immediate	Short-term	Medium-term	
Building strategic relationships	<ul style="list-style-type: none"> ▶ Build relationships with international associations, members, etc. 			<ul style="list-style-type: none"> ▶ Information sharing (e.g. industry publications, newsletters)
Image building and investment lead generation	<ul style="list-style-type: none"> ▶ Provide logo for inclusion into published version of marketing document and slideshow ▶ Integration of PP marketing materials as appropriate into current investment promotion materials (applies to NAACAM and NAAMSA) ▶ Inclusion of PP materials into newsletters as appropriate ▶ Provide links to website from home pages 	<ul style="list-style-type: none"> ▶ Referrals to members where international companies express interest 		<ul style="list-style-type: none"> ▶ Trade and investment missions (e.g. NAACAM missions to increase component sourcing from South Africa)

3.6 The Department of Science and Technology					
	Key activities			Related existing activities	
	Immediate	Short-term	Medium-term		
Wider strategic initiatives	<ul style="list-style-type: none"> ▶ Organise R&D forum to collaborate on new PP materials and applications, with: <ul style="list-style-type: none"> – Council for Scientific and Industrial Research (CSIR) and other research centres – Sasol and Safripol – Compounders ▶ Initial focus areas could include: <ul style="list-style-type: none"> – Products for use in SOE expansion plans, e.g. electrical, transport – Products for use in any other large scale research programmes, e.g. SKA – Inclusion of PP in polymer-composites research ▶ Identify obstacles to demonstration and commercialisation of new technologies and work collaboratively to address these ▶ Promote awareness of R&D tax incentive 			<ul style="list-style-type: none"> ▶ Support for collaborative R&D ▶ Strengthening technology and R&D links internationally 	<ul style="list-style-type: none"> ▶ Support for R&D into composites under Advanced Manufacturing Technology Strategy ▶ International networking and relationship building ▶ Research Information Management System (RIMS) ▶ Appointment of research chairs and centres of excellence ▶ Advanced Manufacturing Technology Strategies ▶ Knowledge Economy Forum (across government departments) ▶ Proposed Technological Innovation Agency ▶ Current support by PP manufacturers and compounders

Appendix A: Initial company and organisation list

Please see the accompanying excel file for an initial list of companies and organisations, to be used as the basis for an investment promotion tracking database. Please note that this list should be supplemented with further companies during implementation. The file contains fields for potential inclusion in the database, to be finalised and populated as part of implementation.

Please note that before making initial contact, implementing organisations should do initial desktop research with the aim of understanding:

- ▶ Current locations and investment strategy
- ▶ Main products and value chain stage
- ▶ Any existing links to South Africa