



ROOTED IN THE FUTURE

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0737
28 July 2015

Dr. Rob Davies
The Minister of Trade and Industry
Private Bag X84
Pretoria
Gauteng
0001

Dear Honourable Minister Davies

RE: NOTICE OF INTENTION TO APPLY FOR THE DESIGNATION OF THE MUSINA SPECIAL ECONOMIC ZONE (SEZ)

The Limpopo Economic Development Agency (LEDA), hereby submit this notification to apply for designation of the Musina Special Economic Zone (SEZ), in terms of the SEZ Act 16 of 2014. Musina SEZ is a multi-sites SEZ, comprises of two sites, one in the far north referred to as Antonvilla and the other site is on the South Site, around Musina/Bokmakirie area. The attached diagram provides ease of reference.

In keeping with the government's national policy of regional integration and industrialization, the Limpopo province, through the Department of Economic Development, Environment and Tourism (LEDET), identified Musina as a region with potential for a SEZ. A proclamation was subsequently made by the Minister of Trade and Industry, in this regard.

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BOARD OF DIRECTORS:
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Ms C Mokoma (Group Company Secretary) Mr STM Phetla (Acting Managing Director)
Mr VS Chepape | Mr SC Nkadimeng | Ms K Maroga
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LEDA was subsequently appointed the implementing agent of the SEZ. LEDA has since been working with the Department of Trade and Industry, in various studies to confirm the potential that lies in this region, the feasibility as well as the long term sustainability of this special economic zone.

Technical studies concluded confirms that the Musina SEZ is feasible and that its designation as an SEZ, will further national government's industrial policy objectives. Further, these studies highlights significant economic opportunities, ranging from short to medium and long term in nature. The short (low hanging fruits) to medium term opportunities will anchor the SEZ, whilst long term opportunities with far reaching economic effects and spin offs are being pursued.

The Limpopo Provinces is classified as one of the poorest provinces in the Republic of South Africa, characterized by high unemployment rate, high levels of inequality, and a significant flight of knowledge (so called brain drain).

The process of phase development tied to time line estimates of up to 12 years of SEZ development activities, are seen as an appropriate, long term and sustainable tool to rid the society of it's ills of poverty, inequality and unemployment.

Musina Local Municipality is located in the Northern part of the Vhembe District Municipality in the Limpopo Province. The municipality is strategically placed between South Africa and Zimbabwe and it is also termed as "a gate way into Africa". The Zimbabwe link is one of the busiest roads in Africa. This position and the economic importance provide various opportunities for exploration in this SEZ. During the feasibility study, big logistics companies already showed interest to be part of this SEZ.

The South site of the SEZ has already attracted an investment worth approximately R38 billion. A Memorandum of Understanding (MOU) to develop a metallurgical cluster zone to produce steel and stainless steel products has been signed by LEDA and Hong Kong Mining Exchange group (Hoi Mor). This is a beneficiation project, seeking to take advantage of the beneficiation opportunity presented by the coal deposits, diamonds and other minerals highly prevalent in Musina and its neighbouring areas. Accordingly, the two areas will be developed in a phased manner, summarized as follows:

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□ North Site (Antonvilla)

The farm Antonvilla (referred to in the schematic as Annexure 1) comprises of two portions, one belonging to the Republic of South Africa and the other to the Musina Municipality. The operational rights (or management and control) of the portion that belongs to the Musina Municipality, has through council resolution, already been passed onto LEDA for the establishment of the SEZ. A lease agreement has already being signed between the two parties. Processes are underway to transfer the portion which belongs to the Republic of South Africa to the Musina Municipality and then through a legal framework to LEDA for the SEZ. The Antonvilla farm will be developed for the light and medium industries. Allowance has been made for social amenities, (human settlement, schools, etc) that will support the SEZ establishment, though not necessarily funded by the SEZ funding model. In total, Antonvilla is approximately 3500 hectares and the envisaged development opportunities are as follows:

Short to medium term opportunities

- Logistics:
- 1) Vehicle export preparation (including finishing) and distribution Centre
 - 2) Warehousing and distribution Centers
 - 3) Container Yard
 - 4) Special vehicle conversion Centre (Ambulances, fire trucks etc)
 - 5) Food packaging and processing unit
 - 6) Container repair and reconstruction
 - 7) Vehicle assembly (semi and completely knocked down)
 - 8) Other

This are primary activities and its envisaged that secondary economics, of fuel, services stations, spare parts, food provision, transport provision, and other activities that follows an investment of SEZ size, will also develop.

□ South Site (Musina/Bokmakirie)

The metallurgical cluster zone comprises of 8 plants, which will occupy a total of 6000 hectares. This establishment will be at the South site of the SEZ. The total area available is about 8000 hectares and it is owned by the Mulambwane community, through a Communal Property Association (CPA). The Mulambwane CPA has passed a resolution for LEDA to lease the area for the purpose of establishing the metallurgical cluster. A schematic diagram, indicating the two proposed sites of the SEZ is attached.

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I trust that the above is sufficient to allow us to apply for the SEZ designation. LEDA undertakes to provide all relevant information to substantiate its application.

S T M PHETLA
ACTING MANAGING DIRECTOR

Cc: Honourable Seaparo Sekoati - MEC: LEDET
Mr. Lionel October, Director General, Department of Trade and Industry

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