

The game-changer: Musina-Makhado Special Economic Zone

Revitalising the Limpopo economy through industrialisation.



The Economic Reconstruction and Recovery Plan outlines immediate actions to rebuild the national economy and to provide jobs and relief to the South African people. These actions include an aggressive infrastructure programme, far-reaching reforms to increase our competitiveness and inclusiveness, measures to catalyse industrialisation, relief for vulnerable households and individuals, and a public investment in employment programmes. This plan is a response to a severe economic contraction unlike any we have experienced in recent memory. South Africa is not alone in experiencing an economic crisis of this depth and extent. Unemployment has risen across the world and nearly every economy has shrunk. As President Cyril Ramaphosa has noted, "It is true that the measures that were necessary to delay the spread of the virus and prevent deaths led to a sharp decline in economic activity."

The strategic geographic location of the Musina-Makhado Special Economic Zone (MMSEZ) and its close proximity to the main land-based route into SADC and the African continent, together with supporting incentives and a good

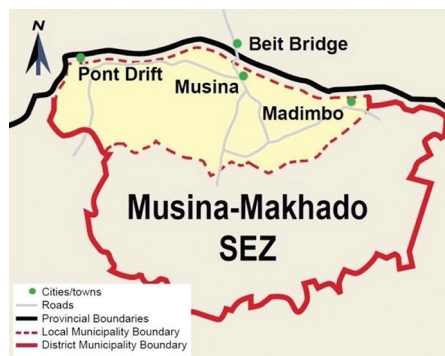
logistics backbone, will make it the location of choice for investment in mineral beneficiation, agro-processing industries, manufacturing and logistics. This will provide job opportunities to the people of Limpopo province currently in need of jobs and skills development. The establishment of the metallurgical cluster in close proximity to the source of raw materials, along with a logistics hub in the SEZ with access to markets, presents unique opportunities for mineral beneficiation, which is a key priority of national government.

Genesis of the MMSEZ

Following the enactment of the Special Economic Zones Act, the Limpopo provincial government submitted a comprehensive proposal on strategic areas for consideration to develop the province's economy through industrialisation to the Department of Trade, Industry and Competition (dtic). The dtic designated the MMSEZ, which has become the flagship of the provincial government. Subsequently, the Musina-Makhado State Owned Company (SOC), a subsidiary of the Limpopo Economic Development Agency was established. This entity is tasked with the responsibility of facilitating and managing the planning and development of the MMSEZ.

MMSEZ business case

The essence behind the creation of the MMSEZ is the establishment of a new industrial hub in the Vhembe District Municipality, which forms part of the Trans-Limpopo Spatial Development Initiative, situated at two locations, Makhado and Musina, each with its own unique industrial focus. The energy and metallurgical cluster (power plant,



LEDET MEC Thabo Mokone, MMSEZ Executive Manager; Investment Promotion Richard Zitha and MMSEZ CEO Lehlogonolo Masoga.

steel plant, stainless steel plant, coking plant, pig iron plant, ferromanganese plant, ferrochrome plant, chrome plating, lime plant, ferromanganese, silicon-manganese and calcium carbide plants and vanadium-titanium magnetite plant) is located on the Makhado side and the Northern Site in Musina is focussing on general manufacturing, agro-processing and logistics.

"The MMSEZ has positioned itself as a platform to revitalise the Limpopo economy through industrialisation. Our focus is to generate much-needed base-load electricity, establish a metallurgical complex, develop a manufacturing hub, enhance agro-processing and to develop a regional logistics centre. The close proximity of



chain. The beauty of the MMSEZ lies in the diversity of opportunities across sectors both at the downstream and upstream with backward and forward linkages. The North-South Corridor makes the Musina-Makhado location a strategic passage for trade between South Africa and the rest of the

Artistic Impression of the MMSEZ.



the Beit Bridge border post and the abundance of mineral and agricultural resources gives the MMSEZ a competitive advantage," says Lehlogonolo Masoga, MMSEZ Chief Executive Officer.

The MMSEZ SOC has another critical responsibility of attracting and mobilising both domestic and foreign direct investment in the identified industrial activities across the value

SADC region and the African continent, further given impetus by the Africa Continental Free Trade Agreement. Limpopo Province has always enjoyed a niche of being a gateway to the rest of Africa as a home to one of the busiest ports of entry, Beit Bridge Border Post. The development of the MMSEZ becomes an ideal platform to cement this strategic socio-economic position of the province.

Agro-processing potential

Vhembe Region is the food basket of Limpopo province as it is endowed with various agricultural resources, some of which are sought after in lucrative world markets. Exotic fruits and vegetables are available in abundance, which creates a viable potential for agro-processing of value-added products for domestic consumption and export markets. Food production has over the years become a multi-billion industry that requires the creativity of entrepreneurs to exploit. Complemented by logistics support, the agro-processing cluster of the MMSEZ is destined to become a big success over the next few years. Various opportunities exist within the agro-processing cluster such as food processing, fresh-produce handling, dry-fruits packaging, food canning, timber processing, furniture manufacturing, etc.

Manufacturing within the automotive sector

South Africa has established itself as the powerhouse of the automotive industry in Sub-Saharan Africa. Over 10% of the vehicles manufactured in South Africa are supplied by road via the Beit Bridge Border post to markets to the north of South Africa in the SADC region. This window of opportunity makes the MMSEZ an

ideal location for various opportunities across the automotive sector value chain such as vehicles and components manufacturing, storage and distribution hub, after-care products distribution hub, tyre manufacturing and distribution hub, etc. The manufacturing cluster of the MMSEZ will provide a platform for various Original Equipment Manufacturers to manufacture products in the SEZ for both domestic consumption and export markets in Africa and beyond. A strategic opportunity exists for manufacturers of products such as fertilisers, agro-chemicals, industrial chemicals, steel fabrication, etc.

Sustainable development

The South African Constitution enjoins us to pursue economic development in a sustainable manner and preserve the environment for the benefit of current and future generations. Section 24 states that everyone has the right to an environment that is not harmful to their health or well-being and to have the environment protected for the benefit of present and future generations, through reasonable legislative and other measures, that prevents pollution and ecological degradation, promotes conservation and secures ecologically sustainable development and the use of natural resources while promoting justifiable economic and social development. This constitutional provision is supported by the National Environmental Act (NEMA) which provides that negative impacts on the environment and on people's environmental rights must be anticipated and prevented, and where they cannot be altogether prevented, are minimised and remedied.

Our country aspires to be a sustainable, economically prosperous and self-reliant nation state that safeguards its democracy by meeting the fundamental human needs of its people, managing its limited ecological resources responsibly for current and future generations, and by advancing efficient and effective integrated planning and governance through national,

MMSEZ CEO Lehlogonolo Masoga at the launch of the MMSEZ Corporate Identity. Credit: MMSEZ



regional and global collaboration. Our application for the environmental impact assessment (EIA) was guided by the above fundamental values, principles, directives and the entity's environmental, social and governance (ESG) policy provisions. We recognise that sustainable development and sustainable use and exploitation of natural resources are at the core of the protection of the environment.

The months of September and October 2020 were dedicated to a public consultation process for the EIA application for the South site, energy and metallurgical cluster. The outcome of the EIA process indicated that the benefits of the MMSEZ will potentially promote justifiable economic and social development although a negative impact upon the environment will become inevitable. The ultimate goal of the EIA process is to protect ecologically sensitive areas and support sustainable development and the use of natural resources, whilst promoting justifiable socio-economic development in the location of the project. In our endeavour to ensure the effective implementation

of the mitigation and management actions, an environmental management plan has been developed to provide mitigation measures necessary to ensure that the project is planned, constructed, operated, and decommissioned in an environmentally responsible manner.

The Draft EIA Report identified and assessed all the potential impacts of the project as well as the proposed mitigation measures and management actions. Various specialist studies have been conducted beyond the approved EIA scoping report which included the aquatic impact assessment, ecological impact assessment, heritage impact assessment, palaeontology / archaeology impact assessment, soil and land capability assessment, visual impact assessment, climate change assessment, air quality assessment, socio-economic assessment, noise impact assessment, health impact assessment, traffic impact assessment, water assessment, high-level energy study, economic analysis, biodiversity study, biodiversity offset study, biodiversity offset strategy, waste impact assessment, town-planning



Artistic Impression of the MMSEZ.

impact assessment, tourism and food security study, security of water study, energy requirement study and energy generation technology options.

Integrating SMMEs within the SEZ

Special Economic Zones are predisposed to attract foreign direct investment which could translate into blue-chip international enterprises locating in the zone. Although it is a good thing to attract international companies to locate in the SEZ, this should not happen at the expense of local enterprises. Skills and technology transfer forms an integral part of the essence of the SEZ phenomena. In the MMSEZ, SMME promotion and integration is inherent to the business model. An instrument

has been developed in the form of an Enterprise Development Strategy to mainstream SMMEs development into the life cycle of the MMSEZ.

The strategy is supported by an ambitious programme to develop an SMME Incubation Centre as a platform for entrepreneurship excellence, creativity and skills and technology localisation.

The MMSEZ is partnering with the Department of Small Business Development to roll out this magnificent initiative. During the month of October 2020, a Memorandum of Agreement was concluded with the Council for Scientific and Industrial Research (CSIR) to collaborate on supporting SMMEs in the MMSEZ and ensuring technology localisation through various initiatives across sectors.



Lehlogonolo Masoga has been a driving force behind the development of the MMSEZ.

Developing small towns into cities

The MEC of Limpopo Economic Development Environment and Tourism (LEDET), Mr Thabo Mokone, stated on the occasion of the launch of the MMSEZ Corporate Identity, "We are pleased that finally the province has established a capable and agile entity seized with a mandate to implement the MMSEZ. Our ambition is not just to build an industrial park but rather to use the SEZ as a catalyst to unlock a plethora of other economic opportunities, including the potential of realising a new Smart City in our province." It is our anticipation that the MMSEZ as a mega-industrial project will transform the spatial configuration of the two towns of Musina and Makhado. According to the external masterplan report, the two towns requires an investment of R133-billion in socio-economic infrastructure such as roads, rail, human settlement, schools, health facilities, ICT infrastructure, airport, electricity, water and sewerage.

Catalytic projects such as the envisaged High-Speed Rail Project connecting Johannesburg and Musina will add the much-desired impetus of engendering the creation of a new smart city. The province is currently developing a model for a new smart city based on the principles of smart economy, smart mobility, smart housing, smart environment, smart governance, artificial intelligence and the internet-of-things. With the creation of opportunities for local people to earn a decent income, entrepreneurs to create wealth and investment in socio-economic infrastructure, such conditions will lay a solid base for the new smart city to take shape.



Investment opportunities outside the zone

SEZ projects are by their nature catalytic. They stimulate growth and development which is felt outside the delimited geographic space. In Musina and Makhado towns various stimulus packages have been identified as investment opportunities for the private sector outside the confinement of the SEZ spaces. Among such opportunities are the new Musina Dam, High Speed Rail Project, Manaledzi Mega Housing Project in Makhado, Musina Airport, MMSEZ human settlement, private hospital, private schools and training centres, retail property and hotels.



The launch of the MMSEZ Corporate Identity.

It is for this reason, among others, that the Musina-Makhado Special Economic Zone is "a world of game-changing opportunities". ■

CONTACTS		
MUSINA-MAKHADO SEZ SOC	MS TSHAMAANO MAKUYA	MR RICHARD ZITHA
29 Market Street,	Stakeholder Relations Manager	Executive Manager: Investment Promotion
Polokwane,	Tel: +27(0) 15 295 5120	Tel: +27(0) 15 295 5120
Limpopo Province (RSA)	Cell: +27 (0)67 411 9192	Cell: +27 (0)71 391 8188
	Tshamaano.Makuya@lieda.co.za	Richard.Zitha@lieda.co.za