



The Atlantis Greentech SEZ: Resilient, low-carbon, socially inclusive industrialisation

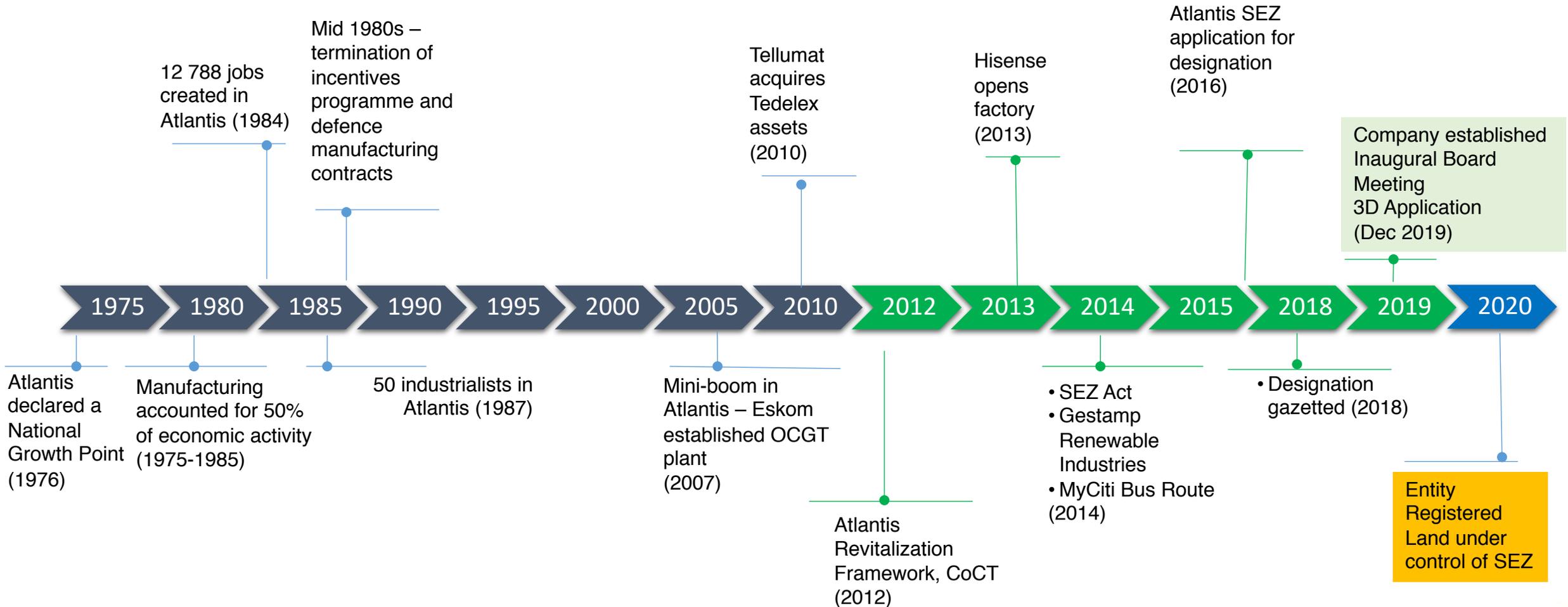
Matt Cullinan and Ursula Wellman, Atlantis SEZ

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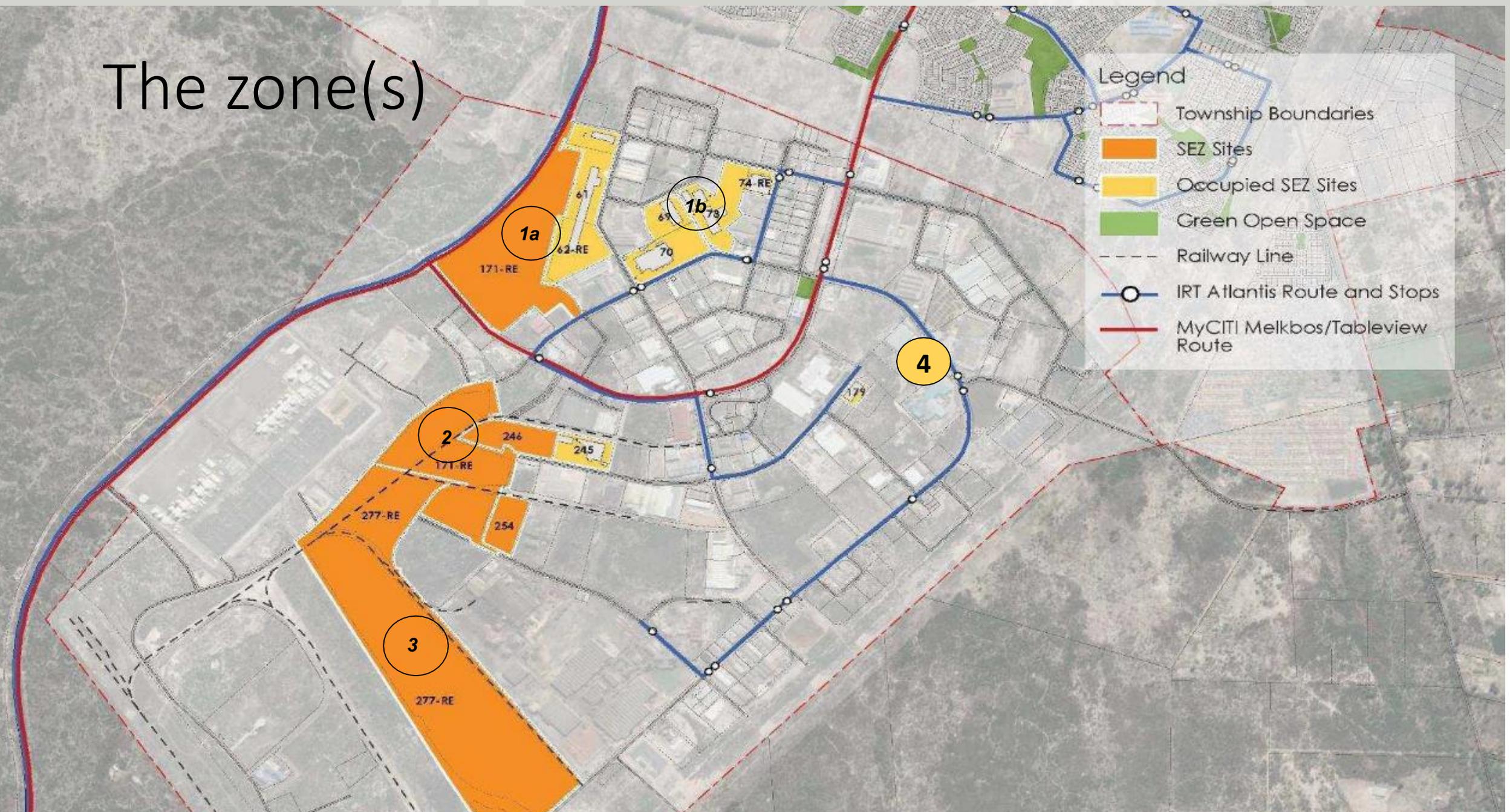
Atlantis SEZ location



The Atlantis Journey



The zone(s)



Legend

- Township Boundaries
- SEZ Sites
- Occupied SEZ Sites
- Green Open Space
- Railway Line
- IRT Atlantis Route and Stops
- MyCITI Melkbos/Tableview Route

What is greentech and why is it important?

Lower Carbon



Resource efficient



Socially inclusive

- Mitigates and/or reverses impact of human activity on environment.
- Includes renewable energy, energy storage, energy efficiency, water efficiency and management, greener packaging, recycling and green chemicals.
- Resource-efficient producer employs processes, products and services to increase the resource-efficiency of production and to reduce pollution and minimise negative impacts on humans and the environment.



The background of the lower half of the slide is a solid light green color. It features several large, stylized, overlapping leaf shapes in various shades of green, creating a decorative pattern. The text "Putting the 'special' into economic zone" is centered in the lower right area of this section.

Putting the 'special' into
economic zone

Two views of role of special economic zones

- 1) An economic zone with incentives
 - 2) A zone which seeks to actively experiment with, and explore, industrial policy approaches and responses which would not be acceptable or too risky (unknowns) or too disbursed to apply across the board in a country
- In both cases the goal remains – to support SA’s industrialisation and industrial policies. The difference between trying something new/different that could have impact vs an incentivised version of new industrial development.
 - In SA we have typically followed the first view – a zone with incentives – an even the act sees the appointment of operator to ‘implement’ and run the zone.
 - However, the view expressed here is that we should adopt the second approach – to push the boundaries of policy. There is growing agreement that China started its SEZs as economic policy experiments.



SEZs as policy experiments

- Design zones based on the problem you are trying to solve.
 - Is the SEZ the right tool?
- If an SEZ is the right tool – it is a big political and capital investment. So if you are going to do it – then go big/radical with the experiment.
- Make it special. Need to understand why investors come and know what you are going to do to make it worth it for them (and you).



SEZs and Industrial Policy

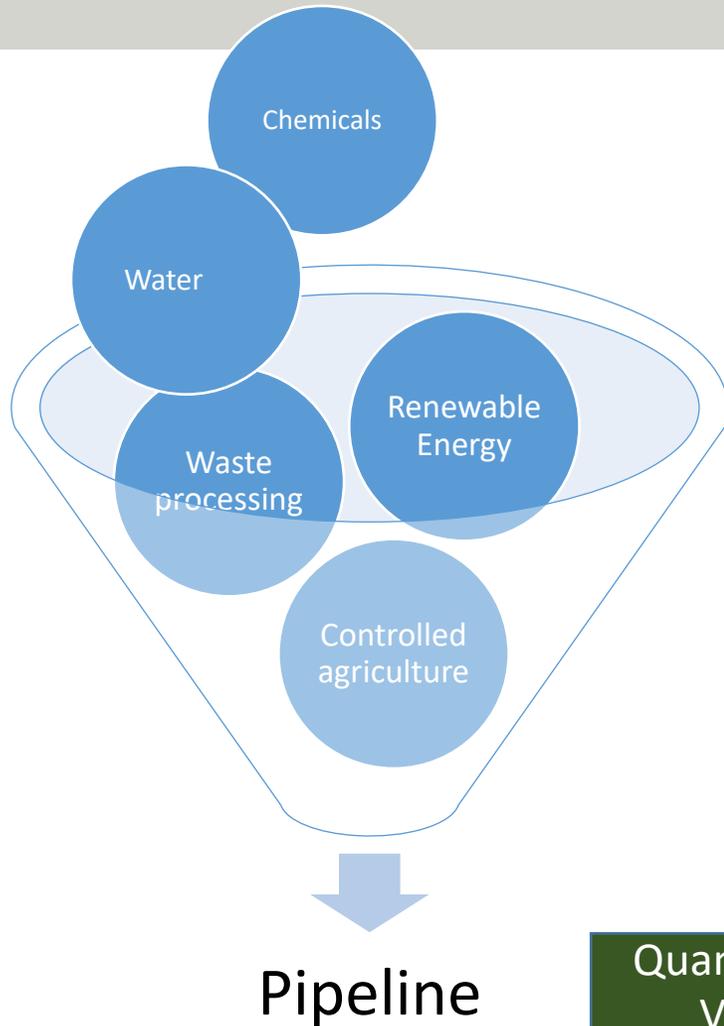
- Aside from making the zone ‘special’, the success of SEZs also depends on a variety of fundamentals without which it will be very difficult to succeed, these include
 - Location (ports)
 - Governance/role of entity (investment facilitation and inter-sectoral collaboration) and
 - Quality of infrastructure and services provided
 - Impact is enhanced through ‘spillovers’ – skills and enterprise benefits to communities and connections to value chains in the context of broader industrial development imperatives
 - Enabling and stable policy environment is essential
 - Expecting investment incentives to do the trick does not work
-
- Being Special: The Atlantis Greentech SEZ is about exploring a trajectory towards a low carbon and resource efficient future whilst growing social inclusion
 - benefitting from the growing domestic and global market in greentech.
 - Being bold: Actively experimenting with zero carbon, resource efficient and socially inclusive industrialisation – green economy fundamentals.





Not (just) about the incentives –
the GRI ‘policy certainty’ story

Existing and new investors prior to designation



*In collaboration with
Wesgro, GreenCape, Invest
Cape Town, InvestSA
(DTIC)*



Secured prior to designation

Successes to date

**R680m total investment
attracted into the SEZ**

R130m

Geotextiles, expansion

R175m

Wind tower manufacturing,
expansion in 2015

R300m

Wind tower
manufacturing, 2014

R25m

Wind tower internals

R50m

Double glazed windows,
expansion



Policy certainty

- Atlantis Manufacturing Hub set-up by City of Cape Town in response to REIPP and to attract manufacturers in a cluster
- Atlantis also has advantages in terms of location (two ports), vacant, serviced, zoned and large tracts of land made available by City of Cape Town
- Also history of industrial skills to draw from
- REIPPPP's success is its focus on localisation, **stimulating local manufacturing** of inputs, but also its key contributions to **socio-economic drivers in the local communities surrounding** the energy plants – good fit for government objectives
- To date, over R1bn has been invested in education initiatives that include support for teachers as well as providing additional teachers and classrooms. Enterprise development programmes have contributed to over a 1000 small businesses being established in these communities. In addition to these investments community projects also include feeding schemes, support within the Early Childhood development sector as well as for the elderly. Moreover, to date over 600 bursaries have been awarded to students from under resourced communities.



Gestamp Renewable Industries (GRI)

- GRI investment made in 2014/15 off the back of the REIPPP programme and City of Cape Town Green Manufacturing Hub offerings.
- GRI is a steel wind tower manufacturer
- Initial investment was approximately R300 million, with an initial 250-300 jobs (they subsequently invested a further R175m).
- Project won awards and accolades from UNCTAD for the speed with which it got going – a record 11 months from procuring the land to production
 - rapid turn-around included streamlining of the land transaction process
 - the approval of the building plans
 - pre-emptive work done, including environmental authorisation for site clearing, and
 - Existing bulk infrastructure, skills and road access
 - CoCT development contribution and electricity incentives
- NO SEZ incentives
- Subsequently attracted other industries in the cluster (wind turbine internals and manufacture inputs)



Suite of incentives

- SEZ
 - Preferential 15% corporate tax rate
 - Building allowance (accelerated depreciation)
 - Employment tax incentives
 - Customs Controlled Area
- City of Cape Town
 - Attractive lease arrangements
 - Fast-tracked approvals
 - Special incentive electricity tariff
 - 12i tax allowance
- National



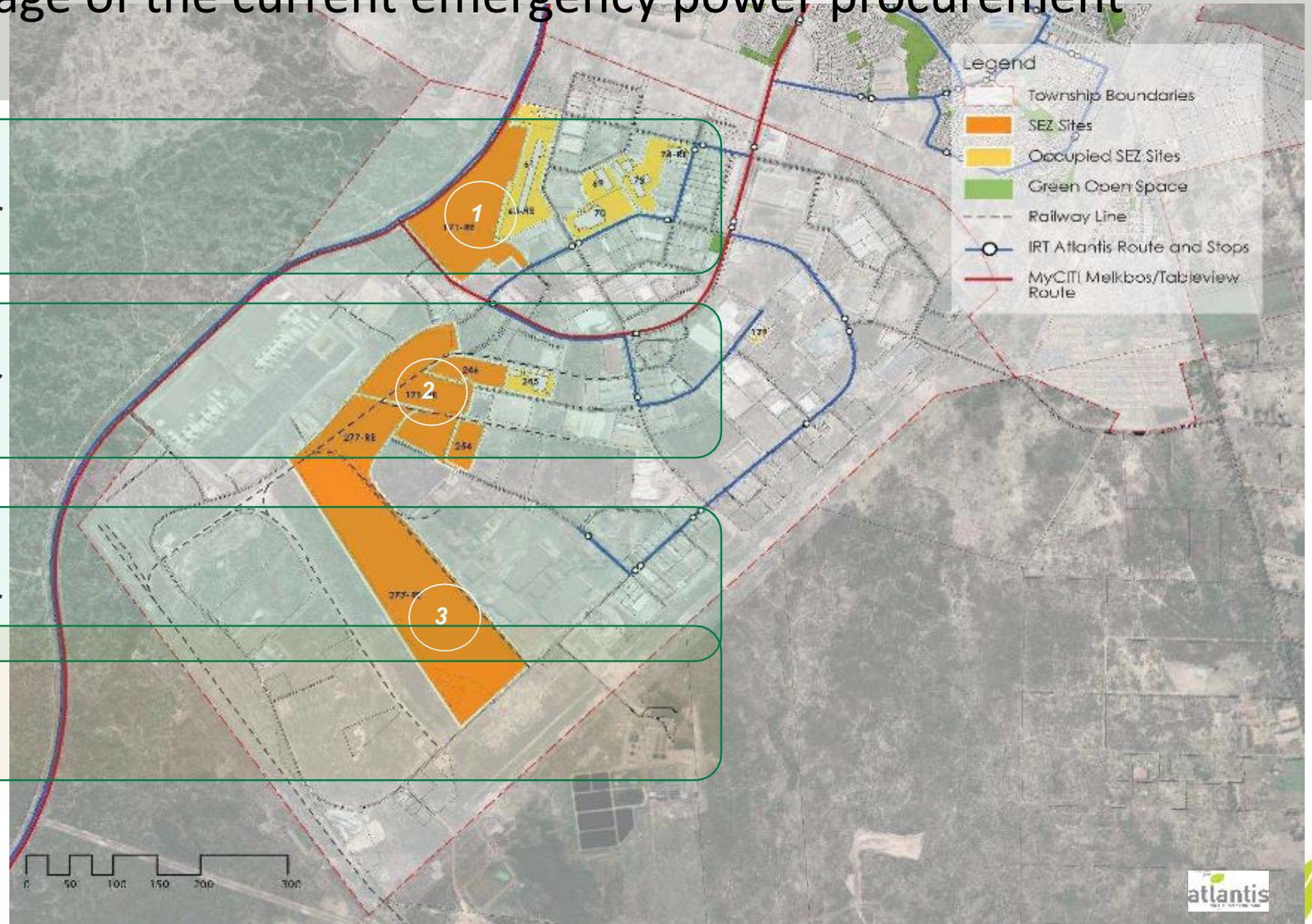
Environmental authorisations for site construction and gas-to-power – Ability to take advantage of the current emergency power procurement programme

Province: Environmental Authorisation for **Green Tech Manufacturing Cluster**

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Province: Environmental Authorisation for **Green Tech Manufacturing Cluster**

National: Environmental Authorisation for **Gas-to-Power**

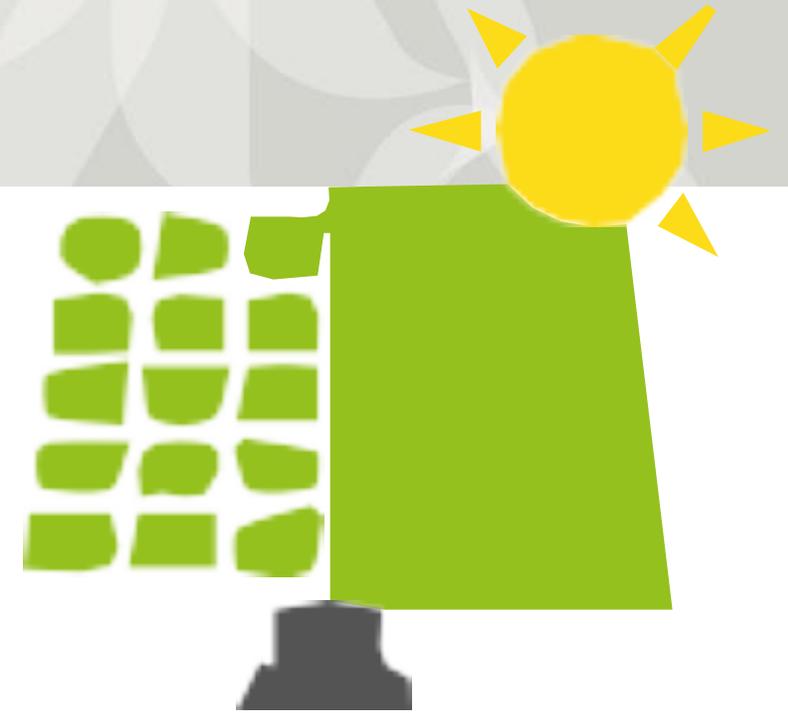


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Living Lab

Greentech Living Lab

- Greentech Living Lab is industrial experiment and what makes the zone special
- Living Lab, builds on the three principles underpinning the SEZ Greentech approach:
 - Lower (zero) carbon
 - Resource efficient, and
 - Socially inclusive
- These principles guide which investors are considered greentech and able to invest.
- With the living lab concept, these principles are extended into how the park is run and managed



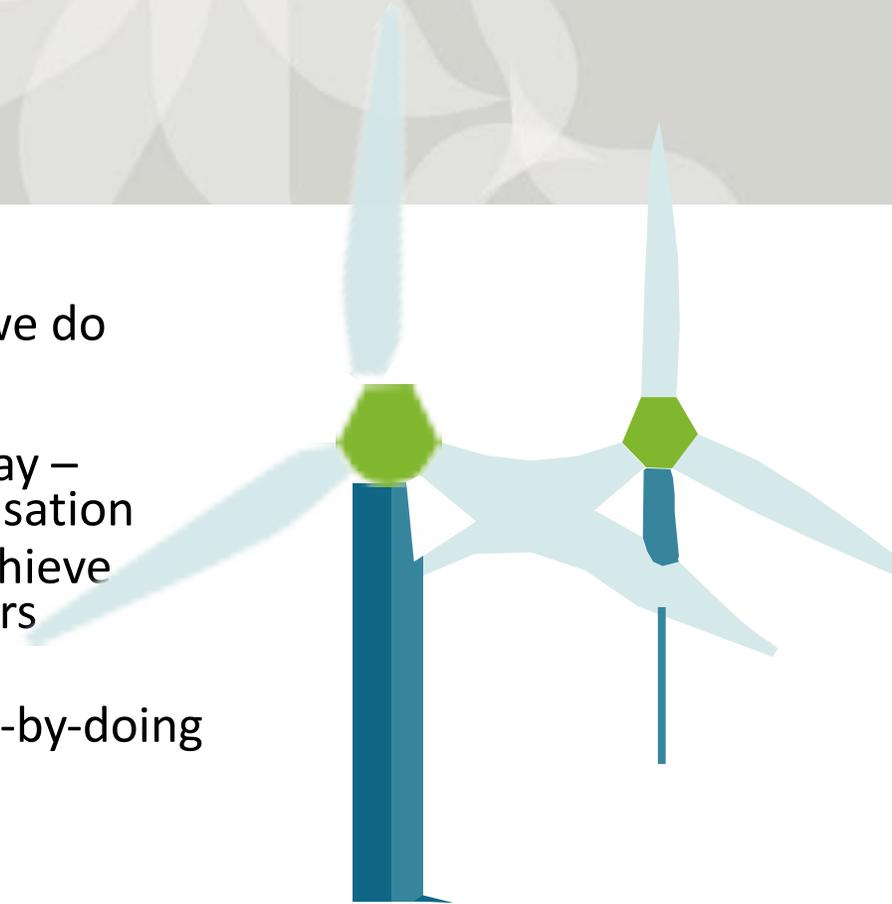
Learning and doing

- The term, “living lab” purposefully used
 - SEZ as an opportunity to show-case greentech industrial processes and services
 - Living examples of what can be done, along with the associated challenges and opportunities of operating green zone
- Benefits for investors – aiming for:
 - reduced service costs
 - green production certification
- For community
 - Focus on inclusion
 - Focus on spillovers and skills and enterprise development



Living Lab – goals

- Low carbon + resource efficient + socially inclusive in everything we do
- Share insights and lessons
- Build on success and encourage all industrial areas to work this way – testing a policy and practical framework for sustainable industrialisation
 - In future all industrial development will be done this way - achieve sustainability, grow the circular economy and tackle the drivers exacerbating the climate crises.
- Collaboration and partnerships as a basis for innovation and learn-by-doing
 - GIZ/DTIC – water
 - CSIR – scientific expertise across the board
- Alternative funding
 - Covid-19 – and fiscal constraints – need to explore different funding opportunities – collaboration and partnerships too
 - E.g. UK funding for feasibilities



Living lab and differentiators



Greentech hub to foster innovation



Material recovery facility



Private response: mixed use hub



Green building demonstration village/ entrepreneurs in residence



Waste digester facility

where green tech grows



Conclusion

- The industrial policy 'experiment' that makes the Atlantis SEZ special:
- Recognising that whilst policy certainty is critical, fiscal incentives are less so. The focus is on enabling investors (strong business support and facilitation) and providing reliable, affordable and high quality infrastructure and services.
- Focus on partnerships and collaboration to leverage expertise, technical assistance, knowledge and funding.
- Pursuing lower carbon, resource efficient and socially inclusive ways of running and operating the zone. Actively learning by doing and sharing lessons as a means of advancing the SDGs and the green economy. If successful, a basis for industrial policy of the future around resource efficient, circular and sustainable manufacturing.
- Building an SEZ that is geared towards enhancing and maximising the spillover benefits and impacts of the SEZ through skills and enterprise development (worker mobility, transfer of knowledge, skills sharing) and sharing of knowledge and lessons, including partnerships and working relationships across government, civil society and other entities and enterprises.
- Spatial agglomeration (clustering) in terms of helping growth enhancing mechanisms through intersectoral linkages – forward and backward – manufacturing firms inside with those outside to enable productivity spillovers. Building regional value chains connected to the green economy.





Thank you

A stylized graphic of several overlapping, light green leaves, positioned to the right of the "Thank you" text.

Matt Cullinan
Infrastructure Executive
matt@atlantissez.co.za
www.atlantissez.co.za

Atlantis is ready



- industrially-zoned land
- environmental authorisations for clearing and building (and for gas-to-power)
- bulk infrastructure in place
- public transport and shipping links
- skilled workforce with industrial and manufacturing heritage and knowledge
- fibre connectivity
- dedicated SEZ team available to support the investor on their journey

- living lab – skills and enterprise development programme already running and working toward certified green energy, water stewardship and waste minimization
- working with industrial symbiosis programme for added savings
- long-term infrastructure and development plans to guide growth

