



COMPANY FORMATION IN SOUTH AFRICA

MAIN FORMS OF COMPANY/BUSINESS IN SOUTH AFRICA

KwaZulu-Natal is South Africa's second largest economy, contributing on average, 16.0% (2013) to the country's GDP. It also boasts the third highest export propensity and the second highest level of industrialisation in the country. As my office is located in Kwa-Zulu Natal, I have chosen to deal with this province rather than the rest of South Africa.

Manufacturing is the key sector in KZN, contributing an average 15% to the provincial GDP, and generating an almost equal 14% of the provincial employment. KZN's manufacturing sector is also the second largest in the country after Gauteng Province. 22% of South African manufacturing GVA is KZN-based, compared to 41% for Gauteng.

Coal export, commerce, forestry, fruit, manufacturing (chemicals, textiles, paper and paper products), steel, sugar, tourism, transport and communications are sectors having a bigger share of the Provincial GDP.

In addition to the strong manufacturing base (18.3%) KZN also boasts a solid finance, real estate and business services sector (17%), and an enviable trade and tourism sector (13.6%). With two of Africa's busiest seaports, and world class road and air infrastructure in our shores, there is no wonder why the province's transport and logistics sector is a sight to behold. 22.4% of national transport GVA, (second only to Gauteng Province at 34%).

Though there is some mining of coal and aluminium happening in this province, the contribution to the economy is still very low, which increases an underlying opportunity to exploit collieries which have closed down or explore unexplored mines.

KZN's agriculture, forestry and fishing sector, although the smallest contributor to the provincial economy (4.7%) is the leading contributor to the national output in this sector (a solid 26%), and is trailed at 23% by the Western Cape.

CULTURAL CONCERNS RELATED TO ESTABLISHING A COMPANY

South Africa is referred to as the Rainbow Nation. The country is home to a diverse group of people with different cultural, linguistic and religious backgrounds - it is not one ethnic society. The national identity is therefore complex and difficult to generalize.

The government's goal has been to end racial discrimination and develop a unique identity based on being South African rather than anything else. Although work has begun, the dream of a "rainbow nation" remains difficult to realise.

OTHER COUNTRY-SPECIFIC ISSUES RELATED TO ESTABLISHING A COMPANY

South Africa has a 'hybrid' or 'mixed' legal system, formed by the interweaving of a number of distinct legal traditions: a civil law system inherited from the Dutch, a common law system inherited from the British, and a customary law system inherited from indigenous Africans (often termed African Customary Law, of which there are many variations depending on the tribal origin).