



SOUTH AFRICA

IN MANY ways, South Africa is the ideal high growth market for UK companies to set their sights on. The UK and South Africa are natural trading partners, English is the main business language and there are similar legal systems and business cultures.

The UK is one of South Africa's most significant trading partners with over £7bn in two-way trade in goods and services.

In recent years there has been significant investment in South Africa by household British names such as Barclays Bank, Rolls Royce, Cadbury's, Vodafone, Virgin Mobile and Associated British Foods.

This demonstrates that South Africa has enormous potential as an investment destination for UK companies, and with the 2010 FIFA World Cup(tm) in South Africa just around the corner, UK companies are already active in the country in the build-up to the world's biggest sporting event.

In global terms South Africa offers a unique and compelling package: the stability of a developed country, the opportunities of a vibrant emerging market, and a cultural climate that fosters growth.

Opportunities abound at every level. South Africa is hungry for UK innovation and the UK is already a major contributor in a wide swathe of technological developments.

What are the opportunities?

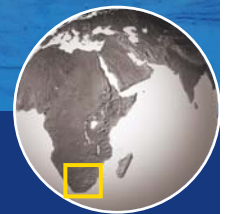
UKTI has identified five priority sectors for UK companies in South Africa:

- Agriculture
- Education and skills
- Water and environment
- Power
- Sports and leisure

Six opportunity sectors have been identified for UK companies in South Africa:

- Advanced engineering
- Construction
- Creative industries
- Financial services
- Life sciences
- Rail
- Airports

There are challenges of course for UK companies, but no foreign or South African company operating in South Africa is exempt.



Case study: TRIMEGA LABORATORIES

Trimega Laboratories is a British R&D company whose substance misuse testing products are used by regulatory bodies, solicitors, courts and local authorities in the UK and overseas and which holds ISO 9001 certification for its quality management systems with LRQA.

Managing director Avi Lasarow initially contacted UK Trade & Investment in January 2007. Working with London International Trade Adviser Lorraine Vanzie, the company signed up to the Passport to Export Scheme in February 2007 and developed an export strategy based on exploiting new market niches in areas with few competitors and split between the USA, Germany and South Africa.

Initially, Trimega looked at the German market. In collaboration with the University of Berlin, it researched opportunities for drug testing using hair samples. A UKTI seminar on opportunities in South Africa then prompted Avi to establish Trimega in this market as well. The company had been intending to locate an operational team there for some time, but frequent

power cuts had raised doubts over the practicality of this. The presentation given at the seminar by Paul Boateng, British High Commissioner in South Africa, dispelled these doubts.

Trimega is now in the final stages of South Africa's first ever roadside drug testing project involving various Law Enforcement agencies. Trimega has transferred knowledge gained in the UK and Germany and provided expertise together with its local partner Real World Diagnostics on specific issues relating to recommending rapid drug testing products and how they should be used in the field.

Of the support Trimega has received from UKTI, Avi Lasarow says: "The encouragement from Lorraine and the assistance provided under Passport to Export have given Trimega the confidence to source a new technology from Germany and then commercialise it. We recently signed up our first US distributor and have already had sales into the US judicial system. Trimega has also had contact from a major US airline wanting to test 2,500 pilots."

Crime, bureaucracy and red tape raise some concerns as does the regular power cuts.

Broad-Based Black Economic Empowerment legislation means UK companies seeking to set up, or to create

partnerships in South Africa, have to be aware of the new rules.

Another challenge generated by growth is the need for a better trained workforce in every type of work from manual to tertiary services.