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The Chairman

Date: 2 October 2018

Ports Regulator

Private Bag X54322

Durban

4000

Dear Sir/Madam

OUR COMMENT ON THE PORT TARIFF INCENTIVE PROGRAMME AND LETTER OF SUPPORT FOR THE OSHO CEMENT PTY(LTD) APPLICATION FOR THE REDUCTION OF CARGO DUES SPECIFIC TO THEIR PROJECT IN COEGA SPECIAL ECONOMIC ZONE (SEZ) IN PORT ELIZABETH, EASTERN CAPE PROVINCE.

BACKGROUND AND PURPOSE

The Coega Special Economic Zone (CSEZ) has seen steady investment progress with many factories setting up in the CSEZ and many more in the investment pipeline. Industrial development in the region act as a direct support mechanism to the local economy of which OSHO Cement is already a key contributor through their cementitious manufacturing project.

The purpose of this letter is to indicate that CSEZ support OSHO Cement's request for reduced cargo dues on production input raw material. The primary motivation for these Coega Projects is to stimulate investment and economic growth within the Eastern Cape region and South Africa. One of the strategic objectives for Coega is to compete globally for investments and to grow local beneficiation projects and the SEZ being the ideal place for companies to be setup and transforming their raw material into products for export with additional advantage based on

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beneficiation incentive offered by the South African government. This will be accomplished through the support from various government departments including Coega SEZ.

The Coega Development Corporation (CDC) understands that establishing new operations will provide significant economic benefits to the local community in the Eastern Cape, more specifically in Nelson Mandela Bay Metropolitan (NMBM), through job opportunities and regional economic diversification. The Industrial Policy Action Plan (IPAP) speaks to the diversifying of the economy by providing strong support for value added manufacturing and beneficiation.

OSHO Cement's project will contribute and enable the region and the country to develop itself into a globally competitive destination for foreign and local investment. The Coega SEZ has been designed so as to facilitate an expansive manufacturing industry base with infrastructure, policy and service offerings aimed at supporting the beneficiation of local resources. This is aligned to government support to unlock key landside developments for the Manufacturing and Metals cluster.

Through this project the CDC aims to establish the platform for additional companies to locate in the CSEZ. The enabling infrastructure put in place by the CDC for local and international investors, will enable and support SMME's that want to enter into the manufacturing sectors. There are upstream beneficiation opportunities for the SMME's which will also further the economic growth of the region.

The OSHO Cement project has considerable socio-economic benefits for the SEZ, Nelson Mandela Bay Metropolitan and the Eastern Cape Province. The CDC has contractual arrangement which is clear that both the CDC and OSHO Cement has made significant progress towards government goals of reducing unemployment, increasing investment and contributing to the South African tax base through the various aspects within this project.

The OSHO Cement project has CDC's full support as a project in the manufacturing industry, which give rise to various engineering and related sectors involving large amount of the SMME's creating and enablement to tap into the economic growth that will be brought about by the existence of a Cement grinding facility or manufacturing plant. This will create a vast amount of employment, and skills. We support the project as it will support the following aspects;

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Jobs

As an investor, we believe this will contribute towards the manufacturing industry in our region with potential direct and indirect jobs including jobs downstream. This excludes the economic purchasing power and value. Various construction jobs building the manufacturing plant and landside infrastructure will also be created thus increasing the job component. The project thus possesses huge potential and thus we support this project in joint collaborative effort from the various State Owned Enterprises.

Prioritised Sector

The manufacturing sector and industry fall within governments and part of the prioritised sector of the Provincial Industrial Development Strategy (PIDS) including the national benefiting imperative. This industry will complement the engineering sector and the current major employment auto sector in the region thus creating a more diversified NMBM economy from being focussed and driven by an auto sector.

New Skills and Training

The local university has various engineering qualifications which include related engineering degrees thus with the OSHO project it will contribute and increase the knowledge base in this industry. This will complement the engineering sector, and will ensure that there is diversification of skills in the province.

SMME Participation

The project provide the ideal opportunity for SMME participation as it will involve various skills set and business activities.

We trust that the above motivation will be considered favourably.

Yours sincerely,



M.Sadick Davids

Manager: Business Development
Coega Development Corporation

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