

# Western Cape

## Destination Fact Sheet



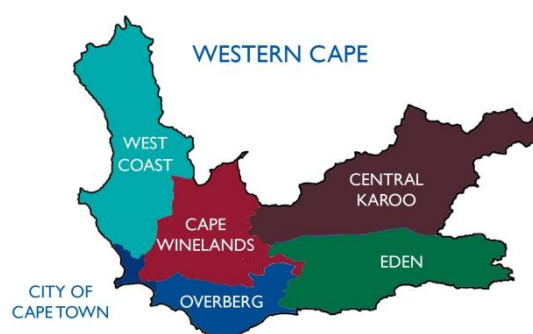
WESGRO

THE WESTERN CAPE DESTINATION MARKETING,  
INVESTMENT AND TRADE PROMOTION AGENCY –  
SOUTH AFRICA

### 1. Area

The Western Cape is geographically, the 4th largest province in South Africa, occupying 129,462km<sup>2</sup>, approximately 10% of the total area of South Africa. The province is divided into the following six district municipalities:

- City of Cape Town
- West Coast
- Cape Winelands
- Overberg
- Eden
- Central Karoo



### 2. General Information

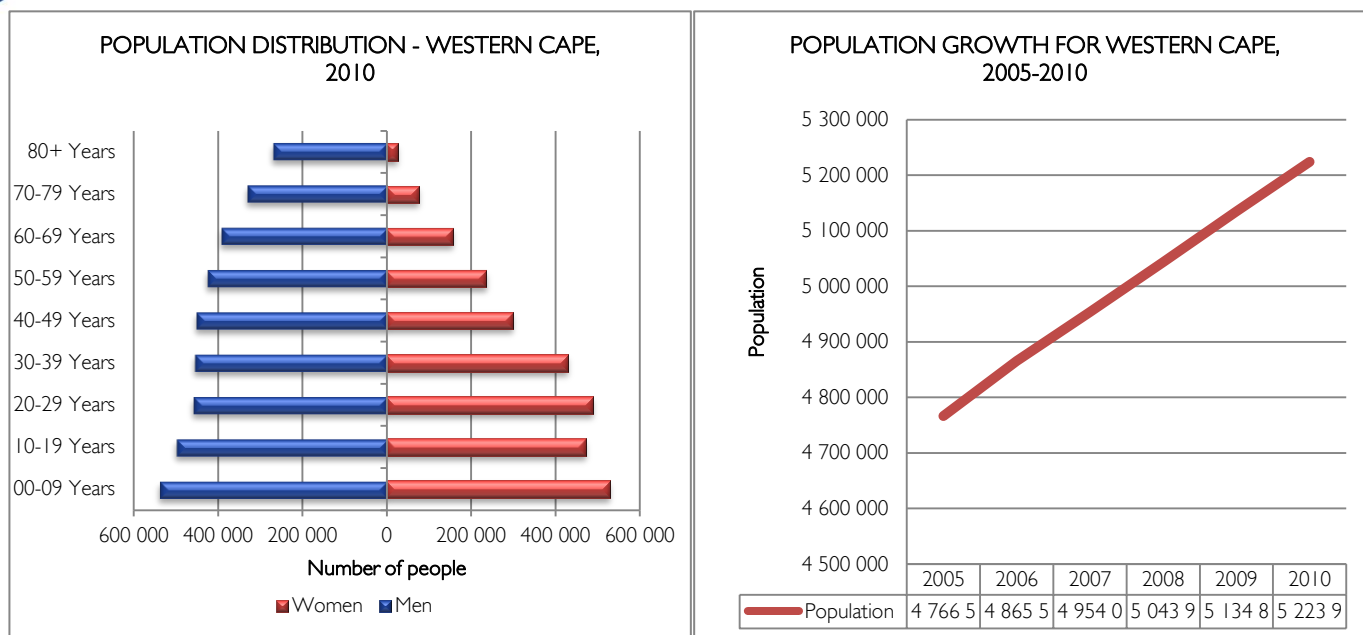
GENERAL INFORMATION	
Population	5, 223, 908
Capital	Cape Town
Head of Government	Premier Helen Zille
Official Language(s)	Afrikaans (55.3%), Xhosa (23.7%), English (19.3%)
Ethnic groups	Coloured (50.2%), Black (30.1%), White (18.4%), Indian/Asian (1.3%)
Religion(s)	Mainline Christian (41.6%), Pentecostal Christian (7.6%), African Independent Churches (20.4%), Islam (6.5%)

Source: StatsSA 2010; Western Cape Government, 2011

### 3. Demographics

The population for the Western Cape for 2010 is estimated at 5.22 million people and represents approximately 10% of the total national population. The population has continued to grow over the past 6 years at a rate of 9.6%.

The population is relatively young with 56.21% of the regional population being younger than 30 years of age. Furthermore, approximately 51.9% of the population is female. This ratio becomes more pronounced, the older the sample range becomes. The Western Cape is one of two provinces (the other being the Northern Cape) with a predominantly coloured population. According to the most recent population census the coloured demographic group represents more than 50% of the total population of the Western Cape; this is followed by the Black, White and Asian demographic.



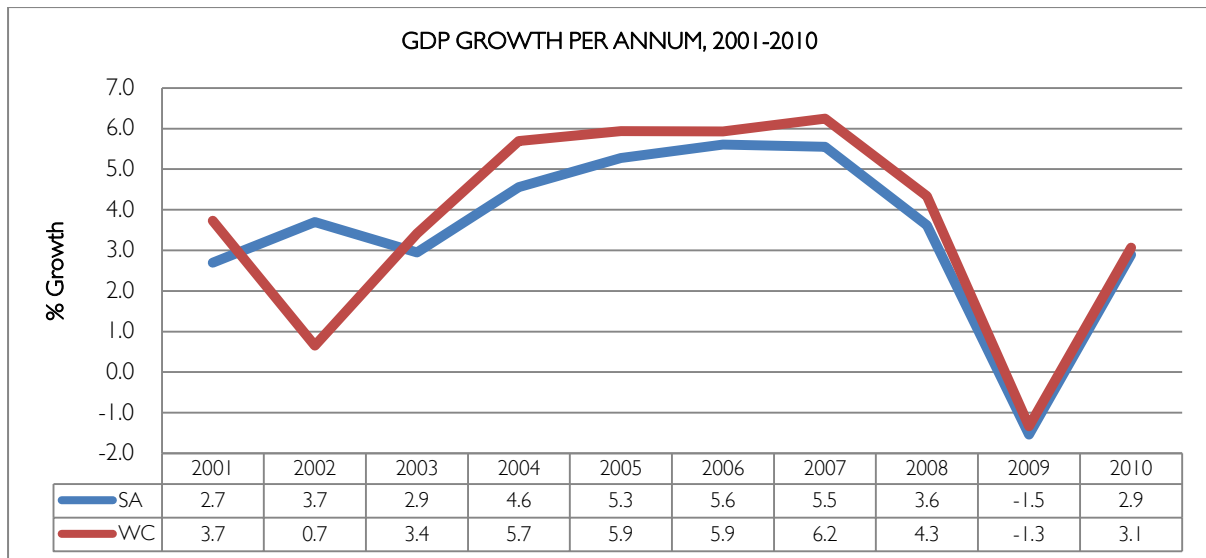
Source: Quantec, 2012

### 3. Economic Overview

ECONOMIC INFORMATION	
GDP (value added at basic prices) (2010)	ZAR243.31bn
GDP growth (2011 est.)	3.1%
GDP per capita (2010.)	ZAR46 577 489.05
Inflation (April 2012)	6.1%
Interest rate (June 2012)	5.5
Unemployment rate (2001)	22.4%
Doing Business in... (2012 ranking)	35
Exports (2010)	ZAR54.7bn
Imports (2010)	ZAR140.34bn
Inward FDI (Jan 2003-April 2012)	ZAR74.85bn
Outward FDI (Jan 2003-April 2012)	ZAR45.96bn

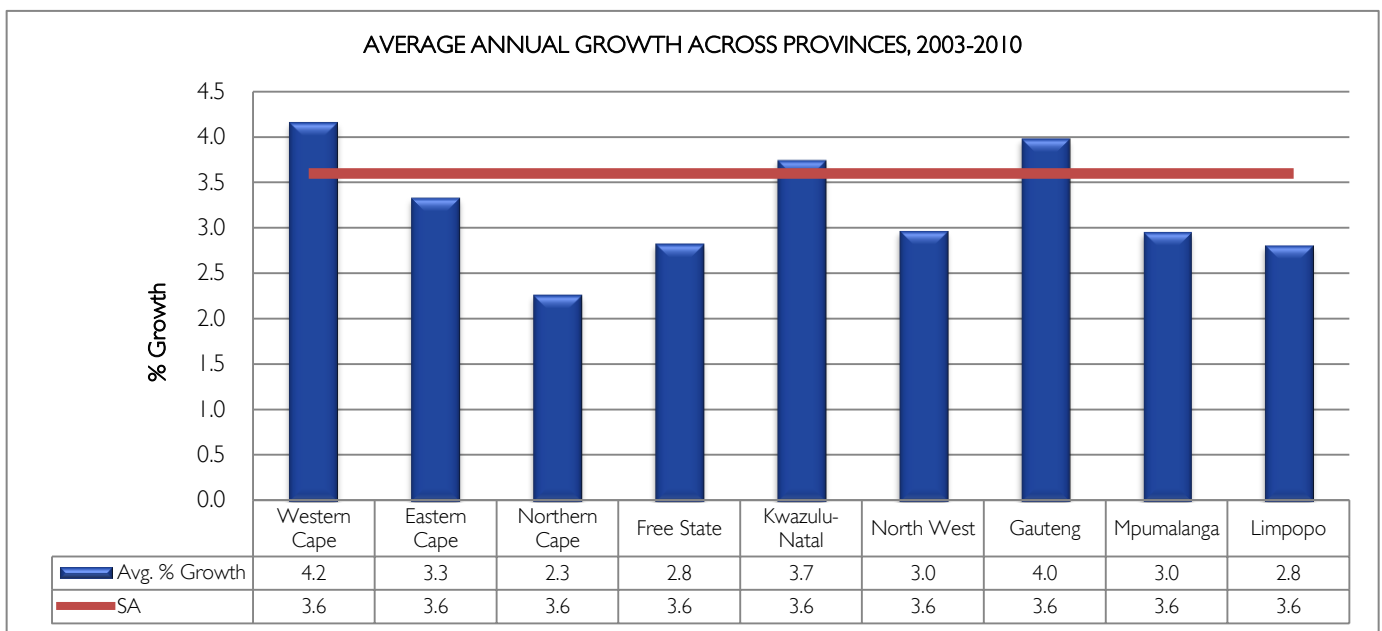
Source: Statistics SA 2012; Quantec, 2012

The economy of the Western Cape has consistently outperformed the national economy, in terms of GDP growth per annum. In 2010, the economy of the Western Cape experienced growth of approximately 3.1%, as the economy began to recover from declining growth from 2008 to 2009, a result of the slowdown in the global economy. However, both economies experienced a slowdown in 2008, from a period of high growth between 2004 and 2007.



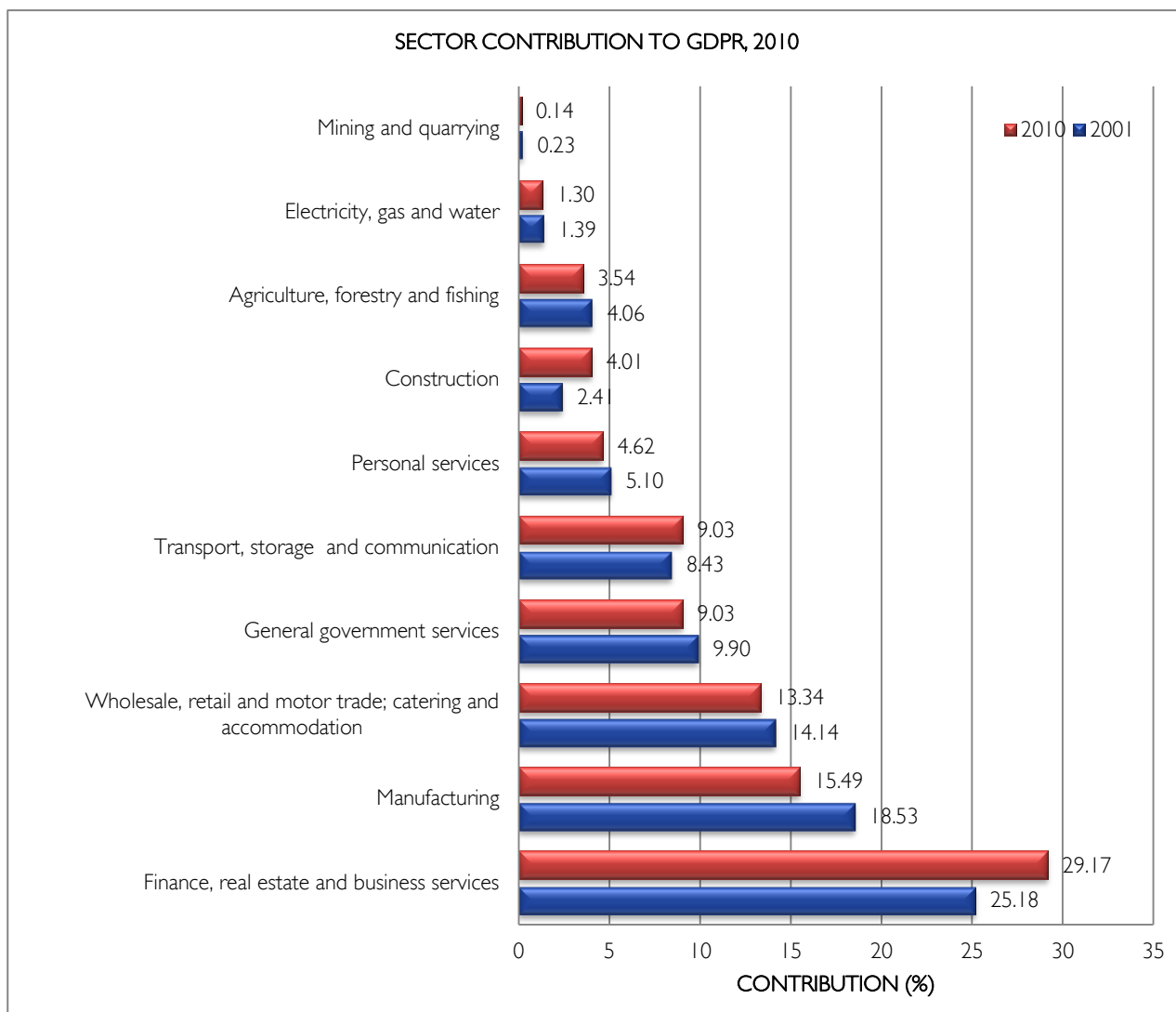
Source: StatsSA, 2012

Compared to other provinces, the Western Cape has consistently outperformed the other eight provinces in terms of average annual growth from 2003 to 2010. The Western Cape economy averaged 4.2% growth in this period, outperforming the national economy as well, which averaged 3.6% in this period.



Source: Stats SA, 2012

The tertiary sector is the largest contributor of all sectors to the Western Cape economy. In 2010, financial, real estate and business services contributed 29.17% to the regional economy. Primary industries contributed ZAR10.09bn to the regional GDP in 2010, which amounted to a 3.68% contribution. This value is made up of ZAR9.6bn from agriculture, forestry and fishing and ZAR395m from mining and quarrying activities. Secondary industries contributed ZAR56.92bn, which is 20.8% of the regional GDP. This figure is comprised of manufacturing activities (ZAR4.3bn), electricity, gas and water (ZAR3.6bn) and construction (ZAR10.9bn).



Source: Stats SA, 2010

The finance, real estate and business services sector was also the fastest growing sector in 2010, growing at 3.6%. The fastest growing sectors from 2006 to 2010 were the construction sector (6.54%), finance, real estate and business services (4.83%) and general government services (3.79%). In 2006, the construction sector contributed ZAR8.5bn and this value increased to ZAR10.9bn in 2010. Similarly, in 2006 the finance, real estate and business services contributed ZAR66.09bn, with this value increasing to ZAR79.82bn in 2010.

TOP 5 SECTORS BY GROWTH, 2006-2010								
RANK	INDUSTRY	VALUE 2006 (ZARm)	VALUE 2007 (ZARm)	VALUE 2008 (ZARm)	VALUE 2009 (ZARm)	VALUE 2010 (ZARm)	% GROWTH, 2006-2010	% GROWTH, 2009-2010
1	Construction	8 514	9 801	10 511	10 897	10 970	6.54%	0.67%
2	Finance, real estate and business services	66 090	71 511	76 910	77 083	79 826	4.83%	3.56%
3	General government services	21 295	22 099	23 067	23 947	24 712	3.79%	3.19%
4	Agriculture, forestry and fishing	8 370	8 503	10 004	9 879	9 697	3.75%	-1.84%
5	Transport, storage and communication	21 775	23 292	23 956	24 241	24 712	3.21%	1.94%
<b>GDPR at market prices</b>		<b>242 731</b>	<b>257 883</b>	<b>269 063</b>	<b>265 481</b>	<b>273 629</b>	<b>3.04%</b>	<b>3.07%</b>

Source: Stats SA, 2012

## 4. Employment profile

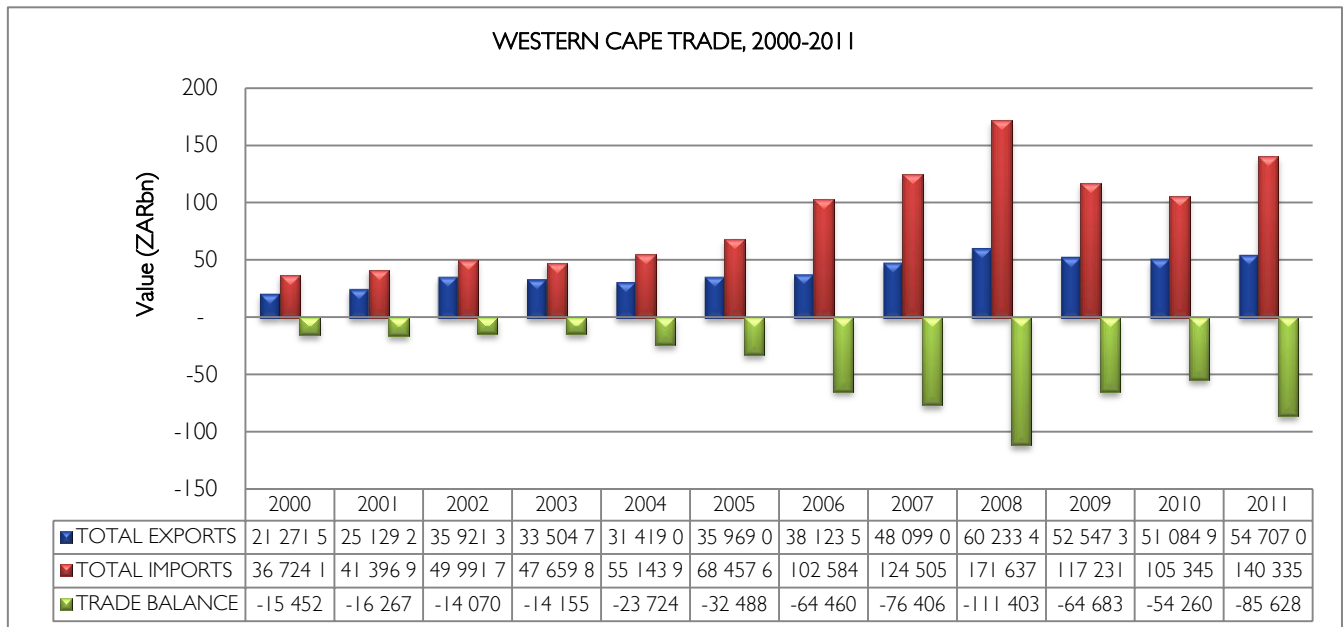
The largest employment-generating sector in the Western Cape is business services (17.34%), wholesale and retail trade (16.79%), general government (16.43%) and community, social and personal services (13.83%).

FORMAL EMPLOYMENT IN THE WESTERN CAPE, BY TOP 10 SECTORS					
RANK	SECTOR	2008	2009	2010	% SHARE OF TOTAL EMPLOYMENT, 2010
1	Business services	268 473	248 046	250 382	17.34%
2	Wholesale and retail trade	250 560	242 319	242 412	16.79%
3	General government	220 377	225 945	237 183	16.43%
4	Community, social and personal services	215 162	210 169	195 551	13.55%
5	Agriculture, forestry and fishing	120 602	108 482	94 691	6.56%
6	Construction	96 130	87 500	78 837	5.46%
7	Food, beverages and tobacco	47 662	45 981	44 179	3.06%
8	Finance and insurance	52 875	49 788	43 806	3.03%
9	Catering and accommodation services	47 856	46 207	42 019	2.91%
10	Transport and storage	44 542	41 772	40 932	2.84%
<b>TOTAL</b>		<b>1 564 511</b>	<b>1 489 747</b>	<b>1 443 590</b>	<b>100.00%</b>

Source: Quantec, 2012

## 5. Trade profile

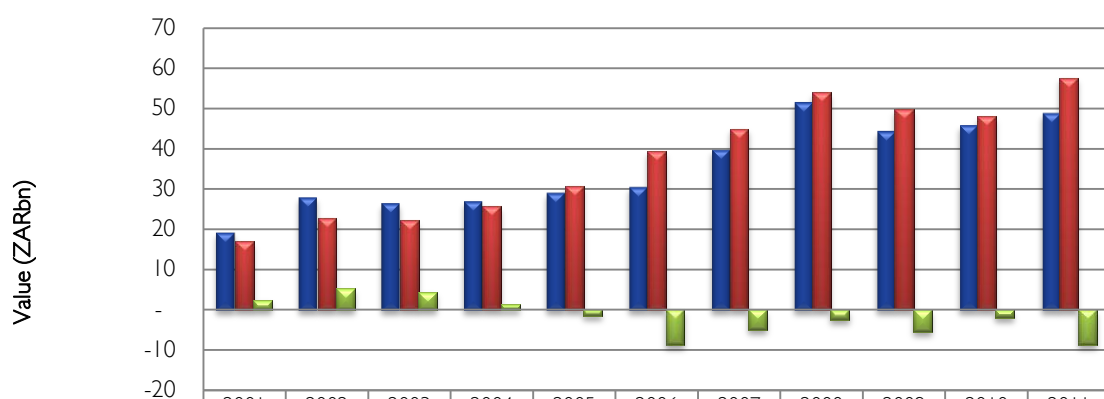
The Western Cape has consistently held a negative trade balance with its global trade. Total exports from the Western Cape totalled ZAR54.71bn in 2011, an increase of 7.09% from 2010. Imports totalled ZAR140.34bn in 2011, increasing by 33.22% from 2010.



Source: Quantec, 2012

In the following graph Western Cape trade is shown excluding petroleum oils. This means that both crude and refined petroleum oil trade has been excluded from the figures. The most noticeable difference is the significantly smaller trade deficit. This is due to petroleum oils contributing such a significant amount to the imports of the Western Cape and by analysing trade without this product shows the strength of Western Cape exports.

### WESTERN CAPE TRADE (EXCL PETROLEUM OILS), 2001-2011



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
■ Total Exports (excl petroleum oils)	19 367 1	28 035 0	26 576 8	27 091 6	29 184 1	30 603 4	39 837 7	51 609 4	44 391 4	45 917 6	48 897 8
■ Total Imports (excl petroleum oils)	16 952 9	22 819 8	22 188 4	25 696 3	30 748 6	39 362 3	44 908 2	54 075 5	49 808 1	47 973 9	57 607 3
■ Trade balance (excl petroleum oils)	2 414 27	5 215 21	4 388 46	1 395 26	-1 564 5	-8 758 9	-5 070 4	-2 466 0	-5 416 7	-2 056 2	-8 709 4

Source: Quantec, 2012

The top exports from the Western Cape in 2011 were petroleum oils (except crude), grape wines, citrus fruit, fresh apples, pears and quinces as well as grapes. The top performing export in the top 15 was maize (corn), the exports of which increased by 124.89% in 2011. Other top exports in terms of growth were copper and copper alloys (26%) and fresh stone fruit (23.97%).

The top imports to the Western Cape in 2011 were crude and non-crude petroleum oils, liqueur, spirits and undenatured ethyl alcohol, medicaments and therapeutics for prophylactic use as well as footwear. Exports of non-fermented fruit and vegetable juices increased by 80.55% and non-crude petroleum oils by 80.27%.

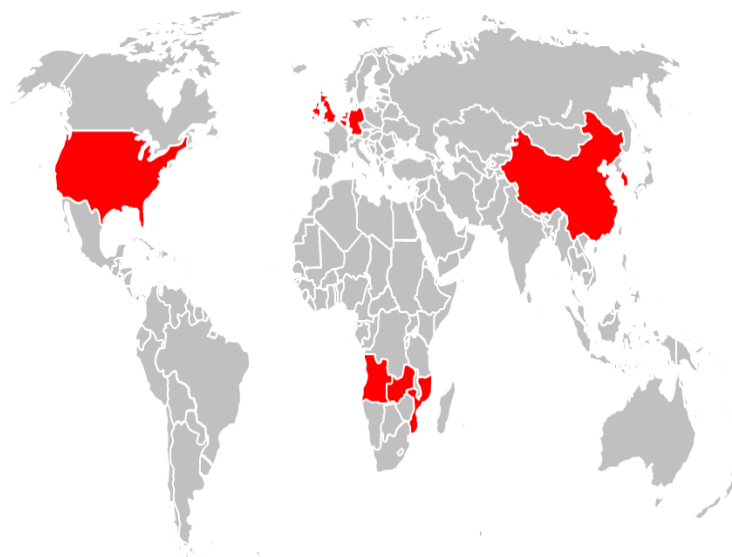
TOP 15 EXPORTS FROM THE WESTERN CAPE, 2011				TOP 15 IMPORTS FROM THE WESTERN CAPE, 2011			
RANK	PRODUCT	VALUE 2011 (ZARm)	% GROWTH, 2010-2011	RANK	PRODUCT	VALUE 2011 (ZARm)	% GROWTH, 2010-2011
1	Oils petroleum, bituminous, distillates, except crude	5 807.73	12.40%	1	Petroleum oils, oils from bituminous minerals, crude	58 052.27	32.89%
2	Grape wines(including fortified), alcoholic grape must	5 335.86	-3.88%	2	Oils petroleum, bituminous, distillates, except crude	24 676.12	80.27%
3	Citrus fruit, fresh or dried	5 163.95	3.01%	3	Liqueur, spirits and undenatured ethyl alcohol <80%	1 914.50	14.31%
4	Apples, pears and quinces, fresh	3 094.72	12.50%	4	Medicaments, therapeutic, prophylactic use, in dosage	1 823.78	31.96%
5	Grapes, fresh or dried	2 833.58	-5.92%	5	Footwear, with outer sole, upper rubber or plastic	1 164.02	17.61%
6	Liquid, gas centrifuges, filtering, purifying machines	2 266.92	34.35%	6	Wheat and meslin	1 108.32	97.63%
7	Maize (corn)	1 644.08	124.89%	7	Footwear with uppers of textile materials	773.27	44.40%
8	Fruit, nut, edible plant parts prepared/preserved	1 213.30	-12.09%	8	Electric equipment with heating element, domestic	681.65	36.56%
9	Fruit and vegetable juices, not fermented or spirited	998.97	19.89%	9	Diodes, transistors, semi-conductors	675.41	-34.74%
10	Diodes, transistors, semi-conductors	932.81	-21.85%	10	Rice	640.76	0.90%
11	Copper, copper alloy, waste or scrap	854.15	26.00%	11	Cyclic hydrocarbons	625.09	-14.94%
12	Fish, frozen, whole	769.51	11.29%	12	Prepared or preserved fish, fish eggs, caviar	605.81	-18.07%
13	Fish fillets, fish meat, mince except liver, roe	754.54	10.70%	13	Iron ores and concentrates, roasted iron pyrites	587.06	44.94%
14	Flat-rolled iron/steel, >600mm, clad, plated or coated	754.51	-20.17%	14	Parts and accessories for motor vehicles	573.30	18.99%
15	Stone fruit, fresh (apricot, cherry, plum, peach)	745.86	23.97%	15	Fruit and vegetable juices, not fermented or spirited	568.93	80.55%
<b>TOTAL EXPORTS</b>		<b>54 707.00</b>	<b>7.09%</b>	<b>TOTAL IMPORTS</b>		<b>140 335.74</b>	<b>33.22%</b>

Source: Quantec, 2012

The top destination markets for exports from the Western Cape in 2011 were the Netherlands (ZAR5.4bn), the United Kingdom (ZAR4.95bn) and Germany (ZAR3.12bn). Exports to the Republic of Korea increased by 117.32% in 2011, while exports to Zambia increased by 59.47%.

TOP 10 DESTINATION MARKETS FOR WC EXPORTS, 2011				
RANK	DESTINATION MARKET	VALUE 2011 (ZARm)	% GROWTH, 2010-2011	% SHARE, 2011
1	Netherlands	5 418	8.70%	9.90%
2	United Kingdom	4 955	-2.43%	9.06%
3	Germany	3 128	1.36%	5.72%
4	United States	2 661	10.07%	4.86%
5	Angola	1 846	11.68%	3.38%
6	Republic of Korea	1 822	117.32%	3.33%
7	Mozambique	1 721	37.58%	3.15%
8	Belgium	1 510	11.93%	2.76%
9	Zambia	1 429	59.47%	2.61%
10	China	1 346	11.90%	2.46%
<b>TOTAL EXPORTS</b>		<b>54 707</b>	<b>7.09%</b>	<b>100.00%</b>

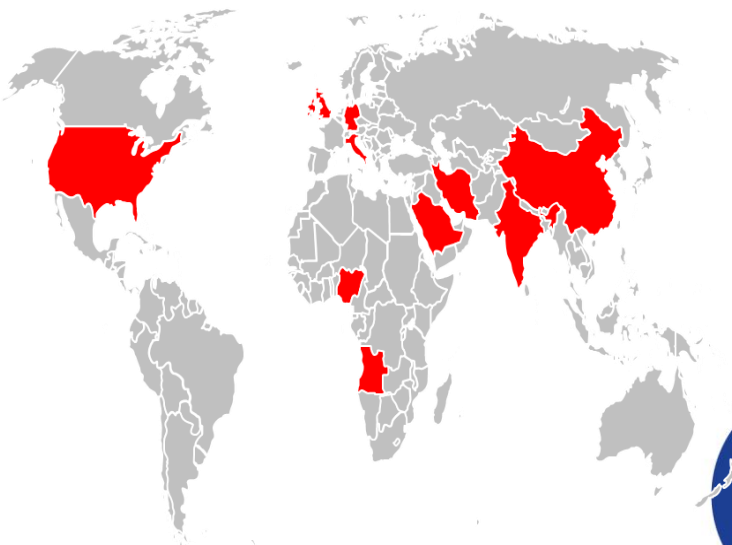
Source: Quantec, 2012



The top source markets for imports to the Western Cape in 2011 were China (ZAR17.02bn), Saudi Arabia (ZAR16.68bn) and Iran (ZAR15.96bn). Imports from Italy increased by 87.90% in 2011, while imports from Nigeria increased by 84.38%.

TOP 10 SOURCE MARKETS FOR WC IMPORTS, 2011				
RANK	SOURCE MARKET	VALUE 2011 (ZARm)	% GROWTH, 2010-2011	% SHARE, 2011
1	China	17 017	24.86%	12.13%
2	Saudi Arabia	16 680	36.85%	11.89%
3	Iran	15 965	26.18%	11.38%
4	Nigeria	9 768	84.38%	6.96%
5	India	7 936	72.30%	5.66%
6	United Kingdom	6 714	46.92%	4.78%
7	United States	5 709	33.61%	4.07%
8	Angola	5 265	-41.05%	3.75%
9	Italy	5 009	87.90%	3.57%
10	Germany	4 456	0.80%	3.18%
<b>TOTAL IMPORTS</b>		<b>140 335</b>	<b>33.22%</b>	<b>100.00%</b>

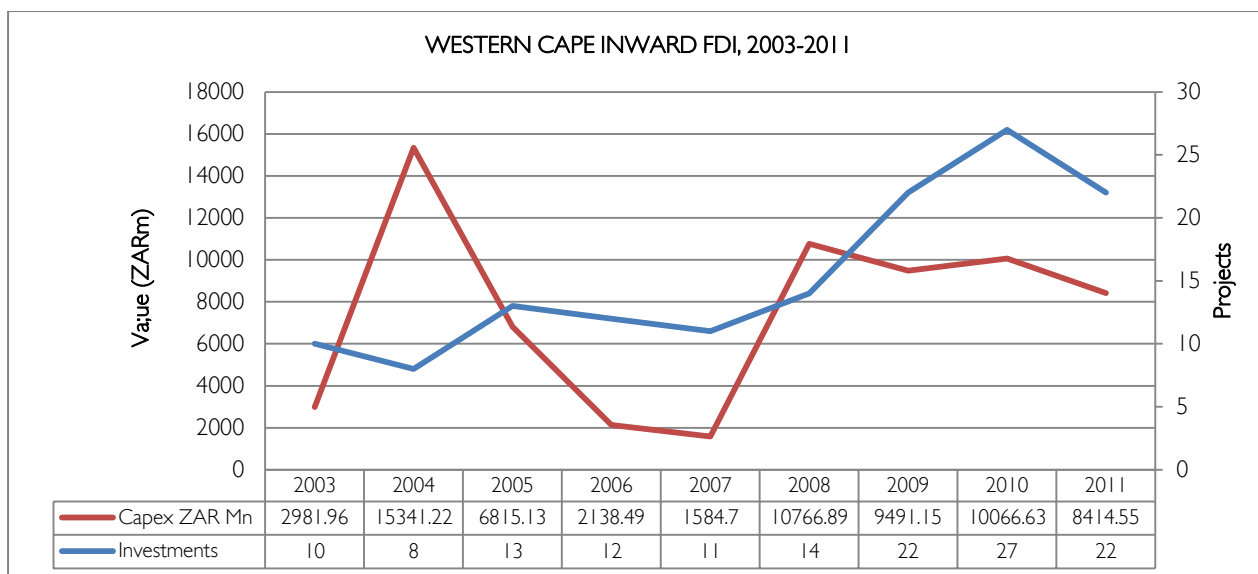
Source: Quantec, 2012



## 6. Investment Performance

### 6.1 Inward FDI

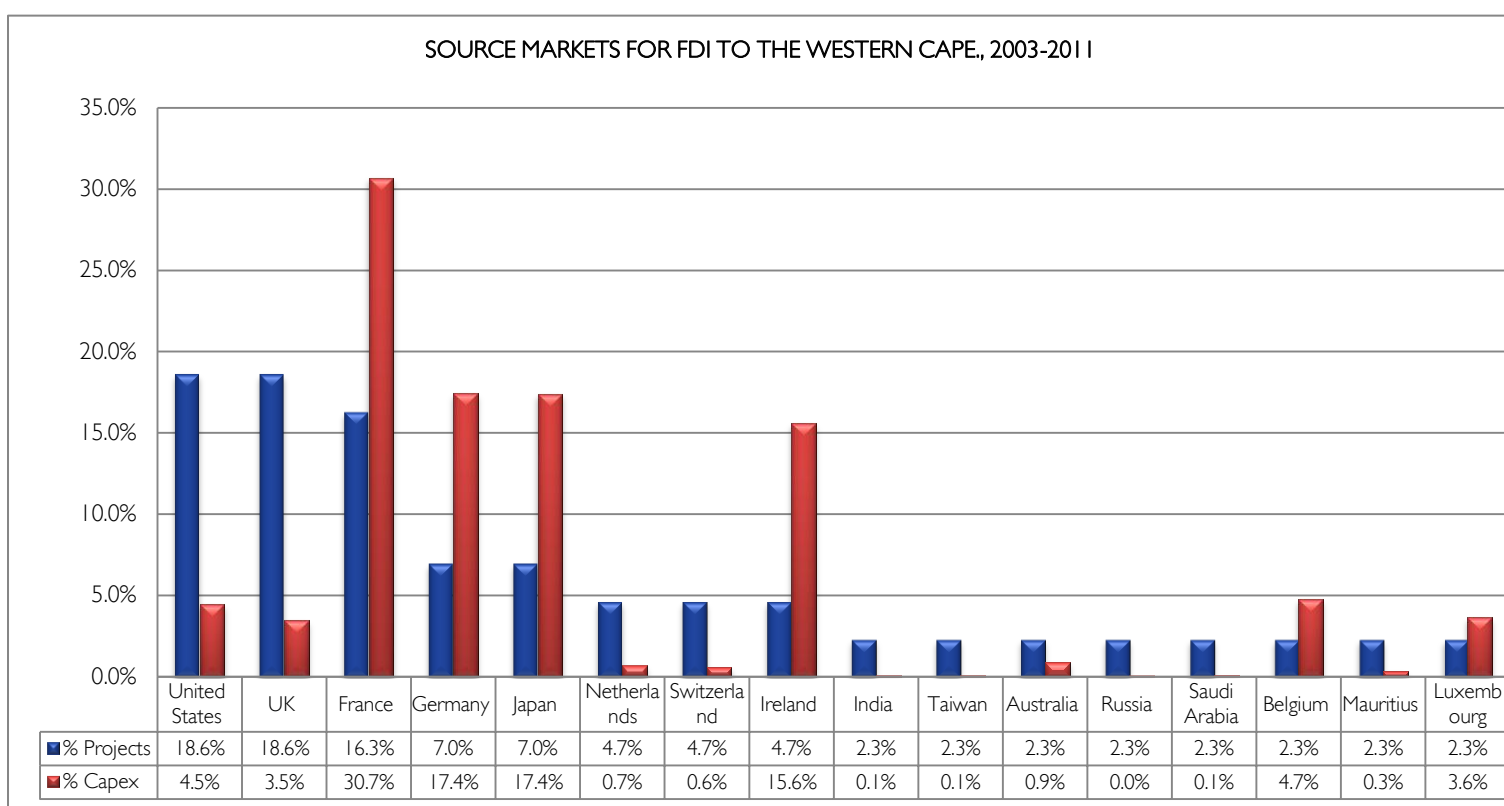
From 2003 to 2011, the Western Cape attracted 139 FDI projects. In 2011, the Western Cape attracted 22 FDI projects, with a capex value of ZAR8.41bn. This is a decline of 2.24% in the capex value from 2010 to 2011. The FDI performance up until 2010 is in line with global FDI trends, which rose moderately but to levels still below pre-crisis averages.



Source: FDI Intelligence, 2012

#### 6.1.1 Source markets

The top source markets for FDI into the Western Cape, in terms of share in the number of projects (from 2003 to 2011) were the United Kingdom and the United States (18.6% each); France (16.3%); and Germany and Japan (7.0% each). It is clear from these rankings that the largest percentage of FDI projects are sourced from developed economies. Developing countries who invested in the Western Cape (not all in the top 10) in this period include China, Mauritius, India and Taiwan. In terms of the capital value of these projects, the majority share was from France, Germany, Japan and Ireland.

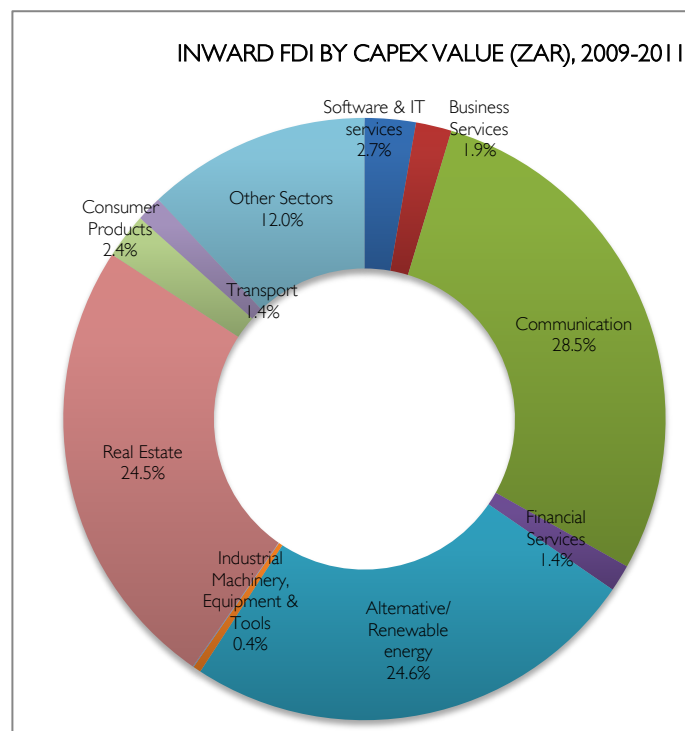
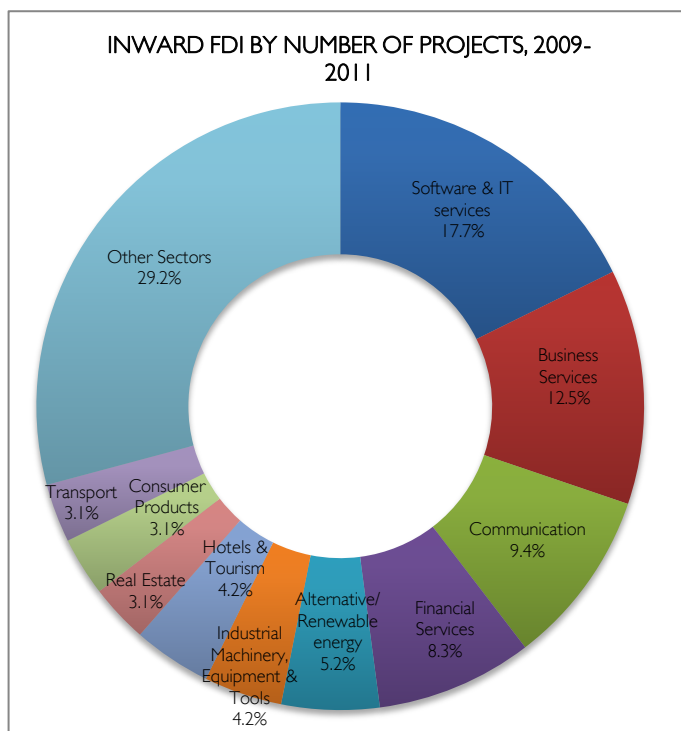


Source: FDI Intelligence, 2011



### 6.1.3 Sector breakdown

The best performing sectors in attracting FDI from abroad to the Western Cape from 2009 to 2011 (in order of best performance) were software and IT services (17.7% of projects), business services (12.5% of projects), communications (9.4% of projects) and financial services (8.3%). Sectors which attracted the highest levels of FDI in terms of capital value in this period were the communications, alternative/renewable energy and hotels and tourism.



Source: FDI Intelligence, 2012

### 6.1.4 Companies

The table below provides an overview of foreign companies who have invested in industries in the Western Cape in 2011

FDI PROJECTS INTO THE WESTERN CAPE, 2010-2011							
DATE	COMPANY NAME	SOURCE COUNTRY	DESTINATION CITY	VALUE (ZARm)	JOBS	SECTOR	BUSINESS ACTIVITY
Nov-11	Industrial and Commercial Bank of China (ICBC)	China	Cape Town	74.1	16	Financial Services	Business Services
Nov-11	deVere & Partners	Switzerland	Stellenbosch	74.1	16	Financial Services	Business Services
Oct-11	Tonic International	UAE	Cape Town	26.6	11	Business Services	Business Services
Oct-11	Vetus NV	Netherlands	Cape Town	20.9	6	Non-Automotive Transport OEM	Sales, Marketing & Support
Sep-11	Cryo-Save	Netherlands	Cape Town	84.6	43	Biotechnology	Design, Development & Testing
Aug-11	Genetwister Technologies	Netherlands	Stellenbosch	84.6	43	Biotechnology	Design, Development & Testing
Aug-11	British Telecom (BT)	United Kingdom	Not Specified	2 827.3	98	Communications	ICT & Internet Infrastructure
Aug-11	Amazon.com	United States	Cape Town	339.0	600	Consumer Products	Customer Contact Centre
Aug-11	LLamasoft	United States	Cape Town	15.3	11	Software & IT services	Sales, Marketing & Support
Jul-11	Fluidra (Aquaria Group)	Spain	Cape Town	17.7	7	Leisure & Entertainment	Sales, Marketing & Support
Jul-11	Vodafone	United Kingdom	Cape Town	2 827.3	98	Communications	ICT & Internet Infrastructure
Jul-11	Great Western Minerals	Canada	Not Specified	222.6	189	Minerals	Manufacturing
Jul-11	Goldwind Science and Technology Co Ltd	China	Cape Town	8.9	12	Engines & Turbines	Sales, Marketing & Support
May-11	Lindt & Sprüngli	Switzerland	Cape Town	24.2	9	Food & Tobacco	Sales, Marketing & Support

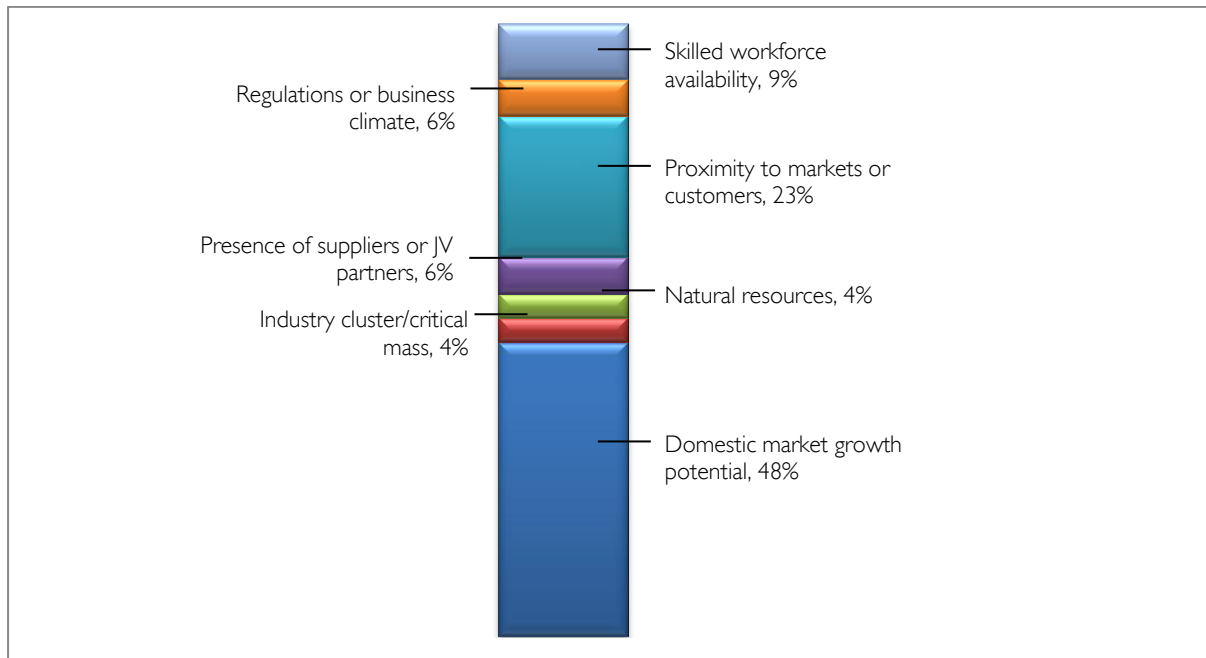
FDI PROJECTS INTO THE WESTERN CAPE, 2010-2011

DATE	COMPANY NAME	SOURCE COUNTRY	DESTINATION CITY	VALUE (ZARm)	JOBS	SECTOR	BUSINESS ACTIVITY
May-11	Deutsche Post	Germany	Cape Town	209.4	209	Transportation	Design, Development & Testing
Apr-11	Artificial Life	Hong Kong	Stellenbosch	16.9	13	Communications	Sales, Marketing & Support
Mar-11	SMS Streamer	United States	Cape Town	102.3	63	Software & IT services	Headquarters
Feb-11	Old Mutual Plc	United Kingdom	Cape Town	74.1	16	Financial Services	Business Services
Feb-11	Juwi	Germany	Stellenbosch	26.6	10	Alternative/Renewable energy	Sales, Marketing & Support
Dec-10	Sarens	Belgium	Cape Town	8.1	8	Industrial Machinery, Equipment & Tools	Sales, Marketing & Support

Source: FDI Intelligence, 2012

### 6.1.5 Location determinants

The most prominent location determinants for FDI into the Western Cape are the domestic market growth potential of the province, and the proximity to markets or customers. Other deciding factors, according to company surveys, are the availability of skilled workforce, the presence of suppliers and/or joint venture partners and the business climate.



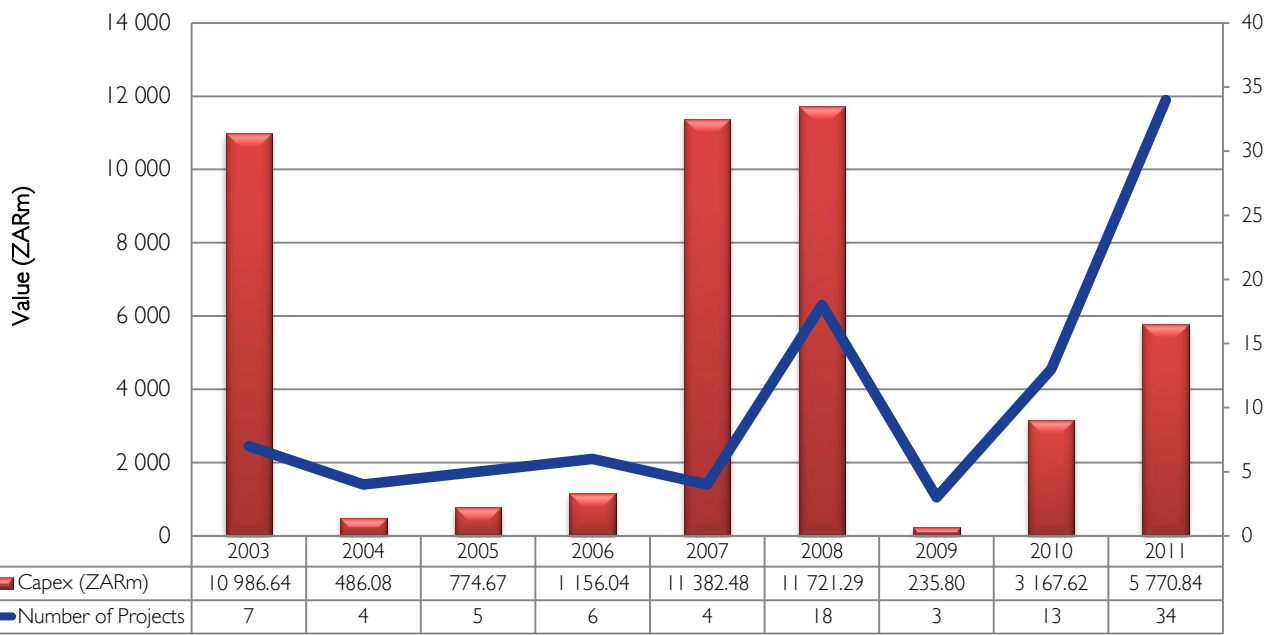
Source: FDI Intelligence, 2012

\*based on company surveys

### 6.2 Outward FDI

From 2003 to 2011, 94 global FDI projects were initiated by Western Cape companies, accounting for 0.08% share of global FDI. The capital investment value (capex) of these projects was ZAR45.68bn. In terms of capex, outward FDI peaked in 2008 at ZAR11.7bn, while the highest numbers of projects were recorded in 2011 with 34 projects, an indication of the upswing in the investment climate as perceived by Western Cape companies.

WESTERN CAPE OUTWARD FDI, 2003-2011

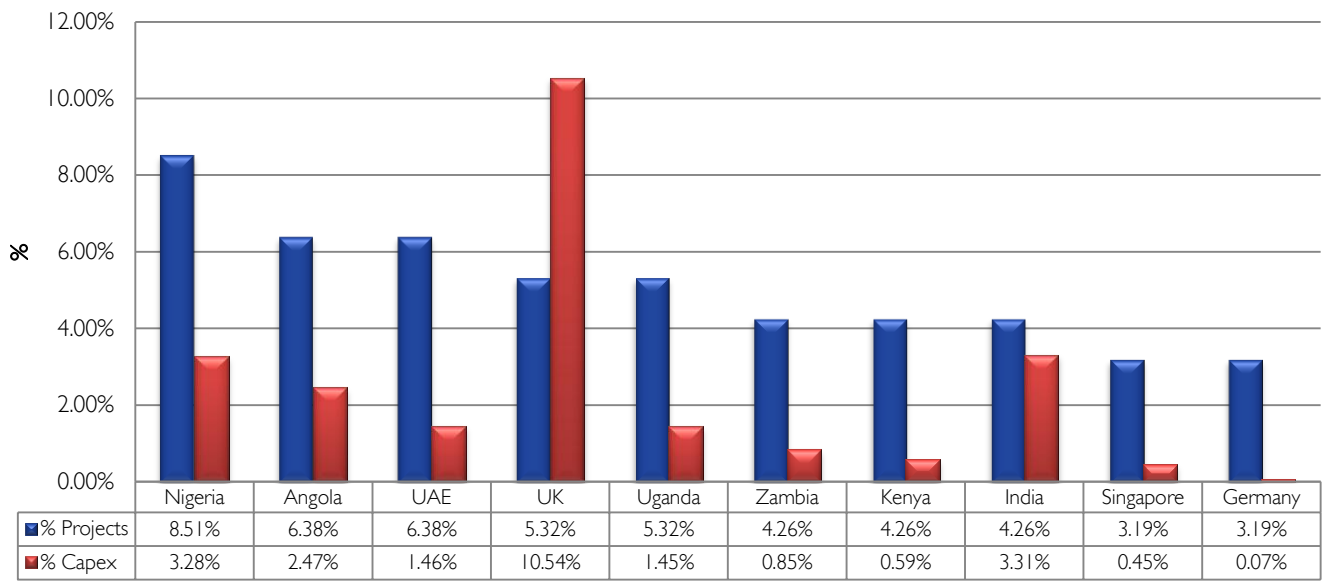


Source: FDI Intelligence, 2012

### 6.2.1 Destination Markets

The top destination markets for FDI from the Western Cape, in terms of share in the number of projects (from 2003 to 2011) were Nigeria (8.51%), Angola (6.38%), the UAE (6.38%) and the UK and Uganda (5.32% each). It is clear from these rankings that the largest percentages of FDI projects are located in other African countries. In terms of the capital value of these projects, the majority share was from France, Germany, Japan and Ireland.

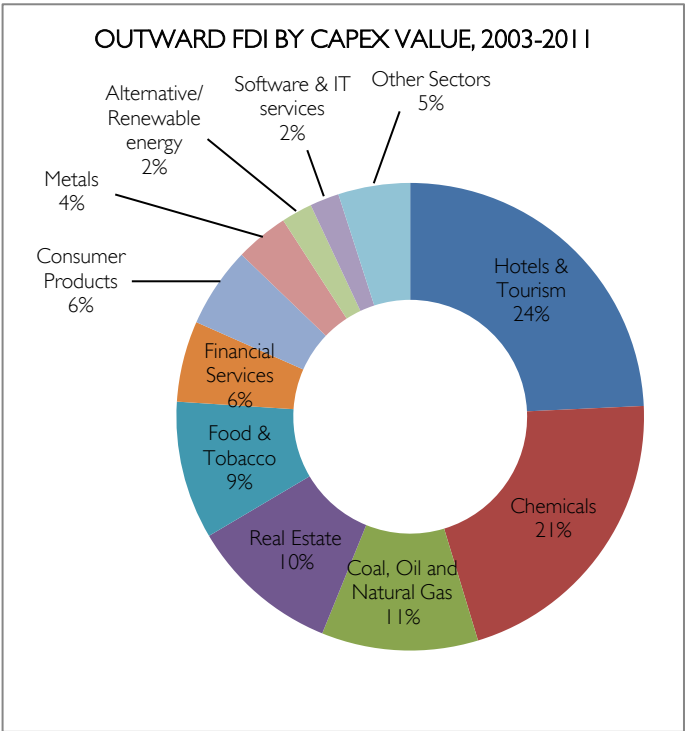
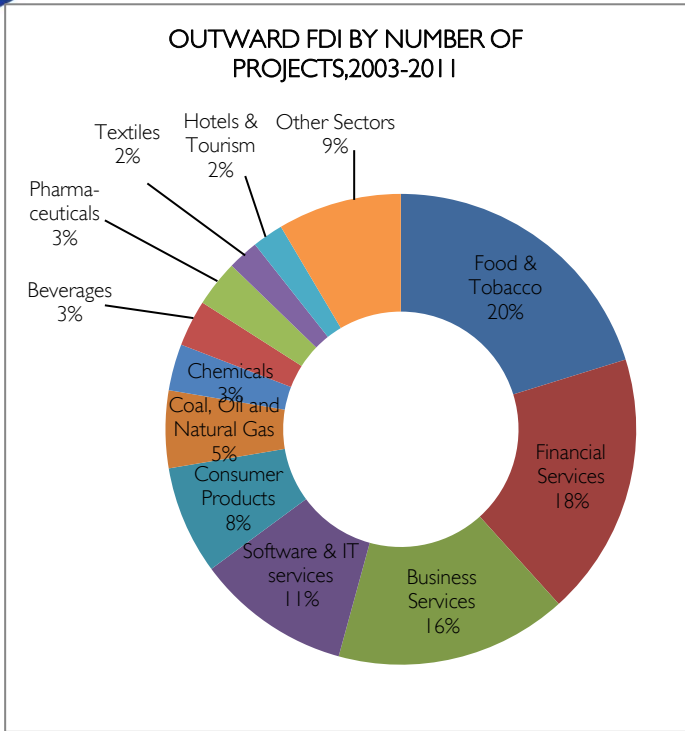
DESTINATION MARKETS FOR OUTWARD FDI FROM THE WESTERN CAPE, 2003-2011



Source: FDI Intelligence, 2012

### 6.2.2 Sector Breakdown

The best performing sectors in attracting FDI from the Western Cape (in order of best performance) were food and tobacco (20%), financial services (18%), business services (16%) and software and IT services (11%). Sectors which attracted the highest levels of FDI in terms of capital value in this period were hotels & tourism, chemicals and coal, oil and natural gas.



Source: FDI Intelligence, 2012