wesgro
cape town & western cape
research

Western Cape Trade

2014

Global activity has broadly strengthened and is expected to improve in 2014/15, with much of the stimulus coming from advanced economies, although their recoveries remain uneven. Inflation in these economies has been lower than expected, reflecting large output gaps and commodity price declines. In the stressed euro area, economic growth is projected to remain weak as high debt and financial fragmentation stunt domestic demand. Growth in emerging market economies is projected to pick up modestly.

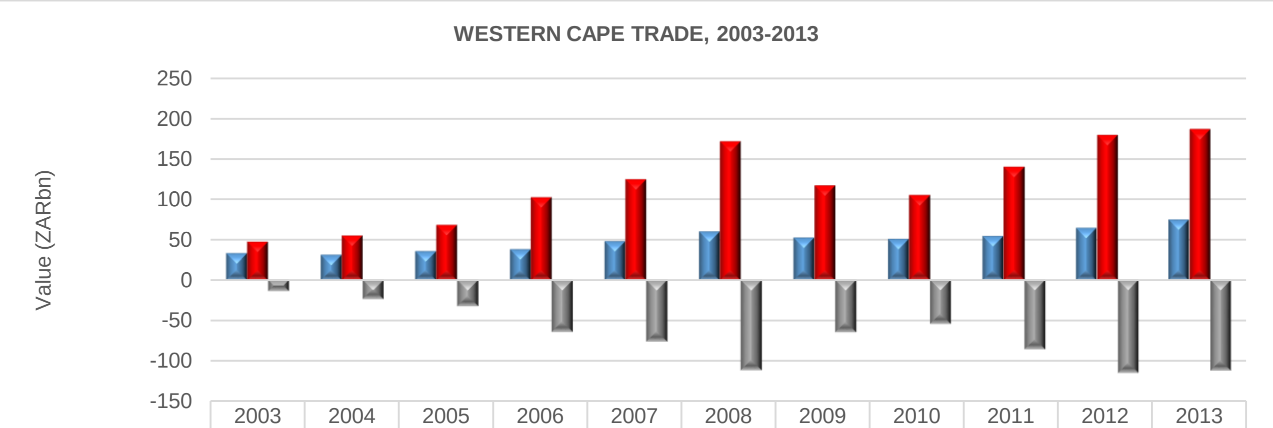
The International Monetary Fund (IMF; 2014) has forecast global growth to remain subdued at 3.4% in 2014, 0.2% lower than 2013. With somewhat stronger growth expected in some advanced economies in 2015, the global growth projection for 2015 is at 4%.

According to the World Trade Organisation (WTO), global trade is expected to grow by a modest 4.7% in 2014 and at slightly faster rate of 5.3% in 2015, mainly driven by trade flows from developing and emerging economies. Although the 2014 forecast of 4.7% is more than double the 2.1% increase of 2013, it remains below the 20-year average of 5.3%. From 2012 to 2013, growth has averaged only 2.2%. World merchandise trade grew 2.1% in 2013 in volume terms, very close to the 2.3% increase from the previous year.

This Wesgro Fact Sheet provides a detailed trend analysis, providing key trade related statistics for the Western Cape region for 2013. Specifically, it shows the Western Cape's global regional trade flows, the provincial and district trade flows, the top and fastest growing traded products, and the top and fastest growing export and import markets for the province.

1. Western Cape trade trends

It is evident from the graph that both imports and exports increased between 2004 and 2008, with decreases in both imports and exports occurring in 2009 and 2010. However in 2011 to 2013, both exports and imports experienced strong growth. Exports from the Western Cape totalled ZAR74.87bn in 2013, an increase of 16% from 2012. Imports totalled ZAR186.57bn in 2013, increasing by 4% from 2012. In 2013, Western Cape imports and exports were the largest in the 10 year period, exceeding previous levels, most importantly exceeding levels achieved before the global financial crisis, strongly recovering since the decline in 2009.

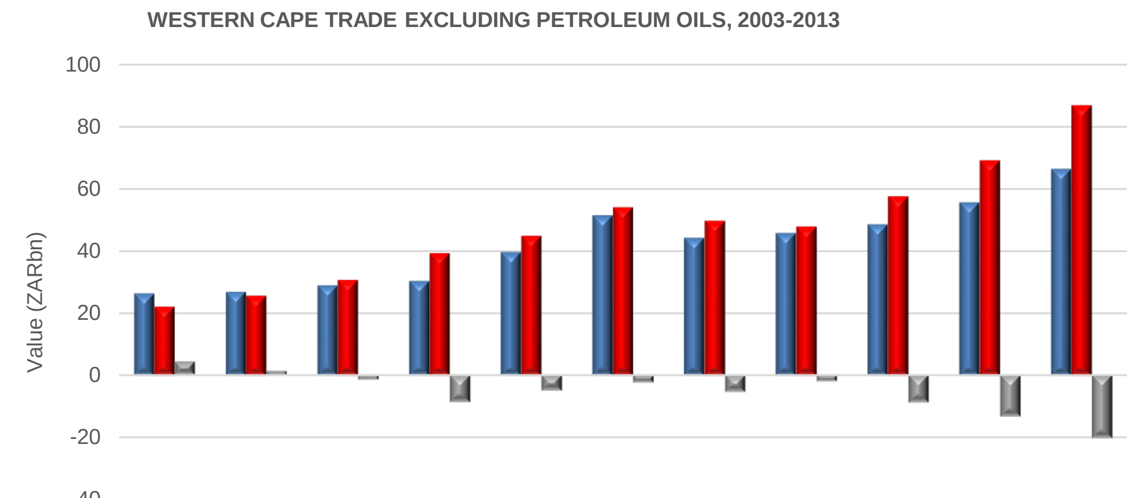


	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Exports	33,50	31,42	35,97	38,12	48,10	60,23	52,55	51,08	54,56	64,63	74,87
Imports	47,66	55,14	68,46	102,58	124,51	171,64	117,23	105,35	140,33	179,42	186,57
Trade Balance	-14,16	-23,72	-32,49	-64,46	-76,41	-111,40	-64,68	-54,26	-85,78	-114,79	-111,70

Source: Quantec, 2014

Between 2003 and 2008, the province experienced an increasing trade deficit, however, the trade deficit decreased from ZAR111.40bn in 2008 to ZAR64.68bn in 2009. The trade deficit then increased to ZAR114.79 in 2012 and declined to 2008 levels in 2013.

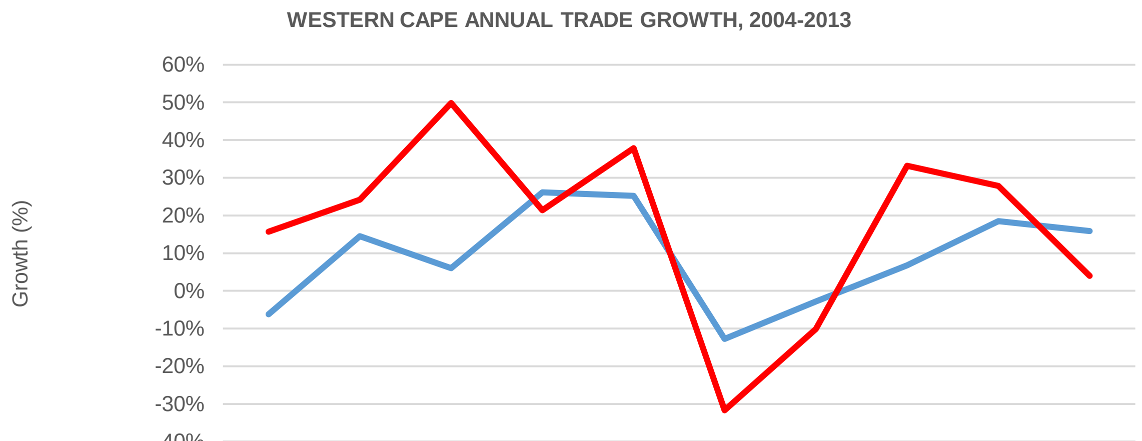
In the following graph, the Western Cape trade is shown excluding petroleum oils, where both crude and refined petroleum oil trade have been excluded from the figures. The most noticeable difference is the significantly smaller trade deficit. This is due to petroleum oils contributing such a significant amount to the imports of the Western Cape and by analysing trade without this product shows the strength of Western Cape exports, with a much lower trade deficit of ZAR13.4bn in 2012, increasing in 2013 to ZAR20.33bn. This shows the diversity and resilience of Western Cape exports.



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Export	26,58	27,09	29,18	30,60	39,84	51,61	44,39	45,92	48,75	55,77	66,49
Import	22,19	25,70	30,75	39,36	44,91	54,08	49,81	47,97	57,61	69,17	86,82
Trade Balance	4,39	1,40	-1,56	-8,76	-5,07	-2,47	-5,42	-2,06	-8,86	-13,40	-20,33

Source: Quantec, 2014

The figure below shows the Western Cape's annual trade growth for the period 2004 to 2013. The province's average annual growth of exports was 9.1% over the ten year period, while imports grew by 17.2% in the same period. The biggest decline in both exports and imports was during the financial crisis in 2009, where exports fell by 12.8% and imports fell by 31.7%. However, from 2011 to 2013, both exports and imports recovered, with export growth at 15.9% and import growth at 4% in 2013.



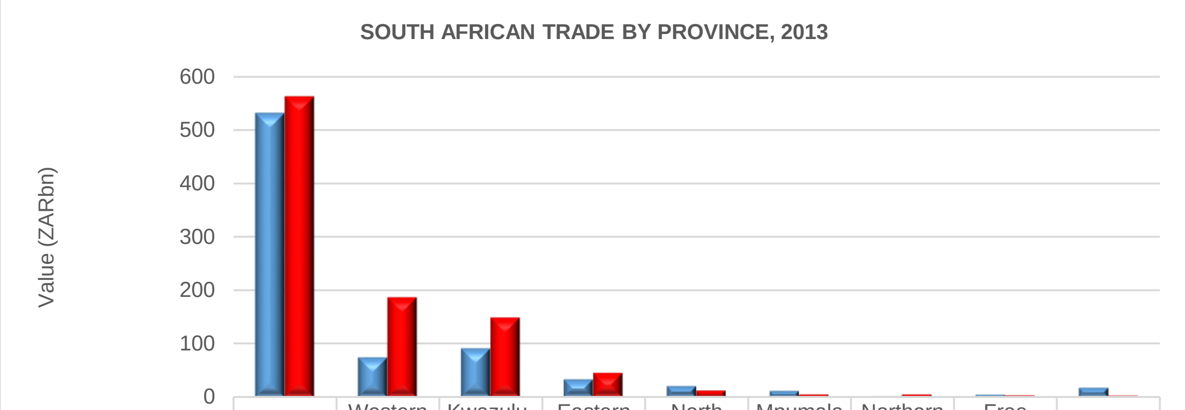
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Export growth	-6,2%	14,5%	6,0%	26,2%	25,2%	-12,8%	-2,8%	6,8%	18,5%	15,9%
Import growth	15,7%	24,1%	49,9%	21,4%	37,9%	-31,7%	-10,1%	33,2%	27,9%	4,0%

Source: Quantec, 2014

2. Provincial and district trade flows

As shown below, Gauteng is the leading province in terms of trade flows, with total trade reaching ZAR1,093bn in 2013 from ZAR973bn in 2012. Gauteng is the country's largest importer and exporter, as the province is the largest contributor to the country's GDP with the most economic activity. The Western Cape is the second largest in terms of total trade flows, with total trade reaching ZAR261bn in 2013 from ZAR244bn in 2012, while Kwa-Zulu Natal is the third largest trade province in South Africa (ZAR241bn).

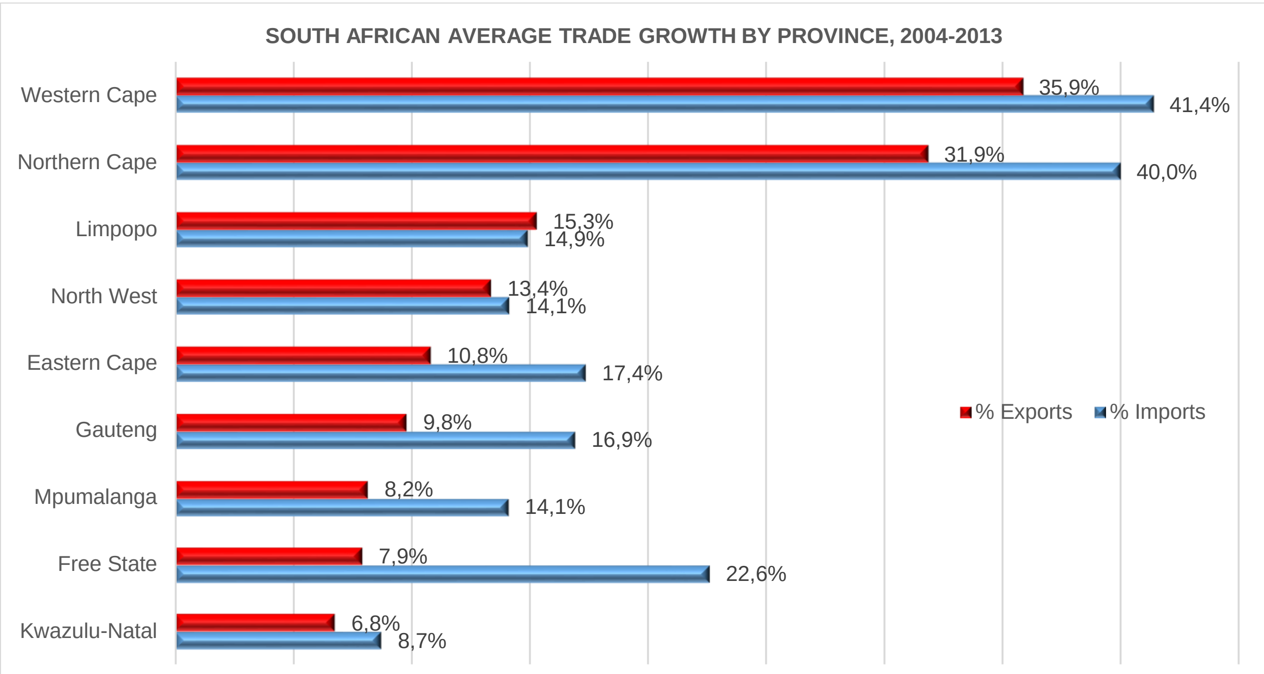
The provinces in South Africa have varying trade account balances, with some provinces being net importers whilst others are net exporters. Net exporters include North-West, Mpumalanga, Free State and Limpopo. Net importers include Gauteng, Western Cape, KwaZulu-Natal, Eastern Cape and the Northern Cape.



	Gauteng	Western Cape	Kwazulu-Natal	Eastern Cape	North West	Mpumalanga	Northern Cape	Free State	Limpopo
Exports (ZARbn)	531,11	74,87	92,00	33,22	20,83	11,97	1,70	4,62	18,06
Imports (ZARbn)	561,86	186,57	148,56	45,58	12,26	5,02	5,01	3,54	2,82

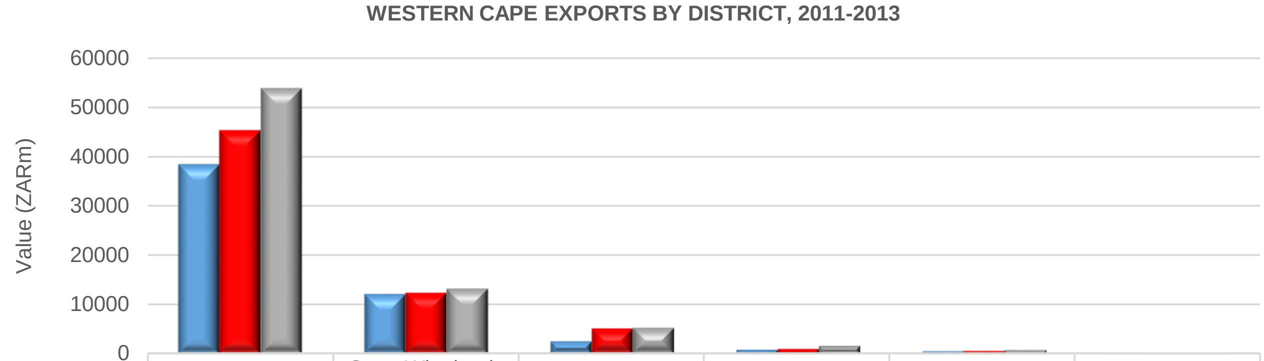
Source: Quantec, 2014

In terms of average annual trade growth, the graph below shows that the Western Cape was the leading province in terms of export growth increasing by an annual average growth rate of 35.9% between 2004 and 2013. The Northern Cape has the second largest growth in exports, with annual average growth of 31.9% over the past nine years. The Western Cape also had the largest growth in imports, with annual average growth of 41.4% over the nine year period, followed by the Northern Cape at 40.0% and the Free State at 22.6%.



Source: Quantec, 2014

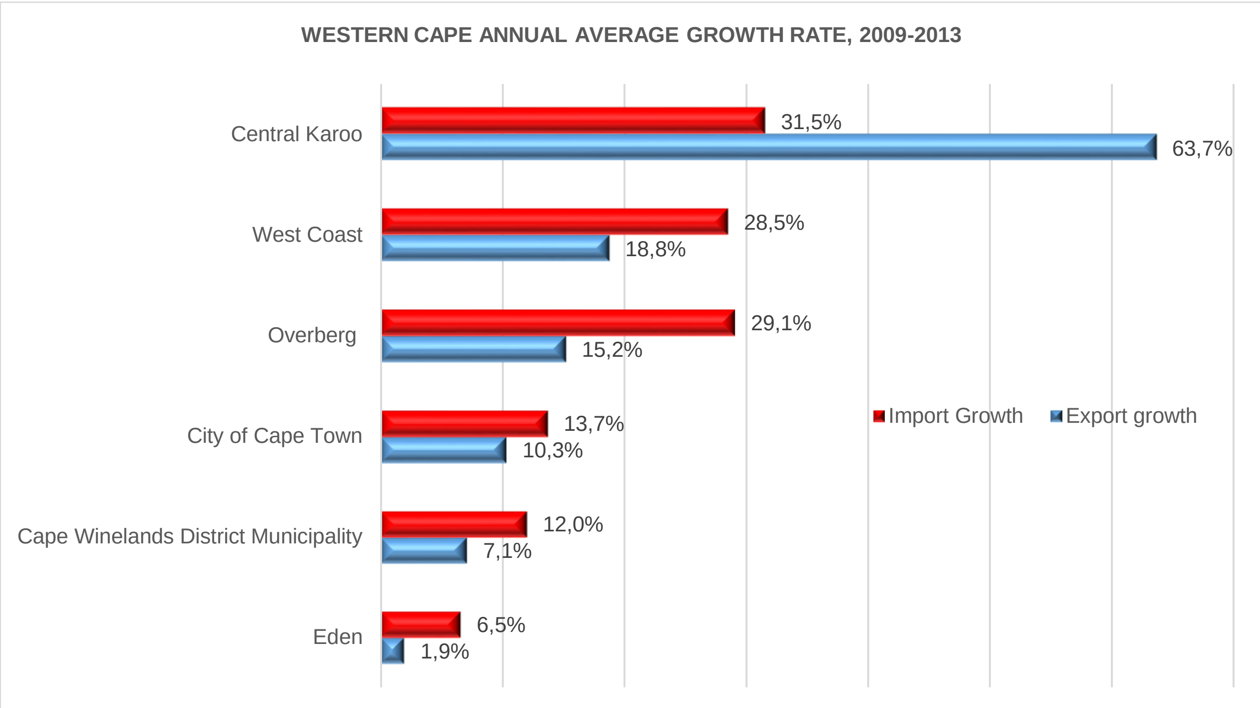
In the next graph, exports are broken down into the various districts of the Western Cape to indicate their respective share in Western Cape exports. Within the province, the City of Cape Town is the largest exporter with exports reaching ZAR53.9bn in 2013. The Cape Winelands was the province's second largest exporter at ZAR13.216bn. All districts experienced increased growth in exports in 2013.



	City of Cape Town	Cape Winelands District Municipality	West Coast	Overberg	Eden	Central Karoo
2011	38405,74	12176,23	2533,50	898,35	542,95	0,57
2012	45318,17	12382,16	5169,87	1018,53	624,94	0,57
2013	53928,35	13216,32	5285,68	1666,20	774,96	2,42

Source: Quantec, 2014

The graph below illustrates the Western Cape average annual trade growth trend for the various districts of the province. From the graph it is evident that the Central Karoo is the leading district in terms of export growth, with an average annual growth of 63.7% from 2009 to 2013, followed by the West Coast at 18.8%. The Central Karoo is also the leading destination in terms of import growth, with an average annual growth rate of 31.5%, followed by the Overberg at 29.1%.



Source: Quantec and own calculations, 2014

The primary export markets and the top exported products for each of the Western Cape's districts for 2013 is shown below. The Cape Winelands is the only district where Japan is the top destination market, however it is not in the top 5 markets for any of the other districts. Similarly, this is the case with the Central Karoo and the Comoros and the West Coast and Kenya.

The **City of Cape Town's** primary export markets are

- Netherlands (ZAR4.57bn)
- United Kingdom (ZAR4.45bn)
- Mozambique (ZAR3.51bn)
- Germany (ZAR2.73bn)
- United States (ZAR2.67bn)

The top exported products in the **City of Cape Town** are:

- Oils petroleum, bituminous, distillates, except crude (ZAR8.39bn)
- Citrus fruit, fresh or dried (ZAR5.01bn)
- Apples, pears and quinces, fresh (ZAR3.85bn)
- Grape wines(including fortified), alcoholic grape must (ZAR3.69bn)
- Grapes, fresh or dried (ZAR3.09bn)

The **Cape Wineland's** primary export markets are

- Japan (ZAR1.80bn)
- United Kingdom (ZAR1.48bn)
- Netherlands (ZAR1.45bn)
- Germany (ZAR862m)
- Angola (ZAR628m)

The top exported products in the **Cape Winelands** are:

- Grape wines(including fortified), alcoholic grape must (ZAR3.56bn)
- Maize (corn) (ZAR1.83bn)
- Fruit, nut, edible plant parts nes, prepared/preserved (ZAR1.53bn)
- Liqueur, spirits and undenatured ethyl alcohol <80% (ZAR1.15bn)
- Citrus fruit, fresh or dried (ZAR934m)

The **West Coast's** primary export markets are

- Kenya (ZAR1 662m)
- Nigeria (ZAR527m)
- Netherlands (ZAR448m)
- United Kingdom (ZAR403m)
- Tanzania (ZAR348m)

The top exported products in the **West Coast** are:

- Hot-rolled products, iron/steel, width>600mm, not clad (ZAR3 109m)
- Apples, pears and quinces, fresh (ZAR461m)
- Citrus fruit, fresh or dried (ZAR445m)
- Grape wines(including fortified), alcoholic grape must (ZAR434m)
- Locust beans, seaweed, sugar beet, cane, for food (ZAR179m)

The **Overberg's** primary export markets are:

- United Kingdom (ZAR290m)
- Hong Kong (ZAR258m)
- Netherlands (ZAR193m)
- Germany (ZAR94m)
- France (ZAR89m)

The top exported products in the **Overberg** are:

- Apples, pears and quinces, fresh (ZAR519m)
- Fruit and vegetable juices, not fermented or spirited (ZAR290m)
- Molluscs (ZAR258m)
- Crustaceans, molluscs, , prepared or preserved (ZAR194m)
- Citrus fruit, fresh or dried (ZAR94m)

Eden's primary export markets are:

- United States (ZAR86m)
- Netherlands (ZAR80m)
- Italy (ZAR59m)
- Belgium (ZAR43m)
- Republic of Korea(ZAR43m)

The top exported products in **Eden** are:

- Seed, fruit and spores, for sowing (ZAR135m)
- Citrus fruit, fresh or dried (ZAR88m)
- Goat or kid skin leather, without hair (ZAR70m)
- Bird skins, feathers, articles therefrom (ZAR59m)
- Prepared or preserved meat, meat offal and blood (ZAR53m)

The **Central Karoo's** primary export markets are:

- Comoros (ZAR1.44m)
- Germany (ZAR0.39m)
- United States (ZAR0.22m)
- Sweden (ZAR0.11m)
- China (ZAR 0.11m)

The top exported products in the **Central Karoo** are:

- Milk and cream, neither concentrated nor sweetened (ZAR0.61m)
- Birds eggs, in shell, fresh, preserved or cooked (ZAR0.50m)
- Grape wines(including fortified), alcoholic grape must (ZAR0.49m)
- Safflower, sunflower and cotton-seed oil, fractions (ZAR0.33m)
- Collections and collectors pieces (ZAR0.23m)

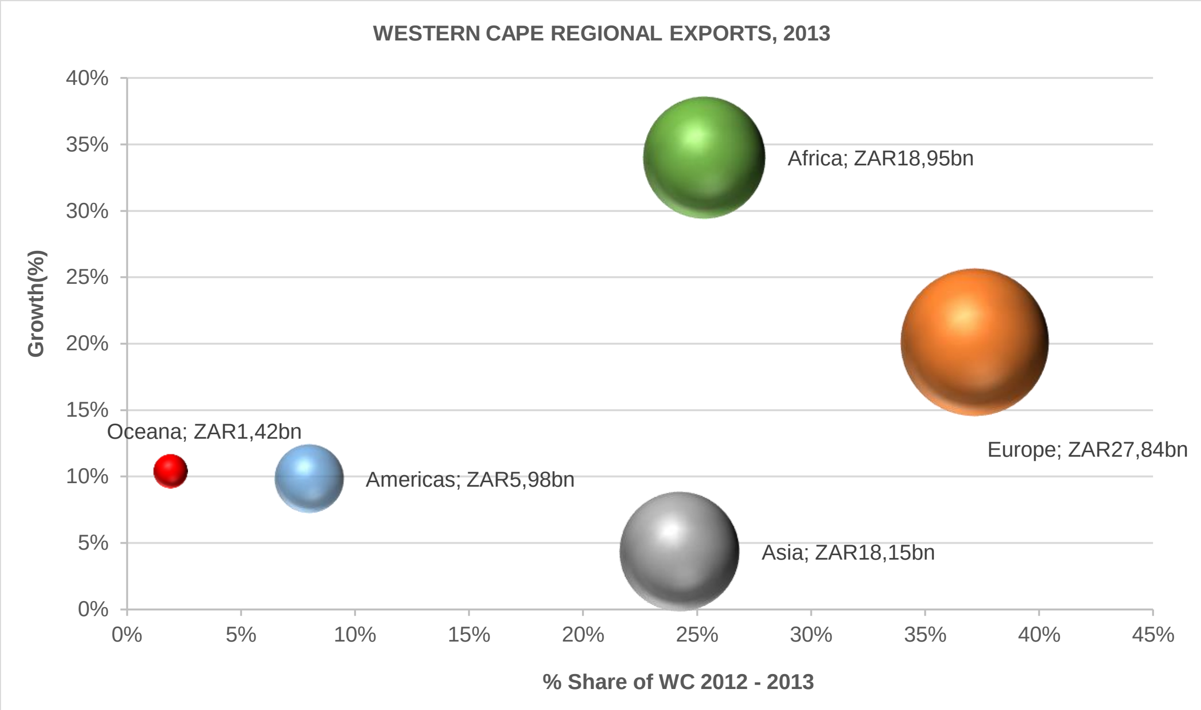
3. Western Cape regional trade flows

The Western Cape benefits from the preferential trade agreements between South Africa and its preferential trading partners. The region thus has advantageous access to world markets through preferential trade agreements between South Africa and other major markets such as Europe and the United States. South Africa is also a member of the Southern Africa Development Community (SADC); Trade, Development and Cooperation Agreement (TDCA) and the Southern African Customs Union (SACU) among other agreements. South Africa is used as a geographic gateway to the African market and the Western Cape is strategically positioned for African market access and offers opportunities for oil and gas service providers to the West African markets.

In 2014, an Economic Partnership Agreement (EPA) was concluded between South Africa (and others) and the EU, improving market access for 32 agricultural products, with a significant improvement in access to the EU market for wine (110-million litres duty-free), sugar (150 000 tons duty-free) and ethanol (80 000 tons duty-free). Geographical Indicator Status (GIS) has also been recognised for products such as Rooibos, KarooLamb and Honeybush.

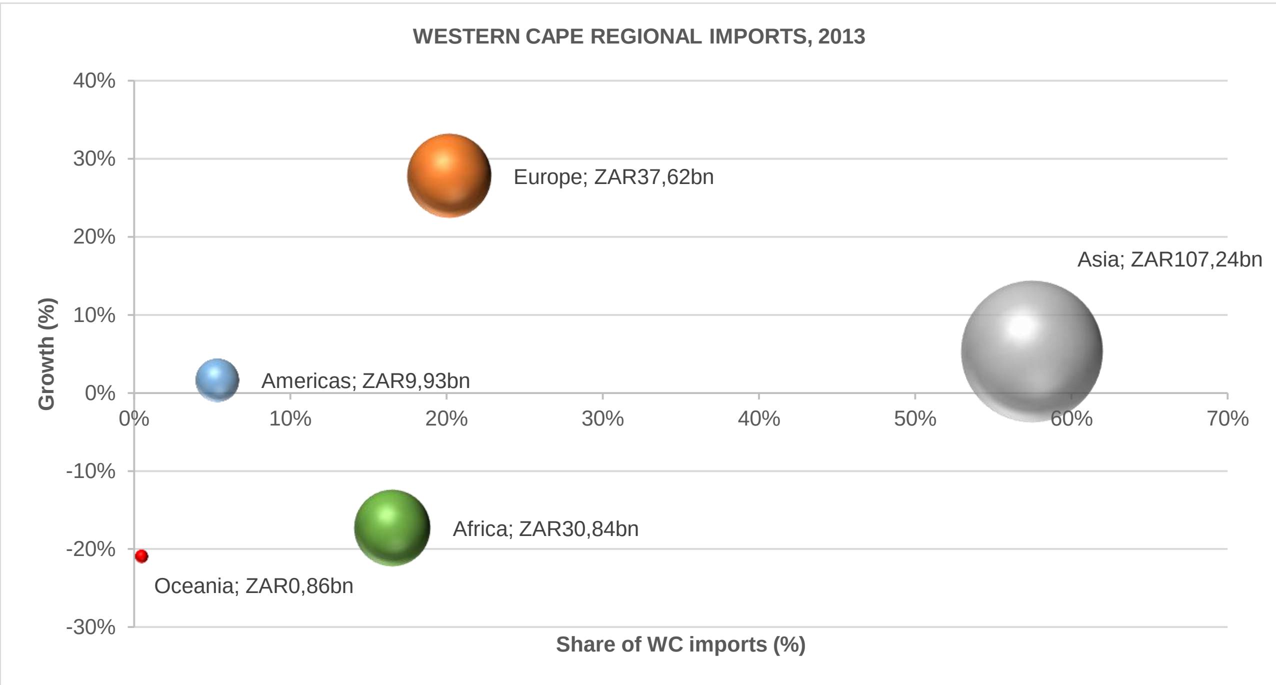
The next graph indicates the Western Cape regional export flows during 2013 and the contribution to each region to the Western Cape's exports. Europe continued to be the leading export destination for the province's exports in 2013, worth an estimated ZAR27.84bn (depicted by the size of the bubble), while Africa and Asia came in second and third, valued at ZAR18.95bn and ZAR18.15bn respectively. When looking at sub-regions, the highest value exports were to the European Union, followed by the Southern African Development Community and Eastern Asia (Appendix 1).

In 2013, Western Cape exports to all regions experienced positive growth, with Africa having the highest growth rate of 34%, followed by Europe and Oceania growing by 20% and 10% respectively.



Source: Quantec and own calculations, 2014

The next graph indicates Western Cape regional import flows during 2013 and the contribution from each region to the Western Cape's imports. The largest share of imports into the Western Cape is from Asia (57.5%), with imports valued at ZAR107.24bn. Europe (27.8%) and Africa (16.5%) are ranked as the second and third largest import regions, with a value of ZAR37.62bn and ZAR30.84bn respectively. Europe was the fastest growing region for Western Cape imports, increasing by 27.8%. Asia and America were the only other regions with positive growth of imports to the Western Cape, with growth of 5.3% and 1.7%. Imports from Africa decreased by 17.3% from 2012. When looking at sub-regions, the highest value imports were from Western Asia, the European Union and Eastern Asia (Appendix 2).



Source: Quantec and own calculations, 2014

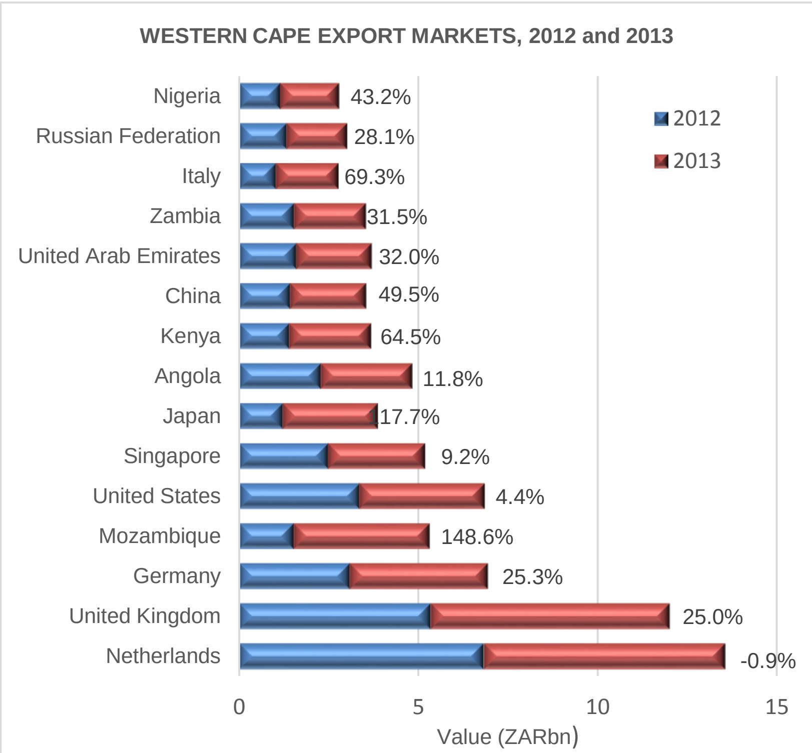
4. Western Cape source and destination markets

The top ten export destination markets for the Western Cape for 2013 are described in the table below. The top three export destinations for the Western Cape have remained among the top destinations for a number of years. The top two countries for Western Cape exports are in the EU, namely the Netherlands (ZAR6.8bn), and the United Kingdom (ZAR6.6bn), accounting for a combined 18% of total exports.

Newcomers in the top 10 from 2012 include Japan, Kenya and China (China was a top market in 2011). Exports to Japan were driven by major maize exports, reaching ZAR1.5bn in 2013. Exports to Kenya were fuelled by flat-rolled products of iron or non-alloy steel, coils of a width of 600mm or more, less than 3mm which saw a 98% increase from 2012. China mainly imported copper or copper alloy or scrap as well as sheep and lamb skins and iron ore. Singapore is still a prominent player in the top 10 with its major import being blends of complex petroleum hydrocarbons for use as plasticisers in the manufacture of pneumatic tyres.

TOP 10 WESTERN CAPE EXPORT MARKETS, 2013					
RANK	IMPORTERS	VALUE 2013 (ZARbn)	% SHARE	% GROWTH 2012-2013	% SHARE SA EXPORTS, 2013
1	Netherlands	6.74	9.00	-0.91	22.49
2	United Kingdom	6.66	8.89	25.04	21.01
3	Germany	3.85	5.14	25.33	9.17
4	Mozambique	3.78	5.05	148.62	14.20
5	United States	3.49	4.65	4.38	5.33
6	Singapore	2.70	3.61	9.17	29.07
7	Japan	2.65	3.53	117.68	5.00
8	Angola	2.54	3.40	11.83	27.97
9	Kenya	2.29	3.05	64.53	31.27
10	China	2.12	2.84	49.39	1.94
TOTAL EXPORTS		**74.87**	**100%**	**16.06%**	**9.49**

Source: Quantec, 2014



Source: Quantec, 2014

The graph alongside gives a graphic representation of the growth from 2012 to 2013 of the top 15 export markets for the Western Cape. It shows that although the growth in exports to the Netherlands declined, the exports in this region were greater than those of Nigeria, Russia and Italy combined.

What is also important to consider from the graph alongside is that relatively lower growth rates in value terms can be significantly high. For example, there was only 4.4% growth in exports from the United States but in value terms the exports increased by ZAR150m which is still significant growth.

This demonstrates that traditional export markets remain important to the Western Cape economy and are strong drivers for exports despite relatively lower growth rates.

The top source markets for imports to the Western Cape in 2013 were Saudi Arabia (ZAR37.7bn), China (ZAR28.0bn) and India (ZAR16.4bn). Many of the source markets are oil producing countries, exporting oil to the Western Cape. Imports from India increased by 75% in 2013, while imports from Germany increased by 65%.

Countries represented on the top 10 imports and exports for the Western Cape include the Netherlands, Germany, the United Kingdom, the United States and China, indicating that trade relations between these countries are fairly strong.

New source markets in the top 10 from 2012 include Singapore, Italy and the United States. Singapore's improved position was driven by increased import of refined petroleum, which increased by 82% to ZAR7.2bn. Italy's position was driven by diodes and motor vehicles, while that of the US was fuelled by parts for use in lifting and moving machines, which grew by 180% from 2012.

TOP 10 WESTERN CAPE IMPORT MARKETS, 2013					
RANK	**EXPORTERS**	**VALUE 2013 (ZARbn)**	**% SHARE**	**% GROWTH 2012-2013**	**% SHARE SA IMPORTS, 2013**
1	Saudi Arabia	37.67	20.19	-0.32	48.64
2	China	28.01	15.01	39.27	18.12
3	India	16.37	8.77	75.28	31.53
4	Nigeria	13.59	7.28	-20.73	38.84
5	Germany	8.10	4.34	65.45	7.85
6	Singapore	7.54	4.04	75.42	39.67
7	United Kingdom	6.58	3.53	21.31	20.08
8	Italy	5.24	2.81	38.49	20.23
9	United States	4.71	2.52	13.80	7.42
10	Netherlands	4.64	2.48	-11.23	28.73
TOTAL IMPORTS		**186.57**	**100%**	**4%**	**19.21**

Source: Quantec, 2014

5. Western Cape traded products

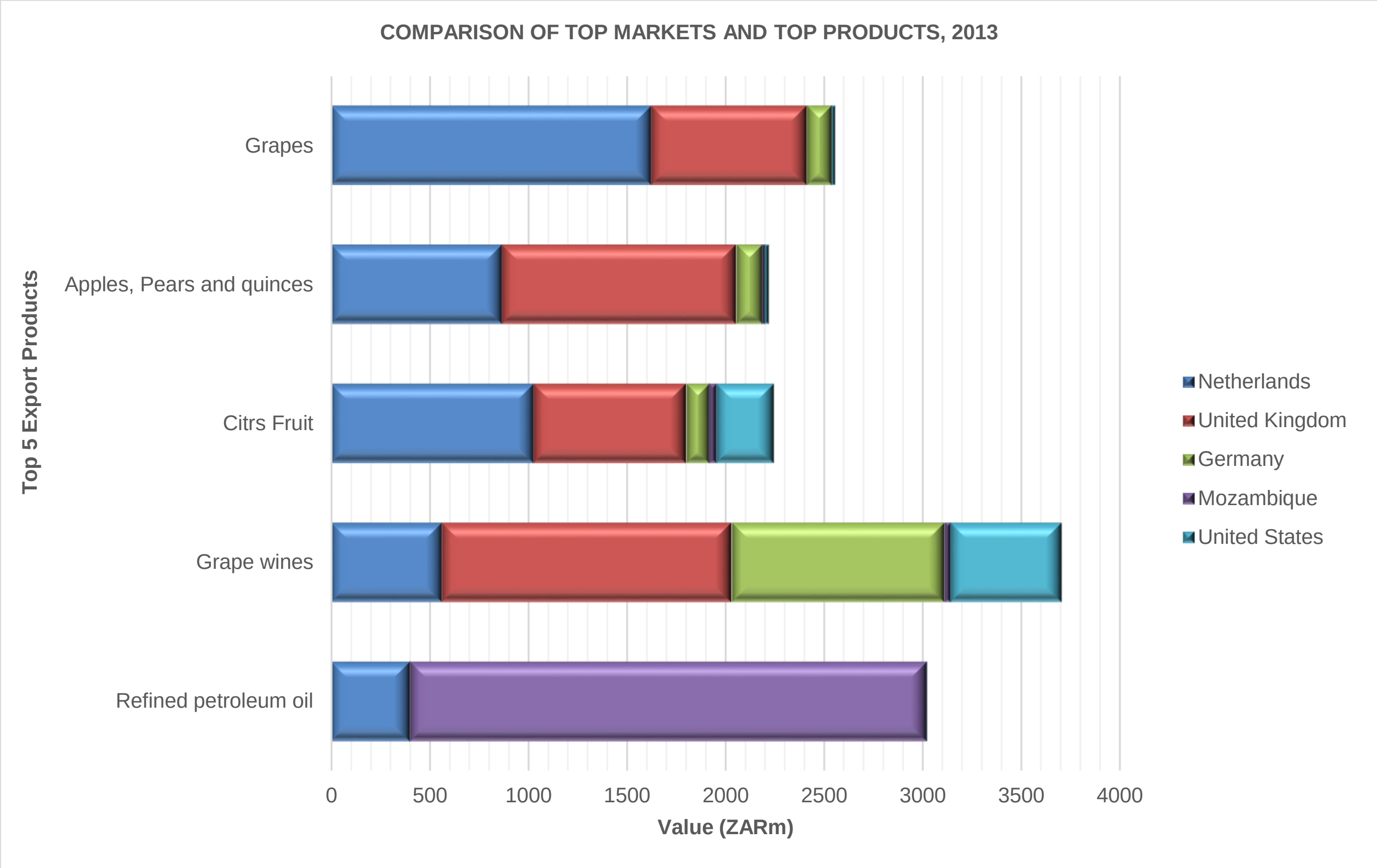
The top exports from the Western Cape in 2013 were petroleum oils (except crude), grape wines, citrus fruit, fresh apples, pears and quinces as well as grapes. The top performing export in the top 10 was maize, the exports of which increased by over a ZAR1bn, however this was highly seasonal and phenomenon occurring every 2-3 years. Other top exports in terms of growth were liqueur (66%) as well as apples, pears and quinces (53.52%). The top destination market for citrus fruit (ZAR1.7bn) and grapes (ZAR1.9bn) was the Netherlands and the top destination market for hot rolled iron and steel products was Kenya (ZAR1.7bn).

The top imports to the Western Cape in 2013 were crude and non-crude petroleum oils; diodes and transistors; liqueur, spirits and undenatured ethyl alcohol; prepared or preserved fish as well as medicaments. Imports of diodes and transistors as well as generators and converters grew by over 1000% from 2012 to 2013. Crude petroleum experienced a negative growth of 17% from 2012.

TOP 10 EXPORTS AND IMPORTS IN THE WESTERN CAPE, 2013									
RANK	TOP 10 EXPORTS	VALUE 2013 (ZARbn)	% GROWTH 2012-2013	% SHARE SA EXPORTS, 2013	RANK	TOP 10 IMPORTS	VALUE 2013 (ZARbn)	% GROWTH 2012-2013	% SHARE SA IMPORTS, 2013
1	Oils petroleum, bituminous, distillates, except crude	8.39	-5.32	59.00	1	Petroleum oils, oils from bituminous minerals, crude	66.39	-16.76	46.75
2	Grape wines(including fortified), alcoholic grape must	7.80	33.26	98.27	2	Oils petroleum, bituminous, distillates, except crude	33.36	9.42	53.76
3	Citrus fruit, fresh or dried	6.58	22.70	70.54	3	Diodes, transistors, semi-conductors, etc	3.69	1948.99	70.15
4	Apples, pears and quinces, fresh	5.59	53.52	94.34	4	Liqueur, spirits and undenatured ethyl alcohol <80%	2.83	38.63	75.20
5	Grapes, fresh or dried	4.02	22.27	80.76	5	Prepared or preserved fish, fish eggs, caviar	1.67	9.60	91.38
6	Hot-rolled products, iron/steel, width>600mm, not clad	3.11	7.47	79.00	6	Medicaments, therapeutic, prophylactic use, in dosage	1.67	73.87	9.53
7	Liquid, gas centrifuges, filtering, purifying machines	2.01	-6.23	10.75	7	Footwear nes, with outer sole, upper rubber or plastic	1.35	-0.98	39.65
8	Maize (corn)	1.83	44801.31	29.51	8	Footwear with uppers of textile materials	1.27	9.51	39.01
9	Fruit, nut, edible plant parts nes, prepared/preserved	1.60	16.90	90.25	9	Electric generating sets and rotary converters	1.07	3550.16	16.41
10	Liqueur, spirits and undenatured ethyl alcohol <80%	1.28	66.28	90.34	10	Machines nes having individual functions	1.03	-3.16	20.69
TOTAL EXPORTS		**74.87**	**16.06**	**9.49**	**TOTAL IMPORTS**		**186.57**	**3.99**	**19.21**

Source: Quantec, 2014

The graph below cross tabulates the top 5 exported products and the top 5 export markets from the Western Cape in 2013. The largest export product to these top markets is grape wines, with the most equally distributed share between the markets. Mozambique imports the largest share of refined petroleum oil and the smallest share of the other top products. The Netherlands is the only other top market that imports refined petroleum from the Western Cape.



Source: Quantec, 2014

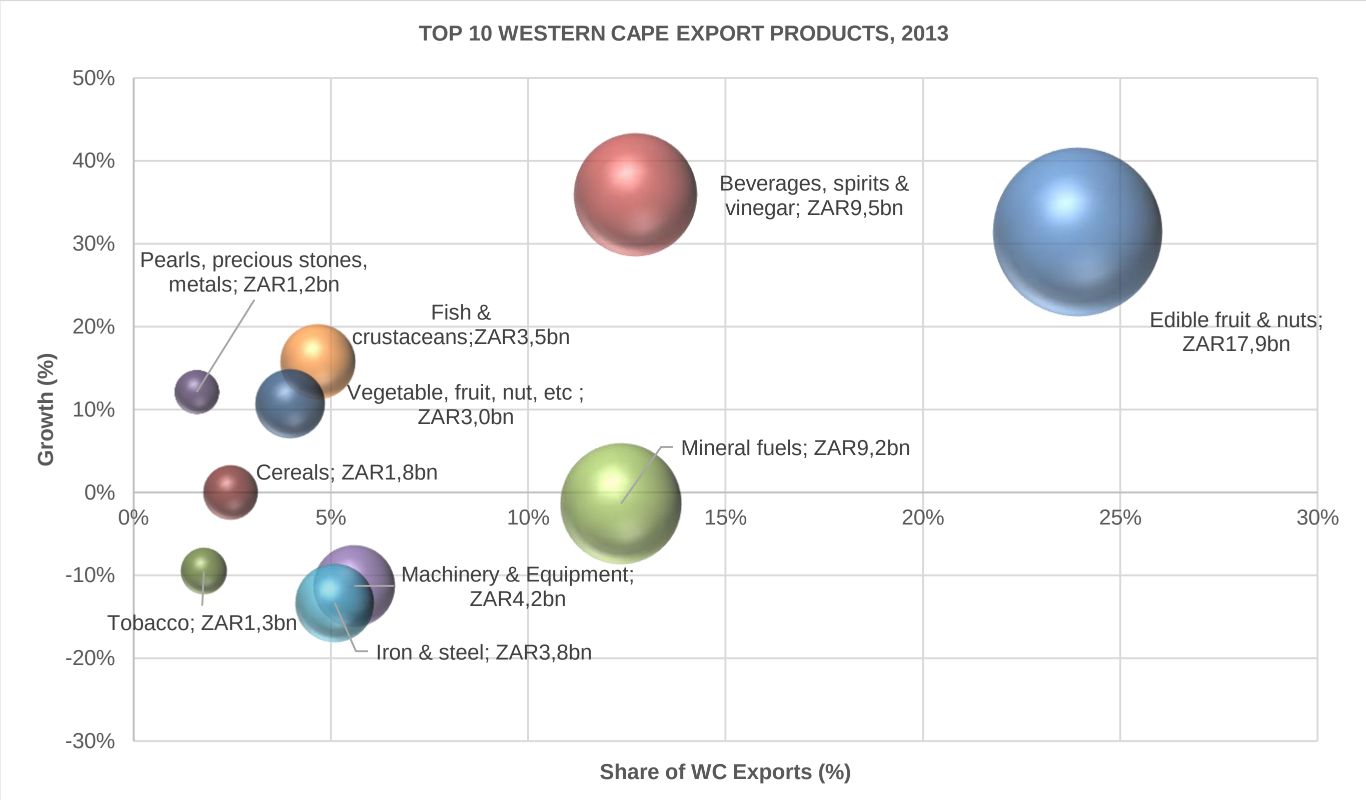
5.1. The share of exported products from the Western Cape

The contribution share of the top ten Western Cape exports for 2013 are depicted in the figure below. It is apparent that the product with the largest share is edible fruit and nuts which contributed 23.9% to the Western Cape's exports. The province produces between 70% and 100% of South Africa's citrus, apples, pears, quinces and grapes as well as other fruits, nuts and edible plants. Beverages, spirits and vinegar and mineral fuels ranked second and third with 12.7% and 12.4% respectively.

An oil refinery in Cape Town and the country's only gas to liquid (GTL) refinery in Mossel Bay are the main facilities in the well-established oil and gas industry of the Western Cape and can be attributed to the high mineral fuel exports from the province.

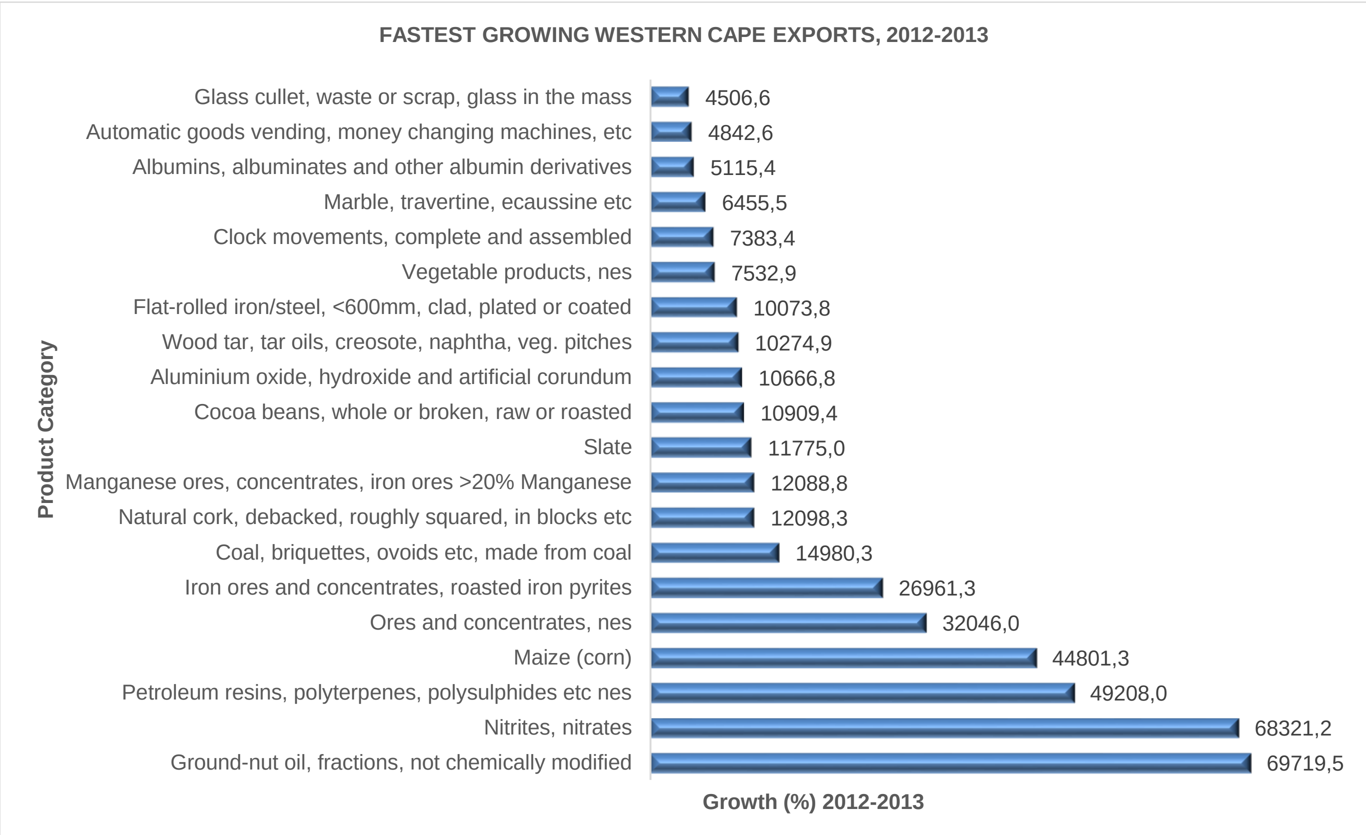
The top twenty Western Cape export products (HS2-level) for 2013 are depicted in the table in Appendix 3.

The table in Appendix 4 shows the export contribution for the top twenty exported products (HS4-level) for 2013 to the Western Cape. The leading export product is refined petroleum that makes up nearly 14% of total provincial exports, valued at ZAR8.4bn, followed by grape wines and citrus fruits accounting for 10.4% and 8.8% respectively.



Source: Quantec & own calculations, 2014

The top twenty fastest growing Western Cape export products (HS4-level) for the period 2012 to 2013 are depicted in the diagram below. Ground nut oil is the leading export growth product from the Western Cape in 2013 (69719.5%). Nitrates and petroleum resins are ranked second and third respectively.



Source: Quantec & own calculations, 2014

The table below indicates the products for which the Western Cape is the leading exporter in South Africa and the percentage share of products exceeding a value of ZAR5m. Around 65% of the products below are from the agribusiness sector, indicating that the Western Cape is a significant agribusiness exporter for South Africa.

WESTERN CAPE SHARE OF SOUTH AFRICAN EXPORTS >ZAR5m (HS4), 2013				
RANK	**PRODUCTS**	**SA VALUE 2013 (ZARm)**	**WC VALUE 2013 (ZARm)**	**% SHARE WC/SA 2013**
1	Metals, clad with platinum, semi-manufactured	27.20	27.19	99.94
2	Flax yarn	12.91	12.90	99.90
3	Tugs and pusher craft	5.21	5.19	99.71
4	Composition leather, in slabs, sheets or strips	40.48	40.34	99.66
5	Warships, lifeboats, hospital ships, vessels nes	52.31	51.67	98.78
6	Crustaceans, molluscs, etc, prepared or preserved	141.78	139.94	98.70
7	Cigars, cigarettes etc, tobacco or tobacco substitute	749.06	738.65	98.61
8	Grape wines(including fortified), alcoholic grape must	7932.74	7795.61	98.27
9	Vanilla beans	7.97	7.83	98.26
10	Tobacco, tobacco substitute products nes	585.25	574.60	98.18
11	Fish,cured, smoked, fish meal for human consumption	89.40	87.58	97.97
12	Bird skins, feathers, articles therefrom	74.31	72.16	97.10
13	Stone fruit, fresh (apricot, cherry, plum, peach, etc)	1060.69	1021.45	96.30
14	Transfers (decalcomanias)	94.40	90.63	96.01
15	Fish fillets, fish meat, mince except liver, roe	1024.47	982.99	95.95
16	Locust beans, seaweed, sugar beet, cane, for food	334.19	320.59	95.93
17	Veg alkaloids, their salts, ethers, esters and derivs	47.98	45.90	95.66
18	Apples, pears and quinces, fresh	5926.43	5590.72	94.34
19	Heterocyclic compounds, nes	26.07	24.52	94.08
20	Saddlery and harness, of any material	42.27	39.63	93.76
TOTAL EXPORTS		**788385.7**	**74873.93**	**9.49%**

Source: Quantec and own calculations, 2014

The figure below shows the Western Cape's sector output, exports and imports for 2013. The sector with the largest output in the Western Cape is food, beverages and tobacco products valued at ZAR43bn. Petroleum products, chemicals and rubber is ranked second at ZAR35bn and agriculture, forestry and fishing rank third at ZAR25bn.

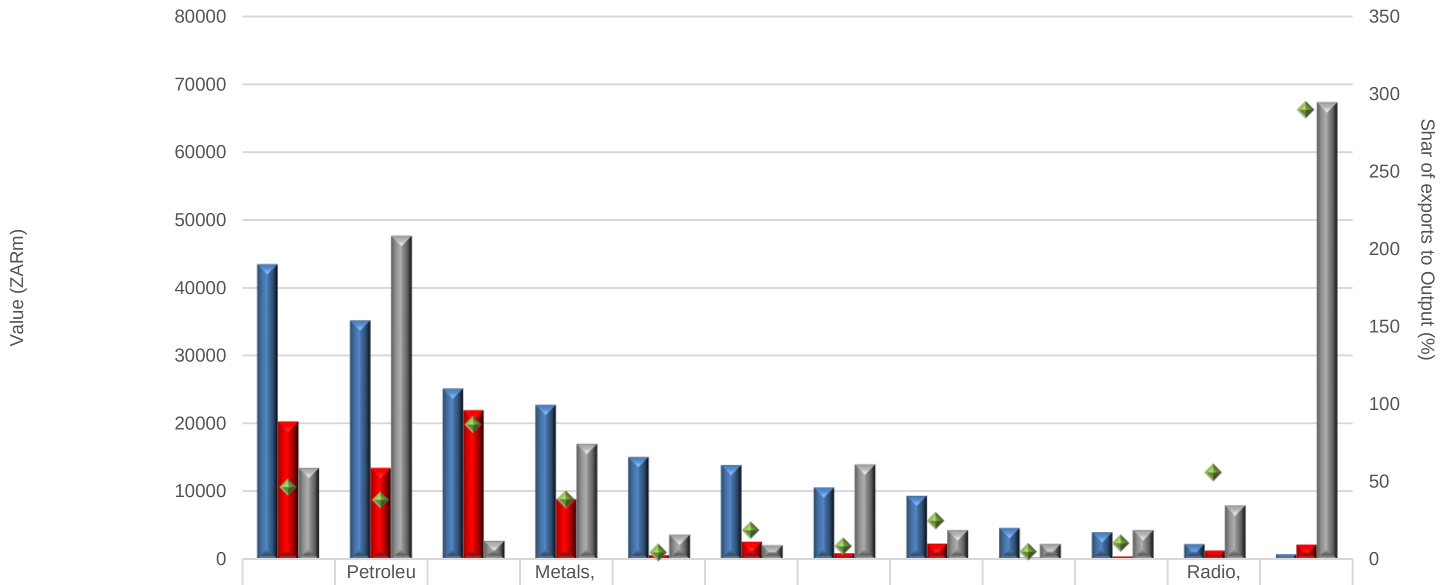
The product categories with the highest export:output ratio are the following:

- Mining and quarrying (289.96%)
- Agriculture, forestry and fishing (86.67%)
- Radio, TV, instruments, watches and clocks (55.79%)
- Food, beverages and tobacco (46.38%)
- Metals, metal products, machinery and equipment (38.61%)

The product categories with more than double the value of imports than exports include the following:

- Petroleum products, chemicals, rubber and plastic
- Wood, paper, publishing and printing
- Textiles, clothing and leather goods
- Other non-metal mineral products
- Electrical machinery and apparatus
- Radio, TV instruments, watches and clocks
- Mining and quarrying

WESTERN CAPE OUTPUT, EXPORTS AND IMPORTS, 2013

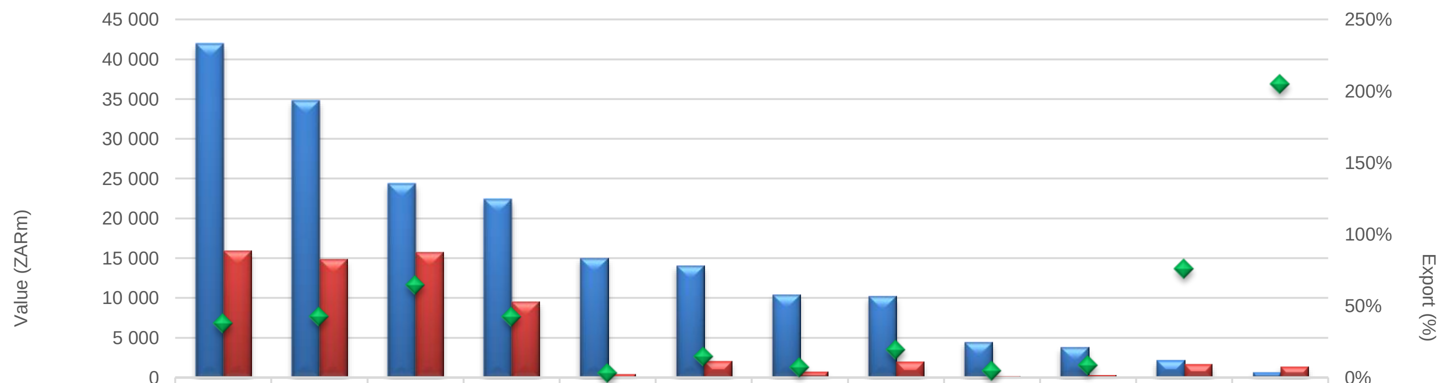


	Food, beverages and tobacco	Petroleum products, chemicals, rubber and plastic	Agriculture, forestry and fishing	Metals, metal products, machinery and equipment	Wood, paper, publishing and printing	Transport equipment	Textiles, clothing and leather goods	Furniture and other manufacturing	Other non-metal mineral products	Electrical machinery and apparatus	Radio, TV, instruments, watches and clocks	Mining and quarrying
Output	43484,31	35229,71	25205,67	22768,73	15085,01	13901,72	10625,22	9372,89	4591,26	3976,45	2252,43	746,32
Exports	20168,23	13398,35	21845,01	8790,99	601,39	2572,15	871,91	2303,96	213,66	396,10	1256,69	2164,05
Imports	13451,30	47633,62	2701,61	16985,65	3612,71	2049,70	13955,92	4274,08	2247,70	4275,76	7927,39	67340,97
Export/Output Ratio (%)	46,38	38,03	86,67	38,61	3,99	18,50	8,21	24,58	4,65	9,96	55,79	289,96

Source: Quantec and own calculations, 2014

The figure below shows the Western Cape's sector output and exports for 2012. The most notable increases from 2012 to 2013 for the export: output ratio was for food, beverages and tobacco which increased from 38% to 46% in 2013. Agriculture, forestry and fishing exports also increased from 64.64% of output to 86.67% in 2013. The share of exports for transport and equipment, furniture and other manufacturing, electrical machinery and mining and quarrying also increased in 2013.

WESTERN CAPE OUTPUT & EXPORTS BY SECTOR, 2012



	Food, beverages and tobacco	Petroleum products, chemicals, rubber and plastic	Agriculture, forestry and fishing	Metals, metal products, machinery and equipment	Wood, paper, publishing and printing	Transport equipment	Textiles, clothing and leather goods	Furniture and other manufacturing	Other non-metal mineral products	Electrical machinery and apparatus	Radio, TV, instruments, watches and clocks	Mining and quarrying
Output (ZARm)	41 962	34 815	24 403	22 411	15 006	14 058	10 433	10 236	4 483	3 796	2 177	666
Export (ZARm)	15 948	14 847	15 773	9 537	479	2 072	745	1 998	212	322	1 652	1 366
Export %	38,01%	42,65%	64,64%	42,55%	3,19%	14,74%	7,14%	19,52%	4,74%	8,49%	75,88%	205,03%

Source: Quantec and own calculations, 2014

5.2. Competitive advantage and growth in exports

The relative comparative advantage (RCA) and the growth of the exports over time can be analysed together to determine priority export products and sectors in the Western Cape.

The revealed comparative advantage is measured by the relative weight of a percentage of total export of commodities in a region over the percentage of world export of that commodity. If there is a RCA, this would mean that the Western Cape exports a higher percentage of this product (in percentage of WC total exports) than the percentage that the world exports for that same product (in percentage of world exports).

When the RCA is greater than 1, the Western Cape has a revealed comparative advantage on a particular commodity. If it is below 1 there is a comparative disadvantage. The table below lists the most competitive products in terms of Western Cape exports for 2013:

TOP 10 SECTORS (HS2) FOR REVEALED COMPETITIVE ADVANTAGE IN THE WESTERN CAPE, 2013		
RANK	HS PRODUCT CODE	REVEALED COMPETITIVE ADVANTAGE
1	Edible fruit, nuts, peel of citrus fruit, melons	46.57
2	Beverages, spirits and vinegar	21.54
3	Vegetable, fruit, nut, etc food preparations	12.62
4	Raw hides and skins (other than furskins) and leather	8.92
5	Fish, crustaceans, molluscs, aquatic invertebrates nes	8.74
6	Tobacco and manufactured tobacco substitutes	7.84
7	Explosives, pyrotechnics, matches, pyrophorics, etc	5.51
8	Vegetable plaiting materials, vegetable products nes	4.80
9	Salt, sulphur, earth, stone, plaster, lime and cement	4.72
10	Cereals	3.72
11	Meat, fish and seafood food preparations nes	3.29
12	Live trees, plants, bulbs, roots, cut flowers etc	3.07
13	Bird skin, feathers, artificial flowers, human hair	2.44
14	Essential oils, perfumes, cosmetics, toileteries	2.41
15	Miscellaneous edible preparations	2.17
16	Iron and steel	2.16
17	Products of animal origin, nes	1.79
18	Edible vegetables and certain roots and tubers	1.76
19	Works of art, collectors pieces and antiques	1.73
20	Albuminoids, modified starches, glues, enzymes	1.68

Source: Quantec, 2014

The table below shows the sectors that grew the most in terms of compounded annual growth rate from 2009-2013. Within the top 20 only 9 sectors have a revealed comparative advantage.

TOP SECTORS FOR CAGR, 2009-2013				
RANK	YEAR	CAGR 5 YEAR (%p.a.)	5 YEAR GROWTH AVERAGE (%p.a.)	RCA 2013
1	Silk	82.6	127.4	0.04
2	Raw hides and skins (other than furskins) and leather	82.2	126.7	8.92
3	Salt, sulphur, earth, stone, plaster, lime and cement	79.6	89.9	4.72
4	Pulp of wood, fibrous cellulosic material, waste etc	73.4	102.1	0.38
5	Works of art, collectors pieces and antiques	52.9	87.4	1.73
6	Manmade staple fibres	51.3	174.0	0.14
7	Furskins and artificial fur, manufactures thereof	48.4	49.1	0.23
8	Clocks and watches and parts thereof	45.4	68.9	0.04
9	Cereals	44.4	3 055.7	3.7
10	Bird skin, feathers, artificial flowers, human hair	38.0	43.0	2.4
11	Nickel and articles thereof	31.9	891.9	0.001
12	Vegetable plaiting materials, vegetable products nes	31.9	81.5	4.80
13	Rubber and articles thereof	30.2	31.4	0.10
14	Commodities not elsewhere specified	29.1	64.3	0.23
15	Residues, wastes of food industry, animal fodder	27.3	89.8	0.99
16	Cereal, flour, starch, milk preparations and products	26.1	26.6	1.07
17	Cork and articles of cork	25.5	27.7	0.25
18	Miscellaneous edible preparations	25.3	27.9	2.17
19	Miscellaneous articles of base metal	25.2	33.3	0.43
20	Essential oils, perfumes, cosmetics, toiletries	25.1	25.5	2.41

Source: Quantec, 2014

The table below shows the sectors that grew the most in terms of growth from 2009-2013, accounting for each years' growth. Within the top 20 only 7 sectors have a revealed comparative advantage, many of which overlap with those above.

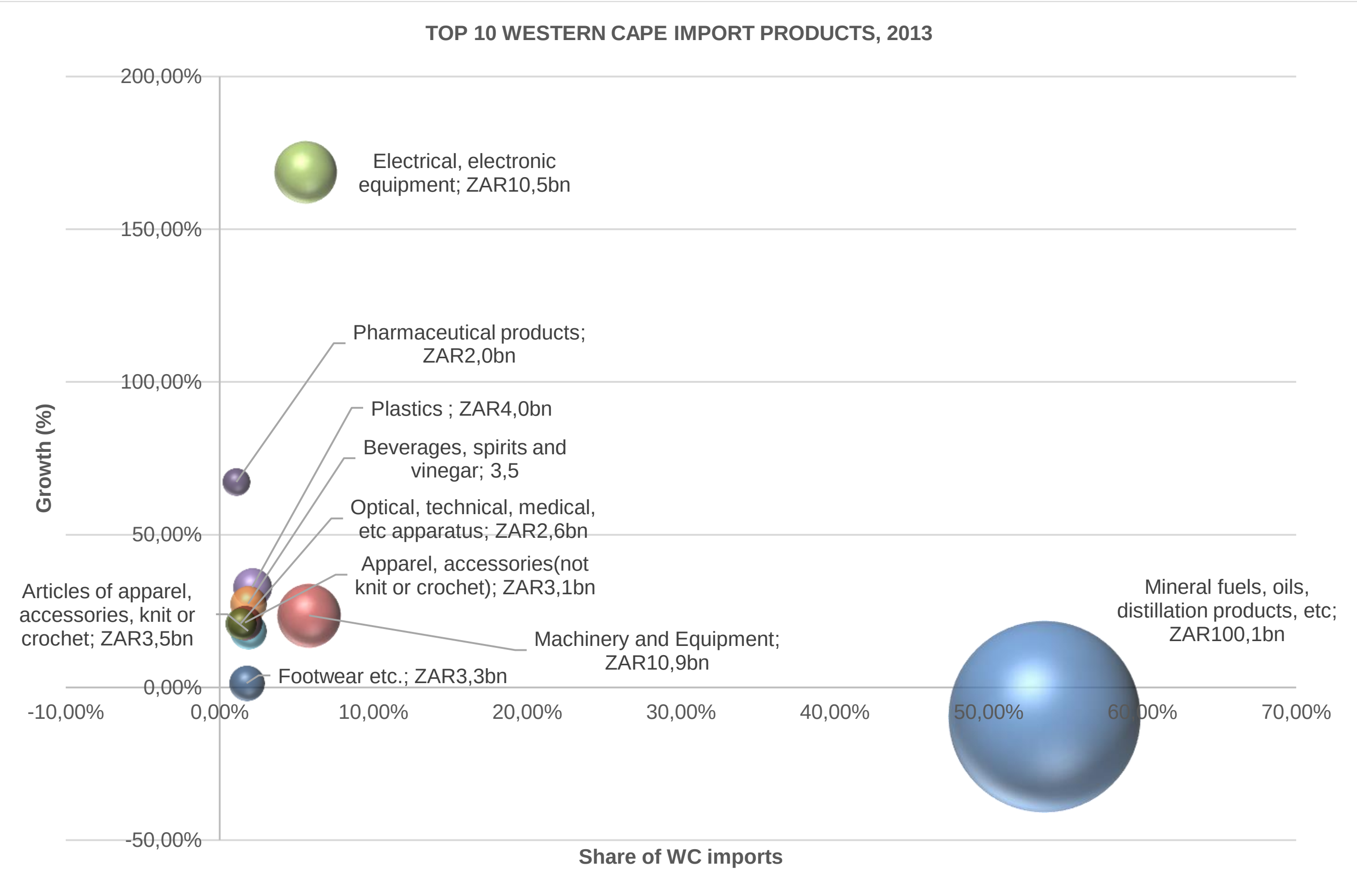
TOP SECTORS FOR AVERAGE ANNUAL GROWTH, 2009-2013				
RANK	YEAR	CAGR 5 YEAR (%p.a.)	5 YEAR GROWTH AVERAGE (%p.a.)	RCA 2013
1	Cereals	44.4	3 055.7	3.72
2	Nickel and articles thereof	31.9	891.9	0.001
3	Special classifications provisions	23.0	190.1	
4	Ores, slag and ash	15.9	182.2	0.44
5	Manmade staple fibres	51.3	174.0	0.14
6	Silk	82.6	127.4	0.04
7	Raw hides and skins (other than furskins) and leather	82.2	126.7	8.92
8	Pulp of wood, fibrous cellulosic material, waste etc	73.4	102.1	0.38
9	Salt, sulphur, earth, stone, plaster, lime and cement	79.6	89.9	4.72
10	Residues, wastes of food industry, animal fodder	27.3	89.8	0.99
11	Works of art, collectors pieces and antiques	52.9	87.4	1.73
12	Vegetable plaiting materials, vegetable products nes	31.9	81.5	4.80
13	Clocks and watches and parts thereof	45.4	68.9	0.04
14	Commodities not elsewhere specified	29.1	64.3	0.23
15	Furskins and artificial fur, manufactures thereof	48.4	49.1	0.23
16	Inorganic chemicals, precious metal compound, isotopes	23.6	47.0	0.34

TOP SECTORS FOR AVERAGE ANNUAL GROWTH, 2009-2013				
RANK	YEAR	CAGR 5 YEAR (%p.a.)	5 YEAR GROWTH AVERAGE (%p.a.)	RCA 2013
17	Vegetable textile fibres nes, paper yarn, woven fabric	10.4	43.6	0.89
18	Bird skin, feathers, artificial flowers, human hair	38.0	43.0	2.44
19	Fertilizers	20.7	36.6	1.25
20	Stone, plaster, cement, asbestos, mica, etc articles	21.0	33.5	0.51

Source: Quantec, 2014

6. Import products to the Western Cape

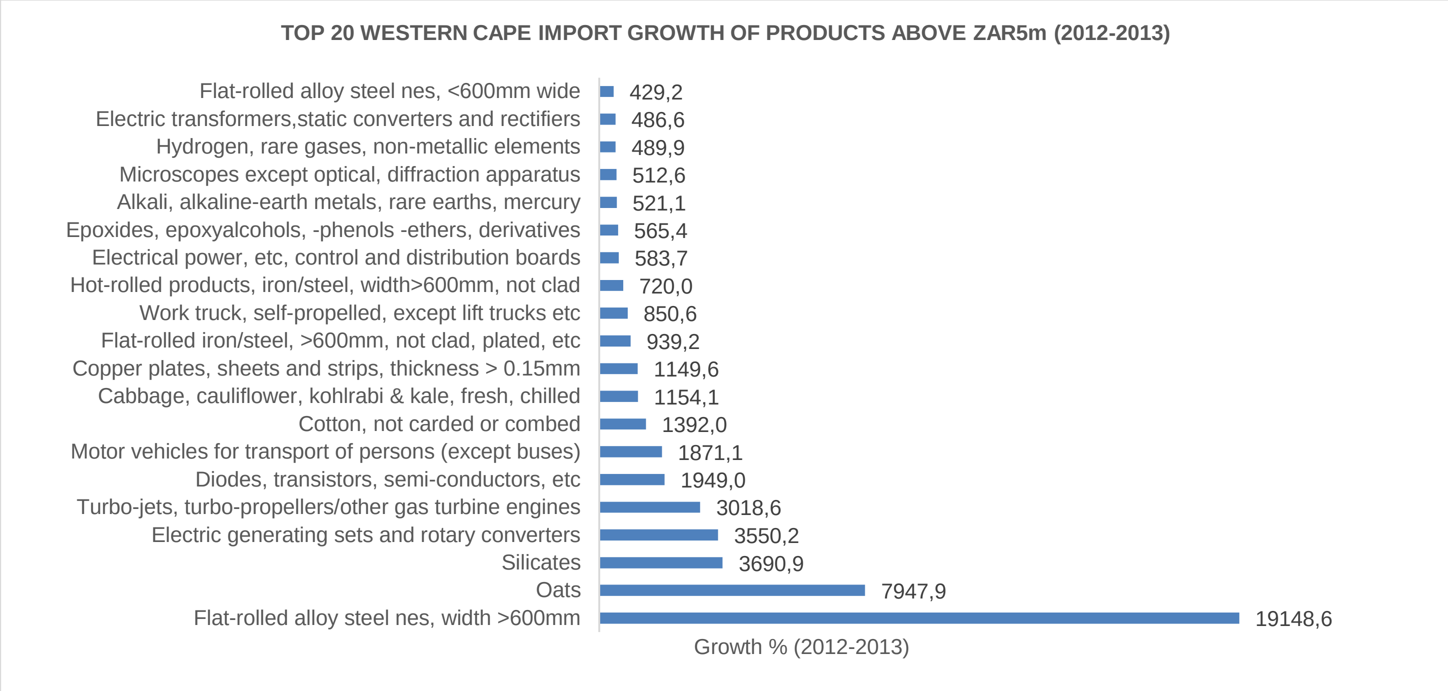
The contribution share of the top ten Western Cape imports for 2013 is depicted in the figure below. It is apparent that the product with the largest share is mineral fuels which makes up 53.65% of the province's imports, valued at ZAR100.1bn. The main reason is that the Western Cape is a major support and services hub for the Nigerian and Angolan oil industry and so a significant amount of oil is transported through the Western Cape every year. Machinery and equipment. as well as electrical and electronic equipment are the second and third largest imports, contributing 5.82% and 5.61% respectively. The top twenty Western Cape import products (HS2-level) for 2013 are depicted in the table in Appendix 5.



Source: Quantec and own calculations, 2013

The table in Appendix 6 shows the import contribution for the top twenty imported products (HS4-level) for 2013 to the Western Cape. The leading import product is crude oil which makes up 36% of the province imports, valued at ZAR66.4bn. Refined petroleum and diodes, transistors and semi-conductors are the second and third largest imports, contributing 18% and 2% respectively

The top ten Western Cape import growth products (HS4-level) from 2012 to 2013 are depicted in the bar graph below. Sublimed or subliminal sulphur was the strongest growing import product among the top 20 list, growing by 252 455% in 2013. This is not included in the graph below as it is an extreme outlier. This is followed by flat rolled alloy steel, with a width greater than 600mm, oats and silicates growing at 19 148%, 7 947% and 3 690% respectively.



Source: Quantec and own calculations, 2014

7. Top markets for FDI, exports and tourism

The table below shows the top ten market rankings for inward and outward FDI in projects, export value and tourism arrivals for the Western Cape. The United Kingdom, Germany and the United States, the top three tourism markets are ranked in the top ten for all four categories, demonstrating the strength of the Western Cape's trade, investment and tourism linkages with these markets. Other markets that appear in three of the four categories include the Netherlands and China.

TOP 10 MARKETS FOR FDI, EXPORTS & TOURISM INTO THE WESTERN CAPE,

RANK	INWARD FDI	PROJECTS (2003-2013)	OUTWARD FDI	PROJECTS (2003-2013)	EXPORT MARKETS	VALUE 2013 (ZARbn)	TOURISM MARKETS	ARRIVALS 2013
1	United Kingdom	50	Nigeria	14	Netherlands	6.74	United Kingdom	281 002
2	United States	45	Angola	9	United Kingdom	6.66	Germany	183 974
3	Netherlands	15	Zambia	8	Germany	3.85	United States	156 891
4	Germany	13	UAE	7	Mozambique	3.78	China & Hong Kong	98 549
5	France	10	United Kingdom	6	United States	3.49	Namibia	79 267
6	Switzerland	6	Uganda	5	Singapore	2.70	Netherlands	74 847
7	China	5	United States	4	Japan	2.65	France	63 914
8	India	5	India	4	Angola	2.54	Australia	47 689
9	Canada	4	Germany	4	Kenya	2.29	Mozambique	46 918
10	UAE	4	Kenya	4	China	2.12	Brazil	36 102

Source: Quantec, FDi Intelligence, SATourism, 2014

Appendix 1 –Western Cape exports by region, 2013

WESTERN CAPE EXPORTS, CLASSIFIED BY REGION, 2013				
RANK	REGION	VALUE 2012 (ZARbn)	VALUE 2013 (ZARbn)	% GROWTH 2012-2013
1	European Union	21.35	25.43	19.11
2	SADC	8.85	11.79	33.24
3	Eastern Asia	4.97	7.18	44.58
4	NAFTA	4.46	4.84	8.54
5	South-eastern Asia	6.48	4.83	-25.48
6	Western Asia	4.38	4.72	7.81
7	Western Africa	2.63	3.54	34.66
8	Eastern Africa Rest	1.76	2.73	55.26
9	Not allocated	3.07	2.53	-17.54
10	Eastern Europe	1.41	1.79	27.10
11	South-central Asia	1.55	1.41	-9.42
12	Australia and New Zealand	1.24	1.38	10.89
13	South America	0.88	0.88	-0.23
14	Middle Africa Rest	0.60	0.64	5.74
15	Western Europe Rest	0.23	0.35	50.15
16	Northern Africa	0.31	0.26	-15.29
17	Caribbean	0.09	0.25	170.28
18	Northern Europe	0.16	0.22	41.04
19	Southern Europe	0.03	0.05	59.76
20	Melanesia	0.02	0.02	-8.26
21	Central America	0.02	0.02	-3.78
22	Polynesia	0.02	0.02	5.53
23	Micronesia	0.00	0.00	-24.81
24	Northern America	0.00	0.00	-34.66
TOTAL EXPORTS		**64.63**	**74.87**	**16.1**

Source: Quantec and own calculations, 2014

Appendix 2 –Western Cape imports by region, 2013

WESTERN CAPE IMPORTS, CLASSIFIED BY REGION, 2013				
RANK	REGION	VALUE 2012 (ZARbn)	VALUE 2013 (ZARbn)	% GROWTH 2012-2013
1	Western Asia	47.52	44.22	-6.95
2	European Union	28.09	34.01	21.06
3	Eastern Asia	24.96	32.09	28.58
4	South-central Asia	17.34	17.50	0.95
5	Western Africa	18.59	16.60	-10.68
6	South-eastern Asia	12.01	13.43	11.78
7	SADC	17.48	9.48	-45.79
8	NAFTA	4.82	5.37	11.44
9	South America	4.85	4.45	-8.30
10	Middle Africa Rest	0.69	3.92	464.34
11	Western Europe Rest	0.58	1.83	214.83
12	Eastern Europe	0.45	1.48	229.17
13	Australia and New Zealand	1.08	0.85	-20.69
14	Eastern Africa Rest	0.39	0.57	46.01
15	Northern Europe	0.30	0.29	-2.57
16	Northern Africa	0.13	0.27	110.34
17	Not allocated	0.03	0.09	239.73
18	Central America	0.05	0.07	38.20
19	Caribbean	0.04	0.04	-9.85
20	Southern Europe	0.00	0.01	30.35
21	Northern America	0.00	0.00	602.17
22	Polynesia	0.01	0.00	-58.65
23	Melanesia	0.00	0.00	19.54
24	Micronesia	0.00	0.00	-100.00
TOTAL IMPORTS		**179.42**	**186.57**	**3.99**

Source: Quantec and own calculations, 2014

Appendix 3 – Top 20 Western Cape exports, 2013 – Products

TOP 20 WESTERN CAPE EXPORTS, 2013 (HS2: PRODUCTS)				
RANK	PRODUCTS	VALUE 2013 (ZARm)	% SHARE OF TOTAL EXPORTS	% GROWTH 2012-2013
1	Edible fruit, nuts, peel of citrus fruit, melons	17911.28	23.9	31.4
2	Beverages, spirits and vinegar	9521.26	12.7	35.9
3	Mineral fuels, oils, distillation products, etc.	9246.42	12.3	-1.3
4	Machinery and Equipment	4187.14	5.6	-11.3
5	Iron and steel	3817.52	5.1	-13.3
6	Fish, crustaceans, molluscs, aquatic invertebrates nes	3498.95	4.7	15.8
7	Vegetable, fruit, nut, etc. food preparations	2972.18	4.0	10.7
8	Cereals	1842.29	2.5	12123.2
9	Tobacco and manufactured tobacco substitutes	1332.69	1.8	-9.4
10	Pearls, precious stones, metals, coins, etc.	1198.24	1.6	12.2
11	Raw hides and skins (other than fur skins) and leather	1177.40	1.6	421.7
12	Vehicles other than railway, tramway	1028.35	1.4	73.2
13	Essential oils, perfumes, cosmetics, toiletries	1023.62	1.4	35.1
14	Electrical, electronic equipment	1004.95	1.3	21.7
15	Ships, boats and other floating structures	957.24	1.3	51.9
16	Salt, sulphur, earth, stone, plaster, lime and cement	910.82	1.2	66.9
17	Plastics and articles thereof	879.11	1.2	22.3
18	Copper and articles thereof	807.27	1.1	-1.7
19	Optical, photo, technical, medical, etc. apparatus	779.19	1.0	-36.6
20	Miscellaneous chemical products	711.62	1.0	-61.7
TOTAL EXPORTS		**74873.93**	**100.0**	**16.1**

Source: Quantec and own calculations, 2014

Appendix 4 – Top 20 Western Cape exports, 2013 – Products

TOP 20 WESTERN CAPE EXPORTS, 2013 (HS4: PRODUCTS)				
RANK	PRODUCTS	VALUE 2013 (ZARm)	% SHARE OF TOTAL EXPORTS	% GROWTH 2012-2013
1	Oils petroleum, bituminous, distillates, except crude	8388.65	11.20	-5.32
2	Grape wines(including fortified), alcoholic grape must	7795.61	10.41	33.26
3	Citrus fruit, fresh or dried	6584.50	8.79	22.70
4	Apples, pears and quinces, fresh	5590.72	7.47	53.52
5	Grapes, fresh or dried	4022.95	5.37	22.27
6	Hot-rolled products, iron/steel, width>600mm, not clad	3111.51	4.16	7.47
7	Liquid, gas centrifuges, filtering, purifying machines	2013.66	2.69	-6.23
8	Maize (corn)	1829.14	2.44	44801.31
9	Fruit, nut, edible plant parts nes, prepared/preserved	1604.16	2.14	16.90
10	Liqueur, spirits and undenatured ethyl alcohol <80%	1283.34	1.71	66.28
11	Fruit and vegetable juices, not fermented or spirited	1144.04	1.53	-0.42
12	Stone fruit, fresh (apricot, cherry, plum, peach, etc)	1021.45	1.36	38.55
13	Raw skins of sheep or lambs	1000.99	1.34	762.45
14	Fish fillets, fish meat, mince except liver, roe	982.99	1.31	22.17
15	Fish, frozen, whole	978.69	1.31	21.97
16	Parts and accessories for motor vehicles	882.68	1.18	96.94
17	Beauty, make-up and skin care preparations	833.37	1.11	47.41
18	Yachts, pleasure, sports vessels, rowing boats, canoes	817.48	1.09	62.95
19	Crustaceans	814.38	1.09	21.52
20	Copper, copper alloy, waste or scrap	780.59	1.04	-2.73
TOTAL EXPORTS		**74873.93**	**100.00**	**16.06**

Source: Quantec and own calculations, 2014

Appendix 5 – Top 20 Western Cape imports, 2013 – Sub-Sectors

TOP 20 WESTERN CAPE IMPORTS 2013 (HS2: PRODUCTS)				
RANK	PRODUCTS	VALUE 2013 (ZARm)	% SHARE OF TOTAL IMPORTS	% GROWTH 2012-2013
1	Mineral fuels, oils, distillation products, etc	100 091.00	53.65	-9.46
2	Machinery and Equipment	10 852.86	5.82	23.53
3	Electrical, electronic equipment	10 463.29	5.61	168.67
4	Plastics and articles thereof	3 953.69	2.12	32.88
5	Articles of apparel, accessories, knit or crochet	3 479.51	1.86	18.54
6	Beverages, spirits and vinegar	3 468.21	1.86	27.38
7	Footwear, gaiters and the like, parts thereof	3 284.49	1.76	1.45
8	Articles of apparel, accessories, not knit or crochet	3 070.98	1.65	21.21
9	Optical, photo, technical, medical, etc apparatus	2 563.15	1.37	20.96
10	Pharmaceutical products	2 024.21	1.08	67.29
11	Meat, fish and seafood food preparations nes	1 899.93	1.02	8.86
12	Paper & paperboard, articles of pulp, paper and board	1 768.23	0.95	21.76
13	Cereals	1 766.84	0.95	-4.24
14	Furniture, lighting, signs, prefabricated buildings	1 672.42	0.90	24.88
15	Iron and steel	1 666.16	0.89	164.71
16	Vehicles other than railway, tramway	1 651.12	0.88	23.45
17	Articles of iron or steel	1 591.84	0.85	44.72
18	Miscellaneous chemical products	1 442.18	0.77	-0.73
19	Organic chemicals	1 409.61	0.76	19.07
20	Toys, games, sports requisites	1 347.67	0.72	13.26
TOTAL IMPORTS		**186 572.25**	**100.00**	**3.99**

Source: Quantec and own calculations, 2014

Appendix 6 – Top 20 Western Cape Imports, 2013 – Products

TOP 20 WESTERN CAPE IMPORTS, 2013 (HS4: PRODUCTS)				
RANK	PRODUCTS	VALUE 2013 (ZARm)	% SHARE OF TOTAL IMPORTS	% GROWTH 2012-2013
1	Petroleum oils, oils from bituminous minerals, crude	66394.73	35.59	-16.76
2	Oils petroleum, bituminous, distillates, except crude	33358.65	17.88	9.42
3	Diodes, transistors, semi-conductors, etc	3689.93	1.98	1948.99
4	Liqueur, spirits and undenatured ethyl alcohol <80%	2828.71	1.52	38.63
5	Prepared or preserved fish, fish eggs, caviar	1672.84	0.90	9.60
6	Medicaments, therapeutic, prophylactic use, in dosage	1667.84	0.89	73.87
7	Footwear nes, with outer sole, upper rubber or plastic	1353.23	0.73	-0.98
8	Footwear with uppers of textile materials	1269.68	0.68	9.51
9	Electric generating sets and rotary converters	1069.51	0.57	3550.16
10	Machines nes having individual functions	1026.20	0.55	-3.16
11	Mens or boys suits, jackets, trousers etc not knit	951.15	0.51	33.56
12	Wheat and meslin	945.31	0.51	1.95
13	Electric transformers,static converters and rectifiers	883.40	0.47	486.57
14	Meat, edible offal of domestic poultry	860.71	0.46	-3.55
15	Fruit and vegetable juices, not fermented or spirited	830.17	0.44	11.22
16	Electric equipment with heating element, domestic etc	788.96	0.42	9.85
17	Rice	777.40	0.42	-11.92
18	Flat-rolled alloy steel nes, width >600mm	757.75	0.41	19148.58
19	T-shirts, singlets and other vests, knit or crochet	718.97	0.39	27.53
20	Womens, girls suits, jacket, dress, skirt, etc, woven	696.53	0.37	25.33
TOTAL IMPORTS		**186572.25**	**100.00**	**3.99**

Source: Quantec and own calculations, 2014

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