

South Africa's WESTERN CAPE

BUSINESS FACTS AND OPPORTUNITIES

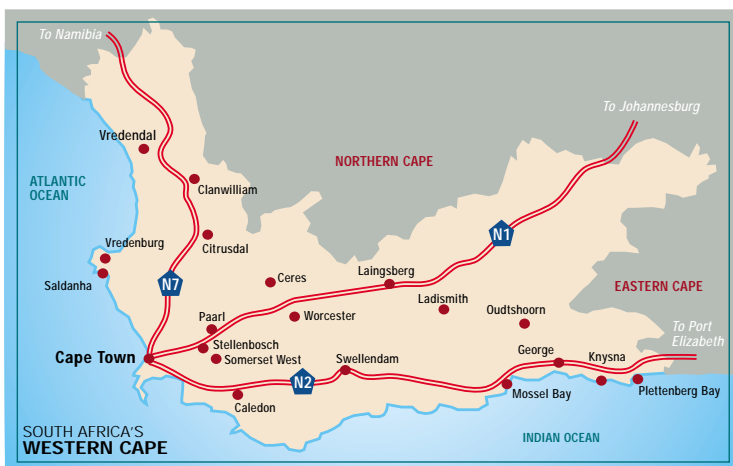
THE WESTERN CAPE is one of the most productive of South Africa's nine provinces. During the 1990s the region consistently exceeded South Africa's average GDP growth rate. The province's robust economy can be attributed to its balanced diversity of primary activities – agriculture, fishing and forestry – plus an equally diverse range of manufacturing subsectors, a vibrant tourism sector and an increasing array of future-oriented service industries. Excellent transport facilities by sea via the harbour of Cape Town and Saldanha, by air via Cape Town International Airport as well as George airport, and by rail as well as freeways link the Cape to the world and the rest of the country.

Cape Town is not only the powerhouse of the Western Cape region, but it is also renowned as one of the world's most beautiful and exciting cities – sharing the number one position in African tourism with Cairo. The seat of South Africa's parliament, the city's natural splendour, cultural diversity and colourful history have made it increasingly attractive for international conferences and meetings of leaders. The International Convention Centre, currently under construction, will further help Cape Town cement its leading edge position on the continent.

A relatively mature demographic

and school attendance rates and a superior higher education infrastructure – five residential universities/technikons and a wide range of technical and other public as well as private colleges – have enabled the region to participate with some confidence in the increasingly competitive global economy. The natural beauty of the region and its attractive living environment are key factors to attract skilled and entrepreneurial people from upcountry and from all over the world. Good schools and health facilities, a vast array of sports and recreational facilities, a relatively low cost of modern living and vibrant cultural expressions add to the attractions.

The Western Cape's rural areas – the 'platteland' – includes South Africa's famous 'Garden Route', with the harbour and petro-chemical centre of Mossel Bay, the administrative centre George and tourist pearls like Oudtshoorn, Knysna and Plettenberg Bay. Along the West Coast Saldanha-Vredenburg is the new industrial hub (home of the vast Saldanha Steel complex) and Clanwilliam, Vredendal and Lamberts Bay are agricultural and fishing centres. Closer to the City, the idyllic 'Boland' towns of Stellenbosch, Paarl, Wellington, Worcester and Montague are mostly shaped by wine and fruit farming as well as tourism.



WESTERN CAPE: BASIC FACTS

Year 2000 or latest

Area	120 000km ² (10,2% of SA)
Population	4,5 million (10% of SA)
Annual population increase	81 000 (1,8%)
Cape Town population	3,1 million
Home Language	
Afrikaans	58,6%
English	20,1
Xhosa	20,3
Urbanisation level	88,5%
Age 18-65 years	61% of population
Labour force (LF)	1 880 000
Unemployed	355 000 (18,9% of LF)
Adult literacy level	80%
Pupil enrolment at school	215,7 per 1000 of population
Human Development Index	0,673
HIV infection rate	7,1% (1/3 of SA average)
Infant mortality	29 per 1000 births
% households in poverty	19% (SA = 47,4%)
% houses electrified	83,9%
Gross Regional Product (GRP)	R125,7 billion
	= 14% of SA
Per capita GRP	R35 000 p.a.
PPP-adjusted in US\$	US\$11 135 per capita p.a.
Average GRP real growth 1990-2001	4,06% p.a.
Projected real growth 2001/2	2,5%
Gini coefficient	0,55

Sector Share	GDP%	Employment%
Agriculture	5,9	9,0
Manufacturing	20,1	14,2
Trade	11,1	8,8
Tourism	9,1	9,3
Financial & Business Services	17,4	6,3

Gross Domestic Fixed Investment	R16,8 billion
Foreign Direct Investment	R1,1 billion
Overseas tourist arrivals	980 000 p.a.
Foreign & domestic tourists	8,2 million

AUGUST 2002

USEFUL CONTACTS

SA Business Guide Book
www.guidesa.co.za

Cape Regional Chamber of
Commerce & Industry
Tel: +27 21 402 4300
www.capechamber.co.za

Braby's Business Directory
www.brabys.co.za

SA Chamber of Business
www.sacob.co.za

Cape Town Tourism
www.cape-town.org.za

Western Cape
Tourism Board
www.capetourism.co.za

Agriculture: Western Cape
www.wcape.agric.za

Clothing Federation of SA
www.clofed.co.za

SA Government online
www.gov.za

Department of Trade &
Industry (DTI)
Cape Town Office
Tel: +27 21 465 1508
Fax: +27 21 461 9296
e-mail: dtictn@global.co.za
Head Office +27 12 310 9953
www.dti.gov.za

Trade & Investment SA (TISA)
www.tisa.org.za

Statistics South Africa
www.statssa.gov.za

Customs & Excise
Tel: +27 21 401 8500
Fax: +27 21 421 6263

Johannesburg Stock
Exchange (JSE)
www.jse.co.za

Industrial Development
Corporation (IDC)
Tel: +27 21 421 4794
Fax: +27 21 419 3570
www.idc.co.za

SA Revenue Service
www.sars.gov.za

Franchise Association of SA
www.fasa.co.za

WESTERN CAPE GROWTH SECTORS AND

SECTOR	SUBSECTORS OR NICHES	INVESTMENT AND TRADE OPPORTUNITIES
1 Agriculture and Food Processing	1.1 Grapes, citrus and deciduous fruit 1.2 Introduce, expand or process niche products 1.3 Fruit juices, wine, liquor 1.4 Dairy products 1.5 Packaging sector	Purchase of farms; plant new cultivars; exports Vegetables, organic food, teas, olives, flowers, seeds/bulbs, herbs Modernise and expand wine and beverage facilities Value-adding processing for local and export markets Packaging, freezing, canning, etc. for exports
2 Fishing	2.1 Fish processing 2.2 Mari-and aqua-culture 2.3 Fishing equipment	Modernisation of facilities; turnover steady New, promising sector with significant investment potential Accessories for local needs and Africa exports
3 Mining, Gas, Petro-chemicals and Energy	3.1 Granite, lime, tiles, diamonds 3.2 Natural gas along West Coast 3.3 Oil & gas exploration equipment and services 3.4 Renewable energy 3.5 Petro-chemical products downstream	Limited scope for exploration and extraction Pipeline to Cape Town / Mossel Bay (including turbines) Service centre for West African oil and gas exploration activities Solar and wind energy Value-adding refinery products from Mossgas (Petro SA) and Caltex refineries
4 Metal Processing, Machinery, etc.	4.1 Semi-processed metals 4.2 Equipment and components 4.3 Automotive components 4.4 Electronic machinery and equipment 4.5 Specialised jobbing 4.5 Leisure yacht and boat building, repairs, etc.	Processing by Saldanha Steel / Duferco and others Demand linked to clothing/textile, beverages, food processing, fishing and other sectors High value/quality (exported) components High quality niche products for local and export markets Development of advanced jobbing facilities (i.a. for African markets) Promising niche sector, especially luxury yachts for exports
5 Textile, Clothing, Craft and Leather	5.1 Textiles and clothing 5.2 Leatherware and crafts 5.3 Jewellery	Specialised, high value/design products with export potential (incl. AGOA opportunities) Ostrich-ware and high value crafts for tourists and exports Quality/designer jewellery for local and export markets
6 Furniture, Household Goods and Accessories	6.1 Household furniture 6.2 Office and industry furniture 6.3 Accessories for yacht building, bus bodies, sports equipment, interior decoration	Value-added furniture, also for hotels; compact furniture Quality furniture and industrial equipment (including exports) High value, customised equipment and fittings

SECTOR	SUBSECTORS OR NICHES	INVESTMENT AND TRADE OPPORTUNITIES
7 IT, Bio-technology and life sciences	7.1 IT software and services, biotechnology and medical equipment	Develop, expand and deepen niches of excellence for export and local markets – based on an excellence skills base
	7.2 Call centres and customer relations centres	Establishment of further centres servicing international demand
8 Film and Media Industry	8.1 Production of local and international commercials and educational films	Expand facilities to meet rapidly growing international demand
	8.2 Co-production of movies/series	Advanced film studio a priority goal
	8.3 Publishing of journals and books	Ample local capacity ready for more exports
	8.4 High quality printing	Cape dominates SA printing supply
	8.5 Professional marketing agencies	Low Rand-cost makes niche highly competitive
9 Property Development & Construction	9.1 Residential	Luxury homes, loft apartments, retirement/ tourist / farm chalets
	9.2 Commercial, industrial and mixed developments	CBDs, regional centres, marinas, sports and recreational facilities, light industrial parks
	9.3 Building material & systems	Joint ventures to introduce industrial systems
	9.4 Transport infrastructure	Harbour and airport expansion, rail (stations/ links), coastal boat facilities, cableways
10 Tourism Infrastructure	10.1 Accommodation & catering	Market-focused expansion of upmarket and budget facilities (hotels, guesthouses, B&B's)
	10.2 Theme parks, nature resorts, golf estates, special events facilities	Selective and demand-led expansion and diversification of existing facilities (including regional tourism links with SADC countries)
	10.3 Health tourism	Reconvalescence facilities
	10.4 Package tour facilities (including charter flights)	Focused expansion of capacity to attract target groups of overseas tourists
	10.5 Sports tourism	Excellent facilities for wide range of sports disciplines
11 Financial, trade and business services	11.1 Insurance and banking	Diversify and strengthen specialised service facilities with international links
	11.2 Franchising and trade hub	Further expand and modernise facilities and systems (linked to retail chain HQs)
	11.3 Professional services – accounting, engineering, environment, design & construction	Utilise low-cost/high quality competitive edge for the export of these services to Africa and beyond
	11.4 Corporate & international offices	Utilise scope for regional/continental head offices and specialist centres
12 Education and Culture	12.1 Higher education & training	Expansion of capacities for student influx from the continent and overseas (incl. private colleges)
	12.2 Research institutes	Scope for international partnerships (e.g. Antarctica and botanical research)
	12.3 Performing art, jazz, opera, other music, etc.	Cape Town and Southern Cape have strong attraction for artists and establishments, incorporating African arts & crafts

ABSA Bank
Tel: +27 21 421 7500
Fax: +27 21 421 5485

First National Bank
Tel: +27 21 401 8300
Fax: +27 21 419 3930
www.fnb.co.za

Nedbank
Tel: +27 21 488 2808
Fax: +27 21 422 1942

Standard Bank
Tel: +27 21 401 2464
Fax: +27 21 401 2650

Business Partners
Tel: +27 21 464 3600
Fax: +27 21 461 8720
www.businesspartners.co.za

Manufacturing Advice Centres
www.namac.co.za
Cape Mac

Tel: +27 21 596 1300

Department of Labour
www.labour.gov.za

Labour mediation and arbitration
www.ccma.org.za

Congress of SA Trade Unions
www.cosatu.org.za

SA Reserve Bank
www.resbank.co.za

Financial news site
www.zafinance.co.za

Deloitte & Touche
www.deloitte.co.za

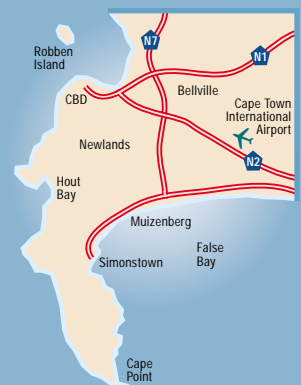
Ernst & Young
www.ey.co.za

KPMG Management Consultants
www.kpmg.co.za

Price Waterhouse Coopers
www.pwc.co.za

Dept. of Finance (national)
www.finance.gov.za

SA Crime Research Guide
www.crimeresearch.org.za



INPUT COSTS: WESTERN CAPE 2002

US \$ = R10,20 UK £ = R15,50 EURO = R10.00

Wages/salaries:	Unskilled	R1 000 – 3 400/month
	Secretary	R2 500 – 9 500
	Skilled	R4 000 – 12 000
	Professional	R6 000 – 20 000
	Middle management	R8 500 – 25 000
House rental:	Upper-middle class	R3 000 – 4 800/month
House purchase:	140m ² house	R350 000 – 650 000
	90m ² flat	R220 000 – 400 000
Office rental (A-grade):		R45 – 75 per m ²
Industrial rental:		R6 – 24 per m ²
Industrial land purchase:		R20 – 280 per m ²
Development cost (warehouse):		R1 200 per m ²
Electricity:		20 - 25c per kW
Water (industrial):		R3,20 per 1000 litre
Cellular calls (local/foreign):		R0,80 - 1,80 per minute
Seafreight 20ft container		
Cape Town – Europe/Asia/US:		R10 000 - R17 000
Airfreight (long distance):		R13 - 26 per kg
Hotel accommodation (3-star):		R200 - 450 per room/night
Corporate tax rate:		30%
Value added tax:		14%
Personal income tax (maximum):		42%

TRADE & INVESTMENT INCENTIVES

Small and Medium Enterprise Development Programme (SMEDP)
Cash grants for manufacturing, tourism and selected other sector investments (DTI)

Foreign Investment Grant
Cash grant for new construction of plant or import of equipment (TISA)

Export Marketing and Investment Assistance

Scheme (EMIA)
Partial cost subsidisation for outward selling and trade fair missions and inward buying or investment recruitment missions as well as related research (TISA)

Sector-specific Export Support
Clothing/textile, automotive components and steel rebate schemes (DTI)

Research, Development and Innovation Support Schemes Co-funding via grants (SPII, Thrip, etc. – DTI)

Interest-subsidised Loans from the IDC
For exports, sector development and capital goods imports

Competitiveness Fund & Sector Partnership Fund
DTI co-funding of marketing and competitiveness efforts

Ad hoc Grants for Large Projects and Critical Infrastructure Facilities (DTI)

*For more information see Investing in South Africa by Deloitte & Touche
www.deloitte.co.za*

MAJOR WESTERN CAPE EXPORTS: 2001

PRODUCT	R MILLION
Fruit	2 952.9
Wine	2 109.1
Fish	1 800.0
Processed agri- food	1 120.0
Machinery & appliances	1 117.2
Iron & Steel	991.2
Ores	720.2
Textiles	567.6
(Semi-) precious stones	540.8
Clothing	509.3
Plastic products	502.7
Hides, skins, leather	440.2
Meat	260.1
Wood (products)	244.9
Boats /yachts	217.1
Automotive components	281.3
Furniture, lamps	293.6
Electricity & telecom equipment	400.8
Total exports	R19 146.2
% of SA exports	7.6 %

TOP 20 EXPORTS MARKETS

COUNTRY	%
UK	18.9
USA	12.1
Netherlands	8.7
Germany	5.0
Spain	4.4
Japan	4.4
Italy	4.1
Belgium	3.4
France	3.2
Hong Kong	2.0
Canada	1.8
Zambia	1.8
Australia	1.8
Mauritius	1.6
Angola	1.5
Switzerland	1.5
Korea (Rep)	1.2
Zimbabwe	1.1
UAE	1.1
Taiwan	1.0
Accum. Total	80.5

MAJOR INDUSTRIAL AREAS

Cape Town

Epping
Atlantis
Montagu Gardens
Salt River
Retreat / Wynberg
Phillipi East
Blackheath / Blue Downes
Bellville / Stikland
Paarden Eiland

Rest of Western Cape

Saldanha / Vredenburg
Vredendal
Worcester
Ashton
Paarl / Wellington
Somerset West
Mossel Bay
George
Oudtshoorn

WESGRO PUBLICATIONS ON THE WESTERN CAPE

- Sector Fact Sheets
- Town and Regional Profiles
- Business Prospects (annual) 1996 – 2002
- Cape Africa bi-annual since 2000
- Western Cape Exporter Directory – August 2002 (revised edition)
- Marketing brochures and databases

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