



2015/2016

INVEST IN WESTERN CAPE

A PERSPECTIVE ON INVESTMENT OPPORTUNITIES
IN THE WESTERN CAPE

WESGRO
cape town & western cape
tourism, trade & investment



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1 Introduction

This document has been commissioned by Wesgro to showcase the current investment climate in the Western Cape, and to provide an insight into the present and future business environment in each of the six district municipalities. This will enable potential investors to make more enlightened business decisions. The document not only identifies the investments and opportunities available in the districts to businesses; but it also provides information on twelve identified sectors of the economy that present high growth potential for investment.

Facilitated by the combined efforts of the general public, private sector and public sector, these investments, incentives, developments and economic growth sectors essentially present current and future investors with a growing business and investor friendly environment in which to operate.



Foreword by the CEO of Wesgro

The Western Cape consistently outperformed the other eight provinces and was equal only to Gauteng in terms of average annual growth from 2003 to 2013. The Western Cape economy, measured in Gross Domestic Product, averaged 3.7% growth during this 10-year period, outperforming the national economy, which averaged 3.2%.

The South African economy grew by 2.2% and was estimated to reach R3 trillion in 2013. Economic growth was supported by mining and quarrying and financial, real estate and business services industries that grew by 4% and 3% respectively. We also witnessed a marked growth in general government services and the construction industry.

The Western Cape economy grew by 2.3% in 2013 reaching R406 billion. The tertiary sector is still the largest contributor to the Western Cape economy, with financial, real estate and business services contributing 29.8% to the regional economy in 2013, growing by 3.3%.

The Western Cape's agriculture sector contributed 3.8% to the regional economy at R10.1 billion but contributed 23.4% to the national agriculture sector and is one of the largest export contributing sectors of the regional economy. Secondary industries contributed R81.3 billion, which accounted for 22% of the regional GDP. The manufacturing industry, which suffered major setbacks during the

financial crisis was back on its feet and contributed R58.2 billion and accounted for 15.8% of regional GDP.

The many infrastructural investments in the province have given rise to strong growth from general government services which had a positive contribution to the provincial economy. Finance, real estate and business services as well as construction played a crucial role to making sure that the provincial economy continues its growth trajectory.

Africa has been a headline on everyone's agenda and over the past 10 years South Africa has been the 4th largest global investor into the rest of Africa. Local businesses are seeing the opportunities for business in Africa and harnessing those opportunities at this time when Africa is a hot destination.

The Western Cape received approximately 1,569,195 visitors from international markets in 2013 and saw an impressive 15.9% year-on year increase. Most of the visitors to our shores were from the United Kingdom, Germany and the United States. Newer visitors ranking among our top 10 international markets were China, Brazil and Italy. International markets which showed an increased interest in visiting the Western Cape with strong growth in arrival figures were Japan, China and France. It also appears that domestic tourists (including those of the Western Cape) have just as much fun in our province as international tourists and when the season closes for international tourists, the domestic tourists pick up where they left off, continuing to drive the tourism economy.

I am filled with excitement, hope and believe that the Western Cape and South Africa as a whole can only grow from strength to strength as we pave the way for the development of Tourism, Trade and Investment on the African continent.

Nils Flaatten
Chief Executive Officer



2 South Africa at a glance

2.1 South Africa – Competitiveness

According to the 2012 World Investment Report by the UN Conference on Trade and Development (UNCTAD) for the period 2012 to 2014, South Africa is placed 14th out of a list of 21 countries which have been ranked by international companies as top prospective investment destinations.

KEY COMPETITIVE INDICATORS, 2013					
Indicator	South Africa	Brazil	China	India	Russia
Demographics					
Population (millions)	51.8	198	1,361	1,239	141.4
Life expectancy at birth (years) 2011	55	73	75	66	69
Unemployment rate (%)	23.6	6.5	4	-	6
The Economy					
GDP (USD, billions)	408.1	2,492.9	7,298.1	1,676.1	1,850.4
GDP per capita (USD)	8,066	12,789	5,141	1,389	12,993
GDP (PPP) as share (%) of world total	0.7	2.91	14.32	5.65	3.02
Total Investment (% of GDP) 2013	20.2	21.8	48.2	34.5	26.5
Gross national savings (% of GDP)	14.7	18.7	50.8	32	28.3
Inflation, GDP deflator (%)	5.3	4.9	3	7.3	6.4
Competitiveness					
Global competitiveness ranking (/144) 2012/13	52	48	29	59	67
Travel and tourism competitiveness (/140) 2013	64	51	45	65	63
ICT networked readiness ranking (/144) 2013	70	60	58	68	54
Quality of overall infrastructure (/144)	63	70	45	84	47
Literacy rate 2009	89	90	94	64	99.5

Sources: International Monetary Fund World Data (2012), The World Bank: Life expectancy at birth total (years) (2013), The Global Competitiveness Report 2012-2013 (2012), The Travel and Tourism Competitiveness Report (2013), and The Global Information Technology Report (2013)

2.2 Imports and exports

According to Quantec (2013), the Western Cape export and import markets have both shown good compounded average growth rates of 6.1% and 7.6% respectively for the period of 2007 to 2012. Crucial markets identified as growth areas are the BRICS countries of Brazil, Russia, India and China, in terms of their active interest in Western Cape business offerings. For example, South African wine exports to China have been growing year-on-year by 50% for the past three years, thus indicating increasing interest by China in the Western Cape's export market (Western Cape Business, 2013).

The importance of increasing local participation in the export market is recognised by a number of entities. As a result, a number of programmes have been developed to provide a platform for local businesses to participate in the international business arena. One of these programmes is the Wesgro Export Development Programme which has contributed to increased participation in foreign markets by local businesses. This programme aims to improve international trade management knowledge and expertise among companies by offering support and market information related to accessing international markets. Furthermore, the programme offers training and industry-specific mentors for newcomers.

The key commodities traded by the Western Cape in 2013 for exports included: (a) edible fruit, nuts, peel of citrus fruit, melons; (b), mineral fuels, oils and distillation products; (c) beverages, spirits and vinegar. Imports included: (a) mineral fuels, oils and distillation products; (b) boilers, machinery; (c) electrical, electronic equipment.

Imports of significance are the clothing and apparel subsectors which account for almost half of national import value. Furthermore, the extensive trade in mineral fuels, oils and distillation products is predominantly due to the operations of Chevron and PetroSA's Moss gas. The chief export markets for the province are the Netherlands (10.5%), United Kingdom (8.2%), United States (5.2%), Germany (4.8%), Malaysia (4.9%), Singapore (3.8%) and Angola (3.5%).

KEY COMMODITIES TRADED BY THE PROVINCE AND SOUTH AFRICA, 2013			
TOP 10 Exports (ZARm)	Western Cape	South Africa	% of SA
Fish, crustaceans, mollusks, aquatic invertebrates	3, 021	3, 555	85.0%
Edible fruit, nuts, peel of citrus fruit, melons	13, 628	18, 900	72.1%
Vegetables, fruit, nuts, food preparations	2, 684	3, 963	67.7%
Beverages, spirits and vinegar	7, 004	9, 023	77.6%
Tobacco and manufactured tobacco substitutes	1, 471	1, 660	88.6%
Mineral fuels, oils, distillation products	9, 372	78, 436	14.5%
Miscellaneous chemical products	1, 857	7, 472	24.9%
Iron and steel	4, 403	54, 114	8.1%
Reactors, boilers, machinery	4, 718	46, 205	10.2%
Optical, photo, technical, medical, apparatus	1, 228	4, 230	29.0%
TOP 10 Imports (ZARm)	Western Cape	South Africa	% of SA
Cereals	1, 845	10, 559	17.5%
Beverages, spirits and vinegar	2, 722	4, 131	65.9%
Mineral fuels, oils, distillation products	110, 548	187, 130	59.1%
Plastics and articles thereof	2, 975	19, 959	14.9%
Articles of apparel, accessories, knit or crochet	2, 935	6, 063	48.4%
Articles of apparel, accessories, not knit or crochet	2, 533	5, 830	43.5%
Footwear, gaiters & the like, parts thereof	3, 237	7, 833	41.3%
Reactors, boilers, machinery	8, 788	125, 566	7.0%
Electrical, electronic equipment	3, 895	73, 876	5.3%
Optical, photo, technical, medical & other apparatus	2, 119	19, 451	10.9%

Source: Quantec (2013)

2.3 South Africa – Ease of doing business

South Africa is ranked 41st (2014) out of 185 countries for ease of doing business. There was no change in ranking when compared to the 2013 ranking. Nine indicators are identified and previewed in the table below. These indicators, among others, rank South Africa compared to the regional average of the Southern African Development Community (SADC) and Organisation for Economic Cooperation and Development countries (OECD).

One of the significant improvements towards the ease of doing business in South Africa is the indicator “Trading Across Borders”, whereby the customs programme has been modernised and has consequently reduced the time, cost and documents required for international trade. These ongoing measures were implemented in the 2011/2012 financial year and have resulted in a higher placed ranking for 2014, moving up by 4 places compared to 2013.

BUSINESS INDICATORS, 2014				
Starting a business	64	South Africa	Regional Average (SADC)	OECD Average
Procedures (number)			5	8
Time (days)			19	29.7
Cost (% of income per capita)			0.3	67.4
Dealing with construction permits	26	South Africa	Regional Average (SADC)	OECD Average
Procedures (number)			16	15
Time (days)			78	171.1
Cost (% of income per capita)			9.9	736.8
Registering a property	99	South Africa	Regional Average (SADC)	OECD Average
Procedures (number)			7	6
Time (days)			23	58.9
Cost (% of income per capita)			6.1	9
Getting credit	28	South Africa	Regional Average (SADC)	OECD Average
Strength of legal rights index (0 -10)			7	6
Depth of credit information index (0 – 6)			6	2
Protecting investors	10	South Africa	Regional Average (SADC)	OECD Average
Strength of investor protection index (0 – 10)			8	4.5
Extent of disclosure index (0 – 10)			8	5
Paying taxes	24	South Africa	Regional Average (SADAC)	OECD Average
Payments (number per year)			7	38
Times (hours per year)			200	314
Total tax rate (% of profit)			30.1	53.3
Trading across borders	106	South Africa	Regional Average (SADC)	OECD Average

BUSINESS INDICATORS, 2014

Documents to export (number)			5	8	4
Time to export (days)			16	31	11
Documents to import (number)			6	9	4
Time to import (days)			21	38	10
Enforcing contracts	80	South Africa	Regional Average (SADC)	OECD Average	
Procedures (number)			29	39	31
Time (days)			600	652	529
Cost (% of claim)			33.2	51.1	21
Resolving insolvency	82	South Africa	Regional Average (SADC)	OECD Average	
Time (years)			2	3.1	1.7
Cost (% of estate)			18	23	9
Recovery rate (cents on the dollar)			35.5	19	70.6

Source: The World Bank (2013), *Doing Business (2013)*

3. Western Cape: A world-class province

The Western Cape is mainly associated with Table Mountain - a proclaimed 7th Wonder of Nature, the major business hub of Cape Town, the superb beaches that span the province's coast and the equally beautiful Garden Route. Other renowned attractions are the internationally acclaimed wine routes, the picturesque seasonal spring flowers along the West Coast, and the pivotal cultural attraction Robben Island, where former President Nelson Mandela was incarcerated. In addition to these attractions, the province has a multitude of offerings within each district. The Cape Winelands is a central point for wine and food tourism where its world famous wine farms and restaurants are located. The Central Karoo offers vast open landscapes resonating with a healthy lifestyle; and the Overberg is synonymous with the southern right whale which calves in the coastal waters, and is also the location of the southernmost point in Africa.

Numerous opportunities identified by the international market have led to growing foreign investment, and between 2009 and 2012 the Western Cape attracted 80 Foreign Direct Investment (FDI) projects. These projects are valued at a total ZAR30bn and represent a 27% increase compared to the 2005 - 2008 period. Not only does the investment into the province indicate the competitiveness and strength of the Western Cape as an investment location, but the outward investment and projects derived from the province are equally indicative of a growing economy. FDI into Africa from the province in 2011 made up 74% of total national outward investment. These investments were predominantly sourced from the retail, financial services and property sectors (Western Cape Business, 2013).

The province has executed its dedication to assisting business growth for both local and international competitors by creating the Red Tape Reduction Unit that is aimed at facilitating a business readiness and investor-friendly environment. This unit provides a direct platform to access information for businesses. The majority of calls received by the unit are related to business support queries such as business information, business plan advice, finance funding, incentive grants, and requests for training and mentorship.

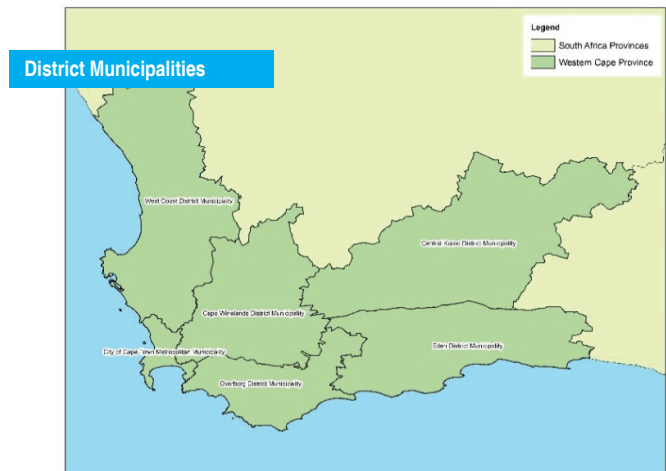
Major sectors that have been identified for growth and investment are tourism and the green economy. The tourism sector is a large and ever developing industry and continues to show growth year-on-year in the province. Similarly the Western Cape is one of the front-runners participating in investment in the green economy. A number of prominent renewable energy and infrastructure projects, both large-scale and small-scale, are noted.

COMPARATIVE ANALYSIS OF THE WESTERN CAPE AND OTHER SOUTH AFRICAN PROVINCES, 2013

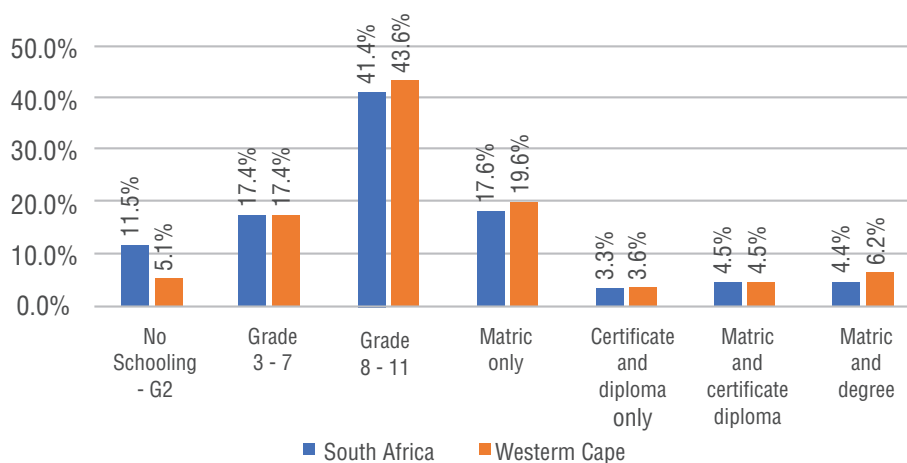
Indicators	Western Cape	Gauteng	KwaZulu Natal	Free State
Population (millions)	5,5	11,8	11,1	2,8
Population average growth rate (2008 - 2013)	1.8%	1.8%	1.2%	0.3%
GDP (constant prices ZARm, 2013)	280, 337	654, 647	301, 721	89, 411
Exports ZARm (2012)	64, 629	471, 965	84, 996	3, 464
% Export growth (2009 - 2012)	81%	72%	67%	81%

Source: Quantec (2013)

3.1 Western Cape at a glance



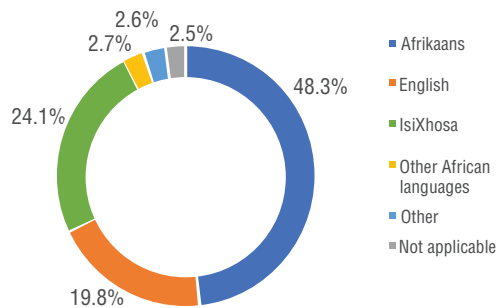
Education level from 15+ years (2013)



The Western Cape has the best literacy rate in the country. This means that the level of skills offered within the province is more extensive than offered nationally. Furthermore, there is a broad variety of tertiary institutions providing businesses with highly-skilled and specialised labour.

Resource: Quantec (2013)

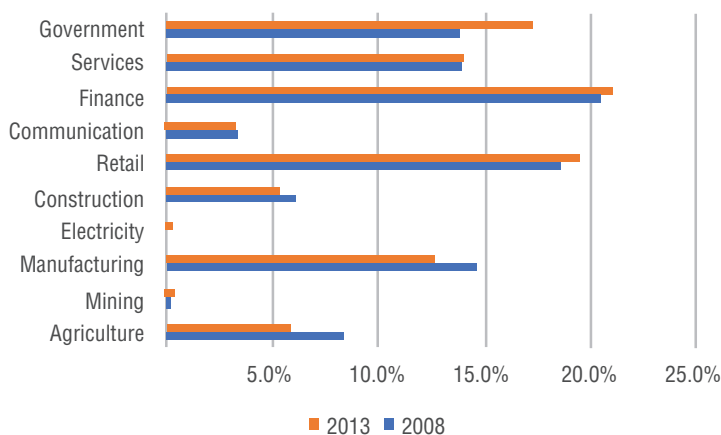
Composition of language use in the province (2013)



The province holds a large number of Afrikaans-speaking people whereby almost half (48.3%) of the population speak it as a first language. English is the third most common language at 19.8%. This however does not mean that people are not proficient in English, and the majority of the population is well-versed and highly capable of conversing in English. Furthermore, the majority of business is conducted in English.

Resource: Quantec (2013)

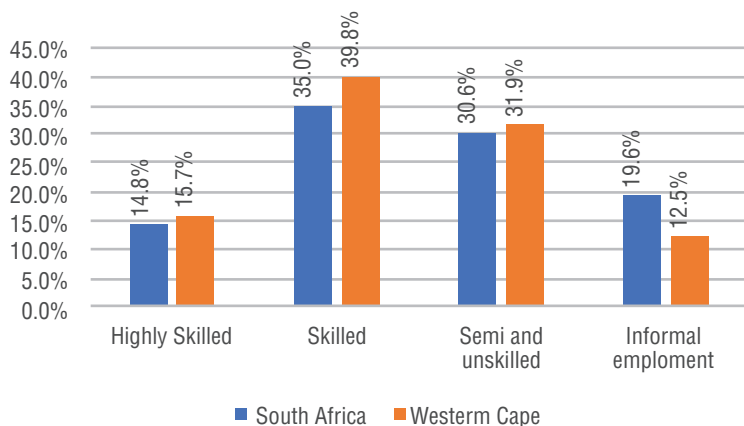
Employment composition and increase per sector in the Western Cape (2008 and 2013)



The largest increase in employment creation between 2008 and 2013 was within the government, services, finance and retail sectors. This refers to the type of economy the Western Cape has, namely a service economy. An increase in employment within these sectors indicates a stronger economic base with more high-skilled and high-paid labour, and a concurrent growing demand for goods and services.

Resource: Quantec (2013)

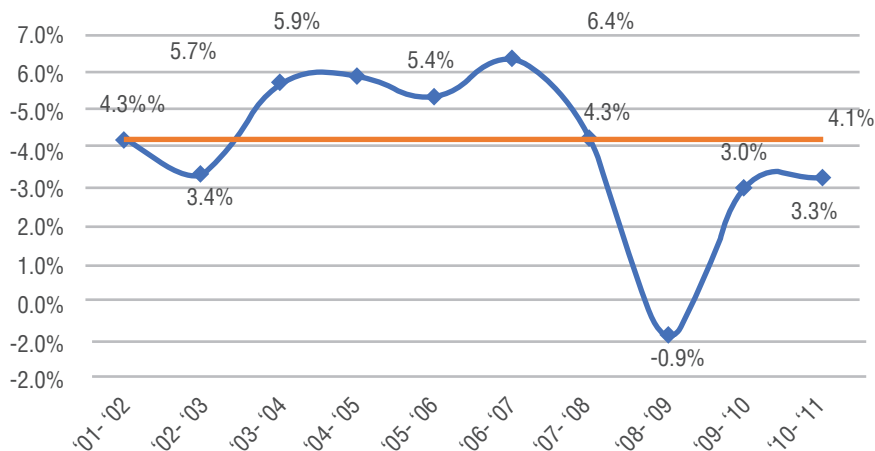
Comparison of skills levels for South Africa and the Western Cape (2013)



It is apparent that a larger proportion of the labour market in the province is skilled individuals compared to the rest of the country. Of the Western Cape labour force, 15.7% are highly skilled and 39.8% are skilled. This means that there are more highly paid individuals residing in the province.

Resource: Quantec (2013)

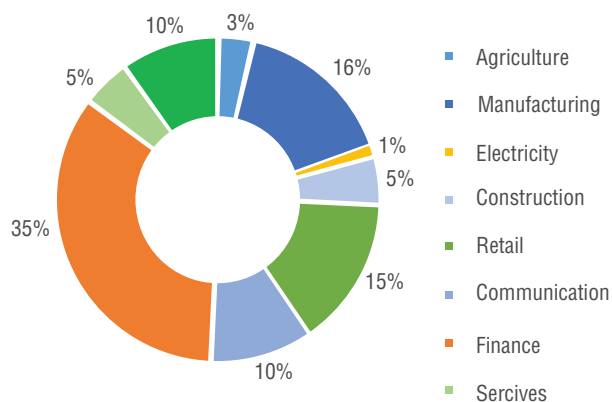
Western Cape annual average GDP-R growth rate (2001 – 2011)



From 2013 onwards, the economy is expected to grow at an annual average growth of 4.3% year-on-year. This improved growth illustrates increased investment in the province.

Resource: Quantec (2013)

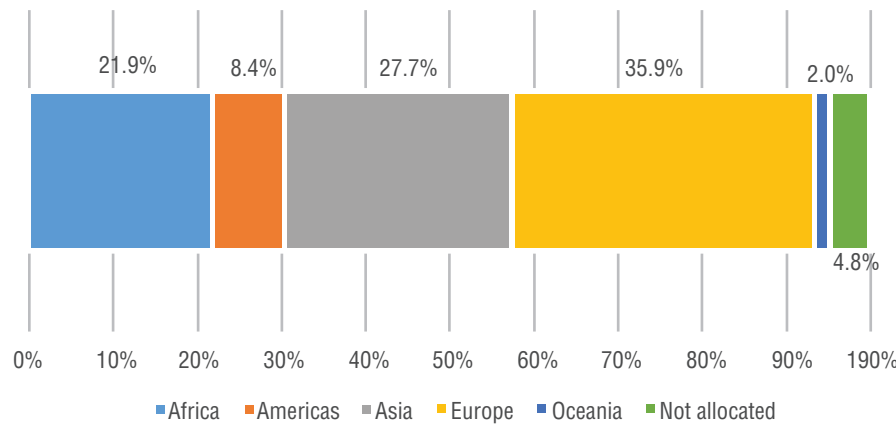
Provincial sector composition (2013)



The financial sector is the largest contributor to the GDR-R, contributing 34.6% of the total value. The two second largest sectors are the manufacturing (15.9%) and retail (14.8%) sectors. Together, these three sectors account for over 65% of value added into the Western Cape's economy. Mining is the smallest contributor adding 0.1% of value, although recent developments in this sector are forecast to improve the inputs generated from mining. The discovery of rare earth elements on the border of the Northern Cape is anticipated to generate added revenue into the GDP-R.

Resource: Quantec (2013)

Breakdown of the Western Cape's major export regions (2012)



Africa is one of the fastest growing export regions for the Western Cape. Between 2007 and 2012, this market had a compounded average growth rate of 12.8%. Demand for goods is especially prevalent in Angola and Mozambique. This is because of their growing oil and gas economies.

Resource: Quantec (2013)

3.1 Provincial initiatives and major projects

Each district is experiencing ongoing development and as a result, a number of initiatives and incentives have been introduced (refer to section 7). The table below identifies a select few of the major projects occurring within each district, providing a brief insight into the activity occurring throughout the Western Cape. The initiatives, incentives and resulting projects vary with each region, yet the vast majority are centered around infrastructure development, inclusiveness, zoning programmes, and generally towards creating an enabling environment for increased development and investment in the regions.

Figure 28: On-going and approved initiatives in the Western Cape

INITIATIVE	OVERVIEW	PROJECT PHASE
Cape Winelands District Municipality		
“Free Internet”: Free Wi-Fi hotspots	A public-private partnership (PPP) between the Stellenbosch municipality and the social media network Mxit has been established with the goal of providing free internet (Wi-Fi hotspots) to promote learning and communication for residents in the municipality. The areas include the town, as well as the lower income communities situated on the outskirts of the location.	Select hotspots operating. More hotspots to be created.
Paarl CBD upgrade	Paarl is the economic centre of the Drakenstein municipality housing four major international companies such as KVV and Heinz. As a result the relocation of businesses to the Central Business District (CBD) and upgrade of the central town have been identified as an important project and economic opportunity.	Planning.
Paarl waterfront development	Identified as a key catalytic project which will boost the tourism sector. The project consists of mixed use developments (including a hotel, restaurants, office blocks, sports science institute) located on the Berg River. This project is in the form of a PPP and the zoning of the land has been approved as a luxury mixed use waterfront lifestyle development.	Council approved. In process of public approval.

INITIATIVE	OVERVIEW	PROJECT PHASE
Drakenstein Waste-to-Energy project	The municipality uses the waste created by the area to generate electricity. The project will also extend the lifespan of the landfill site. This project has resulted in a number of awards and recognitions, winning the Greenest Municipality award for two consecutive years.	Tender awarded. Commence 2014
City of Cape Town		
Integrated Rapid Transit (IRT) project	The city is collaborating with PRASA (railway), Golden Arrow and taxi associations to integrate the public transport system. The focus is on a bus rapid transit (BRT) system (MyCiti Bus) which is easily accessible and effective public transport. The project is currently in the planning stage (phase 2) and in the implementation stage of phase 1B. The expansion will connect the CBD to the Mitchells Plain and Khayelitsha suburbs by 2014, connecting 75-80% of the entire City of Cape Town population with the bus service.	Phase 1: Implementation Phase 2: Implementation
Cape Town International Convention Centre (CTICC) expansion	The convention and conference area will be expanded by 10,000m ² , and an additional mixed use development equating to 25,000m ² will be added. This includes a new hospital (relocation of the Chris Barnard Hospital from the city centre), retail facilities, a hotel, and office space. The expansion of the conference facility is designed to be the highest Green Star rated convention centre in the southern hemisphere (6 star), and will double the current conference capacity. Currently, the CTICC has 863 bookings up to 2020 and takes about 50% of Africa's convention market share.	Approved by Council. Design approved. Construction started.
Harbour and container terminal expansion	The Cape Town harbour is undergoing expansion which will increase the ship repair capabilities and potentially compliment the possible future oil and gas hub in Saldanha. The recently completed expansion of the container terminal has doubled capacity to over 1.4 million containers per annum. Other expansion plans for the port include a passenger terminal as well as: <ul style="list-style-type: none"> • Upgrading of firefighting capacity at the tanker basin and eastern mole • Conversion of eastern mole berths to liquid bulk berths • Potential widening of the Ben Schoeman dock entrance • Royal Cape Yacht Club basin infill to expand capacity for ship repair facilities • Cruise liner berth 	<ul style="list-style-type: none"> • Firefighting: Construction to commence 2014/15 • Basins: Approved. Commence 2016/17 • Widen dock: Studies in progress • RCYC infill: Commence end 2023
Broadband expansion	Cape Town is expanding its ICT and internet infrastructure to improve public sector services and support business growth and economic development. Phase 1 of the broadband optic fiber network is complete (a network of 270kms of underground cable providing high speed connectivity to more than 70 municipal facilities). The broadband network will be extended to Khayelitsha, Mitchells Plain, Ndabeni and the city's southern suburbs. The full roll-out will take between 7 and 10 years. In the meantime, a wireless network has been established. From December 2013, the areas of Mitchells Plain and Khayelitsha will receive free Wi-Fi for 6 months, providing access for information and education purposes.	Phase 1: Complete

INITIATIVE	OVERVIEW	PROJECT PHASE
Cape Town World Design Capital 2014	Cape Town was named World Design Capital 2014. The theme is: “Live Design. Transform Life” which focuses on the role that design plays in social transformation. A series of community co-design workshops were launched to facilitate city-wide collaboration and allow residents to participate in re-imagining their communities. There are currently 610 shortlisted public projects planned of which approximately 400 have been approved as part of the World Design Capital programme; 77 ward-based projects that will provide a larger scope for effective inclusion; as well as 77 projects identified by city-wide directorates as key projects that showcase the city’s role in ‘design for change’.	Project approval: Complete. Commence: 2014
Extension of the Cape Town International Airport runway	The Airports Company of South Africa is conducting an Environmental Impact Study for the realignment of the Cape Town International Airport runway. The extension will allow access for larger commercial aircrafts such as the Airbus A380. Construction is projected to proceed in the third quarter of 2014 and is planned over 3 years. The proposed realigned runway will significantly increase the capacity of the airport.	EIA process: Construction in 2015
Atlantis Green Technology Industrial Park	Atlantis has been identified as the preferred Green Hub for renewable and green industry manufacturing businesses. The site is desirable due to competitive lease arrangements and financial incentives, existing infrastructure and accessibility, proximity to skilled labour and a strong existing business presence. The initiative is being driven forward by the City of Cape Town, Green Cape and Department of Economic Development & Tourism (DEDAT).	Available for development: Ongoing
Overberg District Municipality		
Proposed aquaculture Special Economic Zone (SEZ)	The Western Cape Government is in the process of establishing aquaculture SEZs in the Gansbaai and Hermanus areas, as these are ideal locations for farming. Aquaculture in this area is already extensive – abalone farming, and expansions of farming capacity is already underway. The province is awaiting approval from the Department of Trade and Industry (dti).	Awaiting approval.
Expansion of Abagold	One of the largest abalone farms globally (located in Hermanus), Abagold is in the process of expanding its production capacity. The company’s production is set to double from the current capacity to 475 tons per annum. The fourth site – Salumanzi, is currently in the process of development. The extensive development will require potential downstream support activities such as the provision of food (kelp fronds).	Complete end 2015.
Theewaterskloof Municipal Support Development Team	A team of municipal officials from various departments formed a collective group to assist and support developers. The goal is to ensure that there are no unnecessary delays as well as to create and promote an enabling business environment.	Ongoing.
Middle income housing development	The town of Caledon is experiencing growth and relocation of major businesses into the town. As a result, the necessity of middle income housing to support this growth has been identified. There is extensive municipal land that has been made available for these housing projects. Phase 1 of the auction was sold to a single developer and holds the capacity of building approximately 160 houses.	Phase 1: Complete. Phase 2 and 3 of property auction to commence

INITIATIVE	OVERVIEW	PROJECT PHASE
Hangklip Whaling Station upgrade	Stony Point is a popular tourist attraction in the Overberg as it serves as a land-based lookout point for southern right and humpback whales during calving and nursing season, as well as to view the Jackass Penguin colony (the fastest growing penguin colony in Southern Africa). The point is also in close proximity to the Kogelberg Biosphere. The Hangklip Whaling Station located at Stony Point in Betty's Bay is thus identified as a prime opportunity for development. The facility will serve as an interpretation centre focused on the abundance of eco-tourism activities in the area, a Hangklip tourism satellite office and will offer retail/restaurant services.	Planning
Eden District Municipality		
George Special Investment Zone (SIZ)	The delineated SIZ is vacant Hans Moes Kraal coastal property. The goal is to develop it into an economic opportunity zone and thus integrate the peripheral communities into the town. The types of development promoted are identified in the new George Municipality Spatial Development Framework (2013).	Current
George Development Incentive Scheme	<p>The incentive scheme is focused on the three delineated areas of development:</p> <ul style="list-style-type: none"> • SIZ • Industrial Development Node • Urban Development Node • The aim of the incentive scheme is to lower the initial start-up costs and utility expenses of businesses and therefore ensuring that the survival rate of the investment is high. 	Current
Integrated Public Transport Plan	With the assistance of the province, the George municipality is rolling-out a mobility strategy, making city-living accessible to all within the municipality and across the district. It will be bus-based public transport that will connect all key service nodes to the CBD. A mix of land uses are promoted along these transport routes and identified as development opportunities. In addition, nodes within the municipality have been identified for urban renewal. Each area has been identified as provisioning for specific development and eligible for special allowances by the municipality.	Roll out. Commenced March 2014
Youth Business Centre	Land has been identified for the planned Youth Business Centre to be located in Mossel Bay. The centre will provide youth with the support and space to develop business knowledge and growth in a knowledge-sharing environment. The centre will be a Wi-Fi hotspot and thus concurrently create a space for the disadvantaged to have access to economic activity.	Planning
Used oil recycling initiative	All municipalities within the Eden district have embarked on a strategy to ensure the responsible collection and recycling of used oil. The initiative is in conjunction with the Recycling Oil Saves the Environment Foundation (ROSE) and the National Oil Recycling Association of South Africa (NORASA). The strategy involves the development of a storage facility. Containers (Enviro Centre facilities) have been placed in all municipalities, and are available to households and informal businesses to dispose of used oils and oil filters. Mossel Bay is identified as the bulking depot where the facility is being developed.	Current

INITIATIVE	OVERVIEW	PROJECT PHASE
Knysna broadband upgrades	Investment into high-speed broadband is underway in the town. This roll-out is geared to provide fast and reliable internet to businesses in the area. The speed is being updated to 10 Mbps.	Current roll-out
Knysna Green Industrial Zone	A tender has been submitted to the South African Local Government Association (SALGA) to create a Green Industrial Zone in Knysna. The town is one of the major attractions in the area and is therefore focused on the environment. A light industrial area that focuses on the development of innovative technology is being promoted. This is further motivated by the number of innovative products within the green economy that have originated from the town.	Waiting approval
Required student housing	<p>Oudtshoorn is classifying itself as a 'knowledge economy' and as a result a number of opportunities have been identified. There are a large number of training and education institutions located in Oudtshoorn. These include:</p> <ul style="list-style-type: none"> • SA Defense Force infantry school • Police training college • Nursing college • Agriculture training school through the Department of Agriculture • International Aviation school (AVIC) which is expanding by 400 students <p>Currently there is insufficient housing for students to meet the demand. Housing for students is therefore identified as an opportunity.</p>	No project timeframe identified
Mossel Bay CBD upgrades and revitalisation	The public sector is in the process of collaborating with private property owners to upgrade and rejuvenate the old town centre. The centre is connected to the port and therefore will align with the planned port upgrades.	Planning
Central Karoo District Municipality		
Development of specialised skills for gas exploration	The moratorium on hydraulic prospecting into shale gas in the Central Karoo has been lifted by government. The existence of shale gas has been identified within the Central Karoo close to the town of Beaufort West. This opportunity has led to the establishment of a school of excellence by PetroSA which will focus on mathematics and science, and the development of industry-related artisans and specialists in the Central Karoo.	Planning phase
Central Karoo Economic Development Agency	The Central Karoo Economic Development Agency is an entity of the municipality which aims to identify opportunities and facilitate investment across the region. The agency is funded by the Industrial Development Corporation (IDC) and is currently in phase 2 of establishment.	Phase 2 of establishment

INITIATIVE	OVERVIEW	PROJECT PHASE
West Coast District Municipality		
Upgrades of the Saldanha Bay port	The Saldanha port has been a centre of activity in the past three years which has seen the extensive development and upgrading of facilities (for example the upgrade of the bulk iron-ore handling facility). The port is directed to support the growing oil and gas industry on the west coast of Africa.	Ongoing
Saldanha Bay Industrial Development Zone (IDZ)	<p>The recently designated and approved Saldanha Bay Industrial Development Zone (IDZ) presents extensive economic opportunities in a number of industries. It is estimated that in the next 25 years, the IDZ will attract over R9 billion in FDI. The IDZ will focus on the current industries operating in the Saldanha port and adjacent area. These activities include:</p> <ul style="list-style-type: none"> • Servicing of oil rigs • Storage of oil and gas • Storage and shipment of iron-ore • Processing of raw materials (iron ore and potentially rare earth elements) • Routine maintenance of ships. <p>Coupled with the expansions and IDZ developments, the port could service up to three oil rigs at a time, and have access to 84 of the 100 rigs active off the West African coast.</p>	Opened
Extension of Sishen-Saldanha iron-ore line	The Sishen-Saldanha iron-ore railway is currently being upgraded to increase the carrying capacity to the Saldanha port. This expansion is a result of the recognition by Transnet that expansion of iron-ore infrastructure and operations is economically beneficial and aligned with the government infrastructure development drive. The expansion of the line will extend capacity from 60 to 88 million tons per annum.	Under construction
N7 Development Corridor	Sections of the N7 highway that extends through the Swartland, Bergviver, Cederberg and Matzikama municipalities are being upgraded into dual carriage ways. The upgrading of the national highway will increase safety, improve travel efficiency and speed. These upgrades are improving connectivity between major service centres such as Malmesbury and Cape Town. The upgrades will also improve the connectivity of the province to external trade markets such as Namibia and Angola and will therefore facilitate increased trade opportunities. The route has been identified as a development and growth corridor.	Ongoing
Support in the aquaculture sector	There is increasing activity in aquaculture in municipalities along the coastal regions. The Matzikama municipality is assisting with the development and promotion in cob farming, abalone cultivation and ranching in Doring Bay. Similarly, there is support by the Bergviver Municipality for projects such as a fish farming project in Velddrif. Opportunities to support this sector have been identified.	Ongoing



3.2 Infrastructure and costs

Transport Infrastructure: Road, Railway, Port

Ports

There are three major ports located within the province – Saldanha Bay, Cape Town and Mossel Bay. The Cape Town port is geared towards bunkering and ship repair, boat repairing and building, as well as extensive container capacity and cold storage for exports. The port is also envisioned to support the oil and gas industry. The Saldanha port has similarly been identified as a strategic player in this industry and was recently designated the role of IDZ. The IDZ will focus on forming an engineering and logistics hub to service upstream exploration and offer production services for the oil and gas industry. The Mossel Bay port caters predominantly for the fishing industry and also services the growing oil and gas sector operating offshore, in particular PetroSA's Mossgas gas-to-liquid (GTL) refinery and related oil platforms.

Roads and airports

Three national highways traverse the province, providing a stream of connectivity to the other major economic hubs in South Africa and other African economies. These highways are the N1, N2, and N7. The N1 connects Cape Town to Beaufort West and towards the CBDs of Bloemfontein and Johannesburg. The N2 connects Cape Town to Caledon, George and further north towards Durban. The N7 provides accessibility to the West Coast and north to Namibia and the fast-developing Angolan and Nigerian markets. Upgrades and revitalised public transport systems are being introduced in key nodes across the province and currently 64% of the province's roads can be categorised as good to very good.

There are two major airports and numerous private and state owned airfields throughout the Western Cape. The two large airports are the Cape Town International Airport which provides flights from global regions and local areas into the province, and George airport which addresses local travel and also functions as a national cargo distribution hub. Both airports have recently completed significant upgrades to capacity and infrastructure.

Electricity and water

Energy use awareness as well as extensive investment in electricity infrastructure across the country has resulted in capacity increases. Renewable energy is one of the criteria for the goal of reaching energy security, and the province has extensive plans to expand energy generation infrastructure to meet current and growing electricity demands.

The Western Cape is supplied by an interlinked system of six dams, pipelines, tunnels and distribution networks. Ownership and operations fall mainly on the Department of Water Affairs and Forestry, and in some cases on the City of Cape Town. Water supply is among the best quality in South Africa.

The inclusion of renewable energy sources for electricity generation is increasing as a result of dedicated government and Eskom incentive programmes. The Western Cape has seen extensive uptake of renewable energy technology applications in the building sector as well as for energy generation projects. Gas is also becoming increasingly important.

Information and communication

The greatest value of FDI in the province comes from the ICT and internet infrastructure sector (Wesgro, 2013), indicating the importance placed on the role of efficient ICT infrastructure. Improved connectivity is apparent in pockets across the province due to the extension and development of several cables connecting South Africa to other parts of the globe. As a member of the BRICS, South Africa will be connected via Cape Town by an underwater cable to all BRICS countries as well as the United States, and this is set to be running by 2015. Municipalities have also developed programmes and infrastructure upgrades which are aimed to improve connectivity. For example, the City of Cape Town has begun developments in its broadband initiative. These competitive developments will reduce telecommunications costs and improve service levels.

Industrial and prime office space

A variety of municipal initiatives and incentive schemes have been created to promote the development of property across the province. Although only a few have been formalised, municipalities have designated pockets that are promoted as development-focused and which will be assessed for possible rebates on a case-by-case basis. Land pockets with incentive schemes include:

- Saldanha Bay IDZ
- Atlantis Green Technology Industrial Park
- Atlantis Industrial Zone
- UDZ tax incentive – Cape Town
- George SIZ

Office space

Ongoing development in the Western Cape is evident and there is continuous development of new offices, specifically in Cape Town. This is apparent by the increase in total recorded stock from 2,187,000m² at the end of 2012 to 2,255,182 m² in the first half 2013 (Commercial Property News, 2013). In addition, the revival and rejuvenation of CBDs in Paarl, Wellington, George and Mossel Bay are attracting and retaining business.

Industrial land

The industrial rental market within the Western Cape has experienced an increase in rentals. There are provincial and local incentive schemes for the growth of industry operations. Two key development nodes that are catering for noxious activities are the Saldanha Bay IDZ and the zoned Atlantis Industrial Zone. Key industrial nodes in Cape Town include Montague Gardens, Epping, Airport Industria, and outlying areas along the N2, N1 and R300. Industrial areas for light industries are available in other parts of the province, and municipalities are dedicated to making municipal land easily accessible to enable business growth and development.

3.3 People and skills

The province has a total of 1 631 educational facilities. These include primary and tertiary educational institutions and training colleges. As a result, the skills level of residents in the Western Cape is higher than in the rest of South Africa, with a larger percentage of the population in the age category of 15 years and over having both a matric and degree qualification (Quantec, 2013).

There are several top universities located within the Western Cape, one of which – the University of Cape Town - is rated the top university in Africa. The tertiary education institutions include a range of artisan and specialist colleges which focus on various skills required for the development of the economy and business environment. Major universities include:

- University of Cape Town
- University of the Western Cape
- University of Stellenbosch
- Cape Peninsula University of Technology (CPUT)
- Satellite campus of the Nelson Mandela Metropolitan University

One of the well-known education providers located in the Western Cape is the Cape Peninsula University of Technology (CPUT) which is the only institution of its kind and which is offering a new degree in Medical Laboratory Science. Furthermore, there is a campus of the Nelson Mandela Metropolitan University as well as the University of Stellenbosch located in George, and a satellite CPUT campus in Wellington which caters for the greater Cape Winelands region. Additionally, Oudtshoorn is defining itself as an “education economy” because of the increasing number of educational institutions within the town. One of the recent additions is the foreign pilot training school, AVIC. This indicates the accessibility of education institutions for residents across the province.

EDUCATION FACILITIES IN THE WESTERN CAPE

Pre-schools	250 +
Primary schools	1,083
Secondary schools	1,442
24 primary and secondary schools constructed in 2011	
70 more schools to be constructed are in the pipeline for the 2012/13/14 period	

Resource: Western Cape Government Transport and Public Works (2012), Why Invest in the Western Cape

South Africa, compared to Sub-Saharan African countries and other upper middle income countries, performs better for skills development, employee training and general education among the workforce.

SKILLS DEVELOPMENT AND EMPLOYEE INDICATORS	South Africa	Sub-Saharan Africa	Global (Upper Middle Income)
% of firms offering formal training	38.7	31.8	35
Proportion of workers offered formal training (%) in manufacturing	63.6	51	47.8
Number of permanent fulltime employees	48.9	26.7	36.4
Number of temporary employees	5.8	5.1	5.4
Firms identifying labour regulations as a major constraint (%)	5.9	8.7	11.1
Firms identifying an inadequately educated workforce a major constraint (%)	8.7	21.7	26.6

Resource: World Bank (2007), Enterprise Surveys South Africa.

3.4 Quality of life and cost of living

There is a growing trend of foreigners choosing to live in the Western Cape. The reasons for relocation range from:

- Top tertiary education institutions offered to students
- The combined outdoor and vibrant city lifestyle offered in Cape Town
- A vast number of cultural and sporting activities and internationally acclaimed landmarks
- Seasonal tourist destinations where a number of foreigners invest in holiday homes including in coastal fishing villages, wine farms or in the numerous high-end residential suburbs across the province
- A world-class investor and innovative business environment with opportunities in a variety of general and niche economic sectors
- Accessibility to world-class infrastructure
- Opportunities for employment in stimulating industries
- Cheaper living standards in some of the other provincial towns

Additionally, healthcare and education in the province are of high quality and accessible to the majority of the population. A number of schools and medical facilities have world-class infrastructure and systems. Furthermore, there is a large number of competitive private medical schemes (as well as public healthcare) and life, household and business insurance companies.

HEALTHCARE	
479 facilities in 6 districts	6 tuberculosis hospitals
34 district hospitals	4 psychiatric hospitals
8 regional hospitals	3 tertiary hospitals

Resource: Western Cape Government Transport and Public Works (2012), Why Invest in the Western Cape

4. Sectoral pockets of excellence

4.1 Business process outsourcing (BPO)

WESTERN CAPE BPO INDUSTRY INDICATORS (2012/2013)		
INDICATORS	VALUE	
Industry growth 2012 – 2013	13%	
Approximate GDP inputs (ZARbn)	8	
Projected cost reduction by 2014	15% – 20%	
% business accounts	Outsourcing	Financial Services
	44%	56%
% of operations conducted in English	82%	
Sectoral Breakdown	Financial services	Retail
	41.2%	24.9%

Resource: BPeSA Western Cape (2013), 2012/2013 Key Indicator Report.

According to Western Cape Business (2013), it is estimated that the BPO industry generates approximately R7.9 billion per annum in the Western Cape, making it a key contributor to the GDP-R. As a result of increased investor confidence and overseas investors, the number of offshore call-centres operating in the province has grown by almost 60% from 2007/8 to 2011/12 and is growing annually at more than 10%. This may partly be as a result of the increased investment and entry into the local market by leading global investors. Foreign companies have chiefly invested in the province to cut costs and take advantage of the infrastructure within the province. Additionally, the numerous incentive schemes have reduced operating costs further. The main centre for BPO is in Cape Town, but there is a growing market in George.

COMPANIES LOCATED IN THE CITY OF CAPE TOWN AND GEORGE	
4Seas Limited	Shell Global
Amazon	Teleperformance
Bloomberg	Wonga
Buongiorno	Chase Response
Capita	CSC
Merchants – Asda, iinet, EE	ForwardSLASH
Lufthansa Global Telesales	WNS
Pixelfaerie Business Services	Kleinwort Benson
Serco	Mindpearl
Exigent	Sanclare Financial
Ambition 24 Hour Group	State Street
Solluco	Oakhurst Insurance
Microsoft	British Gas
JP Morgan	Dimension Data

Competitive advantages as a BPO destination

- The country as a destination is rated as one of the top 3 emerging BPO offshore locations by the Everest Consultancy Survey. This has led to increased investment from traditional investment markets such as the UK and USA.
- South Africa, as a choice BPO offshoring destination, was endorsed by the European Outsourcing Association when they recognised the country as destination of the year.
- In 2012, the London-based National Outsourcing Association named South Africa as the UK offshoring destination of the year.
- Cape Town and George both offer a 'First World' living and working environment.
- South Africa offers cost-savings of between 50% and 60% compared to UK onshore operations. The new incentives are expected to decrease operational costs by a further 20%, placing South Africa on par with Malaysia and Egypt (BPeSA, 2013). The national Department of Trade and Industry has launched two incentive schemes in support of the BPO sector. These schemes are the Sector Specific Assistance Scheme and the BPO&O Investment Incentive and Training Scheme.
- A regional-based incentive, the BPeSA Western Cape Telecoms Incentive, was launched by the province. The scheme provides free connectivity for voice and data services during the first six months of operations.
- The Cape Town and George time zone is well suited to service European markets which is demonstrated by the percentage of foreign markets using the country's offshoring services. Nearly 80% of the market serviced in South Africa originates from the UK, Netherlands and Germany (BPeSA, 2013).
- The excellent language abilities and neutral English accent within Cape Town and George has been identified as notably more appealing to English speaking and western markets when compared to India and other popular offshoring destinations.

Important contacts			
Organisation	Website	E-mail	Contact Number
Business Process Enabling South Africa (BPeSA)	www.bpesa.org.za	info@bpesa.org.za	+27 (0)21 427 2900
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0)21 487 8600

4.2 Financial and business services

WESTERN CAPE FINANCIAL AND BUSINESS SERVICES INDUSTRY INDICATORS (2013)	
Indicators	Value
Real Value ZARm	97,393
% total GDP-R (real prices)	34.6%
Average annual growth rate (2008 – 2013)	4%
Formal employment	323,536
% total employment	21%

Resource: Quantec (2013)

Backed by a sound regulatory and legal framework, the South African financial and business services sector is highly sophisticated and developed, and provides a full range of services in commercial, insurance, retail and merchant banking, investment, and mortgage lending. Over the past decade, many foreign banks and investment institutions have set up operations in South Africa for not only the abovementioned reasons, but because the banking and services sector provides a launch pad into the rest of Africa. The four key players in South Africa's banking sector are FNB, ABSA, Standard Bank and Nedbank, as well as new-comer Capitec which is based in Stellenbosch, and has opened the market to those previously segregated from the formal banking and financial sector. All these institutions have offices within the province and nationally are offering extensive services. Additionally, a number of renowned investment and financial advisors such as Allan Grey, Price Waterhouse Coopers, PSG Group and Investec are based in the province.

There is a big presence of insurance companies in the Western Cape. There are several large insurance companies with offices in the province including Metropolitan (MMI Holdings), Santam which is headquartered in Bellville, and Old Mutual where 85% of non-sales staff are based in Cape Town.

According to Quantec (2013), the growth in the finance, business, real estate and business services sector is relatively consistent, and within the province, is the largest contributor to the GDP-R, accounting for more than a third (34.6%) of the regional economy. The growth of this sector will be further stimulated by the increasing percentage of South Africans with access to banking and banking services. This is largely driven by the growing middle class and the increased accessibility encouraged by online mobile and internet banking, which is being driven by innovation in the ICT sector. Retail bankers are looking to close this gap further by offering a range of products to include the previously un-banked into the formal banking system.

Furthermore, financial institutions and agencies within the Western Cape are providing financial assistance to SMMEs. A vast proportion of the labour force are employed by small businesses and thus it is a goal for the province and national government to drive investment and support in this sector. The main agencies and funding support machines are the:

- Small Enterprise Finance Agency
- Small Enterprise Development Agency
- South Africa Black Entrepreneurs Forum
- National Empowerment Fund
- Industrial Development Corporation (IDC)

Competitive advantages as a finance and business services location

- South Africa has a highly regarded and sound regulatory and legal framework.
- The finance, business, real estate and business services sector accounts for more than a third (34.6%) of the value added into the Western Cape economy.
- The South African financial and business services sector is highly sophisticated and developed, providing a range of services in commercial, insurance, retail and merchant banking, investment, and mortgage lending.
- The banking and services sector in South Africa provides a launch pad into the rest of Africa. As a result a number of foreign owned financial institutions have set up operations in South Africa.
- Major centres such as Cape Town, Stellenbosch and George offer a 'First World' living and working environment.
- The province has a vast pool of highly skilled individuals trained in finance, business and related fields. This is on account of the high number of education institutions located in Cape Town, Stellenbosch, George, and in surrounding towns.
- A large number of insurance firms and financial advisory firms have located their headquarters in Cape Town and Stellenbosch.

IMPORTANT CONTACTS			
Organisation	Website	E-mail	Contact Number
Cape Chamber of Commerce	www.capetownchamber.com	info@capechamber.co.za	+27 (0)21 402 4300
Financial Services Board	www.fsb.co.za	info@fsb.co.za	+27 (0)12 428 8000
South African Reserve Bank	www.reservebank.co.za	info@reservebank.co.za	+27 (0)12 313 3911
SA Financial Sector Forum	www.finforum.co.za	info@finforum.co.za	+27 (0)21 481 6700
The Banking Association of SA	www.banking.org.za	info@banking.org.za	+27 (0)11 645 6700
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0)21 487 8600

4.3 Agro-processing

WESTERN CAPE AGRO-PROCESSING INDUSTRY INDICATORS (2013)	
Indicators	Western Cape
GDP constant prices ZARm (2013)	19,8
Average annual growth rate (2006 – 2011)	1.6%
% of manufacturing inputs (2013)	44.1%
Food and Beverage (% of sub-sector contributions to agro-processing)	63.5%
Textiles, clothing and leather (% of sub-sector contributions to agro-processing)	14.7%
Wood, paper and manufacturing (% of sub-sector contributions to agro-processing)	21.9%

Resource: Quantec (2013)

Agro-processing is a sub-sector of manufacturing that processes raw materials derived from the agricultural sector. On account of the backward linkages, it has become a national, provincial and local government mandate to ensure that the sector is securely managed and assisted. Subsequently, in 2012, government allocated an increase in investment equating R50 million to this sector. The investments were centered on the promotion of local agro-processing businesses geared towards improving production. Therefore, agro processing is a key sector for growth (DAFF, 2013).

Classified under manufacturing, the main sectors of agro-processing are the food and beverages, textiles and clothing manufacturing, and the wood paper and publishing sub-sector. The importance of these subsectors to the Western Cape's economy is evident in the contribution of approximately R20 billion in constant 2005 prices for 2013, with an annual average growth rate of 1.6% from 2006 to 2011. Importantly, this figure takes into consideration the total value of the subsectors and not an individual processing activity. It is however estimated by the MEC of Finance, Economic Development and Tourism that the sector is worth R12 billion (Western Cape Business, 2013).

The wine industry is one of the largest delineated growth sectors in the province. Half of the wine produced in the province is exported. In 2012, 377 million litres of wine was exported. Major companies in the province include Distell, DGB, Edward Snell and co. Other activities supporting this industry include bottling plants and manufacturers, and label making. Members in the wine industry are recently looking towards the use of renewable energy to power their operations, making it a new sector to enter this market.

Large agro processing companies active in the province include:

Wine and Beverages	Sea Food	Fruit and vegetable produce	Other
South African Breweries	Dromedaris	Mc Cain Foods	Afriplex
Appletiser	I&J Limited	Ceres Fruit Juice	British American Tobacco
KWV	Sea Harvest	Cape Span	Parmalat
Distell	Lusitana	Tru-Cape	BM Foods
Numerous Wine Farms	Oceana	Bokomo	Meadow Feeds
	Saldanha Pilchards	Langeberg & Ashton Foods	

In addition to the extensive agro-processing activities, the province has a strong labour sector with a variety of skills developed at local universities that offer programmes in cereal science, fruit technology, plant biotechnology and viticulture. Furthermore, extensive research and innovations in businesses operating in this sector is a growing trend. The province also offers excellent transport and cold chain infrastructure including road, rail, harbour, and airport facilities.

Competitive advantages for agro-processing

- There are many supporting services located across the province ranging from maintenance services, marketing and distribution, storage facilities and transport companies.
- The required skills-set from highly skilled engineers, agro-economists and a large pool of semi-skilled labour exists throughout the province. Additionally, the universities and other major tertiary institutions have research programmes and facilities geared towards agriculture sciences and innovation, therefore supporting innovative industry growth.
- Several programmes have been put in place by the provincial government to support the agro-processing industry. These supporting initiatives include:
 - Western Cape Fine Foods Initiative that supports locally benefited agricultural produce from the province. Through this initiative, over 100 local companies have received higher food safety standards, assistance to develop new products and quicker responses to market trends.
 - Wesgro, the province's tourism, trade and investment agency, has programmes to assist entrepreneurs with access to export markets. The key business unit for this sector is the Agribusiness Investment Promotion Unit which focuses on growing foreign and local investment in key competitive sectors including agro-processing.
- Government has dedicated R50 million in allocations for the promotion of local agro-processing businesses and growth stimulation.
- Many producers are embracing new and innovative technologies to improve their competitiveness, both locally and internationally.
- National government has prioritised the sector as an area for growth and assistance and specifically businesses geared towards improving production.
- The DTI offers incentive schemes that assist participants in the sector financially and in training. These incentive schemes are the Sector Specific Assistance Scheme and the 12i Tax Incentive.
- Raw produce is located throughout the province and a large variety of raw products can be produced and processed including canola, grapes, citrus and other fruits, crustaceans and finfish, dairy products and forestry. Additionally, cold storage facilities and transport infrastructure are world class, providing ease of access.
- There is sufficient available industrial and manufacturing serviced land for investment.

IMPORTANT CONTACTS

Organisation	Website	E-mail	Contact Number
Western Cape Department of Agriculture	www.elsenburg.com	wouter.kriel@westerncape.gov.za	+27 (0)21 808 5111
Wines of South Africa	www.wosa.co.za	info@wosa.co.za	+27 (0) 21 883 3860
Agri-SA	www.agrisa.co.za	agrisa@agrisa.co.za	+ 27 (0) 12 643 3400
HORTGRO	www.hortgro.co.za	info@hortgro.co.za	+27 (0) 21 870 2900
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0)21 487 8600

4.4 Energy – Oil, gas and renewable energy

WESTERN CAPE OIL AND GAS INDUSTRY INDICATORS

Indicators	Value
Foreign Direct Investment (ZARm) 2004 – 2010	65
Estimated growth per annum (2010 – 2015)	4% - 6%
Economic output of the sector (ZARbn)	1
Employment numbers	4,000

Resource: Wesgro (2013) Oil and Gas Fact Sheet

There are vast quantities of fossil and renewable energy sources in Africa which is increasingly sparking international investor interest. It is estimated that the continent holds the potential to become the fastest growing region for industry growth. For example, oil production is expected to rise at an average rate of between 4% and 6% per annum for the next five years (Wesgro, 2013). Concerning renewable energies, there is capacity to implement most forms of renewable generation systems. There are currently numerous explorations underway assessing the potential to utilise the resources within these sectors.

Major renewable energy projects in the Western Cape, which are in the stage of construction and/or commissioning, amount to a total of eight, and going forward, more are planned. The energy projects use the solar and wind resources readily available. Gas is also becoming increasingly important as indicated by private and public sector plans to expand access to gas for users in the province.

Oil and gas

The burgeoning offshore oil and gas industry is presenting a multitude of opportunities for growth and investment in the Western Cape. The three ports in the province are ideally located to take advantage of this estimated growth. They already play a pivotal role in this industry and are in the process of expansion and upgrades to largely support the industry. Furthermore, a vast amount of investment in explorations of South Africa's offshore blocks presents a massive opportunity and competitive advantage for the industry in the province, whereby it has been estimated by PWC (2013) that more than \$1 billion has already been spent on oil and gas explorations, with further investment to continue.

OIL AND GAS ORGANISATIONS WITH EXPLORATION AND/OR PRODUCTION RIGHTS OFF THE WESTERN CAPE PROVINCE

PetroSA	Forest Exploration International (SA) (Pty) Ltd
BHP Billiton Petroleum Limited	Global Offshore Oil Exploration (SA) (Pty) Ltd
Shell South Africa Upstream B.V.	OK Energy
New Age	Anadarko Petroleum Cooperation
CNR International (SA) (Pty) Ltd	Bayfield Energy

The Western Cape is also home to a large resource of shale gas located in the Central Karoo district. The extraction of shale gas will involve fracking (hydraulic fracturing), and has in recent years been a highly controversial topic. Nevertheless, in 2012 the national government lifted the moratorium for prospecting in the Karoo. It is estimated that 485 trillion cubic feet in technically recoverable reserves exists in the Karoo. The interest by investors has additionally had spin-offs onto residents of the district with sector-specific mining indabas being hosted in Beaufort West. Schools and training institutions that will support the industry are also in the process of being established.

A pipeline to transport gas from the Kudu gas field off the coast of Namibia to Cape Town has been proposed. The pipeline will extend 225km, equating approximately R2.5 billion. Around 40 million gigajoules of natural gas is projected to travel along this route by the year 2015 if the project is approved. This project has been proposed by Gigajoule [Energy Company] and the gas is expected to service industrial markets located in Saldanha Bay, Atlantis and Cape Town.

Competitive advantages in the oil and gas sector

- An application has been submitted to expand the continental shelf which will increase the availability for applications of offshore exploration rights. This will involve deep sea explorations.
- All three ports are situated in major urban hubs that use and assist the services, and therefore all major ports in the province are geared to service offshoring explorations as well as services for other upward and downward linkages within these sectors.
- Two of the four main oil refineries in South Africa are located in the province.
- The Cape Town and Saldanha Bay ports are well located to access the transcontinental movements of rigs from South America and the USA to Far East oil and gas provinces, as well as for ongoing explorations in Angola and other SADC countries.

Renewable energy

Renewable energy forms an important part of the province's development and energy plans where the province hopes to generate 15% of its energy needs through renewable generation by 2014. Currently renewable energy technologies are being applied within the building sector, industry operations and the development of renewable energy power plants. The main technology applications in energy generation plants are solar and wind powered technologies. Other than the Darling Wind Farm which provides wind generated electricity to consumers residing in Cape Town, the renewable energy projects that are partially operating or under construction in the Western Cape are presented in the table below.

RENEWABLE ENERGY PROJECTS IN THE WESTERN CAPE				
Project Name	Municipality	Technology Type	MW	Bid window
SlimSun Swartland Solar Park	Swartland	Solar PV	5	1
Touwsrivier	Breede Valley	Solar PV	36	1
Dassiesklip Wind Energy Facility	Theewaterskloof	Wind	26.19	1
Hopfield	Saldanha Bay	Wind	65.4	1
Aurora	Bergrivier	Solar PV	9	2
Vredendal	Matzikama	Solar PV	8.8	2
Gouda Wind facility	Drakenstein	Wind	135.2	2
West Coast 1	Saldanha Bay	Wind	90.8	2

Resource: Green-Cape (2013)

Competitive advantages for renewable energy operations

The use of renewable energy in a variety of sectors throughout the province indicates the resolve by businesses to utilise the technology and the demand thereof.

The concept of green building and the use of renewable energy technologies in the South African building industry is derived from original practices in the Western Cape indicating the uptake in the technologies.

There is public sector drive to manufacture the components and parts for the renewable energy technologies.

There are a number of "wind tunnels" across the Western Cape as well as dry sunny regions conducive to effective wind and solar powered technologies. Wave energy is an option with the longest coastal stretch in South Africa.

IMPORTANT CONTACTS			
Organisation	Website	E-mail	Contact Number
South African Gas and Oil Alliance	www.sagoa.org.za	info@offshoreafrica.co.za	+27 (0)21 425 8840
Transnet Commercial	www.transnet.co.za	enquiries@transnet.net	+27 (0)11 308 3929
Liquified Petroleum Gas Safety Association of Southern Africa	www.lpgas.co.za	info@lpgas.co.za	+27 (0)11 886 9702
South African Petroleum Industry Association (SAPIA)	www.sapia.co.za	info@sapia.co.za	+27 (0)11 783 7664
Green-Cape	www.green-cape.co.za	-	+27 (0)21 811 0250
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0)21 487 8600

4.5 Creative and Design Industries

WESTERN CAPE CREATIVE INDUSTRY INDICATORS	
Indicators	Value
Number of FDI projects (2003 – 2013)	19
Source markets for the FDI projects	UK, Netherlands, USA
Capital investment value for FDI projects (ZARbn)	2,32
Number of outward FDI projects (2003 – 2013)	12
Source companies for the FDI projects	Snapplify, CSA, Movable, Irdeto, Treble Group Int., ComputaMaps, Bridge People Technology
Capital investment value for outward FDI projects (ZARm)	759,86

Resource: Wesgro (2013) Creative Industries Fact Sheet

Cape Town is home to the central design hub within South Africa. The city is marked as a growth point for collaborative design, creative development and innovative ideas and applications. The creative industries sector is one of the province's fastest growing sectors and includes – to name a few - architecture, design studios, interior design, graphic design, crafts, fashion design and all other business entities that support these industries. There is a growing movement of investment by local and international entities which has not only added value to the sector, but has also contributed to bringing together global creative trends. As a result of the increased business within this sector, opportunities for economic growth and job creation have been identified and thus the City of Cape Town and the Western Cape Government have introduced initiatives to assist in their growth and development.

Within the creative global arena, the World Design Capital 2014 title has placed Cape Town and the Western Cape on the map as a design and innovation capital. This has contributed to the already accelerating industry growth and mobilised the expansion of the Creative Cape Town Legacy project.

Stellenbosch – because of its proximity to Cape Town and also its extensive innovations and entrepreneurship - has been associated with the award and will form a part of the legacy. The province is not alone when looking to capitalise on and develop the creative sector. The creative industries have been recognised by UNESCO as one of the key growth areas in global trade (Cape Town Partnership, 2012).

Importantly, although Cape Town has been awarded the World Design Capital 2014 title, the province has indicated that the fundamental importance of the award is the legacy that it will engender across the City of Cape Town and the Western Cape. Essentially, all residents will benefit from the concept of design as a tool to utilise in planning and entities should in the future put into action the lessons learnt.

Although the City of Cape Town and Stellenbosch are the main hubs for the creative and design sectors, there is a growing trend of design and artistic creation throughout the smaller picturesque towns within the province. Towns such as Franschhoek, Hermanus, Matjiesfontein, Knysna and Caledon are home to a number of crafters and artists who have settled into the lifestyle of producing work in these areas, and transporting it to the city for business. These areas are therefore host to a number of creative residents, which is apparent in the art and musical festivals that are celebrated in these regions.

Competitive advantages in the creative industries sector

The Western Cape supports the importance of design and creativity as a tool for engineering change in the social and economic environment. The recently released Western Cape Design Strategy identifies design and related activities as one of the four key drivers to support economic growth. Programmes such as The Fringe have been evaluated and driven as an overarching concept in the province.

Incubators such as the Bandwidth Barn which are located in hubs across the province promote the development of young entrepreneurs within the design sector through knowledge sharing and support. This expands the skills base through knowledge-sharing and industry assistance.

High standards of copyright protection.

There are a number of internationally endorsed design and art schools in the province. Renowned design schools include, among many others, the Cape Peninsula University of Technology, College of Cape Town, Red and Yellow, Vega Brand Communication, Inscape, City Varsity and the Advertising College of Southern Africa.

There are a number of music, arts, and literary festivals that take place throughout the province.

Due to the World Design Capital 2014 award, Cape Town and the province is in the global limelight for design and innovation within the creative economy. Therefore entities operating within this sphere who successfully contribute towards the goals identified for the award will be recognised internationally.

IMPORTANT CONTACTS			
Organisation	Website	E-mail	Contact Number
Cape Town IT Initiative	www.citi.org.za	-	+27 (0)21 409 7000
Cape Town Partnership	www.capetownpartnership.co.za	projects@capetownpartnership.co.za	+27 (0)21 419 1881
Cape Town World Design Capital 2014	www.wdccapetown2014.com	info@wdccapetown2014.com	+27 (0)86 000 7410

4.6 Film and multimedia

According to estimates from the National Film and Video Foundation (NFVF, 2013), the film industry contributed approximately R3.5 billion to the total Gross Domestic Product (direct and indirect) of South Africa in 2012, growing at an annual average growth rate of 14%. The industry is ranked 50th out of 99 major industries in terms of its multiplier effect in South Africa, making the industry an important contributor to the country's economy.

SOUTH AFRICA FILM INDICATORS	
Indicators	Value
South Africa film GDP (direct & indirect) 2012	ZAR3.5bn
% Growth rate of sector 2012	14%
SA films in SA box office (1980-2013)	206
Number of registered production companies in SA	150
Film projects in South African provinces (% Share)	Gauteng (33%), Western Cape (25%)
Number of screens in South Africa	750 screens available over 125 cinemas
South Africa co-production treaties	Germany, United Kingdom, Canada, Italy, New Zealand, Australia, France and Ireland

Sources: NFVF (2013) and Wesgro (2013)

When examining the overall production of films in the South African provinces, Gauteng and the Western Cape still dominate as the provinces of preference for the film industry, followed by KwaZulu-Natal. Gauteng and the Western Cape together account for over 50% of all film projects in South Africa.

Interest from international studios and industry players in Cape Town as a film location and service provider is growing and as a consequence, the film and multimedia industry is one of the fastest growing sectors. Local industry players are increasingly participating in the global film and multimedia sphere where they are servicing major Hollywood studios and bringing valuable foreign exchange into the economy. Additionally,

television production companies are showing interest in locating to Cape Town which has been identified as the African hub for the international film industry. Major productions such as *Invictus*, *Strike Back 3*, *Safe House*, *The Borrowers*, *The Long Walk to Freedom*, *Chronicle* and *Labyrinth* were filmed in the city.

SELECT FILM AND MEDIA EDUCATION AND TRAINING INSTITUTIONS LOCATED IN CAPE TOWN

Century Film School	Cape Town International Film School
Boston Media House	City Varsity Film and Multimedia School
The South African School of Film, Television and Dramatic Art	University of Cape Town Film and Media Department
AFDA	Red and Yellow
Vega	

Opportunities and advantages for international investors and industry players to conduct business in the local sector

- A large number of professional and semi-professional local actors and actresses are accessible in Cape Town.
- The Cape Town film studio has been rated as one of the top 10 studios globally.
- Numerous industry festivals are hosted in the city, including the Cape Town International Film Festival, the Loeries, the Shnit International Short Film festival, and the 48 Hour Film Project. In 2012 and 2013 the city hosted the semifinals of the Emmy's.
- The vast majority of stills shoots are shot in Cape Town as it is the main base for local and international models, as well as the location of leading modelling agencies.
- Local films have won international awards and secured international distribution agreements.
- The city hosts the largest visual effects studio in the country.
- Good telecommunications infrastructure.
- World-class technology and post-production facilities as well as experienced technicians and set crews.
- Local industry professionals are competent, experienced and technically proficient.
- South Africa is more commercially competitive than other foreign locations because of the favourable rand-dollar exchange rate.
- An increasing consolidation in the industry has enabled larger production houses to harness economies of scale and keep production costs down.
- Effective service delivery (pre-production, production and post-production) from local film crews, transport companies, the hospitality sector and local film agencies which work closely with all producers to ensure efficient functioning of the project.
- The city is in close proximity to a variety of locations within a 20 minute drive. These locations include rugged spectacular mountainous regions, beautiful internationally acclaimed beaches, the CBD (which has been portrayed as London and New York in films), vineyards and Alpine forests. Furthermore, within an hour's drive from the city centre, a variety of additional picturesque landscapes are offered.
- Lengthy day light hours in summer.

IMPORTANT CONTACTS

Organisation	Website	E-mail	Contact Number
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0)21 487 8600
National Film and Video Foundation	www.nfvf.co.za	info@nfvf.co.za	+27 (0)11 483 0880
Commercial Producers' Association (CPA)	www.cpsa.tv	bobby@cpsa.tv	+27 (0)11 673 6809

4.7 Metals and engineering services

SOUTH AFRICA METALS AND ENGINEERING SERVICES INDUSTRY INDICATORS (2013)	
Indicators	Value
% contributions to Western Cape GDP	7%
FDI (ZARm) 2004 – 2010	250
Total employment (metals)	23,000
Key sectors	Ship building and repair, automotive and automotive components, light industry, medical devices and steel fabrication.

Resources: Wesgro (2013) Metal, Tooling and Niche Engineering and Quantec (2013)

Although the province was traditionally not a base for the metals and engineering sectors, a growing and sophisticated metals and engineering sector to support the manufacturing base has developed. This is because the province holds a competitive edge due to its proximity to the coast, a good skills base and the importance of the Saldanha Bay port as an iron-ore export harbour.

Universities, technikons and colleges located within the province supply highly skilled engineers, technicians, and artisans. The University of Cape Town and the University of Stellenbosch are regarded as having the top engineering faculties in the country. There are also collaborations between the private and public sectors to provide training and skills development facilities focused on expanding knowledge within the engineering fields.

The disciplines that provide specialised support services in the province include maritime, tooling, automotive components, dental and medical devices, construction and the building sector, product design, steel fabrication and metals conversion, the oil and gas sectors, transportation, ship repairs and maintenance, modeling and simulation, and astronomy.

Interest in this sector is growing, and between 2003 and 2011 direct investment into the metals and engineering services sector was recorded at approximately R27 million. The majority of investment was in industrial machinery, equipment and tools. The two investments came from a pipe metallurgical company from Russia and Arcelor Mittal from South Africa. There is a growing emergence of innovative and niche engineering markets that are geared to capitalise on the growing industry and rising demand, representing investment opportunities. These are predominantly SMEs specialising in fields such as product design, engineering services and laser cutting.

According to Cape Engineers and Founders Association (2013), concentrations of precision and process engineering firms are located throughout the province. Besides Cape Town and Stellenbosch which service a broad market, engineering and metals services elsewhere are geared towards assisting with the key developments in the region – for example agriculture and its support services in agricultural regions.

Competitive advantages as a metals and engineering services destination

- There is a demand for steel and metal components in the robust construction industry which has experienced a compounded annual growth rate of 4.9% (2008 – 2013) (Wesgro, 2013).
- Highly skilled engineers, artisans and supporting services are based in major service centres.
- There are industry supporting organisations which assist in training, labour and employer representation and represent the industry as a whole. These are the Cape Engineers and Founders Association, the Steel and Engineering Industries Federation of South Africa, the Western Cape Tooling Initiative and the Retail Motor Industry Association.
- DTI-led incentive schemes are available to support industry operations and business start-ups.
- The growing renewable energy market represents an opportunity for specialist precision engineering.

IMPORTANT contacts

Organisation	Website	E-mail	Contact Number
Cape Engineers and Founders Association	www.capeeng.co.za	colin@capeengineers.co.za	+27 (0)21 425 2627
Steel and Engineering Industries Federation of South Africa	www.seifsa.co.za	info@seifsa.co.za	+27 (0)11 298 9400
Metal and Engineering Industries Bargaining Council	www.meibc.co.za	ceo@meibc.co.za	+27 (0)21 421 6140
Aluminium Federation of Southern Africa	www.afsa.co.za	afsa@afsa.org.za	+27 (0) 11 4533339

4.8 Manufacturing

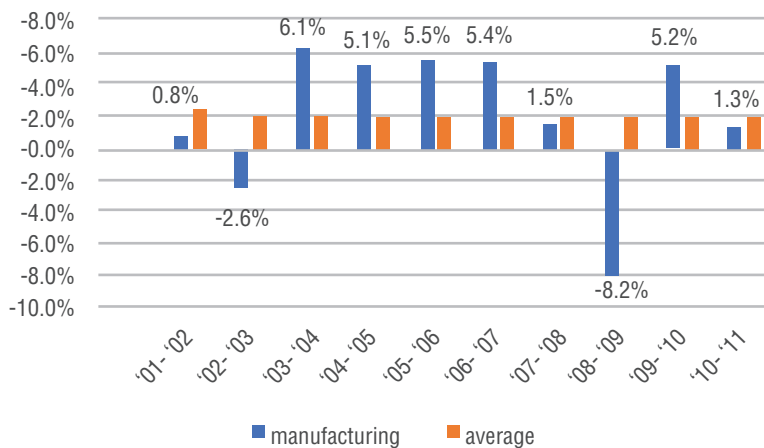
WESTERN CAPE MANUFACTURING INDUSTRY INDICATORS (2013)

Indicators	Value
Real Value (ZARm)	44,869
Employment (2013)	193,024
% contributions to Western Cape GDP	15.9%
Average annual growth rate (2008 – 2013)	0.5%

Resource: Quantec (2013)

The bulk of manufacturing activities within the Western Cape occurs in the Cape Town area, and capacity ranges from heavy industry (the oil and gas sector and the ship and boat repairs industry), to smaller-scale niche manufacturing. The significant value-adding manufacturing industries in 2013 are (a) food, beverage and tobacco (28% share), (b) petroleum products, chemicals, rubber and plastic (20%), and (c) metals, metal products, machinery and equipment (13.8%). Nevertheless, there is no specific industry that dominates the sector, and this therefore facilitates encouragement in investment and innovation.

Annual average growth rate (2001 – 2011) for the Western Cape manufacturing sector



In 2013, the Western Cape's manufacturing sector was the second largest contributor to the GDP, accounting for 16% of revenue injections into the economy. Major developments, such as the incentive schemes offered to companies operating in the manufacturing of clothing and textiles, will increase the already growing manufacturing industry.

Resource: Quantec (2013)

A FEW MANUFACTURING FIRMS LOCATED IN THE WESTERN CAPE

Atlantis Foundries	Fine Chemicals Corporation
Johnson and Johnson	ArcelorMittal
Trencor	GRW Engineering
Cape Gate	Prestige Clothing
Consol	South African Breweries
Tellumat	PetroSA
Hisense	

Aside from the major centres of heavy and light manufacturing in Cape Town and Saldanha Bay, manufacturing within the province consists mostly of light industries which are focused on the regions' niche sectors. For example the wine industry requires downstream and upstream services and products, and the citrus and other fruit producing regions have associated industries. This clustering of manufactured products relative to industry demand can be seen in the Cape Winelands where Consol Glass is located. Other areas in the province include Eden district which largely participates in forestry and therefore furniture manufacturing is a key sector.

Competitive advantage as a manufacturing location

- There are extensive government incentives available for industrial and manufacturing operations in pockets throughout the province.
- Most centres are in close proximity to world-class transport facilities for exports both nationally and internationally.
- There are highly skilled personnel for maintenance purposes available and a large labour pool of all skills levels and knowledge within a broad spectrum of industries.
- The province has an innovative market and a number of entrepreneurs and businesses in a variety of niche sectors which results in unique production requirements.
- There are many growing industries (such as maintenance and supporting activities for the oil and gas sector), which indicates an increasing demand for goods and specialised products.
- The potential expansion of gas lines to Saldanha Bay and Atlantis will lower operating costs.

The experience gained in the boat building industry has provided a competitive edge to the province as it is now attracting manufacturers of wind turbines. This is because both industries require similar skills and manufacturing processes.

IMPORTANT contacts

Organisation	Website	E-mail	Contact Number
Cape Chamber of Commerce	www.capetownchamber.com	info@capechamber.co.za	+27 (0)21 402 4300
Wesgro	www.wesgro.co.za	info@wesgro.co.za	-27 (0)21 487 8600

4.9 Boatbuilding and ship repairs

WESTERN CAPE BOAT BUILDING AND SHIP REPAIRS INDUSTRY INDICATORS (2013) [44]	
Indicators	Value
Direct employment	3,000
Export value contribution to RSA GDP (ZARm)	630
% of South Africa sector export value (%)	90%
Number of FDI investments in the province (2012/13)	3
Value of FDI investments in the province (ZARm)	732

Resource: Wesgro (2012), *Boatbuilding Fact Sheet*.

According to the marine industry association (2013), South Africa is globally recognised for its advanced construction methods, and progressive technological approach to design in the boatbuilding sector. For example, the design of multihulls is award-winning, with the national sector producing almost 30% of global production. The boatbuilding industry is made up of small entrepreneurs and dominated by a few large companies such as Robertson and Caine who are the world's second largest producer of catamarans which is chiefly driven by foreign market demand. The importance of the sector in the Western Cape can be seen by the export value derived from boatbuilding in 2012 with a total of R630 million. It is noted that export markets are chiefly attracted by the affordability for companies to invest in or establish operations in the industry within the province.

The major demand markets for exports are the Americas and Europe, which purchased 37.4% and 40.5% respectively of all exports in 2012, while growing markets include Asia and Australia (Wesgro, 2012). Asia is a growing export market, and therefore aligned with their developing status, represents a major opportunity. The Middle East has been identified as a possible new market for work boats, light commercial vessels and patrol boats as well as top-end yachts.

Approximately 85% of boat builders in South Africa are located in the province, and thus the Western Cape is recognised as the hub of the boat building and ship repairs industry. The province makes up 90% of the production of all exports of seagoing and water-going vessels, accounting for 80% of the national export value. Yachts, sports vessels, rowing boats and canoes made up 79.2% of the export value. Although the central hub for boatbuilding and ship repairs is situated in Cape Town, there are pockets of activity throughout the province.

Competitive advantages for the ship repairs and boatbuilding sector

- South Africa is a well established export market. Export markets are chiefly attracted by the affordability for companies to invest in or establish operations in the industry within Cape Town and the province.
- There are extensive skills and knowledge to assist in the maintenance and building of vessels in major ports, and the industry in the province is well-developed thus indicating the availability of required infrastructure and service points.
- There is a strong support value-chain for the provision of materials for boat and ship construction and repairs, supply industries of sail making, mast builders, naval architecture, outsourced manufacturing of component parts, post-production parts, industry associations, training centres (Lawhill Maritime Centre, an award winning training centre is located in Simons Town), and government assistance.
- Companies currently operating in the province already have internationally recognised brands and products, a number of them receiving industry-related awards. This indicates the encouragement of high industry standards in the Western Cape.
- It is noted by the MEC of the Department of Trade and Tourism that in the coming five years, the oil industry around Africa will require extensive ship and repair maintenance, and thus the major ports must take advantage of this opportunity.

IMPORTANT CONTACTS

Organisation	Website	E-mail	Contact Number
Marine Industry Association South Africa	www.miasa.co.za	info@miasa.co.za	+27 (0)21 418 8899
South African Boat Builders Export Council	www.sabbex.co.za	info@sabbex.co.za	+27 (0)21 418 8889
Transnet National Ports Authority	www.transnet.co.za	Coen.birkenstock@transnet.net	+27 (0)11 351 9001

4.10 Tourism

SOUTH AFRICA TRAVEL AND TOURISM COMPETITIVENESS, 2012

Industry GDP value (US\$ millions)	11,583
GDP growth forecast (2013 – 2022)	4.3%
Economy GDP (US\$ millions)	36,061
International tourist arrivals ('000)	9,188
International tourism receipts (US\$ millions)	9,994
Growth for 2012	10%
Competitiveness 2013 (/140)	64
Business environment and infrastructure 2013 (/140)	59

Resource: Grant Thornton South Africa (2013), Research on the Economic Value of Tourism in the City of Cape Town

According to the World Tourism Organisation, emerging economies such as South Africa are projected to receive more international tourist arrivals than developed ones, and will together receive over one billion arrivals by 2030. In 2012, South Africa had a 10% growth in tourist arrivals compared to 2011, and it is anticipated that by 2015 tourism contributions into the GDP-R will equate to approximately 15%. This growth experienced nationally is indicative of the province's tourism growth as the Western Cape is not only South Africa's most developed tourism destination (DEDAT, 2010), but is the main tourism leisure destination in South Africa with many of the country's top attractions. Iconic locations such as Table Mountain and the Garden Route, superb beaches and nature trails, international events and sporting activities, and the unique cultural experiences all contribute to the distinctive essence of the tourism offering in the province. The major market for the province is international visitors, who in 2011, made up approximately 56% of visitors. Domestic tourists made up 42.1%. However, although foreign visitors make up a larger proportion of tourists the actual number declined in 2012 while the actual number of domestic tourists increased.

SOUTH AFRICA AND WESTERN CAPE TOURISM ARRIVALS, 2012

Indicators	Value
Total foreign arrivals to South Africa ('000)	9,188
Share of foreign arrivals to the Western Cape	14.9%
Number of foreign arrivals to the Western Cape (millions)	1,368
Total number of domestic trips taken in South Africa (millions)	25,300
Share of domestic trips taken in the Western Cape	10.2%
Number of domestic trips taken in the Western Cape (millions)	2,589

Resource: Western Cape Department of Economic Development and Tourism (2010), Five Year Strategic Plan: Economic Development and Tourism 2010 – 2015.

According to StatsSA (2013), the main tourist overseas source markets for South Africa are Europe, Asia, North America and Australasia, amounting to 54.2%, 17.7%, 15.1% and 7% respectively. Considering individual countries, the leading countries are the United Kingdom (16.7%), USA (12.3%), Germany (9.9%), China (6.2%), Australia (6.0%), France (5.6%), India (5.1%), the Netherlands (4.2%), Brazil (3.2%) and Canada (2.8%), constituting a total of 71.9% of overseas visitors.

Opportunities have been identified in the growing economies of African markets. These markets, especially the countries with oil and gas reserves such as Nigeria, Angola and Mozambique, are experiencing a major boost in disposable income, and South Africa, being the most developed African country, is a key attraction. A large percentage of SADC markets visit South Africa to purchase goods as well as to receive services such as medical treatment and education.

The local tourism market is also extensive, with active inter-provincial travel and participation in tourism activities which contributes to the downstream sectors of the local tourism industry.

Product offerings

The Western Cape holds a variety of offerings to the travel market, and in 2012, the province's major attractions received over 25 million visitors (Wesgro, 2013). Coupled with these attractions, additional product offerings are being developed to cater for the demand for unique experiences and niche products such as educational tourism and medical-leisure tourism. Noteworthy tourism offerings in the province include:

- Table Mountain, voted one of the 7 Natural Wonders of the World and Table Mountain National Park which is the most visited national park receiving approximately 4.2 million visits per year
- Robben Island where Nelson Mandela was incarcerated, a UNESCO World Heritage Site
- Cape Point and the Table Mountain National Park
- Cape Floral Region, a UNESCO World Heritage Site
- The Cango Caves
- West Coast and Wilderness National Parks
- West Coast wild flower season
- Kirstenbosch botanical gardens
- Boulders and Hangklip penguin colonies
- Karoo National Park
- Big Five Game Reserves
- Whale watching in the Overberg District
- Wine tourism, which represents a major growth subsector and includes food tourism with a number of the top restaurants located on wine farms. It is estimated by Wine Tourism South Africa that 43% of visitors to South Africa visit the Cape Winelands
- Upmarket shopping experiences in the major shopping centres such as V&A Waterfront, Claremont, Century City and Tygerberg
- Adventure tourism such as rock climbing, mountain biking, trail running, base-jumping and paragliding
- False Bay is known for its kite surfing and during the summer months is visited by numerous international kite surfing enthusiasts
- Volunteerism which is a growing market for Europeans and other first world source markets
- Beach tourism as Cape Town was voted as the top beach destination in Africa. Additionally, the West Coast, Eden and Overberg Districts also have world-class beaches
- Township tourism, which is a notable growing sector in South Africa. In 2010 about 150,000 foreign visitors went on township tours
- Major international sporting and cultural events are held in the province including the Cape Town Cycle Tour, Volvo Ocean Race and the Cape Town International Jazz Festival

IMPORTANT CONTACTS

Organisation	Website	E-mail	Contact Number
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0)21 487 8600
Cape Town Tourism	www.capetown.travel	info@capetown.travel	+27 (0)21 487 6800

FOREIGN AND DOMESTIC BED NIGHTS, 2012

Indicators	Value
Total number of bednights by foreigner arrivals to South Africa (millions)	68.1
Share of foreign bednights in the Western Cape	23.8%
Total number of domestic bednights in South Africa (millions)	121.2
Share of domestic bednights to the Western Cape	11%

Resource: Grant Thornton South Africa (2013), Research on the Economic Value of Tourism in the City of Cape Town

Accommodation of all forms is available across the province. The major attractions such as Cape Town, Cape Winelands, and the Overberg and Eden coastal districts have luxury 5-star hotels and resorts that cater to the niche market such as wine tourism, business conferencing or golf tourism. Growth in accommodation is evident in major service centres such as Cape Town. This growth of investment has not only contributed to the increased quality and innovative style of buildings, but it has also highlighted Cape Town as a key demand and growth point in the hospitality accommodation industry.

As a consequence of increased competition, industry players have begun to pay attention to the different needs of markets, and accommodation providers have evolved their offerings to appeal to unique market demands. These include boutique backpackers, creative hotels such as the Grand Daddy and Fire and Ice, the first green star rated hotel in South Africa, and two luxurious 6-star rated hotels. Visitors therefore do not only have a wealth of activities to choose from, but they also enjoy a variety of accommodation options.

Other market trends include:

- Expansion of major hotel groups into Africa
- Conversion of hotels into apartments
- Hotel room investment

“South Africa’s hoteliers are optimistic of total revenue growth in 2013 at their respective hotels; approximately 92% replied that they expect total revenue at their hotel will increase in 2013,”

Competitive advantages as a tourism location

- There are two major airports situated in the province - the Cape Town International Airport and George Airport -both providing a gateway to other activities within the Western Cape and surrounding provinces. The expansion of the Cape Town International Airport indicates the demand for increased capacity by the tourism market.
- Niche and unique tourism offerings are in high demand from both domestic and foreign tourists. The province has a range of different niche product offerings such as leisure, cultural and heritage, adventure, food and wine, cruising, shopping, events.
- Growing opportunities have been identified by accommodation providers on the periphery of nature reserves and surrounding towns. There are Big Five private game farms within the province that are offering this experience. These include for example Sabona Wildlife Reserve, Fairy Glen and Aquila private reserve.
- A number of major sporting events occur within the province. For example the Volvo Ocean Race, Paragliding World Championships, Cape Epic Race, Two Oceans Marathon, Cape Argus Cycle Tour, Knysna Oyster Festival and Sporting races.
- There are a range of accommodation types for different experiences and budgets.

4.11 Aquaculture – processing

WESTERN CAPE AQUACULTURE INDUSTRY INDICATORS (2011)	
Indicators	Value
Marine aquaculture focus (species)	Mussels and Abalone
Marine aquaculture farms (% of South Africa)	67%
Production of marine aquaculture (% of South Africa tonnage)	86%
Production of marine aquaculture (tonnage)	1,624
Processing companies registered with Marine and Coastal Management	355
Share of domestic aqua processing market by 6 large companies	45%
Share of fish and aquatic exports (% of South Africa)	85.98%

Resource: Department of Agriculture, Forestry and Fisheries (2012), A profile of the South African aquaculture market value chain.

According to the Department of Agriculture Forestry and Fisheries (2013), globally, fish farming is among the fastest growing farming sectors, and has been growing at an average annual rate of 8.8% per annum since 1970. Although South Africa's contribution to the global market is small, this sector is showing extensive growth, specifically in the Western Cape where the focus is predominantly on aquaculture. The Western Cape accounts for most of the aquaculture activities with 40% of producers being based in the province. Small-scale aquaculture is also showing growth and there are 35 small-scale trout producers in dams on wine farms. These farms produce from between 6 to 8 tons annually. Aquaculture is the larger of two sectors (mari-culture and aquaculture) because the coastal region is not very sheltered. Therefore, production is predominantly focused on mollusca shellfish.

The key species produced in the province are abalone, various finfish, mussels, lobsters, oysters, kelp, ornamental species of fish, and cape salmon. The main focus in the sector is on abalone, oysters and mussels.

Abalone is estimated to generate about 82% of the aquaculture sector's value, and 80% of exports. The abalone farmed within South Africa is rated as the global premier species, and research conducted in 2010 by the University of Stellenbosch determined that the Western Cape had 20 abalone farms. Together, they were estimated to have sales of R355 million. The main centres for abalone farming are Hermanus, with Gansbaai also playing a significant role.

Opportunities and advantages of Western Cape as an aquaculture centre

- There are extensive drives by the province to support the growth of the aquaculture and mari-culture industry:
 - SEZs for aquaculture, referred to as Aquaculture Development Zones (ADZs), are in the process of being identified, specifically along the west and east coasts of the province where there is easy access to the Cape Town port and airport. These zones will be entitled to incentive programs thus facilitating increased development within the sector. One of the proposed incentives will be the reduction of energy costs within the delineated ADZs.
 - In order to boost competition within the industry, national government has launched the Aquaculture Development and Enhancement Programme (ADEP) which offers cost sharing grants of \$4 million per company. These grants are available for machinery, equipment, infrastructure, commercial vehicles and work boats. The ADEP will run until 31 March 2018, and will be available for fish hatcheries, fish farms and for the production, processing and preserving of aquaculture fish.
 - The provincial government will invest R50 million into the sector in the 2013 financial year.
- The province holds the natural advantage of having access to the warm Agulhas current and cold Benguela current which expands the potential to farm a variety of species.
- Marine aquaculture is technology driven, and therefore there is room for new innovative technologies to make an entry into the South African market.

- The relevant transport and storage infrastructure to support industry requirements is available in the province.
- Several yellowtail ranching projects in the Western Cape are being piloted by the National Department of Science and Technology. Local technology is used to assist fisheries to capture and harvest fresh yellowtail. Other key research institutions including the Aquaculture Institute of South Africa, Elsenburg agricultural college, and Department of Genetics at the University of Stellenbosch contribute to the technological and innovative growth in the sector.

IMPORTANT CONTACTS			
Organisation	Website	E-mail	Contact Number
Western Cape Aquaculture Development Initiative	-	edward.wcadi@telkomsa.net	+27 (0)21 424 2572
Western Cape Department of Agriculture	www.elsenburg.com	wouter.kriel@westerncape.gov.za	+27 (0)21 808 5111
Aquaculture Association of SA	www.aasa-aqua.co.za	Info@aasa-aqua.co.za	+27 (0)12 803 5208
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0)21 487 8600

4.12 Information Communication Technology and Electronics

Information Communication Technology (ICT) is a term used to describe the unified communications and integration of telecommunications, computers and the necessary software, middleware, storage and audio-visual systems that enable users to access, store, transmit and manipulate information. According to the South African Venture Capital Association, the ICT sector attracts the most venture capital funding in South Africa, which between 2009 and 2012 attracted 35% of total investment.

A local innovative success is the social network MXit. MXit is a South African social network which was developed in the province. It is the number one social network in South Africa, and has expanded to reach more than 50 million registered users in over 120 countries.

The Western Cape holds a world-class and extensive ICT and electronics industry whereby in major hubs, and specifically Cape Town and Stellenbosch, these technologies are applied by numerous entities to enable efficient and competitive functions. The demand for innovative technology and communications to enable a business-friendly environment, educational interaction and innovation has been identified as paramount, and as a consequence, local and provincial government have prioritized the development of this sector.

According to PwC (PricewaterhouseCoopers, 2013), the growth of this sector is evident not only by the value of FDI into the province, which in 2012 totalled R2.6 billion, but also by the vast interest from numerous international investors and venture capitalists. These individuals and companies have taken note of the innovation and exciting developments occurring within the province and therefore identify the Western Cape as a key performer in the ICT and electronics sector. As a result, funds have been provided for a number of projects. A few of the key funders include:

Key funders	
Knife Capital	Business Partners
4Di Capital	Hasso Plattner Ventures Africa
Invenfin	Technology Innovation Agency
World of Avatar	AngelHub
88mph	Google Umbono

The entrepreneurial spirit that has stimulated the founding of multiple software design and development companies which utilise the opportunities and resources available to them has contributed to the astounding success of the sector. The opportunities and resources include the aforementioned funding entities and support agencies such as the business incubator the Bandwidth Barn. Furthermore, innovators have been prompted by the numerous entrepreneurial success stories of businesses and individuals in the province.

FibreCo Telecommunications is building a 12,000km open-access fiber-optic broadband network increasing the supply of long-distance capacity between major cities such as Cape Town, Johannesburg and Durban. The cable will also serve towns and rural areas en-route. The project is a partnership between Cell C, ICT firm Internet Solutions and Convergence partners.

The largest sector in the economy – the finance and business sector, is one the predominant sectors that drives the growth of the ICT and electronics sector as they effectively utilise internet and mobile connectivity in their business functions. ICT and electronics are incorporated with online services and unique product offerings to enhance efficiency and competitiveness. Aligned with this innovation, in 2012, FNB - one of South Africa's major banks that use ICT as a competitive edge, was voted on a global platform as the world's most innovative bank at the BAI-Finacle Global Banking Innovation Awards. These awards honour banks for game-changing products, services, achievements and practices. This innovation has largely been achieved through new innovative banking services and products facilitated via internet banking and software development.

Competitive advantages in the ICT and electronics sector

The Western Cape has a steady immigration of residents as well as growing income levels – this is specifically with regard to major towns and service centres. The demand for consumables - electronics and products, is therefore growing.

Improved internet accessibility enabled by public and private sector initiatives is increasing the demand for online and ICT services such as cell phone banking applications. A survey of South African online behaviours and accessibility indicates that 49% use ADSL connections, and 36% through mobile connectivity; whilst the main reasons for going online is to check emails and access banking (Effective measures, 2012). Coupled with the growth in cell phone use, this presents a growing opportunity for innovations.

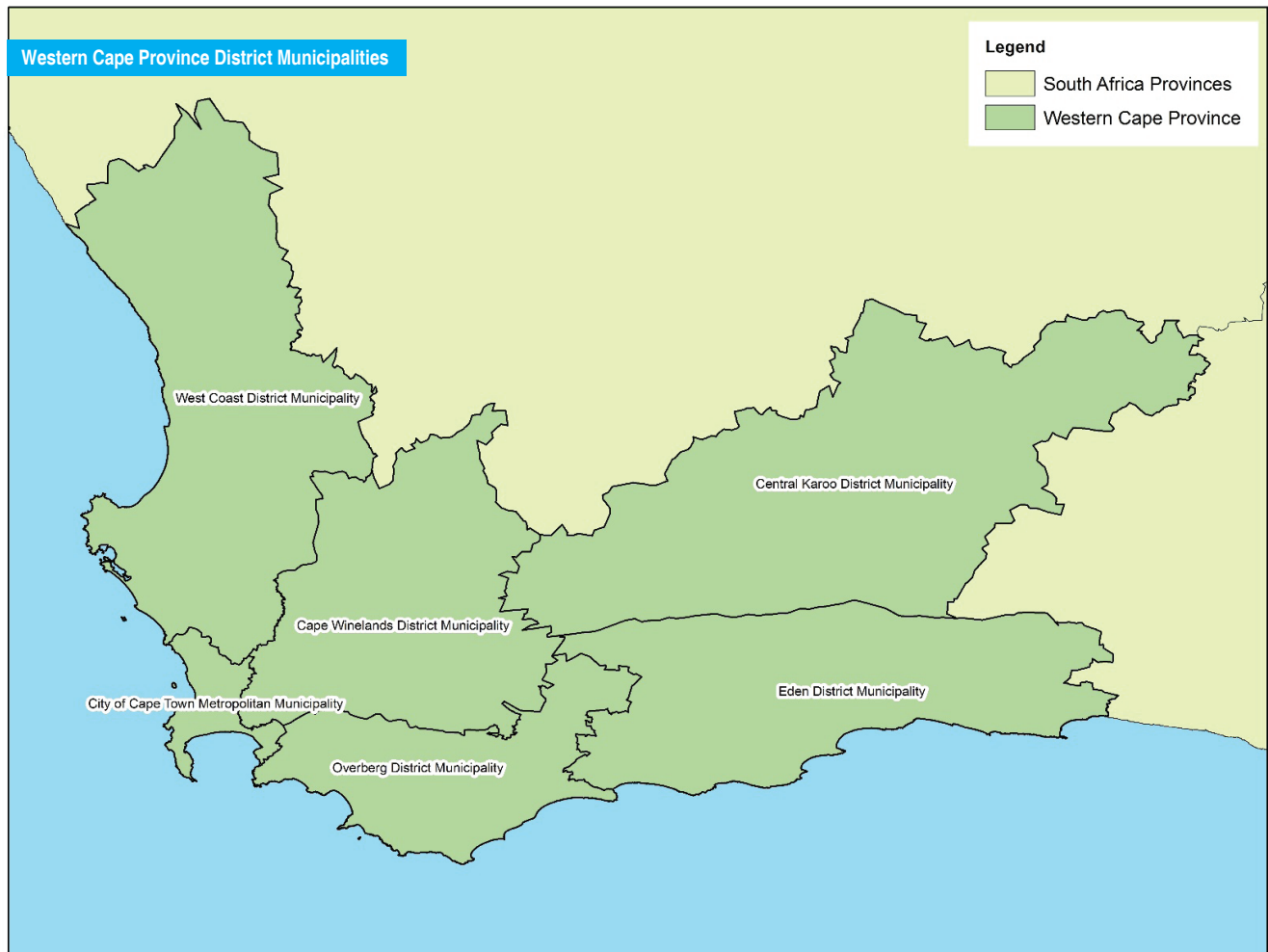
Public and private sector have created a platform and enabling environment for the development of this sector and there are continual and supported innovations and entrepreneurs within this industry. Technology companies are funding research at local universities. Clustering of similar industries is also a form of knowledge transfer and collaboration, and the Techno-park located in Stellenbosch provides a role within the province.

The knowledge within this sector is also driven by the high profile universities and colleges offering ICT courses. Significant growth in the number of ICT-related skilled graduates, relating to electrical and electronic engineering, and computer science and information technologies is noted. Excluding UNISA, in 2011, a total of 1,285 students graduated in the ICT sector in the Western Cape.

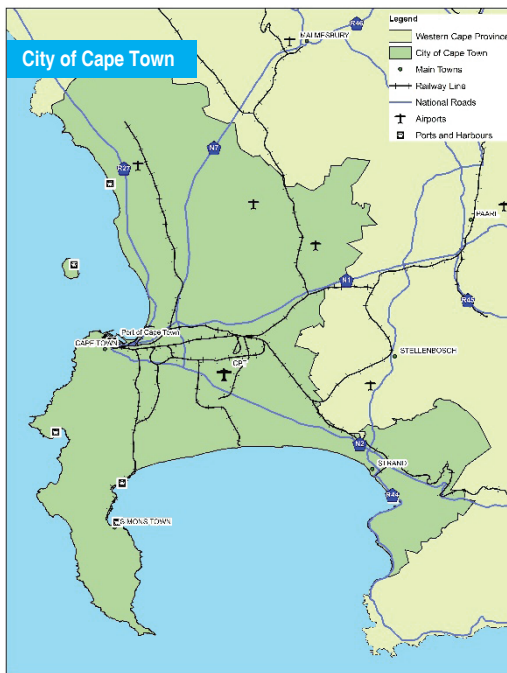
There is an extensive amount of foreign investment in the local sector, indicating the current investment climate and confidence.

IMPORTANT CONTACTS			
Organisation	Website		Contact Number
Cape Town IT Initiative	www.citi.org.za	-	+27 (0)21 409 7000
South African Business and Technology Incubation Association	www.sabita.org.za	info@sabita.org.za	+27 (0)21 409 7999
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0)21 487 8600

5. Districts at a glance



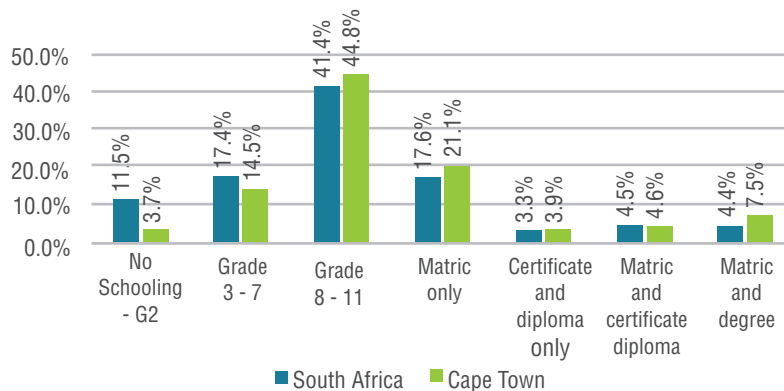
5.1 The City of Cape Town



The City of Cape Town, the oldest city in South Africa, is known internationally as not only one of the world's top tourism destinations, but also as an innovative city for design and initiative. Testament to the growth in vision and development within the city, the CBD is recognised as one of the cleanest, safest and most considerate in South Africa, and continues to receive numerous accolades for a broad spectrum of achievements (City of Cape Town, 2012). Other business nodes across the metropolitan are following the lead of the CBD and as a result have similar offerings. The achievements received by the Cape Town range from being awarded the Design Capital of the World 2014, hosting numerous events and conferences, the iconic cultural and natural landscape within the city, and being listed by CNN as one of the ten most loved cities in the world.

Cape Town is the main economic base for the province and in 2013, second to Johannesburg, contributed the largest real value to the national GDP (11.2%). The major sectors adding value to the city's income and which have been identified as providing increased investment opportunities are the finance and business sector and the increasingly growing tourism industry. Other sectors include manufacturing, services, and government. In support of the growth of the economy and key sectors, ongoing development is being promoted and driven by the City of Cape Town in select pockets across the metropolitan, offering financial and operational incentives considerably minimising operating costs.

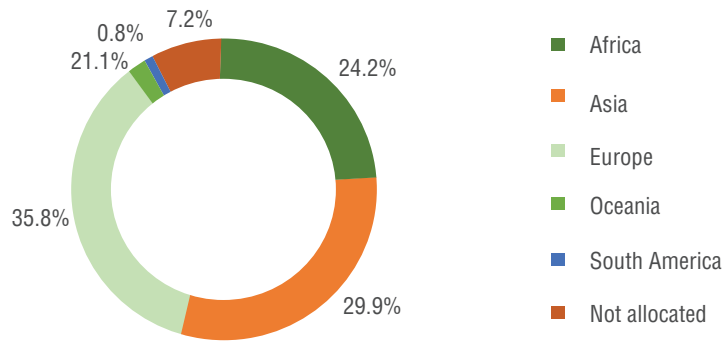
Education level from 15+ years (2013)



Home to a vast number of highly rated private and public schools, three top universities and a number of skills-specific colleges and technikons, Cape Town offers a limitless variety of skills for all sectors of the economy. There are also a number of government and private sector skills development initiatives geared towards skills development.

Resource: Quantec (2013)

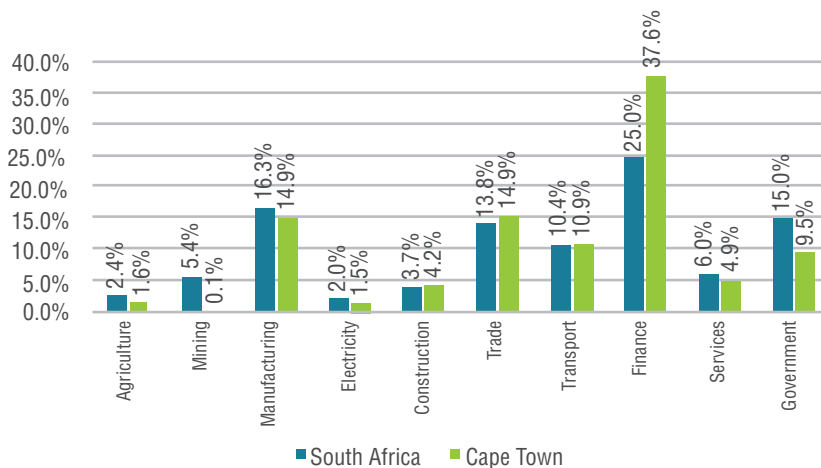
Major City of Cape Town export markets (2012)



Cape Town performs the major export function for the majority of the Western Cape, whereby the airport and harbour function as gateways to international markets. The city's major export markets are Africa (24.2%), Asia (29.9%) and Europe (35.8%).

Resource: Quantec (2013)

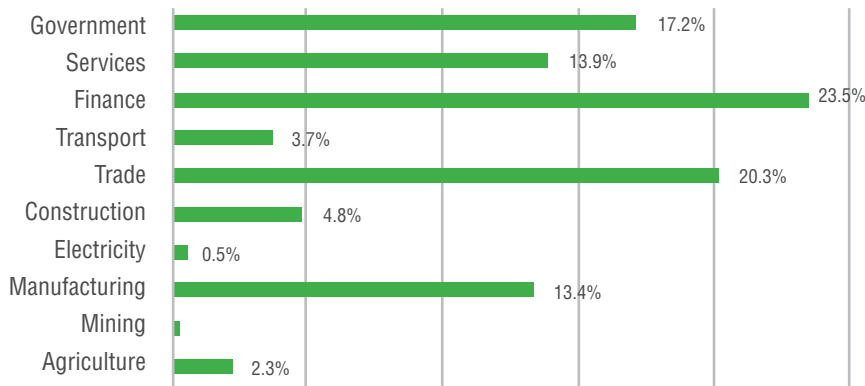
Sectoral contribution for South Africa and City of Cape Town (Constant 2005 Prices) in 2013



The City of Cape Town and Western Cape province are dedicated to the growth and development of all sectors of the economy, and recognise that they play a pivotal role as facilitators of creating an enabling environment. Therefore initiatives such as the Red Tape Reduction Unit have been instituted to assist towards the healthy growth of the economy.

Resource: Quantec (2013)

Employment Composition per sector (2013)



Key drivers of employment are finance, trade, government, services and manufacturing. This indicates the extensive variety of skills offered within Cape Town.

Resource: Quantec (2013)

Sectoral developments

The key opportunities and developments within identified sectors within the City of Cape Town are detailed below.

Business process outsourcing

Cape Town is the centre for offshore BPO operations in the province and annually receives awards for business BPO locations. During 2013 the city won two awards in the Offshoring Destination of the Year Awards.

New BPO incentive schemes are creating a more attractive and financially beneficial environment.

Increasing access to high speed internet through the broadband expansion enables quicker and more efficient BPO business operations.

The growing base of high-end skills within the finance and legal services sectors are highlighting the metropolitan as a world class offshoring destination. The extensive skills base within these sectors includes actuaries, chartered accountants and other sector-specific skills.

Major BPO operators operating in the City of Cape Town: Teleperformance, Serco, Capita, Metropolitan Health, Edcon, Woolworths, ASDA, Lufthansa, Shell, Bloomberg and Wonga.

Financial and business services

An emerging financial and business district within Cape Town is apparent. Large entities such as Bowman and Gilfillan are relocating to the city centre. The relocation is as a result of a number of factors

- The UDZ tax incentive is a targeted contributing factor to the redevelopment and regeneration of the growing financial and business district.
- There are supporting business services and entities geared towards maintaining a business friendly environment, eg. the Central City Improvement District (CCID).
- The broadband project will make business accessibility and functions faster and more reliable.

The trend in the specialised financial suppliers and service providers is for head offices to open up business specific services in Cape Town, although predominantly located in Gauteng, Cape Town is becoming a preferred location.

Agro-processing	<p>The Cape Town harbour and international airport is a key export route for processed goods from the province making it a key logistic hub for the sector. In conjunction, a large number of agro-processing firms are currently located in Cape Town.</p> <p>There are a number of opportunities in the agro-processing sector along the value chain.</p> <p>An office of the Netherlands Agro Food and Technology Centre is to be opened in Cape Town. The office will assess routes to grow the provincial agro-processing sector and concurrently increase the province's market share in Europe.</p>
Energy – oil, gas and renewable energy	<p>A large number of international oil and gas exploration companies' offices are located in the City of Cape Town which is consequently beginning to represent a services hub and gateway for businesses in this sector.</p> <p>Large quantities of oil are transported around the Cape of Good Hope every year, of which 32.2% are sourced from West Africa and 23.7% from the Middle East. The Cape Town port thus provides the perfect lay-over and refit stop for transcontinental rig and shipping movements.</p> <p>One of the four main oil refineries in South Africa – Chevron, with a capacity to produce 110,000 barrels of crude oil per day, is located in Cape Town.</p> <p>Cape Town has world-class infrastructure, highly skilled labour and service capabilities to assist the sector.</p> <p>The planned roll-out of renewable energy in South Africa is projected to result in investments of R10-R20 billion every year for the next 20 years. The City of Cape Town has therefore delineated a site in Atlantis (Atlantis Green Technology Industrial Park) which is set to house all renewable energy-related manufacturing businesses operating in the municipality, as well as the South African Renewable Energy Business Incubator (SAREBI).</p> <ul style="list-style-type: none"> • Financial and regulatory incentives are available upon locating renewable energy related businesses in the park. • Atlantis is ideally located in relation to both the port of Saldanha and Cape Town port, the Cape Town International Airport, extensive labour, and is en route to where many of the wind and solar parks in South Africa are being developed.
Creative design industries	<p>The award of World Design Capital 2014 makes Cape Town the centre of focus for design industries globally. As a result:</p> <ul style="list-style-type: none"> • A number of local firms and artists have gained international market share. • The award has contributed to a growth in innovative design and public sector support which creates an atmosphere and opportunity for creativity in the public space. • Creative projects within the City of Cape Town that are associated with social and economic development through innovative designs have been fast-tracked. <p>The annual Design Indaba, Decorex and Fashion Week are held in Cape Town, as well as the Loerie awards which are a celebration of South Africa's creative talent.</p>

Cape Town is fast becoming an internationally recognised location for film, advertisement and sitcom production as it is “film-friendly” from a risk and cost perspective.

Highly skilled industry support crews are based within Cape Town.

There is an extensive variety of locations including rugged mountainous regions, beautiful internationally acclaimed beaches, the CBD which has been portrayed as London and New York in films, vineyards and alpine forests.

The Cape Town Film Studio has been rated as one of the top 10 studios globally.

Film and multimedia

The largest visual effects studio in the country is located in Cape Town.

A large number of professional and semi-professional local actors and actresses are accessible in Cape Town.

Numerous industry festivals are hosted in Cape Town, including the Cape Town International Film Festival (2014), the Loeries, Shnit short film festival, the 48 hour Film project, and in 2012 and 2013 Cape Town hosted the semifinals of the Emmy’s. Additionally, Cape Film Commission and espAfrica have a five-year contract to host Robert de Niro’s prestigious Tribeca Film Festival, hosted for the first time in 2013.

The vast majority of stills shoots are shot in Cape Town as it is the main base for local and international models as well as the location of leading model agencies.

Metals and engineering services

Many growing economic sectors in Cape Town are reliant on precision and process engineering, for example boat building and ship repairs which both require sector-specific engineered metal components.

The incentivised industrial areas in Atlantis represent notable sites for development. Atlantis forms the centre for metals forging in the metropolitan.

The expansion of the port will result in an increased need for engineered metal products for routine maintenance.

The City of Cape Town is the largest contributor of revenue to the provincial manufacturing sector.

There are numerous well supported pockets of manufacturing activities within the city. These activities are predominantly within the Paarden Eiland, Epping Industria, Atlantis, Airport Industria and the Cape Flats areas.

Manufacturing

The delineated industrial land pockets in Atlantis offer both financial and non-financial incentive schemes. These pockets have been mandated to promote manufacturing activities to commence within the area. Two delineated sites include the Atlantis Industrial Area and the Atlantis Green Technology Industrial Park.

The recent investment and relocation of international manufacturing operations to Cape Town demonstrates the competitive edge that the city holds.

The Cape Town boatbuilding market is internationally known for innovative products and designs making it one of the top export markets for specific vessels.

Boatbuilding and ship repairs

The central hub in the province for boatbuilding and ship repairs is situated in Cape Town where over 40 boatbuilding yards exist and are supported by a wide range of supply and post-production services. The largest ship repair yard in Africa, DCD Marine, operates in the Cape Town port. There is however a notable scarcity of ship repair companies which represents an opportunity for investment.

The Cape Town port is being designated as a ship repairs centre point by Transnet and as a result, there are plans to expand ship repair and maintenance facilities. This will provide passing ships with a convenient and modern value chain of support and maintenance.

A number of global boating shows and events occur in Cape Town where products and designs are showcased. These designs and innovations have contributed to the prize of coming first in major global sailing competitions highlighting the competitive advantage that engineers and designers hold.

India and Brazil represent two of the biggest potential source markets, and between 2012 and 2013 arrival numbers grew by 30% and 69% respectively. Therefore, the BRICS market (Brazil, Russia, India, China, South Africa) has been identified as holding major growth potential for the Cape Town tourism industry.

The fast growing middle income market is becoming an important opportunity for different tiers within the value chain to offer services and products specifically targeted at these markets. Cross border collaboration with the travel industry of these markets will foster direct benefits to industry players.

The expansion of the Cape Town International Airport demonstrates the demand for increased capacity by the tourism market. British Airways has added another flight schedule to Cape Town.

The expansion of the CTICC will attract a larger number of business tourists and repeat visitors. The CTICC already has 863 bookings up to 2020, accounting for 50% of Africa's convention market. This will not only require downstream tourism support activities such as day tour operators, catering, and retail, but the hospitality sector will also directly benefit.

Tourism

- There will be a potential increase in demand for hotel capacity in proximity to the convention centre. Conference goers are noted as preferring accommodation close to facilities.
- The government and conference/ MICE demand market segments were identified as drivers of growth in performance in 2013.

A notable market is the cruise industry. It is estimated that passengers of one cruise ship would spend approximately R2.2 million per day in a region. There are as a result investigations to develop a berth for cruise liners in proximity to the V&A Waterfront, forming a part of the expansion of the CTICC precinct. Starlight Cruises already operates within the Cape Town port twice per annum.

The City of Cape Town is the major location for accommodation and hotels in the province, and has over the past ten years experienced extensive growth in the supply of rooms. Within the inner city alone, 15 new properties (large-scale hotels) have emerged, and as of October 2011, the estimated number of hotel rooms in the CBD, Foreshore, Waterfront precinct equated to 6,419.

The City of Cape Town is one of the key central hubs for exports of aqua-processed and aquaculture products in the province from both the international airport and the Cape Town harbour.

Aquaculture and Mari-culture

The public sector promotion of and designation of Aquaculture Development Zones (ADZ) in proximity to Cape Town represents important opportunities for industry support such as transport and distribution networks and storage facilities.

Kelp is farmed in Simons Town with a strong export orientation. The products produced are exported to more than 60 countries.

Investors are assessing the potential to farm tilapia in containers located in the Cape Flats. This indicates the technological innovation occurring within Cape Town and the province.

Cape Town is the major hub for activity within this sector in the Western Cape.

The City of Cape Town adopted a "Smart City" strategy which essentially aims to empower local government to better address social and economic needs through efficient ICT systems.

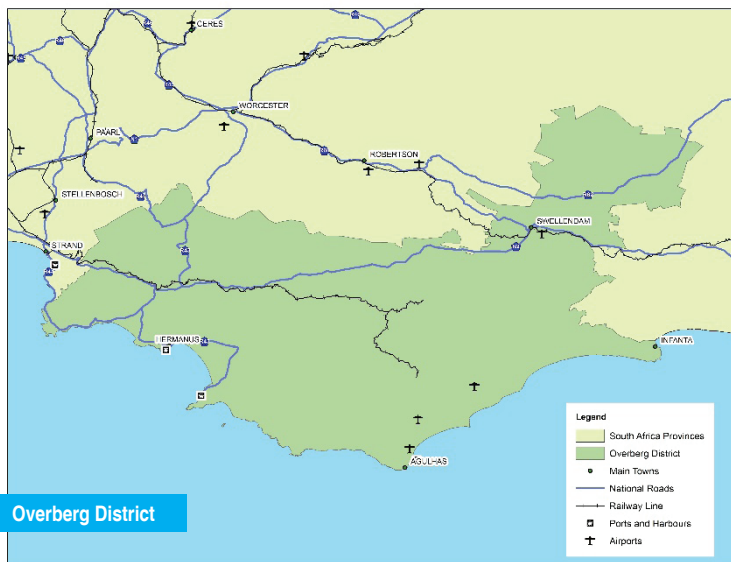
Information communication technologies

Free Wi-Fi hotspots providing free internet to low income areas in Cape Town to contribute to knowledge sharing and business development are being created.

Spare capacity within the broadband network is planned to be made available for the private sector, thus providing high-speed internet services for business development.

A demand for innovative strategies and products is apparent in the financial and banking sector providing online business solutions which are specifically ICT-related. Cape Town is one of the key drivers of the innovation.

5.2 Overberg District Municipality

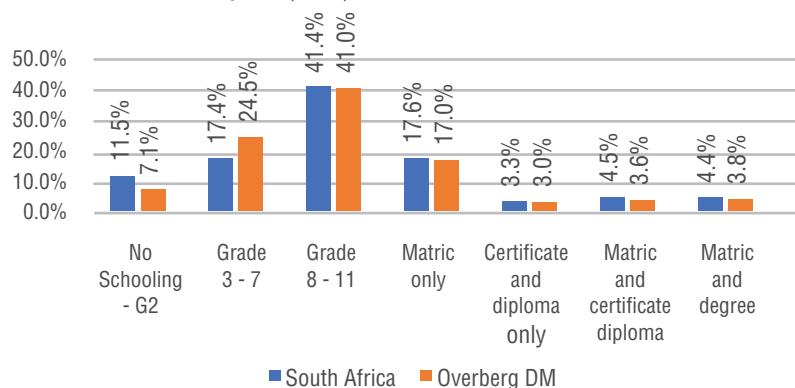


Forming a part of the Cape Floral Kingdom World Heritage Site, the Overberg District Municipality extends along the south-eastern part of the province and is framed by mountain ranges and coastal towns. The district is separated into four municipal jurisdictions, these are the Cape Agulhas, Overstrand, Swellendam and Theewaterskloof local municipalities. The coastal region of the district is perhaps one of the main attractions, a portion commonly referred to as the Cape Whale Coast. This is because Southern Right, Humpback and Bryde's whales migrate to these waters to calve and nurse their young. Additionally, Cape Agulhas, the southernmost tip of Africa where the Indian and Atlantic oceans meet, is located within the Overberg. Tourism therefore forms a key part of the economy and development within the region.

Other than tourism, main sectors of importance that contribute the largest values to the GDP-R (constant 2005 prices) are the agriculture (10% share), manufacturing (16%), retail (13%), and finance and business (31%) sectors. The Overstrand and

Theewaterskloof local municipalities together contribute 70% of total value to the Overberg's GDP. Notably, it is estimated that approximately 80% of the Overstrand's economic inputs is attributed to the tourism sector and supporting industries (Overstrand Municipality, 2013). Additionally, a fast growing sector in the municipality is the aquaculture industry.

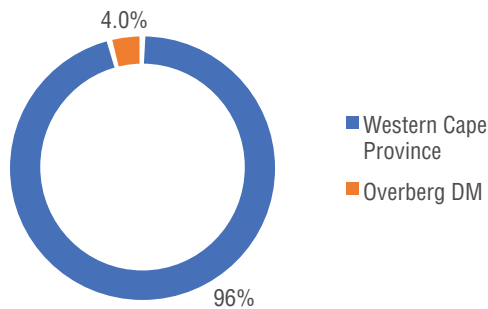
Education level from 15+ years (2013)



The Overberg has a large labour force that are skilled in specific labour intensive sectors such as agriculture and manufacturing. Additionally, the towns in the district attract highly skilled retirees who are a potential base for industry-specific knowledge and inputs.

Resource: Quantec (2013)

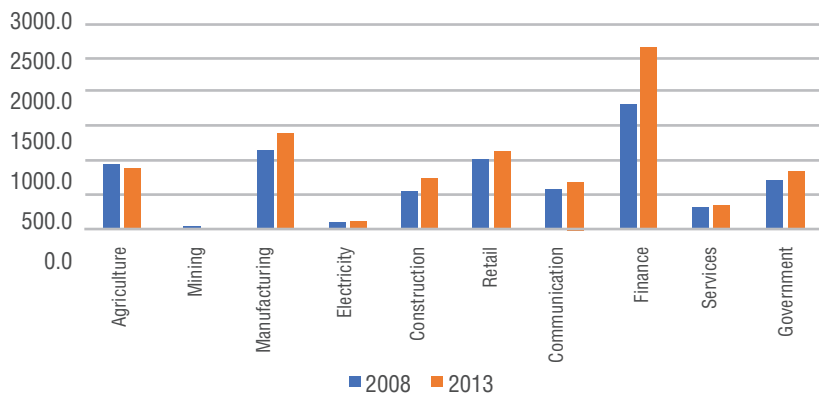
Percentage of provincial population (2013)



The relatively small population provides a competitive edge to the district as it is indicative of quaint and culturally unique towns, and an extensive agricultural industry. This represents a key opportunity that the tourism industry is already capitalising on, by introducing unique tourism opportunities such as the Cape Country Meander which appeals to all market segments. Importantly, despite the small population and towns, there is value adding economic activity throughout the region.

Resource: Quantec (2013)

Comparative sectoral growth (GDP-R) for Overberg between 2008 and 2013

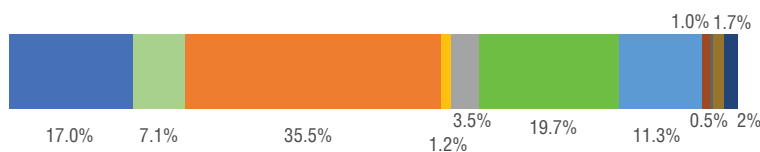


It is desirable for businesses to locate themselves in the district because there is a large labour pool, and operating costs are lower than Cape Town when considering employee salaries and property rental fees.

Resource: Quantec (2013)

Composition of top 10 exports, 2012

- Fish, crustaceans, molluscs, aquatic and other aquatic invertebrates
- Live trees, plants, bulbs, roots, cut flowers etc
- Edible fruit, nuts, peel of citrus fruit and melons
- Oil seed, oleaginous fruits, grain, seed, fruit, etc.
- Meat, fish and seafood food preparations
- Vegetables, fruit, nuts, etc food preparations
- Beverages, spirits and vinegar
- Essential oils, perfumes, cosmetics, toileteries
- Nuclear reactors, boilers, machinery and mechanical appliances
- Commodities not elsewhere specified
- Other



The district has important citrus, pear and apple farming and processing activities, with large companies such as Ceres Fruit Juice and Appetizer.

The aquaculture industry is experiencing considerable growth with the extension of Abagold, a major abalone farming and processing facility. The business is also showing innovative developments in electricity production to power operations.

Resource: Quantec (2013)

Sectoral developments

The key opportunities and developments within identified sectors within the Overberg District Municipality are detailed below.

	Central service hubs such as Caledon offer industries a competitive base because of low employee salaries (due to lower living costs), large and skilled labour force, and lower property rental fees.
Financial and business services	<p>The Theewaterskloof municipality has received growing interest from the clothing and textiles manufacturing sector because of the value for money experienced by businesses.</p> <p>The economy is growing with relocations of large industries in Caledon which has resulted in an opportunity to develop middle income housing. The head office of Overberg Agri and one of the soon to be three SAB malting plants is located in Caledon.</p>
Agro-processing	The district is the largest producer of apples and pears in South Africa (in Theewaterskloof municipality). There are already extensive processing activities using these commodities. There is however the potential for additional value adding activities such as confectionary focused factories.
Energy – oil, gas and renewable energy	<p>There is a growing trend for farmers in the Theewaterskloof municipality (for example private wine farms) to investigate the potential to generate their own electricity and operate “off-grid” for both agriculture and agro-processing operations. This presents a market for individuals or entities with knowledge in the green economy. It also provides a competitive edge for their products.</p> <p>The Western Cape Government (WCG) is promoting and supporting the development of renewable energy in business operations. Abagold – the largest abalone producing operation in South Africa located in Hermanus (Overberg district) have recently installed a wave energy converter to assist in the powering of operations – up to 4 megawatts of electricity. The additional energy generated will be sold by the municipality to neighbouring abalone farms. The EIA has been approved, and going forward, WCG has stated that they will assist with any red tape going forward.</p>
Creative design industries	<p>The creative sector in terms of crafts (candles and pottery) and arts is a large sub sector in the district as it caters for the tourism market and numerous festivals.</p> <p>A number of well-known artists reside in the smaller towns because of the environment that is conducive to creativity; and transport their work to distribution points such as Cape Town.</p>
Film and multimedia	<p>The agricultural landscapes are utilised in a number of motion and still media advertisements. For example the canola fields are often used as a backdrop in car advertisements.</p> <p>The unique wildlife such as the penguin colony, whale calving and access to the Great White Shark attracts nature-based documentary producers.</p>
Manufacturing	Small towns such as Caledon are attracting notable manufacturing operations because of the lower salary requirements, affordable rental fees, proximity to distribution centres and an already established sector.
Tourism	<p>The tourism industry is one of the most important sectors of the economy. Towns such as Hermanus and Betty’s Bay rely largely on the tourism industry in the hospitality sector and downstream activities. There are a number of major attractions along the coastal route including the southernmost point of Africa, and developments such as the Stony Point Hangklip Whaling Station refurbishment are taking advantage of the tourism market.</p> <p>Conferencing in high-end hotels for both local and international businesses is a growing demand.</p>
Aquaculture and Mari-culture	<p>One of the largest abalone production facilities globally is located in Hermanus in the Overberg district. The abalone produced in South Africa is internationally renowned as the top value abalone available on the market.</p> <p>The province has proposed the designation of ADZs between Gaansbaai and Hermanus. The zone will be entitled to support and incentive programmes. The aquaculture industry is already thriving in the Overstrand municipality and opportunities exist in not only the introduction of more players, but towards assisting the fast growing established entities such as HIK Abalone and Abagold.</p>

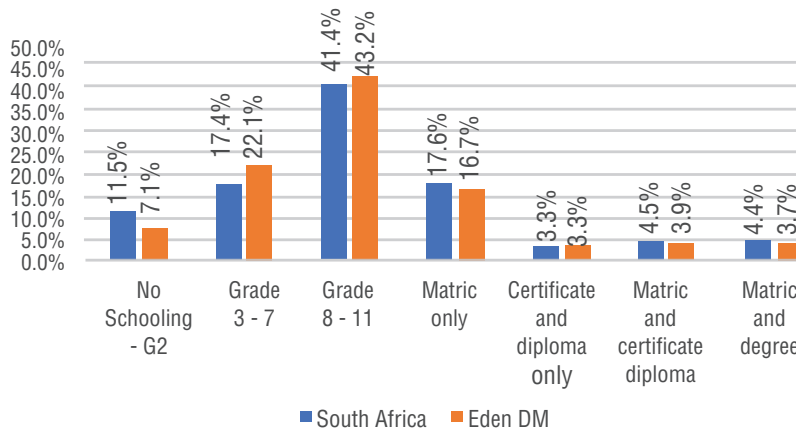
5.3 Eden District Municipality



The Eden District Municipality is one of the largest municipalities in terms of population and GDP-R inputs having consistently higher growth rates than national growth and higher than most other regions in the Western Cape. It is additionally strategically located between two major ports (Nelson Mandela Bay port and Mossel Bay), and the second nationally important airport in the province is situated in George. Eden district is fittingly referred to as the “Garden Route” because of the beautiful landscape where the rugged coastline meets lush forests. As a result Eden is one of South Africa’s most visited and renowned parts of the country. Tourism is therefore an important and growing part of the economy representing a key economic generator for a large proportion of most of the seaside town’s economies (Knysna, Wilderness and Mossel Bay). The district is separated into seven jurisdictions, these being Kannaland, Hessequa, Mossel Bay, George, Oudtshoorn, Bitou and Knysna local municipalities.

Other important contributors to the economy are the agriculture, manufacturing, retail and finance sectors. These sectors all indicate growth in the past five years; receiving notable public and private sector support. Importantly, key niche sectors have been identified in the district and are being stimulated through key pilot projects. Important niche sectors are arts and crafts, micro-breweries and hops cultivation and processing, furniture, call centres and BPO, and the fast emerging ICT and design sector.

Education level from 15+ years (2013)

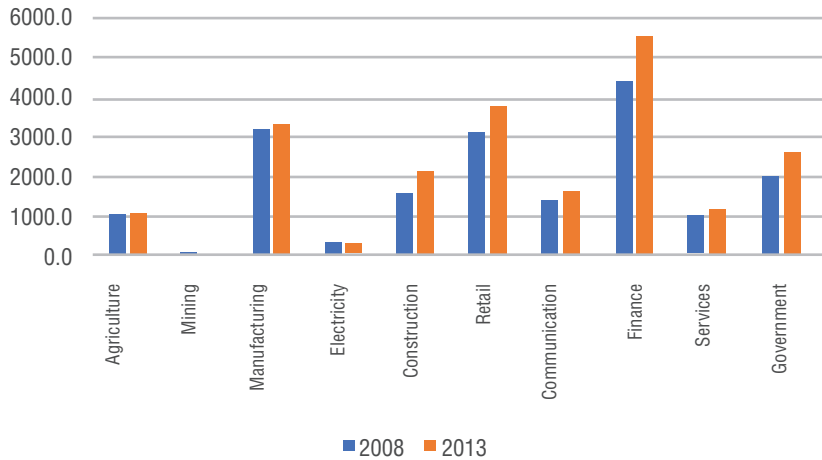


The district is host to a large number of education and training institutions located predominantly in George and Oudtshoorn. It is also home to many of South Africa’s retirees as well as residents from abroad which add to the extensive skills base.

Resource: Quantec (2013)

There is a general need for student housing within the district, therefore presenting an opportunity for developers. George is short of approximately 3,000 beds and this is expected to increase. Oudtshoorn similarly requires student accommodation as the investment and establishment of education institutions in the municipality continues to grow.

Comparative sectoral growth (GDP-R) for Eden between 2008 and 2013

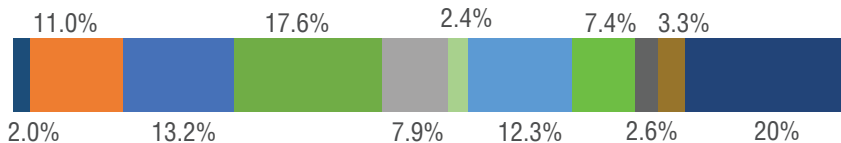


The major focus sectors of the district economy includes agro-processing, aquaculture, BPO, ICT, furniture, agriculture, tourism and education. Second to the City of Cape Town, Eden district has the most business activities, with the major service node being George. This shows the significance of the district as an investment destination.

Resource: Quantec (2013)

Composition of top 10 exports, 2012

- Fish, crustaceans, molluscs, aquatic and other aquatic invertebrates
- Products of animal origin
- Edible fruit, nuts, peel of citrus fruit and melons
- Oil seed, oleagic fruits, grain, seed, fruit, etc.
- Raw hides and skins (other than furskins) and leather
- Wood and articles of wood, wood charcoal
- Bird skin, feathers, artificial flowers, human hair
- Nuclear reactors, boilers, machinery, etc
- Aircraft, spacecraft, and parts thereof
- Miscellaneous manufactured articles
- Other



Resource: Quantec (2013)

An important and growing sector of the district is the cultivation of pine and indigenous forest, the associated value adding activities and the export of products. The district is also a key player in the exports of ostrich products and fresh flowers to international markets.

Sectoral developments

The key opportunities and developments within identified sectors within the Eden District Municipality are detailed below.

Business process outsourcing	<p>Second to the City of Cape Town, George is the most important market for BPO growth and investment. There are already well established companies operating from George, one of these being Solluco which is financially focused. To support the growth in this sector, the municipality has focused on the infrastructure for high speed internet connections and is developing it as required.</p> <p>The support of the public and private sector in this niche market is further indicated by the drive to solicit highly skilled and innovative IT technicians (establishment of an ICT business incubator) that will assist the BPO market.</p> <p>Some of the key attractions to locating BPO service centres in George are the lower salaries and property rates.</p>
Financial and business services	<p>The incentivised Development Zones in the George municipality will contribute to the development of the region and the corresponding growth of business and financial services. Nedbank has located their regional office in George, which is the first formally Green Star rated building in the municipality.</p> <p>The deployment of an integrated public transport system in the George municipality will connect all the outlying areas of the district and create an integrated system of access to key labour markets.</p> <p>The high speed internet infrastructure development in George and Knysna will make business accessibility and functions more reliable and fast.</p> <p>The Oudtshoorn municipality is in collaboration with the Netherlands embassy concerning trade and investor collaboration.</p>
Agro-processing	<p>The district is the only location in the province where hops are grown commercially and is becoming an increasingly innovative sector. Due to the proximity to the processed and stored product, a number of craft breweries have emerged within the district, especially in Oudtshoorn and George. There is additionally access to grains from the Overberg and sufficient water supply.</p> <p>The berry industry in the George municipality represents opportunities for both agro-processing and exports as well as a tourism product offering. A local value adding processing facility is identified as a major opportunity for investment.</p> <p>There is a growing trend for fresh and delivered produce in George, and currently there is limited competition indicating a big opportunity for investment.</p> <p>The George airport serves as an important distribution point for goods within the Eden district and surrounds.</p> <p>35ha of land has been secured for a hydroponics facility to grow fresh produce for commercial exports. The processing of the resources including canning and packaging has been identified to occur in Knysna.</p> <p>The district is one of the key strategic players in the timber market in the province. It was the traditional industry of the Garden Route and as a result extensive plantations are apparent. Major international players such as Cape Pine have relocated their headquarters to George. Timber is predominantly used in the construction industry and in specialised furniture making and carpentry.</p>

Several oil rigs operate off the Mossel Bay coastline.

The beneficiation of gas currently occurs within Mossel Bay. PetroSA's Mossgas is the world's first gas-to-liquid (GTL) refinery, and remains the third largest GTL of the five currently operating internationally.

The "Clean Fuels Bill" recently promulgated will require the upgrade of the refinery located in Mossel Bay. As a result extensive downstream supporting industries will be required.

The Mossel Bay port is participating in servicing the offshore oil and gas industry and therefore has the technical expertise readily available to service the market. Services include diving service (to inspect craft for any damage, salvage, cleaning) and any other related services in regard to maintaining these vessels.

Energy – oil, gas and renewable energy and waste to energy

Innovations in the green economy are apparent throughout the district. The Knysna municipality is noted as a tourism and business location for the businessperson looking for a beautiful and functional location for their businesses. As a result, the environment is of chief concern to the municipality, which is driving an initiative to develop a green industrial zone which will focus on the development and manufacture of innovative components in the green economy.

There is opportunity to utilise the extensive waste (sawdust) generated from timber manufacturing plants and saw mills for energy generation. Currently the waste is used in limited applications. The Central Energy Fund participated in an EIA and feasibility study for a waste to energy plant that would use this waste and the alien plants in the area as inputs into the plant. The EIA was complete and approved. There is currently R100 million worth of equipment onsite, yet a private investor is required for the project to proceed.

There are opportunities for waste-to-energy projects in the majority of service centres. Mossel Bay is the central point for waste in the Eden district and therefore the municipality has identified the potential to use the waste to generate power.

Creative design industries

Another centre for potential growth in design and creativity is Eden district wherein there are potential plans to establish a business incubator geared to assist graduates and SMMEs within the design and IT sector.

Metals and engineering services

The vast incentivised industrial areas within George represent notable sites for growth within the metals and engineering services sectors. A number of key sectors such as timber manufacturing and beer distillation require unique components for operations.

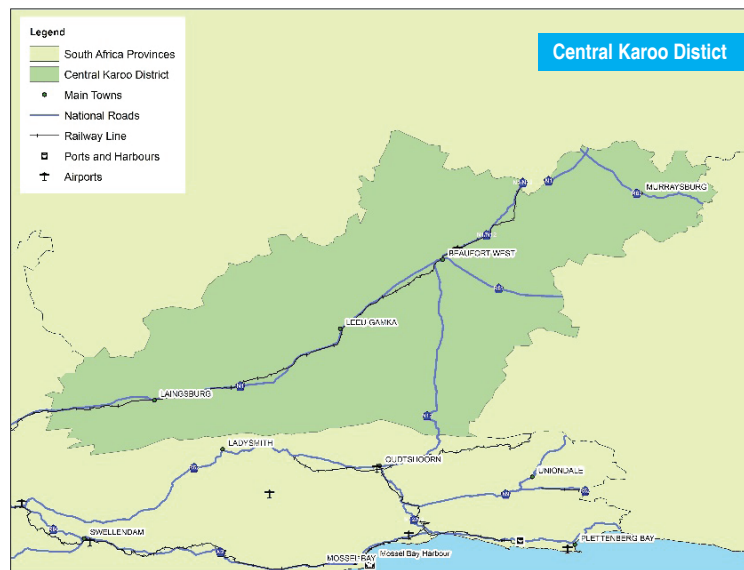
Manufacturing

Two delineated portions of land have been identified by municipalities within the Eden district to support manufacturing activities.

- The George municipality offers incentives within an Industrial Development Node which include discounts on property prices, municipal taxes and service charges. There is the possibility of a phased payment scheme for capital contributions.
 - A delineated site in Knysna has been allocated to focus on the manufacture and design of components relating to the Green Economy.
-

Boatbuilding and ship repairs	The production of luxury yachts for export and local supply occurs in St Helena Bay and Knysna.
Tourism	<p>It is estimated by players in the tourism industry, that within 100km² of Knysna, the largest amount of adventure activities exists in the world. The Garden Route is known as the adventure capital of South Africa and therefore there is vast potential for tourism investment and downstream activities – operators, providers of gear and maintenance, hire companies etc.</p> <p>Growth in the hospitality industry is apparent in the municipality, specifically within the Wilderness area.</p> <p>The Eden district is recognised as holding some of the top golf courses nationally (there are sixteen 18-hole golf courses in the Garden Route) and golf tourism is estimated at a value of R60 billion per annum. Furthermore South Africa received an international award in 2011 as a golf destination. In response, a national golf tourism body in the district has been launched that will support the development of the sector.</p> <p>The Oudtshoorn municipality has identified the potential to locate a cultural village in proximity to the famous and widely visited Cango Caves. The village will be modelled on those successfully operating in the Netherlands, which includes a “travel through the ages” concept in both infrastructure and culture, in the form of live shows.</p>
Aquaculture and Mari-culture	<p>Extensive oyster production occurs in Knysna on which tourism festivals (Oyster Festival) are based around for this industry.</p> <p>There are currently ongoing studies being conducted to assess the feasibility of finfish and further oyster production for predominantly the export market.</p>
Information communication technologies	<p>The expansion of Wi-Fi throughout the district and fiber cables in George and Knysna is indicative of the growing support of business and knowledge sharing.</p> <p>George municipality is taking strides to develop their ICT sector. The municipality is in the process of rolling out an IT incubator programme which will attract ICT related industries. The skills attained are to assist with the growing BPO market in the municipality.</p>

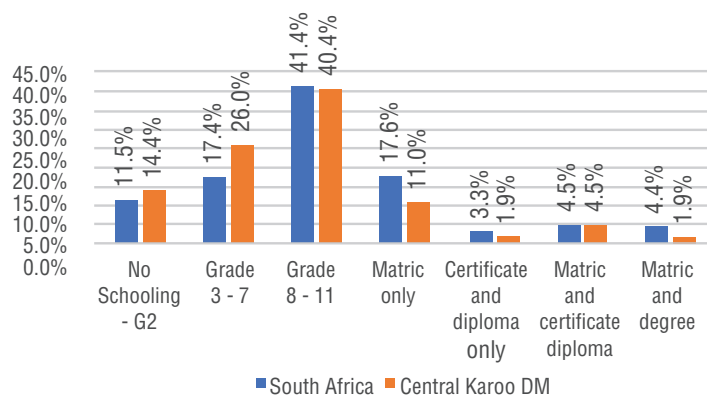
5.4 Central Karoo District Municipality



Reflecting the semi-desert conditions in the district, the Central Karoo is spatially the largest district in the province but holds the smallest population residing in several entirely unique towns and villages. The main activities within the district include cheese and olive processing in the Prince Albert area, sheep farming and deciduous fruits. Although the area does not participate in extensive activities, there are major developments in the gas sector which are set to develop the Central Karoo into one of the key gas hubs. This is as shale gas deposits approximately twice the size of Denmark exist below the surface, and recently, the moratorium on prospecting was lifted by national government. A number of key initiatives and programmes have as a result been delivered by PetroSA, Shell and other private companies participating in the sector to ensure that local governments and communities will be positively affected.

Other important sectors in the economy include retail, and tourism, which are considered to be the main drivers of the economy. Three local municipalities make up the district. These include the Beaufort West, Laingsburg and Prince Albert Local Municipalities.

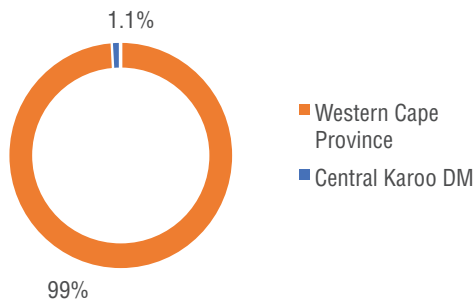
Education level from 15+ years (2013)



Resource: Quantec (2013)

The School of Excellence focusing on mathematics and science that is being established by PetroSA will contribute towards extensive skills development. Additionally, an FET type college will be established to focus on developing artisan skills to support the anticipated gas sector.

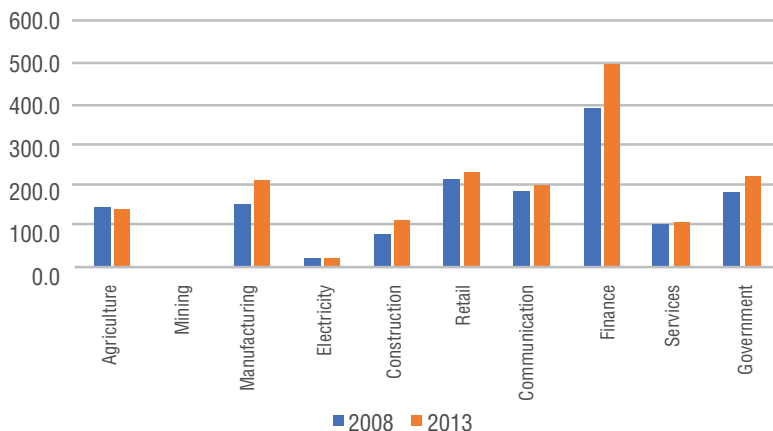
Percentage of provincial population (2013)



The small population in the Central Karoo contributes towards the renowned character of the landscape – kilometers of open unique landscape. The Karoo is a protected and revered biome and is therefore an important tourist attraction and competitive advantage for the district – it is often referred to as “South Africa’s Outback”. Additionally, because of the character of the area, international movies with Western themes have been filmed in the district

Resource: Quantec (2013)

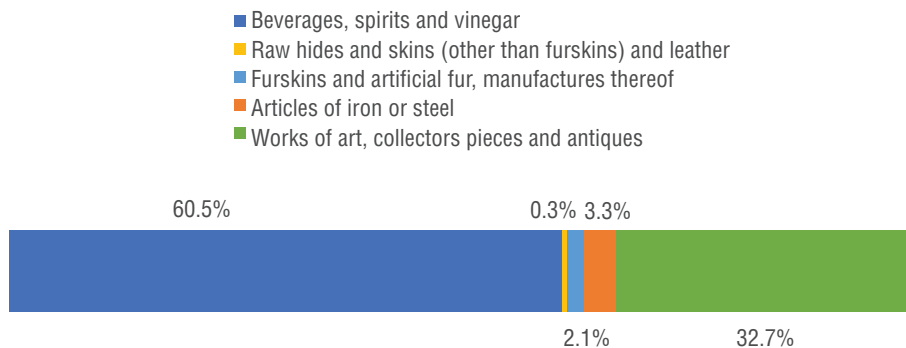
Comparative sectoral growth (GDP-R) for Central Karoo between 2008 and 2013



The potential extraction of shale gas within the district will result in a fast-growing economy. Sectors which will experience the most prominent indirect impacts are the construction, retail, finance and services sectors. This is as an increase in disposable income that will result in a greater demand for goods and services.

Resource: Quantec (2013)

Composition of top exports, 2012



One of the major exports (works of art, collector’s pieces and antiques) speaks to the unique character of the district. The export of gas will however potentially become the most prominent commodity.

Resource: Quantec (2013)

Sectoral developments

The key opportunities and developments within identified sectors within the Central Karoo District are detailed below.

Energy – oil, gas and renewable energy	<p>The Karoo is estimated to have 485 trillion cubic feet in technically recoverable reserves of shale gas. This creates a number of opportunities for the district:</p> <ul style="list-style-type: none">• There is potential to construct GTL refineries within the district which will localise the value adding activities and subsequently increase the demand for skilled labour, manufactured goods and downstream services.• The school of excellence in the process of establishment by PetroSA and the development of artisan skills required to support the sector will provide skilled labour within the region and require minimal importing of skills. <p>There are still areas for the exploration of shale gas available for application. The vast and hot landscape supports the requirements for solar generated renewable energy.</p>
Film and multimedia	<p>The vast Karoo landscapes have performed a stand in role for a number of western movies as a substitute for the American “Wild West”. The Karoo may also be a substitute for the Australian Outback.</p>
Metals and engineering services	<p>There is opportunity to provide support to the shale gas industry in extraction and explorations. Growth in this sector in services centres close to the potential shale gas activities is expected. Expert engineers and metal workers will be required.</p>
Tourism	<p>There is the potential to upgrade the airstrip in Beaufort West. This will make tourist travels (business and leisure) and distribution of goods more efficient. The pre-feasibility study has been completed. There is potential to develop a resort/luxury accommodation provider.</p>

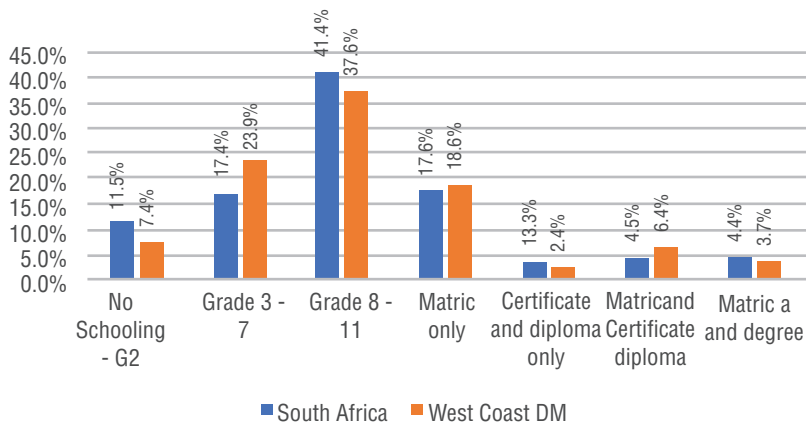
5.5 West Coast District Municipality



Nestled between the Atlantic Ocean and Cederberg mountain ranges, the West Coast district is characterised by vast open landscapes, a rich cultural heritage and memorable natural setting. The district is ideally located between the City of Cape Town and the Northern Cape, providing access to the growing Namibian and Angolan economies. Five local municipalities make up the area: Matzikama, Bergvliet, Saldanha Bay, Cederberg and Swartland. The region has a wealth of agricultural and manufacturing activities which are supported by the major urban nodes (Saldanha Bay, Vredenburg and Malmesbury) and contribute to the district's position as a large contributor to the provincial GDP. Although the contribution by the agriculture and manufacturing sectors has declined in 2013 compared to 2008, there is an apparent growth in subsectors of these economies, specifically in aquaculture and the beneficiation of raw commodities in agro-processing. These sectors, coupled with the Industrial Development Zone (IDZ), present increasing opportunities for investment.

The West Coast economy is largely made up of the finance and business sector (27%), the manufacturing sector (16%) and agricultural activities (13%). From 2009 onwards, a steady economic growth was apparent, and between 2011 and 2012, an annual average growth rate of 4.3% was achieved. The growth in value added is chiefly due to increased investment within the construction industry and finance and business sectors, indicative of growing investor confidence.

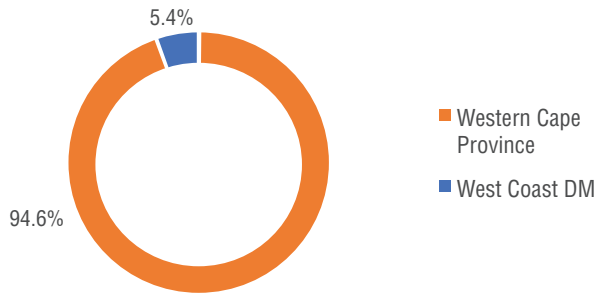
Education level from 15+ years (2013)



The growing sectors and opportunities in the district's economy are attracting more skilled and highly skilled individuals. Additionally, there is a focus on creating training facilities that will focus on developing the skills required to add value to the demands of these growing industries.

Resource: Quantec (2013)

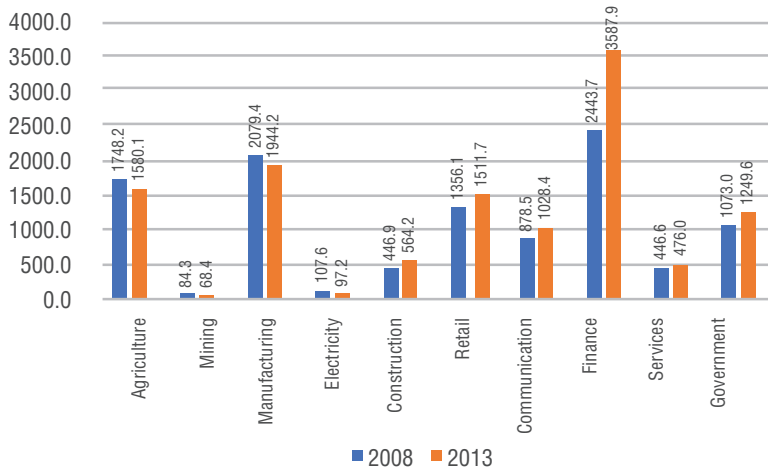
Percentage of provincial population (2013)



The West Coast district may contain only 5.4% of the entire provincial population, yet this does not detract from the contribution of ongoing economic activities. The IDZ located in Saldanha Bay which is set to take advantage of growing oil and gas industries and iron-ore distribution and processing markets will further increase the activities that the local population is participating in.

Resource: Quantec (2013)

Comparative sectoral growth (GDP-R) for West Coast (2008 and 2013)



The sector that experienced the largest growth from 2008 to 2013 was the finance and business sector, which grew by 68% for the five year period. This indicates a fast growing business environment. The retail sector also grew, and together with the finance sector, is indicative of an increase of disposable income by residents of the district.

Resource: Quantec (2013)

Composition of top 10 exports (2012)

- Fish, Crustaceans, molluscs, aquatic invertebrates
- Edible vegetables and certain roots and tubers
- Edible fruit, nuts, peel of citrus fruit, melons
- Oil seed, oleagic fruits, grain, seed, fruit, etc
- Vegetables, fruit, nut, etc food preparations
- Beverages, spirits and vinegar
- Wood and articles of wood, wood charcoal
- Iron and steel
- Nuclear reactors, boilers, machinery

The export of iron and steel dominates the West Coast export market at almost 70%. This is due to the major role that the Saldanha Bay port plays in the national exports of steel and iron-ore. The planned expansions of the port and IDZ will provide even more capacity and support for the exports of these commodities.



Resource: Quantec (2013)

Sectoral developments

The key opportunities and developments within identified sectors within the West Coast district are detailed below.

Financial and business services

Increased economic activities are apparent in the finance sector. This is as a result of increasing consumer demand for goods and services. This has been stimulated by developments such as the IDZ located in Saldanha Bay.

The development of the Saldanha Bay IDZ will result in high levels of investment and income entering the area as well as the growth of small supporting businesses such as accounting firms, financial advisors etc.

Agro-processing

Bergervier municipality is one of the areas where the majority of the municipality's industry is subsidiary to the agriculture sector, and opportunities of agro-processing, packaging and bottling have been identified.

Agro-processing in Swartland municipality has been noted as offering growth potential.

There is extensive processing of aquaculture products in the Bergervier and Saldanha Bay municipalities. Aquaculture operations are under consideration which may represent opportunities for linkages in the processing value chain such as a cannery.

The Saldanha Bay port is ideally located in relation to the oil and gas offshore opportunities identified north of Saldanha Bay and through to the Orange River Basin. The port is delineated by Transnet to be one of the main ports for maintenance and servicing of the oil rigs that traverse the coast.

The Saldanha Bay port and IDZ are equipped to support the growing oil and gas sectors, and provide a platform for further investment in supporting industries. Drilling, exploration, production and support services are all potential sub-sectors offering investment.

There is an existing airstrip, well-established engineering capacity and a deep port to accommodate large ships and rigs.

Investments in the oil and gas industry indicate the support of the growth of these sectors in the district. These include:

- Sasol Petroleum is investigating the possibility of extracting gas from the shallows around Saldanha Bay in partnership with BHP Billiton and PetroSA.
- A new R440 million liquid-petroleum-gas storage facility is planned for the port of Saldanha Bay.
- There is the potential to develop a new power plant on the West Coast that will be powered by gas.
- Currently approximately 3.2 million tons of crude oil is imported through Saldanha Bay port and the bulk of South Africa's strategic oil reserves are stored in Saldanha Bay.
- Over the next seven years, more than R9 billion will be spent in upgrading Saldanha Bay to cater for Africa's growing oil industry.

Energy – oil, gas and renewable energy

The West Coast's environmental conditions provide a perfect platform for investment in renewable energy solutions. The vast open spaces and ideal location alongside the windy Atlantic Ocean shoreline offer the largest potential for wind generated energy within the province. It is estimated that a total of 2,800 MW of energy could be generated with the average wind speed of 6m/s.

Another environmental competitive advantage for renewable energy is the expanse of arid and sunny areas which presents opportunities in solar generated electricity. Solar energy has been identified as an opportunity to provide power to the energy-intensive desalination plant operating in Bitterfontein. There are also plans to construct a desalination plant at Lambert's Bay to supply potable water to local industries and communities from Lambert's Bay to Clanwilliam.

There are many metals and engineering related activities occurring within the IDZ and select mines within the district. These require specialised skills.

Metals and engineering services

The Saldanha port is one of the main exporters of iron-ore for South Africa which is set to grow with the expansion of the Sishen-Saldanha rail line which will almost double the capacity transported. The IDZ in Saldanha Bay will also cater for mineral separation and beneficiation plants, and thus the metals industry will thrive within this region.

An iron-ore processing plant in Saldanha Bay allows exporters to verify their product before exporting to markets. This venture is a joint undertaking by Transnet and Kumba Iron Ore.

The IDZ facilitates the clustering of metals and engineering related services and sub-sectors.

The expansion of the port will result in an increased need for engineered metal products for routine maintenance.

	The IDZ is central to processing and manufacturing of mineral and metal related goods in the province.
Manufacturing	<p>Large agriculture-based manufacturing activities exist in the district due to proximity to the raw products.</p> <p>There is municipal support to develop manufacturing activities related to agricultural and mineral extraction operations.</p>
Boatbuilding and ship repairs	<p>There is a notable scarcity of ship repair companies located in the port, which represents an opportunity for investment. Demand is projected to increase with the growth of the oil and gas industry and expansion of the harbour capacity.</p> <p>Small-scale boatbuilding exists within the port.</p>
Tourism	<p>A variety of tourists for different niche markets visit the district. Major markets include:</p> <ul style="list-style-type: none"> • Adventure tourism (the world championships for paragliding in Porterville - commonly referred to as South Africa's paragliding and hang-gliding mecca) • Nature tourism (the annual flower season is a highlight and major tourism attraction where fields of multi-coloured veld flowers bloom between September and October) • Festivals (the popular "Rocking the Daisies" annual music festival hosts local and international acts attracting over 15,000 people) • Potential opportunities to invest in the business tourist hospitality sector in the Saldanha Bay municipality.
Aquaculture and Mari-culture	<p>Aquaculture growth in the district is backed by national government which has provided a R40 million investment in a local fishing farm. Government will also push investments in research, development technology transfer and extension, as well as education and training programmes in aquaculture.</p> <p>Mussels are identified as being able to be commercially grown in all coastal provinces, however the waters off the West Coast are the most productive and exhibit higher growth rates. As such, Saldanha Bay has become the centre for mussel production in South Africa. Mussel production is therefore promoted by authorities.</p> <p>Species such as abalone, finfish and seaweed are promising investment avenues worth exploring in the district. The Saldanha Bay and St. Helena Bay areas are key locations for abalone farming.</p> <p>Marine finfish cultivation is primarily of the colder water species such as the yellowtail and cob, with sea-cage systems near Saldanha Bay likely to present the best opportunities.</p> <p>There is extensive abalone cultivation and marine finfish farming in Doring Bay.</p> <p>Processing facilities are located in Saldanha including a fish meal plant and a cold-storage facility owned by Sea Harvest, Lusitana, Oceana and Saldanha Pilchards are also located nearby.</p>

5.6 Cape Winelands District Municipality



The Cape Winelands – as the name indicates, is South Africa’s “wine country”. Not only is it a widely visited area by domestic tourists, it is also a key destination in the province for foreigners to visit. This is because world famous wines are produced in the region and the district is internationally synonymous with California’s Napa Valley and France’s Bordeaux, Burgundy and Alsace regions. The Cape Winelands won the 2013 Great Wines Capitals Best of Wine Tourism Award held in Napa Valley. In addition to offering a completely unique wine experience compared to elsewhere in South Africa, the district is also renowned for its internationally acclaimed restaurants. These are predominantly situated in Stellenbosch, Paarl and Franschhoek. Consequently, the Cape Winelands is branded as the “Foodie Capital” of South Africa and as a result, the municipality has identified tourism and agro-processing as key growth industries.

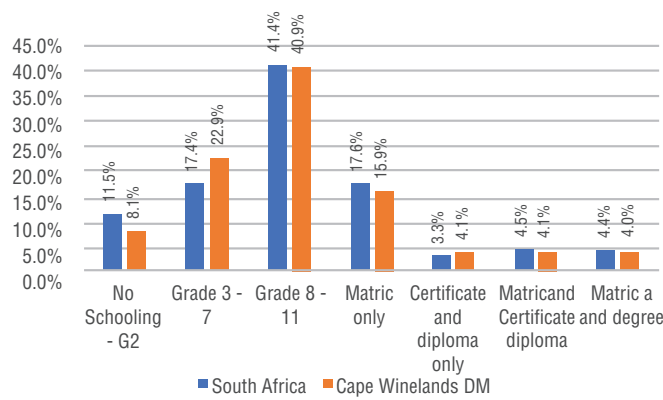
Furthermore, one of South Africa’s top universities (Stellenbosch University) is situated in Stellenbosch which has contributed to the innovative character of the district. For example the Techno

Park, which was established by a member of the university, promotes and continually attracts innovative entrepreneurs and businesses to the region. Additionally, InnovUS, a technology transfer company was established by the university to assist inventors to commercialise their creations and support start-up companies. There have been a number of successful companies such as Sunspace and Information Systems and Unistel Medical Labs which have been developed in the region. As a result the Stellenbosch municipality has been identified by the province as a key node for innovation and design and will therefore form a key part of Cape Town’s World Design Capital 2014 legacy.

The district is made up of five local municipalities: Drakenstein, Stellenbosch, Witzenberg, Breede Valley and Langeberg. The towns of Stellenbosch and Paarl are within 50km of Cape Town, and as a result, form a functional part of the City of Cape Town. The service town chiefly serving the district is Worcester which is denoted as the regional centre.

Stellenbosch University is associated with many studies in renewable energies, aquaculture, and sciences and is therefore a notable forum for information.

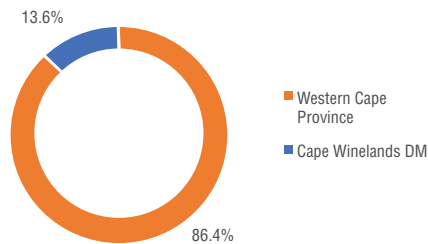
Education level from 15+ years (2013)



Because of the access to a number of education institutions - University of Stellenbosch, Boland College, satellite Medical Campus, Cape Tech Campus in Wellington, and the variety of colleges there are many highly skilled people residing in the district. Additionally, it is a key retirement location which adds to the skills base.

Resource: Quantec (2013)

Percentage of Western Cape population (2013)

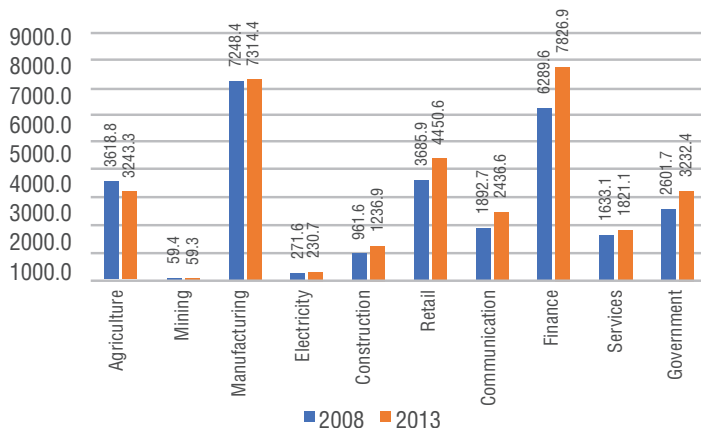


The district has well established towns such as Stellenbosch, Paarl, Wellington and Worcester. These service centres attract business development and are a pull-factor that contributes to the migration of residents to the area.

Resource: Quantec (2013)

Witzenberg and Langeberg municipalities are growing in popularity as retirement destinations. As a result, facilities such as housing are required.

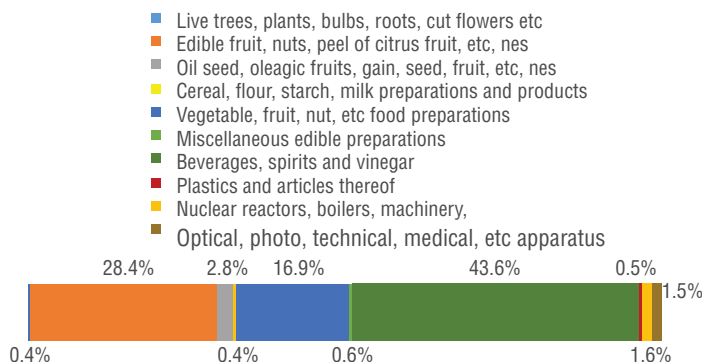
Comparative sectoral growth (GDP-R) for Cape Winelands between 2008 & 2013



A large number of listed companies and major national companies are located in the district. The reasons cited are the availability of skills, the access to infrastructure, and importantly, the lifestyle associated with the district. These companies include Remgro, MXit, KWV, Capitec, Distell, Consol, Heinz, Koo, Tiger Brands, Ceres, PSG Group, Rhodes and Mediclinic.

Resource: Quantec (2013)

Composition of top 10 exports (2012)



Agro-processing and agriculture are key sectors of the district economy. The products derived from these sectors account for 93.2% of the top ten export value. Furthermore, many of the downstream manufacturing activities support these products such as label design and bottle manufacturing.

Resource: Quantec (2013)

Sectoral developments

The key opportunities and developments within identified sectors within the Cape Winelands district are detailed below:

	<p>One of the most influential business groups and investment companies which plays a major role in the provincial economy - Remgro, is based in Stellenbosch. This entity falls within numerous sectors including Distell, Rainbow Chickens, FirstRand, Mediclinic, Unilever and Total South Africa.</p>
Financial and business services	<p>Companies operating in Techno Park, located in the Stellenbosch municipality, are drivers in the innovations and developments in the ICT business and financial services sectors.</p> <p>Wi-Fi hotspots providing free internet to communities throughout the Stellenbosch municipality contribute to knowledge sharing and business development.</p> <p>The district is in the process of developing a business incentive strategy which will identify incentives for investors in the region.</p>
Agro-processing	<p>There is extensive raw produce produced in the district with associated processing activities. More agro-processing and industrial facilities are encouraged to be developed in the Cape Winelands.</p> <p>One of the fastest growing exports from the province is wine, and there is extensive processing throughout the district.</p> <p>Water is not a scarce resource for the district and the use of groundwater has not as yet been required.</p>
Energy – oil, gas and renewable energy	<p>Many private wine farms are expressing interest in the potential to operate off-grid using solar generated electricity. This is as a result of the hugely successful pilot project located on Vrede en Lust. This represents opportunities for suppliers and distributors of renewable technology and expertise.</p>
Creative design industries	<p>Stellenbosch – because of its proximity to Cape Town and the extensive innovations and entrepreneurship within the municipality, has been associated with the title awarded to the city as World Design Capital 2014 and will form a part of the legacy.</p> <p>The Techno Park located in the Stellenbosch municipality houses numerous innovative design and technical businesses, and coupled with the partnership between the public and private sector that is driving the free Wi-Fi project, the WCG has identified the municipality as a notable focus hub for design.</p> <p>Similar to the Overberg district, there are a number of smaller arts and crafts operations in towns throughout the district.</p>
Film and multimedia	<p>The picturesque landscapes are often used in motion and still film shoots. The Stellenbosch and Drakenstein municipalities benefit the most from this market because of their proximity to Cape Town which is regarded as the film hub in South Africa.</p>
Metals and engineering services	<p>Developments such as the Techno Park in Stellenbosch further support innovations in the sector, providing the industry with a competitive advantage.</p> <p>Stellenbosch University and other higher education institutions in the district provide skilled individuals to this sector.</p>
Tourism	<p>The Cape Winelands receives 43% of all visitors to the province. The major attraction of the area is not only indicated by the extent of visitors but also because the region won the Great Wines Capitals Best of Wine Tourism Award held in Napa Valley in November 2013.</p> <p>Due to the key role that the wine region plays for the tourism industry, the district has focused on making the region a wedding destination. Most wine farms already participate in this industry, but there is potential to incorporate all value adding subsectors to the product offering such as make-up artists, photographers and caterers.</p>
Aquaculture and Mari-culture	<p>There are many dams throughout the district where aquaculture opportunities may be investigated.</p>
Information communication technologies	<p>The Techno Park in Stellenbosch is largely constituted of technology and development companies and is becoming the home of innovative technology. It houses more than 200 companies and facilitates knowledge transfer and collaboration.</p> <p>The ICT and electronics sector in the Stellenbosch municipality is a key growth point where the public sector and entrepreneurs are collaborating to provide free internet (Wi-Fi) across the municipality. The provision of access to the internet will bridge the digital divide and place Stellenbosch as the first town in South Africa to provide free internet.</p>

6. The Business Environment

South Africa actively encourages foreign investment in all sectors of the economy and there are consequently generally few restrictions on investment. There are however certain control and ownership restrictions, and specific authorizations are often required in regulated sectors such as telecommunications, banking, insurance, broadcasting, defense and mining.

Between June 2009 and 2012, 80 international FDI projects were established in the Western Cape. The total value equates to R 30 billion, and is a 27% increase compared to the FDI projects recorded for the previous three years (2005 – 2008).

6.1 Company registration and administration

There are six principal methods of doing business in South Africa. These are by registering as a:

- Company (public or private) incorporated under the Companies Act 71 of 2008
- Personal Liability Company
- Partnership
- Business trust
- Sole Proprietorship
- External Company (branch of a foreign company)

Foreign investors generally register their entity as a private limited liability company. This is because they are:

- simple and cost effective to establish;
- there are no minimum or maximum share capital requirements;
- they can be established with only one director and that director need not be a South African resident ;
- they have fewer corporate governance requirements than public companies; and
- there is no requirement to appoint an auditor unless it passes a public interest test in terms of regulations to the Companies Act, 2008.

Apart from business and work permits, no other permits are required for foreigners to begin a business. There are however a range of administrative procedures which have to be complied with. A private company must register its name, memorandum of incorporation and its notice of incorporation with the Companies and Intellectual Property Commission. The registration period of a company generally takes between 14 and 21 days from submission. Furthermore, all companies must be registered with the South African Registrar of Companies in Pretoria within 21 days of the company being started.

If a branch is registered under a foreign company, it will fall under the Companies Act of 2008, and the company is therefore required to register as an “external company” with the South African Registrar of Companies in Pretoria. As an external company, the entity is not required to appoint a local board of directors, although a resident in South Africa who is authorised to accept any notices and services of process on behalf of the company must be appointed. Additionally, a local registered auditor must be appointed and an office in South Africa must be registered.

6.2 Duty Drawback Scheme

Duty Drawback schemes provide refunds for import duties paid on the materials used in the production of goods that are exported. Drawbacks are administered by the International Trade Administration Commission of South Africa, and manufacturers may apply for refunds after the final product is exported. Where intermediate goods, consumption goods, or capital goods are not manufactured in South Africa, a reduction or removal of duties is considered case by case.

6.3 Exchange and remittance of funds

Exchange controls on South African residents are enforced by the South African Reserve Bank (SARB). Exchange controls are only exercised on residents and the transactions in foreign exchange entered in between non-residents and residents. There are no restrictions on foreign investors to acquire companies or businesses in South Africa, and additionally, the acquisition of shares or introduction of capital does not require SARB approval. Exchange Control Regulations are being relaxed and in most cases, the process of obtaining necessary exchange control approval is not a major barrier to investment.

6.4 Land and buildings

The system of land ownership and registration of title to land in South Africa is efficient, being based on a land survey system. All ownership of land is recorded in a deeds registry, and rights are protected in the Constitution of South Africa 1996. Actual ownership of property is vested in the owner and not the state.

Concerning foreign ownership, there is no restriction on foreign investors in acquiring property in the country. In order for foreign companies to acquire property, they must register as an external company in terms of the Companies Act 71 of 2008. In general, investors in real estate acquire immovable property using a domestic company which confers limited liability on the investor.

The UDZ tax incentive is an incentive instituted by the City of Cape Town to promote property development within the city. Specific zones have been delineated wherein the incentive is applicable. These zones are within the inner city and along Voortrekker road.

6.5 Employment and labour relations

The employment sector within South Africa is regulated by statute, common law and contract. The main legislation regulating the employer/employee relationship are:

Occupational Health and Safety Act, 1993

Compensation for Occupational Injuries and Diseases Act, 1993

Labour Relations Act, 1995

Basic Conditions of Employment Act, 1997

Skills Development Act, 1998

Skills Development Levies Act, 1999

Unemployment Insurance Act, 2001

The Unemployment Insurance Contributions Act, 2002

Although there is allowance for flexibility in working hours, if employees work a five day week, ordinary working hours are restricted under the BCEA to no more than 45 hours a week and nine hours a day. If however they work a six-day week, hours are restricted to 45 hours a week, and an eight hour work day. Concerning overtime, this is restricted to 10 hours a week and is paid at a rate of time and a half.

For foreign employees, a work permit must be obtained before a person is legally entitled to work in South Africa. There are different categories of work permits issued, and these have different requirements and allowances. These categories are a general work permit, a corporate work permit, an exceptional skills permit, and an intra-company permit. Generally speaking, the main consideration for issuing work permits is whether or not a South Africa citizen or permanent resident is available with the appropriate skills to take up the position. Depending on where the application is submitted, a work permit takes anywhere from ten days to a month to be obtained.

6.6 Taxation and Double Taxation Agreements

South Africa has a highly regarded tax system that is over-seen by the South African Revenue Services. The tax system is a residence-based system which implies that subject to certain exclusions, residents are taxed on their worldwide income, irrespective of where the income is earned. Concerning non-residents, they are taxed on their income sourced from South Africa, or deemed to be sourced from South Africa. From January 2013, a withholding tax on interest became payable of at a rate of 15%. With respect to immovable property or interest or right in immovable property situated in South Africa, non-residents are subject to capital gains tax. Different rates apply and range from 5% to 10%.

South Africa has signed double taxation agreements with a number of countries, thus ensuring that investment and trade flows between different countries is encouraged. These agreements prevent double taxation on income accruing to South African taxpayers from foreign sources, and of income accruing to foreign taxpayers from South African sources. For a status overview of DTAs with other nations, visit: www.sars.gov.za.

6.7 Access to Finance

The South African banking system is well developed, effectively regulated by the Public Finance Management Act (PFMA) (1999) instituting sound financial policies and a disciplined fiscal framework, and efficiently represented by the Banking Association of South Africa which has sub-committees that overlook capital supervision, credit risk, consumer affairs and the SA Securities Lending Association. The fiscal framework aims to promote domestic competitiveness, growth and employment and increase the economy's outward orientation.

The central national bank is the South African Reserve Bank which has the primary purpose of transforming public-private sector financial management by achieving and maintaining price and financial stability in the national environment. The non-banking financial services industry is overseen and governed by the Financial Services Board. Additionally, there are a few financially strong banks, international banks and investment institutions operating in South Africa, and numerous smaller banks which all assist in maintaining a balanced and sustainable economic growth.

Type of Bank in South Africa	Number of Banks
Registered Banks	17
Mutual Banks	3
Co-operative banks	1
Local branches of foreign banks	14
Foreign banks with approved local representative offices	41
Value of Total Assets, July 2013 (ZARbn)	3,739
Gross loans and advances, July 2013 (ZARbn)	2,868
Return on Equity, July 2013 (%)	16,35

Resource: South African Reserve Bank (2013), Selected South African banking sector trends

Opening a bank account as a foreigner

As a foreigner in South Africa, opening a bank account is not challenging. Foreigners must be in the possession of a valid work or residency permit. Additionally, by law banks have to request identity and a proof of residence. The type of account however depends on the type of permit you have been issued. Foreigners issued with a work permit may open a normal resident account with no restrictions. If however your visa does not permit you to earn an income, a non-resident account may be opened and subject to the restriction of not permitting South African currency to be deposited.

South Africa possesses a nationwide network of ATMs, branches, and a rapidly growing online banking system. The most commonly accepted credit cards include Diners, Mastercard, Visa, Maestro, American Express and Standard Bank card. The vast majority of ATMs allow cash to be withdrawn, although certain banks will charge withdrawal fees.

According to the World Bank's 2013 Doing Business Report, South Africa has been jointly-ranked, along with Malaysia and the UK, as the easiest country in the world for SMEs to access credit.

Banking licenses for foreign-owned businesses

There are three options for companies wishing to conduct banking operations in South Africa, and all require the approval of the Registrar of Banks. These establishment options include:

- A separate banking company
- A branch of an international bank
- A representative office of an international bank

In most cases, in order to open an account for a business, the most common documents required are the founding documents of the company and proof of companies operating address.

Effective capital includes: share capital, share premium, retained earnings, shareholder's loans, deferred tax and the minimum trade credit granted to a local company by its overseas affiliate.

Restrictions on borrowing by foreign companies

The limit placed on borrowing by foreign-owned companies is based on a pre-determined formula. For 100% foreign-owned companies, the local borrowing limit is 100% of the effective capital of the South African company. If an affected company wishes to apply for local finance, the MP79 form must be completed. This form discloses the applicant company's assets and liabilities prior to the granting of financial assistance.

7. Access to International Markets

South Africa's broad economic policy includes schemes designed to encourage and promote international competitiveness and access to the global market. South Africa is driven to attain increased levels of FDI in the economy. Therefore multiple free-trade and bilateral agreements have been signed towards removing barriers to trade and gaining increased market access. These are listed in the table below.

MAIN TRADE AGREEMENTS BETWEEN SOUTH AFRICA AND OTHER COUNTRIES				
Trade Agreement	Type of Agreement	Participating Nations	Main terms	Products Involved
Southern African Customs Union (SACU)	Customs Union	South Africa, Botswana, Lesotho, Namibia, Swaziland	Members of SACU jointly negotiate preferential trade agreements with third parties.	All products.
Southern African Development Community (SADC)	Free Trade Agreement (FTA)	Angola, Botswana, DRC, Lesotho, Madagascar, Malawi, Mauritius, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe	Producers and consumers do not pay import tariffs on more than 85% of all trade in community goods in the initial 12 countries implementing the SADC trade protocol. Market integration in SADC is accompanied by cross-border infrastructural development (such as the spatial development initiatives) and sectoral co-operation that aims to build and diversify the region's production structures.	All products.
SACU – European Free Trade Association (EFTA) Agreement	Provisionally applied Free Trade Agreement	All SACU countries and individual EFTA members	Three bilateral agricultural agreements were concluded between SACU and individual EFTA states, which form part of the main agreement and came into force at the same time as the FTA.	Industrial goods and processed agricultural products.
SACU – Southern Common Market (Mercusor)	Preferential Trade Agreement (PTA)	SACU; and Brazil, Argentina, Paraguay and Uruguay	Promote trade-related challenges such as sanitary and phyto-sanitary measures, and to advance product coverage for preferential treatment. Preferences for approximately 1,000 products have been granted by both SACU and Mercusor.	A narrow range of products in industrial, agricultural and fishery goods.
African Growth and Opportunity Act (AGOA)	Part of Trade and Development Act (2000)	US, 39 sub-Saharan African countries (South Africa included)	Provides duty-free access to the US market for AGOA members for the majority of products exported, whereby more than 98% of US imports are duty-free.	Over 7,000 products are covered.
Tripartite Free Trade Agreement (T-FTA)	FTA	Member states of SADC, EAC and COMESA	A tripartite initiative that comprises three pillars: market integration, infrastructure development and industrial development. These three pillars will be pursued to ensure an equitable spread of the benefits of regional integration.	Phase 1 covers only trade in goods and core areas necessary to support that.
EU – South Africa Trade, Development and Cooperation Agreement (TDCA)	FTA	EU nations, South Africa (a number of trade agreements have been cancelled and are in the process of being cancelled by South Africa. The decision is however under review.)	Approximately 95% of duties on products derived from SA are expected to be liberalised, and 86% of duties on EU originating products have been liberalised by SA customs.	Some products are only partially liberalised.

MAIN TRADE AGREEMENTS BETWEEN SOUTH AFRICA AND OTHER COUNTRIES

Trade Agreement	Type of Agreement	Participating Nations	Main terms	Products Involved
US – SACU Trade, Investment and Development Cooperation Agreement (TIDCA)	Cooperative Framework Agreement	US, SACU nations	Both parties to negotiate and sign agreements relating to sanitary and phyto-sanitary measures (SPS), customs cooperation and technical barriers to trade measures. A forum of engagement on matters of mutual interest and trade and investment promotion is established.	Not applicable
US – RSA Trade and Investment Framework Agreement (TIFA)	Bilateral Trade Agreement (BTA)	US, South Africa	The main forum for bilateral engagement with the US regarding all investment and trade related dialogue. Issues of interest including AGOA, TIDCA, trade and investment promotion, non-tariff barriers, SPS and infrastructure etc. are addressed through the forum.	Not applicable
South Africa – Mozambique Preferential Access Agreement	BTA	South Africa, Mozambique	This agreement is wide-ranging, with the main focus on regulating mine labour, railway and port matters, and trade.	Not applicable
Zimbabwe -South Africa BTA	Bilateral PTA	South Africa, Zimbabwe	Non-reciprocal trade agreement encompassing preferential rates of quotas, duty and rebates on certain goods traded.	Select products
Malawi-South Africa BTA	Bilateral PTA	South Africa, Malawi	Preferential rates of duty, rebates and regulations on goods exported to Malawi are applied while goods originating from Malawi enter South Africa duty-free.	All goods
BRICS	Economic Alliance	Brazil, Russia, India, China and South Africa	Beneficial partnership between all parties which are within a similar state of economic development.	Not applicable.
Generalised System of Preferences (GSP)	Unilateral preferences granted under the enabling clause of the WTO	South Africa – EU, Norway, Switzerland, Russia, Turkey, US, Canada and Japan	A non-reciprocal trade agreement. The agreement is not contractually binding upon the benefactors; whereby preferential market access was granted to South Africa as it is a developing country.	Specific agricultural and industrial products
SACU – India PTA	PTA	India, SACU nations	Still undergoing negotiations, the PTA will involve tariff reductions on selected goods.	Still underway
IBSA Tax Cooperation Agreement		South Africa, India, Brazil	Compliance of customs and tax laws designed to further the economic, fiscal and commercial interests of all parties.	Not applicable

8. Key Incentives

The province and service nodes such as Cape Town and George have developed a number of incentives specific to delineated locations which are mainly geared towards industry support and investor attraction. Importantly, as of November 2013 a new investment incentive scheme is to be rolled out in specific areas of the Cape Town municipal area. At this stage the focus will be on Atlantis which is the pilot site for this project. There are approximately 70 other areas identified for this programme but these are dependent on the response from the pilot project which will be finalised in early 2014. The focus industries are the green industries and oil and gas processing. Additionally, a number of municipalities are currently developing their incentive strategies which will serve to guide investors on the key opportunities that exist in their regions.

Incentives applicable to the City of Cape Town only

Incentive scheme	Description	Eligibility
Urban Development Zone (UDZ) tax incentiveww	Initiated by SARS and the city that aims to reward developers, individuals and other entities on investments. A tax deduction is based on a special depreciation allowance.	Investments made in either new developments or the upgrade of older buildings in specific demarcated areas within the metropolitan.

Atlantis Green Industrial Technology Park Incentives

Measure	Description	Eligibility
Competitive lease offer and financial incentives	Attractive leasing and rates for prospective tenants and developers: Land is available for R33 – R180 per m2 Leases in multiples of 5 years up to 30 years Rental review periods may be negotiated providing security of tenure. Option to purchase after a 5, 10 or 15 year period, or upfront.	Renewable of green industry manufacturing business
Fast tracked application process	A clear and transparent application process for interested parties.	Renewable or green industry manufacturing business
Environmental exemption	The delineated sites were awarded an Environmental Authorization and Exemption in January 2013.	Renewable or green industry manufacturing business

Atlantis Investment Incentives 2013/2014

Measure	Description	Eligibility
Non-financial Incentives		
Atlantis Programme Manager and Investment Facilitation Unit	Services: 1) One-stop-shop investment function, 2) Management of MURP/SRA, 3) Targeted marketing and promotion, 4) Facilitate access to other government incentives	Available to all new and existing investments in the Atlantis Industrial Area
Fast tracking of development applications	All land use and building plan applications in the industrial area for complete submissions, all EIAs (subject to DEADP agreement). Time frame commitments: <ul style="list-style-type: none"> • EIA decision (Province): 2 months • Land use planning application: 3 months • Building plan approval: 5 days 	Available to all new investments in the Atlantis Industrial Area that require EIAs, land use planning applications, building plan approval

Atlantis Investment Incentives 2013/2014		
Measure	Description	Eligibility
Biodiversity offsets	Apply where environmental impact authorisation in industrial areas requires biodiversity conservation.	Applicable where RoD is conditional on biodiversity offsets
Financial Incentives		
Exemption from application fee	Applicable to land use and building plan application fees.	Available to all new and existing investments in the Atlantis Industrial Area that require land use applications and building plan approval
Development contribution (DC) deferral/debt write off	<p>Applicable with respect of both civil and electrical DCs where enhanced development rights are granted.</p> <p>The DC debt will be calculated and Acknowledgement of Debt (AoD) signed.</p> <p>The AoD will become due after 24 months.</p> <p>Debt will be written off upon verification that employment targets are met.</p> <p>Full value of the debt is payable where employment targets are not met.</p>	<p>Applicable to all new investments or expansions of existing facilities that attract DCs.</p> <p>The incentive will only be available for a specified number of applicants on First-come-first-serve basis, and Use-it-or-lose-it basis</p>
Electricity tariff subsidy	“Time of Use” tariff for Atlantis will remain at the 2012/2013 level and not increase in the following year. This will be reviewed annually	Applicable to all new investments or expansion of existing facilities that will use the “Time of Use” tariff.

The overarching aim of the George incentive schemes is to lower the start-up costs for businesses and the initial utility costs to ensure that investments are lower risk and more profitable in the beginning phases of operations. The incentives are applicable to the industrial development node and urban development node.

George Municipality Incentive Scheme		
Measure	Description	Eligibility
Industrial Development Node	<p>The municipality has a number of serviced industrial sites available for development. Incentives include:</p> <p>Up to 25% discount on the market value of a property.</p> <p>Qualify for discounts on municipal taxes and service charges to the maximum of 80% per annum.</p> <p>Phased payment of capital contributions over maximum five years.</p>	<p>Developers will be measured against:</p> <p>Investment</p> <p>Job creation</p> <p>Skills development</p>
Urban Development Node	<p>Development occurring in the George CBD area delineated urban nodes.</p> <p>Financial incentives are specific to the development, although the municipality as a business location has a number of non-financial competitive points.</p> <p>Discounts on land, taxes, services</p> <p>Fast tracked building plan approval</p>	

Special Investment Zone	<p>The SIZ is vacant Hans Moes Kraal coastal property. The goal is to develop it into an economic opportunity zone and thus integrate the peripheral communities into the urban town. Financial and non-financial incentives exist.</p> <p>Discounts on land, taxes, services</p> <p>Fast tracked building plan approval</p>	The space is to be focused on science and technology.
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There is growing public sector support for industry as a result of the recognition of the importance of key sectors of the economy. The DTI, in collaboration for other public and private sector entities have developed a number of incentive schemes to assist with the growth of certain sectors. These national incentive schemes are listed below.

KEY NATIONAL INCENTIVES		
INCENTIVE SCHEME	PURPOSE	QUALIFYING COSTS
Manufacturing Competitiveness Enhancement Programme (MCEP)	To promote investment in manufacturing within leading sectors.	Non-taxable grant calculated as a % of Manufacturing Value Added (MVA) and capped accordingly. Machinery, equipment, plant, commercial vehicles, land buildings.
Sector Specific Assistance Scheme (SSAS)	Non-profit business organisations in sectors and sub-sectors of industries prioritised by the DTI.	Reimbursable 80:20 cost-sharing scheme whereby financial support is granted.
Clothing and Textile Competitiveness Improvement Programme (CTCIP)	To build capacity among manufacturers and in other areas of the apparel value chain in South Africa Such competitiveness encompasses issues of cost, quality, flexibility, reliability, adaptability and the capability to innovate.	Assists with training to improve business functions and operations.
Support Programme for Industrial Innovation (SPII)	To promote technology development in South Africa's industry, through the provision of financial assistance. Three schemes: SPII Product Process Development (PPD) Scheme; SPII Matching Scheme; and SPII Partnership Scheme.	Qualifying costs include: Personnel Related Costs; Travel Expenses (defined maximum); Direct Material; Capital Items and Tooling (pro rata); Software (not general software); Documentation; Testing and Trials; Licensing Costs; Quality Assurance and Certification; Patent Costs; and Subcontracting and Consulting.
Manufacturing Investment Programme (MIP)	Local and foreign-owned manufacturers who wish to establish a new production facility; expand an existing production facility; or upgrade an existing facility in the clothing and textiles sector.	A reimbursable cash grant. Qualifying assets: machinery and equipment, buildings, and commercial vehicles
12i Tax Incentive	Improve capital stock in manufacturing sector including tobacco, alcoholic beverages, arms and ammunition, etc.	Tax allowance for investment and training.
Automotive Investment Scheme (AIS)	To grow and develop the automotive sector through investment in new and/or replacement models and components.	Owned buildings and/or improvements to owned buildings, and new and/or second hand or refurbished plant machinery, equipment and tooling.
People-carrier Automotive Investment Scheme (P-AIS)	To grow and develop people-carrier vehicles through investment in new and/or replacement models and components.	Owned buildings and/or improvements to owned buildings, and new and/or second hand or refurbished plant machinery, equipment and tooling.

Critical Infrastructure Programme (CIP)	Qualifying projects: Transport systems, Electricity and distribution systems, Telecommunications systems, Transmission systems, Sewage systems, Waste storage, disposal and treatment systems, Fuel supply systems.	A 70:30 cost-sharing grant scheme intended to leverage strategic investment projects (green and brown fields) by financially supporting infrastructure critical to such projects, enabling them to be established.
Aquaculture Development and Enhancement Programme (ADEP)	Stimulation of investment in aquaculture to increase production, create jobs, encourage geographical spread and broaden participation.	Machinery and equipment, bulk infrastructure, land and/or buildings, leasehold improvements, competitiveness improvement activities.
Business Process Services (BPS)	To attract investment and create employment through offshoring activities for back office processes, contact centres, finance and accounting services, human resource, IT and technical services etc.	A baseline incentive offering a 3-year operational expenditure on actual jobs created. A graduated bonus incentive which is offered for greater job creation paid once in the year in which the bonus level is first achieved.
South Africa Film and Television Production and Co-production Incentive	Feature films, Telemovies, Television drama series or miniseries, Documentary or documentary miniseries, or documentary feature, Animation, Digital content and Video gaming.	Offering financial support to South African productions and official treaty co-productions with budgets of at least R2.5 million.
Foreign Film and Television production and Post-production Incentive	To encourage and attract large-budget films and television productions and post-production work.	Incentive calculation is based on qualifying South African production and post-production expenditure.
The Location Film and Television Production Incentive	Created to attract big-budget overseas film and television productions.	Offers a 15% rebate to foreign-owned productions with a South Africa spend of minimum R12 million (approximately US\$1.5 million).
BPO&O Investment Incentive and Training Scheme	To attract BPO investment and create employment opportunities and skills development. The incentive is applicable to 1) Registered legal entities in South Africa, 2) Approval for investment projects to proceed has been obtained 3) Offshoring activities only. There are specific criteria that projects must meet in order to qualify.	An investment incentive grant ranging from R37, 000 and R60, 000 per seat. A Training and Skills Support Grants which covers the costs of company specific training, to a maximum of R12, 000 per agent. The incentives are under review and subject to change April 2014.

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