

# China

## April 2017 update

### Executive Summary

This country fact sheet provides key trade and investment related statistics for China. Specifically, it shows China's trade and investment flows including an analysis of top markets and products with both South Africa and the Western Cape, while highlighting the largest and fastest growing products and sub-sectors. Key findings and trends are provided below:

### Economy

In stark contrast to the unprecedented growth boom seen in recent decades, economic growth in the Asian powerhouse slowed to the lowest level in 25 years in 2015. The trend is seen as continuing in 2016 and while estimates vary, the degree to which is marginal, with the consensus view being that economic growth will ease to between 6.3% and 6.5% in 2016, from an estimated 6.9% recorded in 2015. The expectation is that growth will moderate further to within a range of 5.95% and 6.3% in 2017. Still, the country remains a key global powerhouse, with the International Monetary Fund (IMF) forecasting that China will continue to be the largest contributor to world gross domestic product (GDP) – in purchasing power parity terms – and will account for nearly 20% of world GDP by 2020, compared to 15.5% for the European Union (EU) and 14.9% for the United States (US).

### Trade

China's trade flows with the global economy continue to soar, as seen by exports reaching record-highs in 2015. Indeed, at a value of ZAR28,942.59bn, this was some 345% higher than export receipts earned in 2006. While not of the same magnitude, import costs have also risen sharply over the ten year period, surging to a value of ZAR21,329.97bn in 2015. China maintained its trade surplus with the world as a result, firmly entrenching its self as a leading global economic powerhouse.

### Investment

China's phenomenal economic transformation and commercial opportunities that this has presented in recent decades have not gone unnoticed, with the country today the world's largest recipient market of foreign direct investment (FDI) both in terms of the number of projects and capital expenditure (capex). According to market statistics, a total of 17,059 FDI projects were recorded into China over the period 2003 – 2015.

While not of the same magnitude as seen between China and a number of other commodity-rich (and dependent) economies on the African continent, investment relations between South Africa and China remain strong. A total of 12 FDI projects were recorded **from China into the Western Cape** over the period 2003 - 2016. These projects represented a total capital investment of ZAR1,634.5m, an average investment of ZAR135.9m per project. In turn, investment from the Western Cape into China is far slower, with a mere two projects recorded from 2003-2016.

### Tourism

There were 83, 024 Chinese arrivals into South Africa in 2014 and a total of 48, 365 visited the Western Cape, positioning China as the seventh top growth market for tourist arrivals into South Africa in 2014/15. In 2015 however, while the overall number of Chinese visitors to South Africa increased by 2.2% to 84,878, those visiting the Western Cape dropped by a notable 20.3% to 38,535.

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## 1. General Information

China is a sovereign state located in East Asia and has international borders with 14 sovereign states. With an area of about 9.6 million km<sup>2</sup>, China is the 2nd largest country in world by land area after Russia. It is divided into 22 provinces, two special administrative regions (Hong Kong and Macau) and four directly controlled municipalities (Beijing, Shanghai, Tianjin and Chongqing).

China is the most populous state in the world, with over 1.38 billion citizens, representing almost 20% of the global population. The country is ruled by the Communist Party of China (CPC), whose power is enshrined in China's constitution. China is a member of numerous formal and informal multilateral organisations, including the WTO, APEC, BRICS, the Shanghai Cooperation Organization, the BCIM (Bangladesh, China, India, and Myanmar Forum for Regional Cooperation), permanent member of the UN Security Council and the G-20.

GENERAL INFORMATION	
Capital city	Beijing
Government type	Communist state
Chief of State	President XI Jinping
Population	1,380,868,414 (United Nations estimate, April 2016)
Life expectancy	75.41 years
Literacy	96.4%
Ethnic groups	Han Chinese 91.6%, Zhuang 1.3%, other (includes Hui, Manchu, Uighur, Miao, Yi, Tujia, Tibetan, Mongol, Dong, Buyei, Yao, Bai, Korean, Hani, Li, Kazakh, Dai and other nationalities) 7.1%
Religions	Buddhist 18.2%, Christian 5.1%, Muslim 1.8%, folk religion 21.9%, Hindu < .1%, Jewish < .1%, other 0.7% (includes Daoist (Taoist)), unaffiliated 52.2%
Languages	Standard Chinese or Mandarin (official; Putonghua, based on the Beijing dialect), Yue (Cantonese), Wu (Shanghainese), Minbei (Fuzhou), Minnan (Hokkien-Taiwanese), Xiang, Gan, Hakka dialects
HDI (2014)	0.727 (Ranked 90 <sup>th</sup> )

Sources: CIA World Factbook, 2016; World Bank Data, 2016; United Nations Data 2016

## 2. Economic Overview

In stark contrast to the unprecedented growth boom seen in recent decades, economic growth in the Asian powerhouse slowed to the lowest level in 25 years in 2015. The trend is seen as continuing in 2016. While estimates vary, the degree by which is marginal, with the consensus view being that economic growth will ease to between 6.3% and 6.5% in 2016, from an estimated 6.9% recorded in 2015. The expectation is that growth will moderate further to within a range of 5.95% and 6.3% in 2017.

While conceding that growth levels are well below those which China has become accustomed too in recent years, this needs to be considered with the perspective it deserves: a growth rate of 6.9% in the current global economic environment is a) impressive by all standards; and b) the highest amongst the world's largest economies. Furthermore, it is well documented that the incremental growth generated by China's 6.9% growth in 2015 was much higher than in years when China was experiencing double digit growth. The IMF affirms the economy's key standing in the global economy, with the multilateral agency forecasting that China will continue to be the largest contributor to world GDP – in purchasing power parity terms – with China expected to account for nearly 20% of world GDP by 2020, compared to 15.5% for the EU and 14.9% for the US.

Notwithstanding the relatively favourable outlook, challenges undoubtedly remain, the most complex of which stem from the implementation of the intricate rebalancing of many dimensions of the economy, which Beijing hopes will transform the country into a high value-added economy. At the broadest level the objective is to transition the economy from an industry investment-intensive, export-led model of growth, to one driven by services, consumption, entrepreneurship and innovation.

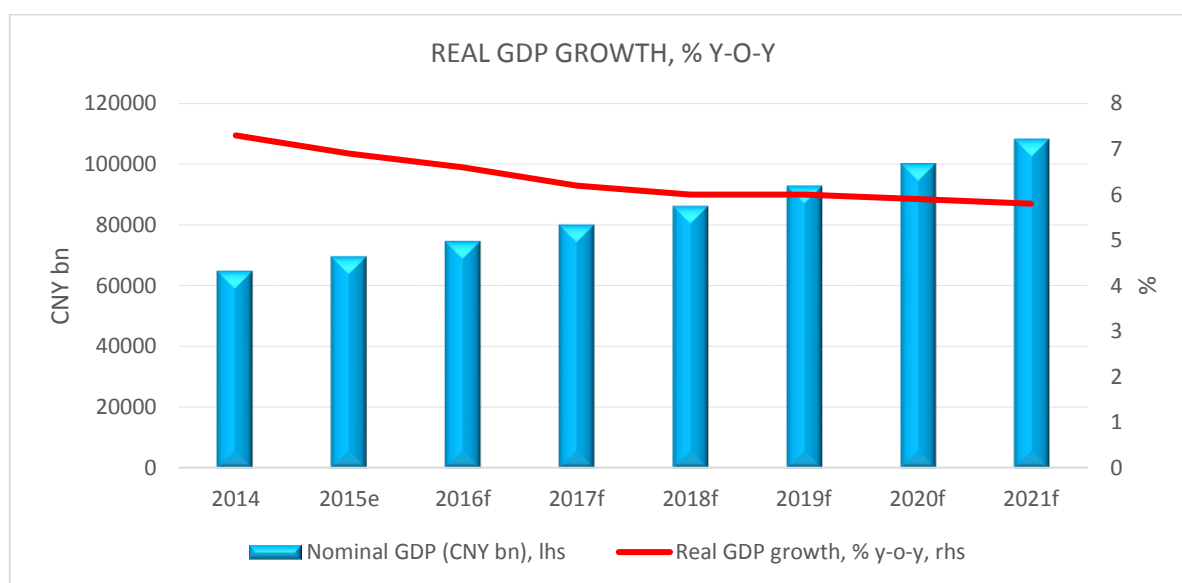
To date, while implementation of the rebalancing of the economy has been slower than envisaged, China's economic policy makers remain committed to continuing their gradual reform of the economy. This is encouraging.

ECONOMIC INFORMATION	
GDP (PPP) (2015 est. Ranked number 1)	USD19.52trn
GDP growth (2015 est.)	6.9%
GDP per capita (PPP) (2015 est.)	USD14,238
Inflation (2015)	1.4%
Base Interest rate (29 September 2016)	4.35%
Unemployment rate (2016)	4.2%
Doing Business, 2016 Report (ranking out of 180)	84
Total Exports (2015)	USD2,282bn
Total Imports (2015)	USD1,682bn

Sources: CIA World Factbook, 2016; Doing Business in China, 2016; World Bank

Looking ahead, as the economy continues to shift towards the tertiary sector, strong growth is likely to be recorded by the expanding services sector. The manufacturing sector in turn is likely to continue to struggle as it deals with overcapacity issues. Another factor which needs to be considered over the medium-term is the deteriorating demographic trend, as seen by slowing growth and an ageing population.

All told, while the expectation is that Beijing is likely to implement further stimulus (both fiscal and monetary) given the economic growth forecasts for both 2016 and 2017, China's economic growth will likely be much slower in the coming decade than seen in the last.



Source: IMF August 2016

## 2.1 Economic Structure

Vastly different to that seen some 30-years ago, China's economy today is powered by its dominant tertiary sector. The transition in the structure of the country's economy over the past three decades has been nothing short of spectacular, from a largely rural agrarian economy in the late 1970s to the urban industrial force it is today. This has largely been by design –as opposed to default - as Beijing in the late 1970s under the leadership of Deng Xiaoping embarked on a journey to implement structural transformations to set the country on a path of economic modernisation and ultimately, economic transformation. The change has indeed been spectacular, with China today considered to be one of the world's economic powerhouses.

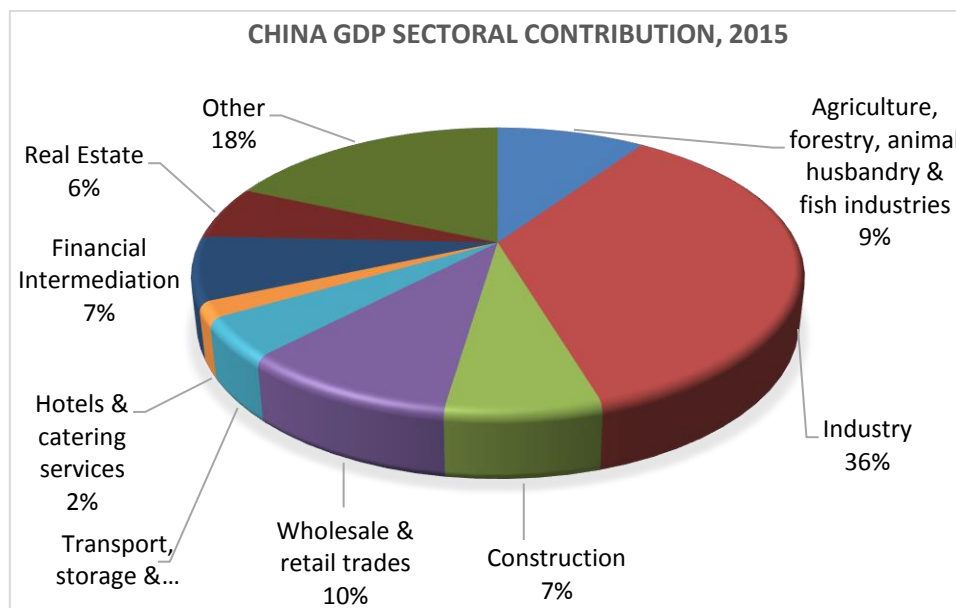
CHINA'S ECONOMIC STRUCTURE:SECTORAL CONTRIBUTION (%) 1985 vs 2000 vs 2015			
	1985	2000	2015
Primary Sector	28.1	14.7	9.2
Secondary Sector	42.6	45.4	42.7
Tertiary Sector	29.3	39.8	48.1

*Source: National Bureau Statistics, China*

The journey of economic modernisation has understandably led to a significant change in the structure of the economy, with the tertiary sector today the key driver of economic output. To this end, according to the country's official statistics office, the China Statistics Bureau, the said sector accounted for 48.1% of economic output in 2015, close-on 20 basis points higher than the 29.3% contributed in 1985. The secondary sector followed closely, with a contribution of 42.7% to the country's GDP in 2015. Of interest is that the contribution made by this sector to economic output over the past three decades has remained relatively stable, fluctuating in a narrow band of between 42.5% and 45.4% of GDP over the period 1985 – 2015.

The most notable change lies in the contribution made by the primary sector. From 28.1% in 1985 (and likely higher in years before that), in 2015 the said sector contributed 9.2% towards economic output; a far cry from levels seen in the late 1970s. This stands to reason given the changes seen in the country over the past thirty years and is directly ascribed to the transformation of the economy from its largely agrarian dependence to the modern economy it is today.

In terms of the current structure of the economy (2015, the most recent official data available), the industrial sector, with its contribution of 35.9% towards GDP, accounted for the largest share of economic output in 2015. The wholesale and retail trade category followed with a contribution of 12% of GDP, while the agriculture, hunting, forestry, and fishing placed third at 9%.



*National Bureau Statistics, China*

Analysing this further, when considering that China is a global hub for **manufacturing**, and is the largest manufacturing economy in the world, the industrial sectors dominance stands to reason. In addition, China is also the largest producer of crude steel in the world, with a production of 1,599.5 metric tonnes in 2015, with Chinese steel mills manufacturing approximately 50% of the world's steel. Major industries include mining and ore processing, iron, steel, aluminium, and other metals, coal; machine building; armaments; textiles and apparel; petroleum; cement; chemicals; fertilizers; consumer products, including footwear, toys, and electronics; food processing; transportation equipment, including automobiles, rail cars and locomotives, ships, and aircraft; telecommunications equipment, commercial space launch vehicles, satellites.

China is also the world's largest producer and consumer of **agricultural** products. It is the world's largest producer of rice and is among the principal sources of wheat, corn (maize), tobacco, soybeans, potatoes, sorghum, peanuts, tea, millet, barley, oilseed, pork, and fish. Major non-food crops, including cotton, other fibres, and oilseeds. Animal husbandry constitutes the second most important component of agricultural production. China is also the world's leading producer of pigs, chickens, and eggs, and it also has sizable herds of sheep and cattle.

The country is also home to a wealth of **mineral and metals** reserves. Tin resources are plentiful, and there are fairly rich deposits of gold. China has also recently clinched the title of largest gold producer in the world (from South Africa following the latter's production woes), with production estimated at 450 tonnes annually according to the World Gold Council. In turn, the country is also the largest consumer of gold, with a consumption of approximately 1,000 tonnes annually. China is also an important producer and exporter of rare metals needed in high-technology industries.

The country is also a key global player in of **automotive industry**. While sales of new cars have been noted as slowing in recent quarters, the market still remains the largest automotive market in the world. According to the government-backed China Association of Automobile Manufacturers, vehicle makers sold 21.1 million passenger cars in 2015, an increase of 7.43% sold in 2014. In turn, while car sales jumped to record highs in the US in 2015 spurred by cheap gasoline and low interest rates, at 17.5 million new cars, sales were still below that sold in China in the same period.

In terms of **energy**, while China currently relies heavily on coal for energy generation, with this accounting for 70–75% of China's energy, the goal is to move toward greater reliance on oil, natural gas, renewable energy, and nuclear power. The share of electricity generated by nuclear power is projected to grow from 1% in 2000 to 5% in 2030. China's renewable energy law, which went into effect in 2006, calls for 10% of its energy to come from renewable energy sources by 2020. China has made substantial investments in the manufacture of solar panels and wind generators by a number of companies, supported by liberal loans by banks and local governments.

The table below lists China's top 20 companies on the Forbes 2000 List in 2016.

As the Chinese economic landscape has transformed and grown into a modern day economy, so has the presence and stature of a number of Chinese companies on the global economic stage. Testimony to this is the presence of a number of Chinese economies on the Forbes 2000 List, a comprehensive annual ranking of the world's largest public companies. Impressively, Chinese banks yet again clinched the top three spots in the latest rankings, published earlier this year, as indicated in the table below.

TOP 20 CHINESE COMPANIES ON FORBES 2000 LIST, 2016						
GLOBAL RANK	COMPANY	SECTOR	SALES (USDbn)	PROFITS (USDbn)	ASSETS (USDbn)	MARKET VALUE (USDbn)
1	ICBC	Banking	171.1	44.2	3420.3	198
2	China Construction Bank	Banking	146.8	36.4	2826	162.8
3	Agricultural Bank of China	Banking	131.9	28.8	2739.8	152.7
6	Bank of China	Banking	122	27.2	2589.8	143
17	PetroChina	Oil & Gas	274.6	5.7	368.7	203.8
18	China Mobile	Telecommunications	107.8	17.1	218.9	241
20	Ping An Insurance Group	Insurance	98.7	8.7	732.3	90
31	Sinopec	Oil & Gas	283.6	5.1	223.7	89.9
36	Bank of Communications	Banking	57	10.6	1109	55.7
38	China Merchants Bank	Banking	48.2	9.2	843.1	66.8
49	China Life Insurance	Insurance	81.5	5.6	377	55.7
57	Shanghai Pudong Development	Banking	41.4	8.1	776.8	55.2
59	Industrial Bank	Banking	45	8	83.3	47.3
65	China Minsheng Banking	Banking	42.4	7.4	696.5	49.3
79	China Citi Bank	Banking	41.2	6.6	788.8	40.4
114	China State Construction Engineering	Construction	135	4.1	165.6	25.6
120	SAIC Motor	Automotive	101.9	4.6	78.8	34.4

TOP 20 CHINESE COMPANIES ON FORBES 2000 LIST, 2016						
GLOBAL RANK	COMPANY	SECTOR	SALES (USDbn)	PROFITS (USDbn)	ASSETS (USDbn)	MARKET VALUE (USDbn)
124	China Telecom	Telecommunications	52.7	3.2	97	41
131	China Pacific Insurance	Insurance	39.3	2.8	139.5	37.1
134	CNOOC	Oil & Gas	27.3	3.2	102.3	58

Source: Forbes 2000, 2016

## 2.2 Doing Business in China

The World Bank Group in its annual *Doing Business 2016* report ranked China 84<sup>th</sup> out of 189 countries monitored in terms of the ease of doing business. China's strengths in terms of ease of doing business include enforcing contracts, with the country ranking 7<sup>th</sup> globally in this category, registering property (43<sup>rd</sup>) and getting credit (79<sup>th</sup>). Conversely, according to the report, the country fared less favourably in terms of dealing with construction permits with a ranking of 176<sup>th</sup>, starting a business (136<sup>th</sup>), protecting minority investors (134<sup>th</sup>) and paying taxes (132<sup>nd</sup>). Indicators ranked by the report are tabled below:

CHINA'S RANKINGS - DOING BUSINESS, 2016 REPORT	
INDICATORS	2016 RANKING (OUT OF 189 COUNTRIES)
Starting a Business	136
Dealing with Construction Permits	176
Getting Electricity	92
Registering Property	43
Getting Credit	79
Protecting Investors	134
Paying Taxes	132
Trading Across Borders	96
Enforcing Contracts	7
Resolving Insolvency	55
<b>Doing Business 2016</b>	<b>84</b>

Source: World Bank Group's *Doing Business, 2016 Report*

## 2.3 China's Sovereign Credit Ratings

*"A sovereign credit rating is the credit rating of a country or sovereign entity. Sovereign credit ratings give investors insight into the level of risk associated with investing in a particular country and also include political risks. At the request of the country, a credit rating agency will evaluate the country's economic and political environment to determine a representative credit rating".*

Source: Investopedia

While a number of credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services (Moody's) and Standard & Poor's (S&P). Reasons for a country/sovereign to seek a credit rating from one of these three agencies include not only to access funding in international bond markets via the issuance of bonds in external debt markets, but it is a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating a means for the country to demonstrate financial transparency and credit standing.

Two key rating 'standards' exist, with the highest possible rating category being "AAA" according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below this, with the categories ranging all the way down to SD (i.e. defaulted), which means the rated country has failed to pay one or more of its financial obligations when it came due.

In terms of China's sovereign credit rating, while S&P in its most recent rating assigned to the country on 31 March 2016 held the rating steady at AA-, the ratings agency downgraded the rating *outlook* from stable to negative.



Reasons cited by S&P included that while the government's reform agenda is on track, it is likely to proceed more slowly than expected.

The outlook downgrade comes at a time when the world's second largest economy has cooled to a 25-year low, raising concerns amongst some about Beijing's ability to implement promised reforms such as shedding bad debt and reducing industrial overcapacity without stoking financial concerns or an increase in unemployment.

The outlook downgrade by S&P follows shortly on that by Moody's on 02 March 2016, which held the rating steady at Aa3, but also downgraded the *outlook* to negative from stable, citing similar concerns.

Notwithstanding concerns cited and underpinning the rating outlook downgrades by both rating agencies, China's current ratings (of AA- and Aa3 respectively) are high and are much better than all emerging market peers and many middle income and developed countries. This would still hold even if these ratings were downgraded at a later date by the rating agencies by one notch (normally the standard procedure unless significant untoward economic developments occur) to an A+ credit rating or equivalent.

Most recently, Moody's on 17 August 2016 raised its forecasts for China's economic growth to 6.6% in 2016 and 6.1% in 2017, from previous forecasts of 6.3% and 6.1%, respectively. This follows significant fiscal and monetary policies stimulus implemented by Beijing.

While Fitch Ratings has assigned credit ratings to China in the past, the agency has not done so since 05 November 2007. Accordingly, the credit rating last assigned by Fitch to China of A+ with a stable outlook is outdated and would fail to have taken recent developments into account. The said rating is nonetheless included below.

CHINA'S SOVEREIGN CREDIT RATINGS, 2016			
CREDIT RATING AGENCY	STANDARD & POORS	MOODY'S INVESTOR SERVICES	FITCH RATINGS
CREDIT RATING	AA-	Aa3	A+
OUTLOOK	Negative	Negative	Stable
DATE OF LAST CHANGE	31 March 2016	02 March 2016	05 November 2007
<i>Sources: Standard &amp; Poor's; Moody's Investors Services; &amp; Fitch Ratings</i>			

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A number of alternative measures and rating scales exist to assess risks posed to companies and banks, particularly those pertaining to political and commercial risks when undertaking international commercial transactions. One such company which offers these services is Belgium's Delcrederecroire, the country's official export credit agency and public credit insurer.

The table below shows Delcrederecroire's current risk assessment of China in terms of export transactions and direct investments. Ratings are between 1 and 7, and between A and C, with 7 and C being the maximum risk indicators.

- In terms of political risk associated with exports transactions in China, these are deemed to be low both in the short- and long-term.
- Commercial risk in turn is considered to be mid-way between low and high levels of risk.
- Regarding direct investment, with the exception of risk associated with expropriation and government action, all other categories are considered to be relatively low as indicated by scores awarded below.

CHINA'S RISK ASSESSMENT - Delcrederecroire		
EXPORT TRANSACTIONS (Scale 1 – 7)*		
Political Risks	Short Term	1
	Medium-Long term	2
	Special Transactions	1
Commercial Risk	B **	
DIRECT INVESTMENTS		
War risk	3	



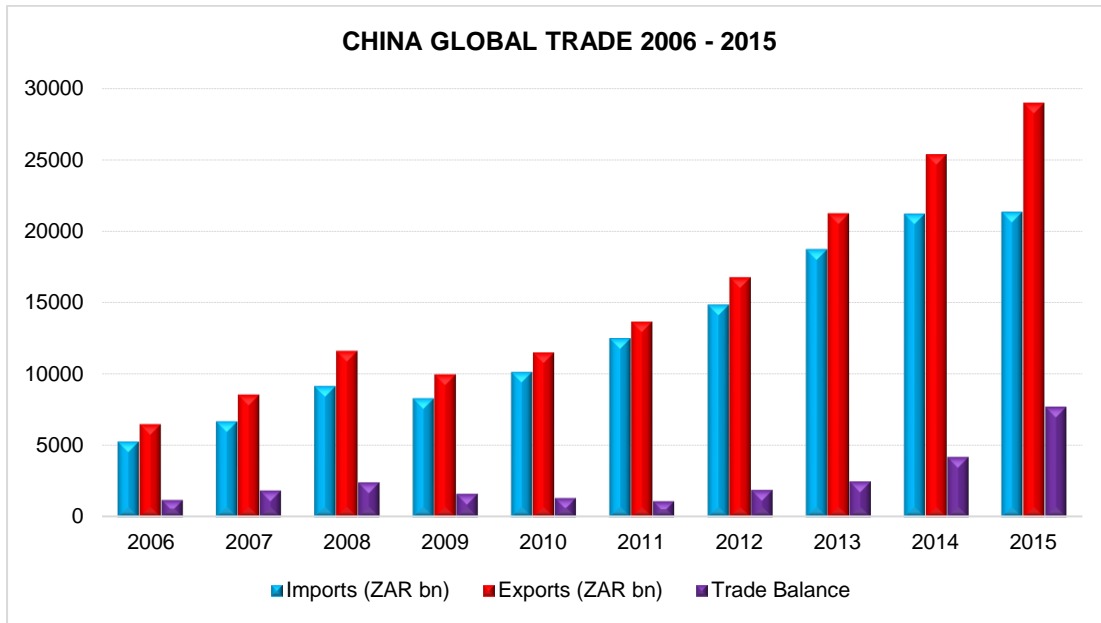
Risk of expropriation and government action	5
Transfer risk	2
* Where 1 is associated with the least risk and 7 the most.	
** Where B is associated with mid risk; A is low risk and C is high risk.	

Source: ONDD, 2016

### 3. Trade

#### 3.1 China Global Trade

In spite of developments seen in recent quarters and the expectation that economic growth in the world's second largest economy will slow to a 25-year low in 2016, China's trade flows with the global economy continue to soar, as seen by exports reaching record-highs in 2015. Indeed, at a value of ZAR28,942.59bn, this was some 345% higher than export receipts earned in 2006. While not of the same magnitude, import costs have also risen sharply over the ten year period, surging to a value of ZAR21,329.97bn in 2015. China maintained its trade surplus with the world as a result, firmly entrenching its self as a leading global economic powerhouse.



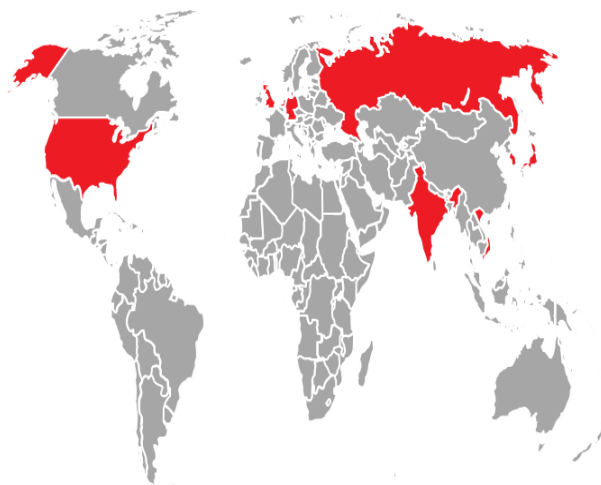
Source: TradeMap, 2016

#### Key Trade Markets

In terms of key trade markets, particularly **export markets**, the United States was the leading destination market for China's exports in 2015, with the US the recipient of USD410.80bn worth of Chinese exports last year. This was marginally higher (3.45%) than the USD397.1bn worth of Chinese goods imported by the US in 2014. Hong Kong and Japan were the second and third largest consumers of Chinese products in 2015, importing said products to the value of USD334.29bn and USD135.90bn, respectively. The fastest growing markets for Chinese exports over the five-year period leading up to and including 2015 were Vietnam (24.17%), Singapore (10.47%) and Hong Kong (9.77%).

TOP 10 DESTINATION COUNTRIES FOR CHINA'S EXPORTS, 2015				
RANK	COUNTRY	VALUE 2015 (ZARbn)	VALUE 2015 (USDbn)	% GROWTH (avg.; USD terms) 2011-2015
1	United States of America	5,210.56	410.80	7.75
2	Hong Kong, China	4,240.08	334.29	9.77
3	Japan	1,723.69	135.90	2.85
4	Korea, Republic of	1,287.08	101.47	8.30
5	Germany	877.93	69.22	0.67
6	Viet Nam	841.96	66.38	24.17
7	United Kingdom	756.82	59.67	9.07
8	Netherlands	756.34	59.63	4.12
9	India	738.98	58.26	7.77
10	Singapore	674.01	56.14	10.47
30	South Africa	201.41	15.87	-11.70
<b>TOTAL EXPORTS</b>		<b>28,942.59</b>	<b>2,281.86</b>	<b>7.90</b>

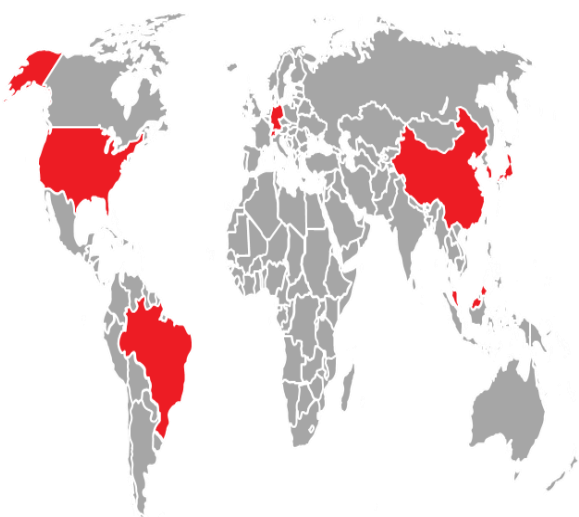
Source: TradeMap, 2016



In turn, South Korea was the leading source market for China's *imports* in 2015, with imports from this Republic valued at USD174.56bn last year. This was some 8.2% lower than the value of imports sourced by China from Korea in 2014. Taipei and China were the second and third largest source markets for China's imports in 2015, with values totalling USD144.98bn and USD143.09bn, respectively. The fastest growing markets for Chinese imports over the five-year period leading up to and including 2015 were Switzerland (32.56%), South Africa (24.57%) and the United States (8.31%), albeit that the both Switzerland and South Africa's growth were from a very low base.

TOP 10 SOURCE MARKETS FOR CHINA'S IMPORTS, 2015				
RANK	COUNTRY	VALUE 2015 (ZARbn)	VALUE 2015 (USDbn)	% GROWTH (avg.; USD terms) 2011-2015
1	Korea, Republic of	2,214.13	174.56	5.10
2	United States of America	1,909.47	150.54	8.31
3	Taipei, Chinese	1,838.91	144.98	4.93
4	China	1,831.98	143.09	6.64
5	Japan	1,814.96	87.69	-3.81
6	Germany	1,112.24	73.87	4.29
7	Australia	936.97	53.26	5.79
8	Malaysia	675.51	44.34	1.69
9	Brazil	562.39	41.21	4.43
10	Switzerland	522.64	37.22	32.56
13	South Africa	383.38	30.23	24.57
<b>TOTAL IMPORTS</b>		<b>24,329.97</b>	<b>1,681.67</b>	<b>4.54</b>

Source: TradeMap, 2016



## Interesting Trade Facts



Source: TradeMap, 2016

In 2015, China's imports represented 10.2% of total global imports. The country was also the second largest importer in the world in 2015.

In turn, the value of China's exports represented 13% of total world exports, rendering the country the largest exporter in the world in 2015.

## Key Trade Products

In terms of key trade products, the telephone sets, incl. telephones for cellular networks or for other wireless networks; other category was China's **dominant export category** in 2015 at a value of USD213.21bn, equivalent to 9.34% of export receipts earned in 2015. The automatic data-processing machines and units thereof; magnetic or optical readers, machines was the second largest export category at a value of USD137.28bn (6.02% of total export earnings), while the electronic integrated circuits; parts thereof was third at a value of USD70.12bn (3.07%).

China's fastest growing export products over the five-year period leading up to and including 2015 were the lamps and lighting fittings, incl. searchlights and spotlights, and parts thereof, n.e.s; illuminated (29.40%), electronic integrated circuits; parts thereof (24.44%), and telephone sets, incl. telephones for cellular networks or for other wireless networks; other (15.14%).

In turn, the electronic integrated circuits; parts thereof category was also the **leading import category** into China in 2015 at a value of USD231.09bn, equivalent to 13.74% of import costs in 2015. The petroleum oils and oils obtained from bituminous minerals, crude was the second largest import category at a cost of USD134.34bn (7.99% of total import costs), while the commodities not elsewhere specified category was third at a value of USD80.52bn (4.79%).

China's fastest growing import products over the five-year period leading up to and including 2015 were commodities not elsewhere specified (47.21%), telephone sets, incl. telephones for cellular networks or for other wireless networks; other (17.77%), and motor cars and other motor vehicles principally designed for the transport of persons (11.37%).

TOP 10 PRODUCTS EXPORTED BY CHINA, 2015				TOP 10 PRODUCTS IMPORTED BY CHINA, 2015			
RANK	PRODUCT (HS 4)	VALUE 2015 (USDbn)	% GROWTH (avg.; USD terms) 2011-2015	RANK	PRODUCT (HS 4)	VALUE 2015 (USDbn)	% GROWTH (avg.; USD terms) 2011-2015
1	Telephone sets, incl. telephones for cellular networks or for other wireless networks; other	213.21	15.14	1	Electronic integrated circuits; parts thereof	231.09	8.25
2	Automatic data-processing machines and units thereof; magnetic or optical readers, machines	137.28	0.17	2	Petroleum oils and oils obtained from bituminous minerals, crude	134.34	3.98
3	Electronic integrated circuits; parts thereof	70.12	24.44	3	Commodities not elsewhere specified	80.52	47.21

TOP 10 PRODUCTS EXPORTED BY CHINA, 2015				TOP 10 PRODUCTS IMPORTED BY CHINA, 2015			
RANK	PRODUCT (HS 4)	VALUE 2015 (USDbn)	% GROWTH (avg.; USD terms) 2011-2015	RANK	PRODUCT (HS 4)	VALUE 2015 (USDbn)	% GROWTH (avg.; USD terms) 2011-2015
4	Lamps and lighting fittings, incl. searchlights and spotlights, and parts thereof, n.e.s; illuminated	35.79	29.40	4	Iron ores and concentrates, incl. roasted iron pyrites	57.87	-2.59
5	Liquid crystal devices not constituting articles provided for more specifically in other heading; ..	33.96	4.68	5	Telephone sets, incl. telephones for cellular networks or for other wireless networks; other ...	48.87	17.77
6	Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices	33.56	1.85	6	Liquid crystal devices not constituting articles provided for more specifically in other heading; .	46.34	-1.92
7	Furniture and parts thereof, n.e.s. (excluding seats and medical, surgical, dental or veterinary ...	29.17	10.61	7	Motor cars and other motor vehicles principally designed for the transport of persons	44.20	11.37
8	Parts and accessories (other than covers, carrying cases and the like) suitable for use solely ..	28.92	-1.48	8	Soya beans, whether or not broken	34.90	7.48
9	Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, ...	28.28	11.42	9	Diodes, transistors and similar semiconductor devices; photosensitive semiconductor devices	30.75	6.69
10	Trunks, suitcases, vanity cases, executive-cases, briefcases, school satchels, spectacle cases	28.27	10.03	10	Automatic data-processing machines and units thereof; magnetic or optical readers, machines.	26.11	0.24
<b>TOTAL EXPORTS</b>		<b>2,281.86</b>	<b>7.90</b>	<b>TOTAL IMPORTS</b>		<b>1,681.67</b>	<b>4.54</b>

Source: TradeMap, 2016

## 3.2 Trade in Services

China's trade in services (TIS) has recorded phenomenal growth in recent years, both on the export and import of services fronts. The increase in China's trade of services post 2000 can partially be ascribed to the commitment made by the country to the opening of its services sector when China acceded to the World Trade Organisation in 2001. This led to a significant increase in the export of services by the country in years that followed. More recently, the implementation by Beijing of its 12<sup>th</sup> Five Year Plan over the period 2011-15, of which one strategic objective priority was the development of services and in particular the trade in services has further boosted both export and imports of trade in recent years.

Regarding **service export receipts**, at a value of USD286.54bn in 2015, China's service export receipts earned were some 205% higher than those earned in 2006. Similarly, **import costs associated with service** imports soared from a value of USD100.84bn in 2006 to a substantial USD468.90bn in 2015; an increase of 365%. China has remained a net importer of trade in services over the past ten years as a result, with this deficit balance surging from a value of USD6.7bn in 2006 to USD182.36bn in 2015.



Source: TradeMap, 2016

### Key Trade Services

In terms of key trade **service exports**, the travel category dominated service export earnings in 2015, at a value of USD114.11bn, equivalent to 39.82% of total services export receipts earned in 2015. Other business services exports came second at a value of USD58.40bn (20.38% of travel export receipts in 2015), followed by transport services exports at USD38.59bn (13.47%). Combined, these three categories accounted for 73.7% of total service export receipts earned in 2015.

China's fastest growing **service export categories** over the five-year period leading up to and including 2015 were the financial services (29.70%), insurance and pensions (25.67%), and travel (24.91%). The growth in the first two categories are in line with and can be ascribed to the Chinese government's commitment in its 12<sup>th</sup> Five-Year Plan to a more strategic opening up strategy in a number of sub-sectors which included finance, logistics, education and healthcare amongst other.

Turning to key **trade service imports**, import costs associated with travel service imports dominated in 2015 at a value of USD292.20bn, equivalent to 62.13% of total service import costs in the year. The transport category followed in second position with related service import costs totalling USD75.61bn (16.13%) in 2015, with the other business services category in third place at a value of USD39.54bn (8.43%). Combined, these three categories accounted for 86.9% of total service import costs incurred in 2015.

China's fastest growing **service import categories** over the five-year period leading up to and including 2015 were the Personal, cultural, and recreational services category (43.23%), travel (41.17%), and financial services (38.15%).

TOP 10 SERVICES EXPORTED BY CHINA, 2015				TOP 10 SERVICES IMPORTED BY CHINA, 2015			
CODE	SERVICE	VALUE 2015 (USDbn)	% GROWTH (avg.; USD terms) 2011-2015	CODE	SERVICE	VALUE 2015 (USDbn)	% GROWTH (avg.; USD terms) 2011-2015
4	Travel	114.11	24.91	'4	Travel	292.20	41.17
10	Other business services	58.40	1.96	'3	Transport	75.61	4.87
3	Transport	38.59	2.52	'10	Other business services	39.54	-3.83
9	Telecommunications, computer, and information services	24.55	18.90	'8	Charges for the use of intellectual property n.i.e.	22.02	11.38
1	Manufacturing services on physical inputs owned by others	20.44	-3.98	9	Telecommunications, computer, and information services	11.41	23.55
5	Construction	16.65	4.86	5	Construction	10.20	22.53
6	Insurance and pension services	4.97	25.67	6	Insurance and pension services	9.33	-3.99
2	Maintenance and repair services n.i.e.	3.61	n/a*	7	Financial services	2.64	38.15
7	Financial services	2.33	29.70	12	Government goods and services n.i.e.	2.57	20.37
8	Charges for the use of intellectual property n.i.e.	1.09	10.31	11	Personal, cultural, and recreational services	1.89	43.23
12	Government goods and services n.i.e.	1.06	4.24	2	Maintenance and repair services n.i.e.	1.32	n/a*
<b>TOTAL EXPORTS</b>		<b>286.54</b>	<b>14.14</b>	<b>TOTAL IMPORTS</b>		<b>468.90</b>	<b>21.40</b>

\*n/a: 2015 was the first year in the said period that data was available for this service.

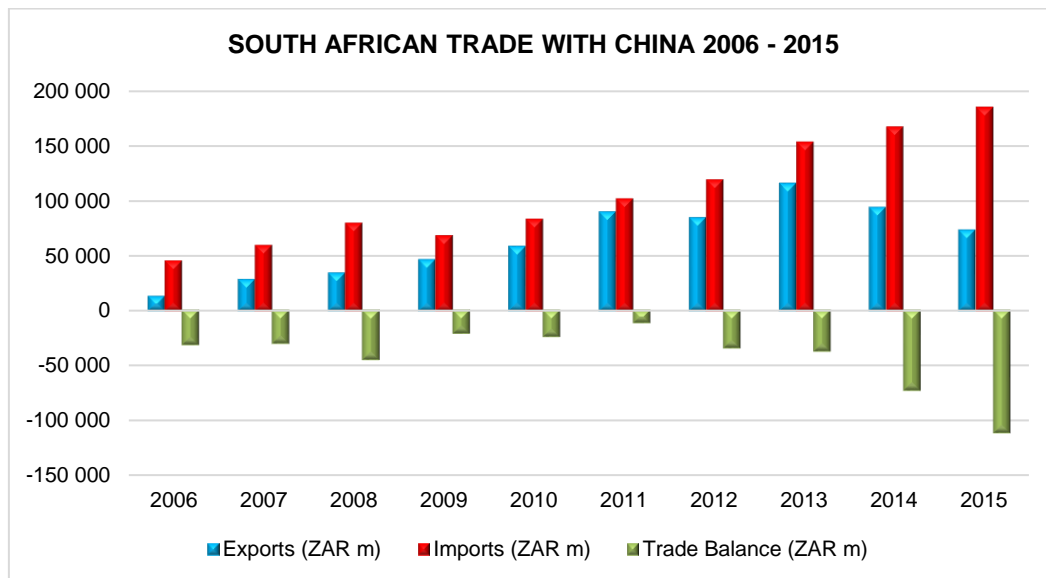
Source: TradeMap, 2016



### 3.3 Trade with South Africa

In line with the sharp increase seen in China's global trade with the world in recent years, South Africa's trade with China has increased sharply since 2006. In particular, South Africa's imports of Chinese products have surged in nominal terms post 2009. Indeed, at a value of ZAR185,224m in 2015, the cost of Chinese products imported by South Africa has surged by 302% since 2006.

The value of export receipts earned by South African exports to China has demonstrated a similar trend over the ten year period, albeit off a lower base. Indeed, at a value of ZAR73,602m in 2015, this was some 402% higher than export earnings earned from trade with China in 2006. As illustrated in the graph below, South Africa is a net importer of Chinese goods, and as a result, maintains a trade deficit with China.



Source: Quantec, 2016

#### Key Trade Products

South Africa's **dominant export category** to China in 2015 was the iron ores and concentrates, incl. roasted iron pyrites category. At a value of ZAR19,031m, this was equivalent to 25.86% of all exports receipts earned from Chinese trade in the year. The manganese ores and concentrates, incl. ferruginous manganese ores and concentrates category placed second at a value of ZAR10,185m (13.84%), followed by the chromium ores and concentrates category at ZAR9,160m (12.45%).

South Africa's **fastest growing export product categories** over the five-year period leading up to and including 2015 were chemical wood pulp, dissolving grades (35.13%), wool, neither carded nor combed (21.03%), and niobium, tantalum, vanadium or zirconium ores and concentrates (20.32%).

The telephone sets, incl. telephones for cellular networks or for other wireless networks category **dominated South African imports** from China in 2015 at a cost of ZAR24,561m. This was equivalent to 13.26% of all import costs incurred with China in 2015. The automatic data-processing machines and units thereof; magnetic or optical readers, machines category placed second at a cost of ZAR14,111m (7.62%), followed rail locomotives powered from an external source of electricity or by electric accumulators at a value of ZAR5,483m (2.96%).

South Africa's **fastest growing import product categories** over the five-year period leading up to and including 2015 were electric generating sets and rotary converters (105.11%), parts suitable for use solely or principally with transmission and reception apparatus (26.11%), and telephone sets, incl. telephones for cellular networks or for other wireless networks. (18.31%).

SOUTH AFRICA'S EXPORTS TO CHINA, 2015				SOUTH AFRICA'S IMPORTS FROM CHINA, 2015			
RANK	PRODUCT (HS 4)	VALUE 2015 (ZARm)	% GROWTH (avg.; USD terms) 2011-2015	RANK	PRODUCT (HS 4)	VALUE 2015 (ZARm)	% GROWTH (avg.; USD terms) 2011-2015
1	Iron ores and concentrates, incl. roasted iron pyrites	19,030.94	-4.14	1	Telephone sets, incl. telephones for cellular networks or for other wireless networks.	24,561.00	18.31
2	Manganese ores and concentrates, incl. ferruginous manganese ores and concentrates	10,185.35	8.21	2	Automatic data-processing machines and units thereof; magnetic or optical readers, machines ...	14,111.32	7.19
3	Chromium ores and concentrates	9,160.46	1.91	3	Rail locomotives powered from an external source of electricity or by electric accumulators	5,483.18	376.78**
4	Ferro-alloys	9,057.02	2.92	4	Printing machinery used for printing by means of plates, cylinders and other printing components ...	3,832.76	-4.26
5	Platinum, incl. palladium, rhodium, iridium, osmium and ruthenium, unwrought or in semi-manufactured	3,609.07	8.47	5	Footwear with outer soles and uppers of rubber or plastics (excluding waterproof footwear)	2,872.98	-4.05
6	Niobium, tantalum, vanadium or zirconium ores and concentrates	3,483.33	20.32	6	Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of ...	2,640.84	11.40
7	Chemical wood pulp, dissolving grades	3,157.83	35.13	7	Parts suitable for use solely or principally with transmission and reception apparatus..	2,157.44	26.11
8	Petroleum oils and oils obtained from bituminous minerals, crude	1,629.37	n/a*	8	Electric generating sets and rotary converters	2,024.22	105.11
9	Wool, neither carded nor combed	1,534.94	21.03	9	Electric instantaneous or storage water heaters and immersion heaters; electric space-heating	1,893.58	-4.15
10	Unwrought nickel	1,285.69	-14.62	10	Electrical transformers, static converters, e.g. rectifiers, and inductors; parts thereof	1,835.62	9.98
<b>TOTAL EXPORTS</b>		<b>73,602.13</b>	<b>-1.50</b>	<b>TOTAL IMPORTS</b>		<b>185,223.96</b>	<b>5.43<sup>17</sup></b>

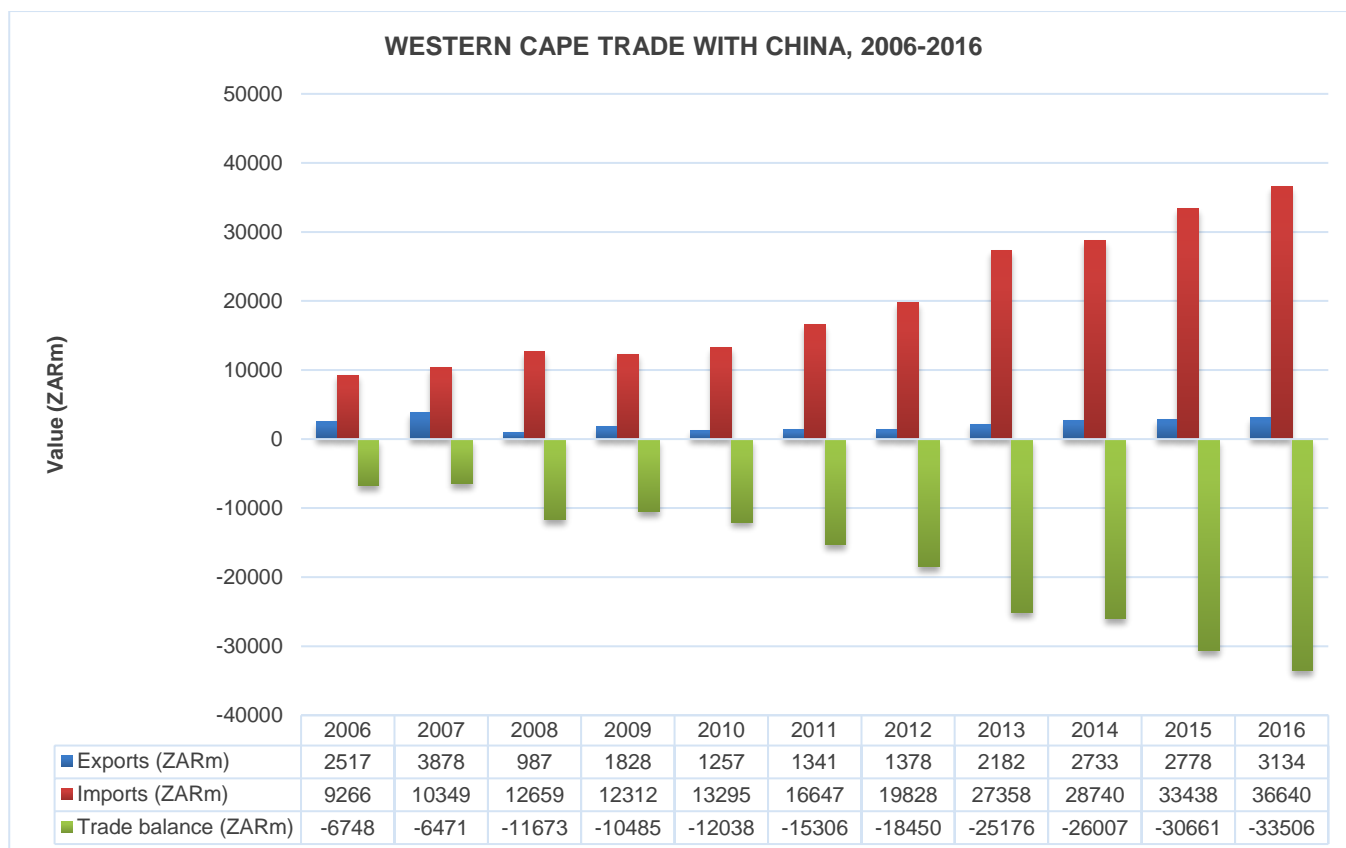
\*n/a: 2015 was the first year in the said period that data was available for this service.

\*\* Data only available for 2014 and 2015 for this category, thus average over two year period.

Source: Quantec, 2016

### 3.4 Western Cape Trade with China

Turning to trade between the Western Cape and China, trade patterns between the two said regions have largely mimicked those recorded between South and China over the past ten years, with both South Africa and the Western Cape being net importers of Chinese goods and services over this period. Imports were valued at ZAR36,640m in 2016. Export receipts earned by the Western Cape from trade with China totalled a more staid ZAR3,134m in 2016, plunging the region's trade deficit with China to a multi-year low of ZAR33,506m in 2016.



Source: Quantec, 2017

#### Key Trade Products

The Western Cape's **dominant export product** to China in 2016 was that of wine of fresh grapes, including fortified wines; grape must valued at ZAR525.03m. Flours, meals and pellets, of meat or meat offal, of fish or of crustaceans placed second at a value of ZAR479.60m, followed by the citrus fruit, fresh or dried. category at ZAR427.30m. The Western Cape's **fastest growing export product categories** over the five-year period leading up to and including 2016 were raw skins of sheep or lambs followed by manganese ores and concentrates.

Electric generating sets and rotary converters **dominated products imported from China by the Western Cape** in 2016 at a cost of ZAR1,796.60m. The other footwear with outer soles and uppers of rubber or plastics category placed second at a cost of ZAR1,674.60m. The Western Cape's **fastest growing import product categories** over the five-year period leading up to and including 2016 were flat-rolled products of other alloy steel, of a width of 600 mm or more.

WESTERN CAPE'S EXPORTS TO CHINA, 2016				WESTERN CAPE'S IMPORTS FROM CHINA, 2016			
RANK	PRODUCT (HS 4)	VALUE 2016 (ZARm)	% GROWTH (avg.; USD terms) 2012-2016	RANK	PRODUCT (HS 4)	VALUE 2016 (ZARm)	% GROWTH (avg.; USD terms) 2012-2016
1	Wine of fresh grapes, including fortified wines; grape must other than that of	525.03	15.75	1	Electric generating sets and rotary converters.	1796.6	1196.7
2	Flours, meals and pellets, of meat or meat offal, of fish or of crustaceans	479.60	234.03	2	Other footwear with outer soles and uppers of rubber or plastics.	1674.6	-4.9
3	Citrus fruit, fresh or dried.	427.30	34.67	3	Electric instantaneous or storage water heaters and immersion heaters; electric	1135.7	0.4
4	Zirconium and articles thereof, including waste and scrap.	317.42	-	4	Footwear with outer soles of rubber, plastics, leather or composition leather	1071.4	-10.3
5	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved,	198.22	53.37	5	Parts suitable for use solely or principally with the apparatus of	911.4	128.5
6	Raw skins of sheep or lambs (fresh, or salted, dried, limed, pickled or otherwise	132.10	4564.91	6	Flat-rolled products of other alloy steel, of a width of 600 mm or more.	883.7	91472.9
7	Refined copper and copper alloys, unwrought.	105.99	-	7	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages;	873.6	-0.3
8	Manganese ores and concentrates, including ferruginous manganese ores	93.21	1682.02	8	Telephone sets, including telephones for cellular networks or for other	873.4	56.2
9	Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or	88.77	-16.02	9	Trunks, suit-cases, vanity-cases, executive-cases, brief-cases, school	754.7	-3.6
10	Enzymes; prepared enzymes not elsewhere specified or included.	60.72	211.90	10	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided	690.7	1.7
<b>TOTAL EXPORTS</b>		<b>3134.38</b>	<b>7.60</b>	<b>TOTAL IMPORTS</b>		<b>36640.1</b>	<b>1.2</b>

Source: Quantec, 2016

## 3.5 Trade Regulations Markings and Standards

China has a number of requirements regarding trade regulations and standards that exporters/sellers of products must adhere to. Below are a few selected requirements that must be adhered to.

### 3.5.1 Trade and Marking Requirements

Based on the Food Safety Law which went into effect June 1, 2009, imported pre-packed food shall have labels and instructions in Chinese. All products sold in China must be marked in the Chinese language.

The State Administration for Quality Supervision, Inspection, and Quarantine (AQSIQ) requires imported and exported (but not domestic) food items such as candy, wine, nuts, canned food, and cheese to have labels verified and products tested for quality before a good can be imported or exported. According to the Food Labelling Standards of China (GB7718-2011), imported foods shall have clear markings that indicate the country of origin, in addition to the name and address of the general distributor registered in the country.

### 3.5.2 Standards

The Standardization Administration of China (SAC) is the central accrediting body for all activity related to developing and promulgating national standards in China. The China National Certification and Accreditation Administration (CNCA) coordinate compulsory certification and testing, including the China Compulsory Certification (CCC) system. Certification is required for a number of products, below are a selected few.

*Product Certification:* The China Compulsory Certification (CCC) mark is China's national safety and quality mark. The mark is required for 20 categories including 149 products, ranging from electrical fuses to toaster ovens to automobile parts to information technology equipment. If an exporter's product is on the CCC mark list, it cannot enter China until CCC registration has been obtained, and the mark physically applied to individual products as an imprint or label. Similarly, domestic products cannot be sold in China without obtaining registration and applying the mark on individual products.

*Labelling and Marking:* Based on the Food Safety Law which went into effect June 1, 2009, imported pre-packed food shall have labels and instructions in Chinese. The labels and instructions shall conform to this law, other relevant laws, administrative regulations and national food safety standards of China, and state the place of origin as well as the name, address and contact information of the domestic agent.

### 3.5.3 Prohibited and Restricted Imports

The following items are prohibited from entering China:

- Arms, ammunition, and explosives of all kinds;
- Counterfeit currencies and counterfeit negotiable securities;
- Printed matter, magnetic media, films, or photographs which are deemed to be detrimental to the political, economic, cultural and moral interests of China;
- Lethal poisons;
- Illicit drugs;
- Disease-carrying animals and plants;
- Foods, medicines, and other articles coming from disease-stricken areas;
- Old/used garments;
- And local currency (RMB).

Food items containing certain food colourings and additives deemed harmful to human health by the Ministry of Health are also barred entry.

### 3.6 Tariffs

The table below shows tariffs imposed by China on South Africa's exports in 2015.

AD VALORM TARIFFS IMPOSED ON SOUTH AFRICAN IMPORTS BY CHINA, 2015					
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H01: Live animals	7.3	H33: Essential oils, perfumes, cosmetics, toiletries	10.4	H65: Headgear and parts thereof	15.5
H02: Meat and edible meat offal	15.9	H34: Soaps, lubricants, waxes, candles, modelling pastes	9.5	H66: Umbrellas, walking-sticks, seat-sticks, whips	12
H03: Fish, crustaceans, molluscs, aquatic invertebrates	10.2	H35: Albuminoids, modified starches, glues, enzymes	9.5	H67: Bird skin, feathers, artificial flowers, human hair	20.3
H04: Dairy products, eggs, honey, edible animal product	12.2	H36: Explosives, pyrotechnics, matches, pyrophorics	7.9	H68: Stone, plaster, cement, asbestos, mica, articles	13.4
H05: Products of animal origin	13.9	H37: Photographic or cinematographic goods	13.7	H69: Ceramic products	12.1
H06: Live trees, plants, bulbs, roots, cut flowers	8.7	H38: Miscellaneous chemical products	6.4	H70: Glass and glassware	11.9
H07: Edible vegetables and certain roots and tubers	11.7	H39: Plastics and articles thereof	7.5	H71: Pearls, precious stones, metals, coin	5.8
H08: Edible fruit, nuts, peel of citrus fruit, melons	14.6	H40: Rubber and articles thereof	11.7	H72: Iron and steel	4.3
H09: Coffee, tea, mate and spices	10.9	H41: Raw hides and skins (other than furskins) and leather	7.1	H73: Articles of iron or steel	8.9
H10: Cereals	51.6	H42: Articles of leather, animal gut, harness, travel goods	12.6	H74: Copper and articles thereof	3
H11: Milling products, malt, starches, inulin, wheat gluten	26.1	H43: Furskins and artificial fur, manufactures thereof	16.2	H75: Nickel and articles thereof	3.4
H12: Oil seed, oleagic fruits, grain, seed, fruit,	2.9	H44: Wood and articles of wood, wood charcoal	2.5	H76: Aluminium and articles thereof	6.8
H13: Lac, gums, resins, vegetable saps and extracts	15.5	H45: Cork and articles of cork	7	H78: Lead and articles thereof	3.1
H14: Vegetable plaiting materials, vegetable products	8.2	H46: Manufactures of plaiting material, basketwork, etc.	9	H79: Zinc and articles thereof	3.5
H15: Animal, vegetable fats and oils, cleavage products,	10.8	H47: Pulp of wood, fibrous cellulosic material, waste	0	H80: Tin and articles thereof	3.9
H16: Meat, fish and seafood food preparations	11.3	H48: Paper & paperboard, articles of pulp, paper and board	6.1	H81: Other base metals, cermets, articles thereof	5.5
H17: Sugars and sugar confectionery	33.9	H49: Printed books, newspapers, pictures	2.4	H82: Tools, implements, cutlery, of base metal	9.9
H18: Cocoa and cocoa preparations	10.6	H50: Silk	9.4	H83: Miscellaneous articles of base metal	11.6
H19: Cereal, flour, starch, milk preparations and products	18.2	H51: Wool, animal hair, horsehair yarn and fabric thereof	22.6	H84: Nuclear reactors, boilers, machinery	5.4
H20: Vegetable, fruit, nut food preparations	18.4	H52: Cotton	12.1	H85: Electrical, electronic equipment	5.1

H21: Miscellaneous edible preparations	18.7	H53: Vegetable textile fibres paper yarn, woven fabric	7.6	H86: Railway, tramway locomotives, rolling stock, equipment	3.9
H22: Beverages, spirits and vinegar	15.3	H54: Manmade filaments	7	H87: Vehicles other than railway, tramway	19.5
H23: Residues, wastes of food industry, animal fodder	6.7	H55: Manmade staple fibres	6.7	H88: Aircraft, spacecraft, and parts thereof	2.2
H24: Tobacco and manufactured tobacco substitutes	23.8	H56: Wadding, felt, nonwovens, yarns, twine, cordage	9.4	H89: Ships, boats and other floating structures	7.9
H25: Salt, sulphur, earth, stone, plaster, lime and cement	3.7	H57: Carpets and other textile floor coverings	11.6	H90: Optical, photo, technical, medical apparatus	5.8
H26: Ores, slag and ash	0.1	H58: Special woven or tufted fabric, lace, tapestry	10	H91: Clocks and watches and parts thereof	13.3
H27: Mineral fuels, oils, distillation products,	1.7	H59: Impregnated, coated or laminated textile fabric	9.5	H92: Musical instruments, parts and accessories	22
H28: Inorganic chemicals, precious metal compound, isotopes	5.5	H60: Knitted or crocheted fabric	10.1	H93: Arms and ammunition, parts and accessories thereof	
H29: Organic chemicals	5.4	H61: Articles of apparel, accessories, knit or crochet	15.2	H94: Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	4.6
H30: Pharmaceutical products	4	H62: Articles of apparel, accessories, not knit or crochet	16.2	H95: Toys, games, sports requisites	2.9
H31: Fertilizers	22.3	H63: Other made textile articles, sets, worn clothing	14.7	H96: Miscellaneous manufactured articles	13.6
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	8.1	H64: Footwear, gaiters and the like, parts thereof	16.3	H97: Works of art, collectors pieces and antiques	10.3

Source: TradeMap, 2016

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit [www.macmap.org](http://www.macmap.org) to determine the exact tariff applicable to the product at HS6.

### 3.7 Port-to-Port Rates

In 2015, Asia was home to nine out of the Top 10 world container port by container throughput, and 28 out of the Top 50 according to Port Technology. More specifically, the Port of Shanghai remained the world's largest in 2015, and the expectation is that China's mega container ports are expected to see colossal growth between 2016 and 2030. The massive increase in container volumes comes at a time when container ship capacities have progressively increased by around eight times in the last 40 years from 2,400 20-foot equivalent units (TEU) to 19,000 TEU.

According to the Shanghai Shipping Exchange, China's 20 largest container ports handled just over 181 million TEU's in 2015, representing growth of 3.7% over 2014. China's main port Shanghai, handled a massive 36.5 million TEU's in 2015. Shenzhen, the country's second largest port, handled 24.2 million containers in the year, while Ningbo-Zhoushan, the country's third largest port, lifted 20.6 million containers in 2015.

Other alternative ports offered are Lianyungang north and Ningbo south. Farther south, Xiamen is the dedicated platform for Fujian province. The ports network of northern China is relatively less concentrated, with Qingdao serving as the main gateway for Shandong province, while Tianjin (Xingang) is the main port for Beijing. Northeast part of the country has Dalian port as its main entry, but recent development of Yingkou port brings an alternative.

The table below shows the distance and time it takes goods to travel from Cape Town Port terminal to China's main sea ports.



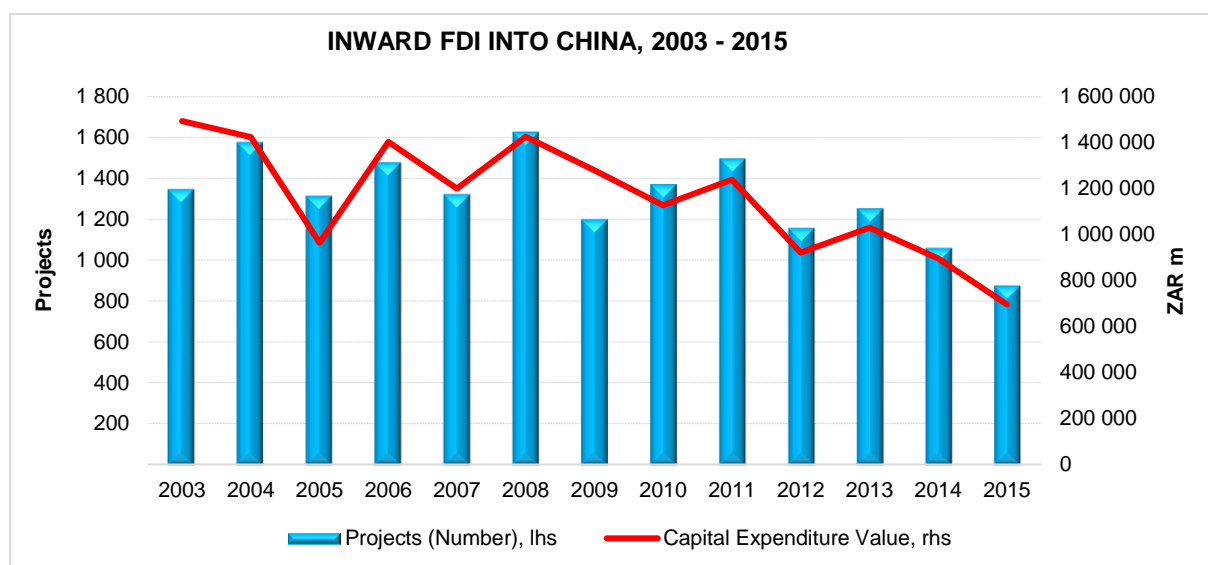
CAPE TOWN PORT TERMINAL TO CHINA MAIN SEA PORTS		
CHINA SEA PORTS	DISTANCE	TRANSIT TIME
Zhanjiang	12645.8 km (6826.3 M)	20 days 7 hours
Guangzhou	12884.9 km (6957.3 M)	20 days 17 hours
Shantou	13091.4 km (7066.9 M)	21 days 0 hours
Xiamen	13271.2 km (7164.0 M)	21 days 7 hours
Zhangzhou	13319.4 km (7190.2 M)	21 days 9 hours
Fuzhou	13478.4 km (7276.0 M)	21 days 15 hours
Ningbo-Zhoushan	13945.0 km (7527.8 M)	22 days 9 hours
Shanghai	14086.7 km (7604.3 M)	22 days 15 hours
Nantong	14179.5 km (7654.4 M)	22 days 18 hours
Qingdao	14602.5 km (7882.8 M)	23 days 11 hours
Tianjin	15212.7 km (8212.3 M)	24 days 10 hours
Dalian	14931.8 km (8060.6 M)	23 days 23 hours
Jinzhou	15171.2 km (8189.9 M)	24 days 9 hours

Source: Sea-Rates, 2016

## 4. Investment

### 4.1 Global Investment into China

China's phenomenal economic transformation and commercial opportunities that this has presented in recent decades have certainly not gone unnoticed, with the country today the world's largest recipient market of foreign direct investment (FDI) both in terms of the number of projects and capital expenditure (capex). According to FDI Intelligence's market statistics, a total of 17,059 FDI projects were recorded into China over the period 2003 – 2015. These projects represented a total capital investment of ZAR15,104,560.9bn, which equated to an average investment of ZAR885.8m per project. During the period, a total of 4,446,699 jobs were created.



Source: FDI Intelligence, 2016

The United States clinched the number one position as the largest source market for inward FDI into China over the said period, with a total of 4,472 investment projects. These projects accounted for 26.21% of total global FDI projects into China over the period 2003 – 2015. Japan and Germany ranked second and third respectively, with Japan the source market for 2,393 FDI projects (equivalent to 14.03% of all projects) into China in the period, with Germany at 1,459 FDI projects (8.55%), as tabled below.

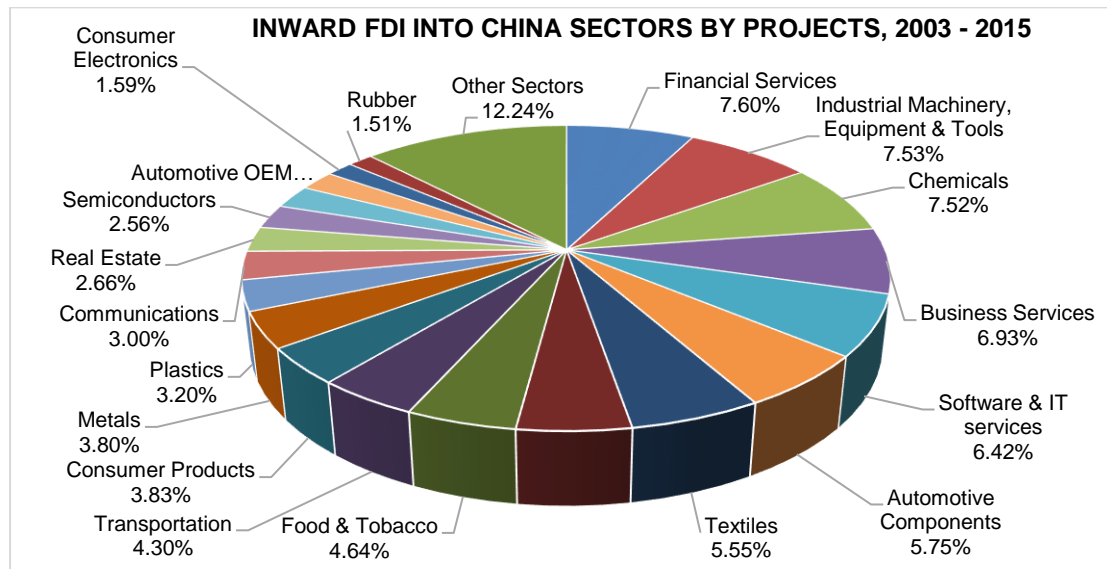
TOP 10 SOURCE MARKETS FOR FDI INTO CHINA, 2003 – 2015							
RANK	COUNTRY	PROJECTS	%PROJECTS	CAPEX (ZARm)	% CAPEX	COMPANIES	% COMPANIES
1	United States	4,472	26.21	3,312,868	20.7	2,426	26.41
2	Japan	2,393	14.03	1,734,158	11.5	1,214	13.22
3	Germany	1,459	8.55	1,482,798	9.8	666	7.25
4	UK	1,036	6.23	685,067	4.5	644	7.01
5	France	893	5.23	657,706	4.4	426	4.64
6	Taiwan	863	5.06	1,141,525	7.6	407	4.43
7	Hong Kong	664	3.89	1,070,781	7.1	352	3.83
8	South Korea	590	3.46	924,761	6.1	264	2.87
9	Switzerland	434	2.54	294,871	2.0	220	2.39
10	Italy	431	2.53	231,118	1.5	247	2.69
<b>Total</b>		<b>17,059</b>	<b>100</b>	<b>15,104,561</b>	<b>100</b>	<b>9,186</b>	<b>100</b>

Source: FDI Intelligence, 2016

#### Classification of FDI

In terms of a breakdown of inward FDI projects by sector, the number of investment projects was fairly widespread over a number of sectors:

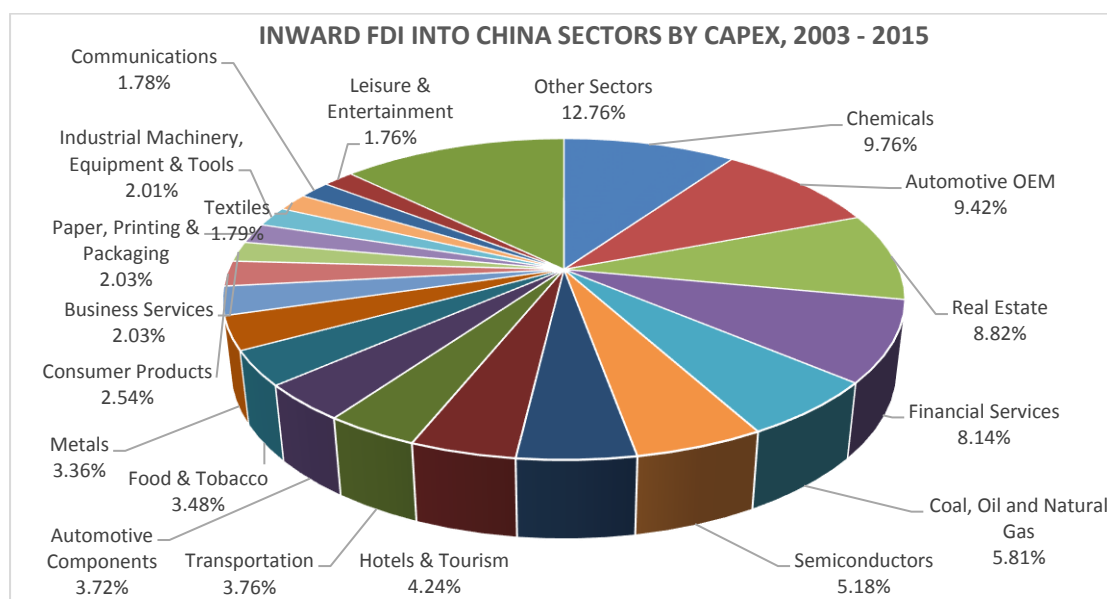
- The financial services sector was the largest recipient of FDI in terms of number of projects, which at 1,296 projects, was equivalent to 7.6% of the total number of inward projects received over the said period.
- This was followed closely by the industrial machinery, equipment & tools sector at 1,285 projects (7.6%), with
- The chemicals sector was in third position with 1,183 projects (6.93%).



Source: FDI Intelligence, 2016

In terms of sector classification of FDI by capex over the 2003 – 2015 period, once again the capex value of inward FDI was fairly well and wide spread. Key sector recipients of inward FDI included:

- The chemicals sector, which received FDI totalling ZAR1,474,905m equivalent to 9.76% of total capex related investment received;
- The Automotive OEM sector at ZAR1,422,971m (9.42%); and
- The real estate sector at ZAR1,332,782.2m (8.82%).



Source: FDI Intelligence, 2016

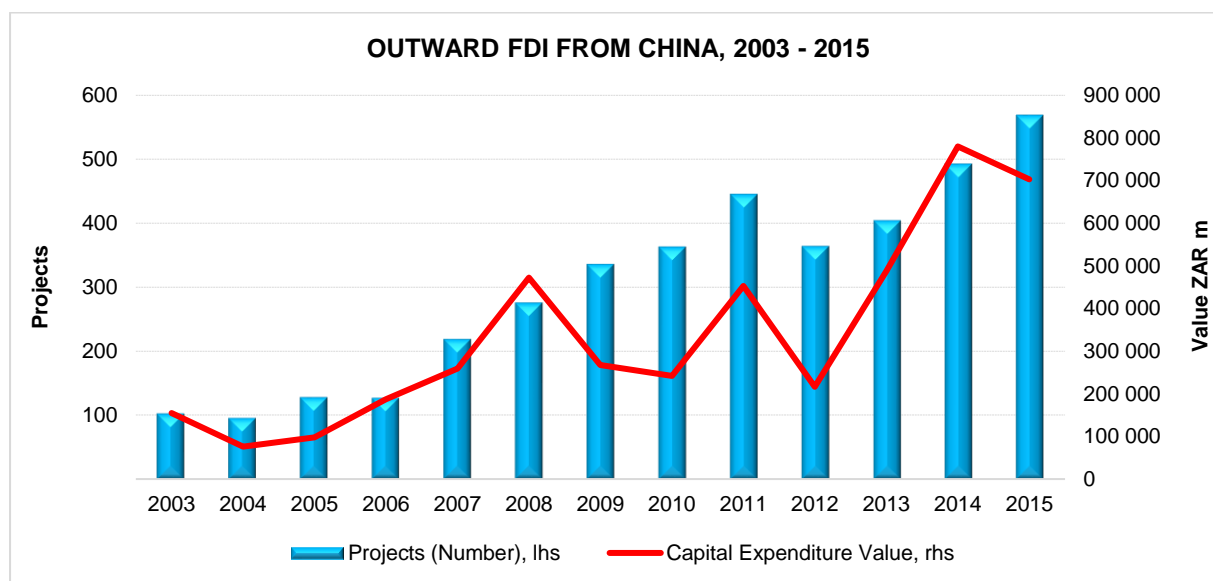
The top 10 global companies investing into China by projects from 2003 to 2015 are tabled below.

TOP 10 GLOBAL COMPANIES INVESTING INTO CHINA, 2003 - 2015				
RANK	INVESTING COMPANY		CAPEX (ZARm)	SECTOR
1	Carrefour	79	58,605.2	Food & Tobacco
2	IBM	69	20,789.6	Software & IT services
3	Wal-Mart	62	70,259.0	Food & Tobacco
4	BASF	57	130,886.5	Chemicals
5	HSBC	43	57,829.5	Financial Services
6	Foxxconn	39	115,040.4	Electronics
7	Standard Chartered Bank	37	48,821.5	Financial Services
8	Siemens	34	17,855.6	Industrial machinery, equipment & tools
9	IKEA	33	36,340.4	Consumer Products
10	Microsoft	33	17,159.6	Software & IT services
Total		17,059	15,104,560.9	-

Source: FDI Intelligence, 2016

## 4.2 Global Investment from China

Turning to outward investment by China into the global economy over the 2003 – 2015 period, some 3,932 outward investment projects were undertaken by China, with a total capital expenditure value of ZAR4,397,799m. This equated to an average investment of ZAR1,119m per project. During the period, a total of 898,312 jobs were created.



Source: FDI Intelligence, 2016

Germany clinched the number one position as the largest destination market for outward FDI by China over the said period, with a total of 492 investment projects. These projects accounted for 12.51% of total global outward FDI projects by China over the period 2003 – 2015. The United States (US) and United Kingdom (UK) ranked second and third respectively, with the US the destination market for 422 of China's outward FDI projects (equivalent to 10.73% of all projects) in the period, with the UK at 209 FDI projects (5.32%), as tabled below.

TOP 10 DESTINATION MARKETS FOR FDI OUT OF CHINA, 2003 – 2015							
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (ZARm)	% CAPEX	COMPANIES	% COMPANIES
1	Germany	492	12.51	38,430.8	0.897	450	23.20
2	United States	422	10.73	384,533.8	8.74	329	16.96
3	UK	209	5.32	142,064.6	3.23	171	8.81
4	Hong Kong	185	4.70	73,965.1	1.68	166	8.56
5	India	185	4.70	267,703.1	6.09	129	6.65
6	Russia	135	3.43	252,490.8	5.74	106	5.46
7	Brazil	111	2.82	174,802.1	3.97	84	4.33
8	France	107	2.72	14,588.9	0.33	87	4.48
9	Singapore	98	2.49	63,785.3	1.45	89	4.59
10	Indonesia	89	2.26	381,653.8	8.68	66	3.40
<b>TOTAL</b>		<b>3,932</b>	<b>100</b>	<b>4,397,799</b>	<b>100</b>	<b>1,940</b>	<b>100</b>

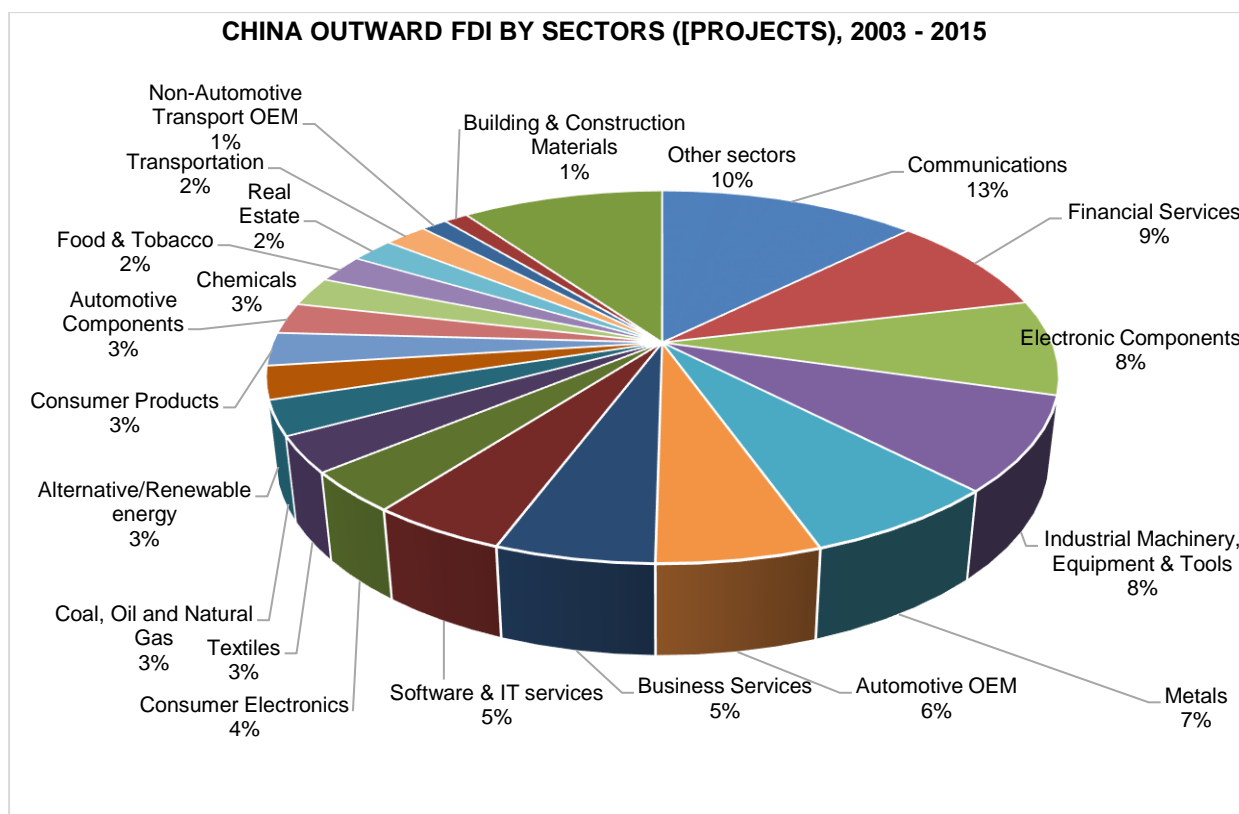
Source: FDI Intelligence, 2016

### Classification of FDI

The charts below show global outward FDI from China by sectors, for the period 2003 - 2015 classified by a) number of projects and b) CAPEX value.

In terms of the **number of outward FDI projects** undertaken by China over the said period, the investment was widely spread over a number of sectors. Key sectors included:

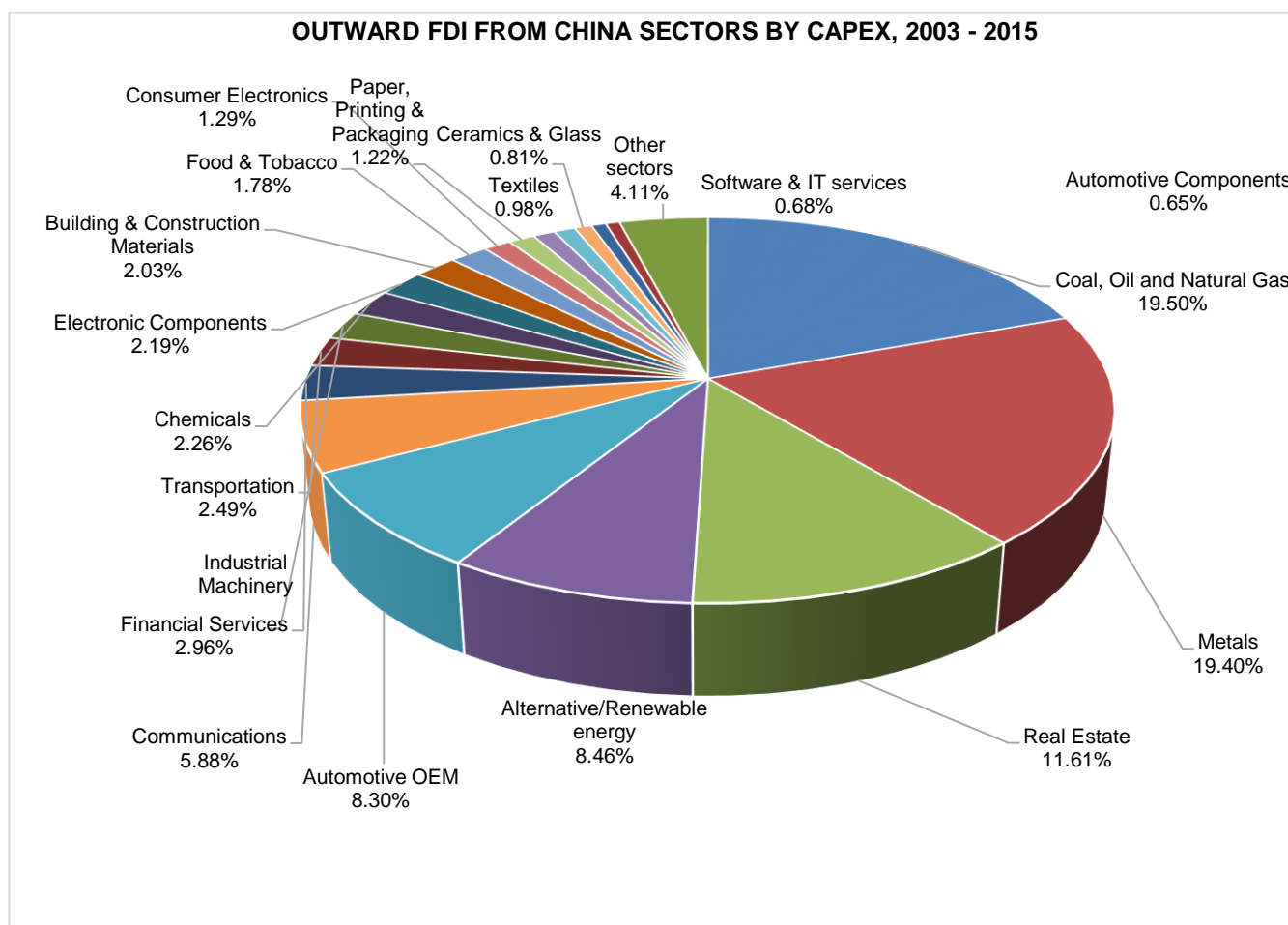
- The communications sector was the largest recipient of China's outward FDI in terms of number of projects, which at 496 projects, was equivalent to 12.61% of the total number of outward projects undertaken over the said period.
- This was followed by the financial Services sector at 340 projects (8.65%), with
- The electronic components sector in third position with 324 projects (8.24%).



In terms of sector classification of **China's outward FDI by capex** over the 2003 – 2015 period, once again the capex value of these investments was fairly well and wide spread.

Key sector recipients of outward FDI (as measured by capex) included:

- The coal, oil and natural gas sector, which received FDI totalling ZAR857,437m equivalent to 19.50% of total capex related investment spent;
- The metals sector at a close second at a value of ZAR853,320m (19.40%); and
- The real estate sector at ZAR510,776m (11.61%).

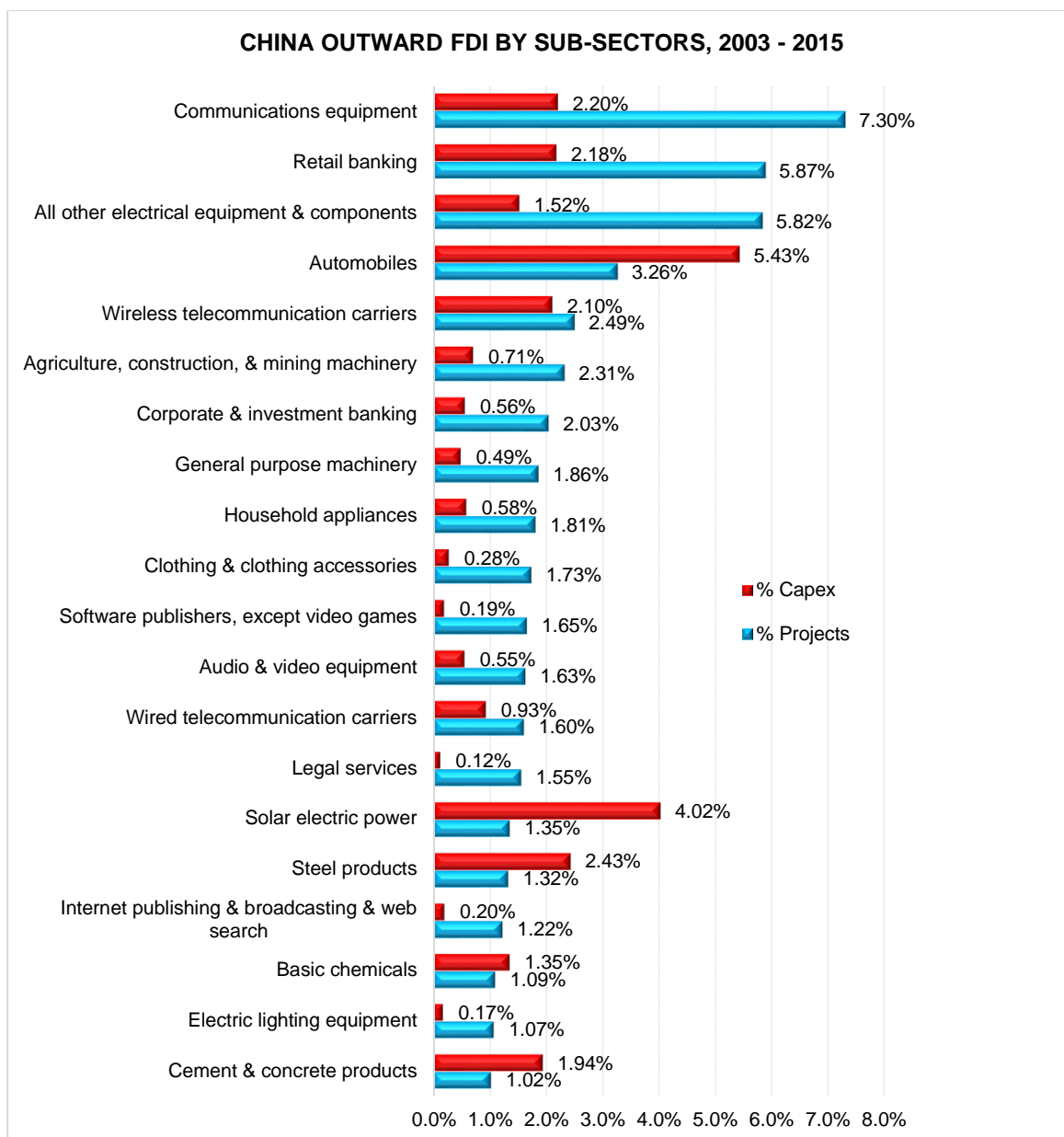


Source: FDI Intelligence, 2016

### Sub-sector Classification of Outward FDI by Projects and CAPEX

In terms of the sub-sector classification of outward FDI by China as measured primarily by the number of projects (with the CAPEX value as the secondary value), the following sub-sectors were the key recipients of outward FDI by China over the period 2003 -2015:

- Communications equipment, which with 287 projects accounted for 7.3% of total outward FDI projects undertaken by China. The relative capex % value stood at 2.2%;
- Retail banking, which at 231 projects accounted for 5.87% of total projects undertaken. The relative capex % value stood at 2.18%;
- accounting for 6% of projects and 2% capex ,
- All other electrical equipment and components (229 projects) with the sector accounting for 5.82% of projects and 1.52% of capex; and
- Automobiles (128 projects) accounting for 3.26% of projects and 5.43% of capex.



Source: FDI Intelligence, 2016

The top 10 Chinese companies as ranked by the number of outward FDI projects undertaken globally over the period 2003 - 2015 are tabled below.

COMPANIES INVESTING FROM CHINA, 2003 - 2015				
RANK	INVESTING COMPANY	SECTORS	PROJECTS	CAPEX (ZARm)
1	Huawei Technologies	Communications	186	98,930.6
2	ZTE	Communications	70	23,945.0
3	Bank of China	Financial Services	67	24,766.3
4	Industrial and Commercial Bank of China (ICBC)	Financial Services	67	25,724.8
5	China Construction Bank (CCB)	Financial Services	35	18,583.2
6	Chery Automobile	Automotive OEM	30	57,760.4
7	China National Petroleum (CNPC)	Coal, Oil and Natural Gas	28	205,665.9
8	Haier Group	Consumer Electronics	28	7,993.4
9	China Petroleum and Chemical (Sinopec)	Coal, Oil and Natural Gas	25	194,666.0



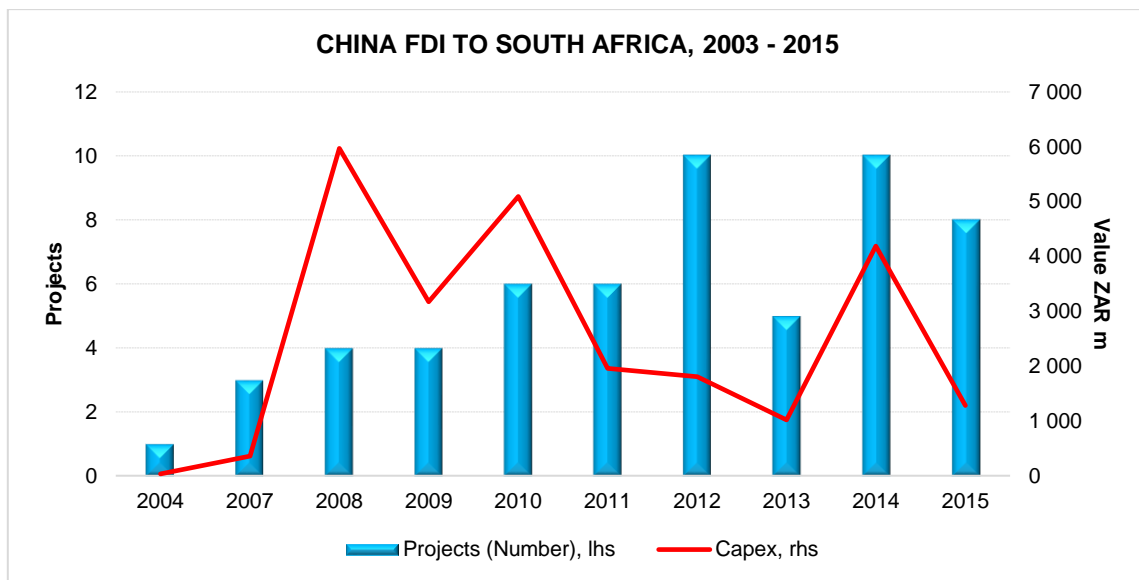
COMPANIES INVESTING FROM CHINA, 2003 - 2015				
RANK	INVESTING COMPANY	SECTORS	PROJECTS	CAPEX (ZARm)
10	Suntech Power Holdings	Electronic Components	22	2,802.7
<b>Total</b>			<b>3,932</b>	<b>4,397,799.7</b>

Source: FDI Intelligence, 2016

### 4.3 Investment Relations between South Africa and China

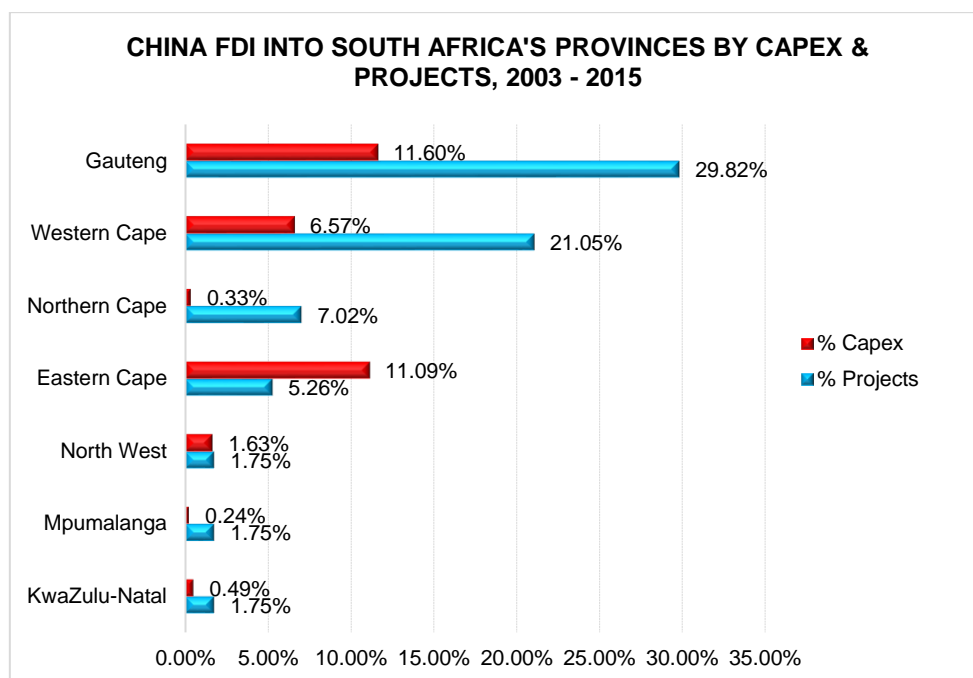
#### 4.3.1 China FDI to South Africa

While not of the same magnitude as seen between China and a number of other commodity-rich (and dependent) economies on the African continent, investment relations between South Africa and China remain strong. To this end, over the period 2003 - 2015 a total of 57 FDI projects were recorded from China into South Africa, with total capital expenditure valued at ZAR24,878m. This equated to an average investment of ZAR437.05m per project. During the period, a total of 14,356 jobs were created.



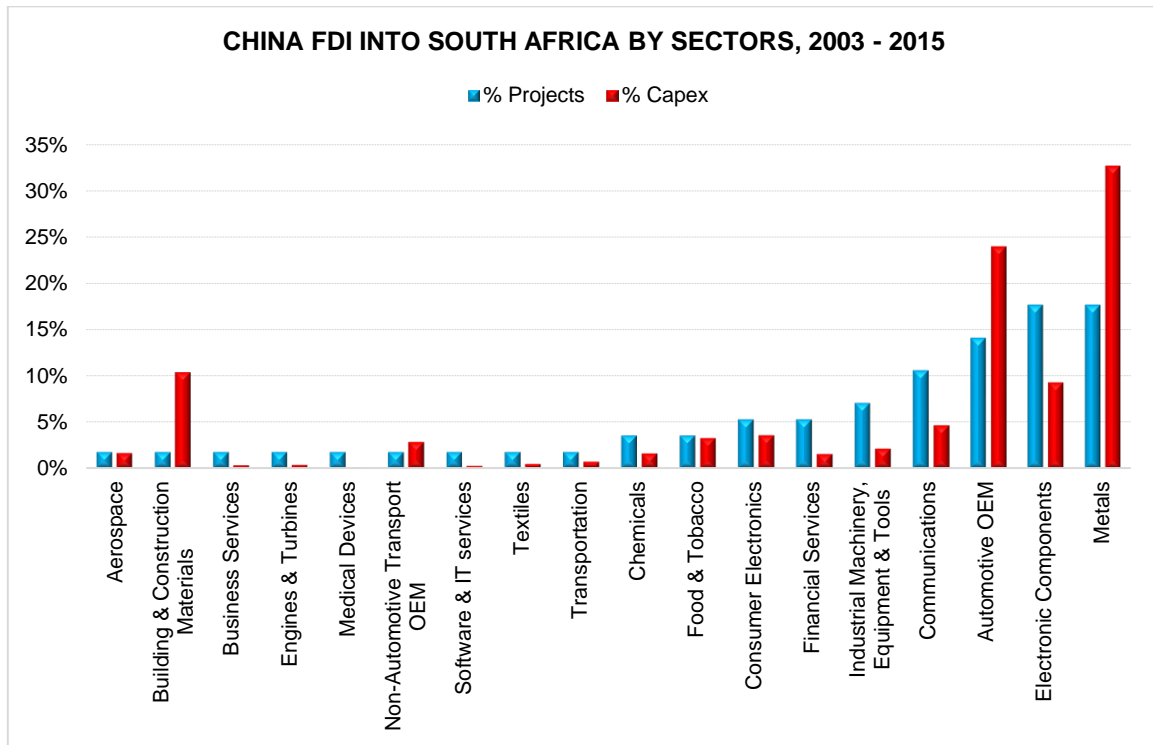
Source: FDI Intelligence, 2016

In terms of **destination states/provinces** for Chinese investment into South Africa, as measured primarily by the number of investment projects undertaken, Gauteng was the largest recipient of FDI projects from China in the said period accounting for 29.82% of all related FDI projects received. The said province was *also* the largest recipient of related capex in the period at 11.60% as tabled below.



Source: FDI Intelligence, 2016

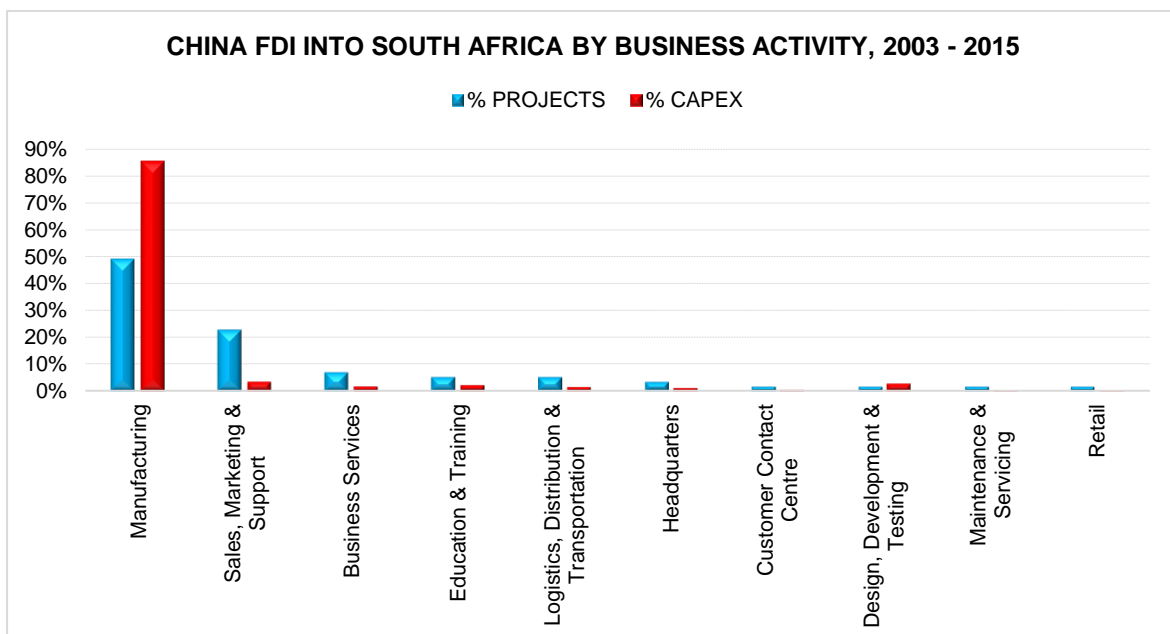
When classifying the inward FDI received from China by sector both in terms of **number of projects undertaken** and **capex value**, the metals sector dominated overall, accounting for 17.54% of all projects received and 32.71% of total capex invested in the period. The electronic component sector followed at 17.54% of projects invested and 9.30% of capex spent, while the automotive OEM sector placed third accounting for 14.04% of projects and 23.99% of capex.



Source: FDI Intelligence, 2016

In terms of Chinese FDI into South Africa by **business activity** over the said period, the follow activities received the most FDI:

- Manufacturing, accounting for 49.12% of projects and 85.52% of capex;
- Sales, marketing and support ,accounting for 22.81% share of projects and 3.58% of capex; and
- Business services accounting for 7.02% share of projects and 1.87% of capex.



Source: FDI Intelligence, 2016

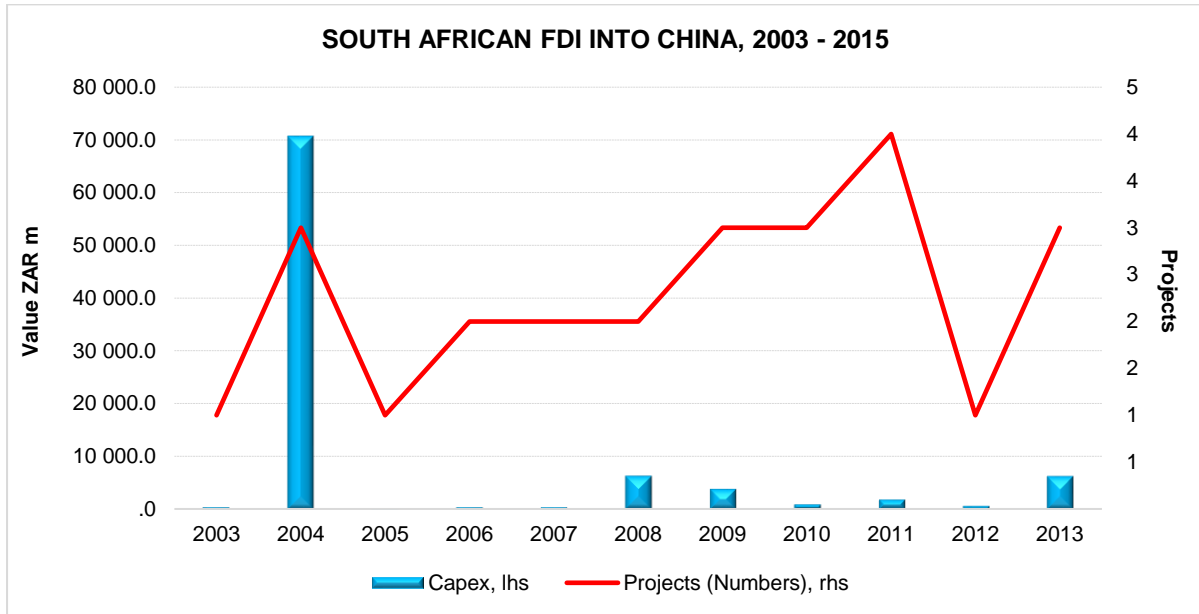
Turning to the **leading Chinese companies** which have invested into South Africa over the 2003 – 2015 period, Huawei Technologies was the prominent investor into South Africa as measured by the number of projects, followed by Powerway Renewable Energy and Hisense in second and third place, respectively. From a capex spend perspective, ASA Metals dominated at a capex value of ZAR1,399m, followed by Zhejiang Gonow Automobile with a capex value of ZAR1,238.5m, and Baotou Bei Ben Heavy-Duty Truck (ZAR1,121.3m).

TOP 10 COMPANIES FROM CHINA INVESTING INTO SOUTH AFRICA, 2003 - 2015				
RANK	COMPANY	SECTORS	PROJECTS	CAPEX (ZARm)
1	Huawei Technologies	Telecommunications Equipment	5	1,076.8
2	Powerway Renewable Energy	Renewable Energy	4	83.2
3	Hisense	Electronics	3	894.0
4	Suntech Power Holdings	Renewable Energy	2	160.5
5	Zhejiang Gonow Automobile	Automobile	2	1,238.5
6	ASA Metals	Metals	1	1,399.0
7	Baotou Bei Ben Heavy-Duty Truck	Automobile	1	1,121.3
8	Beijing Automobile Works (BAW)	Automobile	1	260.1
9	Changan Automobile Group	Automobile	1	937.4
10	China Classification Society (CCS)	Automobile	1	79.7
<b>TOTAL</b>			<b>57</b>	<b>24,878.8</b>

Source: FDI Intelligence, 2016

### 4.3.2 South African FDI to China

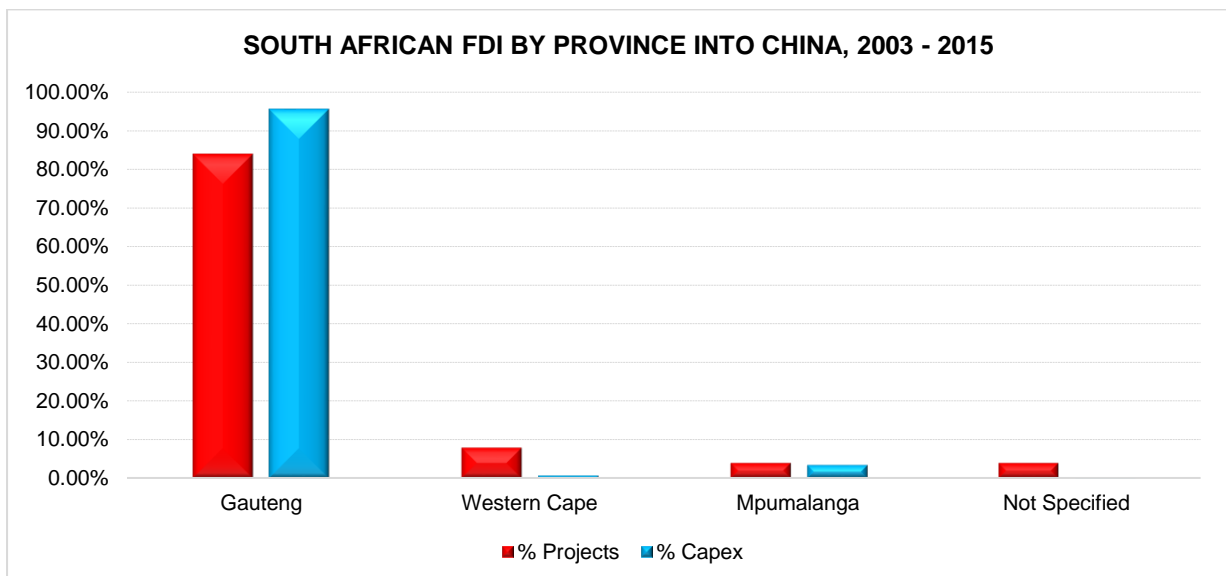
Turning to **South African investment into China**, over the period 2003 – 2015 a total of 25 FDI projects were recorded from South Africa into the Asian powerhouse. These projects represented a total capital investment of ZAR91,901m, which equated to an average investment of ZAR3,675.6m per project. During the period, a total of 8 891 jobs were created.



Source: FDI Intelligence, 2016

From a **state/province perspective**, as represented in the graph below Gauteng was the largest source market of South African FDI into China over the said period, both in terms of the number of projects (84%) and capital expenditure (95.5%). The Western Cape followed in a distant second position accounting for 8% of projects and 0.7% of capital expenditure.

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Source: FDI Intelligence, 2016

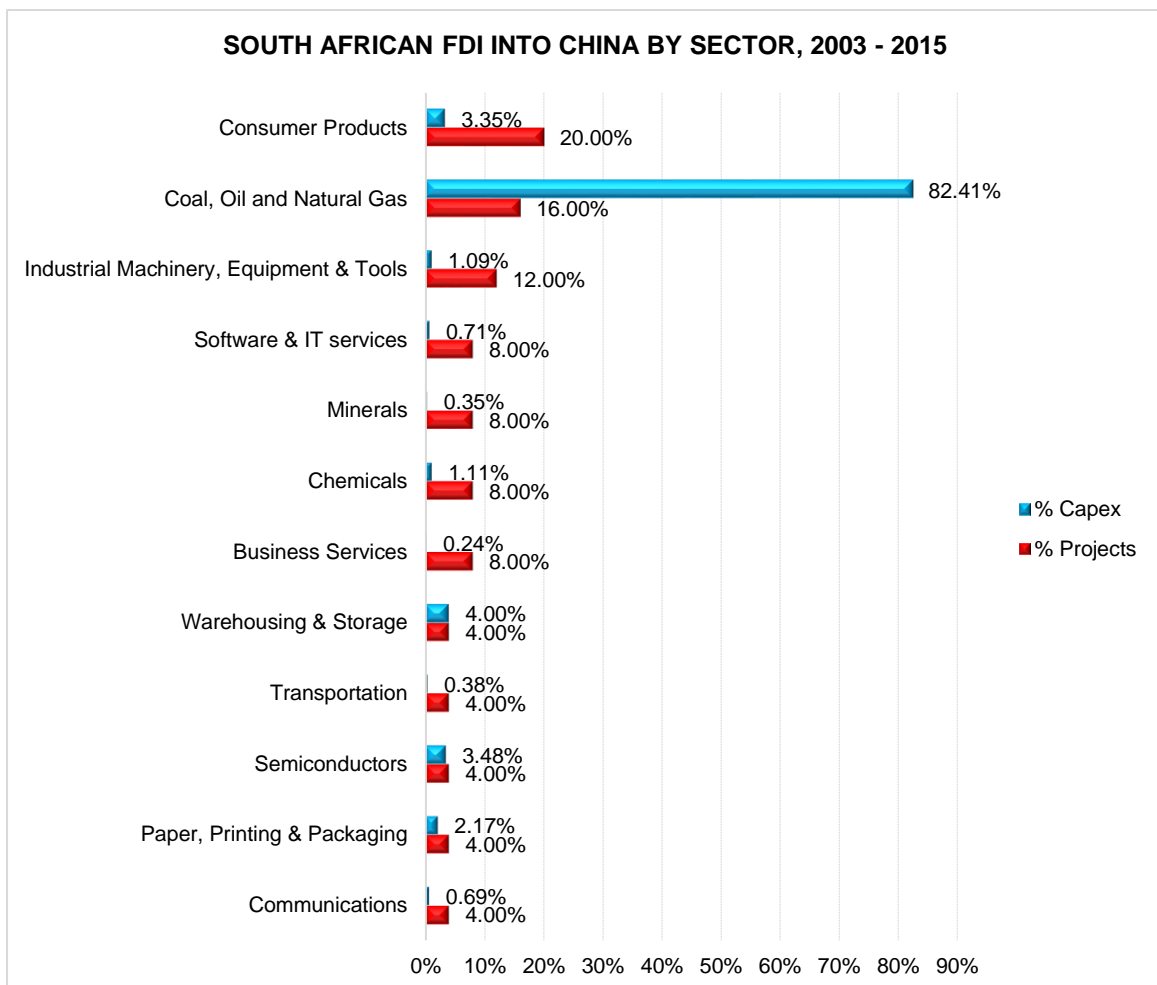
In terms of the **number of outward FDI projects by sector** undertaken by South Africa into China over the said period, the investment was reasonably widely spread over a number of sectors. Key sectors included:

- The consumer products sector was the largest recipient of South Africa's outward FDI in terms of number of projects, which at five projects, was equivalent to 20% of the total number of outward projects undertaken over the said period.
- This was followed by the coal, oil and natural gas sector at four projects (16%), with
- The industrial machinery, equipment & tools sector in third position with three projects (12%).

In terms of sector classification of **South Africa's outward FDI by sector and capex** over the 2003 – 2015 period, the capex value of these investments was fairly well spread.

Key sector recipients of outward FDI (as measured by capex) included:

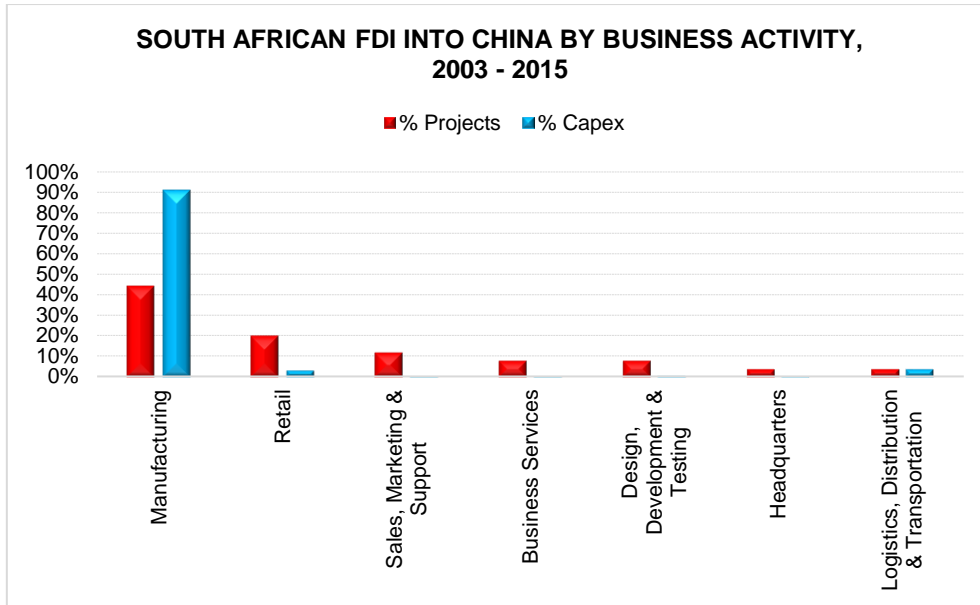
- The coal, oil and natural gas sector, which received FDI totalling ZAR75,735m equivalent to 82.41% of total capex related investment spent;
- The warehousing and storage sector followed at a distant second with a value of ZAR3,679m (4%); and
- The semiconductors sector at ZAR3,199m (3.48%).



Source: FDI Intelligence, 2016

In terms of South Africa's FDI into China by business activity, the follow activities received the most FDI over the said period as represented in the table below:

- Manufacturing accounting for 44% of projects and 91% of capex;
- Retail accounting for 20% of projects and 3.4% of capex; and
- Sales, marketing and support accounting for 12% of projects and 0.2% of capex.



Source: FDI Intelligence, 2016

In terms of the **Top 10 South African companies** as measured by capital expenditure that invested into China over the period 2003 – 2015, SASOL dominated with a capex value of ZAR76,758m. De Beers Diamond Jewellers trailed at a distant second (ZAR3,081m), with Element Six in third position (ZAR318m).

TOP 10 SOUTH AFRICAN COMPANIES INVESTING INTO CHINA, 2003 - 2015				
RANK	COMPANY	SECTORS	PROJECTS	CAPEX (ZARm)
1	SASOL	Chemicals	6	76,758.4
2	De Beers Diamond Jewellers	Consumer Products	5	3,081.6
3	Element Six	Minerals	2	317.5
4	Irdeto	Software & IT services	2	656.2
5	SRK Consulting	Environmental Consultants	2	222.6
6	Altech Group	Communications	1	421.8
7	Iscar	Industrial Machinery, Equipment & Tools	1	292.9
8	Labat Africa	Semiconductors	1	3,199.9
9	Lehnkering Euro Logistics	Logistics	1	3,679.2
10	Mondi Group	Software & IT services	1	1,991.9
<b>TOTAL</b>			<b>25</b>	<b>91,901.5</b>

Source: FDI Intelligence, 2016

In 2016, the following investments were made from China into South Africa.

**CHINA FDI INTO SOUTH AFRICA, 2016**

DATE	INVESTING COMPANY	DESTINATION STATE	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPEX (ZARm)	JOBS
Nov 2016	Bank of Communications	Not Specified	Financial Services	Retail banking	Business Services	128.89	21
Sep 2016	Huawei Technologies	Not Specified	Communications	Communications equipment	Retail	74.99	51
Sep 2016	Liwayway Holdings Company	Gauteng	Food & Tobacco	Snack food	Manufacturing	394.86	106
Jul 2016	Huawei Technologies	Gauteng	Communications	Communications equipment	Design, Development & Testing	5.86	40
Jul 2016	New Development Bank	Gauteng	Financial Services	Corporate & investment banking	Business Services	128.89	21
Jun 2016	ET Solar	Gauteng	Electronic Components	All other electrical equipment & components	Headquarters	185.13	43
Mar 2016	China Petroleum Pipeline Bureau (CPP)	Gauteng	Transportation	Pipeline transportation of natural gas	Logistics, Distribution & Transportation	23434.11	3000
Mar 2016	Sinotruk (China National Heavy Duty Truck Group) (CNHTC)	Not Specified	Automotive Components	Other motor vehicle parts	Logistics, Distribution & Transportation	213.25	65
Nov 2016	Bank of Communications	Not Specified	Financial Services	Retail banking	Business Services	128.89	21
Sep 2016	Huawei Technologies	Not Specified	Communications	Communications equipment	Retail	74.99	51
Sep 2016	Liwayway Holdings Company	Gauteng	Food & Tobacco	Snack food	Manufacturing	394.86	106
Jul 2016	Huawei Technologies	Gauteng	Communications	Communications equipment	Design, Development & Testing	5.86	40
Jul 2016	New Development Bank	Gauteng	Financial Services	Corporate & investment banking	Business Services	128.89	21
Jun 2016	ET Solar	Gauteng	Electronic Components	All other electrical equipment & components	Headquarters	185.13	43

Source: FDIintelligence, 2017

In 2016 there was one investment from South Africa into China by Aspen Pharmacare Holdings which invested ZAR637.4m in the pharmaceuticals sector in a sales, marketing & support project, creating 350 jobs. Aspen Pharmacare, which manufactures pharmaceutical products, plans to add 500 sales staff in China. The firm will create 350 sales representative roles during 2016, which will later increase to 500 in total, to expand its distribution of low-cost pharmaceuticals in China.

#### 4.4 Investment Relations between the Western Cape and China

A total of 12 FDI projects were recorded *from China into the Western Cape* over the period 2003 - 2016. These projects represented a total capital investment of ZAR1,634.5m, which equated to an average investment of ZAR135.9m per project. During the period, a total of 955 jobs were created.

Hisense was the largest Chinese investor into the Western Cape over the period, with an investment valued at ZAR412m into the consumer electronics sector in June 2013. Chinese investing companies view the Western Cape as a gateway to increase sales and marketing efforts across Africa.

In 2015, Suntech Power Holdings (China) a solar energy company, invested in the city of Cape Town in the electronic components sector in a logistics, distribution & transportation project valued at ZAR127m. The facility has an initial capacity to store 500 kilowatts of modules and will expand its storage capacity to 1 megawatts later in 2015. The development enables the firm to increase its sales capacity in South Africa and the wider South African Development Community. Other notable investments by Chinese investors into the Western Cape are tabled below.



CHINA FDI INTO THE WESTERN CAPE, 2003 - 2016						
DATE	INVESTING COMPANY	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPEX (ZARm)	JOBS
Sep 2015	China Classification Society (CCS)	Automobiles	Professional, scientific & technical services	Business Services	79.68	16
Sep 2015	China Construction Bank (CCB)	Financial Services	Corporate & investment banking	Business Services	128.89	17
Jun 2015	Hisense	Consumer Electronics	Other (Consumer Electronics)	Headquarters	260.12	99
Mar 2015	Suntech Power Holdings	Electronic Components	All other electrical equipment & components	Logistics, Distribution & Transportation	126.54	58
Aug 2014	JinkoSolar	Electronic Components	All other electrical equipment & components	Manufacturing	88.15	93
Jan 2014	ReneSola	Electronic Components	All other electrical equipment & components	Sales, Marketing & Support	33.98	11
Oct 2013	Xintong Steel	Metals	Steel products	Manufacturing	35.54	150
Jul 2013	Znshine Group	Electronic Components	All other electrical equipment & components	Manufacturing	160.41	165
Jun 2013	Hisense	Consumer Electronics	Other (Consumer Electronics)	Manufacturing	411.45	300
Nov 2011	Huawei Technologies	Communications	Communications equipment	Sales, Marketing & Support	87.88	16
Nov 2011	Industrial and Commercial Bank of China (ICBC)	Financial Services	Retail banking	Business Services	128.89	17
Jul 2011	Xinjiang Goldwind Science & Technology (Goldwind)	Engines & Turbines	Engines & Turbines	Sales, Marketing & Support	92.56	13
Jun 2015	Hisense	Consumer Electronics	Other (Consumer Electronics)	Headquarters	260.12	99
Mar 2015	Suntech Power Holdings	Electronic Components	All other electrical equipment & components	Logistics, Distribution & Transportation	126.54	58
<b>TOTAL</b>					<b>1 425.52</b>	<b>922</b>

Source: FDI Intelligence, 2016

In turn, investment from the Western Cape into China is far slower, with a mere two projects recorded in the said period. These two projects represented a total capital investment of ZAR656m, which equated to an average investment of ZAR328m per project. During the period, a total of 378 jobs were created.

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WESTERN CAPE FDI INTO CHINA, 2003 - 2016						
DATE	INVESTING COMPANY	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPEX (ZARm)	JOBS
Jan-10	Irdeto	Software & IT services	Software publishers, except video games	Design, Development & Testing	328	189
Jan-10	Irdeto	Software & IT services	Software publishers, except video games	Design, Development & Testing	328	189
<b>TOTAL</b>					<b>656</b>	<b>378</b>

Source: FDI Intelligence, 2016

## 5. Tourism

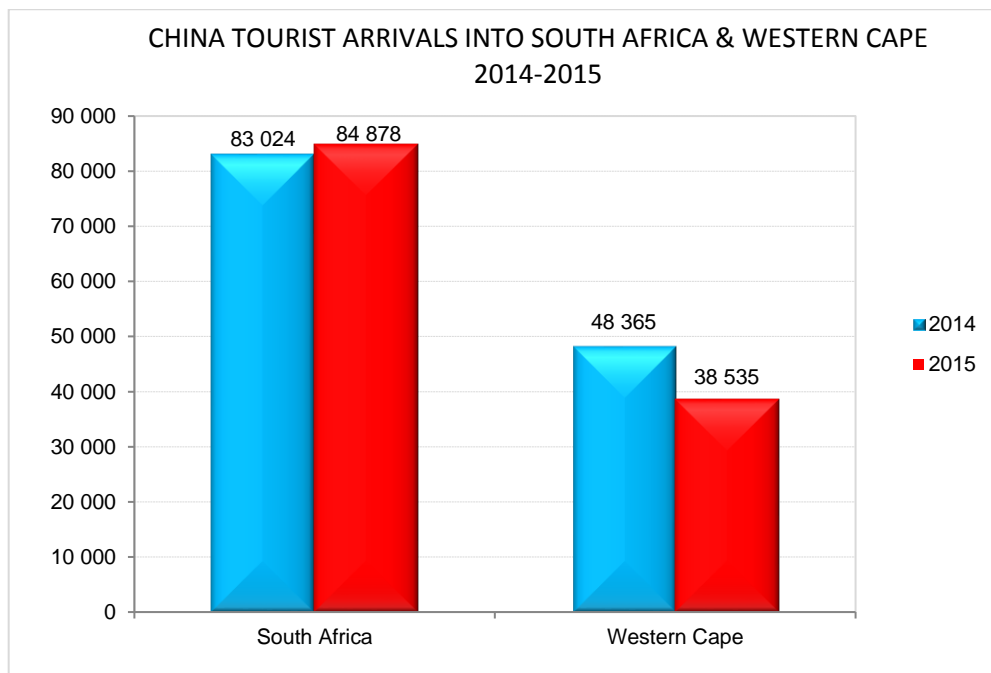
### 5.1 China Trends and Travel Patterns

According to Business monitor International (2016), China is home to one of the largest tourism markets in the world. A growing middle class and expanding range of international transport connections have facilitated the development of a huge outbound travel market while China National Tourism Administration estimates domestic tourism accounts for some USD620bn of tourism revenue. China's outbound travel market was estimated at 110 million travellers in 2015, and expected to increase to 114 million in 2016.

Work is underway at the new Beijing Airport which, when complete, will become the world's largest. The airport will commence operations in 2019 with capacity for 45 million passengers, while subsequent works will increase capacity to 72 million passengers in 2025 and 100 million passengers by 2040. The scale of these works reflects the scope of the Chinese outbound travel market and its importance to the global tourism industry (BMI, 2016).

### 5.2 China Tourist Arrivals to South Africa and Western Cape

There were 83, 024 Chinese arrivals into South Africa in 2014 and a total of 48, 365 visited the Western Cape, positioning China as the seventh top growth market for tourist arrivals into South Africa in 2014/15. In 2015 however, while the overall number of Chinese visitors to South Africa increased by 2.2% to 84,878, those visiting the Western Cape dropped by a notable 20.3% to 38,535.



Source: SATourism, 2016

*\*Note: Statistics SA made changes to the release of its Tourism & Migration reports in 2014 and now no longer report on transit arrivals. As a result of this change, the weighting methodology has been revised and the results are now not comparable to data prior to 2013. 2014 represents the beginning of a new series of data.*

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