

INVEST

IN THE CONTINENT

ON THE RISE



INVEST IN
CAPE TOWN
& THE WESTERN CAPE



FOREWORD

ALDERMAN JAMES VOS MAYORAL COMMITTEE MEMBER FOR ECONOMIC OPPORTUNITIES AND ASSET MANAGEMENT – CITY OF CAPE TOWN



I am delighted that we have the privilege of hosting your event in the Mother City. What a pleasure to welcome you to the Events Capital of the world.

My priority as Mayoral Committee Member for Economic Opportunities and Asset Management is to facilitate investment that will lead to job creation and skills development in Cape Town. My department funds several strategic business partners that provides skills training and job readiness programs to achieve this goal. Our efforts have been worthwhile as Cape Town has maintained the lowest unemployment rate of all metros in the country over the past few quarters.

Cape Town's unemployment rate stands at around 6% lower than the national average. However, we must work harder to support job creation so that many more are able to earn an income and uplift themselves out of their circumstances. However, that is not good enough as too many people are still without jobs and we are committed to driving down the unemployment figure even more, as we push ahead with our mission to enhance economic inclusion.

Cape Town is renowned for being a world-class tourism destination. I am happy to confirm that increasingly more businesses choose Cape Town as a globally competitive city ready for investment. We are a forward-looking city with a range of opportunities for investors with a lower

cost of operation and access to a sizeable market in the rest of South Africa and Africa.

We have an integrated service approach in our Enterprise and Investment Department with various units on hand to work with all investors to make sure they have a smooth landing in Cape Town. I am proud of my team that supports and guides investors through all the regulatory and legal requirements for setting up their business in Cape Town, identifying land, speeding up building plan approvals and linking investors to a labour pool.

We have a transversal approach in the City to make sure that all departments understand the importance of all sectors and investment and work together to enhance the ease of doing business in Cape Town.

As the Mayoral Committee Member for Economic Opportunities and Asset Management, my portfolio has the potential to ensure that we continue to be the go-to city on the African continent and globally for business, trade, and tourism. I will continue to build on this success by working with industries and sectors to invest in projects and programmes that drive demand and make business sense.

I want to wish you all well. Please explore and enjoy this beautiful city we call home!

DAVID MAYNIER

PROVINCIAL MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES – WESTERN CAPE GOVERNMENT



Welcome to Cape Town and the Western Cape, a city and province of opportunity and a gateway to a rising Africa.

There is an abundance of investment opportunities in a variety of sectors that we'd like you to consider across Africa, South Africa and the Western Cape. There is more to Cape Town and the Western Cape than meets the eye. We are a beautiful place to visit but also a top business destination, and an economic powerhouse on the African continent.

We are Africa's tech hub, with the Cape Town-Stellenbosch tech ecosystem employing more people than Lagos and Nairobi's tech ecosystem combined.

We are an attractive destination for foreign direct investment, attracting over 299 FDI projects in the last 10 years, totalling US\$ 7,6 billion.

We are the location of the fastest growing green economy in Africa, with 70% of all South African renewable energy manufacturing taking place in the Western Cape.

We are a film and media capital, with over 5,000 locations in Cape Town alone, and the site of the world-class, custom-built Cape Town Film Studios.

And we are a global exporter. Total exports from the Cape to the rest of Africa amount to over US\$ 3,2 billion, with the province being the 5th largest global exporter of agricultural goods in Africa.

We wish you a pleasant stay and fruitful discussions, and may you be inspired during your stay in our beautiful province.

We are ready to help you do business!



INVEST IN A RISING AFRICA



Source: International Monetary Fund, World Economic Outlook, January 2019

Contrary to weakening global expansion, emerging markets and developing economies are expected to consider the advanced economies and global growth trajectory.

Global growth forecast for 2019 and 2020 reveals a downturn in recent months. In advanced economies, growth is forecast to slow to 2.0% in 2019 and further to 1.7% in 2020, from 2.3% recorded in 2018. Conversely however growth in sub-Saharan Africa

is forecast to pick up in 2019, and in 2020. Buoyed by a combination of higher commodity prices, a relatively strong global economy, and supportive domestic policies, the economic outlook for sub-Saharan Africa strengthens in 2019 and 2020, with the region's aggregate gross domestic product (GDP) growth forecast to step-up to 3.5% in 2019 and 3.6% in 2020.

So it's good news for sub-Saharan Africa as its recovery (albeit slow) continues and its growth in the region remains stable at 2.9% in 2018. Indeed a number of countries on the African continent recorded growth rates of above 5% in 2018 despite a stronger US dollar and tighter financial conditions.

Importantly, despite the notable improvements overall for the region, economic growth remains weak in Angola, Nigeria and South Africa, the continent's largest economies, with growth averaging under 2.5%. The significance of this being that these three countries make up 55% of the region's aggregate GDP estimated at market exchange rates.

1 Source: International Monetary Fund, World Economic Outlook, January 2019

Figure 2.2 Top African economic performers of 2018-2019

Nine out of the top 10 countries in 2018 will also be the top 10 economic growth performers in 2019. Tanzania will make it into the top 10 this year, replacing Guinea. Ethiopia is predicted to top the group. In addition, these estimates are higher than in 2018 for all countries except Cote d'Ivoire and Senegal

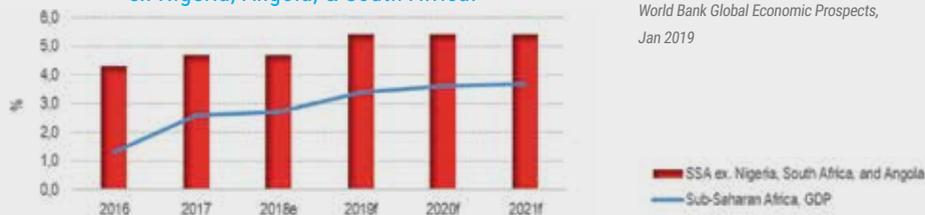
Top performers based on 2018 growth estimates			Top performers based on 2019 growth estimates		
Country	GDP growth in 2018		Country	GDP growth in 2019	
Ethiopia	7.5		Ethiopia	8.5	
Côte d'Ivoire	7.4		Rwanda	7.8	
Rwanda	7.2		Ghana	7.6	
Senegal	7		Côte d'Ivoire	7	
Ghana	6.3		Senegal	6.7	
Benin	6		Tanzania	6.6	
Kenya	6		Benin	6.3	
Uganda	5.9		Kenya	6.1	
Burkina Faso	5.9		Uganda	6.1	
Guinea	5.8		Burkina Faso	6	

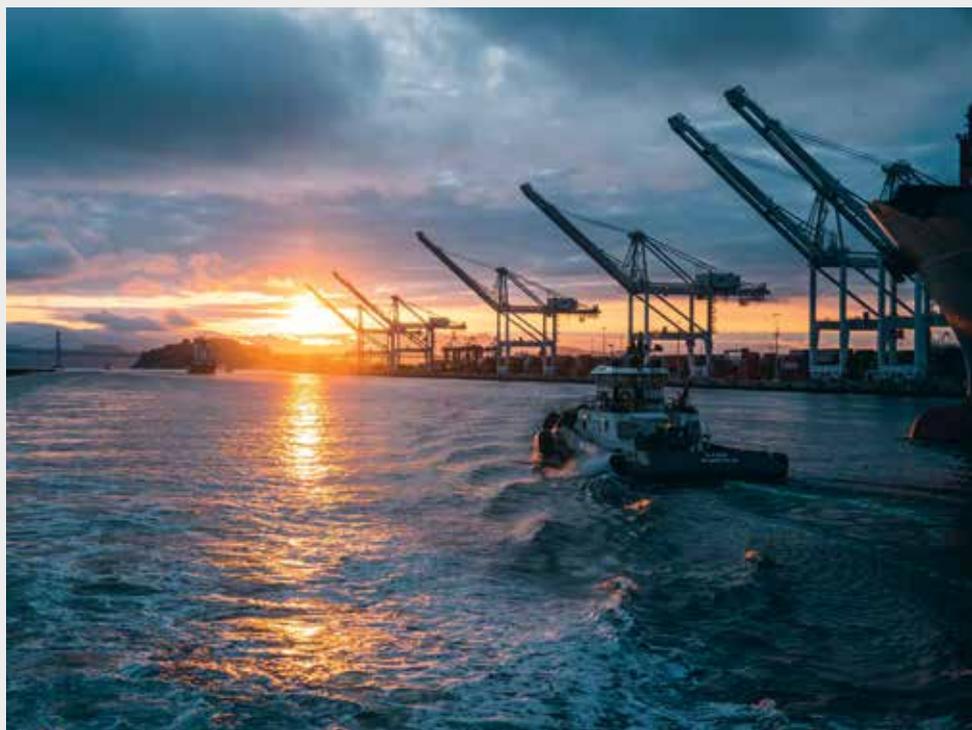
Source: International Monetary Fund, World Economic Outlook, October 2018.

Source: Foresight Africa. Top Priorities for the Continent in 2019. Africa Growth Initiative at BROOKINGS.

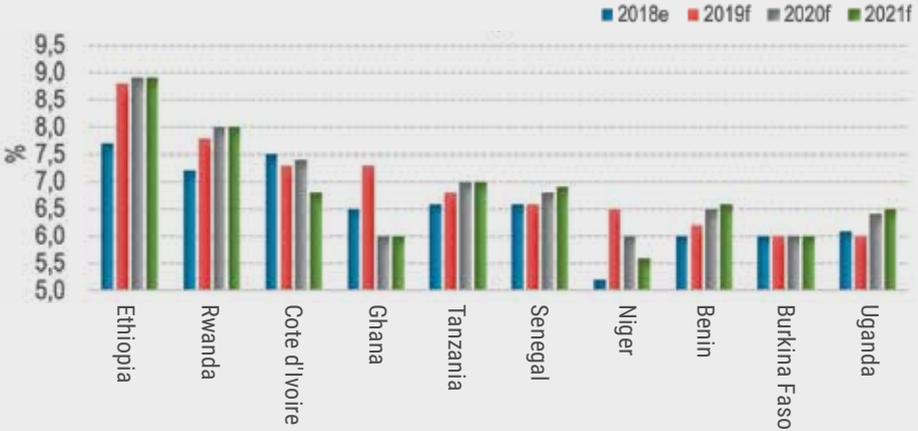
Looking at the top performers, an even brighter outlook for the region is revealed, with the World Bank forecasting aggregate growth for the region at 5.7% in 2019, where it remains until 2023.

GDP Sub-Saharan Africa vs Sub-Saharan Africa ex Nigeria, Angola, & South Africa.





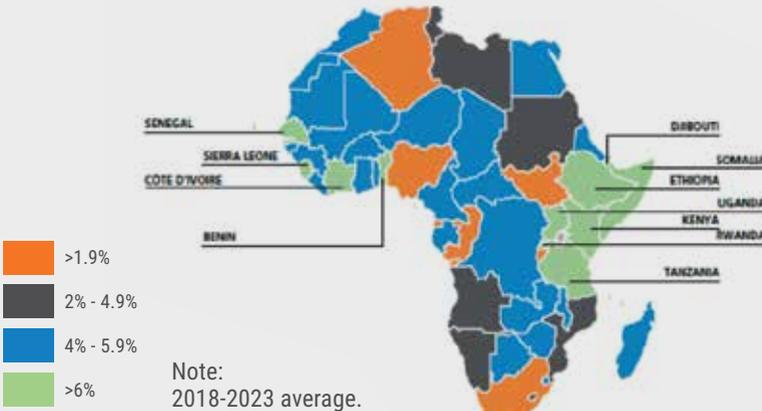
GDP Growth, Top 10 Fastest Growing Economies, Sub-Saharan Africa, 2016-2021



Source: World Bank Global Economic Prospects, Jan 2019

Impressively, approximately half of the world’s fastest-growing economies will be located on the African continent, with as many as 20 economies expanding at an average rate of 5% or higher over the next five years. This is notably higher than the 3.6% rate for the global economy.²

Figure 1.0.2: Forecasted growth rates for individual African economies



Source: IMF

² Source: Foresight Africa. Top Priorities for the Continent in 2019. Africa Growth Initiative at BROOKINGS.

FAST FACTS

From 2000 up until 2010, Africa's real GDP grew at an average annual rate of 5.4%. Then in 2011 the Arab Spring hit, followed by the collapse of oil in 2014 which roadblocked momentum. However growth on the continent has since recovered, and prospects are bright. Two key observations are central to this prediction, both of which relate to World Bank indicators.

In the World Bank's latest 2018 global economic review, of the 10 fastest-growing economies in the world, six were in Africa, with Ghana topping the world ranking. Secondly, in the World Bank's prestigious 2019 Doing Business index, five of the ten most improved countries are in Africa, with one third of all reforms recorded globally in sub-Saharan Africa. Central to this acceleration in economic output, improved business environment, and transformative economic growth, are a number of key factors:

1 AFRICA'S DEMOGRAPHIC DIVIDEND

Africa's 1.2 billion population is forecast to reach 1.7 billion by 2030, and while many other regions across the world have an ageing population, Africa's is a youthful one. More than 80% of its growth over the next few decades will occur in cities, making it the fastest-urbanising region in the world. In parallel, incomes are rising across much of the continent, generating new business opportunities in the consumer market. In 2015 alone, 200 million Africans entered the consumer goods market.

Annual spending by African consumers and businesses are forecast to reach \$6.66 trillion by 2030, up from \$4 trillion in 2015 according to a recent Brookings Institutions' Africa Growth Initiative Report. This provides massive prospects for growing markets in a range of sectors where Africans have unmet needs.

2 AFRICA IS INDUSTRIALISING

An industrial revolution is underway across the continent, with manufacturers ramping up production of a wide variety of wares from processed foods to automobiles, both in a bid to meet burgeoning local demand, as well as to substitute imports. This also potentially provides a platform to grow manufacturing exports in a time when industries are shifting from China to lower-cost regions.

3 AFRICA'S ONGOING DRIVE TO CLOSE ITS INFRASTRUCTURE GAP

The continent's infrastructure gap is significant - at an estimated \$130-170 billion per year with a financing gap in the range of \$68-\$108 billion, according to the African Development Bank (AfDB), there is still much work to do. But Africa has shown its commitment to closing this gap with an annual investment into infrastructure doubling to around \$80 billion per annum since 2000.

In order to accelerate this investment into infrastructure, African countries need to find new avenues to fund it. By attracting foreign investment and firms, even the poorest African countries can improve their trade logistics, increase the knowledge and skills of local entrepreneurs, gain the confidence of international buyers, and gradually make local firms competitive. This strategy is already being used with great success in Bangladesh, Cambodia, Ethiopia, Mauritius, Rwanda, and Vietnam.

Infrastructure is of course critical for sustainable growth and inclusive development.

4 INNOVATIONS TO UNLEASH AGRICULTURAL AND RESOURCE WEALTH

Africa has been blessed with an abundance of natural resources (both minerals and agriculture), and although this hasn't always translated into shared wealth and sustainable economic development for many countries on the continent, there are many factors that are cause for optimism.

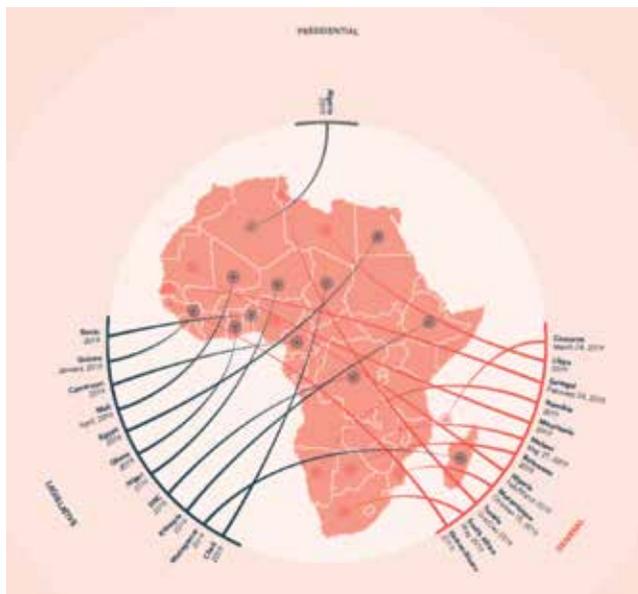
The resources space will continue to play a leading role when it comes to investment, particularly in the hydrocarbon, base and precious metals fields. The agricultural sector also holds much potential, as agro-processing on the continent increases in response to rising global food demand (Africa hosts 60% of the world's uncultivated arable land). Africa's large deposits of natural resources promise a bright future for developing value chains. Actively investing in these commodities, among other extractive activities, will shape global economic activities over the next five decades.

5 POTENTIAL ASSOCIATED WITH BOOMING MOBILE AND DIGITAL ACCESS

Sub-Saharan Africa saw the world's fastest rate of new broadband connections between 2008 and 2015, and mobile data traffic is expected to increase sevenfold between 2017 and 2022. Africa has more than 120 million active mobile money accounts, which is over 50% of the global total, and means many people are shunning traditional banking products. This trend is expected to continue, and will enable companies to speed up transactions and access wider markets. This stands to add significant value to the continent's GDP.

6 POLITICAL DEVELOPMENTS

In 2019, general elections will be held in many African countries, offering them an opportunity to deepen, consolidate, and institutionalise democracy and strengthen their governance systems. Key elections to watch in 2019 are those in Nigeria and South Africa.



Source:
Foresight Africa.
Top Priorities for the
Continent in 2019.
Africa Growth Initiative
at BROOKINGS.

A great location for green tech manufacturing



The Atlantis Special Economic Zone (SEZ) for Green Technologies is located on the West Coast of South Africa, in the Cape Town Metro. The zone is dedicated to the manufacturing and provision of services in the green tech space. Wind turbines, solar panels, insulation, biofuels, electric vehicles, materials recycling and green building materials are examples of green tech that are welcomed.

If you are a manufacturer, service provider or supplier to green tech value chains, the SEZ may be a great place to locate. It offers the benefits of co-location, access to strong markets, a development-ready area, great support and incentives, and an attractive skills base to recruit from.

where green
tech grows


atlantis
special economic zone
cape town
www.atlantiszez.com

To find out more, contact Jarrod Lyons, Investment Facilitator, jarrod@greencape.co.za.





INVEST IN SOUTH AFRICA

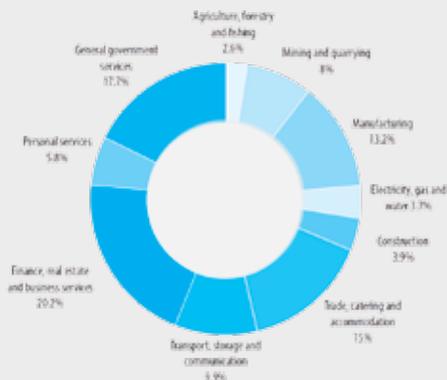
South Africa offers a combination of developed first world economic infrastructure and an ever-growing emerging market. Its investment potential lies in its diversity of sectors and industries. Celebrated as the most diversified African economy, South Africa has a host of unique comparative advantages as an investment destination and trade partner. Our country offers a diversified export sector with a wide global reach, a safe investment destination offering solid returns, world-class infrastructure, access to affordable capital, industrial policy support and a strong foreign investor presence and track record.

The following data was sourced from the "Case for Investing in South Africa" launched at President Cyril Ramaphosa's Inaugural Investment Summit in Johannesburg.

(<https://sainvestmentconference.co.za/>)

THE ECONOMY: SOUTH AFRICA'S ECONOMY OFFERS A STRONG VALUE PROPOSITION

SECTORAL COMPOSITION OF GDP IN 2017



South Africa's value proposition.

- Africa's most industrialised economy. It is the region's principal manufacturing hub and a leading service destination.
- Highly diversified economic structure in terms of sectoral composition.
- One of the most open economies in the world (ratio of exports and imports to GDP EXCEEDS 58%). Preferential access to numerous global markets.
- Endowed with an abundance of natural resources.
- An extensive and modern infrastructure network.
- Sophisticated banking sector with a major footprint in Africa. It is the continent's financial hub.
- Offers a supportive and growing ecosystem as a hub for innovation, technology and fintech.

Source: *The Case for Investing in South Africa: Executive Summary. Accelerating Economic Growth by Building Partnerships. South Africa Investment Conference 2018. INVESTSA.*



THE ECONOMY: POISED FOR FASTER GROWTH

Largest and most advanced economy on the African Continent...

- South Africa offers a unique combination of developed-world infrastructure and logistics networks, and a diversified emerging market (EMI) economy offering low sectoral concentration risks.
- Its gross domestic product (GDP) of ZAR 4,65 trillion (USD349,4 billion at the average USD/ZAR exchange rate for 2017) represents circa 16% of the African continent's overall GDP.
- The composition of South Africa's GDP is similar to those of developed countries diversified and positioned to generate returns on invested capital.
- While economic growth has been slow in recent years, the economy's growth potential can be enhanced through policy certainty and consistency, as well as structural reforms, leading to higher levels of investment activity.

POTENTIAL UPSIDE IN SOUTH AFRICA'S ECONOMIC GROWTH FORECASTS PAGE

GDP growth expectations	2018	2019	2020
SA Reserve Bank (September 2018)	0.7	1.9	2.0
IDC (September 2018)	0.8	1.6	2.2
IMF (October 2018)	0.8	1.4	1.7
Bloomberg consensus (September 2018)	0.7	1.9	2.1
Reuters consensus (September 2018)	0.8	1.7	2.0

Sources: South African Reserve Bank, Industrial Development Corporation (IDC), International Monetary Fund (IMF), Bloomberg, Reuters.

Source:

The Case for Investing in South Africa: Executive Summary. Accelerating Economic Growth by Building Partnerships. South Africa Investment Conference 2018. INVESTSA.

INVESTMENT ENVIRONMENT: SAFE INVESTMENT DESTINATION OFFERING SOLID RETURNS

A responsible participant in the global economy...

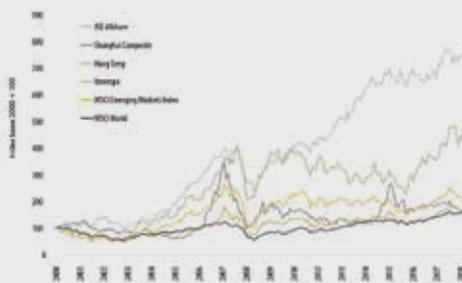
- Ranked number one in Africa with regard to Strength of Investor Protection (21st globally) and Protection of Minority Shareholders' Interests (30th globally)
- Ranked 31st in the world in terms of Efficiency of Legal Framework in Settling Disputes*
- Progressive Constitution and sound governance framework.
- Independent judiciary provides respect for the rule of law.
- Actively addressing corruption.
- Meaningful contributor to global governance.

Superior long-term investment returns...

- South Africa has produced solid financial returns for portfolio investors.
- The Johannesburg Securities Exchange All Share Index has outperformed other emerging market indexes since the start of the new millennium.

Source: *The Case for Investing in South Africa: Executive Summary. Accelerating Economic Growth by Building Partnerships. South Africa Investment Conference 2018. INVESTSA.*

RELATIVE EQUITIES PERFORMANCE SINCE 2000

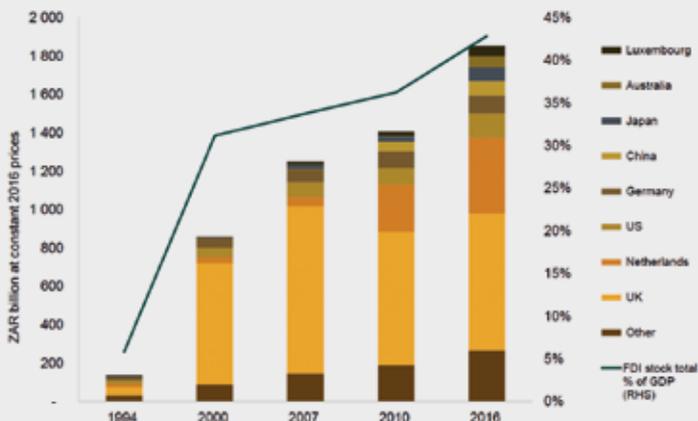


Sources: National Treasury analysis using Bloomberg data

INVESTMENT ENVIRONMENT: STRONG FOREIGN INVESTOR PRESENCE AND TRACK RECORD

- The overall stock of foreign direct investment (FDI) in the economy represented 42.8% of GDP in 2016, up from 5.8% in 1994.
- Inward FDI traditionally dominated by European investors, particularly from the United Kingdom.
- Fast-growing presence of Asian investors in recent years, predominantly from China.

COMPOSITION OF, AND TRENDS IN, TOTAL FDI STOCK FOR SELECT YEARS (AT CONSTANT 2016 PRICES)



Source:
The Case for Investing in South Africa: Executive Summary. Accelerating Economic Growth by Building Partnerships. South Africa Investment Conference 2018. INVESTSA.

PLATFORM TO SUPPORT GROWTH: WORLD-CLASS INFRASTRUCTURE IS A COMPETITIVE ADVANTAGE

Ranked number one in Africa on the World Bank's Logistics Performance Index...

Road, rail and port facilities	<ul style="list-style-type: none"> - 158 952km of paved roads (10th globally). South Africa is ranked 50th globally for quality roads. - 20 986km of railways (13th globally for length of railways). - Eight seaports: <ul style="list-style-type: none"> • Two of the world's top container ports (Durban and Cape Town). • Two of the world's largest dry bulk ports (Richard Bay and Saldanha Bay).
Beneficiation/energy capacity	<ul style="list-style-type: none"> - Installed generation capacity of 47.3KM, with significant excess capacity coming on stream.
Most advanced infrastructure	<ul style="list-style-type: none"> - Internet and personal computer penetration are the highest in the region, with 54% of the individuals using the Internet. - Upload and download speeds are significantly higher than other regional economies.
Ease of air travel	<ul style="list-style-type: none"> - 144 airports with paved runways. - Ranked 25th globally for Quality of Air Transport Infrastructure.

Source: The Case for Investing in South Africa: Executive Summary. Accelerating Economic Growth by Building Partnerships. South Africa Investment Conference 2018. INVESTSA.

PLATFORM TO SUPPORT GROWTH: LARGE MARKETS THAT COULD BE ACCESSED

Domestic market...	Gateway to Africa...
<ul style="list-style-type: none"> - A population of 56.5-million people and a growing middle class. South Africa ranks 27th globally for its domestic market size. - A total of 37.7-million people in the working-age category. - Young population, as 66% are under the age of 35. - Young, vibrant population presents major opportunities for investors. 	<ul style="list-style-type: none"> - Location of choice for multinationals in Africa, underpinned by factors such as a skilled labour force, established infrastructure and a world-class banking and financial services sector, among others. - The cost of doing business in South Africa is a major pull factor, underpinned by the supportive environment and relative competitive advantages on the continent. - Provides access to the continent, with a population of over one billion and a GDP of USD 2.2-trillion. - Regional partnerships, including participation in SADC, the Southern African Customs Union (SACU) and in the new Africa Continental Free Trade Area, provide platforms for growth across several sectors.

Source: *The Case for Investing in South Africa: Executive Summary. Accelerating Economic Growth by Building Partnerships. South Africa Investment Conference 2018. INVESTSA.*

PLATFORM TO SUPPORT GROWTH: PREFERENTIAL ACCESS TO KEY WORLD MARKETS

- South Africa is a member of the World Trade Organisation.
- Access to global markets has been enhanced through bilateral agreements with most of South Africa's major trading partners. Preferential access to key export markets has been secured through various agreements and by participating in regional economic communities.

Agreement name	Type of agreement	Countries involved
Southern African Customs Union (SACU)	Customs union	South Africa, Botswana, Lesotho, Swaziland, Namibia
Southern African Development Community (SADC) Free Trade Area (FTA)	Free trade agreement	15 SADC member states
Economic Partnership Agreements (EPAs)	Free trade agreement	SACU-EU EPA plus Mozambique and Angola
European Free Trade Association/Southern African Customs Union (EFTA-SACU) FTA	Free trade agreement	SACU and EFTA (Iceland, Liechtenstein, Norway and Switzerland)
African Growth and Opportunity Act (AGOA)	Unilateral assistance measures (non-reciprocal)	US and 39 sub-Saharan African countries
Generalised System of Preferences (GSP)	Unilateral (non-reciprocal)	SA and EU, Norway, Switzerland, Russia, Turkey, the US, Canada, Japan
SACU-Mercosur	Preferential trade agreement	SACU and Argentina, Brazil, Paraguay and Uruguay

The African Continental Free Trade Area will boost intra-African trade and create a large market of over one billion people and a combined GDP of USD2.2-trillion that will unlock industrial development.

Source: *The Case for Investing in South Africa: Executive Summary. Accelerating Economic Growth by Building Partnerships. South Africa Investment Conference 2018. INVESTSA.*

PLATFORM TO SUPPORT GROWTH: ACCESS TO AFFORDABLE CAPITAL

World-class capital markets...	...reflected in capital-raising statistics*
<ul style="list-style-type: none"> • South Africa has world-class equity and debt capital markets, on par with those in developed economies. • The Johannesburg Securities Exchange (JSE) is one of the world's top 20 exchanges and has a market capitalisation of USD1.11 trillion (19th-largest globally). • South Africa's major primary and secondary equity and bond markets, based at the JSE, represent a market capitalisation-to-GDP ratio of 312%. • Sophisticated and well-regulated banking sector, ranked 37th globally for financial soundness. • South Africa's financial sector has a large footprint across the African continent. 	<ul style="list-style-type: none"> • Twelve initial public offerings (IPOs) in 2017 with total proceeds of USD2.3-billion, compared to USD261-million in 2013. A total of 44 IPOs over the period 2013 to 2017, collectively totalling USD4.8-billion. • Five of the top 10 IPOs by value in Africa in 2017 were raised in South Africa. • A total of 251 Further Offerings (FOs) in 2017 (collectively valued at USD37.6-billion), up from 35 FOs (total of USD4.6-billion) in 2013. • South Africa accounted for seven of the top 10 Further Offerings in Africa in 2017.

Source: *The Case for Investing in South Africa: Executive Summary. Accelerating Economic Growth by Building Partnerships. South Africa Investment Conference 2018. INVESTSA.*

POLICY FRAMEWORK INCENTIVISES INVESTMENT TO STIMULATE GROWTH: INDUSTRIAL POLICY SUPPORT

South Africa is actively seeking to enhance investment levels	Industrial policy framework
<p>South Africa's catalytic approach for investment</p> <ul style="list-style-type: none"> - South Africa provides active support for investors by providing a wide range of incentives, including a comprehensive suite of tax incentives for investment in special economic zones (SEZs). - Incentives offered by SEZs include: <ul style="list-style-type: none"> • Preferential 15% corporate tax; • Value-added tax (VAT) and customs duty suspension in customs-controlled areas; • Employment incentives; • Building allowance; and • Preferential land rental and utility rates. - Investment in labour-absorbing industries is encouraged through various mechanisms. - Financial assistance is provided by state-owned development finance institutions (DFIs) such as the Industrial Development Corporation (IDC), the Development Bank of Southern Africa (DBSA) and the Land Bank. 	<p>Comprehensive suite of financial grants, tax incentives and other forms of business support for investors.</p> <p>Policy and administrative reforms to stimulate investment.</p> <p>Incentives for investment in special economic zones.</p> <p>Attractive support and incentive system and financing by state-owned DFIs for industrial development and investment promotion.</p>

Source: *The Case for Investing in South Africa: Executive Summary. Accelerating Economic Growth by Building Partnerships. South Africa Investment Conference 2018. INVESTSA.*

POLICY FRAMEWORK INCENTIVISES INVESTMENT TO STIMULATE GROWTH: INTERVENTIONS TO ENSURE SOCIAL STABILITY

1.	Education	The government has introduced free tertiary education to previously excluded students so as to build a strong, skilled and competent workforce.
2.	Health	In addition to the large antiretroviral programme, the government is exploring a national health insurance programme to improve access to quality healthcare.
3.	Social services	The government continues to support the elderly, children and other economically inactive groups through the social grants programme.
4.	Employment	Strong partnerships between government, labour and business in initiatives aiming to create employment opportunities.
5.	Youth	Several initiatives and programmes are in place to facilitate the assimilation of the youth into the mainstream economy.
6.	Women	Clear policy framework and several programmes are in place to advance the economic empowerment of women.
7.	Entrepreneurship	The government has established a dedicated small business development and support ministry that coordinates government-wide and targeted financial as well as non-financial support for the SMME sector.
Government interventions are yielding positive results.		

Source: *The Case for Investing in South Africa: Executive Summary. Accelerating Economic Growth by Building Partnerships. South Africa Investment Conference 2018. INVESTSA.*

POLICY FRAMEWORK INCENTIVISES INVESTMENT TO STIMULATE GROWTH: ECONOMIC TRANSFORMATION AND REFORM

Drivers of change ...

The key driver for economic transformation and the reform agenda is an urgent need for greater economic inclusion (that is, to narrow the gap between the rich and poor while further diversifying the economy).

... Government's efforts to effect transformation

1.	Extensive social services	To raise the human capital of the disadvantaged – the foundation of South Africa's fiscal framework.
2.	SME support	That includes funding and a programme of policy improvement.
3.	Active competition policy	That allows for responsive but predictable policy action against anti-competitive behaviour.
4.	Broad-based black economic empowerment (B-BBEE)	Policies to incentivise firms to ensure economic equity amongst race groups.
5.	Strategic use of state procurement practices	To give better opportunities to black-owned and small businesses.
6.	Black industrialists policy	To provide targeted support to medium-sized black-owned firms to grow into large firms.
7.	Land reform	To uplift rural communities and allow black people access to productive assets.

Source: *The Case for Investing in South Africa: Executive Summary. Accelerating Economic Growth by Building Partnerships. South Africa Investment Conference 2018. INVESTSA.*

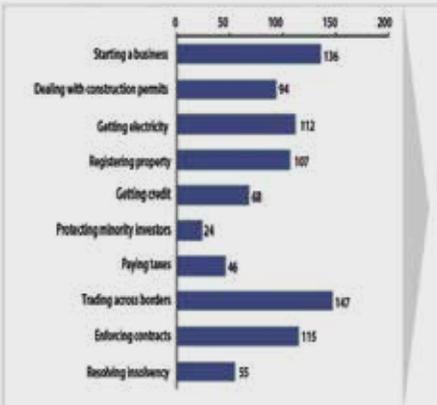
POLICY FRAMEWORK INCENTIVISES INVESTMENT TO STIMULATE GROWTH: REFORMS TO ADDRESS OBSTACLES TO INVESTMENT

Key sectors/areas	Actions
Mining	<ul style="list-style-type: none"> Withdrawal of 2017 draft Mining Charter. The government instituted a consultative process with industry, the labour movement and the general public for revising the Mining Charter. New Mining Charter gazetted in September 2018. Current Mineral and Petroleum Resources Development Act remains applicable, with the amendment Bill having been withdrawn so as to provide greater certainty for the mining sector.
Land reform	<ul style="list-style-type: none"> The government has initiated a structured consultative process to address land reform while maintaining comparative advantages.
Telecommunications	<ul style="list-style-type: none"> Broadband policy gazetted in 2013 seeks to provide every South African with access to a broadband connection at a cost of 2.5% or less of the average monthly income.
Energy	<ul style="list-style-type: none"> The government's long-term energy plan is expressed in the draft Integrated Resource Plan (IRP 2018), recently published for public comment. The IRP 2018 provides a roadmap for planned energy generation and the evolution of the energy mix over the period to 2050. Enhanced impetus for renewable energy to replace decommissioned coal generation capacity.

Source:

The Case for Investing in South Africa: Executive Summary. Accelerating Economic Growth by Building Partnerships. South Africa Investment Conference 2018. INVESTSA.

POLICY FRAMEWORK INCENTIVISES INVESTMENT TO STIMULATE GROWTH: IMPROVING THE EASE OF BUSINESS

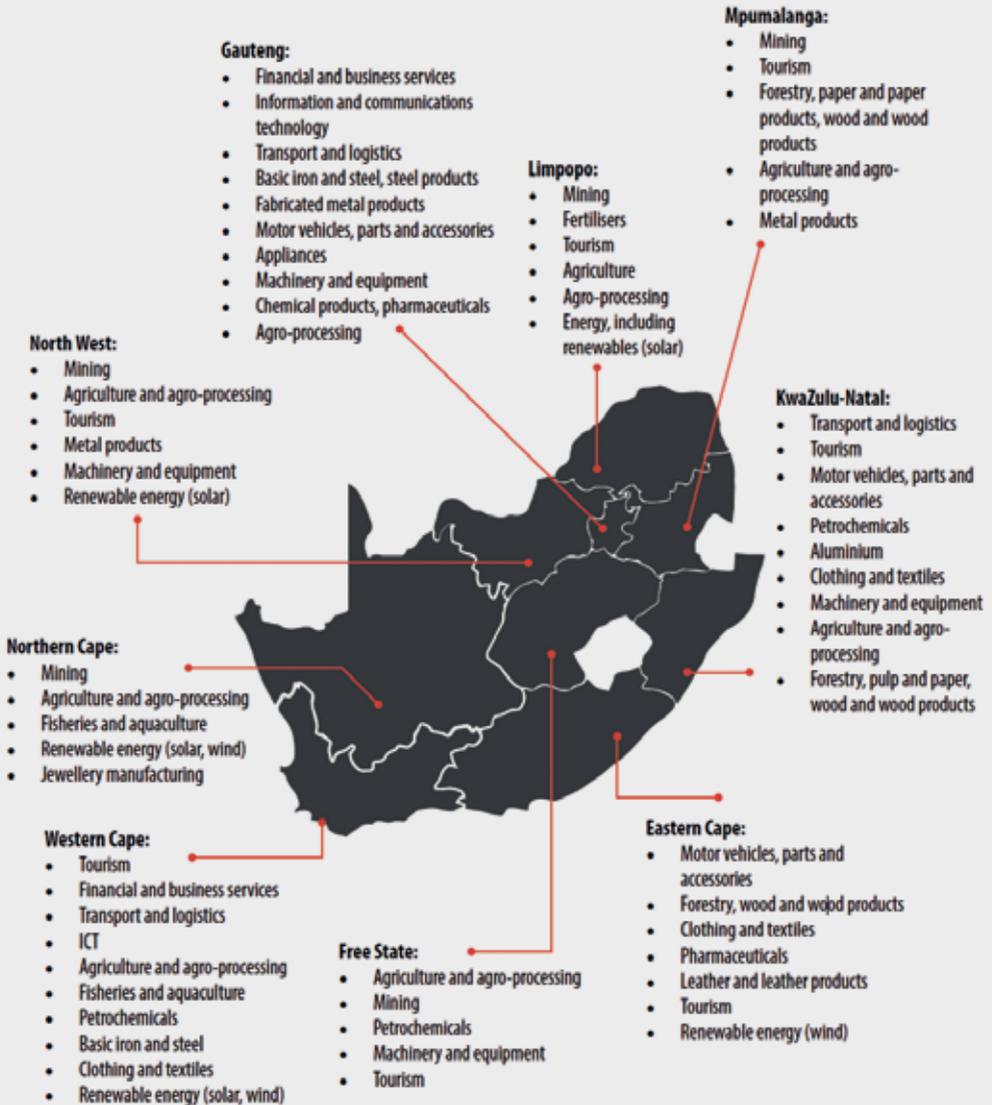
South Africa's rankings on ease of doing business out of 190 countries	Actions
 <p>Starting a business: 136</p> <p>Dealing with construction permits: 94</p> <p>Getting electricity: 112</p> <p>Registering property: 107</p> <p>Getting credit: 48</p> <p>Protecting minority investors: 24</p> <p>Paying taxes: 46</p> <p>Trading across borders: 147</p> <p>Enforcing contracts: 115</p> <p>Resolving insolvency: 55</p>	<p>Starting a business</p> <ul style="list-style-type: none"> Register a company in a day using self-service terminals. Online search portal for company names. The Companies and Intellectual Property Commission (CIPC) has implemented mobility apps. South Africa is introducing a single platform for businesses to register for the Unemployment Insurance Fund and the Workmen's Compensation Fund. <p>Registering a property</p> <ul style="list-style-type: none"> Move to online property registration, and electronic online checking for rates and clearance certificates. Work is under way to streamline processes, reducing information asymmetry and reducing costs for registering a property. <p>Trading across borders</p> <ul style="list-style-type: none"> South Africa has implemented a Preferred Trader Programme and is working towards undertaking joint inspections and adopting new customs legislation. South Africa participates in the Global Coalition for Efficient Logistics as regional anchor that integrates domestic and other African small, medium, micro and cooperative enterprises into global markets through B2B digital trading tools. <p>Paying taxes</p> <ul style="list-style-type: none"> Online e-filing system; improve the transparency of information and documentation required. Progress is being made towards reducing the time taken for VAT audits. <p>Contract enforcement</p> <ul style="list-style-type: none"> Enforcing contracts has been made easier through the amendment of the monetary jurisdiction of lower courts and the introduction of voluntary mediation.

Source: World Bank Doing Business 2018 (data)

South Africa offers an attractive proposition on the African continent, with an operating environment that is conducive to, and supportive of business development.

Source: The Case for Investing in South Africa: Executive Summary. Accelerating Economic Growth by Building Partnerships. South Africa Investment Conference 2018. INVESTSA.

SECTORAL STRENGTHS OF SOUTH AFRICA'S PROVINCES



Source: *The Case for Investing in South Africa: Executive Summary. Accelerating Economic Growth by Building Partnerships.* South Africa Investment Conference 2018. INVESTSA.

SELECT EXTRACTS FROM THE STATE OF THE NATION ADDRESS

07 FEBRUARY – 20 JUNE 2019



INVESTING IN SOUTH AFRICA

- R1.2 trillion - the amount of investment earmarked for South Africa over five years.
- R300 billion - the amount of investment pledges from South Africa and international companies attracted from the Investment Conference.
- R17 billion - the amount of investment recorded in 2017.
- R70 billion - the inflow of investment into South Africa in the first three quarters of 2018.
- R187 billion - the value of projects that are being implemented following the investment conference that was held in 2018.
- R26 billion - the value of projects that are in pre-implementation phase following the investment conference that was held in 2018.
- R250 billion – The value of projects that have entered the implementation phase.
- R840 billion – The amount that the private sector has committed to invest in projects through the Public-Private Growth Initiative.
- 43 – Number of projects that the private sector has committed to invest in through the Public-Private Growth Initiative.
- 19 – Number of sectors that the private sector has committed to invest in through the Public-Private Growth Initiative.
- R100 billion – The amount that government has allocated for the Infrastructure Fund.

Source: State of the Nation Address (SoNA). 07 February 2019. South African Government

TOURISM

- 10 million - the number of tourists that visited South Africa in the past year.
- 21 million - the target number for visitors coming to South Africa by 2030.
- 2 million - the number of jobs that the export industry can create in food and agriculture construction, transport, retail, and the creative and cultural industries by 2030.
- 3 000 km - the size of South Africa's coastlines. South Africa has one of the world's longest coastlines.
- 21 million – The number of international tourist arrivals projected by 2030.

Source: State of the Nation Address (SoNA). 07 February 2019. South African Government

OCEANS ECONOMY

- R30 billion - the estimated value of investments created through Operation Phakisa on the Oceans Economy.
- Over 7 000 direct jobs have been created through Operation Phakisa.
- R3,8 billion - the expected investment in the Oceans Economy over the next five years by government.
- R65 billion - the expected investment in the Oceans Economy over the next five years by the private sector.
- 100 000 - the number of direct jobs expected to be created through investments in the Oceans Economy.
- 250 000 - the number of indirect jobs expected to be created through investments in the Oceans Economy.

Source: State of the Nation Address (SoNA). 07 February 2019. South African Government

INFRASTRUCTURE DEVELOPMENT

- More than R1,3 trillion - the amount that has been invested to build, among others, hundreds of schools and two new universities.
- R100 billion - the amount committed by Government into the Infrastructure Fund over a 10-year period.

Source: State of the Nation Address (SoNA). 07 February 2019. South African Government

investSA

ONE STOP SHOP

WESTERN CAPE

STREAMLINED INVESTMENT SERVICES

Welcome to the InvestSA One Stop Shop

Thanks to the InvestSA One Stop Shop (OSS) it's never been easier or faster to invest in Cape Town, the Western Cape and South Africa.

The OSS cuts through red tape and streamlines the investment value chain for medium to large sized companies looking to invest in South Africa.

Making business a pleasure in South Africa

For the ease and convenience of doing business, the OSS is located in one building. Which means we act as your centralised contact point, as opposed to you dealing with a multitude of government departments in different locations. The OSS has made great strides in fostering a better business environment in Cape Town and the Western Cape, helping to make the investment process here as seamless as possible.

Investment facilitation services

The OSS acts as your investment home away from home by facilitating meetings with governmental stakeholders and providing access to investor resources. Further to this it also offers:

- The provision of facilities and departmental representatives to assist investors with business registration
- Intellectual property protection, applications for national and local incentives, applications for work visas
- Temporary and permanent residence, registration for tax purposes, and any other regulatory requirements (licenses, authorisations, registrations, etc.) to do business in South Africa and the Western Cape.
- A front desk, centre manager and office management service.
- High-end, accessible facilities where investors can meet relevant stakeholders to discuss investment opportunities and plans.

- Information on trade and investment in the Western Cape, South Africa and Africa.
- A lead-tracking system to ensure that prospective investors receive quality services until their respective projects reach the point of commercialisation.
- An entry point for investors in need of regulatory compliance.
- The provision of pre-approval information to investors (i.e. market data, costs, incentives, project approval, visits, local partners, etc.)
- The provision of facilitation services to investors (i.e. permits, approvals, import equipment & raw materials, work permits, etc.)
- Incentive facilitation.
- Participation in regulatory reform.
- A collaborative interface between senior-level government agents and investors.



Contact Us

For more seamless investment help, contact:

oss@wesgro.co.za • 021 023 0900

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INVEST IN CAPE TOWN & THE WESTERN CAPE

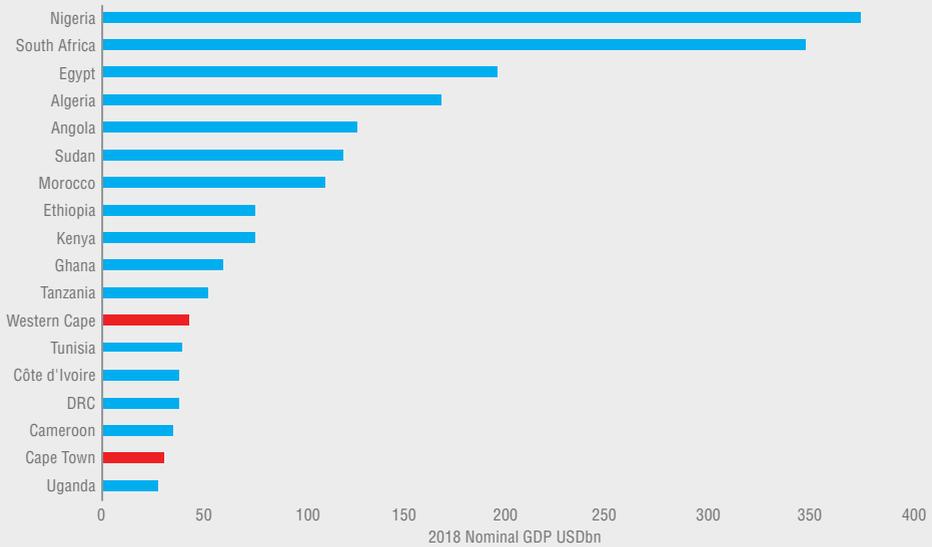
We're a gateway to the rest of the continent, with Africa's population expected to grow from 1.1 billion to 2.4 billion by 2050. Our region has also welcomed 299 direct investments, attracting over US\$7.6 billion worth of FDI in just under nine years.

From our agricultural innovations and world-class infrastructure to our growing and resilient economy. Cape Town and the Western Cape boast a long list of opportunities in a variety of sectors. Here are even more reasons to invest in our growing city and province.



1 THE WESTERN CAPE IS ONE OF THE BIGGEST ECONOMIES ON THE AFRICAN CONTINENT.

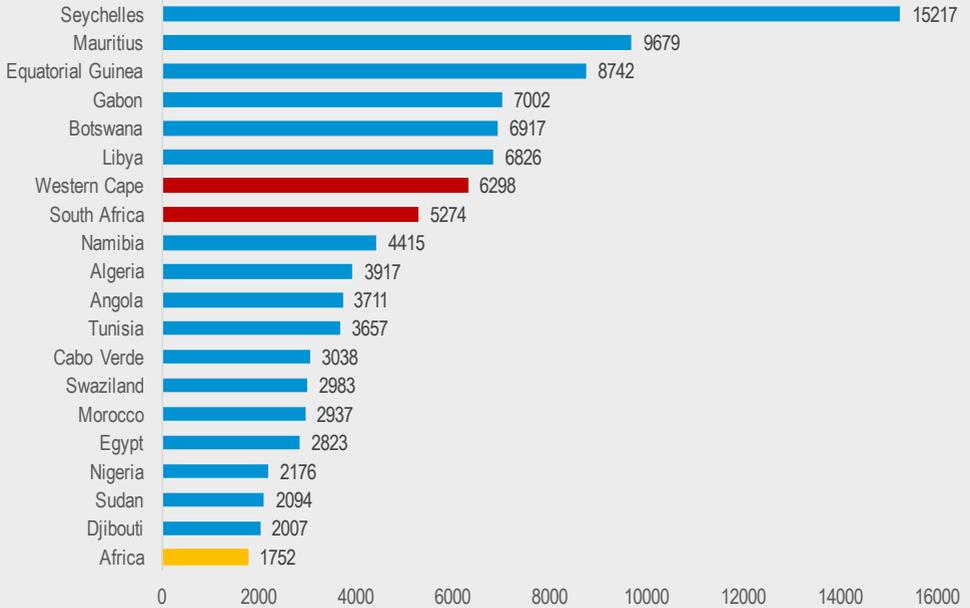
RELATIVE SIZE OF SOUTH AFRICA,
WESTERN CAPE & CAPE TOWN TO AFRICAN MARKETS, 2018
(USD BN: ADJUSTED AT 2010 PRICES & FOR EXCHANGE RATES)



Source: UNSTATS; Quantec, 2019

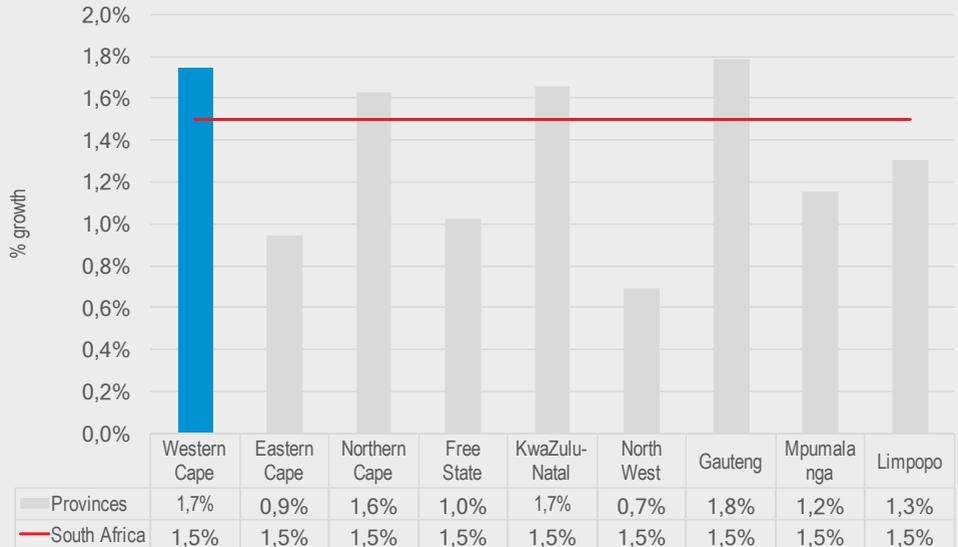


AFRICAN COMPARISONS: PER CAPITA GDP AT CURRENT USD PRICES, 2016



Source: UNStats; Quantec, SARB, 2018

SOUTH AFRICA'S AVERAGE ANNUAL GDP GROWTH, 2013-2018

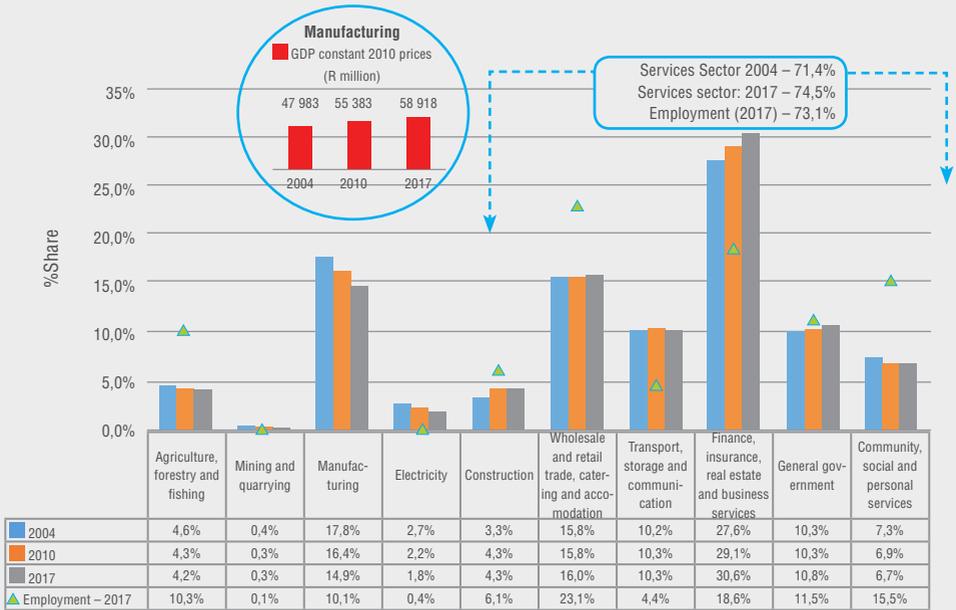


Source: UNStats; Quantec, SARB, 2018

2 THE WESTERN CAPE HAS A HIGHLY DIVERSIFIED ECONOMY, DOMINATED BY THE SERVICES SECTOR.

THIS IS COMPARABLE TO HIGHLY DEVELOPED ECONOMIES.

WESTERN CAPE GDP BY SECTOR, 2004 - 2018



Source: Quantec, 2019

3 THE WESTERN CAPE IS AN AGRICULTURAL POWERHOUSE.

5
largest
African exporter

global agricultural goods

R64bn



1 million bottles
wine sold per day



4%

of the world's
wine produced

South Africa's sectors

The Western Cape exported:



66%
beverage



49.4%
agriculture



86%
fishing products



40%
food, beverages
and tobacco



largest opportunity for
Western Cape exports

ZAR45bn
estimated worth in 2017

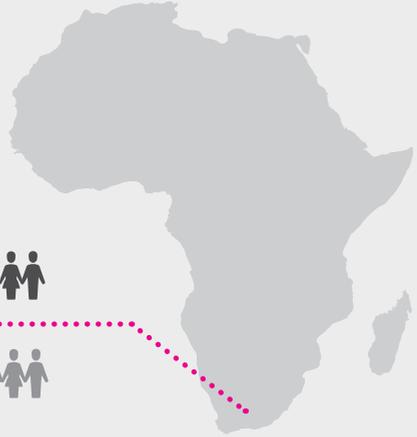
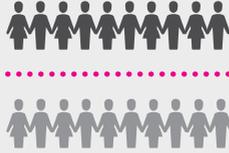




2

JOB CREATION

The Western Cape is the **8th largest** economy in Africa.



Over 500 000 jobs have been added to the region since 2010.

(Real GDP using constant 2010 USD for 2016 GDP figures (Fitch))

GROWING ECONOMY

Sub-Saharan Africa is forecast to be the **2nd fastest growing global region** between 2018 and 2023, with an average growth rate of 3.8%.



Source: IMF, 2018



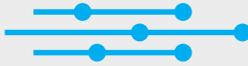
Source: UNICEF

Its market is expected to grow from **1.1 billion** to **2.4 billion** by 2050.

Cape Town and the Western Cape is a **gateway** to Africa.

WORLD-CLASS INFRASTRUCTURE

The Western Cape Government spent close on US\$1.6 billion on road infrastructure since 2009.



Cape Town has **848kms** of fibre-optic cables and 25 switching facilities.

Fibre-optic cables and microwave links connect **346** Cape Town city buildings at speeds of up to 1Gbps.

INVESTMENT HEALTH

The Western Cape has spent over **US\$400 million** on health-care capital infrastructure in the last 10 years.

20 FDI projects were recorded into South Africa's medical devices and pharmaceuticals sector with a total capital investment of **US\$600 million** between January 2008 and December 2017.



Source:
FDI Markets,
2018

SKILLS & EDUCATION



The Western Cape has the **highest mathematics pass rate.**

The province's four major universities attract thousands of foreign students.

70% of international students attending the universities are from other African countries.



Source: CHEC

KNOWLEDGE ECONOMY

The Western Cape has the largest library network in South Africa.

The Department of Cultural Affairs and Sport will provide **385** library service points with **free public Wi-Fi by 2020**, making it easier for residents to access information in the growing knowledge economy.



ACCESS TO SERVICES

Local Governments in the Western Cape have the highest rate of clean audits in South Africa.

Close to **100% access to basic services** for residents, and reliable water, electricity and sewerage for industry. StatsSA Non-Financial Census of Municipalities 2018.



RESILIENT ECONOMY

Following a wet winter, Cape Town dams are the highest they have been in years - over **80%** full. Nevertheless the City of Cape Town continues to build its long-term resilience, as it establishes itself as a global leader in water-wise practices.

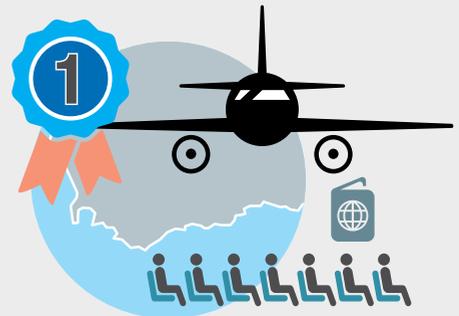


The City has adopted a new Water Strategy, which includes a concrete plan for augmentation. The plan can be found here: <https://www.investcapetown.com>

Cape Town is also only one of 3 cities in Africa to have a **Resilience Strategy**, and has a dedicated Resilience Unit. This Unit helps prepare the City for global shocks and stresses that might occur over-time, including Climate Change.

GLOBALLY CONNECTED

Cape Town International Airport is the best in Africa, winning the sought after Skytrax award for three years running.



Cape Town Air Access has contributed **1.5 million** two way seats since its inception in 2015. **15** new routes and **21** expansions have been announced.

AIR ACCESS

International passenger numbers at the Cape Town International Airport terminal grew by **9.6%** in 2018 after an already impressive 16% growth in 2017, driven by the Air Access initiative**.



**The Air Access initiative is a partnership between City of Cape Town, Western Cape Government, Airports Company South Africa, South African Tourism, Cape Town Tourism, Wesgro and private sector partners.

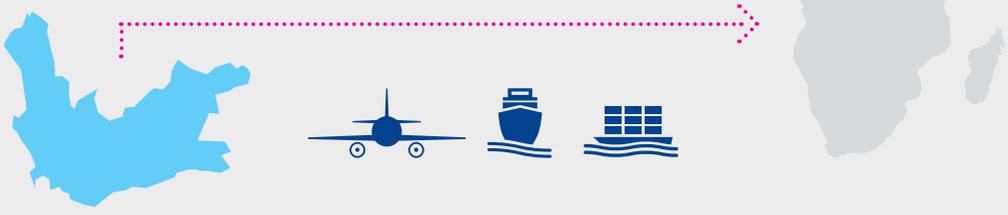
CAPE TOWN INTERNATIONAL ROUTE NETWORK 2019



 AIRFRANCE Paris, France	 KLM Amsterdam, Netherlands	 BRITISH AIRWAYS London Heathrow, UK London Gatwick, UK	 Lufthansa Frankfurt, Germany Munich*, Germany	 Emirates Dubai, UAE	 Thomas Cook Airlines London Gatwick, UK*
 SINGAPORE AIRLINES Singapore, Singapore	 TURKISH AIRLINES Istanbul, Turkey	 QATAR Doha, Qatar	 edelweiss air Zurich, Switzerland*	 Kenya Airways Nairobi, Kenya Livingstone, Zambia Victoria Falls, Zimbabwe	 CATHAY PACIFIC Hong Kong, China*
 JAM Luanda, Angola	 sa express Walvis Bay, Namibia	 AIR BOTSWANA Gaborone, Botswana	 Air Namibia Windhoek, Namibia Walvis Bay, Namibia	 RwandAir Kigali, Rwanda Harare, Zimbabwe	 UNITED Newark/New York*
 AIR MAURITIUS Port Louis, Mauritius	 Ethiopian Airlines Addis Ababa, Ethiopia	 Condor Frankfurt, Germany*	 Austrian Vienna, Austria*	 AIRLINK Maun, Botswana Victoria Falls, Zimbabwe Windhoek, Namibia, St Helena*	

ACCESS TO AFRICA

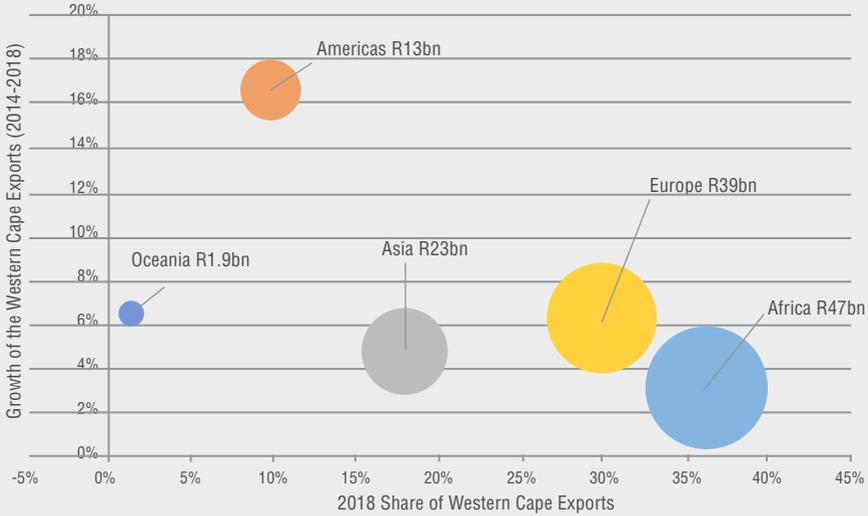
Cape Town and the Western Cape connects you to the rest of Africa.



Total exports from the Cape to the rest of the continent were valued at **US\$3.2 billion** in 2017 alone.

THE CAPE IS A GATEWAY TO THE REST OF AFRICA, WITH R45 BILLION EXPORTED TO THE CONTINENT

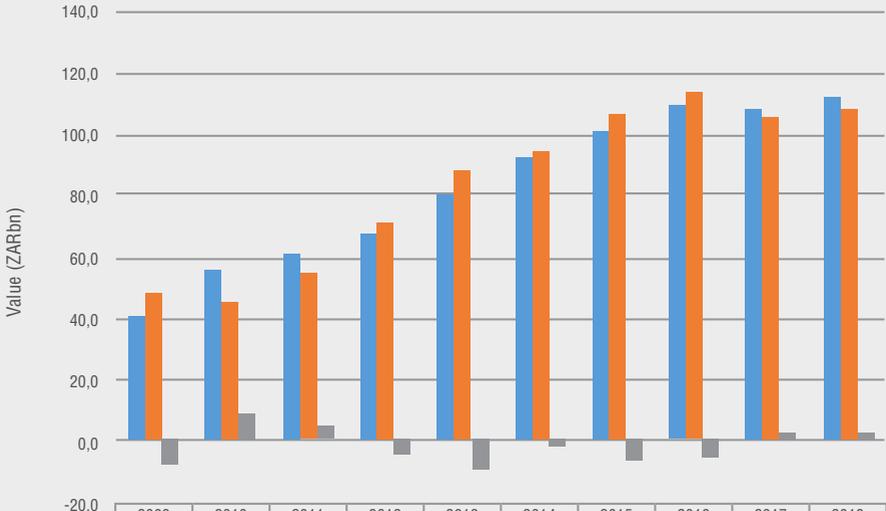
WESTERN CAPE REGIONAL EXPORTS, 2018



Source: Quantec, 2019

Size of bubble depicts value. Note the growth rate are in Rands. Therefore exchange rate fluctuations have not been accounted for

WESTERN CAPE TRADE, EXCLUDING PETROLEUM



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Exports	41,4	56,5	61,3	68,0	80,9	93,3	102,1	109,8	109,2	112,6
Imports	48,8	46,9	55,5	71,4	89,4	95,2	107,5	114,1	106,0	108,8
Trade balance	-7,3	9,6	5,8	-3,5	-8,5	-1,9	-5,4	-4,3	3,3	3,8

Source: Quantec, 2019

WESTERN CAPE GLOBAL TRADE, 2018

TOP 10 IMPORT PRODUCTS, 2018

- | | |
|--|--|
|  1 Crude oil
ZAR81.13bn |  6 Poultry meat & offal
ZAR1.59bn |
|  2 Refined petroleum
ZAR27.70bn |  7 Preserved Sardines, tuna etc.
ZAR1.56bn |
|  3 Whiskies & other spirits
ZAR2.35bn |  8 Beer
ZAR1.55bn |
|  4 Medicaments
ZAR2.13bn |  9 Men's clothing
ZAR1.49bn |
|  5 Frozen fish excl. fillets
ZAR1.90bn |  10 Women's clothing
ZAR1.47bn |

TOP 10 EXPORT PRODUCTS, 2018

Source: Quantec, 2019

- | | |
|--|--|
|  1 Refined petroleum
ZAR14.40bn |  6 Products of iron or non-alloy steel
ZAR4.04bn |
|  2 Citrus fruit
ZAR12.80bn |  7 Fruit & vegetable juice
ZAR2.18bn |
|  3 Wine of fresh grapes
ZAR9.17bn |  8 Engine parts
ZAR1.95bn |
|  4 Grapes
ZAR6.76bn |  9 Fish fillets
ZAR1.80bn |
|  5 Apples, pears and quinces
ZAR6.64bn |  10 Yachts
ZAR1.78bn |

FOREIGN DIRECT INVESTMENT

The Western Cape welcomed **299 direct investments**, attracting over US\$7.6 billion worth of FDI (in the last ten years)



Source: FDI markets, 2018

This facilitated close to **20,000** employment opportunities



EASE OF DOING BUSINESS



The InvestSA “One Stop Shop” in Cape Town is a multi-faceted collaboration between National, Provincial and Local Government helping to **alleviate ‘red tape’ issues experienced by investors.**

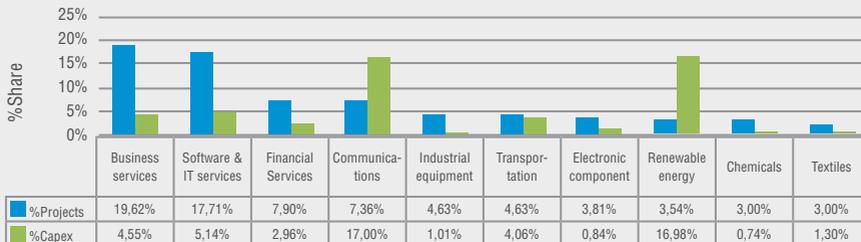
Key governmental departments and agencies are located under one roof, servicing investors.

BREAKDOWN OF FDI BY SOURCE MARKETS, JAN 2003 – JUNE 2018



Source: FDIIntelligence, 2018

FDI BREAKDOWN BY SECTOR, JAN 2003 – JUN 2018



Source: FDIIntelligence, 2018

GLOBAL BUSINESS



Cape Town is home to Amazon, employing more than **2000 people.**

Broad-based multinational internet and media giant Naspers was born in Cape Town, and chooses to have headquarters here, offering services in more than **130 countries.**



SELECTED COMPANIES THAT HAVE INVESTED IN CAPE TOWN OVER THE PAST 10 YEARS:

 <p>Amazon has expanded its customer contact centre in Cape Town</p>	 <p>Hisense opened a new headquarters facility in Cape Town to coordinate the company's presence across Africa.</p>	 <p>GlaxoSmithKline (GSK) investments opened a plant in Cape Town to increase production</p>	 <p>Kimberly-Clark of South Africa has expanded its paper, printing & packaging manufacturing facility in Cape Town</p>	 <p>IBM opened three satellite locations in Africa, including Cape Town.</p>
 <p>Harvard University opened a centre for African Studies office in Cape Town.</p>	 <p>Airbus invested in upgrading its servicing and maintenance facility in Cape Town.</p>	 <p>Oracle opened a software and IT services sector in a design development and testing project.</p>	 <p>Juwi opened a Cape Town office in response to rapid regional growth and as part of its international growth</p>	 <p>Wind Prospect's Cape Town office will serve the entire African continent.</p>

Source: Invest Cape Town 2017/18. City of Cape Town.

LEADING SECTORS HEADQUARTERED IN THE CAPE



Sectoral Pockets of Excellence

1 BUSINESS SERVICES

The business service sector, including Business Process Outsourcing (BPO) and Information Technology (IT) has been the largest contributor to employment growth in Cape Town over the last 10 years. In 2016, Cape Town accounted for 82% of the Western Cape and 13% of South Africa's business services sector.

The City has attracted a number of foreign companies into its business services sector, with 61 investment projects being funded over the period between 2006 and 2016. The top two business service subsectors attracting FDI during this time were professional services (31 projects) and creative industries (17 projects) (FDI Intelligence).

Source: Invest Cape Town 2017/18. City of Cape Town.

1.1

BUSINESS PROCESS OUTSOURCING

The Western Cape is home to 61% of South Africa’s international BPO clients. The industry continues to attract business from top firms across Europe, the United States and Australia.

The BPO sector is a major economic driver in Cape Town, accounting for 54 864 jobs and contributing about **R12 billion** to the region’s annual GDP.



BUSINESS PROCESS OUTSOURCING

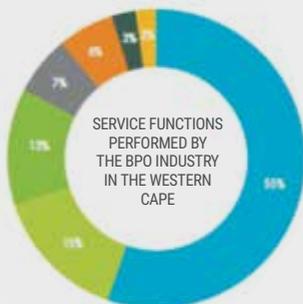
In 2016, South Africa was named Offshoring destination of the Year at the 2016 Global Sourcing Association (GSA) awards in London (Business Process Enabling South Africa (BPESA), 2016:6). South Africa also received the National Outsourcing Association’s (NQA) Skills Development Project of the Year award in 2014, the European Outsourcing Association (EQA) Offshoring Destination of the Year award in 2013 and the NQA’s Offshoring Destination of the Year award in 2012.

The South African government has identified Business Process Outsourcing (BPO) / contact centres as a key sector for job creation for the large population of unemployed South African youth. In 2016 the Western Cape BPO industry contributed 51,300 jobs to the total BPO industry in the country, 30 800 of which were domestic and 20,500 of which were offshore. In the same year, the Western Cape BPO Industry was dominated by the telecoms (30,6%) and financial services (25,7%) industries (BPESA, 2016). Of the industry’s operations in the Western Cape, 57,7% are of an outsourcer nature and 42,3% are captive. The predominant markets it serviced in 2016 were the United Kingdom and Australia. In 2016, inbound customer services and inbound sales dominated (BPESA, 2016).

Cape Town plays host to the majority of the Western Cape’s BPO industry companies. The city is particularly viewed as an offshore outsourcing hub, having won two awards in the 2013 Offshoring Destination of the Year Awards. Its popularity as a BPO business destination has grown steadily.

Source: Invest Cape Town 2017/18. City of Cape Town.

BPO Operators with a presence in Western Cape



- Lufthansa Global Telesales
- MPC Recruitment Group
- TutorABC
- CSC
- Teleperformance South Africa
- Global Media Services
- Collinsons Group
- Bloomberg
- Shell
- AskOsca
- JTC Group
- Cognia Law
- Exigent
- Wonga
- SimplyTalk
- Ipreo
- Datacash
- Ambition 24 Hour Group
- Bwanglarno
- Pixelfaerie

- Inbound customer service
- Inbound sales
- Debt collection
- Other back office processing (document processing, research, etc.)
- Outbound sales
- Legal Process Outsourcing
- Other

Source: Invest Cape Town 2017/18. City of Cape Town.

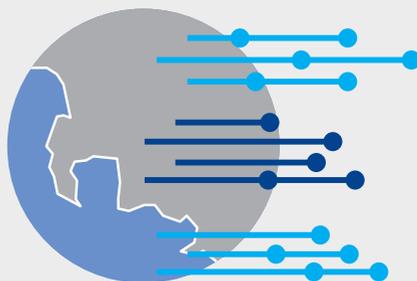
1.2

INFORMATION COMMUNICATION TECHNOLOGY

Western Cape is the digitech hub of Africa and a leading location for technology start-ups and venture capital deals.

Between 2008 and 2017, a total of 54 FDI projects were recorded into the Western Cape's software and IT services sector, representing a total capital investment of ZAR5.24bn (FDI Intelligence, 2018).

AFRICA'S TECH HUB



Cape Town is the Tech Capital of Africa.

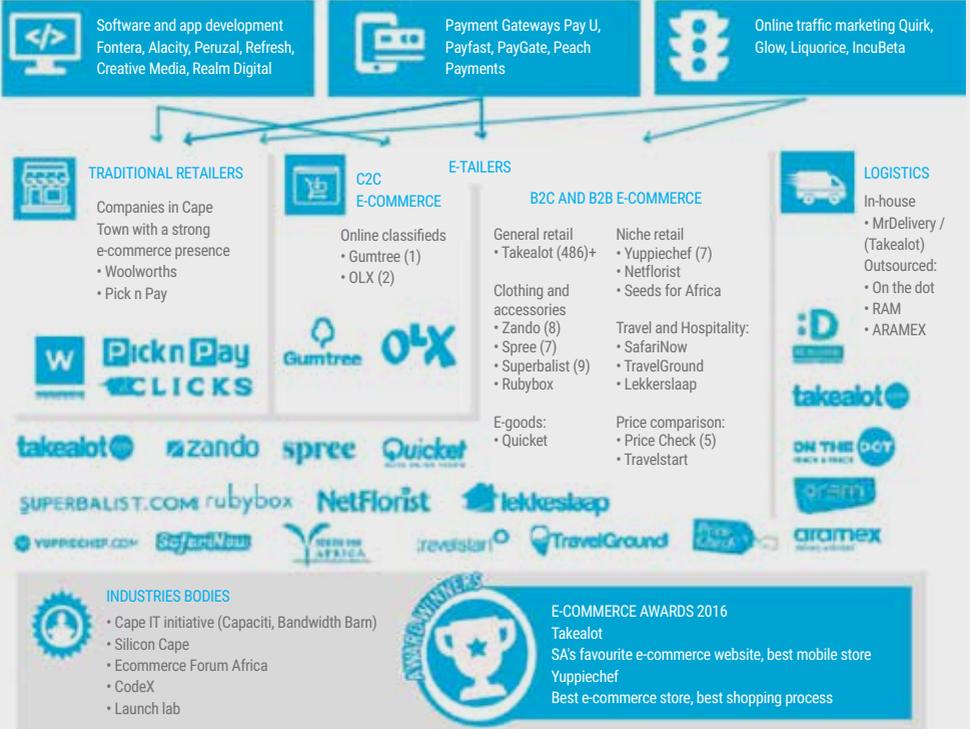
The Cape Town-Stellenbosch tech ecosystem in the Western Cape is the most productive in Africa, employing over **40,000 people**. More than Lagos and Nairobi combined.

Cape Town is the leading location in the country for technology start-ups and venture capital deals (Price Waterhouse Coopers (PWC), South African Venture Capital and Private Equity Association (SAVCA), 2015). The City has also been a technology leader in the domains of mobile software, revenue management and payment processes. The value of FDI over the last 10 years in the Software and IT services is R4 0704 million (7,1% of total FDI into Cape Town over that period).

According to PWC (2015) 56% of the 742 emerging tech or tech-enabled companies they surveyed as part of their 2015 study, were headquartered in the Western Cape, of which the majority can be assumed to be based in Cape Town. Similarly, the 2015 Ventureburn Survey found that 59% of start-ups are based in the Western Cape. The concentration of these companies in Cape Town is reflected in the fact that the Western Cape hosted 75% of venture capital deals in 2015, a 40% increase from 2012 (SAVCA, 2015).

Source: Invest Cape Town 2017/18. City of Cape Town.

THE E-COMMERCE ECOSYSTEM IN CAPE TOWN



* Numbers in brackets indicate the company's ranking among the most-visited e-commerce websites in South Africa.

+ Prior to the Takealot / Kalahari merger, Kalahari's website was ranked 4th, and Takealot's 6th.

Source: Invest Cape Town 2017/18. City of Cape Town.

2 FINANCIAL SERVICES

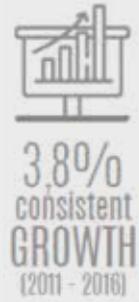
The Western Cape's financial services sector was the largest contributor to GDP in 2017, contributing ZAR48 billion, and having experienced relatively consistent growth of 4.1%, on average, over the period 2013 to 2017.

A large proportion of private investment and asset management services, as well as insurance and personal service companies are located in Cape Town. Cape Town is also emerging as a significant financial services hub in the country.

FINANCIAL SERVICES

Cape Town's financial services sector was the largest contribution to GDP in 2016, contributing R43 billion, having experienced relatively consistent growth of 3,8% on average, over the period 2011 to 2016. A large proportion of private investment and asset management services, as well as insurance and personal service companies are located in Cape Town. Cape Town is emerging as a significant services hub in the country.

Top insurance companies such as Old Mutual Africa, Santam, Direct Axis, Metropolitan, and Sanlam are headquartered in Cape Town and renowned investment and financial advisors such as Allan Gray, Price Waterhouse Coopers and Investec are also based in the city. Five major South African banks (First National Bank, ABSA, Standard Bank, Nedbank and Capitec) have offices within the city, and have extensive services located throughout the metropolitan.



Source:
Invest Cape Town
2017/18. City of
Cape Town.

CAPE TOWN FINANCIAL INDUSTRY INDICATORS



3 FILM AND MULTIMEDIA



Cape Town Film Studios is the the first world-class, custom built, Hollywood style film studio complex in Sub-Saharan Africa. Feature films include Tomb Raider and Mad Max: Fury Road.

New-media hub of South Africa: home to more than half of the nationally registered gaming companies and the **largest animation studio in Africa.**

A popular commercial production destination, with **62%** of national shoot days located in the province.



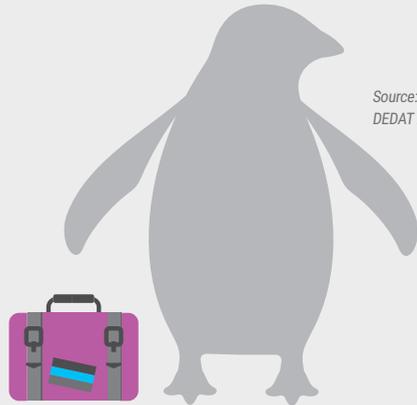
Source: CT & Western Cape Film and Media Sector Study 2017

4 TOURISM



TOURISM ECONOMY

The Western Cape generated over **US\$2.9 billion in tourist expenditure** in 2017, and supported over 300 000 jobs.



Source:
DEDAT 2018

BUSINESS TOURISM

Cape Town is the **Meetings Capital of Africa** hosting the largest number of international association meetings on the continent.



Source: ICCA 2017

Meetings aligned to key economic sectors:

- Medical sciences,
- Technology,
- Economics and
- Education.

34 400 international delegates attended conferences in the Western Cape.

160 000 participants attended conferences in the Western Cape in the last five years.



Source:
ICCA 2017

5 RENEWABLE ENERGY

The Western Cape is fast becoming the manufacturing and knowledge hub for the green economy.

The designation of the Atlantis Green Technology SEZ, in particular has made the region even more appealing for investors in the renewables manufacturing industry.

GREEN ECONOMY

The Cape has already attracted **US\$1.2 billion** investments in renewable energy projects.

South Africa has the fastest growing green economy.

70% of renewable energy manufacturing takes place in the Western Cape.



Source: GreenCape



6 AGRICULTURE AND AGRI-PROCESSING

Agri-business is critically important for Africa's future economic growth.

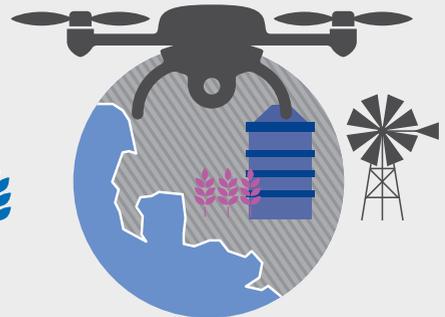
In the Western Cape, the agriculture and agribusiness sector is one of the most important components of the economy. It leads regional exports, and lies at the heart of the region's ability to drive economic development, contributing billions to the regional GDP.

AGRICULTURAL INNOVATION



The Western Cape is the **5th largest global exporter** in Africa of agricultural goods. Exports valued at **US\$4.6 billion** in 2017.

The region is home to leading international brands like Burger King, Parmalat and GC Rieber, proving that the Western Cape has a globally competitive Agribusiness sector.



Farmers in the Western Cape are **leaders of agricultural innovation**, using drones to improve farming.

Source:
Quantec

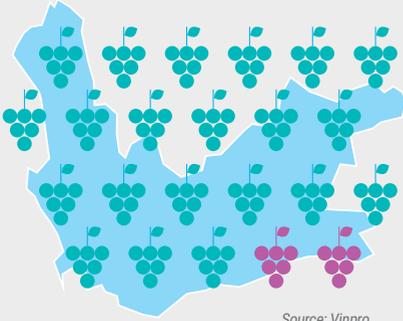
WINE INDUSTRY

Source: SAWIS

One million bottles of South African wine are sold per day.

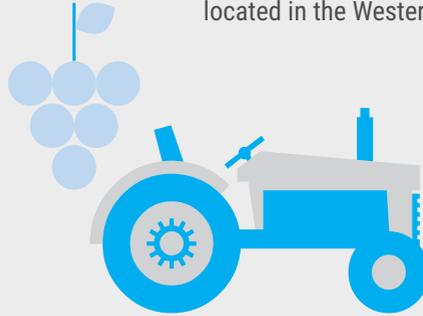


South Africa is ranked 8th in the world in terms of volume producing **4%** of the world's wine.



21 out of the 23

South African wine routes are located in the Western Cape.



7 ELECTRONICS

Cape Town’s strong skills base enables it to be flexible, agile and innovative in response to ever-shifting technology possibility frontiers, and rapidly evolving consumer tastes and preferences (City of Cape Town 2014). The electronics sector, although relatively small is an important contributor to foreign exchange earnings through both exports and FDI. In 2016, the sector contributed R884 million to the Cape Town economy. Cape Town has a strong company representation across the following clusters: satellite technology; circuit board and contract manufacturing; audio-visual product manufacturing (including televisions); telecommunications (excluding cellphones) and medical technology (City of Cape Town 2014).

Source: Invest Cape Town 2017/18. City of Cape Town.

BUSINESS FOOTPRINT IN THE ELECTRONICS INDUSTRY IN CAPE TOWN						
Competitive Cluster	 Satellite technology	 Circuit board and contract manufacturing	 Telecommunications (not cell phones)	 Medical technology	 Consumer electronics	 Appliances
Major Companies	<ul style="list-style-type: none"> New Space Systems, SCS Space, Cube Space, S-Plane, Denel Space Teq, African Space Innovation Centre (CPUT), Simera 	<ul style="list-style-type: none"> Mec Technology, Montar Manufacturing, Trax Interconnect, Switchboard Manufacturers Cape, Zyteq Technologies 	<ul style="list-style-type: none"> Garmin, Tellumat, ET Systems, Quantum Telecommunications 	<ul style="list-style-type: none"> Pinnacle Instruments, Rhomberg Instruments, Masskof, Sheer Mobility, Minus 40, Winfar Surgical 	<ul style="list-style-type: none"> Hisense 	<ul style="list-style-type: none"> Hisense, AEG
	Source: City of Cape Town using Who Owns Whom (2017)					

8 FOOD AND BEVERAGES

The Western Cape has a well-established food and beverage manufacturing sector, boasting some of the country's largest companies in the sector.

The region's vast and productive agricultural land with distinctive agricultural yields (including grapes, deciduous fruits and ostriches), large international port, growing consumer population and relatively strong skills base, makes it a very competitive location in which to base food and beverage manufacturing operations.

IN CAPE TOWN

The industry is one of the few manufacturing industries in which Cape Town has a positive trade balance and is a very important earner of foreign exchange for the City. Recent growth in food and beverage exports provides reason to believe that the sector is well placed to realise the opportunities presented by growing demand for food and beverage products on the African continent. Cape Town hosts competitive clusters in terms of the manufacture of spice and saucing products, the processing of fish products, the manufacture of grain mill products (especially cereals), beer brewing and soft drink production.

Food and beverage manufacturing is the largest of Cape Town's manufacturing industries, contributing 3,6% of Cape Town's GVA and 4,1% of its formal employment. The industry has a metro location quotient of 1,3, meaning that it is relatively more important to Cape Town's economy than it is to other metros and can thus be considered a comparative advantage industry for the city.

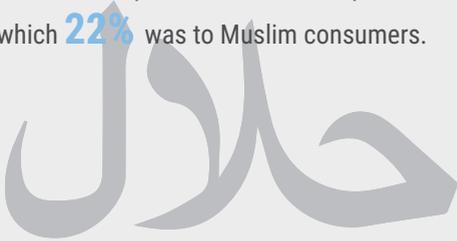
Competitive Cluster	Fish products	Beverages	Craft Beer	Spices and Saucing	Grain Mill Products	Dairy products	Food products	Major retailers
Major Companies	<ul style="list-style-type: none"> - I&J - Oceana - Sea Harvest 	<ul style="list-style-type: none"> - Quality Beverages - Pioneer Group- Twizza - Peninsula Beverages - South African Breweries - Good Hope International Beverages 	<ul style="list-style-type: none"> - Devil's Peak Brewery - Jack Black Distel 	<ul style="list-style-type: none"> - Freddie Hirsch - Ina Paarman - Zencor - Estin - Mediterranean Foods - Natural Herbs and Spices 	<ul style="list-style-type: none"> - Bokomo - Pioneer - Tiger Brands - Sisko Grain 	<ul style="list-style-type: none"> - Parmalat South Africa (Pty) Ltd 	<ul style="list-style-type: none"> - BM Foods Manufacturers - Rhodes Food Group Holdings Ltd - Afrifresh - Cape Oil products 	<ul style="list-style-type: none"> - Pick n' Pay - Checkers - Woolworths

Source: City of Cape Town using Who Owns Whom (2017)

Source: Invest Cape Town 2017/18. City of Cape Town.

HALAL BUSINESS

The Western Cape's halal-relevant exports accounted for **37%** of its total exports in 2017, of which **22%** was to Muslim consumers.



92% growth in food preparation exports from the Western Cape to the world.

(DEDAT and Wesgro calculations)

9 OIL AND GAS SECTOR POTENTIAL

There are three major ports in the Western Cape, and the Cape of Good Hope is a major trade route. In 2016 alone, 5.8 million barrels per day (bpd) of petroleum transited through the region, representing the third largest trade route. Port of Cape Town is a key maritime hub with extensive service offerings, in fact it's home to Africa's largest refrigerated container facility

Saldanha Bay is South Africa's largest and deepest port (quayside draft of 23 m) and offers servicing of oil rigs en-route around the Horn of Africa. The Saldanha Bay Industrial Development Zone is a massive boon for development of the oil and gas sector, and the investor offerings are extensive.

KEY INCENTIVES

Cape Town aims to position itself as a globally competitive city, and considering that numerous cities across the globe utilise incentives to attract investment, the City of Cape Town also offers a suite of incentives to attract investment into its key industries and spatial nodes.

Incentive schemes	Focus of scheme	Nature of Incentives
Urban Development Zone (UDZ) tax Incentive	To encourage private sector-led residential and commercial development in inner-city areas with developed public transport facilities.	The Urban Development Zone (UDZ) is a tax incentive administered by SARS. The UDZ allows businesses which fall within its area (the demarcations of which are determined by the City) to benefit from significant tax savings for building development.
City of Cape Town Investment Incentives	<p>To stimulate job creating investment in either the manufacturing sector or prioritized tertiary sector industries in Cape Town.</p> <p>Eligibility for the City's investment incentives depends on investors meeting certain pre-defined criteria as spelt out in the Investment Incentives Policy.</p>	<p>NON-FINANCIAL INCENTIVES INCLUDE:</p> <ol style="list-style-type: none"> 1. Fast-tracked development applications 2. A dedicated investment facilitation service <p>FINANCIAL INCENTIVES INCLUDE:</p> <ol style="list-style-type: none"> 1. Development application fee waivers 2. Reduced development charges 3. Electricity tariff reductions 4. Broadband line rental holidays

Source: Invest Cape Town 2017/18. City of Cape Town.



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The dedicated team in the Enterprise and Investment Department in the City of Cape Town are on standby to assist you with your investment related queries.



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Wesgro's **dedicated Investment Promotion Team** have years of private sector experience and cover all key-sectors in the Western Cape economy.

We are on standby to make your investment in the Western Cape as seamless as possible.



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