

Executive Summary

This destination fact sheet provides key trade and investment-related statistics for Shandong Province in China. Specifically, it presents an overview of Shandong's economy, and trade, investment and tourism trends with South Africa and the Western Cape. Below are the key highlights:

1. General Information

Shandong Province is a northern coastal province in China, across the Yellow Sea from the Korean Peninsula. With a population of more than 100 million people, it is China's second most populous province and is exceeded in population numbers only by the province of Henan. Jinan is the provincial capital of Shandong.

FIGURE 1: SHANDONG'S GEOGRAPHICAL LOCATION



Shandong is an important maritime economic hub for China. Its ports Qingdao and Yantai are two of the major ports in China, and in 2020 these two ports accounted for 10.6% of China's total volume of freight handled in major coastal ports. The China (Shandong) Pilot Free Trade Zone, established in August 2019, has boosted the maritime economy and has established a new focus for its development goals.

Shandong is dominant in the agricultural sector and is renowned as "China's most outstanding agricultural province". This is due to the value it places on agriculture, as well as its outstanding agricultural output of vegetables, fruit, meat, and aquatic products. Shandong is also a major producer and supplier of petroleum, coal, and non-ferrous metals.

In 2023, Shandong exported goods to the value of USD307bn, making it the 4th largest exporter out of the 31 exporting provinces in China. The province imported USD195bn worth of goods, making it the 6th largest importer out of the 31 provinces in China.

Sources: HKTDC Research, 2024; The Observatory of Economic Complexity (OEC), 2024

Table 1 shows the key indicators for the province of Shandong

TABLE 1: DEMOGRAPHIC & ECONOMIC INFORMATION	
Capital	Jinan
Governor	Zhou Naixiang
Population (2023)	101.23 million
GDP (2023)	RMB9.2trn
GDP growth (2023)	5.13%
Per capita GDP (2023)	RMB9.08
Total Exports (2023)	USD307bn
Total Imports (2023)	USD195bn
Inward FDI in Shandong (Jan- August 2024)	(3 projects; USD122.50m)

Source: National Bureau of Statistics of China, 2024; HKTDC Research, 2024; The Observatory of Economic Complexity (OEC), 2024; fDi Markets, a service from The Financial Times 2024. All Rights Reserved.

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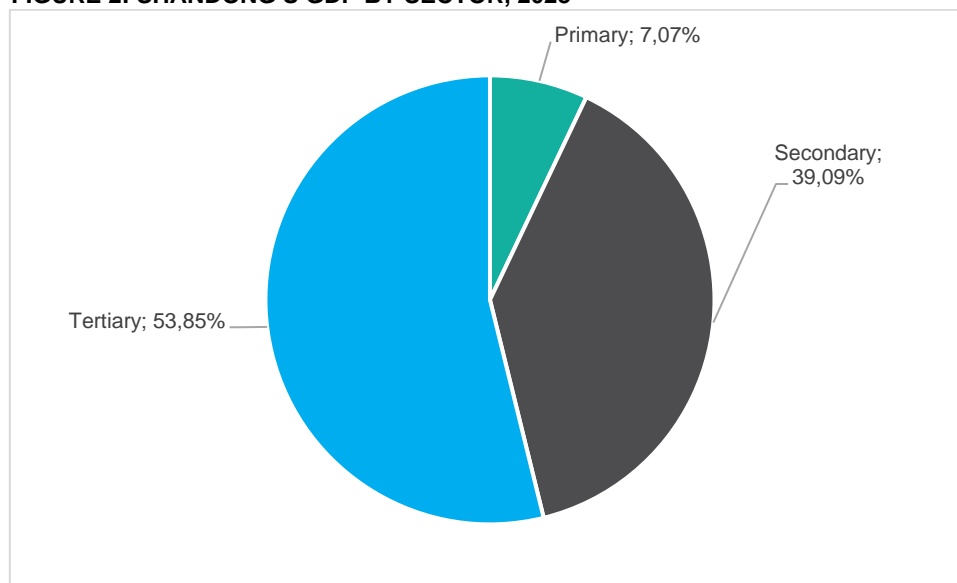
2. Economic Overview

2.1. Gross Domestic Product

The contributions of the three main industry sectors towards Shandong's gross domestic product (GDP) in 2023 is shown in Figure 2. Shandong's GDP totalled RMB9.20trn in 2023, an increase of 5.13% y-o-y on the RMB8.76trn recorded in 2022.

The tertiary sector accounted for slightly more than half of Shandong's GDP in 2023 at 53.85%. The secondary sector followed in second place with a contribution of 39.09% towards the GDP, while the primary sector was responsible for a share of 7.07%.

FIGURE 2: SHANDONG'S GDP BY SECTOR, 2023

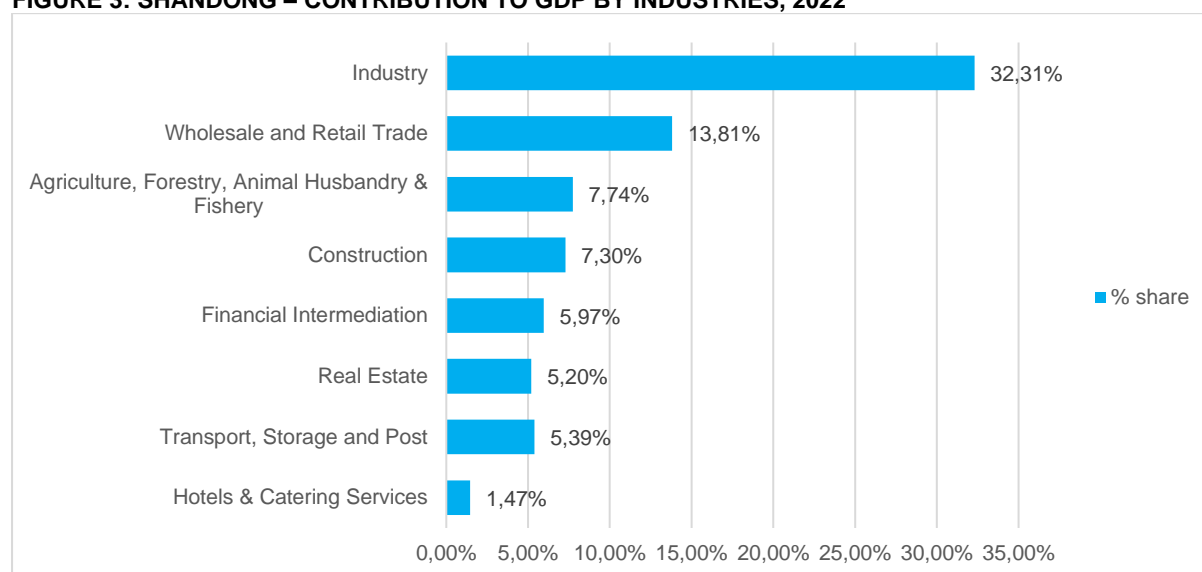


Source; National Bureau of Statistics of China, 2024
NOTE: Data on the values are calculated at current prices.

2.2. Contribution to GDP by Industries

Figure 3 shows the contributions per sector towards Shandong's GDP in 2022. Industry was the top contributor to Shandong's GDP in that year, having accounted for 32.31% of the total GDP. This was followed by wholesale and retail trade (13.81%); with agriculture, forestry, animal husbandry, and fishery in third place (7.74%).

FIGURE 3: SHANDONG – CONTRIBUTION TO GDP BY INDUSTRIES, 2022

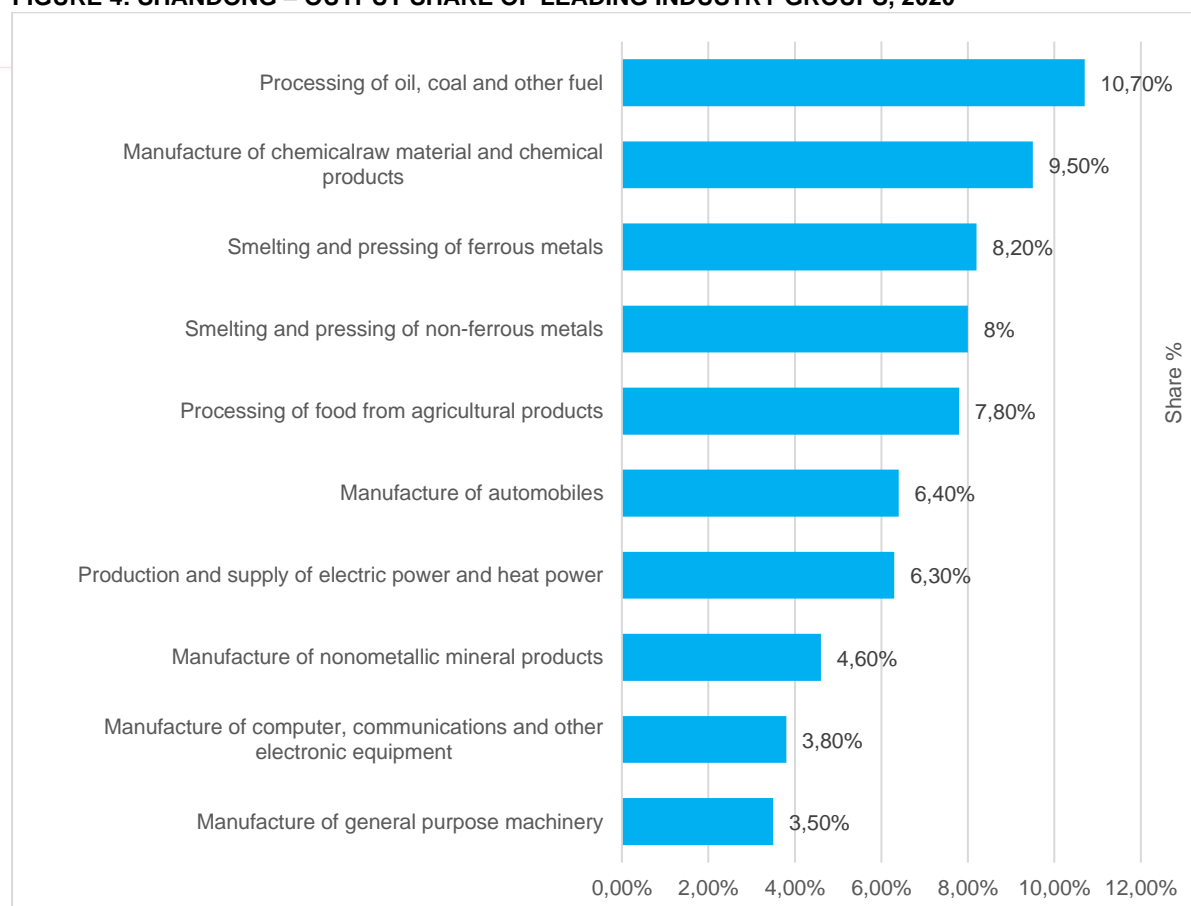


Source: National Bureau of Statistics of China, 2023. NOTE: Data on the values are calculated at current prices.

2.3. Industry Output

Due to the region's rich natural resources, particularly oil and coal, Shandong's excavating and energy industry is strong. In 2020, Shandong accounted for 11.4% of China's total crude oil production. Industries are mainly located in Qingdao, Yantai, Weifang, Jinan, and Weihai. Figure 4 presents the share of total industrial business revenue.

FIGURE 4: SHANDONG – OUTPUT SHARE OF LEADING INDUSTRY GROUPS, 2020



Source: HKTDC Research, 2024

Some of the most important industries¹ in Shandong include:

Agriculture

Shandong is the largest agricultural exporter in China. A large portion of China's exports of peanuts and poultry meat come from Shandong. The province ranks first among the provinces in the production of a variety of products, including cotton and wheat. Other important crops include sorghum and maize.

Machinery equipment

Key manufacturing sub-sectors include agricultural machinery, engineering machinery, machine tools, petroleum equipment, and woodworking tools. Shandong has also strengthened construction for intelligent agricultural machinery, intelligent animal husbandry and intelligent irrigation.

Petro-chemical

Top chemical products in Shandong include high concentration fertiliser, caustic soda, radial tire, and soda ash. Furthermore, Shengli Oil Field, China's second largest oil field, is in the north of Shandong.

Mineral resources

Shandong's main mining sub-sectors include coal mining and separating, petroleum exploiting, natural gas extracting, as well as ferrous and non-ferrous metal ore mining and separating. Shandong ranks first among the provinces in the production of precious metals such as gold and diamonds. It also has one of the biggest sapphire deposits in the world. The main mining enterprises are Shengli Oil Field, Yankuang Mining Group, and Zhaoyuan Gold Group.

Wine industry

Shandong is one of China's major wine-producing provinces. The province accounts for 40% of China's total wine production. Most of the region's 140+ wineries are located along the northern coast of the Shandong Peninsula in the famous Yantai wine region, which is typically referred to as China's Napa Valley. Additional wineries are in Qingdao, on the other side of the Shandong Peninsula. Main varieties such as Cabernet Sauvignon, Cabernet Gernischt, Merlot, Riesling, and Chardonnay are all 20 years of age and are at the golden stage for these grapes produced in the region.

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Manufacturing

Shandong's key manufacturing sectors include automobile, shipbuilding, petrochemical, light industry, textiles, steel, and non-ferrous metals. The richest part of the province is the Shandong Peninsula, where the city of Qingdao is home to three of the most well-known brand names in China: Tsingtao Beer, Haier, and Hisense.

Tourism

Shandong is a popular tourist spot and is known for its charming and romantic beachscape and beautiful buildings built with typical European style. In 2021, Shandong attracted 730 million (+26.6%) domestic tourists with a revenue of RMB827.9 billion (+37.5%). Shandong was the birthplace of influential cultural and historical figures such as Confucius and Mo Zi and is also home to four UNESCO World Heritage sites. These include Mount Tai; the Temple and Cemetery of Confucius and the Kong Family Mansion in Qufu; the Grand Canal; and the Great Wall of Qi, which forms part of the Great Wall of China.

3. Trade

Exports

In 2023, Shandong exported goods to the value of USD307bn, making it the 4th largest exporter among the 31 exporters in China.

Top exports products:

- Other games: video game consoles (USD12.3bn)
- Pneumatic tyres new of rubber for buses or lorries (USD6.6bn)
- Pneumatic tyres new of rubber for motor cars (USD4.87bn)
- Other toys (wheeled, model scale, puzzles) (USD4.31bn)

Imports

In 2023, Shandong imported goods to the value of USD195bn, making it the 6th largest importer among the 31 importers in China.

Top import products included:

- Petroleum oils, crude (USD50bn)
- Iron ore, concentrate, not iron pyrites, un-agglomerate (USD12.4bn)
- Electronic integrated circuits: processors and controllers (USD8.82bn)
- Soya beans: other than seed (USD6.60bn)
- Light Petroleum distillates (USD6.54bn).

Source: *The Observatory of Economic Complexity (OEC), 2024*

4. Investments

This section analyses Foreign Direct Investment (FDI) flows between Shandong and South Africa as well as FDI flows between Shandong and the Western Cape.

4.1. FDI from Shandong in South Africa

Table 2 shows that between January 2014 and August 2024, companies based in Shandong invested in four FDI projects in South Africa. These projects represented a total capital investment of ZAR1,359.12m which is equivalent to an average investment of ZAR339.01m per project. During that period, a total of 881 jobs were created. Notably, 79.46% of Shandong's capital investments in South Africa during this period were concentrated in the Western Cape.

The most recent investment from Shandong was made in September 2020 by Hisense, a manufacturer of electronic products. The company invested in Cape Town's consumer electronics sector in a manufacturing project valued at ZAR197.89m in the Atlantis Special Economic Zone.

TABLE: FDI FROM SHANDONG INTO SOUTH AFRICA, JAN 2014 – AUG 2024						
DATE	INVESTING COMPANY	DESTINATION STATE	INDUSTRY SECTOR	INDUSTRY ACTIVITY	CAPEX (ZARm)	JOBS
Sep-20	Hisense	Western Cape	Consumer electronics	Manufacturing	197.89	200
Nov-17	Hisense	Western Cape	Consumer electronics	Manufacturing	659.62	526
Mar-16	Sinotruk (China National Heavy Duty Truck Group) (CNHTC)	Not Stated	Automotive components	Logistics, Distribution & Transportation	279.19	74
Jun-15	Hisense	Western Cape	Consumer electronics	Headquarters	222.43	81
TOTAL					1 359.12	881

Source: *fDi Markets, a service from The Financial Times 2024. All Rights Reserved.*

4.2 FDI from South Africa in Shandong

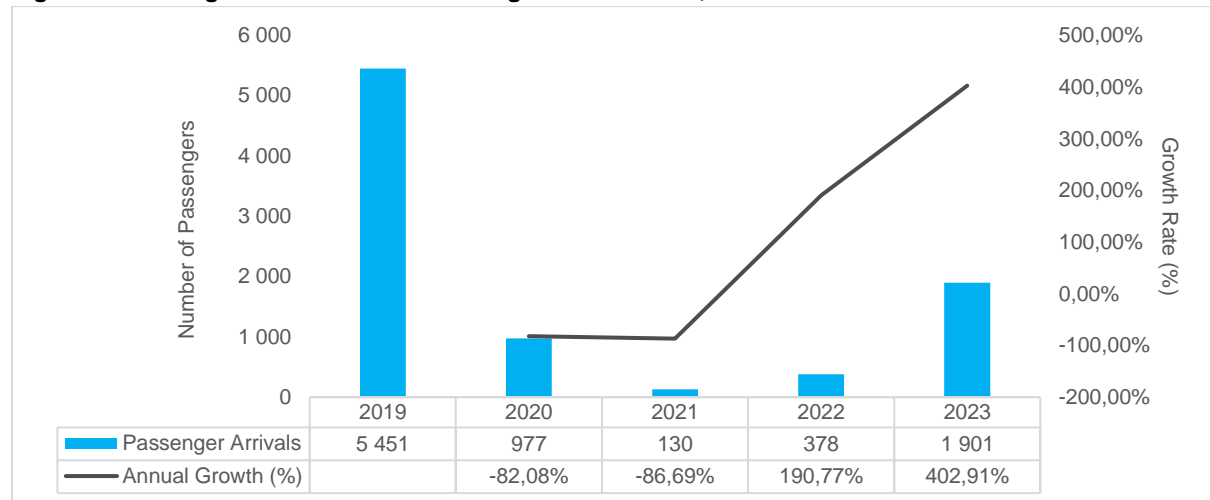
There is no recorded FDI from South Africa into Shandong during the period January 2014 to August 2024.

5. Tourism

5.1. Passenger Arrivals from Shandong in South Africa

Figure 5 shows the number of passenger arrivals from Shandong International Airport into South Africa between 2019 and 2023. In 2023, a total of 1,901 passengers arrived from Shandong International Airport in South Africa, reflecting a year-on-year increase of 402.91% compared to the same period in 2022.

Figure 5: Passenger Arrivals from Shandong in South Africa, 2019–2023

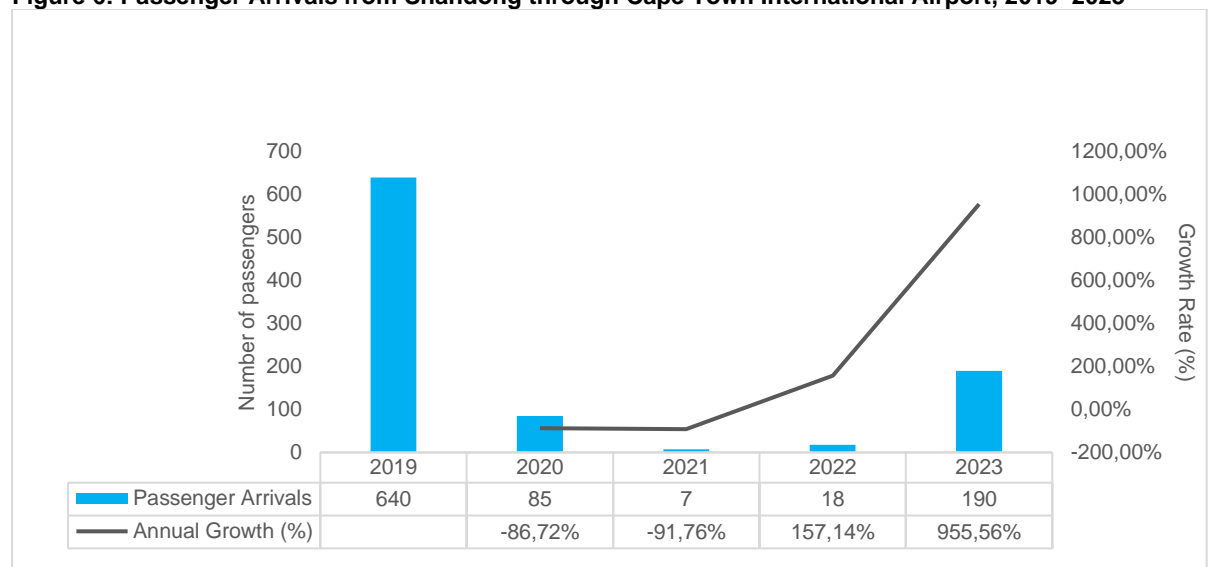


Source: OAG Traffic Analyser,

5.2. Passenger Arrivals from Shandong through Cape Town International Airport

Figure 6 shows the number of passengers arriving from Shandong to Cape Town via Cape Town International Airport (CTIA) from 2019 to 2023. In 2023, Cape Town International Airport recorded 190 passenger arrivals from Shandong International Airport, representing an increase of 955.56% year-on-year from the 18 passenger arrivals in 2022.

Figure 6: Passenger Arrivals from Shandong through Cape Town International Airport, 2019–2023



Source: OAG Traffic Analyser,

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