

# European Union

February 2024

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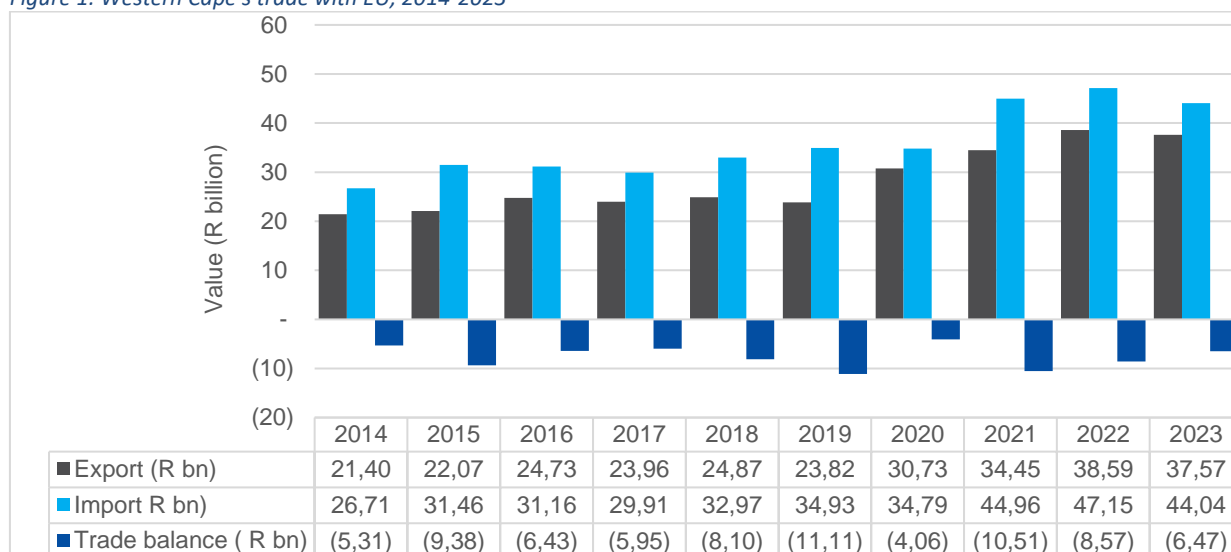
## 1. Introduction

This fact sheet provides key trade and investment statistics between the European Union (EU) and the Western Cape. Specifically, it shows the EU's trade and investment flows, including an analysis of top markets and products, with the Western Cape. It also analyses tourism trends between the EU and the Western Cape.

## 2. Western Cape's Trade with the European Union

Figure 1 shows the Western Cape's trade with the EU from 2014 to 2023. The Western Cape is a net importer of goods from the EU, having consistently maintained a negative trade balance throughout the period under review. In 2023, the province exported goods worth R37.57 billion to the EU while its imports from EU member countries were valued at R44.04 billion.

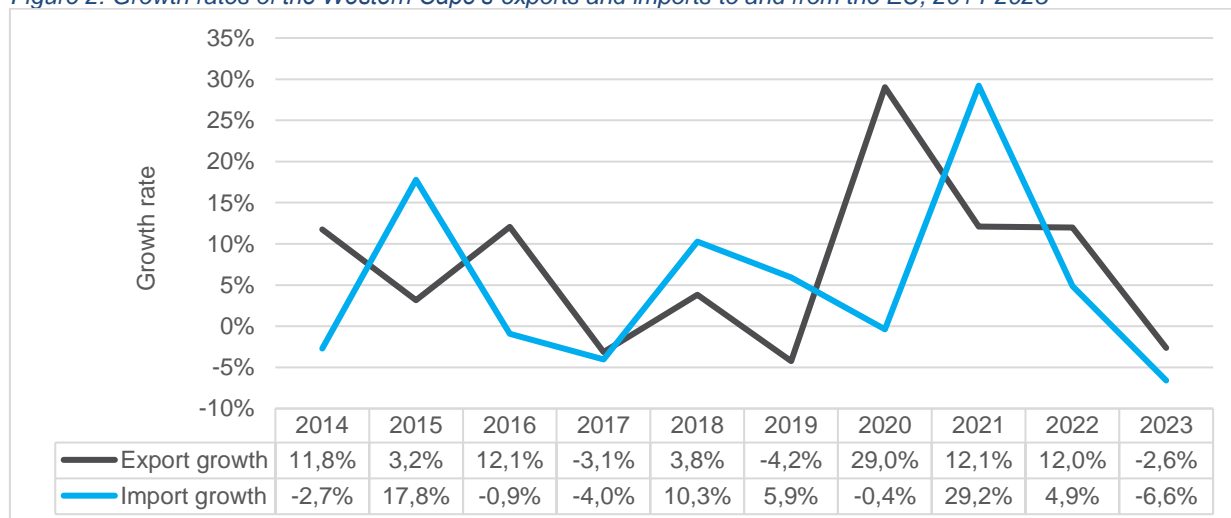
Figure 1: Western Cape's trade with EU, 2014-2023



Source: Quantec (2024)

The Western Cape's average annual growth rate of exports to the EU stood at 7.4% from 2014 to 2023. Imports, on the other hand, increased by 5.3% annually (on average) over the same period. Both exports and imports decreased in 2023 as depicted in Figure 2.

Figure 2: Growth rates of the Western Cape's exports and imports to and from the EU, 2014-2023



Source: Quantec (2024)

Figure 3 shows that the Netherlands was the Western Cape's largest destination market for exports in 2023, with about 44% of the province's total exports to the EU landing in the Dutch market. Germany (14.1%) and Spain (8.3%) were,

respectively, the second and third largest exports markets. On the other hand, the top three EU markets that supplied goods to the Western Cape in 2023 were Germany (17.8%), Italy (16.2%) and the Netherlands (12.9%).

Figure 3: Western Cape's trade with the EU: trade structure by country (top 10 destination/origin), (% of total, 2023)

Share of total exports	Value of exports		Rank		Value of imports	Share of total imports
44.0%	R7.85bn	Netherlands 	1	 Germany	R16.54bn	17.8%
14.1%	R7.15bn	Germany 	2	 Italy	R5.29bn	16.2%
8.3%	R5.70bn	Spain 	3	 Netherlands	R3.13bn	12.9%
6.6%	R3.75bn	Italy 	4	 France	R2.49bn	8.5%
6.3%	R3.58bn	France 	5	 Spain	R2.37bn	8.1%
5.1%	R2.98bn	Belgium 	6	 Belgium	R1.90bn	6.8%
3.3%	R2.02bn	Portugal 	7	 Poland	R1.23bn	4.6%
2.7%	R1.84bn	Denmark 	8	 Austria	R1.01bn	4.2%
1.9%	R1.62bn	Sweden 	9	 Sweden	R0.73bn	3.7%
1.8%	R1.32bn	Ireland 	10	 Ireland	R0.67bn	3.0%

Source: Quantec (2024)

Agriculture, forestry and fishing (52.5%) and food, beverages and tobacco (26%) accounted for a significant proportion of the Western Cape's exports to the EU in 2023 as shown in Figure 4.

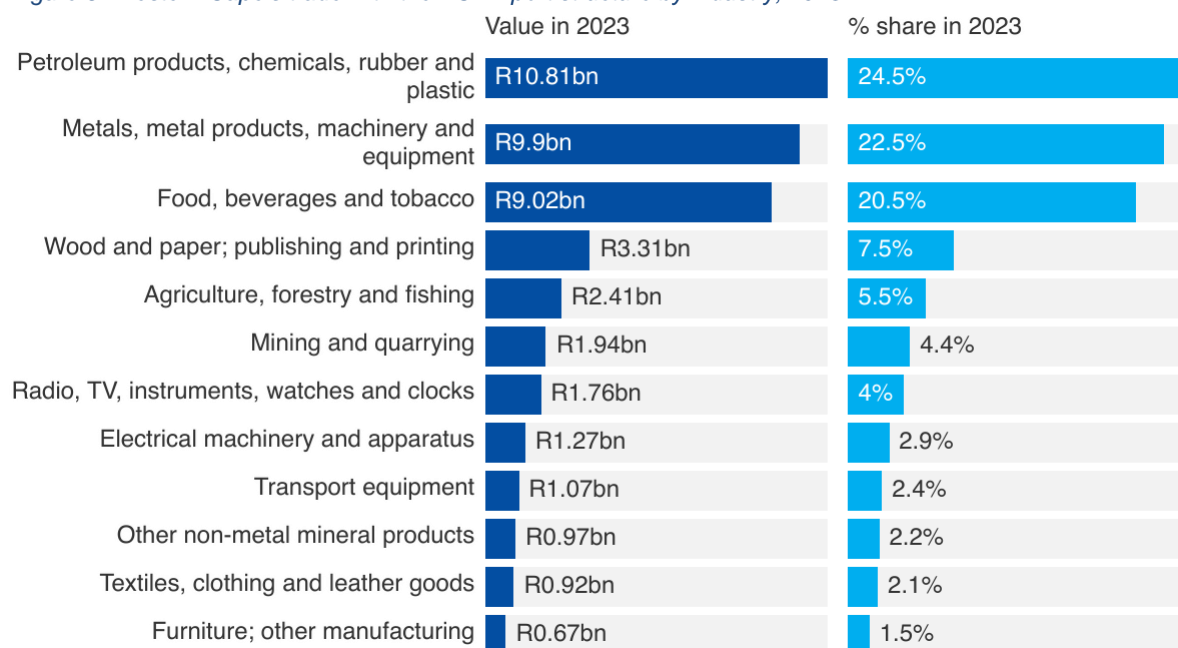
Figure 4: Western Cape's trade with the EU: export structure by industry, 2023

	Value in 2023	% share in 2023
Agriculture, forestry and fishing	R19.72bn	52.5%
Food, beverages and tobacco	R9.78bn	26%
Transport equipment	R2.4bn	6.4%
Petroleum products, chemicals, rubber and plastic	R1.5bn	4%
Mining and quarrying	R0.95bn	2.5%
Metals, metal products, machinery and equipment	R0.94bn	2.5%
Textiles, clothing and leather goods	R0.85bn	2.3%
Radio, TV, instruments, watches and clocks	R0.49bn	1.3%
Furniture; other manufacturing	R0.44bn	1.2%
Other non-metal mineral products	R0.23bn	0.6%
Wood and paper; publishing and printing	R0.17bn	0.4%
Electrical machinery and apparatus	R0.11bn	0.3%

Source: Quantec (2024)

On the other hand, petroleum products, chemicals, rubber and plastics represented nearly a quarter of the province's imports to the EU in the same year as shown in Figure 5.

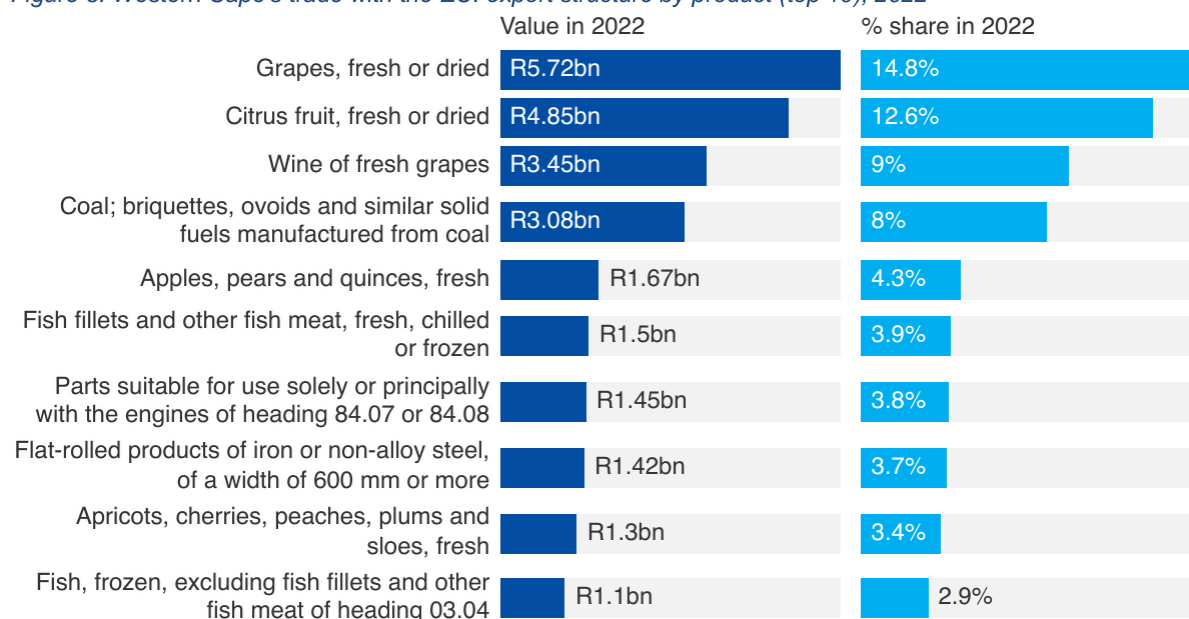
Figure 5: Western Cape's trade with the EU: import structure by industry, 2023



Source: Quantec (2024)

The Western Cape's top three exported products to the EU in 2023 were grapes (14.8%), citrus fruit (12.6%) and wine of fresh grapes (9%) as shown in Figure 6.

Figure 6: Western Cape's trade with the EU: export structure by product (top 10), 2022



Source: Quantec (2024)

Petroleum oils and oils obtained from bituminous minerals (23.8%) dominated the province's imports from the EU in the same year. This can be seen in Figure 7.

Figure 7: Western Cape's trade with the EU: import structure by product (top 10), 2022

	Value in 2022	% share in 2022
Petroleum oils and oils obtained from bituminous minerals, other than crude	R11.24bn	23.8%
Undenatured ethyl alcohol (less than 80 % vol.); spirits, liqueurs and other spirituous beverages	R1.07bn	2.3%
Waters containing added sugar or other sweetening matter or flavoured	R0.96bn	2%
Sunflower-seed, safflower or cotton-seed oil and fractions thereof, not chemically modified	R0.74bn	1.6%
Wheat and meslin	R0.72bn	1.5%
Refrigerators, freezers and other refrigerating or freezing equipment, electric or other; heat pumps	R0.63bn	1.3%
Flat-rolled products of stainless steel, of a width of 600 mm or more	R0.61bn	1.3%
Preparations of a kind used in animal feeding	R0.61bn	1.3%
Cartons, boxes, cases, bags and other packing containers, of paper, paperboard ...	R0.6bn	1.3%
Automatic data processing machines and units thereof; magnetic or optical readers	R0.59bn	1.2%

Source: Quantec (2024)

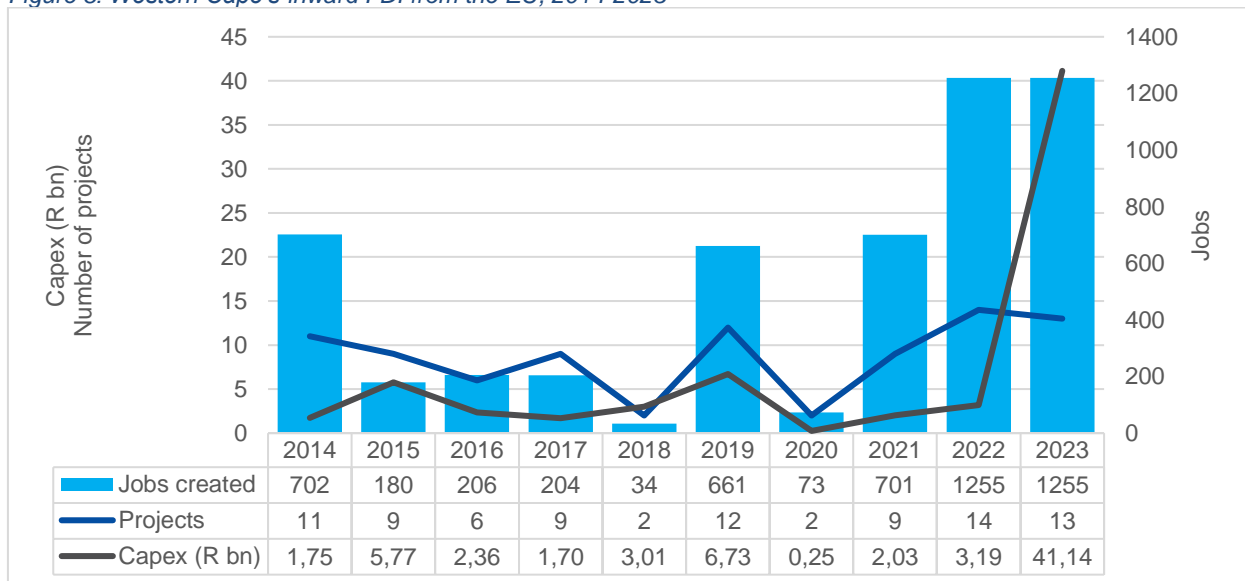
### 3. Foreign Direct Investment

This section analyses the EU's foreign direct investment (FDI) flows with the Western Cape from January 2014 and December 2023. During this period, the EU accounted for 29.4% of the total number of projects and 48.7% of capex to the Western Cape. Moreover, the EU accounted for about 18.2% of the province's outward FDI projects and 15.6% of capex.

#### 3.1 FDI flows from the EU to the Western Cape

During the period under consideration, a total of 87 FDI projects were recorded into the Western Cape from the EU. These projects represent a total capital investment of R67.92 billion, which is an average investment of R 780.81 million per project. Approximately 5,271 jobs were created as a result of these projects. Figure 8 shows that capex recorded by Western Cape companies investing in the EU peaked at R41.14 billion in 2023, while the number of projects peaked in 2022, with a total of 14 projects.

Figure 8: Western Cape's inward FDI from the EU, 2014-2023



Source: FDI Intelligence (2024)

Figure 9 shows the top 10 source markets for the Western Cape's inward FDI from the EU over the past decade (2014 to 2023). Germany was the largest source market, with 18 FDI projects, representing 20.7% of total projects. This was followed by France and the Netherlands, with 13 and 12 projects respectively. The top three source markets, in terms of capex, were Ireland (63% of total capex), Belgium (8.5% of total capex) and Italy (6.9% of total capex).

Figure 9: FDI from the EU to the Western Cape: top 10 source markets, 2014-2024

Share of total projects	No. of projects		Rank		Capex (R bn)	Share of total capex
20.7%	18	Germany 	1	 Ireland	42.76	63.0%
14.9%	13	France 	2	 Belgium	5.74	8.5%
13.8%	12	Netherlands 	3	 Italy	4.66	6.9%
11.5%	10	Ireland 	4	 Spain	3.47	5.1%
9.2%	8	Italy 	5	 France	3.28	4.8%
6.9%	6	Belgium 	6	 Germany	2.22	3.3%
5.7%	5	Spain 	7	 Netherlands	2.15	3.2%
3.4%	3	Denmark 	8	 Luxembourg	0.77	1.1%
3.4%	3	Sweden 	9	 Estonia	0.70	1.0%
2.3%	2	Czech Republic 	10	 Czech Republic	0.69	1.0%

Source: FDI Intelligence (2024)

Business services (18.4%), software and IT services (13.8%) and renewable energy (9.2%) were the top three sectors for FDI projects from the EU to the Western Cape as shown in Figure 10. In terms of capex, renewable energy was the top sector, accounting for 72% of total capex.

Figure 10: FDI from the EU to the Western Cape: top 10 sectors, 2014-2024

Share of total projects	No. of projects		Rank		Capex (R bn)	Share of total capex
18.4%	16	Business services	1	Renewable energy	48.93	72.0%
13.8%	12	Software & IT services	2	Food & Beverages	5.59	8.2%
9.2%	8	Renewable energy	3	Business services	4.89	7.2%
8.1%	7	Communications	4	Software & IT services	1.72	2.5%
6.9%	6	Electronic components	5	Financial services	1.43	2.1%
6.9%	6	Financial services	6	Textiles	0.82	1.2%
6.9%	6	Food & Beverages	7	Electronic components	0.75	1.1%
5.8%	5	Transportation & Warehousing	8	Biotechnology	0.58	0.8%
4.6%	4	Industrial equipment	9	Aerospace	0.57	0.8%
4.6%	4	Textiles	10	Communications	0.53	0.8%

Source: FDI Intelligence (2024)

Accounting for 57.4% of capex, Solar Capita was the top company from the EU that invested in the Western Cape during the period under review as shown in Table 1.

Table 1: Top 10 EU companies investing in the Western Cape: ranked by capex, 2014-2023

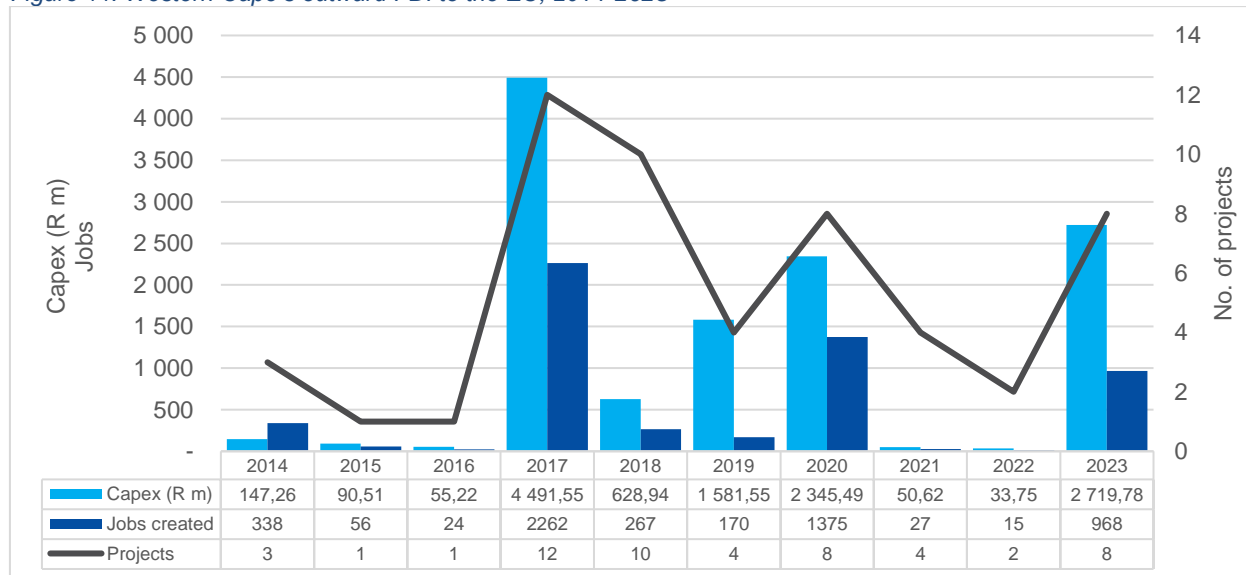
Rank	Investing company	Capex (R bn)	Share of capex	No. of projects	Jobs created
1	Solar Capital	38.98	57.4%	1	500
2	Lotus Bakeries	5.33	7.8%	3	414
3	Acciona	2.58	3.8%	1	21
4	Mainstream Renewable Power	2.58	3.8%	1	21
5	Enel Green Power	2.58	3.8%	1	21
6	TerniEnergia	1.51	2.2%	1	19
7	Ardagh Group	0.77	1.1%	1	51
8	Admirals	0.70	1.0%	1	92
9	PFNonwovens	0.61	0.9%	1	40
10	Sanofi Genzyme	0.58	0.8%	1	51

Source: FDI Intelligence (2024)

### 3.2 FDI from the Western Cape to the EU

Between January 2014 and December 2023, a total of 53 FDI projects were recorded from the Western Cape to the EU. These projects represent a total capital investment of R12.14 billion, which is an average investment of R228.57 million per project. During the period, a total of 5,502 jobs were created.

Figure 11: Western Cape's outward FDI to the EU, 2014-2023



Source: FDI Intelligence (2024)

Figure 12 shows the destination markets for the Western Cape's outward FDI projects to the EU during the period under consideration. Based on the number of projects, the Netherlands was the largest destination market, with 11 FDI projects, representing 20.8% of total projects. This was followed by Romania, with 8 projects (which represents 15.1% of total projects) and France, with 7 projects (13.2% of total projects). Romania (28.1%), Hungary (25.4%) and the Netherlands (17.9%) were the top three destination markets in terms of capex.

Figure 12: FDI from the Western Cape to the EU: top 10 destination markets, 2014-2024

Share of total projects	No. of projects		Rank		Capex (R bn)	Share of total capex
20.8%	11	Netherlands 	1	 Romania	3.41	28.1%
15.1%	8	Romania 	2	 Hungary	3.08	25.4%
13.2%	7	France 	3	 Netherlands	2.17	17.9%
11.3%	6	Belgium 	4	 Poland	1.48	12.2%
11.3%	6	Germany 	5	 Ireland	0.75	6.2%
7.5%	4	Hungary 	6	 France	0.50	4.1%
5.7%	3	Ireland 	7	 Czech Republic	0.23	1.9%
5.7%	3	Poland 	8	 Bulgaria	0.22	1.8%
3.8%	2	Bulgaria 	9	 Belgium	0.13	1.1%
1.9%	1	Czech Republic 	10	 Germany	0.12	0.9%

Source: FDI Intelligence (2024)

Software and IT services (24.5%), business services (11.3%) and textiles (11.3%) were the top three sectors for outward FDI projects from the Western Cape to EU. Consumer services accounted for more than half of total capex as shown in Figure 13.

Figure 13: FDI from the Western Cape to the EU: top 10 sectors, 2014-2024

Share of total projects	No. of Projects		Rank		Capex (R bn)	Share of total capex
24.5%	13	Software & IT services	1	Consumer products	6.74	55.5%
11.3%	6	Business services	2	Financial services	1.35	11.1%
11.3%	6	Textiles	3	Software & IT services	1.15	9.5%
9.4%	5	Consumer products	4	Pharmaceuticals	1.02	8.4%
7.5%	4	Communications	5	Communications	0.47	3.9%
5.7%	3	Financial services	6	Textiles	0.41	3.4%
5.7%	3	Pharmaceuticals	7	Transportation & Warehousing	0.34	2.8%
5.7%	3	Space & defence	8	Electronic components	0.18	1.5%
3.8%	2	Consumer electronics	9	Business services	0.16	1.3%
3.8%	2	Industrial equipment	10	Biotechnology	0.11	0.9%

Source: FDI Intelligence (2024)

The top company from the Western Cape investing in the EU, in terms of the value of investments, was eMag (R6.99 billion) as shown in Table 2. This was followed by Prosus (R786.94 million) and TASK (484.74 million).



Table 2: Top 10 Western Cape companies investing in the EU: ranked by capex, 2014-2023

Rank	Investing company	Capex (R m)	Share of capex	No. of projects	Jobs created
1	eMag	6993.51	57.6%	9	3604
2	Prosus	786.94	6.5%	1	45
3	TASK	484.74	4.0%	1	56
4	Synexa Life Sciences	424.92	3.5%	2	80
5	Sameday Courier	339.01	2.8%	1	33
6	OUTsurance	335.95	2.8%	1	100
7	Triggerfish Animation Studios	309.87	2.6%	1	60
8	OLX	282.26	2.3%	2	106
9	Phase Eight (Fashion & Designs)	240.84	2.0%	3	304
10	Coast2Coast	225.50	1.9%	1	57

Source: FDI Intelligence (2024)

## 4. Tourism market overview: European Union

This section provides insights into the number of tourists arriving from the EU to the Western Cape and Cape Town by air.

### 4.1 EU tourist arrivals to the Western Cape

Based on the number of arrivals recorded from January to September 2023, it appears that the EU tourism market in the Western Cape is gradually recovering. The province experienced a year-on-year increase of 26.71% compared to the same period in 2022. When compared to pre-pandemic figures in 2019 (Jan-Sep), the province has shown a significant recovery of 73.12%.

Among the top three source markets, the Netherlands (ranked second) has shown a significant recovery of over 90% from January to September 2023. Germany (ranked first) has recovered by over 60%, and France (ranked third), has shown a recovery of close to 70% in comparison to the same period in 2019 (January to September).

Table 3: Top 10 EU tourist arrivals to the western cape, 2018-2023

Rank	Markets	2018	2019	2020	2021	2022	2023 (Q1-Q3)	Y-O-Y % change 2023/2022 (Q1-Q3)	% Recovery over 2019 (Q1-Q3)
1	Germany	213 054	129 248	66 431	32 166	101 197	92 431	59.89%	64.88%
2	Netherlands	79 045	51 480	19 011	13 934	48 572	46 714	48.45%	90.16%
3	France	102 007	62 404	24 154	13 409	42 611	45 698	66.94%	69.95%
4	Italy	38 662	24 194	6 222	4 342	18 366	25 127	90.02%	105.80%
5	Belgium	29 380	19 506	7 136	5 018	18 674	16 473	36.67%	83.60%
6	Spain	23 400	15 611	3 358	3 344	12 415	14 115	62.86%	106.83%
7	Ireland	20 458	13 189	5 225	2 358	11 277	10 552	48.33%	79.09%
8	Sweden	31 624	16 858	8 248	3 677	9 566	9 061	77.81%	42.91%
9	Austria	17 563	11 935	6 024	2 675	7 905	8 287	97.12%	64.74%
10	Denmark	13 106	8 532	3 659	1 855	6 313	5 968	48.68%	97.12%

Source: South African Tourism (2023)

Note: Q1– Q3 data for 2023 is reported in the table.

## 4.2 EU tourist arrivals to Cape Town (via air)

In 2023, 316,458 passengers from the EU travelled to Cape Town by air. This represents a year-on-year growth of 45.02% compared to 2022 and a 96.03% recovery from 2019 when there were 329,533 air arrivals. The top three source markets from the EU were Germany, the Netherlands, and France. Germany and the Netherlands fully recovered during 2023, while France had over a 70% recovery compared to 2019.

Table 4: Top 10 EU tourist arrivals to Cape Town (via air), 2018-2023

Rank	Markets	2018	2019	2020	2021	2022	2023	Y-O-Y % change 2023/2022	% Recovery over 2019
1	Germany	135 719	129 779	54 002	23 289	93 315	131 591	41.02%	101.40%
2	Netherlands	50 239	49 184	16 832	10 097	39 151	55 524	41.82%	112.89%
3	France	53 918	46 315	12 641	5 285	21 685	33 805	55.89%	72.99%
4	Italy	22 011	21 101	4 265	2 049	13 219	23 405	77.06%	110.92%
5	Belgium	18 307	16 697	5 443	3 417	12 363	16 740	35.40%	100.26%
6	Ireland	13 215	12 699	4 202	1 208	9 473	13 899	46.72%	109.45%
7	Sweden	20 383	18 107	6 862	2 172	8 224	12 042	46.43%	66.50%
8	Austria	12 894	14 676	5 772	1 818	7 007	10 901	55.57%	74.28%
9	Spain	9 743	9 717	2 038	1 965	7 413	9 821	32.48%	101.07%
10	Denmark	7 011	6 144	2 736	497	3 470	4 413	27.18%	71.83%

Source: Stats SA (2023)

Note: No data on country air arrivals to Cape Town was collected between April and September 2020, owing to the Covid-19 pandemic.

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