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cape town & western cape
research



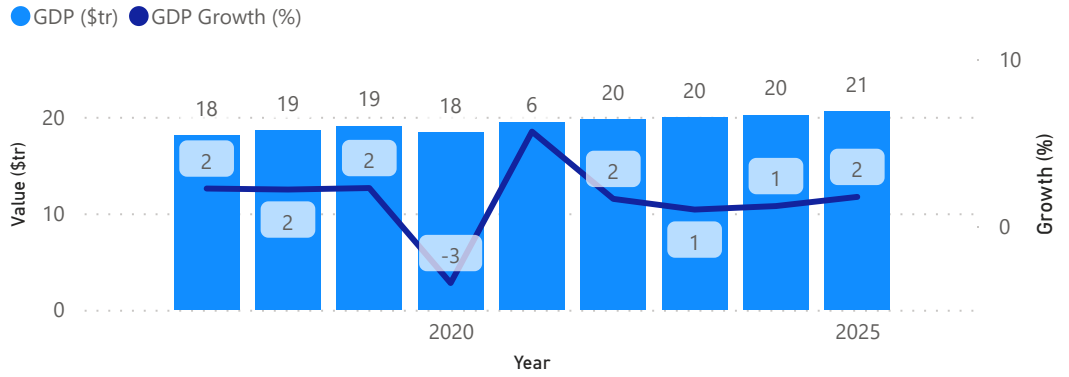
United States Country Fact Sheet December 2022

Cape Town and the Western Cape – A Leading Regional Economy

1) Economic Overview - United States

The United States (US) economy recovered strongly from the COVID-19 pandemic recession, supported by a large and consistent government policy response. In 2021, the country's real GDP stood at USD19.43tr, growing by 5.67% y-o-y from USD18.38tr in 2020. The economy showed great strength at the beginning of 2022, but has since been revised downward, with growth expected at 1.64% in 2022 and 1.00% for 2023. According to the International Monetary Fund (IMF), the dampened growth outlook can be attributed to the continuing effects of the COVID-19 pandemic and the Russian invasion of Ukraine. A third contributing factor is the tightening of financial conditions.

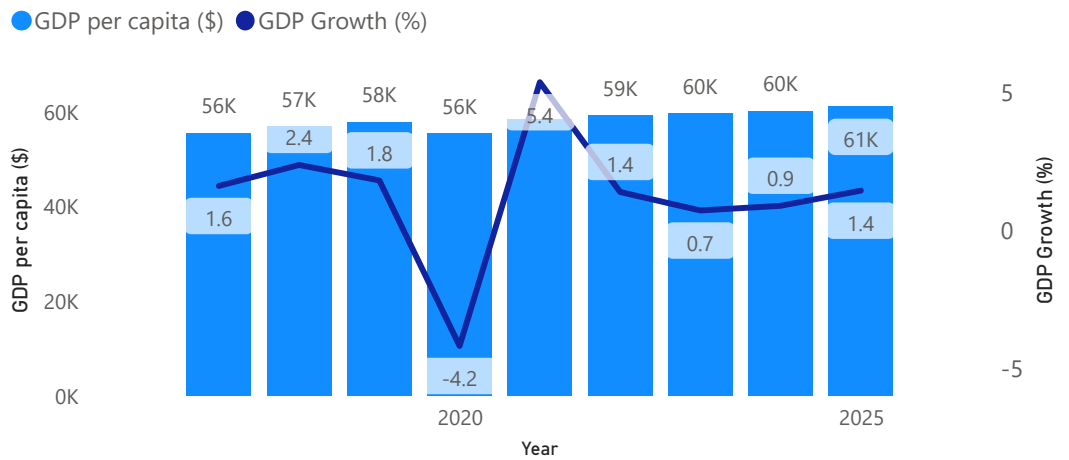
Figure 1: United States GDP, 2017-2025f



Source: Euromonitor, 2022

The US has the third highest GDP per capita (in current prices, US dollar per capita) in the world. The country's real GDP per capita averaged USD56,879 between 2017 and 2021. As shown in figure 2, in 2021, real GDP per capita increased by 5.37% from a value of USD55,503.62 in 2020 to USD58,483.71 in 2021. It is expected to grow at an average annual growth rate of 1.11% per annum between 2022-2025 to reach a GDP per capita value of USD61,123.02 by 2025.

Figure 2: United States GDP per capita, 2017-2025f



Source: Euromonitor, 2022

The US has a highly industrialized economy, and its services sector, in general, is the largest component of its economy. The nation's financial intermediation, real estate, renting, and business activities dominated its Gross Value Added (GVA) in 2021, accounting for a total of 38.48% of GVA. This was followed by education, health, social work and other community, social and personal services activities at 16.01% of GVA and wholesale, retail trade, repair of motor vehicles, personal and household goods (12.18%).

Figure 3: United States Sector Contribution to GVA (%), 2021



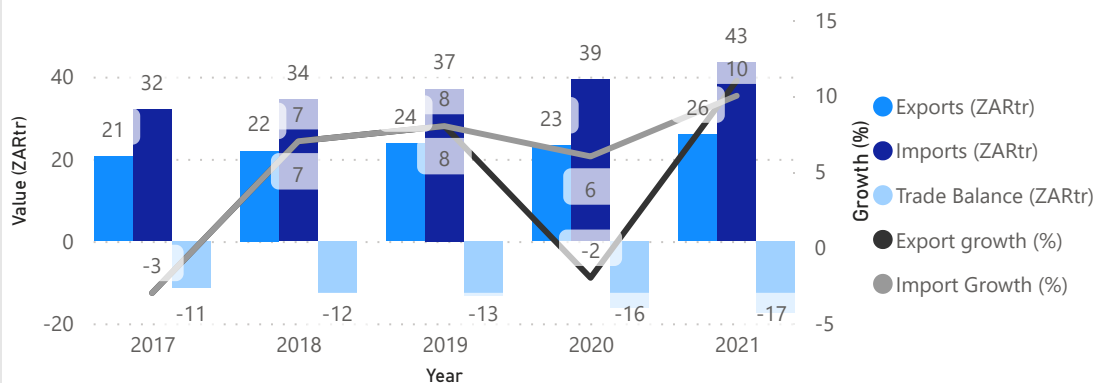
Source: Euromonitor, 2022

2) Trade

2.1) United States Global Merchandise Trade

The US is the world's largest importer of goods and the second largest exporters of goods, behind China. As shown in Figure 4, the US consistently recorded a goods trade deficit from 2017 to 2021. The recovery from the coronavirus pandemic disruptions is reflected in increased exports, which grew from the value of ZAR23.30tr in 2020 to ZAR25.89tr in 2021, an increase of 11.09%. In a similar manner, imports increased by 10.13% from ZAR39.36tr in 2020 to ZAR43.35tr in 2021, resulting in a widening of the trade shortfall from ZAR16.06tr in 2020 to ZAR17.46tr in 2021.

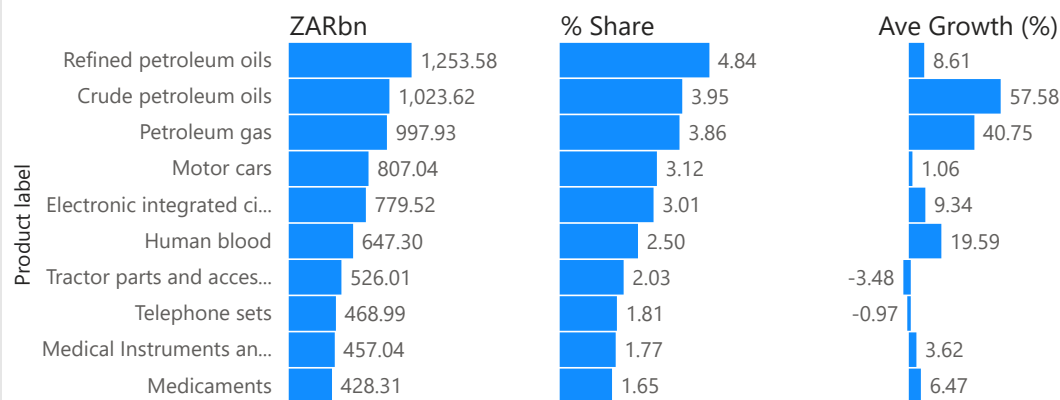
Figure 4: United States Trade with Globe, 2017-2021



Source: Trademap, 2022

The US exports a diversified range of products, as shown in figure 5. Refined petroleum oils were the country's top export product in 2021, at a value of ZAR1, 253.58bn, accounting for 4.84% of total exports. Crude petroleum oils (ZAR1, 023.62bn or 3.95%) and petroleum gas (ZAR997.93bn or 2.75%) followed in second and third place respectively.

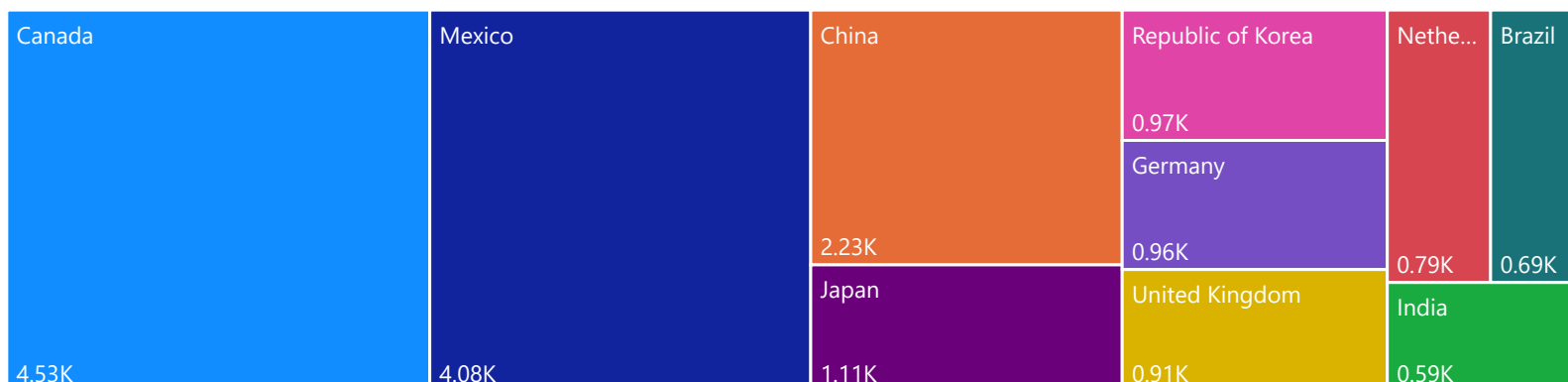
Figure 5: United States Top Export Products, 2021: (Average Growth: 2017-2021)



Source: Trademap, 2022

Canada was the leading destination market for the US's exports in 2021, at a value of ZAR4, 530.99bn, equivalent to 17.50% of the country's total exports in 2021. Exports of motor cars, motor vehicles for the transport of goods, and refined petroleum oils were the top three products exported to Canada in 2021, collectively accounting for 14.85% of US's export basket to the country. Mexico and China followed in second and third place, with exports to Mexico totaling ZAR4, 080.23bn, while exports to China stood at a ZAR2, 229.56bn.

Figure 6: United States Top Export Markets (ZARbn), 2021

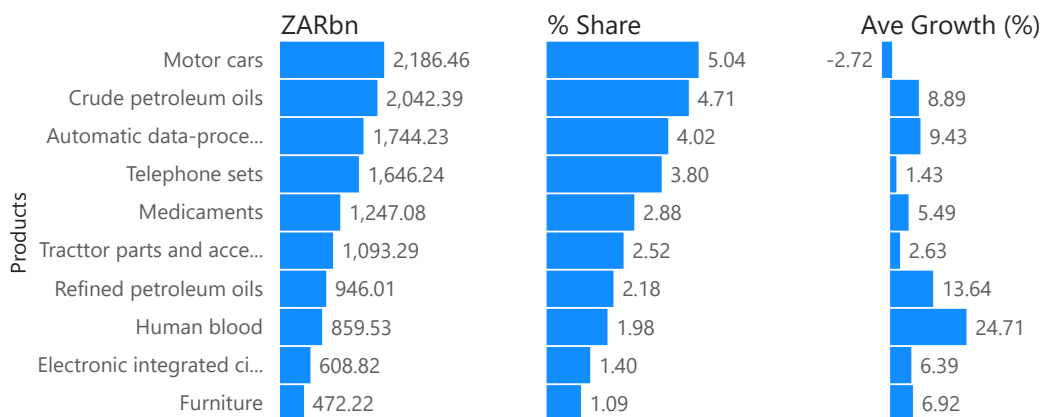


Source: Trademap, 2022

In terms of imports, motor cars were the largest import category into the US in 2021, at a total value of ZAR2, 186.46bn and comprising a share of 5.04% of the import basket. Crude petroleum oils came second at a value of ZAR2, 042.39bn (a share of 4.71%), while auto data-processing machines ranked third with a value of ZAR1, 744.23bn (4.02%).

Out of the top 10 imported products by the US, the imports of human blood recorded the highest average annual growth of 24.71% from 2017-2021.

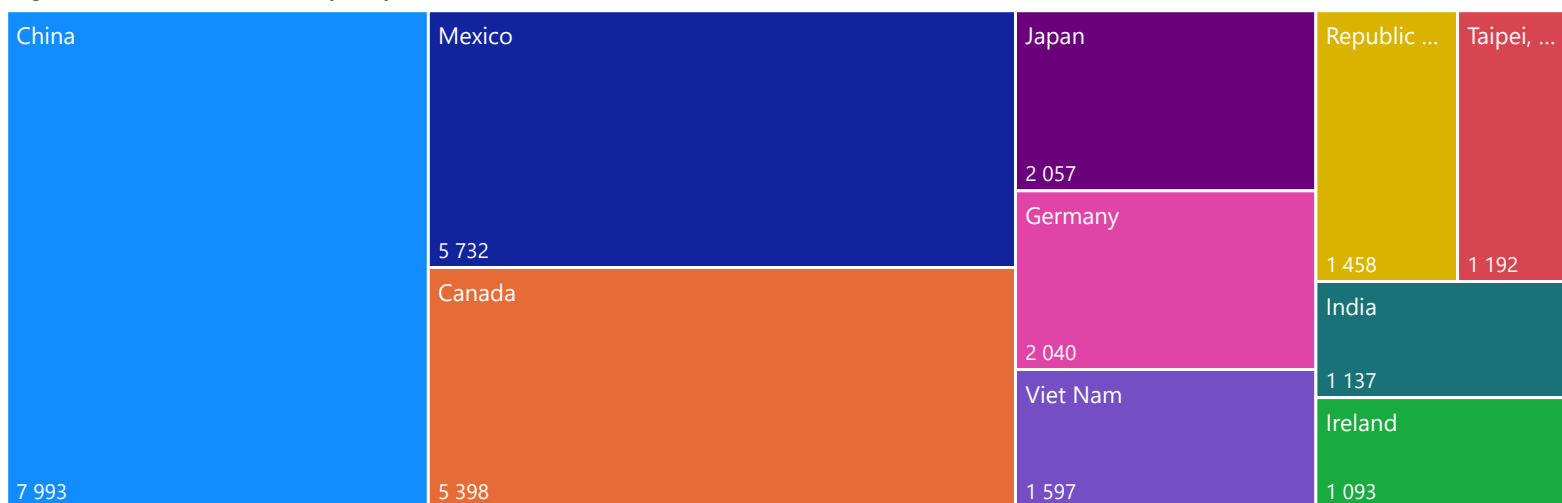
Figure 7: United States Top Import Products, 2021: (Average growth: 2017-2021)



Source: Trademap, 2022

China was the leading source market for United States imports in 2021, at a value of ZAR7, 992.64bn, accounting for 18.44% of total imports by the country. Automatic data-processing machines, telephone sets and tricycles were the top three imported products from China by the US in 2021, collectively accounting for 25.86% of the US's import basket from China. Mexico followed in second place, with imports reaching a total value of ZAR5, 732.03bn, while Canada came third, with imports reaching a total value of ZAR5, 397.88bn.

Figure 8: United States Top Import Markets (ZARbn), 2021



Source: Trademap, 2022

2.2) Trade Agreements and developments

South Africa is eligible for preferential trade benefits under the **African Growth and Opportunity Act (AGOA)[1]**, which was enacted in 2000 by the US congress. The Act originally covered the 8-year period from October 2000 to September 2008, it has since been renewed to 2025. In 2012, the United States and South Africa signed an amended **Trade and Investment Framework Agreement (TIFA)**, which replaced the original agreement signed in 1999. The two countries have a bilateral tax treaty that helps to eliminate double taxation. Moreover, the Southern African Customs Union, which South Africa is part of, signed a Trade, Investment, and Development Cooperative Agreement (TIDCA) with the United States in 2008.

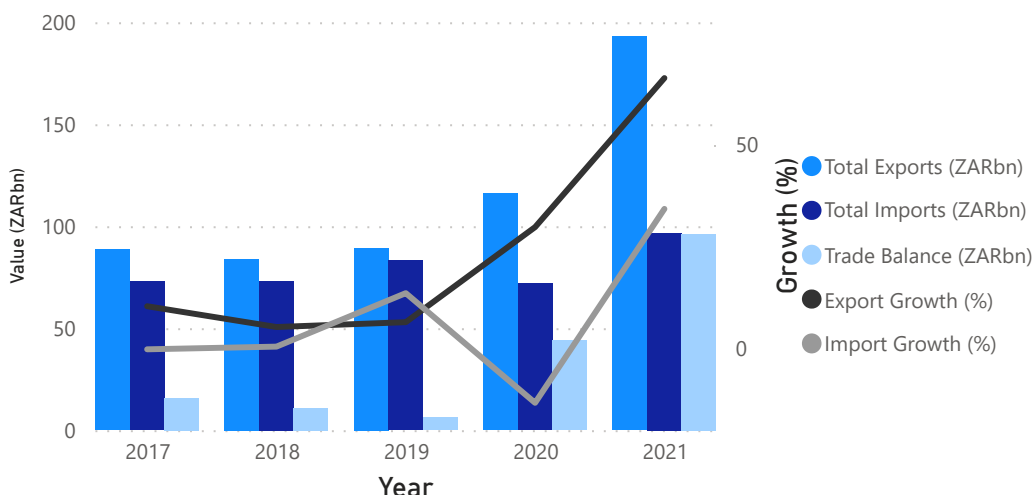
[1] Source: Agoa.info - <https://agoa.info/about-agoa.html>

2.3) Bilateral Trade: South Africa and the United States

The US is South Africa's 2nd largest export market in the world. Both South Africa's exports to and imports from US increased substantially between 2020 and 2021. The value of South Africa's exports to the country increased by 66.33% y-o-y to ZAR192.99bn in 2021, up from ZAR116.03bn in 2020.

South Africa's imports from the country increased by 34.26% y-o-y to a value of ZAR96.71bn in 2021, from a cost of ZAR72.03bn incurred in 2020.

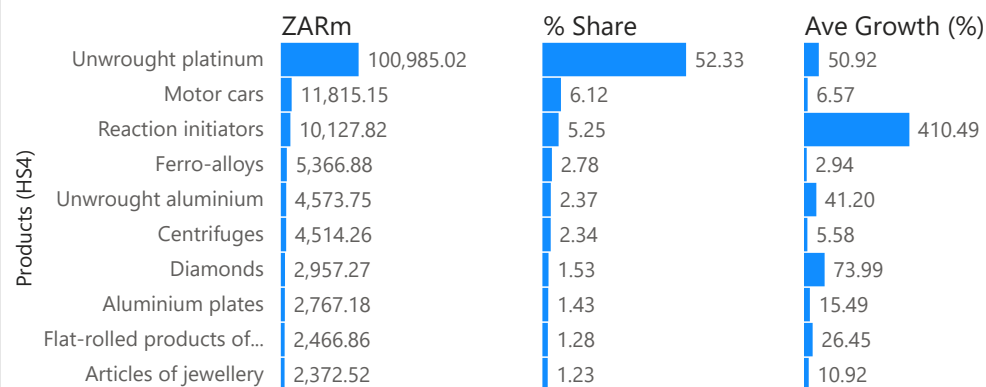
Figure 9: SA Trade with the United States, 2017-2021



Source: Quantec, 2022

Unwrought platinum was South Africa's top export product to the US in 2021 at a value of ZAR100,985m (or ZAR100.99bn), accounting for over a half of the export basket to the country. Motor cars and reaction initiators followed in second place, at value of ZAR11,815.15m and accounting for 6.12% of total exports to the US in 2021. Reaction initiators came third at a value of ZAR10,127.82m (or 5.25%). The highest growth in exports over the past five years, 2017-2021 was recorded for reaction initiators, increasing at an average annual rate of 410.49%. This was followed diamonds (73.99%) and unwrought platinum (50.92%).

Figure 10: SA Top Exports to the United States, 2021: (Average Growth: 2017-2021)

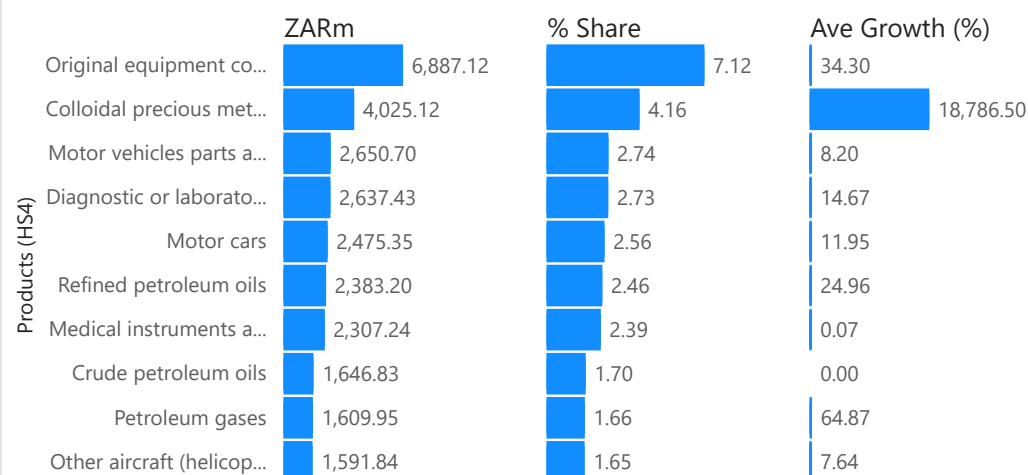


Source: Quantec, 2022

The original equipment components category was South Africa's main import product from the US in 2021, at a cost of ZAR6,887.12m, accounting for a 7.12% share of total South African imports from the country. Colloidal precious metals followed in second place at a value of ZAR4,025.12m, with a share of 4.16%, with motor vehicle parts and accessories in third place (ZAR2,650.70m or 2.74%).

Higher growth in imports over the period 2017 to 2021 was seen in the import of colloidal precious metals (18,786.50%), petroleum gases (64.87%), and refined petroleum oils (24.96%).

Figure 11: SA Top Imports from the United States, 2021: (Average Growth: 2017-2021)



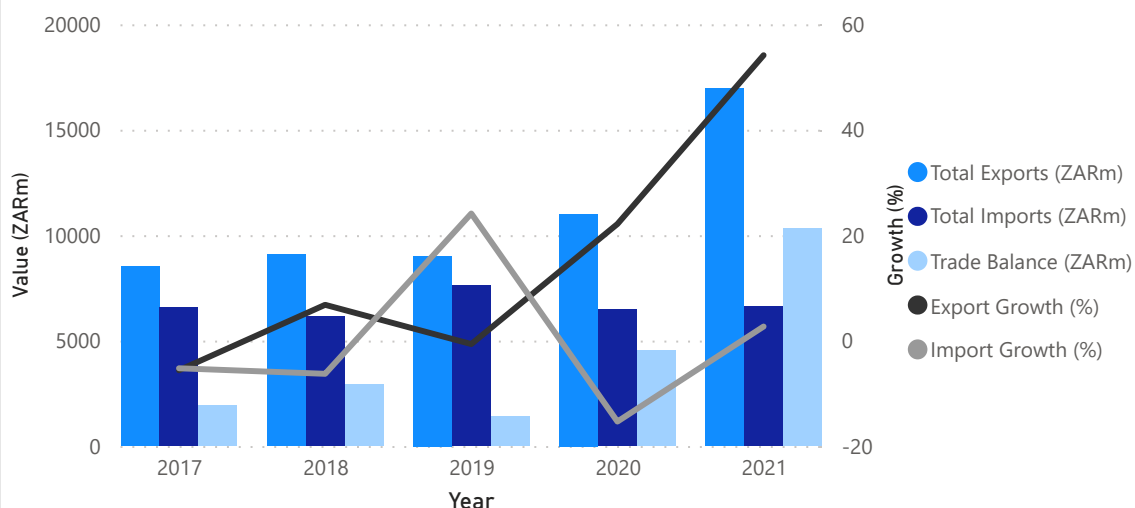
Source: Quantec, 2022

2.4) Bilateral Trade: Western Cape and the United States

The Western Cape recorded substantial growth in its exports to the US in 2021. Exports from the province to the US increased by 54.14% y-o-y in 2021, reaching ZAR16,962.52m from ZAR11,004.68m recorded in 2020. In turn imports from the US grew at 2.67%, from ZAR6,457.37m in 2020 to ZAR6,630.03m in 2021.

Overall, the Western Cape's exports to the US increased at an average annual rate of 15.35% from 2017 to 2021, while imports declined slightly at an average annual rate of -0.02% over the same period.

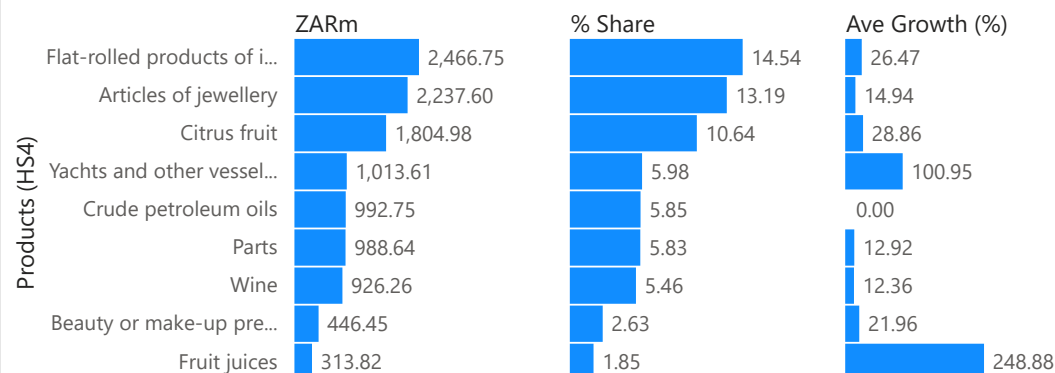
Figure 12: WC Trade with the United States, 2017-2021



Source: Quantec, 2022

The Western Cape's dominant export product to the US in 2021 was flat-rolled products of iron at a value of ZAR2,466.75m, equivalent to 14.54% of all export receipts earned by the province from its trade with US in the period under review. Articles of jewellery came second at a value of ZAR2,237.60m (13.19%), followed by citrus fruit at ZAR1,804.98m (10.64%). Fruit juice exports achieved the highest export growth over the period 2017 to 2021, increasing at an average rate of 248.88% per annum. This was followed by yachts and other vessels for pleasure (100.95%) and measuring or checking instruments (59.53%).

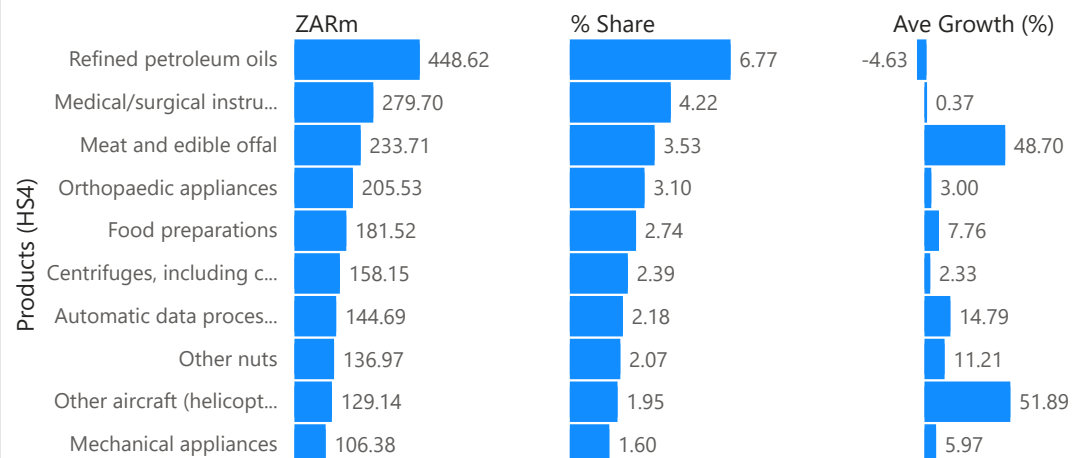
Figure 13: WC Top Exports to the United States, 2021: (Average Growth : 2017-2021)



Source: Quantec, 2022

The refined oils category was the Western Cape's top import product from the US in 2021, accounting for 6.77% of total imports from this country at a value of ZAR448.62m. Medical or surgical instruments and appliances came second at a value of ZAR279.70m (or 4.22%). Meat and edible offal followed at ZAR233.71m (or 3.53%).

Figure 14: WC Top Imports from the United States, 2021: (Average Growth: 2017-2021)



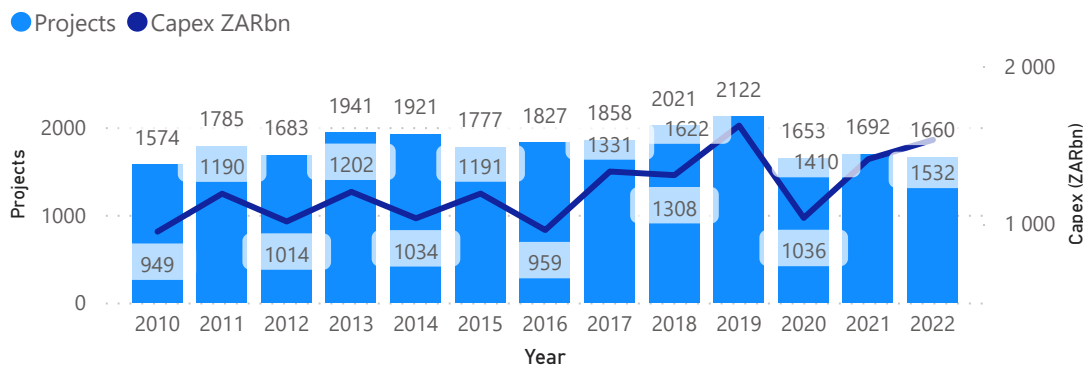
Source: Quantec, 2022

3) Foreign Direct Investment

3.1) FDI into the United States

The US received a total of 23, 514 foreign direct investment (FDI) projects over the period January 2010 and October 2022. These projects represented a total capital investment (capex) of ZAR15.78tr, which equated to an average investment of ZAR670.40m per project. During the period, 2, 185, 003 jobs were created.

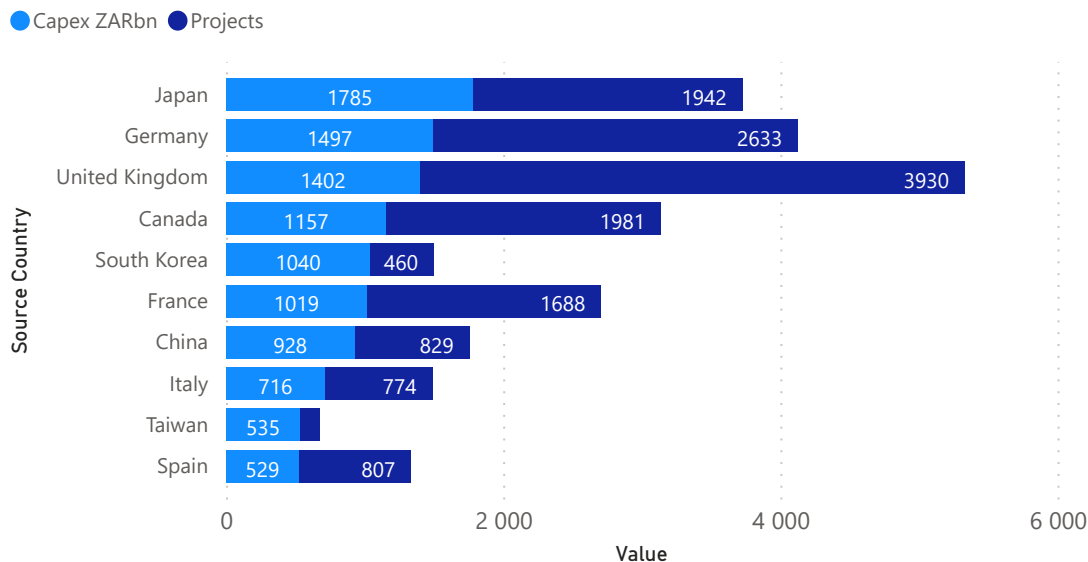
Figure 15: FDI into the United States, 2010-2022



Source: FDI Markets, 2022

Japan was the main source of FDI into US over the period January 2010 to October 2022, accounting for 11.31% of total capital expenditure, valued at ZAR1, 784.82bn and 1, 942 projects. Germany ranked second with a total capex of ZAR1, 496.57bn and 2, 633 projects, while the United Kingdom came third, with a capex reaching ZAR1, 402.00bn from 3, 930 projects.

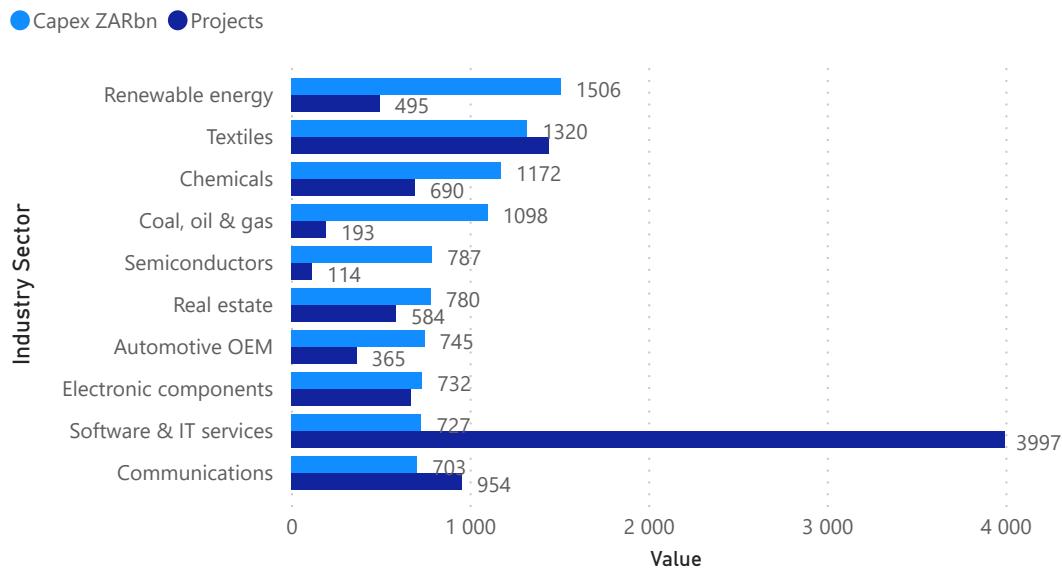
Figure 16: FDI into the United States by Source Markets, 2010-2022



Source: FDI Markets, 2022

Over the period, January 2010 to October 2022, the US's renewables energy sector was the largest recipient of FDI (in terms of capital expenditure) from around the world, accounting for 9.55% of total capex. The textiles sector was the second largest recipient of FDI, with an 8.8% share of total capex. The chemicals sector came third, with a share of 7.91% of total capex.

Figure 17: FDI into the United States by Sector, 2010-2022



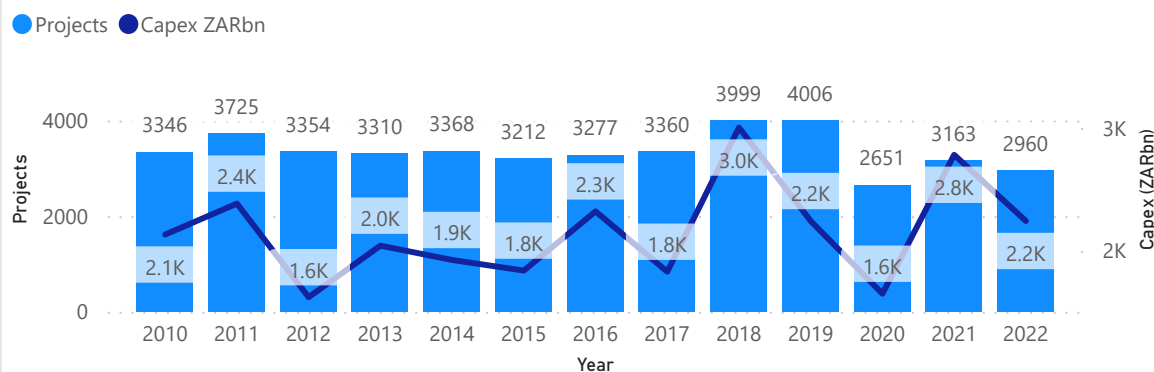
Source: FDI Markets, 2022

The largest number of projects were into the US's software and IT services (3, 997 projects or 17.00%), textiles (1, 443 projects or 6.14%) and communications (954 projects or 4.06%).

3.2) OFDI from the United States to the Globe

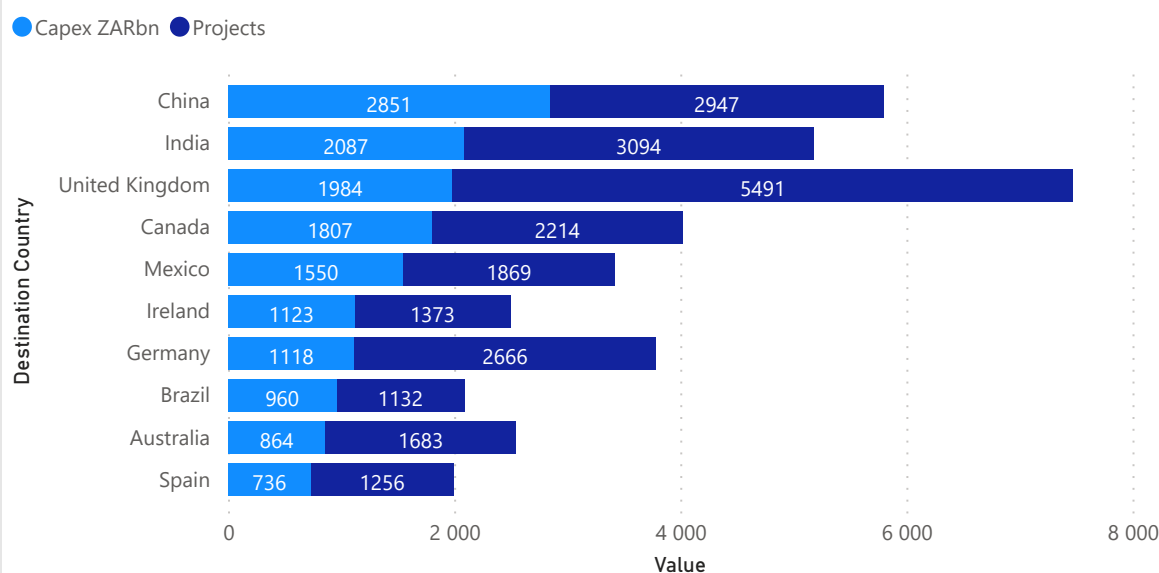
American companies made a total of 43, 731 FDI investments into the global economy between January 2010 and October 2022. These projects represented a total capital expenditure of ZAR28.01tr. This equated to an average investment of ZAR641.20m per project. During the period, 5, 673, 103 jobs were created.

Figure 18: Trend in OFDI from the United States, 2010-2022



Source: FDI Markets, 2022

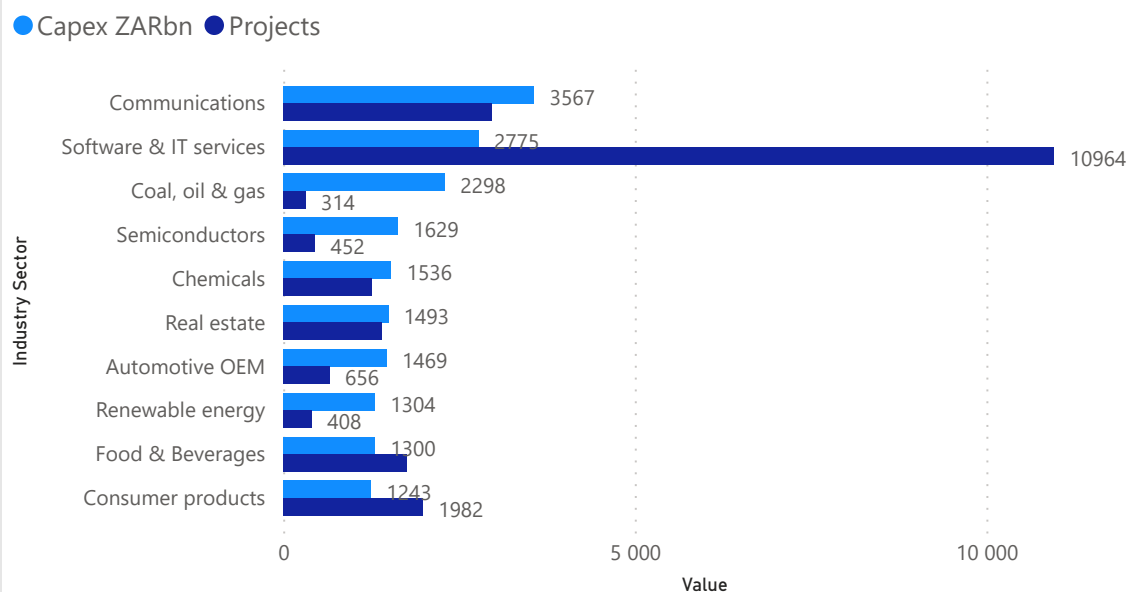
Figure 19: OFDI from the United States by Destination Market, 2010-2022



Source: FDI Markets, 2022

China was the main destination for US FDI over the period January 2010 to October 2022. The country received ZAR2, 850.69bn total capex from the US, equivalent to 10.18% of total capex from 2, 974 projects. This was followed by India, which ranked second with a capex value of ZAR2, 086.68bn (and 3, 094 projects). The United Kingdom came third, receiving ZAR1, 984.28bn worth of capex and 5, 491 projects over the review period.

Figure 20: OFDI from the United States by Top Sectors, 2010-2022



Source: FDI Markets, 2022

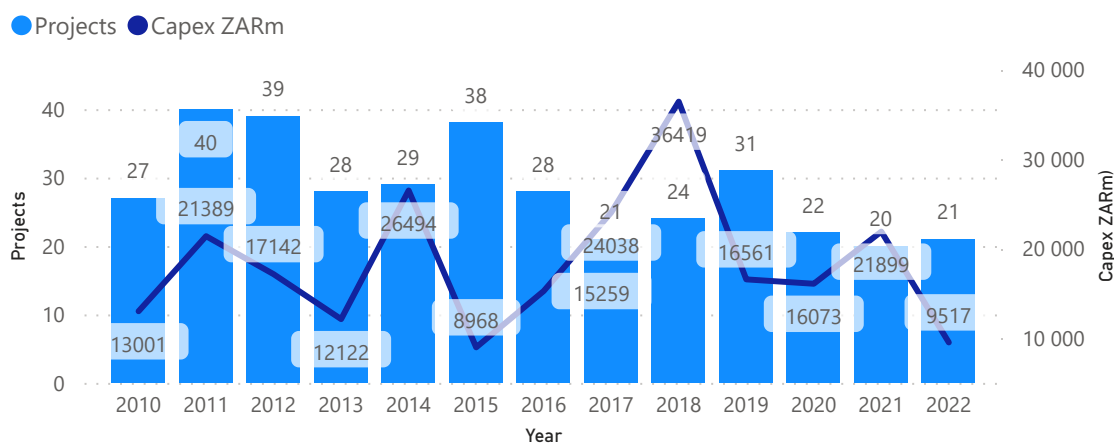
Most FDI (in terms of capital expenditure) from US into the globe over the period January 2010 to October 2022 went into the communications sector, which accounted for 12.73% of total capex. The software and IT services sector was the second largest recipient, accounting for 9.91% of total capex. While the coal, gas and oil sector came third, with a share of 8.20% of total capex from the US.

The largest number of projects invested by US companies were made into software and IT services (10, 964 projects or 25.07%), communications (2, 960 projects of 6.77%) and consumer products (1, 982 projects or 4.53%).

3.3) Bilateral FDI: United States into South Africa

The US invested 368 FDI projects into South Africa between January 2010 and October 2022. These projects generated an estimated capex of ZAR238.88bn, which equated to an average investment of ZAR648.90m per project, leading to the creation of about 34, 935 jobs.

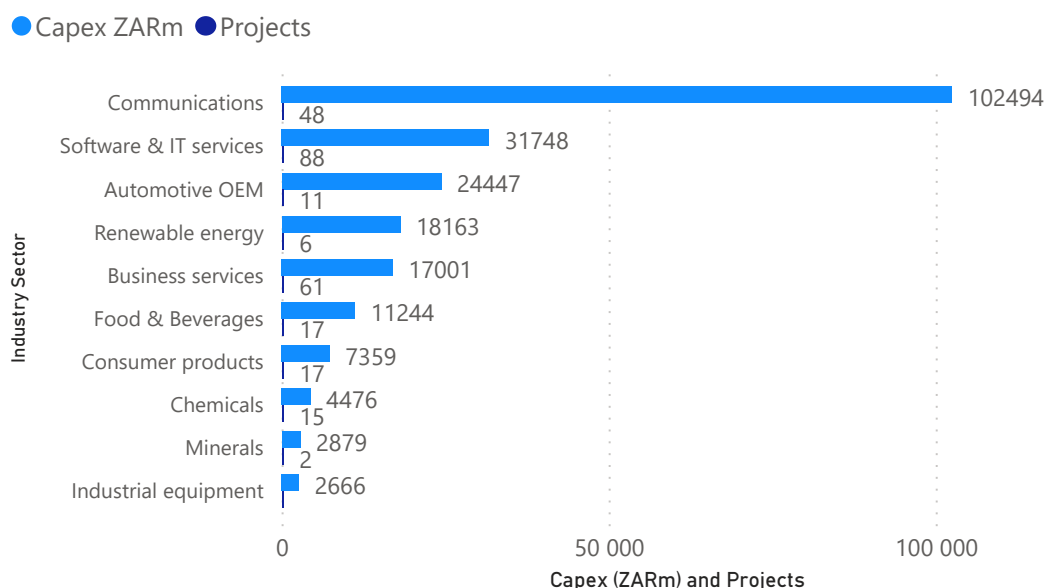
Figure 21: FDI from the United States into SA, 2010-2022



Source: FDI Markets, 2022

South Africa's communications sector received the largest share of capital expenditure from US investments, valued at ZAR102, 494.2m and equivalent to 42.91% of total capex. This was followed by the software and IT services sector with ZAR31, 747.7m worth of capex, equivalent to 13.67% of total capex. The automotive OEM sector received the third largest share of capex of (10.66%), valued at ZAR24, 447.4m. In terms of the largest share of the number of projects received, these sectors were main beneficiaries: the software and IT services sector (88 projects or 23.91%), business services (61 projects or 16.58%) and the communications sector (48 projects or 13.04%.)

Figure 22: FDI from the United States into SA by Sectors, 2010-2022



Source: FDI Markets, 2022

Figure 23 alongside shows the top 10 American companies (by capex) investing into South Africa over the period January 2010 to October 2022. Amazon Web Services (AWS) invested 12 projects into South Africa's communications sector, which reached a total capex value of ZAR28, 934.3m. Ford came second, investing with 10 projects with an accumulative capex value of ZAR19, 148.90m. CloudFlare came third with 3 projects which accumulated ZAR14, 105.1m worth of capex.

Figure 23: United States Companies Investing in SA, 2010-2021

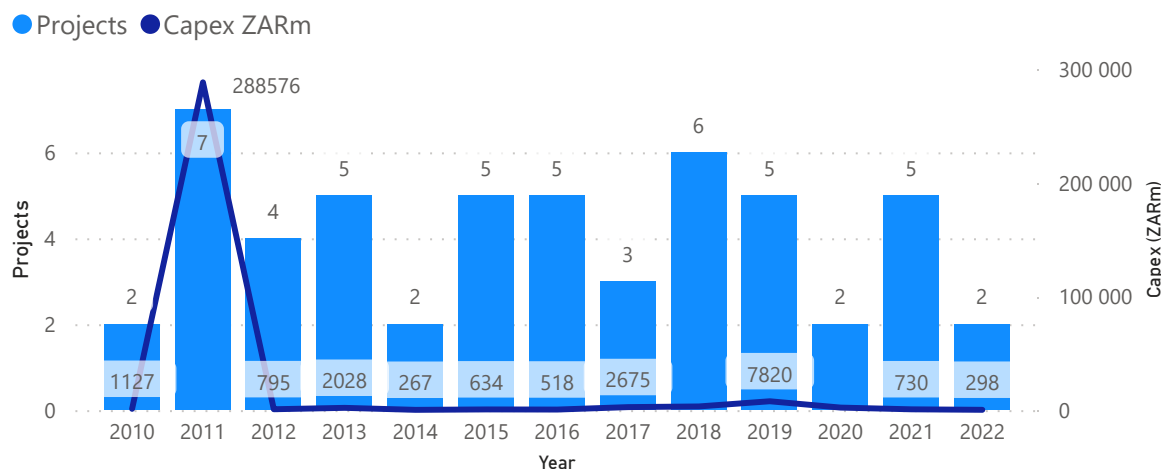
Company name	#Projects	Capex ZARm	Total jobs	Primary sector
Amazon Web Services (AWS)	12	28 934.31	854	Communications
Ford South Africa	10	19 148.92	4705	Automotive OEM
CloudFlare	3	14 105.13	207	Communications
Microsoft	3	9 483.19	146	Software & IT services
SolarReserve	2	9 204.00	100	Renewable Energy
SunEdison	3	8 651.76	94	Renewable Energy
International Business Machines (IBM)	4	8 593.47	256	Software & IT services
Amazon.com	6	7 501.26	6023	Consumer products
PepsiCo	1	5 474.85	233	Food & Beverages
Level 3 Communications	1	4 701.71	69	Communications
Total	45	115 798.60	12687	

Source: FDI Markets, 2022

3.4) Bilateral FDI: South Africa into the United States

Investments made by South Africa into the US between January 2010 and October 2022 are shown in the figure 24. A total of 53 FDI projects were recorded from South Africa into the US over the review period. These projects represented a total capital investment of ZAR310.99bn, which equated to an average investment of ZAR5,867m per project. During the period 4, 923 jobs were created.

Figure 24: FDI from SA into the United States, 2010-2022

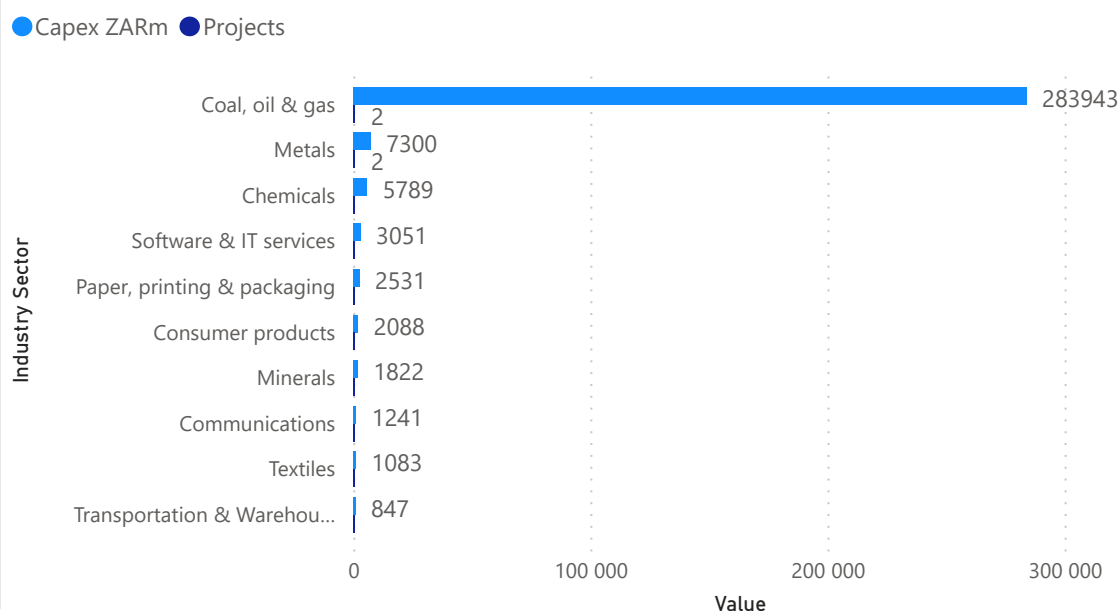


Source: FDI Markets, 2022

In terms of sector classification of outward FDI by South Africa to the US between January 2010 and October 2022, as measured primarily by the capex value, the United States coal, oil and gas sector was the key recipients of outward FDI from South Africa, accounting for 91.30% of capex. It was followed by metals (2.35%) and the chemicals sector (1.86%).

By the number of projects made into US sectors by South Africa, the key receiving American sectors were software and IT services sector (24 projects or 45.28% share), chemicals sector (5 projects or 9.43%) and the communications sector (3 projects or 5.66%).

Figure 25: FDI from SA into the United States by Sector, 2010-2022



Source: FDI Markets, 2022

The top 10 South African companies (by capex) investing in US over the period January 2010 to October 2022 are tabulated alongside in table 26. SASOL came first, investing with 3 projects into US's chemicals sector, which reached a total capex of ZAR286, 517.5m. Petmin was the second largest investor, investing with 1 project with an accumulative value of ZAR7, 286.50m. Sappi Fine Paper came third also with 1 project with an accumulated capex of ZAR2, 607.80m.

Figure 26: SA Companies Investing into the United States, 2010-2022

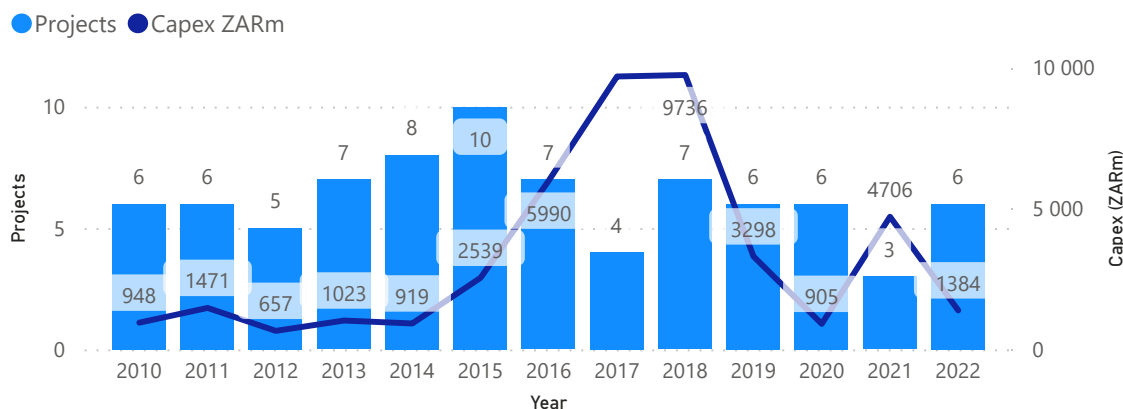
Company name	#Projects	Capex ZARm	Total jobs	Primary sector
SASOL	3	286 517.45	1336	Chemicals
Petmin USA	1	7 286.50	100	Metals
Sappi Fine Paper North America	1	2 607.80	104	Chemicals
Sappi	1	2 531.10	310	Paper, printing & packaging
Topwatch	1	2 087.77	166	Consumer products
De Beers	1	1 441.96	60	Minerals
Whistles	1	1 083.00	76	Textiles
Westcon Group	2	1 007.84	230	Communications
Lehnkering Euro Logistics	1	846.77	105	Transportation & Warehousing
Logicalis	6	621.27	526	Software & IT services
Total	18		3013	

Source: FDI Markets, 2022

3.5) Bilateral FDI: United States into the Western Cape

The Western Cape received a total of 81 FDI projects from the US between January 2010 and October 2022. These projects had a total capex of value of ZAR43.26bn and led to the creation of 5, 649 jobs.

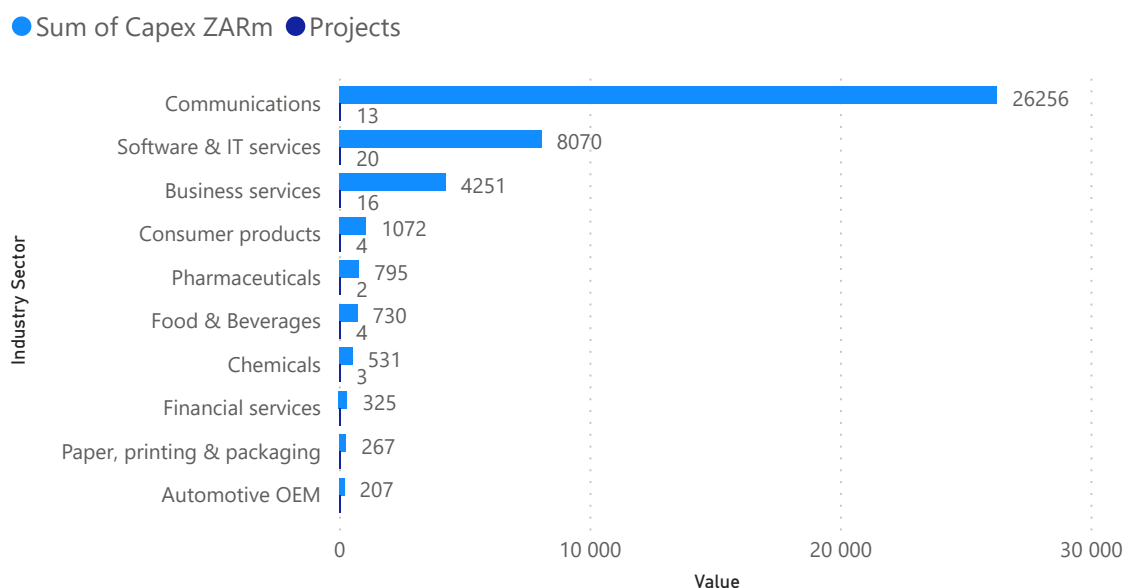
Figure 27: FDI from the United States into WC, 2010-2022



Source: FDI Markets, 2022

The Western Cape's communications sector was the top recipient of FDI (by capex) from the US. The sector received a total of 13 projects (or 16.05% share), with a total accumulated capex of ZAR26, 255.9m (or 60.70% share). The software and IT services sector was the second largest recipient of FDI from the US, consisting of 20 projects (24.69%) with a value of ZAR8, 070.40m capex (or 18.66%). This was followed by the business services sector, which received 16 projects (19.75%) worth ZAR4, 250.7m (or 9.83%).

Figure 28: FDI from the United States into WC by Sector, 2010-2022



Source: FDI Markets, 2022

Figure 29 alongside shows the top 10 US companies (by capex) investing into the Western Cape over the period January 2010 to October 2022. Amazon Web Services (AWS) invested with 5 projects, valued at ZAR10, 400.52m. Amazon.com invested 4 projects which had a total capex value of ZAR5, 322.98m. While Microsoft had 1 project with a capex value of ZAR4, 701.71m.

Figure 29: United States Companies Investing into WC, 2010-2022

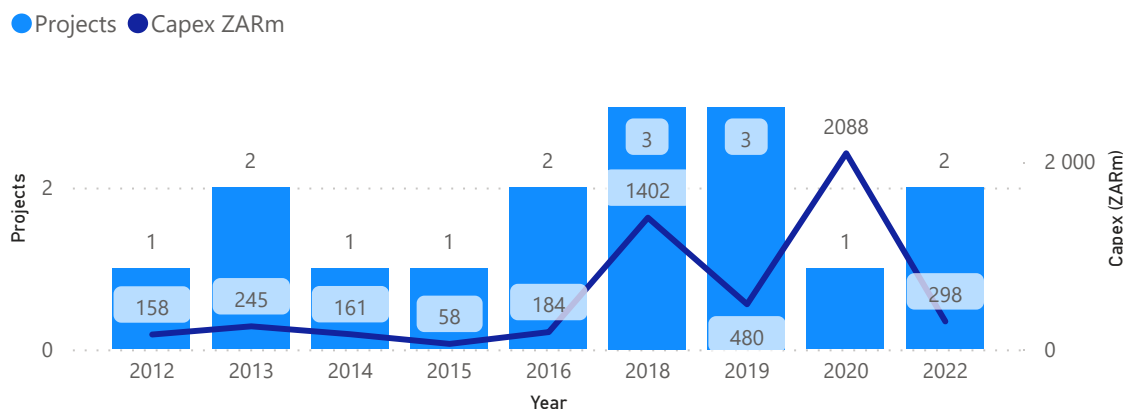
Company name	#Projects	Capex ZARm	Total jobs	Primary sector
Amazon.com	4	5 322.98	2923	Consumer products
CloudFlare	1	4 701.73	69	Communications
Microsoft	1	4 701.71	69	Software & IT services
Google	1	2 213.56	48	Software & IT services
Thomson Reuters	1	823.77	51	Business services
Oracle	1	823.76	51	Software & IT services
Johnson & Johnson	2	794.61	188	Medical devices
Massmart	1	414.18	164	Consumer products

Source: FDI Markets, 2022

3.6 Bilateral FDI: Western Cape into the United States

The Western Cape invested with a total of 16 FDI projects into US over the period January 2010 to October 2022, as shown in figure 27. These projects reached a total capex value of ZAR5.07bn and created 1,031 jobs.

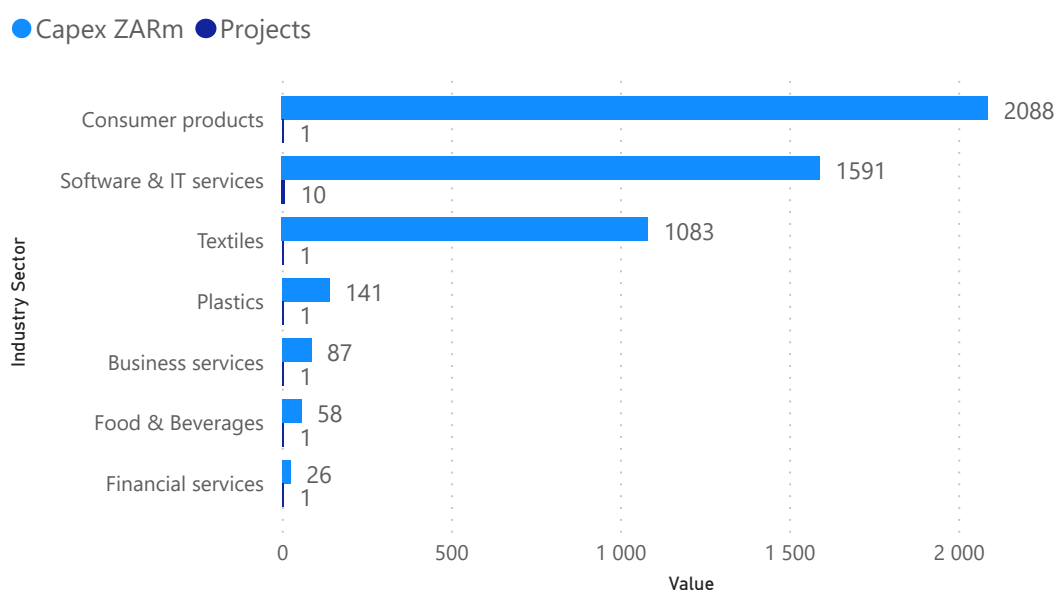
Figure 30: FDI from WC into the United States, 2010-2022



Source: FDI Markets, 2022

The US's consumer products sector was the top recipient of outward FDI (by capex) from the Western Cape. The sector received 1 project, which was equivalent to 6.25% of all projects and ZAR2,087.8m (or 41.14%) worth of capex. The software and IT services sector was the second largest recipient of FDI from the Western Cape, receiving 10 projects (or 62.50%) and ZAR1,590.8m capex (or a 31.35% share). This was followed by the textiles sector, with one project (6.25%) and ZAR1,083.0m capex (or a 21.34% share).

Figure 31: FDI from WC into the United States by Sector, 2010-2022



Source: FDI Markets, 2022

Topwatch was the top investor (as measured by the capex value) from the Western Cape into the US over the period January 2010 to October 2022. The company invested with one project into the US's consumer products sector, at an associated capex value of ZAR2,087.77m. Whistles came second, investing with one project worth ZAR1,083.00m in the textiles sector. While Entersekt invested with one project, worth ZAR161.10m in the software and IT services sector.

Figure 32: WC Companies Investing into the United States, 2010-2022

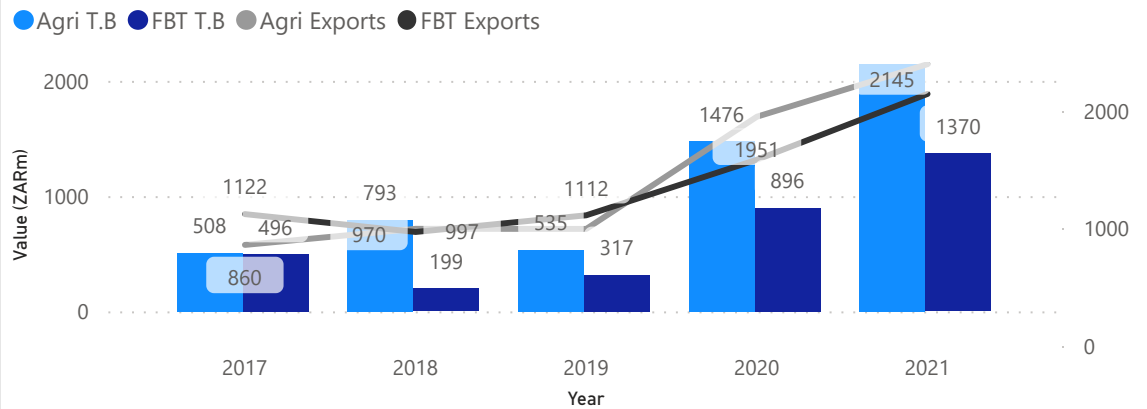
Company name	#Projects	Capex ZARm	Total jobs	Primary sector
Aerobotics	1	161.07	82	Software & IT services
Carry1st	1	158.00	59	Software & IT services
Entersekt	1	161.07	82	Software & IT services
Irdeto	1	158.00	59	Software & IT services
Movile	1	158.00	59	Software & IT services
RapidDeploy	1	161.07	82	Software & IT services
Skynamo	1	161.07	82	Software & IT services
Snapplify	1	158.00	59	Software & IT services
Topwatch	1	2 087.77	166	Consumer products
Whistles	1	1 083.00	76	Textiles
Total	10	4 447.05	806	

Source: FDI Markets, 2022

4) Western Cape Agribusiness Trade with the United States

The Western Cape was a net exporter of primary agricultural products to the US over the last five years, recording a trade surplus of ZAR507.88m in 2017 rising to ZAR2, 145.36m by 2021. The Western Cape was also a net exporter of food, beverage and tobacco trade with the US throughout the period under review. The trade surplus expanded from ZAR495.69m in 2017 to ZAR1, 370.21m by 2021.

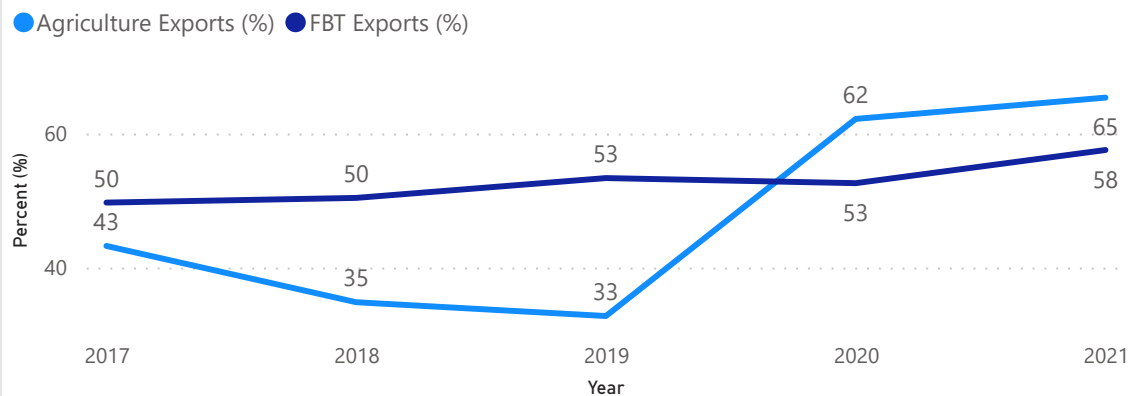
Figure 33: WC Agriculture and FBT Trade with the United States, 2017-2021



Source: Quantec, 2022

The Western Cape held the largest share of South Africa's agribusiness exports to the US in 2021. The province accounted for an average annual share of 47.68% of primary agricultural exports and 52.72% of food, beverage and tobacco exports to the US over the period 2017 to 2021. The Western Cape's share of agribusiness exports with the US increased in 2021, where the province accounted for 65.37% of primary agriculture exports (up from 62.19%) and 57.55% of food, beverage and tobacco exports (up from 52.60%).

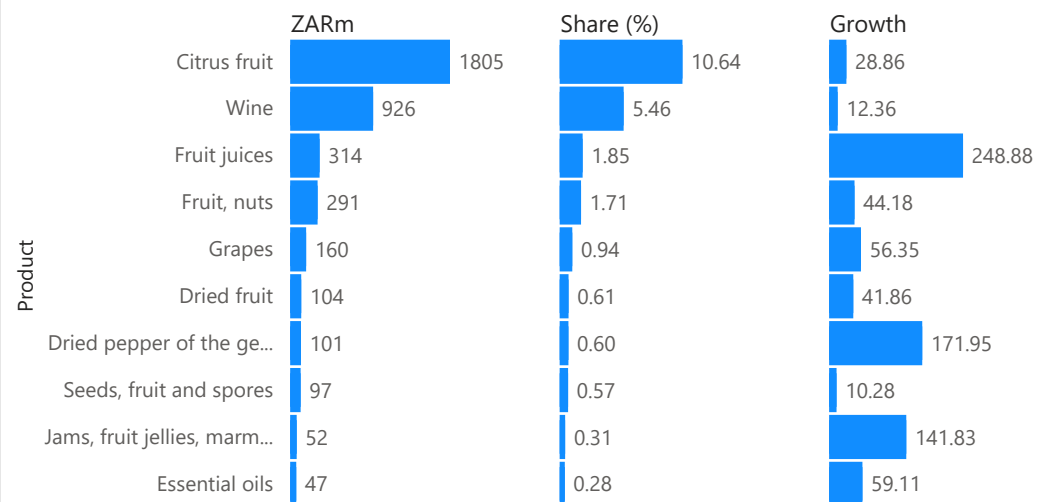
Figure 34: WC Share of National Agri and FBT exports to the United States, 2017-2021



Source: Quantec, 2022

The Western Cape's top agribusiness export products to the US between 2017 and 2021 are shown in figure 35. Citrus fruit was the largest agricultural export from the Western Cape to the US in 2021, at a value of ZAR1, 804.98m (with a share of 10.64%). This product grew at an annual average rate of 28.86% y-o-y between 2017 and 2021. Wine was the Western Cape's second top agricultural export to the US in 2021, reaching a value of ZAR926.26m, growing at an annual average rate of 12.36% between 2017 and 2021. This was followed by wine, with a value of ZAR313.82m and an average growth rate of ZAR248.88 per annum between 2017 and 2021.

Figure 35: Top Agri Exports from WC to the United States, 2021: (Average Growth: 2017-2021)

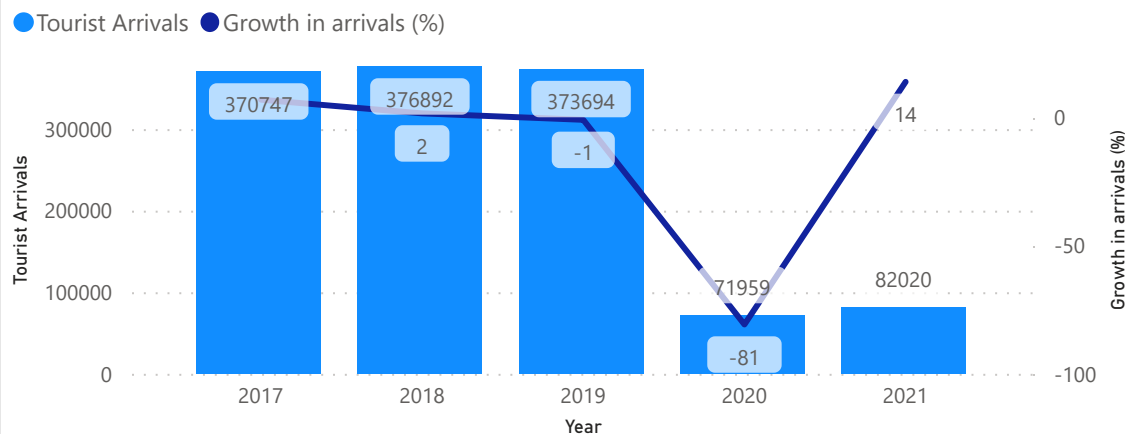


Source: Quantec, 2022

5) Tourism: South Africa and Western Cape Tourism Flows with the United States

Tourist arrivals from US into South Africa from 2017 to 2021 are shown in figure 35 alongside. A decline of 80.7% in American tourist arrivals was recorded for 2020, due largely to the COVID-19 pandemic. However, the numbers have since recovered, with 2021 registering a 14% y-o-y increase.

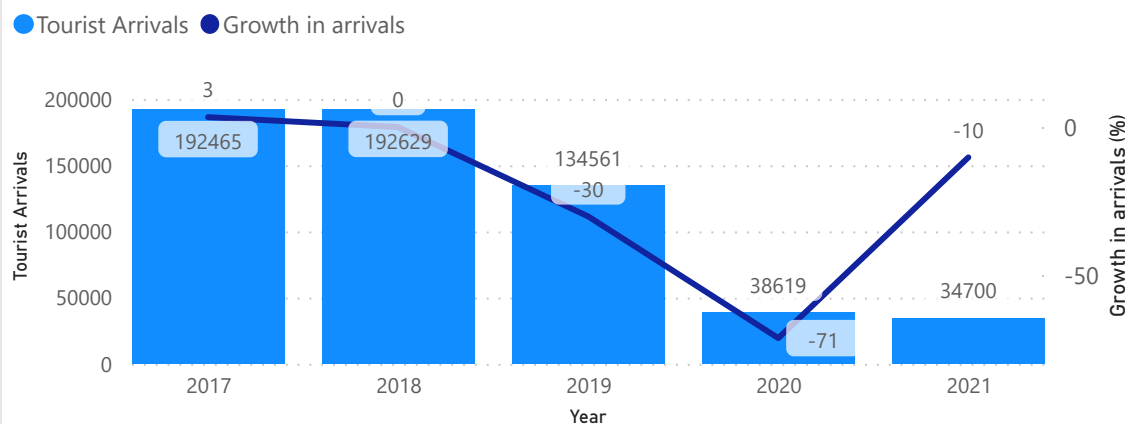
Figure 36: United States Tourist Arrivals to SA, 2017-2021



Source: South African Tourism, 2022

Figure 37 shows the US tourist arrivals into the Western Cape between 2017 and 2021. The strongest volume of American tourist arrivals into the Western Cape was seen in 2018 with 192, 629 tourists recorded. Arrivals declined in 2019 (a 30.31% decrease) and even more in 2020 (a 71.3% drop). However, the Western Cape has always recorded the largest share of American tourists in South Africa amongst all nine provinces and is closely followed by Gauteng.

Figure 37: United States Tourist Arrivals to WC, 2017-2021



Source: South African Tourism, 2022

Figure 38 shows the US passenger movements through the Cape Town International Airport (CTIA). A positive growth in tourism numbers from the American market was recorded between 2017 and 2019, with 2019 seeing the highest share of tourist arrivals travelling directly to Cape Town. There were 44, 048 American tourists who travelled to Cape Town between January and August 2022. This was close to 27, 000 more tourist arrivals when compared to the total number for the full year of 2021 (17, 321), indicating a strong recovery into the first eight months of 2022.

Figure 38: United States Passenger Movement Through CTIA, 2017-2021



Source: StatsSA, 2022

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