

## Western Cape Trade & Investment into Africa

August 2022

### 1. Africa Economic Overview<sup>1</sup>

#### People

Africa is home to more than 1 billion people, half of whom will be under 25 years old by 2050. It is a diverse continent, offering human and natural resources that have the potential to yield inclusive growth and eradicate poverty in the region. With the world's largest free trade area and a 1.2-billion-person market, the continent is creating an entirely new development path, harnessing the potential of its resources and people. The region is composed of low, lower-middle, upper-middle, and high-income countries, 22 of which are fragile or conflict-affected. Africa also has 13 small states, characterized by a small population, limited human capital, and a confined land area.

#### Economic Growth

Africa's real gross domestic product (GDP) rebounded strongly in 2021, growing by 6.9 percent. This rebound was supported by a recovery in global demand, higher oil prices benefiting oil-exporting economies, easing of COVID-19 restrictions in most countries, and associated growth in domestic consumption and investment. Africa's real GDP growth is, however, projected to decelerate to 4.1 percent in 2022, reflecting a diminishing of base effects, uncertainties related to the persistence of the COVID-19 pandemic, and the impact of the Russia–Ukraine conflict.

Growth varies widely across countries and regions. Economic growth in 2021 was highest in North Africa (11.7 percent) and East Africa (4.8 percent). In 2022, growth is expected to decelerate to 4.5 percent in North Africa and to stabilize at 4.7 percent in East Africa. Average growth in 2021 in West Africa was 4.3 percent and is projected to remain strong at 4.1 percent in 2022. Growth in Central Africa is projected to rise to 4.6 percent in 2022, from 3.4 percent in 2021. Southern Africa's estimated growth of 4.2 percent in 2021 represented the largest recovery, from a contraction of 6.0 percent in 2020, underpinned by strong recovery in Botswana (12.5 percent), Mauritius (4.0 percent), and South Africa (4.9 percent). Growth in the region is projected to decelerate to 2.5 percent in 2022 as the effects of large fiscal stimuli peter out.

#### Economic Outlook

Africa's growth outlook is highly uncertain, with risks tilting to the downside. The spill over effects from the Russia–Ukraine conflict and related sanctions on Russia may cause a larger decline in global output than currently projected. A combination of low COVID-19 vaccination rollout and emergence of new COVID-19 variants may force countries to retain some restrictions. Other downside factors include heightened debt vulnerabilities, tight global financial conditions as inflationary pressures rise, the effect of the Russia–Ukraine conflict and related sanctions on Russia, climate and environmental risks, and other socio-political and security issues. Upside factors include faster vaccination rollout, a comprehensive resolution of debt problems, and policies to accelerate structural transformation and build economic resilience.

<sup>1</sup> Africa Development Bank Group, 2022; World Bank, 2022

## **2. Introduction to Trade**

In 2021, the Western Cape exported ZAR166.66bn and imported ZAR235.60bn worth of goods globally. The strategic location of the Western Cape - with the province home to three important South African ports - makes it the third largest province in South Africa in terms of exports after Gauteng and the Northwest. The Western Cape's total share of South African exports was 9.19% in 2021.

The Western Cape has advantageous access to world markets through a number of preferential trade agreements between South Africa and other major markets, including amongst others, Europe and the United States. South Africa is also a member of the Southern Africa Development Community (SADC), the Trade Development and Cooperation Agreement (TDCA) and the Southern African Customs Union (SACU) among other agreements. That said, the international trade regime has certainly seen some reorganisation of late. To the North, Brexit has cast widespread uncertainty across almost every aspect of cross-border trade and investment involving the United Kingdom (UK). To the West, global supply chains have been unsettled by the renegotiation of NAFTA (now the USMCA) and US tariffs on steel and aluminium. To the East, ongoing trade tensions between and the US will have far-reaching economic repercussions for time to come.

The potential showstopper, however, is the African Continental Free Trade Area (AfCFTA) Agreement. The AfCFTA aims to establish a free trade area spanning the 55 member states of the African Union (AU). It was launched in March 2018 and has been signed by 49 countries. The AfCFTA includes undertakings by member states to progressively eliminate tariffs and non-tariff barriers to trade in goods and liberalise trade in services; cooperate on investment intellectual property rights, competition policy, customs matters, and to establish a dispute settlement system.

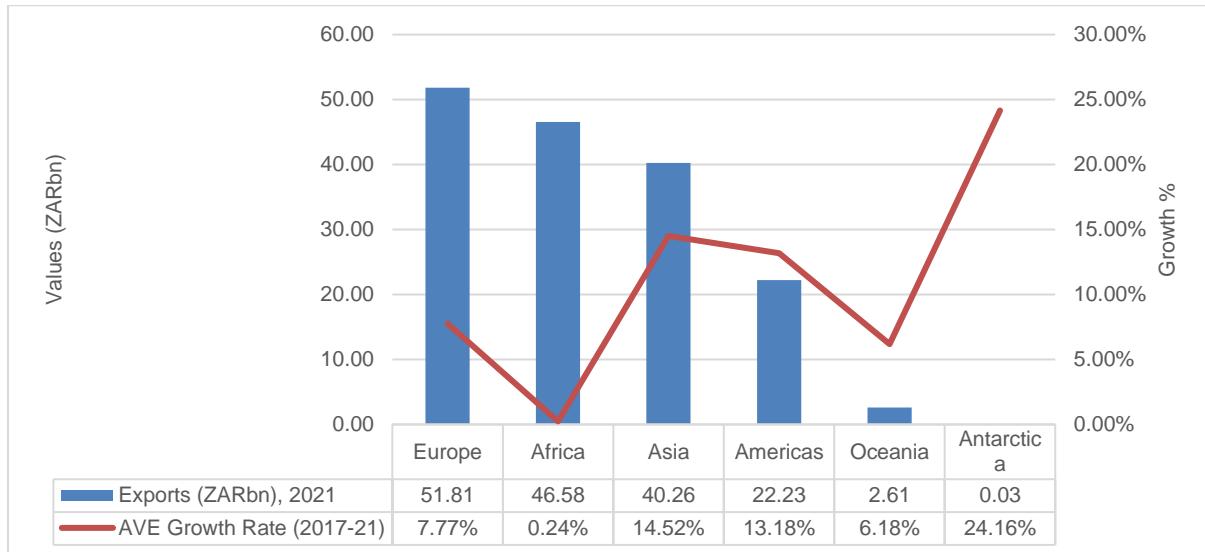
The AfCFTA is aspirational by nature; it is a framework agreement that will systematically be implemented by building upon existing Regional Economic Communities (RECs) and preferential trade arrangements. Trading under the AfCFTA was set to begin on 1 January 2021 but no trade has as yet taken place. South Africa with the rest of the Southern African Customs Union (SACU – Botswana, Eswatini, Lesotho, and Namibia) submitted its tariff offer. The administrative procedures to receive imports under the AfCFTA into the South African market are in place. The tariff offer, rules of origin, and general notes to Schedule 1 of the Customs and Excise Act are gazetted and the AfCFTA preferential tariff column added to the tariff book. However, there are delays in South Africa implementing the AfCFTA. Botswana has not ratified the agreement. This delay is halting the implementation of the AfCFTA for all SACU countries.

Successful implementation of this agreement holds the potential to change the face of intra-African trade and facilitate enormous investment into the Continent. The AfCFTA will cover a market of 1.2 billion people, projected to reach 2.5 billion by 2050, and a combined gross domestic product (GDP) of more than USD3.4 trillion. Yet historically, intra-Africa trade has been low. In 2016 intra-Africa trade constituted only 18% of Africa's total trade with the globe (Tralac, 2018). The United Nations Economic Commission for Africa (UNECA) therefore estimates that the AfCFTA has the potential to boost intra-Africa trade by 52% by eliminating tariffs. They also predict that the figure would double through the elimination of non-tariff barriers.

In Africa, the North South Corridor is the busiest transport network in the Tripartite Area, stretching from Durban to Dar es Salaam. At the Beitbridge border crossing between South Africa and Zimbabwe, delays with documentation frequently last two or more days. This illustrates why successful implementation of the AfCFTA is so crucial to boost intra-African trade. Tariff liberalisation matters, but of equal importance are those measures included in the agreement that ease the movement of goods across borders. The AfCFTA holds immense potential for economic development on the continent. The realisation of this potential depends on implementation and political will.

South Africa is seen to be a geographic gateway to the African market. The Western Cape in turn is strategically positioned for African market access and offers opportunities for a number of sectors including the oil and gas service providers to the West African markets. Although Europe overtook Africa as the number one destination region for Western Cape exports in 2021, Africa remains a large opportunity market for Western Cape exports. Africa was the second largest destination region for Western Cape exports in 2021 (ZAR46.58bn).

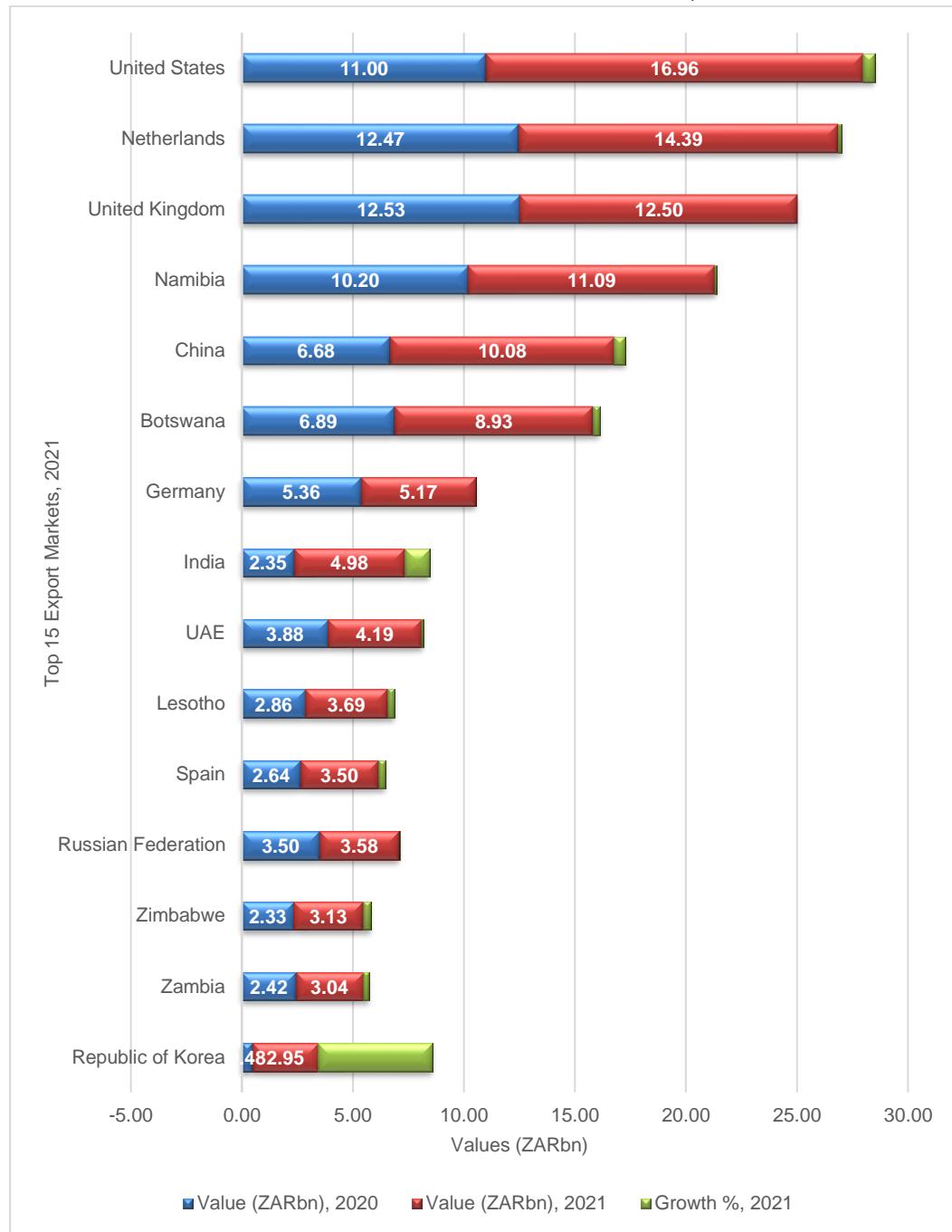
**FIGURE 1: WESTERN CAPE GLOBAL REGIONAL EXPORTS, 2021**



Source: Quantec, 2022

Out of the top fifteen Western Cape export destination markets graphed below, a third of them are African markets. The largest African market destination for Western Cape exports in 2021 were Namibia (ZAR11.09bn), followed by Botswana (ZAR8.93bn) and Lesotho with ZAR3.69bn worth of exports in 2021.

**FIGURE 2: KEY WESTERN CAPE EXPORT MARKETS, 2020 & 2021**



Source: Quantec, 2022

### 3. Western Cape Trade with the Rest of Africa

Figure 3 below illustrates the trend in Western Cape trade with the rest of Africa for the period 2017 to 2021.

In 2021, the Western Cape's exports to Africa increased by 16.08% y-o-y to a value of ZAR46.58bn, up from ZAR40.12bn in 2020. The Western Cape's imports from the region declined by 43.81% y-o-y to a value of ZAR16.83bn in 2021, from ZAR29.96bn in 2020.

**FIGURE 3. WESTERN CAPE TRADE WITH THE REST OF AFRICA, 2017-2021**



Source: Quantec, 2022

In 2021, the province's largest exports to Africa were petroleum oils, other than crude (ZAR6.64bn), apples, pears and quinces (ZAR2.09bn,) and wine (ZAR1.59bn). The largest growth in exports over the period 2017 - 2021 was recorded in the coal sector (417.50%), followed by petroleum gases and other gaseous hydrocarbons (29.86%), and other fermented beverages (for example, cider, perry, mead) (12.61%).

The largest imports from Africa were crude petroleum (ZAR4.32bn), men's or boys' suits, ensembles, jackets, blazers, trousers (ZAR1.27bn), and t-shirts, singlets and other vests (ZAR1.07bn). The largest growth in imports over the period 2017 – 2021 were petroleum oils, other than crude (68.99%), men's or boys' shirts, knitted or crocheted (31.04%), and women's or girls' suits, ensembles, jackets, blazers, dresses, skirts (knitted or crocheted (22.28%).

**TABLE 1: TOP 10 WESTERN CAPE PRODUCTS TRADED WITH AFRICA, 2021**

TOP 10 WC EXPORTS TO THE REST OF AFRICA, 2021				TOP 10 WC IMPORTS FROM THE REST OF AFRICA, 2021			
Rank	Product	Value 2021 (ZARbn)	% Growth 2017-2021	Rank	Product	Value 2021 (ZARbn)	% Growth 2017-2021
1	Petroleum oils, other than crude	6,64	0,86%	1	Petroleum oils, crude	4,32	-15,56%
2	Apples, pears and quinces	2,09	9,20%	2	Men's or boys' suits, ensembles, jackets, blazers, trousers	1,27	13,29%
3	Wine	1,59	7,39%	3	T-shirts, singlets and other vests	1,07	3,00%
4	Fruit juices (including grape must) and vegetable juices	1,44	1,06%	4	Petroleum oils, other than crude	1,05	68,99%
5	Cigars, cheroots, cigarillos and cigarettes	1,22	-5,24%	5	Fish, frozen, excluding fish fillets	1,00	1,18%
6	Other fermented beverages (for example, cider, perry, mead)	0,91	12,61%	6	Mixtures of odoriferous substances and mixtures (including alcoholic solutions)	0,69	11,88%
7	Petroleum gases and other gaseous hydrocarbons	0,62	29,86%	7	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts	0,62	5,95%

8	Coal	0,61	417,50%	8	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts (knitted or crocheted)	0,49	22,28%
9	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol	0,59	-4,30%	9	Men's or boys' shirts, knitted or crocheted	0,43	31,04%
10	Sulphur of all kinds, other than sublimed sulphur	0,58	9,30%	10	Fish fillets and other fish meat	0,42	7,17%
<b>Total Exports</b>		<b>46,58</b>	<b>0,24%</b>	<b>Total Imports</b>		<b>16,83</b>	<b>-9,09%</b>

Source: Quantec, 2022

The top African countries for Western Cape exports in 2021 were Namibia (ZAR11.09bn), Botswana (ZAR8.93bn) and Lesotho (ZAR3.69bn). Top import source countries in Africa were Swaziland (ZAR2.82bn), Nigeria (ZAR2.24bn), and Mauritius (ZAR2.21bn).

**TABLE 2: TOP 10 AFRICAN COUNTRIES FOR WESTERN EXPORTS AND IMPORTS, 2021**

TOP 10 AFRICAN COUNTRIES FOR WC EXPORTS, 2021					TOP 10 AFRICAN COUNTRIES FOR WC IMPORTS, 2021		
RANK	COUNTRY	VALUE 2021 (ZARbn)	% GROWTH 2017-2021	RANK	COUNTRY	VALUE 2021 (ZARbn)	% GROWTH 2017-2021
1	Namibia	11,09	-1,33%	1	Swaziland	2,82	5,50%
2	Botswana	8,93	5,80%	2	Nigeria	2,24	3,35%
3	Lesotho	3,69	8,84%	3	Mauritius	2,21	17,47%
4	Zimbabwe	3,13	19,11%	4	Namibia	1,95	-1,47%
5	Zambia	3,04	2,98%	5	Ghana	1,77	903,22%
6	Mozambique	2,86	0,49%	6	Madagascar	1,39	4,68%
7	Swaziland	2,83	5,82%	7	Mozambique	0,62	72,67%
8	Nigeria	1,71	3,69%	8	Lesotho	0,58	2,11%
9	Kenya	1,00	-9,58%	9	Morocco	0,57	6,08%
10	Angola	0,96	-15,59%	10	Togo	0,46	34301,63%
<b>Total Exports - Africa</b>		<b>46,58</b>	<b>0,24%</b>	<b>Total Imports - Africa</b>		<b>16,83</b>	<b>-9,09%</b>

Source: Quantec, 2022

The top products (HS4) **exported** by the Western Cape to the top African markets in 2021 are shown below:

#### Namibia

- Petroleum oils, other than crude oil (ZAR616.14m)
- Wine (ZAR551.02m)
- Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco (ZAR296.96m)
- Undenatured ethyl alcohol (ZAR213.22m)
- Articles for the conveyance of packing of goods (ZAR204.76m)

#### Botswana

- Petroleum oils, other than crude (ZAR3730.18m)
- Fruit juices (including grape must) and vegetable juices (ZAR365.58m)
- Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes (ZAR300.46m)
- Other fermented beverages (ZAR284.43m)
- Milk and cream (ZAR168.72m)

## **Lesotho**

- Petroleum oils, other than crude (ZAR1091.58m)
- Other made-up clothing accessories i.e., parts of garments and clothing (ZAR391.30m)
- Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco (ZAR288.49m)
- Other manufactured tobacco and manufactured tobacco substitutes (ZAR121.74m)
- Stoves, ranges, grates, cookers, barbecues, braziers, gas-rings, plate warmers (ZAR111.76m)

## **Zimbabwe**

- Petroleum gases and other gaseous hydrocarbons (ZAR292.66m)
- Petroleum oils, other than crude (ZAR214.42m)
- Mechanical appliances for projecting, dispersing or spraying liquids or powders (ZAR170.53m)
- Food preparations not elsewhere specified or included (ZAR120.66m)
- Articles for the conveyance or packing of goods, of plastics (ZAR98.26m)

## **Zambia**

- Sulphur of all kinds (ZAR494.66m)
- Petroleum oils, other than crude (ZAR122.66m)
- Other fermented beverages (for example, cider, perry, mead) (ZAR104.60m)
- Trailers and semi-trailers; other vehicles, not mechanically propelled (ZAR99.93m)
- Refrigerators, freezers and other refrigerating or freezing equipment (ZAR90.27m)

The top products (HS4) **imported** by the Western Cape from the top African import source markets in 2021 are shown below:

## **Swaziland**

- Mixtures of odoriferous substances (ZAR685.09m)
- T-shirts, singlets and other vests (ZAR257.73m)
- Prepared binders for foundry moulds or cores (ZAR255.15m)
- Women's or girls' suits, ensembles, (other than swimwear), knitted or crocheted (ZAR238.77m)
- Women's or girls' suits, ensembles, (other than swimwear) (ZAR230.90m)

## **Nigeria**

- Petroleum oils, crude (ZAR2229.80m or ZAR2.23bn)
- Ginger, saffron, turmeric, thyme, bay leaves, curry leaves etc. (ZAR7.84m)
- Niobium, tantalum, vanadium or zirconium ores and concentrates (ZAR1.98m)
- Other vegetables, fresh or chilled (ZAR0.89m or ZAR894, 397)
- Paintings, drawings and pastels (ZAR0.47bn or ZAR468, 038)

## **Mauritius**

- Men's and boy's suits, jackets, blazers, trousers etc. (ZAR2211.88m)
- T-shirts, singlets and other vests, knitted or crocheted (ZAR902.23m)
- Women's or girls' suits, ensembles (other than swimwear) (ZAR168.43m)
- Men's and boy's shirts (ZAR166.05m)
- Tugs and pusher craft (ZAR127.00m)

## **Namibia**

- Fish, frozen, excluding fish fillets (ZAR490.63m)
- Fish fillets and other fish meat Fish, frozen, excluding fish fillets (ZAR422.30m)
- Live bovine animals (ZAR150.24m)
- Light-vessels, fire-floats, dredgers, floating cranes (ZAR94.57m)
- Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms (ZAR67.90m)

## **Ghana**

- Petroleum oils, crude (ZAR1758.04m or ZAR1.76bn)
- Cocoa powder, not containing added sugar or other sweetening matter (ZAR2.07m)
- Other fixed vegetable fats and oils (including jojoba oil) (ZAR1.54mm)
- Wood sawn or chipped lengthwise, sliced or peeled (ZAR1.44m)
- Bananas, including plantains (ZAR1.42m)

The Western Cape is an agricultural powerhouse and agricultural products make up around 34% of the Western Cape's total exports. The table below shows the Western Cape's share of South African exports to Africa for certain agricultural products. These figures show what a prominent role we play in supplying the African market, especially for wine (81%), apples, pears and quinces (79%), fruit juices (72%), and citrus fruit (64%).

**TABLE 3: WESTERN CAPE SHARE OF SELECT SOUTH AFRICAN AGRICULTURAL EXPORTS TO AFRICA, 2020 & 2021**

WESTERN CAPE SHARE OF SOUTH AFRICAN AGRICULTURE EXPORTS TO AFRICA, 2019 & 2020			
Product	% Share, 2020	% Share, 2021	diff in % Share, 2020 - 2021
Apples, pears and quinces, fresh	81%	79%	-1.8%
Fruit juices (including grape must) and vegetable juices	66%	72%	6%
Wine of fresh grapes	80%	81%	1%
Citrus fruit, fresh or dried	70%	64%	-6%

Source: Quantec 2021

## 4. Investment

### 4.1 Global FDI into Africa

Foreign direct investment (FDI) flows to Africa reached USD83bn (equivalent to ZAR1,227bn) in 2021, accounting for 5.2% of global FDI. This was more than double the amount reported in 2020, when the COVID-19 pandemic weighed heavily on investment flows to the continent, (World Investment Report, 2022).

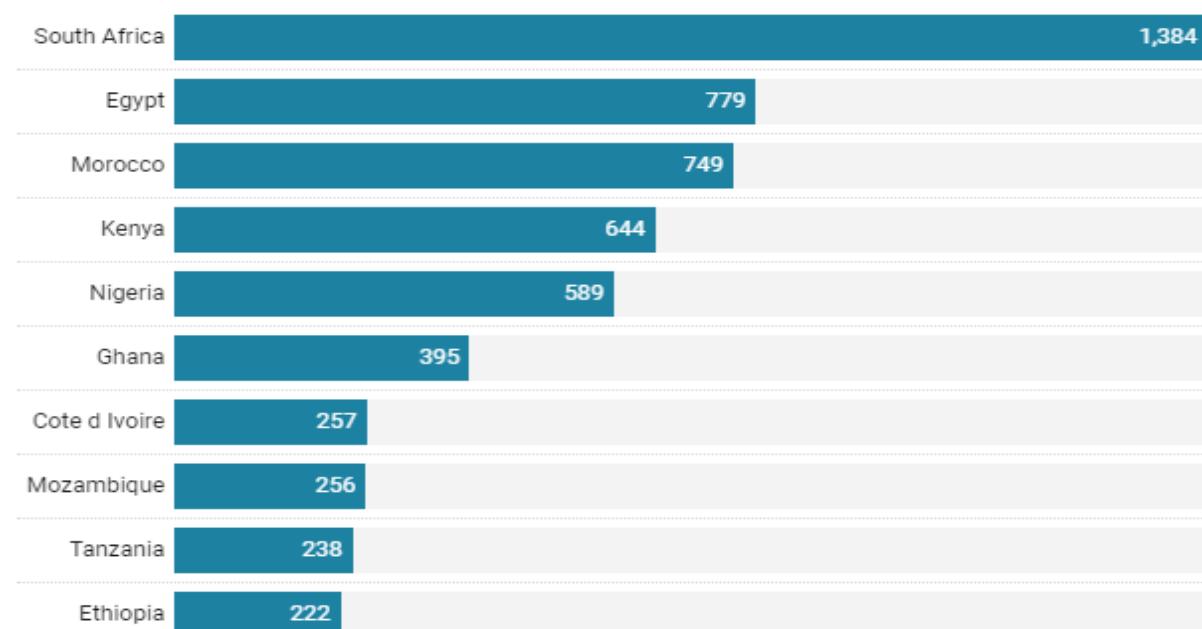
Such a huge increment in capital expenditure can be ascribed to the multilateral finance and capital market investors targeting the energy USD56bn (equivalent to ZAR828bn) and renewables USD26bn (ZAR384bn) sectors in particular. The largest project announced was a power-to-x hydrogen in Mauritania at a cost of USD40bn (ZAR591bn) by Australia, (Global Energy, 2022). Interestingly, European investors remained by far the largest holders of foreign assets in Africa, led by the United Kingdom USD65bn (ZAR961bn) and France USD60bn (ZAR887bn).

Although the continent witnessed an overall positive FDI trend, total greenfield announcements remained low at USD39bn (ZAR576bn) from the USD32bn (ZAR473bn) witnessed in the prior year, 2020, (World Investment Report, 2022). Of interest was the fact that the number of international projects in renewables in Africa climbed to 71 – nearly double the 36 recorded in 2011 and with these USD20bn (ZAR296bn) worth of projects to provide solar and wind energy from Morocco to the United Kingdom via 3,800 km of sub-sea cables. For long-term prospects, the African continent has great potential to attract international investment in the green and blue economies, as well as infrastructure.

### 4.2 Global FDI into Africa by Sector Projects

South Africa was the largest recipient of FDI (as measured by projects) in Africa over the period 2012 - 2021, with the country landing 1,384 projects. South Africa's position as the largest recipient of FDI by projects was largely enhanced by a large corporate reconfiguration in the country, a share exchange between Naspers and Prosus in the third quarter of 2021, (United Nations Conference on Trade and Development, UNCTAD, 2022). Egypt was Africa's second largest FDI recipient at 779 projects.

**FIGURE 4: GLOBAL FDI INTO AFRICA BY SECTOR PROJECTS, 2012 – 2021**

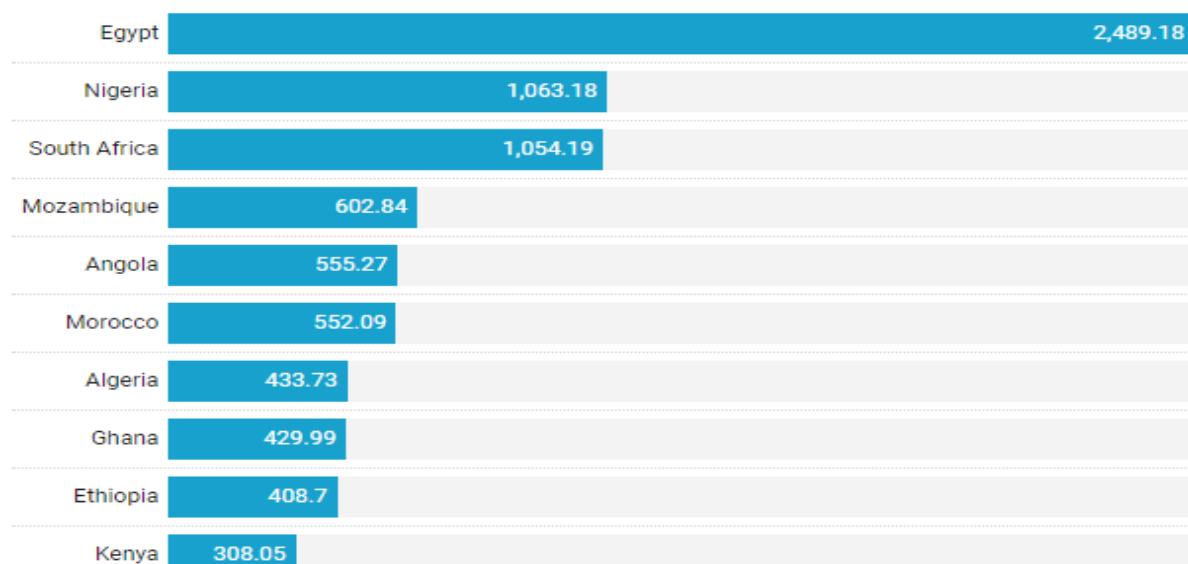


Source: FDI Markets, 2022

#### 4.3 Global FDI into Africa by CAPEX

Turning to global FDI into African markets, Egypt was the largest recipient of FDI when measured by CAPEX. The North African country landed an estimated ZAR2,489.18m in capex over the period 2012 – 2021. Nigeria was the 2<sup>nd</sup> largest recipient of FDI as measured by CAPEX at a value of ZAR1,063.18m over this period. This can be associated with the resurgence in investments particularly within the oil and gas sectors. The country remains West Africa's largest recipient of FDI. South Africa placed third, recording FDI inflows with a cumulative CAPEX value of ZAR1,054.19m over the said period.

**FIGURE 5: GLOBAL FDI INTO AFRICA BY SECTOR CAPEX (ZARm), 2012 – 2021**



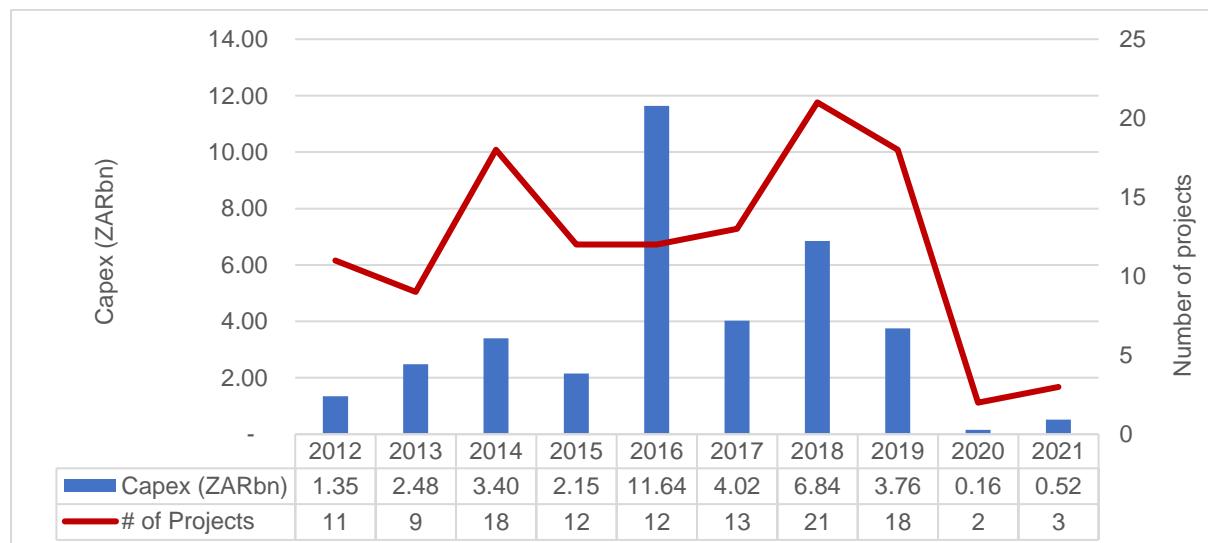
Source: FDI Markets, 2022

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#### 4.4 Western Cape OFDI to Africa

Outward FDI (OFDI) by local companies onto the continent has been strong over the past decade, with Africa the destination for 119 projects which was equivalent to ZAR36.31bn by companies based in the Western Cape. During the same period 11,913 jobs were created from 46 companies within the province.

**FIGURE 6: WESTERN CAPE OFDI TO AFRICA, 2012 – Dec 2021**

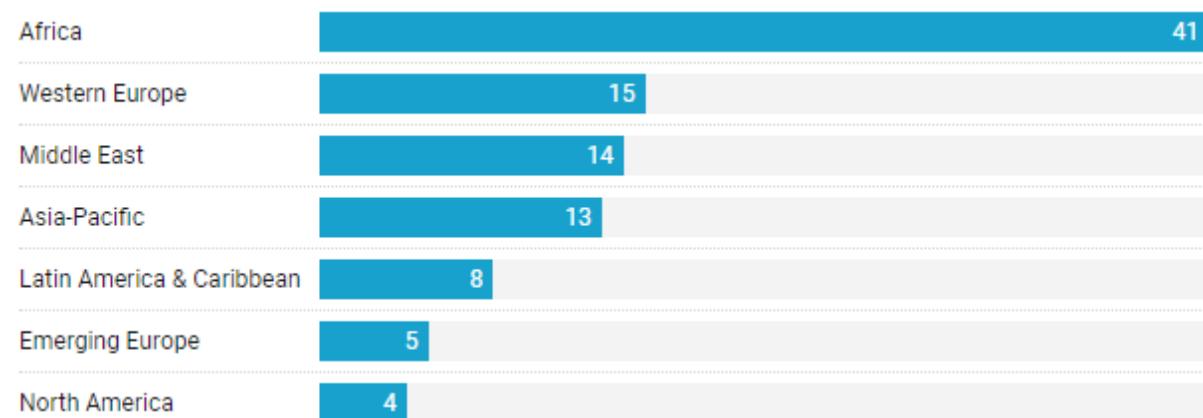


Source: FDI Markets, 2022

#### 4.5 Western Cape OFDI into Various Regions by Sector Capex

In terms of outward FDI by the Western Cape into global regions, Africa was the leading destination market for outward FDI by locally based companies, accounting for 41% of global outward FDI over the period 2012 – 2021 (as measured by CAPEX). This was followed by Western Europe (15%), and the Middle East (14%).

**FIGURE 7: WESTERN CAPE OFDI INTO VARIOUS REGIONS BY SECTOR CAPEX (%), 2012 – 2021**

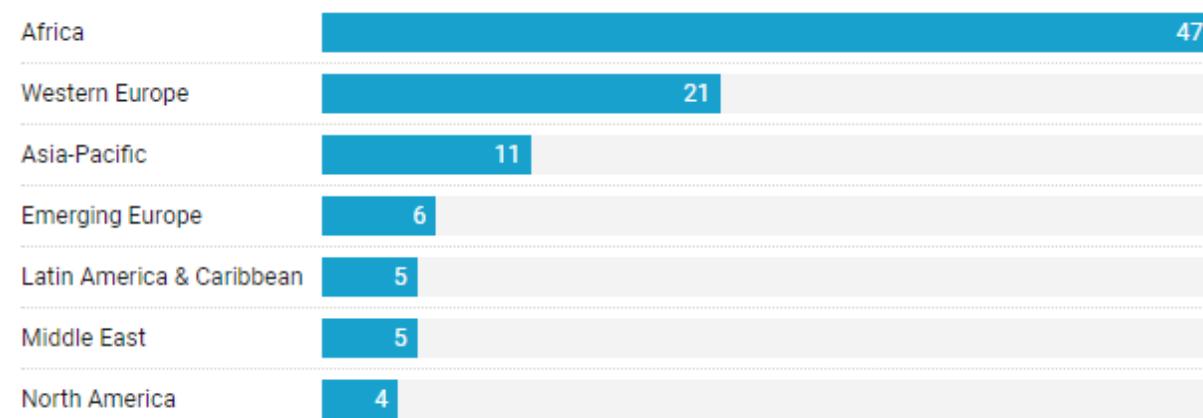


Source: FDI Markets 2022

#### 4.6 Western Cape OFDI into Various Regions by Sector Projects

In turn, when measured by number of projects, outward FDI by locally based companies were also predominantly destined for Africa, with the continent the recipient of 47% of total outward global FDI projects from the Western Cape over the period 2012 – 2021. This reinforces the importance that both existing and future trade agreements including the AfCFTA play in facilitating trade and investments within the African region. As the AfCFTA gains momentum, an increase in both intraregional and foreign investments into Africa is anticipated. The Western Europe region (21%) and Asia-Pacific region (11%) followed as the 2<sup>nd</sup> and 3<sup>rd</sup> largest recipients of FDI projects from the Western Cape respectively.

**FIGURE 8: WESTERN CAPE OFDI INTO VARIOUS REGIONS BY SECTOR PROJECTS (%), 2012-2021**

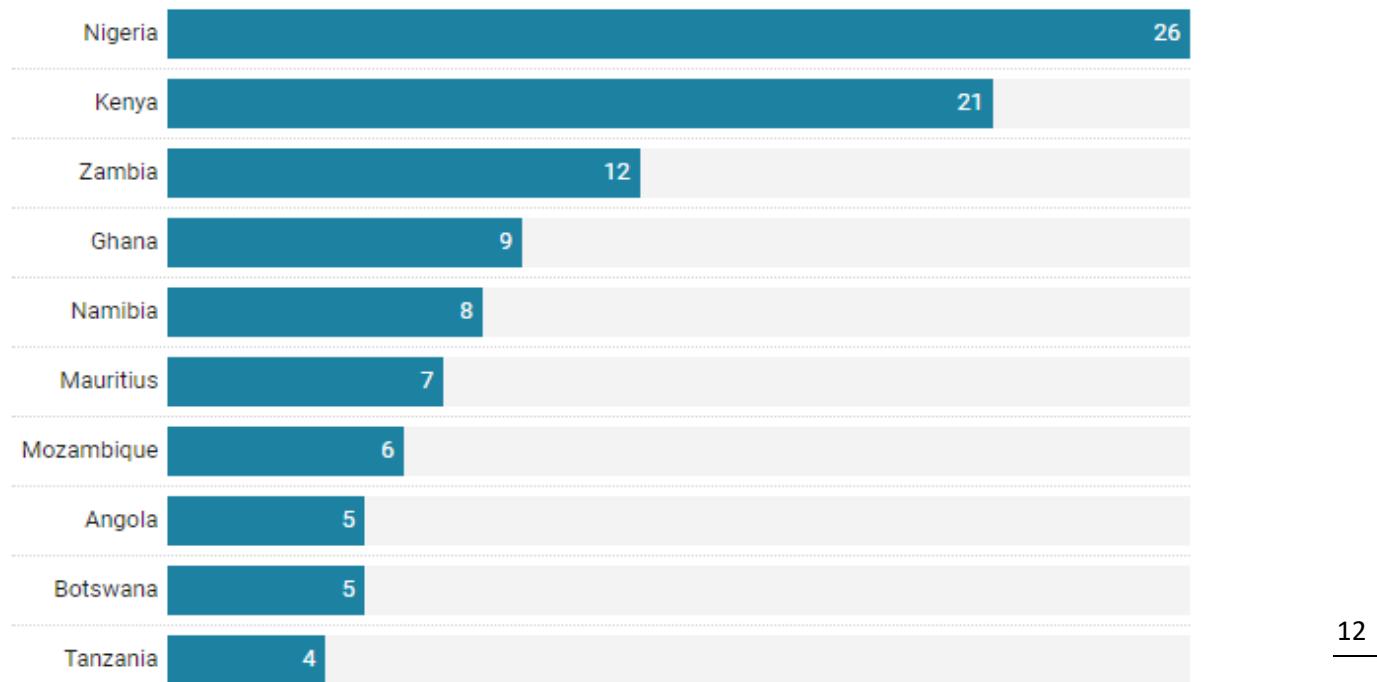


Source: FDI Markets 2022

#### 4.7 Western Cape OFDI to African Countries by Sector Projects

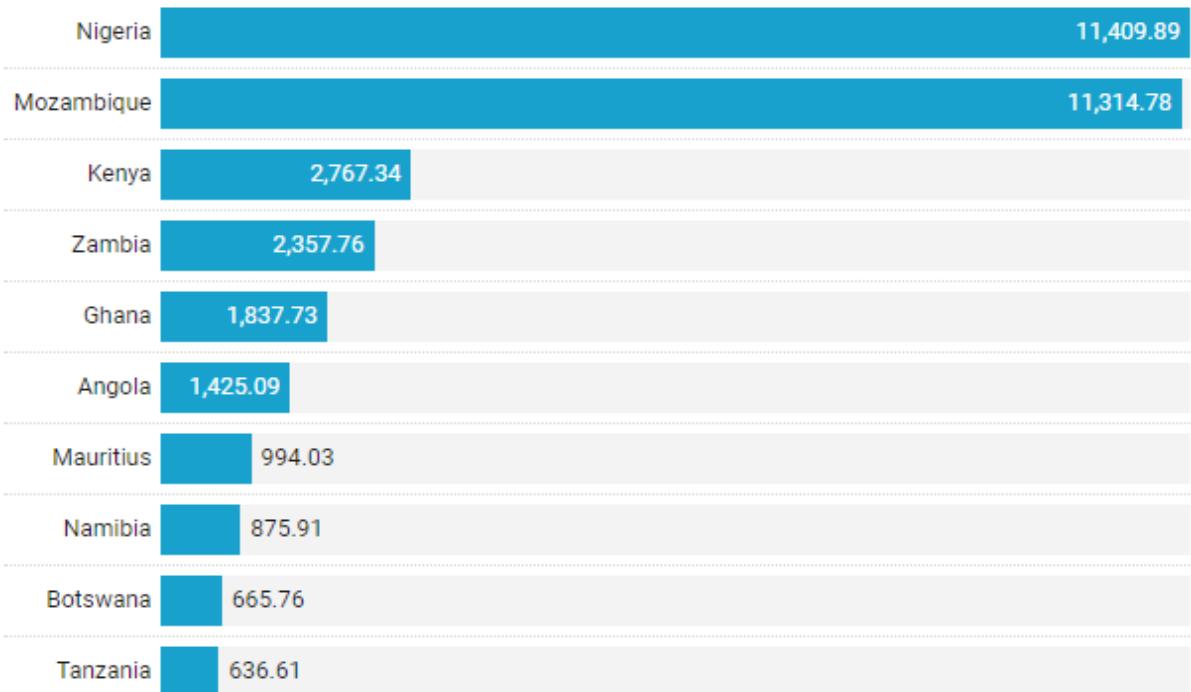
Importantly, the Western Cape is also recognized as a springboard for local and regional FDI, with several Western Cape-based companies using the province as a launch pad into Africa. To this end, Nigeria was the top African destination market for outward FDI by Western Cape-based companies (both in terms of CAPEX and number of projects) over the period under review as reflected in Figures 9 and 10 below, with Mozambique in a close second position when measured by CAPEX, and Kenya in third place.

**FIGURE 9: WESTERN CAPE OFDI TO AFRICA BY SECTOR PROJECTS**



Source *FDI Markets*, 2022

**FIGURE 10: WESTERN CAPE OFDI TO AFRICA BY SECTOR CAPEX (ZARm)**

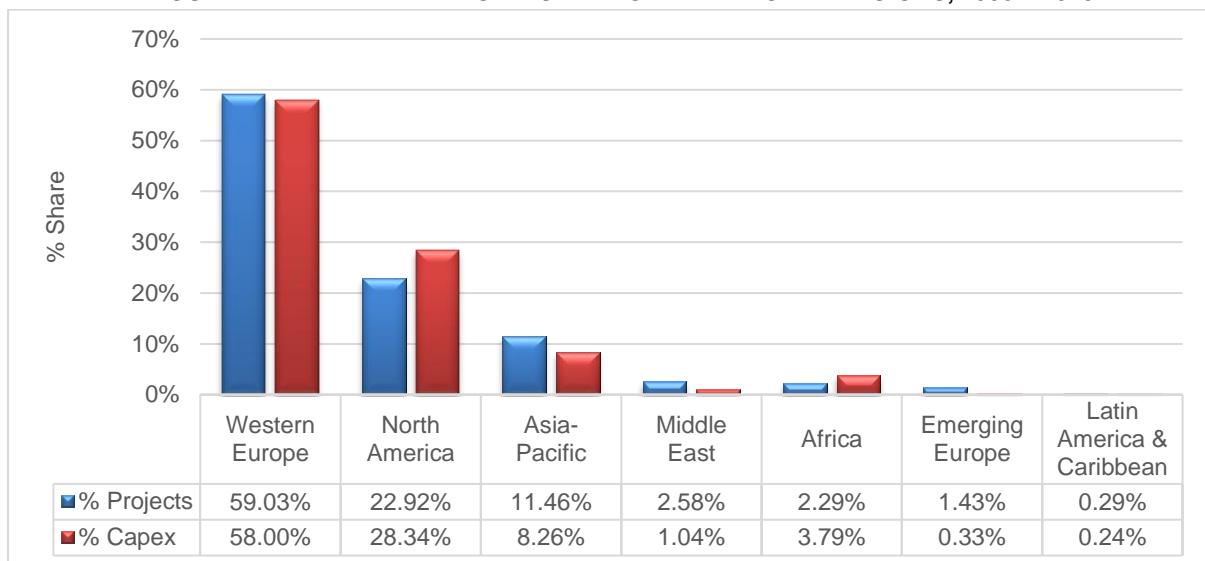


Source *FDI Markets*, 2022

#### 4.8 Inward FDI into the Western Cape

From a source region perspective, Western Europe and North America were the dominant source regions for inward FDI into the province from 2012 – 2021, with the US and the United Kingdom being the dominant inward source markets both in terms of FDI capex and number of projects. The rest of Africa invested in eight projects into the Western Cape over the last decade worth USD297m.

**FIGURE 11: INWARD FDI INTO WESTERN CAPE BY WORLD REGIONS, 2008 – 2020**



Source: FDI Markets, 2021

The province also fares well on several investment fronts on the African continent, ranking in the top 3 destinations for inward FDI into Africa's business services sector, jostling with Gauteng and Casablanca-Settat for first place.

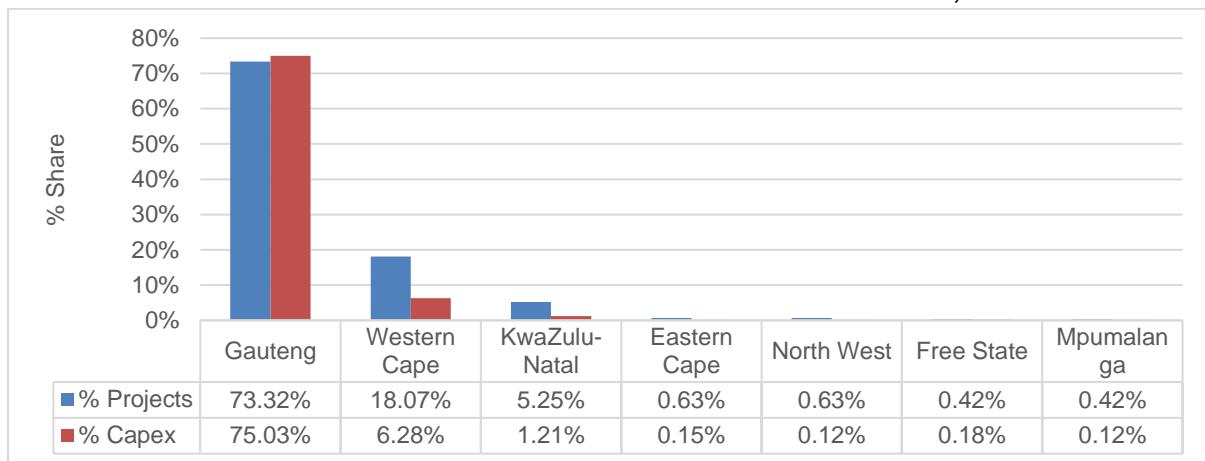
- The Western Cape is regarded as an attractive investment destination due to the following reasons:
- Strategic position as a springboard into Africa,
- Highly sophisticated infrastructure,
- 2nd busiest airport (Cape Town International airport) in South Africa and 3rd busiest in Africa,
- Three advanced ports catering for different sectors (Cape Town, Saldanha Bay and Mossel Bay),
- Designated oil and gas Industrial Development Zone
- Green Special Economic Zone in Atlantis
- Availability of skilled workforce, and growing ICT and manufacturing hub.
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#### 4.9 Western Cape is 2<sup>nd</sup> largest province for South African FDI into Africa

Gauteng was South Africa's largest source province for outward FDI into Africa both in terms of number of projects and CAPEX, followed by the Western Cape and KwaZulu-Natal between 2008 and 2020. The largest sectors in terms of projects were financial services (130 projects), business services (73 projects) and communications (55 projects).

In terms of CAPEX, the largest African sectors attracting FDI were coal, oil and natural gas (9 projects valued at USD10.81bn); communications (55 projects valued at USD8.30bn); and real estate (28 projects valued at USD6.01bn). Gauteng invested in 349 projects worth USD26.80bn over the decade and the Western Cape invested in 86 projects worth USD2.24bn.

**FIGURE 12: SOUTH AFRICA FDI INTO AFRICA BY SOURCE PROVINCE, 2008 - 2020**



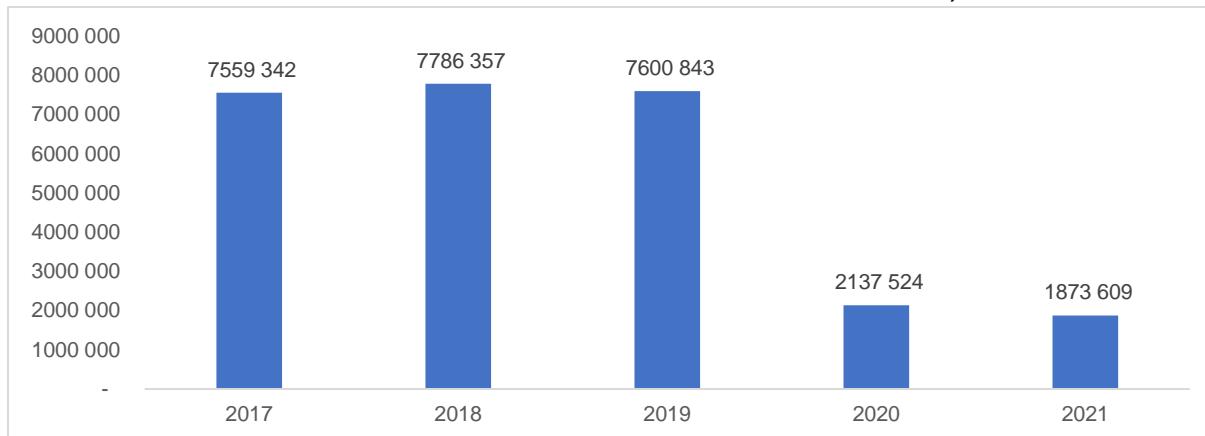
Source: FDI Markets 2021

## 5. Tourism Market Overview: Africa

### 5.1 African Tourist Arrivals to South Africa

The graph below reflects total tourist arrivals from the rest of Africa into South Africa from 2017 - 2021. A -12.3% decline in tourist arrivals from Africa was experienced in 2021 due to the impact of the pandemic on international travel.

**FIGURE 13: TOURIST ARRIVALS FROM AFRICA INTO SOUTH AFRICA, 2017 - 2021**

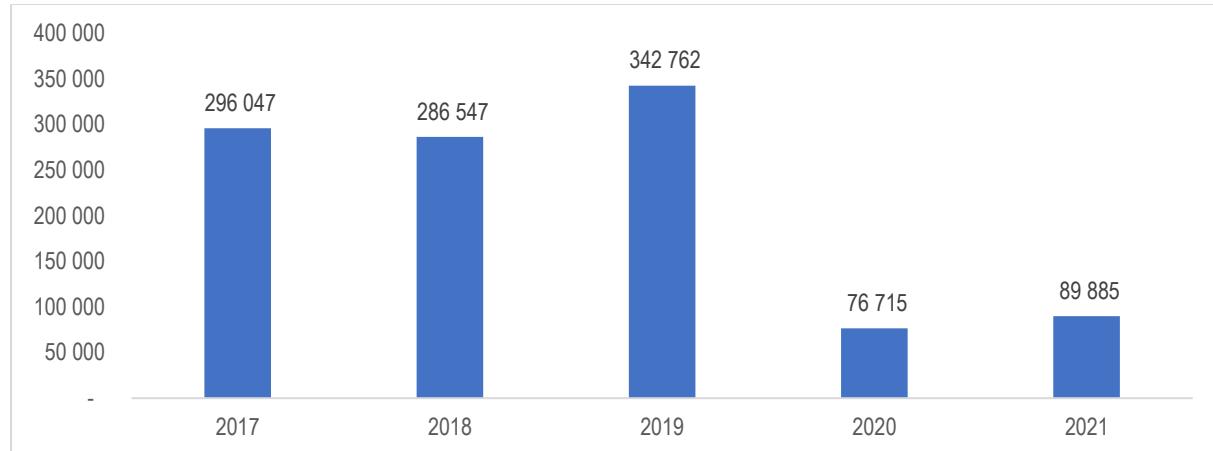


Source: South African Tourism, 2022

## 5.2 African Tourist Arrivals into the Western Cape

Over the past few years, the Western Cape saw the strongest volume in African tourists in 2019 with 342 762 visitors. Despite a drastic decline in 2020, tourist arrivals from the rest of Africa to the Western Cape grew by 17,2% in 2021.

**FIGURE 14: AFRICAN TOURIST ARRIVALS INTO THE WESTERN CAPE, 2017 - 2021**



Source: South African Tourism, 2022

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