



Overview of Western Cape Export Patterns, 1999-2018

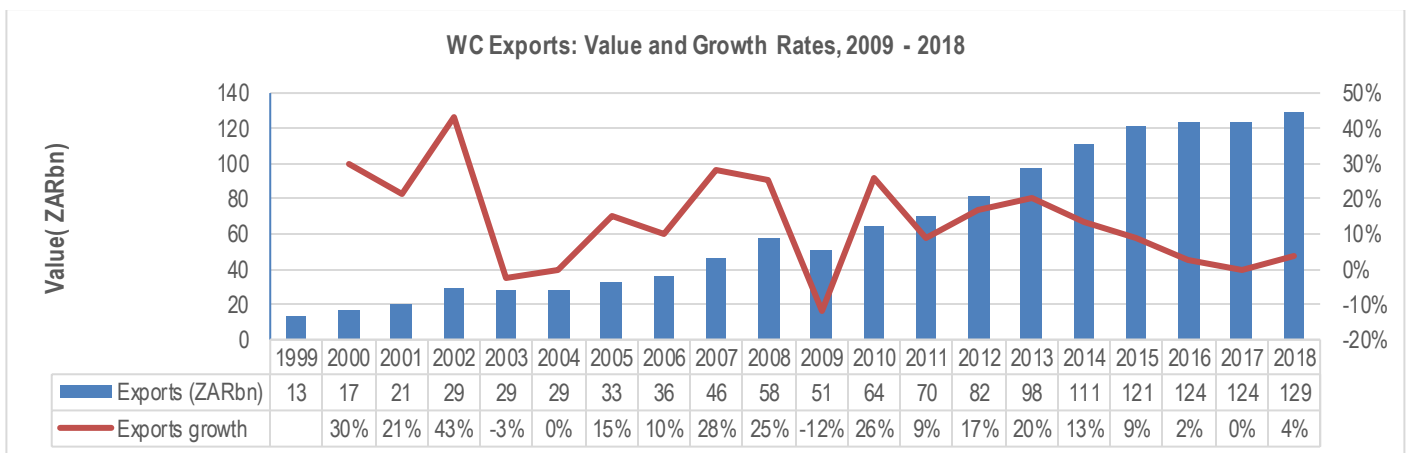
18/02/2020

1. Introduction: Overview of Western Cape Trade: 1999 – 2018

The Western Cape (WC) has played an integral and significant role in the development of the South African economy. Next to Gauteng, the WC is the second largest exporter of goods and services. Evidently, there is great merit in studying the export flows of WC. This publication therefore conducts a brief analysis of the WC export patterns over the last 20 years spanning 1999 – 2018.

2. Western Cape Export Trends

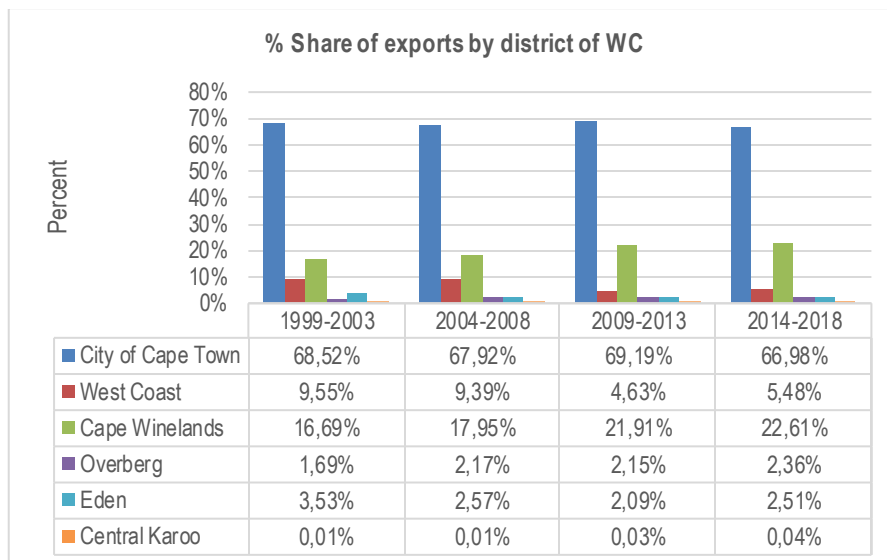
The graph below shows total exports and year-on-year export growth rates for the Western Cape from 1999 – 2018. It is evident from the graph that there has been a general rise in exports in the last 20 years. Moreover, exports have nearly increased by 10-fold, from a total value of 13,2 billion in 1999 to a total value of 129 billion in 2018. Year-on-year growth rates in exports were for the most part volatile over the last 20 years, with the highest growth rate of 43% recorded for the 2002 to 2003 financial years. Presumably, the lowest growth rates were recorded in 2008 – 2009, coinciding with the global financial crisis. Overall, the Western Cape's average annual growth in exports was 12.83% over the 20-year period under review.



Source: Quantec and own calculations, 2020

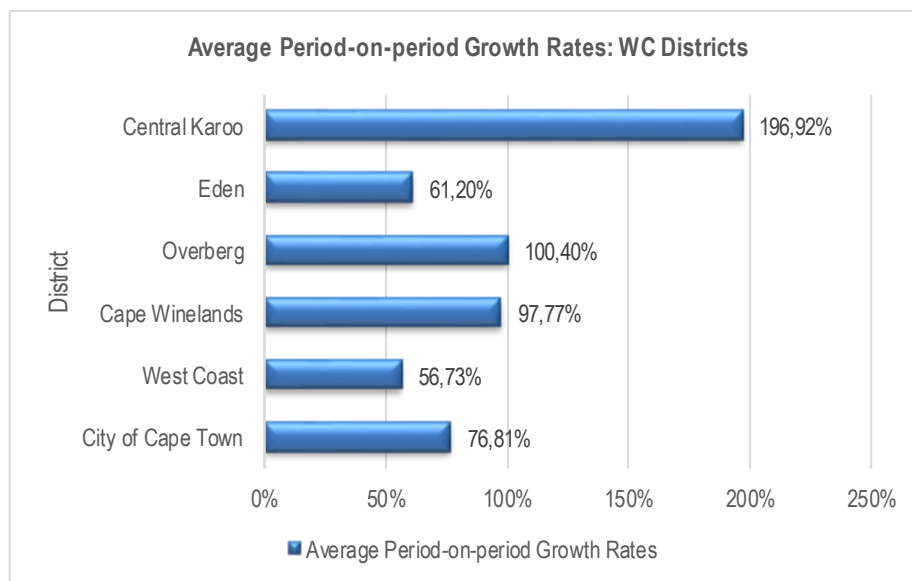
3. Export Trends by WC District

In this section, the WC is unpacked into its various districts to analyse the share of exports each of these districts contribute to the overall exports of the WC over the 20-year period. It is evident from the graph below that the share of exports remained relatively constant from 1999 – 2018, with the City of Cape Town accounting for more than 65% of the WC total exports. Cape Winelands showed a consistent increase in its share of exports, up from 16.16% of total exports in 1999-2002 to 22.92% of total exports in 2015-2019.



Source: Quantec and own calculations, 2020

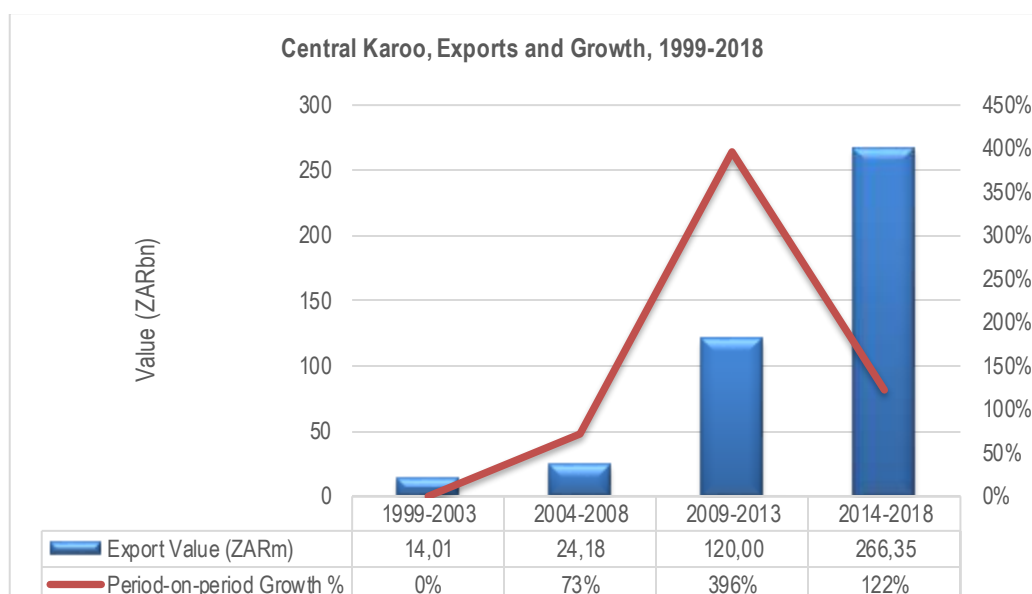
The following graph illustrates the average period-on-period export growth rates for the six districts of the Western Cape. The West Coast showed the lowest period-on-period growth of 56,73% for the same period. Evidently, Central Karoo, although comprising the lowest share of WC exports, showed the highest growth rates of 196,92% period-on-period from 1999-2018. Given this remarkable growth in exports, the next section briefly unpacks the export patterns for Central Karoo from 1999 – 2018.



Source: Quantec and own calculations, 2020

3.1 Export patterns in Central Karoo, 1999-2018

The graph below shows the total export value (ZARm) and the period on period growth rates in exports for the Central Karoo district of the WC from 1999-2018. Exports rose from 14m in the 1999-2003 period to 24m in 2004-2008 period, approximating to a 73% growth in exports. Thereafter, exports grew by 396% (to 120m) in the period 2009-2013 and ending off with a total export value of 266m by the 2014-2018 period (122% growth in exports).



Source: Quantec and own calculations, 2020

The table below highlights the top 5 products exported by Central Karoo from 1999-2018 (top 10 products can be found in the appendix). It is evident that the beverages, spirits and vinegar product group was the districts' largest export from 1999-2008 with a share in exports of 37.49% in 1999-2003 and 45.34% in 2009-2013. Thereafter, there has been a dramatic shift in the composition of exports. Fish and crustaceans rose to the number 1 export. It did not form part of the top 10 exported products in 1999-2003. By 2004-2008, it rose to 5th place, accounting for 2.35% of total exports. From 2009-2018, it became Central Karoo's largest export product group, comprising of 50.54% of exports in 2009-2013, and 43.24% of exports in 2014-2018. Dairy produce also witnessed a significant rise in share of exports over the last 20 years, from accounting for only 1.74% of total exports in 2004-2008, to being the districts second largest export from 2009-2018.

4

CENTRAL KAROO TOP 10 EXPORTS, 1999 - 2018												
RANK	1999 - 2003			2004 - 2008			2009 - 2013			2014 - 2018		
	PRODUCTS (HS2)	Value (ZARbn)	% Share	PRODUCTS (HS2)	Value (ZARbn)	% Share	PRODUCTS (HS2)	Value (ZARbn)	% Share	PRODUCTS (HS2)	Value (ZARbn)	% Share
1	Beverages, spirits and vinegar	5,25m	37,49%	Beverages, spirits and vinegar	10,96m	45,34%	Fish and crustaceans	60,65m	50,54%	Fish and crustaceans	115,17m	43,24%
2	Trees and flowers	4,75m	33,90%	Nuclear reactors, mechanical appliances	8,99m	37,20%	Dairy produce	37,46m	31,22%	Dairy produce	91,00m	34,16%
3	Plastics	1,28m	9,15%	Plastics	1,01m	4,16%	Beverages, spirits and vinegar	18,82m	15,68%	Beverages, spirits and vinegar	35,69m	13,40%
4	Electrical machinery	0,95m	6,78%	Residues and waste	0,58m	2,42%	Residues and waste	0,76m	0,63%	Miscellaneous edible preparations	10,28m	3,86%
5	Iron or steel	0,71m	5,09%	Fish and crustaceans	0,57m	2,36%	Animal or vegetable fats and oil	0,45m	0,38%	Preparations of fruit and vegetables	3,17m	1,19%

Source: Quantec and own calculations, 2020

4. Export Products from the Western Cape

The table below illustrates the contribution share and trade value (ZAR bn) of the top 10 products (or product groups) exported by the Western Cape to the rest of the world from 1999 – 2018, considered in 5 year intervals. Furthermore, the classification of these product groups are according to the HS2 chapter description and they are shortened in the table for convenience. For example, Nuclear reactors are classified as ‘Nuclear reactors, boilers, machinery, mechanical appliances, and parts of all of these’ under the HS84 code. Thus, although WC may not export nuclear reactors, it may export certain products within that chapter.

What is relevant to this study is the compositional shift in products exported. It is therefore important to investigate which products were traded at the beginning of the period (1999 – 2003) and what the composition of those products looked like at the end of the period (2014-2018). Seemingly, the WC has kept a fairly similar product export pattern. Edible fruit and nut exports have remained the number one export for the WC, between 1999-2003 (16.21%), 2009-2013 (18.20%) and 2014-2018 (21.63%). However, in 2004–2008, mineral fuels were the province’ leading export product, accounting for 18.86% of total exports.

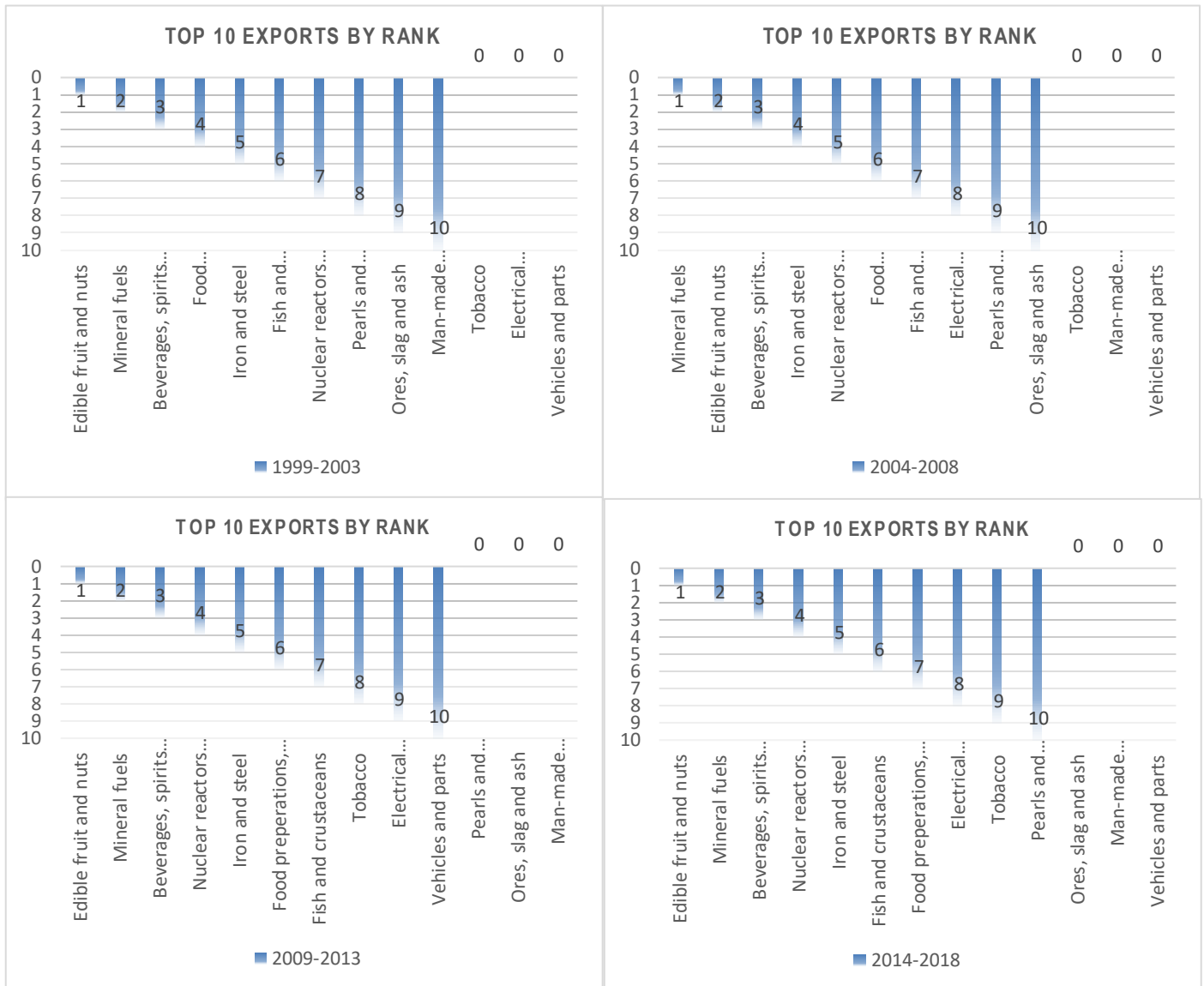
WESTERN CAPE TOP 10 EXPORTS, 1999 - 2018												
RANK	1999 - 2003			2004 - 2008			2009 - 2013			2014 -2018		
	PRODUCTS (HS2)	Value (ZARbn)	% Share	PRODUCTS (HS2)	Value (ZARbn)	% Share	PRODUCTS (HS2)	Value (ZARbn)	% Share	PRODUCTS (HS2)	Value (ZARbn)	% Share
1	Edible fruit and nuts	17,61b	16,21	Mineral fuels	38,07b	18,86	Edible fruit and nuts	66,40b	18,20	Edible fruit and nuts	132,17b	21,63
2	Mineral fuels	14,46b	13,31	Edible fruit and nuts	35,84b	17,76	Mineral fuels	56,89b	15,59	Mineral fuels	84,13bn	13,77
3	Beverages, spirits and vinegar	11,88b	10,94	Beverages, spirits and vinegar	23,11b	11,45	Beverages, spirits and vinegar	39,63b	10,86	Beverages, spirits and vinegar	56,40b	9,23
4	Food preparations, fruit and vegetables	6,43b	5,92	Iron and steel	13,16b	6,52	Nuclear reactors and machinery parts	22,49b	6,16	Nuclear reactors and machinery parts	31,77b	5,20
5	Iron and steel	5,28b	4,86	Nuclear reactors and machinery parts	11,76b	5,83	Iron and steel	15,79b	4,33	Iron and steel	28,51b	4,67%
6	Fish and crustaceans	5,24b	4,82	Food preparations, fruit and vegetables	8,11b	4,02	Food preparations, fruit and vegetables	14,64b	4,01	Fish and crustaceans	25,41b	4,16
7	Nuclear reactors and machinery parts	4,43b	4,08	Fish and crustaceans	7,42b	3,68	Fish and crustaceans	14,51b	3,98	Food preparations, fruit and vegetables	23,40b	3,83
8	Pearls and precious stones	3,66b	3,37	Electrical Machinery parts	6,06b	3,00	Tobacco	10,25b	2,81	Electrical Machinery parts	15,38b	2,52
9	Ores, slag and ash	3,02b	2,78	Pearls and precious stones	5,95b	2,95	Electrical Machinery parts	9,09b	2,49	Tobacco	12,98b	2,12
10	Man-made filaments and textile materials	2,69b	2,47	Ores, slag and ash	5,00b	2,48	Vehicles and parts	9,09b	2,49	Pearls and precious stones	12,02b	1,97
	Total exports	108,63b	100	Total exports	201,87b	100	Total exports	364,94b	100	Total exports	611,01b	100

Source: Quantec and own calculations, 2020

What is however more relevant is the decrease in exports of Ores,slag and ash. This product group ranked 8th in 1999-2003, comprising a 2.78% share of total exports. Furthermore, the product group ranked even lower, falling to 9th place in 2004 – 2008, with a 2.48% share of total exports. Finally, by 2009 onwards, it did not feature as one of the top 10 product groups exported by the WC.

Another product group worth mentioning and following a similar trajectory are the man-made filaments and textile materials. In 1999-2003, it ranked as the 10th highest export product group in WC, comprising of 2.47% of total exports. By 2014-2018, it was no longer a top 10 export

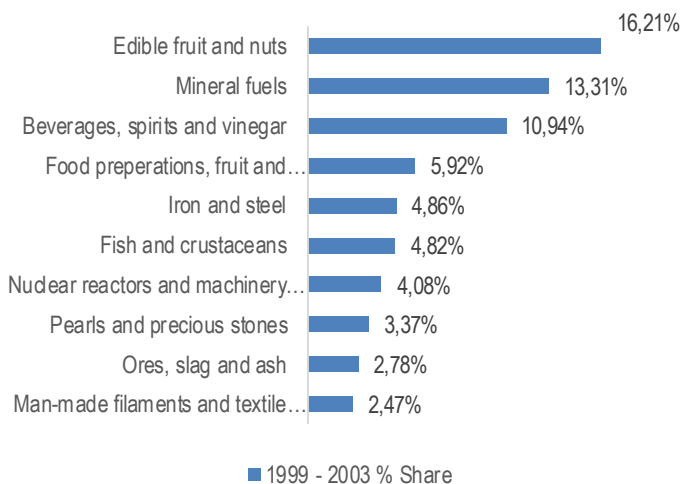
The graph below shows a visual interpretation of the change in composition of exports and their ranking over the last 20 years. As is evident, top 5 exports from WC has remained relatively consistent. However, the WC economy tended to shift away exports of 'man-made filaments and textiles' and 'Ores, slag and ash' and seemingly increased its exports of tobacco and electrical components of electrical machinery and equipment.



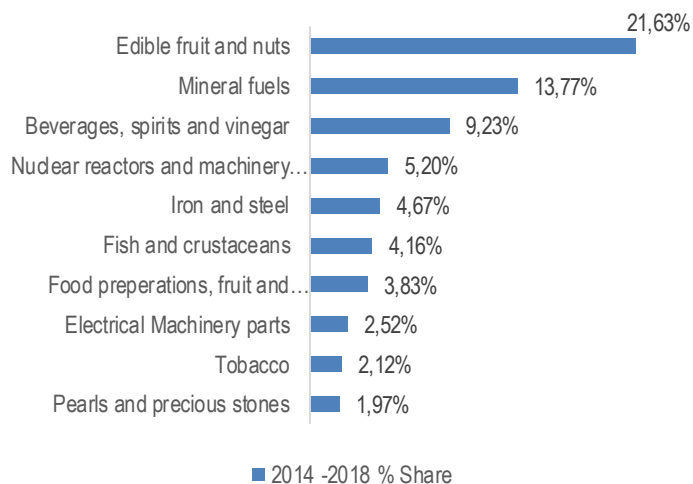
Source: Quantec and own calculations, 2020

The graphs below shows a snapshot of the top 10 composite basket of products traded in the beginning of the 20 year period (999-2003) and those traded at the end (2014-2018), thereby showing a shift in the basket of goods being exported from the WC. From the graph it is evident that there has been a significant rise in the export share of edible fruit and nuts, as well as 'nuclear reactors and machinery parts' and 'mineral fuels' (however not as significant). Product groups such as 'beverages, spirits and vinegar', 'Food preparations', 'fish and crustaceans' and others. Other product groups such as 'ores, slag and ash' and 'man-made filaments and textiles' completely dropped from the top 10 exported products and these were replaced with products from product groups such as 'tobacco' and 'electrical machinery and parts'.

WC: Top 10 export products, 1999-2003



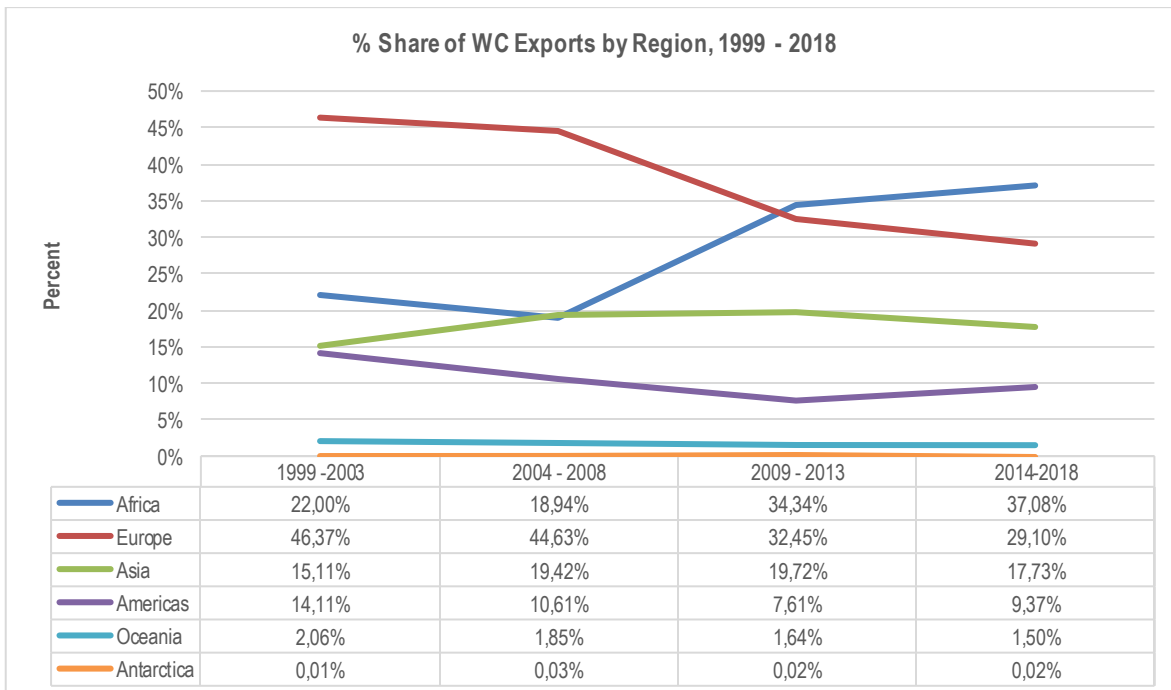
WC: Top 10 export products, 2014-2018



Source: Quantec and own calculations, 2020

5. Western Cape Regional Export Flows, 1999-2018

The following graph shows the share of Western Cape exports to different regions. As is visible from the graph, Europe was the Western Cape's leading export destination region for the first decade under consideration. It accounted for 46,37% of total exports in 1999 – 2003 and 44,63% share of total exports from 2004 – 2008. Thereafter, Africa became the leading export destination, accounting for 34,34% of total exports from 2009 – 2013 and 37,08% share of total exports from 2014 – 2018.



Source: Quantec and own calculations, 2020

6. Western Cape Destination Markets, 1999 – 2018.

The table below displays the Western Cape's top 10 export destinations in last 20 years. The intervals under consideration is every 5 years, which allows for sufficient time to scrutinize robust changes in the composition of top export destinations. Similarly, as the WC's export product pattern discussed above, export destinations have remained relatively constant over the last 20 years, with a few discrepancies in the top 5 destinations.

Countries like the United Kingdom, United States and the Netherlands have remained strong export destinations for the WC. However, trade with Italy and Japan show significant declines in exports over the years. For example, Italy was ranked as having the 7th highest share of WC export in 1999-2003, where the WC exported goods to the value of R 3.53 billion and a share of total exports of 3.25%. However, as export composition changed over the 20-year period, it ranked as the 19th largest export destination for the WC by 2018. Likewise, Japan held 8th place, with a total export value of R 3.33 billion and a total export share of 3.07% in the period 1999-2003 but by 2018, it did not even feature on the top 20 export destinations for WC.

WESTERN CAPE TOP 10 EXPORT DESTINATIONS, 1999 - 2018												
RANK	1999 - 2003			2004 - 2008			2009 - 2013			2014 - 2018		
	IMPORTERS	Value ZARbn	% Share	IMPORTERS	Value (ZARbn)	% Share	IMPORTERS	Value (ZARbn)	% Share	IMPORTERS	Value (ZARbn)	% Share
1	United Kingdom	18,51b	17,04	United Kingdom	24,72b	12,25	Namibia	28,15b	7,71	Namibia	58,34b	9,55
2	United States	11,02b	10,15	Netherlands	15,54b	7,70	United Kingdom	27,46b	7,52	United Kingdom	45,24b	7,40
3	Netherlands	8,59b	7,91	United States	13,59b	6,73	Netherlands	26,77b	7,34	Netherlands	40,50b	6,63
4	Mozambique	5,18b	4,77	Germany	11,14b	5,52	Botswana	21,88b	6,00	United States	38,80b	6,35
5	Belgium	5,16b	4,75	Belgium	10,41b	5,16	United States	17,17b	4,71	Botswana	35,89b	5,87
6	Germany	4,21b	3,87	China	8,61b	4,27	Germany	16,52b	4,53	Germany	24,65b	4,03
7	Italy	3,53b	3,25	France	6,40b	3,17	Angola	9,53b	2,61	China	17,44b	2,85
8	Japan	3,33b	3,07	Mozambique	5,74b	2,84	Mozambique	9,35b	2,56	Kenya	14,54b	2,38
9	Zambia	2,93b	2,70	Zambia	5,39b	2,67	Belgium	8,18b	2,24	United Arab Emirates	13,79b	2,26
10	France	2,82b	2,59	Italy	5,32b	2,64	Malaysia	8,04b	2,20	Zambia	13,21b	2,16

Source: Quantec and own calculations, 2020

Appendix 1: Central Karoo top 10 exports

CENTRAL KAROO TOP 10 EXPORTS, 1999 - 2018												
	1999 - 2003			2004 - 2008			2009 - 2013			2014 - 2018		
RANK	PRODUCTS (HS2)	Value (ZARbn)	% Share	PRODUCTS (HS2)	Value (ZARbn)	% Share	PRODUCTS (HS2)	Value (ZARbn)	% Share	PRODUCTS (HS2)	Value (ZARbn)	% Share
1	Beverages, spirits and vinegar	5,25m	37,49%	Beverages, spirits and vinegar	10,96m	45,34%	Fish and crustaceans	60,65m	50,54%	Fish and crustaceans	115,17m	43,24%
2	Trees and flowers	4,75m	33,90%	Nuclear reactors, mechanical appliances	8,99m	37,20%	Dairy produce	37,46m	31,22%	Dairy produce	91,00m	34,16%
3	Plastics	1,28m	9,15%	Plastics	1,01m	4,16%	Beverages, spirits and vinegar	18,82m	15,68%	Beverages, spirits and vinegar	35,69m	13,40%
4	Electrical machinery	0,95m	6,78%	Residues and waste	0,58m	2,42%	Residues and waste	0,76m	0,63%	Miscellaneous edible preparations	10,28m	3,86%
5	Iron or steel	0,71m	5,09%	Fish and crustaceans	0,57m	2,36%	Animal or vegetable fats and oil	0,45m	0,38%	Preparations of fruit and vegetables	3,17m	1,19%
6	Nuclear reactors, mechanical appliances	0,71m	5,07%	Edible fruit and nut	0,46m	1,89%	Miscellaneous edible preparations	0,28m	0,23%	Preparations of meat and fish	2,37m	0,89%
7	Optical and photographic	0,21m	1,51%	Dairy produce	0,42m	1,74%	Art and antiques	0,27m	0,23%	Residues and waste	1,60m	0,60%
8	Railway	0,08m	0,56%	Products of animal origin	0,36m	1,51%	Miscellaneous edible preparations	0,27m	0,23%	Nuclear reactors, mechanical appliances	1,40m	0,52%
9	Furniture	0,04m	0,28%	Furniture	0,32m	1,34%	Paper and paperboard	0,21m	0,17%	Edible fruit and nut	0,86m	0,32%
10	Carpets/ textile floor coverings	0,02m	0,15%	Art and antiques	0,11m	0,47%	Essential oils and cosmetics	0,20m	0,17%	Preparations of cereals and dairy	0,75m	0,28%
	Total ex ports	14,01m	100%	Total ex ports	24,18m	100%	Total ex ports	120,00m	100%	Total ex ports	266,36m	100%

Appendix 2: WC top 20 export products, 1999 - 2018

WESTERN CAPE TOP 20 EXPORTS, 1999 - 2018												
	1999 - 2003			2004 - 2008			2009 - 2013			2014 -2018		
RANK	PRODUCTS (HS2)	Value (ZARbn)	% Share	PRODUCTS (HS2)	Value (ZARbn)	% Share	PRODUCTS (HS2)	Value (ZARbn)	% Share	PRODUCTS (HS2)	Value (ZARbn)	% Share
1	Edible fruit and nuts	17,61b	16,21	Mineral fuels	38,07b	18,86	Edible fruit and nuts	66,40b	18,20	Edible fruit and nuts	132,17b	21,63
2	Mineral fuels	14,46b	13,31	Edible fruit and nuts	35,84b	17,76	Mineral fuels	56,89b	15,59	Mineral fuels	84,13b	13,77
3	Beverages, spirits and vinegar	11,88b	10,94	Beverages, spirits and vinegar	23,11b	11,45	Beverages, spirits and vinegar	39,63b	10,86	Beverages, spirits and vinegar	56,40b	9,23
4	preparations, fruit and vegetables	6,43b	5,92	Iron and steel	13,16b	6,52	Nuclear reactor/parts	22,49b	6,16	Nuclear reactor/parts	31,77b	5,20
5	Iron and steel	5,28b	4,86	Nuclear reactor/parts	11,76b	5,83	Iron and steel	15,79b	4,33	Iron and steel	28,51b	4,67
6	Fish and crustaceans	5,24b	4,82	preparations, fruit and vegetables	8,11b	4,02	preparations, fruit and vegetables	14,64b	4,01	Fish and crustaceans	25,41b	4,16
7	Nuclear reactor/parts	4,43b	4,08	Fish and crustaceans	7,42b	3,68	Fish and crustaceans	14,51b	3,98	Preparation, fruit and vegetables	23,40b	3,83
8	Pearls and precious stones	3,66b	3,37	Electrical Machinery parts	6,06b	3,00	Tobacco	10,25b	2,81	Electrical Machinery parts	15,38b	2,52
9	Ores, slag and ash	3,02b	2,78	Pearls and precious stones	5,95b	2,95	Electrical Machinery parts	9,09b	2,49	Tobacco	12,98b	2,12
10	Man-made filaments and textile materials	2,69b	2,47	Ores, slag and ash	5,00b	2,48	Vehicles and parts	9,09b	2,49	Pearls and precious stones	12,02b	1,97
11	locomotive and railway parts	2,20b	2,02	Plastics	3,33b	1,65	Pearls and precious stones	5,96b	1,63	Ships and boats	10,13b	1,66
12	Plastics	2,11b	1,94	Tobacco	2,72b	1,35	Cereals	5,21b	1,43	Plastics	9,87b	1,62
13	Electrical machinery/equipment	1,89b	1,74	Ships and boats	2,67b	1,33	Plastics	5,12b	1,40	Essential oils and perfumes	9,69b	1,59
14	Ships, boats and floating structures	1,71b	1,57	Copper	2,50b	1,24	Essential oils and perfumes	4,48b	1,23	Vehicles and parts	7,06b	1,16
15	clothing accessories	1,64b	1,51	man-made filaments/textiles	2,49b	1,23	Miscellaneous chemical	4,09b	1,12	Waste from food industry	6,97b	1,14
16	stuffed furnishings	1,59b	1,46	Miscellaneous chemical	2,29b	1,13	photographic and the like	4,03b	1,10	photographic and the like	6,39b	1,05
17	Wood and articles of wood	1,45b	1,33	Leather/ other raw hide skins	2,19b	1,09	Copper	3,90b	1,07	Salts, sulphur and the like	6,34b	1,04
18	apparel and accessories	1,36b	1,26	Vehicles and parts	1,83b	0,91	Ships and boats	3,87b	1,06	Seeds and grains	5,97b	0,98
19	Leather/other raw hide skins	0,92b	0,85	Wood and articles of wood	1,63b	0,81	Leather/other raw hide skins	3,45b	0,94	clothing accessories	5,93b	0,97
20	Vehicles and parts	0,86b	0,79	stuffed furnishings	1,51b	0,75	iron or steel	3,38b	0,93	edible preparations	5,77b	0,94
	Total exports	108,63b	100	Total exports	201,87b	100	Total exports	364,94b	100	Total exports	611,01b	100

Source: Quantec and own calculations, 2020

Appendix 3: WC top 20 export destinations, 1999 - 2018

WESTERN CAPE TOP 20 EXPORT DESTINATIONS, 1999 - 2018												
RANK	1999 - 2003			2004 - 2008			2009 - 2013			2014 -2018		
	IMPORTERS	Value (ZARbn)	% Share	IMPORTERS	Value (ZARbn)	% Share	IMPORTERS	Value (ZARbn)	% Share	IMPORTERS	Value (ZARbn)	% Share
1	United Kingdom	18,51b	17,04	United Kingdom	24,72b	12,25	Namibia	28,15b	7,71	Namibia	58,34b	9,55
2	United States	11,02b	10,15	Netherlands	15,54b	7,70	United Kingdom	27,46b	7,52	United Kingdom	45,24b	7,40
3	Netherlands	8,59b	7,91	United States	13,59b	6,73	Netherlands	26,77b	7,34	Netherlands	40,50b	6,63
4	Mozambique	5,18b	4,77	Germany	11,14b	5,52	Botswana	21,88b	6,00	United States	38,80b	6,35
5	Belgium	5,16b	4,75	Belgium	10,41b	5,16	United States	17,17b	4,71	Botswana	35,89b	5,87
6	Germany	4,21b	3,87	China	8,61b	4,27	Germany	16,52b	4,53	Germany	24,65b	4,03
7	Italy	3,53b	3,25	France	6,40b	3,17	Angola	9,53b	2,61	China	17,44b	2,85
8	Japan	3,33b	3,07	Mozambique	5,74b	2,84	Mozambique	9,35b	2,56	Kenya	14,54b	2,38
9	Zambia	2,93b	2,70	Zambia	5,39b	2,67	Belgium	8,18b	2,24	United Arab Emirates	13,79b	2,26
10	France	2,82b	2,59	Italy	5,32b	2,64	Malaysia	8,04b	2,20	Zambia	13,21b	2,16
11	Zimbabwe	2,71b	2,49	Angola	4,53b	2,24	China	7,85b	2,15	Lesotho	12,33b	2,02
12	Angola	2,30b	2,12	Japan	4,42b	2,19	United Arab Emirates	7,71b	2,11	Mozambique	11,63b	1,90
13	Spain	2,08b	1,91	Zimbabwe	4,32b	2,14	Zambia	7,44b	2,04	Angola	11,57b	1,89
14	Canada	1,93b	1,78	Spain	4,05b	2,01	Singapore	7,21b	1,98	Swaziland	11,50b	1,88
15	Australia	1,90b	1,75	Singapore	4,04b	2,00	Japan	6,79b	1,86	Hong Kong	10,78b	1,76
16	Mauritius	1,88b	1,73	Nigeria	3,89b	1,92	Italy	6,62b	1,81	Russia	9,87b	1,62
17	Hong Kong	1,82b	1,67	United Arab Emirates	3,70b	1,83	France	6,44b	1,77	Belgium	9,71b	1,59
18	China	1,69b	1,55	Canada	3,13b	1,55	Swaziland	6,19b	1,70	Italy	9,63b	1,58
19	Nigeria	1,60b	1,47	Australia	3,09b	1,53	Russia	6,18b	1,69	Nigeria	8,81b	1,44
20	Tanzania	1,40b	1,29	Hong Kong	3,00b	1,49	Hong Kong	6,18b	1,69	Zimbabwe	8,63b	1,41
	Total exports	108,63b	100	Total exports	201,87b	100	Total exports	364,94b	100	Total exports	611,01b	100

Source: Quantec and own calculations, 2020

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