



Open,
for
agribusiness

Agribusiness Overview

Western Cape agriculture is thriving and healthy. The agricultural, forestry and fisheries sector has been the fastest growing sector in the province on average over the past five years. Our region's unique Mediterranean and winter-rainfall climate means our farmers can produce a mix of products, of which the bulk of the fruit and wines are exported. Agricultural and agri-processed products make up the lion's share of the Western Cape's top exports. These include, for example, citrus, table grapes, wine, apples and pears.

The Western Cape's agribusiness sector is an important contributor to export earnings. In 2018, agriculture was the fastest growing export sector in the Western Cape, with agricultural and agri-processed goods making up 36% of Western Cape exports.

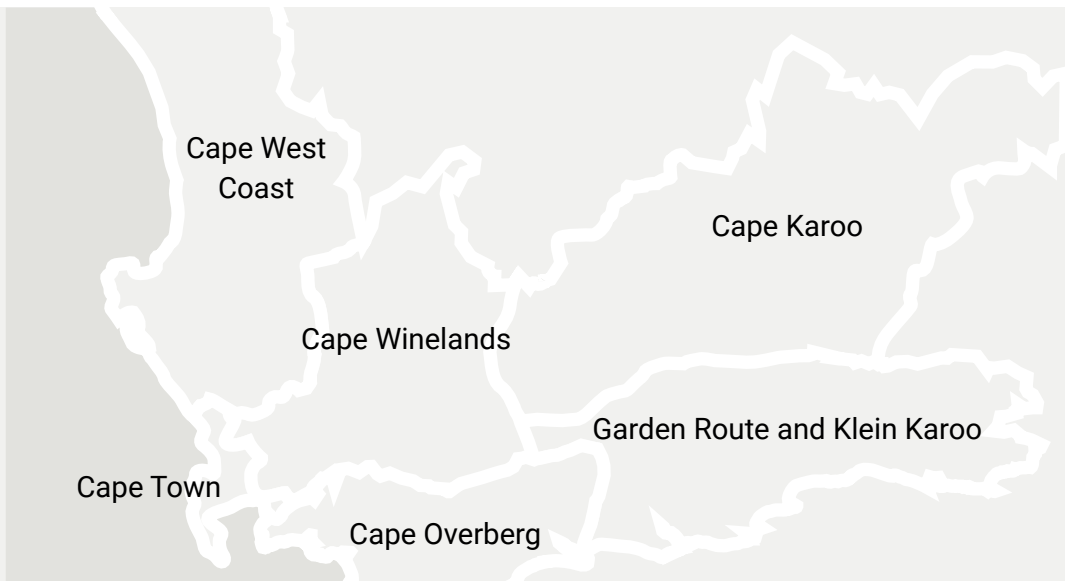


The Western Cape is responsible for almost half of South Africa's agricultural and agri-processed exports.

The Western Cape is responsible for almost half of South Africa's agricultural and agro-processed exports, and an estimated 70% of South Africa's beverage exports. The Province is also responsible for approximately 85% of South Africa's fishing exports.

Europe is the largest destination market for the Western Cape's agricultural products, while the Province is also a global leader in terms of exports of agribusiness products to the African continent. It is estimated that almost half of Africa's fermented beverages are from the Western Cape.

Agribusiness Overview



The Western Cape dominates South Africa's Marine aquaculture production – accounting for 92% (3 308 tonnes). South Africa is one of the largest producers and exporters of abalone, world renowned for its premium farmed abalone. The majority of abalone production is in the Western Cape.

The Western Cape accounts for 60% of South Africa's blueberry production. The South African blueberry industry's gross value of production in South Africa grew from US\$1,92 million in 2008 to US\$94,48 million in 2018. The value of blueberry exports grew from US\$13,82 million in 2013 to just over US\$75,56 million in 2018.

South Africa was the 8th largest wine producer in the world in 2019, producing 970 million litres. This accounted for 3.3% of world production. More than 85% of wine in South Africa is cultivated and produced in the Western Cape.

The Western Cape, with its temperate Mediterranean climate, is home to more than 90% of South Africa's olive growers. Olive farming has been one of the fastest growing agricultural activities in South Africa. The Province is also the largest exporter of fruit juice, accounting for more than half of South Africa's exports, and is the largest producer of wheat and oats in the country.

One Million bottles of South African wine are sold globally per day.

Food and Beverages

The Western Cape is an established hub for food and beverage manufacturing, boasting some of the country's largest companies in the sector. It is the second largest producer of food and beverage products among South African provinces. The province has a vast and productive agricultural hinterland with distinctive yields, excellent transport infrastructure, and strong manufacturing capabilities. Proximity to Africa's growing consumer population makes this a very competitive location in which to base food and beverage manufacturing operations.

Recent growth in food and beverage exports provides reason to believe that the sector is well-placed to realise the opportunities presented by growing demand for food and beverage products on the African continent.



A number of large international companies have invested in agribusiness in Cape Town and the Western Cape, including Nestle, Burger King Corporation, DuPont, Lindt & Sprungli, and Spar. In 2019 Pepsico announced a takeover of Western Cape based Pioneer Foods for US\$1.69 billion as part of their strategy to grow their presence in Africa.

South Africa was the 3rd largest global outward investor into Africa's food, beverages and tobacco sector, with 69 investment projects between January 2003 and December 2019. At a provincial level, the Western Cape was the 3rd largest global province for FDI into Africa's food, beverages and tobacco sector, with 51 investment projects between January 2003 and December 2019.

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Agro-processing has been identified by the South African Government as one of the critical sectors earmarked for special attention. In particular, there is an emphasis on the need to grow the agricultural and agro-processing value chain as a key provider of labour-intensive growth. As a direct result of this, the US\$75.11 million Agro-Processing Support Scheme was launched in 2017 to ramp up investment and value-addition across the sector.

Natural Products

There is high growth potential for cosmetics produced from natural products in South Africa. 10% of the world's biodiversity is found in South Africa, and with 9 000 plant species, the Western Cape's unique Cape Floral Kingdom accounts for most of it. The Western Cape is the largest exporter of beauty products among South African provinces, with exports valued at US\$109.88 million in 2019.





Why Cape Town and the Western Cape



Seven of the Western Cape's top 10 export products are agricultural products.



Cape Town and the Western Cape provides well-connected transport and cold-chain infrastructure, connecting the region to global markets via road, rail, sea and air.



Cape Town International (CPT) is a world-class, award-winning airport, the second largest in South Africa and the third largest in Africa.



The port of Cape Town, situated on a major trade route, is one of South Africa's busiest container ports and is renowned for deciduous fruit and fish exports.



Why Cape Town and the Western Cape



The Cape has an established history in the food and beverage industry with some of the country and continent's largest firms in the sector.



Good proximity to a vast and fertile agricultural hinterland with distinctive agricultural yields and strong value chains.



The Western Cape is ideally positioned to benefit from the fast growing African market, estimated to reach a population of 2.5 billion by 2050. The Western Cape already exports US\$3.24 billion worth of goods to the rest of continent.

Incentives

General Incentives

Research and development incentives

S11D of the Income Tax Act

- **Objective:** This incentive is designed to encourage private-sector investment in scientific and technological research and development activities.
- Implementing Agency: The Department of Science & Technology.

Grants for small R&D projects

Support Programme for Industrial Innovation (SPII)

- **Objective:** This incentive is designed to provide financial assistance for the development of commercially viable, innovative products and or processes and facilitate commercialization of such technologies.
- Implementing Agency: The Industrial Development Corporation (IDC).

Grants for feasibility studies

Capital Projects Feasibility Programme (CPFP)

- **Objective:** The CPFP makes targeted grants that contribute to the cost of feasibility studies into projects outside South Africa that are likely to increase local exports for South African capital goods and services.
- Implementing Agency: The Department of Trade, Industry and Competition (dtic).

Technology

Technology and Human Resources in Industry Programme (THRIP)

- **Objective:** THRIP aims to boost South African industries by supporting research and technology development, and enhancing the numbers of appropriately skilled people.
- Implementing Agency: The Department of Trade, Industry and Competition (dtic).

Technology (continued)

Technology Venture Capital Fund

- **Objective:** TVC is a fund established by the dtic and managed by IDC which provides business support and seed capital for the commercialisation of innovative products, processes and technologies. TVC aims to increase the number of economically-productive companies in SA.
- Implementing Agency: The Industrial Development Corporation.

Industry-Specific Incentives

Aquaculture Development and Enhancement Programme (ADEP)

- **Objective:** The ADEP is designed to stimulate investment in the aquaculture sector.
- Implementing agency: The Department of Trade, Industry and Competition (dtic).

Critical Infrastructure Programme

- **Objective:** CIP supports the construction of infrastructure that enables the establishment or continuing operation of industrial projects. The key objectives are to improve competitiveness by lowering costs and risks, leverage strategic investments and stimulate linkages.
- Implementing Agency: The Department of Trade, Industry and Competition (dtic).

Agro-processing Support Scheme (APSS)

- **Objective:** Aims to stimulate investments by South African agro-processing enterprises.
- Implementing Agency: The Department of Trade, Industry and Competition (dtic).

Western Cape Government Incentives

The Comprehensive Agricultural Support Programme (CASP)

- **Objectives:** The aim of the programme is to support provincial departments of agriculture (PDAs) to create a favourable environment for emerging farmers and to expand the provision of support services for the development of agriculture.
- Implementing Agency: Farmer Support and Development Directorate of the Western Cape Department of Agriculture.

AgriBEE Fund

- **Objective:** A support programme for black-owned small agricultural enterprises, with a view of enhancing the transformation agenda in the sector.
- Implementing Agency: The Department of Agriculture, Land Reform and Rural Development (Dalrrd), administered by the Western Cape Department of Agriculture.

City of Cape Town Investment Incentives

Criteria

- Incentives are available for qualifying investments in agro-processing.
- Located in targeted spatial areas.

Incentives

Financial

- Building plan application fee waiver
- Development contribution deferral and write off up to R1 million
- Land use application fee waiver
- Special monthly incentive electricity tariffs for 2 years (on energy component)

Non-financial

- Prioritised single-point investment facilitation
- Building plan application fast-tracking (5-day turnaround)
- Land use application fast-tracking (3 months)
- Occupancy certificate fast-tracking (10 days)

Leading agribusiness companies in Cape Town and the Western Cape



Key Sector Enablers



