



**Western Cape
Government**

Agriculture

WESTERN CAPE PROVINCIAL PROFILE

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WESTERN CAPE PROVINCIAL PROFILE: EMPHASIS ON AGRICULTURAL SECTOR

The Western Cape's agricultural sector is unique from other provinces in South Africa, mostly in terms of physical resource differences. The winter rainfall region of the Winelands and the year-round rainfall of the Southern Cape enable a variety of crop mix and production potential. The Province's agricultural sector is known for its production stability and supported by well-developed infrastructure for input supply and output processing. It is well-known that agriculture plays a significant role in the Western Cape economy with a total value-addition to the economy of R14.7 billion in 2011, and about 23% of the national agricultural value-addition (Vink & Tregurtha, 2001).

This report will seek to highlight the Western Cape provincial profile with the emphasis on the agricultural sector and how it fits into the greater economy. The Western Cape Province is the 4th largest province in South Africa in terms of its land area which amounts to 12,938,600 hectares. The area consist of 11,560,609 hectares (89.3%) of farm land, 2,454,788 hectares (19%) potentially arable land, 9,105,821 hectares (70.4%) grazing, 730,731 hectares (5.6%) nature conservation, 198,938 hectares (1.5%) forestry and 448,322 (3.5%) other (DAFF, 2014; Stats SA, 2012).

There are five district municipalities in the Western Cape namely; Cape Winelands, Central Karoo, Eden, Overberg and the West Coast as well as Cape Metropole (City of Cape Town), which is the only metropole situated in the Province, refer to figure 1.

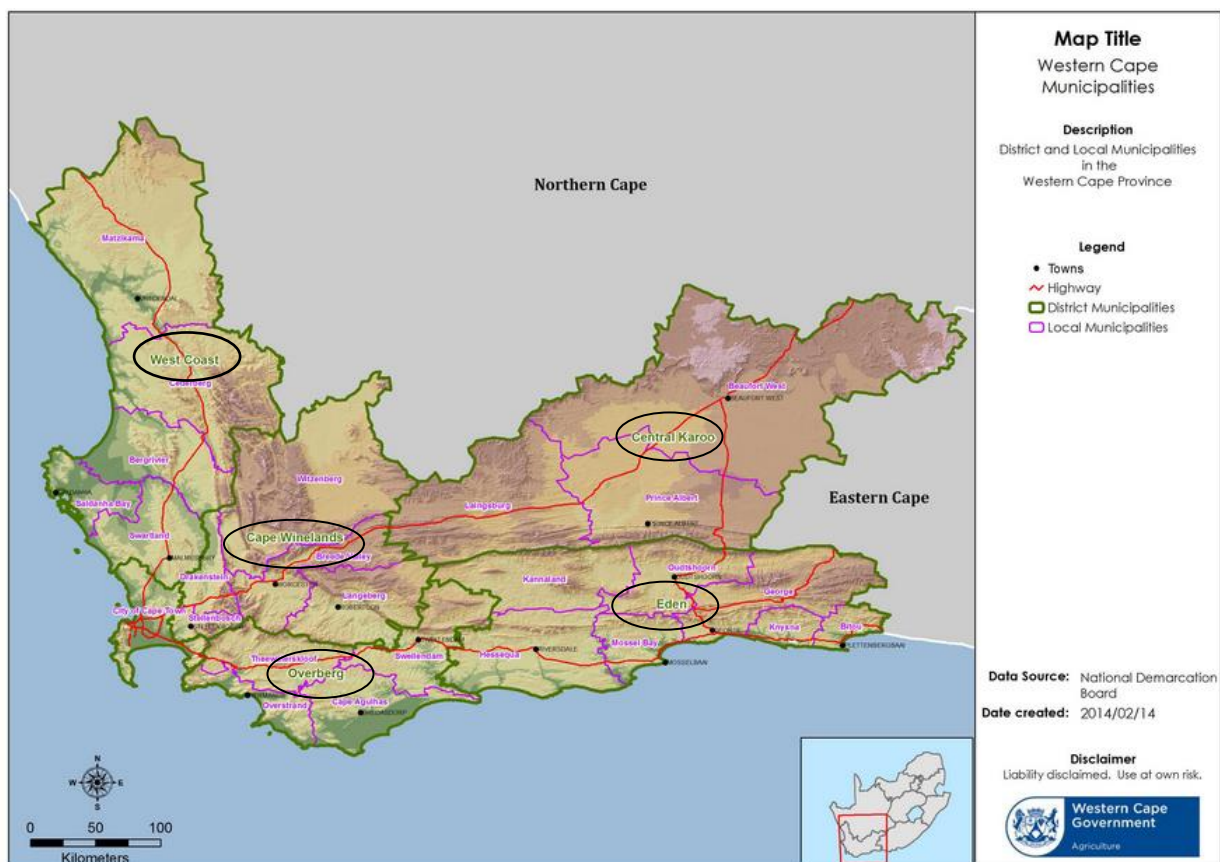


Figure 1: Western Cape Municipalities. Source: WC DoA, 2014.

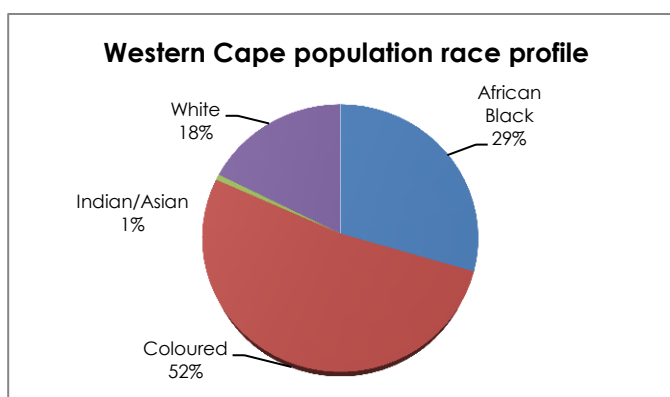
POPULATION DEMOGRAPHICS

The latest population total for the Western Cape by Statistics South Africa (Stats SA) amounted to 6,082,849 people in 2014, with a working population of 4,149,922 individuals (68% aged between 15 and 64 years). Table 1 below gives the population numbers of each age group.

The age demographic categories for the Western Cape population are as follows:

AGE CATEGORY	PERCENTAGE
0-14 years of age	26.03%
15-34 years of age	33.93%
35-64 years of age	34.29%
65 years and older	5.74%

Table 1: Age demographic of the provincial population. Source: Stats SA, 2014b.



In terms of racial breakdown the majority of individuals in the Western Cape are Coloured (3,174,269), followed by Black (1,796,247), White (1,071,087) and Indian (41,246).

Figure 2: Western Cape population by race. Source: Stats SA, 2014b.

PROVINCIAL EMPLOYMENT AND UNEMPLOYMENT STATUS

The working population increased by 91,000 people y/y in the first quarter of 2014, which is 2.2% higher than the same period in the previous year. The total number of people employed in the Western Cape amounted to 2,237,000 (7% or 146,000 increase y/y) in the first quarter of 2014 and the total unemployed people for the same period amounted to 593,000 (5.5% decrease y/y). The ¹unemployment rate in the first quarter of 2014 is at 20.9%, which is a 2.2% decrease y/y, with an ²expanded unemployment rate of 22.8%. The total ³labour force participation rate is 68.10%, which is an increase of 1.2 % y/y (Stats SA, 2014d).

¹ Unemployment rate: proportion of working force which is unemployed and are still looking for a job.

² Expanded unemployment rate: proportion of unemployed persons including discouraged job-seekers and non-economically active people.

³ Labour force participation rate: portion of working-age population that is either employed or unemployed.

Employment by sector within the Western Cape

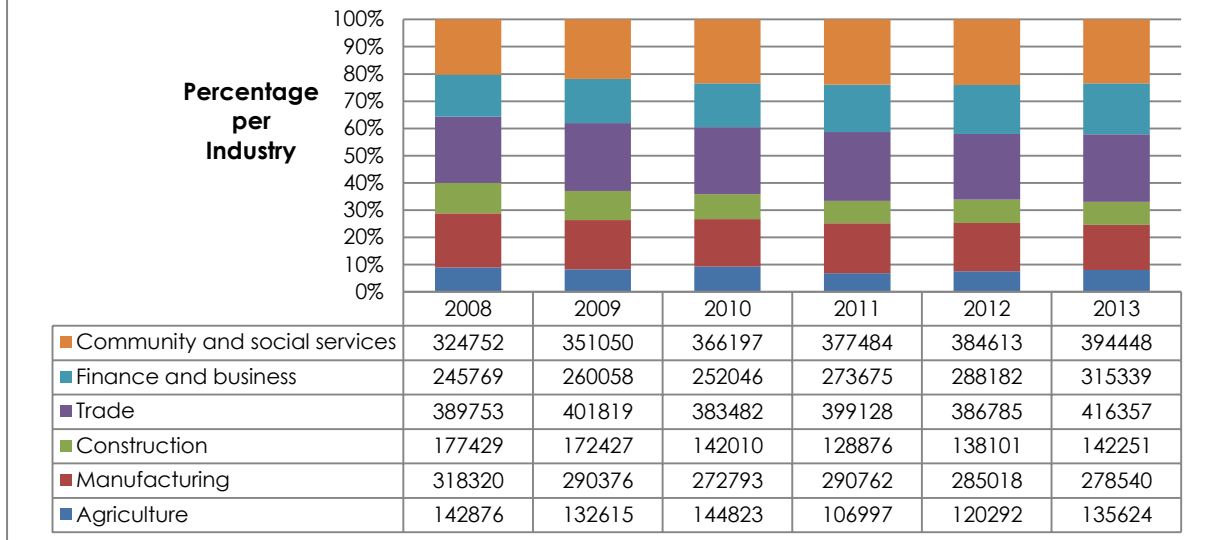


Figure 3: Western Cape employment by sector. Source: Stats SA, 2014d.

The Western Cape agricultural sector achieved a much higher absorption rate if compared to the national average of 7.2% for the agricultural sector as indicated by Stats SA. The Western Cape employed 23% of the total national agricultural workforce, which is the largest in relation to other provinces. This could be a direct result of the labour intensive agricultural industries such as the horticultural industry in the Western Cape for permanent as well as seasonal labour.

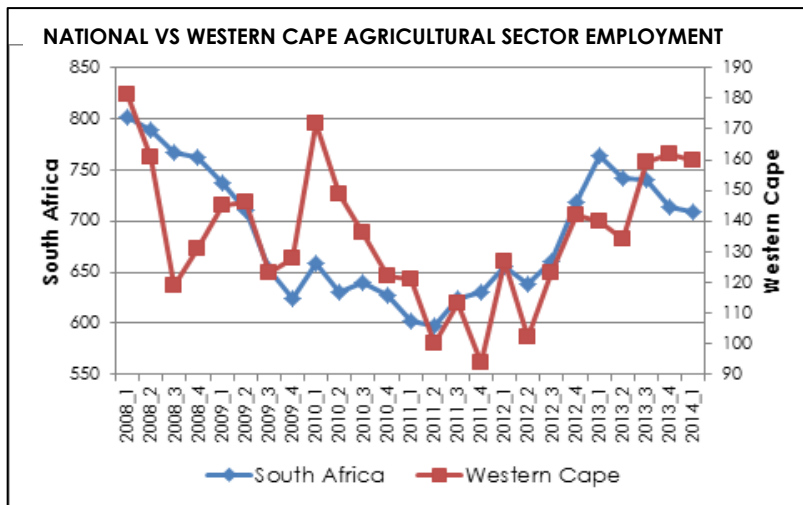
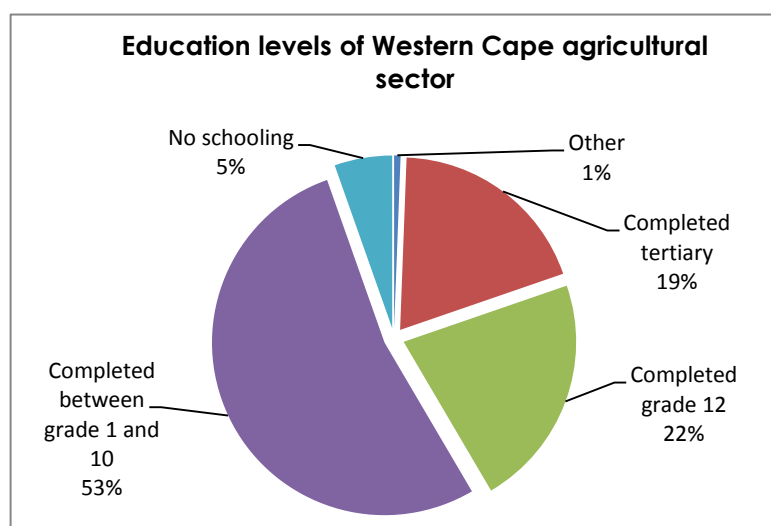


Figure 4, below provides an illustration of the national and provincial absorption by the agricultural sector; the share of the Western Cape could be a direct result of seasonality's of the respective commodities produced in the Western Cape.

Figure 4: National and provincial agricultural employment absorption for Quarter 1:2008 to Quarter 1 of 2014. Source: Stats SA, 2008-13 & 2014d.

EDUCATION LEVELS OF AGRICULTURAL SECTOR



As per figure 5, a total of 5% of the agricultural working population did not complete their primary education (Grade 1-12), followed by 22% whom have completed up to grade 12, 19% completed their tertiary education and 1% of the agricultural population is unaccounted for in 2012.

Figure 5: Education levels of Western Cape agricultural sector. Source: Stats SA, 2012.

PROVINCIAL CONTRIBUTION TO THE NATIONAL ECONOMY

The total economy of the Western Cape, measured by the Gross Domestic Product (GDP) contribution towards the total national economy was 14.4% in 1997, 14.5% in 2007 and 14.2% in 2012. Figure 5 shows a relatively stable contribution of the total provincial economy towards the total national economy over the 15 year period (1997 till 2012).

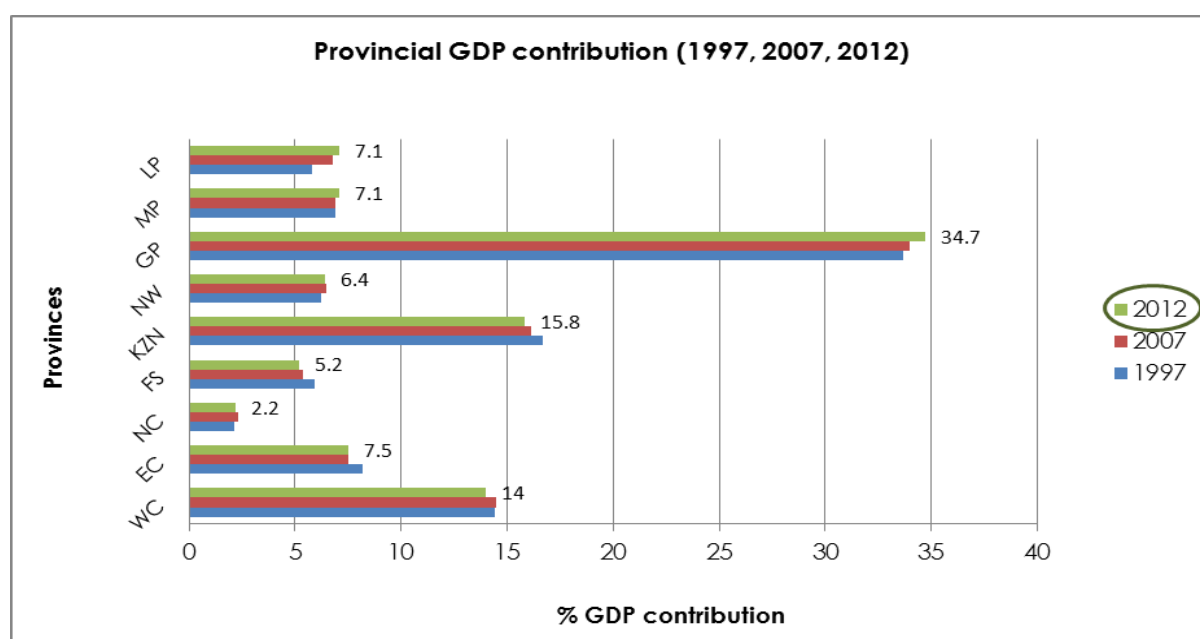


Figure 6: Provincial GDP contribution towards national GDP - 1997, 2007 and 2012. Source: Stats SA, 2013a.

On the other hand, the provincial contribution of the agricultural sector towards the national Agriculture, Forestry and Fisheries industries' GDP amounted to 2.4% in 2013, with a GDP value of R 72,431 million. The main contribution stems from the activities such as agro value-adding industries in the Kwa-Zulu Natal province (26.4%) and primary agricultural production (22.6%) in the Western Cape.

MAIN AGRICULTURAL ACTIVITIES IN WESTERN CAPE

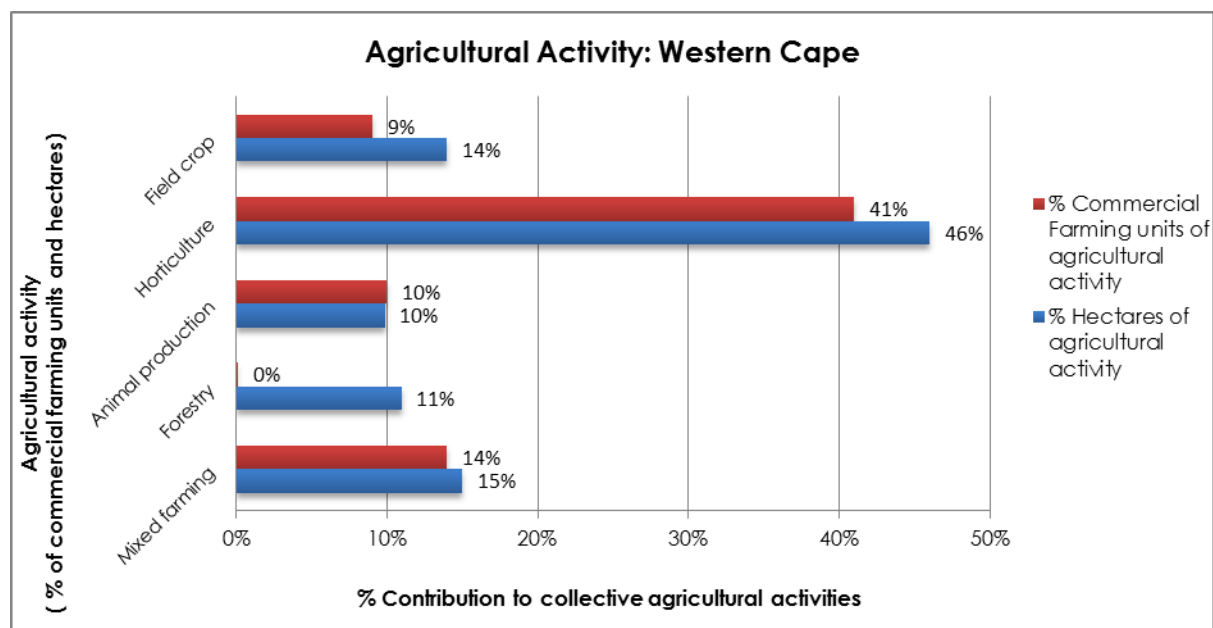


Figure 7: Agricultural activity in the Western Cape according to the percentage of commercial farming units and hectares per grouping. Source: DAFF, 2014.

The total agricultural production is categorised in different activity groupings as indicated in figure 7, which entails:

- Field crop production (gross value of production of R51, 783 billion);
- Horticulture (gross value of production of R 46,481 billion);
- Animal production (gross value of production of R 84,610 billion), and;
- Forestry and mixed farming.

4PROVINCIAL TRADE STATISTICS

Provincial exports

The total exported value for the Western Cape amounted to R 74,873 billion for the annual period ending March 2013 (Quantec, 2014). Table 2 shows the top 10 export ⁵HS commodity categories for the province in terms of the highest exported value.

HS Code Category	HS description of category (2 digit)	WC Exported Value (Rand) in 2012 (Largest –Smallest)	WC Percentage of total exports in terms of value	WC Percentage growth in export value (2012-2013)
HS06-14	Vegetable products, including fruit	21,292,274,969	28%	40.84%
HS16-24	Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes	15,652,818,053	21%	19.91%
HS25-27	Mineral products	10,578,092,042	14%	6.17%

⁴ Data is provided at the 2-digit code level according to the Harmonised System (HS).

⁵ Harmonised Commodity Description and Coding System: Internationally recognised system of names and numbers to classify traded commodities.

HS84-85	Machinery & mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image & sound recorders & reproducers, & parts & accessories of such articles	5,689,728,941	8%	6.35%
HS86-89	Vehicles, aircraft, vessels & associated transport equipment	5,192,092,604	7%	37%
HS01-05	Live animals, animal products	3,948,331,067	5%	19.06%
HS28-38	Products of the chemical or allied industries	3,340,875,071	4%	21.85%
HS90-92	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments & apparatus; clocks & watches; musical instruments; parts & accessories thereof	2,153,111,621	3%	-36.12%
HS41-43	Raw hides & skins, leather, furskins & articles thereof; saddlery & harness; travel goods, handbags & similar containers; articles of animal gut (other than silkworm gut)	1,270,855,861	2%	331.48%
HS72-83	Base metals & articles of base metal	1,198,235,748	2%	6.37%

Table 2: Provincial top 10 exports by value. Source: Quantec, 2014.

The major agricultural products exported are highlighted per HS 2-digit level category, consist of;

- The *live animal and animal products (HS code 01-05)* exports consist of 0.1% live animals, 0.8% meat and edible meat offal, 19.5% fish, crustaceans, molluscs, aquatic invertebrates and 0.4% products from animal origin.
- The *vegetable products (HS code 06-14)* exports consist mainly of edible fruit, nuts, peel of citrus and melon which are 84% of the HS. In this category, the main export products are citrus fruit (fresh and dried) at 36.8%, pome fruit (apples, pears and quinces) at 31.2%, grape (fresh and dried) at 22.5% and stone fruit (apricots, cherries, plum, apricots and nectarines) at 5.7% according to the total export value. From 2012 to 2013 there has been a 613% growth in the value of exported nuts.
- *Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes (HS code 16-24)* exports mainly consist of meat, fish and seafood preparations (3.6%), vegetable, fruit and nut food preparations (16.6%), beverages, spirits and vinegar (53.2%) accompanied by a 35.9% growth y/y between 2012 and 2013 and tobacco and manufactured tobacco substitutes (7.4%).

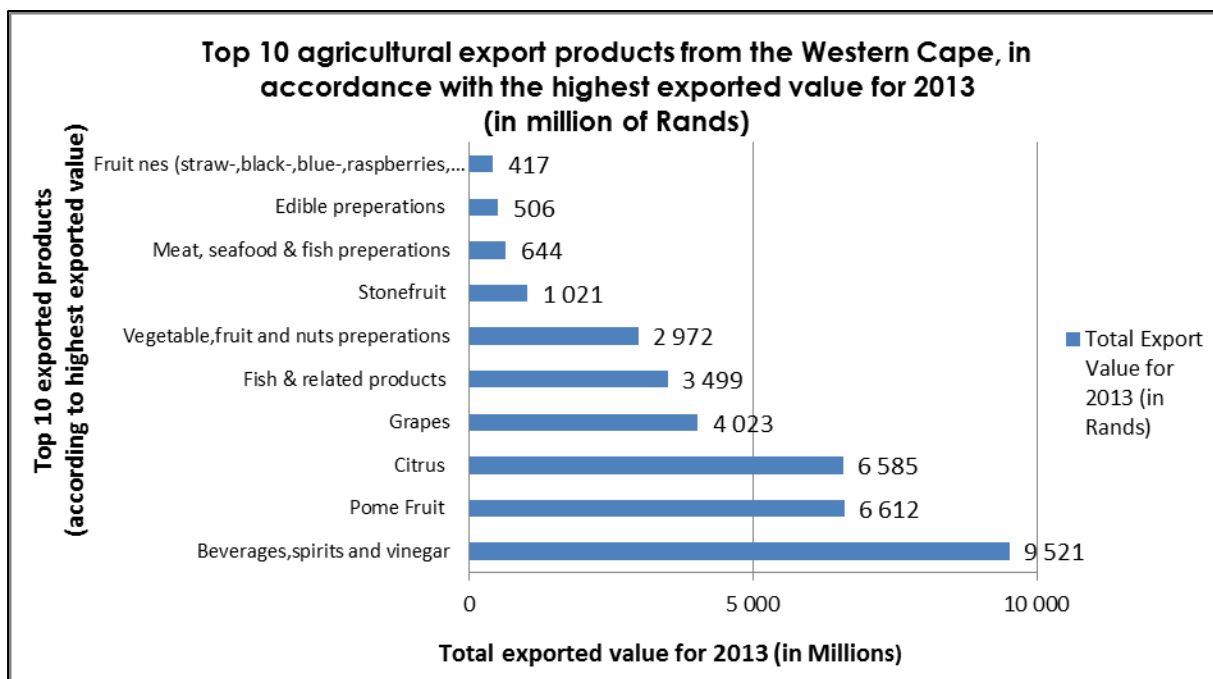


Figure 8: Top 10 agricultural products exported in 2013 from the Western Cape Province. Source: Quantec, 2014.

Provincial imports

The total imported value for the Western Cape amounted to R 186,572 billion for the annual period ending March 2013. Table 3, shows the top 10 import HS commodity categories for the province in terms of the highest imported value.

HS code categories	HS description of category (2 digit)	Imported Value (Rand) in 2012 (Largest –Smallest)	WC Percentage of total exports in terms of value	WC Percentage growth in export value (2012-2013)
HS25-27	Mineral products	100,909,871,132	54%	17%
HS84-85	Machinery & mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image & sound recorders & reproducers, & parts & accessories of such articles	21,316,144,962	11%	68%
HS16-24	Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes	10,348,565,391	6%	10%
HS50-63	Textiles & textile articles	9,880,902,442	5%	18%
HS28-38	Products of the chemical or allied industries	8,278,291,463	4%	-9%
HS72-83	Base metals & articles of base metal	5,279,629,676	3%	54%
HS39-40	Plastics & articles thereof; rubber & articles thereof	5,049,261,077	3%	25%
HS64-67	Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops & parts thereof; prepared feathers & articles made therewith; artificial flowers; articles of human hair	3,577,456,191	2%	2%
96	Miscellaneous manufactured articles	3,552,318,534	2%	18%
HS06-14	Vegetable products (including fruit)	3,078,347,839	2%	5%

Table 3: Provincial top 10 imports in terms of value. Source: Quantec, 2014.

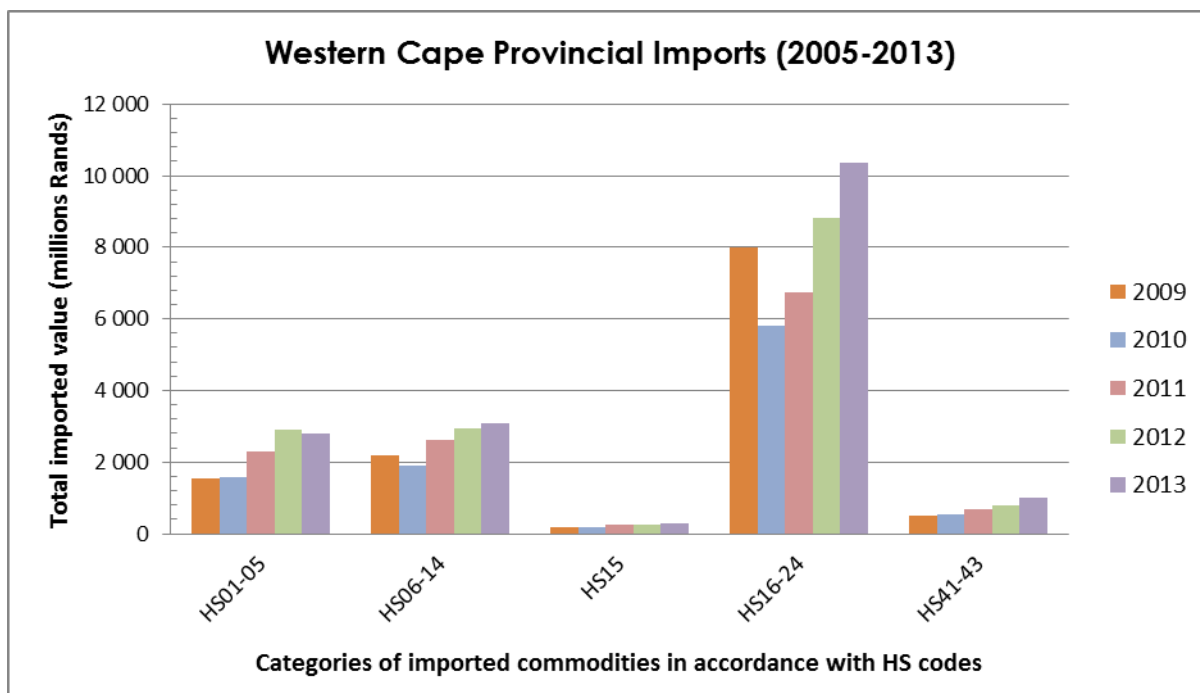


Figure 9: The main agricultural product imported by the Western Cape Province from 2005 till 2013.
Source: Quantec, 2014.

The major agricultural products imported are highlighted per HS 2-digit level category, and discussed consist of:

- In the *prepared foodstuff beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes (HS code 16-24)*: the beverages, spirits and vinegar is the major players consisting of 19.4% of the total imported value, followed by meat, fish and seafood preparations (10.6%) and vegetable (including prepared tomatoes, beans, asparagus, olives, sweet corn and peas) and fruit food preparations as well as vegetable and fruit juices.
- Other agricultural related products include *live animals and animal products (HS code 01-05)*, *vegetable products (HS code 06-14)*, *animal and vegetable fat/oils (HS code 15)* and *raw hides, skins, leather and other (HS code 41-43)*.

Provincial total trade balance

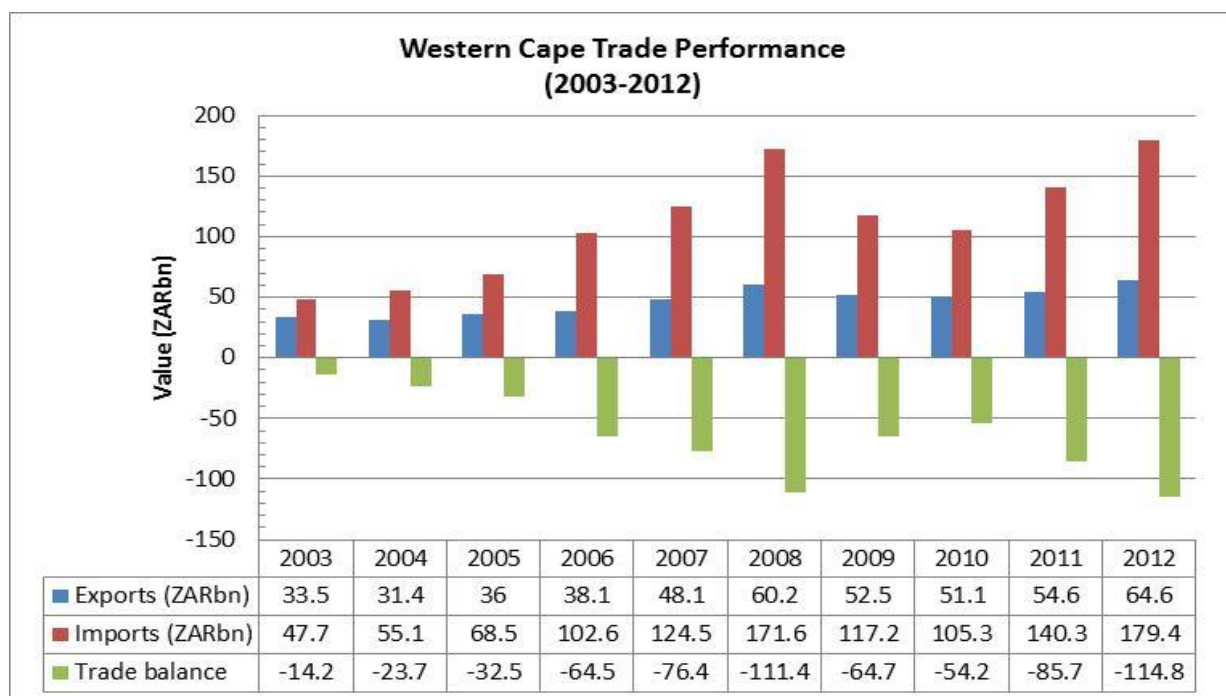


Figure 10: Trade balance for the Western Cape Province. Source: Wesgro, 2013.

The above figure provides an indication of the trade condition of the province from 2003 up to 2013. It is clear that the trade deficit has increased in recent years due to the rise in imported goods which has increased on an annual basis from 2003 up to 2008 when it reached a peak. In 2009 and 2010 the trade deficit respectively decreases and reached (R 54.2 billion), where after it started to increase for 2011 and 2012 respectively to (R 85.8 billion) and (R114.8 billion).

INFRASTRUCTURE

Ports

The Port of Cape Town is situated at the southern tip of the African continent, which is a favourable trade route for cargo movement between Europe, Western Hemisphere, Australia and the Middle East. The port is mainly used for timber, steel and cements cargo shipments and fresh produce exports (PSA, 2014).

The port of Saldanha Bay is the deepest and the largest natural port in Southern Africa. The port is mainly used for iron ore exports originating from the Northern Cape.

National roads



Figure 11: Indication of national roads connection from the Western Cape Province. Source: SA-venues.com, 2014.

The main national roads that interlink with the Western Cape are the N1 which tied-in from Cape Town via Bloemfontein up till Gauteng. The N2 runs from Cape Town via the coastal towns of East London, Durban and Kwa-Zulu Natal which intersects at Gauteng. The N12 evolve at George (the garden route) via Kimberley to Gauteng. The N7 connects Cape Town with Namibia via the Northern Cape towns such as Springbok and Vanrhynsdorp.

Airport

Cape Town International airport is South Africa's second largest international airport, equipped with an upgraded cargo division (ACSA, 2013).

CONCLUSION

The Western Cape agricultural sector plays a vital role in the economic activity of the collective economic growth of South Africa. Not only does the sector absorb and create much needed employment, but it also ensures that South Africa maintains its food security status in that agricultural food production is maintained in most agricultural categories to ensure that South African citizens have the necessary food basket items to have a long and healthy prosperous life.

The province is an important trade destination, as it is favourably located to act as a trade platform for developed and developing markets of high-value commodities, which results in favourable foreign direct investment into our shores.

The Western Cape is the pillar of various agro-commodities, which stems from fruit, wine, meat, grain, vegetables and much more – thus we could almost reiterate that we almost produce the whole food basket.

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