



CITY OF CAPE TOWN
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INVEST IN CAPE TOWN

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1. INTRODUCTION

This document has been developed to showcase the current investment climate within the City of Cape Town for potential investors. This will enable more enlightened business decisions. The document identifies the opportunities afforded to businesses; and provides information on twelve identified sectors of the economy that present high growth sectors for investment. Facilitated by the combined efforts of the general public, private sector and public sector; these incentives, developments and economic growth sectors essentially present current and future investors with a growing business and investor friendly environment in which to operate.

2. SOUTH AFRICA AT A GLANCE

2.1 South Africa – Competitiveness

According to the 2015 World Investment Report by the UN Conference on Trade and Development, for the period of 2014, South Africa is the largest African destination for inward foreign direct investment. In 2014, South Africa was also the 29th largest destination for green field investment out of 183 countries and the largest in Africa.

KEY COMPETITIVE INDICATORS, 2015					
INDICATOR	SA	BRAZIL	CHINA	INDIA	RUSSIA
DEMOGRAPHICS					
Population (millions)	54.96	205	1,375	1,293	146.3
Life Expectancy at birth (years) 2013	57	74	75	68	71
Unemployment rate (%)	24.5	6.6	4	-	6
THE ECONOMY					
GDP (USD, billions)	350.1	2,353.0	10,380.4	2,049.5	1,857.5
GDP per capita (USD)	6,483	11,604	7,589	1,627	12,926
GDP (PPP) as share (%) of world total	0.65	3.02	16.32	6.84	3.30
Total Investment (% of GDP) 2014	20	20	46	32	20
Gross national savings (% of GDP)	15	16	50*	31	23
Inflation, GDP deflator (%)	5.8	6.9	0.9	3.0	7.2
COMPETITIVENESS					
Global Competitiveness ranking (/144) 2015/16	49	75	28	55	45
Travel and Tourism Competitiveness (/140) 2015	48	28	17	52	45
ICT networked readiness ranking (/144) 2015	75	84	62	89	41
Quality of overall infrastructure (/144)	59	123	51	74	64
Literacy rate 2015 (%)	94.3	92.6	96.4	71.2	99.7

Sources: International Monetary Fund World Data (2016), The World Bank: Life expectancy at birth total (years) (2013), The Global Competitiveness Report 2015-2016 (2015), The Travel and Tourism Competitiveness Report (2015), and The Global Information Technology Report (2015)

2.2 Imports and Exports

The key commodities traded in 2015 for South Africa compared to the City of Cape Town are listed below. In 2015, the city's export sectors adding the most value to the national export market are (a) mineral fuels, oils and other distillation products, (b) fruit and nuts, and (c) nuclear reactors, boilers, machinery and mechanical appliances. The City of Cape Town imports almost 38% of South Africa's mineral fuels, oils and other distillation products, equating to a value of ZAR64 million. This is due to the large-scale operations of Chevron located in Cape Town, who are a leading global oil refiner and marketer of petroleum products.

KEY COMMODITIES TRADED BY THE CITY OF CAPE TOWN AND SOUTH AFRICA, 2015			
TOP 10 EXPORTS (ZARm)	Cape Town	South Africa	% of SA
Mineral fuels and mineral oils	19 628	101 238	19.39%
Edible fruit and nuts	11 572	37 101	31.19%
Nuclear reactors, machinery and mechanical appliances	6 091	65 984	9.23%
Fish and crustaceans	4 069	5 289	76.93%
Electrical machinery and equipment	3 314	23 982	13.82%
Tobacco and manufactured tobacco substitutes	2 846	3 089	92.13%
Pearls, precious or semi-precious stones	2 056	182 802	1.12%
Essential oils and resinoids	1 586	7 313	21.69%
Ships, boats and floating structures	1 568	1 790	87.57%
Plastics and articles thereof	1 481	15 199	9.74%
TOP 10 IMPORTS (ZARm)	Cape Town	South Africa	% of SA
Mineral fuels and mineral oils	63 834	169 688	37.62%
Electrical machinery and equipment	11 395	120 865	9.43%
Nuclear reactors, machinery and mechanical appliances	9 876	150 923	6.54%
Knitted or crocheted articles of apparel and clothing accessories,	5 069	10 687	47.43%
Articles of apparel and clothing accessories, not knitted or crocheted	4 786	11 438	41.84%
Plastics and articles thereof	3 639	30 449	11.95%
Footwear, gaiters and the like; parts of such articles	3 559	11 825	30.10%
Beverages, spirits and vinegar	3 541	6 169	57.40%
Optical, photographic, cinematographic	2 729	27 598	9.89%
Miscellaneous chemical products	2 260	19 847	11.39%

Source: Quantec (2016)

2.3 South Africa – Doing Business & Global Competitiveness

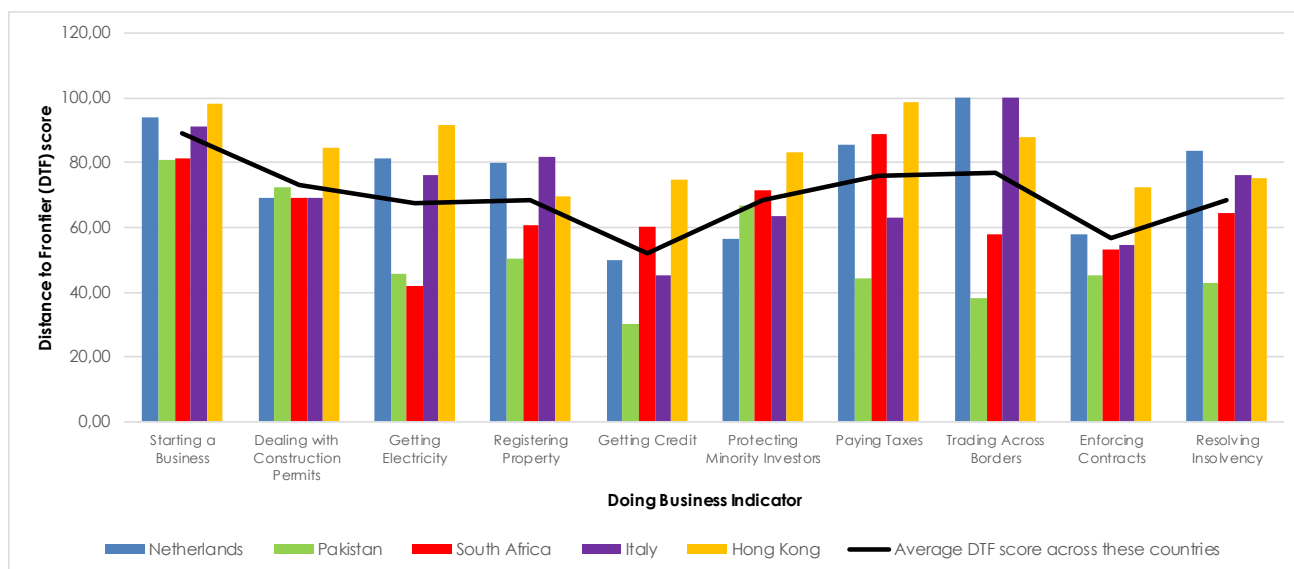
The World Bank compiles a 'Doing Business' report annually for global economies. The report provides a ranking of global economies on the basis of its performance on a number of indicators, each scored in terms of its 'Distance to Frontier' (DTF) score¹. The ten indicators covered included how a country fairs in terms of the ease of: Starting a Business, Dealing with Construction Permits, Getting Electricity, Registering Property, Getting Credit, Protecting Minority Investors, Paying Taxes, Trading Across Borders, Enforcing Contracts and Resolving Insolvency. This score thus illustrates how far on average an economy is from the best performance achieved by any economy on each Doing Business indicator (World Bank, 2016). The 2016 Doing Business report found that South Africa ranked 73rd globally amongst the 189 countries reviewed.

Comparing South Africa's performance to that of other economies on the basis of countries who have, between 2010-2015, redeemed similar Foreign Direct Investment (FDI) inflows (Figure 2-1), shows that South Africa fared better than the average DTF score amongst the sampled countries in terms of: Getting Credit, Protecting Minority Investors and Paying Taxes.

At a sub-national level, the Doing Business in South Africa report found that amongst metropolitan municipalities, Cape Town fared better than the average in terms of Dealing with Construction Permits and Getting Electricity. It also fared on par with the average DTF score across metropolitan municipalities in terms of Enforcing Contracts.

¹ The DTF score is represented as a score ranging from 0 to 100, with 0 representing the worst performance and 100 the best.

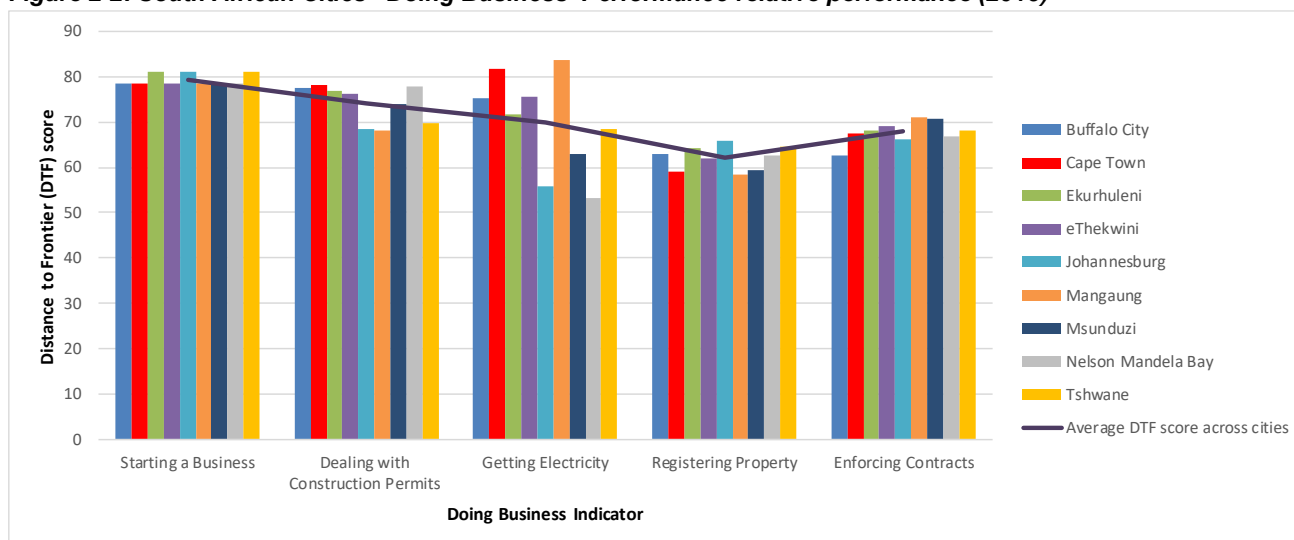
Figure 2-1: South Africa's 'Doing Business' Performance relative performance (2016)



Source: The World Bank (2016)

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Figure 2-2: South African Cities' 'Doing Business' Performance relative performance (2016)



Source: The World Bank (2016)

South Africa rose in its placement to 49th in the World Economic Forum's (WEF) ranking of 189 countries by their relative Global Competitiveness (World Economic Forum, 2016). This has been a particularly positive change from the downward trend it was subject to in the preceding four years. WEF attribute this to advances the country has made to its ICT capacity particularly in terms of internet bandwidth as well as advances in innovation. Other areas in which the country performed notably well on, include:

- An efficient financial market (12th);
- Sound goods market (38th);
- Strong domestic competition (28th);

- Efficient transport infrastructure (29th); and,
- Strong institutions (38th) – particularly in terms of property rights (24th) and independence of legal frameworks (24th).

3. CAPE TOWN: A WORLD CLASS CITY

The City of Cape Town, the oldest city in South Africa, is known internationally, not only as one of the World's Top Tourism Destinations, but similarly as an innovative city and Africa's city for investment. Testament to the growth in vision and development within Cape Town, the Central Business District (CBD) is recognized as one of the cleanest, safest and most vibrant in South Africa, and continues to receive numerous accolades for a broad spectrum of achievements. These achievements range from being awarded the World Design Capital 2014, hosting numerous events and conferences, the iconic cultural and natural landscape, and being listed by CNN as one of the ten most loved cities in the world.

Although only 29% of the population choose English as a first language, the majority of the population are proficient English speakers. Formal business in Cape Town is conducted in English, and confidence in the city as a location with distinct English language skills is apparent as Cape Town is rated as a top Business Process Outsourcing (BPO) offshore destination.

Cape Town is the main economic base for the Western Cape Province, the City is the second largest municipal economy in South Africa, and the second most important contributor to national employment. In 2014, Cape Town contributed the second largest real value to the national GDP (9.8%) (Global Insight, 2016), relative to other metropolitan municipalities. The major sectors adding value to the City's income and which have been identified as providing increased investment opportunities, is the finance and business sector and the increasingly growing tourism industry. Other sectors include manufacturing, services, and government.

CITY OF CAPE TOWN DISTRICT KEY INDICATORS	
Executive Mayor	Honourable Patricia de Lille
Population (2015)	4 030 585
GDP-R (constant 2010 prices), 2014	ZAR 296 billion
GDP-R Growth (constant 2010 prices) 2014	2.1%
Inflation (2015 Western Cape)	5.4%
Ethnic groups	Black African (36,6%), Coloured (45%), Asian/Indian (1.3%), White (17,1%)
Main languages spoken	Afrikaans (36%); Xhosa (30%); English (29%)
Functional Literacy, 2015	92.4%
Gini Coefficient, 2015	0.62
Human Development Index (HDI), 2015	0.72

Source: Quantec, 2016; EPIC, 2016; Global Insights, 2016

Cape Town is home to over 200 companies in the IT and software industry employing 7,500 people. It is now common knowledge that Cape Town is South Africa's Tech start-up capital. Expansions in MNCs such as Amazon.com are seeing even more skilled professionals joining the industry or flocking to Cape Town. Western Cape-borne, Naspers, is one of the world's largest multi-media companies with an estimated \$47 billion market capitalisation and is ranked 857 on the Forbes Global 2000 list.

54 out of 98 (58,7%) international IT companies who have invested in Cape Town indicated their reason for investment is "to access the African market". Making it clear how important Cape Town is as a hub into the rest of Africa for companies operating in this dynamic industry.

Shoprite, a major South African retailer from the Western Cape, has a total of 1751 corporate stores across the African continent with 294 outside of South Africa (year ended June 2015). Corporate retailers from South Africa are leading the way onto the rest of the continent as the growth in sales in non-SA supermarkets heat up to 13.5% however still not a far cry from the 10.5% experienced in South African supermarkets.

There are 91,000 people in the Western Cape running small businesses with a turnover of less than R1m. The Western Cape Government (WCG) hosts an annual Funding Fair in partnership with Deloitte, which is a platform for small businesses to pitch to investors for funding. Over 1200 people attended last year's funding fair, including investors and exhibitors. Training for entrepreneurs is the focus of the WCG's Emerging Business Support Programme. Over 2000 entrepreneurs have been trained in 2 years. High-quality mentorship is offered by business schools, successful business people and commercial enterprises. While the Barn in Woodstock is running a programme called "Rise", a partnership with Barclays Africa offering R30 million for IT start-ups to develop financial technology.

A survey by the De Vere Group recently ranked Cape Town as one of the top 5 destinations for young British expats thanks to its excellent climate, business prospects and quality of life. A Mercer (2010) study, named Eco-City Listing, placed Cape Town in 30th spot ahead of Johannesburg, Abu Dhabi and Dubai in overall expat experience. The Mercer (2016) ranks Cape Town 2nd among African cities in terms of quality of living. Expats hold Cape Town's lifestyle in high esteem due to the beautiful scenery coupled with a mild Mediterranean climate, vibrant nightlife and cutting edge food, comparatively low cost of living as well as first class health care and quality schooling. Apart from the lifestyle offered, expats see Cape Town as a place from which to do business due to the unparalleled and growing potential for business expansions into Africa as well as a business customs and etiquette similar to that of European business customs and etiquette.

COMPARATIVE ANALYSIS OF CAPE TOWN AND OTHER SOUTH AFRICAN CITIES, 2015					
Indicators	Cape Town	Johannesburg	Tshwane (Pretoria)	eThekweni (Durban)	Mangaung (Bloemfontein)
Population (millions) 2015	4.03	4.80	3.12	3.72	0.78
Population average annual growth rate (2010 – 2015)	1,8%	2,1%	2,0%	1,5%	1,1%
Strictly unemployed (%)	20,5%	27,9%	23,4%	15,9%	22,8%
Broadly unemployed (%) ²	21,8%	29,2%	27,4%	24,3%	29,2%
GDP-R (constant 2010 prices 2014, ZAR millions)	296 090	448 977	267 144	273 911	51 425
Average annual GDP-R growth (constant 2010 prices), 2014	2,1%	1,4%	3,7%	1,1%	1,2%
Exports ZAR'bn (2015)	79.3	280.0	151.3	59.9	2.2
FDI Projects (2003-2015)	239	455	40	-	-

Source: Quantec (2016), Statistics South Africa Quarterly Labour Force Survey (2015: Quarter 4), Global Insight (2016), FDI Intelligence (2016)

² This indicator includes those unemployed persons who are not searching for employment.

3.1 Cape Town at a Glance

3.1.1 Education and skills

The Western Cape has four universities providing tertiary education to both South African and foreign students alike offering world-class education in business, law, IT, engineering, medical sciences and technology. These universities are: University of Cape Town (highest QS World Ranking university in Africa), University of Stellenbosch (2nd highest QS World Ranking university in South Africa), University of the Western Cape and Cape Peninsula University of Technology. In addition to this, two globally recognised business schools are located in the region namely; UCT Graduate School of Business (ranked within the Financial Times Top 100 MBA) and Stellenbosch Business School.

Cape Town, compared to the other major cities within South Africa, has the lowest percentage of residents without schooling (3.7%), implying a higher level of skills or a greater access to education. The majority of business is conducted in English in the City and most of the residents are able to converse in English. One of the accolades achieved by the City of Cape Town is having the highest rated university within the country and Africa – University of Cape Town. The University of Cape Town Business School is ranked globally in the top 100 for its MBA programme, and 49th globally for its Executive Education Programme. Other higher education institutions located within the City of Cape Town include:

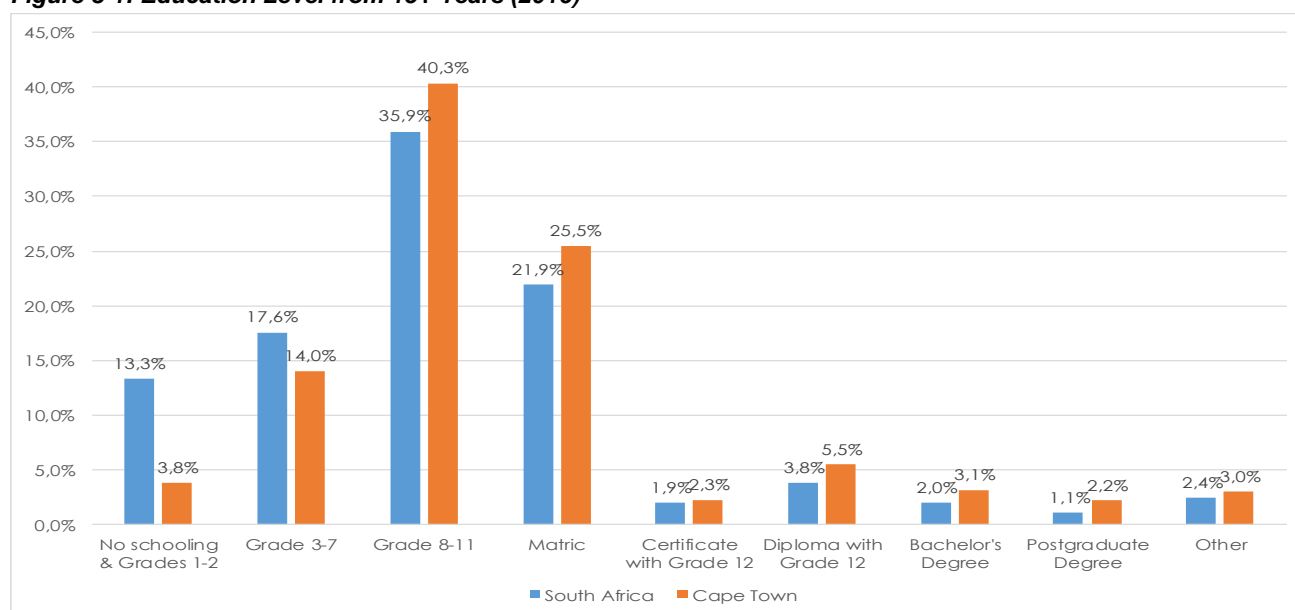
- ✓ University of the Western Cape
- ✓ Cape Peninsula University of Technology
- ✓ A range of skills-specific colleges (e.g. AAA, Vega, Institute of Hospitality).

The University of Stellenbosch, although located outside the Metropolitan, still services a large number of Cape Town residents.

Approximately 48,600 students are enrolled in the four Western Cape universities in science, engineering and technology with enrolments growing each year and over 11,000 graduates entering the workplace in 2013. Over 12,000 students are enrolled annually in six Western Cape colleges to receive technical and vocational training in engineering, IT and computer sciences. There are also a number of government and private sector skills development initiatives geared towards skills development.

Over 11,000 foreign students come to study each year at the 4 major universities in the Western Cape. 72% of international students at UCT were from Africa countries (of these 53% were from SADC).

Figure 3-1: Education Level from 15+ Years (2016)



Source: Quantec (2016)

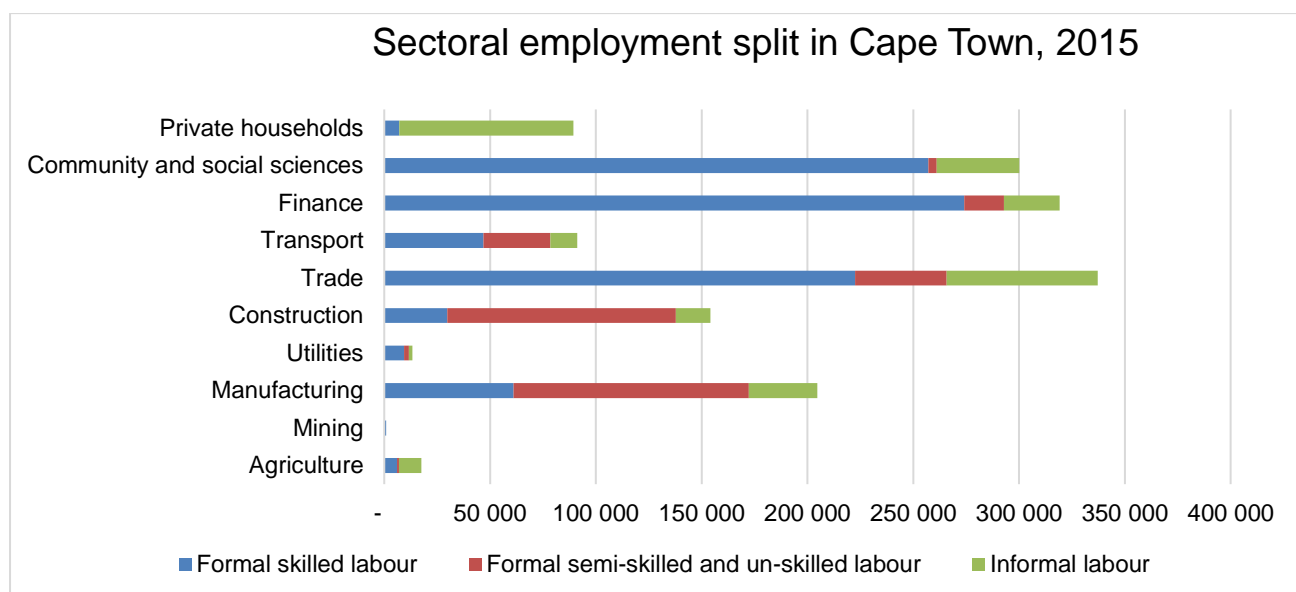
3.1.2 Employment profile

The table below provides snapshot of indicators for employment in Cape Town in 2015. The strict unemployment rate at this time was 22,1%, with 1.4 million people employed from a working age population of 2.7 million.

EMPLOYMENT INDICATORS, 2015 (QUARTER 4)	
Population aged 15-64 years	2 757 593
Labour Force Participation Rate	68,9%
Employed	1 511 117
Strictly Unemployed	390 184
Not Economically Active	856 886
Strict unemployment rate	20,5%

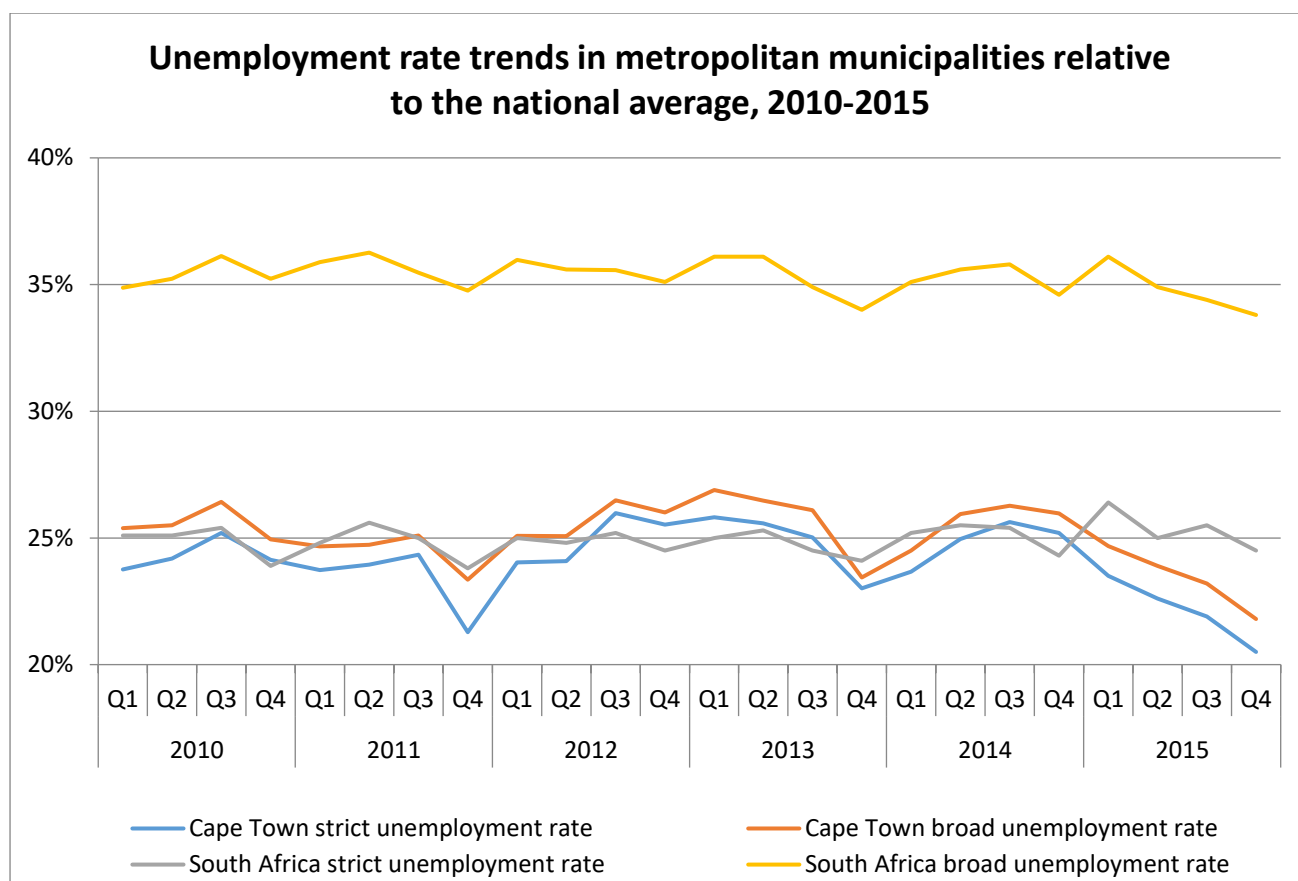
Source: Quarterly Labour Force Survey, Statistics South Africa

Employment creation is a key focus of the City, and therefore business and sector growth which assists in creating job opportunities is enthusiastically supported by government. The graph below provides an overview of employment by economic sector in Cape Town in the fourth quarter of 2015. In terms of total (formal and informal) employment, the top sectors were the community and social services, finance and trade sectors. The finance services sector employed the largest number of skilled individuals in 2015 (274 087) and the manufacturing employed the largest number of semi-skilled and unskilled individuals (111 213).



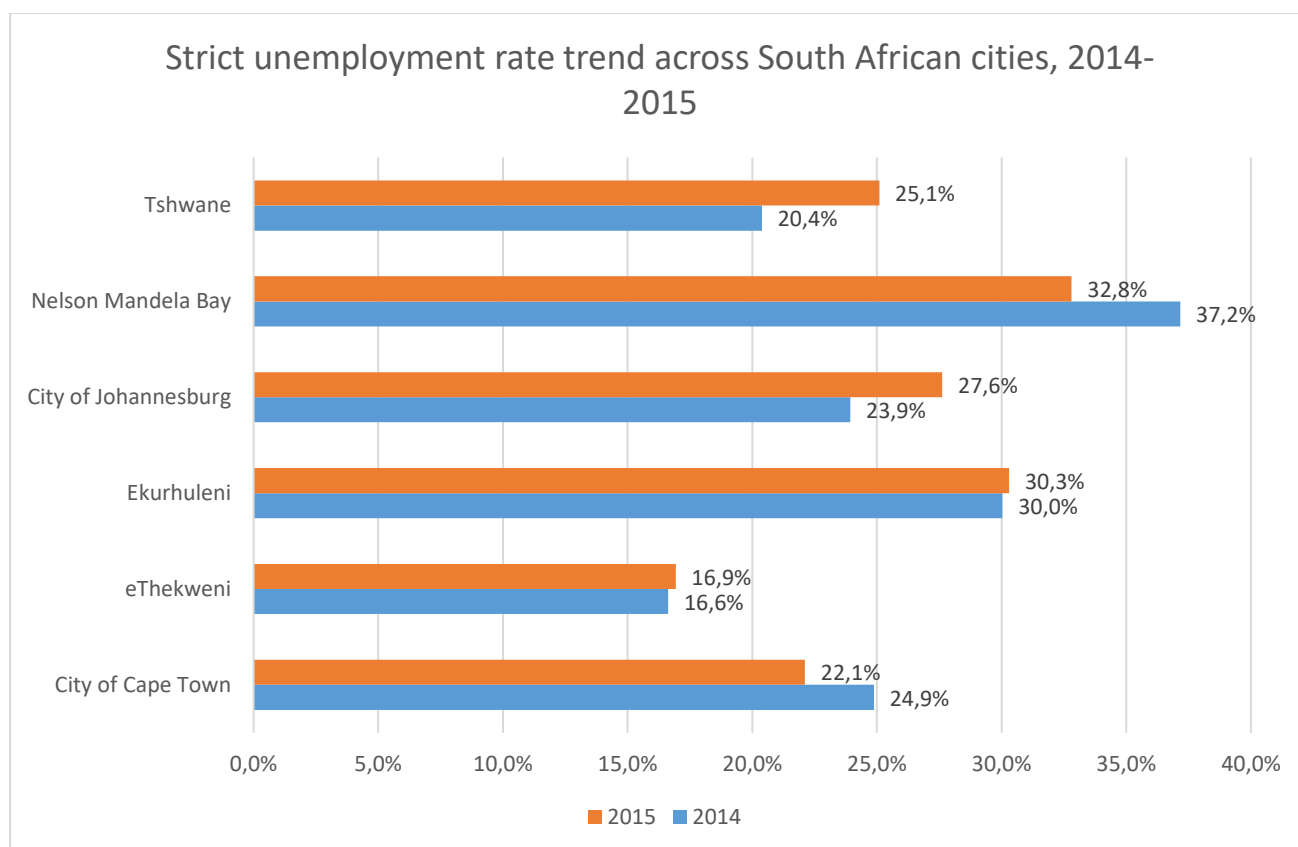
Source: Quarterly Labour Force Survey, Statistics South Africa

The graph below indicates that Cape Town is making strides towards reducing unemployment. While in some years the City's strict unemployment rate (which excludes discouraged workers), exceeded the national average, in the most recent period of 2015, the City has managed to reduce this rate notably below the national average.



Source: Quarterly Labour Force Survey, Statistics South Africa

Comparing trends in the strict unemployment rate across South African cities, shows that the City has made good strides in reducing the share of the labour force which is strictly unemployed. The only other large metropolitan municipality which was also able to reduce the strictly unemployed was Nelson Mandela Bay.

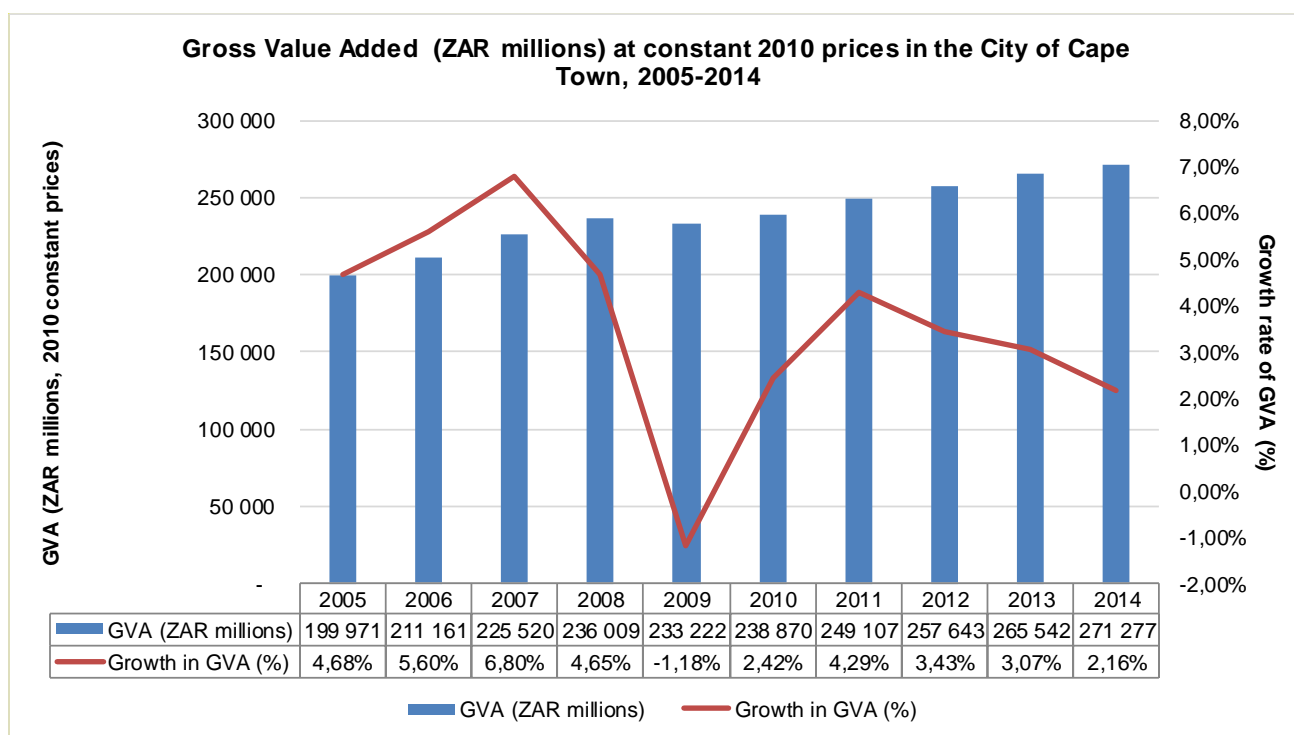


3.1.3 Cape Town's economy

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The City of Cape Town is the engine of the Western Cape regional economy, with most of the region's heavy and medium industry located within the metropolitan area of Cape Town. In 2014, the City contributed to 71% of the regional GDP (Global Insight, 2016). The largest sector in the City's economy is the finance, insurance, real estate and business services industry. Most of the leading insurance companies have their head offices in Cape Town. This is supported by wholesale and retail trade, catering and accommodation.

The City of Cape Town's Gross Value Added (GVA) at constant 2010 prices has been consistently increasing from 2005 to 2014. In 2009, the City's GVA growth was negative as a result of the financial crises that affected the global economy. In 2010, the economy recovered and grew by 2.4%. In 2014, GVA reached a total of ZAR271bn from ZAR265bn in 2013 (Global Insight, 2016). The district economy is expected to continue growing at rates between 2% and 4% in the short-term.



Source: Global Insight, 2016

The biggest economic sector of the City of Cape Town in 2014 was the finance, insurance, real estate and business services sector, contributing ZAR95bn (35% of GDP-R at constant 2010 prices), while manufacturing contributed ZAR36bn (14%), and trade contributed ZAR45bn (17%). Thus the top performing sector is found in the services sector, in line with international trends for developed countries.

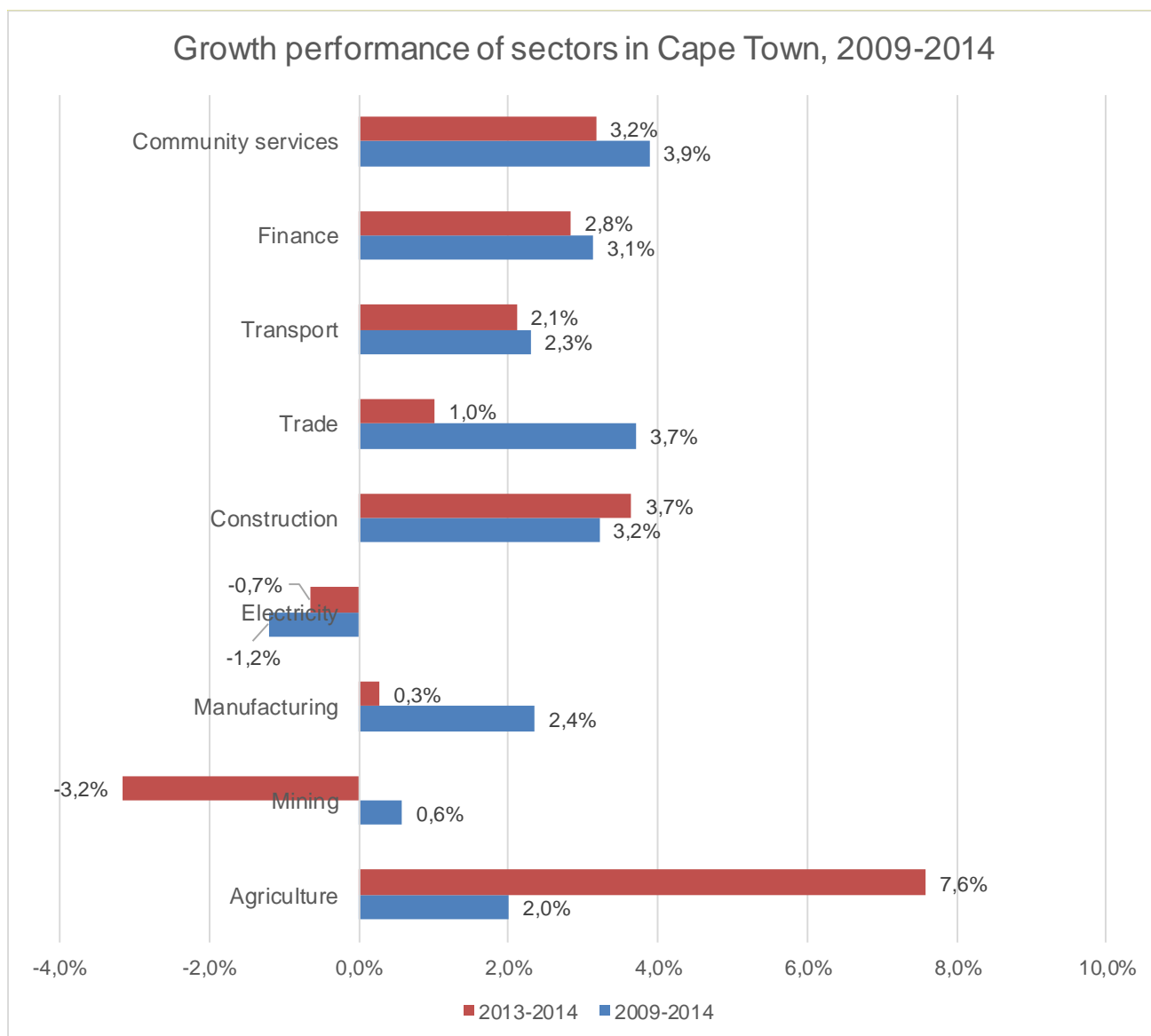
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CITY OF CAPE TOWN SECTOR BREAKDOWN OF GVA, 2010 – 2014 (ZAR millions)						
Broad economic sector	2010	2011	2012	2013	2014	% Share, 2014
Agriculture	1 696	1 693	1 729	1 760	1 894	1%
Mining	310	310	314	325	315	0%
Manufacturing	34 405	35 263	36 041	36 570	36 673	14%
Electricity	3 933	3 900	3 985	3 743	3 718	1%
Construction	8 803	9 342	9 690	10 112	10 481	4%
Trade	39 402	41 977	43 739	45 109	45 568	17%
Transport	27 378	28 313	29 060	29 691	30 318	11%
Finance	82 994	86 461	89 475	92 673	95 305	35%
Community services	39 948	41 848	43 611	45 560	47 005	17%
Total Industries	238 870	249 107	257 643	265 542	271 277	100%

Source: Global Insight, 2016

Between 2013 and 2014, the top performing sector in terms of growth was agriculture (7.6%), followed by community services (3.2%). The mining sector experienced the largest dip from 2013 to 2014, declining by 3.2%. Small scale mining and quarrying activities occur at open cast mines providing material for cement, fertiliser, water treatment and chemicals.

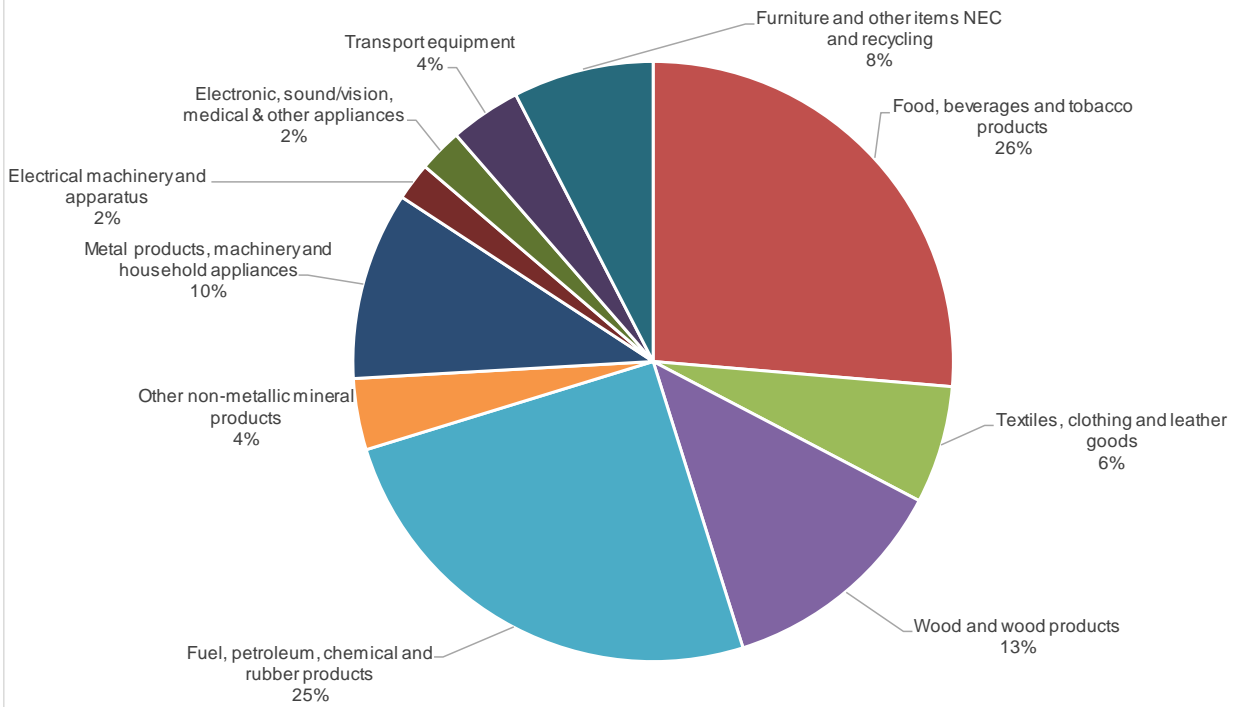
Strong growth was demonstrated between 2009 and 2014 for the community services and trade sectors with average annual growth rates of 3.9% and 3.7%, respectively. Following closely were the construction and finance sectors with average annual growth of 3.2% and 3.1%, respectively.



Source: Global Insight, 2016

The chart below provides an overview of the composition of the manufacturing sector in Cape Town in 2014. The food, beverages and tobacco products sub-sector contributed the largest share of 26% to the manufacturing sector. This was followed by the fuel, petroleum, chemical and rubber products sub-sector which accounted for 25%.

Sub-sectoral breakdown of the manufacturing sector, 2014

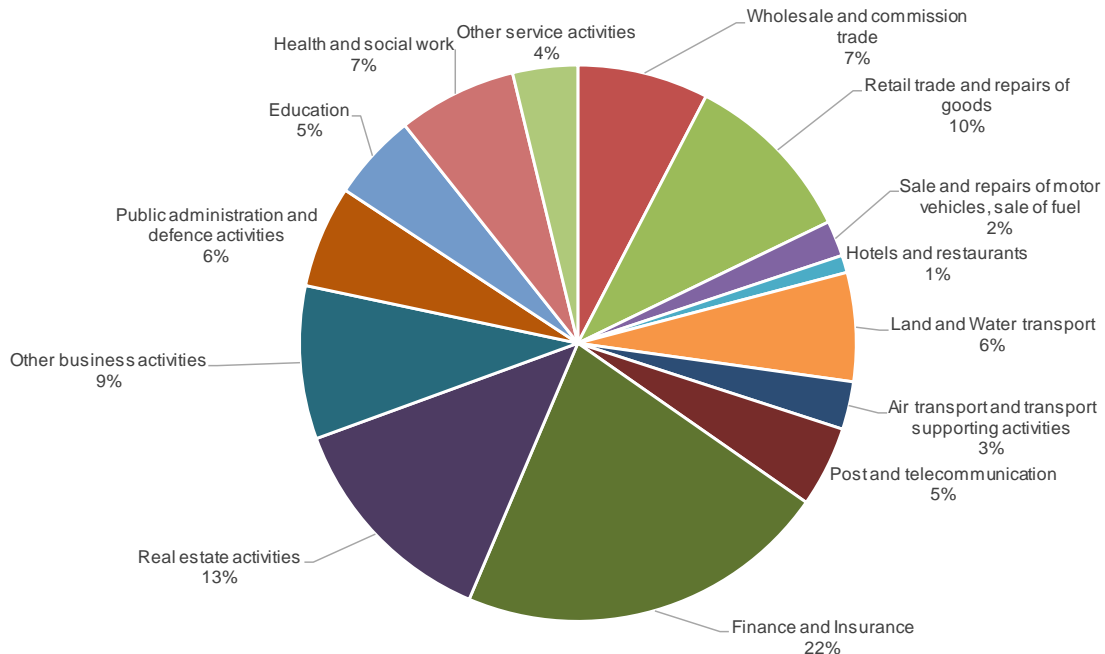


Source: Global Insight, 2016

The chart below provides an overview of the tertiary sector of Cape Town in 2014. The largest sub-sector of tertiary activities were finance and insurance (22%), real estate activities (13%) and retail trade and repairs of goods (10%).

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Sub-sectoral breakdown of the tertiary sector, 2014



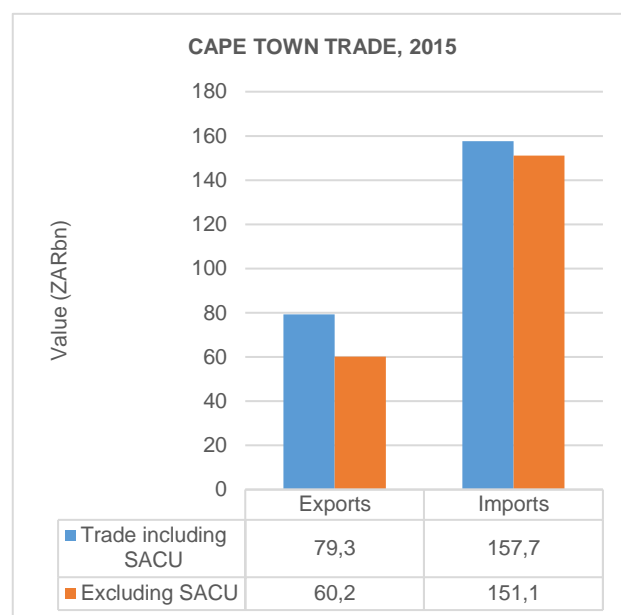
Source: Global Insight, 2016

3.1.4 Cape Town's trade and FDI profile

Cape Town accounted for 67.8% of Western Cape exports in 2015, up from 67.4% in 2014. In terms of imports Cape Town accounted for 80.3% of Western Cape imports, up from 77.3% in 2014. Export growth in the regional municipality has been strong and consistent with annual growth averaging 11% between 2005 and 2015, excluding the addition of the SACU countries. Imports have been growing rapidly since 2010 resulting in a deep trade deficit for the regional municipality, however 43% of imports in 2015 were crude and refined petroleum imports.

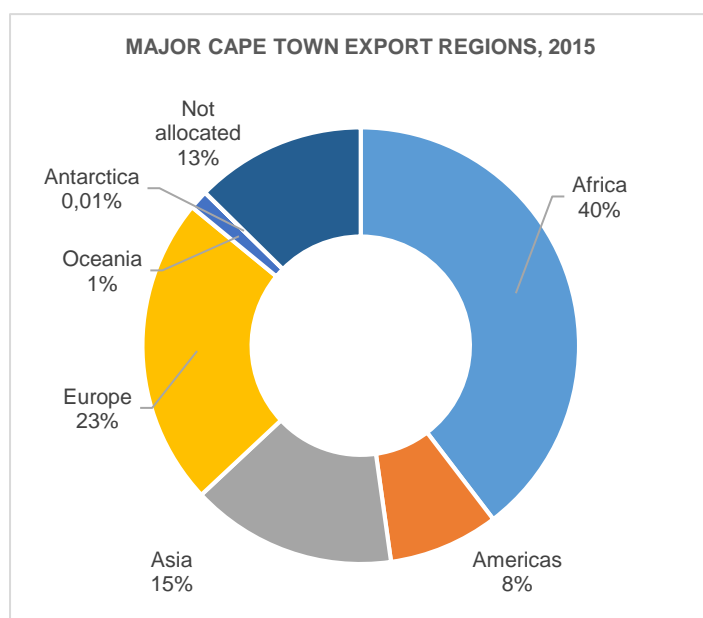
The graph below shows the difference in imports and exports for 2015, with the SACU countries firstly included and secondly excluded. The SACU countries represented 24% of Cape Town exports and 4% of Cape Town's imports in 2015.

Cape Town's major export markets are Africa (40%), Europe (23%) and Asia (15%).



Source: Quantec, 2016

The top 10 destination markets for exports are very similar to that of the Western Cape, with the exception of the inclusion of Belgium and the exclusion of Kenya. The top three export destinations for Cape Town were Namibia (ZAR9.8bn), Botswana (ZAR5.9bn) and the United States (ZAR4.6bn), accounting for a combined 26% of total exports. The inclusion of the SACU countries in 2014 shows the impact of these countries on Cape Town exports. High growth in exports were seen in the United States (29%) and Belgium (25%).

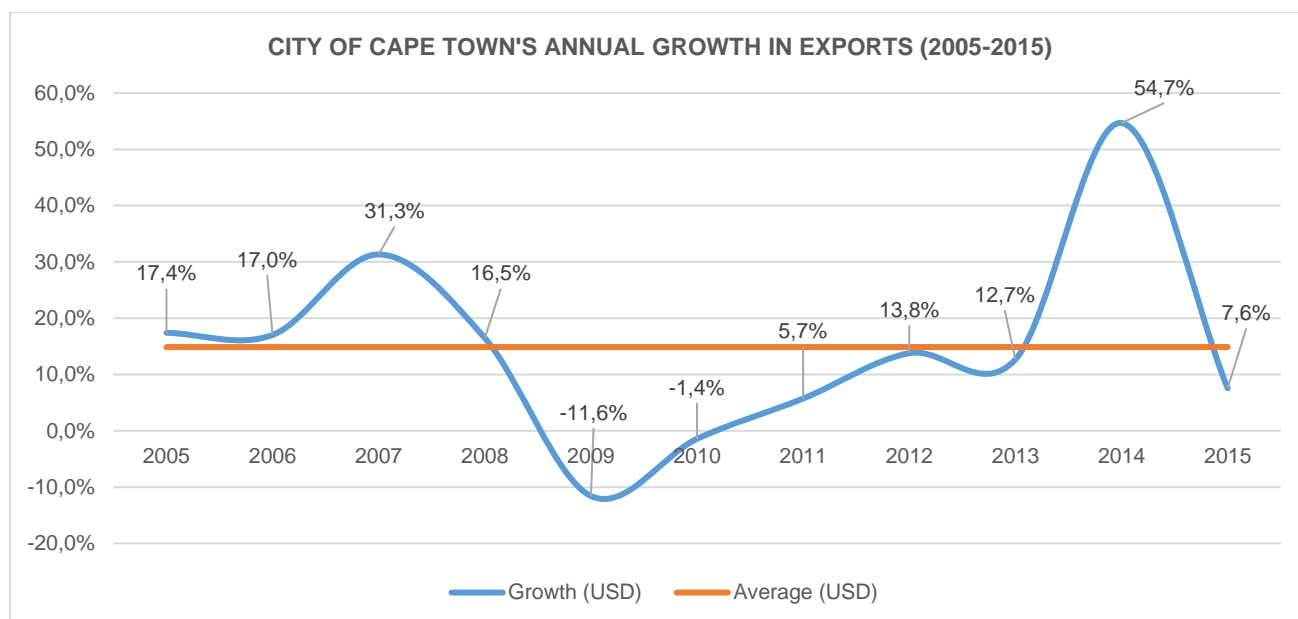


Source: Quantec (2016)

An analysis of the City of Cape Town exports at product level indicates that the top exports were led by agribusiness products in 2015. Exports of refined petroleum oils were the largest exports from Cape Town worth ZAR18.2bn including exports to SACU countries. Other non-agricultural exports were engine parts (ZAR1.6bn), yachts and other vessels (ZAR1.3bn), as well as diamonds (ZAR1.1bn) and centrifuges (ZAR1.02bn). The largest growth in exports among the top 10 products was seen for yachts and other vessels.

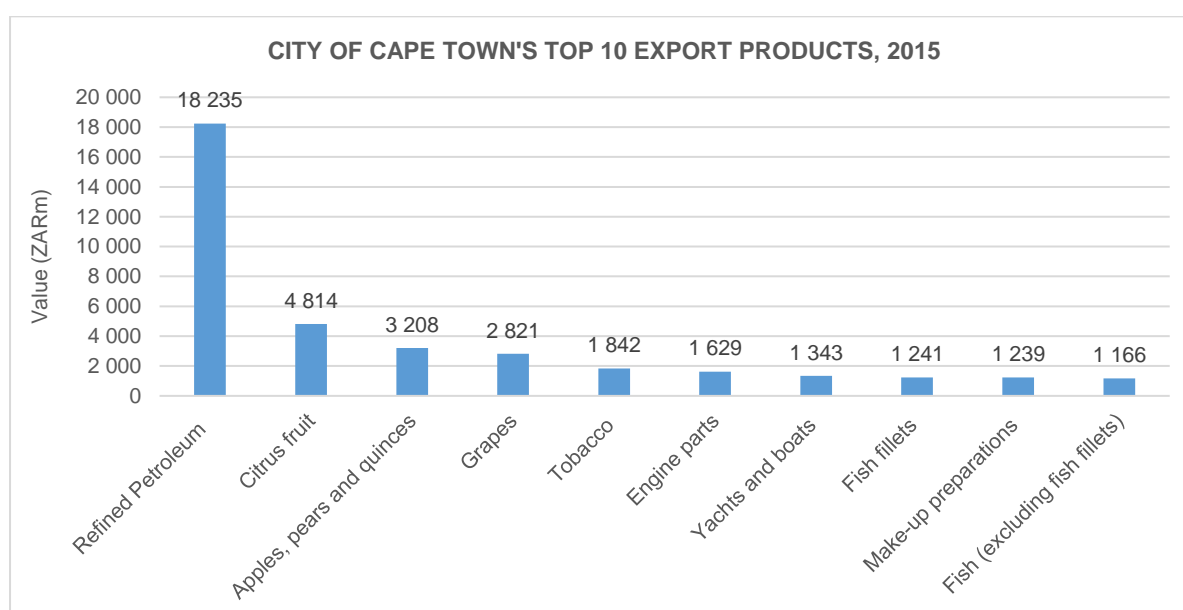
Imports to Cape Town were dominated by products from the manufacturing sector. Crude oil and refined petroleum oils were the largest imports to Cape Town in 2015. Other top imports were electric generating sets and rotary converters (ZAR2.6bn), alcohol (ZAR2.2bn), mainly whiskey; footwear (ZAR1.6bn) and medicaments (ZAR1.7bn). In 2015, the fastest growing imports were electric generators.

Cape Town exports between 99% and 100% of all Western Cape's refined petroleum oil, semiconductor devices, cigarettes and engine parts. Cape Town imports 100% of all Western Cape's electrical generators, video recording or reproducing apparatus footwear and men's clothing.



Source: Quantec (2016)

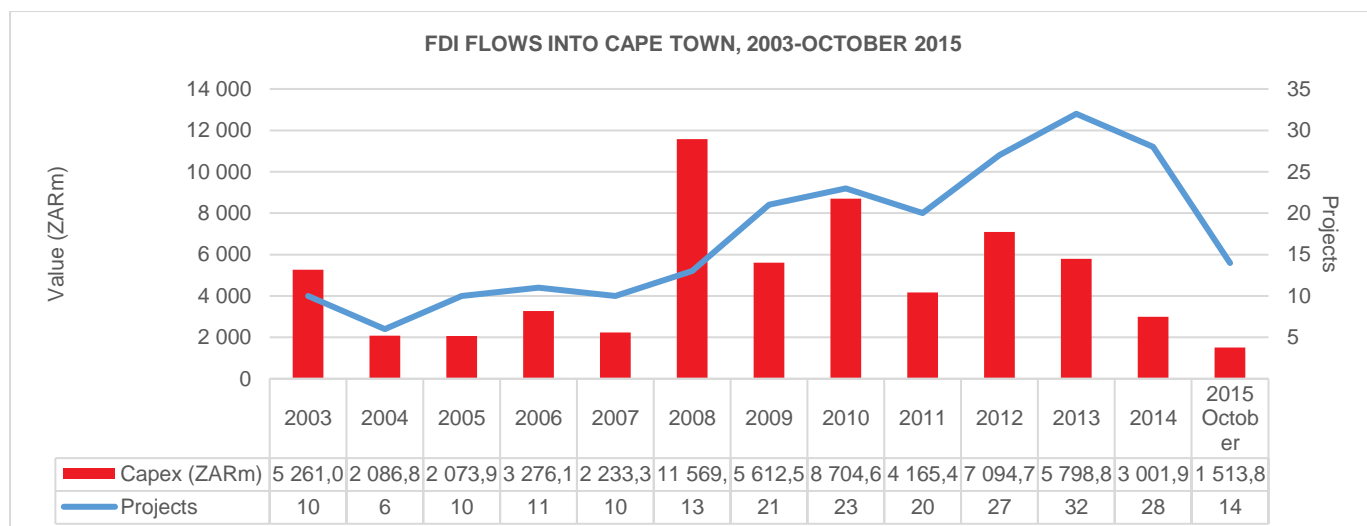
Refined petroleum is the largest exported product from the City of Cape Town valued at ZAR18bn, followed by citrus fruit and apples, pears and quinces valued at ZAR5bn and ZAR3.2bn respectively. An estimated 48% of all exports from the City of Cape Town are from the food and beverage products.



Source: Quantec (2016)

Between January 2003 and October 2015 a total of 225 FDI projects were recorded into Cape Town. These projects represent a total capital investment of ZAR62.39bn which is an average investment of ZAR277.69m per project. During the period, a total of 18,129 jobs were created.

Domestic market growth was cited as the top motive for companies investing in Cape Town (around 60%), followed by proximity to markets or customers (28%). It is becoming more apparent that investment into Cape Town is for companies to form a strategic base, through which to launch expansion strategies into other African markets. For example, the Eutopia Group from the United Kingdom is investing in business services in Cape Town to "provide a springboard to the African continent."



Source: FDI Intelligence, (Jan 2016)

The top source markets for FDI into Cape Town from 2003 to October 2015, were as follows:

- United Kingdom (25.3% of projects and 20.5% of capex);
- United States (24.4% of projects and 27.9% of capex);
- Germany (7.1% of projects and 6.5% of capex);
- China (5.3% of projects and 2.6% of capex)

Selected companies that have invested in Cape Town over the past 10 years are shown below.

	Amazon expanded its customer contact centre in Cape Town
	Hisense opened a new headquarters facility in Cape Town to co-ordinate the company's presence across Africa,
	GlaxoSmithKline (GSK) investments opened a plant in Cape Town to increase production of its drugs
	Kimberly-Clark of South Africa expanded its paper, printing & packaging manufacturing facility in Cape Town
	IBM company is opened three satellite locations in Africa including Cape Town
	Harvard University opened a centre for African Studies office in Cape Town
	Airbus invested in upgrading its servicing and maintenance facility in Cape Town
	Oracle opened a software & IT services sector in a design, development & testing project
	Juwi opened a Cape Town office in response to rapid regional growth and as part of its international growth strategy.

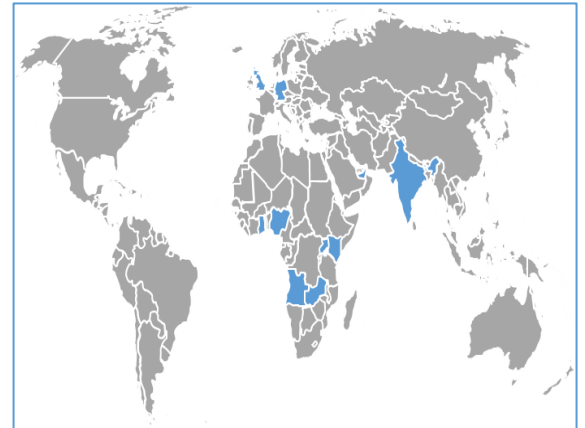
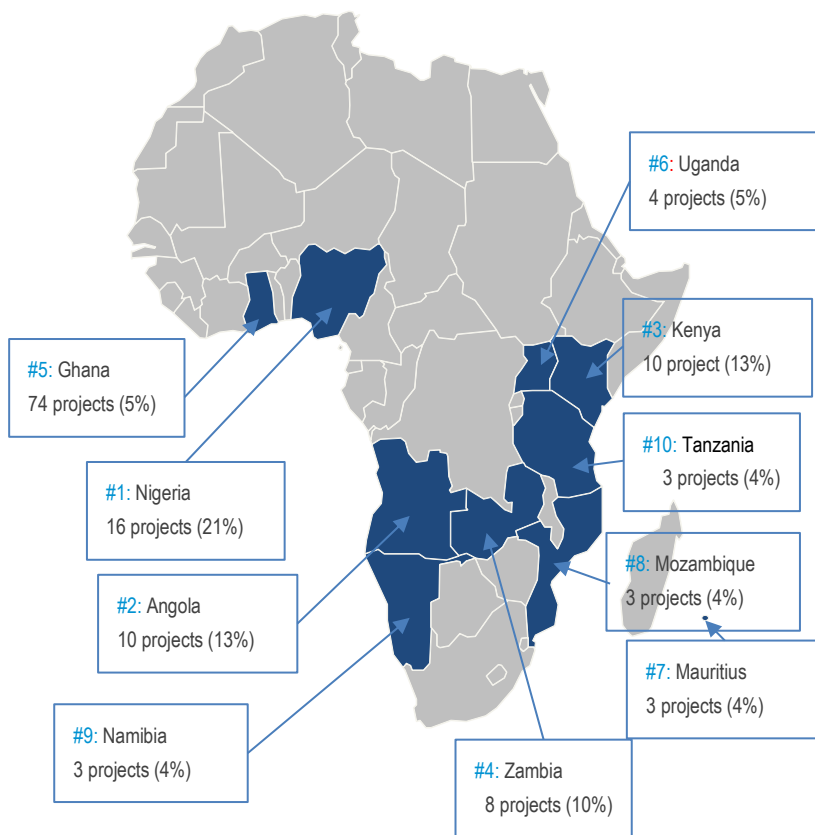


Wind Prospect Cape Town office will serve the entire African continent

Source: FDI Intelligence, (2016)

Between January 2003 and October 2015 a total of 144 FDI projects were recorded from Cape Town. These projects represent a total capital investment of ZAR41bn. The top destination markets for FDI from Cape Town from 2003 to October 2015 are shown in the right hand box.

Six of the top 10 destination markets were other African countries, namely Nigeria, Angola, Kenya, Zambia, Ghana, and Uganda. The table below shows the top African markets for City of Cape Town FDI (2003-2015).



Source: FDI Intelligence, (2016)

3.1.5 Good governance

Truly effective governance goes beyond legislative compliance. It embraces local and international best practice, and strives to strengthen the professional standards and ethics within the organisation. The City of Cape Town is one of the first municipal entities in South Africa to have taken several important measures to ensure good governance, including:

- the formation of the Municipal Public Accounts Committee (MPAC);
- the institution of an anti-corruption hotline;
- the formal adoption of the King Code of Governance Principles for South Africa, 2009 ('King III'); and
- the development of a combined assurance framework.

The King recommendations are considered to be among the best codes of governance worldwide, and King III has broadened the scope of governance into one where the core philosophy revolves around leadership, sustainability and ethical corporate citizenship.

In the 2015/2016 financial year, the City of Cape Town was again rated highly for its sound fiscal position and prudent financial management by the international credit rating agency Moody's.³ The City received the highest possible level of credit quality within the national context. In particular, it obtained a long- and short-term Global Scale Rating of Baa2 and Prime -2 respectively and a long- and short-term national scale rating of Aaa.za and Prime -1.za respectively. This shows that the City is maintaining its strong financial position, that its prudent financial policies are working, and that it can pay its accounts. A strong rating allows for a lower interest rate on loans from banks and other financial institutions, which means that the cost of servicing the debt is lower. This rating follows closely on the City's receipt of its 12th consecutive unqualified audit report and its third consecutive clean audit report.

Cape Town hosts Accelerate Cape Town and the Cape Chamber of Commerce and Industry. Of the 195 consulates and embassies in South Africa, Cape Town hosts 51, which are listed in the map below:



³ <http://www.fin24.com/Economy/city-of-cape-town-gets-highest-credit-quality-rating-20160512>

3.2 City Initiatives

The City of Cape Town is home to several initiatives aimed at expanding its functionality, attractiveness and efficiency as an investment destination. The main projects are:

Integrated Rapid Transit (IRT) project

The City is collaborating with Passenger Rail Agency of South Africa (PRASA), Golden Arrow, and taxi associations to integrate the public transport system. The first leg of this IRT system is the dedicated work on the MyCiTi 'Bus Rapid Transit' (BRT) system. The project is active with route development and rollout across Phases 1A, 1B nearing completion and Phase 2A commencing. This phase will be four times the size of Phase 1 and will take approximately five years to roll out. The ultimate goal is that 80% of City residents are within 500 m of a public transport stop. For more information please visit <http://mycityi.org.za/en/home/>.

Cape Town International Convention Centre (CTICC) expansion - underway

The City is expanding the convention and conference area by 10,000m² and adding an additional bulk in the form of a mixed use development, totaling 25,000m². The precinct includes other new developments such as the relocation of the Chris Barnard Hospital retail facilities, a hotel, and commercial space. The expansion of the conference facility is designed to be the highest Green Star rated convention centre in the Southern Hemisphere (6 star), and will double the current conference capacity. Currently, the CTICC has 863 bookings up to 2020 and takes about 50% of Africa's convention market share.

Port of Cape Town terminal expansion

The Port of Cape Town is undergoing expansion which will increase its container and the ship repair capabilities. The terminal has doubled capacity to over 1.4 million containers per annum. It is projected that the current projects' capacity will provide for demand until 2026 after which additional capacity will be created through seaward expansion. The investment in ship repair capabilities means that the port will be well positioned to take advantage of the ocean economy, and more specifically the opportunities presented by oil and gas exploration.

A new cruise terminal operator has been appointed and the development of a dedicated cruise terminal facility is underway.

Broadband expansion

The City is expanding their information and communication technology and internet infrastructure to improve public sector services, and support business growth and economic development. 789 km of fibre-optic cable has been installed in the City's own duct network, connecting 240 City-owned buildings (including clinics, libraries and administrative buildings) and 54 Western Cape Government buildings (including clinics and hospitals) through fibre and microwave technologies.

The City runs an open access infrastructure model, allowing service providers to lay services and backhaul off the infrastructure, with 9 licensed third-party service providers who have taken up the spare infrastructure capacity thus far.

Extension of the Cape Town International Airport runway

The Airports Company of South Africa is conducting an Environmental Impact Study for the realignment of the Cape Town International Airport runway. The extension will allow access for larger commercial aircrafts such as the Airbus A380. Construction is projected to proceed in the third quarter of 2014 and is planned over 3 years. The proposed realigned runway will significantly increase the capacity of the airport. The City funds an Air Access committee aimed at retaining, expanding and introducing new routes to the region.

Atlantis Green Technology Industrial Park

Atlantis has been identified as the preferred Green Hub for renewable and green industry manufacturing businesses. The site is desirable due to competitive lease arrangements and financial incentives, existing infrastructure and accessibility, proximity to skilled labour and a strong existing business presence. The initiative is being driven forward by the City, GreenCape and Department of Economic Development and Tourism (DEDAT) officials.

Cape Health Technology Park

The Department of Science and Technology and Western Cape Government (WCG), in partnership with Wesgro and the City of Cape Town (CCT), are investigating the opportunity of a health-innovation focussed technology park, named the Cape Health Technology Park (CHTP). The CHTP would be a world-class innovation facility which will comprise the co-location of innovative firms, government and academia health innovation programmes, and business and innovation support organisations. The facility would constitute dedicated and shared office spaces, specialised and generic laboratory spaces, certain 'technical facilities' related to the health innovation sector, other ancillary value adding components/amenities.

Cape Town Air Access

Wesgro launched the Cape Town Air Access initiative. The initiative will be the focal point for international air route development in the Western Cape and signifies an impressive collaboration between the Western Cape Provincial Government, the City of Cape Town, Airports Company South Africa (ACSA), Cape Town Tourism, Wesgro and the private sector. The primary mandate of the air access team is to promote, develop and maintain air routes in and out of Cape Town International Airport.

New routes to Cape Town include a Nairobi-Livingstone-CPT flight on Kenya Airways from 1 July. A direct seasonal London Gatwick to CPT service offered by Thomas Cook and British Airways from the end of November and a new route from Frankfurt to Cape Town on Lufthansa from 1 December. In addition to this several airlines decided to expand their capacity to Cape Town. Emirates will increase its direct daily flight between Dubai and Cape Town from 2 to 3 from the beginning of July. KLM offers year round daily service from Amsterdam and Ethiopian will offer a 4 times direct service from Addis Ababa instead of 2 from 1 July as well.

3.3 Infrastructure and Costs

3.3.1 Transport Infrastructure: Road, Railway, Airport and Port

The City of Cape Town is prioritizing extensive upgrades and investment in the improvement of public transport systems and transport linkages to increase the economic and social functionality of the city. With a focus on public transport use, the city is set to create a cohesive world-class sustainable transport system that will serve as a catalyst for change by combating barriers for development, and facilitating further investment.

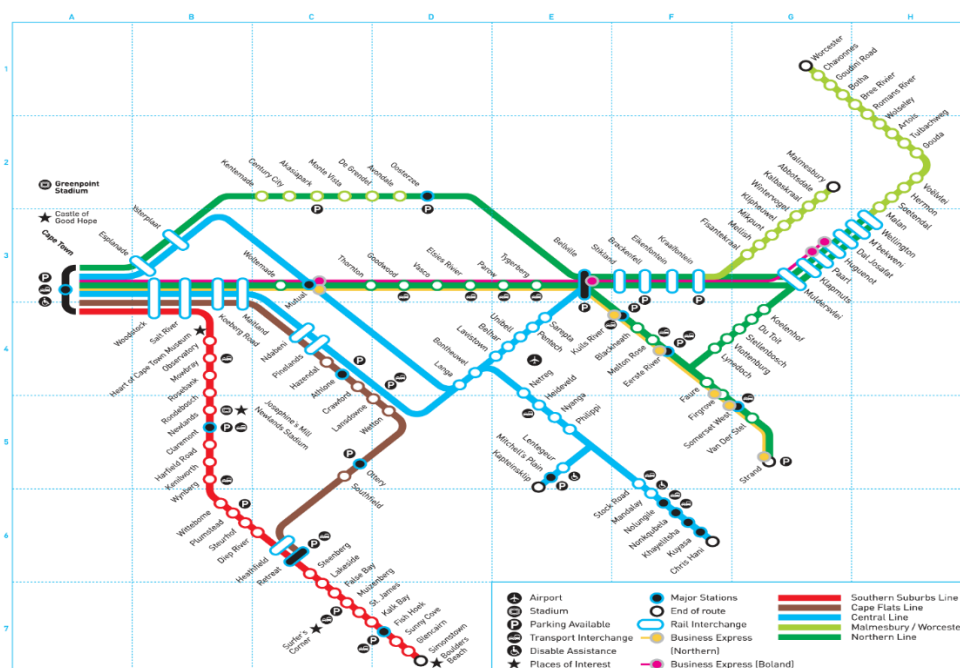
Road

Cape Town has an extensive and well developed **road system** connecting the CBD to other economic hubs in South Africa, as well as areas within the city and province. The CBD is serviced by three arterial routes that provide access to and from outlying areas and surrounding regions. The N1 connects the city to Stellenbosch, Wellington and further north towards Johannesburg. The N2 provides access to major centers along the east coast including Port Elizabeth and Durban, whilst the N7 serves to connect the city along the West Coast to Saldanha and the Northern Cape. Additionally, municipal roads such as the M5, M3 and the main road provide a web of connectivity for residents. These are key routes that serve as important corridors for economic development by connecting the population to employment opportunities.

Rail

The railway system is the backbone of public transport travel within Cape Town and equates to 54% of the public transport market share with 601 940 rail passenger trips a day on Metrorail services. The Khayelitsha–Cape Town corridor is one of the busiest railway corridors within the Western Cape. Due to the importance of the railway system, the City has partnered with PRASA to ensure its' continual integrated upgrade and sustainable development. The City of Cape Town is planning extensions to the rail network, such as the Blue Downs rail line and doubling the Strand rail line etc. The Cape Town CBD station provides a world class central point providing safe, appealing and efficient infrastructure to commuters with 24 platforms and other inter-modal transfers. Due to the importance of specific railways stations that serve as interchanges, a number of stations have been identified for development and or construction, for example the Bloekombos Station in Kraaifontein East (City of Cape Town Integrated Annual Report, 2015). A visual map of the five rail lines is shown below:

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Source: MetroRail, 2015

Port

Competing with Alexandria as the most famous port in Africa, the Cape Town **port** is situated on one of the world's busiest trade routes. It serves a vast and growing international import and export market that traverses between Europe and the Western Hemisphere, and the Middle East and Australia. This strategic position delineates the port as an important economic location. Cape Town port is one of eight commercial logistics ports in the country, and because of the growing commercial activities, the container terminal was recently expanded to double its capacity. The port serves as not only a centre for imports and exports, but for vibrant trade in retail, tourism, the creative industry, ship repair industry and the NSRI base. The ports' repair and maintenance facilities serve Asian fishing fleets as well as the emerging oil and gas industry in West Africa and this industry is set to expand from 2023 onwards.

Port Features	Cape Town Port
Containers handled (million TEU's)	0.91
Container vessels (number)	2 520
Average transshipment rate (% container)	20%
Operating model	Mixed Model
non-intrusive inspection equipment	No
Entry system for trucks	Regular gate
Free storage days	4
Anchorage waiting time (hours)	31
Truck turnaround time (minutes)	20
Average ship turnaround time (hours)	27

Source: EPIC, 2015 (Page 50-54); Ports regulator of South Africa 2015/2016 (Page 20-24)⁴; World Bank Group, 2015.

Note: The time reported is between 2014 and 2015.

Airport

The Cape Town International Airport is a world-class airport, and is the second largest in South Africa. In 2016, the airport was rated as the 22nd best airport in the world by Skytrax, improving 4 places from 2015. In 2016, the airport was awarded the Best Airport in Africa followed by Johannesburg International airport and the Best Airport in Africa for Staff Service Excellence (Skytrax, 2016). It is also recognised as the best airport globally that services between 5 and 10 million passengers annually. It is located only 17km from the CBD, and is integrated with other city transport infrastructure such as the MyCiti bus. Cape Town International Airport is undergoing upgrades of its domestic and international terminals, along with the realignment of its runway, forming the bulk of Airports Company South Africa's (ACSA) ZAR7.7-billion expansion plans.

According to ACSA (2016), total passengers including domestic, international and unscheduled flights in 2015 totalled 9.39 million, growing by 8,7% from 2014. Total air traffic movements totalled 98 514 in 2015, growing by 8,9%. International passengers alone reached 1.55 million in 2015, growing by 9%. This is not surprising as 2 of the Tripadvisor Top 10 Africa Destinations in 2016 can be found in the Western Cape alone (Tripadvisor, 2016). The Cape Town International Airport offers direct flights to 9 international hubs such as London, Paris, Amsterdam, Dubai, Qatar and other locations., with an average flying time of 10 to 11 hours. In terms of regional flight connections, Cape Town International airport carries out regional flights via Johannesburg OR Tambo and offers 13 non-stop direct routes between Cape Town and global destinations.

3.3.2 ICT Infrastructure

Information and Communication

South Africa's overall Information Technology (IT) market value is expected to grow at around 6% over the forecast period (2013 to 2018), to reach around ZAR128.5bn. According to Business Monitor International (BMI), the IT services sector is expected to record the strongest growth over the forecast period to 2018 due to cloud computing and BPO, followed by the IT software sector, which is benefitting from the take-up of cloud-based solutions.

⁴ <http://www.portsregulator.org/images/documents/SA-port-benchmarking-report-2015-16.pdf>

South African internet users increased from 2.7 million people in 2008 to 24.5 million in 2013, showing high annual growth of 55%. According to BMI, internet users are expected to reach 30.8 million in 2018 and mobile subscriptions are expected to reach 78.4 million. This indicates that many people in South Africa will have more than one mobile subscription and around 60% will have internet in 2018. South Africa is connected by five submarine cable systems, including the SEACOM international cable which came online in 2009 and MTB-backed WACS, which was launched in May 2012. In May 2014, SEACOM announced the deployment of Infinera's Intelligent Transport system across its terrestrial network, boosting the capacity of its infrastructure to 12 terabits per second.

The information communication technology (ICT) sector is well established in the City of Cape Town and is a major hub within the province. To date, the City of Cape Town, as part of its broadband infrastructure project, has invested ZAR544 million on broadband infrastructure. This includes 789 kilometres of fibre-optic cable that has been installed in the City's own duct network increasing the City's bandwidth by approximately 3000 times. The additional capital budget expenditure in the 2015/16 financial year was estimated at ZAR236 million. The resultant benefits are already evident with the City having saved ZAR3 million in internet costs between January and May 2015. Further the City has saved ZAR39,3 million and ZAR61,3 million in the 2013/14 and 2014/15 financial years, respectively, on telecommunication costs.⁵ This improvement of infrastructure, together with incentives and world-class ICT companies, sets the scene for the sector in the Western Cape.

The city has arguably established the leading local government IT system nationally. This system is regarded on an international stage as one of the leading exponents of enterprise resource planning technology used in local government. A total of 13,000 municipal personal computers are integrated and used to enable process automation and easy access to information across the metropolitan.

3.3.3 Electricity and Water

Extensive investment in electricity infrastructure across the country is apparent, whereby a large proportion of the focus is on renewables. Although electricity costs in South Africa are increasing, the country still retains a relatively low position in terms of global electricity pricing, ranking 11 for costs.

INTERNATIONAL COMPARISONS OF ELECTRICITY COSTS, 2015			
2015 Rank	Country	US dollar per c/kWh	% change from 2014
1	Italy	15.70	-6.8%
2	Germany	15.22	-1.2%
3	United Kingdom	14.16	+1.3%
4	Belgian	11.17	+9.9%
5	Portugal	11.05	-0.4%
6	Spain	11.04	+1.0%
7	Slovakia	9.90	-1.6%
8	United States	9.43	-5.7%
9	France	8.97	+4.2%
10	South Africa	8.46	+8.2%

Source: NUS Consulting Group (2016), *Local Energy Market Report, Business Tech, 2016*

Cape Town's energy supply is mostly provided by the national grid, with energy demands set at approximately 2 400MW. Two thirds of residents are serviced by the city, with the remaining 25% served by Eskom. A large proportion of Cape Town's electricity is supplied by Koeberg power station, a nuclear power station located approximately 36km north of the city centre. There are plans to diversify the forms of energy provision to Cape Town, and initiatives have arisen which will take advantage of the growing oil and gas opportunities.

⁵ <https://www.capetown.gov.za/en/Pages/CitysbroadbandrolloutconnectingCapeTown.aspx>

COMPARISON OF ELECTRICITY USE AND ACCESS IN SOUTH AFRICAN CITIES, 2015			
Comparative Cities	2015 Medium to Large power users Average Energy Charge (c/kWh) ex VAT and ex service charges	2015 Household access to electricity for lighting (population %)	Average Annual Growth 2010 - 2015 (access to electricity)
Cape Town	67,46	94%	2.0%
Johannesburg	183,19	91%	2.2%
Tshwane (Pretoria)	89,90	88%	2.0%
eThekweni (Durban)	68,54	90%	1.4%

Resource: City of Cape Town, 2016; City of Johannesburg, 2016; eThekweni City, 2016, Quantec (2016)

Cape Town's potable water is amongst the best in the country, scoring 98% for the quality of drinking water. Water is derived from six catchment dams which are largely extracted from mountain catchments, and treated in 20 water treatment plants. The Water and Sanitation Department has received numerous awards including the Platinum Award for excelling in the Blue Drop Awards Program, and certificates of Excellence from the Water Institute of South Africa.

3.3.4 Industrial and Prime Office Space

Cape Town has evolved into a world-class business destination offering a quality and modern environment for business and innovation. This is partially due to continued innovative and efficient office development increasing the commercial value of the city; as well as incentive schemes such as the UDZ tax incentive which attracts and retains investment. Within the CBD, the total current value of property equates to more than ZAR24 billion (Cape Town Central City Improvement District, 2015: 5), which is set to increase with the additional development that is planned. Approximately 64,700m² of building size is set to be complete end 2016 (Cape Town Office Market Outlook, 2016: 2).

INDICATIVE DEVELOPMENT PROJECTS IN THE CITY OF CAPE TOWN 2015/2016			
Development	Approximate size (m ²)	Node/Submarket	Completion date
KPMG Place	19,000	Cape Town CBD	Q3 2016
Silos	10,000	Waterfront	Q3 2016
The Apex	8,000	Century City	Q1 2016
Citadel Place	6,500	Claremont	Q3 2016
Gateway	6,000	Waterfront	Q4 2016
The Matrix	5,000	Century City	Q1 2016
The Annex	4,000	Century City	Q1 2016
Aurecon 2	3,200	Century City	Q2 2016
Grove Exchange	3,000	Claremont	Q1 2016

Source: Cape Town Office Market Outlook, 2015 (pp. 2)

According to South African Property Owners Association (2013), vacancies within the CBD office supply has decreased relative to 2013, reaching 13.4% in March 2015. This is in contrast to vacancy rates of 19,8%; 10% and 12,8% in the City of Johannesburg, City of Tshwane and eThekweni Municipality CBD's respectively (SAPOA, 2016: 7). The majority of offices within the CBD consist of AAA, A, and B-grade office space, marking the CBD as one of the most dynamic and sought-after locations for office rentals. A-plus offices in the CBD made up 39.3% of the metro regions office supply (Rode Report, 2016: 48).

Other notable office locations are indicated in the figure below. Bellville has a large supply of office space, and with planned developments within the area, for example the redevelopment of the Tygervalley Waterfront, an increased amount of desirable prime office space is set to become available. Furthermore, Century City, a fast-growing location for businesses, houses some of the most modern and exciting office space which is centered on "green" building and innovative design. Similarly, Claremont an upmarket suburb, is a prominent node for offices and businesses, with a large presence of smaller businesses in the specialist sectors.

Figure 2: Cape Town office stock (m²)*

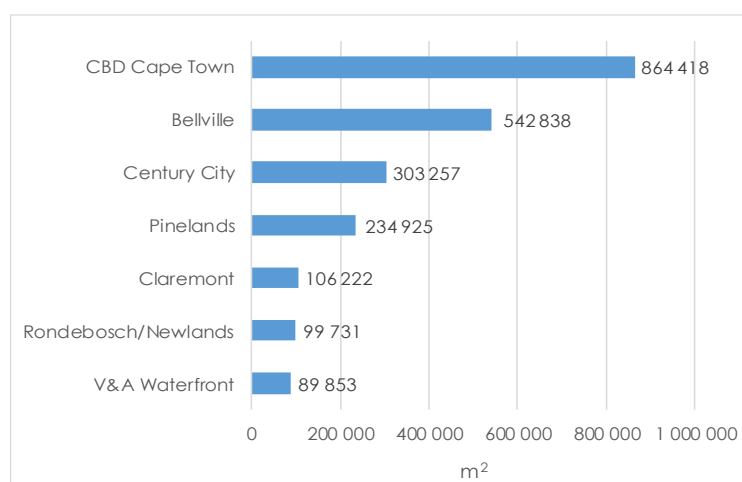


Table 1: Cape Town Office Market (2015, Quarter 4)

Key Office Market Indicators	Q4 2015
Prime Gross Rent (R/m ² pm)	168
Prime Yield (%)	8
Cape Town Vacancies (%)	7,2
Total Gross Leasable Area ('000m ²)	2 459
Development Pipeline ('000m ²)	55 700

*Grades A+, A & B

Source: Rode, 2016 (pp. 48) & Cape Town Office Market Outlook, 2015 (pp. 2 – 4)

3.3.5 Industrial Land

The industrial rental market within the province has experienced an increase in rentals. There are city incentive schemes for the growth of industry operations. The Atlantis zoned industrial area has been delineated as a key development node offering an expanse of 1,000ha. This includes a zone for noxious industry as well as an identified hub for manufacturing green technologies – Atlantis Green Technology Industrial Park. Other key industrial areas include Epping, the Airport Industria, and outlying areas along the N2, N1 and R300.

Figure 3-3: Vacancies in key Industrial areas, H1 2013

Region	Vacancy rate (%)	Net Income Receivable per m ² (monthly)	*GLA (m ²)	Number of properties
Western Cape	1.5	R31.5	650,024	54
Gauteng	3.3	R32.2	2,270,502	230
KwaZulu Natal	2.2	R30.8	786,876	85

Source: SAPOA (2013) Industrial Vacancy Survey H1: 2013

3.4 Quality of Life and Cost of Living

Cape Town is undoubtedly one of the most internationally recognised cities. Beyond the apparent beauty, the cosmopolitan milieu continues to attract foreigners and investment. Additionally, South African residents choose Cape Town as a base. The location of a number of financial, business and retail head offices in the city indicates that high earning, influential executives choose Cape Town as the city in which to live.

A variety of activities are within a 20 minute drive from the CBD including hiking, beaches, internationally acclaimed restaurants and bars, vineyards and wine tasting, national reserves, and cultural landmarks such as Robben Island and Table mountain, a 7th Wonder of Nature. The City of Cape Town receives regular accolades which are related to lifestyle, opportunities, service offerings and overall living standards. From 2011 onwards, Cape Town has received numerous accolades, including amongst others:

- The World's Top City in Africa and the Middle East (Travel+Leisure World's Best Awards 2012)
- Fourth Top City in the World (Travel+Leisure World's Best Awards 2012)
- One of the World's Ten Most Loved Cities 2012 (CNNgo)
- Fourth Top City in the World (Travel+Leisure World's Best Awards 2012)
- Best Destination in Africa (World Travel Awards 2011)
- Best Beach Destination in Africa (World Travel Awards 2012)
- Top City in Africa (Condé Nast Traveler Readers' Choice Awards 2012)
- Number Two City in the World (Condé Nast Traveler Readers' Choice Awards 2012)

The private **health** sector is world-class and offers leading teaching hospitals. These hospitals attract a number of foreign students because of their global recognition as well as being cheaper than their international counterparts. Furthermore, the private medical insurance sector is well established with a variety of offerings. There are numerous public and private top **schools** including international German, Italian and French schools. Top tertiary education institutions are available within the city and host a vast number of international students.

4. SECTORAL POCKETS OF EXCELLENCE

4.1 Business Process Outsourcing

South Africa is one of the fastest growing offshore locations for BPO investment. The BPO industry is growing annually at more than 10% as a result of the increased investment and entry into the local market by leading global investors.

The Western Cape is the largest region in South Africa for international business in the BPO, with 59.9% of the international market share, followed by KwaZulu-Natal with 20.2% and Gauteng with 19.9%. In the Western Cape the outsourced market has experienced a 4.2% increase, from 50% in 2014 to 54.2% in 2015. The United Kingdom investment accounts for 62% of business in the Western Cape in 2016, followed by the United States at 12.9%.

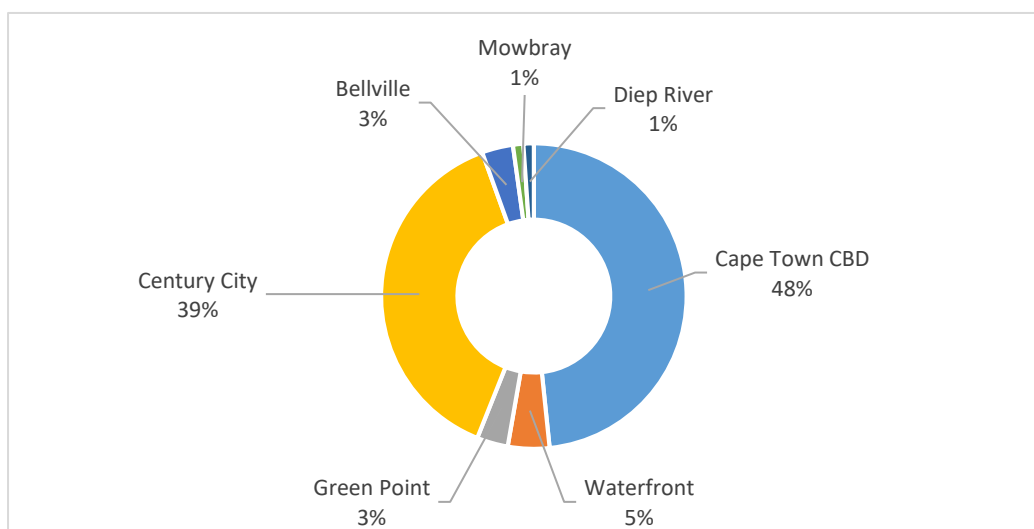
During 2013, the Cape Town CBD won two awards in the Offshoring Destination of the Year Awards, increasing its popularity as a BPO business destination, allowing the city to get recognition globally as a leading city in BPO investment and activity. Some of the world's largest BPO operators – Teleperformance, Serco and Capita operate in Cape Town.

Western Cape BPO Industry Indicators (2015)		
Indicators	Value	
Industry growth 2014	8%	
Approximate GDP inputs (billions) 2013	ZAR8	
Projected cost reduction by 2014	15% – 20%	
Cost Reduction in SA	50-70% compared to destinations like UK	
Service function by operation in 2015	Inbound customer service	Back Office Processing
	52.9%	13.7%
Largest markets serviced in 2015	United Kingdom (62%)	United States (12.9%)
% type of operation, 2015	Outsourcer	Captive Services
	54.2%	45.8%
% of operations conducted in English in 2014	88.2%	
% of operations conducted in English in 2015 by SA	90.9%	
Sectoral Breakdown by 2015	Financial services	Telecoms
	43.8%	19.3%
Inward FDI into Cape Town's Customer Contact Centre, 2003-2015	14 projects (70% of SA cities)	ZAR1.8bn (77% of SA cities)
Employment in Western Cape BPO/Call Centre in 2014	41,000 jobs	

Source: BPeSA Western Cape, Key Indicator Report, 2014 and BPeSA Key Indicator Report 2015, FDI Intelligence, 2016.

The location of BPO operations in pockets across the metropolitan provides a clustering of businesses and potential for associated resource sharing and collaboration in training and down-stream value chain linkages. Additionally, the large percentage of firms that are located in the CBD and Century City is indicative of the desirability of these two locations.

Figure 4-1: The location and density BPO operations in Cape Town 2012/2013



Source: BPeSA Western Cape (2013), 2012/2013 Key Indicator Report.

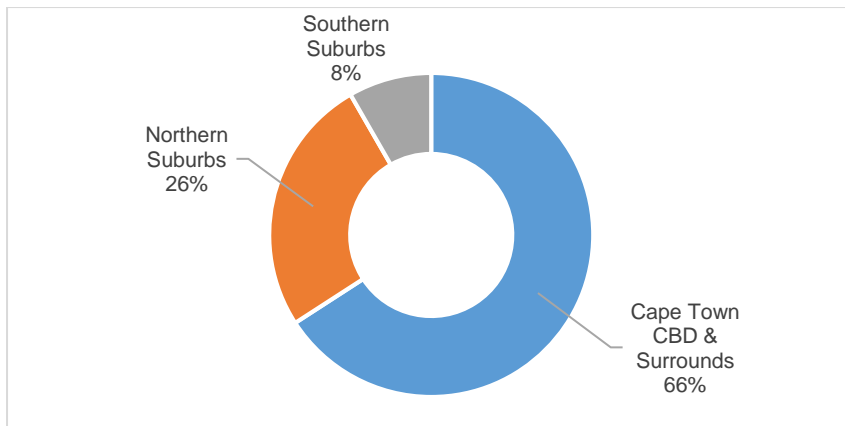
The majority (44%) of all companies are located in the CBD, with the second largest contingency in Century City (35%). Prominent brands and local company contact centres such as Metropolitan Health, Edcon, Woolworths, ASDA, Lufthansa, Shell, Bloomberg and Wonga are located within the CBD. Please note the following list of BPO operators operating in the CBD.

BPO Operators located in the City of Cape Town			
Amazon	Metropolitan Health Group	Serco/Webhelp	Jaba Connect
Woolworths in the bag	Lufthansa Global Telesales	MBD Credit Solutions	Medscheme
Teleperformance	Merchants - Asda	Wonga	Shell Global
Pixelfaerie Business Services	Capita	SA-commercial.co.za	City of Cape Town - ICT Contact Centre
Media 24	Frank.net	Amway South Africa	Anthony Richards & Associates
EXL	Buongiorno	Buongiorno	Ooba
GMS	Bloomberg	MEDpages	City of Cape Town - 107 Public Emergency Communications Centre
118 Contact	Meltwater News	E TV	

Source: BpeSA, 2016

Most of the BPO offices in the Western Cape are located in the Cape Town CBD and surrounding areas which accounts for 66% of all BPO office locations in the Western Cape. This is followed by the Northern Suburbs that accounts for 26% and the Southern Suburbs at 8%.

Figure 4-2: Western Cape BPO locations 2014



Source: BPeSA Western Cape, Key Indicator Report, 2014

Opportunities and advantages of Cape Town as a BPO business location

- Cape Town offers a “First World” living and working environment.
- South Africa offers cost-savings of between 50% and 70% compared to UK onshore operations. Incentives are expected to decrease operational costs by a further 20%, placing South Africa on par with Malaysia and Egypt.
- The city has a high set of skills and high-end skills base within the finance and legal services sectors which are supported by the numerous world class educational institutions. “Boutique” investment solutions are available.
- The city’s time zone is well located to service European markets, evident by the percentage of foreign markets using the country’s offshoring services. Nearly 80% of the market serviced in South Africa originates from the UK, Netherlands and Germany. The USA and Canada also form a part of this 80%.
- The excellent language abilities and local English accent within Cape Town has been identified as notably more appealing to English speaking and Western markets when compared to India and other popular offshoring destinations. This is predominantly due to not only a neutral accent, but to similarities in culture, media exposure, product affinity, and knowledge in business processes and communication experience.

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4.2 Financial services

The City of Cape Town’s financial services sector is the second largest contributor to the City’s GDP at ZAR47 billion and accounting for 17%. The growth in the City of Cape Town’s financial services sector is relatively consistent at 5.9% over the period 2009 to 2014, mainly being driven by an emerging financial and business district within the city, increasing access to banking and banking services, growing middle class and access to online mobile and internet banking. This indicates a commitment to the city’s development and the confidence in the CBD as a business and investor friendly environment.

There has been a marked trend in the relocation of existing business and financial service companies, as well as the establishment of new companies in the Western Cape, and Cape Town specifically. Notably, a large proportion of these companies are in the area of private investment and asset management services, as well as within insurance and personal services.

The top seven Asset Managers in South Africa control 59.9% of all South African funds, these include Allan Gray, Investec Asset Management, Coronation, STANLIB, ABSA, Nedgroup Investments and Old Mutual. A small number of firms handle most of the country’s biggest auditing accounts. Namely; Deloitte, Ernst & Young, PwC and KPMG (MoneyWeb, 2014)

The strong presence of the insurance sector, along with the growth in the specialised financial services, professional business, property and personal services has contributed to Cape Town becoming a significant financial services hub in the country. Insurance companies that have headquarters in Cape Town, include Old Mutual, Santam and Sanlam. Additionally, a number of well renowned investment and financial advisors such as Allan Grey, Price Waterhouse Coopers and Investec are based in Cape Town. In addition the four key players in South Africa’s banking sector are FNB, ABSA, Standard Bank and Nedbank and Capitec have offices within the city, and have extensive services located throughout the metropolitan.

Cape Town Financial Industry Indicators (2014)		
Indicators	Value	
GDP-R contribution (ZAR millions)	ZAR 47,259	
Sector contribution to sector (%)	17%	
Average annual growth rate (2009 – 2014)	3.5%	
Inward FDI into Cape Town's financial services (2003-2015)	19 projects (14% of SA cities)	ZAR2.7bn (13% of SA cities)
Formal employment (Finance sector)	272,315	
% total employment (Finance Sector)	19%	

Source: Global Insight, 2016

Gauteng is the largest base for venture capital transactions, however Cape Town received more venture capital funds than Johannesburg and Pretoria. In addition an estimated 33% of all venture capital transactions occurred in Cape Town followed by Johannesburg at 31%, while an estimated 57% of all fund managers are located in Cape Town and Stellenbosch followed by Gauteng at 43%.

Opportunities and advantages of Cape Town as a Finance location

- The banking and services sector in South Africa provides a launch pad into the rest of Africa. As a result a number of foreign owned financial institutions have set up operations in South Africa.
- Cape Town has a vast pool of highly skilled individuals trained in finance, business and related fields.
- The UDZ tax incentive is a contributing factor to the promotion of the redevelopment and regeneration of the growing financial and business district within the CBD.
- There are supporting business services and entities geared towards maintaining a business friendly environment within business hubs throughout the city, which has contributed to the increasing attraction of Cape Town as a business location.
- Innovation within the ICT sector is central in Cape Town and the closely located Techno Park in Stellenbosch (53km East), whereby innovations and developments assisting in the growth of this sector, and connectivity to online business and finance solutions are continuously emerging.

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Selected Companies located in Cape Town	
Allan Gray	Investec
Capitec Bank	PWC
Nedbank	ABSA
First National Bank	Sanlam
Old Mutual	Standard Bank

4.3 Business Services

The City of Cape Town is the largest contributor to South Africa's business services sector in 2015 when compared to Johannesburg, Tshwane, Nelson Mandela Bay, Buffalo City, Ethekwini, Ekurhuleni and Mangaung. The City's business services sector is the largest contributor to the City's GDP at ZAR48 billion in 2014, accounting for 85% of the Western Cape and 16% of South Africa.

The City of Cape Town's business services sector grew by 3.8% over the period 2005 and 2014. This growth is apparent by the onset of an emerging business district within the City as well as a marked increase in the relocation of existing business and establishment of new companies in Cape Town. This indicates a commitment to the city's development and the confidence in the CBD as a business and investor friendly environment.

The City of Cape Town has attracted a number of foreign companies into its business services sector, with 47 investment projects over the period 2003 and 2015. This represents 29% of all FDI into South Africa's business services sector. The City's top three business services subsectors attracting FDI are professional, scientific and technical services (10 projects), advertising and public relations (9 projects) and retail banking (7 projects). Top companies investing include Renaissance Group, China Construction Bank, Driver Group, Nutritional products international and Harvard University.

Cape Town Business services Industry Indicators (2014)		
Indicators	Value	
GDP-R contribution (ZAR millions)	ZAR 19,39	
Sector contribution to sector (%)	7.2%	
Average annual growth rate (2009 – 2014)	2.8%	
Inward FDI into Cape Town's business service's sector, 2003-2015	47 projects (29% of SA cities)	ZAR4bn (22% of SA cities)
Formal employment (Financial sector)	272,315	
% total employment (Financial sector)	19%	

Source: Global Insight, 2016

Opportunities and advantages of Cape Town as a Business location

- The banking and services sector in South Africa provides a launch pad into the rest of Africa. As a result a number of foreign owned business services have set up operations in South Africa.
- Cape Town has a vast pool of highly skilled individuals trained in business and related fields.
- The UDZ tax incentive is a contributing factor to the promotion of the redevelopment and regeneration of the growing financial and business district within the CBD.
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- Innovation within the ICT sector is central in Cape Town and the closely located Techno Park in Stellenbosch (53km East), whereby innovations and developments assisting in the growth of this sector, and connectivity to online business and finance solutions are continuously emerging.

4.4 Agro-processing

The Western Cape is regarded in many respects as Africa's 'agribusiness hub'. The province is viewed as the premier region for agribusiness in South Africa and on the continent owing to its level of agricultural development and expertise, and the quality of its infrastructure, markets and services. The Western Cape is estimated to contribute close to 23% to South Africa's commercial agriculture sector.

Partially classified under manufacturing the main sectors of agro-processing include the food and beverages sector, textiles and clothing manufacturing, and the wood paper and publishing subsector. The importance of these subsectors to the city's economy is evident by the contribution of ZAR 16,7 million in constant 2010 prices for 2014, accounting for more than half (55%) of the total of provincial agro-processing activities. This equates to 45% of value added to Cape Town's manufacturing sector. Food and beverages makes up the majority of the agro-processing sector (58%).

The largest exported agro-processed products are the edible fruit and nuts, prepared meat of fish, fish and crustaceans, beverages, spirits and vinegar sub-sector, equating to ZAR15 billion in 2015. Specifically the largest agro processed export products are citrus fruit (ZAR4.8 billion), apples, pears and quinces (ZAR3.2 billion) and grapes (ZAR2.8 billion). Africa is the largest export destination for food and beverages from the city accounting for 40% in 2015.

Agro-processing is identified as a key sector of the Western Cape's Governments 2015 Khulisa project (with the City of Cape Town as one of the main partners). The project identifies sectors with the greatest potential to provide the greatest growth and job creation over the next five years to 2019. Key interventions identified under the agro-processing sector include a centralized testing facility, a focus on Halaal exports, increasing exports of wine and brandy, and improving local capacity to process agricultural produce.

Cape Town Agro-processing Industry Indicators (2014)	
Indicators	Value
Real Value (million)	ZAR 16,680
% total Provincial inputs (real prices)	55%
% contributions to Cape Town manufacturing sector	45%

Food and Beverages inputs million)	ZAR 9,7	
% Food and Beverages contributions to sector	58%	
Average annual growth rate (2009– 2014)	2,7%	
% Export to European markets of food & beverages, 2015	ZAR18bn - 23% of CT food & beverage exports (58% of SA)	
% Export to Asian markets of food & beverages, 2015	ZAR12bn - 15% of CT food & beverage exports (67% of SA)	
% Exports to African markets of food & beverages, 2015	ZAR31bn - 40% of CT food & beverage exports (75% of SA)	
Inward FDI into Cape Town, 2003-2015	6 projects (11% of SA cities)	ZAR1.2bn (5% of SA cities)
Outward FDI from Cape Town, 2003-2015	33 projects (47% of SA cities)	ZAR6.2bn (29% of SA cities)

Source: Global Insight, 2016

There are numerous fish and sea-sourced processing firms located within the City of Cape Town. The metropole does not directly participate in aquaculture farming, however it forms a key portal for exports and processing for aquaculture farmers within the Western Cape. Both the port (with cold storage facilities) and International Airport are the main exit points of these commodities within the province.

The major agro-processing companies are:

Companies located in Cape Town	
BM Foods Manufacturers	Irvin & Johnson Ltd
Cape Oil Products	Oceana Fishing Group
South African Breweries	Natural Herbs and Spices
Distell Group Ltd	Sea Harvest Corporation (Pty) Ltd
Parmalat South Africa (Pty) Ltd	KWV South Africa (Pty) Ltd
SAB	Montagu Trading Company
Rhodes Food Group Holdings Ltd	Quality Beverages 2000 (Pty) Ltd
Good Hope International Beverages	Afrifresh
Pioneer foods	Nestle Purina
Petcare	PenBev

Opportunities and advantages for international investors to participate in the agro-processing sector

- The Cape Town port and the Cape Town International Airport as well as a well-integrated road network supports exports.
- Raw produce is located in close proximity to the metropolitan. Additionally, cold storage facilities and transport infrastructure are world class, providing ease of access.
 - Key opportunities for investment along the value chain include the following:
 - a multi-purpose agro-processing facility which can process more than one resource and produce a variety of products
 - new technology development and skilled technicians to maintain and develop the machinery
 - product development specialists
 - Potential for bio-fuel production
 - Establishment of cold storage facilities to cater for small to medium sized farmers.
- Key firms have located their operations within the metropolitan, indicating confidence in the support of the sector by the metropolitan.
- There is sufficient available industrial and manufacturing serviced land for investment.
- There are many supporting services located across Cape Town ranging from maintenance services, marketing and distribution, storage facilities and transport companies etc.
- The required skills-set from highly skilled engineers, agro-economists and a large pool of semi-skilled labour exists across Cape Town. Additionally, the Universities and other major tertiary institutions have research

programmes and facilities geared towards agriculture sciences and innovation, therefore supporting innovative industry growth.

- Many producers are embracing new and innovative technologies to improve their competitiveness, both locally and internationally.
- The metropolitan is centrally located to the proposed delineated aquaculture ADZs and has the relevant transport and storage infrastructure to support industry requirements.
- Increased government investment and support in the growth of the aquaculture sector presents opportunities in the processing of products, whether providing expertise, equipment, packaging etc.
- Investors are assessing the potential to farm tilapia on containers located in the Cape Flats. This indicates the technological innovation occurring within the city.
- The Western Cape has the natural advantage of access to the warm Mozambique current along the south coast and the cold Benguela current up the west coast, offering opportunities for a wide variety of mari-culture (seawater) products to be farmed along the coastline. Currently, key varieties produced in the Western Cape include abalone, various finfish, mussels, lobsters, oysters, seaweed, different ornamental species of fish and Cape Salmon (geelbek).
- Cape Town is particularly well suited to mari-culture because of its long coastline and consequent easy access to the sea, as well as the high value of species such as abalone, shrimp, prawns and other shellfish, which are cost-effective to farm.

4.5 Oil & Gas

Africa has vast quantities of fossil and renewable energy sources. It is estimated that in its entirety, the continent holds the potential to become the fastest growing region for industry growth. For example, oil production is expected to rise at an average rate of between 4% and 6% per annum for the next three years.

Due to the growth and value of the oil and gas industry to the city (an 8 week stay by an oil rig docked at the port of Cape Town is estimated to contribute a value of ZAR200 million to the provincial economy), extensive investment opportunities within these sectors for offshore oil and gas platforms and components, services and repairs to support the growing operations is apparent. The City of Cape Town has a number of support business services that are geared towards assisting the oil and gas sector, this ecosystem ranges from lawyers, accountants, architects, engineers, consulting firms and many more.

The oil and gas sector was identified as a key sector of the Western Cape's Governments 2015 Khulisa project. The Western Cape Government's Energy Security Game Changer (with the City of Cape Town as one of the main partners) has identified energy security as a key driver for economic growth. As such, the Game Changer has identified 4 focus areas which present the most significant opportunity in not only changing the energy landscape in the province but also areas that can contribute significantly to economic growth and job creation. These are: Energy Efficiency, Rooftop Solar PV, the Importation of Liquefied Natural Gas and Load Management. These opportunities are explored in more detail below.

Western Cape Oil and Gas Industry Indicators	
Indicators	Value
Foreign Direct Investment (billion) 2005-2015	ZAR 1.5
Estimated growth in 2016	5.1%
Employment 2013	Est. 26,000

Source: Who Owns Whom; FDI Intelligence; Quantec (2016)

The market for offshore oil and gas platforms and components, services and repairs to support these operations is large and growing in Africa. Cape Town is well placed to service this growing market. Cape Town is geographically close to West Africa and offer well developed infrastructure as well as cost-efficient engineering capabilities. Most international exploration and oil refining companies have a presence in Cape Town. McKinsey forecasts that by 2020, a shift towards natural gas could add ZAR16bn to South Africa's annual GDP, reflecting capital expenditure on pipelines and power plants as well as the value of power produced.

Nationally, Cape Town is the major producer of exported boats and the province makes up 90% of the production of all exports of all seagoing and water going vessels, with Cape Town contributing 80% of the national export value. Yachts, sports vessels, rowing boats and canoes make up 79.2% of the export value. The major demand markets for exports are

the Americas and Europe, which purchased 37.4% and 40.5% respectively of all exports from the city in 2012, whilst growing markets include Asia and Australia. The Middle East has been identified as a possible new market for work boats, light commercial vessels and patrol boats, as well as top-end yachts.

The boatbuilding industry is made up of small entrepreneurs and is dominated by a few large companies. Over 40 boatbuilding yards exist across the metropolitan and are supported by a wide range of supply and post-production services. The boat industry is principally an export market predominantly centered around luxury crafts, although the manufacture of boats is inclusive of mono and multi-hulled sailboats, and custom motorboats, inflatable crafts, kayaks and canoes. There is a strong focus on ship repairs in the Cape Town harbour wherein the largest ship repair yard in Africa, DCD Marine, operates. It is estimated that the oil industry around Africa will require extensive ship and repair maintenance within five years. Currently, the Cape Town and Saldanha Bay harbours are busy with repair jobs.

Oil and gas organisations with exploration and/or production rights off the Western Cape Province	
PetroSA	Forest Exploration International (SA) (Pty) Ltd
BHP Billiton Petroleum Limited	Global Offshore Oil Exploration (SA) (Pty) Ltd
Shell South Africa Upstream B.V.	OK Energy
New Age	Anadarko Petroleum Cooperation
CNR International (SA) (Pty) Ltd	Bayfield Energy

Source: South African Gas and Oil Alliance (2013)

Opportunities and advantages of Cape Town as an Oil and Gas hub

- The Cape Town port is geared to service offshoring explorations as well as services for other upward and downward linkages within these sectors.
- Large quantities of oil are transported around Cape Town every year, of which 32.2% are sourced from West Africa, and 23.7% from the Middle East.
- The port is well equipped to deal with the above-generated traffic and provides the perfect lay-over and refit stop for transcontinental rig and shipping movements from South America and the USA to Far East oil and gas provinces, as well as for ongoing explorations in Angola and other SADC countries.
- One of the four main oil refineries in South Africa – Chevron; with a capacity to produce 110,000 barrels of crude oil per day, is located in Cape Town.
- South Africa's identified offshore oil and gas potential is located between Saldanha (135 km north of the city) and the Orange River Basin, and from Cape Town along the coast to Port Elizabeth where several offshore gas investigations are underway.
- A large number of the global international exploration and oil refining firms are located in Cape Town.
- An application has been submitted to expand the continental shelf which will increase the availability for applications of offshore exploration rights. This will involve deep sea explorations.
- The promulgated "Clean Fuels Bill" identifies the requirement for all refineries to be compliant with the Swiss model of production processes. Refineries will have to be refitted to comply with these standards.
- Shale gas resources in South Africa's Karoo Basin are thought to be among the largest in the world.
- Coal-bed methane potential in the Karoo, with positive pilot production displaying upside potential in South Africa.
- Lack of gas infrastructure: LNG facilities plant required: over reliance on imports and
- Eskom needed to reduce reliance on diesel due to costs and shift towards gas
- The Cape Town Port is being designated as a Ship Repairs centre point by Transnet.
- Companies currently operating out of Cape Town already have internationally recognised brands and products, a number of them receiving industry-related awards. This indicates the encouragement of high industry standards in the metropolitan.
- A number of global boating shows and events occur in Cape Town where products and designs are showcased. These designs and innovations have contributed to the prize of coming first in major global sailing competitions highlighting the competitive advantage that engineers and designers hold.
- Cape Town hosts major yachting events such as the Volvo Yacht Race is making Cape Town a stopover.

Selected Companies located in Cape Town	
Chevron	Shell
New Age	PetroSA
Bayfield	Anadarko
Bhp billiton	Engen
CNR International	

4.6 Renewable Energy/The Green Economy

The Western Cape is currently positioning itself as the Green Economy hub for South Africa. Although renewable energy continues to present a huge growth opportunity, other sectors of the green economy are also presenting exciting opportunities – specifically within the City of Cape Town.

The Province's Energy Security Game Changer aims to minimise the impact of power shortages and load shedding on the economy and employment over the next 5 years, and put the region on a path to a lower carbon, more efficient, energy secure future. The aim is to ensure that 14 out of the 25 Western Cape municipalities allow embedded generation by 2016/17 and the balance in 2017/18, creating a proactively conducive market for the uptake of embedded generation technologies such as rooftop solar PV and complementary energy storage technologies.

Cape Town Renewable Industry Indicators (2015)	
Indicators	Value
Developers of all IPP projects located in Cape Town	60% of national
Manufacturers of renewable components located in Cape Town	70% of national
Composition of Procured projects under REIPPP in the Western Cape	8 wind, 5 solar, 1 biomass
Inward FDI into Cape Town, 2003-2015	3.7bn

Source: FDI Intelligence, 2016

Although there is limited scope within the City of Cape Town boundaries for any of the utility scale renewable energy projects, it is the location of choice for the manufacturing of components and equipment for the renewable energy industry. Opportunities for the growth of the renewable energy manufacturing sector is forecasted at R3-5bn p.a with the potential to create 1350 jobs.

In addition, the rooftop PV market segment (small scale embedded generation) is set to explode over the next 5 years due to declining PV prices and increasing electricity costs. This segment presents an additional investment opportunity of R2bn per annum, creating more than 3000 jobs. In order to enable the installation of embedded generation, it is necessary to also install smart meters which provide another opportunity for installers as well as for local manufacturing.

The City of Cape Town accounts for nearly 90% of the Western Cape Province's economy and houses most of the large, energy intensive industrial areas. This presents another significant opportunity for industrial and commercial energy efficiency technologies and services. From a residential point of view, solar water heaters and heat pumps are major contributors to the growth of the green economy in the City and Province.

Opportunities and advantages of Cape Town as a RE location

- The Western Cape and Cape Town is an emerging national renewable energy and cleantech hub
- Green is Smart is the Western Cape's roadmap to become the leading green economic hub on the African continent https://www.westerncape.gov.za/assets/departments/transport-public-works/Documents/green_is_smart-4th_july_2013_for_web.pdf
- The City of Cape town is a C40 member and committed to climate change
- Cape Town is home to a critical mass of many of the successful renewable energy project developers including Solar Capital, AE-AMD, Mainstream, Aurora etc.
- The Western Cape Provincial Government and City of Cape Town funded green economy sector development agency, GreenCape, is the first and only African member of the International Cleantech Network
- Cape Town will house the first Greentech Special Economic Zone in the Atlantis industrial area, 40 kms outside the City centre.
- The City is host to a large amount of annual energy events, including New Energy Update, Windaba, Africa Utility Week and was the destination for the most recent South African International Renewable Energy Conference (SAIREC 2015).

- Some of South Africa's leading energy research and education institutions are located in and around the City, namely the South African Renewable Energy Technology Centre (SARECTEC), the Sustainability Institute, the Centre for Renewable and Sustainable Energy Studies and the Energy Research Centre.
- SARETEC offers specialized industry-related and accredited training for the entire renewable energy (RE) industry along with tailored short courses and workshops. See <http://www.saretec.co.za/about.html>

Companies located in Cape Town	
Acciona	Wind Prospect
Mainstream Renewable Power	Concentrix Solar
Juwi	Engie (GDF SUEZ) (Gaz de France)
Aurora-Rietvlei Solar Power (RF) (Pty) Ltd	TerniEnergia
Exosun	Enel Green Power

4.7 Film and Multimedia

In 2015, South Africa's box office revenues increased by 36% reaching ZAR1,198m from ZAR880 million in 2014. The results are for all 243 films released in South Africa. A total of 22 local films were released in South Africa with a box office earning of ZAR69.2m which accounts for 6% of gross box office.

According to the Make Games South Africa (MGSA) 2015, the South African games industry generated ZAR53m in revenue in 2014, up from ZAR29m in 2013, an increase of 82%. The total turnover generated for all commercial productions was ZAR1089.4m (CPA 2013?) and stills producers was ZAR0.86b (SAASP 2013). South Africa's animation industry has shown fast growth in the past five years and animation studios in the Western Cape are the largest producers of animation on the African continent.

The Western Cape remains the most preferred location for film shooting in terms of co-production projects from 2010 to 2014, followed by Gauteng and KwaZulu-Natal. Over the years The City of Cape Town has been identified as the preferred African Hub for the international film industry. In terms of companies the Western Cape has the highest concentration of companies by registered head offices in South Africa. Gaming development studios are mainly in Gauteng and the Western Cape. There are 16 gaming studios in Cape Town, 14 in Johannesburg, 6 in Pretoria, 2 in Durban, 1 in both Howick and George.

South Africa Film Indicators	
Indicators	Value
South Africa Film GDP (Direct & Indirect) (2012)	ZAR3.5bn
% South Africa box office revenue (2015)	ZAR1.2bn
SA Films in SA Box Office (2015)	22 (ZAR69m)
Cape Town Commercials Productions (2013)	ZAR731m (67% of SA)
Still Production in Cape Town (2013)	ZAR0.58 billion (67% of SA .86 billion)
Cape Town gaming studio (2015)	16 studios (40% of SA)
Inward FDI into Cape Town Film sector (2003-2015)	3 projects valued ZAR1.9bn (82% of SA cities)
Cape Town film operating costs (2015)	Lowest operating costs benchmarked with Johannesburg, New York, Madrid, Paris, Hong Kong and London
Western Cape co-productions projects (2010-2014)	18.5 co-productions (55% of SA cities)
Number of registered production companies in SA	150
Number of Screens in South Africa	750 screens available over 125 cinemas
South Africa Co-Production Treaties	Canada, Italy, Germany, United Kingdom, France, Australia, New Zealand, Ireland and Netherlands

Sources: NFVF (2016) and Wesgro (2016)

When examining the overall production of films and TV among South Africa provinces, Gauteng and the Western Cape still dominate as the provinces of preference for the film industry, followed by KwaZulu-Natal. Gauteng and the Western Cape together account for over 50% of all film and TV projects in South Africa.

Interest from international studios and industry players in Cape Town as a film location and service provider is growing, and as a consequence, the film and multimedia industry within Cape Town is one of the fastest growing sectors. Local industry players are increasingly participating in the global film and multimedia sphere where they are servicing major Hollywood studios and as a result bringing valuable foreign exchange into the economy. Additionally, television production companies are showing interest in locating to Cape Town.

The City of Cape Town is home to the Cape Town Film Studio. The film studio, worth an estimated ZAR500m, is the first custom built Hollywood style film studio complex of its kind in Africa, with state of the art support services, including green screens and the ability to shoot 3D movies. The studio has been rated as one of the top 10 studios globally (Invest in Western Cape 2013; Mail & Guardian 2012; NFVF 2013 & Western Cape Business 2013).

Selected movies filmed in Cape Town include: The Last Face (2016), Eye in the Sky (2015), Endless River (2015), The Giver (2014), Mandela: Long Walk to Freedom (2013), Dredd (2012), Safe House (2012), Dark Tide (2012) and Chronicle (2012). Selected series shot in Cape Town include Homeland (S4) and Black Sails (S1-4).

Selected key players in the Western Cape's film and television commercial production sector include: AFS Productions, Black Ginger TV, Cape Town Film Studios, Do Productions, Film Afrika, Gambit Films, Homebrew Productions, Kalahari, Lucky Fish, Moonlighting, Okuhle Media, Out of Africa Entertainment, Orange Films, Penguin Films, Spier Films, Trigger Fish Animation Studio, Two Oceans Production, Velocity, 7 Films (for a full list please contact the associations).

Opportunities and advantages for international investors and industry players to conduct business in the local sector

- The province has highly competitive production cost rates when compared to major film markets.
- According to FDI Benchmarking 2015, Cape Town has the lowest annual operating costs (property, labour and utility costs) in the film and TV industry when benchmarked against other film cities such as Johannesburg, New York, Madrid, Mexico, Paris, Hong Kong and London.
- The Cape Town Film Studio situated in the Western Cape has been rated as one of the top 10 studios globally (Invest in Western Cape, 2013; Mail & Guardian, 2012).
- The province has got a variety of landscapes and locations within close proximity of the city centre, these include: rugged mountainous regions, breath taking ocean views, internationally acclaimed beaches, scenic wine farms and semi-desert areas – all within a 2 hours radius.
- A number of productions have also taken place within the Cape Town CBD demonstrating the capability of Cape Town as a film centre.
- The Western Cape has lengthy day light hours in summer (average of 15 hours: 5:30am to 20:00pm)
- Local industry professionals are competent, experienced and technically proficient providing top quality productions.
- Major international films already been produced within the Western Cape
- The Western Cape and South Africa have high standards of copyright protection.
- Increasing consolidation in the industry enabled larger production houses to harness economies of scale and keep production costs down.
- World class infrastructure in terms of banks, telecommunications, road networks, ports
- Numerous major international films have already been produced within the Western Cape, which garners further interest in the province as both a technically competent and aesthetically appealing location.
- The Western Cape has a world class skills base, including professional and semi-professional local actors and actresses in the area of film production, including both pre- and post- production activities.
- Additionally, film makers and famous actors/actresses have publicly voiced their enthusiasm about Cape Town as a destination for not only work but leisure.
- Numerous industry festivals are and have been hosted in Cape Town, CTIAF (Cape Town International Animation Festival), Encounters South Africa International Documentary Film Festival, Wavescape, Shnit short film festival and the 48 hour Film project.

4.8 Metals and Engineering Services

The City of Cape Town is the centre of a variety of metals and engineering services, with a well-established sophisticated engineering sector to support the industrial and manufacturing sectors. The City's metals and engineering sector was valued at ZAR5.4 billion in 2014 and the sector attracted foreign direct investment valued at ZAR781 million between 2003 and 2015.

Concentrations of precision and process engineering firms are located throughout Cape Town. Business entities are based across the South Peninsula and Atlantis which forms the centre for metals forging and is home to Atlantis Foundries. In Atlantis, the vast industrial areas and proximity to Saldanha Bay, which provides the base for a steel mill, represents a notable site for development. Furthermore, industrial development of the Atlantis area is emphasized and supported by local government, and large tracts of serviced land are available for industry operations.

There is a growing emergence of innovative and niche engineering markets geared to capitalise on the growing industry and rising demand. These are predominantly SMEs specialising in fields such as product design, engineering services and laser cutting. Further opportunities are aligned with the anticipated shift in services to manufacturing based activities expected to arise in the coming five to ten years.

Cape Town Metals and Engineering services Industry Indicators (2014)	
Indicators	Value
Real Value (millions)	ZAR 5,362
% total Provincial inputs (real prices)	73%
% contributions to Cape Town GDP	2%
Average annual growth rate (2009 – 2014)	1.1%
Inward FDI into Cape Town, 2003-2015	11 projects valued at ZAR781m

Source: Global Insight, 2016

Overall, the key sectors include the metal products, machinery & household appliances as well as electrical machinery and apparatus and electronic, sound/vision, medical & other appliances. Services and products offered in the metropolitan fall within plastics conversion, tooling, metals conversion and steel fabrication, iron and non-ferrous metals, modelling and simulation and non-destructive testing categories.

Opportunities and advantages in metals and engineering services

- The construction industry requires steel and metal components, according to Quantec (2013) experienced a compounded annual growth rate of 3.8% (2008 – 2013). Additionally, the metropolitan is a growing city which represents the constant need for construction based activities.
- Boat building and ship repairs both require sector-specific engineered metal components. Both the Cape Town and closely located Saldanha ports' expansions will result in an increased need for engineered metal products for routine maintenance.
- The Sishen Line which transports iron-ore to Saldanha Bay is being expanded to accommodate increased capacity, therefore providing an expanded resource base close to the metropolitan.
- There are industry supporting organisations which assist in training, labour and employer representation and represent the industry as a whole. These are the Cape Engineers and Founders Association and the Steel and Engineering Industries Federation of South Africa.
- The innovative centres in the metropolitan area and Stellenbosch Techno Park provide the industry with a competitive advantage.
- The growing renewable energy market represents an opportunity for specialist precision engineering.

Selected Companies located in Cape Town	
Macsteel	BHP
ArcelorMittal	Nautical Steel
Busmark	Reutech Radar Systems

4.9 Manufacturing

Manufacturing within the City of Cape Town makes up the bulk of manufacturing activities within the Western Cape. In 2014 the City's manufacturing sector was the second largest contributor to the city's GDP (14%). There is no specific industry within the manufacturing sector that dominates, and this encourages investment and innovation. The significant sectors in 2014 for the city's manufacturing sector are food, beverages and tobacco (26%); fuel, petroleum, chemical and rubber products sub-sector which accounted for 25%, wood and wood products (13%), metal products, machinery and household appliances (10%).

Manufacturing ranges from heavy to light industry, and activities occur in pockets throughout the metropolitan. Major manufacturing centres do however exist, and these are predominantly within Paarden Eiland, Airport Industria, Epping Industria, Montague Gardens, Atlantis, and in pockets between the N1, N2 and R300. Manufacturing activities locating to Atlantis are being strongly supported by the city because the area is considered as providing a large competitive advantage to companies located therein. The industrial land pockets include both the Atlantis Green Technology Industrial Park and delineated industrial sites. A number of investment incentives and measures, both financial and non-financial, have been mandated to promote manufacturing et al. activities to commence within the area.

The City of Cape Town was the 3rd highest recipient of foreign direct investment into the manufacturing sector (20 investment projects) among South African cities from 2003 to 2015, behind Johannesburg (31 Investment projects) and Durban (22 investment projects). The City of Cape Town's largest manufacturing sector's attracting FDI are the electronics components sector (7 investment projects), paper printing and packaging sector (3 investment projects), metals sector (2 investment projects) and consumer electronics (1 investment project).

Cape Town Manufacturing Industry Indicators (2013)	
Indicators	Value
Real Value (millions)	ZAR 36, 933
% total Provincial inputs (real prices)	64%
% contributions to Cape Town GDP	14%
Average annual growth rate (2009 – 2014)	2,3%
Inward FDI into Cape Town, 2003-2015	20 projects (ZAR4.8bn)

Source: Global Insight, 2014

Major manufacturing companies located within Cape Town include Atlantis Foundries, Fine Chemicals Corporation, Johnson and Johnson, Prestige Clothing, Tellumat, and the new Hisense factory in Atlantis, a Chinese consumer electronics company which has injected ZAR350 million into the first phase of the plant.

Opportunities and advantages of Cape Town as a manufacturing destination

- Proximity to world-class transport facilities for exports both nationally and internationally.
- The metropolitan holds an innovative market and a number of entrepreneurs and businesses in a variety of niche sectors which result in unique production requirements.
- Growing industries (such as maintenance and supporting activities for the oil and gas sector), which therefore indicates a demand for goods and specialised products is increasing.
- The Atlantis Green Technology Industrial Park provides key incentives for Green based industries, and SAREBI is to be located in the park.
- The potential expansion of gas lines to the Atlantis area and surrounding will lower operation costs.
- The recent investment and relocation of international manufacturing operations to the metropolitan identifies the competitive edge that the city holds.
- There is land available to further develop this sector.

Selected Companies located in Cape Town

Hisense	Kimberley Clarke
The Foshini Group	Woolworths
Johnson & Johnson	Tellumat
Edcon Group	KAP Industrial Holdings Ltd
Electro inductive Industries (PTY) LTD	Steinhoff Africa Holdings (Pty) Ltd
Coricraft	Atlantis Foundries
Protea Chemicals	Prestige Clothing

4.10 Hospitality & Tourism

According to the UNWTO World Tourism Barometer (2014), international arrivals reached 1,138 million in 2014 and grew by 4.7% in 2014 when compared to the previous year. The overall demand in international tourism was robust with 51 million more tourists travelling the world.

Tourism was identified as a key sector of the Western Cape's Governments 2015 Khulisa project (with the City of Cape Town as one of the main partners). The project identifies sectors with the greatest potential to provide the greatest growth and job creation over the next five years to 2019.

Cape Town Travel and Tourism Competitiveness, 2014 preliminary statistics	
Indicators	Value
Total foreign direct spend in Cape Town (ZAR billion)	69.2
Share of provincial foreign direct spend	26.3
Total spend by domestic tourist in Cape Town (ZAR billion)	43
Total economic value of tourism in Cape Town (ZAR billion)	15.6
Number of foreign arrivals to the Western Cape 2014 (millions)	1.7
Share of foreign arrivals to Cape Town 2014	94.3%
Number of domestic trips taken to the Western Cape 2014 (millions)	2.6
Share of domestic trips to Cape Town 2014	32.6%

Source: Grant Thornton South Africa (2014), *Research on the Economic Value of Tourism in the City of Cape Town*

South African Tourism (SAT) has released their *Annual South African Tourism Index 2014* report. According to this report, the Western Cape experienced a 4.2% growth in 2014 with 1,386,100 tourist arrivals from 1,330,520 in 2013.

In 2014, the estimated Total Foreign Direct Spend (TFDS; excluding capital expenditure) in South Africa was R64.2 billion which was a 0.4% increase year-on-year; the estimated TFDS in South Africa (including capital expenditure) reached R65.0 billion reflecting a 2.6% decrease from 2013. The Western Cape reached a TFDS of R13.4 billion, recording a year-on-year decrease of 5.5% for the period.

The United Kingdom ranked as the top international market for South Africa, recording over 300,000 tourist arrivals in 2014 and growing by 1.9% year-on-year. Apart from the United Kingdom, four additional European markets were positioned in 3rd (Germany), 4th (France), 5th (Netherlands) and 10th (Italy) places, occupying five spots in the top 10 ranking of international markets. The United States not only led growth for the North America region, but also ranked as South Africa's second largest international market and grew by 4.6% year-on-year. While two of the strongest BRIC markets ranked amongst the top 10 international countries to South Africa, declines in tourist arrivals were recorded for both India (-9.2%) and China incl. Hong Kong (23.3%).

In 2014, the European countries dominated in the top ten international markets ranking, with the United Kingdom and Germany leading as the top two international markets to the Western Cape. Six of the top ten markets represented Europe, underlining the strong performance of the region in 2014.

Namibia confidently led the Africa market to the Western Cape and accounted for 44.0% of South Africa's tourist arrivals from Namibia. Mozambique and Zimbabwe followed as the Western Cape's second and third largest Africa land markets, with Angola not far behind in 4th position and portraying its strength as one of the fastest growing Africa air markets.

The table below shows the foreign and domestic bed nights in South Africa, the Western Cape and Cape Town. Cape Town dominated the foreign bed nights in the Western Cape accounting for 69%.

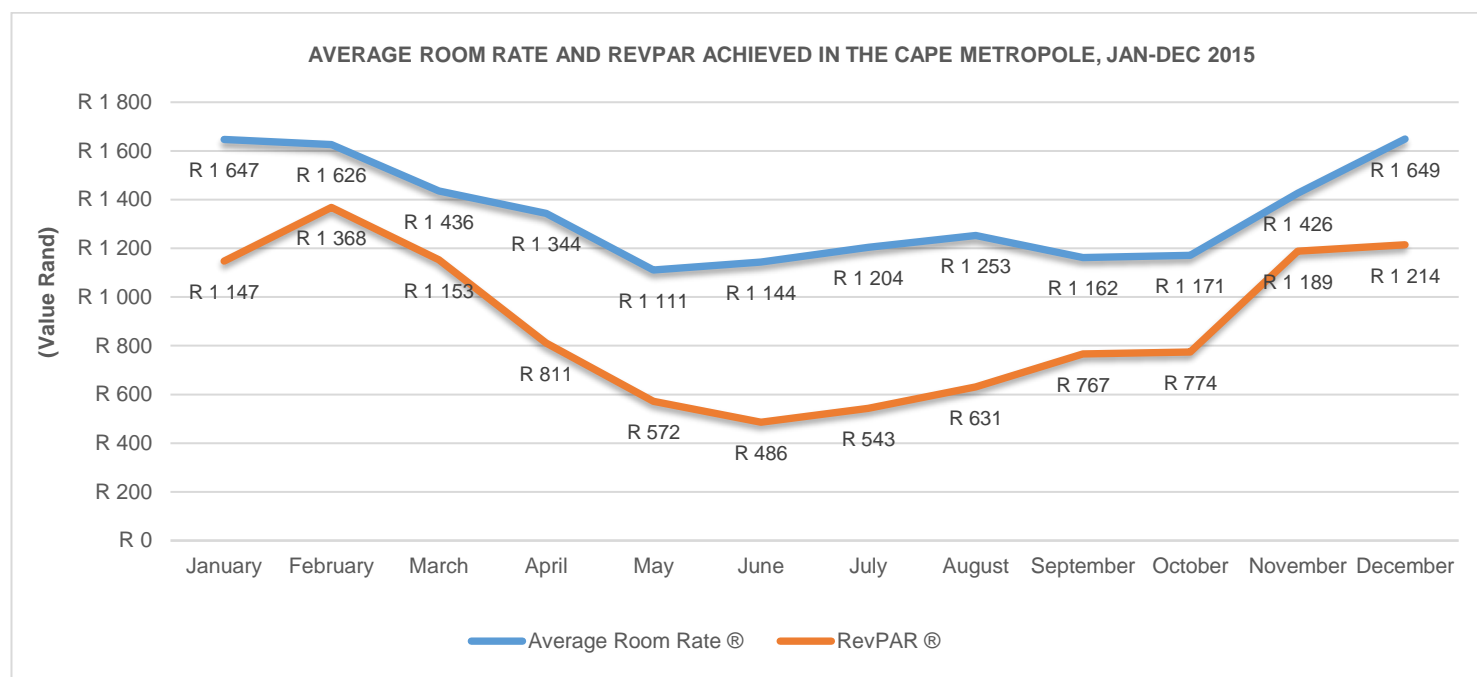
Foreign and Domestic Bed Nights, 2014 preliminary statistics	
Indicators	Value
Total number of bednights by foreigner arrivals to South Africa (millions)	85.1
Share of foreign bednights in the Western Cape	26.3%
Number of bednights by foreign arrivals in Cape Town (millions)	15.5
Share of foreign bednights for the Western Cape in Cape Town	69.2%
Total number of domestic bednights in South Africa (millions)	113.2
Share of domestic bednights to the Western Cape	11.2%
Share of domestic bed nights for the Western Cape in Cape Town	43.1%
Number of domestic bednights in Cape Town (millions)	5.4

Source: Grant Thornton South Africa (2013), *Research on the Economic Value of Tourism in the City of Cape Town*

Cape Town Accommodation Performance Review

The Cape Metropole accommodation establishments recorded their strongest occupancy rates during the months of February (84.1%), November (83.4%) and March (80.3%), portraying a steady trend throughout the peak season periods. While a seasonal drop can be seen across the winter months, the accommodation sector continued to welcome visitors during the period.

The average room rate and revenue patterns by month portrays a similar trend to the occupancy levels indicated above. From the trend observed below it is evident that the participating accommodation establishments achieved their advertised room rates during the peak season, with the highest overall average rate achieved during the months of December (R1,649) January (R1,647) and February (R1,626).



Source: Cape Town Tourism, 2016

When observing the occupancy levels across the respective accommodation categories, it is evident that Cape Town continues to hold a strong demand and popularity for backpacker accommodation. These key trends underline the versatility of Cape Town as a tourism destination and the strong appeal the city has to the young traveller market.

The Cape Town sub-regions were equally dominated by visitors during the peak season months, portraying strong occupancy levels during the months of February, March, November and December. The strongest occupancy rates were recorded in the Atlantic Seaboard across the summer months. The Northern Suburbs region held the strongest occupancy rates during the winter months, portraying a clear variation in accommodation trends across the respective months.

Opportunities and advantages for businesses in Cape Town as a tourism destination

- The Cape Town International Airport provides a gateway to other activities within the Western Cape and surrounding provinces.
- The Cape Town International Convention Centre attracts numerous business visitors, hosting a variety of conferences. There are extensive downward linkages such as day tour operators, catering, retail etc.
- Growing opportunities have been identified by accommodation providers to locate on the periphery of nature reserves and surrounding towns.
- Cape Town Tourism is increasingly embracing sustainable principals through policy such as responsible tourism policies.
- Cape Town is a well recognised conference city, and conference attendees are noted as preferring accommodation in close proximity to facilities. Therefore, there is a potential market for providing accommodation close to conferencing centres. Additionally, the majority of hotel managers across South Africa determine that the corporate business demand market segment will drive the anticipated levels of growth in 2013. The government and conference/ MICE demand market segments were also identified as drivers of growth in performance in 2013.
- Cape Town offers easy access to sports including scuba diving, sailing, fishing, mountaineering, bungee jumping, parachuting and hang-gliding.
- Medical tourism combined with safaris is a growing market segment due to the thriving private health care system which offers world-class expertise and care at highly competitive rates.

4.11 Information Communication Technology

The information communication technology (ICT) sector is well established in the City of Cape Town and is a major hub within the province. It's made up of approximately 1 500 companies that are competitive in the international market. Some major local businesses which were established in Cape Town in the ICT space include Naspers, Britehouse (owned by Dimension Data), Fundamo (acquired by Visa), and Clickatell. Foreign subsidiaries in this sector include Toshiba, Huawei, Amazon, IBM, Deutsche Telekom, Trusted Logic etc. The ICT sector is predominantly made up of small and medium sized innovative companies that provide ICT services such as software development, web development and consulting.

Cape Town is increasingly gaining a reputation as an excellent regional hub for start-up technology businesses with an African focus – the local ecosystem provides access to skilled graduates via multiple universities, a growing number of incubators, accelerators and co-working spaces, and has recorded a number of successful exits. In December 2015 Cape Town was selected as France's sixth Global French Tech Hub.

Interest in the sector from numerous international investors and venture capitalists is apparent, and there has been investment into the City of Cape Town of more than ZAR11.9 billion into this sector over the last decade.

Western Cape ICT Industry Indicators	
Indicators	Value
Real Value (millions)	ZAR 19, 387
% total Provincial inputs (real prices)	85%
% contributions to Cape Town GDP	7%
Average annual growth rate (2009 – 2014)	2%
Foreign Direct Investment (billion) 2005-2015	ZAR 13.7
Growth of South African IT market (2013-2018)	6.25%
Employment 2013	Above 20,000

Source: FDIintelligence; Quantec; BMIResearch, 2016

Opportunities and resources include funding entities and support agencies. Furthermore, innovators have been prompted by the numerous entrepreneurial success stories of businesses and individuals derived from the city. The knowledge within this sector is also driven by the high profile universities and colleges offering ICT courses. Research shows that there are more tech-startups in the Western Cape than in the rest of South Africa. The Ventureburn Startup Survey 2015 found that the majority (59%) of startups are based in the Western Cape. PwC similarly showed that most of South Africa's "emerging companies" are based in the Western Cape (56%), followed by Gauteng (34%). PwC's Emerging Company Survey found

there are more support small business development and innovation programmes in the Western Cape than elsewhere in the country. These initiatives include CodeX, AlphaCode, the Bandwidth Barn, RLabs, Grindstone Accelerator, Launch Lab, the Silicon Cape Initiative, Cape Innovation and Technology Initiative (CiTi) and many more. The industry has also experienced many successful exits, where tech start-ups have been acquired by prominent firms.




Successful Exits		
Aquired (complete or partial)	Aquirer	Amount
Woothemes	Automattic	USD 30m
WiGroup	Investec	ZAR 400m
Fundamo	Visa	USD 110m
Mxit	Avatar	ZAR 500m

Source: Wesgro, 2016

The finance and business sector is one of the prominent sectors that drives the growth of this sector as they competitively utilise internet and mobile connectivity in their business functions. ICT is incorporated with online services and unique product offerings to enhance efficiency and competitiveness. Cape Town has been designated as a French Tech Hub joining Moscow, New York, San Francisco, Tel-Aviv and Tokyo as cities handpicked to 'foster the growth of start-up companies and to promote innovation' by the French Minister of the Economy, Industry and Digital Affairs.

Opportunities and advantages of Cape Town as an ICT location

- Key sub-sectors include: Fintech, eHealth, EduTech, Traveltech and Greentech / Cleantech.
- The City of Cape Town has a planned Broadband Rollout programme, where just under ZAR15 billion in new broadband rollout, maintenance and upgrades will be undertaken to link broadband services to approximately 2,000 government sites, including schools and libraries. Aside from the potential opportunity for private sector companies to leverage off excess capacity (as the plan is for open source access), it is a hugely beneficial step for the youth population of the Province to upskill from an early stage.
- Improved internet accessibility is increasing demand for online and ICT services. A survey of South African online behaviours indicates that 49% use ADSL connections, and 36% use mobiles. Coupled with the growth in cell phone use, this presents a growing opportunity for innovations.
- The ICT ecosystem that has been developed in the Western Cape is strong – with numerous accelerators and operators ranging from Public Sector funded initiatives such as the Cape Innovation and Technology Initiative (CiTi) which supports IT skills development and manages the Bandwidth Barn and Khayelitsha incubation hubs. From a private sector perspective there are numerous ICT incubators and accelerators present across the cape, as well as the Silicon Cape IT member network which boasts more than 8,000 members and recently received support from FNB.
- Co-working spaces foster a "think-tank" environment and sector cluster
- The Technology Innovation Agency (TIA) offers incentives through their seed fund, technology development fund and commercialisation support fund. The Department of Trade and Industry also offers SMME incentives through the Support Programme for Industrial Innovation (SPII).

SELECTED WESTERN CAPE INITIATIVES IN ICT		
COMPANY	DETAILS	CONTACT
The Cape IT Initiative (CiTi)	An NPO developing an ICT hub in SSA. Infrastructure development. Skills development and "barns".	www.citi.org.za
 Bandwidth Barn	 One of the leading ICT business incubators in the world	 www.bandwidthbarn.org
Silicon Cape Initiative	An NPO developed to foster the creation and growth of world class IP start-up companies and ecosystem support.	www.siliconcape.com
Technology Innovation Agency	To be a world-class leading technology innovation agency that stimulates and supports technological innovation to improve the quality of life for all South Africans.	http://www.tia.org.za/
IBM Innovation Centre	A centre to promote computer skills	www.ibm/zaa/aic

Source: *Digital Gateway to Africa*, Wesgro, 2016

Selected Companies located in Cape Town	
Integr8t	Fundamo
Syntell	Takealot
4th Dimension Technology	EOH
Clickatell	ACI
Snapscan	Paarlmedia
Yola	Britehouse
Naspers	Wigroup
IBM	Trusted Logic

5. THE BUSINESS ENVIRONMENT

South Africa actively encourages foreign investment in all sectors of the economy, and there are consequently generally few restrictions on investment. There are however certain control and ownership restrictions, and specific authorizations are often required in regulated sectors such as telecommunications, banking, insurance, broadcasting, defense and mining.

5.1 Company registration and administration

There are six principal methods of doing business in South Africa. These are by registering as a 1) Company (public or private) incorporated under the Companies Act 71 of 2008, 2) Personal Liability Company, 3) Partnership, 4) Business trust, 5) Sole Proprietorship, and 6) External Company (branch of a foreign company).

Apart from business and work permits, no other permits are required for foreigners to begin a business. There are however a range of administrative procedures which have to be complied with. A private company must register its name, memorandum of incorporation and its notice of incorporation with the Companies and Intellectual Property Commission. If a branch is registered under a foreign company, it will fall under the Companies Act of 2008, and the company is required to register as an “external company” with the South African Registrar of Companies in Pretoria

5.2 Duty Drawback Scheme

Duty Drawback schemes provide refunds for import duties paid on the materials used in the production of goods that are exported. Drawbacks are administered by the International Trade Administration Commission of South Africa, and manufacturers may apply for refunds after the final product is exported. Where intermediate goods, consumption goods, or capital goods are not manufactured in South Africa, a reduction or removal of duties is considered case by case.

5.3 Exchange and remittance of funds

Exchange controls on South African residents are enforced by the South African Reserve Bank (SARB). Exchange controls are only exercised on residents and the transactions in foreign exchange entered in between non-residents and residents. There are no restrictions on foreign investors to acquire companies or businesses in South Africa, and additionally, the acquisition of shares or introduction of capital does not require SARB approval. Exchange Control Regulations are being relaxed and in most cases, the process of obtaining necessary exchange control approval is not a major barrier to investment.

5.4 Land and buildings

There is no restriction on foreign investors in acquiring property in the country. In order for foreign companies to acquire property, they must register as an external company in terms of the Companies Act 71 of 2008. In general, investors in real estate acquire immovable property using a domestic company which confers limited liability on the investor. All ownership of land is recorded in a deeds registry, and rights are protected in the Constitution of South Africa 1996.

5.5 Employment and labour relations

The employment sector within South Africa is regulated by statute, common law and contract. The main legislature regulating the employer/employee relationship include 1) Labour Relations Act 1995, 2) Basic Conditions of Employment Act 1997, 3) Skills Development Act 1998, 4) Skills Development Levies Act 1999, 5) Unemployment Insurance Act 2001, 6) The Unemployment Insurance Contributions Act 2002, 7) Occupational Health and Safety Act 1993, and 8) Compensation for Occupational Injuries and Diseases Act 1993. Foreigners must obtain a work permit before they are legally entitled to work in South Africa.

5.6 Taxation and Double Taxation Agreements

South Africa has a highly regarded tax system that is over-seen by the South African Revenue Services. The tax system is a residence-based system which implies that subject to certain exclusions, residents are taxed on their worldwide income, irrespective of where the income is earned. Concerning non-residents, they are taxed on their income sourced from South Africa, or deemed to be sourced from South Africa. For a status overview of DTAs with other nations, visit: www.sars.gov.za

5.7 Access to Finance

Opening a bank account as a foreigner

To open a bank account, foreigners must be in the possession of a valid work or residency permit. Additionally, by law banks have to request identity and a proof of residence. The type of account depends on the type of permit you have been issued. Foreigners issued with a work permit may open a normal resident account with no restrictions. If however your visa does not permit you to earn an income, a non-resident account may be opened and subject to the restriction of not permitting South Africa currency to be deposited. South Africa possesses a nationwide network of ATMs, branches, and a rapidly growing online banking system.

Restrictions on borrowing by foreign companies

The limit placed on borrowing by foreign-owned companies is based on a pre-determined formula. Considering 100% foreign-owned companies, the local borrowing limit is 100% of the effective capital of the South African company. If an affected company wishes to apply for local finance, the MP79 form must be complete. This form discloses assets and liabilities that the applicant company is in possession of prior to the granting of financial assistance.

6. ACCESS TO INTERNATIONAL MARKETS

South Africa's broad economic policy includes schemes designed to encourage and promote international competitiveness and access to the global market. Therefore, multiple free-trade and bilateral agreements have been signed towards removing barriers to trade and gaining increased market access, these include Southern African Customs Union (SACU), Southern African Development Community (SADC) FTA, Africa Growth and Opportunity Act (AGOA) and the Economic Partnership Agreement (EPA). South Africa's bilateral agreements are available on the Department of Trade and Industry website www.thedti.gov.za.

South Africa has also signed a number of double tax agreements (DTA) with a number of countries. The purpose of the agreements between the two tax administrations of two countries is to enable the administrations to eliminate double taxation. The Double Taxation Agreements (DTAs) and Protocols that are already in force can be located on the South African Revenue Service website www.sars.gov.za.

MAIN TRADE AGREEMENTS BETWEEN SOUTH AFRICA AND OTHER COUNTRIES				
Trade Agreement	Type of Agreement	Participating Nations	Main terms	Products Involved
Southern African Customs Union (SACU)	Customs Union	South Africa, Botswana, Lesotho, Namibia, Swaziland	Members of SACU jointly negotiate preferential trade agreements with third parties.	All products.
Southern African Development Community (SADC)	Free Trade Agreement (FTA)	Angola, Botswana, DRC, Lesotho, Madagascar, Malawi, Mauritius, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe	Producers and consumers do not pay import tariffs on more than 85% of all trade in community goods in the initial 12 countries implementing the SADC trade protocol. Market integration in SADC is accompanied by cross-border infrastructural development (such as the spatial development initiatives) and sectoral co-operation that aims to build and diversify the region's production structures.	All products.
SACU – European Free Trade Association (EFTA) Agreement	Provisionally applied Free Trade Agreement	All SACU countries and individual EFTA members	Three bilateral agricultural agreements were concluded between SACU and individual EFTA states, which form part of the main agreement and came into force at the same time as the FTA.	Industrial goods and processed agricultural products.
SACU – Southern Common Market (Mercusor)	Preferential Trade Agreement (PTA)	SACU; and Brazil, Argentina, Paraguay and Uruguay	Promote trade-related challenges such as sanitary and phyto-sanitary measures, and to advance product coverage for preferential treatment. Preferences for approximately 1,000 products have been granted by both SACU and Mercusor.	A narrow range of products in industrial, agricultural and fishery goods.
African Growth and Opportunity Act (AGOA)	Part of Trade and Development Act (2000)	US, 39 sub-Sahara African countries (South Africa included)	Provides duty-free access to the US market for AGOA members for the majority of products exported, whereby more than 98% of US imports are duty-free.	Over 7,000 products are covered.
Tripartite Free Trade Agreement (T-FTA)	FTA	Member states of SADC, EAC and COMESA	A tripartite initiative that comprises of three pillars: market integration, infrastructure development and industrial development. These three pillars will be pursued to ensure an equitable spread of the benefits of regional integration.	Phase1 covers only trade in goods and core areas necessary to support that.

MAIN TRADE AGREEMENTS BETWEEN SOUTH AFRICA AND OTHER COUNTRIES				
Trade Agreement	Type of Agreement	Participating Nations	Main terms	Products Involved
EU – South Africa Trade, Development and Cooperation Agreement (TDCA)	FTA	EU nations ⁶ , South Africa	Approximately 95% of duties on products derived from RSA are expected to be liberalized, and 86% of duties on EU originating products have been liberalized by RSA customs.	Some products are only partially liberalised.
Generalised System of Preferences (GSP)	Unilateral preferences granted under the enabling clause of the WTO	South Africa – EU, Norway, Switzerland, Russia, Turkey, US, Canada and Japan	A non-reciprocal trade agreement. The agreement is not contractually binding upon the benefactors; whereby preferential market access was granted to South Africa as it is a developing country.	Specific agricultural and industrial products.

⁶ Importantly, a number of trade agreements have been cancelled and are in the process of being cancelled by South Africa. The decision is however under review.

7. KEY INCENTIVES

There is growing public sector support for industry as a result of the recognition of the importance of key sectors of the economy. The City of Cape Town has developed incentives for investors locating in the Cape Town Metropolitan and is in the process of developing more incentives to encourage investment into this business destination.

Incentives applicable to the City of Cape Town only			
Incentive scheme		Description	Eligibility
1	Urban Development Zone (UDZ) tax incentive	Initiated by SARS and the city that aims to reward developers, individuals and other entities on investments. A tax deduction is based on a special depreciation allowance.	Investments made in either new developments or the upgrade of older buildings in specific demarcated areas within the metropolitan.

Atlantis Green Industrial Technology Park Incentives			
Measure		Description	Eligibility
1	Competitive lease offer and financial incentives	Attractive leasing and rates for prospective tenants and developers: <ul style="list-style-type: none"> Land is available for ZAR33 – ZAR180 per m² Leases in multiples of 5 years up to 30 years Rental review periods may be negotiated providing security of tenure. Option to purchase after a 5, 10 or 15 year period, or upfront. 	Renewable of green industry manufacturing business
2	Fast tracked application process	A clear and transparent application process for interested parties.	Renewable of green industry manufacturing business
3	Environmental Exemption	The delineated sites were awarded an Environmental Authorization and Exemption in January 2013.	Renewable of green industry manufacturing business

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The DTI, in collaboration for other public and private sector entities have developed a number incentives schemes to assist with the growth of certain sectors. These national incentives schemes are listed below.

KEY INCENTIVES		
INCENTIVE SCHEME	PURPOSE	QUALIFYING COSTS
Manufacturing Competitiveness Enhancement Programme (MCEP)	To promote the investment in manufacturing within leading sectors.	Non-taxable grant calculated as a % of Manufacturing Value Added (MVA) and capped accordingly. Machinery, equipment, plant, commercial vehicles, land buildings
Sector Specific Assistance Scheme (SSAS)	Non-profit business organisations in sectors and sub-sectors of industries prioritised by the DTI.	Reimbursable 80:20 cost-sharing scheme whereby financial support is granted
Clothing and Textile Competitiveness Improvement Programme (CTCIP)	To build capacity among manufacturers and in other areas of the apparel value chain in South Africa. Such competitiveness encompasses issues of cost, quality, flexibility, reliability, adaptability and the capability to innovate.	Assists with training to improve business functions and operations.
Support Programme for Industrial Innovation (SPII)	To promote technology development in South Africa's industry, through the provision of financial assistance. Three schemes: SPII Product Process Development (PPD) Scheme; SPII Matching Scheme; and SPII Partnership Scheme.	Qualifying costs include: Personnel Related Costs; Travel Expenses (defined maximum); Direct Material; Capital Items and Tooling (pro rata); Software (not general software); Documentation; Testing and Trials; Licensing Costs; Quality Assurance and Certification; Patent Costs; and Subcontracting and Consulting.
Manufacturing Investment Programme (MIP)	Local and foreign-owned manufacturers who wish to establish a new production facility; expand an existing production facility; or upgrade	A reimbursable cash grant. Qualifying assets: machinery and equipment, buildings, and commercial vehicles

	an existing facility in the clothing and textiles sector.	
12i Tax Incentive	Improve capital stock in manufacturing sector including tobacco, alcoholic beverages, arms and ammunition, etc.	Tax allowance for investment and training.
Automotive Investment Scheme (AIS)	To grow and develop the automotive sector through investment in new and/or replacement models and components.	Owned buildings and/or improvements to owned buildings, and new and/or second hand or refurbished plant machinery, equipment and tooling.
People-carrier Automotive Investment Scheme (P-AIS)	To grow and develop people-carrier vehicles through investment in new and/or replacement models and components.	Owned buildings and/or improvements to owned buildings, and new and/or second hand or refurbished plant machinery, equipment and tooling.
Critical Infrastructure Programme (CIP)	Qualifying projects: Transport systems, Electricity and distribution systems, Telecommunications systems, Transmission systems, Sewage systems, Waste storage, disposal and treatment systems, Fuel supply systems.	A 70:30 cost-sharing grant scheme intended to leverage strategic investment projects (green and brown fields) by financially supporting infrastructure critical to such projects, enabling them to be established.
Aquaculture Development and Enhancement Programme (ADEP)	Stimulation of investment in aquaculture to increase production, create jobs, encourage geographical spread and broaden participation.	Machinery and equipment, bulk infrastructure, land and/or buildings, leasehold improvements, competitiveness improvement activities.
Business Process Services (BPS)	To attract investment and create employment through offshoring activities for back office processes, contact centres, finance and accounting services, human resource, IT and technical services etc.	A baseline incentive offering a 3-year operational expenditure on actual jobs created. A graduated bonus incentive which is offered for greater job creation paid once in the year in which the bonus level is first achieved.
South Africa Film and Television Production and Co-production Incentive	Feature films, Telemovies, Television drama series or miniseries, Documentary or documentary miniseries, or documentary feature, Animation, Digital content and Video gaming.	Offering financial support to South African productions and official treaty co-productions with budgets of at least ZAR2.5 million.
Foreign Film and Television production and Post-production Incentive	To encourage and attract large-budget films and television productions and post-production work.	Incentive calculation is based on qualifying South African production and post-production expenditure.
The Location Film and Television Production Incentive	Created to attract big-budget overseas film and television productions.	Offers a 15% rebate to foreign-owned productions with a South Africa spend of minimum ZAR12 million (approximately US\$1.5 million).
BPO&O Investment Incentive and Training Scheme	To attract BPO investment and create employment opportunities and skills development. The incentive is applicable to 1) Registered legal entities in South Africa, 2) Approval for investment projects to proceed has been obtained 3) Offshoring activities only There are specific criteria that projects must meet in order to qualify.	An investment incentive grant ranging from ZAR37, 000 and ZAR60, 000 per seat. A Training and Skills Support Grants which covers the costs of company specific training, to a maximum of ZAR12, 000 per agent. The incentives are under review and subject to change April 2014.

8. KEY CONTACTS

The table below shows contacts for the respective sectors (please note the list doesn't show all the contacts).

BPO			
Organisation	Website	E-mail	Contact Number
Business Process Enabling South Africa (BPeSA)	www.bpesa.org.za	info@bpesa.org.za	+27 (0)71 838 5309
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0)21 487 8600
Financial Services			
Cape Chamber of Commerce	www.capetownchamber.com	info@capechamber.co.za	+27 (0)21 402 4300
Financial Services Board	www.fsb.co.za	info@fsb.co.za	+27 (0)12 428 8000
South African Reserve Bank	www.reservebank.co.za	info@reservebank.co.za	+27 (0) 12 3133911
SA Financial Sector Forum	www.finforum.co.za	info@finforum.co.za	+27 (0) 21 4816700
The Banking Association of SA	http://www.banking.org.za	webmaster@banking.org.za	+27 (11) 645 6700
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0)21 487 8600
Business services			
Cape Chamber of Commerce	www.capetownchamber.com	info@capechamber.co.za	+27 (0)21 402 4300
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0)21 487 8600
Agro processing			
Western Cape Department of Agriculture	www.elsenburg.com	wouter.kriel@westerncape.gov.za	+27 (0)21 808 5111
Wines of South Africa	www.wosa.co.za	info@wosa.co.za	+27 (0) 21 883 3860
Agri-SA	http://www.agrisa.co.za/	agrisa@agrisa.co.za	+ 27 (0) 12 643 3400
HORTGRO	http://www.hortgro.co.za/	info@hortgro.co.za	+27 (0) 21 870 2900
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0)21 487 8600
Western Cape Aquaculture Development Initiative	-	edward.wcadi@telkomsa.net	+27 (0)21 424 2572
Western Cape Department of Agriculture	www.elsenburg.com	wouter.kriel@westerncape.gov.za	+27 (0)21 808 5111
Aquaculture Association of SA	www.aasa-aqua.co.za	Info@aasa-aqua.co.za	+27 (0)12 803 5208
SAFVCA. South African Fruit & Vegetable Canners Association	www.safvca.co.za	info@safvca.co.za	+27 21 871 1308
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0)21 487 8600
Renewable Energy & Oil & Gas			
South African Gas and Oil Alliance	www.sagoa.org.za	info@offshoreafrica.co.za	+27 (0) 21 425 8840
Transnet Commercial	www.transnet.co.za	enquiries@transnet.net	+27 (0)11 308 3929
Liquified Petroleum Gas Safety Association of Southern Africa	www.lpgas.co.za	info@logas.co.za	+27 (0) 11 886 9702
South African Petroleum Industry Association (SAPIA)	www.sapia.co.za/	info@sapia.co.za	+27 (0)11 783 7664
Green-Cape	www.green-cape.co.za	-	+27 (0) 21 811 0250
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0) 21 487 8600
Marine Industry Association South Africa	www.miasa.co.za	info@miasa.co.za	+27 (0)21 418 8899
South African Boat Builders Export Council	www.sabbex.co.za	info@sabbex.co.za	+27 (0)21 418 8889
Transnet National Ports Authority	www.transnet.co.za	Coen.birkenstock@transnet.net	+27 (0)11 351 9001

Film & Multimedia			
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0)21 487 8600
National Film and Video Foundation	www.nfvf.co.za	info@nfvf.co.za	+27 (0)11 483 0880
Commercial Producers' Association (CPA)	www.cpasatv.com	bobby@cpasatv.com	+27 (0) 11 673 6809
South African Association of Stills Producers (SAASP)	www.saasp.co.za	rudi@saasp.co.za	+27 (0) 28 423 3595
The Documentary Film Makers Association (DFA)	www.docfilmsa.com	info@docfilmsa.com	+27 (11) 888 4349
Make Games South Africa	www.makegamesa.com	admin@makegamesa.com	+27 (0) 82 675 3372
Writers' Guild of South Africa (WGSA)	www.writersguildsa.org	admin@writersguildsa.org	+27 (0) 11 888 4349
The Independent Producers Organisation (IPO)	www.ipo.org.za	communications@ipo.org.za	+27 011 799 2200
The DTI	www.thedti.gov.za	contactus@thedti.gov.za	+27 (12) 394 9500
Animations South Africa (ASA)	www.animationsa.org	info@animationsa.org	See website for sector
National Association of Model Agencies (NAMA)	www.nama.co.za	http://www.nama.co.za/contact.html	See website for sector
South African Screen Federation (SASFED)	www.sasfed.org	info@sasfed.org	+27 (0) 83-901-2000
Interactive Entertainment SA (IESA)	www.iesa.org.za	nickhall@iesa.org.za	+27 (0) 82 675 3372
South African Guild of Editors	www.editorsguildsa.org	info@editorsguildsa.org	+27 82 255 8077
Personal Managers' Association	www.thepma.co.za	http://www.thepma.co.za/contact	See website for sector
Metals & Engineering			
Cape Engineers and Founders Association	www.capechamber.co.za	colin@capeengineers.co.za	+27 (0)21 425 2627
Steel and Industries Federation of South Africa	www.seifsa.co.za	info@seifsa.co.za	+27 (0)11 298 9400
Metal and Engineering Industries Bargaining Council	www.meibc.co.za	ceo@meibc.co.za	+27 (0)21 421 6140
Aluminium Federation of Southern Africa	www.afsa.co.za	afsa@afsa.org.za	+27 (0) 11 4533339
Manufacturing			
Cape Chamber of Commerce	www.capetownchamber.com	info@capechamber.co.za	+27 (0)21 402 4300
Wesgro	www.wesgro.co.za	info@wesgro.co.za	-27 (0)21 487 8600
Tourism			
Wesgro	www.wesgro.co.za	info@wesgro.co.za	+27 (0)21 487 8600
Cape Town Tourism	www.capetown.travel	info@capetown.travel	+27 (0)21 487 6800
Tourism Business Council South Africa/	www.tbcsa.travel/	-	+27(0)12 654 7525