

# Germany

## May 2022

### Executive Summary

This snapshot provides key trade, investment, and tourism related statistics for Germany. Specifically, it shows global trade and investment flows including an analysis of top markets and products for Germany in relation to the Western Cape, highlighting the largest and fastest growing products and sub-sectors. The key highlights in the fact sheet are provided below:

### Economy

- Germany weathered the first wave of the COVID-19 pandemic relatively well. The economy contracted by 4.6% in 2020, outperforming most European peers.
- The fallout from the war in Ukraine and COVID-19 related disruptions to global supply chains are slowing Germany's economic recovery from the pandemic, with the spike in energy prices pushing up inflation to multi-decade highs.
- Germany's economic growth is projected to slow to about 2% in 2022, from 2.8% in 2021, and pick up in 2023 to slightly above 2% if energy prices and supply bottlenecks subside, and COVID infections remain under control.

### Trade

- South Africa's export receipts with Germany totalled ZAR148.38bn in 2021, increasing by 34.21% y-o-y from the 2020 value of ZAR110.56bn. Associated import costs increased by 9.06% y-o-y to a value of ZAR111.42bn in 2021, up from ZAR102.16bn incurred in 2020.
- South Africa's leading export product to Germany in 2021 were motor cars at a value of ZAR41.38bn.
- Western Cape export receipts from its trade with Germany stood at ZAR5.18bn in 2021, decreasing by 0.36% from the 2020 value of ZAR5.20bn. Associated import costs stood at ZAR7.07bn in 2021, increasing by 17.97% from the 2020 value of ZAR5.99bn.
- The Western Cape's leading export product to Germany in 2021 were parts for use solely with engines at a value of ZAR1.32bn.

### Investment

- According to FDI Market statistics, a total of 174 FDI projects (ZAR122.12bn capex value) were recorded from Germany into South Africa over the period 2003 – March 2022, and 33 of these were made into the Western Cape.
- In turn, 45 FDI projects with a total capex value of ZAR17.02bn were recorded from South Africa to Germany over the same period; and 8 of these were from the Western Cape.

### Tourism

- South Africa received 106 092 tourist arrivals in 2020, a decrease of 67.1% from 322, 720 recorded in 2019.
- The Western Cape had a record 66, 431 German tourist arrivals in 2020, a decrease of 48.60% from 129, 248 travellers recorded in 2019.
- German passenger movement through the Cape Town International Airport plummeted in April 2020, recording only 51 passengers. Across the remaining months of 2020, December recorded the largest (2,669) number of passengers since lockdown. January 2021 remained steady at slightly over 2, 306 passengers, followed by a peak of 8, 360 only in December 2021. 2022 has seen a good start, with a record of 10 043 passengers in February 2022, the highest since March 2020.

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## 1. ECONOMIC OVERVIEW

The German economy is the fifth largest economy in the world in Purchasing Power Parity (PPP) terms and Europe's largest. The country is a leading exporter of machinery, vehicles, chemicals, and household equipment. Germany benefits from a highly skilled labour force, but, like its Western European neighbours, faces significant demographic challenges to sustained long-term growth. Low fertility rates and a large increase in net immigration are increasing pressure on the country's social welfare system and necessitate structural reforms.

Germany weathered the first wave of the COVID-19 pandemic relatively well. The economy contracted by 4.6% in 2020, outperforming most European peers. But new waves of infections, marked by more transmissible virus variants and associated lockdown measures, compounded by supply-side shortages, caused economic activity to contract again at the beginning of 2021. Mass vaccinations were slow to start but have gathered pace. Moreover, in 2020, Germany recorded its first fiscal deficit in eight years, reflecting unprecedented policy support to combat the pandemic. The current account surplus narrowed slightly relative to 2019, with the contraction in the goods trade balance largely offset by a commensurate decline in the services deficit and lower oil prices. Fiscal and financial policies remain accommodative, and most measures supporting households and firms were extended through 2021, enabled by the continued activation of the escape clause to the debt brake rule. The expansion of short-time work benefits ("Kurzarbeit") has played a crucial role in preserving jobs and supporting domestic demand.

More recently, the fallout from the war in Ukraine and COVID-related disruptions to global supply chains are slowing Germany's economic recovery from the pandemic, with the spike in energy prices pushing up inflation to multi-decade highs. Just prior to Russia's invasion of Ukraine, Germany's economic activity was firming up. Easing semiconductor shortages were allowing auto production to regain some momentum. Moreover, in recent months, falling hospitalizations and relaxation of pandemic restrictions were helping services activity to rebound. The war in Ukraine impacts the economy through several channels: higher energy prices; scarcity of a range of products and commodities; and weaker external demand and confidence. The rise in energy prices explains much of the spike in consumer price inflation, although pressures are becoming more widespread.

The baseline scenario is for a tepid recovery, but risks are skewed downward. Growth is projected to slow to about 2% in 2022, from 2.8% in 2021, and pick up in 2023 to slightly above 2% if energy prices and supply bottlenecks subside, and COVID infections remain under control. Output would remain below the pre-pandemic trend in the medium term, given headwinds from elevated energy prices to private investment, weaker external demand, and greater economic and geopolitical uncertainty. Inflation is expected to stay elevated at about 6 and a half percent in 2022 and moderate to about 3 and a half percent in 2023. However, growth could prove weaker and inflation higher than in the baseline. The greatest threat is a persistent and complete shut-off of Russia's gas exports to Germany and Europe more broadly, as it would take at least two years to fully replace the missing supplies in Germany. Other risks include tighter sanctions or disruptions due to the war, or COVID-related restrictions at home and abroad, which can intensify global supply bottlenecks and weaken confidence. Persistently high inflation and fears of a de-anchoring of inflation expectations can prompt major central banks to tighten policies faster than expected, potentially leading to a sharp tightening in financial conditions and corrections in asset prices. Furthermore, delays in securing renewable energy supply or in enhancing digitalization, and fragmentation of global value chains, could weigh on Germany's potential growth.

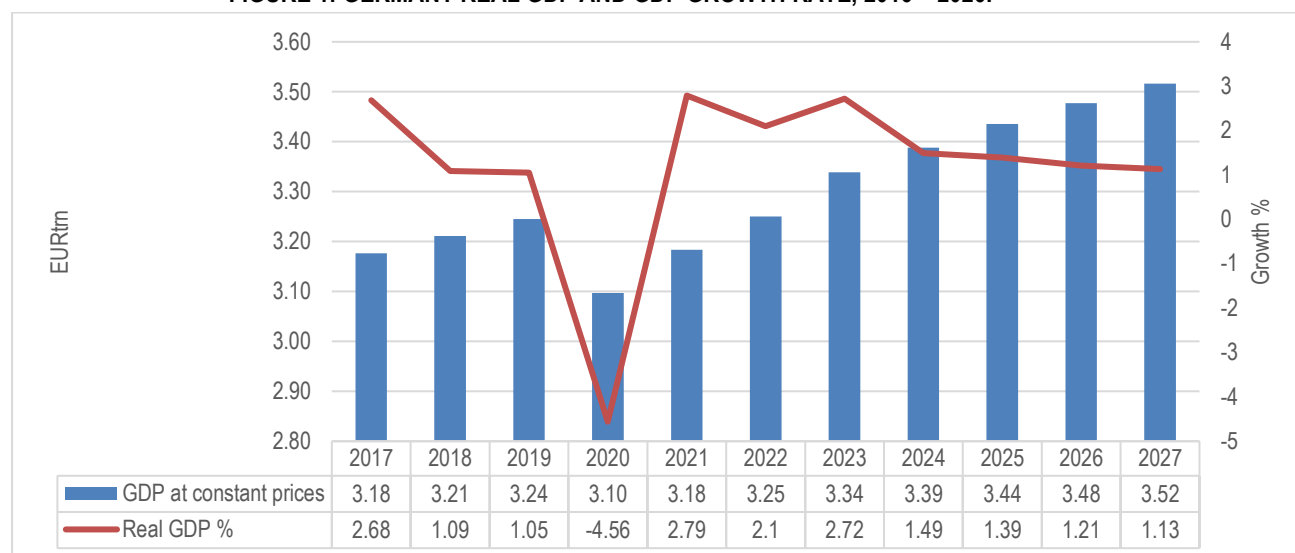
**TABLE 1: ECONOMIC INFORMATION**

GDP, constant prices (national currency) (2022 est.)	EUR3, 250.04bn
Real GDP growth (2022 est.)	2.1%
GDP per capita, constant prices (2022 est.)	EUR39, 019.93
Inflation, consumer average prices (2022 est.)	5.46%
Main refinancing operations (MRO) (Apr 2022)	0.00%
Unemployment rate (2022 est.)	3.22%
Total Exports (2021)	USD1.63trn
Total Imports (2021)	USD1.42trn

Sources: IMF 2022; European Central Bank, 2022; Trade Map 2022

The graph below depicts Germany's gross domestic product (GDP) and its medium-term growth forecast. According to the International Monetary Fund (IMF), Germany's economic growth is projected to slow to about 2% in 2022, from 2.8% in 2021, and pick up in 2023 to slightly above 2% if energy prices and supply bottlenecks subside, and COVID infections remain under control. Output would remain below the pre-pandemic trend in the medium term, given headwinds from elevated energy prices to private investment, weaker external demand, and greater economic and geopolitical uncertainty following the war.<sup>1</sup>

**FIGURE 1: GERMANY REAL GDP AND GDP GROWTH RATE, 2016 – 2026F**



Source: IMF, 2022

Germany's GDP sectoral contribution is shown in Figure 2 below. These are some of the most important industries in Germany:<sup>2</sup>

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**Agriculture, forestry, and mining** accounts for only 0.74% of Germany's gross domestic product (GDP). Agriculture is extremely productive, and Germany can cover 90% of its nutritional needs with domestic production. Germany is the third-largest agricultural producer in the European Union after France and Italy. Germany's principal agricultural products are potatoes, wheat, barley, sugar beets, fruit, and cabbages. Despite the country's high level of industrialization, almost one-third of its territory is covered by forest. The forestry industry provides for about two-thirds of domestic consumption of wood and wood products, so Germany is a net importer of these items.

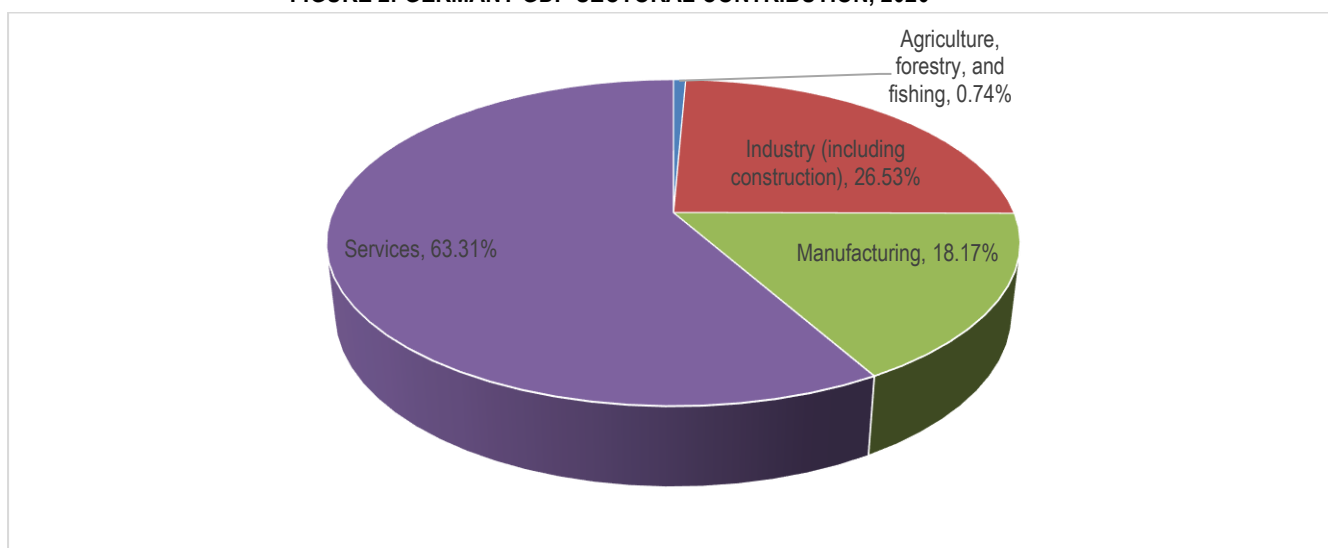
**Industry and construction** account for 26.53% of the gross domestic product. Germany excels in the production of automobiles, machinery, electrical equipment and chemicals. German automotive companies enjoy an extremely strong position in the so-called premium segment, with a combined world market share of about 90%.

While **services** constitute 63.31% of gross domestic product (GDP). The subcomponents of services are financial, renting, and business activities (30.5%); trade, hotels and restaurants, and transport (18%); and other service activities (21.7%). Germany is the seventh most visited country in the world, with multiple millions of overnights stays. Made up of foreign visitors and international tourists, Berlin has become the third most visited city destination in Europe. Additionally, more than 30% of Germans spend their holiday in their own country, with the biggest share going to Mecklenburg-Vorpommern. The largest annual international trade fairs and congresses are held in several German cities such as Hannover, Frankfurt, and Berlin.

<sup>1</sup> Sources: IMF, 2022

<sup>2</sup> OECD, 2022

**FIGURE 2: GERMANY GDP SECTORAL CONTRIBUTION, 2020**



Source: World Bank, 2022

Note: Values - Gross Value Added at basic prices (% of GDP)

## 1.1 MAJOR COMPANIES IN GERMANY

The Forbes Global 2000 is an annual list of the world's 2000 largest publicly listed corporations. The largest publicly traded German companies as per the Forbes 2000 Global rankings in 2022 are tabled below:

**TABLE 2: LARGEST PUBLICLY TRADED GERMAN COMPANIES AS PER THE FORBES 2000 GLOBAL RANKING, 2022**

GLOBAL RANK	COMPANY	SALES (USDbn)	PROFITS	ASSETS (USDbn)	MARKET VALUE (USDbn)	SECTOR
25	Volkswagen Group	295.73	17.54	638.26	82.4	Consumer Durables
35	Allianz	138.62	7.81	1, 324.62	96.42	Insurance
41	Mercedes-Benz Group	178.94	27.19	295.48	74.62	Consumer Durables
64	BMW Group	131.48	14.64	277.28	55.98	Consumer Durables
77	Deutsche Telekom	128.59	4.93	340.56	91.72	Telecommunications Services
132	Siemens	74.46	6.55	164.22	102.23	Conglomerates
155	BASF	92.9	6.53	102.41	51.78	Chemicals
163	Munich Re	84.44	3.47	358.97	35.48	Insurance
168	Deutsche Post	96.62	5.97	75.14	55.04	Transportation
179	SAP	33.18	5.64	80.93	124.02	IT Software & Services
230	E. ON	91.44	5.54	151.17	28.52	Utilities
252	Deutsche Bank	36.7	2.66	1, 505.64	24.54	Banking
271	Bayer	52.1	1.18	144.17	70.06	Drugs & Biotechnology
323	Merck KGaA, Darmstadt, Germany and its affiliates	23.37	3.61	52.13	82.53	Drugs & Biotechnology
337	Daimler Truck Holding	47.0	2.77	62.32	22.61	Transportation
415	Fresenius	44.26	2.15	81.83	20.43	Health Care Equipment & Services
436	RWE Group	28.99	852.2m	203.56	28.86	Utilities
451	Adidas	25.1	2.5	25.17	41.08	Household & Personal Products
479	Henkel	23.72	1.93	37.8	28.33	Household & Personal Products
500	Talanx	51.73	1.2	218.26	11.01	Insurance

Source: Forbes 2000, 2022

*Note: The Methodology*

*We compile our Global 2000 list using data from FactSet Research systems to screen for the biggest public companies in four metrics: sales, profits, assets and market value. Our market value calculation is as of April 18, 2019, closing prices and includes all common shares outstanding.*

*All figures are consolidated and in U.S. dollars. We use the latest-12-months' financial data available to us. We rely heavily on the databases for all data, as well as the latest financial period available for our rankings (the final database screen was run in early-April). Many factors play into which financial period of data is available for the companies and used in our rankings: the timeliness of our data collection/screening and company reporting policies, country-specific reporting policies and the lag time between when a company releases its financial data and when the databases capture it for screening/ranking. We quality-check the downloaded financial data to the best of our ability using other data sources, including Bloomberg and available company financial statements.*

*Publicly traded subsidiaries for which the parent company consolidates figures are excluded from our list. For most countries, the accounting rules for the consolidation of a subsidiary is when the parent's ownership (control) of the subsidiaries stock is more than 50%. Some countries accounting rules allow for the consolidation of a subsidiary at less than 50% ownership.*

## 1.2 GERMANY'S SOVEREIGN CREDIT RATING<sup>3</sup>

*"A sovereign credit rating is the credit rating of a country or sovereign entity. Sovereign credit ratings give investors insight into the level of risk associated with investing in a particular country and include political risks. At the request of the country, a credit rating agency will evaluate the country's economic and political environment to determine a representative credit rating" (Investopedia, 2020).*

While a number of credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services (Moody's) and Standard & Poor's (S&P). Reasons for a country/sovereign to seek a credit rating from one of these three agencies include not only to access funding in international bond markets via the issuance of bonds in external debt markets, but it is a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating a means for the country to demonstrate financial transparency and credit standing. Two key rating 'standards' exist, with the highest possible rating category being "AAA" according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below this, with the categories ranging all the way down to SD (i.e., defaulted), which means the rated country has failed to pay one or more of its financial obligations when it came due.

Recent rating of Germany was by Fitch Ratings on 29 April 2022. The rating agency affirmed Germany's long-term foreign-currency issuer default rating (IDR) at 'AAA' with a stable outlook.

The key rating drivers are:

Exceptional Credit Strength: The 'AAA' rating reflects Germany's diversified, high value-added economy, strong institutions and record of sound public finances that have enabled a robust policy response to the pandemic shock. Germany's position as the primary benchmark issuer in the eurozone ensures significant financing flexibility. Its large, structural current-account surplus (CAS) supports its net external creditor position.

Recovery Momentum Lost: The German economy grew by 2.8% in 2021, a weaker performance than we expected at the time of the last rating review in October 2021. The large export-oriented manufacturing sector helped mitigate the economic shock from the pandemic lockdowns relative to its EU peers during 2020. However, the global supply chain disruptions have had a large adverse impact on the manufacturing sector since quarter three of 2021. The level of GDP was still 1% below its pre-pandemic value at the end of 2021 as quarterly GDP growth slowed to 1.7% in quarter three of 2021 and the economy contracted by 0.3% in quarter four of 2021. Over the last three quarters of 2021, the German economy consistently underperformed the eurozone. According to the flash estimate the GDP growth was 0.2% in quarter one of 2022, the same as in the eurozone.

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<sup>3</sup> Sources: S&P Global Ratings; Fitch Ratings, 2021; Moody's Investor Services, 2021

**Downside Risks and High Inflation:** Fitch's latest forecast is a gradual slowdown to 2.5% GDP growth in 2022 and 2.1% in 2023, in line with the overall eurozone trend. However, there are significant downside risks related to a more severe economic fallout of the war in Ukraine and the sanctions against Russia, through for example a cut to gas supplies or further supply chain disruptions, higher energy prices or shortages in raw materials. Inflation, annual HICP, increased to 7.6% in March 2022, driven primarily by the surge in energy prices. Core inflation was 3.3% in March, higher than both the ECB's 2% HICP target and its pre-pandemic average of 1.4% over 2015-2019.

**New Fiscal Stimulus in 2022:** The 'traffic-light' coalition government formed at the end of 2021 has decided on fiscal stimulus packages to foster energy transition and to mitigate the economic impact of the war in Ukraine in parallel with the withdrawal of pandemic support measures. The fiscal stimulus includes in the short-term compensation for higher energy prices and tax cuts. The stimulus will be around EUR35bn in 2022, approximately 1% of GDP, following a smaller than previously expected budget deficit of 3.7% of GDP in 2021, helped by buoyant tax revenues. Notwithstanding the new stimulus and the current economic weakness, we expect a modest decline in the budget deficit to 3.5% of GDP in 2022, as the generous pandemic-related support schemes have been terminated.

**Medium-term Fiscal Uncertainty:** The fiscal stance beyond this year is more uncertain. The government committed to maintaining sound fiscal policies and in particular to meet requirements of the constitutional debt brake, a very small structural budget deficit (0.35% of GDP) at the central government level over the medium term. At the same time, the government has announced large, multi-year public investments projects, including EUR200 billion on the green energy transition and EUR100 billion to improve military infrastructure. However, a large part of these extra expenditures will be financed by extra-budgetary funds, which will not be reflected in the annual deficits according to recent changes to public sector accounting. In our view, these changes will likely imply that the debt brake rule will be less binding for the underlying fiscal stance in the coming years and erode the transparency of the public finance framework. In light of the expenditure pressures and their off-budget financing we expect the underlying general government deficit, on an ESA basis, to decline only gradually and not to fall below 2% of GDP until 2025.

**Stable Debt Ratio, Higher Yields:** General-government debt was 70% of GDP in 2021, compared with 69% in 2020 and the pre-pandemic low of 59% reached in 2019. The German public debt level is above the current 'AAA' median of 48% of GDP and, according to our baseline scenario, is unlikely to decline meaningfully until 2025. Longer yields have increased by almost 100bp since the last rating review in October 2021 and the 10-year yield was close to 0.9% at the end of April 2022. However, the higher yields will only lead to very gradual increase in interest costs, given the almost seven years average maturity of central government debt.

**Resilient External Position:** Germany's strong external position has proved to be resilient to the large global shocks in 2020 and 2021. The CAS widened to 7.5% of GDP in 2021, very close to its pre-pandemic value of 7.4% of GDP in 2019. We forecast a narrowing of the CAS to around 5-6% of GDP in 2022 and 2023, due mainly to the terms of trade shock triggered by the surge in imported energy prices.

**Sound Banks, Hike to Countercyclical Capital Buffer:** The pandemic-driven state support to the economy ensured German banks' overall adequate performance in 2021, helping maintain the banking sector's solid 'a' asset quality and mid-'bbb' earnings characteristics. Pressure on profitability and asset quality could arise from spill-over effects of the sanctions on Russia, if these severely and durably derail Germany's post-pandemic economic recovery, resulting in lower revenues and higher credit losses than in our base case. In response to accelerating house prices during the pandemic, the German banking regulator has decided to raise the countercyclical capital buffer to 0.75% of banks' overall risk-weighted assets (RWAs) in February 2023 from currently 0% and to activate a supplemental systemic risk buffer of 200bp on residential mortgage RWAs.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

**Public finances:** Failure to stabilise gross general government debt (GGGD) over the medium term, for example, due to persistent expenditure pressures or growth under-performance.



Structural: A material increase in fiscal risk-sharing at the EU level leading to a further marked increase in GGGD/GDP, without offsetting benefits from greater eurozone resilience and institutional strength. As a core member of the monetary union, Germany is financially exposed to the broader liabilities of the eurozone.

While on 5 October 2020, **Standard and Poor's** affirmed its unsolicited AAA/A-1+ long- and short-term foreign and local currency credit ratings on Germany, with a stable outlook. The debt watcher said its ratings on Germany continue to be supported by the country's competitive economy, its transparent institutions and eurozone membership, among other factors.

Germany's credit ratings from the major agencies are as following:

TABLE 3: GERMANY SOVEREIGN CREDIT RATINGS, 2022			
CREDIT RATING AGENCY	STANDARD & POORS	MOODY'S INVESTOR SERVICES	FITCH RATINGS
CREDIT RATING	AAA/A-1+	Aaa	AAA
OUTLOOK	Stable	Stable	Negative
DATE OF LAST CHANGE	2020-10-05	2021-01-09	2022-04-29

Sources: S&P Global Ratings; Fitch Ratings, 2021; Moody's Investor Services, 2021



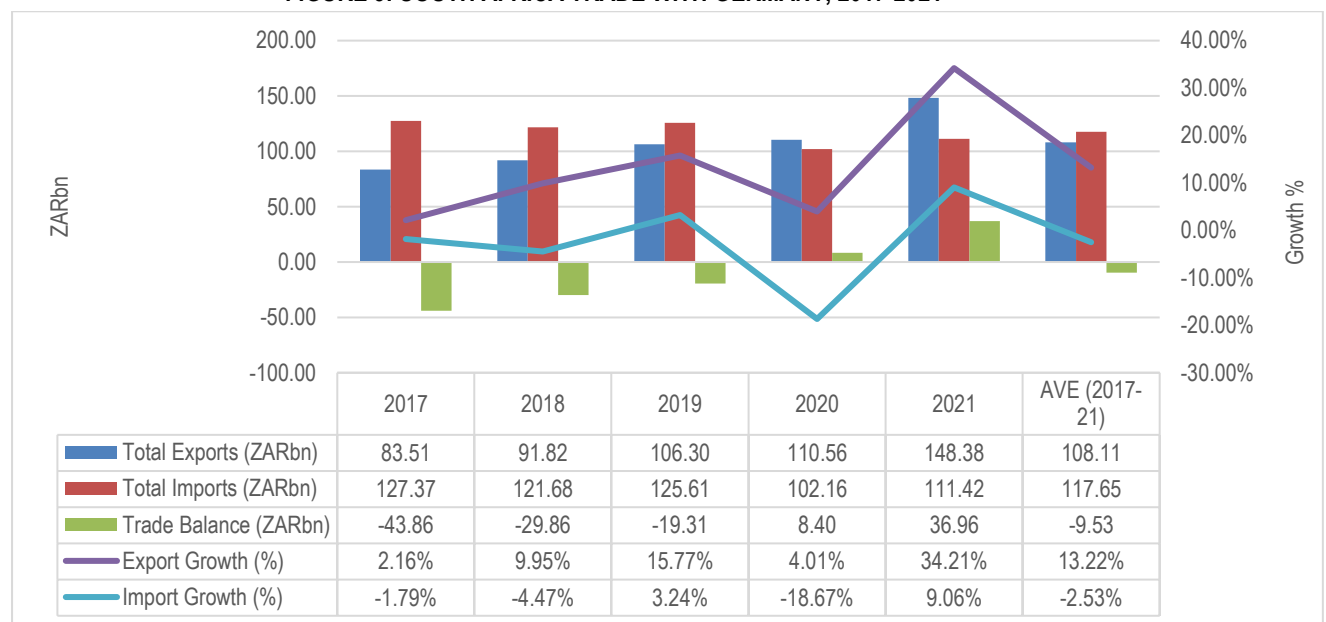
## 2. TRADE

### 2.1 TRADE WITH SOUTH AFRICA

Bilateral trade between South Africa and Germany remains strong, and Germany has always enjoyed a trade surplus with South Africa, and this had been the case up until 2019 (as shown in the figure below). For the first time ever, in 2020, South Africa however became a net exporter of German products and the trend continued in 2021.

South Africa's export receipts with Germany increased by 34.21% y-o-y to a value of ZAR148.38bn in 2021, up from ZAR110.56bn in 2020. South Africa's imports from the country increased marginally by 9.06% y-o-y to a value of ZAR111.42bn in 2021, from a cost of ZAR102.16 incurred in 2020. Overall, South Africa's export growth to Germany increased at an average annual rate of 13.22% per annum from 2017 to 2021, while imports decreased at an average rate of 2.53% over the same period.

**FIGURE 3: SOUTH AFRICA TRADE WITH GERMANY, 2017-2021**



Source: Quantec, 2022

In terms of key export markets for South Africa, China was the leading destination market for South Africa's exports at a value of ZAR199.02bn in 2021. The United States followed closely in second place, with exports reaching a total value of ZAR193.00bn, while Germany came third, with exports to this nation reaching a total value of ZAR148.38bn.

**TABLE 4: SOUTH AFRICA – TOP EXPORT GOODS MARKETS, 2021**

RANK	COUNTRY	VALUE 2021 (ZARbn)	AVE GROWTH (%), 2017 - 2021
1	China	199,02	14,87%
2	United States	193,00	21,54%
3	Germany	148,38	13,22%
4	Japan	121,57	23,33%
5	United Kingdom	120,82	24,42%
6	Botswana	64,46	3,87%
7	Mozambique	63,92	14,58%
8	India	61,55	6,02%
9	Netherlands	61,23	16,83%

10	Belgium	52,30	10,45%
<b>TOTAL EXPORTS</b>		<b>1812,93</b>	<b>10,59%</b>

Source: TradeMap, 2022

China was also the leading source market for South Africa's imports in 2021, with a value of ZAR283.93bn. Germany followed in second place with imports reaching a total value of ZAR111.42bn. The United States came third, with imports reaching a total value of ZAR96.69bn in 2021.

**TABLE 5: SOUTH AFRICA – TOP IMPORT GOODS MARKETS, 2021**

RANK	COUNTRY	VALUE 2021 (ZARbn)	AVE GROWTH (%), 2017 - 2021
1	China	283,93	7,68%
2	Germany	111,42	-2,53%
3	United States	96,69	6,97%
4	India	78,97	12,64%
5	Saudi Arabia	60,61	11,54%
6	Thailand	43,92	7,39%
7	Japan	38,41	1,58%
8	Italy	37,99	8,08%
9	Nigeria	33,10	12,38%
10	France	29,02	-1,98%
<b>TOTAL IMPORTS</b>		<b>1379,96</b>	<b>5,28%</b>

Source: TradeMap, 2022

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South Africa's export basket to Germany is a mixture of industrial goods (mostly automotive) and resources. Specifically, in 2021, motor cars were South Africa's top export product to Germany at a value of ZAR41.65bn accounting 28.07% of the export basket to the country. Precious metal ores and concentrates followed by in second place, reaching a value of ZAR22.22bn and accounting for 14.98% of total exports to Germany in 2021. Unwrought platinum came third at a value of ZAR20.04bn (or 13.50%). Precious metal ores and concentrates registered the highest growth in exports, increasing at an average annual rate of 56.72% per annum from 2017 to 2021. This was followed by iron ores and concentrates (48.70%), and coin (37.26%).

**TABLE 6: SOUTH AFRICA TOP 10 EXPORTS TO GERMANY, 2021**

	EXPORTED VALUE (ZARbn), 2021	% SHARE 2021	AVE GROWTH (%), 2017- 2021
Motor cars	41,65	28,07%	12,14%
Precious metal ores and concentrates	22,22	14,98%	56,72%
Platinum, unwrought or in semi-manufactured form	20,04	13,50%	26,12%
Coin	16,64	11,21%	37,26%
Centrifuges, including centrifugal dryers	12,80	8,63%	7,36%
Iron ores and concentrates	7,32	4,93%	48,70%
Motor vehicles for the transport of goods	7,14	4,81%	8,02%
Reaction initiators, reaction accelerators and catalytic preparations	3,03	2,04%	18,60%
Parts and accessories of the motor vehicles	2,40	1,62%	4,04%
Parts suitable for use solely or principally with the engines	1,45	0,98%	23,65%
<b>ALL PRODUCTS</b>	<b>148.38</b>	<b>100.00%</b>	<b>13.22%</b>

Source: Quantec, 2022

Turning to South Africa's import basket from Germany, original equipment components dominated imports in 2021, at a cost of ZAR32.79bn, which held the majority share of 29.43% of imports. This was followed by motor cars (ZAR7.02bn or 6.30%) and parts and accessories for motor vehicles (ZAR5.44bn or 4.88%). Higher growth was seen in the import of harvesting or threshing machinery, increasing at an average rate of 33.66% over the period 2017 to 2021. Also experiencing higher growth were insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators (21.09%), and human and animal blood (4.87%).

**TABLE 7: SOUTH AFRICA TOP 10 IMPORTS FROM GERMANY, 2021**

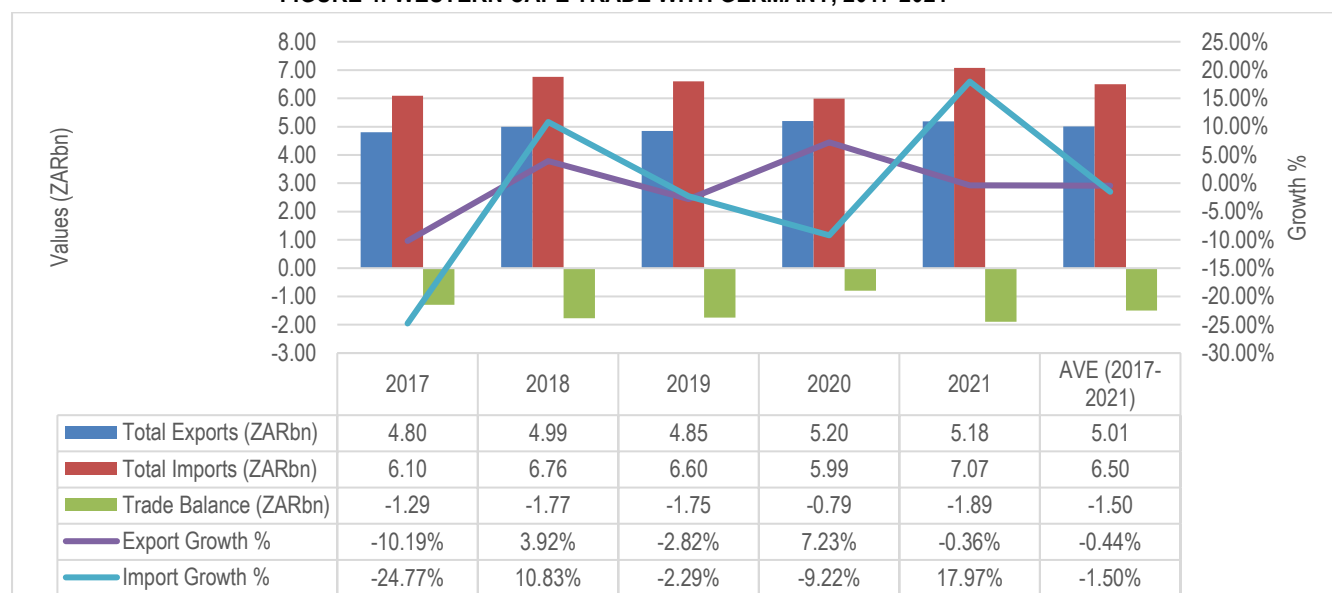
	IMPORTED VALUE (ZARbn, 2021	% SHARE 2021	AVE GROWTH (%), 2017 - 2021
Original equipment components	32,79	29,43%	-3,50%
Motor cars	7,02	6,30%	-9,80%
Parts and accessories of the motor vehicles	5,44	4,88%	3,34%
Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks	1,37	1,23%	0,43%
Centrifuges, including centrifugal dryers	1,34	1,20%	-5,28%
Transmission shafts (including cam shafts and crank shafts) and cranks	1,12	1,00%	1,23%
Human blood; animal blood	1,08	0,97%	4,87%
Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators	1,02	0,91%	21,09%
Instruments and appliances used in medical, surgical, dental or veterinary sciences	0,97	0,87%	-0,83%
Harvesting or threshing machinery	0,91	0,81%	33,66%
<b>ALL PRODUCTS</b>	<b>111.42</b>	<b>100.00%</b>	<b>2.53%</b>

Source: Quantec, 2022

## 2.2 WESTERN CAPE'S TRADE WITH GERMANY

Similar to South Africa, in 2020, the Western Cape's exports to Germany weathered COVID-19 and registered a 7.23% y-o-y growth yet declined slightly by 0.36% y-o-y to a value of ZAR5.18bn in 2021, from ZAR5.20bn earned in 2020. In turn, imports recovered from the 2020 slump, increasing by 17.97% y-o-y to a value of ZAR7.07bn in 2021, up from the ZAR5.99bn incurred in 2020. Overall, the Western Cape's exports to Germany fell marginally by an average annual rate of -0.44% from 2017 to 2021, while imports fell by an average annual rate of 1.50% over the same period.

**FIGURE 4: WESTERN CAPE TRADE WITH GERMANY, 2017-2021**



Source: Quantec, 2022

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In terms of key trade export markets, the United States was the leading destination market for the Western Cape's exports at a value of ZAR16.98bn in 2021. The Netherlands followed in second place, with exports reaching a total value of ZAR14.39bn. The United Kingdom came third, with exports to this nation reaching a total value of ZAR12.50bn.

Germany was the Western Cape's 7th most important export source market in 2021 at a value of ZAR5.18bn.

**TABLE 8: WESTERN CAPE - TOP EXPORT GOODS MARKETS, 2021**

RANK	COUNTRY	EXPORT VALUE 2021 (ZARbn)	% SHARE of EXPORTS (2021)
1	United States	16,98	10,17%
2	Netherlands	14,39	8,62%
3	United Kingdom	12,50	7,49%
4	Namibia	11,10	6,65%
5	China	10,18	6,10%
6	Botswana	8,96	5,37%
7	Germany	5,18	3,11%
8	India	4,98	2,99%
9	United Arab Emirates	4,21	2,52%
10	Lesotho	3,69	2,21%
TOTAL IMPORTS		166,92	100,00%

Source: Quantec, 2022

China was the leading source market for Western Cape's imports at a value of ZAR51.32bn in 2021. Oman followed in second place with imports reaching a total value of USD19.51bn. India came third, with imports reaching a total value of ZAR17.91bn in 2021.

Germany was the Western Cape's 7<sup>th</sup> most important import source market in 2021 at a value of ZAR7.07bn.

**TABLE 9: WESTERN CAPE - TOP IMPORT GOODS MARKETS, 2021**

RANK	COUNTRY	IMPORT VALUE 2021 (ZARbn)	% SHARE OF IMPORTS (2021)
1	China	51,32	21,80%
2	Oman	19,51	8,29%
3	India	17,91	7,61%
4	Saudi Arabia	14,59	6,20%
5	United Arab Emirates	13,12	5,57%
6	Italy	11,05	4,69%
7	Germany	7,07	3,00%
8	Netherlands	6,92	2,94%
9	United States	6,61	2,81%
10	United Kingdom	5,16	2,19%
<b>TOTAL IMPORTS</b>		<b>235,41</b>	<b>100,00%</b>

Source: Quantec, 2022

The Western Cape's dominant export product to Germany in 2021 was engine parts with earnings of ZAR1315.38m. This was equivalent to 25.38% of all export receipts earned by the Western Cape from trade with Germany in the said year. Wine placed second at a value of ZAR1143.29m (22.06%), followed by grapes at ZAR329.45m (6.36%). There was significant growth in the export of diagnostic or laboratory reagents (1606.29%), fruit, nuts and other edible parts of plants (232.80%), and other fruits (72.84%) over the period 2017 to 2021.

**TABLE 10: WESTERN CAPE TOP 10 EXPORTS TO GERMANY, 2021**

RANK	PRODUCT	EXPORT VALUE (ZARm), 2021	% SHARE 2021	AVE GROWTH (%), 2017 - 2021
1	Parts suitable for use solely or principally with the engines of heading 84.07 or 84.08	1315,38	25,38%	33,59%
2	Wine	1143,29	22,06%	0,61%
3	Grapes	329,45	6,36%	1,02%
4	Apples, pears and quinces	206,90	3,99%	2,89%
5	Fruit, nuts and other edible parts of plants	158,83	3,06%	232,80%
6	Diagnostic or laboratory reagents on a backing	134,14	2,59%	1606,29%
7	Citrus fruit	121,41	2,34%	1,87%
8	Other fruit	110,11	2,12%	72,84%
9	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol.	96,86	1,87%	0,09%
10	Chain and parts thereof, of iron or steel	76,28	1,47%	15,54%
	<b>ALL PRODUCTS</b>	<b>5183,20</b>	<b>100,00%</b>	<b>-0,44%</b>

Source: Quantec, 2022

Turning to imports, cartons, boxes, cases, bags, and other packing containers, of paper were the largest import category (as measured by rand value) imported by the Western Cape from Germany in 2021 at a cost of ZAR270.21m. This was equivalent to 3.82% of all import costs incurred by the Western Cape with the country in 2021. Taps, cocks, valves and similar appliances for pipes placed second at a cost of ZAR248.16m (3.51%), while undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol. was the third largest import category at a cost of ZAR232.43m (3.29%). Automatic data processing machines and units thereof were the fastest growing import category over the five-year period, averaging an annual growth rate of 233.26% per annum. Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol. thereof came second at an average of 155.01% per annum, with cartons, boxes, cases, bags and other packing containers in third place growing at an average annual growth rate of 67.72%.

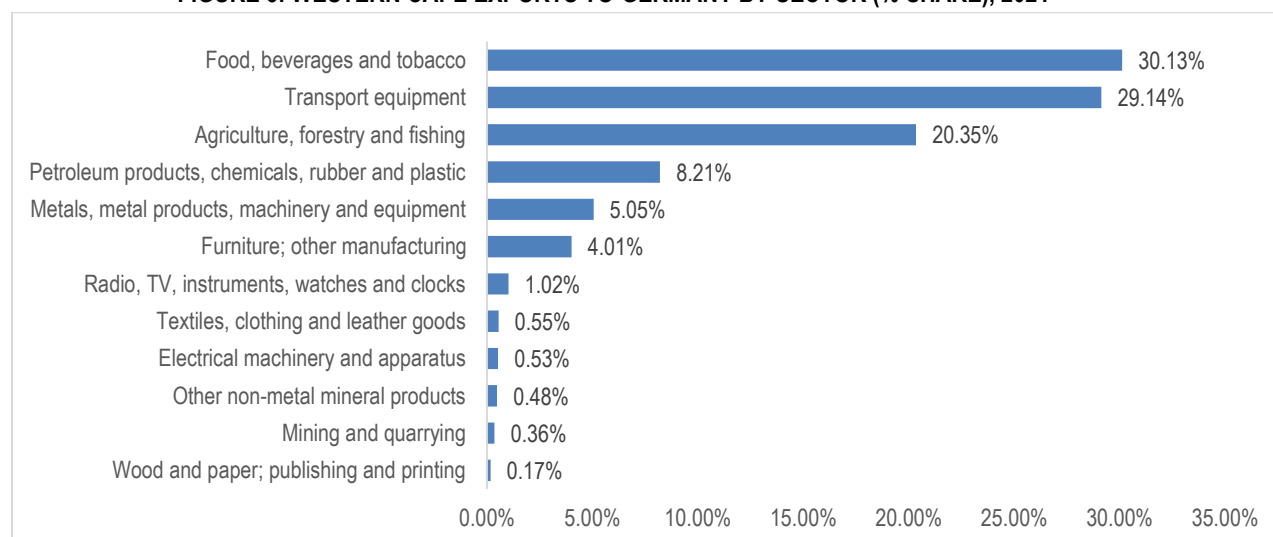
**TABLE 11: WESTERN CAPE TOP 10 IMPORTS FROM GERMANY, 2021**

<b>RANK</b>	<b>PRODUCT</b>	<b>IMPORT VALUE (ZARm), 2021</b>	<b>% SHARE 2021</b>	<b>AVE GROWTH (%), 2017 - 2021</b>
1	Cartons, boxes, cases, bags and other packing containers, of paper, paperboard	270,21	3,82%	67,72%
2	Taps, cocks, valves and similar appliances for pipes	248,16	3,51%	1,36%
3	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol.	232,43	3,29%	155,01%
4	Automatic data processing machines and units thereof	202,16	2,86%	233,26%
5	Machinery for working rubber or plastics or for the manufacture of products from these materials	144,25	2,04%	34,90%
6	Instruments and appliances used in medical, surgical, dental or veterinary sciences	141,25	2,00%	6,76%
7	Chocolate and other food preparations containing cocoa	127,47	1,80%	33,45%
8	Dish washing machines; machinery for cleaning or drying bottles or other containers	123,26	1,74%	0,36%
9	Harvesting or threshing machinery, including straw or fodder balers	121,33	1,72%	11,99%
10	Parts and accessories of the motor vehicles of headings 87.01 to 87.05	117,42	1,66%	-16,52%
	<b>ALL PRODUCTS</b>	<b>7071,60</b>	<b>100,00%</b>	<b>-1,50%</b>

Source: Quantec, 2022

Trade between the Western Cape and Germany is relatively well diversified. The two diagrams below are reflective of this and provide an overview of key trade flows between the Western Cape and Germany on a *sector level*. As indicated in the graphs below, the foods, beverages, and tobacco sector were the Western Cape's top sector in terms of export receipts earned from trade with Germany in 2021, accounting for 30.13% of export earnings. Transport equipment placed second, accounting for 29.14% of all Western Cape's export receipts with Germany, with the agriculture, forestry and fishing sector accounting for 20.35% in third position in 2021.

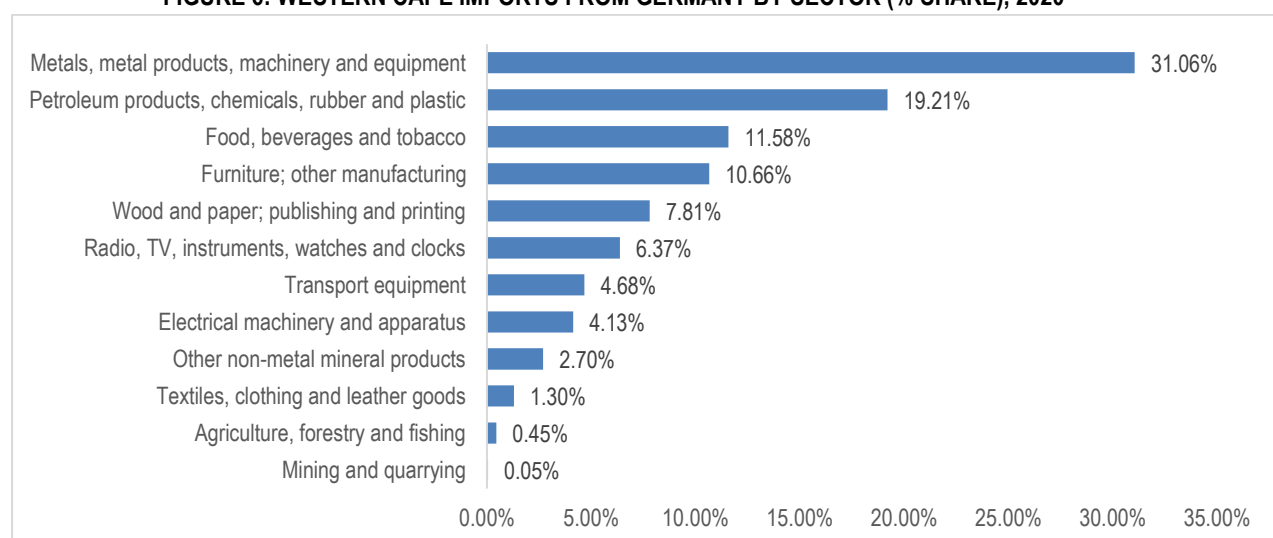
**FIGURE 5: WESTERN CAPE EXPORTS TO GERMANY BY SECTOR (% SHARE), 2021**



Source: Quantec, 2022

In terms of the Western Cape's top import sectors (ranked by associated cost) with Germany in 2021, the metals, metal products, machinery and equipment sector dominated, accounting for 31.06% of all import costs incurred in 2021. The petroleum products, chemicals, rubber and plastic sector followed accounting for 19.21% of import costs incurred with Germany in 2021, while the food, beverages and tobacco sector ranked in third position at 11.58%.

**FIGURE 6: WESTERN CAPE IMPORTS FROM GERMANY BY SECTOR (% SHARE), 2020**



Source: Quantec 2022



## 2.3 TARIFFS

The table below shows tariffs imposed by Germany on South Africa's exports in 2022.

TABLE 12: TARIFFS IMPOSED ON SOUTH AFRICAN EXPORTS BY GERMANY, 2022					
HS CODE AND PRODUCT DESCRIPTION	TARIFF, %	HS CODE AND PRODUCT DESCRIPTION	TARIFF, %	HS CODE AND PRODUCT DESCRIPTION	TARIFF, %
H01: Live animals	9	H33: Essential oils, perfumes, cosmetics, toiletries	0	H65: Headgear and parts thereof	0
H02: Meat and edible meat offal	15	H34: Soaps, lubricants, waxes, candles, modelling pastes	0	H66: Umbrellas, walking-sticks, seat-sticks, whips	0
H03: Fish, crustaceans, molluscs, aquatic invertebrates	0	H35: Albs.uminoids, modified starches, glues, enzymes	2	H67: Bird skin, feathers, artificial flowers, human hair	0
H04: Dairy products, eggs, honey, edible animal product	5	H36: Explosives, pyrotechnics, matches, pyrophorics	0	H68: Stone, plaster, cement, asbestos, mica, articles	0
H05: Products of animal origin	0	H37: Photographic or cinematographic goods	0	H69: Ceramic products	0
H06: Live trees, plants, bulbs, roots, cut flowers	1	H38: Miscellaneous chemical products	0	H70: Glass and glassware	0
H07: Edible vegetables and certain roots and tubers	4	H39: Plastics and articles thereof	0	H71: Pearls, precious stones, metals, coin	0
H08: Edible fruit, nuts, peel of citrus fruit, melons	3	H40: Rubber and articles thereof	0	H72: Iron and steel	0
H09: Coffee, tea, mate and spices	0	H41: Raw hides and skins (other than fur skins) and leather	0	H73: Articles of iron or steel	0
H10: Cereals	3	H42: Articles of leather, animal gut, harness, travel goods	0	H74: Copper and articles thereof	0
H11: Milling products, malt, starches, inulin, wheat gluten	10	H43: Fur skins and artificial fur, manufactures thereof	0	H75: Nickel and articles thereof	0
H12: Oil seed, oleagic fruits, grain, seed, fruit,	0	H44: Wood and articles of wood, wood charcoal	0	H76: Aluminium and articles thereof	2
H13: Lac, gums, resins, vegetable saps and extracts	1	H45: Cork and articles of cork	0	H78: Lead and articles thereof	0
H14: Vegetable plaiting materials, vegetable products	0	H46: Manufactures of plaiting material, basketwork, etc.	0	H79: Zinc and articles thereof	0
H15: Animal, vegetable fats and oils, cleavage products,	0	H47: Pulp of wood, fibrous cellulosic material, waste	0	H80: Tin and articles thereof	0
H16: Meat, fish and seafood food preparations	4	H48: Paper & paperboard, articles of pulp, paper and board	0	H81: Other base metals, cermet's, articles thereof	0
H17: Sugars and sugar confectionery	29	H49: Printed books, newspapers, pictures	0	H82: Tools, implements, cutlery, of base metal	0
H18: Cocoa and cocoa preparations	0	H50: Silk	0	H83: Miscellaneous articles of base metal	0
H19: Cereal, flour, starch, milk preparations and products	5	H51: Wool, animal hair, horsehair yarn and fabric thereof	0	H84: Nuclear reactors, boilers, machinery	0
H20: Vegetable, fruit, nut food preparations	6	H52: Cotton	0	H85: Electrical, electronic equipment	0
H21: Miscellaneous edible preparations	3	H53: Vegetable textile fibres paper yarn, woven fabric	0	H86: Railway, tramway locomotives, rolling stock, equipment	0

H22: Beverages, spirits and vinegar	3	H54: Manmade filaments	0	H87: Vehicles other than railway, tramway	0
H23: Residues, wastes of food industry, animal fodder	0	H55: Manmade staple fibres	0	H88: Aircraft, spacecraft, and parts thereof	0
H24: Tobacco and manufactured tobacco substitutes	0	H56: Wadding, felt, nonwovens, yarns, twine, cordage	0	H89: Ships, boats and other floating structures	0
H25: Salt, sulphur, earth, stone, plaster, lime and cement	0	H57: Carpets and other textile floor coverings	0	H90: Optical, photo, technical, medical apparatus	0
H26: Ores, slag and ash	0	H58: Special woven or tufted fabric, lace, tapestry	0	H91: Clocks and watches and parts thereof	0
H27: Mineral fuels, oils, distillation products,	0	H59: Impregnated, coated or laminated textile fabric	0	H92: Musical instruments, parts and accessories	0
HS28: Inorganic chemicals	0		0	H94: Furniture, lighting, signs, prefabricated buildings	0
H29: Organic chemicals	0	H61: Articles of apparel, accessories, knit or crochet	0	H95: Toys, games, sports requisites	0
H30: Pharmaceutical products	0	H62: Articles of apparel, accessories, not knit or crochet	0	H96: Miscellaneous manufactured articles	0
H31: Fertilizers	0	H63: Other made textile articles, sets, worn clothing	0	H97: Works of art, collectors pieces and antiques	0
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	0	H64: Footwear, gaiters and the like, parts thereof	0	H99: Commodities not elsewhere specified	0

Source: TradeMap, 2022

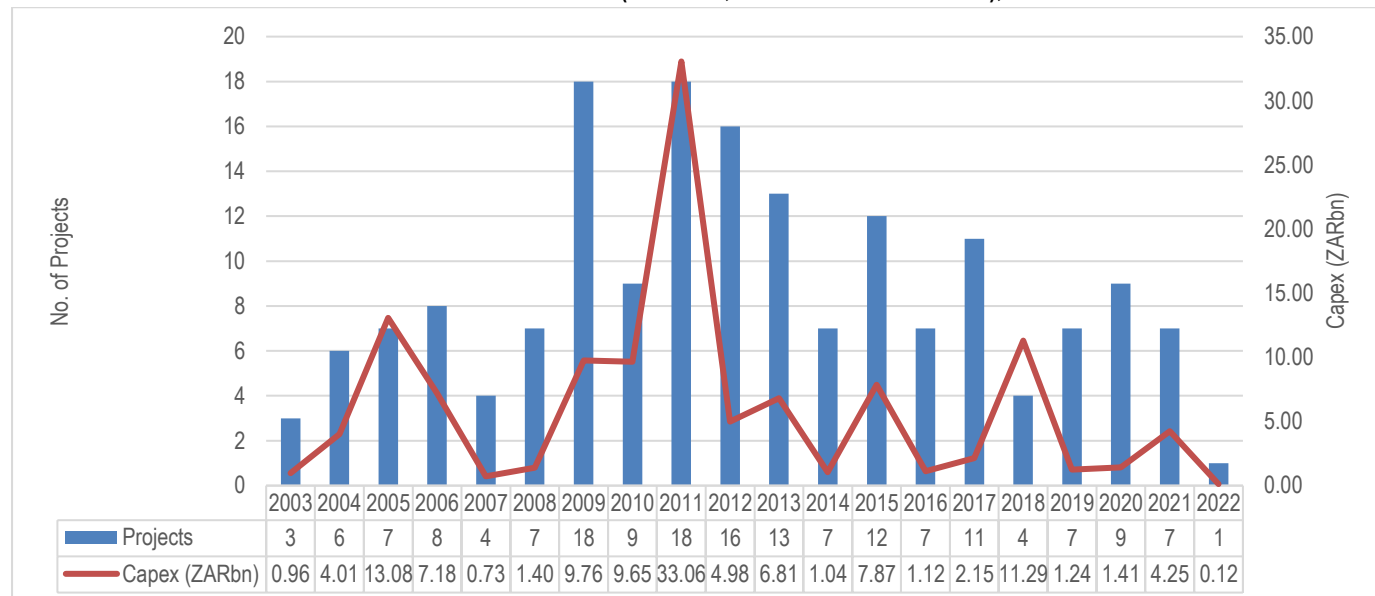
*NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit [www.macmap.org](http://www.macmap.org) to determine the exact tariff applicable to the product at HS6.*

### 3. FOREIGN DIRECT INVESTMENT

#### 3.1 GERMAN FDI INTO SOUTH AFRICA

Investments made by Germany into South Africa between January 2003 and February 2022 are shown in the figure below. Germany undertook a total of 174 FDI projects into South Africa over the review period. These projects generated an estimated capex of ZAR122.12bn, which equated to an average investment of ZAR702.6m per project leading to the creation of about 29, 429 jobs.

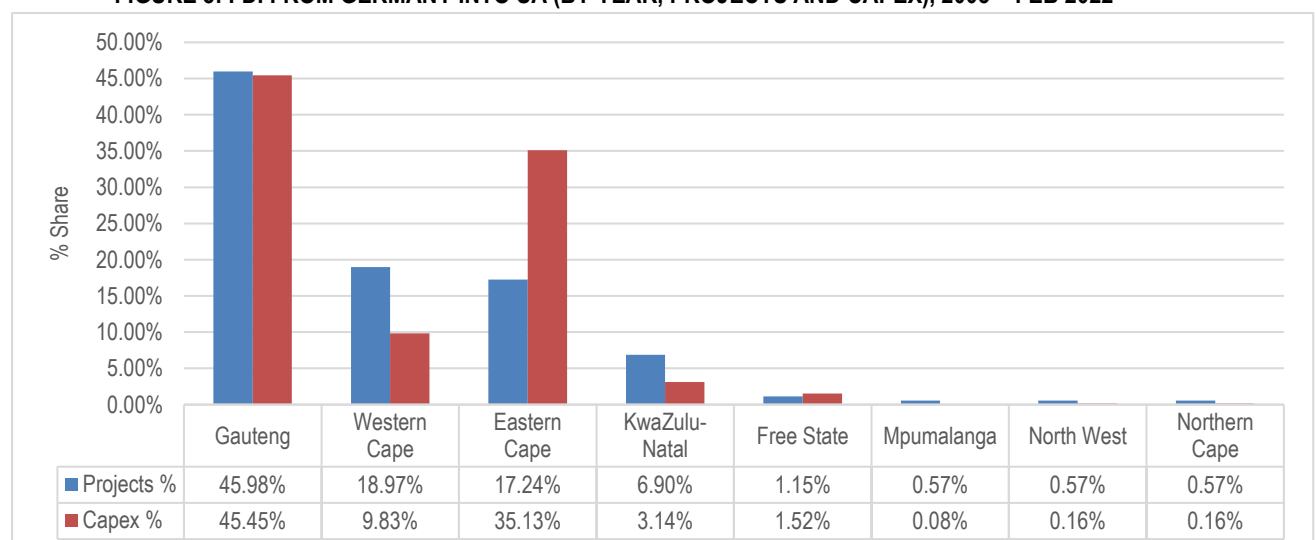
**FIGURE 7: FDI FROM GERMANY INTO SOUTH AFRICA (BY YEAR, PROJECTS AND CAPEX), 2003 – FEB 2022**



Source: FDI Markets, 2022

From a **provincial perspective**, as represented below, Gauteng was the largest recipient of German FDI into South Africa over the review period, both in terms of the number of projects (45.98%) and capex (45.45%). This was followed by the Western Cape which accounted for 18.97% of all projects made by Germany into South Africa. While KwaZulu-Natal (35.13%) took the second position as the largest recipient of German FDI in terms of capex.

**FIGURE 8: FDI FROM GERMANY INTO SA (BY YEAR, PROJECTS AND CAPEX), 2003 – FEB 2022**

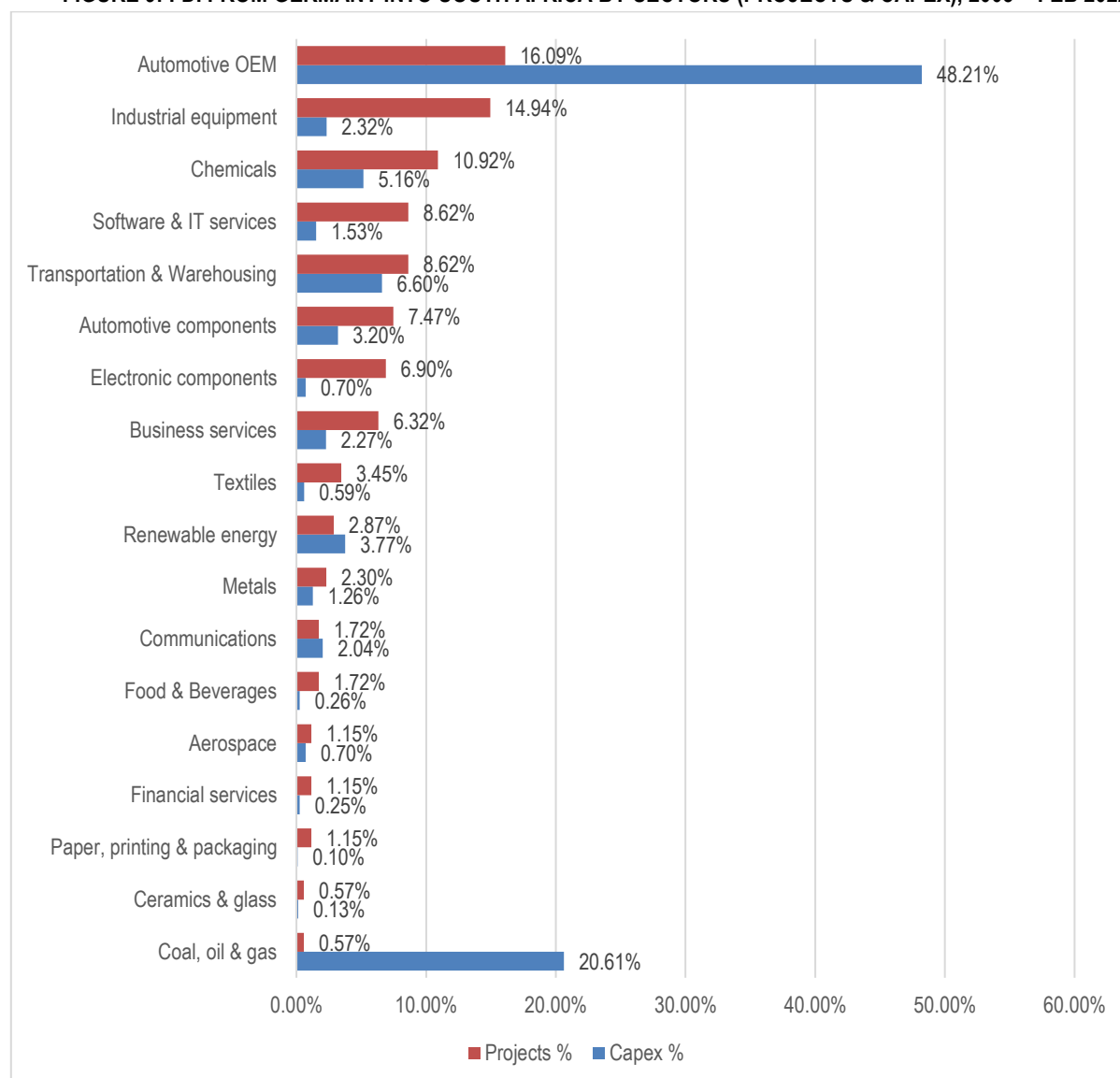


Source: FDI Markets, 2022

In terms of the sector classification of outward FDI by Germany into South Africa as measured primarily by the number of projects (with the CAPEX value as the secondary value), the following South African sectors were the key recipients of German FDI over the period, January 2003 – February 2022:

- Automotive OEM with 28 projects accounted for 16.09% of total outward FDI projects by Germany into South Africa. The relative share of capex stood at 48.21%.
- Industrial equipment with 26 projects (13.59%) and 2.32% of capex.
- Chemicals 19 projects (10.92%) and a relative capex share of 5.16%.

**FIGURE 9: FDI FROM GERMANY INTO SOUTH AFRICA BY SECTORS (PROJECTS & CAPEX), 2003 – FEB 2022**



Source: FDI Markets, 2022

The table below shows the top German companies investing in South Africa over the period 2003 to February 2022.

**TABLE 13: TOP 10 COMPANIES, GERMANY FDI INTO SA (BY PROJECTS), 2003 – FEB 2022**

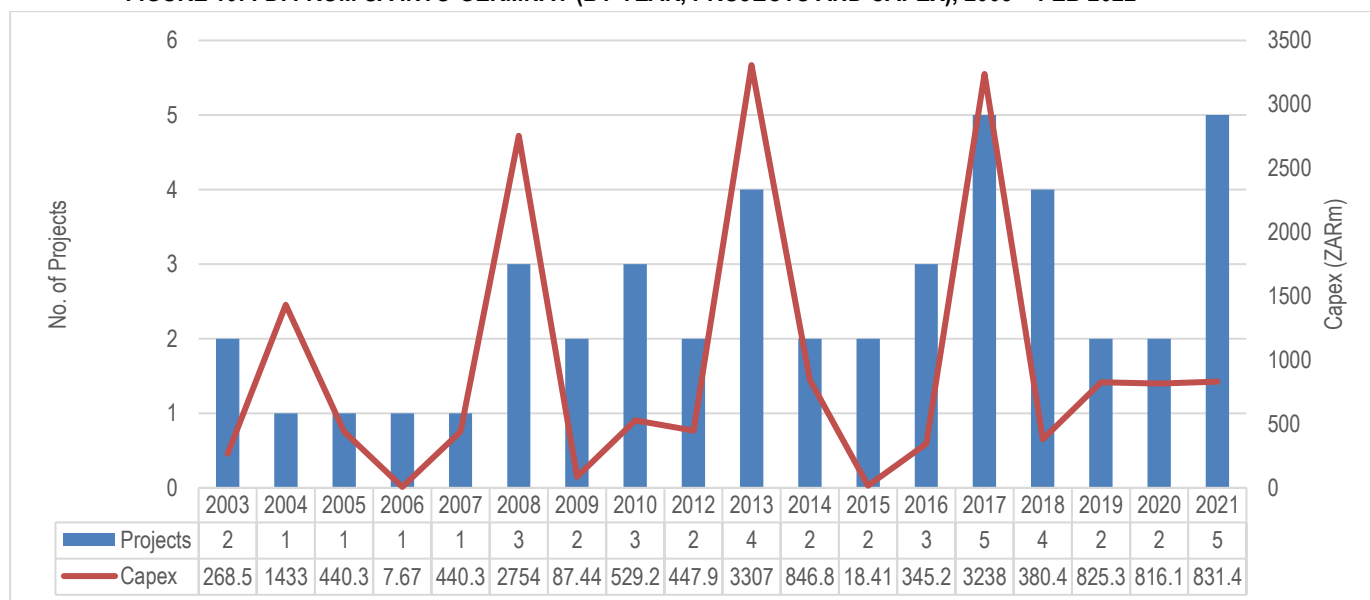
RANK	COMPANY	SECTORS	PROJECTS	CAPEX (ZARm)	JOBS
1	Volkswagen South Africa	Automotive OEM	11	13 973,2	5 486
2	Busch South Africa	Industrial equipment	5	277,7	98
3	Mercedes-Benz South Africa (MBSA)	Automotive OEM	5	21 929	6 408
4	Afrox	Chemicals	4	2 229	595
5	BMW South Africa	Automotive OEM	4	9 052,1	3 225
6	BASF	Chemicals	3	923,5	445
7	Bayerische Motoren Werke (BMW)	Automotive OEM	3	8 036,6	1 804
8	DHL Express	Transportation & Warehousing	3	164,1	35
9	DHL Global Forwarding	Transportation & Warehousing	3	813,0	260
10	Logwin AG (Thiel Logistik)	Transportation & Warehousing	3	6 148	264
<b>TOTAL</b>			<b>174</b>	<b>122 125</b>	<b>29 429</b>

Source: FDI Markets, 2022

### 3.2 SOUTH AFRICA FDI INTO GERMANY

Investments made by South Africa into Germany between January 2003 and February 2022 are shown in the figure below. A total of 45 FDI projects were recorded from South Africa into Germany over the review period. These projects represented a total capital investment of ZAR17.02bn, which equated to an average investment of ZAR378.9m per project. During the period 1, 706 jobs were created.

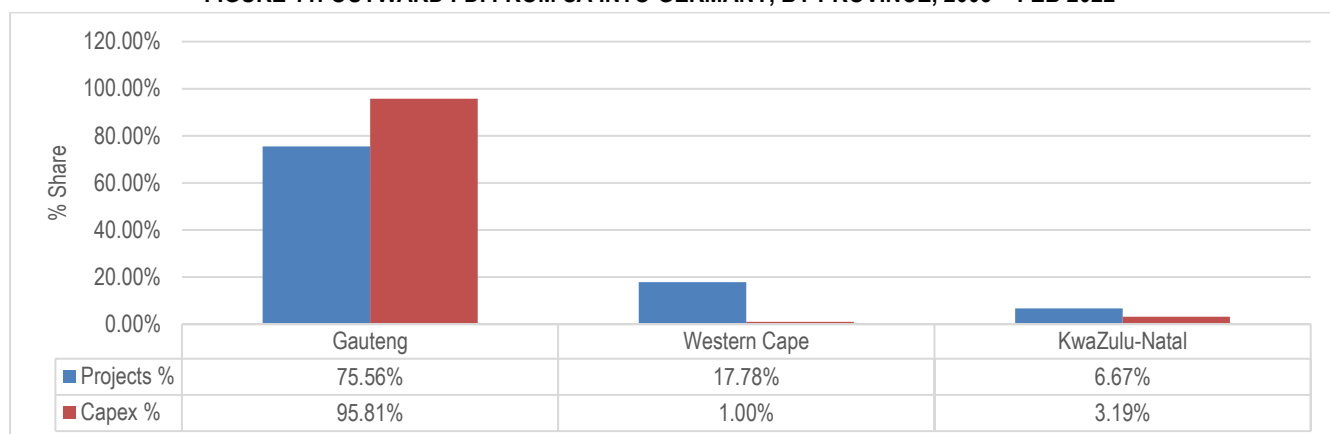
**FIGURE 10: FDI FROM SA INTO GERMANY (BY YEAR, PROJECTS AND CAPEX), 2003 – FEB 2022**



Source: FDI Markets, 2022

From a **provincial perspective**, as represented in Figure 11, Gauteng was the largest source market of South African FDI into Germany over the review period, both in terms of the number of projects (75.56%) and capital expenditure (95.81%). The Western Cape followed in second position accounting for 17.78% of projects and 1.00% of capital expenditure.

**FIGURE 11: OUTWARD FDI FROM SA INTO GERMANY, BY PROVINCE, 2003 – FEB 2022**

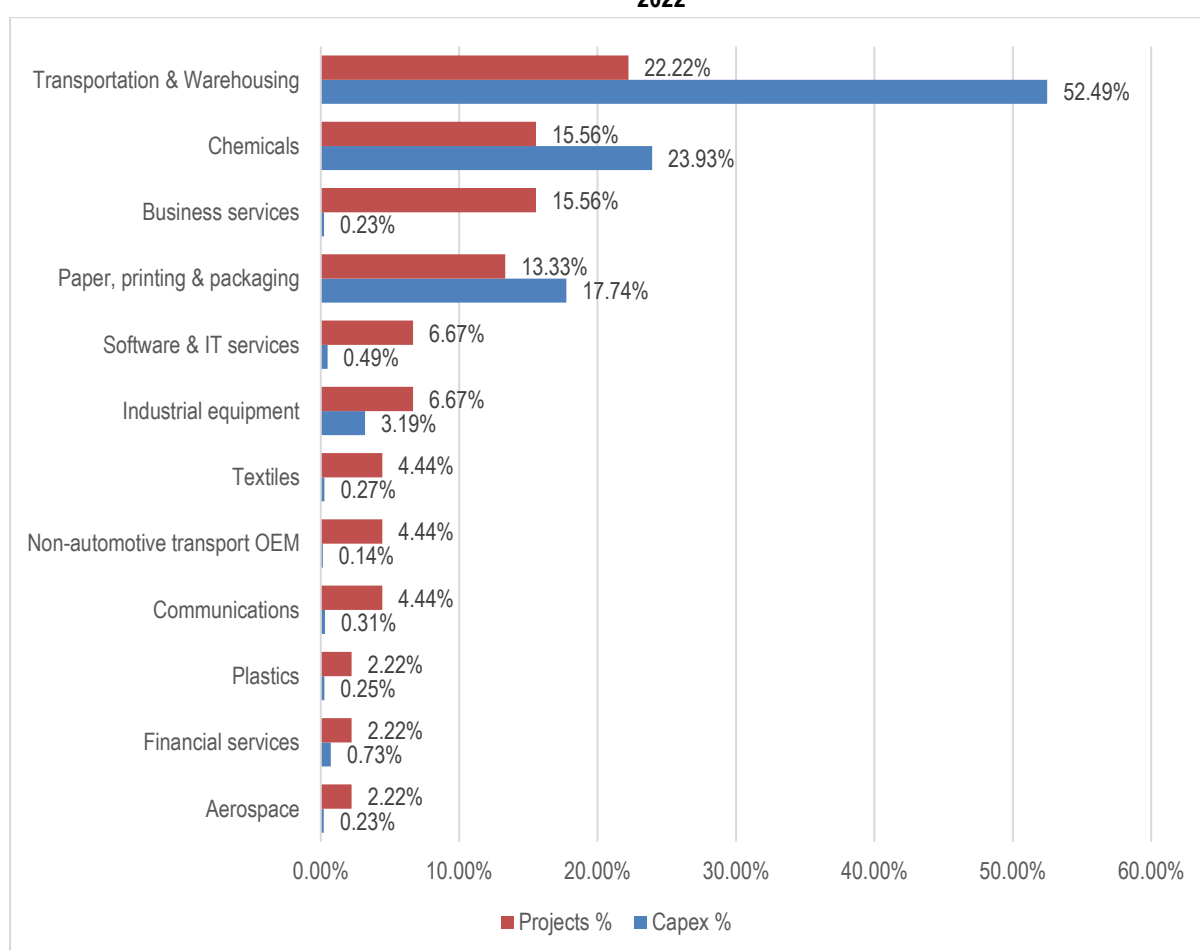


Source: FDI Markets, 2022

In terms of the sector classification of outward FDI by South Africa into Germany as measured primarily by the number of projects (with the CAPEX value as the secondary value), the following German sectors were the key recipients of South African FDI over the period, January 2003 - February 2022:

- The transport and warehousing sector with 10 projects accounted for 22.22% of total outward FDI projects by Germany into South Africa. The relative share of capex stood at 52.49%.
- Chemicals with 7 projects (15.56%) and 23.93% of capex.
- Business services also with 7 projects (15.56%) and a relative capex share of 0.23%.

**FIGURE 12: FDI FROM SOUTH AFRICA TO GERMANY BY SECTORS (PROJECTS & CAPEX), 2003 – FEB 2022**



Source: FDI Markets, 2022

Top 10 South African companies investing into Germany from January 2003 to February 2022 are tabled below:

**TABLE 14: TOP 10 COMPANIES, SA FDI INTO GERMANY (BY PROJECTS), 2003 – FEB 2022**

RANK	COMPANY	SECTORS	PROJECTS	CAPEX (ZARm)	JOBS
1	Imperial Logistics International	Transportation & Warehousing	5	5 509	387
2	Sappi	Paper, printing & packaging	4	2 892	335
3	SASOL	Chemicals	4	2 754	149
4	Bell Equipment (Deutschland) GmbH	Industrial equipment	2	318	147
5	Lehnkering	Transportation & Warehousing	2	1 617	156
6	Mondi Corrugated Packaging	Plastics	2	87	8
7	Palletways	Transportation & Warehousing	2	999	103
8	Bauer Aviation	Aerospace	1	38	10
9	Bell Equipment	Industrial equipment	1	225	54
10	Bridge People and Technology	Software & IT services	1	43	11
<b>TOTAL</b>			<b>45</b>	<b>17 017</b>	<b>1 706</b>

Source: FDI Markets, 2022

### 3.3 INWARD GERMAN INVESTMENT INTO THE WESTERN CAPE

A total of 33 FDI projects were invested by 33 German-based companies into the Western Cape over the period 2003 – February 2022. These projects represented a total capital investment of ZAR12.01bn and created 2, 611 jobs.

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**FIGURE 13: INWARD FDI FROM GEMANY INTO THE WESTERN CAPE, 2003 – FEB 2022**

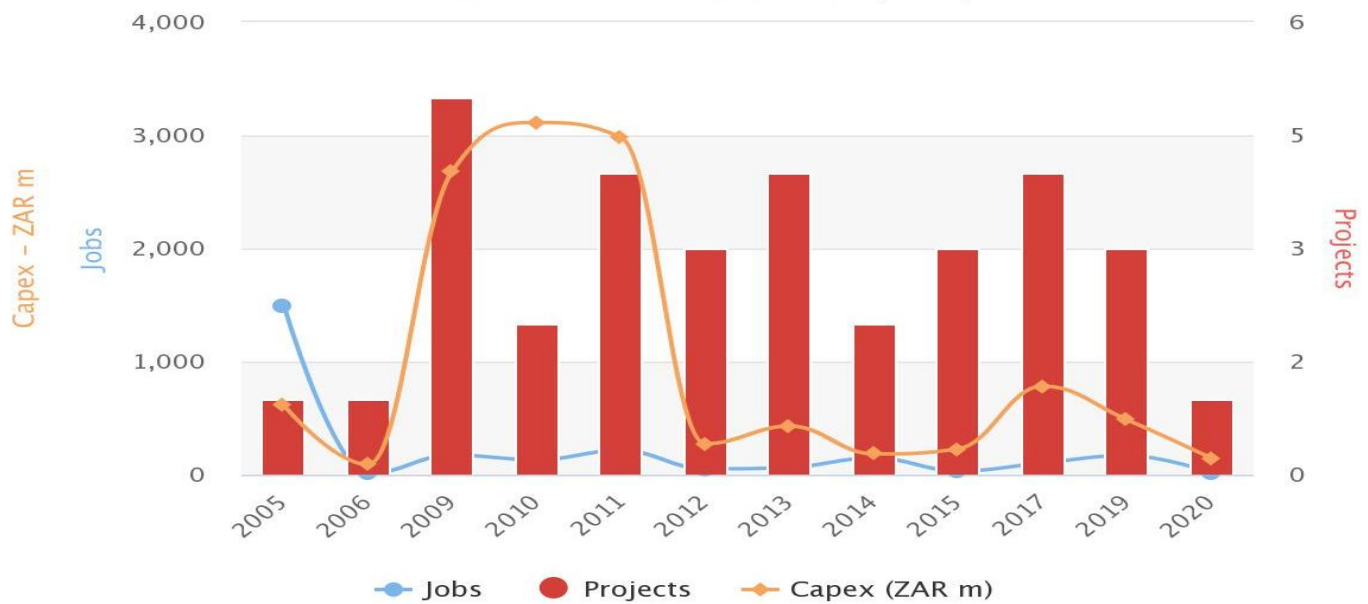


Source: FDI Markets, 2022



Figure 14 below shows inward foreign direct investment (FDI) by German-based companies into the Western Cape over the period 2003 through 2022.

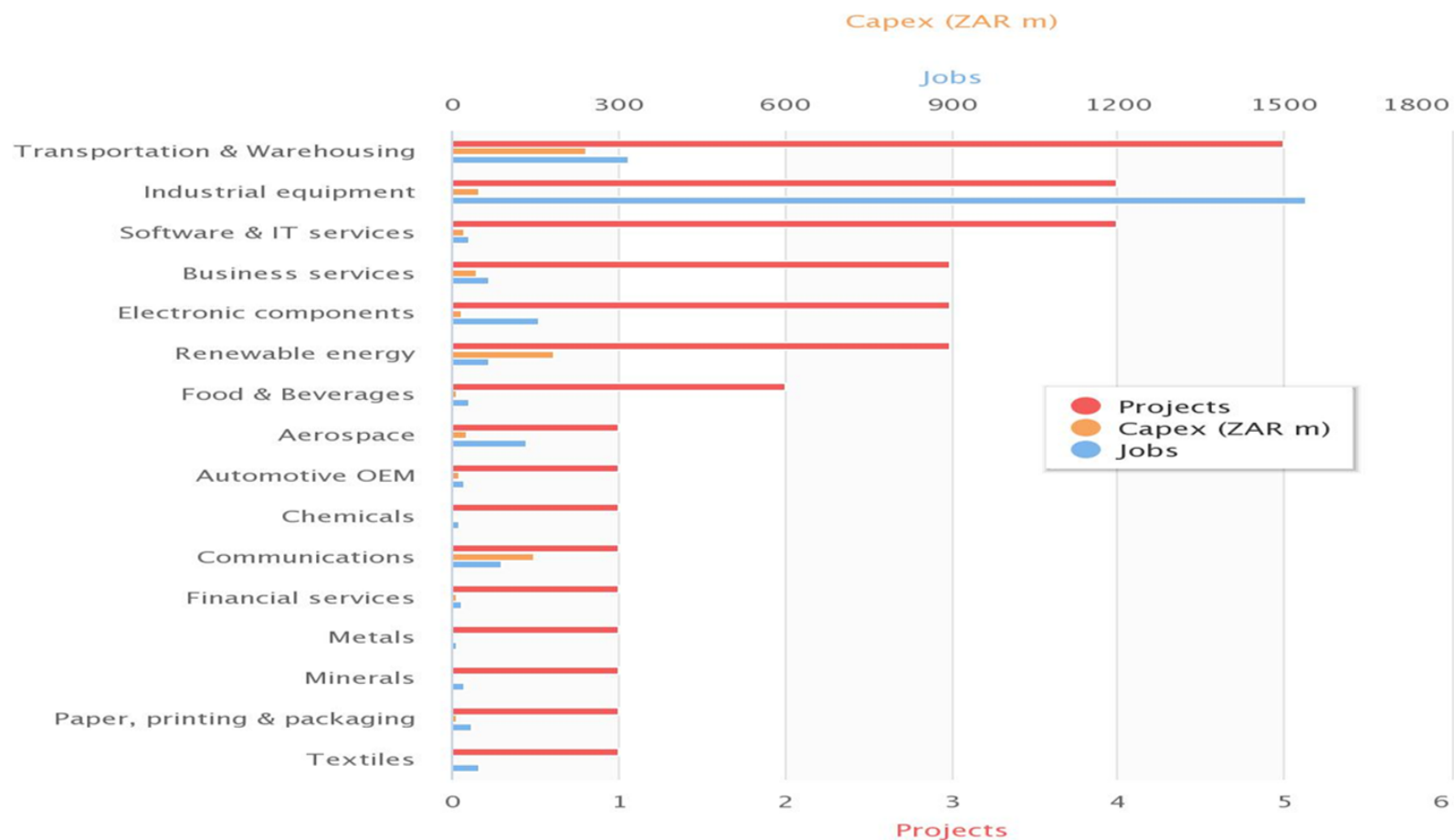
**FIGURE 14: FDI BY GERMAN-BASED COMPANIES INTO THE WC (BY YEAR, PROJECTS, AND CAPEX), 2003 – FEB 2022**



Source: FDI Markets, 2022

For the period 2003 to February 2022, the transport and warehousing sector in the province received both the highest number of inward investment projects *and* capex inflows from German-based companies. In turn, the industrial equipment sector created the highest number of jobs through inward investment into the Western Cape by German companies in the period analysed as shown below.

**FIGURE 15: INWARD FDI INTO WESTERN CAPE BY GERMAN-BASED COMPANIES (BY SECTOR), 2003 – FEB 2022**



Source: FDI Markets, 2022

Table 15 below shows the top 10 German-based companies (by projects) investing into the Western Cape over the period 2003 to February 2022.

**TABLE 15: TOP 10 GERMAN COMPANIES, INWARD FDI INTO WESTERN CAPE (BY PROJECTS), 2003 – FEB 2022**

<b>Investing company</b>	<b>Projects</b>	<b>Capex</b>	<b>Jobs created</b>	<b>Primary Sector</b>
Juwi	2	2,453	38	Renewable energy
ADTECH	1	89	9	Software & IT Services
Audi South Africa	1	198	23	Automotive OEM
Beckhoff Automation	1	89	9	Electronic components
Bizerba & Co	1	44	12	Industrial equipment
Bosch Packaging Technology	1	44	17	Industrial equipment
Busch South Africa	1	44	12	Industrial equipment
DHL	1	101	20	Transportation & Warehousing
DHL Express	1	101	20	Transportation & Warehousing
DHL Global Forwarding	1	379	138	Transportation & Warehousing

Source: FDI Markets, 2022

### 3.4 OUTWARD INVESTMENT FROM THE WESTERN CAPE INTO GERMANY

A total of eight outward FDI projects were invested by seven Western Cape-based companies into Germany over the period 2003 – February 2022. These projects represented a total capital investment of ZAR170.27m and created 98 jobs.

**FIGURE 16: FDI FROM THE WESTERN CAPE INTO GERMANY, 2003 – FEB 2022**



Source: FDI Markets, 2022

Figure 17 below shows inward foreign direct investment (FDI) by Western Cape based companies into Germany over the period 2003 through 2022.

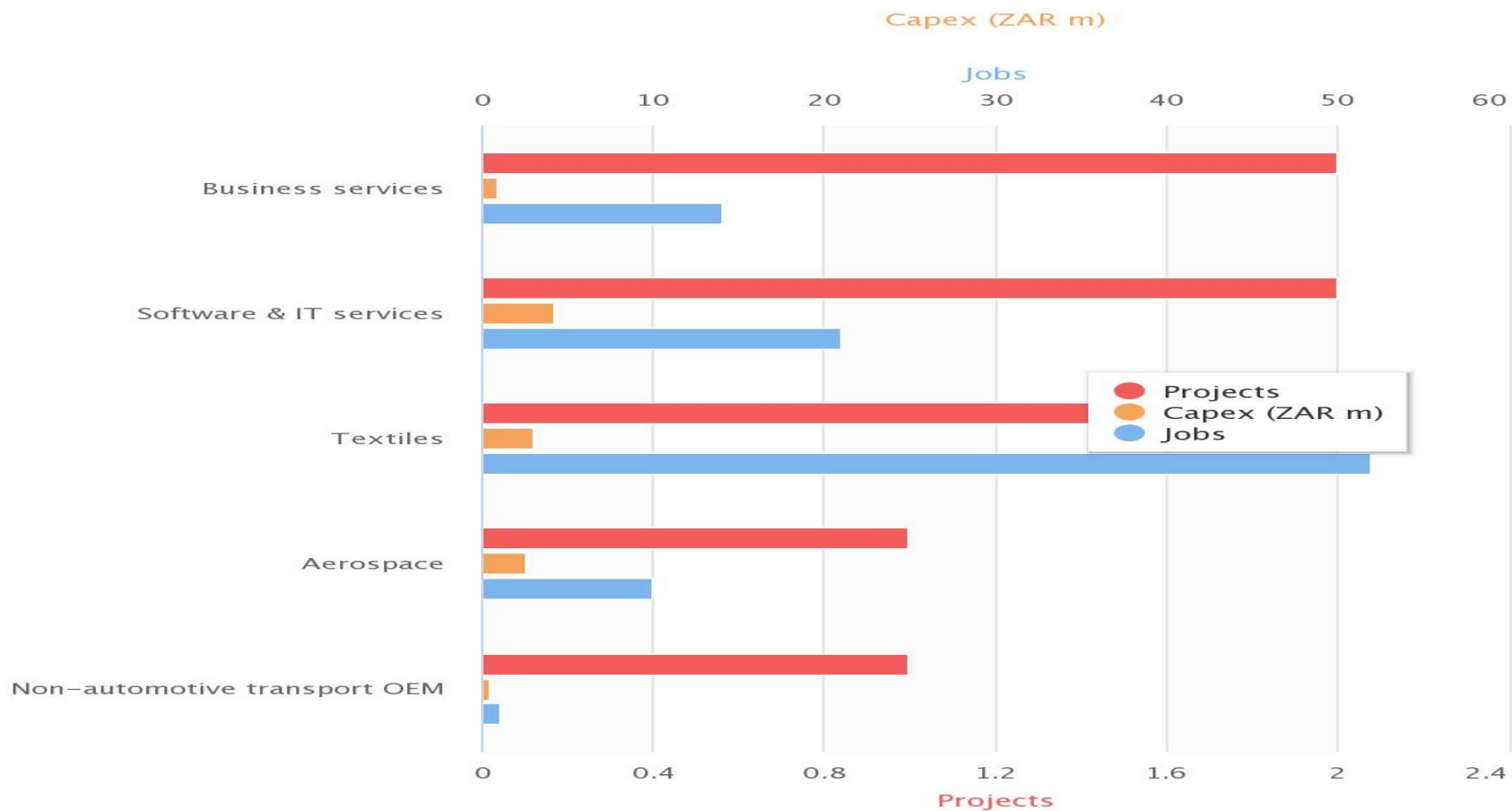
**FIGURE 17: OUTWARD FDI BY WESTERN CAPE-BASED COMPANIES INTO GERMANY (BY YEAR, PROJECTS, AND CAPEX), 2003 – FEB 2022**



Source: FDI Markets, 2022

For the period 2003 to February 2022, the software & IT services sector in Germany received the highest number of outward investment projects *and* capex investment by WC-based companies investing into the said country. In turn, the textiles created the highest number of jobs through outward investment by Western Cape based companies in the period analysed as shown below.

**FIGURE 18: OUTWARD FDI BY WC-BASED COMPANIES INTO GERMANY (BY SECTOR), 2003 – FEB 2022**



Source: FDI Markets, 2022

Table 16 below shows the WC-based companies (by projects) investing into Germany over the period 2003 to February 2022.

**TABLE 16: OUTWARD FDI BY TOP 10 WESTERN CAPE-BASED COMPANIES INTO GERMANY (BY PROJECTS),  
2003 – FEB 2022**

<b>Investing company</b>	<b>Projects</b>	<b>Capex (ZARm)</b>	<b>Jobs created</b>	<b>Primary Sector</b>
Bauer Aviation	1	38	10	Aerospace
Bridge People and Technology	1	43	11	Software & IT services
Entersekt	1	23	10	Software & IT services
Fashion Days International	1	8	3	Textiles
PeopleSolved	1	6	7	Business services
Phase Eight (Fashion & Designs)	1	38	49	Textiles
Shift ONE	1	8	7	Business services
Silverback Technologies	1	6	1	Non-automotive transport OEM

Source: FDI Markets, 2022

## 4. TOURISM FLOWS

### 4.1 GERMAN TRAVELLER TO SOUTH AFRICA

The following graphs are reflective of German tourist arrivals into South Africa over the period 2016 – 2020. The sharp downturn in 2020 is ascribed to the lock down measures implemented in 2020 which included a complete ban on international travel for several months in mid-2020.

**FIGURE 19: GERMAN TOURIST ARRIVALS TO SOUTH AFRICA, 2016 - 2020**



Source: South African Tourism, 2022



**TABLE 17: THE GERMAN TRAVELLER TO SOUTH AFRICA – AN ANALYSIS, 2018 – 2020**

Top Purpose of visit to South Africa (2020)	Holiday (64.1%) VFR (13.2%) Business Traveller (8.3%)
Average length of stay in South Africa (Number of nights)	2018: 18.9 2019: 19.0 2020: 20.7
Top Age Categories (2020)	25-34 years: 31.8% 45-54 years: 18.4% 18-24 years: 14.8% 35-44 years: 14.8%
Repeater Rate of German Travellers (2020)	First timers: 62.0% 2-3 times: 18.7% 4-5 times: 10.0%
Accommodation Usage (2020)	Hotels: 1,334,695 Friends & family: 876,214 Guesthouse: 664,439 Self-catering: 515,860
Total Foreign Direct Spend in South Africa (R in billions)	2018: R5.9 2019: R6.6 2020: R1.9
Average Spend in South Africa	2018: R19,700 2019: R22,900 2020: R21,100
Top 5 Activities undertaken in South Africa	Adventure Wildlife Visiting Natural Attractions Beaches Theme Parks

\*VFR- Visiting Friends and Relatives

\*MICE (Meetings, Incentives, Conferences and Exhibitions)

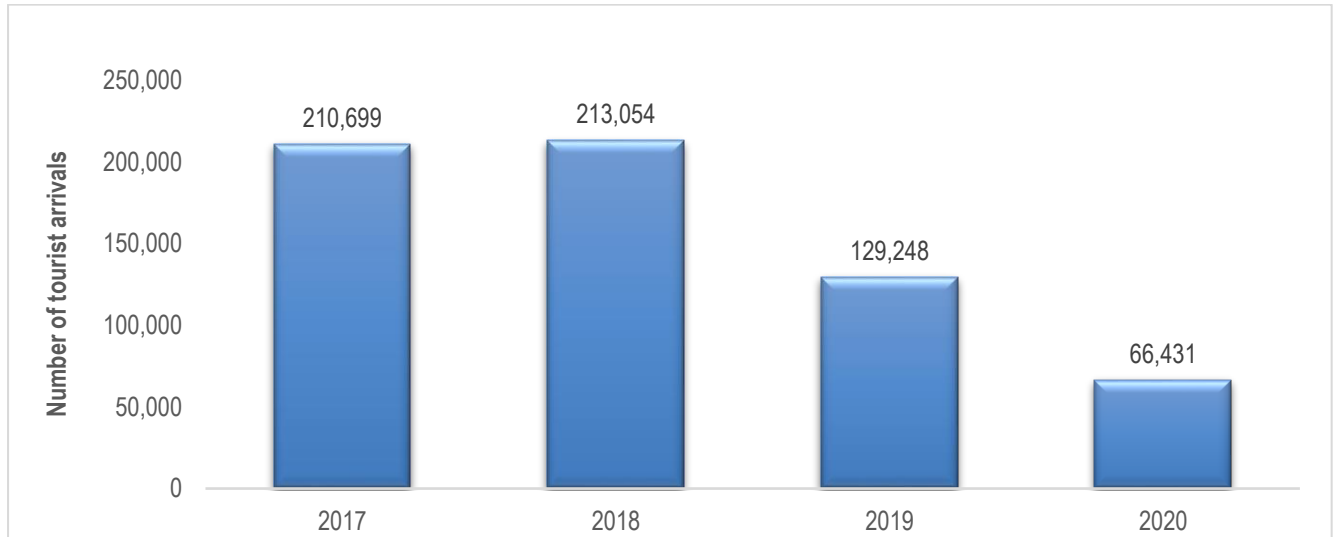
Source: South African Tourism, 2021

Source: South African Tourism, 2022

## 4.2 THE GERMAN TRAVELLER TO THE WESTERN CAPE

The following graphs are reflective of German tourist arrivals into South Africa over the period 2016 – 2020. The sharp downturn in 2020 is ascribed to the lock down measures implemented in 2020 which included a complete ban on international travel for several months in mid-2020.

**FIGURE 20: GERMAN TOURIST ARRIVALS TO THE WESTERN CAPE, 2017-2020**

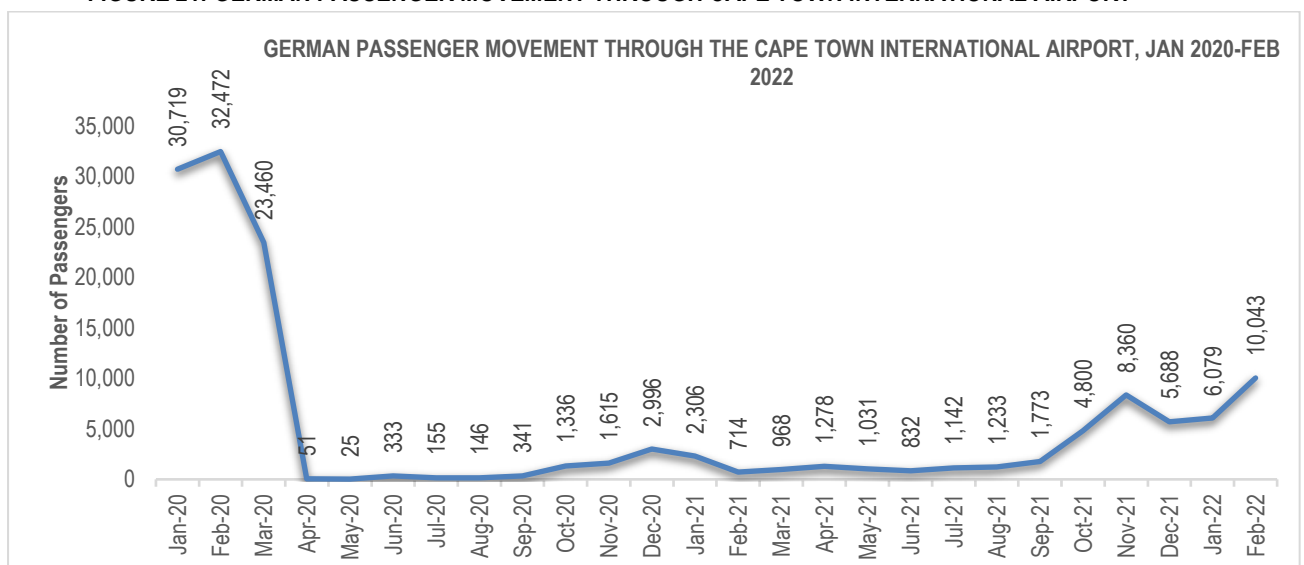


Source: South African Tourism, 2022

## 4.3 GERMAN PASSENGERS THROUGH THE CAPE TOWN INTERNATIONAL AIRPORT

During the challenging nationwide lockdown which commenced on the 27<sup>th</sup> of March 2020, the tourism and hospitality sectors have been the hardest hit globally. German passenger movement through the Cape Town International Airport plummeted in April 2020, recording only 51 passengers. Across the remaining months of 2020, December recorded the largest (2,669) number of passengers since lockdown. January 2021 remained steady at slightly over 2,300 passengers, followed by a peak of 8,360 in December 2021. 2022 has seen a good start, with a record of 10 043 passengers in February 2022, the highest since March 2020.

**FIGURE 21: GERMAN PASSENGER MOVEMENT THROUGH CAPE TOWN INTERNATIONAL AIRPORT**



Source: OAG Traffic Analyser, 2022

## 5. SUMMARY OF KEY FINDINGS

Germany is a key and an important trade partner for both South Africa and the Western Cape, presenting many opportunities for South African exporters and investors, and the creation of jobs. South Africa is Germany's largest trading partner in Africa (both in terms of exports and imports), and in 2021 Germany was South Africa's third largest export market. Further, it was the Western Cape's 7<sup>th</sup> largest export market. South Africa's exports from Germany have grown from ZAR36.35bn in 2012 to ZAR148.38bn 2021, a growth of more than 300%. In 2020, South Africa experienced a trade surplus with Germany, which is a great milestone.

Germany's world-leading industry and construction sector which excels in the production of automobiles, machinery, electrical equipment and chemicals has in the past presented opportunities for South African exports and continues to do so. South Africa's key export products to Germany include motor cars, precious metals and platinum, and these products are components of the automotive sector. Here, the Western Cape also has a part, in 2021, the export of parts suitable for use solely or principally with the engines of heading 84.07 or 84.08 was the province's top export product to Germany. The export of this product increased by 145.35% between 2020 and 2021 and increased at an average rate of 33.59% over the 5-year period, 2017-2021. Other key Western Cape products to Germany include wine and grapes, which have also increased over the past 5 years. There is a notable export potential in the following sectors: agri-processing (organic food, beverages, wines, fish and fruits & nuts), auto parts, organic chemicals and electrotechnical.

Further, the lower tariffs rates on South African products provide an opportunity for exporters to easily access the German market. An Economic Partnership Agreement (EPA) has been in force between the European Union (EU) and six states in Southern Africa (including South Africa) since October 2016. It offers the countries concerned broader, tariff-free access to European markets. This could further expand trade.

Germany further remains a major investor and a development partner, marked by high levels of investments made by Germany into South Africa (147) and the Western Cape (33) over the past 15 years. South Africa's automotive OEM and industrial equipment are the key recipients of Germany's FDI. For the Western Cape, investments were made into the transportation and warehousing, industrial equipment sector, including software and IT services, business services, electric components, renewable energy and food and beverages. With current and emerging opportunities in the energy, cleaner technology, telecommunications and healthcare sectors considered to be attractive future markets for German investors.

Tourism is another key focus area in the relationship between South Africa and Germany. Germany is, in normal non-COVID years, the third largest source of overseas tourists to South Africa after the United Kingdom and the United States. The decline in tourism figures to South Africa can be attributed to the global COVID-19 Pandemic that resulted in governments worldwide banning international travel. Nevertheless, recovery has set in, German passenger arrivals into Cape Town International Airport on the rise. From only 51 passengers in April 2020 to 10 043 passengers in February 2022, the highest since March 2020.

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