

Western Cape and Australia – Trade and Investment

September 2021

Executive Summary

This fact sheet provides key trade and investment related statistics for Australia. Specifically, it shows global trade and investment flows including an analysis of top markets and products for Australia 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:

Trade

- Australia was the 25th largest global exporter of services, valued at USD48.53bn in 2020 and the 22nd largest global importer of services in 2020. Exports of services grew by an annual average growth rate of 0.17% while services imports contracted by -2.09% between 2011 and 2020.
- Australia's largest export services in 2020 were other business services (15.8%); telecommunications, computer and information services (8%), and financial services (6.6%).
- Australia's top import services were other business services (26.05%); telecommunication, computer and information services (10.88%); and charges for the use of intellectual property (8.95%).
- Australia was the 22nd largest global exporter of goods and the 25th largest global importer of goods in 2020. Exports grew at an average of 2.79% per annum while imports grew at an average rate of 0.46% per annum from 2011 to 2020.
- Iron ores and concentrates was the leading export product from Australia in 2020, reaching a total export value of USD78.36billion, while motor cars designed for the transport of people was the leading import (USD12.85billion).
- China was the leading export and import market for Australia in 2020.
- The Western Cape was a net exporter of goods with Australia over the 10-year period from 2011 to 2020.
- Exports increased from ZAR945.19million in 2011 to ZAR1.82billion in 2020, while imports increased from ZAR575.35million in 2011 to ZAR675.48 in 2020.

Investment

- Over the period January 2003 to December 2020, there were 4,160 companies which 6,103 FDI projects into Australia, reaching a total capex of ZAR6.45 trillion and creating 573,162 jobs.
- Western Europe was the largest source *region* for FDI into Australia, while the United States was the largest source *market* for FDI into Australia over the period 2003 to 2020.
- The software and IT services sector in Australia attracted the largest number of FDI projects.
- Between January 2003 and December 2020, a total of 1,873 companies from Australia invested 3,977 projects globally. This undertaking reached a cumulative capex to the value of ZAR3.38trillion and created 570,185 jobs of 2,603.
- Asia-Pacific was the largest recipient *region* for outward FDI from Australia, while the United States was the largest destination *market* for outward FDI from Australia.
- Software and IT services sectors attracted the largest proportion of outward FDI projects (700 projects), while the real estate sector accounted for the largest portion of total capex from Australia (ZAR832.31billion).
- Five Australian companies invested six FDI projects into the Western Cape over this period. This FDI undertaking reached a cumulative capital investment of ZAR1.03billion and created 235 jobs in the Western Cape.
- Six Western Cape-based companies invested eight FDI projects into Australia. This FDI undertaking reached a cumulative capital investment of ZAR2.24billion and created 516 jobs

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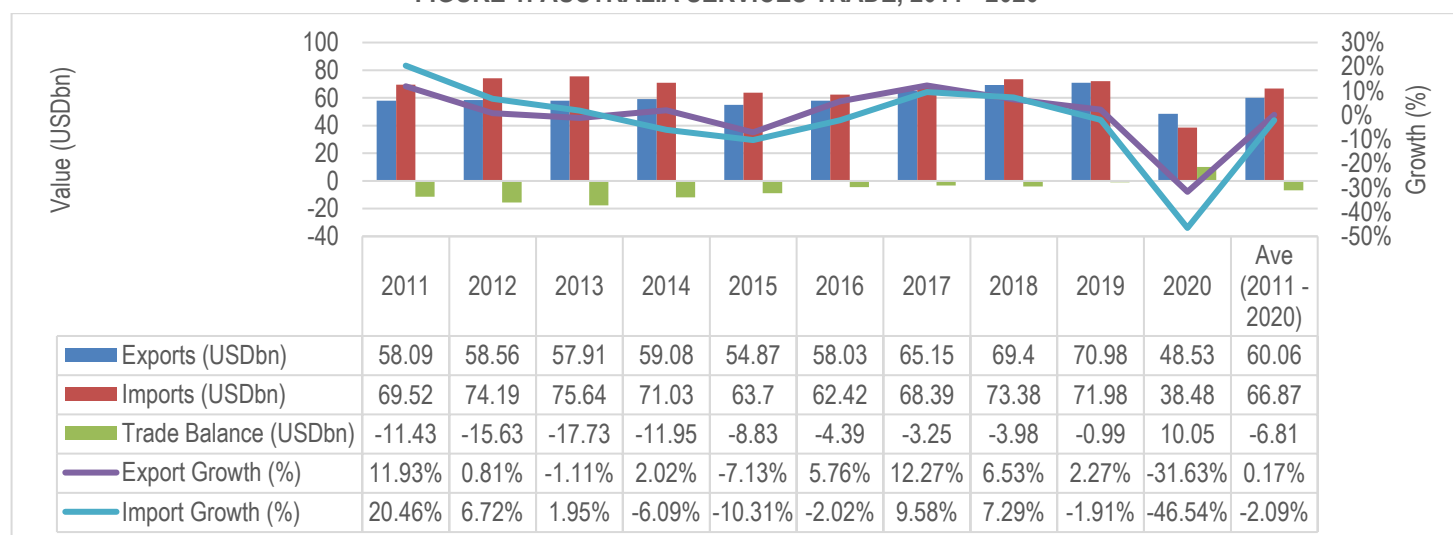
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1. TRADE

1.1 AUSTRALIA'S TRADE IN SERVICES

In 2020, Australia was the 25th largest global exporter of services, at a value of USD48.53bn. Australia's global exports of services grew by an annual average growth rate of 0.17% between 2011 and 2020. In terms of global imports, Australia was ranked 22nd in 2020 at a value of USD38.48bn, with services imports growing by an annual average growth rate of -2.09% between 2011 and 2020. Over the period analysed, except for 2020, Australia consistently maintained a negative global (services) trade balance.

FIGURE 1: AUSTRALIA SERVICES TRADE, 2011 - 2020

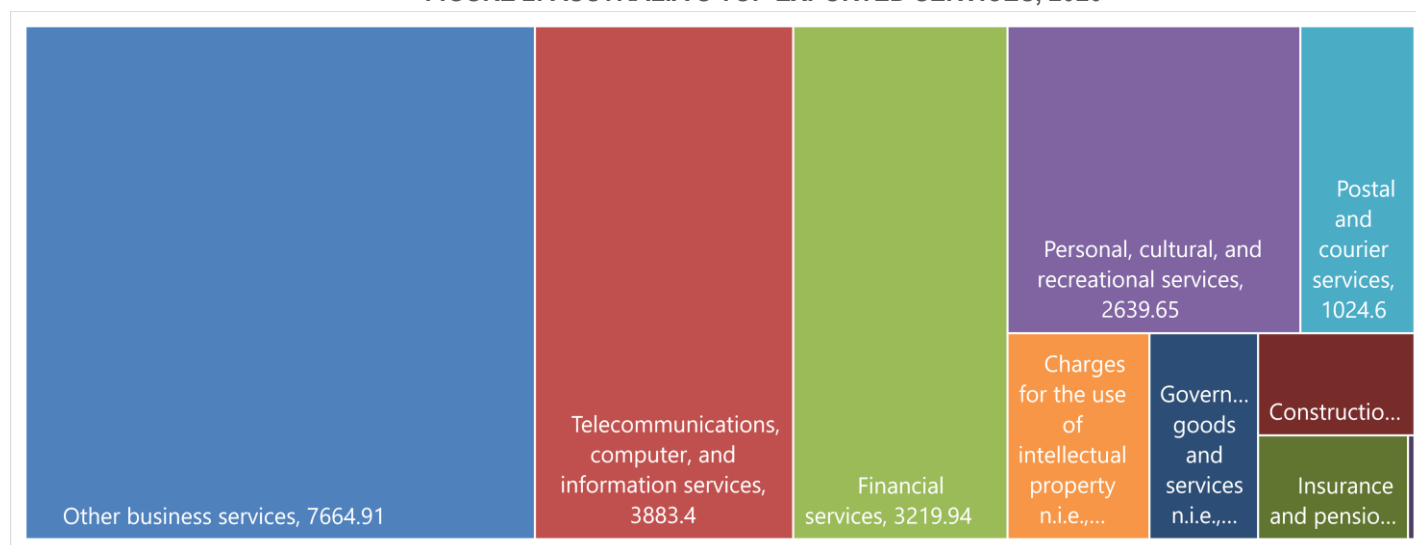


Source: UNCTAD, 2021

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As shown in Figure 2 below, other business services, which include research and development; professional management and consulting services; legal and accounting; and advertising was the top global exported service in 2020, accounting for 15.8% of services exported by Australia in 2020. Moreover, telecommunications, computer and information services were the second largest service export (8% or USD3,88bn), followed by financial services (6.6% or USD3,22bn) in 2020. As expected, there was no income from travel (for business or personal reasons) service exports for Australia in 2020, primarily due to various global restrictions on travel to curb the far-reaching effects of the COVID-19 pandemic.

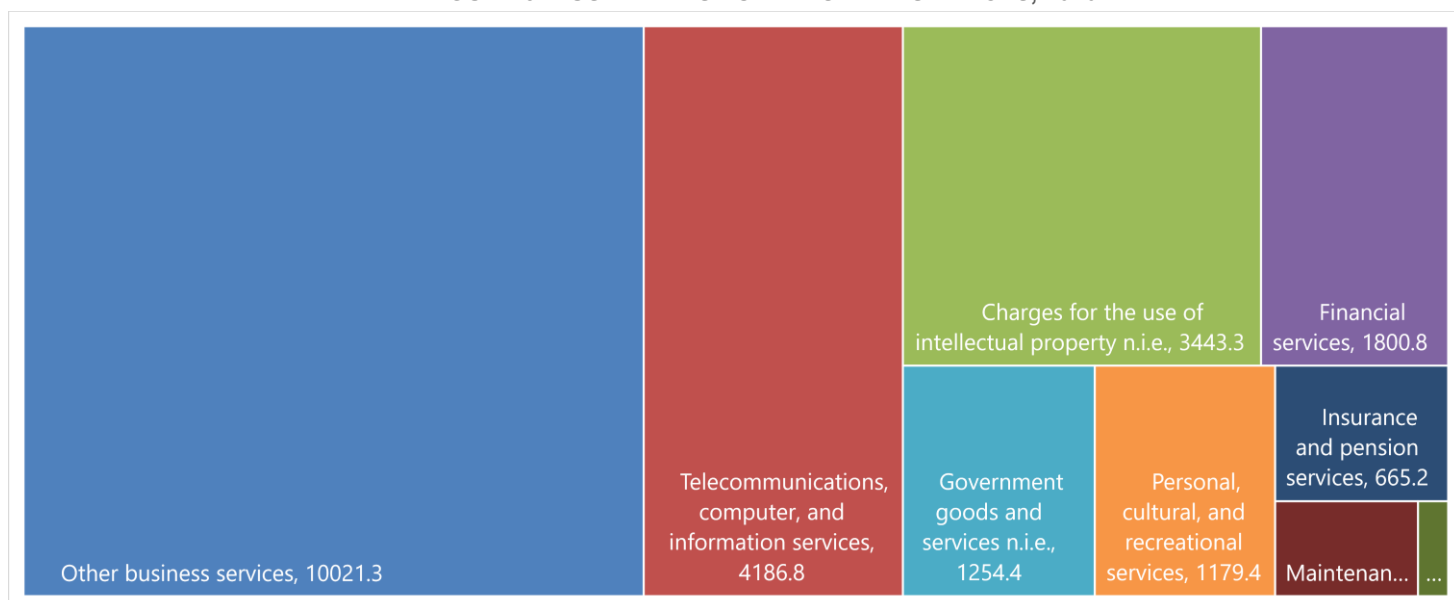
FIGURE 2: AUSTRALIA'S TOP EXPORTED SERVICES, 2020



Source: UNCTAD, 2021

Australia's imported services followed a similar trend to exports, with imports of other business services dominating the list, accounting for 26.05% (or USD10.02bn) of all services imported by Australia in 2020. Likewise, the import of telecommunication, computer and information services ranked second, comprising of a 10.88% share (or USD4.18bn) of all service imports, while charges for the use of intellectual property ranked in third place, with a total import cost reaching USD3.44bn (or 8.95%) in 2020.

FIGURE 3: AUSTRALIA'S TOP IMPORTED SERVICES, 2020

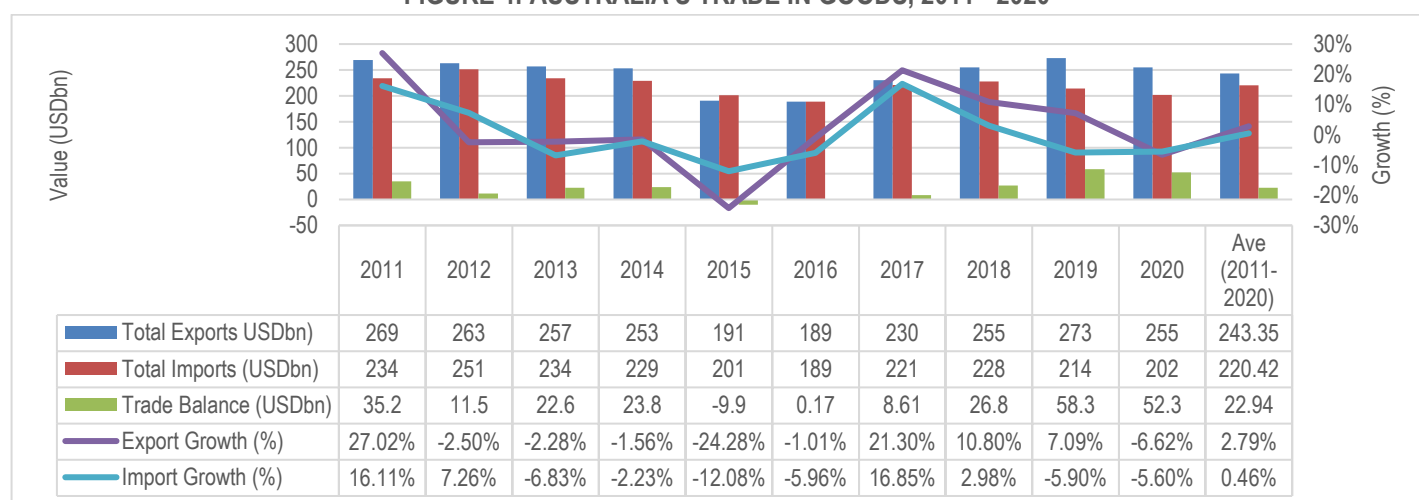


Source: UNCTAD, 2021

1.2 AUSTRALIA'S TRADE IN GOODS

Australia was the 22nd largest global exporter of goods in 2020, with exports reaching USD255bn. Australia maintained a global trade surplus over most of the past decade, with this averaging USD22.94bn per annum over the period 2011 to 2020. Said differently, Australia was a net exporter of trade in goods over the period. Apart from being a significant global exporter, Australia's exports also experienced healthy growth, increasing at an average rate of 2.79% per annum over the period under review. Imports in turn reached USD202bn in 2020, making Australia the 25th largest global importer of goods in 2020. Moreover, imports grew at an average rate of 0.46% per annum from 2011 to 2020, with imports declining by 5.60% in 2020 due to the global crisis induced by the COVID-19 pandemic.

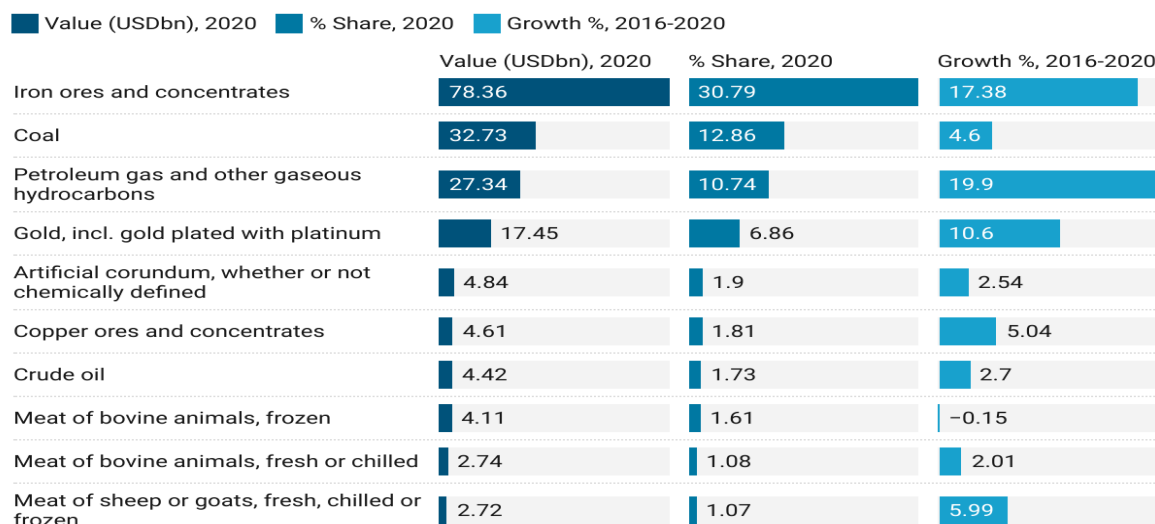
FIGURE 4: AUSTRALIA'S TRADE IN GOODS, 2011 - 2020



Source: TradeMap, 2021

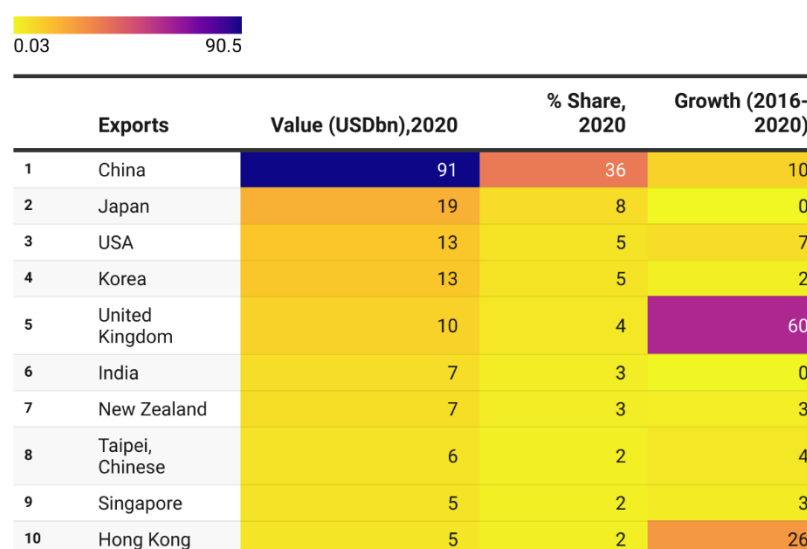
Iron ores and concentrates was the leading export product from Australia in 2020, reaching a total export value of USD78.36billion and accounted for 30.79% of Australian exports in 2020. Moreover, apart from being a major export commodity, iron ores and concentrates exports have surged in recent years, recording an average growth (in exports) of 17.38% per annum from 2016 to 2020. Following this, coal was the second largest export commodity, with exports of coal accounting for 12.86% (or USD32.73billion) of Australian exports in 2020, while petroleum gas (USD27.24billion), and gold exports (USD17.45billion) ranked in third and fourth place, respectively.

FIGURE 5: AUSTRALIA'S TOP 10 EXPORT PRODUCTS (HS4), 2020



China was the leading export market for Australia at a value of USD91bn in 2020. Following this, Japan and the US ranked second and third at a value of USD19bn and USD13bn, respectively. Six of the top 10 export destination countries are in Asia. South Africa was Australia's 26th largest import source market, importing USD613.18million worth goods in 2020. The United Kingdom was Australia's fastest growing export market, averaging robust growth of 60% per annum from 2016 to 2020. Other high growth export markets were Hong Kong (26%) and China, which grew at an average of 10% per annum over the period reviewed.

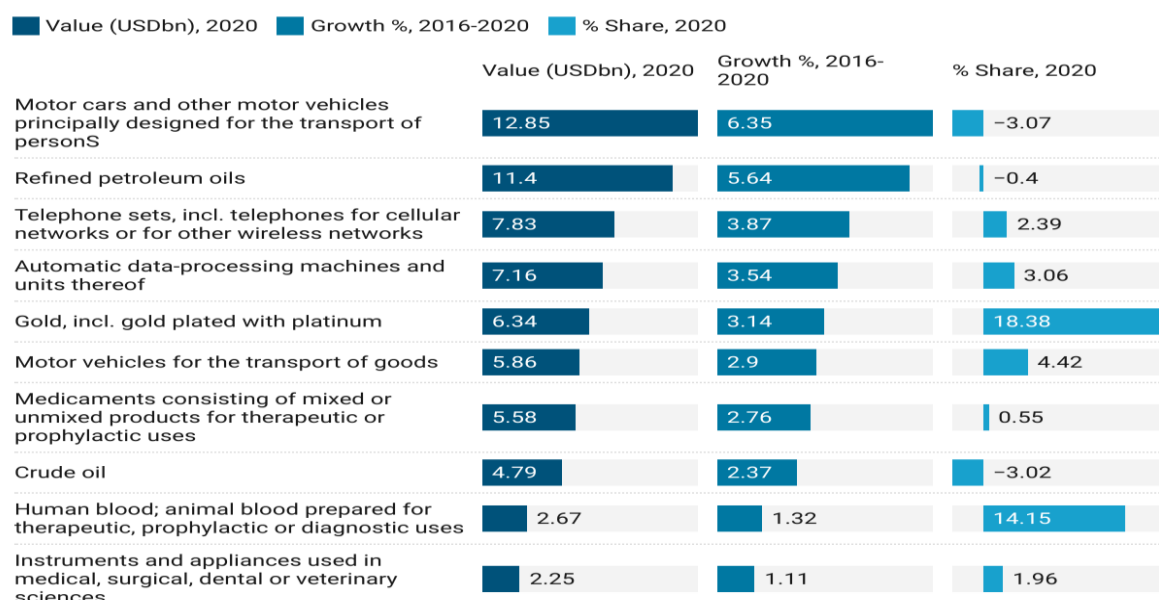
FIGURE 6: AUSTRALIA'S TOP 10 EXPORT MARKETS, 2020



Source: TradeMap, 2021

Turning to imports, motor cars designed for the transport of people held the largest share of Australian imports, accounting for 6.35% (or a value of USD12.85billion) of all imports in 2020, albeit declining at an average rate of 3.07% per annum from 2016 to 2020. Refined petroleum oils ranked second, accounting for 5.64% (USD11.4billion) of Australia's import basket, while telephone sets ranked third and reached a total import value of USD7.83billion (or 3.87%) in 2020. The import of gold achieved the highest growth rate, increasing at an average rate of 18.38% per annum over the period 2016 to 2020. Other high growth import products were human blood/animal blood for therapeutic, prophylactic uses (14.15%), and motor vehicles designed for the transport of goods, which grew at 4.42% per annum over the period under review.

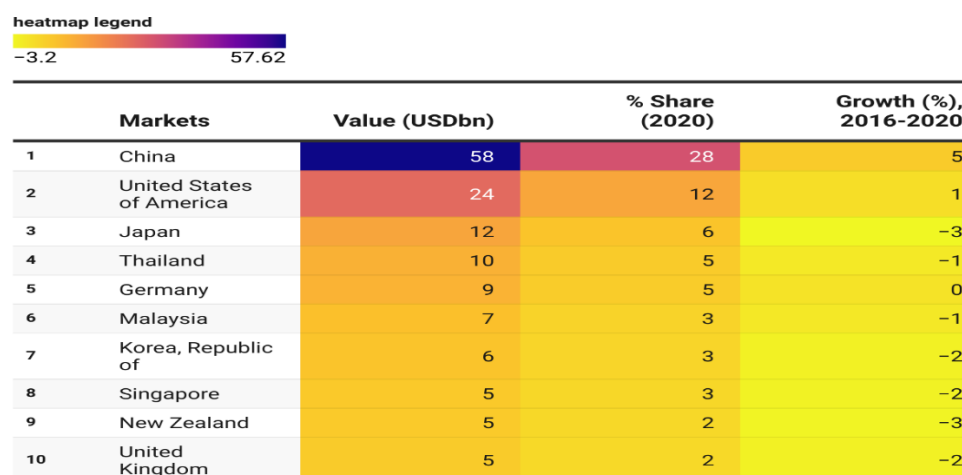
FIGURE 7: AUSTRALIA'S TOP 10 IMPORT PRODUCTS (HS4), 2020



Source: TradeMap, 2021

Similarly, China was Australia's leading import source market, reaching a total import value of USD58billion (or 28% share) in 2020, while growing at an average rate of 5% per annum over the period 2016 to 2020. The United States ranked in second place with a total import value to the amount of USD24billion, while total imports from Japan reached USD12billion in 2020.

FIGURE 8: AUSTRALIA'S TOP 10 IMPORT MARKETS, 2020



Source: TradeMap, 2021

Australia ranked 21st in global exports and accounted for 1.5% of world exports in 2020, while its 24th ranking in global imports accounted for 1.2% of world imports. Further, Australia ranked 1st in terms of global exports of lead and articles thereof, which

accounted for 10.9% of global exports of lead in 2020. In addition, Australia also ranked 1st for exports of ores, slag and ash (35.2% of global exports), and wool, fine or coarse animal hair, horsehair yarn and woven fabric (accounting for 18.4%), while the country ranked 3rd for the exports of meat and meat offal and zinc. Turning to imports, Australia was ranked as the 5th largest global importer of explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparation, while ranking 7th for the imports of carpets and other textiles; and fertilisers. The hexagons below show Australia's competitive advantage in trade:

FIGURE 9: AUSTRALIA'S COMPETITIVE TRADE ADVANTAGE, 2020

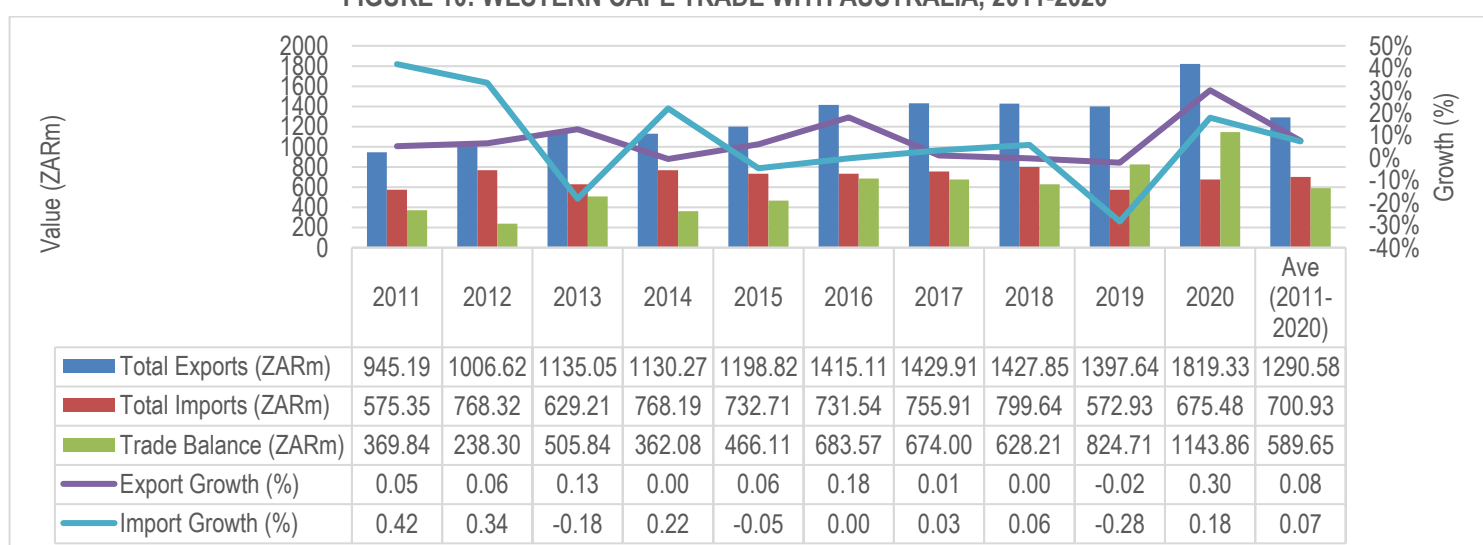


Source: TradeMap, 2021

1.3. AUSTRALIA TRADE WITH WESTERN CAPE

The Western Cape was a net exporter of goods with Australia over the 10-year from 2011 to 2020, with the trade balance widening from ZAR369.84m in 2011 to ZAR1.14billion by 2020. Moreover, exports increased from ZAR945.19million in 2011 to ZAR1.82billion in 2020. Similarly, imports increased over the period, from ZAR575.35million in 2011 to ZAR675.48, albeit off a lower base. On average, exports grew by 0.08% per annum while imports grew at 0.07% per annum over the period under review. Australia was the Western Cape's 21st largest export destination and 31st largest import market in 2020. The Western Cape recorded a positive trade surplus with Australia throughout the period under review, with the highest trade balance recorded in 2020.

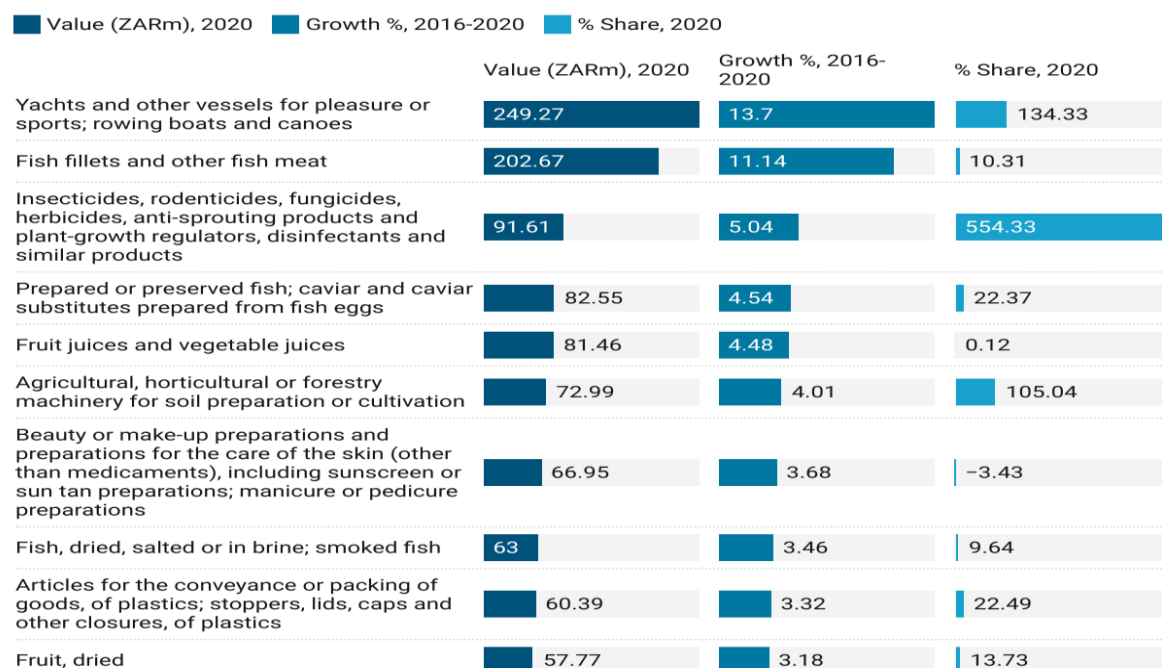
FIGURE 10: WESTERN CAPE TRADE WITH AUSTRALIA, 2011-2020



Source: Quantec, 2021

Yachts and other vessels for the pleasure of sports was the top exporting product from the Western Cape to Australia in 2020, reaching a total export value of ZAR249.27million (or 13.7%). Fish fillets ranked second, with exports reaching ZAR202.67million, while plant growth regulators and disinfectant products reached a value of ZAR91.61million to rank in third place in 2020. Furthermore, plant growth regulators and disinfectant products experienced the highest growth in exports, increasing at an average rate of 554.33% per annum from 2016 to 2020. Other high growth export products were yachts and recreational sport boats (134.33%), and agricultural machinery (105.04%).

FIGURE 11: WESTERN CAPE TOP 10 EXPORTS TO AUSTRALIA, 2020



Source: Quantec, 2021

The leading import into the Western Cape from Australia in 2020 was uncoated kraft paper valued at ZAR141.67million, followed by seeds used for sowing (ZAR61.52million), and undenatured ethyl alcohol (ZAR60.68million). The import of dried leguminous vegetables recorded the highest import growth from Australia, growing at an average of 165.7% per annum from 2016 to 2020. Other high growth import products into the WC from Australia were baked goods (33.05%); uncoated kraft paper and paperboard (24.08%) and vegetable alkaloids, which grew at 20.99% per annum from 2016 to 2020 as displayed below:

FIGURE 12: WESTERN CAPE TOP 10 IMPORTS FROM AUSTRALIA, 2020

	Value (ZARm), 2020	Growth %, 2016-2020	% Share, 2020
Uncoated kraft paper and paperboard	141.67	20.97	24.08
Seeds, fruit and spores, of a kind used for sowing	61.52	9.11	18.12
Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol.; spirits, liqueurs and other spirituous beverages	60.68	8.98	4.52
Edible offal of bovine animals	44.72	6.62	13.68
Hydrazine and hydroxylamine and their inorganic salts	41.8	6.19	11.55
Guts, bladders and stomachs of animals	31.36	4.64	-5.83
Bread, pastry, cakes, biscuits and other bakers' wares	20.35	3.01	33.05
Vegetable alkaloids, natural or reproduced by synthesis	17.97	2.66	20.99
Dried leguminous vegetables	13.8	2.04	165.7
Meat of sheep or goats, fresh	12.77	1.89	10.4
Total imports	675.48	100	-0.3

Source: Quantec, 2021

1.4. TRADE AGREEMENTS

Australia's free trade agreements (listed with the entry-into-force date).

- [Australia-New Zealand \(ANZCERTA or CER\)](#) – 1 January 1983
- [Singapore-Australia \(SAFTA\)](#) – 28 July 2003
- [Australia-United States \(AUSFTA\)](#) – 1 January 2005
- [Thailand-Australia \(TAFTA\)](#) – 1 January 2005
- [Australia-Chile \(ACI-FTA\)](#) – 6 March 2009
- [ASEAN-Australia-New Zealand \(AANZFTA\)](#) – 1 January 2010 for eight countries: Australia, New Zealand, Brunei, Burma, Malaysia, the Philippines, Singapore and Vietnam. For Thailand: 12 March 2010. For Laos: 1 January 2011. For Cambodia: 4 January 2011. For Indonesia: 10 January 2012
- [Malaysia-Australia \(MAFTA\)](#) – 1 January 2013
- [Korea-Australia \(KAFTA\)](#) – 12 December 2014
- [Japan-Australia \(JAEPA\)](#) – 15 January 2015
- [China-Australia \(ChAFTA\)](#) – 20 December 2015
- [Comprehensive and Progressive Agreement for Trans-Pacific Partnership \(CPTPP\)](#) – 30 December 2018
- [Australia-Hong Kong \(A-HKFTA\)](#) and [associated Investment Agreement \(IA\)](#) – 17 January 2020
- [Peru-Australia \(PAFTA\)](#) – 11 February 2020
- [Indonesia- Australia Comprehensive Economic Partnership Agreement \(IA-CEPA\)](#) – 5 July 2020
- [Pacific Agreement on Closer Economic Relations \(PACER\) Plus](#) – 13 December 2020

FTAs concluded but not yet in force

The Regional Comprehensive Economic Partnership (RCEP). On 15 November 2020, Ministers from 15 countries signed the Agreement. For more information about RCEP, visit our [Regional Comprehensive Economic Partnership \(RCEP\)](#) page.

FTAs under negotiation

- [Australia-European Union Free Trade Agreement](#)
- [Australia-Gulf Cooperation Council \(GCC\) Free Trade Agreement](#)
- [Australia-India Comprehensive Economic Cooperation Agreement](#)
- [Australia-United Kingdom Free Trade Agreement](#)
- [Environmental Goods Agreement](#)
- [Pacific Alliance Free Trade Agreement](#)
- [Trade in Services Agreement](#)

1.5. TARIFFS

Tariffs imposed on South African exports to Australia for 2020 are listed below. These tariffs are listed by the importing country i.e. Australia.

TABLE 1: EQUIVALENT AD VALOREM TARIFF APPLIED BY AUSTRALIA ON IMPORTS FROM SOUTH AFRICA, 2020			
Product	Tariff (%)	Product	Tariff (%)
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	4	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	4
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	2	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial ...	4
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	1	Fertilisers	0
Aluminium and articles thereof	4	Works of art, collectors' pieces and antiques	0
Articles of iron or steel	5	Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures ...	5
Fish and crustaceans, molluscs and other aquatic invertebrates	0	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring ...	4
Miscellaneous chemical products	3	Wood and articles of wood; wood charcoal	4
Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ...	2	Miscellaneous articles of base metal	5
Preparations of vegetables, fruit, nuts or other parts of plants	5	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or ...	0
Ships, boats and floating structures	3	Articles of stone, plaster, cement, asbestos, mica or similar materials	5
Ores, slag and ash	0	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	1
Iron and steel	4	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, ...	2
Plastics and articles thereof	5	Cocoa and cocoa preparations	3
Essential oils and resinoids; perfumery, cosmetic or toilet preparations	5	Footwear, gaiters and the like; parts of such articles	4
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	1	Articles of apparel and clothing accessories, not knitted or crocheted	5
Pharmaceutical products	1	Articles of apparel and clothing accessories, knitted or crocheted	5
Miscellaneous edible preparations	2	Glass and glassware	4
Paper and paperboard; articles of paper pulp, of paper or of paperboard	4	Man-made staple fibres	4
Albuminoidal substances; modified starches; glues; enzymes	2	Commodities not elsewhere specified	
Edible fruit and nuts; peel of citrus fruit or melons	1	Lac; gums, resins and other vegetable saps and extracts	1
Rubber and articles thereof	4	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	3
Sugars and sugar confectionery	3	Miscellaneous manufactured articles	3
Beverages, spirits and vinegar	4	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	2
Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	3	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	0

Carpets and other textile floor coverings	4	Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	0
Other made-up textile articles; sets; worn clothing and worn textile articles; rags	4	Nickel and articles thereof	0
Aircraft, spacecraft, and parts thereof	0	Cereals	0
Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	5	Clocks and watches and parts thereof	0
Raw hides and skins (other than furskins) and leather	4	Man-made filaments; strip and the like of man-made textile materials	5
Coffee, tea, maté and spices	0	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles ...	0
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	0	Furskins and artificial fur; manufactures thereof	5
Products of the milling industry; malt; starches; inulin; wheat gluten	0	Umbrellas, sun umbrellas, walking sticks, seat-sticks, whips, riding-crops and parts thereof	3
Organic chemicals	1	Residues and waste from the food industries; prepared animal fodder	0
Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	5	Edible vegetables and certain roots and tubers	1
Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	4	Live animals	0
Preparations of cereals, flour, starch or milk; pastrycooks' products	4	Products of animal origin, not elsewhere specified or included	0
Knitted or crocheted fabrics	5	Headgear and parts thereof	1
Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable ...	5	Cotton	4
Salt; sulphur; earths and stone; plastering materials, lime and cement	0	Tobacco and manufactured tobacco substitutes	0
Ceramic products	4	Meat and edible meat offal	0
Toys, games and sports requisites; parts and accessories thereof	3	Musical instruments; parts and accessories of such articles	2
Copper and articles thereof	2	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	3
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	0	Vegetable plaiting materials; vegetable products not elsewhere specified or included	0
Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	4	Photographic or cinematographic goods	2
Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles ...	5	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	0
Other base metals; cermets; articles thereof	0	Silk	0
Zinc and articles thereof	0	Cork and articles of cork	2
Tin and articles thereof	0	Lead and articles thereof	0

Source: Trademap, 2017

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 to determine the exact tariff applicable to the product at HS6.

1.6. STANDARDS AND REGULATIONS

Import Requirements and Documentation

The Australian Customs and Border Protection Service has sole jurisdiction to clear imports. Local importers are responsible for obtaining formal customs clearance for goods.

While there are several methods of valuing goods for customs purposes, the method most frequently applied (transaction value) is based on the price actually paid (or payable) for the imported goods subject to certain adjustments. A major condition for using the transaction value is that there is no relationship between the buyer and seller that may influence the price. Valuation of imported goods can be complex, and importers are urged to seek advice from a customs broker or to contact a Customs Information Centre. The Customs Brokers and Forwarders Council of Australia posts a list of members at: <http://www.cbfa.com.au>.

Goods entering Australia may incur duty, GST, and/or additional charges. customs duty rates vary and depend on several factors, such as type of goods and country of origin. Customs does not require companies or individuals to hold import licenses, but importers may need to obtain permits to clear the goods. Further information on permits is contained at: <http://www.border.gov.au/Trav/Impo/Proh>.

Some authorities that issue import permits publish brochures/pamphlets that explain their areas of concern. However, these agency publications may not always reflect current customs legislation and procedures as they are often modified. It would be advisable to contact a Customs Information Centre to check these issues <https://www.border.gov.au/>.

The liability to pay a 10 percent GST for imports rests with the importer. Payment of GST may not be required for temporary importation of goods. Imported, second-hand goods are treated the same way as any taxable goods and are therefore subject to GST. Under the GST, the amount paid or payable for international transport and insurance is also added to the taxable importation value. Further information on GST can be found on the Australian Tax Office website: <https://www.ato.gov.au/business/gst/>.

The minimum amount of documentation required for customs clearance comprises a completed Customs Entry or Informal Clearance Document (ICD), an air waybill (AWB) or bill of lading (BLAD), as well as invoices and other documents relating to the importation. Customs does not require the completion of a special form of invoice. Normal commercial invoices, bills of lading, and receipts are acceptable. These documents should contain the following information: invoice terms (e.g., FOB, CIF) name and address of the seller of the goods (Consignor) monetary unit referred to on invoice (e.g. AUD, USD), and country of origin.

Import Labelling

In general, goods imported in the packages in which they are customarily sold or offered for sale need to be marked with a true description of the goods and the country in which the goods were made. The trade description needs to be applied to the packages in prominent and legible characters. Any additional information applied and/or labelled on the packages must be true and may not contradict or obscure the information required as part of the trade description.

The quantity of a commodity sold in a package must be truly stated on the main display panel of the package, in units of the metric system. The word "net" should always be used when expressing quantity in mass.

Trade Standards

Australia is a signatory to the GATT/WTO Standards Code. It is common in Australia to use quality standards, such as the ISO 9000 series. Standards Australia, the national standards body, has a Quality Assessment division and can provide a list of companies adhering to the ISO 9000 series. Australia still has in place various standards that can affect product entry.

Standards Australia is Australia's leading standards development organization. While not a government agency, Standards Australia is recognized as the leading standards development body in Australia. In partnership with SAI Global Ltd., an information services company, it delivers standards and related products to industry.

The DAWR, <http://www.agriculture.gov.au/> is responsible for enforcing the Standards Code for imported foods. Both Standards Australia (<http://www.standards.org.au/>) and the National Institute of Standards and Technology (NIST), (<http://www.nist.gov/>) have current information on Australian standards.

Market Challenges:

Learn about barriers to market entry and local requirements, i.e., things to be aware of when entering the market for this country.

- Australia's distance from the rest of the world, large land area, and relatively small population has led to market dominance by a few large firms in certain sectors.
- South African companies will find that Australian and third- country competitors in Australia have some long-established brands with strong reputations and existing supplier relationships.
- Australia has ready access to Asian and other, low-cost producers.
- South African firms must therefore demonstrate sufficient added value to overcome the costs of getting the product to market, and to compete.

Market Entry Strategy:

Generalizes on the best strategy to enter the market, e.g., visiting the country; importance of relationships to finding a good partner; use of agents:

- Successful market entry strategies for Australia have three common elements: Understanding the market, selecting the optimal partner, and providing ongoing support to that partner in the market.
- A common language and familiar business framework may lead South Africans to overlook Australia's cultural and market differences. It is vital to first gain an understanding of the Australian context for product or service, its competitors, standards, regulations, sales channels, and applications.
- Success in the Australian market often requires establishing a local sales presence. For many South African exporters, this means appointing an agent or distributor. The bounds of that appointment are negotiated, and may include only certain states of Australia, the entire country, or New Zealand as well.
- The distance from many of their trading partners and the sheer size of the Australian continent - comparable to the African continental - causes Australian firms to stress the importance of local support and service. South African companies should visit Australia both to meet prospective partners and demonstrate ongoing support, as this is the common practice of their competitors.
- Most of the criteria South African firms use to select agents or distributors are applicable to Australia, with expectations adjusted to the scale of the market given the population of 24 million. Performing due diligence is just as important in Australia as in South Africa.

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KEY TRADE CONTACTS IN AUSTRALIA		
Contact	Address	Website
South African High Commission	Corner State Circle and Rhodes Place, Yarralumla 2600; +61 2 6272 7300; satrade@optusnet.com.au	https://www.sahc.org.au/contact.htm
Austrade (Australian Government Trade and Investment Commission)	http://www.austrade.gov.au/contact/contact	http://www.austrade.gov.au/international
Australian Chamber of Commerce and Industry	Canberra and Melbourne +61 2 6270 8000; info@acci.asn.au	https://www.acci.asn.au/
Customs Brokers and Forwarders Council	043 Nariel Street	http://www.cbfa.com.au/
	Albion QLD 4010 +61 7 3256 1244	
Food Standards Australia and New Zealand	http://www.foodstandards.gov.au/Pages/contact.aspx	http://www.foodstandards.gov.au/Pages/default.aspx

1.7. PORT-TO-PORT

Australia is mostly a desert area, with these being larger than those on any other continent. The most populous agglomerations are located at the coast, and that's where Australia's biggest seaports are situated.

The seaport of Brisbane is currently the third busiest port in Australia and the fastest growing container port. It is located on the east coast of the state of Queensland. The seaport of Sydney is the second largest seaport in Australia and is called Port Botany (the name comes from the Botany Bay where it is situated) and it is located near to the Sydney airport. The table below shows the transit times for shipping from Cape Town to Australia's largest ports:

TRANSIT TIME FROM CAPE TOWN TERMINAL TO THE LARGEST PORTS IN AUSTRALIA, 2021		
TERMINAL	DISTANCE	TRANSIT TIME
Brisbane	6464.32 mi (11971.91 km)	a month (14 knots)
Fremantle	4721.48 mi (8744.18 km)	22 days (14 knots)
Melbourne	5606.42 mi (10383.09 km)	25 days (14 knots)
Sydney	6032.76 mi (11172.66 km)	a month (14 knots)

Source: SeaRates, 2021

1.8 WESTERN CAPE EXPORT OPPORTUNITIES TO AUSTRALIA

This section uses the Decision Support Model (DSM) to identify realistic export opportunities for Western Cape firms exporting to Australia. The DSM results, indicated in the table below, show the top 20 realistic export opportunities (REOs) for Western Cape exports to Australia.

DSM: TOP 20 REALISTIC EXPORT OPPORTUNITY PRODUCTS FROM WESTRN CAPE TO AUSTRALIA, 2021							
Rank	Product	Tariff book product (HS 6 digit)	Realistic Export Potential to Target Market (ZARm)	Rank	Product	Tariff book product (HS 6 digit)	Realistic Export Potential to Target Market (ZARm)
1	HS260800	Zinc ores and concentrates	980.93	11	HS820719	Tools, interchangeable: rock drilling or earth boring tools, with working part (other than of cermet's), whether or not power operated, including parts	204.24
2	HS847490	Machines, for sorting, screening, separating, washing, crushing etc mineral substances, for agglomerating, shaping or moulding solid fuels, ceramic pastes etc, for forming foundry moulds of sand: parts	613.41	12	HS090230	Tea, black: (fermented) and partly fermented tea, in immediate packings of a content not exceeding 3kg	175.76
3	HS210390	Sauces and preparations therefor: mixed condiments and mixed seasonings	484.64	13	HS360300	Fuses and detonators: safety or detonating fuses, percussion or detonating caps, igniters, electric detonators	168.70

4	HS842139	Machinery: for filtering or purifying gases, other than intake air filters for internal combustion engines	477.00	14	HS852910	Reception and transmission apparatus: aerials and aerial reflectors of all kinds and parts suitable for use therewith	165.53
5	HS841391	Pumps: parts thereof	301.86	15	HS481810	Paper articles: toilet paper	164.72
6	HS230990	Dog or cat food: (not put up for retail sale), used in animal feeding	290.43	16	HS220870	Liqueurs and cordials	156.20
7	HS240319	Tobacco: smoking, other than water pipe tobacco, whether or not containing tobacco substitutes in any proportion	267.48	17	HS740710	Copper: bars, rods and profiles, of refined copper	144.67
8	HS741110	Copper: tubes and pipes, of refined copper	245.16	18	HS330129	Oils, essential: n.e.c. in heading no. 3301 (terpeneless or not), including concretes and absolutes	140.50
9	HS847410	Machines: for sorting, screening, separating or washing earth, stone, ores or other mineral substances	231.22	19	HS340119	Soap and organic surface-active products: in the form of bars, cakes, moulded shapes, and paper, wadding, felt and nonwovens, impregnated, coated or covered with soap or detergent, not for toilet use	137.63
10	HS730840	Iron or steel: structures and parts thereof, props and similar equipment for scaffolding, shuttering or pit-propping	213.87	20	HS283325	Sulphates: of copper	125.96

Source: DSM Trade Advisory, 2021

Disclaimer re DSM Model Results and Findings

While the Decision Support Model (DSM) can offer varying degrees of input for identifying, prioritising, designing, planning and executing export promotion activities, the results of the DSM are inescapably based on statistical data which are at least two years old. Accordingly, it would be unwise to rest all export promotion decisions upon the DSM results alone, and there is an additional need to have the realistic export opportunities identified assessed by experts 'in the field' such as panels of exporters, representatives of sector organisations and commercial attaches at diplomatic missions abroad. Diplomatic and political issues also need to be taken into consideration.

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2. FOREIGN DIRECT INVESTMENT

2.1 GLOBAL INVESTMENT INTO AUSTRALIA

Over the period January 2003 to December 2020, some 4,160 global companies invested in 6,103 FDI projects into Australia, reaching a total capex of ZAR6.45 trillion and creating 573,162 jobs.

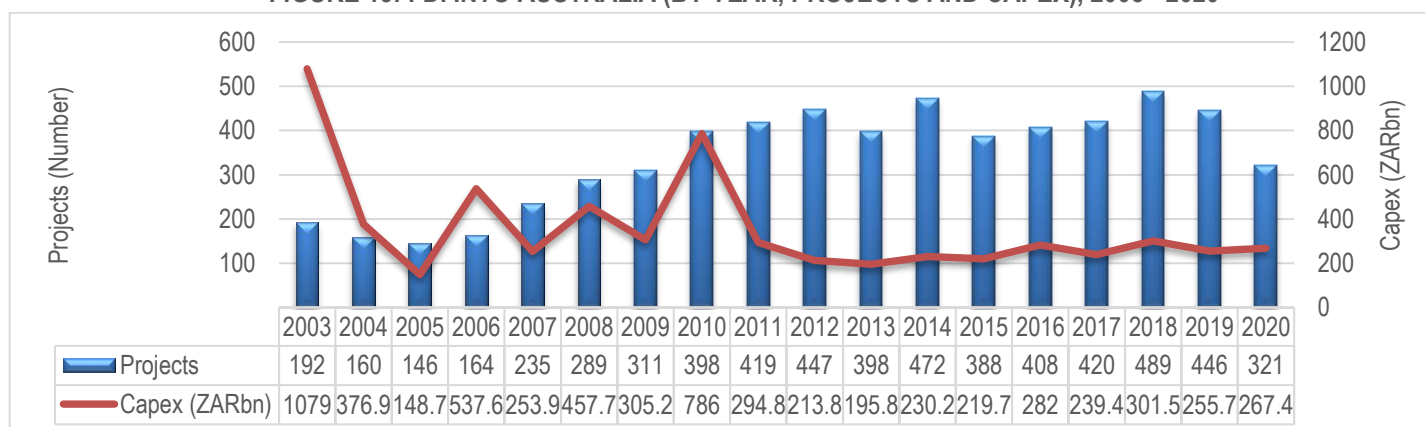
FIGURE 13: FDI INTO AUSTRALIA, 2003 - 2020



Source: FDI Markets, 2021

Figure 13 below shows a 18-year trend in FDI projects and capital expenditure into Australia covering the period 2003 to 2020. Overall, the graph shows an upward trend of FDI projects into Australia, increasing from 192 projects in 2003 to 446 projects in 2019, with a notable drop in projects (321 projects) invested in 2020 – providing further evidence of the global economic downturn as a result of adverse economic conditions emanating from the advent of the COVID-19 pandemic. In turn, capex dropped dramatically from 2003 to 2005 before resuming an upward trend until 2010. Thereafter, capex averaged around ZAR200 billion per annum from 2011 to 2020 as indicated below.

FIGURE 13: FDI INTO AUSTRALIA (BY YEAR, PROJECTS AND CAPEX), 2003 - 2020

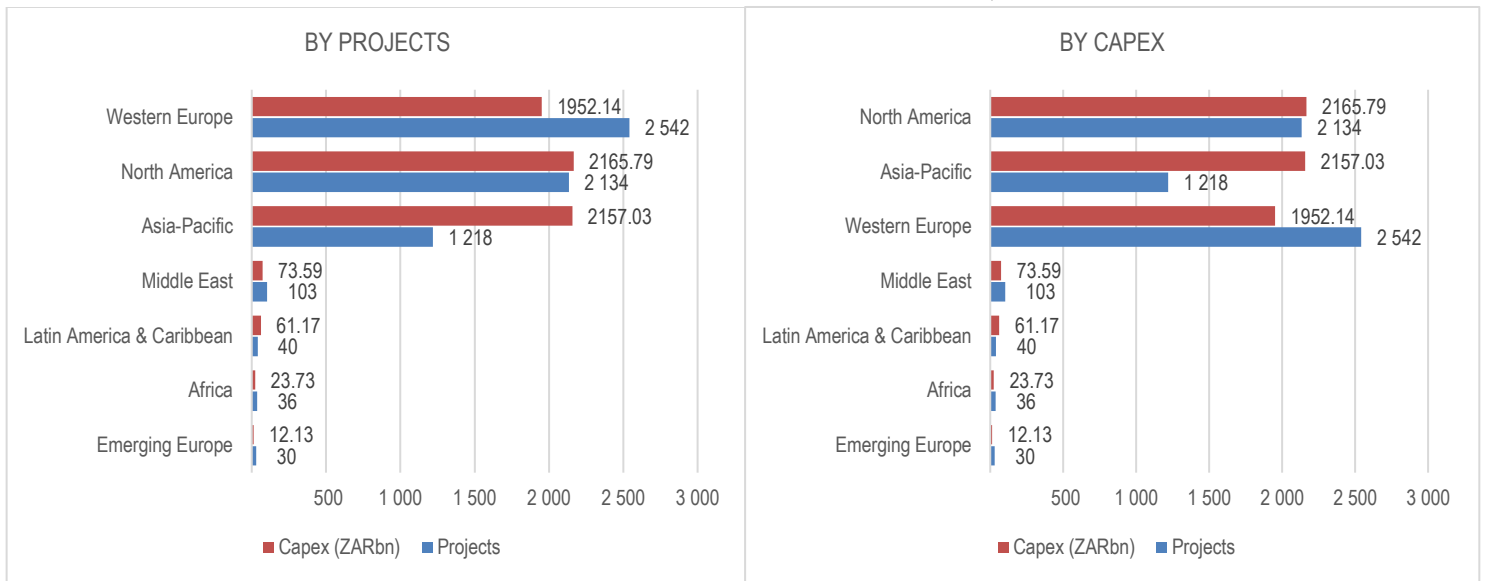


Source: FDI Markets, 2021

Western Europe was the largest *source region* for FDI into Australia, with 2,542 projects invested and accounting for 41.65% of all projects over the period 2003 to 2020. Following this was North America, with 2,134 projects (34.97%); Asia Pacific with 1,218 projects (19.96%); while Middle East (103 projects or 1.69%) followed in a distant fourth place.

In turn, North America accounted for the largest proportion of capital investment into Australia, reaching a total capex of ZAR2.17trillion (or 33.60% of capex) over the period under review. Asia Pacific followed in second place, accounting for 33.47% of capex (ZAR2.16trillion), while Western Europe (ZAR1.95trillion or 30.29%) and the Middle East (ZAR73.59billion or 1.14%) followed in third and fourth place, respectively as shown in Figure 14 below.

FIGURE 14: FDI INTO AUSTRALIA BY SOURCE REGION, 2003 - 2020

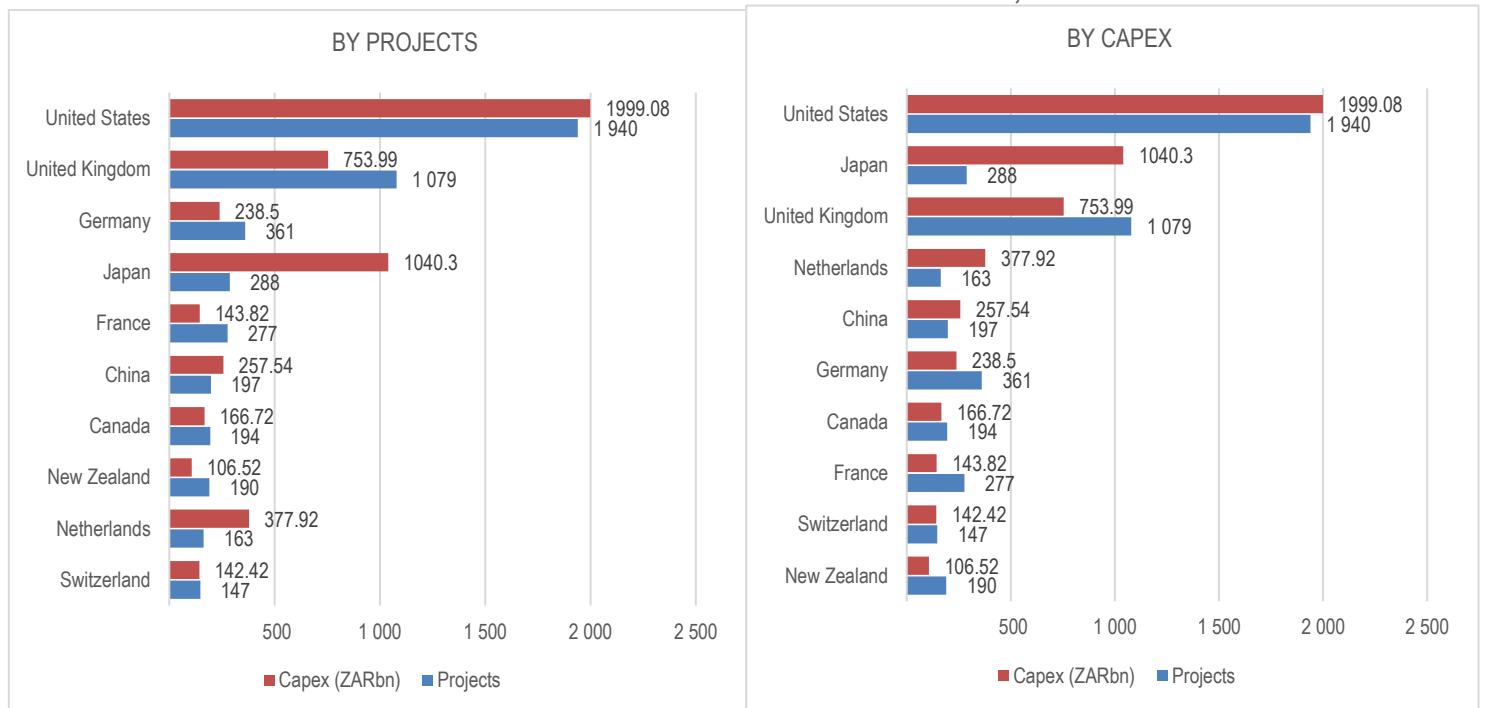


Source: FDI Markets, 2021

The United States was the largest *source market* for FDI into Australia, both in terms of projects and capex. Over the period 2003 to 2020, the US invested 1,940 projects (accounting for 31.79% of all projects invested) which reached a total capex of ZAR1.99trillion over the period. Following this, the United Kingdom was the second largest source market for FDI projects (1,079 projects or 17.68%) which reached the third largest investment by capex of ZAR753.99billion. Japan also ranked as a significant source market for investment into Australia, being the second largest source market for capex (ZAR1.04trillion) and the fourth largest source market in terms of FDI projects (288 projects invested) as shown in Figure 15 below.

18

FIGURE 15: FDI INTO AUSTRALIA BY SOURCE MARKET, 2003 - 2020



Source: FDI Markets, 2021

Figure 16 below shows the top 10 companies (by projects) investing into Australia over the period 2003 to 2020. Aldi Group, with headquarters in Germany, invested the most projects (70 projects) into the Australian food and beverage sector over

the period. The cumulative investment reached a total capex of ZAR78billion and created 11,892 jobs in Australia over the period 2003 to 2020.

FIGURE 16: TOP 10 COMPANIES, FDI INTO AUSTRALIA (BY PROJECTS), 2003 - 2020

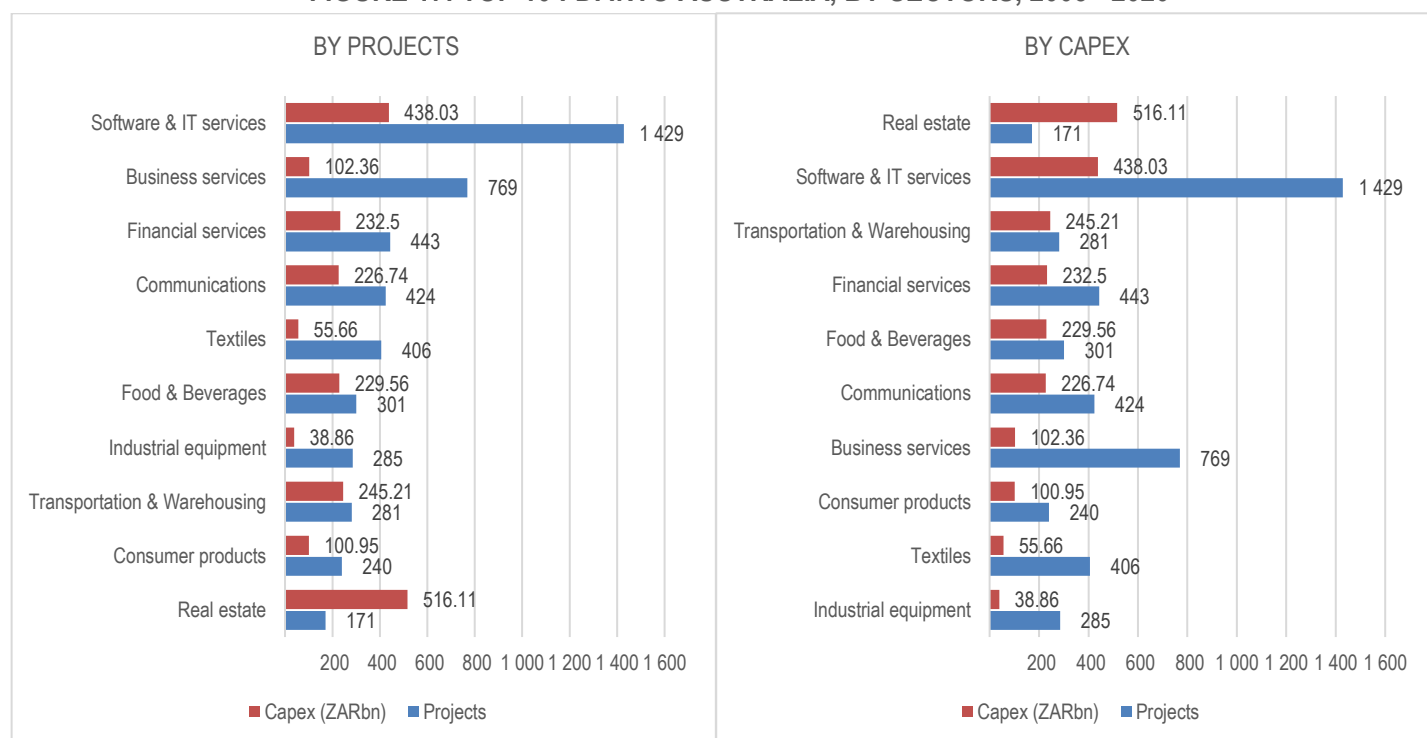
	Company	Source Market	Revenue (ZARbn)	Projects	Capex (ZARbn)	Jobs	Primary sector
1	Aldi Group	Germany	1,050	70	78	11,892	Food & Beverages
2	LVMH Group	France	768	41	11	4,431	Textiles
3	Deutsche Post	Germany	1,140	33	17	4,788	Transportation & Warehousing
4	Hennes & Mauritz (H&M)	Sweden	325	32	3	2,580	Textiles
5	Rio Tinto Group	United Kingdom	642	28	265	22,092	Metals
6	WeWork (We Holdings)	United States	50	24	1	192	Real estate
7	Costco	United States	2,197	21	18	4,269	Food & Beverages
8	Fast Retailing	Japan	262	21	2	1,587	Textiles
9	Apple	United States	3,944	20	2	1,396	Business machines & equipment
10	Uniqlo	Japan	111	20	2	1,487	Textiles

Heatmap
Legend
0.66 22092

Source: FDI Markets, 2021

The software and IT services sector in Australia attracted the largest number of FDI projects over the period 2003 to 2020. More specifically, this sector attracted 1,429 projects (accounting for 23.41%), which was nearly double the number of projects invested in the business services sector. The business services sector attracted the second largest number of projects over the period, with 769 projects invested, which accounted for 12.60% of projects. Other high project attracting sectors were the financial services sector (443 projects); communications (424 projects); and the textiles sector, with 406 projects invested over the period 2003 to 2020. In turn, the real estate sector accounted for the largest proportion of capital investment into Australia, reaching a capex of ZAR516.11billion. Other high capex attracting sectors were the software and IT services sector (ZAR438.03billion); transportation and warehousing (ZAR245.21billion) and financial services at ZAR232.50billion as shown in Figure 17 below:

FIGURE 17: TOP 10 FDI INTO AUSTRALIA, BY SECTORS, 2003 - 2020



Source: FDI Markets, 2021

4.2 GLOBAL INVESTMENT FROM AUSTRALIA

Between January 2003 and December 2020, a total of 1,873 companies from Australia invested 3,977 projects globally. This undertaking reached a cumulative capex to the value of ZAR3.38trillion and created 570,185 jobs.

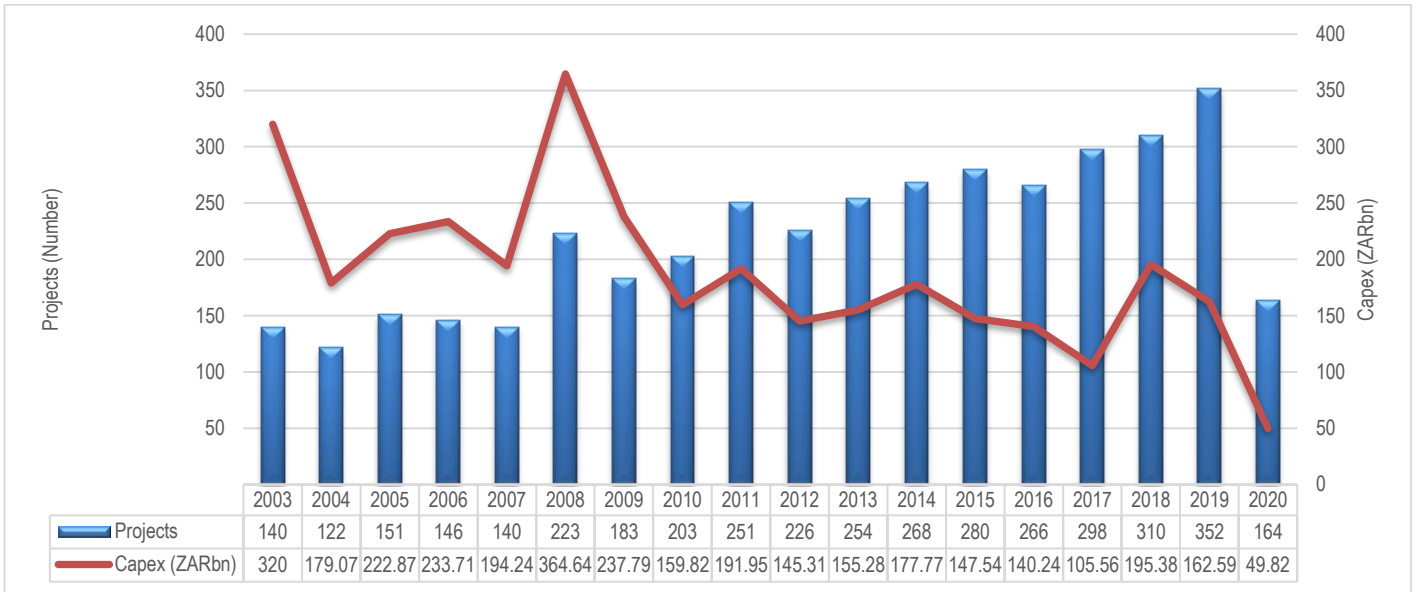
FIGURE 18: FDI FROM AUSTRALIA, 2003 - 2020



Source: FDI Markets, 2021

Figure 19 below suggest a an steep upward trend in outward FDI projects from Australia over the period 2003 to 2019, with the number of projects dropping significantly in 2020 due to adverse economic conditions as a result of COVID-19. Moreover, projects more than halved in 2020, from 352 projects invested in 2019 to 164 projects in 2020. Further, although the number of projects rose steadily over the period reviewed, the cumulative value of capex continued on a downward trend from 2008 to 2020. This intial drop in capex coincides with the global financial crisis of 2008, and could suggest the risk aversity of Australia investing in big ticket projects across the globe following the financial downturn of 2008.

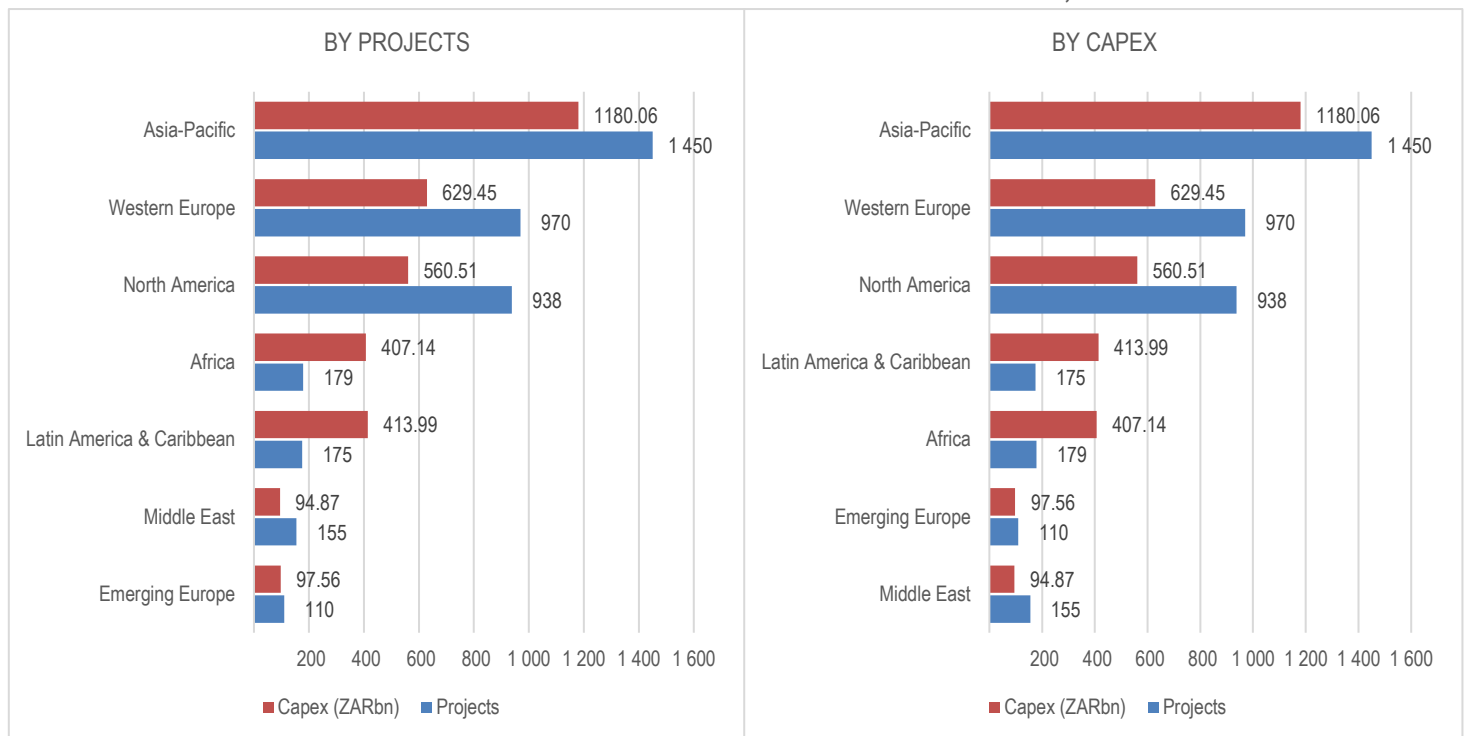
FIGURE 19: OFDI FROM AUSTRALIA (BY YEAR, PROJECTS AND CAPEX), 2003 - 2020



Source: FDI Markets, 2021

Asia-Pacific was the largest recipient region for outward FDI from Australia, with a total of 1,450 projects invested reaching a cumulative capital investment of ZAR1.18trillion over the period 2003 to 2020. Following this, the second largest destination region was Western Europe, with 970 projects reaching a total capex of ZAR629.45billion, while North America followed in third place with 938 projects invested reaching a total capex of ZAR560.51billion over the period under review.

FIGURE 20: OFDI FROM AUSTRALIA BY DESTINATION REGIONS, 2003 - 2020

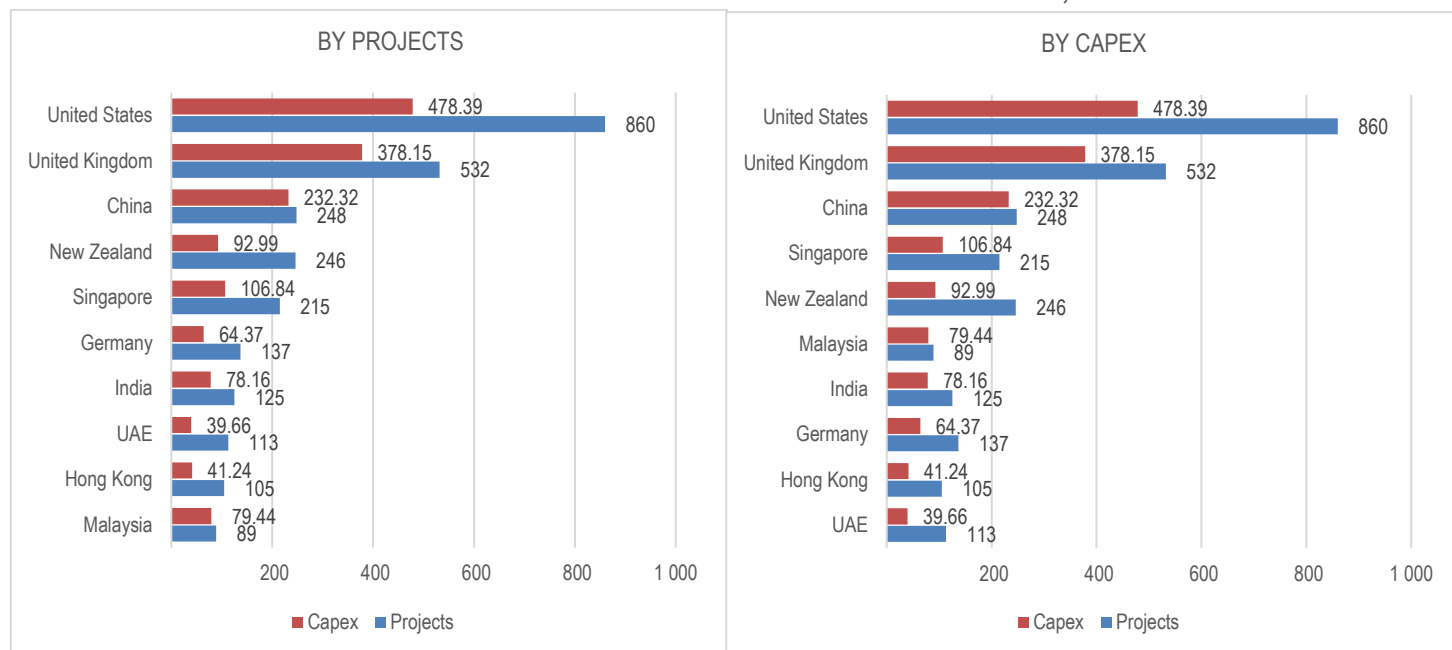


Source: FDI Markets, 2021

As shown in Figure 21 below, the United States was the largest destination market for outward FDI from Australia, reaching a total of 860 projects and a cumulative capex value of ZAR478.39billion over the period 2003 to 2020. The United Kingdom followed in a close second place (532 projects reaching a capex of ZAR378.15billion), while China ranked in a distant third

position with a total of 248 projects invested which reached total cumulative capex of ZAR232.32billion over the period under review.

FIGURE 21: OFDI FROM AUSTRALIA BY DESTINATION MARKET, 2003 - 2020



Source: FDI Markets, 2021

Australian based Goodman Group was the largest company (in terms of projects) to undertake FDI endeavours between 2003 and 2020. Over this period, the company initiated 163 FDI projects in the real estate sector, which reached a cumulative capex of ZAR454billion and creating 104,559 jobs worldwide. Other companies such as CSL and CSL Plasma held second and third rankings, investing 97 and 78 projects each, which reached a total capex of ZAR22billion and ZAR7 billion, respectively over the period as shown in Figure 22 below:

FIGURE 22: TOP 10 COMPANIES, OFDI FROM AUSTRALIA (BY PROJECTS), 2003 - 2020

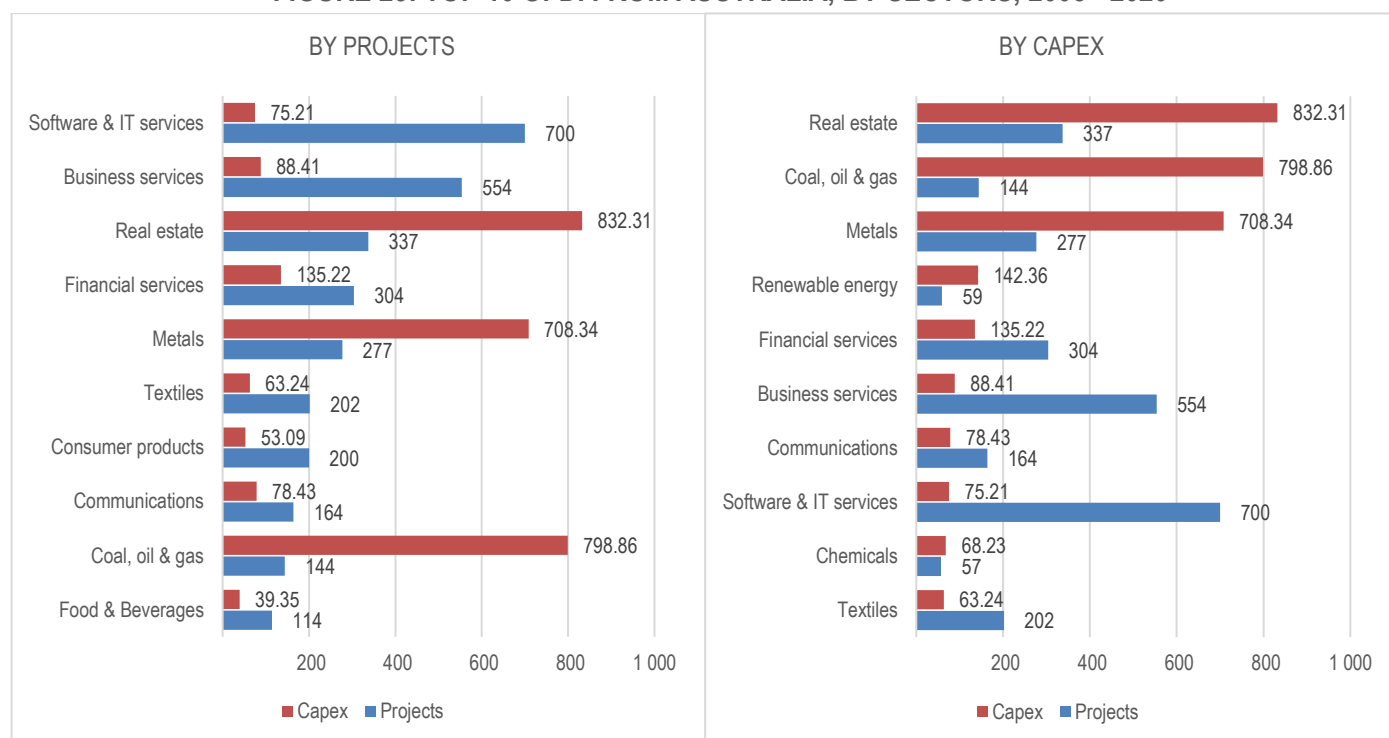
	Company	Revenue (ZARbn)	Projects	Capex (ZARbn)	Jobs	Primary sector
1	Goodman Group	15	163	454	104,559	Real estate
2	CSL	123	97	22	4,417	Healthcare
3	CSL Plasma	-	78	7	2,772	Healthcare
4	Macquarie Group	239	60	78	17,244	Financial services
5	Servcorp	3	59	2	445	Real estate
6	BHP Group	617	56	304	32,820	Metals
7	Australia and New Zealand Banking Group (ANZ Bank)	344	48	30	7,738	Financial services
8	Cotton On	1	48	13	3,694	Textiles
9	Flight Centre	28	41	3	1,835	Hotels & tourism
10	Amcor	129	38	12	2,449	Plastics

Heatmap Legend
1.19 104559

Source: FDI Markets, 2021

Furthermore, the software and IT services sectors attracted the largest proportion of outward FDI projects, with 700 projects invested globally by Australia into this sector over the period 2003 to 2020. However, capex into this sector was less impressive, reaching ZAR75.21billion and thereby ranking seventh in the top 10 list displayed below. The business services sector followed a similar pattern, ranking in second place with 554 FDI projects invested, albeit total capex into this sector only reached a cumulative value of ZAR88.41billion over the period under review. In contrast, the real estate sector accounted for the largest portion of total capex from Australia, reaching a value of ZAR832.31billion while only implementing 337 projects. Other high capex attracting sectors were coal, oil and gas (ZAR798.86billion); metals (ZAR708.34billion), and renewable energy (ZAR142.36).

FIGURE 23: TOP 10 OFDI FROM AUSTRALIA, BY SECTORS, 2003 - 2020



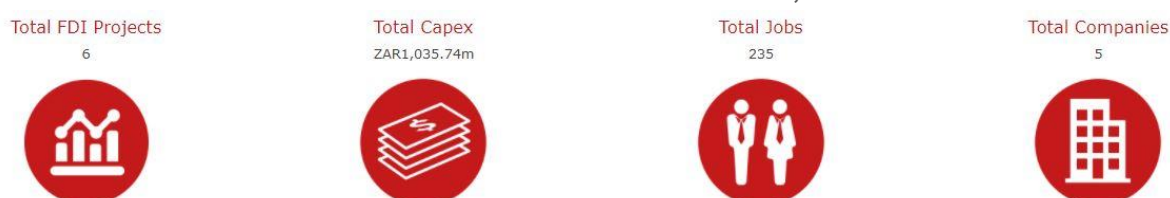
Source: FDI Markets, 2021

4.3 BILATERAL FDI BETWEEN WESTERN CAPE AND AUSTRALIA

4.3.1 AUSTRALIA FDI INTO WESTERN CAPE

Between January 2003 and December 2020, a total of five Australian companies invested six FDI projects into the Western Cape. This FDI undertaking reached a cumulative capital investment of ZAR1.03billion and created 235 jobs in the Western Cape economy over the period under review.

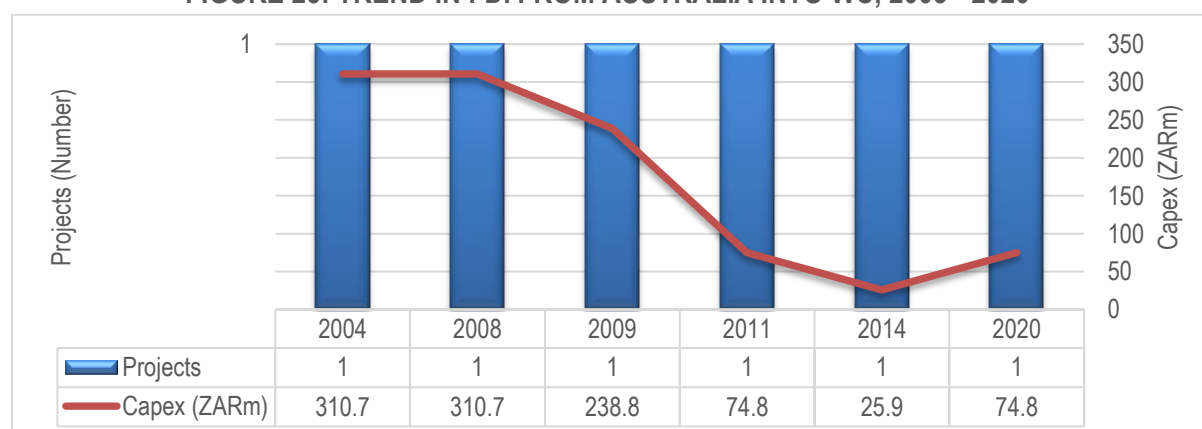
FIGURE 24: FDI FROM AUSTRALIA INTO WC, 2003 - 2020



Source: FDI Markets, 2021

Figure 25 shows an overall downward trend in the value of capital investment from Australia into the Western Cape over the period, albeit that the number of projects remained constant at one for each of the years in which investment occurred. Moreover, capex declined overall from ZAR310.7million in 2004 to ZAR74.8million when the last project was recorded in 2020.

FIGURE 25: TREND IN FDI FROM AUSTRALIA INTO WC, 2003 - 2020



Source: FDI Markets, 2021

From the figure below, it is evident that the software and IT services sector in the WC attracted the most projects invested by Australia between 2003 and 2020. That is, of the six projects invested, three projects were in the Software and IT sector, while two projects were in the business services sector and one in the food and beverage sector. Further, the business service sector attracted the most (ZAR621.4million) FDI over the period 2003 to 2020.

FIGURE 26: AUSTRALIA FDI INTO WC BY SECTOR, 2003 - 2020



Source: FDI Markets, 2021

Figure 27 below shows the Australian based company, Metocean Services International, was the largest investor in the Western Cape economy, with two projects invested in the business services sector, reaching a total capex value of ZAR621m over the period 2003 to 2020. Other companies which invested in the WC are tabled below:

FIGURE 27: AUSTRALIAN COMPANIES INVESTING IN THE WC, 2003 - 2020

	Company	Revenue (ZARm)	Projects	Capex (ZARm)	Jobs	Primary sector
1	Metocean Services International	7	2	621	32	Business services
2	Practice Ignition	-	1	75	9	Software & IT services
3	SiteMinder	987	1	75	9	Software & IT services
4	Woolworths Group	820,824	1	239	177	Food & Beverages
5	biNu	-	1	26	8	Software & IT services

Heatmap Legend

1 621.44

Source: FDI Markets, 2021

4.3.2 WESTERN CAPE FDI INTO AUSTRALIA

Between January 2003 and December 2020, a total of six Western Cape-based companies invested eight FDI projects into Australia. This FDI undertaking reached a cumulative capital investment of ZAR2.24billion and created 516 jobs in the Australian economy over the period under review.

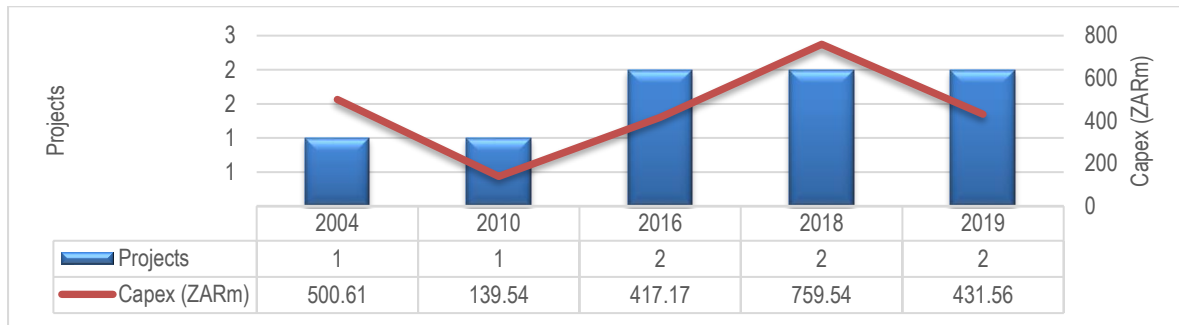
FIGURE 28: FDI FROM WC INTO AUSTRALIA, 2003 - 2020



Source: FDI Markets, 2021

Figure 29 shows a fluctuating trend in the value of capital investment from Australia into the province over the period, albeit the number of projects remained constant at two projects from 2016 to 2019 for each of the years in which investment occurred. Moreover, capex reached its highest value invested in Australia in 2018, rising to ZAR759.54million.

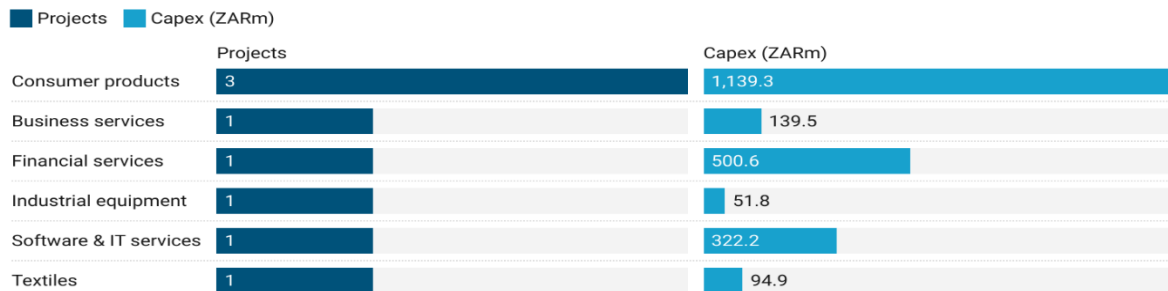
FIGURE 29: TREND IN FDI FROM WC INTO AUSTRALIA, 2003 - 2020



Source: FDI Markets, 2021

From Figure 30 below, it is evident that the consumer products sector in Australia attracted the most projects invested between 2003 and 2020. That is, of the eight projects invested, three projects were in the consumer products sector, while one project was invested in each of the remaining sectors as tabled below. Moreover, the consumer products sector attracted the highest proportion of capex (ZAR1.13billion) over the period 2003 to 2020.

FIGURE 30: WC FDI INTO AUSTRALIA, BY SECTOR, 2003 - 2020



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Figure 31 below shows the Western Cape based company, Woolworths, was the largest investor in the Australian economy, with three projects invested in the consumer products sector, reaching a total capex value of ZAR1.14billion over the period 2003 to 2020. Other local companies that invested in Australia over the period under review are tabled below:

FIGURE 31: WC COMPANIES INVESTING IN AUSTRALIA, 2003 - 2020

	Company	Revenue (ZARm)	Projects	Capex (ZARm)	Jobs	Primary sector
1	Woolworths (South Africa)	46,170	3	1,139	363	Consumer products
2	Allan Gray Asset Management	-	1	501	36	Financial services
3	Blue Cube Systems	-	1	52	8	Industrial equipment
4	Drive Revenue	-	1	322	22	Software & IT services
5	Fairfield Group	-	1	140	12	Business services
6	Pick n Pay Holdings	71,898	1	95	75	Food & Beverages
7	Valentino	-	1	95	75	Textiles

Heatmap Legend
1 1139.31

Source: FDI Markets, 2021

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