



## SALDANHA BAY – ECONOMIC OVERVIEW, 2016 - 2020

15 July 2021

**Table of Contents**

1. Introduction..... 3

2. Economic growth..... 3

    2.1 Production..... 3

    2.1 Demand ..... 5

3. Labour market ..... 6

4. Trade ..... 8

## 1. Introduction

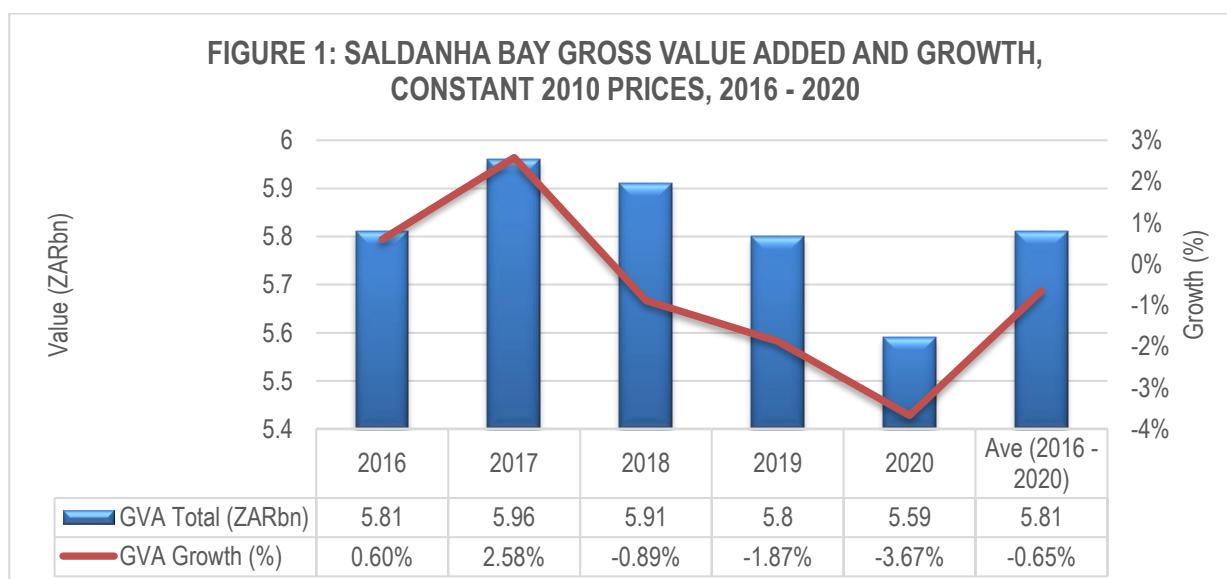
This paper provides an overview of the key economic indicators for the Saldanha Bay municipality located in the West Coast district of the Western Cape. In particular, the paper discusses the municipality's economic growth, employment and trade performance over the last five years from 2016 to 2020.

## 2. Economic growth

This section analyses the Saldanha Bay's economic growth performance from both the supply and demand sides of the economy. This paper measures production as real gross value added (GVA) at basic prices (constant 2010 prices), while demand is measured as output at basic prices.

### 2.1 Production

The former part of the last five years under consideration (2016 – 2020) looked optimistic for the economy of Saldanha Bay, recording positive growth in GVA of 0.60% in 2016 and its highest growth over the considered period of 2.58% in 2017. However, subsequent years purported a less favourable economy, where GVA growth declined consistently over the remainder of the period. In 2018, the economy contracted by 0.89% and 1.87% in 2019. In 2020, the region had its largest decline of 3.67% over the five-year period, which can be attributed to the adverse impact of the Covid-19 pandemic felt globally. Overall, total GVA reached an average of ZAR5.81bn per annum, while growth in GVA contracted at an average annual rate of 0.65% from 2016 to 2020.

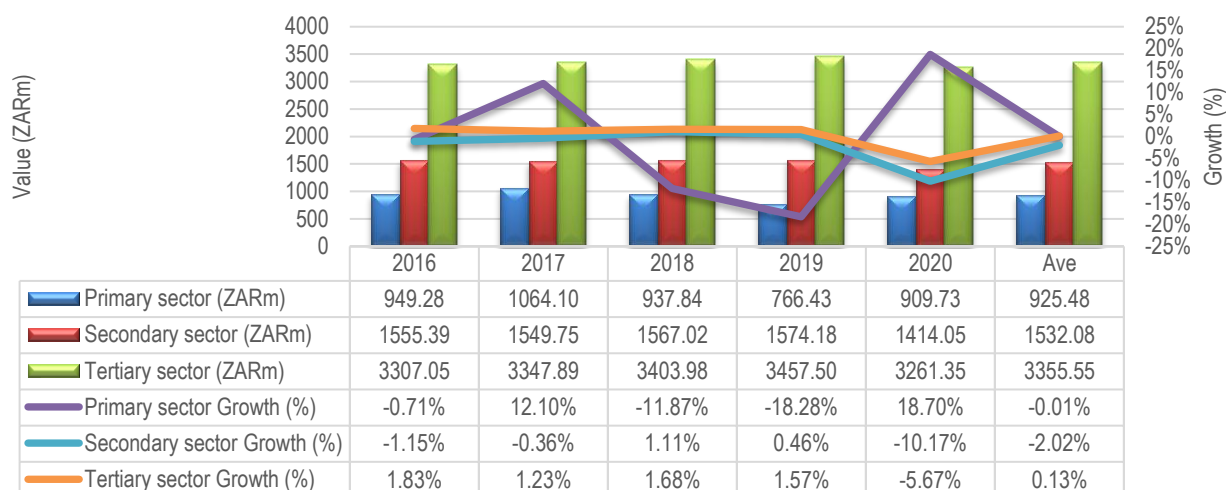


Source: Quantec, 2021

Gross value added is important to measure the size of any economy. What is of further interest is how the different sectors of the economy perform in relation to the economy as a whole – integral for informed policy making. With this said, Figure 2 below dissects GVA by the various broad sectors common to any economy. From the graph it is evident that the tertiary sector is the largest sector of the Saldanha Bay economy, double the size of the secondary sector and nearly four times the size of the primary sector. The tertiary sector reports an average GVA of ZAR3.35bn per annum from 2016 to 2020, while the primary and secondary sectors produce an average GVA of ZAR925.48m and ZAR1532.08m respectively over the same period under consideration.

Of interest is how the different sectors performed in the advent of the Covid-19 pandemic in 2020. From the graph it is evident that growth in GVA in both the tertiary and secondary sectors declined by 5.57% and 10.17% respectively. However, GVA in the primary sector increased by 18.70% in 2020 from experiencing negative growth of -18.28% the year prior to this. The strong resilience can be attributed to the agriculture, forestry and fishing subsector, which grew by 20.19% from ZAR738.19m in 2019 to ZAR887.27m in 2020.

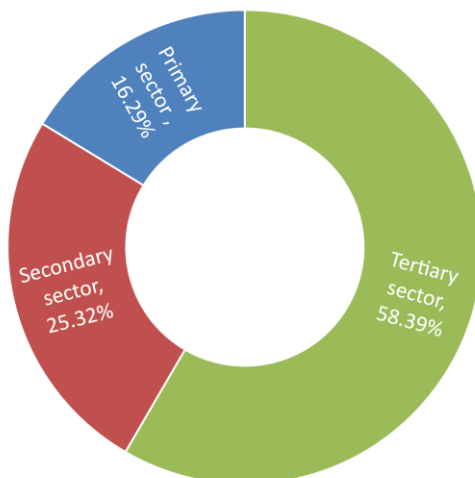
**FIGURE 2: SALDANHA BAY GVA AND GROWTH (CONSTANT 2010 PRICES) BY SECTOR, 2016 - 2020**



Source: Quantec, 2021

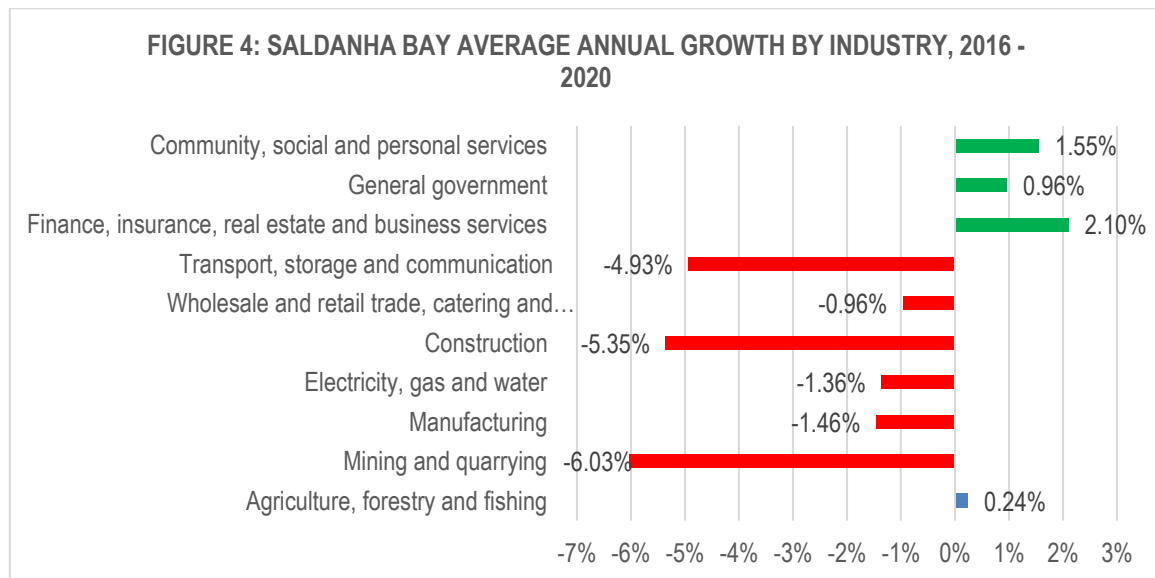
As mentioned, the tertiary sector is the largest contributor to GVA, which signifies the dominance and importance of the services sector to the economy of Saldanha Bay. In 2020, the tertiary sector accounted for 58.39% of GVA, followed by the secondary sector (25.32%) and the primary sector (16.29%).

**FIGURE 3: SALDANHA BAY SECTOR SHARE OF GVA (CONSTANT 2010 PRICES), 2020**



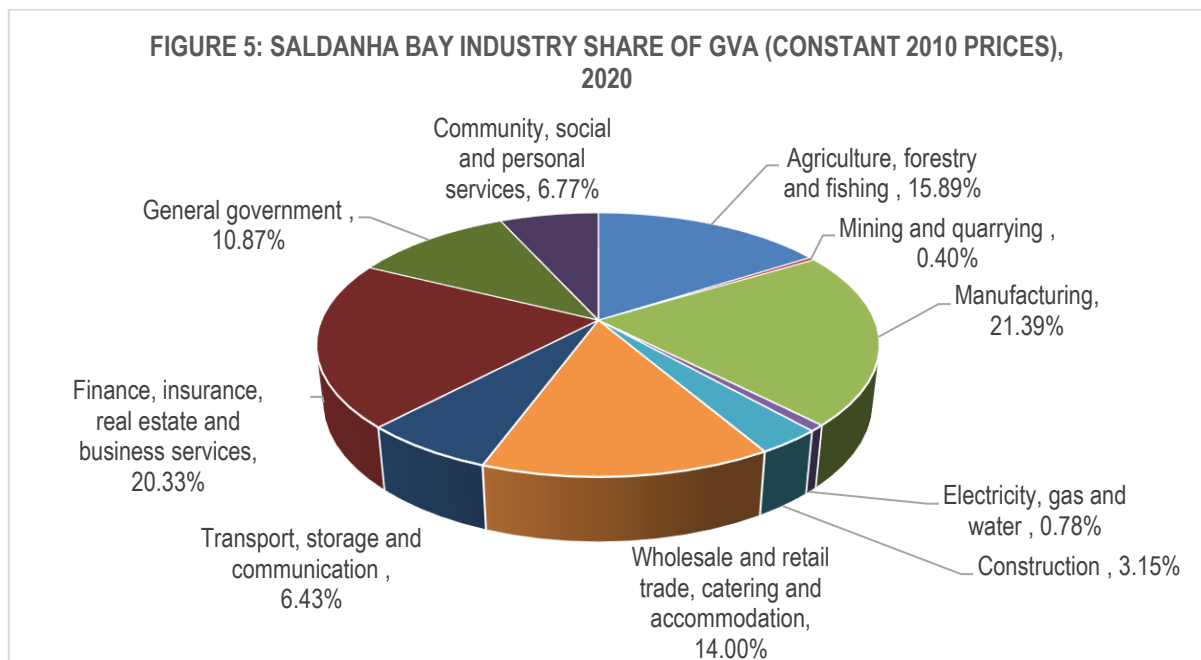
Source: Quantec, 2021

Turning to the trend in industry performance, Figure 4 below shows the average annual growth in GVA by industry over the last five years from 2016 to 2020. From the figure it is evident that that four of ten industries experienced positive annual average growth in GVA over the period 2016 to 2020. The industry with the highest growth in GVA were the finance, insurance, real estate and business services industry with an average growth in GVA of 2.10% per annum. This was followed by community, social and personal services (1.55%); general government (0.96%), and agriculture forestry and fishing (0.24%). Industries which recorded the largest decline in GVA over the period under analysis are mining and quarrying (-6.03%); construction (-5.35%), and the transport, storage and communication industry, which experienced an average annual decline in GVA of 4.93% over the period 2016 to 2020.



Source: Quantec, 2021

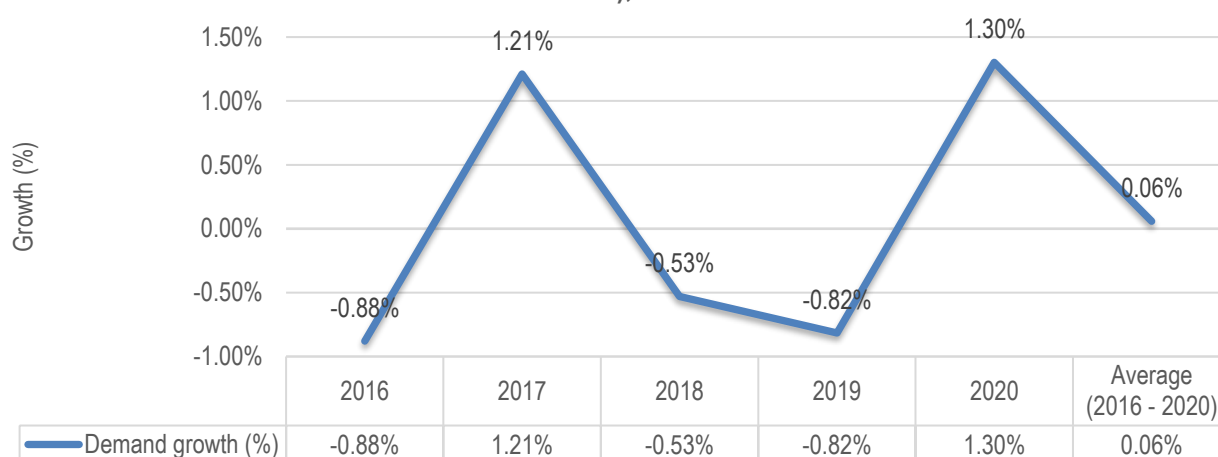
Figure 5 below allows us to examine the relative size and importance of each industry by its contribution to the overall GVA of the Saldanha Bay economy. From the figure it is clear that the manufacturing industry is the largest contributor to overall GVA produced by the Saldanha Bay economy, accounting for 21.39% of overall GVA. In close second place is the finance, insurance, real estate and business services (20.33%), followed by agriculture, forestry and fishing (15.89%) in third position. Interestingly, the top three industries account for 57.61% of overall GVA in Saldanha Bay, which may be an indication of a relative comparative advantage enjoyed by Saldanha Bay within these three industries.



## 2.1 Demand

For the purposes of this paper, output at basic prices is defined as sales, which can be interpreted as market demand for an economy's output. Figure 6 below shows the growth in demand (sales) over the period 2016 to 2020. From the graph it is immediately evident that the economy of Saldanha Bay experienced large fluctuations in demand, with an average growth rate of 0.06% per annum over the period 2016 to 2020. Further, it is interesting to see that even during 2020, demand grew by 1.30% from a growth rate of -0.82% from just the year prior. This could be attributed to the strong recovery experienced in the economy as lockdown rules eased and businesses were able to trade.

**FIGURE 6: SALDANHA BAY GROWTH IN OUTPUT AT BASIC PRICES (CONSTANT 2010 PRICES), 2016 - 2020**



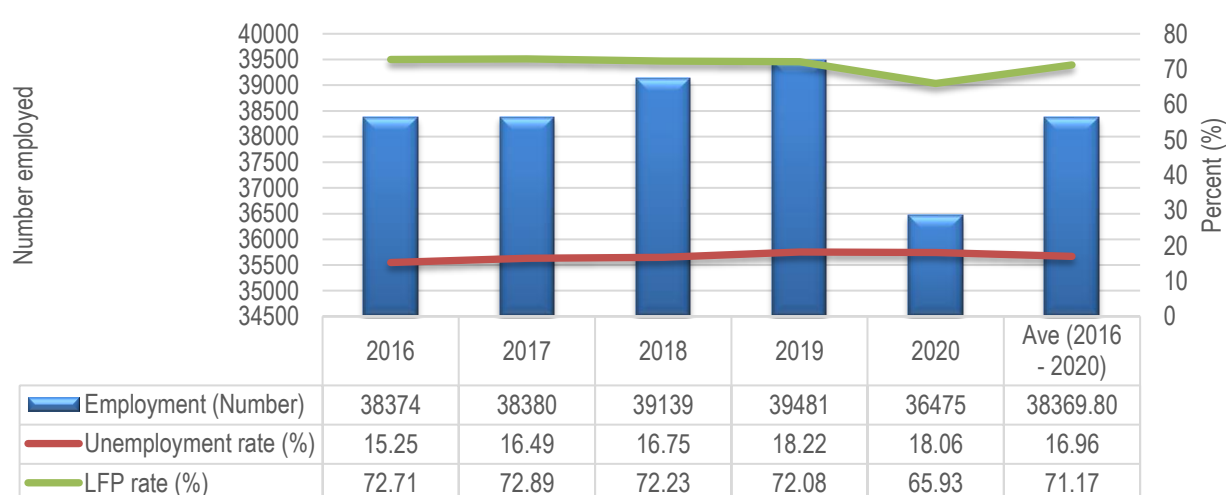
Source: Quantec, 2021

### 3. Labour market

Turning now to the labour market, unemployment continues to be one of the key socio-economic problems confronting South Africa as a whole, and the situation has further been aggravated by the coronavirus pandemic. Figure 7 below shows that Saldanha Bay has not been able to escape this fate. The unemployment rate, as described by the narrow definition of unemployment, jumped by more than two percentage point since 2018, from 16.75% in 2018 to 18.02% by 2020. The number of workers employed was 2 664 lower in 2020 than it was in 2018, from 39 139 workers employed in 2018 compared to 36 476 employed by 2020. One can also deduce the effect of a weakened economy by the labour force participation rate. Labour force participation (the number of people actively looking for employment) have remained above the 75% rate from 2016 to 2020, but dipped to 65.93% in 2020. This could be an indication of job seekers becoming discouraged due to a lack of job opportunities as a result of the covid-19 pandemic and thereby falling out of the labour market.

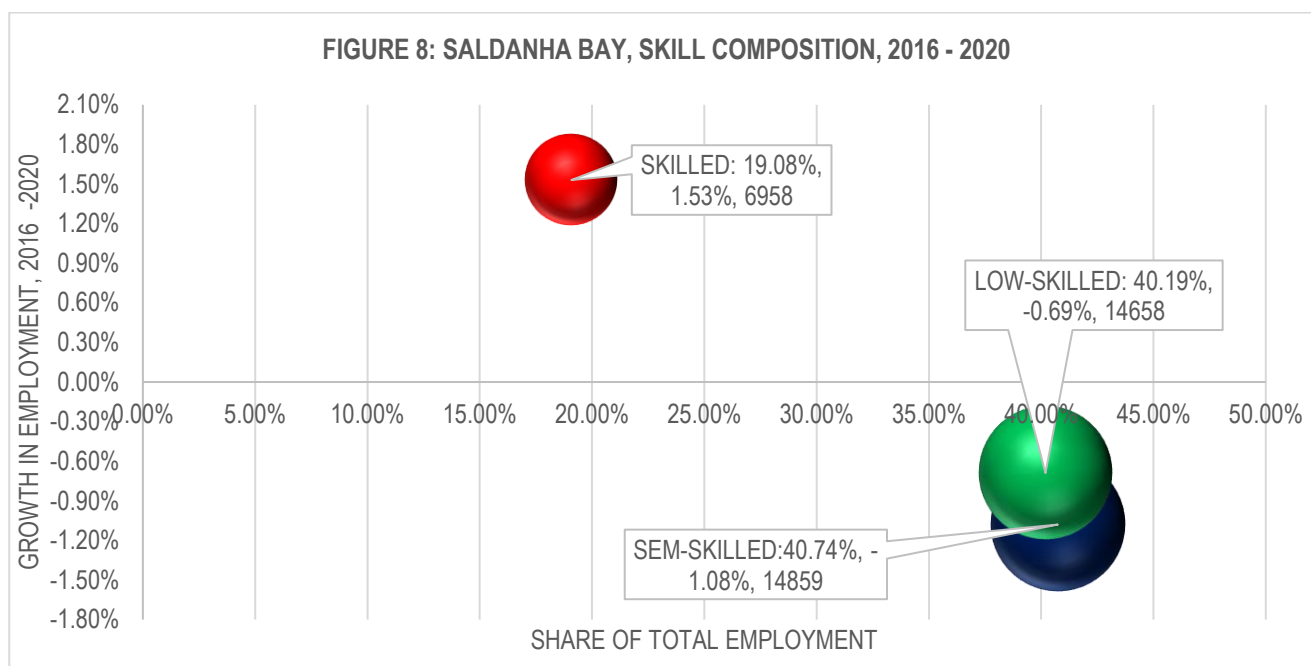
6

**FIGURE 7: SALDANHA BAY, EMPLOYMENT, UNEMPLOYMENT AND LABOUR FORCE PARTICIPATION, 2016 - 2019**



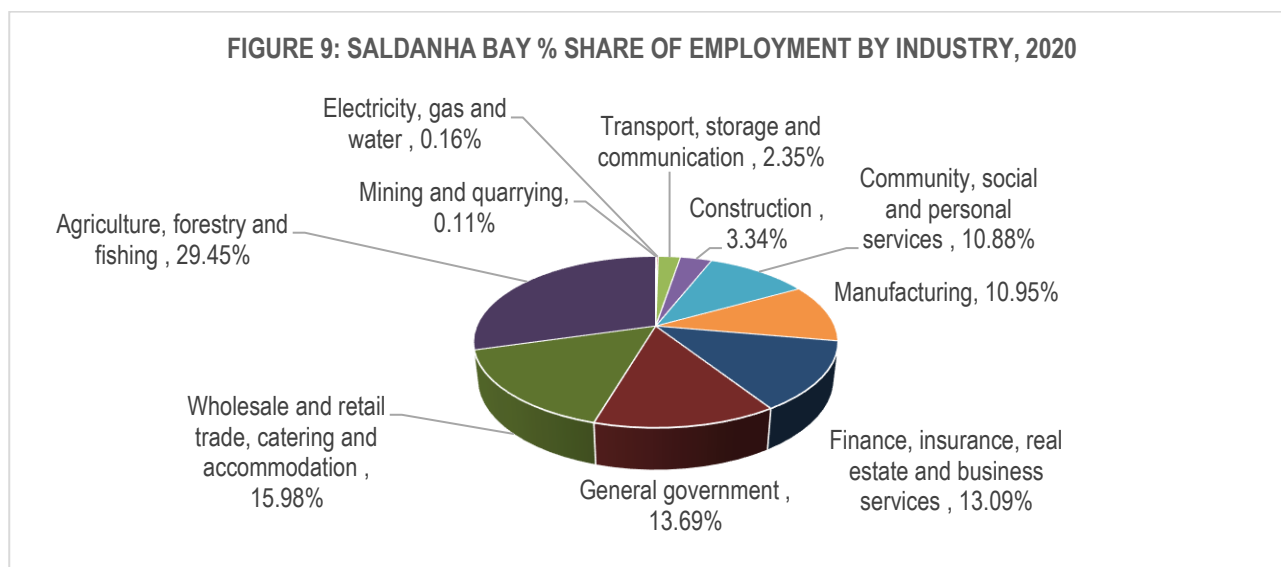
Source: Quantec, 2021

In terms of the skills composition of the labour force in Saldanha Bay, Figure 8 below shows the number, percentage share and growth of each skill class of worker over the period 2016 to 2020. In 2020, semi-skilled workers comprised of the majority of Saldanha Bay labour force, accounting for 40.74% (or 14 859 workers). Low skilled workers followed in a close second position, accounting for 40.19% (or 14 658 workers). Furthermore, although skilled labour was relatively scarce in 2020, only accounting for 19.08% of the labour force, it had the highest average growth rate of 1.53% per annum over the period 2016 to 2020. This could be an indication of a trend toward a more upskilled workforce within the area.



Source: Quantec, 2021

It is evident from Figure 9 below that the agriculture, forestry and fishing industry was the largest employer of workers, accounting for 29.45% of the Saldanha Bay labour force in 2020. In a distant second was the wholesale and retail trade, catering and accommodation industry which accounted for 15.98%, followed by general government (13.69%), and finance, insurance, real estate and business services industry – which accounted for 13.09% of the labour force in 2020. It is interesting to note that although the manufacturing industry only accounts for 10.95% of the labour force, it accounts for the largest share of total GVA. This could be an indication of the strong capital intensive capabilities of the manufacturing industry in Saldanha Bay.

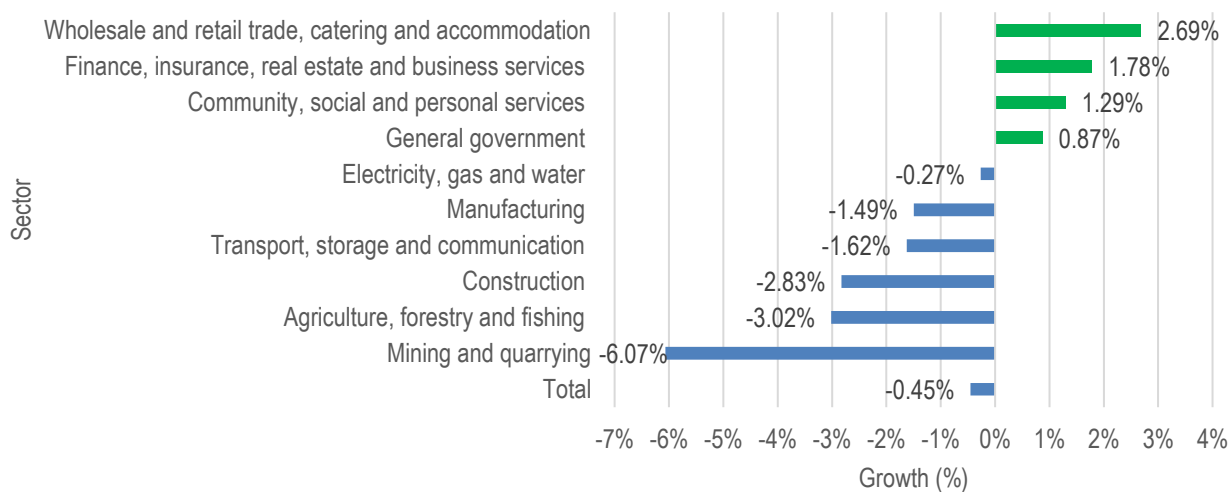


Source: Quantec, 2021

Figure 10 below shows the growth in employment by the various industries. Wholesale, retail trade catering and accommodation experienced the highest growth in employment, increasing by an average rate of 2.69% per annum over the period 2016 to 2020. This was followed in close second place by the finance, insurance, real estate and business services sector (1.78%); community, social and personal services (1.29%), and general government (0.89%). Industries with the largest declines in employment growth were the mining and quarrying industry (-6.07%); agriculture, forestry and fishing (-3.02%), and construction (-2.83%). Of interest is the decline in the average annual rate of employment in the agriculture, forestry and fishing industry of 3.02%, while the industry experienced positive growth of 0.24% per annum. This could also be indicative of the industry moving toward a more capital intensive way of doing business and therefore requiring less labour to produce the same output.



**FIGURE 10: SALDANHA BAY, AVERAGE ANNUAL GROWTH IN EMPLOYMENT BY SECTOR, 2016 - 2020**



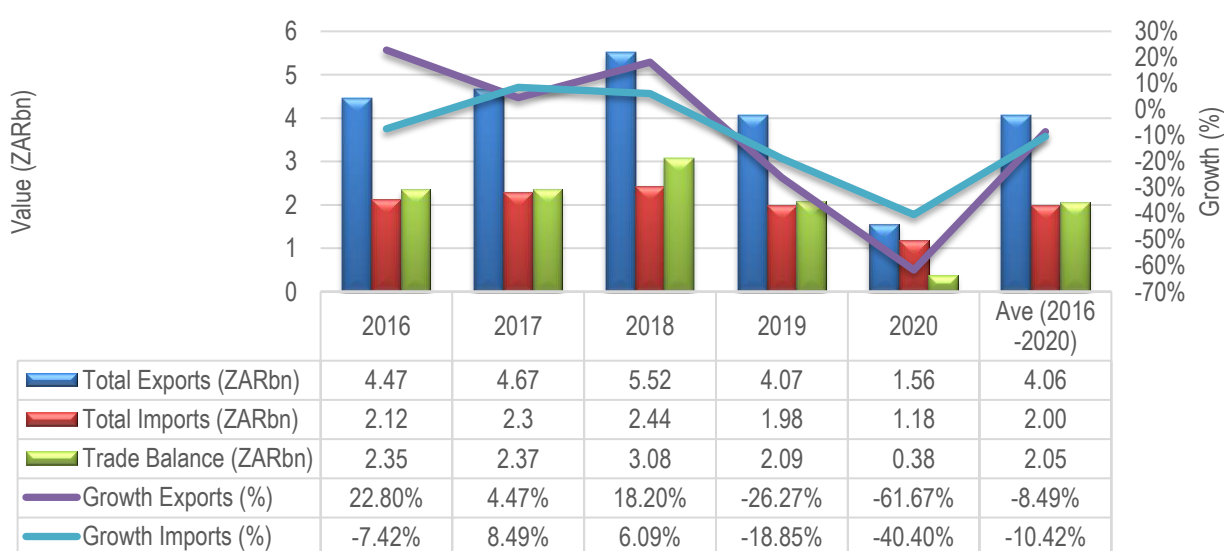
Source: Quantec, 2021

#### 4. Trade

Turning now to trade, Figure 11 below shows Saldanha Bay's trade trends over the last five years from 2016 to 2020. It is evident that Saldanha Bay maintained a trade surplus, with average annual exports (ZAR4.06bn) being twice that of imports (ZAR2bn) over the period under review. This is equivalent to an average trade surplus of ZAR2.05 billion per annum over the period. Moreover, exports rose relatively significantly from 2016 to 2018, with the highest export value of ZAR5.52bn recorded in 2018. Thereafter, exports decreased to ZAR4.07bn in 2019, with the impact of the Covid-19 pandemic being illuminated as exports fell by 61.67% in 2020. Overall, both exports and imports experienced declining average growth, with exports decreasing at 8.49% and imports decreasing at 10.42% per annum from 2016 to 2020.

8

**FIGURE 11: SALDANHA BAY GLOBAL TRADE, 2016 - 2020**



Source: Quantec, 2021

The table below highlights the key trading industries within Saldanha Bay, and also provides insights into the growth and percentage share of each of these industries to overall trade in Saldanha Bay. From the table it is evident that the metals, metal products, machinery and equipment dominated the export industry in 2020, reaching a total export value of ZAR1.40bn in 2020 and accounting for 89.78% of total exports from Saldanha Bay. In a distant second place was the furniture (other manufacturing) industry with a total export value of ZAR54.47m, followed by other non-metal mineral products (ZAR49.92m); agriculture, forestry and fishing (ZAR30.66m), and food,



beverages and tobacco (ZAR11.80m). Similarly, the metals, metal products, machinery and equipment industry dominated imports which reached a total import value of ZAR1.10bn in 2020 and accounted for 92.93% of total imports in Saldanha Bay. Imports from the agriculture, forestry and fishing industry followed in a distant second, importing to the value of ZAR25.64m, while electrical machinery and apparatus followed in third (ZAR19.14m). Other large importing industries were petroleum products, chemicals, rubber and plastic in fourth place (ZAR12.25m), while other non-metal mineral products industry imported to the value of ZAR11.77m – making it the fifth largest import in 2020.

Furthermore, the furniture (other manufacturing) industry had the highest average annual growth in exports of 35289.84% from 2016 to 2020. Other high growing export industries were other non-metal and mineral products (3610%); food, beverages and tobacco (2448.60%); electrical machinery and apparatus (463.35%) and transport equipment (214.14%). Likewise, furniture (other manufacturing) was the highest growing import industry with an average annual growth rate of 297.33% from 2016 to 2020. Other high growth importing industries were radio, TV, instrument, watches and clocks (133.40%); wood and paper, publishing and printing (55.18%); other non-metal mineral products (41.93%) and electrical machinery and apparatus (36.46%).

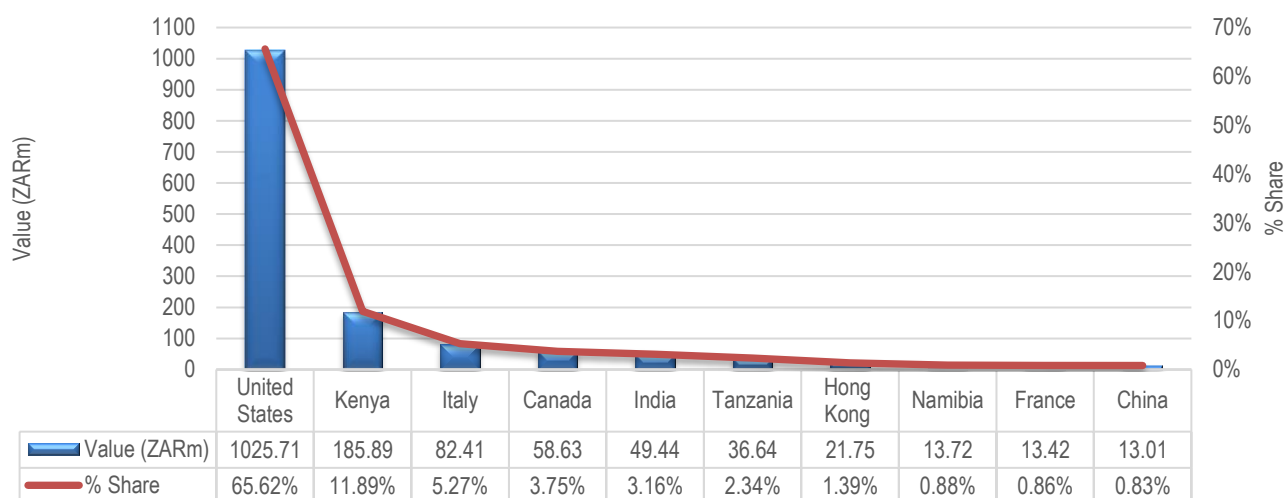
SALDANHA BAY - TOP 10 EXPORT INDUSTRIES, 2020					SALDANHA BAY - TOP 10 IMPORT INDUSTRIES, 2020				
RANK	INDUSTRY	Value (ZARm), 2020	Ave growth (2016 - 2020)	% Share, 2020	RANK	INDUSTRY	Value (ZARm), 2020	Ave growth (2016 - 2020)	% Share, 2020
1	Metals, metal products, machinery and equipment	1403.28	-9.41%	89.78 %	1	Metals, metal products, machinery and equipment	1100.61	1.78%	92.93 %
2	Furniture; other manufacturing	54.47	35289.84 %	3.48%	2	Agriculture, forestry and fishing	25.64	29.60%	2.16%
3	Other non-metal mineral products	49.92	3610.00%	3.19%	3	Electrical machinery and apparatus	19.14	36.46%	1.62%
4	Agriculture, forestry and fishing	30.66	24.85%	1.96%	4	Petroleum products, chemicals, rubber and plastic	12.25	1.70%	1.03%
5	Food, beverages and tobacco	11.80	2448.60%	0.75%	5	Other non-metal mineral products	11.77	41.93%	0.99%
6	Transport equipment	4.59	214.14%	0.29%	6	Furniture; other manufacturing	6.26	297.33 %	0.53%
7	Petroleum products, chemicals, rubber and plastic	3.58	86.09%	0.23%	7	Radio, TV, instruments, watches and clocks	2.49	133.40 %	0.21%
8	Textiles, clothing and leather goods	2.77	39.32%	0.18%	8	Wood and paper; publishing and printing	2.39	55.18%	0.20%
9	Radio, TV, instruments, watches and clocks	0.82	139.73%	0.05%	9	Transport equipment	2.02	13.87%	0.17%
10	Electrical machinery and apparatus	0.80	463.35%	0.05%	10	Textiles, clothing and leather goods	1.66	17.17%	0.14%
	Total Exports, 2020	1563.00	-8.51%	100%		Total Imports, 2020	1184.34	-10.40%	100%

Source: Quantec, 2021

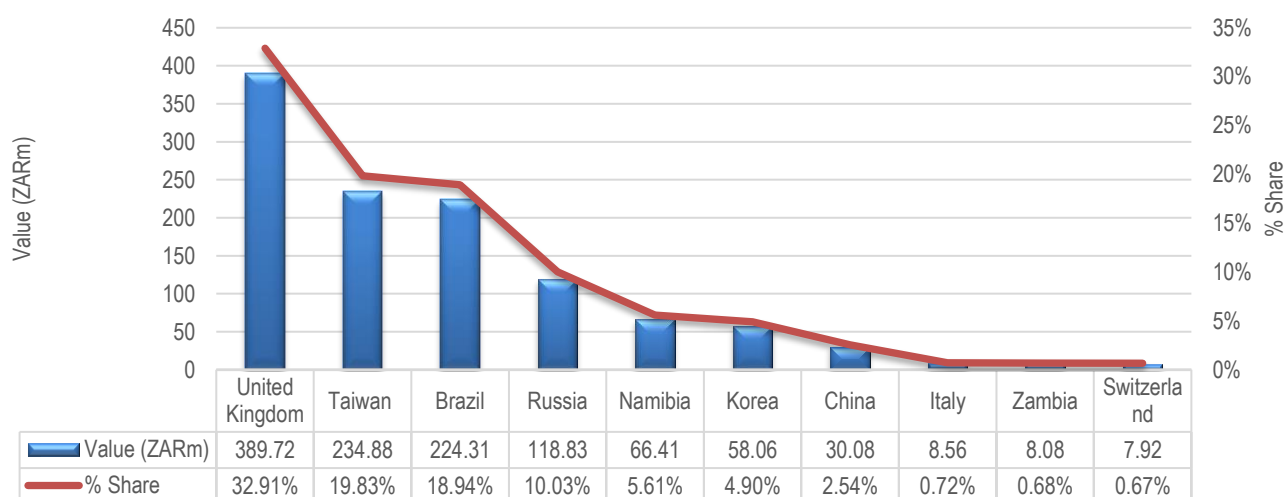
Figure 12 below shows the top 10 export and import markets for Saldanha Bay in 2020. From the graph it is clear that the United States dominated the area's top export market, with a total value of ZAR1.02bn exported and accounting for a 65.62% share of exports in 2020. The Kenyan market followed in a distant second position with an export value of ZAR185.89m (accounting for 11.89%) in 2020. Other top export markets were Italy (ZAR82.41m), Canada (ZAR58.63m) and India (ZAR49.44m). Imports present a much more

diversified picture, with the United Kingdom being the top import market with a total value of ZAR389.72m (accounting for 32.91%) of imports in 2020. Other top import markets were Taiwan (ZAR234.88m), Brazil (224.31m), Russia (ZAR118.83m) and Namibia (ZAR66.41m).

**FIGURE 12: SALDANHA BAY TOP 10 EXPORT MARKETS, 2020**



**FIGURE 13: SALDANHA BAY TOP 10 IMPORT MARKETS, 2020**



Source: Quantec, 2021

The table below highlights the top 10 trading products within Saldanha Bay, and also provides insights into the growth and percentage share of each of these products to overall trade in Saldanha Bay. From the table it is evident that the flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated dominated exports in 2020, reaching a total export value of ZAR1.14bn in 2020 and accounting for 73.39% of total exports from Saldanha Bay. In a distant second place was flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated with a total export value of ZAR234.86m, followed by worked monumental or building stone (except slate) and articles thereof (ZAR49.68m); ferrous waste and scrap; remelting scrap ingots of iron or steel (ZAR39.05m); molluscs, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine (ZAR19.24m). Similarly, flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated dominated imports which reached a total import value of ZAR612.88m in 2020 and accounted for 51.75% of total imports in Saldanha Bay. Imports of unwrought zinc followed in a distant second, importing to the value of ZAR332.04m, flat-rolled products of other alloy steel, of a width of 600 mm or more followed in third (ZAR118.83m). Other large import products were metal-rolling mills and rolls therefor in fourth place (ZAR22.18m); carbon electrodes, carbon brushes, lamp carbons, battery carbons and other articles imports reached a value of ZAR15.47m – making it the fifth largest import in 2020.

Furthermore, imports of molluscs, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine had the highest average annual growth in exports of 8571.14% from 2016 to 2020. Other high growing export industries were flat-rolled products of iron or non-

alloy steel, of a width of less than 600 mm, clad, plated or coated (328.59%); flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated (24.63). In contrast, vanilla was the highest growing import product with an average annual growth rate of 95.67% from 2016 to 2020. Other high growth importing industries included refractory bricks, blocks, tiles and similar refractory ceramic constructional goods (74.03%); carbon electrodes, carbon brushes, lamp carbons, battery carbons and other articles (42.03%); unwrought zinc (13.84%), and live sheep and goats (13.03%).

SALDANHA BAY - TOP 10 EXPORT PRODUCTS, 2020					SALDANHA BAY - TOP 10 IMPORT PRODUCTS, 2020				
RAN K	PRODUCTS (HS4)	Value (ZARm), 2020	Ave growth (2016 - 2020)	% Share, 2020	RAN K	PRODUCTS (HS4)	Value (ZARm), 2020	Ave growth (2016 - 2020)	% Share, 2020
1	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated	1147.05	24.63%	73.39%	1	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated	612.88	-	51.75%
2	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated	234.86	-14.11%	15.03%	2	Unwrought zinc	332.04	13.84%	28.04%
3	Worked monumental or building stone (except slate) and articles thereof	49.68	-	3.18%	3	Flat-rolled products of other alloy steel, of a width of 600 mm or more	118.83	-	10.03%
4	Ferrous waste and scrap; remelting scrap ingots of iron or steel	39.05	-	2.50%	4	Metal-rolling mills and rolls therefor	22.18	4.26%	1.87%
5	Molluscs, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine	19.24	8571.14 %	1.23%	5	Carbon electrodes, carbon brushes, lamp carbons, battery carbons and other articles of graphite or other carbon, with or without metal, of a kind used for electrical purposes	15.47	42.03%	1.31%
6	Copper waste and scrap	12.39	-	0.79%	6	Refractory bricks, blocks, tiles and similar refractory ceramic constructional goods, other than those of siliceous fossil meals or similar siliceous earths	11.72	74.03%	0.99%
7	Crustaceans, molluscs and other aquatic invertebrates	7.35	-	0.47%	7	Live sheep and goats	9.25	13.03%	0.78%
8	Crustaceans, whether in shell or	6.65	-5.59%	0.43%	8	Natural honey	8.04	-	0.68%

	not, live, fresh, chilled, frozen, dried, salted or in brine								
9	Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, clad, plated or coated	4.90	328.59%	0.31%	9	Vanilla	5.78	95.67%	0.49%
10	Grapes, fresh or dried	4.67	-	0.30%	10	Lubricating preparations (including cutting-oil preparations, bolt or nut release preparations, anti-rust or anti-corrosion preparations and mould release preparations	5.35	-	0.45%
	Total Exports, 2020	1563.00	-8.51%	100.00 %		Total Imports, 2020	1184.34	- 10.40%	100.00 %

Source: Quantec, 2021

DISCLAIMER:

Wesgro has taken every effort to ensure that the information in this publication is accurate. We provide said information without representation or warranty whatsoever, whether expressed or implied. It is the responsibility of users of this publication to satisfy themselves of the accuracy of information contained herein. Wesgro cannot be held responsible for the contents of the publication in any way.

© Wesgro, 2021