CAPE TOWN'S FOOD VALUE CHAIN

CAPE TOWN IS A LEADING METRO IN THE PROCESSING AND EXPORT OF FOOD IN THE WESTERN CAPE AND SOUTH AFRICA

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THE FOOD VALUE CHAIN

THIS ECONOMIC OVERVIEW PROVIDES KEY STATISTICS ABOUT THE FOOD VALUE CHAIN IN CAPE TOWN

KEY COMPONENTS OF CAPE TOWN’S FOOD VALUE CHAIN

URBAN AGRICULTURAL PRODUCTION

AGRI-PROCESSING

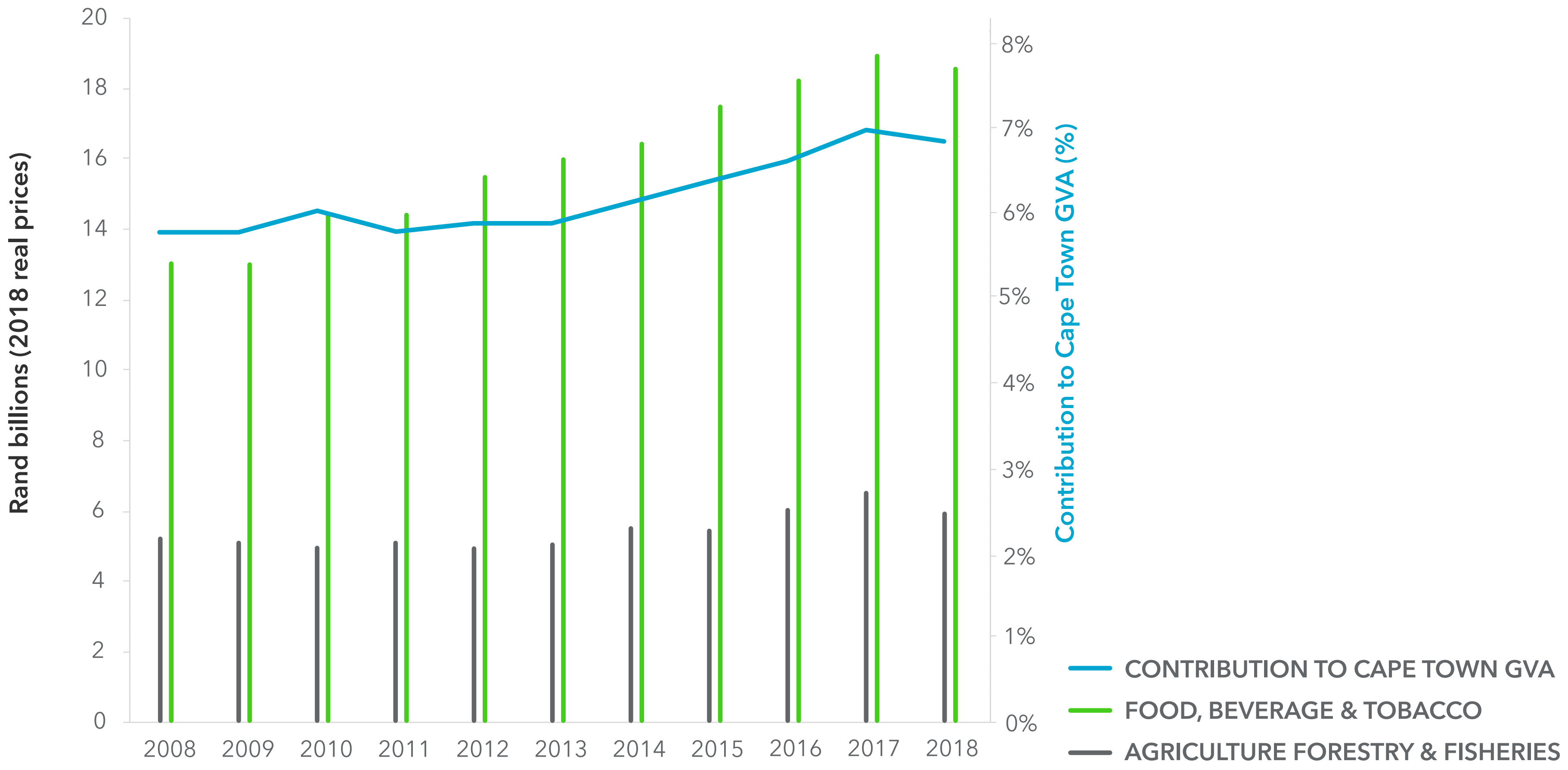
DISTRIBUTION & MARKETING

RETAIL

TRADE

AGRICULTURE AND AGRI-PROCESSING

REAL GROSS VALUE ADDED (GVA) IN AGRICULTURE AND AGRI-PROCESSING, 2008-2018[1]



ECONOMIC OVERVIEW

IN 2018

- the agriculture, forestry and fisheries (AFF) sector added R6 billion in Gross Value Added (GVA) to the Cape Town economy in 2018, with a real growth rate of 1.3% between 2008-2018.[1]
- the food, beverages and tobacco (FBT) sector added R18.6 billion in GVA by growing at an average annual rate of 3.6% from 2008-2018.[1]

FROM 2008-2018

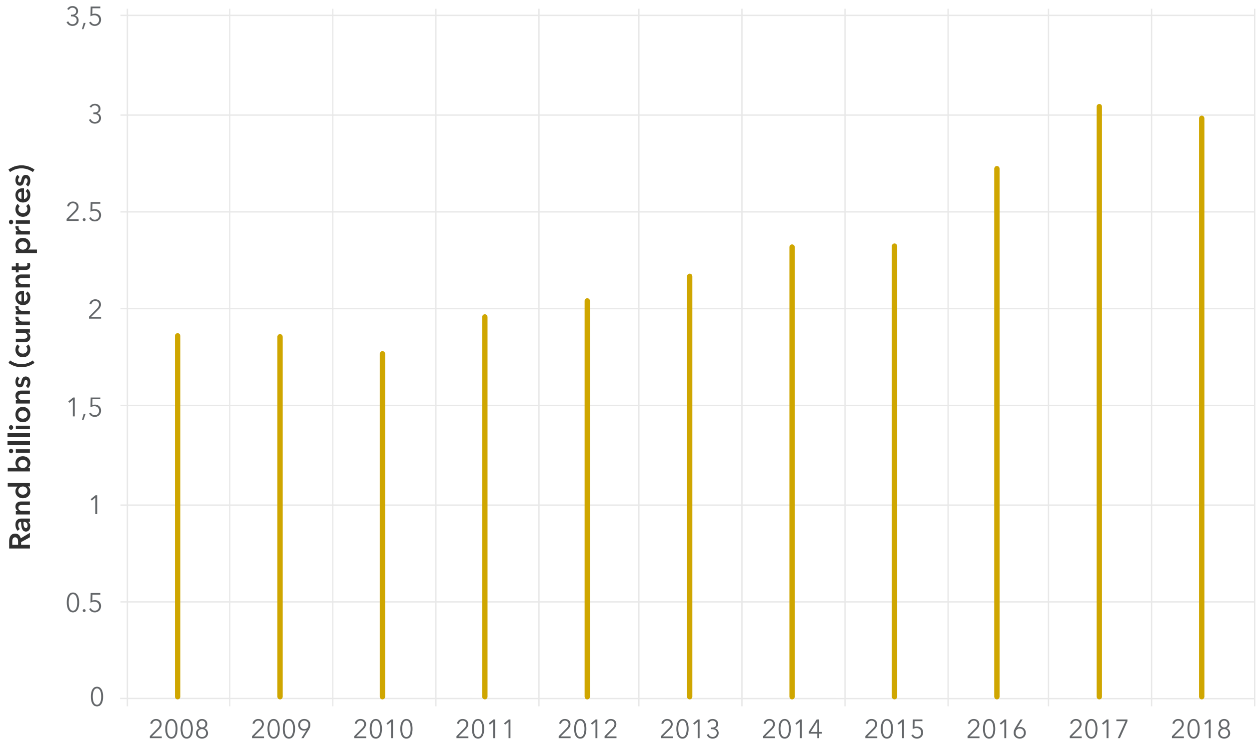
- the combined agriculture and agri-processing share in Cape Town's GVA increased from 4.9% to 5.8%.[1]

1. Western Cape Department of Agriculture (WCDoA). (2020). *Agriculture and agri processing sector statistics for Cape Town.*

1 URBAN AGRICULTURAL PRODUCTION

URBAN AGRICULTURE[1]

REAL GROSS VALUE ADDED (GVA) IN AGRICULTURE (2008-2018)[2]



ECONOMIC SIGNIFICANCE AND GROWTH

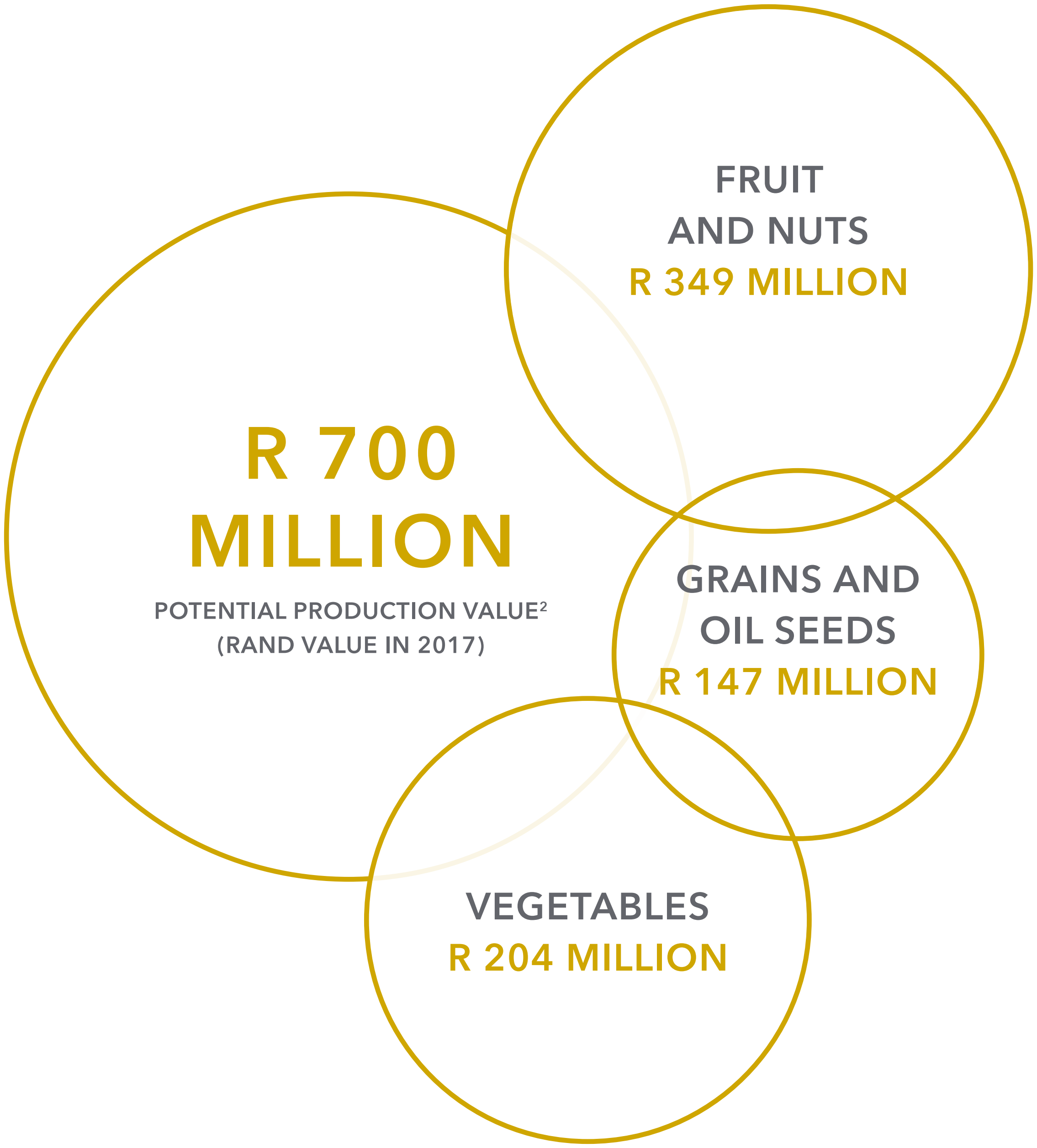
- Cape Town's agriculture sector's real GVA grew by 5% between 2008 and 2018 and was approximately R3 billion in 2018.[2]
- Total employment stood at 22 000 in 2018, with limited growth noted over the past decade.[3]

1. The analysis in this section relates only to the agriculture sub-sector. It excludes fishing and forestry.
2. Western Cape Department of Agriculture (WCDoA). (2020). *Agriculture and agri processing sector statistics for Cape Town.*
3. Quantec, 2019

URBAN AGRICULTURE

POTENTIAL PRODUCTION VALUE [1] OF KEY COMMODITIES

- An estimated 23 672 hectares was used in production in 2017.[2]



1. Production potential refers to how much agricultural production can be achieved if it were operating at optimum sustainable levels. The key indicators are the land size and tons per hectare. The price per ton is considered when determining the potential production value.

2. Data source: Western Cape Department of Agriculture (WCDoA) (2017). *Census data 2017/2018*. Western Cape Department of Agriculture.

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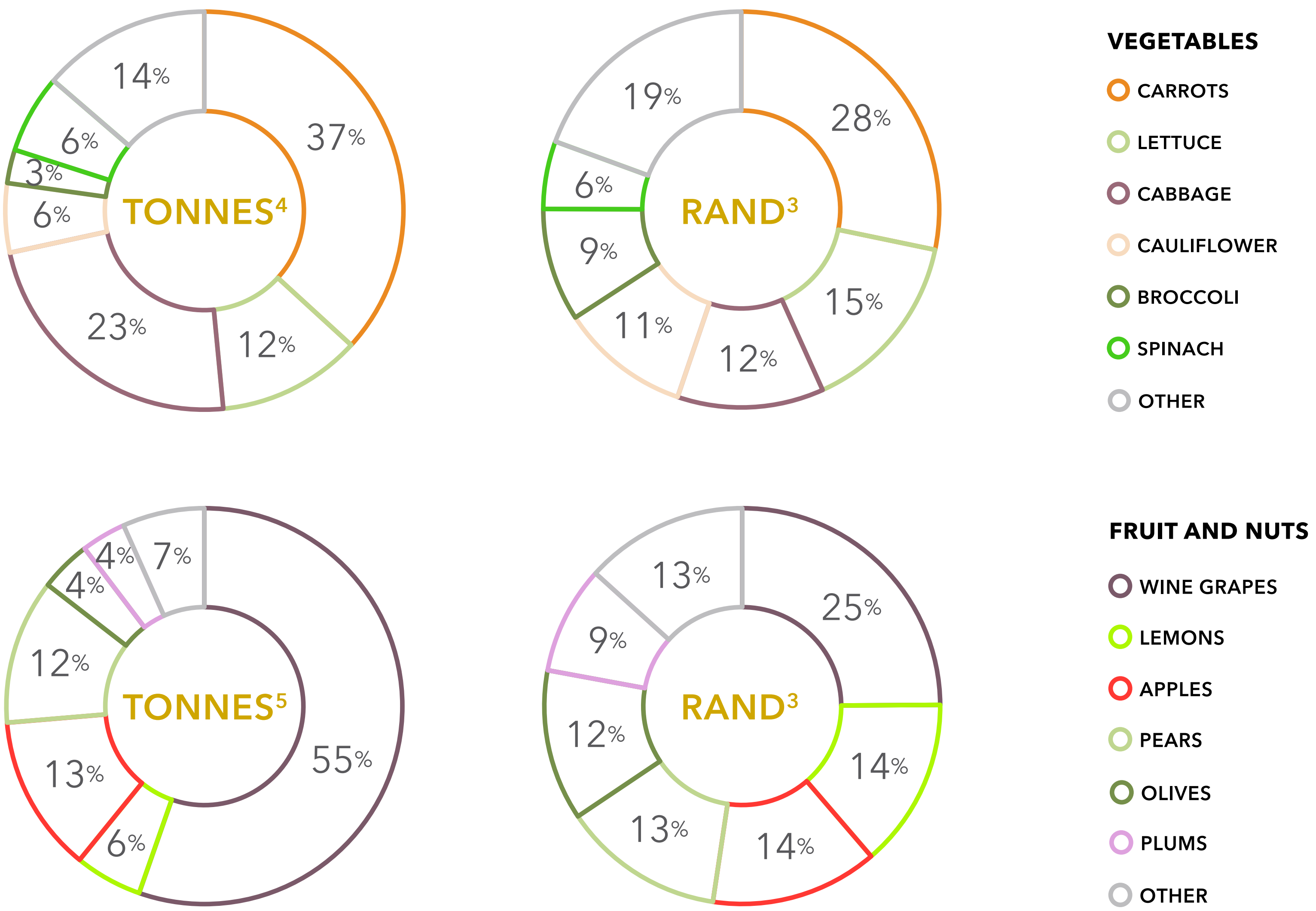

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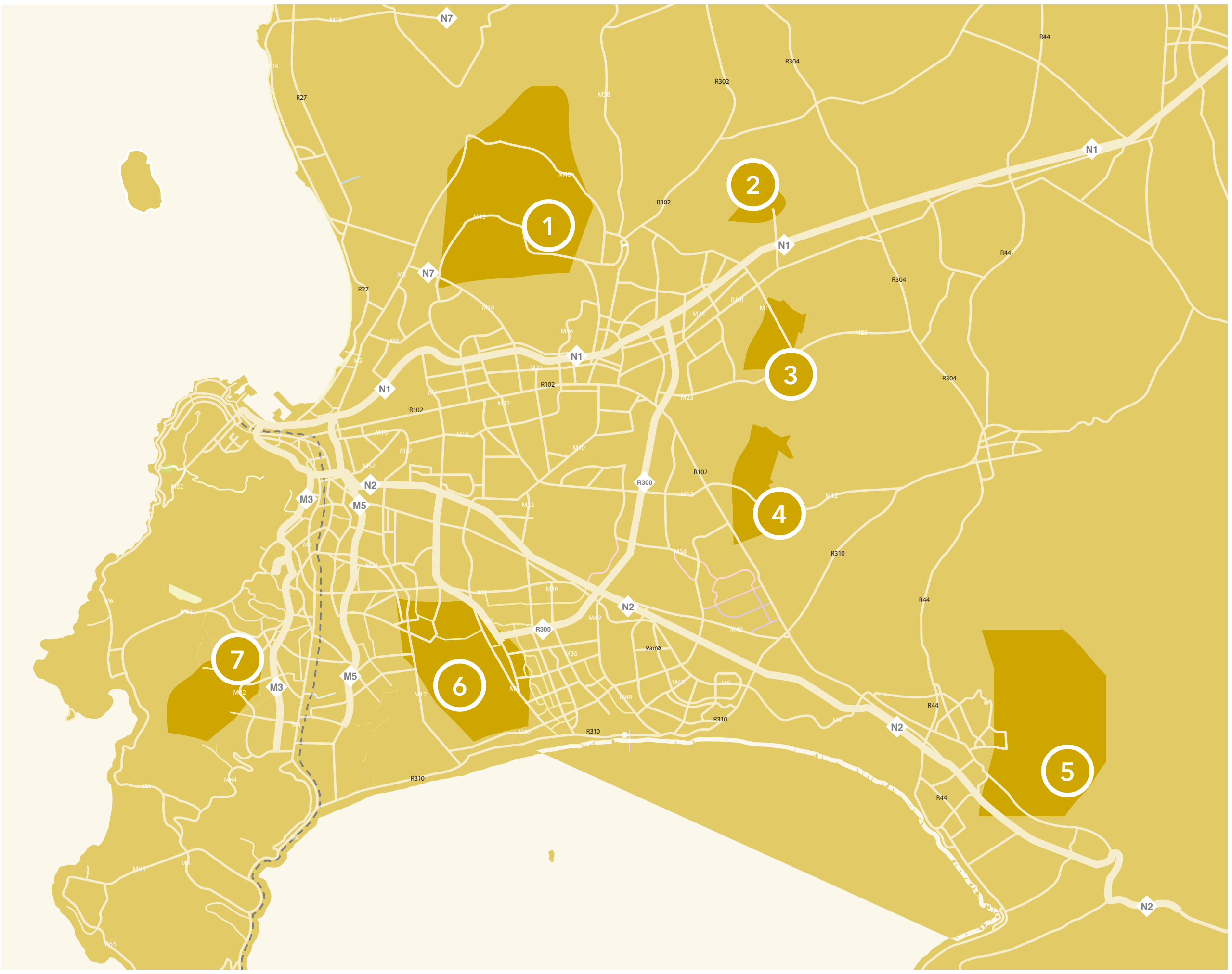
2. Data source: Western Cape Department of Agriculture (WCDoA) (2017). *Census data 2017/2018*. Western Cape Department of Agriculture.

3. Total production value (Rand value in 2017) was R700 million. This was comprised of vegetables (R204 million), fruit and nuts (R349 million) and grains and oil seeds (R147 million).

4. Total production potential of vegetables in 2017 ~ 47 277 tonnes

5. Total production potential of fruit and nuts in 2017 ~ 54 755 tonnes

URBAN AGRICULTURE



LEGEND:

1. TYGERBERG HILLS/PHILADELPHIA
2. JOOSTENBERG VLAKTE
3. BOTTELARY/BLACKHEATH
4. BOTFONTEIN
5. HELDERBERG
6. PHILLIPI AGRICULTURAL HOLDINGS
7. CONSTANTIA

AGRICULTURAL AREAS OF SIGNIFICANCE PROTECTED UNDER THE CAPE TOWN MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORK (2018)[2]

LOCATION AND SCALE

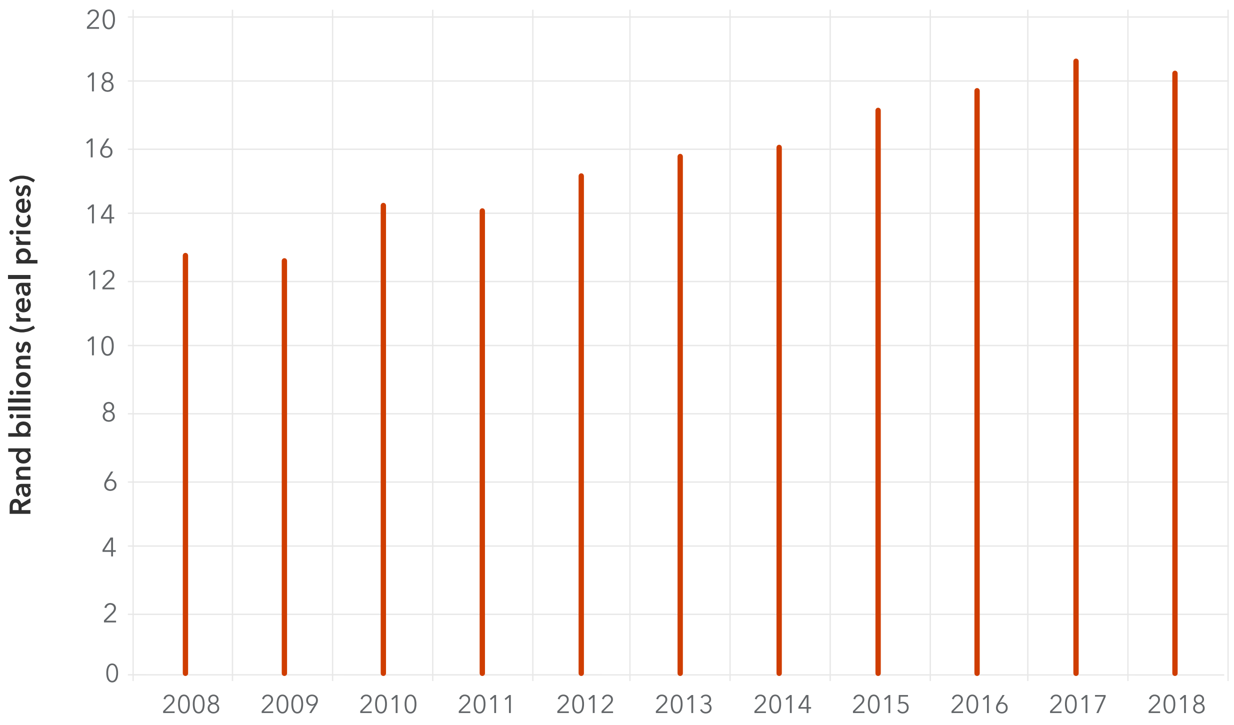
- Agricultural production in the Cape Town Metro takes place predominantly in the city's peri-urban areas.
- There are different types of producers:
  - large-scale commercial
  - smallholder
  - subsistence
- The largest share of output value in 2018 was from:
  - Northern Region (19%)
  - Khayelitsha/Mitchells Plain (16%),
  - Cape Flats (15%)
  - Tygerberg (14%)[1]

1. Western Cape Department of Agriculture (WCDoA). (2020). *Agriculture and agri-processing sector statistics for Cape Town.*
2. Based on City of Cape Town (2010 & 2018), *Municipal Spatial Development Framework*

② AGRI-PROCESSING

AGRI-PROCESSING

REAL GROSS VALUE ADDED (GVA) IN FOOD, BEVERAGE & TOBACCO (FBT) (2008 - 2018)[1]



ECONOMIC SIGNIFICANCE AND GROWTH

- Cape Town's food, beverage and tobacco (FBT) sector's real GVA grew with an annual average growth rate of 3.6% between 2008 and 2018 to reach R18.6 billion in 2018.[1]
- The food, beverage and tobacco (FBT) sector's share of the total GVA in Cape Town was 4.4% in 2018. [2]
- Total employment in the food sub-sector was 27 822, and in the beverages sub-sector was 5 859 in 2018, with 1.76% and 0.38% increase over 10 years, respectively.[3]

1. Western Cape Department of Agriculture (WCDoA). (2020). *Agriculture and agri processing sector statistics for Cape Town.*
2. Quantec 2020
3. Western Cape Department of Agriculture (WCDoA). (2020). *Agriculture and agri processing sector statistics for Cape Town.*

AGRI-PROCESSING

AGRI-PROCESSING FACILITIES LOCATED IN CAPE TOWN (2017) [1]

FACILITY TYPE	CAPE TOWN (NUMBER)	CAPE TOWN (%)	WESTERN CAPE (NUMBER)	CAPE TOWN'S SHARE OF WESTERN CAPE (%)
ABATTOIRS	7	2%	61	11%
CRUSHPENS/DIPTANKS	65	19%	2381	3%
DAIRIES	23	7%	432	5%
PACKHOUSES	5	1%	683	1%
SILOS	5	1%	92	5%
BREWERY	31	9%	51	61%
DISTILLERY	2	1%	9	22%
FRUIT PACKERS	3	1%	193	2%
COOL CHAIN	36	11%	172	21%
MILLERS	10	3%	24	42%
OLIVE CELLAR	6	2%	64	9%
WINE CELLAR	54	16%	467	12%
OTHER FACILITIES	94	28%	222	42%
TOTAL	**341**	**-**	**4851**	**-**

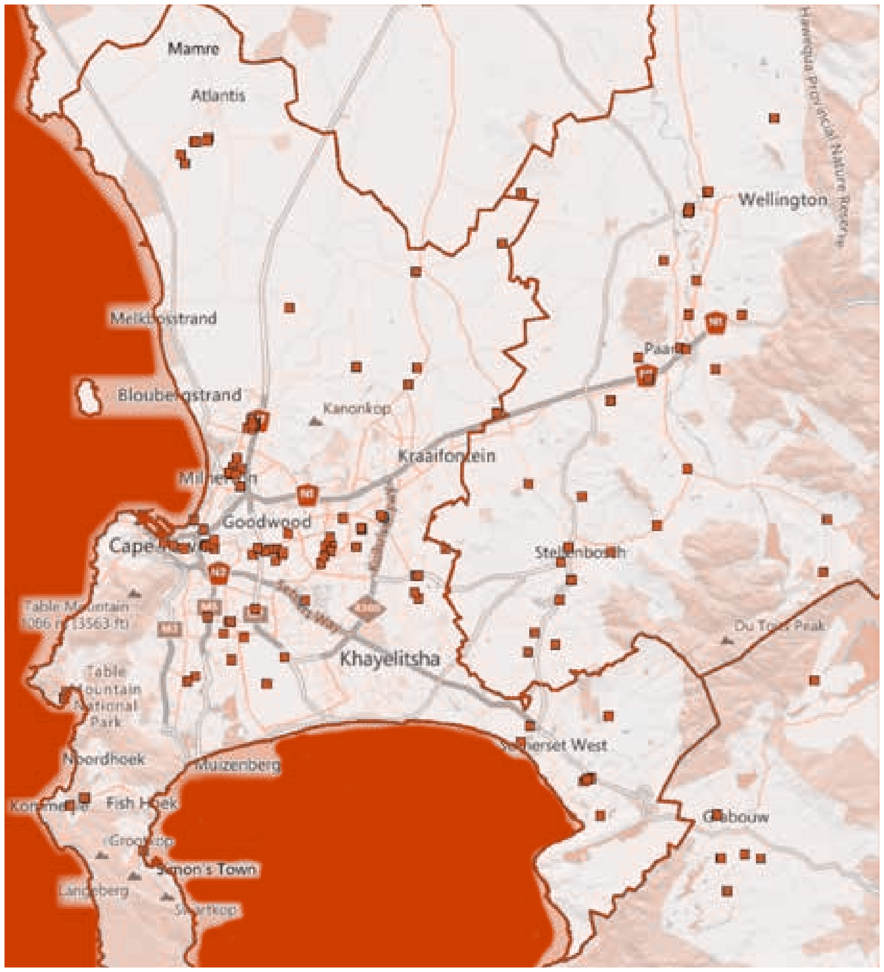
KEY ACTIVITIES

- Cape Town is the hub of food and beverage manufacturing in the Western Cape, and nationally.
- Approximately ~ 341 agri-processing infrastructure facilities were located in Cape Town in 2017.[1]
- Major processers in Cape Town (% share of Western Cape total):
  1. breweries (61%)
  2. millers (42%)
  3. other processors (42%) which include
     - fish processing and preserving of fish
     - manufacture of soft drinks
     - manufacture of spice and saucing products[2]

1. Western Cape Department of Agriculture (WCDoA). (2020). *Agriculture and agri processing sector statistics for Cape Town.*
2. City of Cape Town (2016). *Economic Performance Indicators . Quarter 4 (October to December 2016).*
Available from http://www.capetown.gov.za/Work%20and%20business/Doing-business-in-the-City/Business-support-and-guidance/Economic-reports#Heading1

AGRI-PROCESSING

SPATIAL DISTRIBUTION OF AGRI-PROCESSING PLANTS IN CAPE TOWN (2017)[1]



LEGEND:

- DISTRICT MUNICIPALITIES
- AGRI-PROCESSING PLANTS

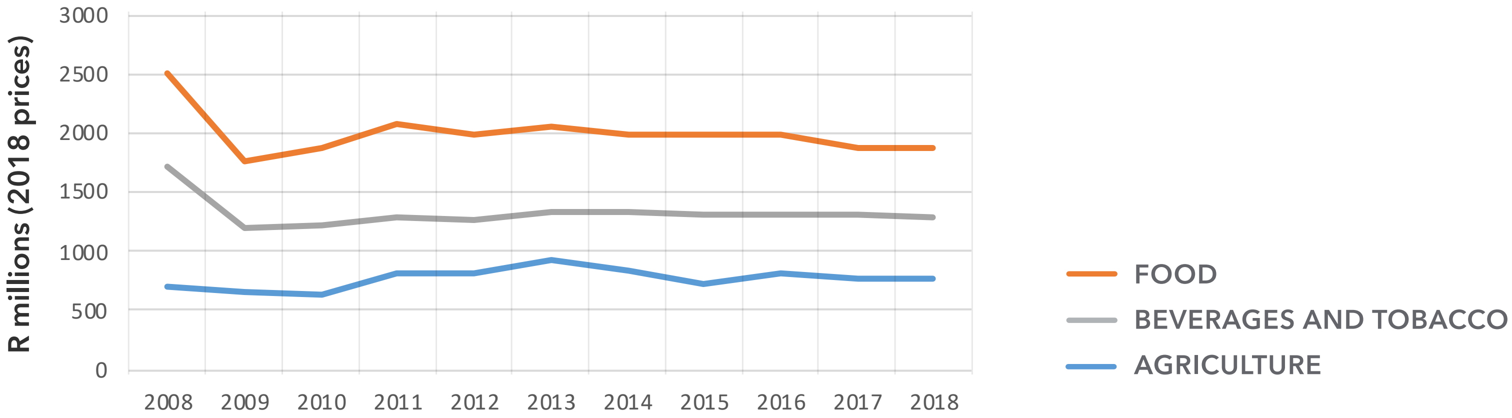
KEY ACTIVITIES

- The largest share of output value in 2018 was from:
  - Tygerberg (20%)
  - Khayelitsha/Mitchells Plain (19%)
  - The Northern region (17%)
  - Cape Flats (15%)[2]

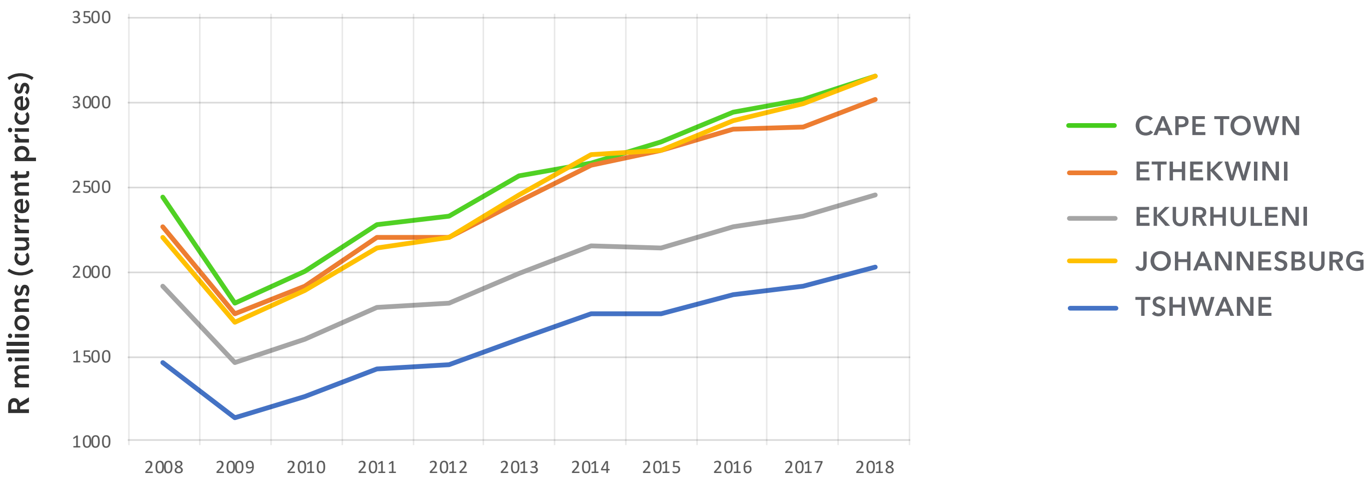
1. Adapted from Western Cape Department of Agriculture (2020) *Cape Farm Mapper. Available at:* gis.elsenburg.com/apps/cfm/#
2. Western Cape Department of Agriculture (WCDoA). (2020). *Agriculture and agri processing sector statistics for Cape Town.*

INVESTMENTS

CAPE TOWN GROSS FIXED CAPITAL INVESTMENT (2008 – 2018)[1]



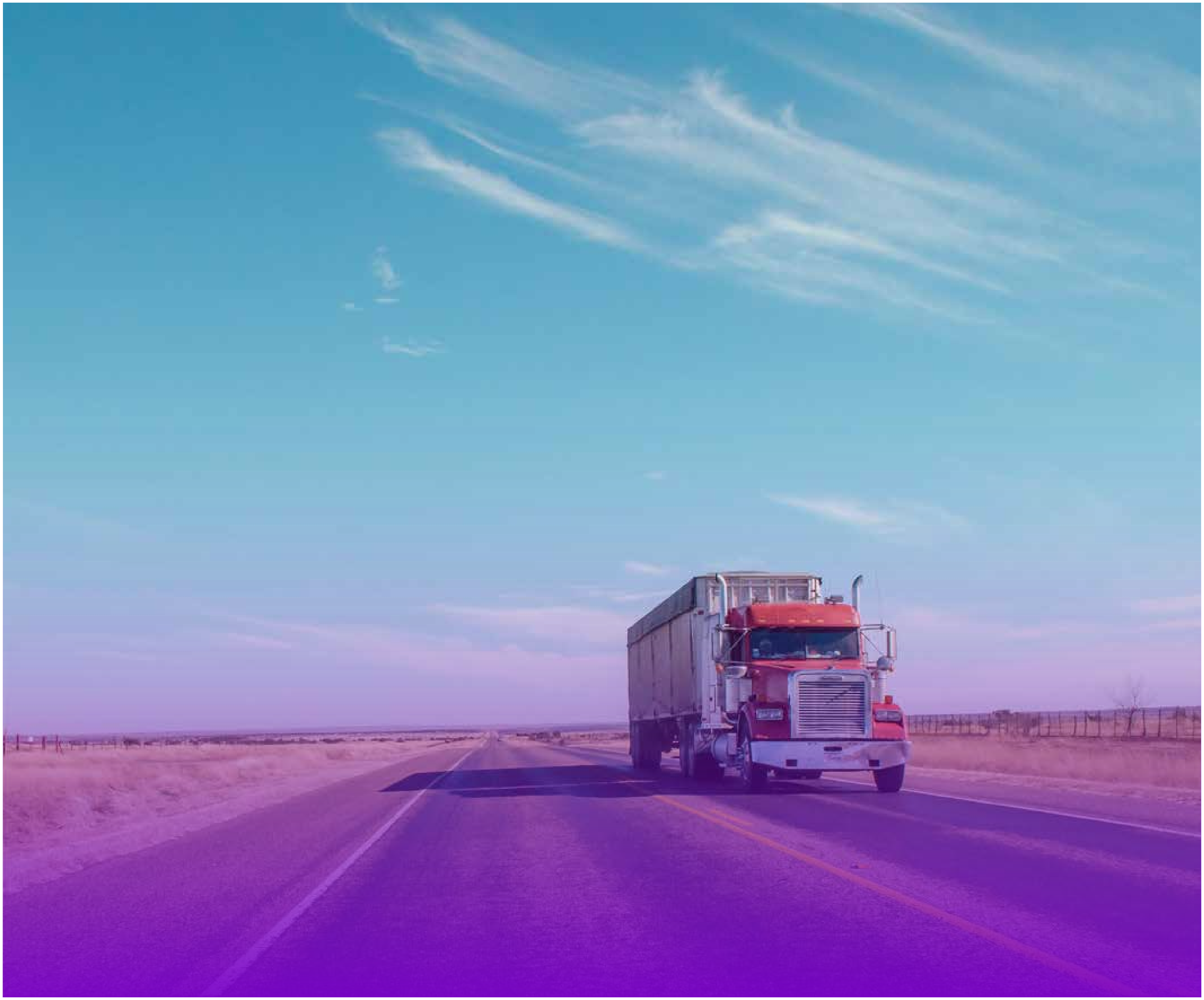
GROSS FIXED CAPITAL INVESTMENT IN TOP 5 METROS IN FOOD, BEVERAGE & TOBACCO SECTORS (2008 - 2018)[2]



GROSS FIXED CAPITAL INVESTMENT

- Investments in the food, beverage and tobacco subsectors have remained fairly constant since 2009.
- Annual investments are greater in food, beverage and tobacco subsectors than in the agriculture sector[1].
- The highest investment in the food and beverage sectors can be seen in Cape Town, Johannesburg and eThekwini.[2]

1. Western Cape Department of Agriculture (WCDoA). (2020). *Agriculture and agri processing sector statistics for Cape Town.*
2. Quantec, 2020



3 DISTRIBUTION AND MARKETING

DISTRIBUTION AND MARKETING

CAPE TOWN FRESH PRODUCE MARKET

ACTIVE BUYERS

TYPE	NUMBER	PERCENTAGE OF SALES (%)
LARGE BUYER	115	38
MEDIUM BUYERS	306	34
MEDIUM –TO- SMALL BUYERS	1224	22
VERY SMALL BUYERS	6004	6
TOTAL	**7649**	**100**

KEY FEATURES

- Cape Town Fresh Produce Market[1]:
  - Provides 20-25% of fresh produce in Cape Town's retail sector.
  - Produce mainly sourced from medium and large-scale commercial farms in rural areas across South Africa.
  - Annual turnover: R1.7 billion
  - Annual trade with informal sector: R300 million
- Other distribution channels of fresh produce and processed products[2]:
  - Direct contracts with retailers
  - Street vendors, spaza and neighbourhood shops
  - Niche markets.[3]

1. De Villiers, A. Cape Town Fresh Produce Market (CTFPM), personal communication (2019) .
2. Paganini et al. (2019). *Farming in cities: Potentials and challenges of urban agriculture in Maputo and Cape Town.* https://doi.org/10.18452/20559.
3. For a case study on such a niche market, the Oranjezight City Farm and Market,, see https://www.green-cape.co.za/content/building-resilient-urban-communities-through-circular-food-systems/

DISTRIBUTION AND MARKETING

PHILIPPI HORTICULTURAL AREA AND MARKET

- Philippi Horticultural Area – the PHA[1]:
  - 3,600 hectare horticultural area capable of producing four crop cycles per year
  - Produces more than half of all the vegetables consumed in the city every day – over 100 000 tonnes a year

- Philippi Fresh Produce Market[2]:
  - Established to serve as a trading platform for smallholder farmers in Cape Town and surrounds
  - Infrastructure includes: trade spaces (wholesale, retail, mobile), packhouse and processing facilities, composting plant and seedling nursery
  - Potential for greater utilisation

- Philippi Economic Development Initiative (PEDI)[1]:
  - Provides a platform for smallholder farmers to sell to niche markets (online gourmet food retail, organic markets, restaurants)
  - Offers a training academy and organic certification schemes
  - Response to COVID-19 pandemic: set up innovative partnerships with an online food retailer, a food fund and community-based organisations to secure continued income for smallholder farmers and provide nutrition to communities in need

1. Philippi Economic Development Initiative http://pedi.org.za/
2. Western Cape Government (2006): *Brand New Fresh Produce Market for Cape Town:* Available at: https://www.westerncape.gov.za/news/brand-new-fresh-produce-market-cape-town

4 RETAIL

RETAIL

KEY FEATURES

- Formal market:
  - Supermarkets account for 50 – 60% of food retail.[1]
  - Four major players (% Cape Town market share) (2013)[1]:

SUPERMARKET CHAIN	PROPORTION OF THE MARKET
SHOPRITE	**38%**
PICK N PAY	**31%**
SPAR	**20%**
WOOLWORTHS	**8%**

1. Battersby, J., & Peyton, S. (2014). The Geography of Supermarkets in Cape Town: Supermarket Expansion and Food Access. *Urban Forum, 25*(2), 153–164. https://doi.org/10.1007/s12132-014-9217-52.

RETAIL

KEY FEATURES

- Informal market:
  - Employment in Cape Town's informal sector: 188 065 people (2019)[1]

TYPES OF FOOD TRADERS IN INFORMAL TRADE[2]	PROPORTION OF THE MARKET
SPAZA / INFORMAL CONVENIENCE STORES	**39%**
MEAT TRADERS	**20%**
FRUIT AND VEGETABLE TRADERS	**19%**
OTHER	**22%**

1. Data for Q4 2019 (Oct-Dec) and represents about 10% of the city's workforce. City of Cape Town (2019). Economic Performance Indicators . Quarter 4 (Oct Dec). Available from http:// resource.capetown.gov.za/documentcentre/Documents/City%20research%20reports%20and%20review/CCT_Quarter_4_2019_EPIC_Report.pdf

2. Typical split in informal / low income areas based on sampling by Battersby, J., Marshak, M., & Mngqibisa, N. (2016). *Discussion Papers No. 5 mapping the informal food economy of Cape Town, South Africa.* Also cited in: Haysom, G., Crush, J., & Caesar, M. (2017). *The Urban Food System of Cape Town, South Africa.* www.hungrycities.net

5 TRADE

TRADE

KEY FEATURES

EXPORT VALUE OF PRODUCTS PRODUCED IN CAPE TOWN (2018)[1]

R 15.7 BILLION
AGRICULTURE

2.57%
GROWTH RATE BETWEEN 2008 - 2018

R 1.6 BILLION
FISHING

9.5%
GROWTH RATE BETWEEN 2008 - 2018

R 2.7 BILLION
BEVERAGE AND TOBACCO

11.13%
GROWTH RATE BETWEEN 2008 - 2018

R 8.6 BILLION
FOOD

6.35%
GROWTH RATE BETWEEN 2008 - 2018

R 0.2 BILLION
FORESTRY

10.8%
GROWTH RATE BETWEEN 2008 - 2018

1. Western Cape Department of Agriculture (WCDoA). (2020). *Agriculture and agri processing sector statistics for Cape Town.*

TRADE

KEY FEATURES

TOP 5 AGRICULTURE AND AGRI-PROCESSING EXPORTS FROM CAPE TOWN PORTS (2019)[1]

1. R 32.59 BILLION
FRUIT AND NUTS; PEEL OF CITRUS FRUIT OR MELONS

2. R 8.6 BILLION
BEVERAGES, SPIRITS AND VINEGAR

3. R 5.51 BILLION
FISH AND CRUSTACEANS, MOLLUSCS AND OTHER AQUATIC INVERTEBRATES

4. R 3.82 BILLION
PREPARATIONS OF VEGETABLES, FRUIT, NUTS OR OTHER PARTS OF PLANTS

5. R 1.28 BILLION
OIL SEEDS AND OLEAGINOUS FRUITS; MISCELLANEOUS GRAINS, SEEDS AND FRUIT; INDUSTRIAL OR MEDICINAL PLANTS; STRAW AND FODDER

TOP 5 AGRICULTURE AND AGRI-PROCESSING IMPORTS TO CAPE TOWN (2019)[1]

1. R 2.60 BILLION
FISH AND CRUSTACEANS

2. R 2.44 BILLION
CEREALS

3. R 2.07 BILLION
PREPARED VEGETABLES & FRUIT

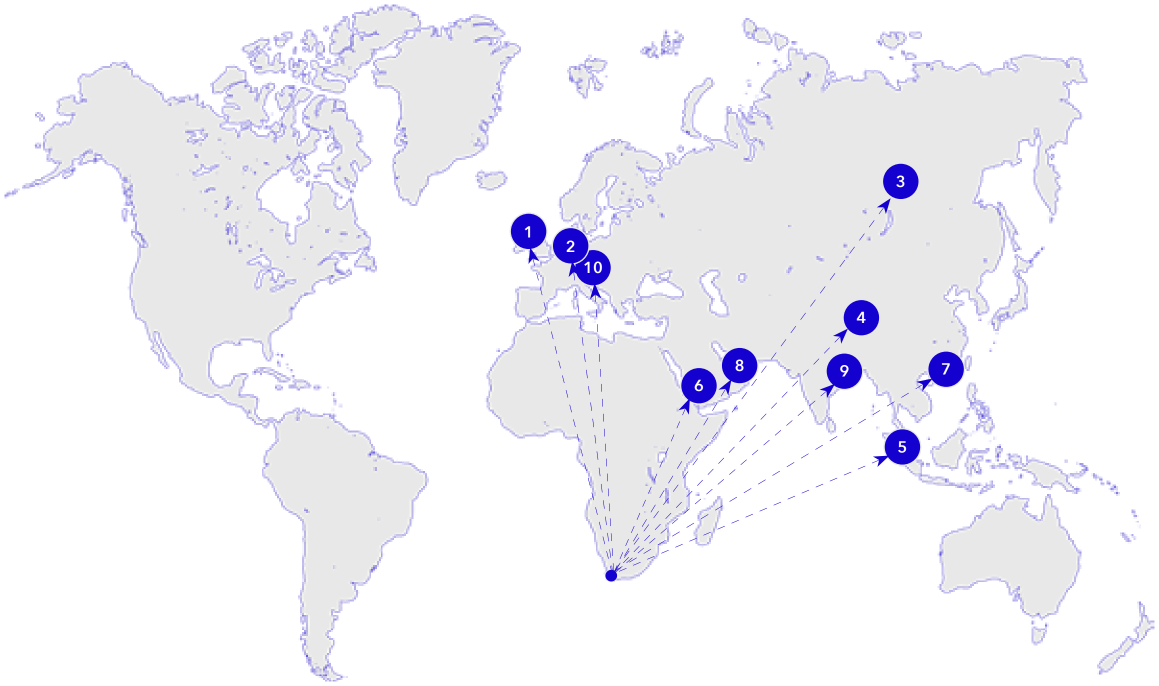
4. R 2.04 BILLION
MEAT AND EDIBLE MEAT OFFAL

5. R 2.03 BILLION
BEVERAGES, SPIRITS AND VINEGAR

1. Quantec, 2020. (Note that these are exports through the Cape Town Harbour and Cape Town International Airport and thus includes export of produce grown and products produced outside of the metro.

TRADE

TOP 10 CAPE TOWN AGRICULTURE, FORESTRY AND FISHERIES (AFF) EXPORT DESTINATIONS (2019)[1]



LEGEND:

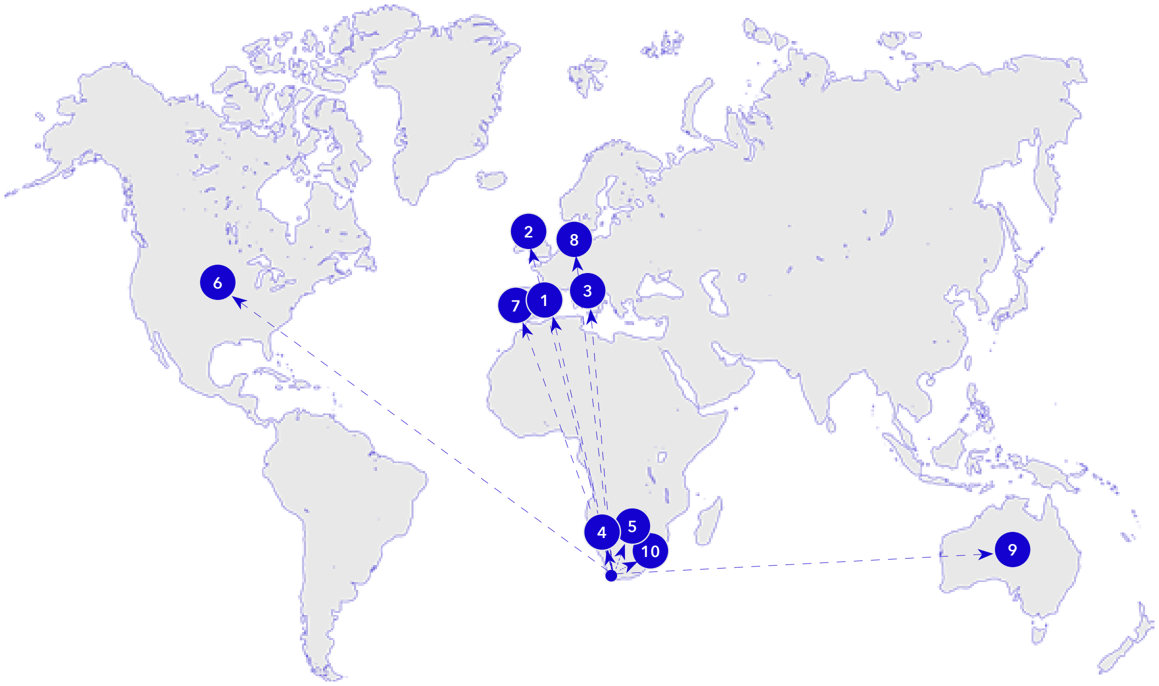
1. UNITED KINGDOM
2. NETHERLANDS
3. RUSSIAN FEDERATION
4. CHINA
5. MALAYSIA
6. SAUDI ARABIA
7. HONG KONG
8. UNITED ARAB EMIRATES
9. BANGLADESH
10. GERMANY

DESTINATION	EXPORT VALUE (BILLION ZAR IN CURRENT PRICES 2020)	SHARE OF TOTAL EXPORTS (%)
UNITED KINGDOM	3.08	18%
NETHERLANDS	2.78	16%
RUSSIAN FEDERATION	0.87	5%
CHINA	0.73	4%
MALAYSIA	0.65	4%
SAUDI ARABIA	0.60	3%
HONG KONG	0.55	3%
UNITED ARAB EMIRATES	0.53	3%
BANGLADESH	0.46	3%
GERMANY	0.45	3%
REST OF THE WORLD	6.79	39%

1. Quantec, 2020

TRADE

TOP 10 CAPE TOWN FOOD, BEVERAGE AND TOBACCO (FBT) EXPORT DESTINATIONS[1]



LEGEND:

1. SPAIN
2. UNITED KINGDOM
3. ITALY
4. NAMIBIA
5. BOTSWANA
6. UNITED STATES
7. PORTUGAL
8. DENMARK
9. AUSTRALIA
10. SWAZILAND

DESTINATION	EXPORT VALUE (BILLION ZAR IN CURRENT PRICES 2020)	SHARE OF TOTAL EXPORTS (%)
SPAIN	1.17	10%
UNITED KINGDOM	0.89	8%
ITALY	0.86	8%
NAMIBIA	0.77	7%
BOTSWANA	0.62	5%
UNITED STATES	0.50	5%
PORTUGAL	0.50	4%
DENMARK	0.44	4%
AUSTRALIA	0.42	4%
SWAZILAND	0.39	3%
REST OF THE WORLD	4.65	41%

1. Quantec, 2020

KEY INVESTMENT OPPORTUNITIES

KEY INVESTMENT OPPORTUNITIES

WATER REUSE & WASTEWATER TREATMENT • ALTERNATIVE WATER SOURCES • ENERGY EFFICIENCY & RENEWABLE ENERGY

URBAN AGRICULTURE PRODUCTION

- Intensive production enabled through advanced technologies such as hydroponic systems.
- Production of fresh products (e.g. out-of-season / organic produce incl. fresh herbs) for niche markets (e.g. direct supply to restaurants and customers)

AGRI-PROCESSING

- Value-add to raw produce including leveraging existing agri-processing facilities
- Processing for niche industries (e.g. herbs, spices, gourmet ingredients)

DISTRIBUTION & MARKETING

- Enhancing niche markets (e.g. organic markets, restaurants, e-commerce/home delivery) through innovative supply chain partnerships for small-scale farmers
- Innovative transport, cooling and storage solutions

RETAIL

- E-commerce / home deliveries
- Innovative cooling and storage solutions

TRADE

- Localisation of food production
- Local production of farming inputs
- Increased exports to African market due to African Continental Free Trade Area (AfCFTA)

FURTHER INFORMATION / INVESTMENT SUPPORT

KEY SUPPORT CONTACTS

INVEST CAPE TOWN

www.investcapetown.com
info@investcapetown.com

WESGRO

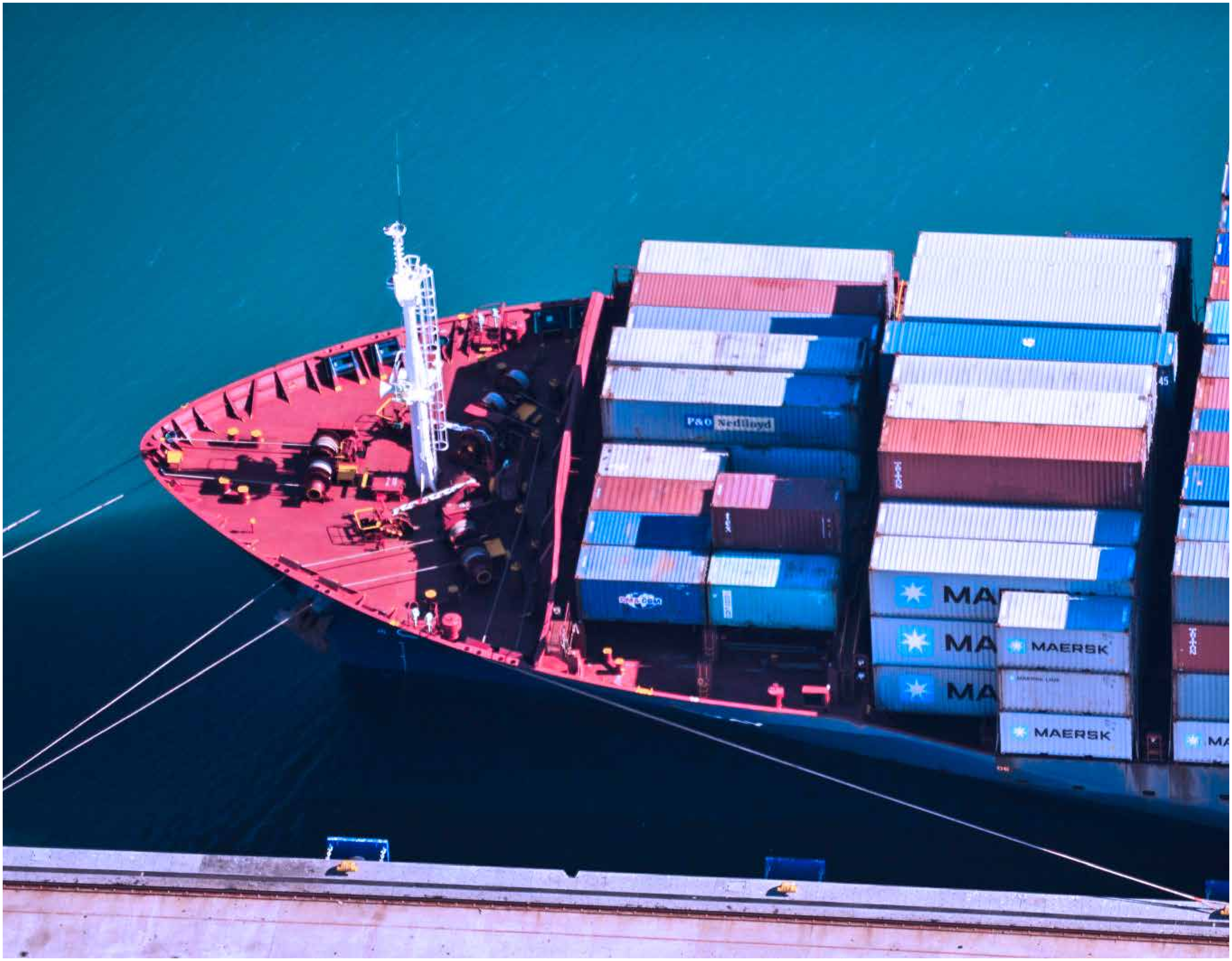
www.wesgro.co.za
info@wesgro.com

GREENCAPE

www.greencape.co.za
info@green-cape.co.za

WESTERN CAPE GOVERNMENT DEPARTMENT OF AGRICULTURE

www.westerncape.gov.za/dept/agriculture
info@elsenburg.com



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