

INTRODUCING THE EASTERN CAPE PROVINCE



The Eastern Cape

The Eastern Cape is home to approximately 6,9 million people and it has the third largest population in South Africa. It is the second largest of South Africa's nine provinces and it covers almost 170, 000 sqm. Its vision to become a compelling place to work and live in is inspired by iconic figures such as Nelson Mandela and Thabo Mbeki who call this province home. It has two major cities, Port Elizabeth (1.5-million people) and East London (1.4-million) (projected stats for 2007).

Eastern Cape value proposition

Place to live, work and invest

- Agricultural Land availability
- Access to sub-Saharan African market
- Multi-modal logistics (rail, road, air and port)
- Duty Free Access: USA (Agoa) & EU (FTA)
- Duty and VAT suspension in IDZs

- Emerging market cost advantages
- Adoption of the Special Economic Zones Act

The Eastern Cape is a compelling place to live, work and invest. It is the launch pad for the sub-Saharan market supported by multi-modal logistics (rails, road, air and port). It has Duty Free access into the USA and EU markets. It has a suspension regime of Duty and VAT in IDZ's. It has competitive emerging market costs.

KEY PRIORITY SECTORS

Agriculture & Agro-processing

- ❑ Performance of the province's **food, beverages and tobacco** sub-sector has been strong since 2008
 - Output valued at R 11.3 billion
 - Generates estimated gross value added of R 2.2 billion
 - The contribution from the agricultural sector to the provincial GDP ranges between **1.5% to 2%** in the Q1 of 2015; **and 5%** (which is equivalent to 67 900 jobs) was contributed by the sector in **employment**.
- ❑ There remains significant potential to develop **agro-processing** activity in the province
 - Presents an opportunity to transform rural production
 - Can contribute to efforts to drive economic growth and reduce the downside risk of trade
 - This will require the up-skilling of workers as well as investment in new technologies and equipment

Agro-processing Opportunities

- ❑ Temperate climate
- ❑ All year round rainfall suitable for various agricultural produce
- ❑ Main livestock province in South Africa
- ❑ 34% of South Africa's wool, 75% of its mohair
- ❑ 33% of South Africa's milk production
- ❑ 800km coastline for commercial mariculture, aquaculture, conventional harvesting
- ❑ Juices: pineapples, oranges, apples, and other deciduous and citrus fruits
- ❑ Meat processing: bone crushed carcasses without further processing

AGRO OPPORTUNITIES – Livestock

- The dairy industry has expanded into large dairy processing plants in the province, including a newly established fresh milk, yoghurt, and sour milk processing plant within the East London IDZ.
- An opportunity** still exists for the establishment of an ultra-high temperature (UHT) plant in the province, not only for the local South African market; but for the rest of Southern African Development Community (SADC) / African continent.
- Another **Opportunity** exists for the beneficiation of mohair, and more producers of mohair

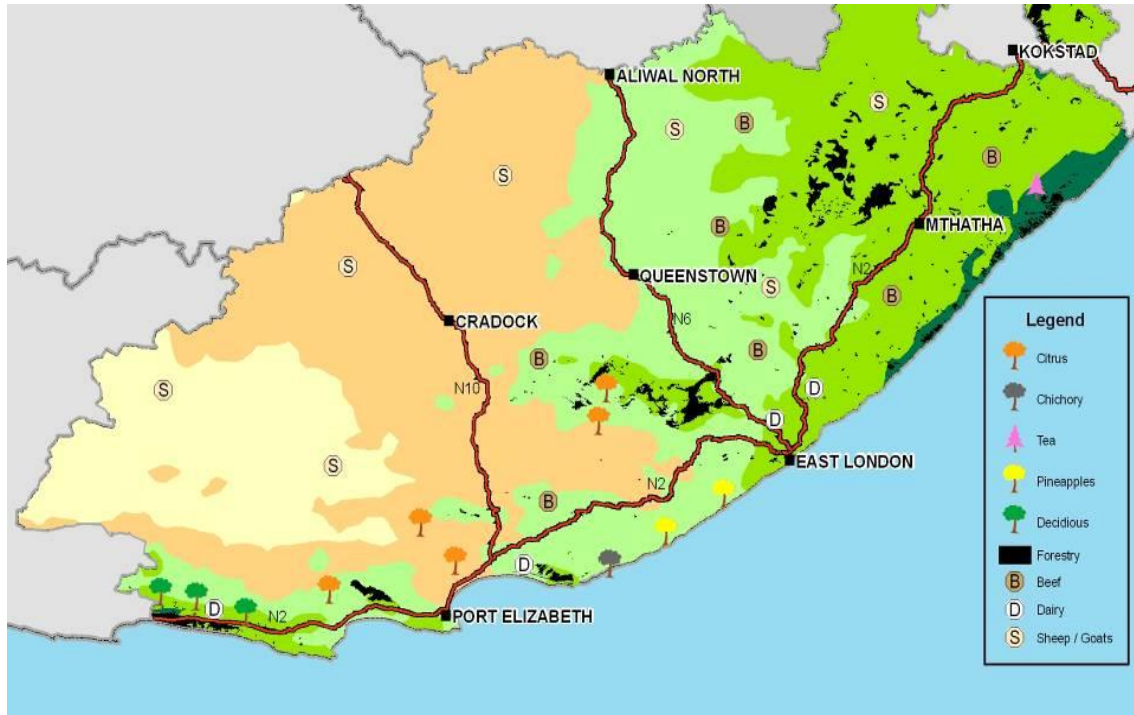
AGRO OPPORTUNITIES – Horticulture

- Diversification** and the development of agro-processing are the major thrusts of the provincial government's agricultural policy.
- Pineapple industry diversification into various products beyond canning and juicing (including products such as dietary fibre, biofuels, etc.) provides evidence to this policy direction.
- Centre of South Africa's pineapple industry
- Citrus, deciduous fruit support sophisticated juice industry
- Fruit jams.
-

Some of the Top companies in Eastern Cape:

- Nestle, Cadbury, Parmalat, Clover SA, Coca Cola SA, SA Breweries
- Citrus, deciduous fruit support sophisticated juice industry
- Fruit jams
- Meat processing: prized Karoo lamb, specialty game meats
- Milling, baking, confectionary, brewing, bottling have strong base
- Sugar beet: potential use by existing food processors
- Chillies, dried meat, speciality cheeses
- Cassava (Tubers, pellets, stock feed, floor, starch and bio fuel)
- Sorghum
- Biltong
- Meadery
- Essential Oils
- Aloe Ferox*

THE EASTERN CAPE – AGRICULTURAL SPREAD



Emerging Opportunities

- Tomato drying plant on strength of tomato farming around East London
- Confectionary: major confectionary manufacturers including Nestle
- Brewing and bottling:
South African Breweries plants in Port Elizabeth, East London
- Import of Bamboo for value addition
- Medicinal and Aromatic Plants (essential oils, aloe, etc.)

KEY ESTABLISHED INDUSTRIES

Established industries – Chicory

- Situated in the EC Sunshine Coast in Alexandria
- Products – dried, roasted, liquid extract
- Production of 20,000tons over the last two years
- Currently experiencing over-supply in the country

- Provides ingredients for top brands, coffee mixtures; pure chicory; chocolates; breakfast food

EC Pineapple Industry

- Industry on brink of collapse in 2006 – farmers reduced plantings and last 2 factories were losing millions
- ECDC with the Industry funded business plan to look at various options including what to do with factory and farm waste
- Business plan was very positive. ECDC took equity and recently diluted at a huge profit
- Many changes were introduced and laboratory work commenced on factory waste. This was positive so ECDC with the Ind funded a pilot project which has since been developed into a dietary fibre commercialised project.
- Doing similar work on farm waste. Laboratory work done, busy with pilot project on bromelain and micro- crystalline cellulose (MCC).
- ECDC's investment to date is R33m, most of which is a loan

NATURAL PRODUCTS

Pelargonium sidoides

- Most important medicinal plant in EC
- Roots - treat coughs, tuberculosis, diarrhea, dysentery, wounds (leaves)
- Scientific research proves broad-spectrum antimicrobial activities
- Application of roots and leaves in cosmeceuticals in research stage
- Fair-trade opportunities with rural wild crafters
- Contains active ingredient umchalin
- Estimate 60 tons (EC), 80 tons (SA), 60 tons exported mainly to Germany
- Cleaning, drying and packing

Hypoxis

- Corm of Hypoxis hemerocallidea taken as tea, treat prostate problems
- Sap from corm applied to wounds and burns to assist healing

- Contains active ingredient C-glucoside aloin
- Processing capacity: Infusions of the corm and leaves
- Estimate 10 tons (EC), 30 tons (SA), 500 tons more still available wild

Lippia

- Widely used as a health tea, treatment of fever, coughs, colds
- Infusions used topically to treat burns, sores, wounds
- Acts as fly & mosquito repellent
- Leaves, twigs mainly used; also roots

Contact details

For more information contact:

Mlamli Nodada: : +27 43 704 5714 / +27 83 451 2187

email: mnodada@ecdc.co.za

www.ecdc.co.za