



SOUTH
AFRICA
Factsheet
2020

Investing in South Africa's Aquaculture Sector

A future growth sector to be unlocked



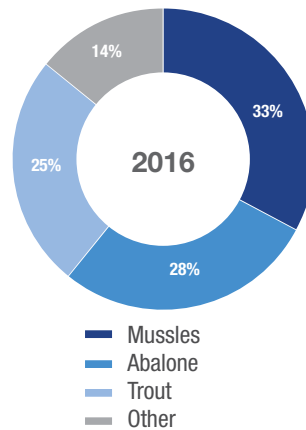
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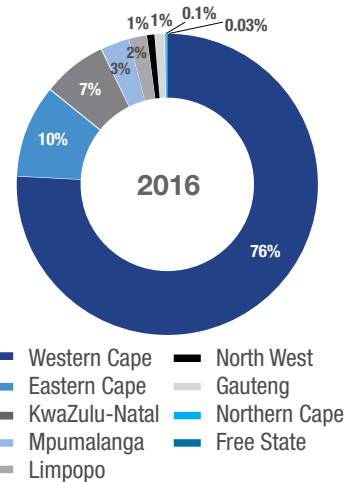
Aquaculture in South Africa

- > South Africa's aquaculture sector is relatively small, contributing about 0.8% to the country's fish production, accounting for less than 0.2% of the national GDP.
- > Given its growth potential, aquaculture has been earmarked as a priority sector by the government and is a target sector of Operation Phakisa.
- > Both marine and freshwater aquaculture are currently conducted in about 200 marine and freshwater farms in South Africa. Between 2006 and 2016, aquaculture production more than doubled in output. Among the species farmed are abalone, catfish, finfish, trout, mussels, oysters and tilapia.
- > In 2018, South Africa exported US\$500m worth of fish- and seafood-related products. Close to one-third of these exports are molluscs, which include abalone.
- > South Africa is one of the largest producers and exporters of abalone and is famous for its farmed premium abalone (*Haliotis midae*). The country produces about 1 700 tonnes of abalone per year.

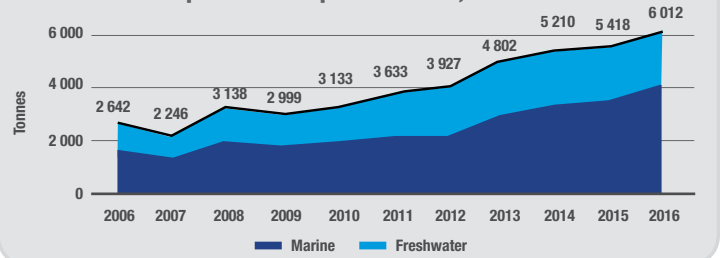
Aquaculture production by species



Provincial contribution to aquaculture production



Aquaculture production, 2006-16



Why invest?

Rising global fish demand

Global fish demand is set to increase by 20% in the next 10 years. More than 60% of this demand will be met by aquaculture production, increasing the need for new investments in aquaculture.

150m tonnes
global fish consumption by 2030

Strong import dependency

South Africa remains about 50% dependent on fish imports. Aquaculture presents an attractive opportunity to reduce import dependency and to ensure a sustainable supply of fish and seafood products to South African consumers.

+150m kg
of fish imported per year

Attractive and sustainable alternative

As natural fish resources are under pressure, aquaculture provides an attractive and sustainable alternative to provide a source of protein for South Africa's population.

2nd most
consumed protein in SA is seafood

Fast growing sector

Aquaculture is one of the fastest growing food production sectors globally. In South Africa, aquaculture recorded annual growth of 8.6% (CAGR) between 2006 and 2016.

+8%
annual growth 2006-16

Favourable natural resources

Thanks to its natural resources, its extensive coastline and good water quality, South Africa is well equipped for aquaculture development.

3 900km
coastline

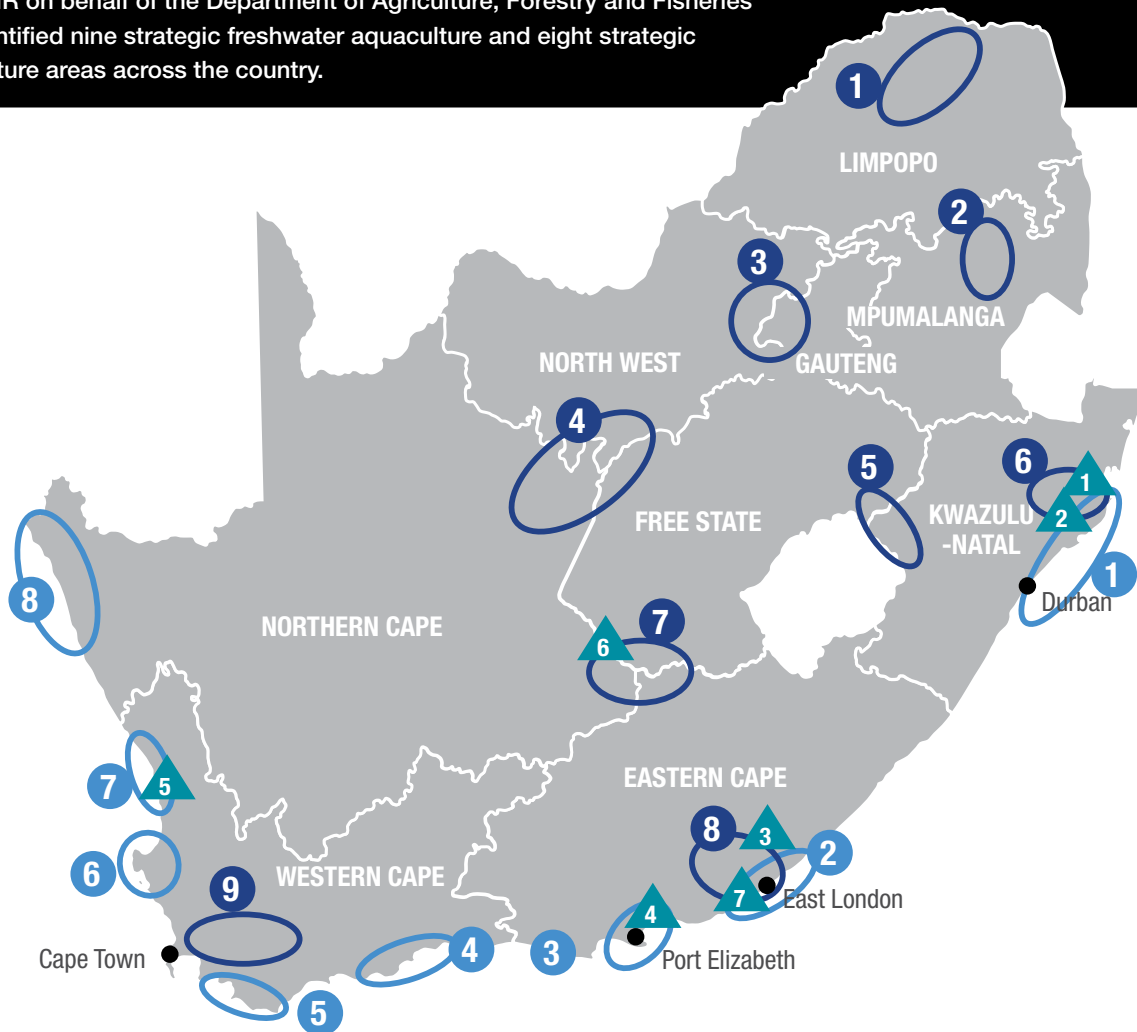
World-class producer of niche products

South Africa is among the largest abalone producers in the world, with strong export focus on Asian markets. Hong Kong is estimated to account for 90% of South Africa's annual abalone exports. Annual abalone exports to China (Mainland and Hong Kong) are estimated to reach US\$135m in 2020.

US\$135m
estimated exports of abalone to China by 2020

Where to invest?

- > The farming of freshwater species is concentrated in Limpopo, the Mpumalanga Lowveld and Northern KwaZulu-Natal.
- > Trout farming is predominantly conducted along the high mountain in the Lydenburg area of Mpumalanga and the Drakensberg area of KwaZulu-Natal, as well as in the south-western parts of the Western Cape.
- > Marine aquaculture activities with focus on mussels, oysters, abalone, seaweeds and prawns are concentrated in the Western Cape, Eastern Cape and Northern Cape with smaller hubs in KwaZulu-Natal.
- > The CSIR on behalf of the Department of Agriculture, Forestry and Fisheries has identified nine strategic freshwater aquaculture and eight strategic mariculture areas across the country.



STRATEGIC MARICULTURE AQUACULTURE AREAS

- 1 Durban-Richards Bay
- 2 East London-Kei
- 3 Port Elizabeth
- 4 Gouritz-George
- 5 Hermanus-Arniston
- 6 Velddrif-Saldanha
- 7 Strandfontein-Lamberts Bay
- 8 Orange-Hondeklip Bay

STRATEGIC FRESHWATER AQUACULTURE AREAS

- 1 Limpopo
- 2 Mpumalanga
- 3 Gauteng/North West
- 4 Vaalharts
- 5 Free State/KZN Highlands
- 6 Richards Bay
- 7 Vanderkloof-Gariep
- 8 Eastern Cape
- 9 Western Cape

AQUACULTURE DEVELOPMENT ZONES

- 1 Richards Bay ADZ
- 2 Amatikulu ADZ
- 3 Qolora ADZ
- 4 Coega ADZ
- 5 Saldanha Bay ADZ
- 6 Van der Kloof ADZ
- 7 ELIDZ ADZ

What support exists?

> Aquaculture holds potential for substantial contribution to economic growth, empowerment, youth and women employment, sustainable food supply, and to reduce the pressure on natural fish resources. Given this potential, there are a range of sector-specific and general support programmes and initiatives available.



Aquaculture Development and Enhancement Programme (ADEP)

The ADEP offers reimbursable cost-sharing grants for machinery and equipment, bulk infrastructure, land and buildings, leasehold improvements, competitiveness improvements and commercial vehicles and work boats.



Operation Phakisa

Operation Phakisa is a strategic government initiative launched in July 2014 to promote the Ocean Economy. It has a mandate to speed up and simplify the processes involved in creating, operating and using the country's ports and maritime businesses. It aims to unlock economic potential of the Oceans Economy, including the growth of the aquaculture sector.



Aquaculture Development Zones (ADZs)

Government has identified various Aquaculture Development Zones (ADZs) throughout the country, three of which fall in the Eastern Cape.



Feasibility Studies

The national government prepared feasibility studies for all major locally-farmed aquaculture species to establish the minimum viability and location where these species can be farmed. The studies also include indicative costs for setting up aquaculture facilities.

What are the opportunities?

> Given the infancy of the sector, there are a range of unique opportunities for investors that wish to leverage their first-mover advantage.

Key opportunities in aquaculture exist for a number of activities:

- Farming of **freshwater** and **salt water** species
- Supply of **aquaculture equipment** and **technology**
- Supply of **skills development** programmes for aquaculture
- Supply of **veterinarian services**
- Supply of **feed for aquaculture**
- **Local** feed production
- Supply of **water purification** and **filtration** technology
- **Spat breeding**
- **Processing** and **canning** of fish and seafood
- Supply of **logistics services**

1st in 2008: Woolworths became the first retailer to commit to the WWF-SASSI Retail Charter, which governs the sustainable sourcing of fish options in both the wild and farmed fishing environments.

2018: Saldanha Bay is set to catalyse growth of the aquaculture sector in South Africa after green light is given for the development of the ADZ.

How to invest?

Opportunity identification

- 1 Consult the National Feasibility Studies for relevant species
- 2 Evaluate outcome of feasibility study
- 3 Take investment decision
- 4 Decide on investment strategy in order to best align to the market opportunity

Go ahead



Location identification



Resourcing requirements (HR, capital, finance, IT)



Compliance and legal affairs

Investment preparation

- ✓ Decide on geographic location most suitable for investment
- ✓ Consult property specialists, real estate agents to identify suitable offices for operations
- ✓ Conduct site visits of suitable locations
- Consult with HR/recruitment agencies about staff requirements
- Determine immigration requirements
- Determine funding model (e.g. self-funding, debt, equity)
- Consult with IT systems providers
- Determine corporate structure
- ✓ Determine licensing and permit requirements
- Consult with labour lawyers
- ✓ Consult with InvestSA to identify eligibility for incentives, skills and other support initiatives

Investment execution

- Acquire/lease site, rent office space
- Apply for municipal services (e.g. water, electricity)
- Conduct interviews, hire staff
- ✓ Apply for work permits for expatriate staff
- Open a bank account
- Apply for finance
- Set-up IT infrastructure/systems
- ✓ Register company
- ✓ Apply for licenses and permits
- ✓ Apply for National Level Incentives Schemes, Skills and Other Support Programmes

✓ InvestSA ready to assist



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Information sources

AgriSETA, 2018; Allied Market Research, 2019; Aquaculture Yearbook South Africa 2017, 2019; DAFF, various years; **the dti**, various years; FAO, various years; Farmer's Weekly, various years; InvestSA, various years; MarketLine, various years; Sea Harvest, 2017; Siemens Stiftung, 2017; TradeMap, various years; Traffic, various years; Who Owns Whom, various years; Woolworths, 2015; WWF, various years.

Research partner | **Deloitte.**



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