

Exporting Profile of Northern Cape Manufacturing Firms

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Policies to stimulate growth of manufacturing exports and diversify the composition of manufacturing exports in South Africa are key elements in the development agenda of Government. One of the main imperatives outlined in the NDP is that of increasing exports. The agenda to increase exports is further elucidated in the MTSF outcome four on employment creation. In the MTSF it is stated that increasing exports of manufactured goods is one of the key levers for economic growth and jobs creation. The imperatives of the NDP and MTSF on manufacturing exports find expression in some of the flagship national policies on development, not least the IPAP.

Individual firms make the decision to export and also identify the markets where to export. Yet policy discourse on manufacturing exports in the Northern Cape Province is largely guided by aggregate data on the manufacturing sub-sectors. This paper is a contribution towards the understanding of manufacturing exports and exporting in the Northern Cape at the level of the individual firm. Hence the objective of the paper is to provide firm level information on exports and exporting that could assist in the development of strategies to boost manufacturing export in the Province.

The study is based on a questionnaire administered to all the 32 manufacturing firms that are classified as exporters in the Northern Cape industry data base. The questionnaire requested data on products produced, number of employees, turnover, value of exports and export markets, key challenges and strategies and awareness of Government export promotion programmes.

The following are the major findings. Firstly, exporting firms in the Northern Cape manufacturing sector can generally be classified into two broad groups. The big firms that export to advanced economies (Europe and North America) + China and small firms that export to Africa, especially SACU. There is hardly mixing of these two distinct export markets by individual firms, its either a firm is classified small and export to Africa or classified big and export to advanced economies. However most of the exporting firms tend to be big firms hence relatively few firms export to the continent despite geographic proximity. Secondly, the export markets of individual firms are not geographically diversified with most firms generating a huge chunk of their export revenue from a single country market. In addition, an overwhelming number of firms export to at most two country markets, a hand full to three markets and non to more than three country markets. Nevertheless, most of the firms have plans to explore new additional country markets, including markets in the Continent and other non-traditional markets mainly the Middle East and the Far East. There is limited awareness among Northern Cape manufacturing firm of the available government support schemes to promote manufacturing exports.

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