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Economic geography

- The study of HOW people produce goods and services
- The study of WHERE economic activities are carried out and WHY certain locations are chosen
- Investigates the relationships between people, resources and the environment and the consequences of such interactions throughout space and time

Economic sectors

- Primary - extraction from the earth; raw materials
- Secondary - processing and manufacturing of raw materials
- Tertiary - services, retail, education, trade
- Quaternary - intellectual services and skills, information technology, consulting, environmental management, data processing

Other important concepts

- GDP = calculated by determining the total value of all goods and services produced in a country in a year divided by the number of people in the country
- Commodities = the items (goods and services) that countries trade
- Reserves = a supply of a commodity it needed for immediate use but available if required
- Resources = the goods or services available to produce products

Primary economic activities

- Will look at agriculture and mining
- Foundational sector
- Strategic importance: food, raw materials, coal for power
- Export = foreign investment and employment

Agriculture

- Crop or livestock
- Extensive - uses small inputs of labour, fertilizers, and capital, relative to the land area being farmed and relatively low yield per acre; most commonly refers to sheep and cattle farming in areas with low agriculture productivity, but can also refer to large-scale growing of wheat, etc
- Intensive - high input costs, high labour, use pesticides and fertilizers and relatively high yield per unit area e.g. fattening of cattle (factory farms), egg production
- Dual agricultural economy; subsistence (grow to eat) and commercial (grow to sell)
- Commercial monoculture - large scale growing of one crop for sale to local or export market
- Agriculture provides raw materials for other sectors
- Promotes growth in the star sport sector
- Major employer
- Export food

Agriculture's contribution to the economy

- Percentage contribution to the country's GDP is decreasing, i.e. agriculture is producing high yields but the manufacturing and service sectors are earning and contributing more to the economy
- This is evidence of SA becoming more developed
- Small-scale farming on a subsistence level only provide for the family (does not contribute to the GDP)
- Small-scale farming on a commercial level need sustainable infrastructure to ensure yields and profits, may be in rural + urban fringe
- Large-scale farming is predominately commercial and is mechanized, contributes the most to the GDP

Main agriculture products produced for the home and export market

- South Africa has a market-oriented agricultural economy that is highly diversified and includes the production of all the major grains (except rice), oilseeds, deciduous and subtropical fruits, sugar, citrus, wine and most vegetables
- Livestock production includes cattle, dairy, hogs, sheep, and a well-developed poultry and egg industry
- Value-added activities in the sector include slaughtering, processing and preserving of meat; processing and preserving of fruit and vegetables not dairy products; amongst other food products
- Livestock mainly on the drier western side of SA
- Field crops and horticulture mainly on the wetter eastern side of SA
- Note what is produced for home market and what for export market (p242)
- The agricultural sector contributed around 12% to South Africa's total export earnings in 2016 at a value of \$9.2 billion
- Citrus, wine, take grapes and apples accounted for the largest exports by value

What promotes agriculture in SA?

- Rang of climates = range of produce
- Most arable areas have more than 200 frost free days
- Cope with moderate droughts
- Improved climate research = less losses
- Mostly flat terrain
- More acidic soils in east (shrubs and trees)
- **Note maps page 244**
- Land ownership therefore willing to put back into farm
- Good farming methods (tried and tested)
- Newly developed seeds - drought and pest resistant
- High yielding crops
- EU does not impose import duties on some of our products
- Levy on sales finances education of PDF's

What limits agriculture in SA

- Insufficient rain (SA average 495mm per annum)
- Water expensive (inter-basin transfer)
- Thin-soils, western side very alkaline
- Farms too small to be economically viable (homelands policy)
- Over-farmed land lost fertility
- Overgrazing results in destruction of vegetation and soil erosion
- Reduction in state subsidies

Food security

- Food security exists when all people at all times have enough food to meet their needs for a healthy, productive life
- SA has high poverty and unemployment levels
- Leads to a lack of proper nutrition
- The poorest families spend more than half of their income on food

The importance of food security in SA

- Drought prone country (production decrease and food price increase)
- Flooding (food scarcity and price increases)
- Pest control measures not in place for subsistence farmers
- Much of the land in the former homelands is no longer fertile (low yields)

Mining sector

- SA is world's leader in mining
- Mineral wealth found in well-known geological formations and settings
- Largest reserves on manganese and PGMs
- Amount largest reserves of gold, diamonds, coal, chromite ore and vanadium
- Abundance of all categories of minerals
- Large contribution of SA's GDP
- Foundation of the economy in the 20th century

Mining contributions to SA

- Foreign capital
- Skilled people
- Jobs - empower and increase spending lower - further boosts the economy
- Taxes
- Infrastructure - roads, railways, water and electricity
- South Africa has a large mineral wealth
- Mine but very little processing
- Do crush and separate ore (beneficiation) which adds value
- BEE being driven on the mines
- Mining attracts investors and skills into the country
- Improved transport networks (roads, railway and harbours)

What promotes mining in SA

- Wide range of minerals
- High quality minerals
- Geology
- Minerals near surface - less production costs
- Trained geologists to locate seams
- Skilled labour/ semi-skilled, cheap unskilled labour
- Location- Wits and Witbank for power, Vaal for water
- Cheap electricity
- Other countries invested in our mines to assist with costs

- Chamber of mines and Government helped small scale mines in the early days
- Infrastructure available

What limits mining in SA

- Most minerals exported, dependent on foreign markets and foreign policies - could mean that when the mineral price falls, mining becomes unviable and mines close
- Unbeneficiated minerals - secondary sector was slow to develop
- High temperatures make mining conditions difficult (underground e.g. gold and surface e.g. Hotazel)
- Underground water - dangerous, pumping expensive
- Water shortages - (mining dependent on water)
- Large distances from mines to harbours and towns
- Labour costs high due to training, housing and strikes
- Increased salaries since 1994
- AIDS
- Non-renewable resources (mineral deposits becoming exhausted)
- Accidents/safety
- Environmental rehabilitation expensive (acid mine drainage; shaft closures)

Secondary and Tertiary Sectors

Secondary sector

- Industries in SA include:
 - Agri-processing
 - Automotive
 - Chemicals
 - ICT and electronics
 - Metals
 - Textiles, clothing and footwear
- These create jobs, increase raw material production, accelerate country's growth and development and empower people

Tertiary sector

- Includes:
 - Water supply
 - Transport
 - Education
 - Postal services
 - Electricity
 - Financial services
 - Health services
 - International trade

Contribution of the tertiary sector

- Increasing due to:
 - Increasing levels of education
 - Provision of more services
 - Increased tourism, travel, media and utilities

Types of industries

- Heavy and light industries
- Raw material orientated industries
- Market orientated industries
- Footloose industries
- Ubiquitous industries
- Bridge (break-of-bulk) industries
- **Page 263 (platinum) 143 (x-kit)**

Factors favoriting industrial development

- Raw materials
- Energy
- Cheap and plentiful labour
- Bankrolled by the mining industry

- Fast growing cities - market available for goods
- Transport links - road, rail, air
- Government assistance - SDI, IDZ
- Agglomeration
- Markets in SA, Africa and overseas
- Proximity to markets and harbours

Factors limiting industrial development

- Distance to markets
- Globalization
- Production of cheap goods in mass overseas
- Sanctions
- Labour legislation - costs and strikes
- Value of the Rand
- Poverty in SA reduces home market
- AIDS

Industrial area: South Western Cape

Overview

- First area in SA to be occupied by permanent settlers
- Provided passing sailing ships with fresh water, vegetables and meat
- Core of the South Western Cape area is Cape Town
- Mountainous area
- Cape Town is the legislative capital of SA
- Widely known as the wine producing area
- Highest economic growth rate in the country
- Lowest unemployment rate in the country
- It contributes 24% to total GDP (2017)
- Third most important manufacturing region
- Agriculture has a total contribution to the GDP of the region of roughly 4%
- Agriculture and abroad-processing are responsible for 18% of employment opportunities in the province

Factors of location

- Cape Town has our (break-of-bulk); imports and exports)
- Historical reasons (first western-type city, seat of colonial government, centre of education for large number of years)
- Industrial inertia (many industries originated here and therefore are still located here)
- Highly urbanized area (skilled and unskilled labour as well as a market for manufactured goods; specialized manufacturing skills)
- Many people migrate to this area every year
- Availability of farming products (fruit, wheat, vegetables, dairy produce, chickens, fish and wool)
- Very few minerals found here however iron ore is transported from Sishen to Saldanha
- Good transport networks
- Mediterranean climate
- Agulhas bank is a rich fishing ground
- Dams (Steenbras and Theewaterskloof, Palmiet scheme)
- Electricity aided by Koeberg nuclear power station

Limiting factors

- Electricity must travel over great distances from PWV/witbank area
- No mineral resources on which to build heavy industries
- Water resources scarce especially during times of drought
- Average buying power of inhabitants lower than in Gauteng
- Eccentric location i.e far from larger markets therefore high transport costs compared to competitors

Kinds of industries

- Food products and canning
- Fish canning and packing
- Wine and brandy making in Stellenbosch, Paarl and Wellington areas (viticulture)
- Dry summers allow for production of dried fruit

- Textiles, clothing and footwear
- Flour milling and wheat products
- Ship building
- Oil refinery
- Furniture
- Explosives

Environment

- Limited air pollution (light industries and land/sea breezes)
- Textile industries pollute rivers
- Fires destroy fynbos and animal habitats
- Soil affected as development go ahead (concrete and tar)
- Sea suffers from thermal pollution (factories and boats)

Prospects

- Community breakdown (drug abuse concerning especially tik)
- Unemployment especially of textile industry decreases
- Drought
- Decide on additional energy source (renewable or increase nuclear)
- Crime can affect tourism
- Fires
- Climate can affect tourism
- Fires
- Climate change (threatens world famous fynbos)

Industrial development

- Apartheid policies were expensive to implement
- Policy influence economic development and shared the path of “ underdevelopment” that we currently experience:
 - group areas act
 - Border industries

- Post-apartheid strategies:
 - RDP (reconstruction and development programme)
 - GEAR (Growth, employment and redistribution strategy)
 - Manufacturing development programme
 - Small-medium manufacturing grant
 - SDIs
 - IDZs -> SEZs

Spatial development initiatives

- Corridors in the rural areas that have been identified for economic development
- 10 underdeveloped corridors
- Attract investment by developing infrastructure - employment and income to these areas
- Focusing on tourism, manufacturing, mining and agriculture
- Likely to work because;
- Anchor projects which will draw supportive economic activity e.g. big transport link e.g, Coega
- State and private partnerships
- Export orientation and tourism = foreign exchange
- Registration of wealth will be incidental

Industrial development zones (IDZ's)

- A scheme designed to encourage competition in the country's economic sectors and to attract increased amounts of foreign investment
- Zones of industrial development close to harbours and airports
- 8 modern industrial zones
- Supplements SDI's ability to compete globally

Special economic zones (SEZs)

- Geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangement (that may include laws) and systems that are often different from those that apply in the rest of the country
- Specific economic zones may be sector-specific or multi-product and the following categories have been defined:
 - “Industrial development zone” means a purpose built industrial estate that leveraged domestic and foreign fixed direct investment in value-added and export-orientated manufacturing industries and services;
 - “Free port” means a duty free area adjacent to a port of entry where imported goods may be uploaded for value-adding activities within the special economic zone for storage, repackaging or processing
 - “Free Trade Zone” means a duty free area offering storage and distribution facilities for value-adding activities within the Special Economic Zone for subsequent export;
 - “Sector Development Zone” means a zone focused on the development of a specific sector or industry through the facilitation of general or specific industrial infrastructure, incentives, technical and business services primarily for the export market

Issues associated with industrial centralization and decentralization

- Industrial centralization:
 - Overcrowding
 - Overburdened infrastructure
 - Unemployment
 - Excessive pollution
- Industrial decentralization:
 - Markets further away
 - Industries not close together
 - Need additional transport links, electricity distribution and water supply

Informal sector

- Informal sector is part of the South African economy but does not adhere to all the formal and legal processes and rules
- Does not pay tax
- Niche marketing
- Creates jobs and reduces poverty
- Entrepreneurs
- Can lead to illegal and unsafe activities
- Often untidy and littered
- Activities include:
 - Manufacturing: sewing, carpentry
 - Sales: Street vending, food selling
 - Personal services: hairdressing, childcare
 - Professional services: painting building, arts and crafts
 - Entertainment and transport: musicians, taxis

Challenges facing the informal sector

- Institutional challenges:
 - No training, lack of education, limited capital, limited land access, government regulations
- Infrastructure challenges:
 - Lack of working premises, basic services, storage facilities, and toilets
- Economic challenges:
 - Insufficient funds, irregular and low income, limited training (business skills), limited technology, poor communication, crime