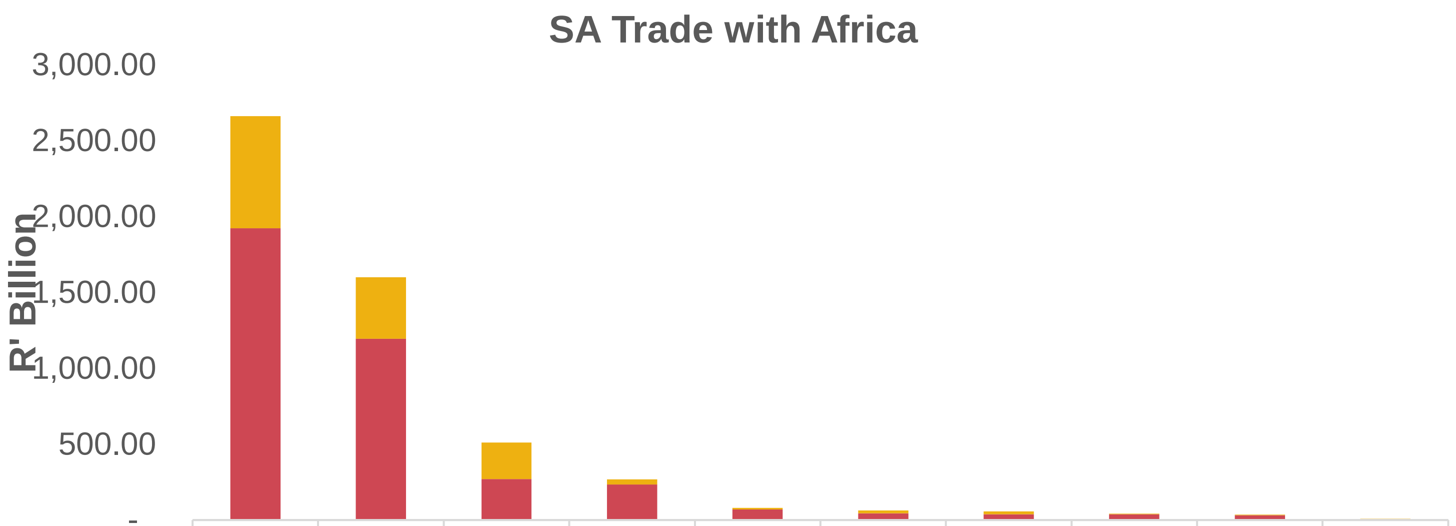
AFRICA TRADE AND INVESTMENT BRIEF

Gauteng Growth & Development Agency

One Team, One Shared Vision

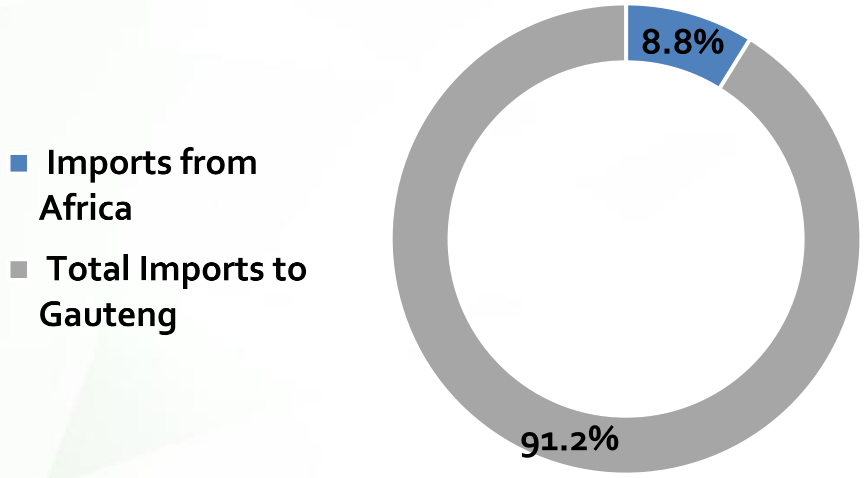
TRADE BETWEEN SOUTH AFRICA AND AFRICA (2015-2020)

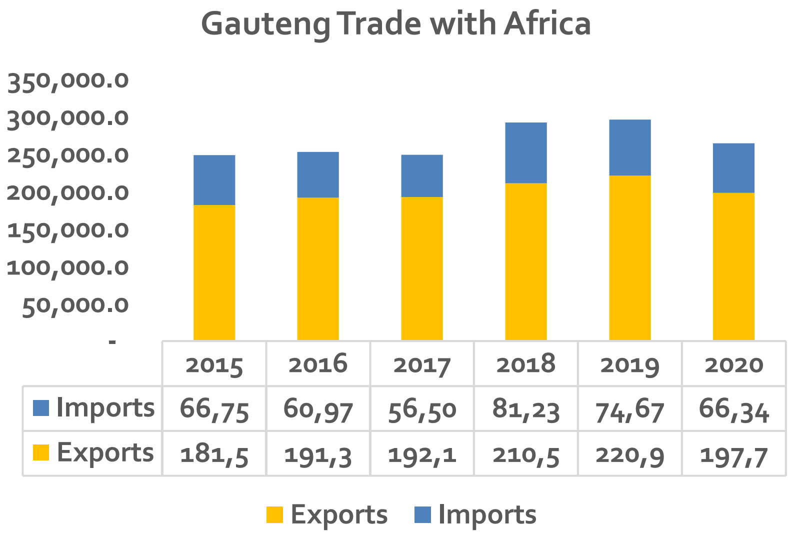


	Total RSA	Gauteng	Western Cape	KwaZulu-Natal	Free State	Mpumalanga	Eastern Cape	Limpopo	North West	Northern Cape
Imports	739.13	406.49	241.00	33.92	9.55	19.69	18.55	2.88	4.59	2.46
Exports	1,922.5	1,194.2	269.37	233.10	69.43	44.36	37.59	38.02	30.45	5.93

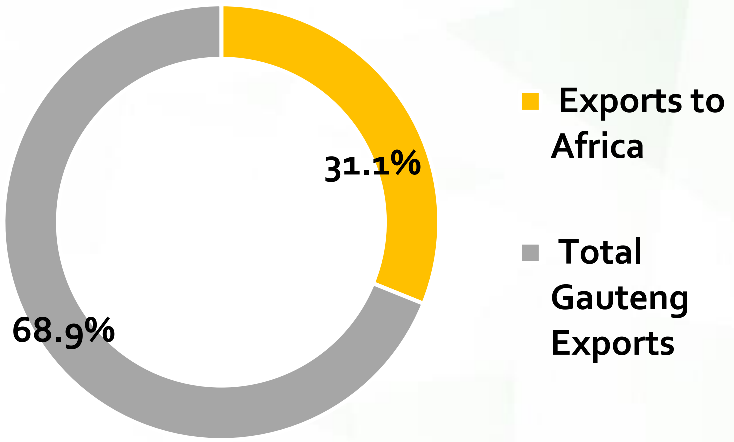
- Since 2015, total trade between South Africa and Africa has amounted to R2.7 trillion worth of goods and services.
- Between 2015-2020 South Africa exported R1.9 trillion worth of goods and services to the Africa.
- Over the same period the Gauteng City Region exported R1.19 trillion worth of goods and services to the Africa, accounting for 62.1% of goods and services exported from South Africa to the Africa
- Over the same period inbound goods and services imported from the Africa amounted to R739.1 billion. Representing a national trade surplus of approximately R1.18 trillion. Additionally, the Gauteng City Region received R406.5 billion worth of goods and services from the Africa, representing 55% of goods and services imported from the Africa

TRADE BETWEEN GAUTENG AND AFRICA (2015-2020)





	2015	2016	2017	2018	2019	2020
Imports	66,75	60,97	56,50	81,23	74,67	66,34
Exports	181,5	191,3	192,1	210,5	220,9	197,7



- Gauteng exports to Africa accounts for 31.1 % of all Gauteng exports.
- By rank Africa is the 2nd largest destination for Gauteng exports after Asia
- Additionally, Gauteng bound imports from the Africa accounts for 8.85 % of all imports into Gauteng.
- Gauteng is also the largest destination for Gauteng exports after China.
- However, Africa is smallest import market for Gauteng

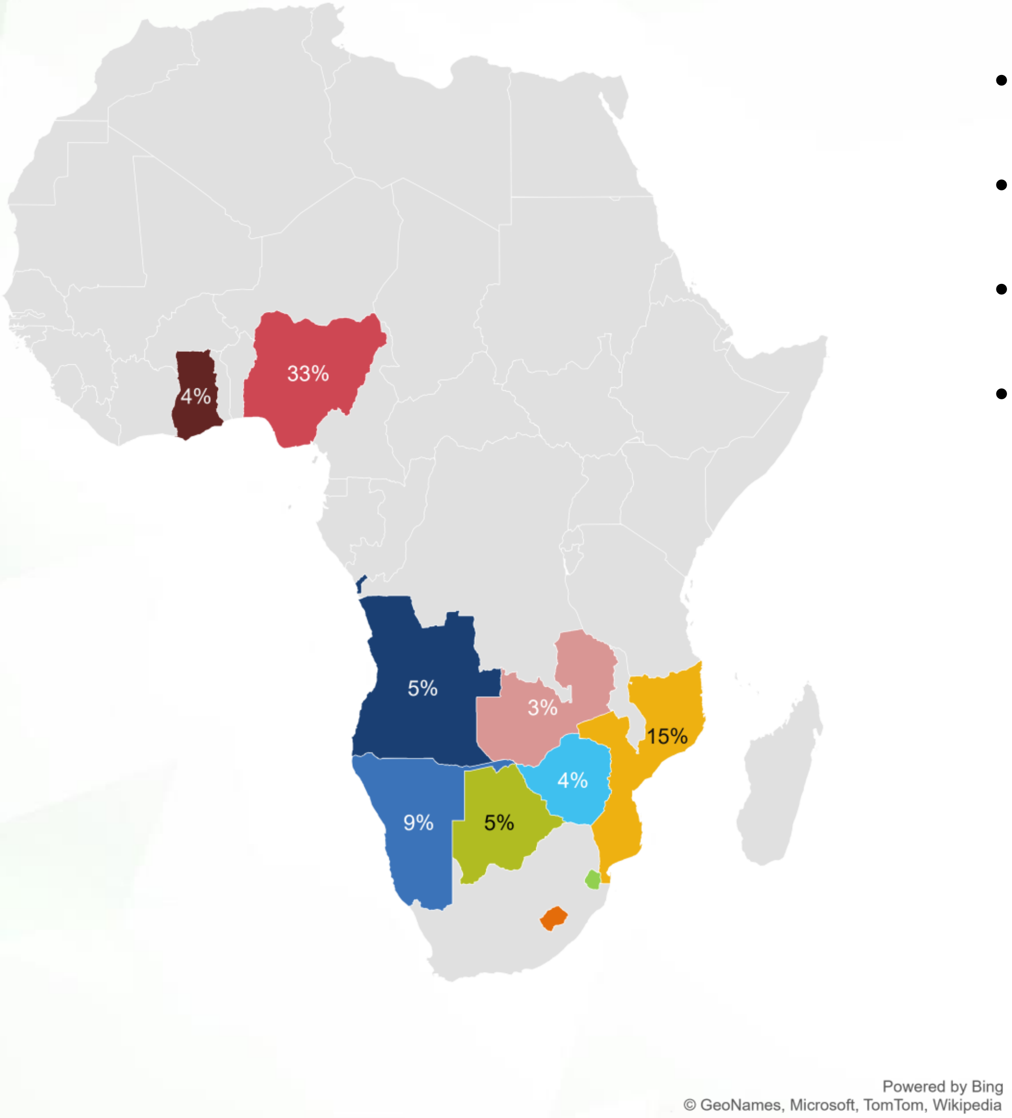
TRADE BETWEEN GAUTENG AND AFRICA (2015-2020)

Region	Share of Gauteng Imports	Share of Gauteng Exports	Competitive Exports	Competitive Imports
Africa	8.8%	31.1%	Destination market for: • 86% Photographic equipment • 78% of Fertiliser • 65% Misc. Manufacturing equipment • 54% of Pharmaceutical goods • 50% of Electrical equipment Strong growth in: • Tobacco • Ships and floating structures • Minerals ores	Source market for: • 67% of Nickel • 38% of Precious stones • 33% Mineral ores • 31% of Sugar and confectionery • 20% of Minerals fuels • 18% of Tobacco

TOP TRADED COMMODITIES BETWEEN GAUTENG AND THE REST OF THE CONTINENT

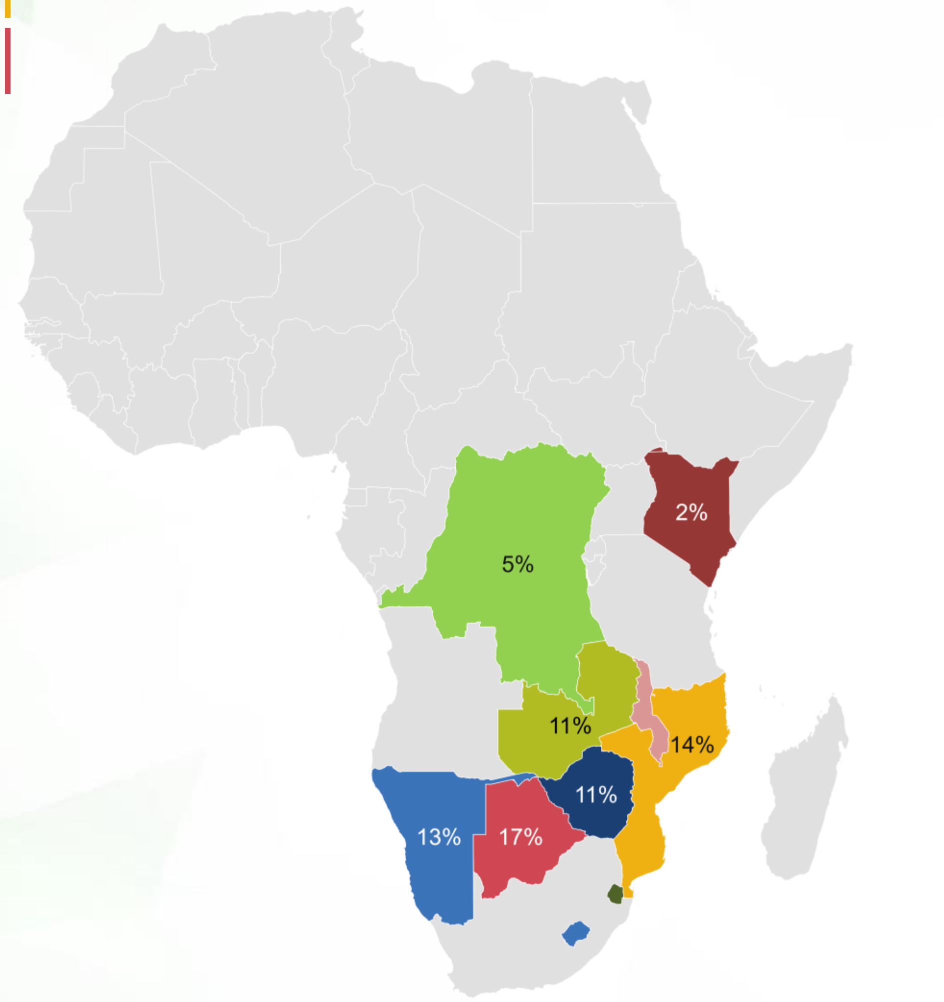
Top 5 Imports		Top 5 Exports
Mineral Fuels and Related Products	1	Capital Equipment
Precious Stones	2	Mineral Fuels And Related Products
Essential Oils and Perfumery	3	Vehicles
Sugars and Sugar confectionary	4	Electrical Machinery And Equipment
Copper and Jewellery related articles	5	Plastics and related articles

HOW GAUTENG TRADES WITH AFRICA? TOP 10 IMPORT SOURCES



- Since 2015, Gauteng has received R406.5 bn worth of goods from the continent.
- Nigeria dominates African imports in Gauteng, accounting for R130.4 bn or 33% of Gauteng's intra Africa imports.
- The top 10 importing countries into Gauteng account for 92% of all of Gauteng's intra-Africa imports.
- FUN FACT: Africa is a source market for 38% of *Natural and semi precious stones* imported into Gauteng

HOW GAUTENG TRADES WITH AFRICA? TOP 10 EXPORT DESTINATIONS



- Since 2015, Gauteng has exported received R1.19 trillion worth of goods to the continent.
- The SADC region is the main recipient of Gauteng's intra Africa exports, accounting for R980 billion or 84% of exports.
- FUN FACT: Africa is destination markets for at least 78% of *Fertilizers* exported from Gauteng

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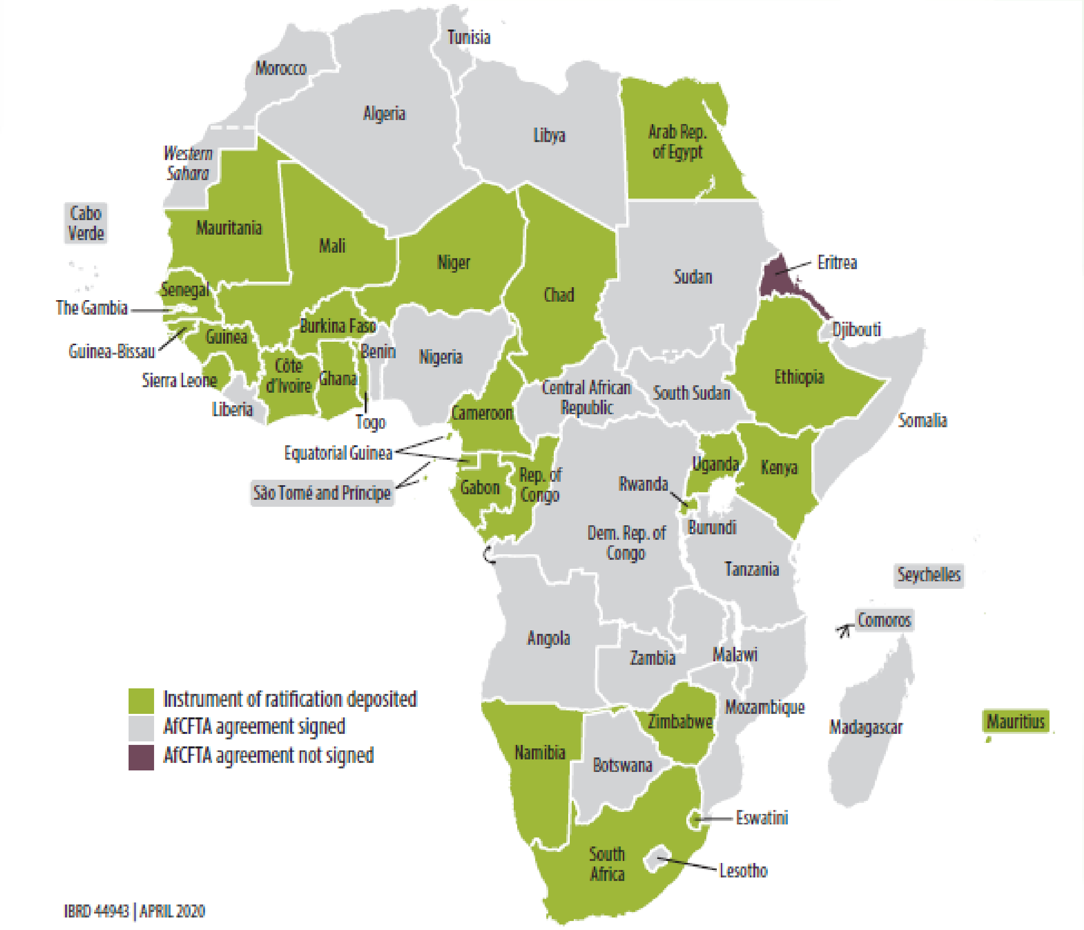
WHAT IS AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)?

- The African Continental Free Trade Area (AfCFTA) agreement will create the largest free trade area in the world measured by the number of countries participating. The pact connects 1.3 billion people across 55 countries with a combined gross domestic product (GDP) valued at US$3.4 trillion.

- It has the potential to lift 30 million people out of extreme poverty, but achieving its full potential will depend on putting in place significant policy reforms and trade facilitation measures. As the global economy is in turmoil due to the COVID-19 pandemic, creation of the vast AfCFTA regional market is a major opportunity to help African countries diversify their exports, accelerate growth, and attract foreign direct investment.

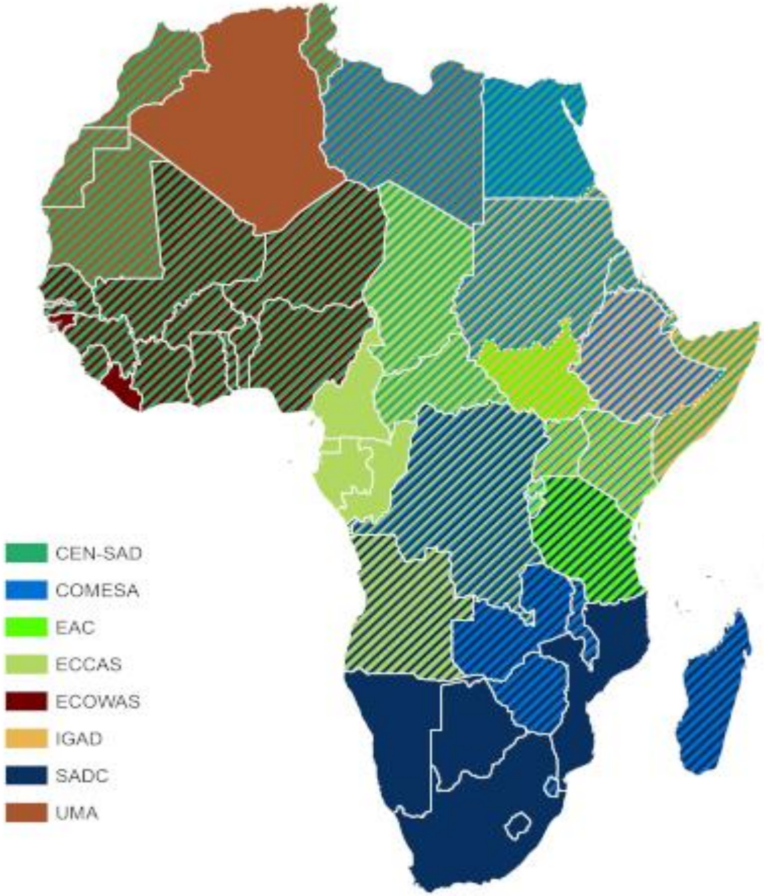
- Constraints to African trade is largely attributable to the high costs of that trade. As a result, the biggest gains would come from the reduction in non-tariff barriers.



Source: World Bank study team.

Note: Status is as of October 29, 2019. AfCFTA = African Continental Free Trade Area.

IMPACT OF AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)



The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

Final boundary between the Republic of Sudan and the Republic of South Sudan has not yet been determined.

Map by: Geospatial Information Management System, ECA, 2019

- Total exports volume would increase by almost 29% by 2035
- AfCFTA can lift 1.5% of the African population (30 million) from extreme poverty and 68 million from moderate poverty
- Intra-continental exports would increase by over 81%
- Exports to non-African countries would rise by 19%
- Cameroon, Egypt, Ghana, Morocco, and Tunisia would see double or triple growth in exports
- As a result of AfCFTA, the largest liberalization is expected in countries with high initial barriers such as Cameroon, Nigeria, Ethiopia, Madagascar, The Congo, and Egypt
- Manufacturing export gains would grow by 62% overall
- Intra-Africa agricultural trade would grow by 49%
- Intra-Africa services trade would grow by 14%
- Total production across the continent would be almost $212 billion above current baseline with the services sector seeing most gains of $147 billion
- 90% of all African countries would see growth in volume of services under AfCFTA
- Wages for unskilled labor would grow by 10.3% above the baseline
- Wages for skilled labor would grow by 9.8%

Source: GGDA Research ,World Bank, UNECA

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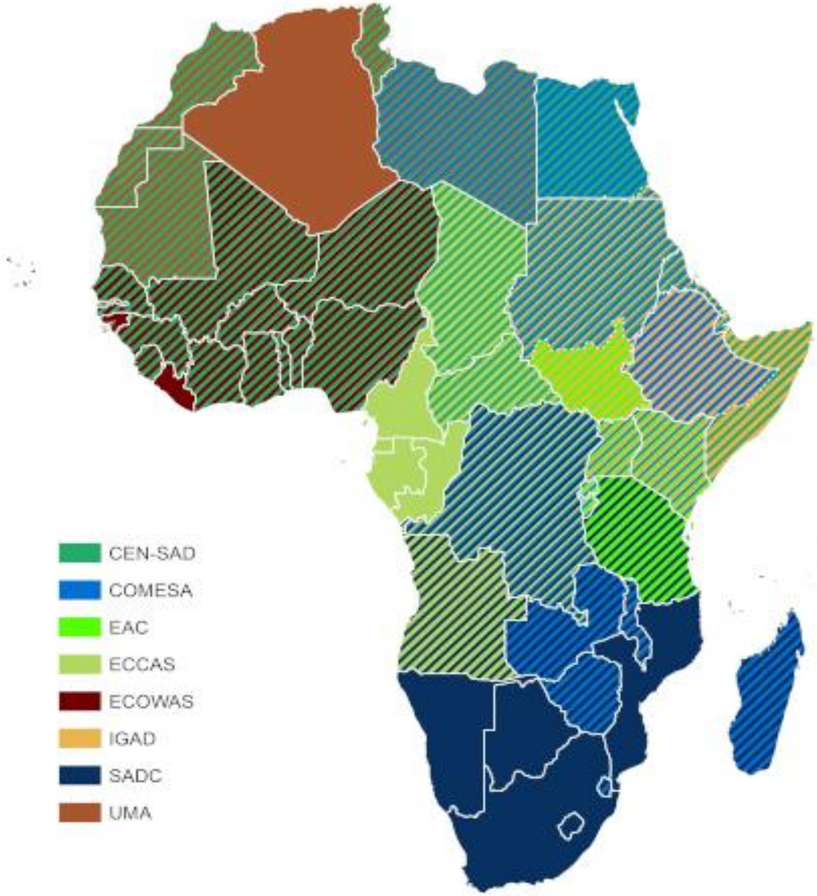
HOW MUCH IS TRADED BY SADC AND OTHER RECs (IMPORTS AND EXPORTS)



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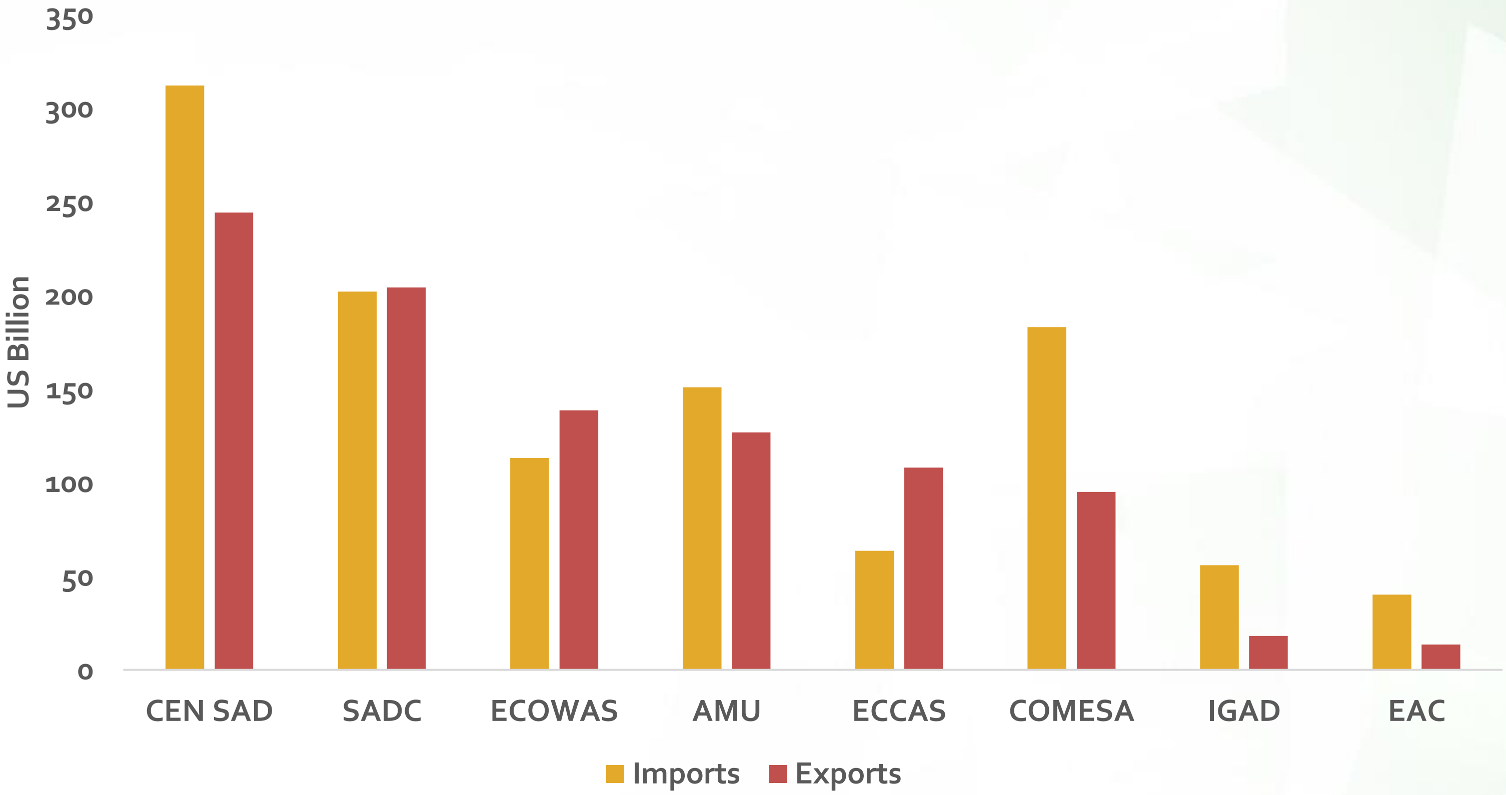

Source: GGDA, Research UNECA

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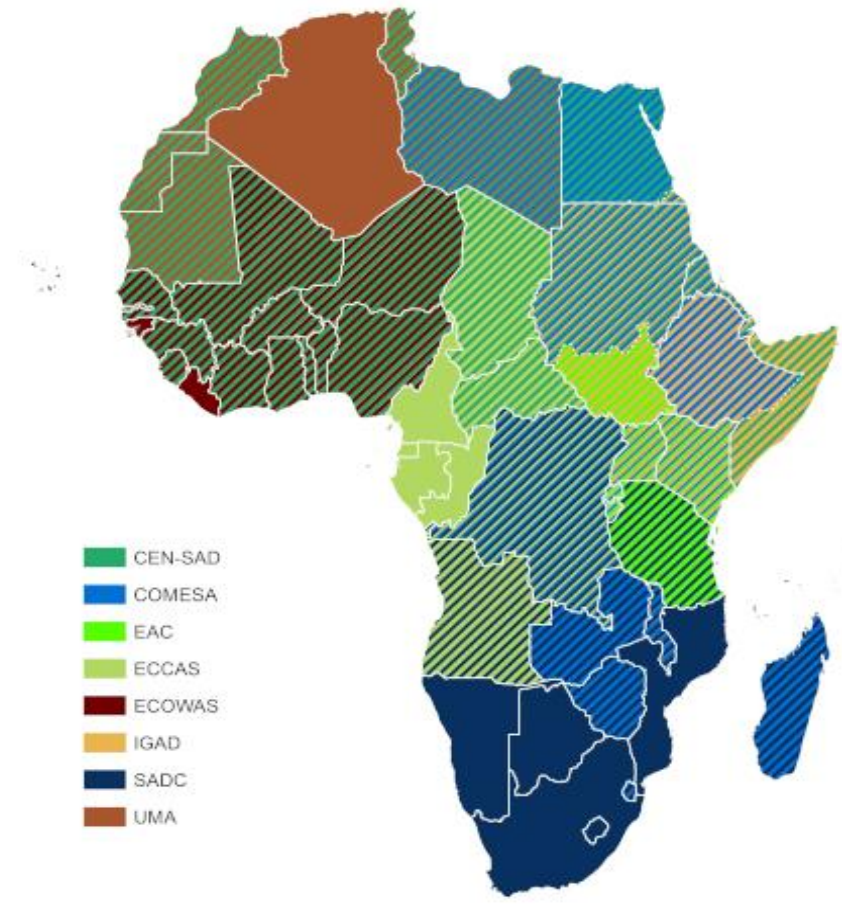
HOW MUCH IS TRADED BY SADC AND OTHER RECs (IMPORTS AND EXPORTS)



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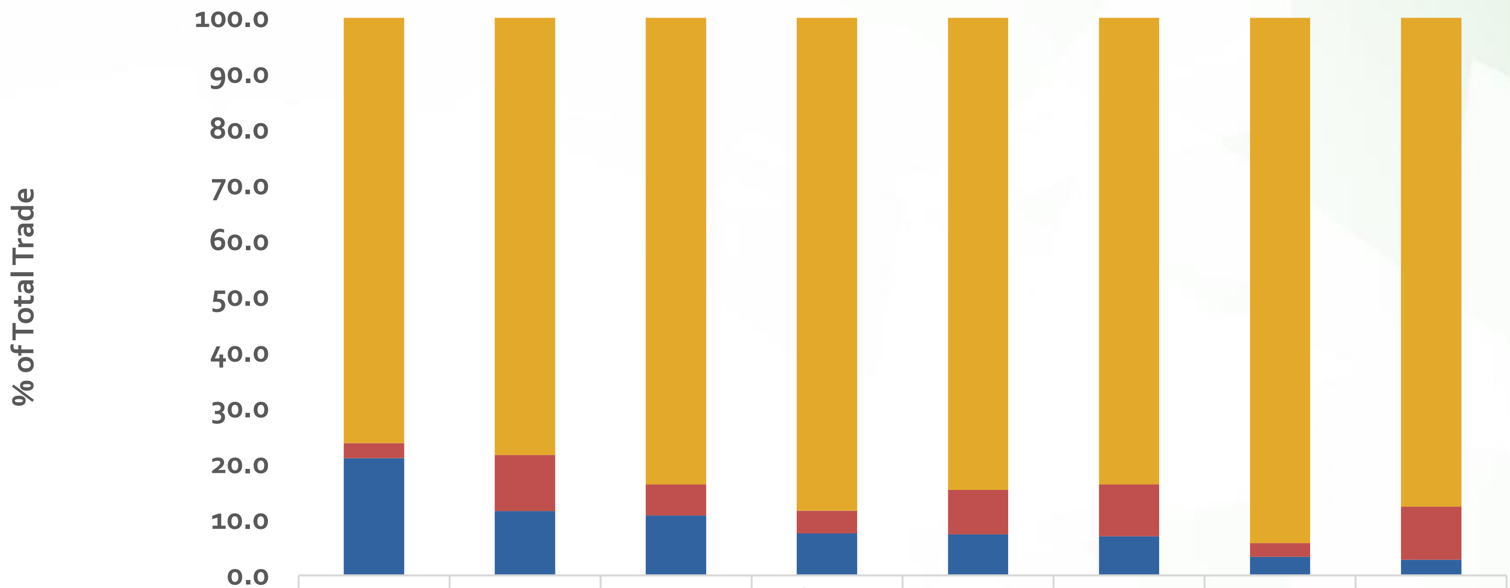
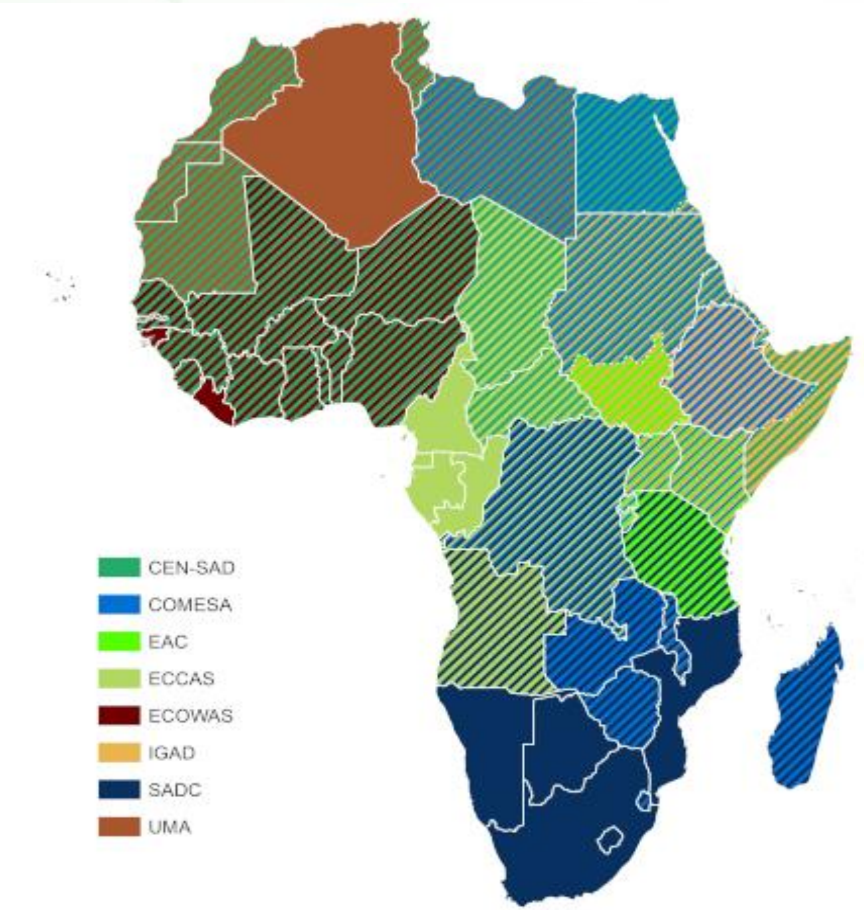


	SADC	EAC	ECOWAS	CEN-SAD	IGAD	COMESA	AMU	ECCAS
Rest of the World	76.3	78.4	83.7	88.4	84.7	83.7	94.2	87.7
Rest of Africa	2.7	10.1	5.6	4.1	8.0	9.3	2.5	9.5
Intra-REC Trade	21.0	11.5	10.7	7.5	7.3	7.0	3.3	2.8

Source: GGDA Research, UNCTAD Regional Trade in Africa

Note: Share of intra-REC trade is the ratio of export and import flows within a region over that regions total trade (exports plus imports to the world).

SADC TRADE IN COMPARISON TO OTHER REC IN AFRICA BY SIZE(POPULATION, GDP, AREA)



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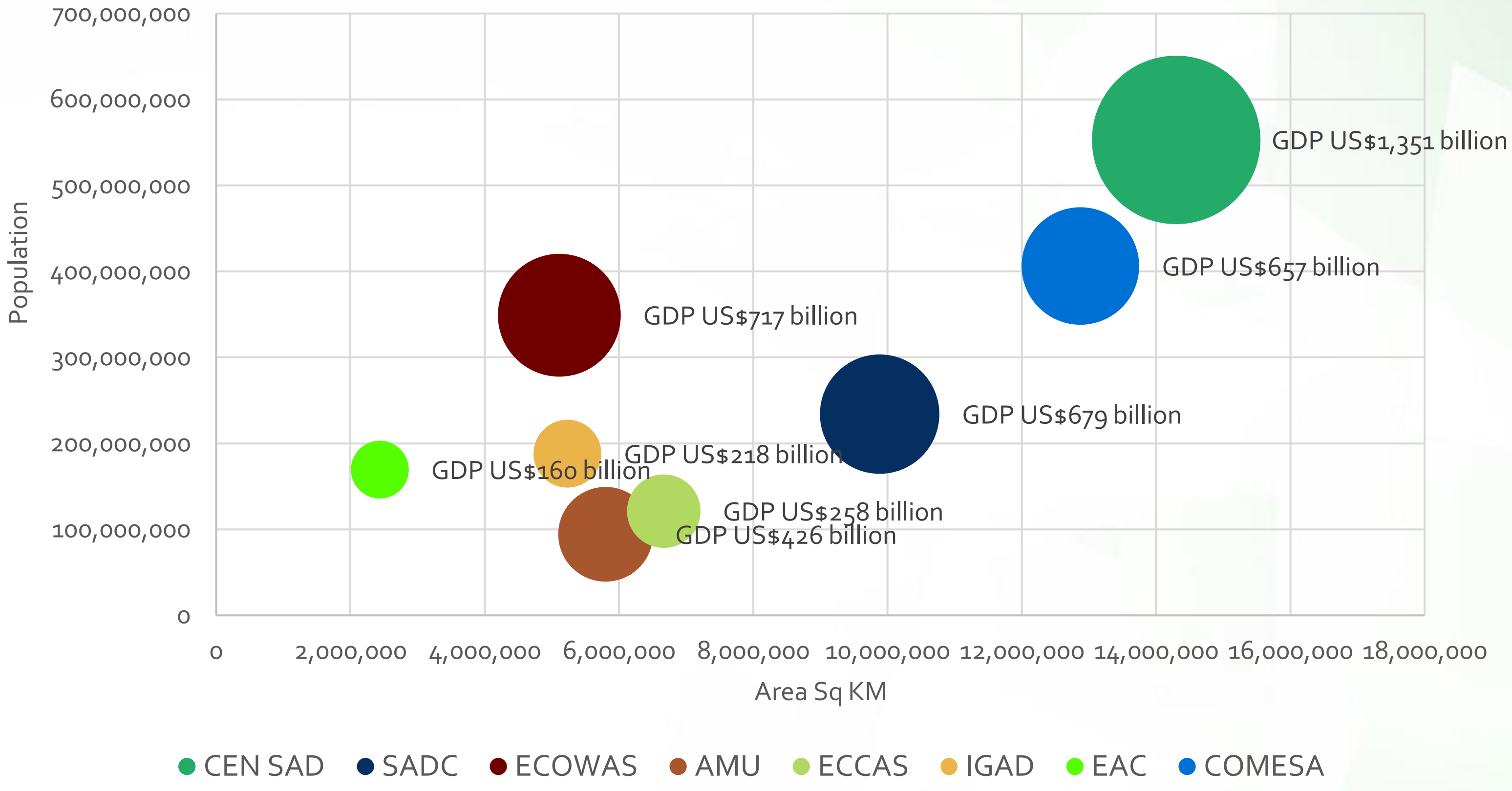
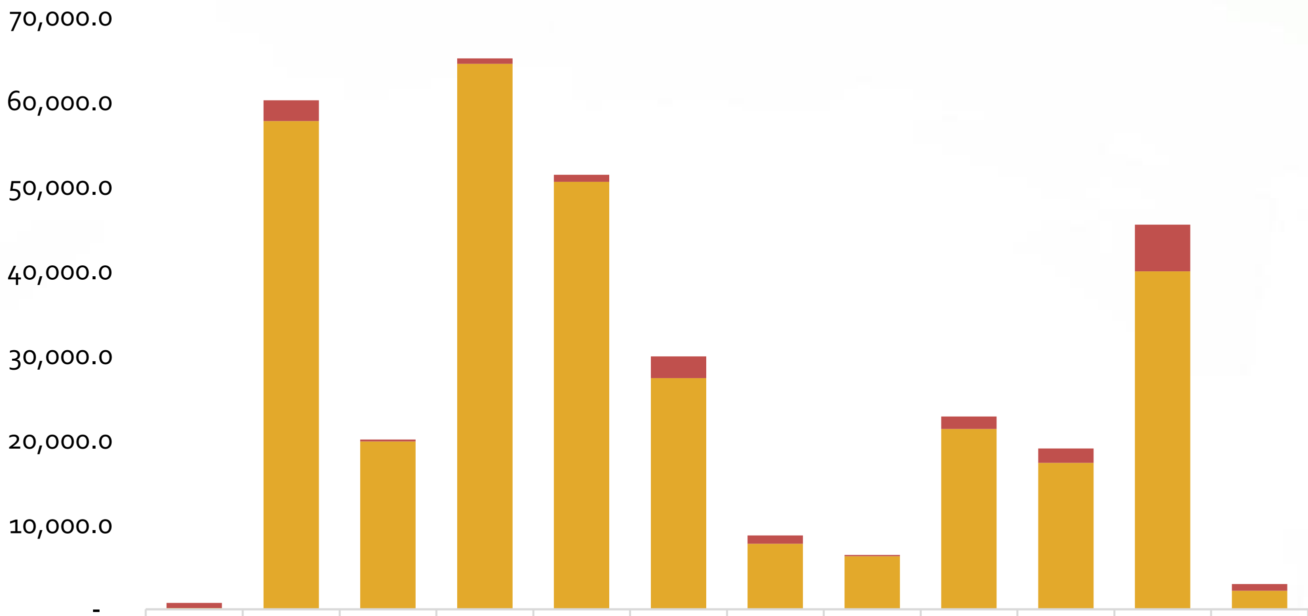


Source: GGDA Research, UNECA, UNCTAD Regional Trade in Africa

INWARD AND OUTWARD FDI BETWEEN GAUTENG AND THE CONTINENT



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Inward FDI	585.5	2,457.	220.1	679.0	799.8	2,588.	991.1	172.6	1,468.	1,727.	5,525.	818.5
Outward FDI	158.2	57,713	19,849	64,460	50,548	27,322	7,750.	6,262.	21,321	17,302	39,943	2,177.

- Since 2010, the Gauteng city region has received **R18.2 billion** worth of investment from companies based on the continent
- Over the same period, outward investment by Gauteng based companies to the rest of the continent has amounted to **R314.98 billion**

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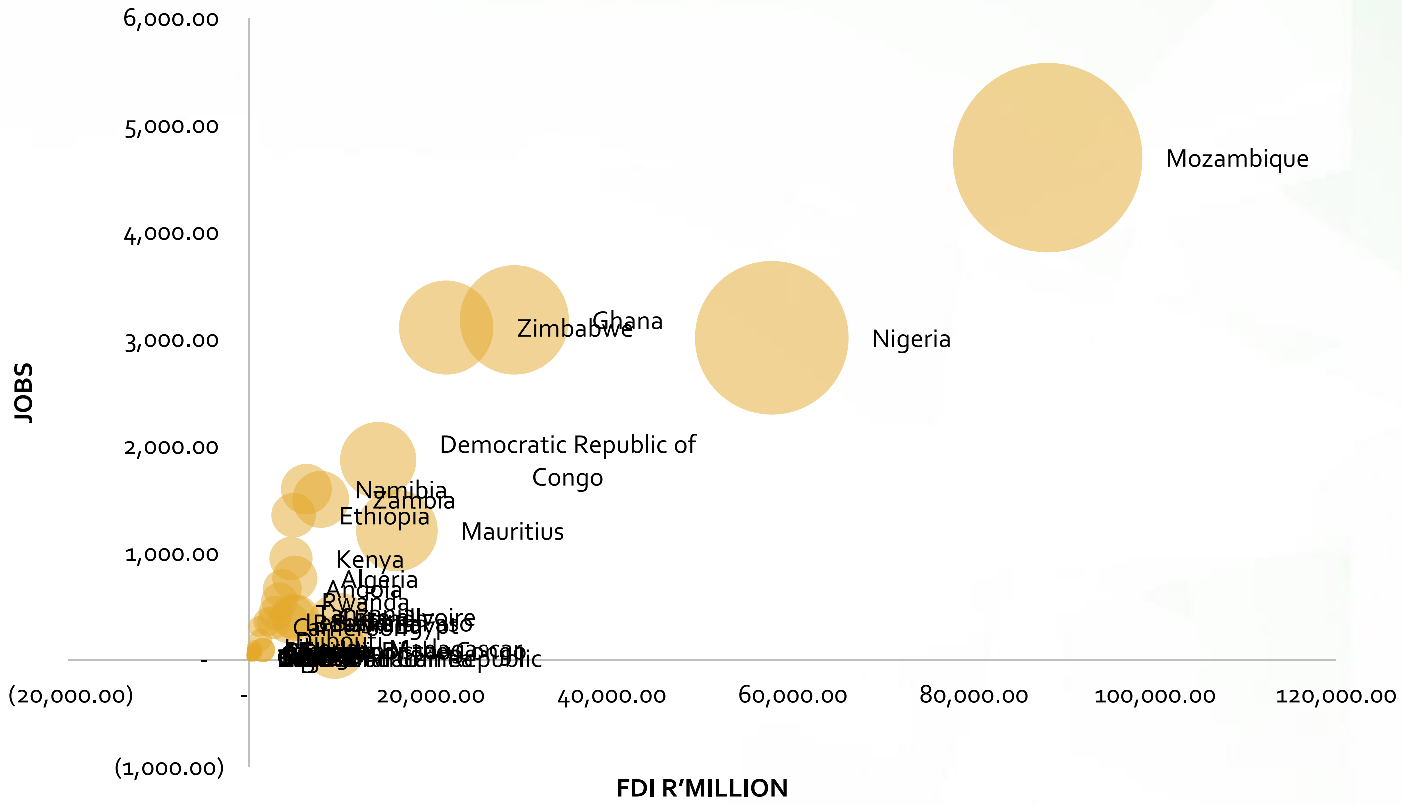
OUTWARD FDI BETWEEN GAUTENG AND THE CONTINENT

Sectors	R' million
ICT & Electronics	81,917.2
Construction	79,175.7
Energy	68,098.5
Physical Sciences	26,879.1
Financial Services	14,738.8
Industrial	9,687.1
Agribusiness	8,213.6
Tourism	7,589.1
Professional Services	5,575.7
Creative Industries	3,593.0
Transportation & Warehousing	3,305.7
Environmental Technology	2,373.6
Retail Trade	2,237.2
Transport Equipment	984.0
Life sciences	441.6
TOTAL	**314,809.8**



- Investment by Gauteng based companies to the rest of the continent has amounted to **R314.8 billion generating 28 700 jobs in the continent**
- Gauteng is the largest single investor region in continent
- **42 African** countries have been recipients of FDI from Gauteng based companies
- **75%** of outbound continent was directed to only **6 countries**, notable Mozambique, Nigeria, Ghana, Zimbabwe and Mauritius, DRC and Egypt

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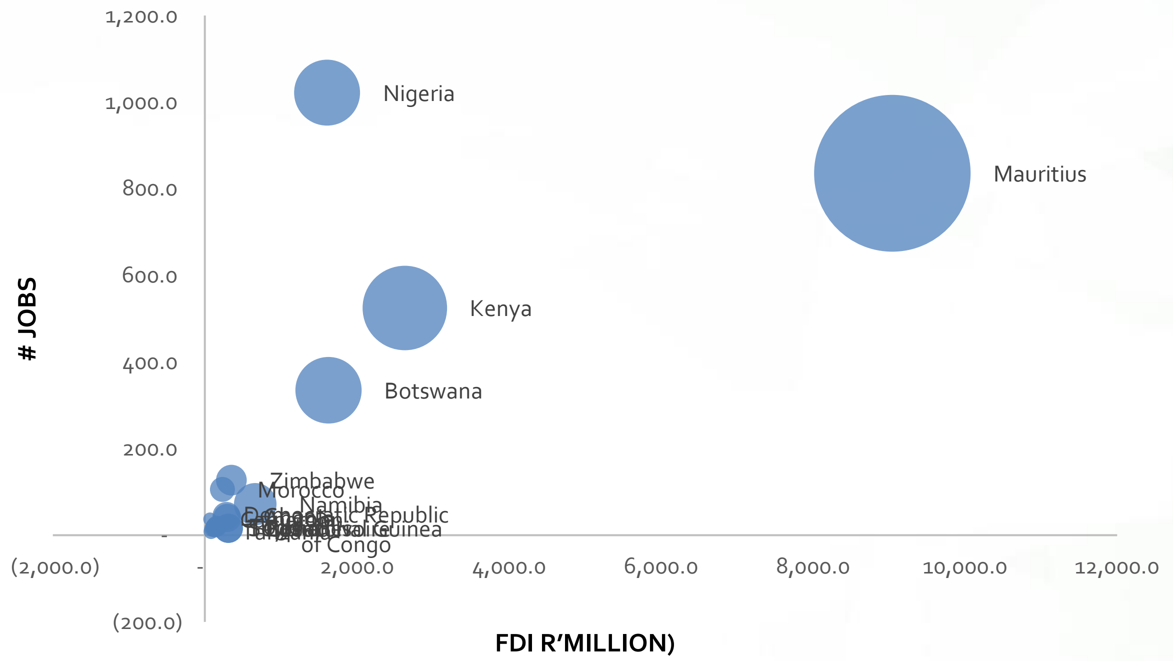
INWARD FDI BETWEEN FROM THE CONTINET TO GAUTENG

Sectors	R' million
ICT & Electronics	6,421.6
Environmental Technology	2,767.7
Construction	2,304.5
Financial Services	2,218.2
Tourism	1,471.6
Agribusiness	1,114.2
Professional Services	719.3
Retail Trade	433.0
Creative Industries	401.3
Transportation & Warehousing	182.7
TOTAL	**18, 034.2**



- Investment into Gauteng from African based companies amounts **R18.2 billion generating 3 350 jobs in Gauteng**
- **African as a source market is Gauteng's smallest FDI market-less that 5% of all FDI**
- **17 African** countries invested in Gauteng, with Mauritius accounting 50% of all inward FDI
- **75%** of inbound continental investment comes from 3 **countries**, notably Mozambique, Kenya, Botswana

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