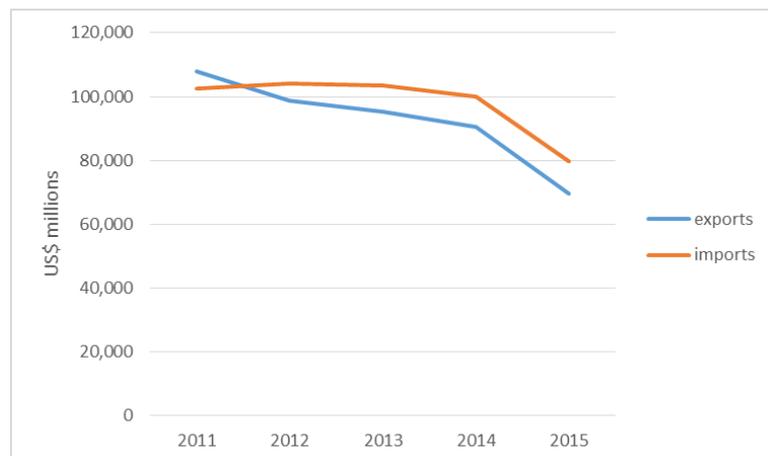


South Africa's Trade Update

With the triple challenge of poverty, unemployment and inequality continuing to prevail in South Africa, trade remains a key catalyst to stimulate and accelerate growth along a path that generates, sustainable, decent jobs in line with the national development plan (NDP) and the national growth path (NGP).

South Africa's total import and export trends (2011- 2015)



Over the review period (2011 – 2015), South Africa's overall trade performance has been on the decline, and since 2011, South Africa's has maintained a trade deficit.

. Current export and import values were estimated at about US\$70 billion and US\$80 billion in 2015 respectively.

China is major export destination; EU also important market for exports and in Africa the SADC and more specifically SACU are important markets for South Africa

Source: UN ITC TradeMap Database

EU

South Africa has a trade deficit with the EU and exports about 22% of its global exports to the EU, having exported goods worth just over US\$ 15 billion in 2015.

Top trading partners within the EU include Germany, UK, Belgium and the Netherlands. These account for a combined 16% share of South Africa's global exports.

UK – RSA trade & BREXIT - South Africa's exports specifically, top export products such as table grapes, wine and citrus will be heavily affected as they will face tariff of 23%; 86% and 34% respectively. These particular products have a combined export value in 2015 of about US\$392 million into the UK under current preferential access. The implications of higher tariffs may mean regrouping and sourcing new markets that could mean additional costs in terms of identifying lucrative and stable markets as well as establishing relations with buyers.

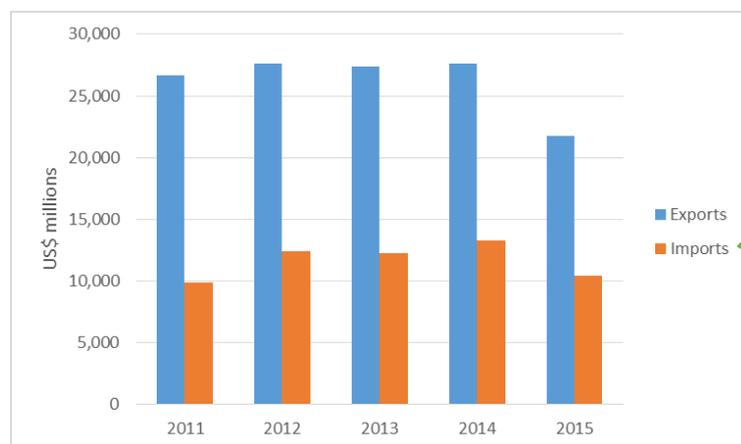
BRICS - current trading relationship, we note that trade is skewed to other BRIC countries with South Africa maintaining a trade deficit with all of the BRIC countries. Furthermore exports to the BRIC countries have been on the decline since 2011 and had a value of just below US\$ 10 billion in 2015. China dominates trade with South Africa in terms of both imports and exports accounting for 72% and 60% share of trade respectively.

US - The US is another of South Africa's main traditional partners with exports to the US exceeding US\$ 5 billion in 2015 representing 8% share of South Africa's global exports. Annual growth in South Africa's exports has declined by 10% year on year from 2011 – 2015.

South Africa trade with Africa

South Africa is increasingly focusing on Africa to expand its trade. Through the Trade Invest Africa initiative the government expects to double its exports to Africa taking advantage of the opportunities arising from the current trade negotiations under the auspices of the tripartite free trade area (TFTA) and the continental free trade area (CFTA).

Trends in South Africa's trade with Africa (2011 – 2015)



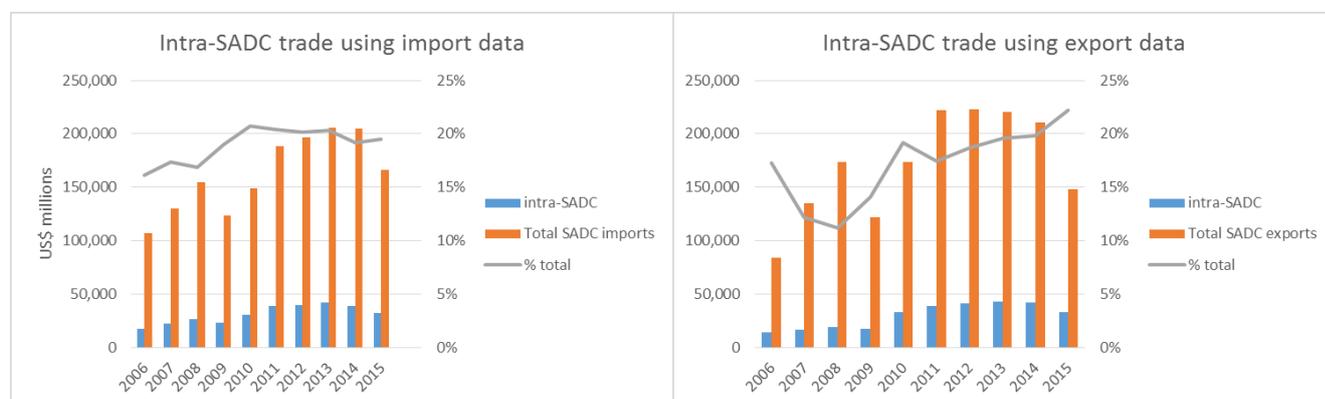
South Africa has consistently maintained a trade surplus with Africa, although trade declined for both exports and imports in 2015;

that South Africa's exports are mainly value added products such as machinery, chemical products and transport equipment, while it imports from its counterparts, low value primary based products as well as agricultural products.

Source: UN ITC TradeMap database

Total **intra-SADC trade** has not grown significantly over the period 2006 – 2015, with estimates indicating a value of just above US\$ 17.2 billion in 2006 up to about US\$ 32.4 billion in 2015 – a 7% compound annual growth (CAGR).

Intra-SADC trade performance (2006 – 2015)



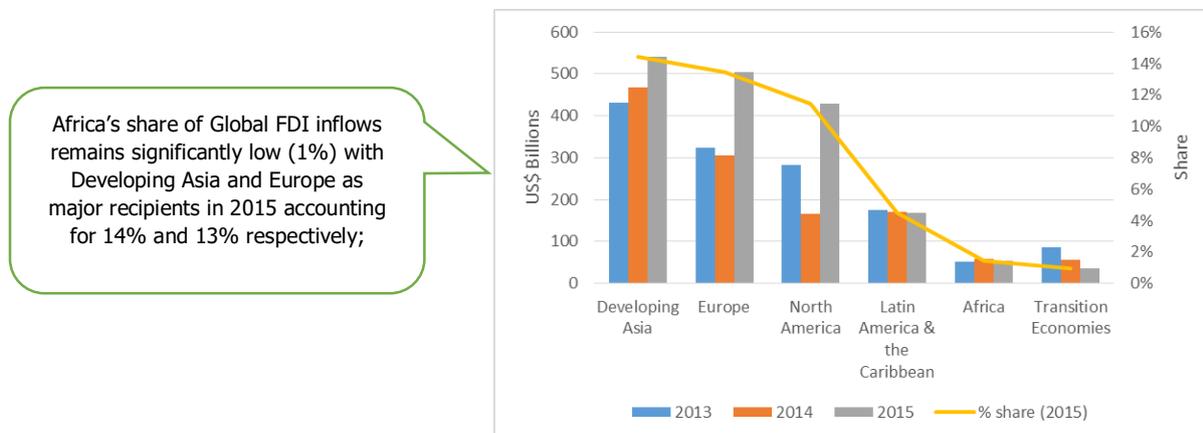
Source: UN ITC TradeMap database

Despite the fact that intra-SADC trade remains low when one compares to developed countries trade, it is important to note that in Africa, SADC has made significant strides in boosting intra-regional trade and stands out as having the highest intra-REC trade, followed by ECOWAS; ECCAS and the EAC, with AMU having the lowest share overallly .

Foreign Direct Investment in Africa

Recovery in FDI was strong in 2015. Global foreign direct investment (FDI) flows jumped by 38% to US\$1.76 trillion, their highest level since the global economic and financial crisis of 2008–2009.

Global FDI inflows and share by region 2013 – 2015 (US\$ billions)

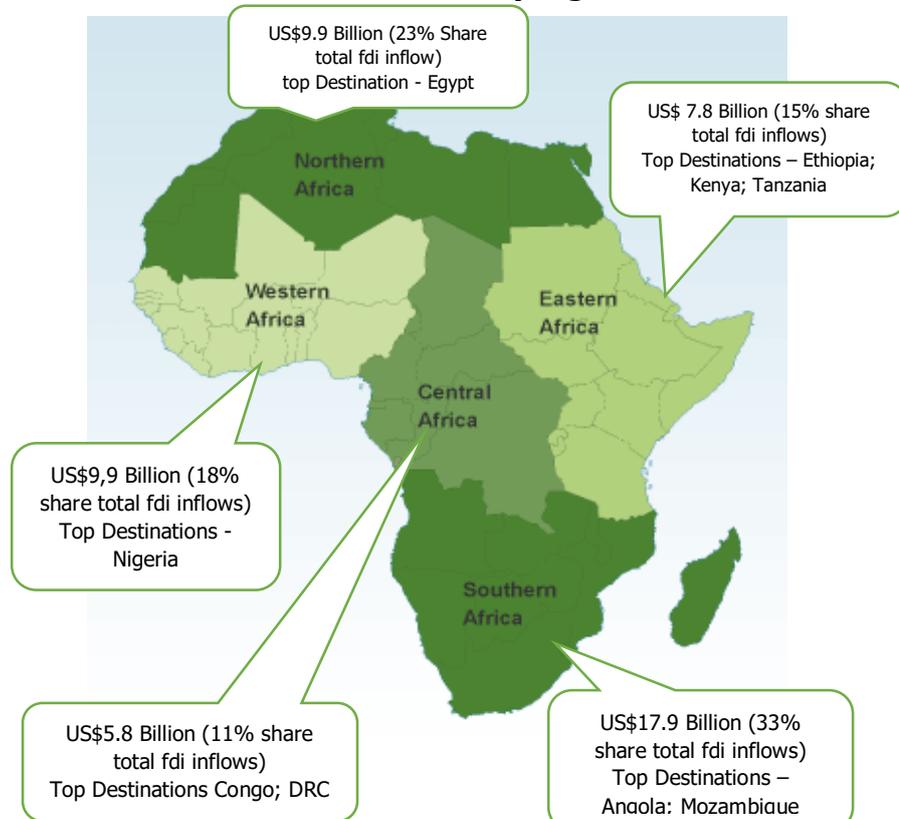


UNCTAD, World Investment Report 2016

Africa FDI flows fell to \$54 billion in 2015, a decrease of 7 per cent over the previous year.

Investments into infrastructure related areas including power, construction and ICT made up 44% of all FDI into the region.

Share of Africa FDI inflows by region



FDI flows to Africa fell to \$54 billion in 2015, a decrease of 7% over the previous year.

Half of the top 10 investors in Africa were from developing economies including three BRICS countries – China; India & South Africa

Low commodity prices depressed FDI inflows in natural-resource-based economies.

To reduce the vulnerability of Africa to commodity price developments, countries are reviewing policies to support FDI into the manufacturing sector.

FDI **outflows** from Africa fell by 25% to US\$11.3 billion as investors from South Africa, Nigeria and Angola were affected by lower commodity prices, among other factors.