

# Thought Leadership Seminar

## 1<sup>st</sup> March 2016

### *An Analysis of Trade and Foreign Direct Investment Inflows from South Africa to Africa*



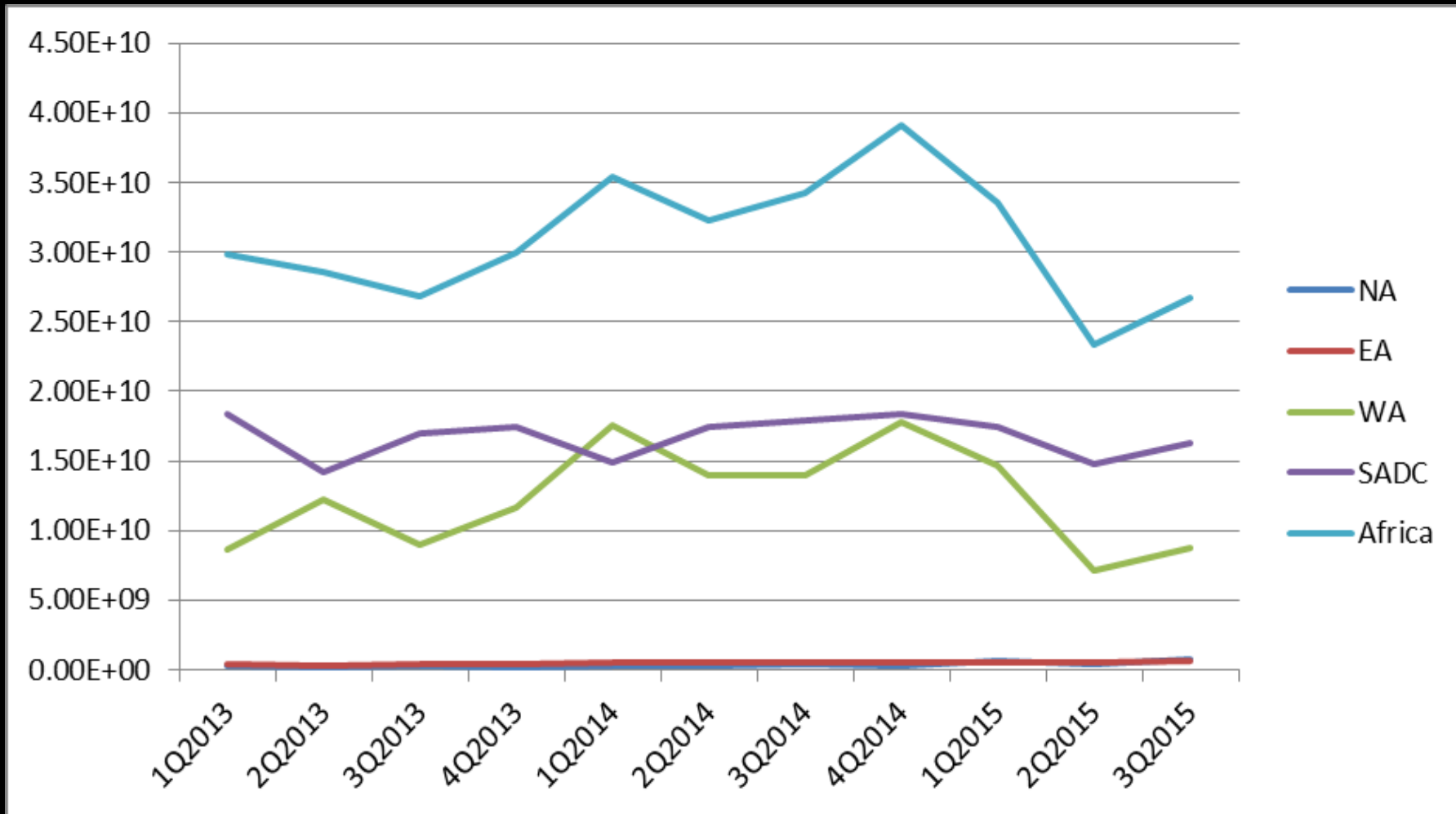
# Highlights

- Talking Points
- South African and Gauteng Trade with Africa
  - Regional analysis
  - Comparative analysis
- FDI Outflows from SA to Africa
  - Comparative analysis
  - Sectorial Analysis
- Conclusion

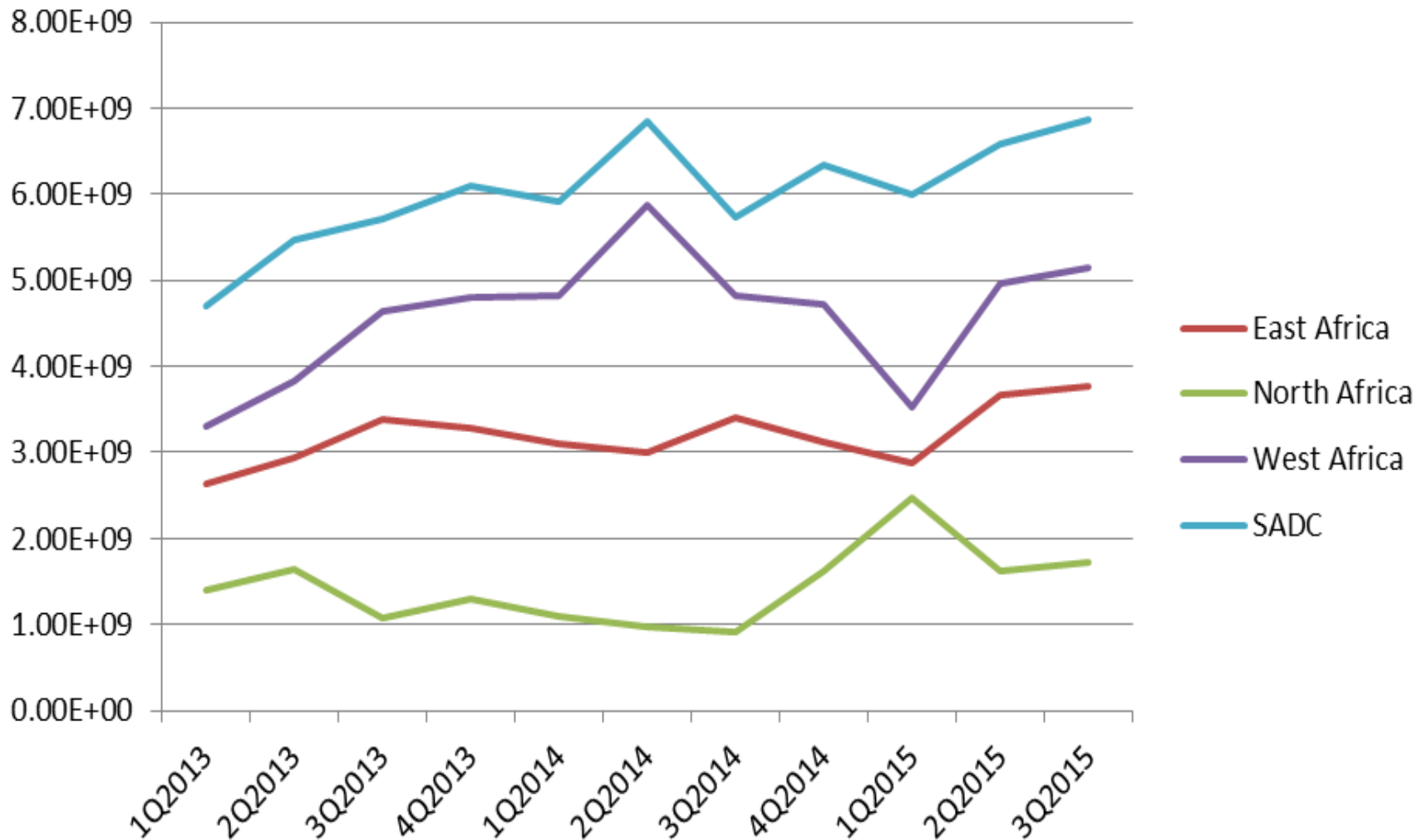
# Talking Points

- To what extent does Import of goods from SSA to SA contributing in the development of Africa
- To what extent does export of goods from SA to SSA contributing in the development of Africa
- To what extent does outflow of FDI from SA to SSA contributing in the development of Africa
- And vice versa

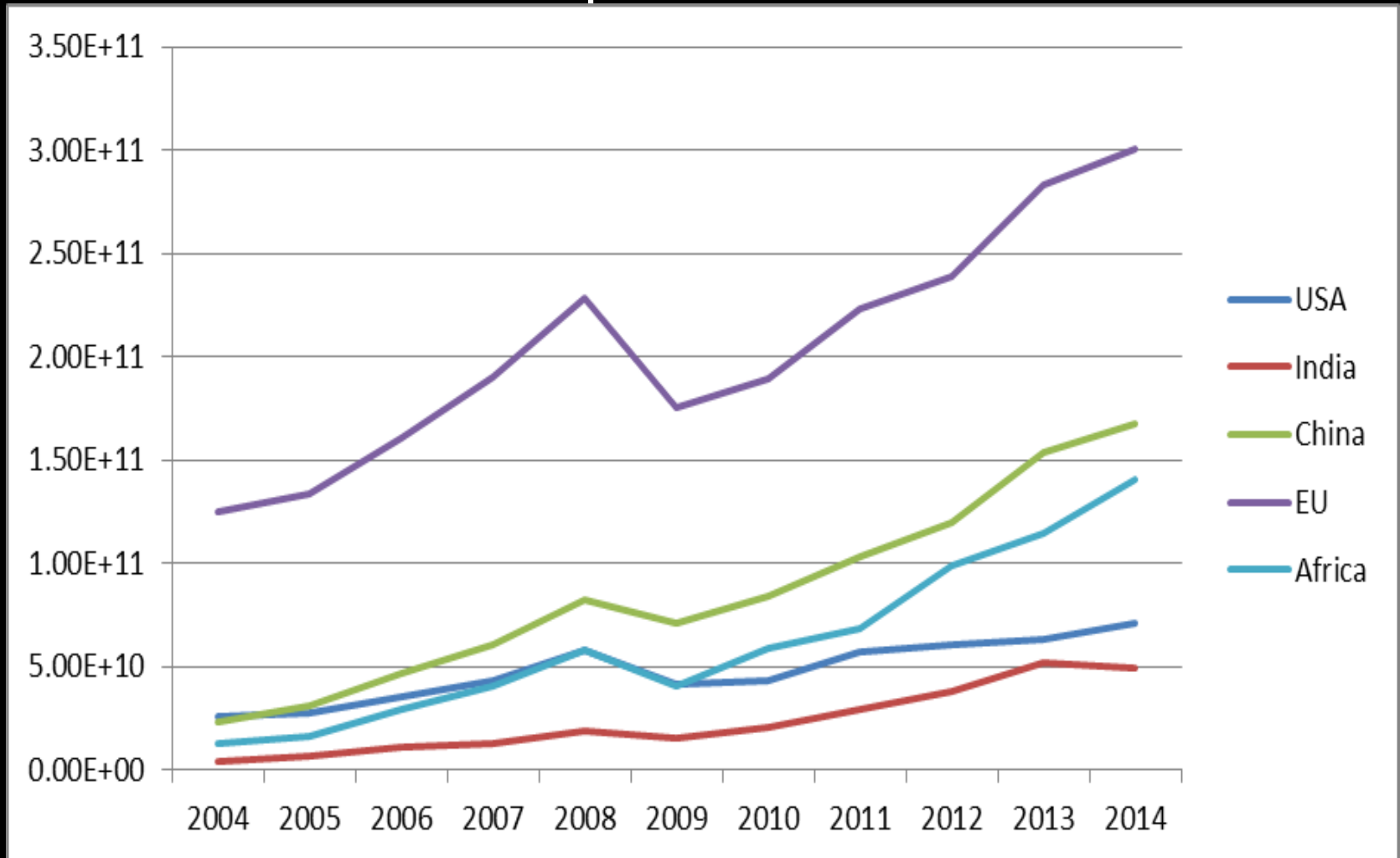
# Trade Flows: Value of SA imports from African RECs (ZAR)



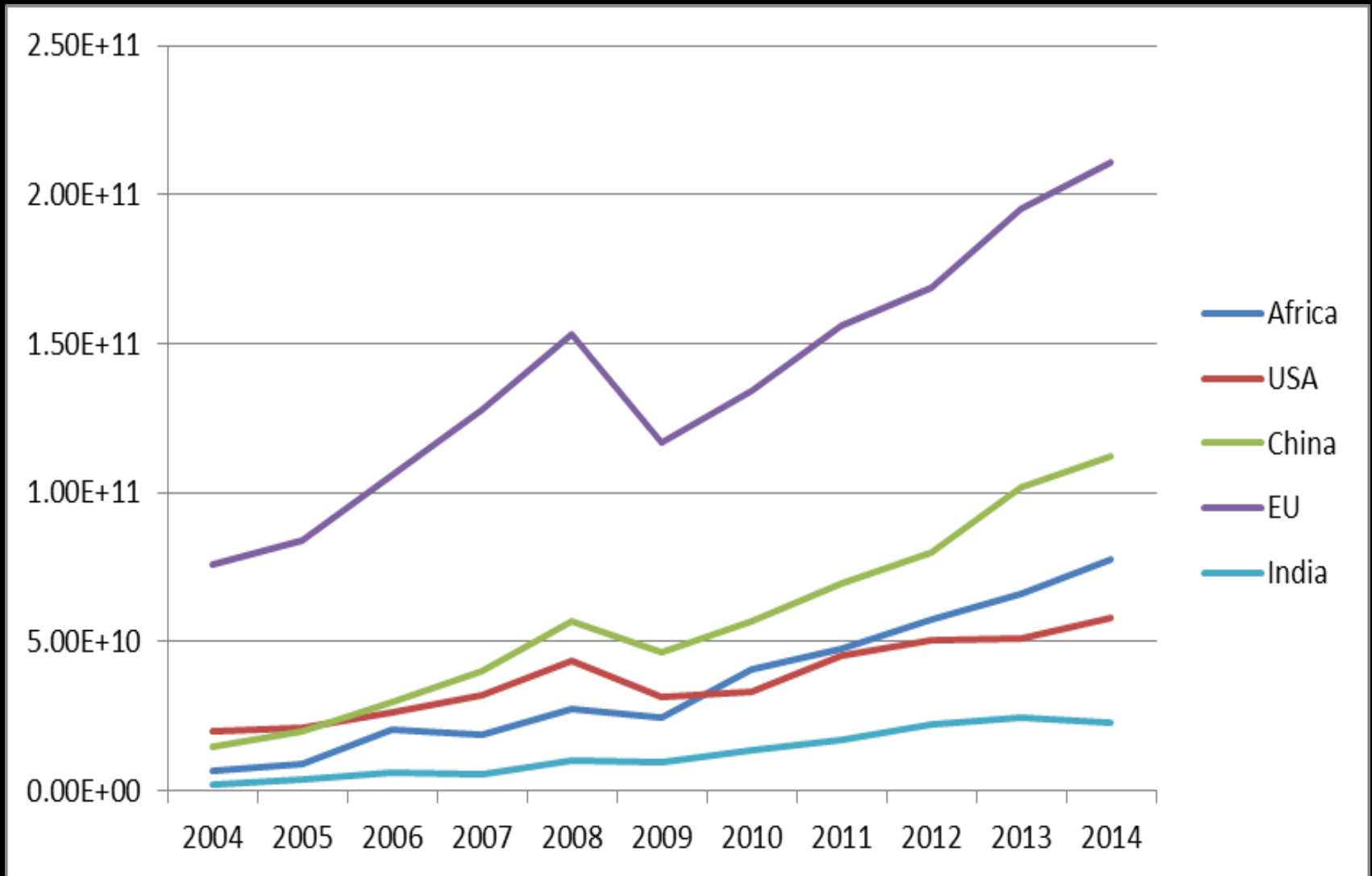
# Trade Flows: Exports from SA to economic regions in Africa



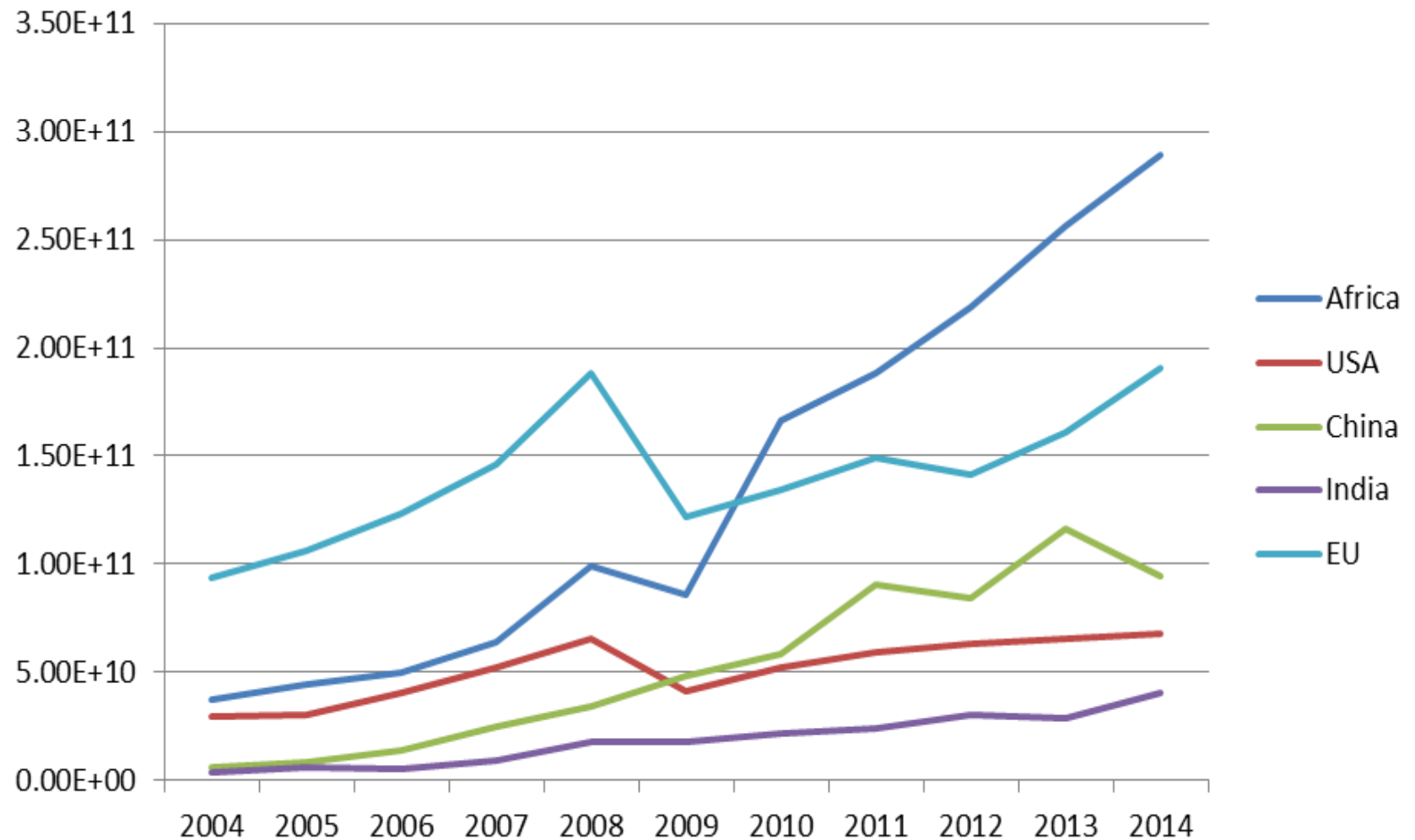
# How does SA and Gauteng Trade in Africa compare to that of other countries: SA Import Sources



# Gauteng import sources

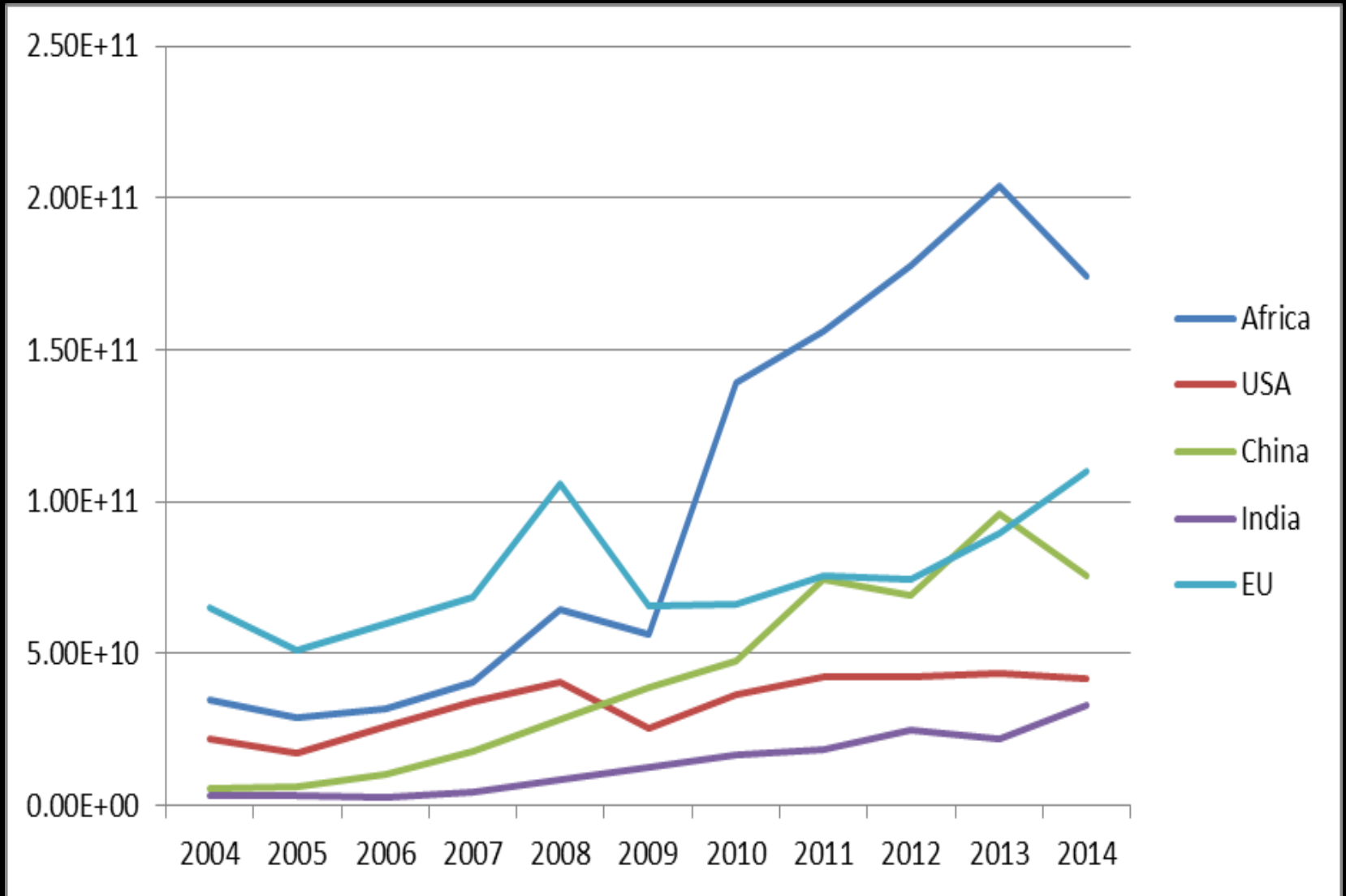


# How does SA and Gauteng Trade in Africa compare to that of other countries: SA Export Destinations





# Gauteng export destinations



# Trend of FDI inflows from South Africa to Africa

Year	Capex (ZAR m)	Jobs
2015	17 456.1	2 019
2014	56 243.2	8 026
2013	65 674.9	9 588
2012	15 223.6	3 613
2011	54 689.8	6 737
2010	40 071.5	4 749
2009	79 369.6	2 940
2008	20 250.4	5 514
2007	10 866.2	2 174
2006	12 083.0	4 642
2005	3 692.0	2 432
2004	20 565.8	2 193
2003	21 243.0	4 481
<b>Total</b>	<b>417 429.0</b>	<b>59 108</b>

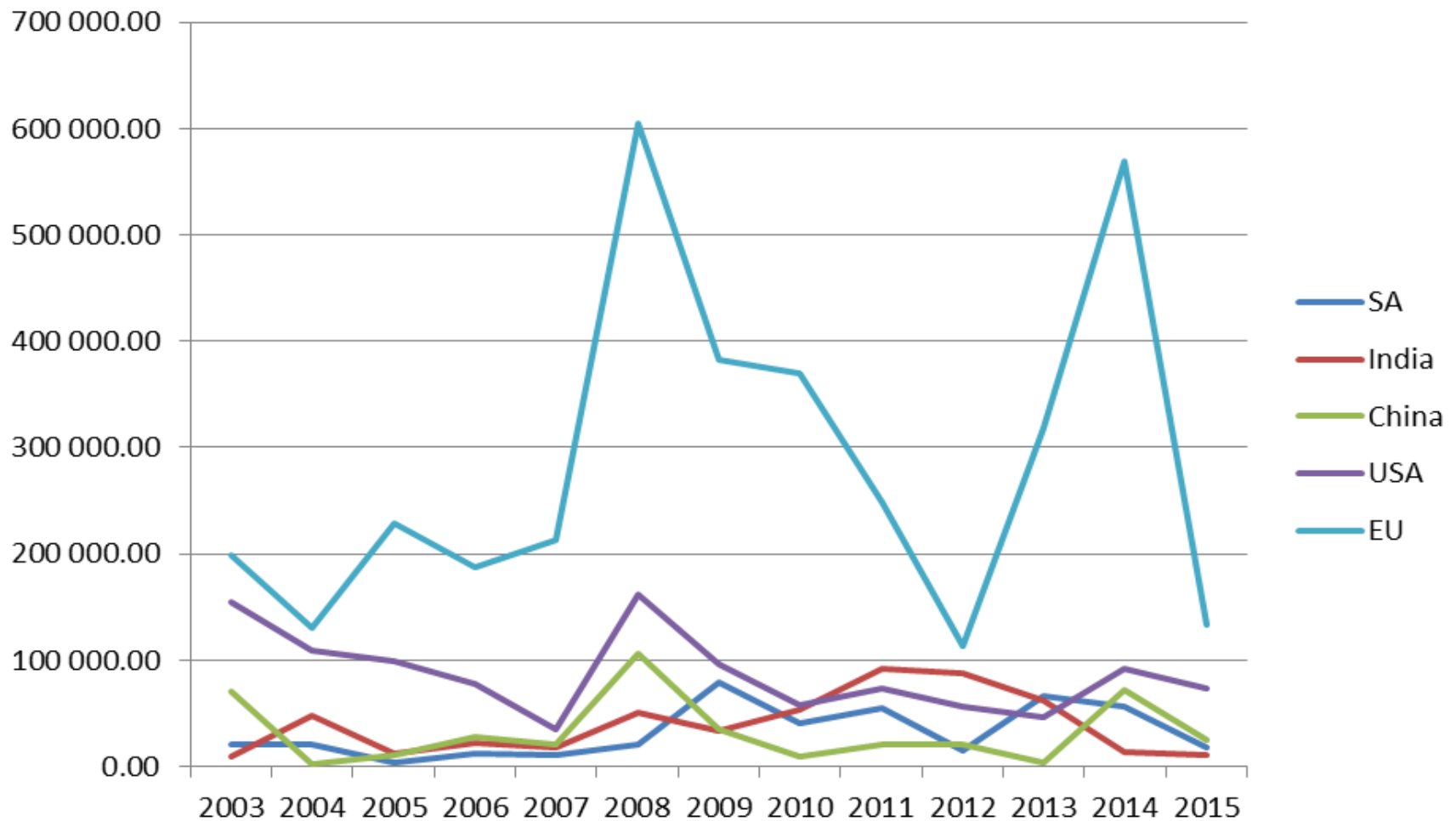
# Sectorial composition of FDI from SA into Africa

Industry Sector	Capex	Jobs Created
Coal, Oil and Natural Gas	141 191.7	2 693
Real Estate	80 737.5	10 156
Communications	67 451.6	6 245
Metals	39 588.4	11 261
Financial Services	13 754.7	2 629
Building & Construction Materials	13 004.8	2 182
Food & Tobacco	12 318.1	8 780
Chemicals	10 449.3	970
Hotels & Tourism	9 507.2	1 553
Consumer Products	7 057.2	2 925
Minerals	6 294.4	3 510
Beverages	3 496.4	1 127
Business Services	3 286.6	824
Transportation	2 066.9	140
Textiles	1 779.8	1 061
Industrial Machinery, Equipment & Tools	1 431.8	984
Software & IT services	1 249.0	298
Non-Automotive Transport OEM	1 079.1	590

# How does SA FDI outflows to Africa compare to flows from other countries/regions to Africa

	Number of projects	Capex	Jobs created	Number of companies
EU	3361	3826	605198	1886
USA	1003	1126	150071	601
China	237	425	94234	146
India	416	559	99705	212
South Africa	441	415	58748	206

# How does SA FDI outflows to Africa compare to flows from other countries/regions to Africa



# Conclusion

- SA total investment and historical trend is closely matching that of India and China and only slightly less than flows from USA
- However, SA/Gauteng Investment in Africa do not create as much employment in Africa as similar investments from the other 4 countries/regions
- That investment in Africa from all regions is still growing indicates that SA and Gauteng have the capacity to increase their investment on the continent
- Both imports and exports from either Gauteng or SA have been increasing apace. However, exports to Africa are growing faster
- Africa's vulnerability to slump in Chinese growth is reflected in Gauteng's decreasing exports to the continent.

# Conclusion

- The lower import volume from Africa to Gauteng/SA is explained by the fact that the continent is weak in manufacturing and its export products are similar to SA export goods (commodities)
- The higher export volume to Africa is due to the fact that SA enjoys comparative advantage in manufacturing against its trading partners in Africa.
- Both export and import flows are stronger in the SADC region than the rest of Africa indicating the impact of geographical and cultural closeness
- Both South Africa and Gauteng are experiencing the highest export earnings from trade with Africa. In other words, Africa is the most important export destination to Gauteng and SA

# THANK YOU

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