

# SADC TRADE PRESENTATION

Gauteng Growth and Development Agency



GAUTENG GROWTH AND DEVELOPMENT AGENCY



## TRADE BETWEEN SOUTH AFRICA AND SADC 2014-2019



# THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC) )



## Background

The Southern African Development Community (SADC) has been in existence since 1980, when it was formed as a loose alliance of nine majority-ruled states in Southern Africa known as the Southern African Development Coordination Conference (SADCC), with the main aim of coordinating development projects in order to lessen economic dependence on the then apartheid South Africa

## SADC Protocol on Trade

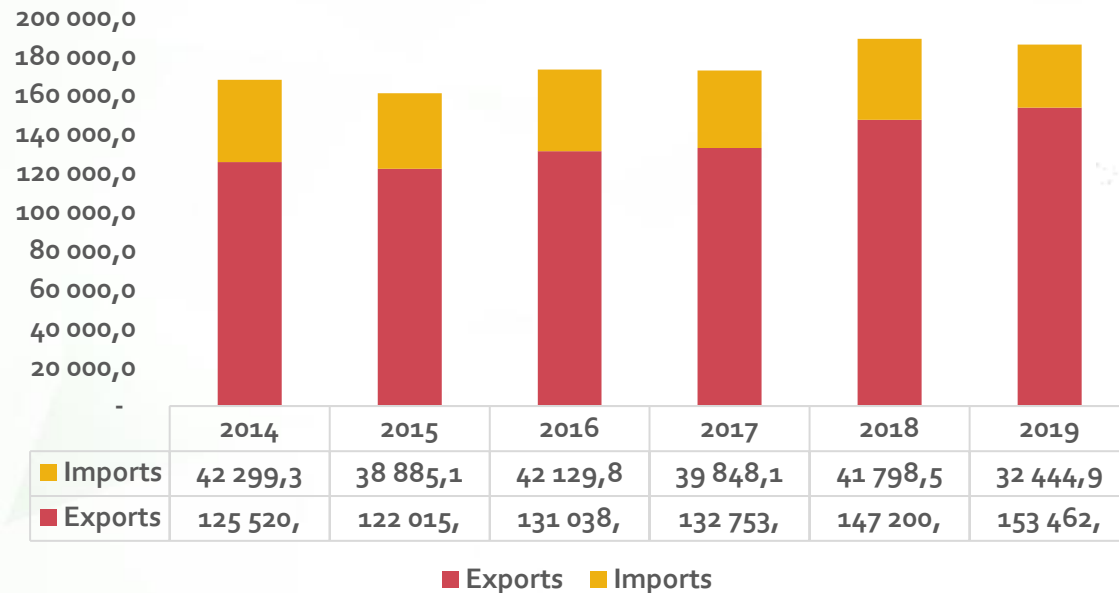
This protocol aims to enhance cross-border investment by liberalizing intra-regional trade. The objective is the implementation of a SADC Free Trade Area; therefore, the Protocol contains all the obligations member states need to observe in order for the regional arrangement to be compatible with WTO rules. SADC amended the Protocol in 2000, 2007, and 2008, clarifying aspects of Rules of Origin for products to be traded between the Member States of SADC, safeguard measures, and incorporating new annexes on settlement of disputes and trade in sugar.

## SADC Member Countries

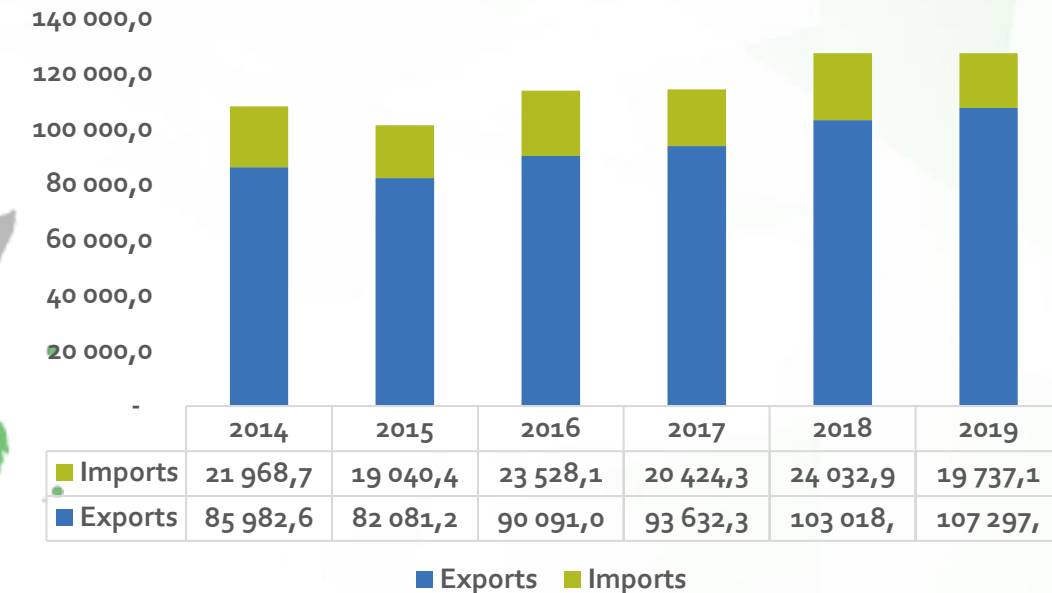
- Angola,
- Botswana,
- Comoros,
- Democratic Republic of Congo,
- Eswatini,
- Lesotho,
- Madagascar,
- Malawi,
- Mauritius, Mozambique,
- Namibia,
- Seychelles,
- South Africa,
- Tanzania,
- Zambia and
- Zimbabwe

# TRADE BETWEEN SOUTH AFRICA AND SADC (2014-2019)

## South African Trade with SADC 2014-2019

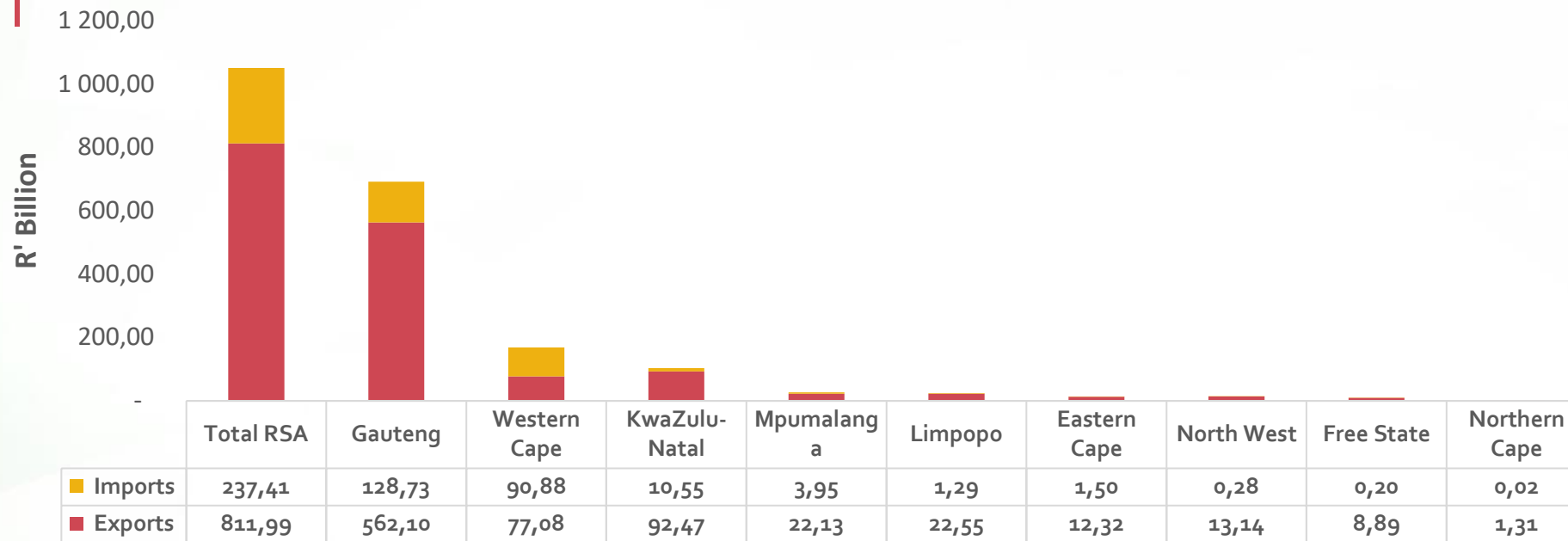


## Gauteng Trade with SADC 2014-2019



- Since 2014, total trade between South Africa and SADC has amounted to R1.049 trillion worth of goods and services.
- Between 2014-2019 South Africa exported R812 billion worth of goods and services to the SADC .
- Over the same period the Gauteng City Region exported R562.1 billion worth of goods and services to the SADC , accounting for 69.2% of goods and services exported from South Africa to the SADC.
- Over the same period inbound goods and services imported from the SADC amounted to R237.4 billion. Representing a national trade surplus of approximately R574.6 billion. Additionally, the Gauteng City Region received R128.7 billion worth of goods and services from the SADC , representing 54.2% of goods and services imported from the SADC.
- Annual growth in SADC bound exports from Gauteng has grown by 3.76 % per annum from R85.98 billion to R103.02 billion .

# TRADE BETWEEN SOUTH AFRICA AND SADC (2014-2019)

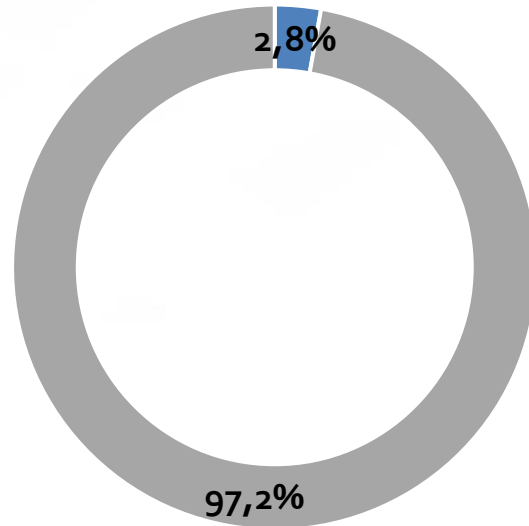


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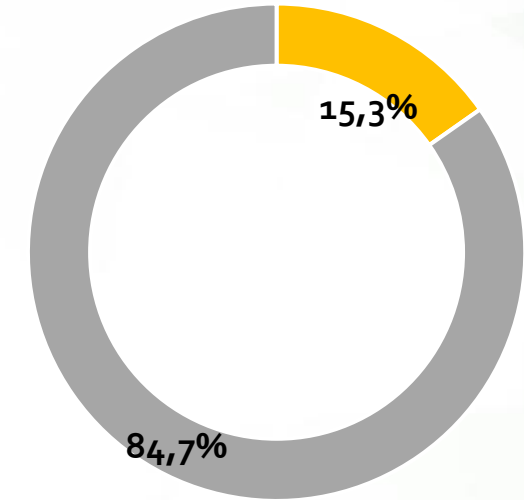


## TRADE BETWEEN SOUTH AFRICA AND SADC (2014-2019)

SADC Imports as proportion of Total Gauteng Imports



SADC Exports as proportion of Total Gauteng Exports



- SADC is a significant trade partner to South Africa
- Gauteng exports to the SADC accounts for 15.26 % of all Gauteng exports.
- SADC bound exports from have grown by 3.41% per annum, signifying the importance of South Africa as a trading region to SADC .
- Additionally, Gauteng bound imports from the SADC accounts for 2.83 % of all imports into Gauteng
- Growth in SADC sourced imports to Gauteng has grown by -1.77 % per annum.
- Over the same period SADC sourced goods and services to the rest of the country a further grew by -4.32 % per annum.
- Decline in imports represents an opportunity for value-added traded between SADC goods and Gauteng as well as the rest of the country.

# TOP TRADED COMMODITIES BETWEEN SOUTH AFRICA AND REST OF SADC (2014-2019)

## Top 5 Imports

Mineral fuels and related products

1

Copper and related articles

2

Articles of apparel and clothing accessories

3

Ores, slag and ash

4

Tobacco and manufactured tobacco

5

## Top 5 Exports

Nuclear reactors, boilers, machinery

Mineral fuels and related products

Vehicles

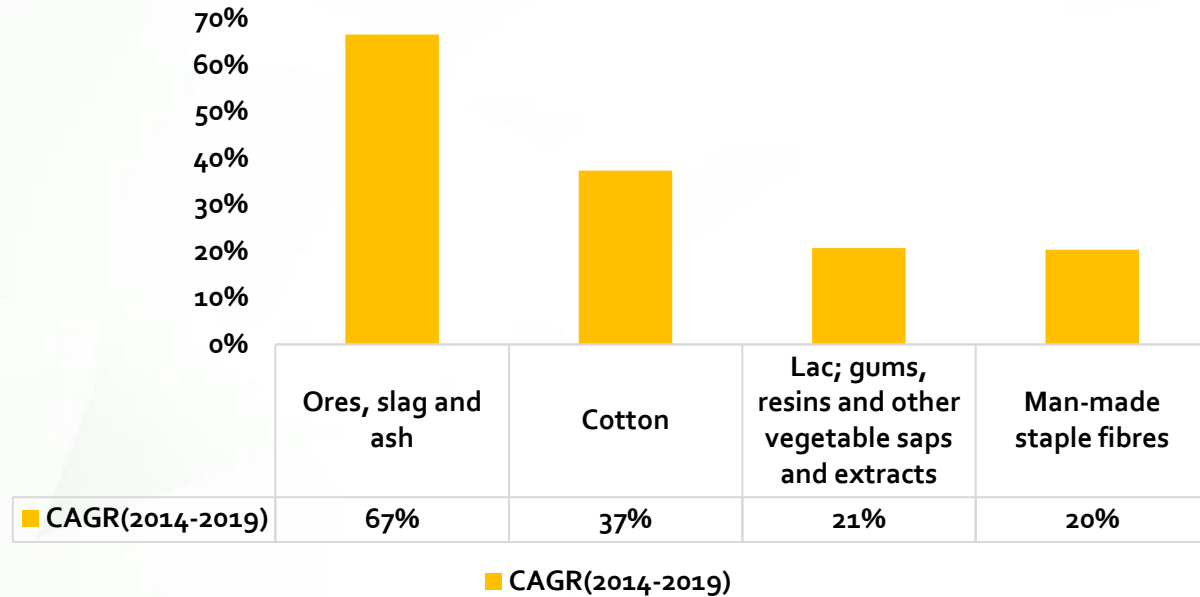
Electrical machinery and equipment

Iron and steel

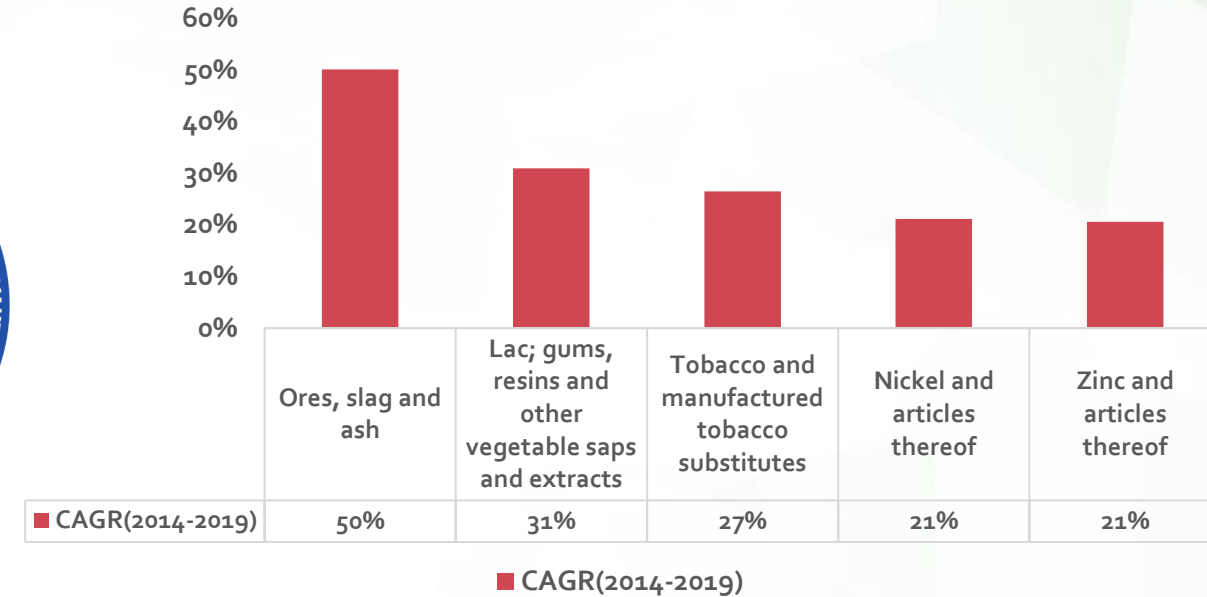


# TRADE BETWEEN SOUTH AFRICA AND SADC (2014-2019)

## Best Performing Exports from SA to SADC 2014-2019



## Best Performing Exports from Gauteng to SADC 2014-2019



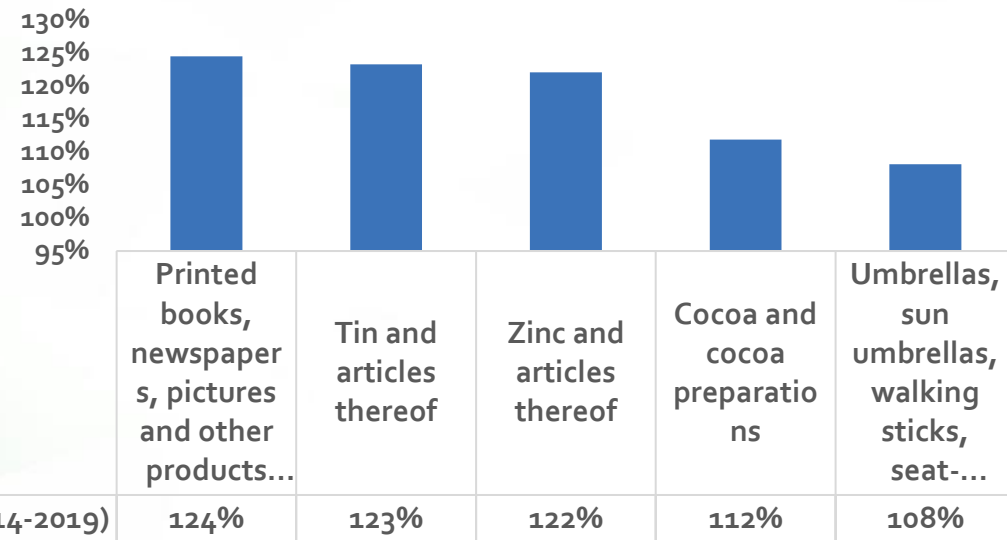
- The analysis is based on commodities that have shown the largest increase in annual exports over the last 5 years.
- Since 2014 there has been strong growth in ores, slag and ash (Coal), Cotton, Vegetable saps and man made fibres from South Africa to the SADC region, growing by 67%, 37%, 21% and 20% per year, respectively.
- Gauteng has additionally experienced a strong increase in Tobacco products (27% per annum), Nickel (21% per annum) and Zinc related articles (21% per annum)





# TRADE BETWEEN GAUTENG AND SADC (2014-2019)

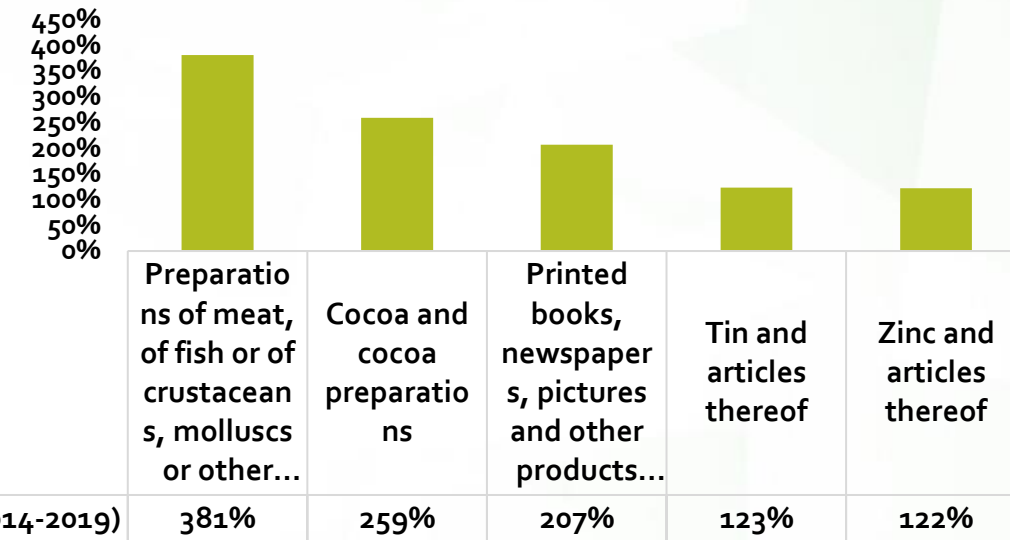
Best Performing Imports from SADC to SA 2014-2019



■ CAGR(2014-2019)



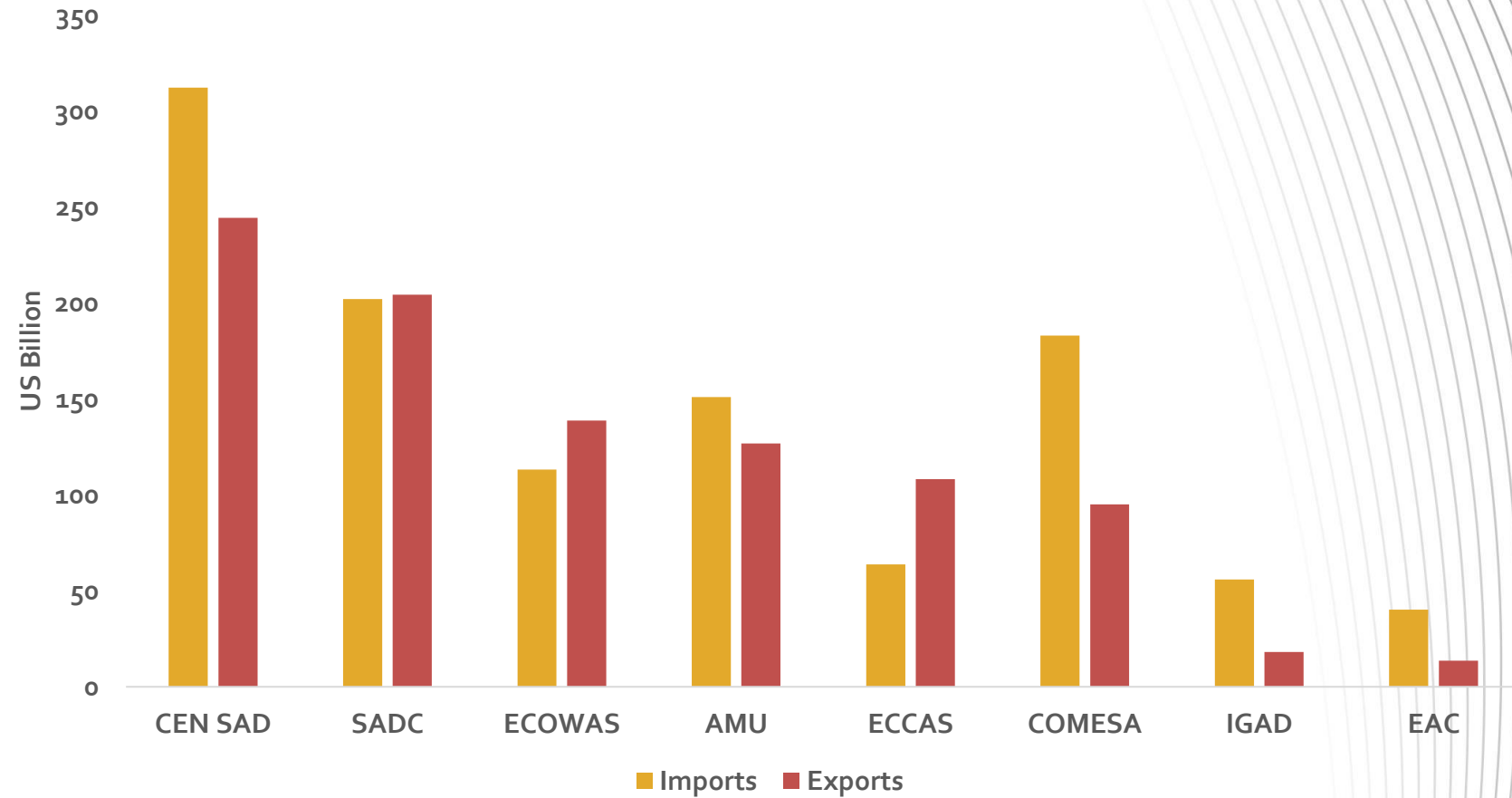
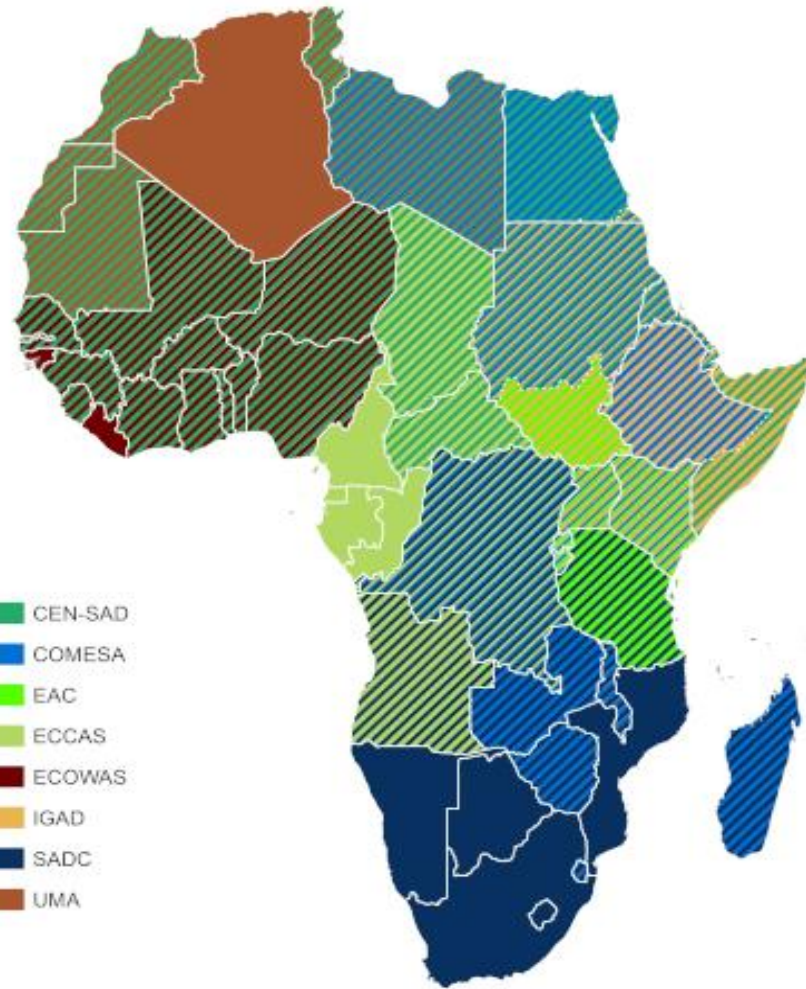
Best Performing Imports from SADC to Gauteng 2014-2019



■ CAGR(2014-2019)

- The analysis is based on commodities that have shown the largest increase in annual imports over the last 5 years.
- Since 2014 there has been strong growth in Printed books (124 % per annum), Tin and Zinc (123% per annum), Cocoa (112% per annum) and Umbrellas (108% per annum) imported into South Africa from the SADC region.
- Gauteng has additionally experienced a strong increase SADC imports particularly in Meat products (381% per annum), Cocoa (259% per annum), Printed books (2017% per annum), Tin and Zinc related articles (121% per annum)

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



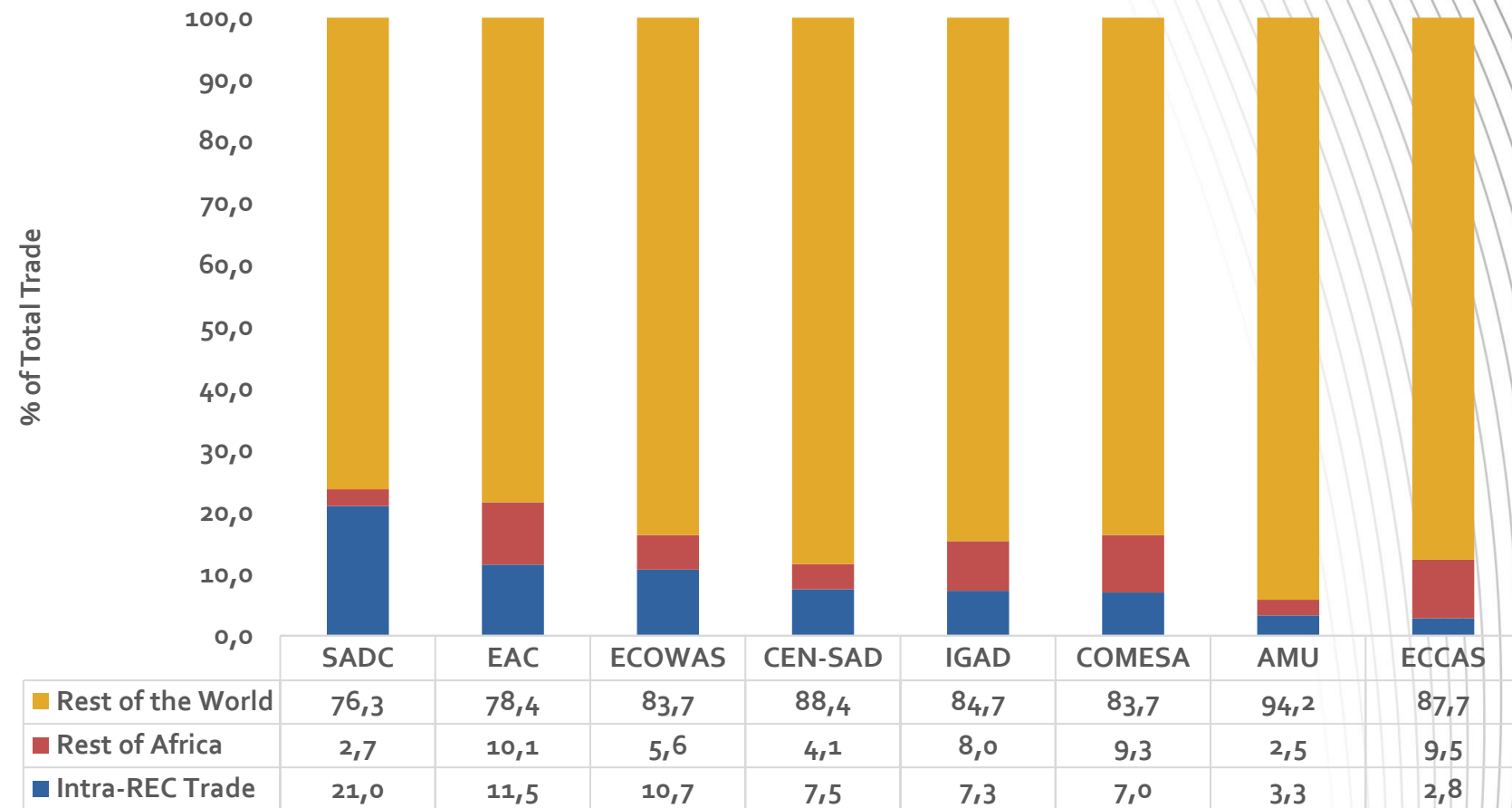
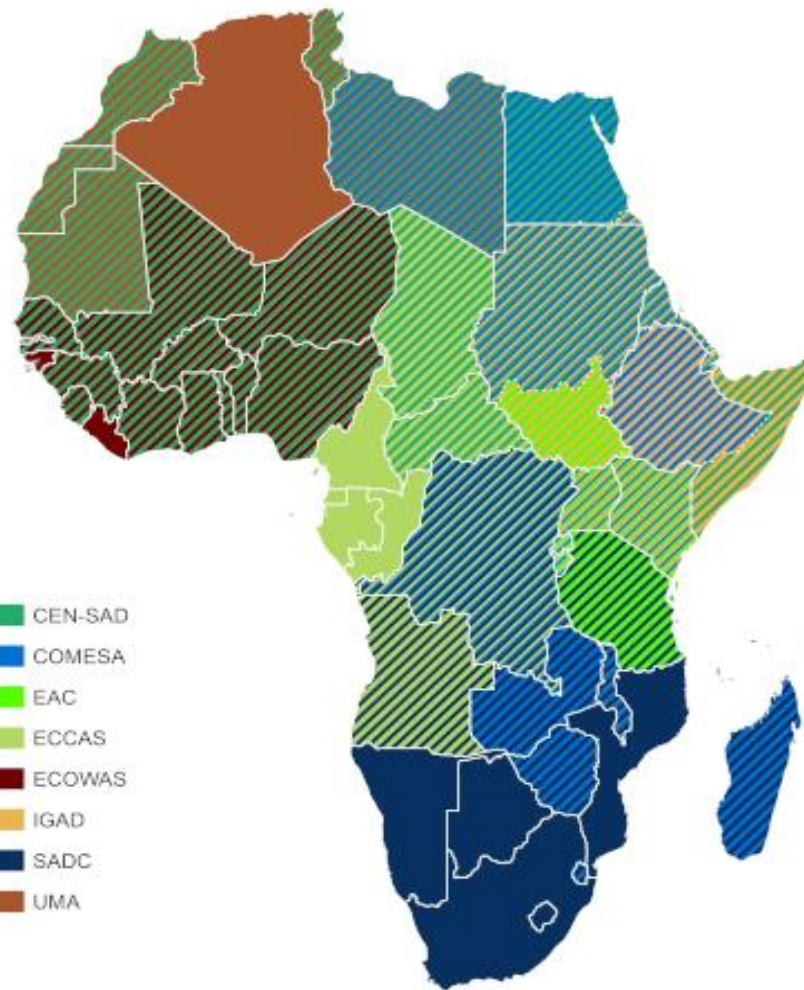
Source: GGDA, Research UNECA

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

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

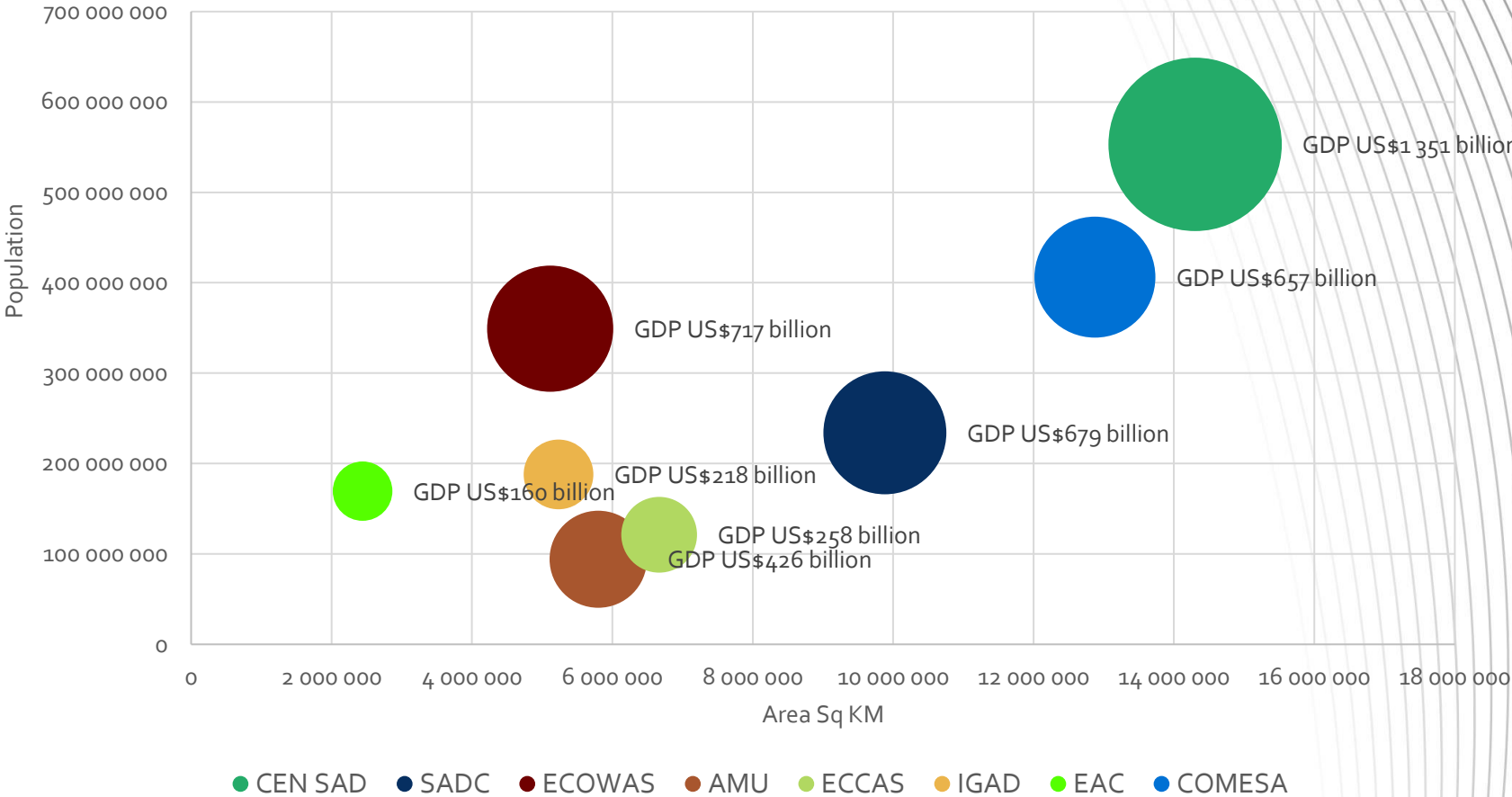
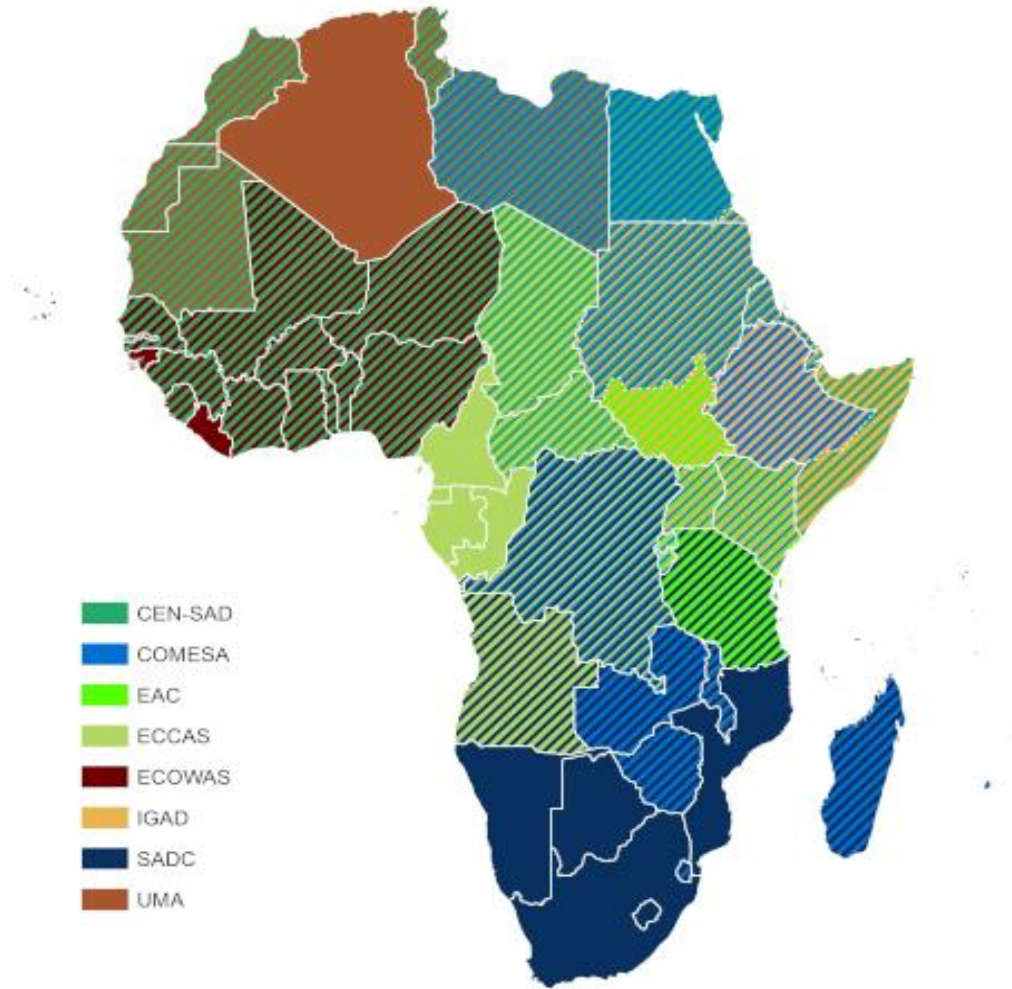


Source: GGDA Research, UNCTAD Regional Trade in Africa

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)



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



# KEY CONSIDERATIONS TO UNLOCK TRADE AND INVESTMENT IN SADC



Boosting structural transformation and industrialization

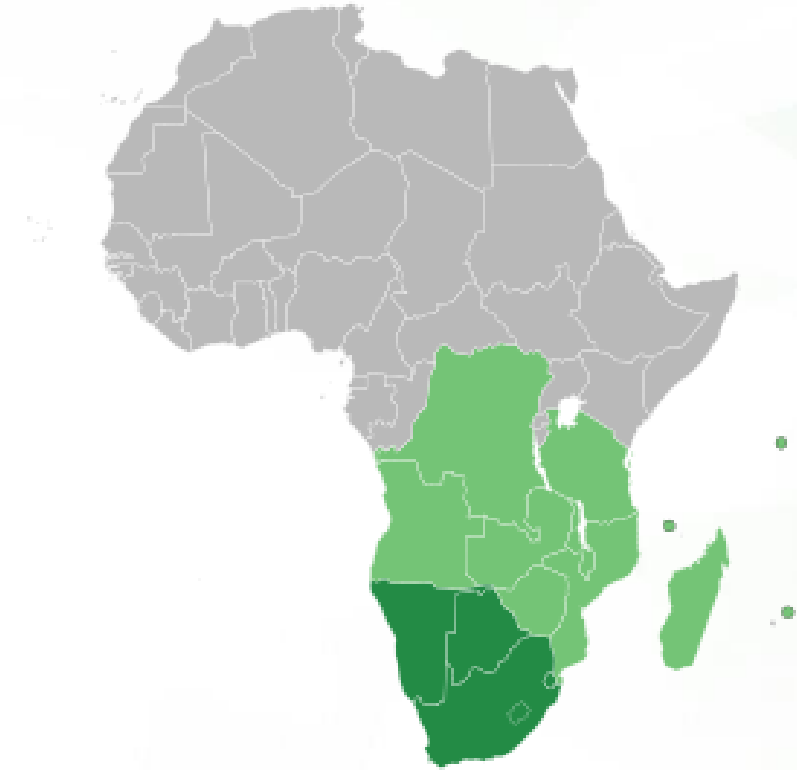
Modernizing Southern Africa's agricultural sector

Optimising the benefits of Southern Africa's rich gas, oil, and mineral resources

A regional approach to SME support and development can promote the formation and growth of the sector to participate in regional trade and global supply chains

Removal nontariff barriers to trade, strengthen soft infrastructure, such as one-stop border posts and single window information portals.

A regional business environment with a streamlined bureaucracy, to promote private sector activity and attract foreign direct investments.



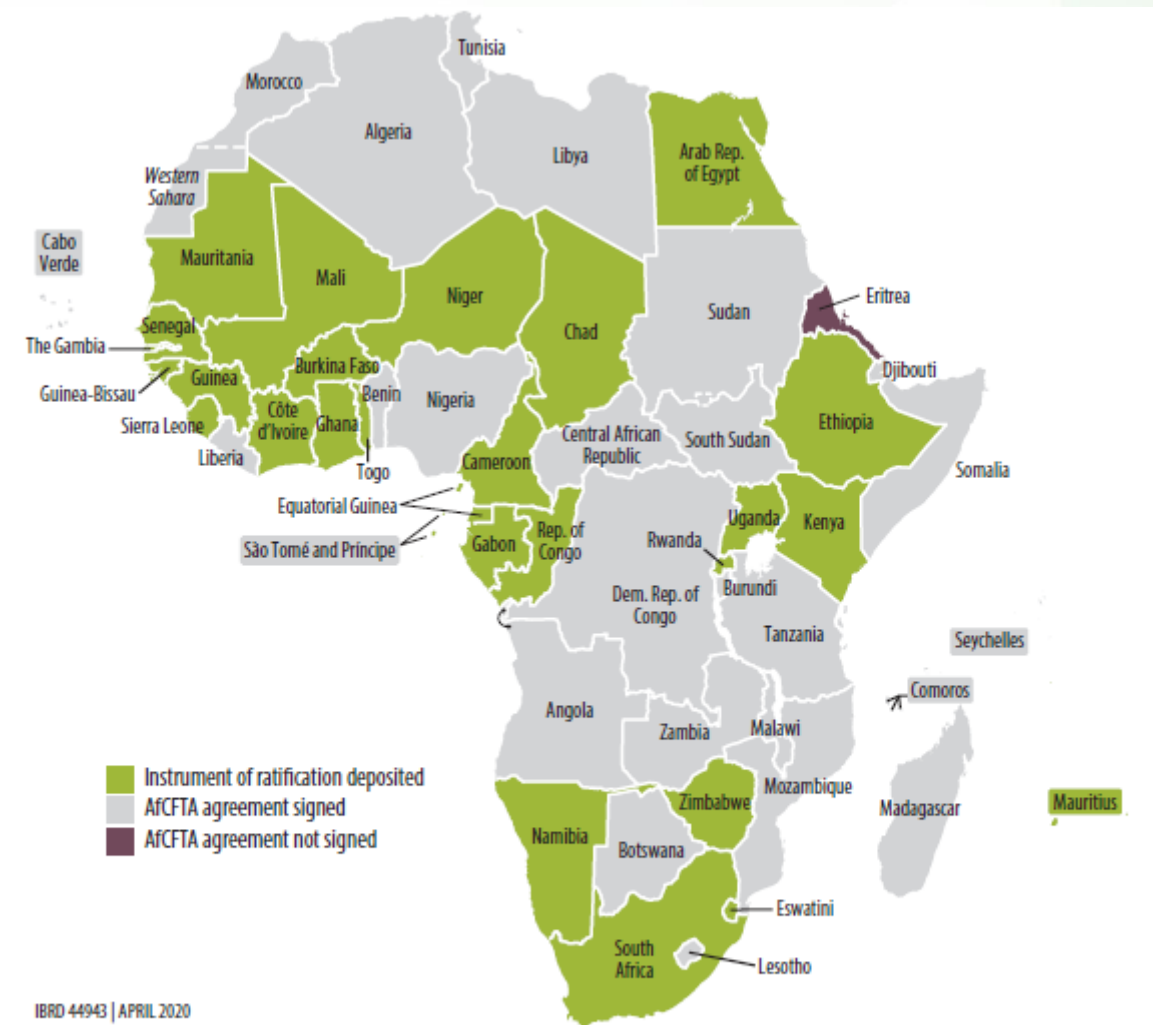
## THE AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)?





# 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.



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Nigeria, 33%

Mozambique, 15%

Swaziland, 13%

Namibia, 9%

Botswana, 5%

Angola, 5%

Zimbabwe, 4%

Ghana, 4%

Lesotho, 2%

Mauriti...  
1%

Egypt, 1%

Togo, ...

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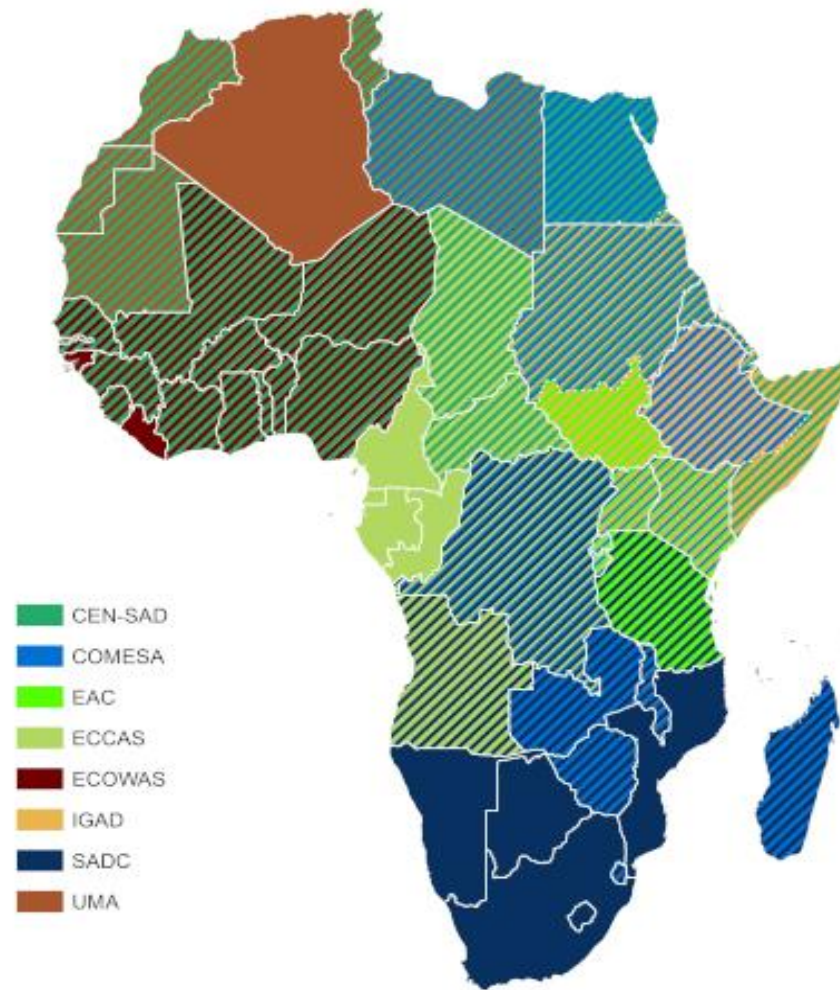
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Zambia, 3%

# IMPACT OF AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA)



- 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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# THANK YOU

