



# GAUTENG TRADE AND INVESTMENT BRIEF WITH BRICS

Gauteng Growth & Development Agency  
Macro business Intelligence



One Team, One Shared Vision



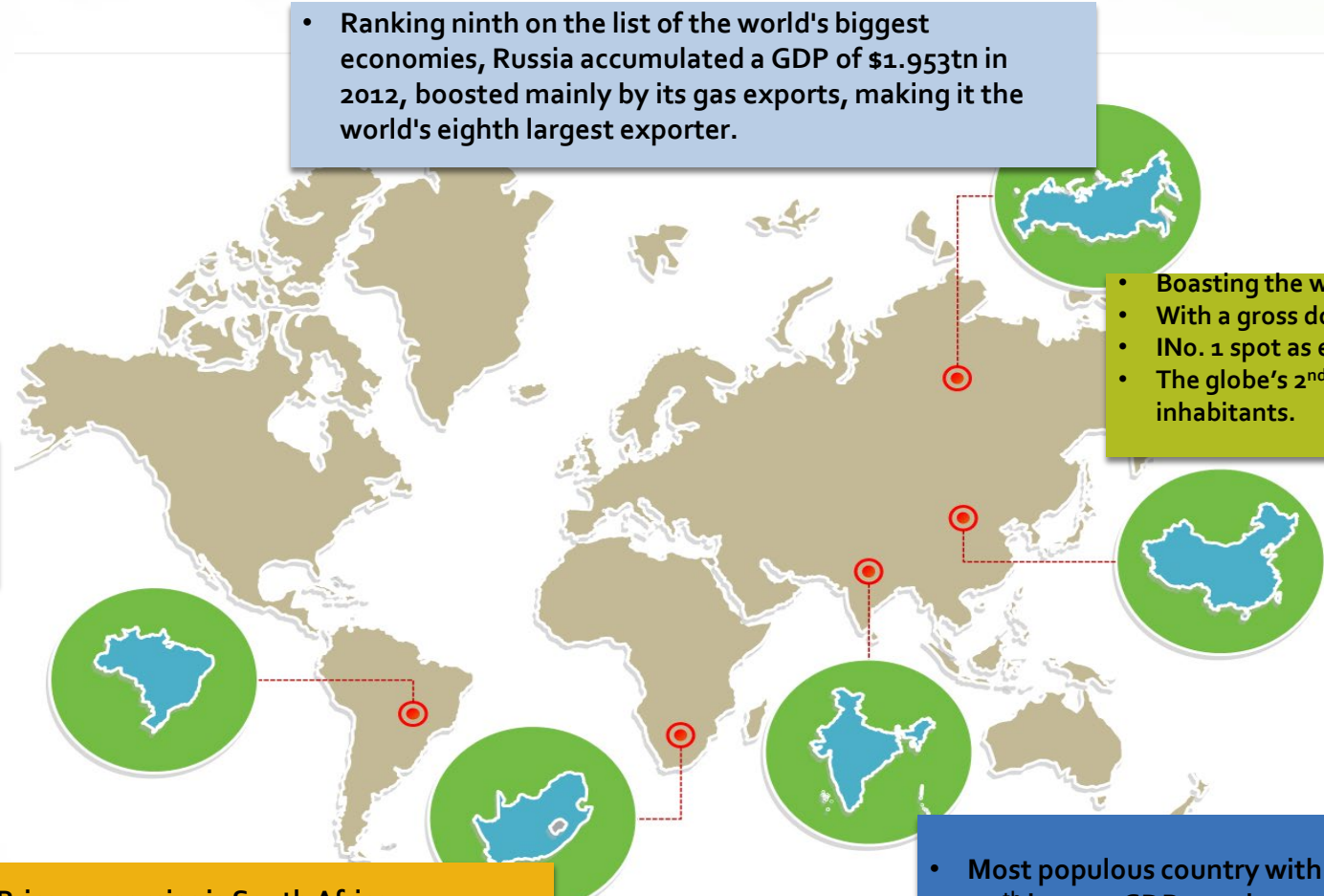


**WHAT TO EXPECT IN THIS BRIEF**

- This brief summarises the following
- A brief background of BRICS
- Ease of Doing Business within BRICS
- South Africa and Gauteng's trade and Investment relation with the BRICS bloc.
- Trade opportunities and SA Goods with the highest export potential in the BRICS
- BRICS companies invested in SA



# HITCHHIKERS GUIDE TO BRICS



- Ranking ninth on the list of the world's biggest economies, Russia accumulated a GDP of \$1.953tn in 2012, boosted mainly by its gas exports, making it the world's eighth largest exporter.

- Boasting the world's second largest economy
- With a gross domestic product (GDP) of \$18.25 trillion
- INo. 1 spot as exporter of goods.
- The globe's 2<sup>nd</sup> most-populated country, with 1.4 billion inhabitants.

- With a GDP of \$1.6 trillion Brazil is the world's seventh largest economy.
- Population 200 million

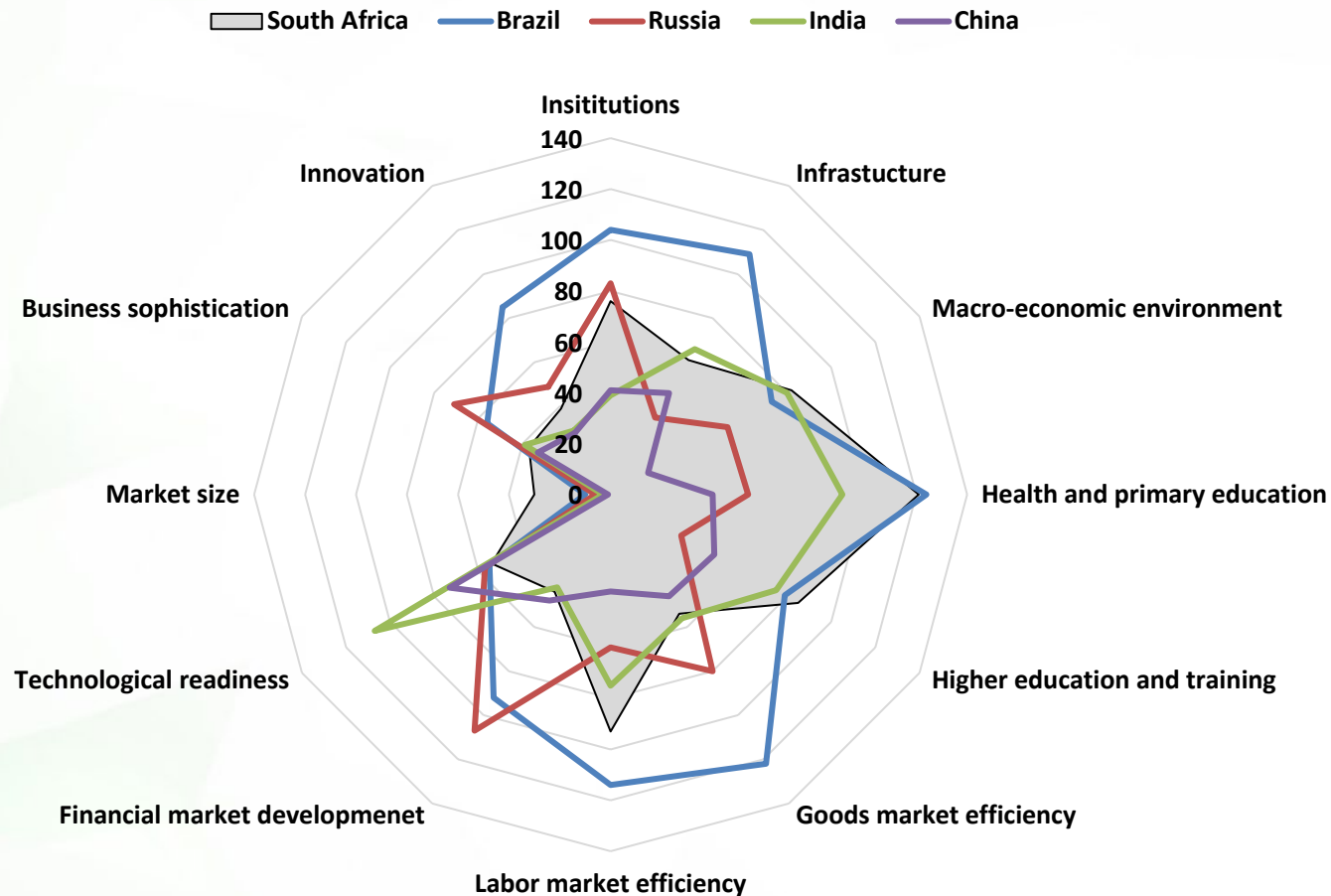
- Smallest of the Brics economies is South Africa.
- 41st world exporters,
- GDP of \$390 billion and a population of 56.5 million.

- Most populous country with 1.4 billion,
- a 5<sup>th</sup> largest GDP worth 3.2 trillion.

## HITCH HIKERS GUIDE TO BRICS NOTABLE FACTS

- 1) An economist came up with the acronym BRICs for Brazil, Russia, India and China in 2001 to describe emerging economies that might challenge the West. The four held their first summit in 2009 and were joined by South Africa in 2011
- 2) Two people out of every five people on the planet is from a BRICS country – about 3.3 billion people.
- 3) BRICS takes up 25 per cent of the world's land mass
- 4) Economic terms, BRICS countries account for about 40 per cent of global GDP.
- 5) In 2023 The BRICS surpassed the total size of the G-7 economies
- 6) The group is seen as a rival of the Group of Seven industrialized nations. While the G-7 have struggled with towering budget deficits and rising unemployment over the past decade, the BRICS have fared better.
- 7) The nations in BRICS have a bilateral relationship which focuses on the mutual benefit, equality and non-interference basis
- 8) About 50 per cent of the world's workforce is in BRICS countries.
- 9) In 2001 at inception SA exports to her BRIC partners accounted for only **R8.9 billion** or only **4 per cent** of total goods and services exported out of SA.
- 10) In 2022, exports between South Africa and BRIC countries amounted to **R287.7 billion** or **15 per cent** of total goods and services exported out of South Africa.
- 11) BRIC share of imports in goods and services into SA has grown from **7 per cent (R14.8 billion)** to **29 per cent (R525.5 billion)** in 2022.
- 12) Over the same period the Gauteng City Region accounted for **74 per cent** of BRIC-bound exports of SA goods and services and **64 per cent** of all BRIC-sourced goods and services into South Africa
- 13) **Expansion of BRICS:** In August 2023, BRICS announced the invitation of six new members as part of its expansion: Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates. Argentina eventually opting out of the expanded BRICS will have the following impact
  - **Increased Global Influence:** The BRICS expansion boosts the group's geopolitical and economic clout by including new member countries, strengthening its position in global affairs, trade negotiations, and multilateral organizations like the UN and IMF.
  - **Economic Diversification:** Adding diverse economies brings new markets, natural resources, and trade opportunities, fostering greater economic collaboration within BRICS, with the potential to shift global trade patterns away from Western dominance.
  - **Strategic Partnerships:** Expanded BRICS membership fosters deeper diplomatic ties and cooperation among developing nations, countering Western alliances like the G7 and promoting a multipolar world order.

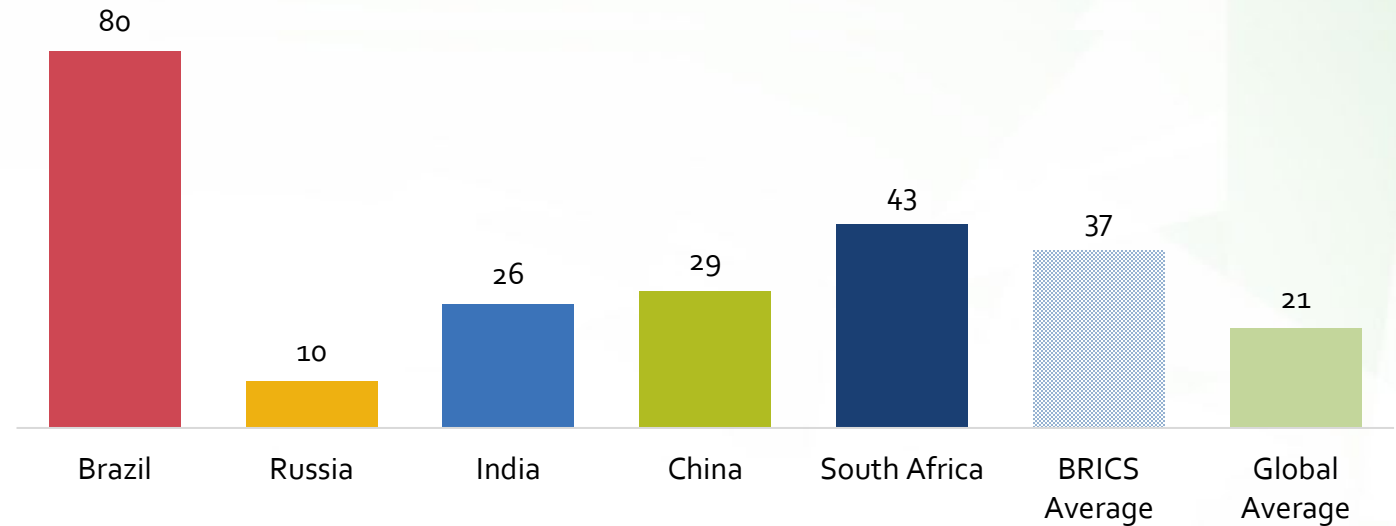
# HITCH HIKERS GUIDE TO BRICS:COMPETITIVENESS



- In terms of overall competitiveness, the average competitiveness of BRICS countries against a pool of 137 countries is 50.
- China being the most competitive at 27, Brazil the least competitive at 80 and South Africa with a ranking of 61 of 137 countries.
- In terms of “Basic Requirements” the economic bloc has condemnably uncompetitive ranking in Health and primary education, is worth noting that South Africa and Brazil both ranking at least 120 out of 137 countries.
- However BRICS countries fare much better, although still of concern, in their ranking of Higher education and training. Labor market efficiency of South Africa and Brazil remains highly uncompetitive. South Africa and Russia have the highest competitiveness in the bloc in terms of financial market development.
- Furthermore, the bloc has a relatively competitive ranking in terms of innovation and business sophistication.

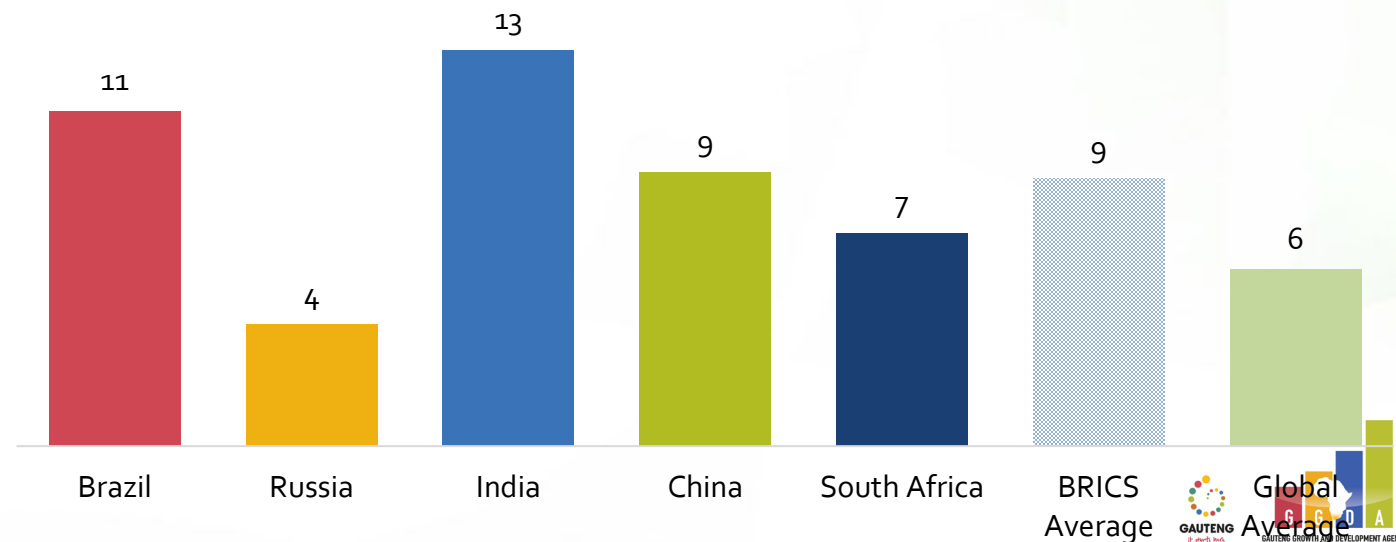
## HITCH HIKERS GUIDE TO BRICS EASE OF DOING BUSINESS

No of days to start business



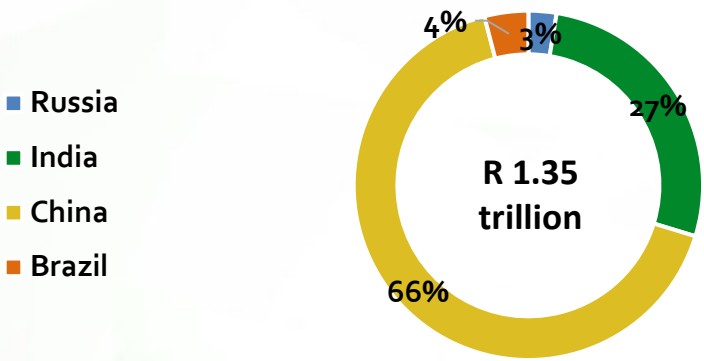
It is worth noting the ease of doing business, particularly the number of days it takes to open a business and the number of procedures an investor has to go through to open one. According to the world economic forum, it takes an average 37 days to register a business in a BRICS country, very uncompetitive when compared to the global average of 21 days. Additionally, an investor is faced with an average of 9 procedures to open a business within the BRICS bloc compared to a global average of less than 6.

Number of procedures to open a business

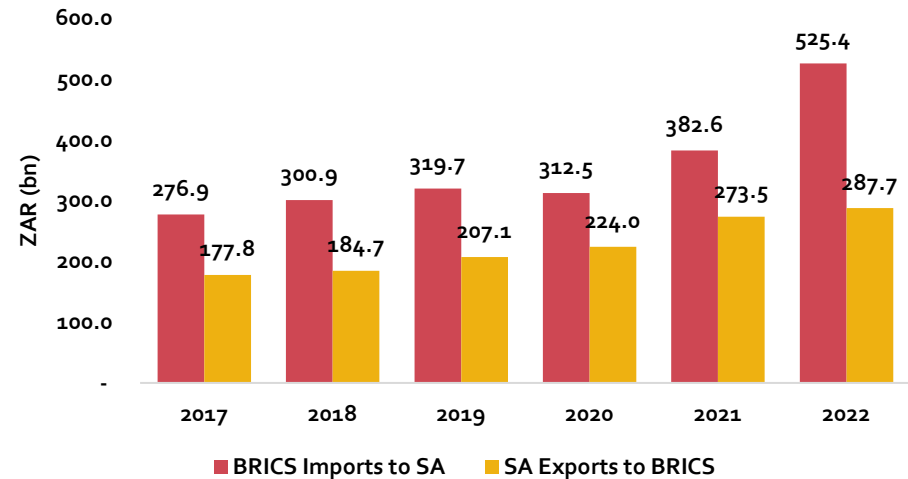


## South Africa's Trade with BRICS

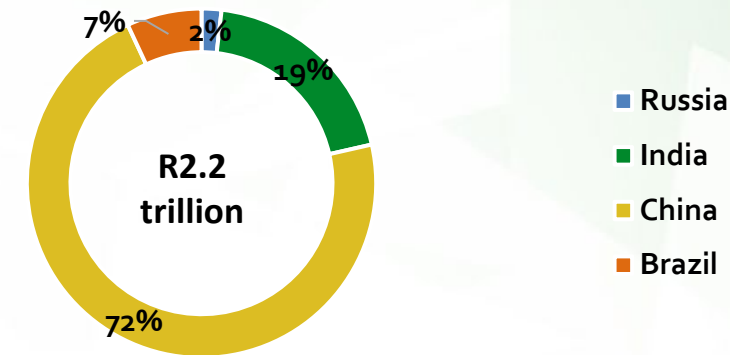
Exports into BRIC Countries



Trade between South Africa & BRICS member states



Imports from BRIC Countries



- South Africa's trade relationships with BRICS countries - Brazil, Russia, India, China, and South Africa itself - have largely been characterized by significant growth and mutually beneficial exchanges.
- As of December 2022, China is South Africa's largest trading partner globally. Accounting for 19% of exports and 15% of imports. China is also our largest partner in the BRICS bloc accounting for at least 70% of trade.
- South Africa has been exporting a range of commodities such as iron ore, platinum, gold, and other minerals to China, reflecting the commodity-based nature of this trade. Imports from China consist largely of manufactured goods. This trade imbalance, favouring China, is a point of concern, and South Africa has been seeking ways to diversify its export base.
- Trade with India has also been significant and mutually beneficial (accounting for 20%), with a focus on sectors such as mining, pharmaceuticals, and information technology. However, there are barriers like import tariffs and market access issues that have sometimes complicated the relationship.
- Trade with is Brazil (accounting for 6% of our BRICS trade) also small in comparison to China and Brazil, with main exports from South Africa being mineral fuels, chemical products, machinery, and vehicles. Brazilian exports to South Africa have largely been poultry, sugar, and automotive parts.
- South Africa's trade with Russia is the smallest in the bloc accounting for 2% of our BRICS trade, with primary exports including fruits and wine, and imports largely comprising of machinery, petroleum products, and fertilizers. The bilateral trade relations could potentially be enhanced by focusing on areas like nuclear energy, mining, and defence.





# TRADE BETWEEN SOUTH AFRICA AND BRAZIL

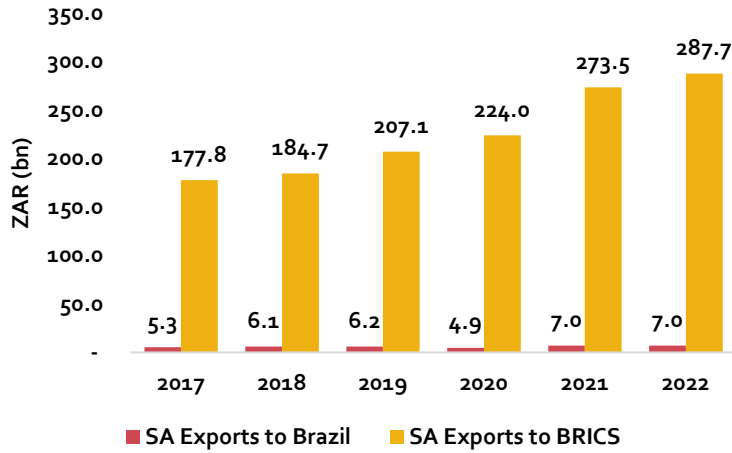


One Team, One Shared Vision

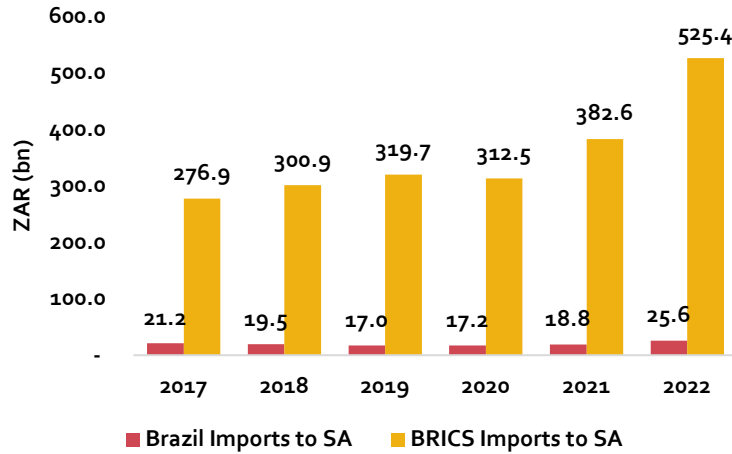
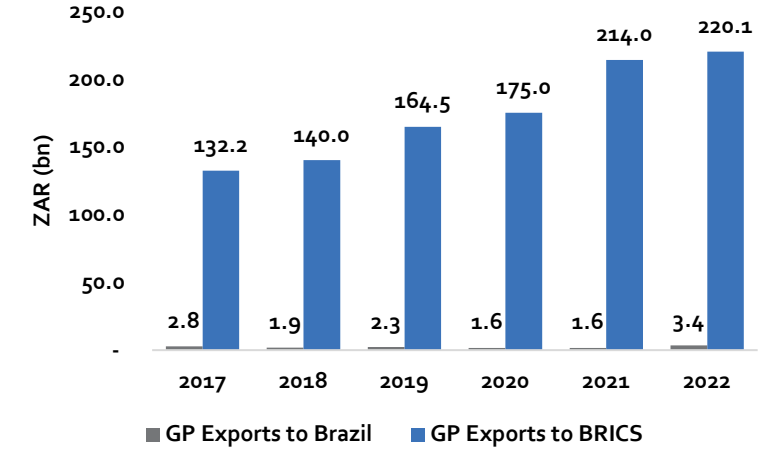




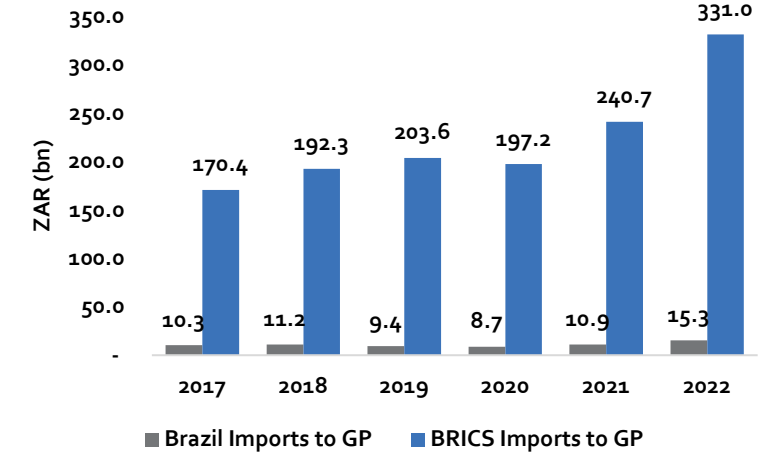
## South Africa's Trade with Brazil



- Between 2017-2022 South Africa Exported R1354.85 billion to BRIC countries.
- Brazil accounted for R36.54 billion or 3% of all BRIC exports from South Africa.
- Over the same period Gauteng exported 1045.73 billion to BRIC countries, with Brazil accounting for R13.62 billion or 1% of all BRIC exports from Gauteng



- Between 2017-2022 South Africa imported R2118.03 billion from BRIC countries.
- Brazil accounted for R119.37 billion or 6% of BRIC-sourced imports into South Africa.
- Over the same period Gauteng imported 1335.29 billion from BRIC countries, with Brazil accounting for R65.78 billion or 5% of all BRIC-sourced imports into Gauteng



South Africa's Trade with Brazil

Top 5 Imports

Vehicles

1

Nuclear reactors, boilers, machinery

2

Electrical machinery and equipment

3

Railway or tramway locomotives

4

Meat and edible meat offal,

5

Top 5 Exports

Mineral fuels, mineral oils and products

Iron and steel

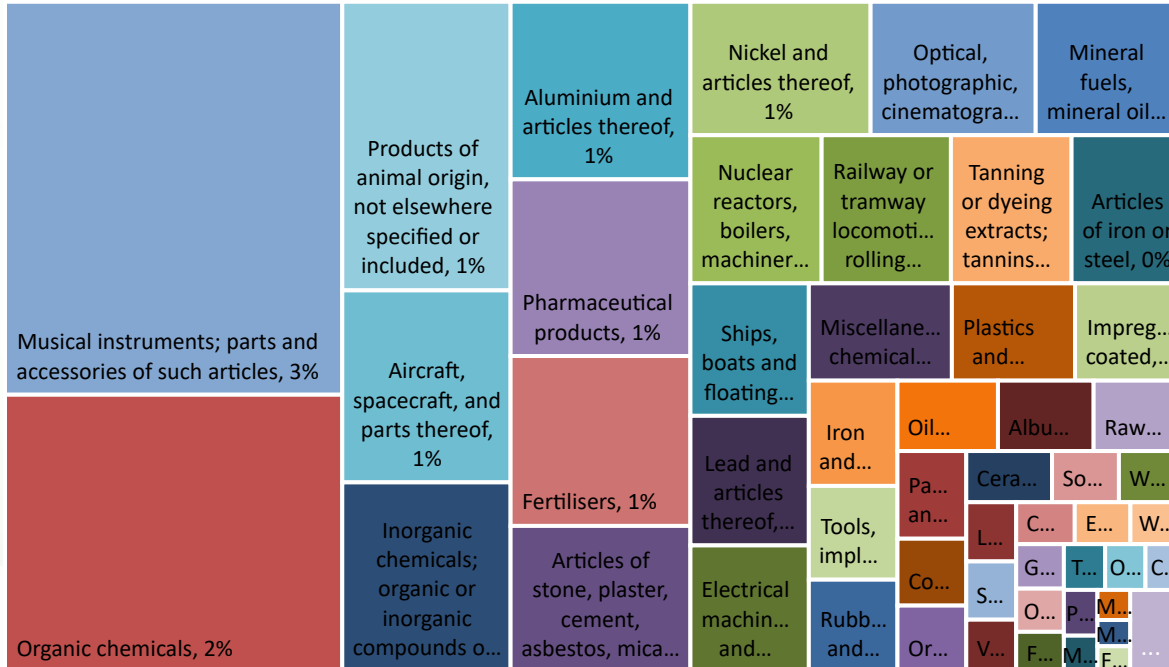
Organic chemicals

Ores, slag and ash

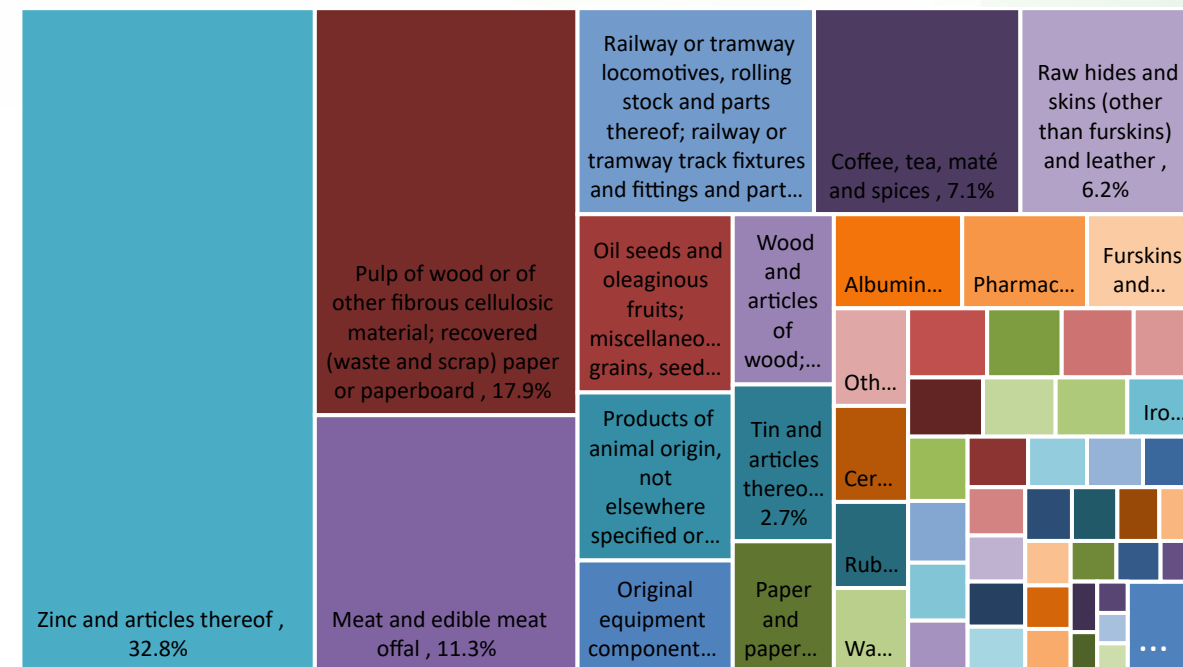
Aluminum and articles thereof

Notable traded products with Brazil

Competitive Exports from Gauteng



Competitive Imports to Gauteng



Notable Exports to Brazil

Destination market for:

- 3% of musical instruments
- 2% of organic chemicals
- 1% of Aircraft and spacecraft equipment

Notable Imports From Brazil

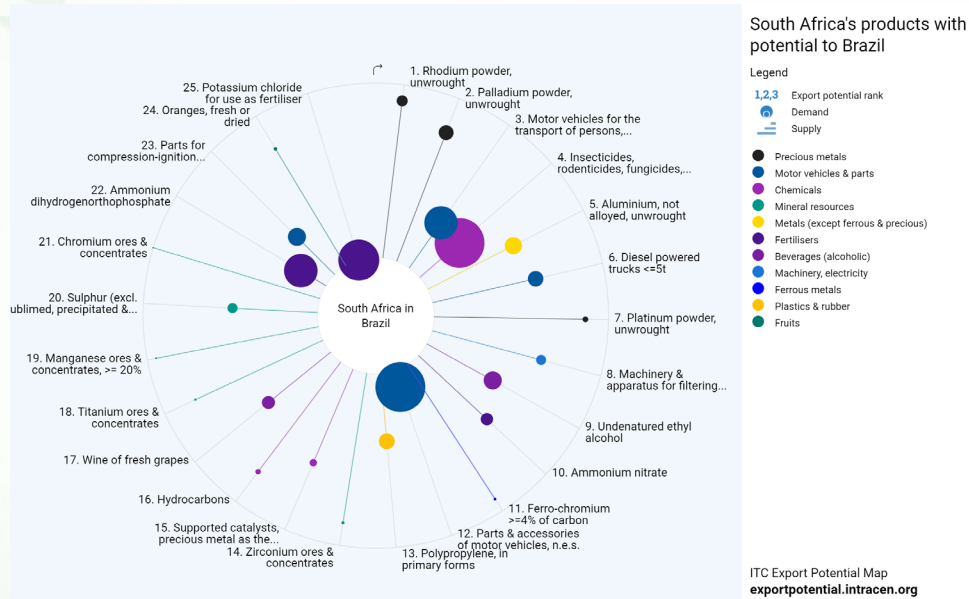
Source Market for:

- 32% of zinc-related articles
- 18% of pulp woods
- 11.3% of edible meats
- 8% of railway components
- 7% of tea and coffee



# SOUTH AFRICA EXPORT POTENTIAL TO BRAZIL

## South Africa's Trade with Potential Brazil



PRODUCT	CURRENT EXPORTS (US\$ Million)	EXPORT POTENTIAL (US\$ Million)	GAP (US\$ Million)
Platinum Group Precious metals	135	168	38
Motor Vehicle parts	4.9	76	71
Electrical Machinery	25	58	33
Fertiliser	3.8	40	36
Alcoholic Beverages	5.2	19	16

The products with the greatest export potential from South Africa to Brazil are

- Precious metals (Rhodium and Platinum group metals),
- Motor vehicles & parts,
- Electrical machinery,
- Alcoholic beverages (wines), and
- Chemicals such as fertiliser & undenatured ethyl alcohol

**Motor vehicles & parts** show the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth (R1.27 billion)

Notable South African Companies Investing in SA

2

Number of Investments

116

Jobs

R 607 million

Total Investment

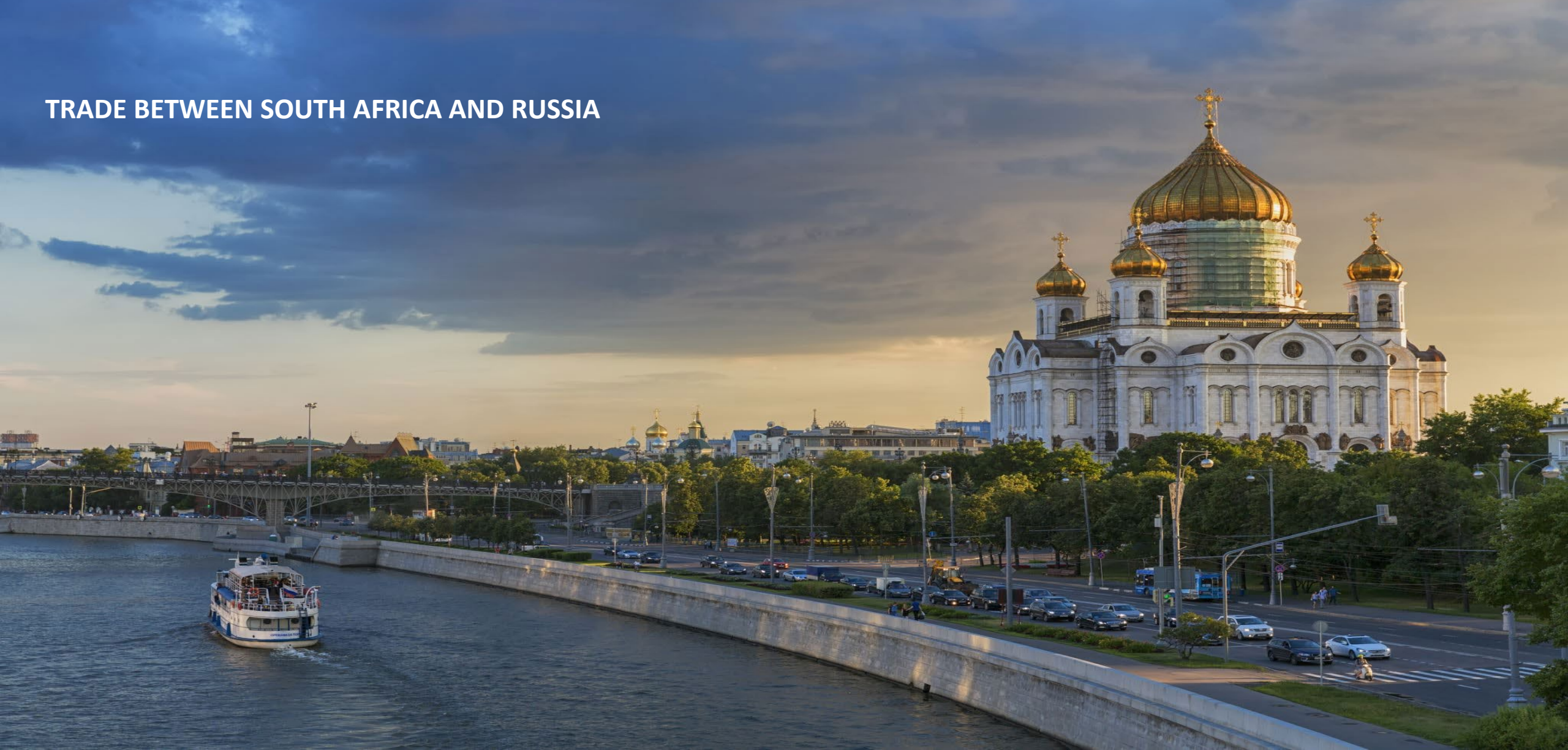
### Notable companies

Embraer

Fox Rubicon Capital Partners

- Since 2014, at least 2 notable companies from Russia have invested in the Gauteng City Region. Representing at least **R 607 million** invested in the economy and creating 116 **direct jobs**.
- Investments from Brazillian entities were in the **Financial Services** and **Aerospace**

# TRADE BETWEEN SOUTH AFRICA AND RUSSIA

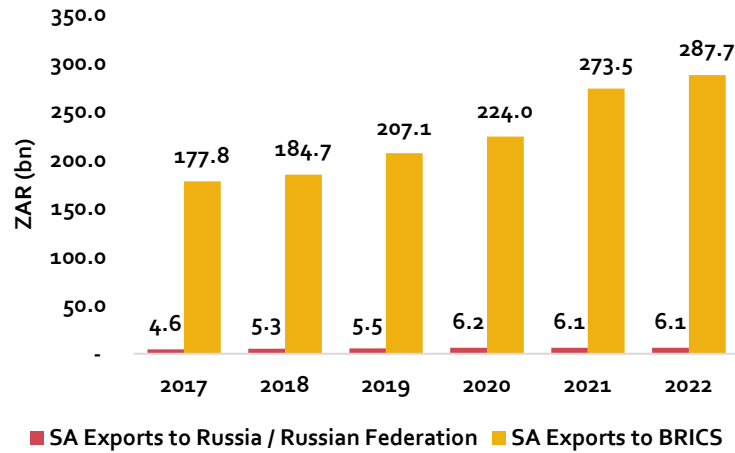


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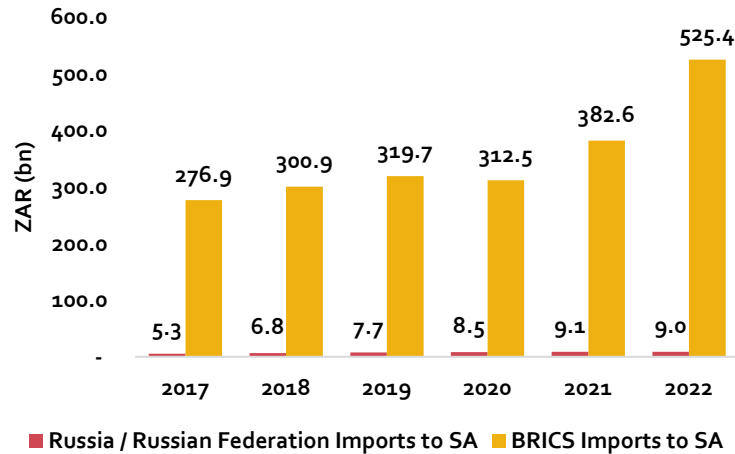




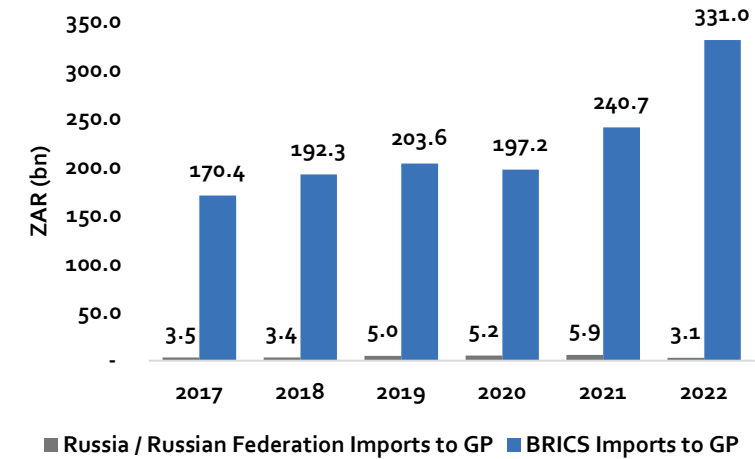
## South Africa's Trade with Russia



- Between 2017-2022 South Africa Exported R1354.85 billion to BRIC countries
- Russia / Russian Federation accounted for R33.73 billion or 2% of all BRI exports from South Africa.
- Over the same period Gauteng exported 1045.73 billion to BRIC countries, with Russia / Russian Federation accounting for R9.66 billion or 1% of all BRIC exports from Gauteng



- Between 2017-2022 South Africa imported R2118.03 billion from BRIC countries.
- Russia / Russian Federation accounted for R46.32 billion or 2% of BRIC-sourced imports into South Africa.
- Over the same period Gauteng imported 1335.29 billion from BRIC countries, with Russia / Russian Federation accounting for R26.05 billion or 2% of all BRIC-sourced imports into Gauteng



South Africa's Trade with Russia

Top 5 Exports

Ores, Slag and Ash

Edible Fruits

Nuclear reactors, boilers

Iron and Steel

Miscellaneous Chemical Products

1

2

3

4

5

Top 5 Imports

Cereals

Fertilisers

Copper and related articles

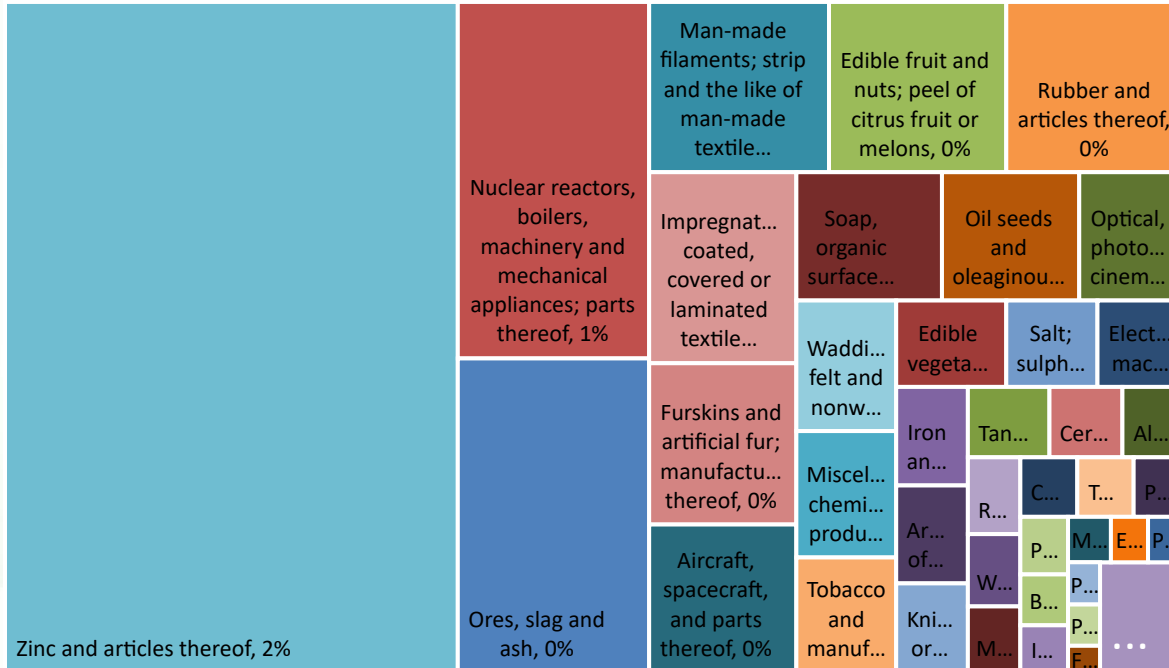
Mineral Oils and Mineral Fuels

Precious and semi-precious stones

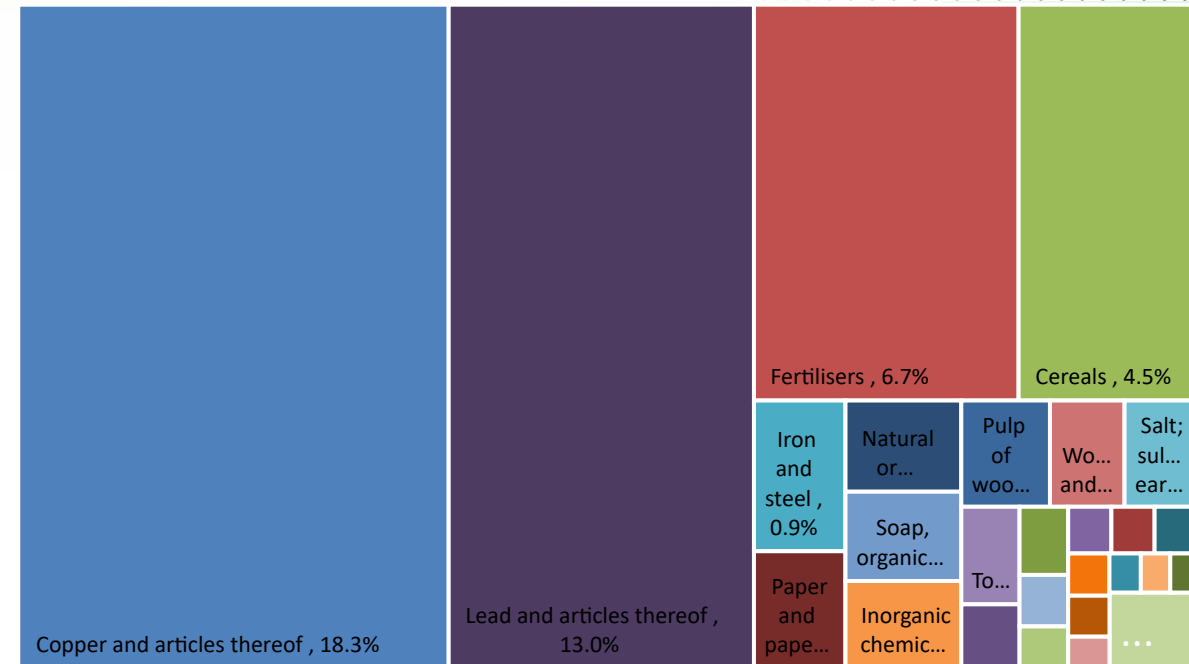
TRADE BETWEEN SOUTH AFRICA AND BRIC COUNTRIES 2017-2022

Notable traded products with Russia

Competitive Exports from Gauteng



Competitive Imports to Gauteng



Notable Exports to Russia

Destination market for:

- 2% of Zinc articles
- 1 % of capital equipment

Notable Imports From Russia

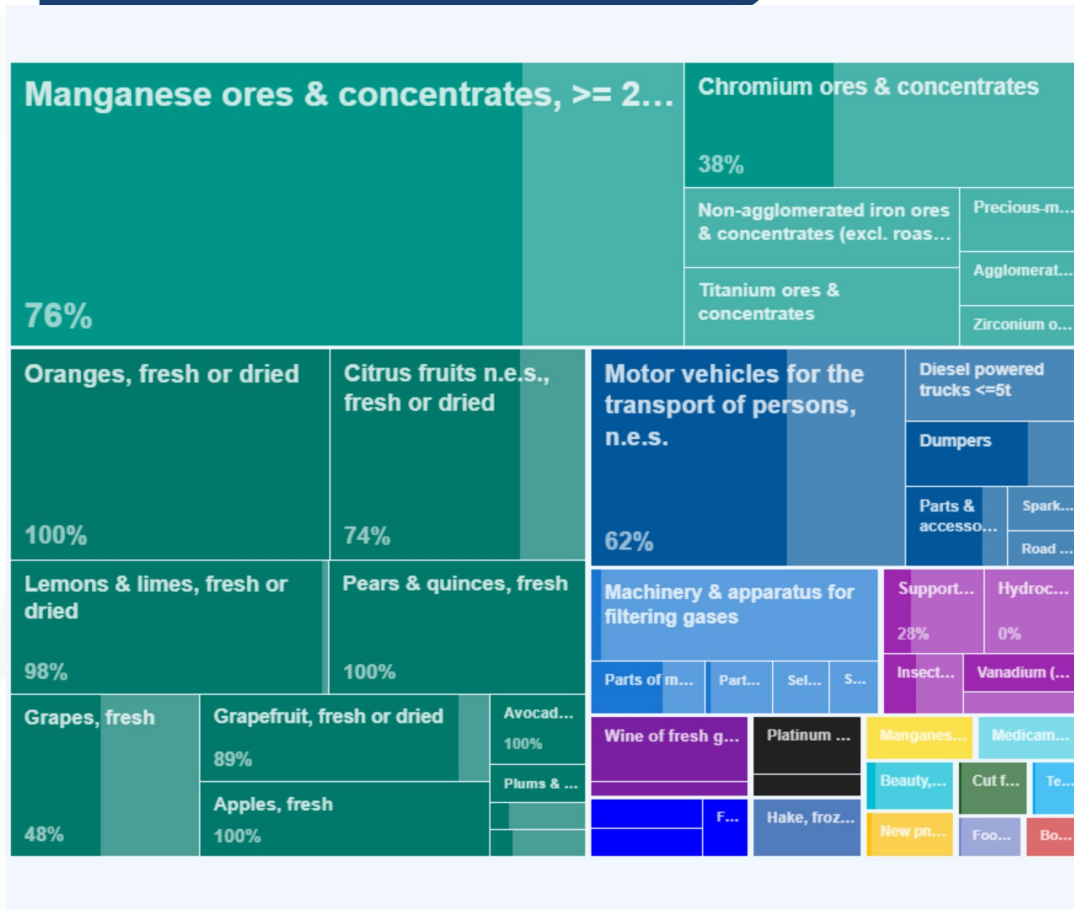
Source Market for:

- 18% % of Copper related articles
- 13% of Lead articles
- 7% of fertilizer
- 5% of cereals



# SOUTH AFRICA EXPORT POTENTIAL WITH RUSSIA

## South Africa's Trade with Potential Russia



South Africa's products with potential to Russian Federation

Legend

- Export potential
- Realized potential
- Mineral resources
- Fruits
- Motor vehicles & parts
- Machinery, electricity
- Chemicals
- Beverages (alcoholic)
- Ferrous metals
- Precious metals
- Fish & shellfish
- Metals (except ferrous & precious)
- Pharmaceutical components
- Beauty products & perfumes
- Plastics & rubber
- Live plants, flowers, foliage
- Electronic equipment
- Food products n.e.s. (processed or preserved)
- Meat (except poultry)

ITC Export Potential Map  
[exportpotential.intracen.org](http://exportpotential.intracen.org)

PRODUCT	CURRENT EXPORTS (US\$ Million)	EXPORT POTENTIAL (US\$ Million)
Minerals	128	238
Moto vehicles & Parts	68	94
Chemical products	37	44
Electric Machinery	28	80
Fruits	227	230

The products with the greatest export potential from South Africa to Russian Federation are:

- Mineral resources (manganese and chromium concentrates),
- Fruits (fresh and dried citrus, lemons, pears and grapefruit), and
- Motor vehicles & parts.

## Notable Russian Companies Investing in SA

5

Number of Investments

337

Jobs

R2.0 billion

Total Investment

## Notable companies

Gazprombank

Grand Capital

Novolipetsk Steel (NLMK)

Transmashholding

Russia Today

- Since 2014, at least 4 notable companies from Russia have invested in the Gauteng City Region. Representing at least **R 2.0 billion** invested in the economy and creating **337 direct jobs**.
- Investments from Russian entities were in the **Financial Services, Railway rolling stock and Steel Manufacturing**.



# TRADE BETWEEN SOUTH AFRICA AND INDIA

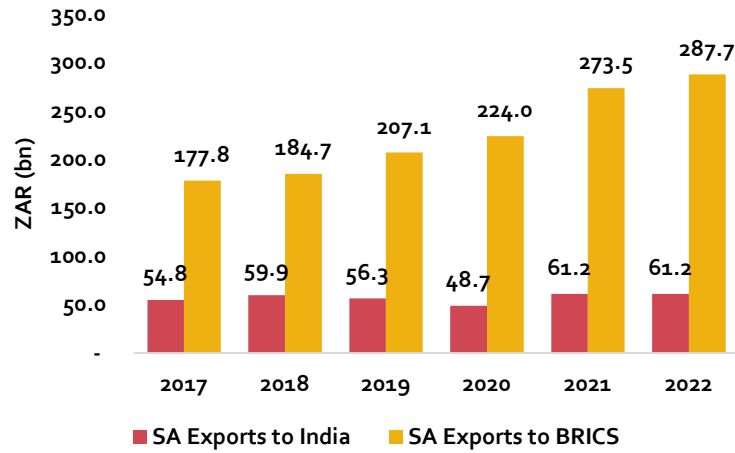


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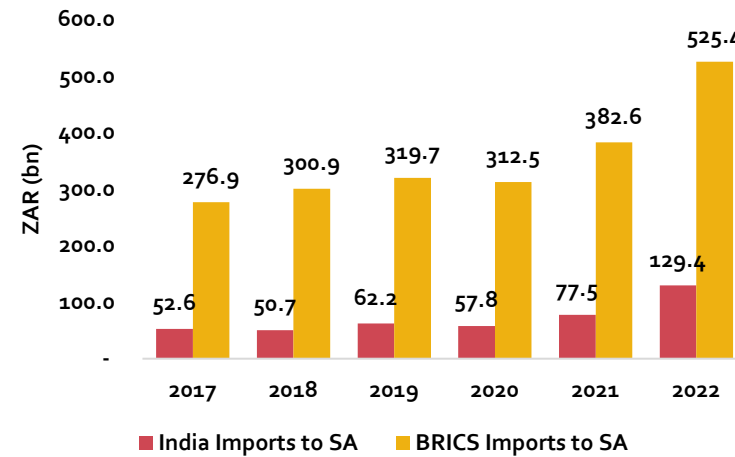
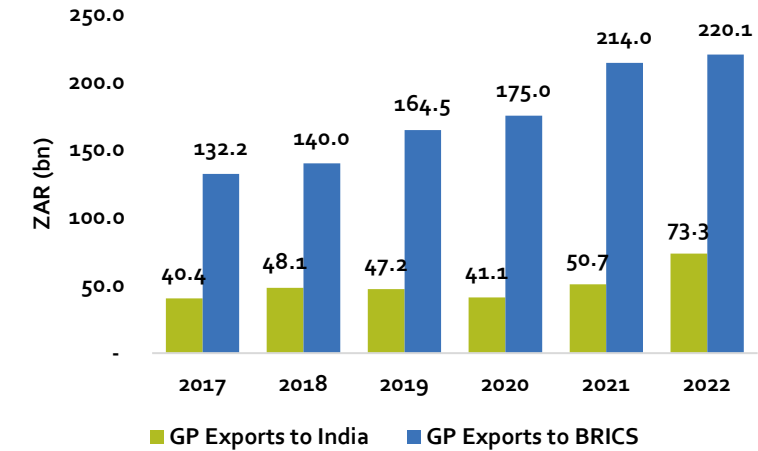




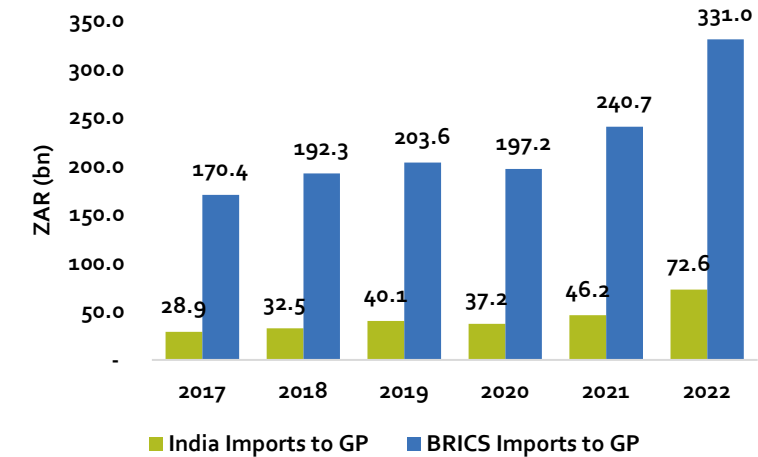
## South Africa's Trade with India



- Between 2017-2022 South Africa Exported R1354.85 billion to BRIC countries.
- India accounted for R342.01 billion or 25% of all BRIC exports from South Africa.
- Over the same period Gauteng exported 1045.73 billion to BRIC countries, with India accounting for R300.86 billion or 29% of all BRIC exports from Gauteng



- Between 2017-2022 South Africa imported R2118.03 billion from BRIC countries.
- India accounted for R430.15 billion or 20% of BRIC-sourced imports into South Africa.
- Over the same period Gauteng imported R1335.29 billion from BRIC countries, with India accounting for R257.49 billion or 19% of all BRIC-sourced imports into Gauteng



South Africa's Trade with India

Top 5 Exports

Mineral fuels, mineral oils and products

Ores, slag and ash

Iron and Steel

Precious or semi-precious stones

Organic Chemicals

1

2

3

4

5

Top 5 Imports

Vehicles

Pharmaceutical products

Mineral fuels

Nuclear reactors and machine appliances

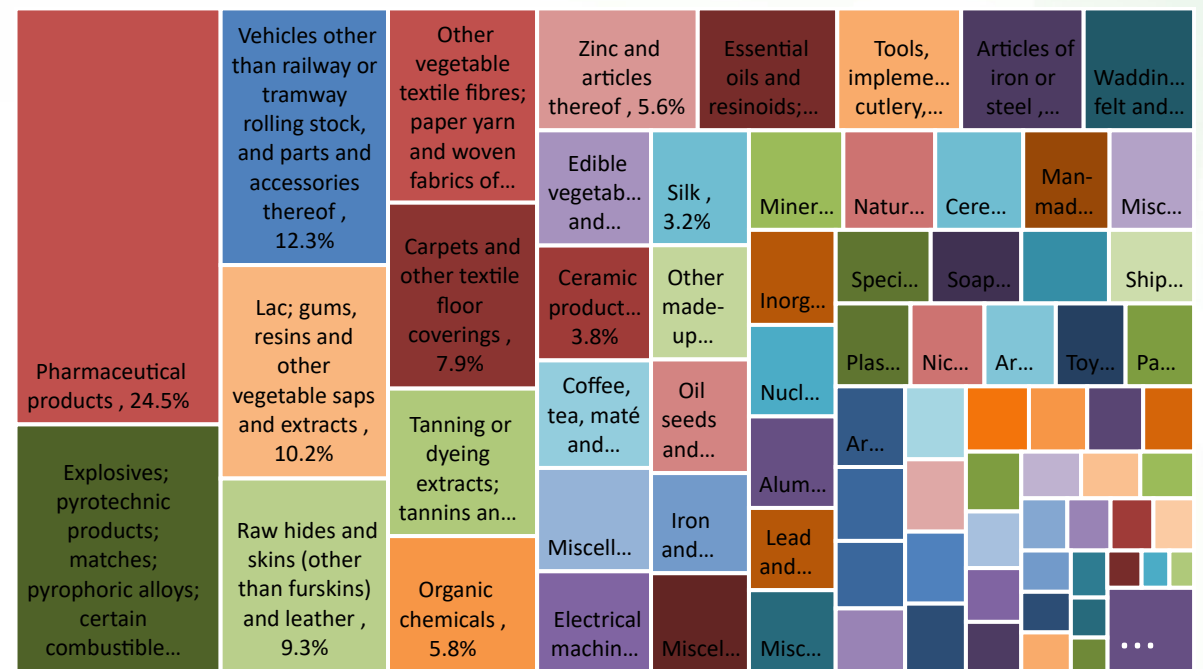
Electrical machinery and equipment ,

Notable traded products with India

Competitive Exports from Gauteng



Competitive Imports to Gauteng



Notable Exports to India

Destination market for:

- 21% for mineral fuels
- 20% of pulp wood
- 9% of tin articles
- 5% of organic chemicals
- 4% prepared food residues

Notable Imports From India

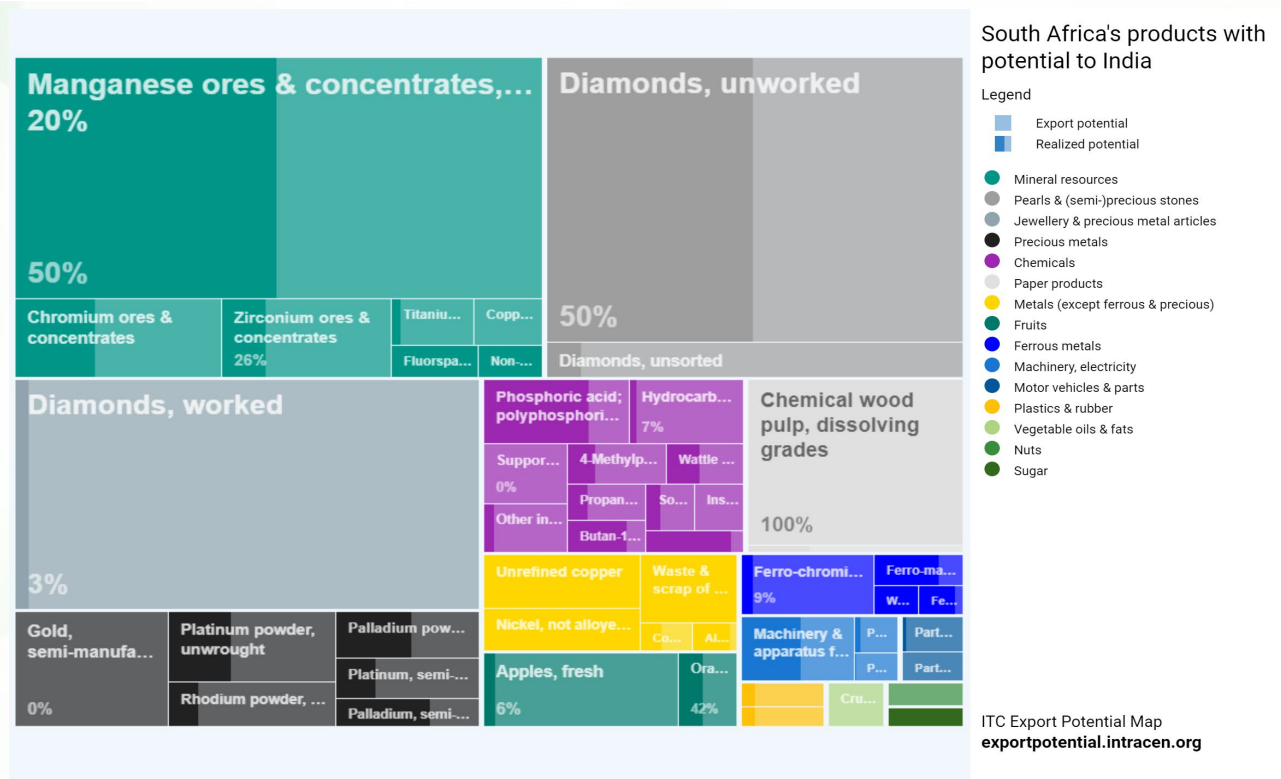
Source Market for:

- 25% of pharmaceutical products
- 15% of explosives
- 12.3% of Motor vehicles



# SOUTH AFRICA EXPORT POTENTIAL WITH INDIA

## South Africa's Trade with Potential India



PRODUCT	CURRENT EXPORTS (US\$ Million)	EXPORT POTENTIAL (US\$ Million)
Minerals	544	913
Precious stones	320	710
Jewellery	17	568
Chemical products	140	334
Precious Metals	84	298
Electric Machinery	41	156
Fruits	33	118

The products with the greatest export potential from South Africa to India are

- Mineral resources(manganese concentrates)
- Precious stones, and Jewellery & precious metal articles.
- Jewellery & precious metal and worked diamonds show the largest absolute difference between potential and actual exports in value terms, leaving room to realize additional exports worth R 10.2 billion.
- There is also significant potential for fresh apples (R 1.4 billion)

Notable Indian Companies Investing in South Africa

Notable companies

>35

Number of  
FDI  
Investments

>R4.8  
billion

Total  
Investment

TATA Motors

Bank of India

ICIC Bank

Capillary Technologies

Mahindra Motors

Zomato.com

Cyber roam technologies

CMI Global

State Bank of India





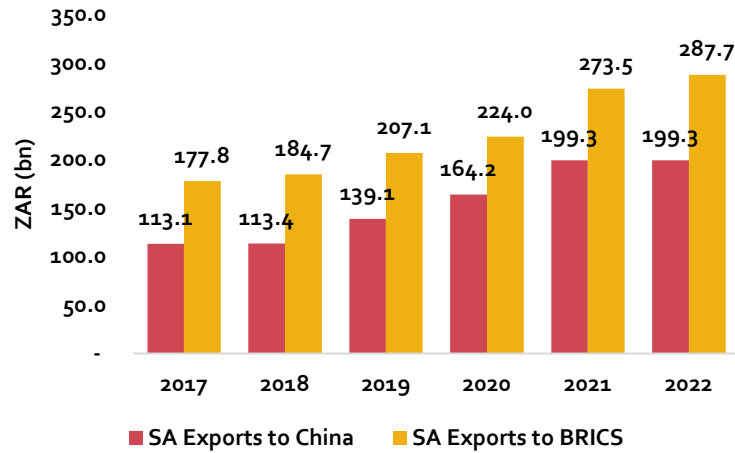
# TRADE BETWEEN SOUTH AFRICA AND CHINA



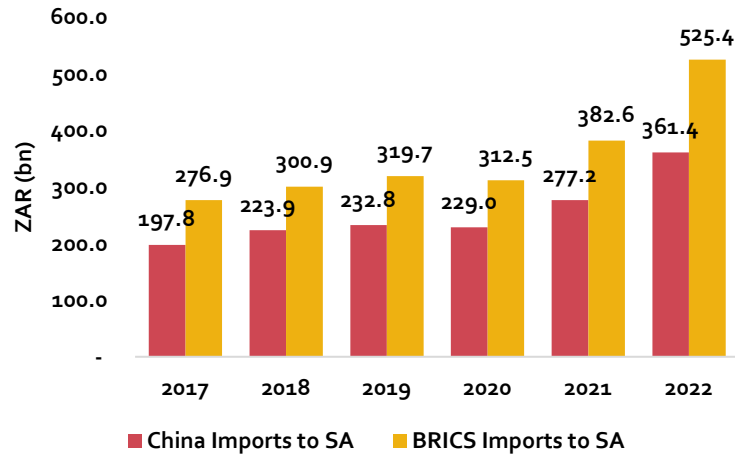
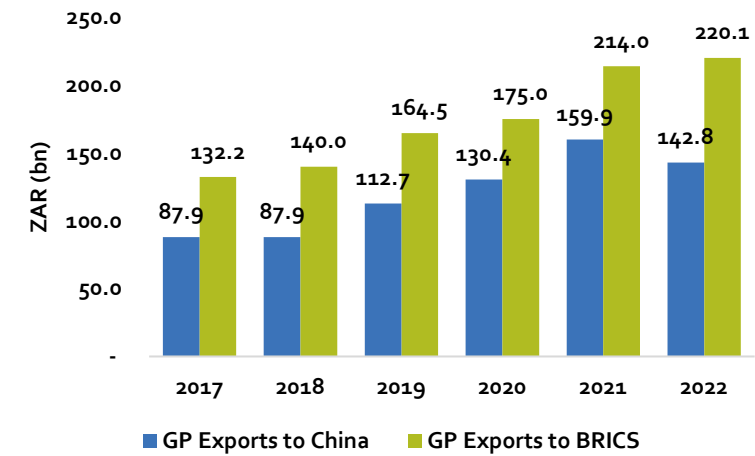
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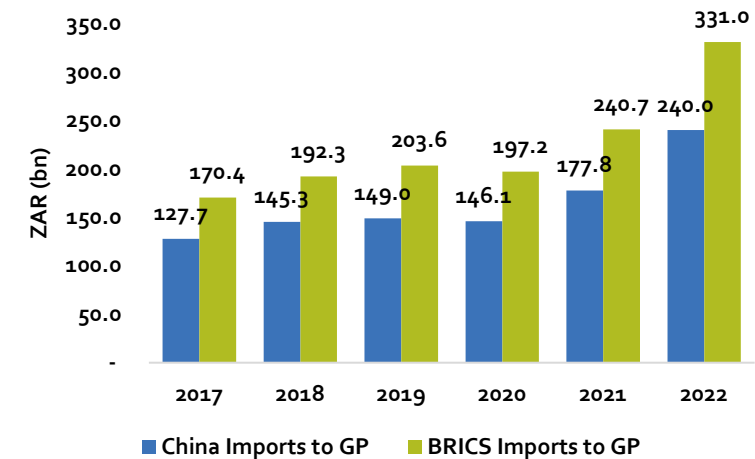
## South Africa's Trade with China



- Between 2017-2022 South Africa Exported R1354.85 billion to BRIC countries.
- China accounted for R928.42 billion or 69% of all BRIC exports from South Africa.
- Over the same period Gauteng exported 1045.73 billion to BRIC countries, with China accounting for R721.58 billion or 69% of all BRIC exports from Gauteng



- Between 2017-2022 South Africa imported R2118.03 billion from BRIC countries.
- China accounted for R1522.19 billion or 72% of BRIC-sourced imports into South Africa.
- Over the same period Gauteng imported 1335.29 billion from BRIC countries, with China accounting for R985.97 billion or 74% of all BRIC-sourced imports into Gauteng





South Africa's Trade with China

Top 5 Exports

Ores, slag and ash

Iron and Steel

Minerals fuels and Mineral oils

Wool fine, or coarse animal hair

Pulp of wood and other fibrous materials

1

2

3

4

5

Top 5 Imports

Electrical machinery and equipment ,

Nuclear reactors and machine appliances

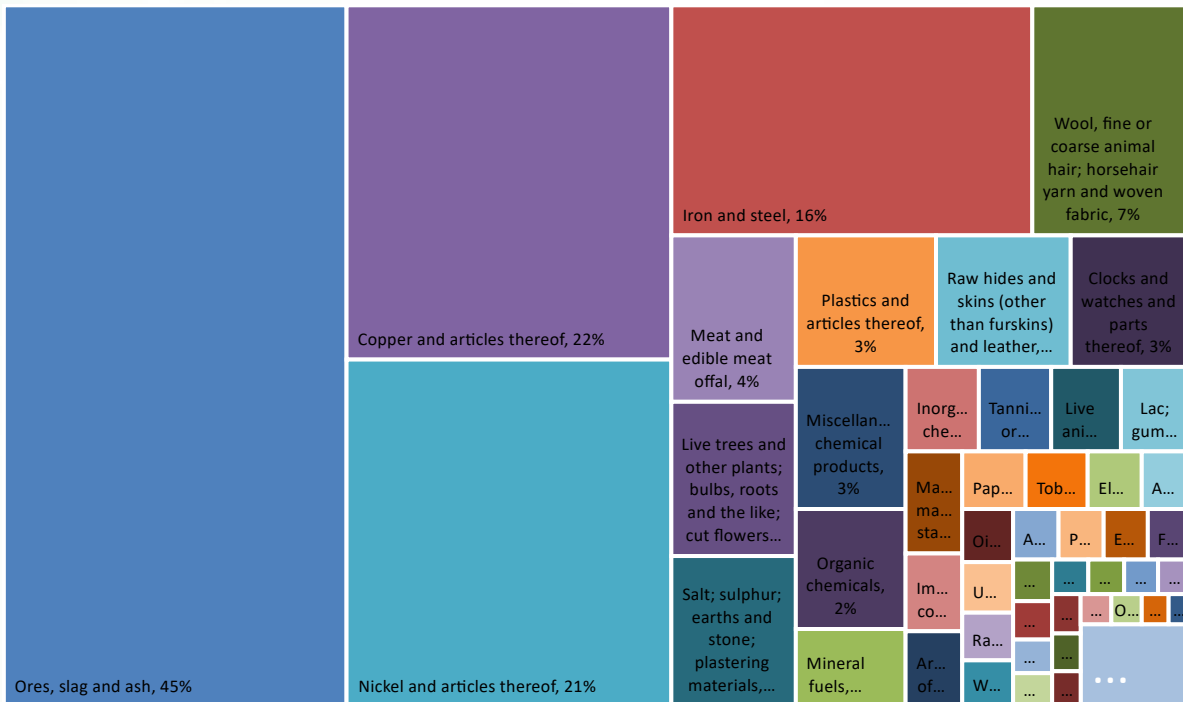
Vehicles

Footwear

Plastics and related materials

Notable traded products with China

Notable Exports from Gauteng to China



Notable Imports from China to Gauteng



Notable Exports to China

Destination market for:

- 45% Ores, slag and Ash
- 22% of Copper Articles
- 21% of Nickel
- 16% of Iron and Steel

Notable Imports From China

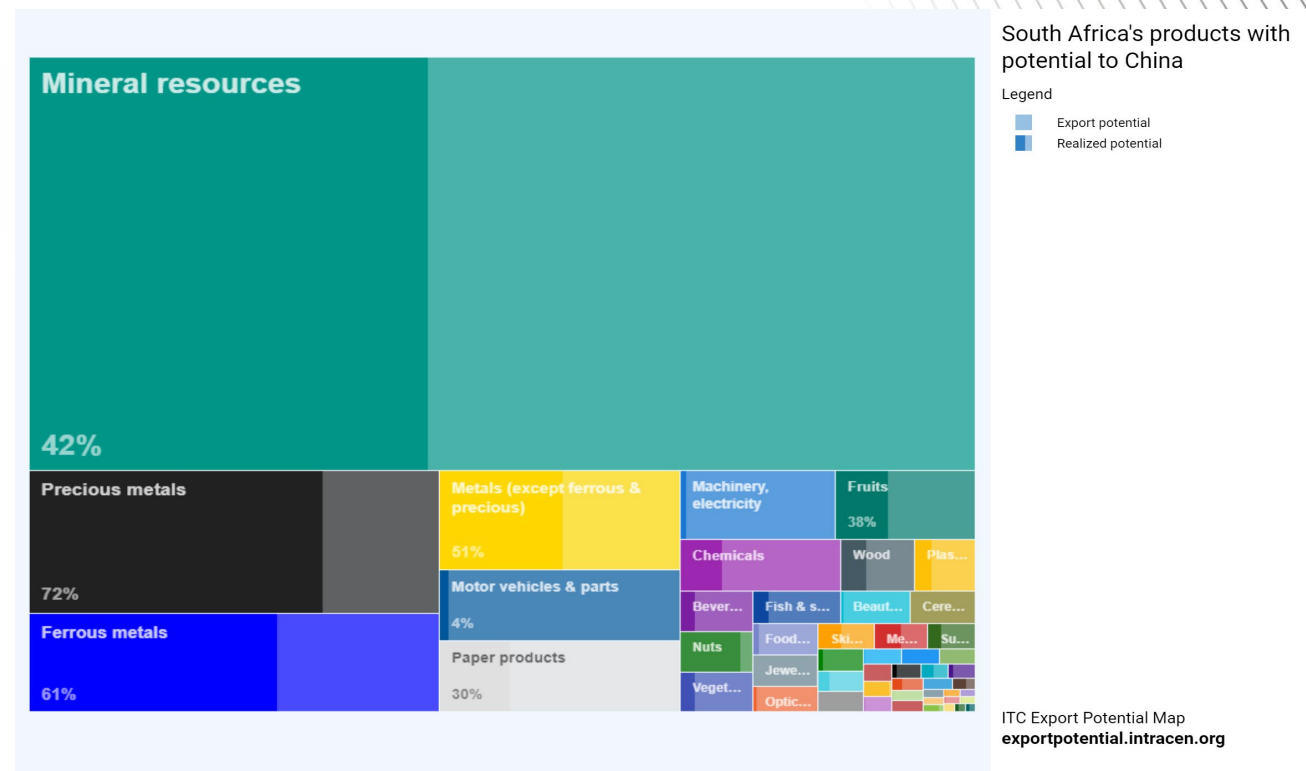
Source Market for:

- 85% of mobile phones
- 44% of Railway and locomotives
- 39% of Electric machinery
- 38% of Headgear and related parts
- 30.4% of Toys and games
- 21% of Tooling implements

# SOUTH AFRICA EXPORT POTENTIAL WITH CHINA

## South Africa's Trade with Potential China

PRODUCT	CURRENT EXPORTS (US\$ Billion)	EXPORT POTENTIAL (US\$ Billion)
Minerals	8.7	19
Precious metals	2.4	2.9
Ferrous Metals	1.2	2.0
Electric Machinery	0.025	0.52
Motor vehicles & parts	0.034	0.84



The products with the greatest export potential from South Africa to China are

- Mineral resources particularly iron ores concentrates, Manganese ores & concentrates, and Chromium ore concentrates,
- Precious metals,
- Electrical Machinery and
- Motor vehicles & parts

Unrealised export potential increase in mineral resources amounts to at least R 198 billion



Notable Chinese companies invested in Gauteng



- Since 2014, the GGDA has identified at least **R 118 billion** worth of foreign direct investment in Gauteng from Chinese enterprises enterprises.
- China was the largest source of FDI into Gauteng during that period
- FDI from Chinese enterprises has created **7 800 direct jobs** in Gauteng



HAVAL



HIKVISION



ZOOMLION  
中联重科



# Areas Of Partnership

## Gauteng Possible Areas of Partnership with BRICS

### Infrastructure Development

- **Rail and Transport Infrastructure:** Both China and Russia have significant expertise in railway and transport infrastructure. Gauteng can partner with BRICS countries to develop smart transport networks and railway infrastructure to enhance connectivity across the region. Partnerships with Russia and China offer significant potential in upgrading Gauteng's railway and transport infrastructure, which is essential for improving logistics and trade efficiency within the region. Given China's significant involvement in global infrastructure projects, partnerships in Gauteng could focus on building transport networks, energy infrastructure, and urban development. This could involve PPPs and direct investments in large-scale infrastructure projects.
- **Brazilian and Russian Expertise:** Brazil's experience in agricultural infrastructure and Russia's expertise in energy and heavy industries could be tapped into for developing Gauteng's infrastructure, particularly in rural and industrial areas.
- **Public-Private Partnerships (PPPs):** Chinese investments in infrastructure projects like roads, energy, and logistics can be leveraged to further develop Gauteng's economic zones. These investments align with Gauteng's goals for large-scale infrastructure development

### Technology Transfer and Innovation

- **China and India:** Both countries are leaders in technology and innovation. Partnerships in ICT, manufacturing, and pharmaceutical research could help Gauteng leverage technology for economic growth. For instance, China's advancements in 5G technology and India's strengths in IT services and pharmaceuticals can be critical areas for collaboration.
- **Russia:** Russia's expertise in nuclear technology and aerospace offers potential collaboration opportunities in advanced technology sectors in Gauteng, including energy and defence.
- **Renewable Energy:** BRICS countries, particularly China and India, are heavily investing in renewable energy additionally, Russia's expertise in nuclear energy. Partnerships can be formed to develop renewable energy projects in Gauteng, helping the region transition to a greener economy
- **Pharmaceuticals and healthcare:** India is a key partner in pharmaceuticals and healthcare. Gauteng imports pharmaceutical products from India and can expand collaborations in healthcare technology, production of generic medicines, and medical infrastructure development
- **Smart Cities Development:** China has made significant strides in smart city technologies, and Gauteng can benefit from partnerships in areas like urban mobility, IoT (Internet of Things), AI (Artificial Intelligence), and sustainable urban planning. These technologies can be implemented in Gauteng's major cities to improve public services, enhance digital infrastructure, and promote sustainable urban development.

### Automotive and Aerospace

- **China** is the world's largest EV market accounting for 52% of global sales. Notable Chinese companies include: **CATL, BYD, CALB, Guaxuan, SVolt and Sunwoda**
- There is an opportunity for partnership with Chinese to Gauteng, GGDA can facilitate a location of identified companies to set up in one of the SEZs to manage Gauteng's NEV drive. **India and Brazil** have contributed to the automotive and aerospace industries in Gauteng, with companies like Tata Motors and Embraer driving growth in these sectors. Gauteng can leverage partnerships with companies like TATA Motors and Geely to boost its own automotive sector, particularly in electric vehicle production

### Increase Gauteng's Air Access to our BRICS partners

- China is the world's largest consumer market, Additionally it is our 7<sup>th</sup> largest source market for tourism.
- India is our 6<sup>th</sup> largest source market for tourism and notably, there is limited routes to Brazil and Russia
- There is scope to increase Air access to these markets by offering more airlines landing into Gauteng.
- Gauteng provides a compelling value proposition as :
  - **A business destination,**
  - **A tourist destination,**
  - **A cargo destination,**
  - **or a gateway to the continent destination.**
- **BRICS Tourism Partnerships:** Strengthening tourism ties with BRICS countries, particularly China and India, can boost Gauteng's tourism sector. Cultural exchanges and business tourism from these growing markets can drive economic development in Gauteng

### Increase Gauteng's battery, Green Hydrogen, & Fuel Cell production

- In light of our ambitions there are four possible opportunities between Gauteng and Chinese enterprises
- **Skills development and transfer :** China through **Sinofuelcell** is one of the largest fuel cell producers in the world There is an opportunity for skills transfer with the Hydrogen, Universities, Innovation Hubs as well as the Vaal SEZ to implement a similar skills development program
- **Investment:** There is scope to attract investors from China with an appetite to roll out Hydrogen fuel infrastructure manufacturing can be collocated in our SEZ
- China is a leader in global lithium production accounting for at least 70% of Gwh produced globally. Six of the top 10 battery manufacturing companies are headquartered in China.
- Additionally, most of the parts and metals that make up a battery—like battery-grade lithium, electrolytes, separators, cathodes, and anodes—are primarily made in China.
- Potential investment can include Large scale battery manufacturers
- Manufactures of charging stations and related components

### Partnership/Twinning agreement to increase SEZ capability

- China is a world leader in SEZ development—through SEZs Chinese manufacturing has increased from below 10% (1995) of global share to 30% (2023) of global share
- In addition to its 7 SEZ, China has 15 free-trade zones, 32 state-level economic and technological development zones, and 53 new and high-tech industrial development zones have been established in large and medium-sized cities
- **There is an opportunity for twinning agreements between our SEZs and Chinese SEZs. Additionally, this can drive our smart city ambitions**
- **This approach will accelerate technology transfer, drive investment and foster intra-BRICS cross pollination in identified sectors cementing Gauteng's manufacturing capability.**





One Team, One Shared Vision