



KCCI - Country Wrap: SOUTH AFRICA (APR'19)

South Africa – a brief overview

South Africa is a middle-income emerging market with an abundant supply of natural resources, well-developed financial, legal, communications, energy, and transport sectors and a stock exchange that is Africa's largest and among the top 20 in the world. Unemployment, poverty, and inequality - among the highest in the world - remain a challenge. Official unemployment is roughly 27% of the workforce. Even though the country's modern infrastructure supports a relatively efficient distribution of goods to major urban centers throughout the region, unstable electricity supplies retard growth. South Africa's economic policy has focused on controlling inflation while empowering a broader economic base; however, the country faces structural constraints that also limit economic growth, such as skills shortages, declining global competitiveness, and frequent work stoppages due to strike action.

Key Industrial & Agricultural Products of South Africa

The key industries of South Africa are mining (world's largest producer of platinum, gold, chromium), automobile assembly, metal working, machinery, textiles, iron and steel, chemicals, fertilizer, foodstuffs and commercial ship repair. Agricultural products of South Africa include corn, wheat, sugarcane, fruits, vegetables, beef, poultry, mutton, wool and dairy products.

South Africa's major trading partners

South Africa predominantly imports goods from China 18.3%, Germany 11.9%, US 6.6%, Saudi Arabia 4.7% and India 4.7%. Major imported items are machinery and equipment, chemicals, petroleum products, scientific instruments and foodstuffs. Important export partners of South Africa are China 9.5%, US 7.7%, Germany 7.1%, Japan 4.7%, India 4.6%, Botswana 4.3%, and Namibia 4.1% while main export items are gold, diamonds, platinum, other metals and minerals, machinery and equipment.

Economic Relations between Pakistan and South Africa

Economic relations between Pakistan and South Africa have remained cordial and amiable after the end of apartheid regime in 1994. Due to embargoes and trade sanctions imposed against South Africa by Commonwealth of Nations, USA, and EU, the two nations did not establish official diplomatic ties and boost any concrete economic relations until 1994.

Pakistan does not have any bilateral trade agreement in place with South Africa. However, in 2013, 8 MoUs were signed during Pakistan-South Africa Joint Commission meeting to increase trade value between countries to \$ 1Bn. In addition to this, Pakistan also envisaged 'Look Africa Plan' in Sep'17 to increase bilateral trade with the African countries. South Africa is included among top 10 African countries selected under this policy.

Bilateral Trade Relations between Pakistan and South Africa

Pakistan and South Africa share moderate bilateral trade relations. Pakistan exported goods worth \$ 178.15Mn in 2018 to South Africa as against exports of \$ 172.0Mn in 2017, showing an increase of 3.5%. Goods imported by Pakistan from South Africa were worth \$ 1,237.85Mn in 2018 compared to \$ 1,043.85Mn in 2017, an increase of 18.6%. During 2018, bilateral trade deficit of \$ 1,059.7Mn was recorded compared with 872.25 in 2017, an increase of 21.5%.

Potential for enhancing bilateral trade relations between Pakistan and South Africa

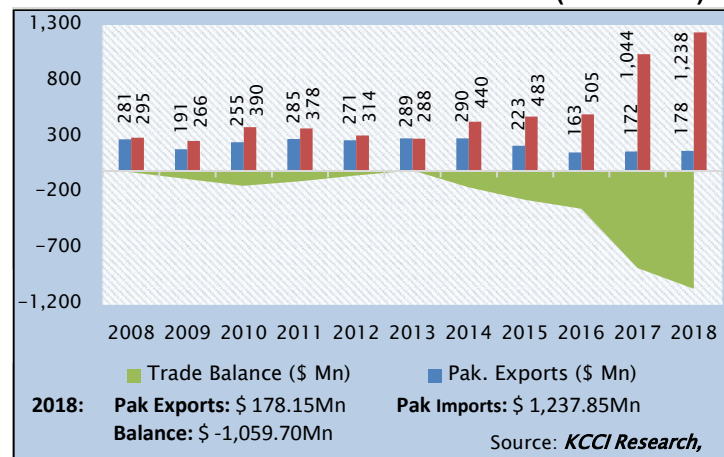
- Pakistan can increase its leather footwear exports to South Africa at competitive prices
- CPEC depicts a stupendous opportunity for Pakistan to further enhance its trade volume to South Africa.
- Pakistan can export meat products to South Africa market, as the country relies significantly on imported meat from Brazil and European countries.
- Both countries can enhance their mutual cooperation and knowledge transfer in the mining sector. For this purpose, Balochistan province offers a wonderful opportunity for both Pakistani and South-African companies to take different joint ventures.

Economic Indicators

Indicators	Unit	2016	2017	Change
GDP (PPP)	\$ Bn	757	767	1.32%
GDP per Capita	\$	13,600	13,600	0.00%
GDP growth	%	0.6	1.3	0.70%
Forex Reserves	\$ Bn	47.23	50.72	7.39%
External Debt	\$ Bn	144.60	156.30	8.09%
Exports of Goods	\$ Bn	75.16	94.93	26.30%
Imports of Goods	\$ Bn	79.57	89.36	12.30%
Trade Balance	\$ Bn	-4.41	5.57	226.30%
Current Account	\$ Bn	-8.23	-8.58	-4.25%
FDI - at Home	\$ Bn	136.80	156.80	14.62%
FDI - at Abroad	\$ Bn	172.8	270.3	56.42%
CPI	%	6.3	5.3	-1.00%
Prime Lending Rate	%	10.46	10.38	-0.08%
Population	Mn	55.91	54.84	-1.91%
Unemployment	%	26.7	27.6	0.90%
Literacy Rate	%	94.4	N/A	N/A

Sources: KCCI Research, CIA Factbook

Trade between Pakistan & South Africa (2008-2018)



South Africa's Trade - Commodity Wise (2018)

Top 10 Exports Items (\$ Mn)	Top 10 Imports Items (\$ Mn)
Pearls & stones 16,555	Mineral fuels 17,043
Ores, Slag & Ash 11,815	Machinery & appl. 11,516
Vehicles, not railway 10,809	Electrical machinery 8,628
Minerals fuel & oil 10,016	Commodities NES 7,526
Iron and steel 6,309	Vehicles, not railway 7,082
Machinery & appl. 5,818	Plastics & Articles 2,833
Edible fruit & nuts 3,672	Pharmaceuticals 2,496
Aluminium & articles 2,032	Optical & photographi 2,263
Electric Mach. & equip. 1,815	Mis. Chemical Produc 1,680
Plastic & Articles 1,442	Organic chemicals 1,568

Sources: KCCI Research, Trademap

Pakistan's Trade with South Africa - Commodity Wise (2018)

Top 10 Export Items (\$ Mn)	Top 10 Import Items (\$ Mn)
Cotton 45.18	Minerals fuel & oil 1,036.25
Made-up textiles 25.72	Iron and steel 132.82
Man-made fibres 23.01	Cotton 21.56
Salt, sulphur & stones 11.47	Organic chemicals 84.17
Articles of Apparel, knitted 8.31	Pulp of wood 7.95
Raw hides & skins 7.40	Misc. chemical 5.26
Articles of Leather 7.25	Tanning or dyeing 4.34
Apparel not knitted 5.43	Vehicles other than 4.11
Furniture & bedding 5.41	Machinery, appliance: 2.77
Optical, photo or surgical 5.04	Misc. edible 2.60

Sources: KCCI Research, Trademap