

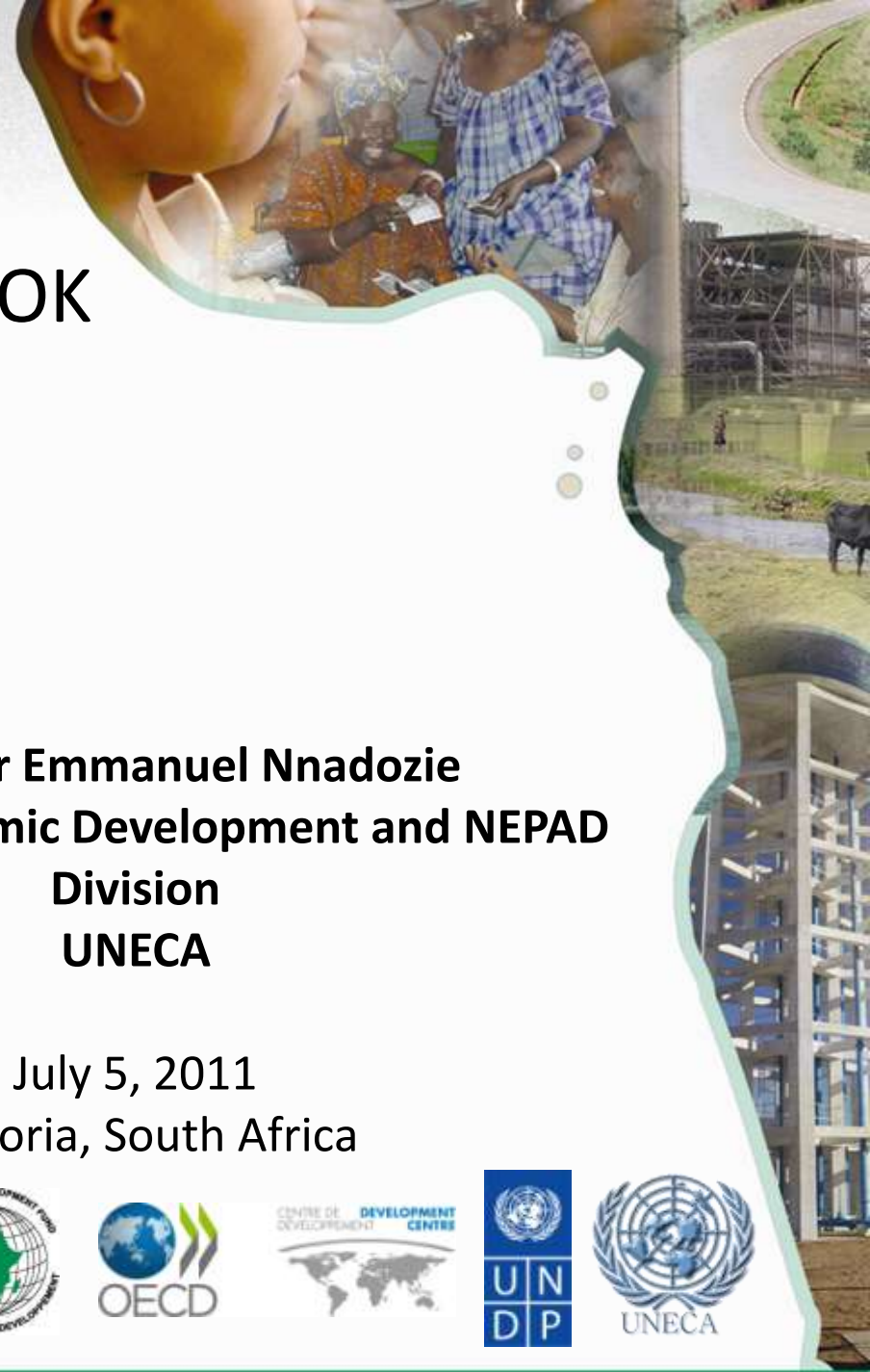
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# AFRICAN ECONOMIC OUTLOOK 2011

## Focus on South Africa

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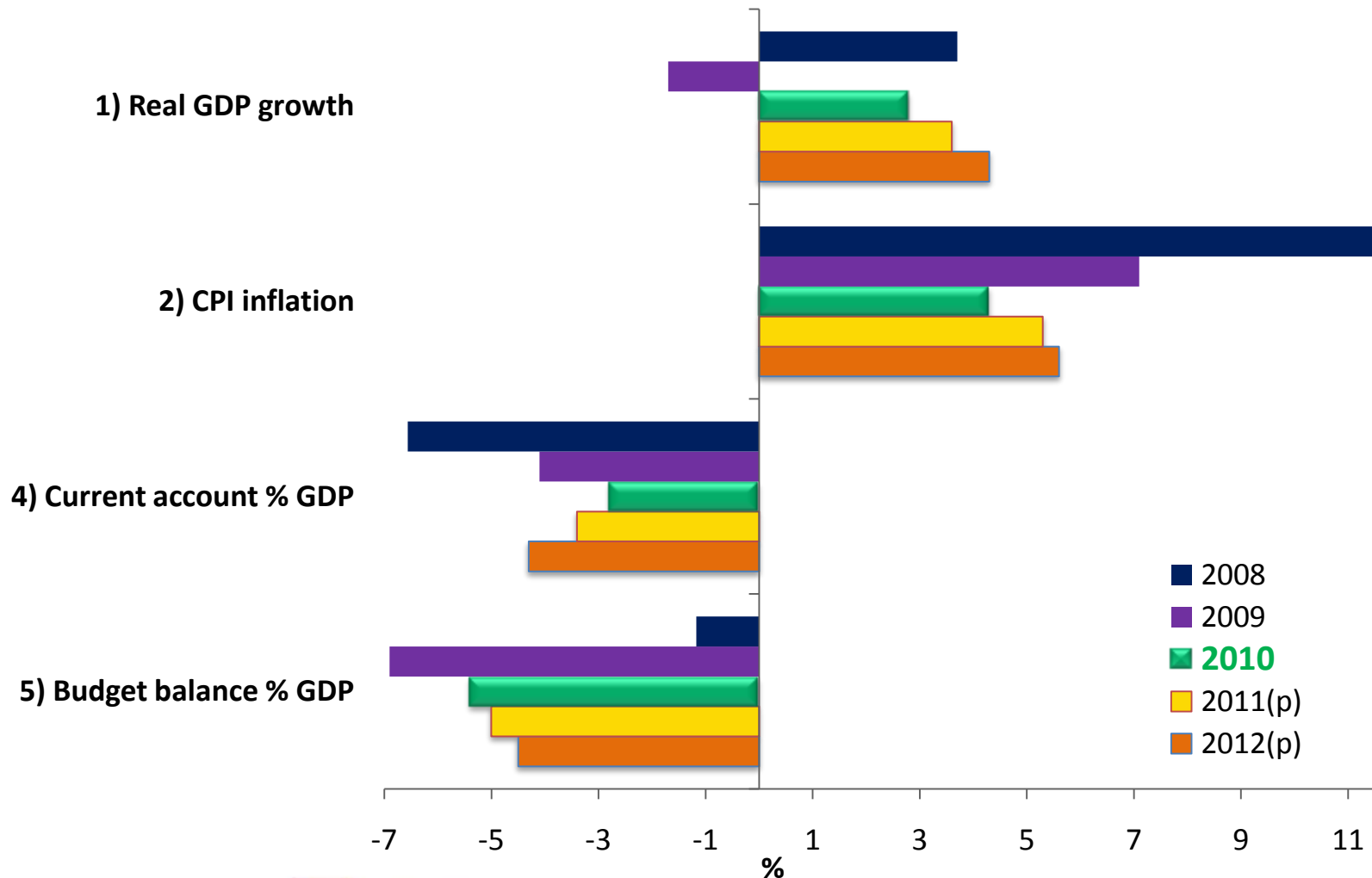
July 5, 2011  
Pretoria, South Africa



# Outline

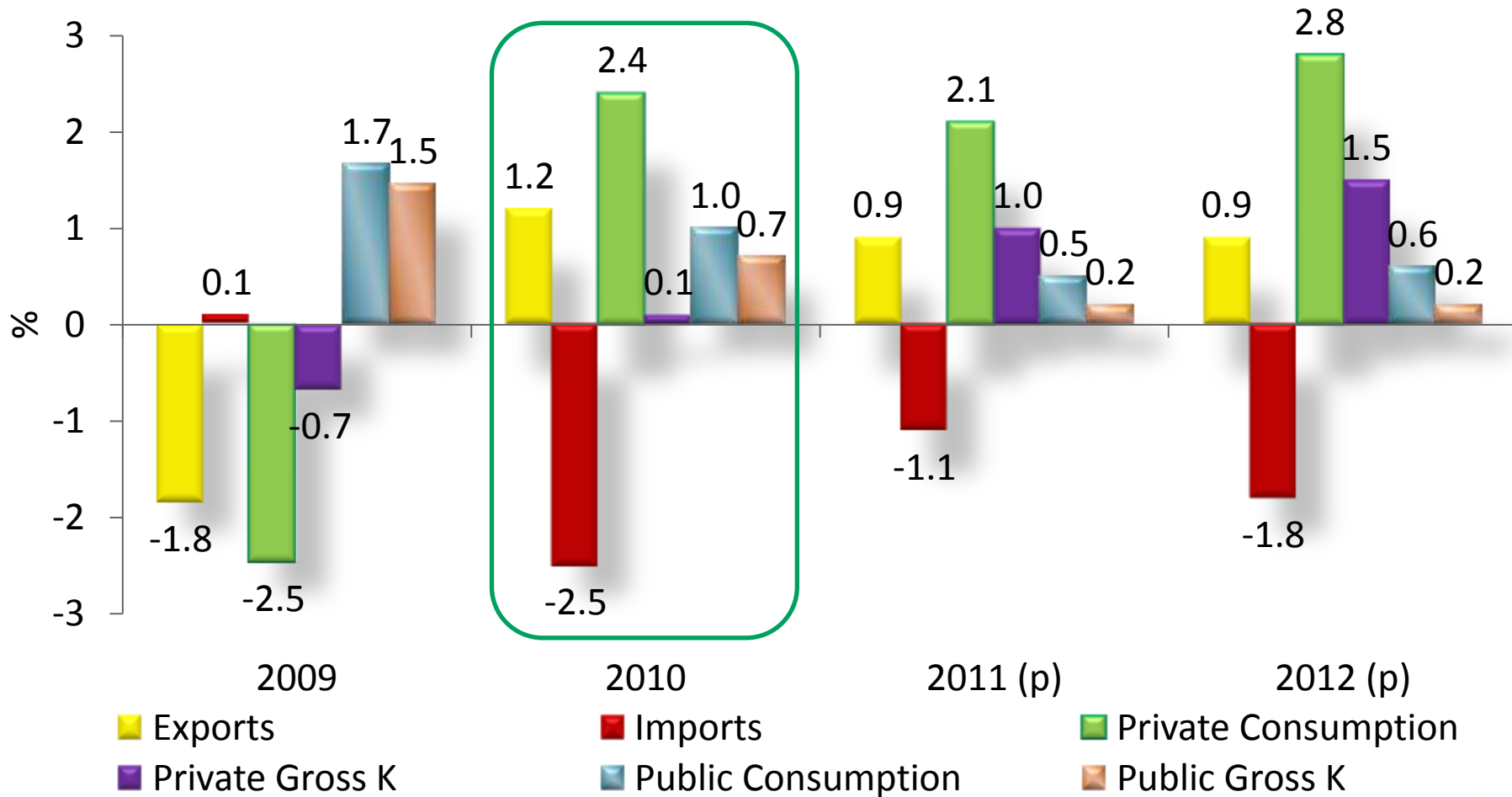
- Recent Economic Developments and Prospects
  - Macroeconomic overview
  - Policy challenges
- South Africa and its Emerging Partners
  - South Africa, a leading partner of emerging countries
  - South Africa, as an emerging partner itself...

# Recent Economic Developments and Prospects



# Recovering internal drivers...

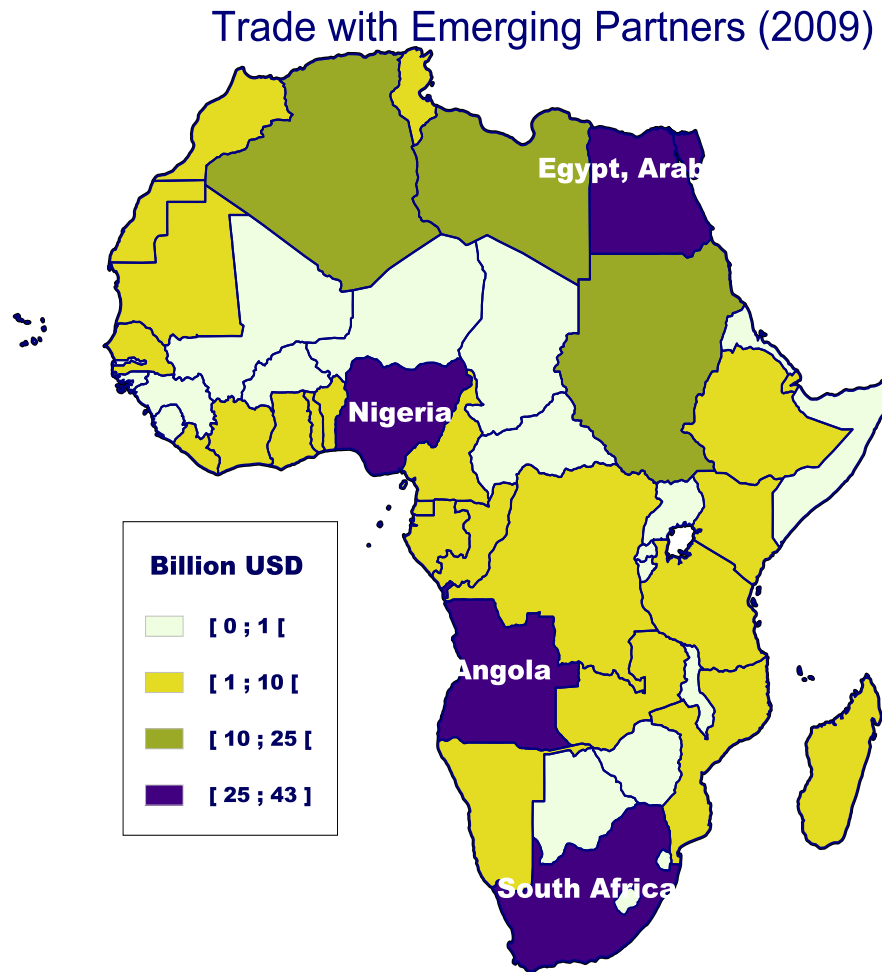
## Contribution to real GDP growth



## ... but some serious challenges remain

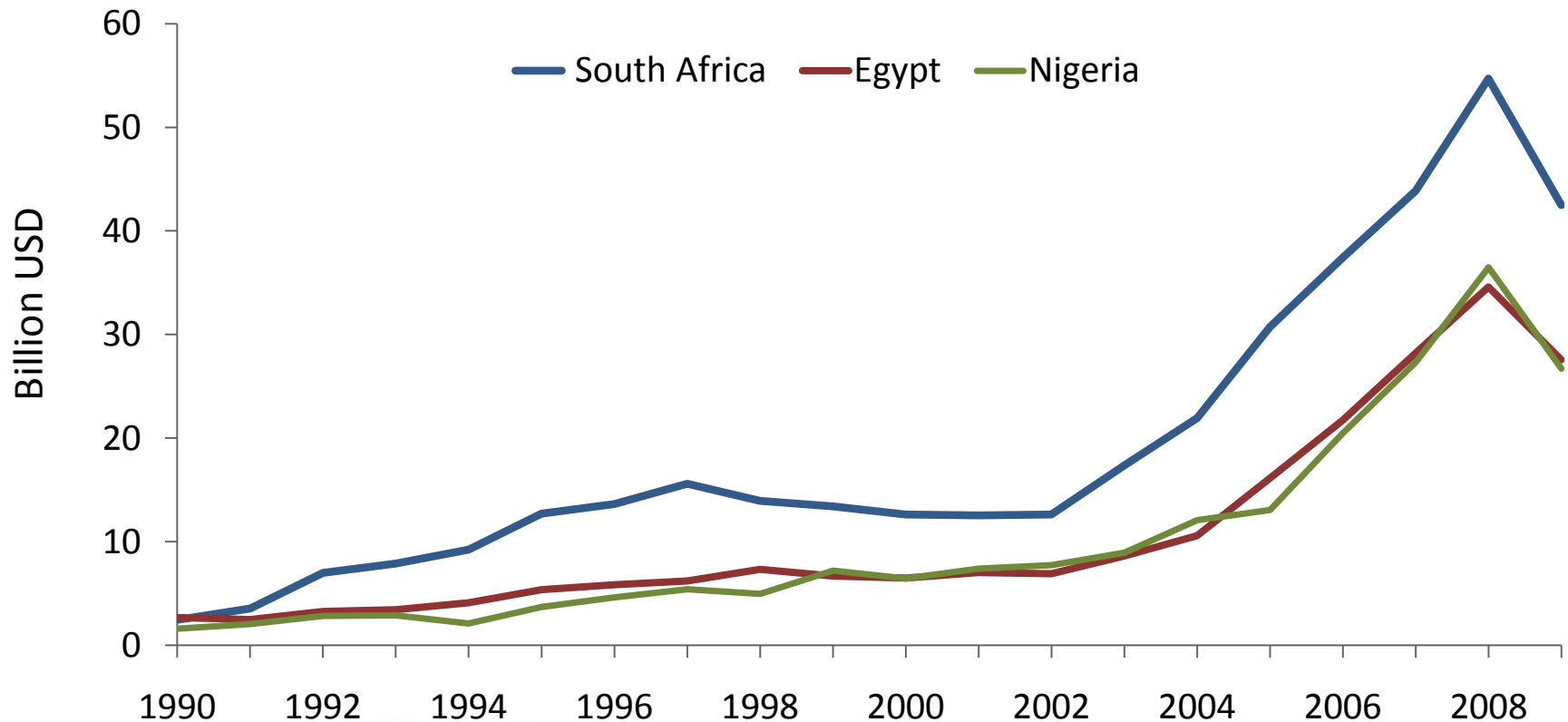
- **Economic**
  - Revival of private investment
  - Manufacturing exports impacted by Rand's appreciation and vulnerable to the global business cycle, including OECD countries
- **Social and structural issues**
  - Unemployment and inequality on the rise
  - Electricity and other infrastructure bottlenecks

# Leader in African trade with the Emerging Partners



# Leader in African trade with the Emerging Partners (continued 1)

## Trade volume with Eps



## Leader in African trade with the Emerging Partners (continued 2)

- China - Topmost destination for South Africa's exports and leading source of imports.
- India - Ranked sixth in 2010.
- Other emerging partners – United Arab Emirates, Malaysia, Brazil, Turkey.



## There are other up and coming emerging partners

	1992	2010 (3 QUARTERS)
UAE	49 <sup>th</sup>	20 <sup>th</sup>
Malaysia	Not even in top 50	22 <sup>nd</sup>
Brazil	30 <sup>th</sup>	23 <sup>rd</sup>

**Turkey** and **Taiwan** are on the decline as trading partners of South Africa

## China has become dominant

- EU is still South Africa's topmost regional export destination
- China has become
  - the top destination for South Africa's exports since mid-2009 and is also South Africa's leading source of imports.
  - dominant investment partner among emerging partners with its foreign direct investment (FDI) ranked fifth in terms of value in early 2010

**China, and to a lesser extent India, have become dominant trading partners not only compared to other emerging partners but also compared to traditional partners as well.**

Exports to SA	2010 (3 quarters)	Imports from SA	2010 (3 quarters)
China	14%	China	9.3%
Germany	11.6%	US	8.8%
USA	7%	Japan	8.1%

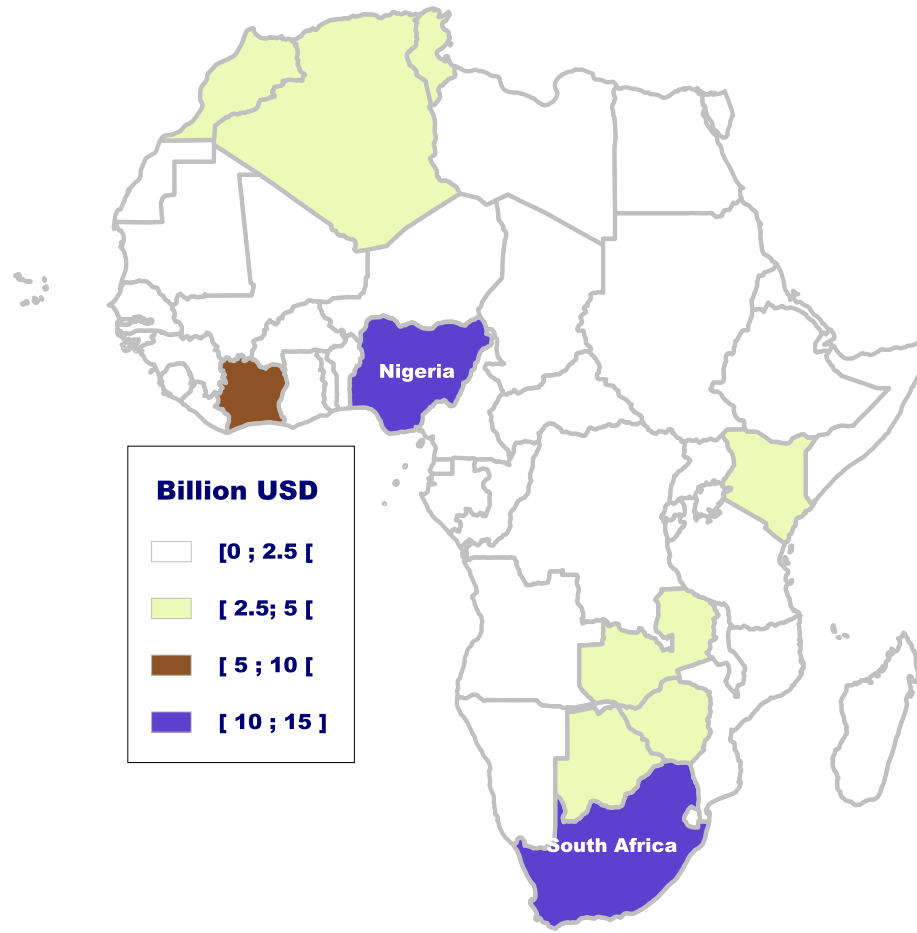
**India** ranks **8th** as a source of imports **6th** as a destination for SA exports in 2010 (first 3 quarters).

## ...but SA buys from China, what it produces at home

- South Africa exports a narrow range of mineral and resource-intensive products to China:
  - metals, minerals and other commodities
- Imports a wide range of higher value-added products from China, including
  - clothing, data processing machines, printing machinery, bulldozers and motor vehicles.

# Leader in intra-African trade

Intra-African Trade (2009)



## Leader in intra-Africa trade (continued)

- Many emerging partners use South Africa as a gateway to other African countries and vice versa.
- African countries are becoming increasingly important as trading partners accounting for 8.4% of South Africa's imports and 14.4% of its exports in the first three quarters of 2010.
- About half of South Africa's investments are targeted toward companies within the continent.
- However, in the last two years, the top ten investments made by South Africa have been mostly targeted towards emerging countries on other continents with the exception of the investment made in Unki Mine, Zimbabwe.

## Leader in intra-African trade (continued)

Almost all development assistance of South Africa has been directed at the African continent, with a strong focus on member countries of the Southern African Development Community (SADC).



## but policy challenges remain...

- SA Government to show that it has a purposeful plan
  - to engage with BRIC countries
  - to prioritise SA's productive capacity
- EU is still South Africa's topmost regional export destination—another challenge is
  - to avoid neglecting traditional partners while nurturing relationship with strategically important emerging partnerships



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Thank you!

