



TRADE INVEST AFRICA

an initiative of **the dti**

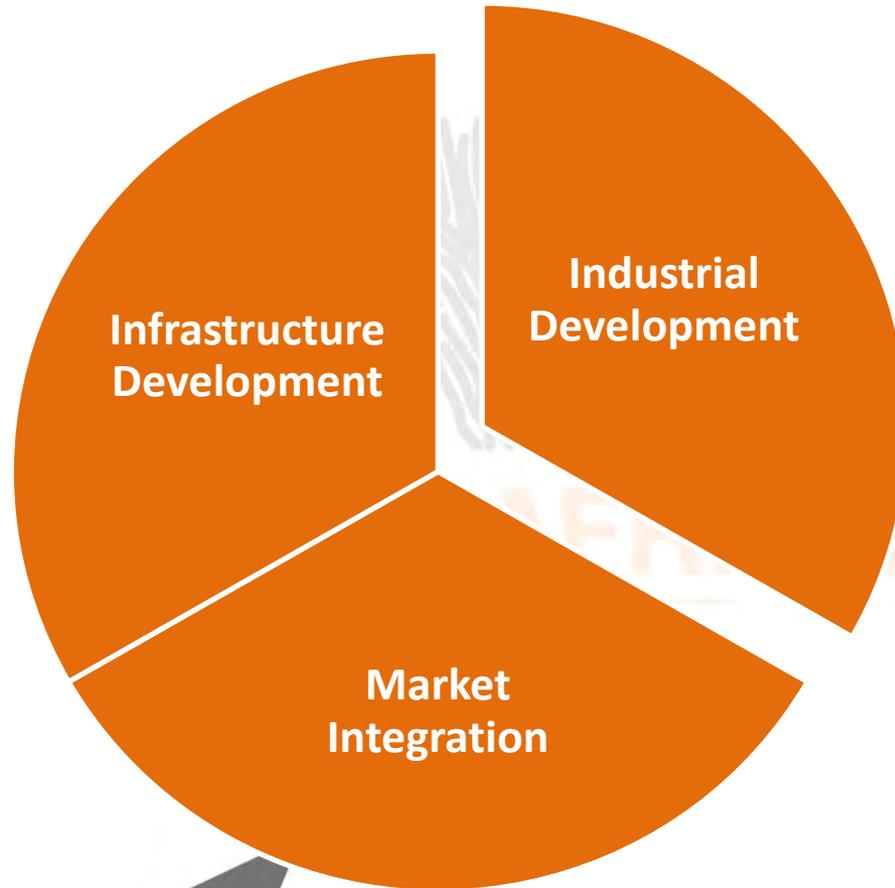
Portfolio Committee on Trade and Industry
25 October 2016

TABLE OF CONTENTS

- 1) South Africa's Economic Approach To the Rest of Africa (RoA)
- 2) Genesis of **Trade Invest Africa**
- 3) **Trade Invest Africa** Objectives
- 4) **Trade Invest Africa** Offerings
- 5) Current Operational Model and Budget
- 6) Deliverables of the first 100 days – 15 July 2016 – 25 October 2016
- 7) Planned Outputs November 2016 – March 2017

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SA's Approach to RoA DEVELOPMENT INTEGRATION



GENESIS OF TRADE INVEST AFRICA

Medium Term Strategic Framework 2014 – 2019 and the DTI Strategic Goals:

“Work for regional industrialisation and integration:

- Work with our partners to ensure increased exports - particularly manufactured and value-added exports.
- Working with other African states, South Africa will take forward a regional industrialisation agenda to ensure Africa becomes a manufacturing and industrial power.
- Trade among African countries will be further promoted as part of our effort to support regional integration to create large regional markets to sustain industrialisation.
- We will work together with state-owned enterprises, development finance institutions and the private sector to address infrastructural needs in Africa.”

TARGET: Create an Africa Export Council in the 2016/17 financial year.

01 April 2016 – Redefinition of the target. Africa Export Council refined and re-branded to **Trade Invest Africa** to ensure a holistic and sustainable approach to trade and investment on the continent.

Trade Invest Africa launched on **15 July 2016**.

TRADE INVEST AFRICA



Who we are and what we do

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Who We Are

- Launched on 15 July 2016, **Trade Invest Africa** is an initiative of **the dti** aimed at increasing the levels of South Africa's investments and trade with the rest of Africa (RoA).
- **Trade Invest Africa** is created to be the go-to unit in **the dti** for companies looking for trade and investment opportunities in the rest of Africa and those that are already operating on the continent and are facing challenges.
- **Trade Invest Africa** will also work closely with governments and business in the rest of Africa to facilitate exports from the continent into South Africa. This is our direct contribution to increasing the levels of intra-Africa trade.
- **Trade Invest Africa** offers facilitation support to business and utilises outward investments to the RoA to drive South Africa's value-added exports and create mutually beneficial economic relationships.

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Who We Are

- **Trade Invest Africa** supports „Development Integration“ by identifying infrastructure and industrial projects in RoA aimed at trade facilitation.
- **Mandate:** implement an outward investment-led trade strategy towards RoA.
 - This is the only way to address the trade imbalance with RoA and ensure sustainable economic partnerships and growth.
 - As South Africa invests in and imports from the RoA, we create future demand for South Africa’s own exports – Virtuous Cycle

Our Objectives:

- To position South African entities and companies (SA Inc.) as the preferred suppliers of value-added goods and services to the RoA.
- To uncover trade and investment opportunities for SA Inc. in the RoA.
- To assist South African businesses already operating in RoA to resolve any market access issues.
- To assist South African business with market entry strategies for RoA markets.
- To assist South African business in identifying local partners in RoA.

Our Offerings

- **Trade Invest Africa** will **facilitate** for South African business the necessary services related to trade and investment on the continent.
- The focus is specifically on export ready companies that are able to supply goods and services to the RoA.
- We encourage the businesses we support to embrace the **Guidelines for Good Business Practice in Doing Business in Africa.**

Our Offerings



Our Offerings

1) Access to Capital

Trade Invest Africa is working with various institutions to **facilitate** access to capital. Financial support will be provided through leveraging SA DFIs and **the dti** incentives for:

- Export insurance financing.
- Export market exploration support.
- Export promotion financial support.
- Infrastructure and industrial project funding.

Our Offerings

2) Access to Markets

Trade Invest Africa facilitates access to market opportunities through:

- Undertaking sector-specific and project-specific business missions to the continent.
- Unlocking trade and investment opportunities through government-to-government engagements.
- Addressing non-tariff barriers to trade.

Our Offerings

3) Other Non-Financial Support

A suite of other support measures provided by **Trade Invest Africa** include the following:

- Undertaking market research.
- Establishing a portal for business networking and match-making.
- Sharing of information on African markets with business through dialogue platforms.

CURRENT OPERATIONAL MODEL AND BUDGET

Trade Invest Africa is currently operating on the basis of officials from within the dti.

The current staff complement is 8 officials and 12 interns on two year contracts.

The allocated goods and services budget for the 2016-17 financial year is R10 million which has been sourced from within the Department.

Work is underway to finalise a suitable organisational model, establishment and budget for the sustainability and effectiveness of the Programme to deliver on its mandate.

KEY DELIVERABLES IN THE FIRST 100 DAYS (16 July – 25 October 2016)

1) MARKETING AND OUTREACH

- Officially launched **Trade Invest Africa** on 15 July 2016 at the CSIR International Convention Centre. Cooperation Pledge with business signed.
- Developed and finalised the **Trade Invest Africa** logo and identity. Minister's approval received. Logo in the process of public comment before Gazetting.
- A dedicated **Trade Invest Africa** link created on **the dti** website.
- Created and aired a **Trade Invest Africa** radio advert to inform potential exporters and investors interested in doing business in the rest of Africa on the role and mandate of **Trade Invest Africa**.
- Collaborated with **the dti** media unit for television and print media interviews outlining the role and mandate of **Trade Invest Africa**.

KEY DELIVERABLES IN THE FIRST 100 DAYS (16 July – 25 October 2016)

1) MARKETING AND OUTREACH

- Collaboration with marketing and stakeholder engagement divisions of the ECIC, IDC, and DBSA to advance the message of increasing intra-Africa trade and investment. **Trade Invest Africa** article already included in ECIC newsletter to enforce collaborative marketing mechanisms.
- Participated in regional workshops with the Plastics SA industry association in WC, KZN, and GP to introduce **Trade Invest Africa** to the plastics industry as a strategic IPAP sector.
- Undertook a roadshow to the Western Cape in collaboration with WESGRO and Africa Brand Link to introduce **Trade Invest Africa** to Western Cape business community.
- Undertook a roadshow in collaboration with the Gauteng Growth Development Agency and the Gauteng MEC for Economic Development to introduce **Trade Invest Africa** to the Gauteng business community.

KEY DELIVERABLES IN THE FIRST 100 DAYS (16 July – 25 October 2016)

2) STAKEHOLDER ENGAGEMENTS

- Meetings held with various companies looking input on their market entry strategies and market optimization strategies; as well as with respect to infrastructure and industrial project opportunities on the continent.
- Meetings held with various African Missions based in South Africa for collaboration and information-sharing.
- Collaboration with Brand South Africa on positioning South African goods and services on the continent and overall economic offerings.
- Workshops with Export Councils for investment and trade strategies for engaging the continent.
- Continuous engagements with DFIs and SOCs for activating the SA Inc. approach to the continent.

DELIVERABLES IN THE FIRST 100 DAYS (16 July – 25 October 2016)

3) GOVERNMENT-TO-GOVERNMENT PLATFORMS

- Participated in the outward Mission to Zimbabwe to engage on barriers to trade.
- Participated in the South Africa – Namibia Bi-National Commission to discuss key investment projects.
- Participated in the State Visit to Kenya to advance collaboration on infrastructure development.

4) INVESTMENT CONFERENCES

- Participated in the Tshwane International Investment Conference in Tshwane.
- Participated in the Kenya Investment Conference held in Cape Town.
- Participated in the South Africa – Nigeria Banker's Conference in Johannesburg.
- Co-hosted the Namibia Investment Conference in Johannesburg.

KEY DELIVERABLES IN THE FIRST 100 DAYS (16 July – 25 October 2016)

5) ACCESS TO MARKETS

- Resolved 1 non-tariff barrier.
- Facilitated and undertook the 1st outward business mission with Black Industrialists to Nigeria.
- Undertook a technical mission to Madagascar (franco-phone).
- Undertook a business mission to Ghana in collaboration with WESGRO and Plastics SA.
- Business mission to Kenya currently underway (24-28 October 2016) in collaboration with WESGRO and the Gauteng Growth Development Agency. Joint business seminar to be held.

ENVISAGED OUTPUTS BY 31 MARCH 2017

- Procurement of a Business Portal host.
- Procurement of a service provider to update NSC projects.
- Participation in three investment conferences with partner African countries.
- Participation in three government-to-government platforms.
- Roadshows with Provincial Trade and Investment Agencies.
- Finalisation of the organisational model, establishment and budget processes for **Trade Invest Africa**.

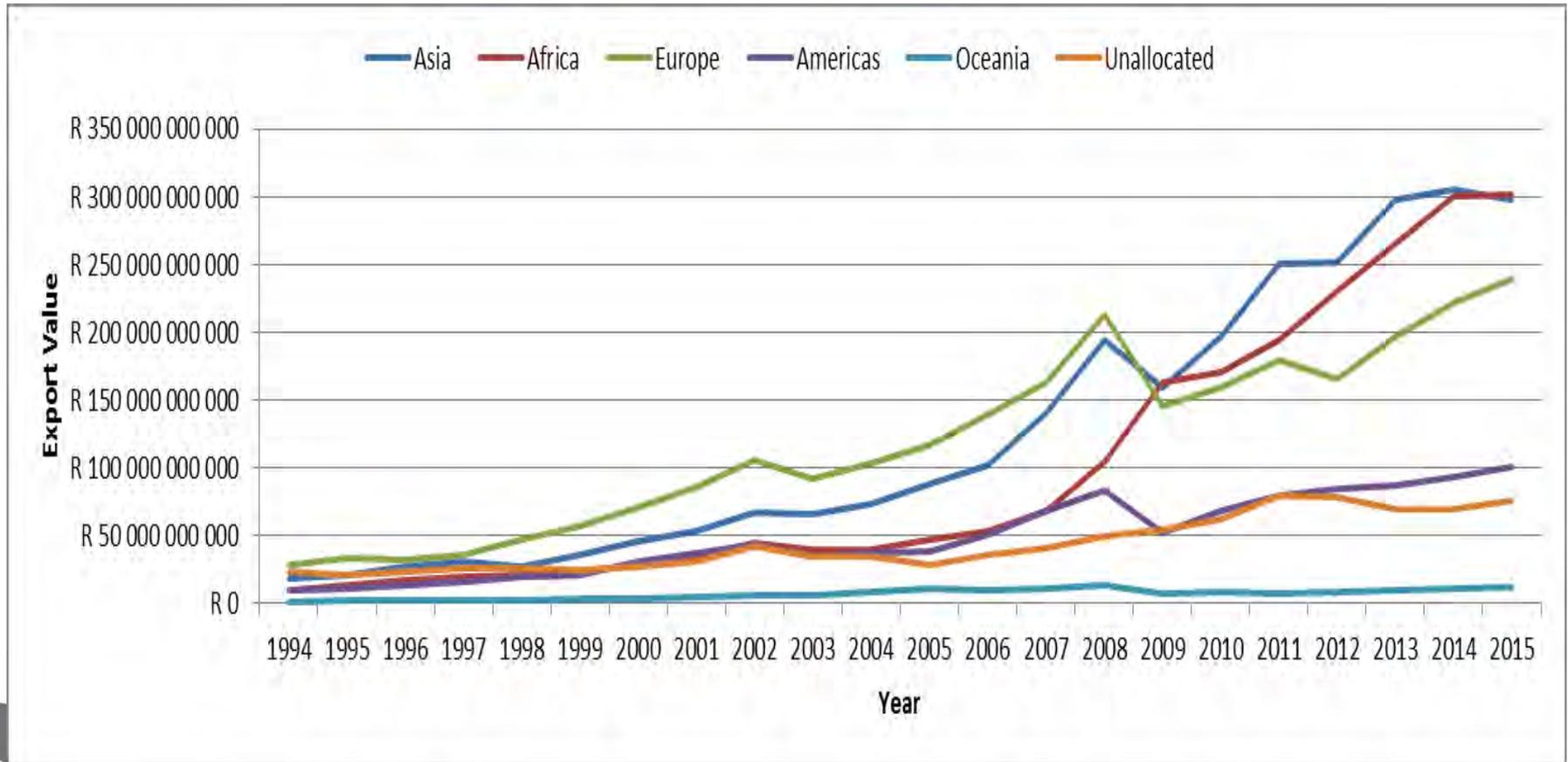
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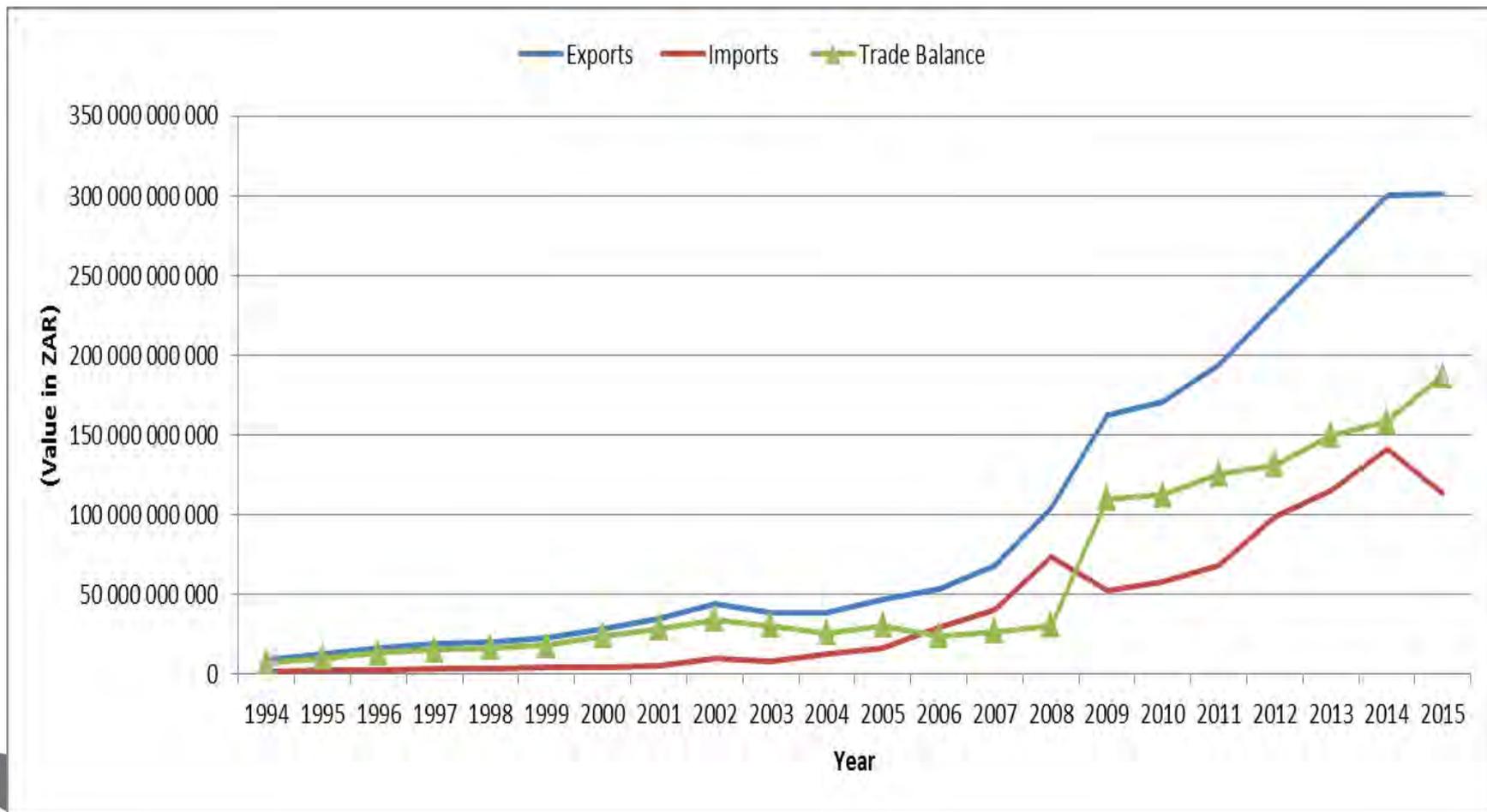
**SOUTH AFRICA'S TRADE
AND INVESTMENT LINKS
TO RoA**

South Africa's Global Export Markets 1994 - 2015



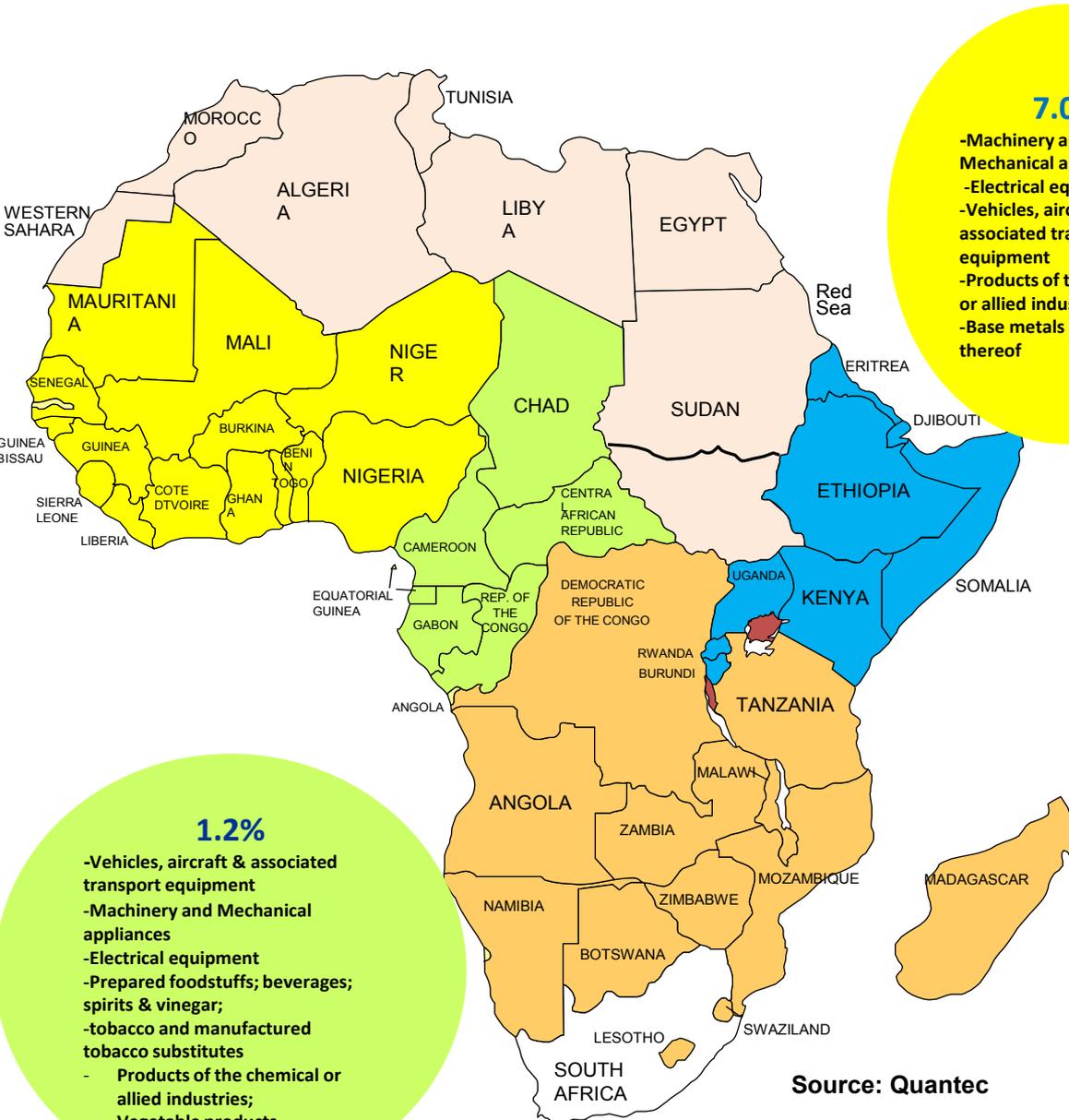
Source: www.thedti.gov.za

South Africa's Trade with RoA, 1994 - 2015



Source: www.thedti.gov.za

Share of SA Exports to RoA 2006 -2015



7.0%

- Machinery and Mechanical appliances
- Electrical equipment
- Vehicles, aircraft & associated transport equipment
- Products of the chemical or allied industries
- Base metals & articles thereof

1.6%

- Mineral Products
- Vehicles, aircraft & associated transport equipment
- Machinery and Mechanical appliances
- Electrical equipment
- Vegetable products

3.9%

- Vehicles aircraft & associated transport
- Products of the chemical or allied
- Machinery and Mechanical appliances
- Mineral Products
- Based Metals and Articles thereof

1.2%

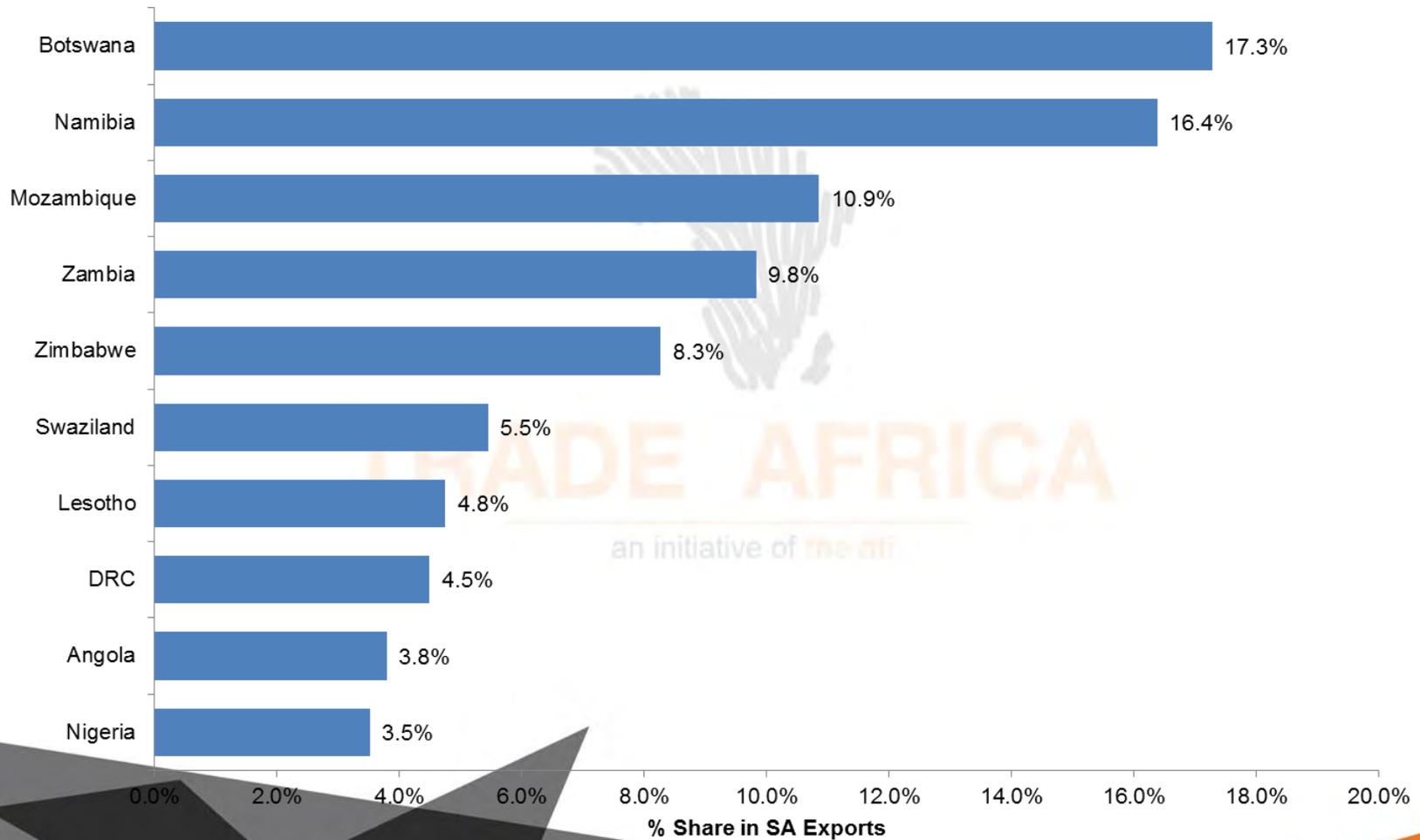
- Vehicles, aircraft & associated transport equipment
- Machinery and Mechanical appliances
- Electrical equipment
- Prepared foodstuffs; beverages; spirits & vinegar;
- tobacco and manufactured tobacco substitutes
- Products of the chemical or allied industries;
- Vegetable products

86.4%

- Machinery and Mechanical appliances
- Electrical equipment
- Mineral Products
- Products of the chemical or allied industries;
- Vehicles, aircraft & associated transport equipment.

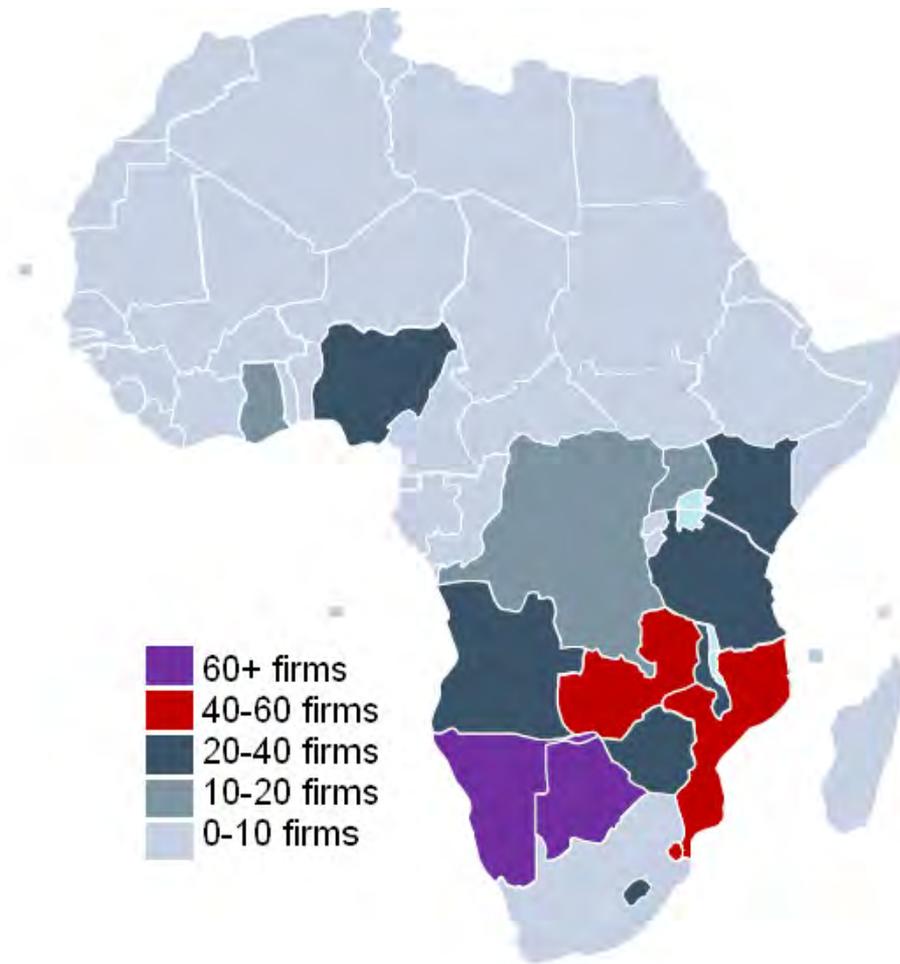
Source: Quantec

Top-10 Export Destinations in RoA 2006 - 2015



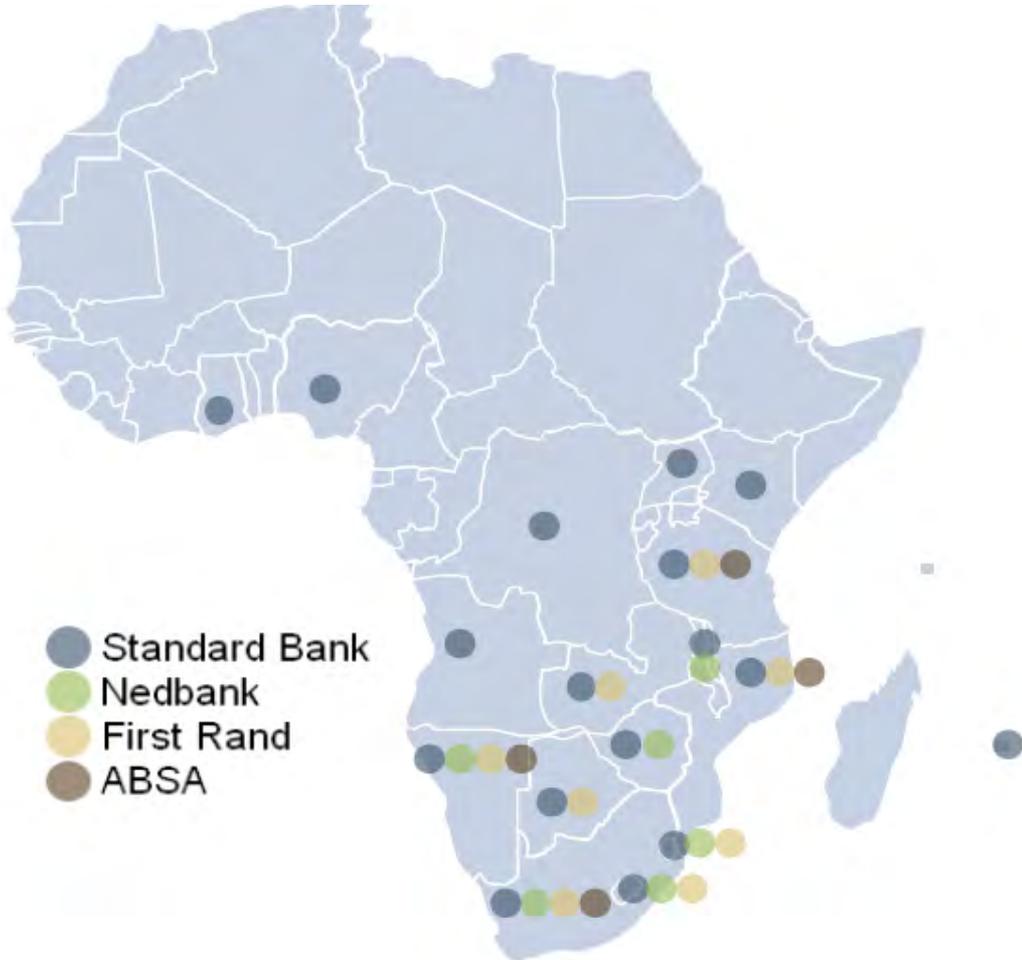
Source: Quantec

Prominent JSE-Listed Firms' RoA Footprint



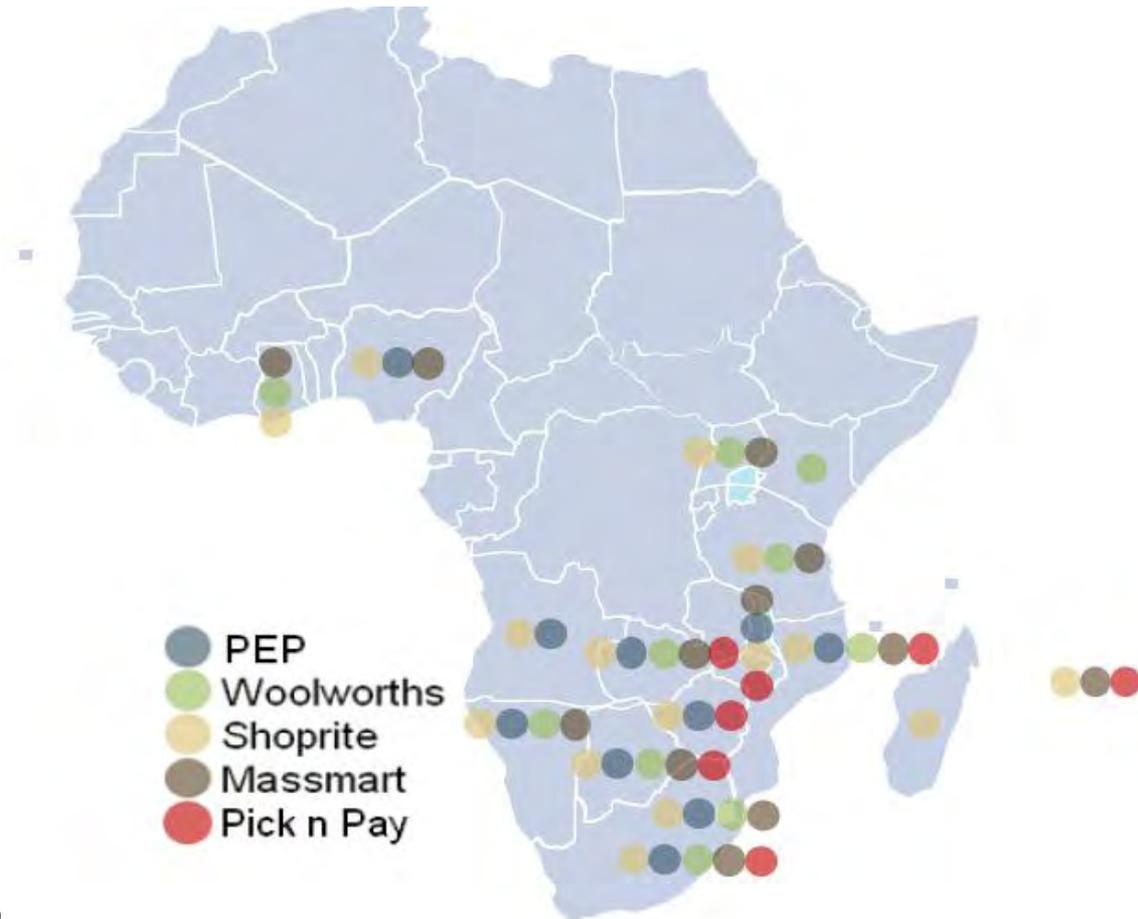
Source: Standard Bank Research

SA's Big 4 Banks' RoA Footprint



Source: Standard Bank Research

SA's Retailers' RoA Footprint



Source: Standard Bank Research

EMERGING ISSUES

- Exports to RoA have seen a marked increase since 1994, however there is still a strong SADC bias.
- Outward investment also bears a strong SADC bias.
- Imports from the continent have increased, however the majority of the imports are oil. There is a need to strengthen the sourcing relationships to increase intra-Africa trade.
- South Africa's outward investment-led trade strategy needs to focus on penetrating new regions and markets in N, W, E and Central Africa.
- Possibility of market erosion – NTBs, competition etc. Importance of a coordinated strategy.

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Conclusion

The future of sustainable growth and development of our continent depends on increasing the levels of **intra-Africa trade** and **intra-Africa investments**.

Trade Invest Africa is the South African government's response to this imperative through creating a dedicated Unit to support business in trading with and investing on the African continent.

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