Growth in the SADC

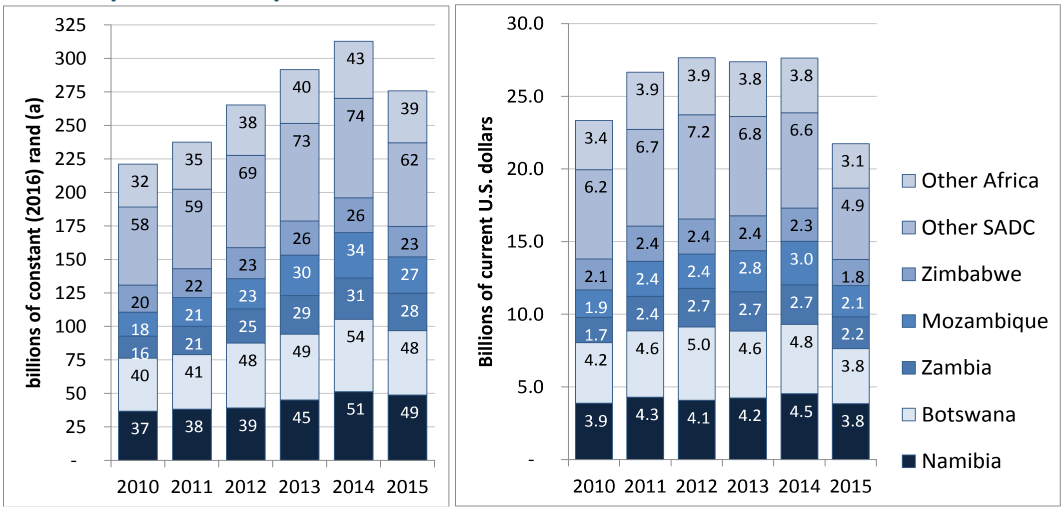
The rest of Africa now represents around 30% of South Africa's export market, up slightly from 2010. The bulk of South African exports to the rest of the continent go to Namibia, Botswana, Mozambique, Zambia and Zimbabwe. Because the region is growing rapidly compared to most of the world, despite the end of the commodity boom, it represents a significant opportunity.

From 2010 to 2015, the share of other African countries in South African exports climbed from 28% to 31%. Before 2010, South African data did not distinguish the Southern African Customs Union (SACU) members, so trade with the rest of Africa was systematically understated.

The lion's share of South Africa's trade with the rest of Africa is within SACU, with Botswana and Namibia as its largest African trading partners (see Graph 22).

Other Southern African Development Country (SADC) members, especially Zambia, Mozambique and Zimbabwe, account for most of South Africa's remaining trade with the rest of Africa.

Graph 22: SA exports to Africa in current US dollars and constant rand

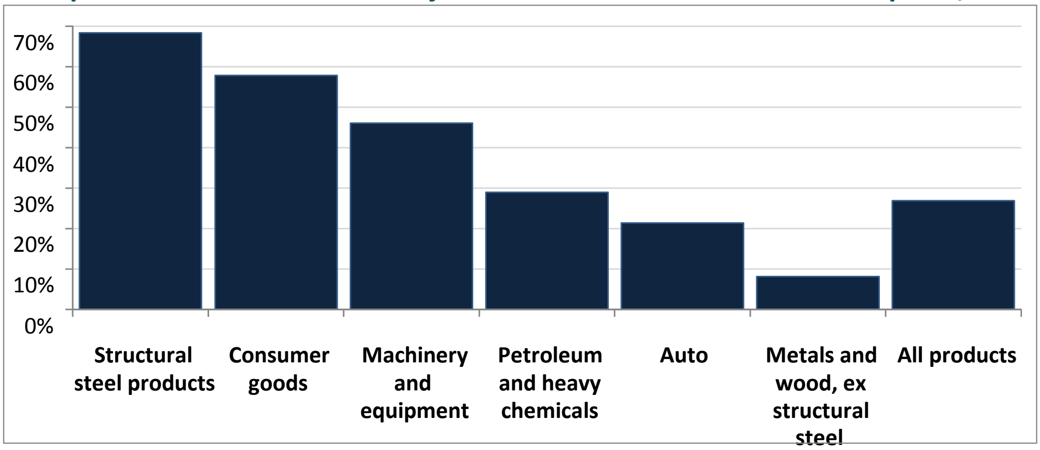


Source: Calculated from TradeMap electronic database. Downloaded in September 2016.
The relatively rapid growth in demand for South African manufactures in other African countries has helped to counter slower expansion in South Africa's other partners.

In Southern and East Africa, Ethiopia, Angola, Mozambique, Tanzania and Zambia have all recorded high annual GDP growth rates of 5% to 10% for most of the past 10 years. Smaller countries such as Namibia, Botswana, Lesotho and Malawi have had more erratic growth, although high on average. In contrast, South Africa, Swaziland and Zimbabwe have generally performed poorly in terms of growth.

South Africa's exports to the rest of Africa are primarily value-added manufactured products including structural steel, consumer goods and machinery and equipment. As a result, SADC in particular accounts for a disproportionately large share of South Africa's manufactured exports (see Graph 23).

Graph 23: Share of SADC in major South African manufactured exports, 2015



Source: Calculated from TradeMap electronic database. Downloaded in September 2016.

Imports from Africa accounted for 11% of South Africa's total imports, comprising mostly crude oil from Nigeria and Angola and other mineral imports, mainly from SADC.

Deeper regional integration is crucial for South Africa's growth but hurdles to trade and investment will need to be overcome. Specifically joint infrastructure development projects need to be implemented and mutually beneficial regional value chains supported. The increased trade expected from the Trilateral Free Trade Area and the Continental Free Trade Area encompassing virtually the entire continent will be a boon for expanding market development, as stronger regional markets will be crucial for the drive towards sustainable industrialisation.