

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCIS DATED 13-12-2023

INDIA- SOUTH AFRICA BILATERAL TRADE RELATIONS

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The Republic of South Africa occupies the southern extremity of the African mainland. It is bordered by Namibia to the northwest, by Botswana and Zimbabwe to the north, by Mozambique to the northeast, and by Swaziland to the east. Lesotho is completely surrounded by South Africa territory. South Africa is a member of the United Nations.

2. As per IMF's Article IV Consultation Report of 2023, "South Africa's economy is facing mounting economic and social challenges. Growth moderated from 4.9 percent in 2021 to 2.0 percent in 2022 as the country was buffeted by Russia's war in Ukraine, global monetary policy tightening, severe floods, and an unprecedented energy crisis. Business and consumer confidence and investor sentiment remain weak, and the sovereign spread for South Africa remains higher than the pre-pandemic level. The average employment level in 2022 was still about 5 percent lower than in 2019, threatening social cohesion".

3. Directors of the IMF recognized that, "resolving the ongoing energy crisis remains the top priority, providing an opportunity to accelerate the rollout of renewables. They supported steadfast implementation of the government's energy transition plan and emphasized the importance of well-targeted fiscal support for affected communities and workers. Directors also recommended to forcefully tackle governance weaknesses and corruption".

An overview of South Africa's selected economic indicators is presented at **Annexure -I**.

FOREIGN TRADE

4. The major merchandise export partners of South Africa are China, U.S., Germany, Japan and U.K. Major five exported goods of South Africa are (i) Rhodium unwrought or in powder form, (ii) Gold in other semi-manufactured forms, non-monetary, (iii) Agglomerated iron ores and concentrates, (iv) Bituminous coal, not agglomerated and (v) Palladium unwrought or in powder form. On the other hand major five import partners are China, Germany, United States, India and Saudi Arabia. Five major imports include (i) Petroleum oils, etc, (excl. crude); preparation, (ii) Petroleum oils and oils obtained from bituminous, (iii) Transmission apparatus, for radioteleph incorpor, (iv) New stamps; stamp-impressed paper; banknotes and (v) Other medicaments of mixed or unmixed products. **(Source: World Integrated Trade Solution).**

5. South Africa's total exports in 2018 were of the order of US\$ 93,677 million and subsequently declined for two consecutive years to US\$ 89,396 million in 2019 and US\$ 85,227 million in 2020 and had steeply increased to US\$ 121,321 million in 2021 and moderately to US\$ 121,616 million in 2022. During the period from 2018 to 2022, the annual average compound rate of growth of exports was 6.74%.

6. South Africa's total imports in 2018 were of the order of US\$ 92,637 million and subsequently declined for two consecutive years to US\$ 88,037 million in 2019 and US\$ 68,943 million in 2020 followed by a steep increase to US\$ 93,440 million in 2021 & US\$ 111,880 million in 2022. During the period from 2018 to 2022, the annual average compound rate of growth of Imports was 4.83%.

A snapshot of South Africa's overall Trade Statistics based on UN Comtrade Database is presented in **Annexure-II [Table 1: Figure 1]**

BILATERAL TRADE WITH INDIA

Merchandise Trade

Indo- South Africa has completed a meaningful bilateral relationship for 30 years. South Africa has promoted signing a free trade agreement with India. Indo- South Africa total volume of bilateral trade combining exports & imports in FY 2018-19 was of the order of Rs.73,855.91 crores. It has increased to Rs.150,990.91 crores in FY 2022-23. The annual compound growth rate of volume of trade during the period from 2018-19 to 2022-23 has been of the order of 19.58%.

2. It has been seen from the available figures that between 2018-19 and 2022-23 India has faced a continuous deficit Balance of Trade with South Africa. India's exports to South Africa and imports from South Africa have both increased significantly b/w 2020-21 and 2021-22. Between 2021-22 and 2022-23 rate of growth in exports remained positive and moderated slightly; however rate of growth of import was as minimal as 1.58%.

A snapshot of India's trade statistics w.r.t. South Africa based on DGCI&S Database is presented in **Annexure-II [Table 2: Figure 2]**

3. Additionally, **from Tables 3 & 4 presented at Annexure-II below** the following are stated:
- a. Petroleum Products, Motor Vehicle/Cars and Drugs Formulations, Biologicals consistently occupy the top three slots in India's exports to South Africa.
 - b. Coal-coke & Briquettes, Gold and Pearl precs. semi-precs. stones are the three major commodities in India's imports list from South Africa explaining India's resultant negative Balance of Trade with South Africa.

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South Africa: Selected Economic Indicators, 2020–2025							
	2020	2021	2022		2023	2024	2025
			Est.		Proj.		
National Income and Prices (Annual percentage change unless otherwise indicated)							
Real GDP	-6.3	4.9	2.0		0.1	1.8	1.6
Real GDP per capita 1/	-7.7	4.0	1.3		-1.4	0.3	0.1
Real domestic demand	-7.8	4.7	3.8		0.8	1.8	1.2
GDP deflator	5.7	6.2	5.1		5.3	4.8	4.5
CPI (annual average)	3.3	4.6	6.9		6.0	4.9	4.5
CPI (end of period)	3.2	5.4	7.4		5.3	4.6	4.5
Labor Market (Annual percentage change unless otherwise indicated)							
Unemployment rate (percent of labor force, annual average)	29.2	34.3	33.5		34.7	34.7	34.8
Unit labor costs (formal nonagricultural)	2.8	1.5	6.9		6.0	4.9	4.5
Savings and Investment (Percent of GDP)							
Gross national saving	14.4	16.5	14.6		13.9	14.0	14.5
Public (incl. public enterprises) 2/	-6.0	-1.5	0.0		-0.9	-1.4	-1.8
Private	20.4	17.9	14.6		14.8	15.4	16.3
Investment (including inventories) 3/	12.4	12.8	15.1		16.1	16.6	16.8
Public (incl. public enterprises)	4.0	3.8	3.9		3.9	4.0	4.0
Private	9.8	9.2	10.2		10.6	11.0	11.3
Fiscal Position (Percent of GDP unless otherwise indicated) 4/							
Revenue, including grants 5/	25.0	27.1	27.7		27.5	27.2	27.2
Expenditure and net lending	34.6	32.7	32.2		33.4	33.3	33.9
Overall balance	-9.6	-5.6	-4.5		-5.8	-6.1	-6.7
Primary balance	-5.4	-1.2	0.2		-0.7	-0.5	-0.6
Structural balance (percent of potential GDP)	-5.7	-5.0	-5.5		-6.3	-6.4	-6.2
Gross government debt 6/	69.0	69.0	71.0		72.2	73.8	76.9
Government bond yield (10-year and over, percent) 7/	9.7	9.9	11.3		11.1	...	...
Money and Credit (Annual percentage change unless otherwise indicated)							
Broad money	9.4	5.7	8.7		5.5	8.0	6.1
Credit to the private sector 8/	1.0	5.1	8.9		4.5	6.5	4.7
Repo rate (percent, end-period) 7/	3.5	3.8	7.0		7.2	...	...
3-month Treasury bill interest rate (percent) 7/	3.9	3.9	6.5		6.9	...	...
Balance of Payments (Annual percentage change unless otherwise indicated)							
Current account balance (billions of U.S. dollars)	6.7	15.4	-1.9		-9.1	-10.7	-9.9
percent of GDP	2.0	3.7	-0.5		-2.3	-2.6	-2.3
Exports growth (volume)	-11.9	10.0	7.5		3.6	5.7	5.3
Imports growth (volume)	-17.4	9.5	14.2		5.9	5.3	3.6
Terms of trade	9.3	4.3	-9.4		-2.3	-0.7	-0.7
Overall balance (percent of GDP)	-1.0	1.1	1.0		-0.2	-0.4	-0.2
Gross reserves (billions of U.S. dollars)	55.5	58.1	61.0		60.2	58.6	57.6
in percent of ARA (w/o CFMs)	78.1	85.2	89.5		88.3	85.8	84.4
in percent of ARA (w/ CFMs)	86.6	94.7	99.5		98.2	95.4	93.8
Total external debt (percent of GDP)	50.5	38.3	40.6		43.3	44.4	45.5
Nominal effective exchange rate (period average) 7/	-11.6	7.6	-4.9		-8.0	...	...
Real effective exchange rate (period average) 7/	-10.1	9.7	-1.4		-10.1	...	...
Exchange rate (Rand/U.S. dollar, end-period) 7/	14.7	15.9	17.0		17.8	...	...

1/ Per-capita GDP figures are computed using STATS SA mid-year population estimates.

2/ Public savings are the sum of public corporations and general government gross savings, using SARB financial accounts data. This allows to obtain a private sector savings estimate that excludes SOEs (SOEs are included in the National Accounts), derived as the difference between the National Accounts gross national savings and the public savings.

3/ Inventories data are volatile and excluded from the investment breakdown to help clarify fixed capital formation developments.

4/ Consolidated government as defined in the budget unless otherwise indicated.

5/ Revenue excludes "transactions in assets and liabilities" classified as part of revenue in budget documents. This item represents proceeds from the sales of assets, realized valuation gains from holding of foreign currency deposits, and other conceptually similar items, which are not classified as revenue by the IMF's Government Finance Statistics Manual 2014.

6/ Central government.

7/ Average January 1- April 19, 2023. For nominal and effective exchange rate, year on year change of average January 1–April 19.

8/ Other depository institutions' "loans and securities" in all currencies.

Sources: IMF Executive Board Concludes 2023 Article IV Consultation with South Africa June 6, 2023.

TABLE - 1

SOUTH AFRICA'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE BETWEEN 2018 TO 2022

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2018	93677		92637		1,86,314		1040
2019	89396	-4.57	88037	-4.97	1,77,433	-4.77	1359
2020	85227	-4.66	68943	-21.69	1,54,170	-13.11	16284
2021	121321	42.35	93440	35.53	2,14,761	39.30	27881
2022	121616	0.24	111880	19.73	2,33,496	8.72	9736
Annual Compound Growth Rate		6.74		4.83		5.81	

NOTE : Figures relate to calendar year (January to December)

SOURCE : UN COMTRADE PUBLICATION

Figure-1

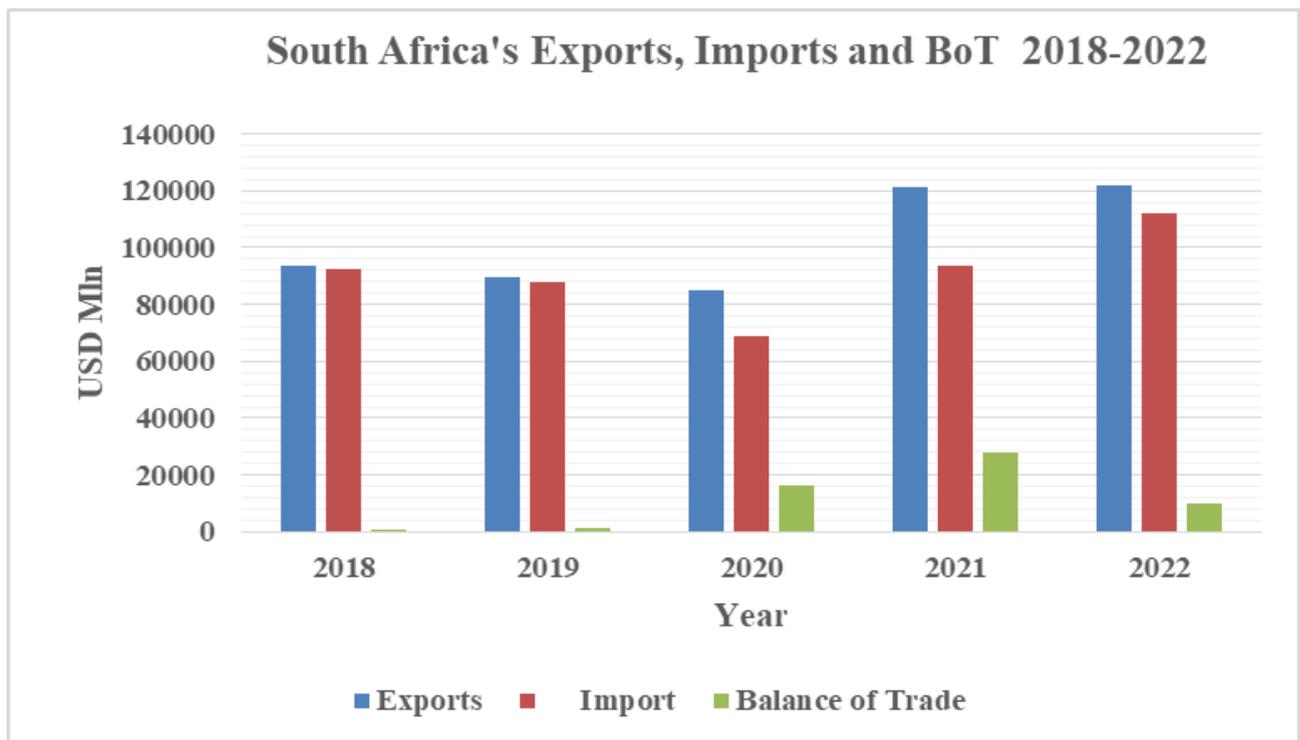


TABLE – 2**INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. SOUTH AFRICA
FY 2018-2019 to 2022-2023****(Value in Rs. Crores)**

Year	Exports from India to South Africa	Percentage Growth in Exports	Imports from South Africa to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2018-19	28333.99		45521.92		73855.91		-17187.93
2019-20	29123.94	2.79	49507.25	8.75	78631.19	6.47	-20383.31
2020-21	29075.09	-0.17	55785.85	12.68	84860.94	7.92	-26710.76
2021-22	45353.12	55.99	81823.45	46.67	127176.57	49.86	-36470.33
2022-23	67873.38	49.66	83117.53	1.58	150990.91	18.73	-15244.15
Annual Compound Growth Rate		24.41		16.24		19.58	

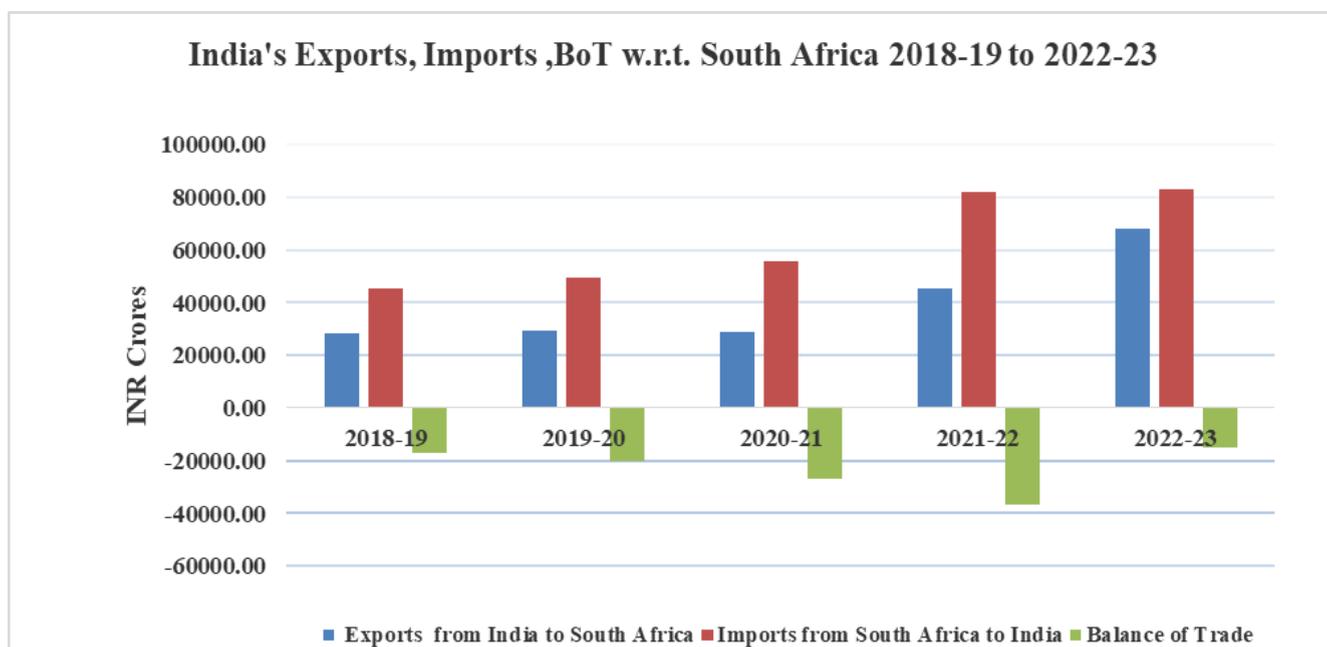
NOTE : Figures relate to Financial Year (April to March).**SOURCE** : DGCI&S, M/oC&I**Figure-2**

TABLE - 3

**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO SOUTH AFRICA
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES**

(Value in Rs. Crores)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Petroleum Products	3983.98	4183.30	2978.39	10590.99	29983.71	5.00	-28.80	255.59	183.11
	Share in total export	14.06	14.36	10.24	23.35	44.18				
2	Motor Vehicle/Cars	4923.80	6504.21	4113.58	8840.62	12401.70	32.10	-36.76	114.91	40.28
	Share in total export	17.38	22.33	14.15	19.49	18.27				
3	Drugs Formulations, Biologicals	3971.78	3939.42	5472.59	4027.15	4655.45	-0.81	38.92	-26.41	15.60
	Share in total export	14.02	13.53	18.82	8.88	6.86				
4	Telecom Instruments	756.24	1476.23	604.36	1319.50	1704.15	95.21	-59.06	118.33	29.15
	Share in total export	2.67	5.07	2.08	2.91	2.51				
5	Indl. Machinery For Dairy Etc.	533.43	554.18	526.16	988.24	1157.99	3.89	-5.06	87.82	17.18
	Share in total export	1.88	1.90	1.81	2.18	1.71				
6	Other Construction Machinery	349.05	298.62	290.46	554.82	875.02	-14.45	-2.73	91.01	57.71
	Share in total export	1.23	1.03	1.00	1.22	1.29				
7	Inorganic Chemicals	179.12	193.69	257.54	443.19	770.28	8.13	32.97	72.09	73.80
	Share in total export	0.63	0.67	0.89	0.98	1.13				
8	Auto Components/ Parts	620.28	594.05	479.89	615.98	460.43	-4.23	-19.22	28.36	-25.25
	Share in total export	2.19	2.04	1.65	1.36	0.68				
9	Plastic Sheet Film, Plates Etc.	484.28	448.82	435.46	490.83	594.66	-7.32	-2.98	12.72	21.15
	Share in total export	1.71	1.54	1.50	1.08	0.88				
10	Electric Machinery And Equipment's	274.71	544.47	367.30	382.02	592.96	98.20	-32.54	4.01	55.22
	Share in total export	0.97	1.87	1.26	0.84	0.87				
	Total export to SOUTH AFRICA	28333.99	29123.94	29075.09	45353.12	67873.38	2.79	-0.17	55.99	49.66

NOTE : Figures relate to each Financial Year (April to March)

SOURCE: DGCIS, M/o C & I

TABLE - 4

**INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM SOUTH AFRICA
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES**

(Value in Rs. Crores)

Sl. No.	Name of the Merchandise Commodities	Value of Imports				Annual Growth Rates				
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Coal, Coke , And Briquittes Etc.	18950.55	21269.30	14306.29	24154.51	27746.92	12.24	-32.74	68.84	14.87
	Share in total imports	41.63	42.96	25.65	29.52	33.38				
2	Gold	9057.98	9649.71	18709.91	24311.62	26875.64	6.53	93.89	29.94	10.55
	Share in total imports	19.90	19.49	33.54	29.71	32.33				
3	Pearls, Precs, Semi-precs Stones	2769.18	4173.35	4664.38	7014.69	6739.43	50.71	11.77	50.39	-3.92
	Share in total imports.	6.08	8.43	8.36	8.57	8.11				
4	Copper, Products Made Of Copper	440.49	455.32	3737.11	4994.83	6266.10	3.37	720.77	33.65	25.45
	Share in total import	0.97	0.92	6.70	6.10	7.54				
5	Bulk Minerals And Ores	2484.81	2319.02	2259.00	4468.32	3460.06	-6.67	-2.59	97.80	-22.56
	Share in total import	5.46	4.68	4.05	5.46	4.16				
6	Pulp And Waste Paper	936.98	944.89	725.48	2511.68	3159.28	0.84	-23.22	246.21	25.78
	Share in total import	2.06		1.30	3.07	3.80				
7	Iron And Steel	1723.49	1463.14	819.67	850.23	1949.95	-15.11	-43.98	3.73	129.34
	Share in total import	3.79	2.96	1.47	1.04	2.35				
8	Inorganic Chemicals	593.63	186.08	308.74	308.88	901.58	-68.65	65.92	0.05	191.89
	Share in total import	1.30	0.38	0.55	0.38	1.08				
9	Other Crude Minerals	510.01	343.84	436.15	533.55	878.97	-32.58	26.85	22.33	64.74
	Share in total import	1.12	0.69	0.78	0.65	1.06				
10	Organic Chemicals	290.59	498.23	431.39	754.17	662.03	71.45	-13.42	74.82	-12.22
	Share in total import	0.64	1.01	0.77	0.92	0.80				
	Total import from SOUTH AFRICA	45521.92	49507.25	55785.85	81823.45	83117.53	8.75	12.68	46.67	1.58

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCIS, M/o C & I