

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S INDIA-SOUTH AFRICABILATERAL 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 UN, BIS, the Commonwealth (except during 1961-94), the African Union, the Southern African Development Community, the Non-Aligned Movement, the African Development Bank, the Antarctic Treaty and is an ACP member state of the ACP-EU relationship. South Africa played an active role in negotiating and drafting the Lusaka Ceasefire Agreement and was present when the document was signed on 10 July 1999. On 1 December 1999 the eighth Regional Summit appointed Nelson Mandela facilitator of the Arusha peace process.

2. South Africa has a mixed economy. South Africa is the economic nucleus of Africa the country's economy is the most industrialized and technologically advanced in Africa respectively and has the largest economy in Africa. It also has a relatively high gross domestic product (GDP) per capita compared to other countries in sub-Saharan Africa US\$16,080 at purchasing power parity as of 2023 ranked 95th. IMF Executive Board Concludes Post Financing Assessment Discussions with South Africa September 4, 2024., Growth slowed to 0.7 percent in 2023, depressed in part by widespread power shortages and disruptions at rails and ports. Unemployment remained elevated, reaching 32 percent at end-2023. Following decisive monetary policy tightening during 2022 and early 2023, inflation fell within the SARB's 3–6 percent target range last year, moderating further to 5.1 percent in June 2024. The current account deficit widened to 1.6 percent of GDP in 2023 (from 0.5 percent in 2022), driven by higher imports. The budget deficit remained in line with the revised budget target thanks to robust revenues and expenditure restraint, although public debt continued to rise to just above 74 percent of GDP.

A snapshot of South Africa's select economic indicators is as under

Table 1

South Africa: Selected Economic Indicators, 2022–26						
	2022	2023		2024	2025	2026
				Proj.		
National income and prices (annual percentage change unless otherwise indicated)						
Real GDP	1.9	0.7		1.0	1.3	1.4
Domestic demand	3.9	0.8		1.2	1.5	1.5
Private Consumption	2.5	0.7		0.9	1.2	1.3
Government Consumption	0.6	1.9		1.2	1.2	1.3
Gross Fixed Investment	4.8	3.9		3.1	2.8	2.7
Inventory Investment (contribution to growth)	1.5	-0.6		0.0	0.0	0.0
Net export (contribution to growth)	-2.1	-0.1		-0.3	-0.2	-0.1
Real GDP per capita 1/	1.1	-0.8		-0.6	-0.2	-0.1
GDP deflator	5.0	4.8		4.9	4.5	4.5
CPI (annual average)	6.9	5.9		5.2	4.6	4.5

CPI (end of period)	7.4	5.5		4.8	4.6	4.5
Labor market (annual percentage change unless otherwise indicated)						
Unemployment rate (percent of labor force, annual average)	33.5	33.1		33.8	34.2	34.5
Unit labor costs (formal nonagricultural)	2.1	-0.8		-0.6	-0.2	-0.1
Savings and Investment (percent of GDP)						
Gross national saving 14.4	15.0	13.9		13.7	13.7	13.7
Investment (including inventories) 2/ 12.4	15.4	15.5		15.4	15.7	15.8
Fiscal position (percent of GDP unless otherwise indicated) 4/						
Revenue, including grants 4/ 25.0	27.6	26.8		27.0	27.0	27.1
Expenditure and net lending 5/ 34.6	31.9	32.7		33.2	33.4	32.6
Overall balance -9.6	-4.3	-5.9		-6.3	-6.4	-5.5
Primary balance -5.4	0.3	-0.9		-0.9	-0.8	0.2
Gross government debt 6/ 69.0	70.8	73.4		75.0	77.6	79.3
Government bond yield (10-year and over, percent) 7/ 9.7	11.3	11.6		...	...	...
Money and credit (annual percentage change unless otherwise indicated)						
Broad money 9.4	8.3	6.5		7.5	7.5	7.5
Credit to the private sector 8/ 1.0	8.9	4.4		5.9	5.9	5.9
Repo rate (percent, end-period) 7/ 3.5	7.0	8.25		...	...	...
3-month Treasury bill interest rate (percent) 7/ 3.9	6.5	7.9		...	...	...
Balance of payments (annual percentage change unless otherwise indicated)						
Current account balance (billions of U.S. dollars) 6.7	-1.8	-6.1		-6.9	-7.7	-8.6
percent of GDP 2.0	-0.5	-1.6		-1.8	-1.9	-2.0
Exports growth (volume) -11.9	7.4	3.5		3.5	3.6	3.7
Imports growth (volume) -17.4	14.9	4.1		4.0	3.9	3.8
Terms of trade 9.3	-8.6	-4.8		-1.2	-1.4	-0.3

Overall balance (percent of GDP) -1.0	0.0	0.5		0.0	0.0	0.0
Gross reserves (billions of U.S. dollars) 55.5	60.6	62.5		62.5	62.5	62.5
in percent of ARA 78.1	88.9	97.0		95.3	...	...
Total external debt (percent of GDP) 50.5	40.4	41.5		42.2	43.6	44.9
Nominal effective exchange rate (period average) 7/ -11.6	-4.9	-7.7		...	...	...
Real effective exchange rate (period average) 7/ -10.1	-1.4	-9.0		...	...	...
Exchange rate (Rand/U.S. dollar, end-period) 7/ 14.7	17.0	18.4		...	...	...
Sources: South African Reserve Bank, National Treasury, Haver, Bloomberg, World Bank, and Fund staff estimates and projections.						
1/ Per-capita GDP figures are computed using STATS SA mid-year population estimates. 2/ Inventories data are volatile and excluded from the investment breakdown to help clarify fixed capital formation developments. 3/ Consolidated government as defined in the budget unless otherwise indicated. 4/ 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. 5/ The Eskom debt relief is treated as capital transfer above-the-line item. 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 Post Financing Assessment Discussions with South Africa September 4, 2024.

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of South Africa are China, United States, Germany, Japan and United Kingdom. On the other hand five major import partners South Africa are China, Germany, United States, India and Saudi Arabia. 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 imported goods are (i) Petroleum oils, etc, (excl. crude); preparation (ii) Petroleum oils and oils obtained from bituminous (iii) Transmission apparatus, for radiotelephony incorporated (iv) New stamps; stamp-impressed paper; banknotes; and (v) Other medicaments of mixed or unmixed products,.

4. South Africa's total exports in 2019 were of the order of US\$ 89,396 million. It has scaled up to US\$ 110,608 million in 2023 with 42.35% increase recorded in 2021. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 5.47%.

5. South Africa's total imports in 2019 were of the order of US\$ 88,037 million and which has touched US\$ 107,122 million mark in 2023. During the period from 2019 to 2023, with 35.53% increase recorded

in 2021. During the period 2019 to 2023 the annual average compound rate of growth of imports was 5.03%.

6. South Africa runs an overall Balance of Trade surplus from 2019 to 2023 which has scaled up to USD 3,486 million in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 5.25%.

A snapshot of South Africa's overall Trade Statistics is presented in Table 2 and Fig 1 below.

A snapshot of India's merchandise trade statistics w.r.t. South Africa is presented in Table 3 Fig 2.

BILATERAL TRADE WITH INDIA

Merchandise Trade

7. In 2022-23, bilateral trade between India and South Africa reached around US\$ 18.87 billion. South Africa occupies the 37th position in FDI equity inflows into India with a cumulative FDI amount of US\$ 595.87 million from April 2000-September 2023. South Africa ranked 11th as an export destination in FY 2023-24. India exports to South Africa 1.99 % of its total export value in FY 2023-24. In the same financial year imports from South Africa was 1.56% of India's total import value. South Africa was the 17th largest import partner of India in FY 2023-24. Almost 1.73% of India's international trade value was between India and South Africa as has been recorded in FY 2023-24 as per DGCI&S data base.

8. Indo-South Africa total volume of bilateral trade in FY 2019-20 was of the order of US\$ 11,077.97 million. It has scaled to US\$ 19,250.84 million in FY 2023-24. The annual compound growth rate of total volume of trade during the period from 2019-20 to 2023-24 has been of the order of 14.81%.

9. It appears from the available figures that between 2019-20 and 2023-24, India has had a surplus Balance of Trade with South Africa. Exports from India to South Africa had steeply increased by 54.68% in FY 2021-22. The annual average compound rate of growth of Exports was 20.66%. On the other hand, imports from South Africa to India increased by 44.89% in FY 2021-22. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of imports was 10.90%.

10. Additionally, from Tables 4 & 5 presented at Annexure-II below the following are stated:

a. **Petroleum Products, Motor Vehicle/Cars and Drug Formulations Biologicals** are occupying the top three slots in India's exports to South Africa in the year 2023-24. Petroleum Products occupying the 48.97% share of export value India to South Africa.

b. **Gold, Coal- Coke And Briquettes Etc. and Pulp And Waste Paper** are the three major commodities in India's imports list from South Africa in the year 2023-24, India's imports a significant amount **Gold** from South Africa with a share of 43.73% of total imports from South Africa recorded in 2023-24.

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TABLE - 2

**SOUTH AFRICA'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2019 TO 2023**

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	89396		88037		177,433		1359
2020	85227	-4.66	68943	-21.69	154,170	-13.11	16284
2021	121321	42.35	93440	35.53	214,761	39.30	27881
2022	121616	0.24	111880	19.73	233,496	8.72	9736
2023	110608	-9.05	107122	-4.25	217,730	-6.75	3486

Annual GrowthRate	Compound	5.47	5.03	5.25
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NOTE : Figures relate to calendar year (January to December)

SOURCE: UN COMTRADE PUBLICATION

Figure - 1

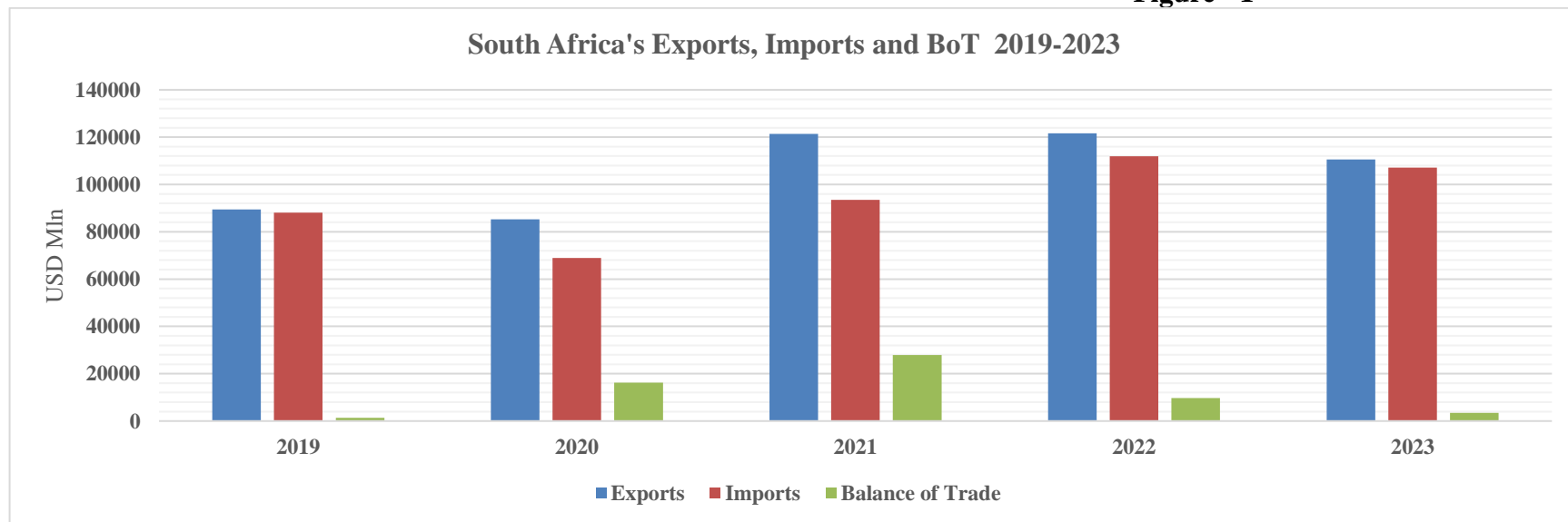


TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. SOUTH AFRICA
FY 2019-2020 to 2023-2024

(Value in USD Million)

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
2019-20	4108.18		6969.79		11077.97		-2861.61
2020-21	3934.20	-4.23	7568.20	8.59	11502.40	3.83	-3634.00
2021-22	6085.29	54.68	10965.81	44.89	17051.10	48.24	-4880.52
2022-23	8474.44	39.26	10397.83	-5.18	18872.27	10.68	-1923.39
2023-24	8707.54	2.75	10543.30	1.40	19250.84	2.01	-1835.76

Annual Compound

GrowthRate

20.66

10.90

14.81

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

SOURCE : DGCI&S, M/o C&I

Figure 2

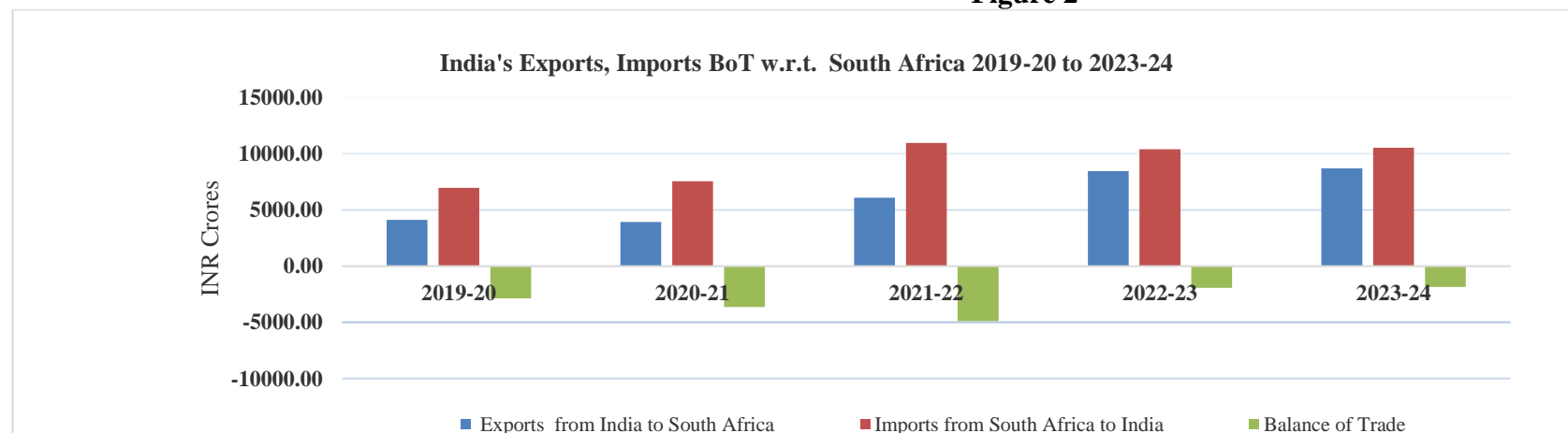


TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO SOUTH AFRICA
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Petroleum Products	589.04	400.71	1420.53	3760.23	4264.11	-31.97	254.50	164.71	13.40
	Share in total export	14.34	10.19	23.34	44.37	48.97				
2	Motor Vehicle/Cars	918.36	557.13	1158.53	1541.51	1166.36	-39.33	107.95	33.06	-24.34
	Share in total export	22.35	14.16	19.04	18.19	13.39				
3	Drug Formulations Biologicals	554.48	738.95	540.57	578.65	662.52	33.27	-26.85	7.04	14.49
	Share in total export	13.50	18.78	8.88	6.83	7.61				
4	Telecom Instruments	208.20	81.69	176.34	212.81	201.65	-60.76	115.86	20.68	-5.24
	Share in total export	5.07	2.08	2.90	2.51	2.32				
5	Products Of Iron And Steel	58.69	64.90	50.51	46.31	120.53	10.58	-22.17	-8.32	160.27
	Share in total export	1.43	1.65	0.83	0.55	1.38				
6	Indl. Machinery For Dairy Etc.	78.32	71.21	132.66	144.29	113.47	-9.08	86.29	8.77	-21.36
	Share in total export	1.91	1.81	2.18	1.70	1.30				
7	Other Construction Machinery	42.17	39.40	74.35	108.93	105.85	-6.57	88.71	46.51	-2.83
	Share in total export	1.03	1.00	1.22	1.29	1.22				
8	Rice (Other Than Basmati)	51.90	58.76	73.65	68.60	105.32	13.22	25.34	-6.86	53.53
	Share in total export	1.26	1.49	1.21	0.81	1.21				
9	Electric Machinery And Equipments	76.29	49.63	51.26	73.54	104.09	-34.95	3.28	43.46	41.54
	Share in total export	1.86	1.26	0.84	0.87	1.20				
10	Auto Components/ Parts	84.07	65.06	82.66	9.50	104.04	-22.61	27.05	-88.51	995.16
	Share in total export	2.05	1.65	1.36	0.11	1.19				
	Total export to SOUTH AFRICA	4108.18	3934.20	6085.29	8474.44	8707.54	-4.23	54.68	39.26	2.75

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

SOURCE : DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM SOUTH AFRICA
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	23-24 over 2022-23
1	Gold	1367.01	2549.35	3259.77	3360.12	4610.58	86.49	27.87	3.08	37.21
	Share in total import	19.61	33.69	29.73	32.32	43.73				
2	Coal, Coke AndBriquettes Etc.	3002.57	1927.58	3233.69	3480.82	3316.15	-35.80	67.76	7.64	-4.73
	Share in total import	43.08	25.47	29.49	33.48	31.45				
3	Pulp And Waste Paper	132.83	98.46	335.88	391.32	512.00	-25.88	241.13	16.51	30.84
	Share in total import	1.91	1.30	3.06	3.76	4.86				
4	Pearl, Precs. Sem-iprecs Stones	587.58	635.89	939.48	846.13	503.07	8.22	47.74	-9.94	-40.54
	Share in total import	8.43	8.40	8.57	8.14	4.77				
5	Bulk Minerals And Ores	328.15	305.22	599.16	434.20	454.16	-6.99	96.30	-27.53	4.60
	Share in total import	4.71	4.03	5.46	4.18	4.31				
6	Copper, Products Made Of Copper	63.95	507.75	670.80	780.69	238.67	693.98	32.11	16.38	-69.43
	Share in total import	0.92	6.71	6.12	7.51	2.26				
7	Iron And Steel	207.41	110.37	113.64	241.44	133.46	-46.79	2.96	112.46	-44.72
	Share in total import	2.98	1.46	1.04	2.32	1.27				
8	Ship Boat and Floatinf Structures	437.91	503.67	401.47	15.15	95.54	15.02	-20.29	-96.23	530.63
	Share in total import	6.28	6.66	3.66	0.15	0.91				
9	Other Crude Minerals	48.38	58.87	71.44	109.04	85.42	21.68	21.35	52.63	-21.66
	Share in total import	0.69	0.78	0.65	1.05	0.81				
10	Inorganic Chemicals	26.11	41.64	41.42	111.45	82.74	59.48	-0.53	169.07	-25.76
	Share in total import	0.37	0.55	0.38	1.07	0.78				
	Total export to South Africa	6969.79	7568.20	10965.81	10397.83	10543.30	8.59	44.89	-5.18	1.40

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

SOURCE : DGCI&S, M/o C&I