KZN Exports through the African Continental Free Trade Area Agreement

25th May 2023



CONTENT OF PRESENTATION

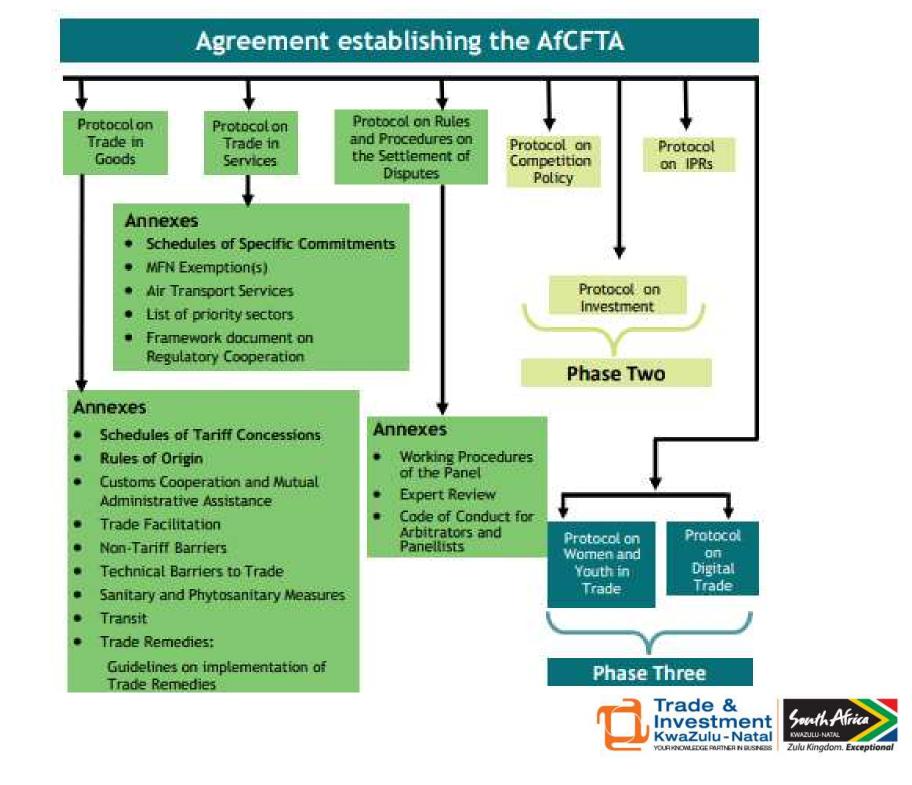
- OVERVIEW & STATUS OF THE AFCFTA AGREEMENT
- KZN TRADE STATS AFRICA FOCUS
- KZN'S AFRICA EXPORT STRATEGY
- DRIVING TRADE IN AFRICA
- PLANS MOVING FORWARD



OVERVIEW OF THE AFCFTA

- The African Union assembly launched the AfCFTA negotiations in June 2015.
- AfCFTA come into **operation on the 1st January 2021** after some delays.
- **Phase 1** of the AfCFTA negotiations includes the protocol on trade in goods and the trade in services;
- **Phase 2** includes competition, intellectual property and investment and Infrastructure development.
- **Phase 3** negotiations cover Digital Trade, and Women and Youth in trade have recently started.
- The AfCFTA is intended to harmonise regimes and establish a single rulebook for trade and investment through the progressive liberalisation of tariffs and reducing barriers to trade in goods and services.
- Easing the movement of goods, services, people, technology, money.
- South Africa is the largest contributor to intra-Africa trade accounting for over 24.9%.
- South African exports are diversified with mineral products, machinery, chemicals, iron and steel products accounting for 50% of its total exports in recent years.
- The African market provides South Africa with alternative market for export of value-added goods and services.





Unlocking Africa

- 1.3 + BILLION PEOPLE
- \$3.4 + TRILLION MARKET
- 55 MEMBER STATES
- 1 MARKET





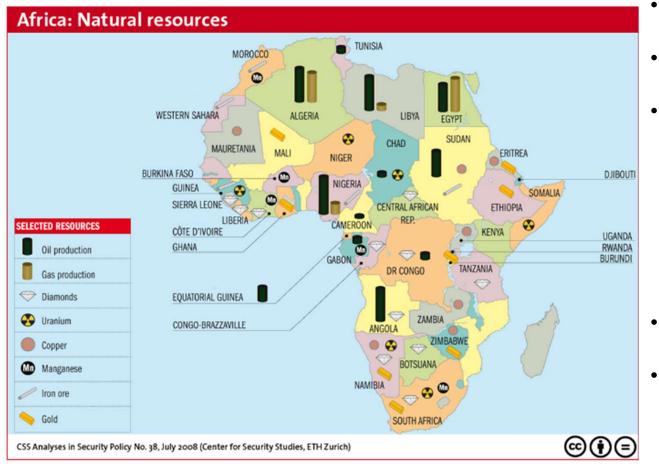
THE AFCFTA: BOOSTING INTRA-AFRICA TRADE

- According to United Nations Economic Commission for Africa (UNECA), African Continental Free Trade Area (AfCFTA) promises to unlock intra-Africa trade to grow by 52%.
- WTO provided a comparative analysis of intra-regional trade as follows:
 intra-Africa trade at 18%;
 intra-Asian trade at 52%;
 intra-North American trade at 50%; and
 - □ intra-EU trade at 70%.
- Africa's share of world trade estimated to be at 3%. This proves that Africa needs to do more to expedite market integration.



AFRICA'S RESOURCES

- Gems, precious metals: US\$15.3 billion (17% of total exports)
- Ores, slag, ash: \$13.1 billion (14.5%)
- Vehicles: \$11.4 billion (12.7%)
- Mineral fuels including oil: \$9.1 billion (10.1%)
- Machinery including computers: \$5.5 billion (6.1%)
- Iron, steel: \$5.4 billion (6%)
- Fruits, nuts: \$3.4 billion (3.8%)



- 40 % of the world's gold
- 90 % chromium and platinum.
- The largest reserves of cobalt, diamonds, platinum and uranium in the world are in Africa.
- 65 % the world's arable land
- 10% of the planet's fresh water source.



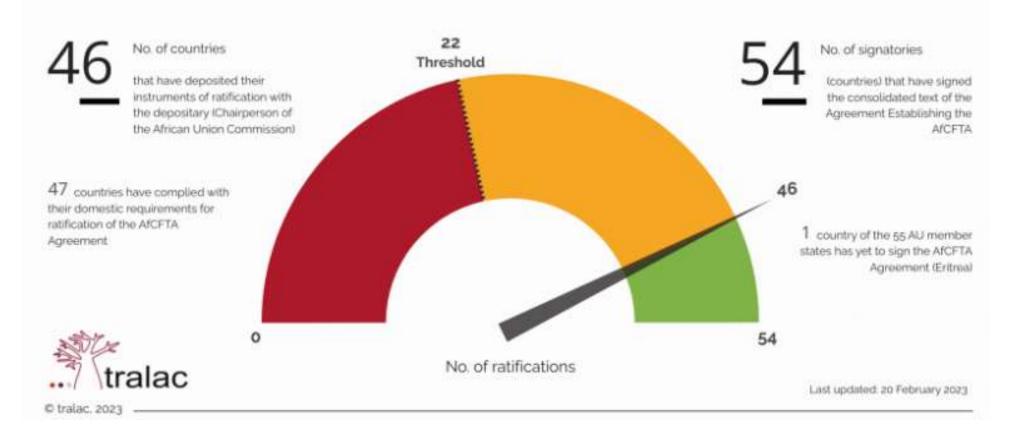
AfCFTA Tariff Reduction

- The AfCFTA seeks to reduce tariff barriers and duties on goods traded between African countries in order to give African-made goods an advantage over goods produced elsewhere in the world.
- 54 of the 55 African countries have signed only Eritrea has yet to join. 42 African countries have ratified it through their domestic processes, including South Africa, and have deposited their instruments for ratification.
- The Agreement provides for:
- **Phase 1:** Reduction of tariffs on 90% of goods within 5 years (10 years for LDCs) with a further 7% over 10 years (13 years for LDCs); and opening of services sectors for trade.
- The tariff duty on 97% of goods of good for Developed Counties will be reduced in 10 years by 2036
- The tariff duty on 97% of goods of good for Least Developed Countries will be reduced in 13 years by 2044
- Effectively, 3 % of goods will still be outside of the Tariff reduction regime



AfCFTA Status – October 2022

AfCFTA Ratification Barometer



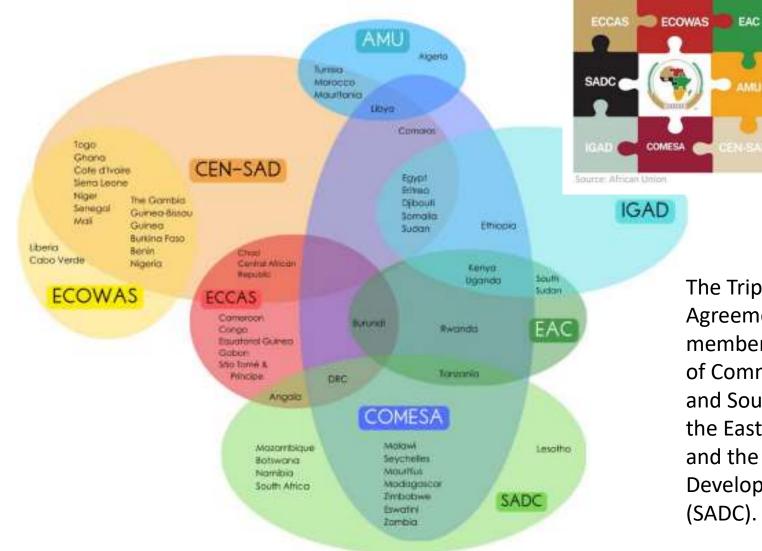






KwaZulu-Natal

Regional Economic Communities



This means that the recognized RECs, as well as other trading arrangements as the Southern African Customs Union (SACU) and and the Tripartite Free Trade Area (TFTA), <u>shall be maintained</u>. (See also Art 8(2) of the AfCFTA Protocol.

The Tripartite Free Trade Agreement consists of 26 member countries and made up of Common Market for Eastern and Southern Africa (COMESA); the East Africa Community (EAC) and the Southern African Development Community (SADC).



KZN TRADE STATS

EXPORTS INTO AFRICA (2022)

	2022
HST87: Vehicles other than railway or tramway rolling stock, and parts and	
accessories thereof	R 7 971 038 174,00
HST10: Cereals	R 3 377 442 873,00
HST84: Boilers, machinery and mechanical appliances; parts thereof	R 3 433 517 925,00
HST17: Sugars and sugar confectionery	R 1 304 167 983,00
HST15: Animal or vegetable fats & oils and their cleavage products; prepared	
edible fats;	R 3 405 612 692,00
HST39: Plastics and articles thereof	R 2 507 451 212,00
HST48: Paper and paperboard; articles of paper pulp, of paper or of	
paperboard	R 2 193 723 839,00
HST34: Soap, organic surface-active agents, washing preparations,	
lubricating preparations, artificial waxes, prepared waxes,	R 1 540 157 355,00
HST85: Electrical machinery and equipment and parts thereof; sound	
recorders and reproducers, television image	R 1 267 576 646,00
HST38: Miscellaneous chemical products	R 1 557 914 577,00
Year	Total Exports
2020	R 40, 757 Billion
2021	R 46, 010 Billion
2022	R 51,845 Billion

KZN TRADE STATS

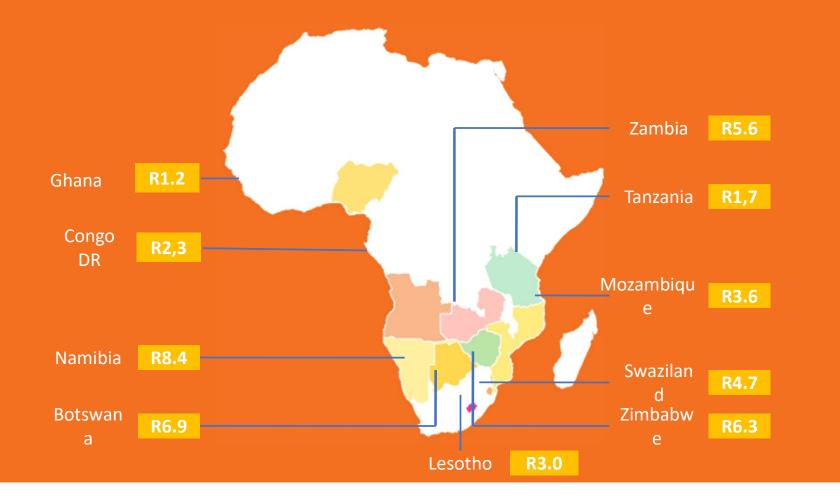
IMPORTS FROM AFRICA (2022)

HST62: Articles of apparel and clothing accessories, not knitted or crocheted	R 2 494 565 528
HST61: Articles of apparel and clothing accessories, knitted or crocheted	R 1 113 917 120
HST27: Mineral fuels, mineral oils and products of their distillation; bituminous	
substances; mineral waxes	R 1 032 042 665
HST52: Cotton	R 486 065 286
HST23: Residues and waste from the food industries; prepared animal fodder	R 453 096 377
HST28: Inorganic chemicals; organic or inorganic compounds of precious metals,	
of rare-earth metals, of radioactive elements or of isotopes	R 446 218 876
HST09: Coffee, tea, maté and spices	R 242 992 745
HST40: Rubber and articles thereof	R 238 564 607
HST60: Knitted or crocheted fabrics	R 217 068 656
HST64: Footwear, gaiters and the like; parts of such articles	R 135 855 461
Year	Total Imports
2020	R 5,683 Billion
2021	R7,584 Billion
2022	R8,287 Billion
2022	R8,287 Billion





KZN TOP 10 EXPORTS AFRICA MARKETS 2021 (Billions)



Total KZN Exports to Africa (11,86%) = R51,845 Billion Total Imports into KZN from the rest of Africa = R8,570 Billion Total SA Exports to Africa = R 491,145 Billion Total Imports into SA from the rest of Africa = R 156,003 Billion

KZN'S AFRICA EXPORT STRATEGY



ELEMENTS OF THE KZN'S AFRICA EXPORT STRATEGY

- ECONOMIC AND POLITICAL RISK
- EXISTING TRADE FLOWS
- POTENTIAL PRODUCTS TO BE TRADED
- COMPARATIVE ADVANTAGES
- DESCISON SUPPORT MODEL
- TOP MARKETS/PRODUCTS TO FOCUS

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COMPETITIVE ADVANTAGES FOR KZN EXPORTERS

Sector	Districts of Importance
Footwear	UThukela, uMgungundlovu, Ugu
Forestry	Harry Gwala, Umzinyathi, uMgungundlovu, Umkhanyakude
Paper and paper products	iLembe, UThukela, King Cetshwayo
Wearing apparel	iLembe, Amajuba, eThekwini
Non-ferrous metal products	King Cetshwayo, uMgungundlovu,
Textiles	UThukela, iLembe, eThekwini
Agriculture	Harry Gwala, iLembe, Umzinyathi
Plastic products	iLembe, eThekwini
Wood and wood products	Harry Gwala, Umzinyathi, uMgungundlovu
Leather and leather products	iLembe
Basic chemicals	King Cetshwayo, eThekwini
Food	Ugu, UThukela, iLembe
Furniture	UThukela, iLembe
Transport and storage	King Cetshwayo, eThekwini
Water	uMgungundlovu, UThukela, Umkhanyakude
Rubber products	uMgungundlovu, UThukela
Other chemical products	eThekwini, Amajuba
Motor vehicles, parts and accessories	iLembe, eThekwini
Printing, recorded media	eThekwini, Amajuba
Structural metal products	King Cetshwayo, iLembe, eThekwini, uMgungundlovu
Construction	iLembe, Ugu, uThukela, Umkhanyakude, King Cetshwayo, Harry Gwala
Education (private)	Umzinyathi, Zululand, Umkhanyakude, Harry Gwala
Other manufacturing groups	eThekwini, Amajuba
Health and social work (private)	Umkhanyakude
Other fabricated metal products	Umzinyathi, King Cetshwayo, iLembe, eThekwini

IDENTIFICATION OF REALISTIC EXPORT OPPORTUNITIES





PRIORITY COUNTRIES OF FOCUS

Country	KZN share of ZAF Exports [B] to Target Market (Mn) [USD]:	[A]Total Realistic Export Potential to Target Market(s)(Mn) [USD]:	[A1] Halal reduced potential to Target Market(s)(Mn) [USD]:	[B]Total Exports from ZAF to Target Market(s)(Mn) [USD]:	[G]Target Market(s)Tota I Imports (Mn) [USD]:
Kenya	3.78	22.36	21.68	15.90	161.51
Uganda	7.06	16.45	16.20	19.75	124.46
Ghana	2.30	14.07	13.42	7.92	110.90
Angola	3.34	12.22	12.22	12.04	94.55
Mauritius	1.21	<mark>6.03</mark>	<mark>5.42</mark>	4.63	48.37
Madagascar	1.01	3.73	3.72	4.03	28.29
Guinea	0.47	2.85	2.85	1.53	20.56
Seychelles	0.46	2.09	2.09	1.59	16.40
Morocco	1.76	<mark>2.06</mark>	<mark>1.86</mark>	2.15	14.83
Zimbabwe	0.74	1.58	1.58	1.35	10.92
Senegal	0.32	1.37	1.37	1.30	12.00
Congo	0.32	1.32	1.32	0.87	9.13
Burkina Faso	0.11	<mark>1.27</mark>	<mark>1.16</mark>	0.74	10.84
Mozambique	0.66	1.25	1.25	1.25	8.96
Djibouti	0.22	<mark>1.24</mark>	<mark>0.07</mark>	0.77	8.80
Benin	0.10	1.02	1.02	0.52	8.00
Algeria	0.16	0.43	0.43	0.25	3.25
Ivory Coast	0.02	0.35	0.35	0.17	2.80
Gabon	0.02	0.06	0.06	0.05	0.41
Cape Verde	0.00	0.01	0.01	0.00	0.04

TARGET AFRICAN MARKETS FOR KZN:

1. Algeria (TDO)	10. Burkina Faso (TDO)	19. Rwanda (TDO)
2. Morocco (TDO)	11. Botswana (TEM19; TDO)	20. Djibouti (TDO)
3. Ghana (TDO)	12. Nigeria (TDO)	21. Kenya (TEM19)
4. Tunisia (TDO)	13. Namibia (TEM19; TDO)	22. Tanzania (TEM19)
5. Senegal (TDO)	14. Seychelles (TDO)	23. Angola (TEM19)
6. Madagascar (TDO)	15. eSwatini (TDO; TEM19)	24. Zimbabwe (TEM19)
7. Mauritius (TDO)	16. Uganda (TDO)	25. Zambia (TEM19)
8. Ivory Coast (TDO)	17. Cape Verde (TDO)	26. Mozambique (TEM19
9. Benin (TDO)	18. Gabon (TDO)	27. Lesotho (TEM19)

Key: TDO=Trade DSM Outcome; TEM19 = Top Export Market 2019.



EXPORT PRODUCTS FROM KZN (+3500 products)

- Automotive parts and components
- Sugar, prepared foodstuffs and beverages
- Chemicals and Plastics
- Furniture, arts & craft
- Pulp & paper
- Engineering & Consultancy services
- Electronic, communication devices
- Leisure boats, transport and logistics equipment
- Machinery
- Jewelry, base metals
- Clothing, textile, body armor









TARGET PRODUCTRS FOR AFRICAN MARKETS FROM KZN

Product	Tariff book product (HS 6 digit)	Opportunity (s)(Mn) [ZAR]:	Current Sales (Mn) [ZAR]:	Demand (Mn) [ZAR]:
Count: 173	Count: 173	5 911.70	9 438.95	48 853.44
	Vegetable oils: soya-bean oil and its fractions, crude,			
HS150710	whether or not degummed, not chemically modified	2 086.71	184.52	14 315.10
	Sugars: sucrose, chemically pure, in solid form, not			
HS170199	containing added flavouring or colouring matter	862.01	1 625.83	7 579.06
	Aluminium: casks, drums, cans, boxes and the like for any			
HS761290	material (not compressed or liquefied gas),	227.61	373.87	2 050.32
	Sauces and preparations therefor: mixed condiments and			
HS210390	mixed seasonings	234.64	198.57	1 771.39
	Uncoated paper and paperboard (not 4801 or 4803):			
HS480256	printing, writing or graphic,	206.69	171.81	1 498.48
HS340120	Soap: in forms n.e.c. in item no. 3401.11	164.17	238.97	1 259.89
	Paper and paperboard: cartons, boxes and cases, of			
HS481910	corrugated paper or paperboard	143.23	235.47	1 222.75
HS151219	Vegetable oils: sunflower seed or safflower oil	33.41	889.49	1 112.99
HS730840	Iron or steel	134.61	101.24	1 054.71
HS340290	Washing and cleaning preparations:	62.57	388.59	862.30
HS210410	Soups and broths and preparations therefor	117.49	18.82	736.06
	Iron or non-alloy steel: L sections, hot-rolled, hot-drawn			
HS721621	or extruded, of a height of less than 80mm	107.13	25.31	671.78
HS721631	Iron or non-alloy steel	54.69	165.71	498.19
HS090230	Tea, black:	46.39	156.48	442.63
HS841830	Freezers: of the chest type, not exceeding 800I capacity	49.85	115.08	426.46
HS380899	Rodenticides and other similar	34.41	189.31	424.12
HS760110	Aluminium: unwrought, (not alloyed)	55.56	55.67	412.30
HS440310	Wood	29.34	236.77	405.29
HS340219	Organic surface-active agents	23.95	224.82	395.38
HS640590	Footwear: n.e.c. in chapter 64	30.33	142.06	348.37

INTRA-AFRICA TRADE INITIATIVES :

- Market Development Initiative with Trade Commissioners, Investment Promotion Agencies, Exports Councils, etc.
- 2. Trade regulation and compliance with Intertek, BV, SGS
- 3. Competitiveness Enhancement/Technical Support
- 4. Online/Physical Trade Mission (Conference and B2B arranges for promotion of intra Africa trade)
- 5. Follow up with inbound and outbound missions to enhance market penetration within 6 months of prior engagements.
- B2Bs arranged for promotion of Intra Africa Trade at least once per annum per regional grouping.



DRIVING TRADE IN AFRICA

GROWING KWAZULU-NATAL TOGETHER



- (1) DRC Mining Week, 01-03 June 2022
- (7) Automechanika Johannesburg, 07-10 June 2022
- (8) Africa Trade Week (SAITEX), 19-21 June 2022
- (4) Tourism Indaba 3-5 May 2022
- (5) Decorex, 28-31 July 2022
- (7) Africa Big 7 exhibition, 19-21 June 2022
- (1) FILDA, 12-16 July 2022
- (1) FACIM, 31 Aug 05 Sept 2022
- (1) Namibia, 09-11 (Individual OSM) September 2022
- (5) Decorex JHB, 22-25 September 2022
- (2) Seychelles Fashion Week, 27 Sept 02 Oct 2022
- (6) Organic & Natural , 21-23 Oct 2022
- (35) KZN Export Week, 29 November to 2 December 2022
- (4) Solar Power Africa, 07-10 February 2023



SUCCESSES

- Trade & Investment KwaZulu-Natal won two prestigious Awards at the IATF 2021:
- The Most Extraordinary Experience Stand:

Variety of Companies from Small to Large demonstrating cohesion, knowledge, skill and appetite to do business in the African Continent

The Best Agency Partner to Gate-Africa For Francophone Business Development:

> Recognised for outstanding commitment in ensuring excellence and business partnership creation between KwaZulu-Natal and the Francophone Countries



KWAZULU-NATAL TRADE & INVESTMENT INDABA WORLD HALAL DAY

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Trade & Investment Indaba 2022 + WHD

EXHIBITIONS: KZN Export Week 2022

KZN Export Week 2022: Exhibition











KZN Export Week 2022: Visitation Program to DTP and RBIDZ

AFCFTA Awareness and Consultation Workshop – 25th May 2023

- ✓ 150 KZN companies to participate in workshop
- ✓ Insight on 90% of SA products identified for tariff reduction as part of the AfCFTA

INVITATION





"The Year of AfCFTA – Moving Towards Acceleration of AfCFTA Implementation"

The Department of Trade, Industry and Competition (the dtic) in partnership with Trade and Investment KwaZulu-Natal (TIKZN), invite you to an awareness workshop on the "Implementation and Operationalization of the African Continental Free Trade Area (AfCFTA) Agreement".

The purpose of the workshop is to apprise South African companies and export ready SMME's on the benefits of trading under the AfCFTA, which intends to create a single continental market with a population of about 1.3 billion people and a combined Gross Domestic Product (GDP) of approximately USD 3.4 trillion.

The AfCFTA offers enormous opportunities for South African companies to expand their export base and volume beyond traditional export markets by creating exposure for emerging producers, small and medium enterprises as well as women and youth entrepreneurs.

Date: 25 May 2023

Time: 09h00 - 16h00



Africa Agribusiness and Science Week 5th to 8th June 2023

- ✓ KZN Pavilion with 4 to 6 companies
- \checkmark 3 Slots during the Conference and Plenary Sessions
- ✓ B2B engagement with African Buyers and Investors



KwaZulu-Natal Investment Conference 2023–13 June 2023

- $\checkmark\,$ 9 Organisation colocation on the Invest SA OSS Pavilion
- ✓ 12 Entities and Funders
- ✓ 20 Private Sector Investors and Stakeholders





Africa Trade Week 2023 SAITEX & AB7 – 18 to 20 June 2023



18 – 20 JUNE 2023 GALLAGHER CONVENTION CENTRE, JOHANNEBSURG, SOUTH AFRICA Meet hundreds of potential suppliers from across the globe and expand your network with African business owners, entrepreneurs, retailers, wholesalers, and distributors. Don't miss this chance to enhance your business prospects and take your success to the next level. Register now!





18 – 20 JUNE 2023 GALLAGHER CONVENTION CENTRE JOHANNESBURG, SOUTH AFRICA





To book your exhibition space and delegate tickets, contact: naacamshow@naacam.co.za

- ✓ 72 Sqm KZN Pavilion
- ✓ 3 X 1st Tier Suppliers to sponsor in turn 3 of their 2nd Tier Suppliers



KZN Export Week 2023 17 to 20 October 2023 Durban ICC



- Export Summit
- Emerging Exporter Training (Emerging Exporters)
- Export Master Class Session
- □ Inward Delegation Visitation
- □ KZN Exporter Golf Challenge
- Exhibition 100 local and international participants



EXHIBITIONS : IATF 2023

www.intrafricantradefair.com



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Connecting African

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21 - 27 November 2023

Abidjan, Cote d'Ivoire

ABIDJAN EXHIBITION CENTER

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Collaboration to Promote Intra-Africa Trade



- MOU signed with GIT Zone for market access support into Africa during the IATF 2021.
- We are currently in discussion with an entity call GIT Zone whom TIKZN signed an MOU with during the recent IAFT trade event.
 We are planning for a virtual trade mission in 2022 to cover Egypt, Tunisia, Algeria and Morocco and then followed up with a physical trade mission to cover at least two of these destination in July 2023.







- TIKZN and World Logistic Passport (WLP) sign an MOU to investigate areas of efficiency improvement in the movement of goods that covers multimodal transport. The role of the pilot study commences in March 2023.
- Export Competitiveness Enhancements for trade into Africa.
- "The Last Mile" of the Export Promotion. Enhanced skills in trade facilitation as well as linked with African based IPA.



AFRICA FOCUSED TRADE EVENTS FOR 2023/2024

	Export Promotion Trade Platforms for 2023/2024				
No	Begin Date	End Date	Trade Event Details	Host Country	Sector
		•	QUA	RTER ONE (Q1)	
1	23-Apr-23	30-Apr-23	OSM Mauritius	Mauritius, Port Louis	Multi-Sectoral
2	April/May	April/May	Regional Trade Day (North Africa)	Algeria, Morocco, Tunisia, Egypt	Multi
	24-Apr-23	27-Apr-23	OSM Zambia	Zambia	Footwear and Leather
4	25-May-23	25-May-23	Africa Day	Durban, KZN	Multi
5	06-Jun-23	08-Jun-23	Coperbelt Mining, Agri & Indus Expo (CAMINEX) and Trade Misison to Lusaka	Kitwe, Zambia	Captial Equip, (Mining & Agirc)
6	18-Jun-23	20-Jun-23	Africa Big 7 / SAITEX / Halal International	Jhb, South Africa	Multi
7	25-Jun-23	27-Jun-23	Automechanika	Nasrec, South Africa	Automotive
			QUA	RTER TWO (Q2)	
8	18-Jul-23	22-Jul-23	OSM Egypt/Algeria/Moroco/Tunisia (Tentative dates-to be aligned with Destination Africa 2023 Dates)	Egypt	Multi
9	28-Jul-23	30-Jul-23	Cannabis Expo	Durban, SA	Cosmetics
10	17-Aug-23	21-Aug-23	OSM Namibia	Namibia	Footwear and Leather
11	26-Aug-23	01-Sep-23	Fiera International de Maputo (FACIM)	Maputo, Mozambique	Multi
12	01-Sep-23	05-Sep-23	OSM Ghana	Accra, Ghana	Multi
13	20-Sep-23	22-Sep-23	Transport Evolution	Durban ICC	Logistics
			QUAR	TER THREE (Q3)	
14	17-Oct-23	20-Oct-23	KZN Export Week 2023	Durban, SA	Multi Sectoral
15	18-Nov-23	29-Nov-23	Intra Africa Trade Fair	Abidjan, Cote d Ivoire	Multi Sectoral
16	01-Dec-23	05-Dec-23	OSM Tanzania	Tanzania	Footwear and Leather
			QUAR	TER FOUR (Q4)	
17	08-Feb-24	11-Feb-24	Solar Power Africa	CT, South Africa	Energy
18	06-Feb-24	07-Feb-24	Mining Indaba	CT, South Africa	Mining
19	23-Mar-23	28-Mar-23	OSM Zimbabwe	Zimbabwe	YOUEIXNOMEDGE PARTNER N BUSNESS Zulu Kingdom. Except
20	March	March	Africa Energy Indaba	CT, South Africa	Energy





Thank You



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