

SOUTH AFRICA'S DIVERSIFICATION STRATEGY

TRADE. GROWTH. OPPORTUNITY.

TRADITIONAL & ESTABLISHED MARKETS



EUROPEAN
UNION



UNITED
STATES



CHINA



JAPAN



INDIA



UNITED
KINGDOM



SOUTH
KOREA



FRANCE



GERMANY

AFRICA

Our Connection.
Our Future.

NEW & EMERGING MARKETS



AFRICAN
CONTINENT



MIDDLE EAST



SOUTH EAST
ASIA



LATIN
AMERICA



SOUTH ASIA



EAST ASIA



CENTRAL ASIA



EMERGING
ECONOMIES



DIVERSIFY TODAY. PROSPER TOMORROW.

EXPORTS



MANDATE:

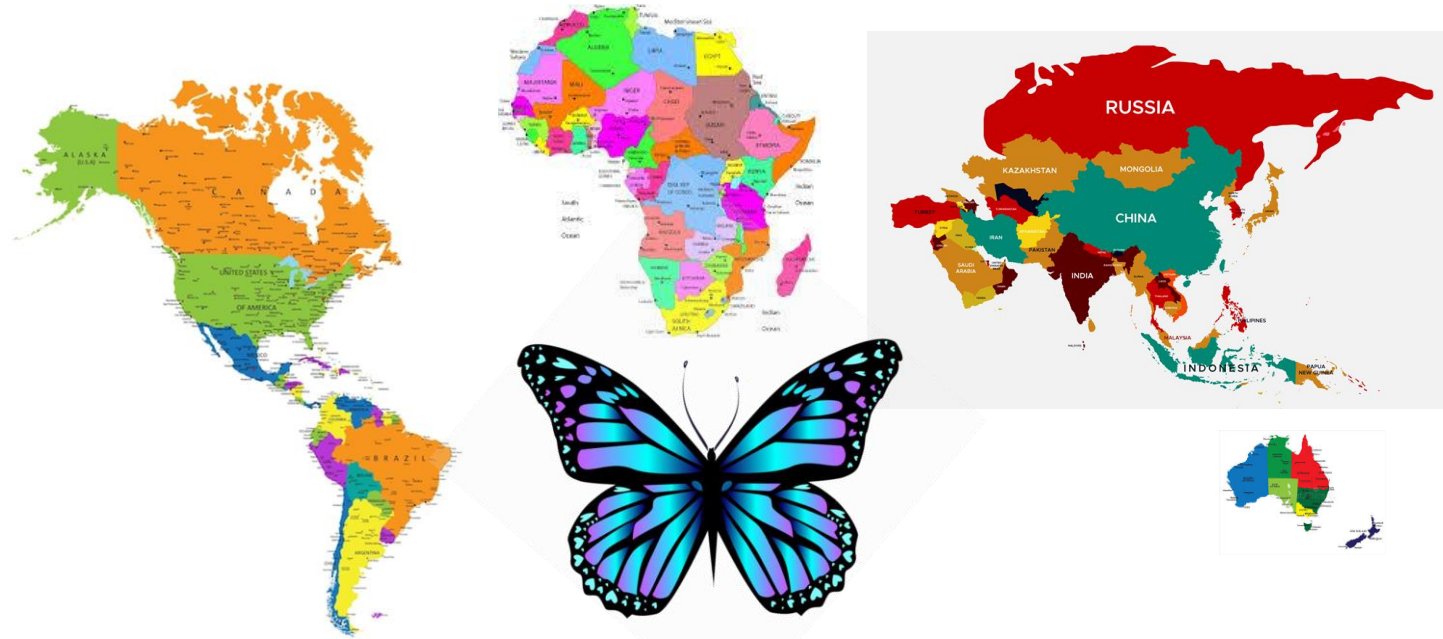
To engender **export-led growth** of the South African economy. This is achieved through the increase of the volume of goods and services exports to the world and through increasing the proportion of companies that currently export from South Africa.

Impact

With structural transformation of the South African economy as imperative, the priority is to facilitate South Africa's transition to export-led industrialisation with a focus on improving:

- The volume of goods and services exports;
- The composition of exports towards value-added products;
- Developing more exporters, including black, youth and women-led firms; as well as
- Improving the geographical spread of exporters supported.

The Butterfly Strategy



- ❖ The “**butterfly strategy**” prioritises the **implementation of the AfCFTA** and unlocking opportunities in the rest of Africa as the foundation of our global engagements, with the ‘**wings**’ representing additional export initiatives in the rest of the world focusing on leading and **established markets** as well as **new and emerging market** opportunities.
- ❖ This strategy aims to **diversify exports geographically** and **by product category**, increase value-added manufacturing, and leverage trade agreements and diplomatic efforts to enhance market access and competitiveness, fostering inclusive, regionally integrated, and globally connected export growth.

Market Diversification

In understanding the concept of market diversification, it can be defined as reducing reliance on a narrow set of products or markets and it has 4 broad categories:

Product Diversification:
Identify high-value products and sectors with export potential.

Market Diversification:
Target new regions or economies to reduce concentration risk.

Value Addition and Industrial Upgrading:
Shift from exporting raw commodities to higher-value processed products.

Sector diversification:
Fostering a more balanced production structure that includes exports from various sectors of the economy.



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

the dtic - together, growing the economy

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Strategic Export Initiatives

In support of reducing dependence on a small domestic market and facilitating the transition of the South African economy to an export-oriented model, the Department of Trade, Industry, and Competition (**the dti**) will focus on **expanding and improving the effectiveness of current export measures while implementing new export initiatives** in order to deliver on the strategic target of growing the value of South African exports from R2 trillion to R3 trillion by 2030. These initiatives will align with the department's priorities of reindustrialisation, job creation, transformation, and building a capable state, and will include:

- *Increasing capacity of South Africa's enterprises to export, including skills for exporting;*
- *Penetrating African export markets beyond SADC;*
- *Increasing the value of South Africa's investments in the rest of Africa;*
- *Promotion and marketing of South African goods and services exports globally;*
- *Economic diplomacy and the professionalization of the foreign service;*
- *Resolving trade barriers faced by South African businesses; and*
- *Improved trade finance instruments.*



STRATEGIC MARKET ACCESS : IMPLEMENTING THE BUTTERFLY STRATEGY

Industrial Policy Sectors

DECARBONISATION

- Battery Value Chains and Beneficiation of Critical Minerals
- Green Economy
- Agro-processing

DIVERSIFICATION

- Cannabis and Hemp
- Clothing, Textile, Leather and Footwear (Ctfl)
- Agro-Processing
- Steel, Metal Fabrication and Aluminium Sector
- The Global Business Services (Gbs) Sector
- Automotives Industry
- Chemicals
- Plastics Sector
- Cosmetics Sector
- Oceans Economy

DIGITALISATION

- Pharmaceuticals, Vaccines and Medical Technologies
- Electro-Technical Industries and White Goods
- Aerospace and Defence
- Digital Economy

Interventions

- Increasing the capacity of South Africa's enterprises to export, including skills for exporting.
- Penetrating African export markets beyond SADC
- Increasing the value of South Africa's investments in the rest of Africa.
- Promotion and Marketing of South African goods and services exports globally.
- Economic Diplomacy and the professionalization of the foreign service.
- Resolving trade and investment barriers faced by South African businesses.
- Improved trade finance instruments.

IMPLEMENTATION OF THE BUTTERFLY STRATEGY – 22 PRIORITY MARKETS + ASEAN & TURKEY		
	PRIORITY MARKETS	KEY PRODUCTS
AFRICA	1 Mozambique	Basic iron & steel, Basic Chemicals, Fertilizers, Rail locomotives, Machinery, Oil and gas casings, Capital equipment, Blankets & rugs, Agro processing
	2 DRC	Machinery & equipment, Pumps, Iron and steel structures, Cement, Transformers, Flat-rolled steel, Electric motors and generators, Fertilizers, Agro processing
	3 Egypt	Basic and industrial chemicals, Capital equipment & machinery, Mechanical appliances, Flat-rolled steel, Cement, Agro-processing
	4 Ghana	Machinery, Steel grinding balls, Steel tube and pipe fittings, Basic chemicals, Man-made fibres, Agro processing
	5 Kenya	Machinery, Capital equipment, Poultry-keeping machinery, Explosives, Basic chemicals, Fertilizers, Basic iron & steel, Metal products, Steel tube & pipe fittings, Tents, Footwear, Blankets & rugs, Agro processing
	6 Nigeria	Basic chemicals, Explosives, Machinery & equipment, Poultry-keeping machinery, Capital equipment, Electric motors & generators, Agro-processing
	7 Senegal	Automotive and components, Machinery, Tanks, Steel grinding balls, Steel bars & rods, Agro processing
	8 Ethiopia	Flat-rolled steel, Mechanical appliances, Fertilizers, Conveyor belts, Copper bars and rods, Machine tools, Slaked lime, Industrial chemicals, Agro processing
	9 Angola	Rail locomotive equipment, Automotive and components, Pumps, Mechanical appliances, Aluminium plates and sheets, Oil and Gas steel pipes, Transformers, Steel bar and rods, Agro processing
NORTH AMERICA	10 United States	Machinery, Metal products, Aluminium plates & sheets, Flat-rolled sheets, Cement, Copper tubes & pipes, Steel bars & rods, Agro processing
SOUTH AMERICA	11 Brazil	Industrial chemicals, Fertilizers, Machinery & equipment, Metal products, Electric motors & generators
EUROPE	12 France (EU)	Machinery, Automotive and components, Engineering, Metal products, steel tube and pipe fittings, Agro processing
	13 Germany (EU)	Machinery & equipment, Steel tube and pipe fittings, Industrial chemicals, Automotive and components, Engineering, Metal products, Services and contract manufacturing, Green Hydrogen, Agro processing
	14 Italy (EU)	Agro processing, Cement, Semi-finished steel products, Machinery
	15 The Netherlands (EU)	Agro processing, Aluminium plates and sheets, Flat-rolled steel, Steel bars and rods, Machinery
	16 United Kingdom	Automotive and components, Aerospace, marine and defence, Catalysts, Pumps, Flat-rolled steel, Cement, Copper tubes & pipes, Steel structures, Agro-processing, Chemicals, Services, Machinery
	17 Russian Federation	Automotive and components, Machinery and equipment, Chemicals, Metal products, Aerospace, marine and defence, Services, Furniture, Mechanical appliances, Engineering, Agro-processing
ASIA	18 China	Basic chemicals, Capital equipment, Plastic and chemicals, Minerals and beneficiated products, Automotive and components, Rail components, Steel tube & pipe fittings, Agro processing
	19 India	Basic chemicals, Fertilizers, Machinery & equipment, Metal products, Automotive and components, Aerospace, marine and defence, Capital equipment, Electro technical equipment, Agro processing
	20 Japan	Pharmaceuticals, Pumps, Fertilizers, Flat-rolled steel, Agro processing, Automotive and components, Cosmetics
	21 South Korea	Agro processing, Automotive and components, Rock drilling tools, Fertilizers
MIDDLE EAST	22 United Arab Emirates	Aluminium plates & sheets, Steel tube and pipe fittings, Automotive, Metal products, Agro processed products
+		
ASEAN	23 Malaysia	Basic chemicals, Machinery & equipment, Agro processing
	24 Vietnam	Basic chemicals, Basic iron & steel, metal products, Agro processing
	25 Thailand	Basic chemicals, Basic iron & steel, metal products, paper & paper products
	26 Indonesia	Basic iron & steel, metal products, paper & paper products, Man-made fibres
EURASIA	27 Turkey	Basic chemicals, Basic iron & steel, metal products, Machinery & equipment, textiles, defence-related products, Agro processing

DIVERSIFICATION

• Products targetted for diversification:

- C14: Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal & articles thereof; imitation jewellery; coin (71)
- C17: Vehicles, aircraft, vessels & associated transport equipment (86-89)
- C15: Base metals & articles of base metal (72-83)
- C06: Products of the chemical or allied industries (28-38)
- C16: Machinery & mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image & sound recorders & reproducers, & parts & accessories of such articles (84-85)
- C05: Mineral products (25-27)
- C02: Vegetable products (6-14)
- C04: Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes (16-24)
- C07: Plastics & articles thereof; rubber & articles thereof (39-40)
- C01: Live animals, animal products (1-5)

Diversification Target Markets

- Egypt, Nigeria, Kenya, Tunisia, Algeria, Morocco, Ghana, Tanzania, Senegal, Mauritius, China, Germany, South Korea, Japan, Mexico, Australia, France, Thailand, Italy, Netherlands, Saudi Arabia, Singapore, India, United Kingdom

IMPROVED UTILISATION OF TRADE AGREEMENTS

• Increase the utilisation from 85% to 90%.

- SACUM-UK EPA
- SADC-EU EPA
- EFTA-SACU
- AfCFTA

LOOK EAST - EXPAND TRADE INITIATIVES

• Potential increased exports

- China
- Japan
- India
- South Korea

• PLUS ASEAN and TURKEY

- Vietnam
- Turkey
- Indonesia
- Thailand
- Malaysia

ECONOMIC DIPLOMACY AND PROFESSIONALISATION OF FOREIGN SERVICE

Private companies under-invest in market entry

- Market knowledge costly and time-consuming
- If market entry fail – significant investment lost
- If market entry succeed – competitors will copy

Commercial diplomats or FERs placed in-market can bring contributions to companies in the following areas:

- Access to local economic intelligence
- Understanding of local consumer preferences
- Access to CEOs of large firms, policy-makers, bureaucracies and elites in the host country
- Facilitate business and undertake promotion at lower costs – centralising support of government
- Establish the reliability of local trading partners
- Identify the distribution networks
- Information on quality standards and legal environmental and institutional requirements
- Advice on the local negotiating and contracting procedures
- Assistance with expropriation problems and market failures linked to political events.
- Visibility and credibility in the mass media
- Public sector demand and involvement

RECRUITMENT FOR ECONOMIC OFFICES

- The department is in the process of placing an **twelve Foreign Economic Representative (FER)** positions in priority global markets, with more to follow:

➤ **Category 1: Bilateral Economic Posts**

Based in designated missions, FERs will focus on trade and investment promotion, management of bilateral economic relations, and commercial diplomacy. With Beijing office already filled, the following initial offices are being filled

- Addis Ababa, Ethiopia
- New York, USA
- Dubai, UAE
- Accra, Ghana
- Cairo (Egypt)
- Abuja, Nigeria
- Paris, France
- Sao Paulo, Brazil
- Tokyo, Japan

➤ **Category 2: Multilateral Economic Posts – WTO Mission, Geneva and Brussels**

FERs under this programme will form part of the technical team at South Africa's Permanent Mission to the World Trade Organization (WTO), supporting South Africa's engagement in multilateral trade negotiations and institutions as well as engagement with the EU through office in Brussels

RECRUITMENT FOR ECONOMIC OFFICES

- Key Responsibilities - **Bilateral Economic Posts:**
 - ✓ Promote South African exports of goods and services in foreign markets.
 - ✓ Facilitate market access in key markets and attract (and service) inward investment.
 - ✓ Support South Africa firms, including small and medium enterprises that are present in foreign markets.
 - ✓ Attract and facilitate Foreign Direct Investment into priority sectors in South Africa.
 - ✓ Build and maintain strong intergovernmental and business networks.
 - ✓ Provide strategic leadership on economic policy and trade issues at the mission.
 - ✓ Represent the dtic at trade and investment forums, fairs, missions, and conferences.
 - ✓ Undertake market intelligence and assess new opportunities for partnerships and collaboration.
 - ✓ Monitor and report on market trends, policy developments, and trade opportunities.
 - ✓ Ensure effective programme administration, stakeholder engagement, and budget oversight

RECRUITMENT FOR ECONOMIC OFFICES

- Key Responsibilities - **Multilateral Posts – WTO Mission**
 - ✓ Advance South Africa's negotiating positions in the WTO, particularly on TRIPS, dispute settlement, and rules negotiations.
 - ✓ Advance South Africa's engagement with the European Union
 - ✓ Represent South Africa in regular WTO bodies (e.g., Council for Trade in Goods, Services, TRIPS etc.).
 - ✓ Participate in the WTO Trade Policy Review Mechanism and support trade remedies in coordination with ITAC.
 - ✓ Provide strategic guidance to the African Group and the group of like-minded developing countries.
 - ✓ Liaise with domestic stakeholders to ensure policy coherence and represent national interests effectively.

KEY WORK STREAMS



KEY DELIVERY AREAS AND IMPLEMENTATION TIMELINES

In order to drive the implementation of the Global Export Strategy, which includes elements also reflected in the department's Strategic Plan as well as Annual Performance Plans, the following key initiatives have been lifted with implementation timelines.

KEY INITIATIVES ON IMPLEMENTATION	KEY INDICATORS	TIMELINES
Increasing capacity of South Africa's enterprises to export, including skills for exporting.	• 300 Entities capacitated on export skills.	• 31 March 2026
	• 1000 Entities total capacitated on exporting skills.	• Ongoing till 31 March 2030
Increasing the value of South Africa's investments in the rest of Africa	• ECIC political and commercial risk cover for Medium to Long-Term (MLT) projects • 75 export promotion initiatives undertaken, including missions and exhibitions in the Rest of Africa, as well as other international markets. • Expanded exports initiatives with key markets (e.g. China, Egypt, UAE) • Leveraging platform industries – activation of ProudlySA e-commerce platform for international markets	• Ongoing till 31 March 2030
Penetrating African export markets beyond SADC.		• Ongoing till 31 March 2030
Promotion and marketing of South African goods and services exports globally.		• Ongoing till 31 March 2030
Economic diplomacy and the professionalization of the foreign service.	• Recruitment and placement of an initial batch of 12 Foreign Economic Representatives (FERs)	• 31 March 2027
	• Total of 24 Foreign Economic Representatives (FERs) placed in foreign offices	• Placement from November 2026
Resolving trade barriers faced by South African businesses.	• Establishment of an Export Barriers Resolution Mechanism (EBRM) to register barriers faced by exporters and coordinate resolution across government	• Ongoing till 31 March 2028
Improved trade finance instruments.	• Accession to the Afreximbank to unlock access to full suite of trade and project finance, as well as risk mitigation offerings. – Country Programme document finalised – Signing of MoU on implementation of Country Programme – Submission of initial project list to Afreximbank	• 31 March 2027
	• Working with ECIC to launch of a South African Eximbank or Export Credit Agency.	• 4 February 2026
	• ECIC expanded implementation of Short Term Insurance (STI) business in supporting MSME exporters and crowding in funding	• 30 October 2026
Coordination of a whole of government approach to advancing South African exports.	• Inclusion of key government departments in the Export Development and Promotion Forum (Trade Task Team)	• 31 December 2028
		• Ongoing till 31 March 2030
		• 31 March 2027