

Portfolio Committee on Trade, Industry and Competition: Induction – 2024 **EXPORTS BRANCH**



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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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SUB THEME: EXPORT PROMOTION AND FACILITATION



KEY DIVISIONS AND ENTITIES:

1. **Programme 7: Exports Branch**
2. **Export Credit Insurance Corporation (ECIC)**

EXPORTS BRANCH – CORE FUNCTIONS



PURPOSE:

To engender **export-led growth** of the South African economy. This is currently achieved through the increase of enterprises' export capacity, support to direct investment flows, and through an effectively managed network of foreign trade and investment offices.

EXPORTS BRANCH – CORE FUNCTIONS



BUSINESS UNITS:

- 1) **Export Development and Support** manages the National Exporter Development Programme, which is designed to contribute to inculcate an export culture in South Africa, improve and expand the country's exporter base.
- 2) **Export Promotion and Marketing** promotes exports of South African value-added goods and services to increase market share in targeted high-growth markets and sustain market share in traditional markets.
- 3) **Trade and Investment Foreign Services Management Unit** administers and provides corporate services to the department's foreign office network of foreign economic representatives to enable South African businesses to access global markets.

EXPORTS BRANCH – KEY POLICIES AND INITIATIVES



- ❑ The Exports Branch focusses on **improving the total value of exports**, **the composition of exports** (with greater SA value addition), **the composition of exporters** (by drawing in more black, youth and women-led firms) and **the spatial composition of exporting firms**.
- ❑ The department facilitates market access for competitive South African products to priority countries that consume these products in **large** or **growing volumes**, by leading exporters' participation in **exhibitions** and **trade and investment missions**.
- ❑ The implementation of **exporter capacity building** and **mentorship support** continues to inculcate an export culture and expand the country's exporter base.

EXPORTS BRANCH – KEY POLICIES AND INITIATIVES



- ❑ In order to unlock opportunities and leverage the **African Continental Free Trade Area (AfCFTA)**, trade and investment initiatives will cover key markets in the Rest of Africa. This focus will prioritise:
 - Countries that are trading under the AfCFTA Guided Trade Initiative in order to leverage the **reduction of tariffs**.
 - An **outward investment drive** aimed at securing **value-added exports**, as well as contributing to the development of **regional value chains** that advance sourcing from regional markets as opposed to global competitors.
- ❑ Participation in the China International Import Expo (CIIE) will serve as a key event to profile South African products with a leading **BRICS plus** member in a range of sectors. Activities with BRICS Plus members will further target opportunities in markets such as Brazil, Russia, Egypt and the United Arab Emirates.

EXPORTS BRANCH – KEY POLICIES AND INITIATIVES



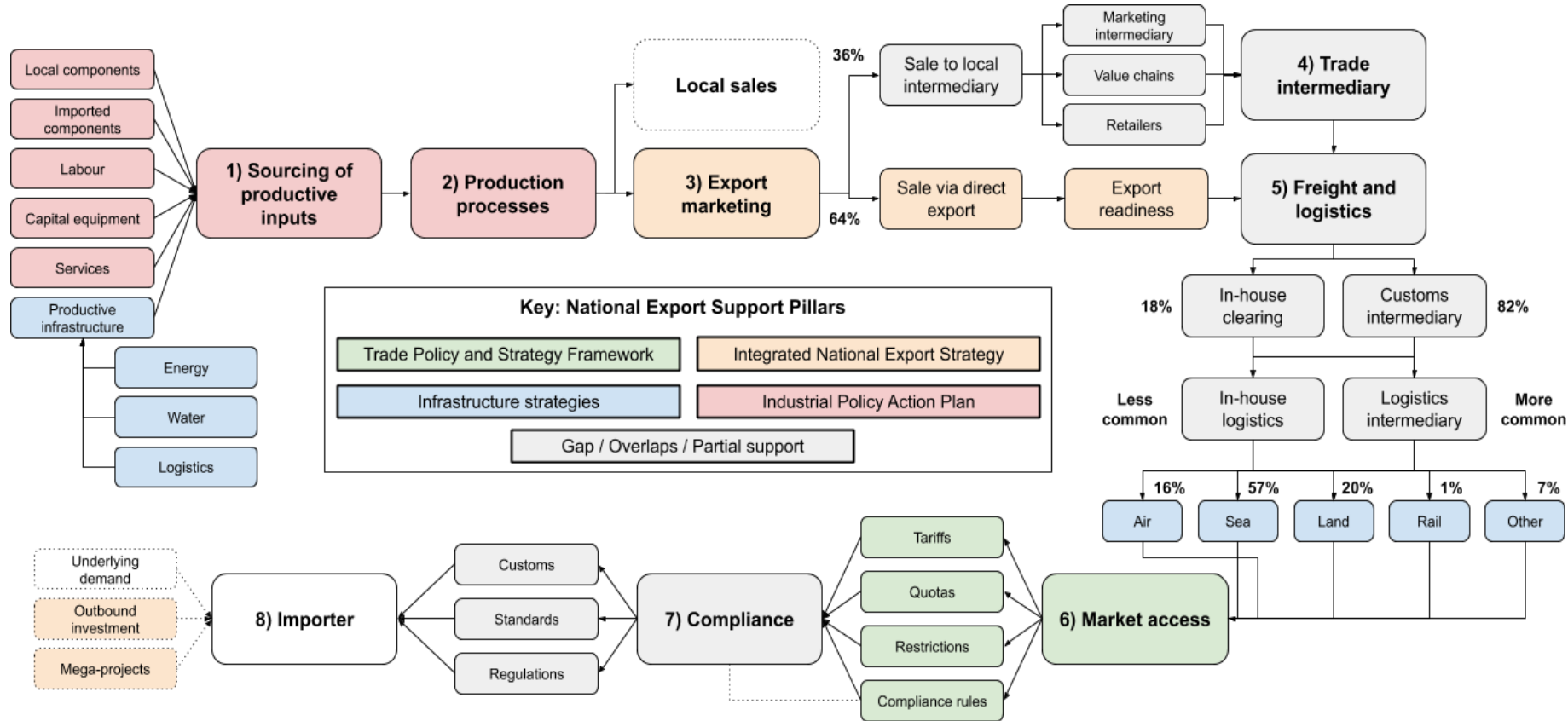
- ❑ Beyond these markets, export initiatives will also be undertaken with **key regional** and **bilateral markets** such as the European Union, the United States, Indonesia, Japan, Zambia, Saudi Arabia and Qatar.
- ❑ These engagements will seek to leverage opportunities presented by trade arrangements such as the **African Growth and Opportunities Act (AGOA)** with the United States, the **EU - Southern African Development Community (SADC) Economic Partnership Agreement (EPA)**, the **SACU - EFTA** Free Trade Agreement, as well as the **SACU - MERCOSUR** Preferential Trade Agreement (PTA).
- ❑ Export promotion initiatives will profile **value added sectors** such as:
 - Machinery
 - Metals Fabrication
 - Mining Equipment and Technology
 - Aerospace, Defence and Marine Equipment and Technology
 - Automotive and Components
 - Agricultural and Agro-processed products

EXPORTS BRANCH – KEY POLICIES AND INITIATIVES



- ❑ In addition to these activities, the department will be undertaking a review and re-orientation of exports as a lever to economic growth.
- ❑ This review will require adoption of **innovative activities** that stimulate and support the private sector towards delivering **rapid, inclusive** and **sustainable economic growth** and **job creation**.
- ❑ These **additional export activities** would amongst others aim to further:
 - Streamline export processes
 - Lower trade barriers
 - Provide financial and technical assistance to exporters, and
 - Cultivate beneficial trade alliances with other nations.

EXPORT VALUE-CHAIN



EXPORT VALUE-CHAIN

Stage	Description
1. Sourcing of productive inputs	The availability of competitively priced inputs, including product-specific components and general cost drivers, like labour and energy.
2. Production processes	The efficiency of production, and the quality of the final product.
3. Export marketing	The ability to find clients in foreign markets willing to purchase available products.
4. Mode of export	Either direct export (selling directly to an importer in a foreign market) or indirect export (taking part in value chains or selling locally to a trade intermediary).
5. Freight & logistics	The cost of shipping goods from factory door to export market. Covers all modes: road, rail, sea, air, etc.
6. Market access	The ability of exporters to competitively access export markets, given trade-specific restrictions like tariffs and quotas.
7. Compliance	The ability of exporters to competitively access export markets, given other regulatory requirements like customs paperwork, product standards, and regulations in the import market.
8. Importer demand	The underlying demand for import products in foreign markets. Largely an exogenous factor for South African exporters, but may be influenced by outward investment activities.

EXPORT VALUE-CHAIN

This simplified Export Value-Chain, scopes the various steps that a firm would take in exporting a product, with a particular emphasis on the various **cost drivers** along this value chain.



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