

STATUS OF TRADE RELATIONS AND ONGOING TRADE NEGOTIATIONS

Presentation to the Portfolio Committee on
Trade, Industry and Competition
25 November 2025



Presentation Outline

- Global trade and geopolitical environment
- Trade flows
- SA's trade agreements
- Status of trade relations and trade negotiations & agreements:
 - AfCFTA
 - Implementation of: SACU & SADC agreements; SADC-EU EPA; SACU+Mozambique-UK EPA; SACU-EFTA FTA; SACU-MERCOSUR PTA
 - US Trade Relations & AGOA
- Approach to export promotion: the Butterfly Strategy

Global Environment and Geopolitics



the dtic

Department
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

the dtic - together, growing the economy

the dtic Customer Contact Centre: 0861 843 384

the dtic Website: www.thedtic.gov.za



Global dynamics: current geopolitics & shifts

US approach

- Reciprocal import tariffs against a large number of countries; duties seems to settle around 15-20%.
- SA exports to the US face a 30% duty.

Unilateral action igniting trade wars. Large economies such as China able to enter a trade war on equal footing.

Witnessing measured retaliate in self defence.

Trade wars will have a welfare-reducing impact globally.

Rise in unilateral and protectionist measures signalling the **end of a stable, predictable trade environment** under the rules of the multilateral trading system.

Seismic shifts in global trade

- Disruptive.
- Result in re-ordering the economic order, from unipolar to more bipolar than multipolar world.
- Intensifying global competition, shifting global alliances, contested norms, economic uncertainty, and growing geopolitical tensions.
- Reciprocity
- Rise in bilateral deals
- Transactional approach to trade and investment relations

Key take-aways for SA

- Pursue **greater autonomy**, reducing dependency on any single power
- diversified partnerships and the diversification of risk.
- Build a stronger industrial base to promote resilience
- Address strategic vulnerabilities in both production and s-chains.

Further weakening of the MTS

Trade under WTO rules declined from 80% to 72% since start of 2025.

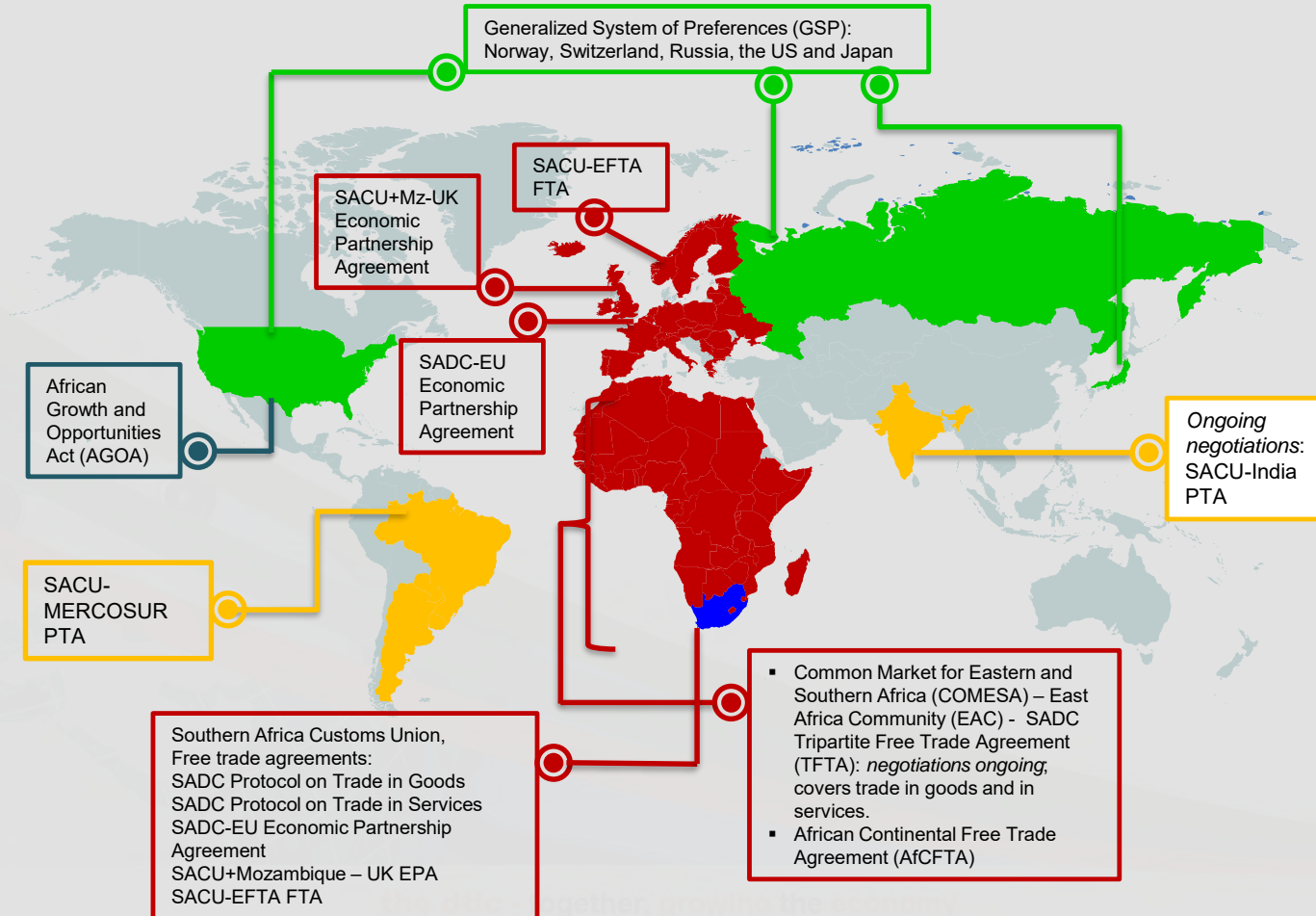
World merchandise trade to drop 0.2% compared to 2.4% growth if tariffs were not implemented.



SA trade relations and agreements

- SA enjoys preferential market access through a customs union, free trade agreements, a preferential trade agreement, and several non-reciprocal preference programmes.
- SA's reciprocal trade agreements cover 90 countries, with a combined GDP equal to 28% of world GDP; and 29% of world population.
- SA is also party to multilateral trade agreements: several agreements under the World Trade Organisation (WTO), covering trade in goods and services, and several agreements that set rules e.g. the Subsidies & Countervailing Agreement; and the dispute settlement body.

SA trade agreements



Trade flows with selected partners



the dtic

Department
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

the dtic - together, growing the economy

the dtic Customer Contact Centre: 0861 843 384

the dtic Website: www.thedtic.gov.za



Summary of trade

2024:

- SA global exports (goods): R2040 bn
 - Africa; EU; China; USA; UK
- SA global imports (goods): R1700 bn
 - EU; China; Middle East; Africa; USA
- SA global trade balance: +R341 bn

Trade with preferential partners (2024; R billion)

	GLOBAL TOTAL	SACU	Rest of SADC	Rest of Africa	EU 27	United Kingdom	EFTA	Mercosur	USA
Exports									
Agriculture	159,53	19,37	26,46	5,08	39,82	13,84	0,53	0,17	5,83
Mining	434,65	2,23	55,51	3,25	55,35	7,47	4,71	1,75	8,40
Manufacturing	1 439,33	185,32	228,05	44,27	275,39	78,64	3,27	6,38	142,28
Other	6,80	0,03	0,03	0,03	0,10	0,13	0,04	0,00	0,08
Total	2 040,31	206,95	310,06	52,64	370,66	100,09	8,55	8,29	156,59
Imports									
Agriculture	60,93	5,04	2,40	1,55	11,08	0,90	0,91	9,69	1,70
Mining	11,73	2,31	1,05	0,17	0,62	0,14	0,00	0,06	1,18
Manufacturing	1 624,98	52,21	45,32	62,72	386,28	26,96	12,86	21,64	109,37
Other	2,02	0,01	0,01	0,01	0,04	0,03	0,00	0,00	0,01
Total	1 699,65	59,58	48,78	64,45	398,01	28,03	13,78	31,40	112,26
Trade balance									
Agriculture	98,61	14,32	24,06	3,53	28,74	12,94	-0,38	-9,51	4,14
Mining	422,92	-0,07	54,47	3,08	54,73	7,34	4,70	1,68	7,22
Manufacturing	-185,64	133,11	182,73	-18,45	-110,89	51,68	-9,58	-15,26	32,91
Other	4,78	0,02	0,02	0,02	0,07	0,11	0,04	0,00	0,07
Total	340,66	147,38	261,27	-11,81	-27,35	72,06	-5,22	-23,10	44,34

Data source: SARS data in the dtic SIC classification.

Trade with selected non-preferential partners (2024; R billion)

	GLOBAL TOTAL	Middle East	Brazil	Russia	India	China	UAE	Saudi Arabia	Iran
Exports									
Agriculture	159,53	16,76	0,15	4,52	1,81	8,76	8,17	2,81	0,25
Mining	434,65	10,81	1,28	0,01	63,81	146,97	5,10	0,55	0,01
Manufacturing	1 439,33	47,28	4,39	0,89	19,00	65,19	35,55	3,80	0,11
Other	6,80	0,22	0,0	0,0	0,00	0,01	0,20	0,00	0,0
Total	2 040,31	75,07	5,82	5,42	84,63	220,93	49,01	7,16	0,36
Imports									
Agriculture	60,93	0,52	7,17	3,06	3,79	3,33	0,09	0,05	0,02
Mining	11,73	1,24	0,06	0,77	0,21	0,56	0,32	0,22	0,00
Manufacturing	1 624,98	191,21	17,27	6,14	117,70	360,84	51,75	38,33	0,01
Other	2,02	0,02	0,00	0,00	0,00	0,00	0,01	0,00	0,00
Total	1 699,65	192,98	24,51	9,97	121,71	364,74	52,18	38,60	0,04
Trade balance									
Agriculture	98,61	16,25	-7,02	1,47	-1,98	5,43	8,08	2,76	0,23
Mining	422,92	9,56	1,21	-0,76	63,61	146,41	4,78	0,33	0,01
Manufacturing	-185,64	-143,93	-12,88	-5,25	-98,70	-295,65	-16,20	-34,53	0,09
Other	4,78	0,20	0,00	0,00	0,00	0,01	0,18	0,00	0,00
Total	340,66	-117,92	-18,69	-4,54	-37,08	-143,81	-3,16	-31,44	0,32

Data source: SARS data in the dtic SIC classification.

Ongoing trade negotiations: African Economic Integration and African Continental Free Trade Area (AfCFTA)



Background to the AfCFTA

- AfCFTA negotiations launched at AU Summit in June 2015.
- 54 out of the 55 AU members have signed (excluding Eritrea).
- 49 countries ratified the AfCFTA agreement (Benin, Eritrea, Libya; Somalia; Sudan; and South Sudan still have to ratify).
- SA implemented the AfCFTA effective from January 2024.
- In the context of global developments on trade - the acceleration of the implementation of the African Continental Free Trade Area.
- Council of Ministers met in October 2025 and concluded the long outstanding work on rules of origin on autos and clothing and textile which effectively unlocks new market access opportunities in Africa in key sectors of our economy, including in sectors affected by the US tariffs.
- 24 countries have gazetted their PSTCs/started trading preferentially under the AfCFTA:
Algeria, Botswana, Cameroon, Egypt, Ghana, Kenya, Mauritius, Namibia, Morocco, Rwanda, Tanzania, Tunisia, SA, Eswatini, Lesotho, Burundi, Malawi, Seychelles, the Gambia, Nigeria, Ethiopia, Zambia and Uganda - New market access for SA is in the 13 non-SADC countries above.





AfCFTA State Parties that have gazetted their AfCFTA Tariff Preferences/starting implementing the AfCFTA (excl. SADC Countries)

-  **Gazetted**
 - Algeria
 - Cameroon
 - Egypt
 - Ghana
 - Kenya
 - Rwanda
 - Burundi
 - Uganda
 - Tunisia
 - The Gambia
 - Morocco
 - Nigeria
 - Ethiopia
-  **SADC countries**
-  **Non-implementing Countries**



Current SA-Africa Trade & implementation of preferential trade

SA trade with the rest of Africa

- SA exports to the Africa, 2024: R571 billion; this accounted for 28.2% of SA global exports
- SA imports from the rest of Africa, 2024: R191 billion; this accounted for 10.3% of SA global imports

SA trade under the AfCFTA

- Of SA's exports to Africa beyond SADC, in 2024, R485.4 million took place under the terms of the AfCFTA
- In January – July 2025, exports to Africa beyond SADC, under the AfCFTA amounted to R1.386 billion
- These SA exports went to 8 countries (Ghana, Kenya, Egypt, Rwanda, Cameroon, Tunisia, Uganda and one shipment to Algeria); but largely to Ghana and Kenya.
- Of SA's imports from Africa beyond SADC, in 2024, R404 million took place under the terms of the AfCFTA
- In January – July 2025, exports to Africa beyond SADC, under the AfCFTA amounted to R554 million
- These SA imports originated from 8 countries (Egypt, Tunisia, Morocco, Kenya, Rwanda, Cameroon, Ghana and Burundi); but largely Egypt and Tunisia

Implementation of existing trade agreements:

SACU & SADC

SADC-EU Economic Partnership Agreement

SACU+Mozambique – UK EPA

SACU-FTA FTA

SACU-MERCOSUR PTA



SACU & SADC

- **SACU:** 5 member states
- Utilisation: As there are no internal import tariffs, this agreement is fully utilized, i.e. all intra-SACU trade takes place under the SACU Agreement
- Issues: application of infant industry protection and import bans.
- **SADC:** 16 member states.
- Agreements to liberalise trade in goods and in services.
- Some member states have not yet fully implemented their trade commitments.

Priorities w.r.t. SACU and SADC:

- Resolve non-implementation issues - Namibia, Botswana, Zimbabwe, Tanzania and Malawi

Bilateral cooperation agreements in Africa

- South Africa has 76 trade and investment cooperation agreements or memorandum of understanding on economic cooperation with various African countries. A few of these agreements are dormant while most are active.
- These agreements or MoU's are mostly cooperation and best endeavor agreements with no legal obligations but serve various purposes, namely:
 - As basis for economic cooperation in order to strengthen bilateral economic relations, advance regional economic integration, enhance collaboration on trade, investment, industry, infrastructure development and private sector cooperation
 - Enhance cooperation in key sectors areas of mutual interests
 - Build, strengthen and maintain technical cooperation in areas identifies during the implementation of the MoU
- The MoUs also establish forums, such as the Joint Trade and Investment Committees (JTICs) between South Africa and bilateral partners to deliberate on trade, investment, industrial and technical cooperation areas.
- The JTICs are also used as platform to address and strive to resolve issues of concern to each party including market access and non-tariff barriers.

Priorities:

17

Ensure that these forums are used effectively in South Africa's trade and investment relations with the rest of the Continent

EU, UK, EFTA

EU & UK: over 90% utilization of these agreements;

- Leverage the reviews to expand market access for specific products of export interest – mainly agriculture and green products (e-SAF, hybrids and EVs).
- Although SA is exporting more industrial products to the EU, it is still mostly in the automotive sector. There is a need to diversify SA's export basket to include more variety and benefit from the prevailing conditions to penetrate the EU market.
- A priority of the SA Government is to move to a more sustainable trade that promotes local value addition, including processing of minerals at or close to source, and move SA up the value chain.
- Challenges in implementation:
 - Rise in environmental protectionism with negative impact on exports - CBAM, deforestation, methane regulation
 - Rise in more trade restrictive SPS and TBT measures, including on citrus, horses, game meat, poultry, steel, automobiles, wine certification.
 - On citrus – SA has lodged disputes at the WTO on citrus black spot (CBS) and false codling moth (FCM) - dispute ongoing

EFTA: SACU has duty free access for industrial products, new opportunities for market access are in agriculture; however, it should be noted that EFTA would want access into our industrial sector in exchange for agriculture market access.

Priorities:

- Leverage the reviews to improve market access: EU; UK, EFTA
- Resolve market access issues for specific export interests: agriculture and green products (e-SAF, hybrids and EVs)

Outcomes of the SA-EU Summit and subsequent developments

- The 8th SA-EU Summit launched the negotiations of the Clean Trade and Investment Partnership (CTIP) on 13 March 2025. As part of CTIP package, the Summit agreed on resolution of cumulation for Electric and Hybrid Vehicles batteries and Sasol sustainable aviation fuels.
- CTIP aims to supports economic growth, sustainable development, industrialisation, beneficiation of critical minerals at source, partnerships with local industries and a just decarbonisation agenda.
- Minister Tau and the EU Trade Commissioner concluded the Memorandum of Understanding (MoU) on CTIP in the margins of the G20 Trade and Investment Ministerial meeting convened on 9 October 2025. This MoU will serve as a framework for implementation of CTIP.
- The MoU was signed by in the margins of the G20 Summit that took place on 22 and 23 November 2025.
- During the Summit, the EU announced a Global Gateway Investment Package of €4.7 billion and it was increased to €12 billion on the 09 October 2025 during President Ramaphosa's visit to Brussels for the Global Gateway Summit.
- InvestSA identified 45 projects to be considered under the Investment Package. The Parties will have further discussions and agree on mutually beneficial projects.
- On EVs and plug-in hybrid vehicle batteries, the Parties agreed on a derogation of batteries for 3 years with extension by 2 years upon SA's request. This will allow development of local manufacturing capacity.
- On the issue of Sasol Aviation Fuel, discussions are ongoing to find a sustainable solution to unlock market access.

Implementation of the SACU-MERCOSUR Preferential Trade Agreement (PTA)

- PTA entered into force in April 2016 from the SACU side.
- MERCOSUR offers tariff preferences for 1 064 product lines across 16 sectors.
- SACU offers tariff preferences for 1 052 product lines across 17 sectors.
- Top imports in 2024 for SACU from MERCOSUR include unspecified commodities; chicken portions; maize; unwrought zinc; oil cake and other solid residues; and coffee.
- Top exports in 2024 by SACU to MERCOSUR include Catalytic converters; Non-agglomerated iron ores and concentrates; Anthracite; Plates, sheets and strip, of aluminium alloys; Zirconium ores; and Nickel.
- There remains scope to enhance trade leveraging the PTA between the Parties as the basis.

Priorities:

- **Both SACU and MERCOSUR are working to increase utilization of the preferences**
- **Review the PTA to evaluate whether SA's products of export interest are covered**

SA-US Trade Relations & AGOA



the dtic

Department
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

the dtic - together, growing the economy

the dtic Customer Contact Centre: 0861 843 384

the dtic Website: www.thedtic.gov.za



US Tariffs against Foreign Imports

- US implemented the reciprocal tariffs against all trading partners, with SA facing a 30% tariff in order to deal with “trade deficit, unfair trade practices, and lack of reciprocity”.
- The following products were exempted from the reciprocal tariffs: semiconductors, lumber articles, certain critical minerals, certain agriculture products, stainless steel scrap and energy and energy products.
- The reciprocal tariffs were implemented using the International Emergency Economic Powers Act (IEEPA), which authorize the US President to regulate international commerce after declaring a national emergency in response to any unusual and extraordinary threat to the United States.
- In addition, the US imposed, Section 232 tariffs on the basis that foreign imports threaten US National Security. This include:
 - Automotive and auto components – 25%
 - Steel and aluminium – 50%
 - Semi-processed copper – 50%
 - Pharmaceutical products – 100%
 - Wood and wood products – ranging 10% to 25%
 - Medium- and heavy-duty vehicles- 25% from 1 November 2025

Impact of US Tariffs on SA Exports

- Section 232 tariffs on automotive sector – affect 21.8% of SA Exports
- Section 232 tariffs on steel and aluminium – 13.5% of SA Exports
- Exclusions: PGMs and other Mining – 35.2% and petroleum and petroleum products – 1.2%
- Products subject to reciprocal tariffs (share in SA exports):

Chemicals – 6.5%		Beverages – 0.8%
Other manufacturing – 4.6%		Electrical machinery - 0.7%
Agriculture – 3.4% (new products exempted such as citrus, avocados, beef etc.)		Textile, clothing and leather - <1%
Non-electrical machinery – 2.7%		Paper and paper articles - <1%
Processed food – 2.4%		Plastic products - <1%
Other transport equipment – 1.9%		

US Negotiations

- Agreement on Reciprocal Tariffs
- Country Specific Commitments
- Tariff offer – SACU implications
- SA objectives: negotiate an agreement that creates a level of predictability on trade, reduces the reciprocal tariff and enable trade to continue to flow, without compromising our ability to make policies that advance national interests.

Expiry of AGOA

- The Africa Growth and Opportunity Act (AGOA) expired on 30 September 2025.
- There is a bipartisan support for renewal of AGOA among both republicans and democrats.
- Further, the White House also supports the renewal of AGOA for one year.
- It is expected that AGOA renewal will be a roll-over of current AGOA benefits with existing members – meaning that SA may be retained in the programme.
- Senator Kennedy, a Republican from Louisiana introduced a bill to renew AGOA for two years, which signal interest to renew the program.
- It is expected that the House committee of jurisdiction, being Ways and Means Committee, will be the one introducing and passing the AGOA renewal legislation. Currently, the Committee has not introduced any legislation.

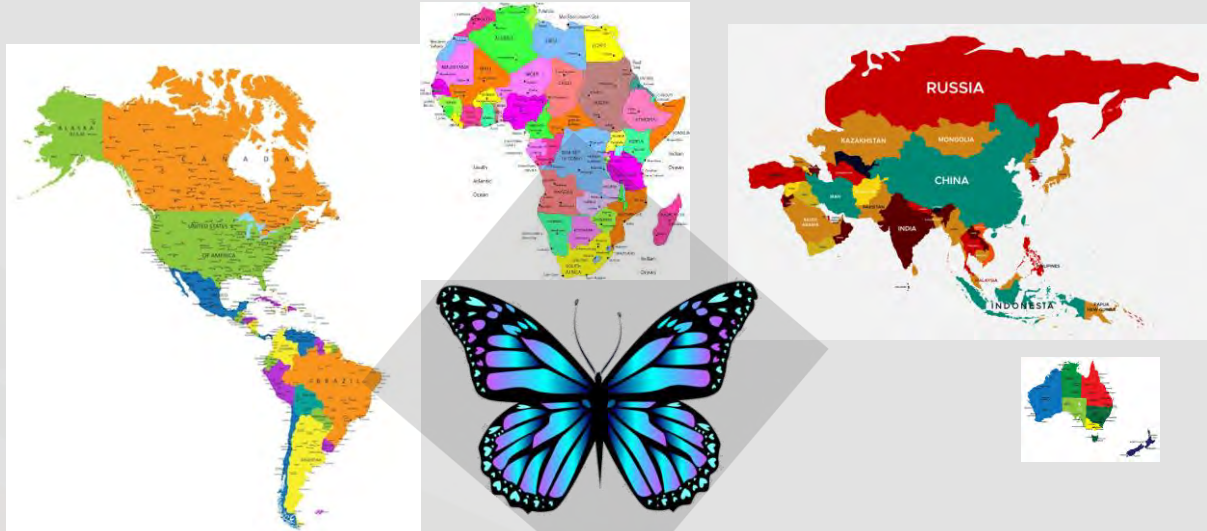
Diversification of markets

- Diversification efforts are on course with enhanced engagements with various partners in Asia, ASEAN and the Middle East.
- The President has recently led a delegation to Indonesia, Malaysia and Vietnam and Minister Tau has also engaged a number of countries to advance this agenda.
- Ongoing discussions on expanded market access with traditional partners.
- Discussions with trade partners on preferential access agreements that are aligned with our industrial development priorities, as well as regional commitments are on-going and are also informed by national and regional consultations.
- SA is enhancing implementation of more agile trade defense measures to address the potential risks of the impact of trade diversions due to closing of some traditional markets and increases in unfair trade, in order to safeguard domestic productive capacity through WTO-consistent trade defense measures.

Approach to export promotion: The Butterfly Strategy



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.

Market Prioritisation and Export Diversification

- **Quantitative and strategic evidence** is required to identify priority markets and products for export promotion, facilitation and support activities and to initiate engagements on a wider set of trade instruments.
- In this regard, a combination of research methodologies including the DSM analysis, TradeMap analysis and diversification analysis which is aligned to strategic industrial policy and trade agreement imperatives, has resulted in a detailed country and product matrix.
- The **Decision Support Model (DSM)** is an export market selection tool that makes use of a sophisticated filtering process to sift through an extensive range of product-/service- and country-related data to reveal those product-/service-country combinations (export opportunities) that are the most realistic and sustainable
- This matrix developed through these tools, responds to the butterfly strategy which prioritises 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 such as the following **twenty-seven (27) priority markets**, also covering key markets **in ASEAN countries and Turkey**:

Market Prioritisation and Export Diversification

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



Market Prioritisation and Export Diversification

IMPLEMENTATION OF THE BUTTERFLY STRATEGY – 22 PRIORITY MARKETS + ASEAN & TURKEY			
PRIORITY MARKETS			KEY PRODUCTS
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



Market Prioritisation and Export Diversification

IMPLEMENTATION OF THE BUTTERFLY STRATEGY – 22 PRIORITY MARKETS + ASEAN & TURKEY			
PRIORITY MARKETS			KEY PRODUCTS
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



Market Prioritisation and Export Diversification

- The country-product matrix identified through the use of analysis tools, **serves as the basis from which to guide export initiatives** and the implementation of the butterfly strategy.
- While analysis tools serve a key role in identifying market opportunities, they do **have limitations with regards to qualitative factors such as consumer preferences and cultural fit**.
- Additionally, elements such as **exporters' capacity, product certifications**, or ability to meet **foreign standards**, are not factored in.
- As such, this matrix will **serve as a starting point to guide market engagements**, and through implementation of export initiatives these opportunities will be **further tested in-market and refined**, resulting in **further updates**, as well as **more focused and targeted product selection and profiling** in identified markets over the strategic period.



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 dtic**) 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
	12 France (EU)	Machinery, Automotive and components, Engineering, Metal products, steel tube and pipe fittings, Agro processing
EUROPE	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
ASIA	17 Russian Federation	Automotive and components, Machinery and equipment, Chemicals, Metal products, Aerospace, marine and defence, Services, Furniture, Mechanical appliances, Engineering, Agro-processing
	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 an 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)

IMPROVED UTILISATION OF TRADE AGREEMENTS

- Increase the utilisation from 85% to 90%.
- SACUM-UK EPA
- SADC-EU EPA
- EFTA-SACU
- AfCFTA

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

LOOK EAST - EXPAND TRADE INITIATIVES

• Potential increased exports

- China
- Japan
- India
- South Korea

• PLUS ASEAN and TURKEY

- Vietnam
- Turkey
- Indonesia
- Thailand
- Malaysia

Thank you



the dtic

Department
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

the dtic - together, growing the economy

the dtic Customer Contact Centre: 0851 843 384

the dtic Website: www.thedtic.gov.za



Acronyms

CBAM	Carbon Border Adjustment Mechanism
AfCFTA	Africa Continental Free Trade Agreement
AGOA	Africa Growth and Opportunity Act
AU	African Union
EPA	Economic Partnership Agreement
EU	European Union
GSP	Generalised System of Preferences
MFN	Most Favoured Nation
NEDLAC	National Economic Development and Labour Council
SACU	Southern African Customs Union
SADC	Southern African Development Community
SSA	Sub Saharan Africa
TFTA	Tripartite Free Trade Agreement
UK	United Kingdom
US	United States of America
WTO	World Trade Organization

