



EXPLORING SOUTH AFRICA'S EXPORT COMPETITIVENESS



Export growth will have to accelerate substantially to boost GDP growth so South Africa can eliminate poverty and generate some 11 million new jobs by 2030.

But exports only grew by 0.6 percent per year between 2005 and 2011. Had South African exports grown as fast as the middle-income country average, exports would now be 2½ times bigger.

5 FACTS ABOUT SOUTH AFRICA'S EXPORTS HELP EXPLAIN RECENT PERFORMANCE

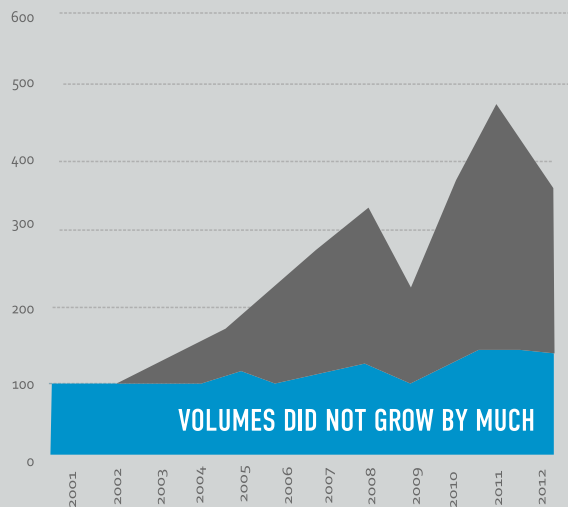
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MAIN EXPORT SECTORS ARE UNDERPERFORMING



MINERALS RODE THE BOOM IN PRICES BUT DID NOT GROW MUCH IN VOLUME TERMS

DECOMPOSITION OF MINERALS EXPORT GROWTH



Value

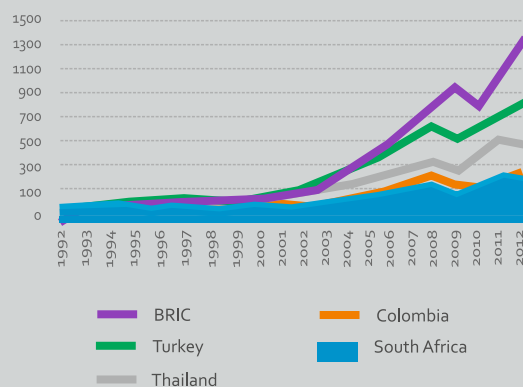


Volume



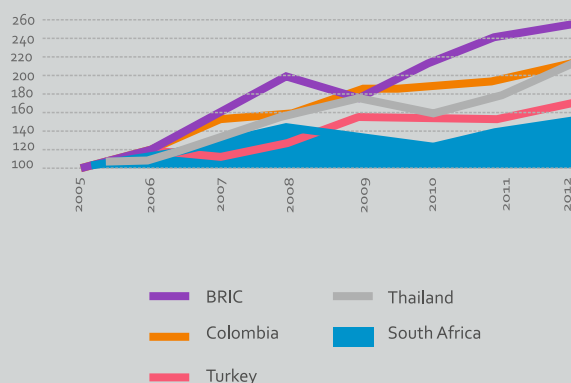
NON-MINERAL EXPORTS GREW MUCH SLOWER THAN IN MOST PEERS

NON-MINERAL MERCHANDISE EXPORT GROWTH 1992-2012 (INDEX 1992=100)

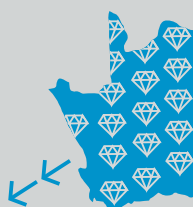


SERVICES EXPORTS ARE ALSO FALLING BEHIND

SERVICES EXPORT GROWTH 2005-2012 (INDEX 2005=100)



50%



MINERALS MAKE UP HALF OF SOUTH AFRICA'S GOODS EXPORTS

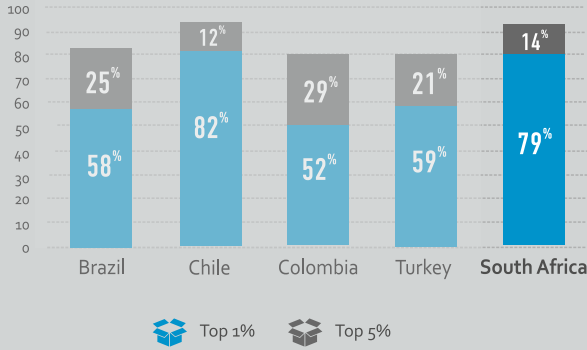
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SUPER-LARGE FIRMS DOMINATE THE EXPORT SECTOR



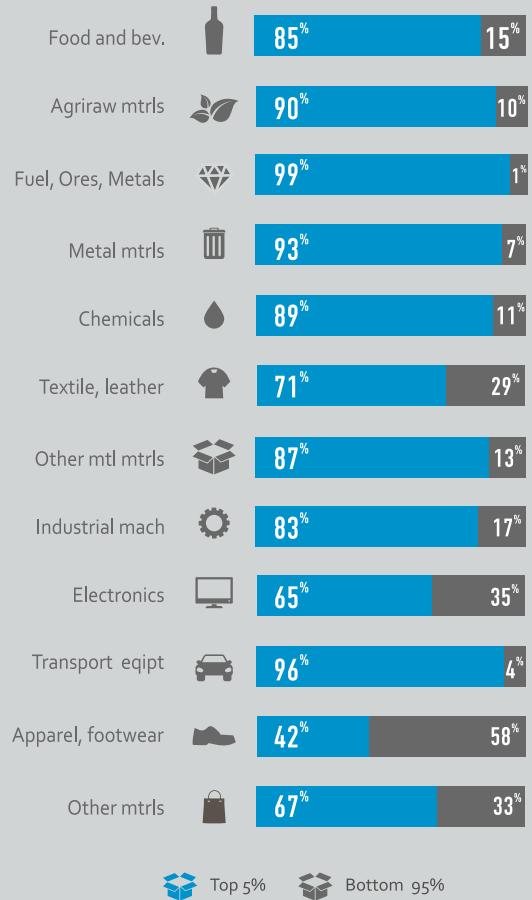
93% OF ALL EXPORTS COME FROM 5% OF EXPORTING FIRMS, A FAR HIGHER SHARE THAN IN MOST PEERS

SHARE OF EXPORT VALUE ACCOUNTED FOR BY TOP EXPORTERS



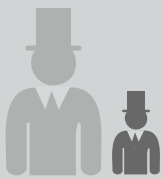
ALMOST ALL EXPORT SECTORS ARE DOMINATED BY THESE SUPER FIRMS

DISTRIBUTION OF EXPORTS BY EXPORTER'S SIZE (ACROSS SECTORS)



The top 1 percent of exporters ARE GLOBAL FIRMS THAT EXPORT 75-100 PRODUCTS

25 MARKETS 400\$ MLN A YEAR



Most of South Africa's 21,000 exporting firms ARE SMALL and export just

29 000\$ A YEAR

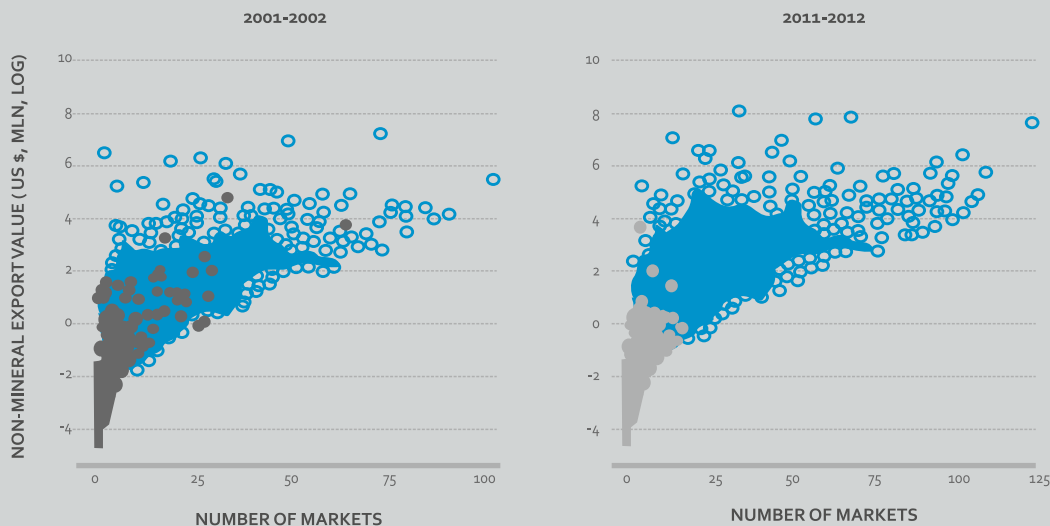
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SUPER EXPORTERS ARE LOSING COMPETITIVENESS



THE 93% ARE NOT CREATING SUFFICIENT NEW HIGH-VALUE EXPORTS TO REPLACE THOSE THAT DIED-OUT IN THE 2000s

VALUE AND REACH OF NON-MINERAL EXPORTS



Source: UN Comtrade Data at the HS-6 Digit level exports valued at least US\$ 10 000 ● Exports active in 2001-2002, but not a decade later ● Exports active in 2011-2012, but not a decade earlier

SOUTH AFRICA ONLY EXPLOITS ABOUT 20% OF ITS POTENTIAL EXPORT RELATIONSHIPS COMPARED TO CHINA'S AND GERMANY'S 70%



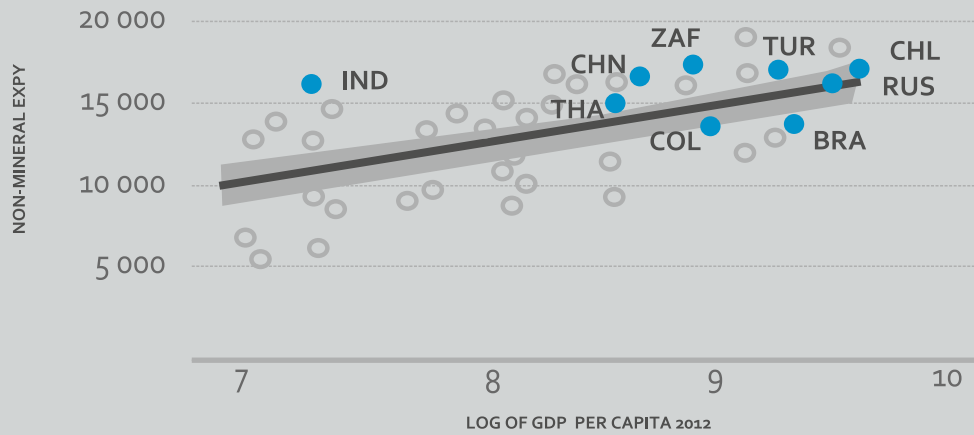
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EXPORTS ARE HIGH TECH, HIGH SKILLED AND CAPITAL INTENSIVE



SOUTH AFRICA'S EXPORTS ARE MORE SOPHISTICATED THAN ALMOST ALL ITS PEERS

EXPORT SOPHISTICATION



Source: Computed by authors based on data from UN Comtrade and WDI. Non-mineral EXPY is in current US\$ based on PRODY values averaged for 2009-2011. 66 low- and middle income countries with more than 1000 exports at the HS-6 Digit level and per capita income of greater than \$1000 in 2011-2012 included in the regression.

ONLY 21% OF ITS WORKFORCE HAS SOME POST-SECONDARY EDUCATION, WHILE THE RATE IN OTHER COUNTRIES THAT PRODUCE THESE HIGH-TECH GOODS IS 67%

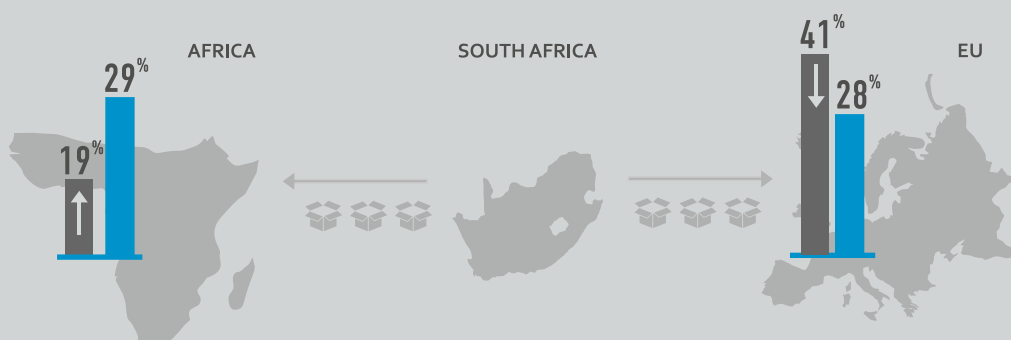


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SUB-SAHARAN AFRICA IS NOW THE LARGEST MARKET FOR NON-MINERAL EXPORTS

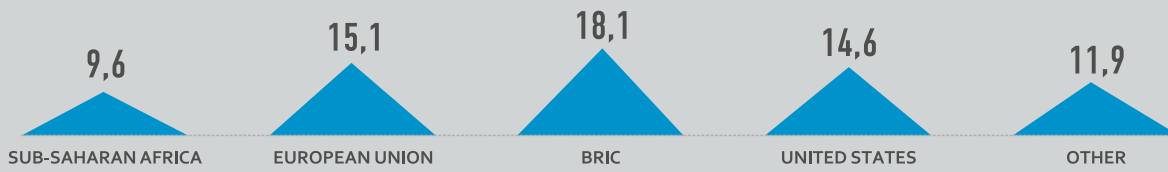


29% OF SOUTH AFRICA'S NON-MINERAL EXPORTS GO TO AFRICA UP FROM 19% A DECADE AGO, SURPASSING THE 28% DESTINED FOR THE EU



EXPORTS TO AFRICA ARE LOWER IN VALUE, SHORTER-LIVED, AND TEND TO GROW MORE SLOWLY THAN THOSE TO OTHER REGIONS

WEIGHTED AVERAGE ANNUAL GROWTH RATE (PERCENTAGE) OF EXPORT VALUES IN RELATIONSHIPS THAT SURVIVE FIVE YEARS OR MORE IN:



Source: World Bank Exporter Dynamics Database, based on data from the South African Revenue Service

THESE 5 FACTS POINT TO 3 OPPORTUNITIES TO HELP IGNITE EXPORTS TO CREATE JOBS

1

MORE COMPETITION TO CREATE INCENTIVES TO EXPORT AND INNOVATE



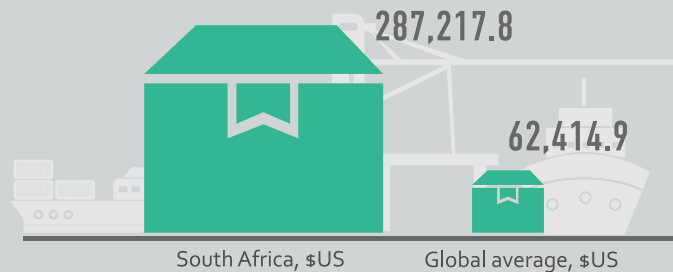
Promoting competition in the domestic market could spur super-exporters to innovate and smaller firms to export more

2

LOWER TRADE AND INPUT COSTS TO BOOST COMPETIVENESS

PORT TARIFFS FOR NON-MINERAL EXPORTS ARE VERY HIGH: CONTAINER TARIFFS ARE 3-TIMES GLOBAL LEVELS

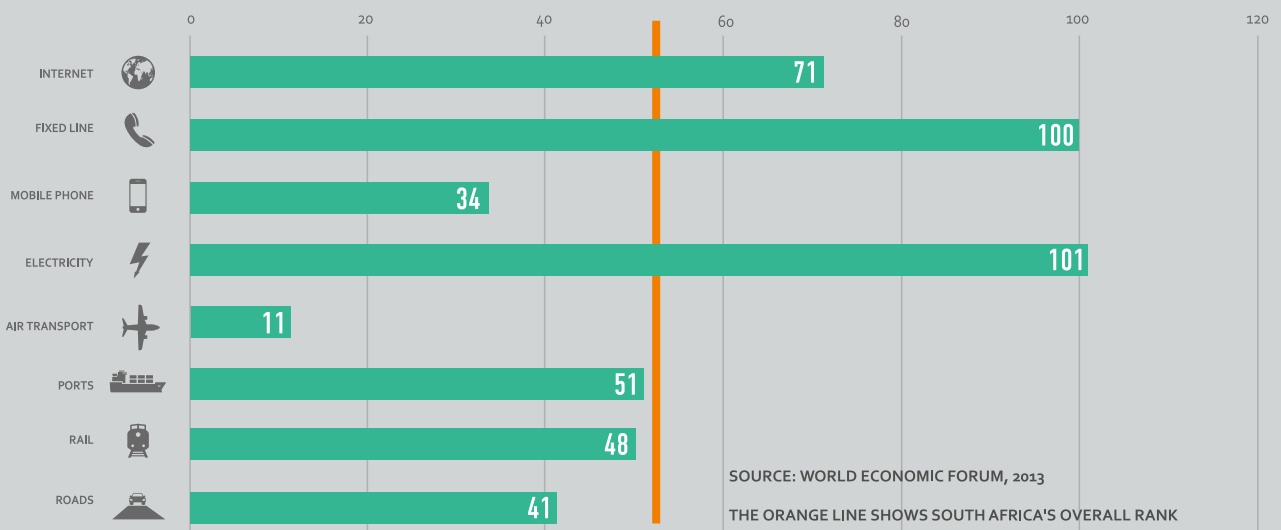
INTERNATIONAL COMPARISON OF PORT TARIFFS



SOURCE: SOUTH AFRICA NATIONAL PORTS REGULATOR, 2012

POWER IS A CONSTRAINT: SOUTH AFRICA RANKS 101 OUT OF 148 COUNTRIES IN ELECTRICITY AVAILABILITY

SOUTH AFRICA RANK IN KEY INFRASTRUCTURE IN WEF GLOBAL COMPETITIVENESS INDEX 2013-2014 (OF 148 ECONOMIES)



BROAD-BAND IS PRICEY AND INACCESSIBLE: PRICES ARE TWICE AS HIGH AS IN MAURITIUS AND THERE ARE ONLY 2 FIXED BROAD-BAND SUBSCRIBERS PER 100 PEOPLE, COMPARED TO 12 IN CHINA AND RUSSIA



ONLY 2 FIXED BROAD BAND USERS PER 100 PEOPLE

SOURCE: WORLD DEVELOPMENT INDICATORS

3

GREATER REGIONAL INTEGRATION TO BUILD COMPETITIVENESS

AS WAGES RISE IN CHINA,
SOME 85 MILLION
MANUFACTURING JOBS
WILL LEAVE COSTAL CHINA
CREATING OPPORTUNITIES
FOR SOUTH AFRICA



AS EAST ASIA DID, SOUTH AFRICA
COULD BUILD REGIONAL
PRODUCTION CHAINS - A 'FACTORY
SOUTHERN AFRICA' TO DRIVE
SCALE AND GLOBAL
COMPETITIVENESS

