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

1. MAIN EXPORT SECTORS ARE UNDERPERFORMING

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

NON-MINERAL EXPORTS GREW MUCH SLOWER THAN IN MOST PEERS

SERVICES EXPORTS ARE ALSO FALLING BEHIND

MINERALS MAKE UP HALF OF SOUTH AFRICA’S GOODS EXPORTS

50%
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

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

- Food and bev.: 25% (Top 5%), 85% (Top 5%)
- Agriraw mtrls: 29% (Top 5%), 71% (Top 5%)
- Fuel, Ores, Metals: 21% (Top 5%), 79% (Top 5%)
- Metal mtrls: 22% (Top 5%), 77% (Top 5%)
- Chemicals: 27% (Top 5%), 73% (Top 5%)
- Textile, leather: 32% (Top 5%), 68% (Top 5%)
- Other mtl mtrls: 37% (Top 5%), 63% (Top 5%)
- Industrial mach: 36% (Top 5%), 64% (Top 5%)
- Electronics: 38% (Top 5%), 62% (Top 5%)
- Transport eqpt: 39% (Top 5%), 61% (Top 5%)
- Apparel, footwear: 42% (Top 5%), 58% (Top 5%)
- Other mtrls: 44% (Top 5%), 56% (Top 5%)

The top 1% of exporters are global firms that sell 75-100 products to 25 markets a year.

Most of South Africa's 21,000 exporting firms are small and export just $29,000 a year.

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%.

Exports are high tech, high skilled and capital intensive.

South Africa’s exports are more sophisticated than almost all its peers.

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

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 20% 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:

- Sub-Saharan Africa: 9.6%
- European Union: 15.1%
- BRIC: 18.1%
- United States: 14.6%
- Other: 11.9%

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 COMPETITIVENESS

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

INTERNATIONAL COMPARISON OF PORT TARIFFS

<table>
<thead>
<tr>
<th>South Africa, $US</th>
<th>Global average, $US</th>
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<tbody>
<tr>
<td>287,217.8</td>
<td>62,414.9</td>
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Source: South Africa National Ports Regulator, 2013

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)

- Internet: 71
- Fixed line: 100
- Mobile phone: 34
- Electricity: 101
- Air transport: 11
- Ports: 51
- Rail: 48
- Roads: 41


The orange line shows South Africa’s overall rank.
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 COMPETIVENESS

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