



EASTERN CAPE EXPORT STRATEGY

EASTERN CAPE EXPORT SYMPOSIUM
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Introduction

- Seeks to position the province, to facilitate and grow exports and create an environment in which government & business can work in support of export development & promotion
- Exports play a critical role in overall economic activity & growth at the national & provincial levels
- Transactional costs associated with expanding the distribution & marketing value chain to foreign markets can be prohibitively expensive especially for new exporters
- Such barriers can make exporting a high risk or expensive activity for businesses
- To tackle these challenges, governments around the world have created export development & promotion programmes
- The programmes provide a combination of financial & technical support to firms wishing to export their products



Vision & Goals of the EC Export Strategy

The overall vision of the EC Export Strategy is to position the Eastern Cape as a competitive location for exporting & export-oriented investments, as well as growing the pool of value added exporters of goods & services in the EC. The following sets of goals and activities were set to guide the EC towards the achievement of the vision:

- Identifying & targeting priority markets & sectors
- Supporting exporters and growing exports
- Improving the coordination of national & provincial government export activities
- Developing institutional capacity & coordination mechanisms
- Implementing and reviewing the strategy & associated actions

This strategy therefore rests on a partnership between the private sector & government to put in place mechanisms and resources needed to drive the implementation

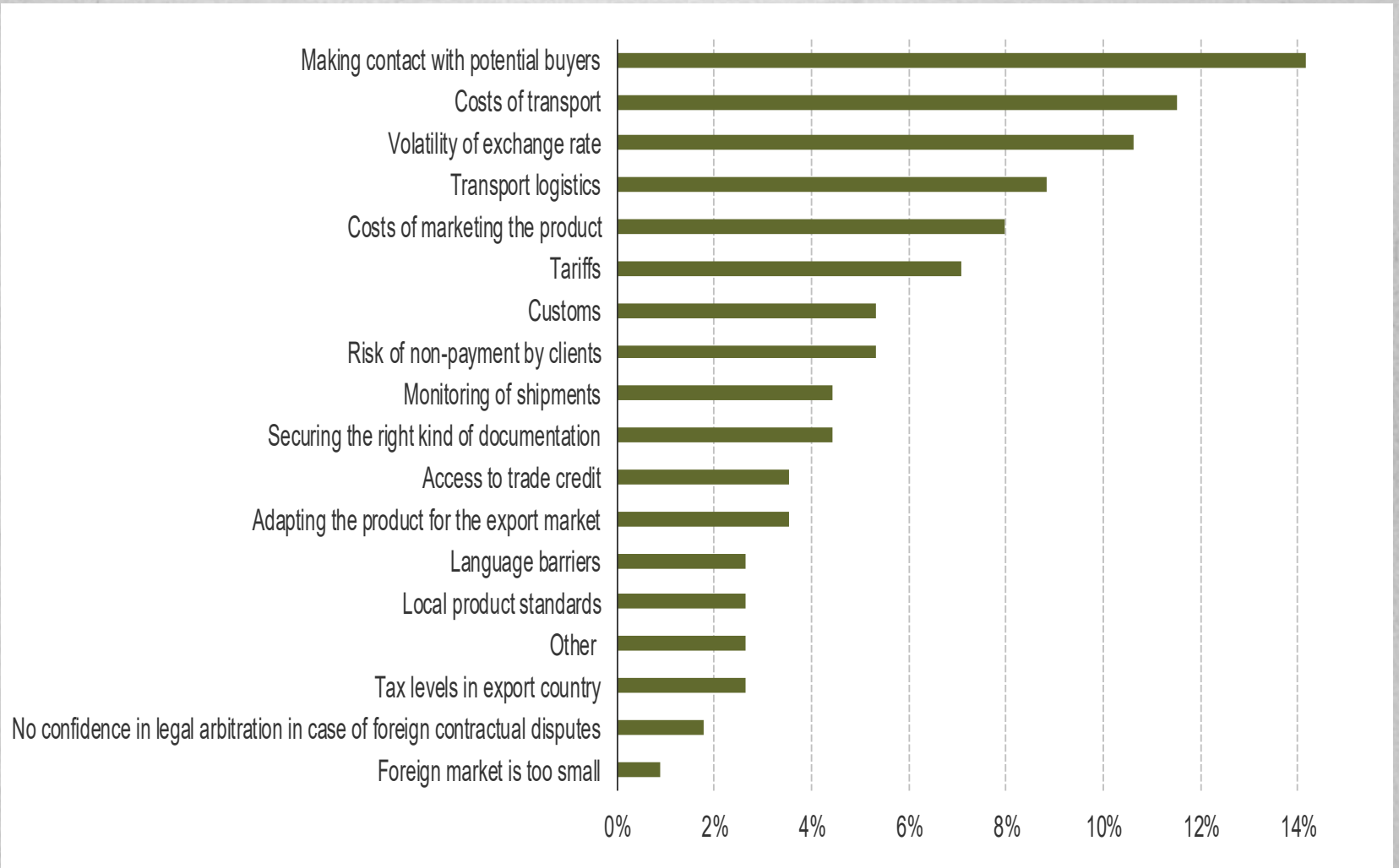


Economic Overview

- EC is the third largest province in South Africa (populations size)
- The EC's GDP growth in the 3 Q of 2018 was enhanced due to performance in manufacturing 7,6% , followed by transport 5,6% , wholesale & retail 2,7% , finance 1,6% and government services at 1%
- Electricity, construction & community services declined in Q3 2018
- Unemployment rate was sitting at 27,5% in Q3 2018 (6,2m persons)
- Unemployed increased by 39000 as it increased from 730 000 in Q2 2018 to 769 000 in Q3 2018
- Only 3 industries experienced job growth in Q3 2018, i.e. transport (9000 jobs), construction (9000 jobs), and trade (8000 jobs)
- Community services lost (12000 jobs), manufacturing (9000 jobs), agriculture (9000 jobs) and finance (5000 jobs)



Provincial Constraints to Exporting



Top reasons given by firms for discontinued exporting - constraints

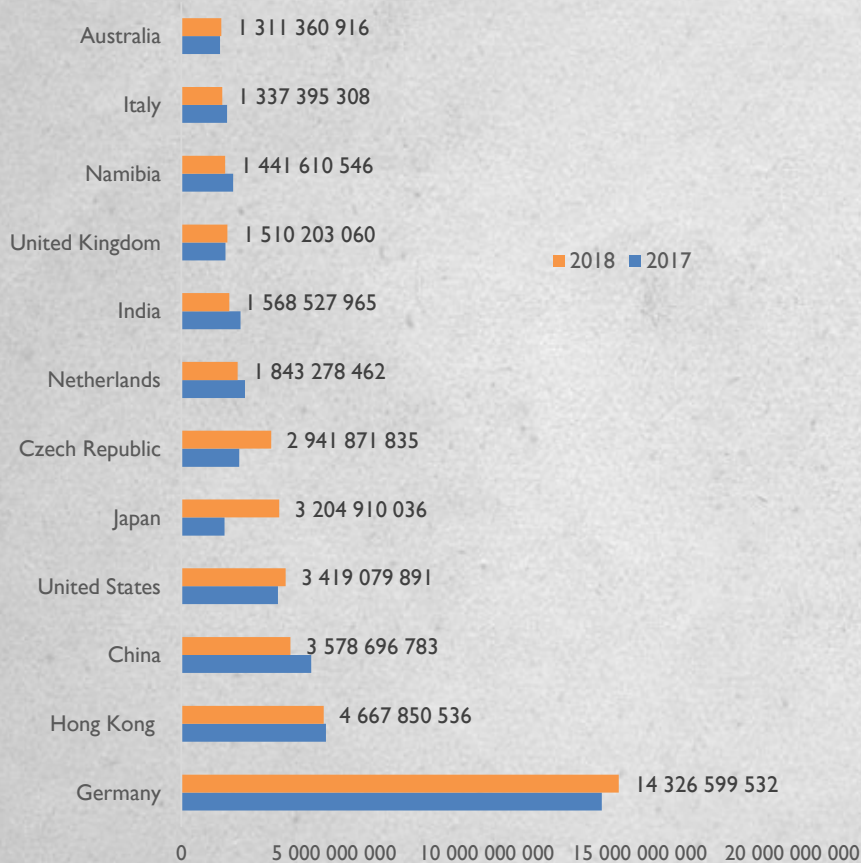
- Foreign markets too competitive/unprofitable
- Making contacts with potential buyers
- Changing products to suit export markets
- Costs of transport
- Transport logistics
- Costs of marketing the product
- Volatility of exchange rates
- Risks of non-payment by clients

The above constraints were responses given by firms who used to exports goods & services but indicated that they stopped due to constraints highlighted above

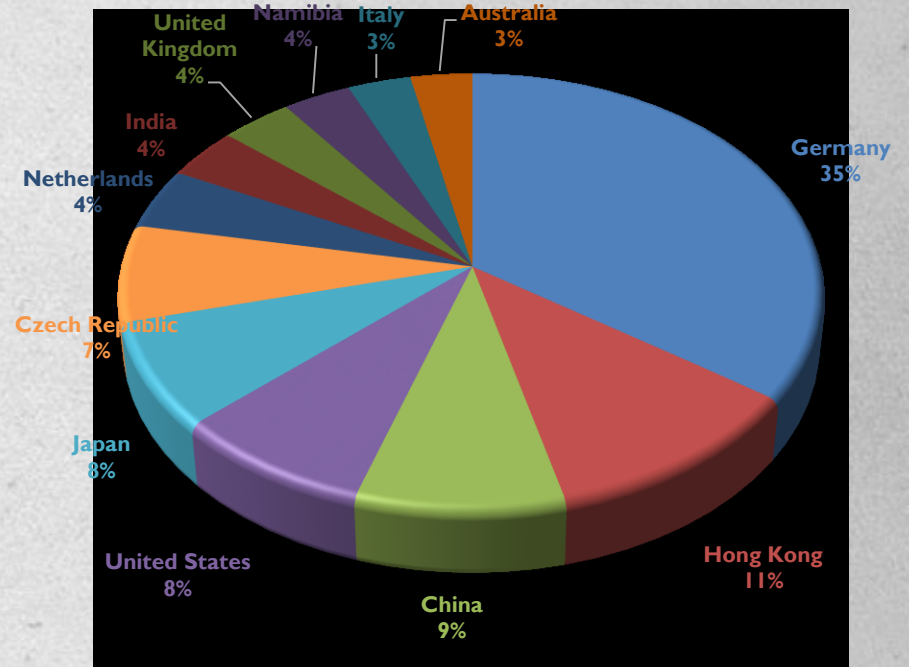


EASTERN CAPE TOP 12 DESTINATION MARKETS FOR EXPORTS

VALUE OF EXPORTS BY COUNTRY, 2017 -2018

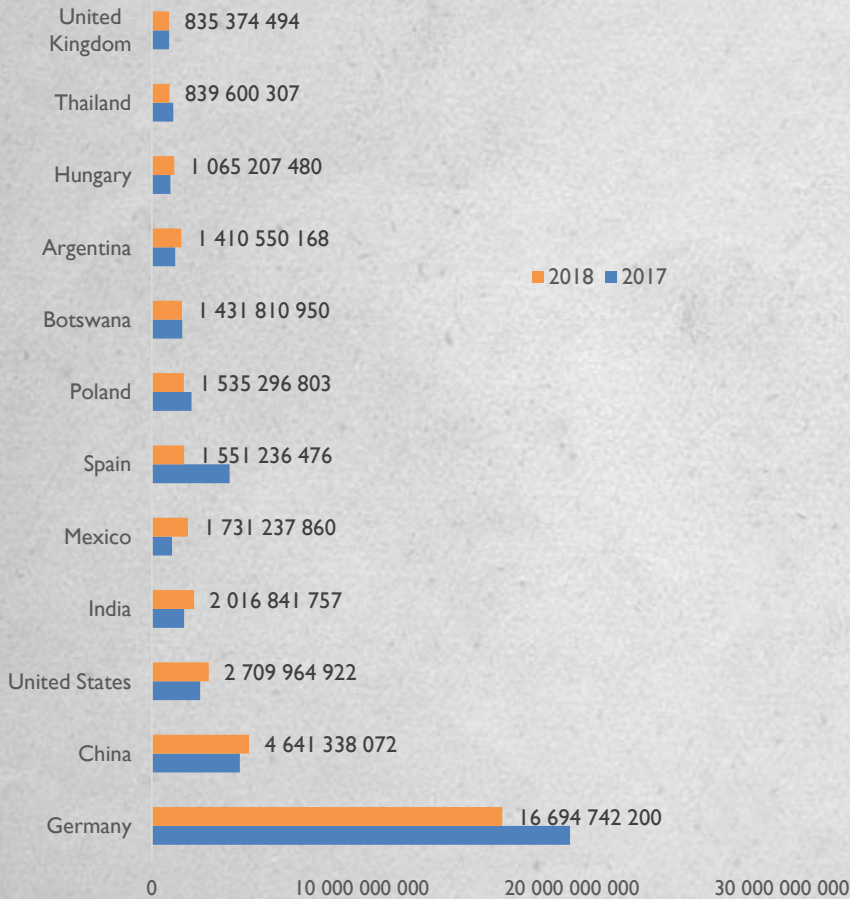


MARKET SHARE BY MARKET, 2018

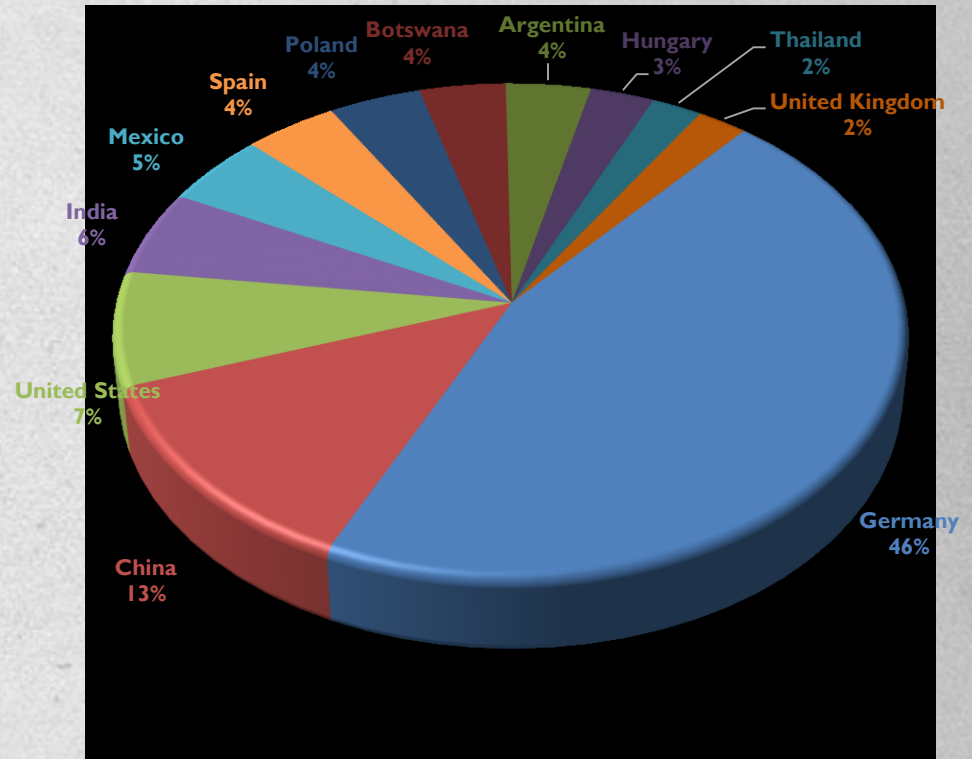


EASTERN CAPE TOP 12 SOURCE MARKETS FOR IMPORTS, 2017 - 2018

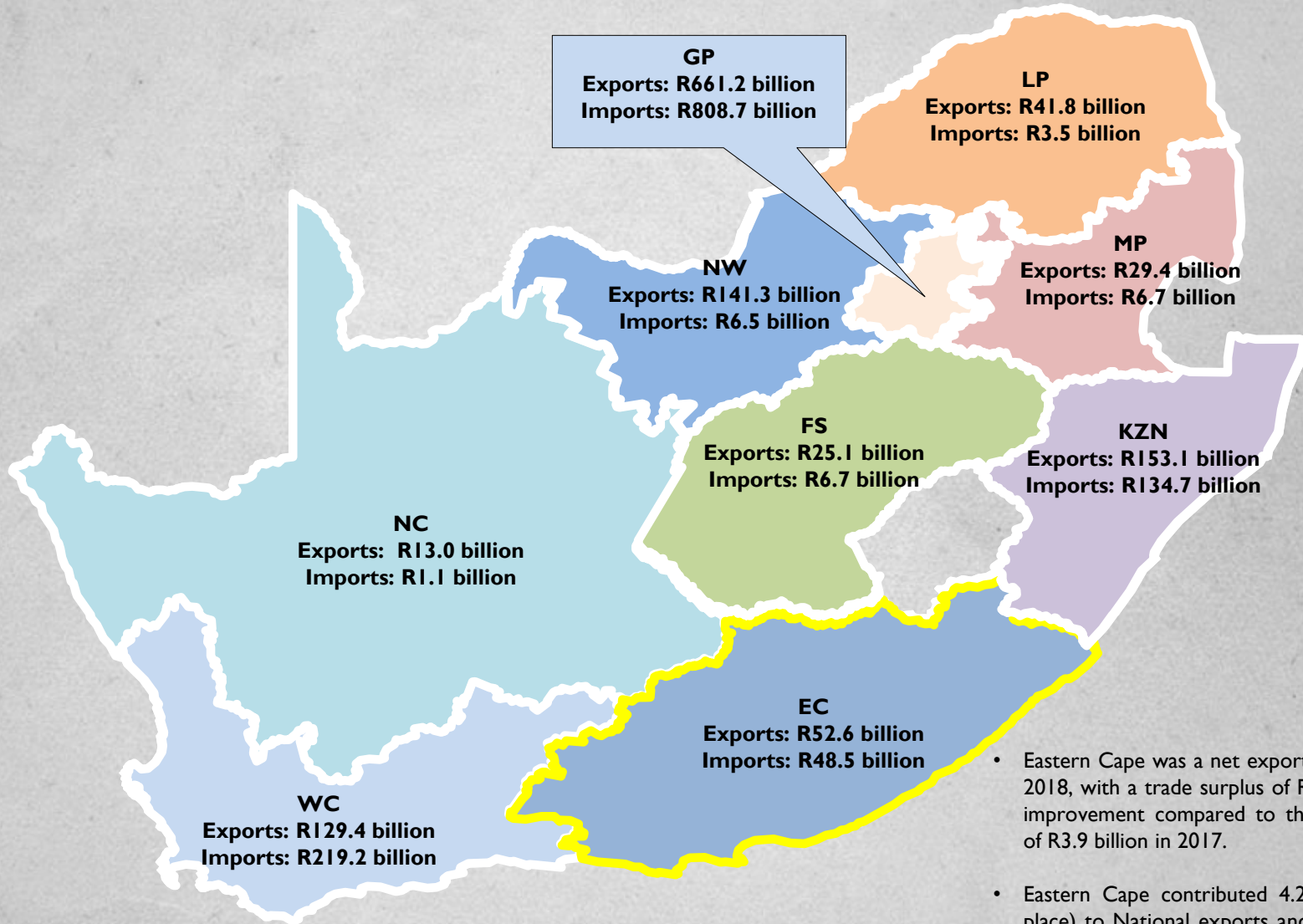
VALUE OF IMPORTS BY COUNTRY, 2017 - 2018



MARKET SHARE BY MARKET, 2018



VALUE OF EXPORTS & IMPORTS BY PROVINCE, 2018



- Eastern Cape was a net exporter of goods in 2018, with a trade surplus of R4.2 billion. An improvement compared to the trade deficit of R3.9 billion in 2017.
- Eastern Cape contributed 4.2% (ranked 5th place) to National exports and 3.9% (ranked 4th place) to National imports.

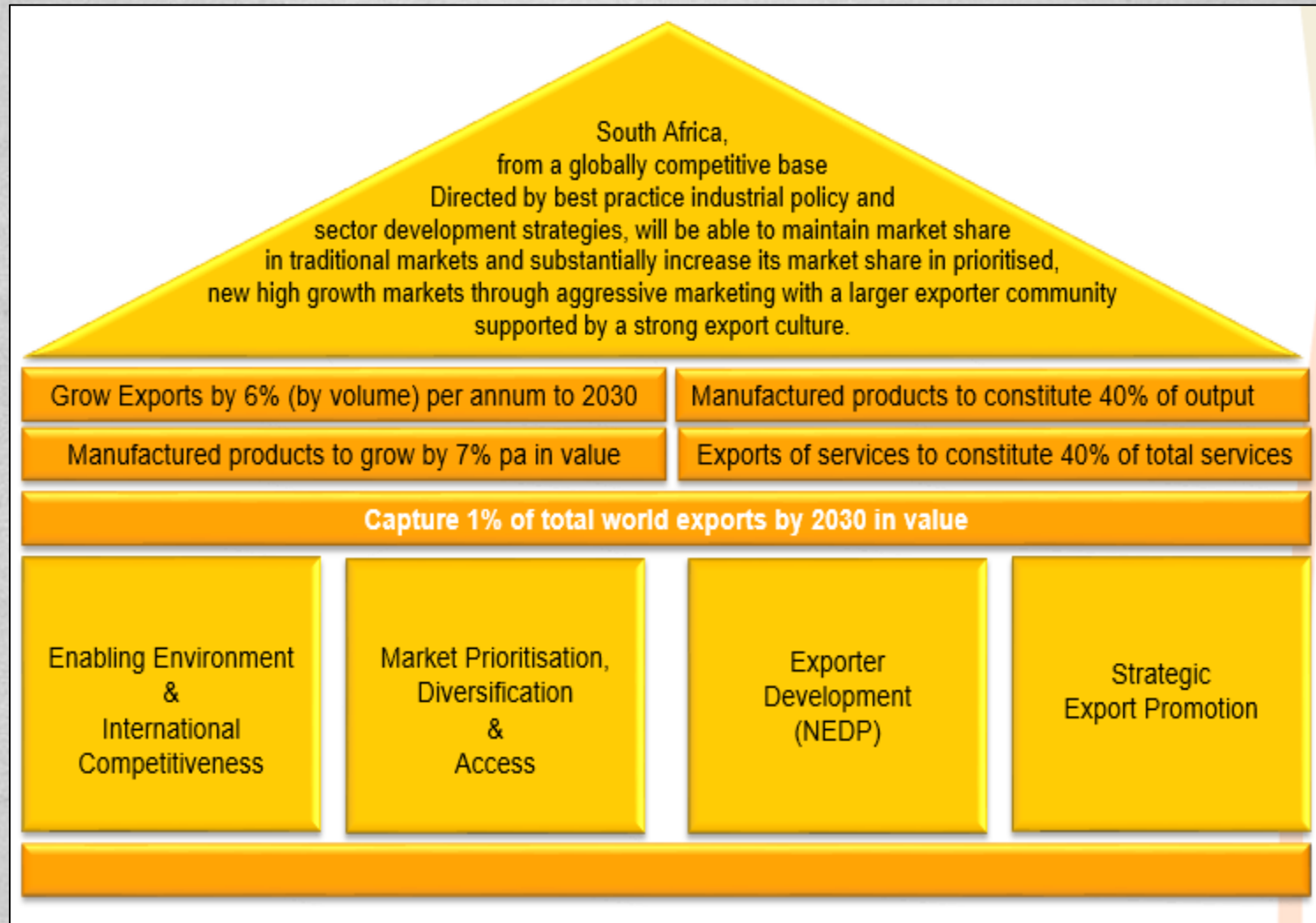
EASTERN CAPE TOP 5 EXPORTS & IMPORTS COMMODITIES

Exports				Imports			
Products	2017	2018	Share 2018	Products	2017	2018	Share 2018
	Values in R-billion		%		Values in R-billion		%
Vehicles, parts and accessories thereof	15 334.6	18 228.8	34.6	Vehicles, parts and accessories thereof	24 402.5	19 700.3	40.6
Nuclear reactors, machinery, mechanical appliances & parts thereof	9 196 .6	9 053.4	17.2	Nuclear reactors, machinery, mechanical appliances & parts thereof	4 342.4	3 301.1	6.8
Wool, fine or coarse animal hair	5 572 .2	5 421.6	10.3	Electrical machinery, equipment, & parts thereof	3 717.4	3 628.9	57.5
Natural or cultured pearls, precious or semi-precious stones	4 498.9	4 959.5	9.4	Rubber & articles	2 576.2	2 512.5	5.2
Edible fruit and nuts	3 684 .2	1 544.4	6.7	Furniture	1 955.1	1 493.2	3.9

- High dependency on vehicles, parts and accessories; nuclear reactors, machinery, mechanical appliances and parts thereof.
- Same industry dominance in imports indicates an opportunity for import substitution.



Integrated National Export Strategy (INES)



Additional Goals of INES

- Diversify exports into more value added manufactured goods and services (product diversification)
- Develop new markets (market diversification) with an emphasis on Africa and emerging markets
- Grow the supplier base (diversification), to include super exporters, SMMEs, HDI enterprises, secondary Co-ops, export villages and black industrialists

Integral part of the INES is the effective implementation of the National Exporter Development Programme (NEDP)

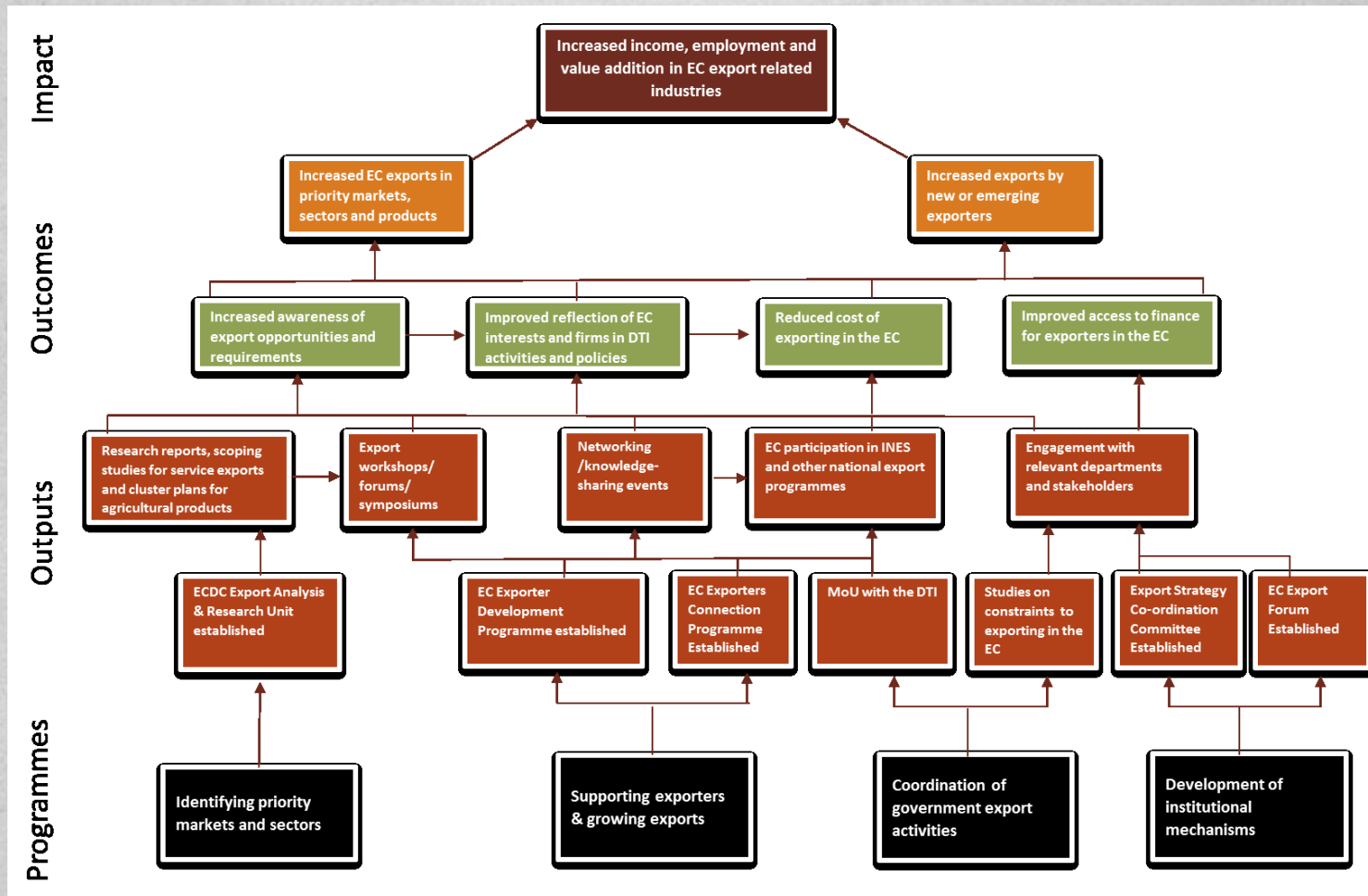


Components of EC Export Strategy

- Identifying Priority Markets & Sectors
- Supporting exporters & growing exports
- Making contact with potential buyers
- Promoting networking & knowledge sharing
- Coordination of government export activities
- Reducing transport & logistics costs
- Access to trade credit & financing
- Development of Institutional mechanisms



EC Export Strategy Compressed



Strategic Actions

- **Strategic Action 1:** Establish a dedicated provincial export research & analysis capacity
- **Strategic Action 2:** Prioritise export markets
- **Strategic Action 3:** Prioritise sectors & products
- **Strategic Action 4:** Develop an Eastern Cape Exporter Development Programme
- **Strategic Action 5:** Coordinate attendance in trade exhibitions & missions
- **Strategic Action 6:** Establish an Eastern Cape Exporters Connections Programme
- **Strategic Action 7:** Address transport & logistical challenges
- **Strategic Action 8:** Facilitate improved access to finance
- **Strategic Action 9:** Strengthen linkages with national govt policies & programmes
- **Strategic Action 10:** Establish institutional coordination & implementation mechanisms



Export support

- **EMIA (export marketing and investment assistance)**
- **Access to export markets**
- **Trade missions**
- **National pavilions**
- **Exhibitions**
- **Facilitation of access to export incentives**



THE END
THANK YOU

