

# Identifying realistic export opportunities for exporters - a focus on developments USA – China – BREXIT – AfCFTA

TRADE  
ADVISORY



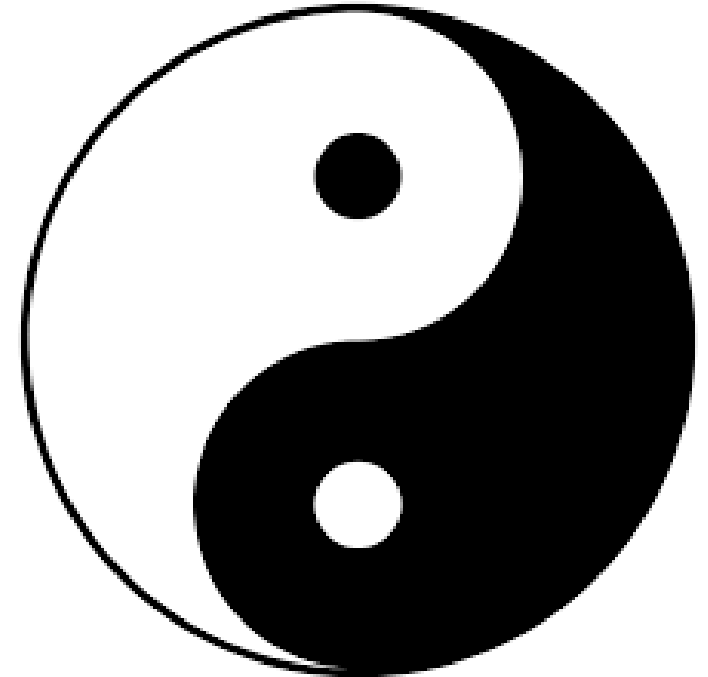
Source: <https://geoawesomeness.com/mapping-international-trade/>  
Map created by Max Galka based on UNCOMTRADE (2015)



24 March 2021

## • KEY MESSAGE •

- In change lies opportunity
- Quality and relevant information is key
- While many things change in the world, many things have stayed the same



# CHINA - USA

- The CHINA – USA tensions are not going to abate soon but ...
- increasingly troubled relations between the two countries, which are at odds over a range of issues from trade to human rights in Tibet, Hong Kong and China's western Xinjiang region, as well as over Taiwan, China's assertiveness in the South China Sea and the **Coronavirus pandemic**.

Q SEARCH

THE | DIPLOMAT  
READ THE DIPLOMAT, KNOW THE ASIA-PACIFIC

TRANS-PACIFIC VIEW | ECONOMY | EAST ASIA

## The US-China Trade War Is Still Happening

Four years and a new president later, U.S. tariffs on Chinese products remain.


CNN BUSINESS Markets Tech Media Success Perspectives Videos Edition Q

### The China trade war is one thing Joe Biden won't be rushing to fix


US-China trade dispute + Add to myFT

#### Biden administration says Trump's China trade deal 'under review'

Washington to make wider assessment of America's relationship with Beijing



Trade data show that Beijing is failing to keep up with its purchase commitments under the 'phase T' deal © Bloomberg



**Related Article:** Biden pledges America will 'engage with the world once again'

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# BREXIT

- Tensions around Hong-Kong, genocide in Xinjiang
- British Prime Minister Boris Johnson has called for the annual Group of 7 summit to be converted into a “D10” of leading democracies in a value rivalry against China
- Reinvented British Commonwealth aligning Australia, New Zealand and perhaps India?



# CHINA - AUSTRALIA

- Trade relations deteriorating between countries partly due to **Coronavirus pandemic**.
- China retaliation focused on primary lower valued added products

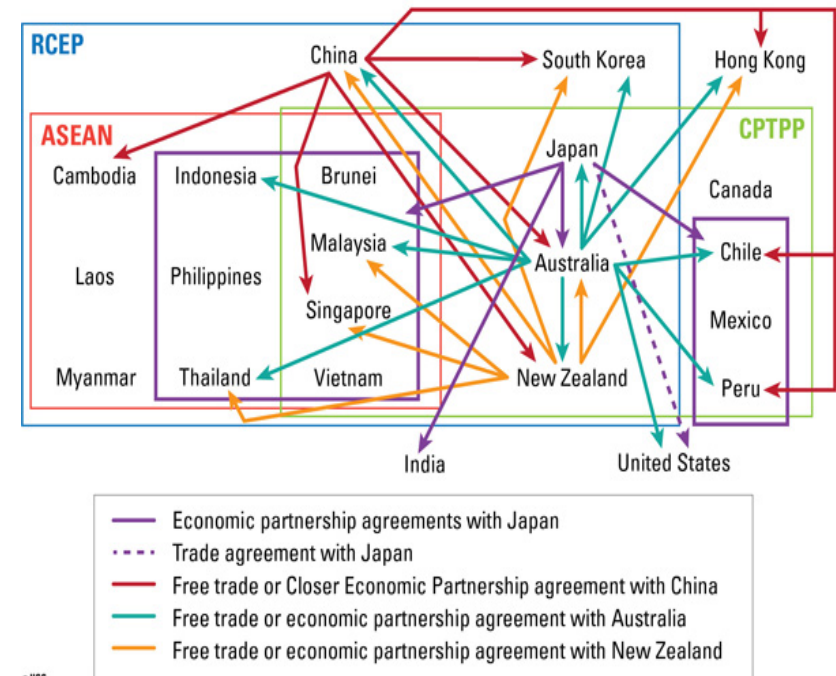
\$ MILLION	2020	2019
Coal	7,870	9,331
Barley	363	662
Wine	673	812
Beef	418	407
Lobster	0.047	0.204
Timber	495	587
Copper ore	1,272	1,660
Wheat	360	361
Cotton	225	817
Total	11,676	14,637



# CHINA JOINS RCEP

- Regional Comprehensive Economic Partnership agreement (RCEP)
- A **behemoth trade deal in a well-integrated region**  
= significant geopolitical win for China
- 30% of global trade,
- > 30% of global production and
- include 2.3 billion people (30% of global population).  
It is also China's first multilateral trade deal and the first trade agreement between China, Japan and South Korea.
- Beijing's also considering the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) – with Trump having taken USA out of CPTPP

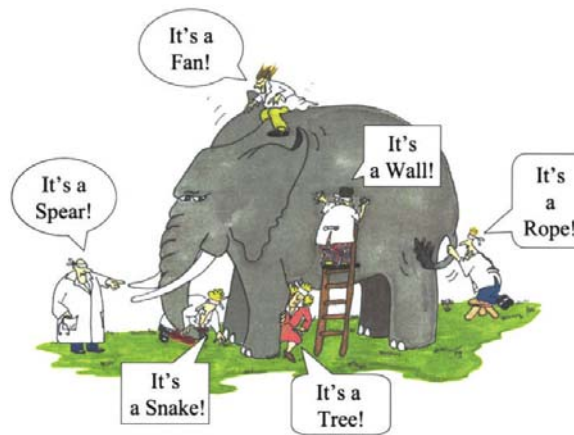
The complex web of Asia-Pacific trade deals





# AfCFTA

- Implemented 1 Jan 2021,  
1.3 billion people in  
\$3.4 trillion economic bloc.
- Not sure what it translates to in practice  
for companies in short to medium term?
- Long term major potential in the intent,  
but short on execution ?
- Lack of **infrastructure**  
political unrest, and  
excessive border  
bureaucracy



## The True Size of Africa

A small contribution in the fight against rampant imperialism by Karl Krause  
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COUNTRY	AREA (km²)
China	9,597,000
USA	9,829,000
India	3,287,000
Mexico	1,964,000
Peru	1,285,000
France	639,000
Spain	505,000
Papua New Guinea	462,000
Sweden	451,000
Japan	378,000
Germany	357,000
Norway	324,000
Italy	301,000
New Zealand	270,000
United Kingdom	243,000
Israel	147,000
Bangladesh	144,000
Chile	127,000
TOTAL	30,162,000
AFRICA	30,221,000

In addition to the well known social issues of literacy and numeracy, there also should be such a concept as "misgeography", meaning (in)correct geographical knowledge.  
A survey with random American schoolkids let them guess the population and land area of their country. Not entirely unexpected, but still rather revealing, the majority chose "3-4 billion" and "largest in the world", respectively.

Even with Asian and European college students, geographical estimates were often off by factors of 2-3. This is partly due to the highly distorted nature of the predominantly well-respected projections (such as Mercator).  
A particularly extreme example is the worldwide misjudgment of the true size of Africa. This single image tries to embody the massive scale, which is larger than the USA, China, India, Japan and all of Europe... combined!

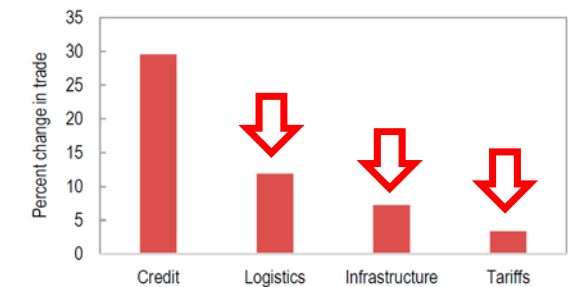
© 2019 Karl Krause. No Rights Reserved. This work is placed in the Public Domain.

## Top 100 Countries

Area: Square Kilometers, Population: Millions (2018)  
Source: Statista, Wikipedia, World Bank 2019



## (Percent change in trade flows)

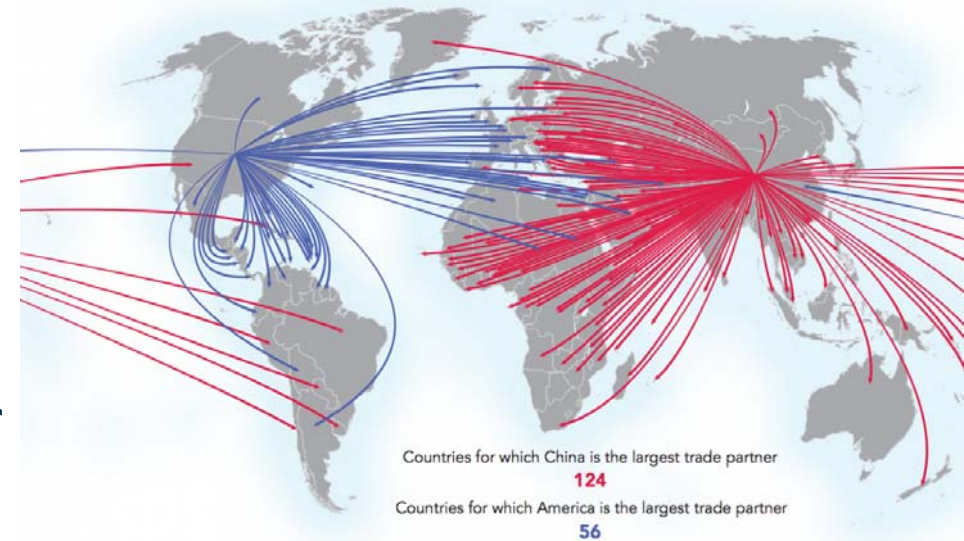


Source: IMF staff estimates.

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# New paradigms emerging

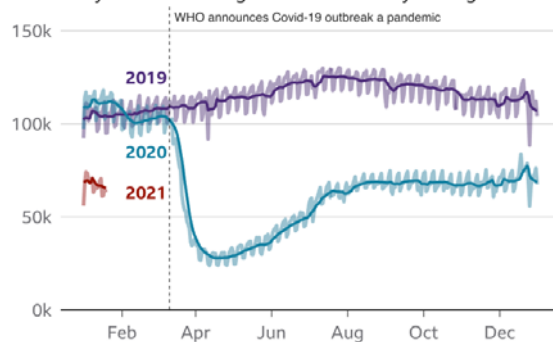
- When new paradigms emerge many people still can't really wrap their heads around the scale or scope of it ...
- China emerging as #1 global trade partner
- Impact of COVID



Source: [www.visualcapitalist.com](http://www.visualcapitalist.com)

## Commercial flights remain well below normal levels

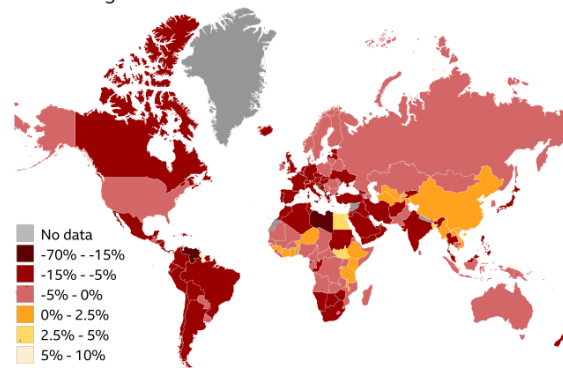
Total daily commercial flights with seven-day average



BBC

## Majority of countries in recession

Real GDP growth

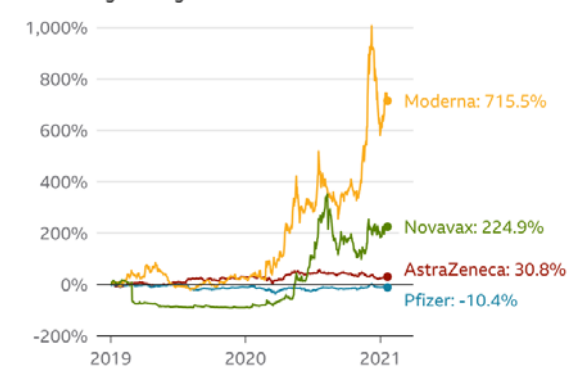


Source: International Monetary Fund

BBC

## The rise of pharmaceutical companies

Percentage change in share value



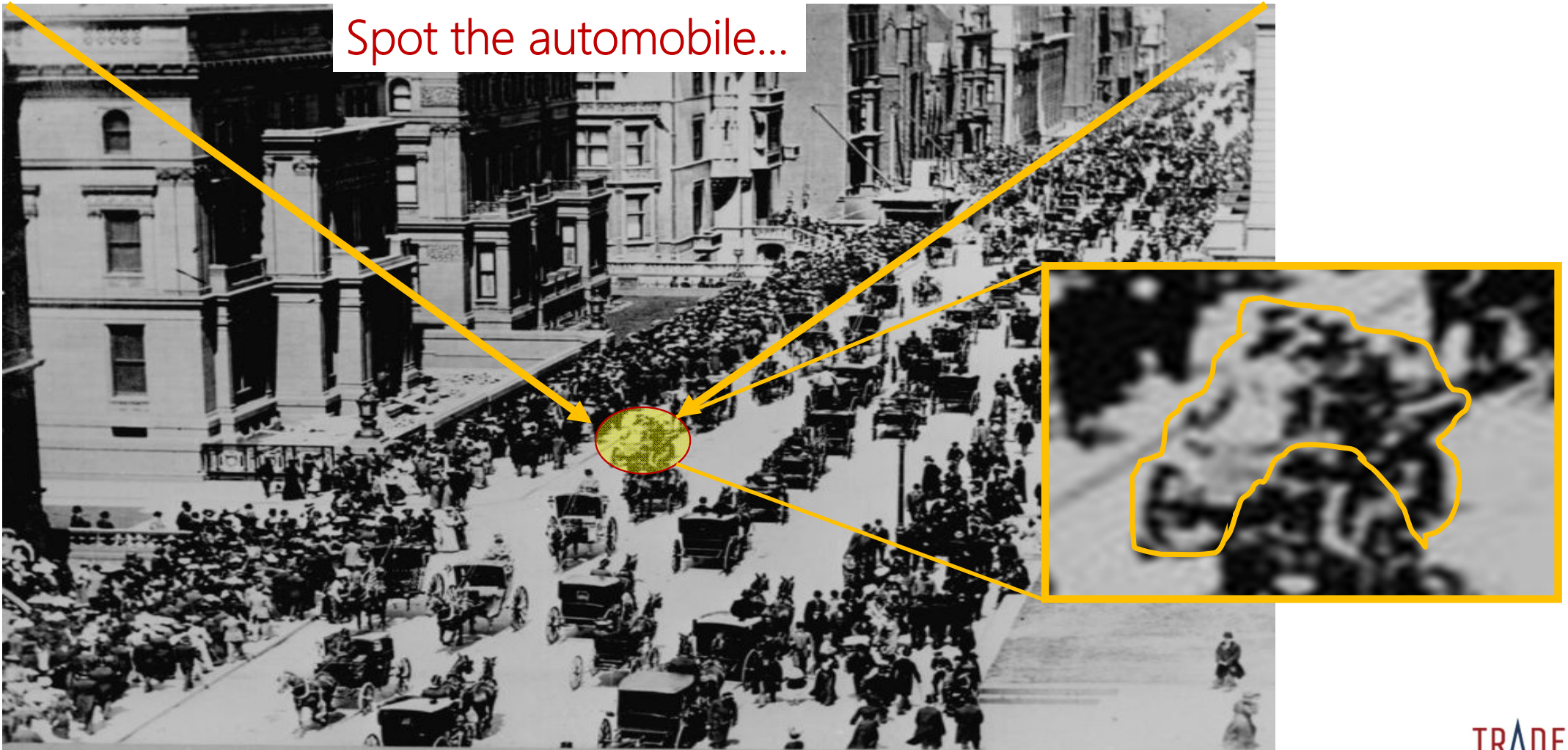
Source: Bloomberg, 24 January 2021, 00:01 GMT

BBC



Easter morning 1900:  
5th Ave, New York City.

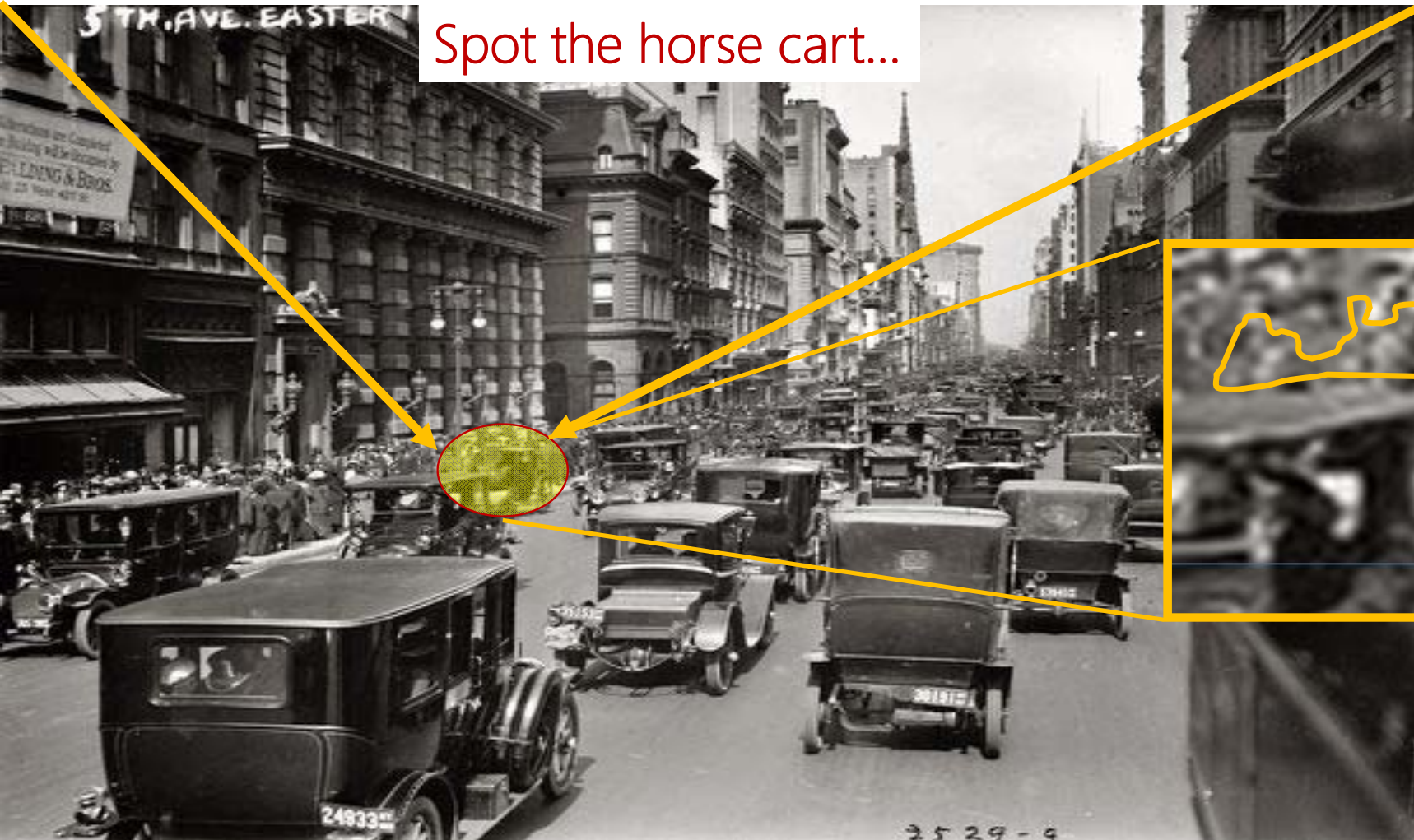
Spot the automobile...



Source: US National Archives

Easter morning 1913: just more than 10 years...  
5th Ave, New York City.

Spot the horse cart...



Source: US National Archives

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• Context: The question •

*I want to export product X ...*

Where in the world should I focus  
my efforts to maximise my exports?



# Identification of Realistic Export Opportunities

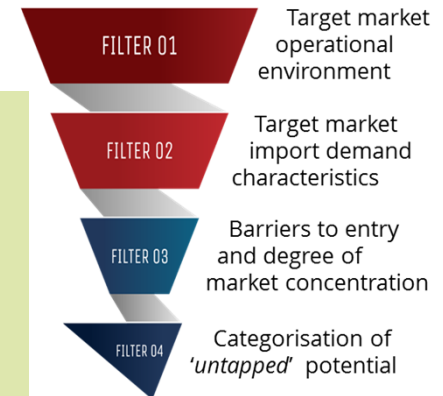
- Connectivity, logistics and supply chains are key

Cameroon export partners (green higher value)

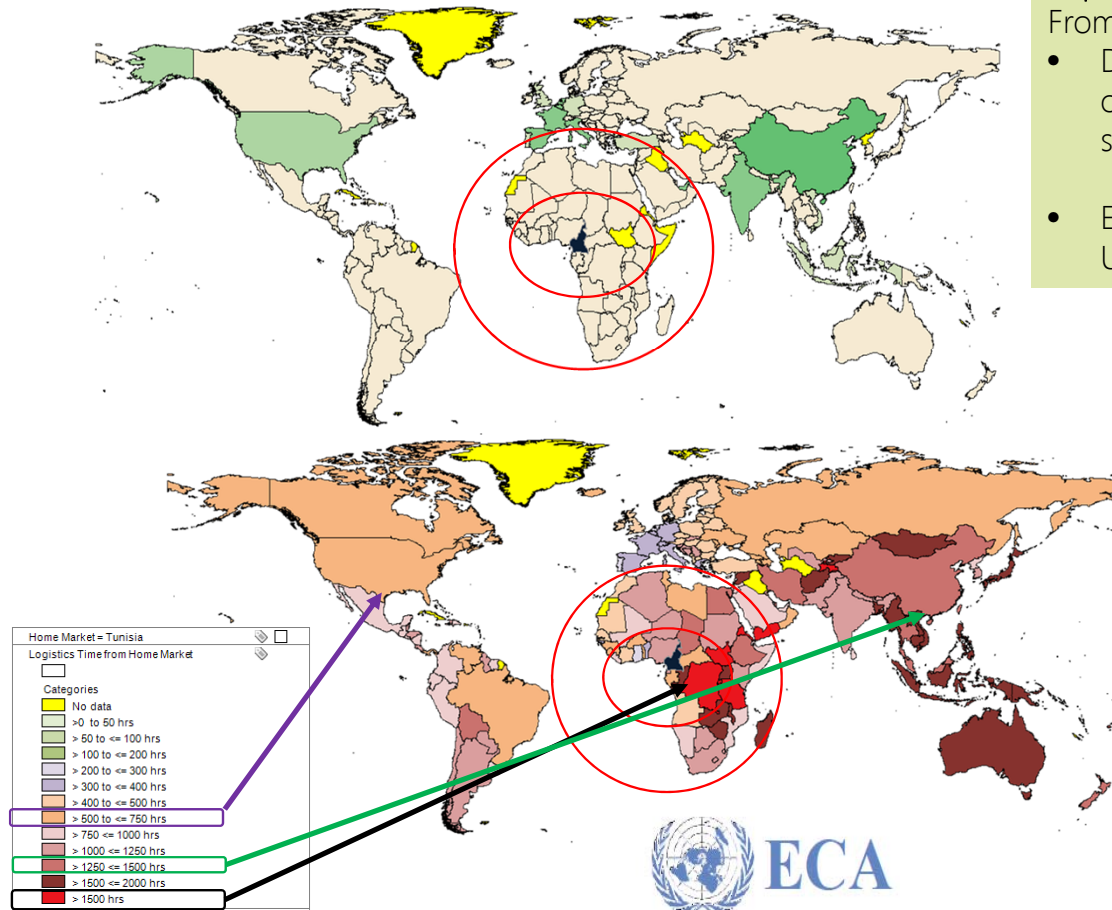
## Implications - example

From Cameroon, to send a container to

- DRC, Rwanda, Uganda or Burundi is MORE costly than comparable with sending same container to China or Taiwan
- Egypt, CAR, Equatorial Guinea is at similar than USA or Brazil

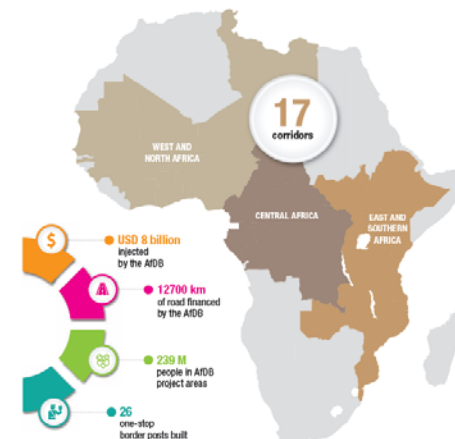


Linking  
Supply and Demand  
Infrastructure /  
Corridors /  
Logistics /  
Time value of  
Trade Facilitation



## Corridors

AfDB interventions between 2004 and 2016 to facilitate regional integration and trade.



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## • Realistic Export Opportunities •

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- Opportunities to EU (also linked with BREXIT)
- Opportunities to China (linked to Australia & USA)
- Opportunities into USA (linked to China)
- Opportunities into AfCFTA



# Realistic Export Opportunities

Opportunities to EU (also linked with BREXIT)

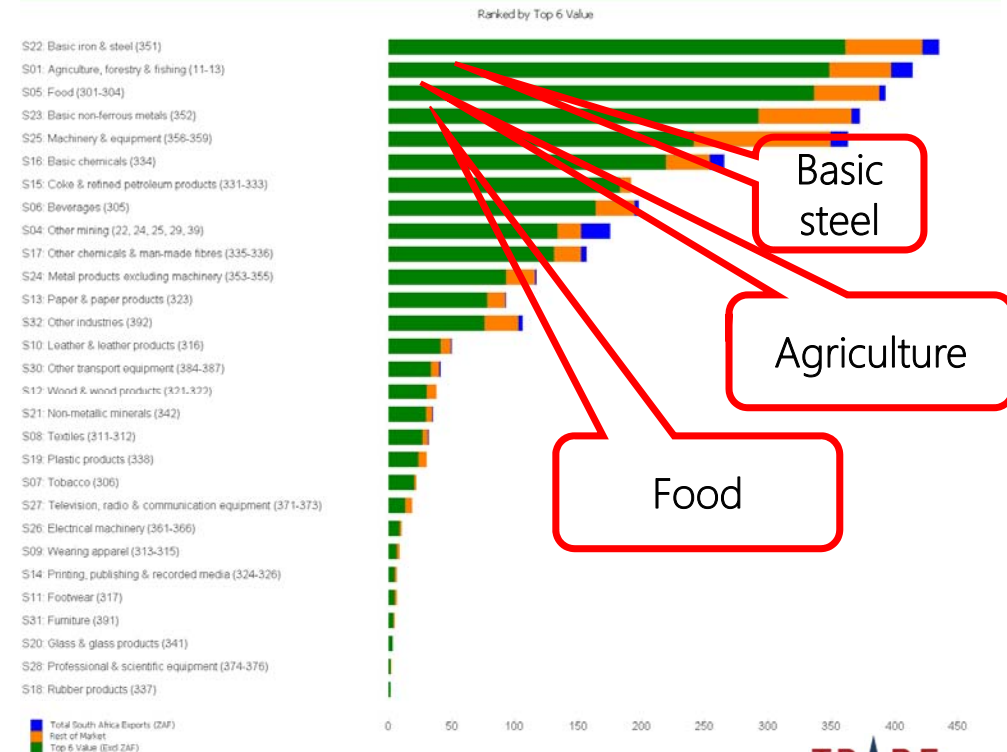
26 countries / 642 products spread over 26 sectors / 'untapped' potential 486 billion ZAR

Current Selection Potential Export Markets for: South Africa (ZAF) - Eastern Cape

Markets x Products : 26 x 642 Combinations: 8 867 Total Potential (Bn) [ZAR]: 486.72



Realistic Export Opportunities - Market Share & Potential [Economic main sectors]



# Realistic Export Opportunities

Opportunities to China (linked to Australia & USA)

399 products spread over 28 sectors / 'untapped' potential 274 billion ZAR

Current Selection Potential Export Markets for: South Africa (ZAF) - Eastern Cape

Markets x Products : 1 x 399 Combinations: 399 Total Potential (Bn) [ZAR]: 273.89

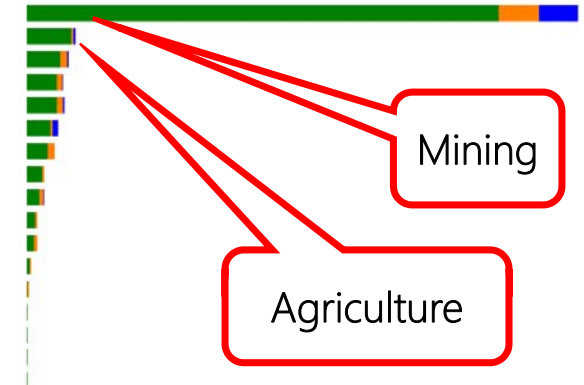


Realistic Export Opportunities - Market Share & Potential [Economic main sectors]

Ranked by Top 6 Value

S04: Other mining (22, 24, 25, 29, 39)  
S01: Agriculture, forestry & fishing (11-13)  
S23: Basic non-ferrous metals (352)  
S05: Food (301-304)  
S16: Basic chemicals (334)  
S22: Basic iron & steel (351)  
S25: Machinery & equipment (356-359)  
S06: Beverages (305)  
S13: Paper & paper products (323)  
S17: Other chemicals & man-made fibres (335-336)  
S10: Leather & leather products (316)  
S24: Metal products excluding machinery (353-355)  
S21: Non-metallic minerals (342)  
S08: Textiles (311-312)  
S27: Television, radio & communication equipment (371-373)  
S30: Other transport equipment (384-387)  
S32: Other industries (392)  
S26: Electrical machinery (361-366)  
S15: Coke & refined petroleum products (331-333)  
S19: Plastic products (338)  
S09: Wearing apparel (313-315)  
S28: Professional & scientific equipment (374-376)  
S12: Wood & wood products (321-322)  
S11: Footwear (317)  
S20: Glass & glass products (341)  
S14: Printing, publishing & recorded media (324-326)  
S31: Furniture (391)  
S18: Rubber products (337)

Total South Africa Exports (ZAF)  
Rest of Market  
Top 6 Value (Excl ZAF)



Mining

Agriculture

# Realistic Export Opportunities

Opportunities to USA (linked to China + AGOA)

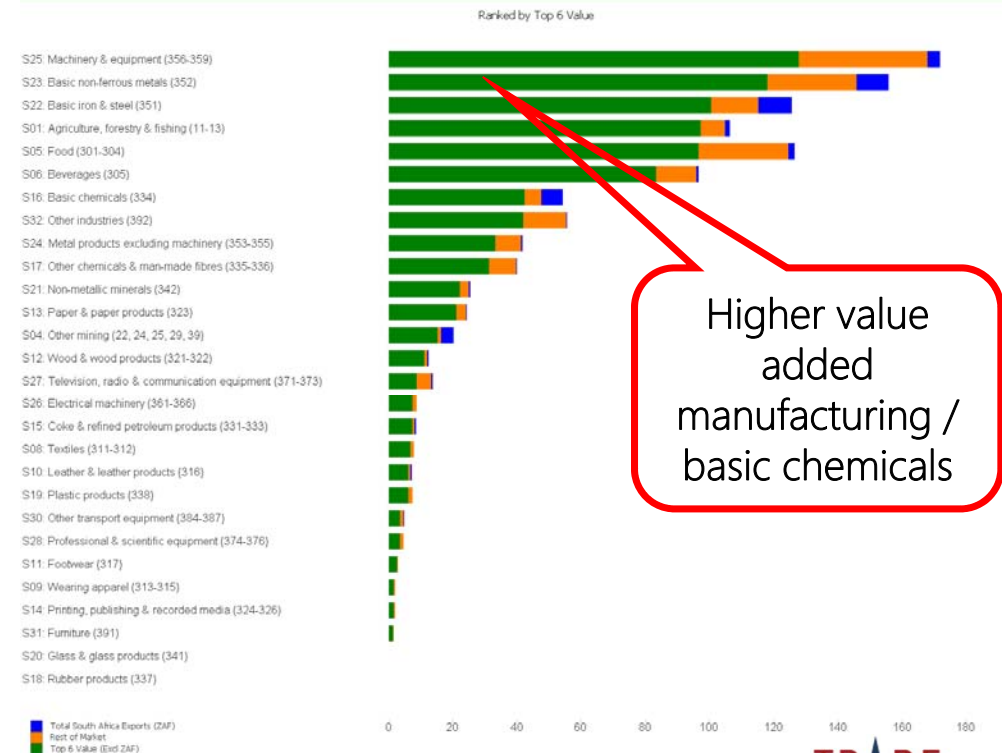
455 products spread over 28 sectors / 'untapped' potential 150 billion ZAR

Current Selection Potential Export Markets for: South Africa (ZAF) - Eastern Cape

Markets x Products : 1 x 455 Combinations: 455 Total Potential (Bn) [ZAR]: 150.11



Realistic Export Opportunities - Market Share & Potential [Economic main sectors]



# Realistic Export Opportunities

## Opportunities into AfCFTA

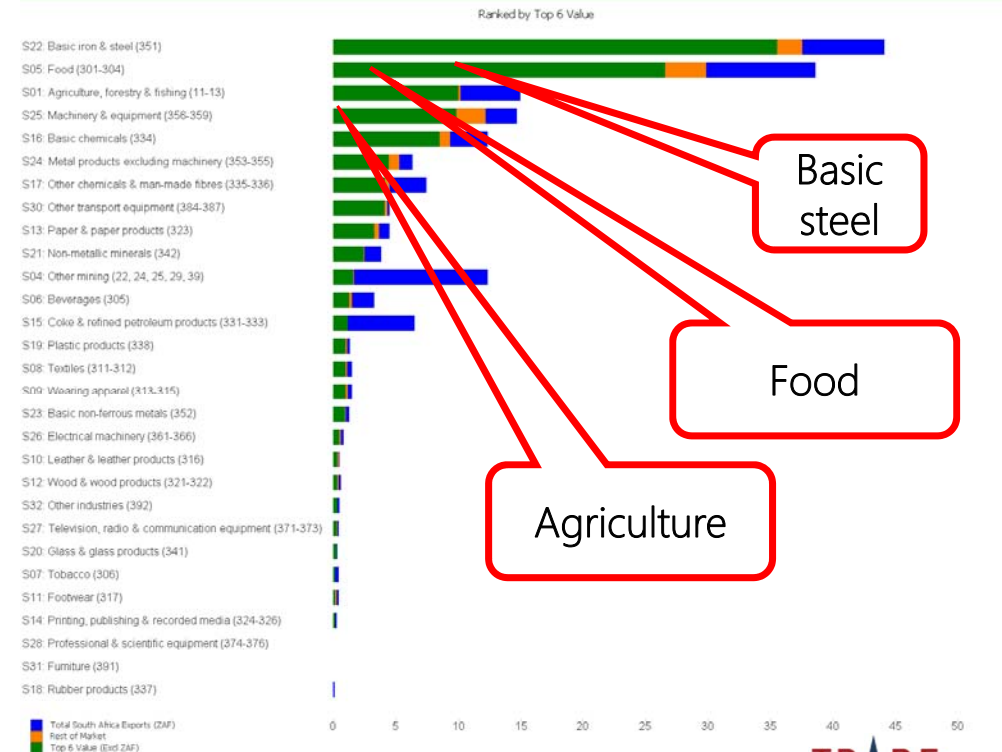
39 countries / 642 products spread over 29 sectors / 'untapped' potential 21 billion ZAR

### Current Selection Potential Export Markets for: South Africa (ZAF) - Eastern Cape

Markets x Products : 39 x 642 Combinations: 4 198 Total Potential (Bn) [ZAR]: 20.68

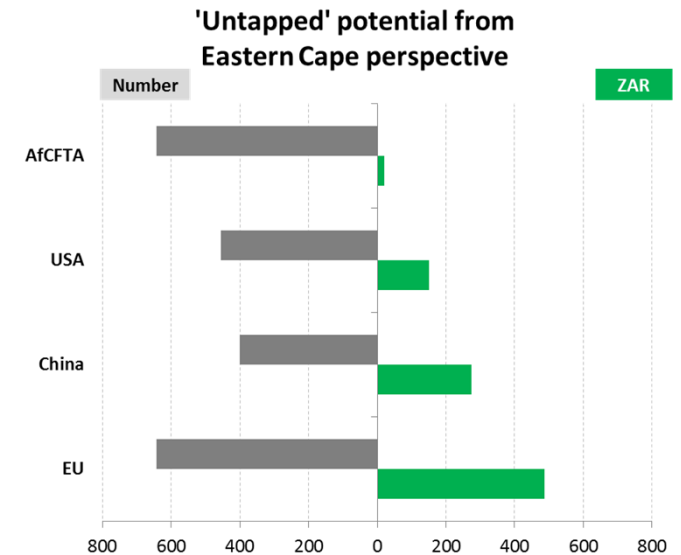


### Realistic Export Opportunities - Market Share & Potential [Economic main sectors]



## In summary

- In change – look for opportunity
- Be aware, acknowledge and react to change happening (China, COVID etc.)
- Many export opportunities but need to consider
  - challenges lie in identifying
  - supply chain access / efficiencies (lack of)



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Thank you



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