



REPUBLIC OF KENYA



**KENYA EXPORT
PROMOTION & BRANDING
AGENCY**

KENYA – SOUTH AFRICA TRADE BRIEF

Prepared

BY

**KENYA EXPORT PROMOTION AND
BRANDING AGENCY**

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1. BACKGROUND

1.1 South Africa profile

- South Africa is one of the largest economies in Africa.
- South Africa has been a WTO member since 1 January 1995 and a member of GATT since 13 June 1948.
- South Africa is also a member the G20, and the informal BRICS (Brazil, Russia, India, China, and South Africa) association of emerging economies.
- South Africa is also the economically most significant ratifier of the nascent African Continental Free Trade Agreement (ACFTA).
- South Africa is a member of the Southern African Customs Union, accounting for over 90% of SACU's combined GDP. With a per capita GDP of about USD 6,700 in 2022
- South Africa is not a signatory to the joint statement initiatives on investment facilitation for development, electronic commerce, or services domestic regulation. It is not a member of the WTO Informal
- Working Group on MSMEs, nor is it a proponent of the Buenos Aires Declaration on Trade and Women's Economic Empowerment.
- The Department of Trade, Industry and Competition (DTIC) is the main government agency responsible for trade and investment policies in South Africa
- The International Trade Administration Commission (ITAC) continues to administer customs tariff investigations, trade remedies, and import and export controls.
- Preferential tariff quotas, all on agricultural products, are maintained under:

- ✓ The EPA between the European Union and its member States and the SADC EPA States, and cover 17 tariff lines;
- ✓ The FTA between EFTA States and SACU, and cover 5 lines on some meat and cheese;
- ✓ The Preferential Trade Agreement between Mercosur and SACU, and cover 4 lines for products originating from Paraguay and 2 originating from Uruguay; and
- ✓ The SACU-Mozambique-United Kingdom EPA, and cover 16 lines
- Between 2014 and 2022, South Africa initiated 25 anti-dumping investigations, including 13 in 2021

Table 1: South Africa Trade Flows and Position in the Global Trade

Exports

- South Africa exported products worth USD 123614.82 Million in 2022 representing 0.5% share of global export values
- South Africa ranking in world exports is 39
- Top export products were platinum oils at (USD 16745.65 million) and coal at (USD 13035.08 million)
- China (9.7%) was the top export destination for South Africa followed by USA (8.9%) and Germany (3.2%)

Imports

- South Africa imported products worth USD 111878.21 Million in 2022 representing 0.4% of world imports
- South Africa ranking in world imports is 40
- Average tariff applied by South Africa for products is 6.6%
- Top import products were petroleum oils at (USD 18688.37 million) and motocars at (USD 4577.60 million) in 2022
- China (20.1%) was top source of South Africa imports followed by India (7.8%)

1.2 South Africa Exports

Table 2: South Africa top 10 export products to the World

Code	Product label	Select your indicators					
		Value exported in 2022 (USD millions)	Annual growth in value between 2018-2022 (% p.a.)	Annual growth in quantity between 2018-2022 (% p.a.)	Annual growth in value between 2021-2022 (% p.a.)	Share in world exports (%)	Ranking in world exports
*TOTAL	All products	123614.82	9		0	0.5	39
1 '7110	Platinum, incl. palladium, rhodium, iridium, osmium and ruthenium, unwrought or in semi-manufactured	16745.65	29	-2	-28	23	1
2 '2701	Coal; briquettes, ovoids and similar solid fuels manufactured from coal	13035.08	18	-4	114	5.3	5
3 '2601	Iron ores and concentrates, incl. roasted iron pyrites	6701.63	16	-1	-34	4.3	4
4 '8703	Motor cars and other motor vehicles	5799.43	-4	-4	8	0.7	24
5 '7108	Gold, incl. gold plated with platinum, unwrought or not further worked than semi-manufactured	5281.64	4	-20	-29	1.1	16
6 '7202	Ferro-alloys	4298.28	5	2	3	8.1	2
7 '8704	Motor vehicles for the transport of goods, incl. chassis with engine and cab	4040.96	4	0	1	2.6	12
8 '2602	Manganese ores and concentrates, incl. ferruginous manganese ores and concentrates	2907.57	-6	5	5	49.3	1
9 '2710	Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing	2828.43	-4		49	0.3	43
10 '7102	Diamonds, whether or not worked, but not mounted or set (excl. unmounted stones for pick-up	2659.48	8	4	13	2	9
11	All other products	59.32					

Source: International Trade Centre Database 2023, Compiled by KEPROBA

- South Africa exported products worth USD 123614.82 Million in 2022 representing 0.5% share of global export values
- South Africa ranking in world exports is 39
- Top export products were platinum oils at (USD 16745.65 million) and coal at (USD 13035.08 million)
- Main export markets for platinum oils were: Japan (constituting 35.8% of South Africa exports) and USA (constituting 27.8% of South Africa exports)
- Main export markets for coal gas was: India (constituting 23.3% of South Africa exports) and Netherlands (constituting 12.6% of South Africa exports)

Figure 1: South Africa top 10 exports by country

	Importers	Select your indicators				
		Value exported in 2022 (USD Millions)	Share in South Africa's exports (%)	Share of South Africa in the partner's imports (%)	Growth in exported value between 2018-2022 (% p.a.)	Growth in exported value between 2021-2022 (% p.a.)
	World	123614.82	100		9	0
1	China	11942.86	9.7	1.2	10	-14
2	United States of America	10955.73	8.9	0.4	20	-16
3	Germany	10001.41	8.1	1	10	-5
4	Japan	8601.49	7	1.1	21	4
5	United Kingdom	6323.84	5.1	1	11	-23
6	Netherlands	5998.86	4.9	0.4	18	44
7	Area Nes	5847.19	4.7		2	-26
8	Mozambique	5765.80	4.7	15.1	14	33
9	India	5137.31	4.2	1.5	3	20
10	Botswana	4706.00	3.8	62.6	3	7
11	All others	48.33	3.2	0.7	13	12

Source: International Trade Centre Database 2023, Compiled by KEPROBA

- China (9.7%) was the top export destination for South Africa followed by USA (8.9%) and Germany (3.2%)
- South Africa growth in exported value between 2018-2022 was 9%, p.a.
- South Africa growth in exported value between 2021-2022 was 0%, p.a.

1.3 South Africa imports

Figure 2: South Africa top 10 imports by product

Code	Product label	Select your indicators						
		Value imported in 2022 (USD millions)	Annual growth in value between 2018-2022 (% p.a.)	Annual growth in quantity between 2018-2022 (% p.a.)	Annual growth in value between 2021-2022 (% p.a.)	Share in world imports (%)	Ranking in world imports	Average tariff (estimated) applied by South Africa (%)
'TOTAL	All products	111878.21	4		20	0.4	40	6.6
1 '2710	Petroleum oils and oils obtained from bituminous minerals (excl. crude); preparations containing	18688.37	41		124	1.7	19	0.7
2 '9999	Commodities not elsewhere specified	7494.62	0	-2	-1	1	18	
3 '8703	Motor cars and other motor vehicles principally designed for the transport of	4577.60	1	2	44	0.6	30	18.4
4 '2709	Petroleum oils and oils obtained from bituminous minerals, crude	4411.80	-21	-25	-19	0.3	35	0
5 '8517	Telephone sets, incl. smartphones and other telephones for cellular networks or for other wireless	3536.42	1		14	0.5	33	0
6 '8471	Automatic data-processing machines and units thereof; magnetic or optical readers, machines	2070.16	4	-2	2	0.4	36	0
7 '4907	Unused postage, revenue or similar stamps of current or new issue in the country	1888.73	13	-23	15	40.2	1	1.2
8 '8708	Parts and accessories for tractors, motor vehicles for the transport of ten or more persons	1798.73	3		6	0.4	37	12.1
9 '3004	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses	1796.10	0	7	-11	0.4	41	0
10 '8704	Motor vehicles for the transport of goods, incl. chassis with engine and cab	110.87	4	9	49	0.6	29	10.1
11	All others	1003.58	32		157	0.8	26	2.8

Source: International Trade Centre Database 2023, Compiled by KEPROBA

- South Africa imported products worth USD 111878.21 Million in 2022 representing 0.4% of world imports
- South Africa ranking in world imports is 40
- Average tariff applied by South Africa for products is 6.6%
- Top import products were petroleum oils at (USD 18688.37 million) and motocars at (USD 4577.60 million) in 2022
- Main import markets for petroleum oils were: United Arab Emirates (constituting 19.2% of South Africa imports) and India (constituting 18.8% of South Africa imports)
- Main import markets for petroleum cars were: India (constituting 27.6% of South Africa imports) and Germany (constituting 14.5% of South Africa imports)

Figure 3: South Africatop 10 Imports by country

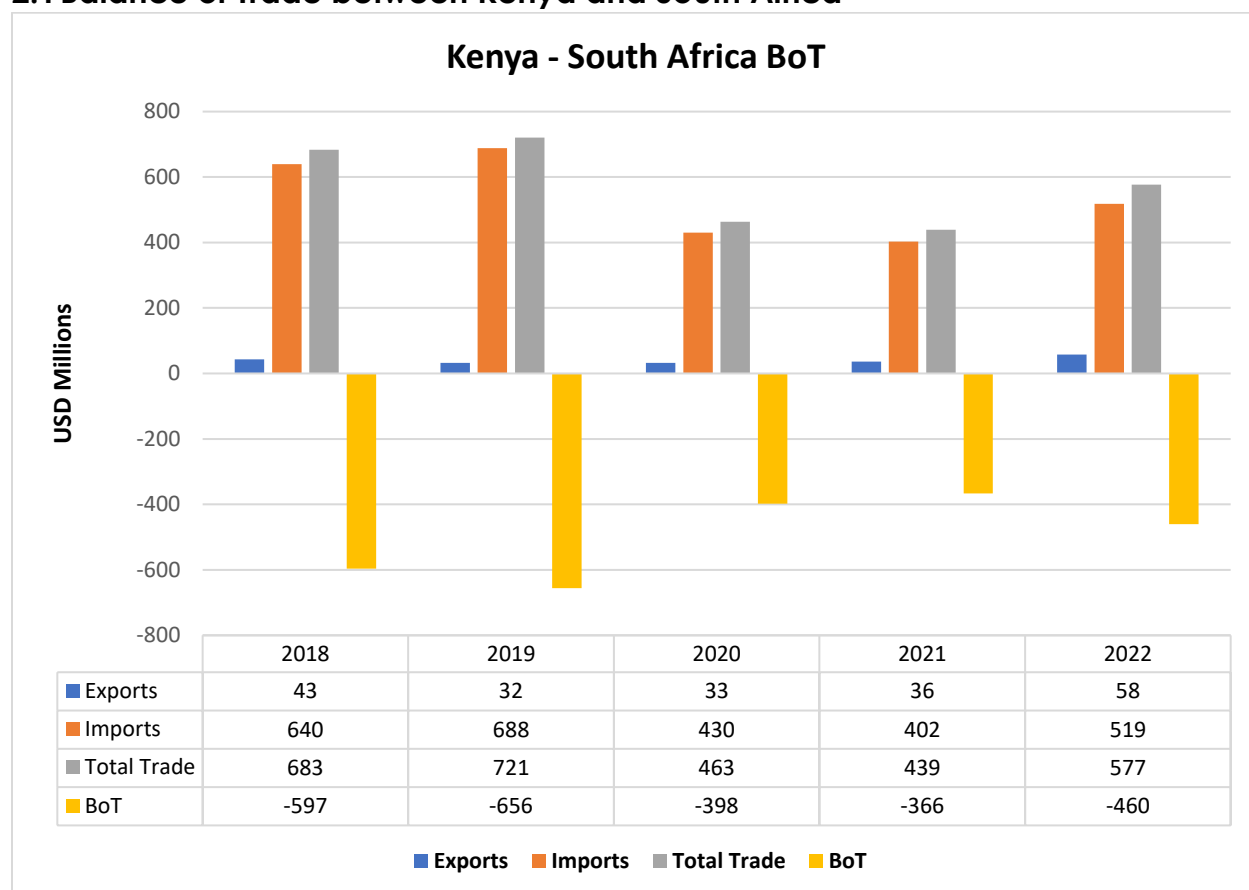
Exporters	Select your indicators				
	Value imported in 2022 (USD Millions)	Share in South Africa's imports (%)	Share of South Africa in the partner's exports (%)	Growth in imported value between 2018-2022 (% p.a.)	Growth in imported value between 2021-2022 (% p.a.)
World	111878.21	100		4	20
1 China	22516.66	20.1	0.7	7	17
2 India	8359.85	7.5	1.8	19	56
3 Germany	8265.82	7.4	0.6	-4	8
4 United States of America	8231.97	7.4	0.3	10	25
5 Saudi Arabia	4391.22	3.9	1	-3	7
6 United Arab Emirates	4139.06	3.7	0.6	22	118
7 Thailand	3084.30	2.8	1	2	4
8 Japan	2840.66	2.5	0.3	-1	9
9 Oman	2654.43	2.4	3	27	42
10 Italy	2468.64	2.2	0.4	1	-4
11 All others	44925.63				

Source: International Trade Centre Database 2023, Compiled by KEPROBA

- China (20.1%) was top source of South Africa imports followed by India (7.8%)
- Growth in imported value between 2018-2022 was 4%
- Growth in imported value between 2021-2022 was 20%

2 Kenya's Trade with South Africa

2.1 Balance of Trade between Kenya and South Africa



Source: International Trade Centre Database 2023, Compiled by KEPROBA

- There is minimal trade between Kenya and South Africa.
- Trade balance is in favor for South Africa between 2018 – 2022.
- Total trade has reduced from USD 683 million in 2018 to USD 577 million in 2022
- Kenya's exports to South Africa have been fluctuating from USD 43 Million in 2018 to USD 32 million in 2019, then to USD 36 in 2021 then an increase to USD 58 Million in 2022.
- Imports from South Africa have been fluctuating from USD 640 million in 2018 to USD 688 million in 2020 then to decline of USD 430 million in 2020 then an increase to USD 519 million in 2022.

Table 3: Kenya's Exports to South Africa

	Product Code	Product Label	Select your indicators						
			Kenya's exports to South Africa						
			Value in 2022, USD Millions	Annual growth in value between 2018-2022, %, p.a.	Share in Kenya's exports, %	Equivalent ad valorem tariff faced by Kenya	Quantity exported in 2022	Quantity unit	Unit value (USD/unit)
1	'7108	Gold, incl. gold plated with platinum, unwrought or not further worked than semi-manufactured	24.15	25	74	0	0	Tons	
2	'2836	Carbonates; peroxocarbonates "percarbonates"; commercial ammonium carbonate containing ammonium	8.93	63	9	2	22960	Tons	389
3	'0603	Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes, fresh	4.74	10	1	20	1250	Tons	3789
4	'0708	Leguminous vegetables, shelled or unshelled, fresh or chilled	1.42	26	2	3	415	Tons	3410
5	'0902	Tea, whether or not flavoured	1.31	-9	0	6	474	Tons	2755
6	'1205	Rape or colza seeds, whether or not broken	1.13		100	6	85	Tons	13294
7	'2401	Unmanufactured tobacco; tobacco refuse	0.95		13	115	158	Tons	5981
8	'3004	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...	0.92	102	1	0	204	Tons	4525
9	'1007	Grain sorghum	0.79		25	3	260	Tons	3027
10	'0901	Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes ...	0.68	-4	0	0	125	Tons	5408
11		All others	13.00		1	5	461	Tons	1354

Source: International Trade Centre Database 2023, Compiled by KEPROBA

- Kenya's top exports products to South Africa are Gold at a value of USD 24.15 million in 2022.
- Annual growth in value between 2018-2022 for gold is 25%

Table 4: Kenya's imports from South Africa

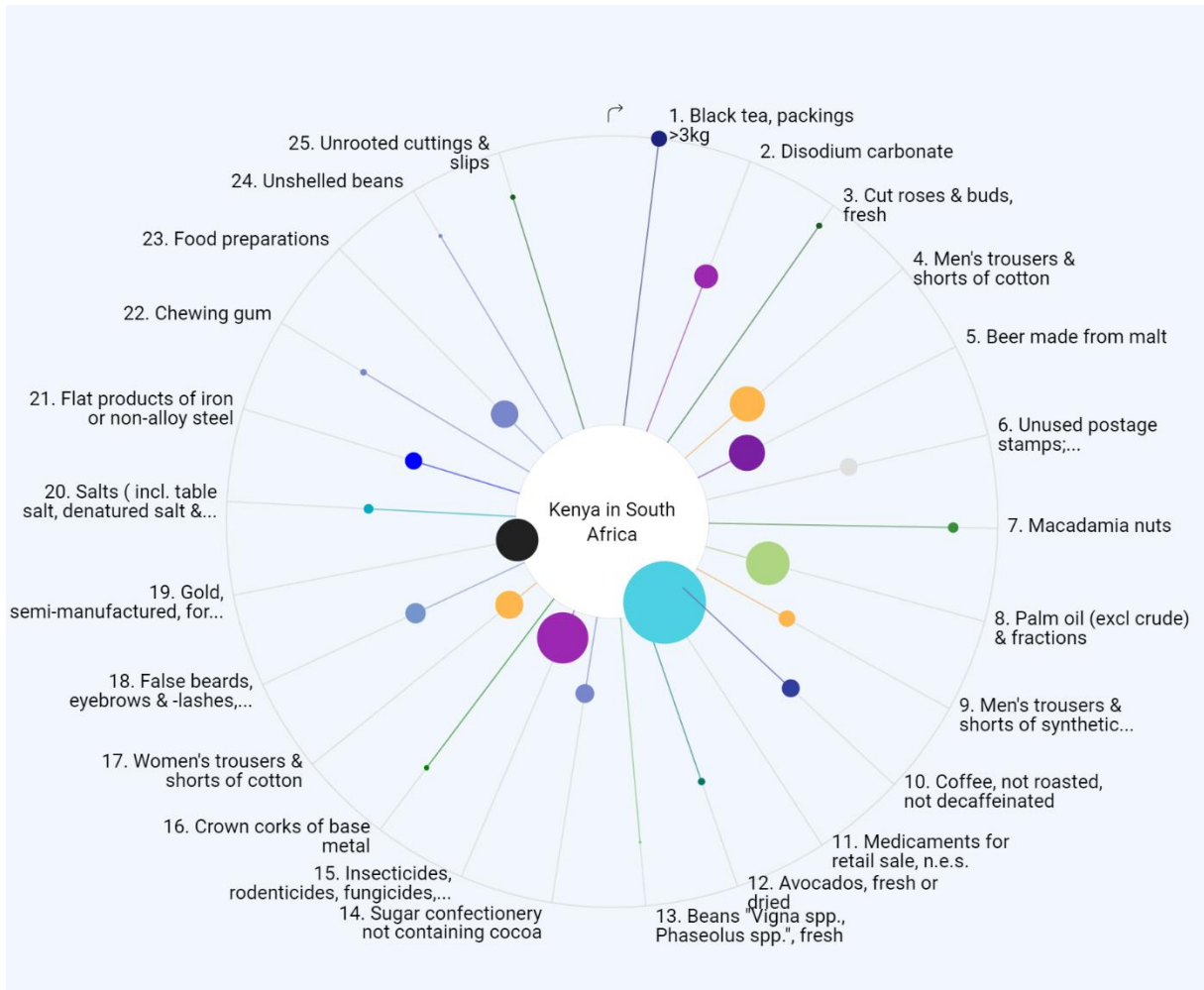
	Product Code	Product Label	Select your indicators						
			Kenya's imports from South Africa						
			Value in 2022, USD Million	Annual growth in value between 2018-2022, %, p.a.	Share in Kenya's imports, %	Equivalent ad valorem tariff applied by Kenya	Quantity imported in 2022	Quantity unit	Unit value (USD/unit)
1	'7207	Semi-finished products of iron or non-alloy steel	89.50	-7	24	0	122787	Tons	729
2	'2701	Coal; briquettes, ovoids and similar solid fuels manufactured from coal	80.93	11	59	0	416938	Tons	194
3	'8703	Motor cars and other motor vehicles	44.61	2	10	21	4163	Units	10716
4	'2601	Iron ores and concentrates, incl. roasted iron pyrites	20.38		78	0	146840	Tons	139
5	'8704	Motor vehicles for the transport of goods, incl. chassis with engine and cab	16.44	-1	9	11	1770	Units	9289
6	'7208	Flat-rolled products of iron or non-alloy steel, of a width >= 600 mm, hot-rolled, not clad	14.06	-61	3	1	15691	Tons	896
7	'7213	Bars and rods of iron or non-alloy steel, hot-rolled, in irregularly wound coils	13.39	-17	20	8	15745	Tons	850
8	'2204	Wine of fresh grapes	11.57	-5	51	25	5646	Cubic meters	2050
9	'0808	Apples, pears and quinces, fresh	11.51	0	95	25	15871	Tons	725
10	'8708	Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, ...	6.82	15	7	10	370	No quantity	18441
11		All others	209.79						

Source: International Trade Centre Database 2023, Compiled by KEPROBA

- Kenya's top imports products from South Africa are iron at a value of USD 89.50 million and coal at a value of USD 80.93 million in 2022.
- Annual growth in value between 2018-2022 for gold is -7%

2.2 South Africa Market Scan and Potential For Kenya

Figure 4: Kenya's Exports potential to South Africa



Source: International Trade Centre Database 2023, Compiled by KEPROBA

- The products with greatest export potential from Kenya to South Africa are;
 - ✓ Black tea, packings >3kg, with a Customs Tariffs of MFN at 2.23%
 - ✓ Disodium carbonate with a Customs Tariffs of MFN at 5.50%and
 - ✓ Cut roses & buds, fresh with a Customs Tariffs of MFN at 20%
- Kenya has the highest supply capacity in Black tea, packings >3kg. Medicaments for retail sale, n.e.s. is the product that faces the strongest demand potential in South Africa.

2.3 Challenges for exporting to South Africa

1. High customs tariffs especially for fresh products such as Cut roses & buds, fresh. with a Customs Tariffs of MFN at 20%
2. Non-tariff barriers, such as arbitrarily imposed phytosanitary rules
3. Government instituted Broad-Based Black Economic Empowerment (B-BBEE) policies aim at redressing economic imbalances among historically disadvantaged communities to facilitate socio-economic transformation through granting procurement preferences on government contracts (including state-owned enterprises (SOEs) based on a company's level of B-BBEE achievement.

B-BBEE requirements demand due consideration by all firms planning to do business with the South African Government, SOEs, and within the general business community, including as a provider within the supply chain of companies doing business with the government and SOEs.

4. Electricity supply shortages have constrained South Africa's growth for several years. Rolling scheduled power cuts (load-shedding) started in 2007 and have intensified exponentially, reaching close to 9 hours daily in 2022. This might prove to be a challenge when exporting fresh Cut roses & buds, fresh.

3.0 Opportunities for collaboration

- Negotiate for reduction in custom tariffs for products that Kenya has the highest supply capacity