The Southern African context: Economic indicators, trends and intra-regional trade

Tags: Trade, Economic Development, Southern Africa, Infrastructure, Case Study

This briefing note, extracted from a full report entitled Trade infrastructure: Programming options in Southern Africa presents some important economic indicators and trends to show how diverse the economies are in Southern Africa, and some of the issues they are encountering especially with low economic growth rates, falling foreign direct investments and limited intra-regional trade. The note then explores the more ‘recent’ regional integration drives, providing an update on the Tripartite Free Trade Area implementation. This sets the scene for some important trade data from the region including intra-regional trade data – which shows how marginal regional trade is as compared to international trade (i.e. countries in our study trading with international markets outside Africa).

Regional economic issues

Economic growth

Economic growth rates across Southern Africa have been mixed, as can be seen in Table 1 below. Some countries have had a marked dip in annual growth from about 2015/16, with only Botswana recovering from a technical recession in 2015 and Zambia recovering to an annual growth rate of around 4% in 2017. Mozambique has seen a steady decline in growth rates from 7% to just above 3% in 2017 (the debt crisis in 2016, caused by hidden debt, did not help the country’s economic situation). Angola has experienced a steady decline in annual growth rates, reaching negative growth in 2016 with a small recovery in 2017 but below 1% growth rates, making distributional effects of growth negligible. South Africa has been suffering from declining growth since the 2007-2008 global financial and economic crisis, dipping into a near technical recession in 2016, with a slight recovery in 2017. The prospects for the country are not great in the next few years.

Reliance on commodity prices is one of the main reasons for volatile growth rates in the region, as the global financial crisis ended the commodity super-cycle – as prices of minerals fell, so did the growth rates in Southern Africa.

Table 1: Real GDP growth in selected countries (annual %)[1]

Country	2013	2014	2015	2016	2017
Angola	6.84	4.70	3.00	-0.81	0.72
Botswana	11.34	4.15	-1.70	4.32	2.36
Eswatini	6.42	1.93	0.39	1.37	2.00
Lesotho	1.84	3.12	2.52	2.40	5.59
Malawi	5.20	5.70	2.80	2.48	4.00
Mozambique	7.14	7.44	6.59	3.76	3.71
Namibia	5.61	6.35	6.11	0.70	-0.77
South Africa	2.49	1.85	1.28	0.57	1.32
Zambia	5.06	4.70	2.92	3.76	4.08
Zimbabwe	5.53	2.13	1.69	0.62	3.45

Drivers of growth and employment

The composition of GDP growth provides insight on how diversified the regional economies are and how dependent of some sectors some countries really are. As per Table 2, the service industry (retail and financial services) take the lion's share of the economies, followed by industry (including construction), and agriculture and forestry. For a region endowed with underground mineral resources, we would have expected the extractive industries to have featured in the statistics. This is mainly due to the lack of value addition and beneficiation of the industry – i.e. minerals, especially, are exported with little processing and manufacturing of the raw materials. Value addition in agriculture is also relatively small; the sector produces mostly un-processed produce with little or no ancillary industries supporting the sector (this finding is supported by the work of the Wold Bank's Advisory Services and Analytics department on regional value chains). As expected, industry sectors have a greater share of GDP in the middle-income countries in the region.

Table 2: Value added (as % of GDP in 2017)[2]

Country	Agriculture, forestry and fishing	Services	Industry (including construction
Angola			
Botswana	2.0	58.7	30.3
Eswatini			
Lesotho			
Malawi	26.1	52.4	14.4
Mozambique	21.8	54.2	17.6
Namibia	6.9	58.4	28.4
South Africa	2.3	61.5	25.9
Zambia	7.2	52.7	35.7
Zimbabwe	10.5	56.3	21.5

Most of the selected countries have mining and extractives as one of the economic drivers of the regional economy. Angola's statistics stand out, mainly due to significant oil exports. Table 4 shows the importance of natural resources as percentage of GDP across the region. There is still scope for higher value addition as most of the natural resources are exported raw or with little processing or fabrication. The wealth of natural resources provide scope for and the case for industrialisation of the region and higher regional value chains.

Table 3: Total natural resources rents (as % of GDP)[3]

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Angola	59.9	54.2	51.3	58.0	28.2	39.0	44.5	41.6	34.9	27.5	11.3	13.2
Botswana	3.8	8.0	9.3	6.0	11.5	4.9	3.6	3.4	3.5	2.9	1.4	1.0
Lesotho	3.4	3.1	4.7	5.2	5.5	3.7	3.6	4.3	4.8	4.7	5.6	6.8
Mozambique	8.1	8.2	10.0	10.1	10.3	9.9	9.8	12.1	10.6	10.5	12.2	17.2
Malawi	6.7	6.7	7.9	8.6	6.9	5.8	5.7	8.5	9.5	8.8	9.1	11.1
Namibia	1.3	2.7	6.1	3.1	2.3	2.9	2.7	2.5	2.2	2.5	3.5	4.2
Eswatini	2.4	2.4	3.2	5.1	3.2	2.8	3.1	2.8	2.4	2.5	2.9	3.1
South Africa	4.8	5.6	7.2	13.0	5.9	7.7	8.6	7.2	6.9	5.8	4.3	4.7
Zambia	13.3	20.8	22.1	17.9	18.6	21.4	21.8	18.9	16.9	15.5	16.2	15.1
Zimbabwe	9.3	12.1	16.8	19.5	8.2	9.2	11.0	9.7	8.1	7.9	8.2	8.8

Services remains a key sector in the regional economies. Not only does the sector account for the largest share of GDP in the region, but it also employs more people than other sectors, as Table 5 on the following page shows. This is followed by industry, and lastly agriculture in middle-income countries. In low-income countries, as expected, agriculture takes the biggest share of employment (e.g. Malawi). These three main sectors of the regional economy, although important both for their contribution to economic growth and employment, have not been able yet to absorb enough of the unemployed in all countries in the region. Data on formal and informal employment is never too accurate, but we can say that the total employment rate calculated as the percentage of the general population of people above 15 years old is high, ranging from

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[2] World Bank data accessed at: http://data.worldbank.org

39.5% in South Africa to 82% in Zimbabwe with most of the other countries above 60% in 2016 (Angola, Botswana, Lesotho, Eswatini, Zambia).[4]

Table 4: Employment in sectors (as % of total employment)[5]

Country	Sector	2010	2011	2012	2013	2014	2015	2016	2017
Angola	Agriculture	40.0	51.2	50.8	49.3	48.9	48.9	49.2	50.6
	Industry	9.0	8.0	8.6	8.9	9.3	8.9	8.9	8.6
	Services	51.0	40.8	40.6	41.8	41.9	42.2	42.0	40.8
Botswana	Agriculture	25.3	27.9	27.9	26.8	26.4	26.9	26.0	26.2
	Industry	17.2	13.9	13.9	13.7	13.7	13.8	13.6	13.5
	Services	57.5	58.2	58.2	59.5	59.9	59.3	60.4	60.3
Eswatini	Agriculture	67.9	68.6	68.5	68.5	68.2	68.1	68.4	69.1
	Industry	14.3	13.2	13.3	12.7	12.9	13.2	13.1	12.4
	Services	17.8	18.3	18.3	18.8	18.9	18.7	18.5	18.4
Lesotho	Agriculture	12.2	12.4	12.2	11.9	11.6	11.0	10.7	10.4
	Industry	42.0	39.4	40.1	40.3	40.0	39.8	40.4	40.5
	Services	45.8	48.2	47.8	47.8	48.4	49.1	48.9	49.1
Malawi	Agriculture	84.3	85.0	85.1	85.0	85.0	84.8	84.7	84.7
	Industry	9.5	8.4	8.1	8.2	8.2	8.3	8.4	8.4
	Services	6.2	6.7	6.7	6.8	6.8	6.9	6.9	6.9
Mozambique	Agriculture	78.1	76.4	75.5	75.0	74.1	73.6	73.3	73.3
	Industry	3.3	3.6	3.9	4.2	4.4	4.3	4.3	4.3
	Services	18.6	20.0	20.5	20.8	21.5	22.2	22.4	22.4
Namibia	Agriculture	16.3	30.0	27.4	31.4	29.3	24.3	20.1	20.2
	Industry	17.7	16.7	13.9	14.4	14.8	17.1	19.3	19.6
	Services	66.0	53.3	58.7	54.2	55.8	58.5	60.6	60.2
South Africa	Agriculture	5.7	4.6	4.8	5.0	4.7	5.6	5.6	5.6
	Industry	25.8	24.2	23.4	23.5	23.4	23.8	23.3	23.4
	Services	68.6	71.2	71.7	71.5	71.9	70.6	71.1	71.1
Zambia	Agriculture	71.4	60.7	56.0	55.6	54.7	53.7	53.3	53.3
	Industry	7.5	9.5	10.1	10.1	10.6	11.5	11.8	11.9
	Services	21.0	29.8	33.9	34.3	34.7	34.8	34.9	34.8
Zimbabwe	Agriculture	73.7	65.9	65.6	66.0	67.2	67.2	67.4	68.5
	Industry	10.0	9.1	8.3	7.8	7.4	7.3	7.4	7.4
	Services	16.3	25.0	26.0	26.2	25.4	25.5	25.2	24.1

Business and investment climate

Most of the countries in Southern Africa are taking steps to improve the business environment to stimulate and attract more investment in the private sector activities. Improvement on the "doing business" revealed that as Table 6 below shows, that the ranking and scores are improving for most of the countries with the exceptions of Mozambique, Namibia and eSwatini which since 2016 has experienced reduction in the Doing Business Scores. For Botswana, the score have not changed much over the last three year and that has meant a decrease in the ranking.

Table 5: World Bank Doing Business results[6]

Country	2016		2019	
	Ranking	*Score*	*Ranking*	*Score*
Angola	181	39.64	173	43.86
Botswana	72	64.98	86	65.40

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[4] World Development Indicators. Accessed at: https://datacatalog.worldbank.org/dataset/world-development-indicators
[5] World Development Indicators, modelled on ILO data. Accessed at: https://datacatalog.worldbank.org/dataset/world-development-indicators
[6] World Bank Doing Business (2016) and (2019), accessed at www.doingbusiness.org. Ranking out of 190, score 0-100

Eswatini	73	64.89	107	60.53
Lesotho	114	57.69	117	58.95
Mozambique	141	51.03	106	60.60
Malawi	133	53.98	111	59.59
Namibia	101	60.17	135	55.53
South Africa	105	59.10	82	66.03
Zambia	97	60.50	87	65.08
Zimbabwe	155	48.17	155	50.44

In the 2019 World Bank's Doing Business Report, there are scores for 190 countries related to 'trading across borders'. These scores are more relevant to the current briefing than perhaps other measures of doing business. As shown in Table 7 all countries except South Africa, Namibia and Zimbabwe have improved on time and cost of exports in terms of compliance with documents and at borders from 2016 to 2019. This trend is encouraging for exporters. Expectedly, time and costs of compliance for imports have not changed. In South Africa and Zimbabwe, the cost of documentary compliance for imports has gone up since 2016.

Table 6: Doing Business results for Trading across Borders

Country	Year	Trading across borders score	Exports (time and cost)				Imports (time and cost)			
			Border compliance		Documentary compliance		Border compliance		Documentary compliance	
			(hours)	(USD)	(hours)	(USD)	(hours)	(USD)	(hours)	(USD)
Angola	2019	36.15	96	96	164	72	240	460	825	1030
	2016	17.22	169	180	312	276	240	460	825	1030
Botswana	2019	86.65	18	3	5	4	179	67	317	98
	2016	85.93	24	3	8	4	179	67	317	98
Eswatini	2019	92.92	2	4	2	3	76	76	134	134
	2016	92.68	4	4	3	5	76	76	134	134
Lesotho	2019	91.86	1	1	4	5	90	90	150	150
	2016	91.60	3	3	4	5	90	90	150	150
Malawi	2019	65.29	75	55	78	55	342	162	243	143
	2016	63.32	83	63	85	64	342	162	243	143
Mozambique	2019	73.84	36	16	66	9	160	60	602	399
	2016	69.69	70	24	78	14	160	60	602	399
Namibia	2019	61.47	90	3	120	6	348	63	745	145
	2016	61.47	90	3	120	6	348	63	745	145
South Africa	2019	59.64	68	36	92	87	55	73	1257	676
	2016	59.73	68	36	92	87	55	73	1257	668
Zambia	2019	56.88	96	72	120	120	200	175	370	380
	2016	46.99	130	134	148	163	200	175	370	380
Zimbabwe	2019	54.34	99	81	88	228	170	150	285	562
	2016	65.52	99	81	88	60	170	150	285	212

Foreign direct investment (FDI)

As for other economic indicators, Southern Africa is characterised by a high degree of diversity of foreign direct investment. South Africa and Mozambique have experienced the largest drops in inward investment as compared to other countries. However, South Africa has increased its investments in other countries, possibly due to the erosion of confidence in the domestic economy; South African investors are looking for other investment destinations.

Angola is a peculiar case. Its inward FDI has experienced a lot of volatility since 2013, whereas outward investment has reduced dramatically. This might have been due to the volatility in the resource sector – especially oil prices.

Table 7: Foreign direct investment flows in selected countries (in USD millions)[7]

Country	Type	2013	2014	2015	2016	2017
Angola	Inward	-7120.02	1921.70	9282.17	4104.42	-2254.52
	Outward	6044.16	4253.08	1046.70	2747.75	1641.74
Botswana	Inward	398.46	515.18	679.45	129.13	400.57
	Outward	-84.63	-111.37	-185.19	-312.43	-332.53
Eswatini	Inward	84.67	25.53	41.32	21.12	-136.78
	Outward	-4.43	0.54	-0.88	-5.42	3.11
Lesotho	Inward	123.31	161.66	168.86	132.24	135.00
	Outward					
Malawi	Inward	445.50	598.80	287.70	325.63	277.11
	Outward	4.15	4.74	5.11	4.22	5.03
Mozambique	Inward	6175.13	4901.79	3866.83	3093.43	2293.09
	Outward	522.30	97.00	1.50	34.70	26.00
Namibia	Inward	769.86	441.17	1246.61	361.11	415.98
	Outward	18.29	14.38	40.58	-3.28	-96.38
South Africa	Inward	8300.10	5770.64	1729.38	2235.00	1324.68
	Outward	6648.95	7669.43	5743.59	4474.49	7359.88
Zambia	Inward	2099.80	1488.79	1304.87	662.91	1091.21
	Outward	409.47	-1706.13	127.39	176.72	-148.92
Zimbabwe	Inward	400.00	544.80	421.00	371.81	289.42
	Outward	27.00	72.00	22.00	28.80	42.23

Southern Africa regional integration agenda and regional trade

SADC Common Agenda

Among the considerable number of regional economic communities (RECs) in Southern Africa, SADC stands out as perhaps the most significant institutional arrangement in charge of the regional integration agenda. This has been elaborated in the SADC Common Agenda, which refers to a set of key principles and values that guide regional integration. The key policy relating to regional integration is as follows: “To promote sustainable and equitable economic growth and socio-economic development that will ensure poverty alleviation with the ultimate objective of its eradication, enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through regional integration”.[8]

Milestones for the implementation of the SADC Common Agenda have been elaborated in the (original) Regional Indicative Strategic Development Plan (RISDP). The targets and timeframes for these Integration Milestones, as endorsed by the SADC Heads of State and Government, were as follows:

- Free Trade Area: Formation of a Free Trade Area to support inter-regional trade **by 2008**.
- Customs Union: Establishment of a Customs Union with common external tariffs for the Free Trade Area **by 2010**.
- Common Market: Achieve a Common Market by agreeing common policies on production regulation **by 2015**.
- Monetary Union: Attain Monetary Union through macro-economic convergence **by 2016**.
- Single Currency: Accepting a Single Currency and becoming an Economic Union **by 2018.**

A revised RISDP (2015-2020) provides a guiding framework with an emphasis on re-aligning existing priorities with resource allocation in terms of their relative importance and to ensure greater impact on regional integration. In the revised RISDP, priorities are industrial development and market integration along with infrastructure in support of regional integration.

[7] UNCTAD (2018). Accessed at: http://unctadstat.unctad.org/EN/

Needless to say that none of the original targets have been achieved. But some progress has been made in the establishment of a free trade area across SADC, the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC) – The Tripartite Free Trade Area.

Tripartite Free Trade Area (TFTA)

The TFTA launched on 10 June 2015 by the member governments of SADC, COMESA and EAC, with negotiations on the agreement concluded in May 2017. The TFTA represents an integrated market of 26 countries with a combined population of 632 million people, which is 57% of Africa's population; and with a total GDP of USD 1.3 trillion in 2014, it accounts for 58% of Africa's GDP. [9]

The TFTA aims to create a wider market, increase investment flows, enhance competitiveness and encourage regional infrastructure development as well as pioneer the integration of the African continent. It is anchored on three pillars, namely:

1. Market integration.
2. Infrastructure development to facilitate and enhance connectivity, communication and movement of goods and persons and reduce the cost of doing business.
3. Industrial development, expected to enhance competitiveness and address supply and productive capacity constraints.

Every country, *in theory*, whether large or small, should benefit from the larger markets created by the TFTA. Smaller countries would benefit from joining regional value chains, providing the inputs to the products and services produced by the major regional economies. The larger the market the more opportunities to trade there should be.

Under the market integration pillar, the emphasis is placed equally on tariffs and non-tariff barriers (NTBs). NTBs are still very pertinent in the context of regional integration. Some progress has been made, e.g. each of the RECs (COMESA, EAC and SADC) implemented an NTB Monitoring Mechanism that allows private sector actors to register NTBs they experience online, which then get sent directly to the offending state to be resolved. However, there is still some way to go before NTBs are eliminated at the SADC level, as some of the reported NTBs have sat in the system for years. The mechanism of reporting NTBs has not provided a platform for dialogue among offending states and the private sector actors who are experiencing these NTBs.
Infrastructure development to support regional integration is one of the areas where governments and Development Partners have been active and the area could be considered as 'low-hanging fruit' of the TFTA. In Southern Africa, the condition of regional infrastructure, transport, power and ICT is relatively better than in other parts of Africa. For example, the North-South Corridor (NSC) in Southern Africa has taken centre stage. The corridor is a network of roads (a combined 10,540km of roads) running from Dar es Salaam in Tanzania to the ports in South Africa (Durban and Richards Bay). From the NSC other regional corridors branch off: to the East mainly the Nacala, the Beira and Maputo corridors; to the West the Walvis Bay corridor from Zambia to Namibia and the Lobito corridor from the Zambia/DRC border to the port of Lobito in Angola.

Whether the signing and ratification of the TFTA by countries in Southern Africa will lead to increased investment in regional corridor development remains to be seen. Among Southern African countries, all have signed the declaration for the TFTA and all but Lesotho and Mozambique have signed the Agreement. However, only four out of 27 member states have ratified the Agreement: South Africa, Kenya, Egypt and Uganda. Before the TFTA comes into force at least 14 countries need to ratify it. COMESA expects 10 more countries to ratify the TFTA by April 2019, the bloc's self-set deadline. The reasons for the delay in member states ratifying the agreement for TFTA stem from:

- Negotiations on rules of origin – 60.8% of 5,387 tariff lines have been agreed on as at October 2018, according to COMESA.[10]
- Negotiations on tariff offers – all member states agreed to share their preferential arrangements with TFTA, except Egypt, SACU and EAC countries, which are now negotiating tariff offers amongst

[9] Agreement Establishing A Tripartite Free Trade Area Among The COMESA, EAC and SADC. Accessed at: https://www.eac.int/documents/category/comesa-eac-sadc-tripartite
[10] COMESA (2018) 'COMESA welcomes South Africa's ratification of the Tripartite FTA'. Accessed at:

themselves, with an agreed deadline of December 2018 (this deadline has been pushed from June 2016 and June 2017). Cars and dairy are reported to be among the sensitive products that EAC and SACU have not agreed on.[11]

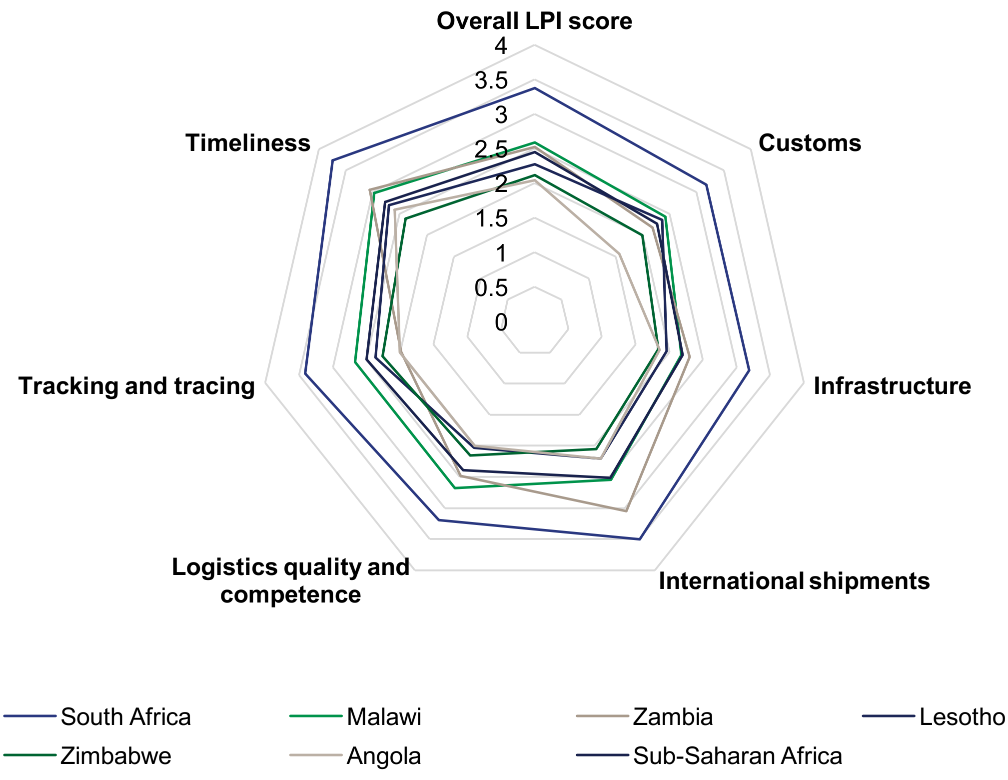
- The choice to join the Africa Continental Free Trade Area (AfCFTA), made up of 44 AU member states, has reportedly made some TFTA member states consider whether they want to join both or just the AfCFTA. The AfCFTA is unlikely to move faster than the TFTA.[12]

Trade facilitation

One of the most important issues supporting the implementation of the TFTA is the movement of goods across borders in Southern Africa. To address this issue the 13th meeting of the SADC Ministerial Task Force on Regional Economic Integration held in July 2013 in Maputo, Mozambique, recognised that impediments to movement of goods across the SADC region should be urgently addressed. The SADC Secretariat was then directed to develop a comprehensive trade facilitation programme (CTFP) to guide SADC and Member States as they develop and implement initiatives that would ease movement of goods at borders and throughout the region.

The trade facilitation challenge in Southern Africa is significant. If we take the Logistics Performance Index (LPI) and we plot for all the selected countries in Southern Africa (and compared that to the best performer in the world: Germany) we see the following picture in Figure 1.

Figure 1: Logistics Performance Index scores in Southern Africa 2018[13]



Again, the picture is mixed. South Africa scores better than any other country in Southern Africa, with Malawi and Zambia also faring better than the rest in the region. This result reinforces the fact that trade volumes tend to move on the NSC towards South Africa, mainly because South Africa's logistics performance is so much better than the rest of the region despite the distance of moving goods to its ports. As we saw in Table 7,

[11] The East African (2018) 'Which bloc to join? Individual partner states to decide'. Accessed at: https://www.theeastafrican.co.ke/business/Individual-partner-states-to-decide-trade-bloc-to-join/2560-4845360-r4d5d8/index.html

[12] Ibid.

despite some improvements on time and costs for exports at borders, the LPI for most of the countries has a long way to go before coming close to the regional standard of South Africa, let alone to the world's best performer.

The question that arises is how much the selected countries trade (exports and imports) and what the major destinations for their exports and sources of their imports are. Table 9, on the following page, shows the value of exports and imports and where traded goods go and come from. The data shows that[14]:

1. There are *some* exports from the selected countries to other countries in the same region. Which is encouraging. The value though are quite small as compared to trade values to destinations from and to countries outside Africa.
2. The selected countries all import from South Africa. So although South Africa's top five export destinations do not include any of the selected countries, all of the other countries include South Africa as a top import area.
3. Imports from China feature in the top five for all selected countries except Botswana.
4. Angola seems to be a bit of an outlier, importing goods from the region only from South Africa and exporting to outside Africa.

Table 8: International and intra-regional trade in Southern Africa (latest available year)[15]

Country	Top export markets			Top import sources		
	Market	Trade (USD m)	Partner share (%)	Exporter	Trade (USD m)	Partner share (%)
Angola	China	14,276	43.2	China	2,825	16.86
	India	2,676	8.1	Portugal	2,450	14.62
	Spain	2,241	6.78	South Korea	1,434	8.56
	France	1,568	4.74	United States	1,234	7.36
	Other Asia	1,409	4.26	South Africa	909	5.43
Botswana	Belgium	1,383	18.89	South Africa	3,940	64.56
	India	1,107	15.13	Namibia	641	10.51
	South Africa	993	13.57	Canada	343	5.63
	Namibia	848	11.58	India	159	2.6
	UAE	709	9.68	Belgium	156	2.56
Eswati	South Africa	889	79.81	South Africa	1,033	81.35
	Italy	153	13.79	China	51	4
	Namibia	31	2.8	Japan	30	2.37
	Mozambique	20	1.82	Other Asia	24	1.92
	UAE	6	0.5	United States	17	1.37
Lesotho	South Africa	321	47.32	South Africa	1,418	88.93
	United States	298	43.9	Other Asia	75	4.7
	Belgium	22	3.19	China	44	2.79
	UAE	11	1.64	Hong Kong	12	0.73
	Canada	6	0.86	India	8	0.49
Malawi	Belgium	114	10.56	South Africa	417	18.05
	Zimbabwe	100	9.29	China	304	13.14
	Mozambique	100	9.22	UAE	254	10.97
	South Africa	80	7.43	India	238	10.28
	United Kingdom	64	5.91	Zambia	118	5.11
Mozambique	Netherlands	952	29.8	South Africa	2,380	30.1
	South Africa	585	18.31	China	987	12.48
	India	339	10.61	Netherlands	575	7.27
	Singapore	145	4.55	Portugal	457	5.77
	Italy	100	3.13	Bahrain	411	5.2
Namibia	Switzerland	905	18.78	South Africa	3,843	57.18
	South Africa	772	16.04	Botswana	456	6.79
	Botswana	677	14.05	Zambia	278	4.13
	Zambia	303	6.29	China	197	2.93

[14] These are similar conclusions reached by World Bank (2015) 'Trade Facilitation for Global and Regional Value Chains in SACU'. 'Intra-regional trade is small but growing: dependent on South Africa', p.3.

	Unspecified	298	6.19	Unspecified	175	2.6
South Africa	China	6,812	9.19	China	13,537	18.11
	United States	5,474	7.39	Germany	8,817	11.8
	Germany	5,260	7.1	United States	4,978	6.66
	Unspecified	4,149	5.6	India	3,104	4.15
	Botswana	3,712	5.01	Saudi Arabia	2,836	3.79
Zambia	Switzerland	3,091	44.26	South Africa	2,604	30.92
	China	1,009	14.45	DRC	947	11.24
	Singapore	545	7.81	China	689	8.18
	South Africa	534	7.65	Mauritius	475	5.64
	DRC	523	7.48	Kenya	412	4.89
Zimbabwe	South Africa	2,250	79.45	South Africa	2,152	41.3
	Mozambique	268	9.45	Singapore	1,118	21.45
	UAE	117	4.12	China	365	7.01
	Zambia	72	2.55	Zambia	182	3.5
	Belgium	46	1.61	India	166	3.18

Table 10 shows the categories of goods that the selected countries export and import. No data was available for Eswatini and Lesotho. It does not come as a surprise that in value (USD million), exports are mainly agricultural commodities and extractive industry products (minerals and petroleum/gas) and imports are mainly manufactured goods. As stated before, the region is endowed with natural resources, with agricultural production as one of the main sectors of the economies. The only country in the region that exports a significant amount of manufactured commodities is South Africa.

Table 9: Annual merchandise trade values (at USD in 2016)[16]

Country	Product	Export	Import
Angola	Agricultural products	46,819,276	
	- Food	39,026,492	
	Fuels and mining products	**26,844,859,992**	
	- Fuels	25,953,000,000	
	Manufactures		
Botswana	Agricultural products	130,436,607	715,063,531
	- Food	124,727,447	674,123,742
	Fuels and mining products	**307,772,781**	899,042,723
	- Fuels	12,450,539	**787,517,339**
	Manufactures	6,832,621,770	4,406,004,161
Malawi	Agricultural products	782,250,017	306,562,055
	- Food	**743,008,056**	254,996,201
	Fuels and mining products	18,452,747	321,390,914
	- Fuels	334,412	297,214,840
	Manufactures	175,497,204	**1,730,735,347**
Mozambique	Agricultural products	546,474,857	854,091,239
	- Food	493,922,730	772,816,993
	Fuels and mining products	2,355,864,756	1,140,799,530
	- Fuels	**1,294,598,508**	994,155,008
	Manufactures	265,941,465	**2,279,985,075**
Namibia	Agricultural products	985,294,449	897,709,936
	- Food	948,086,584	855,973,427
	Fuels and mining products	**1,508,462,994**	1,391,868,470
	- Fuels	47,647,302	841,652,711
	Manufactures	1,585,484,421	4,397,883,710
South Africa	Agricultural products	10,277,977,227	6,981,467,907
	- Food	8,426,161,719	6,234,126,897
	Fuels and mining products	23,662,100,941	12,036,101,790
	- Fuels	7,087,345,175	10,044,530,145
	Manufactures	**35,783,820,250**	**49,607,326,089**
Zambia	Agricultural products	730,399,276	454,652,225
	- Food	638,764,711	419,161,120

	Fuels and mining products	**4,900,311,242**	2,467,198,697
	- Fuels	99,782,677	1,609,567,047
	Manufactures	862,296,191	4,615,088,487
Zimbabwe	Agricultural products	1,134,842,941	756,936,700
	- Food	**1,059,266,546**	744,678,407
	Fuels and mining products	581,282,754	1,083,677,866
	- Fuels	7,382,267	1,065,906,874
	Manufactures	263,954,226	**1,833,911,302**

Summary findings

- Southern Africa, like the entire global economy, has experienced a downturn since 2007/2008. However, some of the impacts of the global crisis have only hit the lower middle-income and low-income countries in Southern Africa from 2013/2014 onwards.
- Southern African economies are characterised by three main sectors: services, agriculture and extractives, with only South Africa showing a stronger manufacturing sector. Agriculture and the extractive sectors are not showing strong value addition, mainly due to production and export of unprocessed goods. Agro-processing is still very limited, as well as fabrication in the extractive sectors. The latest push for industrialisation by SADC could provide opportunities for investment in regional value chains in agriculture and extractives.
- Intra-regional trade is limited but present. South Africa dominates as an import source and export market in intra-regional trade statistics in Southern Africa. Trade facilitation is a key factor in intra-regional trade. A lot of work still needs to be done in this area to address NTBs, phyto-sanitary standards, border post management and other trade barriers.
- Regional trade takes place along the main regional transport/trade corridors, notably the North South Corridor. Spill over trade volumes move along secondary corridors, most importantly the Nacala, Beira, Maputo and Walvis Bay corridors. This will be discussed in section 3 of the report, but it is worth mentioning that transport infrastructure within those corridors is not a major constraint to transport: road conditions are fair to good in most of the corridors in South Africa. The major constraint to movement of trade at the moment is on the trade facilitation side.