

Presentation prepared for KZN Export Week, 19th November 2014

Integrated National Export Strategy

“Excellence into Emerging & Traditional Markets”

A strategic framework and action plan
to grow and diversify South Africa’s exports

Export Promotion and Marketing Chief Directorate
A business unit of Trade & Investment South Africa

Presented by
Luke Govender



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PRESENTATION OVERVIEW

1. Overview of the Project
2. South Africa's Export Performance
3. The Policy Context
4. Principles of the Integrated National Export Strategy
5. The INES at a Glance, Vision, Mission & Targets
6. Strategic Framework and Action Plans of the INES

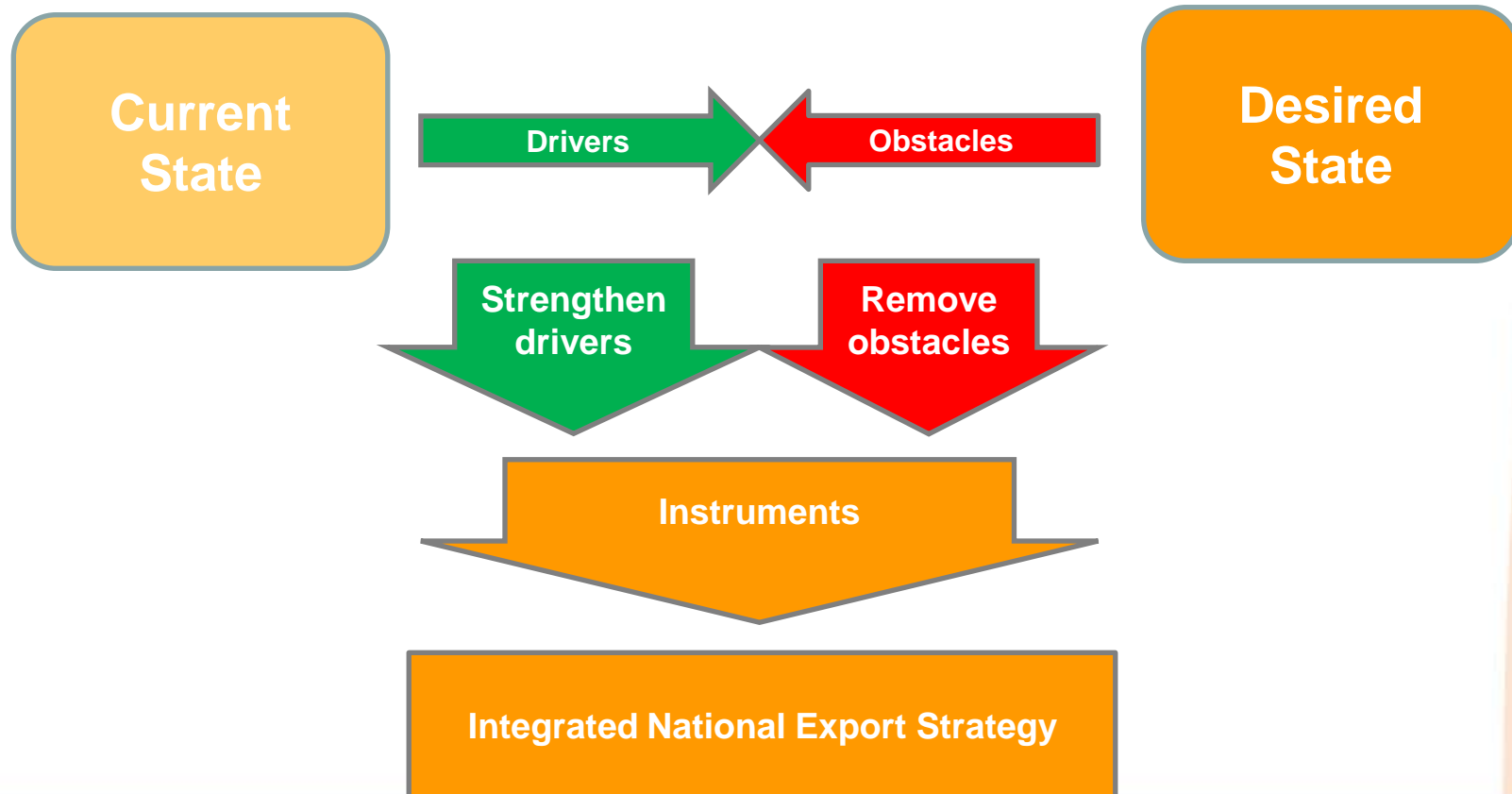


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APPROACH TO THE INTEGRATED NATIONAL EXPORT STRATEGY



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SA'S EXPORT PERFORMANCE

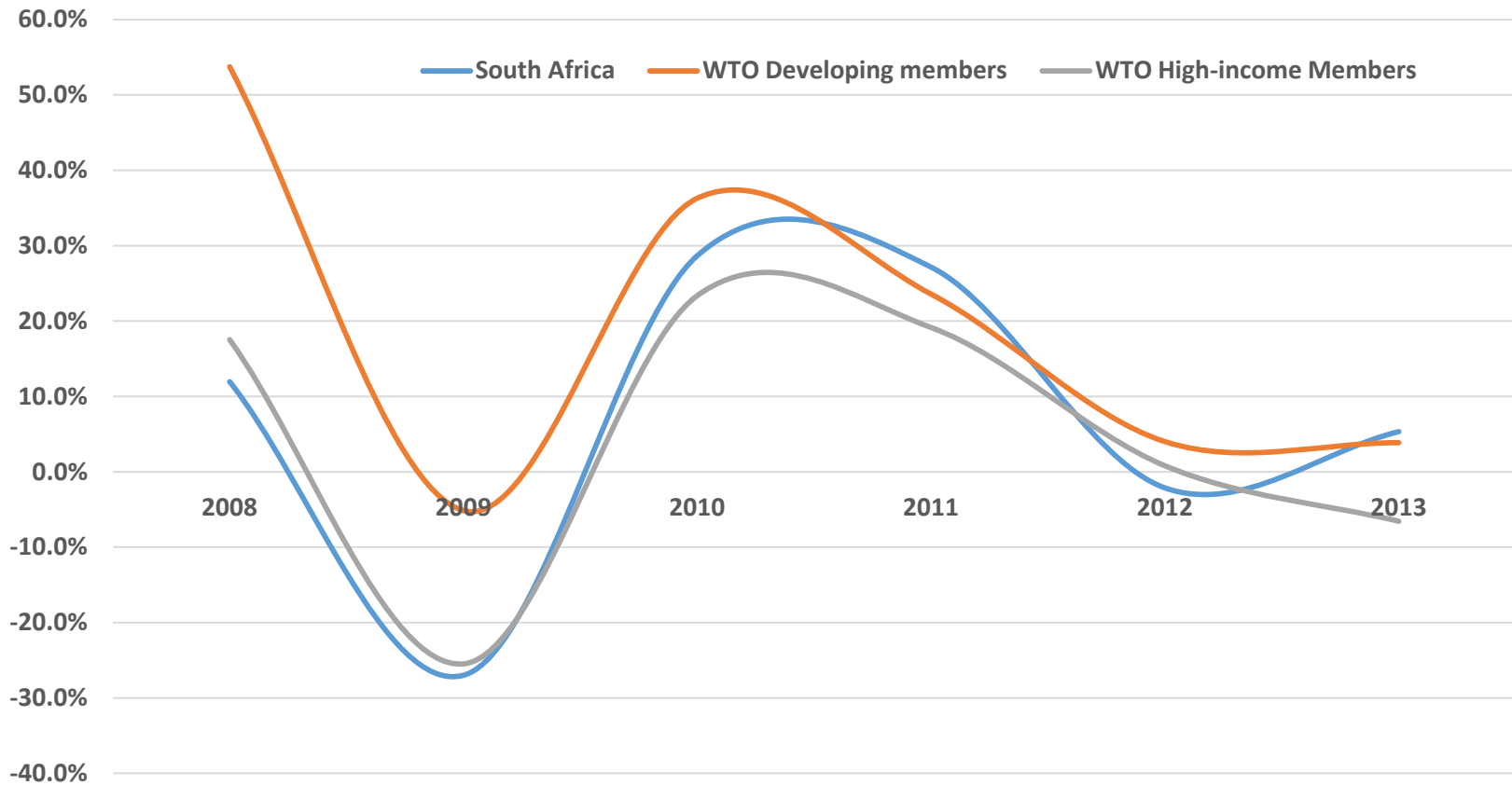


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TRENDS IN GLOBAL TRADE

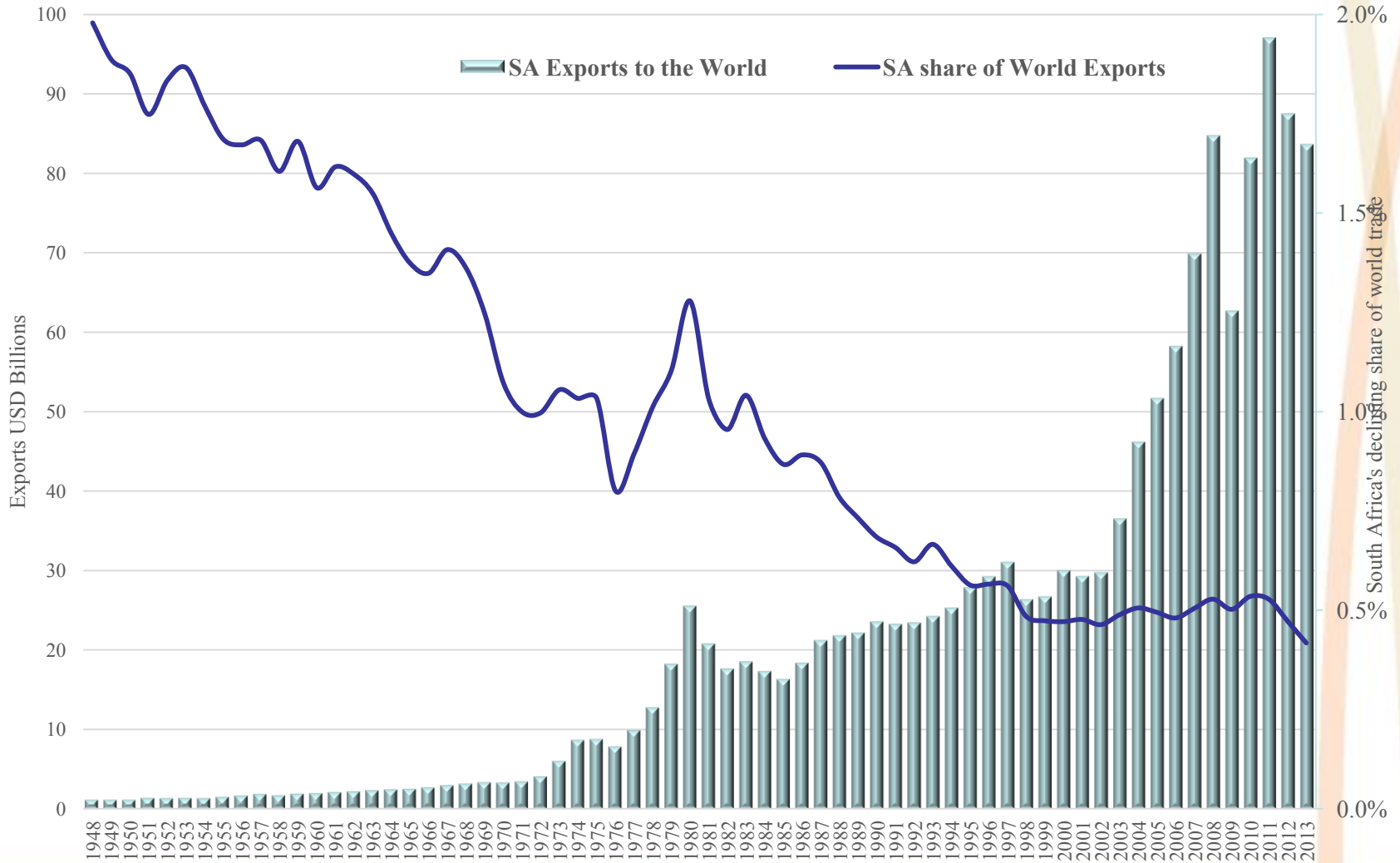


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SHARE IN WORLD EXPORTS

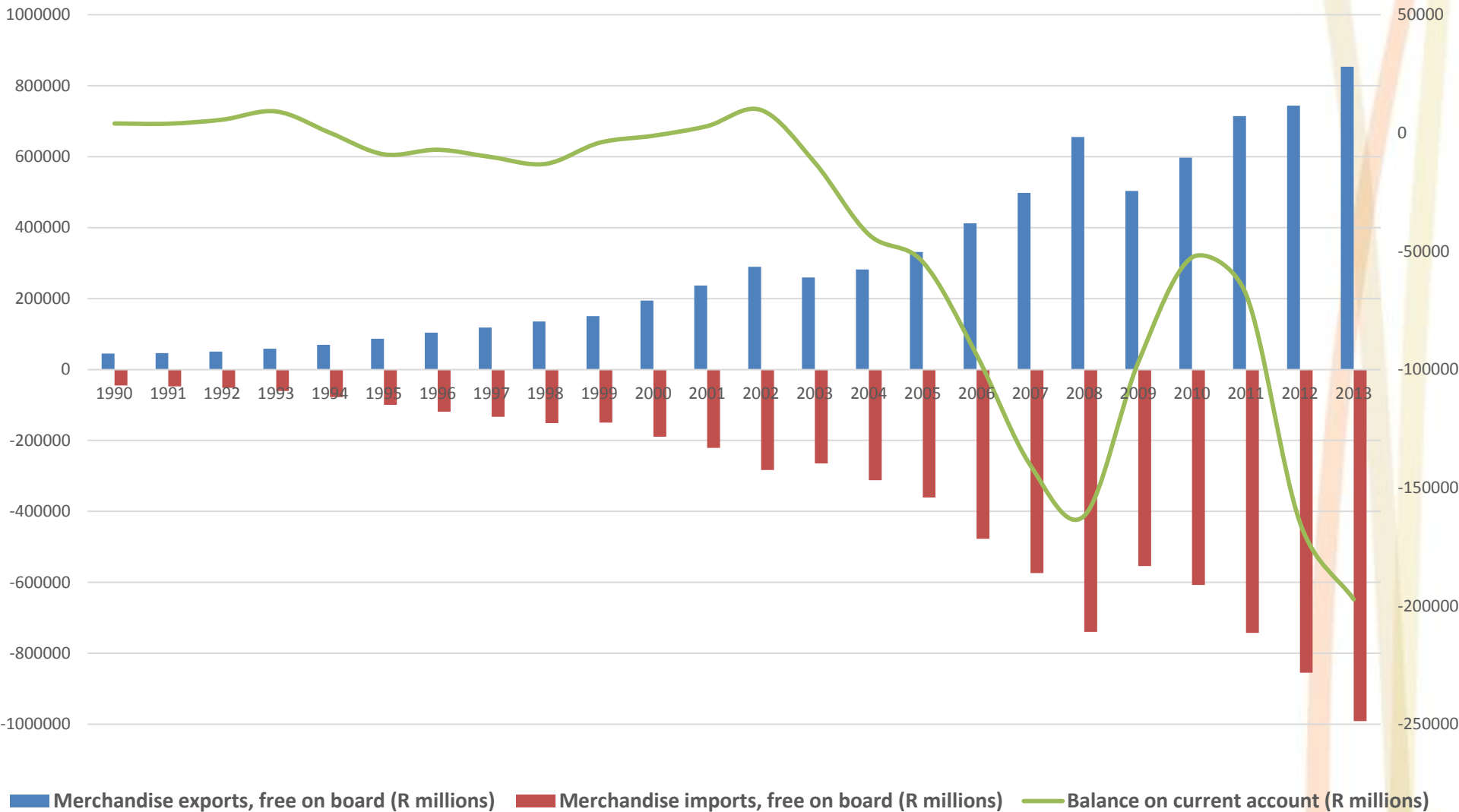


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SA'S TRADE WITH THE WORLD

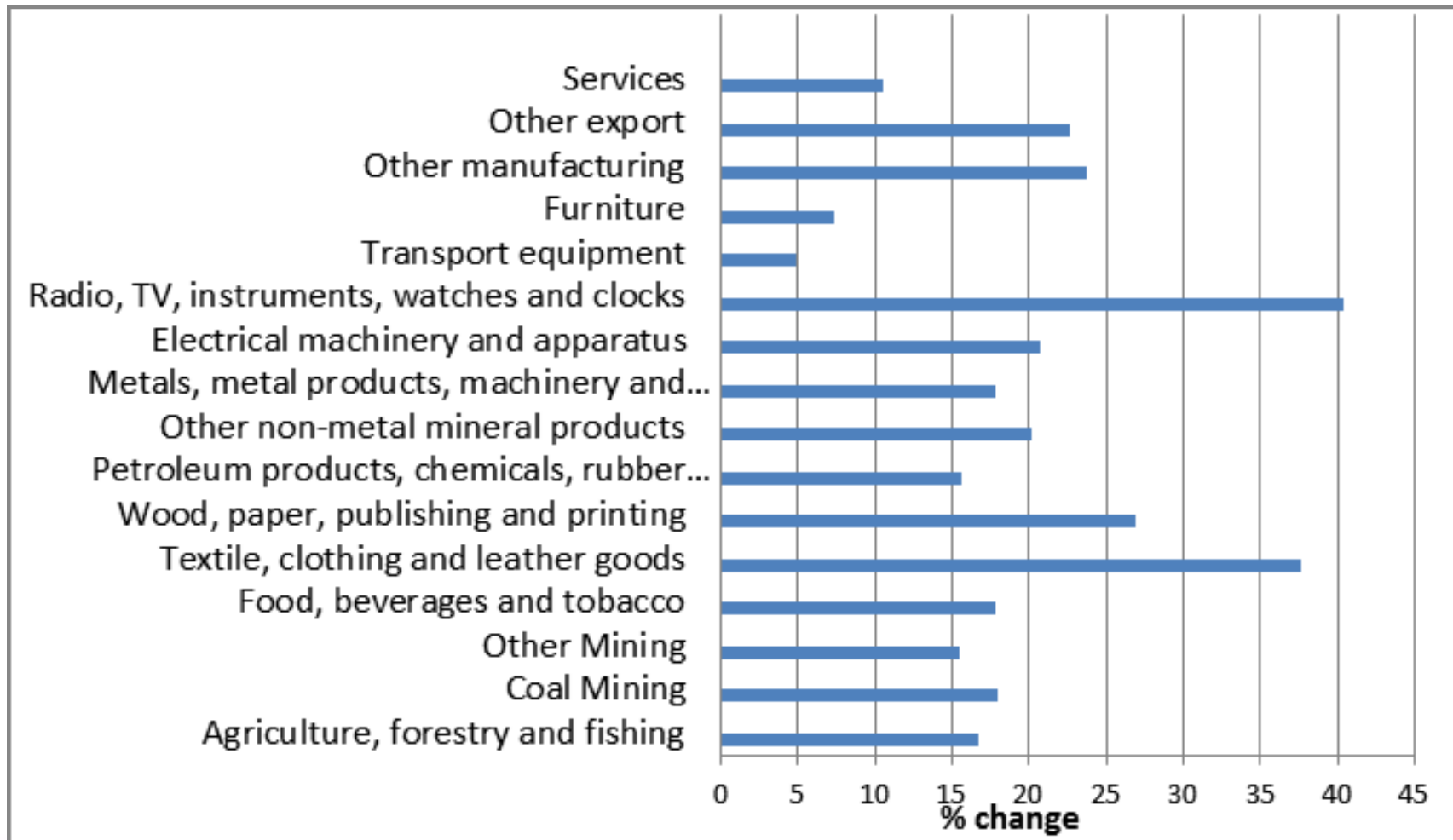


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STRUCTURE OF SA EXPORTS

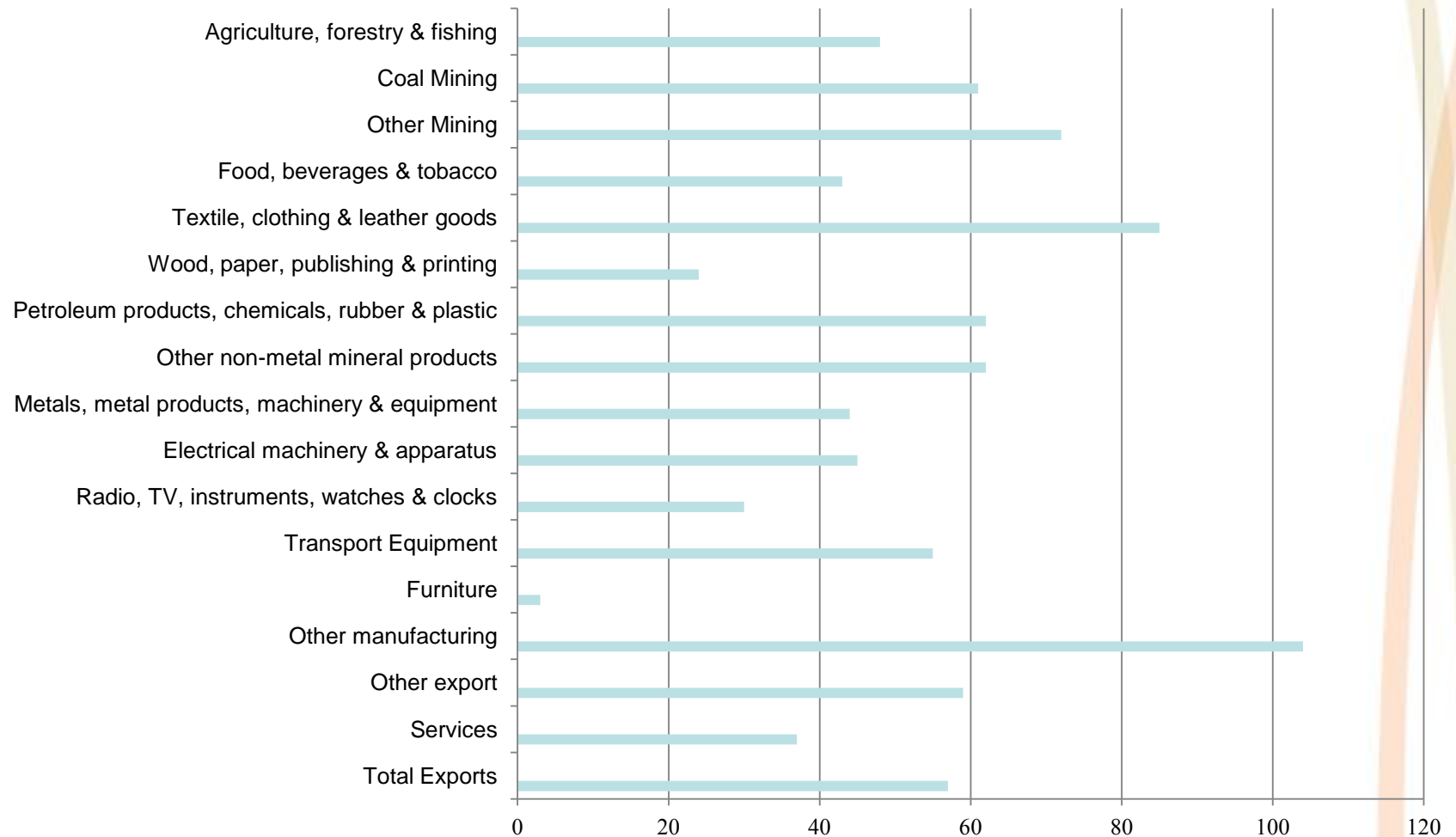


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EXPORTS PER SECTOR 2009-2013



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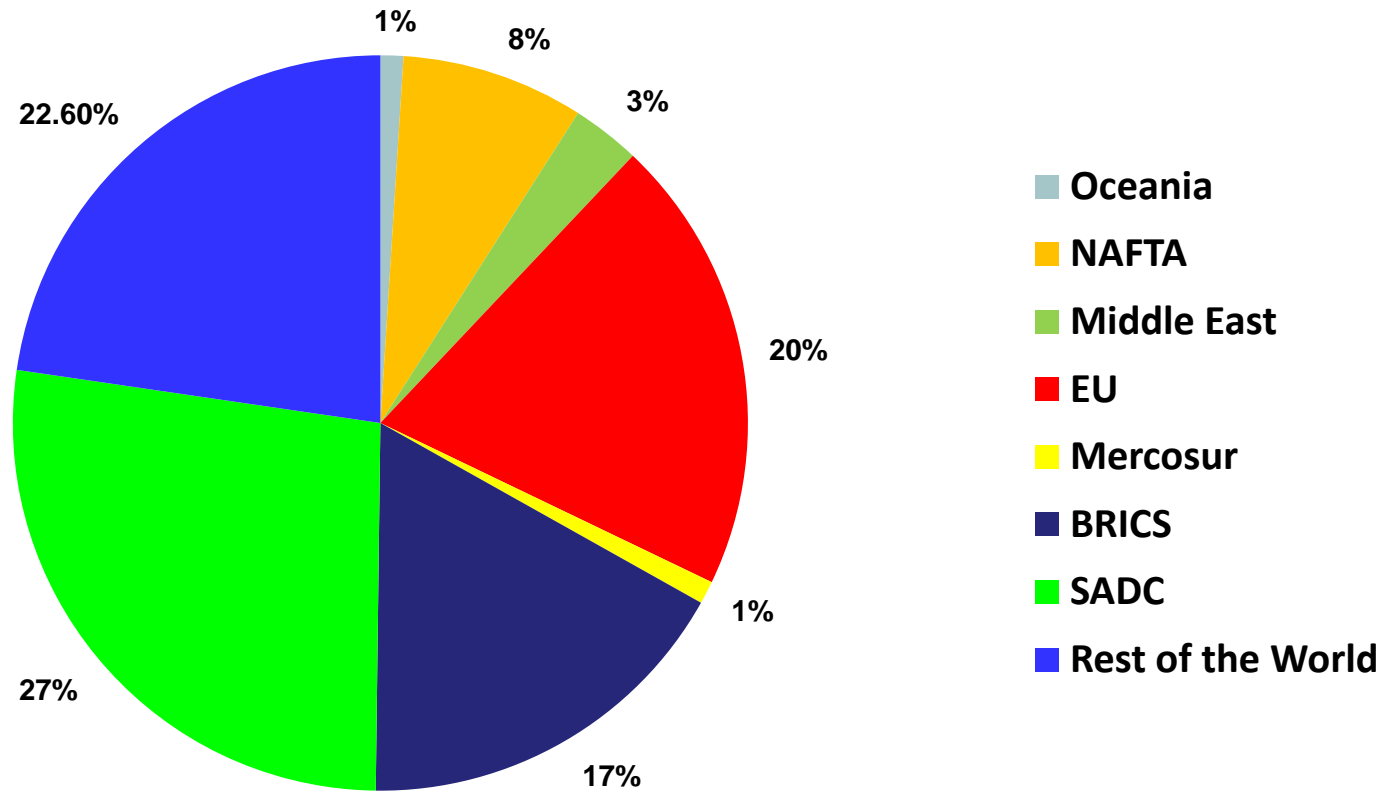
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SOUTH AFRICA'S TRADE WITH REGION - MAY 2014

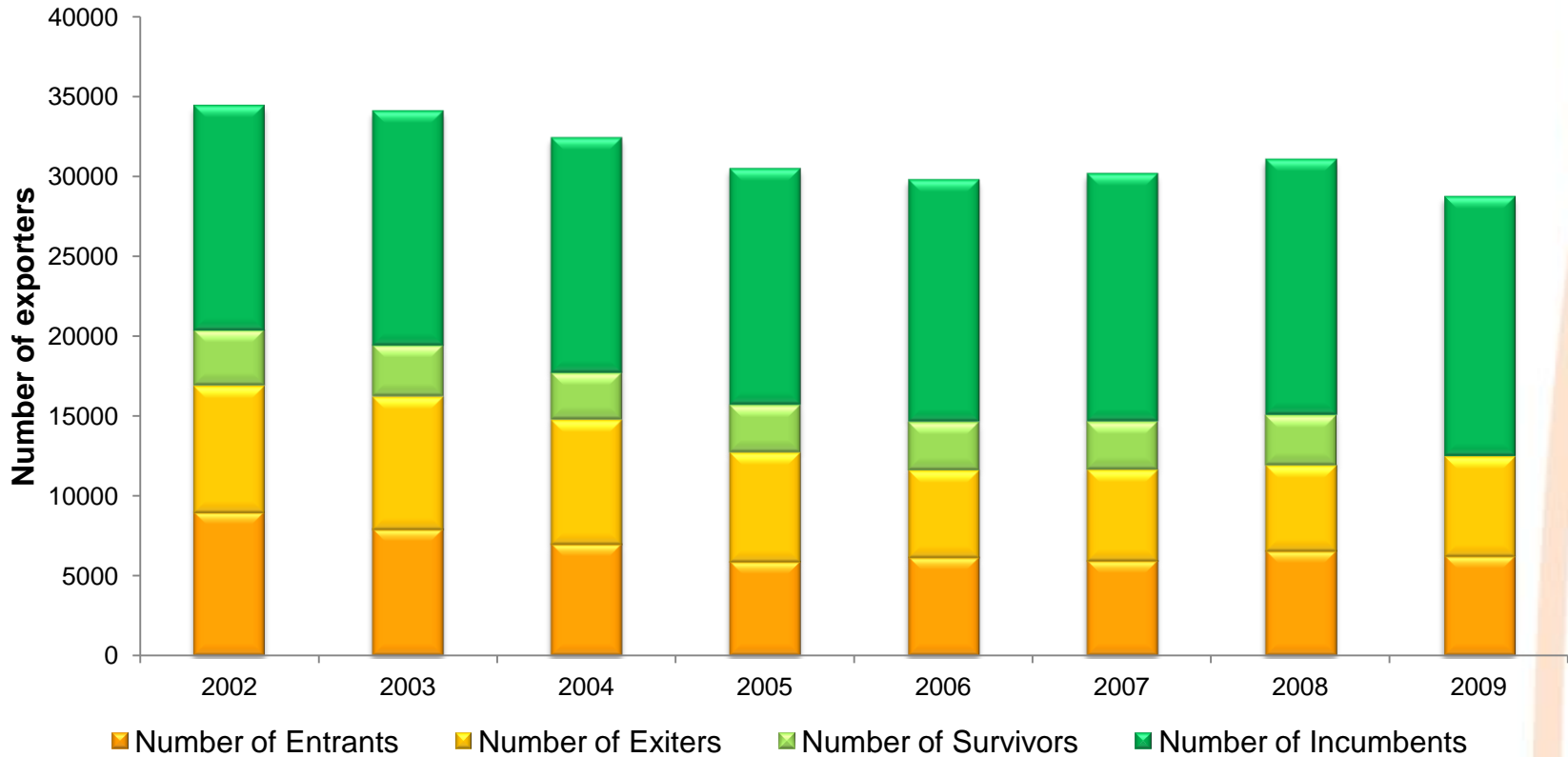


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EXPORTER DYNAMICS



Source: Own calculations using the World Bank's Exporter Dynamics Database 1997–2011



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THE POLICY CONTEXT



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POLICY ALIGNMENT

- Policymakers have sought to overcome constraints in the economy through a comprehensive framework such as the National Development Plan: Vision 2030 the New Growth Path and the Industrial Policy Action Plan
- It is crucial for the INES to be aligned with other policies and strategies of government.



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PRINCIPLES OF THE FRAMEWORK

The Integrated National Export Strategy (INES)

- is a **national effort**;
- is **fully inclusive**;
- is **comprehensive in scope** and has been modelled on the ITC's Four Gear Concept;
- reaffirms **needs-based and market-led priorities**;
- and
- be **specific and measurable**.



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INES AT A GLANCE

South Africa,
from a globally competitive base
Directed by best practice trade and industrial policy and
sector development strategies, will be able to maintain market share
in traditional markets and substantially increase its market share in prioritised,
new high growth markets through aggressive marketing with a larger exporter community
supported by a strong export culture.

Grow Exports by 6% (by volume) per annum to 2030

Exports of services to constitute 40% of total services

Manufactured products to grow by 7% pa in value

Manufactured products to constitute 40% of output

Capture 1% of total world exports by 2030 in value

Enabling
Environment
&
International
Competitiveness

Institutional
Framework

Market
Prioritisation,
Diversification
&
Access

Exporter
Development

Export
Promotion
&
Country
Branding

Export
Incentives
&
Financing

Government Wide
Monitoring and Evaluation



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VISION

South Africa, from a globally competitive base directed by best practice trade and industrial policy and sector development strategies, will be able to maintain market share in traditional markets and substantially increase its market share in prioritised, new high growth markets through aggressive marketing with a larger exporter community supported by a strong export culture.



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MISSION

- Diversify the export basket into more value added goods and services (product diversification);
- Develop new markets (market diversification) with an emphasis on Africa and the emerging markets; and
- Grow the exporter base (supplier diversification).



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NATIONAL TARGETS

- South Africa to grow in total exports by 6% pa in volume as determined in the NDP;
- Exports of manufactured products to grow by 7% pa (double in 10 years) in value;
- Exports of manufactured products to constitute 40% of total manufacturing output by 2030 in value;
- Exports of services to constitute 40% of total services supplied by 2030 in value; and
- South Africa to capture 1% of total world exports by 2030 in value.



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STRATEGIC PILLAR 1

IMPROVING THE EXPORT ENVIRONMENT & INTERNATIONAL COMPETITIVENESS



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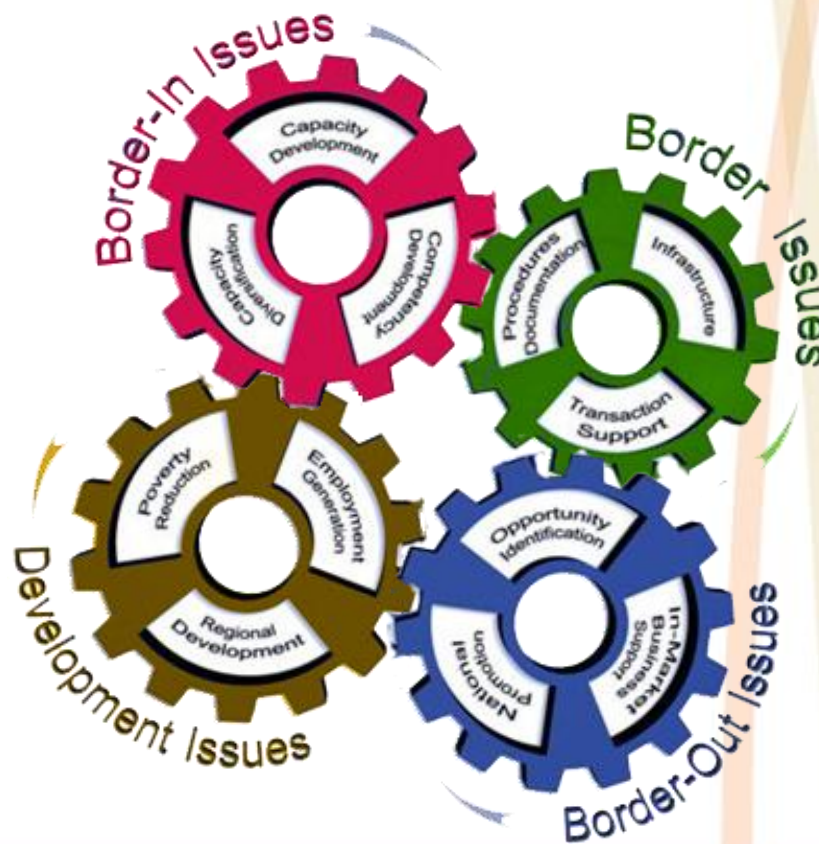
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THE ITC'S FOUR GEAR APPROACH

The INES framework is based upon the “four gear concept” that is utilised in the ITC process tool “*The ITC Secrets of Strategy Template*”.

1. **Border – In** issues that impact production efficiency and export management competency
2. **Border** issues that relate to trade facilitation and transaction
3. **Border – Out** issues that determine market growth and success
4. **Development** issues that place emphasis on the developmental impacts of the export sector and its synchronicity with national development goals.



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RANGE OF ISSUES AFFECTING THE ENVIRONMENT

The range of issues that affect South Africa's ability to compete in international markets include the following critical elements:

- Problem Statement: Promoting the National Export Vision;
- Aligning Macro-initiatives: Eliminating anti-export bias and ensuring policies, such as trade, fiscal, competition, labour markets, and exchange rates, support a productive investment;
- Reducing Trade-Related Costs: Improving back bone services and inputs such as energy, telecommunications, transport and logistics, and customs; and
- Overcoming Market failures: facilitation of economic players, linkages and spillovers, industry clusters and Special Economic Zones (SEZs), export promotion and innovation mechanism.



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ACTION PLANS:

PILLAR 1-ENABLING ENVIRONMENT

1.Develop a Legislative Framework: Develop legislation which would give weight and substance to the implementation of the INES i.e. **Proposed National Export Development & Promotion Act 2016**

2.Promoting the National Export Vision & Targets: Ensure Leadership and Support for the strategy (MINMEC, IMC). President's State of the Nation Address (President to announce targets and broader implementation measures to parliament)

3.Identify & Strengthen Current and Develop Potential Comparative Advantages: Identify sectors in which SA has a comparative advantage. Strengthen institutional support for these sectors. Develop a matrix management system to ensure linkages between IPAP, enterprise development & empowerment programmes on the one hand and export promotion and development programmes on the other hand. Extensive exercise on Revealed Comparative Advantage (RCA) at a country and provincial basis.

4.Policy Co-ordination Across Government: Alignment of macro-initiatives (Reducing input costs, Improving Productivity, Improving Quality, Improving Innovation). Deeper engagement & collaboration to effect changes to introduce a more coherent support framework: Port Tariffs, Exporters Database, Trade Facilitation, Exchange Rate Volatility, Anti-Export Bias, Rebates, Collaboration, Cost of Logistics, Export Clustering, SEZs (combined with export promotion mechanisms). Conduct extensive exercise on calculating the anti-export bias and effective rates of protectionism

STRATEGIC PILLAR 2

STRENGTHENING THE NATIONAL EXPORT INSTITUTIONAL FRAMEWORK THROUGH CONCERTED STAKEHOLDER ALIGNMENT



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STRENGTHENING THE INSTITUTIONAL FRAMEWORK

- The effective implementation of the INES requires commitment from a broad range of stakeholders who are involved in the export sector and supporting exporters
- The current exporter development landscape in South Africa is extensive but very fragmented
- Weakness include: duplication of services provided; lack of alignment; inadequate communication between stakeholders; poor direction of exporters to appropriate support mechanisms; lack of information; lack of a financial sustainability model for some of the institutions in the support framework; limited capacity in export councils; and weak coordination
- The **institutional approach** to implementing the INES needs to take this current framework into consideration.



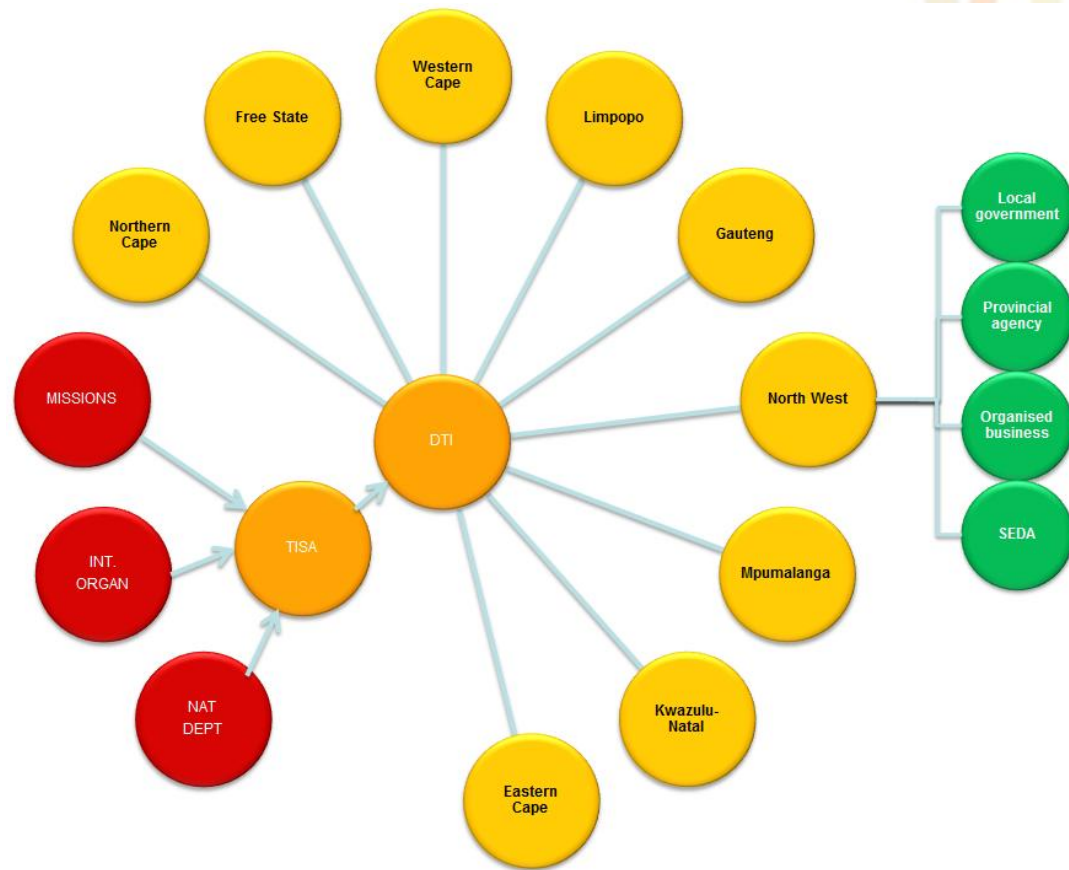
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INSTITUTIONAL APPROACH TO IMPLEMENTATION

- **the dti** directs, co-ordinates and monitors the overall strategy implementation
- The various elements of the strategy are devolved across the network of private and public national, provincial and local organisations that have experience and expertise
- Understanding of the roles and responsibilities of the different organisations involved as well as on-going strengthening of their capacity
- There is a need to streamline activities and there is scope for consolidation.



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ACTION PLAN

1. Streamline and strengthen the current architecture

- ✓ Strengthen the Export Council model through the clustering option addressed by NEDP
- ✓ **Minmec** to ensure that work across all three spheres of government is mutually reinforcing and contributes to the targets of the INES
- ✓ Establish an **Inter-Ministerial Committee (IMC)** to ensure that there is improved oversight over the work that departments would undertake to support exports. An overarching body to ensure that legislation is effected by unlocking bottlenecks in the growth of exports - chaired by the President
- ✓ Establish the **National Exporter Advisory Council (NEAC)**, an advisory body on export-related matters - chaired by **the dti** Minister
- ✓ Establish a **National Export Forum**, an advocacy and lobbying body delivering the needs of its members to government
- ✓ Encourage the formation of **Local and Metropolitan Export Forums** with the LED as secretariat; Provincial Export Forums with the province as secretariat
- ✓ Establish a national system of Trade Promotion Organisations (TPO's)
- ✓ Devolve additional activities to export councils and existing TPOs



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ACTION PLAN (CONTINUED)

2. Pursue Alignment and Excellence

- ✓ TISA to focus on achieving improved alignment, increased coordination, overall framework effectiveness and efficiency; and strong oversight through improved monitoring and evaluation.
- ✓ TISA to play a key role in actively supporting the institutional deepening, capacity building and client orientation in all export organisations.

3. Establish clearer linkages

- ✓ Establish clearer linkages to services provided by private-sector organisations and companies, such as banks, insurers, freight forwarders, chambers of commerce, packing consultants, education and training institutions, etc.



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STRATEGIC PILLAR 3

INCREASING DEMAND FOR SOUTH AFRICAN GOODS AND SERVICES THROUGH MARKET PRIORITISATION, DIVERSIFICATION AND ACCESS



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OPPORTUNITIES

Regional industrial integration and new export markets

- Sustained and concerted regional growth is arguably the biggest stimulus to long-term growth in South Africa.
- A number of on going and scaled-up interventions are in the pipeline. These include: planning cross-border infrastructure; effective articulation of up- and downstream linkages in resource exploitation; and the realisation of massive construction opportunities.
-
- Continuing rapid progress in the regional integration drive will, however, require stronger identification of complementarities and cross-border value chains; the strengthening of existing export market research; market and product identification; and an export promotion drive built around strategic domestic manufacturers.

BRICS

- South Africa's participation in the BRICS provides important opportunities to build its domestic manufacturing base, enhance value-added exports, promote technology sharing, support small business development and expand trade and investment opportunities.



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OVERVIEW TARGET MARKETS (2014/15)

SUB-SAHARAN AFRICA	NORTH AFRICA	ASIA	LATIN AMERICA	NORTH AMERICA	MIDDLE EAST	EUROPE
<ol style="list-style-type: none"> 1. Angola 2. Cameroon 3. DRC 4. Ethiopia 5. Ghana 6. Kenya 7. Mozambique 8. Nigeria 9. Senegal 10. Tanzania 11. Uganda 12. Zambia 13. Zimbabwe 	<ol style="list-style-type: none"> 1. Algeria 2. Egypt 3. Libya 4. Sudan 5. Tunisia 	<ol style="list-style-type: none"> 1. China 2. Hong Kong 3. India 4. Indonesia 5. Japan 6. South Korea 7. Malaysia 8. Philippines 9. Singapore 10. Thailand 11. Vietnam 	<ol style="list-style-type: none"> 1. Argentina 2. Brazil 3. Chile 4. Peru 5. Colombia 6. Venezuela 7. Uruguay 	<ol style="list-style-type: none"> 1. Canada 2. Mexico 3. USA <ul style="list-style-type: none"> • Cuba 	<ol style="list-style-type: none"> 1. Iraq 2. Iran 3. Kuwait 4. Oman 5. Qatar 6. Saudi Arabia 7. UAE 	<ol style="list-style-type: none"> 1. EU27 2. Russia 3. Turkey



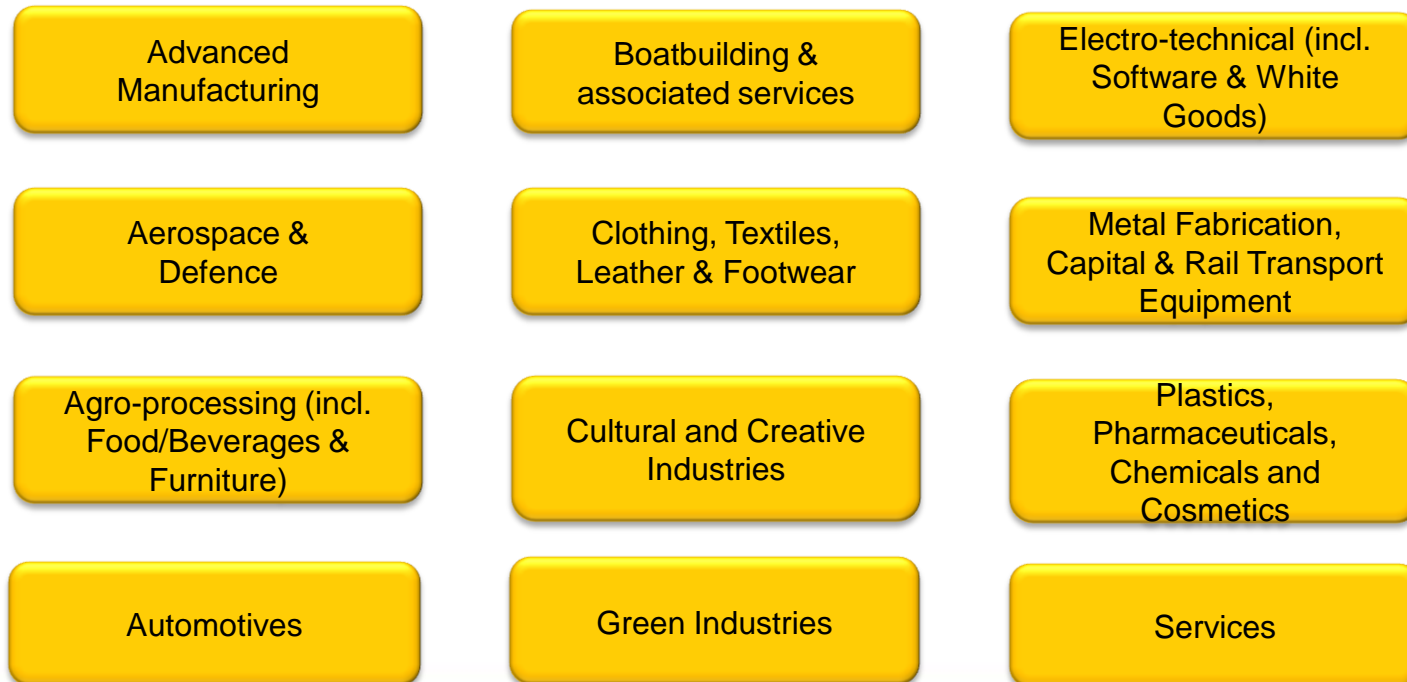
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TARGET SECTORS

- Aligned with sectors already prioritised in the basket of broader industrialisation and growth initiatives undertaken by the government
- The sectors, include a mix of high, medium and low value addition activities.
- The sectors also have a strong domestic firm base of both large and small producers.



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ACTION PLAN

1. Improve Market Access for South African Exporters

- ✓ Use fully any incoming visits at Ministerial level by including trade and investment meetings with South African companies, where relevant.
- ✓ Strengthen collaboration with African/BRIC diplomatic missions on practical initiatives to expand two-way trade and investment
- ✓ Showcase South African capabilities in targeted sectors using pavilions, missions and road shows
- ✓ Build relationships and explore opportunities with major multinationals with headquarters in in the regions with a view to sourcing from South Africa
- ✓ Commission a study to capture local, regional and global value chains, including services

2. Develop capacity and broaden the export base

- ✓ Conduct export awareness seminars and capacity building workshops (with a focus on Africa/BRICS)
- ✓ Collate and disseminate quality market intelligence



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ACTION PLAN CONTINUED

3. Enhance South Africa's footprint on the African Continent and other emerging markets

- ✓ Develop Training and capacity building for diplomats posted in Africa
- ✓ Develop information sharing platform / Interact regularly with Heads of Mission based in Africa



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STRATEGIC PILLAR 4

INCREASING EXPORT CAPACITY AND STRENGTHENING EXPORTER PERFORMANCE THROUGH THE NEDP



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NATIONAL EXPORTER DEVELOPMENT PROGRAMME

- The National Exporter Development Programme (NEDP) was launched in 2013, with the aim of expanding the exporter base in South Africa and increasing exports in general but especially of those products and services that add value, and contribute to employment and the green economy
- The NEDP offers an integrated approach to developing and educating both exporters and potential exporters in order to encourage the entry of new exporters into the international market; this would take place against the backdrop of improving the industrial capacity of the country
- The NEDP avoids a “one-size-fits-all” approach and caters to existing exporters and potential exporters at different stages of development. It focuses on developing emerging exporters, especially black- and women-owned businesses. It also targets potential exporters that produce environment-friendly products.



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CONSTRAINTS TO BE ADDRESSED BY THE NEDP

The NEDP has been designed to address the following constraints:

- Good trade service infrastructure (banking, logistics, insurance, plus centuries of experience), but not price competitive and not accessible to all small enterprises. Not evenly spread e.g. thin in Free State, Northern Cape
- Good expertise in many sectors and at many levels – but spread too thinly again (not enough people).
- Excellent business consulting firms for corporate clients – but not accessible to small enterprises.
- Databases all over the place, but not linked, and how accurate are they?
- A myriad of export training offerings, but not necessarily uniformly standard in terms of content and facilitator competence.
- Promotional activities tend to be ad-hoc, not part of a sustained programme.
- Some foreign programmes are offered in South Africa, but they tend to be selective to specific organisations e.g. CBI and ITC

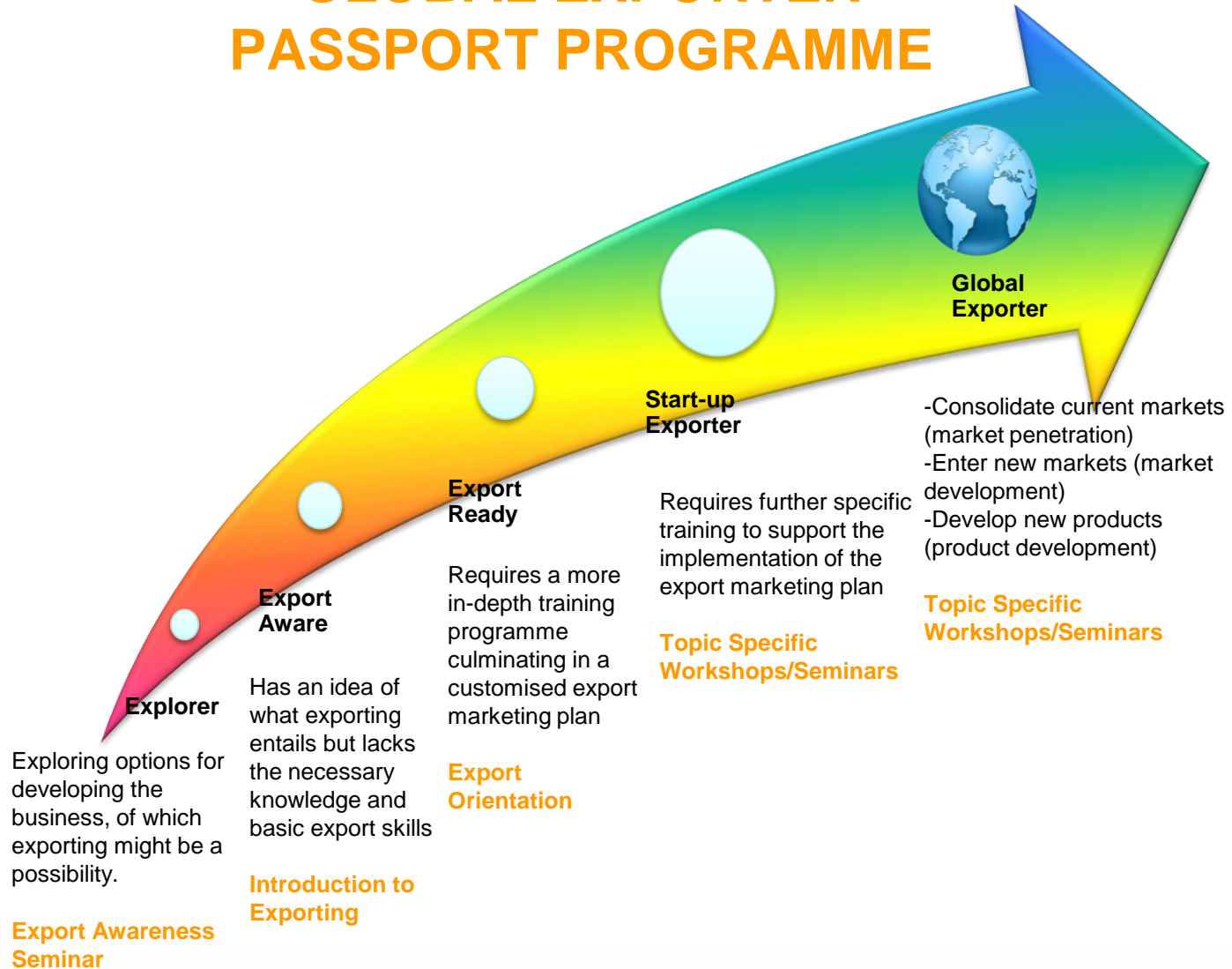


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GLOBAL EXPORTER PASSPORT PROGRAMME



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ACTION PLAN

1. **The NEDP is currently in the first phase of implementation with a focus on the following components**
 - ✓ Enhancing the Export Culture (Export Awareness Workshops, Export Awards)
 - ✓ Improving the provision of Information and Advice (Publications, Help Desk, Trade Portal)
 - ✓ Developing the Global Exporter Passport Initiative
 - ✓ Setting up the Institutional framework for the Export Village concept
 - ✓ Discussions on SLAs with provincial stakeholders



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STRATEGIC PILLAR 5

STRENGTHENING THE EXPORT PROMOTION MECHANISMS THROUGH ENHANCING SA'S VALUE PROPOSITION AND IMPROVED SECTOR BRANDING



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EXPORT PROMOTION AND NATION BRANDING

TISA as the national export promotion agency has undertaken to provide the following services:

- **Export support services:** Exporter training, technical assistance, capacity building, including regulatory compliance, information on trade finance, logistics, customs, packaging, pricing, Promotional events and advocacy;
- **Marketing:** Trade fairs, exporter and importer missions, follow-up services offered by representatives abroad. The effectiveness of the EMIA scheme in supporting exporters and export promotion is currently being reviewed by DPME and **the dti**. That review will highlight the areas that need to be strengthened.
- **Market research and publications:** General, sector, and firm level information, such as market surveys, on-line information on export markets, publications encouraging firms to export, importer and exporter contact databases.



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NATION BRANDING



South Africa – 2012-2013 Anholt-GfK	2012	2013
<i>Overall rank</i>	36	36
Ranking by pillar		
<i>Exports</i>	37	37
<i>Governance</i>	40	40
<i>Culture</i>	28	27
<i>People</i>	31	34
<i>Tourism</i>	34	34
<i>Immigration & Investment</i>	38	38



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ACTION PLAN

1. Strengthen collaboration between Government & private sector

- ✓ Regular meetings to be convened between senior personnel from Brand SA, Proudly SA, Government, chamber movement and other leading business proponents.

2. Create greater awareness regarding export instruments

- ✓ Conduct workshops with existing and potential exporters as well as respective trade promotion entities in the provinces.
- ✓ Dedicated website to be created & personnel allocated to disseminating info regarding the export instruments & incentives.

3. Establish proper monitoring mechanisms

- ✓ Permanent Evaluation Unit to be established to gather information on export promotion activities.



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ACTION PLAN

4. Strengthen country branding

- ✓ Develop the brand's programme with regard to showcasing South Africa's capabilities. This underlies the brand identity and positioning.

5. Identify and actively promote “Proudly South African” products

- ✓ Need to shift from supplying generic products to developing and promoting “Proudly South African” products.



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ACTION PLAN

7. Increase penetration into existing markets and foster access to new & emerging markets

- ✓ Focus on markets identified in Pillar 3. Export promotion instruments to be selected in accordance with identified markets and activities that offer best returns.
- ✓ Actively follow up on trade promotion activities so as to track their results and impact.
- ✓ Develop targeted country and sector specific market penetration programmes.
- ✓ Facilitate access to funding for promotions by providing handholding services to interest exporters to access **the dti** funding instruments.
- ✓ Translate trade agreements into simple actionable opportunities for exporters.
- ✓ Improve the level of institutional understanding by developing a network of knowledge providers on meeting market access requirements and other standards compliance.
- ✓ Strengthen overseas representation by:
 - Capacitating FERs in marketing South African exports at appropriate platforms while gathering valuable market intelligence.
 - Increase the number of FERs in priority and traditional markets to identify tariff and non-tariff barriers related to market access as well as export opportunities.



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STRATEGIC PILLAR 6

ENHANCING EXPORTER INCENTIVES AND FINANCING



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ENHANCING EXPORT INCENTIVES & FINANCING

- Trade finance, export incentives and export insurance forms an integral part of the export strategy.
- Finance (access to, cost of finance and credit insurance) is an important hurdle faced by exporters when developing new markets
- Current suite of incentives are based on the supply side and are developmental in nature
- In some cases companies that are not export ready utilise the export incentives before addressing competitiveness issues or technical export skills



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ACTION PLAN

1. **Maintain EMIA instrument to ensure adaptability & flexibility**
2. **Conduct feasibility study on Exim Bank**
3. **On-going Review & Improvement of Export Incentives**
 - ✓ New Areas of Support to be considered
 - Resources for product innovation
 - Product Certification as a requirement for entry into international markets
 - Protection of Intellectual Property in International Markets
4. **Improving Access to Finance**
 - ✓ Engage with Development Finance Institutions (i.e. SEFA/IDC/NEF) to develop products which cater to the finance needs of exporters (e.g. Products to increase productivity and capacity, etc.)



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ACTION PLAN

5. Reduce Cost of Export Credit Insurance

- ✓ Engage with ECIC and other private credit insurance providers to adopt a more developmental role
- ✓ Engage with National Treasury on ways that the cost of credit insurance can be recouped through income tax deductions, especially for export sales to Africa

6. Enhance promotion of Export Incentives & Finance

- Export Help Desk
- SMME Newspaper
- Road Shows



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MONITORING & EVALUATION



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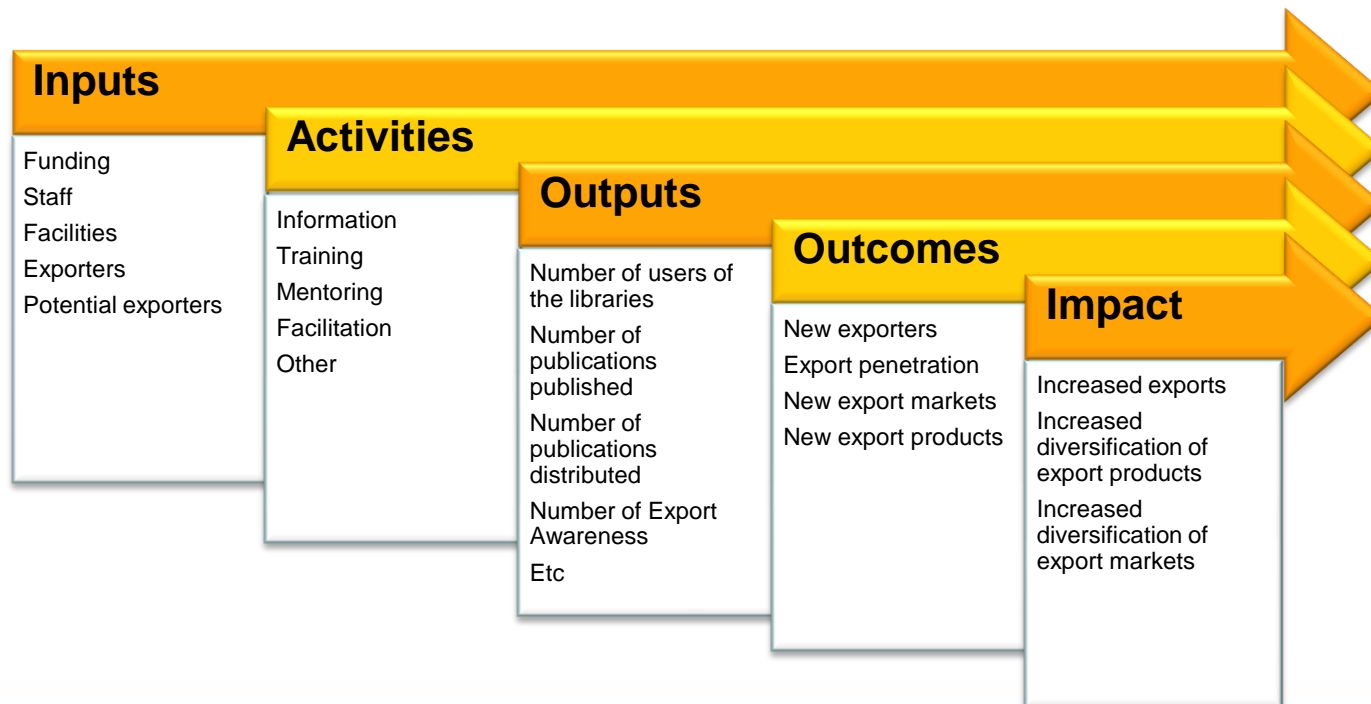
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MONITORING AND EVALUATION

- A effective monitoring and evaluation system would be required to ensure that the targets set and the impact of the strategy is achieved
- Given that the implementation of the strategy is cross-cutting the reporting of the outcomes of the M&E process would take place in a proposed annual export workshop
- The GWME is suitable since it is applicable to all entities in all spheres of government.



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ACTION PLAN

1. Develop monitoring system

- Link targets
- Capture inputs/activities/processes and outputs

2. Develop associated tools to monitor other aspects of the INES (e.g. NEDP, Diversification, etc.)

- Relevant SARS Customs and Excise Databases
- Trade Information
- Mission/FER Reports
- Exporter Surveys
- State of Exports
- Export Performance Index
- NEDP Service Level Matrix

3. Monitoring by governance structures – MINMEC, IMC & NEAC

4. Host National Export Workshop for stakeholders to report on M&E outcomes



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THE WAY FORWARD



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NEXT STEPS

Reference Group

- June 2014

Provincial Consultations

- Q2 – Q3

National Stakeholder Consultative Workshop

- 2015

Final Strategy

- 2015

Launch of INES by Minister and MECs

- 2015 (tbc)



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IMPLEMENTATION PLAN

SHORT-TERM (2-5 YEARS)

- Export Culture
- National Exporter Development Programme (NEDP)
- Export Development and Promotion Act
- Export Promotion in prioritised markets
- National and Sector Branding

MEDIUM-TERM (5-10 YEARS)

- Competitiveness Issues
- Financing mechanisms
- Increasing manufacturing capacity and capabilities
- National and Sector Branding

LONG-TERM (15-20 YEARS)

- Infrastructure, Logistics
- Skills



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SUPPORTING SLIDES

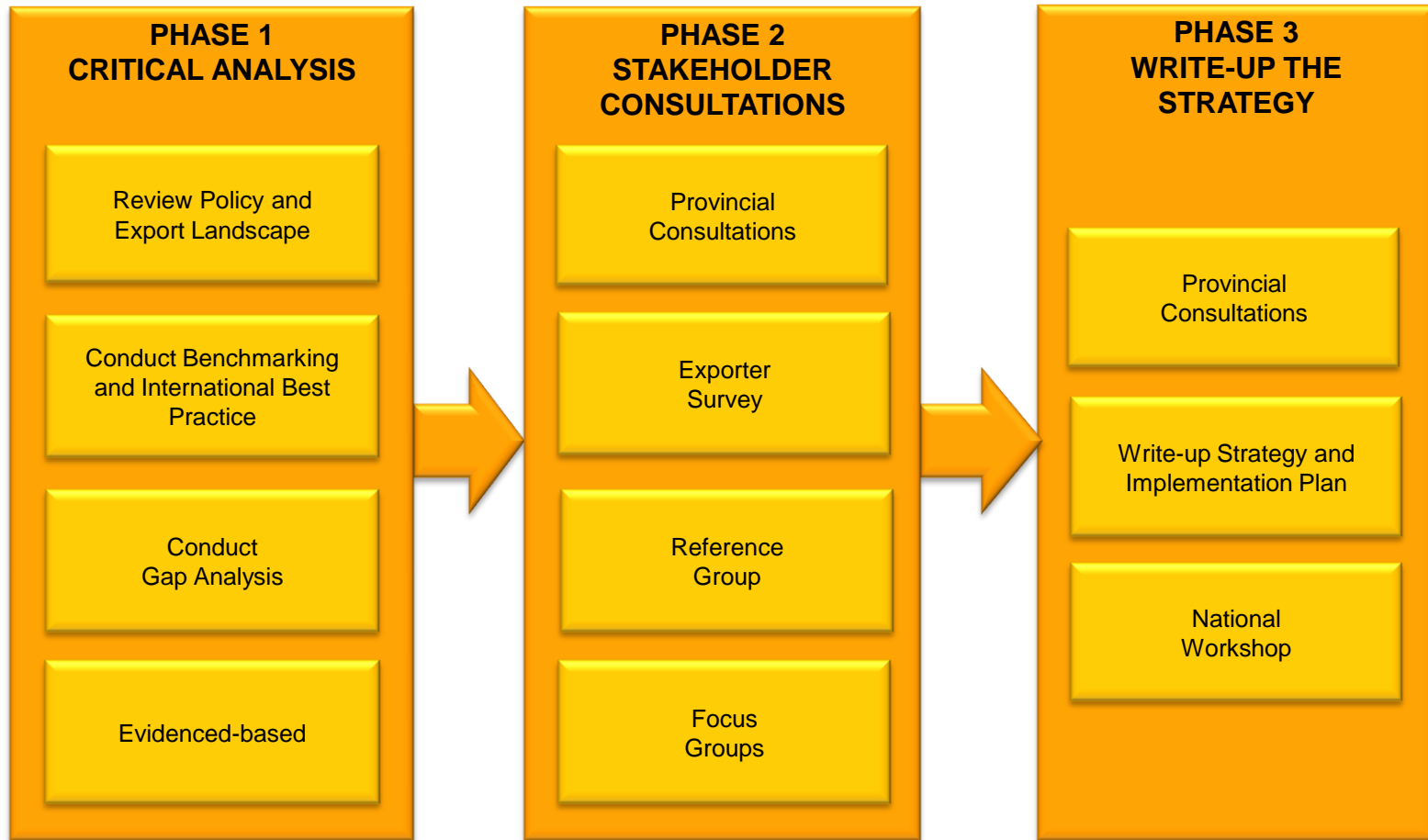


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PROJECT SNAPSHOT



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THE POLICY CONTEXT



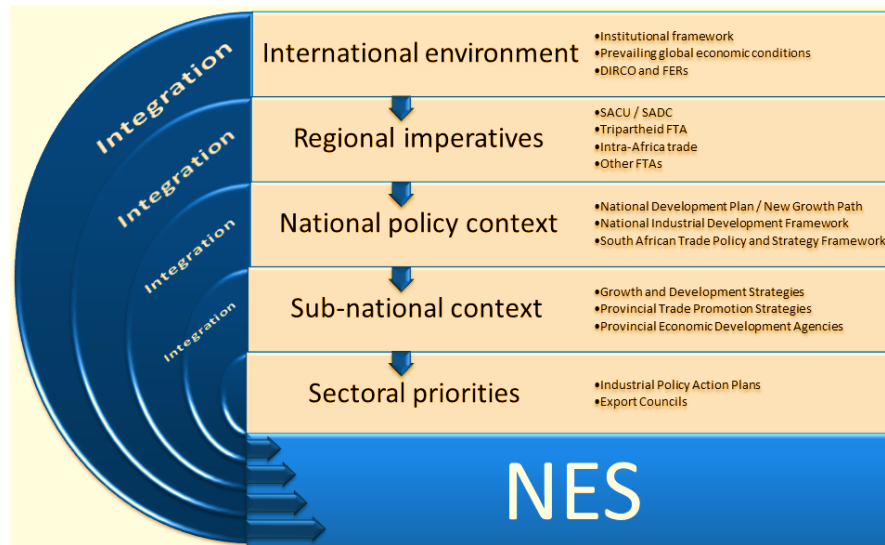
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ALIGNMENT OF THE INES

- Government has sought to overcome constraints in the economy through a comprehensive framework such as the National Development Plan: Vision 2030, the New Growth Path and the Industrial Policy Action Plan
- It is crucial for the INES to be aligned with other policies and strategies of government.



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NDP: VISION 2030

The NDP has a vision to create 11 million jobs by 2030 by, inter alia, raising exports and competitiveness.

Its proposals include:

- Diversifying South Africa's trade towards emerging economies
- Revitalising logistics and transport links
- Promoting manufacturing in areas of competitive advantage
- Packaging regional tourism offerings
- Lowering the costs of living and of doing business



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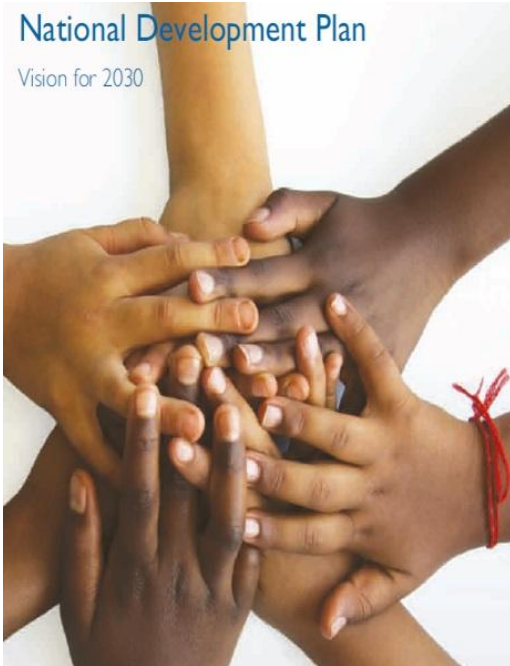
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THE NDP: VISION 2030 ON EXPORTS

The NDP identified an economic growth rate of at least 5% a year on average to transform the economy and achieve sustainable expansion for job creation.

National Development Plan

Vision for 2030



- The NDP identifies Exports as a driver:
 - “Increasing exports, focusing on those areas where South Africa already has endowments and comparative advantage, such as mining, construction, mid-skill manufacturing, agriculture and agro-processing, higher education, tourism and business services.”
 - Exports (as measured in volume terms) should grow by 6% a year to 2030 with non-traditional exports growing by 10% a year.



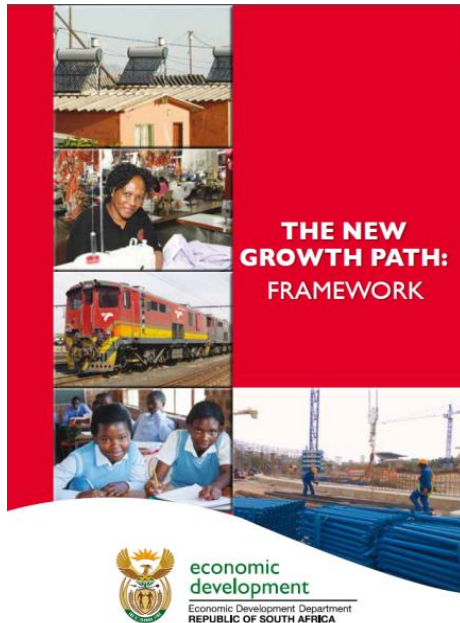
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THE NEW GROWTH PATH

The NGP prioritises the creation of jobs in South Africa through a coordinated set of actions consisting of macroeconomic strategies, microeconomic measures and stakeholder commitments to drive employment and economic growth. The NGP proposes the following strategies:



- To deepen the domestic and regional market by growing employment, increasing incomes and undertaking other measures to improve equity and income distribution, and
- To widen the market for South African goods and services through a stronger focus on exports to the region and other rapidly growing economies.
- South African businesses to do more to find opportunities in the fast-growing economies of China, India and Brazil.

The NGP sees regional development as an imperative for sustainable growth and maintains that increased exports to the Southern African Development Community (SADC) alone can generate almost 60,000 additional direct jobs by 2015 and around 150,000 by 2020.



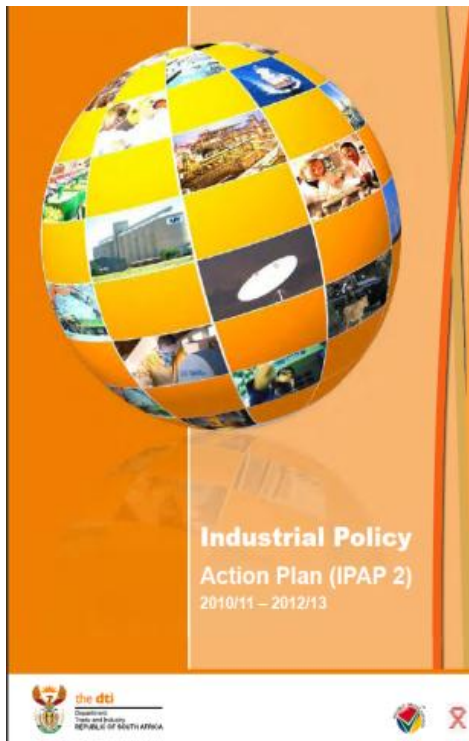
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NATIONAL INDUSTRIAL POLICY FRAMEWORK

The NIPF sets out government's approach to industrialisation. The NIPF focuses on identifying and addressing the cross-cutting and sector-specific constraints and opportunities prevailing in the industrial economy through 13 strategic programmes. The NIPF is currently implemented through Industrial Policy Action Plans



- SP1: Sector Strategies
- SP2: Industrial Financing
- SP3: Trade Policy
- SP4: Skills and Education for Industrialisation
- SP5: Competition Policy and Regulation
- SP6: Leveraging Public Expenditure
- SP7: Industrial Upgrading
- SP8: Innovation and Technology
- SP9: Spatial and Industrial Infrastructure
- SP10: Finance and Services to Small Enterprises
- SP11: Leveraging Empowerment for Growth and Employment
- SP12: Regional and African Industrial and Trade Framework
- SP13: Coordination, Capacity and Organisation
- **SP 14: Integrated National Export Strategy**

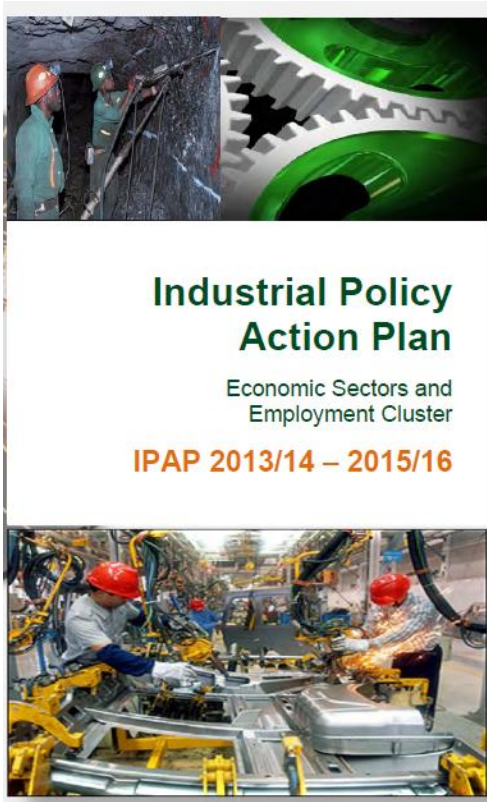


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INDUSTRIAL POLICY ACTION PLAN (IPAP)



- The IPAP is the apex policy document of **the dti** and has the following objectives:
 - Diversify and grow exports;
 - Improve the trade balance;
 - Build long term industrial capability;
 - Grow domestic technology;
 - Catalyse skill development; and
 - Create 2 447 000 indirect and direct jobs over 10 years



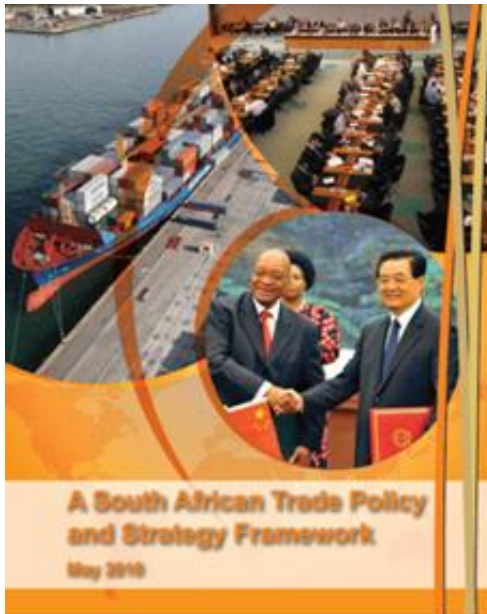
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SOUTH AFRICAN TRADE POLICY AND STRATEGY FRAMEWORK

Objective: To fine-tune and accelerate national efforts to boost exports, particularly of higher value-added exports, in the context of a dramatically changed - and changing - global environment.



- The framework sets out the key principles and approaches to South Africa's strategy for global integration with respect to its engagements and negotiations at:
 - multilateral,
 - regional and
 - bilateral levels.
- It aims to provide greater clarity on the linkages between trade and tariff policy and industrial policy.



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SOUTH AFRICA'S TARIFF POLICY

- Tariff setting in South Africa is decided primarily on a:
 - Sector by sector basis,
 - Dictated by the needs and imperatives of sector strategies.
 - Sectorial work is grounded on a 'self-discovery' process of engagement between government and stakeholder to meet industrial policy objectives.
- As a general guideline:
 - Tariffs on mature upstream input industries could be reduced or removed to lower the input costs for the downstream, more labour creating manufacturing.
 - Tariffs on downstream industries, particularly those that are strategic from an employment or value-addition perspective, may be retained or raised.



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MONETARY AND FISCAL POLICY

- Goal:
 - Inflation target (3-6%)
- Instrument
 - Repo rate → interest rate → exchange rate
- South Africa tends to attract portfolio investment → tends to influence the ZAR
- Consequences for exports
 - Rand is often too strong
 - Rand is volatile

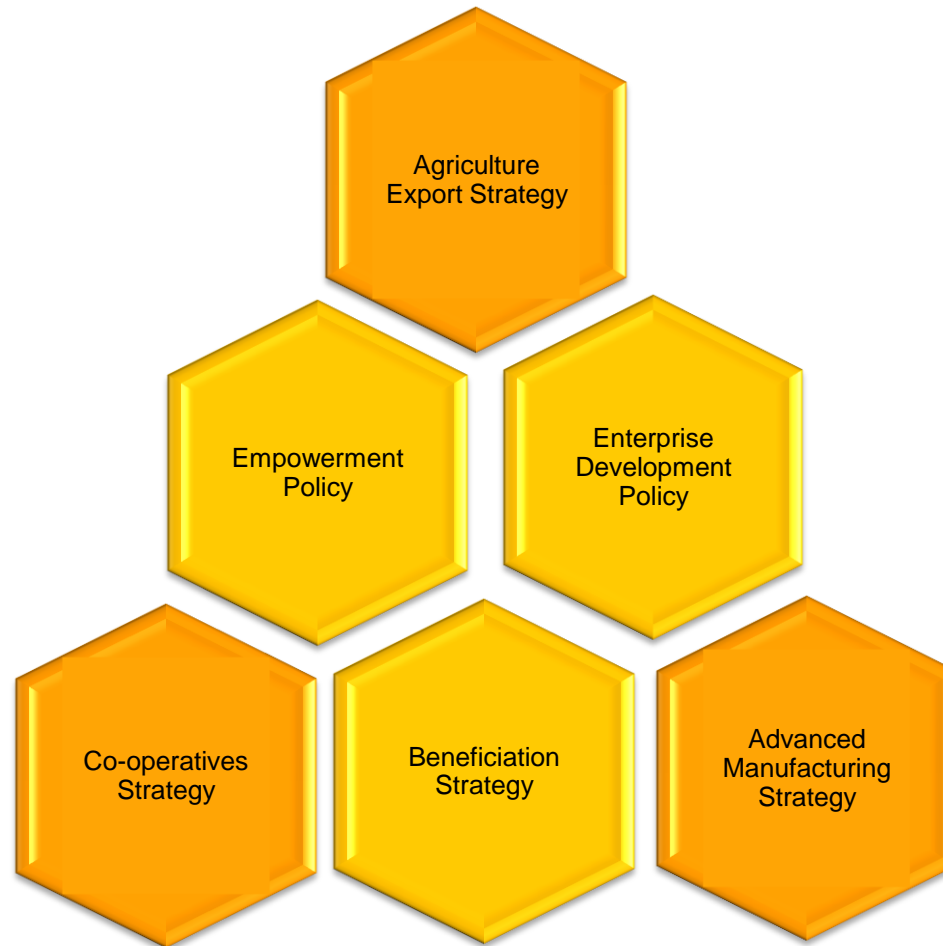


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OTHER POLICY IMPERATIVES



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SA'S EXPORT PERFORMANCE

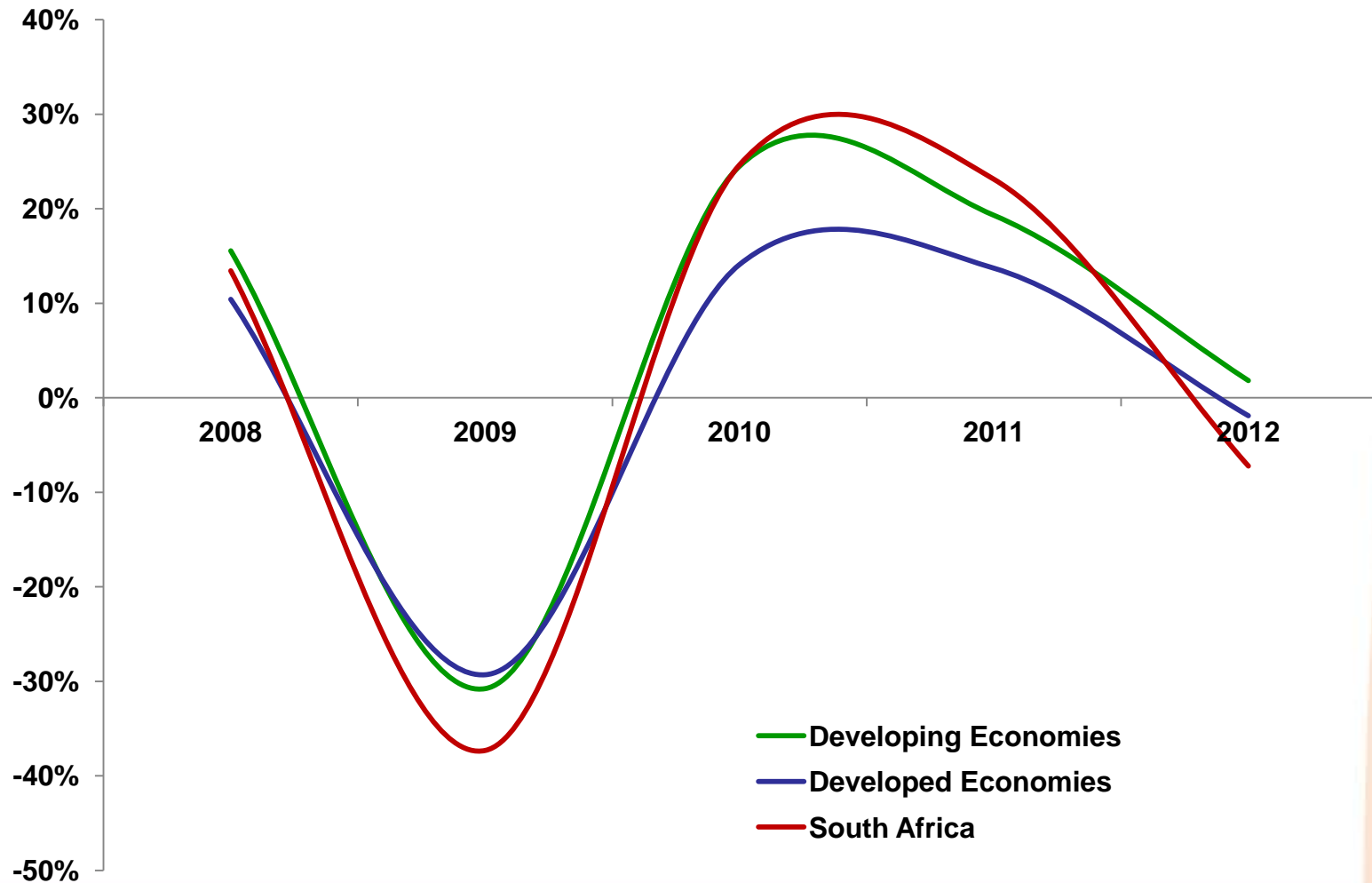


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TRENDS IN GLOBAL TRADE



Source: Trademap, 2013

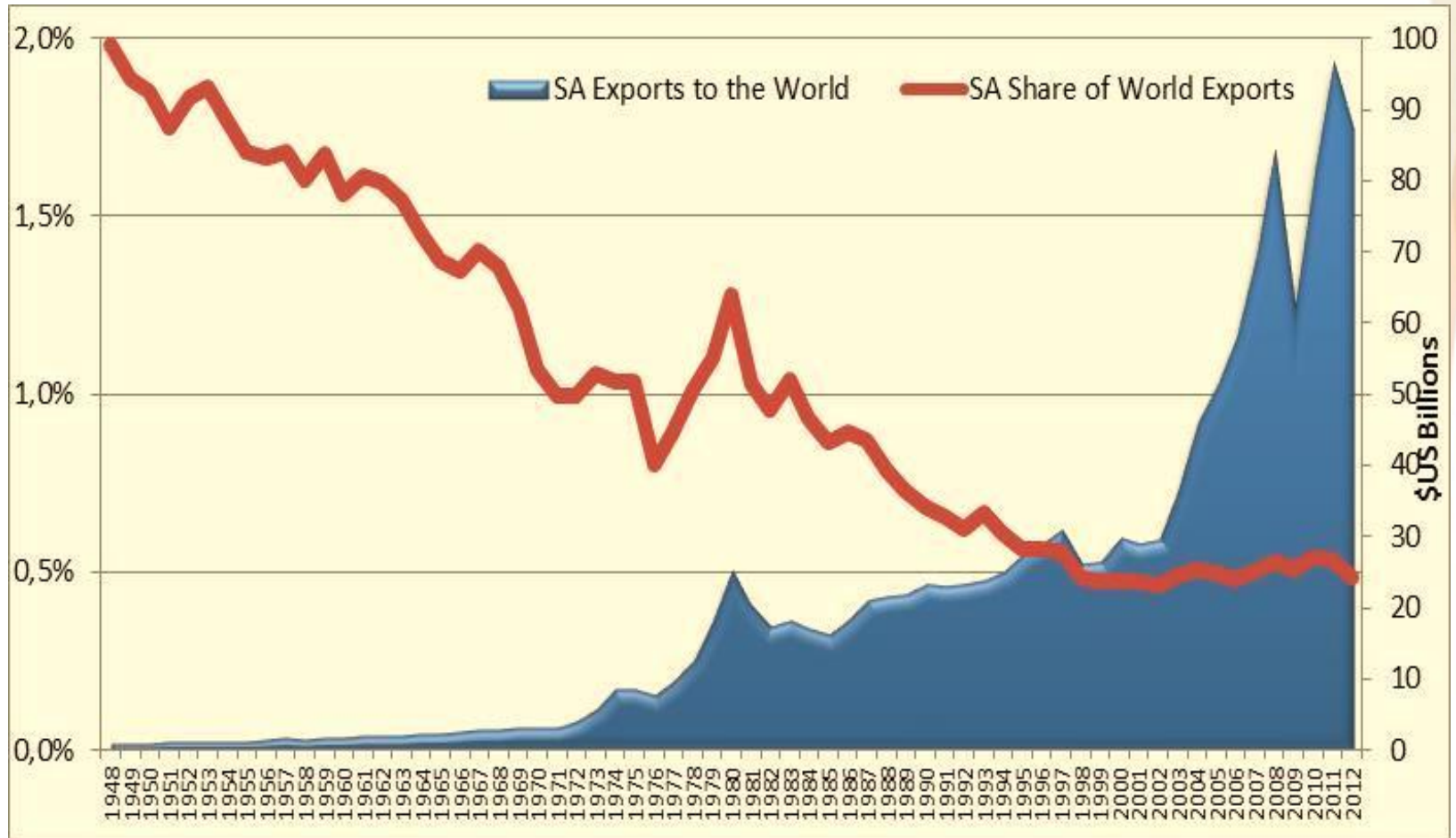


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SHARE IN WORLD EXPORTS



Source: IMF

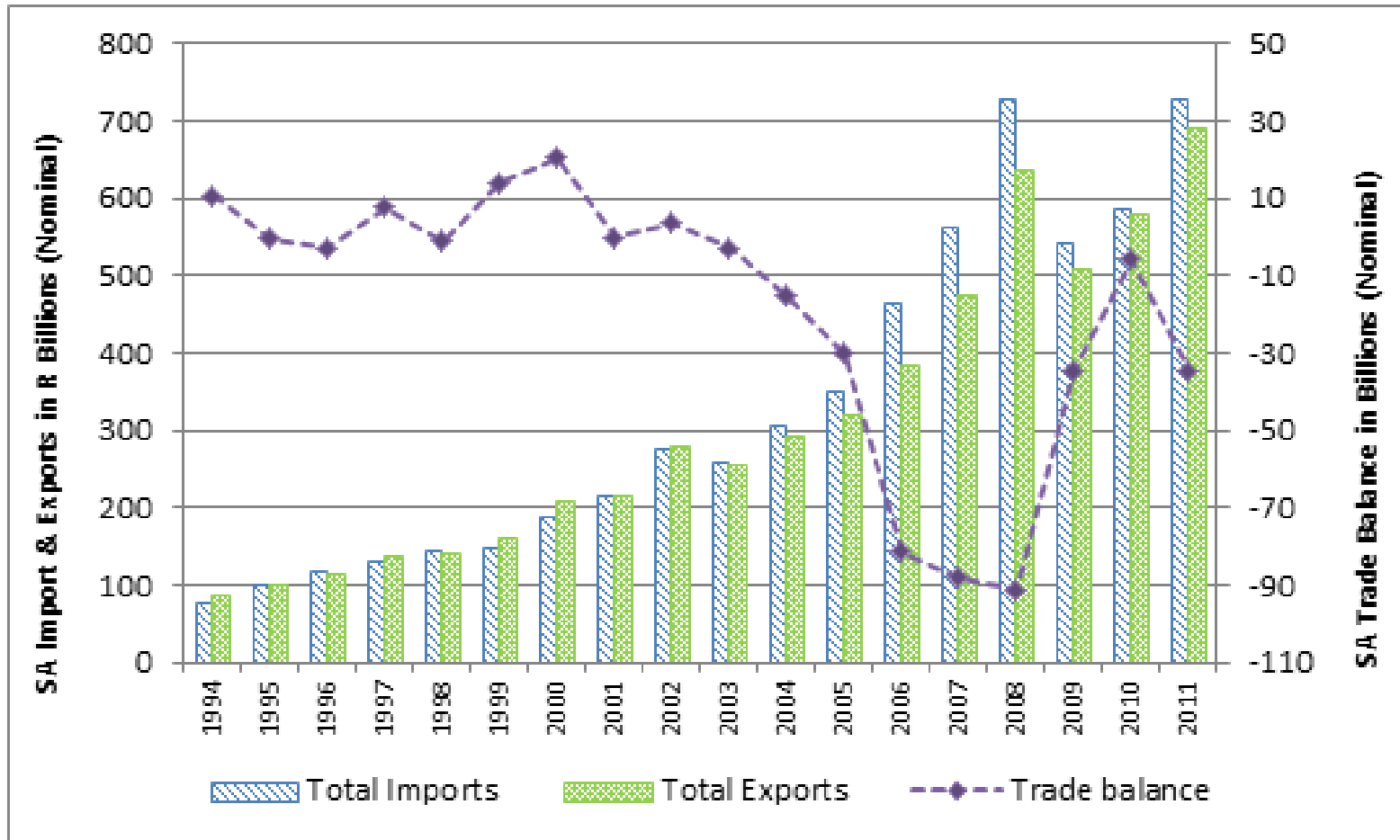


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SA'S TRADE WITH THE WORLD



Source: SARB

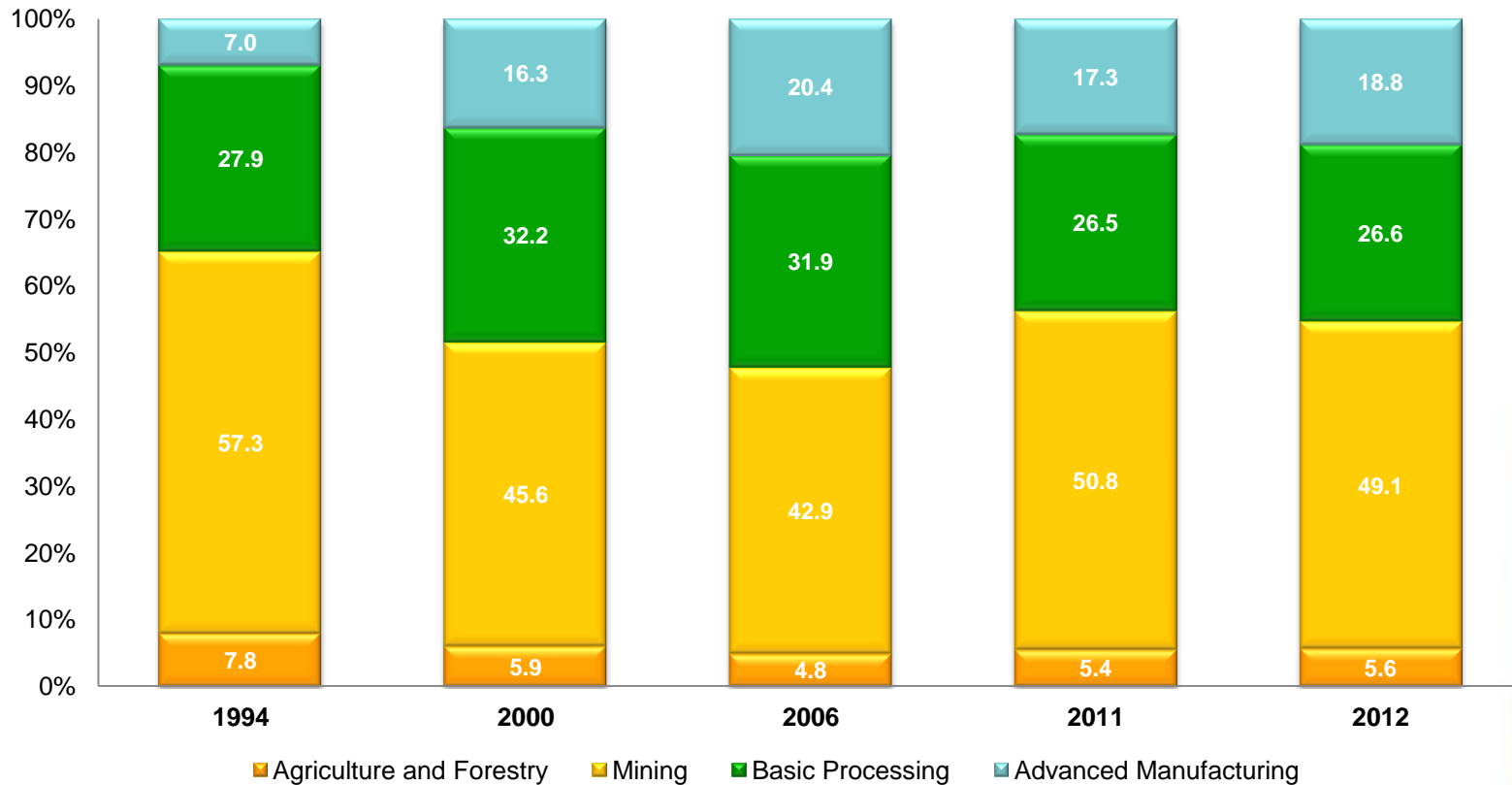


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STRUCTURE OF SA EXPORTS



Source: Quantec/ Trade Map (2013)

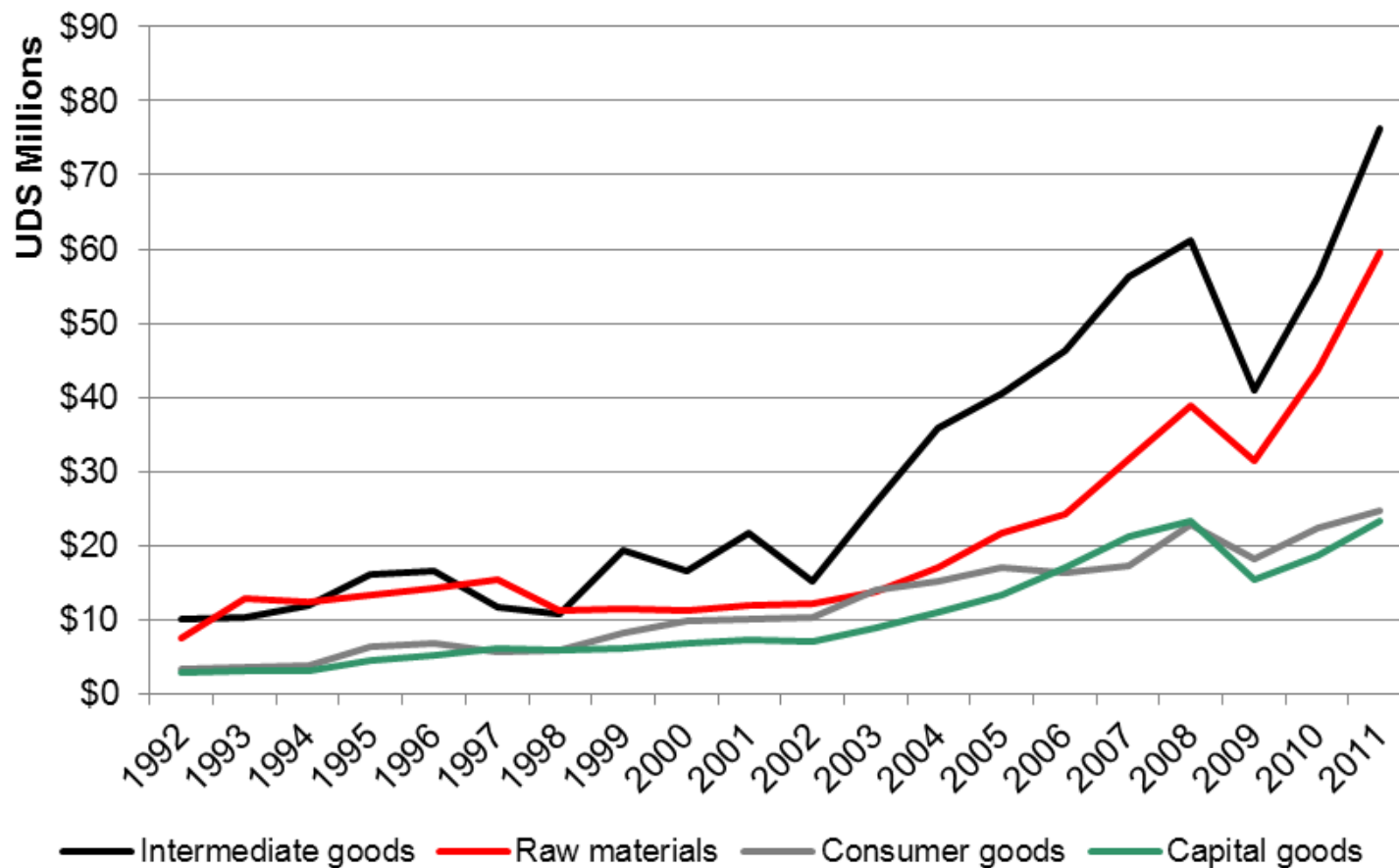


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EXPORTS PER BROAD SECTOR



Source: OECD (2013)

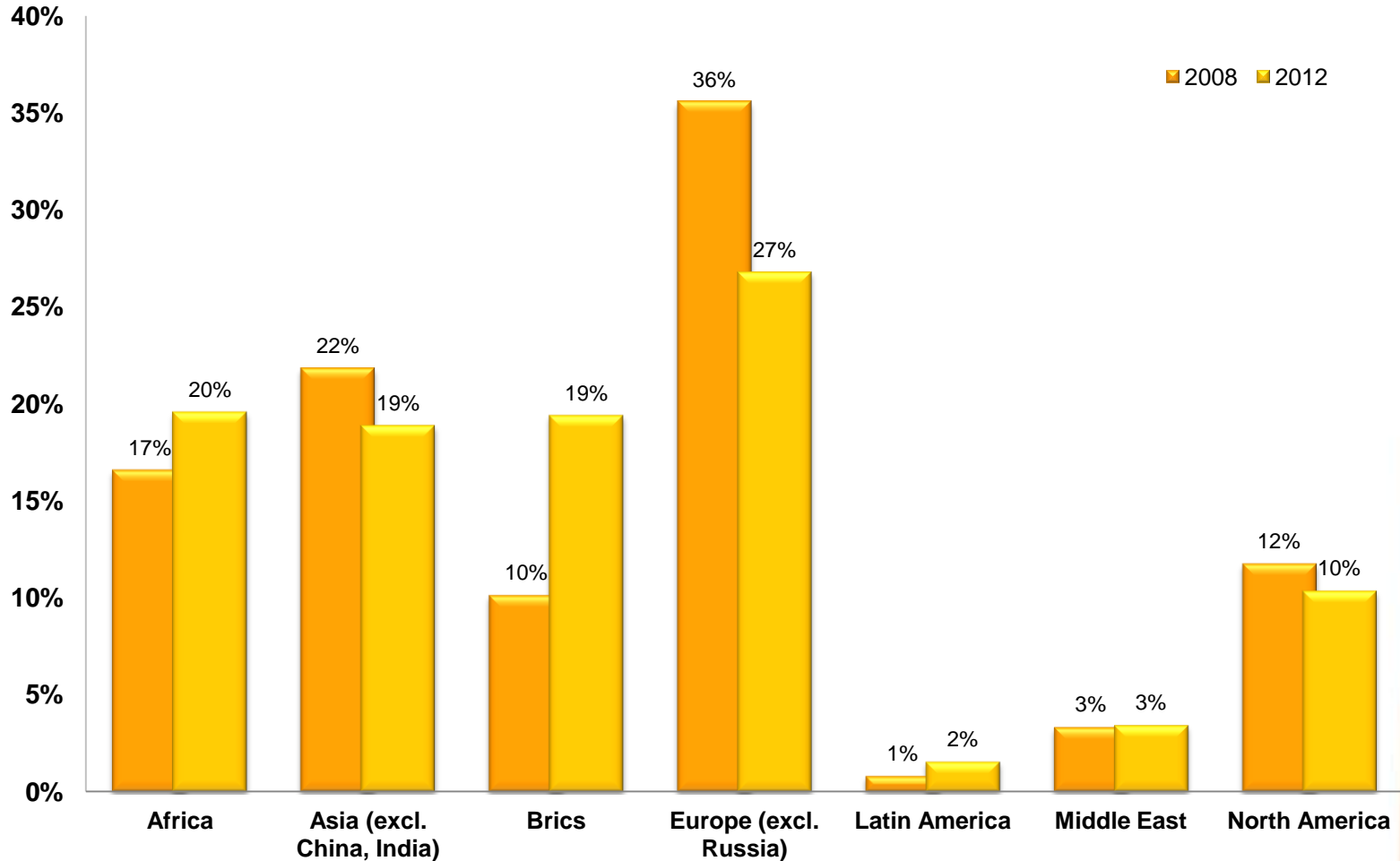


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EXPORTS PER REGION



Source: Quantec, 2013

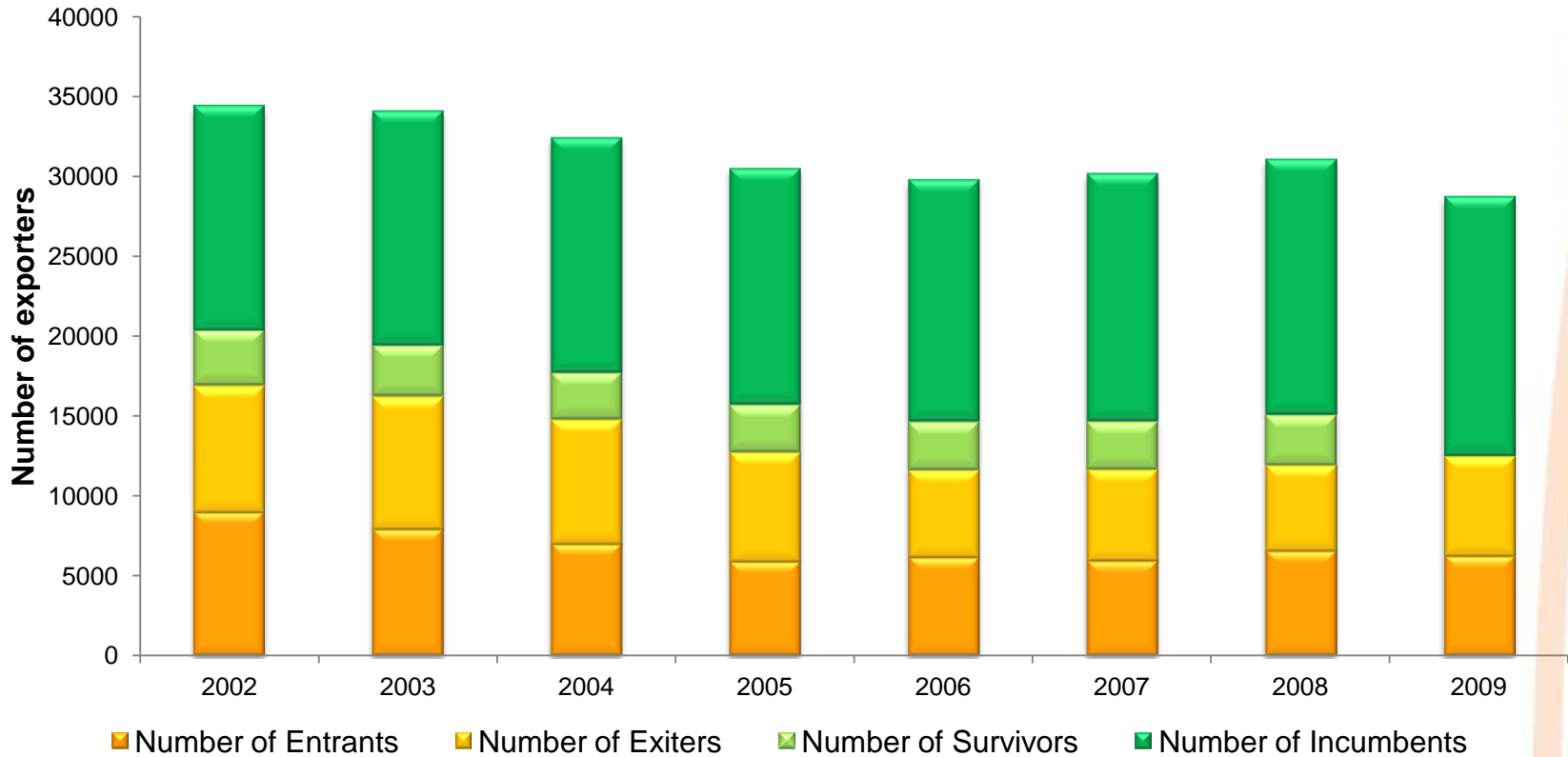


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EXPORTER DYNAMICS



Source: World Bank's Exporter Dynamics Database 1997–2011



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International Best Practice

	Strategic leadership	Export specific legislation	Specific NES	TPO legislation	TPO function	Funding	National development plan	Sub-national development plans	Strategic export goals	Smart targets	Sector targets	Exporter Development	Export development	Linked to FDI	Access to finance	Improving competitiveness	Linked to Enterprise development	Linked to Industrial development
Philippines	X			GC	CD		X	X	X	X	X	X						
Malaysia		X	X	GC*			X	X	X	X	X	X						
Jamaica		X		GC	CD		X			X	X	X						
Uganda		X	X	GC			X			X	X	X						
Ireland			X	GC*			X	X	X	X	X	X		X				
Canada				GCR	CR	X	X			X	X	X						
USA	X			R**	CR			X	X	X	X	X						
UK			WP	GCR							X	X	X		X	X	X	
Australia		X		GCR	CRP						X	X	X					
Chile			X	CG							X	X	X					

- G Government
- R Regional
- C Centralised
- P Private
- M PPP
- * Commercial orientation)
- ** Trade Promotion Co-ordinating Committee
- D Donor-aid



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International Best Practice

- Countries selected:
 - **Philippines**: comprehensive strategy, backed by Export Development Act
 - **Jamaica**: NES integrated into Vision 2030 Jamaica
 - **Malaysia**: comprehensive strategy, linking Bumiputera and Women development to special export programmes
 - **Uganda**: NES revised with assistance from WTO and ITC; target sector matrix
 - **Canada**: Global Commerce Strategy and federal, regional, provincial linkages; consultative White Paper approach
 - **Ireland**: held to be one of world's most successful
 - **United States**: Target set by President Obama; federal and state programmes and need for co-ordination
 - **United Kingdom**: Targets set by Cabinet, with highly consultative White Paper process following for exports
 - **Australia and Chile**: Resourced-based plus industry: strong focus on Asia
- **BRIC** countries



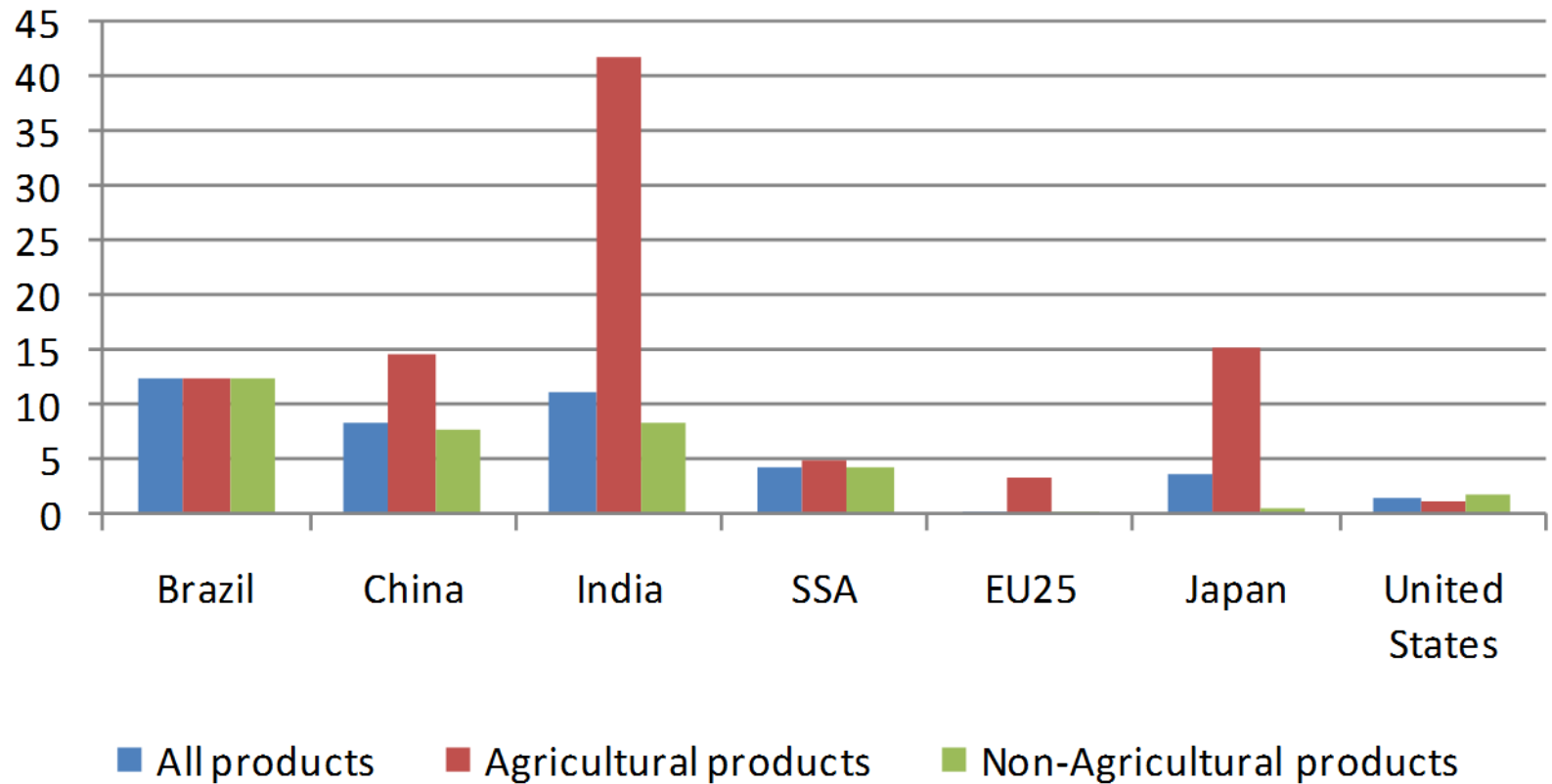
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Competitive Analysis

Simple average applied tariff rates on SA exports



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Trading Across Borders: Costs & Time Delays – BRICs and South Africa (2012)

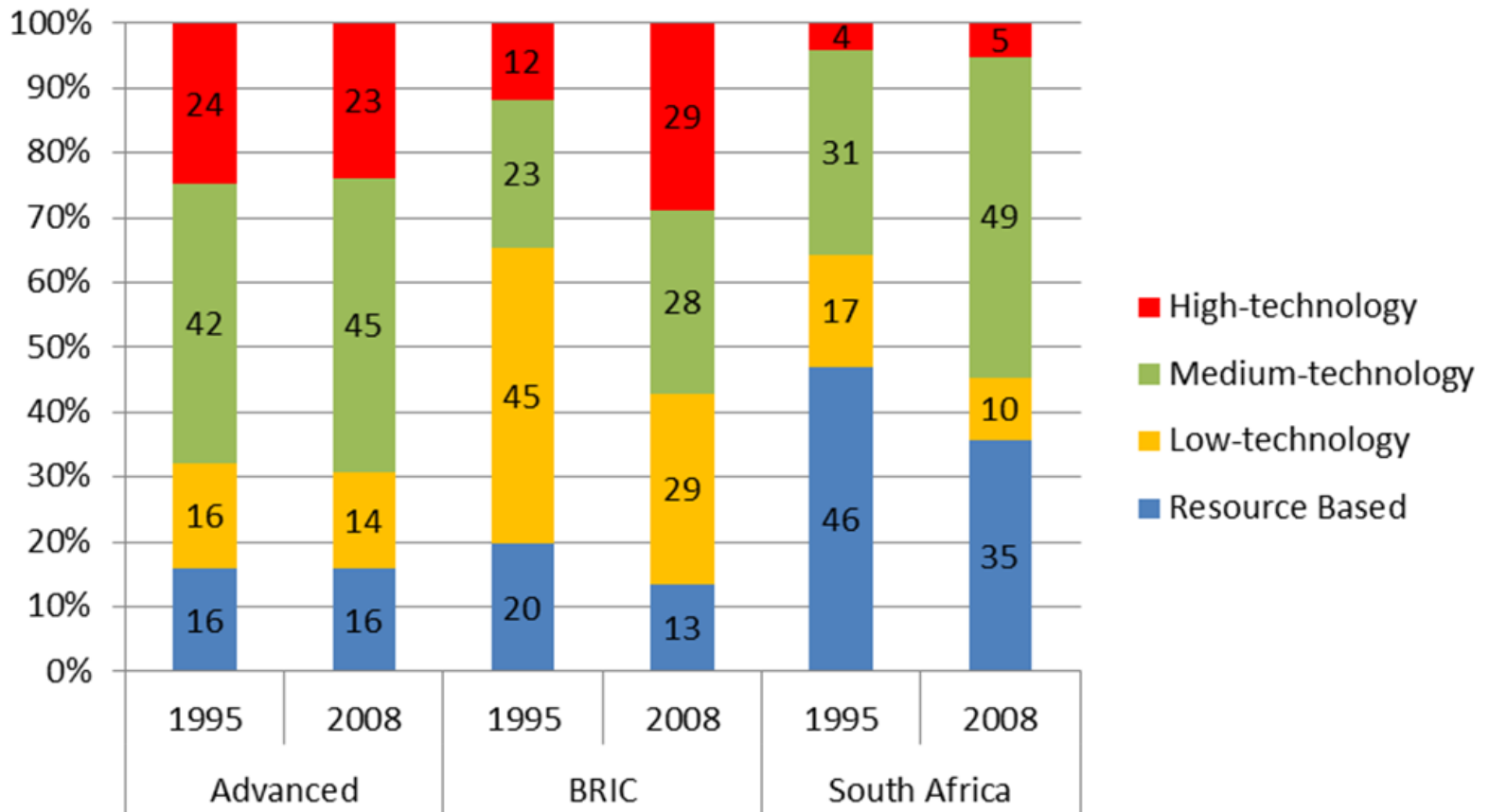
Country	Rank	Documents to export (number)	Time to export (days)	Cost to export (US\$ per container)	Documents to import (number)	Time to import (days)	Cost to import (US\$ per container)
Brazil	123	7	13	2,215	8	17	2,275
Russia	162	8	21	2,820	11	36	2,920
India	127	9	16	1,120	11	20	1,200
China	68	8	21	580	5	24	615
South Africa	115	6	16	1,620	7	23	1,940
	185						

Source: World Bank Doing Business Survey

<http://www.doingbusiness.org/ExploreTopics/TradingAcrossBorders/> [Accessed 16 November 2012]

Rising sophistication of developing country exports

Technological structure of non-oil manufactured exports, 1995 & 2008



Areas of possible Comparative Advantage



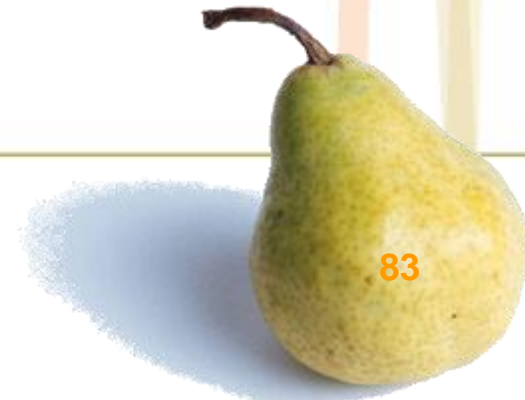
- Concept of Proximity:
 - If South Africa is, for example, exporting apples,
 - and we know that apples and pears require similar factor conditions,
 - then why is it then that South Africa is not exporting pears as well as apples?



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Product Space

- Product Space investigates the proximity of similar products
 - T shirts and fish products are dissimilar,
 - T shirts and dresses are similar however
- Node size: market share of world
- Clusters: similar products

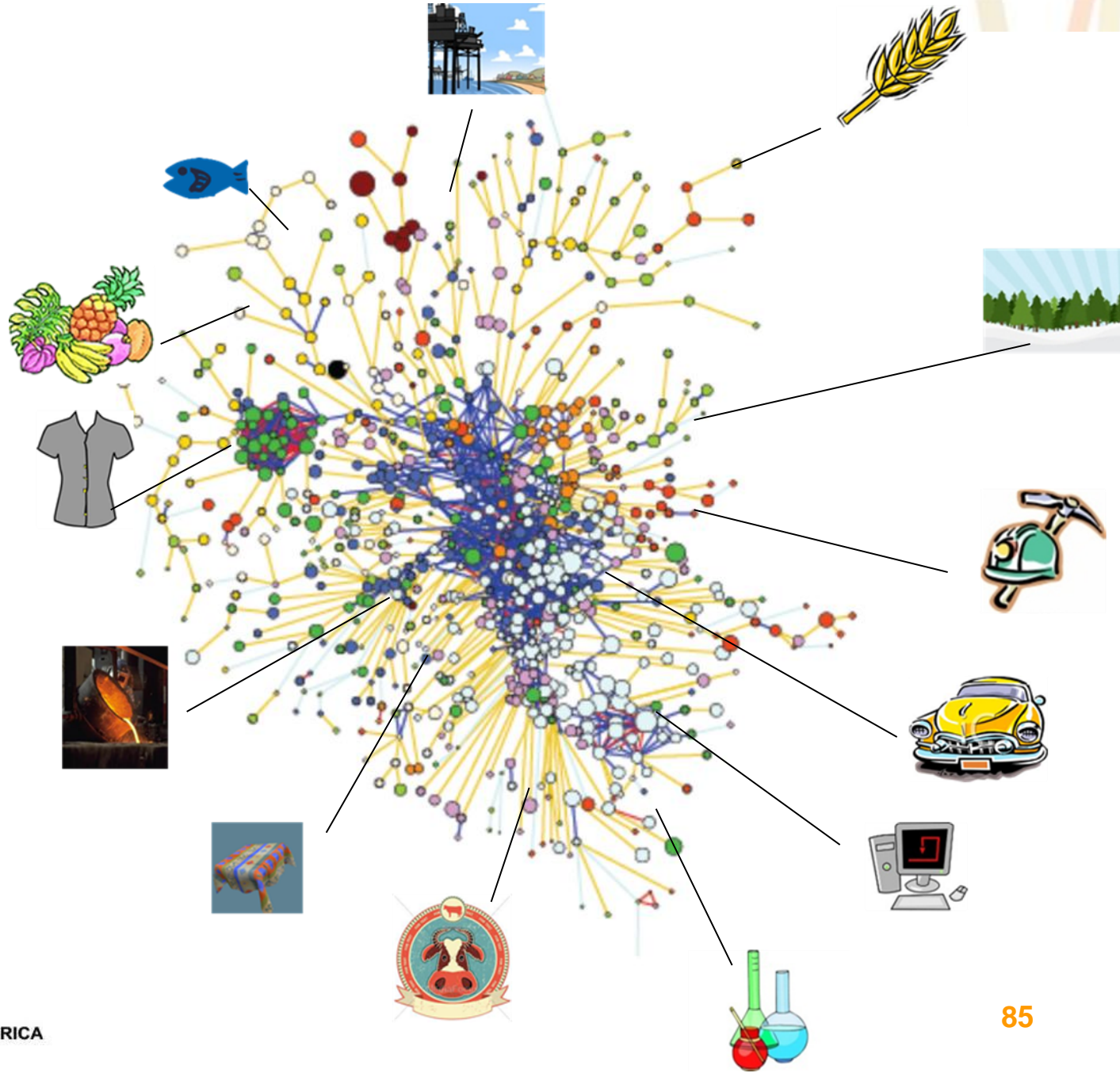


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Revealed Comparative Analysis



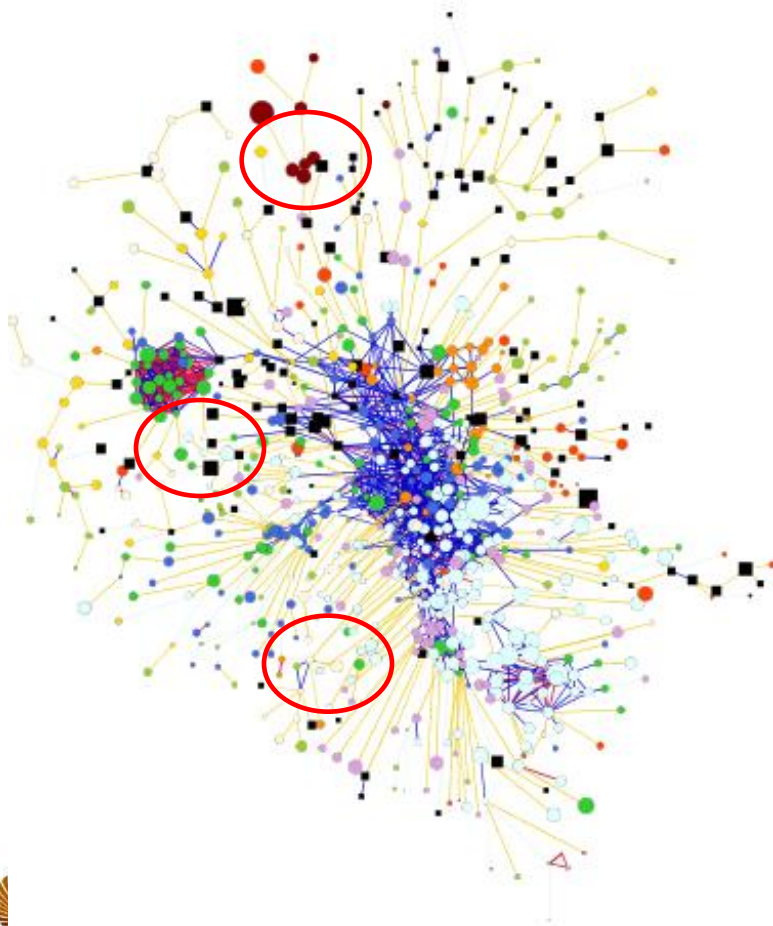
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RCA: Gained

1994



2010

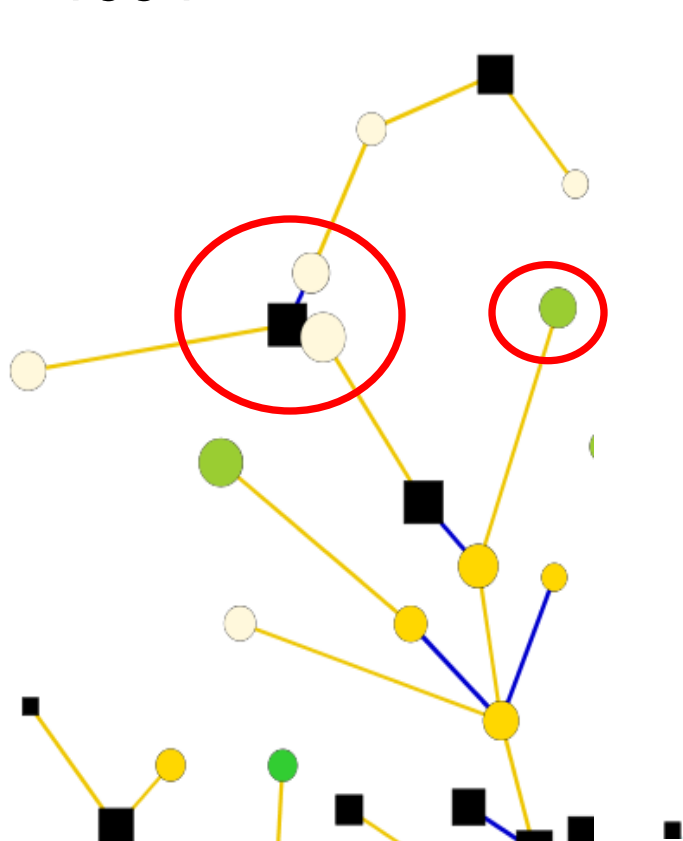


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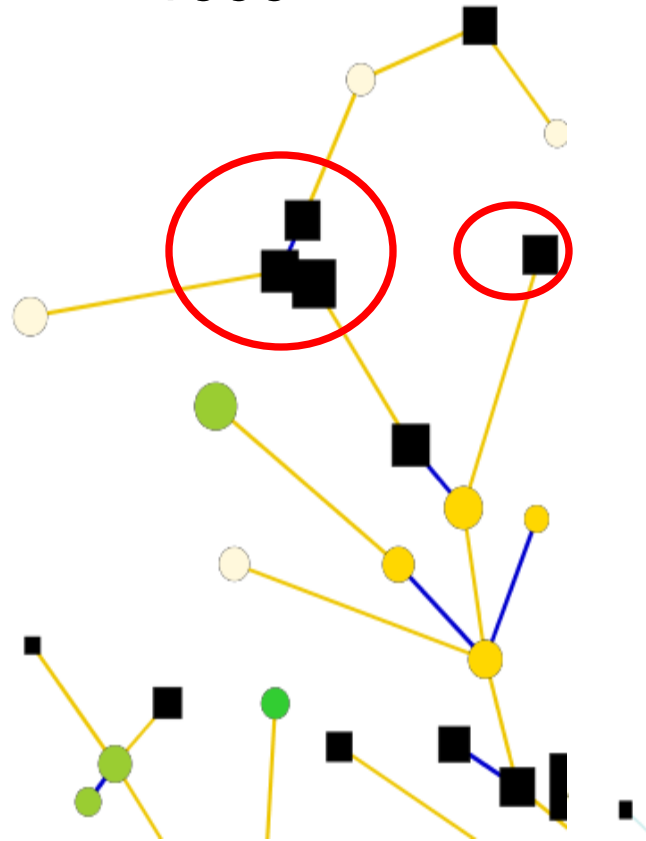
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Fishing and Fish Products

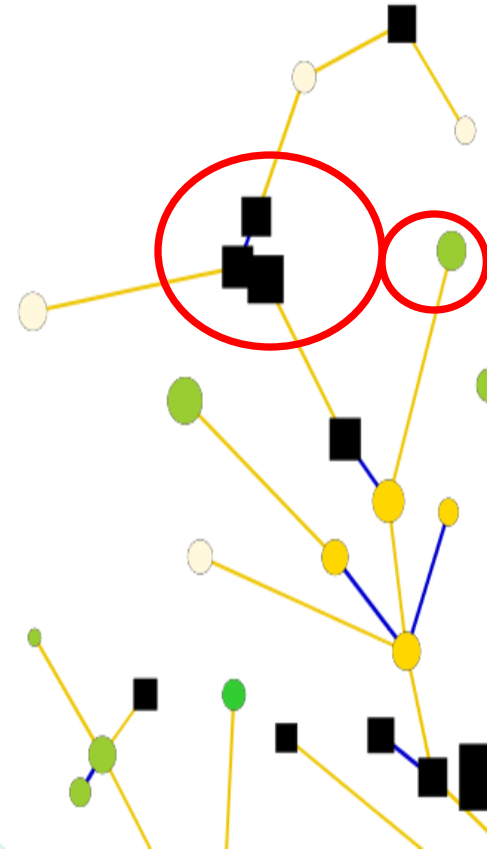
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1999



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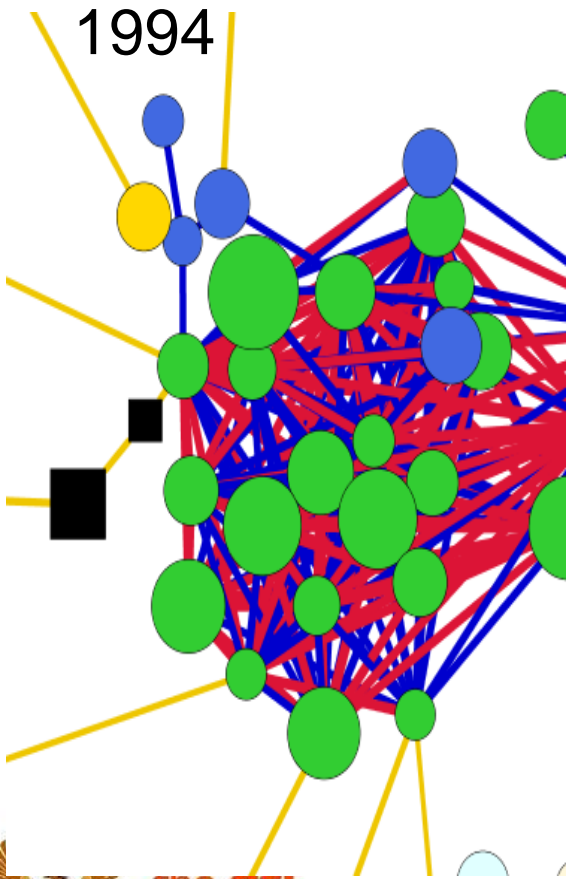


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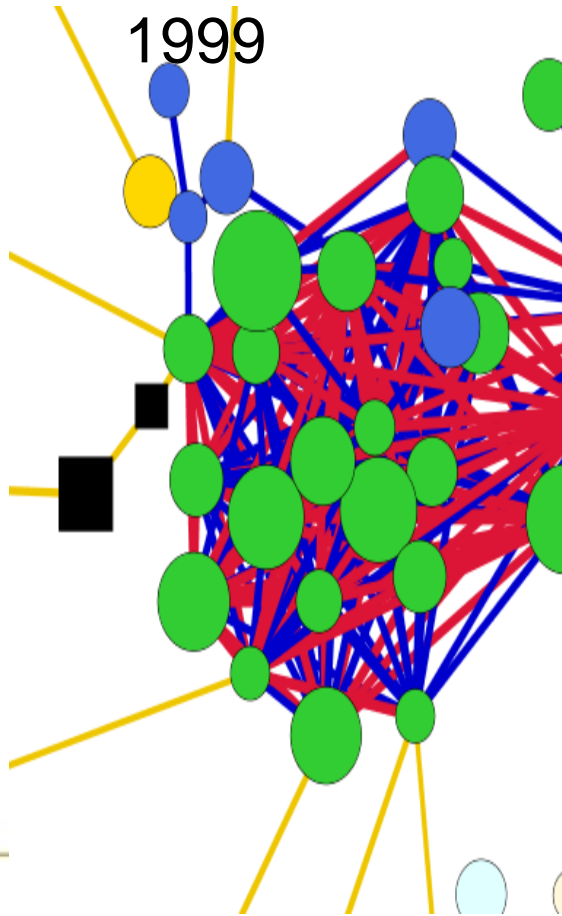
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Garments

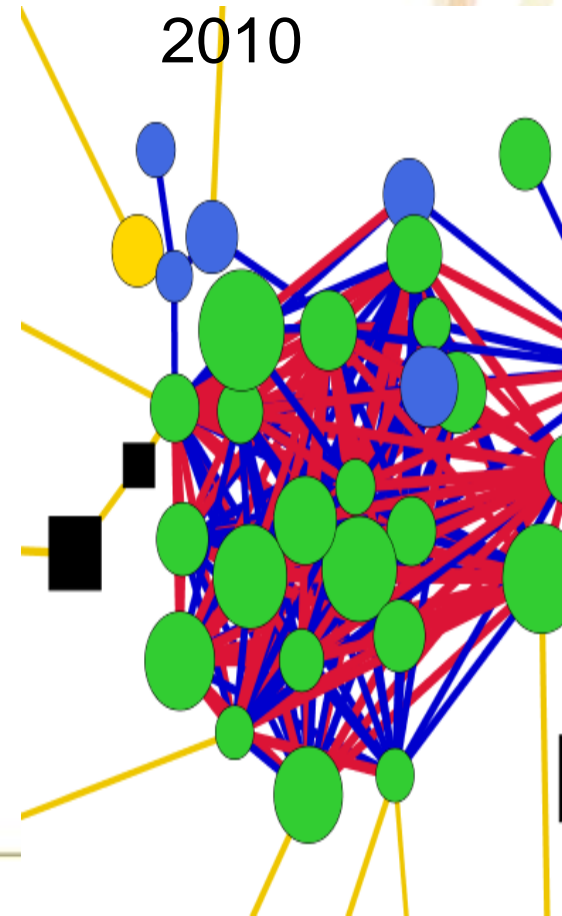
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1999



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Critical Observations

- South Africa has comparative advantage in a certain products
- How can we expand this to similar products within the cluster?
- Apples and Pears example



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