

In change lies opportunity

- Unlocking opportunities within the Russia-Ukraine conflict



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Trade Research Advisory (Pty) Ltd

**From data to intelligence**  
Moving past the **big data** challenge...

↑ ↓

- International trade and development advisory support
- Strategy formulation and policy support
- Economic impact studies
- Specialised quantitative analysis and modelling
- Specialised market research

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**NWU** WTO CHAIRS PROGRAMME



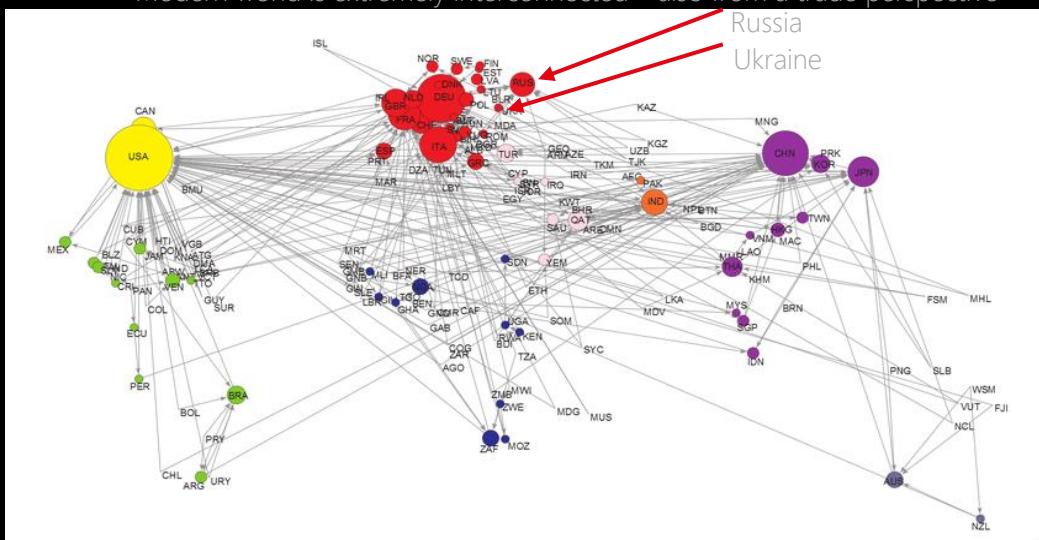
## Recent global events and developments impacting on international trade arena

- Pre-COVID developments (e.g. USA / China) already started raising the question of ‘slobalisation’ ...
- COVID has led to a supply chain crisis and shift in demand and supply
- Globally policy interventions losing steam
- Russia-Ukraine war has further destabilized the global economy (energy, food, chemicals) and global geopolitical tensions...
- The risk of a global recession is rising ...
- Tectonic “geopolitical” plates are shifting...  
and there will be pain in the next 2 to 5 years

War in the Ukraine – impacting global trade



Modern world is extremely interconnected – also from a trade perspective

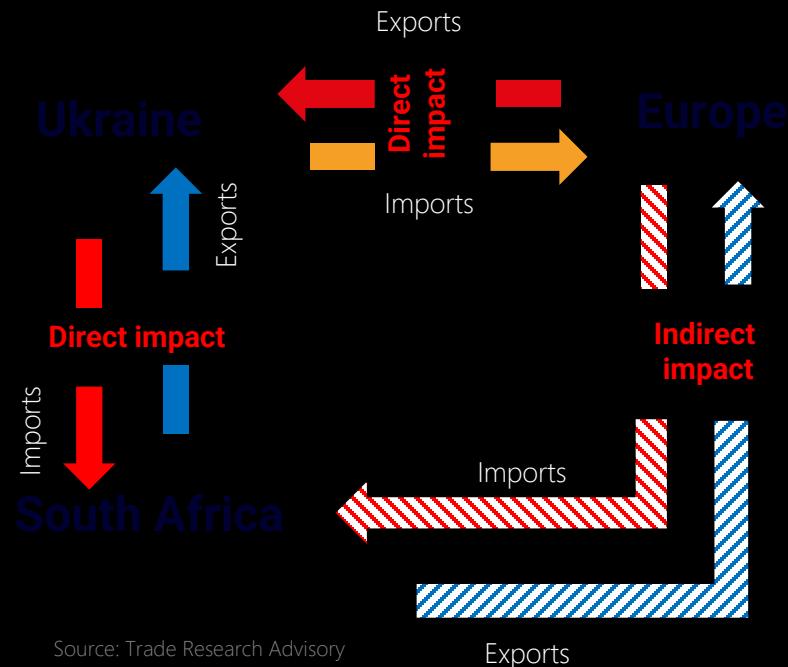


Source: Benedictis, Luca & Nenci, Silvia & Santoni, Gianluca & Tajoli, Lucia & Vicarelli, Claudio. (2014). Network analysis of World Trade using the BACI-CEPII dataset. SSRN Electronic Journal. 14. 10.2139/ssrn.2374354.

### South Africa will also be impacted...

- While the most visible effect will be observable in direct trade (exports and imports) between South Africa:
- Russia (ranked 38 on South Africa's import partners / 41 exports) and
- Ukraine (ranked 80 / 74 exports) over last 4 years
- less obvious indirect implications could exacerbate the impact on South Africa's trade via direct trade with other major European trading partners (as Europe remains a large trading partner) that may be dependent on intermediate inputs and energy (most notably gas) from both the Ukraine and Russia.
- Russia more important direct trading partner than Ukraine, but some indirect effects of Ukraine's current situation will impact South Africa and more so on other African countries – potentially your clients...

Direct and indirect implications of Russia-Ukraine war

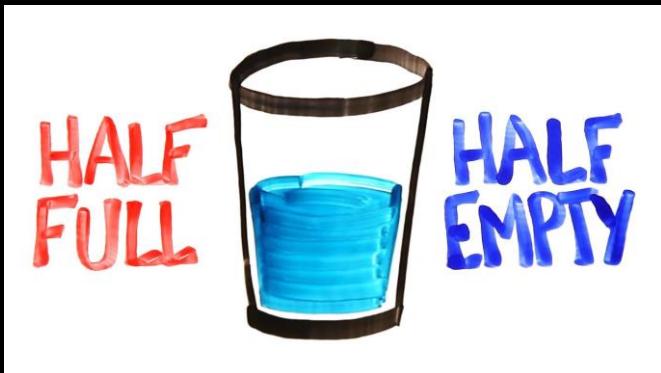


## Discussion context and focus

Food for thought



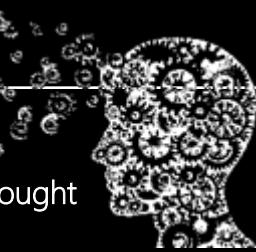
The world is in turmoil ... and the future looks bleak ...



In Chinese philosophy,  
yin and yang  
= "dark-bright",  
= "negative-positive"

describes how seemingly opposite or contrary forces may actually be complementary, interconnected, and interdependent in the natural world, and how they may give rise to each other as they interrelate to one another.

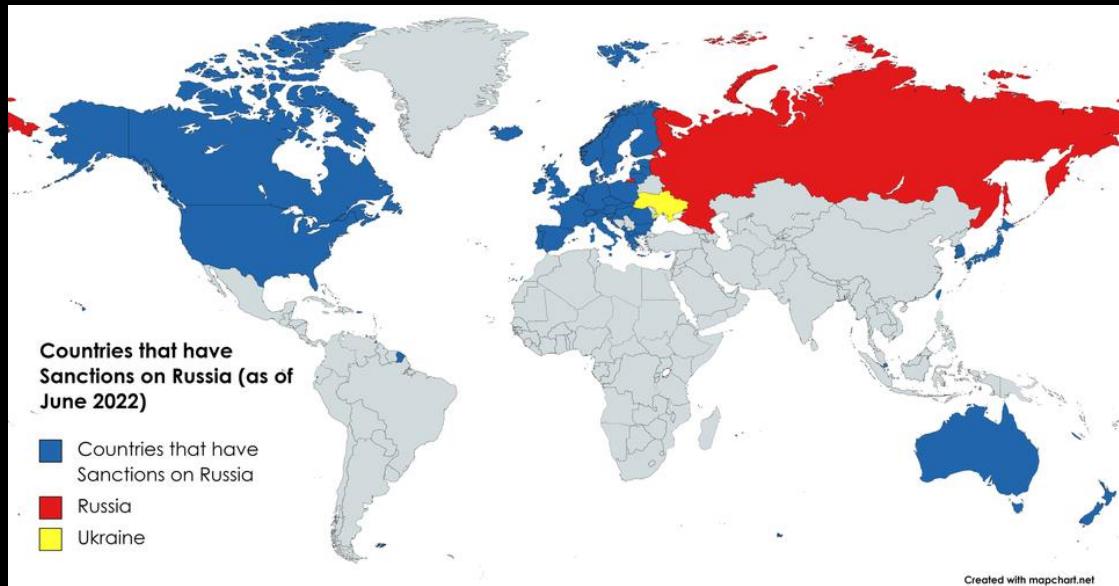




Entrepreneurs need to think out of the box and be inquisitive  
how / where opportunities develop as a result of changing global conditions?

- Russia-Ukraine war - direct
  - understanding mechanisms of impact
- Ukraine: challenged from production perspective, who imported what from Ukraine in the past, is there something I can supply?
- Russia: limited by sanctions from more than 50 countries, so who bought from Russia, is there something I can supply?

Countries that have sanctioned Russia, as of June 2022



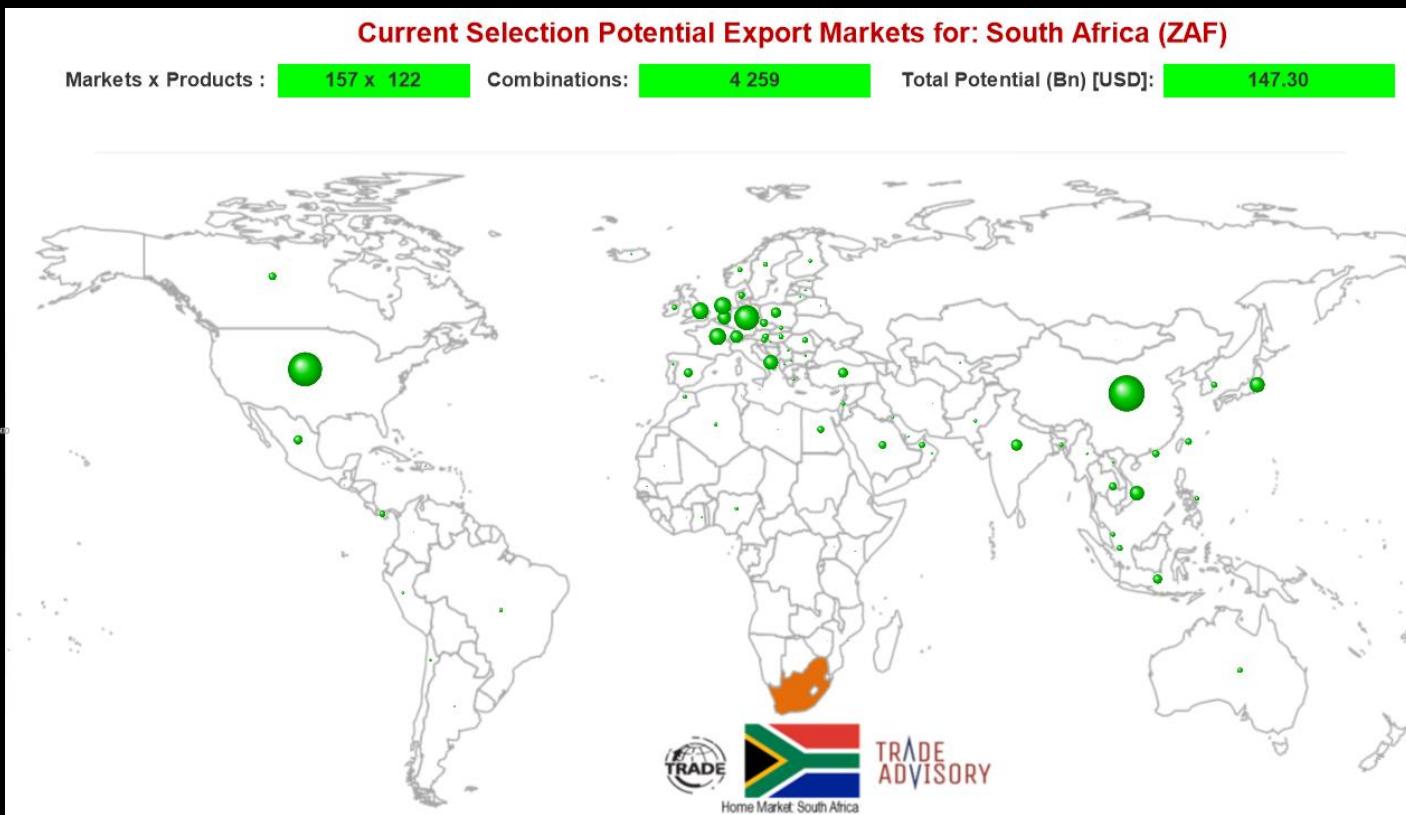
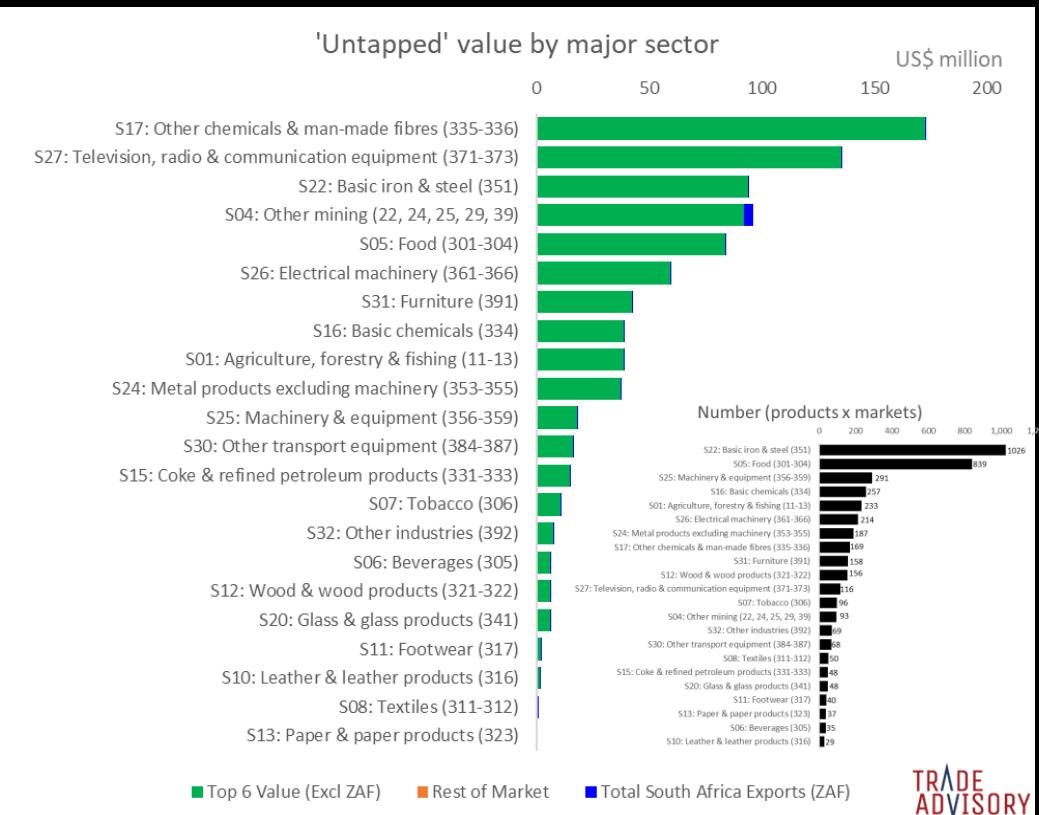
# Global context

Food for thought

Example: Major Ukraine exports contributing 80% of exports

– World ~ US\$ 147.3 billion spread across 4 259 combinations of 122 products and 157 markets

Based on fact-based research – which products & markets can South Africa supply?



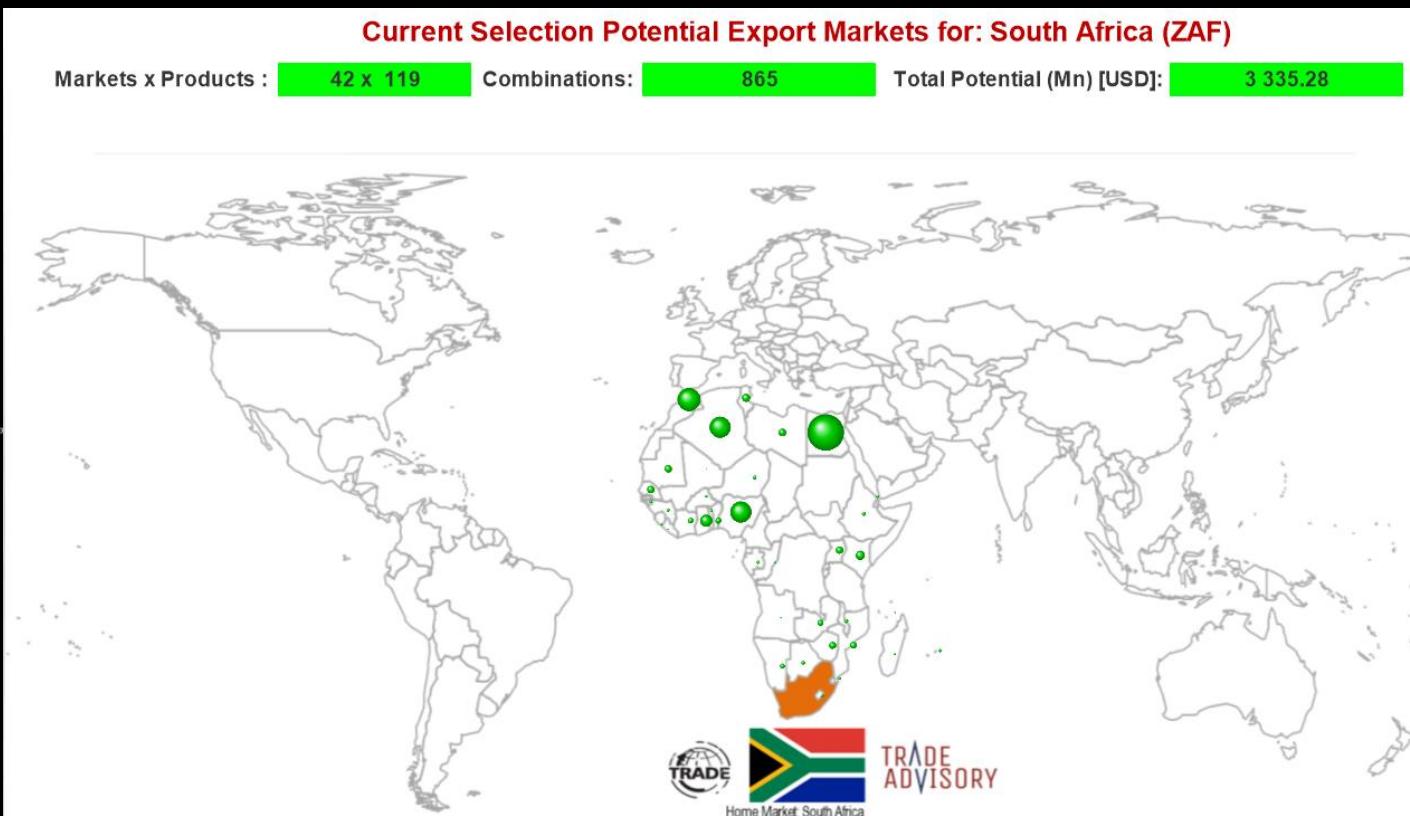
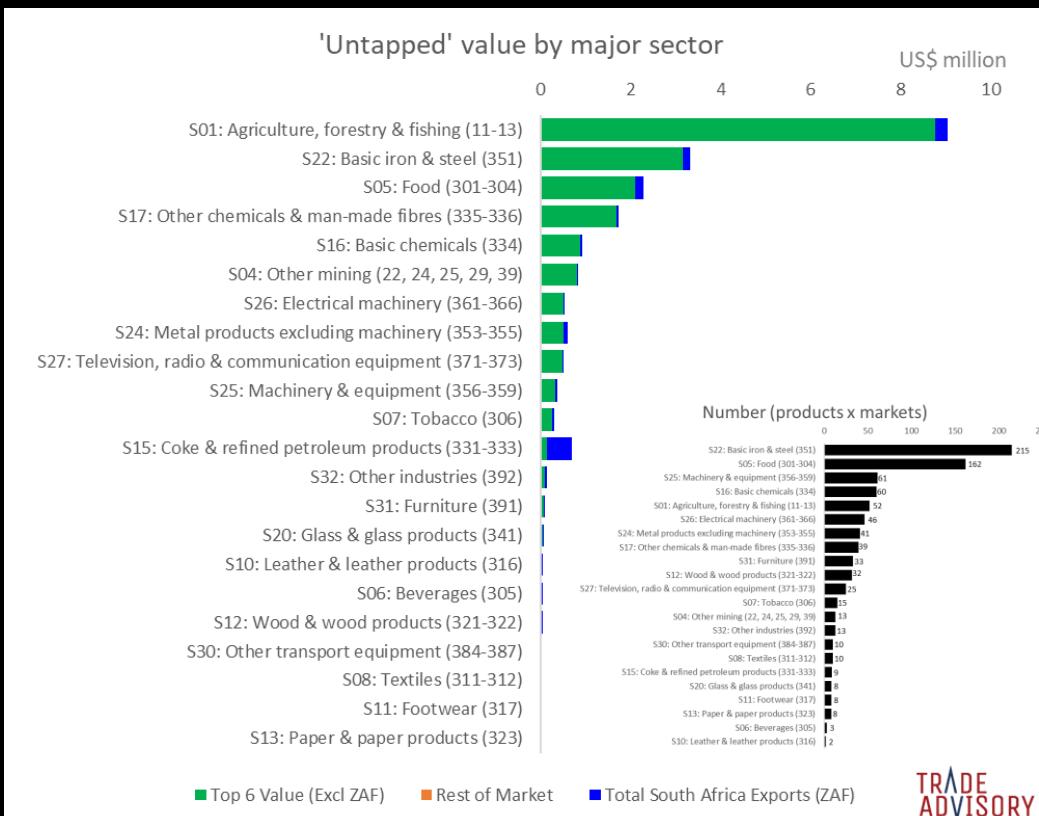
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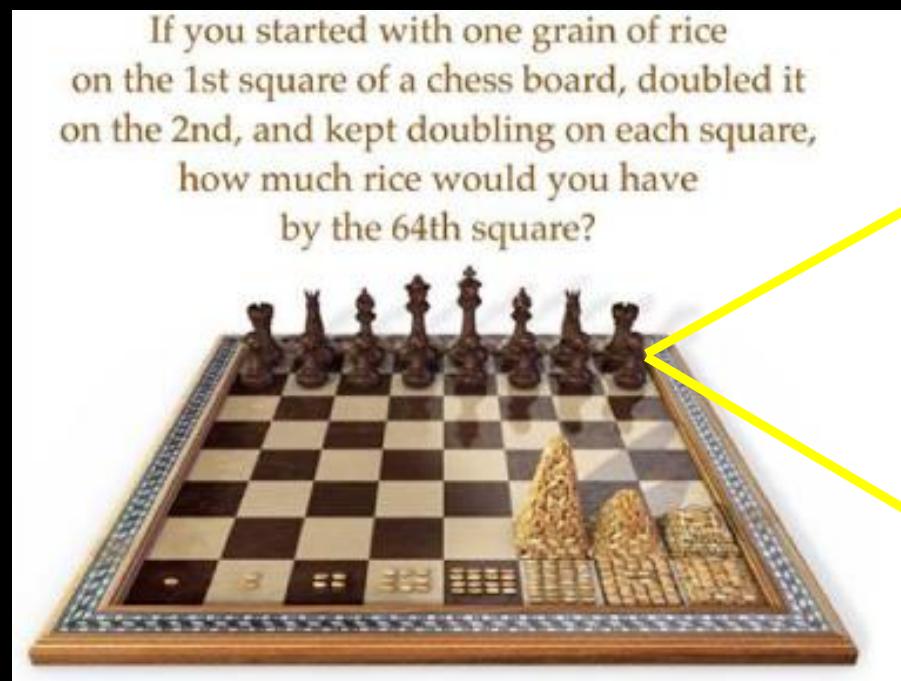
– Africa ~ US\$ 3.4 billion spread across 865 combinations of 119 products and 42 markets

Based on our TRADE-DSM methodology – which products & markets can South Africa supply?



### Conclusion

The power of compounded and especially exponential growth



If you started with one grain of rice  
on the 1st square of a chess board, doubled it  
on the 2nd, and kept doubling on each square,  
how much rice would you have  
by the 64th square?

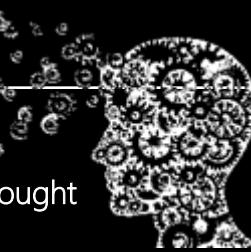
18,446,744,073,709,551,615 grains of rice  
– or a heap larger than Mount Everest  
– more than 1,000 times the world's annual production of rice



Mount Everest

Policy recommendation – key to success of the AfCFTA and South Africa's economy:  
**Never let physical infrastructure and logistics be the bottleneck...**





Opportunity is primarily a question of an entrepreneur recognizing the value of new information “

– Mainela et al (2018: 536)

“Unfortunately, there seems to be far more opportunity out there than ability.... We should remember that good fortune often happens when opportunity meets with preparation.”

– Thomas Edison



Thank you



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