

Trade Survey Results: Q1 2022

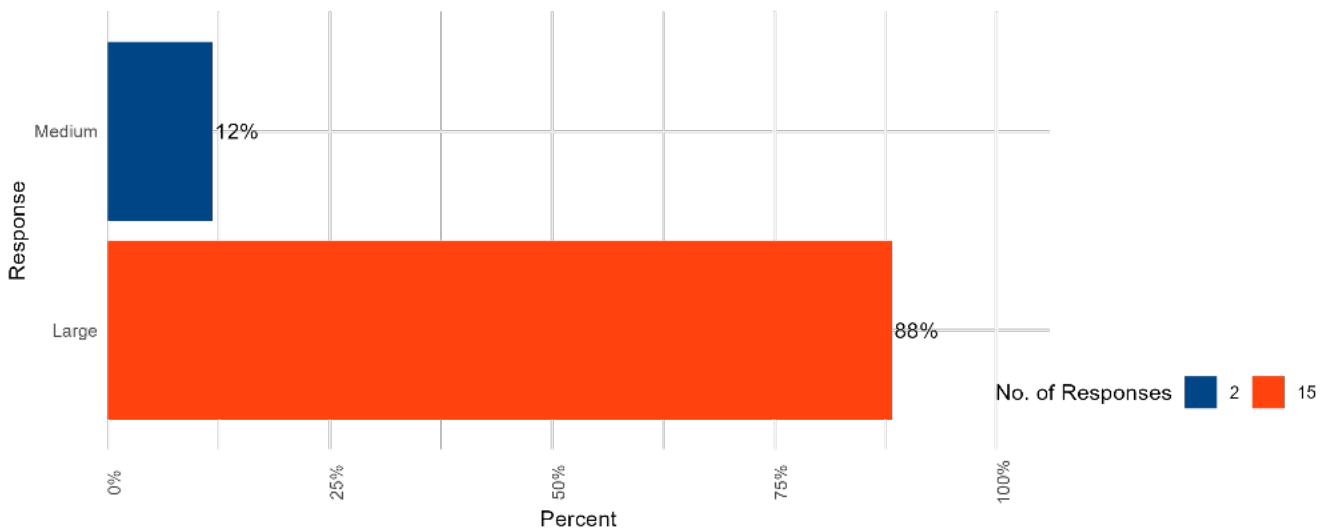
The survey was designed to assist the Manufacturing Circle better understand members' trade related needs, and inform its position at BUSA and in NEDLAC's Trade and Industry Chamber (TIC) and Technical Sectoral Liaison Committee (Teselico). Furthermore, the survey was developed to inform planning for the Export Forum to be held in the second half of 2022.

In addition to Manufacturing Circle members, the survey was circulated by Agbiz to its members as agro-processing and manufacturing are interconnected. The questionnaire included 5 sections relating to members' export status, import status, demand for trade support services, needs from an export forum and additional voluntary details.

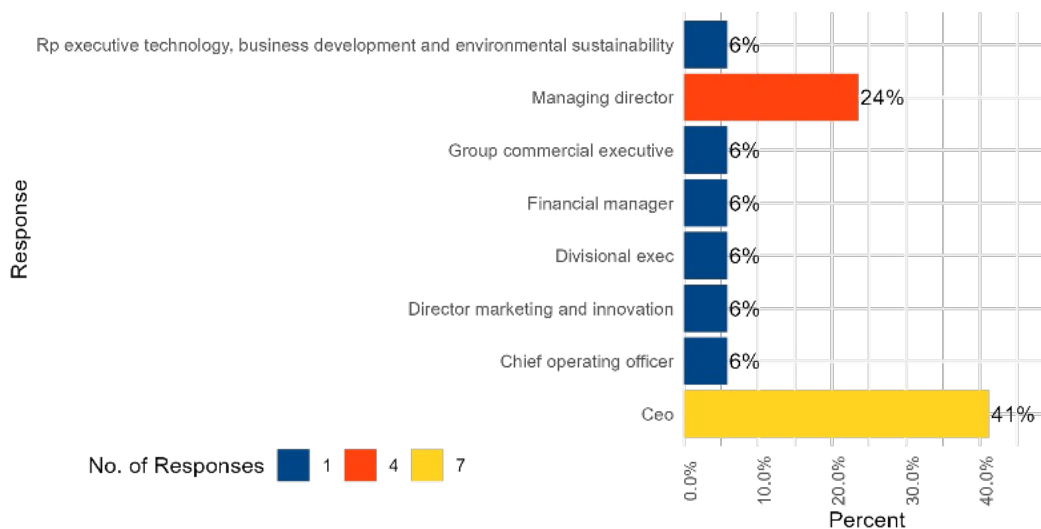
Member responses opened on 10 March 2022, with the last response being completed on 4 April 2022. In total 24 responses were recorded, 4 respondents clicking through without answering more than one question and another respondent only partially completing the survey; thus, 20 valid responses were recorded. Five of these comprised Agbiz member companies.

In terms of **participant characteristics**, the vast majority of respondents (88%) are **large enterprises** (having more than 250 full time employees) with only 12% being medium enterprises (having more than 50 but less than 250 full time employees). Respondents of all size **have a contingent of part time employees**, save for a small number of large enterprises.

Number of full time employees



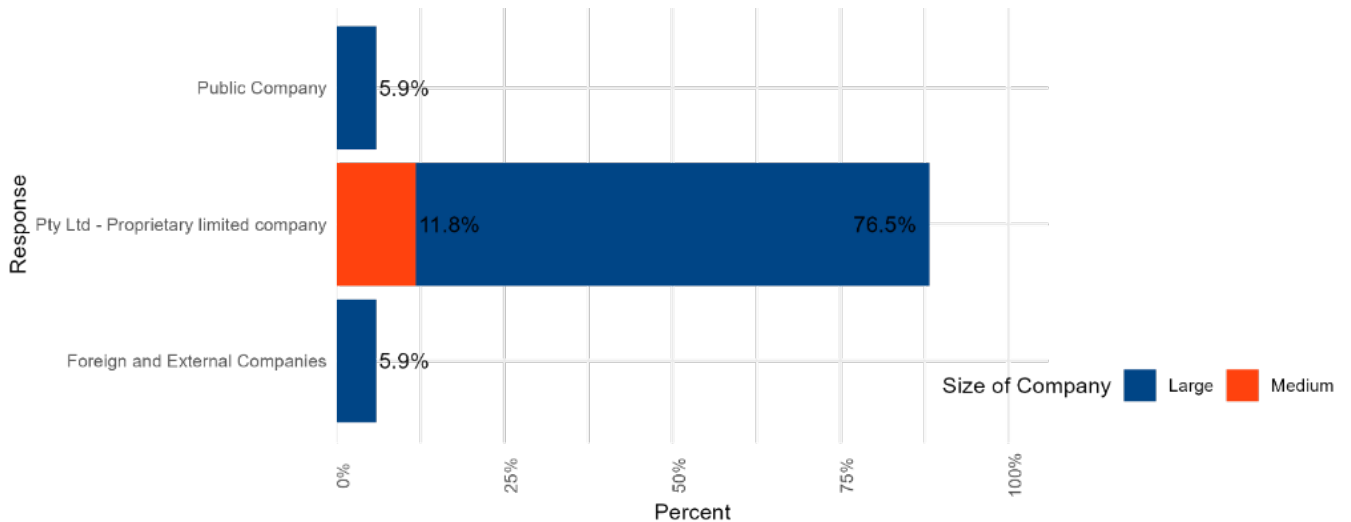
Title Designation of the person responding to the survey



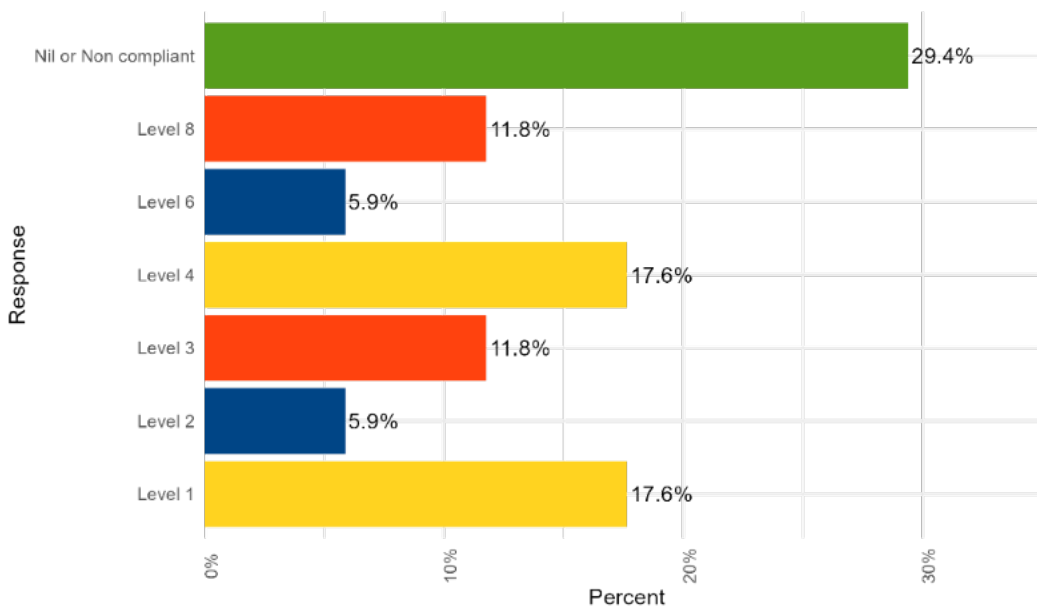
The majority of large enterprises have some degree of BBEE engagement whilst the medium enterprises do not. **Most respondents (more than 70%) have some level of BBEE compliance**, however, 29.4% of respondents do not have any engagement on BBEE while the largest group of respondents either had Level 1 BBEE (17.6%) or Level 4 (17.6%).

Among the respondents, **88% are Pty Ltd.**, 6% are public companies and 6% are foreign / external companies. **Responses mainly come from CEO's (41%)** and Managing Directors (24%), while the remaining responses were made by a senior or high-ranking member of the company.

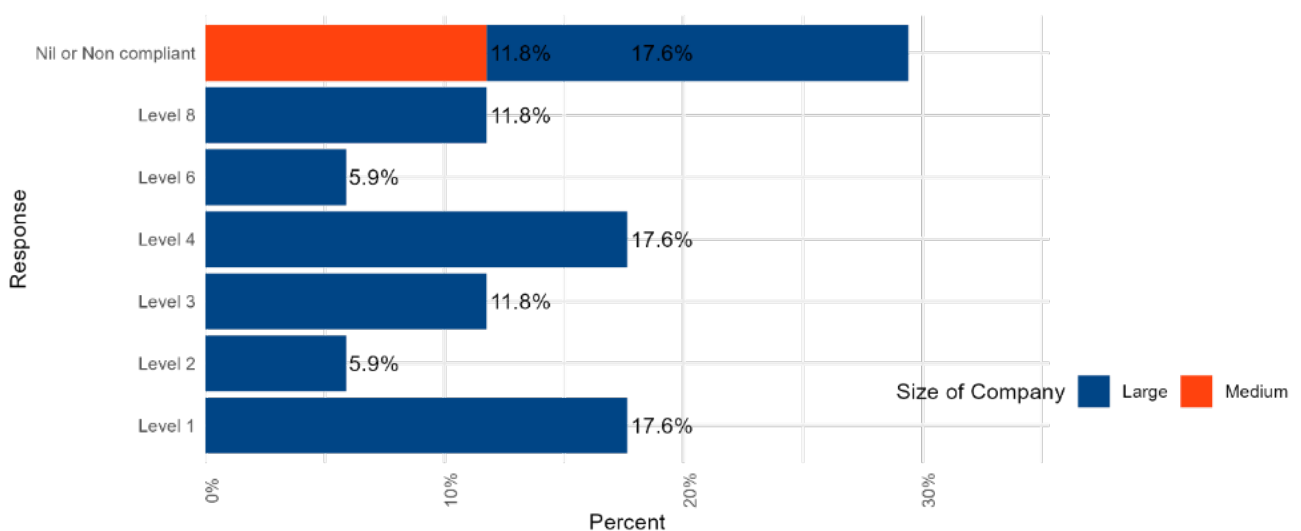
Ownership of the company



What is your company's BBEE status



What is your company's BBEE status



EXPORT STATUS

According to the survey, **only one respondent is not currently exporting**, while all respondents expect to continue to export during the next 12 months. This **positive outlook** extends to **export growth expectations** as 57.9% of respondents expect to see growth in their exports over the next 12 months.

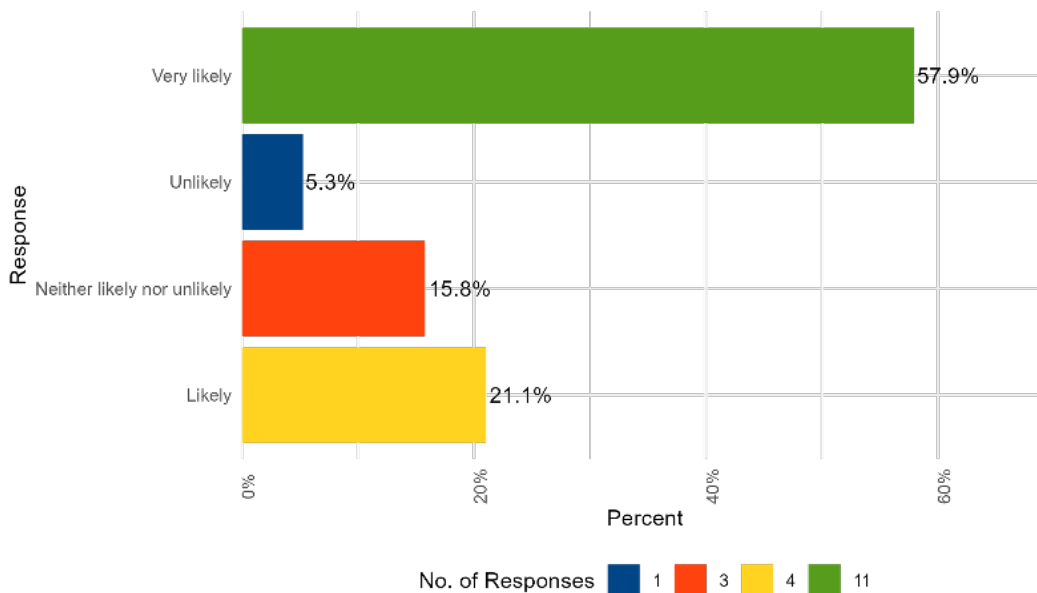
In terms of foreign target markets, the set of **traditional markets** (i.e. South Africa's neighbouring countries, the EU and North America) seem to also be the markets most respondents export to, however, respondents are also exporting to a number of other markets, **largely targeting continents or sub-continent and not necessarily trade areas**. For example, regional responses included "the Stans", "Africa", "East Africa" and "Australasia" with no mention of specific trade areas / FTAs / PTAs from any respondent. The following specific markets were mentioned by name:

Australia
Cote D Ivoire
Indonesia
Lesotho
Malaysia
Russia
Singapore
Tanzania
Vietnam

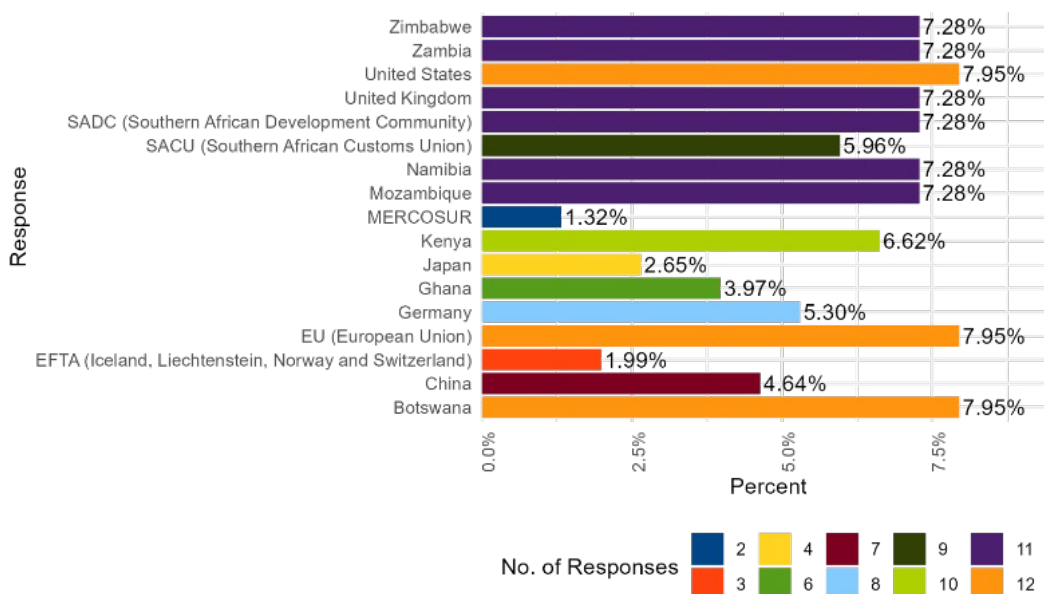
Canada
India
Jordan
Malawi
Oman
Saudi Arabia
Taiwan
UAE

In terms of respondents' share of products being exported, the **largest group currently export less than 20% of their products**, followed by the group that exports more than 60% but less than 80%. **Fewer companies have a larger offshore target market** (i.e. export more than half of their products) than a domestic target market, albeit not by a large margin, and the **distribution of target markets does not seem to be determined by the size of the company**.

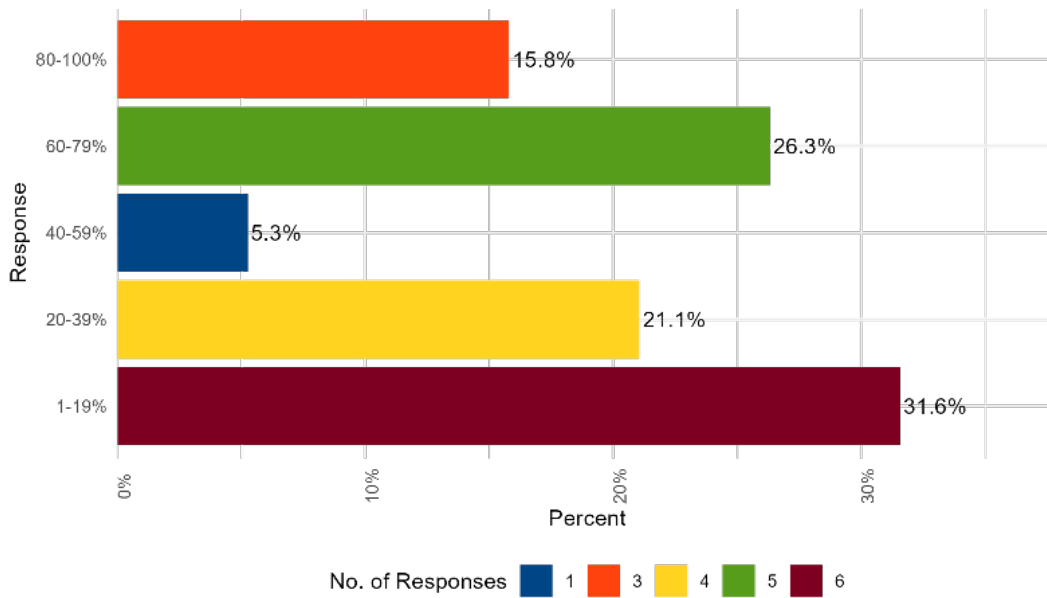
What are your prospects for growth of your exports during the next 12 months



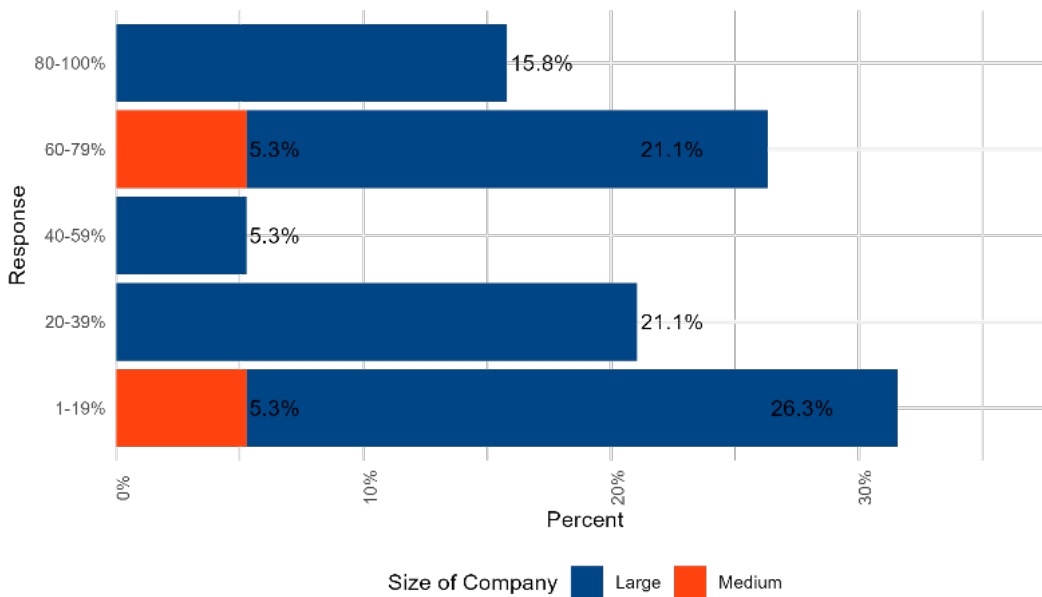
Select all the markets which you currently export to



■ What percentage of your company's production is currently exported



■ What percentage of your company's production is currently exported



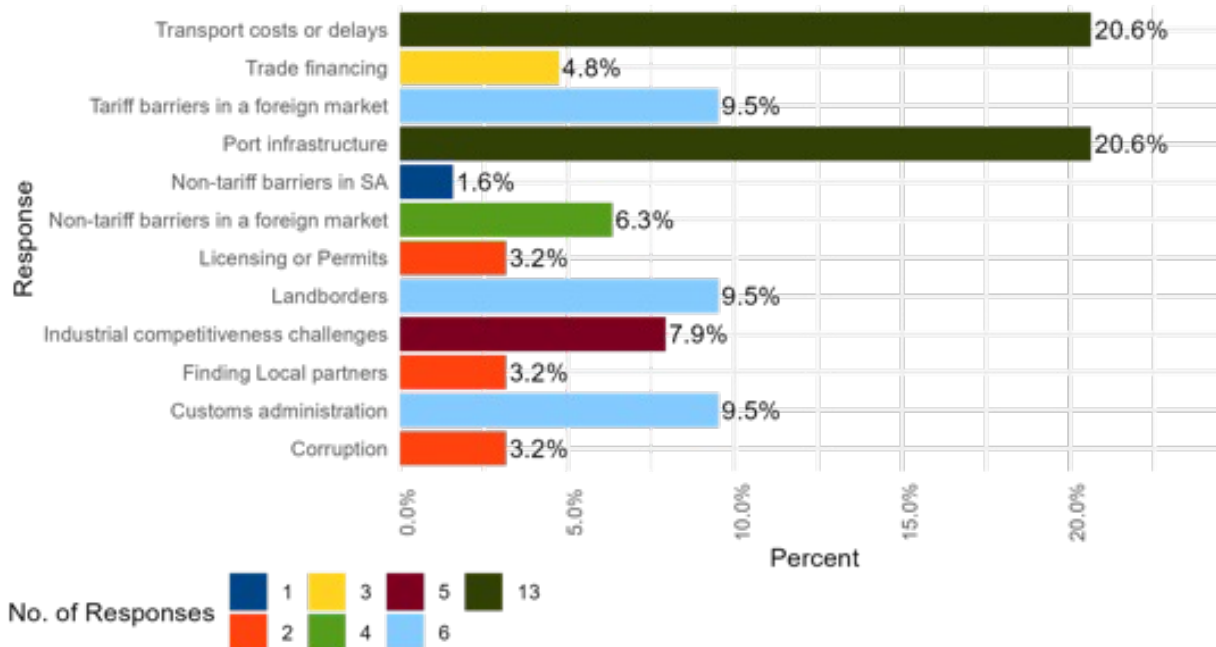
In terms of export products, the following results were posted. Unfortunately, no HS codes were provided.

| | | | |
|--|---|---|---|
| Tank Containers | Dripline Micro sprinkler | Raw sugar | White sugar |
| Brown sugar | Safety Footwear | Safety Gumboots | Fall Arrest products (Harnesses & lanyards) |
| Hard Hats | Workwear (general) | Specialized Thermal protective Workwear | Socks (industrial & specialized) |
| Disposable Respiratory protection (FFP 2 Masks) | Medical Devices (Wound Dressings) | Tarpaulin | Vinyl (Imitation leathers) |
| Stretch / Flex tents materials | Ventilation ducting materials | Canvas | Kedars |
| Dam and water storage liners | Grain Covers | Filtration materials (fabric filter bags) | Filtration media (non-woven and woven fabrics) |
| Woven scrim | Automotive filtration | Wet & Dry Industrial Filters | Belt Filters |
| Air Fluidization Fabrics | Felts | Backing materials | Fire retardant & insulating linings |
| Footwear linings: vamps, counters, plumper, in-socks | Woven Fabrics: Cotton, Polyester, PPS, Homo Acrylic & Polypropylene | Macadamia nuts | Apples and pears |
| Can end stock | Tab stock | Heat treated plate | Hot band |
| Mill finish automotive products | Standard distributor products | Switchgear | Transformers |
| Boilers | Electric Motors | Battery chargers | Other high and medium voltage electrical equipment |
| Street and other lighting products | Electrical and mechanical components | Repairs and maintenance services | Entire range Lasher, Vicker, Okapi |
| Billets & various steel products | Building materials | Dissolving pulp | Newsprint |
| Containerboard | Copy paper | Lignosulphonate | Kraft paper |
| Aeronautical engineering and manufacturing | Stainless Steel flat products | Mineral processing equipment | Bearing materials, bearings and engineering machined components |
| Steel Wire | | | |

The most frequently reported trade related challenges for exports include **Transport costs or delays and Port Infrastructure**. From the comments it's not clear if these challenges relate to domestic port and transport costs or foreign ports and transport (perhaps both), however, based on the number of comments for this question, respondents seem to face little other challenges than the ones presented

in the survey. Three respondents provided further insights into challenges faced in exports which relate to other foreign competition in **foreign markets (particularly low-cost competitors), legal challenges and disputes and concern about how South Africa's political posturing towards traditional markets** may affect trade relations (AGOA and GSP preferences).

What are the major trade related challenges you have faced for exports



IMPORT STATUS

Again, most respondents engage in international trade, importing products for use in the manufacturing of their products, also indicating that they anticipate continuing importing over the next 12 months, with only one respondent indicating that they do not currently import any products. Most respondents import only a small fraction (between 1% and 19%) of their inputs for use in production of their products, with no respondent reporting use of more than 79% imported goods.

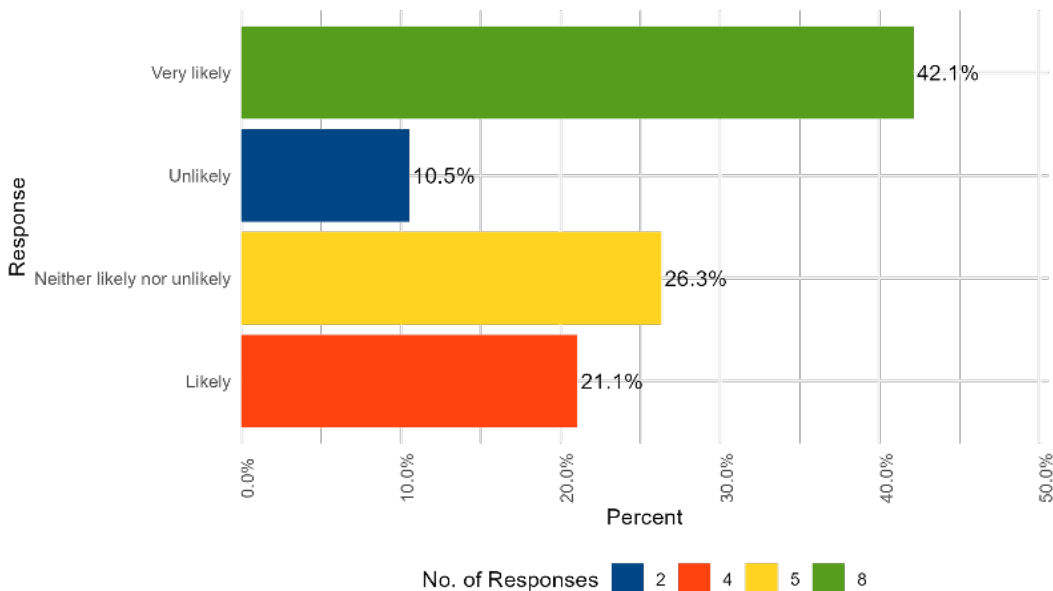
In terms of import sources two markets stand out, China and the EU. India and the US also feature as frequent source markets, but on balance source markets seem to be much more concentrated. Other import markets include:

Asia
Brazil
Italy
Qatar
Singapore
Sweden
Thailand
Vietnam

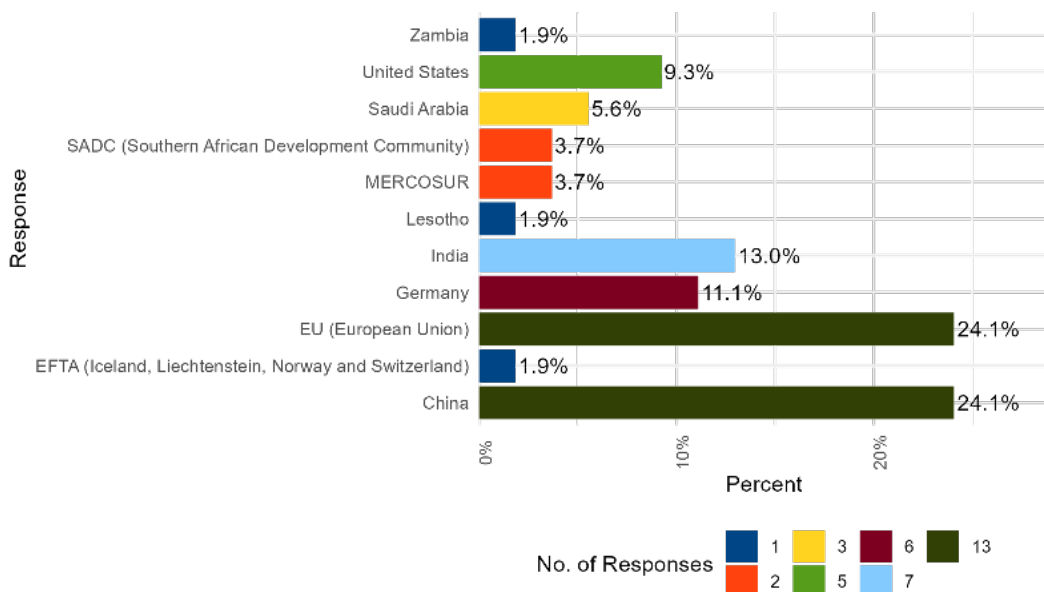
Australia
Israel
Japan
Russia
South Korea
Taiwan
United Kingdom

While imports don't seem to play a significant role in domestic manufacturing, most respondents anticipate growing imports during the next 12 months. However, this does not necessarily mean that imports will be displacing domestic inputs, rather imports can be set to grow in line with manufacturing output as a similar sentiment was reported for export growth.

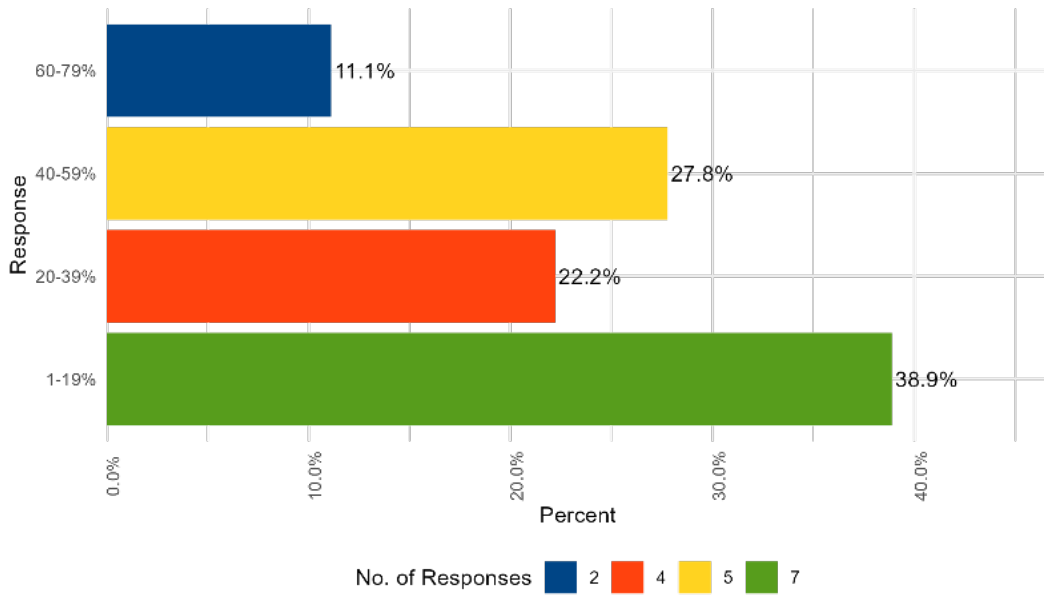
What are your prospects for growth of your imports during the next 12 months



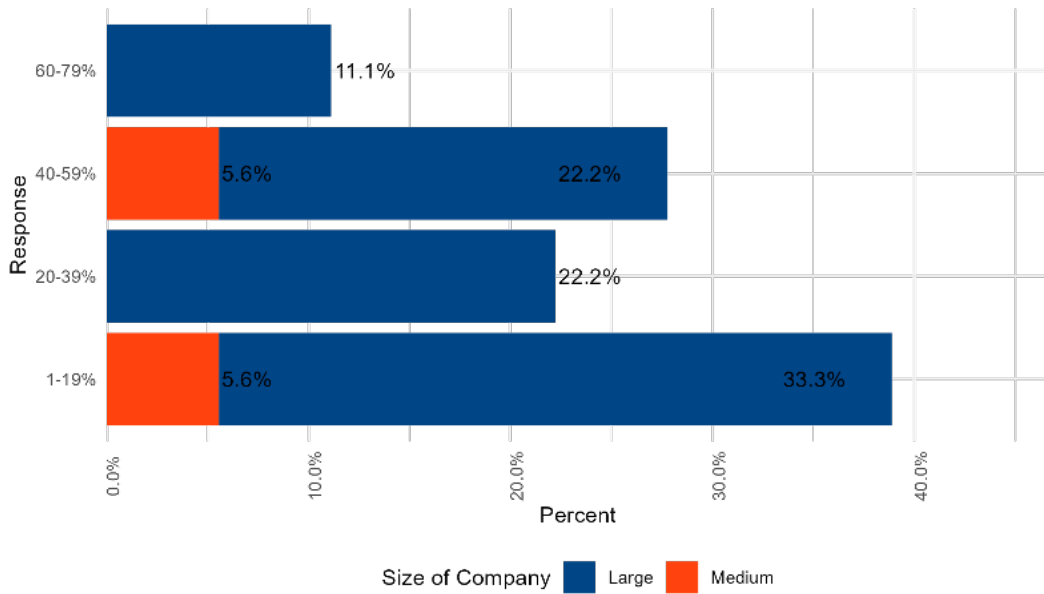
Which countries do you import from



What percentage of the inputs into your production are currently imported



What percentage of the inputs into your production are currently imported



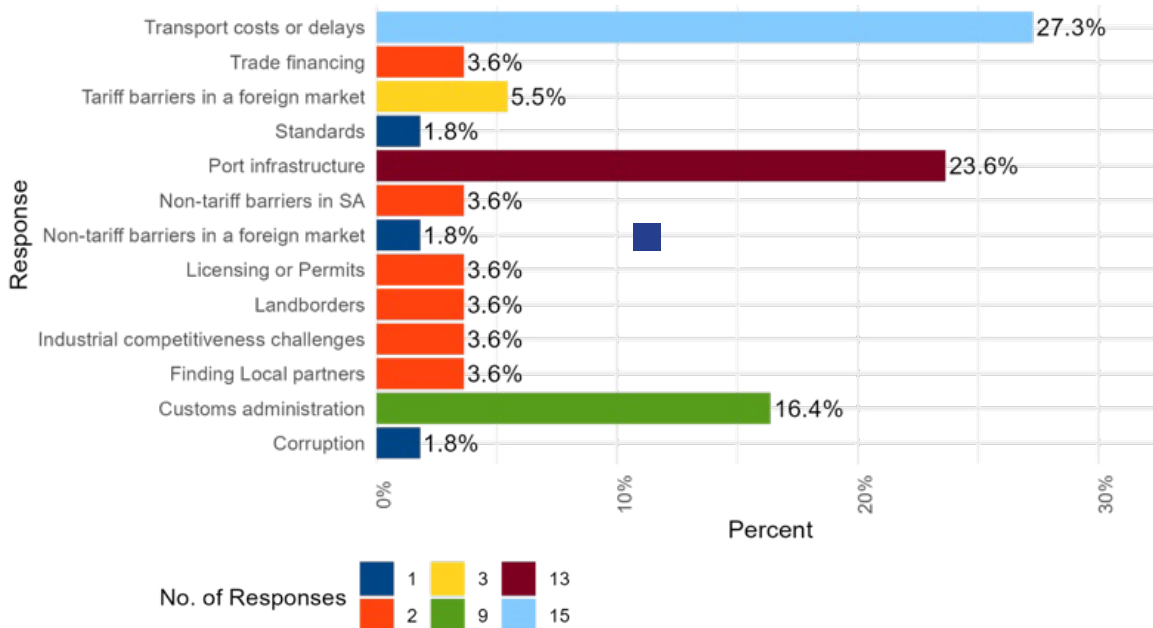
In terms of import products, the following results were reported. Again, no specific HS codes were provided.

| | | | |
|---|--|--|---|
| Alloying Hardeners | Alumina Powder for ceramic manufacture | Bleached Hardwood Pulp | Bleached Softwood Pulp |
| Chemicals | Coating materials (lacquer) | Copper | Dripper inserts |
| Farm machinery and equipment | Fertilizer | Finished products | Fuel |
| Leather | Magnesium Oxide | Motors | Netting |
| Piping | Plastic Polymer raw materials | Plate material | Raw material for manufacturing of aircraft parts |
| Protection equipment | PVC | Raw Materials and consumable (interleaving paper, refractories, rolling oil, etc. Equipment spares | Rubber compounds |
| Raw materials | Rolling oil | Round bar | Steel toe caps |
| Starch | Steel | Steel | Yarns |
| HV and MV electrical equipment and components | Valves Corner castings | Pharmaceutical (animal health) | Caustic Soda |
| Raw materials | Various paper and pulping chemicals | Polyurethane | Electrical components Hot rolled / Galv / Colour coils |
| Sulphur | Stainless steel | | |

The **most frequently reported import challenges** among respondents, by a wide margin, include **Transport costs and delays (27.3%)**, **Port Infrastructure (23.6%)** and **Customs Administration (16.4%)**. This aligns with the results from the largest export challenges, perhaps **indicating that these are domestic issues rather than foreign issues**,

but beyond these three challenges few others were as widely reported. To some extent these challenges can be addressed through focused investment in infrastructure, which is high on the government's current economic agenda, and may prove to be a turning point if effectively executed.

■ What are the major trade related challenges you have faced for imports



Beyond the import related challenges provided for in the survey, respondents also highlighted **commodity linked price fluctuations, tariff barriers in South Africa** and support of localisation initiatives (perhaps meant to be lack of support) as additional concerns. Several respondents also reported their frustration with domestic port and transport infrastructure quality in the comments to this question. One respondent also noted that the body should **consider lobbying government to prioritise trade with North America and EU**, relative to other diplomatic and trade missions, like BRICS. On the latter the respondent noted that "Russia before their invasion was only interested in copying

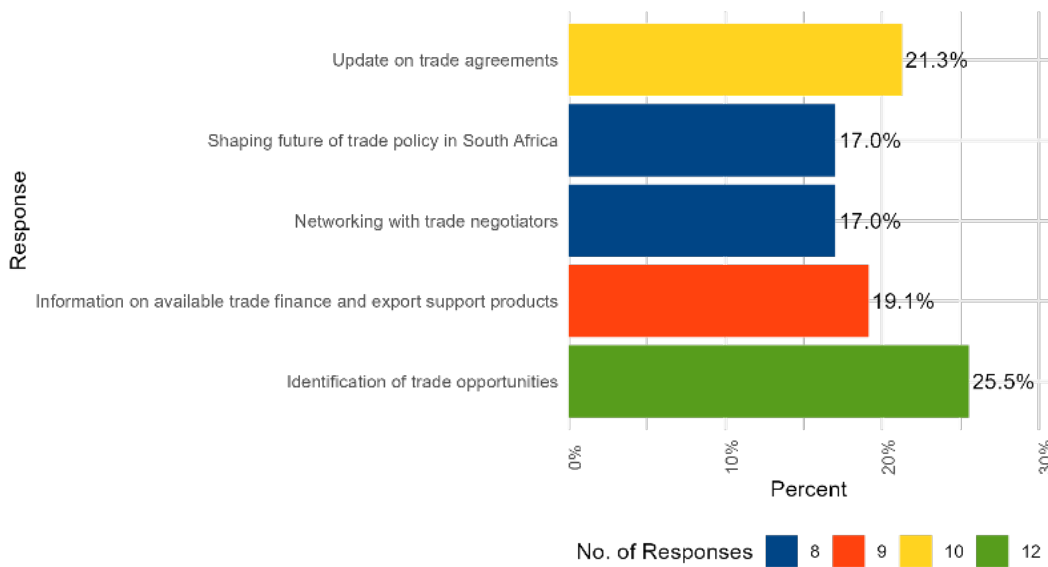
and manufacturing in Russia. India has such tariff and non-tariff barriers that it is a total waste of time (after 25 years marketing effort in India, we have got nowhere at all). For China, we find sales for a while, and then what we do is copied and done in China. For Brazil, may be some hope, but very limited progress over 30 years of marketing effort - again tariff and non-tariff barriers make significant progress impossible." One respondent also commented on the impact of domestic policies affecting competitiveness, specifically BBBEE, noting that **compliance diverts resources away from efforts that can otherwise improve international comparativeness.**

Export Forum and Trade services

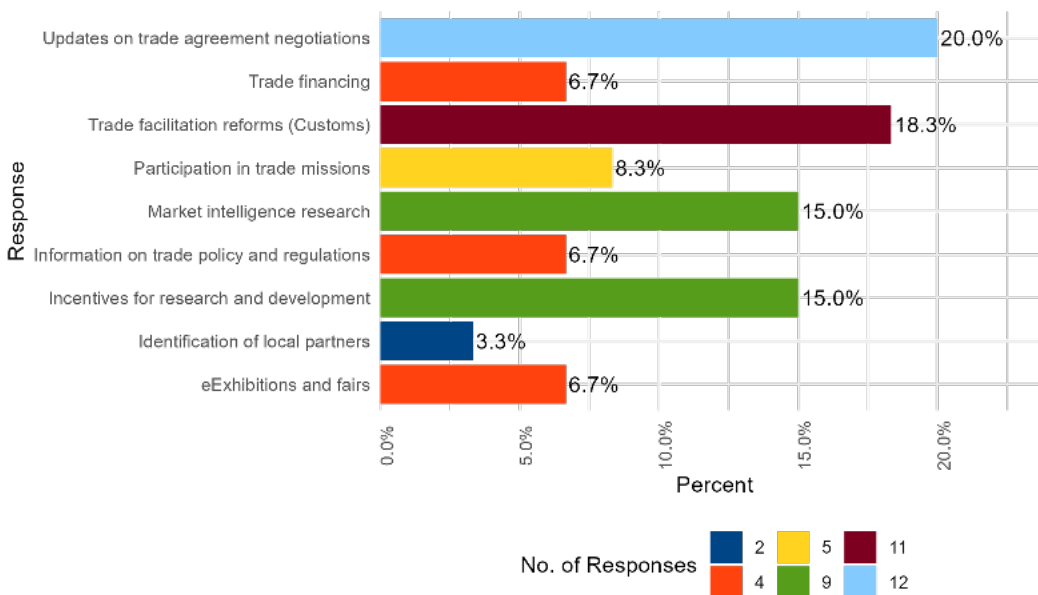
Engagement on the Export Forum question was high, receiving 39 separate interactions. Overall, **identification of trade opportunities** was seen as the most valuable objective for such an undertaking, followed narrowly by **updates on trade agreements**. In the comments, one respondent indicated that they are not interested while another suggested that an **update from the South African authorities on national plans to remain an African hub**; as it relates to business friendliness, port cost and efficiency (largely tying into the challenges faced for imports and exports); would provide valuable insight.

As for the trade related services respondents would find useful, a similar trend emerged. Primarily respondents see value in receiving **updates on trade agreement negotiations, trade facilitation reforms (customs), market intelligence and incentives for R&D**. With regards to trade related services large enterprises have a much more diverse set of service needs while medium enterprises seem to be most concerned about updates on trade agreement negotiations, trade facilitation reforms (customs) and incentives for R&D.

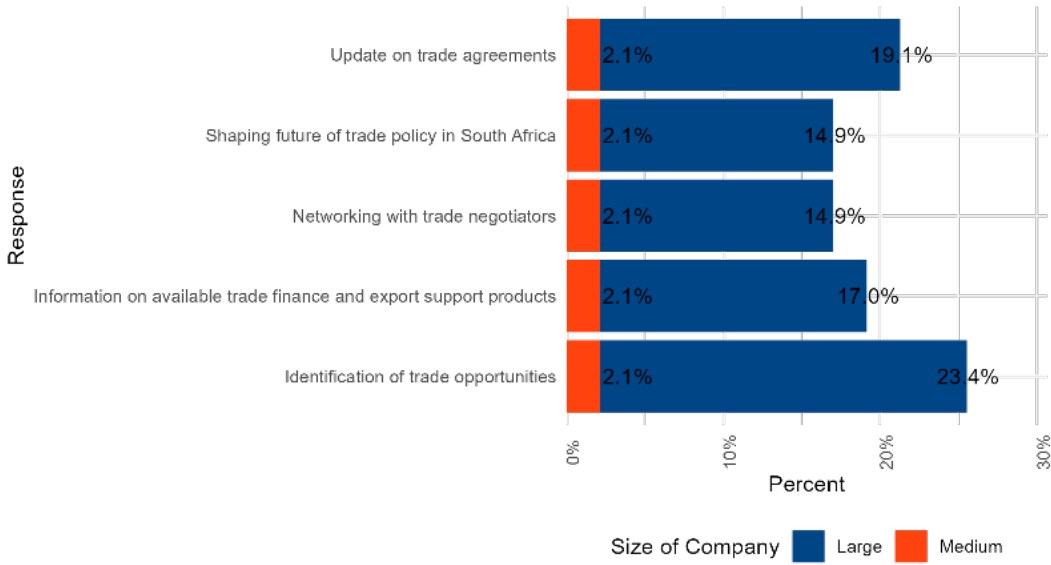
What would be your key objectives for participating in the Export Forum taking place in 2022



What services would you find useful to support your trade activities



■ What would be your key objectives for participating in the Export Forum taking place in 2022



■ What services would you find useful to support your trade activities

