

SA aims to double trade with UK

South Africa plans to double its trade with the UK and become a gateway for European companies looking to establish bases in Africa, says Minister of Trade and Industry Rob Davies.

Davies was briefing the media on Thursday, 11 March 2010, on the work of the business delegation that accompanied President Jacob Zuma on his recent visit to the UK.

Free-trade zone

He said both nations agreed that there was great potential to become gateways to their respective regions, adding that the next stage was to establish a free-trade zone between the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (Comesa) and the East Africa community.

He said when the trade agreements came into force, a free trade area from the Cape to Cairo with about 700 million people would be created.

Minister of Finance Pravin Gordhan said the relaxation of exchange controls would enable overseas companies to bring more money into South Africa and send this onto other African countries.

Davies said the 216 business people that went along with Zuma on his state visit to the UK between 3 and 5 March, were part of South Africa's biggest trade delegation yet which has accompanied a state visit.

Doubling trade

He said though trade between the UK and South Africa had indeed doubled between 2000 and 2008 and reached R79 billion in 2008, the recession had eroded this to about R40bn in 2009.

South Africa still exported mainly primary goods and the delegation expressed a keen interest to export more value-added products, he said.

Davies said there was also interest shown by the UK delegation to invest in industries located in South Africa that would produce goods for infrastructure projects and in investing in engineering opportunities in SA.

Rail investment

He singled out the interest that a number of British companies had shown to invest in the renewal of 8 600 rail coaches by

the Passenger Rail Agency of SA.

Davies said there was an interest in legal services outsourcing back operations to SA and added that a delegation would be visiting South Africa soon to explore this opportunity further.

British BPOs

Currently 26 of the 27 Business Process Outsourcing operations, such as call centres in South Africa, are British.

He said there was quite a significant investment by Nedcare in UK healthcare and meetings also explored other ventures, particularly the possibility of public-private partnerships around the supply of medical equipment

A visit by the Lord Mayor of the City of London to South Africa will be hosted by UKTI later this month where many of these issues would be taken forward.

Though no trade agreements or investments had yet come out of the visit, Davies was confident that the meetings were a success.

“By the nature of these engagements, at a stage like this which is just a few days after the visit we can't report that there is this or that concrete investment taking place, but contacts were established and I think the beginnings of processes were established,” he said.

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