

It's time for SA businesses to harness their African trade growth potential

While the past two years have certainly been very challenging for global trade participants, the pace and extent of the sector's recovery now depends on businesses shaking off any form of hesitancy that may have emerged due to Covid-19 challenges, and proactively looking for opportunities to reignite and grow their operations.



Source: [Fixabay](#)

That's the view of Bobby Madhav, head of Trade: Structured Trade and Commodity Finance at FNB, who also says that, for South African businesses, those growth opportunities are closer than they think. In fact, they may well be right on their own doorstep.

"Covid-19 undoubtedly put the brakes on trade all over the world, and South Africa wasn't insulated from this pandemic-driven fallout," Madhav says, "but much of the world is now on track towards recovering from the economic impacts of the virus, which means it's time for South African businesses to shake off the difficulties and constraints that understandably became the norm in 2020 and 2021, and to make the decision to take back their success."

Madhav admits that the economic recovery is still gradual, and that there is the possibility of more waves of Covid-19. He also acknowledges that the conflict between Russia and Ukraine will likely have a long-term impact on many economies across the world. But he is adamant that these factors must no longer inhibit the trade ambitions of South African companies.

“Yes, the Russia-Ukraine conflict poses many challenges on the global economic stage,” he says,

However, considering that prior to the conflict, South Africa was ranked the 32nd largest import trade partner to Russia, with imports of R9.2bn (showing a growth of around 18% over the last 20 years) as well as its 47th largest exporter (with exports around R6.1bn showing a growth of 17% over the last 20 years) - the direct loss of trade value and volumes are not hugely significant.

Similarly, Ukraine is our 74th largest import trade partner. Statistics from 2011 to 2017 reflect imports of approximately R729m, with South Africa being ranked as its 83rd largest trade export partner with exports of around R437m. Since 2017 we have seen a massive decline in trading with Ukraine.

Africa on our doorsteps

Madhav is of the opinion that South African businesses should view the economic and logistics challenges of the past two years as a reminder of the unique opportunity they have to grow their business simply by looking at the immense opportunities they have to do so, right here in Africa. “If there’s one lesson that organisations and industries in South Africa can, and should, be taking from the international trade repercussions of the conflict and the massive offshore logistics and the bottlenecks created by Covid-19 lockdowns, it is that, through it all, Africa has essentially stayed open for business,” Madhav says, “and until we recognise the value that exists for us to tap into right here on the African continent, we will remain at the mercy of global events that should not, in reality, be causing our businesses to suffer the way they currently do.”



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Roné Swanepoel 6 Apr 2022



Madhav points out that the African continent currently only has around 17% intra-continental trade, as opposed to the 65% intra-trade in Europe and approximately 55% in Asia. This presents countries in Africa with a huge opportunity to start looking at their immediate neighbours as trade partners, and to start developing strategies for intra-African trade that help to retain African capital on the continent.

“South African businesses urgently need to recognise the massive potential they have to secure the growth and sustainability of their operations,” he says, “simply by correcting the mistaken belief that the keys to their success lie exclusively in the hands of overseas markets.”

Madhav is quick to point out that he suffers no illusions about the hurdles that also exist when doing business in Africa, not least the dire need for infrastructure investment and a comprehensive overhaul of some archaic systems and policies that still limit trade and business efficiencies. However, he says, we should resolve these issues as quickly as possible but continue trading and creating efficiencies as we go along.

Investment and policy reform a high priority

“The quickest way to address the trade challenges in Africa is to ensure we are serious about building our intra-Africa trade,” he explains, “and that includes locating or creating trade opportunities across the continent, getting involved in forums and organisations that have a mandate to prompt investment and policy reforms by African governments, and making sure that discussions about intra-Africa trade are standing items on the agendas of every company board meeting.”

“Africa’s potential as a global economic engine room has long been recognised, but never fully harnessed, least of all by African businesses,” Madhav concludes, “and if South African traders can access even a fraction of that potential, rather than allowing themselves to continue to languish as casualties of repeated global crises, the growth opportunities for the country and continent would far exceed anything they will achieve by doggedly continuing to focus on international business as usual.”

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