

## **Canada and South Africa: A Working Partnership**

Despite the geographical distance separating the two countries, the connections between South Africa and Canada continue to grow. This is evident not only in the acceleration of bilateral trade and investment flows, but also in the expansion of joint government initiatives.

The [Canadian International Development Agency \(CIDA\)](#) supports South African measures to enhance governance and strengthen rural development, especially in the health sector<sup>1</sup>. Canada has provided official development assistance to South Africa since 1979. Although initially channeled through non-government organizations and multilateral agencies, the two governments have been working together on a direct basis since the 1994 transition to democracy. This includes cooperation on security issues, with Pretoria forming the operational base for the Sub-Saharan Canadian Defense Advisor (CDA)<sup>2</sup>.

The [International Development Research Center \(IDRC\)](#) is a Canadian Crown corporation that collaborates with researchers from the developing world to build 'healthier, more equitable, and more prosperous societies'. They fund and support a number of projects currently running in South Africa<sup>3</sup>.

The [Canadian High Commission Trade Office in Johannesburg](#) also offers support and information to both Canadian enterprises targeted at the Southern African market and South African firms interested in sourcing from / partnering with a Canadian company.

In the private Sector, the [Canada-South Africa Chamber of Business](#) promotes and develops business interests in both countries. The Chamber is based in Toronto and has members located throughout Canada. Its South African affiliate, the [South Africa-Canada Chamber of Business](#), is based in Johannesburg. Although both organizations have strong ties with business and government, they are run on an independent, non-profit basis.

Table 1: Country Comparison (2009)

(Source: IMF and Economist Intelligence Unit)

	<b>South Africa</b>	<b>Canada</b>
<b>GDP (\$ billion)</b>	276	1,499
<b>GDP per capita (\$)</b>	5,635	39,217
<b>2008-2009 GDP growth rate (%)</b>	-1.8	-2.5
<b>Inflation (%)</b>	7.1	0.3
<b>Unemployment (%)</b>	24.3	8.3

### Trade

South Africa is by far the largest African destination for Canadian exports, accounting for about 29% of total exports to Africa in 2008, and 19% in 2009. In 2008, over \$886 million worth of merchandise exports

<sup>1</sup> Joint initiatives include the HIV/AIDS Response Fund, the Capacity Building Technical Assistance Fund, the Technical Assistance Facility, and the Statistics South Africa Tri-Donor Initiative. Other programs include the 'Supporting National Response to HIV/AIDS and TB Epidemics project', the 'Capacity Building for Home Based Palliative Care project' and the 'Spirit of Mandela - School Going Youth Leadership Development project'. CIDA's [Partnership Branch \(CPB\)](#) also provides assistance for community and human resource development undertaken by Canadian and South African NGOs, universities and associations.

<sup>2</sup> The CDA in Pretoria is responsible for defense and security matters in Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe.

<sup>3</sup> In 2009, a number of projects were instigated focusing on climate change mitigation, national health strategies, and demographic research, among others. Many ongoing projects relate to Acacia, a division of IDRC that works with African partners to help them apply information and communication technologies (ICTs) to social and economic development.

were exported to South Africa. The global recession led to a lower figure of \$397 million in 2009, although a reversal is expected in 2010. The top five exports were nuclear products, electrical machinery, optical equipment, meat products, grains and cereals.

Table Two: Canadian Exports to Africa (2009)

(Source: Trade Data Online)

Country	Total Exports (US\$000)	% of Africa
South Africa	397,806	19%
Morocco	328,435	16%
Algeria	308,068	15%
Nigeria	194,818	9%
Ghana	141,135	7%
<b>Total Exports to Africa</b>	<b>2,065,762</b>	<b>100%</b>

Table Three: Canadian Exports to South Africa (US\$000)

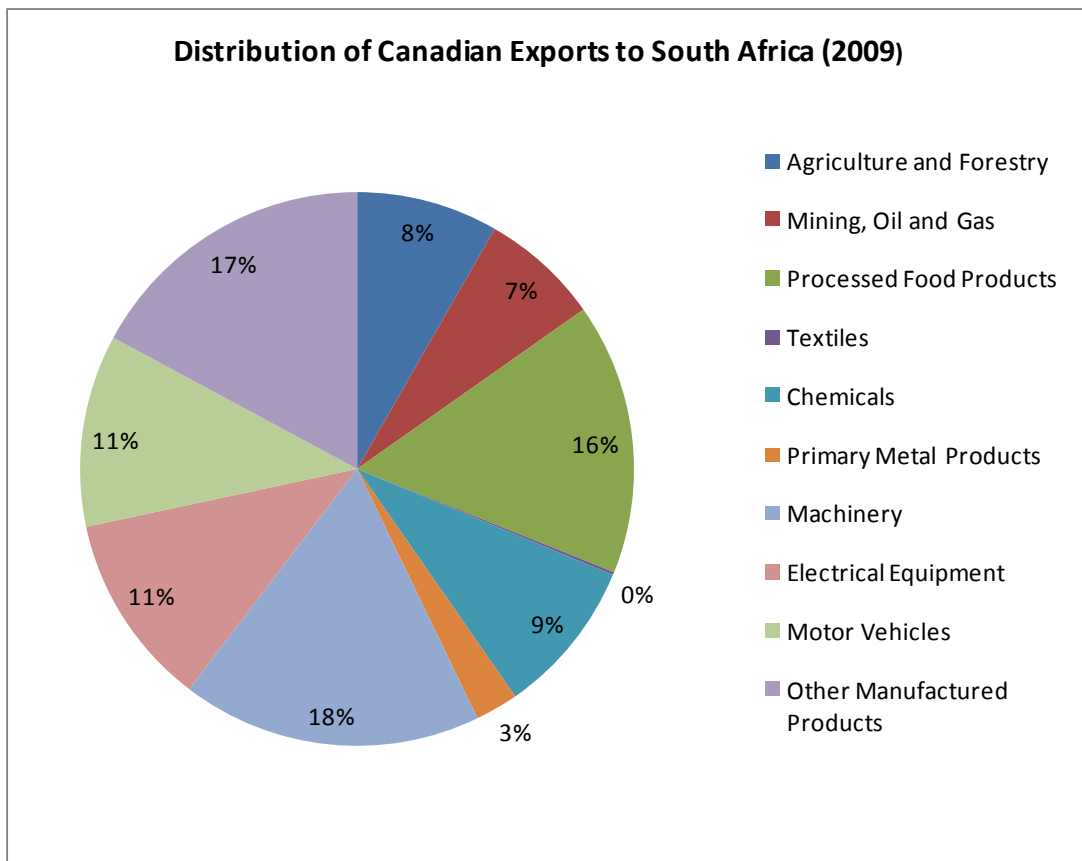
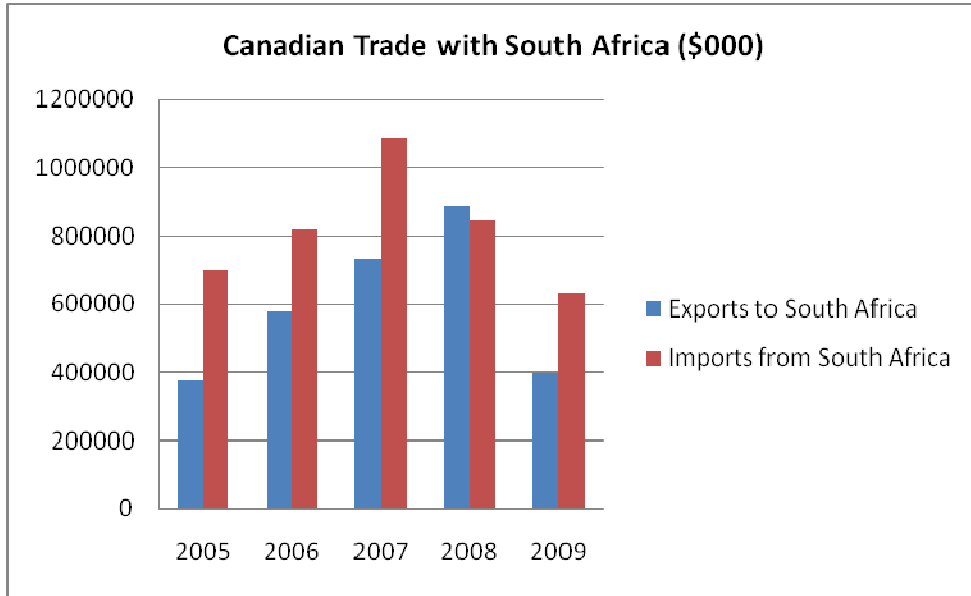
(Source: Trade Data Online)

	2005	2006	2007	2008	2009
South Africa	374,429	577,308	731,344	886,107	397,807
Others	359,789,388	387,735,841	418,599,165	452,759,748	313,792,865
<b>Total Canadian Exports</b>	<b>360,163,817</b>	<b>388,313,149</b>	<b>419,330,509</b>	<b>453,645,856</b>	<b>314,190,671</b>

Table Four: Top Five Canadian Exports to South Africa (2009)

(Source: Trade Data Online)

Product (HS2 Codes)	Total Exports (US\$000)	% of Total Exports to South Africa
84 - Nuclear Reactors, Boilers, Machinery and Mechanical Appliances	85,365	23%
85 - Electrical or Electronic Machinery and Equipment	59,940	16%
02 - Meat and Edible Meat Offal	32,359	9%
90 - Optical, Medical, Photographic, Scientific and Technical Instrumentation	21,956	6%
11 - Products of the Milling Industry; Malt, Starches, Inulin and Wheat Gluten	20,688	6%
10 - Cereals	20,299	6%
<b>Total</b>	<b>366,457</b>	<b>100%</b>



South Africa is the third largest African source of Canadian imports, after the oil-producers Algeria and Angola. Total imports from South Africa were around \$844 million in 2008 and \$553 million in 2009. As with exports, this figure is expected to rise again in 2010 as the global economy recovers. The top five import categories from South Africa are nuclear material, precious metals, fruits, wine, and iron and steel.

Table Five: Canadian Imports from Africa (2009)

(Source: Trade Data Online)

Country	Total Imports (US\$000)	% of Africa
Algeria	3,297,017	50%
Angola	1,196,370	18%
South Africa	553,385	8%
Nigeria	401,196	6%
Equatorial Guinea	304,687	5%
<b>Total Imports from Africa</b>	<b>6,572,337</b>	<b>100%</b>

Table Six: Canadian Imports from South Africa (US\$000)

(Source: Trade Data Online)

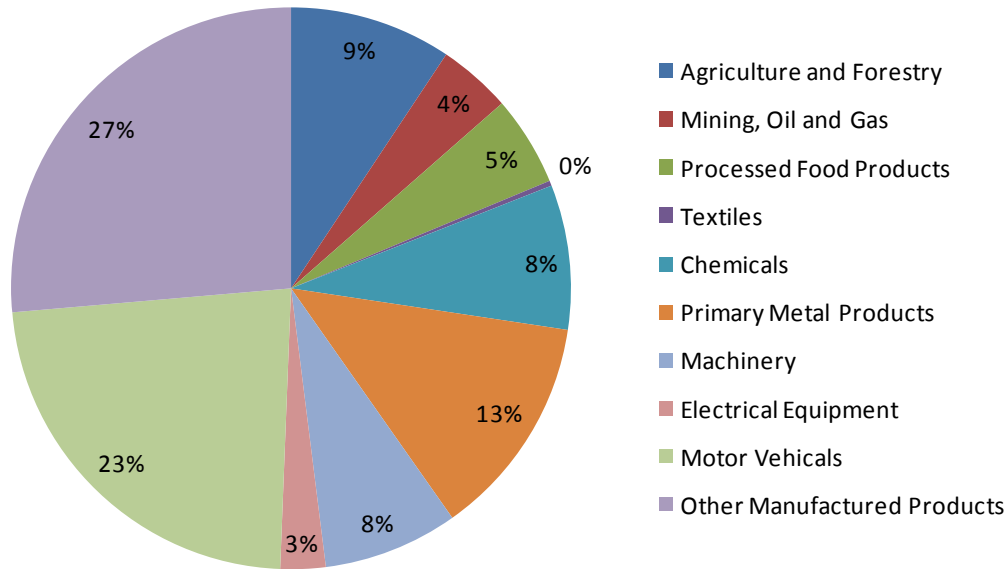
	2005	2006	2007	2008	2009
South Africa	575,941	719,076	1,007,205	792,525	553,385
Others	313,784,423	349,394,152	377,918,239	406,320,313	318,812,116
<b>Total Canadian Imports</b>	<b>314,360,364</b>	<b>350,113,227</b>	<b>378,925,444</b>	<b>407,112,838</b>	<b>319,365,501</b>

Table Seven: Top Five Canadian Imports to South Africa (2009)

(Source: Trade Data Online)

Product (5-digit NAICS code)	Total Imports (US\$000)	% of Total Imports from South Africa
84 - Nuclear Reactors, Boilers, Machinery and Mechanical Appliances	133,718	21%
71 - Pearls, Precious Stones or Metals, Coins and Jewellery	86,530	14%
08 - Edible Fruits and Nuts	59,577	9%
22 - Beverages, Spirits and Vinegar	47,759	8%
72 - Iron and Steel	33,145	5%
<b>Total Imports from South Africa</b>	<b>631,935</b>	<b>100%</b>

**Distribution of South African Exports to Canada (2009)**



### Investment

Bi-lateral investment displays a similar pattern to that of trade – an upward trend, interrupted by the 2008-2009 crisis. Mutual investment has been aided by a Canadian-South African investment treaty, signed on the 27<sup>th</sup> November 1995. This provides for the protection and promotion of investments, and the avoidance of double taxation. Canadian portfolio investment in South Africa peaked at \$2,477 million in 2007, before dropping to \$1,464 million in 2008. Canadian direct investment totaled \$1,424 million in 2008, with only a slight decrease to \$1,359 million in 2009. South African direct and portfolio investment in Canada also dipped during the recession, but in general it has been growing steadily. South African portfolio investment in Canada was \$77 million in 2008 and \$38 million in 2009. South African direct investment in Canada amounted to \$1,036 million in 2007 and \$689 million in 2008. As with trade, these figures are expected to increase as the economy recovers.

Table Eight: Canadian Portfolio Investment in South Africa in US\$000  
 (Source: Stats Canada, South African Reserve Bank)

	2003	2004	2005	2006	2007	2008
<b>Canadian ownership of South African portfolio assets</b>	485,221	742,546	991,584	1,714,923	2,477,178	1,464,601
<b>Total Canadian foreign portfolio assets</b>	323,142,138	380,932,813	469,616,401	631,564,918	773,890,800	515,302,927
<b>Total South African portfolio liabilities</b>	40,073,134	57,545,659	80,663,245	85,019,233	105,361,892	64,752,224

Table Nine: South African Portfolio Investment in Canada in US\$000  
 (Source: Stats Canada, South African Reserve Bank)

	2003	2004	2005	2006	2007	2008
<b>South African ownership of Canadian portfolio assets</b>	25,602	39,964	33,833	32,711	77,826	38,044
<b>Total Canadian foreign portfolio liabilities</b>	453,073,658	517,946,719	621,751,076	711,163,385	865,802,695	613,690,819
<b>Total South African foreign portfolio assets</b>	40,752,108	47,304,262	64,685,691	70,637,159	76,187,224	64,677,807

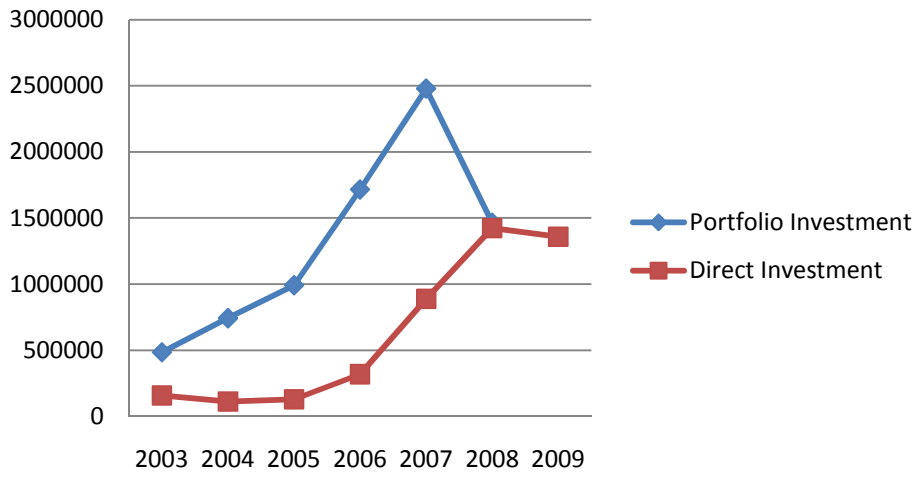
Table Ten: Canadian Foreign Direct Investment in South Africa in US\$000  
 (Source: Stats Canada, South African Reserve Bank)

	2004	2005	2006	2007	2008	2009
<b>Canadian FDI in South Africa</b>	112,000	129,000	319,000	889,000	1,424,000	1,359,000
<b>Total Canadian outward FDI</b>	412,217,000	448,546,000	452,195,000	524,749,000	515,445,000	637,281,000
<b>Total South African inward FDI</b>	56,170,000	78,305,000	90,092,000	106,354,000	76,496,000	no data

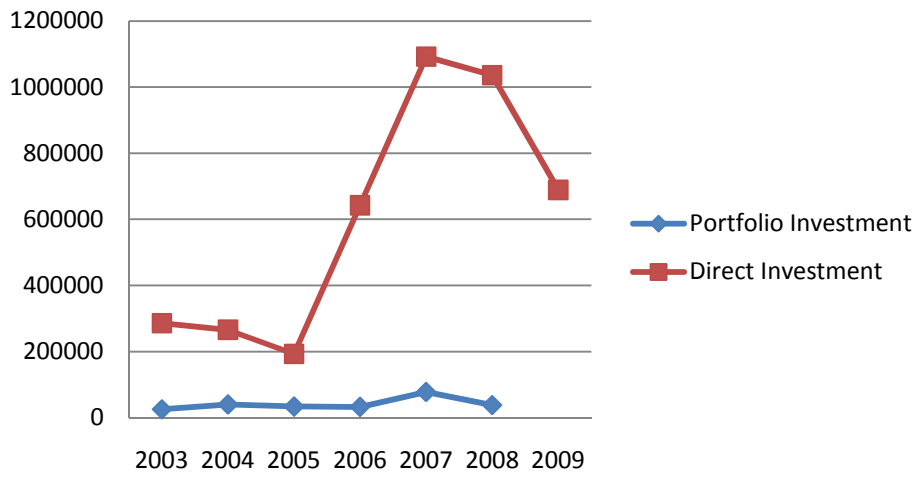
Table Eleven: South Africa's Foreign Direct Investment in Canada in US\$000  
 (Source: Stats Canada, South African Reserve Bank)

	2004	2005	2006	2007	2008	2009
<b>South African FDI in Canada</b>	266,000	193,000	no data	1,092,000	1,036,000	689,000
<b>Total South African outward FDI</b>	23,845,000	34,061,000	37,381,000	52,173,000	63,455,000	no data
<b>Total Canadian inward FDI</b>	373,685,000	379,450,000	397,828,000	438,648,000	491,287,000	504,864,000
<b>South African FDI in Canada</b>	266,000	193,000	no data	1,092,000	1,036,000	689,000

**Canadian Investment in South Africa (\$'000)**



**South African Investment in Canada (\$'000)**



**Sources:**

Canadian Importers Database, <http://www.ic.gc.ca/epic/site/cid-dic.nsf/en/home>

The Economist Intelligence Unit, [www.eiu.com](http://www.eiu.com)

The International Development Research Center, <http://www.idrc.ca/en>

The International Monetary Fund, [www.imf.org](http://www.imf.org)

Statistics Canada, [www.statcan.ca/](http://www.statcan.ca/)

Statistics South Africa, [www.statssa.gov.za](http://www.statssa.gov.za)

South African Reserve Bank, [www.reservebank.co.za](http://www.reservebank.co.za)

The Canada Trade Commissioners Service, <http://www.infoexport.gc.ca/>

Trade Data Online, <http://www.ic.gc.ca/epic/site/tdo-dcd.nsf/en/Home>

UNCTAD, [www.unctad.org](http://www.unctad.org)