
3. Regional Market Dynamics



Lead Economies: South Africa and Nigeria

Sub-Saharan Africa contains two powerhouse economies, one actual, one potential. South Africa is certainly the dominant economy in Africa, with a GDP of over US\$130 billion and sophisticated manufacturing and financial sectors. Nigeria with its 110 million people, vast oil reserves, democratic transition, and economic restructuring could finally take its place as an engine of growth for West Africa within the next three to five years.

South Africa is the only market in Sub-Saharan Africa that registers a section in *Opening Doors to the World: Canada's International Market Priorities 2000* which can be found at: <http://www.dfait-maeci.gc.ca/tna-nac/doorsworld/menu-e.asp>

South Africa remains Canada's top trading partner in Sub-Saharan Africa. In 1999, Canadian merchandise exports to that market totalled \$235 million, 24.2 percent below the 1998 level. Canada has extended the General Preferential Tariff to South Africa since 1994. In 1999, Canada imported \$487 million from South Africa. This represents a decrease of 5.2 percent over 1998. Two-way investment remains modest, but Canadian direct investment in South Africa reached over \$400 million in 1998, increasing by a further \$520 million in the first nine months of 1999. Inward investment from South Africa has also risen in recent months to over \$350 million, directed mostly at mining operations.

The Trade and Investment Co-operation Agreement (TICA) concluded in September 1998 provides a framework for enhanced dialogue on bilateral and multilateral trade and investment matters. It establishes a Consultative Group, led at the level of senior officials, which will meet every 18 months. The Consultative Group will review trade and investment opportunities and address market access difficulties that may be raised by either party. The TICA also establishes a framework for further training of South African trade-policy specialists. The TICA consultations will provide a forum in which to enhance cooperation on multilateral issues and learn first-hand about developments that could affect Canadian trade and investment interests in South Africa. These consultations are even

A SYNOPSIS OF THE SOUTH AFRICAN ECONOMY

Population: 43 million

Literacy Rate: 82% (67% for Africans)

GDP: US\$130 billion Est. 2000 GDP Growth: 3.5%

Structure of Economy (% share of 1998 GDP):

Agriculture 4.5%

Manufacturing 24%

Other Industry 15% (includes Mining at 8%)

Services 56%

Note: Although the mining sector does not dominate the South African domestic economy like it once did, mining and its related industries still account for a large proportion of formal sector employment and export earnings. Gold exports alone make up nearly 20% of export earnings.