



SOUTH AFRICA INVESTMENT CONFERENCE: OPPORTUNITIES FOR PAKISTAN

By
Areeba Arif

Research Associate
Centre for Middle East & Africa (CMEA), ISSI

Edited by
Najam Rafique

December 29, 2020

(Views expressed in the brief are those of the author, and do not represent those of ISSI)



The South Africa investment conference was held in South Africa on November 18-19, 2020.¹ Investors from all over the world participated in the conference including Pakistan. The goal of the conference was to ensure that investment of R. 660 billion (\$42.5 billion) made by various companies in 2018 and 2019 do not ‘disappear’ in the face of the economic meltdown and challenges triggered by the COVID-19 pandemic.²

South Africa has been hosting this conference every year since 2018. It invites delegates all across the world to discuss investment opportunities in Africa’s most advanced economy. During the last three years over Rs. 660 billion of investment, commitments were made at these conferences, as leaders from business, government, and the investment community forged relationships and explored ways to reignite growth in South Africa.³

This year’s event was held virtually due to COVID-19 pandemic, keeping in line with the associated preventive measures. The 2020 Conference was focused on investment opportunities in a period of

¹ “The South Africa Investment Conference 2020.” *Cue Africa*, November 22, 2020. Accessed December 22, 2020. <https://www.cueafrica.net/2020/11/22/the-south-africa-investment-conference-2020/>.

² Ibid.

³ “South Africa Investment Conference Attracts \$7 Billion in New Pledges.” *Reuters*, November 18, 2020. Accessed December 22, 2020. <https://www.reuters.com/article/safrica-economy-idUSL8N2143Q9>

growing African integration through the African Continental Free Trade Area (AfCFTA) which will be operationalized in January 2021.⁴ This year's investment drive raised R.109.6 billion (\$7 billion).⁵

During the conference, nine discussions took place all of which were focused on economic development.⁶ The Director General of the BRICS' New Development Bank, Monale Ratsoma, also announced \$2 billion investment for infrastructure development in South Africa.⁷ On the second day of the conference, President of South Africa Cyril *Ramaphosa* talked about the recovery plan which will help in reformation of the economic structure and streamlining of industrial processes in South Africa.⁸

However, the effectiveness of the conference will be revealed in next few months depending on how South Africa will manage the economy post-COVID-19.

Meanwhile, a virtual meeting of Pakistan South Africa Trade Federation (PSATF) and Islamabad Chamber of Commerce and Industry (ICCI) was also held in Islamabad on November 18, 2020.⁹ The meeting was attended by Muhammad Rafiq Memon, Founder Chairman, PSATF, Pakistan's Deputy High Commissioner to South Africa Adnan Javed and ICCI President and Chief Executive Officer Sardar Yasir Ilyas along with Vice President Abdul Rehman Khan.¹⁰

During the meeting, it was urged that Pakistani industrialists and traders must come forward to invest and bridge the existing trade gap with Africa.¹¹ Moreover, it was announced that the Pakistan Government will also inaugurate the Pak-Africa Trade Centre in March, 2021. This centre will provide a well-equipped platform to the Pakistani chambers and business community in South Asia.

⁴ "AfCFTA: Africa Ready for Free Trade Come January 2021 | Africa Renewal." *United Nations*. Accessed December 22, 2020. <https://www.un.org/africarenewal/magazine/november-december-2020/afcfta-africa-readying-free-trade-come-january-2021>

⁵ "South Africa Investment Conference Attracts \$7 Billion in New Pledges." *Reuters*, November 18, 2020. Accessed December 22, 2020. <https://www.reuters.com/article/safrica-economy-idUSL8N2I43Q9>

⁶ "The South Africa Investment Conference 2020." *Cue Africa*, November 22, 2020. Accessed December 22, 2020. <https://www.cueafrica.net/2020/11/22/the-south-africa-investment-conference-2020/>.

⁷ "South Africa Investment Conference Attracts \$7 Billion in New Pledges." *Reuters* November 18, 2020. Accessed December 22, 2020. <https://www.reuters.com/article/safrica-economy-idUSL8N2I43Q9>.

⁸ Ibid.

⁹ Ahmed, Ali. "Trade Body Urges Pakistani Industrialists to Fill the Trade Gap with African Region." *Brecorder*, November 18, 2020. Accessed December 22, 2020. <https://www.brecorder.com/news/40033562>.

¹⁰ Ibid.

¹¹ Ibid.

The basic aim of PSATF is to increase business and trade between Pakistan and South Africa.¹² This platform will provide an opportunity to trade delegations and industrialists to get access to the local markets of South Africa. It will help to introduce Pakistani products in the African markets. This will also be a great opportunity for Pakistani manufacturers to launch their products across the African market.

Under the 'Engage Africa' policy, the present Pakistani government has focused on the African continent and as a result, exports have increased by 15%. South Africa is the gateway to Africa and entering here means entry into the whole of Africa.¹³

Moreover, South Africa is also focusing on South-South cooperation whereby Pakistan and South Africa can assist each other by sharing technical, economic knowledge and economic skills to facilitate economic development.¹⁴ Pakistani investors in South Africa must explore joint ventures along with this many Pakistani products including textiles, marble, furniture, pharmaceuticals, surgical instruments, cereals, rice, and pink salt have good potential to penetrate the South African market. South Africa needs to rationalize its tariffs for Pakistani products that would further improve bilateral trade between the two countries.¹⁵

The total bilateral trade between South Africa and Pakistan has increased from \$186 million in 2003 to \$1.052 billion in 2019 with a steady increase on yearly basis.¹⁶ Many South African products including machinery and equipment, steel scrap, tin sheets and among others can find a good market in Pakistan.

However, there is still significant room for growth. South Africa also considers Pakistan an important market for business-to-business cooperation. Bilateral trade and investment relations can be further strengthened by leveraging respective regional market status, sizable populations and large and diverse resources.

¹² "RCCI Inks MOU with Pakistan Southern Africa Trade Federation." *Daily Times*, October 29, 2020. Accessed December 22, 2020. <https://dailytimes.com.pk/683323/rcci-inks-mou-with-pakistan-southern-africa-trade-federation/>

¹³ Ahmed, Ali. "Trade Body Urges Pakistani Industrialists to Fill the Trade Gap with African Region." *Brecorder*, November 18, 2020. Accessed December 22, 2020. <https://www.brecorder.com/news/40033562>

¹⁴ "South Africa Keen to Enhance Trade with Pakistan." *The Express Tribune*, August 8, 2020. Accessed December 22, 2020. <https://tribune.com.pk/story/2258645/south-africa-keen-to-enhance-trade-with-pakistan>

¹⁵ Correspondent, Our. "Pakistan Looks to Africa to Boost Trade beyond Traditional Markets." *The News International*, January 25, 2020. Accessed December 22, 2020. <https://www.thenews.com.pk/print/603583-pakistan-looks-to-africa-to-boost-trade-beyond-traditional-markets>.

¹⁶ "Look Africa Policy Initiative - Ministry of Commerce: Government of Pakistan." Ministry of Commerce | Government of Pakistan. October 13, 2020. Accessed December 22, 2020. <http://www.commerce.gov.pk/look-africa-policy/>

Under Engage Africa policy, Pakistan is looking forward to engage with Africa in several ways. Pakistan is eager to negotiate preferential trade agreements with three African trading blocs such as the Southern African Customs Union (SACU), East African Community (EAC) and Economic Community of West African States (ECOWAS).¹⁷ At this stage bolstering economic ties with South Africa on a long-term basis for the practical implementation of Engage Africa policy is quite important for Pakistan given the present economic crunch Pakistan is facing.

¹⁷ Ibid.