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China and South Africa on their way to sustainable trade relations

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tralac Working Paper
No. S13IP02/2013
May 2013

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This publication should be cited as: Crul, F. 2013.

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Stellenbosch: tralac.

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Executive summary

Over the last decade China has become South Africa's biggest trading partner. In this period foreign direct investments from China in South Africa grew as well. Although South Africa benefited from these trade and investments, concerns about the sustainability of the trade relations with China came to the surface. Exports to China mainly consist of raw materials, while finished consumer goods make up for the majority of imports. Different solutions are being discussed to address the issue of unsustainability. South Africa at first has to become more competitive and should focus on productivity. In handling the trade relations with China, it has been suggested to impose duties on the export of raw materials and import of manufactured goods. China's economic growth slowing down and transition to a more mature economy offers South Africa both threats and opportunities. When South African policymakers do the right thing, South Africa can be the gateway to Africa and benefit from its current trade and political relations with China even more.

1. Introduction

At the China-Africa Forum in July 2012 South African President Jacob Zuma raised his concerns about the nature of Chinese-African trade. He said: “Africa’s commitment to China’s development has been demonstrated by supply of raw materials, other products and technology transfer. This trade pattern is unsustainable in the long term” (Hook, 2012). The question why this trade pattern is not sustainable in the long term had not been addressed.

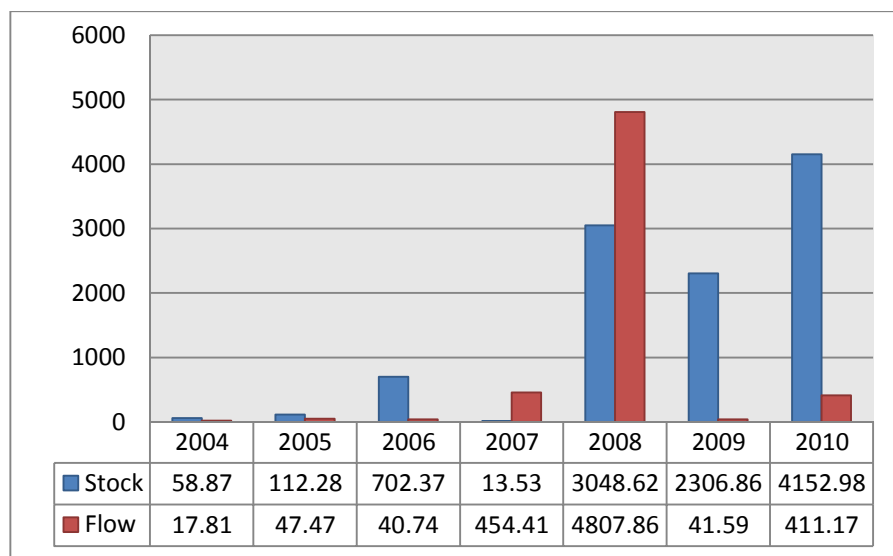
President Zuma seemed to refer to the growing sentiment in African societies that China is acting in what some may call a neo-colonialist manner. In order to qualify President Zuma’s statement, it is important to know the composition of China-Africa trade. In addition, trade between China and South Africa will be examined, as well as foreign direct investments. Next to those trade figures, employment data in South Africa is being investigated, since it is said that China’s investments actually do not provide jobs, but on the contrary actually have a negative influence on South African employment. Another development that will be involved in this study is the slowdown of the Chinese economy. This slowdown will definitely have its consequences for the rest of the world including Africa. The data used in the analyses is in US dollars and derived from the Global Trade Atlas, unless stated otherwise.

2. Background

China became South Africa’s main trading partner in 2009, surpassing Germany and the United States. In 1996 China-South Africa trade only contributed 1.3 per cent to total South African trade. In 2011, 15 years later, China was responsible for more than 13 per cent of South African trade. In 2001 the three most important trade partners for South Africa were Germany, the United States and the United Kingdom, together responsible for almost a third of all South African trade. China only came ninth and its share in South African trade was less than three per cent.

Even more striking is the fact that Chinese investments in South Africa grew even faster than trade between the two countries. The stock of total Chinese foreign direct investments (FDI) in South Africa in 2010 was 70 times more than in 2004, with a record of FDI flows from China to South Africa of US\$ 4.81 billion in 2008. In 2010 the Chinese outward FDI stock in South Africa totalled US\$ 4.15 billion. In fact, between 2004 and 2010 only four countries (including tax havens like the Cayman Islands and the British Virgin Islands) in the world attracted more Chinese investments. In 2008 South African outward FDI stock in China was worth US\$ 3.96 billion.

Figure 1: Chinese FDI in South Africa, US\$ million



Source: 2010 Statistical Bulletin of China's Outward Foreign Direct Investments (Ministry of Commerce People's Republic of China, 2011)

Over the past decade China also provided loans to various African countries. At the earlier mentioned China-Africa Forum China's Export-import Bank offered a loan of US\$ 20 billion to the African continent, including South Africa, after an earlier loan of US\$ 10 billion in 2009. These figures show the growing ties between China and Africa.

3. Composition of trade

The earlier mentioned concerns of South Africa's President Jacob Zuma are based on Africa's past experiences in trading with the western world, when most of the African countries were colonies of European countries and raw materials were exported to Europe and manufactured goods imported into African countries. One could argue that this type of trade was 'unsustainable', since minimal development of the African economies took place during this time period.

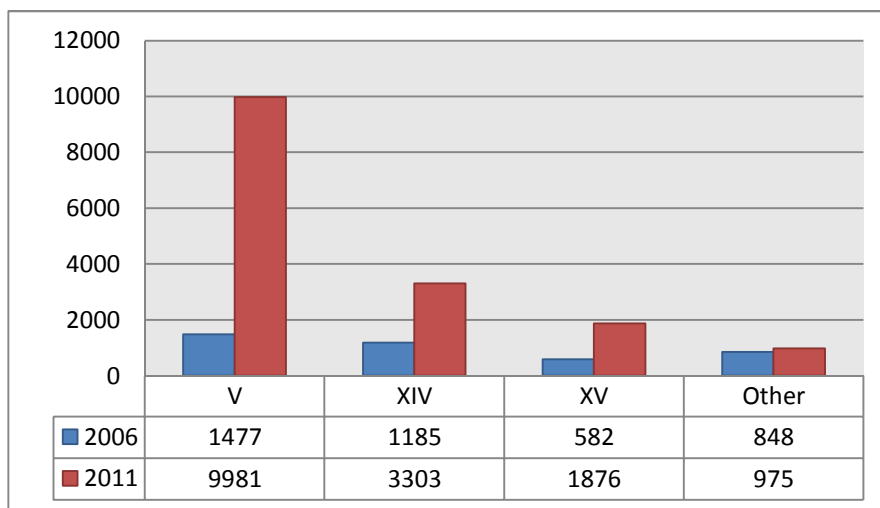
In the analysis of the composition of China's imports from South Africa, import and exports are grouped by sections of the Harmonized System (HS), developed by the World Customs Organization (WCO). The same is done for South African imports. This will be done in order to verify President Zuma's concerns of a pattern of 'unsustainable' trade between South Africa and China. Of course, these concerns are not only based on trade data, but it will be a good starting point.

- In five years, South Africa's export to China almost quadrupled. Chinese imports grew from US\$ 4 billion in 2006 to over US\$ 16 billion in 2011. The main import products in 2011 were

mineral products (section V of the Harmonized System, for an extensive list see Appendix 1). More than 60 per cent of all Chinese imports were mineral products, mainly ores, slag and ash. In 2006 only 36 per cent of Chinese imports were these mineral products. In absolute numbers, China imported seven times more mineral products in 2011 than in 2006.

- The second most exported group of goods to China consisted of natural or cultured pearls; precious or semi-precious stones, metals, metals clad and articles thereof; coin; imitation jewellery (section XIV of the Harmonized System). This group can be seen as a mixture of raw materials and semi-finished products. In 2011 this group contributed more than 20 per cent of China’s imports from South Africa; in 2006 its share was almost 30 per cent.
- The third largest group of South African exports to China consists of base metals and articles of base metal (section XV of the Harmonized System). In 2011 11 per cent of all South African exports were base metals, mainly iron and steel; five years earlier its share was slightly over 14 per cent.

Figure 2: Chinese imports, US\$ million



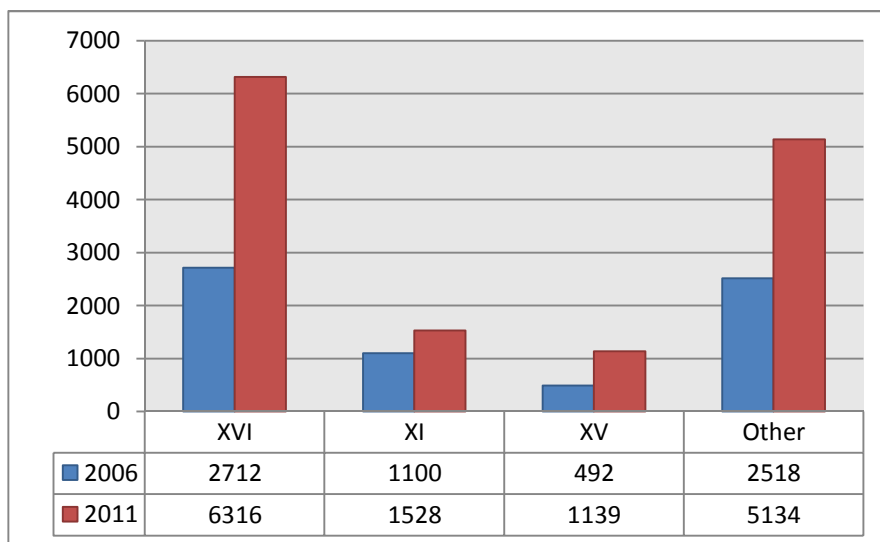
Source: Global Trade Atlas (2012)¹

Also the imports of South Africa from China have to be examined. Again, these will be grouped along the Harmonized System of the WCO. Between 2006 and 2011 South Africa’s imports from China more than doubled. In 2006 South Africa imported a total value of US\$ 6.8 billion from China, five years later imports were worth US\$ 14.1 billion. By now, China is the main source of imports for South Africa.

¹ The category numbers (V, XIV, XV) refer to the respective sections of the Harmonized System, for a complete list of sections, see Appendix 1.

- The most important category of imports for South Africa consists of manufactured electrical goods. Almost 45 per cent of all imports in 2011 from China are machinery, mechanical appliances; electrical equipment; sound, TV recorder and reproducers, parts and accessories of such articles (section XVI of the Harmonized System). In 2006 this category's share was a little less than 40 per cent.
- Textile and textile articles (section XI of the Harmonized System) are responsible for almost 11 per cent of all South African imports from China. Imports of those goods totalled US\$ 1.5 billion in 2011. In 2006 those imports were worth US\$ 1.1 billion, by then more than 16 per cent of all imports.
- In the third place come base metals and articles of base metals (section XV of the Harmonized System). Imports of those metals, mostly articles of iron or steel, were responsible for 8 per cent of total imports in 2011. This percentage does not differ so much from 2006. In 2006 base metals and articles of base metals contributed for 7 per cent to South African imports.

Figure 3: South Africa imports, US\$ million



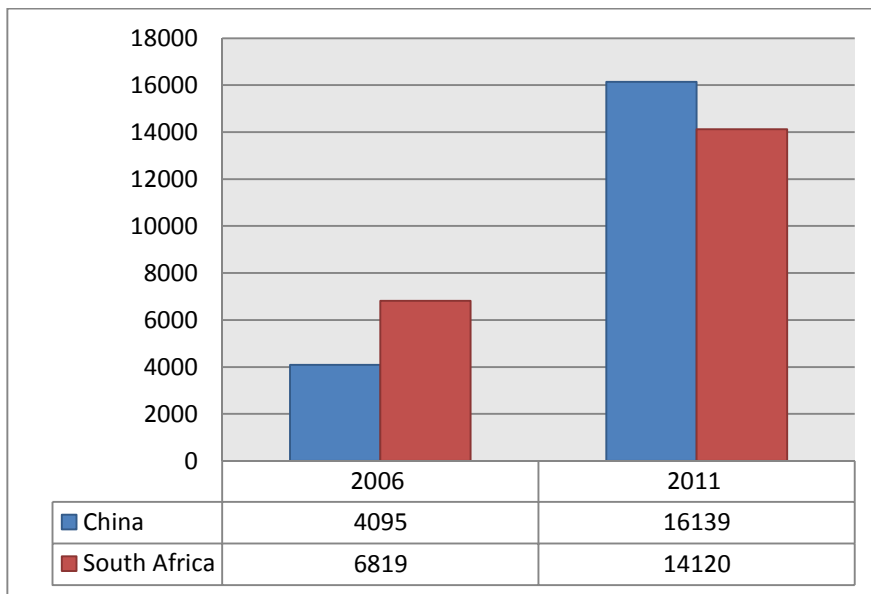
Source: Global Trade Atlas (2012)²

The three main categories of imports from China account for almost two third of all goods imported from China. This is very different from China's imports from South Africa. In China on the other hand the three largest import categories account in total for more than 90 per cent of all imported goods from South Africa.

² The category numbers (V, XIV, XV) refer to the respective sections of the Harmonized System, for a complete list of sections, see Appendix 1.

The next figure shows that between 2006 and 2011 the balance of trade changed. Clearly trade between the two countries grew a lot as total trade almost tripled in a relatively short period. As can be seen in the same figure, South Africa’s deficit in 2006 has developed into a surplus in 2011. This can be seen as a positive development from South Africa’s point of view, as well as the fact that South Africa has found a major trading partner in the emerging markets. This could strengthen South Africa’s negotiating power.

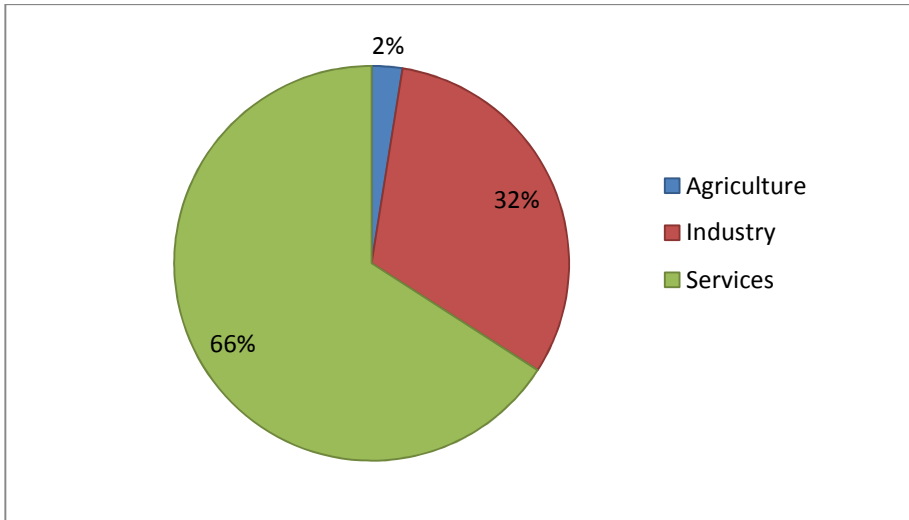
Figure 4: Total imports, US\$ million



Source: Global Trade Atlas (2012)

On the other side, the selection of goods that is being exported to China is very much limited to raw materials, while goods imported from China are quite diverse and mostly manufactures. This does not reflect the composition of South Africa’s 2011 gross domestic product (GDP). The services sector contributes for almost two third of GDP while agriculture and industry account for the rest of GDP (CIA World Factbook, South Africa, 2012).

Figure 5: South African GDP, 2011



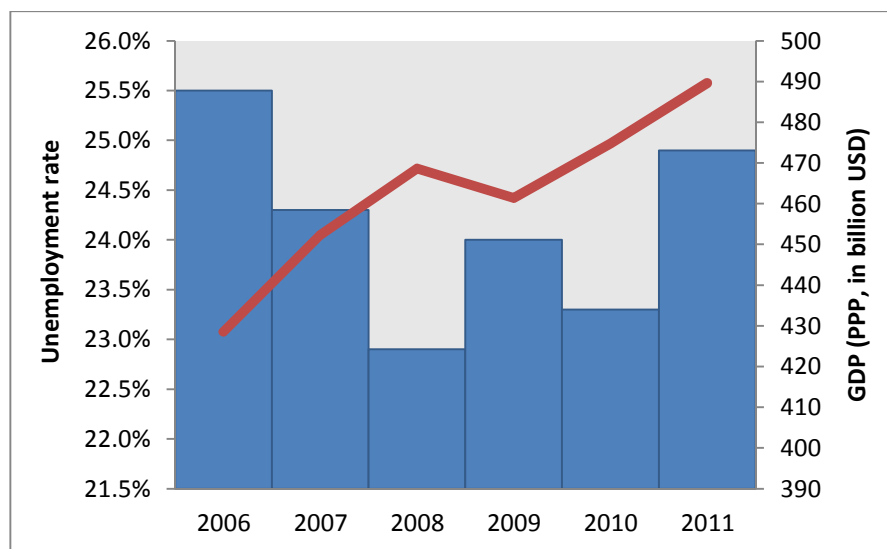
Source: CIA World Factbook (2012)

4. China and Africa

China is expanding its presence in Africa at a rapid pace. China provides loans and investments, mainly to support infrastructural projects, in turn for natural resources. This scheme is also known as the ‘Angola model’. In the previous chapter figure 1 shows that China is investing in South Africa as well.

This surely benefits the South African economy, but at the same time a growing dissent in South Africa about Chinese involvement is visible. This may be due to ordinary South African people not feeling that they benefit from trade with China. The rate of unemployment in South Africa in 2011 was almost the same as in 2006, somewhere around 25 per cent (South Africa Unemployment Rate, 2012), and has not changed very much in that period of time, while GDP grew at a steady and constant pace in the same years (South Africa GDP Annual Growth Rate, 2012). The measure of unemployment is based on the narrow definition of unemployment and thus consists of people actively looking for a job as a percentage of the labour force.

Figure 6: South Africa GDP and unemployment



Sources: World Bank (World Bank databank, 2012) and Indexmundi (South Africa – Unemployment rate, 2012)

During the years before the worldwide financial crisis GDP growth per annum was approximately 5 per cent. After a short recession at the heart of this crisis, the economy started to grow again. On average GDP grew by 3 per cent per annum between 2010 and 2012. An economy growing at such a pace usually creates jobs and this is not so much the case in South Africa. While looking east, an image is offered of enormous growth of wealth and an unemployment rate as low as 4 per cent. At the same time, Chinese companies are employing Chinese workers on their worksites in various African countries (Dinh, 2012). This all contributes to the very idea that trade between South Africa and China is unsustainable as it is.

There are various reasons and causes why South Africa is not able yet to trade at the same level as China. Some of them can be found in the recently published ‘Global Competitiveness Report’ of the World Economic Forum (WEF) (Schwab, 2012). In this ranking of competitiveness South Africa is listed 54th, where China comes in on 29th place. To find out what businesses find the most problematic factors for doing business, the report used surveys. It is interesting to see what is reported as the main factor in South Africa. Companies indicate that restrictive labour regulations and an inadequately educated workforce are the main barriers for doing business in South African. Other concerns are the state of South Africa’s infrastructure and the government’s bureaucracy.

To change traded goods with China, South Africa might want to take a look at those issues first. The reason why China is just taking the raw materials out of Africa for use at home, may lay in what is said above. For South Africa to be able to trade with China on a same level, it is important to address

these specific issues, since the imports from China are manufactures made from South African raw materials. The solution to alternating China-South Africa trade involves not only changes in trade law but certainly in domestic issues as well.

5. South Africa's strengths and weaknesses

The WEF report rated 144 different countries on 111 different factors and finally ranked the countries based on their overall competitiveness. The WEF also divides countries in different groups based on their level of economic development. South Africa is said to be an 'efficiency-driven' economy. This kind of countries has to be efficient in order to be competitive, since wages are higher than in countries that are (almost) entirely dependent on their natural resources, the so-called 'factor-driven' economies. After 'efficiency-driven countries' follow 'innovation-driven countries', which are to be found in the developed, western world. South Africa has the most competitive economy of the entire Sub-Saharan Africa region.

South Africa has a very well developed financial market. In this sector the country excels and its financial market ranks third worldwide. This strength has already been acknowledged by China. In 2008 the Industrial and Commercial Bank of China (ICBC) acquired a 20 per cent stake in South Africa's Standard Bank (ICBC approved to acquire S. African bank, 2008). This bank advised on approximately 30 per cent of China's mergers and acquisitions activities in Africa in 2009 (Top 10 Countries for Chinese Investments, 2012). As a matter of fact, the financial sector seems to benefit from China's growing interest in Africa.

South Africa also distinguishes itself from other countries in the region, with regards to its factor allocations and its goods market efficiency. Businesses are protected quite well and South Africa does a good job with regards to business sophistication, think about control of international distribution and the extent of marketing, as well. In addition, South Africa also benefits from the size of its economy, which is, especially compared to the region, quite big.

Although South Africa is the most competitive economy in the region, there is still a lot to do. According to the WEF report there are some major weaknesses to overcome in order to compete more successfully with the rest of the world, especially labour market efficiency. South Africa ranks only 113th in this area. Wages are almost non-negotiable and hiring and firing practices are very restrictive. Another striking fact is that South Africa ranks 144th when it comes to 'cooperation in labour-employer relations'. These factors are some of the main contributors to the high rate of unemployment

in South Africa. To cut down unemployment higher education enrolment needs special attention as well. Other concerns are the high crime rate and the amount of violence in South Africa. Businesses face high costs of crime and violence and these are serious obstacles for doing business in South Africa. These results correspond pretty well to the outcomes of the surveys mentioned in the previous chapter.

South Africa's infrastructure might be good to regional standards; internationally however it is still lacking. Efforts should be made to make improvements in this area, especially when South Africa wants to live up to its vision of being the gateway to Africa.

When we look at those facts, the fact that South Africa is mainly exporting raw materials to China in return for manufactured goods is not so surprising anymore. The main issues in South Africa are to be found on the labour-side of the economy. The manufactured goods that China is exporting require labour-intensive production. Labour market efficiency is much higher in China than it is in South Africa, according to the same report. Improvements on the labour-side of the South African economy will be necessary to change the terms of trade with China. Right now it is just cheaper and easier for Chinese manufacturers to produce at home with South African raw materials and therefore there is no direct need from China's side to change its behaviour towards South Africa.

China recognizes the fact that the African continent needs to develop. During the last Forum on China-Africa Cooperation the Chinese government promised to offer government scholarships to the continent and is going send medical staff as well (China-Africa trade unsustainable – Zuma, 2012). Together with the big infrastructural investments made throughout the continent, this will enhance the African economies. Especially China's investments in African infrastructure are, as we have seen, interesting for South Africa. These commitments to Africa can be seen as an answer to President Zuma's call for "investments in addressing supply-side constraints, diversification, and beneficiation of the resources derived from African countries through encouraging joint ventures between Africa and China" (Zuma urges China, Africa trade balance, 2012).

6. Free trade versus protectionism

At the moment parties can (roughly) be divided in two different sides. On the one hand people call for more free trade and free trade agreements with China. On the other hand people can be found who favour protectionist measures against imports from China.

South Africa joining the BRICS in 2010 can be seen as a step that is encouraged by the ones who are in favour of more and more open trade with China. Earlier this year the BRICS countries signed a couple of agreements that should make trade between these countries easier and more profitable (BRICS to sign currency agreement, 2012). Trade between BRICS members is growing year after year and a quick look at the growth of South Africa's exports to China shows that this is certainly true for South Africa-China trade as well. At the moment the BRICS are considering to establish their own development bank (Lamont and Leahy, 2012). Such a bank can provide loans to the BRICS countries as well as to (small) businesses. With the establishment of a BRICS development bank, foreign direct investments among the BRICS countries should be made easier and it is expected that a rise in FDIs between these countries will be seen. All these measures are examples of stronger relations and co-operation.

The above mentioned measures of integration within the BRICS are examples of measures that move towards more open trade and eventually may lead to free trade. In economic theory free trade is in general favoured above tariffs and other trade barriers, such as quotas. In the long run free trade will secure the most efficient allocation of global resources. This is why advocates of free trade say that South Africa and China should remove all trade barriers in order to establish long-term economic growth.

On the other side of the spectrum it is argued that South Africa is not ready for free trade with China yet, since China is so much bigger and further developed than South Africa. These opponents of free trade agreements with China argue this will make it just easier to sell their goods at a very low price in Africa and get their raw materials easier and cheaper. However, James Lennox, former CEO of the South African Chamber of Business has offered one alternative to free trade between South Africa and China. He pleads for sector-by-sector agreements instead of free trade agreements (Free Trade with China: A View from the Board Room, 2005). A free trade agreement is not in the interest of South Africa since it will not be able to compete with China. Not only is China further in its development, but also are South African businesses subject to domestic regulations that will not apply to Chinese exports. He argues that even when South Africa reaches the same level of development as China; it is still not able to compete with China. The only sector that may be able to compete is the agricultural sector, according to James Lennox. His main argument is actually that South Africa has to be very careful with regard to free trade agreements.

On the other hand, South Africa's Department of Mineral Resources is exploring the opportunities for levying an export tax on all mineral exports. Advocates of such a tax argue that this would make sure

that South Africa benefit more from its own natural resources and boost South African manufacturing (Vecchiatto, 2012). Opponents of the plan think this plan will not benefit South Africa, as long as issues like “labour productivity, electricity costs and distance from market” (Vecchiatto, 2012) are not addressed as well. The introduction of such a tax will make exports more costly and less attractive. Roughly China can respond in three different ways. It is possible that nothing really changes; China keeps on importing South African raw materials and just pays the tax. This approach will benefit the South African government, since they collect the taxes and will experience higher tax revenues. The other side of the medal is that the imported manufactured goods from China become, most likely, more expensive. In the end someone has to pay the price of higher commodity costs and it is not unlikely that the final consumer will have to pay more for goods. Another way China can respond is to invest in producing in South Africa. In this case there will be a shift from exporting raw materials to producing semi-finished products or even manufactured goods. This will only be attractive to Chinese businesses if South African workers are able to produce at the same level as their Chinese counterparts. This outcome seems to be the most appealing for South Africa. Value-added goods are then being produced in South Africa and jobs are created. This is only possible when huge investments are made to make South Africa’s labour market more efficient.

When Chinese investors decide to produce in South Africa even when South Africans are less productive than Chinese, this might cause an increase of the prices of consumer goods. In that case more or less the same happens as in the first option except for the fact that jobs are created in South Africa.

Worst-case scenario is when China decides to abandon South Africa and to get the raw materials they need elsewhere. At the moment China is South Africa’s biggest importer of raw materials. In this case South Africa’s current account balance with China will show a huge deficit. This scenario is not very likely to become reality. China needs South Africa’s materials for its own production and there are not many other countries that possess these minerals in the quantities South Africa does. Besides, with South Africa joining the BRICS the two countries are getting more and more co-operative and have made several commitments to each other. Most likely a mixture of the three different scenarios will take place, if the tax gets implemented.

Another idea, mainly supported by South African manufacturers (Maswanganyi, 2012), is taxing Chinese imports. A number of South African manufacturers support the idea of increased duties and quotas on cheap imports from China. Stewart Jennings, Chairman of the Manufacturing Circle, representing some of South Africa’s largest manufacturers, believes that “the government needed to

adopt more measures to protect the sector” (Maswanganyi, 2012). He says that the huge increase of cheap imports from China costs South Africa a large amount of jobs. Jennings can find evidence in recent research results. According to the University of East Anglia manufacturing import from China can be held responsible for the loss of over 77,000 jobs between 2001 and 2011 (Edwards and Jenkins, 2012). However, the availability of cheaper consumer goods created jobs in the retail sector. Producers benefited from cheaper intermediate input and capital goods. When duties and quotas are imposed on Chinese imports these positive effects will be hit. Consumer goods are likely to become more expensive and South African producers will face higher production costs as well. When imposing such duties and quotas, it is important to have a sufficient response to the downsides as well. People are now used to cheaper consumer goods and new jobs are not created instantly. To be better off without the cheap Chinese imports, (once again) South Africa has to become more competitive and productive itself.

Growing competitiveness is also important if South Africa wants to keep its aspirations of becoming the gateway to Africa. The same research also found that South Africa loses market share in the rest of Sub-Saharan Africa to China. The greatest losses are suffered in Angola and Tanzania. Trade with other SADC member states did suffer less severe from Chinese competition. The free trade agreements with these countries gave South Africa a comparative advantage. More co-operation on the continent and free trade agreements with the rest of Africa may strengthen South Africa’s economic power. In the end, South Africa is still the most developed economy of Sub-Saharan Africa. It can be expected that trade relations with China will also benefit from a free trade area throughout the continent. Since South Africa joined the BRICS, it is not unlikely that South Africa can function as a hub for Chinese activity in Africa. As we have seen, South Africa’s financial markets are among the best of the world and to regional standards its infrastructure is quite good.

In any case, South Africa has to be very careful imposing duties and quotas on both imports and exports. The risk of price increases and isolation should not be underestimated.

7. China’s slowdown

An interesting development right now is the slowdown of economic growth in China. This development offers both opportunities and threats to South Africa. The major threat is by far the decrease in demand for raw materials. At the moment China consumes around 40 per cent of all the world’s base metals (Bowman, 2012), which they need for their vast industrial production and domestic use for big infrastructural projects. The slowdown of production and Chinese domestic

investments might be followed by a decrease in demand for raw materials. The South African economy is much exposed to this threat, since it is one of the countries that have profited the most from growing production and investments in China. A lower demand for raw materials in China can have a big impact on South Africa's economy. In this case President Zuma's fear about the unsustainability of exporting raw materials in exchange for consumer goods may become reality quite soon.

However, the slowdown creates also opportunities for South Africa. Some economists say that the current developments in China are a sign of an economic transition of China, moving "away from investment-led growth and export-orientated low-wage manufacturing, and towards a more mature economic model driven by increased domestic consumption" (Bowman, 2012). One of the causes said to be a driver behind this transition is the rise of wages in China, which implies they will no longer be able to compete on labour-intensive production at the same level as they have done for the past decade. When labour in China becomes more expensive, South Africa's own manufactured goods become relatively cheaper. This offers job opportunities and could reduce South Africa's growing dependence on China. In the long run it is possible that labour-intensive production shifts towards Africa. Already a shift of this type of production towards neighbouring countries like Vietnam is visible. A more prosperous Chinese population means a more demanding Chinese population as well. This offers opportunities for African food exporters as well as manufacturers.

Two other sectors might be able to benefit from a richer Chinese population. One of them is the tourism sector. China represents a market potential of over a billion tourists. This offers big growth opportunities for South Africa, especially because of the big differences between the different regions within the country. More tourism can also lead to more investment from China, when the country leaves a good and positive impression on tourists who spread the word back home.

In brief, with the current slowdown of Chinese economy South Africa is exposed to the threat of a decrease in demand from China for its raw materials. On the other hand it offers new opportunities for South Africa. With domestic demand in China rising and the emergence of the middle class in China, South Africa can take advantage of the growing expenses of the vast Chinese population, especially in tourism and the demand for luxury goods.

8. Conclusion

The last decade South Africa saw a steady growth of its GDP. One of the main drivers behind this growth was the demand for its raw materials from China. Trade between the two countries expanded enormously, where China exported mainly manufactured goods to South Africa. During the same period Chinese foreign direct investments in South Africa grew too and China supported South Africa on various infrastructural projects.

On the other hand, concerns about the composition of trade between South Africa and China grew in the same period. These concerns may have caused South Africa's President Zuma to the judgment that "this trade pattern is unsustainable in the long term". The cause for these anti-Chinese sentiments may be found in the fact that ordinary South-Africans do not feel that they benefit at all from Chinese interest in South Africa's natural resources and the growth of GDP. One indicator that supports these feelings is the fact that the unemployment rate does not really change and remains at around 25 per cent.

Now South Africa has to decide how to make the most of their relationship with China. South Africa has a lot to do within its own borders. Productivity has to grow and labour issues have to be addressed. If South Africa wants to really change the trade pattern with China, it has to offer an alternative that is beneficial to both countries.

Some argue that the answer should be more integration and co-operation and thus are in favour of (free) trade agreements and opening up the borders. Others plead for more protection of the internal market and domestic production. In any case policymakers should focus on both short and long term effects of their decision. When making a decision special attention should be paid to the current slowdown of economic growth in China. This development offers both opportunities and challenges to the South African economy. When the right decisions are made, it could be the start of further economic growth and development in South Africa.

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Appendix 1

Harmonized System sections

- I Live Animals and Animal Products
- II Vegetable Products
- III Animal or Vegetable Fats and Oils and Their Cleavage Products; Prepared Edible Fats; Waxes
- IV Prepared Foodstuffs; Beverages, Spirits and Vinegar; Tobacco and Manufactured Tobacco Substitutes
- IX Wood and Articles of Wood; Cork and Articles of Cork; Manufacturers of Straw, Esparto or Plaiting Materials; Basketware; Wickerwork
- V Mineral Products
- VI Products of The Chemical or Allied Industries
- VII Plastics and Articles Thereof, Rubber and Articles Thereof
- VIII Raw Hides and Skins, Leather, Furskins and Articles Thereof; Saddlery & Harness; Travel Goods, Handbags and Similar Containers, Articles of Animal Gut
- X Pulp of Wood or of Other Fibrous Cellulosic Material; Waste and Scrap of Paper or Paperboard and Articles Thereof
- XI Chapter 50-63, Textile and Textile Articles
- XII Footwear, Headgear, Umbrellas, Walking Sticks, Prepared Feathers, Artificial Flowers, Human Hair
- XIII Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials; Ceramic Products; Glassware
- XIV Natural or Cultured Pearls; Precious or Semi-Precious Stones, Metals, Metals Clad and Articles Thereof; Coin; Imitation Jewelry
- XV Base Metals and Articles of Base Metal
- XVI Machinery, Mechanical Appliances; Electrical Equipment; Sound, TV Recorder and Reproducers, Parts and Accessories of Such Articles
- XVII Vehicles, Aircraft, Vessels and Associated Transport Equipment

- XVIII Optical, Photographic, Cinematographic, Measuring, Checking, Precision, Medical, Surgical or Musical Instruments & Apparatus; Clocks & Watches
- XX Miscellaneous Manufactured Articles
- XXI Works of Art, Collectors' Pieces and Antiques
- XXII Special Classification Provisions; Temporary Legislation
