



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

Private Bag X84, PRETORIA, 0001, the dtic Campus, 77 Meintjies Street, Sunnyside, 0002, Tel: (012) 394 0000
the dtic Customer Contact Centre local: 0861 843 384 International: +27 12 394 9500, www.thedtic.gov.za

MEDIA RELEASE

DATE: 31 MAY 2021

ECIC GROWING PRODUCT SUITE TO SUPPORT SA BUSINESSES EXPORTING TO THE REST OF AFRICA

South African manufacturers exporting to countries on the African continent will have access to additional insurance products that underwrite risk outside the control of the exporting entity. This follows a new mandate signed by the Minister of Trade, Industry and Competition, Minister Ebrahim Patel, to empower the Export Credit Insurance Corporation (ECIC) to support South African businesses in key priority sectors, as African countries prepare for increased trade and industrialisation following the signing of the AfCFTA.

The ECIC currently provides insurance cover mainly for capital and project-related goods exported to other countries, insuring against commercial and political risks. ECIC will continue to play a crucial role in ensuring that the much-needed infrastructure and industrial projects happen on the Continent.

The ECIC product offerings will now be expanded in line with the mandate, providing product coverage to small and medium enterprises and first-time exporters, who don't typically get access to such trade finance products. The additional products and businesses generate 6% of South Africa's Gross Domestic Product (GDP) and employ 700 000 workers.

This mandate, signed on the final day of Africa Month in 2021, follows an announcement in the Ministry of Trade, Industry and Competition's Budget Vote in Parliament on 18 May this year.

The new mandate will assist new exporters not only in mitigating the export risk, but importantly in de-risking businesses allowing them to raise capital which can increase prospects of exports to other African markets.

Lefapha la Dikgwebisano, Dintseteri le Tiholisano • Lefapha la Kgwebo Indasteri le Phadishano • uMnyango wezoRhwebo naZimboni kanye noMncintiswano • Muhesho wa zwa Mbambadzo, Makwevho na Mutajisano • Die Departement van Handel, Nywerheid en Mededinging • Kgoro ya Kgwebo Indasteri le Kgaisano • Ndzevulo ya Vuxavisi, Mabindzu na Mphikizano • Litiko leTekuhweba tIMboni neKuncintiswano • ISebe lezoRhwebo noShishino kanye noKhuphiswano • UmNyango wezokuRhwebelana, amaBubulo nama Phaliswano



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

Private Bag X84, PRETORIA, 0001, the dtic Campus, 77 Meintjies Street, Sunnyside, 0002, Tel: (012) 394 0000
the dtic Customer Contact Centre local: 0861 843 384 International: +27 12 394 9500, www.thedtic.gov.za

Exports of goods to other African countries amounted to R346 billion in 2019, prior to the slowdown caused by the Covid-19 pandemic. Other African countries bought more than R2 billion South African-made personal protective equipment and related Covid-19 products in the past year, with significant exports of cars, trucks, components and machinery growing in the period before the Covid-19 pandemic.

The ECIC will focus on priority sectors where Sector Master Plans have been agreed. These cover six sectors comprising Automotive; Clothing, Textile, Footwear and Leather; Sugar; Poultry; Steel and Metal Fabrication; and Furniture. Combined these sectors account for nearly R320 billion of South Africa's exports in 2019 to countries within Africa and elsewhere in the world, or 25% of total exports.

Additional priority sectors will be added as discussions are finalised during the next 12 months. During his Budget Vote earlier this month, Minister Patel indicated that over the coming two years the dtic will focus on a portfolio of new sector work covering among others global business services, film animation, the chemical and plastic sectors, green industry, medical products and capital goods.

To support such exports, the Board of the ECIC is currently considering policies for a range of trade supportive products, including: advance payment bonds/guarantees; letters of credit; discounting and factoring facilities; short term credit facilities including (working capital facilities); and other such trade credit support as may be required by South African businesses from time to time. These will be done within prudent limits and with pricing that takes account of risk profiles.

These tools form an important element of the financial instruments used to mitigate the risk which businesses have when exporting to other countries. The new mandate signed by Minister Patel, expands the ECIC's remit to include support for a broader range of industrial products aligned to both the Economic Reconstruction and Recovery Plan and the African Continental Free Trade Area (AfCFTA).

"The signing of the AfCFTA agreement presents South Africa and the rest of Africa with one of our generation's key endeavours to boost industrialisation, job creation and reduce poverty for the more than 1 billion citizens of this continent.

Lefapha la Dikgwebisano, Dintaseteri le Tiholisano • Lefapha la Kgwebo Indasteri le Phadishano • uMnyango wezoRhwebo naZimboni kanye noMncintiswano • Muhesho wa zwa Mbambadzo, Makwevho na Mutajisano • Die Departement van Handel, Nywerheid en Mededinging • Kgoro ya Kgwebo Indasteri le Kgaisano • Ndzevulo ya Vuxavisi, Mabindzu na Mphikizano • Litiko leTekuhweba tIMboni neKuncintiswano • ISebe lezoRhwebo noShishino kanye noKhuphiswano • UmNyango wezokuRhwebelana, amaBubulo nama Phaliso wano



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

Private Bag X84, PRETORIA, 0001, the dtic Campus, 77 Meintjies Street, Sunnyside, 0002, Tel: (012) 394 0000
the dtic Customer Contact Centre local: 0861 843 384 International: +27 12 394 9500, www.thedtic.gov.za

We need all of our agencies and government departments to leverage the tools within their mandates to exploit the opportunities. This is a very important step by the ECIC in giving South African businesses the tools they need to compete across the continent,” said Minister Patel.

The World Bank has estimated that successful implementation of the AfCFTA could increase Africa’s GDP by US\$450 billion or 7% per annum above the baseline by 2035, and lift 30 million people out of extreme poverty across the continent over the same period.

Successful implementation will require efforts to address not only the tariff barriers to trade, but other impediments such as infrastructure, logistics and finance. Trade finance, provided by institutions like the ECIC, has the potential to unlock and enable African businesses to utilise opportunities across the continent.

“Opening up opportunities across the continent also provides impetus to South Africa’s efforts to transform its industrial base by bringing more black South Africans, women and youth into key industrial sectors. Already a number of black-owned businesses are exporting to other African countries, including cooler boxes sold in Mozambique, beverages sold in Ghana, train brake shoes sold in Zimbabwe and machine cutting tools sold in Mauritania,” Minister Patel said.

In the last five years, the dtic and its agencies have provided industrial funding of R32 billion in loans and equity to support efforts to develop nearly 800 black industrialists and other black-owned businesses, to boost their industrial capacity and promote inclusive economic growth.

The work of the ECIC is expected to enhance this package of support and provide South African businesses with additional trade credit support to grow exports into the rest of the African continent.

Lefapha la Dikgwabisano, Dintseteri le Tiholisano • Lefapha la Kgwebo Indasteri le Phadishano • uMnyango wezoRhwebo naZimboni kanye noMncintiswano • Muhesho wa zwa Mbambadzo, Makweho na Mutajisano • Die Departement van Handel, Nywerheid en Mededinging • Kgoro ya Kgwebo Indasteri le Kgaisano • Ndzawulo ya Vuxavisi, Mabindzu na Mphikizano • Litiko leTekuhweba tIMboni neKuncintiswano • ISebe lezoRhwebo noShishino kunye noKhuphiswano • UmNyango wezokuRhwebelana, amaBubulo nama Phaliswano



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

Private Bag X84, PRETORIA, 0001, the dtic Campus, 77 Meintjies Street, Sunnyside, 0002, Tel: (012) 394 0000
the dtic Customer Contact Centre local: 0861 843 384 International: +27 12 394 9500, www.thedtic.gov.za

Enquiries:

Sidwell Medupe-Departmental Spokesperson

Tel: (012) 394 1650

Mobile: 079 492 1774

E-mail: MSMedupe@thedti.gov.za

Issued by: The Department of Trade, Industry and Competition

Follow us on Twitter: @the_dti