



BRICS ECONOMY

BENEFITS IN THE EASTERN CAPE PROVINCE

The esteemed Minister for Small Business Development (SBD) Stella Ndabeni-Abrahams held an important international BRICS (Brazil, Russia, India, China, and South Africa) roadshow on 20 June 2023 at the International Convention Centre in East London (ICCEL) to promote economic partnership, development, and growth between the companies from the bloc and their partners in the Eastern Cape province of South Africa.

The purpose of the roadshow was to concertise South Africans about the importance of the political as well as business alignment created by South Africa's involvement in the BRICS memberships states and deliberate on how it is going to play a meaningful role in propelling the economic growth of the nation in partnership with its fellow member states.

"To achieve inclusive economic growth for its people as well as that of the continent, South Africa needs to claim its place in the business table and be able to address all societal issues such as poverty, unemployment, and inequality as well as a myriad of economic challenges like the current energy crisis, food, and water insecurities," said Minister Ndabeni-Abrahams in her opening speech.

This objective is strongly complemented by the exponential and accelerator growth potential, which BRICS engagement has delivered to the country and its neighbours. South Africa aims to utilise its chair ship of BRICS in 2023 to vigorously pursue the potential for growing trade and investment, as well as intra-African trade and investment, while advancing the benefits of the African Continental Free Trade Agreement (AfCFTA).



The AfCFTA creates a predictable environment for investments by BRICS partners particularly in infrastructure development across the continent. Individually, the BRICS countries all have active partnerships on cooperation, trade, and development on the African continent. Under this priority, South Africa will be looking at building a partnership between BRICS and Africa to unlock mutually beneficial opportunities for increased trade, investment, and infrastructure development.

According to the Minister for Small Business Development, Stella Ndabeni-Abrahams, a total South African trade with BRICS countries stands at R702 billion, a very significant increase from a low R487 billion in 2017. The BRICS New Development Bank has to date approved twelve projects, valued around \$5.4 billion to improve service delivery issues. "Buffalo City Metropolitan Council (BCM) benefits directly from BRICS and recently sent 20 students to Jinhua City in China on business studies exchange programme," said Buffalo City Metropolitan Municipality Mayor Princess Faku.

"BCM is strategically located as a distinguished city, which means we are open for business hence we have partnered with Transport Network (Transnet) to expand the infrastructure to increase volumes and the port and accommodate bigger passenger liners at the Harbour in the coming ten years," added Faku.

"The Eastern Cape welcomes this opportunity brought by BRICS and the Department of Small Business Development led by Minister Stella Ndabeni-Abrahams," said Premier Oscar Mabuyane.

He went on further to state that the roadshow is a pre-awareness event to the main summit set for August in which South Africa will resume chair ship.

"We are using this opportunity to explore trade and investment opportunities emanating from South Africa's participation in this new and developing economic bloc. Brazil and South Africa balance of trade currently is sitting on R740 million, the total of exports has gone up to R153 million whereas imports stand at R893 million. The South African economy absorbed \$80 million in direct foreign investment from Brazil, and this created 645 jobs much needed jobs'," said Mabuyane.

On trade with Russia, Mabuyane stated that the province's fresh agricultural produce has found its way to shopping shelves in Moscow.

"Exports to Russia sit at R223 million whereas imports fluctuated from R195 to R39 million in 2022," Mabuyane elaborated.

The Eastern Cape foreign direct investment from India have especially brought a positive impact in Tsitsikama and Bedford, creating 69 jobs and injecting \$348 million in capital investment.

Gqeberha is another reception of the foreign direct investment from India, as \$18 million investment has opened job opportunities for 172 youths who were previously jobless and sitting at home.



"As I have mentioned earlier that we share commonalities with India, Mahindra is a preferred truck by farmers here in Eastern Cape, you can see it everywhere on our roads delivering products to market and that's how we feel India's presence here every day" he added.

Mabuyane went on further to narrate more economic prosperity stories emanating from South Africa's involvement in the seemingly growing BRICS bloc of nations.

The Eastern Cape has attracted \$1.12 billion investment from China, creating approximately 2200 jobs between January 2003 and April 2023. "Our trade and exporting opportunities, including investments facilitations are coordinated by the Eastern Cape Development Corporation (ECDC) and it is working hand in glove with our two renowned Special Industrial Zones in East London (ELIDZ) and Coega Development Corporation (COEGA) with the supporting shareholding government of Economic Development, Environmental Affairs and Tourism to facilitate formidable support to investors" he said.

ELIDZ houses 40 manufacturing companies and it is bordered by four industrial parks in Vulindlela, Fort Jackson, Butterworth and Dimbaza respectively. COEGA is 9003 hectares and demarcated into 14 zones with a combined investment value of \$12 billion.

Agriculture Investment Specialist, Wandile Sihlobo gave a summary of the benefits of BRICS membership to the country's agricultural sector in a recent summit. "\$764 million has been spent by BRICS countries on

South African agricultural imports despite the country being a small player in that regard. China imports amount to 67%, Russia 16%, India 12% and Brazil sit on 5%, this means South Africa should advocate for lower import tariffs on agricultural products specifically from India and China" said Sihlobo.

"BRICS nations should fight for the lowering of tariff imports particularly with China. South Africa must fight for this reduction for its wines, citrus fruits, and vegetables to enter the lucrative Chinese market which offers 0% tariffs to countries like Australia and Chile", he added.

China imports only 5% of local products like wool, beef, nuts, and grapes. Russia accounts for 2% that is for citrus fruits, apples, pears, grapes as well as wines. India and Brazil are negligible importers of South African agricultural products and only participate meaningfully in other sectors of the economy.

"The BRICS chair ship presents us with remarkable opportunities across various sectors in all provinces particularly here in the Eastern Cape and hope that those identified will go a long way into benefiting the population in the entire province. The depth and strength of our BRICS partnership allows us to bring multiple solutions to the table, including financing trade, investment, tourism and academic partnerships to benefit citizens in the province," said Ndabeni-Abrahams.

"Eastern Cape has abundant natural resources that need to be tapped, utilized and we hope BRICS members will assist us in that regard," concluded Minister Ndabeni-Abrahams.

