

# Great potential in SA, China relations

PRETORIA: Economic cooperation and trade between China and South Africa which have developed fast, have potential for growth, says Trade and Industry Minister, Dr Rob Davies.



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"Economic cooperation and trade between South Africa and China have developed fast and has great potential. Total trade between South Africa and China experienced an upward trajectory since 2009, growing from R118 billion to R271 billion by the end of 2013, but decreased to R261 billion by the end of 2014," said the minister on Tuesday.

## China has increased appetite for South Africa

Between 2009 and 2014, the total trade growth rate's highest peak was 36% in 2011, due to China's increased appetite for South Africa's raw commodities. This as China has set up more than 80 companies in South Africa since 1998 bringing its foreign direct investment (cumulatively) to nearly US\$6 billion. This figure includes an investment of approximately US\$ 5.5 billion by China's ICBC bank that purchased a 20% stake in Standard Bank in March 2012.

Meanwhile, South African investment in China is valued at approximately \$ 700 million.

Speaking at the National Day celebrations of the People's Republic of China, Davies said that there are exciting opportunities for China to increase its investment in South Africa. "We will encourage China to support South Africa's

industrial agenda and explore investment in the development of Science and Technology and Industrial Parks, as well as in key areas such as marine transport and manufacturing (MTM), white goods, offshore oil and gas exploration (O&G), aquaculture, agro-processing, mining and mineral beneficiation, renewable energy, finance and tourism," he explained.

Davies said that since South Africa and China established diplomatic relations in January 1998, relations between the two countries have achieved a historical pinnacle becoming a "comprehensive strategic partnership" in 2010. "Since the establishment of bilateral ties, cooperation in the political, economic, trade and other fields has continued to grow, thus bringing our relations to a new high."

## **SA visits China**

In July, Deputy President Cyril Ramaphosa paid a working visit to China which included a review of progress made with regard to the implementation of the "Five-to-Ten Year Framework on Strategic Cooperation between South Africa and China. "We stand to learn a great deal from China's re-industrialisation process and as such, Ramaphosa's visit also focused on how South Africa's state-owned enterprises could learn from the Chinese experience.

"Furthermore, President Zuma's visit to China earlier this month to attend the celebrations that marked the 70th Anniversary of the Victory of the Chinese Peoples' War of Resistance and the World Anti-Fascist War. It also allowed him the opportunity to discuss our bilateral relations with President Xi. Both leaders agreed that our relationship is at its best level ever," explained Davies.

## **Asian Infrastructure Investment Bank**

"South Africa once again, wishes to reiterate its welcome of the invitation by China to become a founding member of the Asian Infrastructure Investment Bank. We view infrastructure development as a catalyst for sustainable economic development and the improvement of the quality of life of our people in a fundamental way."

The bank is a proposed international financial institution that is focused on supporting infrastructure construction in the Asia-Pacific region.

## **Partnership**

Davies noted that the strategic partnership between South Africa and China is durable and meaningful, and will continue to provide a long-lasting partnership for development and progress.

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