Standard Bank

AFRICA
TRADE BAROMETER

An overview of the current cross-border trade landscape of Africa

SOUTH AFRICA

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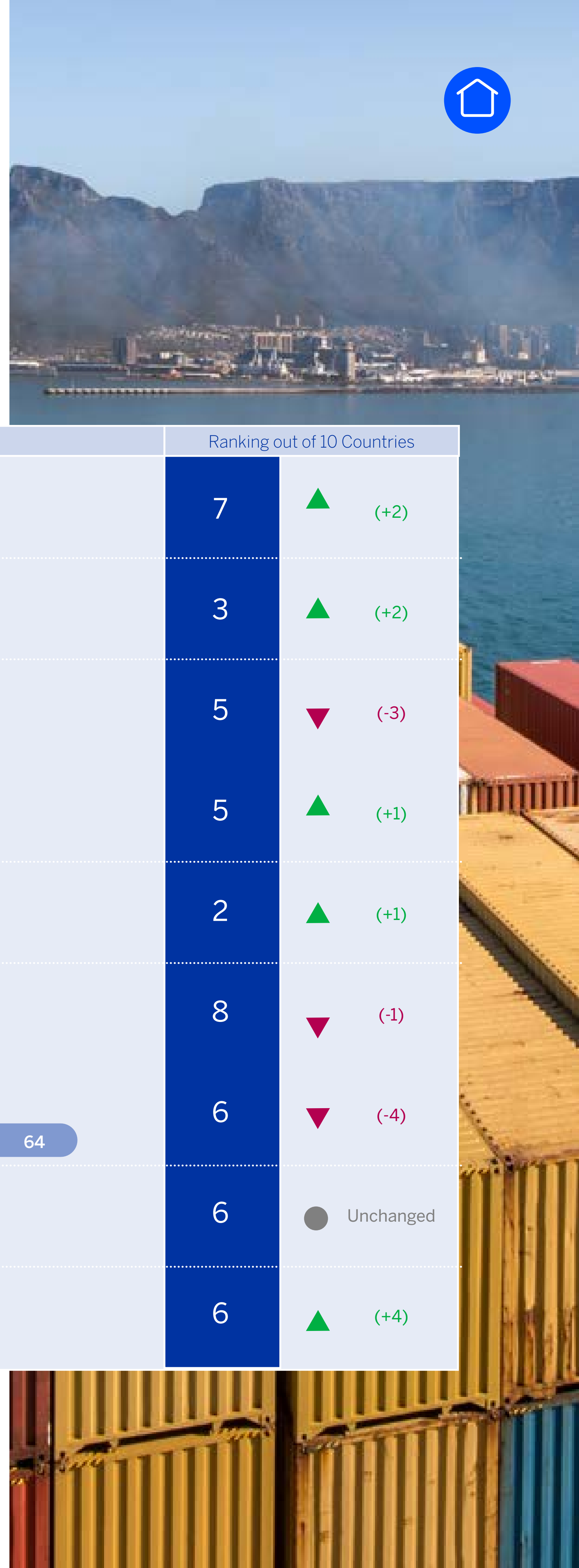
EXECUTIVE SUMMARY



Being Africa's largest bank, Standard Bank has leveraged its presence and expertise across the continent to create the Standard Bank Africa Trade Barometer (SB ATB).

The SB ATB was launched in 2022 with the intent of creating Africa's leading trade index to address the information vacuum of reliable African trade data and to support and enable the growth of intra-Africa trade. Availability of trade data remains a challenge across Africa and the SB ATB aims to fill part of this data gap through up-to-date survey data on the views of African businesses on the environment they operate in, their trade behaviour, trading activities and their perceptions on trade.

This is Issue 4 of the SB ATB. The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda and Zambia.

In order to construct the SB ATB index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources. These thematic categories are trade openness, access to finance, macroeconomic stability, infrastructure, foreign trade, governance & economy, and traders' financial behaviour. These are the seven variables on which the trade barometer scores for each country are constructed.

From a primary data perspective, the Standard Bank Firm Survey Trade Barometer (SB STB) is constructed. The SB STB scores and ranking by country are the averages of all the data collected only from the primary research surveys conducted with 2 258 firms across the 10 countries of interest.

From a secondary research perspective, the Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) is constructed. The SB QTB scores and ranking by country are the averages of all the selected indicators collected only from existing secondary data sources. It is important to note that the SB ATB ranking of countries is relative to the 10 countries themselves. In other words, countries are ranked against each other i.e., relative scores to each other.

The table below shows South Africa's relative performance in the seven broad thematic categories of the SB ATB.

Thematic Category	Indicator	August 2024	May 2023	Ranking out of 10 Countries	
Macroeconomic Stability	Business Confidence	56	52	7	(+2)
Governance and Economy	Government Support on Trade	55	55	3	(+2)
Infrastructure	Quality of Infrastructure	47	55	5	(-3)
	Infrastructure Obstacles	55	55	5	(+1)
Access to Finance	Access to Credit	49	44	2	(+1)
Traders' Financial Behaviour	Credit Terms Extended to Clients	47	52	8	(-1)
	Credit Terms Advanced from Suppliers	51	64	6	(-4)
Foreign Trade	Ease of Trade	42	42	6	Unchanged
Trade Openness	Trade Openness	55	54	6	(+4)

Note: All (with the exception of the ease of trade) indicators have an index score ranging from 0 to 100, where 0 represents a low score and 100 the highest score. For the ease of trade indicator, 0 represents a high score and 100 a low score.

August 2024
May 2023

The SB ATB is an aggregate of the SB QTB and the SB STB.

This is the country report for South Africa.

It contains an analysis of the primary and secondary data gathered specifically for South Africa between July and September 2024 and showcases trends and opportunities in trade within the country. A consolidated report complements the individual country analyses, synthesising data from the 10 African markets surveyed to provide a comparative perspective on the factors enabling and hindering trade. This will form the cornerstone of the trade barometer.

South Africa's 1st-place position in the overall SB ATB ranking remained unchanged. Similarly, the country retained its 1st-place position in the SB QTB. Conversely, South Africa fell from 2nd place to 4th in SB STB. Hence, although South Africa fell in the SB STB and maintained its SB QTB position, her overall SB ATB position remained the same in relation to the other markets.**South Africa's macroeconomic environment faces persistent challenges yet shows some positive signs, particularly from increased energy production and moderated inflation.** GDP growth is projected to rise slightly to 1.1% in 2024, up from 0.7% in 2023, though it remains the lowest growth rate among the countries profiled in the SB ATB. Power challenges, inefficiencies within the logistics sector, and falling commodity prices hinder the economy. However, falling inflation (projected at 5% in 2024) and improved energy capacity from renewable projects are expected to provide a moderate boost to household spending and economic recovery despite ongoing infrastructure and supply chain constraints.

South Africa's business confidence index rose to 56 in August 2024, up from 52 in May, with 41% of businesses expressing optimism.

This boost is primarily attributed to the 2024 General Elections, which resulted in a coalition government expected to implement market-friendly reforms. Corporate businesses (52%) were the most optimistic, followed by small businesses (48%). Critical drivers of confidence include expected improvements in infrastructure and green energy initiatives. However, 16% of businesses remain pessimistic, citing slow economic growth, high product prices, and ongoing issues in the energy and transport sectors. Despite challenges, businesses are hopeful for revenue growth driven by rising sales and improved production.

South Africa's government support index for cross-border trade remained steady at 55, reflecting ambivalent sentiments among businesses. This caution stems from uncertainty surrounding the policies of the newly formed coalition government as businesses await the impact of reforms and initiatives. Despite this, 79% of surveyed businesses expressed that tax relief would significantly aid cross-border trade, alongside calls for more straightforward business policies and reduced customs clearance times. Ongoing delays at the Port of Durban, exacerbated by Transnet's challenges, continue to affect cross-border trade efficiency.

South Africa's trade-related infrastructure index fell to 47 from 55, signalling a broad decline in infrastructure quality, particularly in rail, road, port, water, and telecommunications. Due to Transnet's operational challenges, rail and port inefficiencies continue to hinder trade, costing the economy an estimated ZAR 1 billion daily. Roads, which carry 80% of domestic goods, also saw a drop in quality due to underinvestment and weather damage, though significant investments are underway to address this. Water supply infrastructure faced major losses and quality concerns, while issues with internet speeds and high data costs contributed to declining perceptions of telecommunications infrastructure. However, airport infrastructure saw improved perceptions, boosted by a ZAR 21.7 billion investment program to enhance capacity and efficiency across South Africa's major airports, highlighting

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a bright spot amidst widespread infrastructure concerns.

South Africa's access to finance index rose from 44 in May 2023 to 49, indicating improved credit access. Larger businesses particularly benefited, with 29% finding credit easier to obtain, up from 12%. This improvement is linked to the stabilisation of the repo rate at around 8%. However, small businesses continue to struggle with credit access, citing poor credit histories (39%) and lack of collateral (25%) as key barriers. Additionally, a fall in both the percentage of businesses providing credit terms to clients (61% to 46%) and those receiving credit term advances from suppliers (54% to 43%) also highlights a tightened credit environment since May 2023.

South African businesses' preference for using digital payments for cross-border transactions has grown. In August 2024, 81% of cross-border sales were processed through digital channels, up from 68% in May 2023. EFTs (39%) and international transfers (30%) dominate cross-border sales, while international transfers account for 43% of cross-border purchases, a significant increase from 19% earlier in the year. This shift highlights the growing reliance on digital platforms, especially among larger businesses, though cash remains common for domestic transactions, particularly among small businesses.

South Africa's ease of trade index remained steady at 42 in August 2024, indicating similar trade conditions to May 2023. Surveyed businesses expressed indifference towards trade with Africa and the rest of the world, with no clear preferences for trade partners. A notable decline in intra-African trade perceptions was observed, with only 13% finding it easy, down from 21% in May 2023. High transport costs and fuel prices were cited as key challenges. Additionally, fewer businesses saw benefits from the African Continental Free Trade Agreement (AfCFTA), and awareness of the AfCFTA fell sharply from 78% to 39%, signalling a need for renewed focus on its advantages.

South Africa's trade openness index increased slightly from 54 to 55 in August 2024, indicating modest improvements in trade conditions. Surveyed businesses increasingly prioritise domestic markets, with 70% trading exclusively within the country, up from 61% in May 2023. Meanwhile, imports from Asia and Europe have risen, reflecting a diversification in trade partnerships, though export activity has declined to 17%, particularly in consumer goods and services. Despite logistical challenges, exports to Southern Africa have surged, driven by regional trade agreements like the AfCFTA. Optimism for future trade growth is linked to the anticipated overhaul of Transnet's infrastructure, which could alleviate many current trading bottlenecks.

In conclusion, South Africa's trade landscape is marked by a delicate balance between persistent challenges and cautious optimism for recovery. While infrastructure constraints and slow GDP growth hinder trade potential, improvements in energy production and moderated inflation are promising developments. Future editions of the SB ATB should focus on tracking the effectiveness of infrastructure investments, particularly at Transnet and in road networks, as these will be critical to boosting trade efficiency. It will also be essential to observe how the coalition government's policies impact cross-border trade, especially regarding tax relief and customs efficiency. Additionally, continued attention to the evolving use of digital payments, access to credit for small businesses, and the practical outcomes of the African Continental Free Trade Agreement (AfCFTA) will provide deeper insights into South Africa's trade dynamics.

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Small businesses continue to struggle with credit access, citing poor credit histories (39%) and lack of collateral (25%) as key barriers.

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1 INTRODUCTION

Africa's largest bank, Standard Bank, has leveraged its presence and expertise across the continent to create the Standard Bank Africa Trade Barometer (SB ATB).

The SB ATB was conceived with the intent of creating Africa's leading trade index to address the information vacuum of reliable African trade data and to support and enable the growth of intra-Africa trade.

Trade—in the context of the SB ATB—should be understood as the process of production and transfer of goods and services that is enabled by solutions that effectively connect the supply chain domestically and internationally to create economic value.

Launched in 2022, this is Issue 4 of the SB ATB. Issue 1, 2 and 3 were published in June 2022, November 2022 and September 2023 respectively. The SB ATB focuses on 10 countries: Angola, Ghana, Kenya, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda, and Zambia.

The objective of the SB ATB is to provide dynamic and insightful analysis that can intelligently inform and grow Africa's trade ecosystem.

Updated annually, the data enables stakeholders to take the pulse of African trade in near real-time to measure improvements or declines in business confidence, track operational challenges, and identify shifts in overall tradability.

The SB ATB is based on primary and secondary data sources. Primary research is gathered through a survey of over 2 258 firms representing small businesses, big businesses, and corporates across the 10 countries. The survey is augmented by in-depth interviews with select thought leaders in respective countries, and secondary data from sources such as the World Bank, the International Monetary Fund (IMF) and central banks of the respective countries.

To complement the individual country reports, a consolidated report is published, serving as a cornerstone of the trade barometer. This overarching document synthesises the data from the various country analyses to offer a comparative perspective of the factors enabling and impeding trade across the 10 African markets surveyed.

This is the country report for South Africa. It contains analysis of the primary and secondary data gathered specifically for South Africa and showcases trends and opportunities in trade within the country. Primary and secondary data was gathered in South Africa between July and September 2024 for this fourth issue of the SB ATB.

A total of 229 businesses were surveyed in South Africa.

The surveyed businesses in South Africa were located in the following regions: Gauteng, Western Cape, KwaZulu-Natal and Eastern Cape. In order to be representative, the majority of these (62%) were small businesses (see Figure 1) given that most businesses in the country fall in this category. There were three in-depth interviews conducted in South Africa as part of this issue. These interviews were held with representatives from the Johannesburg Stock Exchange and Western Cape Provincial Government, including the Priority Programmes Coordination cluster.

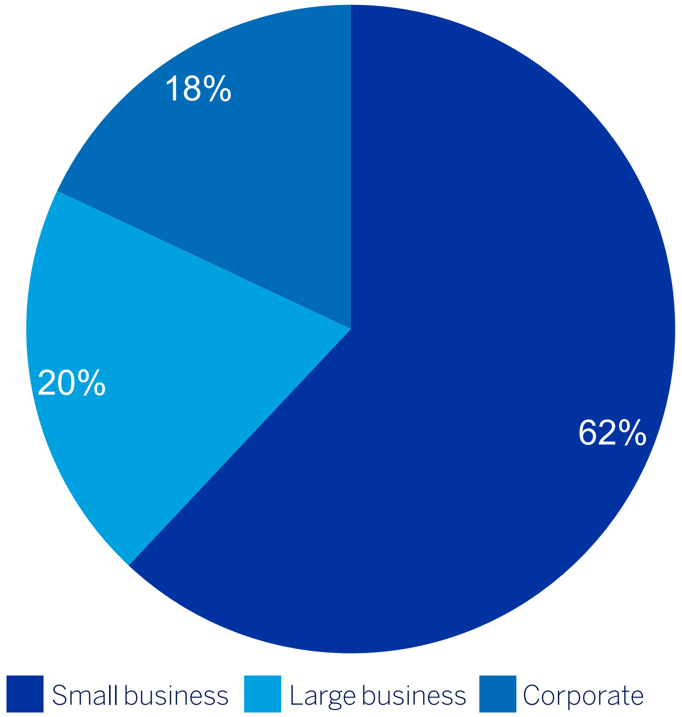
The fact that the majority of surveyed businesses were small businesses is a central value-add of the Standard Bank Africa Trade Barometer (SB ATB). Conventionally, aggregate trade data and information on the African continent is skewed by large businesses who trade specific commodities in large volumes. The trading activities and behaviour of small businesses is therefore often not adequately represented.

Skewness towards small businesses of SB ATB

The emphasis and findings in the SB ATB relate to small businesses, their trade behaviour, trading activities and their perceptions on trade. The SB ATB also makes a contribution in understanding the trade perceptions of small businesses in Africa that do not necessarily engage in cross-border trade. Understanding the trade perceptions of all small businesses is key, as it aids in Africa's journey from a disjointed trading landscape to a more cohesive one where an extensive range of economic participants actively engage in trade with one another.

Notes: Certain survey findings in this report may differ from data at the aggregate level because data at the aggregate level is skewed by a few large businesses that trade large volumes of specific commodities. This is pointed out in the report, as relevant.

Figure 1: Breakdown of surveyed businesses in South Africa by business segment



Source: Standard Bank Africa Trade Barometer Issue 4

2 STANDARD BANK AFRICA TRADE BAROMETER ISSUE 4 COUNTRY RANKINGS

South Africa retained its first place ranking in the Standard Bank Africa Trade Barometer ranking.

In order to construct the Standard Bank Africa Trade Barometer (SB ATB) index rankings, seven broad thematic categories of data are collected from both primary and secondary data sources. These thematic categories are macroeconomic environment, macroeconomic stability, government support, infrastructure constraints and enablers, trade openness, trader's financial behaviour and access to finance, and foreign trade and trading in Africa.

The SB ATB consists of the following two trade rankings:

- **The Standard Bank 3-Year Quantitative Trade Barometer (SB QTB)** is constructed from a secondary research perspective. The SB QTB scores and ranking by country are the averages of all the selected indicators collected from existing secondary data sources and reports.
- **The Standard Bank Firm Survey Trade Barometer (SB STB)** is constructed from a primary data perspective. The SB STB scores and ranking by country are the averages of all the survey data collected from 2 258 businesses.

The SB ATB is an aggregate of the SB QTB and the SB STB. Changes in a country's ranking on the three indices (SB ATB, SB QTB and SB STB) are driven by changes in both the aggregate score for that country, as well as their relative ranking against the other countries included.

Changes in the SB ATB rankings over the past year are driven mostly by the changes in the SB STB scores.

The SB ATB ranking of countries is relative as countries are ranked against each other i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that on a common starting point of 0 and maximum point of 100, this is how the two markets fared.

South Africa retained its first place ranking in this year's SB ATB rankings, which it has held since the first SB ATB in January 2022 (see Figure 2). This is despite falling to 4th place in the SB STB from 2nd place. The country's SB QTB remained unchanged, at 1st place.

South Africa maintaining its first place position is a reflection of improved perceptions in trade openness, business confidence and access to credit. However, indicating the slide in the SB STB rankings, perceptions of the quality of infrastructure and trade credit terms have declined. Sentiments on ease of trade and government support for trade remain the same.

Figure 2: ATB, QTB and STB ranking, by country

1 = High tradability score — 10 = Low tradability score

Aug '24										
ATB	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
May '23	1	2	4	8	6	5	3	9	7	10
Jan '22	1	7	3	5	8	4	2	9	6	10
Aug '24										
QTB	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
May '23	1	2	3	4	6	7	8	5	9	10
Jan '22	1	8	3	6	4	9	6	2	7	10
May '23										
STB	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Sep '22	3	4	1	2	7	9	8	5	6	10
Jan '22	4	2	6	5	9	8	7	10	1	3

Improved in Ranking — Remained in the same ranking — Declined in ranking

Source: Standard Bank Africa Trade Barometer Issue 4

Notes: All values are shown so that a higher value is 'better' for trade, with the best to least ranking economies being ranked 1, 2, 3, etc., and how this has changed over time. Red border indicates that the country has declined in the relevant ranking from May 2023, Green border indicates that the country has improved in ranking from May 2023, while Grey border indicates that the country has remained in the same position as in May 2023.

3 MACROECONOMIC ENVIRONMENT

Despite persistent risks, South Africa's macroeconomic landscape is bolstered by enhanced energy production and moderated inflation.

A country's macroeconomic environment is a crucial factor in determining its attractiveness for trade and business in the economy. Some factors that increase a country's trade and investment attractiveness are high GDP (indicating a strong production of goods and services); high GDP per capita (suggesting strong consumer purchasing power); low inflation (ensuring the local currency remains favourable for importers); high foreign direct investment (FDI) (indicating a generally business-friendly environment) and high merchandise trade as a percentage of GDP (reflecting substantial imports and exports).

South Africa's economy is showing signs of recovery, driven by rising confidence in the country's stable electricity supply, and a gradual easing of headline inflation.[1] Additionally, an improved risk profile following the formation of a coalition government after the May 2024 elections is contributing to macroeconomic stability. However, there are risks that the country faces such as transport infrastructure bottlenecks, struggling state-owned enterprises, volatile commodity prices, high sovereign credit risk, and geopolitical factors.[2]

Real GDP growth is forecasted at 1.1% in 2024 (see Figure 3). This represents the lowest growth of all the other profiled countries in the SB ATB, especially considering the slight contraction in real GDP of 0.1% in the first quarter of 2024. The contraction was largely driven by declines in manufacturing and construction which were negatively affected by the issues within Eskom, energy company, and Transnet, transport company.[3]

South Africa's logistics sector faced significant constraints, primarily driven by operational challenges within Transnet, the state freight rail, ports and logistics company. Transnet has been grappling with weak profitability, high debt, and low cash flows, due to years of underinvestment in capital infrastructure and mounting maintenance backlogs. This has severely limited its capacity to generate revenue leading to increasing financial support from the government and limited capacity to respond effectively to the country's logistics demands.

Logistical bottlenecks at Transnet have had a cascading impact on South Africa's mining and agriculture sectors, both critical to the nation's economy. Mining operations, which depend on an efficient logistics network to transport raw materials to ports for export and for inland distribution, have been particularly affected. Frequent service interruptions, delays, and breakdowns in Transnet's railway system disrupted the supply chain, undermining the global competitiveness of South African mining companies.

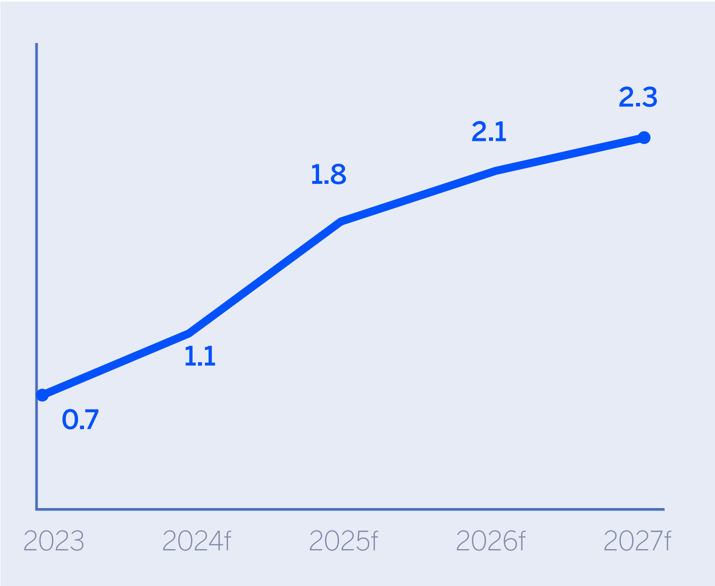
For example, Kumba Iron Ore, a unit of global mining giant Anglo American, announced in 2023 that it would cut production over the next three years to align with the reduced capacity to transport minerals by rail.[4] Transnet has struggled to move minerals and other commodities to export markets due to locomotive shortages, cable theft, and vandalism of its infrastructure, costing exporters billions of rand in potential revenue. By July 2024, Kumba's iron ore stockpiles had swelled to 8.2 million metric tons, up from 7.1 million during the same period the previous year, as rail and port challenges worsened.[5] Similarly, the fruit-growing industry faced delays as quality-grade produce sat at the port of Cape Town degrading by the day, while reefer ships, meant to transport the goods to overseas markets, remained anchored offshore in a traffic jam, waiting for their turn to dock at the port. This came at a critical time—the start of the export season—when farmers rushed to get their fruit to market.[6]

Making matters worse, delays at the Port of Durban—South Africa's busiest—continue to plague transporters, despite interventions by the Transnet National Ports Authority (TNPA). The port has seen major congestion, with an influx of trucks exacerbating the strain on its ageing infrastructure.[7]

> Electricity and water challenges, along with inefficient freight train operations, have added strain to South Africa's logistics landscape. Coupled with a weak economic and political climate over the past 15 years, there's less money and confidence in the economy, making it increasingly difficult to drive local trade and secure clients.
>
> Representative from the Johannesburg Stock Exchange

[1] Reserve Bank of South Africa, 2024. Available here.
[2] Economist Intelligence Unit: South Africa, 2024.
[3] South Africa Reserve Bank, 2024. Available here.
[4] Bloomberg, 2024. Available here.
[5] Reuters, 2024. Available here.
[6] BusinessLive, 2024. Available here.
[7] Freightnews, 2024. Available here.

Figure 3: Real GDP growth rate (%)



Source: Standard Bank Research

Note: 'f' represents forecasted data point.

There are positive developments, nonetheless, with South Africa's macroeconomic environment expected to improve in the short- to medium-term. In contrast to the first quarter of 2024, annual real GDP is forecasted to grow to 1.1% in the same year, and accelerate to 1.8% in 2025. This growth is expected to be supported by a resurgence in household spending, aided by falling inflation.[8]

Consumer Price Inflation is forecasted to reach 4.6% in 2024, which is a 22% decline from 2023 (see Figure 4). Factors helping contain inflation include tight monetary policy by South Africa's Reserve Bank (SARB) and an increase in business activity driven by rising demand due to a backlog of work.[9] Lower inflation is expected to support an increase in household consumption and credit extension[10] further improving economic performance. However, bottlenecks within the transport sector, particularly freight rail and ports, pose a threat to the stabilisation of inflation.

Figure 4: Consumer Price Inflation (%)

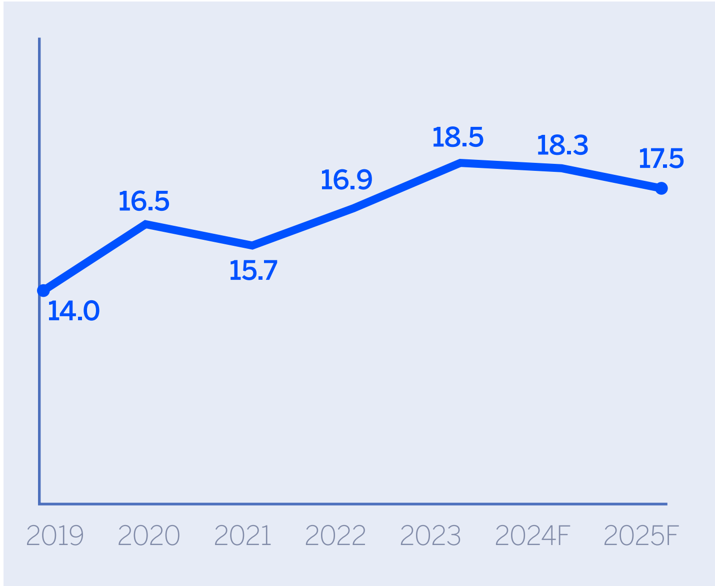
Source: Standard Bank Research

Note: 'f' represents forecasted data point.

The South African Rand (ZAR) is expected to appreciate against the USD in 2024 to reach ZAR 18.3 (see Figure 5). As of 21 October, the rand had further slipped ahead of the US dollar to reach ZAR 17.6 which is a positive performance outperforming the initial forecasts.[11] The formation of South Africa's coalition government after the May 2024 election has also helped improve the country's risk profile, helping the rand perform better.[12] Additionally, favourable oil prices have played a role in supporting the rand's rebound.

Lower inflation is expected to support an increase in household consumption and credit extension further improving economic performance.

Figure 5: USD:ZAR Exchange Rate



Source: Standard Bank Research, South African Reserve Bank

Note: Values rounded to the nearest rand | Note: 'f' represents forecasted data point.

Alleviating some of the strain on the economy are strides in "green transition" and National Industrial Policy, which have seen the development of fresh infrastructure projects. Key among these is the enhancement of renewable energy capacity under the Renewable Energy Independent Power Producer Procurement Programme, which will add 1 160 MW in new energy capacity.[13]

Moreover, improvements in electricity generation–both from Eskom and independent power producers–are expected to boost critical sectors like transportation and mining, aiding their recovery.[14] These developments stem from a series of initiatives by the state-owned power provider Eskom and the government over the past two years. In July 2022, President Cyril Ramaphosa introduced the Energy Action Plan, and in February 2023, he declared a national state of disaster due to the electricity crisis. Shortly after, he established the position of Electricity Minister.[15]

[8] National Treasury: Budget Review, 2024. Available here.
[9] Reuters, 2024. Available here.
[10] Budget Speech, 2024. Available here.
[11] South African Reserve Bank, 2024. Available here.
[12] Reuters, 2024. Available here.
[13] National Treasury: Budget Review, 2024. Available here.
[14] National Treasury: Budget Review, 2024. Available here.
[15] BBC, 2024. Available here.

Eskom then launched a two-year Generation Operational Recovery Plan, aiming to increase the Energy Availability Factor (EAF) to 70% of the network's potential Simultaneously, Eskom overhauled its leadership, a move widely seen as crucial to these efforts.

Another key initiative was the ZAR 254 billion (USD 14 billion) debt-relief package from the Treasury to address Eskom's financial difficulties. This allowed the company to carry out planned maintenance, which has since increased energy capacity. On July 23, 2023, the energy supply reached 35 000 MW, the highest in six years.[16]

Additionally, external factors have also played a role such as a decline in the overall demand for electricity from Eskom, driven by the growing adoption of alternative energy sources. South Africa's green transition will continue to be a central focus for the country as it aims to become a low-carbon economy.[17] In the 2024 national budget, the government announced measures aimed at expanding renewable energy capacity and reducing carbon emissions. These developments are key to attracting more FDI into the country and also diversifying power sources to avoid disruptions in electricity supply. The government has proposed to raise the cap for renewable energy projects that can qualify under the carbon offsets regime from 15 MW to 30 MW.[18]

A key development that will elevate South Africa's economic and political status—both in Africa and within the global South—is the country's upcoming role as it takes over the role of the G20 presidency, replacing Brazil, in December 2025. With South Africa at the helm, following India's and Brazil's terms, emerging economies will lead the G20 for four consecutive years. This leadership shift presents a unique opportunity to prioritise mutual interests, particularly those of digital equity, climate action, debt restructuring, and global cooperation experienced by Global South countries. Some of the key focus areas for South Africa include securing permanent membership for the African Union in the G20, ensuring a stronger voice for Africa at multilateral forums. Additionally, South Africa has emphasised restructuring the G20's debt framework to address the financial vulnerabilities of African nations, which are burdened by rising debt and budget deficits.[19]

In terms of climate and energy, South Africa will champion the Just Energy Transition, aiming to reduce its coal dependency while ensuring the transition to a low-carbon economy does not negatively impact communities. The country also seeks greater financial support for climate change mitigation and adaptation measures.[20]

Overall, despite a number of positive highlights, South Africa's macroeconomic forecast is clouded by risks, both from within its borders and from the international arena. Domestically, the nation grapples with high sovereign credit risk, which exacerbates fiscal challenges by keeping borrowing costs high. Additionally, the financial health of the country is under threat due to the ongoing financial support required by state-owned enterprises, which weigh heavily on government expenditure. A notable instance is the sizable USD 13.7 billion three-year bailout initiated for Eskom in the 2023/24 period,[21] anticipated to add significantly to the national government debt.

Table 1: South Africa's selected macroeconomic factors impacting tradability attractiveness

Indicator	Unit	2023	2024f	2025f
Nominal GDP	USD, billions	390.89	391.32	396.19
GDP per capita	USD	6 027	6 114	6 124
Real GDP growth rate	%	0.7	1.1	1.8
Consumer Price Inflation	%	5.9	4.6	4.3
Repo rate (end of period)	%	8.25	7.75	7.25
Merchandise trade	% of GDP	64	N/A	N/A
Exchange rate	USD per ZAR	18.5	18.3	17.5
Trade (exports and imports as % of GDP)	%	65.7	N/A	N/A

Source: World Bank Group, IMF, Statistics South Africa, ITC Trade Map, Standard Bank Research

Notes: Values rounded to the nearest figure. 'f' represents forecasted data point, Information collected is up to June 2024 and forecasts could have been revised by the time of publication.

[16] BBC, 2024. Available here.
[17] The Presidency of the Republic of South Africa, 2024. Available here.
[18] Budget Speech, 2024. Available here.
[19] Indian Council of World Affairs, 2024. Available here.
[20] Institute of International Affairs, 2024. Available here.
[21] National Treasury, 2024. Available here.

4 MACROECONOMIC STABILITY

Business confidence among surveyed businesses surged as firms applauded the outcomes of the 2024 general elections.

SOUTH AFRICA'S BUSINESS CONFIDENCE INDEX SCORE

Source: Standard Bank Africa Trade Barometer Issue 4

Business confidence can vary between 0 and 100, where 0 indicates an extreme lack of confidence, 50 neutrality and 100 extreme confidence. In the August 2024 SB ATB survey results, South Africa's business confidence index score increased to 56, up from 52 in the May 2023 SB ATB survey.

***

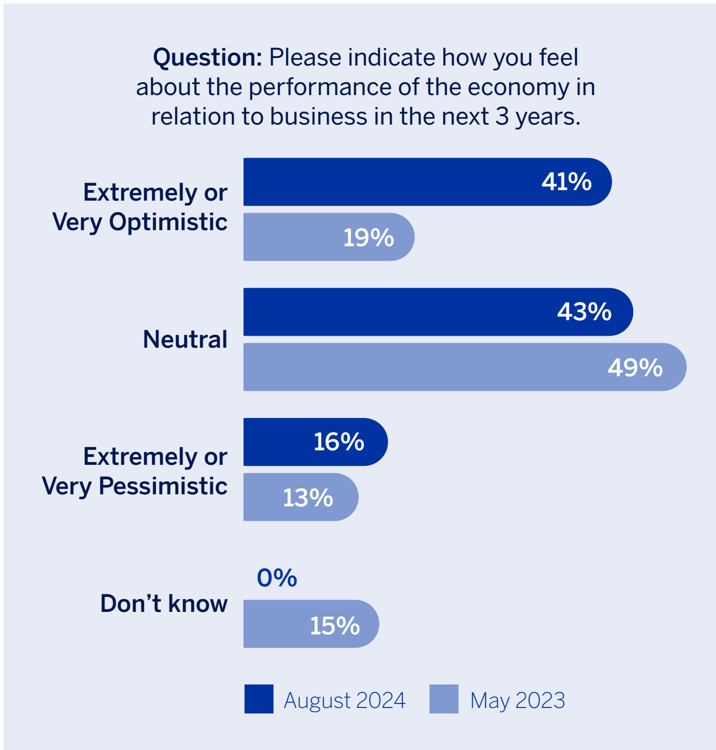
More surveyed businesses are confident in the performance of the economy in relation to business this year, in contrast to the May 2023 survey (see Figure 6). 41% expressed confidence in the economy, much higher than the 19% in the May 2023 cohort.

Surveyed corporate businesses (52%) saw the most notable increase, followed by small businesses (48%) and big businesses (31%). This optimism likely stems from the results of the May 2024 General Elections, which led to the establishment of South Africa's new coalition government under the leadership of President Cyril Ramaphosa. This marked a notable political shift following the ANC's loss of its parliamentary majority. The governing coalition comprises the African National Congress (ANC), the Democratic Alliance (DA), the Inkatha Freedom Party (IFP), the Freedom Front Plus (FF Plus), and a number of smaller parties.

The cabinet's centrist composition has driven expectations that the government will focus on market reforms. These reforms are fueling optimism that the government will bolster economic stability and growth[22] and are reflected in the responses among surveyed businesses. Businesses that are optimistic about the economy in relation to business most commonly cited business growth (44%), change in government (39%) and good policies (33%) as the main factors for their optimism.

South Africa's ambition to transition into a "green economy" by 2050 is poised to unlock new prospects and drive growth in key industries, especially renewable energy and automotive sectors. South Africa is positioning itself to become an influential hub in the emerging new energy vehicle market, starting with electric vehicles. To spur electric vehicle manufacturing, the government will roll out an investment allowance for new ventures beginning March 2026. This significant incentive allows manufacturers to deduct 150% of eligible investment expenditures on electric and hydrogen-powered vehicles in the initial year, supplementing the established benefits provided by the Automotive Production Development Programme. Moreover, the government has reprioritised ZAR 964 million (USD 54.7 million) for the medium term to bolster the shift toward electric vehicles, demonstrating a clear commitment to sustainable transportation.[23]

Figure 6: South African surveyed businesses' outlook on the performance of the economy



Source: Standard Bank Africa Trade Barometer Issue 4

[22] News24, 2024. Available here.
[23] Budget Speech, 2024. Available here.

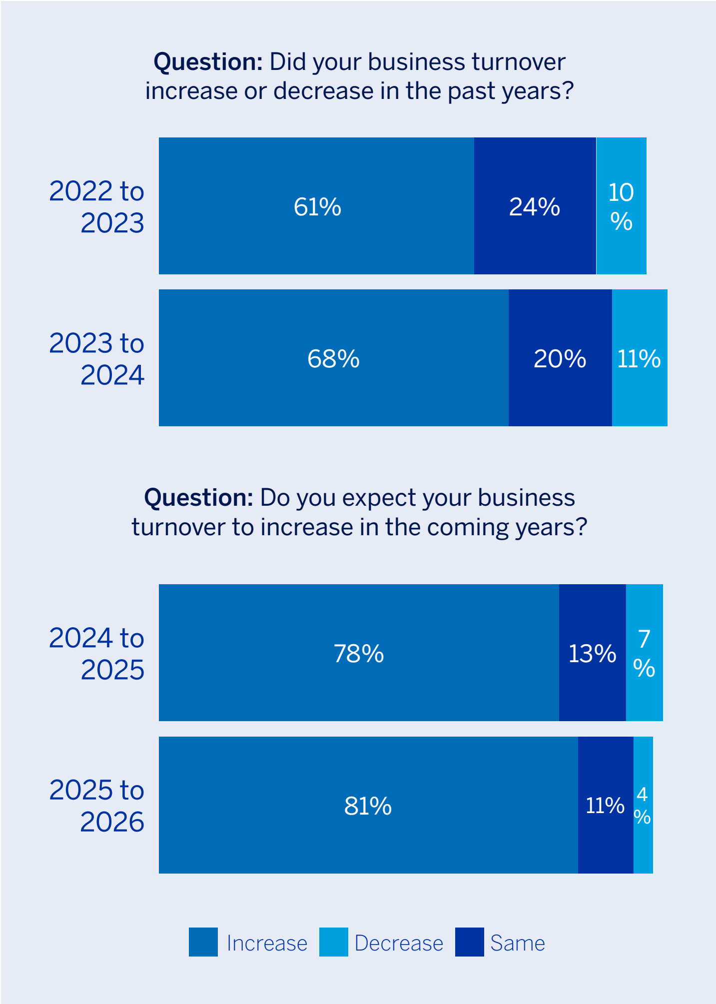
However, Chinese electric vehicles are rapidly entering South Africa's market, making it difficult for traditional brands, especially luxury brands, to compete.[24] The Chinese electric vehicles are more affordable. This presents a threat to South Africa's automotive sector. The sector contributes an estimated 7.5% to South Africa's GDP, making it a key economic driver.[25]

Out of surveyed businesses that indicated pessimism about the performance of the economy in relation to business, 61% cited a poor economy as a key reason for their lack of confidence. As highlighted in the Section above, South Africa has in recent times shown sluggish economic growth, which has manifested in a dip in tax revenues for the 2023/24 fiscal year, with takings plummeting to R1.73 trillion, which is R56.1 billion shy of the 2023 budget estimate. This deficit is attributed to a reduction in corporate profits and mining tax receipts, underscoring the hardships faced by businesses.

31% of surveyed businesses that reported pessimism also identified high product prices as a reason for their pessimism. This could partly be driven by the Rand's depreciation against the dollar, making imports more expensive.

The majority of surveyed businesses are also optimistic about their business' future revenue growth (see Figure 7). Key factors identified include increased sales orders and demand (75%), increased production (75%), and wider industry growth (74%).

Figure 7: Past turnover performance and future expectations of businesses



Source: Standard Bank Africa Trade Barometer Issue 4

Note: Numbers may not add up to exactly 100% due to "don't know" and "refused" responses not being included.

Improvements at Transnet, South Africa's rail, port, and pipeline company, are expected to support revenue growth for businesses by enhancing trade efficiency.

Transnet finalised its partnership with Philippines-based International Container Terminal Services Inc (ICTSI) as the preferred bidder for the establishment of a partnership to manage the upgrade and development of Pier 2 at the Durban Container Terminal (DCT).[26] The Port of Durban currently handles 46% of South Africa's port traffic, and this joint venture aims to increase private investment in equipment, technological capabilities and operational efficiency. These upgrades will significantly boost trade and lead to greater efficiency in port operations.[27]

However, businesses have expressed concerns about several potential factors negatively impacting their revenue. These include wider economic contraction (65%), increased operating costs (64%), and difficulties securing funding for expansion (62%). These concerns reflect the slow economic growth South Africa is experiencing, further exacerbated by rising operational costs due to power cuts.[28] Additionally, State Owned Enterprises (SOEs) performance has been sub-optimal and characterised by poor governance, poor financial sustainability, and operational inefficiency. This likely will represent a negative outlook on the future of the economy.[29] Another significant factor supporting these concerns is the increasing operational costs driven by power disruptions, which not only raise energy costs but also contribute to lower production output.

16%

of businesses reported pessimism about the performance of the economy in relation to business.

> Over the past few years, COVID has significantly impacted trade logistics, forcing industries to rethink their approaches. While some systems have improved, infrastructure like roads and the rail network, particularly in regions outside the Western Cape, has deteriorated, creating bottlenecks such as those seen at Durban Port, which increase delays and costs.

Representative from the Priority Programmes Coordination at Western Cape Government

[24] Daily Investor, 2024. Available here.
[25] Department of Trade, Industry and Competition, 2024. Available here.
[26] Engineering News SA, 2024. Available here.
[27] National Treasury, 2024. Available here.
[28] South African Journal of Science, 2024. Available here.
[29] South African Government News Agency, 2024. Available here.

5 GOVERNMENT SUPPORT

Government cross-border trade support sentiment among surveyed businesses is ambivalent, hinging on how the coalition government's policies unfold.

SOUTH AFRICA'S GOVERNMENT SUPPORT INDEX SCORE

Source: Standard Bank Africa Trade Barometer Issue 4

Government support index can vary between 0 and 100, where 0 indicates an extreme lack of Government support, 50 neutrality and 100 extreme government support. In the August 2024 SB ATB survey results, South Africa's government support index score was unchanged from the May 2023 SB ATB score—it remained at 55.

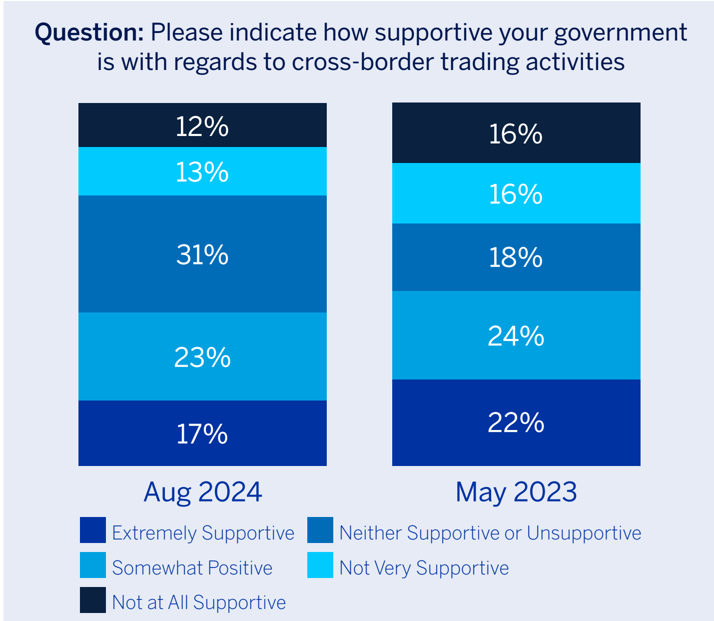
***

Surveyed businesses in South Africa are ambivalent about government's support for cross-border trade in this iteration of the survey, in contrast to May 2023 (see Figure 8). Surveyed businesses that are neutral (i.e., that say the government is neither supportive or unsupportive) significantly increased to 31% compared to 18% last year.

This ambivalence can be attributed to the cautious stance being adopted in response to the new coalition government, as businesses wait to see how the new administration's reforms and policies will unfold before making definitive judgments. The cautious approach businesses are taking can also be attributed to uncertainty surrounding key government initiatives such as the National Health Insurance (NHI) which might see an increase in taxations to fund the extended health insurance costs. Despite public scrutiny of the program, the President has indicated that the NHI bill will be signed.[30] Additionally, the slowdown in credit extension to companies highlights weak business confidence, driven by high and rising operating costs as well as slowing consumer demand.[31]

The majority of surveyed businesses indicated that the provision of tax relief will ease some of the frictions that inhibit their ability to engage in cross-border trade. 79% of surveyed businesses identified reduction of business taxes as an area where the government can support cross-border trade. Businesses also cited simple business policies (75%) and reduced time taken for customs clearance (73%) as the three most important interventions they require from the government. Transporters continue to report significant delays at the Port of Durban, largely due to ongoing issues with Transnet.[32]

Figure 8: Perceptions of government support for cross-border trade



Source: Standard Bank Africa Trade Barometer Issue 4

Note: Numbers may not add up to exactly 100% due to "don't know" and "refused" responses not being included.

[30] Business Tech, 2024. Available here.
[31] The South Africa Reserve Bank, 2024. Available here.
[32] DFA, 2024. Available here.

6 INFRASTRUCTURE CONSTRAINTS AND ENABLERS

In a climate of downturn in quality of infrastructure, airport improvements emerged as a singular bright spot.

SOUTH AFRICA'S QUALITY OF TRADE-RELATED INFRASTRUCTURE INDEX SCORE

Source: Standard Bank Africa Trade Barometer Issue 4

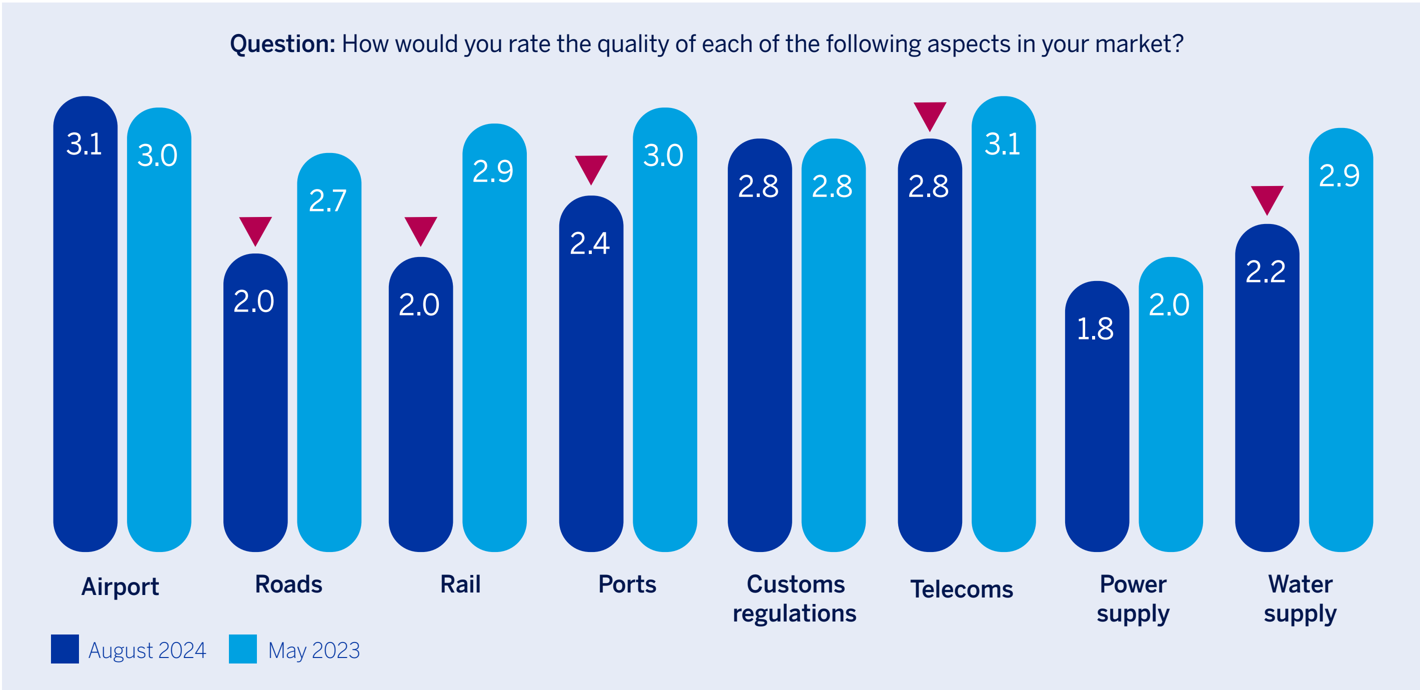
The quality of trade-related infrastructure index can vary between 0 and 100, where 0 indicates poor quality, 50 indicates fair quality and 100 indicates excellent quality. In the August 2024 SB ATB survey results, South Africa's quality of trade-related infrastructure index score declined from 55 to 47.

***

On average, the perceived quality of South Africa's trade-related infrastructure declined. Between the cohorts of businesses surveyed in May 2023 and August 2024, significant decreases in perceived quality were reported in rail, road, water supply, port, and telecommunications infrastructure (see Figure 9). Airport infrastructure is the only attribute that reported an increase in perceived quality between the two cohorts.

The 0.85 point decline in rail infrastructure quality and 0.6 point decline in port infrastructure quality could be attributed to issues with the operational efficiency of South Africa's freight and rail network. These issues are mainly attributed to persisting equipment shortages and maintenance delays within the government-owned rail and port operator, Transnet, which have led to frequent delays and congestion in the handling and distribution of goods in the country.[33] Estimates suggest that Transnet's port

Figure 9: The perceived quality of various infrastructural aspects by businesses (5-point scale)



Source: Standard Bank Africa Trade Barometer Issue 4

Notes: Rating is on a 5-point scale, where 5 = excellent quality and 1 = poor quality.
Arrows denote whether the value of the variable is significantly higher / lower than in the previous survey.

ZAR 1 BILLION is the estimated daily cost of port and rail inefficiencies to the South African economy.

"Transnet's rail capacity and port operations have been a second wave of challenges post-COVID, but we're now beginning to see some alleviation of pressure.

Representative from the Johannesburg Stock Exchange

Our trade infrastructure has regressed significantly in recent years, with the state of our roads being a clear indicator of this decline outside of the Western Cape.

Representative from the Western Cape Government

Our airports stand as commendable entry and exit points despite SAA's turmoil, and the knowledge of our people remains an invaluable asset.

Representative from the Western Cape Government"

[33] Kumwenda-Mtambo and Njini, 2024. Available here.

and rail inefficiencies cost South Africa's economy about ZAR 1 billion (USD 57 million) a day. This issue has had a significant impact on exporters in the mining sector who rely on railways to carry out their operations.[34]

The core of this crisis lies in years of underinvestment that has restricted the improvement and growth of infrastructure. However, additional issues involving vandalism and cable theft also exacerbate the current state of Transnet's transport capacity.[35] Transnet recently received a USD 279 million loan from the New Development Bank, a multilateral development bank established by BRICS member states, to upgrade its infrastructure and a USD 1 billion loan from the African Development Bank to fund its USD 8 billion Recovery Plan.[36] However, some organisations, including South Africa's Institute of Race Relations, have suggested that these loans will not be sufficient to solve Transnet's significant operational challenges, and that South Africa should rather look to public-private partnerships to build and operate these key infrastructures.[37]

Perceptions of road infrastructure quality declined by 0.7 points between the May 2023 and August 2024 cohorts of surveyed businesses. This decline is likely due to the dilapidation of South Africa's road system which is responsible for the transport of roughly 80% of domestic goods. The cost to repair and improve national road infrastructure is estimated to be ZAR 307 billion (USD 18 billion). There are also inadequacies in rural road networks which make it difficult for rural communities–particularly farmers–to access major urban areas. In the Eastern Cape province, only 10% of roads are paved. The remaining gravel roads are difficult to navigate and can become dangerous in severe weather.[38]

That said, perceptions on the quality of road infrastructure may improve going forward as the South African National Roads Agency is making significant efforts to tackle the ZAR 307 billion infrastructure gap. The Agency has awarded over 1 200 road improvement projects valued at ZAR 120 billion (USD 6.9 billion) since 2019, and announced a further ZAR 40 billion (USD 2.3 billion) investment to be carried out in the 2024/25 financial year.[39]

The 0.65 point decrease in perceptions on water supply infrastructure between the May 2023 and August 2024 cohorts of surveyed businesses may reflect businesses' direct experiences of significant water losses in major urban areas. There was 58% water loss in Durban and over 48% in Johannesburg and Gqeberha due to ageing and poorly maintained infrastructure.[40] Compounding these issues, and potentially contributing to the declining perceptions of businesses, are delays to Phase 2 of the Lesotho Highlands Water Project which is now expected to be completed in 2028. The project is intended to supply all of Gauteng province–a major hub for formal and informal trade in South Africa–with adequate water. However, experts suggest that this will not be feasible if municipalities do not also upgrade their ageing infrastructure.[41]

FAST FACT:

As of April 2024, South Africa's dam levels were 85% of its full supply capacity, a 9% decrease from the year before.[42]

South Africa is also facing a water quality challenge.[43] A 2023 Blue Drop report by the Department of Water and Sanitation rated 46% of national municipal water sources poor or bad in terms of microbiological safety.

Perceptions of telecommunications infrastructure quality declined by 0.3 points between the May 2023 and August 2024 cohorts of surveyed businesses. This decline could be attributed to issues around internet quality and data costs. 79% of South Africans have access to the internet, but only 15% have access via their homes or a fixed line, implying that most South Africans rely on mobile data to access the internet. Access is limited by high data costs, which have been announced as a priority of the country's new communications minister in tackling telecommunications issues.[44] Related to this are issues of internet quality. South Africa's average fixed internet and mobile speeds fall below the global average, decreasing the productivity of internet users.[45] The downturn in perceptions relating to telecommunications infrastructure could also be attributed to outages in four of the ten undersea cables which connect South African internet to the rest of the world. The outages had a notable impact on the functionality of widely used applications such as Microsoft's cloud platform.[46]

FAST FACT:

On the 13th of October 2024, Eskom had successfully delivered 200 consecutive days of uninterrupted power supply.[47]

Improved perceptions (0.1 point increase) in the quality of airport infrastructure could be partly attributed to the recent announcement of a ZAR 21.7 billion (USD 1.24 billion) investment by the Airports Company of South Africa Limited (ACSA) to upgrade its airport infrastructure. Lauded as the largest airport investment programme in South Africa since the country welcomed the world to its airports in the 2010 FIFA World Cup, this investment will focus on upgrades, efficiency boosts, and compliance initiatives to improve asset availability, safety, and the passenger experience at airports. Included in the plans is the development of a new Mid-field Cargo terminal at O.R Tambo International Airport which would address increasing demand for cargo handling, enhancing trade capacity.

ACSA's investment also encompasses the expansion of terminal facilities at Chief Dawid Stuurman International Airport (Gqeberha) and George Airport, which is significant for regional connectivity and commerce. King Shaka International Airport is further enhancing its value proposition with the addition of a hotel and terminal expansion, anticipating increased travel and trade volumes. This development, alongside the digitalisation of cargo processes like the eAirwaybill and the implementation of tracking systems, is set to bolster operational efficiency, transparency, and the speed of goods movement, which are critical factors for businesses relying on air freight.[48]

46%

of national municipal water sources were rated poor or bad in terms of microbiological safety.

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[34] Jacobs, 2023. Available here.
[35] Moodley, 2024. Available here.
[36] Nhede, 2024. Available here.
[37] South Africa's Freight News, 2024. Available here.
[38] University of Fort Hare, 2024. Available here.
[39] Thorne, 2024. Available here.
[40] Jooste, 2024. Available here.
[41] Simelane, 2024. Available here.
[42] DALRRD, 2024. Available here.
[43] Department of Water and Sanitation, 2023. Available here.
[44] Puchert, 2024. Available here.
[45] Fraser, 2023. Available here.
[46] Illidge, 2024. Available here.
[47] Eskom, 2024. Available here.
[48] BusinessTech, 2024. Available here.

7 TRADE OPENNESS

Surveyed businesses prioritise domestic markets more, while African destinations grow increasingly vital for surveyed exporters.

SOUTH AFRICA'S TRADE OPENNESS INDEX SCORE

Source: Standard Bank Africa Trade Barometer Issue 4

The trade openness index score can vary between 0 and 100, where 0 indicates a high burden of obstacles inhibiting trade, 50 indicates a moderate burden of obstacles inhibiting trade and 100 indicating a low burden of obstacles inhibiting trade. In the Aug 2024 SB ATB survey results, South Africa's trade openness index score increased slightly from 54 to 55.

***

70% of surveyed businesses in South Africa trade exclusively with domestic markets, a significant increase from the 61% in the May 2023 cohort. This coincides with a lower proportion (26%) of surveyed businesses importing their goods compared to the proportion of importers (31%) amongst last year's cohort. Likewise, the proportion of surveyed businesses that export has decreased between surveyed business cohorts from 22% to 17%. The decline in exports among surveyed businesses is mirrored at the aggregate country level, where exports as a share of GDP slightly declined in 2023 (see Figure 10).

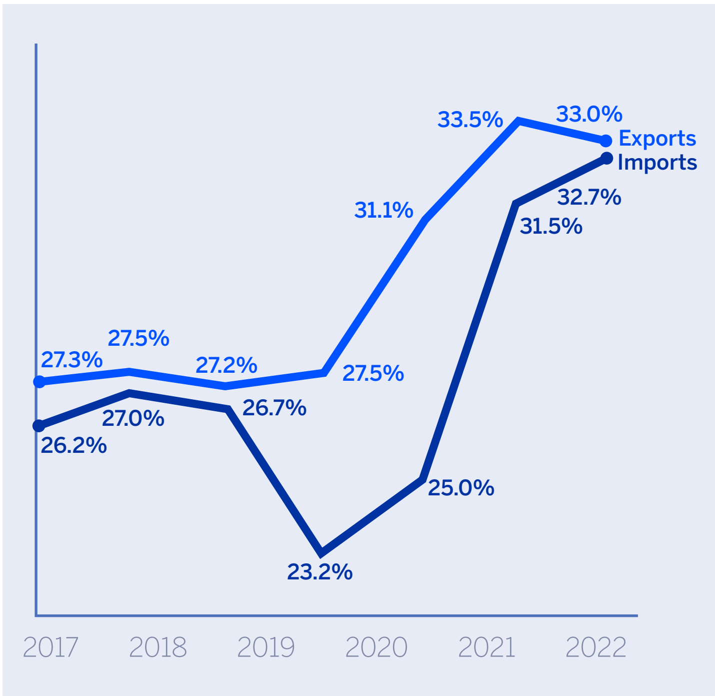
Although the predominant types of trade by surveyed businesses are services (30%) and consumer goods (29%), this has declined in activity from last year. 25% of surveyed businesses import consumer goods, in contrast to 31% in the May 2023 cohort. 7% of businesses export consumer goods, in contrast to 18% in the May 2023 cohort. Importation in the services sector has declined from 20% in May 2023 to 8% in August 2024. Exports in the services sector have declined significantly from 34% in May 2023 to 15%.

The observed downturn in trade, particularly among smaller businesses active in consumer goods and services, may be attributed to several interlinked economic challenges. Elevated unemployment rates suppress household spending capacity, while rising credit indebtedness dampens consumer confidence and willingness to engage in additional spending. Additionally, weaker global demand has put a strain on merchandise exports (see Figure 10).[49]

The decrease in import and export activity amongst surveyed businesses could also be linked to South Africa's challenges in road, rail, and port infrastructure as discussed in the previous chapter. Given the delays and logistical difficulties arising from these challenges, it is possible that surveyed businesses are discouraged from trading internationally.

Outlook nonetheless appears optimistic, as a higher proportion of surveyed businesses believe that their import (see Figure 11) and export (see Figure 12) volumes will increase in the next two years. This optimism could stem from the expected overhaul of Transnet which would relieve many of the challenges businesses currently face.

Figure 10: Imports and exports (% of GDP, 2017 - 2023)

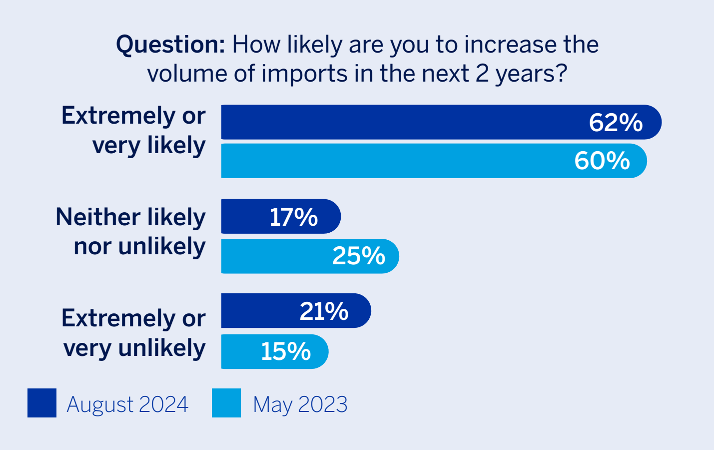


Source: World Bank

> The trade deficit with China, where we import more than we export and trade raw materials for their beneficiated goods, skews the power dynamic against South Africa in negotiations.
>
> Representative from the Johannesburg Stock Exchange

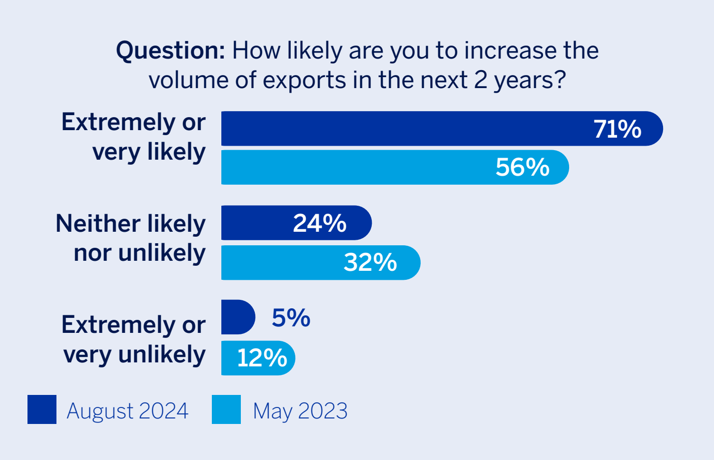
[49] Industrial Development Corporation, 2024. Available here.

Figure 11: Importers' perceptions of their likelihood to increase import volumes



Source: Standard Bank Africa Trade Barometer Issue 4

Figure 12: Exporters' perceptions of their likelihood to increase export volumes over the next 2 years (%)



Source: Standard Bank Africa Trade Barometer Issue 4

Asia and Europe are the largest sources of imports for South Africa. 50% of surveyed businesses source their imports from Europe in contrast to 17% in May 2023, and 50% of surveyed businesses source their imports from Asia, in contrast to 40% in May 2023, with the majority coming from China. On a macroeconomic scale, Asia and Europe also dominate as import source markets. In 2023, 52% of South Africa's imports were sourced from Asia and 27% from Europe.[50]

FAST FACT:

Between July 2023 and July 2024, South African exports to China increased by 34%, from ZAR 15.1 billion to ZAR 20.3 billion. During the same period, imports from China increased by 7%, from ZAR 33.9 billion to ZAR 36.4 billion.[51]

The increase in trade with Europe amongst surveyed businesses is notable, considering South Africa's ongoing cases against European Union (EU) regulations on citrus imports filed at the World Trade Organization. Should the disputes lead to continued stringent EU measures, South African citrus exports, which represent over one-third of the market, could face reduced access to this crucial market. Currently, South African citrus growers spend approximately ZAR 3.7 billion in compliance costs each year. Impact to the sector would affect 140,000 livelihoods in the citrus sector, and broadly affect the macroeconomic landscape by weakening a key export revenue stream for South Africa.[52]

On the export side, Southern Africa is the most prominent destination for exports from South Africa. Exports to Southern African neighbours increased from 45% in May 2023 to 68% in August 2024's cohort of surveyed businesses. Exports to Namibia have increased significantly (21%) between the cohorts of businesses surveyed in May 2023 and August 2024. This is despite Namibia and Botswana's ongoing ban on certain South African produce–including tomatoes, carrots, potatoes, lettuce, and onions–which is intended to stimulate their domestic markets.[53] In spite of the ban on agricultural products, Botswana and South Africa have pledged to resolve and simplify trade challenges, including non-tariff barriers, regulatory challenges, and issues related to market access, between the two countries.[54]

FAST FACT:

In 2023, 60% of South Africa's total exports to Africa were destined for Southern African Development Community members, at a total value of ZAR 33 billion.[55]

Generally speaking, there is a noticeable uptick in intra-African trade among surveyed businesses. For example, alongside a rise in exports to Southern Africa, surveyed businesses have reported a substantial 18% increase in exports to East Africa. This surge in trade with other African nations may be linked to South Africa's engagement with the African Continental Free Trade Agreement (AfCFTA) starting from January 2024. By trading under the AfCFTA, South African firms now enjoy the ability to export goods duty-free or at reduced duties to 12 African countries, such as Namibia and Kenya, thereby bolstering their international trade footprint.[56]

The businesses surveyed in the ATB might be outperforming national trends due to their domestic focus, which shields them from international headwinds and complex logistics that larger, export-dependent firms encounter. Their localised operations could enable better adaptation to the high-interest and cost-of-living environment, allowing them to capitalise on opportunities within regional trade agreements like the AfCFTA.

> Europe's trade significance is poised to wane as Africa shifts focus to burgeoning China/India and American markets, yet agriculture—particularly our exports of fresh produce—will keep the Europe corridor relevant.

Representative from the Johannesburg Stock Exchange

> The African Continental Free Trade Area is like a localised WTO, aimed at easing trade within the region. However, its value seems more political than practical, given our current limited trade with sub-Saharan neighbours.

Representative from the Western Cape Government

[50] SARS, 2024. Available here.
[51] OEC. Available here.
[52] South African Government, 2024. Available here.
[53] Department of Trade, Industry, and Competition, 2024. Available here.
[54] Arnoldi, 2024. Available here.
[55] TIPS, 2024. Available here.
[56] EY, 2024. Available here.

8 TRADERS' FINANCIAL BEHAVIOUR & ACCESS TO FINANCE

Cash remains king for surveyed small businesses for domestic transactions but dethroned by Digital payment services (DFS) for cross-border trade.

SOUTH AFRICA'S ACCESS TO CREDIT INDEX SCORE

Source: Standard Bank Africa Trade Barometer Issue 4

Access to finance can vary between 0 and 100, where 0 indicates an extreme difficulty in accessing finance, 50 neutrality and 100 indicates no difficulty in accessing finance. In the August 2024 SB ATB survey results, South Africa's access to finance index score increased to 49 from 44 in May 2023. This means that surveyed businesses in South Africa generally perceived access credit to be easier in this iteration of the survey compared to May 2023.

***

Digital payment services (DFS) are the most preferred method of payment for cross-border transactions by surveyed businesses in South Africa.[57] For cross-border sales, EFTs (39%) and international transfers (30%) are the dominant payment methods, collectively accounting for the majority of incoming payments (see Figure 13). This trend is mirrored in cross-border purchases, where international transfers facilitated 43% of transactions, closely followed by EFTs at 39%. This parallel between cross-border sales and purchases underscores a growing reliance on DFS among surveyed businesses in the country.

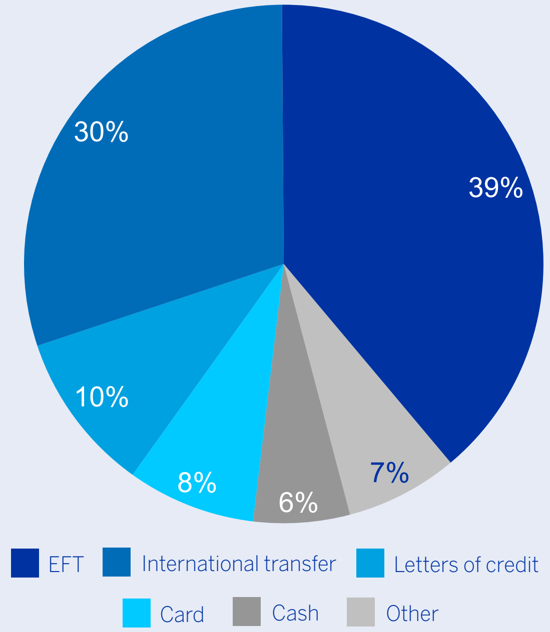
There is a divergence in payment methods for cross-border transactions across business segments. While surveyed small businesses are paid using a diversity of payment methods for their cross-border sales activities, surveyed big businesses and corporates are predominantly paid using EFTs and international transfers (see Figure 14).

FAST FACT:

As of September 2024, EFTs between Common Monetary Area (CMA) countries (i.e. South Africa, Namibia, Lesotho, and Eswatini) will be treated as cross-border transactions and subject to greater due diligence requirements. Historically, low-value EFTs made between CMA countries were processed through South Africa's domestic retail payment system. However, the treatment of cross-border payments as domestic transactions posed compliance challenges with international Anti-Money Laundering and Combating of Financing of Terrorism standards.

Figure 13: The proportion of cross-border sales by payment method

Question: What percentage of your cross-border sales are received through each of these method of payments?



Source: Standard Bank Africa Trade Barometer Issue 4

81%

of surveyed businesses cross-border sales are received via digital channels, a significant increase from 68% in May 2023.

43%

of surveyed businesses cross-border purchases are made via international transfers, a significant increase from 19% in May 2023.

[57] DFS includes EFTs, international transfers, card and mobile money.

The use of cash for cross-border transactions across all surveyed business segments declined (see Figure 14). This decline could, in part, be driven by South Africa's evolving payment landscape, including the emergence of digital banks such Discovery Bank, TymeBank, and Bank Zero, and innovations such as Payshap. The SARB's Digital Payments Roadmap aims to further catalyse DFS, especially for MSMEs, through initiatives like expanding fintech access to the national payment system and promoting digital payment literacy.[58]

FAST FACT:

Despite digital advancements, cash remains the dominant payment method in South Africa, particularly among small businesses, where 97% use cash compared to 58% using digital channels.[59]

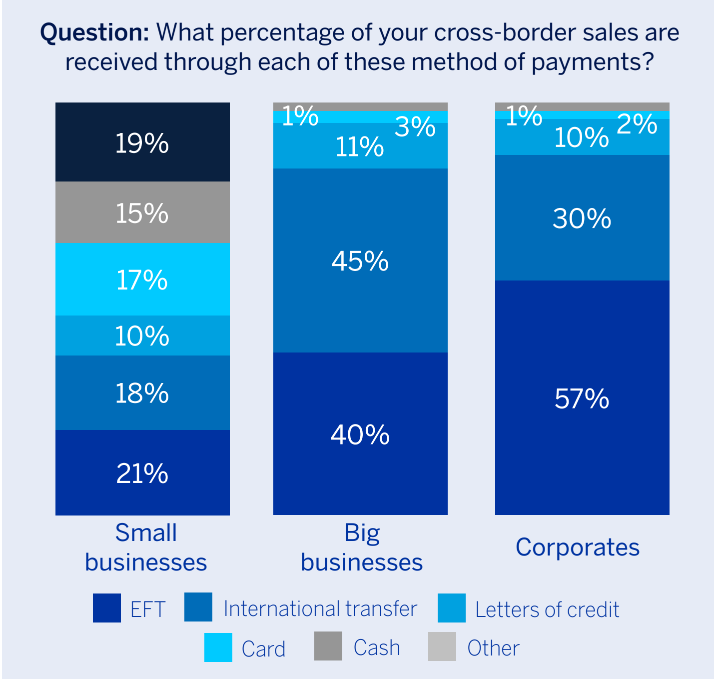
29%

of surveyed big businesses reported access to credit as being somewhat easy, a significant increase from 12% in May 2023.

27%

of surveyed businesses use cash for domestic sales, a significant increase from 19% in May 2023.

Figure 14: Proportion of cross-border sales by business segment

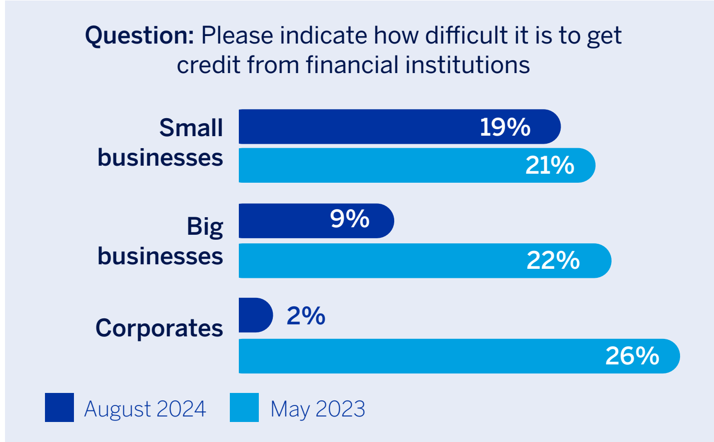


Source: Standard Bank Africa Trade Barometer Issue 4

Cash usage is more pronounced for domestic transactions, particularly among surveyed small businesses. Cash remains the most widely used among surveyed small businesses for domestic sales and purchases, accounting for 33% and 29%, respectively. This result aligns with data at the aggregate national level—albeit to a lesser extent—with 95% of customers paying in cash, compared to 54% through DFS.[60] The stickiness of cash can be attributed to the typology of MSMEs in South Africa, characterised by high levels of informality, unbanked and cash-based.[61] It will be interesting to track changes in cash usage for domestic transactions in future iterations of the SB ATB, given the evolving payments landscape in South Africa and the implementation of SARB's Digital Payments Roadmap.

Surveyed South African businesses report an easing credit environment in contrast to the May 2023 survey (see Figure 15). There was a significant 8-percentage point decrease in those perceiving access to credit as extremely difficult.

Figure 15: Proportion of surveyed businesses who found it extremely difficult to access credit by business segment



Source: Standard Bank Africa Trade Barometer Issue 4

The decline in perceived difficulty is driven by surveyed larger businesses. Given South Africa's repo rate stability between 8% and 8.25% since January 2024, the marked disparity in perceptions between small and larger businesses underscores the persistent barriers faced by small businesses.[62] In the formal banking sector, obtaining credit from financial institutions remains particularly challenging for small businesses, with 39% and 25% of surveyed small businesses citing poor credit histories and a lack of collateral as one of their main barriers to accessing credit, respectively.

In terms of business-to-business (B2B) credit, the results depict a significantly different environment across business segments. Small businesses reported a significant decline in credit arrangements obtained from suppliers as well as extending credit to their own client base (see Figure 16). Conversely, corporates reported a significant increase in their trade credit activity, with a 29 and 32 percentage point increase in obtaining and providing credit, respectively, along their value chains. This diverging trend likely stems from the distinct risk profiles inherent in each business segment's value chain, with small businesses typically operating within more volatile ecosystems, characterised by higher uncertainty and financial instability.

Figure 16: Proportion of surveyed businesses using B2B credit by business segment

Source: Standard Bank Africa Trade Barometer Issue 4

[58] South African Reserve Bank. Available here.
[59] South African Reserve Bank. Available here.
[60] South African Reserve Bank. Available here.
[61] South African Reserve Bank. Available here
[62] South African Reserve Bank. Available here

9 FOREIGN TRADE & TRADING IN AFRICA

Surveyed businesses in South Africa grew indifferent to ease of trade, either with fellow African countries or the rest of the world.

SOUTH AFRICA'S EASE OF TRADE INDEX SCORE

Source: Standard Bank Africa Trade Barometer Issue 4

Ease of trade can vary between 0 and 100, where 0 indicates an ease of trade with other countries, 50 neutrality and 100 indicates an extreme difficulty in trading with other countries. In the August 2024 SB ATB survey results, South Africa's ease of trade index score remained unchanged at 42.

***

Surveyed South African businesses exhibit no distinct preferences regarding their trade partners. 58% of surveyed small businesses prefer to trade with other African countries, largely attributed to lower cost of trade (see Figure 17). In contrast, 67% of surveyed big businesses and 68% of surveyed corporates had no preference for markets, indicative of a diverse and flexible portfolio of trade partners. Surveyed South African businesses mostly import from outside Africa, and export to fellow African countries.

Surveyed businesses are indifferent with respect to their perceptions on the ease of trade with the rest of the world. 45% of surveyed businesses said that it was neither easy nor difficult, compared to 17% in May 2023. This coincides with a 6-percentage point increase in businesses reporting trade with the rest of the world to be very difficult. This moderate shift towards perceiving trade with the rest of the world as difficult is primarily attributed to three key factors: high transport costs (34%), high trading taxes (25%), and high foreign exchange rates (21%). Notably, the reasons cited by surveyed businesses for not engaging with US-based companies closely mirror the observed trend with the rest of the world (see Figure 18), suggesting a consistency in perceived barriers across international markets.

Figure 17: Small businesses perceived benefits of intra-African trade

Source: Standard Bank Africa Trade Barometer Issue 4

China remains the most significant global import partner for surveyed businesses. The nature of their trading activity with China is buying final goods and services directly from China (38%), importing raw materials (28%), and the provision of infrastructure as part of a project (13%). The majority of surveyed businesses cited good quality products (84%), lower cost of products (73%), and fast response times (73%) as the most important elements in doing business with China.

Figure 18: Top 3 reasons for not trading with US-based companies

Source: Standard Bank Africa Trade Barometer Issue 4

FAST FACT:

In 2024, South Africa and China agreed to upgrade their trading relationship to an All-Round Strategic Cooperative Partnership, setting the scene for a new era. This upgrade signifies a strengthening of political, economic and social ties between the two countries.[63]

> The positives trading with China are that we've got a big buyer for a lot of our raw materials and we don't have the market, capital or sometimes the technology to benefit from our raw materials, so it's good that there's a buyer out there that can consistently accommodate our high volumes.
>
> Representative from the Johannesburg Stock Exchange

[63] The Republic of South Africa. Available here.

For surveyed businesses, trade with African neighbours has become significantly less easy. Surveyed businesses reported a significant decrease in their perceptions of intra-African trade being very or extremely easy, from 21% in May 2023 to 13% in August 2024. This trend is largely driven by a significant increase in the proportion of businesses citing the high cost of transport (40%) as the main reason for their perceptions of intra-African trade. This could be, in part, due to the rising price of fuel in South Africa, with diesel prices increasing from ZAR 17.28 per litre in January 2022 to ZAR 22.62 in March 2024.[64] Moreover, Non-tariff barriers have also influenced perceptions of intra-African trade among the surveyed businesses. Traders cited several challenges, including high foreign exchange rates (21%), currency variations (19%), poor trade infrastructure (19%), and stringent business regulations in other countries (18%) as key reasons for their perceived difficulties.

South Africa is one of 54 signatories to the African Continental Free Trade Agreement (AfCFTA). AfCFTA is an initiative which looks to, amongst other things, improve the level of intra-African trade by creating a single market for goods and services and lower some of these aforementioned trade barriers. To this end, members of the AfCFTA are committed to eliminating tariffs on most goods and services that are traded between African countries over a given period following the AfCFTA entering its operational phase in July 2019.

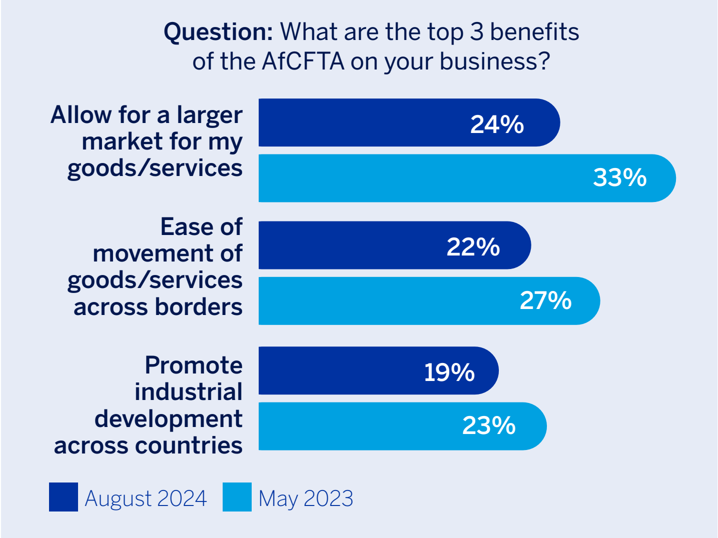
Awareness of the AfCFTA among surveyed businesses significantly declined from 78% in May 2023 to 39% in August 2024. Concurrently, the perceived benefits of the Agreement have significantly declined, with fewer businesses believing it will provide access to a larger market characterised by efficient cross-border movement of goods and services (see Figure 19).

FAST FACT:

The Guided Trade Initiative (GTI) aims to catalyse trade under the AfCFTA through preferential tariff arrangements. The GTI began in late 2022 with 8 participating countries trading selected goods. As of 2024, 30 more African countries will be covered by the GTI as well as an increase in the scope of products to be traded, including bio pesticides, packaged moringa, tea, coffee, and meat products, among others.[65] South Africa's first consignment of goods under the GTI was launched on the 31st of January 2024, destined for Kenya and Ghana.[66]

This decline in awareness is particularly pronounced among surveyed small businesses, from 80% in the May 2023 survey to 33% in this year's survey. This coincides with a significant decrease in the percentage of small businesses recognising the advantage of access to a larger market, falling from 34% to 19% over the same period. This shift underscores the need for renewed and targeted awareness campaigns aimed at small businesses, especially considering that such initiatives contributed to the high levels of awareness observed in the May 2023 edition of the SB ATB.[67] Moreover, addressing non-tariff barriers, such as transit time delays and currency volatility, can support trade and allow traders to reap the benefits under the AfCFTA. The United Nations Conference on Trade and Development (UNCTAD) estimates that non-tariff barriers are three times more restrictive than regular tariff barriers. This disparity may explain why fewer surveyed businesses perceive trade under the AfCFTA as beneficial.[68]

Figure 19: Expected benefits of the African Continental Free Trade Area



Source: Standard Bank Africa Trade Barometer Issue 4

84%

of surveyed businesses said access to good quality products is an important element in doing business with China.

44%

of surveyed businesses perceive no benefit from participating in the AfCFTA, a significant increase from 23% in May 2023.

> There was a time when South Africa was more active under the AfCFTA and I think the recent political developments has resulted in the agreement slipping off the political agenda.
>
> Representative from the Western Cape Government

> Tariffs are still a challenge, despite the AfCFTA trying to break down tariff regimes. Tariffs will need to be reduced for businesses to benefit under the AfCFTA.
>
> Representative from the Johannesburg Stock Exchange

[64] Business Tech. Available here.
[65] Africa24. Available here.
[66] Tralac. Available here.
[67] Standard Bank South Africa. Available here.
[68] UNCTAD. Available here.

CONCLUSION

South Africa's retention of the top spot in tradeability attractiveness is an indicator of the country's enhanced trade openness, a boost in business confidence, and better access to credit, reflecting the overall positive sentiment towards its trading environment. These improvements are a testament to the country's efforts to facilitate business operations and create a favourable climate for both domestic and international trade. With these strides, South Africa continues to position itself as a compelling destination for trade and investment within the continent compared to the other 9 countries profiled in the trade barometer.

However, the country's performance in the SB STB rankings has revealed certain areas of concern. Notably, there has been a discernible dip in the perceived quality of trade infrastructure and the terms of trade credit, suggesting that while progress has been made, there are still significant hurdles to overcome. Moreover, despite the overall improvement, sentiments regarding the ease of trade and governmental support have plateaued, indicating that consistent efforts are required to sustain and build on the current momentum.

In addressing these challenges, South Africa has experienced reduced load-shedding incidents, yet continuous energy issues persist that demand ongoing attention. On an encouraging note, moderated inflation and a surge of business optimism following the 2024 general elections point towards a resilient economic climate. Nevertheless, the inefficiencies in Transnet's port and rail operations remain a bottleneck that needs to be addressed to truly unlock the full potential of South Africa's tradeability. As the country continues to navigate these mixed developments, future assessments of the SB ATB should monitor if strategic improvements in energy and logistics, as well as governance, enhance South Africa's tradeability even further.

APPENDICES

Appendix 1: Standard Bank Africa Trade Barometer (SB ATB) Country Ranking for Issue 4, 2024

The Standard Bank Africa Trade Barometer (SB ATB) scores are an aggregate of the Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and the Standard Bank Survey Trade Barometer (SB STB) scores. Countries are ranked against each other, i.e., relative scores to each other. This is pegged on a scale of 0 - 100. When indexed between this range, South Africa has the highest Tradability Index while Angola has the lowest. This does not imply that one cannot trade in Angola or that South Africa is perfect, it only implies that at a common starting point of 0 and maximum point of 100, this is how the two markets fared.

SB ATB scores remained the same for Namibia, Angola and South Africa, while half of the countries saw their scores decrease from May 2023 (see Table 2).

Countries that have retained their ranking from May 2023:

- South Africa (1st position)
- Namibia (2nd position)
- Angola (10th position)

Countries that have improved in their ranking from May 2023:

- Mozambique (4th to 3rd position)
- Zambia (9th to 8th position)
- Nigeria (6th to 5th position)
- Tanzania (8th to 4th position)

Countries that have declined in their ranking from May 2023:

- Ghana (3rd to 7th position)
- Uganda (7th to 9th position)
- Kenya (5th to 6th position)

Table 2: Standard Bank Africa Trade Barometer (SB ATB) scores by country

	Africa Trade Barometer (ATB) Score		ATB Ranking	
	August 2024	May 2023	May '22	Aug '24
Angola	0	0	10	10
Ghana	14	46	3	7
Kenya	16	32	5	6
Mozambique	29	35	4	3
Namibia	47	50	2	2
Nigeria	19	29	6	5
South Africa	100	100	1	1
Tanzania	25	25	8	4
Uganda	4	25	7	9
Zambia	9	15	9	8

Source: Standard Bank Africa Trade Barometer Issue 4

August 2024 May 2023

Note: The scores denote the performance of each country relative to the full country list on the specified measures.

Appendix 2: Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) Country Ranking for Issue 4, 2024

The Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) scores and ranking by country are the averages of all the selected indicators collected from existing secondary data sources and reported facts.

SB QTB scores remained the same for Mozambique, Nigeria, Uganda, Angola, Namibia and South Africa, while most countries had their scores decline from May 2023 (see Table 3).

Countries that have retained their ranking from May 2023:

- South Africa (1st position)
- Mozambique (3rd position)
- Nigeria (4th position)
- Namibia (2nd position)
- Uganda (9th position)
- Angola (10th position)

Countries that have improved in their ranking from May 2023:

- Zambia (7th to 6th position)
- Tanzania (8th to 7th position)
- Kenya (6th to 5th position)

Countries that have declined in their ranking from May 2023:

- Ghana (5th to 8th position)

Table 3: Standard Bank 3-Year Quantitative Trade Barometer (SB QTB) scores by country

	Quantitative Trade Barometer (QTB) Score		QTB Ranking	
	August 2024	May 2023	May '22	Aug '24
Angola	0	0	10	10
Ghana	20	27	5	8
Kenya	22	26	6	5
Mozambique	36	37	3	3
Namibia	45	46	2	2
Nigeria	25	32	4	4
South Africa	100	100	1	1
Tanzania	20	23	8	7
Uganda	11	18	9	9
Zambia	21	23	7	6

Source: Standard Bank Africa Trade Barometer Issue 4

Note: The scores denote the performance of each country relative to the full country list on the specified measures.

Appendix 3: Standard Bank Survey Trade Barometer (SB STB) Country Ranking for Issue 4, 2024

The Standard Bank Firm Survey Trade Barometer (SB STB) scores and ranking by country are the averages of all the data collected from the primary research surveys conducted with 2 258 businesses.

Except for Zambia, SB STB ranks have changed in this wave for all countries, while the majority of the countries saw their scores rise (see Table 4).

Countries that have retained their ranking from May 2023:

- Zambia (10th position)

Countries that have improved in their ranking from May 2023:

- Ghana (7th to 5th position)
- Uganda (9th to 6th position)
- Tanzania (3rd to 1st position)
- Namibia (4th to 2nd position)
- Kenya (8th to 7th position)

Countries that have declined in their ranking from May 2023:

- South Africa (2nd to 4th position)
- Mozambique (6th to 9th position)
- Nigeria (5th to 8th position)
- Angola (1st to 3rd position)

Table 4: Standard Bank Survey Trade Barometer (SB STB) scores by country

	Survey Trade Barometer (STB) Score		STB Ranking	
	August 2024	May 2023	May '22	Aug '24
Angola	79	100	1	3
Ghana	37	18	7	5
Kenya	34	18	8	7
Mozambique	25	22	6	9
Namibia	79	53	4	2
Nigeria	31	22	5	8
South Africa	44	67	2	4
Tanzania	100	65	3	1
Uganda	34	12	9	6
Zambia	0	0	10	10

Source: Standard Bank Africa Trade Barometer Issue 4

Note: The scores denote the performance of each country relative to the full country list on the specified measures.

Appendix 4: Selected Macroeconomic Indicators for South Africa

This appendix is structured around the thematic categories of the Standard Bank Africa Trade Barometer: macroeconomic stability, trade openness and foreign trade, access to finance and infrastructure. These are important in evaluating the trade environment and prospects of a country. Within each theme, specific indicators have been selected to quantify elements contributing to the overall trade climate. The data spans from 2019 to the forecasted values for 2024 and 2025, offering a temporal perspective on trends and potential future directions.

Table 5: South Africa macroeconomic overview

Thematic Categories	Indicator	Unit	2019	2020	2021	2022	2023	2024**	2025**
Macroeconomic Stability	Nominal GDP	USD, Billions	389.54	337.86	430.72	406.59	390.89	391.32	396.19
	GDP per capita	USD	6 536	5 575	6 841	6 516	60927	6 114	6 124
	Exchange rate stability (USD/ZAR)	USD per ZAR	14	16.5	15.7	16.9	18.5	18.3	17.5
	Total reserves (includes gold, current US$)	USD, billions	55	55	57	60	62	N/A	N/A
Trade Openness and Foreign Trade	Trade (exports and imports as % of GDP)	%	53.9	50.7	56.1	65.1	N/A	N/A	N/A
	Balance of Trade*	USD, billions	2.2	17.0	30	11.7	3.4	5.2	N/A
	Current account (% of GDP)	%	-2.6%	2.0%	3.7%	-0.4%	-1.6%	N/A	N/A
	Exports of goods and services	USD, billions	106	94	133	136	125	N/A	N/A
	Imports of goods and services	USD, billions	104.7	80.0	107.2	130.0	125.57	N/A	N/A
Access to Finance	Domestic credit to private sector (% of GDP)	%	117.2	109.0	93.2	92.2	N/A	N/A	N/A
	Gross capital formation (% of GDP)	%	15.8	12.5	13	15.4	15.6	N/A	N/A
	Net official development assistance and official aid received	USD, billions	1.1	1.3	1	1	N/A	N/A	N/A
	Personal remittances received (% of GDP)	%	0.2	0.2	0.2	0.2	0.2	N/A	N/A
	FDI	USD, billions	5.1	3.1	40	9.2	N/A	N/A	N/A
Infrastructure	Individuals using the internet (% of population)	%	69.7	70.3	72.3	N/A	N/A	N/A	N/A
	Access to electricity (% of population)	%	85	90	89.3	86.5	N/A	N/A	N/A
	Mobile cellular subscription (per 100 people)	Ratio	166.9	163.2	168.9	167.4	N/A	N/A	N/A
	Air transport, freight (million ton-km)	million ton-km	565.2	102.4	15.1	N/A	N/A	N/A	N/A
	Container traffic at ports	TEUs***, thousands	4 529	4 076	4 415	4 053	N/A	N/A	N/A

Source: World Bank Group | Statistics South Africa. | ITC Trade Map | IMF | Economics Intelligence Unit | World Bank. Available here.

Notes: *Negative values indicate that a country is a net importer, while positive values indicate it is a net exporter.

**2024 and 2025 data points are estimates.

***TEUs refers to twenty-foot equivalent unit.

N/A denotes that the relevant data was unavailable from the specified source.

Appendix 5: Key Results of the Standard Bank Africa Trade Barometer Issue 4 Survey in South Africa

This appendix presents the key results of the main questions asked to businesses in South Africa as part of the fourth edition of the Standard Bank Africa Trade Barometer. The results are structured according to the SB ATB thematic categories: macroeconomic stability, trade openness and foreign trade, infrastructure, government support, as well as traders' financial behaviours and their access to finance. **Not all questions in the SB ATB survey are presented here.** The questions selected for inclusion have been chosen for their closed-ended nature and being succinct enough for a concise presentation. Questions pertaining to the general profile of businesses and individual respondents, or those requiring open-ended responses, have been omitted. This approach ensures that the findings detailed in the following table are directly relevant and valuable for interpreting the trade dynamics within the South Africa context.

Table 6: Key findings of the survey

Thematic Categories	Question	Responses								
Macroeconomic Stability	Thinking of your business turnover over [from 2020 to 2021], please indicate if turnover increased, decreased or remained the same.	Increased	Decreased	Remained the same	Don't know	Refused	–	–	–	–
		36%	44%	17%	3%	N/A	–	–	–	–
	Thinking ahead [from 2024 to 2025] do you expect business turnover to increase, decrease or remain the same.	Increased	Decreased	Remained the same	Don't know	Refused	–	–	–	–
		78%	7%	13%	2%	0.5%	–	–	–	–
	Thinking ahead [from 2025 to 2026] do you expect business turnover to increase, decrease or remain the same.	Increased	Decreased	Remained the same	Don't know	Refused	–	–	–	–
		81%	4%	11%	3%	0.5%	–	–	–	–
	Please indicate how you feel about the performance of the economy in relation to business in the next 3 years.	Extremely optimistic	Very optimistic	Neutral	Not very optimistic	Not at all Optimistic	Refused	Don't know	–	–
		6%	35%	43%	10%	6%	N/A	0.5%	–	–

Infrastructure	[Road infrastructure] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		6%	15%	29%	26%	21%	0.5%	3%	–	–
	[Water supply] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		8%	17%	31%	28%	15%	0.5%	1%	–	–
	[Telecommunications] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		9%	32%	35%	16%	7%	1%	0.5%	–	–
	[Ports] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		8%	24%	27%	25%	12%	0.5%	3%	–	–
	[Airports] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		17%	28%	32%	13%	3%	2%	5%	–	–
	[Customs and trade regulations] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		12%	24%	41%	15%	4%	1%	2%	–	–
	[Power supply] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		6%	15%	25%	21%	32%	N/A	1%	–	–
	[Rail infrastructure] How would you rate the quality of the following aspects in your market?	Excellent	Very good	Good	Fair	Poor	Do not depend on/ use this	Don't know	–	–
		7%	13%	28%	27%	20%	0.5%	4%	–	–
Trade Openness and Foreign Trade	How likely are you to increase the volume of imports in the next 2 years?	Extremely likely	Very likely	Neither likely nor unlikely	Very unlikely	Extremely unlikely		–	–	–
		15%	47%	17%	13%	8%		–	–	–
	How likely are you to decrease the volume of imports in the next 2 years?	Extremely unlikely	Very unlikely	Neither likely nor unlikely	Very likely	Extremely likely		–	–	–
		18%	33%	33%	10%	5%		–	–	–
	To what extent do importation-related taxes, including tariffs, impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact		–	–	–
		3%	14%	44%	20%	19%		–	–	–
	To what extent do importation-related customs and trade regulations impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact		–	–	–
		3%	13%	35%	28%	22%		–	–	–
	How likely are you to increase the volume of exports in the next 2 years?	Extremely likely	Very likely	Neither likely nor unlikely	Very unlikely	Extremely unlikely		–	–	–
		12%	59%	24%	N/A	5%		–	–	–
	How likely are you to decrease the volume of export in the next 2 years?	Extremely unlikely	Very unlikely	Neither likely nor unlikely	Very likely	Extremely likely		–	–	–
		21%	25%	42%	4%	8%		–	–	–
	To what extent do exportation-related taxes, including tariffs, impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact		–	–	–
		2%	13%	38%	24%	24%		–	–	–

Trade Openness and Foreign Trade (Cont.)	To what extent do exportation-related customs and trade regulations impact your business growth?	Severe impact	Major impact	Moderate impact	Minimal impact	No impact		–	–	–
		3%	11%	35%	26%	24%		–	–	–
	In your view would you say trading with the rest of Africa is extremely easy, very easy, neither easy nor difficult, very difficult or extremely difficult?	Extremely easy	Very easy	Neither easy nor difficult	Very difficult	Extremely difficult	Don't know	Refused	–	–
		3%	10%	49%	27%	9%	1%	N/A	–	–
	In your view would you say trading with the rest of the world (OUTSIDE OF AFRICA) is extremely easy, very easy, neither easy nor difficult, very difficult or extremely difficult?	Extremely easy	Very easy	Neither easy nor difficult	Very difficult	Extremely difficult	Don't know	Refused	–	–
		1%	14%	45%	26%	12%	2%	N/A	–	–
	Are you aware of the African Continental Free Trade Area Agreement?	Yes	No	–	–	–	–	–	–	–
		39%	61%	–	–	–	–	–	–	–
	What are the top 3 benefits of the AfCFTA on your business?	No benefits (Exclusive)	Ease the movement of goods/ services across borders	Allow for a larger market for my goods/ services	Allow for greater competition	Promote the availability of more products and services to choose from	Contribute to the movement of capital and people across borders	Facilitate greater investment across countries	Promote industrial development across the countries	Other
		44%	22%	24%	18%	9%	13%	14%	19%	N/A
Government Support	Please indicate how supportive your government is with regards to cross-border trading activities.	5 - Extremely supportive	4	3	2	1 - Not at all supportive	Refused	Don't know	–	–
		17%	23%	31%	13%	12%	N/A	4%	–	–
Traders' Financial Behaviour and Access to Finance	Please indicate how difficult or easy it is to get credit from financial institutions	Extremely easy	4	3	2	1 - Extremely difficult	Refused	Don't know		–
		12%	24%	33%	15%	14%	N/A	3%		–
	Why do you prefer using cash to pay for your goods or services when trading with suppliers in other countries?	Minimal cost/ fees	Allows for negotiations	Limited knowledge in other payment methods	Convenient - easy to deal with	Privacy	Other	–	–	–
		20%	47%	13%	27%	7%	N/A	–	–	–
	What challenges, if any, do you encounter when using cash when trading with suppliers in other countries?	Fraud	Loss of money/ security risks	Fluctuating exchange rates	Customs declarations	Inconvenience - of carrying large amounts of money	Other	–	–	–
		40%	47%	20%	27%	13%	N/A	–	–	–
	What benefits or incentives would encourage you to entirely switch to formal channels (such as cards, electronic payments, international transfers) when trading with suppliers in other countries?	Faster transaction processing times	Minimal document requirements	Competitive exchange rates	Guaranteed security	Recorded transactions	Other	–	–	–
		47%	27%	27%	33%	20%	N/A		–	–
	Do you offer credit terms to your clients?	Yes			No			–	–	–
		47%			53%			–	–	–
	Do you have credit terms arrangements with your suppliers?	Yes			No			–	–	–
		51%			49%			–	–	–

ABOUT THE RESEARCH

The Standard Bank Africa Trade Barometer is based on both primary and secondary research sources. This is Issue 4 of the SB ATB. Issues 1, 2 and 3 were released in June 2022, November 2022 and September 2023, respectively. Data collection (both primary and secondary research) for Issue 4 was carried out between July and September 2024 in all 10 countries of interest.

The primary research component involves the administration and analysis of a firm survey (i.e., a survey of sample businesses in the countries of interest) and in-depth interviews with key stakeholders. The sample is stratified by size (small, big and corporate), region and industry. A total of 2 258 businesses were surveyed and 30 in-depth interviews were conducted across the 10 countries in Issue 4.

In South Africa, 229 businesses were surveyed. 42% of these businesses were in Gauteng, 24% in Western Cape, 20% in KwaZulu-Natal and 14% in Eastern Cape.

The breakdown of surveyed businesses in South Africa by business segment was as follows:

- 62% were small businesses
- 20% were big businesses
- 18% were corporates

In the context of the SB ATB, small businesses are defined as those with a turnover of less than R300 million, large businesses as those with a turnover of between R300 million and R1.2 billion and corporates as those with a turnover of more than R1.2 billion.

The breakdown of surveyed businesses in South Africa by industry is as follows:

Table 7: Breakdown of surveyed businesses in South Africa by industry

Industry	%	Industry	%
Wholesale and retail trade; repair of motor vehicles and motorcycles	26	Arts, entertainment and recreation	2
Accommodation and food service activities	16	Real estate activities	1
Manufacturing	9	Professional, scientific and technical activities	1
Transportation and storage	9	Public administration and defence; compulsory social security	1
Financial and insurance activities	7	Education	1
Other service activities	7	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	1
Construction	5	Electricity, gas, steam and air conditioning supply	0
Mining and quarrying (includes oil & gas)	4	Water supply; sewerage, waste management and remediation activities	0
Agriculture, forestry and fishing	3	Human health and social work activities	0
Information and communication	3	Activities of extraterritorial organizations	0
Administrative and support service activities	3		

The breakdown of surveyed businesses by staff complement was as follows:

- 17% had below 5 employees
- 18% had 5 - 10 employees
- 19% had 11 - 20 employees
- 16% had 21 - 50 employees
- 6% had 51 - 100 employees
- 15% had 101 - 1 000 employees
- 7% had 1 001 - 5 000 employees
- 2% had over 5 000 employees

With regards to individual respondent characteristics within the businesses, 55% were female and 45% were male.

The breakdown by their job titles is as follows:

- 24% were owners, partners or co-owners
- 24% were general managers
- 10% were managing directors
- 7% were chief executive officers (CEOs)
- 6% were financial directors
- 5% were director generals
- 4% were chief financial officers
- 2% were treasurers
- 2% were director generals
- 1% were heads of departments

Further details by region, business segment, industry, staff complement, age of firm, the firms' corporate and strategic decision-making structures as well as individual respondent characteristics (gender, job title, etc.) are available on request.

There were three in-depth interviews conducted in South Africa as part of Issue 4. These interviews were held with representatives from the Johannesburg Stock Exchange and Western Cape Provincial Government, including the Priority Programmes Coordination cluster.

The survey and in-depth interviews were conducted on a confidential basis.

The secondary research component involves the gathering and analysis of quantitative data. This data is primarily collected from World Bank sources, although additional data is obtained from the International Monetary Fund (IMF), the International Trade Center and individual country central banks.

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In-depth details on how the Standard Bank Africa Trade Barometer scores for each country are calculated, and the resultant country rankings, are available on request.

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The research was produced by Standard Bank Business and Commercial Banking Research & Insights. For any questions or information requirements on this report please contact tradebarometer@standardsbg.com.

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