

# BRICS

## Feb 2018

### 1. Background

Since 2008, the leaders of Brazil, Russia, India and China — the BRIC countries — have met annually to discuss issues of global significance. At their third summit in China in 2011, the leaders invited South Africa to join, thus becoming the BRICS. While the concept of “BRICS” was first created by Jim O’Neill of Goldman Sachs to refer to the investment opportunities of the rising emerging economies, the leaders’ meetings transcend the financial context to embrace a wide range of topics relating to global governance, development, peace and security, energy, climate change, and social issues (BRICS Information Centre- University of Toronto, 2018).

In 2014, the BRICS countries signed into effect the creation of their New Development Bank (NDB) which is headquartered in Shanghai (2015), with a regional office in Johannesburg (2017). Multilateral development banks are able to leverage and raise large amounts of additional resources from the global capital markets. They are able to do so with a modest contribution in shareholder capital from member governments, making it a very efficient financing model. The core purpose of the NDB is to mobilise resources for infrastructure and sustainable development in BRICS countries. The Bank has committed over USD2bn in loans to member countries so far, with a strong emphasis on renewable energy. The next key milestones for the Bank will be to obtain an international credit rating and expand its membership beyond BRICS countries. The BRICS nations are also looking to set up a new credit-rating company, that will not be reliant on revenue from clients, in an effort to break the dominance of the big three developed-nation firms. China, Russia, India and Brazil have all established their own credit rating agencies, none of which has ever come close to establishing itself as an alternative.

South Africa’s opportunity to shape the economic priorities of the BRICS agenda will be even greater this year (2018) when it hosts the BRICS Summit. In 2013 when it last hosted the group South Africa strategically chose to draw in the participation of other African countries to help focus BRIC attention on the underlying business opportunities in its own region, as well as its own efforts to support the development of regional value chains that could link into global value chains.

In 2018, South Africa could push to ensure that agreements and undertakings already made within the group are being implemented. At the 2016 Summit a number of initiatives were proposed to promote trade and investment, including facilitating a greater enabling environment for micro, small and medium enterprises, addressing non-tariff measures, promoting greater cooperation on trade facilitation measures such as standards and single windows, promoting trade in the services sectors, intellectual property rights cooperation and collaboration on e-commerce related issues. Equally, the Strategy for BRICS Economic Partnership adopted at the Ufa Summit in 2015 highlights a number of areas for economic cooperation aimed at promoting trade and investment ties (Institute for Global Dialogue, 2017). Ensuring implementation of such commitments remains vital.

The Strategy for BRICS Economic Partnership priority areas for cooperation are:

- to enhance market access opportunities and facilitate market interlinkages;
- to promote mutual trade and investment and create a business-friendly environment for investors and entrepreneurs in all BRICS countries;
- to enhance and diversify trade and investment cooperation that support value addition among the BRICS countries;
- to strengthen macroeconomic policy coordination and build resilience to external economic shocks;
- to strive for inclusive economic growth, in order to eradicate poverty, address unemployment and promote social inclusion;
- to promote information exchange through BRICS Virtual Secretariat and BRICS Economic Exchange Platform, as well as other agreed platforms;
- to consolidate efforts in order to ensure a better quality of growth by fostering innovative economic development based on advanced technologies and skills development with a view to build knowledge economies;
- to seek further interaction and cooperation with non-BRICS countries and international organizations and forums.

*Source: The Strategy for BRICS Economic Partnership, 2015*

BRICS members will engage with the business communities in their respective countries to implement the Strategy. They will encourage closer collaboration of BRICS business communities.

The City of Cape Town has 5 active city partnerships with BRICS cities, four in China and one in Brazil:

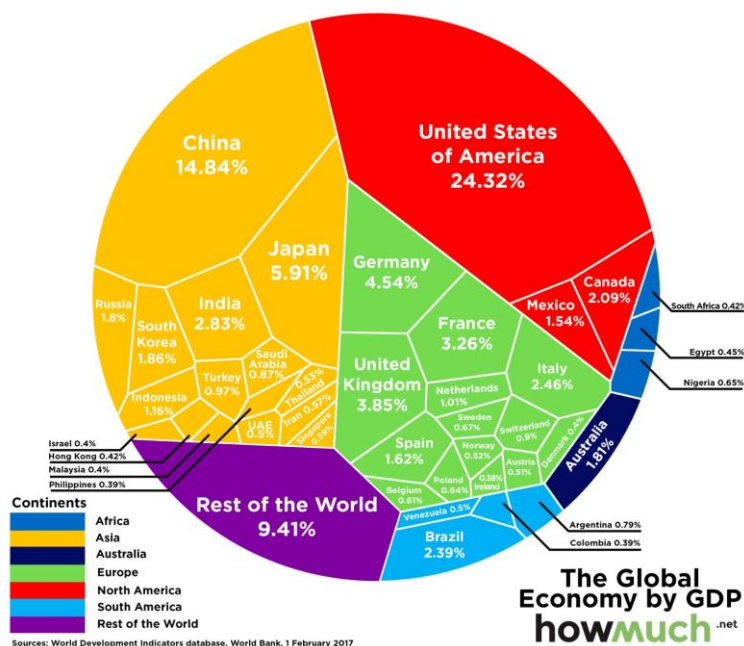
- Shenzhen (China)
- Hangzhou (China)
- Wuhan (China)
- Huangshan (China)
- Rio de Janeiro (Brazil).

Cape Town also has a dormant sister city partnership with St. Petersburg in Russia, which they are in the process of reviving. The City is also liaising with the following cities to formalise relations:

- Qingdao (China)
- Wenling (China)
- New Delhi (India)
- Chennai (India)
- Mumbai (India)

## 2. General Overview

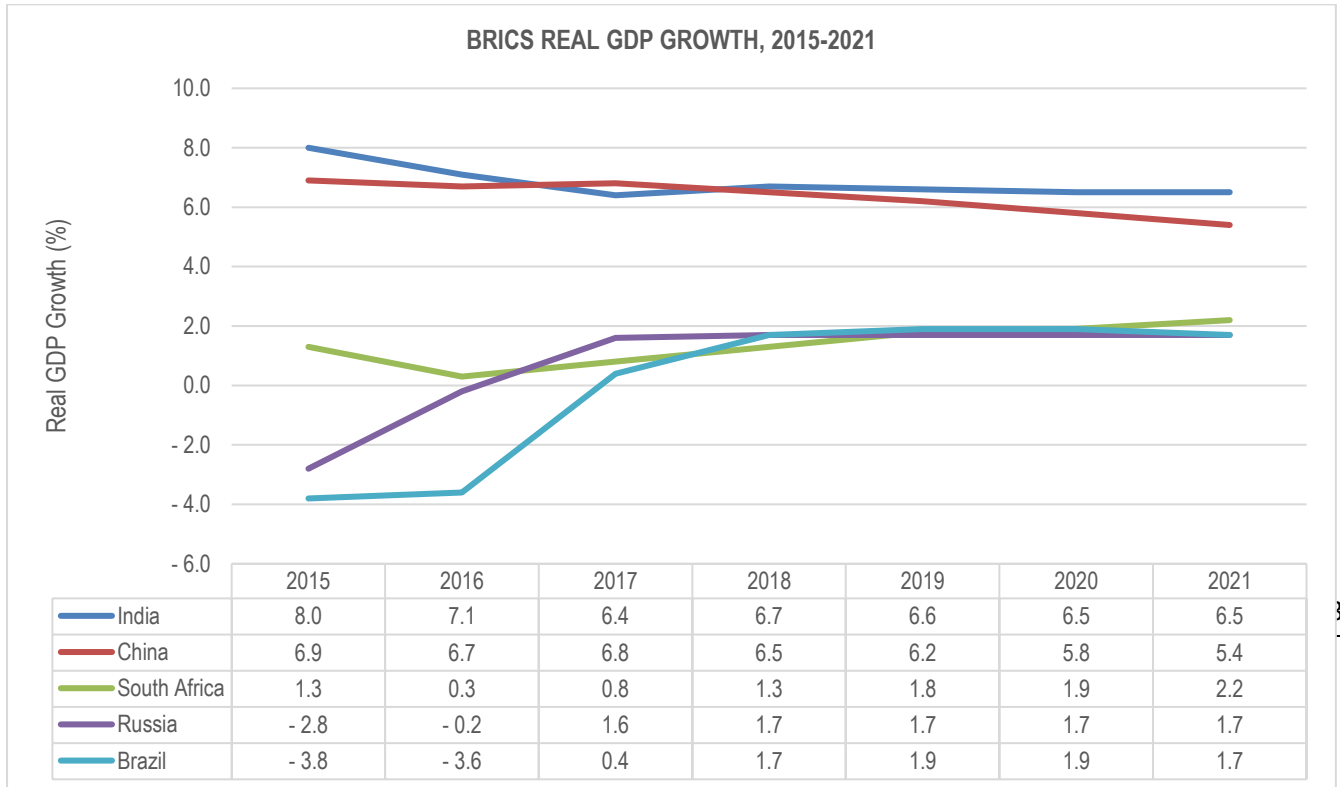
This fact sheet gives a brief overview of the BRICS economies, their GDP breakdowns, their trade positions and insight into their inward and outward investment with South Africa and the Western Cape. The five nations account for more than a quarter of the earth's land surface, nearly half of the world's population, and over USD5trn in global trade. The BRICS economies are all leading developing nations among the G20. The 10<sup>th</sup> BRICS summit will occur in Johannesburg in July 2018, as South Africa has the chairship of the group. These five developing economies, across three continents, make up almost a quarter (22.28%) of the global economy in 2017, from 8% in 2000.



The BRICS economies (Brazil, Russia, India, China and South Africa) have been divided into two distinct camps in terms of their economic growth rates over recent years, and this pattern of 'two-speed growth' is expected to persist in the medium term. BMIResearch forecast that China and India will remain in the fast lane, with annual real GDP growth in the 5-7% region (albeit with China noticeably slowing down over the coming years), while Brazil, Russia and South Africa follow, with annual growth of under 2.5%.

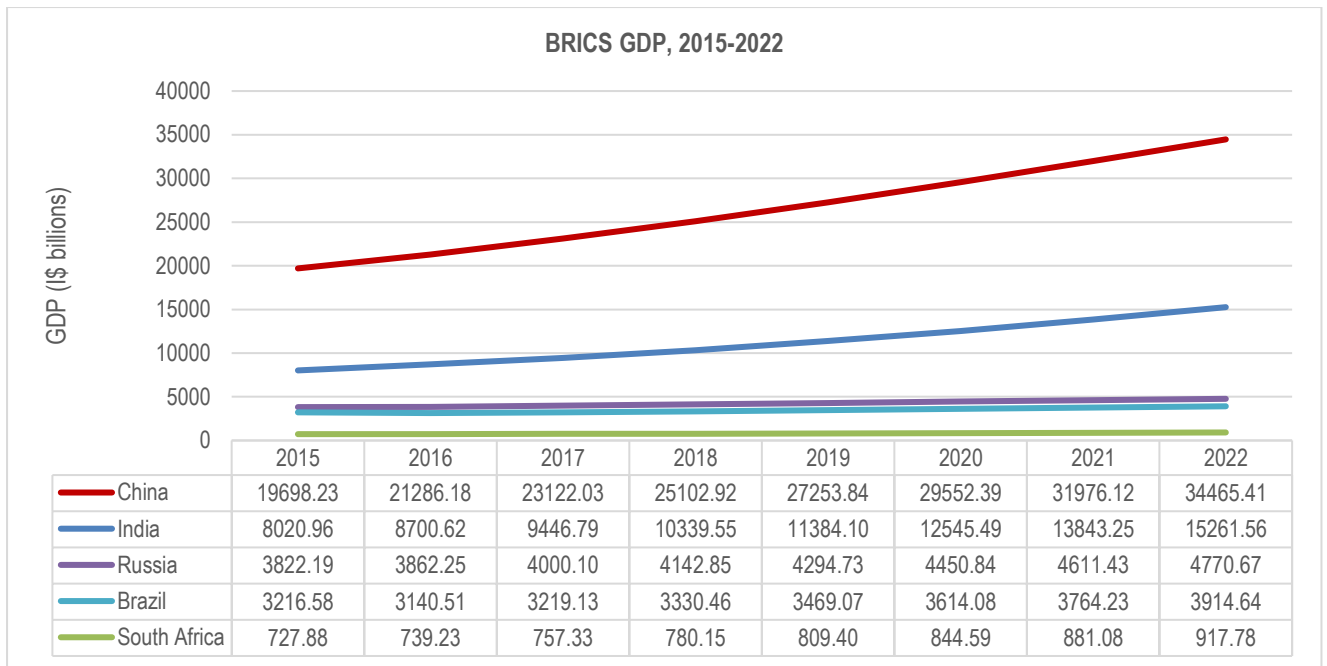
The reasons behind the growth dichotomy varied, but there are key themes which include:

- **Reformers outperform:** the Chinese and Indian governments have been implementing business-friendly reforms in various sectors, creating a more attractive environment for investors. South Africa has alluded to this regarding SOE reform and mining charter reform being necessary for growth.
- **Commodity exporters struggle to recover:** Brazil, Russia and South Africa are grappling with 'lower for longer' commodity prices, causing subdued revenues and investment. The sluggish pace of business-friendly reforms are key signals for investors.
- **Policy uncertainty weighs on investment:** The direction of policy in Brazil and South Africa is very uncertain owing to divisions in the government and impending elections for which the outcomes are difficult to predict.



Source: BMIResearch, 2018  
Represents the change in nominal GDP accounting for changes in prices or inflation

The graph below shows the GDP in comparable current international dollars. China and India remain the top two in terms of GDP and growth, with South Africa, Russia and Brazil picking up the tail.



Source: IMF, 2017

The table below shows the regional trade agreements for each of the BRICS countries.

BRICS COUNTRIES RTA'S IN FORCE 2018	
NAME	BLOCS
South Africa	<i>EFTA - SACU</i> <i>EU – SADC EPA</i> <i>Southern African Customs Union (SACU)</i> <i>Southern African Development Community (SADC)</i> <b><i>Southern Common Market (MERCOSUR) - Southern African Customs Union (SACU)</i></b>
China	<i>RCEP</i> <i>China-Georgia China-Australia China-Korea China-Switzerland China-Iceland China-Costa Rica China-Peru China-Singapore China-New Zealand China-Chile China-Pakistan China-ASEAN Mainland and Hong Kong Closer Economic and Partnership Arrangement Mainland and Macau Closer Economic and Partnership Arrangement China-ASEAN Upgrade Negotiations, China-Chile Upgrade FTA Negotiations</i>
India	<i>ASEAN - India</i> <i>Asia Pacific Trade Agreement (APTA)</i> <b><i>Asia Pacific Trade Agreement (APTA) - Accession of China</i></b> <i>Chile - India</i> <i>Global System of Trade Preferences among Developing Countries (GSTP)</i> <i>India – Afghanistan India – Bhutan India – Japan India – Malaysia India – Nepal India – Singapore India - Sri Lanka India – Thailand Korea, Republic of - India</i> <b><i>MERCOSUR - India</i></b> <i>South Asian Free Trade Agreement (SAFTA)</i> <i>South Asian Free Trade Agreement (SAFTA) - Accession of Afghanistan</i> <i>South Asian Preferential Trade Arrangement (SAPTA)</i>
Russia	<i>Common Economic Zone (CEZ)</i> <i>Eurasian Economic Union (EAEU)</i> <i>Eurasian Economic Union (EAEU) - Accession of Armenia</i> <i>Eurasian Economic Union (EAEU) - Accession of the Kyrgyz Republic</i> <i>Eurasian Economic Union (EAEU) - Viet Nam</i> <i>Georgia - Russian Federation</i> <i>Russian Federation - Azerbaijan</i> <i>Russian Federation - Belarus - Kazakhstan</i> <i>Russian Federation - Serbia</i> <i>Russian Federation - Turkmenistan</i> <i>Russian Federation - Uzbekistan</i> <i>Treaty on a Free Trade Area between members of the Commonwealth of Independent States (CIS)</i>
Brazil	<i>Argentina - Brazil</i> <i>Brazil - Uruguay</i> <i>Global System of Trade Preferences among Developing Countries (GSTP)</i> <i>Latin American Integration Association (LAIA)</i> <i>Latin American Integration Association (LAIA) - Accession of Cuba</i> <b><i>MERCOSUR - India</i></b> <i>Protocol on Trade Negotiations (PTN)</i> <i>Southern Common Market (MERCOSUR)</i> <i>Southern Common Market (MERCOSUR) - Chile</i>  <i>Southern Common Market (MERCOSUR) - Mexico</i> <b><i>Southern Common Market (MERCOSUR) - Southern African Customs Union (SACU)</i></b>

Source: WTO, 2018

Bold RTA's are among the BRIC countries

A few key indicators are shown in the table below. China performs the best in terms of investment as a % of GDP (44%). China also has the highest population (1.39bn) with the lowest inflation (1.8%) and unemployment rates (4%). Russia receives the largest government revenue as a percentage of GDP (33%).

COMPARATIVE BRICS TABLE: 2017					
	INVESTMENT % OF GDP	INFLATION (%)	UNEMPLOYMENT (% OF LABOUR FORCE)	POPULATION (MILLIONS)	GOVERNMENT REVENUE % OF GDP
Brazil	17.6	3.7	13.1	207.7	29.4
China	44.0	1.8	4.0	1390.8	27.5
India	29.9	3.8	-	1316.9	21.1
Russia	23.8	4.2	5.5	143.4	32.8
South Africa	19.1	5.4	27.6	56.5	29.1

Source: IMF, 2017

Socio-economic indicators for BRICS include the Human Development Index (HDI). The HDI is a composite statistic of life expectancy, education, and income indices used to rank countries into four tiers of human development. The BRICS country with the best HDI ranking in 2016 was Russia with an HDI of 0.804 (49<sup>th</sup> globally). Brazil and China also had a global ranking in the top 100 countries with an HDI above 0.7. South Africa is ranked 119 globally with an HDI of 0.666.

HDI GLOBAL RANKING OF BRICS UNDP		
COUNTRY	2016 RANKING	HDI SCORE
Russia	49	0.804
Brazil	79	0.754
China	90	0.738
South Africa	119	0.666
India	131	0.624

Source: UNDP, 2017

The Global Competitiveness Index 2017-2018 presents a framework and a corresponding set of indicators in three principal categories (basic requirements, efficiency enhancers and innovation and sophistication factors) and twelve policy domains (pillars) for 137 economies. South Africa ranks 49<sup>th</sup>, reversing its four-year downward trend thanks largely to her increased uptake of ICTs—especially higher Internet bandwidth—and improvements in innovation, which establish the economy as the region's most innovative. South Africa also hosts the continent's most efficient financial market (12<sup>th</sup>) and benefits from a sound goods market (38<sup>th</sup>), which is driven by strong domestic competition (28<sup>th</sup>) and an efficient transport infrastructure (29<sup>th</sup>). A breakdown of BRICS global competitiveness rankings is tabulated below.

GLOBAL COMPETITIVENESS INDEX RANKING OF BRICS /140		
COUNTRY	2016 RANKING	GLOBAL COMPETITIVENESS SCORES
China	28	4.9
Russia	45	4.4
South Africa	49	4.4
India	55	4.3
Brazil	75	4.1

Source: WEF, 2017

The World Bank Group in its annual *Doing Business 2018* report saw Russia as the top BRICS country, with a ranking of 35<sup>th</sup> out of 190 countries monitored in terms of the ease of doing business. The best sub-rankings for the BRICS countries were India's protecting investors (4<sup>th</sup>), China's enforcing contracts (5<sup>th</sup>), Russia's getting electricity (10<sup>th</sup>) and Russia's registering property (12<sup>th</sup>). South Africa performs the best in dealing with construction permits and paying taxes among the BRICS nations.

BRICS RANKINGS - DOING BUSINESS, 2018 REPORT (OUT OF 190 COUNTRIES)					
INDICATORS	BRAZIL	RUSSIA	INDIA	SOUTH AFRICA	CHINA
Starting a Business	176	28	156	136	93
Dealing with Construction Permits	170	115	181	94	172
Getting Electricity	45	10	29	112	98
Registering Property	131	12	154	107	41
Getting Credit	105	29	29	68	68
Protecting Investors	43	51	4	24	119
Paying Taxes	184	52	119	46	130
Trading Across Borders	139	100	146	147	97
Enforcing Contracts	47	18	164	115	5
Resolving Insolvency	80	54	103	55	56
<b>Doing Business 2018</b>	<b>125</b>	<b>35</b>	<b>100</b>	<b>82</b>	<b>78</b>

Source: World Bank, 2018

The best performing country in each category is highlighted

### 3. BRICS Sovereign Credit Rating

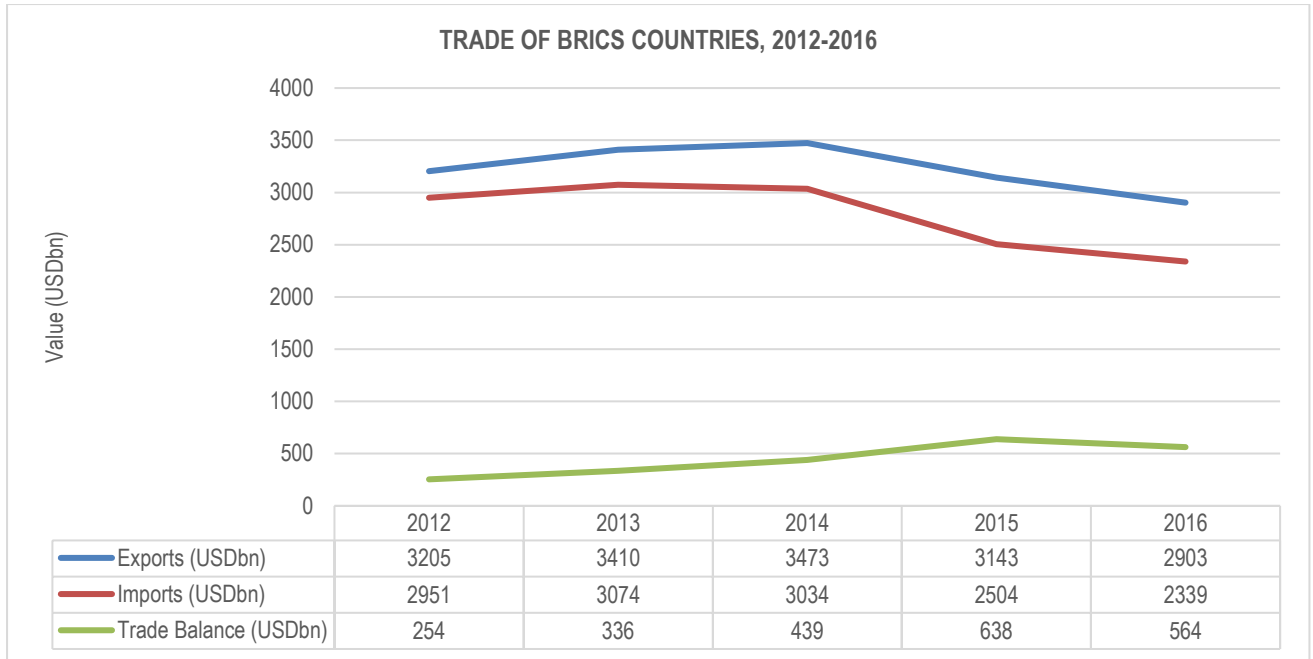
BRICS Long Term Foreign Currency (LTFC) Sovereign Credit Rating Summary Comparisons for February 2018 can be seen below:

RATING GRADE COLOUR CHART	
	Investment Grade
	Speculative Grade

BRICS: LONG TERM FOREIGN CURRENCY (LTFC) SOVEREIGN CREDIT RATING SUMMARY & COMPARISON AS AT 01 FEBRUARY 2018				
COUNTRY	FITCH RATINGS	MOODY'S INVESTORS SERVICES	STANDARD & POOR'S (S&P)	RATING GRADE
Brazil	BB/Negative	Ba2/Negative	BB-/Stable	Speculative Grade
Russia	BBB-/Positive	Ba1/Positive	BB+/Positive	BBB- = Investment Grade Ba1, BB+, BB, BB- = Speculative Grade
India	BBB-/Stable	Baa2/Stable	BBB-/Stable	Investment Grade
China	A+/Stable	A1/Stable	A+/Stable	Investment Grade
South Africa	BB+/Stable	Baa3/Under Review	BB/Stable	Investment & Speculative Grade

### 4. Trade Overview

The graph below shows the trade in BRICS countries, which declined in 2015 with the global slowdown in growth and fall of commodity prices which continued into 2016. BRICS country exports in 2016 of USD2.9trn reached double that of United States exports. Total BRICS trade was over USD5trn in 2016, with an overall positive trade balance.



Source: Trademap, 2018

Below is a tabulated breakdown of exports and imports for the BRICS countries in 2016. As expected, China's trade makes up the bulk and is greater than the other four BRICS nations combined.

<b>BRICS TRADE IN 2016</b>		
<b>COUNTRY</b>	<b>2016 EXPORTS (USDbn)</b>	<b>2016 IMPORTS (USDbn)</b>
China	2097.64	1587.92
Russia	285.49	182.26
India	260.33	356.70
Brazil	185.24	137.55
South Africa	74.11	74.74

Source: Trademap, 2018

The top import and export markets for the BRICS nations are shown below. Common trade partners to most BRICS countries include the United States, Germany and the Netherlands. China is the most prolific trading partner with other BRICS nations.



BRICS TRADE IN 2016	
EXPORT MARKETS	IMPORT MARKETS
<b>Brazil</b> <ul style="list-style-type: none"> <li>China (USD35.1bn)</li> <li>United States (USD23.3bn)</li> <li>Argentina (USD13.4bn)</li> <li>Netherlands (USD10.3bn)</li> <li>Germany (USD4.9bn)</li> </ul>	<b>Brazil</b> <ul style="list-style-type: none"> <li>United States (USD24.1bn)</li> <li>China (USD23.4bn)</li> <li>Germany (USD9.1bn)</li> <li>Argentina (USD9.1bn)</li> <li>Republic of Korea (USD5.4bn)</li> </ul>
<b>Russia</b> <ul style="list-style-type: none"> <li>Netherlands (USD29.3bn)</li> <li>China (USD28bn)</li> <li>Germany (USD21.3bn)</li> <li>Belarus (USD14bn)</li> <li>Turkey (USD13.7bn)</li> </ul>	<b>Russia</b> <ul style="list-style-type: none"> <li>China (USD38.1bn)</li> <li>Germany (USD19.5bn)</li> <li>United States (USD11.1bn)</li> <li>Belarus (USD9.4bn)</li> <li>France (USD8.5bn)</li> </ul>
<b>China</b> <ul style="list-style-type: none"> <li>United States (USD386bn)</li> <li>Hong Kong (USD287bn)</li> <li>Japan (USD129bn)</li> <li>Republic of Korea (USD94bn)</li> <li>Germany (USD65bn)</li> </ul>	<b>China</b> <ul style="list-style-type: none"> <li>Republic of Korea (USD158.9bn)</li> <li>Japan (USD145.7bn)</li> <li>Taipei (USD138.8bn)</li> <li>United States (USD135bn)</li> <li>Germany (USD86.1bn)</li> </ul>
<b>India</b> <ul style="list-style-type: none"> <li>United States (USD42bn)</li> <li>UAE (USD30bn)</li> <li>Hong Kong (USD13bn)</li> <li>China (USD9bn)</li> <li>United Kingdom (USD8.6bn)</li> </ul>	<b>India</b> <ul style="list-style-type: none"> <li>China (USD60.5bn)</li> <li>United States (USD20.4bn)</li> <li>UAE (USD19.2bn)</li> <li>Saudi Arabia (USD18.5bn)</li> <li>Switzerland (USD14.9bn)</li> </ul>
<b>South Africa</b> <ul style="list-style-type: none"> <li>China (USD7bn)</li> <li>United States (USD5.5bn)</li> <li>Germany (USD5.3bn)</li> <li>Botswana (USD4.1bn)</li> <li>Namibia (USD3.5bn)</li> </ul>	<b>South Africa</b> <ul style="list-style-type: none"> <li>China (USD13.5bn)</li> <li>Germany (USD8.8bn)</li> <li>United States (USD5bn)</li> <li>India (USD3.1bn)</li> <li>Saudi Arabia (USD2.8bn)</li> </ul>

Source: Trademap, 2018

The table below shows the share of imports made up by partner BRICS countries in 2016. The highest share of imports is made by Russia from China, with China making up 21% of Russia's total imports.

BRICS TRADE SHARES IN 2016	
COUNTRY	SHARE OF TOTAL IMPORTS FROM OTHER BRICS (%)
China	Brazil (2.9%) Russia (2%) South Africa (1.4%) India (0.7%)
Russia	China (20.9%) Brazil (1.4%) India (1.3%) South Africa (0.3%)
India	China (17%) South Africa (1.4%) Russia (1.3%) Brazil (1%)

BRICS TRADE SHARES IN 2016	
COUNTRY	SHARE OF TOTAL IMPORTS FROM OTHER BRICS (%)
Brazil	China (17%) India (1.8%) Russia (1.5%) South Africa (0.2%)
South Africa	China (18.1%) India (4.2%) Russia (0.3%) Brazil (1.9%)

Source: Trademap, 2018

## 5. Trade profile

### 5.1. Port-to-Port

Transit times from Cape Town port to various BRICS ports are shown below. According to SeaRates, the longest transit times from Cape Town port are to Indian ports and the quickest transit times are to Brazilian ports.

TRANSIT TIME FROM CAPE TOWN TERMINAL TO VARIOUS BRICS PORTS		
INDIA		
TERMINAL	DISTANCE	TRANSIT TIME
Bombay Terminal	8564.7km (4624 M)	28 days
Ahmenabad Terminal	8911.6 km (4811.9 M)	29 days
Cochin	8120.7 km (4384.8 M)	27 days
Mangalore Terminal	8305.7 km (4484.7 M)	28 days
Marmagoa	8360.6 km (4514.3 M)	28 days
BRAZIL		
Belem	4,393.21 miles (8,136.22km)	21 days
Rio Grande	3,498.30 miles (6,478.85km)	16 days
Rio de Janeiro	3,498.30 miles (6,478.85km)	16 days
Paranagua	3,480.30 miles (6,445.52km)	16 days
Santos	3,420.04 miles (6,333.92km)	16 days
Sao Sebastiao	3,381.32 miles (6,262.20km)	16 days
Tubarao	3,283.24 miles (6,080.55km)	16 days
RUSSIA		
Rostov-on-bon	7850.88 mi (12634.77 km)	20 days
Kaliningrad	7825.13 mi (12593.33 km)	20 days
Saint Petersburg	8279.16 mi (13324.01 km)	21 days
Arkhangelsk Terminal	9359.69 mi (15062.96 km)	24 days
Murmansk	8867.95 mi (14271.59 km)	22 days
Kholmsk	10203.72 mi (16421.30 km)	26 days
Magadan	11135.76 mi (17921.27 km)	28 days
Vanino	10278.23 mi (16541.21 km)	26 days
CHINA		
Zhanjiang	12645.8 km (6826.3 M)	20 days
Guangzhou	12884.9 km (6957.3 M)	20 days
Shantou	13091.4 km (7066.9 M)	21 days
Xiamen	13271.2 km (7164.0 M)	21 days
Zhangzhou	13319.4 km (7190.2 M)	21 days
Fuzhou	13478.4 km (7276.0 M)	21 days
Ningbo-Zhoushan	13945.0 km (7527.8 M)	22 days
Shanghai	14086.7 km (7604.3 M)	22 days
Nantong	14179.5 km (7654.4 M)	22 days
Qingdao	14602.5 km (7882.8 M)	23 days
Tianjin	15212.7 km (8212.3 M)	24 days
Dalian	14931.8 km (8060.6 M)	23 days

TRANSIT TIME FROM CAPE TOWN TERMINAL TO VARIOUS BRICS PORTS		
INDIA		
TERMINAL	DISTANCE	TRANSIT TIME
Jinzhou	15171.2 km (8189.9 M)	24 days

Source Searates, 2017

## 5.2. Tariffs

Tariffs imposed on South African exports to other BRICS nations are shown below. Only the 7 product lines with the highest tariffs are shown for each country in the table below. A select few exports to India incur the highest tariffs for South African exports, with the largest tariffs imposed on beverages, spirits and vinegar (120%) and coffee, tea, mate and spices (93%).

HIGHEST TARIFFS IMPOSED ON SA EXPORTS, 2016	
COUNTRY	PRODUCTS WITH THE HIGHEST TARIFFS (HS2 %)
Brazil	Carpets and other textile floor coverings (35%) Articles of apparel and clothing accessories, knitted or crocheted (35%) Articles of apparel and clothing accessories, not knitted or crocheted (35%) Footwear, gaiters and the like; parts of such articles (34%) Other made-up textile articles; sets; worn clothing and worn textile articles; rags (34%) Vehicles other than railway or tramway rolling stock, and parts and accessories thereof (27%) Articles of leather; saddlery and harness; travel goods, handbags and similar containers (26%)
Russia	Meat and edible meat offal (32%) Beverages, spirits and vinegar (26%) Sugars and sugar confectionery (18%) Umbrellas, sun umbrellas, walking sticks, seat-sticks, whips, riding-crops & parts (15%) Articles of leather; saddlery and harness; travel goods, handbags and similar containers (13%) Vehicles other than railway or tramway rolling stock, and parts and accessories thereof (12%) Furniture; bedding, mattresses, supports, cushions & similar stuffed furnishings (12%)
India	Beverages, spirits and vinegar (120%) Coffee, tea, maté and spices (93%) Miscellaneous edible preparations (87%) Vehicles other than railway or tramway rolling stock, & parts & accessories thereof (76%) Sugars & sugar confectionery (66%) Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates (49%) Cereals (45%)
China	Cereals (52%) Sugars and sugar confectionery (34%) Products of the milling industry; malt; starches; inulin; wheat gluten (26%) Tobacco and manufactured tobacco substitutes (24%) Wool, fine or coarse animal hair; horsehair yarn and woven fabric (23%) Fertilisers (22%) Musical instruments; parts and accessories of such articles (22%)

Source: Trademap, 2018

## 5.3. BRICS Trade with the Western Cape

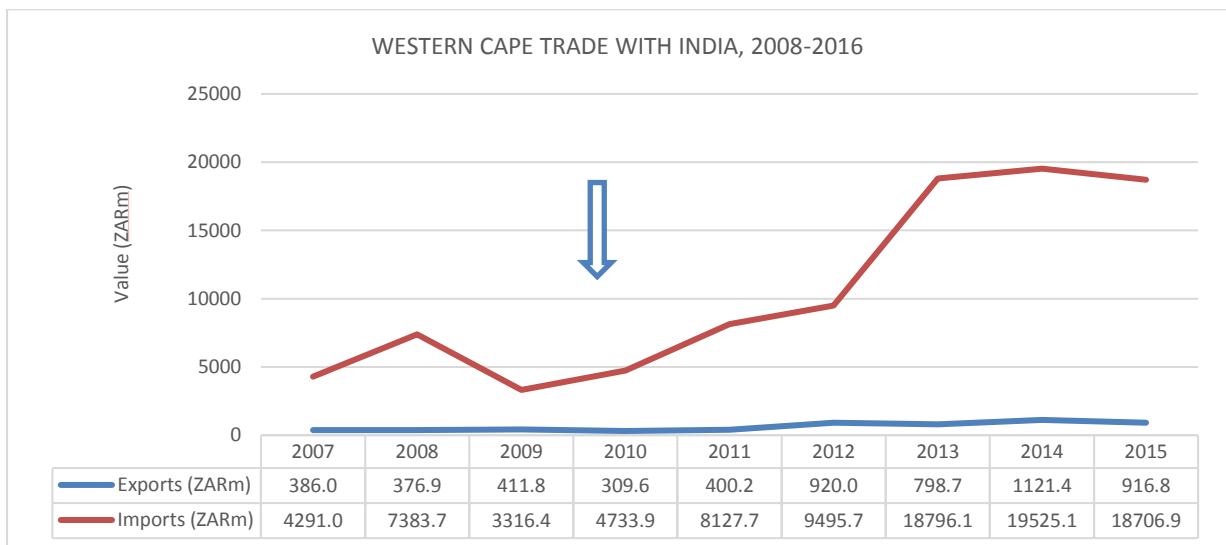
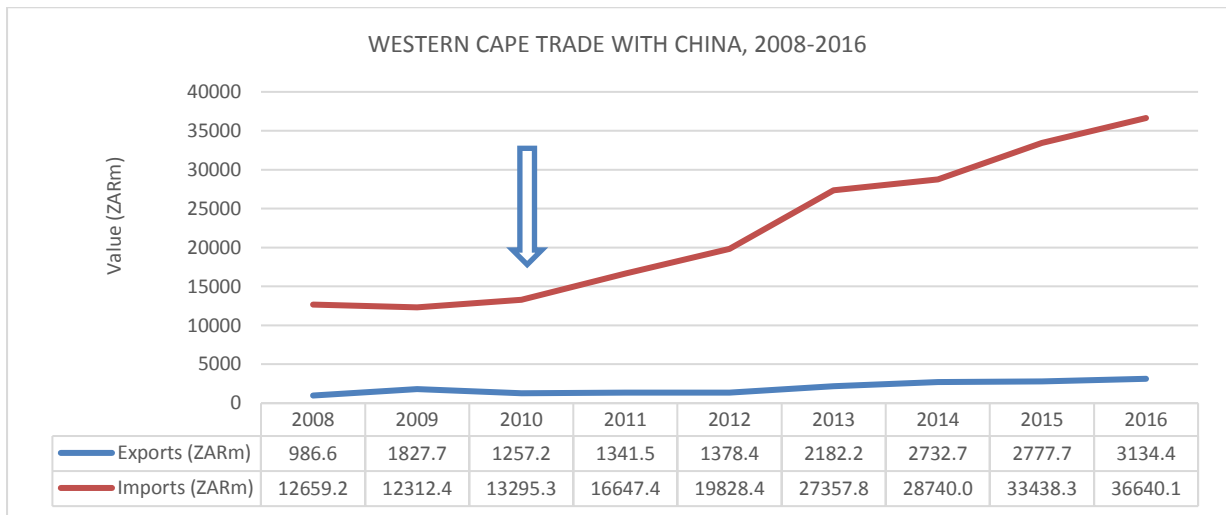
The steady growth of trade with the BRICS countries has allowed South Africa and the Western Cape to diversify its export markets beyond its traditional partners in Europe (EU) and the United States (US). This has been especially important in the post-global financial crisis period where the slow recovery of these partners has resulted in lower demand. This will remain important as the US adopts a more trade-protectionist stance (Institute for Global Dialogue, 2017).

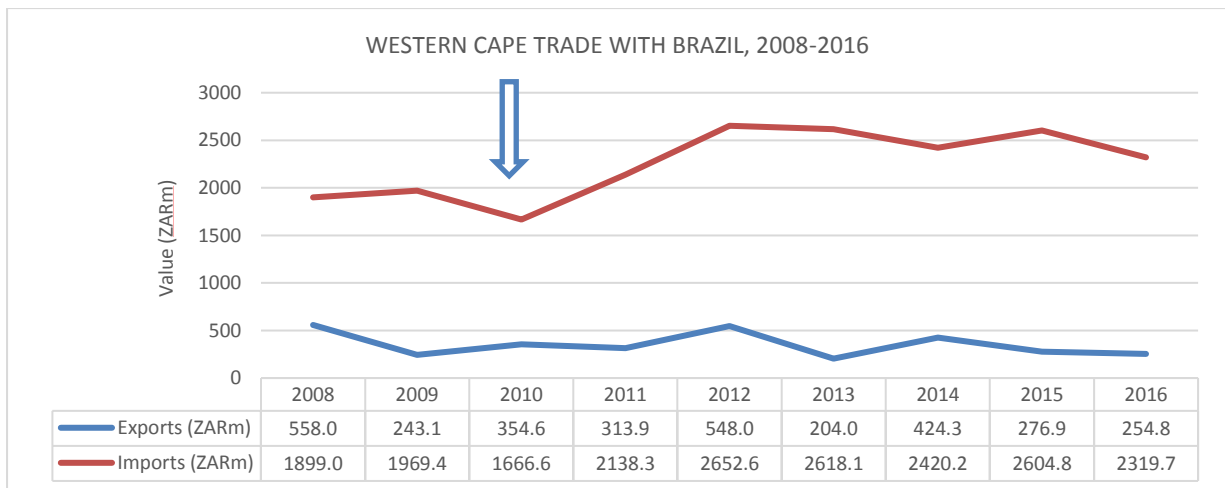
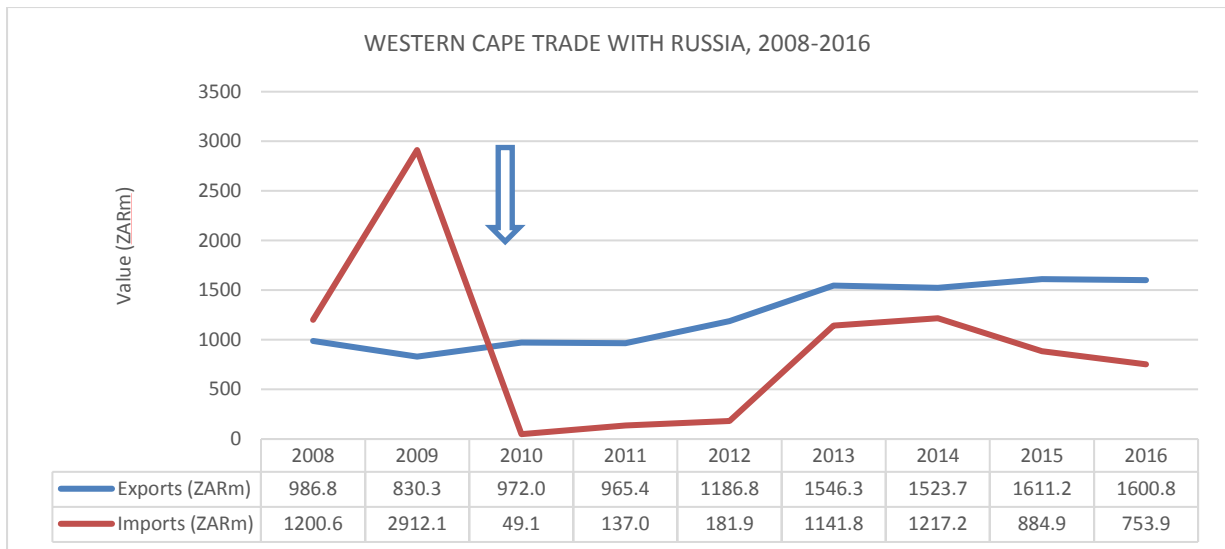
The Western Cape trade trends with BRICS countries can be seen in the graphs below. The data is recorded in rand values and taken from Quantec (2017). In 2010, Western Cape exports to the group totalled ZAR2.9bn, growing to ZAR6bn in 2016, more than doubling in the 6 year period. Western Cape export shares to the BRICS

countries grew for China and India, however, declined for Russia and India. The share increased for the United States in the same period but declined by over 10% for the European Union.

WESTERN CAPE EXPORT SHARE CHANGES IN MAJOR MARKETS, 2010 VS 2016				
	2010		2016	
	Value (ZARm)	Share (%)	Value (ZARm)	Share (%)
World	52828.9	100	120625.4	100
Brazil	354.6	0.67	254.3	0.21
United States	3477.4	6.58	8860.8	7.35
China	1258.2	2.38	3125.3	2.59
India	307.7	0.58	1028.9	0.85
Russian Federation	972.0	1.84	1596.0	1.32
European Union	20753.5	39.28	33568.5	27.83

Individual trade performance for the Western Cape with each of the Brics markets can be seen below:





The top three imports and exports between the Western Cape and other BRICS countries in 2016 are shown below.

#### Brazil

##### Imports:

1. Unmanufactured tobacco (R521m)
2. Sugar (R482m)
3. Meat/edible offal (R198m)

##### Exports:

1. Ethyl alcohol <80% (R32m)
2. Wine (R28m)
3. Nucleic acid (R20m)

#### Russia

##### Imports:

1. Wheat & meslin (R576m)
2. Mineral/chemical fertiliser (R86m)
3. Fish fillets (R17m)

##### Exports:

1. Citrus (R609m)
2. Apples, pears, quinces (R318m)
3. Wine (R273m)

## China

### Imports:

1. Electric generating sets (R1.8bn)
2. Rubber/plastic footwear (R1.7bn)
3. Heating equipment (R1.1bn)

### Exports:

1. Wine (R525m)
2. Animal feed (R480m)
3. Citrus (R427m)

## India

### Imports:

1. Refined petroleum oil (R7bn)
2. Medicaments (R846m)
3. Crustaceans (R296m)

### Exports:

1. Scrap iron & steel (R307m)
2. Scrap aluminium (R175m)
3. Coal (R145m)

Source: Quantec, 2018

## 6. Foreign Direct Investment<sup>1</sup>

### 6.1 Global Foreign Direct Investment into BRICS

Between January 2007 and November 2017 a total of 30,273 FDI projects were recorded into BRICS countries. These projects represent a total capital investment of USD2.01trn which is an average investment of USD66.50m per project. During the period, a total of 7,276,691 jobs were created.

The United States was the largest source market for inward FDI into BRICS in terms of projects, with 7,704 investment projects, which accounted for 25% of projects. Germany and Japan are ranked second and third accounting for 10% and 9% respectively.

TOP 10 SOURCE COUNTRIES FOR FDI INTO BRICS, 2007-NOV 2017					
RANK	COUNTRY	PROJECTS	%PROJECTS	CAPEX (USDm)	% CAPEX
1	United States	7 704	25	396 187.9	19.7
2	Germany	2 981	10	189 372.6	9.4
3	Japan	2 615	9	164 128.4	8.2
4	UK	2 510	8	142 907.5	7.1
5	France	1 721	6	103 200.0	5.1
6	Spain	913	3	46 073.8	2.3
7	Switzerland	889	3	45 455.5	2.3
8	Italy	867	3	60 636.2	3.0
9	Taiwan	815	3	93 186.5	4.6
10	Netherlands	713	2	35 667.5	1.8
<b>TOTAL</b>		<b>30 273</b>	<b>100</b>	<b>2 013 002.3</b>	<b>100.0</b>

Source: FDI Intelligence, 2018

When breaking the investment down to the destination countries in BRICS, China received the most projects (12,802), followed by India (8,479) and Russia (3,877). In terms of capex, China also received the bulk of investment (47%) followed by India (23%).

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TOP 10 DESTINATION MARKETS FOR FDI INTO BRICS, 2007 – NOV 2017					
RANK	COUNTRY	PROJECTS	%PROJECTS	CAPEX (USDm)	% CAPEX
1	China	12 802	42	938 970	47
2	India	8 479	28	468 675	23
3	Russia	3 877	13	252 553	13
4	Brazil	3 571	12	279 231	14
5	South Africa	1 544	5	73 574	4
<b>TOTAL</b>		<b>30 273</b>	<b>100</b>	<b>2 013 002</b>	<b>100</b>

Source: FDI Intelligence, 2018

The top investing companies into BRICS were IBM, investing in 131 projects to the value of USD3.03bn, which makes it the largest investor for projects. This investment was followed by the UAE Exchange Centre, with 112 projects. The food, software and IT and electronic components sectors dominated investment by projects.

TOP INVESTING COMPANIES INTO BRICS, 2007 – NOV 2017					
RANK	INVESTING COMPANY	COUNTRY OF ORIGIN	SECTOR	PROJECTS	CAPEX (USDm)
1	IBM	US	Software & IT	131	3 029.4
2	UAE Exchange Centre	UAE	Financial services	112	5 533.3
3	Carrefour	France	Food	77	4 313.7

<sup>1</sup> Investment in this section is defined as cross-border greenfield investments in a new physical project or expansion of an existing investment which creates new jobs and capital investment. Joint ventures are only included where they lead to a new physical operation. Mergers and acquisitions (M&A) and other equity investments are not tracked (FDI markets, 2018).



TOP INVESTING COMPANIES INTO BRICS, 2007 – NOV 2017					
RANK	INVESTING COMPANY	COUNTRY OF ORIGIN	SECTOR	PROJECTS	CAPEX (USDm)
4	BASF	Germany	Chemicals	73	9 619.0
5	Siemens	Germany	Electronic components	65	7 144.3
6	Microsoft	US	Software & IT	61	2 480.7
7	General Electric (GE)	US	Manufacturing	60	5 606.0
8	Foxconn	Taiwan	Electronic components	57	20 155.2
9	Nestle	Switzerland	Food	50	2 336.0
10	Hennes & Mauritz (H&M)	Sweden	Retail	49	721.7

Source: FDI Intelligence, 2018

## 6.2 Global Foreign Direct Investment from BRICS countries

Between January 2007 and November 2017 a total of 11,456 FDI projects were recorded from the BRICS countries. These projects represent a total capital investment of USD927.51bn which is an average investment of USD81m per project. During the period, a total of 2,083,017 jobs were created.

The table below shows the destination markets for outward FDI from BRICS countries from January 2007 to November 2017. The United States was the largest destination market in terms of projects, with 1274 investment projects, which accounted for 11% of all projects. Germany and the United Kingdom are ranked second and third accounting for 8% and 6.7% respectively.

TOP 10 DESTINATION MARKETS FOR FDI FROM BRICS, 2007 – NOV 2017					
RANK	COUNTRY	PROJECTS	%PROJECTS	CAPEX (USDm)	% CAPEX
1	United States	1 274	11.1	86 553.7	9.3
2	Germany	915	8.0	13 742.1	1.5
3	UK	772	6.7	36 163.3	3.9
4	UAE	459	4.0	25 152.1	2.7
5	India	314	2.7	40 484.2	4.4
6	Singapore	300	2.6	11 300.5	1.2
7	China	264	2.3	14 925.3	1.6
8	Hong Kong	260	2.3	8 362.0	.9
9	Australia	254	2.2	24 508.4	2.6
10	France	223	1.9	6 274.1	.7
<b>TOTAL</b>		<b>11 456</b>	<b>100.0</b>	<b>927 505.8</b>	<b>100.0</b>

Source: FDI Intelligence, 2018

The top company investing from BRICS (by projects) was Huawei, with 246 projects worth USD8.07bn followed by the Bank of China and ICBC with 77 and 65 projects each. China and India are the most prominent countries in the source company list. Financial services is by far the most popular sector for outward investment.

TOP COMPANIES INVESTING FROM FROM BRICS, 2007 – NOV 2017					
RANK	COMPANY NAME	SECTOR	SOURCE COUNTRY	PROJECTS	CAPEX (USDm)
1	Huawei Technologies	Communications	China	246	8070.1
2	Bank of China	Financial services	China	77	2234.7
3	Industrial and Commercial Bank of China (ICBC)	Financial services	China	65	2047.6
	Tata Consultancy Services (TCS)	Software & IT	India	59	2033.6
4	Jaguar Land Rover	Automotive	India	53	8228.2

TOP COMPANIES INVESTING FROM FROM BRICS, 2007 – NOV 2017					
RANK	COMPANY NAME	SECTOR	SOURCE COUNTRY	PROJECTS	CAPEX (USDm)
5	Gazprom	Coal, Oil and Natural Gas	Russia	49	6871.0
6	ZTE	Communications	China	46	1289.8
8	Kaspersky Lab	Software & IT	Russia	45	511.0
9	Bank of Baroda	Financial services	India	44	773.4
10	State Bank of India (SBI)	Financial services	India	41	1464.8

Source: FDI Intelligence, 2018

### 6.3 Foreign Direct Investment relations between South Africa and other BRICS

#### Outward Investment from South Africa to other BRICS countries

Between January 2007 and November 2017 a total of 58 FDI projects were recorded from South Africa into other BRICS countries. These projects represent a total capital investment of USD4.21bn which is an average investment of USD72.60m per project. During the period, a total of 13,339 jobs were created.

The table below shows FDI from South Africa to other BRICS countries from Jan 2015 to November 2017. A total of 14 FDI projects were recorded in this period. The Western Cape only invested into projects in the financial services over the last 3 years.

SOUTH AFRICA'S INVESTMENTS INTO OTHER BRICS COUNTRIES, 2015- NOVEMBER 2017								
PROJECT DATE	INVESTING COMPANY	SOURCE STATE	DESTINATION COUNTRY	INDUSTRY SECTOR	SUB-SECTOR	INDUSTRY ACTIVITY	CAPEX (USDm)	JOBS
Jul 2017	Belgotex	KwaZulu-Natal	India	Textiles	Furniture, homeware & related products (Textiles)	Sales, Marketing & Support	1.5	67
Jul 2017	Belgotex	KwaZulu-Natal	India	Textiles	Furniture, homeware & related products (Textiles)	Sales, Marketing & Support	1.5	67
Jul 2017	Belgotex	KwaZulu-Natal	India	Textiles	Furniture, homeware & related products (Textiles)	Sales, Marketing & Support	1.5	67
Jun 2017	SASOL	Gauteng	China	Chemicals	Basic chemicals	Manufacturing	82.5	106
Mar 2017	Imperial Logistics International	Gauteng	China	Transportation	Freight/Distribution Services	Logistics, Distribution & Transportation	61.1	167
Dec 2016	De Beers	Gauteng	India	Minerals	Other non-metallic mineral products	Design, Development & Testing	5	44
Nov 2016	Naspers	Western Cape	India	Financial Services	Corporate & investment banking	Business Services	0.5	1
Jul 2016	Aspen Pharmacare Holdings	KwaZulu-Natal	China	Pharmaceuticals	Pharmaceutical preparations	Sales, Marketing & Support	54.4	350
Jul 2016	Barloworld Logistics	Gauteng	Russia	Transportation	Freight/Distribution Services	Logistics, Distribution & Transportation	12	100
Mar 2016	Shriram Life Insurance	Western Cape	India	Financial Services	Insurance	Sales, Marketing & Support	47.6	233
Mar 2016	Shriram Life Insurance	Western Cape	India	Financial Services	Insurance	Sales, Marketing & Support	47.6	233
Aug 2015	Cockett Marine Oil	KwaZulu-Natal	India	Coal, Oil and Natural Gas	Other petroleum & coal products	Sales, Marketing & Support	6.5	8
Jul 2015	Bell Equipment	KwaZulu-Natal	Russia	Industrial Machinery, Equipment & Tools	Agriculture, construction, & mining machinery	Manufacturing	51.4	237
Mar 2015	De Beers	Gauteng	India	Minerals	Other non-metallic mineral products	Design, Development & Testing	17.4	243

Source: FDI Intelligence, 2018

The investments into other BRICS countries that originated from the Western Cape are highlighted above.

### Inward Investment from BRICS into South Africa and the Western Cape

Between January 2007 and November 2017 a total of 160 FDI projects were recorded from the other BRICS countries into South Africa. These projects represent a total capital investment of USD10.34bn which is an average investment of USD64.60m per project. During the period, a total of 33,016 jobs were created.

China is the largest investor, accounting for 72 projects, 45% of total projects in South Africa. China invested in 14 projects in the Western Cape, accounting for 64% of provincial projects. Although Brazil invested in 6 projects in South Africa over the decade, none of these investments were made into the Western Cape. Some of the South African projects' locations are not specified and therefore could be located in the Western Cape so the projects and capex recorded for the Western Cape are the absolute minimum.

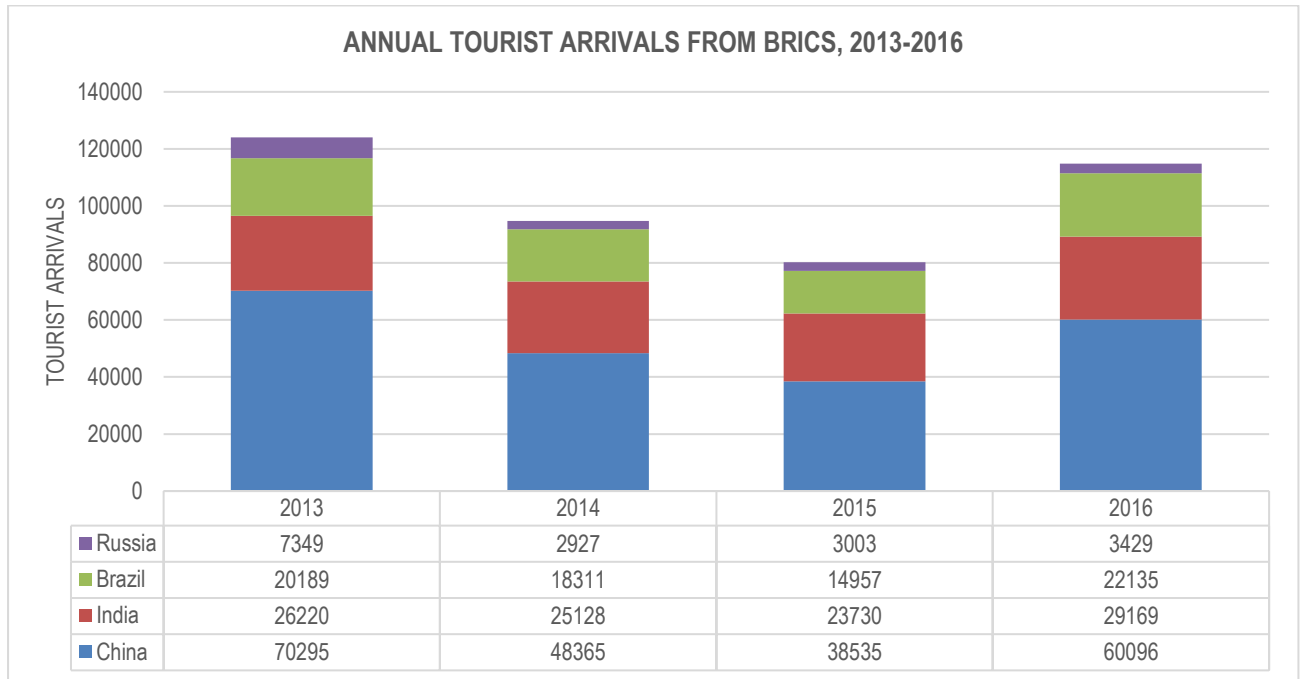
BRICS FDI TO SOUTH AFRICA AND WESTERN CAPE, 2007- DECEMBER 2017							
SOUTH AFRICA				WESTERN CAPE			
SOURCE COUNTRY	PROJECTS	CAPEX (USDm)	JOBS CREATED	SOURCE COUNTRY	PROJECTS	CAPEX (USDm)	JOBS CREATED
China	72	5 307.6	22 791	China	14	170.6	1 623
India	68	4 526.2	8 176	India	5	33.5	77
Russia	14	439.9	1 427	Russia	3	18.8	80
Brazil	6	65.8	622				
<b>Total</b>	<b>160</b>	<b>10 339.5</b>	<b>33 016</b>	<b>Total</b>	<b>22</b>	<b>222.9</b>	<b>1 780</b>

Source: FDI Intelligence, 2018

## 7. Tourism

### 7.1 BRICS Arrivals into the Western Cape

The BRICS tourist arrivals for the Western Cape recorded by SATourism can be seen below. Arrivals from China led arrivals to the Province, followed by India with 52% (60 096 tourists) and 25% (29 169 tourists) of total BRICS arrivals in 2016. The graph below shows the breakdown of arrivals according to country. In 2016, the arrivals from BRICS countries grew by 43%,



Source: SATourism, 2018

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