TRADE UNIONS AND TRADE

South Africa Trade

Fact Sheet

African Continental Free Trade Area

SOUTH AFRICA TRADE FACT SHEET
Trade unions, Trade and AfCFTA

Congress of South African Trade Unions

October 2024

The AfCFTA will influence national policies that affect employment, income, and livelihoods – trade unions need to be prepared to engage with this process.

The practicalities of the AfCFTA, how it will affect trade, policies, and employment, are unknown and need to be better understood.

This resource provides insight into trade dynamics in South Africa and helps trade unions think about trade and their interests in the AfCFTA.

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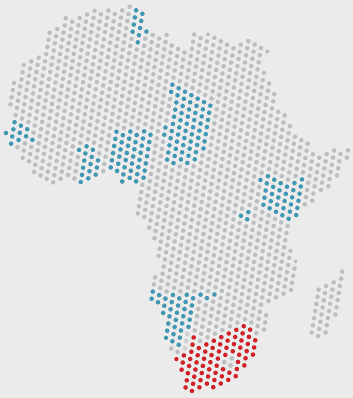

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AFRICAN CONTINENTAL FREE TRADE AREA

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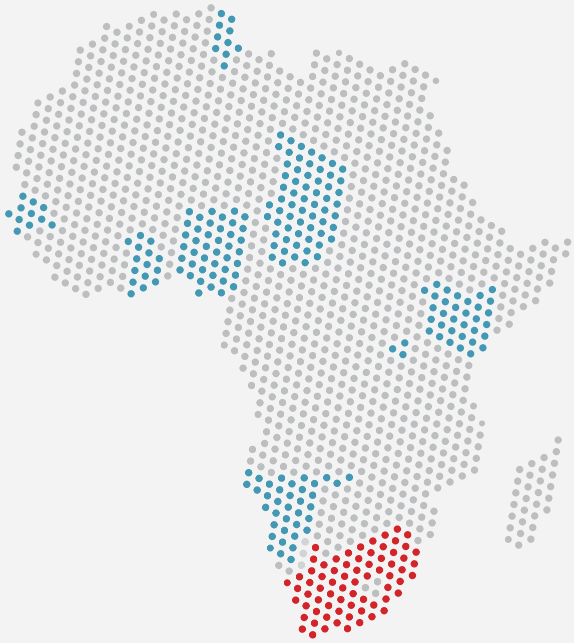

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AFRICAN CONTINENTAL FREE TRADE AREA

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SECTION 1:
COUNTRY DEMOGRAPHICS

1.1 Introduction

South Africa is among the most urbanised countries in Africa, with a predominantly young population. This demographic feature presents both opportunities and challenges, particularly in terms of education, employment, and infrastructure development.

1.2 Population

SOUTH AFRICA'S POPULATION IN 2022

62 MILLION

reflecting a **19.8%** increase from the **51.8 MILLION** recorded in 2011

(Stats SA, 2024).

FEMALES **50.5%**

MALES **48.5%**

See Table 1 below

Table 1: Population by sex (2022)

Sex	Total	Percent
Female	31,944,164	51.50
Male	30,083,339	48.50
All	**62,027,503**	**100**

Source: Stats SA, 2024

South Africa has a predominantly young population, with a median age of 28 years in 2022. As indicated in Table 2, around six out of ten people in the country were under the age of 35 that year.

Table 2: Population by Age (2022)

Age cohort*	9,Percent	Cumulative percent
0-14 years	28.10%	28.10%
15-24 years	16.10%	44.20%
25-34 years	17.80%	62.00%
35-44 years	15.10%	77.10%
45-54 years	9.90%	87.00%
55-64 years	6.80%	93.80%
65+ years	6.20%	100.00%

Source: Stats SA (2023)

Figure 1: Population by Metropolitan and Local Municipalities

Source: Stats SA (2024)

Table 3 shows the distribution of South Africa's population across the eight metropolitan municipalities (cities), which collectively account for 38.6% of the country's total population. The largest urban populations are found in Johannesburg and Cape Town, followed by eThekwini (Durban), Ekurhuleni (west of Johannesburg), and the City of Tshwane (north of Johannesburg).

Table 3: Population across the eight metropolitan municipalities

Meto Municipalities (Urban Centres)	Total	Percent
City of Johannesburg	4,803,262.00	7.70%
City of Cape Town	4,772,846.00	7.7%
eThekwini (Durban)	4,239,901.00	6.8%
Ekurhuleni (Gauteng)	3,178,470.00	5.1%
City of Tshwane (Pretoria)	4,040,315.00	6.5%
Nelson Mandela Bay (Gqeberha)	1,152,115.00	1.9%
Buffalo City (East London)	975,255.00	1.6%
Mangaung (Bloemfontein)	811,431.00	1.3%

Source: Stats SA (2024)

SECTION 2:
ECONOMIC INDICATORS

2.1 Introduction

South Africa, once the largest economy in Africa, now ranks third in terms of gross domestic product (GDP), behind Egypt and Nigeria. The country has a strong agriculture and agro-processing sector, a diversified manufacturing base, and a large but declining mining industry.

2.2. Gross Domestic Product (GDP)

GDP reached US$377.78 billion in 2023 Although the economy experienced a partial recovery from COVID-19 in 2021, growth has remained sluggish due to persistent challenges, including electricity shortages, deteriorating infrastructure, and high unemployment. As shown in Figure 2, the services sector dominates the economy, contributing approximately 75% of the country's GDP in 2023.

IN 2023, GDP REACHED

US $377.8 BILLION

(World Bank, 2024).

SERVICE **75%**

INDUSTRY **17.6%**

MINING **4.8%**

Figure 2: South African GDP by Main Sector (2023)

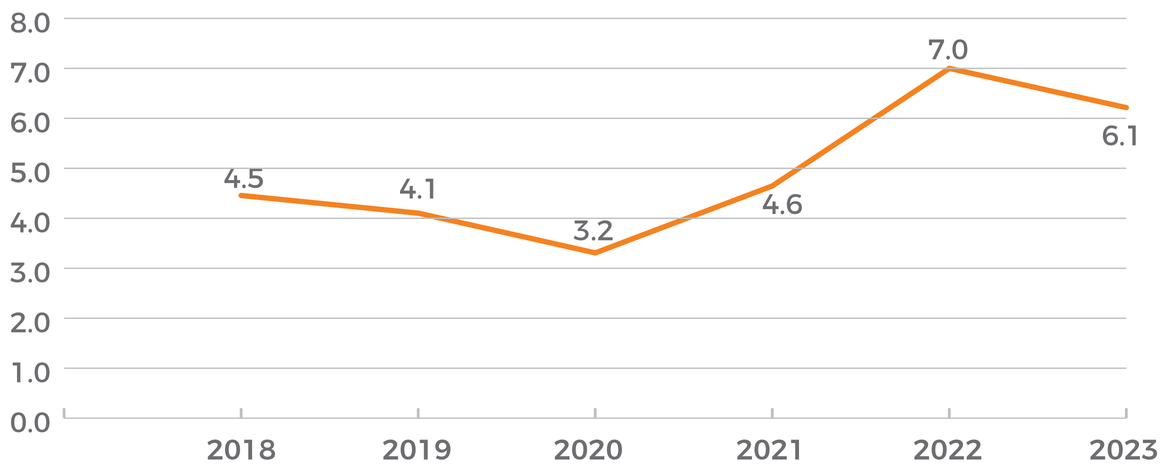
Source: Quantec, 2023

In 2023, the GDP per capita stood at US$6,253.2 (World Bank, 2024). However, the country faces extreme inequality, with a Gini coefficient of 0.6 (African Development Bank, 2024), one of the highest rates globally. This indicates that, despite having a relatively high GDP per capita compared to the rest of the continent, the figure does not accurately reflect the well-being of the majority of South Africans.

2.3. Inflation

Inflation declined marginally from 7% in 2022 to 6.1% in 2023 (see Figure 3).

Figure 3: Inflation, consumer prices (annual %)

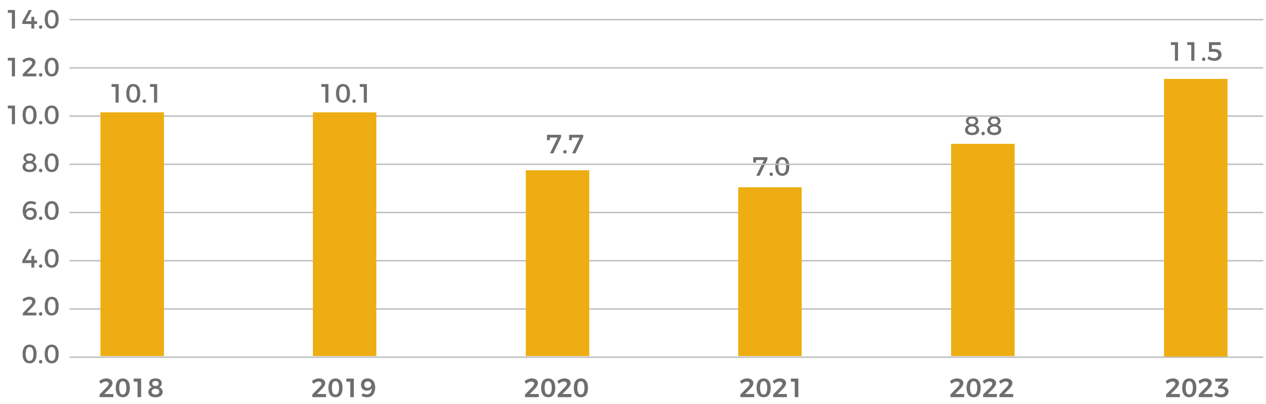


Source: World Bank (2024)

2.4. Interest rates

Since 2021, the lending rate - the rate used by banks to meet the short- and medium-term financing needs of the private sector - has been on the rise, reaching 11.5% in 2023.

Figure 4: Lending Rate (2018-2023)



Source: World Bank (2024)

2.5. Exchange rate

The Rand depreciated by 12.4% against the US Dollar in 2023, with an exchange rate of R18.40 to US$1 (Africa Development Bank, 2024).

SECTION 3:
LABOUR MARKET INDICATORS

3.1. Introduction

South Africa faces considerable labour market slack, characterized by an excess supply of labour compared to the number of available jobs. This situation is particularly evident in the challenge of youth unemployment in the country (Stats SA, 2024B).

3.2. Employment and unemployment

In 2022, overall unemployment in South Africa was 32.1%, with youth unemployment (ages 25–34) reaching 39% (African Development Bank, 2024). The unemployment crisis is particularly severe among women, young people, and those without a matric (secondary) qualification, with conditions being worse in rural areas.

Unemployment

OVERALL IN 2022
32.1%

FEMALE
35.7%

MALE
30.7%

Employment

OVERALL IN 2022
40.1%

FEMALE
34.9%

MALE
45.4%

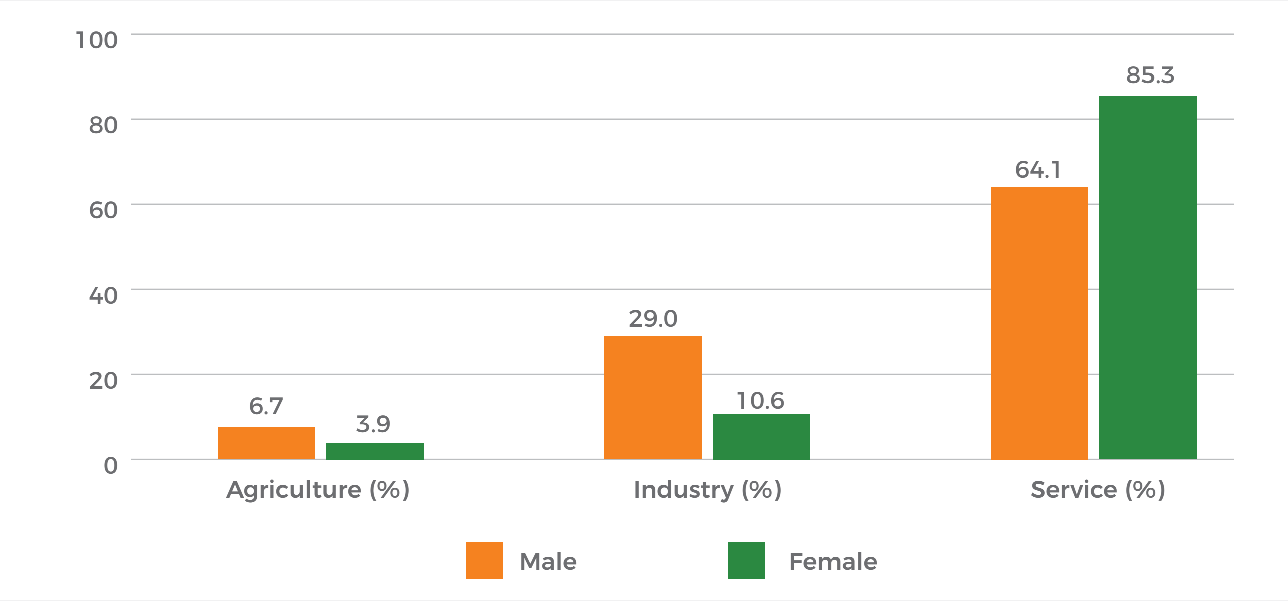
Table 4: Employment and Unemployment

Sex	Employed (%)	Unemployed (%)	Not in labour force (%)
Male	45.4%	30.0%	35.1%
Female	34.9%	35.7%	45.7%
All	40.1%	32.6%	40.4%

Source: Quantec, 2023

While the informal sector serves as a vital source of employment in South Africa, its informality rate of 18.5% (Asmal, et. al., 2024) is relatively low compared to other African economies. Overall, employment is increasingly concentrated in the services sector, as job numbers in agriculture and mining continue to decline.

Figure 5: Industrial distribution of employment



Source: Stats SA (2023)

SECTION 4:
TRADE UNION MEMBERSHIP

4.1. Introduction

Trade unions have over 3.8 million members, representing 29.0% of the total workforce. Union membership is slightly higher among men than women.

Table 5: Trade Union Density in South Africa

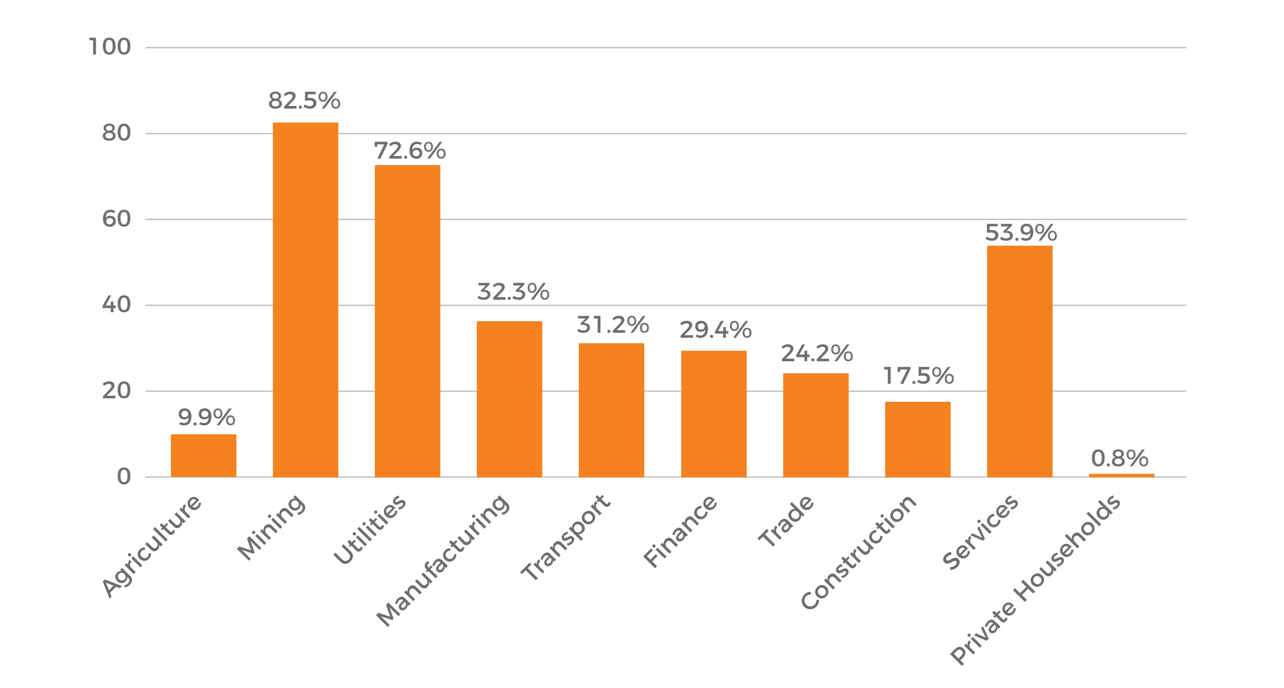
Trade Union Membership (% of the employed)	Yes	No	Don't Know
Men	29.8%	66.0%	4.1%
Women	28.1%	68.6%	3.3%
All	29.0%	67.2%	3.7%

Source: Stats SA, Quarterly Labour Force Survey (Q2 2023)

4.2. Trade membership

Union membership is highest in the mining (82.5%), utilities (72.6%), and services (53.9%) sectors.

Figure 6: Trade Union Membership by Sector



Source: Stats SA, Quarterly Labour Force Survey (Q2 2023)

4.3. Main Trade Unions

Trade unions are mostly organised into federations, the largest being:

- The Confederation of South African Trade Unions (COSATU) – 1.8 million members
- The Federation of Unions of South Africa (FEDUSA) – 800,000 members
- The National Council of Trade Unions (NACTU) – 400,000 members

South Africa's largest trade unions (+100 000 members) include:

Trade Union	Affiliation	Membership (2022)
NUMSA – National Union of Metalworkers of South Africa	Independent	364 000
NEHAWU - National Education, Health and Allied Workers' Union	COSATU	275 125
SADTU - South African Democratic Teachers Union	COSATU	258 685
PSA – Public Servants Association of South Africa	FEDUSA	235 000
AMCU* – Association of Mine Workers and Construction Union	NACTU	200 000*
Trade Union Solidarity (Solidariteit)	Independent	190 000
SAMWU - South African Municipal Workers Union	COSATU	161 076
NUM - National Union of Mineworkers	COSATU	157 868
POPCRU – Police and Prisons Civil Rights Union	COSATU	147 468
SACCAWU – South African Commercial, Catering and Allied Workers Union	COSATU	120 352
IMATU – Independent Municipal & Allied Trade Union	Independent	105 000

*Membership numbers

Source: Trade Union reports and websites, 2023

SECTION 5:
TRADE AND REVENUE

TOTAL TAX REVENUE 2021/2022 FISCAL YEAR

US$83.1 BILLION (R1,563.8 BILLION)

(South African Revenue Service (SARS), 2023).

PERSONAL INCOME TAX

35.5%

VALUE ADDED TAX (VAT)

25.5%

CORPORATE INCOME TAX

20.7%

FUEL LEVY, CUSTOMS DUTIES, AND OTHER EXCISE TAXES

18.8%

INTERNATIONAL TRADE TAX

9.95%

(ibid)

2021/2022 FISCAL YEAR

IMPORT DUTIES

US$13.9 BILLION

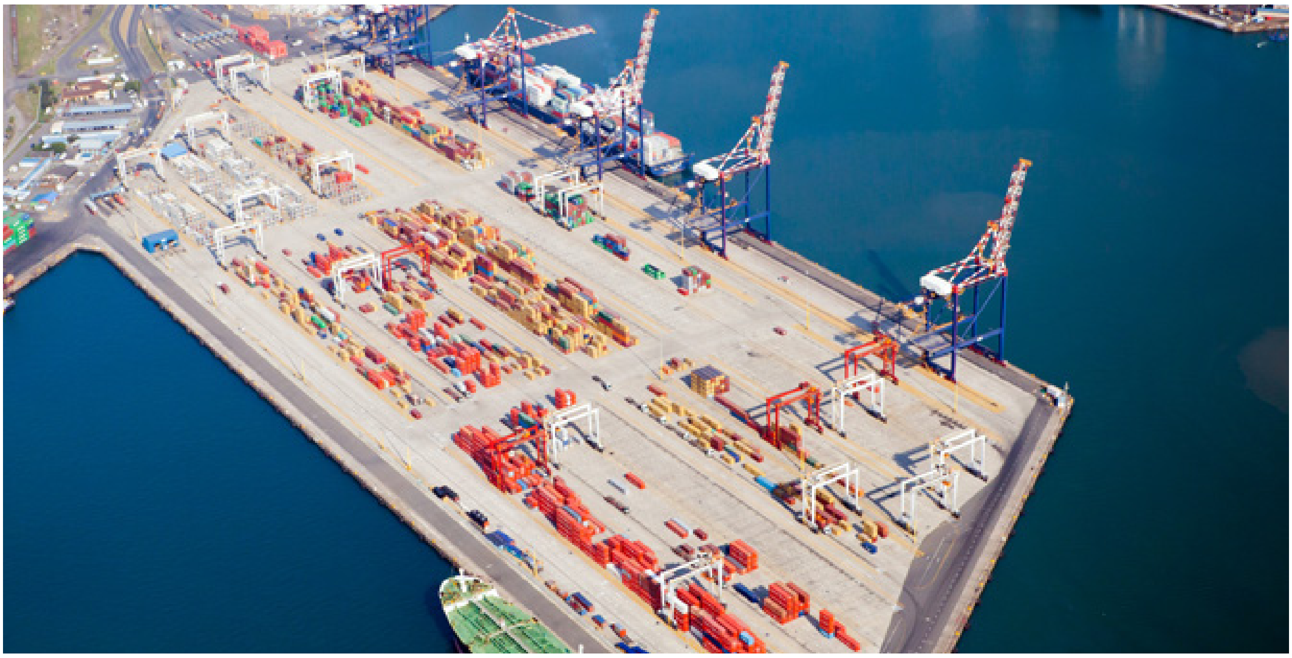
(R262.6 BILLION), 5.1% OF GDP.

EXPORT DUTIES

US$31,306 MILLION

(R577 MILLION), 0.01% OF GDP.

(SARS, 2023)



SECTION 6:
INTERNATIONAL TRADE

6.1. Introduction

International trade is a crucial component of the economy. The country's primary export destinations include the EU, China, the US, Japan, and the United Kingdom. On the import side, South Africa's main sources are the EU, China, India, the US, and Saudi Arabia.

6.2. Sub-Regional Trade Agreements

Agreement	Type of Agreement	Countries	Products Involved
SACU – Southern African Customs Union	Customs Union	Botswana, Eswatini, Lesotho, Namibia & South Africa	All products
SADC – Southern African Development Community	Free Trade Agreement	13 of the 16 SADC Member States	All goods & services

Source: DTIC (n.d)

6.3. Exports

IN 2022, THE TOTAL GOODS EXPORTS REACHED

US$123 BILLION

(SARS, n.d.).

TOP FIVE EXPORT COMMODITIES

PLATINUM
13.6%

COAL (BRIQUETTES AND OVOIDS)
10.9%

IRON ORES AND CONCENTRATES
5.3%

MOTOR CARS FOR PASSENGER TRANSPORT
4.7%

GOLD
4.3%

(World Bank, 2023).

Key agricultural exports were citrus fruit, maize, grapes, apples, pears, and quinces (World Bank, 2023). The main export destinations for products are:

1. European Union (21.0%)
2. China (9.6%)
3. United States (8.8%)
4. Japan (7.0%)
5. United Kingdom (5.2%)

6.3.1 Intra-African exports

Exports to the rest of Africa totalled US$20.9 billion in 2022, representing about 17% of the country's total exports (TRALAC, 2022). The top five export commodities to the Southern African Development Community (SADC) and the Southern African Customs Union (SACU) were light oils (6%), bituminous coal (5%), flat-rolled iron/steel (3%), chromium ores (3%), and electrical energy (3%).

THE MAIN EXPORT DESTINATIONS IN AFRICA
were SACU and SADC countries, which accounted for

84% OF SOUTH AFRICA'S INTRA-AFRICAN EXPORTS.

Leading African markets were

MOZAMBIQUE	**19%**
BOTSWANA	**16%**
NAMIBIA	**12%**
ZIMBABWE	**11%**
ZAMBIA	**9%**

6.4 Imports

IN 2022, THE TOTAL GOODS IMPORTS AMOUNTED TO

US$109.5 BILLION

(SARS, n.d.).

TOP FIVE IMPORT COMMODITIES

PETROLEUM OILS (EXCLUDING CRUDE)
13.8%

MOTOR CARS FOR PASSENGER TRANSPORT
3.3%

CRUDE PETROLEUM OILS
3.2%

RADIO-TELEPHONY TRANSMISSION TOOLS
2.5%

AUTOMATIC DATA-PROCESSING MACHINES
1.7%

The key agricultural imports included palm oil, wheat and meslin, rice, alcohol, and sunflower or cotton oil (World Bank, 2023). The top five countries of origin for imports were:

1. European Union (21.8%)
2. China (20.1%)
3. India (7.4%)
4. United States (7.3%)
5. Kingdom of Saudi Arabia (4.0%) (ibid.).

6.4.1 Intra-African imports

In 2022, imports from the rest of the continent amounted to US$12.3 billion, or about 9% of South Africa's total imports (TRALAC, 2022). The top five import commodities from SADC and SACU were petroleum oils (29%), gold (5%), natural gas (4%), odoriferous substances mixtures (3%), and electrical energy (3%). The main countries of origin were:

1. Nigeria (23%)
2. Eswatini (14%)
3. Mozambique (10%)
4. Namibia (10%)
5. Botswana (7%)

In 2022, imports from the rest of the continent amounted to

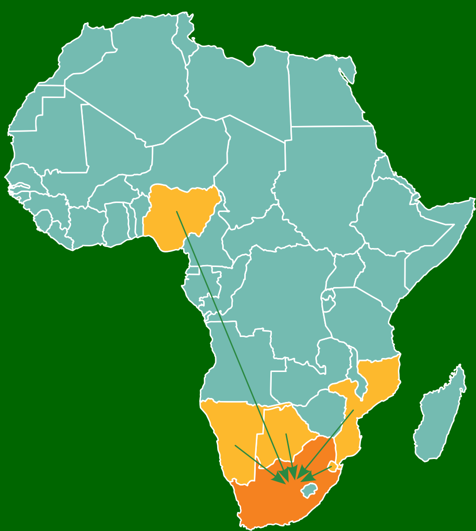
US$12.3 BILLION,

OR 9% OF SOUTH AFRICA'S TOTAL IMPORTS.

(TRALAC, 2022

Main countries of origin:

NIGERIA	**23%**
ESWATINI	**14%**
MOZAMBIQUE	**10%**
NAMIBIA	**10%**
BOTSWANA	**7%**



SECTION 7:
EXPORT PROCESSING ZONES (EPZS)

7.1 Introduction

One of the critical tools for accelerating South Africa's industrial development is the Special Economic Zone (SEZ) Programme (DTIC, 2020). SEZs are meant to (i) stimulate industrial agglomeration, (ii) build the required industrial infrastructure, (iii) foster coordinated planning among key government agencies and the private sector, and (iv) guide the deployment of other necessary development tools (ibid.).

7.2 Main Locations

Special Economic Zone	Location	Focus / Main Products
1. **Saldanha Bay SEZ**	Saldanha Bay, Western Cape	Oil, gas and marine repair engineering
2. **Coega SEZ**	Nelson Mandela Bay, Eastern Cape	Agro-processing, automotive, aquaculture, energy, metals logistics and business services
3. **East London SEZ**	East London, Eastern Cape	Automotive, agro-processing and aquaculture
4. **Maluti-A-Phokung SEZ**	Harrismith, Free State	Automotive, agro-processing, logistics, ICT and pharmaceuticals
5. **Musina-Makhado SEZ (not yet operational)**	Limpopo, near the Zimbabwean border	Agro-processing, power generation, mineral beneficiation, and logistics
6. **Dube Trade Port**	North of Durban (near the King Shaka International Airport)	Manufacturing and value-addition for automotive, electronics and fashion garments
7. **Nkomazi SEZ (not yet operational)**	Komatipoort, Mpumalanga (near the Eswatini and Mozambique borders)	Agro-processing and logistics
8. **Richards Bay SEZ**	Richards Bay, Kwa-Zulu Natal (near the Mozambique border)	Agro-processing, ICT, renewable energy, mineral beneficiation and the marine industry
9. **Platinum Valley SEZ (not yet operational)**	Mogwase, North West Province	Logistics, light and heavy manufacturing (focus on mining and related industries)
10. **Atlantis SEZ**	West Coast (north-west of Cape Town)	Renewable energy and technology
11. **Tshwane Automotive SEZ**	Pretoria, Gauteng	Automotives and parts manufacturers

7.3 Main Products

The main products produced in the SEZs are:

- Automotives (passenger and other transport vehicles)
- Automotive parts
- Agro-processed goods
- Renewable energy inputs/equipment (emerging industry)
- Mining (mineral) products

7.3 Employment

About 110,000 people were employed by SEZ enterprises in 2019, representing 2% of total industrial employment in the country.

7.5 Unionisation

Most SEZ workers are employed in manufacturing and construction, which have a 36% and 17% union membership rate, respectively. It is thus assumed - because no specific union regulations exist for SEZs - that these unionisation rates could be similar within the zones.

7.6 Incentives

7.6.1 SEZ tax incentives

Businesses operating within SEZs receive the following tax incentives:

- Preferential 15% Corporate Tax, instead of the 28% headline tax rate
- Building Allowance - Accelerated depreciation allowance on capital structures (buildings) equal to 10% per annum over 10 years.
- Employment Tax Incentive (ETI), offers a cost-sharing mechanism for employers hiring low-salaried employees (less than R60 000 per annum)

7.6. 2 VAT and Customs Relief

Businesses and operators located within a Customs Controlled Area (CCA) in an SEZ are eligible for full relief from import customs and excise duties on goods imported into the CCA.

SECTION 8:
INDUSTRIAL POLICY

8.1. Introduction

The National Industrial Policy Framework (NIPF) and Industrial Policy Action Plan (IPAP) aim to:

- Facilitate economic diversification, including a greater focus on tradeable goods that can compete in export markets, as well as out-perform current imports,
- Promote a more labour-absorbing industrial path, in part, by emphasising on tradeable goods and services and the economic linkages that catalyse employment creation,
- Encourage the long-term intensification of South Africa's industrialisation process and the movement towards a knowledge economy, and
- Promote a broader-based industrialisation path characterised by greater participation by historically disadvantaged people and marginalised regions in the industrial economy.

8.2 Industries and sectors are targeted in industrial policy

The industrial policy targets sectors with greater capacity for value-addition, competition in export markets, and labour absorption. These include

- Automotive and parts manufacturing
- Mining and minerals with emphasis on mineral beneficiation
- Agro-processing
- Renewable energy
- Information and Communications Technology (ICT)

SECTION 9:
LABOUR MIGRATION

9.1. Introduction

South Africa is a significant destination for immigrants, with most of the country's migrants coming from other African countries in search of employment opportunities

9.2 Migrants

In 2022, South Africa was home to an estimated 2.4 million international migrants, accounting for 3.9% of the total population (Stats SA, 2024C)..

9.3. Top 5 sending countries to South Africa (2022)

1. Zimbabwe - 48.5%
2. Mozambique – 20%
3. Lesotho – 10%
4. Malawi – 9.5 %
5. UK – 2.9 %

9.4. Emigration

The total number of South African citizens living overseas was 914,901 in 2020 (Stats SA, 2024). The top 5 receiving countries were:

1. United Kingdom – 27%
2. .Australia – 21.8%
3. United States – 12.8
4. New Zealand – 8.1%
5. Canada – 5.3%

SOUTH AFRICAN CITIZENS LIVING OVERSEAS IN 2020

914,901

9.5. Politics of labour migration in South Africa

Despite South Africa's high unemployment rate, its relatively strong economy attracts migrants from across Africa. This influx often fuels political tensions, with some South Africans believing that migrants are worsening the unemployment crisis and calling for stricter and more effectively enforced laws. In response, the government introduced the National Labour Migration Policy in 2022, which seeks to strike a balance between the needs of migrant workers and the demands of South Africa's economy and society. However, if fully implemented, the policy will tighten labour immigration laws, making it harder for migrant workers to enter and stay in the country.

THE GOVERNMENT INTRODUCED THE **NATIONAL LABOUR MIGRATION POLICY IN 2022,** WHICH SEEKS TO STRIKE A BALANCE BETWEEN THE NEEDS OF MIGRANT WORKERS AND THE DEMANDS OF SOUTH AFRICA'S ECONOMY AND SOCIETY.

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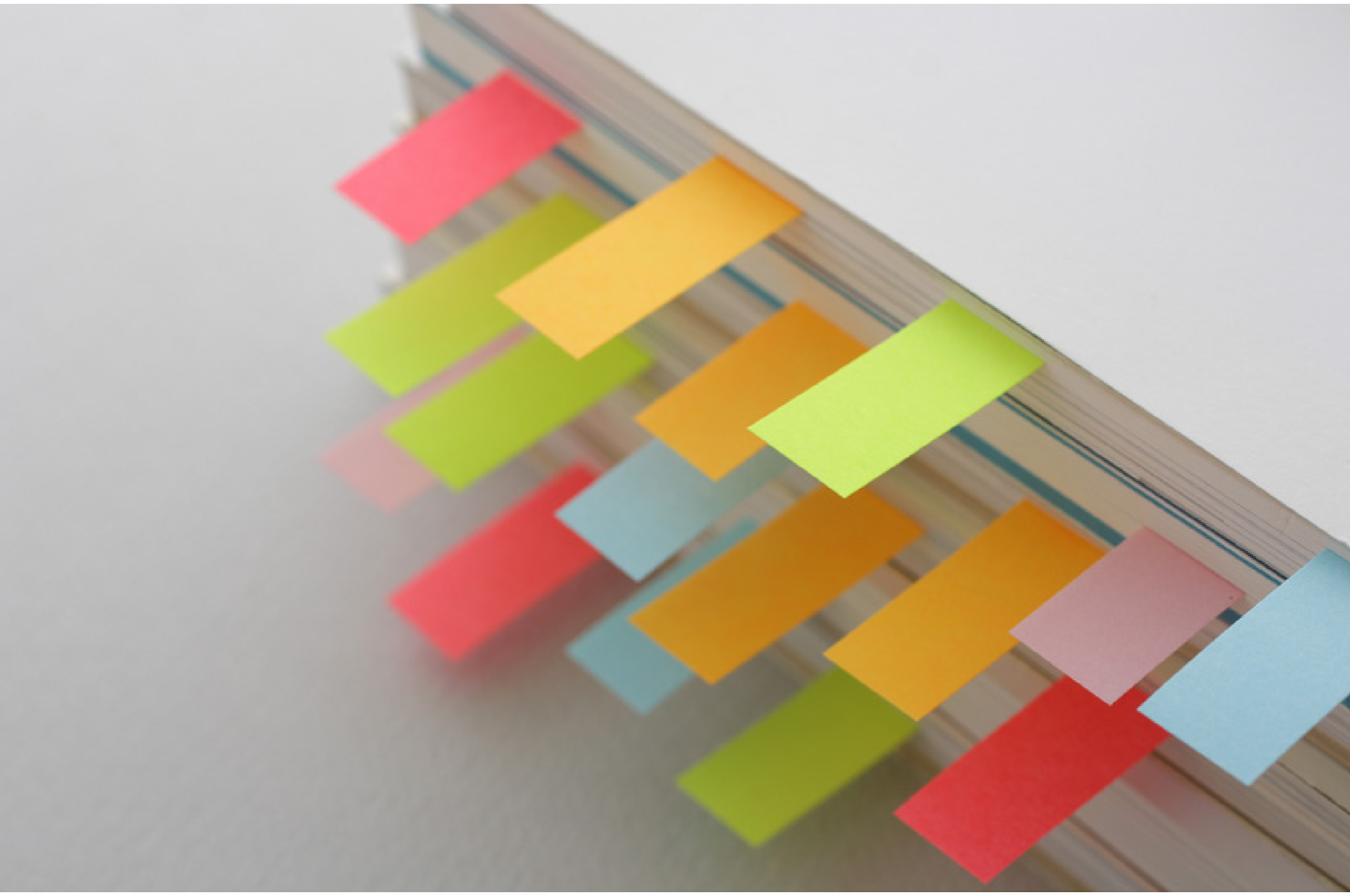

Ministry for Foreign Affairs of Finland

“A continental free trade agreement requires a continental free trade union movement on the continent.”

Mobilising trade union research, learning and strategies to influence the implementation of the African Continental Free Trade Area (AfCFTA).

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