Wandile Sihlobo | Chief Economist | Email: wandile@agbiz.co.za

01 October 2025

SA leaders have signalled a commitment to export diversification, but can we deliver on this vision?

- The South African government and business are aligned on the need for export diversification. That does not mean abandoning existing markets but building on them. What we now need to do is to initiate, in earnest, trade talks with new export markets. Two critical areas require attention from both government and business.

- First, engaging new potential trade partners in various sectors of the economy will require solid technical expertise in the South African government. In the early 2000s, South Africa likely had a deep pool of human capital in trade matters, particularly in terms of senior negotiators and technical experts. However, over time, things may have changed somewhat, as the country has gone through a period of maintaining relations in the past decade rather than a continuous opening of markets, as we witnessed in the early 2000s. Therefore, a review of human capital and ensuring that the relevant departments have sufficient resources to enhance their skill set, if needed, is critical if we are to succeed in our attempt at trade diversification.

- The expectations have already been set as South Africa's political leadership once again highlighted its intention to diversify its export markets during the various engagements in the United States in the last week of September 2025. Sending out such a message at a global level was key to both affirming the seriousness of this approach to the domestic audience here at home and to the international partners, so that they can have South Africa on their radar. Primarily, the Department of Trade, Industry, and Competition (DTIC), assisted by the Economic Diplomacy unit of the Department of International Relations and Cooperation (DIRCO), needs to initiate a review of its technical capacity to address the country's most pressing economic task: export diversification. There also needs to be a team that continuously engages the existing trade partners, affirming our commitment. In such discussions, the business community must be a major partner, as they are aware of the key markets they have identified in their own strategies. The government's approach must consider the business needs, as trade, after all, will be facilitated by the business community once the formal government-to-government agreements are complete.

- Second, South Africa is kickstarting its export diversification drive at a time when other countries globally are looking to diversify their markets. This means there is currently much stronger global competition than in the 2000s. Therefore, South Africa may need to reconsider its traditional approach of reluctance to engage in Free Trade Agreements and consistently insist on piecemeal approaches, such as preferential agreements for specific sectors of the economy. The countries we will engage with are likely to require reciprocity, as they too are seeking to diversify their markets. Therefore, a deeper understanding of the South African economy and the sensitive sectors is one area where the DTIC and DIRCO need to focus their efforts.

- While it is generally valuable to gather insights from business and other stakeholders in outlining sensitive sectors, government economists may need to map out such tradeoffs beforehand, as sector representatives will almost always be defensive of their interests. The tradeoffs will be necessary for South Africa to succeed. However, such tradeoffs must be based on solid research that guides the judgment of trade negotiators and representatives. It is in outlining such choices that the academic researchers could also provide valuable inputs.

- In essence, South Africa's signalling commitment to export diversification is a first and essential step. We now need to build the necessary human capital to engage in trade matters with a range of countries simultaneously. The private sector can contribute resources to enhance the government's capabilities in areas where there are gaps. Here, development partners can also play a role, especially in providing training and technical assistance. Importantly, South Africa must embrace Free Trade Agreements and prepare to make tradeoffs; these choices must be guided by solid and impartial research that looks out for the broad economic interests of the country and its long-term growth prospects.