South Africa

Introduction

South Africa is a country located at the southern tip of the African continent. It also includes a small, sub-Atlantic archipelago of the Prince Edward Islands. Neighboring countries include Botswana, Lesotho, Mozambique, Namibia, Swaziland, and Zimbabwe. The geography of South Africa is vast scrubland in the interior, the Namib Desert in the northwest, and tropics in the southeast. The government system is a republic; the chief of state and head of government is the president. South Africa has a mixed economy in which there is a variety of private freedom, combined with centralized economic planning and government regulation. South Africa is a member of the Southern African Development Community (SADC).

Key Economic Facts

**Income Level (by per capita GNI):** Upper Middle Income

**Level of Development:** Developing

**GDP, PPP (current international $):** $767.17 billion (2017)

**GDP growth (annual %):** 1.32% (2017)

**GDP per capita, PPP (current international $):** $13,526.19 (2017)

**External debt stocks, total (DOD, current US$):** $176,334,699,116.80 (2017)

**Manufacturing, value added (% of GDP):** 11.86% (2017)

**Current account balance (BoP, current US$):** -$8.91 billion (2017)

**Inflation, consumer prices (annual %):** 5.18% (2017)

**Unemployment, total (% of total labor force) (modeled ILO estimate):** 26.96% (2018)

**Labor force, total:** 22,702,855 (2018)

**Exports of goods and services (current US$):** $103.87 billion (2017)

**Imports of goods and services (current US$):** $99.10 billion (2017)

GDP Composition %

<table>
<thead>
<tr>
<th>Sector</th>
<th>Agriculture</th>
<th>Services</th>
<th>Industry</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>%</strong></td>
<td>2</td>
<td>61</td>
<td>26</td>
<td>12</td>
</tr>
</tbody>
</table>

*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

Rankings

<table>
<thead>
<tr>
<th>Index</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption Perceptions Index</td>
<td>71 / 178</td>
</tr>
<tr>
<td>EY Globalization Index</td>
<td>51 / 60</td>
</tr>
<tr>
<td>Global Competitiveness Index</td>
<td>67 / 139</td>
</tr>
<tr>
<td>Global Enabling Trade Index</td>
<td>55 / 136</td>
</tr>
<tr>
<td>Global Manufacturing Competitiveness Index (GMCI)</td>
<td>27 / 40</td>
</tr>
<tr>
<td>Global Services Location Index</td>
<td>45 / 55</td>
</tr>
<tr>
<td>Index of Economic Freedom</td>
<td>102 / 179</td>
</tr>
<tr>
<td>International Logistics Performance Index (LPI)</td>
<td>33 / 160</td>
</tr>
<tr>
<td>Inward FDI Potential Index</td>
<td>74 / 139</td>
</tr>
<tr>
<td>KOF Index of Globalization</td>
<td>54 / 185</td>
</tr>
<tr>
<td>Networked Readiness Index (NRI)</td>
<td>65 / 139</td>
</tr>
<tr>
<td>Open Budget Index</td>
<td>1 / 115</td>
</tr>
</tbody>
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Risk Assessment (Provided by Coface)

**Country rating:** B - Political and economic uncertainties and an occasionally difficult business environment can affect corporate payment behavior. Corporate default probability is appreciable.

**Business Climate rating:** A4 - The business environment is acceptable. Corporate financial information is sometimes neither readily available nor sufficiently reliable. Debt collection is not always efficient and the institutional framework has shortcomings. Intercompany transactions may thus run into appreciable difficulties in the acceptable but occasionally unstable environments rated A4.

**Strengths**

- Regional/continental economic and political power
- Rich in natural resources (gold, platinum, carbon, chromium...)
- Advanced services sector (especially financial)
- Legislative environment provides protection for investors

**Weaknesses**

- Poverty and inequality are sources of social risk (crime, strikes, and demonstrations)
- High unemployment (27.7%, 54.3% for those aged 15-24) and shortage of skilled labor
- Infrastructure shortcomings (transport, energy)
- Dependent on volatile flows of foreign capital

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