



Southern Africa Development Community

Regional Economic Performance in 2011 and Medium-term Prospects

- The region recorded an average real GDP growth of 4.7 per cent in 2011; 0.8 percentage point below 2010 growth rate of 5.5 per cent.
- Inflation pressures gathered in most Member States, however, regional inflation averaged 8.3 per cent almost same level as in 2010.
- Average fiscal deficit deteriorated to 4.8 per cent of GDP in 2011 compared to 3.2 per cent of GDP in 2010. However, general government debt remained at 2010 level of 39 per cent to GDP.
- The current account deficit of the balance of payments improved marginally from 8.8 per cent of GDP in 2010 to 8.3 per cent of GDP in 2011.
- Medium-term prospects are good but downward risks are high partly as a result of the sovereign debt crisis in the euro area.

Macroeconomic Policies and Convergence
TIFI Directorate
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INTRODUCTION

The recovery which the global economy registered in 2010 retreated in 2011 across all regions. The retreat was largely on account of continued stagnation in Europe and the United States, along with renewed uncertainty about the health of the debt-ridden global financial system. This is not a surprise to some experts who have argued that historical experience gives a very clear view that the aftermath of a financial crisis brings slow and halting growth, sustained high unemployment and surging public debt; with the overhang on public and private debt being the most important impediment to a normal recovery from recession.

Policy responses to the current global recession have placed emphasis on the Keynesian idea of jump-starting the global economy with a big temporary stimulus; and step back to allow private sector to take over. However, this has not helped much. Nonetheless, policies should also focus on long-run structural reforms such as reforms in the debt sector for developed countries. For developing countries such as those in the SADC region, reforms aimed at diversifying the economies to make them more resilient should be high on the agenda.

In this report we review economic performance for the SADC region in 2011 and prospects for the medium-term. As a policy response to the current economic environment, we look at diversification – not only limited to sectoral diversification but going further to consider issues of institutional regulatory reform and workforce development.

The first part deals with the global economic background followed by the section on regional economic performance focusing more on main macroeconomic indicators. Thereafter we present the medium-term prospects mainly in the context of downward risks that are likely to dictate performance in 2012 and the medium-term. Finally, we look at diversification as a mitigating measure against economic crisis, shocks and volatilities.

GLOBAL ECONOMIC BACKGROUND

The strong activity recorded in 2010 fizzled out in 2011. Remarkable slowdown in economic activity was visible across major sectors in 2011. Private demand remained weak in the United States of America (USA). Sovereign debt and banking sector problems in the euro area proved more tenacious than expected. The Great East Japan earthquake and tsunami combined with the spreading unrest in North Africa and the Middle East added more challenges to an already fragile global economic prospect. The shocks to Japan and the temporary rise in oil prices in the second quarter of 2011 had a temporary effect on global growth.

In contrast, emerging and developing economies performed well, in broad terms, with considerable variations across regions. Buoyant commodity prices propelled growth in most regions like Latin America. Activity in developing Asia weakened modestly in response to global supply chain disruptions and

destocking in the face of more uncertain demand from advanced economies. Sub-Saharan Africa (SSA) continued to expand at a robust pace.

Consequently, world output increased by 4.0 per cent in 2011, down by 1.1 percentage points from 5.1 per cent recorded in 2010. Economic growth in advanced economies was halved from 3.1 per cent in 2010 to 1.6 per cent in 2011; with the USA recording a marginal growth of 1.5 per cent in 2011 compared to 3.0 per cent in 2010. Output in the Euro area increased by 1.6 per cent in 2011, almost at the same level of 1.8 per cent as in 2010. The Japanese economy shrunk by 0.5 per cent in 2011 from a growth of 4.0 per cent in 2010. Emerging and developing economies, together increased by 6.4 per cent in 2011, 0.9 percentage point down from 7.3 per cent recorded in 2010. Growth in developing Asia slowed down to 8.2 per cent in 2011 from 9.5 per cent in 2010. SSA recorded a growth of 5.2 per cent in 2011 compared to 5.4 per cent recorded in 2010.

REGIONAL ECONOMIC PERFORMANCE IN 2011

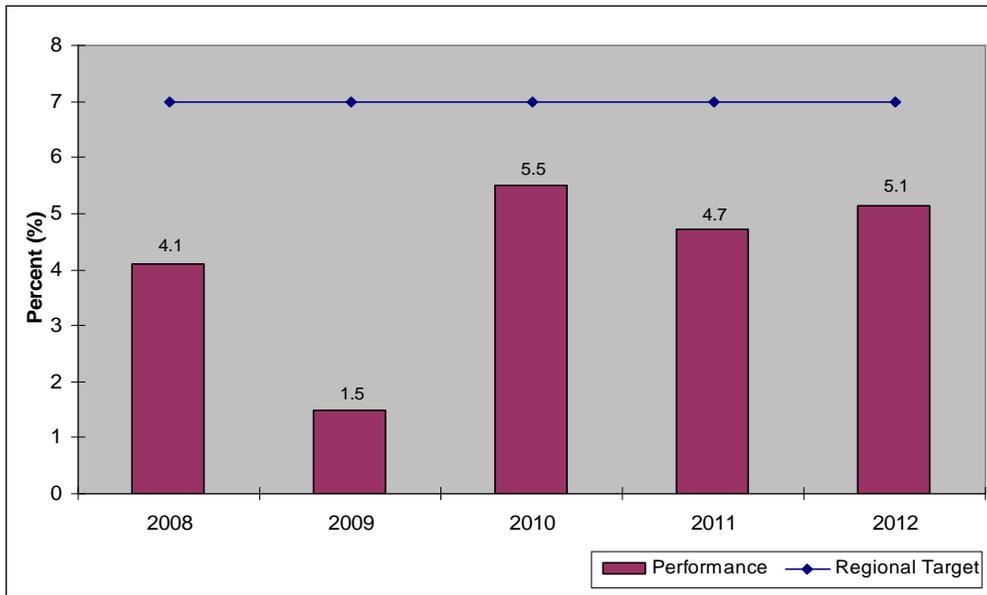
Available data provided by Member States in November 2011 and the International Monetary Fund (IMF) Regional Economic Outlook for Sub-Saharan Africa, October 2011, indicate that economic performance in the SADC region in 2011 was largely influenced by developments in the global markets, especially the euro area. Despite improved commodity prices, economic growth slowed down in the region in 2011 compared to 2010. The fiscal position of the region deteriorated with pronounced worsening in the fiscal accounts of most Member States. The increase in global food and oil prices inflated import bills of food and oil importing Member States, thus sparking rising inflation.

Real GDP

The region recorded an average real GDP growth of 4.7 per cent, 0.8 percentage point down from 5.5 per cent in 2010 (see Fig 1). Except for Angola, Madagascar, Mozambique, South Africa and Zimbabwe, all Member States recorded slow downs in real GDP growth in 2010. Economic slowdown was significant in Lesotho, Namibia, and Swaziland. In Lesotho, real GDP slowed down from 5.7 per cent in 2010 to 3.7 per cent in 2011 while in Namibia and Swaziland, real GDP growth slowed down by 3 and 4.1 percentage points from 6.6 per cent and 2.0 per cent in 2010, respectively. While Angola, Madagascar, Mozambique, South Africa and Zimbabwe recorded increases in real GDP growth over and above their 2010 levels, in percentage points terms, their increases were less than 1 percentage points.

Only Mozambique recorded real GDP growth above 7 per cent, a regional target set to achieve the overarching objective of eradicating poverty in SADC. This is down from three Member States in 2010, namely: Botswana, DRC and Zambia.

Fig 1: SADC – Real GDP Growth (%), 2008-2012



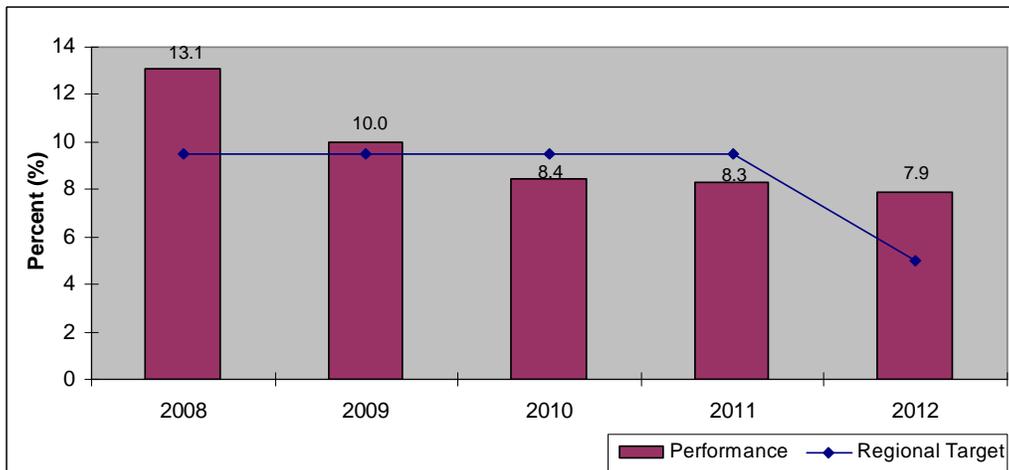
Source: National Authorities, November 2011 and the IMF WEO SSA October 2011.

Consequently, GDP per capita slowed down from a growth of 18.9 per cent in 2010 to 10.3 per cent in 2011. However, this was still favourable compared to a decline of 8.1 per cent recorded in 2009.

Inflation

The downward trend in inflation registered in recent years was reversed in 2011. There were signs of inflationary pressures in most Member States except for DRC, Mozambique and Tanzania. These inflationary pressures were mainly influenced by increases in both food and fuel prices on the international market despite the region recording food surplus in 2011 and oil prices remaining relatively stable for a good part of 2011.

Fig 2: SADC – Inflation (%), 2008-2012



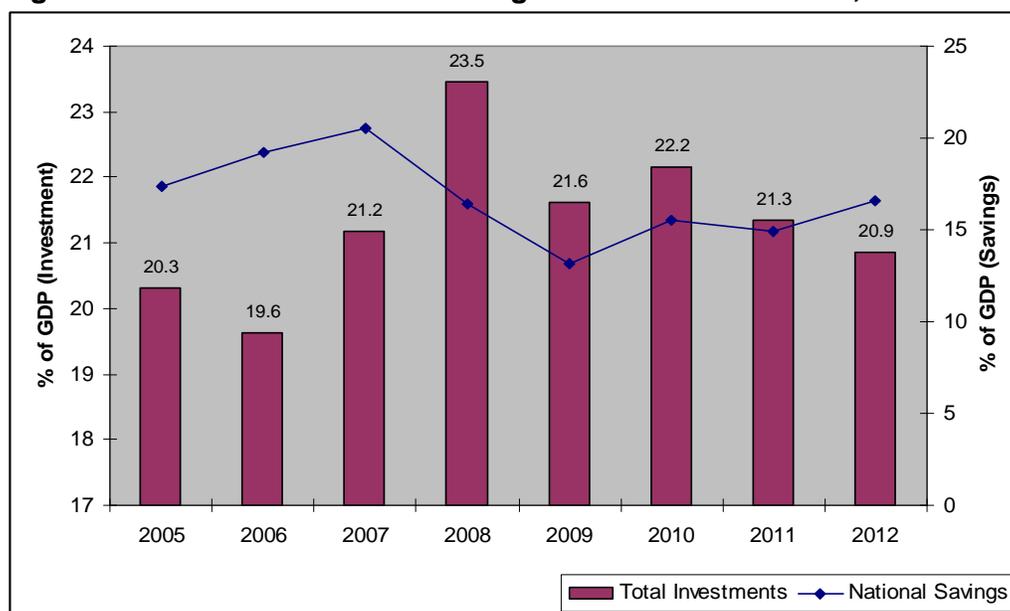
Source: National Authorities, November 2011 and the IMF WEO SSA October 2011.

Regional inflation averaged 8.3 per cent in 2011, almost the same level of 8.4 per cent in 2010 (see Fig 2). This is the lowest recorded average inflation for the region in recent years. However, inflation increased somewhat in most Member States in 2011 over 2010 levels except for the three Member States highlighted above. If the inflationary pressures continue unchecked, the likelihood of most Member States meeting the regional target of inflation of less than 5 per cent by 2012 will be compromised. Currently, four Member States: Angola, DRC, Madagascar and Mozambique still have their inflation over 10 per cent. Only Namibia, Seychelles, South Africa and Zimbabwe had their inflation equal or less than 5 per cent in 2011.

National savings and investment

As a result of the slowdown in economic growth, national savings for the region averaged 14.9 per cent of GDP in 2011 compared to 15.5 per cent of GDP recorded in 2010. However, Angola, DRC, Namibia and Zambia recorded both increases and high rates of over 20 per cent of GDP of national savings. On the other hand, national savings in Botswana, Lesotho and Malawi deteriorated from 25 per cent, 10.4 per cent and 24.8 per cent of GDP in 2010 to 17.9 per cent, 5.5 per cent and 14.5 per cent of GDP in 2011, respectively (see Fig 3).

Fig 3: SADC – Gross National Savings and Total Investment, 2005-2012



Source: National Authorities, November 2011 and the IMF WEO SSA October 2011.

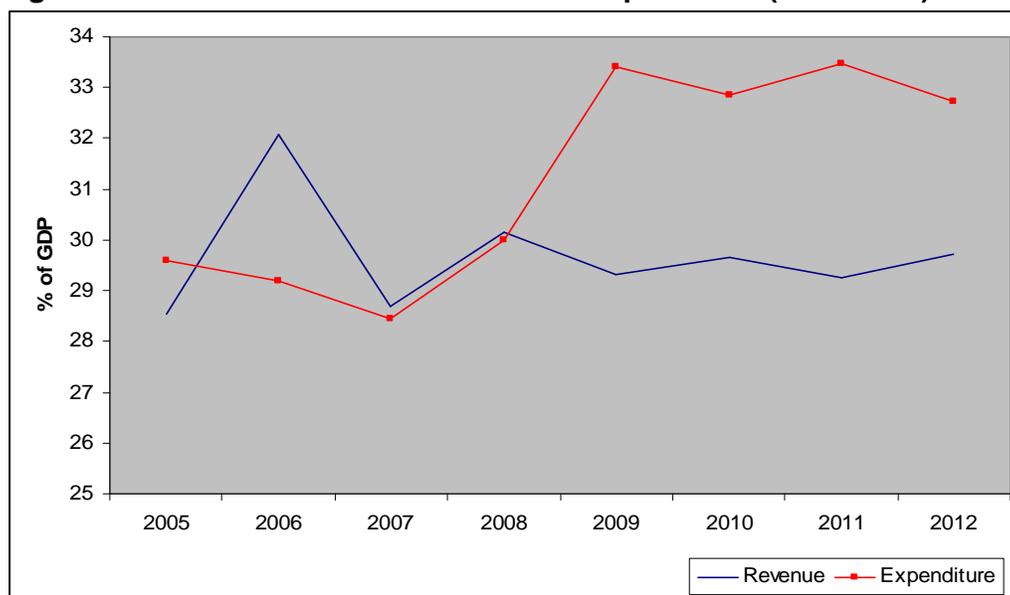
Similarly, total investment as a percentage of GDP slowed down from an average of 22.2 per cent in 2010 to 21.3 per cent in 2011. Over the past 30 years the regional average of total investment has persistently remained around 21 per cent far below the regional target of 30 per cent of GDP. It is

only Botswana, Lesotho and Seychelles that has recorded total investment close to the regional target of 30 per cent over the years.

Fiscal sector

Since the advent of the global economic crisis in 2008, most Member States are experiencing pressure in their budgets. Revenues have tended to decline while expenditures have increased due, in part, to expanded obligations related to mitigating the impact of the global economic crisis on their economies. On average, the region recorded revenue of 29.2 per cent of GDP in 2011 compared to 29.7 per cent in 2010 (see Fig 4).

Fig 4: SADC – Government Revenue and Expenditure (2008-2012)

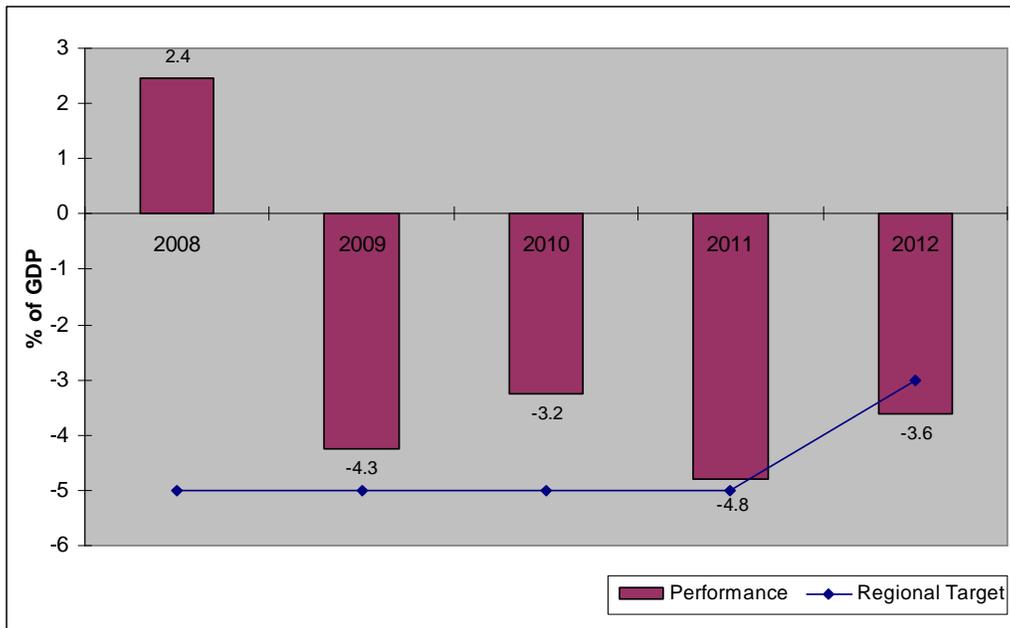


Source: National Authorities, November 2011 and the IMF WEO SSA October 2011.

A total of eight Member States recorded increases in revenue. These are Angola, Botswana, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe. The increase in revenue could partly be attributed to improvements in tax administration and not necessarily increasing economic activity.

On the expenditure side, the region recorded a total expenditure of 33.5 per cent of GDP in 2011 compared to 32.8 per cent in 2010. All Member States except for Botswana, Malawi, Namibia, South Africa and Swaziland recorded increases in total expenditure. One explanation for the high levels of government expenditures is that most Member States are still implementing policies and programmes initiated during the global economic crisis aimed at mitigating its impact on their economies. As a result, overall fiscal deficit for the region averaged 4.8 per cent in 2011 compared to 3.2 per cent in 2010 (see Fig 5).

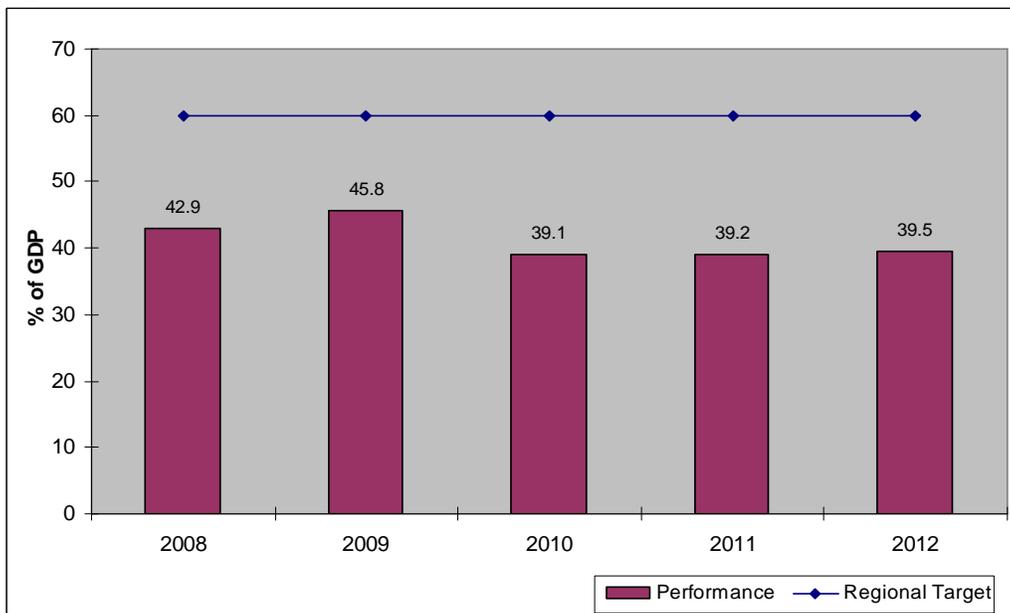
Fig 5: SADC- Overall Fiscal Balance, 2008-2012



Source: National Authorities, November 2011 and the IMF WEO SSA October 2011.

A total of six Member States recorded overall deficits above the regional target of 5 per cent in 2011. These are Botswana, DRC, Lesotho, Mozambique, Swaziland and Tanzania. However, general government debt remained at 2010 level of 39.2 per cent of GDP with only Seychelles and Zimbabwe recording general government debt above the regional target of 60 per cent of GDP in 2011 (see Fig 6).

Fig 6: SADC - General Government Debt, 2008-2012



Source: National Authorities, November 2011 and the IMF WEO SSA October 2011.

External sector

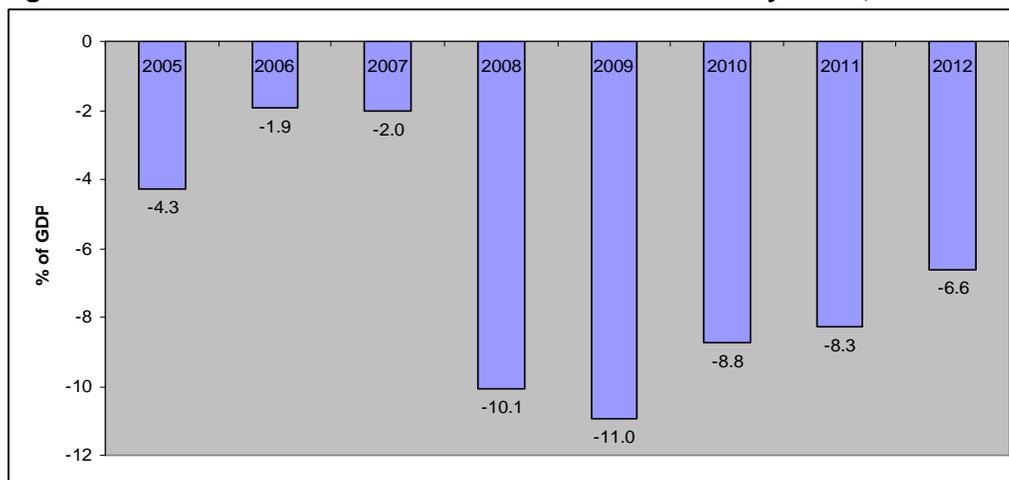
The after-shock tremors of the global economic crisis, particularly the sovereign debt crisis in Europe have both directly and indirectly affected the exports of the region. While the trading pattern for SADC has been changing since the recent decade, developed economies, particularly the EU and USA remain major trading partners for SADC. In the recent years SADC's trade with the EU and the USA has slowed down while trade with the BRICS mainly China and India has increased. However, this encouraging development has not helped to increase the region's exports as these new markets also depend on EU and USA markets which are reeling under the effects of the global economic crisis (**see Annex 1A**).

Consequently, exports volumes of goods and services for SADC increased by only 4.8 per cent in 2011 down from an increase of 5.7 per cent in 2010. Most Member States recorded slow downs in exports growth in 2011 compared to 2010. Madagascar, Malawi and Namibia recorded declines in exports volumes of goods and services in 2011 by 1.2 per cent, 6.0 per cent and 3.7 per cent over 2010, respectively.

Similarly, imports volumes of goods and services slowed down and only increased by 2.3 per cent in 2011 compared to 6.1 per cent in 2010. However, Botswana, Madagascar, Malawi and Swaziland recorded declines in imports volumes of 19.1 per cent, 1.2 per cent, 11.5 per cent and 12.0 per cent, respectively.

Despite the small increase in imports volumes to compensate for the slow down in exports volumes, the current account deficit of the balance of payments just improved slightly from a deficit of 8.8 per cent in 2010 to 8.3 per cent in 2011 (see Fig 7. This is partly attributed to the high import bills of strategic imports mainly oil. The region's oil imports increased by 34.2 per cent from US\$24.3 billion in 2010 to US\$32.6 billion in 2011.

Fig 7: SADC – Current Account Deficit of the Balance of Payments, 2005-2012



Source: IMF WEO SSA October 2011.

PROSPECTS FOR 2012 AND THE MEDIUM-TERM

Global economic activity is expected to stall in 2012 and the medium-term in the face of intensified downward risks. Among the main downward risks are chronic fiscal imbalances and failure to redress excessive debt obligations especially in the EU; chronic labour market imbalances resulting in sustained level of unemployment that is structural rather than cyclical in nature, coinciding with rising skills gap and high underemployment, especially among the youth populations; extreme volatility in energy and agriculture prices with severe price fluctuations making critical commodities unaffordable; and major systemic financial failure.

Regional economic performance for 2012 and the medium-term will also largely depend on the food situation as this influences macroeconomic fundamentals such as inflation; and both internal and external balances. Food situation in the region is largely influenced by weather patterns.

According to the FAO Food Price Index, food prices declined in the second half of 2011. However, the Index averaged 228 points in 2011, which is above the peak value of 200 points reached in April 2008. Therefore, although the Index ended the year 2011 with a sharp decline, overall record high prices marked the year as a whole.

Regionally, the food security situation has remained relatively stable, with the majority of staple foods readily available in local markets and at household level. This scenario is projected to subsist in the foreseeable future. Malawi, South Africa and Zambia have projected maize surpluses for the 2011/12 marketing season available for regional and international export.

Malawi, South Africa and Zambia are projected to hold sufficient stocks at the close of the 2011/12 marketing season that should cushion shortages in food deficit parts of some Member States; and minimise inflationary pressures. Exportable maize should be available through out the region. This scenario should allow most households in the SADC region to stay within the minimal to no food insecurity level.

However the downside risk is that due to low global stocks of maize, South African white maize will continue to be in high demand and that could push prices up which could be at the detriment of net-importing countries in the region.

In view of the above, the euro area economy is expected to go into a mild recession in 2012 as a result of the rise in sovereign yields; the effects of bank deleveraging on the real economy; and the impact of additional fiscal consolidation. Growth in emerging and developing economies is also expected to slowdown because of the worsening external environment and a weakening of internal demand. Despite worsening external environment the region's output is expected to expand.

Consequently, world output is expected to increase by only 3.3 per cent in 2012, 0.5 percentage point down from the 2011 level. Economic growth in advanced economies is expected to increase marginally by 1.2 per cent in 2012 with the euro area declining by 0.5 per cent. The USA economic growth will be maintained at 1.8 per cent; while Japan and United Kingdom are expected to grow by 1.7 per cent and 0.6 per cent in 2012, respectively. Emerging and developing economies, together, are expected to increase by 5.4 per cent, a further slow down on 2011; with China's and India's projected growth at 8.2 per cent and 7.0 per cent, respectively. SSA economic growth is expected to remain firm at 5.5 per cent in 2012.

SADC real GDP is forecast to trend the SSA projection at 5.1 per cent in 2012. Contributing to this growth will be Angola, Lesotho, Madagascar, Mozambique, Namibia, South Africa and Swaziland. Only Angola and Mozambique are expected to record GDP growth above the regional target of 7 per cent. Per capita income is projected to increase by only 4.2 per cent in 2012.

Inflationary pressures are projected to subside in 2012 and the region is expected to record an inflation rate of 7.9 per cent. However, three Member States: Angola, DRC and Malawi are expected to record inflation above 10 per cent. Only Seychelles and Zimbabwe are expected to record inflation below 5 per cent which is the regional target set for 2012.

Gross national savings are projected to rebound to 2008 level at 16.6 per cent of GDP. Except for Swaziland, all Member States are expected to register gross national savings above 10 per cent of GDP in 2012. Nonetheless, investment as a percentage of GDP is projected to slow down modestly to 20.9 per cent in 2012. Only three Member States: DRC, Lesotho and Namibia are expected to record investment above the regional target of 30 per cent of GDP in 2012.

In the fiscal sector, government revenues and expenditures are projected to be stable close to 2011 levels with mild slowdown in total expenditures. This will result in a slight improvement in the fiscal deficit of 3.6 per cent of GDP. Similarly, general government gross debt is projected to remain close to the 2011 levels at 39.5 per cent of GDP in 2012.

On the external side, exports volume of goods and services are projected to rebound to 2005 level at 8.5 per cent with only Swaziland expecting to record a decline of 2.8 per cent in exports volumes. Similarly, imports volume of goods and services are projected to increase by 4.6 per cent in 2012. As a result, the current account deficit of the balance of payments is projected to improve modestly from 8.3 per cent in 2011 to 6.6 per cent in 2012.

POLICY RESPONSE: DIVERSIFICATION – MAKING ECONOMIES RESILIENT

The effects of the recent global economic crisis have demonstrated that no economy is safe from destabilising external events. Uncertainty and rising levels of risk make it almost impossible to determine the future. In turn this ruffles the strength and sustainability of economies, the very basis for any nation to enhance the standard of living through the creation of wealth and

jobs. Diversifying economies is one way of countering these shocks and uncertainties.

Economies which are narrow-based including resource dependent countries which most SADC Member States are, have vulnerabilities stemming from a lack of diversification in one or more economic dimensions. Most Member States are aware that their economies are undiversified and hence vulnerable. They recognise that having a diverse economy – that is, one based on a wide range of profitable sectors, not just a few – play a key role in sustainable economy. There is a link between economic diversity and sustainability; and economic diversification can reduce a nation's economic volatility and increase its real activity performance. This recognition has been elevated in recent years as the only way to make the regional economies more resilient in the face of crisis, shocks and volatilities.

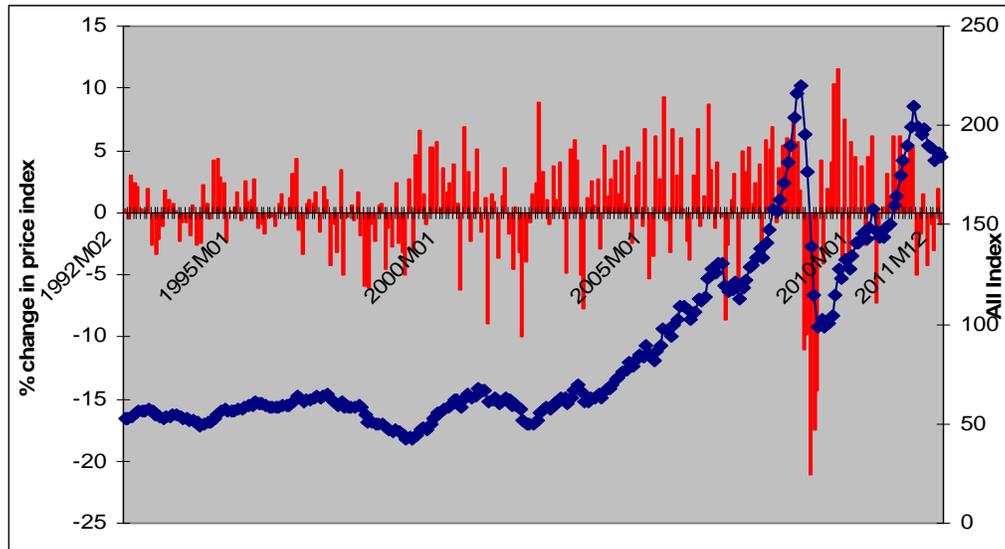
Price volatility

Price volatility has been largely associated with commodity markets. Commodity prices have historically been among the most volatile of international prices and they tend to follow general business cycles of boom and bust. During periods of global economic expansion – for example, between 2002 and 2008 – the factors that drove prices were a combination of strong global demand caused by the increasing weight of China and other emerging markets in global commodity consumption, a slow supply response and low inventories. Low stocks create tight markets thus reducing the market's ability to respond to unforeseen events, hence contributing to higher overall prices and increased price volatility. Bust or recession periods reverse demand levels below the supply constraints, causing the markets to swing from severe deficits to massive surpluses which cause prices to fall accordingly. Shifts in supply and demand (market fundamentals) are a key factor in explaining price movements over the medium and longer term supply levels. In addition to the fundamental factors explained above, the growing participation of financial investors in commodity markets drives price volatility further, although debate on this is still inconclusive.

It is also worth noting that commodity price volatilities coincide with high commodity prices; and have become more amplified in recent years (**see Fig 8 and Annex 1B**). In the past few years, the price of many commodities has risen sharply – jumping precipitously in early 2008 to record or near record levels. This has become a front-and-centre issue for every economy.

However, research has indicated that manufacturing markets, which are perceived to be stable, are more volatile than those of commodities. Overall manufacturing price indices are less volatile than those for commodities largely because the index has a lot of different manufacturing items – about 18,000. The large number of items smoothens away the volatility in any item. The commodity basket comprises few commodities and volatility in one easily tips off the whole basket. If the manufacturing index is broken down into individual parts, the picture that emerges is that prices of individual manufactured goods are often more volatile than those of commodities.

Fig 8: Commodity Price Index, January 1980-December 2011



Source: IMF Commodity Prices Database, January 2011.

In view of the above, it has to be understood that economies that are narrowly-based (whether commodity or manufacturing) are bound to face volatility challenges. As such, it should be in any country's agenda to diversify its economy more and more broadly as too few is volatile even in the manufacturing sector.

It has also to be appreciated that since developing economies can diversify into more than a handful of new products at a time, volatilities are bound to be there even in the near long-term. In other words diversification should be a life-long agenda for any economy. New and more products should be developed and old ones improved upon; with the broad objective of making the economy strong, sustainable and able to deliver on wealth and job creation.

SADC production structure

The structure of production of SADC countries is characteristic of a developing region where large shares of GDP originate in primary sectors of production viz: agriculture and mining, whose total contribution is, on average over 50% of total GDP.

Statistics on SADC show that only Mauritius and South Africa have sizeable manufacturing sectors at approximately 25 per cent of GDP. The share of manufacturing sector to GDP in the rest of Member States average less than 15 per cent.

In addition to having a small manufacturing sector, SADC economies do not produce a diversified range of manufactured products. They produce a similar range of products such as foodstuffs, beverages, tobacco, textiles, clothing and footwear, which are agricultural-resource based.

As a result SADC economies are susceptible to volatilities emanating from developments in the international markets. Further more, sustainability and

ability of the economies to offer their population the opportunity of jobs and creation of wealth are limited.

Diversification routes

Traditionally, there are three diversification routes: horizontal diversification more applicable to agriculture as an economy migrates into alternative crops; vertical diversification into products and processes that capture a higher proportion of the value chain; and diversification into non-natural-based activities that exploit comparative advantage (such as manufactures and services). Of these, diversification into non-natural-based activities is the preferred solution in the long run and should, therefore, be a long-term objective of development strategies.

Diversification has also followed the route of trade preferences signed between trading blocks. Commodity protocols for bananas, beef/veal, rum, and sugar attached to the Cotonou Agreement (and before it under the Lomé agreements) extend quota access to the highly protected (high price) European market for those products from traditional exporting countries of the ACP group. In some cases preferences also encourage export diversification by providing tariff exemption for most other ACP exports. In general, however, preferences (especially for protocol beneficiaries) have stifled diversification, by making commodity-dependence profitable. Exporters of bananas in St. Vincent and St. Lucia remain vulnerable in this respect: exports of bananas account for over 90 per cent of their exports to the EU and about 50 per cent of their exports to the world. Further, if the preferences come to an end, so goes the sectors and products developed to benefit from them.

However, what normally is neglected in all these routes of diversification is an appreciation of the factors that govern the pattern of structural transformation. Research indicates that as countries change their product mix, there is a strong tendency to move towards related goods rather than to goods that are far away. As such a country's opportunities for structural transformation will be affected by the structure of the product space in its neighbourhood. CA Hidalgo, B Klinger, AL Balabasi, R Hausmann, *Science* (2007) illustrates product space as follows:

“Think of a product as a tree and the set of the products as a forest. A country is composed of a collection of firms, i.e. of monkeys that live on different trees and exploit those products. The process of growth implies moving from a poorer part of the forest. This implies that monkeys would have to jump distances, i.e. redeploy (human, physical and institutional) capital towards goods that are different from those currently under production. Traditional growth theory assumes there is always a tree within reach; hence the structure of the forest is unimportant. However, if this forest is heterogeneous, with some dense areas and other more deserted ones, and monkeys can jump limited distances, then countries may be unable to move through the product space. If this is the case, the structure of this space and a country's orientation within it become of greater importance to the development of countries.”

Resources (infrastructure, property rights, sanitary regulations, human capital, technology, etc) seem to be more easily adaptable to products that are closely

related. As such the belief that industrialization creates externalities that if harnessed could lead to accelerated growth, should be interpreted not as being related to forward and backward linkages or complementarities in investment but in terms of the flexibility with which the accumulated capabilities could be redeployed from product to product.

Diversification with a risk management face

Sector or product diversification is the first priority, a failure to achieve this first step will undermine a country's strong growth potential. However, in the light of recent developments when a housing collapse in the USA can trigger a global economic crisis; and unsustainable debt levels in Greece can shake the very foundations of the European Union, it is clear that economies can be affected by destabilizing external events halfway around the world. As such countries need to look at the big picture in managing risks to their economies. A central element in this risk-management paradigm is the need for greater economic diversification, which not only reduces the impact of external events but fosters more robust, resilient growth over the long-term.

This diversification goes beyond the common definition. It is diversification across other dimensions including trade profile, concentration of human capital sources and use of investment capital, savings and consumption patterns, enterprise base and other parameters. The challenge for policymakers is to be continuously alert to potential areas of overconcentration, whether that may be an excessive percentage of foreign direct investment from one source; the emergence of a group of companies that are too big to fail; or an economic overreliance on consumption. Capital, labour and technology should be channeled from these temptingly easy areas towards others that can pay more profound long-term dividends.

In order to implement such form of diversification there is need for two significant steps. First, there is need for institutional regulatory reform, which necessitates a central economic policymaking entity. This entity should monitor and guide the national economy including areas such as investment, exports and innovation; and establish regulations, liaise with private sector, setting overarching economic policy and disseminating reliable information.

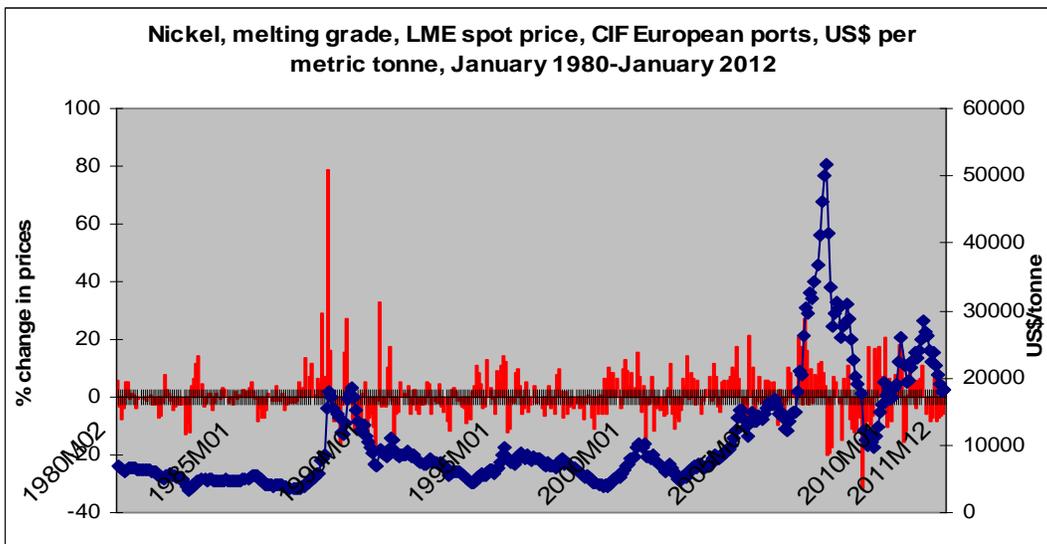
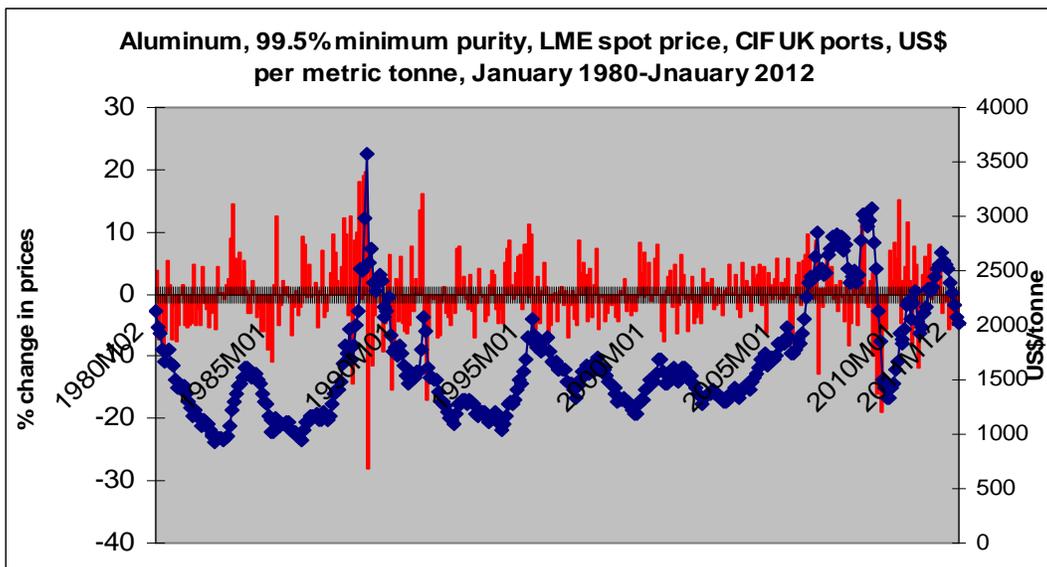
The other step is consideration of demographic trends. Diversification is not just an economic challenge. As such policymakers need to look at human capital as the pivotal resource requiring potentially large-scale shifts in education policy and labour force development. SADC, as is the case with a number of developing countries, has relatively young population compared to those in developed countries. This represents a significant opportunity for the Member States in the form of demographic dividend. But to reap this dividend, policymakers need to establish basic education and workforce-development initiatives. Particular attention should be given to the area of vocational training in order to harness the practical skills which industries badly need. In addition, Member States should invest in necessary hard and soft infrastructure: transportation and technology; and healthcare and social programmes, in order to generate maximum benefits from an upgraded and educated workforce.

Annex 1A: Bilateral Trade between SADC and its Partners

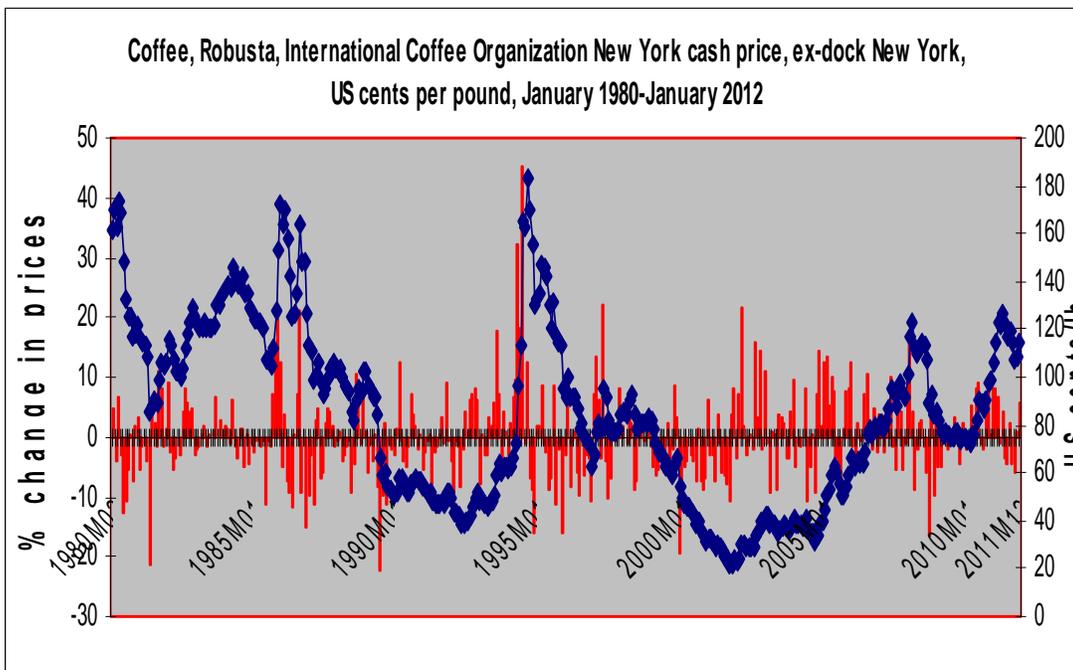
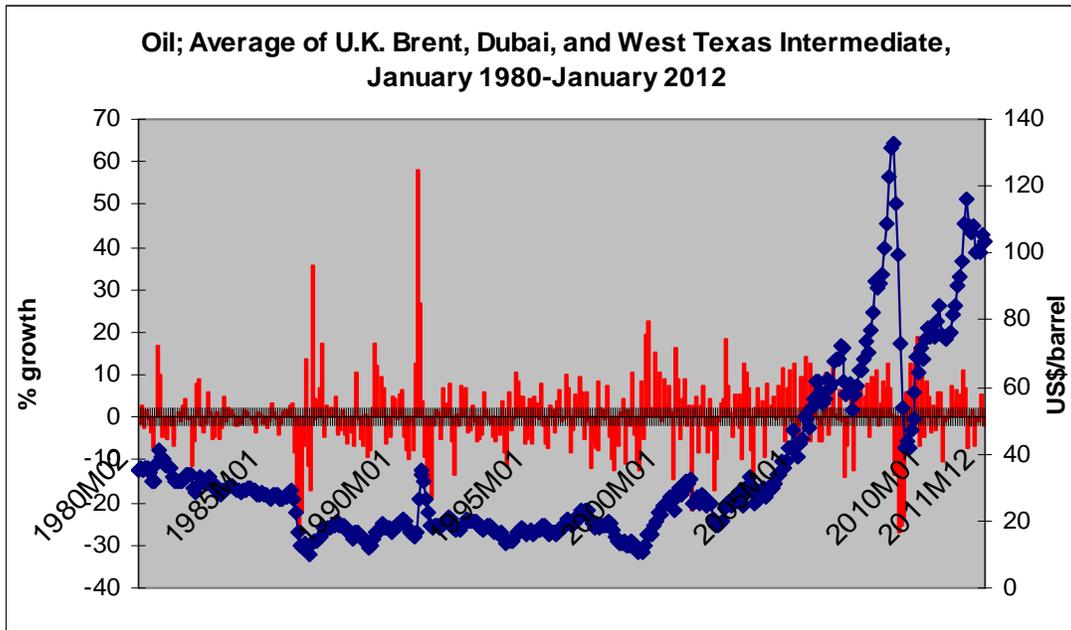
	2006	2007	2008	2009	2010
Total Exports	114779	na	174353	118810	158828
Direction:					
EU	na	na	46167	29219	34088
Asia	na	na	55185	43519	65268
NAFTA	20931	24349	32959	18244	23753
BRICS	20704	29487	43801	34172	51481
of which: China	13991	18237	29503	22980	36510
India	1249	2479	4009	6031	7230
SADC	14933	16486	19232	14101	18690
	<i>percentage of total exports</i>				
EU	-	-	26	25	21
Asia	-	-	32	37	41
NAFTA	18	-	19	15	15
BRICS	18	-	25	29	32
of which: China	12	-	17	19	23
India	1	-	2	5	5
SADC	13	-	11	12	12

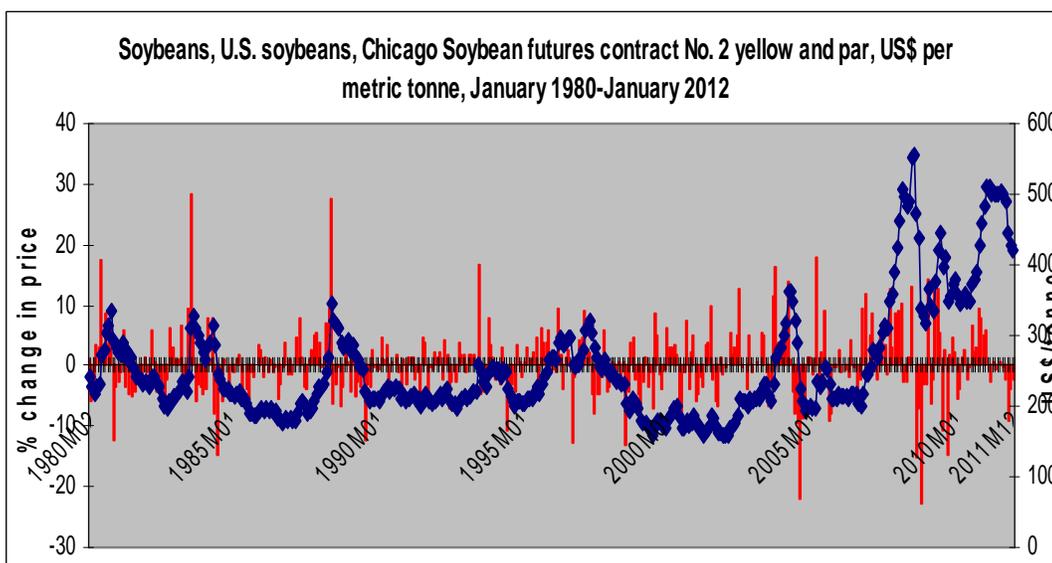
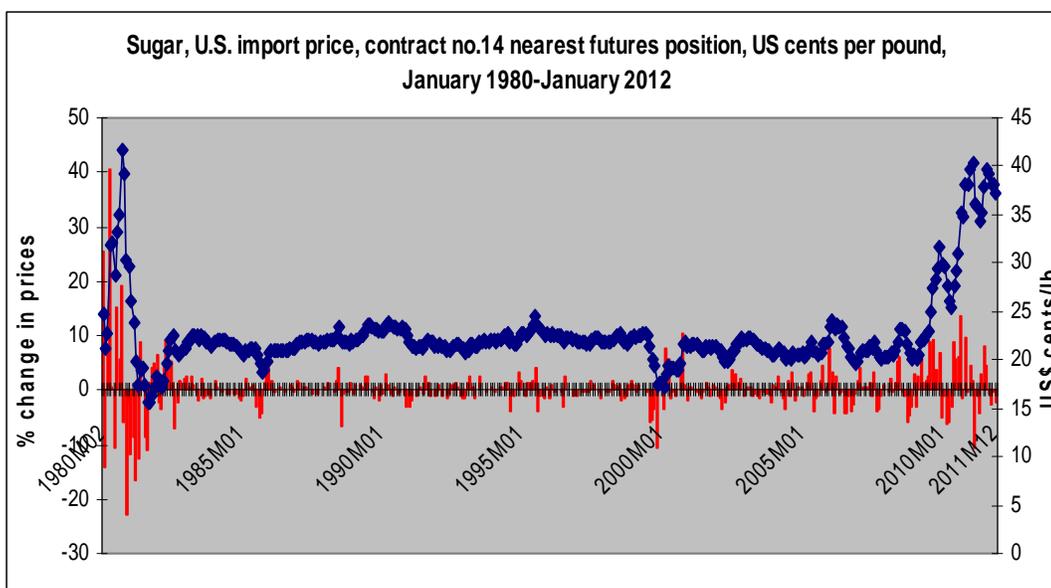
Source: ITC calculations based on UN COMTRADE statistic, January 2012.

Annex 1B: Price Changes in Selected Commodities



Annex 1B, cont'd





Annex 1C: SADC – Major Regional Macroeconomic Indicators

	2008	2009	2010	2011	2012
Real GDP (% growth)	4.1	1.5	5.5	4.7	5.1
Inflation (%)	13.1	10.0	8.4	8.3	7.9
Government revenues (% of GDP)	30.2	29.3	29.7	29.2	29.7
Government expenditure (% of GDP)	30.0	33.4	32.8	33.5	32.7
Overall fiscal balance (% of GDP)	2.4	-4.3	-3.2	-4.8	-3.6
General government debt (% of GDP)	42.9	45.8	39.1	39.2	39.5
Total investment (% of GDP)	23.5	21.6	22.2	21.3	20.9
National savings (% of GDP)	16.4	13.1	15.5	14.9	16.6
Per capita GDP based on PPP (% growth)	4.1	-8.1	18.9	10.3	4.2
Volume of exports of goods and services (% growth)	6.7	-1.7	5.7	4.8	8.5
Volume of imports of goods and services (% growth)	12.1	-2.2	6.1	2.3	4.6
Current account deficit (% of GDP)	-10.1	-11.0	-8.8	-8.3	-6.6

Source: National Authorities, November 2011 and the IMF WEO SSA October 2011.

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