

China-South Africa Trade Relations: An Analysis of Tourism Sector

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Mini Review

Received: 12-Apr-2022, Manuscript No. JSS-22-60504; **Editor assigned:** 14-Apr-2022, Pre QC No. JSS-22-60504 (PQ); **Reviewed:** 28-Apr-2022, QC No. JSS-22-60504; **Revised:** 2-May-2022, Manuscript No. JSS-22-60504 (A); **Published:** 09-May-2022, DOI: 10.4172/JSS.8.4.004

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Keywords: South Africa; Tourism; Trade; China; Export; Import

ABSTRACT

From pre-colonial to modern times, trade has remained essential in the development of human civilizations and contemporary nation-states. Since the liberalization of the world economy, countries in the perusal of their respective economic policy have emphasized on improving trade relations with the other countries. South Africa and China too have taken initiatives for prioritizing on increasing bilateral trade for reasons of strengthening their economic relations. The past experience of their economic relationship plays an important role in determining their trade policy with respect to each other. Based on their rich historical bond in pre-colonial, post-colonial, and during globalization, currently South Africa and China share strong trade relation bonds that are closer than ever.

The flow of trade between South Africa and China has been on the rise since the establishment of diplomatic relations and it accelerated after 2006, which continued through 2020. Since 2006, there is a significant growth in the trade between South Africa and China, which resulted in making South Africa as China's largest trading partner by 2009. In this research paper, an attempt has been made mainly to know how the tourism sector has tried to increase trade and investment between the two countries, due to which the economic relations of both the countries have become very strong in the present era.

INTRODUCTION

The trade relations between South Africa and China are strong and mutually beneficial for both countries. Since the formal establishment of South Africa-China relations in 1998 and the creation of the Bi-national commission in 2001, trade between South Africa and China has seen significant growth. South Africa, which is considered as an economic powerhouse of Africa is China's largest trading partner on the continent. Since the inception of trade in the early 1990s, both countries have promoted mutually beneficial trade relations. Further, by seeing the size of

China's market South Africa wants to increase its trade relations with China ^[1]. According to the report published by Organization for Economic Cooperation and Development in 2017, "South Africa, Morocco and Tunisia jointly constituting more than 75 percent of total export in comparison to the rest of African countries with China" (OECD, 2017). Export expansion, import-substitution, and international capital movements have all been important in the development of South Africa-China trade relations over the years basically from 2006 to 2017.

CHINA-SOUTH AFRICA TRADE RELATIONS

Cooperation between emerging superpowers like South Africa and China mainly in the economic sphere has created diversified sources for trade and investments. In recent years and more specifically after 2006, both countries have emphasized more on increasing bilateral trade to strengthen their economic relations. To accelerate their trade with each other, both countries fostered better engagements between foreign ministers, economic experts, head of corporations, and other notable individuals. These steps were taken so that they can create a friendly economic environment, which helps them to increase bilateral trade and mutual bonds. In 2001, a large delegation, led by President T. Mbeki, visited China at the invitation of President Jiang Zemin. The main objective of this visit was to prepare a base for strong trade relations between South Africa and China (CGPRC, 2005).

Together, the two countries signed several treaties and finalized many trade agreements, which bring them even closer from an economic point of view. Both South Africa and China forged a unique engagement and worked together at bilateral, continental and multilateral levels to improve their trade relations. After 2006, "the pace of trade and investment between them is picking up, coupled with looser international cooperation with Beijing through the G20, Brazil, Russia, India, China, South Africa (BRICS) grouping, and the FOCAC. Together, the two countries have taken many measures, which increased trade between them. Today South Africa and China economic ties reached to a very significant position in continental and global affairs". In recent years, China emerged as South Africa's single largest trading partner but the balance of trade is an area of concern for South Africa. South Africa and China have been working together on various trade agreements to balance their trade relations (DTI, 2010).

After the end of apartheid rule, South Africa focused on the reconstruction of its economy; it attempted to expand its trade and link its market with the global economies ^[2-5]. In reference to South Africa's trade policy, multiple stakeholders include ANC, the economic policy bureaucracy, Department of Trade and Industry, Parliament and Non-governmental Organizations influence the decision-making process. South Africa always gave special preference to China in its economic policy and trade relations; the main reason behind this is China's deep connection with South Africa since pre-colonial times. China was the country that gave its maximum support to South Africa starting from its fight against imperial power in the mid-18th century to rebuild its economy in the 21st century. Due to its proactive presence in South Africa from pre-colonial times, China becomes a natural trade partner of South Africa ^[6].

Influenced by South Africa's development journey and the way it developed its transport and communication networks, increases its net trade of goods and growth in the recent years (DTI, 2010), China further gets attracted towards South Africa for establishing a meaningful trade relations. After 2006, there is a rapid increase in trade between South Africa and China. From 2006 to 2017, there was an increase of about 20% in the total trade (export and import) between the two countries, which is highest in Africa in reference to China's trade with any other African country (DTI, 2019). Since 2006, "South Africa has become one of the largest trading partners of China, and

trade between them has reached about 98 billion US dollars. China emerged as an important market for South African products and become South Africa's largest trading partner in the world since 2009. During these years, China is regarded as both the top exporter and the top importer for South African products" (DTI, 2015).

The history of friendship and cooperation has been the main reason behind their strong economic and trade relations. In the post-liberalized era, South Africa was in need of some sort of economic policy that would encourage international exposure, therefore South Africa insisted on increasing trade with its old ally China. South Africa and China established their diplomatic relations in 1998, and after that, they exchanged a number of high-level visits that resulted in a range of agreements covering various issues including trade cooperation. After 2005, both countries reviewed their trade agreements on a regular interval so that the trade relations between them can become stronger and deeper ^[7-9].

In recent years, China emerged as South Africa's single largest trading partner but the balance of trade is an area of concern for South Africa. South Africa and China have been working together on various trade agreements to balance their trade relations (DTI, 2010). South Africa which is home to more than 75% of Africa's largest companies, its strong trade turnover, regionally high inward FDI stock, impressive trade profile, significant investor interest supported by the country's vast mineral resources, the investor-friendly legal environment, and the presence of robust logistics infrastructure, are some factors that encourage China to expand its trade relations with South Africa in recent years (DTI, 2014). South African economy relies heavily on the mining sector, as well as the dynamic agricultural and financial sectors for its economic growth. The country also has developed service sectors that are further up the value chain such as banking; financial services, ICT, and specialized manufacturing encouraging China to forge trade linkage with South Africa.

The latest available country-specific data shows that 61.7 percent of products exported from South Africa are imported by China (10.7 percent of the global trade). From a continental perspective, 31.3 percent of South African exports by value were delivered to importers in Asia while 26.7 percent were sold to fellow African countries. A huge ratio of total export delivered to Asia by South Africa goes to China (DTI, 2020). Products like gems, precious metals, ores, minerals fuels, fruits, nuts, aluminum, plastic articles, etc. represents the highest dollar value in South African global shipments from 2006 to 2017. And, China emerged as the largest market and one of the biggest importers of these South African products ^[10,11].

China's investment in South Africa's tourism sector

Tourism has become one of the fastest-growing industries of the national economy in China. According to the report published by World Tourism Organization UNWTO), China will Become the world's flagship tourism destination as the host country worldwide and the fourth largest to send tourists abroad by 2020. Since 2000, to advance its industry sector Chinese government made a huge investment. The Chinese government has taken various measures to support and promote the industry's development. Hence, the tourism industry has been emerging fast as one of China's most important economic driving force and occupies a highly significant position in the national economy ^[12].

DISCUSSION

Under the service sector, the tourism sector of China also played a very important role in strengthening its trade relations with South Africa. "China tourism industry has seen unprecedented development in recent years due to the sustainable economic growth, the further implementation of the Reform and Opening-up Policy, as well as the

substantial increase in people's personal income. Tourism has become an important contributor to the domestic economy in China" (ITO, 2019). In 2007, the total revenue in 2007 is 37.23 U.S. billion dollars from international tourism and its reach to 38.56 US Billion dollars in 2017 (Ma, 2020).

CONCLUSION

Therefore, it can be said that China's tourism industry has been flourishing over the past few decades to become one of the world's top inbound and outbound tourist markets. It is one of the fastest-growing industries in the country and is the new growth area in their strive for 77 economic developments. The boom in travel can be accredited to several factors including reform and opening, the emergence of new wealth and disposable incomes demand to see the world and the ease & control on travel restrictions; all of which, make China the third most visited country in the world, which includes a large number of tourists coming from South Africa as well. Thousands of South African tourists visit China every year to see the natural beauty of China, to experience the Devine City's experience, to understand the Chinese culture and to enjoy the delicious cuisine here.

There has been a significant increase in the number of tourists going from South Africa to China in the last few decades. And due to this, China and South Africa are working together to promote cultural tours, education, media, health and tourism in order to strengthen their trade relations. Easy visa norms, low-cost traveling package, providing novel cultural experience these are some steps taken by the Chinese government to attract South African tourists. China has been working upgrading its tourist destinations in order to attract South African tourists further more. It established more interesting and friendly methods and platforms of learning Mandarin Chinese, so that South African people and tourists can understand and be able to communicate, connect and engage with Chinese society. As a result of these initiative adopted by China, it emerges as a dream destination for South African tourists and the number of tourists coming from South Africa to China is continuously increasing after 2006. Today China has become the first choice for the tourists of South Africa to enjoy their vacations.

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