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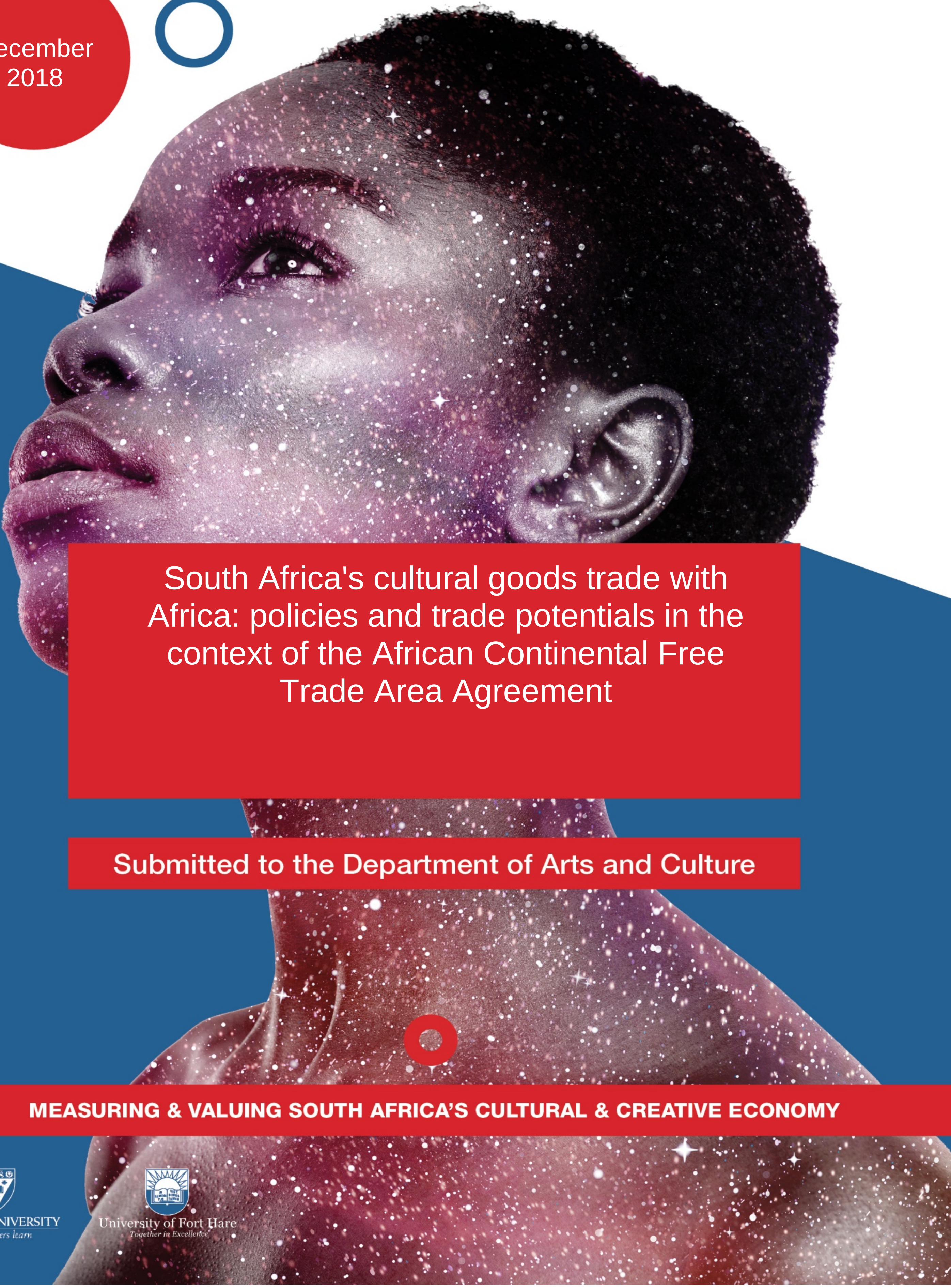

South Africa's cultural goods trade with Africa: policies and trade potentials in the context of the African Continental Free Trade Area Agreement

Submitted to the Department of Arts and Culture

MEASURING & VALUING SOUTH AFRICA'S CULTURAL & CREATIVE ECONOMY

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Summary

The aim of this report is to explore South Africa's cultural goods trade with selected African countries from 2007 to 2017, with reference to the current cultural policy environment at the continental and regional level affecting such trade. The UNESCO (2009) Framework for Cultural Statistics is used to identify cultural goods, with trade data sourced from UN Comtrade (2018).

South Africa's industrial policy framework emphasises sectors with the potential to stimulate higher value added growth and employment, including the CCIs. The country's trade strategy reflects a strong orientation towards the African market, particularly in view of the importance of this market for South Africa's manufactured exports. A key part of this strategy is a developmental approach to regional integration, emphasising the three pillars of trade integration, infrastructure development and industrialisation. This study is thus important in the light of South Africa's signing of the Agreement to Establish the Continental Free Trade Area (AfCFTA) in July 2018.

The results of the study indicate that South Africa's overall deficit in cultural goods trade has narrowed markedly in the period 2014-2017. This is due to persistent cultural good export growth (especially in the Visual Arts and Crafts domain) coupled with weak or declining import growth. South Africa's cultural good export growth has outstripped growth in total commodity exports since 2011.

In its bilateral cultural trade with the selected African countries, cultural good exports are highest in absolute terms to Namibia and Botswana, followed by Kenya, Nigeria and Ghana; cultural good imports are highest from Botswana, Namibia and Kenya, followed by Egypt, Nigeria and Ghana. South Africa runs a cultural trade surplus with all the countries under study except Egypt.

Intra-industry trade (two-way trade within a product category) expansion is associated with higher value added and lower adjustment costs to trade expansion. IIT between South Africa and the selected African countries varies significantly by domain and partner, however it is found that IIT is more extensive with a number of African countries than with the country's BRICS partners.

The study finds that it is important to investigate cultural trade in larger domains, like Visual Arts and Crafts, at the sub-domain level, particularly for Jewellery, Craft and Other visual arts. These sensitive sub-sectors could form part of South Africa's defensive interests in the AfCFTA trade negotiations. At the same time, an offensive stance on export promotion in Books and Press, Performance and Celebration, and Visual Arts and Crafts domains in the AU market will help to reduce South Africa's global trade deficit in these domains.

Key Findings

- Trade surpluses in bilateral cultural trade with selected African partners are important in offsetting global trade deficits in Performance & Celebration, Visual Arts & Crafts, and Books & Press.
- Trade deficits with a number of partners in the smaller Cultural & Natural Heritage domain counter South Africa's global trade surplus in this domain.
- IIT is significant with Botswana, Kenya, Nigeria and Ghana in Visual Arts & Crafts; Egypt in Books & Press; Kenya in Performance & Celebration; and Botswana and Namibia in Cultural & Natural Heritage
- Market access into South Africa is largely duty-free in all domains except Visual Arts & Crafts.
- The highest tariffs imposed by South Africa on CCI imports from non-SADC African countries are between 20% and 30%, and are found in three sub-domains of Visual Arts & Crafts, namely Jewellery, Craft and Other visual arts.
- Trade complement-arity indices suggest scope for South Africa to increase cultural trade further with AU countries on formation of the AfCFTA.
- CCIs should work closely with the dti's Trade Invest Africa to promote the sector across the continent.

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List of Abbreviations and Acronyms

AfCFTA	African Continental Free Trade Area
AU	African Union
BRICS	Brazil, Russia, India, China, South Africa
CCI	cultural and creative industry
CDCE	Convention on the Diversity of Cultural Expressions
COMESA	Common Market for Eastern and Southern African States
EAC	East African Community
EFTA	European Free Trade Association
EPA	Economic Partnership Agreement
EU	European Union
FTA	free trade area
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
HS	Harmonised Commodity Description and Coding System
IIT	intra-industry trade
ITC	International Trade Centre
LDC	least developed country
LIC	low income country
LMC	lower middle income country
MFN	most-favoured nation
NOC	high income non-OECD country
NTB	non-tariff barrier
OAU	Organisation of African Unity
REC	regional economic community
SACU	Southern African Customs Union
SADC	Southern African Development Community
SARS	South African Revenue Service
TCI	trade complementarity index
TFTA	Tripartite Free Trade Area
TRIPS	Trade-related Intellectual Property Rights
UMC	upper middle income country
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
WB	World Bank
WTO	World Trade Organisation

1. Introduction and aims of the study

UNESCO (2013) notes that the creative economy has become one of the most rapidly growing sectors of the global economy. Research by UNESCO (2016) has shown that global cultural trade flows doubled between 2003 and 2014, despite the 2008/9 financial crisis. Furthermore, developing countries' export share in world cultural trade has grown steadily, with growth rates between 2002-11 averaging 12.1% annually (UNESCO, 2013). A recent study by Cattaneo and Snowball (2018) indicates that South Africa's cultural goods exports to BRICS partners have been increasing, especially in domains such as Visual Arts and Crafts and Cultural and Natural Heritage. In addition, South Africa's cultural services exports have grown significantly in some sectors in recent years, such as Audio Visual services. However, trade in cultural goods and services offers both challenges (related to the protection of cultural diversity and copyright enforcement) and opportunities. Determining the current status of CCI trade between South Africa and its trading partners on the African continent, and making policy recommendations that encourage CCI growth and development, is thus of increasing importance, particularly in the context of South Africa's signing of the Agreement to Establish the African Continental Free Trade Area (AfCFTA) in July 2018.

South Africa's trade and industrial policy has, since the late 2000s, emphasised the development of sectors with the potential to stimulate higher value added growth and employment, including the cultural and creative industries (CCIs) (the dti, 2010). The country's trade strategy in this period has reflected a strong orientation towards the African market, particularly in the light of the importance of African trading partners for the country's manufactured exports (the dti, 2012). As part of this strategy, South Africa supports a developmental approach to regional integration on the continent, emphasising the three key pillars of trade integration, infrastructure development and industrialisation.

South Africa as a SADC member is party to the SADC Trade Protocol and the SADC Protocol on Culture, Information and Sport. Under the SADC free trade area, South Africa allows for duty-free imports from the region in all Harmonised System cultural product categories defined in the UNESCO (2009) Framework for Cultural Statistics. At the same time, the 15 countries of SADC have, together with the 40 other members of the African Union (AU), been engaged in negotiating the AfCFTA. The first phase of the AfCFTA process will potentially create a market for goods and services of over 1.2 billion people. It is interesting to consider South

Africa's prospects for expanding its cultural goods trade in the AfCFTA region, and to compare the country's current cultural trade patterns and performance with SADC and non-SADC African Union countries.

The aim of this project is to explore South Africa's cultural trade with selected SADC and non-SADC African countries with reference to the current cultural policy environment at the AU and regional levels affecting such trade. The existing trade and tariff structure, trade growth and trade potentials are explored, as well as the patterns of intra-industry trade between South Africa and the selected partner countries. Cultural policy documents and plans affecting cultural trade and the protection of cultural diversity are examined with a view to outlining policy recommendations for the AfCFTA negotiations. Such documents include the Nairobi Plan of Action for Cultural Industries in Africa (AU, 2008) and the Abuja Treaty (OAU, 1991). While Phase I of the AfCFTA negotiations deals with trade in goods and services, Phase II considers issues such as intellectual property rights and investment policy, which have important implications for trade in cultural goods and services.

The rest of the report is structured as follows. Sections 2 and 3 review cultural trade debates, policy frameworks and trade agreements affecting South Africa's cultural goods trade in Africa. Section 4 describes the data sources and methods, while Section 5 presents the results of the study. Section 6 concludes and offers policy-relevant recommendations and highlights areas for further research.

2. Cultural trade debates and policy frameworks affecting South Africa's cultural trade on the continent

A recent UNESCO report (2016) indicates that world flows of cultural trade doubled between 2003 and 2014. There is, however, a tension between trade liberalisation and the desire to develop and protect culture, heritage and identity through managed trade, especially in post-colonial developing countries (Mulcahy, 2017). "Cultural exception" arguments hold that cultural goods and services are different from other goods and services in that they have some public good value related to the protection and promotion of national cultural heritage and identity, in addition to their economic value (Mas-Colell, 1999).

For highly tradeable cultural products, completely free trade would be likely to result in the dominance of larger countries (like the US), which might damage the cultural industries of smaller, importing countries. Marvasti (1994) shows that, particularly for books and films, "the direction of trade is from the rich countries to the poor countries". In the case of film, screen quotas were included in the 1947 General Agreement on Tariffs and Trade (GATT), Article IV, which recognised the importance of cultural content for the "sovereignty, cultural cohesion and identity" of countries, in addition to the economic value of the cultural industries (Neuwirth, 2002). According to Foster and Graber (2000), even with the broader market access envisaged under the WTO agreements negotiated during the Uruguay Round, many countries reserved the right to use measures such as subsidies, domestic content quotas, licensing restriction and taxes on foreign productions for cultural promotion.

Shin (2015) argues that trade in cultural goods and services can have a significant impact on cultural diversity. The protection of local cultural production could therefore be justified in terms of the potential impact of trade on the current and future stock of local cultural capital. The publication of the UNESCO Convention on the Diversity of Cultural Expressions (CDCE) (UNESCO, 2005) was an attempt to balance the cultural and economic values of cultural sector outputs. As Hanania (2016:575) puts it,

> Culture should not be used as a bargaining counter in trade negotiations and the ability of countries to adopt and maintain cultural policies and measures should not be diminished by trade liberalization commitments undertaken at the international level.

However, Hanania (2016) also points out that the final version of the CDCE contains very few binding provisions, and the ability of countries to manage their trade in order to protect culture still depends on existing trade agreements. Nevertheless, Hanania (2016) maintains that the CDCE has raised awareness about the importance of cultural diversity, and its protection, in sustainable development. For example, Article 14 discusses the cultural industries, and ways in which they could be supported including market access, exchange of skills and knowledge, and technology transfer between developed and developing countries.

Mas-Collel (1999) notes that countries may restrict the export of unique cultural products or artefacts that are seen as part of a country's cultural capital. There are similar concerns about the commodification of culture, including the status of copies and mass production of cultural goods. The AU is aware that there is a growing international market for such unique African artefacts, and makes provision for their protection (AU, 2015b).

Aside from unique cultural artifacts, an increasingly important part of any trade agreement, especially in the case of cultural and creative goods, is intellectual property (IP). A recent study by Campi and Duenas (2018) investigates the impact of trade agreements linked to IP regulations or reforms, versus trade agreements with no IP clauses. They find that the benefits of the trade agreements are similar in both cases (both increased bilateral trade), but that the benefits from those trade agreements with IP regulation take longer to take effect, perhaps because of the longer implementation time needed. They also find some differences between countries at different levels of development. For developing countries (which included South Africa), overall trade flows are increased more by trade agreements with no IP chapter.

However, for products with high levels of IP (which would include cultural and creative goods), Campi and Duenas (2018) find that trade agreements with an IP clause increase trade flows from developing to developed countries (which included some of South Africa's most important trading partners, like the EU, UK and USA), while having no IP clause increases trade from developed to developing countries. Trade agreements with an IP chapter also increase trade between developing countries, which is an important finding for the African Continental Free Trade Area. These findings suggest that, for cultural and creative goods, having a trade agreement with an IP chapter may be good for developing countries, as it may help to increase their exports to both developed and developing country trading partners, even if implementation times are longer.

While there are good justifications for the protection of cultural goods and services, the Fourth Industrial Revolution, with its online global networks, is likely to make it increasingly difficult to enforce such protection effectively. Hervas-Drane and Noam (2017) study the impact of peer-to-peer file sharing on cultural trade protectionism. Their work suggests that import barriers and local content quotas may be welfare enhancing, in the sense that they encourage cultural diversity and the production of cultural goods and services important to the identity and social cohesion of local people. However, if the demand for international cultural content is present, especially content from larger countries with scale economies, then protectionist policies could simply drive online consumption, either through legal channels (for example, Netflix) or illegal (pirated) online file sharing, especially where legal options are not available:

> Online sharing has two main effects on the cultural sector in the short-term: a content pricing effect that exerts downward pressure on prices [of locally produced cultural content], and a demand displacement effect that increases foreign content consumption in countries that enforce quotas (Hervas-Drane and Noam 2017:22).

The authors conclude that, for cultural content that can be shared online across borders, traditional trade barriers cannot be enforced efficiently and will not be effective. They expect that demand-side policies, that is, subsidies to consumers of local content to offset the lower prices of international content, will become more prominent.

The importance of the CCIs in policy-making at the continental level dates back to the 1980 Lagos Plan of Action (Tsegaye, 2016). This was an initiative of the Organisation of African Unity (OAU), the precursor of the AU, and called for Africa's integration based on "collective self-reliance" (OAU, 1980). Ismail (2017: 20) notes that despite its strong developmental regionalism approach, the Lagos Plan of Action was criticised for lacking a comprehensive implementation plan. This subsequently found expression in the 1991 Abuja Treaty Establishing the African Economic Community (OAU, 1991). The Abuja Treaty sets out the first objective of the Community as follows:

> To promote economic, social and cultural development and the integration of African economies in order to increase economic self-reliance and promote an endogenous and self-sustained development (OAU, 1991:8).

The provisions to give effect to the objectives of the Community include "the establishment of appropriate organs for trade in agricultural and cultural products, minerals, metals, and manufactured and semi-manufactured goods within the Community" (OAU, 1991: 9). Article 69 on Culture provides that Member states of the Community shall, *inter alia*:

> (a) Pursue the objectives of the Cultural Charter for Africa;
> (b) Promote and propagate endogenous African cultural value;
> (c) Make every effort to preserve and recover their cultural heritage;
> (d) Ensure that development policies adequately reflect their socio-cultural values in order to consolidate their cultural identity;
> (e) Exchange their cultural programmes and their experiences, particularly in art, literature, entertainment, sports and leisure activities (OAU, 1991: 47-48).

The African Union Agenda 2063 recognises the potential of the cultural and creative industries in Aspiration 5, "Africa with a strong cultural identity, common heritage, values and ethics" (AU, 2015a: 157). Priority Area 3 within this is the promotion of "cultural heritage, creative arts and businesses", which includes demand-side interventions (such as local content promotion) and supply-side support (investment in vocational institutions and the development of micro-cultural enterprises). International trade is mentioned indirectly, through the implementation of the 2008 Nairobi Plan of Action on Cultural and Creative Industries, which holds that: “For many African countries, cultural industries are not yet an important element of their economies, but these same African countries have accepted the trend toward more open markets and ‘free’ trade” (AU, 2008). It is noted that, while international trade offers opportunities for growth and job creation, it also poses risks related to the concentration of businesses (particularly large online content distributors), the commodification of culture and the assertion of intellectual property rights. Nevertheless, the Nairobi Action Plan encourages measures that could promote cultural trade, especially between AU members, such as to:

> [e]stablish departments in charge of Cultural Development within their own countries and in regional bodies in charge of economic integration, and include in their protocol clauses favourable to the circulation of cultural products, authors of cultural works, the partial or total removal of taxes on works of culture and payment in national currencies for the trade in cultural goods (AU, 2008:19).

The “First Ten-year Implementation Plan” of Agenda 2063 emphasises the importance of protecting the unique cultural heritage of African countries at both national and continental levels (including “measures to fight against trade in cultural possessions”), while still promoting “the creation of cultural driven businesses” (AU, 2015b: 54).

In conclusion, there is growing evidence that trade in cultural goods and services is increasing worldwide and, as such, provides an opportunity for growth and job creation in the CCIs in Africa. Disdier et al. (2010) find that countries with a common language, past colonial links and similar “cultural tastes” are more likely to trade in cultural goods. Cultural trade also has a “facilitating impact on non-cultural trade” (Disdier et al., 2010:592). In assessing the potential for CCI trade under the African Continental Free Trade Area (AfCFTA), a careful balance between the promotion of local content, and tapping into the economic benefits of trade in cultural goods needs to be maintained.

3. Trade agreements relevant for South Africa’s trade in cultural products on the continent

International trade flows in cultural products are affected by a wide range of factors, including tariff and non-tariff barriers, existing trade preferences and the provisions of regional groupings, WTO membership and commitments, as well as factors such as transport costs. This section highlights the main international trade rules and trade agreements affecting South Africa’s cultural goods trade on the continent, as background to the data analysis in Section 5.

At the multilateral level, South Africa and the majority of AU countries are members of the WTO. The remaining countries mostly have WTO observer status, which suggests that they have signalled an interest in joining the organisation or are in the process of accession (see Appendix 2). As far as WTO members are concerned, cultural goods trade between countries that are not part of a preferential trading arrangement would be governed by existing MFN ("most favoured nation") tariffs agreed upon at the WTO and any unilateral tariff adjustments subsequently instituted within the bound WTO tariff rates.[1] Cultural goods trade is also impacted upon by WTO agreements such as the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS).

At the regional level, South Africa is a member of the longstanding Southern African Customs Union (SACU) with the neighbouring states of Botswana, Lesotho, Namibia and Swaziland. SACU is a trade in goods agreement that dates back to 1910, providing for duty-free movement of products, a common external tariff and a revenue-sharing arrangement that is particularly important for the smaller states. South Africa is also a member of the Southern African Development Community (SADC), which comprises the SACU partners together with ten other southern African countries.[2] A free trade area (FTA) is implemented between most SADC member states, in line with the 1996 SADC Trade Protocol (SADC, 1996).

As a SADC member, South Africa is signatory to a number of other Protocols that are relevant for CCI trade in the region. These include the Protocol on Culture, Information and Sport (SADC, 2001) and the Protocol on Trade in Services (SADC, 2012). The SADC Protocol on Culture, Information and Sport explicitly calls for the promotion of the cultural and creative sector in the region, and provides for measures that may be required to "nurture, protect and promote" infant industries (SADC, 2001). The SADC Trade Protocol, while promoting the free flow of goods under the SADC FTA, also allows for the protection of infant industries. While it does not mention cultural goods trade explicitly, Article 9 (General Exceptions) provides for the implementation of measures "imposed for the protection of national treasures of artistic, historic or archaeological value" (SADC, 1996). Both the Protocol on Culture, Information and Sport and the SADC Trade Protocol highlight the need for collaboration within SADC on intellectual property protection and legislation and, in particular, copyright protection. Member

[1] A bound rate for a tariff is a ceiling above which a member state agrees not to raise the tariff.
[2] SADC comprises Angola, Botswana, DRC, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe (see Appendix 2).

states are encouraged to accede to the relevant international conventions (SADC, 2001). Also relevant at the regional level is that South Africa's Revised White Paper on Arts, Culture and Heritage calls for the establishment of a "regional fund…to invest in cultural and creative industries that are, or are wanting to, trade in the African region" (DAC, 2017: 73).

In July 2017 South Africa signed the Tripartite Free Trade Area (TFTA) Agreement between the three eastern and southern African regional communities SADC, COMESA and the EAC.[3] The TFTA, launched in June 2015 in Egypt, aims to rationalise and harmonise the trade regimes of the different eastern and southern African regional economic communities (RECs) in order to address the problem of overlapping membership. The TFTA Agreement emphasises a development integration approach based on a recognition that regional trade liberalisation on its own will fail to deliver beneficial regional integration in a context of countries at highly unequal levels of development. The development integration approach emphasises the three pillars of trade integration, industrialisation and infrastructure development. The industrial development pillar emphasises the development of regional value chains to encourage balanced regional industrialisation (the dti, 2018).

In the TFTA negotiations, although the three RECs are involved, countries negotiate bilaterally only with those partners with which they do not yet have a trade agreement. In the case of South Africa (and the rest of SACU), negotiations with the EAC[4] and separately with Egypt are close to finalisation. Bilateral negotiations are still to be undertaken with Djibouti, Eritrea, Ethiopia and Sudan. Phase I of the negotiations deals with tariffs and rules of origin, while Phase II will address trade in services, intellectual property rights, investment and competition policy (the dti, 2018). It is possible that Phase II of the TFTA negotiations will be collapsed into the AfCFTA negotiations which have gained impetus since 2015.

South Africa signed the Agreement to Establish the African Continental Free Trade Area (AfCFTA) in July 2018. This AU/OAU initiative dates back to the 1980 Lagos Plan of Action and the 1991 Abuja Treaty Establishing the African Economic Community (OAU, 1980; 1991). In terms of the Abuja Treaty, regional economic blocs were to be created which would

[3] COMESA is the Common Market for Eastern and Southern African states with 21 member countries (see Appendix 2). The EAC (East African Community) is a customs union between Kenya, Tanzania, Uganda, Rwanda, Burundi and South Sudan. There is considerable overlapping membership between the two groupings and SADC.
[4] Customs unions negotiate as a block because they have a common external tariff.

ultimately merge into a continental economic community. Each region was to begin with the creation of an FTA, followed by a customs union, then common market and monetary union. Eight regional blocs had emerged by the early 2000s (Ismail, 2017). In southern and eastern Africa the main blocs are SADC, the EAC and COMESA (see Appendix 2). However problems related to overlapping membership, together with the disruption caused by the Economic Partnership Agreement (EPA) negotiations with the EU, lent impetus to both the TFTA and AfCFTA negotiations. The Agreement to establish the AfCFTA was launched in Kigali in March 2018.

The first phase of the AfCFTA negotiations covers both goods and services and has the potential to create a market of over 1.2 billion people. Phase II of the negotiations will address intellectual property rights, investment and competition policy. The AfCFTA is particularly important in the light of the stalled Doha Round of trade negotiations at the WTO and the emergence of mega-regional trade negotiations in other parts of the world which do not include any African countries.[5] Furthermore, South Africa and some of its SADC partners have important trade agreements with the EU and EFTA.[6] In terms of the Economic Partnership Agreement (EPA) with the EU, significant tariff preferences exist between South Africa and the EU in both directions (see Section 5.4 and Appendix 3). It is crucial to note that, in terms of the EPA, market access given to other countries whose share in world trade is significant has to be extended to the EU, unless such preferences already exist in the EPA. Despite the complexities of these external pressures, the AfCFTA negotiations provide an important opportunity for cultural goods trade on the continent, and for African countries to develop a cultural trade regime in line with the AU's Agenda 2063.

It is important to emphasise that South Africa's market access into other African countries will be affected not just by tariffs and trade agreements that South Africa is part of, but also by existing preferential trade agreements in other parts of Africa, non-tariff barriers, infrastructure issues and transport costs. A comprehensive analysis of South Africa's market access on the export side, for cultural product categories into non-SADC AU countries, requires a separate study on tariff and non-tariff barriers faced by South Africa into these countries individually,

[5] The mega-regionals include the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (formerly the TPP), Transatlantic Trade and Investment Partnership (TTIP) and the Regional Comprehensive Economic Partnership (RCEP) (Ismail, 2017).
[6] EFTA is the European Free Trade Association comprising Iceland, Liechtenstein, Norway and Switzerland.

as well as on the existing preferences and provisions of RECs in other parts of the AU (see Section 6).

4. Data and methods

4.1 Cultural product trade categories: definitions and data sources

The UNESCO (2009) Framework for Cultural Statistics (FCS) categorises the CCIs into six cultural domains: Cultural and Natural Heritage, Performance and Celebration, Visual Arts and Crafts, Books and Press, Audio-visual and Interactive Media, and Design and Creative Services. For the purposes of measuring international trade in cultural products, the UNESCO (2009) FCS identifies thirteen sub-domains within the six main domains and then specifies which categories of the 2007 Harmonised System (HS) and the Standard International Trade Classification Revision 4 (SITC4) fall within each sub-domain. The 2007 HS trade classification system is used in this report, as it provides greater detail than the SITC4. More specifically, 85 six-digit HS codes are categorised as part of cultural goods trade across the six domains and thirteen sub-domains. Appendix 1 indicates each of these 2007 Harmonised System codes and its description, grouped by the six domains and thirteen sub-domains.

It should be reiterated that trade classification systems (such as the HS) categorise products by their physical characteristics, providing a somewhat limited perspective on their domestic content and cultural value (UNESCO, 2009: 37). Customs data is particularly restrictive for categories such as film, and increasingly so for other sub-sectors affected by digitisation such as music and books (Cattaneo and Snowball, 2018: 12). Nonetheless, the 85 six-digit HS codes identified as part of cultural goods trade provide a rich source of information for analysis.

Use of the UNESCO (2009) FCS and the 2007 HS codes for the present study on South Africa's cultural goods trade with selected partners on the African continent also allows for continuity and comparability with a previous SACO report (Cattaneo and Snowball, 2018) on South Africa's cultural goods trade with its BRICS partners. Disaggregated data at the six-digit level of the 2007 HS is available for South Africa's total and bilateral trade from a number of sources. Following Cattaneo and Snowball (2018), this report uses the UN Comtrade database as the cultural goods trade data source. Alternative sources of trade data classified by the HS include

UNCTADstat and the International Trade Centre (ITC). However these both derive their data from the UN Comtrade database in the first instance.[7]

The structure of South Africa's tariffs on cultural goods imports from selected African countries is extracted from SARS (2018). Information on tariff barriers facing South African cultural goods exports into selected African countries is available from the ITC (2018).

4.2 Assessing the growth and structure of South Africa's cultural goods trade with selected African partner countries

The growth and structure of South Africa's cultural goods trade with selected African partner countries is studied for the period from 2007 to 2017, subject to data availability. The selection of partners was guided by one or more of the following factors: the importance of existing bilateral trade between South Africa and that country in the aggregate, market size, GDP per capita, membership of regional groupings[8] and data availability. The selection includes the following:

a) Partners belonging to the SADC FTA: Botswana, Namibia and Zambia.[9]
b) Partners involved in the Tripartite FTA between SADC, EAC and COMESA but which are not SADC members: Egypt, Ethiopia and Kenya.
c) Potential AfCFTA partners which are not part of the Tripartite FTA: Nigeria, Tunisia and Ghana.

Statistical and graphical analysis is used to investigate South Africa's total cultural goods trade and bilateral cultural goods trade with the selected partner countries. For aggregate cultural goods trade, average annual growth rates of South Africa's cultural trade compared to total trade and the shares of cultural trade in total trade are graphed and examined. An update on the cultural goods trade balance and total trade by domain is provided, extending the analysis of Cattaneo and Snowball (2018: 20-26).

[7] The advantages and disadvantages of the various HS trade databases for analysing cultural goods trade are discussed further in Cattaneo and Snowball (2018: 18-19).
[8] See Appendix 2 for information on the market size and GDP per capita of AU countries, as well as membership of the regional groupings in eastern and southern Africa most relevant for South Africa.
[9] Note that two of these countries, Botswana and Namibia, are also members of the Southern African Customs Union (SACU), together with South Africa. A customs union has a common external tariff, while in an FTA each member retains its own tariffs against non-member states.

At the bilateral level, trade balances, shares and growth rates of South Africa's cultural good trade with the selected African countries are investigated. In some instances, data gaps necessitate the use of 2015-2017 averages, although trend analysis is included where data permits. The share of cultural trade in total trade with particular partners is also compared to the share of cultural trade in South Africa's total trade globally. This provides an insight into countries and domains for which cultural goods exports or imports are a relatively higher proportion of South Africa's bilateral trade than total trade. The relative importance of different domains and sub-sectors in bilateral cultural trade with each partner is highlighted, as this has important implications for policy and for assessing the potential impact of the AfCFTA.

4.3 Measuring intra-industry trade in cultural products

Intra-industry trade refers to two-way trade within a particular product category. This can be contrasted with inter-industry trade, which occurs when there is an exchange of products from two different sectors or product categories.[10] Intra-industry trade is more evident in manufacturing sub-sectors and is therefore important for developing countries seeking to promote higher value added exports. Furthermore, intra-industry specialisation tends to be accompanied by lower adjustment costs for workers and firms as trade expands (Cattaneo and Snowball, 2018: 18; Cattaneo and Fryer, 2002).

Intra-industry trade (IIT) is often measured using the simple Grubel-Lloyd index, based on absolute trade flows.[11] The index takes on values from 0 to 100 percent. An index value of 0 indicates that the trade being measured is inter-industry in nature, while a value of 100 percent means that export and import values are perfectly matched in that category. The higher the index, the greater the matching trade (IIT) within that sector or sub-sector.

An alternative and often preferred measure of IIT takes account of the weighting or importance of each sub-sector within the broader category or domain under consideration (UNCTAD and WTO, 2012: 44). For example, the IIT measure for Domain D (Books and Press) would take

[10] An example of inter-industry trade would be the exchange of books for jewellery, whereas an example of intra-industry trade would be the trade of jewellery manufactured from silver for articles made from semi-precious stones.

[11] The simple Grubel-Lloyd index for Sector j is given by $B_j = (1 - (|Xj - Mj|) / (Xj + Mj))) \times 100$ (Grubel and Lloyd, 1975).

into account the relative importance of each of the eleven 6-digit HS sub-sectors included in that particular domain. In this approach, the IIT index for a particular domain is determined by aggregating the IIT indices computed at the HS 6-digit level using the product trade shares within that domain as weights.[12]

Both measures of IIT will be used in the present report. The simple Grubel-Lloyd indices allow for some comparison with the results of Cattaneo and Snowball (2018) on South Africa's intra-industry trade in cultural products with its BRICS partners. On the other hand, the trade-weighted indices provide an alternative measure that is especially useful when a particular sub-sector is dominant within a given domain. It should also be noted that the measurement of intra-industry trade is very sensitive to the level of aggregation of the trade data. The more disaggregated the data, the lower the index of intra-industry trade. This will be considered further in Section 5.3 below.

Unless otherwise indicated, IIT calculations in this report are based on trade data averages and average shares for the period 2015-2017, subject to data availability.

4.4 Measuring trade potential using trade complementarity indices

There are a number of methods that can be used to investigate the potential for increased regional trade in the case of countries that are part of, or are forming, a trade agreement such as the AfCFTA. One prominent technique involves the calculation and interpretation of trade complementarity indices (TCIs).

TCIs measure trade potential by computing the degree of overlap between one country's exports and another country's imports, and vice versa (Michaely, 1996; UNCTAD and WTO, 2012: 30-31). It is important to understand that the measure does not use data on existing bilateral trade between the two countries. Rather, it considers the overlap between the *structure* of one country's exports to the world and the *structure* of another country's imports from the world, and vice versa.

[12] The trade-weighted Grubel-Lloyd index for Sector j comprising i sub-sectors is defined by Greenaway and Milner (1983: 905) as $C_j = (1 - (\sum | Xij - Mij |) / (Xj + Mj))) \times 100$.

For example, South Africa's Export TCI with Kenya compares the extent to which the structure of South Africa's exports to the world matches the structure of Kenya's imports from the world. Similarly, South Africa's Import TCI with Kenya compares the structure of South Africa's imports from the world with the structure of Kenya's exports to the world. So for each of South Africa's bilateral relationships, two TCIs are computed: one on the export side and one on the import side.

More specifically, in the case of South Africa's cultural goods trade, the country's Export TCI considers the overlap between the share of each sub-sector in South Africa's cultural good exports to the world and the share of each sub-sector in the relevant partner's cultural good imports from the world. South Africa's Import TCI then considers the overlap between the share of each sub-sector in South Africa's cultural good imports from the world and the share of each sub-sector in the relevant partner's cultural good exports to the world.[13]

As in the case of IIT, the measurement of TCIs is highly sensitive to the level of aggregation of the trade data. To illustrate this, TCIs are computed in the present report based, in the first instance, on all 85 HS 6-digit sub-sectors considered to be part of cultural goods trade. Secondly, TCIs are computed at the more aggregated level of the 13 sub-domains into which the HS 6-digit sub-sectors are categorised in the UNESCO (2009) FCS (see Appendix 1).

In keeping with the IIT calculations, and unless otherwise indicated, the measurement of the TCIs is based on trade data averages and average shares for the period 2015-2017, subject to data availability.

[13] The formulae are as follows:

$$SAEXPTCI = 100 \left[1 - \sum \left| saexp_i - partimp_i \right| /2 \right]$$

where $\sum$ is the sum across all relevant sub-sectors
$saexp_i$ is the share of sub-sector i in South Africa's total cultural good exports to the world
$partimp_i$ is the share of sub-sector i in the partner country's total cultural good imports from the world.

$$SAIMPTCI = 100 \left[1 - \sum \left| saimp_i - partexp_i \right| /2 \right]$$

where $\sum$ is the sum across all relevant sub-sectors
$saimp_i$ is the share of sub-sector i in South Africa's total cultural good imports from the world
$partexp_i$ is the share of sub-sector i in the partner country's total cultural good exports to the world.

5. Results and discussion

The presentation and discussion of the results of the data analysis on South Africa's cultural goods trade with selected African partner countries is divided into five sub-sections. Section 5.1 updates the analysis of Cattaneo and Snowball (2018: 20-26) on the growth and structure of South Africa's total cultural goods trade. The discussion focuses on the trend in the country's overall cultural goods trade balance and the domains and sub-sectors driving this trend. Section 5.2 investigates the growth and structure of South Africa's cultural goods trade with selected AU countries. The relative significance of cultural trade in total trade with particular partners is also compared to the importance of cultural trade in South Africa's total trade globally. This is relevant for policy formulation in the context of AfCFTA. Section 5.3 considers South Africa's intra-industry trade in cultural products with selected African countries. Intra-industry trade has certain advantages in the regional integration context. Trade expansion that is intra-industry in nature is associated with higher value added trade and lower adjustment costs for firms and workers. Section 5.4 identifies import tariffs on CCI product categories in South Africa's trade with selected partners. This is important in assessing the country's offensive and defensive interests in cultural goods trade for the ongoing AfCFTA negotiations. Finally, Section 5.5 explores the trade potential between South Africa and selected African partner countries using trade complementarity indices. These indices are used to measure the overlap between the structure of one country's cultural goods exports and another country's cultural goods imports, and vice versa. This is also of significant interest to potential AfCFTA partners engaged in trade negotiations.

5.1 South Africa's total cultural goods trade: an update

Figure 1 below shows the average annual growth rates of South Africa's total cultural goods trade relative to total trade for each two-year period from 2007 to 2017, based on nominal trade data from UN Comtrade (2018).

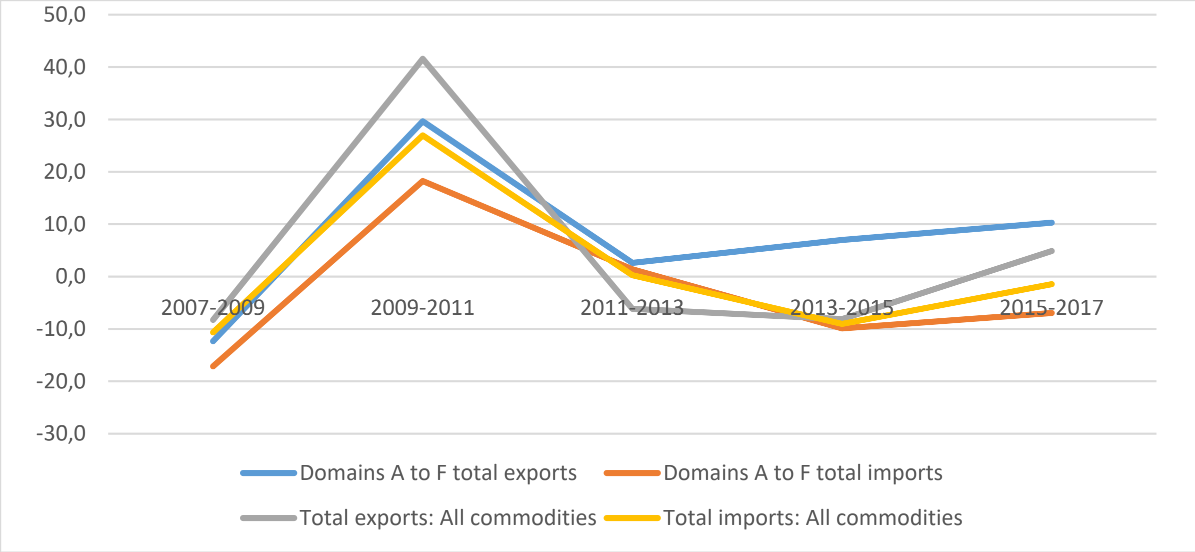

Figure 1: Average annual growth rates of South Africa's total cultural goods trade relative to total trade (Source: Authors' computations based on data from UN Comtrade, 2018)

After the global financial crisis, the average annual growth of cultural good exports recovered strongly to 29.6 percent, although total commodity exports grew more rapidly. Cultural good export growth fell sharply in 2011-2013 to 2.6 percent per annum, but recovered in 2013-2015 to 7 percent per annum. It then accelerated to 10.3 percent per annum in 2015-2017, despite the lower growth in 2015 highlighted in Cattaneo and Snowball (2018: 20). It is interesting to note that cultural good export growth has outstripped growth in total commodity exports since 2011. Indeed, average annual growth rates of total commodity exports contracted in 2011-2013 and 2013-2015, before recovering to 4.9 percent per annum in 2015-2017. This is reflected in the rising share of cultural goods exports in South Africa's total exports from 0.23 percent in 2011 to 0.46 percent in 2016 (see Figure 2). As Figure 2 indicates, the cultural goods export share fell slightly in 2017 to 0.41 percent due to stronger growth in total commodity exports between 2016 and 2017. However cultural goods exports increased in absolute terms between 2016 and 2017.

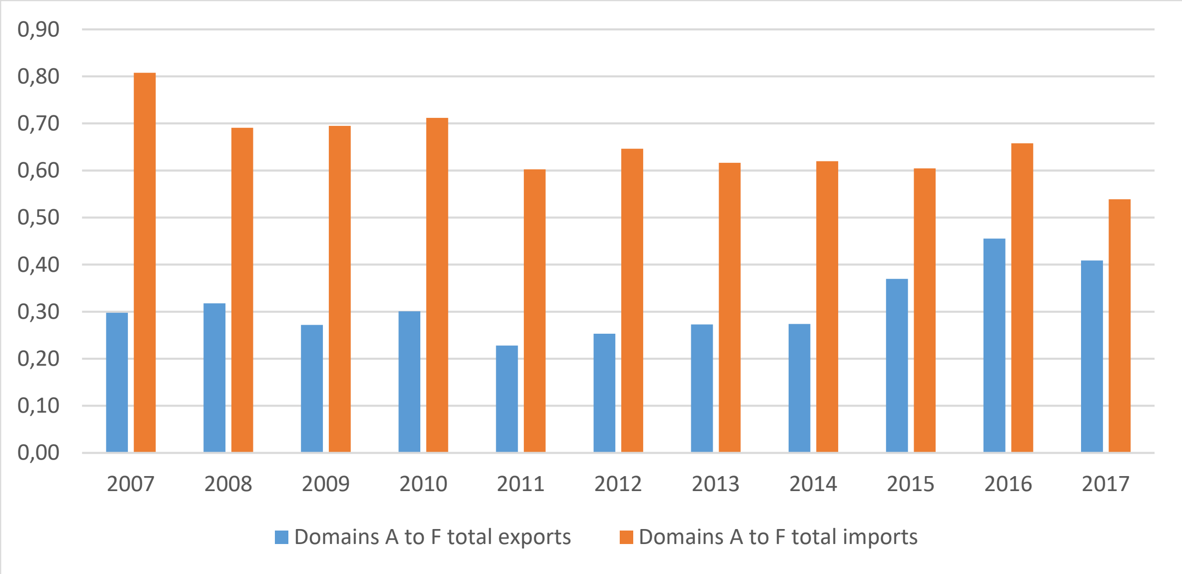

Figure 2: South Africa: percentage shares of cultural trade in total commodity trade (Source: Authors' computations based on data from UN Comtrade, 2018)

On the import side, the average annual growth of South Africa's cultural goods imports has generally been much slower than that of total commodity imports, except for the 2011-2013 period. Cultural good import growth recovered well after the global financial crisis to 18.2 percent per annum in 2009-2011 (slower than cultural good export growth, but off a much larger base). However, import growth fell dramatically in 2011-2013, and cultural goods imports displayed negative average annual growth rates in 2013-2015 and 2015-2017 (-9.9 percent and -7 percent respectively). This mirrored, but was worse than, the negative average annual growth in commodity imports in the aggregate for those periods. The share of cultural goods imports in South Africa's total imports fell from 0.65 percent in 2012 to 0.6 percent in 2015, rising briefly to 0.66 percent in 2016, before decreasing more dramatically to 0.54 percent in 2017 (see Figure 2).

Accelerating average annual growth in cultural goods exports coupled with slow or negative growth in cultural goods imports has had a noticeable impact on South Africa's trade balance in cultural products, particularly in recent years. Figure 3 depicts South Africa's cultural goods exports and imports in the aggregate in current US Dollars for the period 2007 to 2017. The difference between the two line graphs reflects South Africa's consistent deficit in total cultural goods trade over this period. However, as Cattaneo and Snowball (2018: 22) note, this deficit has narrowed for much of the period. It fell from 2007 to 2009, and has fallen steadily since

2012.[14] The decline in the overall cultural goods trade deficit is particularly noticeable from 2014 onwards, and it falls most dramatically in 2017.[15]

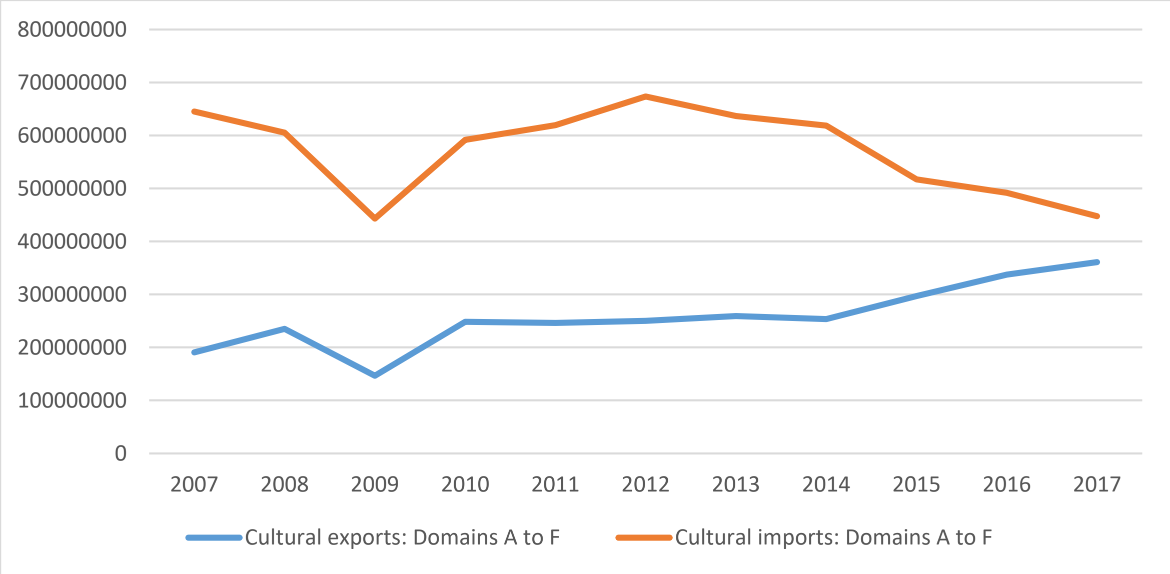

Figure 3: South Africa's total cultural trade: all domains (current US$)
(Source: Authors' computations based on data from UN Comtrade, 2018)

Growth in cultural goods exports has been largely driven by the Visual Arts and Crafts domain, particularly since 2014 (see Figure 4). This domain has also accounted for the largest share of South Africa's total cultural exports since 2012, when it overtook Books and Press. The other domain that has shown promising export growth, but from a lower base, has been Performance and Celebration. On the export side, growth in these two domains has driven the improvement in the cultural goods trade balance in the last few years. Within Visual Arts and Crafts, the sub-sector "Articles of jewellery & parts thereof, of other precious metal (excl. silver)" has a significant and growing share (32.5 percent on average for 2015-2017), followed by "Collages & similar decorative plaques" (at 7.5 percent). As noted in Cattaneo and Snowball (2018: 24), the Visual Arts and Crafts domain has benefited from the designation of the Craft sub-domain as a priority sector in South Africa's Industrial Policy Action Plans.

[14] The 2015 data appear to have been updated since the publication of Cattaneo and Snowball (2018). Imports and exports of cultural products are both higher. Therefore: (a) the contraction in imports observed for 2014 to 2015 in Cattaneo and Snowball (2018: 23) is less accentuated in Figure 3 of the present study; and (b) importantly, the decrease in exports in 2014 to 2015 that could be seen in the previous study is no longer observable in Figure 3 of the present study.

[15] The 2017 import data is affected to some extent by a questionable data point for Domain E (Audio-visual and interactive media) which is out of line with preceding years. Even taking this into account, the trade deficit for 2017 narrows considerably.

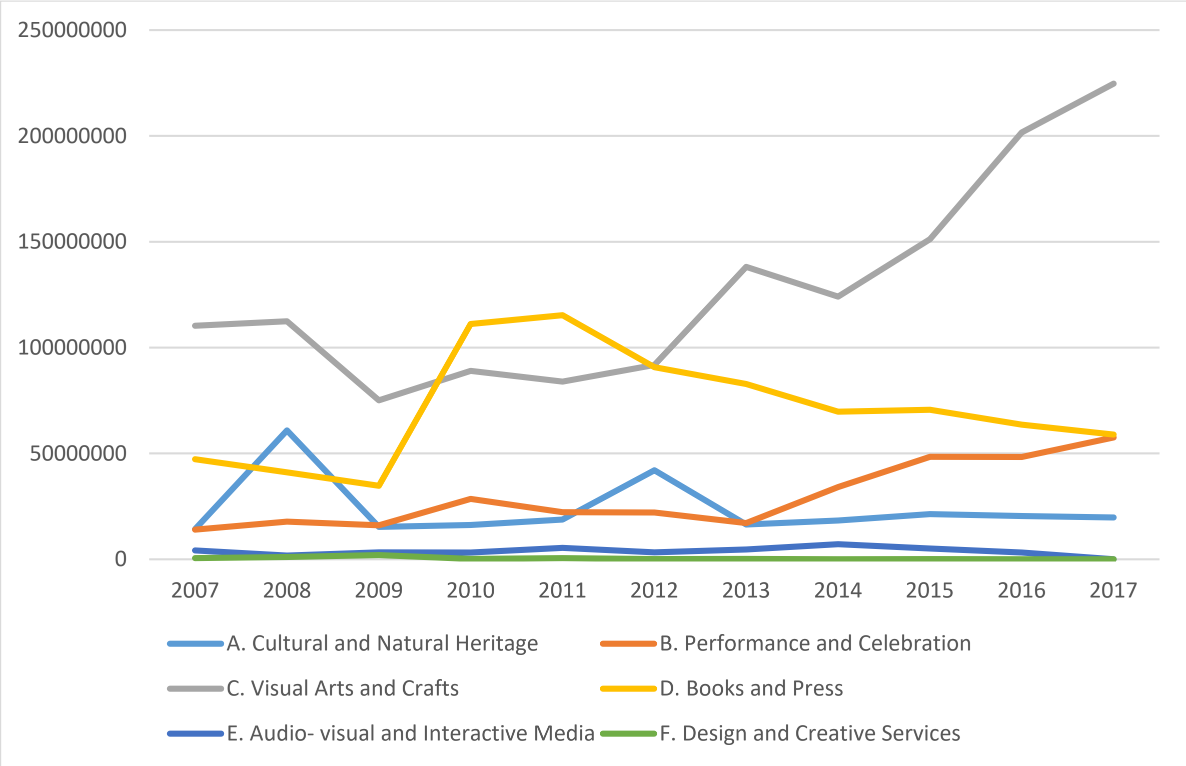

Figure 4: South Africa's total cultural exports by domain 2007-2017 (US$)
(Source: Authors' computations based on data from UN Comtrade, 2018)

Weak cultural good import growth in recent years has been driven by the poor performance of the Books and Press and Audio-visual and Interactive Media domains (see Figure 5). Both of these domains are significantly affected by digitisation. Their decline since 2012 has contributed to the improvement in South Africa's cultural goods trade balance. South Africa's Books and Press exports have also declined, but far less dramatically than imports and from a much lower base. South Africa's Audio-visual and Interactive Media exports have been low but grew slightly between 2013 and 2016.[16] This may be related to the dti's Film and Television incentive scheme. Visual Arts and Crafts imports fell between 2013 and 2015 and have largely stagnated since then. With strong export growth, the reduction in the trade deficit has been most dramatic in this domain in recent years.

[16] The data for 2017 for this domain do not appear to be reliable.

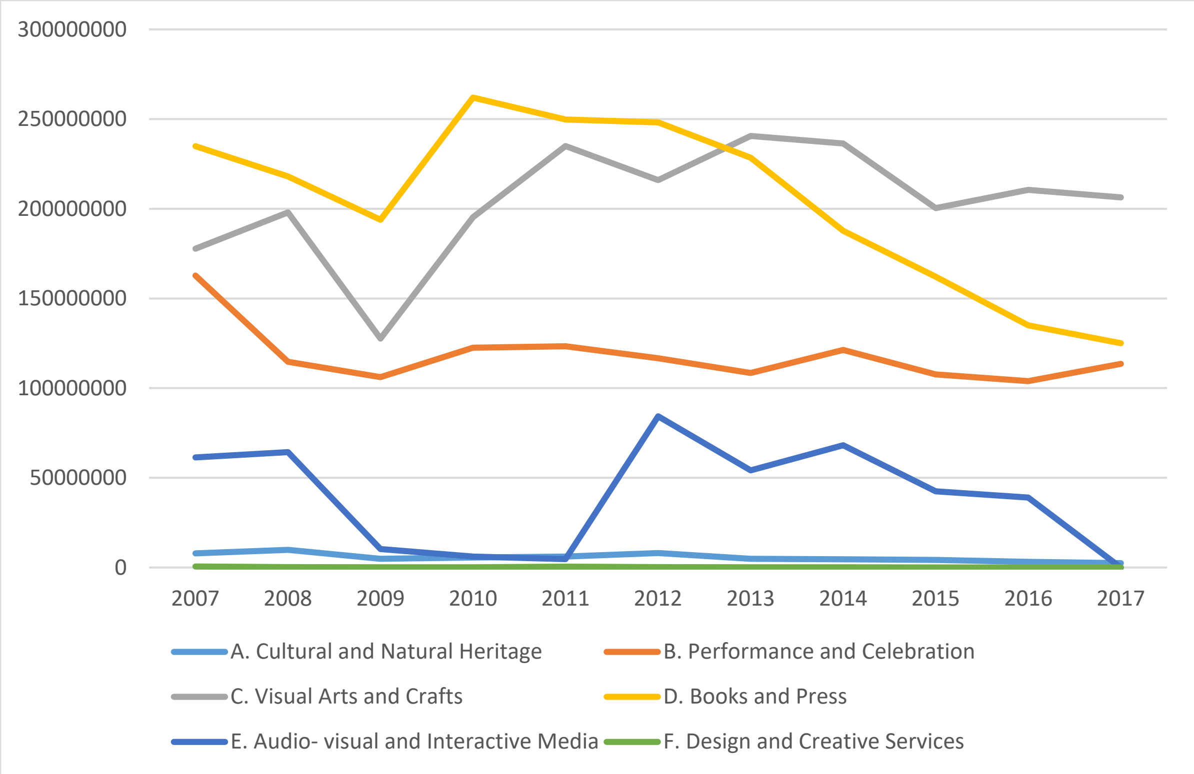

Figure 5: South Africa's total cultural imports by domain 2007-2017 (US$)
(Source: Authors' computations based on data from UN Comtrade, 2018)

Finally, Figure 6 uses 2015-2017 averages[17] to update a similar figure in Cattaneo and Snowball (2018: 26), based on 2014-2016 averages, in order to examine the trade balance by domain. The Visual Arts and Crafts trade deficit has improved markedly compared to the earlier study. The trade deficit remains greatest in the Performance and Celebration and Books and Press domains, although the deficit has decreased in both compared to the previous study. Cultural and Natural Heritage is the only domain in which South Africa has a trade surplus although the share of this domain in total cultural goods trade is relatively small.

[17] For the Audio-visual and Interactive Media domain 2014-2016 averages are used. See Note 16 above.

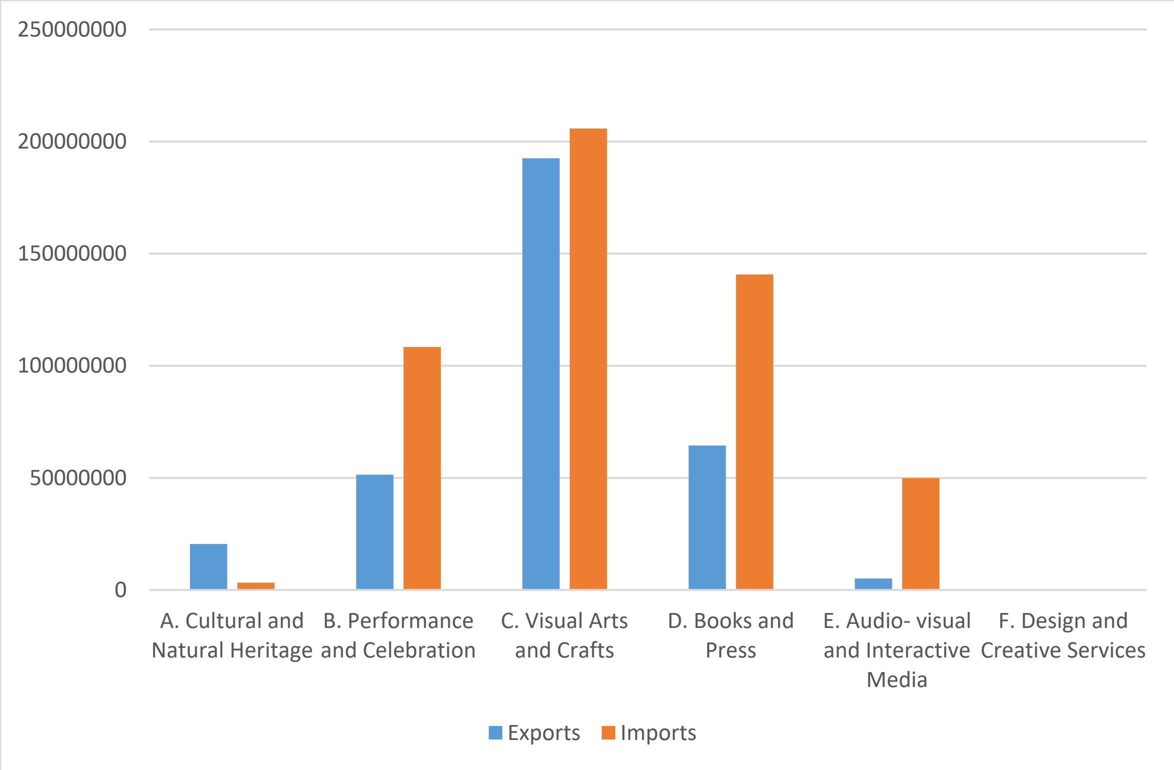

Figure 6: South Africa's total exports and imports by domain: 2015-2017 averages (US$)
Note: 2014-2016 averages for the Audio-visual and Interactive Media domain (see Note 10)
(Source: Authors' computations based on data from UN Comtrade, 2018)

5.2 The growth and structure of South Africa's cultural goods trade with selected AfCFTA countries

Table 1 depicts South Africa's total cultural goods exports to and imports from each of the selected partner countries, together with total bilateral trade with each partner, in current US$ thousands. The trade balance in cultural goods and total bilateral trade is also provided. The nominal trade figures are averages for 2015-2017 due to the lumpy nature of the bilateral trade data. The table also indicates the shares of cultural trade in total bilateral trade between South Africa and each country for selected years. The partner countries are organised in the table into three different groups: those that are SADC members (Botswana, Namibia and Zambia), those that are not SADC members but are part of the TFTA between SADC, COMESA and the EAC (Egypt, Ethiopia and Kenya), and finally non-TFTA countries that are potential AfCFTA partners for South Africa (Ghana, Nigeria and Tunisia) (see Section 4.2). Recall that Botswana and Namibia are also part of a customs union with South Africa (SACU) that has been in existence in one form or another for over a hundred years (see Section 3).

Table 1: South Africa's cultural goods trade with selected African partner countries

		US$ thousands			Percentage shares in total bilateral trade					
		SA exports	**SA imports**	**Balance**		**culexp%**			**culimp%**	
SADC members		**2015-2017 averages**			**2013**	**2015**	**2017**	**2013**	**2015**	**2017**
Botswana	*Cultural*	11965.0	5747.8	6217.3	0.35	0.30	0.32	1.41	1.31	1.49
	Total bilateral	*3893158.3*	*420032.6*	*3473125.7*						
Namibia	*Cultural*	23586.4	412.2	23174.2	0.65	0.67	0.55	0.06	0.06	0.07
	Total bilateral	*3750161.0*	*587934.4*	3162226.6						
Zambia	*Cultural*	5629.5	31.0	5598.5	0.26	0.24	0.27	0.03	0.01	0.01
	Total bilateral	*2209092.8*	*203037.4*	*2006055.4*						
Non-SADC TFTA										
Egypt	*Cultural*	84.9	245.3	-160.4	0.06	0.06	0.04	0.25	0.99	0.02
	Total bilateral	*169452.9*	*86627.6*	*82825.3*						
Ethiopia	*Cultural*	165.2	6.15	159.0	0.13	0.24#	0.45	0.03	0.12	0.07
	Total bilateral	*71783.7*	*8417.5*	*63366.2*						
Kenya	*Cultural*	1998.6	317.5	1681.1	0.34	0.26	0.29	0.73	2.96	1.70
	Total bilateral	*640527.1*	*18797.3*	*621729.8*						
Non-TFTA AfCFTA*										
Ghana	*Cultural*	729.1	74.4	654.7	0.20	0.33	0.15	0.01	0.44	0.11
	Total bilateral	*343818.6*	*30105.1*	*313713.5*						
Nigeria	*Cultural*	932.9	184.9	748.0	0.25	0.15	0.20	0.01	0.01	0.01
	Total bilateral	*505750.5*	*2271712.6*	*-1765962.1*						
Tunisia	*Cultural*	1.39	0.29	1.10	0.02	0.01	0.02	0.004	0.0004	0.003
	Total bilateral	*12284.4*	*23500.1*	*-11215.7*						
World	*Cultural*	331711.3	485433.7	-153722.4	0.27	0.37	0.41	0.62	0.60	0.54
	Total trade	*80881381.6*	*81094845.6*	*-213464.0*						

(Source: Authors' computations based on nominal trade data from UN Comtrade, 2018)
Notes:
culexp% is the share of cultural exports in total bilateral exports from South Africa to that partner country
culimp% is the share of cultural imports in total bilateral imports into South Africa from that partner country
**Non-TFTA potential AfCFTA partners*
#2016 figure

Unsurprisingly, in absolute terms and for the countries under study, South Africa’s cultural goods exports are highest to Namibia (US$23.6mn) and Botswana (US$11.96mn) (its customs union partners), followed by Zambia (US$5.6mn) which is in the SADC FTA with South Africa. This reinforces the point made by Disdier et al. (2010) that trade in cultural goods tends to be higher between countries with a shared language and long-standing historical and cultural ties. Cultural exports from South Africa to Kenya (TFTA), Nigeria (non-TFTA) and Ghana (non-TFTA) are the next largest in absolute terms. South Africa’s cultural exports to the remaining three countries are low in absolute terms and almost negligible in the case of Tunisia. Cultural goods imports are highest from Botswana (US$5.7mn), Namibia (US$0.4mn) and Kenya (US$0.3mn), followed by Egypt, Nigeria and Ghana. Cultural imports are very low in absolute terms from Zambia, Ethiopia and Tunisia (see Table 1). On the whole, cultural goods imports are much lower than exports in absolute terms, so that South Africa runs a cultural goods trade surplus with all the countries under study except for Egypt.[18] The cultural trade surplus is highest in absolute terms with Namibia, followed by Botswana and Zambia, all members of the SADC FTA.[19]

When the percentage shares of cultural trade in total bilateral trade with each country are considered (rather than absolute cultural trade values), the picture becomes more nuanced. In all cases, cultural goods exports from South Africa to its African partners are a small fraction (less than 0.60 percent) of total bilateral exports to that partner. Furthermore, only in the case of Namibia and, interestingly, Ethiopia, does the share of cultural exports in total bilateral exports (0.55% and 0.45% respectively in 2017) exceed the share of cultural exports in South Africa's total commodity exports (0.41% in 2017) (see Table 1).

On the import side, cultural goods imports into South Africa from its African partners are generally an even smaller fraction (less than 0.11 percent) of total bilateral imports from that partner than on the export side, with some exceptions. These are the cases of Kenya and Botswana (for all three years shown in Table 1) and Egypt and Ghana (for 2015). Furthermore, for Kenya and Botswana, South Africa's share of cultural imports in total bilateral imports from that partner (1.70% and 1.49% respectively in 2017) noticeably exceeds South Africa's share of cultural imports in total commodity imports (0.54% in 2017).[20] This suggests that South Africa imports proportionately more cultural products from these countries (a) than it imports globally, and (b) than it exports to them, despite its cultural trade surplus with these countries in absolute terms. These are interesting findings given South Africa's general trade dominance on the continent.

In sum, in proportionate terms and based on recent bilateral trade flows of cultural goods, Namibia and Ethiopia are important export partners and Kenya, Botswana, Egypt and Ghana are important import partners (see Table 1).

[18] Visual Arts and Crafts imports from Egypt were very high in the sub-sector "Embroidery in the piece (excl. embroidery without visible ground), in strips/motifs, of man-made fibres" in three consecutive years (2013, 2014 and 2015). The 2015 figure affected the 2015-2017 average cultural imports from Egypt quite significantly.

[19] It is interesting to note that in total bilateral trade (as opposed to just total cultural trade), South Africa has a comfortable trade surplus with seven of the nine countries in the sample, the exceptions being Tunisia and the oil exporter Nigeria.

[20] This is also the case for Egypt in 2015 at 0.99% (see Note 18).

Table 2 depicts average annual growth rates of South Africa's cultural goods trade relative to total trade with selected African partner countries, based on nominal trade data from UN Comtrade (2018). These growth rates should be interpreted with caution because of (a) data gaps in some categories in the more disaggregated bilateral trade data, and (b) the small magnitude of some of the trade flows involved. For the latter, growth rates in Table 2 should be read together with the absolute trade values shown in Table 1.

Table 2: Average annual growth rates of South Africa's cultural goods trade relative to total bilateral trade with selected African partner countries

		SA exports (% growth)			SA imports (% growth)		
		2011-2013	**2013-2015**	**2015-2017**	**2011-2013**	**2013-2015**	**2015-2017**
SADC members							
Botswana	*Cultural*	-10.5	-13.1	0.4	-3.4	-12.9	6.0
	Total bilateral	*0.3*	*-5.3*	*-3.5*	*24.68*	*-9.74*	*-0.74*
Namibia	*Cultural*	-12.8	0.8	-15.6	-27.7	-11.4	36.8
	Total bilateral	*-0.6*	*-1.0*	*-7.3*	*-3.1*	*-14.0*	*28.4*
Zambia	*Cultural*		-10.0	4.8	31.6	-57.0	16.7
	Total bilateral	*6.8*	*-7.8*	*-1.2*	*-0.02*	*-26.3*	*5.1*
Non-SADC TFTA							
Egypt	*Cultural*	53.5	25.4	-7.4	12.3	121.9	-82.1
	Total bilateral	*-0.8*	*23.1*	*22.6*	*0.4*	*12.6*	*41.2*
Ethiopia	*Cultural*	52.5	-42.2	192.5	-52.5	93.8	-23.3
	Total bilateral	*44.4*	*1.2*	*-10.9*	*27.64*	*-4.06*	*-2.26*
Kenya	*Cultural*	2.8	-21.8	9.8	-9.4	74.7	-26.9
	Total bilateral	*-2.8*	*-9.9*	*4.6*	*2.00*	*-13.26*	*-3.43*
Non-TFTA AfCFTA*							
Ghana	*Cultural*	-6.1	20.0	-30.9	-30.9	40.4	1.9
	Total bilateral	*-2.3*	*-7.0*	*1.2*	*573.0*	*-84.8*	*107.6*
Nigeria	*Cultural*	-32.92	-30.53	-4.96	44.2	-11.7	-9.9
	Total bilateral	*1.0*	*-10.3*	*-18.7*	*7.6*	*-8.4*	*-24.8*
Tunisia	*Cultural*		-24.0	14.8	148.5	-70.0	151.7
	Total bilateral	*57.5*	*-4.9*	*-12.1*	*55.7*	*-7.1*	*5.4*
World	*Cultural*	2.6	7.0	10.3	1.4	-9.9	-7.0
	Total trade	*-6.2*	*-8.1*	*4.9*	*0.25*	*-9.02*	*-1.46*

(Source: Authors' computations based on nominal trade data from UN Comtrade, 2018)
Notes:
Growth rates should be treated with caution due to sparse/low bilateral trade in some categories
**Non-TFTA potential AfCFTA partners*

Focusing on the more recent period, cultural export growth from South Africa has been strongest to Ethiopia, Kenya and Zambia. Cultural export growth from South Africa to Egypt was strong in both earlier periods, and export growth also grew strongly to Ghana in 2013-

2015. In the case of Ethiopia and Egypt, this growth has been off a relatively low base. Generally, cultural export growth at the bilateral level does not display the consistent positive trend that can be seen in South Africa's total cultural goods exports globally (see Table 2).

Growth in cultural imports to South Africa at the bilateral level has been positive from Namibia, Zambia, Botswana and Ghana in the most recent period (2015-2017), as well as from Egypt, Ethiopia and Kenya in the previous period (2013-2015) (Table 2). This contrasts with the trend in South Africa's total cultural goods imports globally which has been one of negative average annual growth since 2013. Furthermore, growth in bilateral cultural imports exceeds growth in total bilateral imports from Namibia, Zambia and Botswana in 2015-2017, and Egypt, Ethiopia, Kenya and Ghana in 2013-2015. In the case of Zambia, Ethiopia and Ghana, this cultural import growth takes place off a relatively low base.[21]

For the purpose of policy formulation and the development of trade negotiation strategies it is important to gain some insight into the domains and sub-sectors driving bilateral cultural trade performance between South Africa and the selected African partner countries on both the export and import side. Table 3 depicts South Africa's cultural goods exports, imports and trade balance for each domain and partner. The data reflect 2015-2017 averages in thousands of US Dollars. The relative importance of different domains in bilateral cultural trade with each partner can be readily assessed from the table.

The most important domains for South Africa's cultural exports to the selected partner countries are Books and Press, Visual Arts and Crafts, and Performance and Celebration. On the import side, Visual Arts and Crafts, Books and Press, and Cultural and Natural Heritage are most prominent, although one of the most important domains for imports from Kenya and Ghana is Performance and Celebration.

Looking more closely at the larger bilateral trading relationships (those involving SADC member countries), exports to both Namibia and Botswana are highest in Books and Press, followed by Visual Arts and Crafts, then Performance and Celebration. Visual Arts and Crafts is also the most prominent domain for South Africa's imports from the two countries. While

[21] Although cultural goods trade with Tunisia has grown on both the export and import side for two of the three periods shown in Table 2, this growth is occurring from a negligible base and has therefore not been highlighted.

South Africa has a large trade surplus with Namibia in all three domains, it has a deficit with Botswana in Visual Arts and Crafts. On the other hand, South Africa has a small trade deficit with Namibia in the Cultural and Natural Heritage domain. Cultural trade with Zambia is a lot lower in absolute terms. Books and Press, Performance and Celebration, and Visual Arts and Crafts are, respectively, the most important export domains in South Africa's trade with Zambia. Books and Press and Cultural and Natural Heritage are the main import domains, although imports are very small. South Africa has a trade surplus in its cultural trade with Zambia across all domains for which data are available (see Table 3).

Table 3: South Africa's cultural goods exports, imports and trade balance by domain and partner

Cultural trade in US$1000s (2015-2017 averages)		A. Cultural and Natural Heritage	B. Performance and Celebration	C. Visual Arts and Crafts	D. Books and Press	E. Audio-visual and Interactive Media	F. Design and Creative Services	Total cultural trade A to F
SADC members								
Botswana	Cultural exports	0.805	1666.253	4136.433	5811.852	523.332	0.788	11965.019
	Cultural imports	0.793	26.715	5520.686	198.885	0.944	0.143	5747.755
	Cultural trade balance	*0.012*	*1639.538*	*-1384.252*	*5612.967*	*522.388*	*0.645*	*6217.264*
Namibia	Cultural exports	22.202	2958.489	6865.270	12990.813	747.728	1.900	23586.403
	Cultural imports	23.528	18.746	303.193	56.361	10.377	na	412.204
	Cultural trade balance	*-1.326*	*2939.743*	*6562.077*	*12934.452*	*737.351*	*na*	*23174.199*
Zambia	Cultural exports	21.951	1208.839	1164.437	3134.600	148.565	0.595	5629.465
	Cultural imports	10.326	6.080	3.422	11.079	0.150	na	30.957
	Cultural trade balance	*11.624*	*1202.760*	*1161.015*	*3123.521*	*148.415*	*na*	*5598.508*
Non-SADC TFTA								
Egypt	Cultural exports	0.001	35.000	24.744	25.178	na	na	84.922
	Cultural imports	0.819	2.616	216.236	25.919	na	na	245.316
	Cultural trade balance	*-0.818*	*32.385*	*-191.492*	*-0.741*	*na*	*na*	*-160.394*
Ethiopia	Cultural exports	na	19.546	83.801	61.400	1.279	na	165.173
	Cultural imports	1.093	0.458	3.415	1.549	na	na	6.151
	Cultural trade balance	*na*	*19.087*	*80.386*	*59.851*	*na*	*na*	*159.022*
Kenya	Cultural exports	3.285	525.259	308.568	1158.803	3.864	3.605	1998.597
	Cultural imports	0.431	119.874	106.497	90.581	0.673	na	317.464
	Cultural trade balance	*2.854*	*405.385*	*202.070*	*1068.222*	*3.191*	*na*	*1681.133*
Non-TFTA AfCFTA*								
Ghana	Cultural exports	3.421	176.320	190.764	341.636	28.104	0.516	729.111
	Cultural imports	0.126	20.978	45.950	6.808	1.924	na	74.419
	Cultural trade balance	*3.295*	*155.342*	*144.814*	*334.828*	*26.180*	*na*	*654.692*
Nigeria	Cultural exports	15.221	253.322	188.947	475.322	7.764	0.008	932.916
	Cultural imports	86.040	3.664	89.464	63.053	0.054	na	184.879
	Cultural trade balance	*-70.820*	*249.658*	*99.483*	*412.269*	*7.710*	*na*	*748.037*
Tunisia	Cultural exports	2.108	0.098	na	0.617	na	na	1.385
	Cultural imports	na	0.029	0.229	0.116	na	na	0.287
	Cultural trade balance	*na*	*0.070*	*na*	*0.502*	*na*	*na*	*1.098*
World	Cultural exports	20518.557	51459.073	192524.442	64389.769	2767.396	52.072	331711.309
	Cultural imports	3289.565	108386.227	205767.331	140738.342	27178.725	73.537	485433.727
	Cultural trade balance	*17228.992*	*-56927.154*	*-13242.889*	*-76348.573*	*-24411.329*	*-21.465*	*-153722.419*

(Source: Authors' computations based on nominal trade data from UN Comtrade, 2018)
na: Not available

As noted earlier, South Africa's bilateral cultural goods trade with Egypt and Ethiopia is much lower in absolute terms. However, it is interesting to note that South Africa has a cultural trade deficit with Egypt in three domains: Visual Arts and Crafts, Cultural and Natural Heritage, and Books and Press, although the latter two are very small. Cultural imports from Ethiopia are low in absolute terms across all domains, and South Africa has a trade surplus with Ethiopia in the domains for which data are available. South Africa's cultural trade with the remaining non-SADC TFTA country, Kenya, is more prominent. The same domains are important for both exports and imports (Books and Press, Performance and Celebration, and Visual Arts and Crafts), although these are much smaller on the import side, so South Africa has a consistent trade surplus in its cultural trade with Kenya.

Cultural trade with Ghana is relatively small but growing. The usual three domains are important for exports, while Visual Arts and Crafts and Performance and Celebration show up on the import side. South Africa maintains a trade surplus with Ghana across all domains for which data are available. Nigeria is important for the same sectors on the export side. Visual Arts and Crafts, Cultural and Natural Heritage, and Books and Press are important on the import side. Although imports are low in absolute terms, South Africa displays a deficit in its Cultural and Natural Heritage trade with Nigeria.

It is interesting to compare South Africa's bilateral trade balances by domain with its global trade balances by domain (Table 3). South Africa's largest cultural trade deficits with the world are in Books and Press and Performance and Celebration. However, with the exception of a negligible deficit in Books and Press with Egypt, South Africa has cultural trade surpluses with its African partners in these two domains. In addition, the country also generally runs a trade surplus in its bilateral trade in Visual Arts and Crafts (except with Botswana and Egypt), but has a trade deficit in this domain in its total cultural trade with the world. Books and Press, Performance and Celebration, and Visual Arts and Crafts are thus potential domains in which South Africa may wish to promote exports to the continent further (its offensive interests), in order to reduce its overall trade deficit globally.

Finally, it has been noted that the only domain for which South Africa has a trade surplus in its total cultural trade globally is Cultural and Natural Heritage (see Section 5.1 and Table 3). Yet in its trade with Namibia, Egypt and Nigeria, South Africa has a deficit in the trade of Cultural and Natural Heritage products. Furthermore, its surplus with Botswana in this domain is negligible, and is also low for a number of other partner countries.[22] This domain may be a defensive interest for South Africa in the AfCFTA trade negotiations.

More generally speaking, analysis at the sub-sector level within the various domains is needed when negotiating cultural trade agreements. This is particularly the case for domains which consist of a number of wide-ranging sub-domains, such as Visual Arts and Crafts. This aspect is considered further in Section 5.3.

5.3 Intra-industry trade in cultural products

The discussion on the most important domains in bilateral trade in cultural products between South Africa and the selected African partner countries suggests some potential for growth in intra-industry trade in cultural products. Recall that intra-industry trade refers to two-way trade or overlapping trade within a particular product category and is associated with higher value added trade and lower adjustment costs to trade expansion within a regional grouping (see Section 4.3).

Table 4: South Africa's intra-industry trade (simple Grubel-Lloyd indices) and cultural trade by domain and partner

[22] Domains E and F have not featured much in the discussion. Both are poorly captured in product trade data which underscores the growing importance of measuring and recording cultural services trade (see Cattaneo and Snowball, 2018). In the case of Audio-visual and Interactive Media (Domain E), South Africa has small trade surpluses with the partners for which data are available but a relatively large deficit globally. There is little bilateral data for Design and Creative Services (Domain F).

IIT in percent Cultural trade in US$1000s		A. Cultural and Natural Heritage	B. Performance and Celebration	C. Visual Arts and Crafts	D. Books and Press	E. Audio-visual and Interactive Media	F. Design and Creative Services	Total cultural trade A to F
SADC members								
Botswana	IIT	99.25	3.16	85.67	6.62	0.36	30.72	64.90
	Cultural trade	*1.597*	*1692.968*	*9657.119*	*6010.737*	*524.275*	*0.931*	*17712.774*
Namibia	IIT	97.10	1.26	8.46	0.86	2.74	na	3.44
	Cultural trade	*45.730*	*2977.235*	*7168.463*	*13047.174*	*758.105*	*1.900*	*23998.608*
Zambia	IIT	63.99	1.00	0.59	0.70	0.20	na	1.09
	Cultural trade	*32.277*	*1214.919*	*1167.859*	*3145.679*	*148.715*	*0.595*	*5660.422*
Non-SADC TFTA								
Egypt	IIT	0.24	13.91	20.54	98.55	na	na	51.43
	Cultural trade	*0.820*	*37.616*	*240.980*	*51.097*	*na*	*na*	*330.239*
Ethiopia	IIT	na	4.58	7.83	4.92	na	na	7.18
	Cultural trade	*1.093*	*20.004*	*87.216*	*62.949*	*1.279*	*na*	*171.324*
Kenya	IIT	23.20	37.16	51.32	14.50	29.67	na	27.41
	Cultural trade	*3.716*	*645.133*	*415.065*	*1249.385*	*4.537*	*3.605*	*2316.061*
Non-TFTA AfCFTA*								
Ghana	IIT	7.10	21.27	38.82	3.91	12.81	na	18.52
	Cultural trade	*3.547*	*197.298*	*236.714*	*348.444*	*30.028*	*0.516*	*803.530*
Nigeria	IIT	30.06	2.85	64.27	23.42	1.38	na	33.08
	Cultural trade	*101.261*	*256.986*	*278.411*	*538.375*	*7.818*	*0.008*	*1117.795*
Tunisia	IIT	na	45.06	na	31.56	na	na	34.36
	Cultural trade	*2.108*	*0.127*	*0.229*	*0.733*	*na*	*na*	*1.673*
World	IIT	27.63	64.39	96.68	62.78	18.48	82.91	81.19
	Cultural trade	*23808.122*	*159845.301*	*398291.774*	*205128.110*	*29946.121*	*125.608*	*817145.036*

(Source: Authors' computations based on nominal trade data from UN Comtrade, 2018)
na: Index cannot be computed due to missing data on the export or import side or both

Table 4 depicts South Africa's IIT by domain and partner, based on average trade flows for 2015-2017 from UN Comtrade (2018), subject to data availability. The IIT indices in this table are measured using the simple Grubel-Lloyd index (see Section 4.3), to facilitate comparability with a recent SACO trade report (Cattaneo and Snowball, 2018) on South Africa's cultural trade with its BRICS partners. As noted in Section 4.3, the index ranges from 0 to 100 percent, with higher values indicating greater overlapping trade within a particular domain. Table 4 also includes cultural trade in absolute terms by domain and partner because sectors may have high IIT indices but insignificant bilateral trade flows in absolute terms.[23]

The results for South Africa's total cultural trade (shown in the bottom section of Table 4) generally reinforce the findings of Cattaneo and Snowball (2018: 36) which found intra-industry trade for 2014-2016 exceeding 30% in all domains except Audio-visual and Interactive Media. In fact, the improved trade balance by domain in South Africa's total cultural goods trade in 2015-2017 is reflected in higher simple Grubel-Lloyd indices than in

[23] For example, exports of US$60 and imports of US$40 for a given sector yield an IIT index of 80 percent. While this signals high two-way trade within the sector, the absolute level of trade is insignificant.

the earlier study. This is particularly evident for Visual Arts and Crafts (96.68%, up from 81.4%), Performance and Celebration (64.39% versus 56.5%), and Books and Press (62.78%, up from 56.3%) (Table 4 and Cattaneo and Snowball, 2018:36). These are also the domains for which total cultural trade is highest. By contrast, for the Cultural and Natural Heritage domain, the IIT index in global trade is slightly lower in 2015-2017 at 27.63%, compared to 32.6% in 2014-2016.[24] This finding reinforces the conclusion of Section 5.2 that Cultural and Natural Heritage (Domain A) is of strategic interest to South Africa, despite its relatively smaller trade value compared to Domains B to E). This is particularly the case since it is the only domain with an overall trade surplus in global trade but a number of deficits in bilateral trade with the sample partner countries.

Intra-industry trade between South Africa and the selected African countries varies significantly by domain and partner (Table 4). IIT in total bilateral cultural trade (Domains A to F) is highest with Botswana (64.9%) and Egypt (51.43%), followed by Nigeria (33.08%) and Kenya (27.41%). Of these countries, bilateral cultural trade flows are most important with Botswana in absolute terms, although Kenya and Nigeria are also significant (see Section 5.2). Overall intra-industry trade in cultural products is very low with Namibia and Zambia, despite their importance as cultural trading partners on the continent. This reflects the significant trade surplus in cultural good trade that South Africa has with these two countries (see Table 3).

At the domain level, in the case of domains with noteworthy bilateral trade, IIT is high at 85.67% with Botswana in Visual Arts and Crafts. In addition, IIT is significant at 51.32% with Kenya in Visual Arts and Crafts and at 37.16% with Kenya in Performance and Celebration.[25] IIT is also noteworthy in Visual Arts and Crafts with Nigeria (64.27%) and Ghana (38.82%). This domain has the highest simple Grubel-Lloyd index in South Africa's total cultural trade (96.68%) reflecting the more balanced trade in this sector (see Tables 3 and 4). IIT is high with Egypt in Books and Press (98.55%) although the level of bilateral trade is comparatively low.

The other domain in which IIT indices are high bilaterally with a number of countries (Botswana, Namibia, Zambia and, to a lesser extent, Nigeria) is Cultural and Natural Heritage.

[24] The simple Grubel-Lloyd IIT index is sensitive to the value of the trade balance at the domain or sector level (Greenaway and Milner, 1983). The trade-weighted IIT index reported in Table 5 adjusts for this factor.
[25] Note, however, that cultural trade flows in absolute terms are much lower in the case of South Africa and Kenya compared to South Africa and Botswana, although they are not insignificant compared to bilateral flows between South Africa and the other countries in the sample.

Although trade flows are not especially large in this domain at the bilateral level, this is a sector that South Africa could look at in terms of export promotion to improve its trade balance with some of its African partner countries (see Section 5.2). Finally, there is some degree of two-way trade between South Africa and Kenya in Audio-visual and Interactive Media, but this is a sector where bilateral trade flows are very low or poorly recorded.

Cattaneo and Snowball (2018: 36) found little IIT at the domain level between South Africa and its BRICS partners, with the exception of Visual Arts and Crafts with Brazil (30.9% in 2014-2016) and Cultural and Natural Heritage with China (41.5% in 2014-2016). It is interesting to note that IIT appears to be more extensive in South Africa's trade with a number of African partner countries than with its BRICS partners.

Measures of intra-industry trade based on the simple Grubel-Lloyd IIT index are affected by the trade balances in each domain and should ideally take account of the relative importance (trade weights) of the different sub-sectors that make up trade flows at the domain level (Greenaway and Milner, 1983; UNCTAD and WTO, 2012). This can be achieved by computing trade-weighted Grubel-Lloyd indices for each domain by aggregating IIT indices computed at the HS 6-digit level using product trade shares within that domain as weights (see Section 4.3). The results of these calculations are given in Table 5.

Table 5: South Africa's intra-industry trade (trade-weighted Grubel-Lloyd indices) by domain and partner

IIT in percent	A. Cultural and Natural Heritage	B. Performance and Celebration	C. Visual Arts and Crafts	D. Books and Press	E. Audio-visual and Interactive Media	F. Design and Creative Services
SADC members						
Botswana	88.65	3.53	15.40	6.64	0.36	30.72
Namibia	97.05	1.11	8.39	0.87	2.74	na
Zambia	35.43	1.82	0.88	0.87	0.20	na
Non-SADC TFTA						
Egypt	0.12	2.71	0.27	82.79	na	na
Ethiopia	na	2.22	1.02	4.75	na	na
Kenya	20.52	37.03	22.05	7.46	29.67	na
Non-TFTA AfCFTA						
Ghana	7.10	2.79	19.05	4.12	12.81	na
Nigeria	30.06	2.97	16.91	23.17	1.38	na
Tunisia	na	18.97	na	22.84	na	na
World	9.89	28.02	49.66	57.75	18.46	82.91

(Source: Authors' computations based on nominal trade data from UN Comtrade, 2018)
na: Index cannot be computed due to missing data on the export or import side or both

The more sub-sectors there are in a given domain, the more the unweighted and weighted IIT indices in Tables 4 and 5 could differ. This is because overlapping trade is now measured at the narrower sub-sector level *within* each domain, rather than at the aggregate domain level. The IIT indices for Visual Arts and Crafts and Performance and Celebration have the greatest number of sub-sectors (49 and 19 respectively), and so they can potentially be much lower once the importance or weight of each sub-sector is taken into account. This is particularly the case for Visual Arts and Crafts which consists of a large number of sub-domains. On the other hand, Cultural and Natural Heritage has only two sub-sectors, so the weighted indices are likely to be more similar to the unweighted ones.

The Visual Arts and Crafts domain consists of five sub-domains, namely Painting, Other Visual Arts, Craft, Jewellery and Photography, each with their own sub-sectors. The importance of taking account of trade weightings in broad domains like Visual Arts and Crafts is best exemplified by the case of Botswana. The unweighted IIT index between South Africa and Botswana is 85.67% (Table 4), suggesting a high degree of two-way trade for the Visual Arts and Crafts domain. However, once matching takes place at the sub-sector level, the index falls to 15.4% (Table 5). This means that South Africa and Botswana produce and trade very different sub-categories of Visual Arts and Crafts. A closer examination of Botswana's exports in this category shows that just three HS 6-digit sub-sectors in different sub-domains account for most of Botswana's exports to South Africa in Visual Arts and Crafts. An investigation of cultural trade at the sub-domain level, particularly for sectors such as Craft or Jewellery, would be a useful area for future research.

5.4 Import tariffs on CCI product categories in South Africa's trade with selected partners

As noted in Section 3, tariffs are just one of a range of factors affecting cross-border trade in cultural products. This section focuses on South Africa's import tariffs on CCI product categories for SADC countries and non-SADC potential AfCFTA partner countries in the light of the country's WTO commitments and its main regional and bilateral trade agreements. This provides an insight into South Africa's defensive interests in the AfCFTA negotiations.[26] South

[26] As explained in Section 3, a comprehensive analysis of South Africa's market access on the export side, for cultural product categories into non-SADC AU countries, requires a separate study on tariff and non-tariff barriers faced by South Africa into these countries individually, as well as on the existing preferences and provisions of RECs in other parts of the AU.

Africa's existing tariffs provide an indication of which of the 85 HS 6-digit sub-sectors that are part of cultural goods trade are considered to be sensitive sectors.

South Africa's tariff schedule (SARS, 2018) sets out the tariffs applicable on imports from different groups of countries for various HS categories and sub-categories, according to South Africa's main trade agreements. Appendix 3 provides the authors' compilation of the tariffs applicable to South Africa's imports in the 85 CCI product categories, extracted from SARS (2018). The column headed "SADC" applies to imports from South Africa's partners in the SADC FTA. In terms of the sample of countries in the present study, this column would apply to Zambia. Although Botswana and Namibia are also part of the SADC FTA, imports from these two countries enter South Africa duty-free in any event, under the SACU Agreement.[27]

South Africa applies the tariffs in the column headed "General" to imports from countries not covered by a tariff preference arrangement. These are effectively the existing MFN[28] tariffs, which would currently apply to imports from the remaining six countries in the present study (Egypt, Ethiopia, Kenya, Ghana, Nigeria and Tunisia). Once the TFTA tariff phasedown begins, SARS will be notified by the dti to adjust the general tariffs for Egypt, Ethiopia and Kenya accordingly (the dti, 2018). Only when the AfCFTA tariff negotiations have been completed and the agreement ratified by a sufficient number of countries would the MFN tariffs be adjusted for the non-TFTA countries.

It is important to note at the outset that, of the 85 HS 6-digit sub-sectors that are classified as part of cultural goods trade, 46 are already duty-free across the board (see Appendix 3). This means that South Africa already applies no import tariffs to 54% of product lines identified as cultural goods trade from any country, including the non-SADC countries Egypt, Ethiopia, Kenya, Ghana, Nigeria and Tunisia. CCI imports into South Africa in these categories are all duty-free. This includes the whole of Domain A (Cultural and Natural Heritage), Domain E (Audio-visual and Interactive Media) and Domain F (Design and Creative Services), as well as almost all of Domain B (Performance and Celebration) and Domain D (Books and Press). The picture for Domain C (Visual Arts and Crafts) is more complicated, and is discussed further

[27] Recall that the SACU Agreement is a deeper regional integration agreement (in the form of a customs union with a common external tariff) among a subset of SADC countries, including South Africa (see Section 3).
[28] Recall that MFN ("most-favoured nation") tariffs are those that apply in trade with WTO partners. Although most AU countries are WTO members, a number just have observer status at this stage (see Appendix 2). However, this does not apply to any of the selected countries in the present study.

below. Note that the absence of tariffs does not mean that there are no other import barriers to trade in these product categories. There may be regulations and a range of non-tariff barriers to trade that affect CCI imports.[29]

In the case of SADC, all 85 cultural product trade categories are tariff free. This means that cultural goods imports into South Africa from the rest of SADC attract no duties under the SADC FTA. Zambia therefore has duty-free access into the South African market for its cultural products. The same applies to Botswana and Namibia as part of both the customs union and the SADC FTA.

South Africa has important trade agreements with the EU and EFTA (see Section 3). Under these agreements 63 out of the 85 HS 6-digit cultural product lines are duty-free. The other 22 product lines attract significantly lower tariffs than the MFN rate. This means that the EU and EFTA have a noticeable margin of preference over South Africa's non-SADC African trading partners. Put differently, the EU and EFTA countries have significantly greater market access into the South African market for their cultural products than non-SADC African countries. How this changes following the implementation of the tariff phasedown schedules of first the TFTA and then the AfCFTA will depend on the offers South Africa makes in these cultural products categories during the ongoing trade negotiations. As far as the TFTA is concerned, it has been noted that South Africa's tariff negotiations with the EAC (which includes Kenya) and separately with Egypt are near completion.

In assessing which cultural product sub-sectors may be considered most sensitive it is instructive to look at the "General" tariff column in Appendix 3. Tariffs on cultural goods categories range from 5% to 30%. It has been noted that all sub-sectors in Domains A, E and F are duty free. In Domain B, one "Magnetic media" sub-sector attracts a tariff, which at 5% is at the lower end of the range. In Domain D, there are tariffs of 15% on just two product lines (Printed cards and Calendars). Most tariffs on cultural imports into South Africa can be found in Domain C (Visual Arts and Crafts) which has the largest number of sub-sectors (49) grouped into five sub-domains.

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[29] The RECs involved in the TFTA (SADC, EAC and COMESA) have initiated a non-tariff barrier (NTB) reporting facility and dispute resolution mechanism. This can be found at www.tradebarriers.org. One useful avenue for further research would be to investigate whether any NTBs have been notified in the cultural product trade categories.

The higher tariffs in the Visual Arts and Crafts domain can be mostly found in the Craft, Jewellery and Other visual arts sub-domains. The Other visual arts category contains the highest CCI tariffs: 30% on two product lines, “Statuettes & other ornaments, of wood” and “Wood marquetry & other wood articles”. The textiles, fabrics and embroidery sub-categories of Craft mostly attract tariffs of between 20% and 25%. Finally, most of the Jewellery sub-sectors attract tariffs of 20%. In sum, the most sensitive cultural products from a trade perspective appear to be in textiles, wood products and jewellery sub-sectors. This reinforces the importance of more detailed research on the various sub-domains of Visual Arts and Crafts (see Section 5.3). Furthermore, this information should be taken into account from a policy perspective, particularly in terms of South Africa’s defensive interests in the ongoing trade negotiations for the AfCFTA. On the other hand, it should be reiterated that the EU and EFTA have a significant margin of preference in these sensitive sectors compared to the non-SADC AU countries. This should be borne in mind when considering the goals of the AU Agenda 2063 and South Africa’s own support for a model of development integration on the continent.

5.5 Identifying trade potential with selected countries using the trade complementarity index

The discussion in Sections 5.2 and 5.3 of this report focused on the *current* extent and trends in bilateral cultural trade between South Africa and the selected African partner countries. As explained in Section 4.4, *potential* trade in cultural products between South Africa and these partners can be measured using trade complementarity indices (TCIs). TCIs measure trade potential in the sense that they are not computed on the basis of existing bilateral trade data between the two countries; instead they examine the overlap between the structure of one country’s exports to the world and another country’s imports from the world, and vice versa.

South Africa’s Export TCI with Kenya, for example, compares the extent to which the structure of South Africa’s exports to the world matches the structure of Kenya’s imports from the world. At the same time, South Africa’s Import TCI with Kenya compares the structure of South Africa’s imports from the world with the structure of Kenya’s exports to the world. As noted in Section 4.4, for each of South Africa’s bilateral relationships, two TCIs are computed: one on the export side and one on the import side.

Table 6 shows the results of the computation of South Africa's TCIs with each of the partner countries under consideration in the present study. These computations are based on average trade flows for 2015-2017 in most instances.[30] Furthermore, the measures are based on the trade shares of all 85 HS 6-digit sub-sectors identified as part of cultural goods trade. As indicated in Section 4.4, TCIs (like IIT indices) are highly sensitive to the level of aggregation of the data. It is important not to compute the TCIs on the basis of data that is too aggregated. To illustrate this, and for comparative purpose, Table 7 depicts the results of the computation of TCIs based on the trade shares of just the 13 cultural sub-domains (rather than the 85 sub-sectors).

The TCI ranges in value from 0 to 100%. The higher the index, the greater the potential for increased trade if a trade agreement is formed between the two countries. Kollamparambil (2017) explains that where South Africa's Export TCI is relatively high, the partner country provides a potential import demand for South Africa's (cultural) exports. On the other hand, where South Africa's Import TCI is relatively high, South Africa provides a potential source of import demand for the partner country's (cultural) exports.

Table 6: Trade complementarity indices for cultural goods trade between South Africa and selected African partner countries (%) based on 85 HS 6-digit cultural product sub-sectors

					Partner				
	Botswana	**Namibia**	**Zambia**	**Egypt**	**Ethiopia**	**Kenya**	**Ghana**	**Nigeria**	**Tunisia**
SA's export TCI	39.12	39.64	31.03	24.46	21.84	35.27	26.85	27.28	19.73
SA's import TCI	20.90	19.22	23.13	23.91	43.63	36.41	32.08	26.90	25.53

(Source: Authors' computations based on average trade flows for 2015-2017 from UN Comtrade, 2018)

Table 7: Trade complementarity indices for cultural goods trade between South Africa and selected African partner countries (%) based on 13 cultural sub-domains

					Partner				
	Botswana	**Namibia**	**Zambia**	**Egypt**	**Ethiopia**	**Kenya**	**Ghana**	**Nigeria**	**Tunisia**
SA's export TCI	48.23	57.22	34.71	40.99	38.91	39.41	37.02	33.20	25.96
SA's import TCI	42.19	27.04	44.58	32.84	80.86	43.95	55.24	27.30	39.99

(Source: Authors' computations based on average trade flows for 2015-2017 from UN Comtrade, 2018)

Table 6 indicates that South Africa's Export TCI is highest in the case of Botswana and Namibia. The structure of South Africa's cultural goods exports to the world matches best with the structure of Namibia and Botswana's cultural goods imports from the world, out of the nine partner countries. This is followed by Kenya and Zambia. Note, however, that the values of the

[30] Where data were missing for one of these years, the 2014 data are included in the trade averages.

indices are comparatively low, at 39.12% with Botswana, 39.64% with Namibia, 35.27% with Kenya and 31.03% with Zambia. This in part reflects the high level of disaggregation of the data, with the indices computed on the basis of 85 sub-sectors in Table 6. Unsurprisingly, South Africa's Export TCIs are higher in Table 7, where the indices are based on 13 sub-domains[31] rather than 85 sub-sectors. At the sub-domain level, there is a higher match between South Africa's export structure in its global CCI trade and the partner country's import structure in its global CCI trade. Botswana, Namibia and Kenya remain important, as in Table 6, but at the more aggregated sub-domain level there is now a more significant match than previously between the structure of South Africa's cultural exports to the world and Egypt's cultural imports from the world (see Table 7). Ethiopia and Ghana also become relatively more important than Zambia at the sub-domain level. It appears that there is potential for South Africa to increase its cultural good exports to a number of non-SADC African countries.

South Africa's Import TCI is, interestingly, highest in the case of Ethiopia and Kenya in Table 6. This suggests that the structure of South Africa's cultural good imports from the world matches best with the structure of Ethiopia and Kenya's cultural good exports to the world, out of the nine partner countries. This is based on more disaggregated data underlying Table 6. At the sub-domain level, in Table 7, the match with Ethiopia becomes very high, at over 80%. Kenya remains relatively important, while matches with Ghana, Zambia and Botswana become quite significant. Overall, there seems to be a lot of trade potential in terms of South Africa's imports of cultural goods from the countries in the sample. This reinforces the results of the share analysis in Section 5.2.

6. Conclusions and Recommendations

The objective of this report was to examine South Africa's cultural trade with selected SADC and non-SADC African countries for the period 2007 to 2017 with reference to the current cultural policy environment at the AU and at the regional level affecting such trade. Such a study is important in the context of the 2018 launch of the Agreement to Establish the African Continental FTA. The report explored the growth and structure of South Africa's total cultural goods trade, updating the trends outlined in a previous study by Cattaneo and Snowball (2018).

[31] The 13 sub-domains are: A. Antiques, B. Musical instruments, B. Recorded media, C. Paintings, C. Other visual arts, C. Craft, C. Jewellery, C. Photography, D. Books, D. Newspaper, D. Other printed matter, E. Film and video, F. Architecture and design (UNESCO, 2009).

Cultural policy documents and plans affecting cultural trade and the protection of cultural diversity were examined to highlight the debates on the promotion of cultural trade and the protection of cultural heritage and artefacts.

The report then examined bilateral cultural trade between South Africa and the selected African partner countries, including the trade balance with each partner, shares of cultural trade in total bilateral trade, growth rates and the pattern of intra-industry trade by domain. This gave an indication of sectors and domains which may be of interest to South Africa in the AfCFTA market access negotiations. The structure of South Africa's tariffs on cultural imports from the partner countries was also investigated. The results, summarised further below, provide information on domains and sectors in which South Africa may wish to be more defensive in the negotiations. Finally, the report computed trade complementarity indices for South Africa's trade in cultural products with selected African partner countries in order to assess the potential for increased trade with these countries on formation of the AfCFTA.

The main findings of the study are as follows.

- South Africa's trade deficit in overall cultural goods trade has narrowed markedly since 2014, diminishing even further in 2017 due to the accelerating growth of cultural goods exports coupled with weak or negative import growth. Strong export growth in the Visual Arts and Craft domain contributed to this trend, together with the lacklustre import performance of Books and Press and Audio-visual and Interactive Media, two domains that are increasingly affected by digitisation.
- South Africa's total cultural good export growth has outstripped total commodity export growth since 2011.
- The trade deficit by domain in South Africa's total cultural goods trade has improved markedly in Visual Arts and Crafts. Cultural and Natural Heritage is the only domain with an overall trade surplus in total cultural goods trade, although the absolute level of trade in this domain is comparatively small.
- Of the countries under study, South Africa's cultural goods exports are highest in absolute terms to Namibia and Botswana, followed by Kenya, Nigeria and Ghana; cultural goods imports are highest from Botswana, Namibia and Kenya, followed by Egypt, Nigeria and Ghana.

- South Africa runs a cultural goods trade surplus with all countries in the study except for Egypt; the highest surpluses are with Namibia, Botswana and Zambia, all SADC members.
- When bilateral cultural trade is considered as a proportion of total bilateral trade between South Africa and each partner country, Namibia and Ethiopia are the most important export partners while Kenya, Botswana, Egypt and Ghana become the most significant import partners in share terms.
- In the case of Kenya and Botswana, South Africa imports proportionately more cultural products from these countries (a) than it imports globally and (b) than it exports to them (despite a trade surplus in absolute terms).
- Cultural export growth has been highest to Ethiopia, Kenya and Zambia, while import growth has been positive from Namibia, Zambia, Botswana and Ghana.
- Books and Press, Visual Arts and Crafts, and Performance and Celebration are the most important export domains for South Africa to the selected African partner countries, while Visual Arts and Crafts, Books and Press, and Cultural and Natural Heritage are the most prominent import domains bilaterally.
- Trade balances by domain differ in South Africa's bilateral trade with the selected African countries compared to its total cultural trade globally. While South Africa has notable trade deficits in Books and Press, Performance and Celebration, and Visual Arts and Crafts globally, the country generally has trade surpluses in these domains in its bilateral trade with the African countries under study. The main exception is South Africa's deficit in Visual Arts and Crafts with Botswana. South Africa's offensive interests in the trade negotiations may therefore be to promote exports into the African market more resolutely in these domains to reduce its global deficit further.
- On the other hand, South Africa has a surplus in its cultural trade globally in the Cultural and Natural Heritage domain, but bilateral trade deficits or weak surpluses with Namibia, Egypt, Nigeria and Botswana in this domain. This may be a sector in which South Africa's interest should be more defensive in the trade negotiations.
- South Africa's simple intra-industry trade indices by domain and partner reflect generally low IIT with Namibia and Zambia. IIT is significant in Visual Arts and Crafts with Botswana (85.67%), Kenya (51.32%), Nigeria (64.27%) and, to a lesser extent, Ghana (38.82%). Other domains where IIT is significant, such as Cultural and Natural Heritage, have lower absolute trade flows.

- IIT at the domain level appears to be more extensive in South Africa’s trade with a number of African partners than with its BRICS partners. African markets are an important destination for South Africa’s manufactured exports, so this is an important finding from an industrial policy perspective.
- Trade-weighted IIT indices that take account of the relative importance of the different sub-sectors within each domain suggest that it is important to investigate cultural trade in larger domains like Visual Arts and Crafts at the sub-domain level, particularly for Jewellery, Craft and Other visual arts.
- This is reinforced by the finding that the highest tariffs (of between 20% and 30%) imposed by South Africa on CCI imports are found in these sub-domains, particularly in wood articles, textile and jewellery sub-sectors. These sub-sectors can thus be considered to be sensitive sectors and form part of South Africa’s defensive interests in the trade negotiations.
- On the other hand, the EU and EFTA have a significant margin of preference over non-SADC AU countries in these sensitive sectors due to existing trade agreements. This should be taken into account by South Africa, especially considering the country’s support for a model of development integration on the continent.
- Trade complementarity indices that compare the structure of South Africa’s cultural exports to the world with the structure of a partner country’s cultural imports from the world and vice versa suggest scope for South Africa to increase its cultural goods trade with a number of non-SADC African countries on formation of the AfCFTA.

In the light of these findings, the report makes the following recommendations and suggestions for further research.

- In the trade negotiations on the AfCFTA, the profile of cultural goods trade should be raised, particularly since South Africa’s industrial policy framework emphasises the promotion of higher value added products in general and manufacturing exports in particular. Domains that form part of South Africa’s offensive interests include Books and Press, Visual Arts and Crafts, and Performance and Celebration. Export promotion in these domains will benefit South Africa’s overall trade balance globally. A more defensive stance may be taken with AU partners on Cultural and Natural Heritage products, given the bilateral trade deficits South Africa experiences in this sector. However, this domain is already duty-free across the board in terms of tariffs.

- In addition, particular sub-sectors within Visual Arts and Crafts identified as sensitive sectors in the report should also form part of South Africa's defensive interests. This does not mean that tariffs should be raised on these products. Rather, a cautious approach to regional liberalisation should be taken in these sub-sectors.
- More comprehensive bilateral goods trade data are needed at the HS 6-digit level in order to provide a fuller picture of the cultural trading relationships between South Africa and its non-SADC AU partners. In this regard, mirror data may be used to verify individual country data sources. Bilateral relations in the cultural sector between South Africa and a number of non-SADC AU countries could be investigated further in the light of the findings of this study. These countries include Kenya in particular, but also Ethiopia and Ghana.
- In the light of the growing importance of digitisation, and its impact on particular sub-domains like film, music and books, the development of a bilateral services trade database for services sectors in which cultural trade is important on the continent should be prioritised.
- The CCIs in South Africa should work closely with Trade Invest Africa at the dti which is tasked with coordinating and supporting economic initiatives with a reach into Africa from various sectors in the economy. Established in 2016, Trade Invest Africa provides South African industries wishing to expand across the continent with access to capital, market access facilitation and other non-financial support. The initiative is aligned with South Africa's Industrial Policy Action Plan and the development integration approach to economic integration on the continent.
- Further detailed research is needed from a trade perspective into the largest cultural domains, particularly Visual Arts and Crafts. Sub-domains such as Jewellery, Craft and Other visual art are important in this regard in the light of the findings of this study.
- As noted in Section 3, a comprehensive analysis of South Africa's market access for cultural product categories into non-SADC AU countries on the export side requires a separate study on tariff and non-tariff barriers faced by South Africa into these countries individually. In addition, existing preferences and provisions of RECs in other parts of the AU (other than eastern and southern Africa) should be examined. Data from the ITC and the TFTA's non-tariff barriers reporting facility, as well as the REC websites would provide a rich source of data for such a study.

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Appendix 1: Cultural goods trade: 2007 Harmonised System codes and descriptions

Domain		**HS 2007**	**Description**
A. Cultural and Natural Heritage	Antiques	970500	Collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic or numismatic interest
		970600	Antiques of an age exceeding one hundred years
B. Performance and Celebration	Musical Instruments	830610	Bells, gongs and the like
		920110	Upright pianos
		920120	Grand pianos
		920190	Harpsichords and other keyboard stringed instruments (excl. pianos)
		920210	Other string musical instruments (for example violins, harps) played with a bow
		920290	Guitars, harps and other string musical instruments (excl. with keyboard and those played with a bow)
		920510	Brass wind instruments (for example, clarinets, trumpets bagpipes)
		920590	Wind musical instruments (excl. brass- wind instruments)
		920600	Percussion musical instruments (for example drums, xylophones, cymbals, castanets, maracas)
		920710	Keyboard instruments other than accordions
		920790	Accordians and musical instruments without keyboards, the sound of which is produced, or must be amplified, electrically
		920810	Musical boxes
		920890	Fairground organs, mechanical street organs, mechanical singing birds, musical saws and other musical instrument; decoy calls of all kinds; whistles, call horn and other mouth blown sound signalling instruments
	Recorded Media	852321	Cards incorporating a magnetic strip
		852329	Magnetic media for the recording of sound or of other phenomena (excl. cards incorporating a magnetic stripe and goods of chapter 37)

		852351	Solid-state non-volatile storage devices
		852359	Semiconductor media, unrecorded, for the recording of sound or of other phenomena
		852380	Gramophone records and other media for the recording of sound or of other phenomena, whether or not recorded, incl. matrices and masters for the production of discs
		490400	Music, printed or in manuscript, whether or not bound or illustrated
C. Visual Arts and Crafts	Paintings	970110	Paintings, drawings and pastels, executed entirely by hand, other than drawings of heading 4906 and other than hand- painted or hand- decorated manufactured articles, collages and similar decorative plaques
		970190	Collages and similar decorative plaques
		491191	Pictures, designs and photographs2
	Other visual arts	970200	Original engravings, prints and lithographs
		970300	Original sculptures and statuary, in any material
		392640	Statuettes and other ornamental articles in plastic
		442010	Statuettes and other ornaments, of wood
		442090	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; wooden articles of furniture
		691310	Statuettes and other ornamental ceramic articles of porcelain or China
		691390	Statuettes and other ornamental ceramic articles, n.e.s. (excl. of porcelain or china)
		701890	Glassware articles including statuettes
		830621	Statuettes and other ornaments, of base metal plated with precious metal
		830629	Statuettes and other ornaments, of base metal, not plated with precious metal (excl. works of art, collectors' pieces and antiques)
		960110	Worked ivory and ivory articles
		960190	Bone, tortoiseshell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials (including articles obtained by moulding)
	Craft	580500	Hand-woven tapestries of the type Gobelins, Flanders, Aubusson, Beauvais and the like and needle-worked tapestries

		580610	Narrow woven fabrics: Woven pile fabrics (including terry towelling and similar terry fabrics) and chenille fabrics
		580620	Narrow woven fabrics: Other woven fabrics, containing by weight 5% or more of lastomeric yarn or rubber thread
		580631	Narrow woven fabrics: Other woven fabrics of cotton
		580632	Narrow woven fabrics: Other woven fabrics of man-made fibres
		580639	Narrow woven fabrics: Other woven fabrics of other textile materials
		580640	Fabrics consisting of warp without weft assembled by means of and adhesive (bolducs)
		580810	Braids in the piece; ornamental trimmings in the piece, without embroidery; other than knitted or crocheted
		580890	Other braids in the piece; ornamental trimmings in the piece, without embroidery; other than knitted or crocheted
		580900	Woven fabrics of metal thread and woven fabrics of metallised yarn of heading 5605 of a kind used in apparels as furnishing fabrics or for similar purposes
		581010	Embroidery in the piece, in strips or in motifs without visible ground
		581091	Embroidery in the piece, in strips or in motifs: Other embroidery of cotton
		581092	Embroidery in the piece, in strips or in motifs: Other embroidery of man-made fibres
		581099	Embroidery in the piece, in strips or in motifs: Other embroidery of other textile materials
		581100	Quilted textile products in the piece
		600240	Knitted or crocheted fabrics of a width not exceeding 30 cm, containing by weight 5% or more of lastomeric yarn but not containing robber thread
		600290	Other knitted or crocheted fabrics of a width not exceeding 30 cm, containing by weight 5% or more of lastomeric yarn or robber thread
		600310	Knitted or crocheted fabrics of a width not exceeding 30 cm of wool or fine animal hair
		600320	Knitted or crocheted fabrics of a width not exceeding 30 cm of cotton
		600330	Knitted or crocheted fabrics of a width not exceeding 30 cm of synthetic fibres
		600340	Knitted or crocheted fabrics of a width not exceeding 30 cm of artificial fibres
		600390	Other knitted or crocheted fabrics of a width not exceeding 30 cm

		600410	Knitted or crocheted fabrics, of a width exceeding 30 cm containing by weight 5% or more of lastomeric yarn but not containing robber thread
		600490	Other knitted or crocheted fabrics, of a width exceeding 30 cm containing by weight 5% or more of lastomeric yarn or robber thread
	Jewellery	711311	Articles of jewellery and parts thereof of silver, whether or not plated or clad with other precious metal
		711319	Articles of jewellery and parts thereof of other precious metal, whether or not plated or clad with precious metal
		711320	Articles of jewellery and parts thereof of base metal clad with precious metal
		711411	Articles of goldsmiths' or silversmiths' wares and parts thereof of silver, whether or not plated or clad with other precious metal
		711419	Articles of goldsmiths' or silversmiths' wares and parts thereof of other precious metal, whether or not plated or clad with precious metal
		711420	Articles of goldsmiths' or silversmiths' wares and parts thereof of base metal clad with precious metal
		711610	Articles of natural or cultured pearls
		711620	Articles of precious or semi-precious stones (natural, synthetic or reconstructed)
	Photography	370510	Photographic plates and film, exposed and developed, other than cinematographic film for offset reproduction
		370590	Photographic plates and film, exposed and developed (excl for offset production)
D. Books and Press	Books	490110	Printed reading books, brochures, leaflets and similar printed matter whether in single sheets whether or not folded
		490191	Dictionaries and encyclopaedias and serial instalments thereof
		490199	Printed books, brochures and similar printed matter
	Newspaper	490210	Newspapers, journals and periodicals, whether or not illustrated or containing advertising material appearing at least four times a week
		490290	Other newspapers, journals and periodicals
	Other Printed Matter	490300	Children's picture, drawing or colouring books

		490591	Maps and hydrographical or similar charts of all kinds in book form
		490510	Maps and hydrographical or similar charts of all kinds in globes
		490599	Other maps and hydrographical or similar charts of all kinds
		490900	Postcards, printed or illustrated; printed greeting cards
		491000	Calendars of any kind, printed, including calendar blocks
E. Audiovisual & Interactive Media	Film and Video	370610	Cinematograph film, exposed and developed whether or not incorporating soundtrack or only consisting of sound track of a width of 35 mm or more
		370690	Cinematographic film, exposed and developed, whether or not incorporating soundtrack or consisting only of soundtrack, width < 35 mm
		950410	Video games used with a television receiver
F. Design and Creative Services	Architecture & Design	490600	Plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes, being originals drawn by hand; hand-written texts; photographic reproductions on sensitised paper and carbon copies of the foregoing

Source: UNESCO (2009: 65-69)

Appendix 2: AU countries: income per capita, LDC status, market size, membership of eastern and southern African regional groupings and the WTO

AU country	WB (UN) Classification	GDP per capita US$ (2016)†	GDP US$bn (2016)†	COMESA	EAC	SADC	SACU	WTO
Algeria	UMC	3916	159.049					
Angola	UMC (LDC)§	3308	95.335			*		*
Benin	LIC (LDC)	789	8.583					*
Botswana	UMC	6924	15.581			*	*	*
Burkina Faso	LIC (LDC)	627	11.693					*
Burundi	LIC (LDC)	285	3.007	*	*			*
Cameroon	LMC	1374	32.217					*
Cape Verde	LMC	2997	1.617					*
Central African Rep	LIC (LDC)	382	1.756					*
Chad	LIC (LDC)	664	9.601					*
Comoros	LIC (LDC)	775	0.617	*				
Congo	LMC	1528	7.834					*
Cote d’Ivoire	LMC	1535	36.373					*
DRC	LIC (LDC)	449	35.382	*		*		*
Djibouti	LMC (LDC)	1862	1.727	*				*
Egypt	LMC	3477	332.791	*				*
Equatorial Guinea	UMC	8747	10.685					
Eritrea	LIC (LDC)	582	2.608	*				
Ethiopia	LIC (LDC)	706	72.374	*				
Gabon	UMC	7179	14.214					*
Gambia	LIC (LDC)	473	0.965					*
Ghana	LMC	1513	42.690					*
Guinea	LIC (LDC)	661	8.200					*
Guinea-Bissau	LIC (LDC)	641	1.165					*
Kenya	LMC	1455	70.529	*	*			*

Lesotho	LMC (LDC)	1039	2.291			*	*	*
Liberia	LIC (LDC)	455	2.101					*
Libya	UMC	5602	34.699	*				
Madagascar	LIC (LDC)	401	10.001	*		*		*
Malawi	LIC (LDC)	300	5.433	*		*		*
Mali	LIC (LDC)	779	14.035					*
Mauritania	LMC (LDC)	1102	4.739					*
Mauritius	UMC	9631	12.168	*		*		*
Morocco	LMC	2893	103.606					*
Mozambique	LIC (LDC)	382	11.015			*		*
Namibia	UMC	4415	10.948			*	*	*
Niger	LIC (LDC)	364	7.528					*
Nigeria	LMC	2176	404.653					*
Rwanda	LIC (LDC)	703	8.376	*	*			*
Saharawi ADR	na	na	na					
Sao Tome & Principe	LMC (LDC)	1715	0.343					
Senegal	LIC (LDC)	953	14.684					*
Seychelles	NOC	15076	1.427	*		*		*
Sierra Leone	LIC (LDC)	505	3.737					*
Somalia	LIC (LDC)	434	6.217	*				
South Africa	UMC	5275	295.456			*	*	*
South Sudan	LIC (LDC)	759	9.015		*			
Sudan	LMC (LDC)	2415	95.584	*				
eSwatini	LMC	2770	3.721	*		*	*	*
Tanzania	LIC (LDC)	878	47.340		*	*		*
Togo	LIC (LDC)	579	4.400					*
Tunisia	LMC	3689	42.063	*				*
Uganda	LIC (LDC)	580	24.079	*	*			*
Zambia	LMC (LDC)	1270	21.064	*		*		*
Zimbabwe	LIC	1029	16.620	*		*		*

Appendix 3: The structure of South Africa's tariffs on cultural goods imports at the HS 6-digit level

Dom	HS code	HS3 Description (HS2007)	General	EU	EFTA	SADC
A01	970500	Collections & collectors' pieces of zoological/botanical/mineralogical/anatomical/historical/archaeological/palaeontological/ethnographic/numismatic interest	free	free	free	free
A02	970600	Antiques of an age > one hundred years	free	free	free	free
B01	830610	Bells, gongs & the like, non-electric, of base metal	free	free	free	free
B02	920110	Upright pianos, incl. auto. pianos	free	free	free	free
B03	920120	Grand pianos, incl. auto. pianos	free	free	free	free
B04	920190	Harpsichords & other keyboard stringed instr. (excl. pianos)	free	free	free	free
B05	920210	String musical instr. (e.g., violins, cellos) played with a bow	free	free	free	free
B06	920290	String musical instr. (e.g., guitars, harps) n.e.s. in 92.02	free	free	free	free
B07	920510	Brass-wind musical instr. (e.g., trumpets, trombones)	free	free	free	free
B08	920590	Other wind musical instruments (eg. clarinets, trumpets, bagpipes), other than Brass-wind instruments.	free	free	free	free
B09	920600	Percussion musical instr. (e.g., drums, xylophones, cymbals, castanets, maracas)	free	free	free	free
B10	920710	Keyboard instr. other than accordions, the sound of which is produced/must be amplified, electrically	free	free	free	free
B11	920790	Musical instr. (excl. keyboard instruments other than accordions), the sound of which is produced/must be amplified, electrically	free	free	free	free
B12	920810	Musical boxes	free	free	free	free
B13	920890	Fairground organs, mechanical street organs, mechanical singing birds, musical saws,other musical instrm not falling within any other heading of this Ch.; decoy calls of all kinds; whistles, call horns & other mouth-blown sound signalling instr.	free	free	free	free
B14	852321	Magnetic media for the recording of sound/of other phenomena, but excl. products of Ch. 37., cards incorporating a magnetic stripe	5%	free	free	free
B15	852329	Magnetic media for the recording of sound/of other phenomena, but excl. products of Ch. 37., other than cards incorporating a magnetic stripe	free	free	free	free
B16	852351	Semi-conductor media, solid-state non-volatile storage devices, for the recording of sound/of other phenomena, but excl. products of Ch. 37.	free	free	free	free
B17	852359	Other semi-conductor media, for the recording of sound/of other phenomena, but excl. products of Ch. 37., other than Smart Cards & Solid-state non-volatile storage devices	free	free	free	free

B18	852380	Discs, tapes, solid-state non-volatile storage devices, smart cards & other media for the recording of sound/of other phenomena, whether/not recorded, incl. matrices & masters for the production of discs, but excl. products of Ch.37., other n.e.s.	free	free	free	free
B19	490400	Music, printed/in manuscript, whether/not bound/illustrated	free	free	free	free
C01	970110	Paintings, drawings & pastels, executed entirely by hand (excl. drawings of 49.06 & other than hand-painted/hand-decorated manufactured articles)	free	free	free	free
C02	970190	Collages & similar decorative plaques	free	free	free	free
C03	491191	Pictures, designs & photographs	free	free	free	free
C04	970200	Original engravings, prints & lithographs	free	free	free	free
C05	970300	Original sculptures & statuary, in any material	free	free	free	free
C06	392640	Statuettes & other ornamental articles, of plastics & other materials of 39.01-39.14	20%	free	free	free
C07	442010	Statuettes & other ornaments, of wood	30%	free	free	free
C08	442090	Wood marquetry & inlaid wood; caskets & cases for jewellery/cutlery, & similar articles, of wood; wooden articles of furniture not falling in Ch.94	30%	free	free	free
C09	691310	Statuettes & other ornamental ceramic articles, of porcelain/china	free	free	free	free
C10	691390	Statuettes & other ornamental ceramic articles (excl. of porcelain/china)	free	free	free	free
C11	701890	Articles of glass beads, imitation pearls, imitation precious/semi-precious stones; glass eyes other than prosthetic articles; statuettes & other ornaments of lamp-worked glass, other than imitation jewellery;	free	free	free	free
C12	830621	Statuettes & other ornaments, of base metal plated with precious metal	free	free	free	free
C13	830629	Statuettes & other ornaments, of base metal (excl. of 8306.21)	free	free	free	free
C14	960110	Worked ivory & articles of ivory	free	free	free	free
C15	960190	Worked, bone, tortoise-shell, horn, antlers, coral, mother-of-pearl & other animal carving material, & articles of these materials (excl. ivory), incl. articles obt. by moulding	free	free	free	free
C16	580500	Hand-woven tapestries of the type Gobelins, Flanders, Aubusson, Beauvais & the like, & needle-worked tapestries (e.g., petit point, cross stitch), whether/not made up	20%	12%	12%	free
C17	580610	Narrow woven pile fabrics (incl. terry towelling & similar terry fabrics) & chenille fabrics, other than goods of 58.07	22%	13.2%	10%	free
C18	580620	Narrow woven fabrics (excl. of 5806.10), containing by weight 5%/more of elastomeric yarn/rubber thread, other than goods of 58.07	22%	13.2%	10%	free
C19	580631	Narrow woven fabrics (excl. of 5806.10 & 5806.20), other than goods of 58.07, of cotton	22%	13.2%	10%	free
C20	580632	Narrow woven fabrics (excl. of 5806.10-5806.31), other than goods of 58.07, of man-made fibres	22%	13.2%	10%	free
C21	580639	Narrow woven fabrics (excl. of 5806.10-5806.32), other than goods of 58.07, of other textile materials	22%	13.2%	10%	free
C22	580640	Narrow woven fabrics consisting of warp without weft assembled by means of an adhesive (bolducs)	free	free	free	free

C23	580810	Braids in the piece	22%	13.2%	10%	free
C24	580890	Ornamental trimmings in the piece, without embroidery (excl. knitted/crocheted; tassels, pompons & similar articles)	22%	13.2%	10%	free
C25	580900	Woven fabrics of metal thread & woven fabrics of metallised yarn of 56.05, of a kind used in apparel/as furnishing fabrics/for similar purposes, n.e.s. in Ch.58	free	free	free	free
C26	581010	Embroidery in the piece, without visible ground, in strips/motifs	free/22%	free/13.2%	free/10%	free
C27	581091	Embroidery in the piece (excl. embroidery without visible ground), in strips/motifs, of cotton	free/22%	free/13.2%	free/10%	free
C28	581092	Embroidery in the piece (excl. embroidery without visible ground), in strips/motifs, of man-made fibres	free/22%	free/13.2%	free/10%	free
C29	581099	Embroidery in the piece (excl. embroidery without visible ground), in strips/motifs, of textile materials other than cotton/man-made fibres	free/22%	free/13.2%	free/10%	free
C30	581100	Quilted textile products in the piece, composed of one/more layers of textile materials assembled with padding by stitching/othw., other than embroidery of 58.10	free/25%	free/15%	free/10%	free
C31	600240	Knitted/crocheted fabrics of a width not > 30 cm, containing by weight 5 %/more of elastomeric yarn but not containing rubber thread, other than those of heading 60.01.	22%	13.2%	10%	free
C32	600290	Other Knitted/crocheted fabrics of a width not > 30 cm, other than those of heading 60.01 & 6002.40	22%	13.2%	10%	free
C33	600310	Knitted/crocheted fabrics of wool/fine animal hair, a width not > 30 cm, other than those of heading 60.01/60.02.	22%	13.2%	10%	free
C34	600320	Knitted/crocheted fabrics of cotton, a width not > 30 cm, other than those of heading 60.01/60.02.	22%	13.2%	10%	free
C35	600330	Knitted/crocheted fabrics of synthetic fibres, a width not > 30 cm, other than those of heading 60.01/60.02.	22%	13.2%	10%	free
C36	600340	Knitted/crocheted fabrics of artificial fibres, a width not > 30 cm, other than those of heading 60.01/60.02.	22%	13.2%	10%	free
C37	600390	Knitted/crocheted fabrics other than of wool/fine animal hair/cotton/synthetic fibres/ artificial fibres, of a width not > 30 cm, other than those of heading 60.01/60.02.	22%	13.2%	10%	free
C38	600410	Knitted/crocheted fabrics of a width >30cm, containing by weight 5%/more of elastomeric yarn/rubber thread but not containing rubbr thread (excl. of 60.01)	22%	13.2%	10%	free
C39	600490	Knitted/crocheted fabrics of a width >30cm, containing by weight 5%/more of elastomeric yarn/rubber thread (excl. of 60.01 & 6004.10)	22%	13.2%	10%	free
C40	711311	Articles of jewellery & parts thereof , of silver, whether/not plated/clad with other precious metal	20%	free	free	free
C41	711319	Articles of jewellery & parts thereof , of other precious metal (excl. silver), whether/not plated/clad with precious metal	20%	free	free	free
C42	711320	Articles of jewellery & parts thereof , of base metal clad with precious metal	20%	free	free	free
C43	711411	Articles of goldsmiths'/silversmiths' wares & parts thereof , of silver, whether/not plated/clad with other precious metal	free/20%	free	free	free
C44	711419	Articles of goldsmiths'/silversmiths' wares & parts thereof , of other precious metal (excl. silver), whether/not plated/clad with precious metal	free/20%	free	free	free
C45	711420	Articles of goldsmiths'/silversmiths' wares & parts thereof , of base metal clad with precious metal	free/20%	free	free	free

C46	711610	Articles of natural/cultured pearls	20%	free	free	free
C47	711620	Articles of precious/semi-precious stones (natural/synthetic/reconstructed)	20%	free	free	free
C48	370510	Photographic plates & film, exposed & developed (excl. cinematographic film), for offset reproduction	10%	free	free	free
C49	370590	Photographic plates & film, exposed&developed, other than cinematographic film (excl. of 3705.10)	10%/free	free	free	free
D01	490110	Printed books, brochures, leaflets & similar printed matter, in single sheets, whether/not folded	free	free	free	free
D02	490191	Dictionaries & encyclopaedias, & serial instalments thereof	free	free	free	free
D03	490199	Printed books, brochures, leaflets & similar printed matter (excl. dictionaries & encyclopaedias, & serial instalments thereof), other than those in single sheets	free	free	free	free
D04	490210	Newspapers, journals & periodicals, whether/not illustrated/containing advertising material, appearing at least 4 times a week	free	free	free	free
D05	490290	Newspapers, journals & periodicals, whether/not illustrated/containing advertising material, other than those appearing at least 4 times a week	free	free	free	free
D06	490300	Children's picture/drawing/colouring books	free	free	free	free
D07	490510	Globes	free	free	free	free
D08	490591	Maps & hydrographic/similar charts of all kinds, incl. atlases, topographical plans, printed, in book form	free	free	free	free
D09	490599	Maps & hydrographic/similar charts of all kinds, wall maps, topographical plans & globes, printed, other than in book form	free	free	free	free
D10	490900	Printed/illustrated postcards; printed cards bearing personal greetings/messages/announcements, whether/not illustrated, with/without envelopes/trimmings	15%	free	free	free
D11	491000	Calendars of any kind, printed, incl. calendar blocks	15%	free	free	free
E01	370610	Cinematographic film, exposed & developed, whether/not incorporating sound track/consisting only of sound track, of a width of 35mm/more	free	free	free	free
E02	370690	Cinematographic film, exposed & developed, whether/not incorporating sound track/consisting only of sound track, of a width of <35mm	free	free	free	free
E03	950410	Video games of a kind used with a television receiver	free	free	free	free
F01	490600	Plans & drawings for architectural, engineering, industrial, commercial, topographical/similar purposes, being originals drawn by hand; hand-written texts; photographic reproductions on sensitised paper & carbon copies of the foregoing	free	free	free	free

APPROVALS FOR THE SOUTH AFRICAN CULTURAL OBSERVATORY – South Africa's cultural goods trade with Africa: policies and trade potentials in the context of the African Continental Free Trade Area Agreement – December 2018				
	NAME	**TITLE**	**SIGNATURE**	**DATE**
Submitted and approved on behalf of the South African Cultural Observatory:	Unathi Lutshaba	SACO Executive Director		14/12/2018
Approved by:	Mphikeleli Mnguni	DAC SACO Project Manager		
Approved by:	Charles Mabaso	Acting Deputy Director General		