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## Canada-South Africa trade relations on solid ground

By: Janice Healing

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Africa is a key investment and trade destination for Canadian firms, with the southernmost tip of the continent making its mark as a trading partner with Canada.

**Barbara Giacomini**, senior trade commissioner at the High Commission of Canada Trade Office in Johannesburg, tells *Mining Weekly* that Canada has a well-established trade relationship with South Africa.

"Although two-way merchandise trade between the two countries fell sharply in 2009 owing to the international financial crisis, it reached about \$1.2-billion in 2010, representing a 10% increase over 2009. Within sub-Saharan Africa, South Africa is Canada's third-largest trading partner, with Nigeria and Angola being the first two."

In 2010, Canadian merchandise exports to South Africa amounted to \$468.7-million, consisting primarily of machinery, cereals, electrical machinery, meat, salt, sulphur, earths and stone, and inorganic chemicals. Canadian merchandise imports from South Africa amounted to \$716-million and comprised mainly precious stones and metals, machinery, edible fruits and nuts, vehicles, beverages, and iron and steel.

Giacomini adds that statistics from Natural Resources Canada show that cumulative mining assets of Canadian companies in South Africa reached \$3.4-billion in 2010.

According to Statistics Canada, the stock of Canadian Direct Investment Abroad in South Africa reached just over \$1.6-billion in 2008, while foreign direct investment from South Africa to Canada was valued at \$652-million in 2010. However, these statistics do not include the announcement in late 2010 by South African energy and chemicals group Sasol that it would make two separate \$1-billion investments with the Canada-based Talisman Energy to acquire a 50% stake in two of their shalegas assets in British Columbia. This would form only the first stage of a planned \$8-billion to \$10-billion investment if a feasibility study supported the construction of a gas-to-liquid plant.

With regard to the strict black economic-empowerment (BEE) requirements related to investments in South Africa, MineAfrica VP **Wayne Floreani** tells *Mining Weekly* that Canadian miners are among the best in the world when it comes to good corporate social responsibility.

"They operate in the same manner in foreign countries as they do in Canada. That being said, BEE has not been the success that the South African government envisioned," says Floreani. "Part of the reason has been the lack of well-financed and experienced mining BEE partners for Canadian companies, complexity surrounding implementation, and issues regarding the transparency of the legislation, particularly vis-à-vis Ministerial discretion with the awarding of licences. The bigger issue today is, of course, the debilitating discussion of nationalising South Africa's mining industry."

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