Türkiye-South Africa Engagements:

A Policy Framework for Economic Cooperation

Hacer Atabaş, M. Said Duran, Kübra Duru, and Henry K. Mutale

AFRİKA VAKFI/FOUNDATION

Türkiye-South Africa Engagements:
A Policy Framework for Economic Cooperation

Hacer Atabaş, M. Said Duran, Kübra Duru, and Henry K. Mutale
Afrika Vakfı, Ağustos 2025

Kapak / Mizanpaj
Murat Mutluoğlu

Afrika Vakfı
E-Posta: info@afrikavakfi.org

"Bandrol Uygulamasına İlişkin Usul ve Esaslar Hakkında Yönetmeliğin 5'inci maddesinin 2'nci fıkrası çerçevesinde bandrol taşıması zorunlu değildir."

Türkiye-South Africa Engagements: A Policy Framework for Economic Cooperation

Hacer Atabaş, M. Said Duran, Kübra Duru, and Henry K. Mutale

AFRIKA
VAKFI/FOUNDATION

Executive Summary

Over the past three decades since the start of the official ties, Türkiye–South Africa relations have evolved into a multidimensional partnership underpinned by trade, investment, and strategic cooperation. Bilateral trade has leveled around $2 billion in the 2020s, hitting a peak of $3.29 billion in 2022, and the economic relations have been supported by mutual confidence reflected in the presence of more than 60 companies from each country investing and operating in the other. Türkiye's engagement in the region is demonstrated not only through the presence of official institutions relevant to its Africa policy but also through business associations and private sector offices in South Africa.

Both countries are committed to regional integration and connectivity, advancing these goals through participation in regional organizations and formal agreements. As active proponents of South–South Cooperation, they also play notable roles in promoting interregional trade. Over the past 30 years, during their integration into the global free-market economy, both have expanded and diversified their trade. Bilateral trade has grown from roughly half a million USD to around $2 billion, with South Africa maintaining a trade surplus. The scope of economic engagement could be broadened by increasing the role of manufacturing (e.g., mechanical appliances) alongside ICT, tourism, and health services.

Beyond flagship investors entering each other's markets through mergers and acquisitions, numerous SMEs continue to operate across both countries. These investments are recognized for their contributions to employment, technology transfer, and local development. Addressing certain regulatory and bureaucratic constraints—particularly in infrastructure projects—could unlock greater potential for joint ventures and co-financing.

Both countries, while politically resilient, face periodic challenges that can influence economic performance. Regional geopolitical sensitivities and domestic political fluctuations contribute to an environment of variable growth. Nevertheless, economic expansion and the diversification of partnerships remain strategic priorities for both governments. The 2000s and 2010s saw important milestones in bilateral economic cooperation through agreements and high-level meetings.

Post-apartheid South Africa has pursued a policy of just and inclusive domestic and international system, advancing platforms such as BRICS as symbols of the Global South's collective agency. Türkiye, in recent years, has also embraced its role in the Global South, advocating for balanced North–South relations. This shared vision creates a solid basis for closer cooperation in multilateral forums including BRICS, the G20, and the African Union.

However, business stakeholders note structural obstacles that continue to hinder progress. Organizational differences and bureaucratic complexities make market entry more difficult for Turkish businesses in South Africa. Moreover, the presence of transnational networks operating outside legitimate institutional frameworks, and perceived by Türkiye as directly undermining its national interests, have posed challenges for sustaining a reliable basis of trust and cooperation in bilateral business relations. Türkiye's own macroeconomic volatility also limits the full realization of bilateral opportunities. Strengthening business-to-business interaction and fostering a sense of partnership will require dedicated initiatives and platforms.

In this context, the report proposes six priority areas for action:

1. **Revitalizing Institutional Frameworks** – Transforming mutual goodwill and strategic intent into structured, institutionalized, and results-oriented cooperation.
2. **Enhancing Trade Complementarity Through Sectoral Alignment –** Addressing structural constraints in the broader economic context while unlocking untapped potential in bilateral trade.
3. **Expanding Partnerships in Investment and Infrastructure –** Overcoming institutional barriers to mobilize resources for infrastructure and investment-led growth.
4. **Fostering Human Capital Development and Technology Transfer –** Building skills and capacity to meet the demands of modern economies.
5. **Addressing Bureaucratic and Regulatory Obstacles –** Simplifying processes in customs, certification, and company establishment to improve the business climate.
6. **Leveraging Diaspora and Cultural Diplomacy –** Strengthening cultural connections and societal linkages to support economic and political ties.

The Türkiye–South Africa partnership stands as an example of Global South cooperation, grounded in mutual investment, policy alignment, and shared development goals. Through sustained political will, strengthened institutional mechanisms, and targeted sectoral initiatives, this relationship can advance further—delivering benefits not only to both nations but also to the wider Global South community.

Contents

1. Introduction

The year 2024 marked the 30th anniversary of the beginning of official diplomatic relations between South Africa and Türkiy[1]e. Over the years, this relationship has evolved into a strong economic alliance, with both nations emerging as significant trade partners within their respective regions. Notably, South Africa stands as Türkiye's largest trading partner in Sub-Saharan Africa, while Türkiye holds a prominent position as one of South Africa's key trade allies. A flourishing **trade volume, peaking at 3.29 billion US Dollars in 2022 and averaging around 2 billion USD** recently, reflects the depth of this collaboration. As value-added products gain traction in bilateral trade, the partnership's economic facet continues to strengthen. Beyond trade, the vibrant private sectors of both countries have ventured into direct investments, underpinned by a framework of mutual assistance, as evidenced by various agreements on business and economic collaboration. Moreover, Türkiye's broad engagement with Africa and South Africa's position as a hub in the continent promote not only economic growth but also comprehensive development. **Cultural exchanges, educational endeavors, and improved connectivity contribute** to the mutual benefits that accompany this long-standing alliance. The complexities and significance of this thriving South Africa-Türkiye relationship are thoroughly evaluated in this research.

This report based **on quantitative data** from sources such as the World Bank, International Trade Centre (ITC), and OECD with **qualitative insights** from expert interviews and **a webinar organized by the Africa Foundation,** aims to highlight the nuances of economic engagement between South Africa and Türkiye, and to explore the room for further improvement in bilateral relations. Quantitative analysis evaluates trade volumes, investment flows, and economic indicators over thirty years, while qualitative data provides context on challenges, opportunities, and prospects for collaboration. Through this integrated analysis, the study examines trade dynamics, emerging markets, and the role of investments in job creation and technological transfer, highlighting risks, benefits, and the impact of government policies. The findings are intended to **guide policymakers, business leaders, and academics in fostering sustainable and mutually beneficial economic relations between Türkiye and South Africa.**

The report begins with introducing the background of Türkiye-South Africa diplomatic and economic relations, emphasizing their trade volume and growing investments. Highlighting key agreements between the two countries, alongside mutual investments in sectors like mining, electronics, and textiles, the report continues with a review of

1 *Relations between Türkiye and South Africa trace back to the late Ottoman era, marked by consular representation and cultural-religious engagement in the 19th century (see Aydın, 2003). However, these ties lapsed during the 20th century and were only formally re-established in the 1990s.*

the regional and international economic relations of both countries, such as Türkiye's role in Eurasia through EU Customs Union and South Africa's leadership in SADC and SACU. Following this review, major export-import trends, bilateral trade volumes, and challenges in trade diversification for both nations are identified. As part of the dynamics of economic relations, the analysis focuses on FDI inflows and outflows, evaluating policies, investment climates, and sectoral opportunities. It continues with the reviews of Turkish and South African economic growth and compare GDP per capita trends over thirty years, analyzing structural reforms, global shocks, and economic challenges in their growth trajectories. Next, government policies and support are discussed to reveal Türkiye's African Opening Action Plan and South Africa's National Development Plan for their role in creating opportunities for deeper collaboration in trade, infrastructure, and investment. The report also assesses with the challenges and opportunities, including logistical deficiencies, skill shortages, unemployment, and barriers to bilateral trade and investments, while proposing solutions like deeper integration, infrastructure cooperation, and improved investment frameworks. Finally, the report concludes with the policy implications, recommendations, and conclusion sections based on all these analyses, offering strategies for overcoming constraints in the economic relations between Türkiye and South Africa and enhancing them.

2. Background and Foundations of Economic Relations

2.1. Overview of Economic Relations between South Africa and Türkiye

Over the past three decades of formal diplomatic relations, South Africa and Türkiye have built a robust and multidimensional partnership grounded in trade, investment, and strategic cooperation. By 2024, bilateral trade reached $1.99 billion, marking a contraction from the 2022 peak of $3.29 billion but underscoring the enduring significance of the relationship. Türkiye exported $653 million in goods to South Africa, while importing $1.34 billion, resulting in a trade deficit of nearly $691 million. According to TradeMap data, South Africa now stands as Türkiye's largest supplier from Sub-Saharan Africa and fourth among African partners overall, while Türkiye remains South Africa's second-largest export destination in Sub-Saharan Africa (after Nigeria) and seventh on the continent. Globally, Türkiye occupies a mid-tier position among South Africa's trading partners, outside the top tier dominated by China, the United States, Germany, and key African neighbors, yet notably ranks second among Eastern European suppliers.

The trade structure reflects a clear resource–manufacture complementarity. Based on TradeMap statistics, **South Africa's exports to Türkiye are led by vehicles** ($574.9m in 2024), **machinery, ores and minerals (particularly chromium), precious metals such as gold, and mineral fuels,** with secondary contributions from iron and steel, aluminum, and even arms and ammunition. **Türkiye, in turn, exports machinery and mechanical appliances, iron and steel, textiles and apparel, electrical machinery, plastics, and chemicals,** consolidating its role as a supplier of manufactured goods. This two-way exchange, where vehicles and machinery appear on both sides, demonstrates growing industrial interlinkages, while South Africa's natural resource exports highlight the complementarity that anchors this partnership.

BOX 2.1.A:

2024 Key Figures

- Total trade: $1.99 bn
- Türkiye's exports: $653 m
- South Africa's Export: $1.34 bn
    - South Africa's rank: 4th supplier to Türkiye in Africa (1st in Sub-Saharan Africa).
    - Türkiye's rank: 2nd supplier to South Africa in Eastern Europe.

The vibrant private sectors in both countries go beyond trading and have been involved in direct investment in one another's territory. **70 Turkish companies operate in South Africa** with more than **$600 million worth of investments** in mining, textile, consumer electronics, and communications (Isilow, 2023). **South Africa has 60 companies**

and 23.6 million USD worth of investments in Türkiye, which were involved in paper printing, packaging, plastic fabrication, and services sectors such as food and tobacco. In addition, significant mergers and takeovers took place, such as Turkish brand Arçelik's and DHT Holding Company's owning South African DEFY (house appliances company) and CISCO (iron/steel) respectively, and South Africa's Metair's operations in Türkiye.

The economic relations between Türkiye and South Africa based on official documents such as the Agreement for Mutual Assistance in Customs Administration (2009), the Trade and Economic Cooperation Agreement (2007), the Prevention of Double Taxation Agreement (2006), the Reciprocal Promotion and Protection of Investments Agreement (2005), and the Joint Economic Commissions that were held in 2007, 2012, and 2017 with the fourth commission being expected (Turkish Ministry of Trade, 2023). Although inter-parliamentary friendship groups were proposed to be also formed to elevate political relations, the South African parliament has yet to establish a group, while the Turkish Grand National Assembly has had since the last two election terms.

Türkiye is invested in building and enhancing bilateral and multilateral relations on the entire African continent. It has so far established embassies in 44 of the 54 African countries. As in Pretoria, Commercial Counselors have joined most of the embassies. Aside from the Türkiye-Africa Business and Economic Forum held every two years, Türkiye is keen on developing social and cultural relations through organizations such as

BOX 2.1.B:

Türkiye–South Africa Connectivity: Key Channels of Engagement

Economic Framework

- Agreements:
    - Reciprocal Promotion & Protection of Investments (2005)
    - Double Taxation Prevention (2006)
    - Trade & Economic Cooperation (2007)
    - Mutual Assistance in Customs Administration (2009)
- Joint Economic Commissions: Held in 2007, 2012, 2017; fourth expected.
- Business Platforms:
    - DEİK–South Africa Business Council (1997, with BBC & BUSA)
    - MÜSİAD branch in South Africa (2016)

Cultural & Educational Exchanges

- TİKA program office (Pretoria)
- Yunus Emre Institute (Johannesburg)
- Maarif Foundation school
- YTB scholarships (South African students in Türkiye)
- MoNE exchange initiative (Turkish students in South Africa)

Mobility & Connectivity

- Turkish Airlines direct flights
- Expanding tourism and student exchanges

Political Mechanisms

- Inter-parliamentary friendship groups exist in Türkiye's Grand National Assembly
- South Africa yet to establish a counterpart

Strategic Outcome

Enhanced human mobility, institutional linkages, and trade agreements are reinforcing bilateral ties, strengthening regional reputations, and deepening economic and diplomatic cooperation.

the TIKA, Yunus Emre Institute, Maarif Foundation, and Türkiye Scholarships by the Presidency for Turks Abroad and Related Communities. While Istanbul is a hub for flights all over Africa with Turkish Airlines, another national brand Anadolu Agency reports African news from the field and TRT Africa broadcasting in African languages such as Swahili and Hausa besides English and French. These efforts to increase connectivity promote not only economic growth but also human development in a mutual manner (Turkish Ministry of Foreign Affairs, 2023).

These ties with the African continent are also evident in the case of the Republic of South Africa, where TİKA operates a program coordination office, the Yunus Emre Institute runs a cultural center, and the Maarif Foundation maintains a school. In addition, as early as 1997, Türkiye's Foreign Economic Relations Board (DEİK), affiliated with the Ministry of Trade, established the Türkiye–South Africa Business Council in cooperation with South Africa's Black Business Council (BBC) and Business Unity South Africa (BUSA). Moreover, the Independent Industrialists' and Businessmen's Association (MÜSİAD), a business organization with significant influence and visibility in Türkiye, opened a branch in South Africa in 2016 to enhance economic engagement. Alongside Turkish Airlines' direct flights, the Ministry of National Education's initiative to send students to South Africa for education, and the Presidency for Turks Abroad and Related Communities' (YTB) scholarship programs attracting South African students to Türkiye, tourism and educational exchanges have intensified. Within this framework of connectivity, Türkiye–South Africa relations have expanded, and these steps—strengthening human mobility and inter-societal interaction—have supported both countries in gaining reputation in each other's regions.

2.2. Overview of South African and Turkish Regional and International Economic Relations

While geographical distance separates Türkiye and Southern Africa, their economic complementarities and the practical timing of trade flows can still foster mutual growth. Both countries also have the opportunity to benefit from the lower transaction costs of intraregional trade by deepening regional integration. There are means to promote cooperation to address existing challenges and enhance the advantages that both Türkiye and South Africa possess internally, in their bilateral relations, and within their respective regional frameworks.

Regional integration has become a significant response to fragmentation and a means for united actions towards similar economic and political objectives. The geopolitical location of Türkiye between Europe and Asia brings natural collaborations in political and economic matters. **Türkiye's involvement in the European Union's Customs Union, and Economic Cooperation Organization** display Türkiye's economic integration in Eurasia. In addition, Türkiye has signed **free trade agreements with 38 countries** –

23 of them being in force – and it has several other preferential trade agreements, which respond to the globalizing international trade regime.

As for South Africa, it has emerged as a leading country in regionalization efforts. Being the most developed country in the region with considerable industrialization and investment potential, South Africa led the establishment of the Southern African Development Community (SADC) in 1992 to promote equitable and sustainable development with deeper regional integration and cooperation among the fourteen Southern African member states. Another regional economic cooperation, the Southern African Customs Union (SACU), came into being with South Africa's initiation. External tariffs and custom revenues are shared and maintained, thus allowing coordination among SACU members. Furthermore, they systematize economic policies and trade decisions as a whole within the union. Alongside SADC and SACU, Rand Monetary Union also reinforces South Africa's role as a regional integrator.

	SADC	SACU	Rand Union
Year Established	1992 (as SADCC in 1980)	1910	Post-1970s CMA arrangement
Headquarters	Gaborone, Botswana	Windhoek, Namibia	N/A (monetary arrangement)
Key Features	Regional integration, socio-economic development, trade, political & security cooperation	World's oldest customs union, common external tariff (CET), free trade internally, revenue-sharing	Monetary integration, currencies pegged to the South African Rand
Members	16 countries (e.g., South Africa, Angola, Tanzania, Zimbabwe, etc.)	Botswana, Eswatini, Lesotho, Namibia, South Africa	South Africa, Eswatini, Lesotho, Namibia
			

Moreover, **South Africa** concluded **free trade agreements with the European Union (EU) and the European Free Trade Association (EFTA),** comprising Switzerland, Norway, Lichtenstein, and Iceland. The EU has provided 490 million Euros since 1976 from the European Development Fund to Southern Africa for trade liberalization and regional integration. The 1994 Berlin Declaration by the EU also helped SADC to improve **interregional dialogue.** In addition, the EU's particular attention to regionalization and provision of significant funds for regional cooperation shows that the SADC has had the extra-regional motivation of driving foreign investment and development assistance.

In line with the **EU's Comprehensive Strategy with Africa,** Economic Partnership Agreements (EPAs) support regional economic integration and the implementation of the **Africa-Europe Alliance for Sustainable Investment and Jobs,** trade being its central pillar. The EU-SADC Economic Partnership Agreement (EPA), signed in 2016 gave provision of access to the SACU policies and, product protection from full liberalization through sanction implementation and policy management. Furthermore, it has provided access to more products by the EU through the Southern African Customs Union exportation. This agreement safeguards product liberalization, thus positively influencing SADC-EPA countries. Moreover, with 6 out of 15 countries signed the EPA, tariff costs are removed on all EU imports.

A preferential trade agreement **(PTA) among SACU and Southern Common Market, Mercosur,** comprising Brazil, Argentina, Paraguay, and Uruguay entered into force in 2016. SACU also signed the Trade, Investment, and Development Co-operation Agreement (TIDCA) with the USA, which builds on the trade benefits offered under **the Africa Growth and Opportunity Act (AGOA)**. The PTA and TIDCA are cooperative trade agreements convening larger geographies. While the preferential trade agreements provide advantageous entry conditions for the partner countries to the South African market, the EU countries benefit from the most advantageous customs tax rates when importing to South Africa followed by the other SACU members. Moreover, the **African Continental Free Trade Agreement (AfCFTA)—the African Union's agreement on the free movement of goods, services, capital, and people**—became effective in 2020 and entered into force in 2021 in South Africa, completing a picture of regional integration.

BOX 2.2:

2025 AGOA Uncertainty

- Erosion of Preferences: New U.S. tariffs override AGOA benefits, sharply reducing South Africa's competitiveness.
- Expiration Risk: AGOA expires in Sept 2025, with no clear renewal framework.
- Strategic Reorientation: South Africa diversifies toward the EU, China, and intra-African markets (AfCFTA).
- Global Trade Fragmentation: U.S. protectionism underscores tensions between global liberalization and regionalization

Yet, the benefits of AGOA have recently been undermined by new U.S. tariff measures in 2025, which override South Africa's preferential access and introduce significant uncertainty ahead of AGOA's expiry in September 2025. The resulting decline in U.S. market competitiveness is pushing South Africa to diversify its trade strategy toward the EU, China, and intra-African markets under AfCFTA. This shift may reinforce Africa's broader regionalization agenda but also signals growing fragmentation in the global trade regime as protectionist pressures reshape South Africa's external economic alignments. While AGOA's uncertainty highlights the vulnerabilities of unilateral preferences, Türkiye's stable integration into the EU Customs Union demonstrates the resilience of structured regional frameworks. Strengthened South Africa–Türkiye ties could also contribute to diversifying South Africa's partnerships and anchoring trade in more predictable regional arrangements.

South Africa is **Africa's most preferred investment destination** for multinational companies which are interested in more other than export and import. The industrial infrastructure in South Africa is well-developed, and the country is considered the springboard to the rest of Africa with the enabling business environment, progressive financial services sector, extensive transport network, and investment support services. In addition, the one-stop-shop practice (InvestSA) aims to facilitate bureaucratic processes and eliminate obstacles before foreign investment. The Accelerated and Shared Growth Initiative for South Africa program mainly offers cooperation of the public-private sectors in development. The South African infrastructure investment program highlights **energy, information and communication infrastructure, agriculture and agricultural product processing, urbanization, and social housing projects.**

Effective institutions are making the country a center of attraction for business, such as the Development Bank of South Africa, the Industrial Development Corporation of South Africa, which provides funding for projects in the continent, and the Export Credit Insurance Corporation of South Africa, which provides commercial and political recovery for projects on the continent.

The treaties, collaborations, and organizations referred to so far constitute the ground the economic relations between South Africa and Türkiye have developed. While Türkiye is proactively engaged in diversifying its trading partners and improving its regional ties in the broader landscape, South Africa appears to be a regional leader encouraging deeper integration and inter-regional trade. In order to elevate the relations from the status quo, some limitations must be addressed, and solutions must be offered to overcome those limitations. This report has the aim to reveal the limitations and offer actionable recommendations for their solutions.

2.3. Framework of Economic Cooperation

Strengthening economic cooperation between Türkiye and South Africa requires a clear understanding of how trade and investment can be harnessed in a mutually reinforcing manner.

Trade promotes access to new markets, enhances competitiveness, and facilitates the transfer of technology and expertise. Meanwhile, FDI brings capital, production know-how, and market insights that can stimulate industrial upgrading and job creation.

The Türkiye–South Africa relationship already shows signs of complementarity, particularly in manufactured goods. However, **the absence of deeper sectoral integration, limited co-investment mechanisms, and insufficient linkages between foreign firms and local suppliers** constrain the broader developmental impact. Addressing these gaps can elevate the quality and sustainability of economic ties.

One promising area for collaboration lies in supporting **industrial clusters**—geographically concentrated networks of interconnected firms, suppliers, and institutions. Such clusters can enhance productivity, drive innovation, and facilitate export diversification. By focusing on sectors where both countries have **comparative advantages—such as automotive components, consumer electronics, and agro-processing—joint initiatives** can generate shared economic benefits.

Ultimately, **policy alignment, institutional support, and targeted incentives** will be key to deepening Türkiye–South Africa economic cooperation. The following section examines current trade and investment trends, identifying key areas for policy intervention and growth.

2.4. Analyzing the Dynamics in South Africa-Türkiye Economic Relations

This section outlines practical pathways to deepen Türkiye–South Africa economic ties. It reviews trade flows and investment trends, highlighting key sectors, market imbalances, and areas for diversification. Foreign direct investment patterns are assessed by scale and sector to understand opportunities for growth. These findings are placed within the broader context of each country's economic strategies and global partnerships. The aim is to provide a clear, evidence-based foundation for policy options that can support more balanced and sustainable bilateral cooperation.

2.4.1. Patterns, Partnerships and Diversification in Trade

The data related to bilateral trade between South Africa and Türkiye includes the trade patterns obtained from sources such as the World Bank's World Integrated Trade Solution (WITS) and the International Trade Center's (ITC) Trade Map platforms to help exploring an array of export and import figures. A fundamental insight is shown by looking at these numbers, indicating not only the trade patterns between these countries but also the significant effects these patterns have on each country's trajectory for economic growth.

Over the past thirty years, Türkiye's total trade volume has increased twentyfold, reaching approximately 605.8 billion USD in 2024. However, this expansion has come with a consistent trade deficit of an annual range of approximately 60–90 billion USD in the 2020s. During the same period, Türkiye expanded its network of trade partners from 130 to 200 countries. In the early 1990s, 80% of its exports were concentrated in just 18 countries; by 2024, this figure had diversified to 35 countries. In contrast, its import diversification has been more limited—while half of its imports came from 5 countries in the 1990s, this number—with 182 billion USD of its 344 billion USD trade conducted with 7 countries—has shown only a slight increase up to 2024.

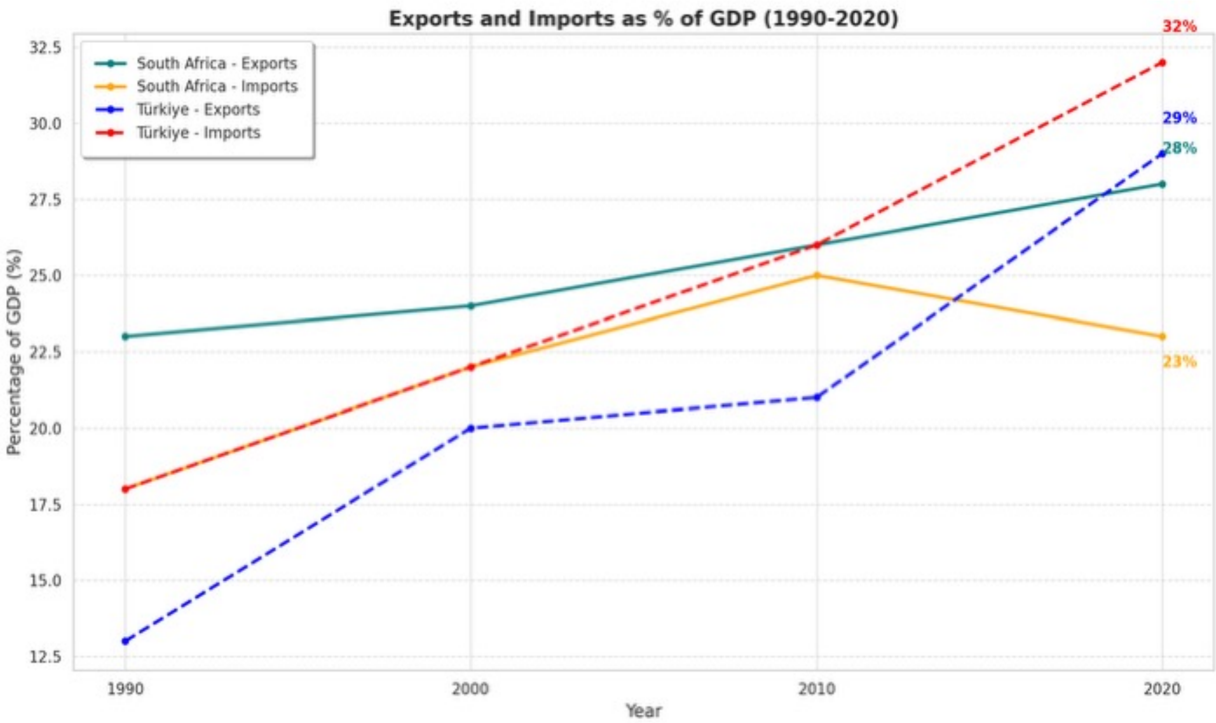
BOX 2.4.1:

Trade Expansion (1990s → 2024)

Türkiye	South Africa
Trade Volume: ~$30 billion (1990s) → ~$606 billion (2024)	**Trade Volume:** ~$39 billion (1992) → ~$211 billion (2024)
Export Partners: 18 countries (80% of exports, 1990s) → 35 countries (2024)	**Export Partners:** 15 countries (80% of exports, 1990s) → 18 countries (2024)
Import Partners: 5 countries (50% of imports, 1990s) → 7 countries (2024, ~$182B of $344B trade)	**Import Partners** 4 countries (50% of imports, 1992) → 7 countries (2024)

South Africa shows a similar pattern of limited diversification. In 1992, over 50% of its imports came from just 4 countries, increasing to 7 by 2024, despite engaging with more trading partners in overall. Likewise, its export concentration remained largely unchanged: in the early 1990s, 80% of exports went to 15 countries; by 2024, this number stood at 18. While South Africa's trade volumes have grown—from 21 billion USD to 110 billion USD in exports and from 18 billion USD to 101 billion USD in imports between 1992 and 2024—this growth still falls short of the country's potential, especially given its relatively narrow base of trading partners.

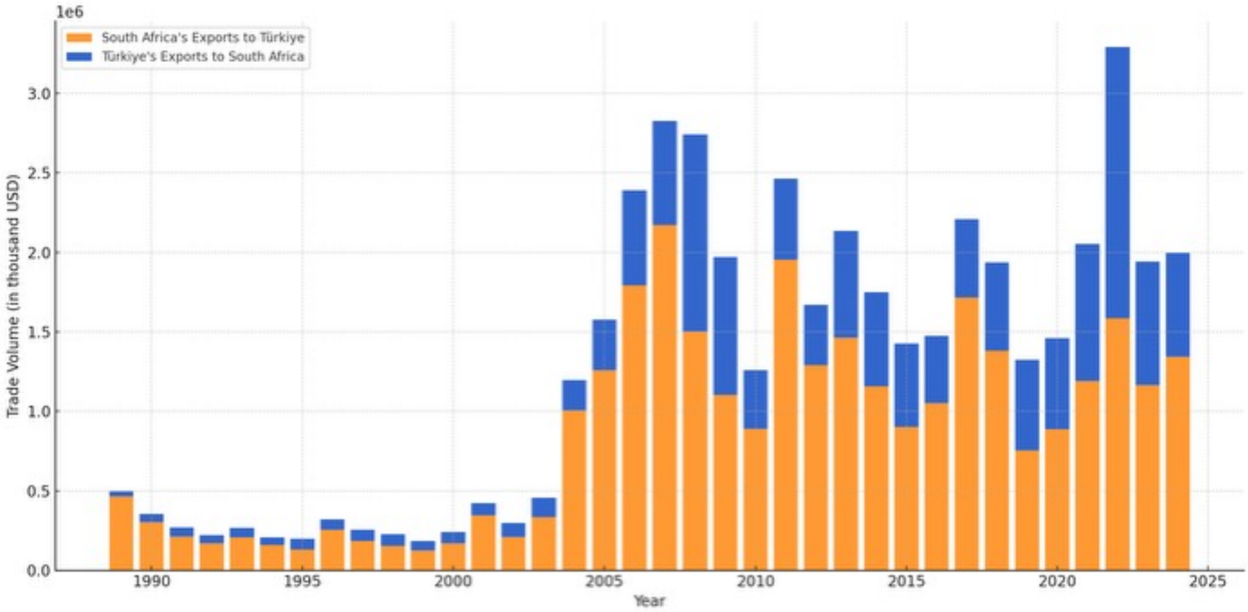
Figure 1. Exports and Imports as per cent of the GDP of South Africa and Türkiye



Note: Figure is drawn from the data accessed at World Bank WITS.

A comparison of the trade volumes with the country's national incomes shows that Türkiye has only recently caught the export levels of South Africa. Türkiye's imports have also been increasing. Although it creates more trade deficit and dependency, Türkiye has become more involved in international trade, whereas South Africa's trade levels have been steady for the last 20 years. Despite South Africa's efforts for regional integration and willingness to become a hub for the African market, it records slow growth in its export and import. While both countries have increased their volume of international trade and the total number of partners in it over the last 30 years, they haven't managed to break from relying on specific countries for the more significant share of their needs in goods and services and foreign exchange through trade. Türkiye shows a consistently growing trend, whereas South Africa's progress has been steady.

Figure 2. Bilateral Trade Volumes between 1989 and 2024



Note: Figure is drawn from the data accessed at World Bank WITS.

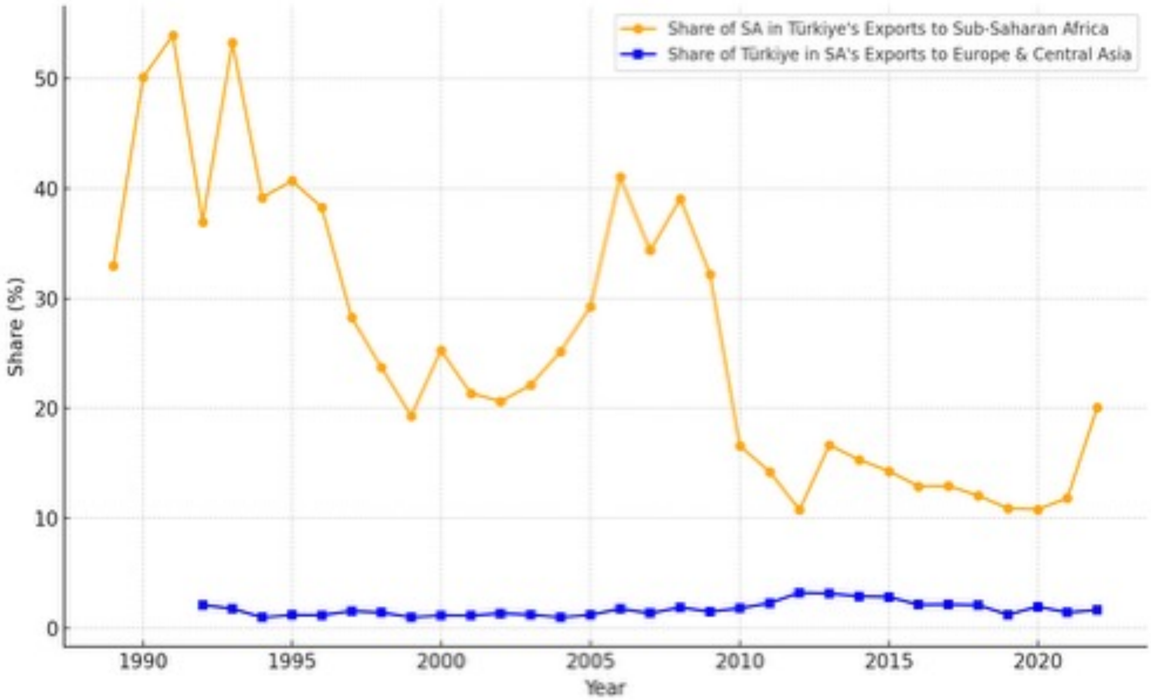
Bilateral trade between Türkiye and South Africa increased markedly throughout the 2000s and recently recorded **a jump from $2.05 billion to $3.29 billion.** This sharp rise, largely driven by a surge in South Africa's imports from Türkiye, can be attributed to the post-COVID-19 economic recovery and the resumption of trade flows disrupted during the pandemic. However, structural factors also merit attention. While bilateral trade in the 2010s was consistently marked by a trade deficit against Türkiye, the recent rise in Turkish exports contributed to a more balanced trade relationship.

Despite this upward trend, trade volumes declined **again in 2023, falling to $2.06 billion and remaining as very close in 2024.** This contraction appears to reflect adjustments in key commodity flows: Türkiye significantly reduced its gold imports from South Africa, while South Africa simultaneously lowered its imports of refined petroleum from Türkiye. **This correction suggests that the 2022 spike was temporary,** and that bilateral trade has since reverted to a more stable—though modest—rhythm.

Although Türkiye's trade with Sub-Saharan Africa has overall increased since the early 2000s, South Africa's relative share in this trade has declined. Once **Türkiye's most prominent trading partner** in the region—accounting for 50–70% of total trade in the early 1990s—South Africa's share has fallen to 25–35% in recent years. This shift has occurred despite the significant growth in Türkiye's overall trade volume with Sub-Saharan Africa, indicating a deliberate and successful diversification of Türkiye's regional trade portfolio. Nonetheless, the underlying drivers of South Africa's diminishing share—particularly in the context of Türkiye's accelerated engagement across the continent—require closer examination to assess whether this trend reflects structural constraints or evolving commercial priorities

In contrast, **South Africa's trade with Türkiye has remained relatively stable** and has shown modest growth over time. While Türkiye still accounts for a small fraction of South Africa's total trade with the Europe and Central Asia (ECA) region, the consistency and incremental expansion in trade indicate a strengthening bilateral relationship amid broader shifts in regional trade dynamics. Meanwhile, **the ECA region has consistently been South Africa's largest trading destination**. South Africa's exports to the region ranged between 40-50 percent in the 1990s and early 2000s but dropped to approximately 25 percent following the 2008 Global Recession. Imports from the ECA region have also declined, settling between 30 and 40 percent in recent years. While key trade partners such as Germany, the United Kingdom, the Netherlands, and Belgium remain significant, **their dominance has been eroded by China's**

Figure 3. Türkiye's and South Africa's share in their respective regional trade partnerships between 1992 and 2022



Note: Figure is drawn from the data accessed at World Bank WITS.

increasing role over the past decade.

South Africa, which maintains a trade surplus with Türkiye, can leverage this partnership to diversify its trade and reduce its overall trade deficit within regions where it currently experiences a negative balance. At the same time, Türkiye is actively seeking to expand its free trade agreements, particularly within the Global South. **Tariff liberalization in the Global South** could enhance **product competitiveness** and establish a **complementary trade regime.** Such a partnership holds significant potential to promote economic growth and cooperation between the two countries, benefiting both Türkiye and South Africa while contributing to the broader development of the Global South.

As diversifying exports is considered essential to escape the middle-income trap, **Türkiye and South Africa can diversify their export goods on a complementary basis.** Over the past decade, South Africa has sharply increased information and communication technologies (ICT) imports, while Türkiye has advanced in digital governance and cybersecurity through major investments. This creates scope for Türkiye to supply secure, integrated digital solutions tailored to South Africa's needs. At the same time, despite persistent food price inflation in Türkiye, South Africa has expanded its agricultural exports to the EU—especially since 2025—leveraging its strengths in fruit, wine, and processed foods. Türkiye could benefit by partnering in agro-processing, logistics, and cold-chain systems, or sourcing South African products for domestic use and re-export, building a mutually beneficial agricultural trade link.

BOX 2.2:

Türkiye–South Africa: Complementary Trade Paths

- Digital & ICT: Türkiye's cybersecurity and e-governance can meet South Africa's rising ICT demand.
- Agriculture: South Africa's strong exports (fruit, wine, processed foods) pair with Türkiye's logistics and re-export capacity.
- Industry & Minerals: Türkiye (machinery, vehicles, white goods) South Africa (minerals, fuels, metals

Whereas Türkiye has a comparative advantage in the industrial machinery, vehicles, and services sector such as tourism and health, South Africa has a comparative advantage in precious metals and stones, minerals, and mining. Complementarity in bilateral trade can be provided by South Africa's export of mineral fuels such as petroleum products and coal and mechanical appliances such as centrifuges, liquid pumps, and transmission shafts to Türkiye; and Türkiye's export of motor cars and vehicles and mechanical appliances such as taps, cocks, valves, and white goods to South Africa. Other commodities can be identified to trade between the two developing G20 economies. The export and import based on a complementarity may provide both countries with **a potential growth that would not be at the expense of one's trade deficit.**

For bilateral trade to expand, the terms of trade must facilitate the introduction of the countries' products into one another's markets. South Africa's agreements allowing free trade among the SADC countries and between the SADC and EU create a disadvantage for Turkish products' entry into the South African market. While Türkiye also has a free trade agreement with the EU, the tariff liberalization with South Africa and Türkiye has become in favor of the developed EU countries who raised their export of higher complexity, value-added products (Lee, 2002; Adam & Moutos, 2008).

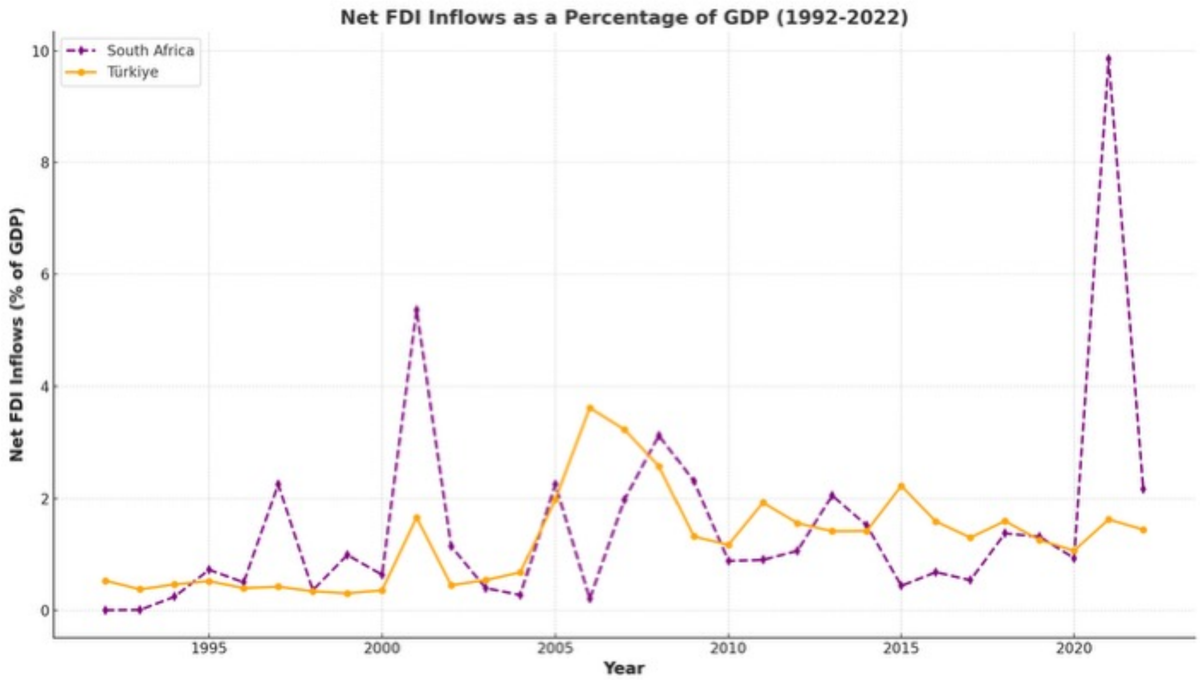
In conclusion, the dynamics of the economic relations between South Africa and Türkiye highlight the evolving nature of international trade and **the complexities each country faces in achieving trade balance and diversification.** Despite Türkiye's impressive growth and expansion in trade partners, it grapples with persistent trade deficits and reliance on specific countries. On the other hand, South Africa's efforts to strengthen regional integration and access new markets have yielded stable but relatively limited results. Following the challenges posed by the COVID-19 pandemic, the recent surge in bilateral trade signifies the resilience of these economies and their ability to adapt to changing circumstances. As the two countries embark on a partnership aimed at mutual diversification and growth, they hold the potential to create a model of cooperation that not only benefits their economies but also contributes to the advancement and prosperity of the wider Global South. By leveraging each other's strengths, improving complementarity, and promoting innovation in trade practices, South Africa and Türkiye have a unique opportunity to reshape their economic trajectories and establish a more balanced, sustainable, and interconnected trade relationship.

2.4.2. Landscape in Investment

FDI refers to cross-border investments, with outward FDI denoting domestic companies investing abroad and inward FDI representing foreign investment in the home economy. Influenced by factors such as exchange rates, economic size, business climate, and global trends, FDI serves as a key driver of economic integration by creating stable, long-term links between national economies (OECD, 2023). Thus, considering investments between two countries is vital for elaborating the relationship between the economies.

South Africa is among the top countries for Turkish investors. The factors such as **abundant natural resources, a high percentage of the young population, and encouragement of foreign investors** by the official administration make South Africa a favorable host for investments. For Türkiye, its **geopolitical position, more liberalized economy, and government's** effort to attract investment make it one of the foremost choices for South African investors.

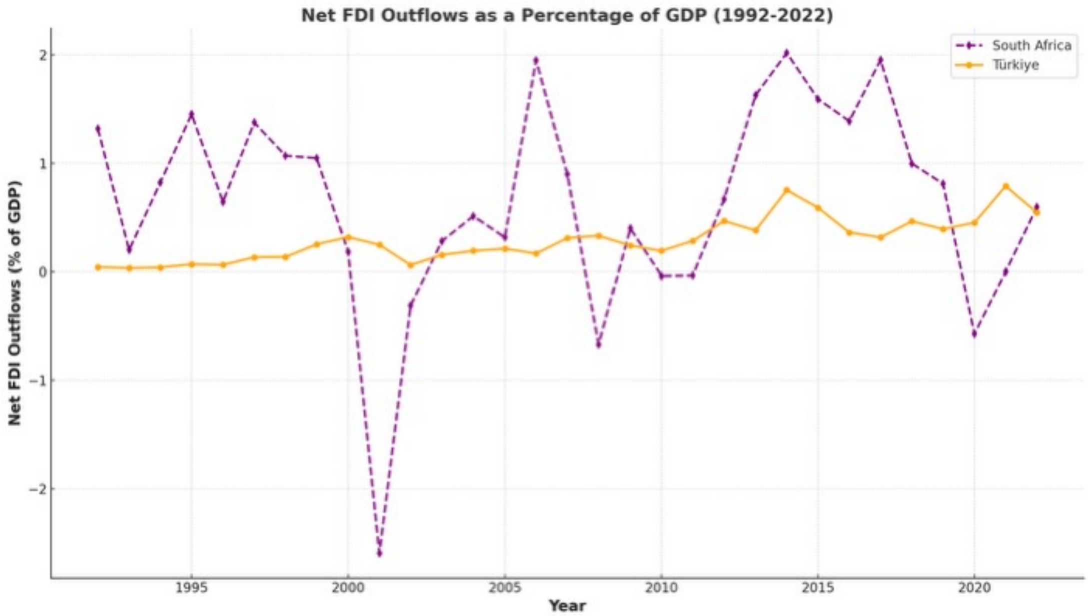
Figure 4. Foreign Direct Investment, Net Inflows (% of GDP) between 1992 and 2022



Note: Figure is drawn from World Bank World Development Indicators.

Individually examining both countries' FDI structures is required before exploring the two countries' connections. Figure 4 illustrates net FDI inflows as a percentage of GDP from 1992 to 2022 in Türkiye and South Africa. South Africa experienced a significant peak in 2021, while Türkiye's FDI inflows reached their highest point in 2006. Both countries saw a decline in 2008 due to the Global Recession. In Türkiye, a notable rise in FDI inflows occurred after 2003, driven by reforms that removed restrictions on foreign investors and ensured equal treatment (Aldalou et al., 2020). The peak in 2006 was primarily due to the privatization of financial services and major deals in telecommunications, making Türkiye the largest FDI recipient in West Asia at the time. In contrast, South Africa's FDI inflows remained lower than Türkiye's until 2001, largely due to issues such as telecommunication infrastructure challenges and the slower adoption of trade openness and liberal economic policies. South Africa's FDI inflows peaked in 2021, primarily as a result of the Naspers deal, where technology investor Prosus acquired nearly 45 percent of its South African parent company, Naspers.

Figure 5. Foreign Direct Investment, Net Outflows (% of GDP) between 1992 and 2022



Note: Figure is drawn from World Bank World Development Indicators.

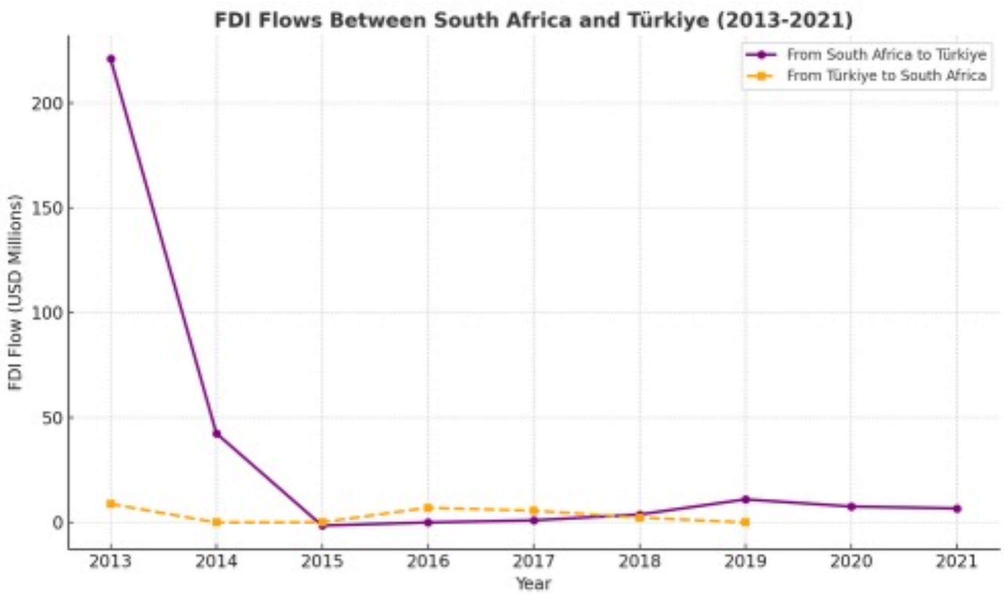
The figure 5 illustrates net FDI outflows as a percentage of GDP from 1992 to 2022 in Türkiye and South Africa. In Türkiye, FDI outflows have remained relatively stable over the years, consistently lower than inflows. This trend indicates Türkiye's role as a net FDI recipient rather than a major FDI source. The rise in Türkiye's FDI outflow in 2014 was mainly driven by equity investments, indicating a strategic push by Turkish companies to acquire or establish operations abroad (Republic of Turkey Ministry of Economy, 2014). In contrast, South Africa's FDI outflows exhibit sharp fluctuations. The steep decline in 2001 reflects the restructuring of De Beers, the world's largest diamond firm, which ended its cross-shareholding with Anglo American Corporation and relocated its headquarters to the United Kingdom in 1999. This change removed De Beers from South Africa's foreign investment calculations (Nishiura, 2013).

The declines observed in 2007 and 2008 can be attributed to the Global Recession experienced during those years, a phenomenon that was not unexpected (de Beer, 2015). Another significant drop in 2020 coincides with the COVID-19 pandemic, a global crisis that severely disrupted economic activities and reduced outward investments from South Africa. Overall, while **Türkiye** shows **a steady trend in net FDI** outflows, **South Africa's** performance highlights its **vulnerability to external shocks and the structural changes** in its economy.

South Africa encourages foreigners to invest in the country to foster its economic growth, increase competition, and create opportunities for access to foreign markets for itself in return. Similar motives are valid for Türkiye, too. Bilateral Investment Treaty (BIT) between South Africa and Türkiye, signed in 2000, creates a safer environment for their respective investors. The agreement has positively affected the relationship between the two economies, encouraging further investments.

Turkish investments in South Africa rose slightly from $31 million in 2022 to $32 million in 2023. Currently, between 60 and 70 Turkish companies operate in South Africa across diverse sectors such as textiles, food, and retail. Notable among them is **Arçelik,** a major Turkish household appliances manufacturer, which owns the South African brand DEFY. This investment supports approximately **2,700 jobs** and contributes to **South Africa's exports to SADC**. Another key Turkish investor is the defense company **ASELSAN**, which runs its sub-Saharan Africa operations from its South African subsidiary. Turkish entrepreneurs have also established small businesses in sectors including clothing, carpets, furniture, and groceries. On the other hand, **South African investments in Türkiye reached $274 million** by the end of 2023, up from $217 million in 2022. Over 65 South African companies currently operate in Türkiye, with **MetAir** being the most prominent among them (Isilow, 2024).

Figure 6. Foreign Direct Investment Statistics by Partner Country (US Dollar, Millions)

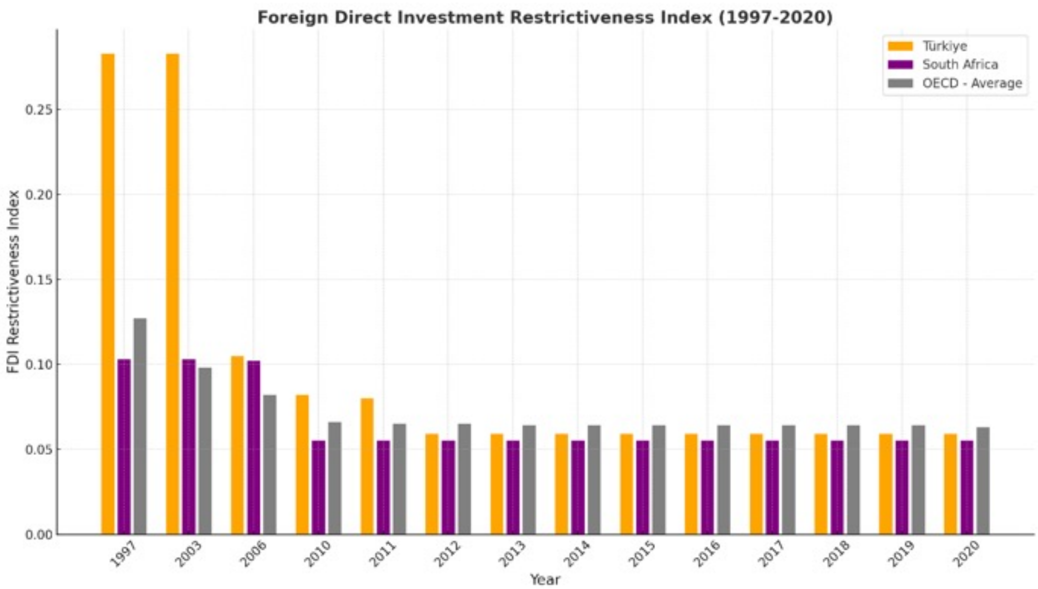


Note: Figure is drawn from OECD Data Explorer.

Figure 6 illustrates the FDI activities between South Africa and Türkiye. While comprehensive data for all years remains unavailable, the OECD Statistics provide partial insights into the two countries' investment patterns. South Africa recorded a significant investment in Türkiye in 2013, primarily due to MetAir Investments Ltd., a South African battery manufacturing company, acquiring 45 percent of Mutlu Battery Company, Türkiye's largest battery manufacturer (Yetkin, 2018). This acquisition marked a notable milestone in South Africa's FDI into Türkiye. Türkiye's outward FDI to South Africa peaked in 2016, which may be linked to South Africa's Protection of Investment Act. This legislation aimed to safeguard investors, ensure equal treatment of all investments, and foster a stable and predictable business environment. While the specific drivers of investment in other years remain unclear, the available data suggests that policy measures promoting investment security play a critical role in attracting FDI between the two countries. Overall, the trends underscore the importance of creating a reliable investment climate to strengthen bilateral economic relations.

When restrictions on foreign investment are revoked due to **government policies or regime changes, the investment amount rises.** The FDI restrictiveness index of the OECD can best explain this fact. This index shows to what degree countries allow foreign investors to invest in their territories freely. The lowest rate, 0, implies no restriction on the FDI, and the highest, 1, indicates its total restraint. Figure 7 shows how South Africa's and Türkiye's restrictiveness indexes have changed over the years compared to the OECD average.

Figure 7. Foreign Direct Investment Restrictiveness Index Score of South Africa, Türkiye, and OECD Countries in Average between 1997 and 2020



Note: Figure is drawn from OECD Data Explorer.

As noted earlier, the FDI restrictiveness index shows a decline as the countries, especially Türkiye, lift restraints and foster conditions for foreign investors. The restraints in South Africa had not been as high as in Türkiye. This comparison highlights Türkiye's significant progress in reducing FDI restrictions, converging toward the OECD average, while South Africa maintains a consistently open environment for investment.

Türkiye and South Africa exhibit differences in their FDI restriction policies, when evaluated on a sectoral basis. **Türkiye maintains a more restrictive environment,** with multiple sectors scoring over 0.6. The most restricted sectors include Real Estate Investment (highest at 0.7107) due to equity limitations, as well as the Air and Maritime sectors (both scoring 0.6039), likely reflecting strategic and national security considerations. In contrast, **South Africa demonstrates a relatively open investment climate,** with its highest restriction observed in Radio & TV Broadcasting at 0.5957, still below Türkiye's most restricted levels. While both countries have reduced FDI restrictions over time, Türkiye still enforces higher restrictions in strategic sectors compared to South Africa, which maintains a more open and investment-friendly policy overall.

South Africa continues to implement different incentive packages to develop the manufacturing industry and adopts import substitution policies that protect its domestic industry. **South Africa's central policy for market entry is to invest in the country,** even for basic assembling. However, as of 2020, starting a business (time to complete the legal procedures to operate a business) is 40 days in South Africa and 7 in Türkiye (World Bank, n.d.). This is striking considering the extensive pro-investment policies in South Africa, meaning that the bureaucratic process and regulations are still inefficient with **the procedures, time, cost, and minimum paid-in capital required for a small or medium-size limited liability company** to start up and formally operate in comparison to Türkiye. This leads Turkish businesspeople to lean into doing trade before investing to familiarize themselves with the local market. Expansion of trade increases **the familiarity among countries' business environments** and encourages further investments. Even if a free trade agreement between the two countries is not likely to come into action in the short run, protocols for industrialization, manufacturing, and investment can be created.

The logistical and infrastructural deficiencies lead to enormous costs for moving goods among African countries. Therefore, the continent has a limited capacity to attract, and in turn, it still lacks the required resources to build infrastructure and logistic networks. As the continent, most of South Africa **is inland and requires extensive infrastructure** for transportation, utilities, and communication. The Turkish private sector is remarkably **qualified in infrastructure building.** With the build-operate-transfer model, the private sector agents have overtaken massive projects in Türkiye and abroad. For example, a Turkish construction firm has recently completed the 600 km-length railway project connecting the port city Darussalam to the inland cities far until Makutupora in Tanzania. Further enabling investment regulations, customs procedures, port fees, and certification for standardization and authorization can encourage Turkish businesspeople to operate in South Africa, an economic haven in its region.

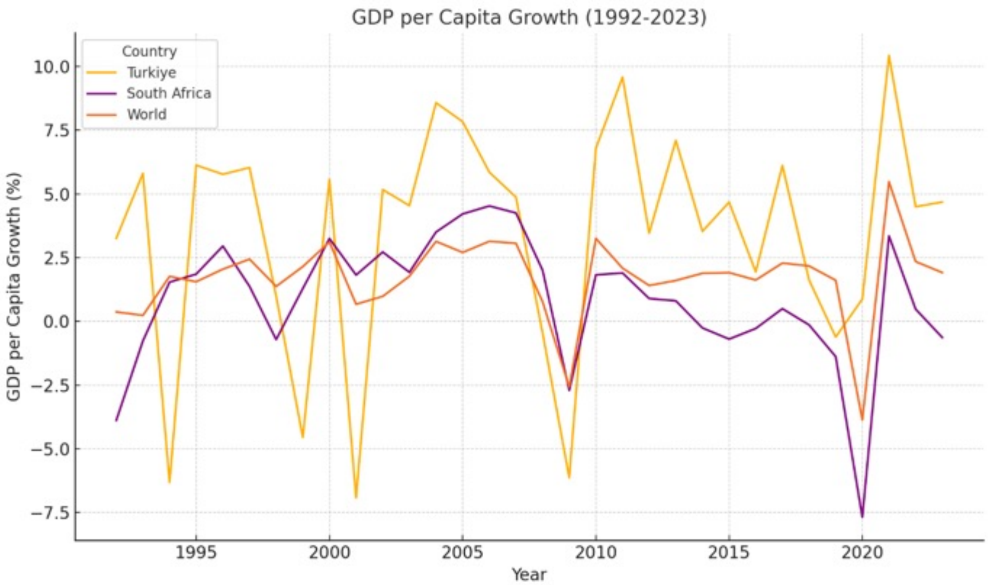
In conclusion, the examination of South Africa and

Türkiye's investment relations with the world and each other over the last 20 to 30 years is presented to deepen our insight into how their investments have shaped. When the environment of direct investments becomes safer, and the conditions improve, investors in both countries tend to expand their activities. This, in turn, boosts economies and provides an advantageous destination for further investments. Considering the significance of the two countries for their respective regions, building a healthy and trusting relationship is crucial for expanding mutually beneficial economic activities and increasing their stakes.

2.4.3. Dynamics in Economic Growth:

The section focuses on GDP per capita as a key metric for comparing the economic performance and living standards of South Africa and Türkiye since the start of their official relations. Figure 8 shows a relatively stable global trend with smaller fluctuations compared to the individual countries, except for a sharp dip in 2020 due to the global pandemic, which is followed by recovery in 2021. While Türkiye exhibits significant fluctuations, with periods of rapid growth, such as in the early 2000s and 2021, but also occasional declines, including in 2019, South Africa's growth has been more subdued, with consistent low or negative growth since 2015, reflecting economic challenges. Overall, Türkiye's growth is more volatile but higher on average compared to South Africa.

Figure 8. Annual GDP per Capita Growth (1992-2023) for South Africa, Türkiye, and the World between 1992 and 2024



Note: Figure is drawn from World Bank World Development Indicators.

Examining the GDP per capita over the last 30 years yields comments on distinct aspects of the countries' economic standings. South Africa's GDP per capita has shown considerable fluctuations over time. A 30-year time series illustrates the impact of changes in this metric on exports and imports. The current level, compared to the previous years, is a reflection of the positive growth rate that has **occurred in South Africa, making the country the second largest economy in Africa.** The current overall GDP, estimated at 420 billion USD, represents a more than 150 percent increase over 1993 when it was roughly 150 billion USD. Furthermore, the following analysis can be made about the defining changes in GDP over the three decades:

i. 1993-1999: Transitioning from the previous *apartheid* rule into a democratic system of government delivered both positive growth in the trade sector and economic challenges. While high unemployment and poverty persisted, the focus on economic reforms allowed growth alongside the removal of international sanctions against the race-based policies in 1996 (Herbst & Mills, 2015).

ii. 2000-2008: There was significant growth and economic stability during this period, with trade relations rapidly increasing between South Africa and the most developed countries. GDP per capita increased steadily. However, issues such as income inequality and social disparities were still prevalent.

iii. 2009- 2019: This period incurred many external factors to the resulting fluctuation in GDP, such as the Global Recession that pushed trade to a minimum. Likewise, corruption allegations, political uncertainties, and high unemployment inside South Africa led to a slow economic growth rate (Dhamija, 2020). Although GDP per capita managed to recover at the aftermath of the global financial unrest, these issues limited the growth. With a Gini coefficient of 0.67 in 2018, South Africa maintained one of the world's highest and most enduring inequality levels (World Bank, 2023a).

iv. 2020-2023: The current depiction of the GDP follows from exogenous factors such as the COVID-19 pandemic, further lowering the growth rate (already in a negative direction due to pre-existing conditions such as unemployment and income inequality). Furthermore, South Africa's real GDP growth rate fell to 2.0 percent in 2022 from 4.9 percent in 2021, largely because of the prolonged electricity issues (African Development Bank, 2023).

An interplay of growth and decline has defined South Africa's economic performance over the last 30 years. While GDP per capita has increased and brought **higher living standards** for many of the citizens, the benefits of this expansion has **not been distributed evenly**, resulting in chronically high levels of inequality and unemployment. External factors such as commodity prices and global economic trends, as well as structural challenges and policy uncertainty in South Africa, all played important roles in determining the course of country's economy.

In Türkiye, similar to the pattern observed in the GDP per capita change in South Africa, there is a significant increase over the 30-year period from 1993, which depicts a considerable shift in the early 21st century that impacted the GDP growth rate. Furthermore, the critical points of low values seen above can be explained as follows:

i. 1993-2001: The 1990s were defined with high inflation, financial fragility, and structural deficiencies such as import dependency and an inefficient public sector. Structural reforms in the banking and finance systems were implemented to help stabilize the economy, resulting in improvements in macroeconomic indicators. GDP per capita increased moderately, showing beginning steps in economic stabilization (Pamuk, 2018).

ii. 2002-2008: Türkiye's economy witnessed substantial expansion, with an annual rate of 7.2 percent GDP growth between 2002 and 2007. Policies supporting private sector, regulations increasing the discipline in banking and financial sectors, and greater foreign investment resulted in strong GDP growth and higher GDP per capita. The country's prospects for EU membership, in addition to being a member of international organizations such as the OECD and G20, raised investors' confidence (World Bank, 2017).

iii. 2009-2013: The Global Recession had an impact also on Türkiye's economy, creating a halt in growth. Nevertheless, Türkiye recovered rapidly compared to other countries because of its strong financial system (World Bank, 2017). It performed relatively well throughout the crisis, with robust GDP growth recoveries in 2010 and 2011.

iv. 2014-2019: Türkiye's economic progress slowed due to significant changes in external and internal circumstances, as well as an interruption in the government's economic reforms. Türkiye's economy encountered difficulties, including political uncertainty and a failed coup attempt in 2016. These events, alongside deteriorating trade relations, affected confidence among investors and currency values (Kubilay, 2022). GDP and GDP per capita growth turned negative.

v. 2020-2023: During these years, Türkiye's economic insecurity was exacerbated by high inflation, currency depreciation, and tensions with trading partners. The COVID-19 pandemic placed extra pressure on the economy (World Bank, 2023b). GDP per capita growth recovered from the preceding era but fell short of the previous high.

The economic trajectory of Türkiye over the last three decades displays a complex interaction of challenges, reforms, and external influences. Inflation, economic instability, and structural weaknesses characterized the 1990s, leading to critical banking and finance reforms that provided the framework for economic stabilization. The early 2000s brought impressive growth, led by pro-private-sector policies and rising foreign investment, producing robust GDP growth and higher GDP per capita. Having weathered the economic recession rather well in the late 2000s, Türkiye underwent setbacks in the years that followed as a result of internal disturbances and shifting foreign conditions. Economic progress was hindered by **political uncertainty, problems with trade, and halted reforms,** resulting in negative GDP and GDP per capita growth. The COVID-19 pandemic created more pressure on Türkiye's economy, exacerbating existing problems. This turbulence experienced in the economic performance highlights the necessity of lasting structural adjustments, macroeconomic stability, and proactive strategies for handling both domestic and global economic developments in the years ahead.

2.4.4. Government Policies and Support:

Analysis of Türkiye's Published Policy Documents and Bilateral Agreements with South Africa

This section focuses on South Africa's specific role in the agreements and policy documents signed between Türkiye and African countries, particularly the African Opening Action Plan published in 1998 by the Turkish Grand National Assembly (TBMM in its Turkish abbreviation). To provide context, a brief overview of the historical process is provided. While earlier initiatives towards Africa existed, the **African Opening Action Plan of 1998** marked Türkiye's first comprehensive strategy toward the continent. Following that, South Africa, highlighted in the Eighth Five-Year Development Plan, was identified as a strategic regional market. Consequently, South Africa gained prominence in subsequent plans, with direct bilateral steps initiated shortly thereafter.

Notably, South Africa's central role was formalized through the signing of the Protocol on Consultations between Türkiye and South Africa in Ankara on June 23, 2000. This agreement, emphasizing the intent to develop bilateral relations comprehensively, consists of nine articles detailing key cooperation points on such as coordination of activities in the international arena, consultations between foreign ministries, exchange of information, and development of relations between government bodies and other units.

On October 14, 2003, another agreement entitled "the Agreement on Police Cooperation between the Government of the Republic of Türkiye and the Government of the Republic of South Africa" was signed in Ankara. The agreement, consisting of 13 articles, focuses on combating crimes such as corruption, organized crime, and terrorism. It also includes provisions on mutual assistance limits, personnel training, and the exchange of technical expertise for crime prevention and investigation. The "Justification" section of the draft submitted to the relevant parliamentary committee for examination and reporting includes the following statements regarding the delay in establishing bilateral relations:

> *"After World War II, due to the implementation of the Apartheid policy by the 'white' minority government in the Republic of South Africa (RSA), no official relationship was established between our country and RSA, and all UN resolutions condemning the RSA Government*

were supported. Official relations between our country and RSA were established after it was understood in this country in 1990 that the Apartheid regime would come to an end and an embassy was opened in Pretoria in 1994.

Therefore, bilateral agreements to develop and strengthen our political, economic, social, and cultural relations with RSA have only been concluded and are being concluded in recent years."

Implemented in 2003, the Strategy for the Development of Economic Relations with African Countries aimed to:

- Facilitate the entry of Turkish small and medium-sized enterprises into African markets.
- Enable Turkish industries to procure raw materials and semi-finished products directly at reasonable costs.
- Promote Turkish investments in Africa to boost competitiveness in key sectors.
- Expand the market share of Turkish construction, consultancy, and engineering firms in Africa.

The year 2005 marked a pivotal moment in Türkiye-Africa relations, as Türkiye declared it the "African Year" and publicly introduced the African Opening Plan to encourage societal engagement in this initiative. Türkiye was officially recognized by the African Union as a strategic partner in 2008, solidifying its growing engagement with the continent. This was followed by three Türkiye-Africa Summits in 2009, 2014, and 2021, -with the fourth scheduled to be held in 2026,- alongside the Türkiye-Africa Business and Economy Forums, the fourth of which was held in 2023, further contributing to bilateral relations.

Table 1. Official Documents and Agreements regarding Türkiye's relations with African continent and the Republic of South Africa

Year	Priority Area	Agreement/ Government Policies
1998	General	African Action Opening Plan of Türkiye
2000	Bilateral General Relations	Protocol on Consultations between Türkiye and South Africa
2005	Investment	Mutual Promotion and Protection of Investments Agreement Türkiye and South Africa
2003	General Economic Relations	Strategy for the Development of Economic Relations with African Countries
2003	Security	Agreement on Police Cooperation between the Government of the Republic of Türkiye and the Government of the Republic of South Africa
2005	General	Declaration of African Year in Türkiye
2005	Bilateral Economic Relations	Agreement between Türkiye and South Africa for the Avoidance of Double Taxation
2005	Bilateral Trade	Trade and Economic Cooperation Agreement between Türkiye and South Africa
2005	Bilateral Trade	Agreement on Customs Cooperation Türkiye and South Africa
2008	General	Türkiye officially recognized as strategic partner to African Union
2008	Bilateral Economic Relations	First South Africa-Türkiye Joint Economic Commission (JEC) meeting
2012	Trade Security	Agreement on Cooperation in Financial Crimes Investigation between Türkiye and South Africa
2014	Bilateral Economic Relations	Second JEC meeting
2017	Bilateral Economic Relations	Third JEC meeting

Türkiye's African Opening Action Plan has delivered significant results and continues to evolve. Recognizing South Africa as a gateway to the region, this perspective has been explicitly articulated in various agreements and policy documents. While South Africa may not always be named directly in summits or forums, its strategic importance is evident in the practical outcomes, such as trade volume growth and strengthened bilateral cooperation.

Building on the 2003 Strategy and the 2005 Africa Year Plan, South Africa, as the continent's most developed economy, was identified as a critical partner due to its high per capita income, advanced banking system, and strategic role as a gateway to Southern Africa, offering ports, banking services, and transportation facilities to access the broader region.

A significant milestone during this period was the signing of the Agreement on Trade and Economic Cooperation between Türkiye and South Africa on March 3, 2005. The agreement's primary objective was to enhance trade and economic relations by fostering mutual commercial engagement and taking necessary measures to promote bilateral trade. The Justification section of the TBMM commission report highlights Türkiye's strategic approach to strengthening economic ties with Africa. It also highlighted the trade volumes between Türkiye and South Africa as of 2004, emphasizing ongoing and future diplomatic efforts to expand this volume. The agreement, comprising 15 articles, focuses on:

- Facilitating visa and customs procedures.
- Promoting trade and implementing supportive regulations.
- Establishing payment arrangements to ease bilateral commerce.

Complementary to this, the Agreement on Customs Cooperation was signed on May 23, 2005, which aims to strengthen bilateral relations by institutionalizing collaboration between the customs administrations of Türkiye and South Africa. As highlighted in the TBMM commission report, the agreement seeks to facilitate trade and passenger flow while combating customs-related crimes, supporting the growing economic ties between the two countries.

A significant milestone in Türkiye–South Africa economic relations was the signing of the 2005 Trade and Economic Cooperation Agreement, which established **the Joint Economic Commission (JEC)** as the first institutional mechanism to strengthen bilateral economic engagement. The inaugural JEC meeting, held in Pretoria on April 1, 2008, concluded with a joint statement identifying key sectors for cooperation, including textiles, jewelry processing, gold, automotive parts, energy, tourism, construction services, and infrastructure. The meeting also initiated mutual consultations on the prospect of a future free trade agreement.

Subsequent JEC meetings were held, with the third convened on October 4–5, 2017. However, no official records or published outcomes of the 2017 meeting are publicly available, limiting transparency regarding its conclusions or follow-up actions. While both sides have expressed interest in continuing economic dialogue through the JEC framework, the pace of institutional engagement has remained limited and calls for renewed attention to maximize the mechanism's potential.

Bilateral economic mechanisms also include the Agreement on Cooperation in Financial Crimes Investigation signed in 2012, underscoring their commitment to combating financial crimes such as money laundering and terrorism financing. This agreement aims to facilitate the exchange of financial intelligence and the implementation of joint measures to address economic offenses, further strengthening bilateral relations.

This framework demonstrates Türkiye's strategic prioritization of economic relations with South Africa and its efforts to institutionalize cooperation across multiple sectors. While a series of bilateral agreements have laid the foundation for enhanced engagement—ranging from trade facilitation to financial crime prevention—the pace of implementation and institutional follow-through has remained limited. The following section will assess South Africa's official stance on these relations and identify emerging opportunities for Türkiye.

Assessment of South Africa's Official Look at Economic Relations and Türkiye's Opportunities

South Africa's National Development Plan (NDP) for the 2013–2030 period outlines a comprehensive roadmap aimed at eradicating poverty, reducing inequality, and achieving sustainable economic growth. At the core of this vision lies the ambition to reposition South Africa as a globally engaged actor through expanded international trade, foreign direct investment, and large-scale infrastructure development. The plan emphasizes leveraging regional integration platforms such as the SADC and the SACU, not merely as regional instruments but as strategic gateways to global economic integration.

South Africa's evolving international partnerships reflect this broader objective. Its engagement with the EU through the EU–SADC Economic Partnership Agreement has facilitated **preferential access to European markets** and stimulated value chain development in key sectors like **agriculture and processed foods**—central to rural development. Similarly, South Africa's deepening economic ties with China, its single largest bilateral trade partner, have been reinforced through mechanisms like the **Forum on China–Africa Cooperation (FOCAC).** These relations have supported significant investments in **infrastructure, energy, and telecommunications,** although they have also prompted growing calls for greater balance in trade terms and technology transfer.

India has also emerged as a vital partner, particularly in the fields of **pharmaceuticals, automotive production, and IT services**. The India–Brazil–South Africa Dialogue Forum (IBSA), though less prominent than BRICS, still offers a platform for collaboration in democratic governance and development. Meanwhile, **Russia** engages South Africa **through defense, energy cooperation, and nuclear energy discussions,** highlighting shared interests in security and strategic resources.

Simultaneously, South Africa has pursued diversified engagement beyond traditional partners. Relationships with Gulf states such as

the UAE and Saudi Arabia have expanded in areas like **energy security and halal-certified exports**, supported by Sovereign Wealth Fund interest in South African logistics infrastructure. Engagement with Latin America—especially through the nascent **Mercosur–SACU agreement**—illustrates the country's interest in **agro-industrial cooperation and biotechnology innovation.**

Within this multidimensional landscape, Türkiye emerges as a promising and undervalued partner. While not explicitly mentioned in the NDP, Türkiye's Africa-focused strategy, formalized in 1998 and subsequently expanded, aligns closely with South Africa's development aspirations. Türkiye offers a distinctive value proposition: as a G20 economy with complementary industrial capabilities, robust private sector capacity in construction, manufacturing, and logistics, and a narrative devoid of colonial legacy, Türkiye presents itself not as a hegemon but as a strategic peer.

Türkiye's engagement with Africa—exemplified by its extensive diplomatic network (embassies in 44 African countries), Turkish Airlines connectivity, and the developmental activities of institutions like its aid agency TİKA and the Maarif Foundation—adds further depth to this positioning. Its approach emphasizes **"mutual development" and inclusive growth**, echoing South Africa's post-apartheid economic vision centered on sovereignty and people-centered development. In this regard, Türkiye's extensive expertise in infrastructure, energy, and vocational education resonates **with South Africa's goals of economic diversification and localized industrialization.** Within this context, vocational education stands out as the most suitable area to support the Black Economic Empowerment strategy (Öztürk, 2022), and a technical cooperation agreement could be established between both countries' employment authorities.

Beyond bilateralism**, South Africa's multilateral identity**—particularly as a key member of BRICS—positions it as a **valuable interlocutor for Türkiye's emerging Global South-oriented foreign policy.** South Africa's accession to BRICS in 2010 positioned it as the sole African representative in the bloc, enabling it to articulate the continent's priorities within global economic and governance platforms. Through BRICS, South Africa has consistently advocated for reforms in international institutions such as the IMF, World Bank, and UN Security Council, aligning with its broader commitment to South–South cooperation and inclusive development. Türkiye's calls for structural reforms in international governance, articulated through slogans like "The world is bigger than five," and "A fairer world is possible," reveal a powerful normative convergence with South Africa.

South Africa's early advocacy for the **New Development Bank and the Contingent Reserve Arrangement** underscores its commitment to **shaping a more equitable global economic architecture.** The New Development Bank (2015) offers emerging economies flexible financing for infrastructure and sustainable development, with equal voting rights—an alternative to Bretton Woods institutions. By hosting the Bank's first African Regional Centre in 2017, South Africa reinforced its position as a continental financial hub (Bradlow & Masamba, 2022). The parallel launch of the Contingent Reserve Arrangement provided BRICS members, including South Africa, with a collective liquidity mechanism to withstand external shocks, reducing reliance on the IMF and advancing a more equitable global financial order (Cattaneo, Biziwick, & Fryer, 2015).

Türkiye, while not a member, has expressed growing interest in BRICS, viewing the platform as a strategic opportunity to diversify its multilateral engagements and recalibrate its foreign economic policy. Without compromising its relations with the West, Türkiye seeks to engage BRICS to enhance its ties with emerging economies and to participate in shaping an alternative global economic discourse. Its **geostrategic location, sizeable economy, and ability to connect Eurasian and MENA markets make it a valuable potential partner** for the bloc. Deeper engagement with BRICS—whether through formal mechanisms or sectoral cooperation—could also revitalize Türkiye–South Africa economic relations. Enhanced trilateral collaboration within BRICS frameworks may lead to expanded trade, joint investment projects, and increased policy coordination, particularly in energy, infrastructure, and digital technologies.

While South Africa's formal strategy documents may not yet identify Türkiye as a strategic partner, the structural synergies, shared political outlooks, and overlapping development priorities between the two countries present a compelling case for closer ties. Strategic coordination—both bilaterally and through multilateral formats—could yield significant economic and diplomatic dividends. In an era of increasing geopolitical fragmentation and shifting economic alliances, a Türkiye–South Africa partnership built on mutual respect, pragmatic cooperation, and shared values could emerge as a powerful driver of South–South solidarity and multipolar global transformation.

3. Challenges Faced and Untapped Opportunities in the Economic Relations

In Africa, several continent-wide challenges such as conflicts, food insecurity, inadequate education and public health services, rapid population growth, migration pressures, and skill shortages significantly contribute to underdevelopment. According to World Bank estimates, Africa currently realizes only 40% of its true potential due to these issues. Problems including **poverty, insufficient industrialization, innovation deficits, environmental degradation, energy shortages, lack of access to clean water and sanitation, and social inequalities** remain critical, particularly in Sub-Saharan Africa, aligned with the UN Sustainable Development Goals. The continent experiences an annual infrastructure financing gap exceeding 100 billion USD (African Development Bank Group, 2022).

Economic cooperation within the continent is crucial; however, Africa has the lowest intra-regional trade globally, constituting merely 12% of its total trade. This contrasts sharply with Asia's 50% and Europe's 70% intra-regional trade shares. Additionally, logistical and infrastructural inadequacies dramatically increase transport costs within Africa, making shipments from countries like China economically more viable. These shortcomings significantly restrict investment attraction and hinder the establishment of necessary infrastructure and logistics networks.

Another pressing issue is weak digital connectivity. Only 51% of Africans have internet access, significantly below the global average of 68%, and 12 out of 54 African nations have less than 25% internet penetration (Statista, 2025). Strengthening digital infrastructure across the continent is essential, not just to achieve global connectivity standards but also to enhance economic, health, cultural, and social services. The circumstances –as in other areas- are much more favorable in South Africa, where it is estimated that 78.9% of the population is currently connected to the internet (HelloYes Marketing, 2025). Despite the offline one-fifth of the population, the infrastructure is undergoing rapid development.

Despite South Africa's status as the continent's most advanced economy and regional leader, it still faces substantial development challenges. **Migration pressures, high unemployment, crime, and skill shortages in healthcare and technology** remain major barriers to inclusive growth. Structural weaknesses in education, legislation, and public administration, as well as chronic underinvestment in R&D, have further **constrained innovation and competitiveness**. Low investment in research and innovation limits technological advancement and economic growth, similarly affecting Türkiye, pushing both countries into a middle-income trap.

With South Africa's unemployment rate nearing 35% and its public debt-to-GDP ratio approaching 80%, the country faces serious fiscal constraints. Despite IMF warnings in 2013 to reduce the debt ratio to 40% by 2020, sovereign credit ratings by major agencies have remained below investment grade for over a decade**. In Türkiye, high inflation and currency depreciation** current account deficits similarly discourage foreign investment (Trading Economics, n.d.).

Türkiye's adoption of a strategic partnership policy with Africa, and with South Africa in particular, including strengthening diplomatic missions, and appointing commercial counselors and trade attachés have significantly deepened bilateral relations. High-level visits, ministerial interactions, and economic forums have further boosted cooperation. South Africa, recognized as a logistics and economic hub in Sub-Saharan Africa, is seen by Turkish businesspeople as an attractive investment base. **Interviews conducted with four Turkish business representatives active in key sectors** such as mining equipment, renewable energy, and energy infrastructure confirm Türkiye's growing footprint in South Africa.

According to the testimonies, **Turkish investors' practical solutions and flexible business approaches** have strengthened their regional presence. One of the most prominent examples is the Koç Group's investment in DEFY, a well-known home appliance brand that now employs approximately 600 local workers and serves the broader Southern African region. Turkish automotive and spare parts companies are also producing locally, while high-tech sectors are beginning to gain visibility. ASELSAN South Africa, established in 2011, not only supports the company's operations across the continent but also contributes to design and R&D projects in coordination with its headquarters in Türkiye. The firm provides employment opportunities to South African engineers, offers internal training to build their capacities, and supports local industry development and technology transfer.

Organizational differences and bureaucratic obstacles prevent bilateral trade and investment from reaching full potential. Turkish firms, which often operate through family-owned structures, encounter difficulties aligning with South Africa's corporate culture. Moreover, while South Africa's strong trade unions play a constructive role in protecting workers' rights and ensuring fair labor practices, their influence—combined with certain labor market rigidities—may, in the eyes of some investors, raise **concerns about operational flexibility and cost competitiveness** in a highly competitive global economy. Additionally, foreign businesses perceive customs processes as burdensome with **high port fees, lengthy standardization and certification procedures, and the absence of export financing mechanisms** like Eximbank in South Africa. Interviewees noted that the Turkish goods face significantly higher tariffs compared to European goods, reducing competitiveness and increasing operational costs, while distance also exacerbates logistics challenges and costs.

A matter of particular concern for Türkiye is the continued presence and activities of the Fetullah Terrorist Organization (FETÖ) in South Africa. This network, which orchestrated the July 15, 2016 coup attempt in Türkiye, is viewed by the Turkish government as posing security risks through its transnational organizational structure, financial networks, and influence operations. While acknowledging the sovereign discretion of partner countries in managing domestic actors, Türkiye underscores that the persistence of **FETÖ-linked entities in South Africa** remains a sensitive issue in bilateral relations, with implications for mutual trust and security cooperation. This organization is reported to be undermining Türkiye's diplomatic and commercial initiatives, **negatively impacting trust and communication** among Turkish firms and harming business prospects.

South Africa's **persistent infrastructure challenges**, especially frequent electricity blackouts (over 300 days in 2023), significantly disrupt operations. State-owned utility Eskom's ongoing issues highlight **chronic underinvestment and governance interference**. Broader concerns over security and economic and social stability also weigh on the investment climate. Heightened security concerns in South Africa and the **geopolitical sensitivities facing Türkiye** present notable challenges to sustaining domestic stability and advancing regional integration efforts. Migration, fueled by diminishing economic opportunities, exacerbates **inequality and xenophobia**, destabilizing societies. Despite these **shared challenges**, both countries possess complementary capabilities. South Africa is a key contributor to peacekeeping in Africa, while Türkiye maintains robust security institutions and a growing defense sector. **Enhanced cooperation in defense and security**—particularly through technology transfer and joint initiatives—could strengthen both nations' regional roles.

Investment Challenges & Opportunities	
Türkiye in South Africa	**South Africa in Türkiye**
Challenges	*Challenges*
• Bureaucracy & organizational differences. • Strong trade unions, labor rigidities. • High tariffs vs. EU goods. • Customs delays, high port fees, no Eximbank support. • Infrastructure gaps (300+ blackout days in 2023). • Security concerns & FETÖ-linked networks	• Regulatory complexity, shifting rules. • Currency volatility & financial risks. • Geopolitical sensitivities & polarization. • Market access restrictions in sensitive sectors (esp. finance).
Opportunities	*Opportunities*
• *Complementary trade: autos, machinery, minerals, agro-processing.* • *•ICT & digital governance solutions.* • *Defense/security cooperation potential.*	• *Türkiye as EU–Asia hub via Customs Union.* • *Large consumer market (85+ million).* • *Agro-processing, renewables, tourism, digital tech.* • *Mining & supply chain partnerships.*

Turkish businesspeople interviewed for this report offered several actionable recommendations. They emphasized **the need for a Free Trade Agreement** to reduce tariff burdens and suggested the establishment of local production or assembly lines to boost competitiveness. In addition, stakeholders should develop long-term strategies that include supporting local employment, investing in sustainable production, and **viewing South Africa not merely as a market, but as a long-term partner**. Investors are encouraged to diversify their product offerings and adopt practical, solution-oriented approaches. **High-potential sectors** include energy, food, and automotive industries, particularly in renewable and sustainable technologies. Defense industry collaboration (with ASELSAN's increased visibility) identified as strategically important given local security challenges.

Existing **bilateral frameworks** like the Trade and Economic Cooperation Agreement (2005) and Customs Cooperation Agreement (2005) provide necessary institutional support. However, their **inconsistent implementation** highlights the need for regular and effective Joint Economic Commission meetings and inter-parliamentary friendship groups to complement traditional diplomatic efforts. Effective governmental policies to counteract FETÖ's disruptive activities and improved coordination between Turkish authorities and business communities are essential.

Strengthening diplomatic efforts to establish **mutual customs agreements** is of critical importance. Until such agreements are secured, it is recommended that the Turkish government provide support and incentives for the establishment **of local production facilities** in South Africa. Long-term projects focused on **education and technology transfer** should also be developed to enhance trust in the Türkiye brand. Increasing the visibility of Turkish investments in the region will require more frequent organization of **business forums, trade fairs, and bilateral business meetings**. It has also been suggested that Türkiye could strengthen its relations with the Muslim community in South Africa and, through these ties, deepen its understanding of local political and economic dynamics.

Türkiye's proven capacity in infrastructure development, education, and logistical integration complements South Africa's economic diversification agenda and continental leadership role. At the same time, South Africa's credibility in multilateral forums and gateway position on the continent provide Türkiye with a strategic platform for engaging more deeply with Africa and the Global South.

Looking ahead, translating the potential of Türkiye–South Africa economic relations into concrete outcomes will require sustained political will, targeted policy interventions, and consistent institutional engagement. Both countries must focus on reducing structural barriers, aligning their regulatory frameworks, and enhancing bilateral trade facilitation tools. Promoting joint ventures, co-investment mechanisms, and shared innovation platforms can help **unlock untapped market opportunities**. Furthermore, integrating broader developmental objectives—such as skills development, local value addition, and inclusive growth—into economic cooperation agendas will enhance the strategic value of the partnership. By approaching South Africa not only as a commercial destination but also as a collaborative partner in regional development, Türkiye can position itself as a long-term actor in Africa's transformation story. Likewise, South Africa can leverage Türkiye's Eurasian connectivity, industrial capabilities, and diplomatic experience to further its own global positioning. Strategic alignment on trade, security, and development could thus anchor a more resilient, equitable, and forward-looking bilateral relationship.

A council to meet regularly to identify the points of collaboration, oversee the steps offered and taken, and lobby for mutual interests can be formed. With such a council supported by non-profit organizations and academic institutions, **public discourse** on bilateral economic and political relations may continue. This way, a platform can be provided to discuss and enhance cooperation between South Africa and Türkiye. Renewed political will and administrative coordination are needed to unlock the full potential of the relationship. South Africa's focus on public–private partnerships, renewable energy investment, and digital infrastructure offers ample opportunity for Turkish firms with relevant sectoral experience.

4. Implications and Policy Recommendations

The evolving relationship between Türkiye and South Africa—two regionally influential economies with aspirations to further solidarity in the Global South—has laid the foundation for a multidimensional partnership rooted in trade, investment, strategic policy alignment, and multilateral diplomacy. However, realizing the full potential of this relationship requires the translation of mutual goodwill and strategic intent into structured, institutionalized, and pragmatic cooperation. The following policy implications and recommendations are derived from the comprehensive findings of this report and are designed to be both actionable and responsive to the socio-economic contexts of both nations.

I. Revitalizing Institutional Frameworks: From Symbolic to Strategic Platforms

Implication: While Türkiye and South Africa share a strong base of bilateral agreements and converging multilateral visions, institutional mechanisms have not been fully leveraged. Sporadic Joint Economic Commission (JEC) meetings and limited follow-through on agreements have constrained long-term planning. Both countries' ambitions in rebalancing global governance—South Africa through BRICS and the African Union, Türkiye through its Global South agenda—present untapped opportunities for alignment.

Recommendations:

- Establish a **Türkiye–South Africa Strategic Cooperation Council**, co-chaired at the ministerial level, meeting annually and supported by working groups in key sectors such as energy, manufacturing, finance, education, agriculture, and digitalization.
- Involve non-profit organizations, academic institutions, and private sector stakeholders to sustain **public discourse on bilateral relations** and provide a platform for cooperation.
- Mandate **the JEC to produce periodic progress reports** assessing performance, identifying bottlenecks, and proposing measurable solutions.
- Ensure **regular coordination** between foreign ministries and trade/investment promotion agencies to align priorities and follow up on commitments.
- Coordinate positions on **global governance reforms** at the UN, WTO, and IMF through bilateral diplomatic consultations.
- Advocate for **Türkiye's engagement with BRICS+** as a dialogue partner or observer to expand collaboration on development finance, fair trade, and inclusive growth.
- Launch an annual **Türkiye–South Africa Dialogue on Global South Development**, bringing together think tanks, civil society, and policy institutions to advance joint strategies on food security, renewable energy, climate change, and pandemic preparedness.

II. Enhancing Trade Complementarity Through Sectoral Alignment

Implication: Bilateral trade remains concentrated in a limited range of products, leaving significant complementarities untapped. Sectors such as agro-processing, food products, and retail chains offer underexplored potential despite proven synergies in both countries' trade with other partners, including Europe. Market concentration in South Africa's retail sector—and similar emerging patterns in Türkiye—can limit new entrants but also present investment opportunities.

Recommendations:

- **Negotiate sector-specific trade facilitation protocols** in areas of comparative advantage: Türkiye in textiles, white goods, defense technologies, digital services, and consumer electronics; South Africa in minerals, processed metals, agricultural products, green energy components, and agro-processing.
- Launch a **"Mutual Market Access Initiative"** focused on removing non-tariff barriers, streamlining customs procedures, and offering technical assistance for standard compliance—particularly benefitting SMEs.
- Identify **retail,** particularly supermarket chains, as **a potential investment and cooperation area** to expand market access for consumer goods.
- Hold high-level **technical workshops** to address market concentration, supply chain gaps, and investment barriers, producing actionable sectoral cooperation plans.
- Organize **joint trade fairs, sector-focused forums, and digital matchmaking platforms** with chambers of commerce and export councils.
- **Commission reports** -such as this- further assessing the economic benefits of cooperation **in priority sectors.**

III. Expanding Bilateral Investment and Infrastructure Partnerships

Implication: South Africa seeks to be a logistics hub for the African continent, but persistent infrastructural deficits constrain regional connectivity. Türkiye's proven capacity in infrastructure projects —particularly in construction, logistics, and digital infrastructure—is underleveraged in South Africa. At the same time, mutual investment interest is hindered by regulatory complexity, certification delays, costly ports, and legal uncertainties, especially for Turkish SMEs entering the South African market.

Recommendation:

- Establish **Bilateral Investment Facilitation Centers** in Istanbul and Johannesburg to guide investors through regulatory processes and provide post-entry support.
- Create a **Türkiye–South Africa Infrastructure and Investment Fund**, co-financed by development banks (e.g., DBSA, Eximbank Türkiye), to mobilize capital for large-scale projects aligned with AfCFTA priorities.
- Prioritize **joint ventures** between Turkish infrastructure firms and South African agencies in strategic corridors such as **ports, railways, energy grids, and fiber-optic networks**, as

well as e-commerce logistics and e-governance solutions.

- Introduce an addendum to the 2000 Bilateral Investment Treaty to include **risk-mitigation measures**, expedited dispute resolution, and access to credit guarantees for SMEs.
- Expand Türkiye's **Eximbank credit lines** tailored for Southern Africa and encourage participation **of South African development finance institutions** in Turkish-led projects.

IV. Fostering Human Capital Development and Technology Transfer

Implication: Skills mismatches, youth unemployment, and gaps in technical expertise continue to limit industrial productivity and investment outcomes in both Türkiye and South Africa. In South Africa, the shortage of qualified Black professionals remains a key challenge for advancing Black Economic Empowerment. Leveraging the two countries' complementary strengths in vocational and technical training can address these gaps, while facilitating broader knowledge and technology transfer.

Recommendation:

- Develop **bilateral scholarship and vocational training programs**, modeled on Türkiye Scholarships, focused on industrial skills, logistics, green technologies, and digital services. These should prioritize placements in partner-country institutions.
- Establish a **Technical Cooperation Framework** between Türkiye's Employment Agency (İŞKUR) and South Africa's relevant employment authority to promote the exchange of vocational and technical education expertise, introduce İŞKUR's active labor market training modules, and support curriculum development, trainer exchanges, and sector-specific skills programs.
- Create a **Joint Innovation and Industrial Research Hub**, supported by universities and business associations, aimed at co-developing technologies for mining automation, agriculture, and renewable energy via DEIK, TUBITAK and South African counterparts.
- Promote **apprenticeship exchanges** where young professionals can gain field experience in partner country industries, enhancing mutual understanding and employability.
- Encourage **increased academic mobility** by expanding opportunities for Turkish students to study at South Africa's leading universities and for South African students to participate in Türkiye's higher education institutions, thereby enlarging the bilateral knowledge base and diaspora links.

V. Addressing Bureaucratic and Regulatory Obstacles

Implication: Business and policy actors frequently cite bureaucratic delays, regulatory opacity, and underdeveloped certification regimes as barriers to smoother bilateral operations.

Recommendation:

- **Digitize and harmonize customs procedures f**or Türkiye–South Africa trade through interoperable systems modeled on best practices in EU–SADC or even specific bilateral interactions.
- Form **joint regulatory task forces** to identify and reduce friction in certification, licensing, and taxation—particularly in food, health, and industrial standards.
- Encourage **pilot programs for regulatory sandboxes** in fintech and green energy sectors to enable experimentation without exposing firms to full compliance costs initially.

VI. Leveraging Diaspora and Cultural Diplomacy

Implication: Societal connections between Türkiye and South Africa are under-institutionalized, despite long-standing diplomatic relations, cultural openness, and shared values. Academic and cultural linkages remain limited in scope, and existing exchange opportunities are not fully utilized.

Recommendation:

- Prioritize **academic mobility** through faculty exchange programs, expanded participation in TÜBİTAK postdoctoral projects, and targeted invitations for South African scholars in technical fields of high demand.
- Develop a **bilateral scholarship program**—building on Türkiye's existing admission of South African students—to support study in priority technical disciplines at English-medium institutions in Türkiye and South Africa, offered on full and partial scholarships, with the goal of cultivating a skilled alumni network and fostering long-term professional linkages between the two countries.
- Incentivize diaspora engagement through **bi-national entrepreneurship programs,** including micro-grants and startup incubation focused on South Africa–Türkiye trade.
- Encourage **media collaborations** (co-productions, joint press exchanges, digital storytelling) to normalize the bilateral partnership in public discourse and highlight shared narratives.
- Opening **initiatives** like Yunus Emre Institute, Türkiye Maarif Foundation, and YTB **from the side of South Africa** to start promoting and introducing itself within Türkiye.
- Establish a **Türkiye–South Africa Cultural and Academic Exchange Foundation** to fund joint research, translation projects, literary residencies, and collaborative arts programs—for example, promoting Yunus Emre's peace- and love-themed poetry in South Africa's literature curricula through Yunus Emre Institute and introducing works of South African poets and writers into Türkiye's modern world literature programs.

The relationship between Türkiye and South

Africa is entering a phase that calls for strategic depth, institutional resilience, and innovative policy approaches. Building on a foundation of historical goodwill and growing trade, the next step is to translate shared interests into coordinated action across multiple sectors. Both countries face economic and structural challenges that, if addressed jointly, can open new avenues for growth. In South Africa, efforts to enhance market competitiveness and diversify economic participation offer potential synergies with Türkiye's strengths in trade, targeted investment, and technical cooperation. In Türkiye, a focused approach to outward investment—directed toward high-impact, strategic sectors—can maximize mutual benefit while responding to domestic economic priorities.

Within this context, the recommendations outlined above aim to channel existing goodwill into practical, achievable initiatives. By aligning sectoral capabilities, facilitating market access, and advancing human capital development, the partnership can generate tangible benefits for both sides. Sustained diplomatic engagement, inclusive stakeholder participation, and realistic implementation planning will be key to unlocking this potential. With such an approach, Türkiye–South Africa relations can evolve into a dynamic example of South–South collaboration, delivering measurable economic and social dividends for both nations and contributing to a stronger, more interconnected Global South.

5. Concluding Remarks

The evolving partnership between Türkiye and South Africa over the past three decades offers valuable insights into how two emerging economies—each occupying pivotal roles within their respective regions—can craft a mutually reinforcing economic and diplomatic relationship. As detailed throughout this report, bilateral trade, investment dynamics, institutional frameworks, and policy alignments between the two nations demonstrate substantial progress and notable potential for deepened cooperation.

Despite differences in geography, history, and institutional structures, Türkiye and South Africa share many converging aspirations: reducing dependency on traditional economic powers, diversifying trade partnerships, investing in infrastructure and technology, and contributing to a more balanced global order as well as responding to the domestic structural issues in their economies such as skills mismatch and income inequality. Both nations have recognized the limitations of existing global hierarchies and have, in different but complementary ways, sought to amplify the voice of the Global South in multilateral arenas.

The bilateral relationship between Türkiye and South Africa thus stands at a promising intersection of strategic pragmatism and normative alignment. Trade volumes between the two countries have increased significantly since the 1990s, reaching a peak of $3.29 billion in 2022. Investments—though still below potential—have begun to take root in sectors such as mining, consumer electronics, textiles, and packaging. Yet, significant challenges remain: trade imbalances, limited diversification of partners, bureaucratic and infrastructural barriers, and macroeconomic volatility inhibit the realization of full potential.

Türkiye's foreign policy in the last two decades has been increasingly shaped by a vision of global justice and inclusive development, articulated through high-level discourses such as President Recep Tayyip Erdoğan's well-known assertions—"The world is bigger than five" and "A fairer world is possible". These expressions are not merely rhetorical devices but form the foundation of Türkiye's broader engagement with Africa, Latin America, and Asia, promoting a multipolar world order and striving for reform in global governance institutions. This normative stance aligns Türkiye with many of the priorities of the Global South, positioning the country not only as a trading partner but also as a political ally in the quest for global justice, equity and representation.

Similarly, South Africa has positioned itself as a key architect of the Global South's collective identity, especially through its role in founding and expanding BRICS. As one of the most prominent voices within BRICS, South Africa has advanced agendas focused on economic sovereignty, development finance, and South-South cooperation. Through its leadership within this bloc, and its engagement in the African Continental Free Trade Agreement (AfCFTA), South Africa exemplifies the institutional drive toward regional integration and continental upliftment—objectives that resonate with Türkiye's outreach through the African Opening Action Plan and various strategic agreements with African nations.

Moreover, the structural inequalities and vulnerabilities common to many Global South countries—such as skills shortages, infrastructural deficits, and regulatory inefficiencies—are mirrored in both Türkiye and South Africa, albeit in different forms. These challenges, however, also serve as a basis for collaboration. Türkiye's experience with large-scale infrastructure projects, technological adaptation, and export diversification may offer valuable insights and partnerships for South Africa's development trajectory. Conversely, South Africa's institutional maturity, resource endowments, and leadership in regional economic bodies could offer Türkiye a strategic foothold in broader continental frameworks.

Beyond bilateral gains, the Türkiye–South Africa relationship holds symbolic and practical implications for global economic governance. As both countries advocate for a rebalancing of global economic power, their cooperation signals a model of Global South solidarity that moves beyond aid and dependency paradigms, toward one rooted in mutual investment, policy coordination, and shared development objectives. Their respective roles in platforms such as BRICS, the G20, and the African Union further amplify their capacity to shape regional and international policy debates.

To fully harness this potential, institutional continuity and strategic vision are essential. The revitalization of the Joint Economic Commission (JEC), the establishment of a bilateral economic council involving public, private, and academic actors, and the negotiation of sector-specific protocols—particularly in manufacturing, logistics, and digital infrastructure—are critical next steps. Furthermore, sustained cultural, academic, and civil society exchanges can deepen the relational fabric beyond state-to-state diplomacy.

In sum, Türkiye and South Africa, through complementary assets and converging aspirations, possess the capacity to build a partnership that serves not only their national interests but also advances the vision of a more inclusive and balanced global economic system. If pursued with strategic foresight and institutional resilience, their collaboration can stand as a model of equitable engagement in the 21st century—one that honors the agency of the Global South while constructing pragmatic pathways to shared prosperity.

SWOT Analysis for Türkiye–South Africa Economic and Political Cooperation

Strengths	Opportunities
• Proven sectoral expertise: Türkiye's strong record in infrastructure, manufacturing, defense industries, and agriculture-related technologies offers transferable solutions to South Africa's development pri++orities. • Robust education and training base: A wide network of vocational and technical schools, alongside high-quality universities, supports skill development for industrial and service sectors. • Institutional experience in labor market policy: İŞKUR's expertise in active labor market programs, reskilling, and sector-specific employment services. • Political will for African engagement: Türkiye's foreign policy emphasis on Africa through summits, embassies, and development cooperation. • South Africa's natural wealth and established capital markets: Access to minerals, energy resources, and an advanced financial sector. • Existing cooperation platforms: Business Councils, TİKA office, Maarif Foundation school, and cultural diplomacy tools like the Yunus Emre Institute.	• Value-added resource processing: Potential to process South Africa's minerals, metals, and agricultural products domestically, boosting local employment and export competitiveness. • Black Economic Empowerment (BEE) alignment: Expanding vocational and technical training initiatives in partnership with İŞKUR to address the shortage of qualified Black professionals in priority industries. • Diaspora as a business bridge: Leveraging the Turkish community in South Africa and the economically active Muslim minority for market entry, trade facilitation, and cultural understanding. • Consumer market growth: South Africa's large and diverse consumer base creates demand for competitive imports, especially in manufactured goods, household appliances, and food products. • Regional trade hub potential: South Africa's strategic role in AfCFTA and its transport links to Southern African Development Community (SADC) markets. • Renewable energy and green technology cooperation: Combining Türkiye's project expertise with South Africa's wind and solar potential.

Weaknesses	Threats
• Limited outward investment capacity: Türkiye's current liquidity constraints reduce the feasibility of large-scale, long-term FDI in South Africa beyond select sectors. • Information gaps: Insufficient market intelligence and investor awareness on both sides lead to missed opportunities. • Structural divergences: Different policy priorities between South Africa's political leadership and its business community can affect investment timelines. • Limited people-to-people institutionalization: Academic, cultural, and civil society links are not yet scaled to match diplomatic ambitions.	• Geopolitical exposure: Regional tensions, conflicts, and shifting alliances could affect Türkiye's trade and investment climate. • Financial volatility: Currency fluctuations, inflationary pressures, and interest rate changes in Türkiye may discourage investors. • Market concentration: Dominance of a few major corporations in South Africa's retail and supply chains limits competition and market entry. • Economic fragility in South Africa: High unemployment, energy shortages, and inequality could affect investor confidence. • Competing external influences: The presence of strong geopolitical competitors (China, Russia, EU, US) in South Africa may reduce space for Türkiye's economic footprint. • Political sensitivities: Potential diversion of capital by actors aligned with opposing geopolitical interests (e.g., USA). • Security concerns: Activities of FETÖ-linked entities in South Africa remain a point of contention in bilateral relations

References:

Adam, A., & Moutos, T. (2008). The trade effects of the EU–Türkiye customs union. *World Economy, 31*(5), 685-700.

African Development Bank Group. (2022, February 2). *African Development Bank sets course to close infrastructure gap with Board approval of its first public private partnerships strategic framework.* https://www.afdb.org/en/news-and-events/press-releases/african-development-bank-sets-course-close-infrastructure-gap-board-approval-its-first-public-private-partnerships-strategic-framework-48875

(2023). *African Economic Outlook 2023.* African Development Bank Group Publications. Retrieved from: https://www.afdb.org/en/documents/african-economic-outlook-2023 Access Date: 21.08.2023

Aldaolu, N., & Sarsour, N. (2022). Determinants of foreign direct investment inflows: Case study of Türkiye. *Gazi Journal of Economic Business, 8(1), 1-14.* https://doi.org/10.30855/gjeb.2022.8.1.001

Andruseac, G. C. & Hertug, G. I. (2015). Theoretical perspectives on economic cooperation. *Centre for European Studies, Alexandru Ioan Cuza University, 7*(3), 675-681. http://hdl.handle.net/10419/198417

Aydın, A. K. (2003). Turkey and South Africa: Towards the second decade. Perceptions: Journal of International Affairs, *8(1),* 1-5.

Bradlow, D., & Masamba, M. (2022, May 4). *What is the NDB African Regional Center and its impact in Africa.* [Web article]. Development Reimagined. https://developmentreimagined.com/2022/05/04/what-is-the-ndb-african-regional-center-and-its-impact-in-africa/

Cattaneo, N., Biziwick, M., & Fryer, D. (2015, March). *The BRICS Contingent Reserve Arrangement and its position in the emerging global financial architecture* (Policy Insights No. 10). South African Institute of International Affairs. https://saiia.org.za/research/the-brics-contingent-reserve-arrangement-and-its-position-in-the-emerging-global-financial-architecture/

de Beer, B. (2015, July 24). *South Africa's experience with capital flows since the financial crisis: From measurement to analysis* [Paper presentation]. IFC Satellite Meeting, 60th ISI Conference, Rio de Janeiro, Brazil. Retrieved from: https://www.bis.org/ifc/events/sat_semi_rio_jul15/1_beer_paper.pdf

Dhamija, P. (2020). Economic Development and South Africa: 25 Years Analysis (1994 to 2019). *South African Journal of Economics, 88(3), 298-322.* https://doi.org/10.1111/saje.12248

HelloYes Marketing. (2025). Digital statistics and usage South Africa 2025. Retrieved August 12, 2025, from https://helloyes.co.za/digital-statistics-and-usage-south-africa-2025/

Herbst, J. & Mills, G. (2015). *How South Africa works and must do better.* London: Hurst & Co Publishing

Isilow, H. (2022, November 12). South Africa, Türkiye hold trade summit in Johannesburg. *Anadolu Agency.* Retrieved from: https://www.aa.com.tr/en/africa/south-africa-turkiye-hold-trade-summit-in-johannesburg/2735893 Access Date: 15.08.2023

(2024, February 27). Trade between Türkiye, South Africa booming: Envoy. *Anadolu Agency.* Retrieved from: https://www.aa.com.tr/en/africa/trade-between-turkiye-south-africa-booming-envoy/3148413

Kubilay, M. M. (2022). The Turkish economy under the Presidential System. *Middle East Institute.* Retrieved from https://www.mei.edu/publications/turkish-economy-under-presidential-system Access Date: 21.08.2023

Lee, M. C. (2002). The European Union-South Africa Free Trade Agreement: In Whose Interest?. *Journal of Contemporary African Studies, 20*(1), 81-106.

Mahuni, K. (2022). *Analysis of AfCFTA through Porter's Diamond Factor Model.* WTO Chairs. https://wtochairs.org/sites/default/files/kenneth%20mahuni_analysis%20of%20afcfta%20through%20michael%20porter%20diamond%20theory.pdf

The National Planning Commission . *National development plan 2030: Our future - make it work.* South African Government. https://www.gov.za/documents/national-development-plan-2030-our-future-make-it-work

Nishiura, A. (2013). South Africa's outward investment: The liberalisation of exchange controls and firms' reactions. In Sato M, & Sato K., & Sato C (Eds.). *Public Policy and Transfomation in South Africa after Democratisation. (pp. 87-101).* IDE Book.

OECD. (2023*). FDI flows (indicator).* 10.1787/99f6e393-en

FDI restrictiveness. https://data.oecd.org/chart/79R7

Inward FDI by partner country. https://stats.oecd.org/#

Outward FDI by partner country. https://stats.oecd.org/#

(2002). *Foreign direct investment for development: Maximizing benefits, minimizing costs.* OECD Publications. https://www.oecd.org/investment/investmentfordevelopment/foreigndirectinvestmentfordevelopmentmaximisingbenefitsminimisingcosts.htm

Öztürk, Ş. (2022). The Relationship Of Social Policy And Public Diplomacy: Black Economic Empowerment Strategy And Turkey-South Africa Relations, *Afro Eurasian Studies, 9 (1),* 22-30. DOI:10.33722/afes.1095558

Pamuk, Ş. (2018). *Uneven Centuries: Economic Development of Türkiye since 1820*. Princeton: Princeton

University Press. https://doi.org/10.1515/9780691184982

Republic of Turkey Ministry of Economy. (2014). *Foreign Direct Investments in Turkey 2014.* Retrieved from: https://trade.gov.tr/data/5b8e8a8613b8761b8471c098/cec72f8d1c4971c076c6ef46bbb807fa.pdf

Smit, A. J. (2010). The competitive advantage of nations: Is Porter's Diamond Framework a new theory that explains the international competitiveness of countries? *Southern African Business Review, 14*(1). https://www.ajol.info/index.php/sabr/article/view/76358

Sohail, S. M. & Zatullah, M. & Li, Z. (2021). Effect of foreign direct investment on bilateral trade: Experience from Asian emerging economies. *SAGE Journals, 11*(4). https://doi.org/10.1177/21582440211054487

South African Embassy (2023). "Bilateral Trade between South Africa and Türkiye." Retrieved from: http://www.southafrica.org.tr/index.php/economic/bilateral-trade-relations Access Date: 16.8.2023

Statista. (2025, February). *Share of internet users in Africa as of February 2025, by country.* In Statista. Retrieved [12.06.2025], from https://www.statista.com/statistics/1124283/internet-penetration-in-africa-by-country/

TBMM [Turkish Grand National Assembly] (25.04.2007). *Türkiye Cumhuriyeti Hükümeti İle Güney Afrika Cumhuriyeti Hükümeti Arasinda Ticaret Ve Ekonomik İşbirliği Anlaşmasinin Onaylanmasinin Uygun Bulunduğuna Dair Kanun.* Law no: 5632. Retrieved from: https://www5.tbmm.gov.tr/tutanaklar/KANUNLAR_KARARLAR/kanuntbmmc091/kanuntbmmc091/kanuntbmmc09105632.pdf

Trading Economics. (n.d.). South Africa – Credit Rating. In Trading Economics. Retrieved [12.06.2025], from https://tradingeconomics.com/south-africa/rating

Turkish Ministry of Foreign Affairs (2023). *Türkiye-Afrika İlişkileri [Turkish-African Relations].* Retrieved from: https://www.mfa.gov.tr/turkiye-afrika-iliskileri.tr.mfa Access Date: 31.07.2023

(2023). "Relations between Türkiye and the Republic of South Africa (RSA)." Retrieved from: https://www.mfa.gov.tr/relations-between-turkiye-and-the-republic-of-south-africa.en.mfa Access Date: 16.08.2023

Turkish Ministry of Trade (2023)*. İki Ülke Arasında Ticaretin Altyapısını Oluşturan Anlaşma ve Proş tokoller [Agreements and Protocols Constituting the Infrastructure of Trade between the Two Countries].* Retrieved from: https://ticaret.gov.tr/yurtdisi-teskilati/afrika/guney-afrika-cumhuriyeti/ikili-anlasmalar/iki-ulke-arasinda-ticaretin-altyapisini-olusturan-anlasma-ve-protokoller Access Date: 31.07.2023

Turkish Republic Official Gazette (29.04.2009). "Türkiye-Güney Afrika Karma Ekonomik Komisyonu 1. Dönem Toplantısı Ortak Bildirisi". *Milletler Arası Andlaşmalar.* Issue: 27214. Retrieved from: https://www.resmigazete.gov.tr/eskiler/2009/04/20090429-1.htm

WITS [World Integrated Trade Solutions] (2023). Türkiye: Exports by country and region in US$ Thousand

1992-2020. World Bank. Retrieved from: https://wits.worldbank.org/CountryProfile/en/Country/TUR/StartYear/1992/EndYear/2020/TradeFlow/Export/Partner/ALL/Indicator/XPRT-TRD-VL Access Date: 1.8.2023

World Bank. (2023a, 30 March). *Overview.* The World Bank in South Africa. Retrieved from: https://www.worldbank.org/en/country/southafrica/overview Access Date: 21.08.2023

(2023b, 15 April). *Overview.* The World Bank in Turkiye. Retrieved from: https://www.worldbank.org/en/country/Türkiye/overview#3 Access Date: 21.08.2023

(2017, 28 Jul). *Türkiye - Country partnership framework for the period FY18 - FY21 (English).* Washington, D.C. : World Bank Group. Retrieved from: http://documents.worldbank.org/curated/en/585411504231252220/Türkiye-Country-partnership-framework-for-the-period-FY18-FY21 Access Date: 21.08.2023

World Bank Open Data (n.d.). *Country Profile: South Africa; Country Profile: Türkiye,* https://data.worldbank.org/

World Development Indicators. (2023). *Foreign direct investment, net inflows (% of GDP).* https://databank.worldbank.org/reports.aspx?source=2&series=BX.KLT.DINV.WD.GD.ZS&country=#

Foreign direct investment, net outflows (% of GDP). https://databank.worldbank.org/reports.aspx?source=2&series=BM.KLT.DINV.WD.GD.ZS&country=

Yetkin, A. M. (2018). Trade relationship between Türkiye and south Africa: A brief overview of the last 20 years. *Hungarian Journal of African Studies, 12(4), 135-137.* https://journals.lib.pte.hu/index.php/afrikatanulmanyok/article/view/3976/3699

Zarenda, H. (n.d.). *South Africa's National Development Plan and its implications for regional Development .* Trade Law Centre. https://www.tralac.org/files/2013/07/D13WP012013-Zarenda-South-Africas-NDP-and-implications-for-regional-development-20130612-fin.pdf

About Authors:

Hacer Atabaş holds a PhD in International Relations and works as the Research Coordinator at the Africa Foundation where she has been part of the team since 2022. Her work focuses on Türkiye's international scholarship programs and Türkiye–Africa relations, with a particular interest in the role of international education in development and foreign policy.

M. Said Duran completed his undergraduate education at Ankara Yıldırım Beyazıt University in the Department of International Relations and is continuing his education with a master's degree at Istanbul Bilgi University in the same department. M. Said Duran, who has interned for 6 months and worked as a research assistant for 2 years at the Africa Foundation, continues his research on the African continent.

Kübra Duru is pursuing a Bachelor's degree in Economics at Middle East Technical University (ODTÜ). She was an intern between July 2023 and September 2023, and has since been a research assistant at the Africa Foundation.

Henry K. Mutale holds a Bachelor's degree in Economics from Abdullah Gül University in Kayseri, Turkey (2020–2024). He was an intern with the Africa Foundation in Ankara from July 2023 to September 2023, contributing to research and development initiatives, and is currently engaged in research on women entrepreneurs and innovators in Zambia. His interests lie in sustainable development, entrepreneurship, and inclusive economic growth.

Hacettepe Mh. Gelin Sk. No:8 06230 Altındağ/Ankara - Türkiye
• +90 312 235 05 10 • afrikavakfi • www.afrikavakfi.org.tr