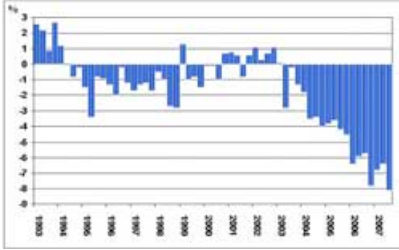


Current account deficit grows

South Africa's current account deficit has increased to about 5.5% of the Gross Domestic Product (GDP) over the past two years.



South Africa's current account deficit has widened to about 5.5% of gross domestic product according to figures released by the National Treasury in the MTBPS this week. Image: [Investment Postcards](#)

This is according the National Treasury's Medium Term Budget Policy Statement (MTBPS) - or mini budget - which was tabled in Parliament by Finance Minister Nhlanhla Nene.

The deterioration of the current account of the balance of payments was attributed to a rising trade deficit that widened to - 2.2% in 2013. The trade deficit is projected to widen to -2.4% of the GDP in 2014.

"Global investment appetite for South African assets has remained strong, supported by the broader exposure to the region provided by many local firms. Monetary conditions in advanced economies have also sustained capital inflows," the National Treasury said.

According to the MTBPS, while declining commodity prices in South Africa's traditional export market of the European Union has put pressure on exports, other opportunities are emerging.

Sub-Saharan export opportunities

Trade and financial links with sub-Saharan Africa have grown and South African firms are well positioned to expand there.

"The global re-balancing of growth also provides opportunities for South Africa to broaden beyond its traditional reliance on minerals, metal and agricultural commodities to manufactured exports with greater value, supported by the more competitive exchange," the National Treasury said.

The National Treasury says its projection comes on the back of increased interest by European investors to invest in sub-

Saharan Africa.

The European House Ambrosetti, one of Europe's major think-tanks, recently told Italian and South African CEOs in Cape Town that the region had untapped potential in the energy, manufacturing and agribusiness sectors that could increase the region's exports to desirable levels.

The African Union's commission recently identified regional integration as a key to unlocking growth on the continent while the International Monetary Fund (IMF) has forecast that the average economic growth in sub-Saharan Africa will remain above 5%.

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