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DANCING BETWEEN DRAGONS AND EAGLES

Foreign policy in an era of economic nationalism and geopolitical fragmentation

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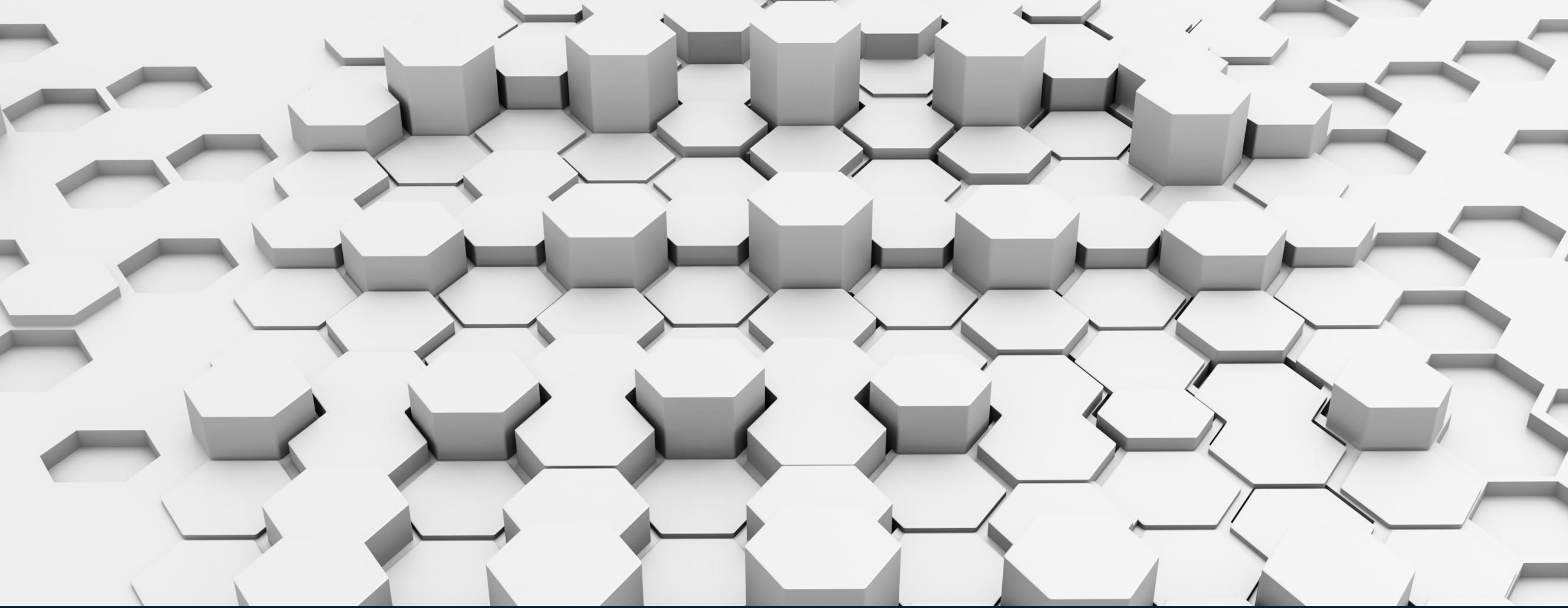
May 2026



THE WORLD IS NO LONGER “GLOBALISED” IN THE OLD SENSE

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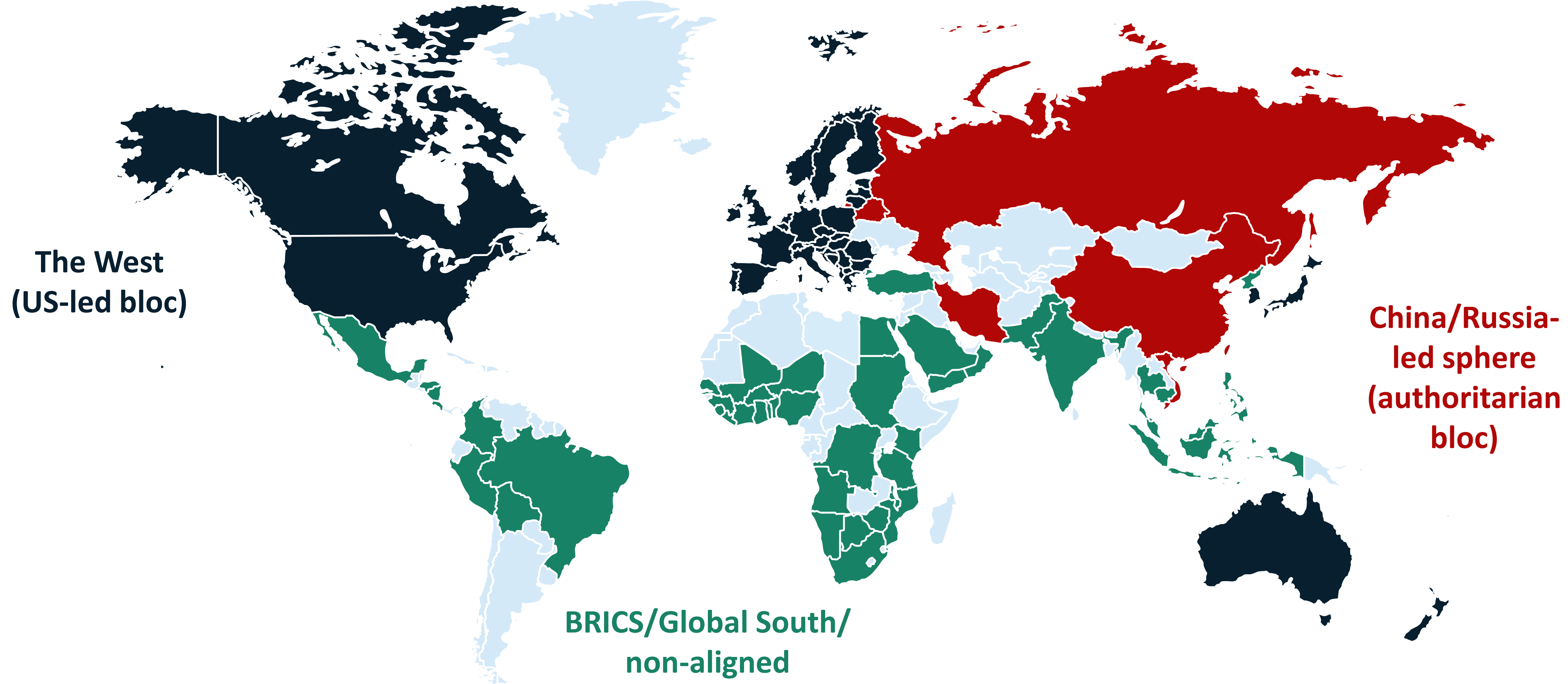
THE FRACTURED WORLD ECONOMY

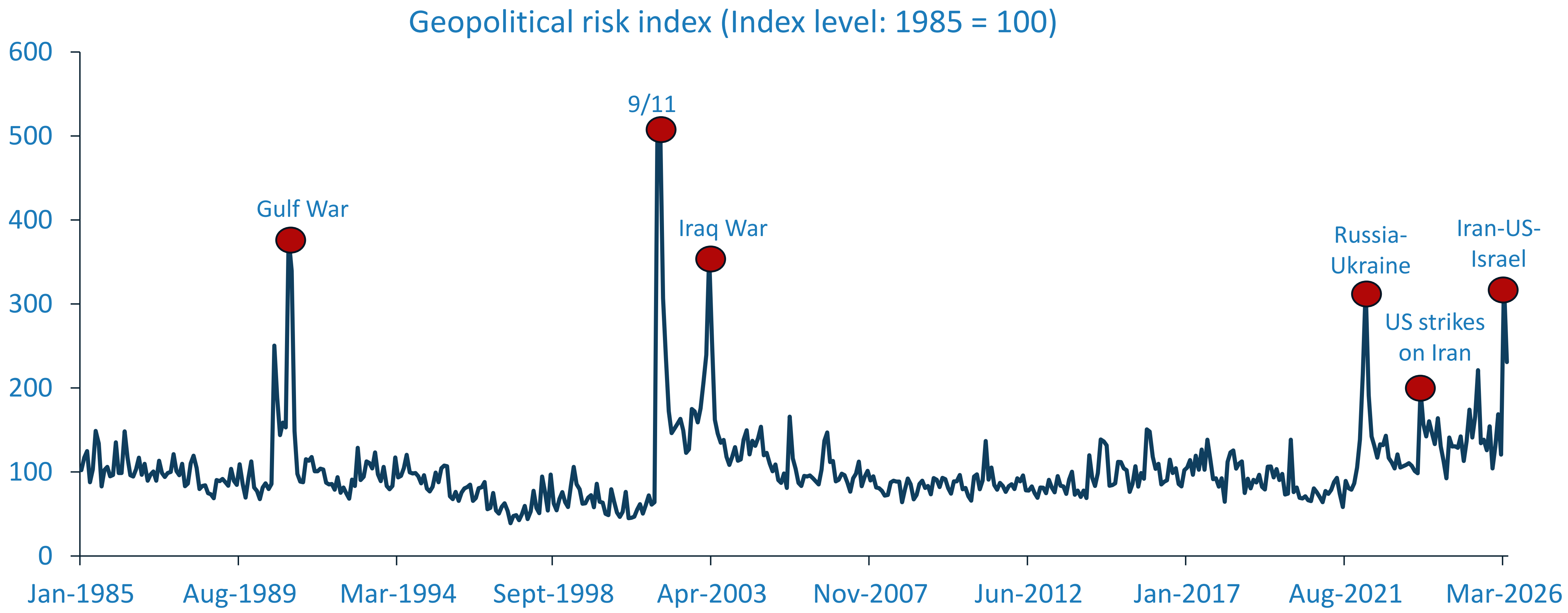
Where does SA best sit in the new fragmented global order



Source: EIU, CFR, Bruegel, United Nations, Momentum Group

RISING TIDE OF GEOPOLITICAL RISK

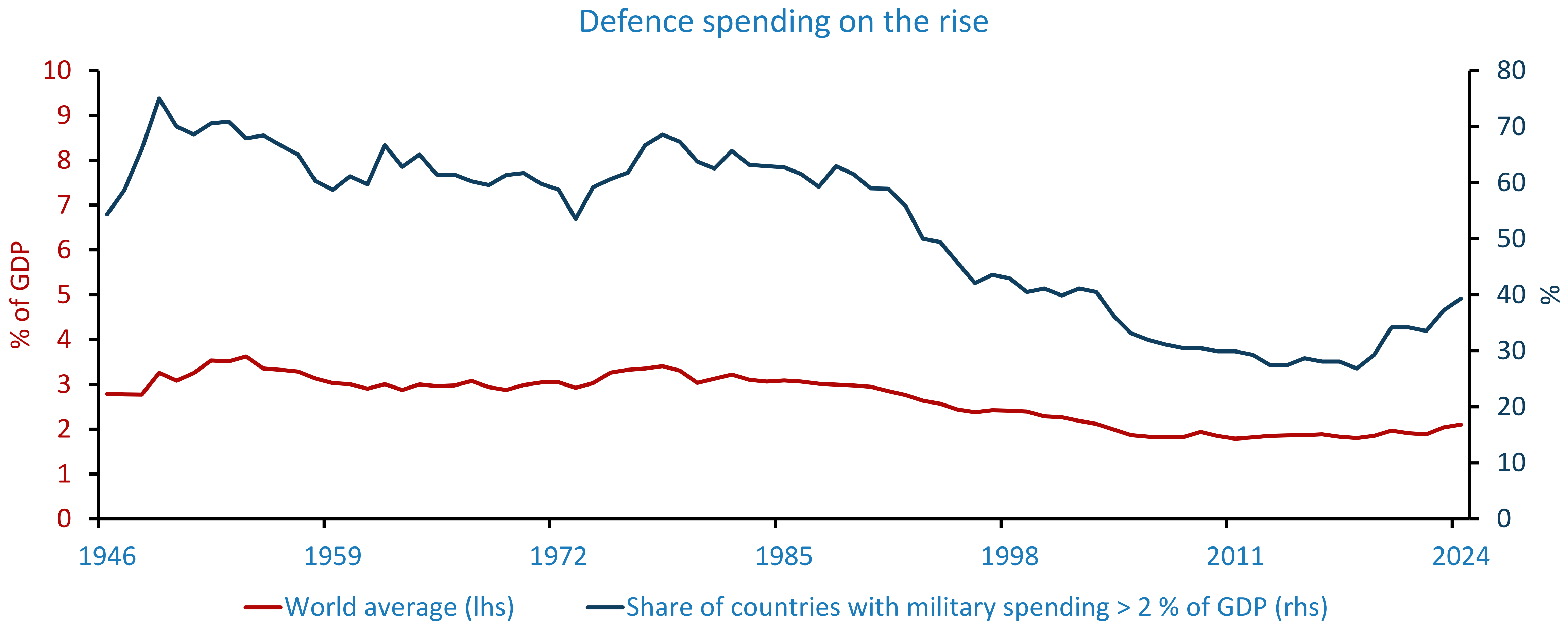
Geopolitical fault lines are reshaping foreign policy



Source: https://www.matteoiacoviello.com, Momentum Group, data up to April 2026

THE GLOBAL REARMING CYCLE

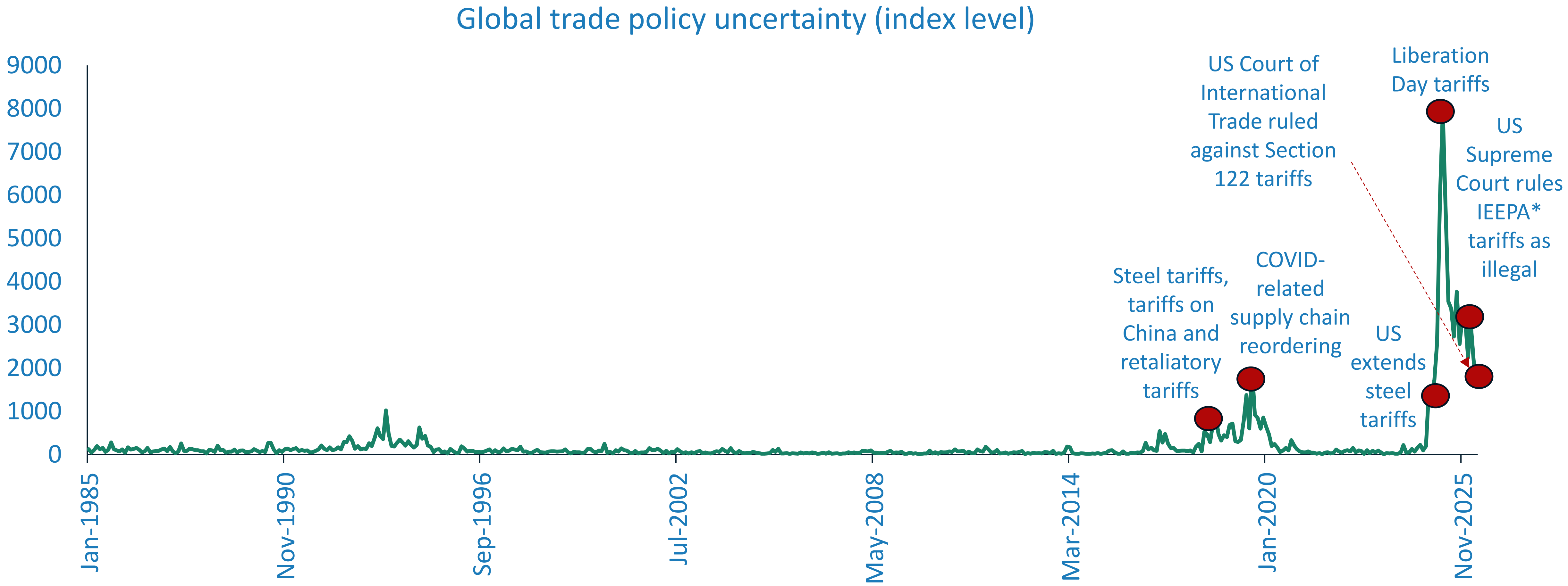
Rising military spending in a fragmented world



Source: International Monetary Fund, Momentum Group

THE RETURN OF PROTECTIONISM

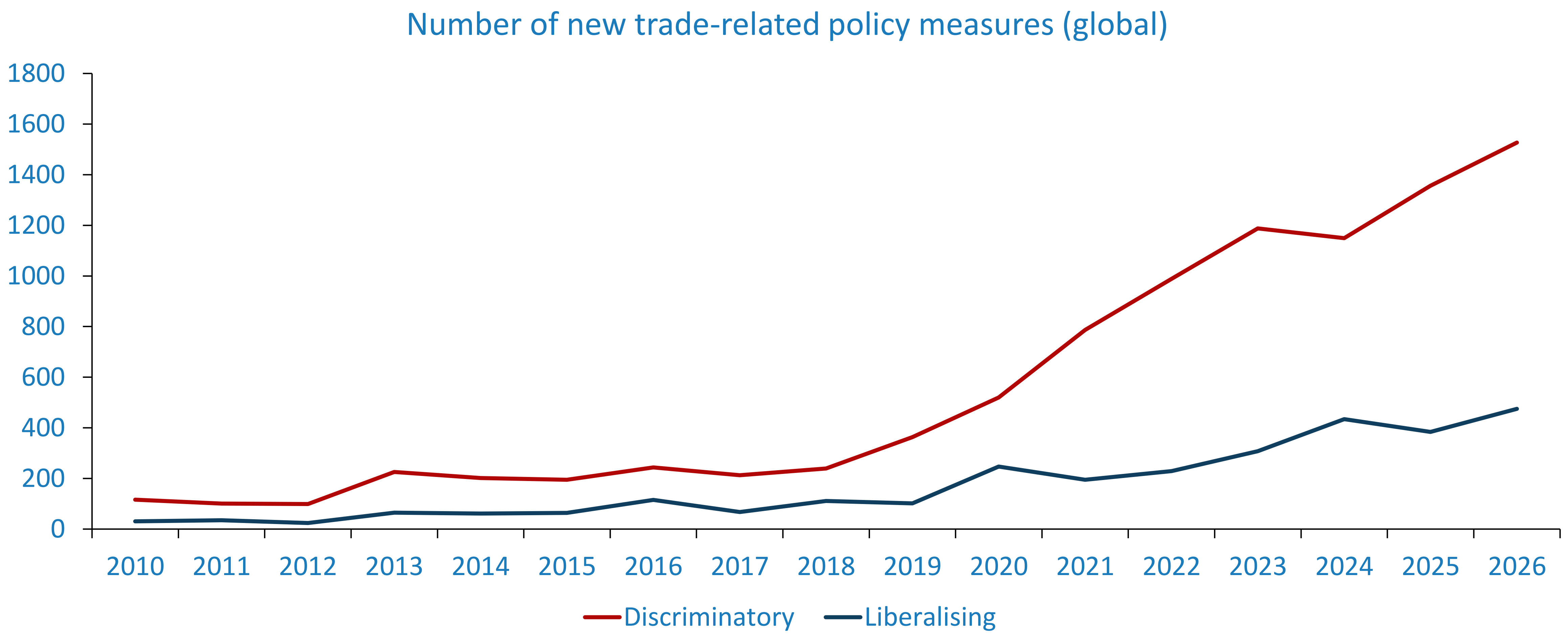
Caught between tariffs and alliances



Source: policyuncertainty.com, data up to May 2026
*IEEPA = International Emergency Economic Powers Act

BUILDING WALLS AROUND TRADE

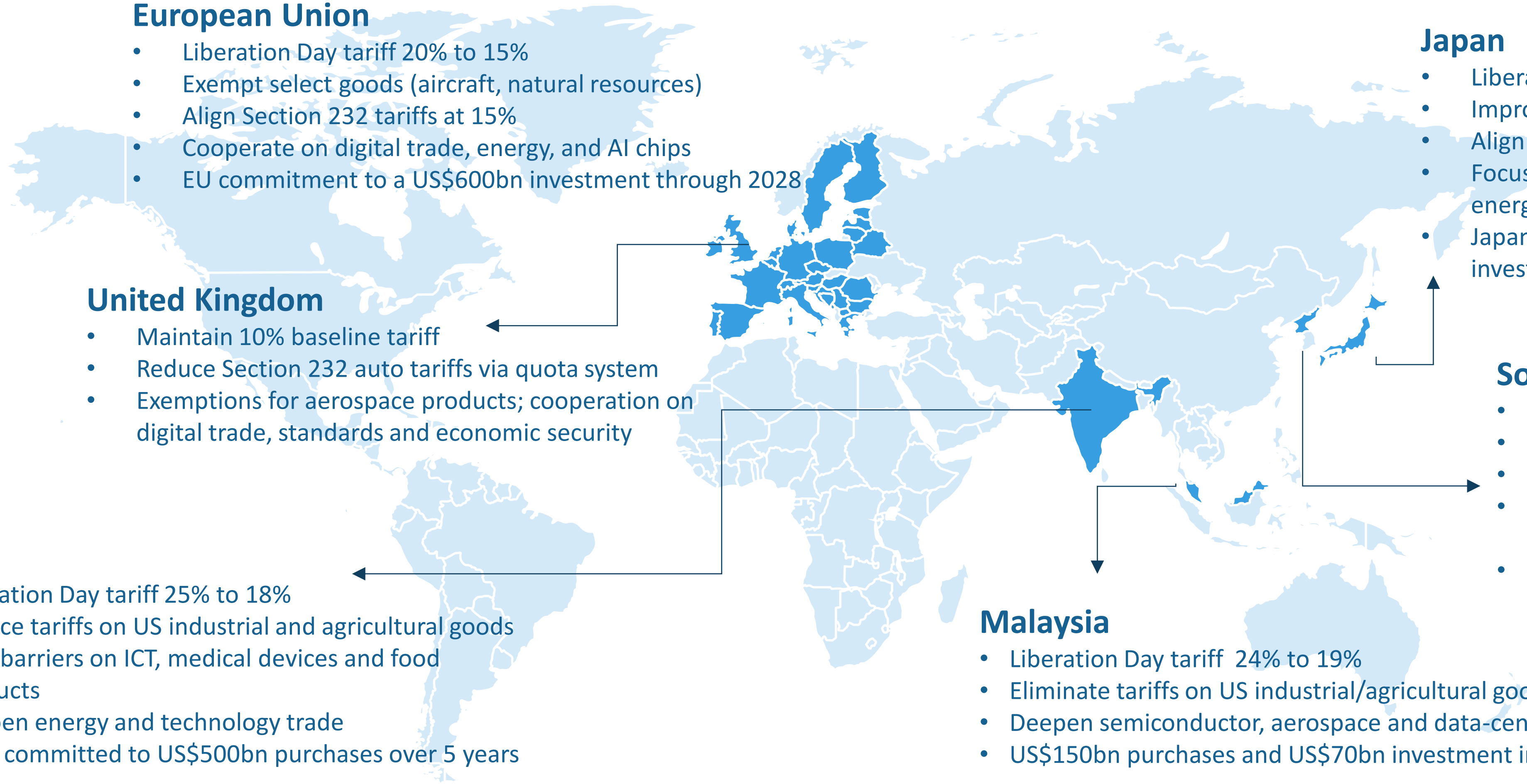
Trade interventions continue to climb



Source: United Nations Trade and Development, Momentum Group

FROM RULES TO DEALS

The US is reshaping global trade through selective bilateral agreements rather than broad multilateral consensus



European Union
- Liberation Day tariff 20% to 15%
- Exempt select goods (aircraft, natural resources)
- Align Section 232 tariffs at 15%
- Cooperate on digital trade, energy, and AI chips
- EU commitment to a US$600bn investment through 2028

United Kingdom
- Maintain 10% baseline tariff
- Reduce Section 232 auto tariffs via quota system
- Exemptions for aerospace products; cooperation on digital trade, standards and economic security

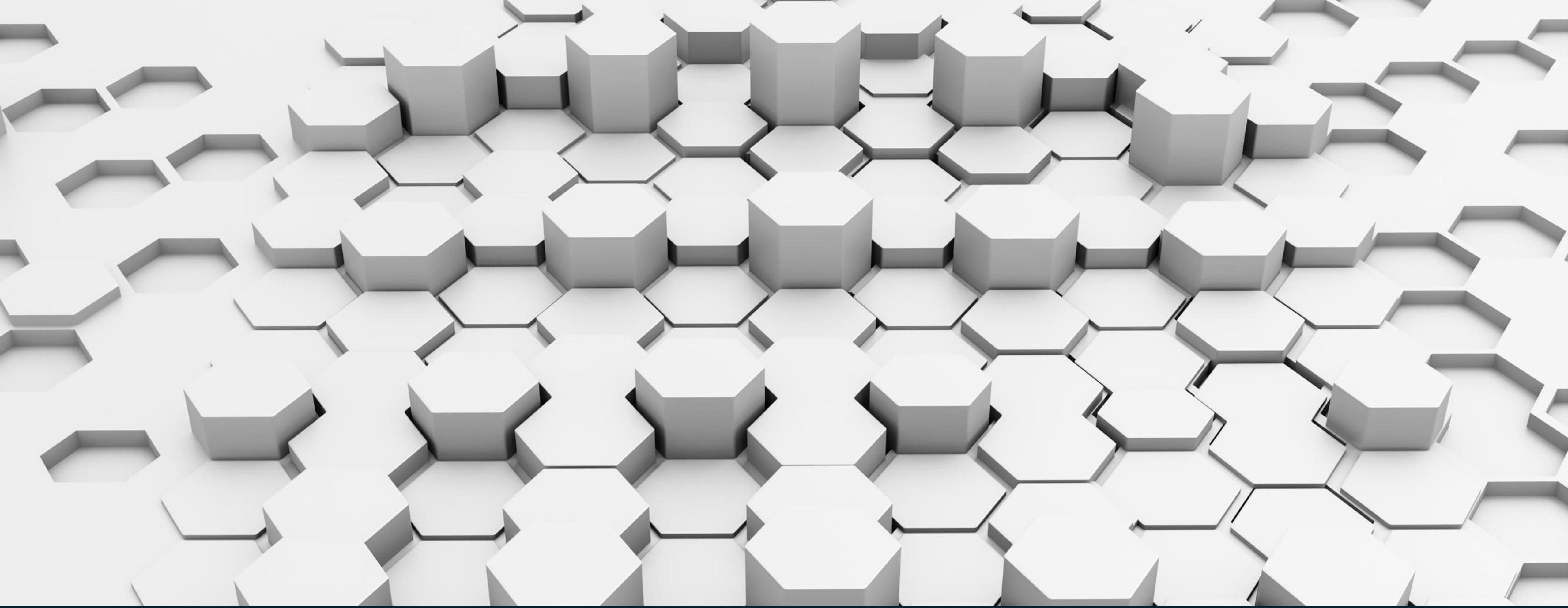
India
- Liberation Day tariff 25% to 18%
- Reduce tariffs on US industrial and agricultural goods
- Ease barriers on ICT, medical devices and food products
- Deepen energy and technology trade
- India committed to US$500bn purchases over 5 years

Japan
- Liberation Day tariff 24% to 15%
- Improve market access for select goods
- Align Section 232 tariffs at 15%
- Focus on shipbuilding, semiconductors, energy and critical minerals
- Japan commitment to a US$550bn investment into US industries

South Korea
- Liberation Day tariff 25% to 15%
- Expand US auto access
- Align Section 232 tariffs to 15%
- Strengthen semiconductor, shipbuilding and defense cooperation
- South Korea committed US$350bn investment

Malaysia
- Liberation Day tariff 24% to 19%
- Eliminate tariffs on US industrial/agricultural goods
- Deepen semiconductor, aerospace and data-centre trade
- US$150bn purchases and US$70bn investment intention

Source: CFR, Momentum Group



WHO BUYS FROM AND SELLS TO SA?

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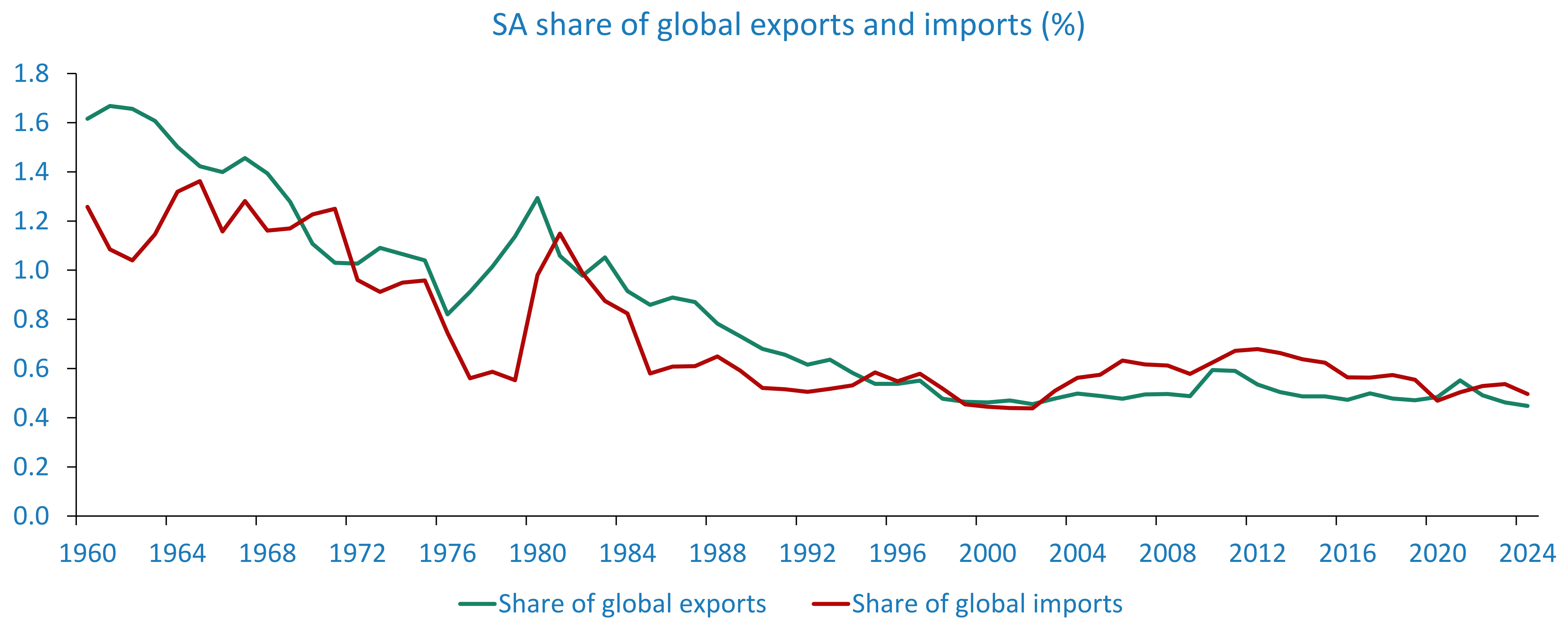
SHRINKING AND STALLING

Waning market share narrows geopolitical options

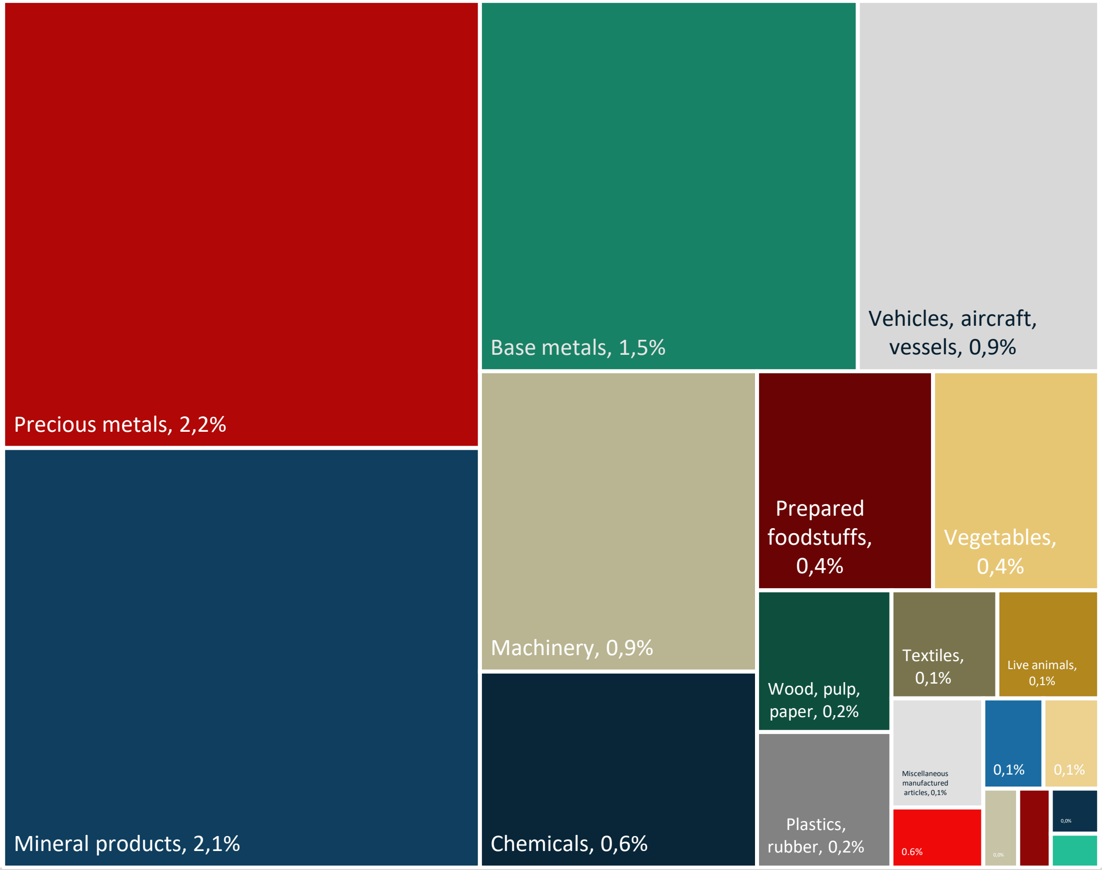


Source: World Bank, Momentum Group

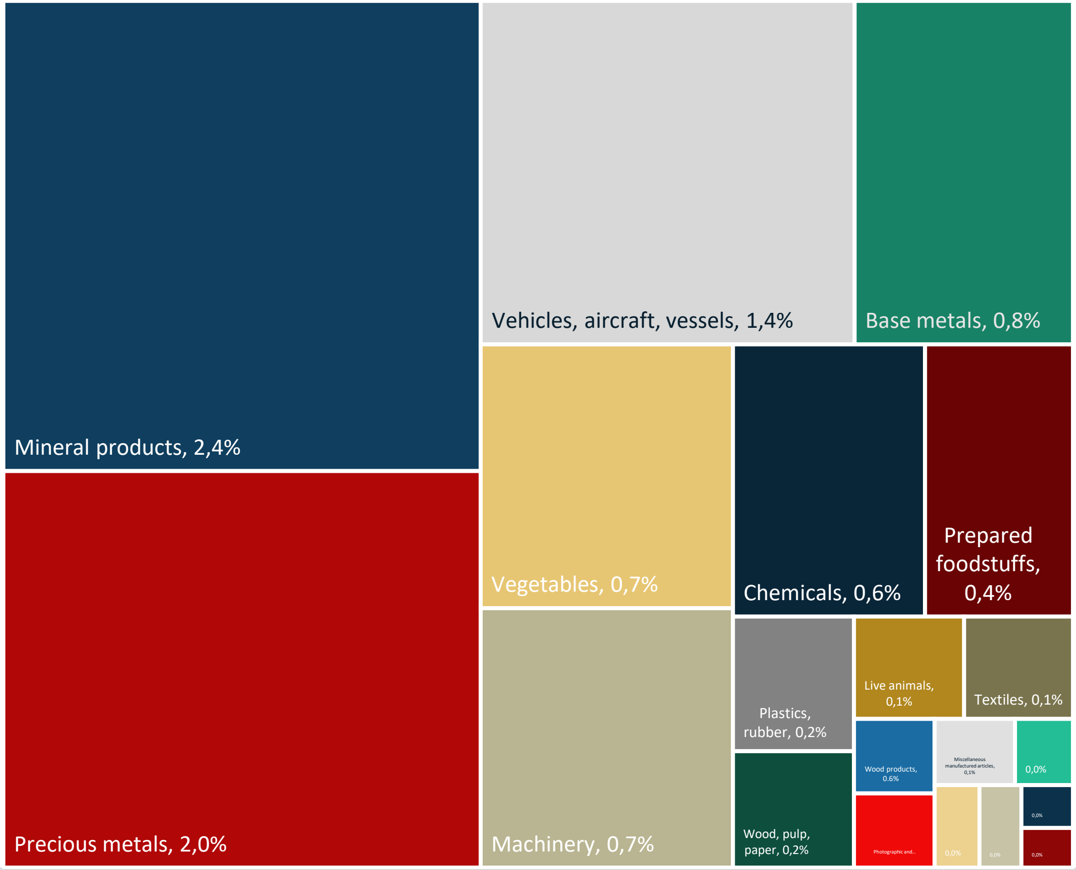
TOO FEW PRODUCTS CARRY SA's EXPORT STORY

SA's exports remain highly concentrated with six products accounting for 80% of export value in 2025

2010



2025

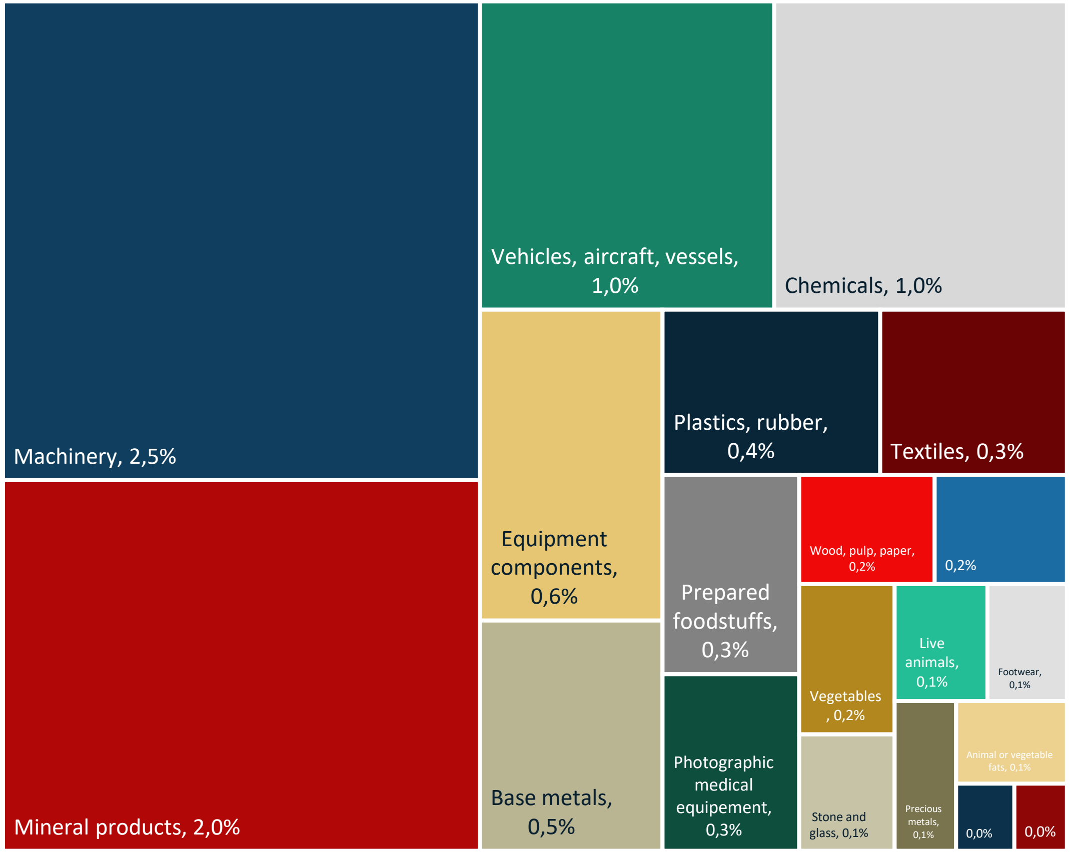


Source: Global Insight, SARS, Momentum Group

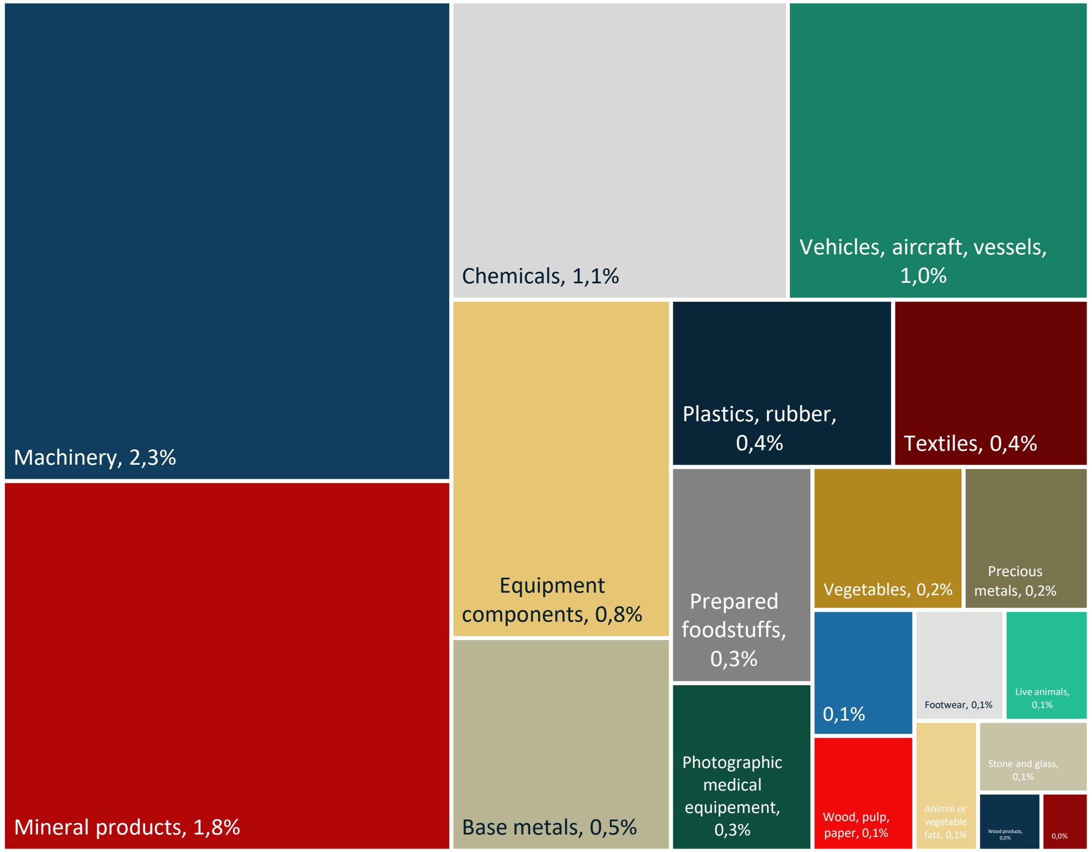
NARROW SET OF SUPPLIERS DOMINATE SA's IMPORTS

SA's imports remain highly concentrated with seven products accounting for 80% of import value in 2025

2010



2025



Source: Global Insight, SARS, Momentum Group

SA's EXPORT *MARKETS* ARE LESS CONCENTRATED

China cemented its #1 export spot, while inland African neighbours slipped

2010		2025	
China (iron ore; manganese)	9.8%	**China** (mining ore)	11.0%
United States (PGMs)	8.7%	**Germany** (vehicles; parts)	7.6%
Japan (platinum; ferro-alloys)	7.8%	**United States** (precious stones; PGMs)	7.1%
Germany (vehicles)	6.7%	**Japan** (platinum; aluminium)	4.7%
Botswana (petroleum; diamonds)	5.1%	**United Kingdom** (gold; precious metals)	4.6%
United Kingdom (gold; PGMs)	4.6%	**Mozambique** (chromium; iron)	4.5%
India (coal; crude minerals)	4.0%	**India** (coal; fuel)	4.0%
Netherlands (citrus; grapes)	3.5%	**Netherlands** (fruits)	3.7%
Zimbabwe (machinery; chemicals)	3.2%	**Namibia** (petroleum, vehicles)	3.6%
Zambia (machinery; iron)	3.0%	**Belgium** (diamonds; precious metals)	3.6%

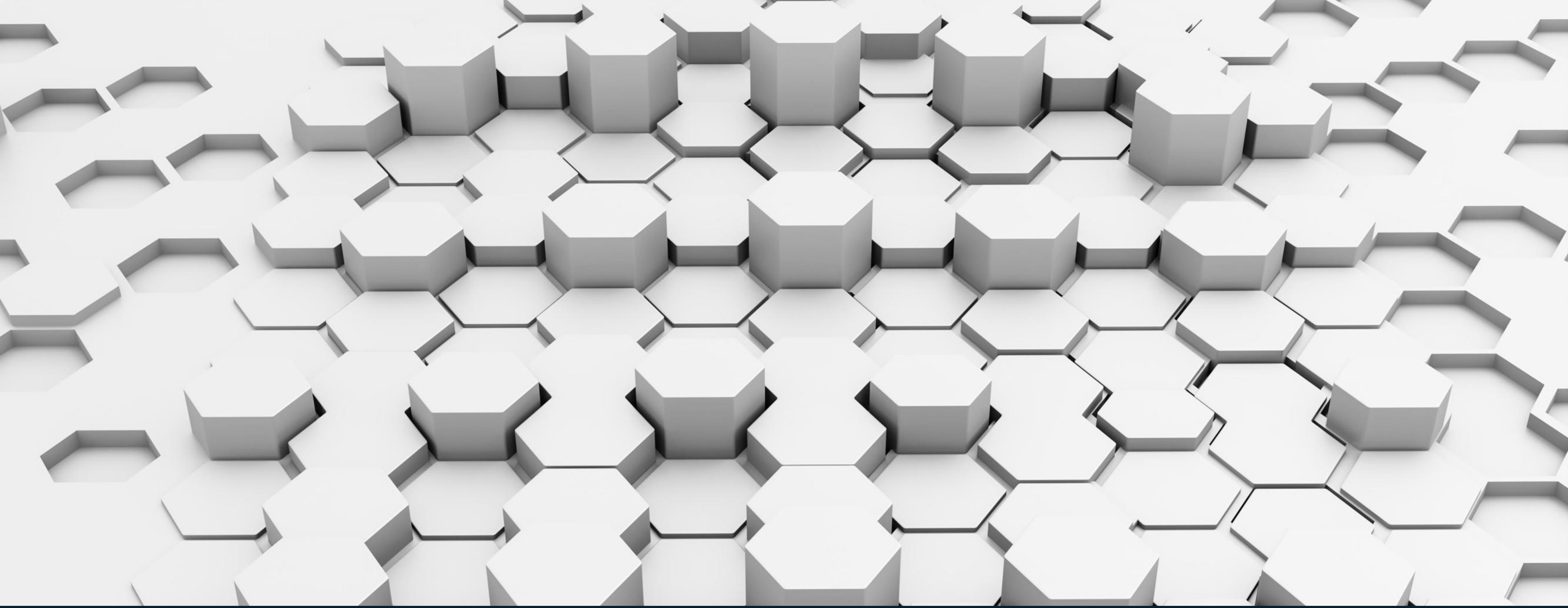
Source: United Nations Comtrade Database, World Bank, Momentum Group

SA's GROWING IMPORT TRAP

Imports increasingly bound to Asian industrial and energy hubs

2010		2025	
China (telecoms; textiles)	13.8%	**China** (data processing machines; solar)	22.5%
Germany (vehicle components)	11.0%	**India** (petrol; pharma)	17.3%
United States (machinery; chemicals)	7.2%	**Germany** (auto parts; machinery)	6.9%
Japan (vehicles; yellow machinery)	5.1%	**United States** (medical instruments)	6.8%
Saudi Arabia (crude oil; petroleum)	3.9%	**Oman** (diesel; fuels)	3.3%
United Kingdom (pharma; machinery)	3.8%	**Thailand** (cars; auto parts)	3.3%
Iran (crude oil)	3.4%	**Saudi Arabia** (crude oil)	3.0%
France (aviation; pharma)	2.5%	**United Arab Emirates** (petrol)	2.5%
Nigeria (crude oil; bitumen)	2.3%	**Japan** (auto parts; machinery)	2.3%
India (tractors; pharma)	2.3%	**Italy** (valves; pumps; industrial fuel)	2.3%

Source: United Nations Comtrade Database, World Bank, Momentum Group



HOW THE WORLD FUNDS SA

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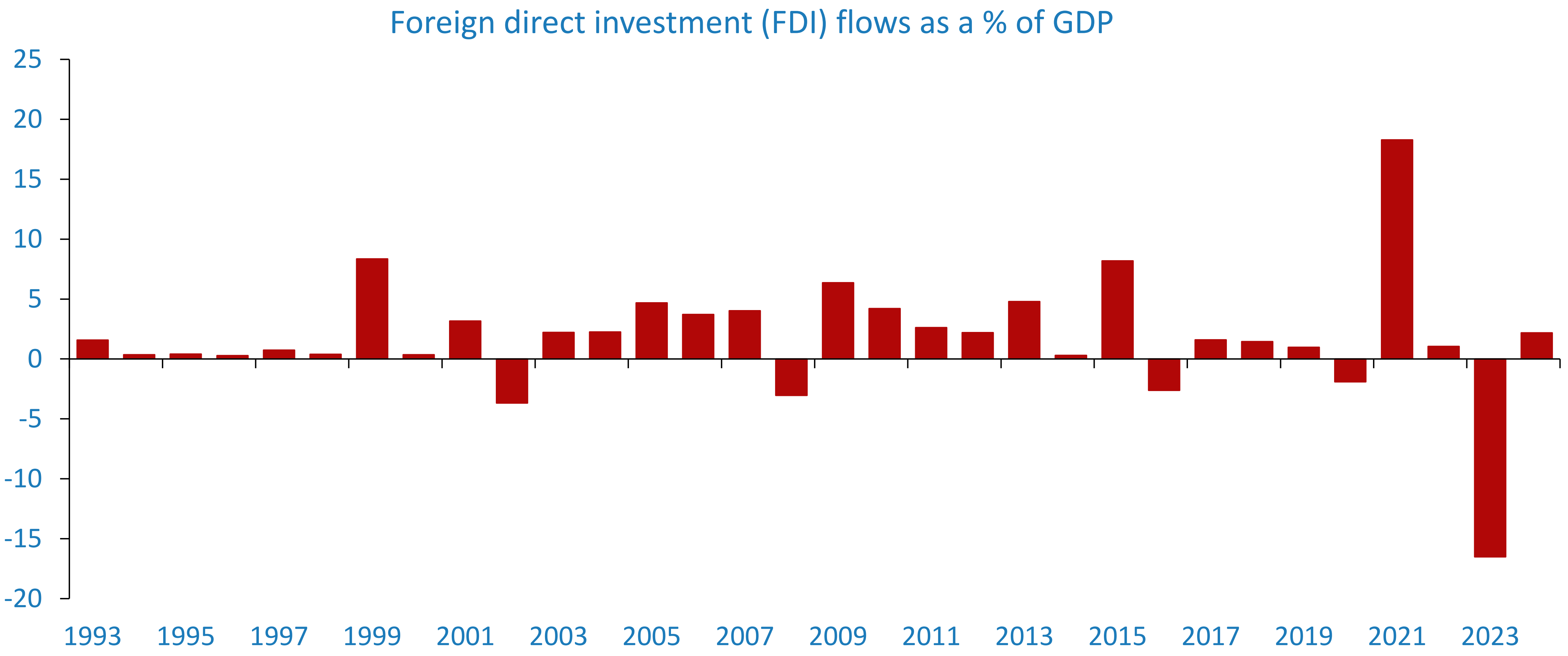
NO STRONG UPWARD TREND

Small inflows reflective of policy uncertainty and risk-off sentiment

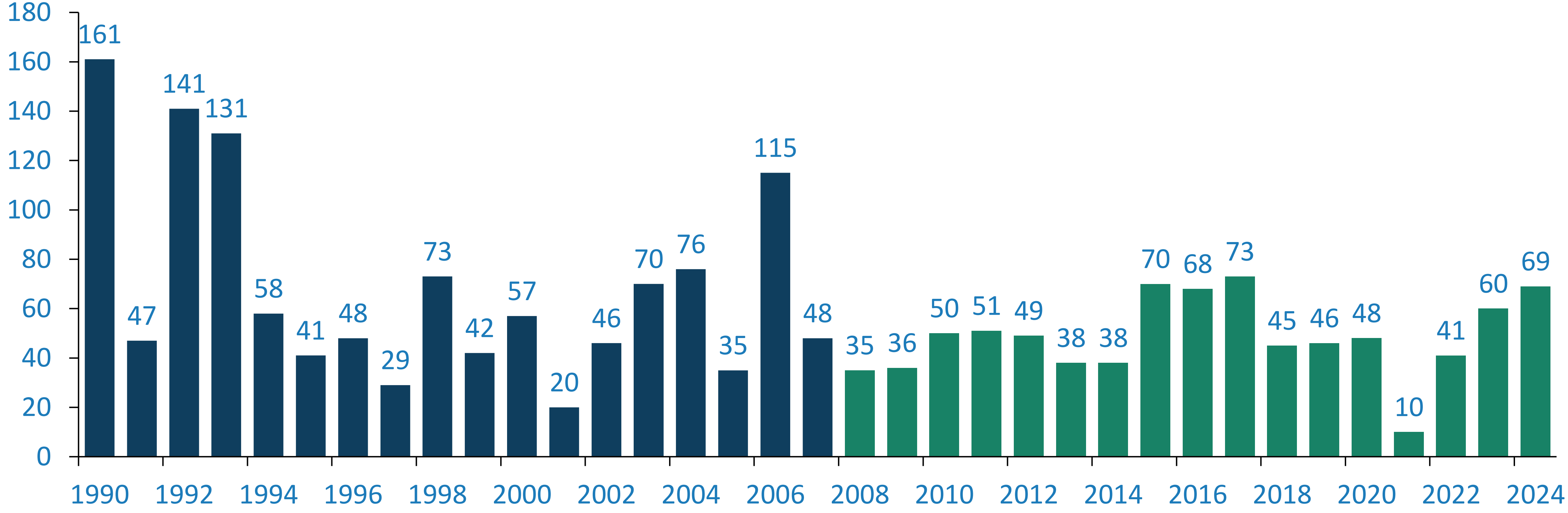


Source: Global Insight, Statistics SA, South African Reserve Bank, Momentum Group

SA STILL CREDIBLE AS AN INVESTMENT GATEWAY

A bit more leverage in global economic diplomacy

SA's FDI rank globally by flow (lower = better)



Average pre-GFC* = 67

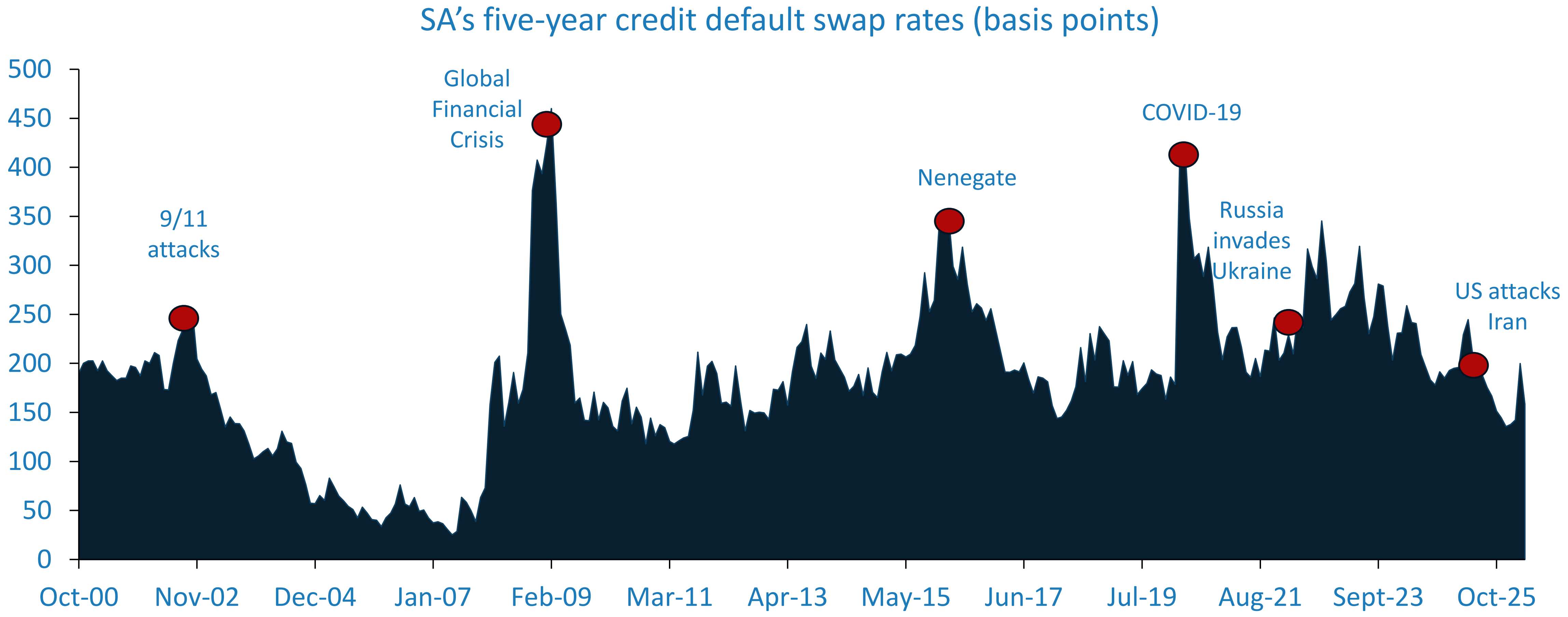
Average post-GFC = 49

Source: South African Reserve Bank, Momentum Group

*GFC = Global Financial Crisis

SA STILL REFLECTS FRAGILITY

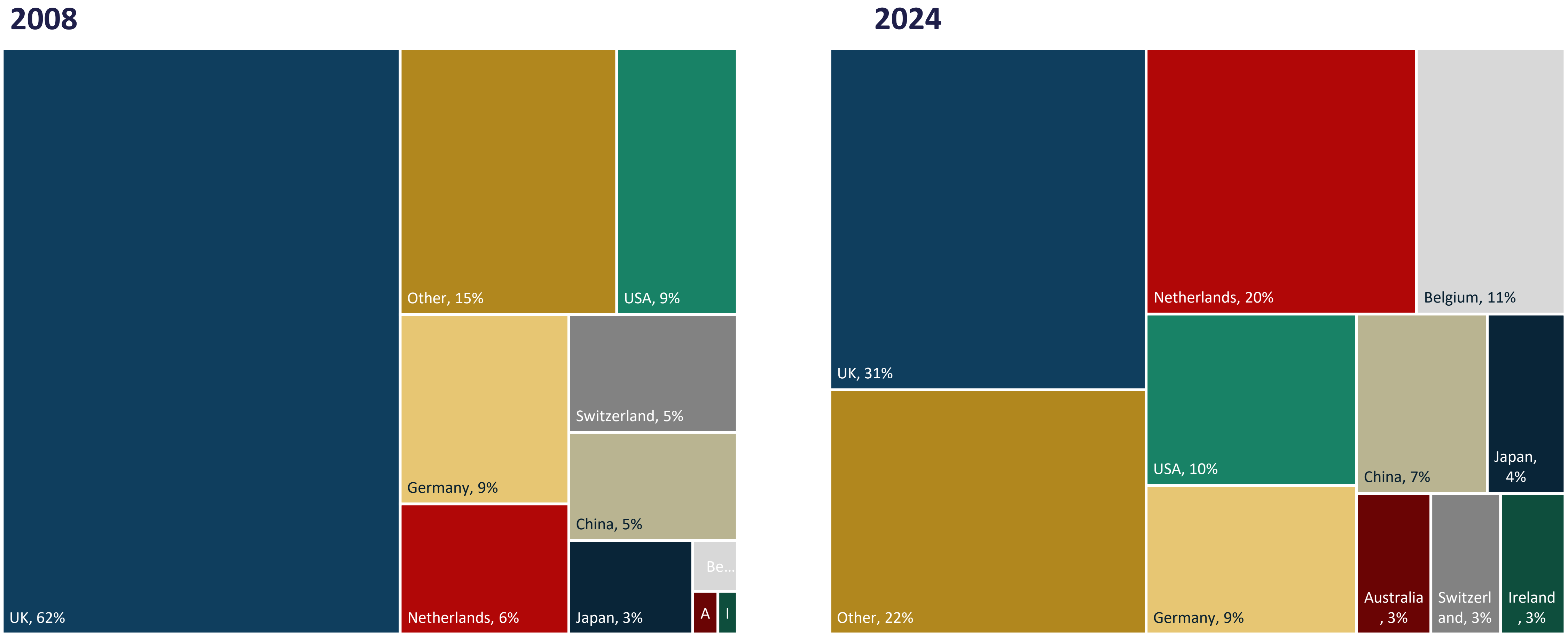
SA's financial market stability and foreign-policy room to manoeuvre are tightly linked to risk appetite and global liquidity



Source: Bloomberg, Momentum Group, data up to April 2026

EUROPE REMAINS THE LARGEST FDI SOURCE BLOC

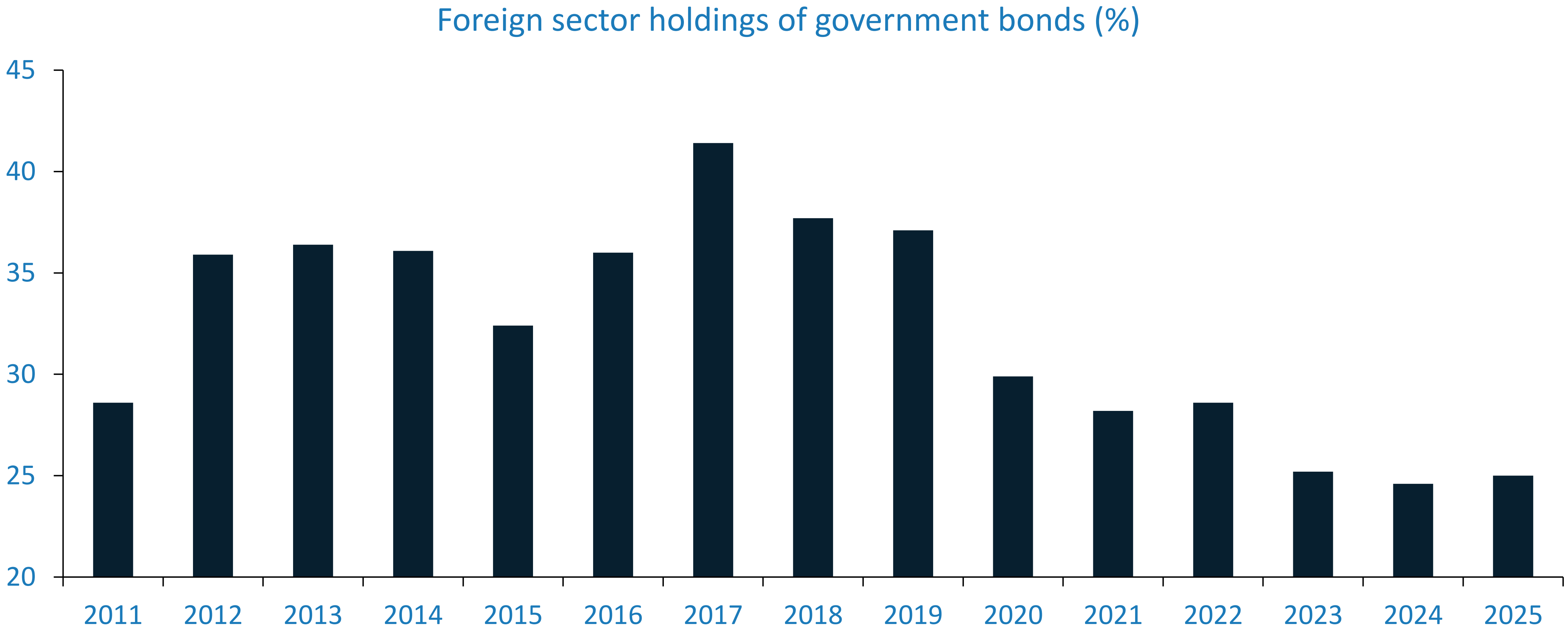
Emerging market investors only gradually rising



Source: South African Reserve Bank, Momentum Group

FOREIGNERS STILL MATTER

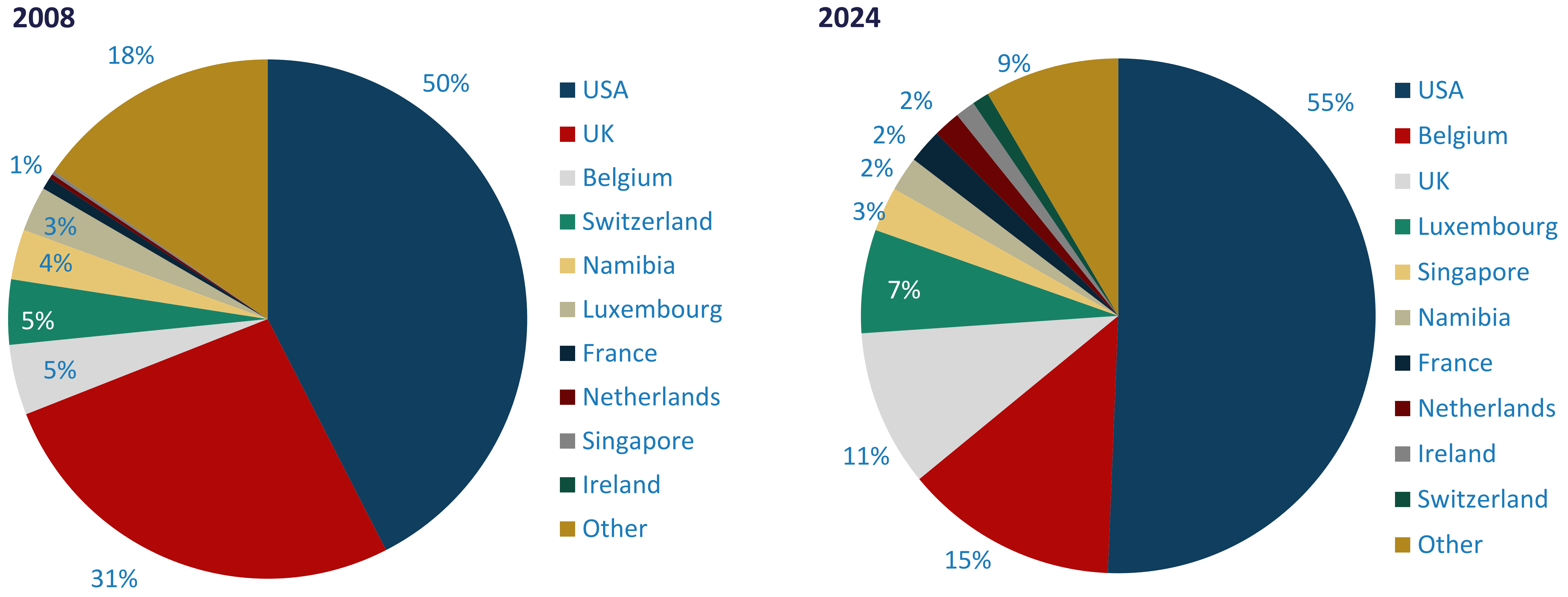
Foreign investors continue to navigate SA between yield opportunity and geopolitical uncertainty



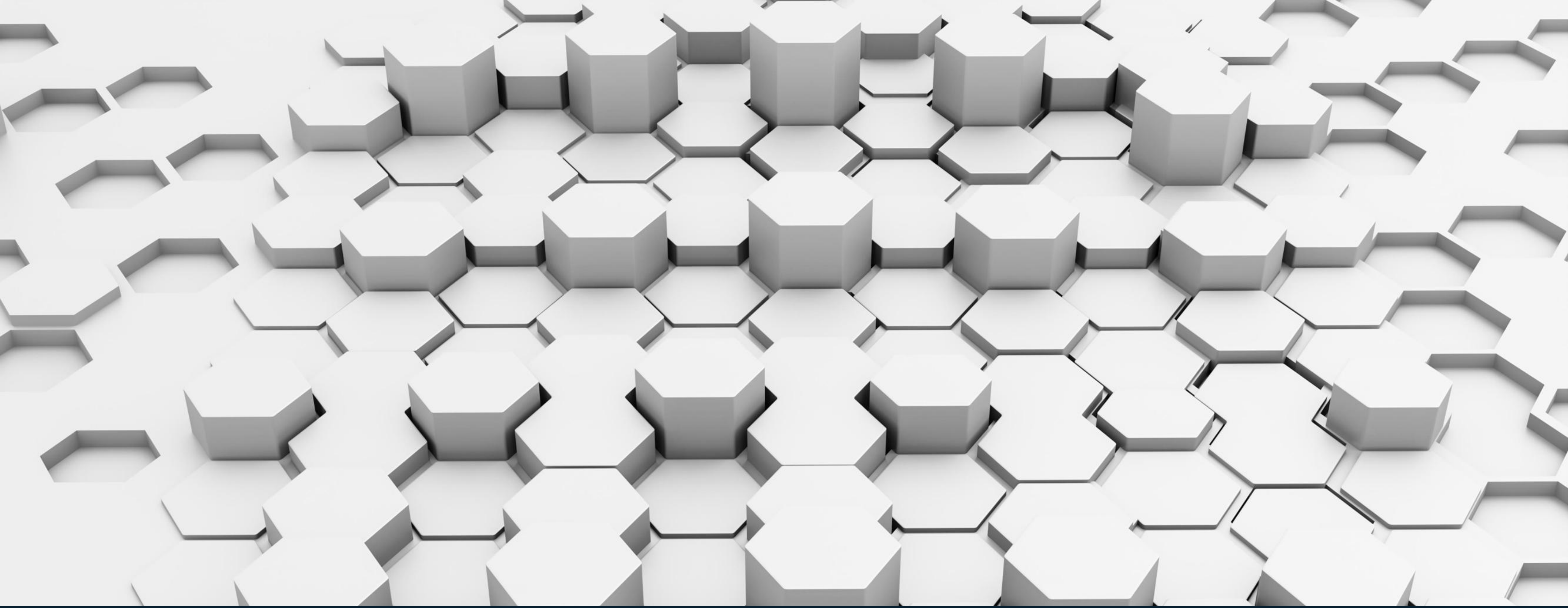
Source: National Treasury, Momentum Group

US PORTFOLIO INVESTORS ARE STILL A LIFELINE FOR SA

Equity and bond inflows from the US remain a core pillar of SA's capital-market access and exchange-rate stability



Source: South African Reserve Bank, Momentum Group



IS SA's FOREIGN POLICY WORKING?

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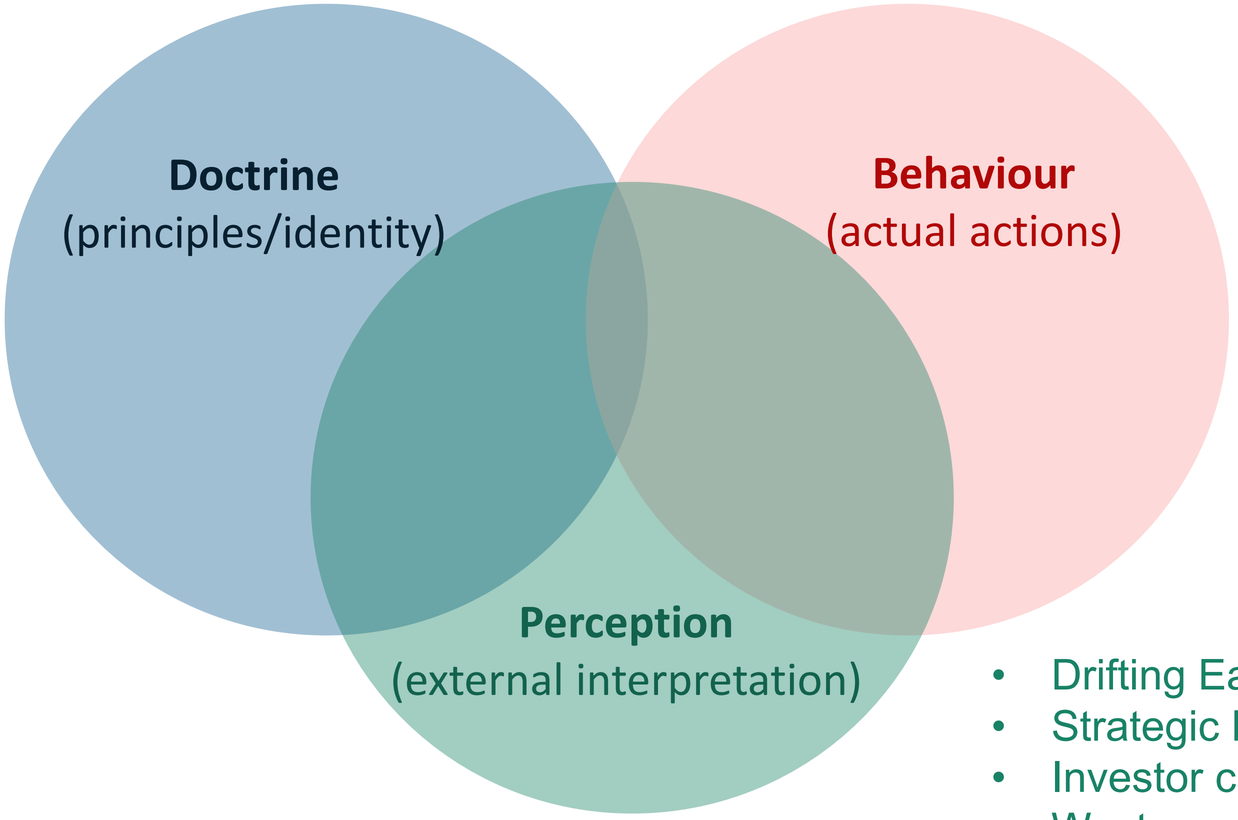
WHAT SA SAYS, DOES AND SIGNALS

In a multipolar world, foreign policy credibility depends on how actions are interpreted abroad

- Non-alignment
- Constitutionalism
- Pan-Africanism
- Multilateralism
- Global South solidarity



- BRICS participation
- Western trade integration
- ICJ case
- China/Russia engagement
- AfCFTA participation

- Drifting East
- Strategic hedging
- Investor caution
- Western scepticism
- African leadership expectations

Source: Cambridge, Momentum Group

MORAL AND NORMATIVE DIPLOMACY UNDERMINED

High moral capital standing strained over time

Early democratic period

- Human rights and international law
- Multilateral cooperation
- African solaridarity
- Peacebuilding and mediation

Over time

- Diplomatic missteps and controversial decisions
- Tensions between values and interests
- Domestic political and economic constraints
- Declining coherence in foreign policy execution

Source: New South African Review (Garthe le Pere), Momentum Group

MIDDLE POWER ASSETS AND BINDING LIMITS

Can SA have durable influence in a world that is hardening into blocs?

Diplomatic positioning

Institutional access

Mediation and peace role

Multilateral influence

Economic and financial depth

Policy coherence and state capacity

Source: Momentum Group

SA'S POLICY MODEL LAGGED WORLD DEVELOPMENTS

Weak alignment between SA's foreign policy and economic diplomacy

Trade and industry				Trade, industry and competition	
2	8	5	10	5	2
May 1994 – April 1996	April 1996 – April 2004	April 2004 – May 2009	May 2009 – May 2019	May 2019 – June 2024	June 2024 – Present

Trevor Manuel

Alec Erwin

Mandisi Mpahlwa

Rob Davis

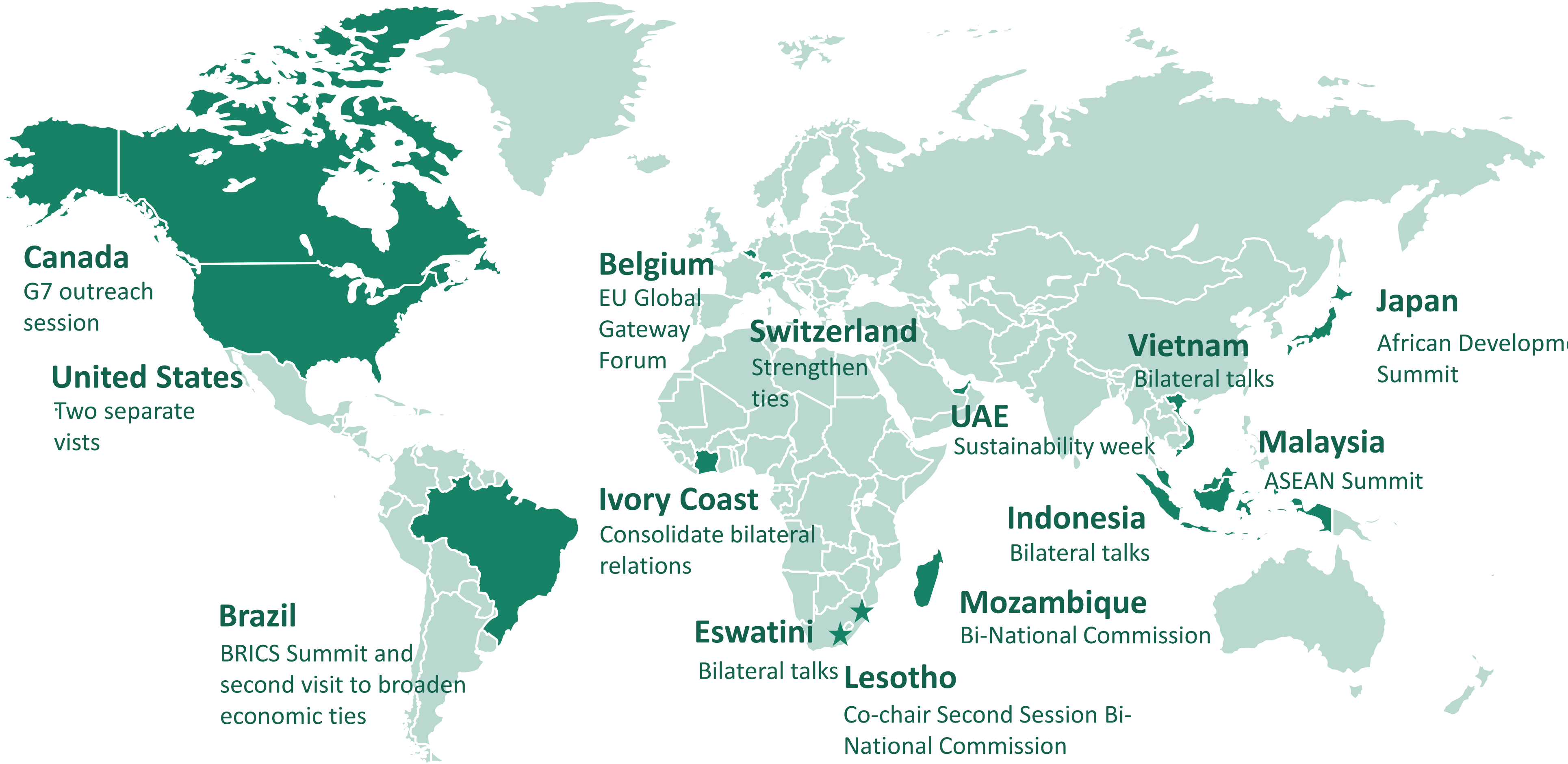
Ebrahim Patel

Parks Tau

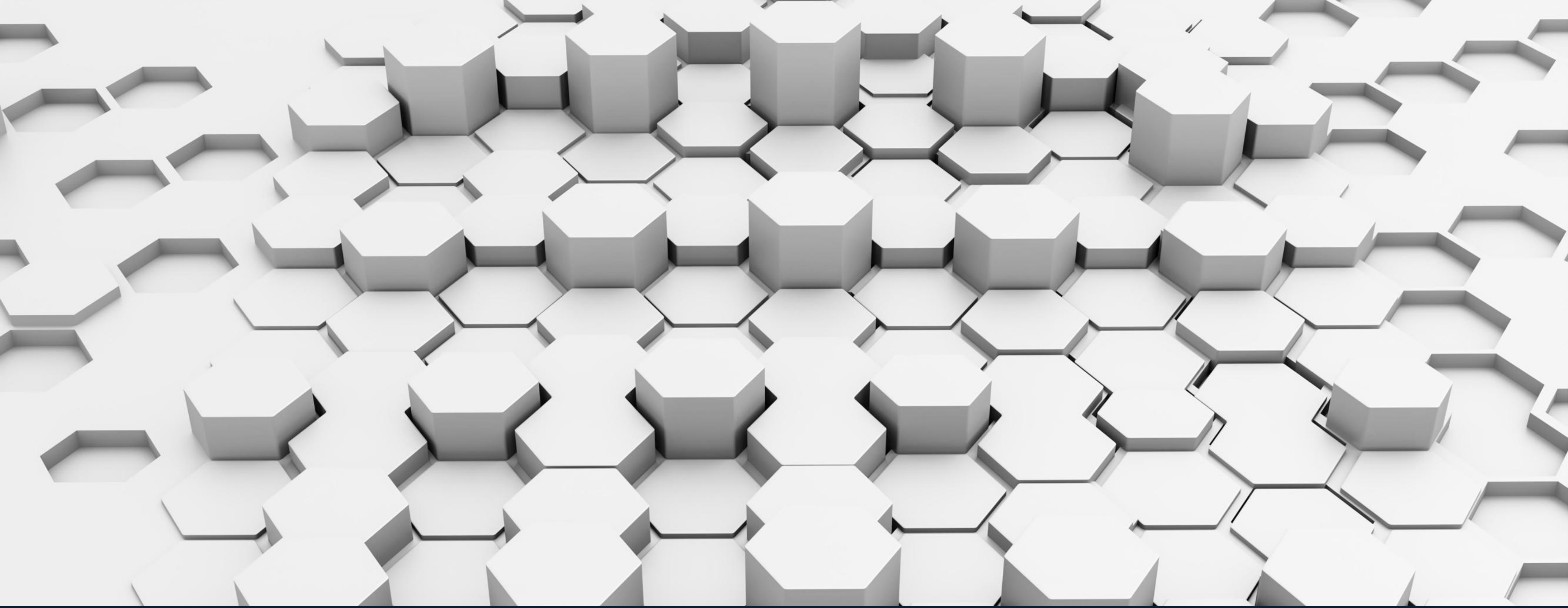
Source: gov.za, Momentum Group

SA LESS ASSERTIVE IN SHAPING GLOBAL NARRATIVES

SA present in multilateral forums but less follow through on bilateral economic diplomacy and trade expansion



Source: gov.za, Momentum Group



IN SUMMARY

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SA’s foreign policy challenge

The world is shifting from multilateral certainty to **transactional** geopolitics

Realpolitik is reasserting itself

SA is exposed but retains **optionality**

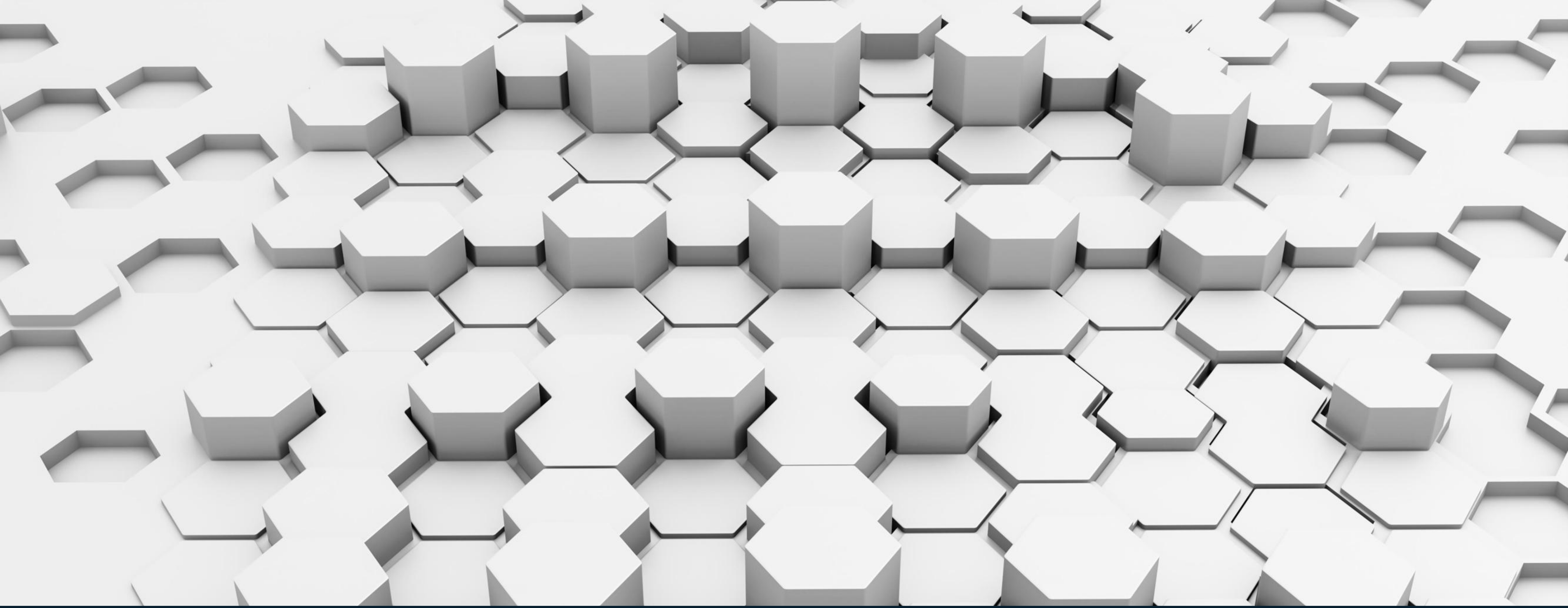
The risk of unilateral alignment is **asymmetric**

Trade and financial flows **exposure** define foreign policy constraints

Real outcomes are increasingly negotiated **outside** formal institutions

Foreign policy **cohesion** is becoming a growth constraint

Source: Momentum Group



THANK YOU

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