

# FreeFACTS

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## SA should not ignore trade relations in developing foreign policy

**Since the end of apartheid South Africa has officially had a 'non-aligned' foreign policy but in recent times the country seems to be drifting closer to countries that are adversaries of the west, such as China, Russia, and Iran.**

Perhaps this should not be surprising. The West (to use the term in a broad sense), and the United States in particular, have not been above in meddling in the internal affairs of countries, often against the democratic wishes of those countries. American adventurism has also destabilised parts of the world.

In addition, there is a perception in some quarters that the West (again, using the term broadly) did not support the struggle against apartheid, and organisations like the ANC had to turn to the various Eastern bloc countries for support. The truth is far more nuanced than that but the perception is a strong one.

But this edition of *FreeFACTS* raises the question of who are truly South Africa's friends? It provides data on trade and foreign investment. It shows that countries such as the United States, United Kingdom, and Germany, as well as others in Western Europe, have directly invested heavily in South Africa, especially compared to Russia.

When it comes to trade South Africa again enjoys high levels of trade and budget surpluses with the countries of the West. South Africa also has high levels of trade with China, although this relationship is in China's favour, with a high trade deficit against South Africa. Meanwhile trade with Russia is negligible.

South Africa must be free to choose its friends but we cannot pretend that these choices will not have consequences. And while South Africa is free to choose its friends so are countries such as the United States and United Kingdom, countries which South Africa relies on for significant investment and trade.

It's time that South Africa realises that foreign policy cannot be done in isolation from trade policy. A prosperous South Africa needs sensible foreign policy.

— Marius Roodt

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The IRR is an advocacy group that fights for your right to make decisions about your life, family and business, free from unnecessary government, political, and bureaucratic interference. FreeFACTS publishes evidence that communities are better off when individuals are free to make decisions about how they want to live, be educated, work, access healthcare, think, speak, own property, and protect their communities. If you agree with the issues we stand for, welcome to the team. There are millions of people just like you who are tired of South African politicians, activists, and commentators attempting to rein in your freedom to decide. Take control and make sure your voice is heard by becoming a friend of the IRR.

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Ts and Cs apply.**

## Trade

Foreign liabilities (foreign investment in South Africa) by country/region at 31st December 2021					
Country/region	Direct investment	Non-direct investment <sup>a</sup>	Country/region total	Country/region total investment as a share of all foreign investment	Country/region direct investment as a share of country/region total investment
	—Rbn—			—%—	
United Kingdom	785.0	669.1	1,454.1	20.1%	54.0%
Netherlands	930.2	60.2	990.4	13.7%	93.9%
Belgium	198.7	696.8	895.5	12.4%	22.2%
Germany	111.0	56.9	167.9	2.3%	66.1%
Switzerland	26.1	93.9	120.0	1.7%	21.8%
Luxembourg	25.9	93.8	119.7	1.7%	21.6%
Rest of Europe	116.6	231.6	348.2	4.8%	33.5%
United States	149.4	1,581.7	1,731.1	24.0%	8.6%
Rest of North and South America	50.2	35.1	85.3	1.2%	58.9%
Africa	95.4	208.2	303.6	4.2%	31.4%
Japan	60.3	41.5	101.8	1.4%	59.2%
China	102.9	128.0	230.9	3.2%	44.6%
Rest of Asia <sup>b</sup>	64.0	197.9	261.9	3.6%	24.4%
Oceania <sup>c</sup>	63.9	28.2	92.1	1.3%	69.4%
International organisations	0.4	316.2	316.6	4.4%	0.1%
<b>Total</b>	<b>2,780.0</b>	<b>4,439.2</b>	<b>7,219.2</b>	<b>100.0%</b>	<b>38.5%</b>

Source: SARB, Quarterly Bulletin, September 2023, pp98-101

<sup>a</sup> Includes portfolio investment, banking sector financial derivatives and long- and short-term loans from various sources.

<sup>b</sup> Hong Kong, India, Malaysia, Singapore, South Korea and other.

<sup>c</sup> Australia and other.

# Trade

South Africa's chief merchandise <sup>a</sup> trading partners, 2022					
Country	Exports	Imports	Trade balance	Total	Proportion of total
	—Rbn—				
China	188.6	367.1	-178.5	555.7	14.5%
United States	177.9	133.7	44.2	311.6	8.1%
Germany	162.9	134.3	28.6	297.2	7.8%
India	89.5	130.6	-41.1	220.1	5.7%
Japan	139.3	46.3	93.0	185.6	4.8%
United Kingdom	102.4	29.7	72.7	132.1	3.4%
Netherlands	97.2	24.8	72.4	122.0	3.2%
Mozambique	95.3	15.5	79.8	110.8	2.9%
United Arab Emirates	40.9	67.2	-26.3	108.1	2.8%
Belgium	64.1	23.4	40.7	87.5	2.3%
Botswana	76.2	11.2	65.0	87.4	2.3%
Saudi Arabia	6.6	73.6	-67.0	80.2	2.1%
Namibia	56.7	17.0	39.7	73.7	1.9%
Italy	28.2	40.3	-12.1	68.5	1.8%
South Korea	45.0	19.0	26.0	64.0	1.7%
Thailand	6.7	50.3	-43.6	57.0	1.5%
Zimbabwe	52.5	3.8	48.7	56.3	1.5%
Spain	22.7	27.6	-4.9	50.3	1.3%
Zambia	44.3	3.9	40.4	48.2	1.3%
Eswatini	25.4	22.1	3.3	47.5	1.2%
France	13.2	34.3	-21.1	47.5	1.2%
Nigeria	7.7	36.9	-29.2	44.6	1.2%
Oman	0.8	43.3	-42.5	44.1	1.2%
Brazil	8.3	26.0	-17.7	34.3	0.9%
Australia	13.6	20.6	-7.0	34.2	0.9%
Indonesia	9.3	20.2	-10.9	29.5	0.8%
Lesotho	23.6	5.4	18.2	29.0	0.8%
Vietnam	5.3	18.6	-13.3	23.9	0.6%
Hong Kong	20.6	1.8	18.8	22.4	0.6%
Switzerland	8.9	10.6	-1.7	19.5	0.5%
Other unclassified <sup>b</sup>	87.9	9.2	78.7	97.1	2.5%
Other countries	291.3	352.2	-24.0	643.5	14.4%
<b>TOTAL</b>	<b>2,012.9</b>	<b>1,820.5</b>	<b>192.4</b>	<b>3,833.4</b>	<b>100.0%</b>

Source: South African Revenue Service (SARS), Customs and Excise, *Trade statistics*, data accessed 17 November 2023; IRR calculations

<sup>a</sup> Refers to merchandise trade in all physical goods, which consist of raw materials as well as intermediate and final goods.

<sup>b</sup> Origin of the goods is unknown.

# Trade

South Africa's merchandise trade with the world, 2022

Region	Exports <sup>b</sup>	Imports <sup>b</sup>	Trade balance	Total	Proportion of total
	—Rbn—				
Southern African Development Community (SADC) <sup>c</sup>	437.6	97.5	340.1	535.1	14.0%
Rest of Africa	56.2	68.5	-12.3	124.7	3.3%
European Union (EU)	433.1	399.4	33.7	832.5	21.7%
Rest of Europe	120.7	53.6	67.1	174.3	4.5%
North American Free Trade Agreement (NAFTA) <sup>d</sup>	191.0	149.4	41.6	340.4	8.9%
Rest of America and Caribbean	18.4	42.4	-24.0	60.8	1.6%
Oceania (including Australia and New Zealand)	15.9	23.8	-7.9	39.7	1.0%
Eastern Asia (including China, Hong Kong, Japan)	413.5	449.3	-35.8	862.8	22.5%
South and Central Asia (including Bangladesh, India, Pakistan)	109.7	137.4	-27.7	247.1	6.4%
South Eastern Asia (including Indonesia, Malaysia, Thailand)	45.4	137.1	-91.7	182.5	4.8%
Western Asia (including Israel, Saudi Arabia, Turkey, UAE)	69.8	252.2	-182.4	322.0	8.4%
Asia unclassified	2.5	0.5	2.0	3.0	0.1%
Other	99.2	9.2	90.0	108.4	2.8%
<b>Total</b>	<b>2,012.9</b>	<b>1,820.5</b>	<b>192.4</b>	<b>3,833.4</b>	<b>100.0%</b>

Source: SARS, Customs and Excise, Trade statistics, data accessed 17 November 2023; IRR calculations

<sup>a</sup> Refers to merchandise trade in all physical goods, which consist of raw materials as well as intermediate and final goods.

<sup>b</sup> 'Imports' are imports into South Africa, and 'exports' are exports from South Africa.

<sup>c</sup> Including Southern African Customs Union (SACU) countries (Botswana, Lesotho, Namibia, and Eswatini) data.

<sup>d</sup> The North American Free Trade Agreement between the United States, Canada, and Mexico.

# Trade

South Africa's merchandise trade with selected countries, 2022				
Country	Exports	Imports	Trade balance <sup>b</sup>	Total
		—Rbn—		
Australia	13.6	20.6	-7.0	34.2
Botswana	76.2	11.2	65.0	87.4
Brazil	8.3	19.2	-10.9	27.5
Chile	1.1	3.6	-2.5	4.7
China	188.6	367.1	-178.5	555.7
Denmark	5.9	5.0	0.9	10.9
Egypt	1.7	1.8	-0.1	3.5
France	13.2	34.3	-21.1	47.5
Germany	162.9	134.3	28.6	297.2
Ghana	6.8	2.0	4.8	8.8
Greece	1.5	1.9	-0.4	3.4
Hong Kong	20.6	1.8	18.8	22.4
India	89.5	130.6	-41.1	220.1
Indonesia	9.3	20.2	-10.9	29.5
Ireland	2.7	7.7	-5.0	10.4
Israel	6.0	3.9	2.1	9.9
Italy	28.2	40.3	-12.1	68.5
Japan	139.3	46.3	93.0	185.6
Kazakhstan	0.4	0.6	-0.2	1.0
Lithuania	0.3	1.5	-1.2	1.8
Mexico	5.6	10.0	-4.4	15.6
Mozambique	95.3	15.5	79.8	110.8
Netherlands	97.2	23.7	73.5	120.9
Nigeria	7.7	36.9	-29.2	44.6
Pakistan	12.1	3.3	8.8	15.4
Philippines	0.9	2.5	-1.6	3.4
Poland	7.8	17.7	-9.9	25.5
Russia	4.6	9.0	-4.4	13.6
Saudi Arabia	6.6	73.6	-67.0	80.2
Spain	22.7	27.6	-4.9	50.3
Switzerland	8.9	10.6	-1.7	19.5
Thailand	6.7	50.3	-43.6	57.0
Turkey	8.8	30.2	-21.4	39.0
Uganda	1.8	0.3	1.5	2.1
United Kingdom	102.4	29.7	72.7	132.1
United States	177.9	133.7	44.2	311.6

Source: SARS, Customs and Excise, *Trade statistics*, data accessed 17 November 2023; IRR calculations

<sup>a</sup> Refers to merchandise trade in all physical goods, which consist of raw materials as well as intermediate and final goods.

<sup>b</sup> The difference between exports and imports.

## Trade

Exports and imports of goods and services as a proportion of GDP and GDP growth, selected countries, 2021 and 2022					
Country	—Exports—		—Imports—		GDP growth 2022
	2021	2022	2021	2022	
	—as a proportion of GDP—				
Australia	22.1%	25.8%	17.8%	19.9%	3.6%
Botswana	41.9%	43.5%	46.9%	42.0%	5.8%
Brazil	19.6%	20.0%	18.6%	19.3%	2.9%
Chile	32.0%	35.7%	32.7%	39.3%	2.4%
China	19.9%	20.7%	17.4%	17.5%	3.0%
Denmark	59.7%	69.3%	52.5%	58.7%	3.8%
Egypt	10.6%	15.1%	19.3%	21.9%	6.6%
France	29.4%	34.0%	31.4%	38.1%	2.6%
Germany	47.0%	50.3%	41.7%	48.3%	3.2%
Ghana	29.9%	27.5%	28.5%	25.0%	3.2%
Greece	40.9%	48.8%	48.6%	58.2%	5.9%
Hong Kong	204.0%	193.9%	198.5%	189.9%	-3.5%
India	21.5%	22.4%	24.2%	26.9%	7.0%
Indonesia	21.4%	24.5%	18.8%	20.9%	5.3%
Ireland	134.4%	137.0%	95.0%	99.6%	12.0%
Israel	29.5%	31.9%	25.5%	28.6%	6.5%
Italy	32.7%	37.1%	30.4%	38.7%	3.7%
Japan	18.2%	N/A	18.7%	N/A	1.0%
Kazakhstan	33.5%	N/A	24.0%	N/A	3.2%
Lithuania	80.5%	87.6%	76.0%	89.5%	1.9%
Mexico	41.1%	43.4%	42.8%	46.1%	1.1%
Mozambique	31.4%	N/A	68.8%	N/A	4.1%
Netherlands	83.1%	92.6%	72.8%	83.2%	4.5%
Nigeria	10.7%	N/A	11.8%	N/A	3.3%
Pakistan	9.1%	10.5%	18.0%	21.9%	6.2%
Philippines	25.8%	28.4%	37.7%	44.0%	7.6%
Poland	57.9%	61.7%	54.5%	60.6%	4.9%
Russia	29.9%	28.2%	20.7%	15.6%	-2.1%
Saudi Arabia	33.0%	39.9%	24.5%	23.2%	8.7%
South Africa	31.2%	33.4%	25.0%	31.5%	2.0%
Spain	34.9%	41.6%	33.4%	40.1%	5.5%
Switzerland	71.4%	75.0%	59.5%	62.7%	2.1%
Thailand	58.6%	65.8%	58.6%	68.1%	2.6%
Turkey	35.3%	37.9%	35.5%	42.6%	5.6%
Uganda	15.8%	12.0%	25.9%	22.5%	4.7%
United Kingdom	28.8%	32.7%	30.1%	36.2%	4.1%
United States	10.9%	N/A	14.6%	N/A	2.1%

Source: The World Bank, [www.wdi.worldbank.org](http://www.wdi.worldbank.org), accessed 22 November 2023

N/A — Not available.