

# FreeFACTS

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## Trade figures show where SA must focus

**Trade is a vital component for any economy and as a rule, trading nations are richer than their more isolated counterparts.**

In today's interconnected world any country that wants to become richer and more prosperous needs to produce and sell something which other countries do not have, whether these are raw materials or processed goods.

Since the end of apartheid South Africa has become more plugged in to the global economy. However, South Africa has generally been an exporter of raw materials, such as minerals, and been an importer of finished goods. Those countries which export finished products, rather than primary goods, are generally richer, and see economic multipliers in their country, which result in higher employment, more prosperity, and lower levels of poverty.

At the same time, those countries which export (especially finished goods) more than they import, and run trade surpluses, are also, as a rule, more developed and more prosperous.

South Africa's exports are a mixed bag, exporting raw materials, but also some finished goods. Finished goods are exported primarily to other African countries and this is what South Africa must take advantage of.

As this edition of *FreeFACTS* shows, South Africa runs trade deficits with many countries around the world, but this is not the case with other African countries. With the exception of Angola and Nigeria (which South Africa imports oil from) and a one or two other countries, South Africa runs trade surpluses with most other countries on the continent. In Southern Africa this country is also the primary source for most imports. At the same time South Africa also runs large trade surpluses with our neighbours in the region and we should aim to make this the case with other African countries further afield.

The African Continental Free Trade Area (AfCFTA), which came into force at the beginning of this year, and which South Africa ratified in 2019, is a prime opportunity for South Africa to grow its trade with the rest of Africa. It must not be missed.

— **Marius Roodt**

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## Trade

### Total trade composition, including services, 2010-19

Trade composition	2010	2014	2015	2016	2017	2018	2019
Merchandise exports, free on board <sup>a</sup>	609.4	942.8	970.0	1 055.4	1 102.1	1 175.5	1 236.0
Net gold exports <sup>b</sup>	59.5	71.9	59.5	66.8	66.4	71.7	67.2
Service receipts <sup>c</sup>	117.5	182.7	191.6	210.9	210.2	210.4	212.7
Income receipts <sup>d</sup>	34.1	82.2	98.0	87.8	81.6	96.5	116.8
Less: Merchandise imports, free on board	609.1	1 069.6	1 076.6	1 091.4	1 103.6	1 222.9	1 263.8
Less: Payments for services	143.1	184.8	197.6	218.8	215.5	217.9	226.5
Less: Income payments <sup>e</sup>	92.7	183.8	198.4	208.2	221.2	250.6	259.9
Current transfers (net receipts +) <sup>f</sup>	-16.8	-34.4	-33.5	-27.5	-38.3	-35.7	-35.6
<b>Balance on current account</b>	<b>-41.2</b>	<b>-193.0</b>	<b>-187.0</b>	<b>-125.1</b>	<b>-118.2</b>	<b>-173.0</b>	<b>-153.2</b>
—Trade balance	59.7	-54.9	-47.1	30.8	64.9	24.3	39.3

Source: SARB, *Quarterly Bulletin*, June 2020, p82; *Socio-Economic Survey of South Africa 2020*, p148

- a Free on board means that the value put on an article includes the cost of its production as well as the cost of its transportation to the national border of the exporting country (including airports), but excludes the cost of transportation between countries.
- b Commodity gold. Net gold exports is unique to gold-producing countries. The reference to net gold exports indicates that the figure represents net foreign gold sales plus the change in the gold holdings of the Reserve Bank, other banking institutions and the gold mines.
- c Apart from trade in goods, the current account also records trade in services, which is often referred to as invisible trade. Trade in services incorporates multiple transactions, including air freight, harbour dues, travel allowances and money spent by tourists on food and accommodation. Insurance, brokers' fees and the cost of maintaining diplomatic property are also included in this category.
- d Investment income such as dividends, interest and profits earned abroad.
- e Income payments refer to income flows from South African residents to the rest of the world.
- f Includes such items as government assistance rendered to or received from other countries, private transfers of income, such as personal, immigrant and other remittances and other charitable donations. In the case of transfers, money, goods or services are transferred without receiving anything tangible in return. These are therefore unrequited transfers.

### Merchandise exports and imports<sup>a</sup>, 2009-2019

Year	Exports <sup>b</sup>	Imports <sup>c</sup>	Trade balance <sup>d</sup>
	Rbn		
2009	536.49	561.16	-24.67
2010	609.36	609.11	0.25
2011	719.55	745.64	-26.09
2012	751.33	859.17	-75.17
2013	867.02	1 003.60	-136.58
2014	942.83	1 069.64	-126.81
2015	970.03	1 076.62	-106.59
2016	1 055.41	1 091.38	-35.97
2017	1 102.10	1 103.57	-1.47
2018	1 175.55	1 222.94	-47.39
2019	1 236.00	1 263.80	-27.8

Source: SARB, [www.resbank.co.za](http://www.resbank.co.za), time series data, accessed 22 July 2020

- a Published customs figures adjusted for balance of payments purposes.
- b Including gold.
- c Including oil.
- d The difference between exports and imports.

## Trade

### South Africa's merchandise trade<sup>a</sup> with the world, 2019 (by region)

Region	Exports <sup>b</sup>	Imports <sup>b</sup>	Trade balance	Total	
	Rbn				Proportion of total
Southern African Development Community (SADC) <sup>c</sup>	302.5	76.2	226.3	378.7	14.7%
Rest of Africa	43.8	76.2	-32.4	120.0	4.7%
European Union (EU)	318.6	377.6	-59.0	696.2	27.1%
Rest of Europe	21.2	22.8	-1.6	44.0	1.7%
North American Free Trade Agreement (NAFTA) <sup>d</sup>	97.0	96.5	0.5	193.5	7.5%
Rest of America and Caribbean	14.3	29.8	-15.5	44.1	1.7%
Oceania (including Australia and New Zealand)	12.9	17.0	-4.1	29.9	1.2%
Eastern Asia (including China, Hong Kong, Japan)	248.5	301.8	-53.3	550.3	21.4%
South and Central Asia (including Bangladesh, India, Pakistan)	75.7	67.2	8.5	142.9	5.6%
South Eastern Asia (including Indonesia, Malaysia, Thailand)	39.0	85.8	-46.8	124.8	4.9%
Western Asia (including Israel, Saudi Arabia, Turkey, UAE)	42.5	118.1	-75.6	160.6	6.2%
Other	81.0	4.2	76.8	85.2	3.3%
<b>Total</b>	<b>1 297.0</b>	<b>1 273.3</b>	<b>23.7</b>	<b>2 570.3</b>	<b>100.0%</b>

Source: South African Revenue Service (SARS), Customs and Excise, *Trade statistics*, data accessed 17 June 2020; IRR calculations

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

b 'Imports' are imports into South Africa, and 'exports' are exports from South Africa.

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

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

## Trade

South Africa's chief merchandise <sup>a</sup> trading partners, 2019					
	Exports	Imports	Trade balance	Total	
Country	Rbn				Proportion of total
China	139.2	235.1	-95.9	374.3	14.6%
Germany	107.9	125.6	-17.7	233.5	9.1%
United States	89.5	83.3	6.2	172.8	6.7%
India	57.7	62.5	-4.8	120.2	4.7%
United Kingdom	67.7	42.5	25.2	110.2	4.3%
Japan	62.1	40.5	21.6	102.6	4.0%
Nigeria	6.4	52.6	-46.2	59.0	2.3%
Saudi Arabia	6.1	52.8	-46.7	58.9	2.3%
Netherlands	42.3	16.1	26.2	58.4	2.3%
United Arab Emirates	23.3	31.6	-8.3	54.9	2.1%
Belgium	39.5	13.5	26.0	53.0	2.1%
Thailand	7.5	38.5	-31.0	46.0	1.8%
Italy	10.5	32.2	-21.7	42.7	1.7%
Spain	15.9	23.0	-7.1	38.9	1.5%
France	9.8	28.9	-19.1	38.7	1.5%
South Korea	21.5	12.5	9.0	34.0	1.3%
Australia	10.8	14.9	-4.1	25.7	1.0%
Hong Kong	20.2	3.2	17.0	23.4	0.9%
Brazil	6.2	17.1	-10.9	23.3	0.9%
Switzerland	11.9	11.1	0.8	23.0	0.9%
Malaysia	9.4	12.9	-3.5	22.3	0.9%
Indonesia	8.7	10.0	-1.3	18.7	0.7%
Czech Republic	4.9	13.2	-8.3	18.1	0.7%
Vietnam	4.1	13.9	-9.8	18.0	0.7%
Poland	2.7	13.9	-11.2	16.6	0.6%
Sweden	2.2	14.3	-12.1	16.5	0.3%
Other unclassified <sup>b</sup>	72.6	4.3	68.3	76.9	3.0%
Other countries	436.4	253.6	182.8	690.0	26.8%
<b>TOTAL</b>	<b>1 297.0</b>	<b>1 273.3</b>	<b>23.7</b>	<b>2 570.3</b>	<b>100.0%</b>

Source: South African Revenue Service (SARS), Customs and Excise, *Trade statistics*, data accessed 17 June 2020; IRR calculations

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

b Origin of the goods is unknown.

## Trade

### South Africa's merchandise tradea with selected African countries, 2019

Country	Exports	Imports	Trade balance	Total
	Rbn			
Algeria	0.6	0.0	0.6	0.6
Angola	6.7	8.1	-1.4	14.8
Botswana	57.0	6.5	50.5	63.5
Cameroon	0.8	0.0	0.8	0.8
Congo (DRC)	15.2	0.6	14.6	15.8
Congo (Republic)	0.7	0.0	0.7	0.7
Egypt	1.2	1.2	0.0	2.4
Equatorial Guinea	0.0	0.3	-0.3	0.3
Eritrea	0.1	0.0	0.1	0.1
Eswatini	19.3	18.6	0.7	37.9
Ethiopia	0.9	0.1	0.8	1.0
Ghana	5.0	9.2	-4.2	14.2
Ivory Coast	1.3	0.1	1.2	1.4
Kenya	11.4	0.3	11.1	11.7
Lesotho	18.8	4.1	14.7	22.9
Liberia	0.5	0.0	0.5	0.5
Libya	0.0	0.0	0.0	0.0
Madagascar	2.6	1.5	1.1	4.1
Malawi	6.0	0.8	5.2	6.8
Mauritius	6.2	3.5	2.7	9.7
Morocco	0.9	1.1	-0.2	2.0
Mozambique	52.7	13.3	39.4	66.0
Namibia	51.2	13.0	38.2	64.2
Nigeria	6.4	52.6	-46.2	59.0
Rwanda	0.4	0.0	0.4	0.4
Senegal	1.5	0.0	1.5	1.5
Seychelles	0.9	0.1	0.8	1.0
Somalia	0.4	0.0	0.4	0.4
Sudan	0.2	0.0	0.2	0.2
Tanzania	6.9	0.4	6.5	7.3
Tunisia	0.1	0.4	-0.3	0.5
Uganda	1.9	0.1	1.8	2.0
Zambia	30.5	3.1	27.4	33.6
Zimbabwe	28.6	2.5	26.1	31.1

Source: SARS, Customs and Excise, *Trade statistics*, data accessed 17 June 2020; IRR calculations

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

# Trade

## Exports by commodity and world region, 2019

Section	Description	Africa	Europe	America	Asia	Oceania	Origin of goods unknown
1	Live animals	6.86	4.36	0.63	3.02	0.35	0.07
2	Vegetables	16.71	26.18	4.81	20.45	0.26	0.00
3	Animal or vegetable fats	2.82	0.30	0.03	0.04	0.00	—
4	Prepared foodstuffs	32.85	11.18	2.78	8.96	0.80	0.00
5	Mineral products	66.00	36.00	13.57	194.32	1.04	5.27
6	Chemicals	34.21	20.17	11.72	12.31	1.46	0.00
7	Plastics and rubber	19.17	3.29	1.72	2.57	0.26	0.00
8	Raw hides and leather	0.71	1.60	0.47	0.64	0.03	—
9	Wood products	3.40	0.66	0.18	3.09	0.10	—
10	Wood pulp and paper	7.91	1.68	0.49	7.46	0.28	0.01
11	Textiles	10.13	3.40	0.59	3.59	0.32	0.00
12	Footwear	2.62	0.21	0.06	0.21	0.02	—
13	Stone and glass	3.93	1.32	0.50	0.61	0.05	—
14	Precious metal	3.96	58.84	31.74	60.48	0.02	67.18
15	Products iron and steel	35.23	27.18	18.26	60.50	1.04	0.04
16	Machinery	55.70	25.68	10.87	10.06	2.17	0.00
17	Vehicles aircraft and vessels	31.73	113.84	11.15	15.26	4.19	0.00
18	Photographic and medical equipment	4.89	1.87	0.78	0.88	0.19	0.00
20	Toys and sport apparel	7.04	0.65	0.35	0.16	0.11	0.00
21	Works of art	0.03	0.80	0.53	0.07	0.02	—
22	Other unclassified goods	0.34	0.49	0.09	1.16	0.05	0.00
23	Equipment components	0.00	0.00	0.00	0.00	—	—
Total <sup>a</sup>	—	346.27	339.70	111.32	405.86	12.77	72.60

Source: SARS, Customs and Excise, *Trade statistics*, accessed 17 June 2020

a Figures should add up vertically but may not, owing to rounding.