

Africa-South Africa trading relationship

By Andrew Partridge¹ [1]

This Brief documents the trading relationship between South Africa and the rest of the African continent from 1996 to 2012. The analysis uses data sourced from the Global Trade Atlas (<http://www.gtis.com/gta>)

This synopsis should be read in conjunction with the spreadsheet on **tralac**'s website (<http://www.tralac.org/2013/10/02/africa-south-africa-trading-relationship/>). The spreadsheet contains the following data:

- South Africa's total trade and trade balance with all African countries, by country;
- The total of South African imports from and exports to all African countries, by country;
- Total of South Africa's imports from and export to all African countries at the HS4 level;
- The trade record for SADC², SACU³, COMESA⁴ and the EAC⁵; and
- The top 20 African exports to South Africa and the top 20 African imports from South Africa at the HS4 level, by country for all African countries.

Synopsis

- During the 2011/2012 period, in the face of declining trade with the world, the value of total trade between South Africa and Africa increased by 15% from approximately US\$ 23 billion in 2011 to approximately US\$ 26 billion in 2012. Over these twelve months imports from Africa increased by 31%, compared to exports which increased by only 7%.
- In 2012 exports to Africa were approximately US\$16 billion, exceeding imports which were approximately US\$ 10 billion.

¹ This analysis was done by Andrew Partridge, a Senior Agricultural Economist at the Western Cape Department of Agriculture during the **tralac** Geek Week (9-13 September 2013).

² The Southern Africa Development Community (SADC) consists of 15 member countries. These are Angola, Botswana, the Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe.

³ The South African Customs Union (SACU) consists of 5 member countries. These are South Africa, Botswana, Lesotho, Namibia and Swaziland.

⁴ The Common Market for East and Southern Africa (COMESA) for 2012 includes 19 member countries. These members are Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

⁵ The East African Community (EAC) consists of 5 member countries. These are Burundi, Kenya, Rwanda, United Republic of Tanzania and Uganda.

- The top 20 products South Africa imported from Africa in 2012 represented 90% of South Africa's total imports from all African countries, while the top five export products accounted for 80% of total African exports for the year. This indicates that South Africa's imports from African countries are fairly concentrated. If we reduce the breakdown into chapter groupings we see even greater concentration with mineral products making up 81% of imports. This is reflecting the dominance of oil and related products in imports from Africa. The remaining top 5 product chapters in 2012 were base metals (4%), textiles and clothing (3%), machinery (2%) and precious stones and metals (2%).
- In terms of exports, the top 20 products South Africa exported to Africa in 2012 represented only 38% of the total South African exports to Africa. This is an indication of the diversity of South Africa's export products, reiterated by the fact that South Africa's top five export products accounted for only 19% of total exports to African countries in 2012. The top 5 export product chapters in 2012 were machinery (22%), base metals (14%), transport equipment (14%), chemical products (11%) and mineral products (10%).
- From a regional perspective, due to South Africa's geography and membership status, it is no surprise that SADC is the main trading region in terms of both imports and exports.
- The SADC bias is particularly evident in imports, where in 2012 SADC supplied 6% of South Africa's imports from the world, compared to only 1% for COMESA and less than 1% for the EAC. In terms of value, South African imports from SADC, COMESA and the EAC in 2012 were approximately US\$ 6 billion, US\$ 1 billion and less than US\$ 1 billion respectively.
- In terms of exports from South Africa, SADC is also the dominant region, although there is only a marginal difference in comparison with COMESA. In 2012, SADC was the destination for 10% of South Africa's total exports, compared to 9% for COMESA and 2% for the EAC. In terms of value, South African exports to SADC, COMESA and the EAC in 2012 were approximately US\$ 10 billion, US\$ 9 billion and US\$ 2 billion respectively.
- During the 2011/2012 period, South Africa's total trade with SADC increased by 16%, while South Africa's total trade with COMESA increased by only 6% and total trade with the EAC actually declined by 6%.
- The large increase in trade between South Africa and SADC for the 2011/2012 period was mainly driven by an increase in imports from SADC into South Africa which increased by 34% over the period. For COMESA and the EAC the change in trade was driven by similar changes to both imports and exports.
- In 2012 South Africa's major African trading partners were Nigeria (17%), Angola (15%), Mozambique (14%), Zambia (12%) and Zimbabwe (11%). Trade with these countries accounted for 69% of South Africa's total trade with Africa in 2012.

- The top 5 import sources for South Africa in 2012 accounted for 86% of imports from Africa. These five sources were Nigeria (38%), Angola (28%), Mozambique (13%), Zambia (4%) and Zimbabwe (4%). This ordering is exactly the same as the breakdown in terms of total trade and highlights the high degree of concentration of imports focused around suppliers of oil and related products.
- As with the product analysis, we see more diversity in the countries South Africa exports to. In 2012, the top five export destinations made up 63% of exports to Africa. The top five export destinations were Zambia (17%), Zimbabwe (15%), Mozambique (15%), The Democratic Republic of Congo (10%) and Angola (7%).

Over the period 1996-2012 we can observe some significant changes in South Africa's trade with the rest of the African continent. In particular, we observe the following:

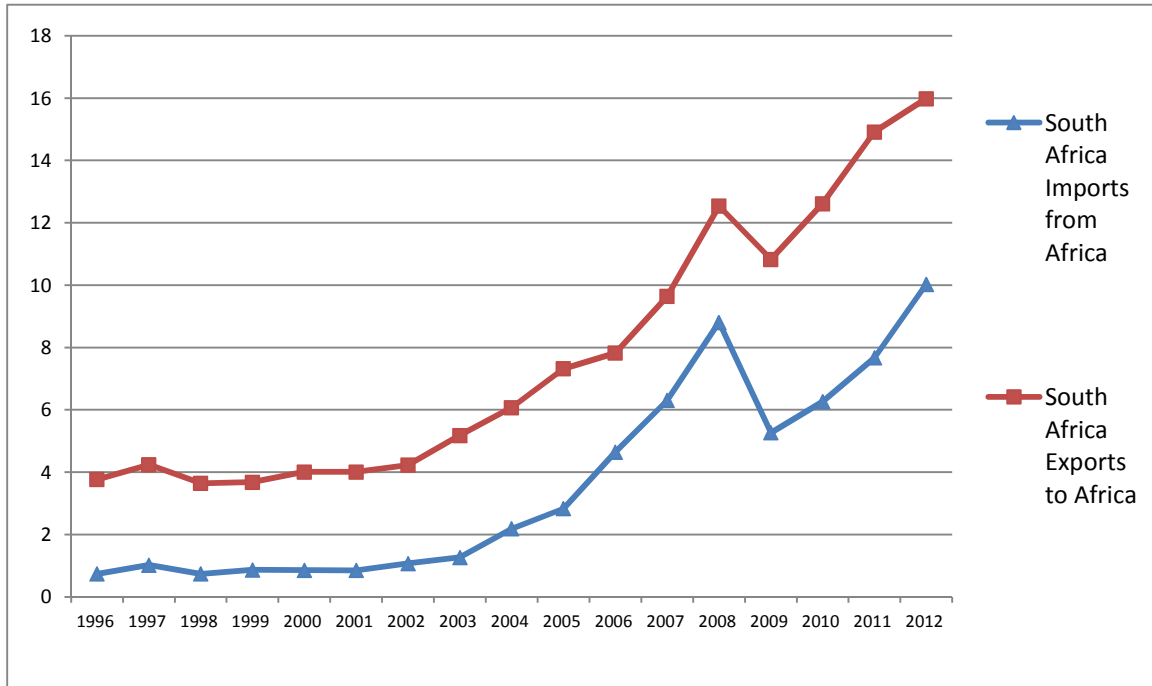
- In US dollar terms, total trade between South Africa and the rest of Africa increased by 477% between 1996 and 2012 at a compound annual growth rate of 12%. Over the time period imports from and exports to Africa increased at annual compound growth rates of 18% and 9% respectively.
- Over the 1996-2012 period, SADC overtook COMESA as the main import supplier into South Africa. Whilst in 1996 COMESA supplied slightly more imports to South Africa than SADC, in 2012 SADC imports into South Africa were 177% those of COMESA. The regional export shares remained relatively consistent over the period. Regionally, imports from SADC grew between 1996 and 2012 at an annual compound growth rate of 18%, compared to only 6% for COMESA and 7% for the EAC. Exports to SADC grew at a compound annual growth rate of 8%, as did exports to COMESA whilst exports to the EAC grew slightly faster at an annual compound growth rate of 10%.
- The main contributing countries to the growth in trade over the 1996-2012 period were Nigeria (21%), Angola (17%), Mozambique (14%), Zambia (12%) and Zimbabwe (7%). Together trade in these countries made up 71% of the growth in trade between South Africa and the rest of Africa. We observe far more concentration in the contributors of growth in imports, where only 11% of growth was attributed to countries outside the top 5, compared to exports where 38% of growth was attributed to growth in exports to countries outside the top 5.
- The above result is reflective of the strong growth in imports of mineral products between 1996 and 2012. Of the growth in imports, 86% was from growth in imports of mineral products. In terms of exports we see a far more balanced growth path with the biggest

product chapter contributor to growth; machinery, only being responsible for 24% of the growth over the period.

- The top 5 countries in terms of the annual compound growth rate of imports between 1996 and 2012 were Equatorial Guinea (84%), Botswana (55%), Nigeria (46%), Libya (36%) and Mozambique (30%). In terms of export destinations, the greatest compound annual growth rates came from exports to Swaziland (59%), Algeria (43%), Djibouti (33%), Somalia (33%) and Libya (26%).

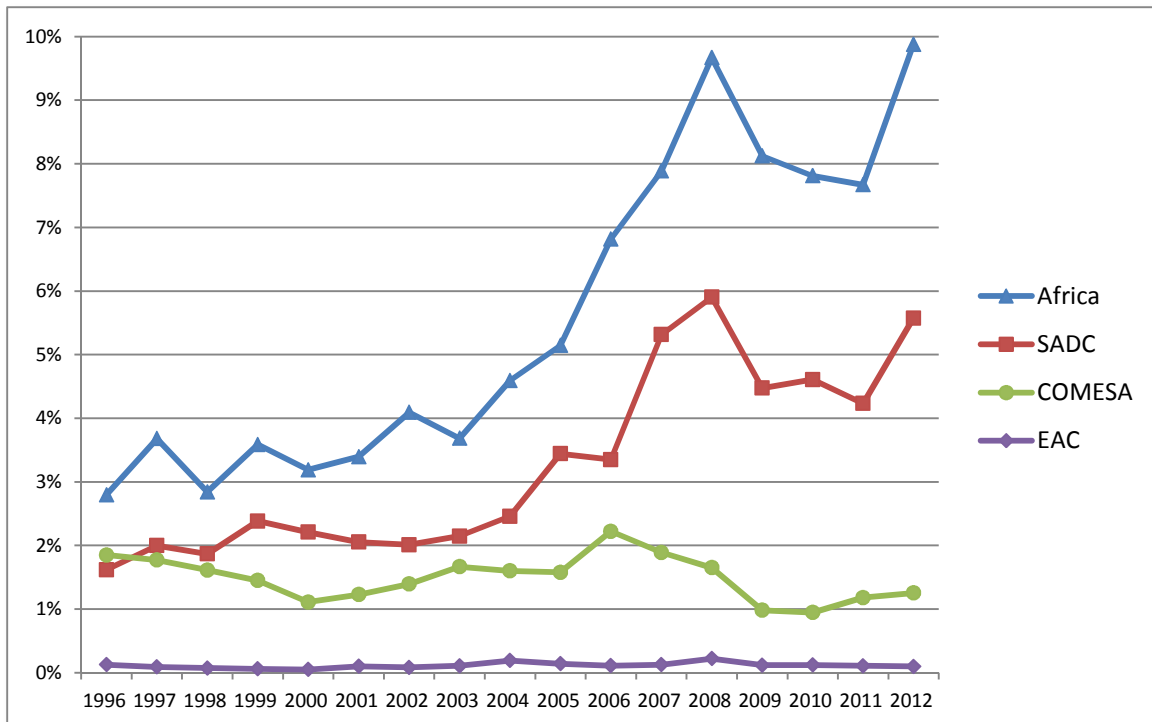
Graphical representation of trade flows

Figure 1: South Africa's trade with Africa, US\$ billion



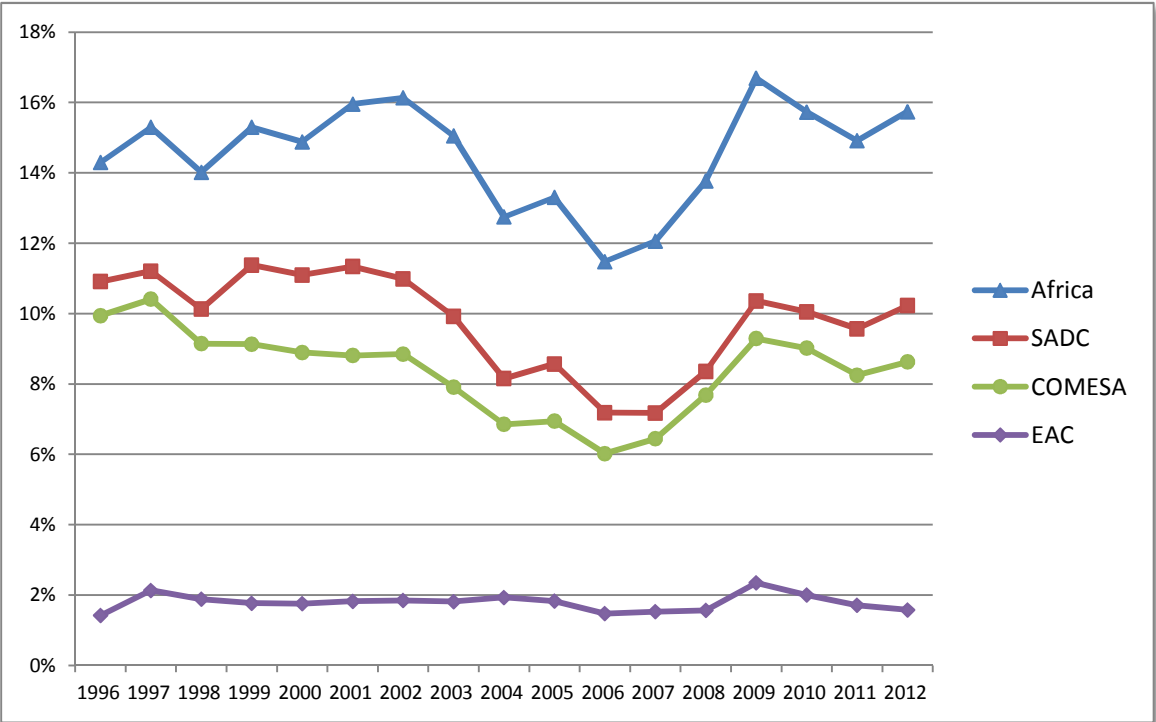
Source: Global Trade Atlas (2013)

Figure 2: South African import Shares from Africa, SADC, COMESA and EAC (%)



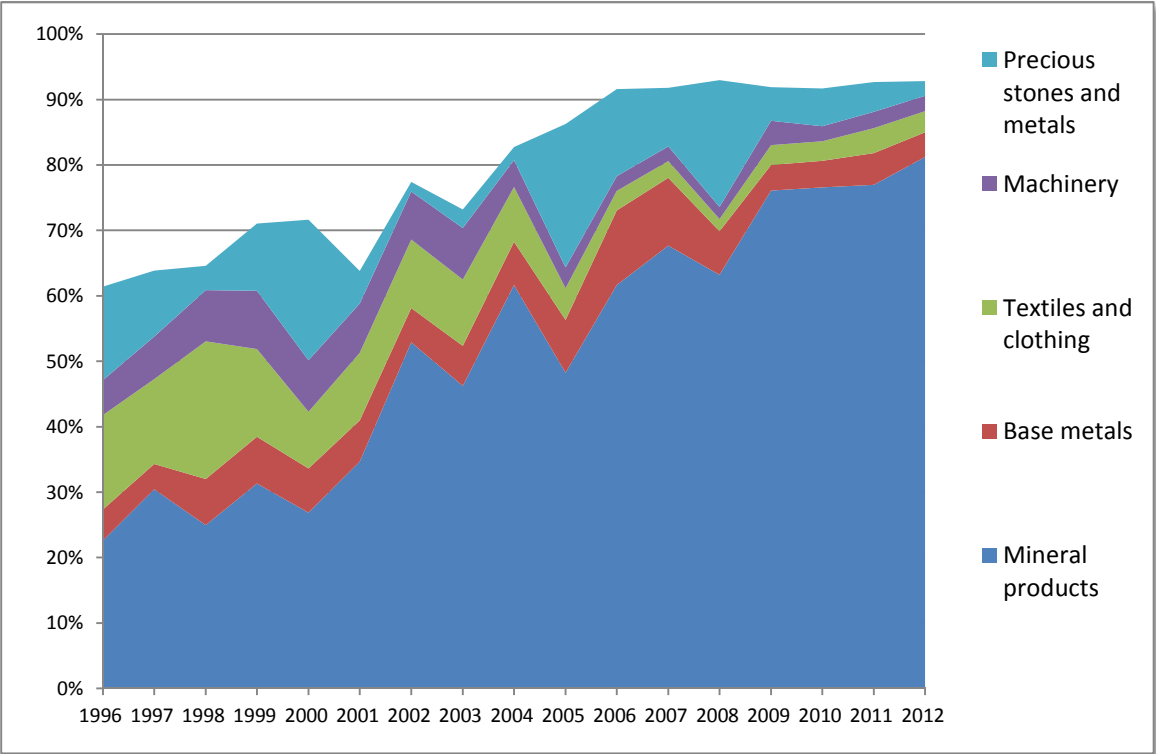
Source: Global Trade Atlas (2013)

Figure 3: South Africa Export Shares to Africa, SADC, COMESA and the EAC (%)



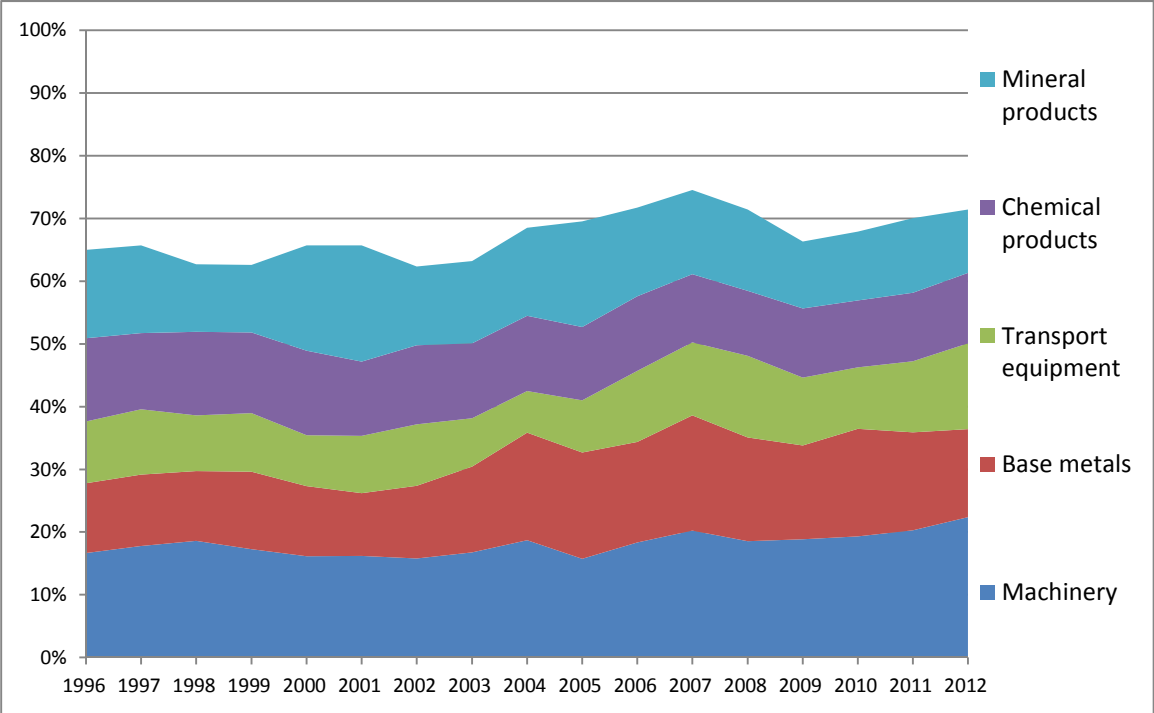
Source: Global Trade Atlas (2013)

Figure 4: South Africa's Main Import Products from Africa (% Share)



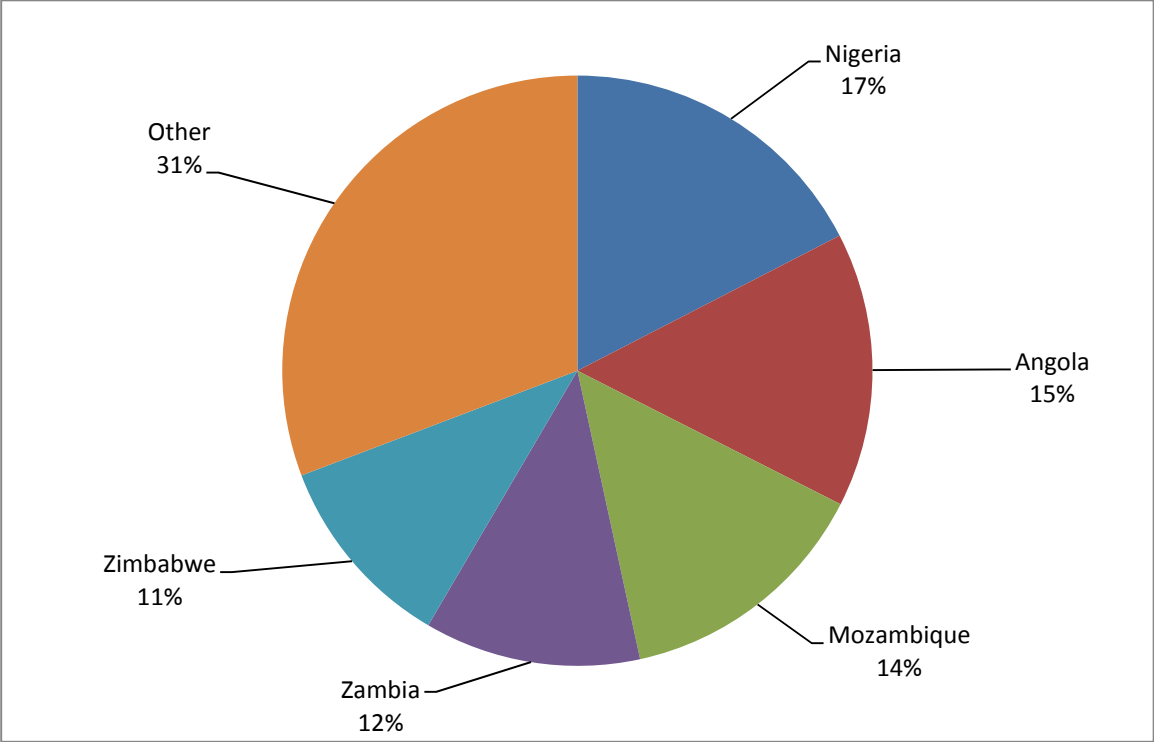
Source: Global Trade Atlas (2013)

Figure 5: South Africa's Main Export Products to Africa (% Share)



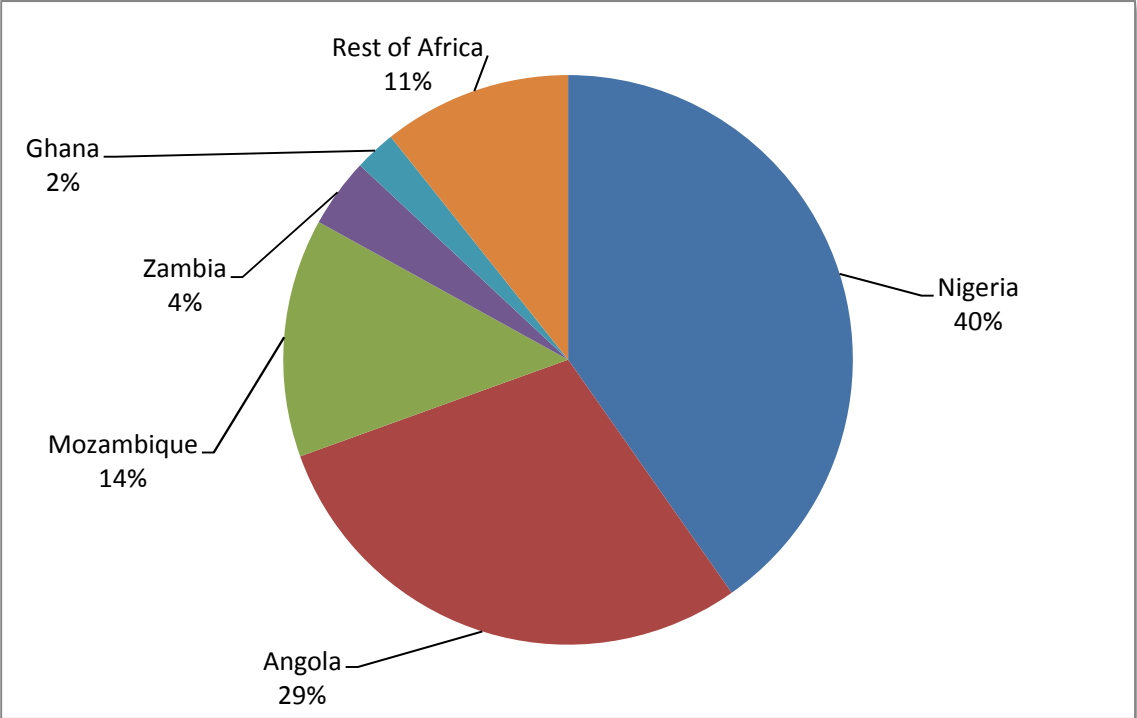
Source: Global Trade Atlas (2013)

Figure 6: South Africa's main African trading partners in 2012 (%)



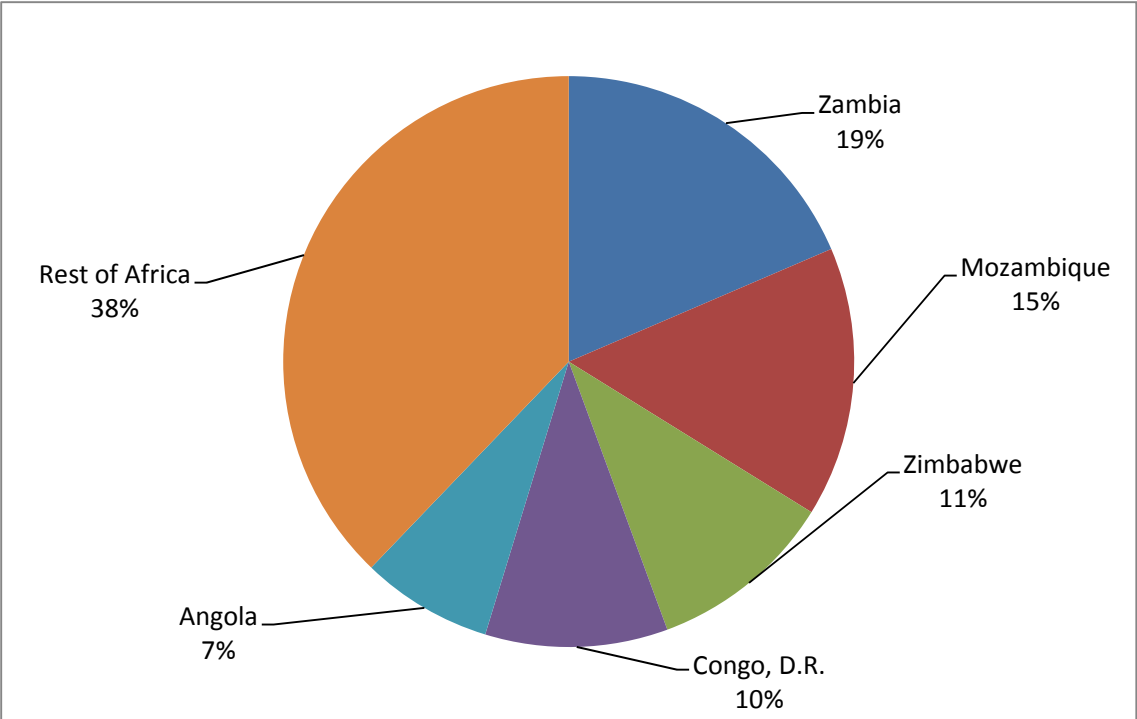
Source: Global Trade Atlas (2013)

Figure 7: Contributing Countries to Growth in Imports (%)



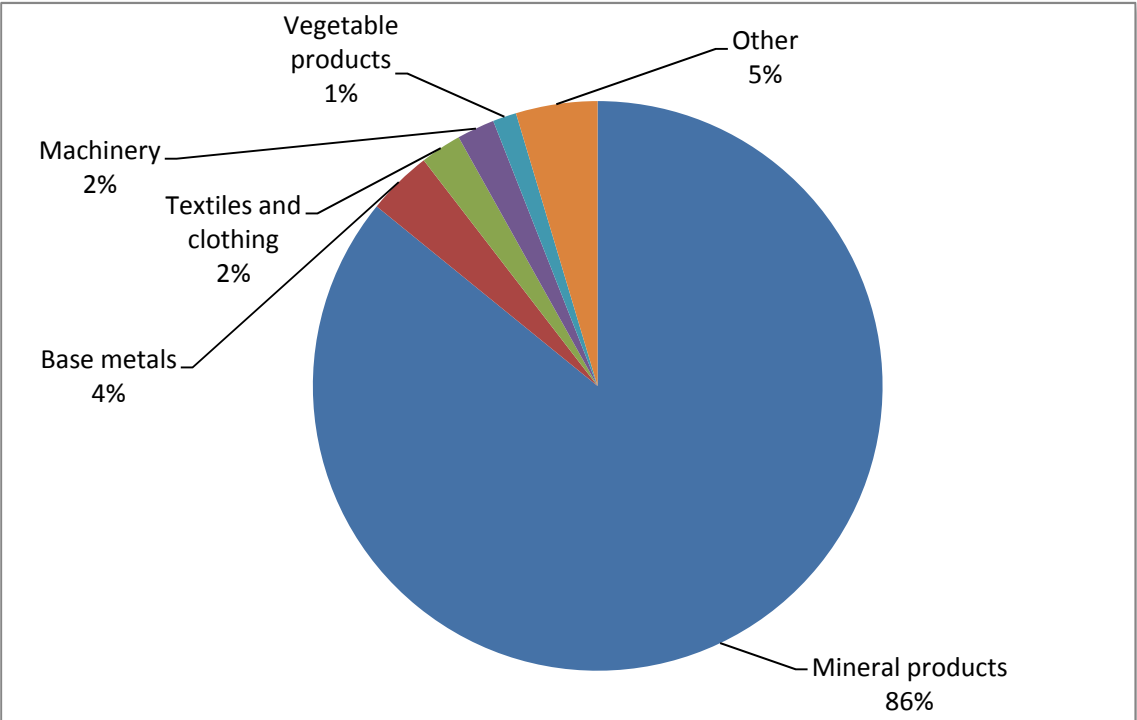
Source: Global Trade Atlas (2013)

Figure 8: Contributing Countries to Growth in Exports (%)



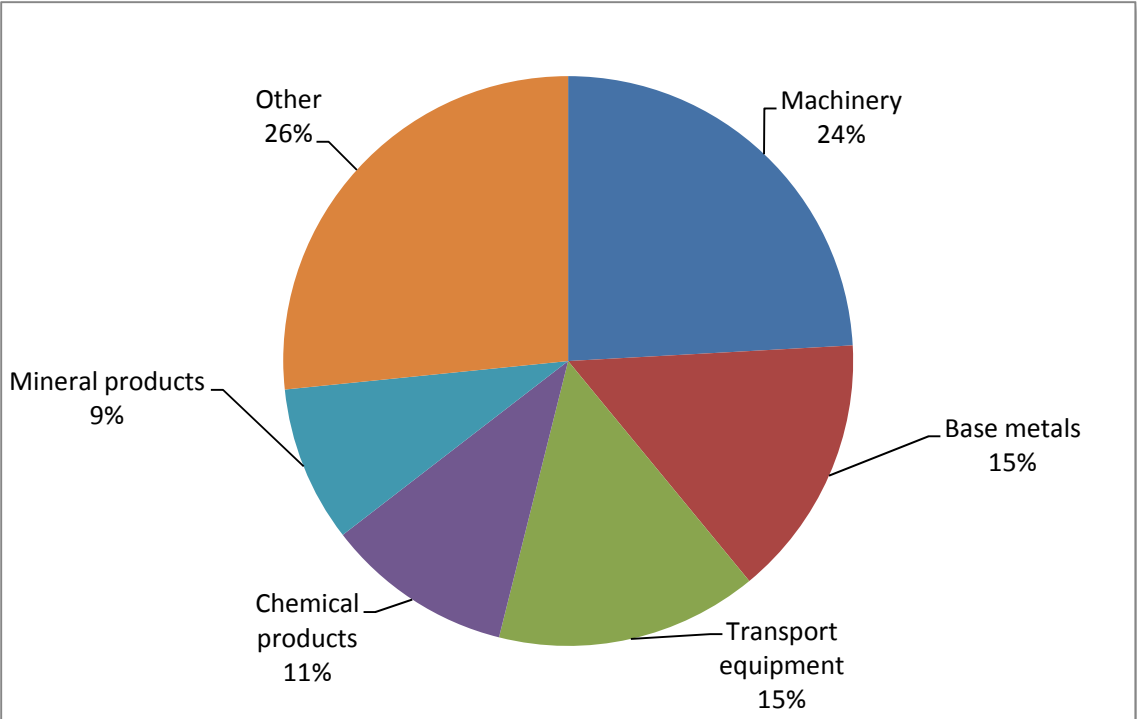
Source: Global Trade Atlas (2013)

Figure 9: Contributing Products to Growth in Imports (%)



Source: Global Trade Atlas (2013)

Figure 10: Contributing Products to Growth in Exports (%)



Source: Global Trade Atlas (2013)