

# Trade update

# January-October 2020



2020 has been challenging for most countries. The same holds for South Africa. At the beginning of the year, South Africa's exports were set to outperform 2019. Between March and April, this trajectory changed. South Africa took stringent social distancing measures (lockdowns) - borders were closed, trade in non-essential goods halted, and most production activities came to a standstill. Subsequently, overall exports for 2020 under-performed. In contrast, imports have been on a downward trend since January. China, South Africa's main source country shut down some manufacturing activities as preventative measures. Numerous other major source markets followed suit before South Africa's lockdown. As restrictions lifted, imports started to recover but ended US\$18 billion lower than in October 2019.

It is uncertain what 2021 holds. Countries, both important source and destination markets have already announced new lockdown measures. Some open-ended, others expected to last late into January. South Africa has recently seen an increase in infection rates and re-introduction of some restrictions. A similar pattern is evident in the rest of Africa. Although there is positive news on vaccines, it can take years to have sufficient percentages of populations vaccinated. Meaning, South Africa can continue to go through cycles of strict restrictions. This can put additional pressure on domestic production and export earnings.

- Intra-Africa trade
- South Africa's trade with some countries outside Africa - EU27\*, China, United States, Japan, and India
- South Africa's trade in covid-19 medical supplies

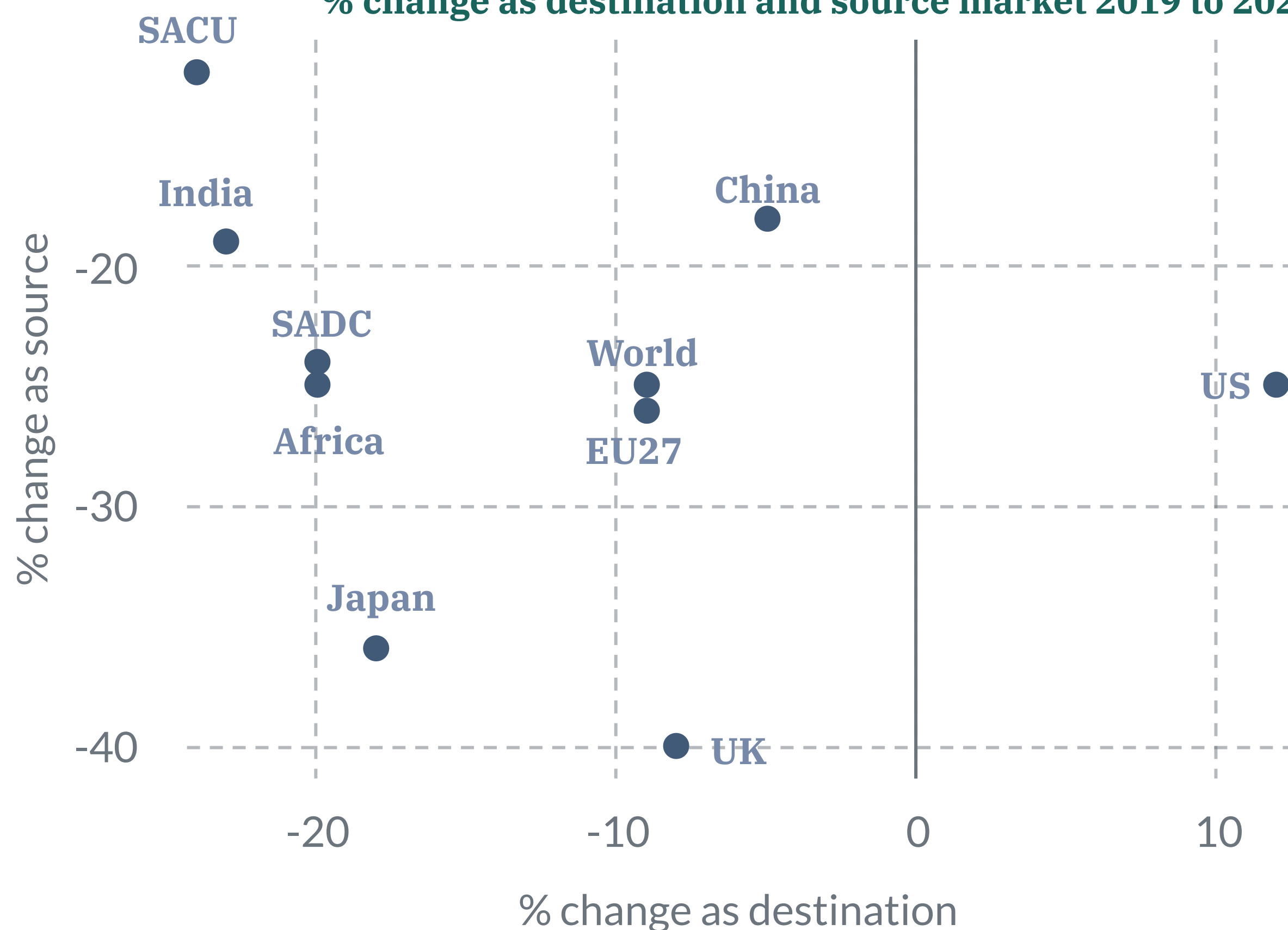
The data is sourced from TradeMap (International Trade Centre (ITC)) and is in US\$ millions.

For January to October 2020, South Africa's total trade is US\$124 billion. US\$24 billion less than in 2019. For 2020, South Africa's trade surplus of US\$12.6 billion is significantly more than the US\$675 million for 2019. In comparison with 2019, imports and exports for 2020 declined by 25 per cent and 9 per cent respectively. Due to South Africa's hard lockdown, exports between March and April declined by 60 per cent. Since April, exports show steady recovery surpassing 2019 exports since mid-August.

The UK was excluded as a recent analysis on South Africa-UK trade was conducted. The analysis is available here: <https://www.tralac.org/blog/article/15042-south-africa-uk-trade-comparing-january-october-2019-and-2020.html>



% change as destination and source market 2019 to 2020



Main export products are precious metals (including gold), iron ores, passenger vehicles, and coal. Exports of precious metals, citrus fruit, apples, maize, and insecticides surpassed 2019 exports. Passenger vehicle exports were ranked 2nd in 2019. For 2020, these exports ranked 4th.

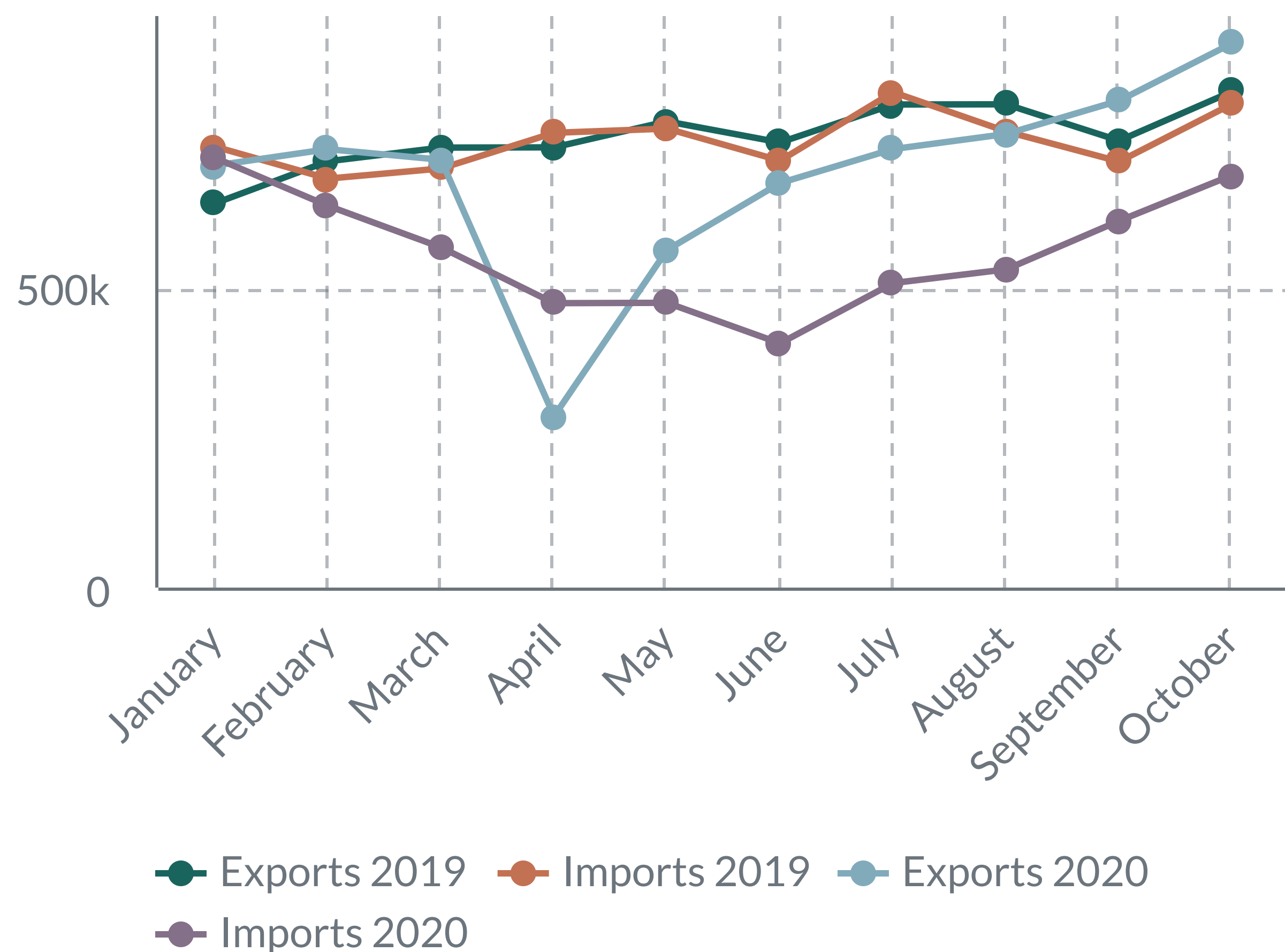
Main imports are original vehicle components, petroleum oils, mobile telephones, and passenger vehicles. The composition of imports has mainly remained as in 2019. The exceptions are the significant increase in imports of covid-19 medical supplies and food products. These include articles of textile materials (facial coverings are included in this category), rice, wheat flour, and soybean oil.

Since January imports have steadily declined. This was exacerbated by South Africa's lockdown and subsequent manufacturing slowdown. As restrictions eased, imports started to recover. It still ended 15 per cent below October 2019 imports.

For 2020, main destination markets are the US, Germany, UK, and Japan. There are also US\$5.8 billion exports to areas not elsewhere specified (Area Nes). The South African Revenue Services (SARS) classifies this as trade in 'Gold, Petroleum and Other' and is mostly trade in gold.

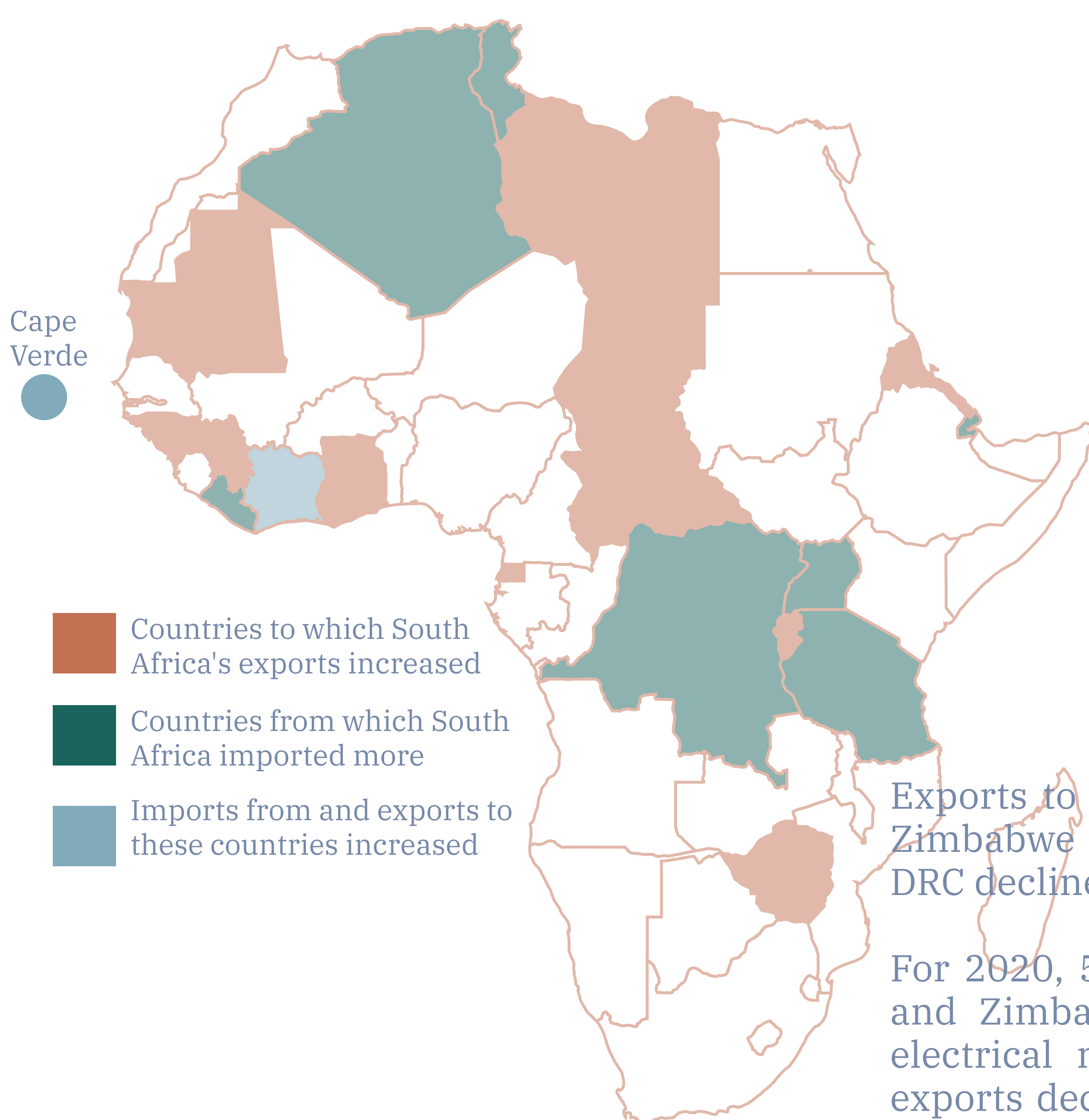
Between 2019 and 2020 trade with most countries declined. **Exceptions for exports:** the US, Zimbabwe, Netherlands, Hong Kong, Czech Republic, and Turkey.

**For imports:** Switzerland, Chile, DRC, Bulgaria, Tunisia, Malta, and west African countries increased.



## Intra-Africa trade

### 2019-2020: countries with which there is an increase in trade



For 2020, 23 per cent of South Africa's world exports are intra-Africa. Intra-Africa exports are 20 per cent lower than for 2019. Exports to most destination markets declined. The exceptions are Zimbabwe (8 per cent increase), Rwanda (177 per cent) and west African countries (including Ghana, Ivory Coast, Guinea, Cape Verde, and Togo).

- Rwanda - increase in exports of steel structures, insecticides, circuit breakers, wood, steel bars & rods, and sugar
- Cape Verde - goods vehicles, soaps, and televisions
- Guinea - apparatus for broadcasting, circuit boards, fans, and steel structures
- Ghana - goods vehicles, escalator parts, apples, and steel wire
- Ivory Coast - passenger vehicles, maize, vitamins, oranges, and steel chains
- Zimbabwe - electric energy, maize, maize groats, wheat flour, and vehicles
- CAR - apparatus for broadcasting, first-aid kits, calcium hypochlorites, and boxes

Exports to SACU declined by 12 per cent. For SADC, exports to all except Zimbabwe and Comoros decreased. Exports to Mauritius, Madagascar, and DRC declined by more than a third for each.

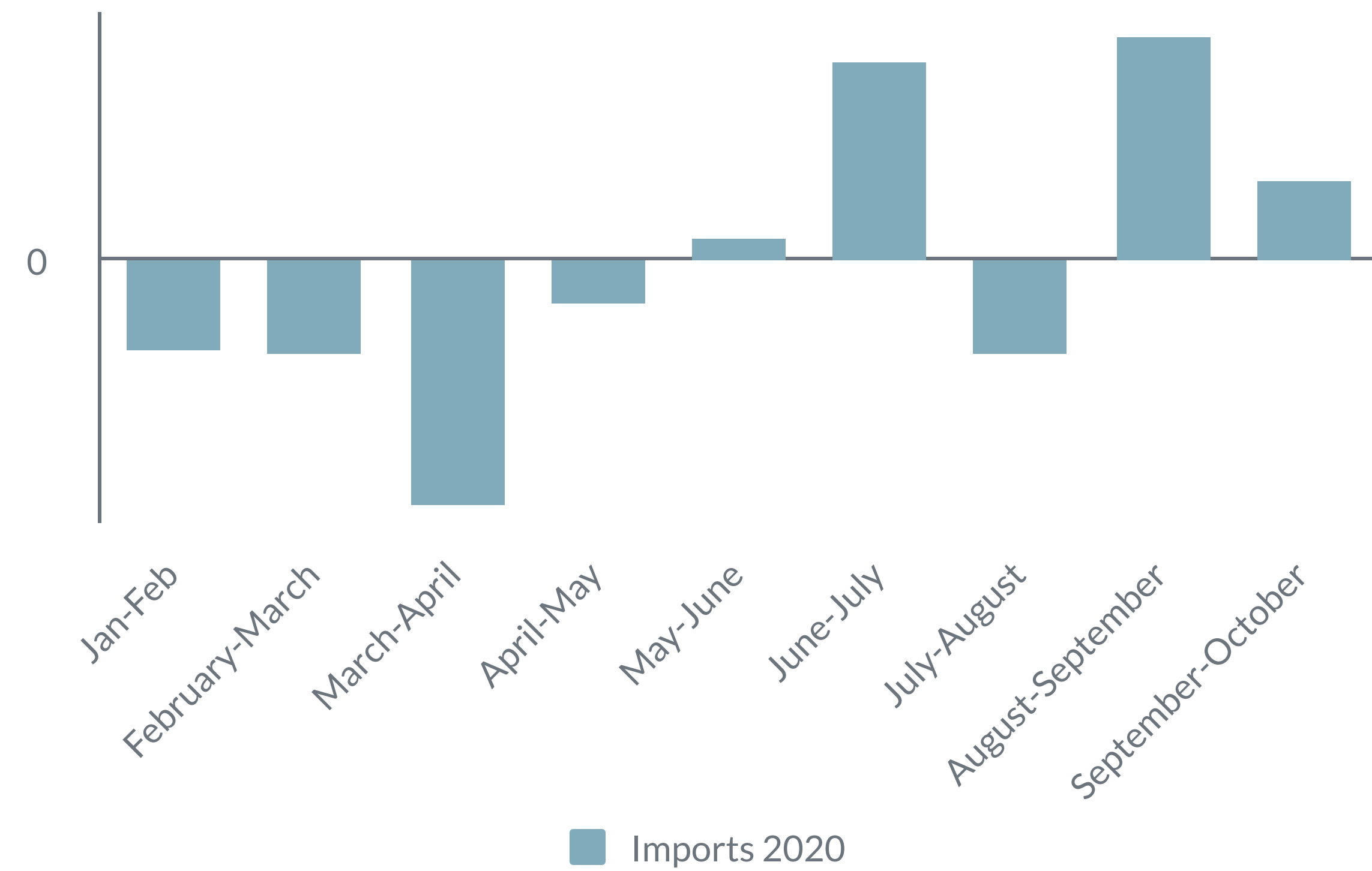
For 2020, 56 per cent of exports are to Botswana, Mozambique, Namibia, and Zimbabwe. Exports are mainly machinery, mineral fuels, vehicles, electrical machinery, and ores. Between March and April, intra-Africa exports declined by 63 per cent. Exports of vehicles, cigarettes, diamonds, road tractors, and beer reduced to almost zero. Since April exports have started to recover. By October, exports of diamonds, copper, steel structures, sugar, and iron ores surpassed exports before lockdown.



Intra-Africa imports are 11 per cent of world imports. 31 per cent are from Nigeria (crude petroleum oils), 14 per cent from Eswatini (food/beverage additives and sugar), 10 per cent from Namibia (gold, cattle, diamonds, and beer), and 9 per cent from Mozambique (natural gas and electrical energy).

For 2020, intra-Africa imports are 25 per cent less than for 2019. This is mainly due to the 39 per cent decline during lockdown. Imports from Nigeria, Ghana, Egypt, Morocco, and Togo declined by 31 per cent, 11 per cent, 18 per cent, 17 per cent, and 57 per cent, respectively. There was an increase in imports from DRC (38 per cent increase), Tunisia (71 per cent increase), Tanzania (10 per cent increase), Uganda (124 per cent increase), and Algeria (263 per cent increase). Increased imports from these countries include welded tubes, cocoa powder, animal hair, fertiliser components, hollow aluminium profiles, greasy wool, hydrogen peroxide, and coke of coal.

Month-on-month % change in intra-Africa imports; 2020



## Trade with countries outside Africa

For 2020, 19 per cent of world exports and 27 per cent of world imports are to and from EU27 countries. Exports are 9 per cent less than in 2019. Imports declined by 26 per cent.

- 41 per cent of exports are to Germany, 21 per cent to the Netherlands, and 14 per cent to Belgium.
- Motor vehicles remained the main export product. **BUT:** 43 per cent less than in 2019
- For 2020, exports of precious metals (palladium, rhodium, and platinum), oranges, silver ores, unsorted diamonds, lemons, and nickel surpassed 2019 exports.
- Imports of original motor vehicle components and vehicles have remained the main import products. **BUT:** 50 per cent less compared to 2019

At the beginning of 2020 exports outperformed 2019 exports (36 per cent higher for February and 15 per cent higher for March). The South African lockdown resulted in exports for April 2020 being 71 per cent less than for 2019. Exports of most goods declined. **The exceptions - fruits (mandarins, lemons, avocados, grapefruit, and apples) and macadamia nuts.** Exports remained below 2019 levels until September.

Between March and April imports of most products declined. **The exceptions: medicines, wheat, immunological products, vaccines, and chicken cuts.** Most imports recovered by October - October imports are 12 per cent higher than March and 52 per cent higher than April. Imports of vehicles and components, dumpers, machinery, and machinery parts more than doubled between April and October.

Under the SADC-EU EPA, South Africa is granted market access for certain goods under tariff-rate quotas (TRQs).

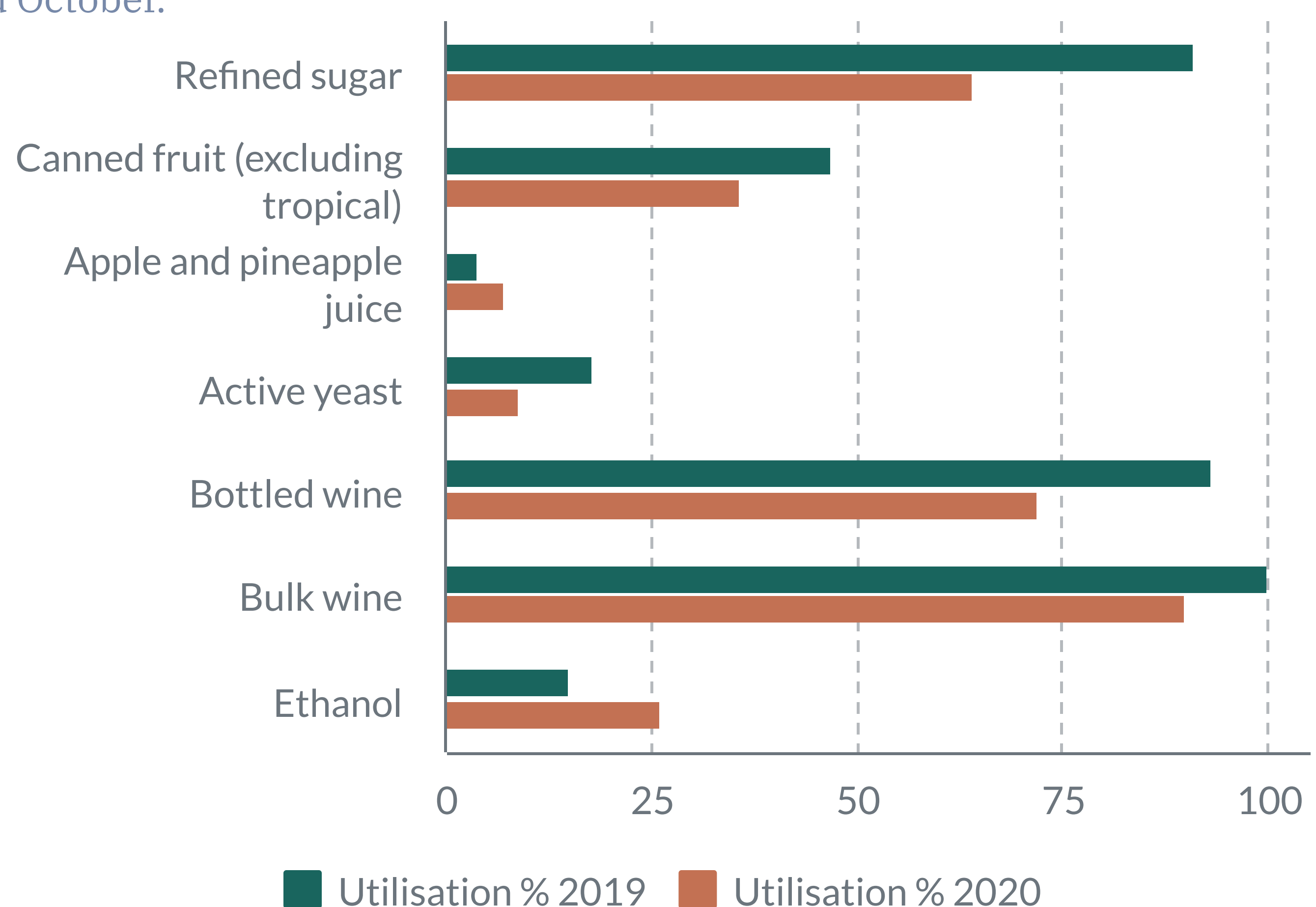
For 2020:

- TRQs unused:** butter, milk powder, strawberries, white crystalline powder, citrus jams, and tropical canned fruit
- TRQs under-utilised:** refined sugar, canned fruit, apple & pineapple juice, active yeast, wine, and ethanol
- Full utilisation:** sugar for refining and frozen orange juice

EU exports and imports; 2019 vs 2020



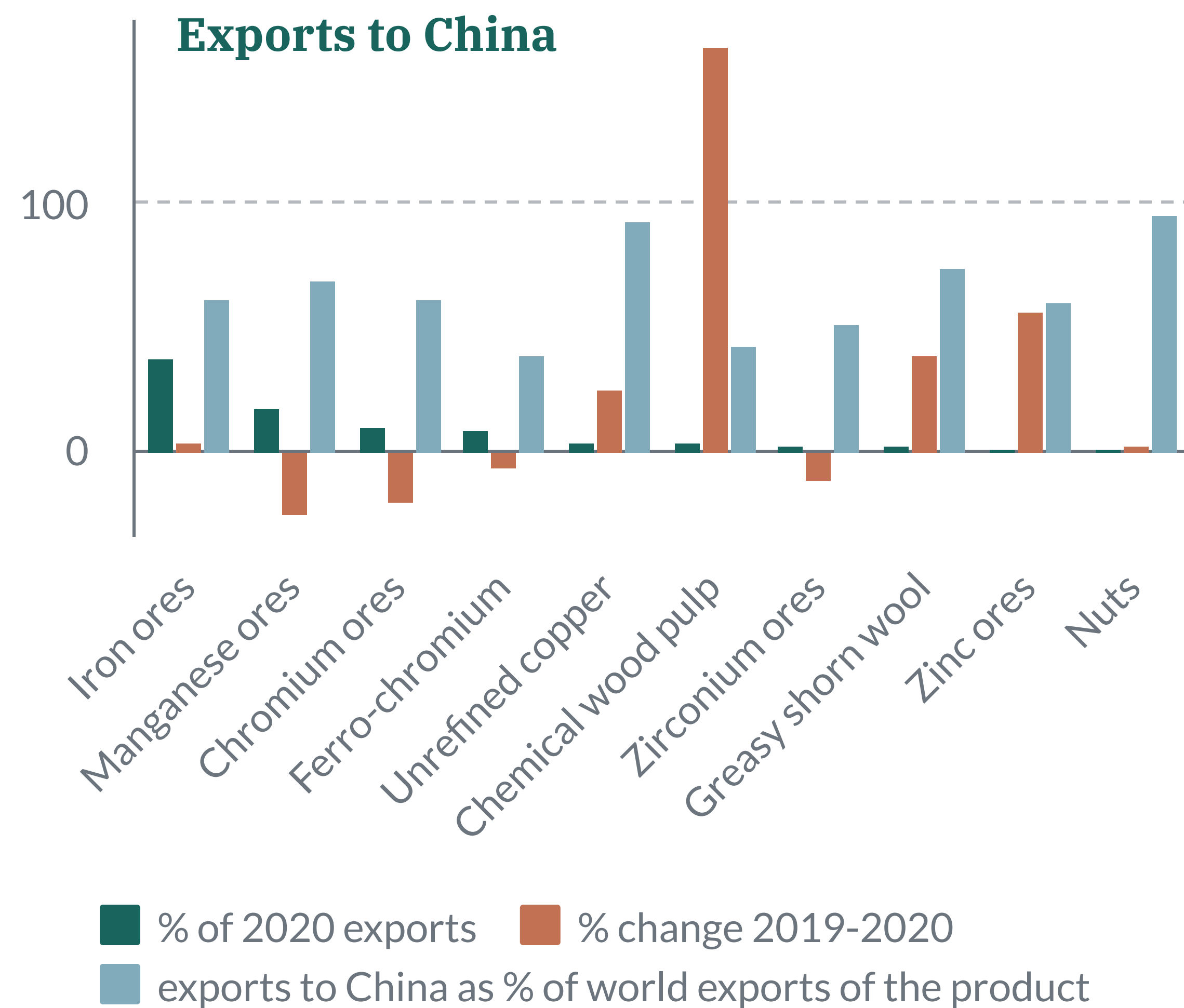
Under-utilised TRQs; 2019 and 2020





# China

China is South Africa's main destination and source market for 2020. US\$7.7 billion exports are to China; imports are US\$11.3 billion - 11 per cent of South Africa's world exports and 20 per cent of world imports. Between 2019 and 2020, exports to China declined by 5 per cent; imports declined by 18 per cent.



- Main export products for 2020: iron ores, chromium ores, ferro-chromium, unrefined copper, and chemical wood pulp
- Exports of most goods declined between 2019 and 2020  
**EXCEPTIONS: chemical wood pulp, platinum, frozen beef, fish flours, and vanadium oxides**
- Exports to China account for most of South Africa's world exports of:  
**copper, nuts, copper powders, zirconium articles, fibre pulps, and nickel chloride**
- Imports for each month of 2020 are below monthly 2019 imports
- China is one of the only countries with an increase in imports between March and April 2020. Imports increased by 69 per cent.  
**REASON FOR INCREASE: China is an important source of covid-19 medical supplies, especially masks**

## Main import products for 2020:

Mobile telephones (20 per cent decline in 2019 imports)  
 Portable data-processing equipment (11 per cent decline)  
 Articles of textile materials (masks - 2416 per cent increase)  
 Broadcasting equipment (18 per cent decline)

# United States

For 2020, the US is ranked South Africa's 2nd destination and 3rd source market.

- 8 per cent (US\$5.7 billion) of world exports and 7 per cent (US\$4 billion) of world imports are to and from the US
- 0.3 per cent of US imports are from South Africa
- 2020 exports mainly outperformed 2019, except exports for April-June 2020

- Main export products:  
**precious metals (rhodium, palladium & platinum - 50% of South Africa's world precious metal exports), vehicles, and granulated iron slag**
- Imports declined February-April and increased since May.  
**BUT: for all months 2020 imports are below 2019 imports**
- Main import products:  
**original motor vehicle components, precious metal compounds, covid-19 medical supplies, and construction vehicles**

## 2019-2020: Exports

▲ 12%

## Imports

▼ 25%

## Imports 2019-2020

vehicle components  
 light oils  
 chicken cuts  
 Airplanes & parts  
 Petroleum coke

**decline  
increase**

precious metal  
 compounds  
 laboratory reagents  
 pneumatic tyres  
 tractors  
 insecticides

## Exports to the US





## India

2019-2020:

Exports ▼ 23%

Imports ▼ 19%

### Exports

### Imports

4% of world exports  
January-April:  
37% decline  
April-October:  
24% increase

5% of world imports  
January-April:  
23% decline  
April-October:  
10% increase

62% of exports:  
bituminous coal  
51% of world coal  
exports

34% of exports:  
light oils &  
medicines

Other exports:  
manganese, petroleum  
oils, palladium and  
phosphoric acid

29% & 93% of  
respective  
world imports of  
rice & penicillin  
are from India

## Japan

2019-2020:

Exports ▼ 18%

Imports ▼ 36%

### Exports

### Imports

4% of world exports  
= 1% of Japan's world  
imports  
January-April:  
29% decline  
April-October:  
17% increase

3% of world imports  
= 0.3% of Japan's  
world exports  
January-April:  
9% decline  
April-October:  
2% increase

56% of exports:  
previous metals  
22% of world previous  
metal exports

46% of exports:  
vehicle component  
parts & vehicles

Other exports:  
wood chips, maize,  
sugar, and grapefruit

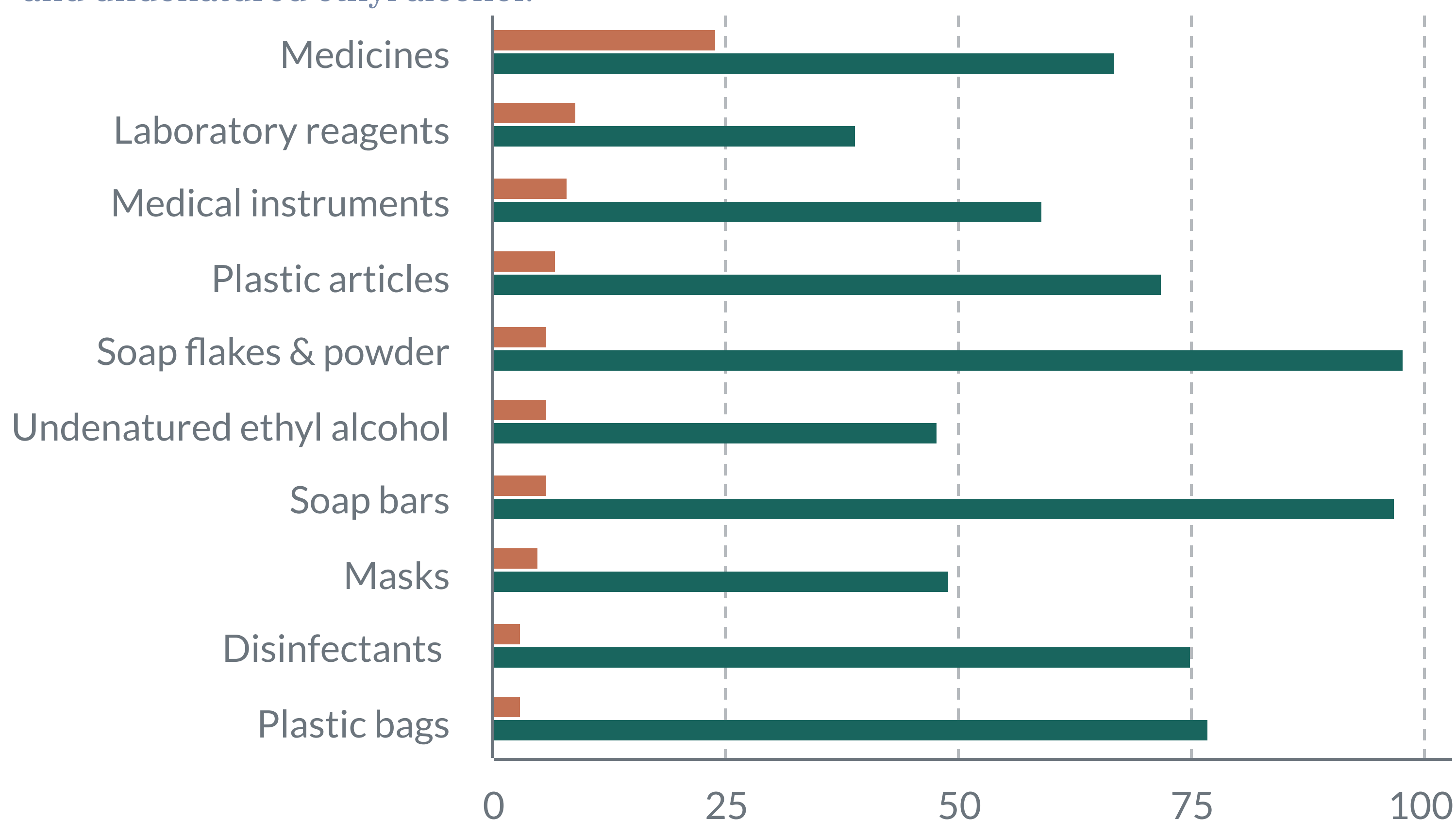
60% of world imports  
of passenger vehicles  
for >10 people are  
from Japan

# Covid-19 medical supplies

Certain medical supplies are needed to diagnose and treat Covid-19. For ease of monitoring trade in these medical supplies, ITC has included a grouping of these products in TradeMap. Included in the group are personal protective equipment (PPEs), medicines, medical equipment, and cleaning supplies.

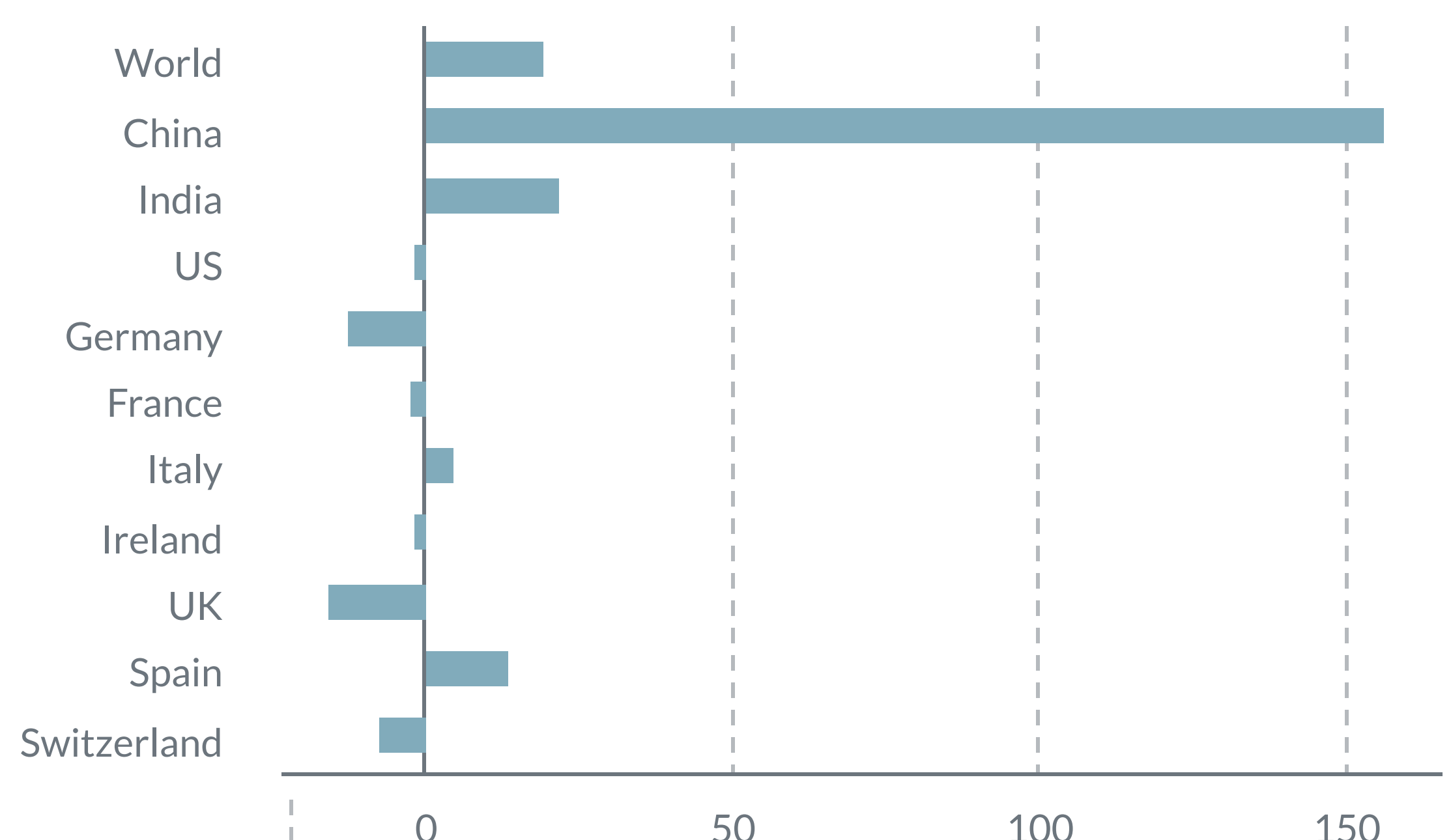
For 2020, South Africa's world exports and imports of covid-19 medical supplies are US\$2 billion and US\$3.2 billion, respectively. Exports are 6 per cent more than in 2019, imports 20 per cent higher. Exports are mainly to Germany, Czech Republic, US, Namibia, and the UK. 58 per cent of exports are machinery for purifying gases, 10 per cent medicines, and 6 per cent laboratory reagents. Imports are mainly from China, India, US, and Germany. The main import products are hydrogen peroxide, masks, and laboratory reagents.

27 per cent of covid-19 medical supply exports are to other African countries. This accounts for 4 per cent of total intra-Africa exports for 2020. Intra-Africa exports are mainly to neighbouring Namibia, Botswana, Zimbabwe, and Mozambique. Products exported include medicines, plastic articles, laboratory reagents, medical instruments, and undenatured ethyl alcohol.



0.5 per cent of intra-Africa imports are covid-19 medical supplies. This accounts for 1 per cent of world imports of these goods. Imports are mainly hydrogen peroxide, masks, and plastic bags sourced from Mauritius, Uganda, Nigeria, and Botswana.

## % change in covid-19 medical imports; 2019-2020



## Intra-Africa covid-19 medical supply exports; 2020

