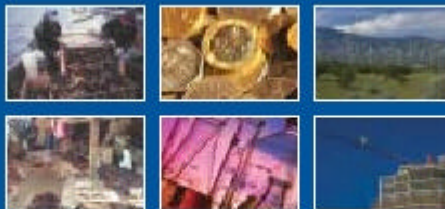




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Bilateral Trade Between South Africa and Brazil



TRADE AND INDUSTRIAL POLICY STRATEGIES

Bilateral Trade Between South Africa and Brazil

In this short report we examine South African trade with Brazil for decade up to 2001. First we look at the absolute values, trends, patterns at the aggregate level and somehow disaggregated level of 22 commodities clusters. The aim of this section is to provide a first round analysis of those commodities that feature prominently in trade flows between South Africa and Brazil. It provides a descriptive analysis of trade between two countries, this includes imports and total trade defined as the sum of imports and exports) of merchandise, and a measure of changes in trade patterns. In the last two tables of this note we will look into the finer details of the trade flows at the HS4 level. Our analysis takes a gradual approach from the aggregated to the more detailed level and it is based on the annual data from Customs and Exercise at current prices.

Aggregate trade

Table 1 provides an aggregate analysis of trade between South Africa and Brazil for the period 1992 to 2001. This includes imports, exports and total trade together with Brazil's share in these flows. In row 1 it can be seen that South African imports from Brazil have been increasing from R477 million in 1990 to R3.3 billion in 2001 at current (Rand) prices. This constitutes an 20% weighted annual average increase in nominal terms over the period. Total imports by South Africa increased by 17% over the same period of 10 years (row 4). The share of Brazil 's imports therefore has increased, from 0.9% in 1990 to 1.6% in 2000.

Table 1: Aggregate imports, exports and total trade between South Africa and Brazil, 1997-2001, Rmillion current prices

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Ave 92-01
1 South African Imports from Brazil (Rm current pr)	477	574	752	909	1,134	1,490	1,272	1,376	2,053	3,344	
2 growth (%)	-4	20	31	21	25	31	-15	8	49	63	20.5
3 South African Imports Total (Rm current pr)	52,819	59,854	77,086	99,051	113,642	127,940	144,171	147,340	188,058	215,441	
4 growth (%)	9	13	29	28	15	13	13	2	28	15	16.5
5 Brazil's share of South African imports (%)	0.9	1.0	1.0	0.9	1.0	1.2	0.9	0.9	1.1	1.6	
6 South African Export to Brazil (Rm current pr)	248	425	624	992	1,170	1,412	1,066	944	1,361	1,779	
7 growth (%)	6	72	47	59	18	21	-25	-11	44	31	18.8
8 South African Exports Total (Rm current pr)	67,603	79,832	88,270	100,357	112,778	128,426	140,739	161,444	207,913	215,248	
9 growth (%)	2	18	11	14	12	14	10	15	29	4	13.8
10 Brazil's share of South African exports (%)	0.4	0.5	0.7	1.0	1.0	1.1	0.8	0.6	0.7	0.8	
11 South African Trade Balance with Brazil (Rm current pr)	-229	-149	-128	83	36	-78	-206	-432	-693	-1565	
12 South African Trade with Brazil (Rm current pr)	725	999	1,376	1,902	2,304	2,902	2,339	2,320	3,414	5,123	
13 growth (%)	-1	38	38	38	21	26	-19	-1	47	50	19.7
14 South African Total Trade (Rm current pr)	120,421	139,686	165,356	199,408	226,420	256,366	284,910	308,784	395,971	430,689	
15 growth (%)	5	16	18	21	14	13	11	8	28	9	15.0
16 Brazil's share of South African trade (%)	0.6	0.7	0.8	1.0	1.0	1.1	0.8	0.8	0.9	1.2	

Source: Customs & Excise

Exports from South Africa to Brazil increased over the same period from R248 million in 1992 to R1.8 billion in 2001 which constitutes annual average growth rate of 19% over this period. South Africa 's total exports increased by 14% per annum and the share of exports to Brazil in total South African exports has therefore shown an increase. However, the trend has displayed some volatility, it rose from 0.4% in 1992 to 1.4% in 1994 but decreased again to 1% in 1997 and to 0.6% in 1999 after which it rose to 0.8% in 2001, suggesting that trade patterns between the two countries have not settled down.

Row 11 shows South Africa's trade balance with Brazil, which has been in favour of Brazil from 1992 until 1994. The trade balance turned around 1995 to 1996, but from 1997 to 2001 it was in favour of Brazil again. It can be seen that South African exports to Brazil suffered a considerable set back probably as a result of financial crisis during 1998 and 1999, again highlighting some volatility in trade between the two countries.

Row 12 to 16 presents the analysis of total trade defined here simply as the sum of imports and exports. South Africa' s total trade has been increasing at annual average of 15% (row 15) and

growth in trade between South Africa and Brazil has been increasing at an annual rate of 20% (row 13). Brazil's share in South African total trade has been at an average of 1% from 1990 to 2000.

23 commodity chapters

At a slightly disaggregated level of 23 commodity chapters (or sections as they are sometimes labeled) we report in the next table on nominal growth in imports and exports as well as the change in the patterns of trade. In the first three columns we report imports from Brazil. Growth rates recorded in column 1 vary from 0% to 45%. The composition of imports from Brazil is measured in column 2 and 3 for the first and second half of the 1992-2001 decade. Comparing column 2 and 3 it can be seen that shares for a number of commodity groups have declined, which seems to be absorbed by "special classifications provisions". From examining trade flows at a finer detail (not shown here) it appears that this is mainly due to the imports of "original equipment components" of the motor vehicle industry as is reported in the last row of the table. In particular, *chemicals* and *prepared food* stuffs have seen a decline in their share of imports from Brazil. *Machinery* has maintained its share, while *live animals animal products* and *transport equipment* imports from Brazil has increased in importance in the import basket from Brazil.

Table 2: Growth and pattern of South African imports from, exports to trade with Brazil

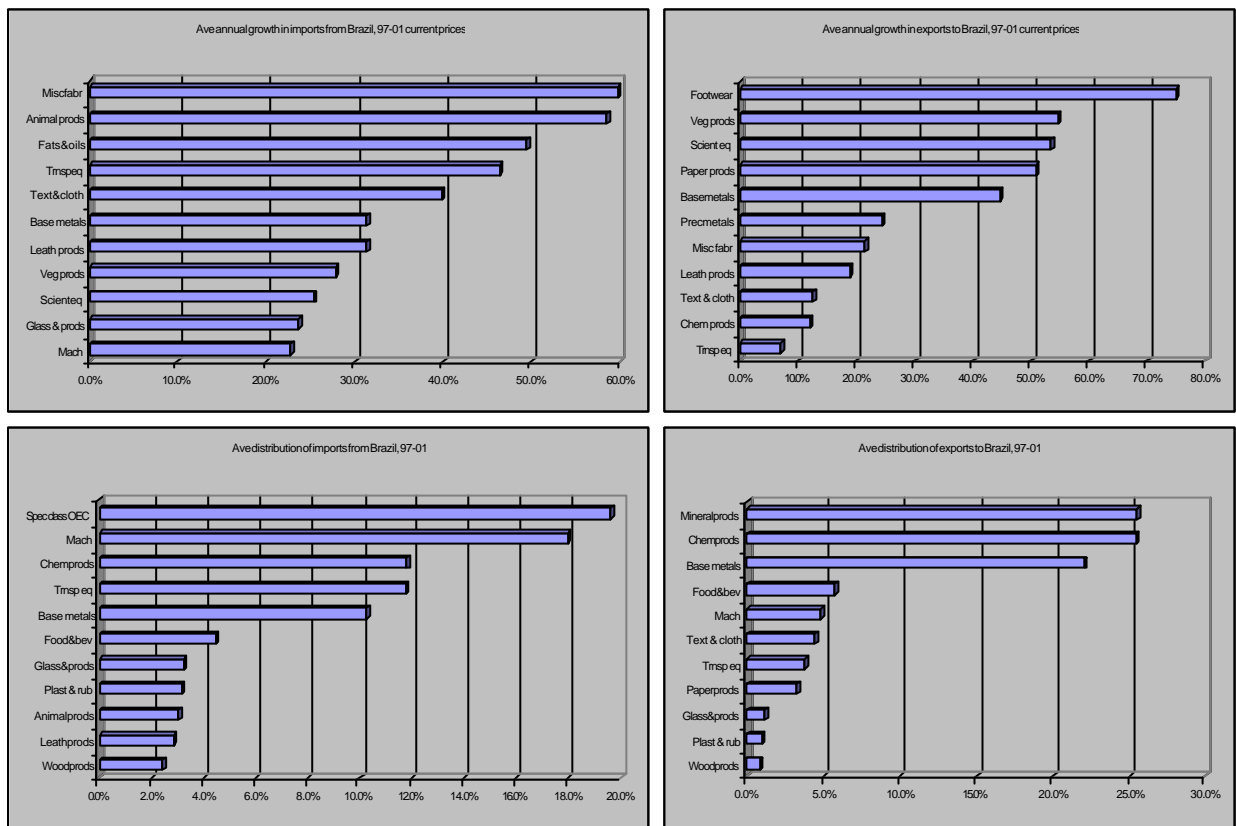
Chapter	Import			Exports			Trade		
	average growth 1997-01	average distrib 1992-96	average distrib 1997-01	average growth 1997-01	average distrib 1992-96	average distrib 1997-01	average growth 1997-01	average distrib 1992-96	average distrib 1997-01
01 Live animals animal products	58.5%	0.4%	3.0%	3.6%	0.4%	0.3%	54.8%	0.4%	1.9%
02 Vegetable products	27.8%	2.2%	2.3%	54.6%	0.6%	0.4%	29.6%	1.5%	1.6%
03 Animal or vegetable fats & oils	49.6%	2.1%	1.8%		0.0%	0.0%	50.5%	1.1%	1.1%
04 Prepared foodstuffs, beverages, tobacco	11.1%	8.1%	4.5%	-36.1%	21.8%	5.7%	-14.5%	14.6%	5.0%
05 Mineral products	14.3%	0.7%	0.5%	-4.6%	26.8%	25.5%	-4.1%	13.0%	10.7%
06 Products of chemical or allied industries	15.2%	20.0%	11.8%	12.1%	23.3%	25.4%	13.3%	21.6%	17.4%
07 Plastics and rubber	14.7%	5.7%	3.2%	-4.1%	0.7%	1.0%	10.8%	3.3%	2.3%
08 Raw hides and skins, leather	31.5%	2.8%	2.8%	18.9%	0.1%	0.3%	32.3%	1.5%	1.8%
09 Wood, cork, straw	5.2%	3.1%	2.5%	-3.6%	0.5%	0.8%	-3.4%	1.9%	1.8%
10 Pulp, paper & paperboard, books	1.9%	3.7%	1.4%	50.9%	5.6%	3.2%	24.9%	4.6%	2.2%
11 Textiles, fabrics, clothing	40.0%	1.5%	1.2%	12.6%	1.4%	4.4%	19.2%	1.5%	2.5%
12 Footwear, headgear, umbrellas	10.2%	0.9%	0.8%	75.1%	0.0%	0.0%	10.1%	0.5%	0.5%
13 Articles of stone asbestos ceramics glass	23.7%	4.4%	3.3%	-12.3%	0.8%	1.1%	16.4%	2.7%	2.4%
14 Precious metals	-38.9%	0.7%	0.3%	24.4%	0.0%	0.0%	-37.6%	0.4%	0.2%
15 Base metals	31.5%	9.7%	10.3%	44.7%	9.4%	22.1%	39.4%	9.6%	15.1%
16 Machinery, mechanical & electrical	22.8%	18.8%	18.0%	0.0%	3.3%	4.8%	18.6%	11.4%	12.6%
17 Vehicles, aircraft, ships	46.6%	9.0%	11.8%	7.1%	4.4%	3.8%	38.6%	6.8%	8.5%
18 Optical photograph measuring musical inst	25.5%	0.5%	0.4%	53.6%	0.1%	0.4%	34.9%	0.3%	0.4%
19 Unknow		0.0%	0.0%		0.0%	0.0%		0.0%	0.0%
20 Miscellaneous manufactured articles	59.8%	0.2%	0.4%	21.6%	0.0%	0.1%	57.5%	0.1%	0.2%
21 Works of art collectors pieces & antiques		0.0%	0.0%	-24.3%	0.0%	0.0%	14.6%	0.0%	0.0%
22 Other unclassified goods	8.3%	0.6%	0.0%	-33.3%	0.6%	0.7%	-22.2%	0.6%	0.3%
23 Spec class: orig equipm comp for mot veh.	10.8%	5.0%	19.6%	0.1%	0.0%	0.0%	10.8%	2.7%	11.6%

Source: Customs & Excise and own calculation

In terms of exports (column 4-6) it can be seen that in particular the share of *base metals* and *chemicals* has increased over the decade, while the share of *mineral products*, albeit still the largest contributor, has reported a small decline and the share of *foodstuffs & beverages* has declined rapidly. Very high growth rates for *leather products* and *footwear* have been recorded off a very low base.

We summarise these findings in the following figure where we rank those commodities with above average growth in imports from and exports to Brazil (top half), as well as the proportional contribution to imports from and exports to Brazil (bottom half). The trade pattern between the two countries that appears, suggests that South African exports to Brazil are biased towards more primary products such as *minerals*, *chemicals* and *base metals*, while South African imports from Brazil are more concentrated in *machinery* and *transport* related equipment, with some apparent intraindustry trade in the broad category of *chemicals*. Trade in *prepared foods* in both directions has declined considerably in the second half of the past decade (up to 2001) while South Africa imports of life animals and animal products has increased

Figure 1: Growth and pattern of imports from and exports to Brazil for selected sectors



Source: Customs & Excise and own calculation

Another way of looking at the growth-share interplay is by means of a matrix as shown in the next table. Based on a set of rather arbitrarily selected cut-off points it can be seen in Table 3 that machinery and transport equipment imports from Brazil experienced high growth rate (>20%) and high share (>10%).

Table 3: Growth-share nexus of SA imports from Brazil for 22 Chapters (annual ave, 1997-2001)

	high growth	medium growth	low growth
high share	16: Mach,17: Trnsp eq	23: Spec class OEC	
medium share	15: Base metals	06: Chem prods	
low share	01: Animal prods,02: Veg prods,03: Fats & oils,08: Leath prods,13: Glass & prods,18: Scient eq,20: Misc fabr,Total	04: Food & bev,05: Mineral prods,07: Plast & rub,12: Footwear	09: Wood prods,10: Paper prods,14: Prec metals,19: Unknown,21: Arts & antiq,22: Other,,

Upper boundary of the share bands	
low share	upper bound 5%
medium share	10%
high share	

Upper boundary of the growth bands	
low growth	upper bound 10%
medium growth	20%
high growth	

Source: Customs & Excise and own calculation

Commodity groups with high export shares do not all display high growth as can be seen in the first row of Table 4. In the first column it can be seen that there are a number of commodity groups that have reported high growth in the second half of the decade up to 2001 but their shares are low. They include *footwear, paper products* and *vegetable products*.

Table 4: Growth-share nexus of SA exports to Brazil for 22 Chapters (annual ave, 1997-2001)

	high growth	medium growth	low growth
high share	15_Base metal,	06_Chem prod,	05_Mineral prod,
medium share			
low share	02_Veg prods,10_Paper prods,12_Footwear,14_Prec metals,18_Scient eq,20_Misc fab,	08_Leath prod,	01_Animal prods,03_Fats & oils,04_Food & bev,07_Plast & rub,09_Wood prods,13_Glass & prods,16_Mach,17_Trnsp eq,19_Unknown,21_Arts & antiq,22_Other,23_Spec class OEC,_Total,,

Upper boundary of the share bands	
	upper bound
low share	5%
medium share	10%
high share	

Upper boundary of the growth bands	
	upper bound
low growth	10%
medium growth	20%
high growth	

Source: Customs & Excise and own calculation

In Table 5 we examine in more detailed commodity groups that have relatively high growth rates (ranked from the highest to the lowest) in imports from Brazil. The proportion of total South African imports in those commodities is also considered. The third column with data entries shows growth rates over the last 5 years. It can be seen that in the case of some of the highest imports (in terms of value) no growth rates are recorded as there are not enough observations to do so. This suggests that those commodity groups are fairly new kids on the block in terms of imports from Brazil. They include *HS8802: Aircraft, powered; spacecraft & launch vehicles*, *HS7203: Spongy ferrous prod & iron 99.94% pure, lumps etc*, *HS1512: Sunfl-seed, safflow or cottonsd oil etc, no ch mod* and *HS1005: Corn (maize)*. High growth in imports of the latter two commodity groups may be due to the deregulation of the agricultural sector in South Africa, while the first commodity group mentioned (aircrafts) may have to do with the recent orders of small airplanes to bolster SAA's regional airline fleet.

Table 5: South African imports from Brazil at the HS4 code level for selected commodities (R'000 current prices)

HS4 code	HS4 description	SA imports from Brazil 2001	Growth SA imports from Brazil 1997-01	% of total imports 2001
	Total	3,344,189	23.3%	1.6%
1	8802 Aircraft, powered; spacecraft & launch vehicles	592,273		10.7%
2	9801 Special classification of parts for motor vehicles	572,397	10.8%	3.1%
3	7203 Spongy ferrous prod & iron 99.94% pure, lumps etc	155,908		100.0%
4	0207 Meat & ed offal of poultry, fresh, chill or frozen	125,934	53.1%	39.7%
5	8414 Air or vac pumps, compr & fans; hoods & fans; pts	110,097	27.5%	10.0%
6	1512 Sunfl-seed, safflow or cottonsd oil etc, no ch mod	108,353		27.2%
7	4104 Bovine or equine leather, no hair NESOI	70,409	33.0%	15.0%
8	1005 Corn (maize)	69,103		51.2%
9	8409 Parts for engines of heading 8407 or 8408	68,549	27.3%	9.1%
10	2401 Tobacco, unmanufactured; tobacco refuse	68,354	15.4%	15.0%
11	8501 Electric motors and generators (no sets)	63,897	2.9%	13.3%
12	6908 Glazed ceramic flags & paving, hearth tiles, etc	61,714	58.6%	21.6%
13	8429 Self-propelled bulldozers, graders, scrapers etc	58,968	93.7%	3.5%
14	8702 Motor vehicle f trnspt >ten persons includ driver	57,816	30.0%	47.5%
15	8708 Parts & access for motor vehicles (head 8701-8705)	51,721	21.9%	1.8%
16	3504 Peptones, other proteins & deriv etc; hide powder	47,945	39.7%	30.0%
17	2926 Nitrile-function compounds	46,867	130.1%	40.3%
18	8503 Parts of electric motors, generators & sets	34,089	103.1%	23.6%
19	3901 Polymers of ethylene, in primary forms	32,669	37.6%	5.9%
20	1704 Sugar confection (incl white chocolate), no cocoa	31,316	110.2%	37.8%
21	8413 Pumps for liquids; liquid elevators; parts thereof	29,240	9.7%	3.0%
22	2929 Nitrogen function compounds NESOI	26,115	-6.7%	9.6%
23	3004 Medicaments NESOI, mixed or not, in dosage etc fm	25,329	47.1%	0.6%
24	5201 Cotton, not carded or combed	25,218		6.3%
25	4415 Packings etc, wood; pallets, collars etc, of wood	23,872	19.6%	57.8%
26	2922 Oxygen-function amino-compounds	20,107	8.2%	6.9%
27	7202 Ferroalloys	16,200	14.7%	19.3%
28	8707 Bodies (including cabs), for specif motor vehicles	15,626		62.4%
29	0203 Meat of swine (pork), fresh, chilled or frozen	14,930		13.5%
30	4407 Wood sawn or chipped length, sliced etc, ov6mm th	14,529	-8.3%	2.8%
31	8467 Tools for working in the hand, pneum hyd etc, pts	14,464	25.7%	8.0%
32	8450 Washing machines, household- or laundry-type, pts	13,546	1157.5%	5.7%
33	8540 Thermionic, cold cathode or photocathode tubes, pt	13,393	1275.2%	4.9%
34	8418 Refrigerators, freezers etc; heatpumps NESOI, pts	13,273	51.5%	2.0%
35	7005 Float glass & surf ground or polished sheets etc	12,728	157.2%	17.6%
36	0801 Coconuts, brazil nuts & cashew nuts, fresh or dry	12,464	18.0%	25.1%
37	8701 Tractors (other than works trucks of heading 8709)	11,431	-32.4%	1.3%
38	1507 Soybean oil & its fractions, not chemic modified	11,415	-0.3%	5.1%
39	3912 Cellulose and chemical deriv NESOI, primary forms	11,157	9.9%	7.3%
40	3907 Polyethers, expoxides & polyesters, primary forms	11,132	12.4%	1.8%
41	4811 Paper, paperboard, wad etc, coat etc NESOI, rl etc	10,965		1.9%
42	4810 Paper & paperboard, coated with kaolin etc, rl etc	10,905	120.3%	1.2%
43	7321 Stoves, ranges etc, nonel domest & pts, ir & steel	10,746	-4.6%	15.3%
44	7601 Aluminum, unwrought	10,655		13.0%
45	2507 Kaolin and other kaolinic clays, incl calcined	10,630	20.3%	33.8%
46	8483 Transmission shafts, bearings, gears etc; parts	9,827	10.6%	0.9%
47	6403 Footwear, outer sole rub, plast or lea & upper lea	9,738	5.1%	1.8%
48	4011 New pneumatic tires, of rubber	9,622	37.7%	1.1%
49	2849 Carbides	9,428	23.0%	9.8%
50	8508 Electromechanical tools, working in hand; parts	9,136	22.0%	3.3%

Source: Customs & Excise and own calculation

The earlier observation that South African exports to Brazil are concentrated in the more primary commodity groups such as minerals, basic metals and chemicals is emphasized in Table 6. Most of the top 15 commodity groups by value are located in these categories with the exception of some *paper products* and *machinery*.

Table 6: South African exports to Brazil at the HS4 code level for selected commodities (R'000 current prices)

HS4 code	HS4 description	SA exports to Brazil 2001	Growth SA exports from Brazil 1997-01	% of total SA exports 2001
	Total	1,779,291	7.3%	0.8%
1	2701 Coal; briquettes, ovoids etc. mfr from coal	297,390	2.1%	2.0%
2	3808 Insecticides, rodenticides; fungicides etc, retail	286,260	36.7%	28.9%
3	7606 Aluminum plates, sheets & strip over .2mm thick	145,751		14.3%
4	7202 Ferroalloys	105,995	26.5%	1.5%
5	7506 Nickle plates, sheets, strip and foil	56,546		14.5%
6	5402 Synthetic filament yarn (no sew thread), no retail	54,657	7.6%	9.6%
7	4802 Paper, uncoat, for writing etc, rolls; hndmd paper	47,169	73.1%	6.8%
8	2809 Diphosphorus pentaoxide; phosphoric acid etc	43,897	-30.1%	5.3%
9	7219 Fl-rl stainless steel products, not und 600mm wide	40,709	9.2%	1.5%
10	7201 Pig iron & spiegeleisen in pigs, blocks etc.	31,945		3.7%
11	2901 Acyclic hydrocarbons	31,563	65.2%	3.2%
12	3822 Composite diagnostic/lab reagents, exc pharmaceut	28,022	383.9%	19.0%
13	2615 Niobium, tantalum, vanadium & zirconium ore & conc	26,904	50.9%	2.6%
14	8409 Parts for engines of heading 8407 or 8408	25,556	177.7%	5.0%
15	2820 Manganese oxides	24,779	61.3%	3.5%
16	8802 Aircraft, powered; spacecraft & launch vehicles	23,030		7.4%
17	7601 Aluminum, unwrought	22,671		0.4%
18	8207 Interchange tools for hand- or machine-tools, bmpt	22,505	15.5%	6.3%
19	5902 Tire cord fabric of high tenacity yarn, nylon etc	20,860	76.1%	76.4%
20	2933 Heterocyclic comp, nit hetero-atoms only	20,417		27.0%
21	4819 Cartons etc paper; office box files etc, paper etc	19,936	65.5%	8.1%
22	2914 Ketones & quinones & halogenatd, sulfonatd der etc	19,194	37.4%	2.7%
23	8706 Chas w eng f trac, mtr veh f pass/gd & special pur	19,143		88.2%
24	3811 Antiknock preps & other additives for mineral oils	19,045		25.4%
25	2707 Oils etc from high temp coal tar; sim aromatic etc	15,896	16.9%	7.1%
26	7209 Fl-rl iron & na steel nun600mm wd cold-rl, no clad	15,640		2.6%
27	8609 Containers for one or more modes of transport	13,083	24.2%	1.9%
28	2208 Ethyl alcohol, undenat, und80% alc; spirit beverag	11,926	42.6%	4.4%
29	4801 Newsprint, in rolls or sheets	10,639	15.3%	2.5%
30	4415 Packings etc, wood; pallets, collars etc, of wood	10,350	6.4%	11.7%
31	2811 Inorganic acids & inorganic oxy nonmet comp NESOI	10,063	19.8%	35.9%
32	2529 Feldspar; leucite; nepheline, n syenite; fluorspar	9,859		4.9%
33	8708 Parts & access for motor vehicles (head 8701- 8705)	9,182	-17.8%	0.3%
34	2907 Phenols; phenol-alcohols	9,161	41.2%	5.5%
35	8482 Ball or roller bearings and parts	8,991	134.3%	6.1%
36	0904 Pepper, genus piper; genus capsicum or pimenta	7,841		11.1%
37	8474 Machinery for sorting screening etc minerals, pts	7,692	42.5%	1.0%
38	7312 Stranded wire, ropes etc, no elec ins, ir or steel	7,609	38.7%	3.6%
39	8483 Transmission shafts, bearings, gears etc; parts	6,686		2.9%
40	2614 Titanium ores and concentrates	6,651	34.7%	0.4%
41	8443 Print mach incl inkjet mach ancil t prnt pt NESOI	6,320		10.0%
42	2921 Amine-function compounds	6,038	17.6%	13.8%
43	7306 Tubes, pipes & hollow profiles NESOI, iron & steel	5,937		1.7%
44	7019 Glass fibers & articles thereof (yarn etc.)	5,444		14.1%
45	2712 Petroleum jelly; mineral waxes & similar products	5,410	20.6%	1.0%
46	2905 Acyclic alcohols & halogenat, sulfonatd etc derivs	5,290	11.2%	1.4%
47	8903 Yachts & other vessels for pleas etc; row boat etc	4,945	534.8%	2.0%
48	3405 Polishes & creams for leather, wood etc, scour prp	4,777		17.7%
49	4010 Conveyor or transmiss belts of vulcanized rubber	3,902		7.7%
50	8436 Agri etc & poultry etc equip, inc incubators, pts	3,818	12.2%	6.1%

Source: Customs & Excise and own calculation

This Focus on Data was compiled by Carol Molate and Dirk Ernst van Seventer