

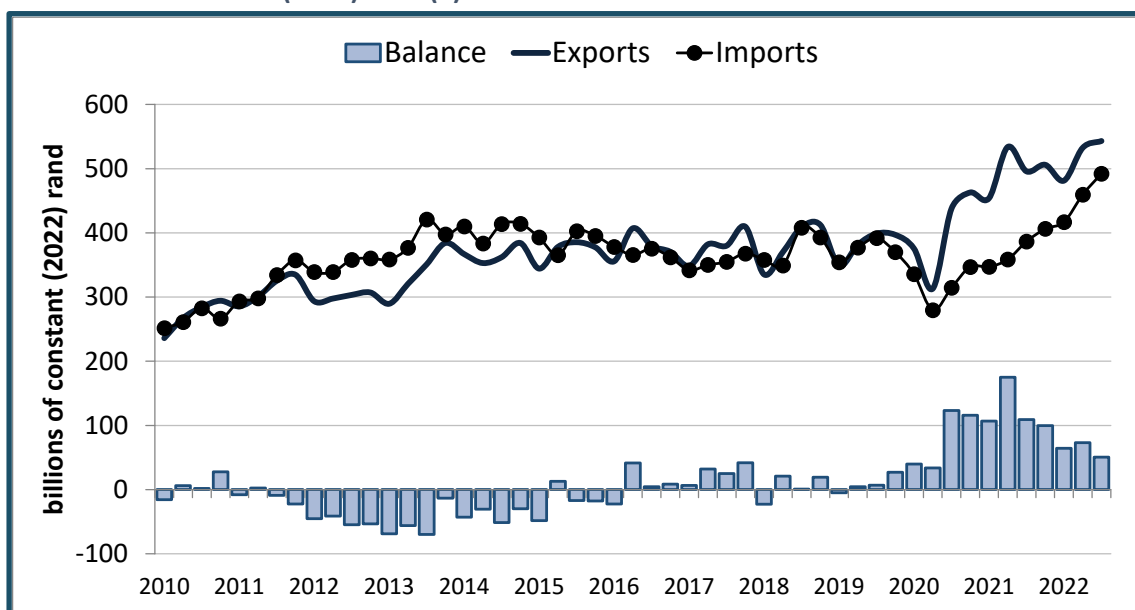
International trade

South Africa's surplus in goods trade continued to narrow in the third quarter as prices for key export commodities declined, with the exception of coal, while imports climbed. Logistics challenges have affected coal and auto, and imports have grown faster than exports across most manufactured goods categories. In these circumstances, soaring coal prices have not been sufficient to maintain the record trade surpluses seen since the pandemic.

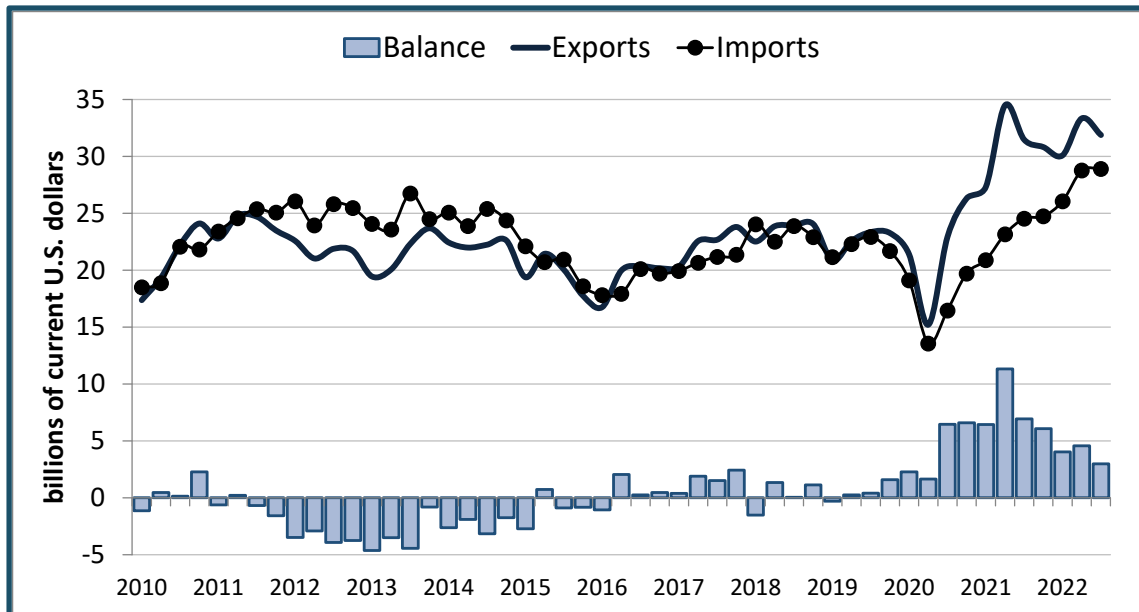
In the third quarter of 2022, South Africa's trade surplus narrowed to R50.7 billion from R73 billion in the previous quarter. In constant rand, imports have continued to grow rapidly while export growth eased over the previous quarter, but remained positive mostly due to the depreciation of the rand. In current US dollars, imports remained steady over the past quarter and export values declined. While the trade balance remains significantly higher than the pre-pandemic norm, it appears to be diminishing steadily. This results in part from global factors, including softer (although still high) prices for South African export commodities. On the domestic side, rail, port and other logistical and infrastructure shortcomings have hit exports, while import demand has risen as growth has recovered.

Graph 15. Exports, imports and balance of trade in billions of constant rand and current US dollars

A. Billions of constant (2022) rand (a)



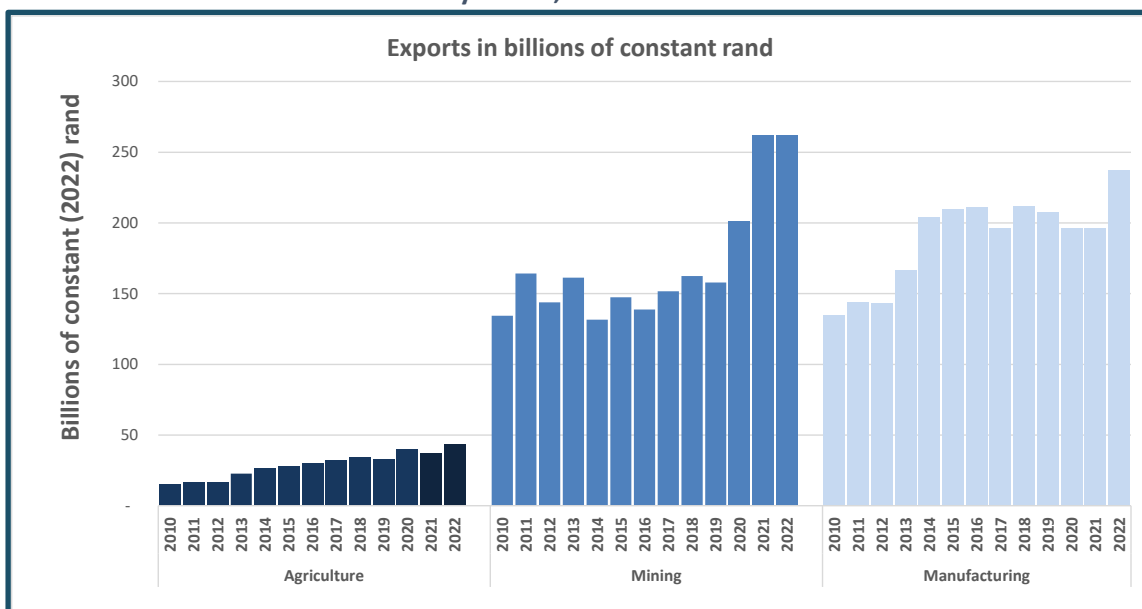
B. Billions of current US dollars



Source: Calculated from South African Revenue Service data.

Mining export values remain at heightened levels due to high commodity prices, especially for coal. Despite a decline over the previous quarter, these prices remain well above 2020 levels and far higher than in the previous decade. In constant rand terms, agricultural and manufactured export values have also grown relatively rapidly since 2020, at 9% and 21% respectively. The extraordinary jump in manufactured exports in the year to the third quarter of 2022 resulted largely from higher auto and steel exports combined with the depreciation of the rand.

Graph 16. Third-quarter goods exports in billions of constant (2022) rand (a), by sector, 2010 to 2022

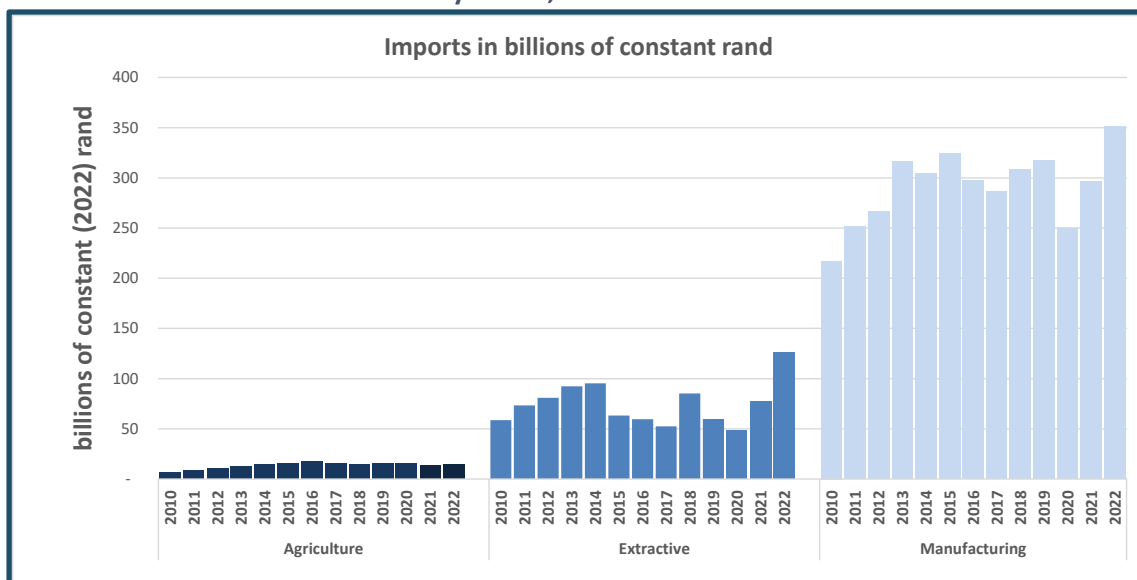


Note: (a) Deflated with CPI. Source: Calculated from South African Revenue Service data.

Extractive imports, mostly petroleum, continued to rise rapidly in the third quarter of this year. While petroleum prices fell over the third quarter, they remain high relative to before the

pandemic. Manufactured imports also continued to rise from mid-pandemic lows, up 40% from 2020 in constant rand terms. The main drivers were the auto industry, which imported both components and assembled cars on a large scale; machinery and equipment; and chemicals. Again, the depreciation of the rand boosted the cost of imports, notably for oil.

Graph 17. Third-quarter goods imports in billions of constant (2022) rand (a), by sector, 2010 to 2022



Note: (a) Deflated with CPI. Source: Calculated from South African Revenue Service data.

The paper and publishing, metals and metal products, and transport equipment industries are the only three in the manufacturing sector that have seen export growth outstrip import growth; of the three, only metals and metal products maintains a positive trade balance in rand terms. The only other two manufacturing industries with positive trade balances – food and beverages, and wood products – have seen import growth in excess of export growth over the past year.

Table 1. Trade by manufacturing subsector

INDUSTRY	VALUE (BILLIONS)		% CHANGE FROM Q3 2021		CHANGE IN BILLIONS	
	USD	RAND	USD	RAND	USD	RAND
EXPORTS						
Food and beverages	1.25	21.3	13.1%	22.4%	0.15	3.90
Clothing and footwear	0.43	7.4	7.7%	16.6%	0.03	1.05
Wood products	0.18	3.0	6.3%	14.9%	0.01	0.39
Paper and publishing	0.62	10.6	68.1%	83.5%	0.25	4.83
Chemicals, rubber, plastic	2.57	43.9	4.4%	12.8%	0.11	4.99
Glass and non-metallic mineral products	0.12	2.0	-0.1%	8.0%	-0.00	0.15
Metals and metal products	3.19	54.4	10.0%	18.8%	0.29	8.61
Machinery and appliances	2.35	40.0	0.8%	8.9%	0.02	3.28
Transport equipment	2.95	50.3	24.7%	34.9%	0.58	13.01
IMPORTS						

Food and beverages	1.07	18.2	14.9%	24.0%	0.14	3.53
Clothing and footwear	1.43	24.3	17.2%	26.7%	0.21	5.12
Wood products	0.10	1.8	6.9%	15.4%	0.01	0.24
Paper and publishing	0.83	14.1	20.5%	30.3%	0.14	3.27
Chemicals, rubber, plastic	4.71	80.1	5.7%	14.3%	0.26	10.00
Glass and non-metallic mineral products	0.28	4.8	10.2%	19.0%	0.03	0.76
Metals and metal products	1.49	25.3	7.4%	16.0%	0.10	3.49
Machinery and appliances	6.37	108.4	14.4%	23.6%	0.80	20.68
Transport equipment	3.96	67.6	4.8%	13.5%	0.18	8.02

Source: SARS monthly data.