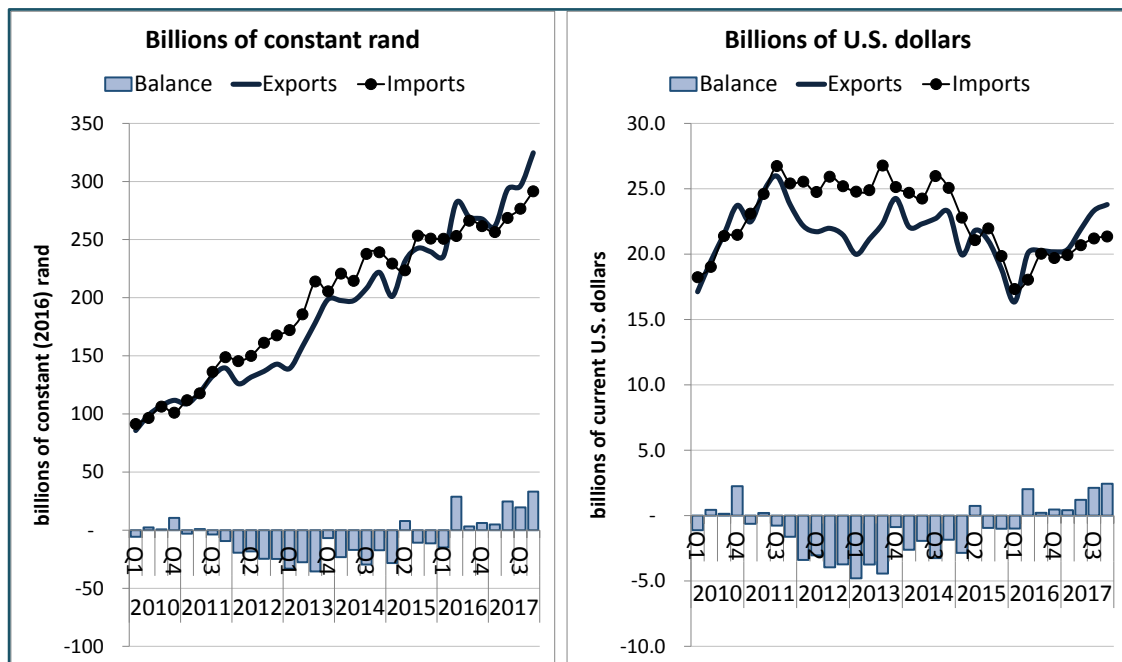


## International trade

In 2017, export growth outpaced imports, largely due to a jump in exports of manganese and chrome. As a result, for the past three quarters South Africa has seen a surplus on the balance of trade. In manufacturing, the fastest growth from the fourth quarter of 2016 to the fourth quarter of 2017 occurred in clothing, metals and machinery.

The fourth quarter of 2017 saw the third in a row with a positive balance of trade. In both rand and dollar terms, exports grew strongly, outpacing imports (see Graph 12).

**Graph 1: Exports, imports and balance of trade in constant (2017) rand (a) and current US dollars**

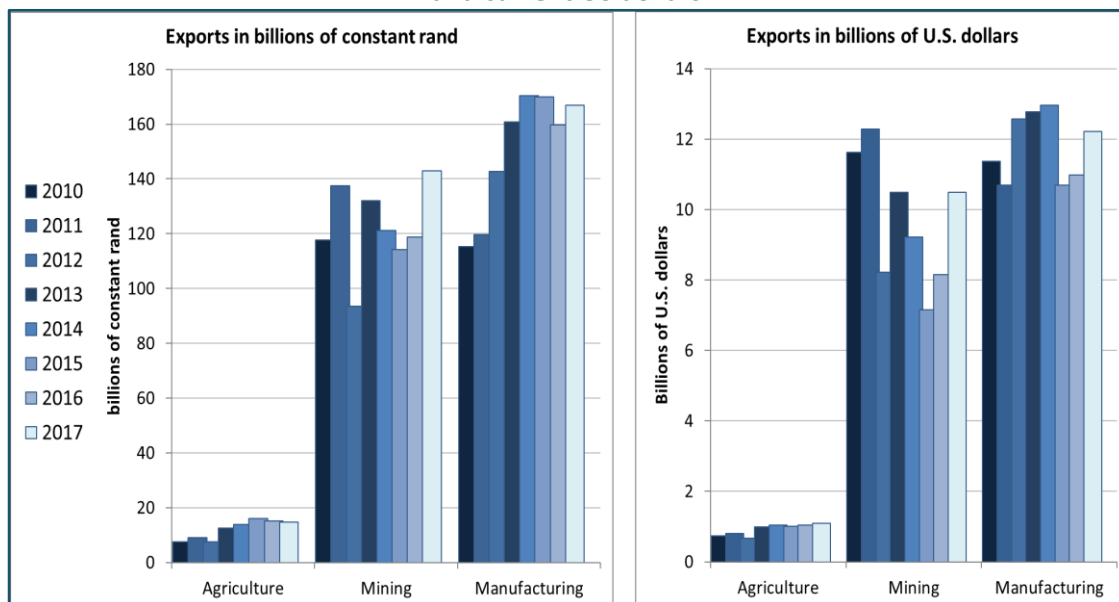


Note: (a) Deflated with CPI rebased to fourth quarter 2017 Source: SARS monthly trade data

Mining dominated export growth from the fourth quarter of 2016 in both constant rand and US dollars. The stronger rand meant that exports generally grew faster in dollars than in rand. In constant rand terms, mining exports grew by 20% from R118 billion in 2016 to R143 billion in 2017, while in dollar terms they increased by 25% from US\$8 billion in 2016 to US\$10 billion in 2017.

Manufacturing exports increased by 4% in constant rand from R159 billion in 2016 to R166 billion in 2017, and in dollar terms by 11% from US\$11 billion in 2016. In contrast, agricultural exports fell by 2% in constant rand, although they climbed 4% in dollar terms (see Graph 13).

**Graph 2: Fourth quarter exports in billions of constant (2017) rand (a) and current US dollars**



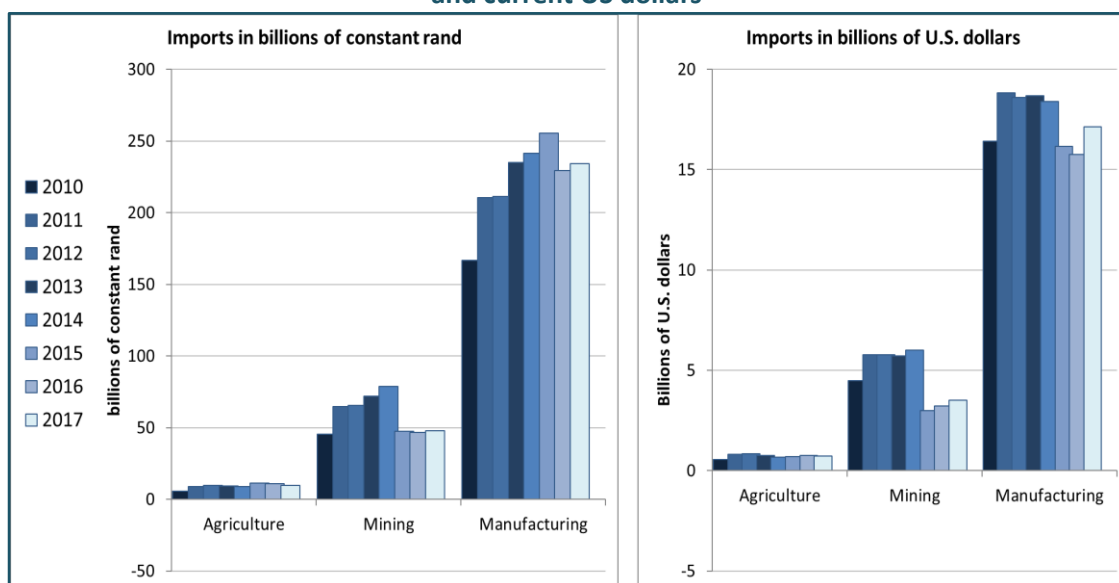
Note: (a) Deflated with CPI rebased to fourth quarter 2017 Source: SARS monthly trade data

The increase in mining exports resulted principally from a sharp increase in manganese and chrome exports, which together rose from 1% of total minerals exports in 2004 to 15% in 2017. From 2016 to 2017, the average unit price of manganese and chrome together climbed almost 50% in constant rand, while their exports rose 21% in volume. In contrast, the average unit price of South Africa’s other main exports – gold, platinum, iron ore and coal – rose on average just 3%, while the volume of production grew 9%.<sup>1</sup>

Manufacturing imports climbed 9% in dollars, but only 2% in constant rand because of the strengthening exchange rate. In contrast, as the drought ended, imports in agriculture fell by 10% in constant rand terms, and by 4% in dollar terms (see Graph 14). Mining imports were flat in constant rand and increased somewhat in dollar terms.

<sup>1</sup>Figures for the change in unit price and exports are weighted by share in exports, by value, of the minerals in each group.

**Graph 3: Fourth quarter imports in billions of constant (2017) rand (a) and current US dollars**



Note: (a) Deflated with CPI rebased to fourth quarter 2017 Source: SARS monthly trade data

The biggest manufacturing sub-sectors for exports are metals and metal products, auto, machinery and appliances, and chemicals. From 2016 to 2017, in constant (2017) rand terms, exports of autos increased by 1% or R0,44 billion, while metals and metal products grew 10% (R3,33 billion), and chemicals increased 5% (R1,33 billion).

The main imports in manufacturing are machinery and appliances, autos and chemicals. In constant (2017) rand terms, imports of autos fell by 6% (R3,22 billion), while imports of machinery grew by 4% (R2,86 billion), and those of chemicals grew by 8% (R3,55 billion). Paper and publishing, which accounts for only 3,6% of manufactured imports, reported a particularly sharp 83% increase (R3,75 billion), due to a presumably once-off jump in purchases of postage stamps. Imports in food and beverages fell by 10% (R1,34 billion) (see Table 1).

**Table 1: Trade by manufacturing subsectors**

	Value (billions)		% change from Q4 2016		Change in billions	
	USD	Rand	USD	Rand	USD	Rand
<i>Exports</i>						
Food and beverages	1.1	15.3	13%	6%	0.13	0.86
Clothing and footwear	0.6	7.7	16%	9%	0.08	0.63
Wood products	0.1	1.9	1%	-5%	0.00	-0.10
Paper and publishing	0.4	5.8	11%	4%	0.04	0.20
Chemicals, rubber, plastic	1.9	26.3	12%	5%	0.21	1.33
Glass and non-metallic mineral products	0.1	1.6	5%	-1%	0.01	-0.02
Metals and metal products	2.8	37.9	17%	10%	0.40	3.33
Machinery and appliances	2.1	28.3	7%	1%	0.14	0.23

	Value (billions)		% change from Q4 2016		Change in billions	
	USD	Rand	USD	Rand	USD	Rand
Motor vehicles, parts and accessories and other transport equipment	2.7	37.1	8%	1%	0.20	0.44
<i>Imports</i>						
Food and beverages	0.9	12.6	-4%	-10%	-0.04	-1.34
Clothing and footwear	1.1	14.9	7%	1%	0.07	0.11
Wood products	0.1	1.3	2%	-4%	0.00	-0.05
Paper and publishing	0.6	8.2	96%	83%	0.30	3.75
Chemicals, rubber, plastic	3.4	46.5	15%	8%	0.45	3.55
Glass and non-metallic mineral products	0.2	3.3	10%	3%	0.02	0.11
Metals and metal products	1.0	13.7	1%	-5%	0.01	-0.67
Machinery and appliances	6.0	81.4	11%	4%	0.57	2.86
Motor vehicles, parts and accessories and other transport equipment	3.4	46.5	-1%	-6%	-0.02	-3.22

Note: (a) Deflated with CPI rebased to fourth quarter 2017 Source: SARS monthly trade data