

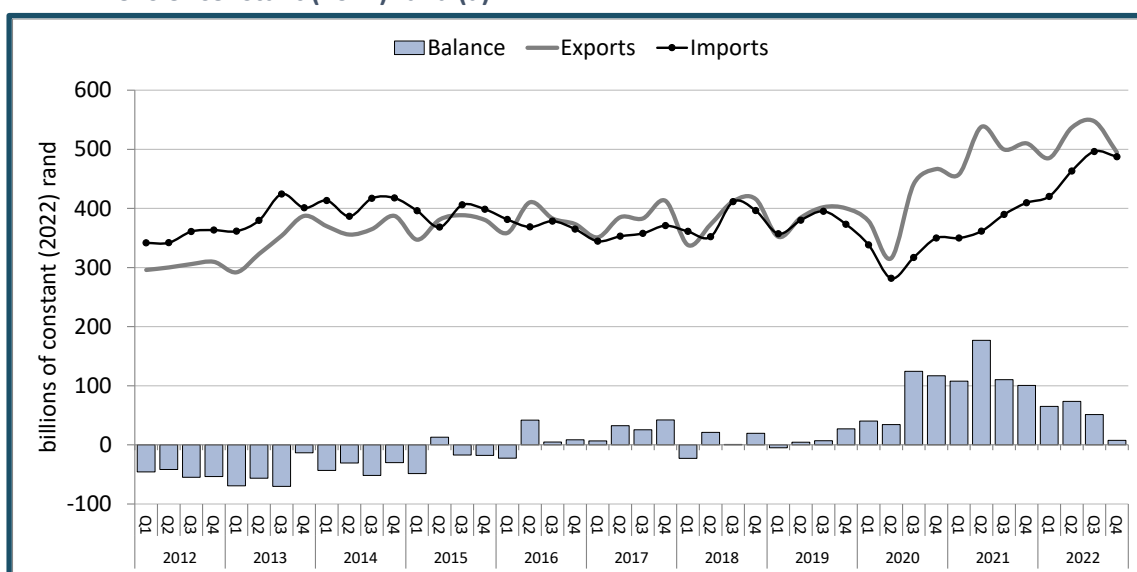
International trade

The trade surplus narrowed by 85% in the fourth quarter of 2022, mostly because of an 11% fall in the value of mineral exports. The main reason was a decline in international prices, notably for iron ore and platinum, compared to the fourth quarter of 2021. Outside of coal, the commodity price spike following the Russian invasion of Ukraine proved short-lived.

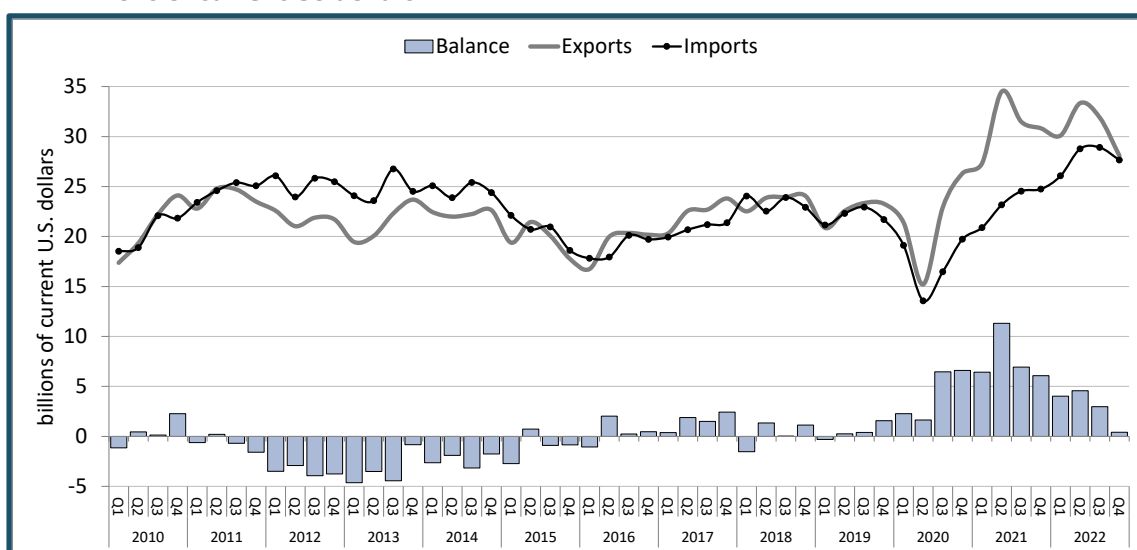
South Africa's trade surplus narrowed dramatically from the third to the fourth quarter of 2022, falling from R51 billion to R7.4 billion or by 85%. In constant rand, exports shrank by R52 billion, the first decrease since the start of 2022.

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

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



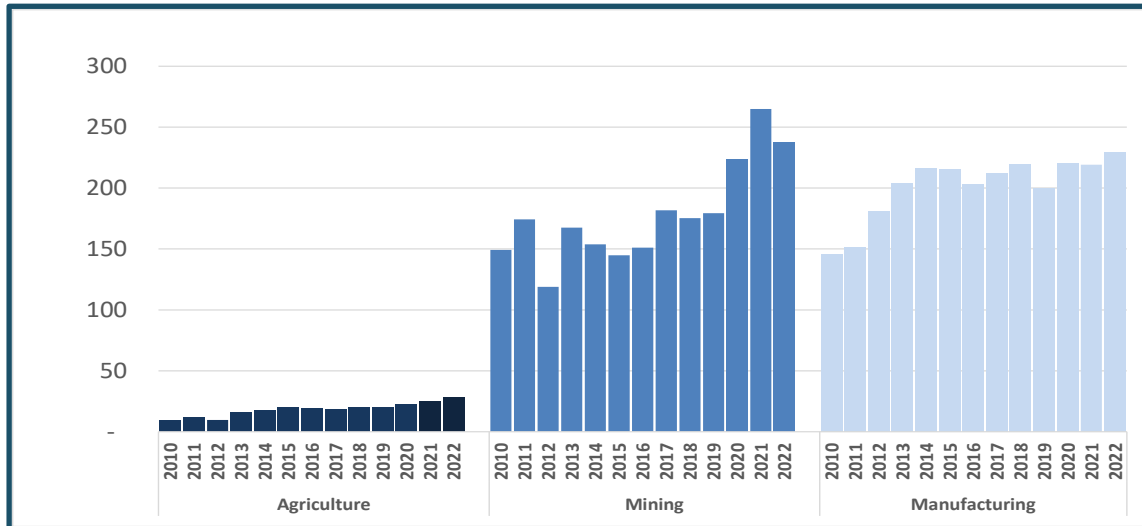
B. Billions of current US dollars



Source: Calculated from South African Revenue Service data.

In constant rand, mining exports declined by 11% in the year to December 2022, although they remain well above pre-pandemic levels. Manufacturing exports climbed R10 billion to R229 billion. Agriculture exports increased by R3 billion, reaching R28 billion. Agricultural and manufacturing exports grew by 21.4% and 4.4% respectively over the last three years, driven mainly by the depreciation of the rand and exports of steel and automotives.

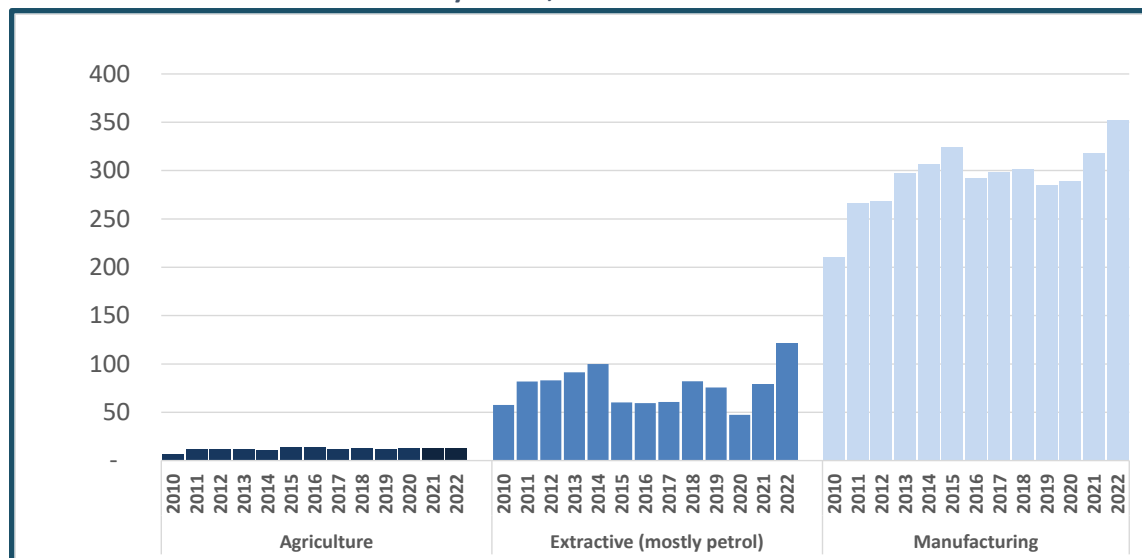
Graph 16. Fourth quarter goods exports in billions of constant (2022) rand (a), by sector, 2010 to 2022



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

In constant rand, manufacturing imports reached a 12-year high of R20 billion at the end of 2022, a R1 billion increase from the end of 2021. The jump resulted primarily from higher imports of transport equipment, along with a steady increase in metals, machinery and electronics. Extractive imports, which are almost entirely petroleum, also reached a 12-year high as prices remained elevated and the rand depreciated against the US dollar. Agricultural imports remained comparatively low and stable at R13 billion. (Graph 17)

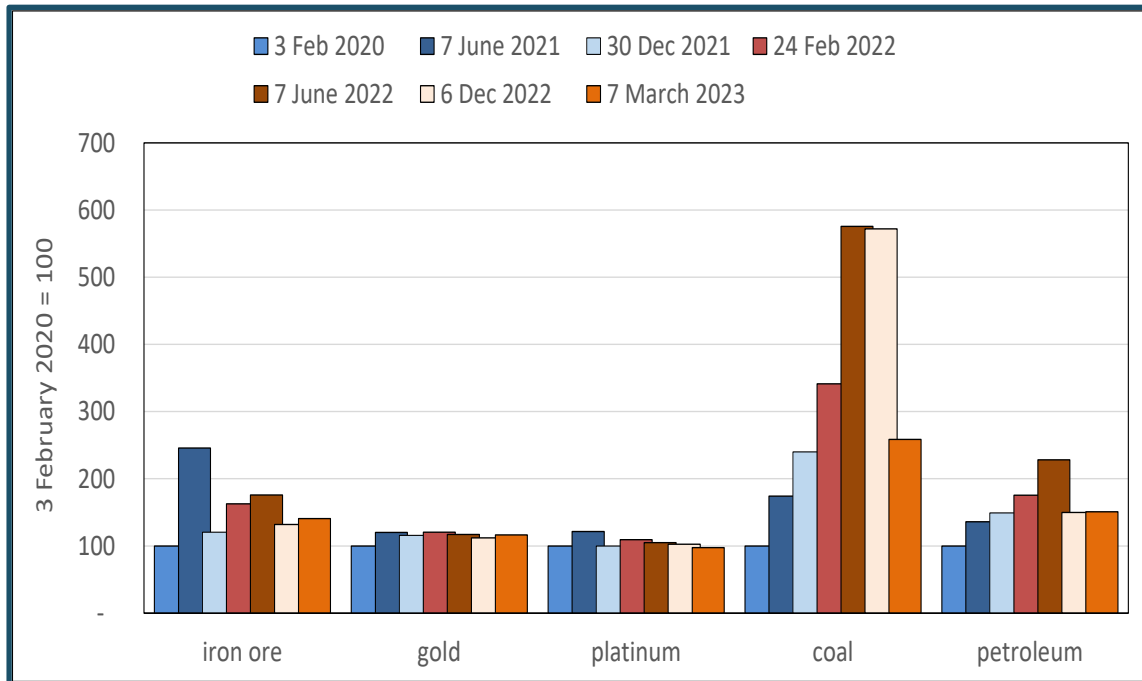
Graph 17. Fourth quarter goods imports in billions of constant (2022) rand (a), by sector, 2010 to 2022



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

While prices for most of South Africa’s mineral exports remain above their pre-pandemic levels, they have fallen off their highs. The decline has been particularly sharp for iron ore, although the revival of the Chinese economy may lead to some improvement. Platinum prices have also seen a steady decline since their peak in mid-2021. The increase in coal prices following the invasion of Ukraine proved comparatively durable, but they plummeted in the first quarter of 2022. Generally, international mining prices have been extraordinarily changeable, which adds to the stress on the South African economy.

Graph 18. Indices of global US dollar prices for South Africa’s major mining exports from February 2020 to March 2023



Source: Calculated from Trading Economics. Commodity prices. Interactive dataset. Accessed at <https://tradingeconomics.com/commodities> on 6 December 2022.

In manufacturing, metals accounted for most of the decline in exports, but it was more than offset by higher auto and machinery sales. Imports of autos and machinery, however, grew far more quickly than exports. The increase in machinery imports bodes well for investment.

Table 1. Trade by manufacturing subsector in current US dollars and constant rand

INDUSTRY	VALUE (BILLIONS)		% CHANGE FROM Q4 2021		CHANGE IN BILLIONS	
	USD	Rand	USD	Rand	USD	Rand
EXPORTS						
Food and beverages	1.17	20.6	-4.4%	1.9%	-0.05	0.38
Clothing and footwear	0.47	8.2	-12.7%	-7.1%	-0.07	-0.62
Wood products	0.14	2.5	-10.7%	-4.8%	-0.02	-0.12
Paper and publishing	0.52	9.2	17.5%	24.8%	0.08	1.83
Chemicals, Rubber, plastic	2.36	41.6	0.1%	6.6%	0.00	2.56
Glass and non-metallic mineral products	0.11	1.9	-14.4%	-8.9%	-0.02	-0.19
Metals and metal products	2.68	47.2	-18.0%	-12.8%	-0.59	-6.90
Machinery and appliances	2.33	41.0	5.2%	11.9%	0.12	4.36
Transport equipment	2.98	52.5	11.0%	18.1%	0.30	8.04
IMPORTS						
Food and beverages	0.93	16.3	-7.4%	-1.4%	-0.07	-0.23
Clothing and footwear	1.22	21.6	-5.2%	1.1%	-0.07	0.23
Wood products	0.10	1.8	-10.7%	-4.9%	-0.01	-0.09
Paper and publishing	0.80	14.1	8.7%	16.1%	0.06	1.96
Chemicals, rubber, plastic	4.04	71.2	-4.2%	2.1%	-0.18	1.48
Glass and non-metallic mineral products	0.25	4.4	2.2%	8.9%	0.01	0.36
Metals and metal products	1.33	23.5	-14.3%	-8.6%	-0.22	-2.20
Machinery and appliances	6.53	115.1	4.7%	11.5%	0.29	11.88
Transport equipment	4.41	77.7	29.6%	38.3%	1.01	21.50

Source: Calculated from South African Revenue Service data.