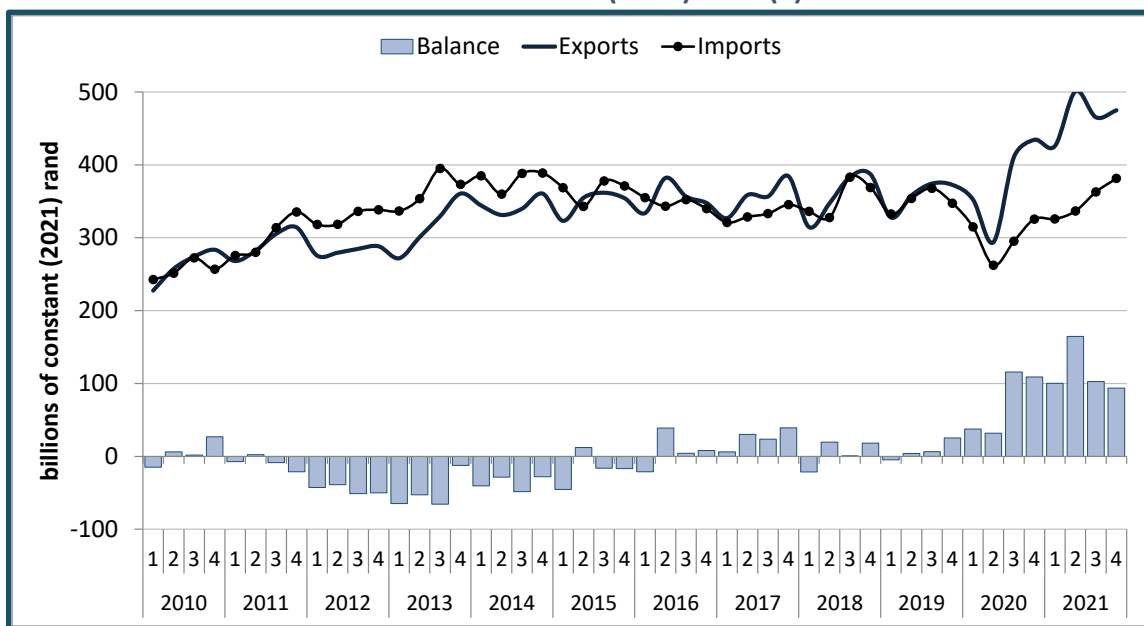


International trade

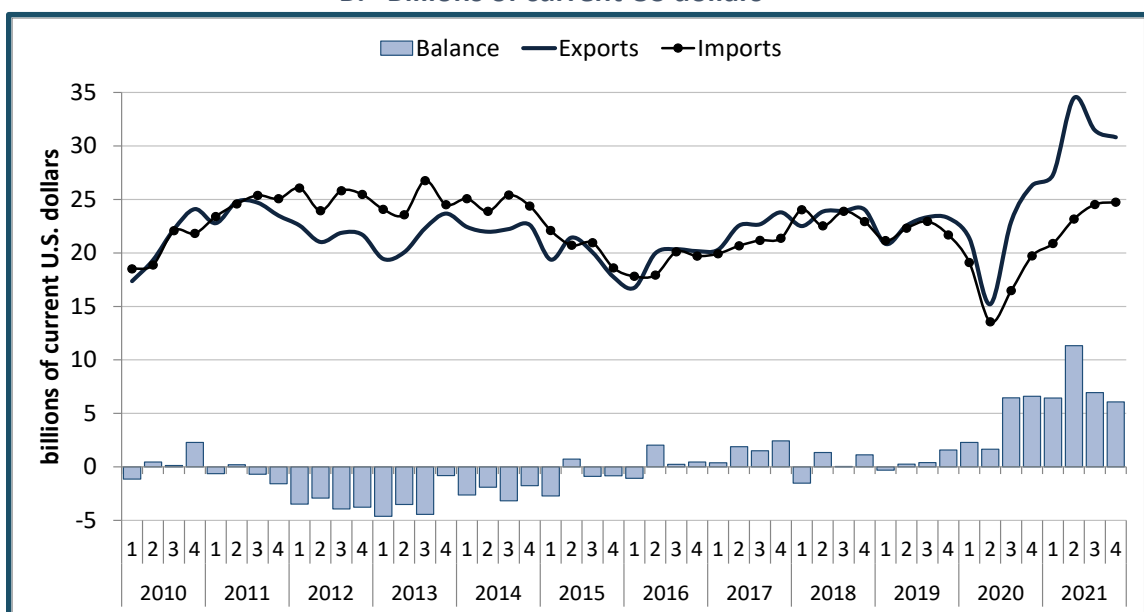
The surplus on the balance of trade for goods continued to drift downward as commodity prices flattened out and the cost of petroleum climbed in the fourth quarter of 2021. The impact of the Russian invasion on commodity prices may disrupt these trends in 2022.

The past year saw the highest balance of trade surplus in a decade, mostly due to higher prices on exports rather than increased volumes. The surplus drifted down through the year, however, as rising petroleum prices increased import costs while export prices began to fall in the second half of 2021. The fourth quarter of 2021 showed a R94 billion (US\$6 billion) surplus, down 14% from a year earlier.

Graph 14. Fourth quarter exports, imports and balance of trade in billions of constant rand and current US dollars
A. Billions of constant (2021) rand (a)



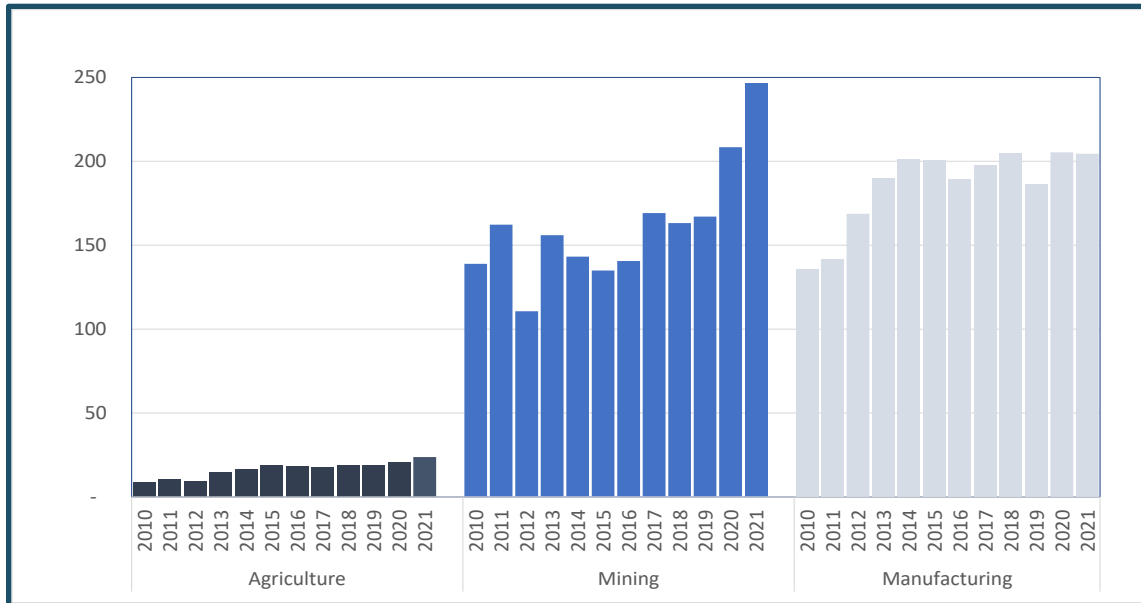
B. Billions of current US dollars



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

The value of mining exports increased 18% above inflation in the fourth quarter of 2021, far surpassing the 2011 peak at the height of the commodity boom. Agricultural exports were also up 15% from the fourth quarter of 2020 due to improved logistics, higher output and prices and strong demand from Africa and Asia.

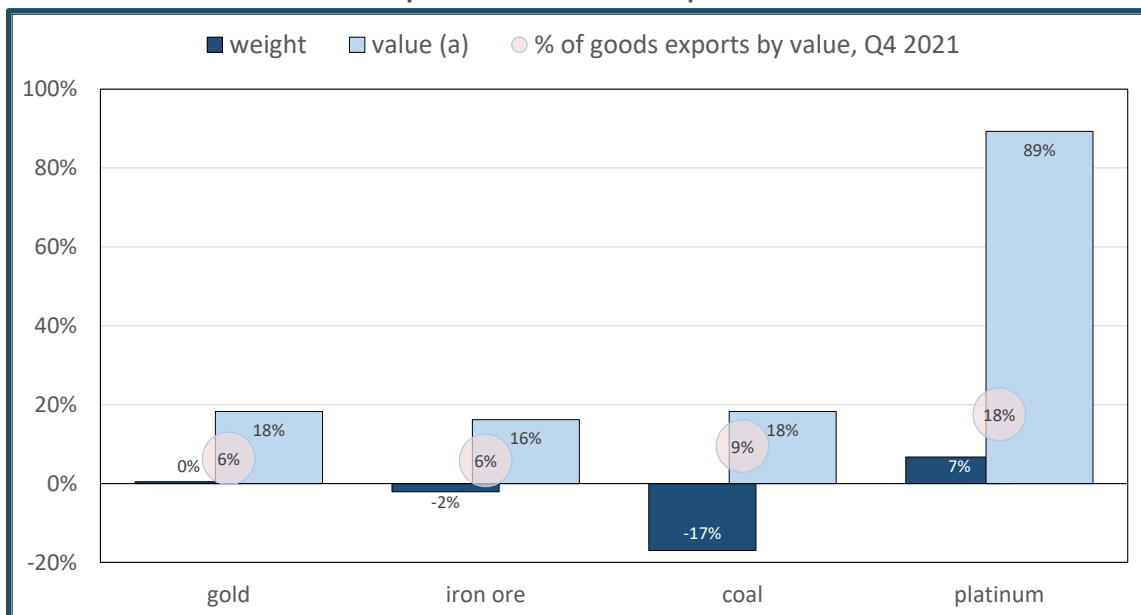
Graph 15. Fourth-quarter goods exports in billions of constant (2021) rand (a), by sector, 2010 to 2021



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

The increase in mining exports resulted mostly from higher prices rather than increased quantities exported. Sales of iron ore and coal actually declined in volume terms, even though revenues climbed more than 15% above inflation.

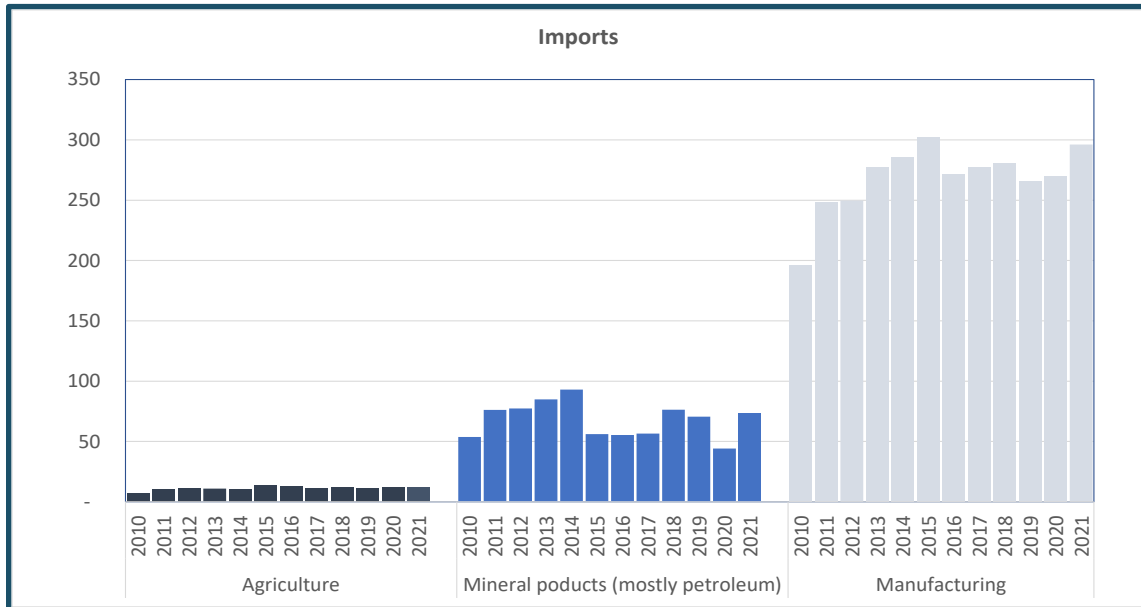
Graph 16. Percentage change in major mining exports by weight and in constant rand (a), fourth quarter 2019 to fourth quarter 2021



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

Imports increased faster than exports in the fourth quarter of 2021, mostly due to higher petroleum prices. Petroleum makes up a fifth of all imports but accounted for half of the growth in the value of foreign purchases in constant rand.

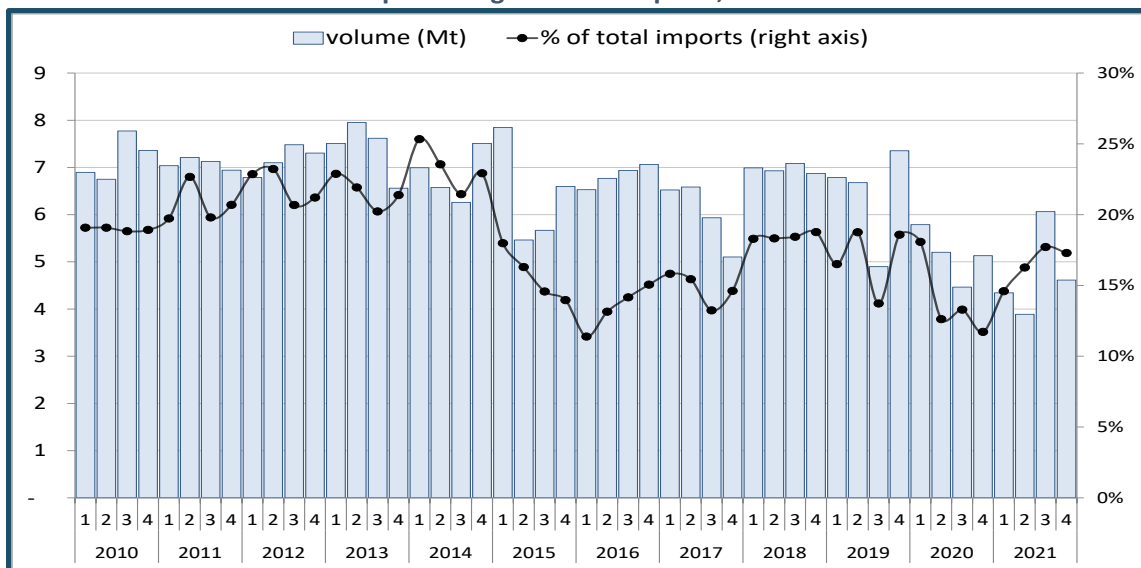
Graph 17: Fourth-quarter goods imports in billions of constant (2021) rand (a), by sector, 2010 to 2021



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

Petroleum prices climbed from around US\$50 a barrel in December 2020 to US\$75 a year later. The result was a 66% increase above inflation in rand terms. As a result, petroleum rose from 12% of total imports in the fourth quarter of 2020 to 17% a year later, even though South Africa did not import more by volume. (Graph 18) As of early March 2022, Russia's invasion of Ukraine in the first quarter of 2022 boosted petrol prices to over US\$125, the highest level in over a decade.

Graph 18. Quarterly petroleum imports in millions of tonnes and as a percentage of total imports, 2010 to 2021



Source: Calculated from South African Revenue Service data.

Manufactured exports improved 15% in the fourth quarter of 2021 compared to the same period in 2020. Most of the increase occurred in commodity-based products, with metals and paper climbing around 30% in constant rand terms, and wood by 19%. In contrast, transport equipment fell some 21%, and machinery and appliances by 10%. (Table 1)

Manufactured imports increased 23% in the period, with the largest increases in metals and chemicals. Low investment levels resulted in stagnant imports of capital equipment, with growth in machinery imports almost entirely due to a jump in cellphone purchases. In constant rand, machinery and equipment imports excluding cellphones rose 4% over the year, or less than half the rate of imports overall.

Table 1. Trade by manufacturing subsector

Industry	Value (billions)		% change from Q4 2020		Change in Billions	
	US\$	Rand	US\$	Rand	US\$	Rand
EXPORTS						
Food and beverages	1.23	18.9	10.6%	2.9%	0.12	0.54
Clothing and footwear	0.53	8.2	14.0%	6.5%	0.07	0.51
Wood products	0.16	2.4	27.6%	18.9%	0.03	0.38
Paper and publishing	0.46	7.1	40.0%	31.7%	0.13	1.70
Chemicals, rubber, plastic	2.36	36.4	11.0%	3.9%	0.23	1.35
Glass and non-metallic mineral products	0.13	1.9	4.2%	-2.9%	0.01	-0.06
Metals and metal products	3.28	50.6	38.5%	29.5%	0.91	11.53
Machinery and appliances	2.21	34.1	-3.6%	-10.1%	-0.08	-3.81
Transport equipment	2.69	41.4	-15.6%	-21.6%	-0.50	-11.42
IMPORTS						
Food and beverages	1.00	15.4	12.6%	4.8%	0.11	0.71
Clothing and footwear	1.29	19.9	13.5%	5.4%	0.15	1.02
Wood products	0.11	1.7	16.8%	9.0%	0.02	0.14
Paper and publishing	0.74	11.3	16.8%	8.3%	0.11	0.87
Chemicals, rubber, plastic	4.22	65.0	25.1%	16.6%	0.85	9.26
Glass and non-metallic mineral products	0.24	3.7	0.1%	-6.7%	0.00	-0.27
Metals and metal products	1.55	23.9	40.9%	31.4%	0.45	5.71
Machinery and appliances	6.24	96.0	15.9%	8.1%	0.86	7.22
Transport equipment	3.41	52.3	11.8%	3.4%	0.36	1.72

Source: SARS monthly data.