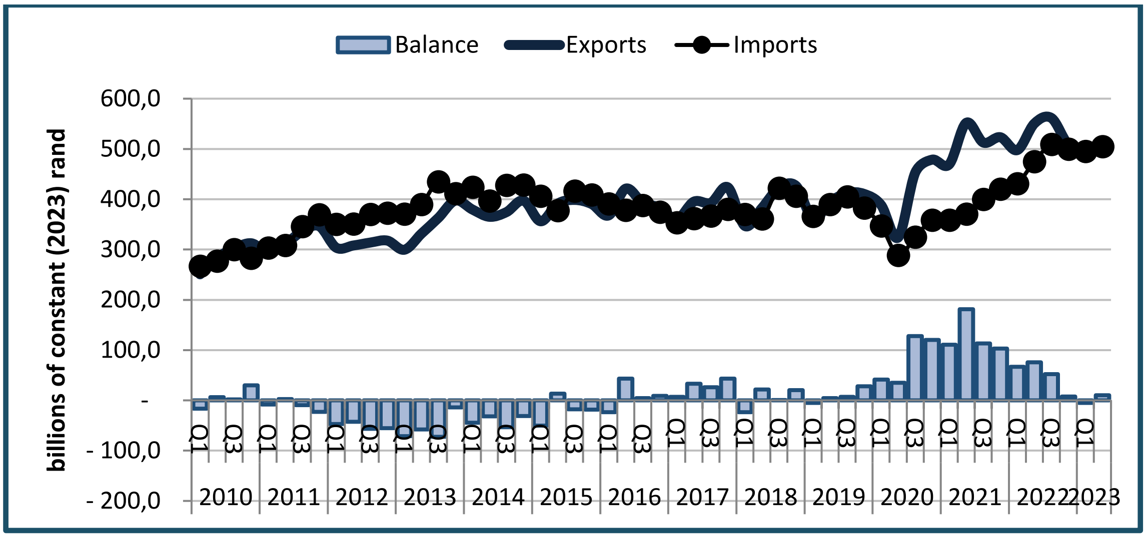
International trade

A trade surplus of R10 billion was recorded in the second quarter of 2023, up from a deficit of R5.1 billion in the first quarter. Mining exports fell by 20% in the year to the second quarter of 2023, driven by a drop in coal prices at the end of 2022. In contrast, agriculture and manufacturing exports continued to climb, increasing by 11% and 7% respectively.

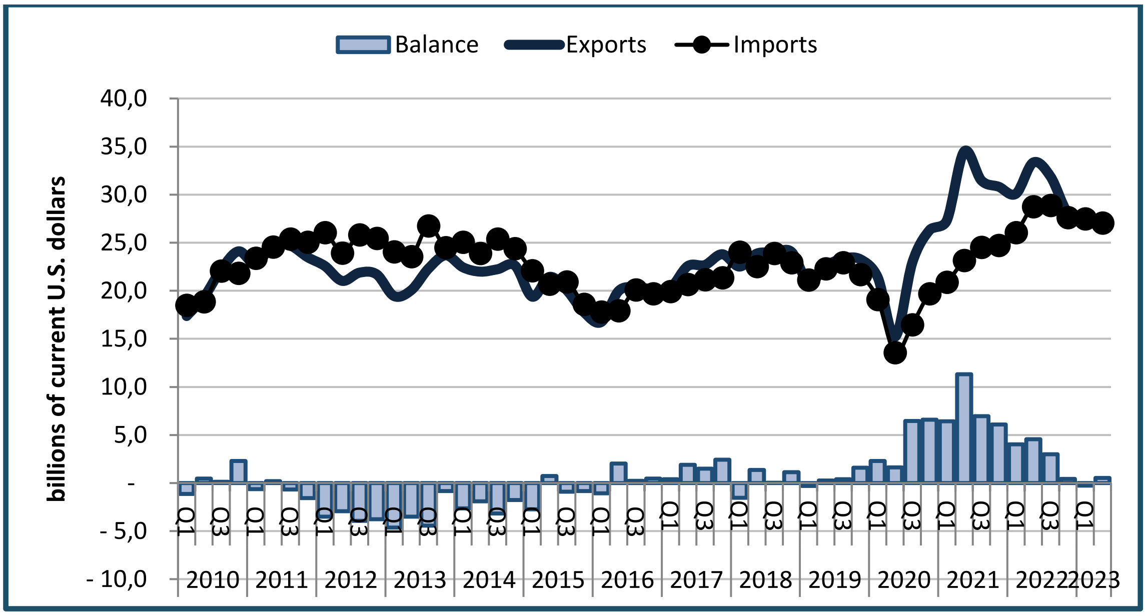
After two years of extraordinarily high trade surpluses from the third quarter of 2020 to the third quarter of 2023, the balance of trade has returned to more normal trends. In constant 2023 rand, the second quarter of 2023 recorded a surplus of R10 billion, up from a deficit of R5.1 billion in the first quarter. Still, it was far below the levels from the average of R105 billion across the eight quarters following the third quarter of 2020. (Graph 12)

Graph 12. Exports, imports and balance of trade in billions of constant rand and current US dollars

A. Billions of constant (2023) rand (a)



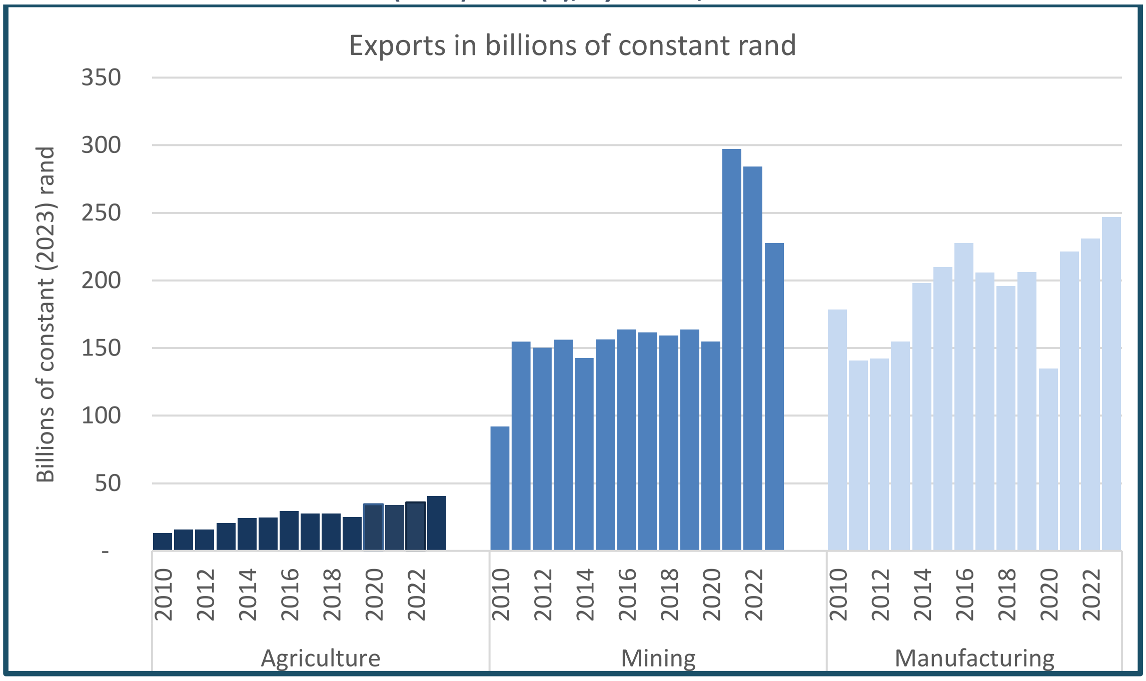
B. Billions of current US dollars



Note: (a) Constant rand values reflated using CPI rebased to January 2023; US dollar values calculated with trade-weighted exchange rate from the Reserve Bank. Source: Calculated from South African Revenue Service data

In constant rand, mining exports fell 20% in the year to the second quarter of 2023, dropping from R284 billion to R228 billion. The main reason was the extraordinary drop in coal prices at the end of 2022. Mining exports remained far above pre-pandemic levels, however. In contrast, agriculture and manufacturing exports continued to climb gradually, increasing respectively by 11% and 7%.

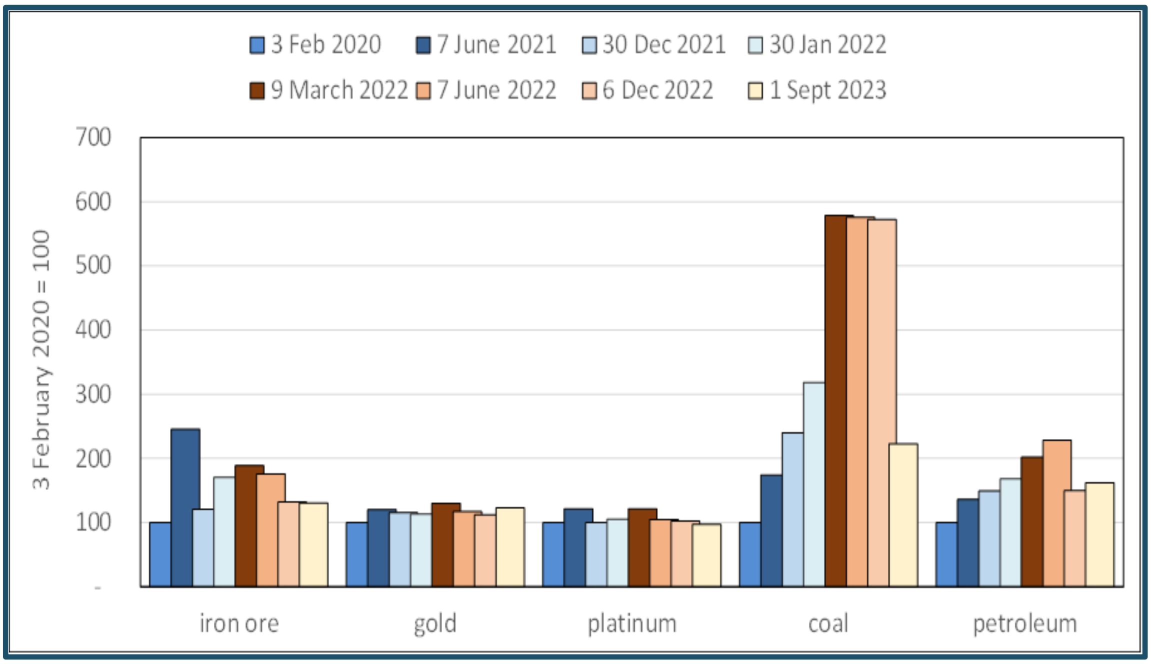
Graph 13. Second quarter goods exports in billions of constant (2023) rand (a), by sector, 2010 to 2023



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

As the metals and coal value chains consistently contributed over half of South African exports, international commodity prices disproportionately affected revenues. As the following graph shows, in the second quarter of 2023 the prices continued to fall from their mid-2022 heights, although they remained well above pre-pandemic levels. Coal saw a particularly precipitous drop.

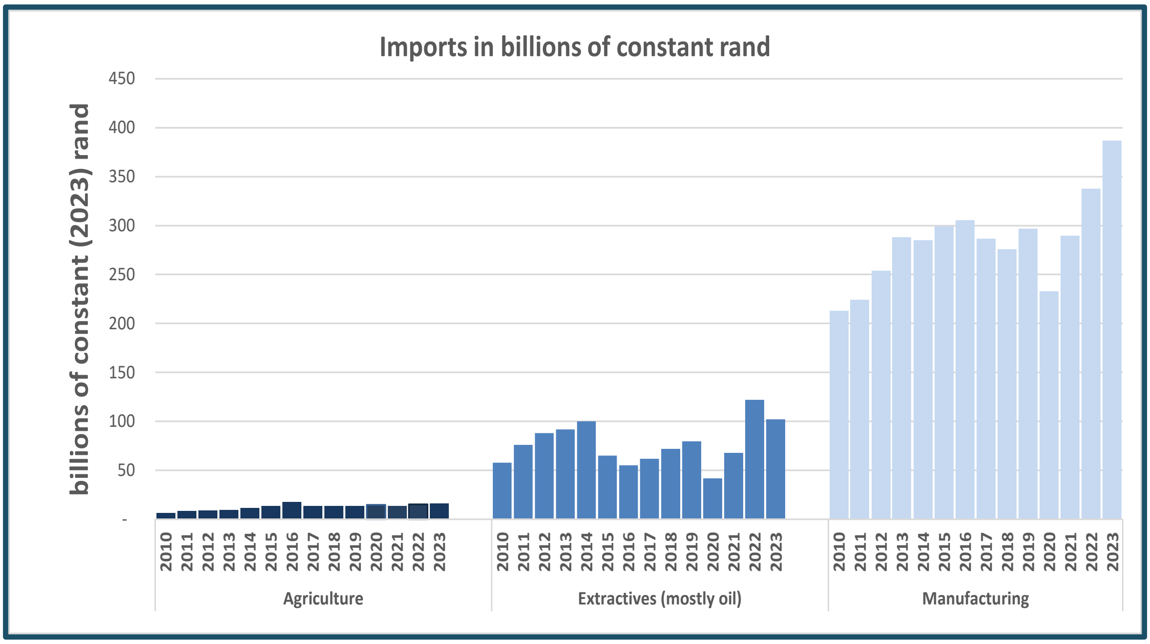
Graph 14. Index of prices for South Africa's major export commodities and for petroleum (3 February 2020 = 100)



Source: Calculated from commodity prices from Tradingeconomics.com.

Manufacturing imports grew rapidly after a sharp decline during the pandemic. They reached a high point at R387 billion in constant rand terms in 2023, an increase of R49 billion from the second quarter of 2022. Imports of extractive products, mostly petroleum, dropped by R20 billion in the year to the second quarter of 2023, thanks to falling global prices. Still, higher diesel imports as a result of loadshedding meant South Africa did not reap the full benefit of the fall in oil costs from early 2023.

Graph 15. Second quarter goods imports in billions of constant (2023) rand (a),by sector, 2010 to 2023



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

South Africa generally only runs a surplus on commodity-based manufacturing – food processing, wood products, metals and metal products. Imports of machinery and appliances grew by 44% in the year to the second quarter of 2023, while imports of transport equipment grew by 18% in the same period. They experienced deficits of R105 billion and R27 billion respectively in the second quarter of 2023.

Table 1. Trade by manufacturing subsector

INDUSTRY	Value (billions)		% change from Q2 2022		Change in Billions	
	USD	Rand	USD	Rand	USD	Rand
EXPORTS						
Food and beverages	1.22	22.8	-1.9%	11.0%	-0.02	2.26
Clothing and footwear	0.44	8.2	2.5%	15.8%	0.01	1.11
Wood products	0.14	2.7	-5.9%	6.1%	-0.01	0.15
Paper and publishing	0.43	8.1	5.0%	18.8%	0.02	1.27
Chemicals, rubber, plastic	2.15	40.1	-20.2%	-10.0%	-0.54	-4.46
Glass and non-metallic mineral products	0.11	2.1	-3.9%	8.5%	-0.00	0.16
Metals and metal products	3.21	60.0	-6.0%	6.0%	-0.21	3.38
Machinery and appliances	2.24	42.0	-0.8%	12.4%	-0.02	4.62
Transport equipment	3.06	57.1	1.3%	14.6%	0.04	7.29
IMPORTS						
Food and beverages	0.94	17.6	-7.3%	4.8%	-0.07	0.80
Clothing and footwear	1.01	18.9	-13.1%	-1.8%	-0.15	-0.35
Wood products	0.09	1.7	-19.9%	-9.5%	-0.02	-0.18
Paper and publishing	0.75	14.0	-13.4%	-2.2%	-0.12	-0.31
Chemicals. rubber. plastic	3.52	65.8	-23.1%	-13.1%	-1.06	-9.94
Glass and non-metallic mineral products	0.24	4.5	-11.2%	0.5%	-0.03	0.02
Metals and metal products	1.45	27.0	-9.5%	2.2%	-0.15	0.59
Machinery and appliances	7.89	147.2	27.5%	44.1%	1.70	45.05
Transport equipment	4.50	84.1	4.8%	18.4%	0.21	13.06

Source: SARS monthly data.