



SNAPSHOT OF INDUSTRY-WIDE TRENDS IN EXPORTS, 1991-2001

Report compiled by Trade and Industrial Policy Strategies

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INTRODUCTION

This report attempts to provide an overview of South Africa's industrial landscape during the 1990s, with specific emphasis on growth and sectoral shares in exports at a detailed 46-sector level. If one of the objective of the policies adopted during the middle of the 1990s was to bring about a shift in resources towards more tradable goods producing industries, then it is important to examine the trade performance of South Africa's industries in both the first and second halves of the 1990s.

This report uses the TIPS South African Standardised Industry Database, which offers long-term trends spanning 1970 to the present for 46 industrial sectors, mainly in manufacturing. Monetary values are recorded in 1995 constant prices.

GROWTH IN EXPORTS

Table 1 reveals that the *Motor Vehicles, Parts and Accessories* sector recorded the highest weighted average annual growth rate in exports between 1997-2001 with 29%, followed by *Television and Communications Equipment* with 25.2%, and *Communications Services* with 24.2%. At the other end of the scale, *Other Transport Equipment* had the lowest export growth rate over this period, with -7.8% followed by *Footwear* with -7.7% and *Civil Engineering* with -7.6%. *Food* occupied position 30, *Clothing* position 5, and *Textiles* position 41 out of 46 industries in terms of average annual export growth over the last 5 years.

In the 1991-1996 period, the highest export growth rate was attributed to *Furniture*, with 59.6%, followed in second place by *Footwear*, with 40.6%, and in third place *Printing and Publishing* (35.6%). During this time, the lowest export growth rate was seen in *Gold Mining* (-4.9%), followed by *Other Mining* (-3.9%) and *Water Supply, Construction, and General Government*, all with 0%. Generally the non-tradable sectors tended not to fare very well in this period.

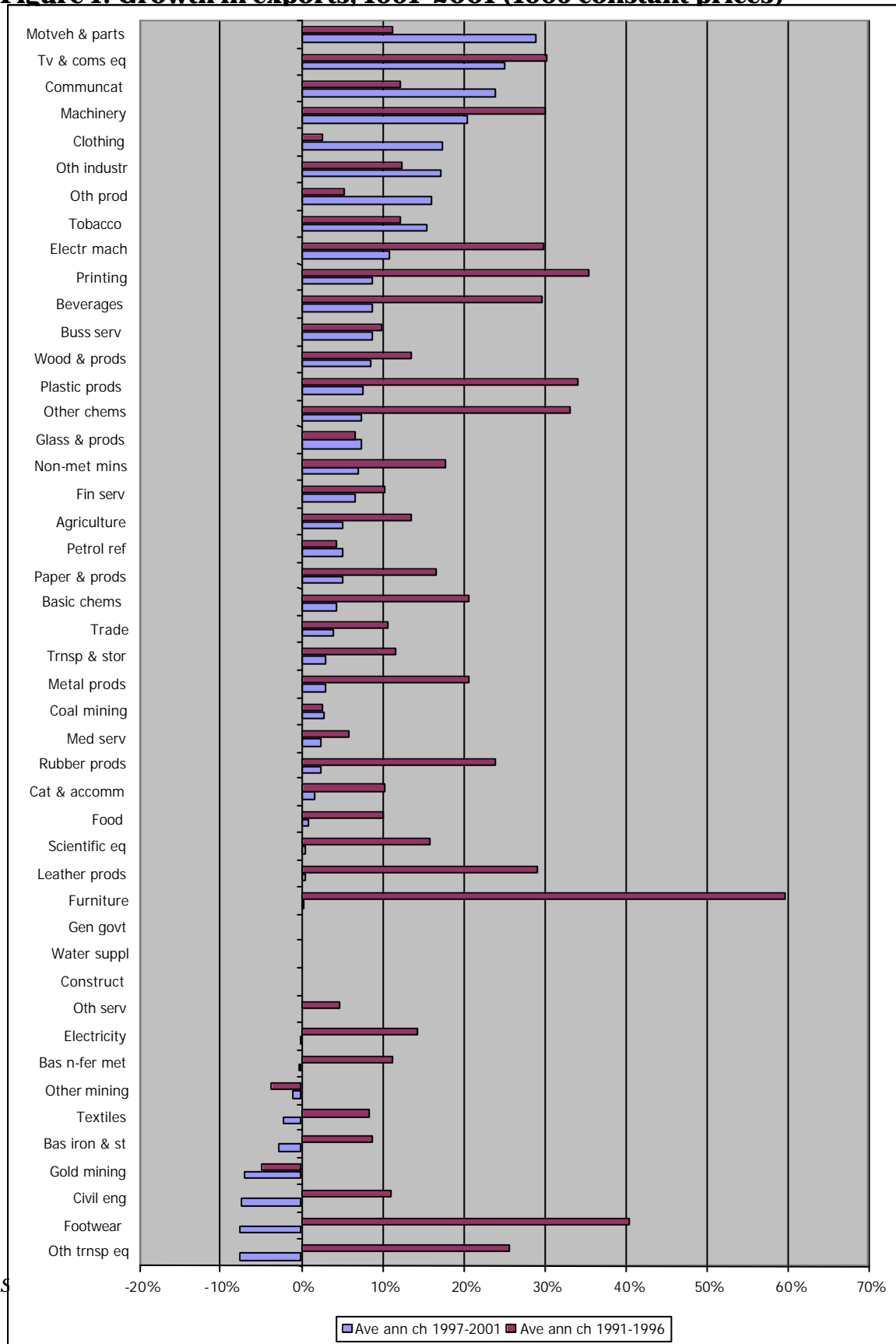
It would thus appear that a shift in the structure of South Africa's export has taken place between 1997-2001. Industries such as *Motor Vehicles, Parts and Accessories, Clothing, Machinery, Electrical Machinery, Television and Communications Equipment* and some of the chemical industries are perhaps starting to reap the benefits of liberalisation and selective export promotion, although this is achieved from a very low base. Export growth from these sectors is, however, not sufficient to offset the decline in exports recorded in the more traditional industries such as *Gold Mining, Coal Mining* and other resource-based industries. If, however, this trend continues, a more pronounced shift may still appear in the next 3-5 years.

Table 1: Growth and shares in exports, 1991 - 2001 (1995 constant prices)

	Sector	Ave ann Δ 1997-2001	Ave ann Δ 1991-1996	Ave ann Δ Rank	Ave share 1997-2001	1997 - 2001 Rank	Ave share 1991-1996	1991 - 1996 Rank
1	Motveh & parts	29.0%	11.4%	25	4.8%	7	2.2%	14
2	Tv & coms eq	25.2%	30.4%	6	0.9%	26	0.3%	32
3	Communcat	24.2%	12.2%	23	0.8%	27	0.5%	27
4	Machinery	20.5%	30.2%	7	5.6%	4	2.8%	11
5	Clothing	17.6%	2.7%	41	0.7%	28	0.6%	25
6	Oth industr	17.2%	12.4%	21	1.9%	17	1.6%	17
7	Oth prod	16.1%	5.5%	37	0.1%	39	0.1%	40
8	Tobacco	15.6%	12.3%	22	0.2%	35	0.1%	39
9	Electr mach	10.8%	29.9%	8	1.1%	24	0.6%	24
10	Printing	8.8%	35.6%	3	0.2%	37	0.1%	36
11	Beverages	8.8%	29.8%	9	1.2%	22	0.8%	22
12	Buss serv	8.7%	9.9%	32	1.2%	23	0.8%	21
13	Wood & prods	8.6%	13.6%	20	0.7%	29	0.5%	26
14	Plastic prods	7.6%	34.1%	4	0.4%	34	0.2%	34
15	Other chems	7.4%	33.3%	5	1.9%	18	1.0%	20
16	Glass & prods	7.3%	6.6%	35	0.2%	36	0.2%	35
17	Non-met mins	7.1%	17.8%	15	0.5%	32	0.4%	30
18	Fin serv	6.6%	10.4%	29	2.3%	15	1.6%	16
19	Agriculture	5.3%	13.6%	19	4.3%	9	3.9%	7
20	Petrol ref	5.2%	4.5%	39	2.4%	14	2.3%	13
21	Paper & prods	5.0%	16.7%	16	2.6%	13	2.7%	12
22	Basic chems	4.5%	20.8%	14	5.0%	6	4.4%	6
23	Trade	4.1%	10.7%	28	4.2%	10	3.3%	9
24	Trnsp & stor	3.2%	11.7%	24	5.3%	5	4.7%	5
25	Metal prods	3.0%	20.9%	13	2.1%	16	1.6%	15
26	Coal mining	3.0%	2.8%	40	3.8%	11	5.3%	4
27	Med serv	2.5%	5.8%	36	0.1%	41	0.1%	41
28	Rubber prods	2.5%	24.0%	12	0.5%	33	0.3%	33
29	Cat & accomm	1.8%	10.3%	30	1.3%	20	1.2%	18
30	Food	1.1%	10.2%	31	3.3%	12	3.2%	10
31	Scientific eq	0.7%	15.9%	17	0.6%	30	0.3%	31
32	Leather prods	0.6%	29.2%	10	0.5%	31	0.4%	29
33	Furniture	0.4%	59.9%	1	1.4%	19	0.8%	23
34	Construct	0.0%	0.0%	43	0.0%	45	0.0%	46
35	Water suppl	0.0%	0.0%	44	0.0%	46	0.0%	45
36	Gen govt	0.0%	0.0%	42	0.0%	43	0.0%	44
37	Oth serv	-0.1%	4.8%	38	0.1%	40	0.1%	38
38	Electricity	-0.1%	14.3%	18	0.1%	38	0.1%	37
39	Bas n-fer met	-0.3%	11.3%	26	4.6%	8	3.6%	8
40	Other mining	-1.1%	-3.9%	45	9.8%	2	15.4%	2
41	Textiles	-2.3%	8.4%	34	1.0%	25	1.1%	19
42	Bas iron & st	-2.9%	8.8%	33	8.0%	3	8.6%	3
43	Gold mining	-7.1%	-4.9%	46	13.4%	1	21.5%	1
44	Civil eng	-7.6%	11.1%	27	0.0%	44	0.0%	43
45	Footwear	-7.7%	40.6%	2	0.1%	42	0.1%	42
46	Oth trnsp eq	-7.8%	25.7%	11	1.3%	21	0.4%	28

Source: TIPS South African Standardised Industry Database

Figure 1: Growth in exports, 1991-2001 (1995 constant prices)



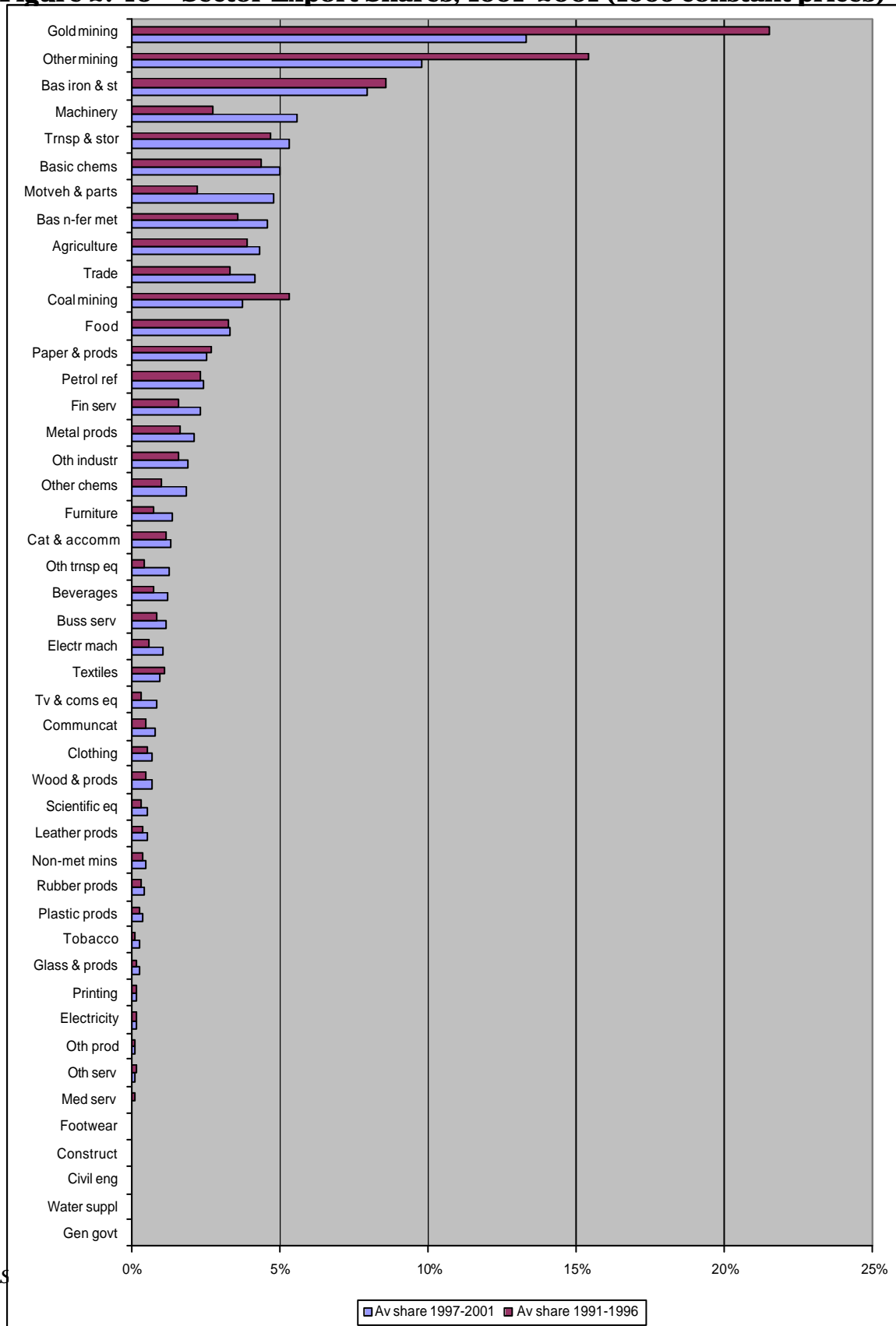
SHARES IN EXPORTS

In terms of export shares, Table 1 also shows that in the latter part of the past decade, *Gold Mining* accounted for the greatest share of exports from South Africa, with 13.4%, followed in second place by *Other Mining* (9.8%) and in third position, *Basic Iron and Steel* (8.0%). At the opposite end of the spectrum, there were no exports from the *General Government*, *Water Supply*, *Civil Engineering* and *Construction* sectors, whilst *Footwear*, *Medical Services* and *Other Services* all had negligible export shares (0.1%).

During 1991-1996, this hierarchy was maintained, with *Gold Mining* contributing 21.5% of total exports, followed by *Other Mining* (15.4%) and *Basic Iron and Steel* (8.6%). *General Government*, *Water Supply*, *Civil Engineering* and *Construction* had no exports, while negligible exports (0.1%) were recorded for *Footwear*, *Medical Services*, *Other Services*, *Other Products*, *Electricity* and *Printing and Publishing*.

What is apparent from Table 1 is that while the hierarchy of sectors remains pretty much the same across both time periods, the absolute shares of exports from mining seem to be on the decline, to be replaced by first level benefited and manufactured goods. Some services exports are increasingly growing, as the export share of *Financial Services* attests. This is graphically depicted in Figure 2.

Figure 2: 46 – Sector Export Shares, 1991-2001 (1995 constant prices)



EXPORT-OUTPUT RATIOS

Table 2: Export-output ratios, 1991 -2001 (1995 constant prices)

	Sector	Period ave 1997-2001	Period ave 1991-1996	Ave ann Rank	Change 1st - 2nd	Change in ratio Rank
1	Gold mining	98.5%	98.5%	1	0.0%	41
2	Scientific eq	71.7%	27.9%	8	43.8%	2
3	Oth trnsp eq	68.5%	21.9%	10	46.6%	1
4	Bas n-fer met	55.4%	54.6%	3	0.8%	34
5	Other mining	53.7%	76.8%	2	-23.1%	46
6	Bas iron & st	47.6%	46.3%	4	1.3%	31
7	Coal mining	44.9%	39.1%	5	5.7%	15
8	Machinery	44.8%	17.9%	12	26.9%	3
9	Basic chems	41.0%	36.4%	6	4.6%	18
10	Furniture	38.6%	17.8%	13	20.8%	4
11	Oth industr	38.5%	31.7%	7	6.9%	12
12	Leather prods	34.9%	26.8%	9	8.2%	8
13	Tv & coms eq	31.5%	10.7%	17	20.8%	5
14	Petrol ref	22.5%	16.5%	14	6.0%	14
15	Paper & prods	21.4%	19.3%	11	2.1%	27
16	Rubber prods	17.6%	8.3%	23	9.3%	6
17	Motveh & parts	16.6%	7.8%	24	8.8%	7
18	Agriculture	16.1%	12.6%	16	3.5%	23
19	Glass & prods	15.5%	8.9%	21	6.6%	13
20	Textiles	15.4%	13.2%	15	2.2%	26
21	Electr mach	14.7%	7.3%	26	7.4%	9
22	Wood & prods	13.9%	9.7%	20	4.2%	20
23	Metal prods	13.4%	8.8%	22	4.6%	17
24	Other chems	12.8%	5.9%	28	6.9%	11
25	Cat & accomm	12.5%	9.9%	19	2.6%	24
26	Trnsp & stor	11.9%	10.0%	18	1.9%	28
27	Clothing	11.5%	6.9%	27	4.6%	19
28	Tobacco	11.3%	3.9%	32	7.4%	10
29	Beverages	10.7%	5.4%	29	5.3%	16
30	Food	10.2%	7.8%	25	2.4%	25
31	Non-met mins	9.1%	5.3%	30	3.8%	22
32	Plastic prods	6.9%	3.1%	35	3.8%	21
33	Trade	5.5%	3.7%	33	1.8%	29
34	Fin serv	4.9%	3.4%	34	1.5%	30
35	Communcat	4.2%	4.1%	31	0.1%	38
36	Footwear	3.9%	2.8%	36	1.1%	32
37	Printing	2.6%	1.5%	37	1.0%	33
38	Buss serv	2.0%	1.5%	38	0.4%	35
39	Oth serv	1.8%	1.4%	39	0.4%	36
40	Oth prod	0.9%	0.7%	40	0.2%	37
41	Electricity	0.7%	0.7%	41	0.1%	39
42	Med serv	0.6%	0.6%	42	-0.1%	45
43	Civil eng	0.1%	0.2%	43	0.0%	44
44	Gen govt	0.0%	0.0%	46	0.0%	40
45	Construct	0.0%	0.0%	45	0.0%	42
46	Water suppl	0.0%	0.0%	44	0.0%	43

Source: TIPS South African Standardised Industry Database

Export-output ratios measure the degree to which industries export their output, and are an indicator as to how industries have become more export-oriented over time. Table 2 reveals that *Gold Mining* had the highest export-output ratio, with 98.5% of

all production exported. In second position was *Professional and Scientific Equipment* with 71.7% and *Other Transport Equipment* claimed third place, with 68.5% of output exported. At the opposite end of the spectrum, there was no output exported from the *Water Supply, Construction* and *General Government* sectors.

Although the increase in export-orientation is widespread across all sectors, production activities immediately downstream from mining such as *Basic Iron and Steel, Non-ferrous metals* and *Metal Products* have all seen a considerable increase in export-output ratios, while other mining (including iron ore) has seen a decline. The export orientation of *Coal Mining* has also declined while the *Basic Chemicals* sector has seen an increase. This suggests that beneficiation of raw materials, which had been for a long time been reported as lacking in the South African economy, is now starting to take place.

CONCLUSION

Overall export performance has been lower in the 1997-2001 period as compared to 1991-1996. This can perhaps be explained by the suggestion that the “apartheid dividend” had already been reaped by the mid-1990s. Another conclusion might be that the liberalisation policies in South Africa have not resulted in a more export-oriented economy. Also, we should not ignore the East Asian financial crisis that struck during this period, and dampened global economic growth.

While the export performance of some of the more traditional non-tradable industries, such as *Construction, Electricity, Gas and Water, Community Services - including government services* and *Wholesale and Retail Trade* are less relevant, it can be noted that *Manufacturing's* export performance, although in positive territory, has lost ground relative to *Business Services*. *Mining's* export performance suggests that the global financial crises during the latter part of the decade could have had a considerable negative impact on South Africa's overall export performance.