

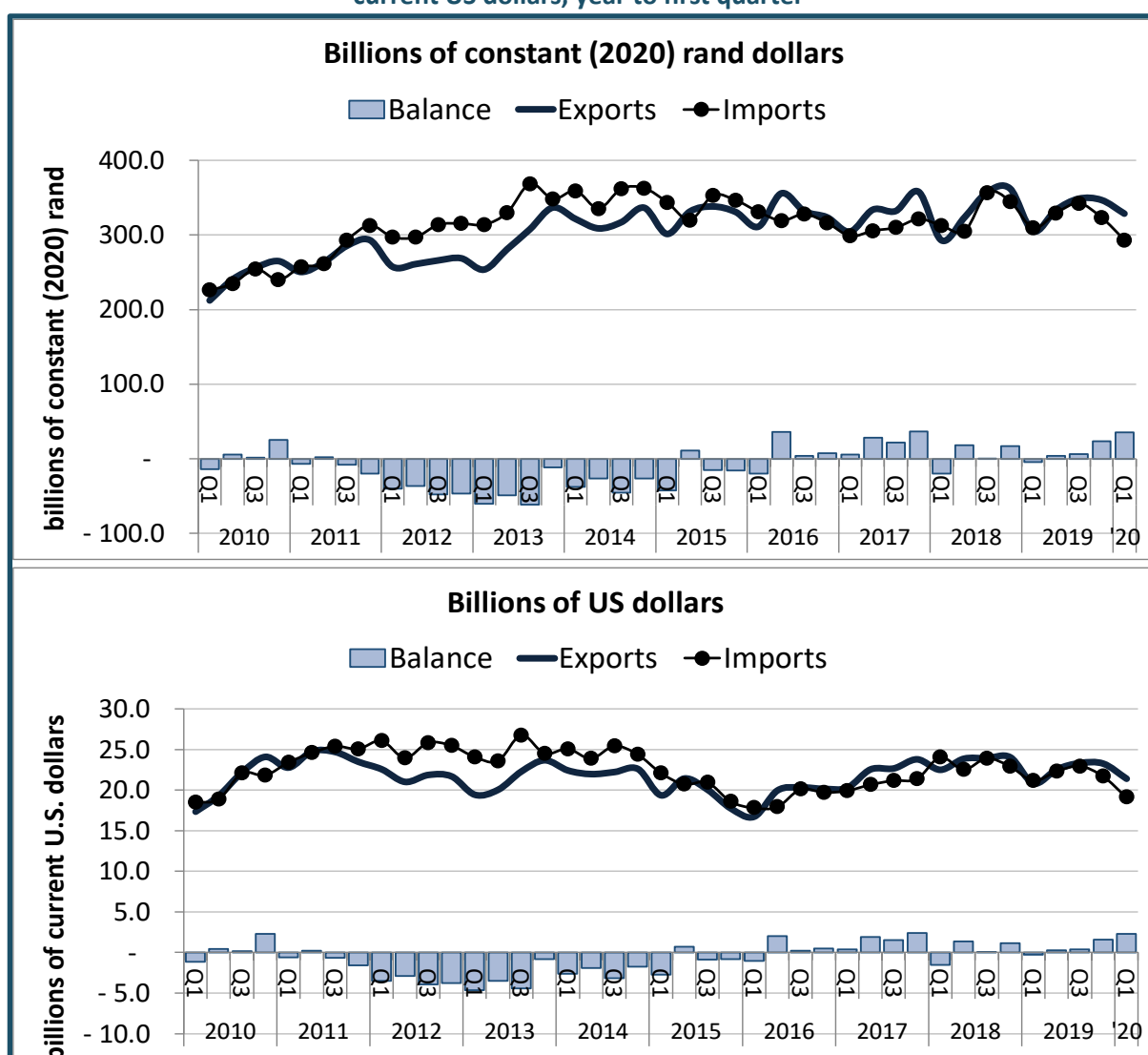
## International trade

South African exports in January and February showed signs of a recovery compared to the previous year, but they began to fall in March as the effects of the pandemic widened.

In April, with the lockdown, they dropped by 60% in US dollars, as the mines, metal refineries and auto companies largely ceased foreign sales. Imports also began to fall from January, in large part due to declining oil prices, but they shrank much less than exports from March to April, at 16% in US dollar terms. The trade figures were affected by the sharp depreciation in the rand, as the pandemic led investors to pull funds out of emerging markets including South Africa.

In US dollar terms, exports climbed 2.7% from the first quarter of 2019 to the first quarter of 2020, while imports dropped by 9.6%. Depreciation meant that, in constant rand terms, exports climbed 7.7% while imports shrank by 5.2%. These trends meant that, for only the second time since 2010, South Africa had a balance of trade surplus for the first quarter.

**Graph 8. Exports, imports and balance of trade in constant rand and current US dollars, year to first quarter**

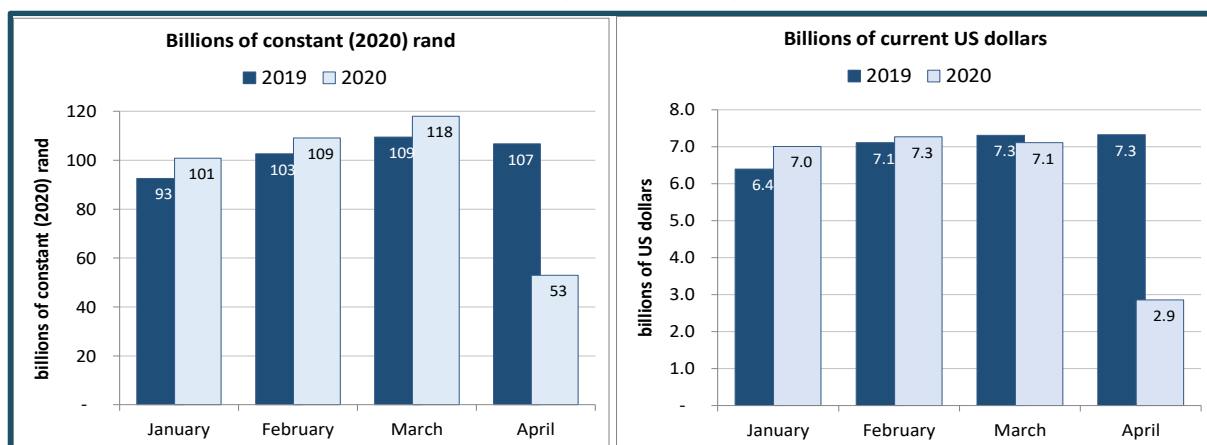


Source: South African Revenue Service (SARS) monthly data.

The monthly data for January to April point to the growing strains on global trade from the pandemic. In January, South African exports in US dollar terms were still 10% higher than a year earlier. They began to slow down in February, however, as the Chinese economy in particular slowed down, leading to a fall in commodity prices and sales. By March, they were 3% below their 2019 level. In April, with the lockdown, exports dropped 60%. The data are not yet available, but the reopening of the economy from May, especially the mines and auto, will have led to some recovery, although not to pre-lockdown levels.

In rand terms, exports in early 2020 did better compared to 2019 due to depreciation of over a third in the rand/dollar rate from January through late April. It has since recovered by over 10%.

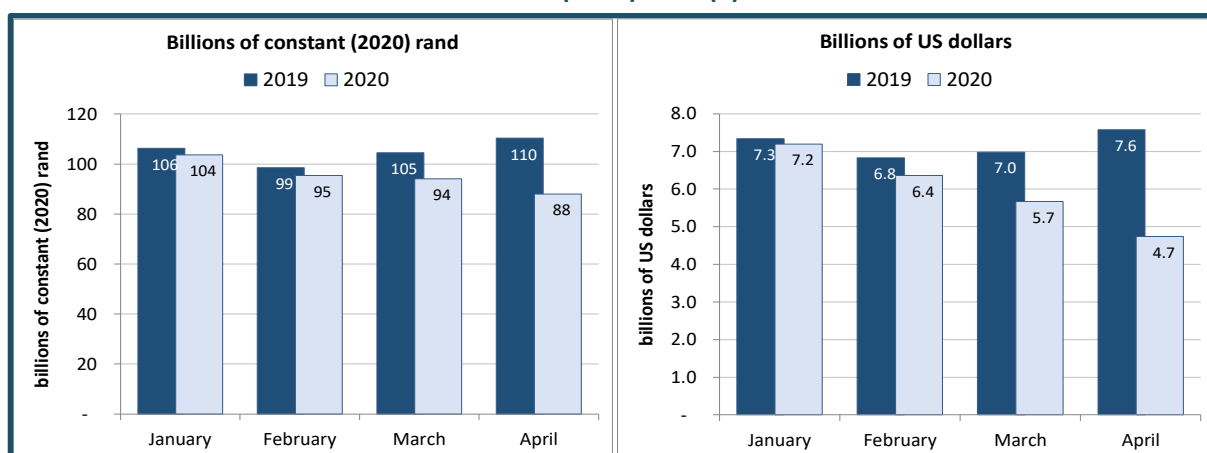
**Graph 9. Monthly exports from January to April 2019 compared to 2020, in billions of constant (2020) rand (a) and US dollars**



Source: South African Revenue Service (SARS) monthly data.

Imports began to slow from January, in part because petroleum prices plummeted by two thirds from 1 January to 30 April. By the end of June, they had recovered to 40% below January levels. In addition, supply chains from China were disrupted, further depressing foreign purchases. From January to April, imports dropped by 34% in US dollar terms, with a 16% fall from March to April alone. Again, depreciation over the period meant that the decline was less in rand terms. As with exports, the reopening of the economy starting in May likely boosted imports, but data are not yet available.

**Graph 10. Monthly imports from January to April 2019 compared to 2020, in billions of constant (2020) rand (a) and US dollars**

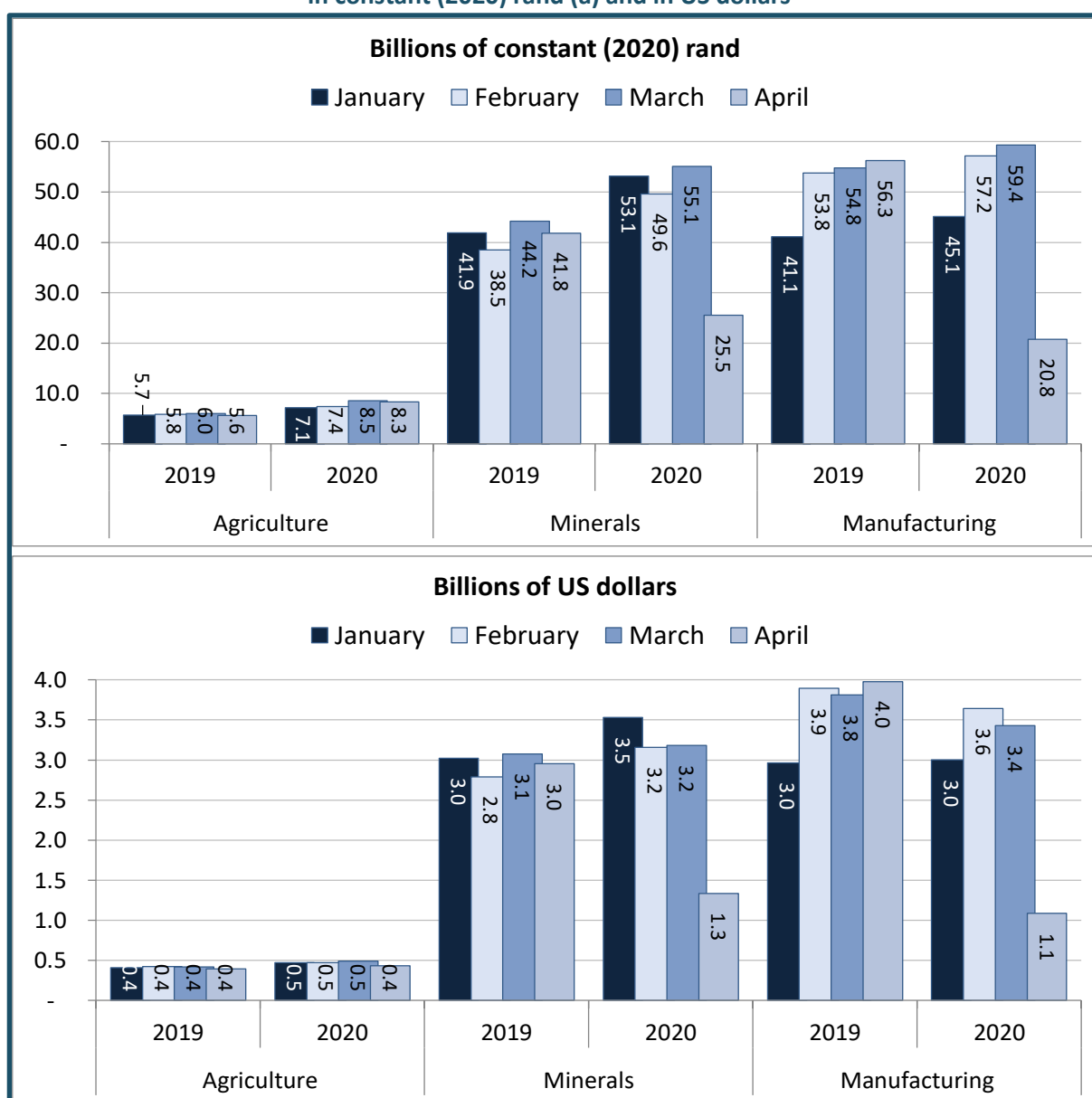


Note: (a) Deflated with CPI rebased to April 2020. Source: South African Revenue Service (SARS) monthly data.

By sector, mining drove the growth in exports in the first quarter of 2020 compared to the first quarter of 2019. Mining exports increased by 11% in US dollar terms and 16% in rand terms. In contrast, manufacturing exports declined by 5% in US dollar terms, and by 1% in constant 2020 rand terms. Again, the depreciation of the rand compensated for falling exports in dollar terms in the first quarter of 2020. In terms of imports, manufacturing fell sharply in both rand and US dollar terms in the first quarter of 2020 compared to the first quarter of 2019, essentially reflected the broader economic slowdown. Mining imports, which essentially refers to petroleum, were basically flat.

From January to April, the impact of the pandemic and the lockdown differed for the main export sectors. Agriculture was barely affected, although wine exports were halted and non-tariff barriers to trade expanded. In contrast, mining and manufacturing exports dropped by around two thirds in US dollar terms. The decline was somewhat less in constant rand terms due to depreciation.

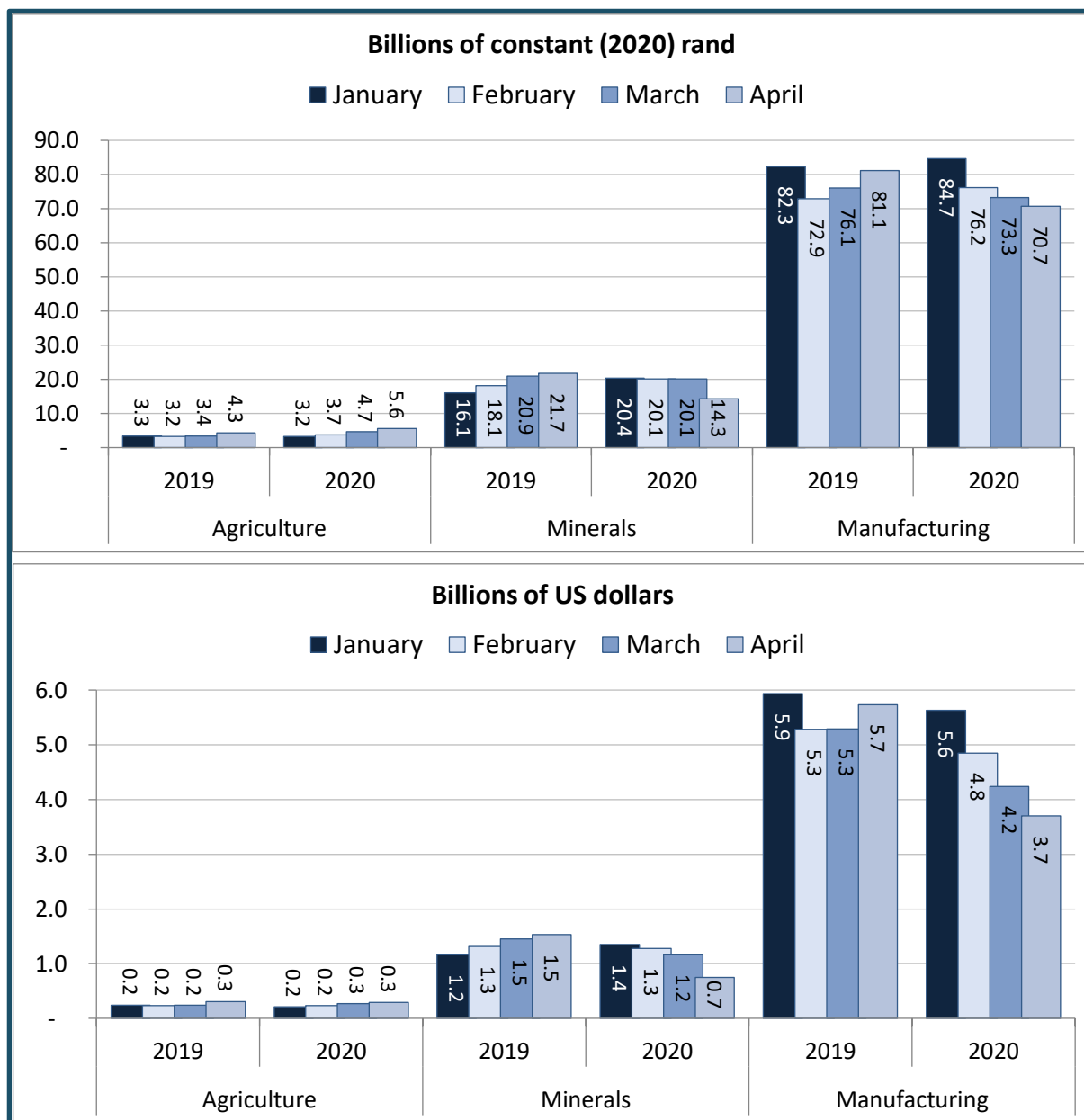
**Graph 11. Monthly imports from January to April in 2019 compared to 2020, in constant (2020) rand (a) and in US dollars**



Note: (a) Deflated with CPI rebased to April 2020. Source: South African Revenue Service (SARS) monthly data.

A similar sectoral pattern emerged for imports. Agricultural imports increased despite the lockdown. Mineral imports – almost exclusively petroleum – fell in US dollar terms due to falling oil prices through April. Manufacturing imports dropped steadily from January, in large part due to the decline in intermediate inputs and machinery from China, especially for the auto industry. In constant rand terms, the value of imports fell less due to the depreciation of the rand over this period.

**Graph 12. Monthly exports from January to April in 2019 compared to 2020, in constant (2020) rand (a) and in US dollars**



Note: (a) Deflated with CPI rebased to April 2020. Source: South African Revenue Service (SARS) monthly data.

Metals and auto, which account for around half of all manufactured exports, fell in constant rand terms by 63% and 85% respectively in April compared to the monthly average in the first quarter. In contrast, the figure for agriculture was just 4%. As noted, metals and auto began to restart exports in May, but the figures are expected to remain depressed as a result of low global demand as well as

delays in returning operations to full capacity because of the need to reorganise work to prevent infections.

In terms of imports, machinery and equipment, which make up around a third of the total, fell by over 10% in constant rand. The wood value chain dropped the most, by around a third. In contrast, clothing imports climbed, presumably reflecting large-scale imports of protective equipment for healthcare workers.

**Table 1: Trade by manufacturing industry, in rand and US dollars, monthly averages January to March and April 2020**

| Industry                                 | ZAR                      |            |          | USD                      |            |          |
|--|--------------------------|------------|----------|--------------------------|------------|----------|
|  | monthly average, Q1 2020 | April 2020 | % change | monthly average, Q1 2020 | April 2020 | % change |
| <b>EXPORTS</b>                           |                          |            |          |                          |            |          |
| Food, beverages, tobacco                 | 4.4                      | 4.2        | -4%      | 283                      | 224        | -21%     |
| Textiles, clothing, leather and footwear | 2.1                      | 0.4        | -80%     | 134                      | 22         | -83%     |
| Wood and wood products                   | 0.6                      | 0.2        | -63%     | 40                       | 12         | -70%     |
| Paper and publishing                     | 2.0                      | 1.6        | -20%     | 134                      | 88         | -35%     |
| Chemicals, rubber, plastic               | 9.0                      | 5.9        | -34%     | 584                      | 318        | -46%     |
| Glass and non-metallic mineral products  | 0.5                      | 0.1        | -89%     | 34                       | 3          | -91%     |
| Metal products                           | 10.6                     | 3.9        | -63%     | 695                      | 211        | -70%     |
| Machinery and appliances                 | 8.7                      | 1.5        | -83%     | 567                      | 81         | -86%     |
| Transport equipment/components           | 12.8                     | 1.9        | -85%     | 825                      | 101        | -88%     |
| <b>IMPORTS</b>                           |                          |            |          |                          |            |          |
| Food, beverages, tobacco                 | 4.1                      | 4.1        | 0%       | 271                      | 223        | -18%     |
| Textiles, clothing, leather and footwear | 5.3                      | 6.8        | 28%      | 352                      | 366        | 4%       |
| Wood and wood products                   | 0.5                      | 0.3        | -30%     | 30                       | 17         | -43%     |
| Paper and publishing                     | 2.8                      | 1.7        | -39%     | 183                      | 91         | -50%     |
| Chemicals, rubber, plastic               | 14.5                     | 16.2       | 12%      | 950                      | 874        | -8%      |
| Glass and non-metallic mineral products  | 1.0                      | 1.1        | 5%       | 68                       | 58         | -14%     |
| Metal products                           | 4.9                      | 4.6        | -6%      | 322                      | 248        | -23%     |
| Machinery and appliances                 | 22.5                     | 20.1       | -11%     | 1 479                    | 1 084      | -27%     |
| Transport equipment/components           | 8.2                      | 6.3        | -23%     | 536                      | 338        | -37%     |

Source: South African Revenue Services (SARS) monthly data.