

International trade

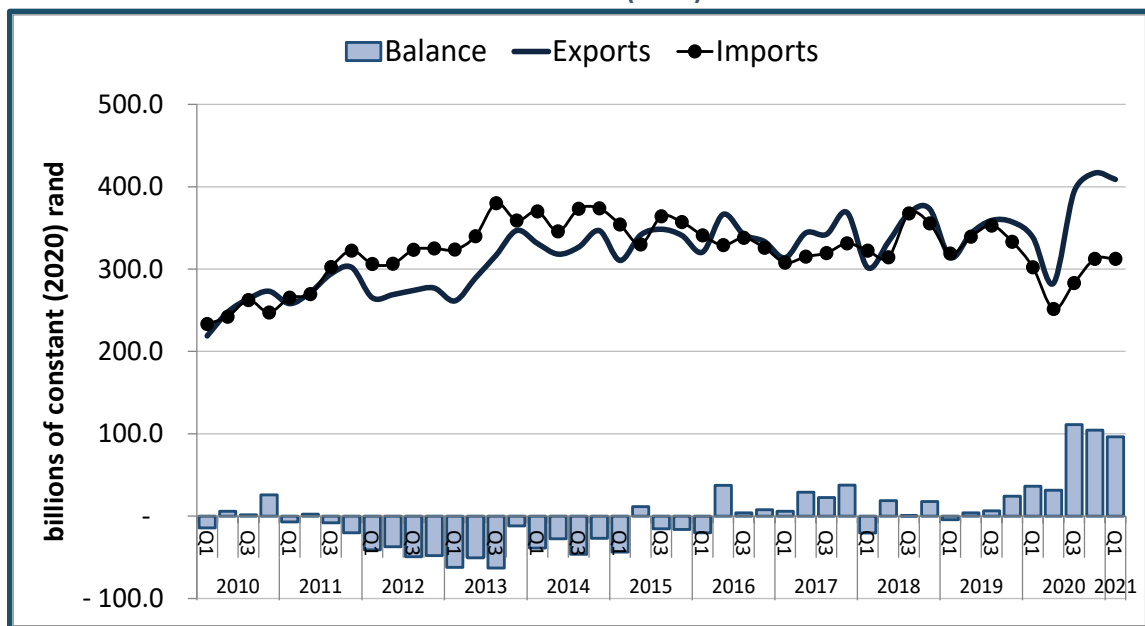
As it has throughout the pandemic, South Africa ran a near-record balance of trade surplus in the first quarter of 2021, despite some decline over the previous two quarters. The surplus mostly reflected continued high prices for metals exports, with a spike in platinum over the past six months. Manufacturing exports almost reached pre-pandemic peaks, with growth across most industries. Manufacturing imports also rebounded, although less strongly, with rising demand for capital and transport equipment and for chemicals.

Analysis of trade trends this quarter was complicated because international trade declined sharply a year ago, in the first quarter of 2020, even before the wave of lockdowns in the second quarter. The decline means that year-on-year comparisons exaggerate the growth in exports because they reflect a depressed baseline. It resulted from the outbreak of COVID-19 in China and the associated lockdown, which disrupted international supply chains.

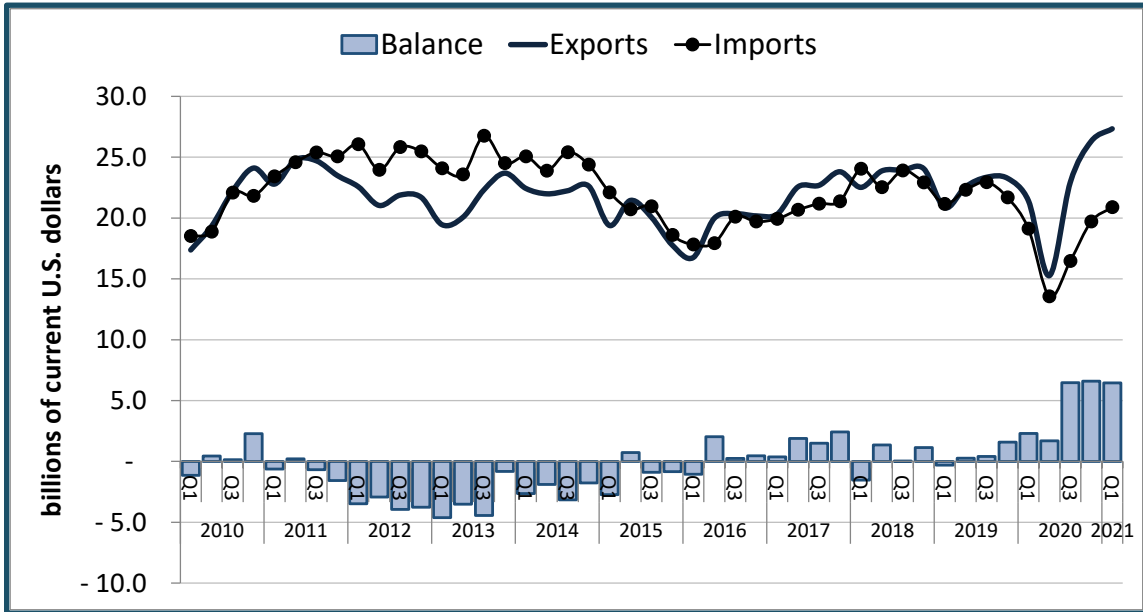
Exports remained well above earlier highs in both US dollar and constant rand terms. They declined somewhat compared to the fourth quarter of 2020, but that was in part because of standard seasonal trends. Imports were flat, and still below pre-pandemic levels.

Graph 14. Exports, imports and balance of trade in billions of constant rand and current US dollars (a)

A. Billions of constant (2021) rand



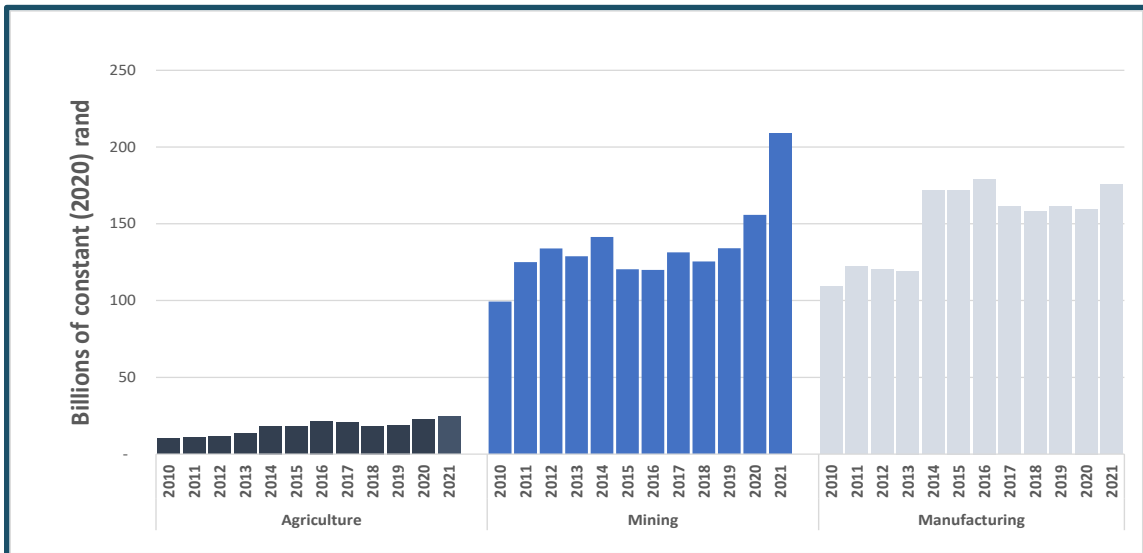
B. Billions of US dollars



Note: (a) Constant rand values reflatd using CPI rebased to January 2021; US dollar values calculated with trade-weighted exchange rate from the Reserve Bank. Source: Calculated from South African Revenue Service data.

The rebound in industrial production in the global North and China brought an extraordinary spurt in mining exports in the first quarter of 2021, mostly due to soaring metals prices. In constant rand, manufacturing exports also improved, reaching their highest first-quarter level since 2015, while agriculture reached record heights.

Graph 15. Exports from the first quarter of 2010 in billions of constant (2020) rand (a), not seasonally adjusted

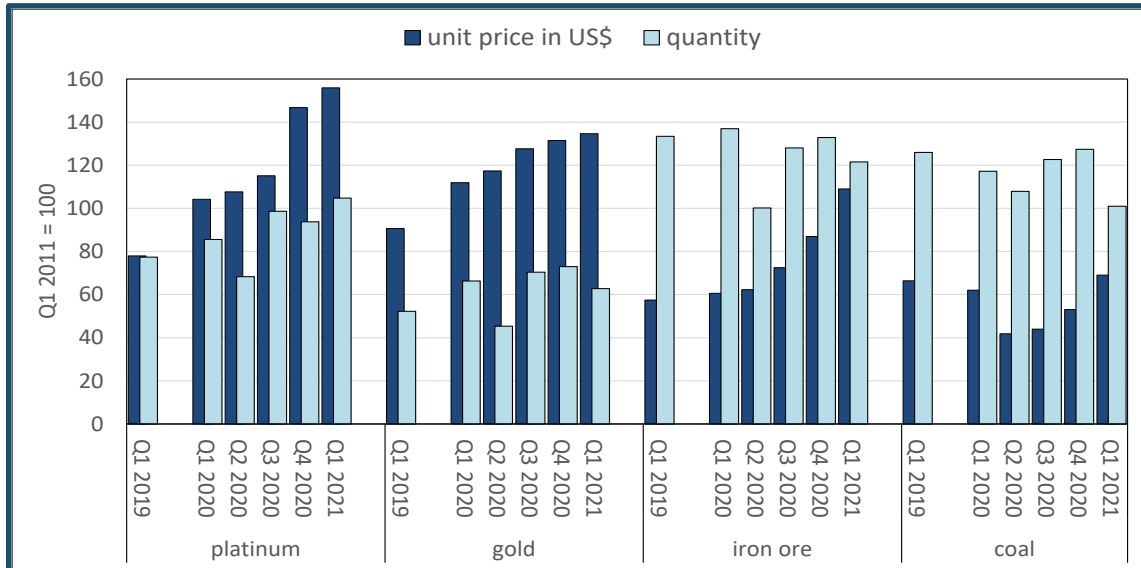


Note: (a) Reflatd using CPI rebased to December 2020. Source: Calculated from South African Revenue Service data.

Graph 16 shows unit prices in US dollars and the quantity of South Africa’s leading mining exports as an index compared to the first quarter of 2011, at the top of the last commodity cycle. Prices were up for all of South Africa’s main exports compared to pre-pandemic days, although coal

lagged behind the other products. For platinum, gold and iron ore, prices were higher than in 2011. But only platinum recorded increased exports in volume terms over the past quarter, in part because of the December holiday shutdowns.

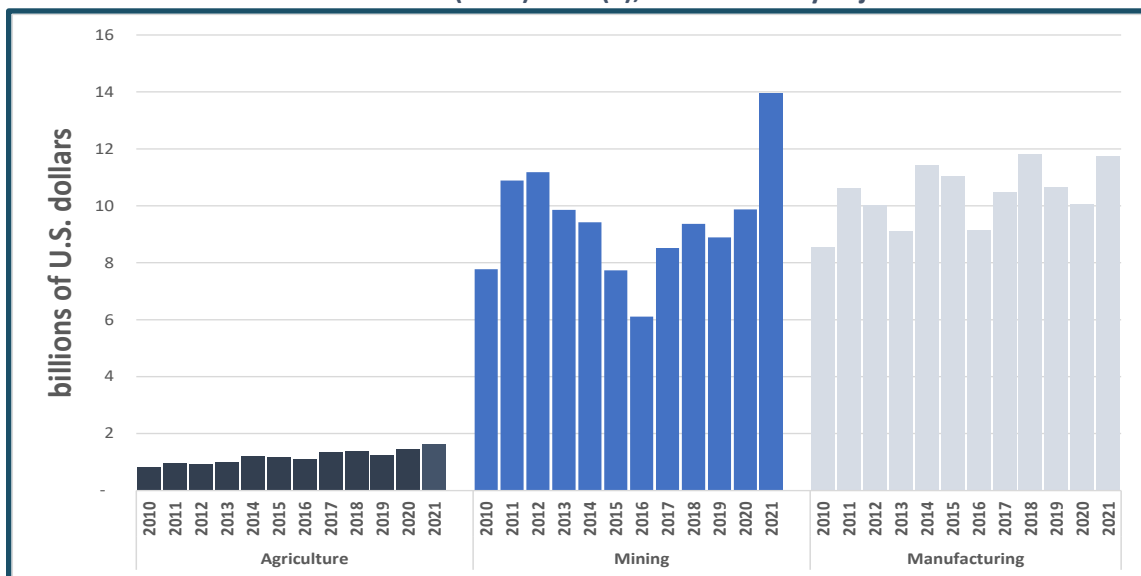
Graph 16. Indices of export unit price and quantity for major South African mining products (Q1 2011 = 100), first quarter 2019 and quarterly from first quarter 2020 to first quarter 2021



Source: Calculated from South African Revenue Service data.

In constant rand terms, manufactured imports recovered compared to the first quarter of 2019, and were well above the depressed levels seen a year earlier. Mining imports are mostly petroleum, where prices are still well below pre-pandemic levels.

Graph 17. Imports from the first quarter of 2010 in billions of constant (2020) rand (a), not seasonally adjusted



Note: (a) Refflated using CPI rebased to December 2020. Source: Calculated from South African Revenue Service data.

Manufactured exports showed unusually strong growth for a first quarter. All manufacturing industries had recovered past the depressed levels of the first quarter 2020. Only the metals

refineries still lagged behind the first quarter of 2019, before the pandemic began to affect trade. As a result, auto exports consistently exceeded metals exports in the first quarter of the past three years.

Manufactured imports also increased between the first quarter of 2020 and the first quarter of 2021, although they remained lower than before the pandemic.

Table 1. Trade by manufacturing subsector, first quarter 2021 compared to first quarter 2022

Industry	VALUE (BILLIONS)		% CHANGE FROM Q1 2020		CHANGE IN BILLIONS	
	USD	Rand	USD	Rand	USD	Rand
EXPORTS						
Food and beverages	1.09	16.3	28.3%	20.8%	0.24	2.81
Clothing and footwear	0.44	6.6	9.9%	3.5%	0.04	0.22
Wood products	0.13	1.9	7.6%	1.4%	0.01	0.03
Paper and publishing	0.33	4.9	-18.5%	-22.1%	-0.07	-1.39
Chemicals, rubber, plastic	2.19	32.8	25.2%	18.3%	0.44	5.08
Glass and non-metallic mineral products	0.11	1.7	11.8%	5.7%	0.01	0.09
Metals and metal products	2.49	37.3	19.5%	13.3%	0.41	4.38
Machinery and appliances	2.05	30.6	20.3%	13.6%	0.35	3.66
Transport equipment	2.75	41.1	11.2%	4.0%	0.28	1.57
IMPORTS						
Food and beverages	0.83	12.5	2.8%	-2.3%	0.02	-0.29
Clothing and footwear	1.15	17.2	8.6%	4.2%	0.09	0.69
Wood products	0.10	1.6	15.1%	9.8%	0.01	0.14
Paper and publishing	0.63	9.4	14.4%	9.6%	0.08	0.82
Chemicals, rubber, plastic	3.48	52.1	22.2%	16.1%	0.63	7.22
Glass and non-metallic mineral products	0.26	3.9	28.9%	23.5%	0.06	0.74
Metals and metal products	1.26	18.8	30.4%	24.5%	0.29	3.71
Machinery and appliances	5.04	75.4	13.6%	8.2%	0.60	5.73
Transport equipment	3.63	54.4	5.6%	0.4%	0.19	0.20

Source: South African Revenue Service monthly data