

International trade

The pandemic brought a sharp slowdown in global trade as a result of blockages to transport as well as falling international demand. For South Africa, the second quarter of 2020 saw a strong decline in goods exports, combined with an even stronger slump in goods imports. Only agricultural exports performed well, increasing by 14.2% in dollars and, thanks to depreciation, by 38% in constant rand terms.

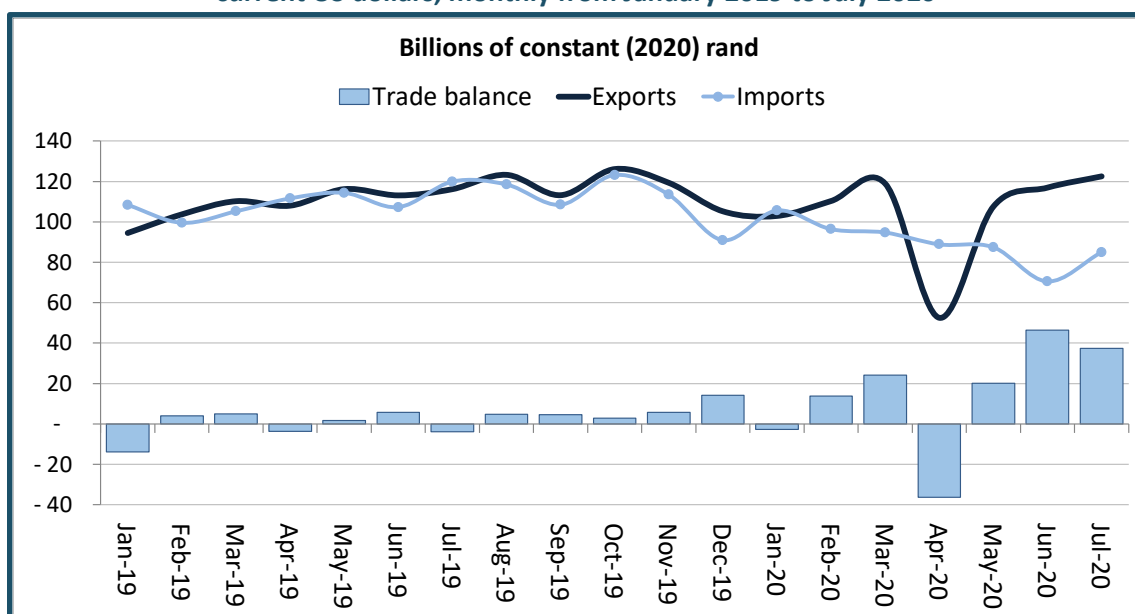
As Graph 10 shows, the pandemic brought significant disruptions to South African trade. The figures here are not seasonally adjusted, but they nonetheless indicate the extraordinary swings from the start of 2020.

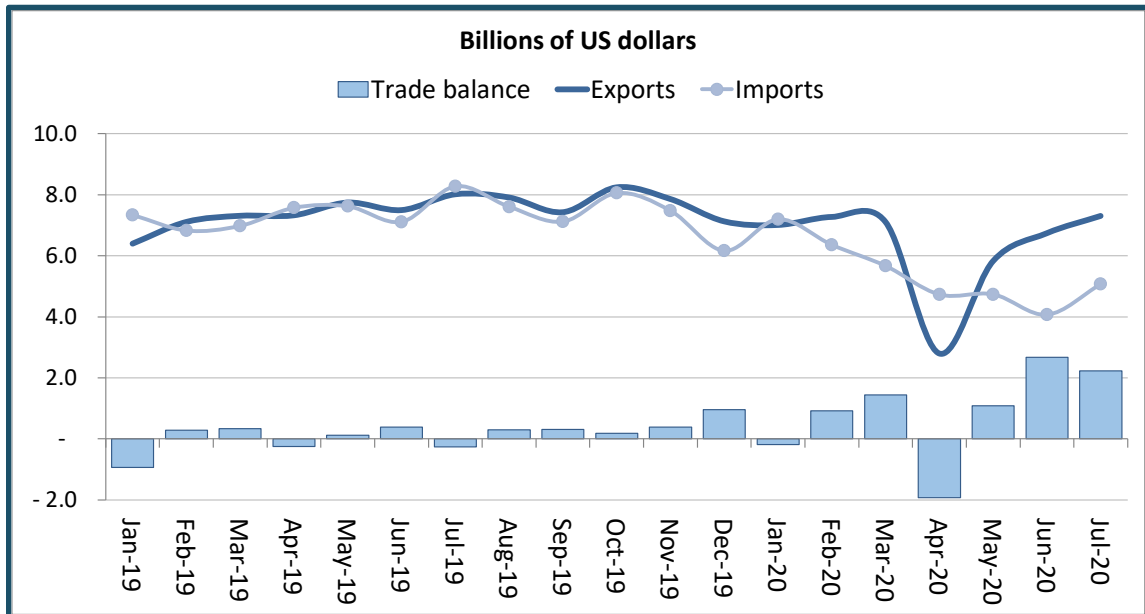
Goods imports began to decline sharply from the start of the year, mostly because supply chains – especially for the auto industry – were disrupted by the initial outbreak in China. The lockdown brought a 50% fall in exports, as both mining and auto production were largely stopped.

As the lockdown ended, export producers gradually revived. Moreover, prices for mining products recovered substantially after falling significantly when the pandemic turned global in late March. Gold has seen record high prices as investors seek a safe haven.

Imports, however, continued to fall through June, reflecting logistical obstacles, the low and stagnant oil price, and lower demand from both businesses and households. They began to tick up as the recovery gained steam in July.

Graph 10. Exports, imports and balance of trade in billions of constant rand and current US dollars, monthly from January 2019 to July 2020

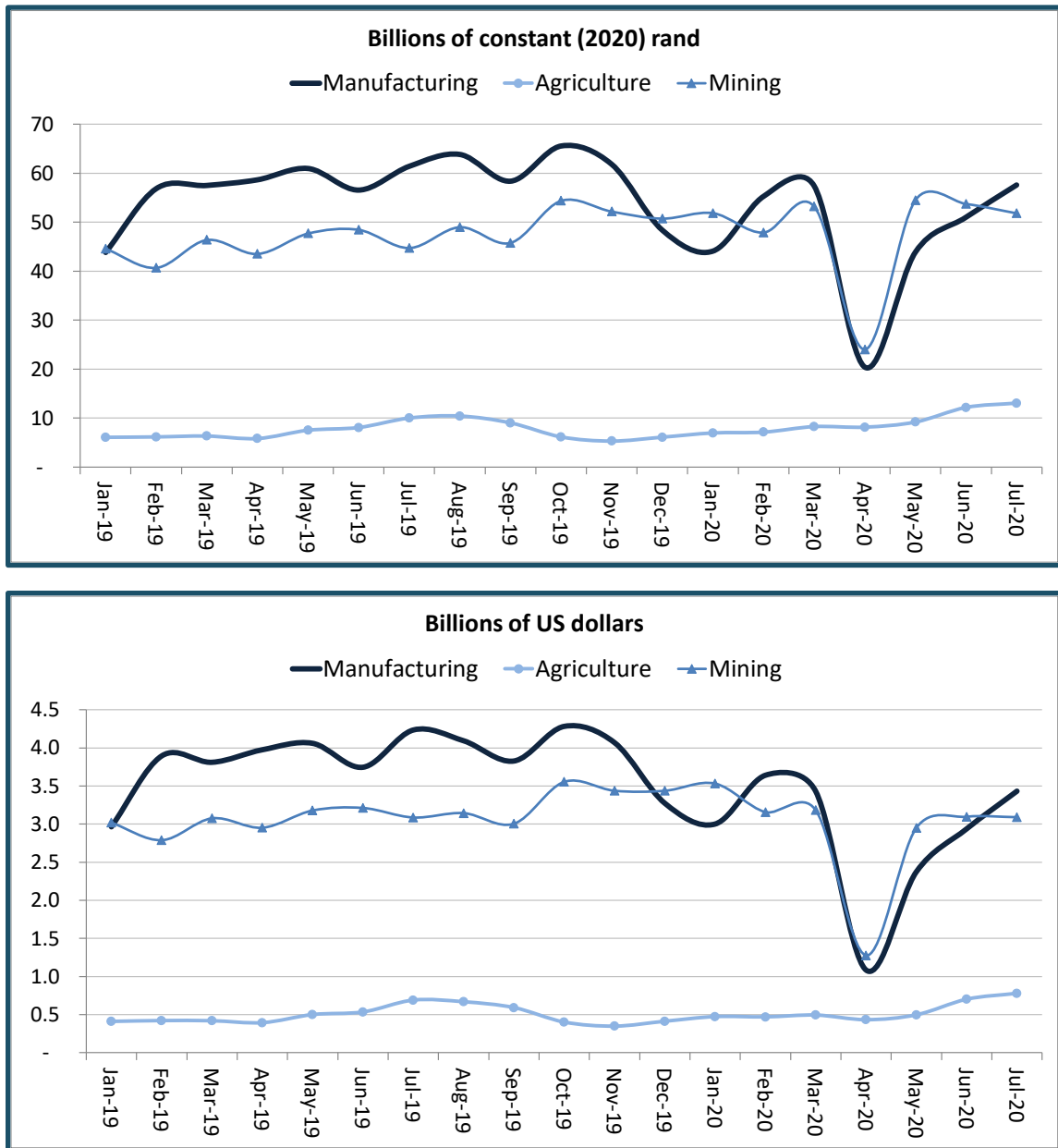




Source: South African Revenue Service (SARS) monthly data.

Exports by sector through July showed both the advantages enjoyed by agriculture and the phased effects of the pandemic and the recovery. In both dollar and rand terms, agricultural exports were fairly stable from the start of 2019, with the normal seasonal increases during the harvest. In contrast, in constant rand manufacturing and mining exports dropped over 50% in April, but had returned to pre-pandemic levels by July.

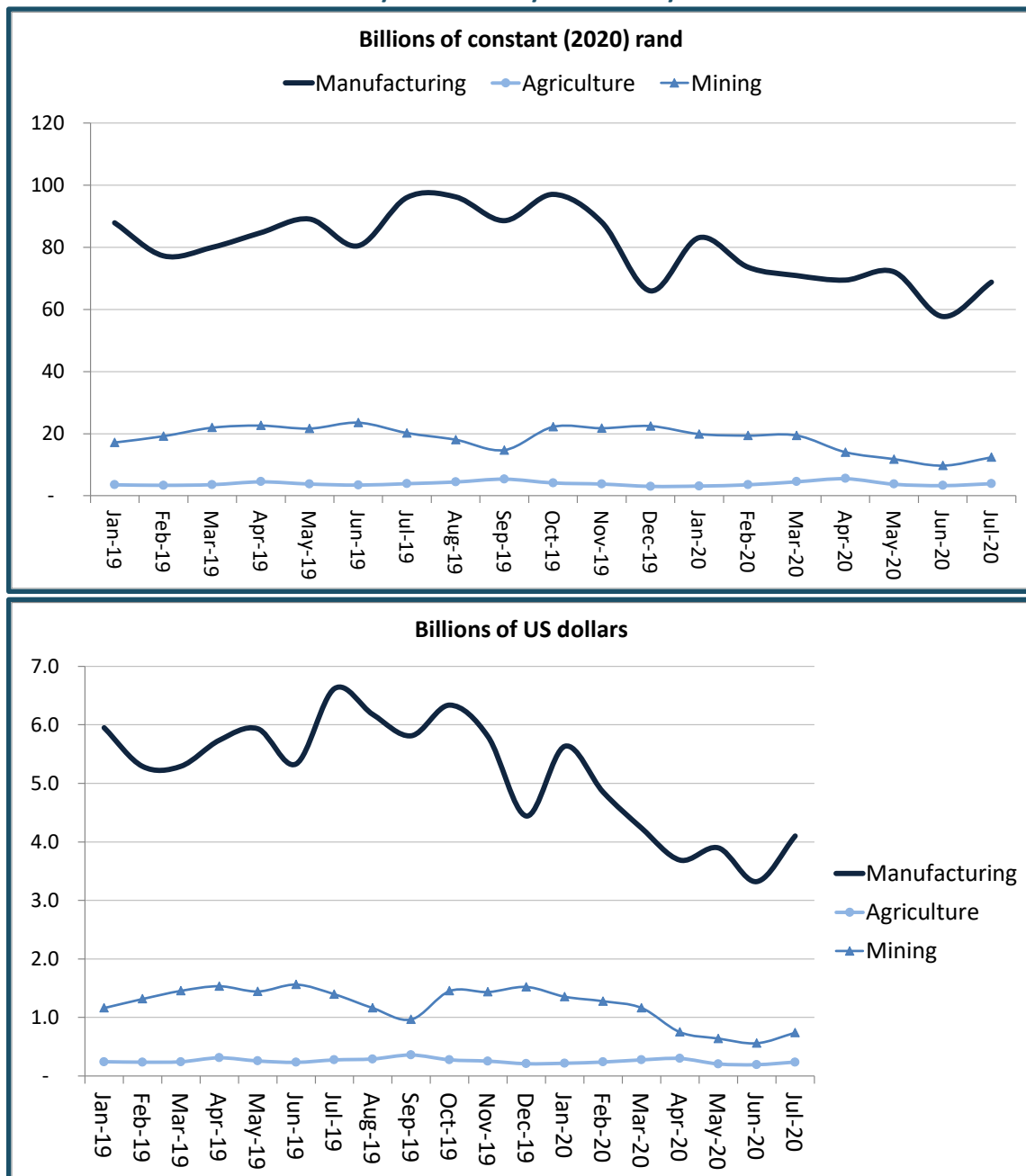
Graph 11. Exports by sector in billions of constant (2020) rand and US dollars, monthly from January 2019 to July 2020



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

In contrast to exports, imports fell across all sectors from the start of the year. Mining imports, which comprise mostly petroleum, saw a particularly sharp fall as prices fell from March.

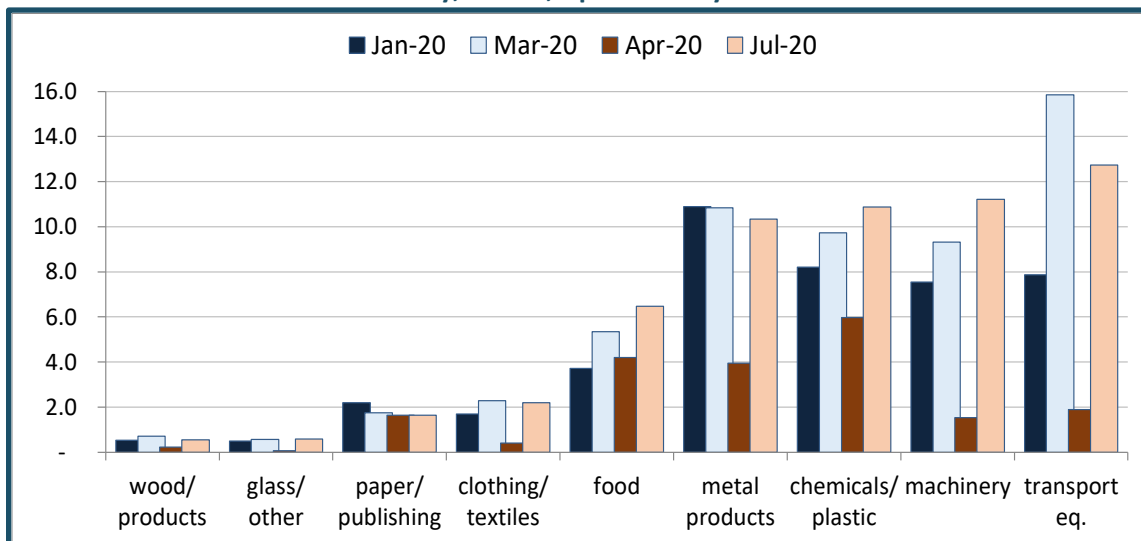
Graph 12. Imports in billions of constant (2020) rand and U.S. dollars, monthly from January 2019 to July 2020



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

Within manufacturing, exports of transport equipment and machinery – South Africa’s two largest non-commodity export industries – dropped over 80% from March to April, but had mostly recovered by July. A similar pattern emerged for clothing and textiles. Food and chemicals fell less sharply, and in July food exports exceeded those at the start of the year.

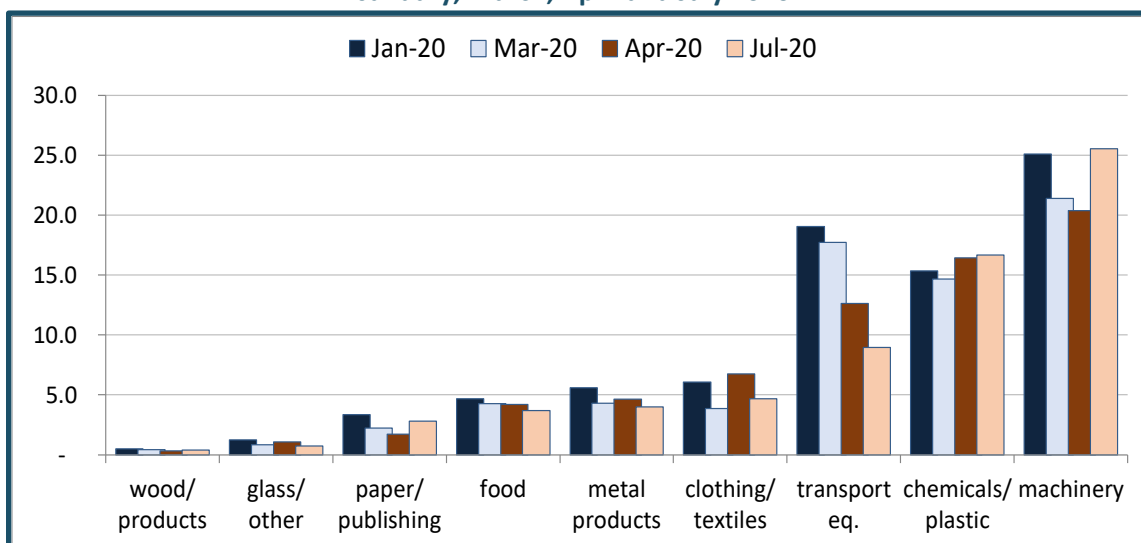
Graph 13. Exports by manufacturing industry, in billions of constant (2020) rand (a), January, March, April and July 2020



Source: South African Revenue Services (SARS) monthly data. Note: (a) Deflated with CPI.

In contrast to exports, imports of manufactures showed more varied trends by industry. Transport equipment fell by around half from January to July. In contrast, machinery and equipment imports recovered as overall production picked up. Chemicals and plastics also grew across the period, although less rapidly.

Graph 14. Imports by manufacturing industry, in billions of constant (2020) rand (a), January, March, April and July 2020



Source: South African Revenue Services (SARS) monthly data. Note: (a) Deflated with CPI.