



**TRADE & INDUSTRIAL POLICY STRATEGIES**

## **MANUFACTURING SUBSECTORS**

### **Capital equipment**

**May 2021**

Industrial policy interventions aim to promote structural transformation and structural change in pursuit of economic growth. The effectiveness of these interventions depends to a crucial extent on the ability of policymakers to tailor interventions to the specific needs of individual manufacturing subsectors.

To support evidence-based policymaking, TIPS has completed a series of notes on the various manufacturing subsectors in South Africa. The aim is to provide synthesised data on the dynamics of the South African manufacturing subsectors, specifically in their contribution to GDP, employment, profitability and assets, market structure and major companies and international trade. The main data sources are Statistics South Africa, Quantec, Who Owns Whom, and the International Trade Centre.

This note provides an overview of the South African capital equipment subsector as of May 2021.

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## Executive summary

South Africa's production of capital equipment rose rapidly during the first half of the commodity price boom that lasted from around 2002 to 2011/12. In constant rand, it grew 6% a year from 2000 to 2008, then levelled out. The slowdown reflected in part the decline in capital-intensive mining production as a result of the global financial crisis in 2008/9, coupled with the end cycle of the metals price boom in 2011/12. Notwithstanding these trends, production of capital equipment stabilised relatively faster after the global financial crisis in 2008/9 while the rest of manufacturing, led by metals production, declined steadily. As a result, the capital equipment share of total manufacturing production remained steady at 8% through 2019. Employment demonstrated similar trends and, since 2013, total employment in capital equipment has fluctuated around 80 000, dropping from around 120 000 in 2008 to 90 000 in 2019, or from 6% to 5% of total manufacturing employment.

South Africa's exports of capital equipment demonstrated trends consistent with the fall in production and employment. In constant rand, they grew a massive 10% a year from 2010 to 2014, peaking at R90 billion in 2014, then declined 3% a year through 2019. The reported decline from 2014 reflected in part the end of the commodities price boom a few years before and the rand's depreciation in 2016. Capital equipment's share of South Africa's total exports declined from 7% in 2014 to roughly 6% in 2019. South Africa's foreign sales of capital equipment, primarily machinery for mining and construction industries and electrical machinery, went mainly to regional countries. In 2019, over half of South Africa's capital equipment exports were to African countries. Seven-tenths of the African total were shipped to six surrounding mining countries – Namibia, Botswana, Zambia, Mozambique, Zimbabwe and the Democratic Republic of Congo. Exports to the United States and Europe are mostly motor parts and whereas the data are classified as machinery rather than vehicle components, it appears likely that these exports are associated with the automotive sector.

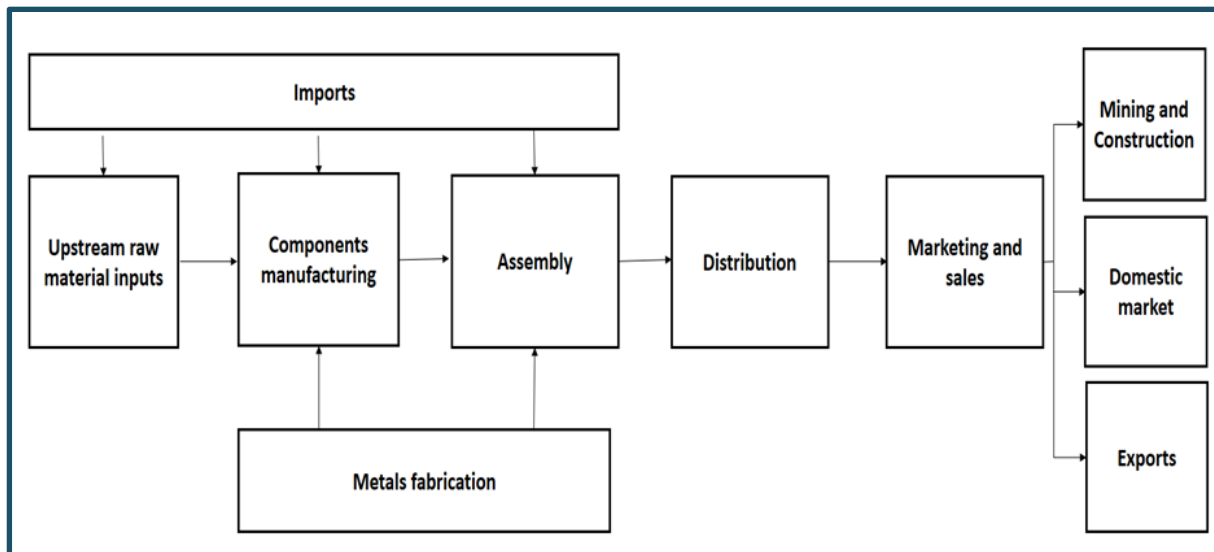
In contrast, South Africa imported substantially more capital equipment, and more diverse products, than it exported. Imports consist of primarily of electrical machinery, sourced mainly from China and to a lesser extent Germany. They declined rapidly from 2014, reflecting the end of the metals boom period, which saw a decline in capital-intensive mining production; the rand's depreciation, which increased the cost of imports in rand terms; and the overall slowdown in mining investment that began in 2014. During the COVID-19 pandemic in 2020, sales dropped more sharply in capital equipment than in other manufacturing, but they also recovered more quickly. By the end of September 2020, total capital equipment sales had returned to pre-pandemic levels. However, both exports and imports of capital equipment remained lower than in 2019.

### Capital equipment value chain

Capital equipment comprises machinery and equipment used in production. While it does not equate to a standard statistical category, it mainly falls under machinery and electrical equipment. Machinery refers to the production of machine tools, engines, pumps, handling equipment, armaments and similar complex equipment; electrical machinery covers electric motors, transformers, cables and lights. These categories exclude transport equipment, appliances and precision equipment, for instance for medical use. However, the line between these equipment classes has become increasingly blurred as digital controls grow in importance. South African capital equipment manufacturers mainly produce for mining, construction, electric power generation and distribution (including renewables), and food processing.

The top capital equipment manufacturers in South Africa are virtually all linked to foreign original equipment manufacturers (OEMs), either as subsidiaries or through licences. It is not always possible

to determine the import content of their sales in South Africa. Leading companies include Bell Equipment, Joy, Actom and Howden. Smaller companies have a crucial role in designing and installing capital equipment for companies and utilities, manufacturing specialised products, and providing after-sales maintenance and repairs. These companies have a central role in ensuring a responsive, flexible capital equipment supply to the industry. Many are in a symbiotic relationship with the dominant mining and construction companies and Eskom. Increasingly they also supply the renewable energy industry. The capital equipment value chain extends to manufacturing components and assembly of machinery and equipment but equally incorporates upstream sectors that provide raw materials such as steel and metals. Demand in the subsector is driven by the increased use of electric machinery in underground mining and demand for metals and commodities.



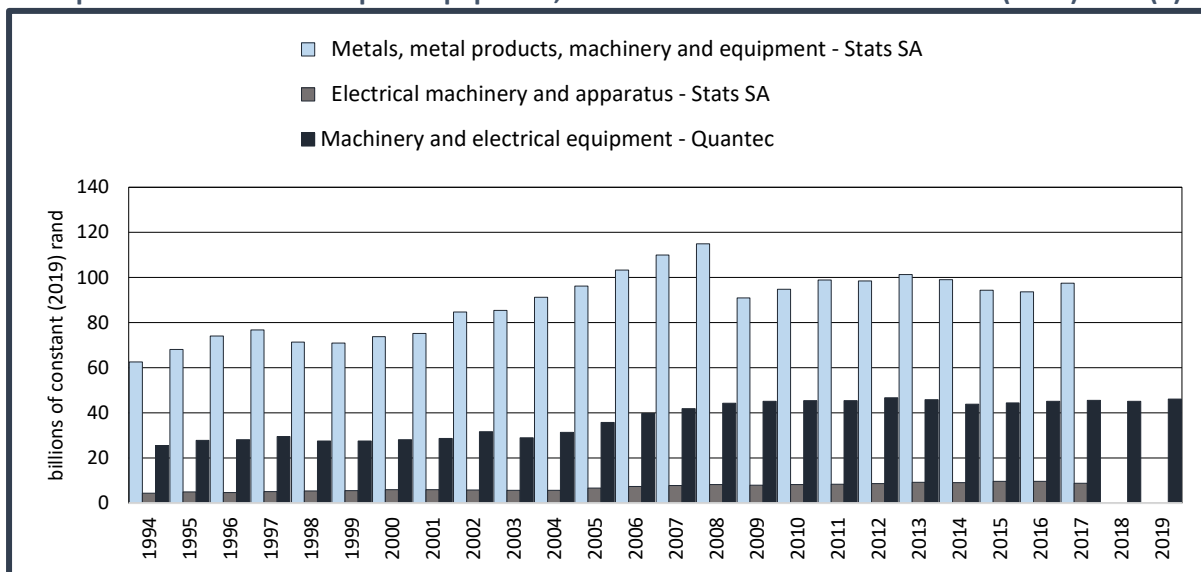
## 1. Contribution to GDP

Data for the contribution of manufacturing subsectors to the GDP (that is, for value add by subsector) come from two sources: the GDP data published by Statistics South Africa and Quantec, which develops estimates based on the Statistics South Africa figures for sales, production and employment by industry and subindustries. The figures are not identical, although they typically show the same trends. This note provides both.

Statistics South Africa aggregates machinery with metals production, although it provides electrical equipment and apparatus separately. Quantec estimates figures for machinery separately from metals. It puts the share of machinery in the metals and machinery industry at around 40%. However, it finds that the trend for machinery diverges from basic metal products, especially during the global financial crisis in 2008/9.

According to Quantec estimates, production of capital equipment grew, in aggregate, by almost 6% a year from 2000 to 2008. After the global financial crisis in 2008/9, growth levelled out, as Graph 1 shows. From 2012, with the end of the metals price boom and the slowdown in the economy overall, production slowed down and grew 0.4% a year from 2012 to 2019, according to Quantec.

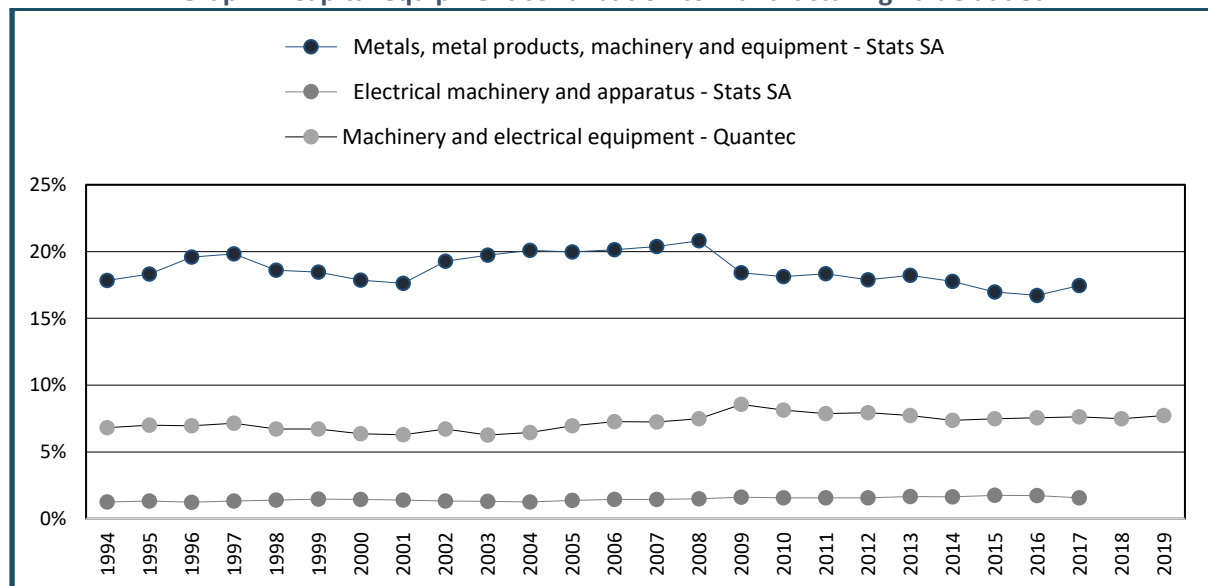
**Graph 1. Value added in capital equipment, 1994 to 2019 in billions of constant (2019) rand (a)**



Note: (a) Deflated by calculating the deflator used in the sources from current and constant rand figures, and then rebasing to 2019. Source: Statistics South Africa, GDP P0441. Annual quarter and regional revisions. Excel spreadsheet. Series on manufacturing subsectors in current and constant rand. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in January 2021; and Quantec EasyData. Standardised regional data. Database in electronic format. Series on value added in current and constant rand. Downloaded in January 2021 from <https://www.quantec.co.za/easydata/>.

Capital equipment lagged the rest of manufacturing during the metals price boom until the global financial crisis in 2008. The subsector stabilised during the financial crisis while the rest of manufacturing, led by metals, saw a sharper decline. As a result, the share of capital equipment climbed from 7% in 2006 to 8% in 2019 and then levelled out despite its falling production.

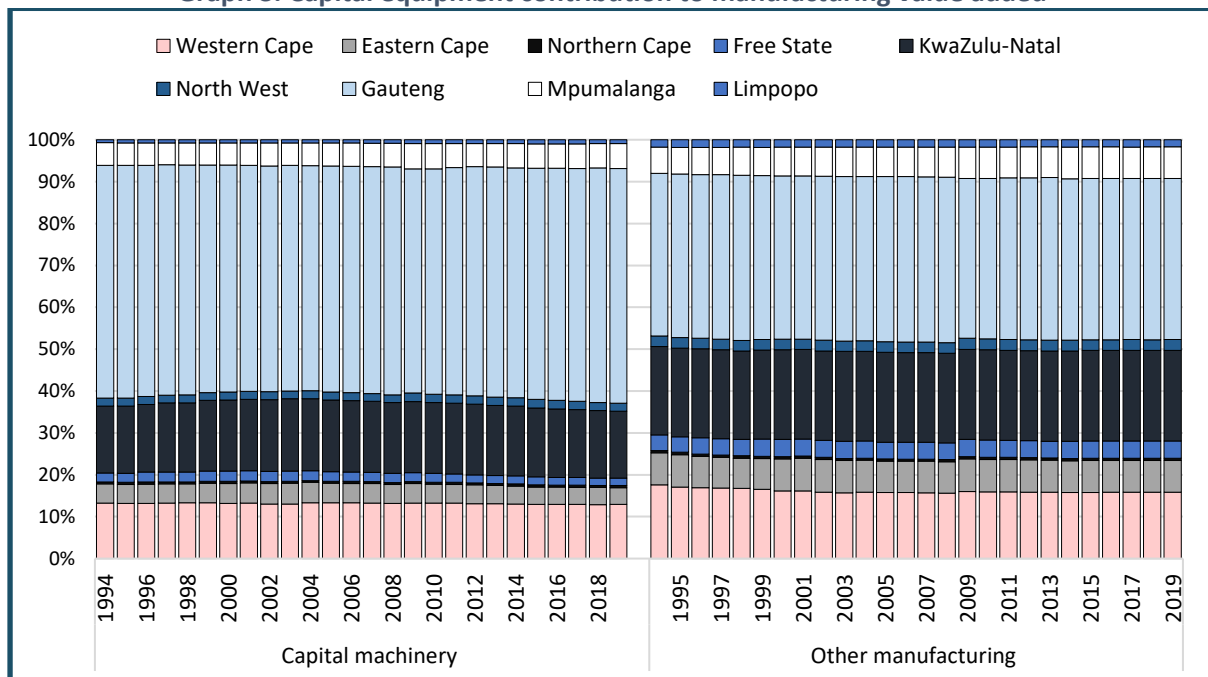
**Graph 2. Capital equipment contribution to manufacturing value added**



Note: (a) Deflated by calculating the deflator used in the sources from current and constant rand figures, and then rebasing to 2019. Source: Statistics South Africa, GDP P0441. Annual quarter and regional revisions. Excel spreadsheet. Series on manufacturing subsectors in current and constant rand. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in January 2021; and Quantec EasyData. Standardised regional data. Database in electronic format. Series on value added in current and constant rand. Downloaded in January 2021 from <https://www.quantec.co.za/easydata/>.

Gauteng dominated South Africa's capital equipment subsector. Its R21 billion of value added was 56% of the South African total in 2019, and its workforce of 52 000 people was 70% of the South African total.

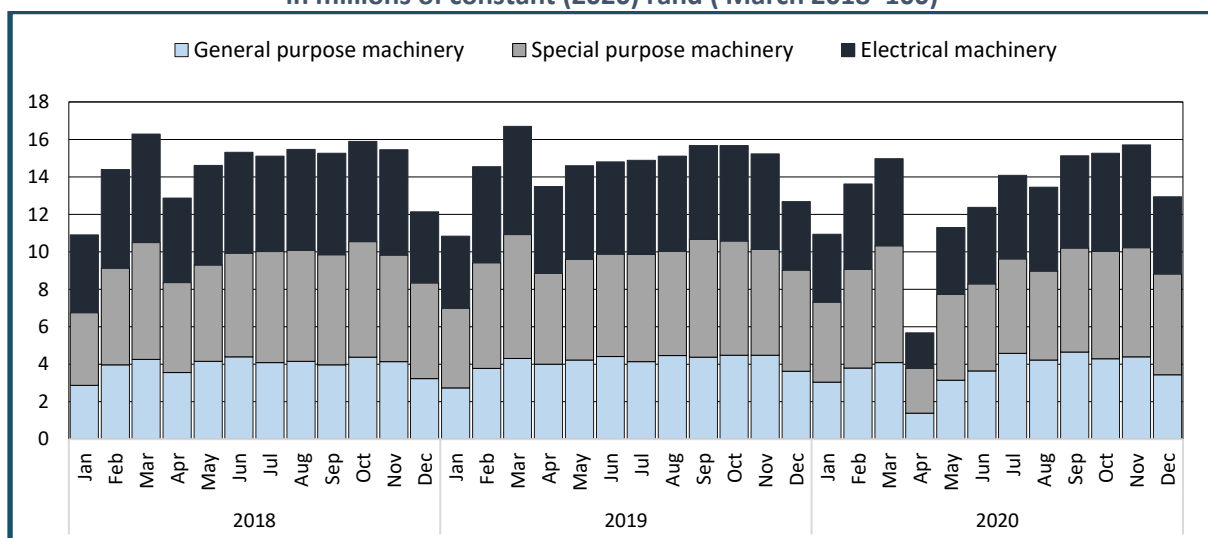
**Graph 3. Capital equipment contribution to manufacturing value added**



Source: Quantec EasyData. Standardised regional data. Database in electronic format. Series on value added in current and constant rand. Downloaded from <https://www.quantec.co.za/easydata/> in January 2021.

Capital equipment sales were severely affected by the lockdown restrictions imposed in response to the COVID-19 pandemic. According to Statistics South Africa's monthly production and sales data, in April 2020 seasonally adjusted monthly sales crashed 77% month-on-month and by 80% year-on-year. This rate was lower than other manufacturing sales, which crashed 41% month-on-month and 47% year-on-year. Sales almost fully recovered in September 2020 in response to the gradual easing of trading restrictions and the general revival of economic activity.

**Graph 4. Seasonally adjusted capital equipment sales (value) in millions of constant (2020) rand ( March 2018=100)**

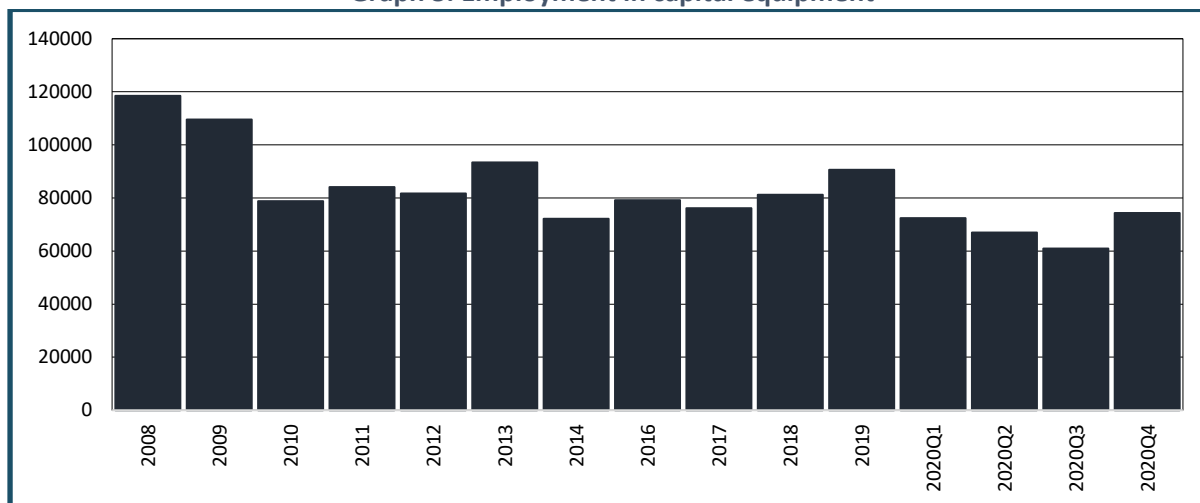


Source: Calculated from Statistics South Africa, P3041.2. Excel spreadsheet. Downloaded in January 2021 from [www.statssa.gov.za](http://www.statssa.gov.za).

## 2. Employment

Employment data in this section draws on Statistics South Africa’s Quarterly Labour Force Survey, which was introduced in 2008. Its annual figures, in the Labour Market Dynamics, are averages of the quarterly findings. Employment in capital equipment dropped by a third in 2009/10, presumably due to the global financial crisis, and then essentially stabilised at 90 000 in 2019, then declined in 2020.

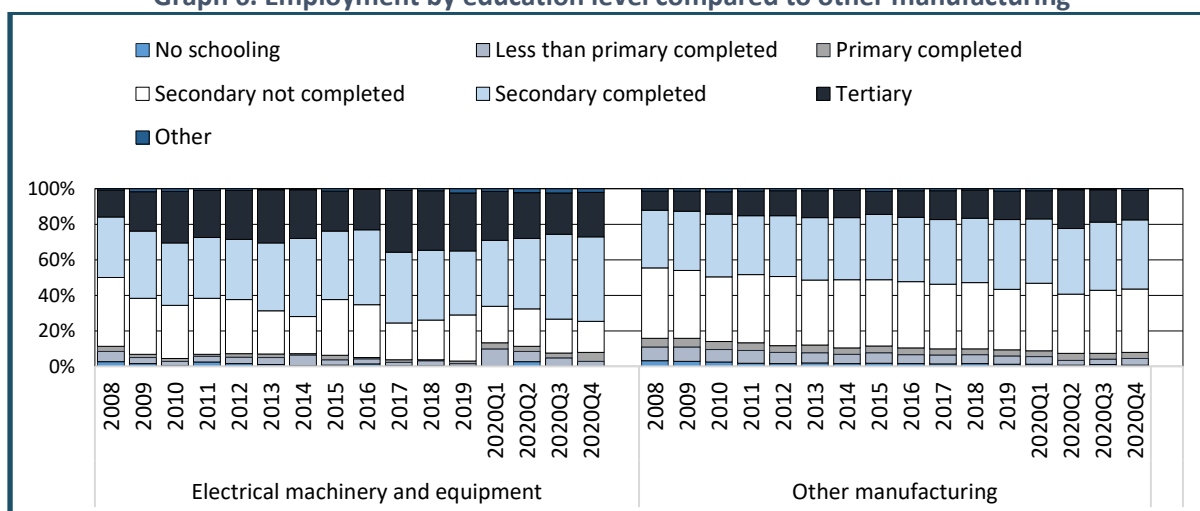
**Graph 5. Employment in capital equipment**



Source: Calculated from Statistics South Africa. Labour Market Dynamics. 2008 to 2019. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2021; and Quarterly Labour Force Survey. Q1 2020 to Q4 2020. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2020.

Education levels in capital equipment were higher than in the rest of manufacturing. In 2019, 70% of the total workforce had an educational level equivalent to secondary education or higher. The comparable figure was 50% in other manufacturing. A third of total workers had a tertiary degree, in contrast to just under a fifth of other manufacturing industries.

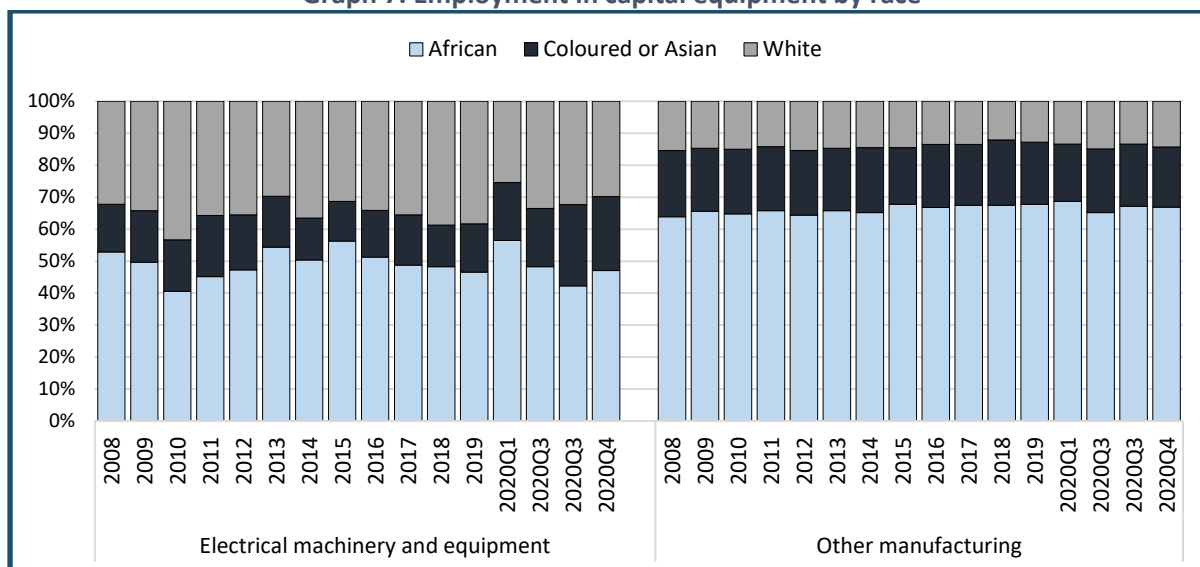
**Graph 6. Employment by education level compared to other manufacturing**



Source: Calculated from Statistics South Africa. Labour Market Dynamics. 2008 to 2019. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2021; and Quarterly Labour Force Survey. Q1 2020 to Q4 2020. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2020.

Black people accounted for 56% of South Africa’s capital equipment labour force in 2019. The comparable figure was 69% in the other manufacturing.

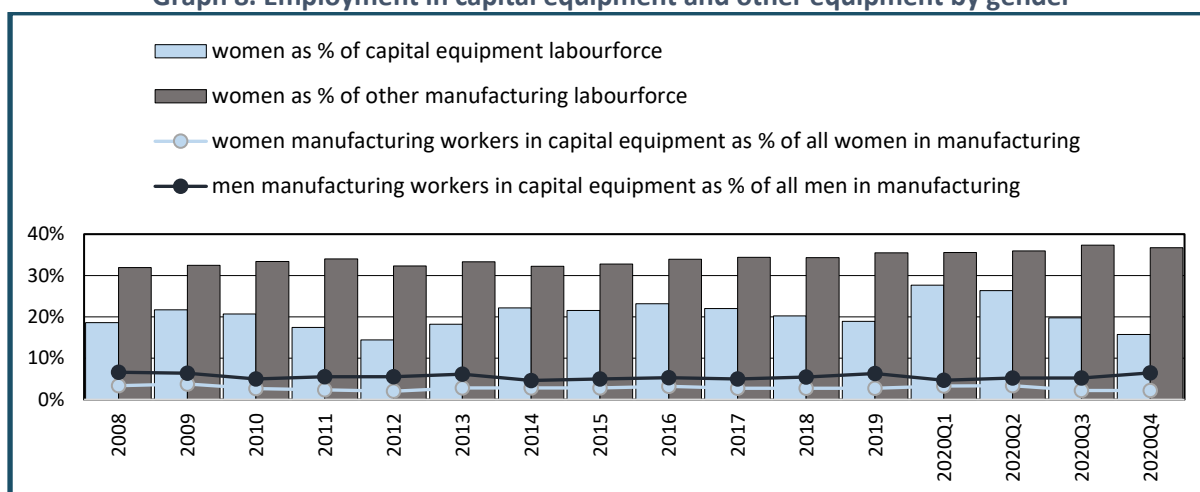
**Graph 7. Employment in capital equipment by race**



Source: Calculated from Statistics South Africa. Labour Market Dynamics. 2008 to 2019. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2021; and Quarterly Labour Force Survey. Q1 2020 to Q4 2020. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2020.

Women made up less than a fifth of the labour force in capital equipment compared to over a third in other manufacturing. Only 3% of women working in manufacturing were employed in capital equipment compared to 6% in other manufacturing.

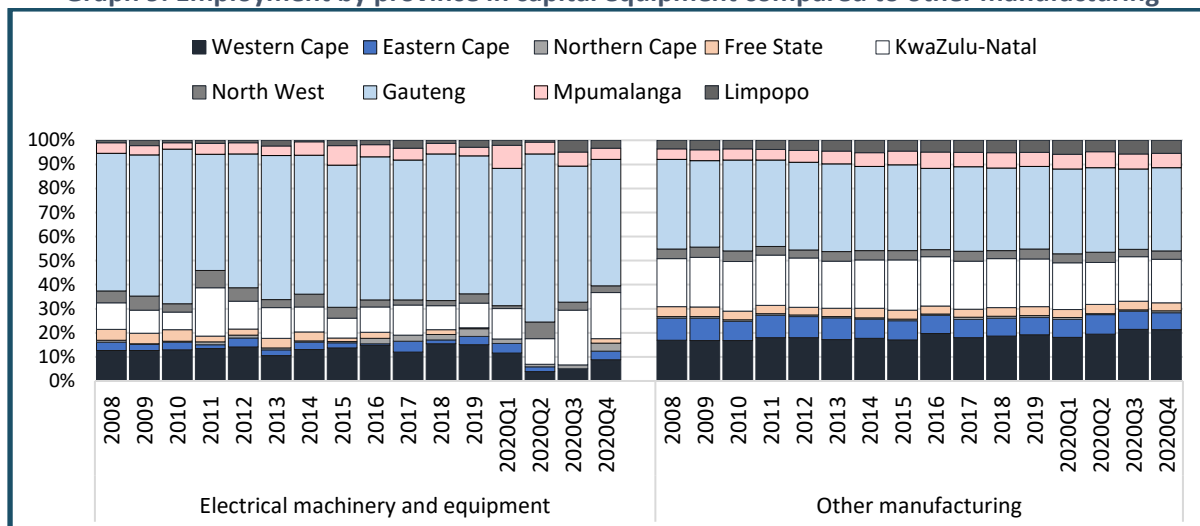
**Graph 8. Employment in capital equipment and other equipment by gender**



Source: Calculated from Statistics South Africa. Labour Market Dynamics. 2008 to 2019. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2021; and Quarterly Labour Force Survey. Q1 2020 to Q4 2020. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2020.

Gauteng was the largest employer in capital equipment, where it was more dominant than in other manufacturing (see Graph 9). Its total workforce of 52 000 people was two-thirds of the South African total in 2019. The Western Cape and KwaZulu-Natal had a reasonably large share in capital equipment that grew sharply in the past five years. Capital equipment manufacturers locate near to downstream metal inputs suppliers. For example, Gauteng and, in particular, the Vaal area hosts some of the country's largest metal fabricators that directly supply inputs to capital manufacturers.

**Graph 9. Employment by province in capital equipment compared to other manufacturing**



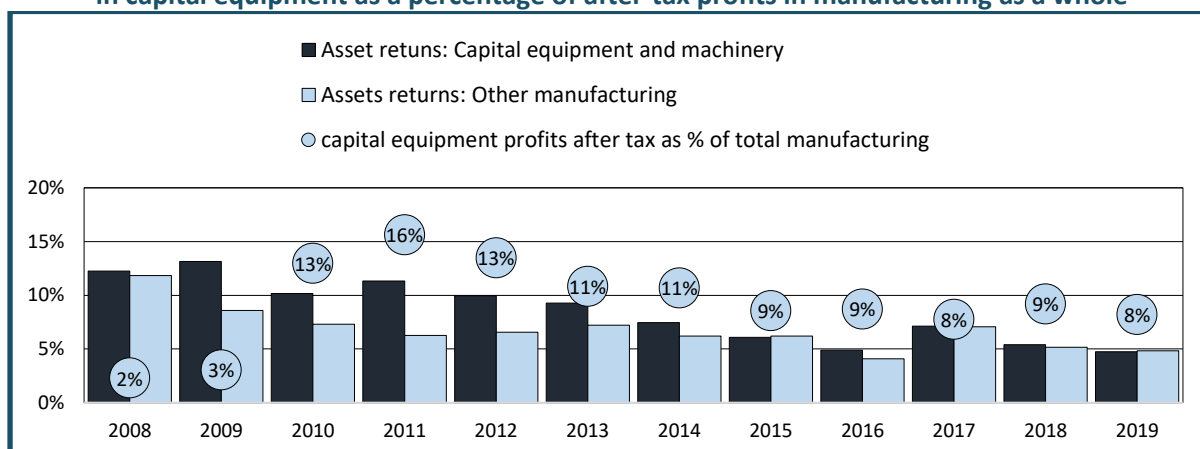
Source: Calculated from Statistics South Africa. Labour Market Dynamics. 2008 to 2019. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2021; and Quarterly Labour Force Survey. Q1 2020 to Q4 2020. Series on employment by industry. Electronic databases. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) Nesstar facility in January 2020.

The location of manufacturing can also be understood in how it was embedded in apartheid geography. To this day, only a tenth of manufacturing employment is in the former so-called “homeland” regions, where around a quarter of the population lives. In the capital equipment, around 4% of total employment was in the former “homeland” regions from 2008 to 2015, less than half the share for the rest of manufacturing.

### 3. Assets and profitability

From 2008, the after-tax return on assets in capital equipment generally tracked profits in the rest of manufacturing. Capital equipment provided around 8% of total manufacturing profits in 2019. Before 2011, capital equipment generated a significantly higher after-tax rate of return than the rest of the manufacturing, exceeding 15% a year in 2009. However, the rate of return fell precipitously after 2009, equalising with the rest of manufacturing in 2019 at a figure of 5%.

**Graph 10. Return on assets (a) in capital equipment and other manufacturing, and after-tax profits in capital equipment as a percentage of after-tax profits in manufacturing as a whole**

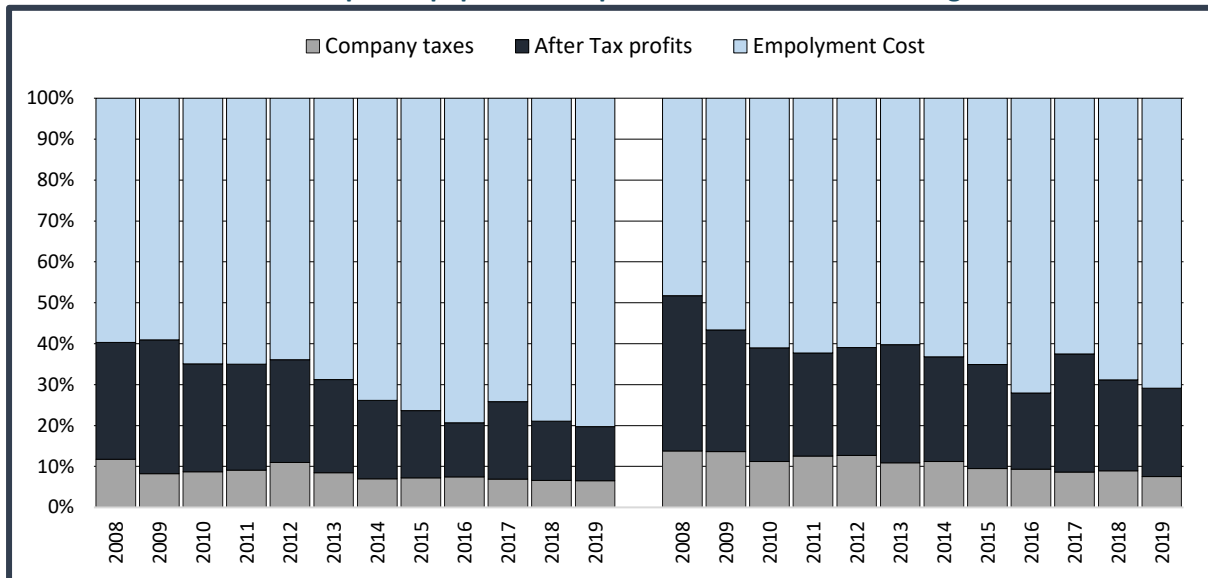


Note: (a) Profits before taxes and dividends less company tax as a percentage of total assets. Source: Calculated from Statistics South Africa. Annual Financial Statistics. Disaggregated Industry Statistics for the relevant year. Excel spreadsheet. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in January 2021.



Employment costs from 2008 to 2019 in capital equipment grew faster than the rest of manufacturing. As a share of the total industry's value added, employment costs in capital equipment surged from 60% of value added in 2016 to 90% in 2019. By contrast, the share after-tax profits in total value added plummeted from 30% in 2008 to 13% in 2019. Similarly, company taxes absorbed 7% of value added in 2019, compared to 10% in 2008.

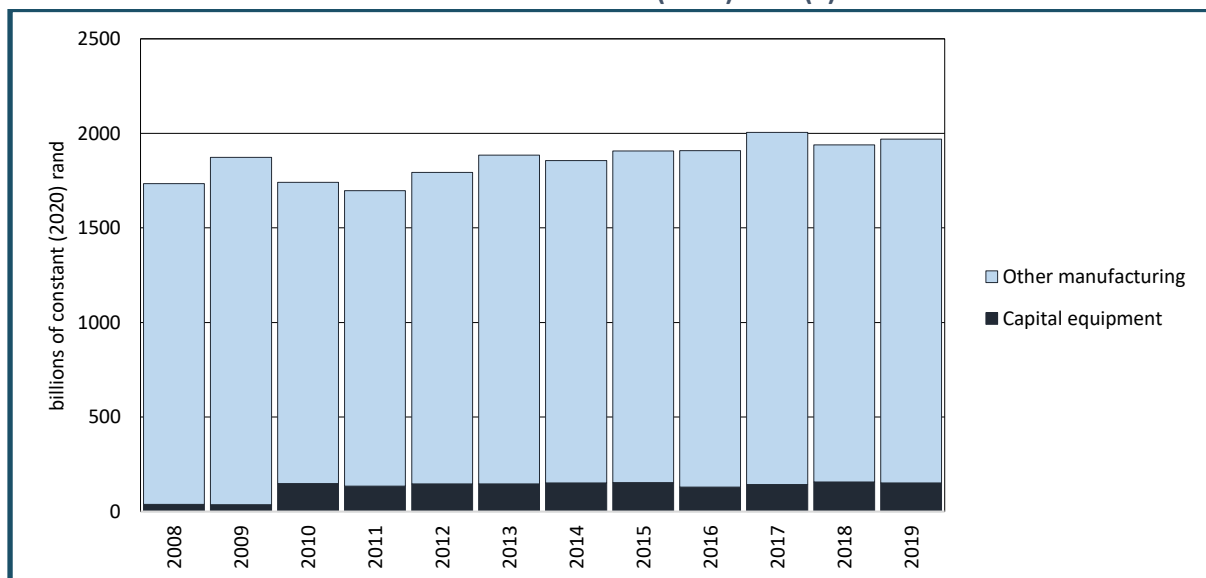
**Graph 11. Share of remuneration, profits and taxation in income from capital equipment compared to other manufacturing**



Source: Calculated from Statistics South Africa. Disaggregated Industry Statistics for the relevant year. Excel spreadsheet. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in January 2021.

Between 2008 and 2019, the value of capital equipment assets grew more than threefold, rising by over 300%, while the value of assets in the rest of manufacturing climbed by 5%. As a result, the capital equipment industry's share of total manufacturing assets rose from 2% in 2008 to 8% in 2019.

**Graph 12. Value of total assets in capital equipment and other manufacturing in billions of constant (2020) rand (a)**

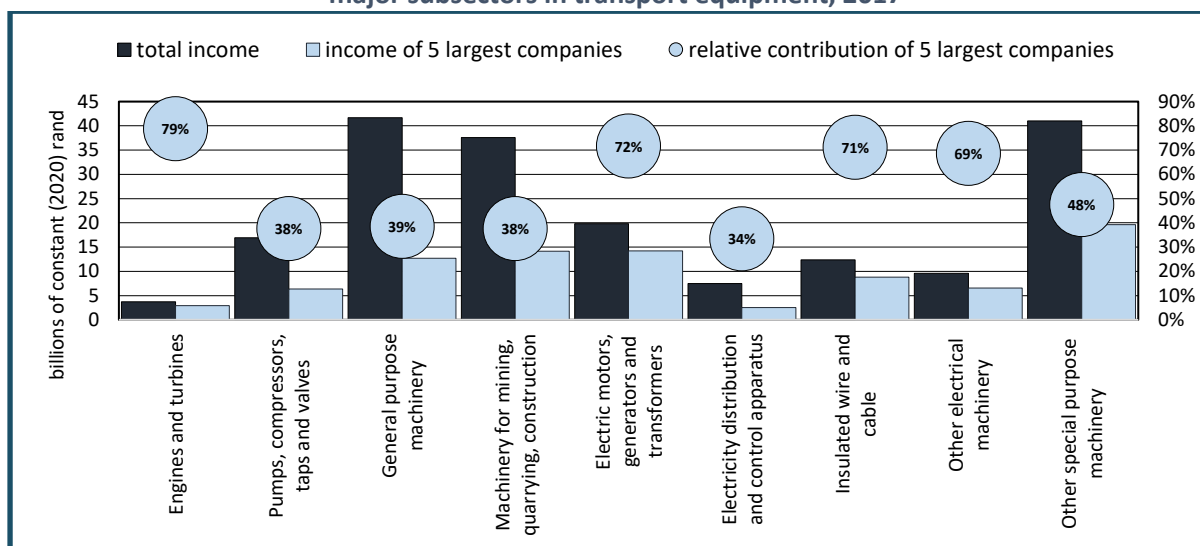


Source: Calculated from Statistics South Africa. Disaggregated Industry Statistics for the relevant year. Excel spreadsheet. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in January 2021.

## 4. Market structure and major companies

According to Statistics South Africa's Manufacturing Financial Statistics, in 2017 the share in the total income of the largest five companies in capital equipment varied substantially by subsectors within capital equipment. In most of the largest subsectors, as shown in Graph 13, concentration was similar to the norm for manufacturing industries, although sections of electrical equipment manufacturing were significantly more concentrated.

**Graph 13. Share of top five companies in the income of major subsectors in transport equipment, 2017**



Source: Calculated from Statistics South Africa. Manufacturing Industry: Financial, 2019. Pretoria. Table 9.

The largest companies in capital equipment are described in Table 1. The table excludes wire and cable manufacturers, which are included in the metals industry note, and battery producers. It also leaves out companies that distribute capital equipment but do not manufacture locally, even if they provide installation, maintenance and repair services.

**Table 1. Major companies**

A. Electrical machinery and equipment		
Company	Employees	Operations
Barloworld SA	16 400 in South Africa (Group)	In addition to auto and Caterpillar products rental and sales, imports, assembles and distributes generators and equipment for South Africa and neighbouring countries, including turnkey solutions and aftercare.
ACTOM	7 700 (Group)	Subsidiaries and divisions manufacture, import, install and maintain electro-mechanical equipment across Southern Africa, including generators, transformers, smart metres and other electrical equipment for utilities, mines, transport, construction and other industries.
Power Technologies	1 807	Supplies electrical and electronic equipment for electricity management in the generation, mining, construction and other industries. Among others, designs manufacture and install power and distribution transformers; provides battery solutions; supplies control systems.
Circuit Breaker Industries	1 790	In addition to imports of electrical equipment, manufacturers and trades in low-voltage distribution, protection and control equipment, switchgear for utilities, original equipment manufacturers, property developers, and mining.
Siemens	1 410	Imports distribute and install products for electricity and manufacturing industries; manufactures wind turbines for the electricity industry.

Powertech Transformers	955	Manufactures installs and distributes large power transformers, reactors and bushings for Eskom, local councils and industry. Has one factory that manufactures distribution transformers.
Zest WEG Group Africa	644	In addition to importing and distributing electrical equipment, it manufactures generators, mini substations, transformers and switchgear products.
Cummins South Africa	550	Imports, designs, manufactures and supplies power generation equipment, power systems, gasoline engines and custom power supplies.
Diesel Electric Services	550	Manufactures and supplies diesel generators and control panels for commercial properties and Eskom.
Apex Cordset Technologies	520	Manufactures electrical and computer cables, moulded plugs, sockets and wire harnessing for national and export markets.
enX Group	519	In addition to its main business of importing and distributing capital equipment and petrochemicals, it manufactures and installs diesel generators.
Schneider Electric South Africa	480	Manufactures electrical distribution and automation control equipment, including automotive and industrial lighting.
Radiant Group	373	Imports manufacture and distribute lamps, electrical accessories and light fittings for domestic, commercial and industrial use.
BEKA Schreder	330	Manufactures and distributes luminaires and glass fibre reinforced polyester poles for street lighting, industrial lighting and commercial interior and exterior lighting. Assembles at own plants and contracts out injection moulding, aluminium casting, blast manufacturing and reflecting.
Conlog	327	Manufactures and distributes electricity meters.
Landis+Gyr	296	Designs and manufactures electric meters for Eskom.
JinkoSolar	270	Manufactures solar panels for South Africa and global markets.
McWade Productions	210	Produces and distributes high-voltage switches and line gear.
Electro Inductive Industries	209	Designs and manufactures transformers and wind-farm equipment for reticulation companies, Eskom, and municipalities.
Revive Electrical Transformers	207	Manufactures, refurbishes and installs dry-type transformers, including for Eskom and other South African companies and export.
Lighting Innovations Africa	175	Manufactures and distributes commercial lighting systems, including bollards, ceiling lamps, various light fittings, emergency lighting, floodlighting, amenity lighting and functional lighting. Has a factory.
Rabro & Sturdy Products	122	Manufactures and distributes industrial and commercial lighting.
Steelcor	71	Designs and manufactures transformers and miniature sub-stations for surface areas at the mines.
LED Lighting SA	64	Designs assemble LED lighting solutions for commercial and industrial sectors using imported components; finished products are exported to the United Kingdom.
Lightnet	25	Manufactures industrial, commercial and general lighting.
<b>B. Other machinery and equipment</b>		
<b>Company</b>	<b>Employees</b>	<b>Operations</b>
Aveng Africa	13 500 (Group in South Africa)	In addition to its core construction business, Aveng subsidiaries manufacture control equipment, valves and regulators.

Howden Group SA	4 400 (Group)	Manufactures and distributes large-scale engineered plant and products, including fans, heat exchanges, industrial cooling and refrigeration for utilities, mining and manufacturing. Owned by Colfax (United States).
Bell Equipment	3 513	Subsidiaries manufacture, distribute and export earthmoving and material handling machinery for mining, construction, forestry, sugar and related industries SA and global markets. Factories in South Africa and Germany. Mostly owned by a South African founding company, John Deere (United States) has a 31% interest.
Multotec	1 500	Subsidiaries supply equipment to utilities, construction and mining, including process equipment, screening and flotation, separation and conveyor-belt equipment.
Sandvik Mining	1 500	Imports distribute and refurbish drilling, loading and transporting equipment for the mining industry, with manufacturing on a small scale.
Bilfinger Power Africa	1 200 in Steinmuller Africa 5 000 (Group)	The core business is support for coal plants; a subsidiary (Steinmuller Africa) manufactures pressure parts for coal-fired power stations and boilers and pipes to client specification.
Joy Global (Africa)	1 000	Manufactures, markets and exports original equipment, aftermarket parts and services for underground mining, surface mining and specific industrial applications in South Africa and Africa. Owned by Joy Global (United States).
Metso South Africa	1 000	Manufactures distributes and services machinery, including heat treating, crushing and separation-process equipment and ground pumps, primarily for mining. The holding company originated in Finland but is listed on Nasdaq.
DBT Technologies	700	Designs distribute, manufactures, installs and maintains cooling and heating systems; process equipment; rotating systems; and pipe systems.
Hitachi	700	Imports manufacture, distributes and repairs excavator buckets, front-end loader buckets, water tankers, bottom dump coal hauliers and rear dump truck bowls for mining, construction and forestry industries.
Manhattan Mining Equipment	570	Manufactures, supplies, installs and refurbishes new and reconditioned mineral and mining equipment for diamond, gold and coal operations in South Africa and worldwide.
FLSmidth S.A.	550	Designs, manufactures and imports engineered mineral processing equipment and services to the mining, metallurgical, pyroprocessing and pulp and paper industries.
ELB Group	548	Provides engineering solutions to the mining, power, construction and industrial sectors in Africa and Australasia; imports and manufactures relevant equipment.
Veolia Water Solutions	514	Designs and manufactures water treatment plants.
Tenova South Africa	450	Engineering project house servicing the mineral and metal industries worldwide, including the provision of belt feeders, bucket chain excavators, and smelting furnaces and plants.
Liebherr-Africa	440	Imports, assembles, erection and maintenance of cranes, earthmoving equipment and concrete mixers for construction.
Vulcan Catering Equipment	439	Manufactures and distributes general catering equipment, including soft serve machines, waffle makers, refrigeration equipment, ovens and industrial potato peelers. Owned by Bidvest.
Fermel	400	Designs, manufacture, repairs, maintains and distributes underground mining equipment.

ERD Fab	400	Manufactures and maintains erosion protection shields, pressure vessels, heat exchangers and related products for power generation, mining, chemical and petrochemical industries. Has one factory.
Osborn	320	Designs and manufactures heavy mining machinery.
HC Heat-Exchangers	320	Manufactures and supplies heat exchangers to industry.
NOV Oil and Gas Services South Africa	300	Manufactures mining and oil field equipment and undertakes installation, repair, inspection and maintenance for oil rigs and mines.
GEA Africa	288	Designs, imports, and manufactures industrial cold storage systems for food and beverages industries.
Collab	280	Manufactures and imports industrial refrigerators and display freezers.
Sulzer Pumps (South Africa)	275	Manufactures and distributes pumps, hydro-drills and related turnkey projects for mines and utilities in South Africa and globally. Has one factory.
Turner Morris	274	Manufactures, imports and rents construction equipment and machinery, including concrete mixers and generators for South Africa and neighbouring countries.
Macadams International	260	Imports manufacture and distribute bakery and catering equipment, including packaging and refrigerators for catering and retail.
HG Molenaar	250	Imports designs and manufactures machinery for the food and beverages industry, including tunnel pasteurisers, spray drying and packaging equipment, for South Africa and international markets.
Ansys	243	Designs develop and manufactures advanced technology systems and products for the mining, telecommunications and defence industries.
CFW Industries	240	Designs, manufacture, install and maintains industrial ventilation systems and drying units for the industry.
WIKA Instruments	221	Imports manufacture and distributes electrical and mechanical gauges for the petrochemical, mining, hydraulics and automotive industries, among others.
AARD Mining Equipment	214	Manufactures underground vehicles for mining in collaboration with Bell Equipment for sale in Zambia and Eastern Europe.
Clyde Bergemann Africa	180	Manufactures and distributes boiler on-load cleaning technologies.
Cooperheat of Africa	171	Provides heat treatment solutions for various materials, including metals, non-metals, composites, coatings and refractories.
Acepak	155	Manufactures industrial packing and labelling equipment for plastic packaging for major South African companies and export. Has one factory.
Festo	148	Installs and maintains control engineering equipment for the automotive, mining and packaging industries.
Filmatic Packaging Systems	115	Manufactures packaging systems for dairy, beverage and other industries with the focus on turnkey projects in South Africa and internationally, primarily in Africa.
Baltimore Aircoil	108	Manufactures and distributes heat transfer and ice thermal storage products for construction, manufacturing and mining.
Keeley Granite	80	Manufactures attachments for earthmoving equipment such as buckets, tyre handlers and cable reelers.
MD Mineral Technologies	22	Imports and manufactures mineral processing equipment such as gravity separation equipment and concentrating cones for the mining industry.

Bradken Resources SA	16	Manufactures and distributes mining equipment for South African and international markets, such as mill liners and crawler shoes; technology for foundries, steelworks and smelters; and freight rolling stock for bulk and intermodal use.
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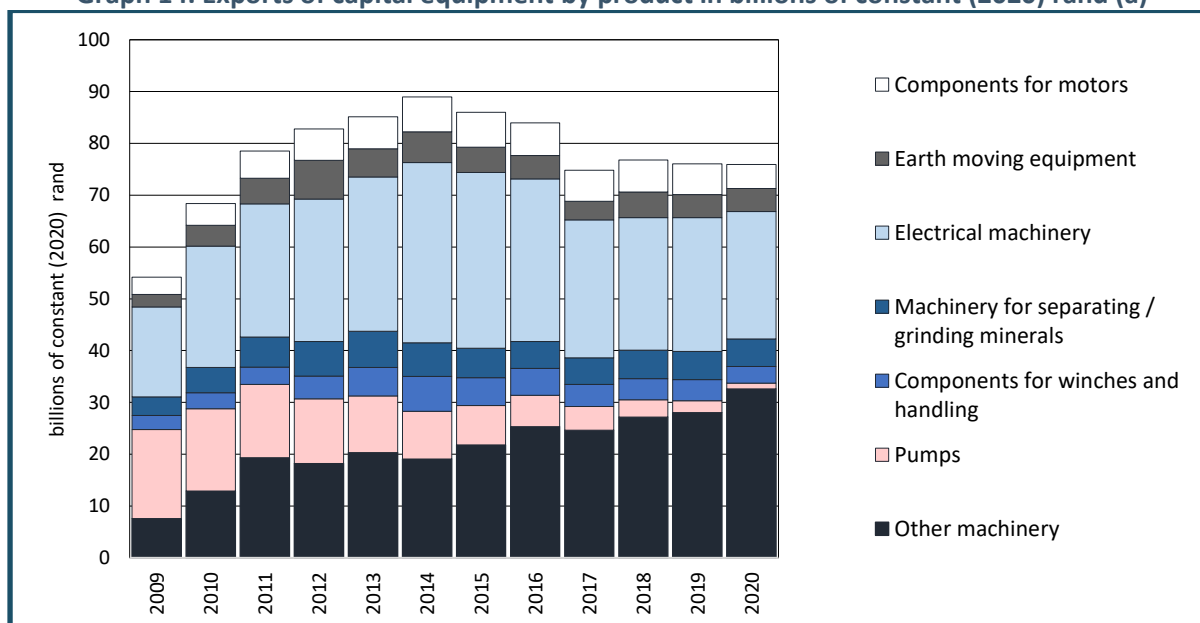
Source: Who Owns Whom. Report Generator. Electronic database. Downloaded from www.wow.co.za in January 2021.

## 5. International trade

In constant rand, South Africa's exports of capital equipment declined 3% a year from 2014 due to the depreciation of the rand and the general slowdown of the economy after the metals price crash. As a result, the capital equipment share of South Africa's total exports declined from 7% in 2014 to roughly 6% in 2019. Overseas exports of machinery for mining and construction industries and electrical machinery dominate these sales. Exports of pumps, components for winches and machinery for grinding metals are far less, and mostly go to neighbouring countries. In contrast, imports consist primarily of electrical machinery, mainly from China.

Exports of earthmoving equipment accounted for three-eighths of the industry's exports in 2019, and electrical machinery made up a third.

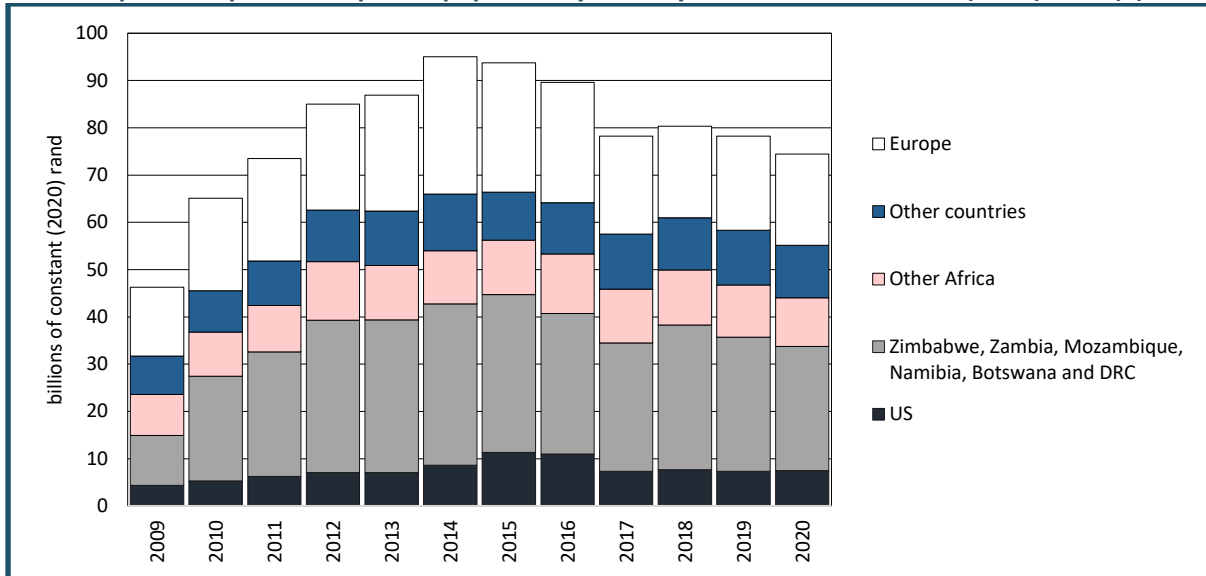
**Graph 14. Exports of capital equipment by product in billions of constant (2020) rand (a)**



Note: (a) Deflated with CPI. Source: Calculated from ITC. Trade Map. Electronic database. Series on exports of machinery and electrical machinery, excluding appliances and electronics, in rand. Downloaded from www.trademap.org in January 2021.

Half of South Africa's capital equipment exports are to African countries. Seven-tenths of the African total are shipped to six surrounding mining countries – Namibia, Botswana, Zambia, Mozambique, Zimbabwe and the Democratic Republic of Congo. These exports fell from 2014 levels, likely the result of the end of the commodities price boom a few years prior and the rand's depreciation in 2016. However, between 2017 and 2019, these exports recovered as a result of the metals price adjustment. Exports to the United States and Europe are mostly motor parts. While the data are classified as machinery rather than vehicle components, it appears likely that these exports are associated with the automotive sector.

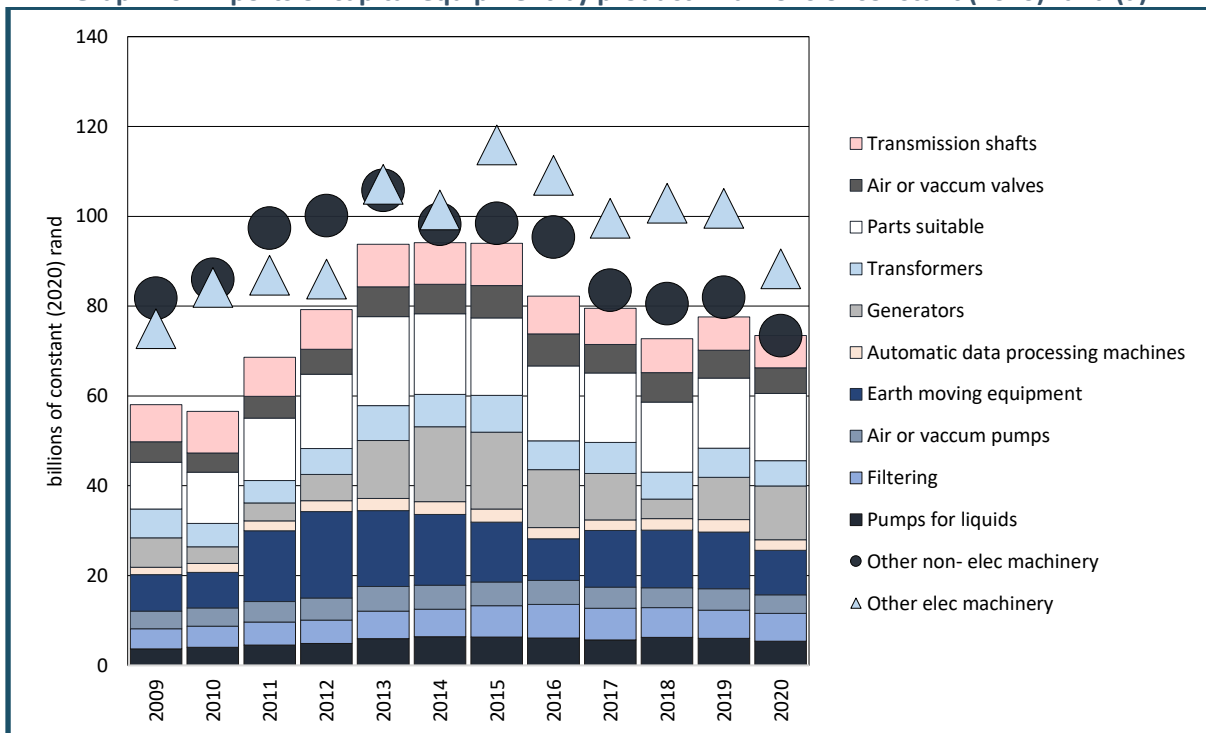
**Graph 15. Exports of capital equipment by country in billions of constant (2020) rand (a)**



Note: (a) Deflated with CPI. Source: Calculated from ITC. Trade Map. Electronic database. Series on exports of machinery and electrical machinery, excluding appliances and electronics, in rand. Downloaded from [www.trademap.org](http://www.trademap.org) in January 2021.

Since 2014, South Africa’s capital equipment imports have declined steadily. The downturn appeared to reflect the end of the metals price boom, which resulted in a decline in mining and metals production; currency depreciation, which raised the cost of imports in rand terms; and the general slowdown in investment, which began the same year. Capital goods accounted for around 15% of overall imports, which remained fairly steady between 2010 and 2019.

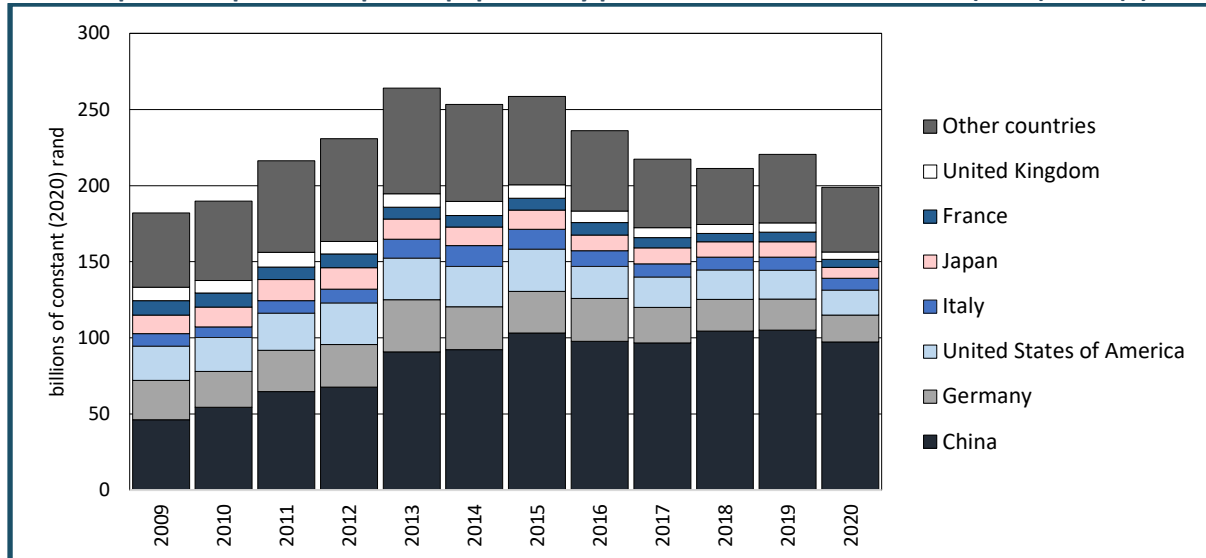
**Graph 16. Imports of capital equipment by product in billions of constant (2020) rand (a)**



Note: (a) Deflated with CPI. Source: Calculated from ITC. Trade Map. Electronic database. Series on imports of machinery and electrical machinery, excluding appliances and electronics, in rand. Downloaded from [www.trademap.org](http://www.trademap.org) in January 2021.

South Africa acquired the bulk of its capital equipment from China, Germany, the United States, Japan and France. China's share had risen from 17% in 2010 to 23% in 2019. In comparison, numerous significant exporters suffered a fall in their share of overall capital equipment imports, particularly Germany and the United States.

**Graph 17. Imports of capital equipment by product in billions of constant (2020) rand (a)**



Note: (a) Deflated with CPI. Source: Calculated from ITC. Trade Map. Electronic database. Series on imports of machinery and electrical machinery, excluding appliances and electronics, in rand. Downloaded from [www.trademap.org](http://www.trademap.org) in January 2021.

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