



TRADE & INDUSTRIAL POLICY STRATEGIES



Tracking quarterly trends and analysing foreign direct investment, imports and exports

TIPS EXPORT TRACKER

FIRST QUARTER 2020

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TIPS TRACKERS

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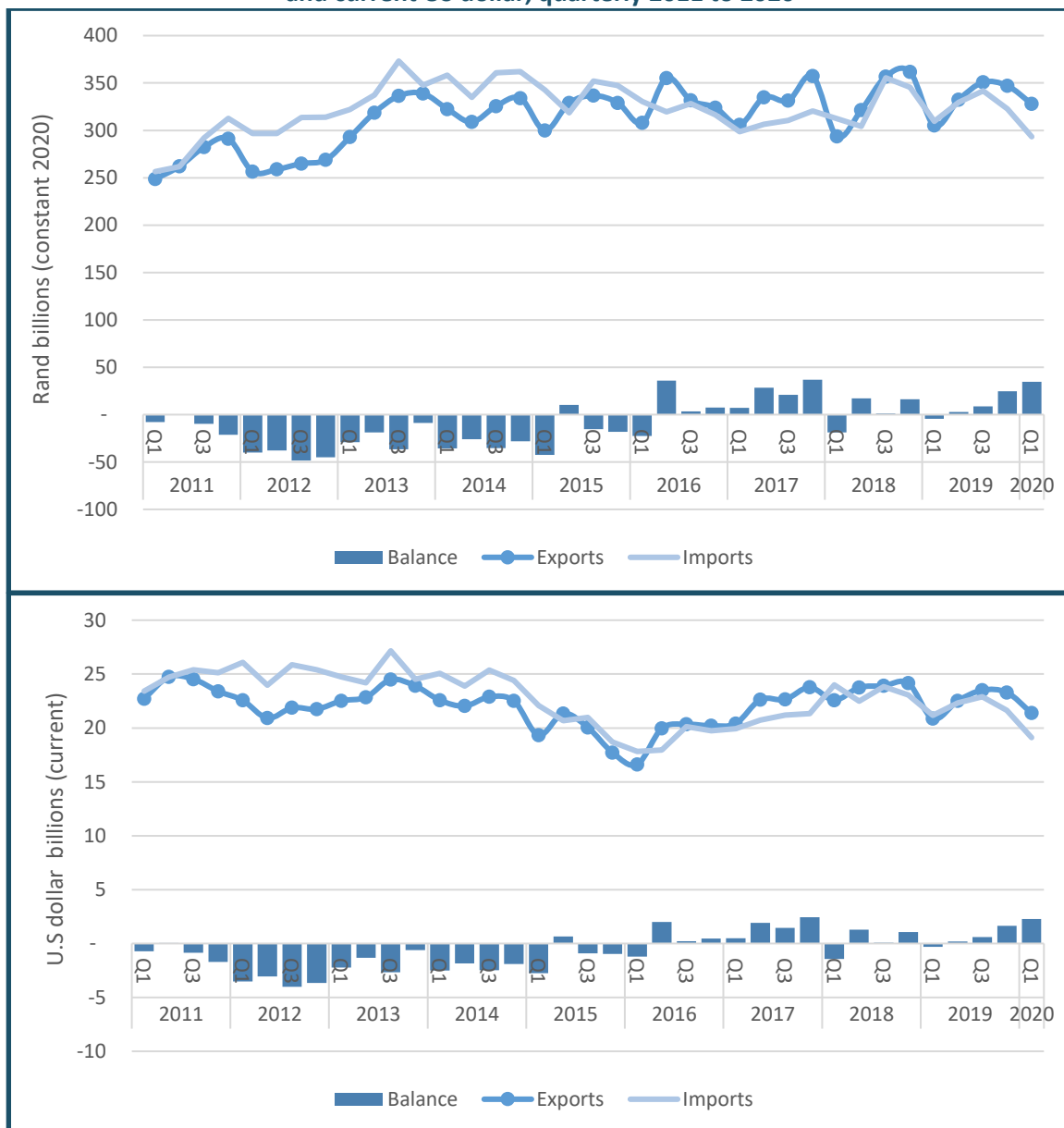
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OVERVIEW OF EXPORT PERFORMANCE

In the first quarter of 2020, which represents the period before widespread global lockdowns were implemented due to the COVID-19 crisis, South Africa continued with a positive trade balance. A trade surplus of R34.7 billion in constant rand was recorded in Q1 2020, up by 42% from the previous quarter. The increase in the trade balance is attributed to exports having declined at a much lower rate than imports as an initial response to the COVID-19 economic impact, as well as a decline in imports due to the earlier shut down in China and a significant drop in the value of crude oil imports of about R10.5 billion. Exports were down by 5.5% to R329 billion in Q1 2020, while imports sharply declined by 9.1% from R322 billion in Q4 2019 to R293 billion in Q1 2020 (see Graph 1). The full effect of COVID-19 on South Africa’s exports will be seen in next quarter’s bulletin but early indications are of a significant decline in exports during first part of the second quarter.

Graph 1: Exports, imports and trade balance in constant (2020) rand value and current US dollar, quarterly 2011 to 2020



Source: South African Revenue Services (SARS) Statistics. Downloaded from sars.gov.za in May 2020.

Comparing the first quarter of 2019 to the first quarter of 2020, exports increased by 7.5% from R305 billion in Q1 2019 to R328 in Q1 2020, while imports declined by 5.3% from R309 billion in Q1 2019 to R293 billion in Q1 2020, in constant rand terms. A similar trend is observed in US dollar terms.

The composition of South Africa's top 20 export sectors remained virtually unchanged from Q1 2019 to Q1 2020, with the top 5 export sectors comprising precious stones, ores, vehicles, mineral fuels and oils, and machinery (industrial) accounting for 62.2% of total export value in the first quarter of 2020. The share of precious stones in total export value increased the most from 15.5% in Q1 2019 to 21.6%, as a result of an increase in its growth rate by 57% (see Table 1).

Table 1: Top 20 sectors, Q1 2019 to Q1 2020

HS Code	Sector	Value (R billions)		Share %		Annual growth rate %
		Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019- Q1 2020
'71	Precious stones	45.2	70.8	15.5%	21.6%	57%
'26	Ores, slag and ash	45.2	47.4	15.5%	14.5%	5%
'87	Vehicles	34.2	35.7	11.7%	10.9%	4%
'27	Mineral, fuels and oils	32.2	32	11.1%	9.8%	-1%
'84	Machinery (industrial)	17.3	18	5.9%	5.5%	4%
'72	Iron and steel	20.6	17.4	7.1%	5.3%	-15%
'08	Fruits and nuts	9.9	11.8	3.4%	3.6%	19%
'76	Aluminium	6.1	5.9	2.1%	1.8%	-2%
'85	Electrical machinery and equipment	5.2	5.3	1.8%	1.6%	2%
'39	Plastics	5.1	4.6	1.8%	1.4%	-10%
'38	Chemical products	3.3	4.6	1.1%	1.4%	38%
'29	Organic chemicals	3.9	4.1	1.4%	1.3%	5%
'28	Inorganic chemicals	4.8	4.1	1.7%	1.3%	-15%
'22	Beverages	4.1	4	1.4%	1.2%	0%
'73	Articles of iron or steel	4	3.4	1.4%	1.0%	-15%
'47	Wood pulp	0.5	3.2	0.2%	1.0%	448%
'10	Cereals	1.2	2.5	0.4%	0.8%	105%
'90	Medical equipment (Optical, photographic, cinematographic)	1.8	2.4	0.6%	0.7%	30%
'48	Paper and paperboard	1.9	2.1	0.7%	0.7%	9%
'20	Vegetables, fruit, nuts, etc, food preparation	2.2	2	0,7%	0,6%	-6%

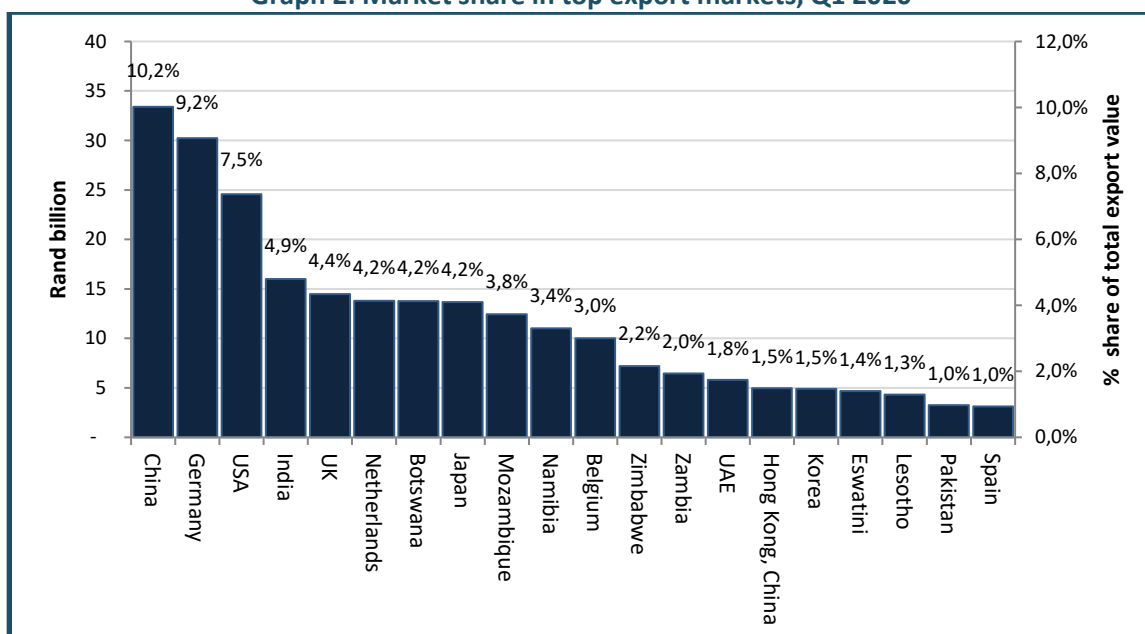
Source: Calculated from ITC Trade Map data. Downloaded from www.trademap.org in May 2020.

Among the top 20 export sectors, wood pulp and cereals had significant growth, increasing by over 100% between Q1 2019 and Q1 2020, which saw their share in total export value more than double from 0.2% to 1% for wood pulp, while cereals increased from 0.4% to 0.8% of total export value. Chemical products, medical equipment, and fruit and nuts also showed positive growth, increasing by 38%, 30% and 19%, respectively. In contrast, inorganic chemicals, iron and steel, and articles of iron and steel all experienced the largest decrease when comparing Q1 2019 to Q1 2020 (among the top 20 export sectors). All three of those sectors declined by 15%.

This decline in growth saw the share of iron and steel in total export value fall from 7.1% in Q1 2019 to 5.3% in Q1 2020.

In the first quarter of 2020, South Africa’s exports to China, its largest trading partner, totalled R33.4 billion, representing a 6.3% decrease compared to the previous quarter. As noted, China implemented a COVID-19 shutdown earlier than other countries. The top 5 export products to China in Q1 2020 included ores (72.2%), iron and steel (9.5%), wood pulp (3.7%), copper (3.5%) and wool (2.7%). Among these top 5 products, all except wood pulp declined in Q1 2020 in export value, with ores exports falling by 4.5%, iron and steel 6.6%, copper 11%, and wool 33.3%. However, compared to Q1 2019, South Africa’s exports to China increased by 11.6% from Q1 2019 to Q1 2020 from R29.9 billion to R33.4 billion — with all top 5 export products experiencing growth year-on-year.

Graph 2: Market share in top export markets, Q1 2020



Source: Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in May 2020.

South Africa’s exports to Germany accounted for 9.2% of its total export value, making it the second-largest export market for South African products in Q1 2020 (see Graph 2). Exports to Germany grew by 5.9% from the previous quarter to R30.2 billion in Q1 2020. Top export products to Germany in the first quarter of 2020 consisted of vehicles (41.7%), precious stones (26.5%), ores (12.5%), machinery (7.7%) and medical equipment (1.4%), altogether accounting for 90% of South Africa’s exports to Germany.

Vehicle exports fell by 15% in Q1 2020 from the previous quarter, with machinery also declining by 21%. Medical equipment and ores experienced the biggest growth in Q1 2020, increasing by 128% and 74%, respectively. South Africa’s exports to Germany grew by 25% from Q1 2019 to Q1 2020, driven by growth in medical equipment and precious stones. Germany’s economy has, however, been hard hit by the impact of COVID-19 and is likely to see a decline in 2020, which will impact South Africa’s exports to that market in Q2. In particular, South Africa’s auto industry was shut down for several weeks during Q2 and as such was unable to export.

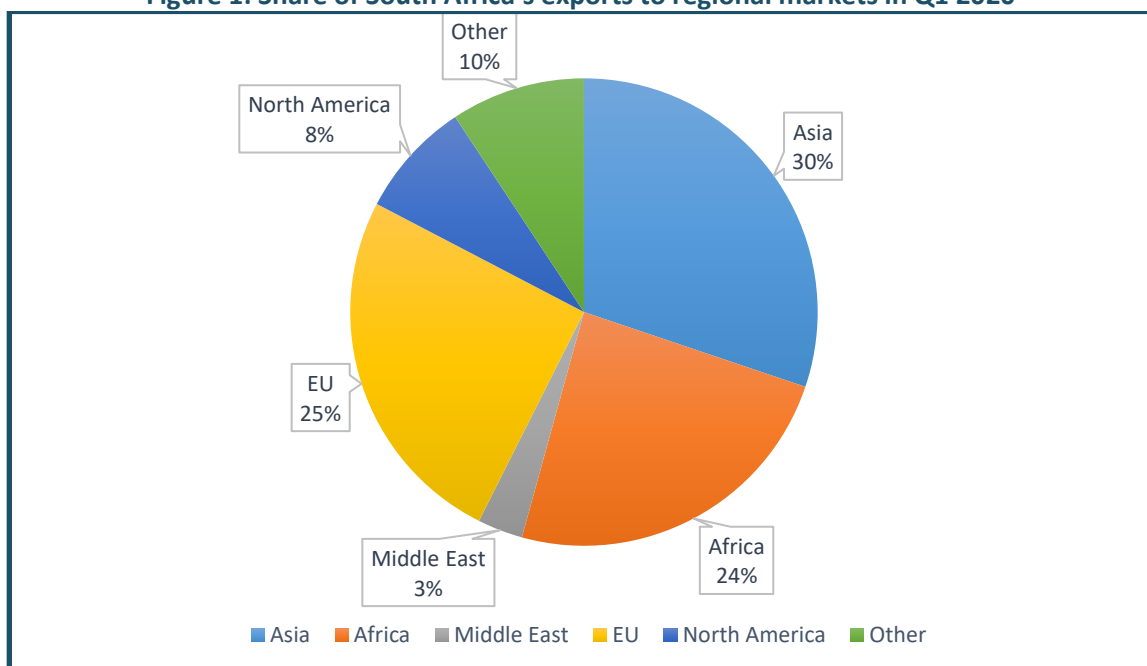
The first quarter of 2020 saw an increase in the share of South Africa’s exports to the United States, increasing from 6.8% in Q1 2019 to 7.5% in Q1 2020. Exports to the US were up by 23.9% from Q1 2019 to Q1 2020, amounting to R24.6 billion. In Q1 2020, the top 5 export products to the US including precious stones (41.7%), vehicles (9.8%), iron and steel (8%), machinery (6.4%)

and ores (6%) collectively claimed 72% of South Africa’s total exports to the US. Of the top 5 export products, vehicles had the highest growth, increasing by 35% in Q1 2020 from the previous quarter, followed by machinery which was up by 8.1%. Precious stones and ores exports saw declines of 10.4% and 3.1% respectively from Q4 2019 to Q1 2020. As the US has been hard hit by COVID-19 infections and fatalities (and this is ongoing), the economic impact is likely to persist for several quarters with implications for South Africa’s exports to this key market for the remainder of 2020.

In Q1 2020, South Africa’s exports to Asia totalled R99 billion, accounting for 30% of South Africa’s total exports by value (see Figure 1). The European Union (EU-28) absorbed 25% of South Africa’s exports amounting to R82.8 billion, representing an increase of 18% from Q1 2019.

The first quarter saw South Africa’s exports to the rest of the African continent accounting for a quarter of total exports by value, that is R79 billion, a 2% increase from Q1 2019. The top 5 African markets for South Africa’s exports in Q1 2020 were Botswana, Mozambique, Namibia, Zimbabwe and Zambia, collectively accounting for a 16% share of South Africa’s merchandise exports by value. These key export markets have all experienced economic decline as a result of COVID-19.

Figure 1: Share of South Africa’s exports to regional markets in Q1 2020



Source: Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> in May 2020.

SIGNIFICANT PRODUCT GROWTH IN EXPORTS AND ANALYSIS

Four products of significant export growth have been identified for this quarter. These products are minerals, processed minerals or chemical products. The full list of top exports with growth or decline are provided in the Annexure. The Annexure also provides a list of products for ongoing monitoring. One such product includes scrap waste, which was reported on in the previous Tracker, and has again seen growth in exports.

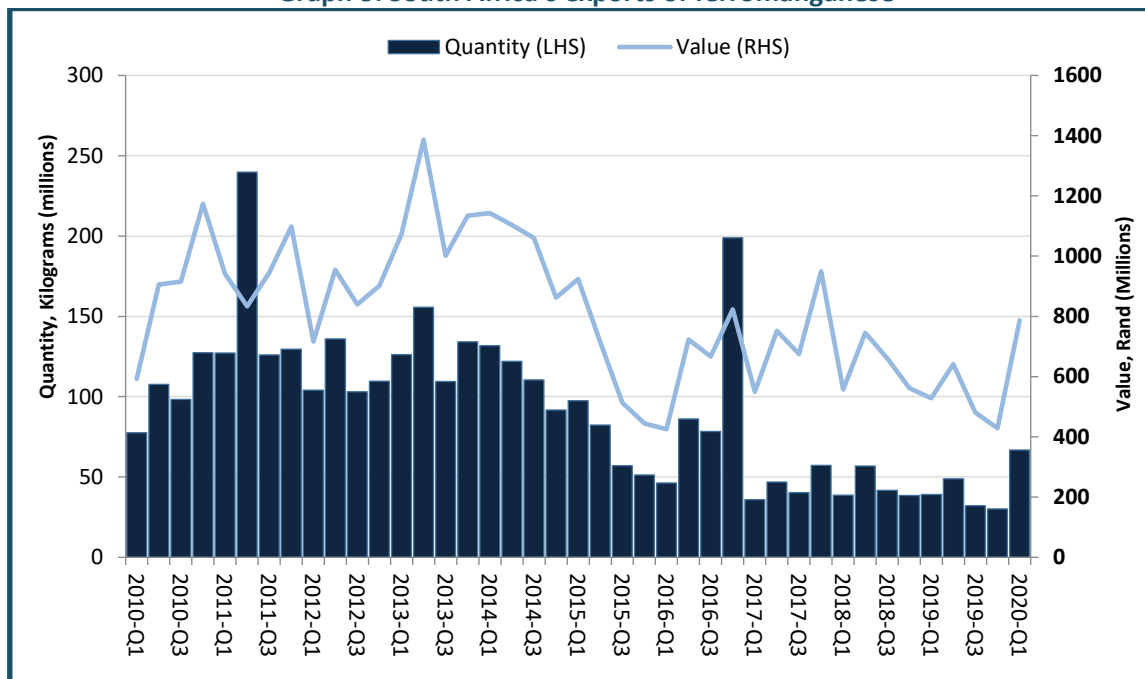
Significant growth in ferromanganese

HS 72021100: Ferromanganese, containing by weight > 2% of carbon.

Ferromanganese, a ferroalloy with high content of manganese, is made by heating a mixture of the oxides MnO₂ and Fe₂O₃, with carbon, usually as coal and coke, in either a blast furnace or

an electric arc furnace-type system, called a submerged arc furnace. The oxides undergo carbo-thermal reduction in the furnaces, producing the ferromanganese. Ferromanganese is used as a deoxidizer for steel.¹ South Africa is among the top producers of ferromanganese in the world, holding about one quarter of world manganese supply, ahead of China and Australia.²

Graph 3: South Africa's exports of ferromanganese



Source: Author's. Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in February and June 2020

In Q1 2020, South Africa exported an estimated 66.9 million kg of ferromanganese worth R786.6 million compared with 39.04 million kg (valued at R528 million) in Q1 2019.

The value of ferromanganese seems to be mirroring that of its quantities in most of the quarters. Indonesia and the United States are the dominate export markets for South Africa's ferromanganese. Indonesia imported again from South Africa since "taking a break" in Q4 2014, pushing Japan outside the top 10 countries importing ferromanganese in Q1 2020. Secondary sources suggest that market pressures associated with COVID-19 and weakened demand from countries such as China could partly contribute to reduced growth and flattened demand in 2020³. Furthermore, Fastmarkets MB (2020) indicates that mills in the US and parts of Europe are running at half capacity.⁴

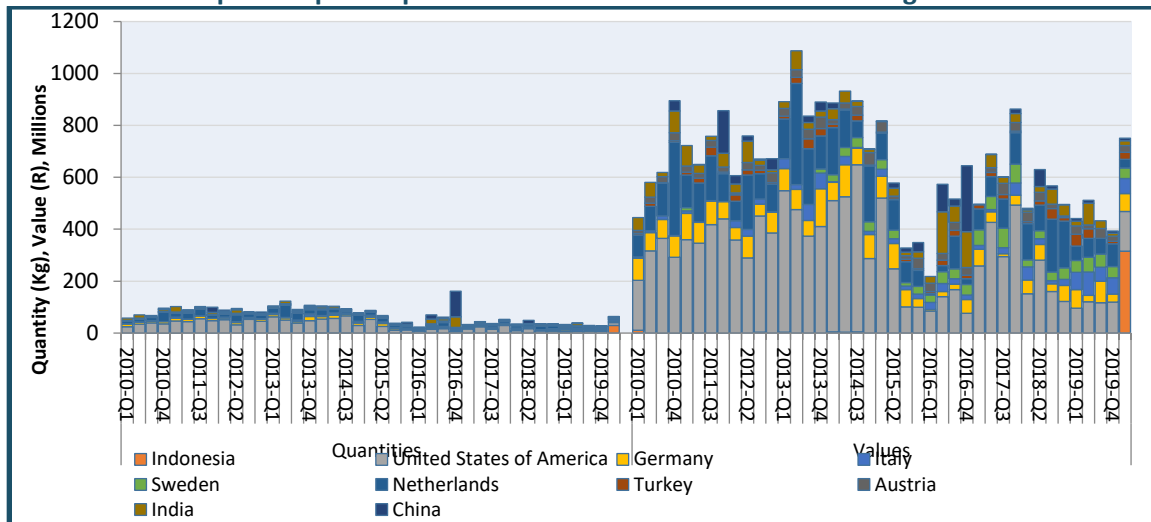
¹ <https://www.marketwatch.com/press-release/ferro-manganese-market-size-2020-global-industry-brief-analysis-by-top-countries-data-market-share-definition-industry-trends-news-and-significant-growth-with-regional-trends-by-forecast-2026-2020-04-22>.

² <https://mcgroup.co.uk/researches/manganese>.

³ <https://mcgroup.co.uk/researches/manganese>

⁴ <https://www.metalbulletin.com/Article/3933772/RESEARCH-Key-takeaways-from-the-latest-Ferro-alloys-Market-Tracker.html>.

Graph 4: Top 10 export markets for South Africa's Ferromanganese



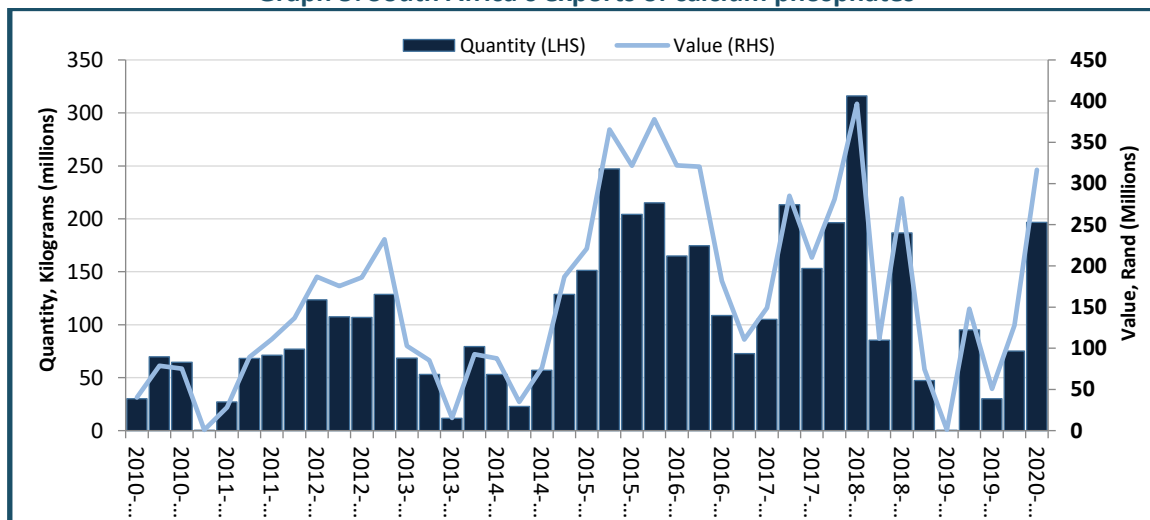
Source: Authors. Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in February and June 2020.

Significant growth in calcium phosphates

HS 28352690: Phosphates of calcium (excluding calcium hydrogenorthophosphate "dicalcium phosphate"): other.

Calcium phosphates is part of the minerals family and the principal mineral for the production of phosphate fertilisers and a range of phosphorus compounds⁵ used as nutrition for land plants⁶. In addition, calcium phosphate is used as an animal feed additive to improve metabolic functions and reduce the effects of heat distress. Calcium phosphates also supply essential minerals for the development of strong teeth and bones in livestock, poultry, and pets.⁷

Graph 5: South Africa's exports of calcium phosphates



Source: Author's. Calculated from ITC TradeMap data. Downloaded from <https://trademap.org> and sars.gov.za in May and June 2020.

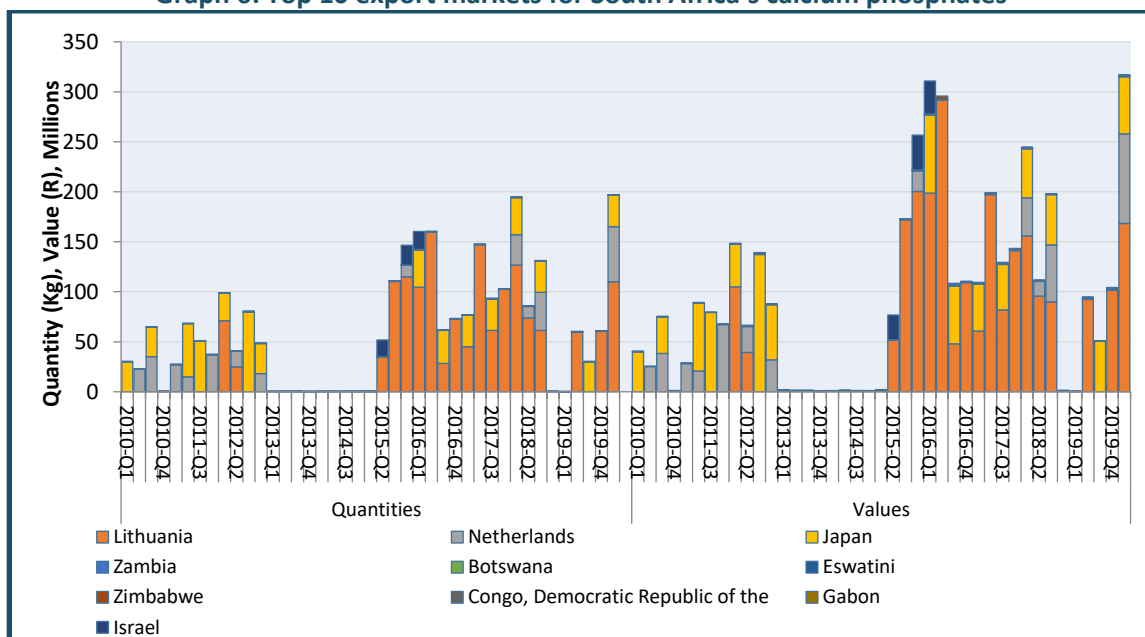
⁵ <https://www.britannica.com/science/calcium-phosphate>

⁶ <https://vula.uct.ac.za/access/content/group/9eafe770-4c41-4742-a414-0df36366abe6/Mining%20and%20Mineral%20Processing%20Resource%20Pack/Phosphate%20Learner%20Information%20sheets.pdf>

⁷ <https://www.businesswire.com/news/home/20200409005285/en/Calcium-Phosphate-Market-2020-2024-Rising-Poultry-Cattle>

South Africa export quantities of phosphates of calcium accelerated to 196.7 million kg (valued at R316.5 million) in Q1 2020 from 60 971 kg (value: R1.11 million) year-on-year. Such levels were last seen in 2015 and 2018, reaching a peak of 316 million kg, estimated at R396.8 million. Lithuania, Netherlands and Japan were the major importing markets from South Africa in Q1 2020, importing an estimated combined amount of 196.52 million kg of other calcium phosphates worth R315.02 million. It is not clear what is driving the significant increase in exports of calcium phosphates or the sharp variations. Secondary sources estimate that the market will grow by over 5% in 2020, supported by demand in poultry and cattle farming⁸, although the impact of COVID-19 may again see sharp variations in exports.

Graph 6: Top 10 export markets for South Africa’s calcium phosphates



Source: Author’s. Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in May and June 2020.

Notably, between Q2 2013 and Q4 2015, Mozambique was in the top 2 importers from South Africa by value and quantity, respectively. However, the country has since faded outside the top 10 importers of phosphates of calcium from South Africa to 32nd rank.

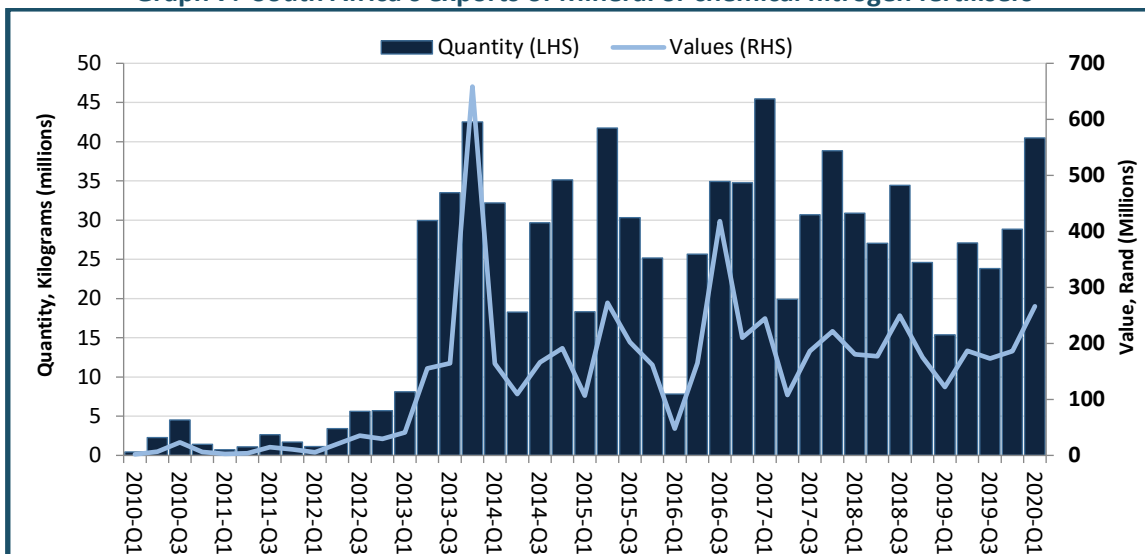
Significant growth in mineral or chemical nitrogen fertilisers

HS 31029000: Mineral or chemical nitrogen fertilisers (excluding urea; ammonium sulphate; ammonium nitrate).

Mineral or chemical nitrogen fertilisers are the chemical product that is used to enhance the growth of the plant by affecting the soil (its physical, chemical, and biologic properties). In soil, mineral fertilisers undergo various changes that influence the solubility of their nutrients, their permeability, and their availability to plants. Although chemical fertilisers help to increase crop production, their overuse decreases fertility, strengthens pesticides, pollutes air and water, and releases greenhouse gases⁹.

⁸ <https://www.businesswire.com/news/home/20200409005285/en/Calcium-Phosphate-Market-2020-2024-Rising-Poultry-Cattle>.

Graph 7: South Africa's exports of Mineral or chemical nitrogen fertilisers

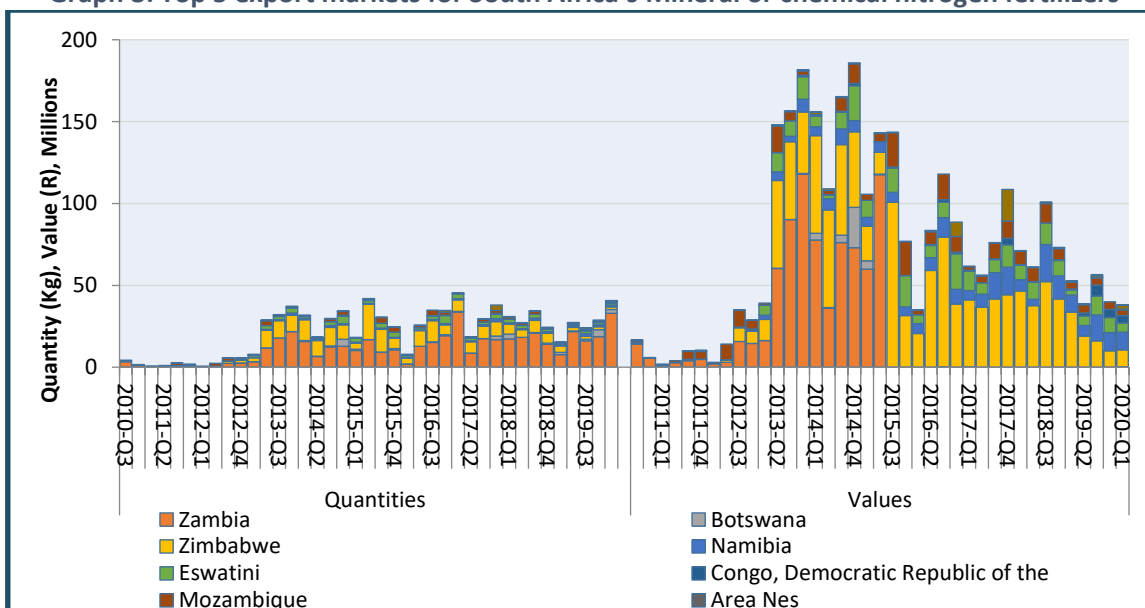


Source: Author's. Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in May and June 2020.

The mineral and chemical sector is among the top 20 exporters in South Africa. Demand for South African mineral or chemical nitrogen fertilisers mainly comes from other Southern African Development Community (SADC) countries. Zambia has been the dominant importer of South Africa's mineral or chemical nitrogen fertilisers, followed Botswana, Zimbabwe, Namibia and Eswatini.

South African mineral or chemical nitrogen fertilisers exports significantly increased in Q1 2020 to 40.5 million kilograms (estimated at R266 million) from 28.8 million kg (estimated at R186 million) recorded in Q4 2019. Mineral or chemical nitrogen fertilisers exports reached its highest quantity in Q1 2017 amounting to 45.4 million kg, which was largely driven by a decrease in the unit price. Drought and unfavourable weather conditions in Zambia, Botswana and Zimbabwe contributed to the increase in demand for fertilisers.

Graph 8: Top 5 export markets for South Africa's Mineral or chemical nitrogen fertilizers



Source: Authors. Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in May and June 2020

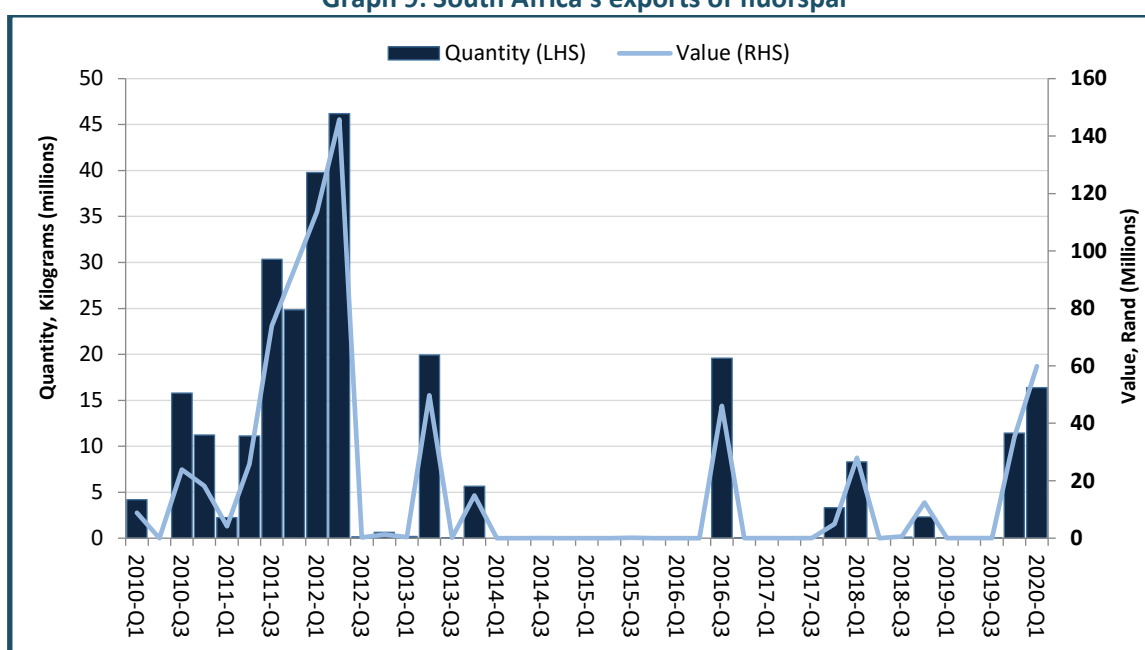
Significant growth in fluorspar

HS 25292100: Fluorspar containing by weight <= 97% calcium fluoride.

Fluorspar is a mineral composed of calcium and fluoride, which is used for the smelting and production of certain glasses and enamels. In its purest form, it is used as a source for hydrofluoric acid manufacturing.

South Africa has the largest reserves of fluorspar in the world (although China, Mexico and Mongolia produce more than South Africa¹⁰), and is a major export supplier to the European market for hydrogen fluoride beneficiation and for the production of aluminum fluoride. Nonetheless, South Africa tends to reimport the products at higher prices, partly attributed to lack of adequate facilities for downstream production domestically, which are then undertaken in overseas markets.¹¹

Graph 9: South Africa's exports of fluorspar



Source: Author's. Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in May and June 2020.

In Q1 2020, South Africa exported a total of 16.4 million kg (R59.9 million) of fluorspar of calcium fluoride compared with 1 502 kg in Q1 2019 (value: R28 000). This was the second consecutive quarter of accelerated exports from South Africa. The United States, Netherlands and to a lesser extent partly India dominate the imports of fluorspar from South Africa, altogether accounting for 16.2 million kg worth R59.2 million in Q1 2020. Outliers, Norway and Italy dominated the first three Quarters of 2010, before sliding down out of the top 10 importers of South Africa's fluorspar. Norway was among the top 4 importers until Q2 2012. Secondary sources suggests that the newly opened mine (in 2019) in South Africa would fill the gap left by closures of mines in Kenya, Namibia and Bulgaria over the past five years.¹² Furthermore, the demand of fluorspar was projected to rise since 2017, due to its use in aluminium and steel production, the plastics

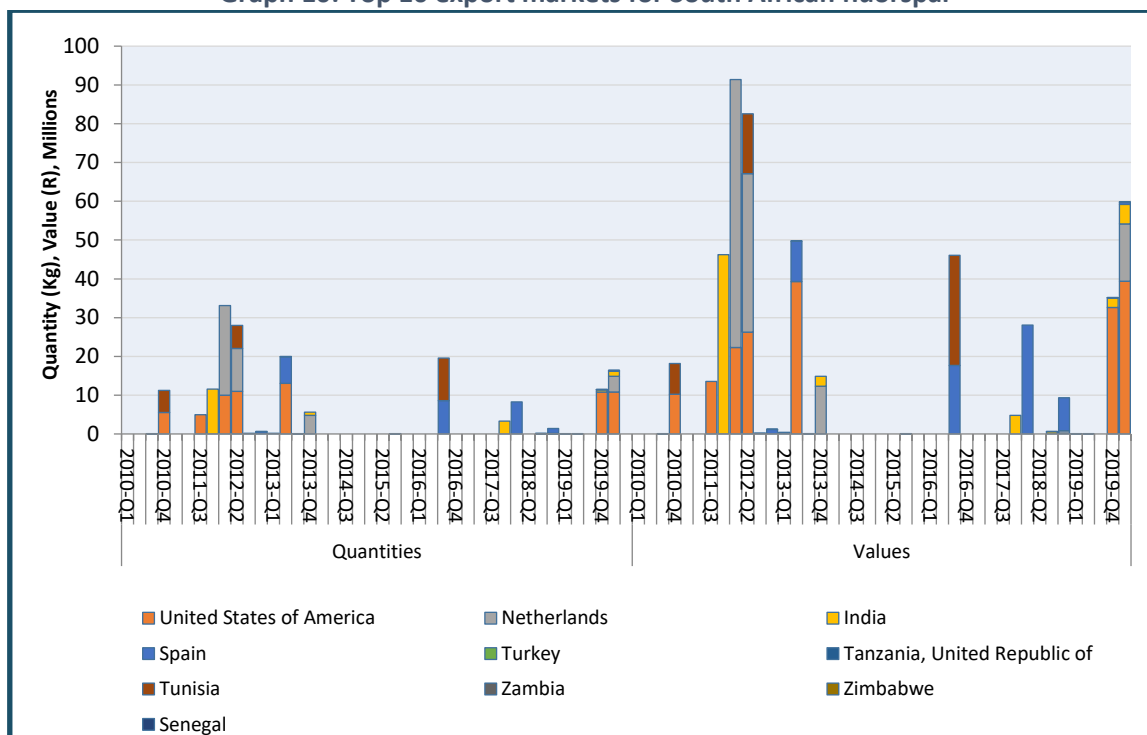
¹⁰ <https://mcgroup.co.uk/researches/fluorspar>.

¹¹ <https://www.sepfluor.co.za/fluorspar>.

¹² <https://roskill.com/news/fluorspar-new-acid-grade-fluorspar-shipments-by-south-africas-sepfluor/>.

and polymers market, and the use of hydrofluoroolefins refrigerants, as they have zero ozone depletion and extremely low global warming potential.¹³

Graph 10: Top 10 export markets for South African fluorspar



Source: Author's. Calculated from ITC TradeMap data. Downloaded from <https://trademap.org> and sars.gov.za in May and June 2020.

SIGNIFICANT SLUMPS AND ANALYSIS

Significant slump in titanium ores and concentrate

HS 261400: Titanium ores and concentrates.

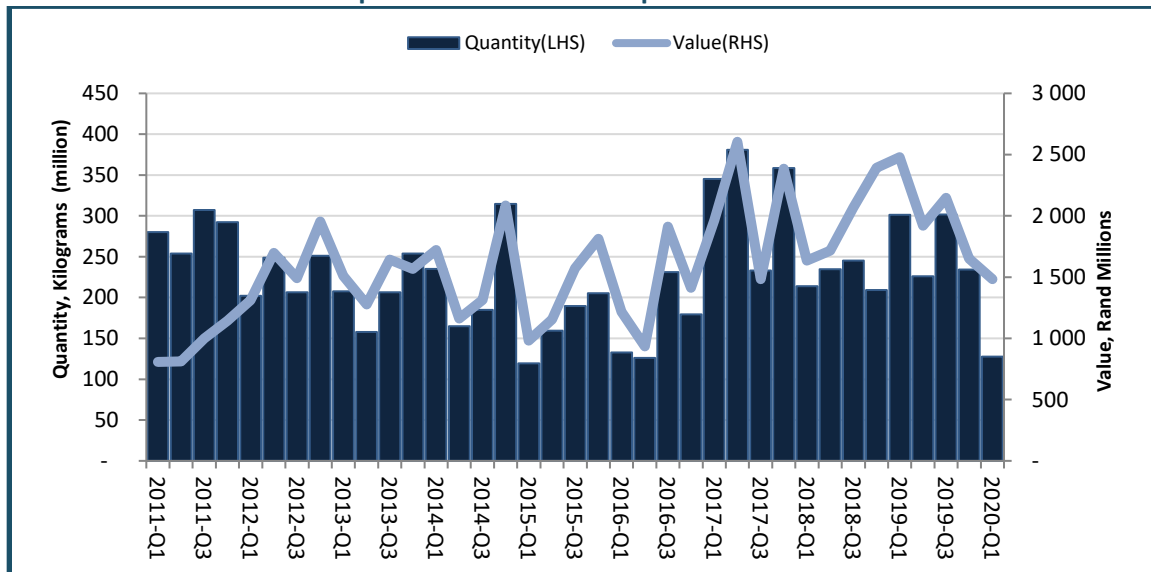
Titanium ores and concentrates are the fourth most abundant metals, and their alloys have several applications in various industries. Due to its characteristics of high strength to weight ratio and high temperature properties, titanium is mainly used by the aerospace industry for the production of airplane parts and fasteners. It is also in demand by the manufacturing industry for the production of gas turbine engines, compressors blades and heat shields. South Africa was the second largest exporter of titanium by value (R1.5 billion), and second after Mozambique in terms of quantity (127 million kg) in Q1 2020.

South Africa's titanium exports fell sharply in the Q1 2020, declining by 58% in Q1 2019 from 301 million kg to 127 million kg. This represents South Africa's biggest decline in titanium exports (year-on-year) over the past 10 years. The Netherlands, United States and China remain South Africa's largest export markets for titanium, collectively accounting for 87% of its total export volumes. Following the outbreak of the COVID-19 pandemic, the commercial aviation and aerospace industry is faced with high uncertainty as travel bans were implemented as early as the beginning of Q1 2020 in several countries. This disruption and uncertainty could be the

¹³ https://m.miningweekly.com/article/nokeng-mulling-two-or-three-more-fluorspar-mines-by-2026-as-huge-shortage-is-predicted-2017-09-08/rep_id:3861.

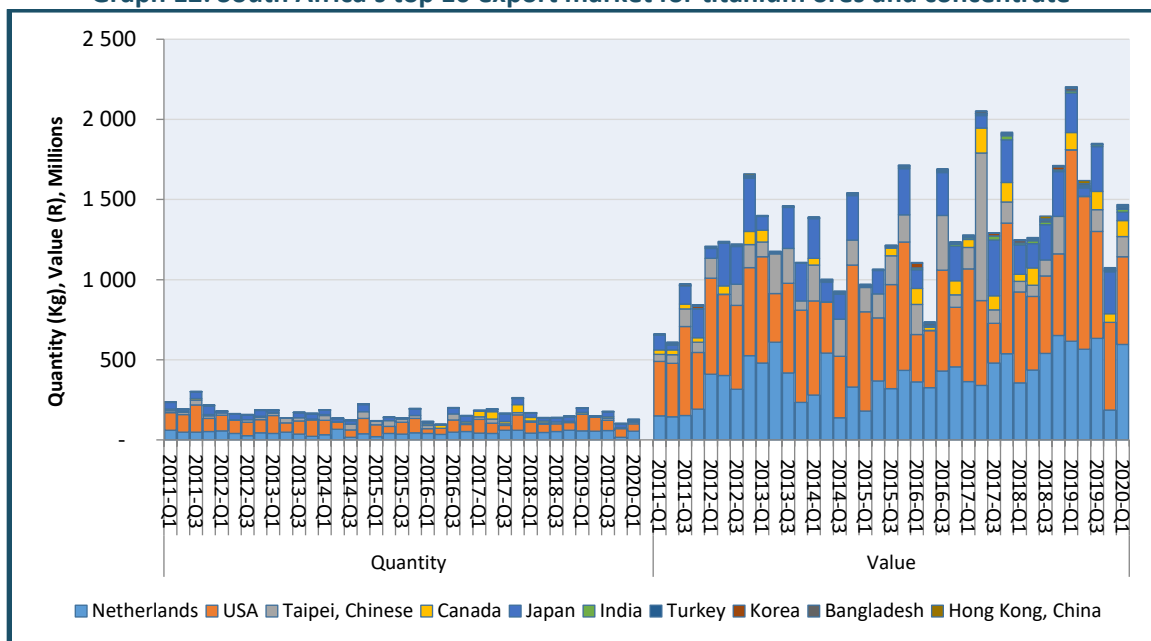
driving force behind 4 out of the 5 top export markets experiencing a significant decline in demand for South Africa’s titanium, since aircrafts will require little no maintenance.¹⁴

Graph 11: South African exports of titanium



Source: Authors. Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in May 2020.

Graph 12: South Africa’s top 10 export market for titanium ores and concentrate



Source: Authors. Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in May 2020.

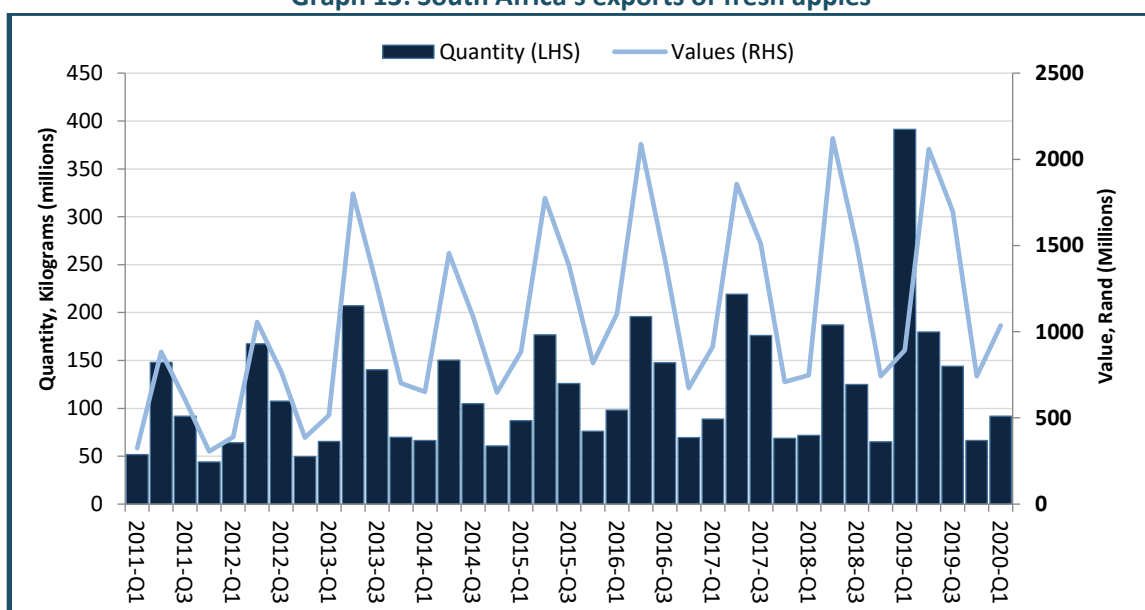
From Q1 2019 to Q1 2020 exports to Japan, which is the fifth largest export market for South Africa’s titanium dropped significantly, reducing by 76% from 23 million kg (valued at R245 million) in Q1 2019, to five million kg (valued at R52 million). Exports to the United States, Korea and Taipei fell by 57%, 50% and 19% respectively. With the continuous uncertainty of air travel, which is translating to lower or no expansion of the aerospace industry, it is important to continue monitoring the titanium sector.

¹⁴ <https://roskill.com/market-report/titanium-metal/>

Significant slump in fresh apples

HS 08081000: Fresh apples.

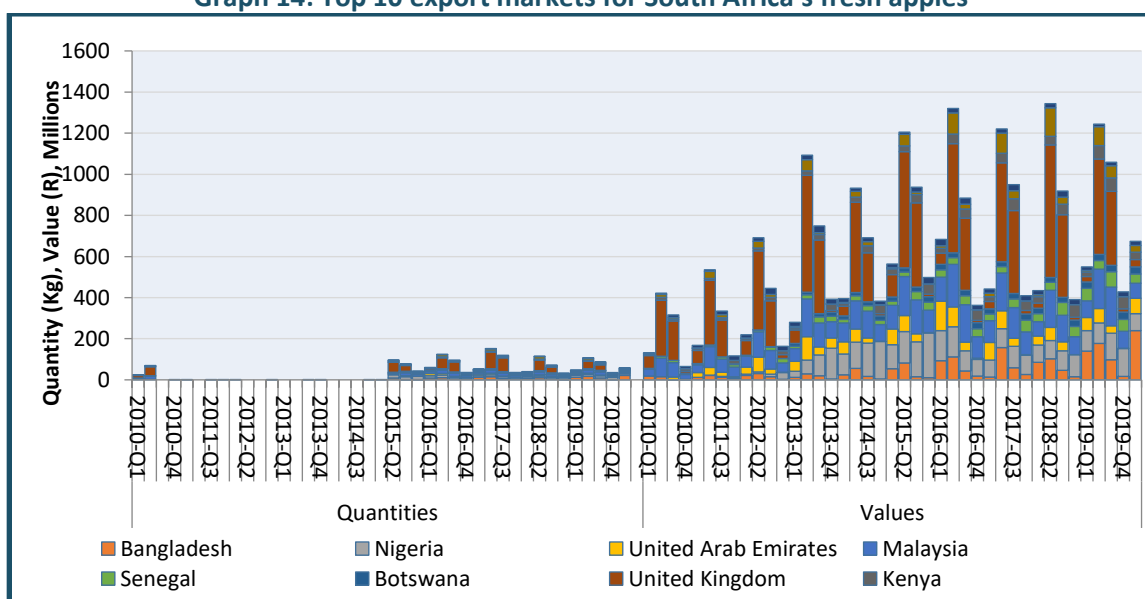
Graph 13: South Africa's exports of fresh apples



Source: Author's. Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in May and June 2020.

Fresh apples are a fruit that is consumed directly and can be processed to produce other products such as juice. Apples are a seasonal product with exports usually increasing in Q2 of each year. Q1 2019 saw an unusually large increase in South African apples exports, with a sharp decline compared to Q1 2020 – from 392.3 million kg in Q1 2019 to 91.7 million kg in Q1 2020. South Africa's fresh apple export markets (Bangladesh, Nigeria, United Arab Emirates, Malaysia and Senegal) exhibit a sensitivity to price increases, with the decline in exports largely due to a sharp increase in unit price from R2.27 charged in Q1 2019 to R11.29 charged in Q1 2020.

Graph 14: Top 10 export markets for South Africa's fresh apples



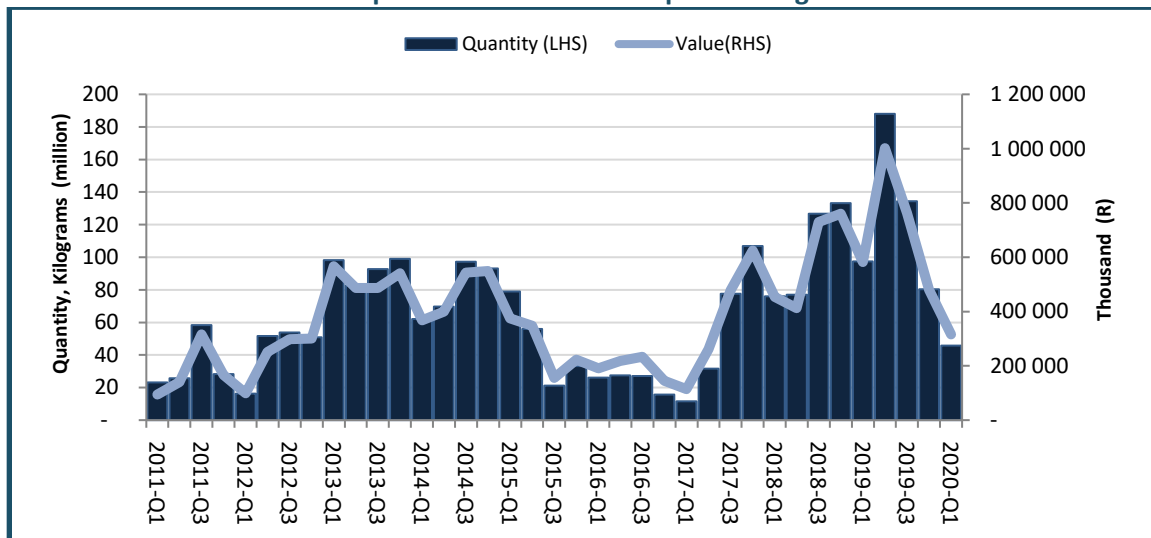
Source: Author's. Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in May and June 2020.

Significant slump in sugar

HS 17019900: Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar containing added flavouring or colouring and raw sugar).

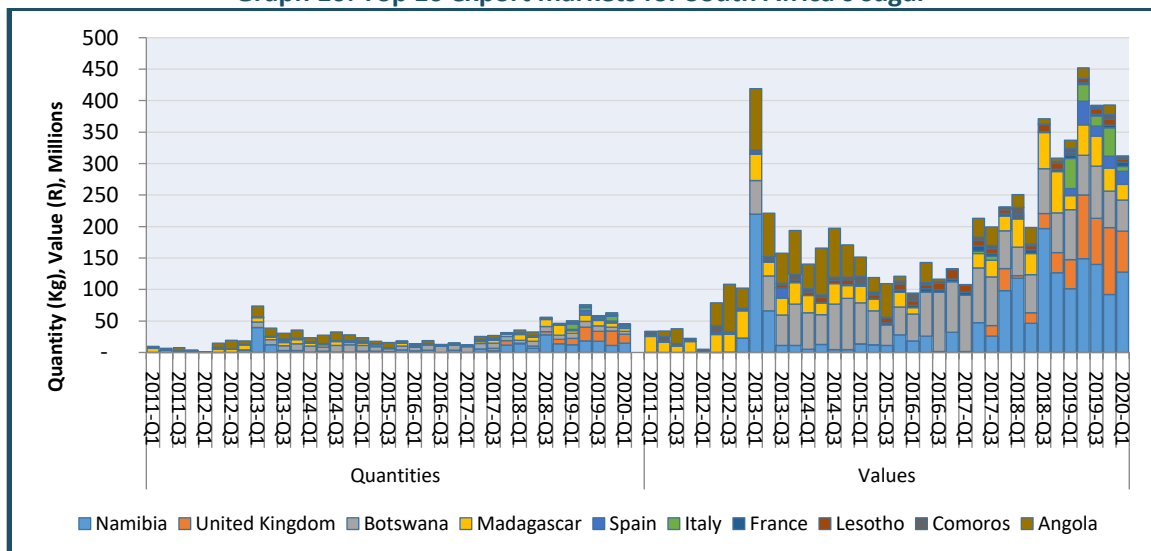
Cane and beet sugar is mainly used in the food and confectionery industry, and commonly found in a variety of processed foods, sweets, baked goods and sodas. South Africa is in the top 10 global exporters of sugar, ranking eighth,¹⁵ with total exports amounting to 45.7 million kg at a value of R315 million in Q1 2020. South Africa's sugar exports fell sharply by 53.1% from Q1 2019 to Q1 2020.

Graph 15: South Africa's exports of sugar



Source: Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in May and June 2020.

Graph 16: Top 10 export markets for South Africa's sugar



Source: Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in May and June 2020.

The reduction in sugar exports may have been driven by a low demand by the food industries as various global economies implemented lockdowns due to the coronavirus. Furthermore, secondary sources¹⁵ suggest that government restrictions reducing out-of-home consumption

¹⁵ <https://www.agriculture.gov.au/abares/research-topics/agricultural-outlook/sugar>.

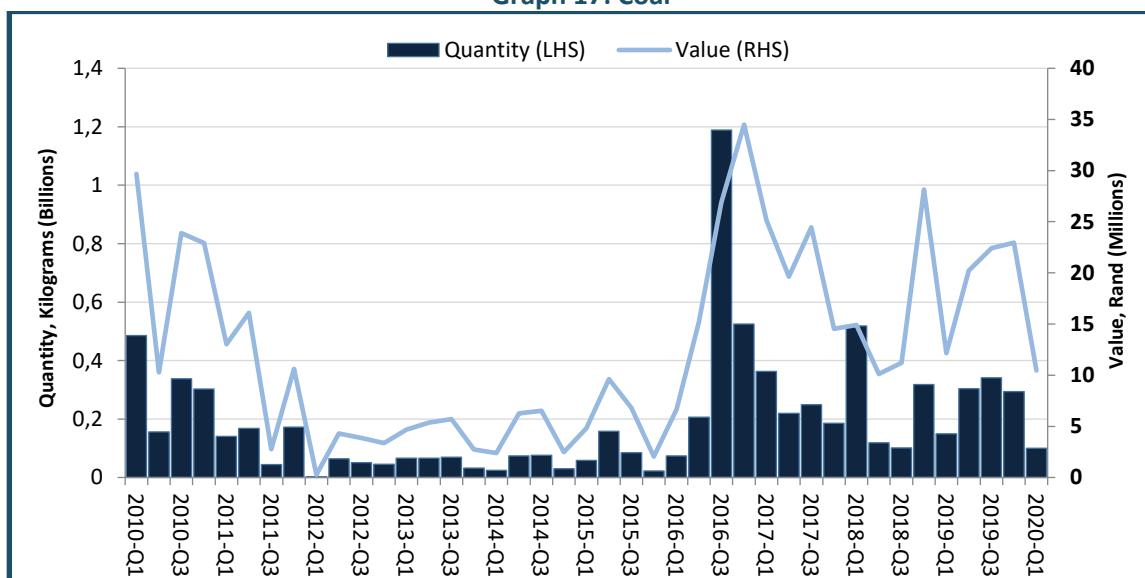
and lower household incomes will have had a dampening effect on the retail sales of products containing sugar. Reduced demand can be seen in the reduction of South Africa’s exports to its main markets, with Angola showing the biggest decline, down by 88% from Q1 2019 to Q1 2020, followed by Italy (85%), and Comoros and Botswana declining by 56% and 40% respectively.

Significant slump in coal

HS 27011900: Coal, whether or not pulverised, non-agglomerated (excluding anthracite and bituminous coal).

Coal is a fossil fuel and is the altered remains of prehistoric vegetation that originally accumulated in swamps and peat bogs.¹⁶ Non-anthracite and non-bituminous coal includes sub-bituminous and lignite. Sub-bituminous coal is black in color and dull (not shiny), and has a higher heating value than lignite. Lignite: Lignite coal, also known as brown coal, is the lowest grade coal with the least concentration of carbon.¹⁷ Coal is generally used as a fuel for electricity generation, heating, forging steel, smelting metals, or even in smelting sands, among others.¹⁸

Graph 17: Coal



Source: Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in May and June 2020.

Non-anthracite and non-bituminous coal exports fell sharply to 100.32 million kg (value: R104.7 million) in Q1 2020 from 149.9 million kg (value: R121.5 million) in Q1 2019 and 294.04 million kg (value: R229.6 million) in Q4 2019. The bulk of the exports are going to Turkey and Eswatini, which showed improvement in the quantity of coal exported to these countries in Q1 2020. Conversely, exports to Lesotho and Namibia were the major contributors to the decline in the quarter compared with other countries within the top importers of coal from South Africa. Coal exports peaked in Q3 2016 at 1.2 billion kg, valued at R26.9 million, due to more than a triple surge in the quantity of coal to Eswatitni. Nonetheless, the surge could have been as a result of error in reporting quantity, not corresponding with values. Overall, the cause of decline in coal

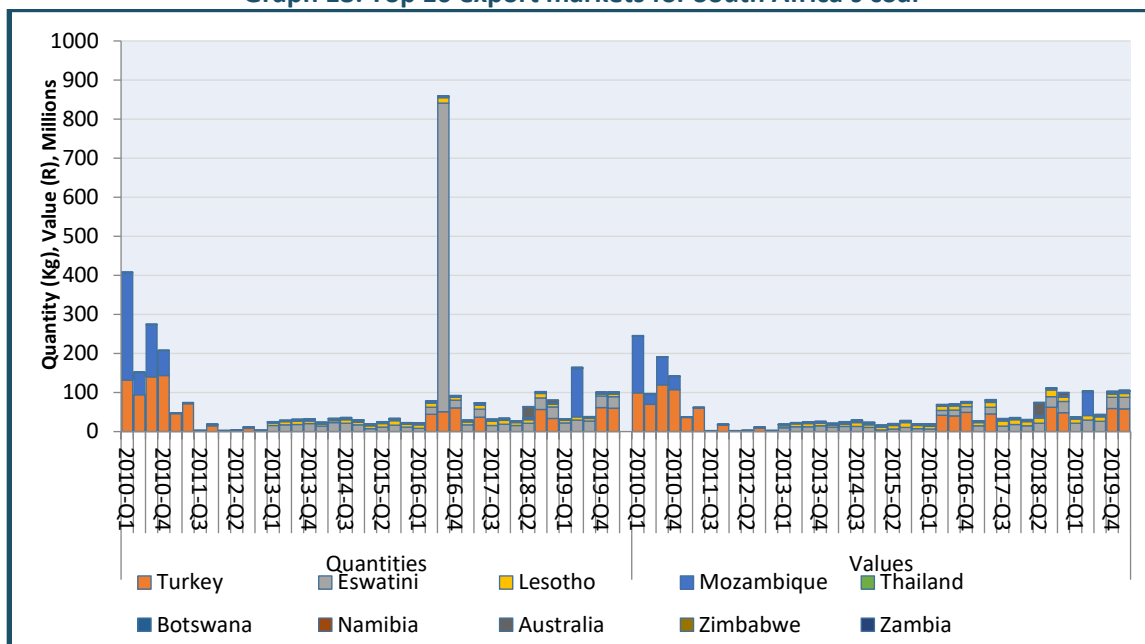
¹⁶ <https://www.worldcoal.org/coal/what-coal> and <https://www.eia.gov/energyexplained/coal/prices-and-outlook.php>.

¹⁷ https://www.usgs.gov/faqs/what-are-types-coal?qt-news_science_products=0#qt-news_science_products.

¹⁸ https://www.usgs.gov/faqs/what-coal-used?qt-news_science_products=0#qt-news_science_products.

exports to Lesotho and Namibia is not clear. In addition, further decline could be expected during the stricter lockdown period.

Graph 18: Top 10 export markets for South Africa's coal



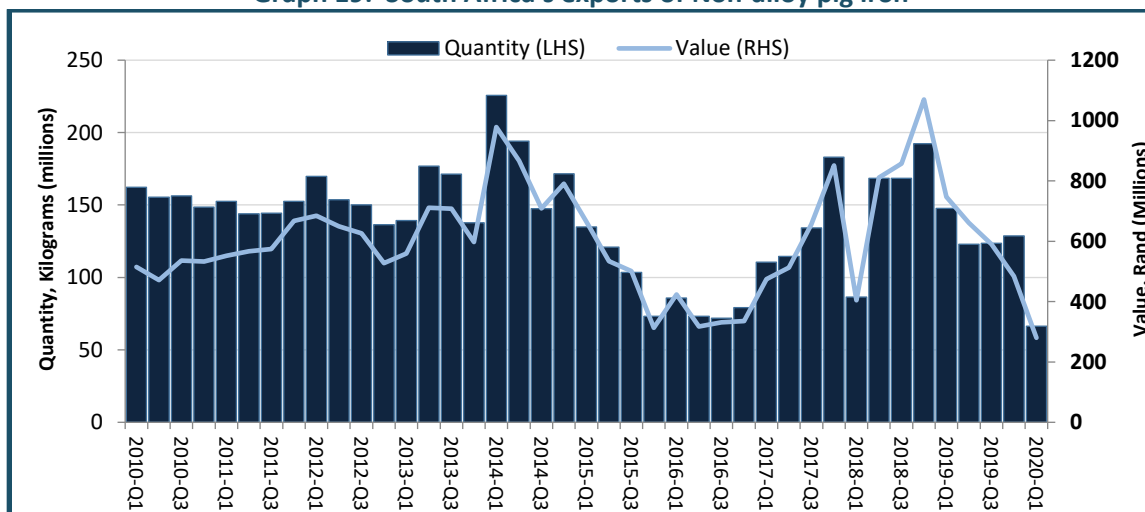
Source: Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in May and June 2020.

Significant slump in non-alloy pig iron

HS 72011000: Non-alloy pig iron in pigs, blocks or other primary forms, containing, by weight, $\leq 0.5\%$.

Pig iron is the product of smelting iron ore (also ilmenite) with a high-carbon fuel and reductant such as coke, usually with limestone as a flux. Charcoal and anthracite are also used as fuel and reductant. It is used in steelmaking, foundries producing iron casting, grey iron casting,¹⁹ among others.

Graph 19: South Africa's exports of Non-alloy pig iron

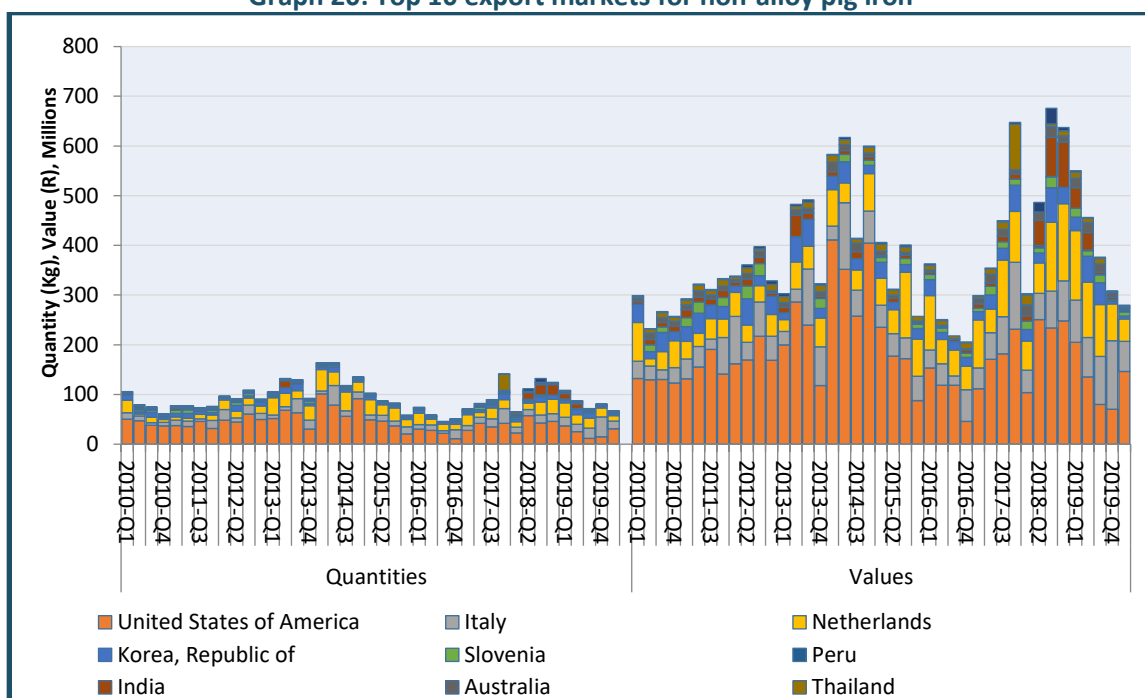


Source: Calculated from ITC Trade Map data. Downloaded from <https://trademap.org> and sars.gov.za in May and June 2020.

¹⁹ <https://www.metallics.org/pig-iron.html>.

South Africa’s exports of non-alloy pig iron declined by more than 50% to 66.4 million kg (worth R280.12 million) in Q1 2020, from 147.62 million kg (worth: R746.63 million) in Q1 2019 (year-on-year). United States, Italy and Netherlands were the leading importers of non-alloy pig iron from South Africa. While Peru (quantity: 864 000 valued at R3.45 million) was the only country within the top 10 importers that reported an increase in quantity in Q1 2020, Netherlands and India saw their imports going down by 17.4 million and 10.25 million in Q1 2020 vs Q1 2019 (year-on-year), respectively.

Graph 20: Top 10 export markets for non-alloy pig iron



Source: Calculated from ITC TradeMap data. Downloaded from <https://trademap.org> and sars.gov.za in May and June 2020.

Secondary sources suggest the development of the US steel industry, (partly through *electric-arc furnaces (EAFs) investment projects*) as well as COVID-19 effects (on the global economy and exporters) could dampen exports of the non-alloy pig iron to the US. However, other sources are not bullish about the development (the pace and investment requirements/ resources needed) of the US steel and pig iron industry.²⁰

²⁰ <https://www.metalbulletin.com/Article/3913578/2020-PREVIEW-Five-factors-the-CIS-pig-iron-export-market-will-face.html> and <https://www.metalbulletin.com/Article/3927892/How-will-the-pandemic-affect-the-iron-ore-outlook-for-2020.html>.

Annexure

Table A1: South Africa's top 50 exports by value, Q1 2020

RANK	HS CODE	PRODUCT DESCRIPTION	EXPORT VALUE (RAND THOUSANDS)		GROWTH RATE (%)
			2019-Q1	2020-Q1	
1	71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	45 235 308	70 809 812	57%
2	26	Ores, slag and ash	45 234 565	47 470 990	5%
3	87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	34 185 776	35 701 007	4%
4	27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	32 433 302	32 032 654	-1%
5	84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	17 340 673	18 028 337	4%
6	72	Iron and steel	20 619 351	17 474 567	-15%
7	08	Edible fruit and nuts; peel of citrus fruit or melons	9 913 032	11 805 542	19%
8	76	Aluminium and articles thereof	6 074 839	5 928 374	-2%
9	85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	5 286 024	5 398 733	2%
10	39	Plastics and articles thereof	5 199 478	4 687 385	-10%
11	38	Miscellaneous chemical products	3 349 213	4 623 159	38%
12	29	Organic chemicals	3 949 962	4 158 493	5%
13	28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ...	4 885 343	4 148 851	-15%
14	22	Beverages, spirits and vinegar	4 074 180	4 072 017	0%
15	73	Articles of iron or steel	4 011 903	3 429 999	-15%
16	47	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or ...	584 583	3 203 962	448%

17	10	Cereals	1 246 502	2 560 523	105%
18	90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	1 882 511	2 444 739	30%
19	48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	1 999 761	2 181 798	9%
20	20	Preparations of vegetables, fruit, nuts or other parts of plants	2 169 868	2 043 886	-6%
21	74	Copper and articles thereof	1 879 160	2 033 877	8%
22	33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	1 911 224	2 002 169	5%
23	44	Wood and articles of wood; wood charcoal	1 854 303	1 817 696	-2%
24	75	Nickel and articles thereof	863 107	1 713 693	99%
25	21	Miscellaneous edible preparations	1 415 739	1 707 245	21%
26	03	Fish and crustaceans, molluscs and other aquatic invertebrates	1 799 708	1 695 982	-6%
27	40	Rubber and articles thereof	1 495 499	1 590 956	6%
28	51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	1 174 046	1 588 205	35%
29	25	Salt; sulphur; earths and stone; plastering materials, lime and cement	2 159 465	1 585 669	-27%
30	30	Pharmaceutical products	1 417 449	1 492 469	5%
31	34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial ...	1 383 815	1 455 092	5%
32	11	Products of the milling industry; malt; starches; inulin; wheat gluten	669 517	1 150 739	72%
33	17	Sugars and sugar confectionery	1 233 014	1 092 473	-11%
34	31	Fertilisers	821 776	1 057 785	29%
35	23	Residues and waste from the food industries; prepared animal fodder	837 619	990 319	18%
36	19	Preparations of cereals, flour, starch or milk; pastrycooks' products	838 222	978 782	17%

37	88	Aircraft, spacecraft, and parts thereof	1 591 397	977 987	-39%
38	02	Meat and edible meat offal	641 056	975 343	52%
39	07	Edible vegetables and certain roots and tubers	782 870	944 262	21%
40	94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	1 290 104	936 866	-27%
41	99	Commodities not elsewhere specified	731 248	919 782	26%
42	04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	763 466	873 893	14%
43	32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring ...	906 205	868 682	-4%
44	12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	727 392	803 279	10%
45	15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	711 676	799 077	12%
46	49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, ...	333 259	763 594	129%
47	63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	428 862	741 650	73%
48	69	Ceramic products	616 059	687 494	12%
49	61	Articles of apparel and clothing accessories, knitted or crocheted	709 587	685 569	-3%
50	89	Ships, boats and floating structures	726 762	662 113	-9%

Source: South African Revenue Services (SARS) trade statistics. June 2020.

Table A2: Top 50 exports of goods, by quantity, with explanations, Q1 2020

NO.	HS CODE	PRODUCT DESCRIPTION	MAJOR IMPORTER	EXPLANATION	QUANTITY: Q1 2019	QUANTITY: Q1 2020	UNIT	PERCENT GROWTH	CHANGE IN RANK
1.	27011200	Bituminous coal, whether or not pulverised, non-agglomerated	India and Pakistan	Not significant	18 777 152 965	18 128 510 212	Kilograms	-3.45%	-
2.	26011200	Agglomerated iron ores and concentrates (excluding roasted iron pyrites)	China and Korea, Republic of	Not significant	11 478 348 918	10 434 140 027	Kilograms	-9.10%	-
3.	26011100	Non-agglomerated iron ores and concentrates (excluding roasted iron pyrites)	China	Not significant	6 275 450 256	7 680 348 325	Kilograms	22.39%	-
4.	26020000	Manganese ores and concentrates, incl. ferruginous manganese ores and concentrates, with a ...	China and Mozambique	Not significant	4 661 149 111	4 406 876 418	Kilograms	-5.46%	-
5.	26100000	Chromium ores and concentrates	China and Mozambique	Not significant, within normal variance	3 233 198 847	3 532 158 268	Kilograms	9.25%	-
6.	72024100	Ferro-chromium, containing by weight > 4% of carbon	China and UAE	Not significant	1 001 119 597	859 216 415	Kilograms	-14.17%	+1
7.	04069099	Cheese (excluding fresh cheese, incl. whey cheese, curd, processed cheese, blue-veined cheese ...	Botswana	Ongoing, possible data error	652 722	591 106 722	Kilograms	90460,26%	-1

8.	27101235	Light oils and preparations, of petroleum or bituminous minerals which \geq 90% by volume "incl. ...	Namibia and Mauritius	Not significant	491 101 440	565 524 497	Litres	15,15%	11
9.	27011100	Anthracite, whether or not pulverised, non-agglomerated	Vietnam and Brazil	Not significant	516 768 123	468 684 381	Kilograms	-9,30%	2
10.	44012200	Wood in chips or particles (excluding those of a kind used principally for dying or tanning ...	Japan	Ongoing, Monitoring	505 968 491	426 960 420	Kilograms	-15,62%	7
11.	10059090	Maize (excluding seed for sowing): other	Zimbabwe and Botswana	Monitoring, reversed from ongoing decline to significant increase	184 254 037	395 581 179	Kilograms	114,69%	7
12.	27101230	Light oils and preparations, of petroleum or bituminous minerals which \geq 90% by volume "incl. ...	Botswana	Ongoing decrease, Not significant	486 499 443	305 947 609	Litres	-37,11%	-
13.	27101202	Light oils and preparations, of petroleum or bituminous minerals which \geq 90% by volume "incl. ...	Botswana	Not significant	285 139 274	295 587 941	Litres	3,66%	-
14.	71039900	Precious and semi-precious stones, worked, whether or not graded, but not strung, mounted or ...	USA & China	Not significant	248 627 349	288 055 299	Carats	15,86%	-6

15.	47020000	Chemical wood pulp, dissolving grades	India and China	Not significant	263 176 130	263 362 454	Kilograms	0,07%	-
16.	08061000	Fresh grapes	Netherlands & UK	Not significant	230 758 273	244 215 279	Kilograms	5,83%	25
17.	28352690	Phosphates of calcium (excluding calcium hydrogenorthophosphate "dicalcium phosphate"): other	Lithuania, Netherlands and Japan	Selected for analysis	60 971	196 676 126	Kilograms	322473,23%	22
18.	25232900	Portland cement (excluding white, whether or not artificially coloured)	Botswana and Eswatini	Not significant	173 052 271	181 792 840	Kilograms	5,05%	1
19.	76011000	Aluminium, not alloyed, unwrought	Japan & Switzerland	Not significant	117 811 472	130 256 019	Kilograms	10,56%	3
20.	26140000	Titanium ores and concentrates	Netherlands and United States	Selected for analysis	301 406 099	127 524 521	Kilograms	-57,69%	4
21.	11031390	Groats and meal of maize "corn": other	DRC & Mozambique	Ongoing, Monitoring	20 069 918	117 821 945	Kilograms	487,06%	26
22.	72042900	Waste and scrap of alloy steel (excluding stainless steel, and waste and scrap, radioactive, ...)	India	Ongoing, Monitoring	66 909 737	116 347 666	Kilograms	73,89%	-1
23.	26080000	Zinc ores and concentrates	China & Korea	Ongoing, Monitoring	43 901 427	113 308 505	Kilograms	158,10%	20
24.	10059010	Maize (excluding seed for sowing): dried kernels or grains fit for human consumption, not further ...	Mozambique, Namibia, Lesotho and Eswatini	Ongoing monitoring	65 397 404	109 718 106	Kilograms	67,77%	6

25.	27011900	Coal, whether or not pulverised, non-agglomerated (excluding anthracite and bituminous coal)	Turkey and Eswatini	Selected for analysis	149 862 769	100 318 778	Kilograms	-33,06%	-11
26.	39021090	Polypropylene, in primary forms: other	Nigeria	Not significant	102 685 051	96 785 063	Kilograms	-5,75%	5
27.	26180000	Granulated slag (slag sand) from the manufacture of iron or steel	USA	Not significant	78 997 079	96 118 492	Kilograms	21,67%	11
28.	25232100	White portland cement, whether or not artificially coloured	Botswana	Not significant	81 102 719	94 063 174	Kilograms	15,98%	-1
29.	08083000	Fresh pears	Russia and Netherlands	Monitoring	964 969 417	92 705 719	Kilograms	-90,39%	
30.	08081000	Fresh apples	Bangladesh	Selected for analysis	391 311 603	91 741 657	Kilograms	-76,56%	14
31.	85232100	Cards incorporating a magnetic stripe for the recording of sound or of other phenomena	Botswana, Mozambique, Zambia and Namibia	Ongoing, Possible data error	665 956	86 803 484	Units	12934,42%	
32.	29012900	Hydrocarbons, acyclic, unsaturated (excluding ethylene, propene "propylene", butene "butylene" ...	USA & Singapore	Not significant	93 142 822	81 524 000	Kilograms	-12,47%	-3
33.	27101207	Light oils and preparations, of petroleum or bituminous minerals which \geq 90% by volume "incl. ...	Botswana	Ongoing monitoring	62 388 338	76 864 609	Litres	23,20%	-1

34.	26030000	Copper ores and concentrates	Mozambique and Korea	Not significant	74 218 140	75 515 526	Kilograms	1,75%	1
35.	25030000	Sulphur of all kinds (excluding sublimed sulphur, precipitated sulphur and colloidal sulphur)	Zambia & DRC	Monitoring	94 069 001	69 770 980	Kilograms	-25,83%	1
36.	49090000	Printed or illustrated postcards; printed cards bearing personal greetings, messages or announcements, ...	Angola	Possible data error	95 716	69 203 643	Kilograms	72201,02%	
37.	72021100	Ferro-manganese, containing by weight > 2% of carbon	Indonesia	Selected for analysis	39 038 784	66 873 758	Kilograms	71,30%	
38.	72011000	Non-alloy pig iron in pigs, blocks or other primary forms, containing, by weight, <= 0,5% of ...	United States of America, Italy and Netherlands	Selected for analysis	147 619 123	66 371 353	Kilograms	-55,04%	-15
39.	26151000	Zirconium ores and concentrates	China and Netherlands	Monitoring	84 991 829	64 752 810	Kilograms	-23,81%	-2
40.	20081120	Groundnuts, prepared or preserved (excluding preserved with sugar): ground-nuts, roasted	Namibia, Lesotho, Botswana and Eswatini	Accelerated, Possible data error	301 798	62 987 523	Kilograms	20770,76%	
41.	25161100	Granite, crude or roughly trimmed (excluding already with the characteristics of setts, curbstones ...	Italy, China, Poland and Croatia	Monitoring	82 079 260	61 515 026	Kilograms	-25,05%	
42.	17011400	Raw cane sugar, in solid form, not containing	Italy, Bulgaria, Namibia and Botswana	Not significant	63 651 498	61 002 823	Kilograms	-4,16%	-32

		added flavouring or colouring matter (excluding ...							
43.	10019900	Wheat and meslin (excluding seed for sowing, and durum wheat)	Zimbabwe, Eswatini and Zambia	Slowing/ stabilising	44 266 648	57 095 101	Kilograms	28,98%	
44.	28070000	Sulphuric acid; oleum	Congo, Democratic Republic of the	Accelerated	68 460 591	54 338 870	Kilograms	-20,63%	-11
45.	11031310	Groats and meal of maize "corn": maize meal not further processed other than by the addition ...	Lesotho and Mozambique	Decelerating	39 835 293	54 231 956	Kilograms	36,14%	
46.	72023000	Ferro-silico-manganese	United States of America	Recovering	35 669 540	51 964 092	Kilograms	45,68%	
47.	72044900	Waste and scrap of iron or steel (excluding slag, scale and other waste of the production of ...	India	Ongoing, Monitoring	20 044 043	51 091 050	Kilograms	154,89%	-5
48.	07019000	Fresh or chilled potatoes (excluding seed)	Mozambique, Botswana and Namibia	Within normal variance	40 772 075	51 080 564	Kilograms	25,28%	
49.	28092090	Phosphoric acid; polyphosphoric acids, whether or not chemically defined: other	India	Monitoring (ongoing decrease, seems to be within normal variance)	82 399 723	48 608 110	Kilograms	-41,01%	
50.	22021010	Waters, incl. mineral and aerated, with added sugar, sweetener or flavour, for direct consumption ...	Italy and Botswana	Within normal variance	33 545 103	47 626 167	Litres	41,98%	Change in rank

ON-GOING MONITORING, DATA ERRORS, OTHER ISSUES AND TRENDS TO WATCH			
HS Code	Product Description	Description of increase-decrease in quantity, and error or issue	Trends to watch
On-going monitoring and trends to watch			
44012200	Wood in chips or particles (excluding those of a kind used principally for dying or tanning ...	Medium decrease, notable to China, probably due to the effects of Covid-19 (while Japan and Ireland accelerated. Demand from Japan is expected to increase further supported by the move away from coal dependency to wooden pallets, chips, PKS to generate power ²¹). Ongoing Monitoring	N/A
10059090	Maize (excluding seed for sowing): other	Very high increase, notably to Zimbabwe, mainly driven by domestic shortages (poor harvest returns), that led to Zimbabwe government lifting the ban on imported Maize at the end of January 2020 ²² . Monitoring, reversed from ongoing decline to huge increase.	N/A
27101230	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	Moderate decrease, ongoing decrease reversed, Not significant.	N/A
11031390	Groats and meal of maize "corn": other	Ongoing monitoring. Very high increase in exports quantities, mainly from DRC, Zimbabwe, Mozambique and Angola due to poor corn production driven by drought conditions and pests' effects continue to fuel the rise in maize corn and the above driver (Zimbabwe lifting ban on maize imports).	N/A
11031310	Groats and meal of maize "corn": maize meal not further processed other than by the addition ...	Ongoing monitoring. High increase in exports to Lesotho and Mozambique, but significant surge decelerating. DRC showed a surge in quantities of groats and maize corn imports. The drivers behind the increase are similar as above.	N/A
72042900	Waste and scrap of alloy steel (excluding stainless steel, and waste and scrap, radioactive, ...	Ongoing monitoring. High increase, notably from India as in Q4 2019.	N/A
26080000	Zinc ores and concentrates	Very high increase in exports to China, ongoing monitoring.	N/A

²¹ <https://www.canadianbiomassmagazine.ca/open-doors-in-japan-japanese-wood-chip-wood-pellet-demand-expected-to-grow/>.

²² <https://www.dailymaverick.co.za/opinionista/2020-02-09-zimbabwes-decision-to-lift-a-ban-on-gm-maize-imports-could-benefit-south-africa-in-the-near-term/#gsc.tab=0>.

72044900	Waste and scrap of iron or steel (excluding slag, scale and other waste of the production of ...	Very high increase, ongoing monitoring.	N/A
'72139100	Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel, of circular ...	Moderate increase, ongoing monitoring. The demand for bars and rods from EAC countries (notable, Kenya) is partly attributed to the increasing drive for infrastructure modernization and oil exploration projects.	N/A
74020000	Copper, unrefined; copper anodes for electrolytic refining	N/A	Medium increase in quantity. However, ongoing huge increase seems to have reversed to negative growth. In addition, there was sharp decrease in price in Q4 2019.
48051100	Semi-chemical fluting paper, uncoated, in rolls of a width > 36 cm	N/A	Very high increase that reversed from ongoing, but slowing decrease. Major exports (66.9%) are to the top 4 countries, namely, Zimbabwe, Philippines, Ghana and Zambia.
Data errors or issues and updates			
85232100	Cards incorporating a magnetic stripe for the recording of sound or of other phenomena	Ongoing abnormal increase. Possible data error in reporting exports quantity to Botswana for the 3 rd consecutive quarter – Values seem to be within normal variance, while quantity at 64.3 million units, 9.94 million units and 86.8 million units for Q3 & Q4 2019 and Q1 2020, respectively. Unit price fell significantly for the 3 rd consecutive quarter, from over R7 in the past quarters to between R0.11 and R0.93.	N/A
49090000	Printed or illustrated postcards; printed cards bearing personal greetings, messages or announcements, ...	Abnormal increase. Possible data error in reporting exports quantity. Unit price seems to have been on the downward spiral for significant number of quarters, falling to 0.01 by Q1 2020. The abnormal increase is to Mozambique, quantity reaching 69.5 million kg in Q1 2020 vs 15.9 million in Q1 2019. Yet, in terms of values, Mozambique occupies 6 th spot with R16.7 million worth of imports of printed cards from SA – while Angola at the top of major importers.	N/A
20081120	Groundnuts, prepared or preserved (excluding preserved with sugar): ground-nuts, roasted	Abnormal increase. Accelerated, Possible data error in reporting exports quantity to Namibia,	N/A

		surging to 62.4 million kg in Q1 2020 from 50 044 kg in Q1 2019. Unit price fell sharply to R0.29 in Q1 2020 from over R30 in the past 3 quarters, respectively.	
04069099	Cheese (excluding fresh cheese, incl. whey cheese, curd, processed cheese, blue-veined cheese ...	Ongoing and abnormal increase. Possible data error in reporting exports quantities to Botswana in Q2 & Q4 2019 and Q1 2020, respectively. Unit price fell significantly from over R50 to between R0.08 and R0.03 in Q2 & Q4 2019 and Q1 2020, respectively.	N/A
33059000	Preparations for use on the hair (excluding shampoos, preparations for permanent waving	Unit price fell significantly by more than 3 times in Q1 2020 compared to majority historical unit prices. Possible data error in reporting exports quantities to Lesotho in Q1 2020 – quantities not corresponding with values, yet values seem to be within normal variance trends.	
23032000	Beet-pulp, bagasse and other waste of sugar manufacture	Sharp decline in unit price, attributable to abnormal increase in reported quantity to Mozambique in Q1 2020. Hence, possible data error. No consistency in unit price, very volatile.	N/A
17023000	Glucose in solid form and glucose syrup, not containing added flavouring or colouring matter ...	Moderate decrease in quantity, monitoring the trends. Possible data error in reporting quantity to Australia in Q4 2019.	N/A