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# SOUTH AFRICA TRADE TRENDS

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South Africa Trade Relations with the  
European Union and Asia

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## Summary

This note highlights the pattern of South Africa, European Union and Asia trade over the period 1990-2009. The note pays particular attention to trade flow changes between South Africa and the EU and compares these to the changes in the trade flows between South Africa and Asia. The note also looks at the changes that have occurred within the Asian region, taking a closer look at sub-regions in Asia, namely, Eastern Asia, South Central Asia, South Eastern Asia, and Western Asia.

The trade trends reveal that South Africa's imports have been slowly increasing dominated by Asia. Similarly Asia, in particular East Asia, has emerged as South Africa's major trade partner, dethroning the European Union as an export destination.

With regards to imports, China has, over the years, rose to become a significant exporter to South Africa. The same can be said for Saudi Arabia and the United Arab Emirates. On the other hand, Japan, India, Pakistan and Singapore have lost ground in terms of preference as import sources. Germany and the United Kingdom remained South Africa most important export markets, although the two countries' share of South Africa exports declined.

On closer inspection, there is evidence to suggest that a number of traditional European Union imports commodities that were ranked as in the top ten exports to South Africa that have been replaced by Asian imports and these include; *HS27: Mineral fuels, Oil, distillation products, etc.*; *HS29: Organic chemicals*; *HS39: Plastics and articles thereof*; *HS71: Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal & articles thereof; imitation jewellery; coin*; *HS73: Articles of iron or steel* and *HS85: Electrical, electronic equipment*.

This research note shows that the EU is a significant trading partner to South Africa. Over the years the EU has been South Africa's largest trading block. Post 2005, Asia became a crucial trading partner to South Africa, and based on the previous trends, expectations are for Asia to surpass the EU in terms of value of trade within the next decade.

## 1 Introduction

South Africa signed a free trade agreement with the European Community in 1999, the Trade, Development and Co-operation Agreement (TDCA). The TDCA<sup>1</sup> agreement bound South Africa into a fairly comprehensive free trade area (FTA) – it involves a grouping with gross domestic product of US\$7.9 trillion, compared to South Africa's GDP of US\$128 billion in 2000. Since its inception there has been very little evidence of TDCA bringing about a vast increase in trade. There were some increases however in some trade lines such as for machinery, textiles and clothing. That being said there has been some shift away from traditional European Union markets towards other markets, particularly Asia.

The EU<sup>2</sup> was the source of close to 50% of South Africa's imports in 1994, but that has since fallen to a little over 30%. Five EU member states featured in South Africa's 1994 list of top 10 importers, while two Asian countries were then on the list. In 2008, South Africa's top ten imports sources featured three EU Member States, while Asia had three representatives, with the remaining four represented by countries in Africa and in the Middle East. Interestingly, China was not on the list in 1994, but by 2008, it had become the second most important source of imports ahead of the USA (in value terms). India also featured in the list of top ten imports. The trend would suggest that South Africa is moving away from the traditional developed country imports sources (the EU and USA) and is looking to source its imports from developing country partners, principally in the Eastern<sup>3</sup> and Western Asia<sup>4</sup> regions.

The research note asks whether commodities that were primarily sourced from the EU in the early 1990s have been replaced by Asian imports. As such, the objective of this note is to examine and detail the trends surrounding South Africa's import and export with both, the EU and Asia.

The research note contains the following main sections that present the trends of South Africa's imports and exports.

- In Section 2 we set out how South Africa's imports from the EU and Asia have evolved in the period 1990-2009 by simply looking at the total imports South Africa received from these regions in 1990, 1995, 2000, 2005 and 2009;
- Section 3 reveals the trends in South Africa's top ten imported HS lines from the EU as well as describes the trends in the imports that were previously sourced in the European Union but are now supplied by Asia;
- Section 4 presents South Africa export performance focusing on the Asian and EU markets. This section seeks to show how exports have changed since the early 1990s;
- Section 5 concludes.

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<sup>1</sup> Whilst at its heart the agreement focuses on tariff provisions, the TDCA also includes articles on trade in services, investment, customs co-operation and development.

<sup>2</sup> The European Union refers to these countries Austria, Belgium, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, United Kingdom, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Latvia, Malta, Netherlands, Poland, Portugal, Sweden, Slovenia and Slovakia

<sup>3</sup> Eastern Asia refers to China, Hong Kong Special Administrative region of China, Japan, the Democratic Republic of Korea, Mongolia, Macao Special Administration region of China, and Taiwan Province of China.

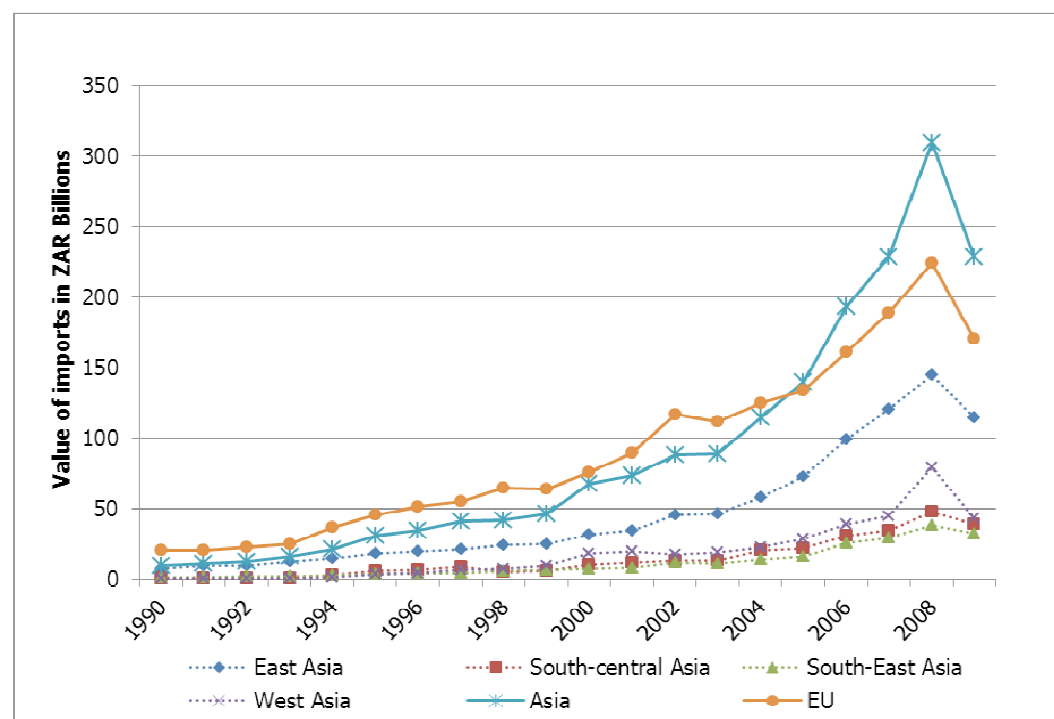
<sup>4</sup> Western Asia refers to United Arab Emirates, Armenia, Bahrain, Georgia, Israel, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, Turkey and Yemen.

## 2 South Africa's Imports from Asia and the European Union: 1990 to 2009 Changes

### Descriptive: Imports trends

In 1990, the European Union was the chief source of South Africa's imports up until 2005. Post 2005 Asia became the chief source of South Africa imports and peaked in 2008 at R309 billion, while the European Union was the source of imports valued at R224 Billion (see Figure 1). The East Asia region was the major driver of imports for Asia, with the bulk of the imports being sourced from China.

**Figure 1: South Africa's value of Imports to Asia and the EU (1990-2009)**



**Source:** Quantec (2010) trade data base.

**In 1990**, almost half of South Africa's imports were sourced from the EU: 46% of South Africa's imports originated from the EU, and just over a fifth of the total imports were sourced from Asia with Eastern Asia contributing to the bulk; the other Asian regions contributed 2% or less of South Africa total imports (see Panel 1 of Figure 2 p.8). A third of South Africa's imports were then sourced from other regions outside of the EU and Asia.

The chief sources of imports from the Eastern Asia region were Japan Taiwan Province of China. India, Sri Lanka and Pakistan respectively were the most important import sources for South Africa in the South Central Asia region<sup>5</sup> while Singapore, Thailand and Malaysia were South Africa's chief import sources in South Eastern Asia<sup>6</sup>.

<sup>5</sup> South central Asia refers to Afghanistan, Bangladesh, Bhutan, India, Iran, Kyrgyzstan, Kazakhstan, Sri Lanka, Maldives, Nepal, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan

<sup>6</sup> South Eastern Asia refers to Brunei Darussalam, Indonesia, Cambodia, Lao People's Republic, Myanmar Malaysia, Philippines, Singapore, Thailand, East Timor, and Vietnam

A little over a quarter of South Africa's imports from the EU came from the UK in 1990. Italy, France were the source of 10% and 7% respectively of South Africa's imports from the EU while the Netherlands and Belgium then each supplied 5% of South Africa's imports.

A larger share of South African imports originated from Asia in 1995. Asia's share of South Africa total imports had grown to 30% (with 18% from Eastern Asia, 5% from South Central Asia, 3% from South Eastern Asia and 4% from Western Asia), while the EU's share of South Africa imports dropped by one percentage point. Imports from other regions of the world fell by 9 percentage points when compared to the 1990 share and amounted to a quarter of South Africa total imports (see Panel 2 in Figure 2).

In 1995, South Africa's imports from the Eastern Asian region saw the prominence of China (the third most important country after Japan and Taiwan Province of China). In the South Central region of Asia, Iran, India and Pakistan remained the principle suppliers of South Africa's imports in 1995, with marked increases in the value of imports from these countries, presumably in response to the lifted sanctions following the democratic elections in 1994 (particularly in the case of Iran). Singapore, Malaysia and Thailand remained South Africa's preferred import sources in South Eastern Asia.

In 1995, South Africa imported a quarter of all its Western Asia imports from Israel (although these declined by approximately 40%, when compared to the 1990 values), while Yemen rose from obscurity in 1990, supplying only 0.01% of West Asia imports, to supplying a little over a fifth of South Africa's imports from West Asia. A similar story applies to Saudi Arabia and Kuwait who from both supplying less than 3% of South Africa imports from that region in 1990, then rose to deliver close to 20% and 16% of West Asia total exports to South Africa respectively. Although this increase in trade could be attributed to a number of dynamics - ranging from increased trade participation by the Asian community after the fall of apartheid to the rise of prominence of western Asia as an oil source -, the increase in importance of this particular region as South Africa's trade partner as defined by the two periods is striking.

The EU region did not experience any major changes in the makeup of the top exporters to South Africa: Germany remained the lead exporter to South Africa from that region although the share of German imports fell to 37%. Although the United Kingdom's import share declined to 24% this partner held its position as South Africa's second most preferred source of EU imports. Italy and France were the source of 9% (a 1 percentage point decline compare to the 1990's share) and 7% respectively of South Africa's imports from the EU while the Netherlands and Belgium each accounted for 5% of South Africa's imports from the EU.

Between 1995 and 2000, the EU share of imports had dropped by 4 percentage points to reach 40%, while Asia's share increased to 36% (with Eastern Asia 17%, South Central Asia 5%, South Eastern Asia 4% and Western Asia 10%). Imports from the rest of the world fell by one percentage point to 24%. There was then thus a *notable* general displacement of miscellaneous regions in favour of Asia (see Panel 3 in Figure 2 p.8).

China became South Africa's second most important partner in the Eastern Asia region, with a little over one fifth of South Africa's imports originating from China. Japan's dominance as South Africa's major import partner continued to weaken with 47% of South Africa's total imports sourced from the Eastern Asian region from that country. Taiwan's share of South Africa's imports sourced from East Asia fell a further 4 percentage points to amount to 13% of East Asia sourced imports.

In 2000, Iran, India and Pakistan continued to be the most active suppliers in South Central Asia, with contributions of 79%, 17%, and 3% respectively towards the total South Central Asian exports destined for South Africa. In 2000, Malaysia became South Africa's most important import partner when 28% of all imports from the South Eastern Asia were sourced from that region. Thailand and Singapore then supplied 25% and 20% respectively of South Africa's imports from South Eastern Asia. A little over three quarters of South Africa's imports from Western Asia were sourced from Saudi Arabia. Israel supplied South Africa with 8% of all West Asia exports to South Africa (a decline of 18 percentage points when compared to 1995), while Kuwait supplied 5%. Yemen supplied a negligible amount to South Africa in 2000.

The EU region's principal exporters to South Africa did not change although the EU's contribution to South Africa's imports declined somewhat. Germany maintained poll position as South Africa's chief export source from the EU by supplying a third of total EU exports destined for South Africa (although there was a 4 percentage point decline in the value of imports from Germany as compared to 1995). The United Kingdom supplied 21% of the EU exports destined for South Africa and, although the UK held its position as South Africa's second largest exporter from the EU, its import share fell by 3 percentage points compared to 1995.

**In 2005**, the EU share of South Africa imports fell to 38%, while South Africa imports from Asia increased to 40% (with Eastern Asia contributing 21% of South Africa imports; while South Central Asia contributed 6% of South Africa exports and Western Asia and South Eastern Asia each contributing 5%; and 8% respectively to South Africa total imports in 2005). South Africa's imports from the rest of the world fell by 2 percentage points to reach 22% (see Panel 4 in Figure 2 p.8).

China became South Africa major exporter in the Eastern Asia region in 2005 with 43% of Eastern Asia's South Africa destined exports originating from that country. Close to a third of all East Asia's South Africa destined exports were sourced from Japan while Taiwan supplied 8% of exports from the East Asia region destined to South Africa. In total 96% of the entire South Central Asia exports destined for South Africa were sourced from Iran and India (64% and 32%) with Pakistan only supplying another 3%.

South Africa imported 94% of all its imports from the South Eastern Asia region from Thailand, Malaysia, Singapore, and Indonesia. Saudi Arabia continued to supply the bulk (67%) of South Africa's imports from the western Asia region in 2005. The UAE then rose to prominence as an import source by providing South Africa with 9% of West Asian exports to South Africa and in the process became the second largest exporter to South Africa from that particular region.

In 2005 Germany's share of EU exports to South Africa increased by 4 percentage points, while France and Spain's shares of EU exports to South Africa increased by a percentage point each when compared to 2000. Exports by the UK, Italy and the Netherlands to South Africa declined by 7, 0.5 and 0.6 percentage points respectively. These changes did not seem to alter the top four principal EU exporters to South Africa - which remained Germany, United Kingdom, France and Italy in that order.

**In 2009**, the share of imports from the EU had fallen to 32% whereas that from Asia had increased to 42% (with 21% of South Africa imports originating from Eastern Asia; South Central Asia supplying 7% of South Africa's total imports; while South Eastern Asia and Western Asia were the source of 6% and 8% of South Africa total imports. 26% of South Africa imports were sourced from countries outside of the European Union and Asia (see Panel 5 in Figure 2 p.8).

In 2009, over 60% of the value of South Africa's imports from Eastern Asia were sourced from China. Imports from Japan, the Republic of Korea and Taiwan continued to dwindle, falling to 4% and 23%, and 6% of South Africa's import from the Eastern Asia region.

Iran, India and Pakistan were the source of 98% of South East Asia's exports to South Africa, each contributing 57%, 39% and 2% of all the imports by South Africa from that region in 2009. Iran's dominance declined while India's share in South Africa's imports from South East Asia grew by 8 percentage points.

South Central Asia's major exporters to South Africa were Thailand, Malaysia, Indonesia and Singapore, all contributing 91% of the South Central Asia region exports to South Africa in 2009, each contributing 37%, 21%, 18% and 15% of imports from that region respectively.

South Africa sourced 68% of its Western Asian imports from Saudi Arabia and 9% from the United Arab Emirates. A large portion of the outstanding 33% was sourced from Turkey and Yemen with the other countries in this region making small contributions.

The share of exports from the EU to South Africa from the Germany, the UK, Italy and France dropped by 1, 1 and 2 percentage points in 2009 compared to 2005 respectively. Again, these changes did not seem to change the top four principle EU exporters to South Africa, which remained Germany, the UK, France and Italy.

**Figure 2: South Africa's Imports by region in 1990, 1995; 2000; 2005 and 2009**

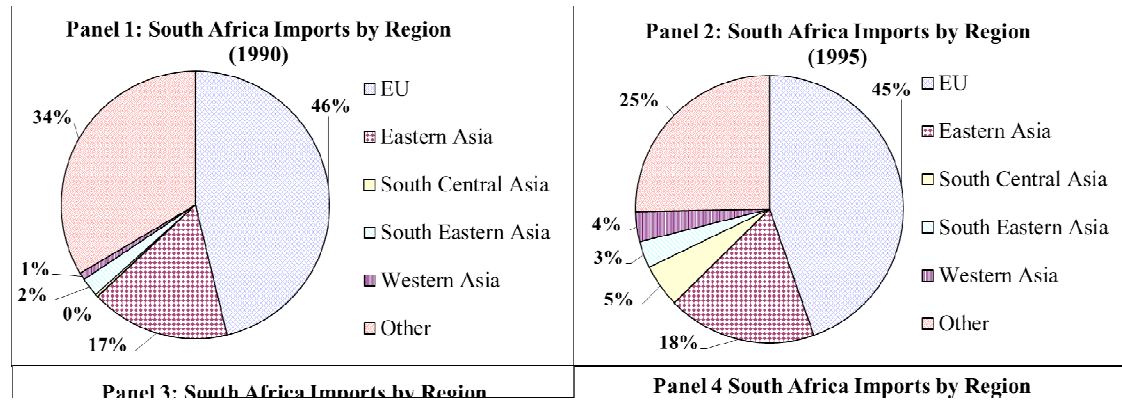




Table 1 illustrates the changes in import sources' shares of trade that have occurred in the various years considered in this note.

**Table 1: South Africa imports by region in 1990, 1995, 2000, 2005 and 2009**

	1990	1995	2000	2005	2009
<b>EU</b>	46%	45%	40%	38%	32%
<b>Asia</b>	20%	32%	36%	40%	42%
<b>Other</b>	34%	25%	24%	22%	25%
<i>East Asia</i>	17%	18%	17%	21%	21%
<i>South Central Asia</i>	0%	5%	5%	6%	7%
<i>South East Asia</i>	2%	3%	4%	5%	6%
<i>West Asia</i>	1%	4%	10%	8%	8%

**Source:** Own calculations using data from the Quantec (2010) database rounded to the nearest percent.

### 3 EU-South Africa and EU-Asia Imports at the Commodity Level

This section seeks to track the changes, at commodity level, of the top ten imports by South Africa from the EU, and to compare the performance of these products with the value of imports from Asia. The idea is to see if traditional EU imports have been displaced by Asian imports with the emergence of Asian states as economic powerhouses.

#### Trends: Descriptive

The top ten commodities that appear on the list of South Africa's imports from the EU are summarized in Table 2 together with the year in which the HS lines were ranked a top ten import.

**Table 2: South Africa top ten EU import lines (in terms of value) at HS 2 level\***

HS2 Classification	1990	1995	2000	2005	2009
<i>HS27: Mineral fuels, oils, distillation products, etc</i>					7
<i>HS29: Organic chemicals</i>	4	4	9	10	
<i>HS30: Pharmaceutical products</i>	10	9	5	6	5
<i>HS38: Miscellaneous chemical products</i>	9	8	10	9	9
<i>HS39: Plastics and articles thereof</i>	6	6	8	8	8
<i>HS48: Paper &amp; paperboard</i>	7	7			10
<i>HS71: Pearls, precious stones, metals, coins, etc</i>			6		
<i>HS73: Articles of iron or steel</i>	8				
<i>HS84: Nuclear reactors, boilers, machinery, etc</i>	1	1	1	1	1
<i>HS85: Electrical, electronic equipment</i>	3	2	2	3	3
<i>HS87: Vehicles other than railway, tramway</i>	2	3	4	2	2
<i>HS88: Aircraft, spacecraft, and parts thereof</i>				5	
<i>HS90: Optical, photo, technical, medical, etc apparatus</i>	5	5	7	7	6
<i>HS98: Special classifications provisions</i>		10	3	4	4

Note: \*The number in the cell indicates the HS line's rank in the specified year.

**Source:** Own calculations using data from Quantec's (2010) trade database.

In total 14 HS lines appear on South Africa's top import rankings for the chosen years. Eight of these HS lines appear in all the years suggesting that South Africa's import basket has not changed significantly in the chosen years (at an aggregated level). Amongst these is *HS84: Nuclear reactors, boilers, machinery* which was ranked first in all the selected years.

In what follows, we look at these individual lines, and note the trade trends over the period 1990-2007 in terms of how EU imports performed against Asian imports. This is to identifying where the EU has lost ground to Asia.

The lines where the value of Asian imports surpassed that of the European Union as an import source in the period under consideration (i.e. 1990-2009) were:

- *HS27: Mineral fuels, oils and products of their distillation; bituminous substances; mineral waxes*
- *HS29: Organic chemicals*
- *HS39: Plastics & articles thereof; rubber & articles thereof*
- *HS71: Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal & articles thereof; imitation jewellery; coin*
- *HS73: Articles of iron or steel*
- *HS85: Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles*

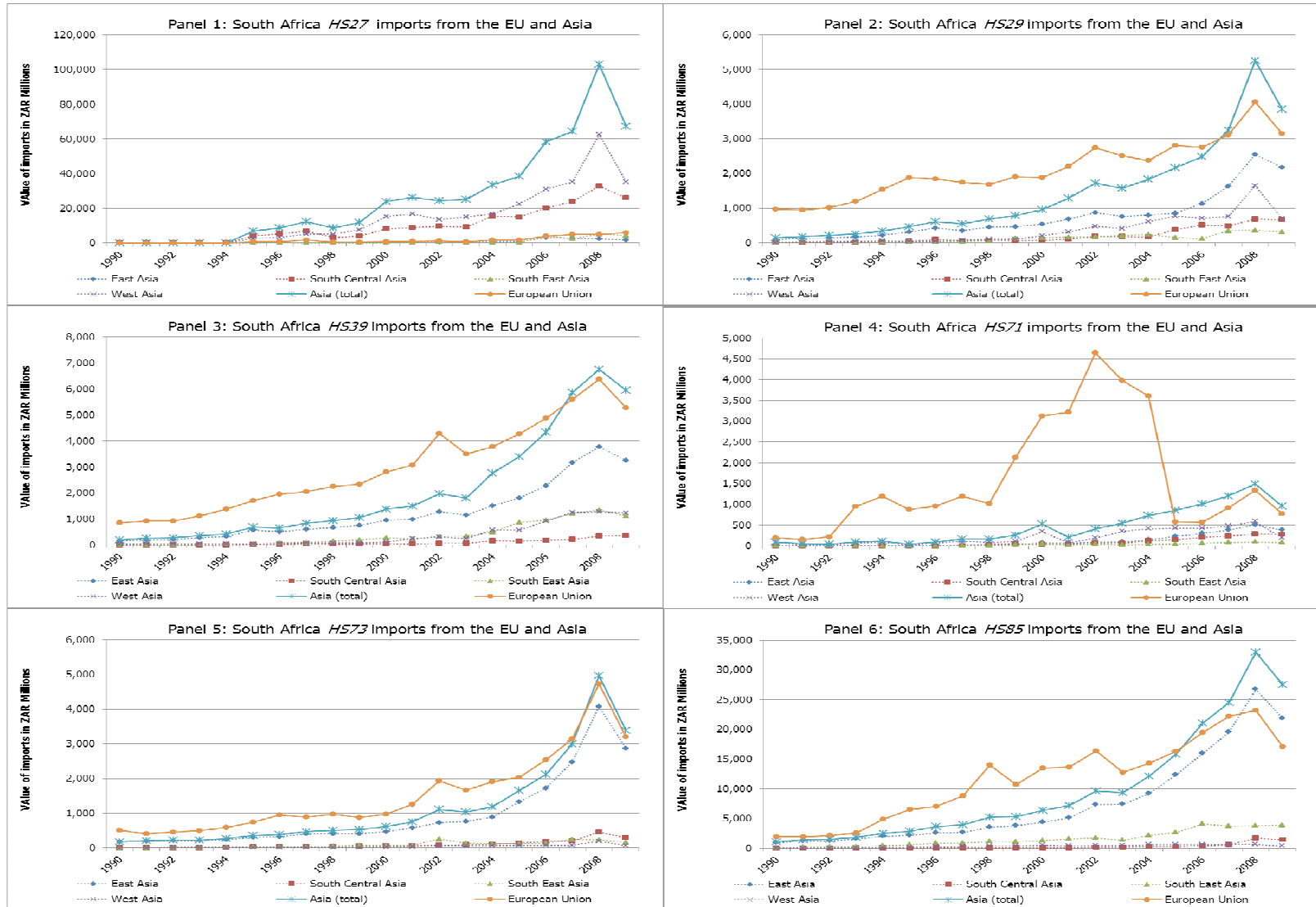
In *HS27: Mineral Fuels, Oil Distillation Products*, the pre-1994 period Asia and its sub-regions did not trade much with South Africa, but this changed subsequently, driven mainly by West as well as by South Central Asia. Judging from the value of the imports, South Africa now procures most of *HS27* category goods from Asia (see Panel 1 in Figure 3).

The EU has been South Africa's biggest source of products that fall under *HS29: Organic Chemicals* from 1990 to 2006, although Asia exports to South Africa have been steadily growing, driven mainly by East and West Asia. In 2007, Asia overtook the EU to become the largest supplier of these commodities to South Africa. The second panel in Figure 3 shows the trade trends for *HS27* in the period 1990-2009.

Between 1990 and 2006, the EU was South Africa's main source of *HS39 Plastics and articles thereof* commodities, but during 2007-2009 Asia supplied *HS39* commodities of the value of approximately R1,309 million more to South Africa than the EU. East Asia, South East Asia and West Asia, were the region from which these goods were exported to South Africa. Panel 3 in Figure 3 shows the trade trends that occurred in the period 1990-2009.

SOUTH AFRICA: TRADE TRENDS

Figure 3: South Africa HS Imports from EU and Asia (1990-2009)



Source: Own calculations using data from the Quantec (2010) trade database.

South Africa's imports of *HS71* commodities (which include precious metals) from the EU were erratic, while Asia showed steady growth during the entire period 1990-2009, but not at rates to pose a threat to the EU dominance in this category. Between 1990 and 2004 the EU supplied South Africa with *HS71* commodities of greater value than those of Asia. In 2005, EU exports to South Africa in this category dropped drastically to levels below those from Asia and, in 2009, South Africa destined EU exports surpassed Asian exports to South Africa in this category. Panel 4 in Figure 3 shows the pattern of *HS71* category goods imports from the EU and Asia destined for South Africa in the period 1990-2009.

South Africa's imports of *HS73, Articles of Iron and Steel* commodities from the EU and Asia showed steady growth over the entire period of 1990-2009. The region principally driving South Africa's import growth from Asia was East Asia. Between 1990 and 2007 the EU supplied South Africa with a greater value of goods in *HS73* than Asia, while Asia's value of imports from South Africa grew at a rate that posed a threat to EU dominance in this category. In 2008, Asian exports in this category surpassed those from the EU. Panel 5 in Figure 3 shows the pattern of *HS73* category good imports from the EU and Asia destined for SA in the period 1990-2009.

South Africa's import of *HS85, Electrical and Electronic Equipment* items from the EU and Asia grew steadily throughout 1990-2008, with a dip towards 2009. Asian exports to South Africa surpassed the EU's exports in 2006. The region driving the Asian growth of goods imported by South Africa in this category was the East Asian region (which includes China) and over 2007-2009 South Africa's imports from East Asia surpassed those of the EU in the same category. The sixth panel in Figure 3 shows the pattern of *HS85* category good imports from the EU and Asia destined for SA in the period 1990-2009.

## Conclusion

A number of products traditionally imported from the European Union by South Africa have been replaced by Asian imports. These apply to all the 7 commodity categories that consistently dominated South Africa's imports between 1990 and 2009. Whilst the nature of products *under HS27: Mineral fuels, Oil, distillation products, etc.* mean that the EU is not well placed to export products in this HS category compared to Asia, and whilst some classification changes might have occurred for *HS71: : Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal & articles thereof; imitation jewellery; coin*, the trends are notable for *HS29: Organic chemicals; HS39: Plastics and articles thereof; HS73: Articles of iron or steel and HS85: Electrical, electronic equipment*. South African importers are increasingly shifting to Asian products, recently displacing products imported from the EU.

## 4 South Africa Export Performance

This section deals with South Africa export performance focusing on the Asian and EU markets. We detail the export trends to highlight how exports have changed since the early 1990s.

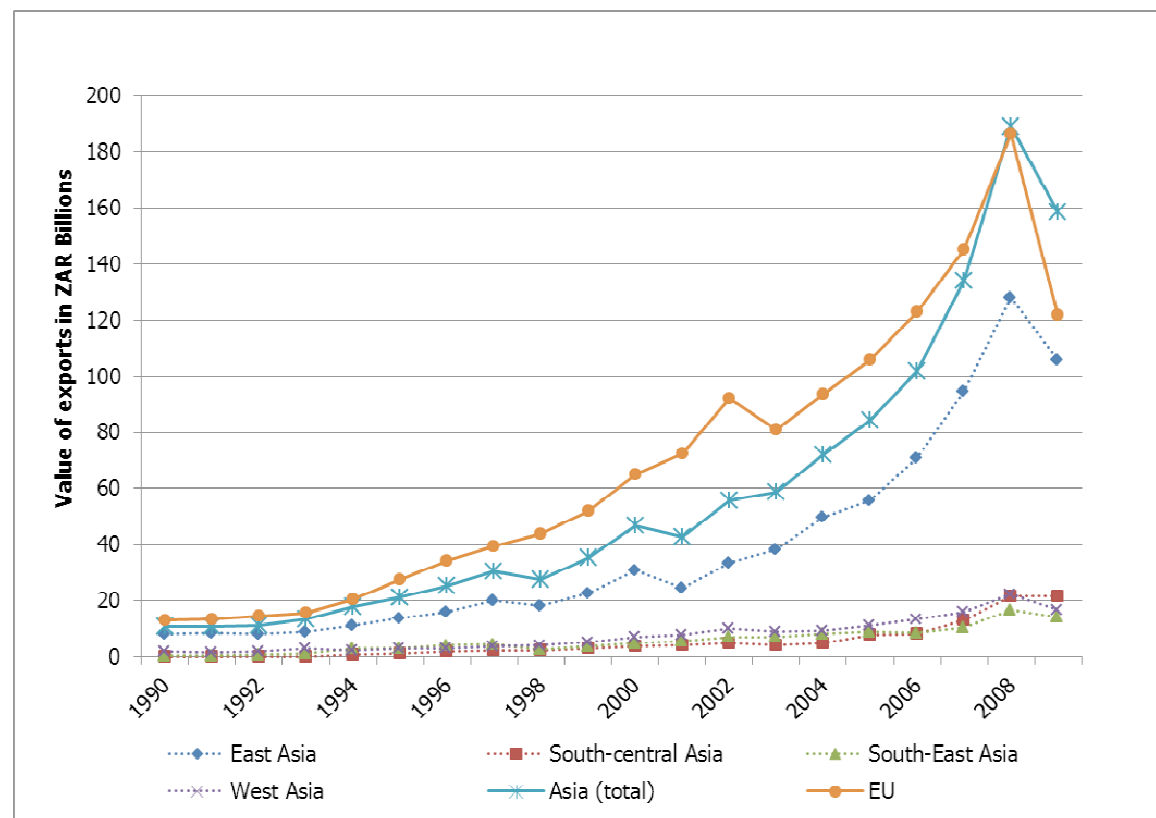
### Descriptive: Export Trends

Since 1990, the European Union seemed to receive greater value of South Africa imports. Post 1994 South Africa exports destined for the European Union and Asia increased significantly. In 2004 of South Africa's exports to both the European Union and Asia grew at a faster rate to the preceding period (1994-2002). In the period 2006-2008 South Africa's exports to Asia grew at a faster rate than that of the European Union passing the R180 Billion mark in 2008. South Africa's export growth was driven mainly by East Asia in the period concerned with the bulk of the exports destined for China (see Figure 4).

**In 1990**, 21% of South Africa's exports were destined to the EU; another 18% of the exports were to Asia, with East Asia receiving 13% of South Africa total exports while South Central Asia, South East Asia and West Asia each received 1%, 1% and 3% of South Africa total exports respectively. Over half of South Africa's exports (61%) were then to the rest of the world (Panel 1 of Figure 5).

**In 1995**, the EU's share of South African exports increased by 7 percentage points to 28%, (when compared to the 1990's figures). The share of South Africa's exports destined for Asia increased by 3 percentage points to reach 21% (East Asia 14%; South Central Asia 1%; South East Asia 3%; West Asia 3%). The share of exports destined for the rest of the world decreased by 10 percentage points to 51% as shown in Panel 2 of Figure 5.

**Figure 4: South Africa's value of exports to the EU and Asia (1990-2009)**



**Source:** Quantec (2010) trade data base.

Asia's share of South African total exports increased by 2 percentage points to reach 23% **in 2000** (East Asia 15%; South Central Asia 2%; South East Asia 2%; and West Asia 4%), while the EU's share of South African exports totaled 31% (a gain of 3 percentage points on 1995 exports). Exports to the rest of the world continued to decline to 46% (a decrease of 4 percentage points when compared to 1995 figures).

A little over a quarter (26%) of South Africa's exports were destined for Asia **in 2005**. The breakdown for the Asian subregions was East Asia 17%; South Central Asia 2%; South East Asia 3%; and West Asia 4% and a third of South Africa's exports found their way to the EU. Exports to the rest of the world continued to decline to a share of 41% (a decline of 5 percentage point when compared to 2000 figures).

**In 2009** almost a third (31%) of South African exports were destined for Asia, with Asia's sub-regions receiving the following shares of South Africa total exports: East Asia 21%; South Central Asia 4%; South East Asia 3%; and West Asia 3%. The EU received 24% of South Africa's exports, signalling the decline of the EU dominance (relative to Asia) as South Africa major export market. Exports to the rest of the world showed an up surge to 45% (an increase of 4 percentage points when compared to 2005 figures).

The EU remains an important destination for South Africa's exports, as evidenced by a growth in the EU's share of exports in total exports, with a slight decline in the second half of the last decade.

Amongst the dominant products, the EU received South African goods in:

- *HS71: Pearls, precious stones, metals, coins, etc,*
- *HS27: Mineral fuels, oils, distillation products, etc and*
- *HS84: Nuclear reactors, boilers, machinery, etc in 1994.*

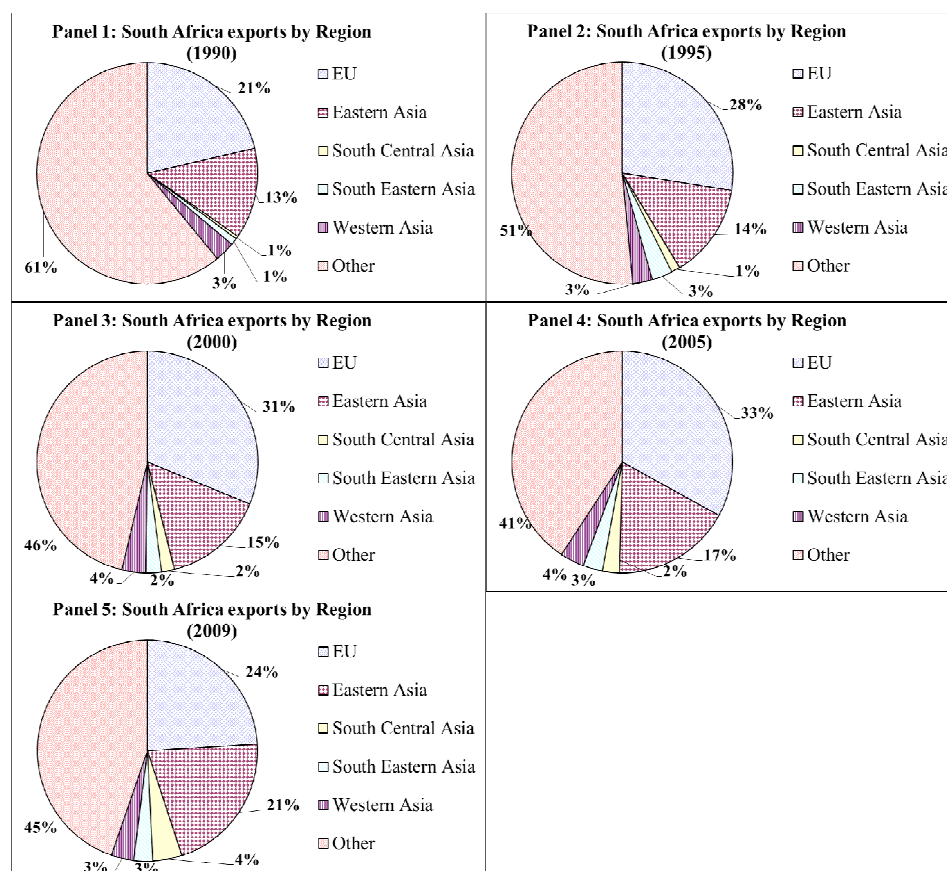
The 2008 EU export basket has changed and the dominating categories were found to be:

- *HS13: Lac, gums, resins, vegetable saps and extracts;*
- *HS23: Residues, wastes of food industry, animal fodder;*
- *HS96: Miscellaneous manufactured articles and*
- *HS90: Optical, photo, technical, medical, etc apparatus.*

That being said, Eastern Asia's share of the total exports has been progressively increasing, with the growth in East and South Central Asia on a lesser level. This is not surprising and is largely related to demand from China for a range of goods produced by South Africa. Eastern Asia in recent years has taken to receiving *HS71*, with categories such as *HS62: Ores, slag and ash* and *HS72: - Iron and steel* however still relatively important.

With regards to Western Asia, pre-2008 years saw *HS71*, *HS72* and *HS27* categories as the dominant export categories; 2008 brought on the dominance of *HS01: Live animals*, *HS02: Meat and edible meat offal* and of *HS03: Fish, crustaceans, molluscs, aquatic invertebrates n.e.s (not elsewhere specified)*. The most dominant exports to South Central Asia were *HS28: Inorganic chemicals, precious metal compound, isotopes*; *HS27* and *HS72*.

**Figure 5: South Africa Exports by Region in 1990, 1995, 2000, 2005 and 2009**



**Source:** own calculations using data from the Quantec (2010) trade database rounded to the nearest percent.

## Conclusion

The export trends reveal that, since 1990, Asia, in particular East Asia, has since become a crucial trade partner, and to some extent surpassing the European Union as an export destination.

Table 3 illustrates the changes in import sources' shares of trade that have occurred in the various years (1990, 1995, 2000, 2005 and 2009) considered in this note.

**Table 3: South Africa exports by region in 1990, 1995, 2000, 2005 and 2009**

	1990	1995	2000	2005	2009
<b>EU</b>	21%	28%	31%	33%	24%
<b>Asia</b>	18%	21%	23%	26%	31%
<b>Other</b>	61%	52%	46%	41%	45%
<i>East Asia</i>	13%	14%	15%	17%	21%
<i>South Central Asia</i>	0%	1%	2%	2%	4%
<i>South East Asia</i>	1%	3%	2%	3%	3%
<i>West Asia</i>	3%	3%	3%	4%	3%

**Source:** own calculations using data from the Quantec (2010) trade database rounded to the nearest percent.

## 5. Conclusion

The EU has remained the dominant region with which South Africa trades with between 1990 and 2009, although its importance has declined in favour of Eastern Asia. With regards to South Africa's imports from these two regions there have been some changes in the HS line *HS29: Organic chemicals*; in *HS73: Articles of iron or steel*; and in *HS85: Electrical, electronic equipment*, where the European Union previously showed dominance but has, over the 1990-2009 period, been replaced by Asia, driven mainly by Eastern Asia.

The period 2000-2009 has seen South Africa's share of total trade (defined as the total of exports and imports) with western Asia increase, as well as slight declines in the Eastern Asia's trade share. In the period 1994-2008, Germany<sup>7</sup> was South Africa's leading trade partner, but towards the end of the period, the share of imports from that market declined, and an increase in the prominence of Asian partners (namely, China<sup>8</sup>, Japan and to a lesser extent India) is observed.

South Africa's trade between 1990 and 2009 confirms that, the EU is an important trading partner, but its share of trade has been declining, while the importance of Asia as a trade partner though not quite as significant as the European Union, is growing strongly. Asia has been a growing import source, in the period 1994-2008, and has become an important export destination. Trends suggest that Asia still has the capacity to grow and possibly surpass the European Union; assuming all things remain equal.

<sup>7</sup> The key imports from Germany were *HS84 Nuclear reactors, Boilers and Machinery etc*; *HS85: Electrical Electronic Equipment* and *HS87 Vehicles other than Railway Tramway*

<sup>8</sup> In 2006 when China gained prominence as South Africa's imports source *HS62: Articles of apparel, accessories not knit or crochet*; *HS64: Footwear gaiters and the like, parts thereof* and *HS61: Articles of apparel accessories knit or crochet* were imported in almost equal proportions with *HS85* and *HS87* commodities, but in 2007, China began supplying more of *HS85* and *HS87* commodities and less of the *HS62*, *HS64* and *HS61*.