

FreeFACTS

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SA hits BRIC wall on trade

The 10th summit of the BRICS nations (Brazil, Russia, India, China, and South Africa) recently took place in Johannesburg. The South African government was particularly enthused with the Chinese delegation and correctly described China as South Africa's largest trade partner. However, what it did not say, and what the business press appeared to have missed, is that the trade relationship favours China to a significant extent.

The data in this short report shows that in 2017 South Africa recorded a merchandise trade deficit of R87.5 billion with China – a deficit almost twice as large as that with oil-exporting Saudi Arabia and equivalent to the bulk of the current account deficit recorded in that year. This should be juxtaposed with merchandise trade surpluses recorded with the United States of America and with the United Kingdom.

You should further read that data against the contempt with which the South African government at times treats its relationships with Western democracies – the country's voting record at the United Nations being an example. China might be our largest trade partner but we profit to a far greater extent from our trade relationships with established democracies.

It is with some scepticism therefore that we interpret the sentiment conveyed by the South African government that the BRICS block serves the best interests of South Africans to a greater extent than its relations with the West. Sound relations with all trade partners are essential – guided, as ever, by self-interest. But the fawning adulation levelled at the Chinese when read against the sometimes unconcealed contempt for Western democracies reveals that ideology, more than the best interests of South Africans, is what drives the trade and foreign policy decisions of the government.

— Marius Roodt

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Trade

All South African trade

Total trade composition, 2008-18							
	2008	2010	2013	2014	2016	2017	2018 ^a
<i>Trade composition</i>	<i>Rbn</i>						
Merchandise exports	680.3	609.4	867.0	942.8	1 058.0	1 108.3	250.8
Net gold exports ^b	48.5	59.5	67.1	71.9	66.8	66.4	19.2
Service receipts ^c	115.1	117.5	162.2	182.7	210.9	210.2	54.1
Income receipts ^d	48.3	34.1	64.4	82.2	87.8	81.6	29.2
Less merchandise imports	743.3	609.1	1 003.6	1 069.6	1 090.1	1 105.9	285.5
Less payments for services	139.0	143.1	174.2	184.8	218.8	215.5	50.8
Less income payments ^e	122.1	92.7	157.2	183.8	208.2	221.2	80.7
Current transfers (net receipts +) ^f	-18.9	-16.8	-30.7	-34.4	-27.5	-38.3	-11.4
Balance on current account	-131.2	-41.2	-204.8	-193.0	-121.2	-114.3	-75.1
— Trade balance	-14.5	59.7	-69.4	-54.9	34.7	68.9	-15.5

Source: South African Reserve Bank (SARB)

a Reflects 1Q 2018 data only.

b Net gold exports are unique to gold-producing countries. The reference to net gold exports indicates that the figure represents net foreign gold sales plus the change in the gold holdings of the Reserve Bank, other banking institutions and the gold mines.

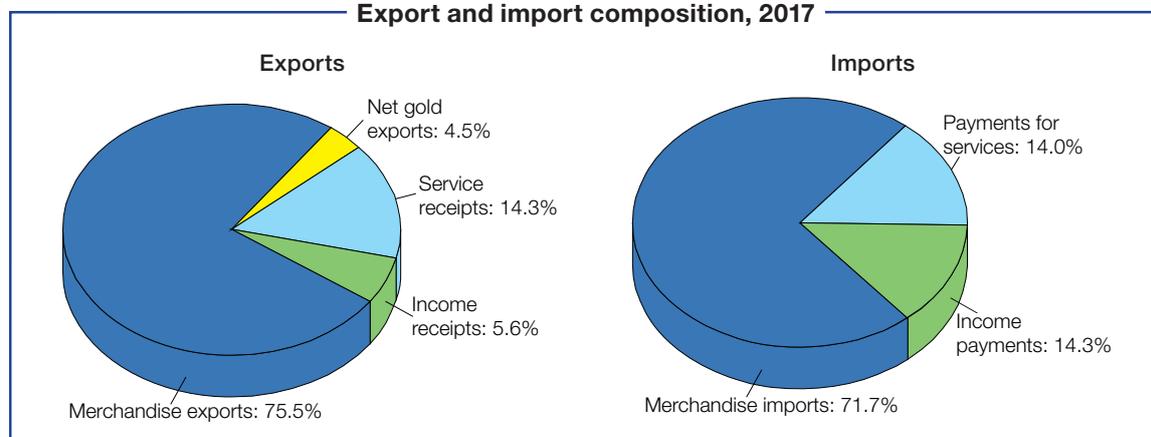
c Apart from trade in goods, the current account also records trade in services, which is often referred to as invisible trade. Trade in services incorporates multiple transactions, including air freight, harbour dues, travel allowances and money spent by tourists on food and accommodation. Insurance, brokers' fees, and the cost of maintaining diplomatic property are also included in this category.

d Investment income such as dividends, interest, and profits earned abroad.

e Income payments refer to income flows from South African residents to the rest of the world.

f Includes such items as government assistance rendered to or received from other countries, private transfers of income, such as personal, immigrant and other remittances and other charitable donations. In the case of transfers, money, goods or services are transferred without receiving anything tangible in return. These are therefore unrequited transfers.

Export and import composition, 2017



Trade

Merchandise trade in 2017

South Africa's chief merchandise ^a trading partners, 2017					
Country	Exports	Imports	Trade balance	Total	Proportion of total
	Rbn				%
China	115.5	203.0	-87.5	318.5	13.9%
Germany	84.2	127.5	-43.3	211.7	9.2%
United States	88.7	72.9	15.8	161.6	7.1%
India	55.6	52.2	3.4	107.8	4.7%
Japan	55.5	37.7	17.8	93.2	4.1%
United Kingdom	46.4	33.3	13.1	79.7	3.5%
Namibia	47.6	11.2	36.4	58.8	2.6%
Botswana	51.2	5.6	45.6	56.8	2.5%
Saudi Arabia	4.6	51.2	-46.6	55.8	2.4%
Netherlands	37.1	16.4	20.7	53.5	2.3%
Mozambique	38.5	11.9	26.6	50.4	2.2%
Belgium	33.0	11.8	21.2	44.8	2.0%
Italy	14.0	29.7	-15.7	43.7	1.9%
Thailand	8.2	33.1	-24.9	41.3	1.8%
United Arab Emirates	24.7	14.8	9.9	39.5	1.7%
South Korea	26.0	13.3	12.7	39.3	1.7%
France	10.4	27.9	-17.5	38.3	1.7%
Spain	16.8	21.0	-4.2	37.8	1.6%
Swaziland	17.1	16.3	0.8	33.4	1.5%
Zambia	29.9	3.0	26.9	32.9	1.4%
Zimbabwe	27.9	2.3	25.6	30.2	1.3%
Nigeria	5.8	22.9	-17.1	28.7	1.3%
Brazil	5.4	20.8	-15.4	26.2	1.1%
Angola	7.7	17.9	-10.2	25.6	1.1%
Hong Kong	21.9	3.6	18.3	25.5	1.1%
Australia	12.0	13.2	-1.2	25.2	1.1%
Lesotho	17.9	4.1	13.8	22.0	1.0%
Taiwan	11.6	10.0	1.6	21.6	0.9%
Malaysia	9.0	11.6	-2.6	20.6	0.9%
Other unclassified ^b	72.8	2.8	70.0	75.6	3.3%
Other	187.5	203.8	-16.3	391.3	17.1%
TOTAL	1 184.5	1 106.8	77.7	2 291.3	100.0%

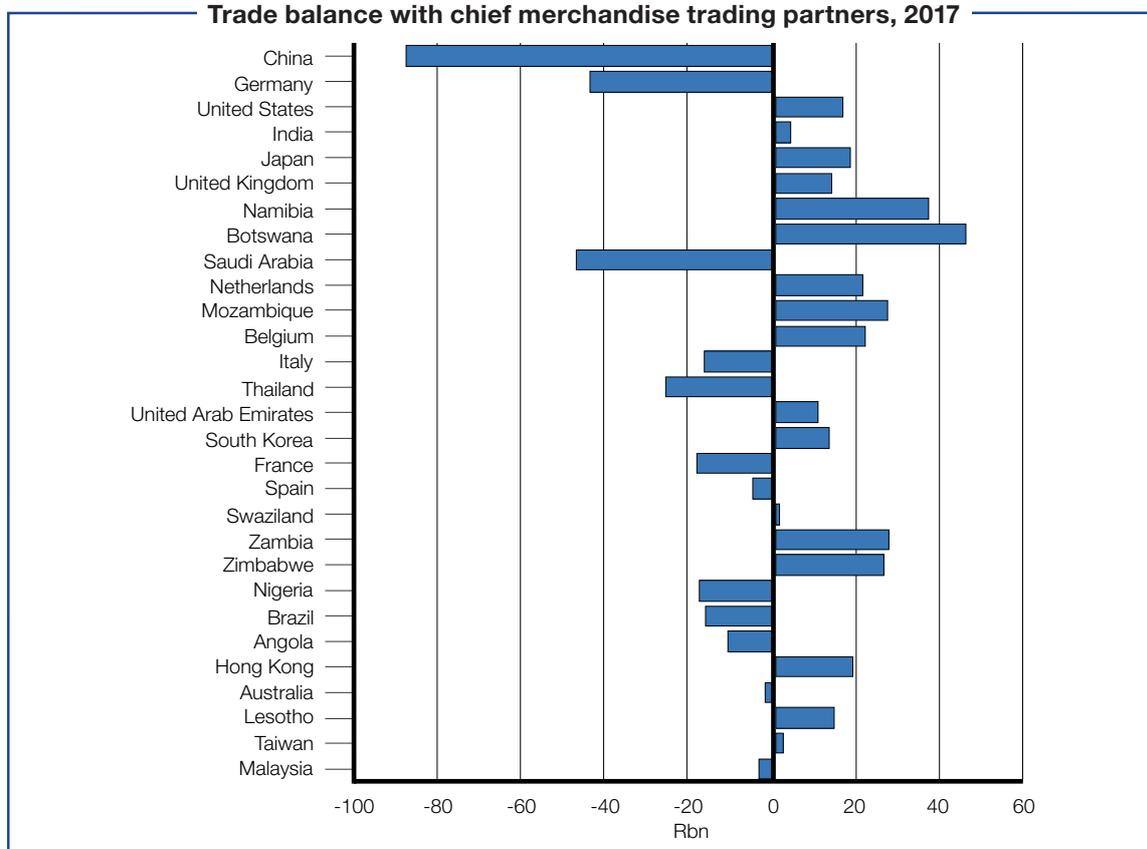
Source: South African Revenue Service (SARS), Customs and Excise; IRR calculations

a Trade in all physical goods, which consist of raw materials as well as intermediate and final goods.

b Origin of goods is unknown.

Trade

Trade balance with chief merchandise trading partners, 2017



South Africa's merchandise trade^a with the world, 2017

Country/Region	Exports ^b	Imports ^b	Trade balance	Total	Proportion of total
	Rbn				
Southern African Development Community (SADC) ^c	269.9	78.5	191.4	348.4	15.2%
Rest of Africa	43.3	37.3	6.0	80.6	3.5%
European Union (EU)	262.3	341.0	-78.7	603.3	26.3%
Rest of Europe	20.7	18.5	2.2	39.2	1.7%
North American Free Trade Agreement (NAFTA) ^d	95.0	83.7	11.3	178.7	7.8%
Rest of America and Caribbean	13.6	33.9	-20.3	47.5	2.1%
Oceania (including Australia and New Zealand)	14.0	15.8	-1.8	29.8	1.3%
Eastern Asia (including China, Hong Kong, Japan)	230.5	267.6	-37.1	498.1	21.7%
South Central Asia (including Bangladesh, India, Pakistan)	72.1	55.9	16.2	128.0	5.6%
South Eastern Asia (including Indonesia, Malaysia, Thailand)	34.5	77.8	-43.3	112.3	4.9%
Western Asia (including Israel, Saudi Arabia, Turkey, UAE)	47.6	93.9	-46.3	141.5	6.2%
Other	80.9	2.8	78.1	83.7	3.7%
Total	1 184.5	1 106.8	77.7	2 291.3	100.0%

Source: SARS, Customs and Excise data; IRR calculations

a Trade in all physical goods, which consist of raw materials as well as intermediate and final goods.

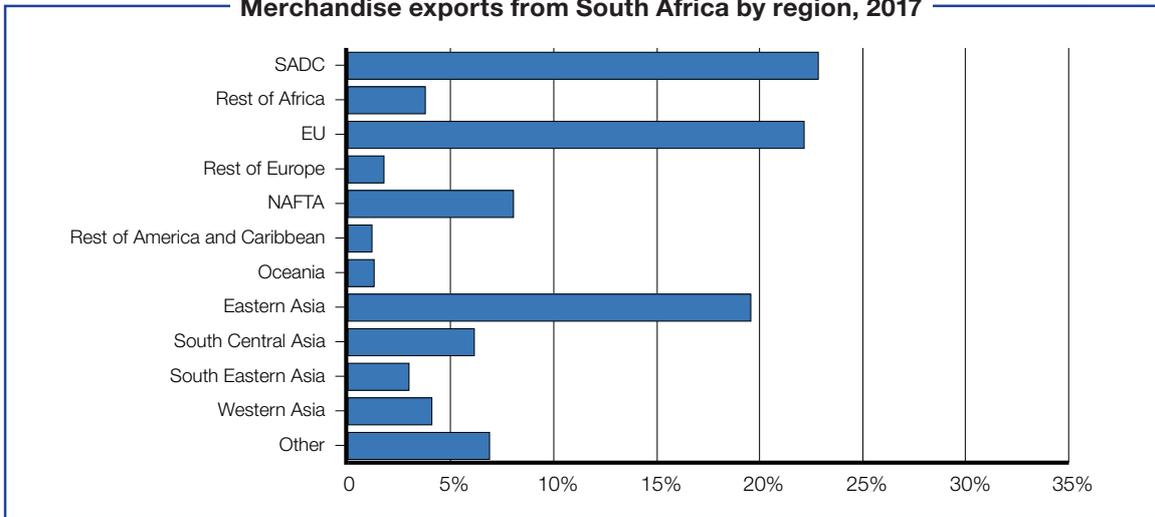
b 'Imports' are imports into South Africa, and 'exports' are exports from South Africa.

c Including Southern African Customs Union (SACU) countries (Botswana, Lesotho, Namibia, and Swaziland) data.

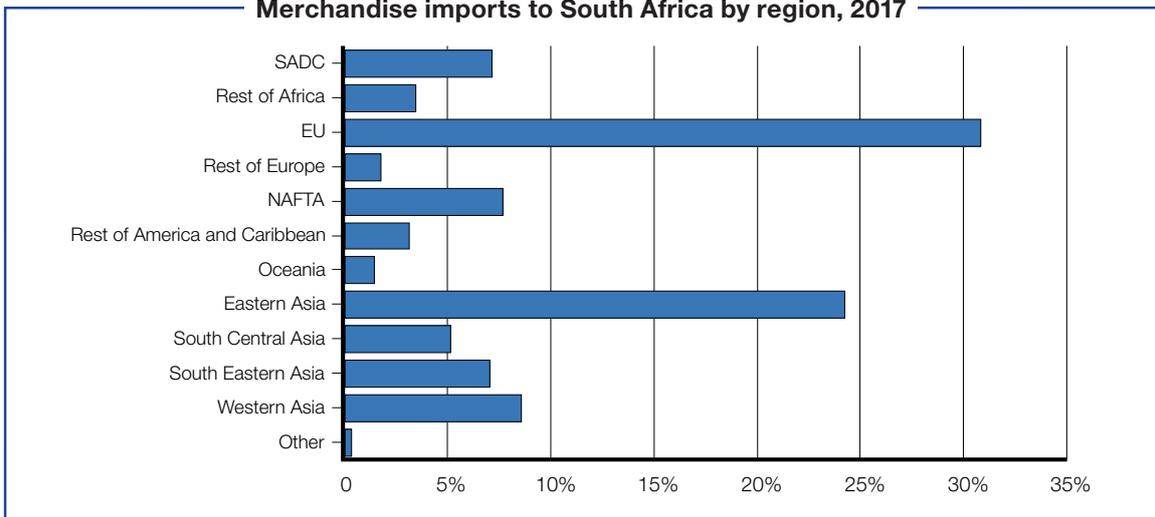
d The North American Free Trade Agreement between the United States, Canada, and Mexico.

Trade

Merchandise exports from South Africa by region, 2017



Merchandise imports to South Africa by region, 2017



Merchandise trade balance by region, 2017

