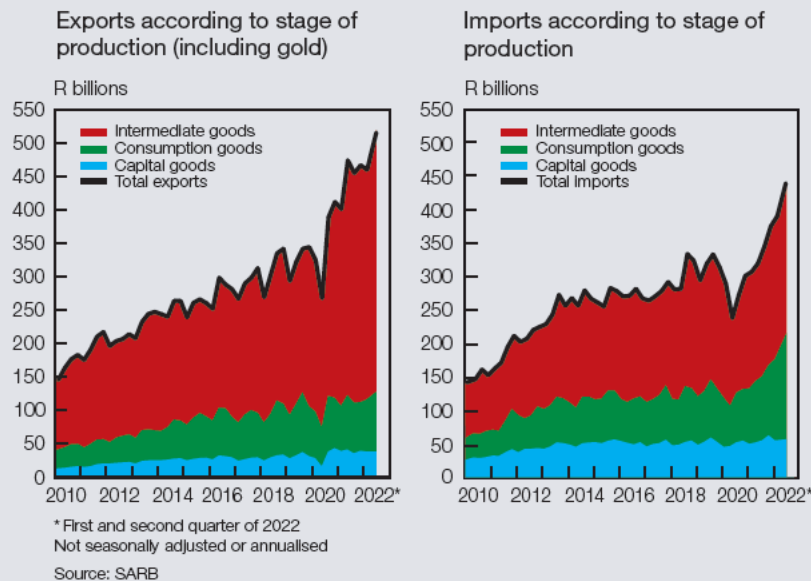


## Box 2 South Africa's trade statistics<sup>1</sup> according to the stage of production

This box introduces South Africa's trade statistics by stage of production, based on the fifth revision of the *Classification by Broad Economic Categories* (BEC Rev.5)<sup>2</sup> of the United Nations Statistical Commission (UNSC). Published in 2016, BEC Rev.5 provides for, among other things, changes in technology, trade patterns and value chains which partially affect the treatment of intermediate goods.

The BEC classification is a high-level aggregation of the existing and detailed product classifications in the Standard International Trade Classification (SITC),<sup>3</sup> the Harmonized Commodity Description and Coding System (HS)<sup>4</sup> and the Central Product Classification (CPC).<sup>5</sup> The BEC classification, which categorises products according to end use, facilitates aggregation into capital, intermediate and consumption goods<sup>6</sup> according to the System of National Accounts (SNA).<sup>7</sup> This facilitates trade analysis in relation to economic activity as measured by gross domestic product.

South Africa's trade data are sourced from the South African Revenue Service (SARS) and are recorded at an HS eight-digit level. BEC Rev.5 includes all previous changes to the HS codes and ensures that all goods are accounted for and allocated to the appropriate broad economic category. The trade statistics discussed in this box also include the data of the BELN<sup>8</sup> countries. The South African Reserve Bank (SARB) has compiled trade data classified into capital, intermediate and consumption goods for both imports and exports as from the first quarter of 2010, based on the SARS trade data. As from this edition of the *Quarterly Bulletin*, these statistics are published in table KB536 in the experimental tables section on page E-15.



1 This box relates to trade statistics in the balance of payments on pages S-85 and S-88 in this edition of the *Quarterly Bulletin*.

2 The latest version of BEC Rev.5 developed by the UNSC is available at [https://unstats.un.org/unsd/trade/classifications/SeriesM\\_53\\_Rev.5\\_17-01722-E-Classification-by-Broad-Economic-Categories\\_PRINT.pdf](https://unstats.un.org/unsd/trade/classifications/SeriesM_53_Rev.5_17-01722-E-Classification-by-Broad-Economic-Categories_PRINT.pdf)

3 The SITC is available at <https://unstats.un.org/unsd/trade/sitcrev4.htm>

4 The HS classification of the World Customs Organization (WCO) is available at [http://www.wcoomd.org/en/topics/nomenclature/overview/what-is-the-harmonized-system.aspx#:~:text=The%20Harmonized%20Commodity%20Description%20and,World%20Customs%20Organization%20\(WCO](http://www.wcoomd.org/en/topics/nomenclature/overview/what-is-the-harmonized-system.aspx#:~:text=The%20Harmonized%20Commodity%20Description%20and,World%20Customs%20Organization%20(WCO)

5 The CPC is available at [https://unstats.un.org/unsd/classifications/Econ/cpc#:~:text=The%20Central%20Product%20Classification%20\(CPC,definitions%2C%20principles%20and%20classification%20rules](https://unstats.un.org/unsd/classifications/Econ/cpc#:~:text=The%20Central%20Product%20Classification%20(CPC,definitions%2C%20principles%20and%20classification%20rules)

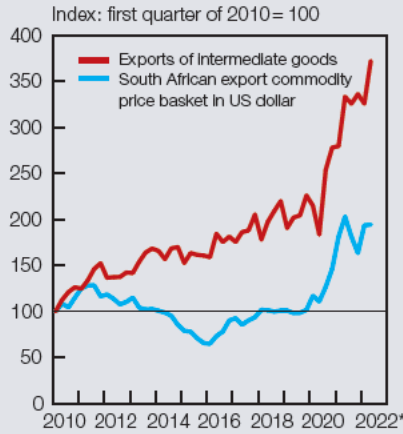
6 Capital goods are restricted to institutional units in their capacity as producers, whereas intermediate goods consist of goods used during the production process within the accounting period. Consumption goods consist of goods used by either individual households or the community to satisfy their individual or collective needs or wants.

7 The SNA is available at <https://unstats.un.org/unsd/nationalaccount/sna.asp>

8 The BELN countries are Botswana, Eswatini, Lesotho and Namibia.

An analysis of imported and exported capital, intermediate and consumption goods in value terms shows that, according to the stage of production, intermediate goods have remained dominant, while the contribution of exported intermediate goods to total exports has averaged 69.7% since 2010, and that of imported intermediate goods to total imports has averaged 56.3% over the same period.

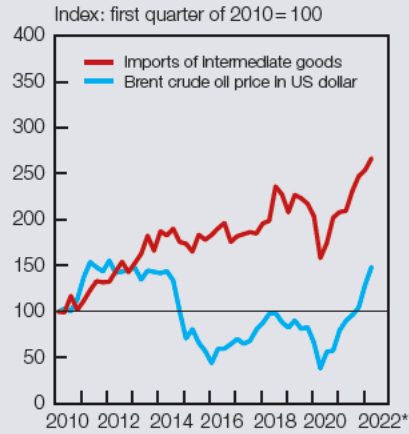
### Exports of intermediate goods and commodity prices



\* First and second quarter of 2022

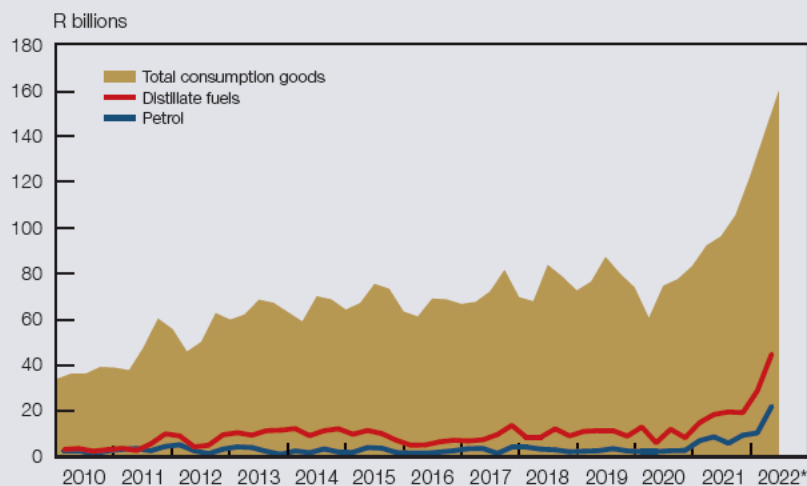
Sources: Refinitiv and SARB

### Imports of intermediate goods and Brent crude oil price



The value of both exported and imported intermediate goods tends to be more volatile than the other two categories, as it is affected by the movements in international commodity prices. The value of consumption goods imports as a share of total imports remained relatively stable at about 25% from 2010 to 2019. Consumption goods imports then rose sharply from mid-2020 as the value of imported mineral products, in particular petrol and diesel, increased due to the closure of most of South Africa's refineries and also due to the increased reliance on Eskom's diesel-powered open cycle gas turbines to meet electricity demand.

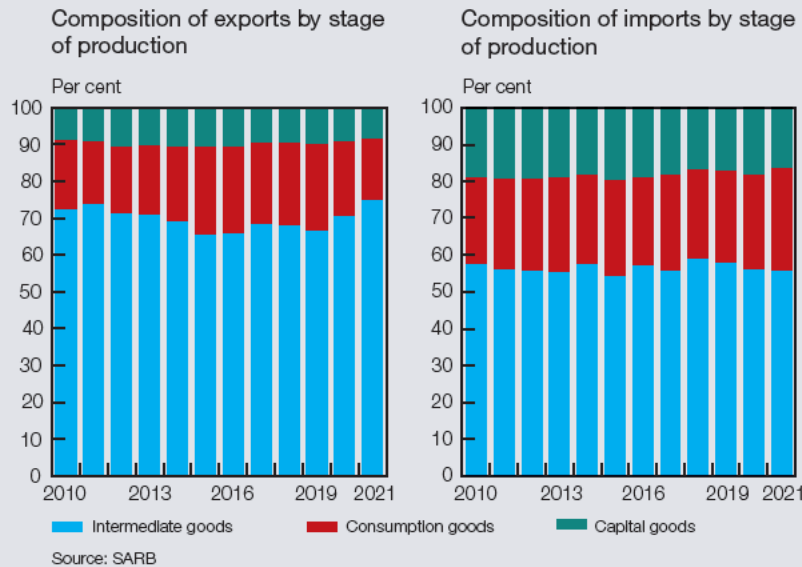
### Imports of consumption goods



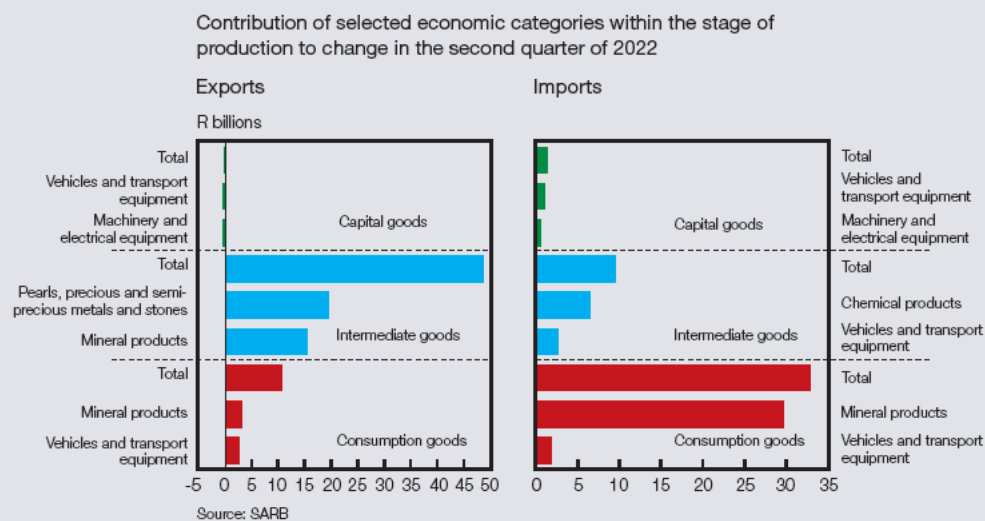
\* First and second quarter of 2022

Source: SARB

The contribution of exported intermediate goods to total exports, in value terms, increased in 2020 and peaked at 75.9% in the fourth quarter of 2021, mainly due to base metals that benefitted from higher prices due to the surge in the global demand for these products. By contrast, the contribution of imported intermediate goods to total imports has decreased from 2020 to a low of 50.7% in the second quarter of 2022. Exported consumption goods relative to total exports decreased in 2021, while imported consumption goods relative to total imports increased due to the higher imports of refined petroleum products. Over the same period, the contribution of both exported and imported capital goods declined relative to the total trade in goods.



A further breakdown of both exports and imports by stage of production into BEC is even more insightful. This shows that the increase in the value of exported intermediate goods in the second quarter of 2022 was largely due to a substantial increase in the value of precious metals and stones as well as mineral products, with the latter mainly boosted by coal. The increase in the exports of consumption goods mainly reflected an increase in the value of vehicles and transport equipment as well as mineral products. Capital goods exports were dragged down by a noticeable decrease in vehicles and transport equipment, in particular commercial vehicles, impacted by the flooding in KwaZulu-Natal in April 2022, which affected vehicle production.



The value of imported intermediate, consumption and capital goods increased in the second quarter of 2022. Consumption goods imports were primarily supported by noticeable increases in the value of mineral products and, to a lesser extent, vehicles and transport equipment. The former was mainly boosted by petroleum products due to increased imports of distillate fuel and petrol. The increase in imported intermediate goods was largely due to an increase in chemical products as well as vehicles and transport equipment. Higher imports of vehicles and transport equipment were primarily supported by an increase in the imports of original equipment components used in the manufacturing of vehicles for the export market. Capital goods imports increased as the value of vehicles and transport equipment increased, specifically tractors.

