TRADE & INDUSTRIAL POLICY STRATEGIES

POLICY BRIEF: 1/2025

Quantitative analysis of South Africa's imports between 1995 and 2023

INTRODUCTION

South Africa's imports more than quadrupled between 1995 and 2023 to approximately R2 trillion in 2023 in constant 2023 Rand. The growth is partly reflected in the rising import intensity of gross domestic product (GDP). In this period, South Africa underwent some deindustrialisation following the trade liberalisation of the late 1980s and early 1990s, which led to an influx of cheaper imports and affected local manufacturers' ability to compete.

With reindustrialisation efforts focused on increasing local production, understanding whether the country imports consumer goods, intermediate goods or capital goods can help identify products for which there is sufficient demand, based on both the value and volumes imported, to warrant setting up the production infrastructure. In addition, analysis of the intermediate products can point to the kind of manufacturing taking place locally.

This brief is an analysis of South Africa' imports between 1995 and 2023. The aim is to provide an understanding of changes in the extent and composition of imports over this period. The analysis classifies imports based on the industry in which they fall, and whether they are intermediate goods for value addition, capital goods for industry, or consumer goods with no value addition.

Trade & Industrial Policy Strategies (TIPS) supports policy development through research and dialogue. Its two areas of focus are trade and inclusive industrial policy; and sustainable development.

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TRADE AND IMPORT INTENSITY OF SOUTH AFRICA'S GDP

South Africa's trade grew substantially between 1995 and 2023. Export growth has largely been driven by growing demand for minerals from countries like China, where these products are beneficiated in various industries including steel, chemicals and automotives. Aside from growing minerals exports, South Africa has also seen export growth in automotives, particularly goods and passenger vehicles. Imports also grew in this period, driven in part by an influx of goods for final consumption by households and industry.[1]

This section briefly discusses the trade balance and provides an overview of the import and export intensity of GDP. This section is followed by an in-depth analysis of South Africa's imports. For the purposes of this policy brief, only imports are analysed.[1]

Trade balance

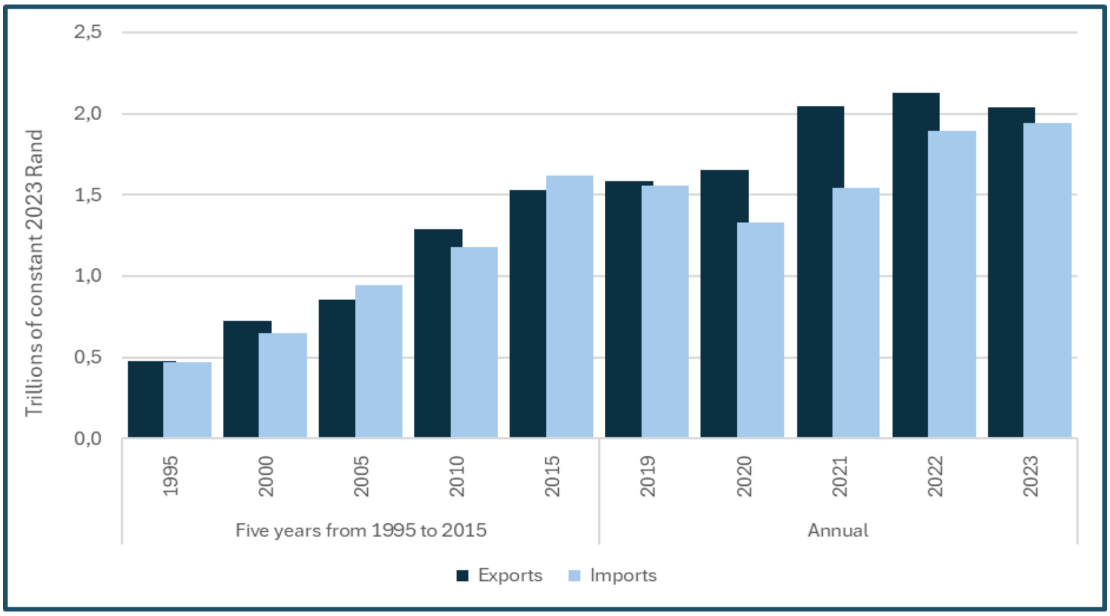
South Africa's imports and exports grew from approximately R500 billion in 1995 to slightly more than R2 trillion for exports and almost R2 trillion for imports in 2023 (in constant 2023 Rand). Exports largely remain minerals intensive, often with little to no value addition. The mineral intensity of exports has had a notable impact on the trade balance, reflected by growth in the value of exports during the commodity boom of the early 2010s, and in the growth since the start of the COVID-19 pandemic in late 2019.[2]

Imports grew in part because of higher imports of petroleum products like crude oil and diesel, mounting imports of energy-related products, particularly renewable energy products like solar cells and assembled panels, lithium-ion accumulators and wind turbine products, and increased imports of consumer goods such as cars and information and communication technology (ICT) products like smartphones, storage devices and related parts, printers and some display screens.

[1] *Detailed analysis of quarterly exports can be found on the export tracker page of the TIPS website, under https://www.tips.org.za/manufacturing-data/tips-export-tracker.*
[2] *The impact on South Africa largely began in the second quarter of 2020.*

MARCH 2025

Graph 1: South Africa's trade balance in trillions of constant 2023 Rand



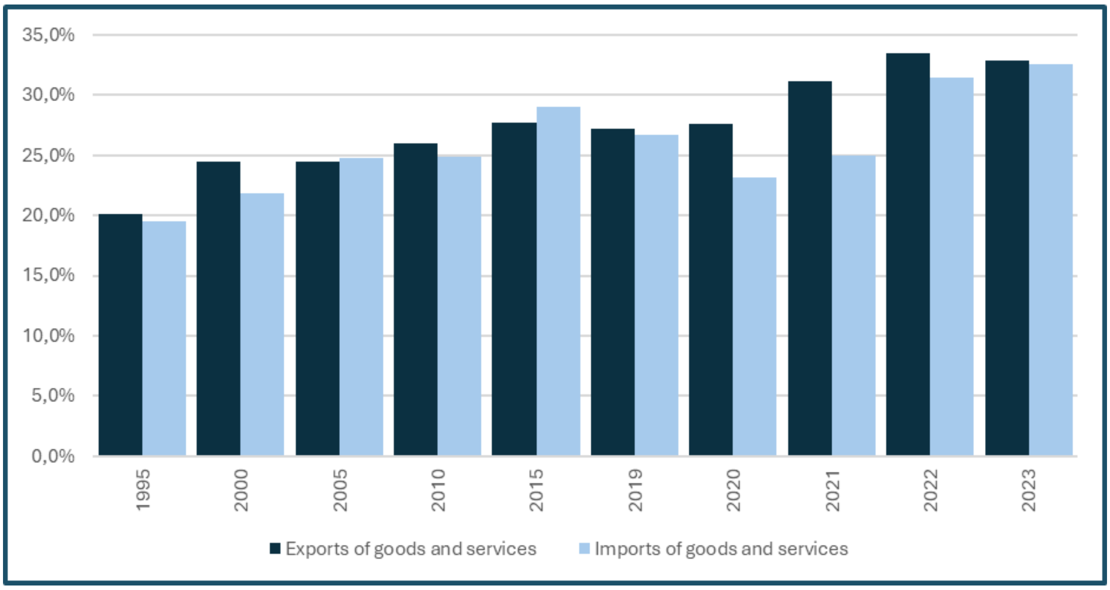
Source: Calculated based on SARS data from Quantec EasyData online interactive database. Downloaded from https://www.easydata.co.za/ in October. *Note:* Trade values rebased using CPI for 2023 from Stats SA.

Import and export intensity of GDP

The import and export intensity of South Africa's GDP increased between 1995 and 2023, with periods of decline, especially in times of economic crisis. The overall import intensity of the country's GDP is in line with other middle-income countries, excluding China. However, South Africa's GDP is less import intensive compared to low- and high-income countries. The high import intensity of low-income countries' GDP mainly reflects their small industrial base, if any – with these countries often engaged in industries like agriculture, with little to no value addition. High-income countries in contrast industrialised earlier than low-income countries, and thus were able to move from production of some goods in favour of importing those goods.

Between 1995 and 2023, exports largely tracked imports in contribution to GDP (see Graph 2). As noted in the previous sub-section on the trade balance, part of the export growth has been driven by commodity price booms, first in the early 2010s, and later in the 2020s because of speculation resulting from the COVID-19 pandemic. However, although both imports and exports have grown, their greater share of GDP is partly because of slow growth in final consumption by government and slow growth in gross capital formation over the period under analysis.

Graph 2: South Africa's imports and exports of goods and services as a share of GDP



Source: Calculated from Statistics South Africa. GDP quarterly figures. GDP P0441 – 2022Q4. Excel spreadsheet. Downloaded from statssa.gov.za in October 2024.

SOUTH AFRICA'S IMPORTS 1995 – 2023[3]

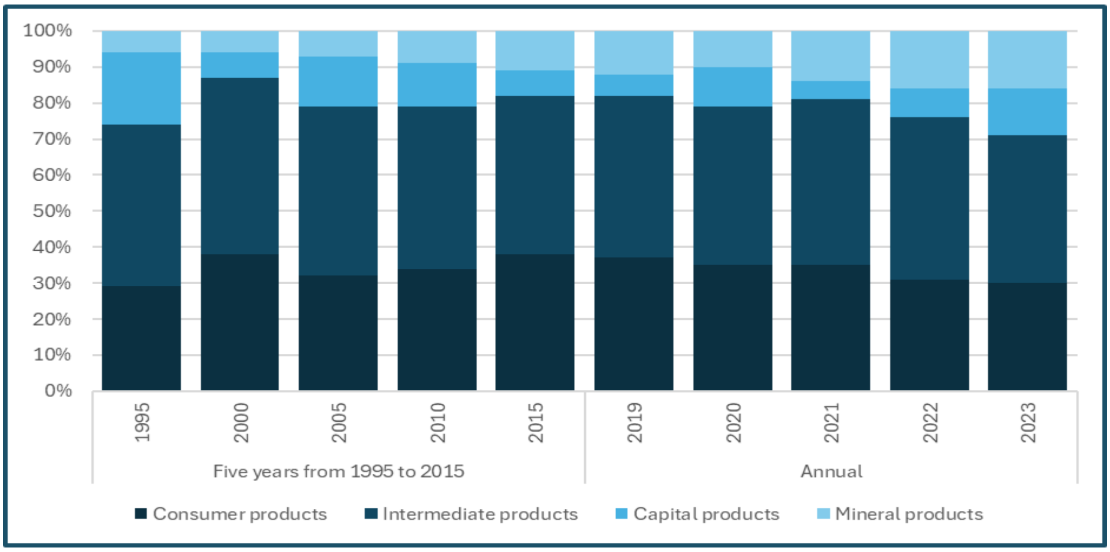
Although South Africa's industrial policy has undergone numerous iterations over the past decades, localisation has remained a central pillar for (re)building the industrial base. Rebuilding the industrial base requires access to inputs, some of which are imported. Automotive components are an example of some of the inputs industry needs for production. Some 8 000 products (at HS level 8) are imported every year. Analysis can help establish whether these imports are for final consumption or whether they are inputs.

The analysis is narrowed to the top 100 goods imported each year. The top 100 imported goods account for the highest share of South Africa's total imports as noted in Section 2.2. The analysis is further disaggregated by industry and by type of good (i.e. intermediate, capital or good for final consumption) to detect notable changes in imports of goods that could be locally produced.

Composition of imports between 1995 and 2023

Almost half of the top 100 imports since 1995 were intermediate products, though their share in the top 100 declined from around 45% in 1995 to 41% in 2023 - averaging around 45% over this period. Consumer goods accounted for on average a third of the top 100 imports. In addition, imports of capital products such as heavy machinery and related parts decreased from 20% of the 100 products in 1995 to 13% in 2023. In contrast, imports of mineral[4] products, mostly petroleum, in the top 100 list grew from 6% in 1995 to 16% in 2023 (see Graph 3).

Graph 3: Share of imports by type, 1995 – 2023



Source: Calculated based on SARS data from Quantec EasyData online interactive database. Downloaded from https://www.easydata.co.za/ in October. *Note:* Trade values rebased using CPI for 2023 from Stats SA.

[3] *Reclassification of trade data by HS codes impacts the overall trade value of that product at HS8 level. The reclassifications are done to create new HS codes for tariff purposes. Another purpose is to provide additional disaggregation for products that might have been classified together (e.g. prior to 2022, smartphones were classified under the broader telephones category, which also included regular mobile phones).*
[4] *Mineral imports include petroleum products like crude oil and diesel, as well as products like diamonds and gold.*

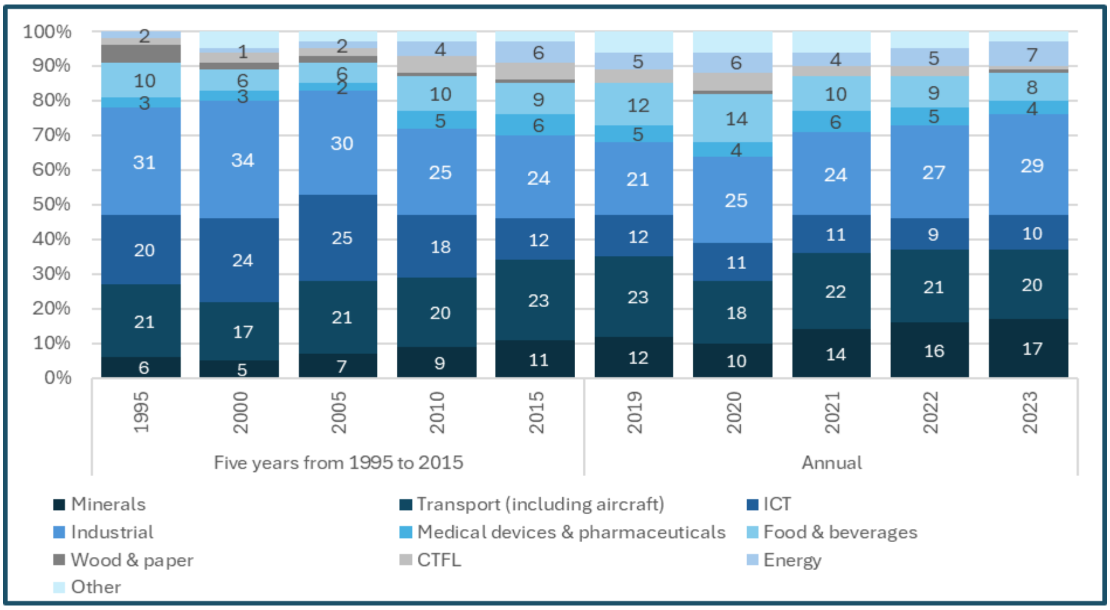
For the most part, the composition of South Africa's top 100 imports has remained unchanged. Imports cover transport, ICT, medical devices and pharmaceuticals, food and beverages and industrial products.

The increase in the share of these petroleum products, and the increase in the value of the products is partly explained by overall increases in prices, and because of new imports of products like illuminating kerosene which began in 2021. These new petroleum imports were added as South Africa lost refinery capacity after a spate of fires affected several domestic refineries, resulting in imports of refined products increasing and imports of crude oil declining.

For the most part, the composition of South Africa's top 100 imports has remained unchanged in terms of industry distribution. Graph 4 shows the share of the top 100 imports by industry. The imports cover transport (including aircraft), ICT, medical devices and pharmaceuticals, food and beverages and industrial products, among others. The industrial products include inputs for the chemicals value chain and capital goods for mining and construction, among others. The transport products include passenger and goods vehicles and related components, as well as aircraft and related components.[5]

The analysis shows that the number of mineral imports in the top 100 grew from six products in 1995 to 17 products in 2023. Imports for the energy industry grew from two products in 1995 to seven products in 2023 (see Graph 4). In contrast, ICT imports declined from around 20 products in 1995 to 10 products in 2023. The ICT industry imports mainly include parts and accessories like telephonic and transmission apparatus and printing equipment, along with a range of products like cellphones, screens and storage devices. Given that South Africa has minimal, if any local production of ICT products, the parts and accessories are likely for the maintenance and repair segment of the value chain, rather than as inputs into local production of final ICT goods. Some ICT components – electronic integrated circuits for instance – are used across different industries like automotives and electrical equipment. In contrast to ICT imports, parts and accessories for the automotive industry are mainly for the assembly and manufacturing segment of the value chain, with the balance used for repairs and maintenance.

Graph 4: Number of import products by industry in the top 100 imports (and as a share of the top 100 imports), 1995 – 2023



Source: Calculated based on SARS data from Quantec EasyData online interactive database. Downloaded from https://www.easydata.co.za/ in October. *Note:* Trade values rebased using CPI for 2023 from Stats SA.

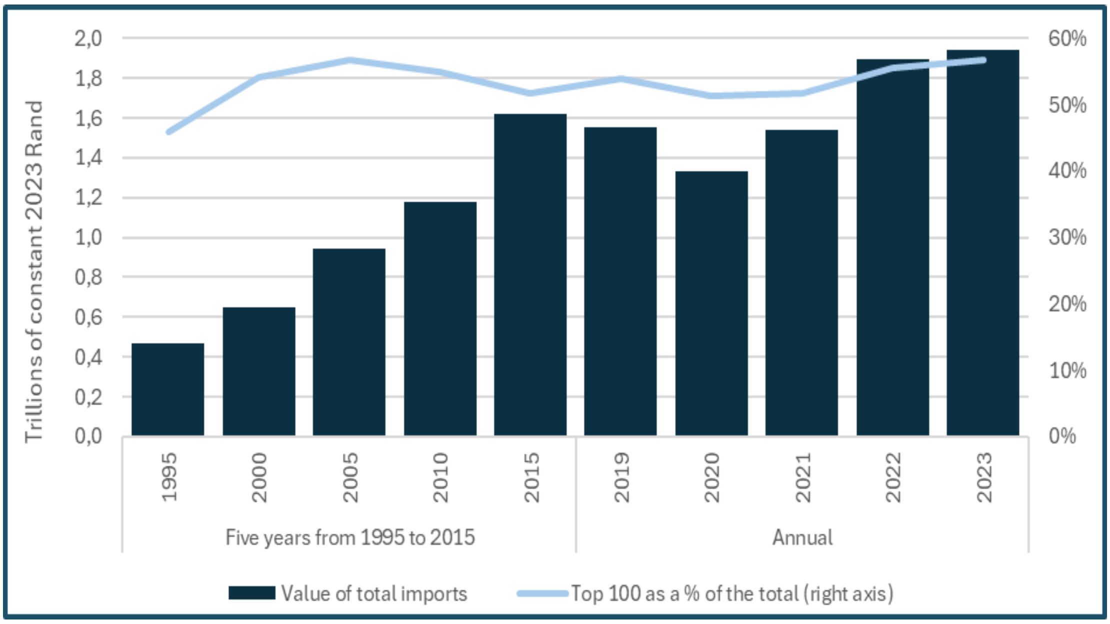
[5] *Parts and accessories are also included in the relevant industry. For instance, auto components are included as part of transport.*

Mineral imports grew from six products in 1995 to 17 in 2023. Energy industry imports grew from two products in 1995 to seven in 2023. ICT imports declined from 20 products in 1995 to 10 products in 2023.

Top imports by value

Disaggregated to HS level 8, the value of the top 100 imports grew as a share of South Africa's total imports. In 1995 the top 100 imports accounted for about 46% of the total value of imports, amounting to just over R200 billion in constant 2023 Rand. Since the early 2000s, the top 100 imports have accounted for more than half of the total imports value, reaching R1 trillion in 2023 in constant 2023 terms, about 57% of total imports. Graph 5 shows the total value of imports in real terms, along with the share of the top 100 imports.

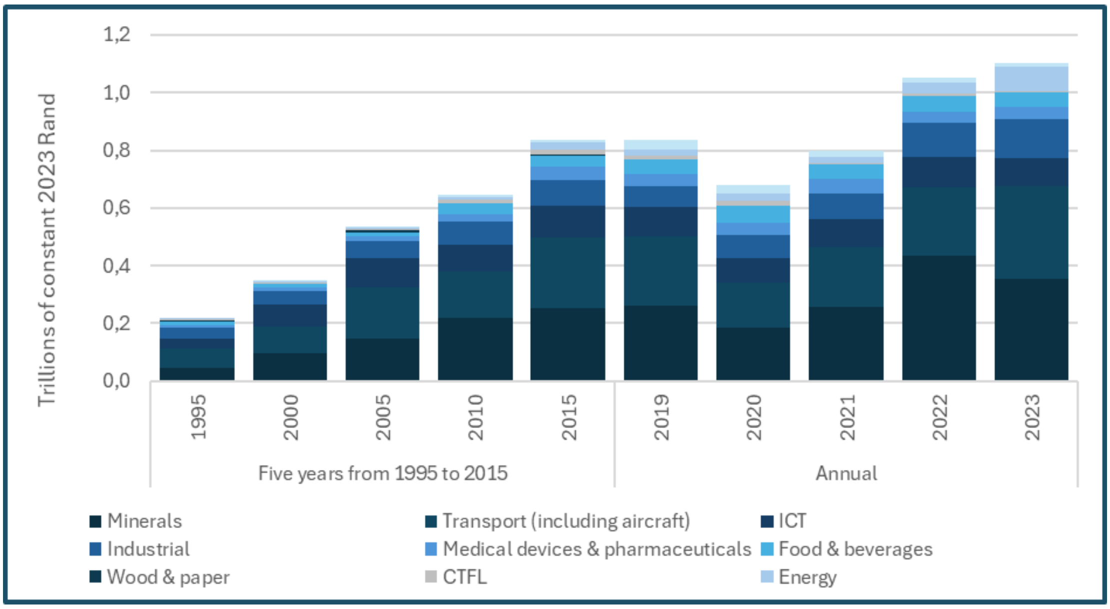
Graph 5: South Africa's imports, 1995 – 2023 and share of top 100 imports (in constant 2023 Rand)



Source: Calculated based on SARS data from Quantec EasyData online interactive database. Downloaded from https://www.easydata.co.za/ in October. *Note:* Trade values rebased using CPI for 2023 from Stats SA.

Graph 6 shows the value of the top 100 imports, aggregated by industry, between 1995 and 2023. All the industries covered show growth in the value of imports – with the exception of wood and paper products, for which no imports were reported within the top 100 for 2019, 2021 and 2022. The value of mineral imports increased from R45 billion in 1995 to R355 billion in 2023 in constant 2023 terms (this peaked at R436 billion in 2022), in line with the growth in the composition of products imported and high global prices. Similarly, transport imports increased from about R70 billion in 1995 to almost R320 billion in 2023.

Graph 6: Import value of top 100 products by industry



Source: Calculated based on SARS data from Quantec EasyData online interactive database. Downloaded from https://www.easydata.co.za/ in October. *Note:* Trade values rebased using CPI for 2023 from Stats SA.

Top manufactured imports as a share of total imports

Assessment of the top 10 manufactured products shows that the automotive industry is one of the major value chains for imports into the country. Automotive imports accounted for almost half of the top 10 manufactured imports analysed. In 1995, vehicles, parts and accessories accounted for almost half of the top 10, with imports amounting to R35 billion (about 7% of total imports for the year). By 2023, automotive imports in the top 10 manufactured imports amounted to R170 billion in constant 2023 Rand (9% of total imports). Moreover, between 1995 and 2023 imports of components for motor cars, goods vehicles and small passenger cars grew by a combined R138 billion. Table 1 shows the top 10 manufactured imports for 1995, 2015 and 2023.

Table 1: Top 10 manufactured imports as a share of total imports, and as a share of the top 100 imports, 1995, 2015, 2023

HS CODE	PRODUCT LABEL	SHARE OF TOTAL IMPORTS	SHARE OF TOP 100 IMPORTS
1995			
87032390	Cars and related vehicles: cylinder capacity 1 500 cm3 to 3 000 cm3	3%	6%
87089990	Parts and accessories for tractors and buses	2%	4%
84733000	Parts and accessories of the machines of heading 84.71	2%	4%
98010030	Automotive components: for motor cars	2%	3%
87043190	Motor vehicles for the transport of goods, with spark-ignition internal combustion piston engine, of a gross vehicle weight <= 5 t: other	1%	2%
85252090	Transmission apparatus incorporating reception apparatus, for radiotelephony, radiotelegraphy, radiobroadcasting or television	1%	2%
88023000	Aeroplanes and other aircraft, of an unladen mass exceeding 2 000 kg but not exceeding 15 000 kg	1%	2%
84719200	Input or output units whether or not presented with the rest of a system and whether or not containing storage units in the same housing	1%	2%
84712000	Digital automatic data processing machines	1%	2%
85249030	Recordings (excluding computer and video games) identifiable for use with computers and similar machines for the processing of data	1%	2%
2015			
98010030	Automotive components: For motor cars	4%	8%
85171210	Cellphones	2%	4%
98010040	For motor vehicles for the transport of goods of heading 87.04	2%	4%
30049090	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes: other	2%	3%
85176290	Routers and set-top boxes: Other	1%	3%
87032290	Cars and related vehicles: cylinder capacity 1 000 cm3 to 1 500 cm3	1%	3%
87032390	Cars and related vehicles: cylinder capacity 1 500 cm3 to 3 000 cm3	1%	3%
84713000	Portable automatic data processing machines	1%	2%
98010045	Original equipment components: for goods vehicles	1%	2%
87033290	Cars and related vehicles: cylinder capacity 1 000 cm3 to 2 500 cm3	1%	1%

HS CODE	PRODUCT LABEL	SHARE OF TOTAL IMPORTS	SHARE OF TOP 100 IMPORTS
2023			
9801 0030	Automotive components: for motor cars	4%	6%
9801 0040	For motor vehicles for the transport of goods of heading 87.04	3%	5%
8507 6000	Lithium-ion accumulators (excluding spent)	2%	3%
8517	Smartphones for wireless networks*	2%	3%
3004 9099	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes	1%	2%
8703 2290	Cars and related vehicles: cylinder capacity 1 000 cm3 to 1 500 cm3	1%	2%
8504	Static converters	1%	2%
9801	Original equipment components: for goods vehicles	1%	2%
8541 4300	Photovoltaic cells assembled in modules or made up into panels	1%	2%
8517	Routers and set-top boxes: Other	1%	2%

** Product moved from HS85171210. The new HS code (HS85171310) excludes certain products previously combined with smartphones under HS85171210 such as antennae and other parts. New HS codes were created for the parts. As of 2022, HS85171210 has been removed from the SARS tariff book.*

CONCLUSION

The growth in overall trade has increased imports and exports' share in GDP, though part of the growth is due to slow growth in government spending and spending on gross fixed capital formation. However, the growth in trade does not necessarily reflect increased industrialisation, with exports still dominated by mineral products, while the share of consumer products imported – within the top 100 in particular – increased between 1995 and 2023.

The trade data shows minimal change in the composition of South Africa's imports between 1995 and 2023. The bulk of the value of imports is concentrated in the top 100, which has increasingly made up more than half of the value of total imports since 1995. Approximately half of the top 100 imports are intermediate products, with about a third being consumer products. Imports of capital products in the top 100 list declined over the analysis period. Nevertheless, the value of the top 100 imports increased between 1995 and 2023, tracking and driving the increase in the value of total imports.

Additional analysis is required to clearly draw out areas of opportunity for local production.

Trade & Industrial Policies Strategies (TIPS) is an independent, non-profit, economic research institution. TIPS undertakes quantitative and qualitative research, project management, dialogue facilitation, capacity building and knowledge sharing.

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