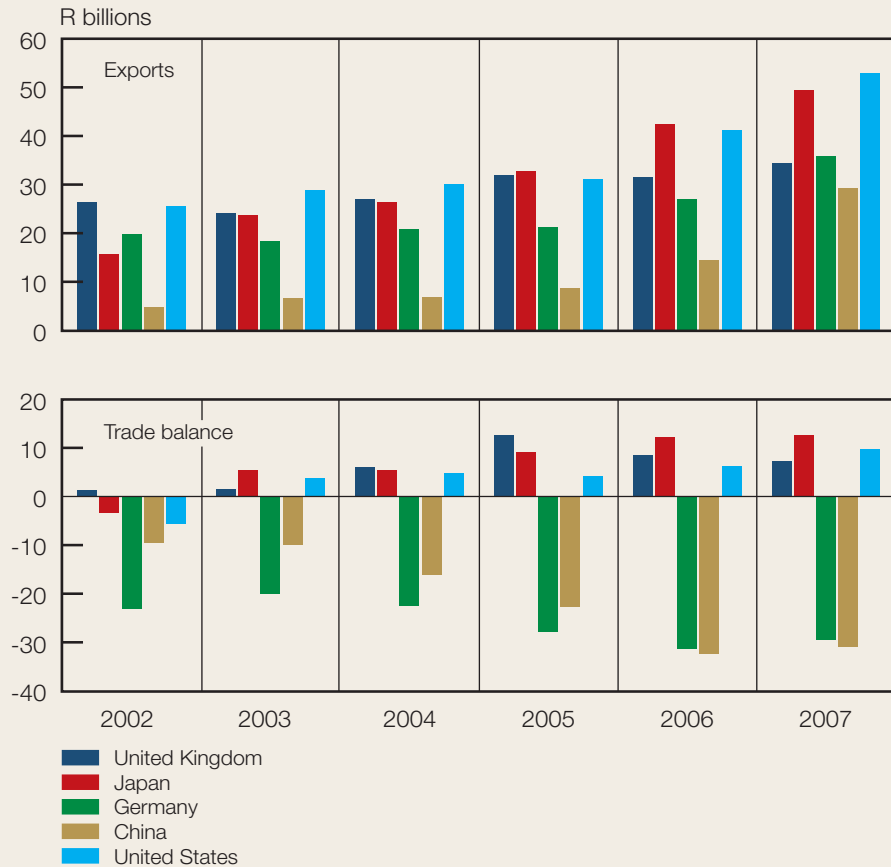


## South African trade with selected countries

South Africa's overall foreign trade deficit narrowed from R42,0 billion in 2006 to R40,3 billion in 2007. Relative to gross domestic product, the deficit shrank from 2,4 per cent to 2,0 per cent over the same period.

South African trade with selected countries



Over time, South Africa has developed a strong trade relationship with a number of countries such as the United States (US), United Kingdom (UK), Japan and Germany, featuring strongly as export destinations and providers of imports. Recently, China has increased considerably in importance, as illustrated in the accompanying graph. The buoyant increase in exports to China reflects the sustained economic growth of that commodity-intensive economy, its rising demand for South African minerals and metals, and the high international prices of commodities.

Although South Africa's trade has recorded a surplus with the US, Japan and the UK over time, its trade surplus with the US improved visibly in 2007. This expansion could partly be attributed to an increase of 23 per cent in merchandise exports in terms of the Africa Growth and Opportunity Act. In 2007 the trade deficit with Germany narrowed, partly on account of higher exports of vehicles and transport equipment. The reduction in tariffs on trade in motor vehicles between South Africa and the European Union, the ongoing Motor Industry Development Programme and various contracts entered into by motor manufacturers were, among other factors, responsible for the increase in such exports. By 2007, vehicles and transport equipment comprised about 9 per cent of total merchandise exports to all countries.