

Box 2: The incorporation of the newly released SARS trade statistics into official balance-of-payments statistics

In this release of the *Quarterly Bulletin*, previously published balance-of-payments statistics from 2010 to 2013 have been revised to incorporate the recently released data from the South African Revenue Service (SARS) on South Africa's international trade with Botswana, Lesotho, Namibia and Swaziland.

The South African Reserve Bank (the Bank) is officially responsible for the compilation and dissemination of South Africa's balance of payments – a summary statement of transactions between residents of South Africa and the rest of the world. In compiling these statistics a variety of sources are utilised. For the trade account, data from SARS on merchandise imports and exports form important building blocks.

On 14 November 2013 SARS for the first time officially released statistics on trade between South Africa and the BLNS countries (Botswana, Lesotho, Namibia and Swaziland) for the calendar years 2010 to 2012 and the first nine months of 2013. This follows the comprehensive modernisation and enhancement of its systems to capture international trade transactions, with the new technologically enhanced platforms greatly improving the accuracy of trade data and allowing for real-time reporting and analysis. Previously the data on South Africa's external trade published by SARS covered only transactions between South Africa and countries outside the Southern African Customs Union, and therefore excluded trade between South Africa and the BLNS countries.

The Bank has in the past always included estimates of intra-regional trade between South Africa and the BLNS countries in the country's balance of payments in order to comprehensively account for all transactions between residents of South Africa and non-residents. To this end the Balance of Payments Division of the Bank utilised a variety of sources, such as data contained in reports of international organisations, data published by the central banks of the BLNS countries, and unpublished data supplied by SARS.

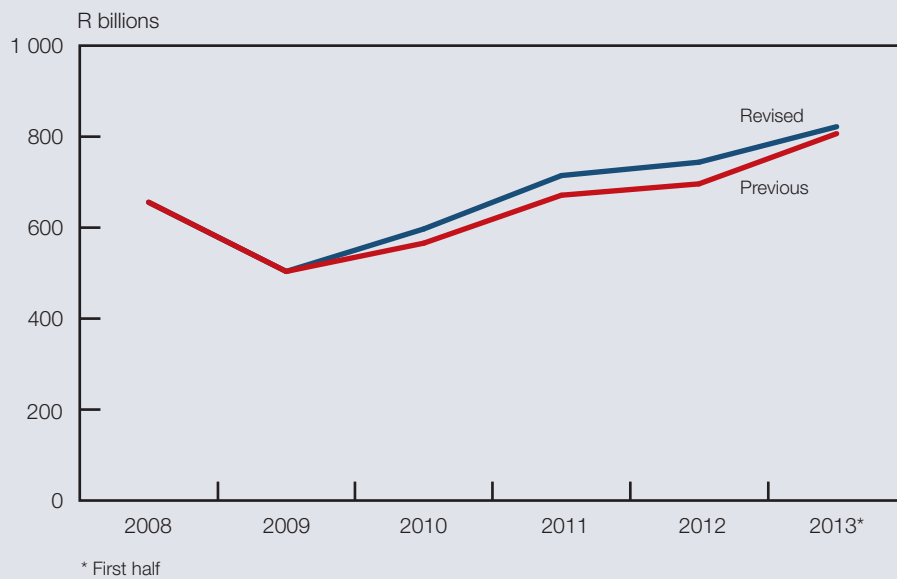
With the enhancements brought about by the SARS customs modernisation programme yielding improved and up-to-date data on trade between South Africa and the BLNS countries, SARS worked closely with the Bank, Statistics South Africa (Stats SA) and the National Treasury (NT) in reviewing the expanded set of trade statistics. Extensive research and verification procedures by SARS culminated in a comprehensive report that was thoroughly scrutinised, leading to new insights and further rounds of queries, verification and information exchanges. Following this careful scrutiny, the Bank has decided to utilise the more comprehensive import and export data as now provided by SARS as the primary building block series for the compilation of the trade account of the balance of payments.

The set of intra-regional trade statistics released by SARS exceeded the estimates previously made by the Bank by a significant margin, especially on the export side. South Africa's imports from BLNS countries are relatively small, and the difference between the previous Bank estimates and values measured by SARS is also quite limited. The Bank has incorporated the somewhat

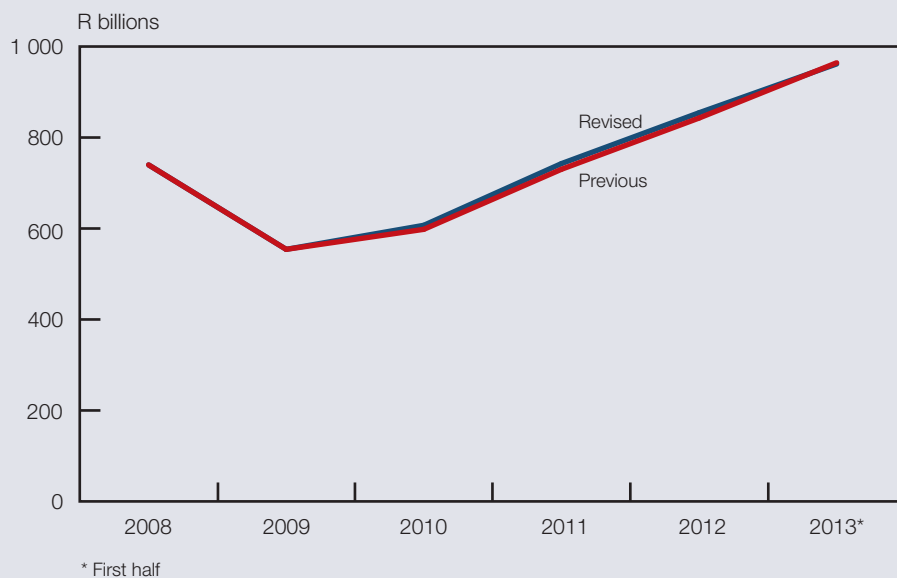
higher imports and the greater part of the higher export levels in the official balance-of-payments estimates released in this *Quarterly Bulletin*, thereby effectively reducing the previously published deficits on both the trade and current accounts of the balance of payments. For the time being, a constraining factor was that additional exports had to be balanced in other parts of the national production and expenditure accounts, and that in this context comprehensive balancing requires the incorporation of revised data on all aspects of economic activity. It is envisaged that a relatively minor further adjustment may be effected in due course pending further investigations.

The graphs below show the magnitude of the revisions made to South Africa's total merchandise exports and imports, comparing the previously published level of trade in merchandise to the newly adopted estimates that include a higher provision for SACU intra-trade data from 2010 to the first nine months 2013. The larger absolute magnitude of the revisions to merchandise exports compared with imports is clear from the graphs.

South African merchandise exports



South African merchandise imports



Current-account balance



As shown in the accompanying table, incorporating the latest trade data from SARS reduced the ratio of the balance on current account to gross domestic product by approximately 1,0 per cent during the period 2010 to 2012 and by 0,5 per cent in the first half of 2013. Prior to 2010, the revisions were much smaller.

Balance on current account as percentage of gross domestic product

Percentage

	Before revision	After revision
2010.....	-2,8	-2,0
2011.....	-3,4	-2,3
2012.....	-6,3	-5,2
2013: 1st qr.....	-5,8	-5,3
2nd qr.....	-6,5	-5,9
3rd qr.....		-6,8

Moreover, the revised trade data generally resulted in smaller unrecorded transactions on the balance of payments, as shown in the table below.

Unrecorded transactions as percentage of absolute value of all current-account transactions

Percentage

	Before revision	After revision
2010.....	1,2	-0,2
2011.....	4,5	1,8
2012.....	2,1	-0,1
2013: 1st qr.....	7,0	6,5
2nd qr.....	6,5	6,0
3rd qr.....		2,9

Work is in progress to further refine balance of payments and related estimates and bring about the highest degree of consistency possible within the framework of the national accounts. The current five-yearly benchmarking and rebasing of the national accounts, due to be completed towards the end of 2014, is an important vehicle that is being utilised to achieve this objective. The national accounts teams of Stats SA and the Bank are currently engaged in this comprehensive exercise, in close co-operation with the Bank's Balance of Payments Division. This opportunity will also be utilised to review the statistics before 2010 and, where appropriate, revise them in the light of more comprehensive information.

As is standard practice, the data on imports and exports are continually subject to further validation and to adjustments for balance-of-payments purposes to ensure broader consistency within the framework of the national accounts. For instance, adjustments are made where an item crosses the border and is reflected in the SARS data but the residency of its ownership does not change, as is often the case with certain categories of leased items such as aircraft. Accordingly, the trade numbers as published by SARS will not mechanically equal the balance-of-payments estimates of imports and exports, but the published series from these sources should be well correlated.