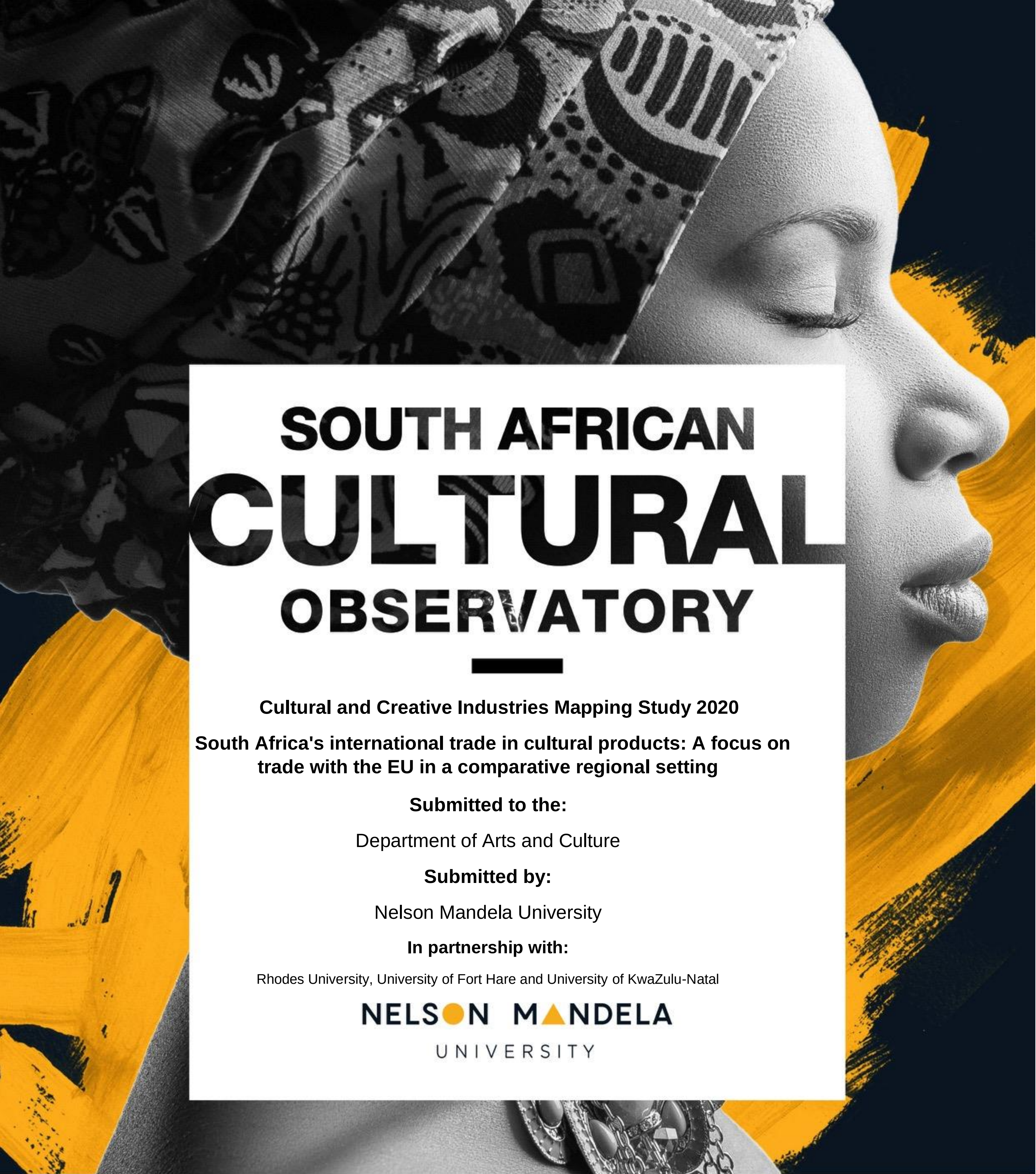

SOUTH AFRICAN CULTURAL OBSERVATORY

Cultural and Creative Industries Mapping Study 2020

South Africa's international trade in cultural products: A focus on trade with the EU in a comparative regional setting

Submitted to the:

Department of Arts and Culture

Submitted by:

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Rhodes University, University of Fort Hare and University of KwaZulu-Natal

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SA's International Trade in Cultural Products: Summary

This report forms one chapter of the SACO 2020 CCI Mapping Study. The main goal was to analyse the structure and performance of South Africa's cultural goods trade with the European Union (EU) for the period from 2010 to 2018, with comparisons to trade with BRICS and the rest of Africa. The choice of the EU as the focus for this report is because, along with the rest of BRICS, Africa and North American Free Trade Area (NAFTA) countries, the EU is one of South Africa's most important cultural trading partners.

Like many small, developing economies, South Africa has an overall cultural good trade deficit, with the value of cultural good imports being more than cultural goods exports. However, cultural goods exports have grown faster than exports of other goods, while cultural goods imports have declined. The cultural trade deficit has fallen dramatically since 2012. In 2018, South Africa's cultural goods exports were valued at US$446.5 million, while the value of cultural goods imports was US$469.8 million.

The Visual Arts and Crafts domain makes up the largest share of South Africa's cultural goods exports, and in this domain the value of exports is more than the value of imports. The Cultural and Natural Heritage domain also has a trade surplus.The largest share of South Africa's cultural goods exports go to NAFTA (33.2%), followed by the rest of Africa (23%), rest of BRICS (22.1%) and the EU (15%). The largest share of South Africa's cultural goods imports come from the rest of BRICS (39.5%) and the EU (24%). In 2018, China was the single most important cultural goods trading partner for South Africa, accounting from 21.5% of the country's cultural goods exports and 36.3% of cultural goods imports.

Based on 2016-2018 averages, South Africa's cultural goods exports to the EU were US$75.4 million, with cultural goods imports at US$126 million, yielding a trade deficit of US$50.6 million for this period. The most important EU cultural goods trading partners for South Africa are the UK, Germany and Italy. South Africa has cultural goods trade deficits with the UK and Italy, but a cultural goods trade surplus with Germany. Between 2010 and 2018 cultural goods trade as a share of total bilateral trade increased for South Africa's exports to the EU but decreased for imports from the EU as a result of the rising share of imports of cultural goods from China.

The most important domains for South Africa's cultural exports to the EU are Visual Arts and Crafts and Performance and Celebration. On the import side, Books and Press and Visual Arts and Crafts are the most prominent import domains from the EU, and from the UK individually. In recent years, important export categories to the UK, Italy and Germany within this domain have included jewellery and fine art. Interestingly, South Africa also imports jewellery of various kinds from Italy.

Although SA has a cultural trade deficit with the world in Performance and Celebration, it has a cultural trade surplus in this domain with the EU. This could be an area for export promotion with EU countries which could in turn reduce the country's overall deficit in this domain. While South Africa has an overall trade surplus in Visual Arts and Crafts, it has a small trade deficit in this domain with the EU. The trade flows in this domain are relatively significant and South Africa should both promote trade and possibly be more defensive in this sector. For the regions analysed, South Africa's intra-industry trade index is highest with the EU at 27.3%, followed by the rest of Africa at 25.9% and BRICS at only 5%. In domains with significant trade flows, IIT is notable in Visual Arts and Crafts with the EU and the rest of Africa, Books and Press with Africa and, to a lesser extent, Performance and Celebration with the EU. Under current trade agreements, the EU currently has a significant margin of preference in CCI trade with South Africa over i) BRICS partners, and ii) non-SADC African trading partners. However cultural imports from SADC enter the country duty-free under the SADC FTA.

South Africa performs comparatively well in a number of services sectors that are important for cultural services trade. These include "Personal travel services", "Advertising and market research services", "Audio-visual and related services", and "Other personal, cultural and recreational services".

Key Findings

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- In 2018 15% of South Africa's cultural goods exports, and 24% of South Africa's cultural good imports were to the EU.
- SA's cultural goods exports grew at 14.6% per year between 2015-2018, making up 0.47% of SA's total commodity exports in 2018 (up from 0.37% in 2015).
- SA's cultural goods imports have fallen dramatically since 2012, making up 0.50% of SA's total commodity imports in 2018 (down from 0.6% in 2015).
- Within the EU, SA's most important trading partner remains the UK. SA's cultural goods exports to the UK are worth US$25.3m, while the value of cultural goods imports from the UK are US$58.9m.
- The next most important EU countries for SA's cultural goods exports are Italy (US$15.2m) and Germany (US$14.5m).
- SA imports cultural goods to the value of US$23.3m from Italy and US$13m from Germany.
- SA has a positive trade balance with the EU in the Performance and Celebration and Cultural and Natural Heritage domains.
- SA has a negative trade balance with the EU in Books and Press.
- Future research should investigate cultural trade with important trading partners, like NAFTA; and important domains, like Visual Arts & Crafts.

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List of Abbreviations and Acronyms

ACP	African, Caribbean and Pacific
AfCFTA	African Continental Free Trade Area
ASEAN	Association of South East Asian Nations
AU	African Union
BRICS	Brazil, Russia, India, China, South Africa
CCI	cultural and creative industry
CDCE	Convention on the Diversity of Cultural Expressions
CISAC	International Confederation of Societies of Authors and Composers
COMESA	Common Market for Eastern and Southern African States
EAC	East African Community
EFTA	European Free Trade Association
EPA	Economic Partnership Agreement
EU	European Union
FTA	free trade area
GATS	General Agreement on Trade in Services
GDP	gross domestic product
HS	Harmonised Commodity Description and Coding System
IIT	intra-industry trade
ITC	International Trade Centre
MERCOSUR	Southern Common Market
MFN	most-favoured nation
NAFTA	North American Free Trade Agreement
NTB	non-tariff barrier
OAU	Organisation of African Unity
REC	regional economic community
SACU	Southern African Customs Union
SADC	Southern African Development Community
SARB	South African Reserve Bank
SARS	South African Revenue Service
SDG	sustainable development goal
TDCA	Trade, Development and Cooperation Agreement
TFTA	Tripartite Free Trade Area
TRIPS	Trade-related Intellectual Property Rights
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNESCO FCS	UNESCO Framework for Cultural Statistics
USMCA	United States Mexico Canada Agreement
WTO	World Trade Organisation

1. Introduction and aims of the study

Trade in cultural goods and services has been linked to economic development in a number of ways. Cultural trade can be seen as the nexus between creativity and globalisation that can offer developing countries a valuable way to move up the value chain, as well as projecting an international country image that could encourage investment in other sectors of the economy.

A recent UNCTAD Creative Economy Outlook report (UNCTAD, 2018a) shows that the global market for creative goods more than doubled between 2002 and 2015, and that South-South trade is rising, which could offer opportunities for new emerging market trading partners. Another indicator of the increasing importance of the cultural economy is the release of the UNESCO "Thematic Indicators for Culture in the 2030 Agenda" (UNESCO, 2019), which shows how the cultural sector fits into the Sustainable Development Goals (SDGs) framework. The indicator for cultural trade is exports of cultural goods and services as a percentage of all exports, which is used as an indicator of the demand for cultural goods, but also as a measure of the international profile of the country.

This report is the third in a series on South Africa's cultural goods trade, the previous reports having focused on BRICS (Brazil, Russia, India, China, South Africa) and selected countries in Africa (Cattaneo and Snowball, 2018; 2019). It also forms one of the chapters of the SACO Cultural and Creative Industries Mapping Study 2020.

The main goal of the current report is to analyse the structure and performance of South Africa's cultural goods trade with the European Union (EU) for the period from 2010 to 2018, with comparisons to updated cultural goods trade with BRICS partners and the rest of Africa. By studying changes over time by domain, as well as trade patterns, areas of current and potential future growth are identified. The effects of current and potential future trade and industrial policy strategies are also discussed.

The reason for the choice of EU as the focus for this report is that, along with other BRICS, African and North American Free Trade Area (NAFTA) countries, the EU is one of South Africa's most important cultural goods trading partners. In 2018, 15 percent of South Africa's cultural goods exports were destined for the EU, and 24 percent of South Africa's cultural good imports were from the EU.

For those reading this report in conjunction with the mapping study chapter on macroeconomic impact, a few methodological differences should be noted. All the chapters of the mapping study use the UNESCO Framework for Cultural Statistics (FCS) (UNESCO, 2009) to define the cultural economy, divided into six domains. Following the FCS, 85 six-digit Harmonised System 2007 codes are categorised as part of cultural goods trade across the six domains.

However, this report uses primary data on the value of imported and exported cultural goods from the International Trade Centre (ITC) and UN Comtrade databases. The advantage of this method is that it allows one to analyse the trade flows between individual countries (for example, the value of South Africa's cultural goods exports to Germany, and the value of their cultural goods exports to South Africa). A challenge with this data is that it is not yet possible to track trade in services very well, which is becoming an increasingly important part of cultural trade.

The chapter on the macroeconomic impact of the cultural and creative industries also uses national primary data from a number of sources (such as the Household Income and Expenditure Survey, Supply and Use Tables, and the System of National Accounts). However, rather than analysing the raw data, the information about the creative economy in this report is calculated using an economy-wide, partial equilibrium model. The great advantage of this model is that the direct contribution of the cultural sector can be estimated, as well as knock-on or multiplier effects on other parts of the economy. It can also be used to estimate services trade volumes for South Africa overall. As a result of these methodological differences, the results of the present cultural trade chapter differ from the chapter on macroeconomic impact, especially for those domains (like Design and Creative Services) where trade has largely dematerialised into services, rather than goods. Differences between the separate chapters and how they can be reconciled are discussed further in the summative policy report.

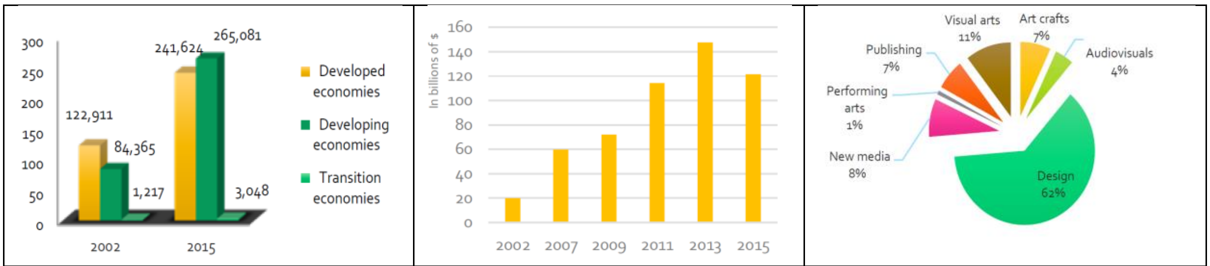
The structure of the present report is as follows: Section 2 provides a literature review that discusses recent trends in cultural trade internationally and the links between cultural trade and development; Section 3 briefly outlines some of the most important agreements affecting South Africa's cultural goods trade; Section 4 details the methods and data; Section 5 presents the results and discussion; and Section 6 concludes, highlighting the main findings and policy implications of the study.

2. Cultural trade: trends and development

2.1 Trends in international cultural trade

There is a growing interest in the cultural economy in emerging markets, in terms of tracking its impact on employment and economic growth, as well as policy interest in social and cultural impacts. The first world-wide cultural and creative industries (CCIs) mapping study (CISAC, 2015) found that 1 percent of all employment (29.5 million people) is in the cultural economy. The African Union Agenda 2063 recognises the potential of the cultural and creative industries in Aspiration 5, "Africa with a strong cultural identity, common heritage, values and ethics" (AU, 2015: 157). The previous SACO mapping study (SACO, 2018) showed that, in South Africa, the CCIs contribute 1.7 percent of GDP directly (2016) and had a growth rate of 4.9 percent (2011-2016) compared to 1.6 percent for whole economy.

The UNCTAD Creative Economy Outlook report (UNCTAD, 2018a) shows that the global market for creative goods more than doubled between 2002 and 2015, with an average growth rate of more than 7 percent globally, 9 percent in developing countries (5 percent excluding China). UNCTAD (2018a) find that South-South trade is rising, which could offer opportunities for new trading partners. At present, the two largest cultural goods exporters by region are the Association of South East Asia Nations (ASEAN) and the European Union (EU).



Exports of Creative Goods by Economic Groups 2002 and 2015 (in US$ billions)	*South-South trade in creative goods among Developing economies*	*World exports (share %) by Product Groups 2015*

Figure 1: Trends in international cultural trade
(Source: UNCTAD, 2018a)

While the top 10 cultural goods exporters are dominated by developed countries (except for China), South-South trade in creative goods has also increased, especially in Asia (UNCTAD, 2018a). The UNCTAD report also provides information on which categories of cultural and creative goods are most traded. In terms of both exports and imports, Design, Visual Arts and Crafts, and New Media were the fastest growing and largest shares. Contemporary arts exports from developing countries is a particular growth area. South Africa was recognised as one of the top 10 exporters amongst developing countries in 2015 in this category, with exports growing at an annual average growth rate of 6.5 percent between 2003 and 2015.

In November 2019, UNESCO released their "Thematic Indicators for Culture in the 2030 Agenda" (UNESCO, 2019). This document demonstrates how the cultural sector fits into the UN's Sustainable Development Goals (SDGs) framework, and describes how countries can use qualitative and quantitative indicators to measure the contribution of the CCIs to the SDGs. As shown in the figure below, the Thematic Indicators are divided into four sub-categories: Environment and Resilience, Prosperity and Livelihoods, Knowledge and Skills and Inclusion and Participation. 'Trade in cultural goods and services' fits into the Prosperity and Livelihoods sub-category, along with 'Culture in GDP' and 'Cultural Employment', which are also addressed as part of the SACO 2020 mapping study. The Prosperity and Livelihoods sub-category feeds into SDGs 8 (Decent Work and Economic Growth), 10 (Reduced Inequalities), and 11 (Sustainable Cities and Communities). The indicator for cultural trade is exports of cultural goods and services as a percentage of all exports. The purpose of the indicator is to "[a]ssess the degree to which products as expressions of culture are exported reflecting both the economic demand, the international profile of the county's cultural products and services, and the regulatory environment to enable this" (UNESCO, 2019:54).

The report notes that, while data on trade in physical cultural goods is relatively easy to obtain via the UN Comtrade database, cultural services trade data is much less readily available, especially for developing countries.

Figure 2: UNESCO Thematic Indicators for Culture 2030 (Source: UNESCO, 2019)

2.2 Cultural trade and development

Trade in cultural goods and services has been linked to economic development in a number of ways. Cultural trade can be seen as the nexus between creativity and globalisation. According to Skavronska (2017), the more equal distribution of creativity, conceptualised here as part of the cultural "stock" or capital of a nation, can provide a way for emerging market economies to benefit from both. Fazio (2019) explains that creativity can be seen as an economic resource, which is more evenly distributed than other natural resources, and should thus help to reduce inequality within and between societies. He also notes that "the market for creativity" is more global and dispersed than for non-creative sectors, potentially offering opportunities for better market penetration for developing economies.

Figure 3: The culture/globalisation nexus
(Source: Authors' graphic derived from Cornenas-Auala and Valiati, 2014)

As Kabanda (2018) put it in his book, The Creative Wealth of Nations:

> The important point, for the purposes of trade in the arts, is that one mode [of supply] can lead to another, in a self-reinforcing cycle that can create jobs, spur investment, boost growth, strengthen the bonds among people and cultures and promote the arts.

Nevertheless, there are good arguments for restricting cultural trade, especially the export of unique cultural goods that are part of the cultural heritage of the country (Mas-Collel, 1999). AU (2015) also notes concerns about the commodification of culture, where mass production of artefacts with cultural significance for sale may damage their intrinsic value. They note the growth in the international market for unique African cultural artefacts and the need to protect them.

The cultural economy is also increasingly being recognised as a source of innovation in both products and processes, which "spill over" into other industries, increasing their competitiveness and productivity. For example, a study of nine South American countries showed that a rise in some creative industries exports (design, media and graphic arts) increased exports in non-creative sectors in following years (Cornenas-Auala and Valiati, 2014). According to Disdier et al. (2010), countries with a common language, past colonial links and similar "cultural tastes" are more likely to trade in cultural goods. Cultural trade may also have a "facilitating impact on non-cultural trade".

Of course, cultural trade also has non-market values associated with identity formation and social cohesion. Kabanda (2018) notes that, in addition to direct economic impact, cultural trade can help to build country brand/image, which can have a positive impact on investment and trade in other sectors as well. The UNCTAD (2018a: 27) report states that China's phenomenal growth in cultural trade has been the result of a deliberate policy to prioritise the sector for its growth and job creation potential, but also to "exercise soft power by promoting Chinese culture overseas".

The dual value of culture – symbolic and commercial – is one of the reasons for the "cultural exception", that is, the right of countries to protect their cultural sectors from overwhelming cultural imports (Mas-Colell, 1999; Mulcahy, 2017). The UNESCO Convention on the Diversity of Cultural Expressions (CDCE) (UNESCO, 2005) was an attempt to balance the cultural and economic values of cultural sector outputs. While the CDCE raised awareness about the importance and protection of cultural diversity, Hanania (2016) points out that the final version contains few binding provisions, and the ability of countries to manage their trade in order to protect culture still depends on existing trade agreements.

In the African Union Agenda 2063 (AU, 2015), international trade is mentioned indirectly, through the implementation of the 2008 Nairobi Plan of Action on Cultural and Creative Industries (AU, 2008) which includes measures to promote cultural trade. It notes that, while international trade offers opportunities for growth and job creation, it also poses risks related to the concentration of businesses (particularly large online content distributors), the commodification of culture and the assertion of intellectual property rights. The South African Revised White Paper on Arts and Culture (2017) recognizes the potential of the CCIs for job creation and growth much more directly than the 1996 White Paper. However, there is still no overarching policy on CCI trade in South Africa, although some sectors (particularly film and crafts) were targeted in various editions of the Industrial Policy Action Plans (IPAPs) of the Department of Trade and Industry between 2010 and 2018. It is important to note that the creative economy has been identified as one of seven core priority sectors in South Africa's 'Re-imagined Industrial Policy' initiated in 2019 (Dicks, 2019). Comprehensive Master Plans are being developed for the various priority sectors, including the creative economy.

Fazio (2019) explains that, in the case of cultural goods and services, the existence and protection of intellectual property (IP) rights is crucial to being able to earn economic rents from cultural trade. Research by Campi and Duenas (2018) finds that trade agreements with an IP clause increase implementation time, but then also increase trade flows from developing to developed countries. Trade agreements with no IP clause tend to increase trade from developed to developing countries. While this suggests that IP legislation can help to make trade between the global north and south more even, some authors argue that, for cultural content that can be shared online across borders, traditional trade barriers (like quotas and IP legislation) cannot be enforced and will not be effective (Hervas-Drane and Noam, 2017).

UNCTAD (2018a) notes the rise of creative services trade as one of the most important world trends in cultural trade. While data are still difficult to obtain for developing countries, creative services trade has been growing steadily in the developed world. The link between the digital environment and the cultural and creative sector is becoming increasingly important in this arena, where many cultural "goods" have been "dematerialized", and are now traded as creative services (Fazio, 2019). This may provide an important opportunity to developing countries in terms of providing cultural content to online distributors and reaching new markets, but as Nwauche (2018) points out, only if intellectual property (IP) rights can be enforced. In many African countries, however, IP and copyright is not well enforced, and levels of counterfeiting and piracy are high, which diminishes the contribution of the CCIs to economic growth and job creation.

South Africa has been going through a process of copyright reform to update the Copyright Act of 1978 (Copyright Amendment Bill, 2018). Some sectors of the CCIs, like the film and television industry, are broadly supportive of the Copyright Amendment Bill (CAB), acknowledging the need to update IP legislation in the digital age and bring South African IP law into line with international best practice. Other sectors, like the publishing industry, are hotly opposed to it, arguing that it reduces the incentives for creators, and potentially increases the power of monopolistic online platforms. In relation to the development of digital platforms, Nwauche (2018) identifies them as both "a unique source of creative potential for Africa", as well as a threat if digital content is not well protected, while still allowing access to cultural resources. Similarly, De Beukelaer and Fredriksson (2019) argue that, in terms of international IP regulation, there needs to be balance between rights to protection of IP that lead to remuneration, and the cultural rights of people to participate in cultural life.

Despite the recognised potential of cultural trade's contribution to sustainable development, the link may not be automatic. Research in both developed and developing countries shows that the vast majority of cultural or creative industry firms are micro enterprises employing fewer than 10 people (Skavronska, 2017). In sub-Saharan Africa, there is also a high level of informality, with an ILO report estimating that the informal sector accounts for 66 percent of all employment in the region (ILO, 2015). Small, informal firms face particular difficulties in the cultural economy of the developing world, which also has an impact on their ability to benefit from international trade.

Table 1: Proportion of CCI firms in South Africa who sell internationally (%)

Film and Video	34.18	Landscape Design	16.00
TV and Radio (including internet live streaming)	34.04	Architectural Services	15.79
Fine Arts	28.83	Newspapers & Magazines	15.56
Graphic Design	24.04	Books	14.95
Advertising Services	22.08	Photography	9.35
Interior Design	18.75	Fashion Design	8.61
Crafts	17.37	Festivals & Events	8.08
Other Printed and Electronic Matter	17.31	Library (including virtual)	4.00
Performing Arts	17.17	Internet Podcasting	3.70
Music	16.96	Video Games (including online)	0.00

(Source: Snowball and Tarentaal, 2019)

In South Africa, cultural goods exports grew by 10.3 percent between 2015 and 2017, and were found to have been growing more quickly than total commodity exports since 2011. However, this starts from quite a low base: cultural goods exports made up only 0.46 percent of total goods exports in 2016, while cultural goods imports made up 0.66 percent of all imports (Cattaneo and Snowball, 2018). Like many small, open developing countries, South Africa has a persistent (but narrowing) cultural goods trade imbalance (Cattaneo and Snowball, 2018). There have been three studies to date on South Africa's cultural trade with specific regions: the European Union (Kaiser EDP and KEA, 2013); BRICS - Brazil, Russia, India, China, South Africa (Cattaneo and Snowball, 2018); and selected countries in Africa (Cattaneo and Snowball, 2019). The present study seeks to update the 2013 study focused on European Union countries but in a comparative context vis-à-vis BRICS and the rest of Africa. The report forms one chapter of the SACO CCI Mapping Study 2020.

An update report on e-commerce by UNCTAD (UNCTAD, 2018b) highlights the importance of e-commerce for the digital economy in general and its importance in scaling up creative businesses. A recent PWC report (PWC, 2018) on the Entertainment and Media Outlook for South Africa, Kenya, Ghana and Tanzania shows the rising proportion of digital revenue in the sector. Yet African small, medium and micro enterprises in general have low adoption rates of e-commerce technologies like mobile-money and risk being excluded from the digital economy that increasingly facilitates trade. This also translates into a generally low proportion of cultural and creative industry firms which have access to international markets. Analysis of interview data with a sample of 2400 CCI firms in South Africa, showed that relatively low proportions of firms reported selling internationally in most sectors (Table 1; Snowball and Tarentaal, 2019).

It is an important moment for emerging markets to capitalise on the globalisation/culture nexus. New trading opportunities with other emerging markets, as well as cultural trade growth with traditional developed partners, is evident. There is clear potential for cultural trade to contribute to sustainable development, but this is not automatically a positive relationship, and specific policies to manage challenges, especially for microenterprises, will be needed. Developing economies need realistic, evidence-based policy built on the nature of their specific cultural economy for this to happen.

3. Trade agreements affecting South Africa's cultural goods trade

Preferential trade agreements are just one of a number of factors affecting the flow of international trade in cultural products. WTO commitments, other tariff and non-tariff barriers, regulations and transport costs are also key factors, amongst others. This section introduces the main trade agreements relevant for South Africa's cultural goods trade with the EU from a comparative regional perspective, with reference to trade relations with BRICS and African trading partners, as background to the analysis in Section 5.

As noted in Cattaneo and Snowball (2019), South Africa is a member of the WTO and its cultural goods trade with countries with which it does not have a trade preference arrangement is influenced by existing MFN ("most favoured nation") tariffs set in accordance with WTO rules and commitments. Cultural goods trade is also impacted upon by WTO agreements such as the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS), while the General Agreement on Trade in Services (GATS) affects cultural services trade. In the southern African region, South Africa is a member of the longstanding Southern African Customs Union (SACU) with Botswana, Lesotho, Namibia and Swaziland. SACU dates back to 1910, providing for the duty-free movement of goods, a common external tariff and a revenue-sharing arrangement that is of particular importance to the smaller member countries. South Africa is also a member of the Southern African Development Community (SADC), which comprises the SACU partners together with eleven other southern African countries.[1] A free trade area (FTA) is in place between most SADC member states, in accordance with the 1996 SADC Trade Protocol (SADC, 1996).

Preferential trade relations between South Africa and the EU have a long history. Trade relations between the EU and the African, Caribbean and Pacific (ACP) countries were governed by the Lomé Convention from 1975 to 2000, and involved non-reciprocal market access for the ACP countries into the EU market. Following moves to bring the EU-ACP trading relationship into line with WTO rules and develop reciprocity, the Lomé Convention was replaced by the Cotonou Agreement in June 2000. A waiver from MFN obligations for the Cotonou Agreement was granted by the WTO while the EU initiated Economic Partnership Agreement (EPA) negotiations with different ACP regions. South Africa, because of its more developed status, was excluded from the trade provisions of the Lomé Convention and Cotonou Agreement. As a result, the South African government engaged in its own separate trade negotiations with the EU in the immediate post-apartheid period. In 1999, the two parties signed the Trade, Development and Cooperation Agreement (TDCA). This occurred prior to the conclusion of the revised 2002 SACU Agreement under which SACU member states resolved to negotiate all future trade agreements with other parties as a bloc. The TDCA provided for the formation of an FTA by 2012 with asymmetric tariff reductions in the interim. South Africa was to liberalise 86 percent of imports from the EU by the end of the implementation period, and the EU 95 percent over ten years, beginning in 2000 (WTO, 2009: 292).

As the TDCA implementation period drew to a close, South Africa and other African countries engaged in difficult and often divisive EPA negotiations with the EU. Three negotiating configurations emerged in southern and eastern Africa which largely cut across existing regional groupings. The SADC-EPA configuration included all SACU countries plus Angola and Mozambique (constituting neither SACU nor the existing SADC). The EAC-EPA grouping comprised the EAC member states while most other SADC members negotiated in the ESA-EPA grouping. A major concern regarding the various EPA negotiations was the potential impact on Africa's regional integration agenda. In eastern and southern Africa the outcome has been three different EU-EPA configurations with differing tariff reduction schedules and rules of origin, as well as different provisions on the use of policy tools such as export taxes and MFN clauses affecting tariff concessions to third countries. There are also divisions on the way forward regarding services and investment negotiations with the EU. The extent to which these different configurations will affect the ability of African countries to develop common positions in key areas of trade and investment policy remains to be seen.

The SADC-EU EPA, signed in 2016, to which South Africa and the EU are signatories, does not have specific provisions regarding cultural goods trade between the parties. The

[1] The SADC member states are as follows: Angola, Botswana, Comoros, DRC, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

Agreement however incorporates a tariff phasedown schedule for trade in goods, including the cultural product categories set out in the UNESCO FCS. The specifics of the tariffs applied by South Africa on cultural goods imports from the EU, and the preference margins involved, are discussed in detail in Section 5.4 of the study's findings below. The SADC-EU EPA does provide, in the general exception clause (Article 97), that the Agreement shall not "prevent the adoption or enforcement by either Party of measures…imposed for the protection of national treasures of artistic, historic or archaeological value". The Agreement also makes provision for future negotiations on services trade and intellectual property rights, both of which would impact on the cultural trade of the participating parties.

South Africa, as a member of SADC, is signatory to a number of SADC Protocols, other than the Protocol on Trade, that are relevant for cultural trade in the southern African region (Cattaneo and Snowball, 2019). These include the Protocol on Culture, Information and Sport (SADC, 2001) and the Protocol on Trade in Services (SADC, 2012). The Protocol on Culture, Information and Sport (SADC, 2001) calls for the promotion of the cultural and creative sector in the region, and provides for measures that may be needed to "nurture, protect and promote" infant industries. The SADC Trade Protocol also provides for the protection of infant industries. Although cultural goods trade is not explicitly mentioned, the Article on General Exceptions (as in the case of the SADC-EU EPA) provides for the implementation of measures "imposed for the protection of national treasures of artistic, historic or archaeological value" (SADC, 1996). The Protocol on Culture, Information and Sport and the Trade Protocol both emphasise the importance of regional collaboration on intellectual property legislation and, in particular, copyright protection.

In addition to SADC, South Africa is part of the Tripartite Free Trade Area (TFTA) Agreement between the three eastern and southern African regional communities SADC, COMESA and the EAC.[2] The TFTA was initiated in June 2015 with the aim of harmonising the trade regimes of the three eastern and southern African regional economic communities to address problems of overlapping membership. In the TFTA context, South Africa has engaged in negotiations with those regional partners with which it does not yet have a trade agreement. The tariff schedules for the TFTA, once finalised, will also impact on cultural goods trade in the region. At the continental level, South Africa signed the Agreement to Establish the African Continental Free Trade Area (AfCFTA) in July 2018. This AU/OAU initiative dates back to the 1980 Lagos Plan of Action and the 1991 Abuja Treaty Establishing the African Economic Community (OAU, 1980; 1991). In recent years, problems related to overlapping membership and the EPA negotiations with the EU lent impetus to both the TFTA and AfCFTA negotiations. The AfCFTA negotiations will provide an opportunity for African countries to develop a cultural trade regime in line with the AU's Agenda 2063 (Cattaneo and Snowball, 2019).

With respect to South Africa's BRICS partners, there is no formal trade agreement with tariff preferences between the BRICS countries as a group. However, two of South Africa's largest trading partners, China and India, are part of BRICS. In addition, South Africa and Brazil are members of the SACU-MERCOSUR preferential trade agreement (see Section 5.4). South Africa is engaged in ongoing limited PTA negotiations with India and signed a Comprehensive Strategic Partnership Agreement with China in 2010 to promote its value added trade with its largest trading partner. A BRICS trade and investment cooperation framework also exists. The importance of these various trade agreements for South Africa's CCI trade is considered further in Section 5.

[2] COMESA is the Common Market for Eastern and Southern African states with 21 member countries and some overlapping membership with SADC. The EAC (East African Community) is a customs union between Kenya, Tanzania, Uganda, Rwanda, Burundi and South Sudan.

4. Data and methods

4.1 Trade in cultural products: trade categories and data sources

The UNESCO (2009) Framework for Cultural Statistics (FCS) classifies cultural products into six cultural domains: Cultural and Natural Heritage, Performance and Celebration, Visual Arts and Crafts, Books and Press, Audio-visual and Interactive Media, and Design and Creative Services. At a more disaggregated level, thirteen sub-domains are specified within these six main cultural domains. Certain categories of the 2007 Harmonised System (HS) and the Standard International Trade Classification Revision 4 (SITC4) have been identified as part of each sub-domain in order to allow for the measurement of international trade in cultural products. In the case of the HS trade classification system used in this report, 85 six-digit HS 2007 codes are categorised as part of cultural goods trade across the six domains and thirteen sub-domains (see Appendix 1).

The limitations of traditional trade classification systems in the cultural trade context are numerous. For instance, they are based on the physical characteristics of each product and are therefore not ideal for capturing aspects such as cultural value. In addition, sub-sectors such as books, music and film are increasingly affected by digitisation (Cattaneo and Snowball, 2018: 12). However the HS classification of cultural products provided by the UNESCO (2009) FCS allows for a detailed analysis of cultural goods trade between countries and regions.

In this study, the UNESCO (2009) FCS and the HS trade classification system are also used in order to facilitate comparability with previous SACO reports on South Africa's cultural trade (Cattaneo and Snowball, 2018; 2019). In contrast to the previous reports, which used the UN Comtrade database directly as the trade data source, this report mainly uses the International Trade Centre (ITC) Trade Map database (ITC, 2020a). The Trade Map database is derived from the UN Comtrade data but is easier to use as it allows the researcher to create product and country groups in accordance with the aims of the study. It also provides HS data from 2001 to 2018. The HS version used in the Trade Map database is the latest provided by the relevant reporting country. However, it was found that for the case of South Africa there is little difference between the relevant HS codes in the Trade Map database and the 85 six-digit 2007 HS codes identified in the UNESCO FCS as cultural product trade categories. It is therefore more convenient to use the ITC Trade Map database for the present study. The UN Comtrade (2020) database is used to supplement the Trade Map data in the case of three relevant HS 2007 six-digit codes that have been altered in more recent HS versions.[3]

International trade flows are affected by numerous tariff and non-tariff barriers to trade. The extent of tariff barriers imposed by South Africa on imports into the country as well as the tariffs faced by the country's exporters abroad depend in part on whether the trading partner or region has a trade agreement with South Africa. If not, the WTO most-favoured nation (MFN) tariffs apply in trade between the two partners. In the present study, the structure of South Africa's tariffs on cultural goods imports from the EU, BRICS and the rest of Africa is extracted from SARS (2020). Information on tariff barriers facing South African cultural goods exports into the EU and other partner countries and regions is available from ITC (2020b) and trade agreements such as the EPA with the EU.

[3] In HS 2017, the codes 370510 ("Photographic plates and film, exposed and developed, other than cinematographic film for offset reproduction") and 370590 ("Photographic plates and film, exposed and developed, excl. for offset production") were combined into code 370500 ("Photographic plates and film; exposed and developed, other than cinematographic film"). In HS 2012, the code 950410 ("Video games of a kind used with a television receiver") ceased to exist and was moved to category 950450 (""Games; video game consoles and machines, other than those of subheading 9504.30"). Category 950450 is much broader and is not included as a cultural trade code in the UNESCO FCS.

4.2 Analysing South Africa's cultural goods trade from a regional perspective

The structure and performance of South Africa's cultural goods trade with the EU is studied for the period from 2010 to 2018, with comparisons to cultural goods trade with BRICS partners and the rest of Africa. Previous SACO reports (Cattaneo and Snowball, 2018; 2019) have examined South Africa's cultural goods trade with BRICS and AU partner countries in some detail. It is interesting to compare these findings to South Africa's trade with the EU given the longstanding importance of the EU as a trading partner for the country. The relative importance of various regions and partner countries in South Africa's cultural goods trade is indicated in Tables 4 and 5 of Section 5.1 below. These tables demonstrate the usefulness of exploring cultural goods trade with the EU in comparison to BRICS and the rest of Africa.

Three top EU partners are considered in more detail in Section 5.2, namely the UK, Germany and Italy. While it is acknowledged that the UK left the EU on 31 January 2020, for the period under study (which is up to 2018) trade flows between South Africa and the UK are recorded as part of the EU total. The selection of the top three EU partners was guided by the importance of existing bilateral trade between South Africa and that country in terms of cultural goods trade. All three are also important for South Africa's bilateral commodity trade in the aggregate, especially the UK and Germany.

The report uses statistical and graphical analysis to examine South Africa's total cultural goods trade and bilateral cultural goods trade with the selected partner countries and regions. For aggregate cultural goods trade, average annual growth rates of South Africa's cultural trade compared to total commodity trade and the shares of cultural trade in total commodity trade are graphed and investigated. The study updates the analysis of Cattaneo and Snowball (2018; 2019) regarding South Africa's cultural goods trade balance and total trade by domain.

At the bilateral level, the report enriches the previous analysis by considering the country's cultural goods trade in a comparative regional setting. Trade balances, shares and growth rates of South Africa's cultural good trade with the selected countries and regions are investigated. In some instances, data gaps necessitate the use of 2016-2018 averages, although trend analysis is included where data permits. The share of cultural trade in total trade with particular partners and regions is also compared to the share of cultural trade in South Africa's total trade globally. This provides an insight into countries and domains for which cultural goods exports or imports are a relatively higher proportion of South Africa's bilateral trade than total trade. The relative importance of different domains and sub-sectors in bilateral cultural trade has important policy implications.

4.3 Measuring intra-industry trade in cultural products

It was noted in Section 2.2 that South Africa's Re-imagined Industrial Policy highlights the creative economy as a key focus area for the prioritisation of labour intensive growth, exports and building domestic capabilities (Dicks, 2019). In this regard, it is useful to consider the promotion of intra-industry trade in cultural products. Intra-industry trade refers to two-way trade within a particular product category. By contrast, inter-industry trade occurs when there is an exchange of products from two different sectors or product categories.[4] Intra-industry trade is more evident in manufacturing sub-sectors and is therefore important for developing countries seeking to promote higher value added exports. It is also argued that intra-industry

[4] An example of inter-industry trade would be the exchange of books for jewellery, whereas an example of intra-industry trade would be the trade of jewellery manufactured from silver for articles made from semi-precious stones.

specialisation lowers adjustment costs for workers and firms as trade expands (Cattaneo and Snowball, 2019; Cattaneo and Fryer, 2002).

Intra-industry trade (IIT) can be measured using the simple Grubel-Lloyd index, based on absolute trade flows.[5] The index takes on values from 0 to 100 percent. An index value of 0 indicates that the trade being measured is inter-industry in nature, while a value of 100 percent means that export and import values are perfectly matched in that category. The higher the index, the greater the matching trade (IIT) within that sector or sub-sector.

It is generally preferable, however, to use a measure of IIT that takes account of the weighting or importance of each sub-sector within the broader category or domain under consideration (UNCTAD and WTO, 2012: 44). For example, the IIT measure for Domain D (Books and Press) would take into account the relative importance of each of the eleven 6-digit HS sub-sectors included in that particular domain. The trade-weighted IIT index for a particular domain is determined by aggregating the IIT indices computed at the HS 6-digit level using the product trade shares within that domain as weights (Cattaneo and Snowball, 2019).[6] This measure is especially useful when a particular sub-sector is dominant within a given domain.

The trade-weighted IIT measure is used in the present report. The measurement of intra-industry trade is very sensitive to the level of aggregation of the trade data. The more disaggregated the data, the lower the index of intra-industry trade. This is discussed further in Section 5.3 below. The IIT calculations in this study are based on trade data and trade shares for 2018, unless otherwise indicated.

5. Results and discussion

The results and discussion of the data analysis on South Africa's cultural goods trade with a focus on the EU in a comparative BRICS and African context is divided into four sub-sections. Section 5.1 discusses the growth and share of South Africa's cultural goods trade relative to total commodity trade, with a focus on trends in the cultural goods trade balance and the cultural domains driving these trends. This analysis provides an update of developments in the country's cultural goods trade in the aggregate, discussed in two previous recent SACO trade reports (Cattaneo and Snowball, 2018; 2019). Section 5.1 also examines South Africa's cultural goods trade by region and main partner with a comparative focus on the EU, BRICS and Africa.

Section 5.2 investigates the growth and structure of South Africa's cultural goods trade with the EU and selected EU partner countries. Trends in the trade balance and the importance of particular cultural domains are explored. The continuing importance of the EU as a regional trading partner for South Africa provides an important rationale for examining cultural trade trends with the EU in the light of previous SACO trade reports on South Africa's cultural trade with BRICS and the rest of Africa. Section 5.3 considers South Africa's intra-industry trade in cultural products with the EU in comparison to BRICS and the rest of Africa. Finally, Section 5.4 compares import tariffs on cultural product categories in South Africa's trade with selected regions and partners in the light of the EPA with the EU and other regional trade agreements. This is important in identifying cultural products that are considered particularly sensitive in bilateral and regional trade, which is useful for current and future trade negotiations.

It was noted in Section 2.2 that the rise of creative services trade is a critical trend in global cultural trade. While data are still difficult to obtain for developing countries, creative services

[5] The simple Grubel-Lloyd index for Sector j is given by $B_j = (1 - (|Xj - Mj|) / (Xj + Mj))) \times 100$ (Grubel and Lloyd, 1975).

[6] The trade-weighted Grubel-Lloyd index for Sector j comprising i sub-sectors is defined by Greenaway and Milner (1983: 905) as $C_j = (1 - (\sum|Xij - Mij|) / (Xj + Mj))) \times 100$.

trade appears to be growing steadily as increasing digitisation intensifies the trend. Accordingly, Section 5.5 of the report provides an update on South Africa's trade in sectors that are relevant for cultural services.

5.1 South Africa's total cultural goods trade, and trade by region and main partner with a comparative focus on the EU, BRICS and Africa

Average annual growth rates of South Africa's total cultural goods trade relative to the country's total commodity trade from 2001-2003 up to 2015-2018 are presented in Table 2 and Figure 4 below, based on nominal trade data from ITC (2020a) and UN Comtrade (2020).

Table 2: Average annual growth rates of South Africa's cultural goods trade and total commodity trade (%)

	2001-2003	2003-2006	2006-2009	2009-2012	2012-2015	2015-2018
Cultural goods exports	**25.7**	**8.6**	**-6.9**	**19.5**	**5.9**	**14.6**
Cultural goods imports	16.5	35.3	-9.7	15.0	-8.4	-3.1
Total commodity exports	**10.3**	**18.5**	**0.8**	**22.4**	**-6.7**	**5.6**
Total commodity imports	16.0	25.8	-2.3	17.8	-6.4	3.0

(Source: Authors' computations based on data from ITC, 2020a and UN Comtrade, 2020)

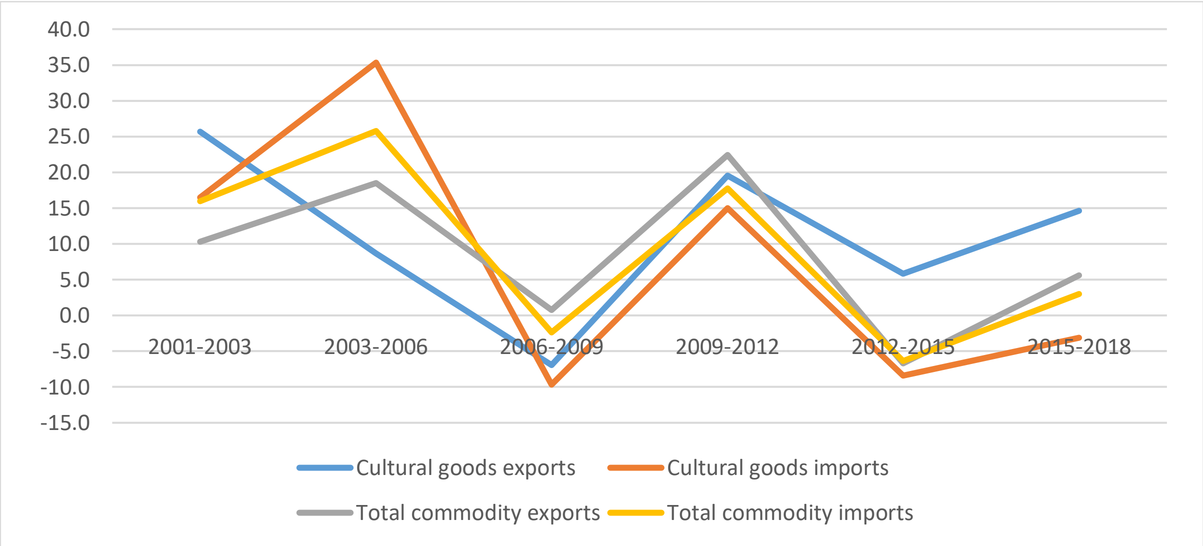


Figure 4: Average annual growth rates of South Africa's cultural goods trade relative to total commodity trade (%) (Source: Authors' computations based on data from ITC, 2020a and UN Comtrade, 2020)

Cultural goods exports grew faster than total commodity exports in the early 2000s, slowing in 2003-2006 compared to total exports but still growing relatively well. After a period of negative growth during the period of the global financial crisis, average annual growth of cultural goods exports recovered strongly to 19.5 percent in 2009-2012, while total commodity exports grew slightly more rapidly. Cultural good export growth fell significantly in 2012-2015 to 5.9 percent per annum, but recovered again in 2015-2018 to 14.6 percent per annum. Indeed, cultural good export growth has exceeded total commodity export growth since 2012. Total commodity export growth contracted in 2012-2015, before recovering to 5.6 percent per annum in the most recent period. This is reflected in the rising share of cultural goods exports in South Africa's total commodity exports from 0.25 percent in 2012 to 0.47 percent in 2018 (see Table 3 and Figure 5).

Table 3: South Africa: percentage shares of cultural goods trade in total commodity trade

	2001	2003	2006	2009	2012	2015	2018
Cultural goods exports%	0.35	0.45	0.35	0.27	0.25	0.37	0.47
Cultural goods imports%	0.70	0.70	0.88	0.69	0.65	0.60	0.50

(Source: Authors' computations based on data from ITC, 2020a and UN Comtrade, 2020)

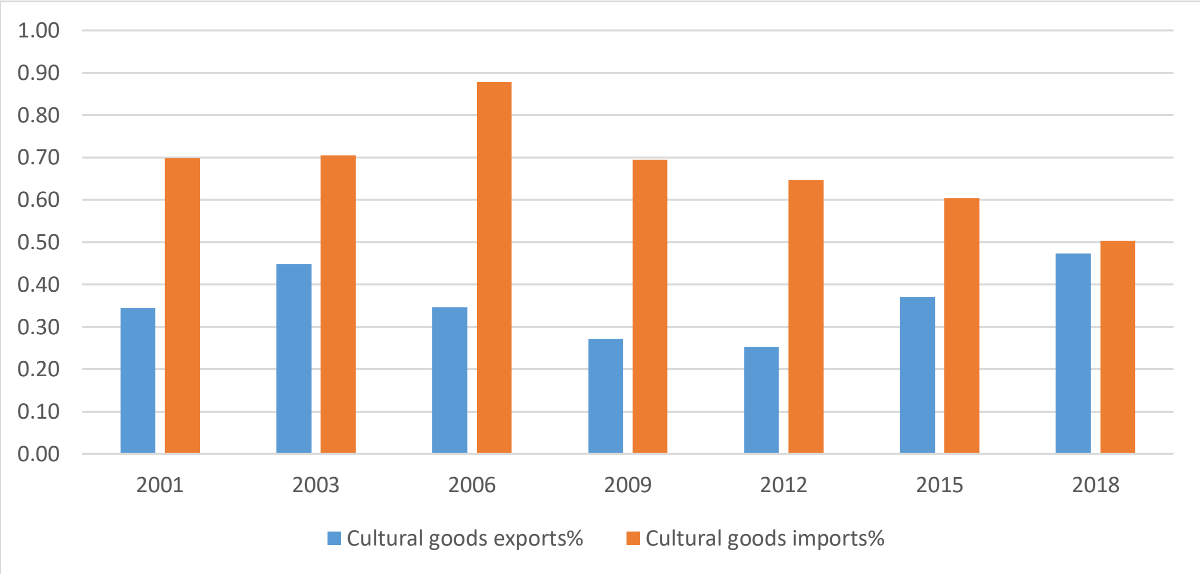


Figure 5: South Africa: percentage shares of cultural trade in total commodity trade
(Source: Authors' computations based on data from ITC, 2020a and UN Comtrade, 2020)

In the period up to 2006, South Africa's cultural goods imports grew more rapidly than total commodity imports (see Figure 4). Since then, cultural good import growth has been below that of total commodity import growth. Cultural good import growth contracted significantly during the period of the global financial crisis, contracting more than total commodity import growth. Cultural good import growth initially recovered well after the crisis to 15 percent per annum in 2009-2012, although this was a slightly lower recovery rate than for post-crisis commodity imports as a whole which grew at 17.8 percent per annum in the same period. However, after 2012, import growth fell dramatically. Cultural goods imports displayed negative average annual growth rates in both 2012-2015 and 2015-2018 (-8.4 percent and -3.1 percent respectively). For 2012-2015, the negative growth in cultural goods imports was worse than the negative growth in total commodity imports. The latter recovered to positive growth of 5.6 percent per annum in the most recent period (2015-2018), while cultural good import growth continued to contract. The share of cultural goods imports in South Africa's total imports has fallen since 2006, from 0.88 percent that year to 0.5 percent in 2018 (see Figure 5).[7]

Figure 6 indicates South Africa's total cultural goods exports and imports in current US$ millions for the period 2001 to 2018. The difference between the two line graphs reflects South Africa's ongoing trade deficit in its cultural goods trade over this period. The deficit widened significantly from 2002 to 2007 as imports grew faster than exports, and off a higher base. During the period of the financial crisis which had a dampening impact on international trade, cultural good import growth contracted more than cultural good export growth and the deficit

[7] Part of the decrease in 2017 and 2018 is due to the reallocation of HS sub-heading 950410 ("Video games of a kind used with a television receiver") into a different category not classified as cultural goods trade in the UNESCO 2009 FCS (namely sub-heading 950450 "Games; video game consoles and machines, other than those of subheading 9504.30").

narrowed marginally. In the period 2009 to 2012, the deficit widened again despite more rapid growth in cultural good exports (at 19.5 percent per annum) than cultural goods imports (at 15 percent per annum), due to the higher import base. However, since 2012, positive and increasing average annual growth in cultural goods exports coupled with negative or slower growth in cultural goods imports has had a significant impact on the country's trade balance in cultural products. The trade deficit fell from US$ 423 million in 2012 to US$ 154 million in 2016, then declined further in 2017 and 2018 to US$ 87 million and US$ 23 million respectively.[8] In 2018, South Africa's cultural goods exports were valued at US$ 446.5 million and cultural goods imports at US$ 469.8 million.

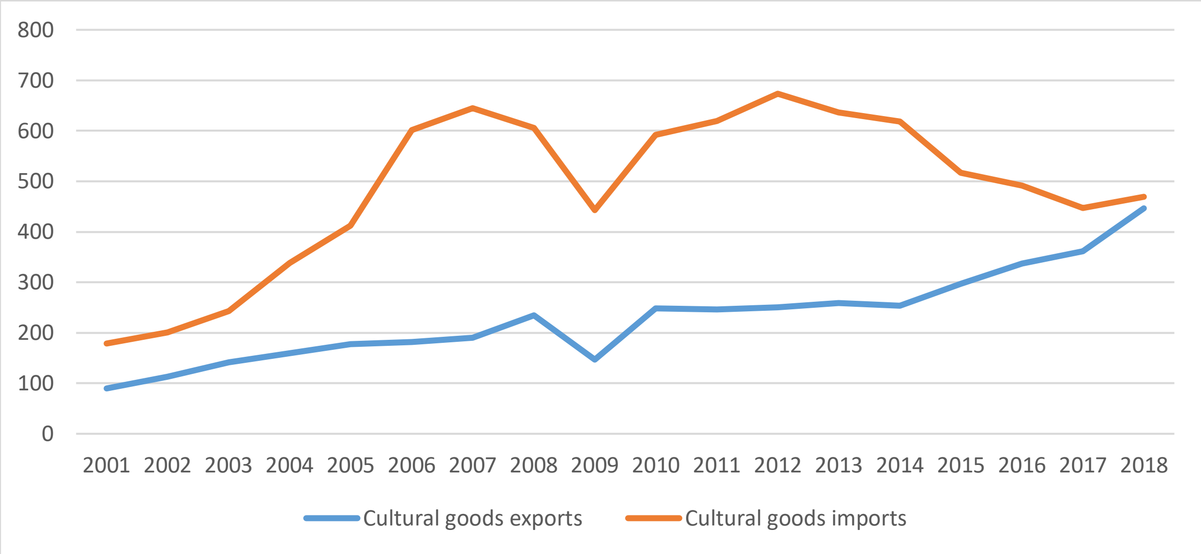


Figure 6: South Africa's total cultural goods trade: all domains 2001-2018 (current US$ millions) (Source: Authors' computations based on data from ITC, 2020a and UN Comtrade, 2020)

Figure 7 below plots South Africa's cultural goods exports by domain, focusing on the period 2007 to 2018. As indicated in Cattaneo and Snowball (2019), growth in cultural goods exports in this period has largely been driven by the exports of the Visual Arts and Crafts domain, particularly since 2014. Indeed, from 2012, Visual Arts and Crafts accounted for the largest share of South Africa's cultural goods exports, overtaking the Books and Press domain. Performance and Celebration showed promising export growth from a lower base between 2013 and 2017, helping to reduce the cultural trade deficit. However, these exports dipped in 2018, while exports from the Books and Press domain recovered. It is thus primarily the growth in the Visual Arts and Crafts domain that has driven the improved cultural goods trade balance on the export side in the past few years. Export sub-sectors of major importance within Visual Arts and Crafts in the most recent period include "Articles of jewellery & parts thereof, of other precious metal (excl. silver)" with a 69 percent share of the domain's exports in 2018. This is followed by "Original sculptures and statuary" at 7.4 percent and "Paintings, e.g. oil paintings, watercolours and pastels, and drawings…" at 6.1 percent. It is interesting to note that the Crafts sub-domain was previously designated as a focus sector in South Africa's Industrial Policy Action Plans (IPAPs).[9] While South Africa's Audio-visual and Interactive Media exports have been low, the slight growth experienced between 2012 and 2014 may be related to the

[8] Recall that the 2017 and 2018 cultural trade data is affected by the reallocation of of HS sub-heading 950410 ("Video games of a kind used with a television receiver") into a different category not classified as cultural goods trade in the UNESCO 2009 FCS. While this affects both the cultural export and import data for 2017 and 2018, Sub-heading 950410 had a notable trade deficit in previous years. However, even taking this into account, the cultural trade deficit narrows markedly in 2017 and 2018.

[9] See, for example, the dti (2010: 75).

dti's Film and Television incentive scheme, set out in the IPAPs (Cattaneo and Snowball, 2019).[10]

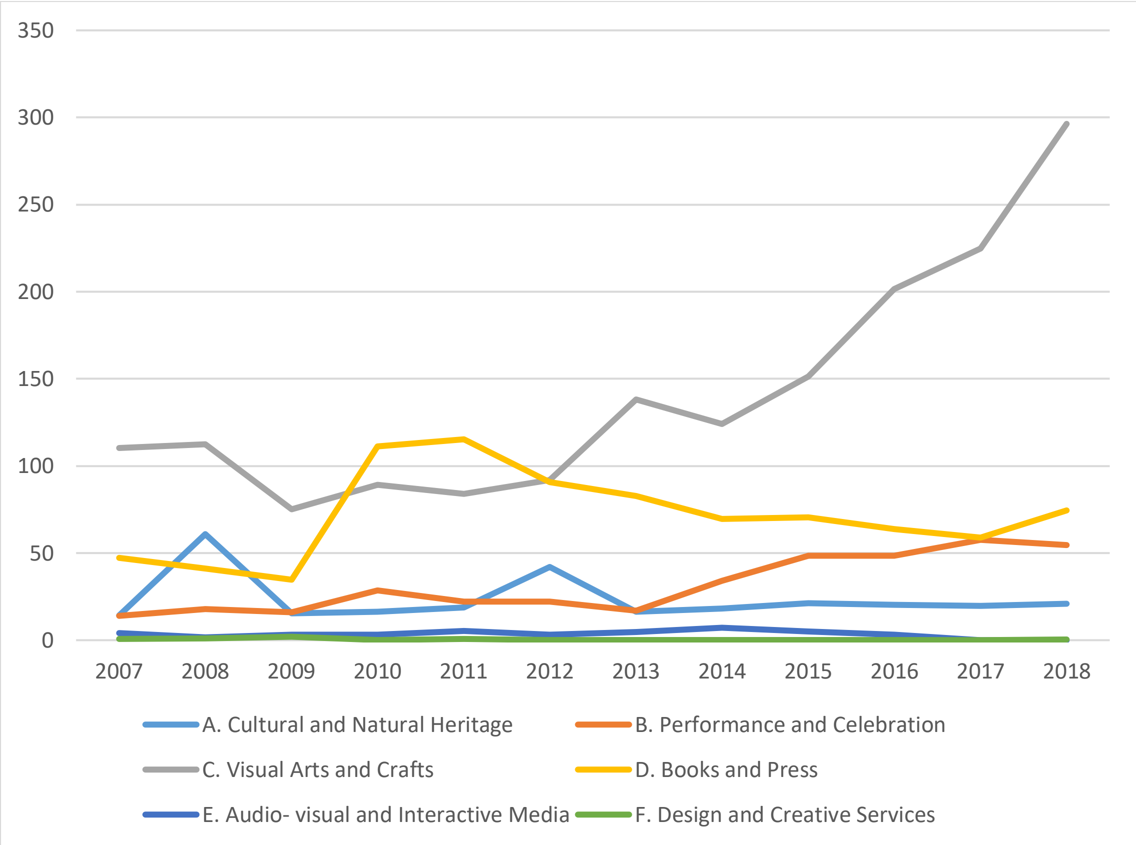


Figure 7: South Africa's total cultural goods exports by domain 2007-2018 (US$ millions) (Source: Authors' computations based on data from ITC, 2020a and UN Comtrade, 2020)

On the import side, Figure 8 indicates that cultural goods imports have fallen most dramatically in the Books and Press and Audio-visual and Interactive Media domains, particularly since 2012, contributing to the trade balance improvement in recent years. As noted in Cattaneo and Snowball (2019), both of these domains are significantly affected by digitisation. In the case of Audio-visual and Interactive Media, the drop-off in imports after 2016 is related to the reallocation of the "Video games" sub-category into a different HS six-digit category not classified as part of cultural goods trade in the UNESCO FCS. Visual Arts and Crafts imports fell between 2013 and 2015, but have shown a slight upward trend since then. The significant export growth in this domain, together with reduced imports over a number of years has made it an important contributor to the reduction in the cultural goods trade deficit in recent years.

[10] Section 5.5 discusses South Africa's trade in Audio-visual services.

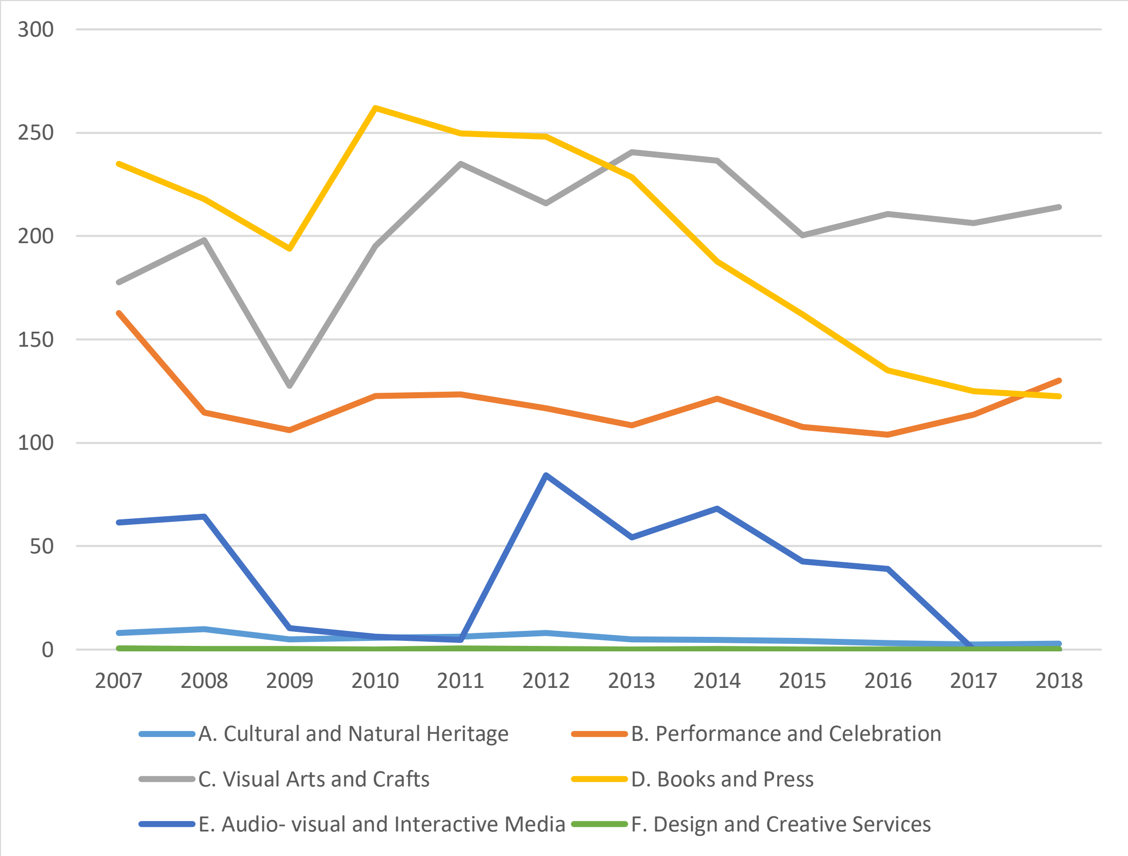


Figure 8: South Africa's total cultural goods imports by domain 2007-2018 (US$ millions) (Source: Authors' computations based on data from ITC, 2020a and UN Comtrade, 2020)

For policy and trade negotiation purposes, it is instructive to look more specifically at South Africa's cultural trade balances by domain. Figure 9 is an update of a similar figure in earlier SACO trade reports (Cattaneo and Snowball, 2018; 2019), and uses 2016-2018 averages[11] to examine the trade balance by domain. The previous Visual Arts and Crafts trade deficit which had improved in the 2019 SACO trade study compared to the 2018 report has now become a trade surplus. This is an important achievement because it has happened on the back of strong export growth in the sector and despite a recent upturn in imports in this domain. Visual Arts and Crafts is also the largest domain in terms of absolute trade figures. The country's cultural trade deficit remains greatest in the Performance and Celebration and Books and Press domains, although it has improved in the Books and Press domain relative to the 2019 study. Cultural and Natural Heritage was previously the only domain in which South Africa had a trade surplus, and has a relatively small share of total cultural goods trade. This makes the movement to a trade surplus in the Visual Arts and Crafts domain even more significant. Further investigation of the sub-sectors and sub-domains that are driving the steady export growth in Visual Arts and Crafts is an important area for future research.

[11] For the Audio-visual and Interactive Media domain 2014-2016 averages are used. See Note 8 above.

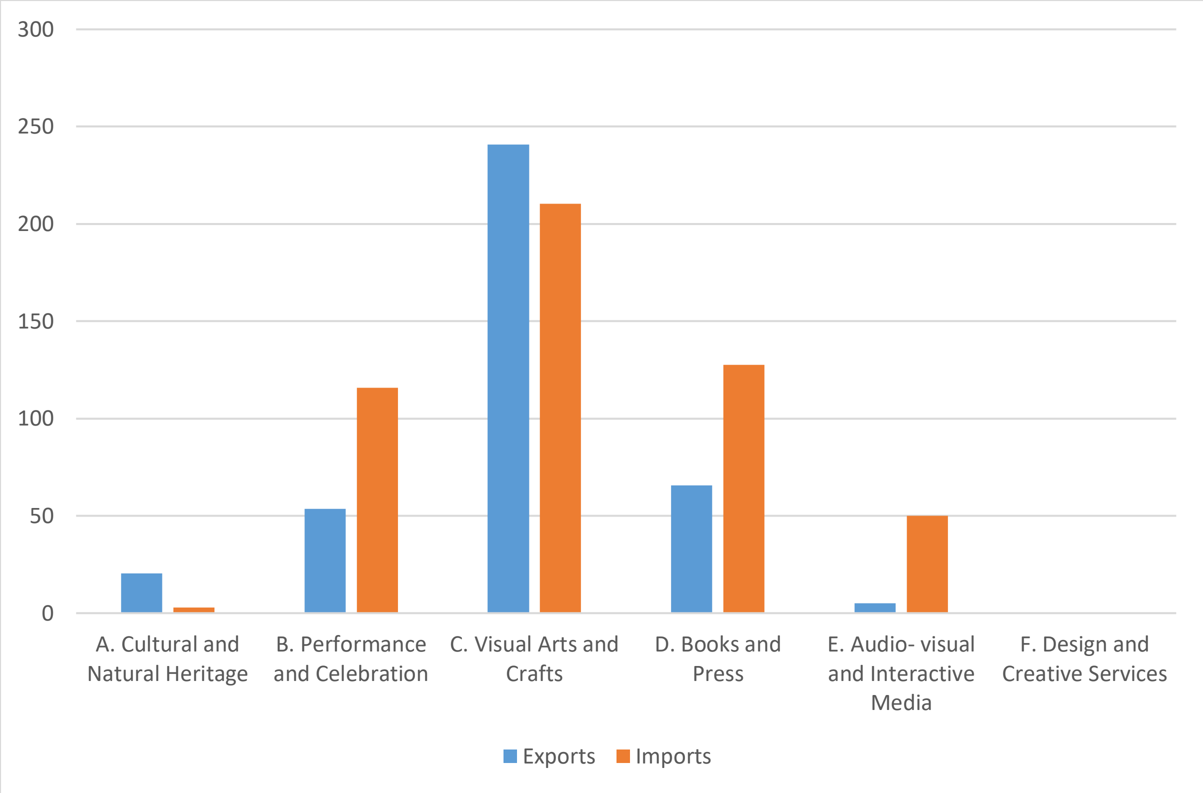


Figure 9: South Africa's total cultural goods exports and imports by domain: 2016-2018 averages (US$ millions)
*Note: 2014-2016 averages for the Audio-visual and Interactive Media domain (see Note *)*
(Source: Authors' computations based on data from ITC, 2020a and UN Comtrade, 2020)

The final part of this section of the report provides a view of South Africa's cultural goods trade by main region and trading partner. Table 4 depicts South Africa's cultural goods trade with the EU in comparison to BRICS and the rest of Africa. The table also includes other regional trading partners for comparative purposes, namely NAFTA (comprising the US, Canada and Mexico), the Middle East, East Asia (less China) and Latin America (less Brazil).[12]

Table 4: South Africa's cultural goods trade: selected regions 2018 (US$ millions)

	SA exports	**%Exp**	**SA imports**	**%Imp**
EU28	66.930	15.0	112.849	24.0
Rest of BRICS	98.743	22.1	185.594	39.5
Rest of Africa	102.799	23.0	19.126	4.07
NAFTA	148.068	33.2	41.810	8.90
Middle East	5.402	1.21	2.333	0.50
East Asia less China	4.309	0.97	38.449	8.19
Latin America less Brazil	0.560	0.13	3.090	0.66
World	446.300	100.0	469.714	100.0

(Source: Authors' computations from ITC, 2020a)

[12] NAFTA is the North American Free Trade Agreement, which is to be replaced by the United States Mexico Canada Agreement (USMCA). Note that since China and Brazil are members of BRICS, they are excluded from their respective regions (East Asia and Latin America) to avoid double-counting. Since not all regions are included in the table the regional percentages do not sum to 100.

From a regional perspective, NAFTA, the rest of Africa, BRICS and the EU are South Africa's most important cultural trade partners on the export side, accounting for 33.2 percent, 23 percent, 22.1 percent and 15 percent of the country's cultural goods exports respectively in 2018. On the import side, BRICS and the EU are the dominant regional partners, accounting for 39.5 percent and 24 percent of South Africa's cultural goods imports respectively in 2018, followed by NAFTA at 8.9 percent and East Asia (less China) at 8.19 percent. Cultural goods trade with BRICS countries is dominated by trade with China and, on the import side, India (Cattaneo and Snowball, 2018), while cultural goods trade with the EU is most prominent with the UK, Italy and Germany (see Table 5 and Section 5.2 below).

Table 4 indicates the importance of NAFTA as a regional trade partner for South Africa, particularly on the cultural export side. This is due to the significance of cultural goods trade with the US (see Table 5). From a regional perspective, it can be seen that South Africa has a cultural goods trade surplus with the rest of Africa, NAFTA and the Middle East. It is interesting to note that this surplus is greatest with NAFTA, underscoring the importance of the US as a destination for South Africa's cultural goods exports. The trade surplus is primarily accounted for by significant South African exports to the US of "Articles of jewellery and parts thereof, of precious metal other than silver…", followed by "Collections and collector's pieces of zoological, botanical, mineralogical, anatomical, historical, ..." and "Magnetic media for the recording of sound or of other phenomena" (ITC, 2020a).

The regional results depicted in Table 4 indicate that the focus of two previous SACO trade reports on South Africa's cultural trade with BRICS and the rest of Africa was warranted, as is the focus of the present report on cultural trade with the EU. In addition, the results suggest that an analysis of South Africa's cultural goods trade with NAFTA (particularly the US, but also Canada and Mexico) would be a fruitful area for research. Furthermore, while South Africa's cultural goods trade with the Middle East is comparatively small at present, the cultural trade surplus evident in Table 4 underscores the potential for export promotion to this region. This would be in line with South Africa's Trade Policy and Strategy Framework update document which emphasises the development of trade and investment relations with non-traditional trading partners including countries in the Middle East, Turkey[13] and NAFTA member Mexico (the dti, 2012: 6).

Table 5 below presents South Africa's cultural goods trade by main individual partner in 2018 to complement the regional picture in Table 4. South Africa's cultural goods exports are primarily destined for the US (32 percent), China (21.5 percent) and the UK (5.5 percent), with cultural goods imports sourced primarily from the same three countries but with imports from China most prominent (36 percent), followed by the UK (12 percent) and the US (8 percent). Major African export destinations for South Africa's cultural products include Namibia, Zimbabwe, Botswana, eSwatini and Zambia. eSwatini is a relatively important import source for South Africa on the continent, but otherwise only Botswana features in the top twenty on the import side of cultural goods trade. Apart from the UK, both Germany and Italy, and to a lesser extent France, are important EU cultural goods trading partners. Switzerland is in the top ten as an export destination, but is not as prominent on the import side.

In Asia, other than China and India, Thailand, Chinese Taipei, Japan and South Korea feature in the upper part of the table as sources of cultural goods imports into South Africa. Apart from China, no other Asian countries feature in the top twenty destinations for South Africa's cultural goods exports. It is arguable that East and South Asia present a huge untapped market for the country's cultural trade.

[13] Note that in the ITC database used to construct Table 4 Turkey is included as part of the Middle East.

Table 5: South Africa's cultural goods trade by main partner 2018 (US$ millions)

SA cultural goods exports to	US$mn	%Exp	SA cultural goods imports from	US$mn	%Imp
World	446.30	100.00	World	469.71	100.00
United States of America	143.47	32.15	China	170.38	36.27
China	95.94	21.50	United Kingdom	56.23	11.97
United Kingdom	24.60	5.51	United States of America	37.86	8.06
Namibia	19.09	4.28	Italy	15.66	3.33
Germany	17.91	4.01	Thailand	14.19	3.02
Zimbabwe	13.40	3.00	India	13.71	2.92
Botswana	11.72	2.63	eSwatini	12.35	2.63
eSwatini	11.70	2.62	Germany	11.67	2.48
Switzerland	10.25	2.30	Taipei, Chinese	10.22	2.18
Zambia	7.25	1.63	Japan	9.00	1.92
DRC	6.99	1.57	Korea, Republic of	8.05	1.71
Italy	6.25	1.40	France	6.96	1.48
Mozambique	6.09	1.36	Hong Kong, China	6.75	1.44
France	5.86	1.31	Netherlands	5.62	1.20
Australia	5.75	1.29	Hungary	4.84	1.03
Lesotho	5.55	1.24	Malaysia	4.79	1.02
Canada	4.45	1.00	Indonesia	4.43	0.94
United Arab Emirates	4.08	0.91	Botswana	4.36	0.93
Angola	3.98	0.89	Philippines	3.78	0.80
Malawi	3.60	0.81	Switzerland	3.54	0.75

Source: Authors' computations from ITC (2020a)

5.2 The growth and structure of South Africa's cultural goods trade with the EU and selected EU partner countries

As Table 4 indicates, the EU remains a significant regional trading partner for South Africa in its cultural goods trade. This provides a rationale for examining recent cultural trade trends with the EU, given two previous SACO trade reports that focused on the country's cultural trade with BRICS and the rest of Africa which are other important regional partners. An examination of recent cultural trade performance with key EU partner countries helps to build a more complete picture of South Africa's cultural trade landscape and assess policy priorities for different regions.

Table 6 indicates South Africa's cultural goods exports to and imports from the EU as a whole and the UK, Germany and Italy individually, in current US$ millions.[14] The trade balance in cultural goods and total bilateral trade is also provided. The trade figures are 2016-2018 averages due to the lumpy nature of the bilateral trade data. The table also depicts shares of cultural exports and imports in total bilateral exports and imports for selected years.

[14] Although the UK left the EU at the end of January 2020, for the period under study the UK, Germany and Italy were South Africa's top EU cultural goods trading partners.

Table 6: South Africa's cultural goods trade with the EU and selected EU partner countries

		US$ millions			Percentage shares in total bilateral trade					
		SA exports	**SA imports**	**Balance**	**culexp%**			**culimp%**		
		2016-2018 averages			**2010**	**2014**	**2018**	**2010**	**2014**	**2018**
EU	*Cultural*	75.4	126.0	-50.6	0.16	0.26	0.30	0.79	0.63	0.42
	Total bilateral	*19370.6*	*25216.2*	*-5845.6*						
UK	*Cultural*	25.3	58.9	-33.6	0.36	0.61	0.52	3.97	2.80	1.70
	Total bilateral	*3802.1*	*2650.7*	*1151.4*						
Italy	*Cultural*	15.2	23.3	-8.1	0.09	0.56	0.65	0.94	1.43	0.61
	Total bilateral	*1034.3*	*2210.9*	*-1176.6*						
Germany	*Cultural*	14.5	13.0	1.4	0.11	0.17	0.25	0.16	0.13	0.13
	Total bilateral	*6060.6*	*9202.3*	*-3141.8*						
World	*Cultural*	381.6	469.7	-88.0	0.30	0.27	0.47	0.71	0.62	0.50
	Total trade	*85600.1*	*83732.9*	*1867.2*						

(Source: Authors' computations based on nominal trade data from ITC, 2020a and UN Comtrade, 2020)
Notes:
culexp% is the share of cultural exports in total bilateral exports from South Africa to that partner country
culimp% is the share of cultural imports in total bilateral imports into South Africa from that partner country

Based on 2016-2018 averages, South Africa's cultural goods exports to the EU are US$75.4 million, with cultural goods imports from the EU at US$126 million, yielding a trade deficit of US$50.6 million for this period. Out of South Africa's top EU trading partners, cultural goods exports are greatest to the UK (US$25.3 million), followed by Italy (US$15.2 million) and Germany (US$14.5 million). Cultural goods imports from the UK stand at US$58.9 million for the 2016-2018 period, followed by cultural goods imports from Italy (US$23.3 million) then Germany (US$13 million). The dominance of cultural trade with the UK is unsurprising given South Africa's deeper historical, trade and language ties to the UK relative to Germany, Italy and other continental partners.[15]

The bulk of South Africa's trade deficit in its cultural trade with the EU is accounted for by its cultural goods trading relationship with the UK. Although the UK is a key export destination, it is an even more important source of cultural goods imports in the EU context. This results in a deficit in South Africa's cultural trade with the UK of US$33.6 million, accounting for 66.5 percent of the cultural goods trade deficit with the EU. South Africa has a much smaller cultural goods trade deficit with Italy in absolute terms. It is interesting to note that while the absolute cultural goods trade flows with Germany are lower than with the UK and Italy, South Africa has a cultural goods trade surplus with Germany. This contrasts starkly with its large deficit with Germany in total commodity trade (see Table 6). The cultural domains and sub-sectors driving these various trends are considered further below.

Alongside absolute trade flows, it is interesting to consider the importance of bilateral cultural goods trade relative to total bilateral goods trade between the trading partners. Table 6 indicates that between 2010 and 2018 cultural goods trade as a share of total bilateral trade increased for South Africa's exports to the EU but decreased for South Africa's imports from the EU. The latter is unsurprising giving the growing importance of China as a source of imports for South Africa.[16] Cultural goods exports from South Africa to its EU partners are only a small fraction of total bilateral exports to that partner. For exports to Italy and the UK,

[15] See Disdier *et al.* (2010) for further discussion.

[16] Cultural imports from the EU in more recent years are also affected by the reallocation of of HS sub-heading 950410 ("Video games of a kind used with a television receiver") into a different category not classified as cultural goods trade in the UNESCO 2009 FCS. However South Africa's growing trade with China is the dominant impact.

however, the shares of cultural exports in total bilateral exports (0.65 percent and 0.52 percent respectively in 2018) exceed the share of cultural exports as a whole in South Africa's total commodity exports (0.47 percent in 2018) (Table 6).

South Africa's cultural goods imports are a higher fraction of total bilateral imports from the UK, although the share fell from 3.97 percent in 2010 to 1.70 percent in 2018. The import share from Italy was also higher than the export share to that country, except for the most recent period, and exceeded the world import share for the years shown in Table 6. In these cases, the results suggest that South Africa imports proportionately more cultural products from the UK and Italy (a) than it imports globally, and (b) than it exports to them (except for Italy in the most recent period). In the case of Germany, cultural trade is a markedly smaller fraction of total commodity trade than for the other two partners, although the export share from South Africa to Germany has increased over time and there is a cultural trade surplus in absolute terms in South Africa's favour.

Table 7 depicts average annual growth rates of South Africa's cultural goods trade relative to total trade with the EU and the selected EU partner countries, based on trade data from the ITC (2020a). These growth rates should be interpreted with caution because of the lumpy nature of the more disaggregated bilateral trade data.

Table 7: Average annual growth rates of South Africa's cultural goods trade relative to total bilateral trade with the EU and selected EU partner countries

		SA exports (% growth)			SA imports (% growth)		
		2010-2014	**2014-2016**	**2016-2018**	**2010-2014**	**2014-2016**	**2016-2018**
EU	*Cultural*	12.0	21.6	-1.6	-3.6	-7.6	-13.3
	Total bilateral	*-0.9*	*-3.3*	*15.6*	*1.77*	*-8.68*	*7.92*
UK	*Cultural*	12.7	12.2	-3.9	-6.9	-19.2	-3.0
	Total bilateral	*-1.4*	*-4.5*	*23.0*	*1.6*	*-18.7*	*23.6*
Italy	*Cultural*	45.7	20.1	-14.8	18.8	1.4	-36.5
	Total bilateral	*-7.0*	*1.5*	*-6.4*	*7.0*	*-16.5*	*18.2*
Germany	*Cultural*	4.2	29.4	23.5	-2.4	9.0	-14.6
	Total bilateral	*-6.3*	*11.5*	*16.3*	*2.42*	*-6.1*	*2.3*
World	*Cultural*	0.5	15.4	15.0	1.1	-10.8	-2.3
	Total trade	*2.9*	*-10.5*	*12.9*	*4.68*	*-13.46*	*11.80*

(Source: Authors' computations based on nominal trade data from ITC, 2020a and UN Comtrade, 2020)

Notes: Growth rates should be treated with caution due to sparse/low bilateral trade in some categories

For the EU as a whole, cultural good export growth from South Africa was relatively strong in the period from 2010 to 2016 but contracted in the period 2016 to 2018. Cultural export growth was strong to all three of the selected countries until 2016, and remained strong to Germany in 2016-2018. The contraction in cultural export growth to the UK and Italy in 2016-2018 went against the general trend of South Africa's cultural good export growth which was healthy at 15 percent per annum (see Table 7). This result suggests that there has been growing cultural export trade with non-EU partners in recent years. On the import side, cultural good import growth from the EU was negative throughout, contracting more sharply in recent years. In the case of the individual partner countries in Table 7, cultural good import growth was positive only from Italy up to 2016 and Germany in 2014-2016. The contraction in cultural good import growth from the EU and the partner countries shown in Table 7 was greater than the slowdown in South Africa's cultural import trade more generally.

Table 8 provides a breakdown of South Africa's cultural goods exports, imports and trade balance by domain for the EU as a whole and for trade with each selected EU partner country. This is useful, as it allows policy-makers to gain important insights into the cultural domains and sub-sectors driving bilateral cultural trade performance between South Africa and the selected partner countries on both the export and import side. The data reflect 2016-2018 averages in millions of US Dollars as before. The table facilitates an assessment of the relative importance of different domains in bilateral cultural trade with each partner.

The most important domains for South Africa's cultural exports to the EU as a whole in absolute terms are Visual Arts and Crafts and Performance and Celebration. This is also the case for each of the selected EU partner countries individually. On the import side, Books and Press and Visual Arts and Crafts are the most prominent import domains from the EU, as well as from the UK individually. South Africa has a positive trade balance with the EU in Performance and Celebration, together with Cultural and Natural Heritage. The trade deficit in Visual Arts and Crafts is comparatively small, suggesting significant two-way trade within this important domain. The most notable trade deficit with the EU (and the UK specifically) is in Books and Press, which is perhaps unsurprising.

Table 8: South Africa's cultural goods exports, imports and trade balance by domain and partner

Cultural trade in US$mns (2016-2018 averages)		A. Cultural and Natural Heritage	B. Performance and Celebration	C. Visual Arts and Crafts	D. Books and Press	E. Audio-visual and Interactive Media	F. Design and Creative Services	Total cultural trade A to F
EU	Cultural exports	5.151	21.868	44.821	3.496	0.000	0.017	75.353
	Cultural imports	1.593	17.596	45.984	60.733	0.000	0.087	125.993
	Cultural trade balance	*3.558*	*4.272*	*-1.163*	*-57.237*	*0.000*	*-0.070*	*-50.640*
UK	Cultural exports	0.560	7.327	14.502	2.858	0.000	0.007	25.255
	Cultural imports	0.968	1.958	7.901	48.021	0.000	0.004	58.853
	Cultural trade balance	*-0.408*	*5.369*	*6.601*	*-45.163*	*0.000*	*0.003*	*-33.598*
Germany	Cultural exports	0.671	7.145	6.422	0.211	0.000	0.001	14.450
	Cultural imports	0.040	3.655	5.623	3.624	0.000	0.077	13.018
	Cultural trade balance	*0.631*	*3.490*	*0.798*	*-3.413*	*0.000*	*-0.075*	*1.432*
Italy	Cultural exports	0.054	0.367	14.754	0.026	0.000	0.000	15.201
	Cultural imports	0.011	0.312	22.046	0.917	0.000	0.000	23.286
	Cultural trade balance	*0.043*	*0.055*	*-7.292*	*-0.891*	*0.000*	*0.000*	*-8.085*
World	Cultural exports	20.332	53.545	240.885	65.632	5.154	0.143	381.618
	Cultural imports	2.828	115.907	210.296	127.528	49.901	0.103	469.666
	Cultural trade balance	*17.504*	*-62.362*	*30.589*	*-61.896*	*-44.747*	*0.040*	*-88.048*

(Source: Authors' computations based on nominal trade data from ITC, 2020a and UN Comtrade, 2020)

South Africa has a trade surplus in Visual Arts and Crafts with the UK and Germany, but not with Italy, although exports to Italy are important in this domain. Prominent export sub-categories to the UK within Visual Arts and Crafts in recent years include "Articles of jewellery and parts thereof, of precious metal other than silver", "Paintings, e.g. oil paintings, watercolours and pastels", "Collages and similar decorative plaques" and "Original sculptures and statuary". Paintings and Collages are also important sub-categories for exports to Italy, while Collages and Sculptures are notable export sub-sectors to Germany. There are significant imports into South Africa from Italy in Visual Arts and Crafts. Key sub-sectors here include the following three jewellery sectors: "Articles of jewellery and parts thereof, of silver", "Articles of jewellery and parts thereof, of precious metal other than silver" and "Articles of jewellery and parts thereof, of base metal clad with precious metal".

South Africa has a trade surplus with each selected EU partner in Performance and Celebration, as with the EU as a whole. Key export sectors within this domain include “Media for the recording of sound or of other phenomena” and “Magnetic media for the recording of sound or of other phenomena”. The trade surplus with the EU in this domain contrasts markedly with South Africa’s overall trade deficit in Performance and Celebration (see Table 8). South Africa also has a trade surplus with Germany and Italy (and with the EU as a whole) in Cultural and Natural Heritage, although the trade flows in this domain are comparatively small. Exports in this domain are driven by the sub-sector “Collections and collector's pieces…” in trade with the selected EU partners. In this instance, the trade surplus with the EU is in line with South Africa’s overall trade surplus position in the Cultural and Natural Heritage domain.

South Africa’s consistent deficit in Books and Press across the selected partner countries is due mainly to imports in the sub-category “Printed books, brochures and similar printed matter (excluding those in single sheets; dictionaries …)” and to a lesser extent “Newspapers, journals and periodicals” and “Printed books, brochures and similar printed matter, in single sheets”.

As Table 8 shows, South Africa’s largest cultural trade deficits with the world are in Books and Press and Performance and Celebration. However, with the EU and the selected EU member states, it was noted that South Africa has a cultural trade surplus in Performance and Celebration. This could be an area for export promotion with EU countries which could in turn reduce the country’s overall deficit in this domain. In addition, while South Africa has an overall trade surplus in Visual Arts and Crafts, it has a comparatively small proportionate trade deficit in this domain with the EU. The trade flows in this domain are relatively significant and South Africa should both promote trade and possibly be more defensive in this sector.

It can be seen from Table 8 that Domains E (Audio-visual and Interactive Media) and F (Design and Creative Services) are poorly captured in product trade data. In the UNESCO (2009) FCS, three HS codes are assigned to Domain E and only one to Domain F.[17] Furthermore, one of the HS codes (Video games) that was previously assigned to Domain E has since 2012 been reallocated to an HS code that is not part of the UNESCO FCS cultural trade categories. This illustrates the importance of adequately measuring and recording cultural services trade (Cattaneo and Snowball, 2018). In the case of Audio-Visual and Interactive Media (Domain E) in Table 8, the data for South Africa’s cultural trade globally is based on 2014-2016 averages. However, there is little bilateral data for Domains E and F for the more recent period.

It is important to examine the key sub-sectors within the various domains that are dominating trends in cultural goods trade. This is useful for policy purposes and when negotiating cultural trade agreements. In the case of domains with a broad range of sub-sectors, such as Visual Arts and Crafts, this is particularly relevant.

5.3 South Africa’s intra-industry trade in cultural products with the EU, with regional comparisons to BRICS and Africa

Table 8 above indicates that there is significant two-way trade with the EU bloc in two domains that are particularly important for South Africa’s cultural goods exports, namely Visual Arts and Crafts and Performance and Celebration. This suggests a potential for intra-industry specialisation related to higher value added trade in South Africa’s cultural goods trade with the EU. As noted in Section 4.3, intra-industry trade (IIT) refers to two-way trade or overlapping trade within a particular product category and is associated with lower adjustment costs to trade expansion. This section examines IIT in cultural products between South Africa

[17] The latter is “Plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes”.

and the EU by domain and compares the results to IIT with two other key regional trading partners, BRICS and the rest of Africa, drawing inferences for cultural trade policy.

Table 9: South Africa's intra-industry trade (trade-weighted Grubel-Lloyd indices) and cultural trade by domain and partner (2018)

IIT in percent Cultural trade in US$millions	A. Cultural and Natural Heritage	B. Performance and Celebration	C. Visual Arts and Crafts	D. Books and Press	E. Audio-visual and Interactive Media	F. Design and Creative Services	Total cultural trade A to F
EU	3.58	19.44	46.38	8.66	na	36.79	27.30
Cultural trade	*6.695*	*36.020*	*79.296*	*57.556*	*0.000*	*0.212*	*179.779*
BRICS	0.86	4.78	5.56	0.97	na	0.00	5.01
Cultural trade	*1.399*	*66.507*	*195.170*	*21.259*	*0.000*	*0.002*	*284.337*
Rest of Africa	69.75	1.79	22.30	30.92	na	0.00	25.88
Cultural trade	*0.281*	*13.418*	*26.193*	*81.764*	*0.000*	*0.269*	*121.925*
World	4.58	24.30	33.06	66.90	27.66	68.58	37.85
Cultural trade	*23.641*	*184.944*	*510.288*	*196.852*	*0.0001*	*0.522*	*916.247*

(Source: Authors' computations based on nominal trade data from ITC, 2020a and UN Comtrade, 2020)
na: Index cannot be computed due to missing data on the export or import side or both

Table 9 depicts South Africa's IIT by domain and regional partner, based primarily on 2018 trade flows from ITC (2020a). The IIT indices in this table are measured using the trade-weighted Grubel-Lloyd index (see Section 4.3). Indices at the domain level are computed using the product trade shares within that domain as weights, while those for total cultural trade use the domain trade shares as weights. As noted in Section 4.3, the IIT index ranges from 0 to 100 percent, with higher values indicating greater overlapping trade within a particular domain. Table 9 also includes cultural trade (the sum of exports and imports) in absolute terms by domain and regional partner. This can be useful as sectors may have high IIT indices but insignificant bilateral trade flows in absolute terms.[18]

The overall results for South Africa's total cultural trade with the world (indicated in the bottom section of Table 9) show that the highest trade-weighted IIT index is 68.58 percent for Design and Creative Services, followed closely by 66.9 percent for the Books and Press domain. The next highest IIT index is for Visual Arts and Crafts at 33.06 percent, followed by Audio-visual and Interactive Media (27.66 percent) and Performance and Celebration (24.3 percent). The IIT index for Cultural and Natural Heritage is low at 4.58 percent. In the case of Design and Creative Services and Audio-visual and Interactive Media, absolute trade flows (as captured using the UNESCO 2009 FCS HS categories for cultural goods trade) are very low relative to the other domains. Services trade is particularly important to capture for these domains (see Section 5.5 below). However, trade flows are significant in Books and Press, Visual Arts and Craft and Performance and Celebration. South Africa's IIT index in its global trade in the Books and Press domain is higher in 2018 at 66.9 percent than for 2015-2017 when it was 57.75 percent.[19] This reflects the trade trends for this domain discussed in Section 5.1, whereby South Africa has increased exports coupled with lower imports, reducing the mismatch in various sub-sectors of Books and Press, yielding the higher IIT index. Further export promotion in Books and Press, particularly in the "Printed books, brochures and similar printed matter (excluding those in single sheets; dictionaries …)" sub-category, could result in greater intra-industry specialisation and gains from trade in this domain.

[18] For example, as noted in Cattaneo and Snowball (2019), exports of US$60 and imports of US$40 for a given sector yield an IIT index of 80 percent. This signals high two-way trade within the sector, but the absolute trade flows are not significant.
[19] See Cattaneo and Snowball (2019: Table 5) for the earlier 2015-2017 figures cited in this section.

In South Africa's global trade in the Visual Arts and Crafts domain, the trade-weighted IIT index is lower at 33.06 percent for 2018 compared to 49.66 percent in 2015-2017, but still notable. As indicated in Section 5.1, South Africa's export growth was significant in Visual Arts and Crafts in the most recent period while imports grew more slowly. The Visual Arts and Crafts domain has a large number of different sub-sectors (49). The lower trade-weighted IIT index in this case simply suggests that exports increased most significantly in sub-sectors that did not have matching imports. At the domain level, the Visual Arts and Crafts cultural trade deficit became a comparatively large surplus in 2018, as discussed in Section 5.1. Greater intra-industry specialisation in Visual Arts and Crafts would entail export promotion in sub-sectors or sub-domains in which imports are relatively higher in comparison to exports. These include the sub-sectors "Knitted or crocheted fabrics, of a width of > 30 cm, containing >= 5% by weight elastomeric yarn but not containing robber thread", "Collages and similar decorative plaques" and "Articles of jewellery and parts thereof, of silver, whether or not plated or clad with other precious metal". This underscores the importance of case study analysis of individual sub-sectors or sub-domains within those domains like Visual Arts and Crafts that comprise a large number of individual sub-sectors.

The Performance and Celebration domain also has a relatively large number of sub-sectors at 19, compared to the other domains (except Visual Arts and Culture). In this instance the IIT index in South Africa's trade with the world was also lower in 2018 (24.3 percent) compared to 2015-2017 (28.02 percent). However here the underlying trade trends were very different to the case of Visual Arts and Crafts. While Performance and Celebration imports increased, exports were relatively flat in the most recent period and the trade deficit deteriorated. The increase in imports without a corresponding rise in exports in key sub-sectors in this domain would result in a relatively lower trade-weighted IIT index. Once again, export promotion in the affected sub-sectors would increase the potential to benefit from intra-industry specialisation. Examples include two sub-sectors of the Recorded Media sub-domain, namely "Cards incorporating a magnetic stripe for the recording of sound or of other phenomena" and "Solid-state, non-volatile data storage devices for recording data from an external source". However, it is interesting to note that South Africa's exports are relatively high in two *other* sub-sectors of the Recorded Media sub-domain, namely "Magnetic media for the recording of sound or of other phenomena" and "Media for the recording of sound or of other phenomena, whether or not recorded". This suggests that intra-industry trade would be significant at the Recorded Media sub-domain level *within* the Performance and Celebration domain. It would thus be useful to compute IIT indices at the sub-domain level in addition to the broad domain level in future research. This is particularly recommended for domains with numerous sub-domains and disparate sub-categories.

By contrast with Visual Arts and Crafts and Performance and Celebration, the Cultural and Natural Heritage domain comprises only two HS sub-sectors in the UNESCO FCS, namely "Collections and collector's pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic or numismatic interest" and "Antiques of more than 100 years old". The trade-weighted IIT index for this domain was 4.58 percent in 2018 compared to 9.89 percent in 2015-2017. South Africa has an overall trade surplus in this sector in its global trade, and the trade balance for Cultural and Natural Heritage improved slightly between the two periods. For the domain as a whole, this was because imports fell while exports increased marginally (see Section 5.1). At the sub-sector level, this was mainly due to a reduction in South Africa's imports in the Collections sub-category coupled with an increase in exports in the same sub-category. In a context in which there was already a trade surplus, these changes resulted in a lower IIT index in 2018. This is because the trade trends between 2015-2017 and 2018 reduced the existing degree of overlapping (two-way) trade in that sub-category. From a policy perspective, the Cultural and Natural Heritage domain may be less important for intra-industry trade but it is still strategically important for the country's cultural goods trade. Exports have grown and South Africa has a relatively significant trade surplus globally in this domain, despite its smaller trade value compared to Domains B to E.

Intra-industry trade between South Africa and the selected regions depicted in the rest of Table 9 varies significantly by domain and regional partner. IIT in total bilateral cultural trade (Domains A to F) is highest with the EU (27.3 percent), closely followed by the rest of Africa (25.9 percent). Intra-industry trade in cultural products remains low with BRICS partners, at just over 5 percent in 2018, reinforcing the findings of Cattaneo and Snowball (2018) for the period 2014 to 2016. However, it must be remembered that total cultural trade is highest with BRICS out of the three regions (see Table 9 and also Table 4). This means that the bulk of South Africa's cultural goods trade with BRICS is inter-industry in nature (different domains exported and imported), rather than intra-industry trade (two-way trade within particular domains).

As noted in Section 5.1, South Africa's bilateral cultural goods trade is also significant with the EU and the rest of Africa, although lower than with BRICS (Tables 9 and 4). It is perhaps not surprising that intra-industry trade in cultural products is more significant with the former regional partners (the EU and Africa) than with BRICS as this reflects the state of affairs in commodity trade in general between South Africa and the three regions. Trade with BRICS in general reflects far less value added trade than with the EU and Africa (Bezuidenhout and Claassen, 2013), and value added trade is associated with intra-industry trade. South Africa's trade and industrial policymakers emphasise the importance of increasing the value added content of South Africa's exports to BRICS partners (the dti, 2012). This is emphasised in particular with respect to trade relations with China, as indicated in the Comprehensive Strategic Partnership Agreement signed between South Africa and China in 2010 (Beijing Declaration, 2010). Cultural trade policy practitioners should take account of this broader policy context and direct it towards cultural goods trade with China and the rest of BRICS as well.

It should be noted that, for total cultural goods trade, the IIT index with the world is relatively high at 37.85 percent compared to the three regions specified in Table 9. This suggests that there is an important partner or region that is not captured in the focus areas thus far. Tables 4 and 5 suggest that the partner in question is the US (and NAFTA at the regional level). An examination of the nature of cultural goods trade between South Africa and the US is therefore an important area for future research.

Finally, at the domain level, in the case of domains with noteworthy bilateral trade, Table 9 indicates that IIT is relatively high in Visual Arts and Crafts with the EU and Africa at 46.38 and 22.3 percent respectively. Although Table 8 suggests that IIT for Visual Arts and Crafts with the EU might be higher, with cultural exports of US$44.821 million and cultural imports of US$45.984 million for this domain, the IIT index is trade-weighted which reflects the nuance that South Africa and the EU produce and trade some different sub-sectors within this domain. Nevertheless the IIT index for Visual Arts and Crafts for South Africa and the EU of 46.38 percent is significantly greater than the corresponding trade-weighted IIT index for South Africa and the BRICS which is only 5.56 percent. South Africa and BRICS are therefore trading very different products within the Visual Arts and Crafts domain. As noted earlier, additional information could be obtained by computing the trade-weighted IIT indices at the sub-domain level for Visual Arts and Crafts.

For Performance and Celebration, there is IIT of 19.4 percent between South Africa and the EU. Once again, bilateral trade flows suggest that the index might have been expected to be higher, with exports of US$21.868 million to the EU and imports of US$17.596 from the EU in this domain (Table 8). As in the discussion of South Africa's IIT in Performance and Celebration globally, the trade-weighted IIT index picks up the fact that different sub-sectors of this domain are being traded by the two partners. In the Books and Press domain, IIT is relatively high between South Africa and the rest of Africa at 30.92 percent. Interestingly, this is due to a large extent to notable two-way trade in the "Printed books, brochures and similar printed matter (excluding those in single sheets; dictionaries …)" sub-category between South Africa and the rest of the African continent. This is a sub-sector for which South Africa has a significant deficit in its trade with the EU, yet its exports to Africa in the same sub-sector are relatively prominent. The prospects for export promotion to the EU in this sub-sector could be explored.

In the case of Cultural and Natural Heritage, although bilateral trade flows are comparatively small, it is interesting to contrast the case of South Africa's IIT with BRICS (at a low 0.86 percent) with the country's IIT with the rest of Africa (at 69.75 percent). This clearly illustrates the importance of using a trade-weighted index for IIT. It was noted earlier that there are two HS six-digit sub-categories in this domain, namely "Collections and collectors' pieces" and "Antiques of more than 100 years old". South Africa's exports to BRICS fall exclusively in the Collections sub-category in 2018, while imports from BRICS are largely in the Antiques sub-category. On the other hand, in the case of Cultural and Natural Heritage trade between South Africa and the rest of the continent, South Africa's exports to and imports from the continent are both overwhelmingly in the Collections sub-category. The trade-weighted IIT index picks up the difference, yielding the low IIT figure for the Cultural and Natural Heritage domain in the case of BRICS.

The discussion in this sub-section reinforces the finding of Cattaneo and Snowball (2019) that IIT appears to be more extensive in South Africa's trade with a number of African partner countries than with its BRICS partners. In the case of the EU, IIT is even more prominent relative to the BRICS. This is an important finding, as it suggests that traditional trading partners like the EU can play an important role in the promotion of South Africa's value added trade in the cultural trade context alongside African trading partners, even as the country seeks to promote greater value added trade with emerging economy partners in the BRICS.

5.4 Import tariffs on cultural product trade categories in South Africa's trade with the EU, with regional comparisons to BRICS and Africa

International trade flows in cultural products are affected by a wide range of tariff and non-tariff barriers to trade. This section examines South Africa's import tariffs on the 85 HS 6-digit sub-sectors identified as cultural product categories in the UNESCO FCS. The focus is on South Africa's tariffs on cultural goods imports from the EU under the Economic Partnership Agreement (SADC-EU EPA), compared to tariffs imposed on cultural imports from BRICS countries and African countries.[20] South Africa's import tariffs are affected by its WTO commitments and the various trade agreements with partners in these regions outlined in Section 3. Existing tariffs provide important insights into which cultural goods trade categories are considered to be sensitive sectors. This can help to inform cultural trade negotiation strategies and industrial policy incentives for the creative goods sector.

Appendix 2 sets out the authors' compilation of the tariffs applicable to South Africa's imports in the 85 6-digit cultural product trade categories, drawn from the country's tariff schedule (SARS, 2020). South Africa's tariff schedule sets out the tariffs applicable on imports from different groups of countries for various HS categories and sub-categories, according to South Africa's main trade agreements. The column headed "General" refers to the MFN tariff[21] applied to imports of that product from countries not covered by a particular tariff preference arrangement. Tariffs applicable on imports from the EU appear in the next column, followed by those that apply to imports from SADC and MERCOSUR.

[20] For future research, it would be useful to undertake an analysis of South Africa's market access on the export side as well. This would examine tariffs faced by South Africa's cultural goods exports into these regions in terms of existing trade agreements and MFN tariffs set by partner countries.

[21] MFN ("most-favoured nation") tariffs are those that apply in trade with WTO partners.

The tariffs on imports from the EU are determined by the provisions of the SADC-EU EPA to which South Africa is a signatory. For African countries that are SADC members, imports into South Africa are duty-free under the SADC FTA. For other African countries, the general tariff applies i) to the rest of COMESA and the EAC until the TFTA tariff phasedown begins, and ii) to the rest of the AU until the AfCFTA goods trade negotiations are finalised (see Section 3). In the case of BRICS, the only formal trade agreement with tariff preferences between a BRICS member and South Africa is the preferential trade agreement between MERCOSUR and SACU, since Brazil is a member of MERCOSUR.[22] The preferential trade agreement, signed in 2009, is a limited one and provides for preferences on about a thousand product lines in each direction. From South Africa's perspective, only one of these is a cultural goods sub-sector ("Cinematographic film of a width exceeding 35mm"). This HS product line attracts a general tariff of zero in any case so the concession granted to Brazil as part of MERCOSUR is meaningless at present.

As Appendix 2 indicates, 47 out of the 85 HS 6-digit product categories that are classified as cultural goods trade in the UNESCO FCS attract a zero duty across the board when entering South Africa. In other words, 55 percent of cultural product lines are currently tariff-free from any country. As noted in Cattaneo and Snowball (2019), this includes all of Domain A (Cultural and Natural Heritage), Domain E (Audio-visual and Interactive Media) and Domain F (Design and Creative Services), as well as most of Domain B (Performance and Celebration) and Domain D (Books and Press). The situation for Domain C (Visual Arts and Crafts) is more complex, as there are a number of sub-domains and a wide range of product lines, including some sensitive sectors, within this domain. In addition, it is important to emphasise that the absence of tariffs does not imply that other import barriers do not exist for these duty-free product categories. There may be non-tariff barriers or regulations that affect certain cultural goods imports into the country. Case studies of particular sub-sectors are useful in revealing such barriers.

The EPA involving South Africa and the EU allows for additional preferences for the EU on imports into South Africa in certain product categories over and above those that are already duty free for all countries. In the CCI context, alongside the 47 duty-free CCI trade categories for all countries, an additional 16 are tariff-free for imports into South Africa from the EU. Furthermore, imports from the EU into South Africa in the other 22 CCI product categories attract markedly lower tariffs than the general rate. While imports from SADC in all 85 CCI trade categories are duty-free under the SADC FTA, the EU currently has a significant margin of preference in CCI trade with South Africa over i) South Africa's BRICS partners, and ii) South Africa's non-SADC African trading partners. In other words the EU at present has notably greater market access into the South African market for its cultural products than both BRICS and non-SADC African countries. With respect to non-SADC African trading partners, this situation could change markedly following the implementation of the TFTA tariff phasedown schedules and the conclusion of the AfCFTA goods trade negotiations. However the number of CCI tariff lines affected will depend on the offers South Africa makes in the relevant cultural product categories in the course of the trade negotiations. While SACU has been engaged in PTA negotiations with India for some time, it is not clear whether there will be any changes in market access for BRICS partners into the South African market in these cultural product categories, as far as tariff concessions are concerned, in the near future.

Note that since the EPA with the EU is a reciprocal trade agreement, South Africa also receives tariff concessions on its exports into the EU market. A useful area for further research would be to compare South Africa's market access for its exports to the EU in CCI product categories with the tariffs it faces in its exports to BRICS and non-SADC African partner countries.

[22] Recall from Section 3 that South Africa is part of the Southern African Customs Union with Botswana, Lesotho, Namibia and Swaziland. SACU member states apply a common external tariff in their trade with other countries and regions and therefore negotiate trade agreements as a bloc.

It was noted earlier that the 47 duty-free CCI product categories for all countries include the whole of the Cultural and Natural Heritage, Audio-visual and Interactive Media, and Design and Creative Services domains, as well as most of Performance and Celebration and Books and Press. The tariffs that do exist on other cultural product categories range from 5 to 30 percent (Appendix 2). Only one sub-sector in the Performance and Celebration domain attracts a tariff in the "General" column, namely "Cards incorporating a magnetic stripe", and this, at 5 percent, is at the lower end of the range. In the Books and Press domain, there are tariffs of 15 percent only on two product categories in the General column, namely Printed cards and Calendars.

Most of the tariffs on cultural imports into South Africa in the General column are in the Visual Arts and Crafts domain where a number of sensitive sectors can be found. As noted in Cattaneo and Snowball (2019), higher tariffs in the Visual Arts and Crafts domain are found primarily in the Craft, Jewellery and Other visual arts sub-domains. The latter contains the highest CCI tariffs of 30 percent. These are found on imports of "Statuettes & other ornaments, of wood" and "Wood marquetry & other wood articles". The textiles, fabrics and embroidery sub-sectors of Craft attract tariffs mostly of between 20 and 25 percent. In addition, many Jewellery sub-sectors have tariffs of 20 percent. Overall, the most sensitive cultural trade product categories appear, unsurprisingly, to be in textiles, but also in the wood products and jewellery sub-sectors. It is important for this information to be taken into account from a trade and industrial policy perspective, particularly in any ongoing trade negotiations that may affect these tariffs in the near future.

It was noted earlier that there are 16 CCI trade categories for which imports from the EU are duty-free but which attract a tariff in the "General" column (i.e. in South Africa's trade with other countries with which it does not have a tariff preference arrangement). It is interesting to see in which sub-domains these 16 CCI sub-categories fall. They include the sub-sector of Performance and Celebration which attracts a 5 percent tariff in the General column ("Cards incorporating a magnetic stripe") and the two Books and Press categories (Printed cards and Calendars) attracting a 15 percent tariff in the General column. More strikingly, imports from the EU are tariff-free in a number of sub-sectors that attract the *highest* tariffs in the General column, including "Statuettes & other ornaments, of wood" and "Wood marquetry & other wood articles" which have a General tariff of 30 percent. This provides the EU with a very significant (30 percentage point) margin of preference over BRICS and non-SADC African partner countries in these sub-sectors. Imports from the EU into South Africa also face zero tariffs on six Jewellery sub-categories that have tariffs of 20 percent in the General column and two Photographic plates and film sub-sectors that have tariffs of 10 percent in the General column.

Furthermore, the EU has a significant margin of preference in the sensitive embroidery and textile sectors that attract tariffs of 22 percent in the General column (i.e. for imports from BRICS partners and non-SADC AU countries, for example). This margin of preference is between eight and ten percentage points in most cases.[23] As noted in Cattaneo and Snowball (2019), this state of affairs should be borne in mind during the AfCFTA negotiations when considering the goals of the AU Agenda 2063 and South Africa's own support for a model of development integration on the continent. However, it is important to balance this analysis of the concessions South Africa has given to the EU with a full assessment of market access granted to South Africa by the EU relative to tariffs faced by South Africa in BRICS and non-SADC African markets. The deep and reciprocal nature of the EPA with the EU, despite the controversy surrounding the arduous and drawn-out negotiation of the agreement, provides significant access to the EU market for the EPA signatories. This section has only focused on the market access granted to the EU by South Africa relative to other selected regions. It has

[23] The margin of preference is the extent to which the tariff on imports from the EU is below the General tariff. For example, if the tariff faced by the EU is 13.2 percent and the General tariff is 22 percent then the EU has a margin of preference of 8.8 percentage points.

not analysed the market access granted to South Africa in return. This is an important area for further research.

5.5 South Africa's cultural services trade: an update

As noted in Cattaneo and Snowball (2018), the cultural product trade categories identified in the UNESCO (2009) FCS do not adequately capture cultural trade because of the growing importance of cultural services trade. The impact of digitisation is significant in sectors such as music, film and books, increasing the importance of taking cultural services trade into account. Furthermore, copyright and other IP charges, which are significant for cultural trade, are recorded in the services trade data (UNESCO, 2009: 38). While this report has focused on South Africa's cultural goods trade, it is important to recognise the role and significance of trade in cultural services. The newly released UNESCO (2019) Thematic Indicators for Culture includes cultural trade under the "Prosperity and Livelihoods" theme. Both trade in cultural goods and services are listed as indicators, but it is acknowledged that services trade data is currently not widely available for all countries.

Cultural services trade can be measured using the Extended Balance of Payments Services Classification System (EBOPS) based on the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6). UNESCO (2009, 2019) explains that isolating cultural services trade categories precisely in the EBOPS classification system is not straightforward, but that the categories depicted in Table 10 below provide an important guide to measuring cultural services trade.

Table 10: EBOPS cultural services categories

	BPM6	**EBOPS**	**Labels**
Core cultural services	1.A.b.8.	8.4.1	Licenses to reproduce and/or distribute audio-visual products
		8.4.2	Licenses to reproduce and/or distribute related products1
	1.A.b.9.3.	9.3.1	News agency services
	1.A.b.9.3.	9.3.2	Other information services
	1.A.b.10.2.	10.2.2	Advertising, market research and public opinion polling
	1.A.b.10.3.	10.3.1.1	Architectural services
	1.A.b.11.1.	11.1.1	Audio-visual products
	1.A.b.11.1.	11.1.2	Related services
	1.A.b.11.2.	11.2.3	Heritage and recreational services
Equipments & supporting materials	1.A.b. 8.	8.3	Licenses to reproduce and/or distribute computer software
	1.A.b.9.2	9.2.1	Computer services
	1.A.b.9.2	9.2.2	Other computer services
Related cultural services & Tourism	1.A.b.4.2.3	4.2.3.	Travel – Other personal

Source: UNESCO (2009: 39)

For many developing countries, including South Africa, services trade data is not presently available at the required level of disaggregation to identify the country's cultural services trade at the EBOPS sub-sector level shown in Table 10. More work is needed to improve the collection of disaggregated trade in services data to facilitate better measurement of cultural services trade. Furthermore, services trade data by sector and destination should be collected to allow for better analysis of cultural services trade with various partners and regions.[24]

An indication of South Africa's cultural services trade from 2007 to 2018 is provided in this section, based on the more disaggregated services trade data that became available from

[24] The OECD-WTO Bilateral Trade in Services (BaTiS) database provides bilateral services trade flows but these are estimates based on the old BPM5 categories, not actual trade flows, and only go up to 2012 at present.

SARB following the Reserve Bank's move from the fifth edition of the BPM to BPM6. In addition, information from the ITC, UNCTAD and WTO Trade in Services database is used to provide a further breakdown of one of the services trade categories to allow for a more disaggregated picture of the Personal, cultural and recreational services sector.

Table 11 is constructed from services trade data obtained from SARB (2019). The categories in the table are significantly more aggregated than the EBOPS categories in Table 10, but nonetheless provide a useful picture of trade flows in a number of the services sectors that contain cultural services exports and imports, as well as their relative importance (shares) in South Africa's total services trade.

Table 11: South Africa's trade in broad sectors relevant for cultural services trade in 2018

	Exports Rmn	Share (%)	Imports Rmn	Share (%)
Personal travel services	108646	51.63	32382	14.86
Charges for the use of intellectual property	1589	0.76	23932	10.98
Telecommunications, computer and information services	8325	3.96	16615	7.62
Advertising and market research services	3339	1.59	2754	1.26
Architectural, engineering and other technical services	9592	4.56	11347	5.21
Personal, cultural and recreational services	3286	1.56	460	0.211
Total services	**210415**		**217939**	

(Source: Authors' computations from SARB, 2019)

Key export categories for South Africa in 2018 remain "Personal travel services", "Architectural, engineering and other technical services" and "Telecommunications, computer and information services".[25] On the import side, the same three sectors are important, together with "Charges for the use of intellectual property". In 2018, South Africa had a large trade surplus in "Personal travel services", and smaller surpluses in "Advertising and market research services", and "Personal, cultural and recreational services".

Using the SARB (2020) online database, Figures 10 to 15 depict South Africa's services exports and imports by sector for the period 2007 to 2018 for the available services categories that are important for cultural services trade. It is important to stress that the services categories in question *contain* services that would be classified as core cultural services, or supporting or related services (see Table 10). However, most categories also contains services that would not be classified as cultural services.

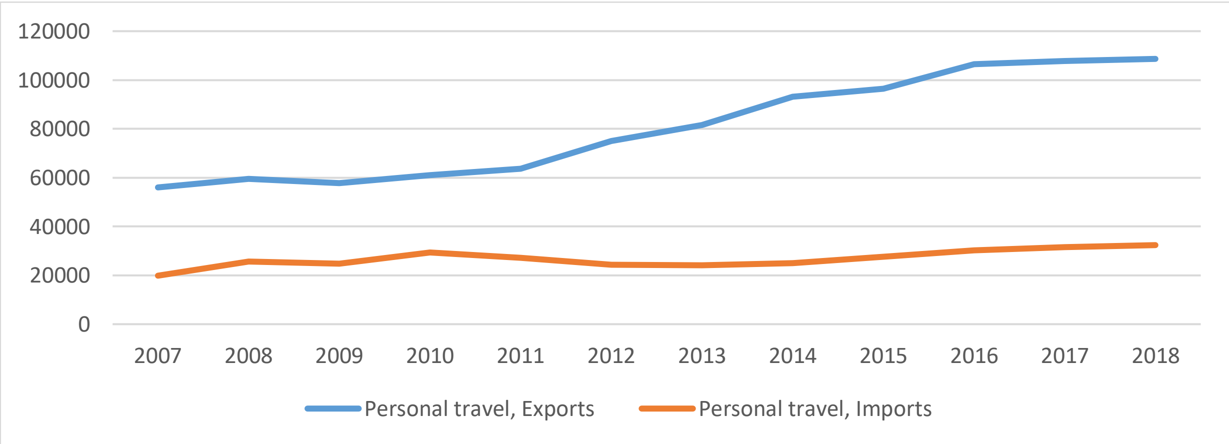


Figure 10: South Africa: Personal travel services (R millions)
(Source: SARB, 2020)

[25] These were also the main services export sectors of relevance to cultural trade in 2016 (see Cattaneo and Snowball, 2018).

South African has had a consistent and significant trade surplus in “Personal travel services” for the period under study (see Figure 10). As noted in Cattaneo and Snowball (2018), this tourism category is particularly important on the export side, and falls under “Related cultural services” in the UNESCO (2009) FSC. While trade declined at the time of the global financial crisis, exports grew markedly after 2011, and the positive trade balance widened in recent years.

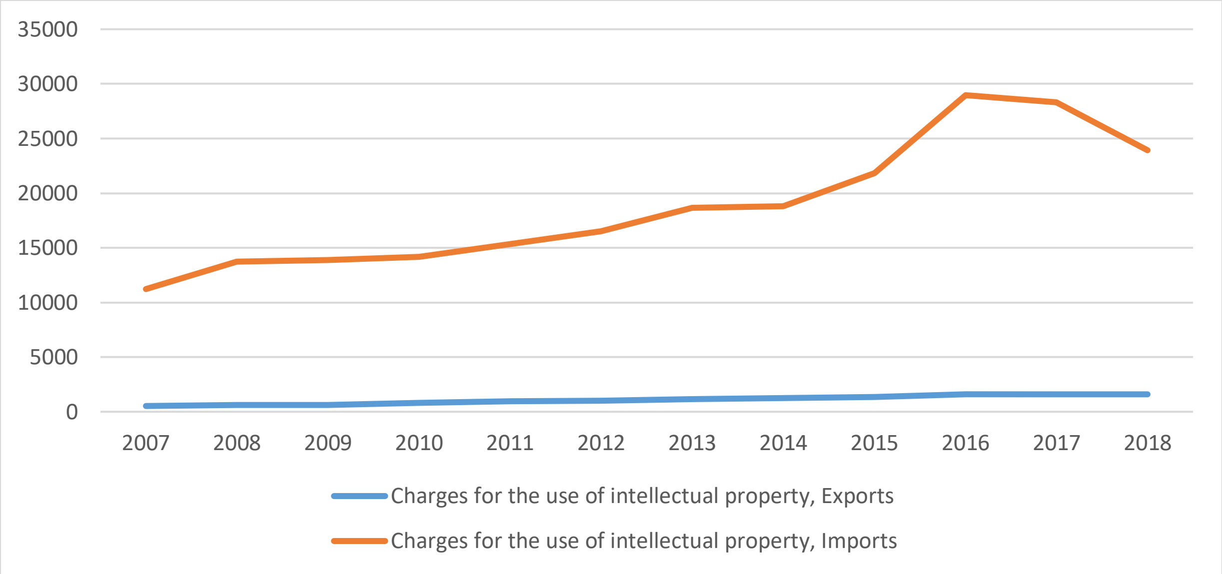


Figure 11: South Africa: Charges for the use of intellectual property (R millions)
(Source: SARB, 2020)

South Africa, unsurprisingly, has a significant negative trade balance in the category “Charges for the use of intellectual property” (Figure 11). The relevant UNESCO FCS categories within this sector are “Licences to reproduce and/or distribute audio-visual products”, “Licences to reproduce and/or distribute related products”, and “Licences to reproduce and/or distribute computer software” (see Table 10). Exports have grown since 2009, but off a very low base. Imports grew significantly in 2014-2016, widening the trade deficit noticeably, but fell after 2016, narrowing the deficit slightly.

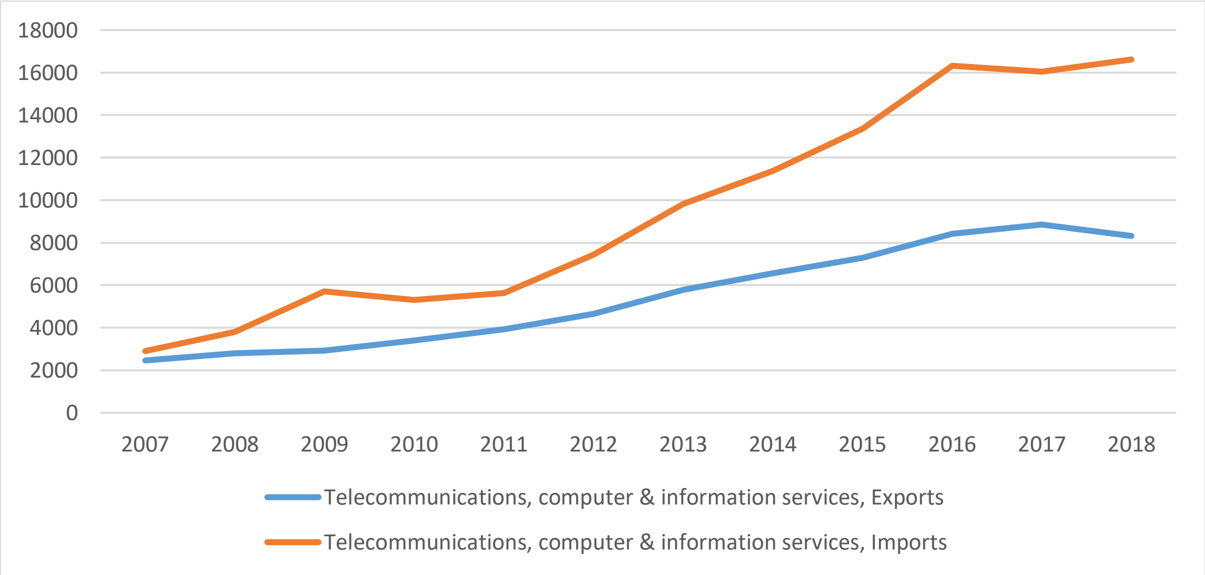


Figure 12: South Africa: Telecommunications, computer, and information services (R millions)
(Source: SARB, 2020)

South Africa's Telecommunications, computer, and information services exports grew fairly well between 2009 and 2017, dipping slightly in 2018 (Figure 12). Imports grew faster from 2011 up until 2016, however, worsening South Africa's deficit in this sector. The important sub-categories within this sector for cultural services trade are "News agency services", "Other information services", "Computer services", and "Other computer services" (see Table 10). The first two of these sub-sectors are classified as core cultural services in the UNESCO FCS, while the other two are part of the Transversal Domain of "Equipment and supporting services". More disaggregated data are needed at the sub-sector level to determine the trends in these individual cultural service categories.

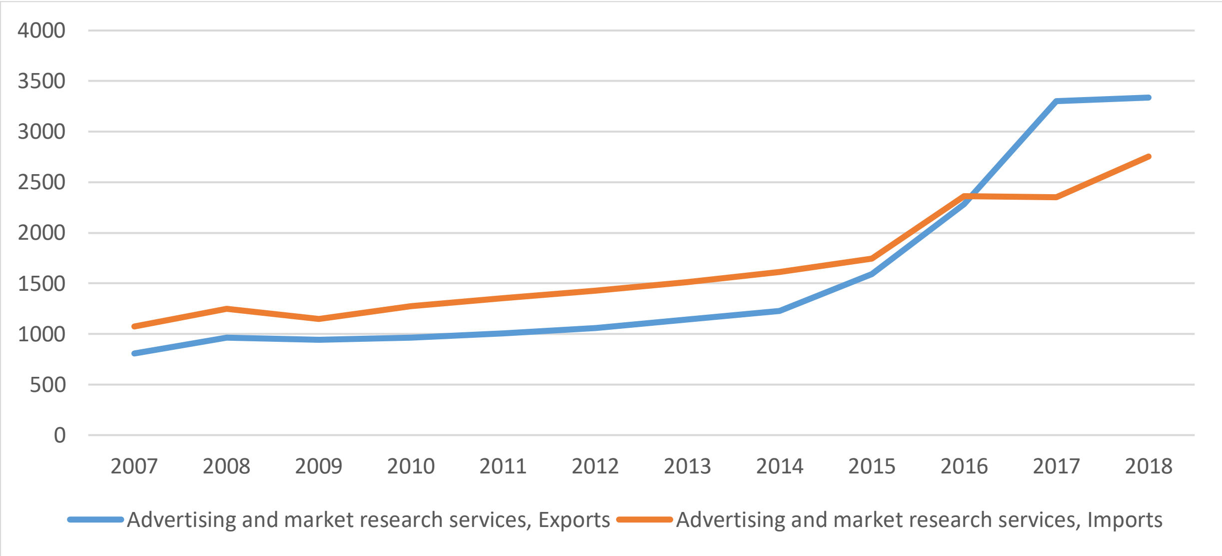


Figure 13: South Africa: Advertising and market research services (R millions)
(Source: SARB, 2020)

"Advertising and marketing research services" are classified under core cultural services in Table 10. After experiencing relatively flat export growth between 2008 and 2011, South Africa's services exports in this sector grew significantly between 2011 and 2017 (Figure 13). The sectoral deficit narrowed from 2014 and became a surplus in 2016. It would be interesting to obtain information on the direction of these services exports in order to determine which partners and regions account for the growth in this sector.

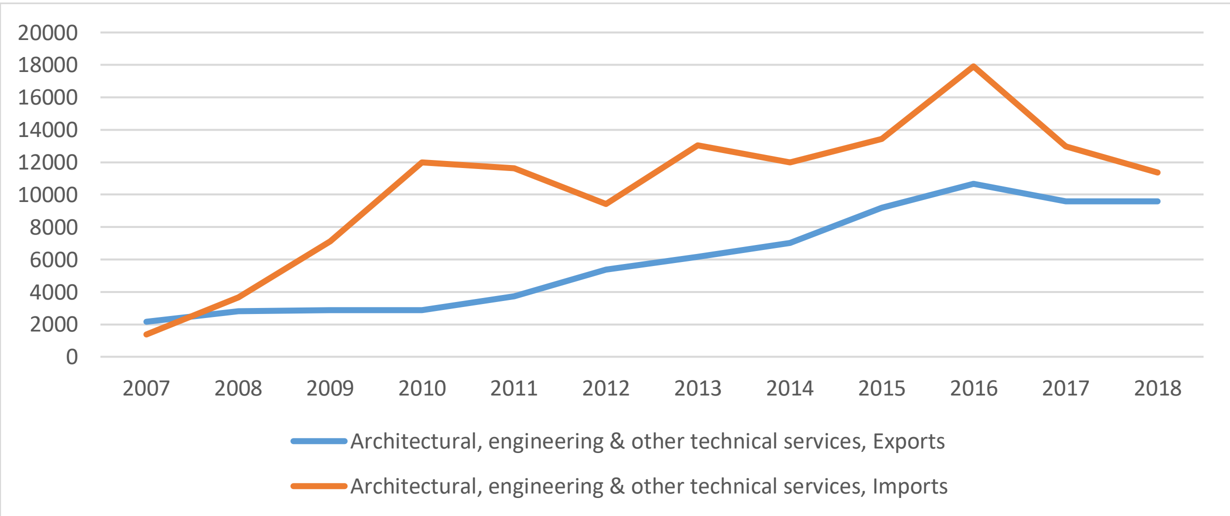


Figure 14: South Africa: Architectural, engineering and other technical services (R millions)
(Source: SARB, 2020)

South Africa has had a consistent trade deficit in the “Architectural, engineering and other technical services” sector since 2007, however there was steady growth in exports between 2010 and 2016 (Figure 14). The deficit generally narrowed over the period under study, except for two import spikes in 2013 and 2016. Once again, it is essential for national statistical agencies to compile direction of trade data for the services sector. This would allow researchers to determine the markets accounting for South Africa’s export growth in this key professional services sector.

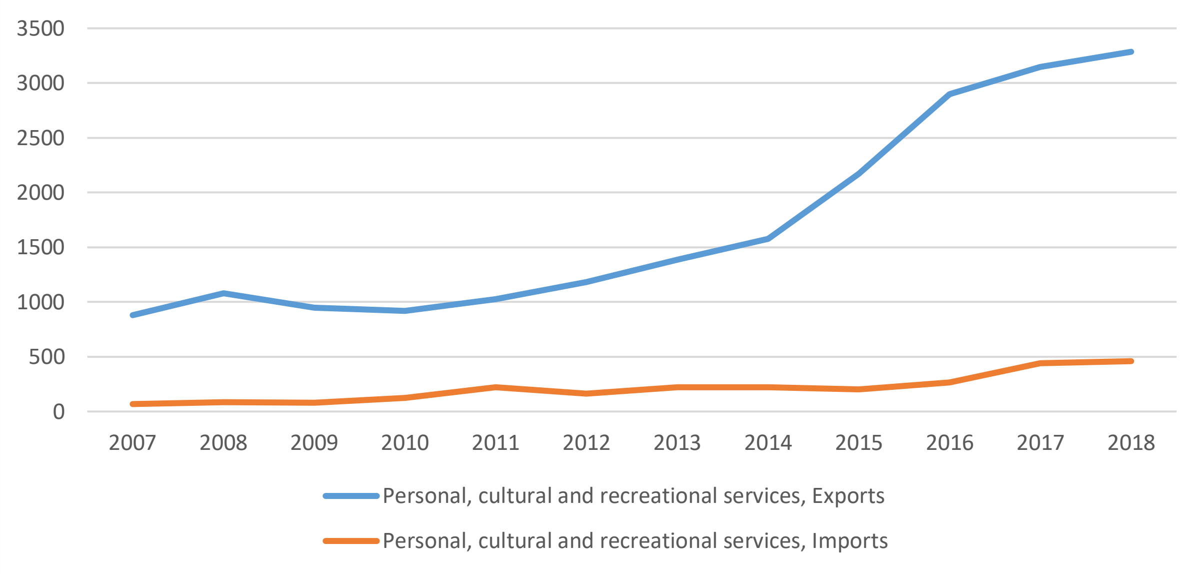


Figure 15: South Africa: Personal, cultural, and recreational services (R millions)
(Source: SARB, 2020)

Figure 15 depicts South Africa’s exports and imports in millions of rand for the “Personal, cultural and recreational services” sector in the aggregate. Import growth in this sector was muted for the period under study while export growth was consistently positive from 2010 onwards, accelerating markedly between 2011 and 2016. South Africa has a significant trade surplus in this sector.

In the case of this particular cultural services trade category, a breakdown into two further sub-sectors is possible using data from the ITC, UNCTAD and WTO Trade in Services Database. Figures 16 and 17 below indicate South Africa’s exports and imports for the same period, in US$ millions, for two sub-sectors of Personal, cultural and recreational services, namely “Audio-visual and related services” and “Other personal, cultural, and recreational services”. Of the two sub-sectors, Audio-visual and related services is by far the larger sub-sector from a trade perspective and is therefore driving the trends depicted in the aggregate in Figure 15 above.

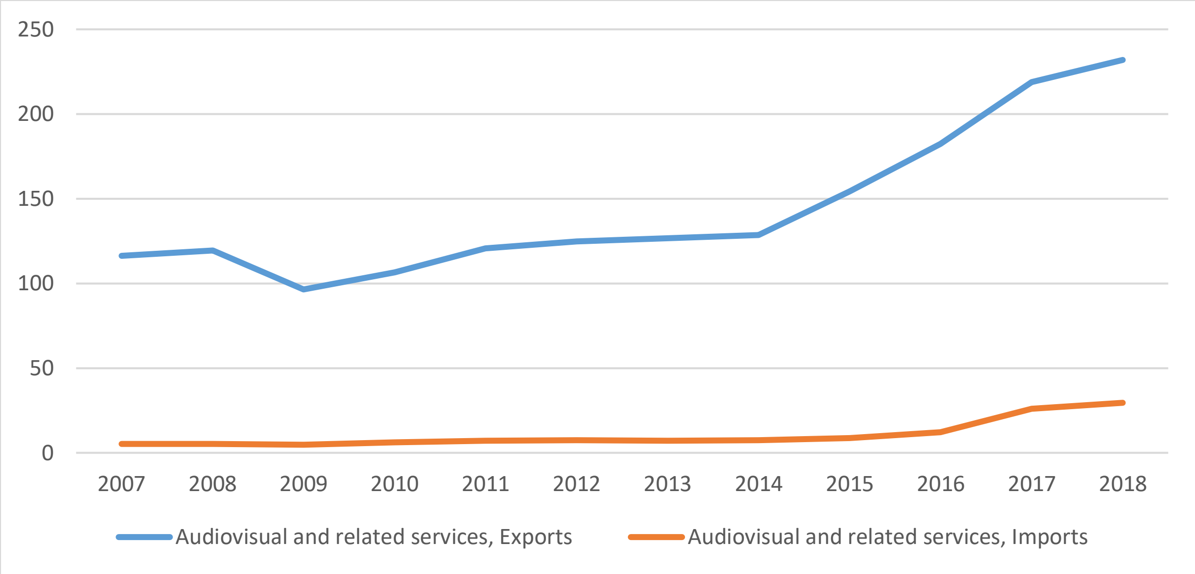


Figure 16: South Africa: Audio-visual and related services (US$ millions)
(Source: ITC, UNCTAD and WTO, 2020)

Figure 16 demonstrates that South Africa has a noticeable and growing positive trade balance in Audio-visual and related services. This category is "pure" core cultural services trade (see Table 1). Export growth appears to have accelerated since 2014. Domestic incentives in this sector could have had a positive impact in this regard.

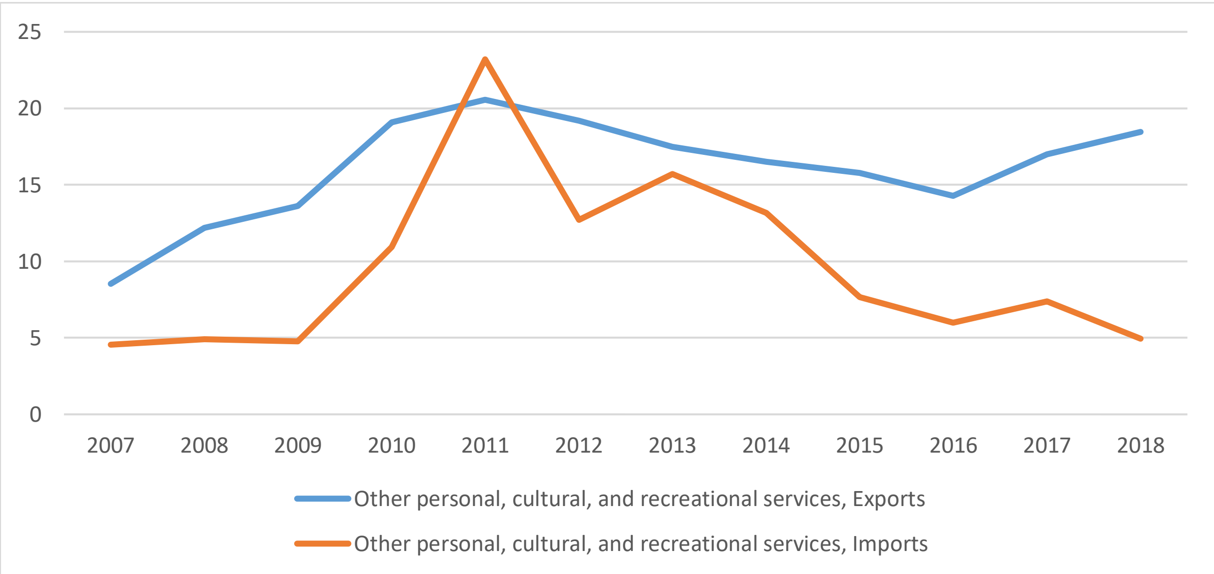


Figure 17: South Africa: Other personal, cultural, and recreational services (US$ millions)
(Source: ITC, UNCTAD and WTO, 2020)

In the much smaller "Other personal, cultural and recreational services" category South Africa has also experienced a positive trade balance, except in 2011 (Figure 17). However, trade in this sector contracted between 2011 and 2016, except for an import spike in 2013. Exports picked up again in the most recent period, while imports grew in 2017 but fell in 2018, widening the trade surplus.

Given the growing importance of services trade for an adequate assessment of cultural trade between countries, it is encouraging to note that South Africa performs relatively well in the selected services sectors within which cultural services are important. The main exceptions are "Charges for the use of intellectual property" and "Telecommunications, computer, and information services” trade. This is not surprising given South Africa’s size and stage of development. However it is important to emphasise the need for more disaggregated data for sectors such as “Telecommunications, computer, and information services” in order to determine the different trends at the sub-sector level. It is clear that cultural services exports are important for South Africa in a number of sectors, and cultural services should be incorporated into South Africa’s creative industry strategy. Policy-makers and statisticians working in the creative industry space should promote the provision of better services trade data for the CCI sector at a suitable level of disaggregation.

6. Conclusions and Recommendations

The aim of this report was to explore South Africa’s cultural goods trade as part of the CCI Mapping Study 2020. Given the importance of our trade relationship, a special focus was cultural trade with the EU for the period 2010 to 2018, with reference to the key regional trade agreements influencing this trade. The study thus provides an update of the Kaiser-KEA report of 2013 on cultural trade between South Africa and the EU. It also provides an assessment of South Africa’s recent cultural goods trade in a comparative regional context, with an emphasis on comparing cultural trade with the EU with updated data on trade with BRICS and the rest of Africa. These are key regions of importance in the country’s cultural goods trade globally (Cattaneo and Snowball, 2018, 2019 and Table 4 above). In line with the 2020 SACO Mapping Study, trade in cultural products was identified with reference to the UNESCO (2009) Framework for Cultural Statistics. Trade data were sourced from the ITC (2020a) and UN Comtrade (2020).

The report examined the growth and structure of South Africa’s total cultural goods trade with the world, updating the trends analysed in two previous SACO reports by Cattaneo and Snowball (2018, 2019). Trade agreements affecting cultural trade and the protection of cultural diversity were discussed, and debates on cultural trade and development were highlighted, particularly regarding the potential benefits of cultural trade relative to the need to protect cultural heritage and artefacts.

The report then investigated bilateral cultural trade between South Africa, the EU and selected EU partner countries. The trade balance with each partner, shares of cultural trade in total bilateral trade and growth rates by domain were analysed. The pattern of intra-industry trade with the EU by domain was then explored in comparison to intra-industry trade with BRICS and the rest of Africa. The analysis indicates sectors and domains that may be of interest to South Africa in ongoing and future market access negotiations. The report also discussed the structure of South Africa’s tariffs on cultural imports from the EU compared to BRICS and African partner countries. The results, summarised further below, provide information on the relative preference that the EU enjoys in its cultural goods trade with South Africa compared to BRICS and non-SADC African trading partners. It also highlights the domains and sectors in which South Africa may wish to be more defensive in trade negotiations. Finally, the report updates the analysis of Cattaneo and Snowball (2018) on trends in South Africa’s trade in cultural services.

The main findings of the study are as follows:

- South Africa’s trade deficit in its overall cultural goods trade globally has decreased markedly since 2012. The trade deficit narrowed even further in 2018, with growth of cultural goods exports accelerating even as import growth recovered. In 2018, South Africa’s cultural goods exports were valued at US$446.5 million, while the value of cultural goods imports was US$469.8 million.
- Strong export growth in the Visual Arts and Craft domain continued to drive the trend in the trade balance, together with a recovery in Books and Press exports. In addition, weak import performance in Books and Press and Audio-visual and Interactive Media continued. Both domains are impacted by digitisation, and data for the latter has also been affected by the HS statistical reclassification of the “Video games” sub-sector.
- South Africa’s total cultural good export growth continued to outperform total commodity export growth in the period 2015-2018, with an average annual growth rate of 14.6 percent relative to 5.6 percent.

- The Visual Arts and Crafts domain recorded a trade surplus in the most recent period (2016-2018), turning around the small deficit noted previously by Cattaneo and Snowball (2019). Visual Arts and Crafts is the largest domain in terms of absolute trade flows. Cultural and Natural Heritage is the other domain in which South Africa has an overall trade surplus globally, although the absolute level of trade in this domain is much smaller.
- South Africa's deficit remains highest in Performance and Celebration and Books and Press, although the deficit in the latter has fallen in the 2016-2018 period due to both an upturn in exports and dampened imports.
- The largest share of South Africa's cultural goods exports go to NAFTA countries (33.2%), followed by the rest of Africa (23%), rest of BRICS (22.1%) and the EU (15%). The largest share of South Africa's cultural goods imports come from the rest of BRICS (39.5%), the EU (24%), NAFTA (8.9%) and East Asia (less China) (8.2%). In 2018, China was the single most important cultural goods trading partner for South Africa, accounting for 21.5% of the country's cultural goods exports and 36.3% of cultural goods imports.
- In 2016-2018, South Africa's cultural goods exports to the EU were worth US$75.4 million, while cultural goods imports from the EU were valued at US$126 million, yielding a trade deficit of US$50.6 million for this period. Key cultural goods trading partners for South Africa within the EU are the UK, Germany and Italy. South Africa has cultural goods trade deficits with the UK and Italy, but a cultural goods trade surplus with Germany. Between 2010 and 2018 cultural goods trade as a share of total bilateral trade increased for South Africa's exports to the EU but decreased for South Africa's imports from the EU as a result of the rising share of imports of cultural goods from China.
- Key domains for South Africa's cultural exports to the EU are Visual Arts and Crafts and Performance and Celebration. Books and Press and Visual Arts and Crafts are prominent import domains from the EU, as well as from the UK individually.
- By contrast with South Africa's overall cultural trade globally, there is a small trade deficit in the country's Visual Arts and Crafts trade with the EU. In recent years, important export categories to the UK, Italy and Germany within this domain have included jewellery and fine art, while there are significant imports of jewellery from Italy.
- Although South Africa has a cultural trade deficit with the world in Performance and Celebration, it has a cultural trade surplus in this domain with the EU.
- For the regions analysed, South Africa's trade-weighted intra-industry trade index by regional partner is highest with the EU at 27.3%, followed by the rest of Africa at 25.9% and BRICS at only 5%. IIT is associated with higher value added trade. This suggests that both the EU and the rest of Africa are important for South Africa's value added exports, relative to BRICS.
- In domains with significant trade flows, IIT is notable in Visual Arts and Crafts with the EU (46.4%) and the rest of Africa (22.3%), Books and Press with Africa (30.9%) and, to a lesser extent, Performance and Celebration with the EU (19.4%). Other domains where IIT is significant, such as Cultural and Natural Heritage and Design and Creative Services, have lower absolute trade flows in the categories identified as cultural goods trade in the UNESCO FCS.
- The highest MFN tariffs (of between 20% and 30%) imposed by South Africa on CCI imports are found in sub-domains of Visual Arts and Crafts, particularly in wood articles, textile and jewellery sub-sectors. These can thus be considered to be sensitive sectors and could form part of South Africa's defensive interests in various ongoing and future trade negotiations.
- Under the SADC-EU EPA, the EU currently has a significant margin of preference in CCI trade with South Africa over i) South Africa's BRICS partners, and ii) South Africa's non-SADC African trading partners. This applies to all 38 out of 85 CCI product lines that are not already duty-free across the board. Put differently, the EU at present has

notably greater market access into the South African market for its cultural products than both BRICS and non-SADC African countries.

- Even more strikingly, imports from the EU are tariff-free in a number of sub-sectors that attract the highest MFN tariffs, including "Statuettes & other ornaments, of wood" and "Wood marquetry & other wood articles" for which the EU has a 30 percentage point margin of preference over BRICS and non-SADC African partners.
- However, under the SADC FTA, imports from SADC enter South Africa tariff-free in all of the 85 HS categories identified as part of cultural goods trade in the UNESCO FCS.
- South Africa performs comparatively well in a number of services sectors that are important for cultural services trade. These include "Personal travel services", "Advertising and market research services", "Audio-visual and related services", and "Other personal, cultural and recreational services". Notable export growth is also evident in "Telecommunications, computer and information services" and "Architectural, engineering and other technical services" (except for the more recent period in these cases).

The report makes the following recommendations for policy and future research.

- Further investigation of the sub-sectors and sub-domains driving the growth in Visual Arts and Crafts trade overall at the global level is important. Since South Africa has a small deficit with the EU in this domain, but a trade surplus globally, research into sub-sectors where export growth to the EU can be promoted is warranted, especially as the absolute level of trade flows in this domain is relatively significant.
- An examination of the sub-sectors and sub-domains driving the upturn in South Africa's Books and Press exports globally is recommended. It would be useful to explore whether these exports could be further promoted to offset South Africa's Books and Press deficit globally and with the EU. The absolute trade flows in this domain are also significant relative to other domains.
- Although South Africa has a cultural trade deficit with the world in Performance and Celebration, it has a cultural trade surplus in this domain with the EU. This could be an area for export promotion which could in turn reduce the country's overall deficit in this domain.
- Taking into account of the relative importance of the different sub-sectors within each domain, the IIT results suggest that it is important to investigate cultural trade in larger domains like Visual Arts and Crafts at the sub-domain level, particularly for Jewellery, Craft and Other visual arts.
- South Africa's trade and industrial policymakers emphasise the importance of increasing the value added content of South Africa's exports to BRICS partners (the dti, 2012). Cultural trade policy should take account of this broader context and direct it towards cultural goods trade with China and the rest of BRICS as well.
- IIT indices for South Africa's cultural trade globally relative to the regions studied in the report (the EU, BRICS and the rest of Africa) suggest that IIT in cultural goods trade should be investigated with NAFTA countries and the US in particular.
- Findings on the direction of South Africa's trade in cultural products suggest future studies on CCI trade with NAFTA in particular, but also with East Asia and the Middle East, are important areas for future research.
- Overall, the most sensitive cultural trade product categories appear to be in textiles, but also in the wood products and jewellery sub-sectors. It is important for this information to be taken into account from a trade and industrial policy perspective, particularly in any ongoing trade negotiations that may affect these tariffs in the near future.
- The EU's significant margin of preference over BRICS and non-SADC AU countries in these sensitive sectors due to existing trade agreements should be taken into account by South Africa, especially in the light of the country's promotion of a model of development integration on the continent.

- A useful area for further research would be to compare South Africa's market access for its exports to the EU in CCI product categories with the tariffs it faces in its exports to BRICS and non-SADC African partner countries.
- Cultural services exports are important for South Africa in a number of sectors and the country has performed relatively well in some of these trade categories. Cultural services should thus be incorporated into South Africa's creative industry strategy, particularly in the light of the impact of digitisation.
- Policy-makers and statisticians working in the creative industry space should promote the provision of better services trade data for the CCI sector at a suitable level of disaggregation and by trading partner so that further investigation can be made of the sub-sectors and destinations driving South Africa's export growth in these sectors.
- It is important to identify offensive and defensive interests in the relevant services sectors in the light of services trade negotiations underway in the AfCFTA context and pressure to negotiate services in other trade agreements.

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Appendix 1: Cultural goods trade: 2007 Harmonised System codes and descriptions

Domain		**HS 2007**	**Description**
A. Cultural and Natural Heritage	Antiques	970500	Collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, palaeontological, ethnographic or numismatic interest
		970600	Antiques of an age exceeding one hundred years
B. Performance and Celebration	Musical Instruments	830610	Bells, gongs and the like
		920110	Upright pianos
		920120	Grand pianos
		920190	Harpsichords and other keyboard stringed instruments (excl. pianos)
		920210	Other string musical instruments (for example violins, harps) played with a bow
		920290	Guitars, harps and other string musical instruments (excl. with keyboard and those played with a bow)
		920510	Brass wind instruments (for example, clarinets, trumpets bagpipes)
		920590	Wind musical instruments (excl. brass- wind instruments)
		920600	Percussion musical instruments (for example drums, xylophones, cymbals, castanets, maracas)
		920710	Keyboard instruments other than accordions
		920790	Accordians and musical instruments without keyboards, the sound of which is produced, or must be amplified, electrically
		920810	Musical boxes
		920890	Fairground organs, mechanical street organs, mechanical singing birds, musical saws and other musical instrument; decoy calls of all kinds; whistles, call horn and other mouth blown sound signalling instruments
	Recorded Media	852321	Cards incorporating a magnetic strip
		852329	Magnetic media for the recording of sound or of other phenomena (excl. cards incorporating a magnetic stripe and goods of chapter 37)

		852351	Solid-state non-volatile storage devices
		852359	Semiconductor media, unrecorded, for the recording of sound or of other phenomena
		852380	Gramophone records and other media for the recording of sound or of other phenomena, whether or not recorded, incl. matrices and masters for the production of discs
		490400	Music, printed or in manuscript, whether or not bound or illustrated
C. Visual Arts and Crafts	Paintings	970110	Paintings, drawings and pastels, executed entirely by hand, other than drawings of heading 4906 and other than hand- painted or hand- decorated manufactured articles, collages and similar decorative plaques
		970190	Collages and similar decorative plaques
		491191	Pictures, designs and photographs2
	Other visual arts	970200	Original engravings, prints and lithographs
		970300	Original sculptures and statuary, in any material
		392640	Statuettes and other ornamental articles in plastic
		442010	Statuettes and other ornaments, of wood
		442090	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; wooden articles of furniture
		691310	Statuettes and other ornamental ceramic articles of porcelain or China
		691390	Statuettes and other ornamental ceramic articles, n.e.s. (excl. of porcelain or china)
		701890	Glassware articles including statuettes
		830621	Statuettes and other ornaments, of base metal plated with precious metal
		830629	Statuettes and other ornaments, of base metal, not plated with precious metal (excl. works of art, collectors' pieces and antiques)
		960110	Worked ivory and ivory articles
		960190	Bone, tortoiseshell, horn, antlers, coral, mother-of-pearl and other animal carving material, and articles of these materials (including articles obtained by moulding)
	Craft	580500	Hand-woven tapestries of the type Gobelins, Flanders, Aubusson, Beauvais and the like and needle-worked tapestries

		580610	Narrow woven fabrics: Woven pile fabrics (including terry towelling and similar terry fabrics) and chenille fabrics
		580620	Narrow woven fabrics: Other woven fabrics, containing by weight 5% or more of lastomeric yarn or rubber thread
		580631	Narrow woven fabrics: Other woven fabrics of cotton
		580632	Narrow woven fabrics: Other woven fabrics of man-made fibres
		580639	Narrow woven fabrics: Other woven fabrics of other textile materials
		580640	Fabrics consisting of warp without weft assembled by means of and adhesive (bolducs)
		580810	Braids in the piece; ornamental trimmings in the piece, without embroidery; other than knitted or crocheted
		580890	Other braids in the piece; ornamental trimmings in the piece, without embroidery; other than knitted or crocheted
		580900	Woven fabrics of metal thread and woven fabrics of metallised yarn of heading 5605 of a kind used in apparels as furnishing fabrics or for similar purposes
		581010	Embroidery in the piece, in strips or in motifs without visible ground
		581091	Embroidery in the piece, in strips or in motifs: Other embroidery of cotton
		581092	Embroidery in the piece, in strips or in motifs: Other embroidery of man-made fibres
		581099	Embroidery in the piece, in strips or in motifs: Other embroidery of other textile materials
		581100	Quilted textile products in the piece
		600240	Knitted or crocheted fabrics of a width not exceeding 30 cm, containing by weight 5% or more of lastomeric yarn but not containing robber thread
		600290	Other knitted or crocheted fabrics of a width not exceeding 30 cm, containing by weight 5% or more of lastomeric yarn or robber thread
		600310	Knitted or crocheted fabrics of a width not exceeding 30 cm of wool or fine animal hair
		600320	Knitted or crocheted fabrics of a width not exceeding 30 cm of cotton
		600330	Knitted or crocheted fabrics of a width not exceeding 30 cm of synthetic fibres
		600340	Knitted or crocheted fabrics of a width not exceeding 30 cm of artificial fibres
		600390	Other knitted or crocheted fabrics of a width not exceeding 30 cm

		600410	Knitted or crocheted fabrics, of a width exceeding 30 cm containing by weight 5% or more of elastomeric yarn but not containing robber thread
		600490	Other knitted or crocheted fabrics, of a width exceeding 30 cm containing by weight 5% or more of elastomeric yarn or robber thread
	Jewellery	711311	Articles of jewellery and parts thereof of silver, whether or not plated or clad with other precious metal
		711319	Articles of jewellery and parts thereof of other precious metal, whether or not plated or clad with precious metal
		711320	Articles of jewellery and parts thereof of base metal clad with precious metal
		711411	Articles of goldsmiths' or silversmiths' wares and parts thereof of silver, whether or not plated or clad with other precious metal
		711419	Articles of goldsmiths' or silversmiths' wares and parts thereof of other precious metal, whether or not plated or clad with precious metal
		711420	Articles of goldsmiths' or silversmiths' wares and parts thereof of base metal clad with precious metal
		711610	Articles of natural or cultured pearls
		711620	Articles of precious or semi-precious stones (natural, synthetic or reconstructed)
	Photography	370510	Photographic plates and film, exposed and developed, other than cinematographic film for offset reproduction
		370590	Photographic plates and film, exposed and developed (excl for offset production)
D. Books and Press	Books	490110	Printed reading books, brochures, leaflets and similar printed matter whether in single sheets whether or not folded
		490191	Dictionaries and encyclopaedias and serial instalments thereof
		490199	Printed books, brochures and similar printed matter
	Newspaper	490210	Newspapers, journals and periodicals, whether or not illustrated or containing advertising material appearing at least four times a week
		490290	Other newspapers, journals and periodicals
	Other Printed Matter	490300	Children's picture, drawing or colouring books

		490591	Maps and hydrographical or similar charts of all kinds in book form
		490510	Maps and hydrographical or similar charts of all kinds in globes
		490599	Other maps and hydrographical or similar charts of all kinds
		490900	Postcards, printed or illustrated; printed greeting cards
		491000	Calendars of any kind, printed, including calendar blocks
E. Audiovisual & Interactive Media	Film and Video	370610	Cinematograph film, exposed and developed whether or not incorporating soundtrack or only consisting of sound track of a width of 35 mm or more
		370690	Cinematographic film, exposed and developed, whether or not incorporating soundtrack or consisting only of soundtrack, width < 35 mm
		950410	Video games used with a television receiver
F. Design and Creative Services	Architecture & Design	490600	Plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes, being originals drawn by hand; hand-written texts; photographic reproductions on sensitised paper and carbon copies of the foregoing

Source: UNESCO (2009: 65-69)

Appendix 2: The structure of South Africa's tariffs on cultural goods imports at the HS 6-digit level: selected regions

Dom	HS code	HS3 Description (HS2007)	General	EU	SADC	MERCO-SUR
A01	970500	Collections & collectors' pieces of zoological/botanical/mineralogical/anatomical/historical/archaeological/palaeontological/ethnographic/numismatic interest	free	free	free	free
A02	970600	Antiques of an age > one hundred years	free	free	free	free
B01	830610	Bells, gongs & the like, non-electric, of base metal	free	free	free	free
B02	920110	Upright pianos, incl. auto. pianos	free	free	free	free
B03	920120	Grand pianos, incl. auto. pianos	free	free	free	free
B04	920190	Harpsichords & other keyboard stringed instr. (excl. pianos)	free	free	free	free
B05	920210	String musical instr. (e.g., violins, cellos) played with a bow	free	free	free	free
B06	920290	String musical instr. (e.g., guitars, harps) n.e.s. in 92.02	free	free	free	free
B07	920510	Brass-wind musical instr. (e.g., trumpets, trombones)	free	free	free	free
B08	920590	Other wind musical instruments (eg. clarinets, trumpets, bagpipes), other than Brass-wind instruments.	free	free	free	free
B09	920600	Percussion musical instr. (e.g., drums, xylophones, cymbals, castanets, maracas)	free	free	free	free
B10	920710	Keyboard instr. other than accordions, the sound of which is produced/must be amplified, electrically	free	free	free	free
B11	920790	Musical instr. (excl. keyboard instruments other than accordions), the sound of which is produced/must be amplified, electrically	free	free	free	free
B12	920810	Musical boxes	free	free	free	free
B13	920890	Fairground organs, mechanical street organs, mechanical singing birds, musical saws,other musical instrm not falling within any other heading of this Ch.; decoy calls of all kinds; whistles, call horns & other mouth-blown sound signalling instr.	free	free	free	free
B14	852321	Magnetic media for the recording of sound/of other phenomena, but excl. products of Ch. 37., cards incorporating a magnetic stripe	5%	free	free	5%
B15	852329	Magnetic media for the recording of sound/of other phenomena, but excl. products of Ch. 37., other than cards incorporating a magnetic stripe	free	free	free	free
B16	852351	Semi-conductor media, solid-state non-volatile storage devices, for the recording of sound/of other phenomena, but excl. products of Ch. 37.	free	free	free	free
B17	852359	Other semi-conductor media, for the recording of sound/of other phenomena, but excl. products of Ch. 37., other than Smart Cards & Solid-state non-volatile storage devices	free	free	free	free

B18	852380	Discs, tapes, solid-state non-volatile storage devices, smart cards & other media for the recording of sound/of other phenomena, whether/not recorded, incl. matrices & masters for the production of discs, but excl. products of Ch.37., other n.e.s.	free	free	free	free
B19	490400	Music, printed/in manuscript, whether/not bound/illustrated	free	free	free	free
C01	970110	Paintings, drawings & pastels, executed entirely by hand (excl. drawings of 49.06 & other than hand-painted/hand-decorated manufactured articles)	free	free	free	free
C02	970190	Collages & similar decorative plaques	free	free	free	free
C03	491191	Pictures, designs & photographs	free	free	free	free
C04	970200	Original engravings, prints & lithographs	free	free	free	free
C05	970300	Original sculptures & statuary, in any material	free	free	free	free
C06	392640	Statuettes & other ornamental articles, of plastics & other materials of 39.01-39.14	20%	free	free	20%
C07	442010	Statuettes & other ornaments, of wood	30%	free	free	30%
C08	442090	Wood marquetry & inlaid wood; caskets & cases for jewellery/cutlery, & similar articles, of wood; wooden articles of furniture not falling in Ch.94	30%	free	free	30%
C09	691310	Statuettes & other ornamental ceramic articles, of porcelain/china	free	free	free	free
C10	691390	Statuettes & other ornamental ceramic articles (excl. of porcelain/china)	free	free	free	free
C11	701890	Articles of glass beads, imitation pearls, imitation precious/semi-precious stones; glass eyes other than prosthetic articles; statuettes & other ornaments of lamp-worked glass, other than imitation jewellery;	free	free	free	free
C12	830621	Statuettes & other ornaments, of base metal plated with precious metal	free	free	free	free
C13	830629	Statuettes & other ornaments, of base metal (excl. of 8306.21)	free	free	free	free
C14	960110	Worked ivory & articles of ivory	free	free	free	free
C15	960190	Worked, bone, tortoise-shell, horn, antlers, coral, mother-of-pearl & other animal carving material, & articles of these materials (excl. ivory), incl. articles obt. by moulding	free	free	free	free
C16	580500	Hand-woven tapestries of the type Gobelins, Flanders, Aubusson, Beauvais & the like, & needle-worked tapestries (e.g., petit point, cross stitch), whether/not made up	20%	12%	free	20%
C17	580610	Narrow woven pile fabrics (incl. terry towelling & similar terry fabrics) & chenille fabrics, other than goods of 58.07	22%	13.2%	free	22%
C18	580620	Narrow woven fabrics (excl. of 5806.10), containing by weight 5%/more of elastomeric yarn/rubber thread, other than goods of 58.07	22%	13.2%	free	22%
C19	580631	Narrow woven fabrics (excl. of 5806.10 & 5806.20), other than goods of 58.07, of cotton	22%	13.2%	free	22%
C20	580632	Narrow woven fabrics (excl. of 5806.10-5806.31), other than goods of 58.07, of man-made fibres	22%	13.2%	free	22%
C21	580639	Narrow woven fabrics (excl. of 5806.10-5806.32), other than goods of 58.07, of other textile materials	22%	13.2%	free	22%
C22	580640	Narrow woven fabrics consisting of warp without weft assembled by means of an adhesive (bolducs)	free	free	free	free

C23	580810	Braids in the piece	22%	13.2%	free	22%
C24	580890	Ornamental trimmings in the piece, without embroidery (excl. knitted/crocheted; tassels, pompons & similar articles)	22%	13.2%	free	22%
C25	580900	Woven fabrics of metal thread & woven fabrics of metallised yarn of 56.05, of a kind used in apparel/as furnishing fabrics/for similar purposes, n.e.s. in Ch.58	free	free	free	free
C26	581010	Embroidery in the piece, without visible ground, in strips/motifs	free/22%	free/13.2%	free	free/22%
C27	581091	Embroidery in the piece (excl. embroidery without visible ground), in strips/motifs, of cotton	free/22%	free/13.2%	free	free/22%
C28	581092	Embroidery in the piece (excl. embroidery without visible ground), in strips/motifs, of man-made fibres	free/22%	free/13.2%	free	free/22%
C29	581099	Embroidery in the piece (excl. embroidery without visible ground), in strips/motifs, of textile materials other than cotton/man-made fibres	free/22%	free/13.2%	free	free/22%
C30	581100	Quilted textile products in the piece, composed of one/more layers of textile materials assembled with padding by stitching/othw., other than embroidery of 58.10	free/25%	free/15%	free	free/25%
C31	600240	Knitted/crocheted fabrics of a width not > 30 cm, containing by weight 5 %/more of elastomeric yarn but not containing rubber thread, other than those of heading 60.01.	22%	13.2%	free	22%
C32	600290	Other Knitted/crocheted fabrics of a width not > 30 cm, other than those of heading 60.01 & 6002.40	22%	13.2%	free	22%
C33	600310	Knitted/crocheted fabrics of wool/fine animal hair, a width not > 30 cm, other than those of heading 60.01/60.02.	22%	13.2%	free	22%
C34	600320	Knitted/crocheted fabrics of cotton, a width not > 30 cm, other than those of heading 60.01/60.02.	22%	13.2%	free	22%
C35	600330	Knitted/crocheted fabrics of synthetic fibres, a width not > 30 cm, other than those of heading 60.01/60.02.	22%	13.2%	free	22%
C36	600340	Knitted/crocheted fabrics of artificial fibres, a width not > 30 cm, other than those of heading 60.01/60.02.	22%	13.2%	free	22%
C37	600390	Knitted/crocheted fabrics other than of wool/fine animal hair/cotton/synthetic fibres/ artificial fibres, of a width not > 30 cm, other than those of heading 60.01/60.02.	22%	13.2%	free	22%
C38	600410	Knitted/crocheted fabrics of a width >30cm, containing by weight 5%/more of elastomeric yarn/rubber thread but not containing rubbr thread (excl. of 60.01)	22%	13.2%	free	22%
C39	600490	Knitted/crocheted fabrics of a width >30cm, containing by weight 5%/more of elastomeric yarn/rubber thread (excl. of 60.01 & 6004.10)	22%	13.2%	free	22%
C40	711311	Articles of jewellery & parts thereof , of silver, whether/not plated/clad with other precious metal	20%	free	free	20%
C41	711319	Articles of jewellery & parts thereof , of other precious metal (excl. silver), whether/not plated/clad with precious metal	20%	free	free	20%
C42	711320	Articles of jewellery & parts thereof , of base metal clad with precious metal	20%	free	free	20%
C43	711411	Articles of goldsmiths'/silversmiths' wares & parts thereof , of silver, whether/not plated/clad with other precious metal	free/20%	free	free	free/20%
C44	711419	Articles of goldsmiths'/silversmiths' wares & parts thereof , of other precious metal (excl. silver), whether/not plated/clad with precious metal	free/20%	free	free	free/20%
C45	711420	Articles of goldsmiths'/silversmiths' wares & parts thereof , of base metal clad with precious metal	free/20%	free	free	free/20%

C46	711610	Articles of natural/cultured pearls	20%	free	free	20%
C47	711620	Articles of precious/semi-precious stones (natural/synthetic/reconstructed)	20%	free	free	20%
C48	370510	Photographic plates & film, exposed & developed (excl. cinematographic film), for offset reproduction	10%	free	free	10%
C49	370590	Photographic plates & film, exposed&developed, other than cinematographic film (excl. of 3705.10)	10%/free	free	free	10%/free
D01	490110	Printed books, brochures, leaflets & similar printed matter, in single sheets, whether/not folded	free	free	free	free
D02	490191	Dictionaries & encyclopaedias, & serial instalments thereof	free	free	free	free
D03	490199	Printed books, brochures, leaflets & similar printed matter (excl. dictionaries & encyclopaedias, & serial instalments thereof), other than those in single sheets	free	free	free	free
D04	490210	Newspapers, journals & periodicals, whether/not illustrated/containing advertising material, appearing at least 4 times a week	free	free	free	free
D05	490290	Newspapers, journals & periodicals, whether/not illustrated/containing advertising material, other than those appearing at least 4 times a week	free	free	free	free
D06	490300	Children's picture/drawing/colouring books	free	free	free	free
D07	490510	Globes	free	free	free	free
D08	490591	Maps & hydrographic/similar charts of all kinds, incl. atlases, topographical plans, printed, in book form	free	free	free	free
D09	490599	Maps & hydrographic/similar charts of all kinds, wall maps, topographical plans & globes, printed, other than in book form	free	free	free	free
D10	490900	Printed/illustrated postcards; printed cards bearing personal greetings/messages/announcements, whether/not illustrated, with/without envelopes/trimmings	15%	free	free	15%
D11	491000	Calendars of any kind, printed, incl. calendar blocks	15%	free	free	15%
E01	370610	Cinematographic film, exposed & developed, whether/not incorporating sound track/consisting only of sound track, of a width of 35mm/more	free	free	free	Free
E02	370690	Cinematographic film, exposed & developed, whether/not incorporating sound track/consisting only of sound track, of a width of <35mm	free	free	free	free
E03	950410	Video games of a kind used with a television receiver	free	free	free	free
F01	490600	Plans & drawings for architectural, engineering, industrial, commercial, topographical/similar purposes, being originals drawn by hand; hand-written texts; photographic reproductions on sensitised paper & carbon copies of the foregoing	free	free	free	free