



**NORTH WEST
DEVELOPMENT
CORPORATION**

Economic Data Report

Quarter 4 of 2018/2019

Research & Innovation



TABLE OF CONTENTS

		Page
1.	<u>INTRODUCTION</u>	3
2.	<u>MACRO ECONOMY</u>	3
2.1	<u>The Global Economy</u>	3
2.2	<u>South African Economy</u>	5
2.2.1	<i>Highlights Q1 2018/2019</i>	6
2.2.2	<i>South Africa's sustainability "hope": National Development Plan (NDP)</i>	13
2.3	<u>North West Province Economic Overview</u>	14
2.3.1	<i>North West Key Economic Indicators Compared to South Africa</i>	14
2.3.2	<i>North West Location and Infrastructure</i>	22
2.3.3	<i>North West Policy Guidelines</i>	23
3.	<u>SOUTH AFRICA'S GLOBAL COMPETITIVENESS</u>	23
4.	<u>FOREIGN DIRECT INVESTMENT (FDI)</u>	27
4.1	<u>Global Investment Trends</u>	30
4.2	Africa	31
4.3	South Africa	32
4.4	North West Province	33
5.	<u>TRADE</u>	35
6.	<u>RECOMMENDATIONS</u>	37

1. INTRODUCTION

The purpose of the Research and Innovation Unit is to initiate, plan, gather, analyse and disseminate verified, reliable and relevant economic data, intelligence and research for the benefit of users to support informed decision making.

One of the performance indicators of the unit is A Quarterly Economic Data Report.

Economic data or economic statistics may refer to data (quantitative measures) describing an actual economy, past or present. These are typically found in time-series form, that is, covering more than one time period (say the monthly unemployment rate for the last five years) or in cross-sectional data in one time period (say for consumption and income levels for sample households). Data may also be collected from surveys of for example individuals and firms or aggregated to sectors and industries of a single economy or for the international economy. A collection of such data in table form comprises a data set.

The purpose of this report is to supply an overview of the economic data and information gathered and analysed from a global, African, South African, and North West provincial perspective in order to ensure that recent, relevant and reliable economic data supports NWDC and other client and stakeholder decisions and activities.

The economic data report will be structured as follows: First a macro-economic overview taking a global perspective in terms of developed and emerging economies moving to South Africa and the North West province. Secondly subjects that have an impact on the economy and relevance to NWDC will be covered including the Global Competitiveness, Foreign Direct Investment and Trade.

2. MACRO ECONOMIC OVERVIEW

2.1 Global Economy: A Weakening Global Expansion

(Source: WORLD ECONOMIC OUTLOOK (WEO) UPDATE; January 2019)

The global expansion has weakened. Global growth for 2018 is estimated at 3.7 percent, as in the October 2018 World Economic Outlook (WEO) forecast, despite weaker performance in some economies, notably Europe and Asia. The global economy is projected to grow at 3.5 percent in 2019 and 3.6 percent in 2020, 0.2 and 0.1 percentage point below last October's projections.

The global growth forecast for 2019 and 2020 had already been revised downward in the last WEO, partly because of the negative effects of tariff increases enacted in the United States and China earlier that year. The further downward revision since October in part reflects carry over from softer momentum in the second half of 2018—including in Germany following the introduction of new automobile fuel emission standards and in Italy where concerns about sovereign and financial risks have weighed on domestic demand—but also weakening financial market sentiment as well as a contraction in Turkey now projected to be deeper than anticipated.

Risks to global growth tilt to the downside. An escalation of trade tensions beyond those already incorporated in the forecast remains a key source of risk to the outlook. Financial conditions have already tightened since the fall. A range of triggers beyond escalating trade tensions could spark a further deterioration in risk sentiment with adverse growth implications, especially given the high levels of public and private debt. These potential triggers include a "no-deal" withdrawal of the United Kingdom from the European Union and a greater-than-envisaged slowdown in China.

The main shared policy priority is for countries to resolve cooperatively and quickly their trade disagreements and the resulting policy uncertainty, rather than raising harmful barriers further and destabilizing an already slowing global economy. Across all economies, measures to boost potential output growth, enhance inclusiveness, and strengthen fiscal and financial buffers in an environment of high debt burdens and tighter financial conditions are imperatives.

Table 1. Overview of the World Economic Outlook Projections World Economic Outlook Update January 2019 (Percent change unless noted otherwise)

	Estimates				Projections		
	2014	2015	2016	2017	2018	2019	2020
World Output	3,2	3,2	3,3	3,8	3,7	3,5	3,6
Advanced Economies	1,9	2,1	1,7	2,4	2,3	2,0	1,7
United States	2,4	2,6	1,6	2,2	2,9	2,5	1,8
Euro Area	0,9	2,0	1,9	2,4	1,8	1,6	1,7
Germany	1,6	1,5	1,9	2,5	1,5	1,3	1,6
France	0,6	1,1	1,2	2,3	1,5	1,5	1,6
Italy	-0,3	0,8	0,9	1,6	1,0	0,6	0,9
Spain	1,4	3,2	3,3	3,0	2,5	2,2	1,9
Japan	-	1,1	0,9	1,9	0,9	1,1	0,5
United Kingdom	3,1	2,2	1,9	1,8	1,4	1,5	1,6
Canada	2,5	0,9	2,3	3,0	2,1	1,9	1,9
Other Advanced Economies 3/	2,8	2,2	2,3	2,8	2,8	2,5	2,5
Emerging Market and Developing Economies	4,6	4,3	4,4	4,7	4,6	4,5	4,9
Commonwealth of Independent States	1,0	-2,2	0,4	2,1	2,4	2,2	2,3
Russia	0,7	-2,8	-0,2	1,5	1,7	1,6	1,7
Excluding Russia	1,9	-0,5	1,9	3,6	3,9	3,7	3,7
Emerging and Developing Asia	6,8	6,8	6,4	6,5	6,5	6,3	6,4
China	7,3	6,9	6,7	6,9	6,6	6,2	6,2
India 3/	7,2	8,0	7,1	6,7	7,3	7,5	7,7
ASEAN-5 4/	4,6	4,9	4,9	5,3	5,2	5,1	5,2
Emerging and Developing Europe	2,8	4,7	3,2	6,0	3,8	0,7	2,4
Latin America and the Caribbean	1,3	0,1	-0,7	1,3	1,1	2,0	2,5
Brazil	0,1	-3,8	-3,5	1,1	1,3	2,5	2,2
Mexico	2,2	2,6	2,9	2,1	2,1	2,1	2,2
Middle East, North Africa, Afghanistan, and Pakistan	2,7	2,7	4,9	2,2	2,4	2,4	3,0
Saudi Arabia	3,6	4,1	1,7	-0,9	2,3	1,8	2,1
Sub-Saharan Africa	5,1	3,4	1,4	2,9	2,9	3,5	3,6
Nigeria	6,3	2,7	-1,6	0,8	1,9	2,0	2,2
South Africa	1,6	1,3	0,6	1,3	0,8	1,4	1,7
Memorandum							
Low-Income Developing Countries	6,0	4,6	3,6	4,7	4,6	5,1	5,1
World Growth Based on Market Exchange Rates	2,7	2,7	2,5	3,2	3,1	3,0	2,9
World Trade Volume (goods and services)	3,7	2,6	2,5	5,3	4,0	4,0	4,0
Advanced Economies	3,6	4,0	2,6	4,3	3,2	3,5	3,3
Emerging Market and Developing Economies	3,9	0,3	2,3	7,1	5,4	4,8	5,2
Commodity Prices (U.S. dollars)							
Oil 5/	-7,5	-47,2	-15,7	23,3	29,9	-14,1	-0,4
Nonfuel (average based on world commodity export weights)	-4,0	-17,5	-1,6	6,4	1,9	-2,7	1,2
Consumer Prices							
Advanced Economies	1,4	0,3	0,8	1,7	2,0	1,7	2,0
Emerging Market and Developing Economies 6/	4,7	4,7	4,3	4,3	4,9	5,1	4,6
London Interbank Offered Rate (percent)							
On U.S. Dollar Deposits (six month)	0,3	0,5	1,1	1,5	2,5	3,2	3,8
On Euro Deposits (three month)	0,2	-0,0	-0,3	-0,3	-0,3	-0,3	0
On Japanese Yen Deposits (six month)	0,2	0,1	-	-	-	-	0,1

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during October 29-November 26, 2018. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = World Economic Outlook.

1/ Difference based on rounded figures for the current and October 2018 World Economic Outlook forecasts. Countries whose forecasts have been updated relative to October 2018 World Economic Outlook forecasts account for 90 percent of world GDP measured at purchasing-power parity weights.

2/ For World Output, the quarterly estimates and projections account for approximately 90 percent of annual world GDP measured at purchasing-power parity weights. For Emerging Market and Developing Economies, the quarterly estimates and projections account for approximately 80 percent of annual emerging market and developing economies' GDP measured at purchasing-power parity weights.

3/ Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

4/ For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with FY2011/12 as a base year.

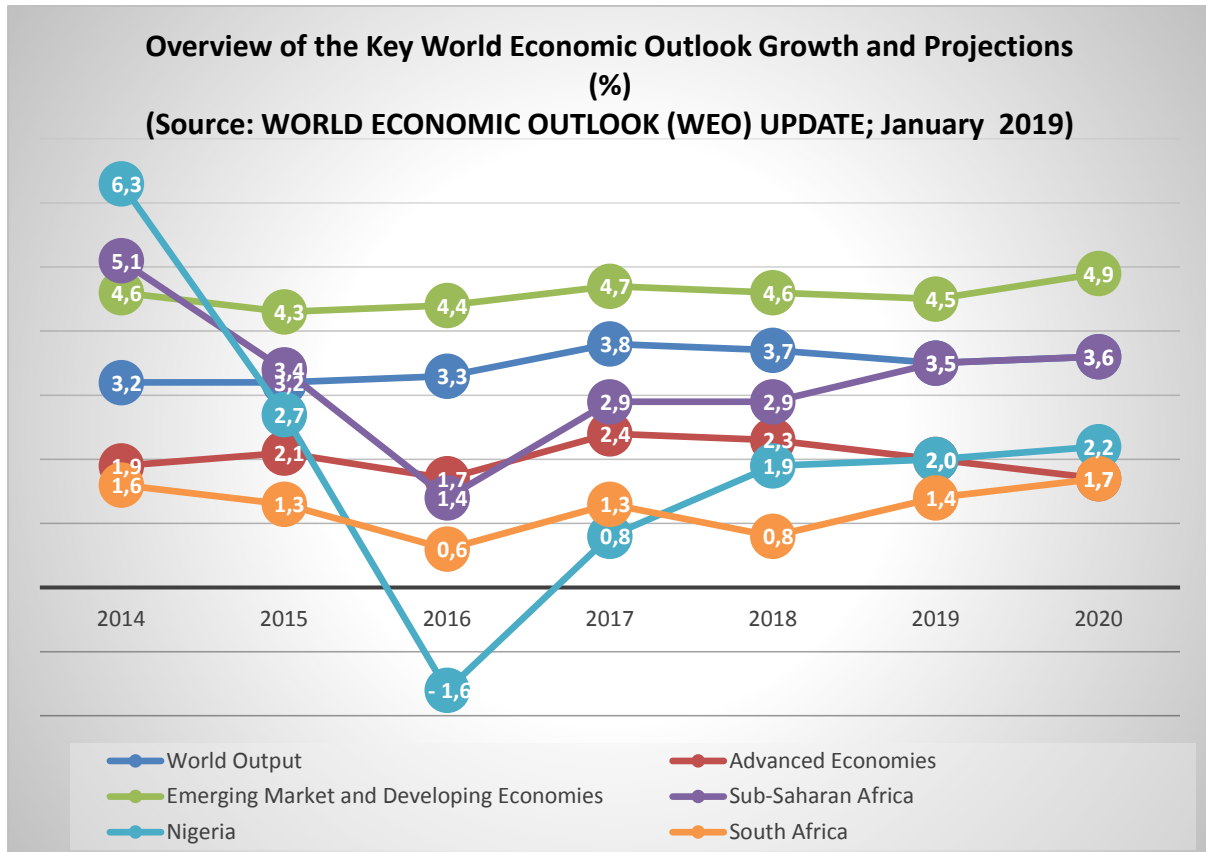
5/ Indonesia, Malaysia, Philippines, Thailand, Vietnam.

6/ Simple average of growth rates for export and import volumes (goods and services).

7/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$68.58 in 2018; the

assumed price, based on futures markets (as of November 27, 2018), is \$58.95 in 2019 and \$58.74 in 2020.
 8/ Starting with the January 2019 WEO update, the IMF commodity price index and its sub-indices have been updated and have expanded coverage. The nonfuel commodity forecast revisions compare current projections with October 2018 projections, however, due to methodological and coverage changes, comparability is limited.
 9/ Excludes Venezuela.

Figure 1: Overview of the Key World Economic Outlook Growth and Projections (%)
 (Source: WORLD ECONOMIC OUTLOOK (WEO) UPDATE; January 2019)



2.2 South African Economy

2.2.1 Highlights Q4 2018/2019

In this section the key quarterly indicators will be mentioned including economic growth, inflation and employment.

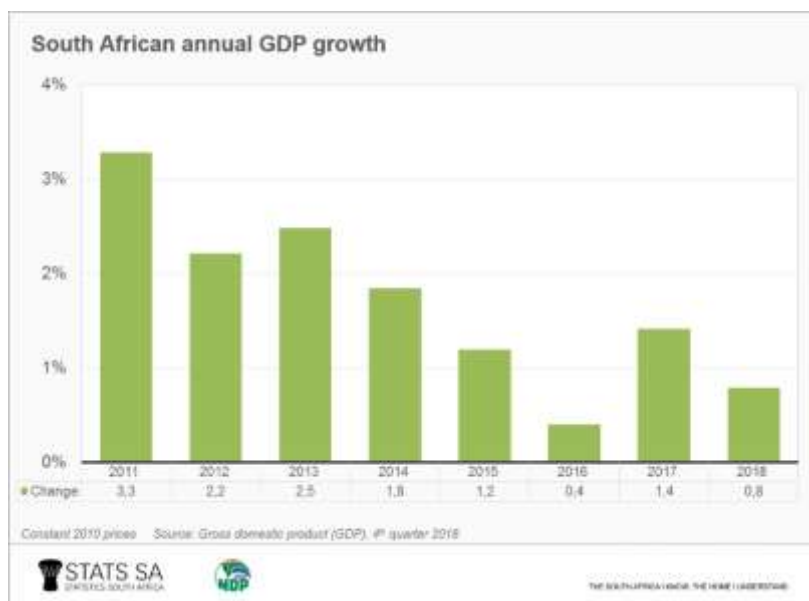
South African Economic Growth Q4 2018/2019

The South African economy grew by 1,4%¹ in the fourth quarter of 2018, contributing to an overall growth rate of 0,8% for the entire year. The latest set of gross domestic product (GDP) figures released by Stats SA provides an overview of economic performance in 2018.

South Africa found itself in economic recession in 2018, its second since the early 1990s. The 2018 recession spanned the first two quarters of the year, with the economy shrinking by 2,7% in the first quarter and contracting further by 0,5% in the second.

Despite the recession, positive growth in the third (2,6%) and the fourth (1,4%) quarters was just enough to push overall growth for the year into positive territory, with the real annual growth rate coming in at 0,8%. This is down from 1,4% in 2017 but up from 0,4% in 2016.

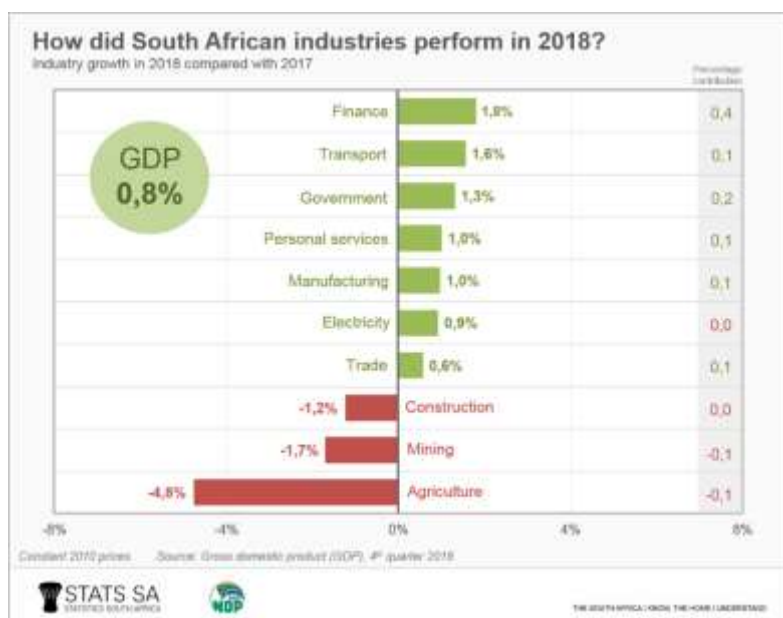
Figure 2: South African Gross Domestic Product (GDP) 2011 - 2018



(Source: Stassa GDP 2018)

The finance, real estate and business services industry was a strong supporter of overall growth in 2018, increasing by 1,8% during the year. The second largest contributor to positive growth was government, which expanded by 1,3%. These two industries contributed 0,4 and 0,2 of a percentage point to the overall growth.

Figure 3: South African Industries Performance 2018



(Source: Stassa GDP 2018)

Agriculture, mining and construction all stumbled, however. Agriculture in particular had a difficult year, registering a contraction of 4,8%. A slowdown in the production of field crops and horticultural products stunted growth in the first two quarters.

Mining activity fell by 1,7%. Gold, copper and iron ore were the biggest drags on production in 2018, according to Stats SA's Mining: Production and sales release. Gold production fell by 14,5% in 2018, the biggest annual slump since 2008. Copper production tumbled by 28,5% in the same year, the biggest fall on record since 1981, the year Stats SA started publishing the current series of monthly mining data.²

The construction industry had its worst year in two decades in 2018, according to the GDP figures. Production slumped by 1,2%, the industry's biggest annual fall since 1999, when activity fell by 1,4%. The industry has struggled to keep its head above water, experiencing its second consecutive year of economic decline in 2018.

The mining and construction industries are in recession. Both industries recorded negative growth in the third and fourth quarters of 2018.

Key facts from the GDP release for the fourth quarter 2018:

- Real GDP in the fourth quarter was up 1,4% quarter-on-quarter (seasonally adjusted and annualised).
- Unadjusted real GDP in the fourth quarter was up by 1,1% year-on-year.
- The South African economy grew by 0,8% in 2018 compared with 2017.
- Nominal GDP in the fourth quarter was estimated at R1,26 trillion. For 2018, the estimate is R4,87 trillion.
- Expenditure on GDP in the fourth quarter grew by 1,6% quarter-on-quarter (seasonally adjusted and annualised), largely a result of household consumption expenditure and net exports.
- Expenditure on GDP grew by 0,7% in 2018 compared with 2017

(All quarterly growth rates mentioned are quarter-on-quarter, seasonally adjusted and annualised, and in real (volume) terms.)

Inflation Consumer Price Index (CPI)

Background:

- High and volatile inflation is bad for the economy
- Inflation targeting was adopted by the SA authorities in 2000
- The target is for consumer price inflation to be maintained between 3 and 6 per cent per annum
- This target was adopted by government through a cabinet decision
- The SA Reserve Bank has instrument independence
 - It must use its repurchase rate (interest rate) to keep inflation between 3 and 6 per cent
 - Inflation too high => raise repurchase rate => reduce credit extension and expenditure => lower inflation
 - Inflation too low => reduce repurchase rate => raise credit extension and expenditure => higher inflation
 - It takes time for the interest rate mechanism to work through to inflation: typically 18 to 24 months.

Key Findings

The headline CPI (for all urban areas) annual inflation rate in January 2019 was 4,0%. This rate was 0,5 of a percentage point lower than the 4,5% from December 2018. On average, prices decreased by 0,2% between December 2018 and January 2019.

Contributions to headline annual consumer price inflation.

- Transport decreased from 0,9 of a percentage point in December 2018 to 0,4 of a percentage point in January 2019. The index increased by 2,9% year-on-year.
- Miscellaneous goods and services decreased from 0,9 of a percentage point in December 2018 to 0,8 of a percentage point in January 2019. The index increased by 5,3% year-on-year.

Contributions to monthly consumer price inflation.

- Food and non-alcoholic beverages contributed 0,2 of a percentage point. The index increased by 1,4% month-on-month.
 - Transport contributed -0,5 of a percentage point. The index decreased by 3,3% month-on-month, mainly because of fuel (-10,2%).
 - In January 2019 the CPI for goods increased by 2,8% year-on-year (down from 3,7% in December), and the CPI for services increased by 5,2% (up from 5,1% in December).
- Provincial annual inflation rates ranged from 3,3% in North West to 4,6% in Western Cape

Table 2: Provincial Inflation Rates

Province	Nov 2017 CPI	Feb 2018 CPI	May 2018 CPI	Aug 2018 CPI	Oct 2018 CPI	Jan 2019 CPI
Western Cape	6,0%	4,7%	5,2%	5,8%	5,4%	4,6%
Eastern Cape	4,3%	4,0%	4,0%	4,7%	4,9%	3,6%
Northern Cape	3,5%	3,6%	3,8%	3,9%	4,5%	3,7%
Free State	4,2%	3,8%	4,2%	4,4%	4,7%	4,1%
KwaZulu-Natal	3,9%	3,2%	3,8%	4,2%	4,4%	3,6%
North West	3,3%	2,8%	3,3%	4,0%	4,4%	3,3%
Gauteng	4,5%	4,0%	4,5%	5,2%	5,3%	4,1%
Mpumalanga	3,5%	3,3%	3,5%	4,0%	5,0%	3,7%
Limpopo	3,6%	3,6%	3,6%	4,3%	4,0%	3,5%

Production Price Index (PPI)

Another important price index is the production price index (PPI). Whereas the consumer price index (CPI) measures the cost of a representative basket of goods and services to the consumer, the PPI measures prices at the level of the first significant commercial transaction. For example, the prices of imported goods are measured at the point where they enter the country and not where they are sold to consumers. Likewise, manufactured goods are priced when they leave the factory, not when they are sold to consumers.

Another important feature of the PPI is that it includes capital and intermediate goods (excluded from the CPI), excludes VAT (included in the CPI) and excludes services (which account for 45% of the CPI basket). The PPI is therefore based on a completely different basket of items than the CPI.

The PPI, which is also estimated and published on a monthly basis by Statistics South Africa, measures the cost of production rather than the cost of living. Unlike the CPI, the PPI therefore cannot be related directly to consumers' living standards. The PPI is nevertheless very useful in the analysis of inflation. Because it measures the cost of production, a significant change in the rate of increase in the PPI is usually an indication that the rate of increase in the CPI will also change a few months later.

The methods used for calculating the rate of increase in the PPI are the same as the methods used for calculating an inflation rate based on the CPI.

Table 3: Average Annual CPI and PPI 2012 to 2018

	Consumer Price Index (CPI)	Producer Price Index (PPI)
Average 2012	5,6%	
Average 2013	4,7%	6,0%
Average 2014	6,1%	7,5%
Average 2015	4,6%	3,6%

Average 2016	6,4%	7,0%
Average 2017	5,3%	4,8%
Average 2018	4,7%	5,5%

Key findings for January 2019

Final manufactured goods – headline PPI

The annual percentage change in the PPI for final manufactured goods was 4,1% in January 2019 (compared with 5,2% in December 2018). From December 2018 to January 2019 the PPI for final manufactured goods decreased by 0,8%.

The main contributors to the annual rate of 4,1% were coke, petroleum, chemical, rubber and plastic products (1,2 percentage points), food products, beverages and tobacco products (0,9 of a percentage point) and paper and printed products (0,6 of a percentage point).

The main contributor to the monthly decrease of 0,8% was coke, petroleum, chemical, rubber and plastic products (-0,8 of a percentage point).

Intermediate manufactured goods

The annual percentage change in the PPI for intermediate manufactured goods was 3,8% in January 2019 (compared with 5,0% in December 2018). From December 2018 to January 2019 the PPI for intermediate manufactured goods decreased by 1,5%.

The main contributors to the annual rate of 3,8% were basic and fabricated metals (1,8 percentage points) and chemicals, rubber and plastic products (1,6 percentage points).

The main contributors to the monthly decrease of 1,5% were chemicals, rubber and plastic products (-0,6 of a percentage point) and basic and fabricated metals (-0,4 of a percentage point).

Electricity and water

The annual percentage change in the PPI for electricity and water was 5,5% in January 2019 (compared with 7,7% in December 2018). From December 2018 to January 2019 the PPI for electricity and water decreased by 0,8%.

The contributors to the annual rate of 5,5% were electricity (3,9 percentage points) and water (1,6 percentage points).

The contributor to the monthly decrease of 0,8% was electricity (-0,9 of a percentage point).

Mining

The annual percentage change in the PPI for mining was 7,7% in January 2019 (compared with 6,0% in December 2018). From December 2018 to January 2019 the PPI for mining decreased by 0,1%.

The main contributors to the annual rate of 7,7% were non-ferrous metal ores (3,8 percentage points), gold and other metal ores (3,7 percentage points) and coal and gas (2,6 percentage points).

The main contributor to the monthly decrease of 0,1% was coal and gas (-1,3 percentage points).

Agriculture, forestry and fishing

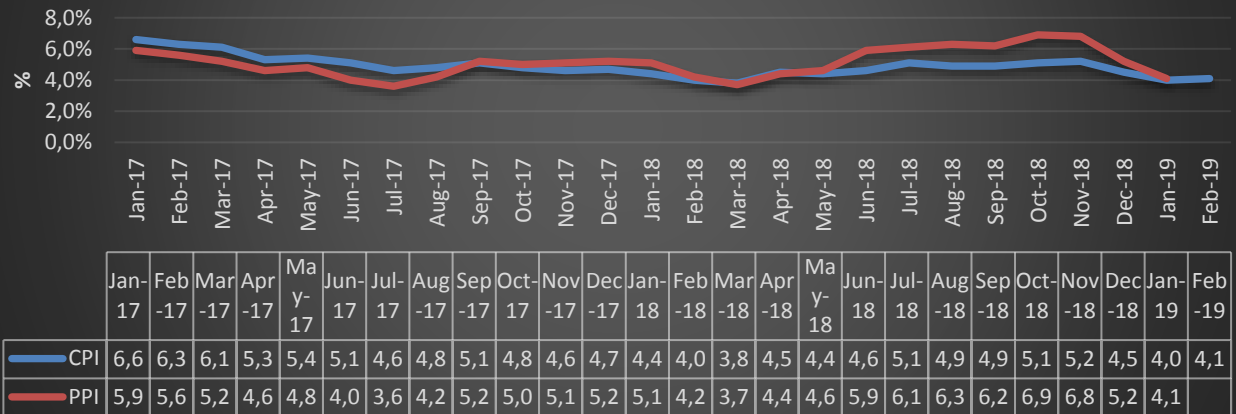
The annual percentage change in the PPI for agriculture, forestry and fishing was -3,0% in January 2019 (compared with -3,9% in December 2018). From December 2018 to January 2019 the PPI for agriculture, forestry and fishing decreased by 0,2%.

The main contributor to the annual rate of -3,0% was agriculture (-3,8 percentage points).

The main contributor to the monthly decrease of 0,2% was agriculture (-0,3 of a percentage point).

Figure 4: South Africa's Consumer Price Index (CPI) and Production Price index (PPI) January 2017 to February 2019

Consumer Price Index (CPI) and Production Price Index of South Africa (Source: Statssa March 2019)



(Source: Statssa March 2019)

Population

The Population of South Africa was estimated at 54.00 mil at Mid 2014, 54.95 mil at Mid 2015, 55.91 mil at Mid 2016, 56.5 mil at Mid 2017, and 57.7 mil mid 2018.

(Source: Statssa)

Employment

The results of the Quarterly Labour Force Survey (QLFS) for the fourth quarter of 2018 released by Statistics South Africa today, reveal that unemployment rate decreased by 0,4 of a percentage point to 27,1%. The South African working-age population increased by 149 000 or 0,4% in the fourth quarter of 2018 compared to the third quarter of 2018. The number of employed persons increased by 149 000 to 16,5 million and the number of unemployed persons decreased by 70 000 to 6,1 million in Q4: 2018. The absorption rate increased to 43,3% in the same period.

During the fourth quarter of 2018, the informal sector recorded employment losses of 15 000, while the Formal sector, Private households and Agriculture recorded gains in employment. The number of discouraged work-seekers increased by 108 000 while the number of other not economically active persons decreased by 38 000, resulting in an increase of 70 000 (up by 0,5%) in the number of people not in the labour force between the third and fourth quarters of 2018.

The number of employed persons declined in four of the ten industries in Q4: 2018 compared to Q3: 2018. However, these declines were offset by employment gains in Finance and other business services (109 000), Private households (65 000), Manufacturing (48 000), Mining (31 000), Trade (14 000) and Agriculture (7 000) industries, which resulted in a net increase of 149 000 in the fourth quarter of 2018. The industries that recorded declines in employment were Community and Social services (51 000), Transport (30 000), Utilities (22 000), and Construction (21 000). Employment gains were recorded in five of the nine provinces in the fourth quarter of 2018. The largest employment increases were recorded in Gauteng (86 000), Free State (33 000) and Western Cape (26 000) while Eastern Cape (15 000) and North West (6 000) recorded the largest employment losses.

While the official unemployment rate decreased by 0,4 of a percentage point at the national level in Q4: 2018 compared to Q3: 2018, the rate increased in two of the nine provinces, namely KwaZulu-

Natal (up by 2,6 percentage points), and Eastern Cape (up by 0,5 of a percentage point). The unemployment rate decreased in seven provinces. Year-on-year, the official unemployment rate increased by 0,4 of a percentage point. The largest increase was recorded in Mpumalanga (3,1 percentage points), followed by North West (2,7 percentage points), while the largest decrease was recorded in Limpopo (3,1 percentage points), followed by Northern Cape (2,1 percentage points) and Western Cape (0,2 of a percentage point).

Compared to Q3: 2018, the expanded unemployment rate decreased by 0,3 of a percentage point in Q4: 2018 to 37,0%. The largest increases were recorded in Eastern Cape (0,8 of a percentage point) and Limpopo (0,7 of a percentage point).

Compared to Q4:2017, the expanded unemployment rate increased by 0,7 of a percentage point in Q4: 2018 to 37,0%. The largest increase was recorded in North West (up by 2,3 percentage points), followed by Limpopo and Eastern Cape (up by 2,0 percentage points each), while the largest decrease was recorded in Northern Cape with 1,9 percentage points.

Between Q4: 2017 and Q4: 2018, the percentage of young persons aged 15–24 years who were not in employment, education or training (NEET) increased by 1,4 percentage points to 31,1%. The NEET rate was higher for females compared to that of their male counterparts in both time periods. Compared to Q4: 2017, the percentage of youth aged 15–34 years who were not in employment, education or training (NEET) increased by 0,5 of a percentage point from 38,4% to 38,9% in Q4: 2018 - also four in every ten young females were not in employment, education, or training.

Table 4: Employment by Province

	Official unemployment rate					Expanded unemployment rate				
	Oct-Dec 2017	Jul-Sep 2018	Oct-Dec 2018	Qtr-to-qtr change	Year-on-year change	Oct-Dec 2017	Jul-Sep 2018	Oct-Dec 2018	Qtr-to-qtr change	Year-on-year change
	Per cent			Percentage points		Per cent			Percentage points	
South Africa	26,7	27,5	27,1	-0,4	0,4	36,3	37,3	37,0	-0,3	0,7
Western Cape	19,5	20,4	19,3	-1,1	-0,2	23,0	23,7	23,1	-0,6	0,1
Eastern Cape	35,1	35,6	36,1	0,5	1,0	44,8	46,0	46,8	0,8	2,0
Northern Cape	27,1	27,0	25,0	-2,0	-2,1	40,5	40,1	38,6	-1,5	-1,9
Free State	32,6	36,3	32,9	-3,4	0,3	39,0	41,5	39,3	-2,2	0,3
KwaZulu-Natal	24,1	23,0	25,6	2,6	1,5	41,0	41,2	41,3	0,1	0,3
North West	23,9	28,0	26,6	-1,4	2,7	40,6	43,9	42,9	-1,0	2,3
Gauteng	29,1	29,6	29,0	-0,6	-0,1	33,7	34,3	33,6	-0,7	-0,1
Mpumalanga	28,9	32,5	32,0	-0,5	3,1	39,7	41,3	41,1	-0,2	1,4
Limpopo	19,6	18,9	16,5	-2,4	-3,1	36,8	38,1	38,8	0,7	2,0

The provincial statistics show that the number of employed persons increased in five of the nine provinces between Q3: 2018 and Q4: 2018. The largest employment increases were recorded in Gauteng (up by 86 000), Free State (up by 33 000) and Western Cape (up by 26 000). However, the largest decline in the number of employed persons was recorded in Eastern Cape (down by 15 000) followed by North West (down by 6 000).

The official unemployment rate declined by 0,4 of a percentage point in Q4: 2018 compared to Q3: 2018. The official unemployment rate decreased in seven of the nine provinces, with the largest declines in Free State (down by 3,4 percentage points), Limpopo (down by 2,4 percentage points), and Northern Cape (down by 2,0 percentage points).

KwaZulu-Natal and Eastern Cape were the only provinces that recorded increases in the unemployment rate (2,6 percentage points and 0,5 of a percentage point respectively). Year-on-year, the official unemployment rate increased by 0,4 of a percentage point. The official unemployment

rate increased in five of the nine provinces; the largest increase was observed in Mpumalanga (up by 3,1 percentage points) followed by North West (up by 2,7 percentage points) and KwaZulu-Natal (up by 1,5 percentage points).

The expanded unemployment rate declined by 0,3 of a percentage point from 37,3% in Q3: 2018 to 37,0% in Q4:2018. Eastern Cape, KwaZulu-Natal and Limpopo were the only provinces that recorded increases of less than 1,0 percentage point each in the expanded unemployment rate during this period. Compared to the same period last year, the expanded unemployment rate increased by 0,7 of a percentage point in Q4: 2018 to 37,0%. The largest increase was recorded in North West (up by 2,3 percentage points), followed by Limpopo and Eastern Cape (up by 2,0 percentage points each).

Figure 5: South Africa and North West Unemployment Rate (Source: Statssa Q4 2018)

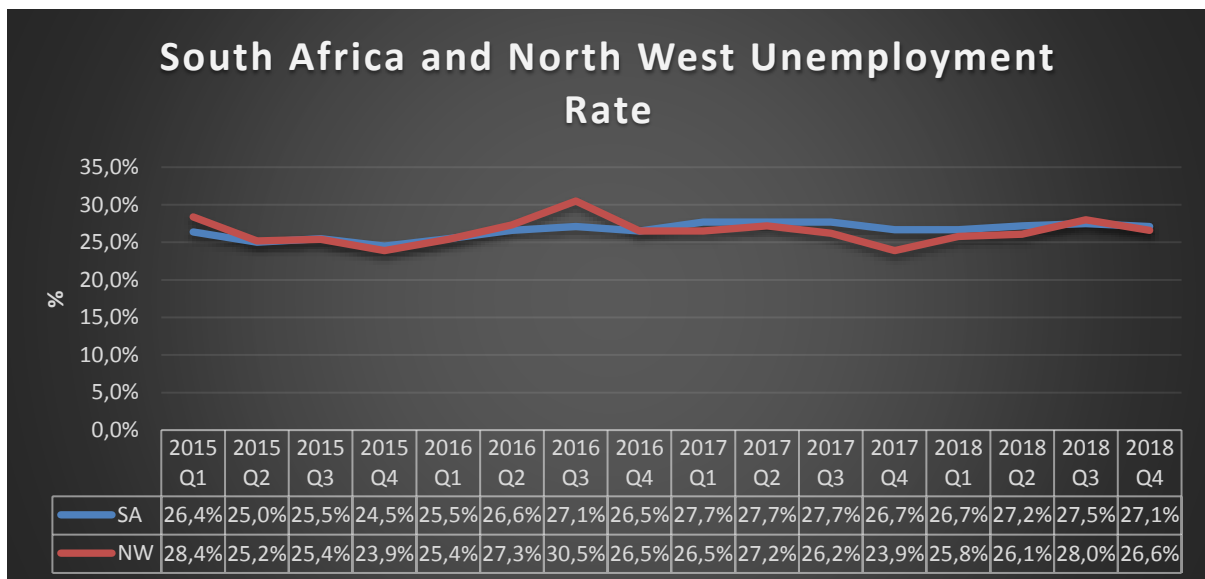


Table 5: North West Economically Active Employment Rate (Source: Statssa Q3 2018)

North West	Black African	Coloured	Indian/Asian	White	Total
Male	55,5	0,5	0,4	4,0	60,5
Female	36,1	0,7	0,0	2,8	39,5
Total	91,6	1,2	0,4	6,8	100,0

Table 6: Employment by Industry in the North West Province Jan 2016 to Dec 2018

	NW Apr-Jun 2016 Thousands	NW Jul-Sept 2016 Thousands	NW Oct-Dec 2016 Thousands	NW Jan-Mar 2017 Thousands	NW Apr-Jun 2017 Thousands	NW Jul-Sept 2017 Thousands	NW Oct-Dec 2017 Thousands	NW Jan-Mar 2018 Thousands	NW Apr-Jun 2018 Thousands	NW Jul-Sept 2018 Thousands	NW Oct-Dec 2018 Thousands	NW% Share Contribution Oct-Dec 2018	NW as % of SA
Agriculture	37	48	55	50	54	49	47	47	43	60	62	6,4%	7,3%
Mining	140	141	128	132	132	137	128	125	147	133	130	13,4%	29,7%
Manufacturing	70	72	66	74	77	78	85	74	49	54	55	5,7%	3,1%
Utilities	4	11	6	1	5	5	5	5	11	7	10	1,0%	7,5%
Construction	77	79	72	87	84	71	90	96	94	79	87	8,9%	5,9%
Trade	193	147	198	179	197	200	206	197	190	197	179	18,4%	5,4%
Transport	33	27	37	38	31	35	36	33	34	33	32	3,3%	3,3%
Finance	83	85	79	87	99	102	111	117	100	98	94	9,7%	3,6%
Community and Social Services	201	209	233	242	210	230	218	228	231	241	237	24,4%	6,5%
Private House Holds	77	80	85	86	89	78	72	70	77	76	85	8,7%	6,4%
Other													
TOTAL	915	900	959	976	978	983	999	992	976	979	973	100,0 %	5,9%

2.2.2 South Africa's sustainability "hope": National Development Plan (NDP)

The NDP is South Africa's long term plan to 2030 and might be the sustainability 'hope' of the country. It seeks amongst other things to reduce unemployment by improving manufacturing. The NDP will also result in a change in the risk for labour unrest by reducing it.

The New Growth Path, which is a short term plan drawing from the NDP goes into detail with the work that has to be done and sets a target of creating 5 million jobs in 10 years. It identifies inter alia: The mining value chain, with a particular emphasis on mineral beneficiation as well as on increasing the rate of mineral resource extraction as key activities to stimulate growth

The following issues must be addressed as per the NDP:

- Boost educational levels.
- Promote industries that are labour-absorbing, such as mining, agriculture, construction, hospitality and small businesses.
- Grow the more advanced sectors of the economy, such as manufacturing, parts of financial services, telecommunications and businesses services.
- Provide a social wage to enable the poorest of South Africa's people to have a decent standard of living and to build their capabilities to get better jobs, higher incomes and a broader range of benefits.
- The NDP seeks to place the economy on a production-led trajectory.

Figure 6: The Following Structural Changes in the Economy is Needed



2.3 North West Province Economic Overview

2.3.1 North West Key Economic Indicators Compared to South Africa

The table below summarises the key demographic and socio-economic characteristics for the NWP and its four district municipalities' in context of the South African picture with regards to demographics, development, household infrastructure, labour, income and expenditure, economy, tourism and international trade as per the 2017 IHS Global Insight Indicators.

The NW region covers approximately 104 882 square kilometres, comprising 8.6% of the national area. The NWP is not densely populated when compared to the national population density. The NWP houses approximately 7% of the country's total population.

Table 7: KEY INDICATORS: South Africa, North West Province and NW District Municipalities (2017)

KEY INDICATORS: South Africa, North West Province and NW District Municipalities (2017)							
Source: IHS Markit; Regional eXplorer 1417 (2.6b)							
		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Size of Area	(km ²)	1 221 246	104 882	18 333	28 114	43 764	14 671
	% Share of Region		100,0%	17,5%	26,8%	41,7%	14,0%
Demographic	Total population	56 548 694	3 845 627	1 702 803	898 312	489 597	754 914
	% Share of Region		100,0%	44,3%	23,4%	12,7%	19,6%
Development	Human Development Index (HDI)	0,66	0,63	0,66	0,59	0,56	0,64
	Gini coefficient	0,63	0,62	0,62	0,62	0,60	0,61
Poverty indicators							
	Share below the upper poverty line (StatsSA defined)	58,1%	58,5%	51,1%	65,8%	68,5%	59,8%
	Poverty gap rate (from upper poverty line)	30,8%	31,1%	31,1%	31,1%	31,0%	30,9%
	Number with Matric age 20+ years	14 833 683	851 394	433 354	163 691	69 670	184 679
	% With Matric of age 20+ years population	29,5%	26,3%	27,6%	24,2%	20,4%	28,2%

	Population density (number of people per km ²) (2017)	46,30	36,67	92,88	31,95	11,19	51,46
	Urban Population Rate (%) (2017)	64,0%	45,9%	38,1%	28,0%	38,0%	89,9%

The NW shows improvement in most of the *developmental indicators* (2009 used as baseline). Most notable is the improvement in the Human Development Index (HDI) currently at 0.63 up 0.52 in 2009. Similar improvements are seen in both the number and percentage of people living in poverty below the upper poverty line (Statssa defined), currently measured at 58.5% (59.1% in 2009) respectively. Improvements in all measures relating to schooling and education are also reported.

		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Household Infrastructure	Share of household occupying formal dwellings (2017)	78,7%	77,1%	68,8%	83,8%	88,7%	84,0%
Labour	EAP as % of total population, official definition	38,6%	33,4%	39,4%	26,1%	24,0%	34,8%
	Unemployment rate, official definition (%)	27,2%	28,4%	27,4%	26,8%	27,4%	32,9%
	Number of formally employed people	13 215 194	731 765	389 700	138 324	65 524	138 217
	Sector's share of regional total (%)	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
	Agriculture	6,5%	8,0%	4,0%	11,7%	20,1%	10,0%
	Mining	3,6%	18,3%	31,5%	1,9%	3,2%	4,7%
	Manufacturing	10,7%	6,8%	7,5%	5,4%	4,5%	7,5%
	Electricity	0,7%	0,4%	0,3%	0,5%	0,6%	0,4%
	Construction	5,8%	4,8%	4,9%	4,3%	4,0%	5,5%
	Trade	17,7%	15,5%	14,6%	16,2%	14,0%	18,0%
	Transport	4,4%	2,2%	1,9%	2,6%	2,1%	2,4%
	Finance	18,6%	11,2%	9,8%	13,3%	10,1%	13,7%
	Community services	22,4%	22,2%	16,6%	31,8%	26,0%	26,7%
	Households	9,7%	10,5%	8,9%	12,4%	15,4%	11,1%
	Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Number of informally employed people	2 685 280	126 897	57 689	26 537	14 796	27 875	
Total Employment (Formal + Informal)	15 900 474	858 662	447 389	164 861	80 320	166 092	
Income & Expenditure	Annual per capita income (Rand, current prices)	57 248	53 025	63 013	42 638	38 236	52 480
	Annual per household income (Rand, current prices)	201 427	178 483	196 795	156 533	140 197	180 833
	Index of buying power	1,00	0,06	0,03	0,01	0,01	0,01

Source: IHS Markit; Regional eXplorer 1417 (2.6b)

The *Index of Buying Power* has also increased for the NW province. IHS Global Insight's Index of Buying Power (IBP) indicates that 6% of the country's spending power is located in the NW. Income levels in the NWP are below the national average (which is to be expected for the more rural areas in South Africa). The unemployment rate is slightly higher than that of the national average, while the percentage of people living in poverty is marginally lower than the national average. The NWP has a share of approximately 5.4% of national employment.

The NWP is a large and significant local economy in the South African economic context. North West mining GDP contributes approximately (R79,2bn) 32,96% to the total industries GVA (Current prices) in the province and 25,2% to national mining GDP and 17.6% to North West formal employment (147000 jobs) and 33.8% to national mining employment.

		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Economic	Gross Value Added by Region (GVA-R)Current prices (R 1000)	4 171 728 780	243 100 302	130 005 124	42 178 993	17 511 679	53 404 506
	% Share of SA	100%	5,8%	3,1%	1,0%	0,4%	1,3%
	Gross Value Added by Region (GVA-R)Constant 2010 prices (R 1000)	2 842 415 754	155 117 331	83 493 462	27 925 613	11 418 929	32 279 327
	% Share of SA	100%	5,5%	2,9%	1,0%	0,4%	1,1%
	Average annual growth (Constant 2010 Prices)	1,3%	1,4%	1,9%	1,6%	2,9%	-0,4%
	Sector's share of regional total (%)	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
	Agriculture	2,6%	3,0%	1,2%	5,3%	9,2%	3,6%
	Mining	8,0%	32,6%	51,0%	5,6%	6,0%	17,9%
	Manufacturing	13,2%	5,3%	5,7%	5,8%	3,6%	4,8%
	Electricity	3,7%	3,5%	2,6%	5,6%	4,3%	3,8%
	Construction	3,9%	2,5%	1,8%	3,0%	3,8%	3,2%
	Trade	15,0%	11,8%	9,4%	13,4%	15,8%	15,0%
	Transport	9,9%	6,6%	5,0%	8,3%	9,2%	8,1%
	Finance	20,2%	13,2%	10,4%	15,4%	18,1%	16,6%
	Community services	23,5%	21,6%	13,0%	37,5%	30,1%	27,1%
	Total Industries	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
	Gross Domestic Product - GDP (Current prices (R 1000))	4 651 784 780	273 229 493	143 133 923	48 971 473	20 265 805	60 858 291
	% Share of SA	100,0%	5,9%	3,1%	1,1%	0,4%	1,3%
	Gross Domestic Product - GDP Constant 2010 prices (R 1000))	3 124 887 054	171 118 176	90 553 389	31 644 692	12 902 116	36 017 980
% Share of SA	100,0%	5,5%	2,9%	1,0%	0,4%	1,2%	
Average annual growth (Constant 2010 Prices)	1,3%	1,4%	1,8%	1,6%	3,0%	-0,4%	
GDP-R per Capita(Current prices (R 1000))	82 262	71 049	84 152	54 559	41 309	80 442	
GDP-R per Capita(Constant 2010 Prices)	55 260	44 497	53 239	35 255	26 299	47 608	
Tress index	40,16	50,51	63,22	46,70	43,85	43,47	
Location quotient	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM	
Agriculture	1,00	1,18	0,47	2,06	3,60	1,42	
Mining	1,00	4,06	6,36	0,69	0,74	2,23	
Manufacturing	1,00	0,40	0,43	0,44	0,27	0,36	
Electricity	1,00	0,94	0,69	1,52	1,15	1,02	
Construction	1,00	0,63	0,46	0,77	0,97	0,82	
Trade	1,00	0,78	0,63	0,89	1,05	1,00	
Transport	1,00	0,67	0,51	0,85	0,94	0,82	
Finance	1,00	0,65	0,51	0,77	0,90	0,82	

	Community services	1,00	0,92	0,55	1,59	1,28	1,15
	Total Industries	1,00	1,00	1,00	1,00	1,00	1,00

Source: IHS Markit; Regional eXplorer 1417 (2.6b)

The 2017 *Gini coefficient* indicates that the level of equality is decreasing from 0,60 in 2009 to 0.62 in 2017 or the North West province. This is a trend for South Africa and the District Municipalities as well.

With regards to the economy, the *Tress index* provides insight into the level of concentration (or diversification) within an economic region. A Tress index value of 0 means that all economic sectors in the region contribute *equally* to GVA, whereas a Tress index of 1 means that only one economic sector makes up the whole GVA of the region. In the table above it is clear that the NW province is one of the most concentrated economies in the country due to the mining sector.

Table 8: Sectoral Contribution by Province (% of provincial GVA current prices), 2017

Sector	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpumalanga	Northern Cape	North-West	Western Cape	South Africa
Agriculture	2,1%	5,5%	0,5%	4,0%	2,6%	2,9%	7,4%	3,0%	4,1%	2,6%
Mining	0,1%	10,4%	3,2%	1,5%	28,5%	22,6%	20,8%	32,6%	0,2%	8,0%
Manufacturing	12,5%	11,6%	14,6%	18,0%	2,9%	14,2%	3,4%	5,3%	15,0%	13,2%
Electricity	2,4%	4,8%	3,2%	3,8%	4,3%	7,7%	4,0%	3,5%	2,9%	3,7%
Construction	4,1%	2,4%	4,0%	4,2%	3,2%	3,0%	3,7%	2,5%	5,4%	3,9%
Trade	20,6%	13,9%	13,7%	15,4%	15,0%	14,6%	11,9%	11,8%	17,4%	15,0%
Transport	9,4%	10,5%	10,0%	13,5%	4,9%	6,5%	12,1%	6,6%	10,9%	9,9%
Finance	17,9%	15,8%	25,1%	16,6%	14,9%	11,8%	14,4%	13,2%	25,6%	20,2%
Community services	30,8%	25,1%	25,7%	23,0%	23,8%	16,5%	22,3%	21,6%	18,4%	23,5%
Total Industries	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: IHS Markit Regional eXplorer version 1417

Total Tourism spend as % of GDP (Current prices) is just below the National contribution but higher in Bojanala where the Pilanesberg Game Reserve is located as well as Ngaka Modiri Molema where border posts to Botswana are located. It is clear from the 2017 figures that domestic tourism is decreasing and international tourism is increasing.

Tourism	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Total Tourism Spend (R 1000, Current prices)	276 540 739	15 338 263	9 979 886	2 618 034	685 664	2 054 680
Growth in Tourism (using bednights) by origin						
Domestic tourists	-2,1%	-0,9%	-0,8%	-1,2%	-0,8%	-1,2%
International tourists	11,8%	10,2%	10,0%	10,2%	11,7%	10,8%
Total tourists	4,9%	3,8%	4,4%	2,4%	2,1%	4,1%
Total Tourism spend as % of GDP (Current prices)	5,9%	5,6%	7,0%	5,3%	3,4%	3,4%

Source: IHS Markit; Regional eXplorer 1417 (2.6b)

International Trade		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
	Exports (R 1000)	1 191 658 171	24 259 997	21 309 361	1 086 060	488 320	1 376 256
	Imports (R 1000)	1 094 510 375	6 623 924	2 387 554	274 431	395 797	3 566 142
	Total Trade (R 1000)	2 286 168 546	30 883 921	23 696 915	1 360 491	884 118	4 942 397
	Trade Balance (R 1000)	97 147 796	17 636 073	18 921 808	811 628	92 523	-2 189 886
	Exports as % of GDP	25,6%	8,8%	14,5%	2,2%	2,4%	2,3%
	Total trade as % of GDP	49,1%	11,2%	16,1%	2,8%	4,4%	8,3%
	Regional share - Exports	100,0%	2,0%	1,8%	0,1%	0,0%	0,1%
	Regional share - Imports	100,0%	0,6%	0,2%	0,0%	0,0%	0,3%
	Regional share - Total Trade	100,0%	1,4%	1,0%	0,1%	0,0%	0,2%

Source: IHS Markit; Regional eXplorer 1417 (2.6b)

Exports from the Province are low as per the statistics below. This can be attributed to the fact that most of the exporters in the North West have their Head Quarters in other provinces and the exports are recorded there. The province has a healthy positive export balance which indicates more exports than imports. Please see more information in the section on trade.

Table 9: North West Sector Contributions to GVA-R (Current Prices) and Employment in 2017 ((Source:IHS Markit Regional eXplorer 1479 (2.6d))

	Sector	Sector Contribution to GVA-R Current Prices (2017)	Sector Contribution to Employment (2017)	Growth in GVA-R 2008-2017 %	Jobs created or lost from 2008 to 2017 %	Jobs created or lost from 2008 to 2017 number
Primary Sector	Agriculture	3,00%	6.3%	78,7%	16,9%	8 476
	Mining	32,60%	17.6%	79,0%	-24,3%	-43 040
Secondary Sector	Manufacturing	4,80%	7.7%	70,5%	-5,3%	-3 196
	Electricity	3,50%	0.4%	345,5%	16,5%	413
	Construction	2,50%	7.2%	32,4%	28,9%	12 046
Tertiary Sector	Trade	11,80%	20.7%	109,1%	11,8%	17 575
	Transport	6,60%	3.9%	89,3%	33,8%	7 231
	Finance	13,20%	11.1%	104,2%	24,0%	17 597
	Community Services	21,60%	25.1%	115,6%	39,1%	53 074
TOTAL		R273bn	858,432	95,20%	8,10%	70 177
As % of National GDP		5,90%	5.4%			

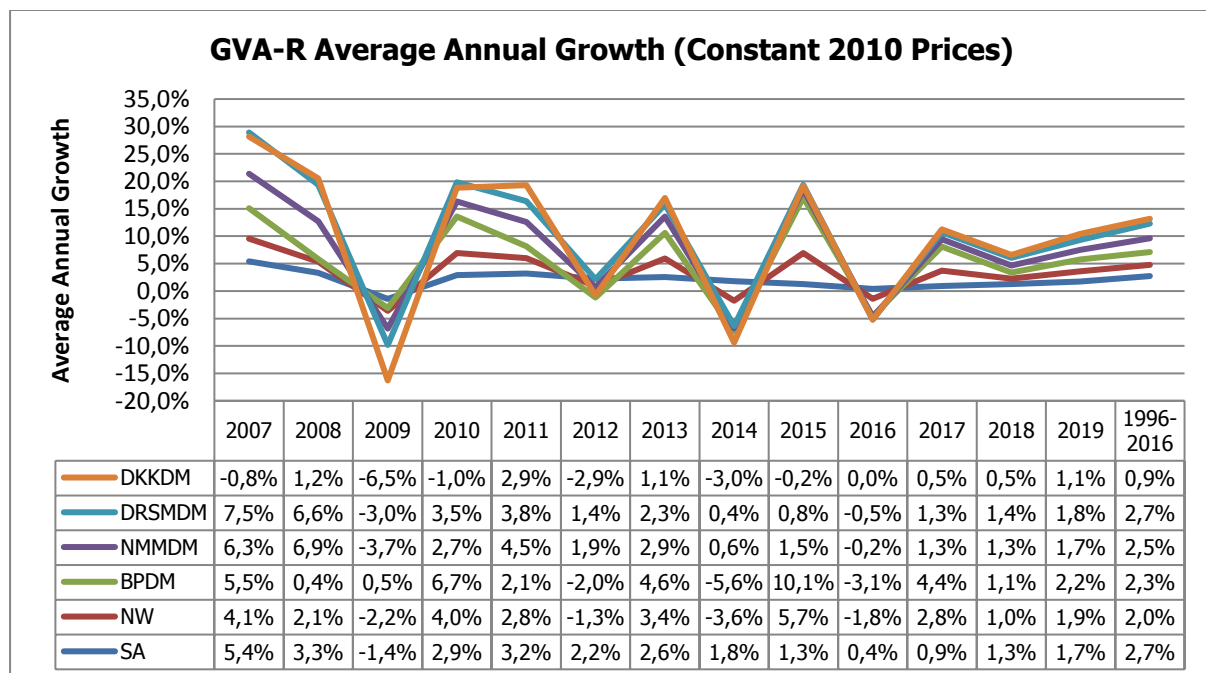
Table 10: Areas with location quotients ≥ 1.1 by broad economic sector in the NWP (2017) (Source: IHS Markit Regional eXplorer 1479)

Location Quotient 2017 (Source: IHS Markit Regional eXplorer 1479 (2.6d))									
	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community Services
NW	1,18	4,06	0,40	0,94	0,63	0,78	0,67	0,65	0,92
District Municipalities									
BPDM	0,47	6,36	0,43	0,69	0,46	0,63	0,51	0,51	0,55
NMMDM	2,06	0,70	0,44	1,51	0,77	0,89	0,85	0,77	1,59

DRSMDM	3,60	0,74	0,27	1,14	0,97	1,05	0,94	0,90	1,28
DKKDM	1,42	2,23	0,36	1,02	0,82	1,00	0,82	0,82	1,15
Local Municipalities									
BPDM									
Moretele	0,36	0,25	0,78	2,33	0,83	1,21	0,93	1,15	1,03
Madibeng	0,79	3,83	0,76	0,79	0,66	0,81	0,75	0,66	0,79
Rustenburg	0,22	9,35	0,17	0,26	0,24	0,35	0,26	0,31	0,26
Kgetlengrivier	0,48	9,38	0,16	0,19	0,27	0,33	0,31	0,24	0,29
Moses Kotane	0,35	6,00	0,19	1,22	0,44	0,81	0,43	0,50	0,67
NMMDM									
Ratlou	2,77	0,53	0,24	0,63	0,80	0,84	0,78	0,82	1,84
Tswaing	6,45	0,68	0,42	0,45	0,84	0,87	0,84	0,54	1,50
Mahikeng	0,90	0,31	0,27	1,58	0,72	0,92	0,84	0,89	1,83
Ditsobotla	2,90	1,18	0,87	0,53	0,95	0,84	1,08	0,69	1,23
Ramotshere Moiloa	1,36	1,17	0,43	3,87	0,63	0,96	0,59	0,63	1,35
DRSMDM									
Naledi	3,87	0,24	0,28	0,80	0,81	1,31	1,22	1,13	1,01
Mamusa	5,08	0,91	0,20	1,16	1,41	1,08	0,81	0,97	0,99
Greater Taung	1,29	1,21	0,16	1,98	0,80	0,93	0,76	0,91	1,47
Lekwa-Teemane	4,50	0,69	0,62	0,59	1,19	1,06	1,01	0,72	1,17
Kagisano/Molopo	4,91	0,70	0,16	0,85	0,98	0,81	0,81	0,63	1,70
DKKDM									
City of Matlosana	0,55	3,00	0,29	0,87	0,76	1,03	0,86	0,85	1,00
Maquassi Hills	5,80	1,37	0,38	0,45	1,21	0,99	0,79	0,66	1,14
JB Marks (Tlokwe/Ventersdorp)	2,14	1,11	0,48	1,36	0,85	0,95	0,76	0,81	1,39

The Average Annual growth rate for the Bokone Bophirima Province has clearly improved.

Figure 7: GVA-R Average annual growth (Constant 2010 Prices)

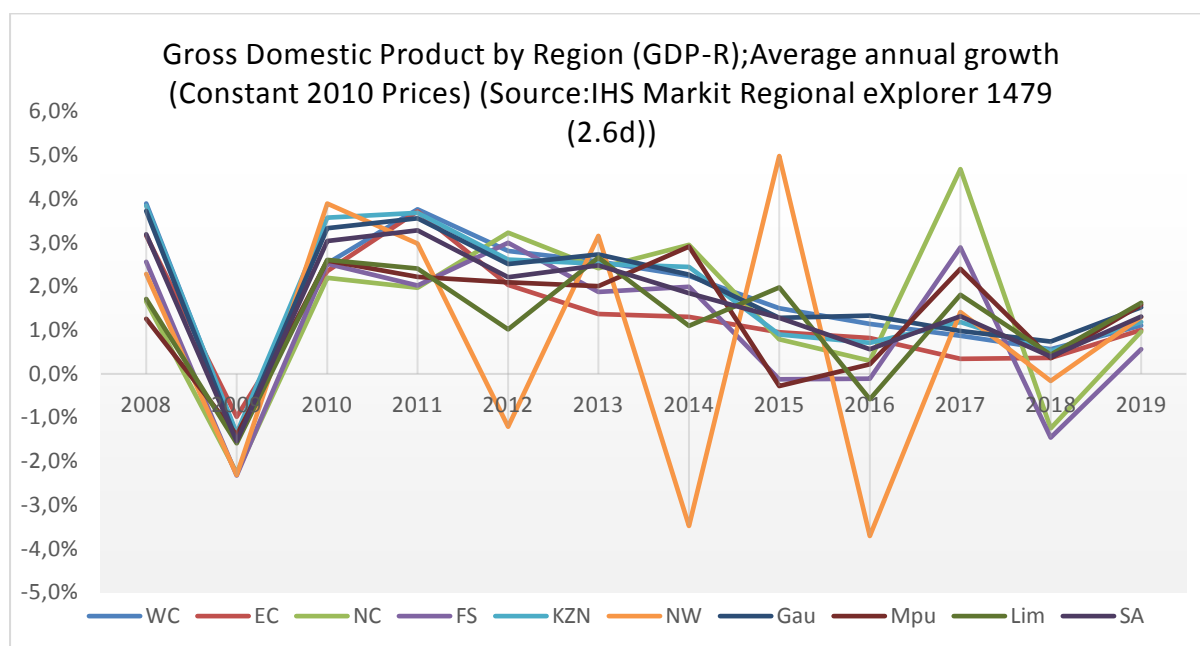


Source: IHS Markit: Regional eXplorer 1181 (2.6a)

In the graph below the average annual growth of the Bokone Bophirima Province is compared with the national growth figures as well as with Gauteng, Limpopo, Free State and Mpumalanga. It is clear that

the Bokone Bophirima Province growth is more volatile which can be attributed to the heavy reliance on mining.

Figure 8: Average Annual Growth South Africa, and Provinces



According to the *Regional Economic Review: Current realities in the North West Province, A report from the TRADE (Trade and Development) research niche area of the North West University; March 2014*, the provincial economy is *structurally unbalanced with the primary and tertiary sectors contributing more towards GDP-R and growing faster than the secondary sector*. The situation is further exacerbated by;

- limited water and electricity supply,
- the poor state of infrastructure,
- shortage of skilled labourers and
- rigid regulatory and legislative policies.

A provincial input-output analysis points to a situation of high economic leakages and a dislocation of supply and demand across a number of industries. This has resulted in input and output activities between industries not operating in tandem, minimising the competitiveness of the province.

Employment

North West Employment Figures Compared to South Africa (Source: STASSA Q4 2018)

Table 11: South Africa's Employment Figures Oct 2016 to Dec 2018

SOUTH AFRICA										
	Oct-Dec 2016	Jan-Mar 2017	Apr-June 2017	Jul-Sept 2017	Oct-Dec 2017	Jan-Mar 2018	Apr-June 2018	Jul-Sept 2018	Oct-Dec 2018	% Change Y on Y
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	%
Population 15-64 yrs	36 905	37 061	37 217	37 373	37 525	37 678	37 832	37 985	38 134	1,6
Labour Force	21 849	22 426	25 403	22 402	22 051	22 358	22 370	22 589	22 668	2,8
Employed	16 069	16 212	16 100	16 192	16 171	16 378	16 288	16 380	16 529	2,2
Unemployed	5 781	6 214	6 177	6 210	5 880	5 980	6 083	6 209	6 139	4,4
Not economically active	15 055	14 634	14 941	14 971	15 474	15 320	15 462	15 395	15 466	-0,1

Discouraged work-seekers	2 292	2 277	2 361	2 436	2 538	2 787	2 864	2 733	2 841	11,9
Other	12 763	12 357	12 580	12 536	12 936	12 533	12 598	1 266	12 625	-2,4
Rates (%)										
Unemployment rate	26,5	27,7	27,7	27,7	26,7	26,7	27,2	27,5	27,1	0,4
Employed / population ratio (Absorption)	43,5	43,7	43,3	43,3	43,1	43,5	43,1	43,1	43,3	0,2
Labour force participation rate	59,2	60,5	59,9	59,9	58,8	59,3	59,1	59,5	59,4	0,6

Table 12: North West's Employment Figures Oct 2016 to Dec 2018

NORTH WEST										
	Oct-Dec 2016	Jan-Mar 2017	Apr-June 2017	Jul-Sept 2017	Oct-Dec 2017	Jan-Mar 2018	Apr-June 2018	Jul-Sept 2018	Oct-Dec 2018	% Change Y on Y
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	%
Population 15-64 yrs	2 490	2 501	2 512	2 523	2 534	2 545	2 556	2 567	2 577	1,7
Labour Force	1 304	1 328	1 343	1 332	1 313	1 338	1 323	1 360	1 325	0,9
Employed	959	976	978	983	999	992	977	979	973	-2,7
Unemployed	345	353	365	349	314	346	346	381	352	12,2
Not economically active	1 186	1 173	1 169	1 191	1 221	1 207	1 232	1 207	1 253	2,6
Discouraged work-seekers	231	254	269	294	285	296	323	300	313	9,9
Other	955	919	900	897	936	911	909	906	940	0,4
Rates (%)										
Unemployment rate	26,5	26,5	27,2	26,2	23,9	25,8	26,1	28	26,6	2,7
Employed / population ratio (Absorption)	38,5	39	38,9	39	39,4	39	38,2	38,1	37,7	-1,7
Labour force participation rate	52,4	53,1	53,5	52,8	51,8	52,6	51,8	53	51,4	-0,4

Table 13: North West Employment by Industry Figures Compared to South Africa (Source: STASSA Q4 2018)

	SA Oct-Dec 2016 Thousands	SA Jan-Mar 2017 Thousands	SA Apr-Jun 2017 Thousands	SA Jul-Sept 2017 Thousands	SA Oct-Dec 2017 Thousands	SA Jan-Mar 2018 Thousands	SA Apr-June 2018 Thousands	SA Jul-Sept 2018 Thousands	SA Oct-Dec 2018 Thousands	SA % Share Contribution on Oct-Dec 2018
Agriculture	919	875	835	810	849	847	843	842	849	5,1%
Mining	421	447	434	446	411	397	435	406	438	2,6%
Manufacturing	1 727	1 790	1 799	1 749	1 791	1 849	1 744	1 719	1 766	10,7%
Utilities	131	145	148	153	149	143	161	156	134	0,8%
Construction	1 483	1 505	1 395	1 365	1 390	1 431	1 476	1 502	1 481	9,0%
Trade	3 222	3 207	3 265	3 286	3 240	3 276	3 219	3 305	3 320	20,1%
Transport	961	965	954	988	1 001	960	1 014	996	965	5,8%
Finance	2 329	2 378	2 395	2 463	2 373	2 402	2 399	2 502	2 611	15,8%
Community and Social Services	3 571	3 569	3 560	3 616	3 691	3 785	3 692	3 675	3 624	21,9%
Private House Holds	1 299	1 319	1 311	1 313	1 270	1 275	1 296	1 267	1 332	8,1%
Other	5	11	3	3	6	12	8	11	9	0,1%
TOTAL	16 069	16 212	16 100	16 192	16 171	16 378	16 288	16 380	16 529	100,0%

	NW Oct- Dec 2016 Thousands	NW Jan- Mar 2017 Thousands	NW Apr- Jun 2017 Thousands	NW Jul- Sept 2017 Thousands	NW Oct- Dec 2017 Thousands	NW Jan- Mar 2018 Thousands	NW Apr- Jun 2018 Thousands	NW Jul- Sept 2018 Thousands	NW Oct- Dec 2018 Thousands	NW% Share Contributi on Jul- Sept 2018	NW as % of SA
Agriculture	55	50	54	49	47	47	43	60	62	6,4%	7,3%
Mining	128	132	132	137	128	125	147	133	130	13,4%	29,7%
Manufacturing	66	74	77	78	85	74	49	54	55	5,7%	3,1%
Utilities	6	1	5	5	5	5	11	7	10	1,0%	7,5%
Construction	72	87	84	71	90	96	94	79	87	8,9%	5,9%
Trade	198	179	197	200	206	197	190	197	179	18,4%	5,4%
Transport	37	38	31	35	36	33	34	33	32	3,3%	3,3%
Finance	79	87	99	102	111	117	100	98	94	9,7%	3,6%
Community and Social Services	233	242	210	230	218	228	231	241	237	24,4%	6,5%
Private House Holds	85	86	89	78	72	70	77	76	85	8,7%	6,4%
Other											
TOTAL	959	976	978	983	999	992	976	979	973	100,0%	5,9%

2.3.2 North West Location and Infrastructure

Location is one of the NWP's greatest natural advantages. The main Cape Town to Zimbabwe railway line runs through the provincial capital of Mahikeng, linking the NWP to several southern African countries, including Angola, Zambia and Botswana. An extensive road network connects the major commercial centres of the province to the rest of the country via a network of 1 785 km of national roads. The vital east-west corridor links the eastern Africa seaboard at Maputo to the western African seaboard at Walvis Bay, running through the NWP en-route. Its strategic positioning has been further improved with the completion of the Trans Kalahari Corridor through Botswana and Namibia – and these developments bode well for a thriving business and tourism economy.

In terms of airports, Mahikeng has an established airport with one of the longest runways in the world and Pilanesberg (near Sun City) also has an international airport, primarily servicing the tourism industry.

Water is considered one of the key limiting factors to development in the NWP. The province is not only depleting its precious water reserves, but suffers from an additional problem – that of pollution of groundwater caused by both natural and human-induced factors including mining and industrial activities, agriculture and domestic use.

With regards to electricity, the NWP has a well-developed electricity distribution network due to mining activities. The current electricity crisis can also be seen as an opportunity to develop other energy technologies and to invest in renewable energy.

Bordering Botswana, the NWP is ideally positioned to access the 14 countries comprising the Southern African Development Community and the development of the proposed Trans-Kalahari corridor will enhance NWP access to the West African market.

The NWP's well developed road and rail links provide the platform and infrastructure for ground transportation deep into sub-Saharan Africa.

The SADC Foreign Trade Agreement (FTA) signed in August 2008 provides access to a market of over 250 MILLION CONSUMER.

Future FTA with SADC, COMESA & EAC will provide access to a market of over 700 MILLION CONSUMERS.

NWP offers easily available skills and distribution channels imperative for agriculture commercial ventures.

NWP plays a significant role in the supply of energy, transport and communications to the continent.

NWP is well positioned to a shared services hub for investors interested in African operations, especially for Sub-Saharan countries.

2.3.3 North West Policy Guidelines

Given the economic growth forecasts, key demographic and socio-economic characteristics and the current economic and structural realities in the North West, the NWPG has an important role to play in setting the framework for growth and outlining the necessary actions to stimulate growth in areas such as innovation, research and development, skills, education, exports, FDI and entrepreneurship. This also means identifying and supporting business growth in areas where there is the greatest potential, whilst ensuring that the necessary economic infrastructure is in place to capitalise on the existing strengths and opportunities.

The North West Development Corporation (NWDC) has identified the following key and cross-cutting sectors, based on the renewed focus in the NWP

Key economic sectors include:

- Agriculture and agro-processing
- Culture
- Tourism
- Mining and mineral beneficiation
- Manufacturing
- Green economy
- ICT

Cross-cutting sectors include:

- Small and medium enterprise (SME)
- International trade
- Innovation and R&D
- Business process outsourcing (BPO)

Based on the information above NWDC will close the gap by focusing on smart specialization. Smart specialization is about placing greater emphasis on innovation and having an innovation-driven development strategy in place that focuses on each area's strength and competitive advantage. It aims at identifying factors of competitiveness and concentrating resources on key priorities. It also aims to harness area diversity by avoiding uniformity and duplication in investment goals. It combines goal-setting with a dynamic and entrepreneurial discovery process involving key stakeholders from government, business, academia and other knowledge-creating institutions.

3. SOUTH AFRICA'S GLOBAL COMPETITIVENESS

The Global Competitiveness Index (GCI) tracks the performance of close to 140 countries on 12 pillars of competitiveness. It assesses the factors and institutions identified by empirical and theoretical research as determining improvements in productivity, which in turn is the main determinant of long-term growth and an essential factor in economic growth and prosperity. The Global Competitiveness Report hence seeks to help decision makers understand the complex and multifaceted nature of the development challenge; to design better policies, based on public-private collaboration; and to take action to restore confidence in the possibilities of continued economic progress.

South Africa's performance in the 2017-2018 World Economic Forum Global Competitiveness Index (WEF GCI) slipped 14 positions from the 2016-2017 WEF GCI results, leaving the country ranking 61 out of 137 economies assessed in the annual survey.

Corruption, crime and theft, as well as government instability were cited as three primary reasons why the country dropped 14 positions in the overall rankings this year, although it remains one of the most competitive countries in sub-Saharan Africa, and among the region's most innovative ranked 39th.

Other factors related to the fall in the index released on Wednesday include tax rates, inefficient government bureaucracy, poor work ethic in the national labour force, restrictive labour regulations, inadequately educated Workforce, inflation, access to financing, and policy instability.

Top 10 Positive Rankings for South Africa as per the WEF Global Competitiveness Rankings 2017 2018

- Internet bandwidth (11)
- Strength of investor protection (21)
- Willingness to delegate authority (24)
- Financing through local equity market (25)
- Quality of air transport infrastructure (25)
- Mobile cellular-phone subscriptions (27)
- Redundancy costs (labor market efficiency) (27)
- Effectiveness of anti-monopoly policy (28)
- University-industry collaboration in R&D (29)
- Available airline seat kilometers (millions per week) (29)

Conceptually there are parallels between the World Competitiveness Yearbook and the Global Competitiveness Report understandings of competitiveness. For the Global Competitiveness Report competitiveness is "the set of institutions, policies, and factors that determine the level of productivity of a country". The level of productivity, in turn, sets the level of prosperity that can be reached by an economy" (WEF, 2014). According to the World Competitiveness Yearbook, competitiveness is the "ability of a nation to create and maintain an environment that sustains more value creation for its enterprises and more prosperity for its people" (IMD World Competitiveness Center, 2014). Both reports, in other words, highlight the importance of prosperity as the ultimate outcome of competitiveness.

THE IMD WORLD COMPETITIVENESS SCOREBOARD

The IMD World Competitiveness Scoreboard 2018 by the Institute for Management Development in Zurich (IMD) assesses the competitiveness landscape of 63 economies, providing insight into the drivers of their productivity and prosperity. South Africa ranked no 53 in 2017 as well as in 2018 and has been alternating between positions 52 and 53 since 2013.

The IMD World Competitiveness Yearbook (WCY) rates the ability of 63 industrialised and emerging economies to create and maintain an environment that sustains the competitiveness of enterprises. Country data is evaluated through distinct criteria, grouped into four competitiveness factors, namely: government efficiency, business efficiency, economic performance and infrastructure.

The WCY ranking is an annual report on the competitiveness of selected countries and is recognised internationally as the leading Executive Opinion Survey of competitiveness between nations. The rankings are drawn from a combination of hard data and the results of an Executive Opinion Survey. Productivity SA is the information partner for the IMD in South Africa.

South Africa ranks 53rd out of 63 countries on the 2018 IMD World Competitiveness Rankings. This is the same position it held last year and one position lower than in 2016.

According to the index report, the country's challenges in 2018 are:

- low growth and high unemployment;
- limited fiscal space and higher public debt interest payments;
- deteriorating primary and secondary education standards and educational attainment; uncertainty about pending legislation on the land reform process; and
- inefficiency and mismanagement of state-owned enterprises.

South Africa ranks last in terms of its unemployment rate; 57th for its consumer price inflation; and 51st for direct investment inflows as a percentage of gross domestic product.

An effective legal environment was listed as the country's most attractive aspect, followed by open and positive attitudes, cost competitiveness and reliable infrastructure.

A skilled workforce and competency of government were listed as the least attractive aspects of the country.

"Progress in institutional framework driven by exchange rate stability contributes to a slight increase in government efficiency (in SA). A minor reduction in crime and some measures on gender disparity also support that increase," states the survey report about South Africa.

"Positive GDP growth and an improving current account deficit suggest that South Africa may be moving out of its transition period, while the continued broad range of export partners supports stability."

Still the same top five

The top five most competitive economies in the world remain the same as in the previous year, but their order has changed.

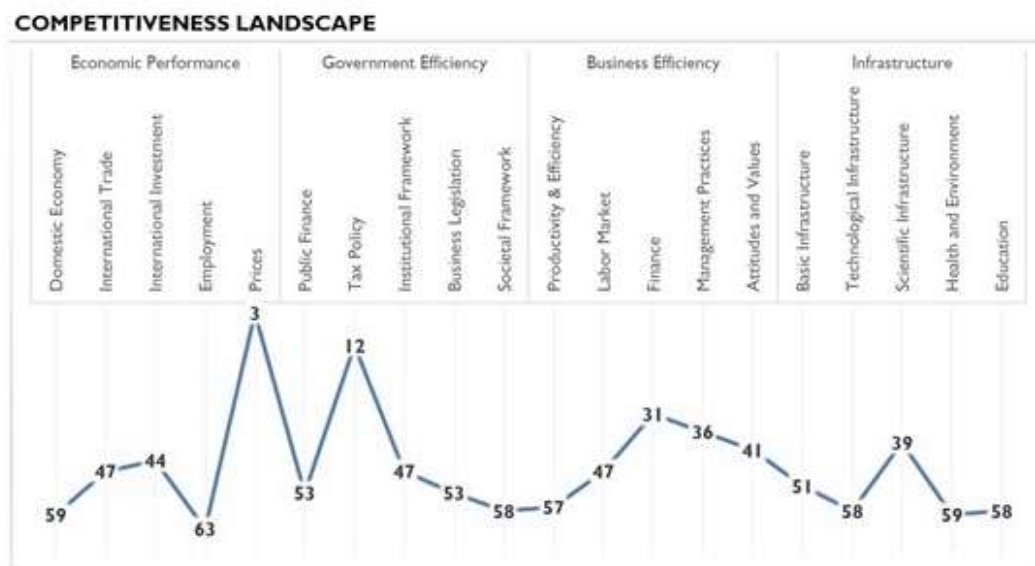
The US returns to the first spot, followed by Hong Kong, Singapore, the Netherlands and Switzerland. Austria (18th) and China (13th) considerably improved their positions by seven and five places respectively.

The bottom five economies show a slight change in their performance, especially those countries that have experienced economic and political distress in the last few years.

While Mongolia (62nd) and Venezuela (63rd) remain in the last positions, Ukraine (59th) and Brazil (60th) show improvement.

Figure 9: South Africa's Competitiveness

South Africa's competitiveness:



(Source: IMD)

“Whether or not a country is competitive is not determined by short-term growth, countries’ own assessment of prosperity, or even competition. Rather, it is about the ability to generate sustainable long-term value. From an entrepreneur’s point of view, another key factor identified by the IMD World Competitiveness Center is that a country that improves its competitiveness will see a subsequent improvement in GDP and stock market growth”. (IMD)

**DOING BUSINESS (Business Environment/Climate)
(COMPARING BUSINESS REGULATIONS FOR DOMESTIC FIRMS IN 190 ECONOMIES
World Bank Group Flagship Report 20190**

The aggregate ranking on the ease of doing business benchmarks each economy’s performance on the indicators against that of all other economies in the Doing Business sample. While this ranking tells much about the business environment in an economy, it does not tell the whole story. A high ranking does mean that the government has created a regulatory environment conducive to operating a business.

"Sound and efficient business regulations are critical for entrepreneurship and a thriving private sector. Without them, we have no chance to end extreme poverty and boost shared prosperity around the world." (Source: Jim Yong Kim; President of the World Bank Group)

Economies are ranked on their ease of doing business, from 1–190. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm. And the following aspects are measured to determine the Doing Business Score:

1. Starting a business
2. Dealing with construction permits
3. Getting electricity
4. Registering property
5. Getting credit
6. Protecting minority investors
7. Paying taxes
8. Trading across borders
9. Enforcing contracts
10. Resolving insolvency

Figure 10: What is measured in Doing Business:

What is measured in *Doing Business*?



Source: Doing Business database. Note: Labor market regulation is not included in the ease of doing business ranking.

Since its launch in 2003, Doing Business has inspired more than 3,500 reforms in the 10 areas of business regulation measured by the report. This year, we observed a peak in reform activity worldwide—128 economies undertook a record 314 reforms in 2017/18. Around the world, registering a business now takes an average of 20 days and costs 23% of income per capita, compared to 47 days and 76% of income per capita in 2006. Even more telling, today the average paid-in minimum capital that entrepreneurs must deposit is 6% of income per capita, compared with 145% of income per capita in 2006. The global average time to prepare, file and pay taxes has fallen from 324 hours in 2005 to 237 hours in 2017.

- Doing Business captured a record 314 regulatory reforms between June 2, 2017, and May 1, 2018. Worldwide, 128 economies introduced substantial regulatory improvements making it easier to do business in all areas measured by Doing Business.
- The economies with the most notable improvement in Doing Business 2019 are Afghanistan, Djibouti, China, Azerbaijan, India, Togo, Kenya, Côte d'Ivoire, Turkey and Rwanda.
- One-third of all business regulatory reforms recorded by Doing Business 2019 were in the economies of Sub-Saharan Africa. With a total of 107 reforms, Sub-Saharan Africa once again has a record number this year.
- The BRIC economies—Brazil, the Russian Federation, India and China—introduced a total of 21 reforms, with getting electricity and trading across borders the most common areas of improvement.
- The 10 top economies in the ease of doing business ranking share common features of regulatory efficiency and quality, including mandatory inspections during construction, automated tools used by distribution utilities to restore service during power outages, strong safeguards available to creditors in insolvency proceedings and automated specialized commercial courts.
- Training opportunities for service providers and users are positively associated with the ease of doing business score. Similarly, increased public-private communication on legislative changes and processes affecting SMEs are associated with more reforms and better performance on the Doing Business indicators.
- South Africa ranked no 82.
- Top 10 Ranked Countries:
 - 1 New Zealand
 - 2 Singapore
 - 3 Denmark
 - 4 Hong Kong SAR,
 - 5 Korea, Rep.
 - 6 Georgia
 - 7 Norway
 - 8 United States
 - 9 United Kingdom
 - 10 Macedonia.

(Source: <https://www.worldbank.org/en/news/immersive-story/2018/10/31/doing-business-2019-a-year-of-record-reforms-rising-influence>)

4. FOREIGN DIRECT INVESTMENT (FDI)

Definition: What is a 'Foreign Direct Investment - FDI'

Foreign direct investment (FDI) is an investment made by a company or individual in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company. Foreign direct investments are distinguished from portfolio investments in which an investor merely purchases equities of foreign-based companies. The key feature of foreign direct

investment is that it is an investment made that establishes either effective control of, or at least substantial influence over, the decision making of a foreign business. (Source: <http://www.investopedia.com/terms/f/fdi.asp#ixzz4I3cOUDNW>)

There are various institutions that do research on FDI and publish reports including: the annual World Investment Report by UNCTAD (Free Report), the annual fDi Report on Greenfield Investment - by fDi Intelligence a subsidiary of the Financial Times Ltd, the Annual Africa Investment Report by fDi Intelligence and The Foreign Direct Investment Confidence Index®. Information on FDI to the North West province can be obtained through subscription to fDi Intelligence at a cost of £20,000 British pounds per annum. NWDC research has agreed with Dti that they will supply the information to NWDC.

PwC's Strategy& analysis – 'What foreign investors want: South African insights from a global perspective on factors influencing FDI inflows since 2010' – sets out to ascertain what foreign investors are looking for when investing in a country, with a particular focus on South Africa's performance in this regard. The analysis identifies 19 key variables that potential investors will consider in their investment decisions: political stability; policy continuity; exchange rate stability; labour force affordability and flexibility; safety and security; property rights; state stability; investment freedom; competitiveness of the economy; quality of infrastructure; efficiency of government regulation; control of corruption; rule of law; quality of governance; trade openness; investor protection; corporate tax rate; ease of trading across borders; and natural resources.

Data from the United Nations Conference on Trade and Development (UNCTAD) indicates that FDI inflows into South Africa declined from an equivalent 2.3% of gross domestic product (GDP) during 2013 to 0.5% of GDP in 2016, with PwC's Strategy& estimating a reading of around 0.4% of GDP for 2017. The overall number of completed deals with South Africa as the target market declined from 163 in 2015 to 117 in 2016, and fell to just 79 in 2017.

The Strategy& research found that differences in factors such as:

- trade openness,
- efficiency of government regulation,
- safety and security,
- property rights,
- quality of infrastructure,
- control of corruption, and
- policy continuity are associated with differences in FDI inflows, as discussed in a South African context in the report. Further, the results show that, across 132 countries, the two factors showing the highest correlation with FDI inflows are openness to trade and the efficiency of government regulation.

The 2018 A.T. Kearney Foreign Direct Investment Confidence Index®

The Foreign Direct Investment Confidence Index®, established in 1998, examines the overarching trends in FDI. The top 25 ranking is a forward-looking analysis of how political, economic, and regulatory changes will likely affect countries' FDI inflows in the coming years and there has been a strong correlation between the rankings and global FDI flows.

The US has topped the AT Kearney Foreign Direct Investment Confidence Index, and investors are at their most confident since 2014. For the sixth year in a row, the US has topped the AT Kearney Foreign Direct Investment Confidence Index. Although political risks remain front of mind, investors are more bullish regarding the global economy than they have been since 2014. The consistent attractiveness of the US to foreign investors can be attributed to its upward economic performance, a huge domestic market and new lower corporate tax rate, found the report. "The government's protectionist rhetoric and actions may also be motivating some companies to invest in the US to maintain market access," it said.

Among the other leading destinations for FDI, there have been a few shifts. Most notably, Canada rose to second place this year, its highest-ever ranking in the index, while China fell to fifth place, its lowest ranking. Italy and Switzerland entered the top 10 for the first time in more than a decade, thereby relegating India and Singapore.

AT Kearney’s report found that investors are focused on opportunities in Europe. European markets accounted for half of the top 10 and half of the total positions on this year’s index. After losing some ground to emerging markets last year, developed economies reached a record high of 84% of the positions on the 2018 index.

Global investors are particularly optimistic about economic opportunities in Europe, Asia-Pacific, Eurasia and the Americas, while there were increased doubts regarding the outlook for the Middle East and Africa, which may explain why these regions were not represented on the index this year.

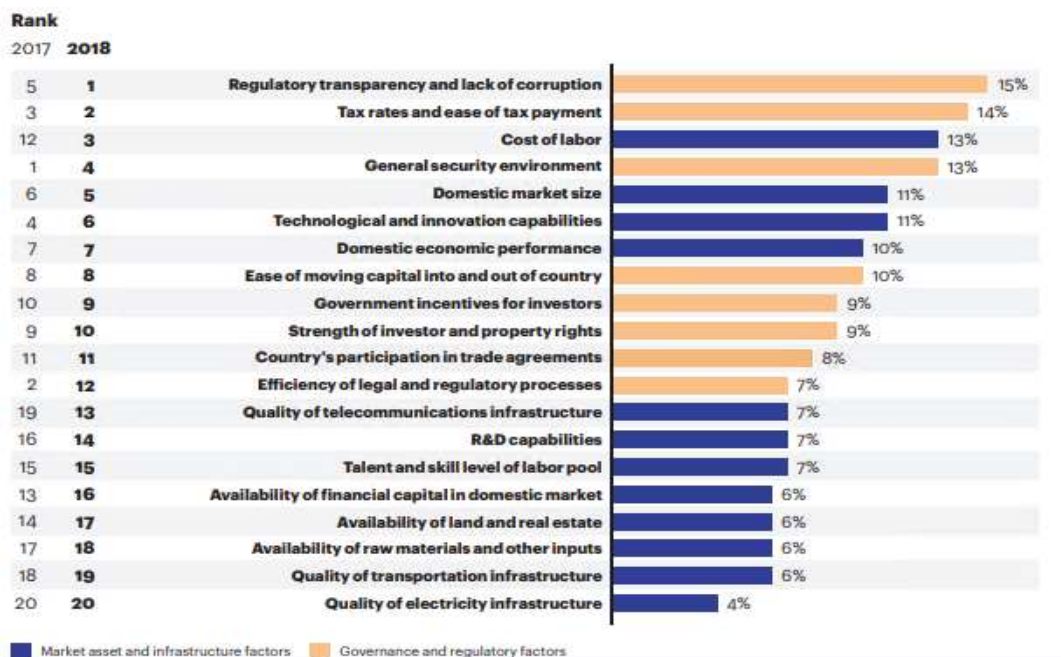
Increased geopolitical tensions topped investors’ list of likely wildcards for the fourth year in a row. Investors viewed the chance of political crisis in emerging markets as higher than last year. For the second year in a row, investors are prioritising governance factors when choosing where to invest.

Some 80% of investors said FDI will become more important for corporate profitability and competitiveness in the next three years. One explanation is that almost 90% of companies are pursuing or considering pursuing localisation strategies, and almost three-quarters of these companies are growing their reliance on FDI as a result of localising, found the report.

The vast majority of investors said that the renegotiation or termination of Nafta would reshape FDI patterns. “While modernizing Nafta’s digital trade provisions would have the most positive net effect on FDI flows to member companies, terminating Nafta would have the least positive net effect on FDI flows. Moreover, 60% of investors report that terminating Nafta would raise their company’s cost of operations, concluded AT Kearney.

Last year South Africa was on the List but has dropped off the list this year. Regulatory factors are still important but cost of labor made the largest jump in importance.

Figure 11: What are the most important overall factors when choosing where to make investments?

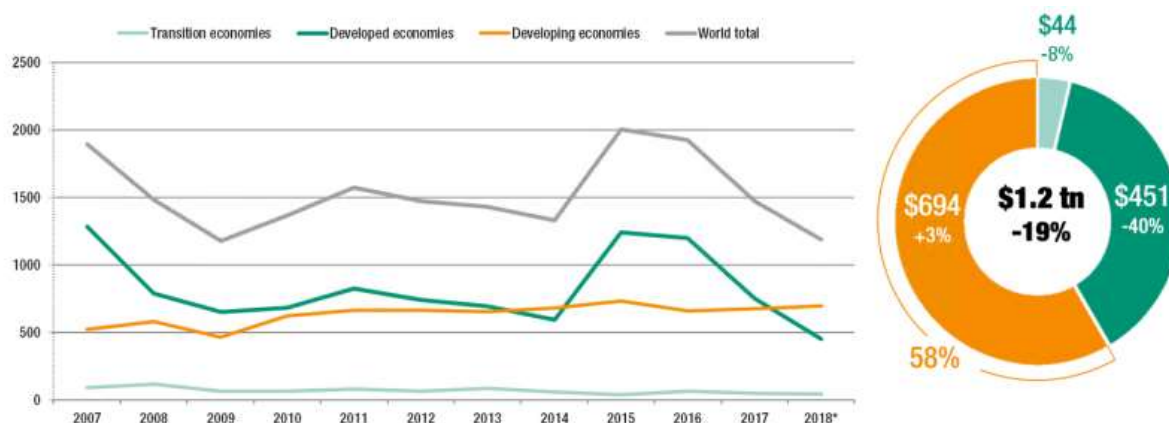


(Source: The 2018 A.T. Kearney Foreign Direct Investment Confidence Index®)

4.1 Global Investment Trends

Global Foreign Direct Investment (FDI) fell by 19% in 2018, to an estimated US\$1.2 trillion, from US\$1.47 trillion in 2017. The third consecutive drop brings FDI flows back to the low point reached after the global financial crisis.

Figure 12: FDI Inflows: Global and by group of economies 2007-2018 (Billions of US Dollars)



Source: UNCTAD.
* Preliminary estimates.

The decline was concentrated in developed countries where FDI inflows fell by 40% to an estimated US\$451 billion, mainly due to large repatriations of accumulated foreign earnings by United States multinational enterprises (MNEs), following tax reforms. This caused an unprecedented 73% decline in flows to Europe to only US\$100 billion (net of large negative flows in some countries) – a value last seen in the 1990s. A decrease was also reported in the United States (-18%) to US\$226 billion.

In contrast, FDI to developing economies remained resilient, with an increase of 3% to US\$694 billion. The share of developing economies in global FDI reached 58%. Half of the top 10 host economies are developing economies.

Among developing regions, flows increased by 5% in developing Asia and 6% in Africa (although growth there was concentrated in very few countries) but declined in Latin America and the Caribbean (-4%). East and South-East Asia was the largest host region, accounting for one-third of global FDI in 2018 and almost all of the growth in FDI to developing economies. FDI to the transition economies declined by 8% to US\$44 billion.

The largely tax-reform-driven nature of the decline in global FDI is evident from the fact that investment project values increased. Cross-border merger and acquisitions (M&As) rose by 19% to US\$822 billion.

Looking ahead, a rebound is likely in 2019 but the underlying trend remains weak.

On the positive side, greenfield project announcements – an indicator of future trends – increased by 29%, albeit from relatively low levels in 2017. Also, as repatriations abated in the third quarter of 2018, developed country inflows will revert to normal levels. However, increased risks are emerging from recent downward revisions in growth forecasts, policy factors including trade tensions and uncertainty about the global policy environment for investment, and the possibility of structurally lower reinvested earnings by United States MNE.

(Source: World Investment Monitor; Jan 2019; UNCTAD)

4.2 Africa

Africa Regional Investment Trends

- While the number of FDI projects into Africa fell by 16% to 602 in 2016, capital investment increased by 40% to \$92.3bn.
- Real estate was the top sector by capital investment in 2016, accounting for \$36.5bn (or 40%) of announced FDI in the region.
- Construction was the top business activity by capital investment, accounting for 40% of FDI. Combined, construction and manufacturing accounted for almost two-thirds of total capital investment.
- FDI into Africa accounted for 12% of global FDI in 2016, with project numbers accounting for 5%
- China became the largest investor in Africa by capital expenditure for the first time since fDi Markets records began in 2003, while the US remains the most prolific investor by number of projects

There is a focus shift towards Sustainable Development Goals (SDGs) and an Action Plan for promoting private sector contributions. SDGs are being formulated by the United Nations.

4.3 South Africa

According to the Reserve Bank capital formation growth has slowed sharply, especially in the private sector as indicated in the graphs below, however private sector electricity investment has increased post the crisis.

Figure 13: Investment Growth has Subdued



All FDI into South Africa

(Source: Prepared by Trade and Investment South Africa (TISA) a division in the dti)

Summary

FDI projects peaked in 2011

Some 129 projects, or 10.7% of projects, were recorded in 2011. This was the year in which the highest numbers of projects were recorded. During this period a total of 20,956 jobs were

created and ZAR 157.46 billion capital was invested by these projects, equating to a 9.8% and 13.4% of total jobs and capital investment respectively.

Key investors account for 28% of projects.

The top 10% of investors have created a total of 339 projects, 28% of the total projects. These investors have created a combined total of 68,007 jobs, which equates to almost one-third of the overall total. The combined capital investment from these companies reached ZAR 444.41 billion, equating to almost two-fifths of the total for all companies.

Business Services is top sector with almost one-fifth of projects.

Out of a total of 38 sectors, Business Services accounted for 19% of projects. Project volume in this sector peaked during 2012, with 29 projects tracked. Total jobs creation and capital investment in this sector was 12,550 jobs and ZAR 27.28 billion respectively.

Largest projects originate in China

With an average project size of ZAR 2.72 billion, projects originating in China are approximately three times larger than the average across all source countries. Ranked fifth in overall projects recorded with 57 in total, China created a total of 25,649 jobs and ZAR 155.20 billion capital investment.

Top five destinations attract the majority of projects.

Out of a total of 70 destination cities, the top five account for the majority of projects. Johannesburg is the top destination city accounting for 28.4% of projects tracked. Total investment into Johannesburg resulted in the creation of 29,403 jobs and ZAR 218.32 billion capital investment, equating to an average of 85 jobs and ZAR 637.78 million investment per project.

Table 14: FDI Projects recorded for South Africa between January 2003 and August 2017

South Africa Aggregate Annual Figures

Year	Projects	CAPEX (R millions)	Avg. CAPEX (R millions)	Jobs Created	Avg. Jobs Created	Companies
2003	53	46 547,50	878,70	15 280	288	50
2004	43	48 911,30	1 138,10	7 750	180	42
2005	51	37 128,70	728,10	16 377	321	48
2006	61	45 850,70	751,70	11 110	182	43
2007	43	47 482,50	1 104,00	7 340	170	40
2008	95	138 357,60	1 456,30	22 396	235	80
2009	73	60 569,40	830,30	15 903	217	62
2010	81	71 961,70	887,90	19 014	234	72
2011	130	157 580,10	1 212,70	20 995	161	112
2012	116	66 695,80	574,90	15 443	133	106
2013	104	82 859,00	796,20	14 217	136	91
2014	85	64 642,30	760,90	10 634	125	82
2015	86	57 545,60	669,20	11 562	134	78
2016	72	88 748,30	1 232,30	13 251	184	69
2017	42	35 477,30	844,70	2 306	54	31
Total	1 135	1 050 358,00	925,90	203 578	179	830

Notes:

- 1) ©fDi Intelligence, from the Financial Times Ltd 2017. Data subject to terms and conditions of use.
 - 2) All Capex Figures shown in the table are in ZAR - South African Rand millions.
 - 3) Capex data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
 - 4) Jobs data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
- (Source: FDI Intelligence Markets database, prepared by Investment South Africa (ISA) a division in the dti)

Table 15: Destination Provinces

Data for Companies from 53 source countries investing in South Africa between January 2003 and August 2017

Destination State	Projects	CAPEX (R millions)	Avg. CAPEX (R millions)	Jobs Created	Avg. Jobs Created	Companies
Gauteng	452	272 794,30	603,7	60 113	132	390
Western Cape	199	117 805,90	591,9	20 410	102	185
KwaZulu-Natal	113	108 031,00	956,0	26 285	232	90
Eastern Cape	74	99 673,10	1346,3	21 975	296	50
Northern Cape	44	130 765,80	2971,5	7 092	161	26
Mpumalanga	32	41 009,10	1282,1	11 650	364	28
Limpopo	16	49 964,20	3122,1	3 407	212	12
North West	16	23 773,30	1486,4	7 805	487	15
Free State	13	29 183,30	2244,7	4 830	371	13
Not Specified	176	177 365,50	1007,1	40 011	227	166
Total	1135	1 050 358,00	925,9	203 578	179	830

Notes:

- 5) ©fDi Intelligence, from the Financial Times Ltd 2017. Data subject to terms and conditions of use.
6) All Capex Figures shown in the table are in ZAR - South African Rand millions.
7) Capex data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
8) Jobs data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
(Source: FDI Intelligence Markets database, prepared by Investment South Africa (ISA) a division in the dti)

4.4 North West Province

The North West Province received 1.4% (16) of all projects (1135) in South Africa between 2003 and Aug 2018. This represents 2.3% (R 23.7 billion) of the capital investment and 3.8% (7805 jobs).

The North West Province had the following investments between 2003 and 2018.

North West FDI Projects Detail**Table 16: FDI Projects recorded for the North West Province between January 2003 and August 2018**

Search: All FDI into South Africa								
Data for companies from 53 source countries investing in South Africa in ten activities between January 2003 and September 2018.								
	Project Date	Investing Company	Source Country	Industry Sector	Capital Investment	Jobs Created	Estimated	Project Type
1	Jun 2003	Monroe Minerals	Canada	Minerals	728,14	383	Yes	Expansion
2	Oct 2005	International Ferro Metals	Australia	Metals	2 204,20	1000	No	Expansion
3	Jul 2006	International Ferro Metals	Australia	Metals	1 005,78	223	Yes	New
4	Nov 2006	Robert Bosch	Germany	Automotive Components	170,12	183	Yes	Expansion
5	Jul 2007	Eastern Platinum (Eastplats)	Canada	Metals	1 005,78	223	Yes	Co-Location

6	Aug 2007	Orascom Construction Industries (OCi)	Egypt	Building & Construction Materials	5 762,28	840	Yes	New
7	Jun 2008	Primus Special Projects (Pty)	Switzerland	Minerals	728,14	383	Yes	New
8	Jun 2008	Guangzhou Pharmaceuticals	China	Food & Tobacco	441,34	106	Yes	New
9	Nov 2008	Anglo Platinum	UK	Metals	4 189,44	1012	Yes	Expansion
10	Aug 2009	Platinum Australia	Australia	Metals	4 189,44	1012	Yes	New
11	Aug 2010	Xstrata-Merafe	Switzerland	Metals	1 791,55	1706	Yes	Co-Location
12	Apr 2011	Monsanto	United States	Food & Tobacco	294,66	147	Yes	New
13	Dec 2011	IGE Resources (International Gold Exploration)	Sweden	Minerals	728,14	383	Yes	New
14	Apr 2014	Syngenta	Switzerland	Food & Tobacco	128,34	55	Yes	Co-Location
15	Jun 2015	Anglo American Platinum	UK	Alternative/Renewable energy	146,02	2	Yes	Co-Location
16	Oct 2016	Neovia (InVivo) (EviaIis)	France	Food & Tobacco	260,61	147	Yes	Co-Location
		Totals			R23 774,00	7 805		

When attempting to determine an investment target for the North West Province it must be kept in mind that:

- The current level of investment is 17% of GDP for South Africa and the target is 20%;
- The North West province has not had investments since 2016; and
- The North West Province received 1.4% (16) of all projects (1135) in South Africa between 2003 and Aug 2017. This represents 2.3% (R 23.7 billion) of the capital investment and 3.8% (7805 jobs).

The information below can also contribute to calculating a target for Investment to the North West Province.

Table 17: Calculating a target for Investment in the North West Province

	SA	NW	NW as % of SA
Total Jobs Formal and Informal (2017)	15 900 474	858 662	5.4%
Total GDP (Current prices (R 1000) (2017))	R 4 651 784 780	R 273 229 493	5.87%
Current level of investment as % of GDP	17%	0%	
Target for investment as % of GDP	20%		
Target of Investment ZAR 20% of GDP 2017	R 930 356 956	R 54 645 899	
Target of Investment ZAR 2,3% of SA Target 2017		R 21 398 210	

Source: IHS Markit; Regional eXplorer 1479 (2.6d)

When considering that the NW province only achieved R23,7 billion investment between 2003 and 2018 which is 44% of R54,6 billion and not realistic considering the historic trend it is proposed that the following options be considered:

- 2.3% of the SA target which amounts to R21,4 billion; or
- 10% of the actual NW FDI for the period 2003 to 2018 which amounts to R 2,37 billion.

In terms of investor targeting it is proposed that the investors in the North West Province (as per the table above) be approached as well as the biggest investors like Nedbank to attend the conference. Also note the countries that were responsible for the biggest number of investments and the sectors of investments.

It must be noted that the information above was sourced from ©fDi Intelligence, from the Financial Times Ltd 2014 and 2016 and that the projects above might not represent all the projects and expansions in the North West province as some projects are reported in other provinces as the head office of the investing companies are located there.

5. [TRADE](#)

Table 18: North West Trade Summary 2017

North West Export Partners:	United States of America 17% Japan 13% China 9% United Kingdom 8% Netherlands 8% Mozambique 7% Germany 7% Botswana 7% Italy 3% Switzerland 3%		
North West Export Products: Harmonized System (HS) 2-digit	71 Pearls, precious or semi-precious stones, precious metals 72 Iron and steel 26 Ores, slag and ash 28 Inorganic chemicals 99 Other unclassified goods 84 Nuclear reactors, boilers, machinery and mechanical appliances 85 Electrical machinery and equipment and parts thereof 10 Cereals 08 Edible fruit and nuts; peel of citrus fruit or melons 87 Vehicles and parts and accessories thereof		
North West Import Partners:	China 24% India 11% Germany 9% Namibia 6% Thailand 5% Botswana 4% United Arab Emirates 4% Italy 4% United States of America 4% Turkey 3%		
North West Import Products: Harmonized System (HS) 2-digit	72 Iron and steel 84 Nuclear reactors, boilers, machinery and mechanical appliances 10 Cereals 85 Electrical machinery and equipment and parts thereof 01 Live animals 74 Copper and articles thereof 39 Plastics and articles thereof 87 Vehicles and parts and accessories thereof 31 Fertilizers 73 Articles of iron or steel		
	South Africa	North West Province	North West as a % of South Africa
Exports Value (ZAR):	R 1 191 658 171	R 24 259 997	2,04%
Imports Value (ZAR):	R 1 094 510 375	R 6 623 924	0,61%
Source:	<i>Source: IHS Markit: Regional eXplorer 1338 (2.6b) (2017 figures)</i>		

Table 19: International Trade Figures for 2017

International Trade (2017)						
	SA	North-West	BPDM	NMMDM	DRSMDM	DKKDM
Exports (R 1000)	1 191 658 171	24 259 997	21 309 361	1 086 060	488 320	1 376 256
Imports (R 1000)	1 094 510 375	6 623 924	2 387 554	274 431	395 797	3 566 142
Total Trade (R 1000)	2 286 168 546	30 883 921	23 696 915	1 360 491	884 118	4 942 397
Trade Balance (R 1000)	97 147 796	17 636 073	18 921 808	811 628	92 523	-2 189 886
Exports as % of GDP	25,6%	8,8%	14,5%	2,2%	2,4%	2,3%
Total trade as % of GDP	49,1%	11,2%	16,1%	2,8%	4,4%	8,3%
Regional share - Exports	100,0%	2,0%	1,8%	0,1%	0,0%	0,1%
Regional share - Imports	100,0%	0,6%	0,2%	0,0%	0,0%	0,3%
Regional share - Total Trade	100,0%	1,4%	1,0%	0,1%	0,0%	0,2%

Source: IHS Markit: Regional eXplorer 1338 (2.6b)

Table 20: International Trade Figures for 2016

International Trade (2016)						
	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Exports (R 1000)	1 107 472 999	24 747 607	21 046 353	1 246 032	582 597	1 872 625
Imports (R 1000)	1 089 677 002	5 878 139	2 415 301	281 730	213 319	2 967 790
Total Trade (R 1000)	2 197 150 001	30 625 746	23 461 654	1 527 762	795 916	4 840 415
Trade Balance (R 1000)	17 795 997	18 869 468	18 631 052	964 302	369 278	-1 095 164
Exports as % of GDP	25,5%	9,4%	15,3%	2,7%	3,4%	3,0%
Total trade as % of GDP	50,7%	11,6%	17,1%	3,3%	4,6%	7,8%
Regional share - Exports	100,0%	2,2%	1,9%	0,1%	0,1%	0,2%
Regional share - Imports	100,0%	0,5%	0,2%	0,0%	0,0%	0,3%
Regional share - Total Trade	100,0%	1,4%	1,1%	0,1%	0,0%	0,2%

(Source: IHS Markit: Regional eXplorer 1070 (2.5y))

Table 21: International Trade Figures for 2015

International Trade (2015)						
	South Africa	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Exports (R 1000)	1 041 437 998	23 716 878	20 335 113	1 112 529	564 055	1 705 181
Imports (R 1000)	1 075 891 997	5 652 685	2 442 159	306 278	282 885	2 621 364
Total Trade (R 1000)	2 117 329 995	29 369 564	22 777 272	1 418 807	846 940	4 326 545
Trade Balance (R 1000)	-34 453 999	18 064 193	17 892 954	806 251	281 171	-916 183
Exports as % of GDP	25,9%	10,0%	15,4%	2,8%	3,7%	3,4%
Total trade as % of GDP	52,8%	12,4%	17,2%	3,6%	5,6%	8,6%
Regional share - Exports	100,0%	2,3%	2,0%	0,1%	0,1%	0,2%
Regional share - Imports	100,0%	0,5%	0,2%	0,0%	0,0%	0,2%
Regional share - Total Trade	100,0%	1,4%	1,1%	0,1%	0,0%	0,2%

Source: IHS Global Insight: Regional eXplorer 993 (2.5v)

Table 22: International Trade Figures for 2013 and 2014

International Trade Totals	South Africa		North West	
	2013	2014	2013	2014
Exports (R 1000)	924 055 893	1 003 825 998	20 156 967	18 300 516
Imports (R 1000)	991 185 991	1 072 463 997	6 022 629	5 553 622
Total Trade (R 1000)	1 915 241 883	2 076 289 995	26 179 596	23 854 138
Trade Balance (R 1000)	-67 130 098	-68 637 999	14 134 338	12 746 893
Exports as % of GDP	27.3%	26,4%	10.5%	8,1%
Total trade as % of GDP	56.6%	54,7%	13.7%	10,6%
Regional share - Exports	100.0%	100,0%	2.2%	1,8%
Regional share - Imports	100.0%	100,0%	0.6%	0,5%
Regional share - Total Trade	100.0%	100,0%	1.4%	1,1%

(Source: Regional eXplorer 832 (2.5q))

6. RECOMMENDATIONS

When considering the above it is recommended that attention should be given to the following:

- Diversify the economy of the NW province;
- Actively explore opportunities to participate in the fourth industrial revolution and innovation that will lead to the knowledge economy;
- Develop SMMEs;
- Actively seek for opportunities to benefit from the BRICS Fund;
- Seek for investment broader than the BRICS economies;
- Develop and diversify the manufacturing sector;
- Attract Investment to the Platinum SEZ;
- Identify leakages in the current manufacturing value chains to attract investment as well as investigate global value chains as the new trend;
- Utilise localisation strategies and products identified for local procurement by Eskom and Transnet to link to local suppliers and SMMEs that can benefit from the infrastructure development programmes;
- Increase agricultural activity and agro-processing;
- Contribute to rural development programmes;
- Utilise co-operatives to stimulate these economies;
- Utilise ICT for communication and training purposes;
- Include designated groups, youth, women and disabled as beneficiaries of projects;
- The unemployed graduates database and other databases can be consulted for possible beneficiaries;
- Skilling in line with provincial plans is very important and closer co-operation should be encouraged between tertiary institutions and project drivers to be able to develop appropriate skills.

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