

Economic Data Report



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Compiled by: NWDC Research and Development
Unit

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1. INTRODUCTION

The purpose of the Research and Development Unit is to gather, analyse and disseminate verified, reliable and relevant data, information and reports for the benefit of users to support informed decision making. The performance indicator 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 shared from a global, South African, 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 report will include economic data as well as a report on research and development activities followed by a portfolio of evidence (PoE) index where the activities will be listed and the documents added in the PoE file.

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, Trade, The Future of Manufacturing and the State of the Province Address for the North West province (SOPA) as well as the Budget Speech of MEC of the Department of Economic and Enterprise Development and how it impacts on NWDC.

2. MACRO ECONOMIC OVERVIEW

2.1 The Global Economy

Recovery is on track and the stage is set for a modest acceleration of growth in 2014. Developed economies will lead the way (e.g., the United States, United Kingdom, and Germany are growing faster than Brazil and Russia).

Key Issues

- Inflation is no problem in the developed world.
- Monetary policy will stay accommodative for some time as the consumer is cautious to spend.
- There is sensitivity to traditional macro policies due to the uncertainty in economies.

- Fiscal austerity leaves little room for further stimulus. The countries that were affected by the economic crisis is buying-back bonds = tapering.
- Geopolitical risks abound.
- Emerging regions: Growth has weakened dramatically in some economies, and there are no clear signs of a strong rebound. Emerging economies will not drive the world economy.
- Nevertheless, progress in the developed world on debt reduction creates room for growth – especially in the US, UK and Germany, but China will disappoint
- So, global growth is creeping up... but slowly.



2.1.1 Developed Economies

United States

- Progress towards reducing household, financial sector, and government debt.
- Accommodative monetary policy.
- New energy boom, they have discovered use oil reserves and how that will influence world markets. The boom in domestic oil and gas production is stimulating the US economy.
- Trade account to be boosted by exports and less imports.
- Fiscal shortage is improving through austerity and tax increases. Austerity is being phased out.
- An inventory cycle and bad weather hurt first quarter US growth, but fundamentals remain strong.
- Real GDP increased 4.6 percent in the second quarter of 2014, after decreasing 2.1 percent in the first. This upturn in the percent change in real GDP primarily reflected upturns in exports and in private inventory investment, accelerations in non-residential fixed investment and in PCE, and upturns in state and local government spending and in residential fixed investment that were partly offset by acceleration in imports.
- This might lead to increased interest rates.

Europe

- Seeing some growth and will contribute to global growth this year.
- Accommodative monetary policy.
- Possibility of deflation where prices are going down and people are not spending in anticipation of future lower prices.
- Rising consumer and business confidence.
- Fiscal austerity, still-significant banking sector problems.
- Europe is vulnerable to the Ukraine crises due to the fact that their gas supply from Russia might be affected.
- They are recovering very slowly from the recession and UK is the only growth economy.

Japan

- Japan: The picture is clouded by the April 2014 consumption tax hike.

China

- China growth has stabilized, but major challenges lie ahead.
- Three interrelated problems:
 - a dramatic rise in debt levels;
 - an equally large rise in the role of shadow banks; and
 - wrongful use of credit
- Fiscal stimulus is being implemented.
- Lack of demand for exports goods from China.
- Growth has slowed to 7,5% which will influence their demand for resource imports from South Africa.
- They are also moving the centre of their economy to their domestic market and do not have an outward strategy anymore, which will have an impact on imports and exports.

Macro-Economic Risks

- Secular stagnation in the developed world – especially in Southern Europe.
- Deflation in the Eurozone.
- Poor handling of “exit strategies” by central banks.
- Financial crisis in China.
- Further degradation of growth in the emerging world.
- Geopolitics and the potential for another oil shock.
- Escalation of Ukraine crisis.

Key risks to the global economy and their indicators are summarised in the table below

Risk	Signposts
China hard landing	<ul style="list-style-type: none">• Loan defaults by developers and local governments trigger a banking crisis and a credit squeeze.• Real estate market bubbles burst.• The government responds with limited fiscal stimulus.
Eurozone setback	<ul style="list-style-type: none">• Banking problems intensify, leading to a credit crunch.• Growth stalls and deflation sets in.• High unemployment leads to social unrest.
Energy price shock	<ul style="list-style-type: none">• Conflicts in the Middle East and Africa lead to an oil supply disruption. Transportation is temporarily affected.• Oil prices soar initially, until markets adapt.• The Russia-Ukraine conflict cuts gas supplies to Europe.
US recovery stalls	<ul style="list-style-type: none">• Businesses and households spend more cautiously.• Recoveries in housing and auto markets relapse.

Implications of global economic megatrends

- Global growth will be more balanced: more upbeat in the developed world and less upbeat in the emerging world.
- The energy boom will help growth in North America.

- Europe and Japan will do better, but not as well as the United States.
- The sharp deceleration in emerging markets is worrisome, and a return to the boom years of the 2000s is unlikely—but another crisis is also unlikely.
- China’s locomotive role will diminish.
- Russia is less of an economic threat to the United States than to Europe.
- Emerging markets will not enjoy another boom without stronger productivity growth.

2.1.2 Emerging Economies

Growth has weakened dramatically in some economies, and there are no clear signs of a strong rebound. The growth premium relative to the developed world is the smallest since 2002. Emerging markets currencies have depreciated since 2013 of which South Africa’s currency was the most severely affected.

The new realities for emerging markets include:

- Both structural and cyclical forces contributed to the emerging markets’ slowdowns.
- There was no decoupling of growth in emerging and advanced economies.
- The era of easy credit is coming to an end.
- The commodity “super-cycle” is over.
- Globalization has slowed.
- While macroeconomic management has generally been sound, there have been too few structural reforms; the state still plays too large a role.
- Cheap credit was used to finance consumption rather than a deepening of the capital stock, thus creating bottlenecks and hurting productivity growth.
- A return to the boom years of the 2000s is unlikely without stronger productivity growth.

African Political Risk

Three key African political risks that will affect economic growth and investment in the five-year outlook are:

- Political change and influence
- Regulatory risk and ‘resource nationalism’
- Political violence and security risk

Sub-Saharan African Realities

- Services play a bigger role in the economy
- Structural transformation in the economy has not yet taken place
- Pressure on current account increases
- Highly unequal society as agricultural sector employment dominate

2.2 South African Realities

- Worldwide the consumer is under pressure in South Africa the retail sales over the last year have hovered between 1 and 2 % of GDP where in China it was 10%.

- Inflation is above 5% and moving towards 7% in South Africa while the other economies are under 3% and Europe is even suffering from deflation where the inflation is negative. South Africa's inflation is up due to the depreciation of the rand.
- In terms of the monetary policy South Africa has a prime rate at 5% where Europe is below 1% and USA 0%. If South Africa increases the interest rate the spending will further decrease and impact on the growth it will hopefully then increase saving and investment.
- South Africa's Purchasing Managers Index (PMI) has dropped below 45 where the USA is increasing and is at 55.
- South Africa's large current account deficit is a problem. The current account as a % of the GDP is rising and is now at 6,7% and amounts to R16,3 billion per the latest Q2 figures for 2014.
- Fiscally South Africa does not have much space to move for infrastructure investment and there is no fiscal support to counteract the increased deficit on the current account largely due to the weakening of the Rand against the Dollar.
- South Africa's forecasted growth for 2014 has also be adjusted downwards by the World Bank to 1,6%.
- South Africa has an external deficit and we need sustainable FDI.
- Investors need certainty with regards to the safety of their investment.
- South Africa needs sustainability
- South Africa's per capita growth is impressive. Nigeria might have a larger GDP but they have 3 x the population and 3,5 times the population growth of South Africa
- South Africa's social spending is 60% and it is not sustainable.
- Poverty and inequality is levelling.
- Consumer spending dominates investment spending
- The tertiary sector (services) growth is bypassing mining- and to a large extent manufacturing growth.



2.2.1 South African Economic Growth and the Impact of Strikes Q2 2014 2015

The South Africa economy grew by 1.9% in 2013, due to an adverse effect of strike action and electricity constraints in terms of price and supply, and similar is expected this year. The increased labour unrests and resultant investor uncertainty have undermined SA's potential growth trajectory in recent years and as a result a recent credit downgrade by international ratings agency Standard & Poor's to a level just above "junk".

Electricity supply should begin to ease somewhat from 2015 as the Medupi power station is expected to be active as of December 2014.

According to Stats SA, economic activity in the mining and quarrying industry reflected negative growth of 9,4%, due to lower production in the mining of gold and the mining of other metal ores (including platinum) in the second quarter of 2014.

The effects of the strike actions on the North West Province's economy have been particularly significant as the mining industry is most prominent in the region. It was a double whammy on the local economy as shortly after the 5 month long mining strike in the Rustenburg region, the metal strike (to whom the miners are suppliers) took place.

Economic activity in the manufacturing industry reflected declined by 2,1%, due to lower production in: food, beverages and tobacco; petroleum, chemical products, rubber and plastic products; motor vehicles, parts and accessories and other transport; and glass and non-metallic mineral products.

As a result of all the industrial actions, there has been a negative effect on the country's trade, in the 2nd quarter of 2014, South Africa's current account deficit widened to 6.2% of gross domestic product from 4.5% in the first quarter.

The diagram below illustrates the impact of the recent strike in the Metals Industry.

When using the Social Accounting Matrix (SAM) to measure the impact of unrest the impact can be measured on three levels:

- Direct Impact
- Indirect Impact and
- Induced Impact

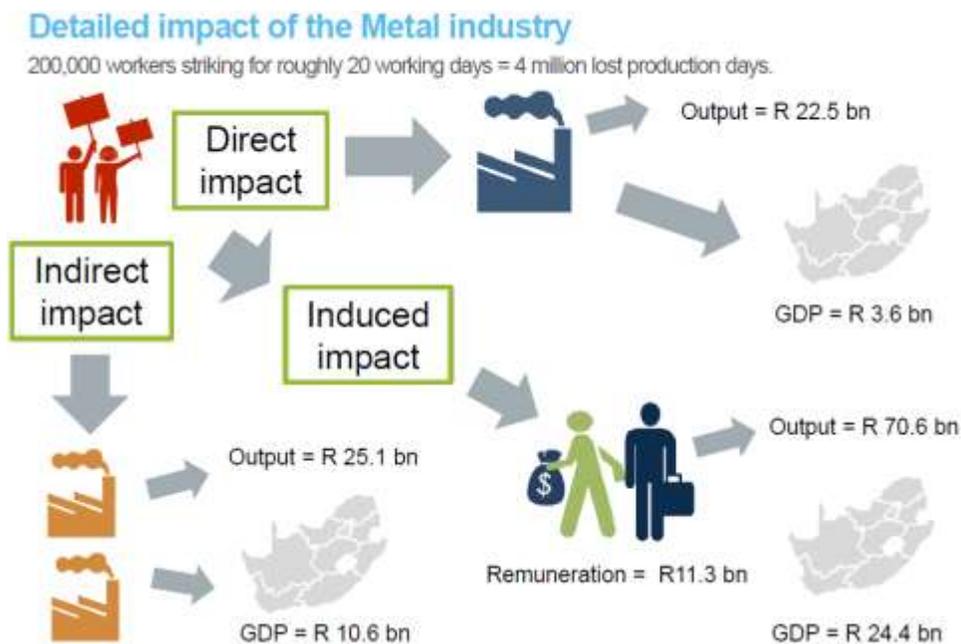


Illustration by: IHS Global Insight August 2014

When people strike it has an impact on the Disposable Income which in turn has an impact on Household Consumption

On the other hand it has an impact on Factors of Production which in turn will impact on Remuneration and Taxes. 200,000 workers striking for 20 days = 4,000,000 lost production days.

	GDP	Output
Direct Impact	R3,6bn	R22,5bn
Indirect Impact and	R10,6bn	R25,1bn
Induced Impact	R24,4bn	R70,6bn (R11,3bn Remuneration)

2.2.2 Is South Africa a sustainable investment destination?

- Traditional growth theories and modern day case studies are not enough anymore to determine whether a country's growth will be sustainable to support profitable but also safe investment.
- Investment decisions are progressively being driven not only by the potential to maximise returns but also to improve the company's socio-economic footprint.
- Africa is the fastest growing continent but is also unique in terms of challenges and opportunities
- Therefore, IHS recommends 5 critical criteria to guide investment decisions.
- South Africa's attractiveness as investment destination will depend on structural reforms that lower labour market disruptions, raise productivity and increase capital spending.

2.2.3 IHS Global Insight Identifies 5 Critical Factors to Watch

FACTOR	COMPONENTS
Source of growth (IHS)	<ul style="list-style-type: none"> • Demand composition • Supply side (production)
Exports (IHS and (WTO)	<ul style="list-style-type: none"> • Intensity • Diversity • Markets
Fiscal and external balances(IHS)	<ul style="list-style-type: none"> • Economic stability
Level of transformation of economy	<ul style="list-style-type: none"> • Productivity • Technological upgrading
Socio-economic development	<ul style="list-style-type: none"> • Employment • Equality • Education • Health • Environment • Governance

2.2.4 South Africa's Export intensity

- South Africa is not so exposed and can increase exports.
- South Africa has markets but the diversity and composition of exports is the problem as mining and manufacturing is the major sectors but our production sectors are not showing any growth of

employment and investment as productivity is decreasing and costs are increasing and it is not sustainable.

2.2.5 The following structural transformation in the economy is needed



2.2.6 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.

2.3 North West Province Economic Overview

2.3.1 North West Key Economic Indicators Compared to South Africa

	SOUTH AFRICA	NORTH WEST	NW as % of SA
TOTAL GDP-R: Constant 2005 prices (R 1000)	R 1 993 432 664 (2013) IHS Global Insight	R 102 693 066 (2013) IHS Global Insight	5.15%
GDP GROWTH: Constant 2005 prices	1.9% (2013) IHS Global Insight	1.6% (2013) IHS Global Insight	
GDP PER CAPITA:	R37 632 (2013) IHS Global Insight	R28 437 (2013) IHS Global Insight	75.5%
INFLATION (CPI) annual average:	5.7% (Dec 2013) STATSSA	5.7% (Dec 2013) STATSSA	
EXPORTS VALUE:	R 924,5 Billion (2013) IHS Global Insight	R 20,2 Billion (2013) IHS Global Insight	2.18%
IMPORTS VALUE:	R 991,2 Billion (2013) IHS Global Insight	R 6 Billion (2013) IHS Global Insight	0.6%

From the above it is clear that the North West province has lower export and import figures compared to South Africa, however the trade balance is positive with more exports than imports. It must also be noted that companies with operations in the North West province office have head offices in Gauteng or other provinces and that imports and exports are often recorded in those provinces although the production takes place in the North West.

GDP

Real gross domestic product at market prices increased by 0,6% Q-on-Q in the 2nd Quarter, seasonally adjusted and annualized, with the largest contributors to the lackluster increase being:

- General government services grew by 2,9 % contributing
- Transport, storage and communication industry 4,0 per cent
- Finance, real estate and business services contributed 0,3 of a percentage point based on an increase of 1,5%.

North West Employment Figures Compared to South Africa (Source: STASSA Q2 1014)

Item	Number Apr-June 2014		% Change Qtr-to- Qtr		% Change Year on year	
	SA	NW	SA	NW	SA	NW
Employment increase	39 000	9 000	0,3	1,0	2,7	4,0
Unemployment increase	87 000	-2,000	1,7	-0,3	3,7	-0,7
Unemployment Rate	25,5%	26%	0,3	-1,7	0,2	-0,7
Expanded unemployment rate	35.6%	42,3%	0,5	-0,3	-0,5	-0,9

Although the unemployment rate is high, the employment figures of the North West province compare favourably with those of South Africa and have been increasing over the last few quarters.

2.3.2 Inflation Explained

Patrick Kelly asked in a recent newspaper article: How useful is the consumer price index (CPI)?

The article raises the ever important question: Which prices do the CPI actually follow?

Underlying the overall CPI figure is a treasure trove of information that is not often mentioned when reported in the media. The whole package of CPI figures are based on approximately 65,000 prizes that are collected each month nationwide.

Though the overall CPI in July was 6.3%, receiving the lion's share of media attention, over 30 specific inflation rates get published by Statistics South Africa (SSA) for different sectors of the population such as pensioners, different cities, rural areas and provinces and different expenditure groups. In fact, the CPI publication each month has an appendix packed with additional information (on SSA's website, <http://beta2.statssa.gov.za/>). Although these indices deviates from month to month, the overall inflation rate, remains within a moderate band. Last month Kimberley was the city with the highest inflation rate at 7.6%, and the lowest was 5.7%, in Witbank and Nelspruit.

Worldwide CPI's two main uses are: One is as a measure of the change in the cost of living for the purpose of calculating wage increases and contracts, and the secondly it is as a macro-economic indicator of "final" inflation, mainly for the determination of the interest rate decisions of central banks.

It is often said that the CPI represents spending of an average household. Although this is the classical definition, it is not strictly correct, and it has little meaning in a country with significant inequality, such as South Africa.

The CPI basket is based on the total expenditure of households in a specific 12 month period. It is measured by conducting a large and comprehensive survey of households every four or five years, supplemented by information from other sources, such as retail sales.

The current weights are the most representative of households with expenditure of around R12 900 per month. This is slightly more than the wage aspirations underlying the recent platinum sector strike. SSA publishes inflation rates for five spending tiers and these figures deviate only slightly from the overall figure.

Given that the poor spend a greater percentage of their income on food, their inflation is above the average CPI when the average food price inflation rises, but fall below overall inflation when food prices rise more moderately. Inflation for the poorest group in July 2014 was 6.6%, compared with 6.3% for the richest 20% of households.

Many people grumble that the CPI does not reflect the rise in their cost of living. There are various reasons why inflation might feel higher than it really is.

- The most obvious is that the CPI is compiled to reflect the combined spending of all households.
- Secondly the CPI contains a range of products and services that each household may buy infrequently, but that households as a whole are constantly buying. Examples are cars, vacations and household appliances. Considering that the CPI basket contains 393 different products and services, it is unlikely that any individual will be able to keep up with everything. The list of products and their weights are published on SSA's website.
- Thirdly, there are certain items in the CPI basket that are constantly deflationary. Communication technology goods and services is the most obvious. They serve as a counterweight to items where inflation is high.

Behavioural economics indicate that people are more sensitive to a loss (in this case, higher prices) than a gain (when prices fall or rise more slowly). Retailers and manufacturers might adjust their prices several times a month depending on a busy or slow shopping time. It is unlikely that consumers will remember the price they previously paid for a product and in the case that they do, it will be the price of the product that has increased more rapidly, this leads to a perception that inflation is higher than it actually is.

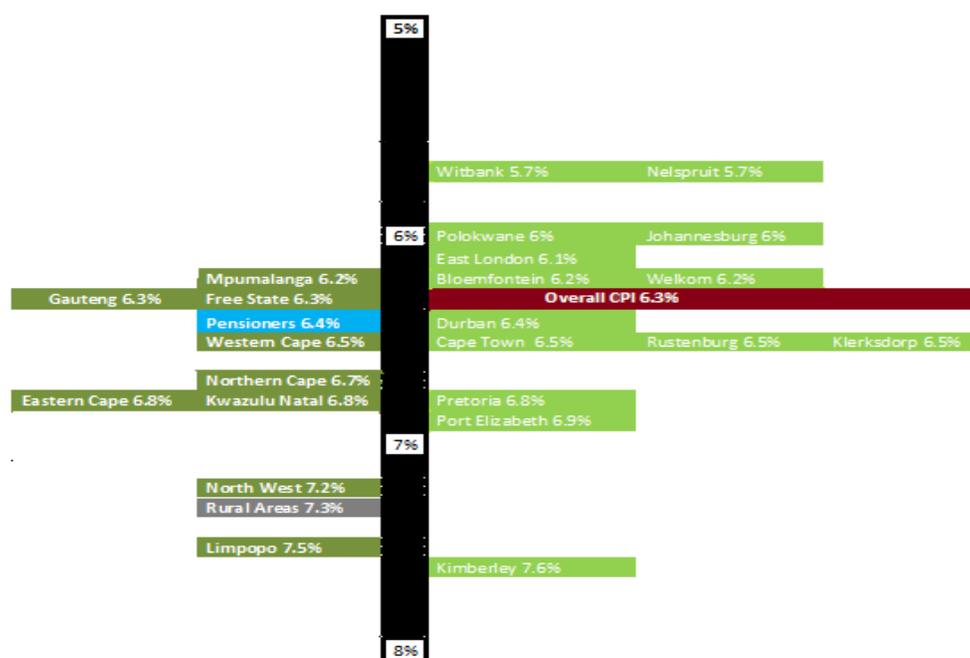


Illustration of the different inflation rates by geographic region (Provinces and the main cities)

To assist individuals to calculate their specific inflation, the SSA has a feature on its website.

The CPI will probably never reflect an individual's inflation experience. But his weakness is also the strength because the CPI is derived from collective information of tens of thousands of transactions across a broad range of economic activities, and follow the inflation experience of the country as a whole, month by month. **Patrick Kelly is the executive manager of Price Statistic of SSA.**

2.3.3 Economic Sectors

The composition of the North West Economy is:

Primary Sector: 44%

Secondary Sector: 7% with Manufacturing contributing 3% and Electricity 1%

Tertiary Sector: 49%

Structural changes

- There were some significant changes to the structure of the economy of the NWP compared to that of the national structure between 1996 and 2012. The most pronounced changes were in the decline of the agricultural, manufacturing, trade and transport sectors and an increase in the share of the mining sector.

- The primary and government services sectors make vast contributions to the economy of the NWP and its various district municipalities, save for government services in BPDM and mining in NMMDM and RSMDM.
- The four district municipalities in the NWP are marked by particularly high concentration
- All the district municipalities of the NWP have a comparative disadvantage for the primary and government services sectors when compared to the national picture, with the exception of the NMMDM and RSMDM for mining and BPDM for Agriculture.

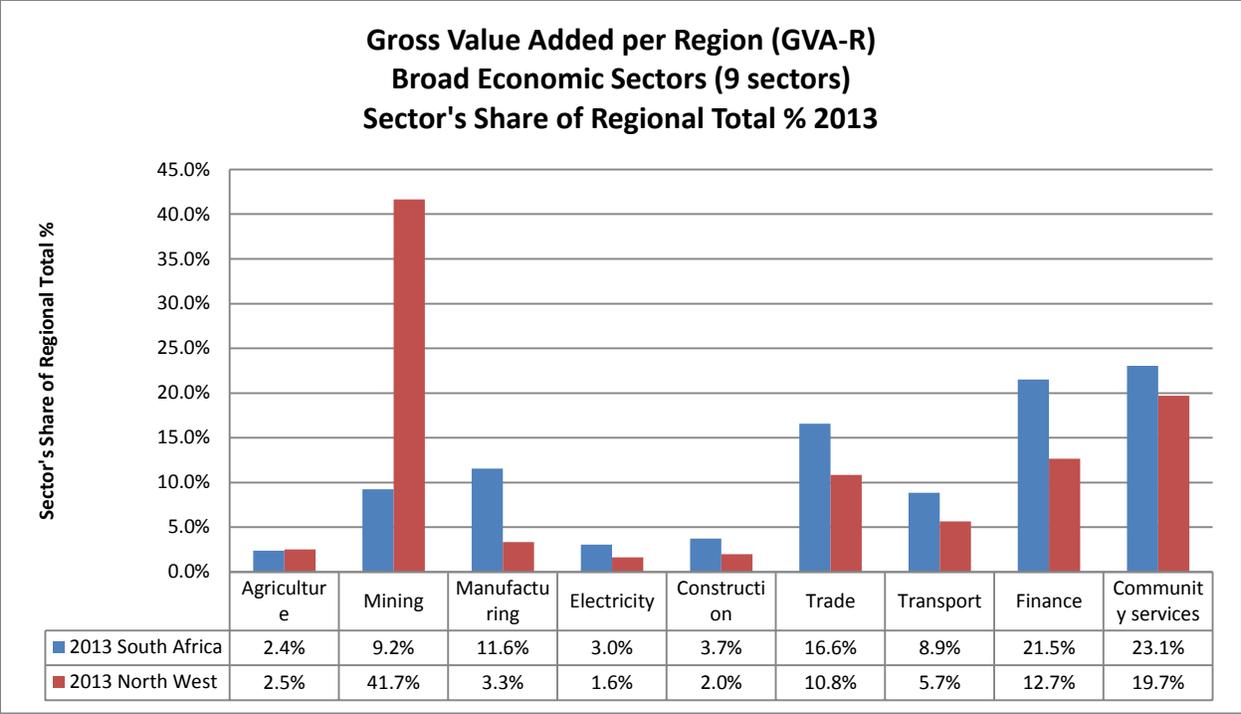
(Source: Regional Economic Review: Current realities in the North West Province

A report from the TRADE (Trade and Development) research niche area, North-West University, Potchefstroom Campus (March 2014)

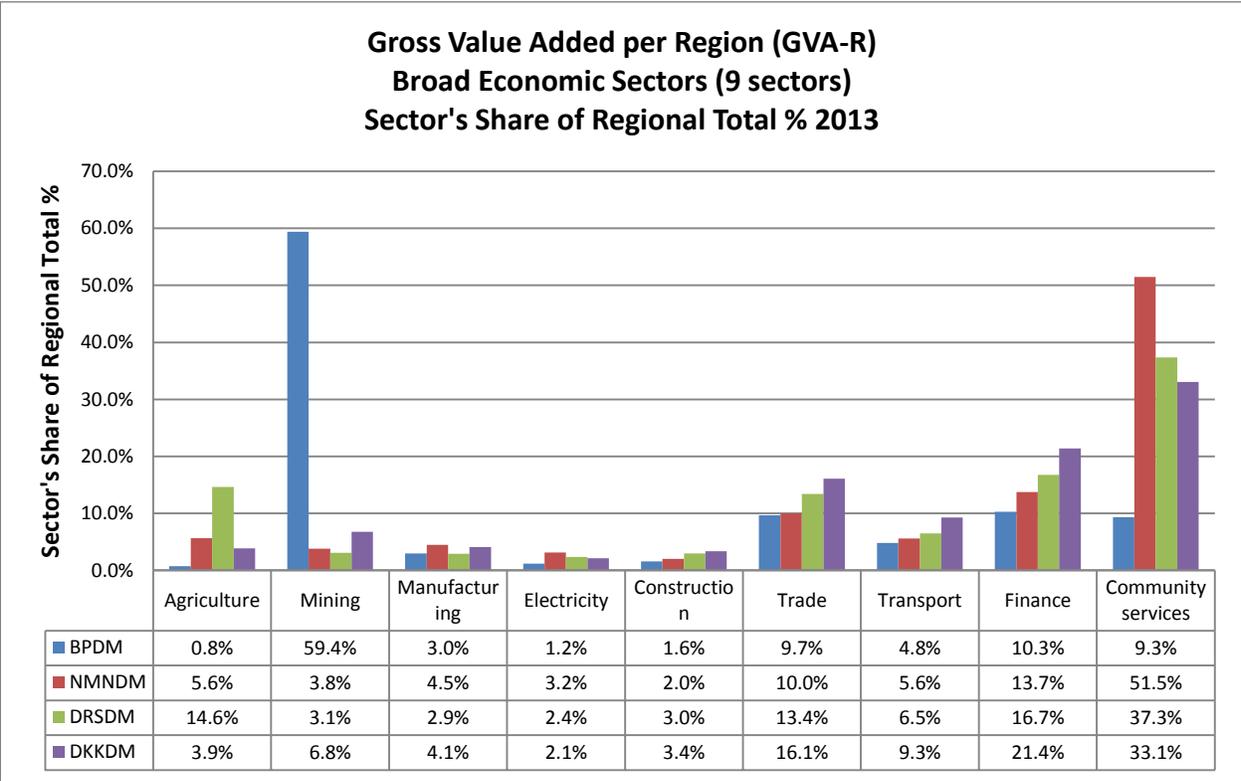
When considering the two graphs below, the first graph compares the Gross Value Added per Region (GVA-R) Broad Economic Sectors (9 sectors), Sector's Share of Regional Total in percentage for 2013 between South Africa and the North West province. It is clear that the North West province is structurally concentrated in mining.

The second graph compares the Gross Value Added per Region (GVA-R) Broad Economic Sectors (9 sectors), Sector's Share of Regional Total in percentage for 2013 between the four district municipalities of the North West province being: Bojanala Platinum District Municipality (BPDM), Dr Ngaka Modiri Molema District Municipality (NMMDM), Dr Kenneth Kaunda District Municipality (DKKDM) and Dr Ruth Segomotsi Mompati District Municipality (DRSMDM).

BPDM is even more structurally concentrated in mining contributing 59.4 % to the GVA-R and having the lowest contribution of all the district municipalities in the other eight economic sectors. In NMMDM, DRSMDM and DKKDM the economy is dominated by community services contributing 51.5%, 37.3% and 33.1% to the GVA-R each. DKKDM is the most diversified of the four district municipalities and dominates the remaining sectors in terms of GVA-R contributions except for Agriculture where DRSMDM dominates and electricity where NMMDM dominates.



(Source: IHS Global Insight)



(Source: IHS Global Insight)

When considering employment by sector a different picture emerges where community and social services employ the most people followed by trade, finance and other business services, manufacturing, and then private households and construction.

North West Employment by Industry Figures Compared to South Africa
(Source: STASSA Q2 1014)

Item	Number			% Change Qtr-to- Qtr		% Change Year on year	
	SA	NW Apr-June 2013	NW Apr-June 2014	SA	NW	SA	NW
Total	15 094 000	845 000	879 000	0,3	1,0	2,7	4,0
Agriculture	670 000	36 000	46 000	-5,5	7,0	-9,8	26,8
Mining	419 000	154 000	139 000	-1,2	-9,0	3,9	-9,9
Manufacturing	1 745 000	66 000	61 000	-3,3	-6,1	-5,1	-7,1
Utilities	118 000	7 000	1 000	-8,8	-70,1	-3,8	-85,7
Construction	1 182 000	53 000	51 000	-1,5	-9,1	2,8	-0,8
Trade	3 179 000	154 000	174 000	-0,2	1,0	3,0	12,6
Transport	947 000	28 000	26 000	5,9	-15,7	5,6	-7,6
Finance and other business services	2 012 000	71 000	70 000	-1,7	17,7	2,3	-1,8
Community and social services	3 531 000	205 000	224 000	3,0	3,9	8,1	9,5
Private households	1 290 000	72 000	88 000	4,9	21,7	6,2	22,1

3. SOUTH AFRICA'S GLOBAL COMPETITIVENESS

The Global Competitiveness Report 2014 – 2015 by the World Economic Forum's (WEF) assesses the competitiveness landscape of 144 economies, providing insight into the drivers of their productivity and prosperity and measures over 100 indicators. South Africa ranked no 56 in 2014 down from 53 in 2013.

Positive rankings include:

- Quality of its institutions (36th),
- Including intellectual property protection (22nd),
- Property rights (20th),
- Efficiency of its legal framework in challenging and settling disputes (ninth and 15th, respectively),
- Accountability of private institutions (2nd)
- Financial market development remained impressive at seventh place, although their data pointed to "more difficulties" in all channels of obtaining finance
- Efficient market for goods and services, business sophistication and innovation, benefiting from good scientific research institutions, and strong collaboration between universities and the business sector in innovation were also identified as points supporting competitiveness.

Challenges include:

"South Africa's strong ties to advanced economies, notably the euro area, have made it more vulnerable to the economic slowdown of those economies," the WEF said.

These ties were identified as likely contributors to the deterioration of fiscal indicators in South Africa, including macroeconomic environment performance which dropped sharply in this year's index.

- Diversion of public funds,
- Perceived wastefulness of government spending,
- General lack of public trust in politicians
- Health of the workforce — at 132nd as a result of high rates of communicable diseases
- Higher education and training,
- Labour market efficiency
- Labour-employer relations (144th)

"Raising education standards and making its labour market more efficient will thus be critical in view of the country's high unemployment especially youth.

4. FOREIGN DIRECT INVESTMENT (FDI)

4.1 Global Investment Trends

- Cautious optimism returns to FDI; after 2012 slump a 9% increase in 2013, to \$1.45 trillion.
- Developing economies maintain their lead in 2013 reaching a new high of \$778 billion, or 54% of total FDI.
- FDI outflows from developing countries also reached a record level: Developing and transition economies together invested \$553 billion, or 39%.
- Mega regional groupings shape global FDI; Asia-Pacific Economic Cooperation (APEC) remains largest with 54% inflows.
- Poorest countries are less dependent on extractive industry investment; manufacturing and services now make up 90% of value of announced projects both in Africa and Least Developed Countries (LDCs).
- Private equity FDI is keeping its funds, thus there is potential for increased private equity FDI.
- State-owned TNCs are FDI heavyweights; although their number constitutes less than 1% of TNCs they contribute over 11% of global FDI flows.

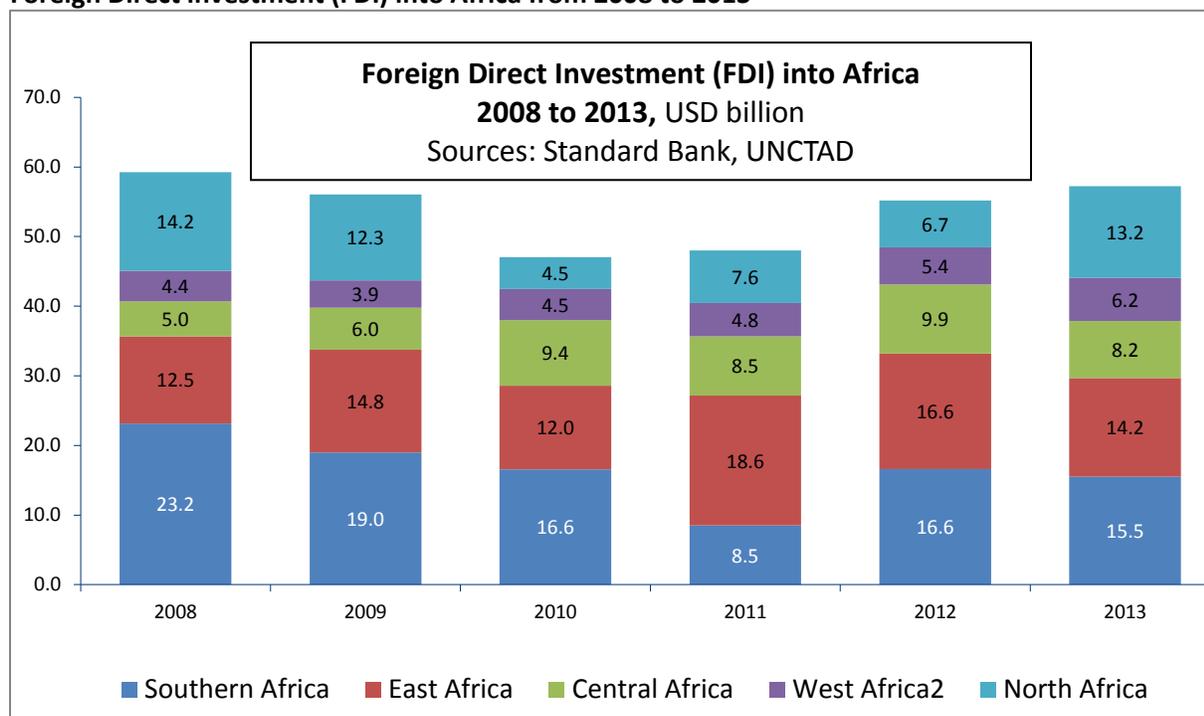
(Source: UNTAD World Investment Report 2014)

4.2 Africa

Regional Investment Trends:

- FDI flows to all major developing regions increased; Africa saw increased flows of 4%, sustained by growing intra-Africa flows.
- Southern and East Africa received more than 50% of FDI inflows into Africa.
- 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.

Foreign Direct investment (FDI) into Africa from 2008 to 2013



4.3 South Africa

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

Between January 2008 and June 2014 a total of 563 FDI projects were recorded in South Africa. These projects represent a total capital investment of **ZAR291.04 b** which is an average investment of **ZAR517.25 m** per project. During the period, a total of 110,370 jobs were created.

Destination State	Projects	CAPEX	Avg. CAPEX	Jobs Created	Avg. Jobs Created	Companies
Gauteng	247	77370.9	312.9	33665	136	225
Western Cape	89	25686.9	288.3	9626	108	84
Eastern Cape	39	26841.0	688.1	10613	272	29
KwaZulu-Natal	37	22086.0	597.2	9671	261	29
Northern Cape	23	27751.8	1206.7	4149	180	14
Mpumalanga	13	8981.2	690.8	4502	346	12
North West	8	6031.4	753.7	5078	634	8
Limpopo	7	7719.8	1102.8	3318	474	5
Free State	7	11203.9	1600.3	2880	411	7
Not Specified	93	77366.1	831.6	26868	288	91
Total	563	291038.8	517.2	110370	196	442

Notes:

1) ©fDi Intelligence, from the Financial Times Ltd 2014. Data subject to terms and conditions of use.

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- 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.

4.4 North West Province

The North West Province received 1.42% (8) of all project (563) in South Africa between 2008 and 2014. This represents 2.07% (R 6 billion) of the capital investment and 4.6% (5 078 jobs).

North West FDI Projects Detail

#	Project Date	Investing Company	Industry Sector	Capital R mil	Jobs
1	Apr 2014	Syngenta	Food & Tobacco	63.545	57
2	Dec 2011	IGE Resources (International Gold Exploration)	Minerals	379.908	383
3	Apr 2011	Monsanto	Food & Tobacco	153.740	127
4	Aug 2010	Xstrata-Merafe	Metals	934.739	1218
5	Aug 2009	Platinum Australia	Metals	1950.107	1398
6	Nov 2008	Anglo Platinum	Metals	1950.107	1398
7	Jun 2008	Primus Special Projects (Pty)	Minerals	379.908	383
8	Jun 2008	Guangzhou Pharmaceuticals	Food & Tobacco	219.335	114

It must be noted that the information above was sourced from @fDi Intelligence, from the Financial Times Ltd 2014 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.

6. TRADE

Presenting the contents of the report in Johannesburg, Unctad economist Alex Izurieta said that international trade had slowed as a result of weak global demand. He also argued that demand was unlikely to strengthen materially in the near term, owing to a still weak global recovery. Unctad expects global growth of between 2.5% and 3% in 2014.

The way to expand trade at global level is through a “robust domestic-demand-led output recovery at national level”, rather than through the current emphasis on the cost of trade.

In the report, Unctad outlines a “balanced-growth scenario” premised on: income policies that support growth of demand; growth-enhancing fiscal policies; industrial policies to promote private investment and structural transformation; regulation of finance and capital controls to stabilise global financial markets; and development-orientated trade agreements.

Such policy prescriptions mesh with South Africa’s current deliberations on the introduction of a national minimum wage, as well as using public infrastructure investment programmes to stimulate demand for locally made manufacturing inputs.

However, there is less alignment in the area of trade policy, where South Africa aims to bolster the **competitiveness of its tradeables sectors** in a bid to materially increase exports, particularly the export of manufactured products.

“It is possible to achieve higher levels of global growth of above 6% to 7% continuously over the next ten years through a coordinated effort to press the accelerator on **fiscal support**,” Izurieta, who co-authored the report, argues.

Such support would be in the form of **higher government spending on infrastructure, raising private-sector investments in productive activities and income policies that help bolster wages and, in so doing, create new demand.**

To support such an outcome, Unctad says developing countries should be allowed sufficient “policy space” to **pursue proactive trade and industrial policies as part of the Post-2015 Development Agenda**, currently under consideration.

It also cautions developing countries not to enter into multilateral and bilateral agreements that will further erode their policy space to protect domestic industries, or to limit government’s ability to maximise the rents they are able to extract from the resources sector.

Edited by: Terence Creamer

The following trade statistics were sourced from IHS Global Insight Regional Explorer with regards to trade of South Africa and the North West province.

International Trade Totals 2013	South Africa	North West
Exports (R 1000)	924 055 893	20 156 967
Imports (R 1000)	991 185 991	6 022 629
Total Trade (R 1000)	1 915 241 883	26 179 596
Trade Balance (R 1000)	-67 130 098	14 134 338
Exports as % of GDP	27.3%	10.5%
Total trade as % of GDP	56.6%	13.7%
Regional share - Exports	100.0%	2.2%
Regional share - Imports	100.0%	0.6%
Regional share - Total Trade	100.0%	1.4%

6 FOCUS AREAS OF THE NORTH WEST PREMIER AND MEC’S PLANS

Source: SOPA (State of Province Address) Delivered by the Premier of the North West Province Mr. Supra Ramoetsi Mahumapelo at the Opening of First Session of the Fifth Legislature of the North West province.

Description	RELATED TO NWDC
<p>The fifth democratic administration is based on the following pillars:</p> <ul style="list-style-type: none"> • “saamtrek saamwerk”, • Unity is strength, • Implementation, 	NWDC should take note and operate within the context of the pillars.

Description	RELATED TO NWDC
<ul style="list-style-type: none"> • Rebranding and repositioning the province, • Moral revival and • Social cohesion. <p>The Premier echoed Presidential emphasis on the National Development Plan and that it should be infused into the North West provincial plan. During his multi -media citizen engagement many issues were raised. Among the top six concerns which directly talks to service delivery are the following:</p> <ul style="list-style-type: none"> • Schools • Water • Housing • Employment • Youth Development • Roads <p>Enhancement of institutional capacity is of prime importance and bridging the digital divide through ICT is one amongst priorities and a partnership concluded with Belgium on issues of Health Department.</p> <p>The provincial departments have been re-organised to meet the mandate of the fifth administration. The new department of tourism has been created to position NW as a premier tourism destination and investment attraction.</p> <p>The Premier mentioned education as an apex of his administration and covered social cluster which include continuing working with NGO's and AIDS pandemic challenges and food insecurity.</p> <p>The taxi industry is seen as viable economic zones and government intends to bring services rendered by departments in these taxi ranks. A benchmark would be done in KZN on their success on economic development in tourism, arts and sports.</p> <p>Corruption of any form will not be tolerated in government and the Fraud Unit will work closer with the Office of the Premier.</p> <p>ECONOMY</p> <p>The North West economy accounts for 6,01% of the South African Economy. The mainstay of the economy of the Province is mining which contributes averagely 39% to the Gross Domestic Product and provides jobs for a quarter of its workforce followed by agriculture.</p> <p>Tourism: STATSSA indicates that from 2009, the international tourist arrivals figures increased by an average of 9, 6% per annum.</p> <p>Agriculture: A key driver of provincial economy and continues to employ a substantial number of our people. Farming must help us ensure food security in the battle against poverty.</p> <ul style="list-style-type: none"> • The North West Province is the first province in the country where the Comprehensive African Agricultural Development Programme (CAADP) was launched and a Provincial CAADP Team established. The comprehensive assessment has already been conducted on the rehabilitation of the Kraaipan, 	<p>Participate in and adapt NWDC branding to rebranding and repositioning of the province.</p> <p>Employment and Youth Development</p> <p>Implement ICT within the provincial ICT Framework</p> <p>Ensure that the NWDC fraud line is operated effectively.</p> <p>NWDC focus sectors aligns with key sectors of the economy:</p> <ul style="list-style-type: none"> • Mining and Mineral beneficiation • Tourism • Agriculture and agro-processing

Description	RELATED TO NWDC
<p>Springbokpan and Vryhof silos. We have secured funding from Treasury to rehabilitate the Springbokpan grain silo and the process is already underway.</p> <ul style="list-style-type: none"> We have a partnership with Rhodes University to roll out aquaculture throughout the province to the small scale fisheries programme in the six dams across the province (Spitskop, Taung, Disaneng, Lotlamoeng, Molatedi, and Ngotwane). The aquaculture training facility is being established in Kgora farming centre for completion in 2014. <p>Growth path framework and the National Development Plan (NDP) have identified infrastructure as one of the key drivers for job creation and poverty eradication.</p> <p>The Community Works Programme has created 41659 work opportunities in the current financial year.</p> <p>Projects mentioned:</p> <ul style="list-style-type: none"> Madikwe Buy Back Centre in Moses Kotane Local Municipality. The Enterprise Information Centre in Ratlou Local Municipality was completed at a cost of R5, 2 million. Construction of small industries within Dr Kenneth Kaunda District R3.2 mil. The Madikwe Sisal Project - R10, 5 million has commenced production with 50 workers. The Hotel School Division student's enrolment has been increasing with sponsorships for students with bursaries such as Anglo American, the Peermont Group and the National Department of Tourism among others to the value of R1.8 million. Acquisition of the Tusk Taung Hotel and conference to establish a new Hotel School. <p>We have transferred and amalgamated the functions of North West Development Corporation (NWDC), Mafikeng Industrial Development Zone (MIDZ) and Invest North West (INW). This is in response to the recommendations of the Presidential Review Committee on SOEs.</p> <p>The new entity is charged with the responsibility of:</p> <ul style="list-style-type: none"> economic development, growth, trade and investment promotion enterprise development and related priorities of the province. <p>Highlights of the new entity:</p> <ul style="list-style-type: none"> The new CEO has been appointed to allow for effective functionality and stability in the new entity. Taung and Tlokwe Light Industrial Parks are now functional and have thus far created 44 jobs. Four Youth cooperatives were established at Naledi and Matlosana Municipalities at a cost of R 5m. 	<p>NWDC needs to:</p> <ul style="list-style-type: none"> Drive policy advocacy for infrastructure development to support economic development and industrialisation. Contribute to infrastructure development through upgrading and establishment of industrial properties e.g. SEZ Liaise with municipalities in terms of co-operation on projects, infrastructure and incentives. <p>NWDC Responsibilities:</p> <ul style="list-style-type: none"> economic development, growth, trade and investment promotion enterprise development and related priorities of the province. <p>NWDC to regionalize SMME support through loans.</p>

Description	RELATED TO NWDC
<ul style="list-style-type: none"> The SMME Unit has given 109 loans amounting to Seventeen Million, Seven Hundred and Eight Seven Thousands (R17, 787m) which have created 290 jobs between April 2013 and December 2013. 	
<p>Source: Budget Vote Speech Vote 06 Department of Economy and Enterprise Development 2014/2015. Delivered by MEC Wendy Nelson at the North West provincial Legislature</p>	
<p>President Jacob Zuma has befittingly acknowledged, in the State of the Nation Address that:” our country still faces the triple challenge of poverty, inequality, and unemployment, which we continue to grapple with” and that: “dealing with these challenges has become a central focus of all democratic administrations”</p>	<p>NWDC shares the goal to address poverty, inequality and unemployment</p>
<p>Building a diversified industrial economy in the North West in line with:</p> <ul style="list-style-type: none"> National Development Plan (NDP), Medium Term Budget Policy Statement (MTSF), National Industrial Policy Framework (NIPF) and the Industrial Policy Action Plan (IPAP) <p>Province developed North West Industrial Development and Implementation Strategy (NWIDIS)</p> <p>Implementation must be reviewed to allow for critical feeds of industrialisation:</p> <ul style="list-style-type: none"> Security of energy supply Water Infrastructure development Road construction and maintenance ICT infrastructure across the Province <p>Province offers opportunities for investment in key economic sectors:</p> <ul style="list-style-type: none"> Mining and mineral beneficiation Agriculture and agro-processing Manufacturing Infrastructure development and The green economy. <p>We must correct enablers:</p> <ul style="list-style-type: none"> Integrated and co-ordinated planning “saamtrek-saamwerk” Implementation Reporting on progress and impact 	<ul style="list-style-type: none"> NWDC strategic planning is in line with mentioned policies and strategies. NWDC needs to consult the Medium Term Strategic Framework (MTSF) released in August 2014 with 14 Outcomes <p>Refer to page 2 in infrastructure</p> <p>Key Sectors</p> <p>NWDC Monitoring and Evaluation Reporting Framework</p>
<p>Economic Empowerment</p> <p>Sustainable economic growth through enterprises achieving material wealth through a focus on:</p> <ul style="list-style-type: none"> Production- productivity enhancement through efficiency and diversification Development- structural transformation towards dynamic enterprises Management <p>Requires targeted interventions to achieve more inclusive growth.</p> <ul style="list-style-type: none"> Integrated and co-ordinated planning “saamtrek-saamwerk” All government departments and agencies with mandate to develop women, youth and disabled must align to deliver with in ring-fenced budget. Youth Unemployed Graduate Database Literacy and skills development is the road to human progress Re-establishment of CEOs Forum 	<ul style="list-style-type: none"> Support NWDC SMMEs with capacity building and access to incentives of Dti. TIA and IDC. Trade and Investment development and promotion e.g. BRICS, Africa Promote Innovation and incubation Work with other departments and agencies on development of youth, women and disabled. Consult and promote Youth

<ul style="list-style-type: none"> • Job creation through manufacturing identifying niche projects for industrialisation; e.g. Dirang ka Natla co-operative in Stilfontein. • Youth Enterprise Services (YES) ward based Enterprise-Development-Officers will be trained. Key focus is incubation. Budget of R50mil has been committed through SETAs 	<p>Unemployment Graduate Database</p> <ul style="list-style-type: none"> • CEO of NWDC to participate in CEOs Forum • Utilise and support YES
<p>Cooperatives Development and Support Cooperatives formed by youth, women and disabled must be supported in terms of procurement. The Department with National Department of Small Business Development will roll out Red Tape Reduction Programme</p>	<p>NWDC to procure services from Cooperatives where possible</p>
<p>Enterprise Development</p> <ul style="list-style-type: none"> • SACCA Congress for Cooperative Financial Institutions • The Department will develop a North West Cooperatives Strategy • Cooperatives implemented: <ul style="list-style-type: none"> ○ Borobalo Diamond Cutting and Polishing ○ Mfidikwe Waste Recycling • Incubation Centre for Disabled in Phokeng- CSIR to do Feasibility Studies • Hair and Beauty Academy in Mahikeng 	<p>NWDC to take note of the initiatives.</p>
<p>Delivery on our Government Mandate</p> <ul style="list-style-type: none"> • In terms of Integrated Planning the Department needs to effectively co-ordinate the Economic Cluster • Joint forum with ESKOM, water boards, Broadband Infracore and SAA 	<p>NWDC to take note of the initiatives and participate</p>
<p>Business Regulation</p> <ul style="list-style-type: none"> • Consumer Affairs Office • Liquor Licenses • North West Gambling Board 	<p>NWDC to take note of the initiatives</p>
<p>The North West Development Agency Further review and configuration of NWDC is necessitated to further align with the administrative output of this Administration:</p> <ul style="list-style-type: none"> • It will become the agency that drives investment promotion across all sectors of the economy in the province • Stimulate growth of economy • Increase share in trade and investment • Support enterprise development through high value impact • Distribute loan finance to SMMEs • Maize meal enterprise in Springbokpan 	<p>NWDC Mandates from MEC:</p> <ul style="list-style-type: none"> • Facilitate and promote trade and investment • Subscribe to trade and investment monitors • Industry Development and Support • Create partnership to develop innovation. • Implement SEZ • Develop incentives

7. WHAT IS THE FUTURE OF MANUFACTURING IN SOUTH AFRICA?

Speaker: Nimrod Zalk, Industrial Development Policy and Strategy Advisor, Department of Trade and Industry

Focus of presentation:

- Manufacturing allows for an increased share of non-agricultural employment growth in the country

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- There is a strong correlation between growth in infrastructure investments and manufacturing output growth
- South Africa has been de-industrialising since the apartheid era, as a result, re-industrialisation is proving difficult especially post-financial crisis
- Diversification in the manufacturing sector is key to future growth prospects



Manufacturing is of particular importance to any economy that seeks to grow. Nimrod Zalk notes that there are few industrialised countries that have been able to achieve growth status without going through the industrialization process. Advancement in technology does allow countries to leapfrog certain stages of the development phases, but an economy still needs to develop the capabilities to maintain an adequate employment base. In light of this, manufacturing therefore allows for an increased share of non-agricultural employment growth.

Amidst the multitude of divergent views on the manufacturing sector in South Africa, an empirical context is needed to balance the views on the sector. Broadly, strong empirical evidence suggests that manufacturing remains important if developing countries such as South Africa reach convergence with developed countries.

South Africa is unique in that its economy has a clear and evident structural break, identifiable by the break from apartheid to democracy in 1994. Apartheid era manufacturing was largely capital and energy intensive dominated by 6 large conglomerates and State Owned Enterprises (SOEs). This, coupled with a largely unplanned and incoherent tariff policy meant that the economy boomed on the back of its manufacturing base. A large factor in the decline of the manufacturing sector was the Apartheid government's inability to diversify the manufacturing sector.

The manufacturing sector in South Africa was previously rooted in infrastructure and mining mega projects which also boosted the fortunes of the engineering and related sectors. The peak of the manufacturing sector is directly aligned to the peak in investment in infrastructure and mining mega projects. This offers a clear reminder to current policy makers to leverage periods of high growth in investment demand.

South Africa, like many developing countries, has had premature deindustrialisation and efforts to re-industrialise may be difficult given the unique pressures that come with being a developing country. Post 1994, there has sadly been a continuation of the Apartheid-era industrial path. The focus has remained on commodity manufacturing and those sectors that form intermediate manufacturing inputs. The few non-commodity manufacturing successes include the automotive sector as well as the machinery and equipment sector. There is a need to re-focus mining and minerals as downstream inputs into the manufacturing sector, suggested Nimrod Zalk. With regards to beneficiation, a logical and coherent approach that will move away from the current status quo is needed, where the benefits are captured in the immediate phase creating immense cost pressures on the manufacturing sector.

The first formal government intervention came with the Industrial Policy Action Plan (IPAP) in 2007. Using a wide range of instruments, government focused on stimulating a number of key sectors through economy-wide policy interventions. The timing of the intervention could not have been better, as alluded to by Nimrod Zalk, as it meant the sector was largely shielded from the fall out of the 2008 global financial crisis. Some of the constraining factors highlighted by Nimrod Zalk are labour markets, the broad business environment, monopolistic pricing, demand and skills shortages as well as relative prices and profitability. There is no uniquely identifiable area that is a problem, but addressing each of these and moving towards a diversified manufacturing sector will ensure the sector can continue to grow in the future.

Strategies towards developing a diversified manufacturing sector include localisation, diversified exports, strategic trade policy, tackling import fronting, developing a competitive and stable currency, an aggressive export-driven manufacturing outlook and a stronger push by the government towards greater regional economic integration.

Government needs to implement policies that limit the cost-price squeeze on manufacturers specifically targeting monopolistic input prices, rising electricity and port prices and the wage bargaining framework. Financing diversified manufacturing will depend on developing a tax framework that encourages investment within the sector, actively promoting the role of development finance institutions and fiscal responsibility on the part of government.

South Africa's proximity to the rest of Africa is a potential major boon for the sector. The continent is the fastest growing region in the world. South Africa must grasp the opportunity to supply the continent. Albeit from a low base, South Africa's diversified export growth to Africa has far outstripped growth of exports to the European Union. The low base means that this can be sustained over extended periods of time. The opportunities for South Africa are linked to the mining and infrastructure sectors and the rise of the African consumer.

The recent platinum group minerals (PGM) strike showcased the volatilities the sector is exposed to. The strike resulted in R67 million worth of purchases lost every day. Although a large share of economic indicators are down, declines in the economy have shown up particularly in the manufacturing sector.

What policy interventions does South Africa need to drive the growth of manufacturing?

- Continuous engagement of key stakeholders in the sector (labour, unions, government and private sector) is a means to create favourable investment climate necessary for manufacturing growth.
- Skills development programmes benchmarked to international standards and moving unskilled labour up the value-chain key to capacity enhancement
- Competitive manufacturing through a diversified export-driven manufacturing sector
- Forward-looking thinking by government and targeted planning and implementation vital in policy considerations.

The **exciting future of manufacturing** and the key to it is to be a future –orientated manufacturing sector. Evidence of the changing dynamic of the manufacturing sector can be seen through technology

companies that are becoming manufacturers, like google and its driverless cars and the introduction of disruptive technologies, like ride share apps, Uber and Lyft.

Future technologies include:

- 3D and 4D printing shaping manufacturing in the near future
- Advanced Materials Systems (AMS) – A structured approach to innovation
- The future of forestry, pulp, paper and packaging is currently underpinned by an evolving industry leveraging new areas of growth

Some key global megatrends to be aware of that will shape the manufacturing sector of the future are 3D and 4D printing, Crowd-sourcing and gamification, analytics and big data; and the quest by manufacturers to get closer to the consumers who want smart tailored content. Karthi Pillay suggested that the products of the future will need to embed interactive capabilities into their products.

Advanced material systems (AMS) are about maximizing growth on materials-enabled solutions and creating a pathway for reigniting growth. Outputs of AMS are functional solutions. AMS is about understanding the market opportunity in order to understand what systems, processes and components will be needed to meet demand. Success requires that target markets define system performance and cost - not the material, said Jason McPherson. Furthermore, recognising the ecosystem complexity and how value is created is crucial in approaching the opportunity.

Bronwyn Kilpatrick stressed the point that the current generation will reconfigure where the industry is going in future. People will increasingly be paying for mobility and an autonomous vehicle is definitely on the horizon. An understanding of how this will impact fleet services and other ancillary services will be required. The industry will move towards computerised testing and design resulting in fewer defects, longer life spans and reduced maintenance. Changes in the automotive industry are increasingly being driven by the notion that people will no longer need vehicles to connect to the World.

Is there any future in the Forestry, Pulp, Paper and Packaging industry? Indeed there is, stated Roy Campbell. Wood products are increasingly being used for unusual applications including food and clothing. Paper will not disappear from offices overnight and Africa for example has a large potential market of people who do not as yet use tissue paper. The sector in South Africa is safe in that the country provides one of the best ecosystems for growing hardwood. Niche products will prove to be influential for the industry. The very products that seem to be killing the paper industry can actually help save the industry. Campbell alluded to the fact that cell phones have cellulose which is a by-product of trees. In future, manufacturers within the sector need to look at what problems they are trying to solve rather than what products they are trying to make.

To remain competitive, manufacturers need to understand the future and what role South Africa will play in the future of manufacturing. The impact on the value chain will be felt across all sectors. The impact will be more drastic and immediate, particularly for manufacturers operating in emerging markets. South Africa has fared well in global manufacturing competitiveness with respect to Africa, but has slipped somewhat in recent times in the global ranks. Manufacturers need to harness the drivers of manufacturing competitiveness in order to increase competitiveness and ensure that South Africa does not fall into the trap of manufacturing for manufacturing's sake, said Campbell.

(Source: Frontier Advisory: The Future of Manufacturing 20 August 2014)

8. RECOMMENDATIONS

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

- Diversify the economy of the NW province
- Develop SMMEs
- Develop and diversify the manufacturing sector.
- 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.

9. RESEARCH AND DEVELOPMENT ACTIVITY REPORT

9.1 Research and Development Annual Unit Plan

The Annual Research and Development Unit Plan for 2014 2015 was submitted to the CEO.

9.2 Subscriptions

IHS Global Insight Regional Explorer and the Johannesburg Chamber of Commerce and Industry (JCCI) were approved by the CEO and procured.

9.3 Studies Outsourced/Purchased

Information that is not available through subscriptions or desktop research needs to be purchased or commissioned.

It is important to avoid duplication and therefore the NWDC Research and Development Unit liaises with the mother department, the Department of Economic and Enterprise Development (DEED), The North West Planning Commission (NWPC) as well as the North West University (NWU) to support them with the studies that fall within their mandates. The intention is that the NWDC amongst others also identify their needs and commission studies that build on existing research.

The Office of the Premier has signed a MoU with the NWU on Research that will be utilized to commission studies to the NWU.

9.3.1 Support to DEED

After NWDC supported DEED with a Regional Economic Review: Current Realities in the North West; A Report on the Trade and Development research niche areas study commissioned to NWU with the purpose to identify unique opportunities for each district municipality based on their locational advantages, delivered to DEED by 28 March 2014, a new study proposal as phase two is being conducted **Towards an Integrated Manufacturing Strategy for the North West province.**

9.3.2 Support NWPC

NWDC Research and Development Unit is a member of the Inter Departmental Research Forum (IDPRF) convened by the by North West Planning Commission and had a meeting with them during which a summary of NWDC research was discussed

9.3.3 NWDC

A proposal was submitted to the CEO for NWDC Incentive Research and the questionnaire has been compiled.

9.3.4 Geographical Information Systems (GIS)

NWDC is also exploring Geographical Information Systems (GIS) to assist in supplying information to be able to create interactive maps with relevant provincial information especially with regards to NWDC and investment opportunities.

9.4 Desktop Studies/ Intelligence

9.4.1 Intelligence

Desktop studies were conducted and intelligence gathered and distributed on request and as general information distribution on the following and are included in the portfolio of evidence:

- Grain SA Market Commentary
- DSM Country and Product Ranking
- Crop Estimates Committee
- IT Based Support tools for project, exports, leads and investment tracking
- Sectoral Trends IDC
- Mining Presentation
- Malaysia Seminar on Infrastructure Development
- Database of Mining in the NWP
- Quarterly Labour Force Survey Q2 2014
- China Industrial Clusters
- The manufacturing sector in the North West
- Compile a Presentation on the NW Economic Indicators and FDI to the Portfolio Committee
- Distribute information on 2014 to 2019 Medium Term Strategic Framework
- Distribute Presentations on Localization
- Supply information on Request for Sector Contribution Information
- Survey of Employers and the Self Employed SESA 2013 by STATSSA
- Dti Making changes to BEE for Black industrialists
- GENHUB Fund for Small Renewable Energy Projects

- Beneficiation Colloquium
- Industrial Policy Action Plan 2014/15 to 2016/17
- But my Inflation Rate Might be higher
- More Taxes Less infrastructure
- North West Province Fast Facts
- Compile Presentation for the CEO for the Launch of the WTO Chair Programme
- World Leather, Skin and Hide Market
- Compile Presentation on Goat Meat Production and Processing
- Compile Presentation on Dimension Stone Beneficiation
- Trade

9.4.2 International Reports including FDI and Global Competitiveness

See points 3 and 4 of this report.

9.4.3 Country Briefs

- Malaysia Country Profile
- Vietnam Country Profile

9.4.4 Bilateral Agreements signed between the North West Province/South Africa and other Countries

A list of agreements between RSA and Malaysia 31 July 2014 was sourced.

9.4.5 SONA, SOPA and DEED Budget Speeches Summarised

The State of the Province Address (SOPA) of the 27th of June 2014 as well as the Budget Speech of the MEC Hon. Wendy Nelson, for DEED was summarised and issues for NWDC indicated. (Included in the report)

9.5 Engagement and/or participation in events with Economic Community, Research related meetings, Conferences, Workshops, IPA's, World Economic Forum, WAIPA

- Meeting with NWDC and the Reserve Bank 4 August 2014
- Attend the Africa Economic Outlook Conference of IHS Global Insight in Johannesburg on 30 July 2014
- Attend the North West IHS Global Insight Rex Road Show that focusses on the North West province on 6 August 2014 in Mahikeng.
- Attend Frontier Advisory Forum "Future of Manufacturing" in Johannesburg on 20 August 2014
- Attend the Launch of the WTO Chair at the NWU 16 and 17 September 2014
- Arrange Innovation Workshop between NWDC, NWU and TIA, 30 September 2014 at NWDC

NWDC Economic Data Report. Qtr 2 of 2014.2015 www.nwdc.co.za

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- Meeting between the NWDC and the North West Planning Commission

10. CHALLENGES

Knowledge Management function without a Knowledge Management Specialist.

11. RECOMMENDATIONS AND POSSIBLE SOLUTIONS TO CHALLENGES

Appointment of Knowledge Management Specialist

Unit plans need to be approved and integrated based on the directives of the new leadership.

RESEARCH AND DEVELOPMENT UNIT
Economic Data Report Q2 2014 2015

PORTFOLIO OF EVIDENCE INDEX
(Any of the documents below can be made available on request)

	INDICATOR: ACTIVITY (REPORTING CYCLE)	DOCUMENTS
1	Economic Data Report (Quarterly)	
2	Research Activities	
2.1	Research and Development Annual Unit Plan	1. Research and Development Unit Plan 2014 2015
2.2	Subscriptions	1. IHS Global Insight Regional Explorer subscription procured 2. Johannesburg Chamber of Commerce and Industry (JCCI) subscription procured
2.3	Studies Outsourced/ Purchased	1. Attend Task Team Meeting with NWU, FEED and NWDC on the study commissioned to NWU by DEED on <i>Towards an Integrated Manufacturing Strategy for the NW – Innovation through Diversity</i> 2. Develop the Questionnaire for Research on Incentives for the NWDC
2.4	Desktop Studies/ Intelligence	
2.4.1	<i>Intelligence</i>	1. Grain SA Market Commentary 2. DSM Country and Product Ranking 3. Crop Estimates Committee 4. IT Based Support tools for project, exports, leads and investment tracking 5. Sectoral Trends IDC 6. Mining Presentation 7. Malaysia Seminar on Infrastructure Development 8. Database of Mining in the NWP 9. Quarterly Labour Force Survey Q2 2014 10. China Industrial Clusters 11. The manufacturing sector in the North West 12. Compile a Presentation on the NW Economic Indicators and FDI to the Portfolio Committee 13. Distribute information on 2014 to 2019 Medium Term Strategic Framework 14. Distribute Presentations on Localization 15. Supply information on Request for Sector Contribution Information 16. Survey of Employers and the Self Employed SESA 2013 by STATSSA 17. Dti Making changes to BEE for Black industrialists 18. GENHUB Fund for Small Renewable Energy Projects 19. Beneficiation Colloquium 20. Industrial Policy Action Plan 2014/15 to 2016/17 21. But my Inflation Rate Might be higher 22. More Taxes Less infrastructure

		<ul style="list-style-type: none"> 23. North West Province Fast Facts 24. Compile Presentation for the CEO for the Launch of the WTO Chair Programme 25. World Leather, Skin and Hide Market 26. Compile Presentation on Goat Meat Production and Processing 27. Compile Presentation on Dimension Stone Beneficiation 28. Trade
2.4.2	<i>International Reports including FDI and Global Competitiveness</i>	Contained in Economic Data Report
2.4.3	<i>Country Briefs</i>	<ul style="list-style-type: none"> 1. Malaysia Country Profile 2. Vietnam Country Profile
2.4.4	<i>Bilateral Agreements signed between the North West Province/South Africa and other Countries</i>	<ul style="list-style-type: none"> 1. List of agreements between RSA and Malaysia 31 July 2014
2.4.5	<i>SOPA and DEED Budget Speeches Summarised</i>	<ul style="list-style-type: none"> 1. Summary of State of the Province Address (SOPA) 27 June 2014 and the DEED Budget Vote for 2014 2015 as related to NWDC
2.5	Engagement and/or participation in events with Economic Community, Research related meetings, Conferences, Workshops, IPA's, World Economic Forum, WAIPA	<ul style="list-style-type: none"> 1. Meeting with NWDC and the Reserve Bank 4 August 2014 2. Attend the Africa Economic Outlook Conference of HIS Global Insight in Johannesburg on 30 July 2014 3. Attend the North West IHS Global Insight Rex Road Show that focusses on the North West province on 6 August 2014 in Mahikeng. 4. Attend Frontier Advisory Forum "Future of Manufacturing" in Johannesburg on 20 August 2014 5. Attend the Launch of the WTO Chair at the NWU 16 and 17 September 2014 6. Arrange Innovation Workshop between NWDC, NWU and TIA, 30 September 2014 at NWDC 7. Meeting between the NWDC and the North West Planning Commission

Report Submitted By

Date: October 2014

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