Economic Data Report

NORTH WEST DEVELOPMENT CORPORATION

3rd Quarter, 2015 / 16

Compiled by: NWDC Research and Development Unit

Q3 2015 2016

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1. INTRODUCTION

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

The performance indicators of the unit are:
A Quarterly Economic Data Report as well as
A Quarterly Research and Development Activity 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 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 The Global Economy

The World Economic Outlook Report of October 2015 of the IMF indicates global growth for 2015 is projected at 3.1 percent, 0.3 percentage point lower than in 2014, and 0.2 percentage point below the forecasts in the July 2015 World Economic Outlook (WEO) Update.

Prospects across the main countries and regions remain uneven. Relative to last year, the recovery in advanced economies is expected to pick up slightly, while activity in emerging market and developing economies is projected to slow for the fifth year in a row, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries.

In an environment of declining commodity prices, reduced capital flows to emerging markets and pressure on their currencies, and increasing financial market volatility, downside risks to the outlook have risen, particularly for emerging market and developing economies.

Medium-term and long-term common forces are also importantly at play. These include low productivity growth since the crisis, crisis legacies in some advanced economies (high public and private debt, financial sector weakness, low investment), demographic transitions, ongoing adjustment in many emerging markets following the postcrisis credit and investment boom, a growth realignment in China—with important cross-border repercussions—and a downturn in commodity prices triggered by weaker demand as well as higher production capacity.

Commodity prices have weakened, particularly in recent weeks. After increasing in the spring from their January trough, oil prices have declined sharply, reflecting resilient supply, the prospects of higher future output following the nuclear deal with the Islamic Republic of Iran, and weaker global demand.
Metal prices have also fallen on concerns about global demand, especially the slowdown in commodity intensive investment and manufacturing activity in China, but also owing to increases in supply following the past mining investment boom.
For many **commodity exporters** with flexible exchange rate regimes, **weakening commodity prices have triggered sizable currency depreciation**.

These global factors—and country-specific developments—point to a somewhat weaker recovery in 2015 and 2016 than previously envisaged, and to higher downside risks.

The renewed declines in commodity prices will again put downward pressure on headline inflation in advanced economies in the coming months and could delay the expected pickup in core inflation as the recovery progresses.

The structural reform agenda is country specific, but its main issues are:

- to strengthen labor force participation and trend employment,
- facilitate labor market adjustment,
- tackle legacy debt overhang, and
- lower barriers to entry in product markets, especially in services.

Emerging market and developing economies face a difficult trade-off between supporting demand amid slowing growth and reducing vulnerabilities in a more difficult external environment.

Many economies have eased macroeconomic policies in response. The scope for further easing varies considerably across countries, however, given differences in growth performance, macroeconomic conditions, and sensitivity to commodity price shocks, as well as external, financial, and fiscal vulnerabilities.

- **In oil importers**, lower oil prices have reduced price pressures and external vulnerabilities, which will ease the burden on monetary policy. These positive effects are, however, offset in oil importers that export other commodities by weaker export prices and the ensuing exchange rate depreciation.
- **In oil exporters** without fiscal space, lower oil revenues require a reduction in public spending. For those with space, it is appropriate to adjust the fiscal position gradually, but medium-term adjustment plans should be formulated and initiated to maintain policy credibility.
- **In commodity-exporting** countries with flexible exchange rate regimes, currency depreciation can help offset the demand impact of terms-of-trade losses, but sharp exchange rate changes can in some countries exacerbate vulnerabilities associated with high corporate leverage and foreign-currency exposure.
- **Structural reforms to raise productivity and remove bottlenecks to production** are urgently needed in many economies.

The World Economic Outlook Projections as per the World Economic Outlook Update October 2015

		Projections		Difference from July 2015 WEO		Difference from April 2015 WEO1	
	2014	2015	2016	2015	2016	2015	2016

World Output (2)	**3.4**	**3.1**	**3.6**	**-0.2**	**-0.2**	**-0.4**	**-0.2**
Advanced Economies	**1.8**	**2.0**	**2.2**	**-0.1**	**-0.2**	**-0.4**	**-0.2**
United States	2.4	2.6	2.8	0.1	-0.2	-0.5	-0.3
Euro Area (3)	0.9	1.5	1.6	0.0	0.1	0.0	0.0
Germany	1.6	1.5	1.6	-0.1	-0.1	-0.1	-0.1
France	0.2	1.2	1.5	0.0	0.0	0.0	0.0
Italy	-0.4	0.8	1.3	0.1	0.1	0.3	0.2
Spain	1.4	3.1	2.5	0.0	0.0	0.6	0.5
Japan	-0.1	0.6	1.0	-0.2	-0.2	-0.4	-0.2
United Kingdom	3.0	2.5	2.2	0.1	0.0	-0.2	-0.1
Canada	2.4	1.0	1.7	-0.5	-0.4	-1.2	-0.3
Other Advanced Economies (4)	2.8	2.3	2.7	-0.4	-0.4	-0.5	-0.4
Emerging Market and Developing Economies (5)	**4.6**	**4.0**	**4.5**	**-0.2**	**-0.2**	**-0.3**	**-0.2**
Commonwealth of Independent States	1.0	-2.7	0.5	-0.5	-0.7	-0.1	0.2
Russia	0.6	-3.8	-0.6	-0.4	-0.8	0.0	0.5
Excluding Russia	1.9	-0.1	2.8	-0.8	-0.5	-0.5	-0.4
Emerging and Developing Asia	6.8	6.5	6.4	-0.1	0.0	-0.1	0.0
China	7.3	6.8	6.3	0.0	0.0	0.0	0.0
India (3)	7.3	7.3	7.5	-0.2	0.0	-0.2	0.0
ASEAN-5 (4)	4.6	4.6	4.9	-0.1	-0.2	-0.6	-0.4
Emerging and Developing Europe	2.8	3.0	3.0	0.1	0.1	0.1	-0.2
Latin America and the Caribbean	1.3	-0.3	0.8	-0.8	-0.9	-1.2	-1.2
Brazil	0.1	-3.0	-1.0	-1.5	-1.7	-2.0	-2.0
Mexico	2.1	2.3	2.8	-0.1	-0.2	-0.7	-0.5
Middle East, North America, Afghanistan and Pakistan	2.7	2.5	3.9	-0.1	0.1	-0.4	0.1
Saudi Arabia	3.5	3.4	2.2	0.6	-0.2	0.4	-0.5
Sub-Saharan Africa	5.0	3.8	4.3	-0.6	-0.8	-0.7	-0.8
Nigeria	6.3	4.0	4.3	-0.5	-0.7	-0.8	-0.7
South Africa	1.5	1.4	1.3	-0.6	-0.8	-0.6	-0.8
Memorandum							
European Union	1.5	1.9	1.9	0.0	-0.1	0.1	0.0
Low-Income Developing Countries	6.0	4.8	5.8	-0.3	-0.4	-0.7	-0.2
Middle East and North Africa	2.6	2.3	3.8	-0.1	0.1	-0.4	0.1
World Growth Based on Market Exchange Rates	2.7	2.5	3.0	-0.1	-0.2	-0.4	-0.2
World Trade Volume (Goods and Services)	3.3	**3.2**	**4.1**	**-0.9**	**-0.3**	-0.5	-0.6
Imports							
Advanced Economies	3.4	4.0	4.2	-0.5	-0.3	0.7	-0.1
Emerging Markets and Developing Economies	3.6	1.3	4.4	-2.3	-0.3	-2.2	-1.1
Exports							
Advanced Economies	3.4	3.1	3.4	-0.5	-0.6	-0.1	-0.7

Emerging Markets and Developing Economies	2.9	3.9	4.8	-1.1	0.1	-1.4	-0.9
Commodity Prices (U.S. dollars)							
Oil (5)	-7.5	-46.4	-2.4	-7.6	-11.5	-6.8	-15.3
Nonfuel (average based on World commodity export weights)	-4.0	-16.9	-5.1	-1.3	-3.4	-2.8	-4.1
Consumer Prices							
Advanced Economies	1.4	0.3	1.2	0.3	0.0	-0.1	-0.2
Emerging Markets and Developing Economies (5)	5.1	5.6	5.1	0.1	0.3	0.2	0.3
London Interbank Offered Rate (%)							
On U.S. Dollar Deposits (6 month)	0.3	0.4	1.2	0.0	0.0	-0.3	-0.7
On Euro Deposit (3 month)	0.2	0.0	0.0	0.0	0.0	0.0	0.0
On Japanese Yen Deposit (6 month)	0.2	0.1	0.1	0.0	0.0	0.0	-0.1

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during July 27–August 24, 2015. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. Data for Lithuania are included in the euro area aggregates but were excluded in the April 2015 World Economic Outlook (WEO).
1 Difference based on rounded figures for both the current, July 2015 WEO Update, and April 2015 World Economic Outlook forecasts.
2 Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.
3 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.
4 Indonesia, Malaysia, Philippines, Thailand, Vietnam.
5 Simple average of prices of U.K. Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in U.S. dollars a barrel was $96.25 in 2014; the assumed price based on futures markets is $51.62 in 2015 and $50.36 in 2016.

2.1.1 IHS Top-10 Economic Predictions for 2015

During the past three years, world growth has been stuck at around 2.5 and slightly above. During that time, the contribution from the advanced economies (especially the United States and Europe) has increased, while the additions to global growth from emerging markets have decreased. IHS expects a slightly better overall performance for the world economy in 2015, with an expected growth rate of 3% or slightly higher. Solid and improving growth in the United States and a slight pickup in the pace of Eurozone economic activity are among the reasons for this moderately upbeat assessment. In the same vein, much lower oil prices and more monetary stimulus—in particular, from the Bank of Japan (BoJ), the European Central Bank (ECB), and the People's Bank of China (PBoC)—will not only support growth, but could also provide the basis for some upside surprises. Unfortunately, many of the downside risks that have plagued the global economy since the end of the Great Recession remain in place, including high public- and private-sector debt levels, corporate risk aversion, and daunting geopolitical risks.

1. US growth will be solid, in the 2.5–3.0% range.
2. The Eurozone recovery will proceed at a sluggish pace, but UK growth will be robust.
3. Japan's economy will regain weak growth momentum.
4. China's growth rate will decelerate more, but remain stronger than most.
5. A few emerging markets will struggle, while many will see above-average growth.
6. Commodity prices will slide further.
7. Inflation will be a distant threat, while deflationary worries persist.
8. The Federal Reserve, Bank of Canada, and Bank of England will likely start raising interest rates, while most other central banks will be on hold or provide more stimulus.
9. The US dollar will rise against most currencies, while the euro and yen will fall.
10. Perennial downside risks will be balanced by some upside risks.

2.1.2 Shockwaves and Economic Competitiveness

In the IHS Quarterly Economics of Q1 2015 Zbyszko Tabernacki; Vice President IHS Economics and Country Risk reports that Shockwaves and economic competitiveness are key issues that will influence the economy in 2015.

The recent rapid decline in oil prices is one of the latest shockwaves that hit the economy. The lower oil prices will benefit oil importing countries and have a negative impact on oil exporting countries. This in turn will produce divergent responses from policy makers and central banks as they attempt to stimulate growth and prevent deflation. The resulting violent swings in interest and exchange rates will cause rapid shifts in capital flows as investors seek higher returns at lower risk. Competitiveness will thus be the main issue.

2.1.3 *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. Most economies are resource based.
- Pressure on current account increases
- Highly unequal society as agricultural sector employment dominate

2.2 South African Realities

2.2.1 *Highlights Q3 2015/2016*

Real gross domestic product at market prices increased by 0,7 per cent quarter-on-quarter, seasonally adjusted and annualised The largest contributions to the quarter-on-quarter growth of 0,7 per cent were as follows:

- The manufacturing industry contributed 0,8 of a percentage point based on growth of 6,2 per cent
- Finance, real estate and business services contributed 0,6 of a percentage point based on growth of 2,8 per cent; and
- The wholesale, retail and motor trade; catering and accommodation industry contributed 0,3 of a percentage point based on growth of 2,5 per cent. Key economic developments

The following points should be noted when analysing the recent performance of the economy:

- Economic activity in the manufacturing industry reflected positive growth of 6,2 per cent due to higher production in the following divisions: petroleum, chemical products, rubber and plastic products; wood and wood products, paper, publishing and printing; and food and beverages;
- Economic activity in finance, real estate and business services reflected positive growth of 2,8 per cent due to increased activities in financial markets and the banking sector;
- The growth in the wholesale, retail and motor trade; catering and accommodation industry was mainly due to increases in turnover in the wholesale and retail trade divisions;
- Economic activity in the mining and quarrying industry reflected negative growth of 9,8 per cent due to lower production in the mining of coal; mining of other metal ores (including platinum) and mining of other mining and quarrying (including diamonds); and
- Economic activity in the agriculture, forestry and fishing industry reflected negative growth of 12,6 per cent due to decreases in the production of field crops.

- *South African Economic Growth Q3 2015/2016*

South Africa's economy grew by 0,7% in the third quarter of 2015, according to preliminary estimates of real gross domestic product (GDP) released by Stats SA. After experiencing a 1,3% contraction in the second quarter, the marginal GDP growth in the third quarter staved off a technical recession. A recession is usually said to occur if a country experiences two consecutive quarters of GDP decline.

The increase in overall economic activity in the third quarter was characterised by three of the ten main industry groups shrinking in size, while the other seven experienced some growth.

The **agriculture** industry experienced the largest fall in activity, contracting by 12,6%. Decreases in the production of field crops (such as maize, sunflower and sugar cane) contributed to the industry's decline.

Activity in the **mining** industry fell by 9,8%. Lower production in the mining of coal and other minerals contributed to the decrease.

Electricity, gas and water supply was the third industry to experience a contraction in the third quarter, falling by 8,0%. This was mainly as a result of a decrease in the production and consumption of electricity. Electricity distribution in South Africa has been subdued this year, according to Stats SA's latest Electricity generated and available for distribution release. The amount of electricity distributed was 1,2% lower in the first nine months of 2015 compared with the first nine months of 20142.

These three industries can be regarded as being in recession. This was the third consecutive quarter of agricultural decline, and the second consecutive quarter of decline for both mining and electricity.

The **manufacturing** industry grew by 6,2% in the third quarter. Increased production of various products, such as food & beverages and wood & paper, contributed to the rise in activity. This followed two consecutive quarters of contraction in manufacturing.

The other industries that experienced growth in the third quarter were **finance** (+2,8%), **trade** (+2,5%), **personal services** (+1,7%), **government** (+1,2%), **construction** (+0,5%), and **transport** (+0,1%).

The South African economy last entered a recession in late 2008 and early 2009, when GDP declined for three straight quarters: the fourth quarter of 2008 (-2,3%), the first quarter of 2009 (-6,1%), and the second quarter of 2009 (-1,4%).

Other quick facts from the latest GDP release:

- The unadjusted real GDP at market prices increased by 1,0% year-on-year.
- The estimate of real GDP for the first nine months of 2015 increased by 1,5% compared with the corresponding period in 2014.
- Nominal GDP was estimated at R1 007 billion for the third quarter of 2015 (the first time quarterly nominal GDP has exceeded R1 trillion).

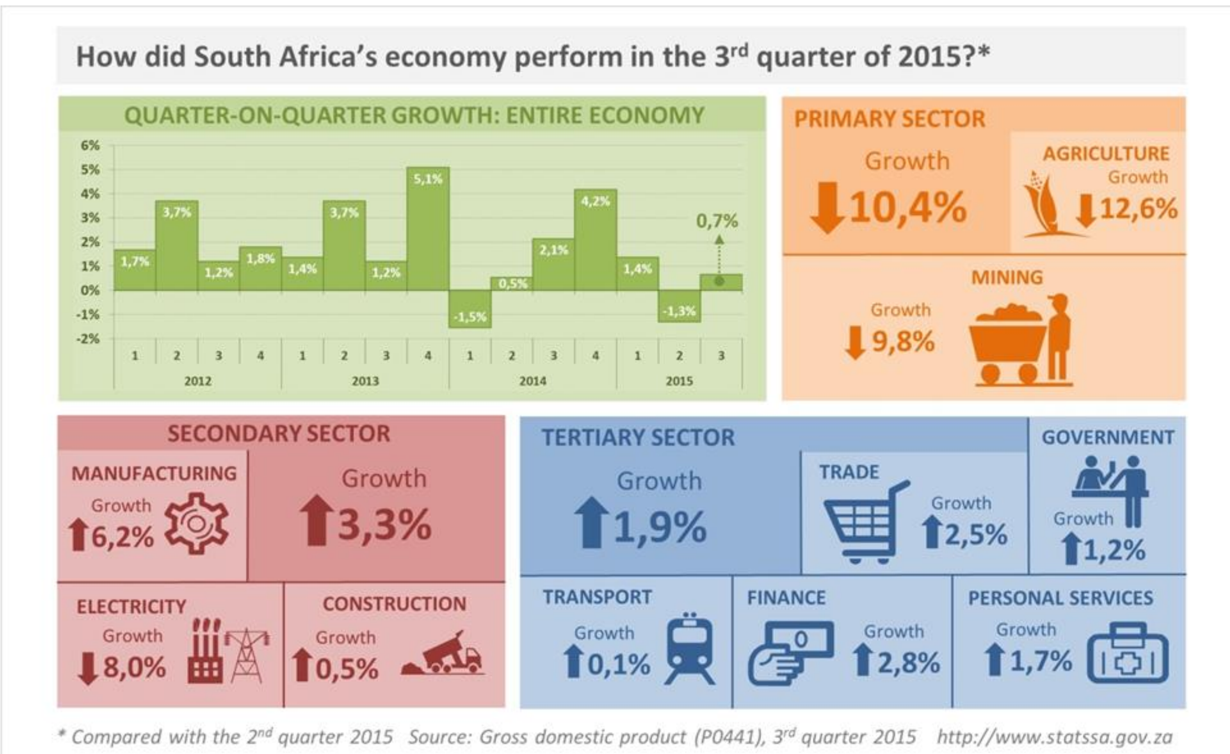
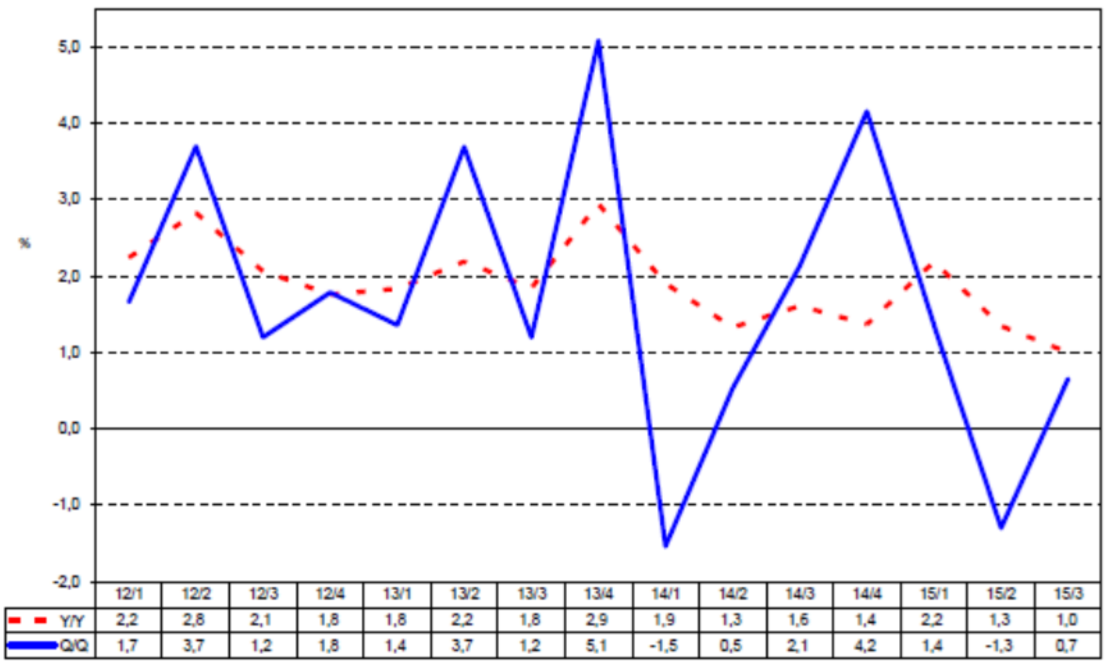


Figure 1 – Growth in gross domestic product year-on-year (Y/Y) and quarter-on-quarter seasonally adjusted and annualised (Q/Q)



(Source: Statistics SA Q3 2015)

The table below reflects Statistics South Africa economic indicators in Q3 2015 2016:

INDICATOR for SA	MONTH /YEAR	%	Quarter on Quarter or Year on Year
Population (Mid-year Estimate)	Mid 2014	54mil	
GDP Growth	2015 Q3	0.7%	QoQ
CPI	October 2015	4,7%	YoY
PPI	October 2015	4.2%	YoY
Unemployment	2015 Q3	25,5%	

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)	• Demand composition • Supply side (production)
Exports (IHS and (WTO)	• Intensity • Diversity • Markets
Fiscal and external balances(IHS)	• Economic stability
Level of transformation of economy	• Productivity • Technological upgrading
Socio-economic development	• 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*

Rise in agricultural sector productivity

Stronger links with manufacturing sector

Skills development

Labour shift from low-productive agricultural sector to higher productive manufacturing sector

Worker income increases

Poverty levels drop, income distribution improves

Country production base broadens

Economic diversification into high tech manufacturing and services

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*

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 2014 IHS Global Insight Indicators.

The NW region covers approximately 105 076 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.

Key indicators South Africa, North West province and **District Municipalities (2014)**

	South Africa	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompati DM	Dr Kenneth Kaunda DM
Region area (km²)	1 221 246	105 076	18 370	27 985	44 053	14 668
Total population	53 781 908	3 670 889	1 602 614	866 535	474 823	726 916
Population density (number of people per km²)	44,04	34.94	34,97 87,24	34,30 9687,24	34,91 047887,24	39,99 4 9645687,24 39,99 64
Economically Active Population (EAP) as % of total population, official definition	35,986%	31,310%	38,483%	22,786%	20,684%	32,600%
Number of households	15 341 533	1 098 814	526 384	231 248	127 189	213 993
Annual per household income (Rand, current prices)	168 920	135 990	141 920	116 877	101 838	162 355
Annual per capita income (Rand, current prices)	48 187	40 707	46 615	31 191	27 279	47 796
Gini coefficient	0,64	0,61	0,61	0,61	0,59	0,62
Formal Sector Employment	12 109 001	674 221	371 715	111 955	53 451	137 100
Informal Sector Employment	2 305 887	104 566	58 087	18 268	9 107	19 104
Unemployment rate, official definition (%)	25,007%	26,196%	22,953%	30,229%	30,942%	29,308%
Share below the upper poverty line (StatsSA	46,475%	47,403%	39,831%	56,652%	59,106%	45,427%

	South Africa	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompati DM	Dr Kenneth Kaunda DM
defined)						
Poverty gap rate (from upper poverty line)	28,378%	28,208%	27,466%	28,796%	28,892%	28,191%
Human Development Index (HDI)	0.626	5.578	0.608	0.531	0.500	0.603
Index of buying power	1,000000000	0,055580383	0,027170996	0,010530833	0,005476255	0,012402298
Economic Output (R million in current prices)	3 404 494 638	198 968 011	111 514 503	33 302 311	13 011 912	41 139 285
Share of economic output (GVA % of SA in current prices)	100,00	5,84	3,28	0,98	0,38	1,21
Economic Output (R million in constant 2010 prices (R 1000)	2 729 203 315	153 664 276	88 037 300	25 586 875	9 920 398	30 119 703
Share of economic output (GVA % of SA in constant 2010 prices (R 1000))	100,00	5,63	3,23	0,94	0,36	1,10
Average annual growth (Constant 2010 Prices) 2014	1,6%	-0,5%	-1,4%	1,2%	2,3%	-0,2%
Average annual growth (Constant 2010 Prices) 2014 to 2019	2,7%	2,8%	3,4%	2,3%	2,5%	1,8%
Growth in Tourism (using bednights) by origin 2013	5,0%	9,0%	9,1%	7,7%	10,3%	9,3%
Growth in Tourism Spend 2013	5,8%	3,0%	2,7%	3,1%	4,7%	3,1%
International Trade						
Exports (R 1000)	1 003 825 998	18 300 516	14 718 510	1 086 254	364 150	2 131 602
Imports (R 1000)	1 072 463 997	5 553 622	2 131 904	441 338	120 572	2 859 808
Total Trade (R 1000)	2 076 289 995	23 854 138	16 850 414	1 527 592	484 722	4 991 410
Trade Balance (R 1000)	-68 637 999	12 746 893	12 586 606	644 916	243 578	-728 206
Exports as % of GDP	26,4%	8,1%	11,7%	2,8%	2,4%	4,5%
Total trade as % of GDP	54,7%	10,6%	13,4%	4,0%	3,2%	10,6%
Regional share - Exports	100,0%	1,8%	1,5%	0,1%	0,0%	0,2%
Regional share - Imports	100,0%	0,5%	0,2%	0,0%	0,0%	0,3%
Regional share - Total Trade	100,0%	1,1%	0,8%	0,1%	0,0%	0,2%
						(Source: Regional eXplorer 832 (2.5q)

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 0.58 from 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 47.4% (59.1% in 2009) respectively. Improvements in all measures relating to schooling and education are also reported.

The *Index of Buying Power* has also increased for the NW province. IHS Global Insight's Index of Buying Power (IBP) indicates that 5% 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 lower than that of the national average, while the percentage of people living in poverty is marginally higher than the national average. The NWP has a share of approximately 10.8% of national employment.

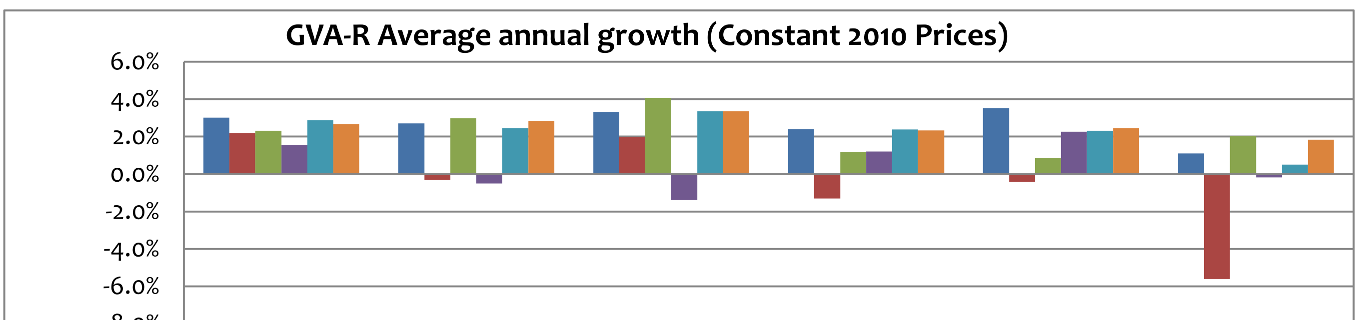
The 2014 *Gini coefficient* indicates that the level of equality is decreasing from 0,602 in 2009 to 0.614 in 2014 for the North West province. This is a trend for South Africa and the District Municipalities as well.

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 below it is clear that the NW province has become more diversified in its economy from 2009 where it was the 2nd most concentrated economy and in 2014 the 4th most concentrated. This is an indication that the efforts to diversify the economy are paying off and can be contributed to the weaker performance of the mining sector. *The NWP is a large and significant local economy in the South African economic context*. The area contributes approximately 5.7% to national production with mining,

Table: Comparison of the Tress indices of SA, provinces and the NW district Municipalities between 2009 and 2014:

	2009	2014
South Africa	39,67	39,44
Western Cape	47,55	46,76
Eastern Cape	54,16	53,67
Northern Cape	41,19	42,68
Free State	34,13	36,65
KwaZulu-Natal	40,98	39,34
Gauteng	49,97	49,68
Mpumalanga	36,57	36,35
Limpopo	49,55	50,03
North-West	51,08	49,29
Bojanala DM	66,03	62,38
Ngaka Modiri Molema DM	47,56	48,93
Dr Ruth Segomotsi Mompati DM	45,88	46,86
Dr Kenneth Kaunda DM	43,42	43,77

The *Average Annual growth* rate for the North West province has clearly been negatively affected by the labour unrest in the mining sector in 2014 and declined to -0,5 from 3% in 2013. The DRSDM on the contrary has experienced increased growth from 0,8% in 2013 to 2,3% in 2014.



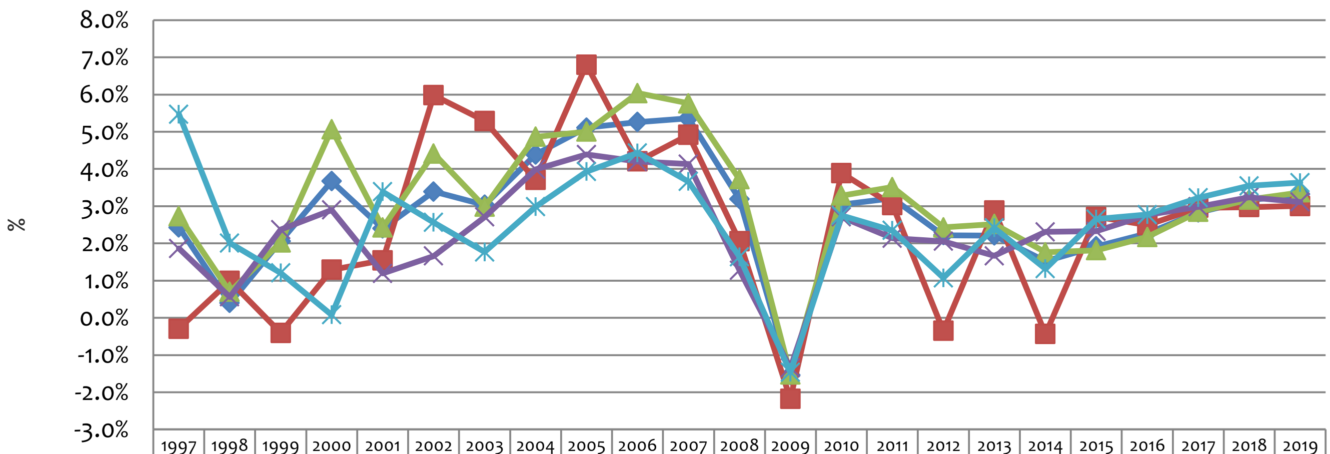
	SA	NW	BPDM	NMMDM	DRSDM	DKKDM
2011	3.0%	2.7%	3.3%	2.4%	3.5%	1.1%
2012	2.2%	-0.3%	2.0%	-1.3%	-0.4%	-5.6%
2013	2.3%	3.0%	4.1%	1.2%	0.8%	2.0%
2014	1.6%	-0.5%	-1.4%	1.2%	2.3%	-0.2%
1996-2014	2.9%	2.4%	3.4%	2.4%	2.3%	0.5%
2014-2019	2.7%	2.8%	3.4%	2.3%	2.5%	1.8%

In the graph below the average annual growth of the North West province is compared with the national growth figures as well as with Gauteng, Limpopo and Mpumalanga and it is clear that the North West province growth is more volatile which can be attributed to the heavy reliance on mining.

Gross Domestic Product by Region (GDP-R)

Average annual growth (Constant 2010 Prices)

(Source: IHS Global Insight; Regional eXplorer 832 (2.5q))



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
SA	2.4%	0.4%	2.1%	3.7%	2.4%	3.4%	3.0%	4.4%	5.1%	5.3%	5.4%	3.2%	-1.5%	3.0%	3.2%	2.2%	2.2%	1.5%	1.9%	2.3%	2.8%	3.2%	3.3%
NW	-0.3%	1.0%	-0.4%	1.3%	1.5%	6.0%	5.3%	3.7%	6.8%	4.2%	4.9%	2.1%	-2.2%	3.9%	3.0%	-0.4%	2.9%	-0.4%	2.7%	2.5%	3.0%	3.0%	3.0%
Gauteng	2.7%	0.7%	2.0%	5.1%	2.4%	4.4%	3.0%	4.9%	5.0%	6.0%	5.8%	3.7%	-1.5%	3.3%	3.5%	2.4%	2.5%	1.8%	1.8%	2.2%	2.8%	3.2%	3.4%
Mpu	1.9%	0.6%	2.4%	2.9%	1.2%	1.7%	2.7%	4.0%	4.4%	4.2%	4.1%	1.3%	-1.3%	2.7%	2.1%	2.1%	1.7%	2.3%	2.3%	2.8%	3.0%	3.2%	3.1%
Limpopo	5.5%	2.0%	1.2%	0.1%	3.4%	2.6%	1.8%	3.0%	3.9%	4.4%	3.7%	1.6%	-1.5%	2.8%	2.3%	1.1%	2.4%	1.3%	2.7%	2.8%	3.2%	3.5%	3.6%

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 Q3 2015)

	SOUTH AFRICA					North West				
	Jul-Sep 2014	Apr-Jun 2015	Jul-Sep 2015	% Change Q on Q	% Change Y on Y	Jul-Sep 2014	Apr-Jun 2015	Jul-Sep 2015	% Change Q on Q	% Change Y on Y
Population 15-64 yrs	35 489	35 955	36 114	0,44%	1,76%	2 389	2 422	2 434	0,47%	1,86%

Labour Force	**20 268**	**20 887**	**21 246**	**1,72%**	**4,83%**	**1 258**	**1 256**	**1 235**	**-1,67%**	**-1,83%**
Employed	15 117	15 657	15 828	1,09%	4,71%	921	940	921	-1,97%	0,09%
Unemployed	5 151	5 230	5 418	3,59%	5,18%	338	316	314	-0,78%	-7,06%
Not economically active	15 221	15 068	14 867	-1,33%	-2,33%	1 131	1 166	1 198	2,77%	5,96%
Discouraged work-seekers	2 514	2 434	2 226	-8,54%	-11,43%	229	231	243	5,09%	6,12%
Other	12 707	12 633	12 641	0,06%	-0,52%	902	935	956	2,20%	5,92%
Rates (%)										
Unemployment rate	25,4	25,0	25,5	0,50	0,10	26,8	25,2	25,4	0,20	-1,40
Employed / population ratio (Absorption)	42,6	43,5	43,8	0,30	1,20	38,5	38,8	37,9	-0,90	-0,60
Labour force participation rate	57,1	58,1	58,8	0,70	1,70	52,7	51,9	50,8	-1,10	-1,90

North West Employment by Industry Figures Compared to South Africa (Source: STASSA Q3 2015)

	SA Apr - Jun 2015 Thousands	**SA Jul-Sep 2015 Thousands**	**SA % Share Contribution Jul-Sept 2015**	**NW Apr - Jun 2015 Thousands**	**NW Jul-Sep 2015 Thousands**	**NW% Share Contribution Jul-Sept 2015**	**NW as % of SA**
Agriculture	869	897	5,67%	54	55	6,00%	6,16%
Mining	446	446	2,82%	154	154	16,74%	34,58%
Manufacturing	1 756	1774	11,21%	64	76	8,27%	4,29%
Utilities	136	127	0,80%	5	3	0,32%	2,35%
Construction	1 401	1460	9,23%	62	63	6,89%	4,35%
Trade	3 119	3200	20,22%	171	176	19,07%	5,49%
Transport	922	898	5,67%	25	37	4,05%	4,15%
Finance	2 164	2160	13,65%	110	92	9,99%	4,26%
Community and Social Services	3 548	3582	22,64%	212	183	19,83%	5,10%
Private House Holds	1 292	1280	8,09%	83	81	8,84%	6,36%
TOTAL	15 657	**15824**	**100,00%**	**940**	**921**	100,00%	5,82%

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.

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.

With the Focus of the 5th Administration on rebranding, repositioning and renewing (RRR) the VTSDs' economies as a strategic drive and to further focus on Agriculture, Culture and Tourism (ACT) as key sectors in the province. As the implementing arm of the NW province this approach will be promoted by the NWDC.

It is important to indicate the relative importance of agriculture, culture and tourism in the NWP. Agriculture (both narrow [2.8%] and broad [4.4%]) plays a smaller role than in most of the other provinces (with the exception of Gauteng and Limpopo). Along with most other provinces, except Gauteng, the cultural sector makes up a small part of GVA (2.7%). Culture and Tourism is difficult to isolate as it is spread across various sectors in the economy. The tourism sector contributes more (19%) to provincial GVA than agriculture and culture put together. In the total NWP economy ACT contributed approximately 23% of all value added in 2014.

Detailed sectors	Share of provincial GVA	Share of provincial employment
Narrow agriculture	2.77%	4.85%
Broad agriculture	4.40%	6.78%
Culture	2.71%	3.60%
Tourism	19.01%	18.82%

In terms of the VTSD focus, the areas / places identified as key role players are indicated in the table below.

Category (VTSD)	Local Municipality (LM)	District Municipality (DM)
Zeerust	Ramotshere Moiloa LM	Ngaka Modiri Molema DM
Koster	Kgetlengrivier LM	Bojanala Platinum DM
Coligny	Ditsobotla LM	Ngaka Modiri Molema DM
Hartbeesfontein(Dorpie) and Tigane (Township)	City of Matlosana	Kenneth Kaunda DM
Vryburg (Dorpie) & Huhudi (Township)	Naledi LM	Dr. Ruth S. Mompati DM
Schweizer-Reneke / Itelegeng (Mamusa)	Mamusa LM	Dr. Ruth S. Mompati DM
Derby	Kgetlengrivier LM	Bojanala Platinum DM
Delareyville	Tswaing LM	Ngaka Modiri Molema DM
Ottosdal	Tswaing LM	Ngaka Modiri Molema DM
Wolmaransstad / Tsweleleng – Maquassi Hills	Maquassi Hills LM	Kenneth Kaunda DM
Swartruggens	Kgetlengrivier LM	Bojanala Platinum DM
Sannishof	Tswaing LM	Ngaka Modiri Molema DM
Ventersdorp & Tshing	Ventersdorp LM	Kenneth Kaunda D

Source: The FEED (2015).ACT

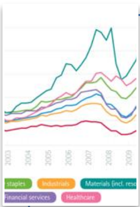
The Department of Finance, Economy and Enterprise Development (FEED) mapped the following priorities in their 2015 2016 strategic plan to grow the economy of the NWP.

Low Agricultural Outputs

Whilst the employment numbers in the sector have increased with accompanying increased output, there's a need for further upward development for purposes of production, employment figures and agro-processing

Infrastructure Development

The Province needs to provide and maintain a solid economic infrastructure, including a reliable energy consumption grid, transport networks (road, rail, and aviation), and telecommunications

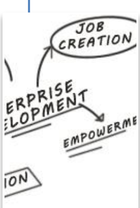


Diversification of Industries

The North West Province has to move with global trends. This calls for a thrust towards diversified local economies to include Arts and Crafts, Film industry, Green Economy industries (e.g. solar energy, waste management, and recycling projects)

Manufacturing vs Export Oriented Market

There is a need to investigate the potential of local beneficiation opportunities (based on the local outputs) and actively promote closer linkages between the local primary sector and manufacturing industries



Aggressive Enterprise Development

SMMEs are regarded as the back bone of many economies in developed and developing countries yet South Africa remains at the bottom of the rankings when it comes to countries that support small businesses to buttress the performance of their economies. To the extent that RSA has poor records on SMME support the implications are that provinces are not doing any better. The SMME strategy covers most of the challenges and plans to overcome them and therefore it suffices to mention Small Business Support as a challenge in this document

Foreign Direct Investment

The North West Province has the potential to attract foreign investment to support the local economies. The potential exists to attract local and foreign private investors to the province by providing a competitive set of incentives that could include both administrative (reducing the time required for development approval, information provision, etc.) and financial incentives disaggregated in terms of economic sectors and the value of investment particularly prioritising beneficiating activities. This can also be done through the formation of Public Private Partnerships (PPPs) to reduce private sectors' risks and acquire necessary funds for investment

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)

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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 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.

THE IMD WORLD COMPETITIVENESS SCOREBOARD

The IMD World Competitiveness Scoreboard 2015 by the Institute for Management Development in Zurich (IMD) assesses the competitiveness landscape of 61 economies, providing insight into the drivers of their productivity and prosperity. South Africa ranked no 53 in 2015:
Positive rankings include:

- Cost-of-living index (1)
- Office rent (7);
- Effective personal income-tax rate (2)

- Employer's social security contribution (3)
- Total public expenditure on education (3)
- Secondary school enrolment (7)
- Stock market capitalisation (3) and
- Finance and banking regulation (9).

EASE OF DOING BUSINESS (Business Environment/Climate)
(COMPARING BUSINESS REGULATIONS FOR DOMESTIC FIRMS IN 189 ECONOMIES World Bank Group Flagship Report 2015 for (2013/2014))

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.

Ease of Doing Business Ranking of South Africa

- Ease of Doing Business Ranking 43 (Overall)
- Protecting Minority Investors 17
- Paying Taxes 19
- Dealing with Construction Permits 32
- Resolving Insolvencies 39
- Enforcing Contracts 46
- Getting Credit 52
- Starting a Business 61
- Registering Property 97
- Trading Across Borders 100
- Getting Electricity 158

(Source: http://www.doingbusiness.org/rankings)

4. FOREIGN DIRECT INVESTMENT (FDI)

4.1 Global Investment Trends

Global foreign direct investment (FDI) slowed by 16% to $1.23-trillion in 2014. The declines were because of the fragility of the global economy, policy uncertainty for investors and elevated geopolitical risks.

FDI is viewed as a more stable source of investment into a country's economy as compared with investment inflows into the bond or stock markets.

FDI flows into developing economies flouted this trend, rising by 2% and investment into the African continent remained stable at $54-billion.

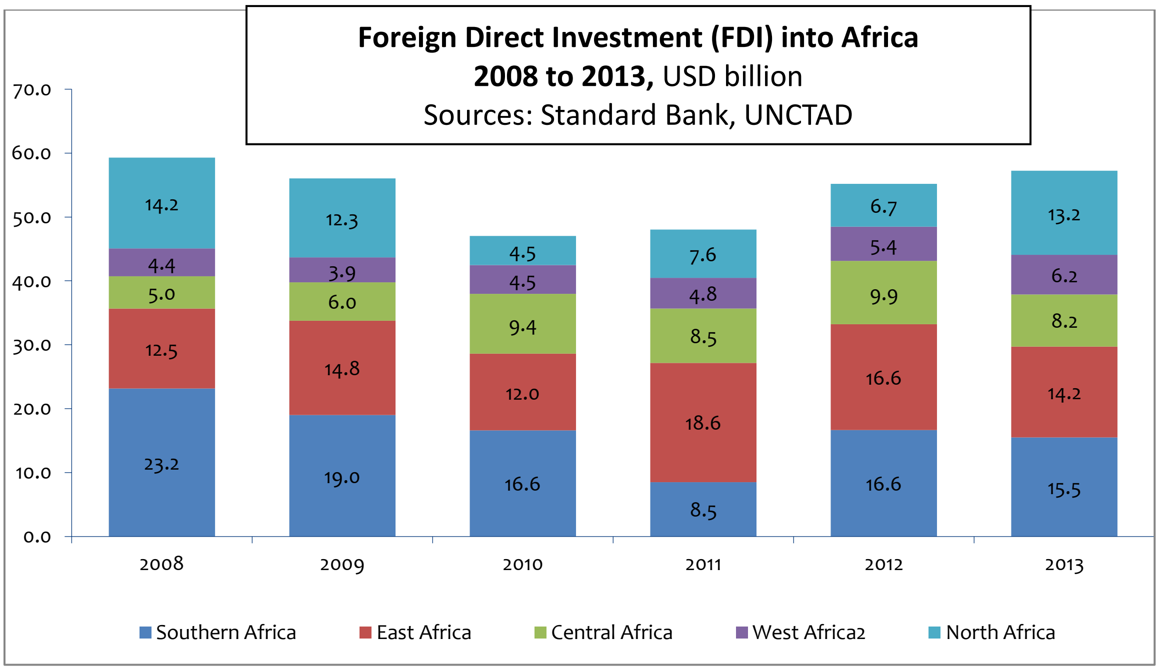
4.2 Africa

Regional Investment Trends:
The declines in the rest of the Southern African subregion were at a more muted 2%. Flows into West Africa shrank by 10% to $12.8-billion, as a result of the Ebola virus outbreak, regional conflicts and falling commodity

prices affected several countries. Flows to East and Central Africa increased by 11% to $6.8-billion and 33% to $12.1-billion respectively

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

South Africa saw a relatively steep decline. Investment flows into South Africa dropped by 31.2% to $5.8-billion in 2014, down from $8.3-billion in 2013. Mozambique saw a reduction of FDI flows by 21% or $4.9-billion.

Several issues over the past year, including chronic power shortages and labour unrest, have weighed down South Africa's economy, resulting in lacklustre economic growth.

Uncertainty has also emerged as the government considers several changes to **policy and legislation** that private sector economists believe are weighing on investor and business confidence in the country. In May 2015, Annabel Bishop, group economist at Investec, noted that proposed legislation, including the Promotion and Protection of Investment Bill, the Expropriation Bill and a policy proposal on land reform, were "significantly contributing to low business confidence in South Africa".

The Promotion and Protection of Investment Bill

The department of trade and industry (DTI) is in the process of cancelling a number of bilateral investment treaties, with the aim of replacing this investment regime with the Promotion and Protection of Investment Bill. DTI has come under a great deal of fire for cancelling a number of investment treaties with trade partners such as Germany. But the UNCTAD report revealed that South Africa is just one of a host of nations that is in the process of reviewing its international investment agreements regime and that there was "growing unease with the current functioning of the global international investment agreement regime". A number of unforeseen outcomes as a result of international investment agreements had been identified. Experience had shown that these agreements "bite" – namely that their protection provisions "can and have been enforced by arbitral tribunals at sometimes huge costs to the state", according to the report. International investment agreements can also have implications for numerous other areas at all levels of policymaking in countries, limiting the regulatory space of the contracting parties. Concerns have been raised that these limits on regulatory space "go too far, were not properly understood at the point of entry into or are inadequately balanced by safeguards for governments or by obligations on [multinational enterprises]". (Source: 2015 World Investment Report by the United Nations Conference on Trade and Development (UNCTAD))

(Source: UNTAD World Investment Report 2015)

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. **(Source: Pre**pared by Trade and Investment South Africa (TISA) a division in **the dti)**

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.
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.

5. 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	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
- Develop SMMEs
- Adhere to the ACTION strategic direction of the Premier being Agriculture, Culture and Tourism through Investment through Organizes Networking
- Actively seek for opportunities to benefit from the BRICS Fund.
- 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.

Report Submitted By **Date: 15 December 2015**

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