



# **Economic Data Report**

**Quarter 2 of 2017/2018**

*Research & Innovation*



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## **1. INTRODUCTION**

The purpose of the Research and Innovation 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.

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

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

The purpose of this report is to supply an overview of the economic data and information gathered and 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 – A Shifting Global Economic Landscape**

(Source: WORLD ECONOMIC OUTLOOK (WEO) UPDATE; July 2017)

The pickup in global growth anticipated in the April World Economic Outlook remains on track, with global output projected to grow by 3.5 percent in 2017 and 3.6 percent in 2018. The unchanged global growth projections mask somewhat different contributions at the country level. U.S. growth projections are lower than in April, primarily reflecting the assumption that fiscal policy will be less expansionary going forward than previously anticipated. Growth has been revised up for Japan and especially the euro area, where positive surprises to activity in late 2016 and early 2017 point to solid momentum. China's growth projections have also been revised up, reflecting a strong first quarter of 2017 and expectations of continued fiscal support. Inflation in advanced economies remains subdued and generally below targets; it has also been declining in several emerging economies, such as Brazil, India, and Russia.

While risks around the global growth forecast appear broadly balanced in the near term, they remain skewed to the downside over the medium term. On the upside, the cyclical rebound could be stronger and more sustained in Europe, where political risk has diminished. On the downside, rich market valuations and very low volatility in an environment of high policy uncertainty raise the likelihood of a market correction, which could dampen growth and confidence. The more supportive policy tilt in China, especially strong credit growth, comes with rising downside risks to medium-term growth. Monetary policy normalization in some advanced economies, notably the United States, could trigger a faster-than-anticipated tightening in global financial conditions. And other risks discussed in the April 2017 WEO, including a turn toward inward-looking policies and geopolitical risks, remain salient.

Projected global growth rates for 2017–18, though higher than the 3.2 percent estimated for 2016, are below pre-crisis averages, especially for most advanced economies and for commodity-exporting emerging and developing economies. Among the former, many face excess capacity as well as headwinds to potential growth from aging populations, weak investment, and slowly advancing productivity. In view of weak core inflation and muted wage pressures, policy settings should remain

consistent with lifting inflation expectations in line with targets, closing output gaps, and—where appropriate—external rebalancing. Reforms to boost potential output are of the essence, and slow aggregate output growth makes it even more important that gains are shared widely across the income distribution. Financial stability risks need close monitoring in many emerging economies. Commodity exporters should continue adjusting to lower revenues, while diversifying their sources of growth over time.

## The World Economic Outlook Projections as per the World Economic Outlook Update July 2017

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

	Estimate			Projections		Difference from April 2017 WEO Projections 1/	
	2014	2015	2016	2017	2018	2017	2018
World Output	3.4	3.4	3.2	3.5	3.6	0.0	0.0
<b>Advanced Economies</b>	<b>1.9</b>	<b>2.1</b>	<b>1.7</b>	<b>2.0</b>	<b>1.9</b>	<b>0.0</b>	<b>-0.1</b>
<b>United States</b>	2.4	2.6	1.6	2.1	2.1	-0.2	-0.4
Euro Area	0.9	2.0	1.8	1.9	1.7	0.2	0.1
Germany	1.6	1.5	1.8	1.8	1.6	0.2	0.1
France	0.6	1.1	1.2	1.5	1.7	0.1	0.1
Italy	-0.3	0.8	0.9	1.3	1.0	0.5	0.2
Spain	1.4	3.2	3.2	3.1	2.4	0.5	0.3
Japan	0.0	1.1	1.0	1.3	0.6	0.1	0.0
United Kingdom	3.1	2.2	1.8	1.7	1.5	-0.3	0.0
Canada	2.5	0.9	1.5	2.5	1.9	0.6	-0.1
Other Advanced Economies 3/	2.8	2.0	2.2	2.3	2.4	0.0	0.0
<b>Emerging Market and Developing Economies</b>	<b>4.6</b>	<b>4.3</b>	<b>4.3</b>	<b>4.6</b>	<b>4.8</b>	<b>0.1</b>	<b>0.0</b>
<b>Commonwealth of Independent States</b>	1.0	-2.2	0.4	1.7	2.1	0.0	0.0
Russia	0.7	-2.8	-0.2	1.4	1.4	0.0	0.0
Excluding Russia	1.9	-0.5	1.8	2.5	3.5	0.0	0.0
Emerging and Developing Asia	6.8	6.8	6.4	6.5	6.5	0.1	0.1
China	7.3	6.9	6.7	6.7	6.4	0.1	0.2
India 4/	7.2	8.0	7.1	7.2	7.7	0.0	0.0
ASEAN-5 5/	4.6	4.9	4.9	5.1	5.2	0.1	0.0
Emerging and Developing Europe	2.8	4.7	3.0	3.5	3.2	0.5	-0.1
Latin America and the Caribbean	1.3	0.1	-1.0	1.0	1.9	-0.1	-0.1
Brazil	0.1	-3.8	-3.6	0.3	1.3	0.1	-0.4
Mexico	2.2	2.6	2.3	1.9	2.0	0.2	0.0
Middle East, North Africa, Afghanistan, and Pakistan	2.7	2.7	5.0	2.6	3.3	0.0	-0.1
Saudi Arabia	3.6	4.1	1.7	0.1	1.1	-0.3	-0.2
Sub-Saharan Africa	5.1	3.4	1.3	2.7	3.5	0.1	0.0
Nigeria	6.3	2.7	-1.6	0.8	1.9	0.0	0.0
South Africa	1.6	1.3	0.3	1.0	1.2	0.2	-0.4
Memorandum							
<i>Low-Income Developing Countries</i>	6.0	4.6	3.6	4.6	5.2	-0.1	-0.1
World Growth Based on Market Exchange Rates	2.7	2.7	2.5	2.9	3.0	0.0	0.0
<b>World Trade Volume (goods and services) 6/</b>	<b>3.7</b>	<b>2.6</b>	<b>2.3</b>	<b>4.0</b>	<b>3.9</b>	<b>0.2</b>	<b>0.0</b>
<b>Advanced Economies</b>	3.6	4.0	2.3	3.9	3.5	0.2	-0.1
Emerging Market and Developing Economies	3.9	0.3	2.2	4.1	4.6	0.1	0.3
Commodity Prices (U.S. dollars)							
<b>Oil 7/</b>	-7.5	-47.2	-15.7	21.2	0.1	-7.7	0.4
Nonfuel (average based on world commodity export weights)	-4.0	-17.5	-1.8	5.4	-1.4	-3.1	-0.1
Consumer Prices							
<b>Advanced Economies</b>	1.4	0.3	0.8	1.9	1.8	-0.1	-0.1
Emerging Market and Developing Economies 8/	4.7	4.7	4.3	4.5	4.6	-0.2	0.2
London Interbank Offered Rate (percent)							
<b>On U.S. Dollar Deposits (six month)</b>	0.3	0.5	1.1	1.6	2.2	-0.1	-0.6
On Euro Deposits (three month)	0.2	-0.0	-0.3	-0.3	-0.2	0.0	0.0
On Japanese Yen Deposits (six month)	0.2	0.1	0.0	0.0	0.1	0.0	0.1

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during May 3-May 31, 2017.

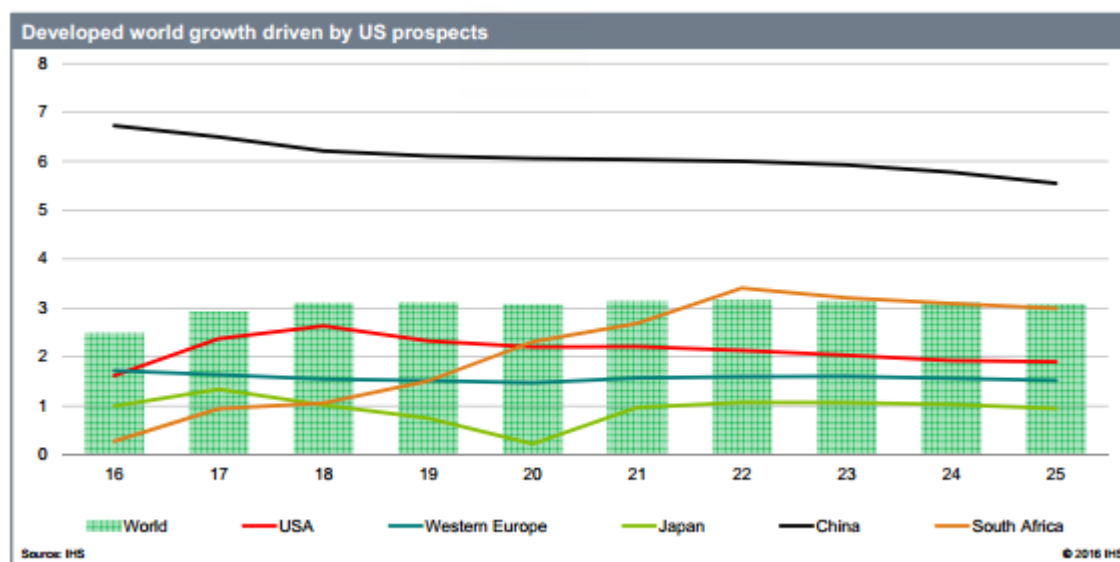
Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted.

1/ Difference based on rounded figures for both the current and April 2017 World Economic Outlook forecasts.

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

- 3/ Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.  
 4/ For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with FY2011/12 as a base year.  
 5/ Indonesia, Malaysia, Philippines, Thailand, Vietnam.  
 6/ Simple average of growth rates for export and import volumes (goods and services).  
 7/ Simple average of prices of U.K. Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in U.S. dollars a barrel was \$42.8 in 2016; the assumed price based on futures markets (as of June 1, 2017) is \$51.9 in 2017 and \$52.0 in 2018.  
 8/ Excludes Argentina and Venezuela.

**Figure 1: World Growth is expected to pick up during 2017 2018**



- US economic rebound improves global economic outlook while growth in Europe and China is stable.
- Commodity prices showed a sharp upturn during 2016 and early 2017 period, however vulnerabilities remain, of which softer Chinese industrial production and stronger US Dollar pose the most significant in the near term.
- Growth prospects in Sub-Saharan Africa improve on the back of commodity price recovery but fiscal consolidation is expected to remain a drag on economic performance over the 2018-2019 period.
- South Africa faces unique challenges.
- Structural factors to impede South Africa's growth performance in the short to medium term include; a weakening fiscal backdrop, slowing investment, weaker business environment and consumer vulnerability as the most significant.
- Global risk factors also remain high. IHS Markit simulates the impact of a Trade War between the US and Mexico and China as well as a "hard" Brexit scenario on global and regional growth.

## 2.2 South African Economy

### 2.2.1 Highlights Q2 2017/2018

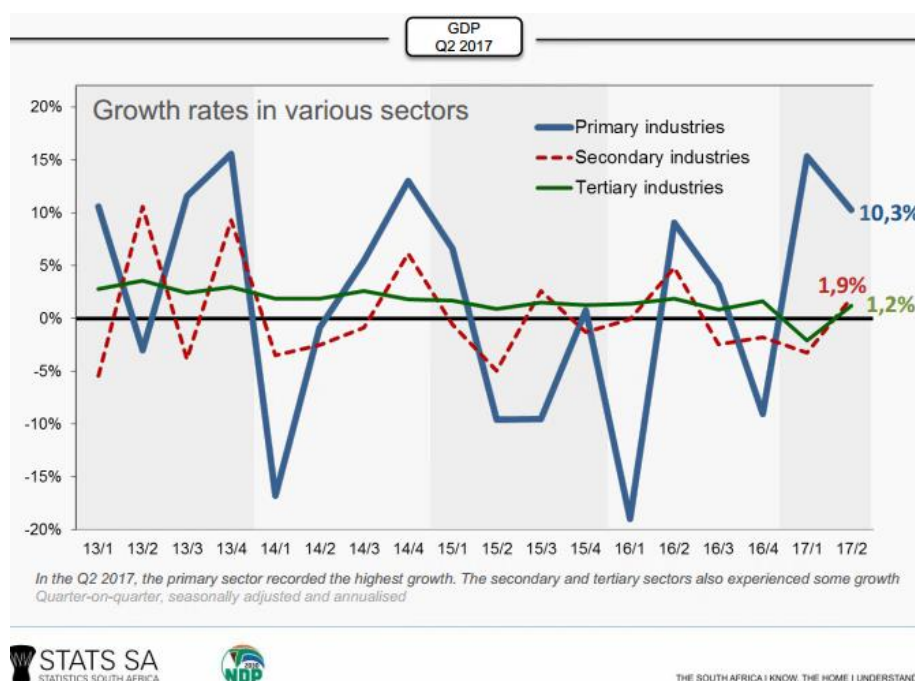
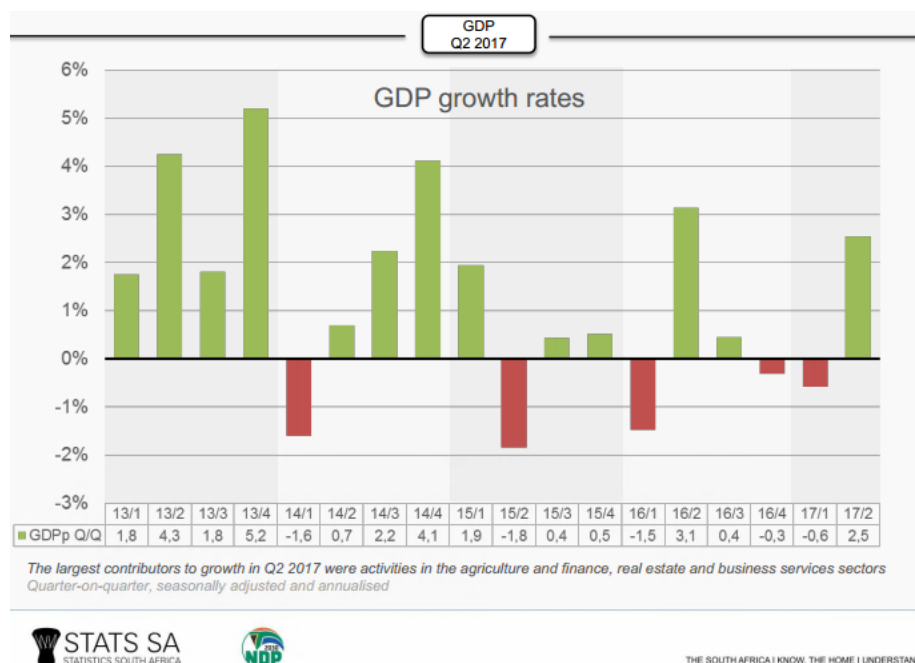
In this section the key quarterly indicators will be mentioned including economic growth, inflation and employment.

- *South African Economic Growth Q2 2017/2018*

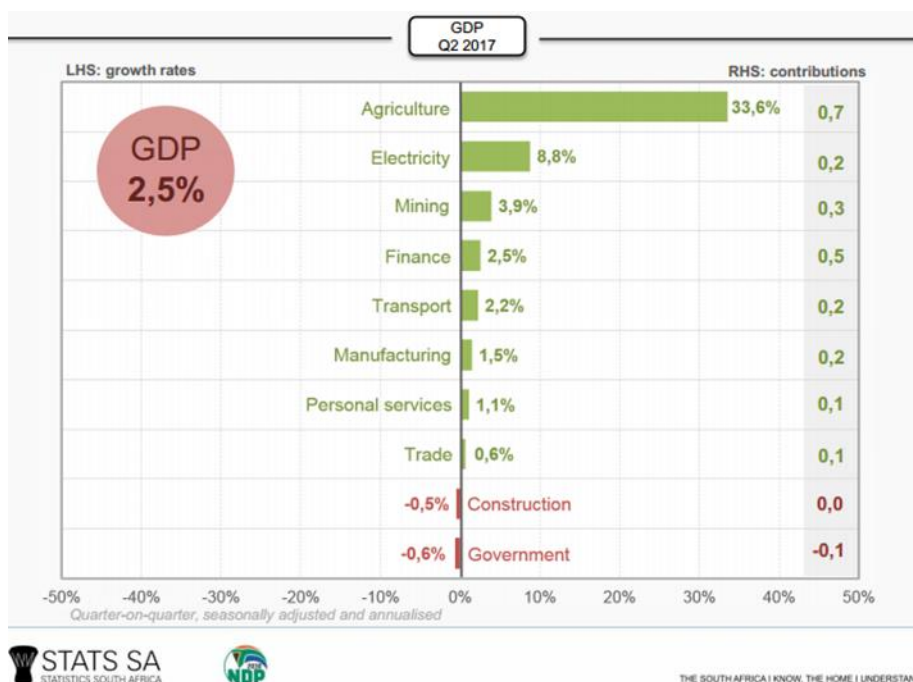
**GDP in the second quarter of 2017 grew by 2,5%**

## Gross domestic product (measured by production)

South Africa's gross domestic product (GDP) growth rate was 2,5% in the second quarter of 2017. The largest positive contributor to growth in GDP in the second quarter was the agriculture, forestry and fishing industry, which increased by 33,6% and contributed 0,7 of a percentage point to GDP growth.



Finance, real estate and business services increased by 2,5% and contributed 0,5 of a percentage point to GDP growth. The mining and quarrying industry increased by 3,9% and contributed 0,3 of a percentage point to GDP growth. In contrast general government services decreased by 0,6% and contributed -0,1 of a percentage point to GDP growth.



### ***Expenditure on GDP2***

Expenditure on real gross domestic product grew by 2,4% in the second quarter of 2017.

Household final consumption expenditure increased by 4,7% in the second quarter, contributing 2,8 percentage points to total growth. The main positive contributors to growth in HFCE were food and nonalcoholic beverages (10,1% and contributing 1,9 percentage points), clothing and footwear (26,7% and contributing 1,4 percentage points), and the 'other' category 3 of expenditure (8,2% and contributing 1,0 percentage point).

Final consumption expenditure by general government increased by 0,8%. An increase in purchases of goods and services was recorded.

Gross fixed capital formation decreased by 2,6%, after two consecutive quarterly increases. The largest contributor to the negative growth in the second quarter of 2017 was residential buildings, which decreased by 13,0% and contributed -1,3 percentage points to growth in GFCF.

There was a R5,3 billion build-up of inventories in the second quarter of 2017.

Net exports contributed positively to growth in expenditure on GDP. Exports of goods contributed positively to the growth in total exports, while exports of services contributed negatively. Exports of transport equipment, base metals and precious metals were largely responsible for the increase in goods. Imports of goods and services increased by 13,3%, driven largely by imports of machinery and equipment.

(Source: Stassa GDP Q2 2017)

### **Inflation Consumer Price Index (CPI)**

#### Background:

- High and volatile inflation is bad for the economy
- Inflation targeting was adopted by the SA authorities in 2000
- The target is for consumer price inflation to be maintained between 3 and 6 per cent per annum
- This target was adopted by government through a cabinet decision
- The SA Reserve Bank has instrument independence
  - It must use its repurchase rate (interest rate) to keep inflation between 3 and 6 per cent



- Inflation too high => raise repurchase rate => reduce credit extension and expenditure  
=> lower inflation
- Inflation too low => reduce repurchase rate => raise credit extension and expenditure  
=> higher inflation
- It takes time for the interest rate mechanism to work through to inflation: typically 18 to 24 months.

## KEY FINDINGS

### Headline consumer price index (CPI for all urban areas)

Annual consumer price inflation was 4,8% in August 2017, up from 4,6% in July 2017. The consumer price index increased by 0,1% month-on-month in August 2017. Table C (page 6) shows contributions to headline annual consumer price inflation.

- Food and non-alcoholic beverages decreased from 1,1 percentage points in July to 1,0 percentage point in August. The index increased by 5,7% year-on-year.
- Alcoholic beverages and tobacco increased from 0,2 of a percentage point in July to 0,3 of a percentage point in August. The index increased by 4,3% year-on-year.
- Transport increased from 0,1 of a percentage point in July to 0,6 of a percentage point in August. The index increased by 3,9% year-on-year.
- Recreation and culture decreased from 0,2 of a percentage point in July to 0,1 of a percentage point in August. The index increased by 2,4% year-on-year.
- Miscellaneous goods and services decreased from 1,2 percentage points in July to 1,1 percentage points in August. The index increased by 7,5% year-on-year.

### Monthly consumer price inflation.

- Alcoholic beverages and tobacco contributed 0,1 of a percentage point in August. The index increased by 1,2% month-on-month.
- Transport contributed 0,1 of a percentage point in August. The index increased by 0,5% month-on-month.

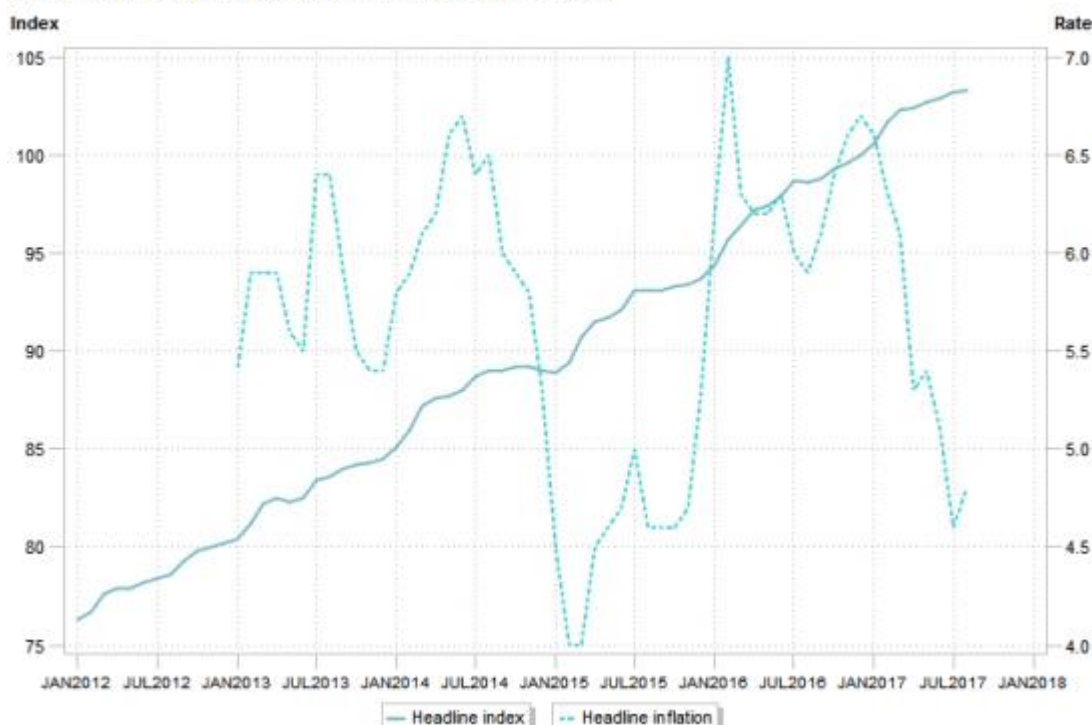
In August the CPI for goods increased by 4,0% year-on-year (up from 3,4% in July), and the CPI for services increased by 5,6% year-on-year (unchanged from July).

Provincial annual inflation rates ranged from 3,5% in Northern Cape and North West to 5,7% in Western Cape.

Average CPI for 2012 was 5,6%  
 Average CPI for 2013 was 4,7%  
 Average CPI for 2014 was 6,1%  
 Average CPI for 2015 was 4,6%  
 Average CPI for 2016 was 6,4%



### - CPI headline index numbers and year-on-year rates



### Production Price Index (PPI)

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

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

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

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

Average PPI for 2013 was 6,0%

Average PPI for 2014 was 7,5%

Average PPI for 2015 was 3,6%

Average PPI for 2016 was 7.0%

### KEY FINDINGS FOR JULY 2017

#### Final manufactured goods – headline PPI

The annual percentage change in the PPI for final manufactured goods was 3,6% in July 2017 (compared with 4,0% in June 2017). From June 2017 to July 2017 the PPI for final manufactured goods increased by 0,5%.

The main contributors to the annual rate of 3,6% were food products, beverages and tobacco products (1,2 percentage points), wood and paper products (0,7 of a percentage point) and coke, petroleum, chemical, rubber and plastic products (0,7 of a percentage point).

The contributors to the monthly increase of 0,5% were wood and paper products (0,2 of a percentage point), food products, beverages and tobacco products (0,1 of a percentage point) and coke, petroleum, chemical, rubber and plastic products (0,1 of a percentage point).

#### Intermediate manufactured goods

The annual percentage change in the PPI for intermediate manufactured goods was 1,5% in July 2017 (compared with 2,1% in June 2017). From June 2017 to July 2017 the PPI for intermediate manufactured goods decreased by 0,9%.

The main contributors to the annual rate of 1,5% were sawmilling and wood (1,2 percentage points) and recycling and manufacturing n.e.c. (0,8 of a percentage point).

The main contributor to the monthly decrease of 0,9% was chemicals, rubber and plastic products (-0,9 of a percentage point).

#### Electricity and water

The annual percentage change in the PPI for electricity and water was 3,5% in July 2017 (compared with 6,2% in June 2017). From June 2017 to July 2017 the PPI for electricity and water increased by 4,0%.

The contributors to the annual rate of 3,5% were electricity (2,0 percentage points) and water (1,1 percentage points).

The contributors to the monthly increase of 4,0% were electricity (3,3 percentage points) and water (0,7 of a percentage point).

#### Mining

The annual percentage change in the PPI for mining was -0,9% in July 2017 (compared with -1,5% in June 2017). From June 2017 to July 2017 the PPI for mining increased by 0,4%.

The main contributors to the annual rate of -0,9% were gold and other metal ores (-3,6 percentage points) and non-ferrous metal ores (-0,5 of a percentage point).

The main contributors to the monthly increase of 0,4% were coal and gas (1,2 percentage points), non-ferrous metal ores (1,1 percentage points) and gold and other metal ores (1,0 percentage point).

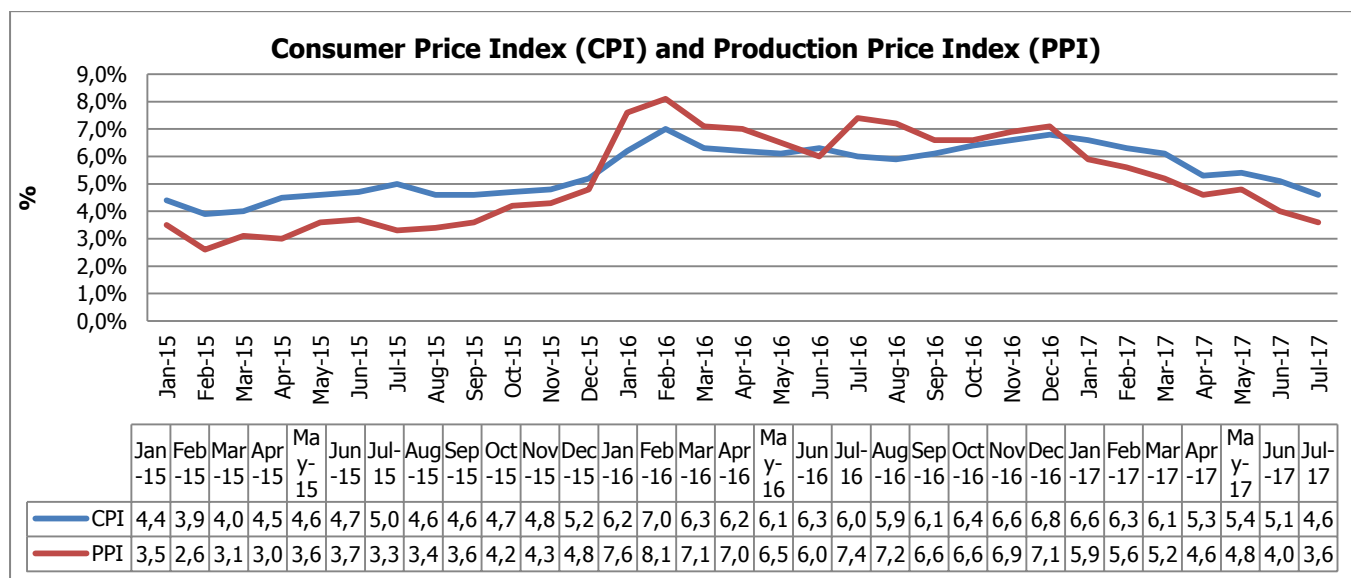
#### Agriculture, forestry and fishing

The annual percentage change in the PPI for agriculture, forestry and fishing was 0,3% in July 2017 (compared with -1,4% in June 2017). From June 2017 to July 2017 the PPI for agriculture, forestry and fishing increased by 1,8%.

The main contributor to the annual rate of 0,3% was forestry (0,8 of a percentage point).

The contributor to the monthly increase of 1,8% was agriculture (1,7 percentage points).

**Figure 2: South Africa's Consumer Price Index (CPI) and Production Price index (PPI) Jan 2015 to July 2017**



(Source: Statssa Q2 2017)

## Population

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

(Source: Statssa)

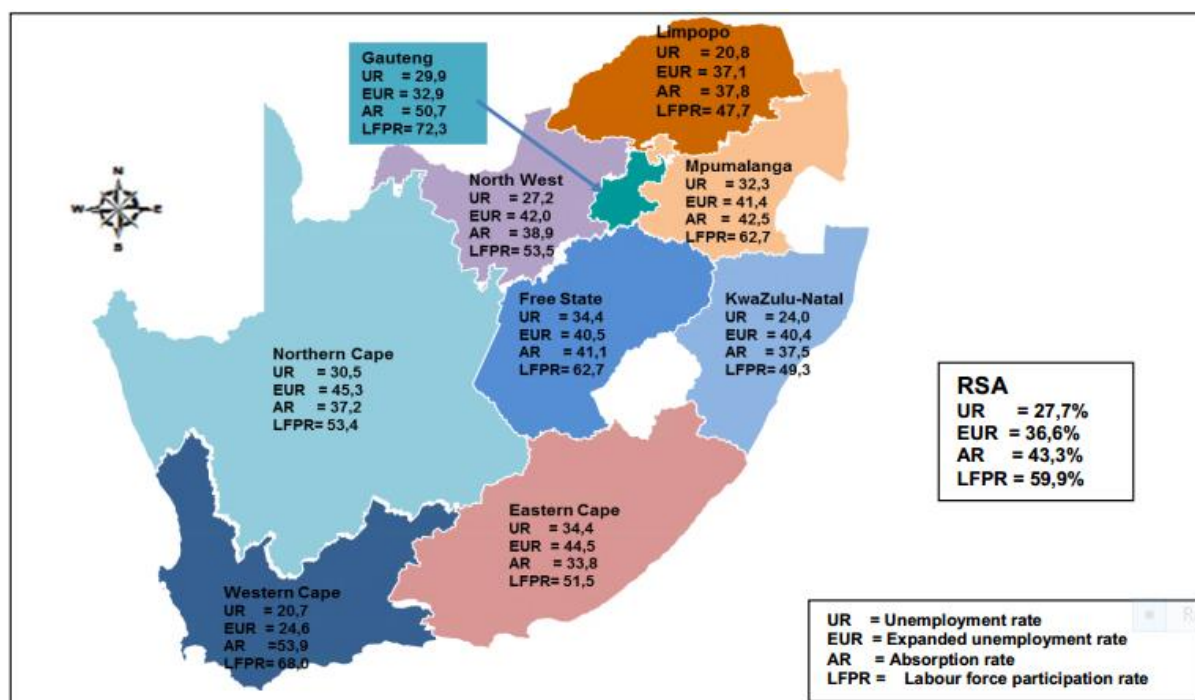
## Employment

Both employment and unemployment decreased in Q2: 2017; this resulted in the unemployment rate remaining unchanged from the first quarter of 2017. The absorption rate declined to 43,3% (down by 0,4 of a percentage point) and labour force participation declined to 59,9% (down by 0,6 of a percentage point) quarter on quarter. The not economically active population increased by 306 000, of which 83 000 were discouraged work-seekers.

Employment declined in three of the four sectors: formal sector employment decreased by 144 000, Agriculture decreased by 40 000 jobs and Private households shed 8 000 jobs. Employment gains were recorded in the informal sector (80 000).

Compared to the same quarter last year, employment increased by 554 000 or 3,6 per cent while unemployment grew by 543 000 or 9,6 per cent. This led to an increase in the unemployment rate by 1,1 percentage point to 27,7% in Q2: 2017. Between Q2:2016 and Q2:2017 the inactive population declined by 471 000 (or 3,1 per cent) as more people joined the labour force.

**Figure 3: Summary of Labor Market Measures At A Glance: Q2 2017**

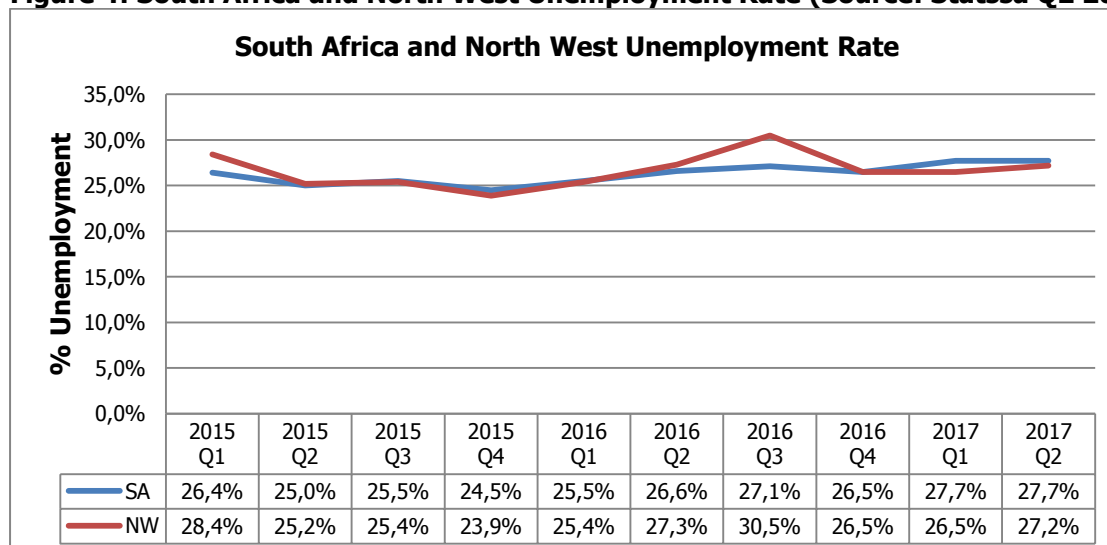


**Table 2: Employment by Province**

Province	Apr-Jun 2016	Jan-Mar 2017	Apr-Jun 2017	Qtr-to-qtr change	Year-on-year change	Qtr-to-qtr change	Year-on-year change
	Thousand				Per cent		
South Africa	15 545	16 212	16 100	-113	554	-0,7	3,6
Western Cape	2 266	2 406	2 403	-4	137	-0,1	6,0
Eastern Cape	1 350	1 442	1 416	-26	66	-1,8	4,9
Northern Cape	303	299	292	-7	-11	-2,4	-3,6
Free State	797	767	777	10	-21	1,3	-2,6
KwaZulu-Natal	2 479	2 555	2 583	29	105	1,1	4,2
North West	915	976	978	2	64	0,2	7,0
Gauteng	4 942	5 193	5 050	-143	109	-2,7	2,2
Mpumalanga	1 171	1 217	1 212	-6	41	-0,5	3,5
Limpopo	1 324	1 358	1 390	32	66	2,3	5,0

*Due to rounding, numbers do not necessarily add up to totals.*

**Figure 4: South Africa and North West Unemployment Rate (Source: Statssa Q2 2017)**



**Table 3: Employment by Industry in the North West Province Q2 2017**

	NW Jan–Mar 2016 Thousands	NW Apr– Jun 2016 Thousands	NW Jul– Sept 2016 Thousands	NW Oct– Dec 2016 Thousands	NW Jan–Mar 2017 Thousands	NW Apr– Jun 2017 Thousands	NW% Share Contributi on Apr– Jun 2017	NW as % of SA
Agriculture	54	37	48	55	50	54	6%	6,5%
Mining	154	140	141	128	132	132	13%	30,4%
Manufacturing	64	70	72	66	74	77	8%	4,3%
Utilities	5	4	11	6	1	5	1%	3,4%
Construction	62	77	79	72	87	84	9%	6,0%
Trade	171	193	147	198	179	197	20%	6,0%
Transport	25	33	27	37	38	31	3%	3,2%
Finance	110	83	85	79	87	99	10%	4,1%
Community and Social Services	212	201	209	233	242	210	21%	5,9%
Private House Holds	83	77	80	85	86	89	9%	6,8%
Other							0%	0,0%
<b>TOTAL</b>	<b>940</b>	<b>915</b>	<b>900</b>	<b>959</b>	<b>976</b>	<b>978</b>	<b>100%</b>	<b>6,1%</b>

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

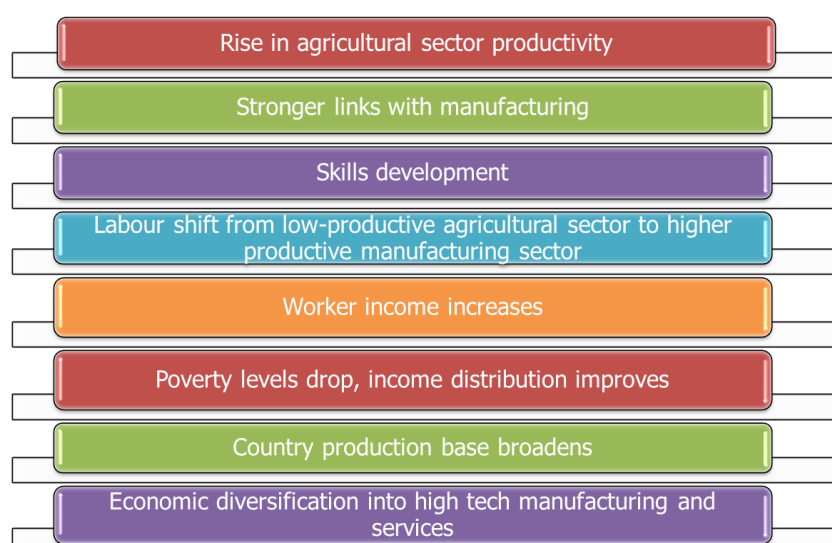
The NDP is South Africa's long term plan to 2030 and might be the sustainability 'hope' of the country. It seeks amongst other things to reduce unemployment by improving manufacturing. The NDP will also result in a change in the risk for labour unrest by reducing it.

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

The following issues must be addressed as per the NDP:

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

### 2.2.3 The following structural transformation in the economy is needed



## 2.3 North West Province Economic Overview

### 2.3.1 North West Key Economic Indicators Compared to South Africa

The table below summarises the *key demographic and socio-economic characteristics* for the NWP and its four district municipalities' in context of the South African picture with regards to demographics, development, household infrastructure, labour, income and expenditure, economy, tourism and international trade as per the 2015 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.

**Table 4: KEY INDICATORS: South Africa, North West Province and NW District Municipalities (2016)**

KEY INDICATORS: South Africa, North West Province and NW District Municipalities (2016)							
Source: IHS Markit; Regional eXplorer 1070 (2.5y)							
		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
<b>Size of Area</b>	(km <sup>2</sup> )	1 221 246	104 882	18 333	28 114	43 764	14 671
	% Share of Region		8,6%	17,5%	26,8%	41,7%	14,0%
<b>Demographic</b>	Total population	55 724 934	3 787 979	1 671 586	885 738	484 776	745 878
	% Share of Region		6,8%	44,1%	23,4%	12,8%	19,7%
<b>Development</b>	Human Development Index (HDI)	0,64	0,60	0,64	0,56	0,52	0,62
	Gini coefficient	0,63	0,61	0,61	0,60	0,57	0,60
	<b>Poverty indicators</b>						
	Share below the upper poverty line (StatsSA defined)	53,0%	52,8%	44,8%	61,8%	65,5%	51,5%
	Poverty gap rate (from upper poverty line)	29,4%	28,9%	27,8%	29,7%	29,9%	29,0%

	<b>Highest level of education: age 20+ (Matric only)</b>	10 067 193	603 429	321 208	106 911	49 063	126 247
	Population density (number of people per km <sup>2</sup> )	45,63	36,12	91,18	31,51	11,08	50,84
	Urban Population Rate (%)	63,3%	42,8%	35,0%	24,5%	35,6%	86,8%
<b>Household Infrastructure</b>	Share of household occupying formal dwellings	78,4%	77,1%	70,5%	80,1%	87,5%	84,2%
<b>Labour</b>	EAP as % of total population, official definition	38,0%	33,0%	39,7%	25,2%	22,2%	34,3%
	Unemployment rate, official definition (%)	26,1%	27,4%	25,3%	28,5%	31,4%	30,4%
	Number of formally employed people	13 053 019	714 783	391 669	128 045	56 451	138 618
	<b>Sector's share of regional total (%)</b>	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
	Agriculture	6,5%	6,8%	3,6%	10,2%	17,3%	8,4%
	Mining	3,5%	18,7%	30,6%	1,9%	3,8%	6,9%
	Manufacturing	11,2%	7,2%	7,9%	5,7%	4,6%	7,7%
	Electricity	0,7%	0,5%	0,4%	0,6%	0,8%	0,5%
	Construction	6,2%	5,0%	5,1%	4,4%	4,1%	5,5%
	Trade	17,1%	15,3%	14,5%	16,1%	14,1%	17,3%
	Transport	4,7%	2,5%	2,3%	3,1%	2,5%	2,7%
	Finance	17,8%	10,8%	9,4%	12,8%	10,1%	13,0%
	Community services	22,4%	22,4%	17,1%	32,3%	26,4%	26,5%
	Households	9,8%	10,9%	9,2%	13,0%	16,2%	11,5%
	Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
	Number of informally employed people	2 597 987	119 524	57 093	23 652	12 450	26 329
	Total Employment (Formal + Informal)	15 651 006	834 307	448 762	151 697	68 901	164 947
<b>Income &amp; Expenditure</b>	Annual per capita income (Rand, current prices)	50 702	45 750	54 295	35 209	29 292	49 941
	Annual per household income (Rand, current prices)	180 429	153 359	165 660	133 164	110 153	169 819
	Index of buying power	1,00	0,06	0,03	0,01	0,01	0,01
<b>Economic</b>	Gross Value Added by Region (GVA-R)Current prices (R 1000)	3 869 459 518	233 023 377	122 392 452	40 032 180	15 056 749	55 541 995
	% Share of SA	100%	6,0%	3,2%	1,0%	0,4%	1,4%
	Gross Value Added by Region (GVA-R)Constant 2010 prices (R 1000)	2 793 653 043	157 876 027	85 617 704	27 523 622	10 018 901	34 715 800
	% Share of SA	100%	5,7%	3,1%	1,0%	0,4%	1,2%
	Average annual growth (Constant 2010 Prices)	0,4%	-1,3%	-2,8%	0,3%	-1,2%	1,2%
	<b>Sector's share of regional total (%)</b>	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
	Agriculture	2,4%	2,7%	1,1%	4,9%	8,1%	3,2%
	Mining	7,9%	32,9%	51,2%	5,6%	6,5%	19,4%
	Manufacturing	13,4%	5,5%	5,5%	6,6%	3,9%	5,1%
	Electricity	3,7%	3,4%	2,5%	5,4%	5,0%	3,3%
	Construction	4,0%	2,6%	1,9%	3,3%	4,1%	3,3%
	Trade	15,2%	12,1%	9,6%	14,0%	16,2%	15,1%



	Transport	10,1%	6,6%	5,0%	8,6%	9,1%	7,9%
	Finance	20,2%	13,2%	10,5%	15,3%	18,2%	16,2%
	Community services	23,1%	21,1%	12,7%	36,5%	29,0%	26,5%
	Total Industries	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
	Gross Domestic Product - GDP (Current prices (R 1000))	4 336 991 518	262 938 545	137 451 292	45 870 223	17 309 158	62 307 873
	% Share of SA	100,0%	6,1%	3,2%	1,1%	0,4%	1,4%
	Gross Domestic Product - GDP Constant 2010 prices (R 1000))	3 071 637 043	173 807 498	93 915 892	30 634 900	11 193 453	38 063 253
	% Share of SA	100,0%	5,7%	3,1%	1,0%	0,4%	1,2%
	Average annual growth (Constant 2010 Prices)	0,3%	-1,3%	-2,8%	0,2%	-1,2%	1,0%
	GDP-R per Capita(Current prices (R 1000))	77 829	69 414	82 228	51 788	35 705	83 536
	GDP-R per Capita(Constant 2010 Prices)	55 121	45 884	56 184	34 587	23 090	51 031
	Tress index	40,03	50,68	63,42	46,05	41,92	44,26
	<b>Location quotient</b>	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
	Agriculture	1,00	1,10	0,43	1,99	3,32	1,33
	Mining	1,00	4,18	6,51	0,71	0,83	2,47
	Manufacturing	1,00	0,41	0,41	0,49	0,29	0,38
	Electricity	1,00	0,90	0,68	1,45	1,35	0,89
	Construction	1,00	0,65	0,47	0,83	1,02	0,83
	Trade	1,00	0,79	0,63	0,92	1,06	0,99
	Transport	1,00	0,65	0,50	0,85	0,90	0,78
	Finance	1,00	0,65	0,52	0,76	0,90	0,80
	Community services	1,00	0,91	0,55	1,58	1,25	1,15
	Total Industries	1,00	1,00	1,00	1,00	1,00	1,00
<b>Tourism</b>		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
	Total Tourism Spend (R 1000, Current prices)	236 847 190	11 331 528	7 278 314	2 131 478	558 182	1 363 555
	<b>Growth in Tourism (using bednights) by origin</b>						
	Domestic tourists	-5,7%	-7,5%	-7,3%	-7,8%	-7,6%	-7,5%
	International tourists	-6,9%	-4,4%	-4,3%	-4,2%	-3,9%	-5,0%
	Total tourists	-6,2%	-6,6%	-6,3%	-7,1%	-7,1%	-6,8%
	Total Tourism spend as % of GDP (Current prices)	5,8%	4,6%	5,6%	5,0%	3,5%	2,4%
<b>International Trade</b>		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
	Exports (R 1000)	1 107 472 999	24 747 607	21 046 353	1 246 032	582 597	1 872 625
	Imports (R 1000)	1 089 677 002	5 878 139	2 415 301	281 730	213 319	2 967 790
	Total Trade (R 1000)	2 197 150 001	30 625 746	23 461 654	1 527 762	795 916	4 840 415
	Trade Balance (R 1000)	17 795 997	18 869 468	18 631 052	964 302	369 278	-1 095 164
	Exports as % of GDP	25,5%	9,4%	15,3%	2,7%	3,4%	3,0%
	Total trade as % of GDP	50,7%	11,6%	17,1%	3,3%	4,6%	7,8%
	Regional share - Exports	100,0%	2,2%	1,9%	0,1%	0,1%	0,2%
	Regional share - Imports	100,0%	0,5%	0,2%	0,0%	0,0%	0,3%

	Regional share - Total Trade	100,0%	1,4%	1,1%	0,1%	0,0%	0,2%
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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 0.60 up 0.52 in 2009. Similar improvements are seen in both the number and percentage of people living in poverty below the upper poverty line (Statssa defined), currently measured at 52.8% (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 6% of the country's spending power is located in the NW. Income levels in the NWP are below the national average (which is to be expected for the more rural areas in South Africa). The unemployment rate is slightly higher than that of the national average, while the percentage of people living in poverty is marginally lower than the national average. The NWP has a share of approximately 5.3% of national employment.

The 2016 *Gini coefficient* indicates that the level of equality is decreasing from 0,60 in 2009 to 0.61 in 2016 or the North West province. This is a trend for South Africa and the District Municipalities as well.

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

**Table 5: Comparison of the Tress indices of SA, provinces and the NW district Municipalities between 2009 and 2016:**

	2009	2016
<b>South Africa</b>	39,67	40,03
<b>Western Cape</b>	47,55	45,65
<b>Eastern Cape</b>	54,16	54,38
<b>Northern Cape</b>	41,19	37,23
<b>Free State</b>	34,13	36,83
<b>KwaZulu-Natal</b>	40,98	40,74
<b>North-West</b>	51,29	50,68
<b>Gauteng</b>	50,11	49,73
<b>Mpumalanga</b>	36,57	34,76
<b>Limpopo</b>	49,55	49,00
<b>Bojanala DM</b>	65,15	63,42
<b>Ngaka Modiri Molema DM</b>	45,90	46,05
<b>Dr Ruth Segomotsi Mompati DM</b>	43,27	41,92
<b>Dr Kenneth Kaunda DM</b>	43,48	44,26

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

*The NWP is a large and significant local economy in the South African economic context.* North West mining GDP contributes approximately (R76,6bn) 32,9% to the total industries GDP in the province and 25,2% to national mining GDP and 17.6% to North West formal employment (132000 jobs) and 30,4% to national mining employment.

**Table 6: North West Sector Contributions to GDP (Current Prices) and Employment in 2016** (Source: IHS Markit; Regional eXplorer 1070 (2.5y))

		Sector Contribution to GDP (2016)	Sector Contribution to Employment	Jobs created or lost since 2006 to 2016
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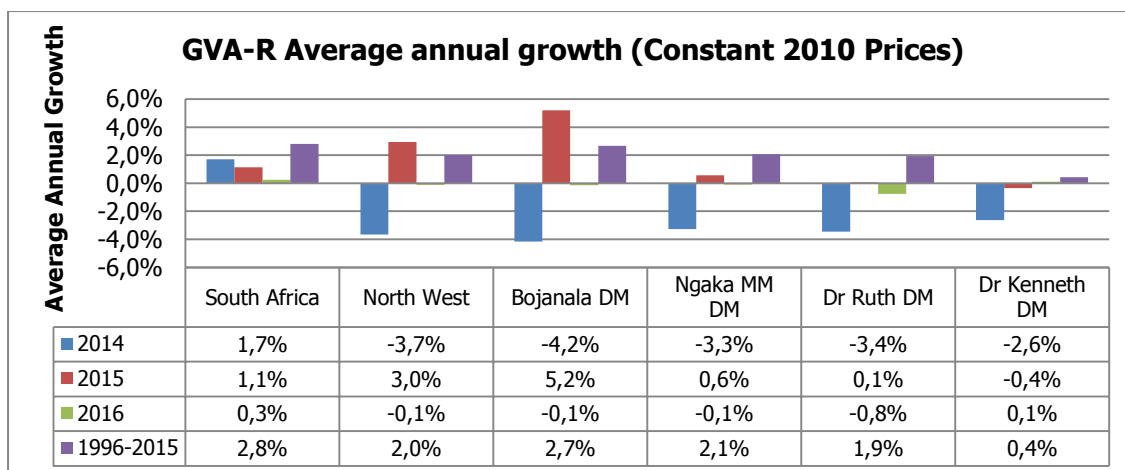
			(2016)	
<b>Primary Sector</b>	<b>Agriculture</b>	3,0%	6.3%	-32600
	<b>Mining</b>	33,0%	17.6%	
<b>Secondary Sector</b>	<b>Manufacturing</b>	5,0%	7.7%	932
	<b>Electricity</b>	3,0%	0.4%	
	<b>Construction</b>	3,0%	7.2%	
<b>Tertiary Sector</b>	<b>Trade</b>	12,0%	20.7%	17400
	<b>Transport</b>	7,0%	3.9%	
	<b>Finance</b>	13,0%	11.1%	
	<b>Community Services</b>	21,0%	25.1%	
<b>TOTAL</b>		<b>R264 bn</b>	<b>836</b>	<b>-14268</b>
<b>As % of national GDP</b>		<b>6.1%</b>	<b>5.3%</b>	

**Table 7: Areas with location quotients  $\geq 1.1$  (highlighted in blue) by broad economic sector in the NWP (2016)**

LOCATION QUOTIENT 2016									
Area	ECONOMIC SECTORS (Source: IHS Markit: Regional eXplorer 1070 (2.5y))								
	Agricultur e	Mining	Manufact uring	Electricity	Construct ion	Trade	Transport	Finance	Communi ty services
North-West (2016 boundaries)	1,10	4,18	0,41	0,90	0,65	0,79	0,65	0,65	0,91
<i>District Municipalities</i>									
BPDM	0,43	6,51	0,41	0,68	0,47	0,63	0,50	0,52	0,55
NMMDM	1,99	0,71	0,49	1,45	0,83	0,92	0,85	0,76	1,58
DRSMDM	3,32	0,83	0,29	1,35	1,02	1,06	0,90	0,90	1,25
DKKDM	1,33	2,47	0,38	0,89	0,83	0,99	0,78	0,80	1,15
<i>Local Municipalities</i>									
<i>BPDM</i>									
Moretele	0,33	0,25	0,77	2,07	0,83	1,17	0,90	1,32	0,97
Madibeng	0,75	3,74	0,77	0,84	0,69	0,82	0,75	0,71	0,79
Rustenburg	0,25	9,00	0,20	0,33	0,29	0,41	0,31	0,34	0,32
Kgetlengrivier	0,52	9,07	0,19	0,25	0,33	0,38	0,36	0,27	0,34
Moses Kotane	0,37	5,71	0,21	1,20	0,50	0,87	0,46	0,52	0,72
NMMDM									
Ratlou	2,68	0,49	0,26	0,72	0,84	0,85	0,76	0,84	1,84
Tswaing	6,18	0,77	0,44	0,64	0,89	0,90	0,83	0,59	1,43
Mahikeng	0,88	0,30	0,28	1,53	0,75	0,92	0,80	0,88	1,87
Ditsobotla	2,83	1,11	0,91	0,61	1,00	0,88	1,09	0,66	1,23
Ramotshere Moiloa	1,38	1,14	0,46	3,41	0,69	1,02	0,62	0,64	1,36
DRSMDM									
Naledi	3,61	0,23	0,29	1,06	0,83	1,33	1,17	1,11	1,02
Mamusa	4,73	1,07	0,23	1,08	1,48	1,13	0,79	0,96	0,98
Greater Taung	1,27	1,20	0,17	2,09	0,85	0,95	0,77	0,94	1,42
Lekwa-Teemane	4,11	0,95	0,69	0,62	1,20	1,05	0,96	0,70	1,14
Kagisano/Molopo	4,70	0,66	0,17	1,36	1,05	0,83	0,80	0,65	1,64
DKKDM									
City of Matlosana	0,51	3,37	0,29	0,74	0,76	1,00	0,81	0,81	0,98
Maquassi Hills	5,33	1,73	0,40	0,72	1,24	0,99	0,75	0,64	1,08
Tlokwe/Ventersdorp	2,03	1,13	0,51	1,16	0,89	0,97	0,74	0,81	1,42

The Average Annual growth rate for the Bokone Bophirima Province has clearly improved from the 2014 figures.

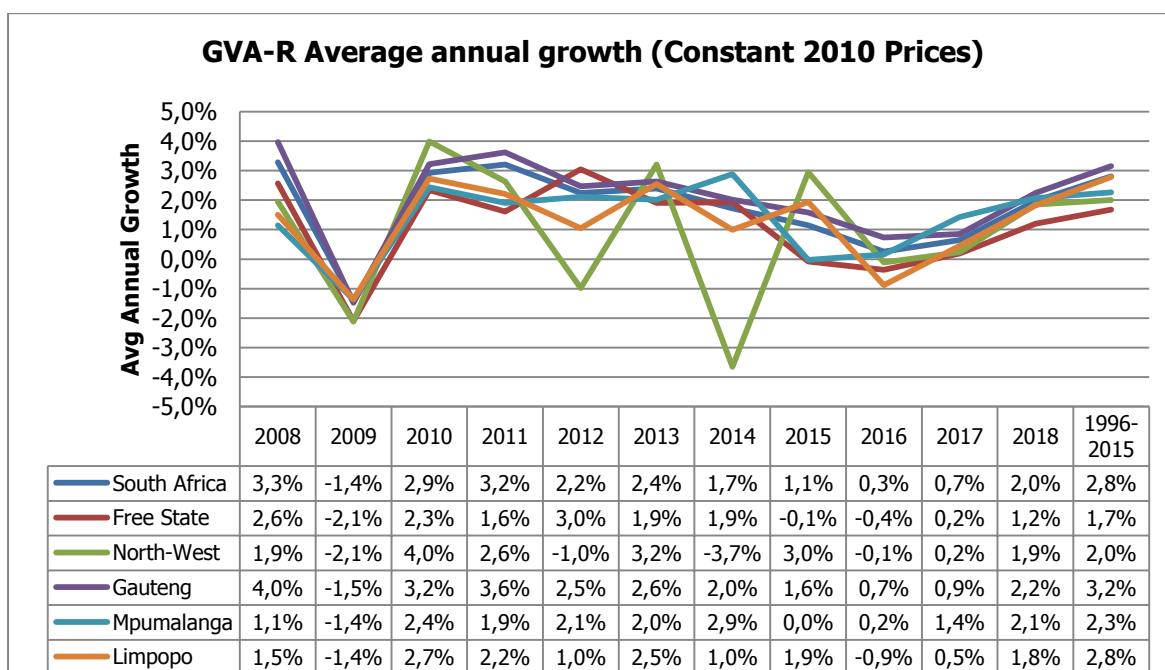
**Figure 5: GVA-R Average annual growth (Constant 2010 Prices)**



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

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

**Figure 6: Average Annual Growth South Africa, Bokone Bophirima, Free State, Gauteng, Limpopo and Mpumalanga**



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

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 Q2 2017)

**Table 8: South Africa's Employment Figures Jan 2015 to June 2017**

	SOUTH AFRICA										
	Jan-Mar 2015	Apr-June 2015	Jul-Sept 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-June 2016	Jul-Sept 2016	Oct-Dec 2016	Jan-Mar 2017	Apr-June 2017	% Change Y on Y
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	%
<b>Population 15-64 yrs</b>	<b>35 799</b>	<b>35 955</b>	<b>36 114</b>	<b>36 272</b>	<b>36 431</b>	<b>36 591</b>	<b>36 750</b>	<b>36 905</b>	<b>37 061</b>	<b>37 217</b>	<b>1,7</b>
<b>Labour Force</b>	20 994	20 887	21 246	<b>21 211</b>	<b>21 398</b>	<b>21 179</b>	<b>21 706</b>	<b>21 849</b>	<b>22 426</b>	<b>25 403</b>	<b>5,2</b>
Employed	15 459	15 657	15 828	<b>16 018</b>	<b>15 675</b>	15 545	15 833	16 069	16 212	16 100	3,6
Unemployed	5 535	5 230	5 418	<b>5 193</b>	<b>5 723</b>	5 634	5 873	5 781	6 214	6 177	9,6
Not economically active	14 805	15 068	14 867	<b>15 061</b>	<b>15 033</b>	15 412	15 044	15 055	14 634	14 941	-3,1
Discouraged work-seekers	2 397	2 434	2 226	<b>2 279</b>	<b>2 434</b>	2 526	2 291	2 292	2 277	2 361	-6,5
Other	12 408	12 633	12 641	<b>12 782</b>	<b>12 599</b>	12 886	12 753	12 763	12 357	12 580	-2,4
<b>Rates (%)</b>											
Unemployment rate	26,4	25	25,5	24,5	26,7	26,6	<b>27,1</b>	<b>26,5</b>	<b>27,7</b>	<b>27,7</b>	1,1
Employed / population ratio (Absorption)	43,2	43,5	43,8	44,2	43	42,5	43,1	43,5	43,7	43,3	1,1
Labour force participation rate	58,6	58,1	58,8	58,5	58,7	0,2	59,1	59,2	60,5	59,9	0,7

**Table 9: North West's Employment Figures Jan 2015 to March 2017**

	NORTH WEST										
	Jan-Mar 2015	Apr-June 2015	Jul-Sept 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-June 2016	Jul-Sept 2016	Oct-Dec 2016	Jan-Mar 2017	Apr-June 2017	% Change Y on Y
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	%
<b>Population 15-64 yrs</b>	<b>2 411</b>	<b>2 422</b>	<b>2 434</b>	<b>2 445</b>	<b>2 456</b>	<b>2 468</b>	<b>2 479</b>	<b>2 490</b>	<b>2 501</b>	<b>2 512</b>	<b>1,8</b>
<b>Labour Force</b>	1 274	1 256	<b>1 235</b>	<b>1 273</b>	<b>1 284</b>	<b>1 259</b>	<b>1 294</b>	<b>1 304</b>	<b>1 328</b>	<b>1 343</b>	<b>6,7</b>
Employed	912	940	921	969	<b>924</b>	915	900	959	976	978	7
Unemployed	361	316	314	304	<b>360</b>	344	395	345	353	365	6
Not economically active	1 138	1 166	1 198	1 172	<b>1 172</b>	1 209	1 185	1 186	1 173	1 169	-3,3
Discouraged work-seekers	264	231	243	241	<b>251</b>	259	229	231	254	269	36
Other	874	935	956	931	<b>920</b>	950	956	955	919	900	-5,2
<b>Rates (%)</b>											
Unemployment rate	28,4	25,2	25,4	23,9	28,1	27,3	30,5	26,5	26,5	27,2	-0,1
Employed / population ratio (Absorption)	37,8	38,8	37,9	39,6	37,6	37,1	36,3	38,5	39	38,9	1,8
Labour force participation rate	52,8	51,9	50,8	52,1	52,3	51	52,2	52,4	53,1	53,5	2,1

**Table 10: North West Employment by Industry Figures Compared to South Africa  
(Source: STASSA Q2 2017)**

	SA Jan– Mar 2016 Thousands	SA Apr– Jun 2016 Thousands	SA Jul– Sept 2016 Thousands	SA Oct– Dec 2016 Thousands	SA Jan– Mar 2017 Thousands	SA Apr– Jun 2017 Thousands	SA % Share Contribution Apr-Jun 2017
Agriculture	869	825	881	919	875	835	5%
Mining	471	447	438	421	447	434	3%
Manufacturing	1 645	1 712	1 683	1 727	1 790	1 799	11%
Utilities	110	111	118	131	145	148	1%
Construction	1 362	1 388	1 491	1 483	1 505	1 395	9%
Trade	3 158	3 136	3 198	3 222	3 207	3 265	20%
Transport	901	862	915	961	965	954	6%
Finance	2 227	2 220	2 323	2 329	2 378	2 395	15%
Community and Social Services	3 671	3 544	3 499	3 571	3 569	3 560	22%
Private House Holds	1 257	1 296	1 281	1 299	1 319	1 311	8%
Other	4	4	5	5	11	3	0%
<b>TOTAL</b>	<b>15657</b>	<b>15 545</b>	<b>15 833</b>	<b>16 069</b>	<b>16 212</b>	<b>16 100</b>	<b>100%</b>

	NW Jan– Mar 2016 Thousands	NW Apr– Jun 2016 Thousands	NW Jul– Sept 2016 Thousands	NW Oct– Dec 2016 Thousands	NW Jan– Mar 2017 Thousands	NW Apr– Jun 2017 Thousands	NW% Share Contribution Apr-Jun 2017	NW as % of SA
Agriculture	54	37	48	55	50	54	6%	6,5%
Mining	154	140	141	128	132	132	13%	30,4%
Manufacturing	64	70	72	66	74	77	8%	4,3%
Utilities	5	4	11	6	1	5	1%	3,4%
Construction	62	77	79	72	87	84	9%	6,0%
Trade	171	193	147	198	179	197	20%	6,0%
Transport	25	33	27	37	38	31	3%	3,2%
Finance	110	83	85	79	87	99	10%	4,1%
Community and Social Services	212	201	209	233	242	210	21%	5,9%
Private House Holds	83	77	80	85	86	89	9%	6,8%
Other							0%	0,0%
<b>TOTAL</b>	<b>940</b>	<b>915</b>	<b>900</b>	<b>959</b>	<b>976</b>	<b>978</b>	<b>100%</b>	<b>6,1%</b>

### **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 5<sup>th</sup> 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.

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

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

Key economic sectors include:

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

Cross-cutting sectors include:

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

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

### **3. SOUTH AFRICA'S GLOBAL COMPETITIVENESS**

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



collaboration; and to take action to restore confidence in the possibilities of continued economic progress.

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

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

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

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

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

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

### **THE IMD WORLD COMPETITIVENESS SCOREBOARD**

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

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

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

## SOUTH AFRICA IMD WCY 2017

### OVERALL PERFORMANCE (63 countries)



For 2017 South Africa has been rated 53 out of 63 countries surveyed by the IMD. In 2017 South Africa was rated at 52.

The challenges cited for this performance include lack of sustainable and inclusive growth, high level of structural unemployment and lack of access to quality education. With a Real Domestic Product(GDP) growth of 0.3% and Consumer Price Inflation(CPI) hovering at above 6%, South Africa's unemployment rate sits at about 27%. South Africa is ranked last in terms of employment

Despite the decline in economic performance, South Africa was ranked highly in terms of factors such as Cost-of-living index and an effective personal income tax rate. However South Africa dropped 10 places for Government Efficiency with a significant fall from a ranking of 40 in 2016 to a ranking of 50 for 2017.

Economic performance has declined from 54 in 2016 to 59 in 2017.

Business efficiency's performance ranking has once again shown an improvement with a climb of six places notching a ranking of 41 in 2017 up from 47 in 2016.

Infrastructure has recorded a drop from 54 in 2016 to 56 in 2017.

The world's most competitive countries continue to jostle for the top positions in the 2017 IMD World Competitiveness Yearbook, as the USA is pushed out of the top three. Hong Kong has taken the top spot for the second year, followed by Switzerland and Singapore, with the USA ranking fourth, its lowest position in five years and moving down one notch from 2016. The Netherlands came in fifth, jumping up from eighth last year.

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

#### Key attractiveness indicators for the SA economy as perceived by business executives:

Business executives who were asked to list 5 indicators from a list of 15 that they perceived as the key attractiveness factors of the SA economy, chose:

- Effective legal environment (79%)

- Quality of corporate governance (68%)
- Cost competitiveness (64%)
- Reliable infrastructure (58%)
- Access to finance (58%)
- Competitive tax regime (45%)
- Open and positive attitudes (31%)
- Dynamism of economy (31%)
- Business-friendly environment (20%)
- Skilled workforce (14%)
- Policy stability and predictability (12%)
- High education levels (8%)
- Effective labor relations (4%)
- Strong R&D culture (2%)
- Competency of government (0%)

Positive rankings include:

- Total public expenditure on education(4)
- IT and media stock market capitalization (4)
- Software piracy (20)
- Women with degrees (16)
- Female researchers (17)

**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)**

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

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

substantial influence over, the decision making of a foreign business. (Source: <http://www.investopedia.com/terms/f/fdi.asp#ixzz4I3cOUDNW>)

There are various institutions that do research on FDI and publish reports including: the annual World Investment Report by UNCTAD (Free Report), the annual fDi Report on Greenfield Investment 2016 by fDi Intelligence a subsidiary of the Financial Times Ltd, the Annual Africa Investment Report by fDi Intelligence and The Foreign Direct Investment Confidence Index®. Information on FDI to the North West province can be obtained through subscription to fDi Intelligence at a cost of £20,000 British pounds per annum. NWDC research has agreed with Dti that they will supply the information to NWDC.

### **The 2015 A.T. Kearney Foreign Direct Investment Confidence Index®**

The Foreign Direct Investment Confidence Index®, established in 1998, examines the overarching trends in FDI. The top 25 ranking is a forward-looking analysis of how political, economic, and regulatory changes will likely affect countries' FDI inflows in the coming years and there has been a strong correlation between the rankings and global FDI flows. Countries ranked in the Index have consistently received at least half of global FDI inflows roughly one year after the survey. The latest report indicates that global business leaders are pursuing FDI growth strategies grounded in informed optimism of the medium-term economic outlook. Several major trends emerge from the findings:

- Developed markets reign in the Index. Seven of the top 10 countries on the Index and nearly three-fourths of all countries ranked in the top 25 are developed markets, highlighting how investors are seeking safer ground for new opportunities. Interest in frontier (newly emerging) markets varies drastically by region. American investors are least interested in frontier markets, with 42 percent not invested or seeking to divest.
- Europe sets an all-time record with 15 countries in the top 25. No region has ever dominated the top 25 of the Index like Europe in 2015.
- The United States tops the Index for the third straight year. The United States' lead over second-place China shrank from last year's record-setting margin, but it still leads all countries when it comes to investors' positive macroeconomic outlook. Asia-headquartered companies are the most optimistic about the U.S. economy, with 44 percent predicting GDP growth above 3.6 percent over the next three years.
- China is second for the third straight year. Business executives are carefully watching China for economic growth of around 7 percent, and for signs of a successful transition to a consumption-led economy.
- Asia Pacific have a mixed showing in the Index, with Japan rising to 7th (from 19th last year), and South Korea reentering the Index at 16th after going unranked last year. Australia (10th), India (11th), and Singapore (15th) fall in the rankings but maintain top 20 positions.
- In contrast, investors are more pessimistic about the economies of both the Middle East and North Africa (MENA) and Sub-Saharan Africa, where no countries make this year's rankings.
- Global FDI flows hold steady, but still lag their pre-2009 peak. By next year, two-thirds of companies plan to return.

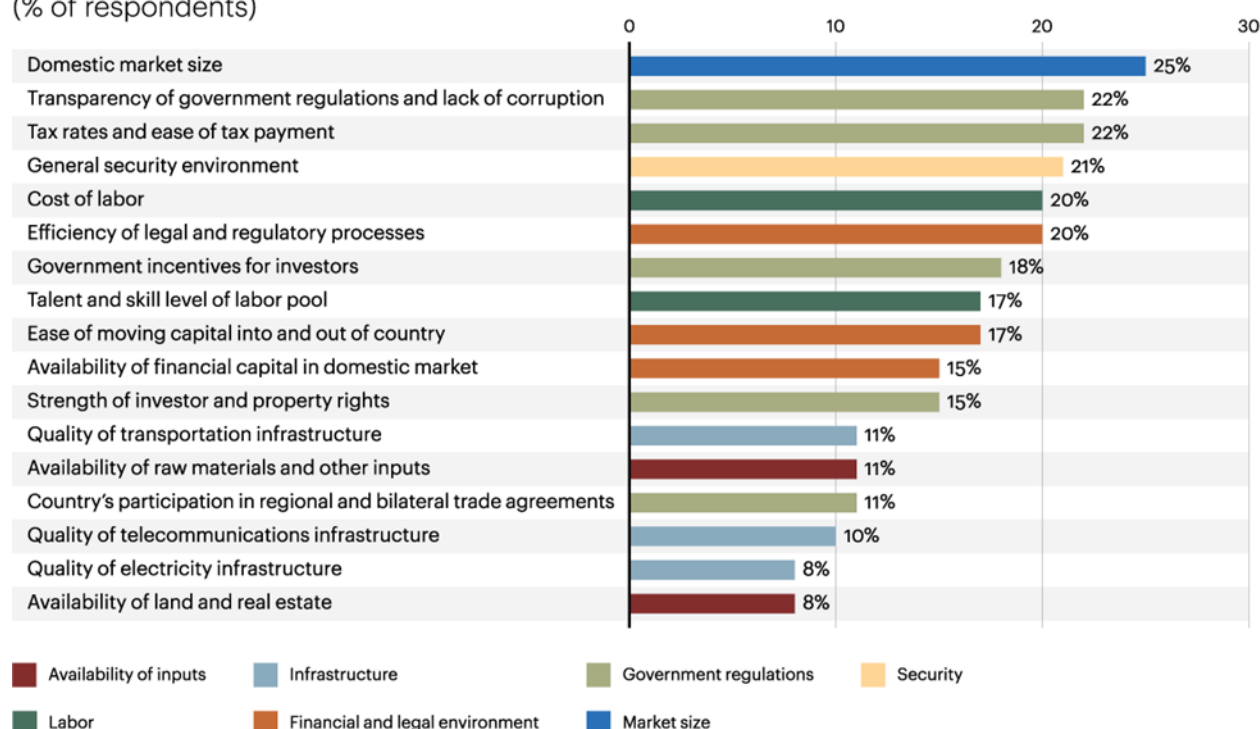
The chart below indicates the most important factors to consider when determining a new destination for investment.

## Figure 7: What are the most important factors to your company when choosing where to make foreign investment?

Figure 11

### What are the most important factors to your company when choosing where to make foreign investments?

(% of respondents)



Note: Respondents selected three factors.

Source: A.T. Kearney Foreign Direct Investment Confidence Index®, 2015

(Source: The 2015 A.T. Kearney Foreign Direct Investment Confidence Index®)

## 4.1 Global Investment Trends

The fDi Report on Greenfield Investment 2016 by fDi Intelligence indicates

- In 2015, greenfield FDI continued to show signs of recovery, with capital investment increasing by nearly 8.6% to \$713bn, alongside an increase in job creation by 1% to 1.89 million. However, the number of FDI projects declined 7% to 11,930.
- India was the highest ranked country by capital investment in 2015, with \$63bn-worth of FDI projects announced. Major companies such as Foxconn and SunEdison have agreed to invest in projects valued at \$5bn and \$4bn, respectively, in India.
- The US was the highest ranked destination by FDI projects, recording 1517 FDI projects in 2015.
- Asia-Pacific remained the leading destination for FDI in 2015, with 3883 announced FDI projects bringing in an estimated capital investment of \$320.5bn. The region attracted 45% of all capital investment globally in 2015.
- Western Europe was the leading source region for FDI in 2015. Despite a decline of 9% in project numbers to 5047, the region announced capital investments of \$234.4bn. In total, 42% of FDI projects were sourced from Western Europe.

Key trends in 2015 include:

- The number of FDI projects into Africa in 2015 increased by 6%
- Inward investment into the region consisting of Russia, the Commonwealth of Independent States, and central, eastern and south-eastern Europe was the only region to witness an increase in FDI across project numbers (6%), capital investment (12%) and job creation (13%)
- India replaced China as the top destination for FDI by capital investment following a year of high-value project announcements, specifically across the coal, oil and natural gas and renewable energy sectors (Source: fDi Markets)

UNCTAD, in its January 2016 Investment Monitor, estimates that global FDI flows increased by 36% in 2015 to \$1700bn. This compares with The fDi Report 2016, which estimates that greenfield capital investment by foreign investors was \$713bn in 2015, an 8.6% increase over the previous year.

However there are different ways of measuring FDI. **UNCTAD FDI flows data records all types of FDI, based in most countries on the official OECD definition of FDI**, while the **fDi Markets data published in this report is based on the announcement of greenfield FDI projects only**.

The year-on-year changes in greenfield FDI, published yearly in The fDi Report, has closely tracked that of the official FDI flows data published by UNCTAD. This changed in 2015 due to record levels of M&A, leading to the highest crossborder M&A flows since 2007.

As a result, official FDI flows grew substantially in 2015 by more than one-third. Developed economies, and the US in particular, attracted most of the growth in FDI flows in 2015 largely due to inbound M&As. FDI flows to the US in 2015 reached \$384bn – nearly three times more than FDI flows to China.

While FDI flows emanating from M&As can provide a valuable source of foreign exchange and long-term capital to finance the balance of payments, the economic impact of M&As on the host economy is generally regarded as neutral in terms of the impact on job creation and capital investment; the impact is very much deal specific and depends on what the plans of the foreign investor are for the acquired company – to re-invest and expand or to rationalise or even close down – and if the M&A deal is a successful organisational merger.

The economic impact of greenfield FDI is generally regarded as positive – it is new net capital investment and job creation for the host economy. As published in this report, nearly 2 million jobs were directly created by foreign investors in their new or expanded operations in 2015 based on estimates from fDi Markets. Increased domestic capital investment and job creation through the supply chain and the wealth effect further increases the direct and indirect impact of greenfield FDI.

Greenfield FDI data is critical for economic development, as it will have a direct impact on employment and GDP.

The growth in greenfield FDI by 8.6% in 2015 was therefore very positive for economic development, although nearly all the growth in capital investment and related job creation was in Asia-Pacific, where greenfield FDI increased by more than \$70bn.

The biggest change in greenfield FDI in 2015 was the near **tripling of greenfield FDI into India**, with an estimated \$63bn. In 2015, India was for the first time the leading country in the world for FDI, overtaking the US (which had \$59.6bn of greenfield FDI) and China (\$56.6bn).

The rapid growth of greenfield FDI in India shows that while economic development organisations try to attract FDI for the contribution greenfield FDI can make to employment and GDP, FDI is strongly



attracted to high-growth economies. Success breeds success and to attract high volumes of FDI, locations need to create the conditions for strong economic growth and development to take place.

## 4.2 Africa

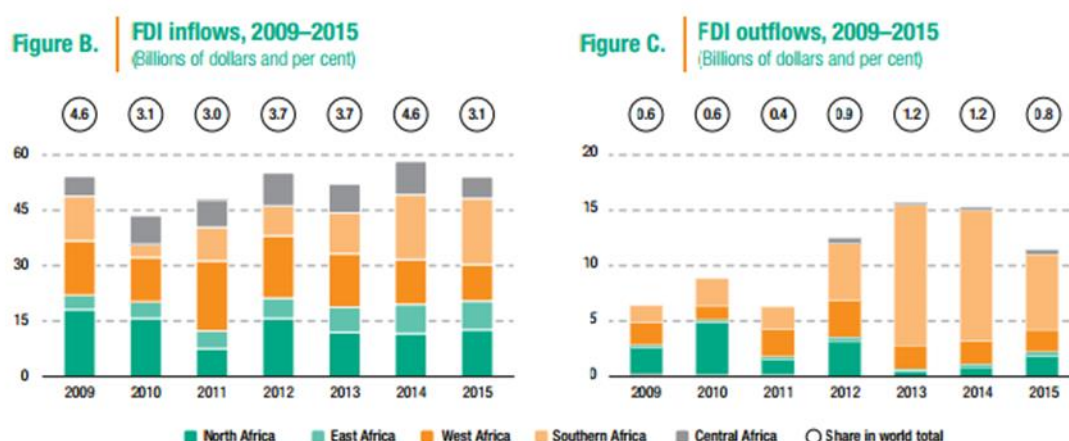
### Regional Investment Trends in the Middle East and Africa

- FDI into the Middle East and Africa by project numbers increased by 0.6% in 2015
- The United Arab Emirates retained its position as the top FDI destination by project numbers, accounting for 24% of projects
- Bahrain recorded strong inward FDI growth during 2015, entering the top 10 by project numbers for the first time since 2012. It also saw a 143% increase in outbound projects
- Capital investment in Uganda rose to \$4.6bn following a joint investment in the coal, oil and natural gas sector by a Russia based investor
- Africa recorded 156 more FDI projects than the Middle East in 2015, a figure that has widened by 98% compared with 2014. It also continued to dominate job creation with 95,387 more jobs created than in the Middle East
- South Africa was the top African destination for inward FDI by project numbers, continuing a long-term trend
- Saudi Arabia was the top country by capital investment in the Middle East, with \$9.8bn recorded in 2015
- The Middle East and Africa region was responsible for \$59.8bn

### Africa Regional Investment Trends

- FDI flows to Africa fell to \$54 billion in 2015, a decrease of 7 per cent over the previous year.
- An upturn in FDI into North Africa was more than offset by decreasing flows into SubSaharan Africa, especially to West and Central Africa.
- Low commodity prices depressed FDI inflows in natural-resource-based economies. FDI inflows to Africa are expected to increase moderately in 2016 due to liberalization measures and planned privatizations of state-owned enterprises.
- Prospects are that FDI inflows to Africa could return to a growth path in 2016, increasing by an average of 6 per cent to \$55–60 billion.

**Figure 8: FDI Inflows and Outflows 2009- 2015**



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



### 4.3 South Africa

South Africa's absence – for the second year running – from the top 25 countries listed in AT Kearney's annual foreign direct investment (FDI) confidence index is suggestive of heightened investor concern about perceived political, policy and regulatory instability. (Source: The 2015 A.T. Kearney Foreign Direct Investment Confidence Index®)

Africa region head Wim Plaizier describes the position as "disturbing" given that three-fourths of the executives surveyed for the latest index, published in early May, report that their companies plan to increase their FDI in the coming three years.

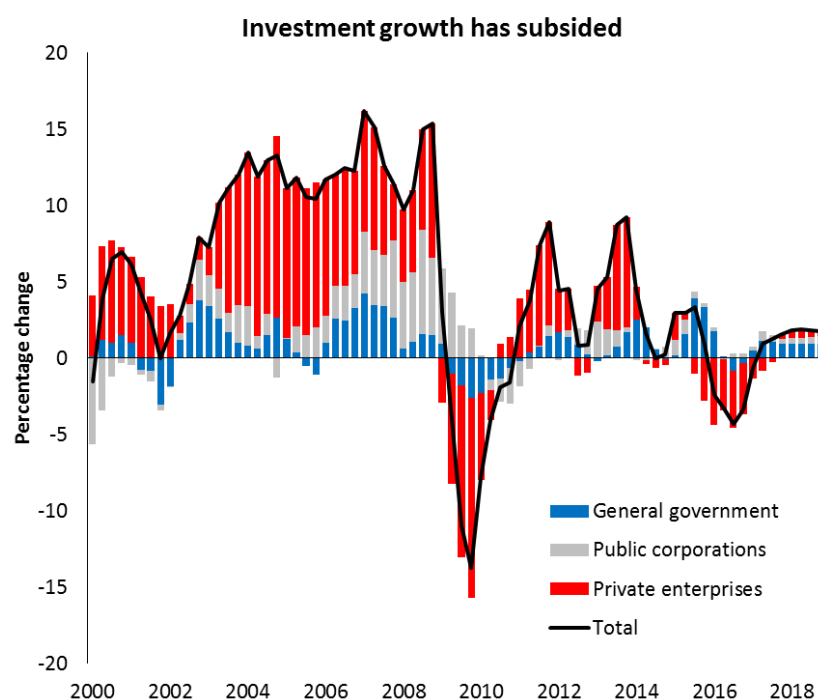
The decline in South Africa and Africa's ranking, Plaizier asserts, cannot be attributed merely to the plunge in commodities, which he admits is "not helpful". Instead, investors appear unconvinced about the stability of Africa's political, legal and regulatory frameworks, which is lowering the continent's attractiveness, despite supportive macroeconomic and population growth dynamics. "The main reason is that there is a perception of an insecurity of investments," Plaizier tells Engineering News Online.

However, the absence of Africa and South Africa is also seen as part of a broader trend of investors turning to the perceived safety of developed markets. This stands in stark contrast to 2010, when developing countries comprised around 70% of the index.

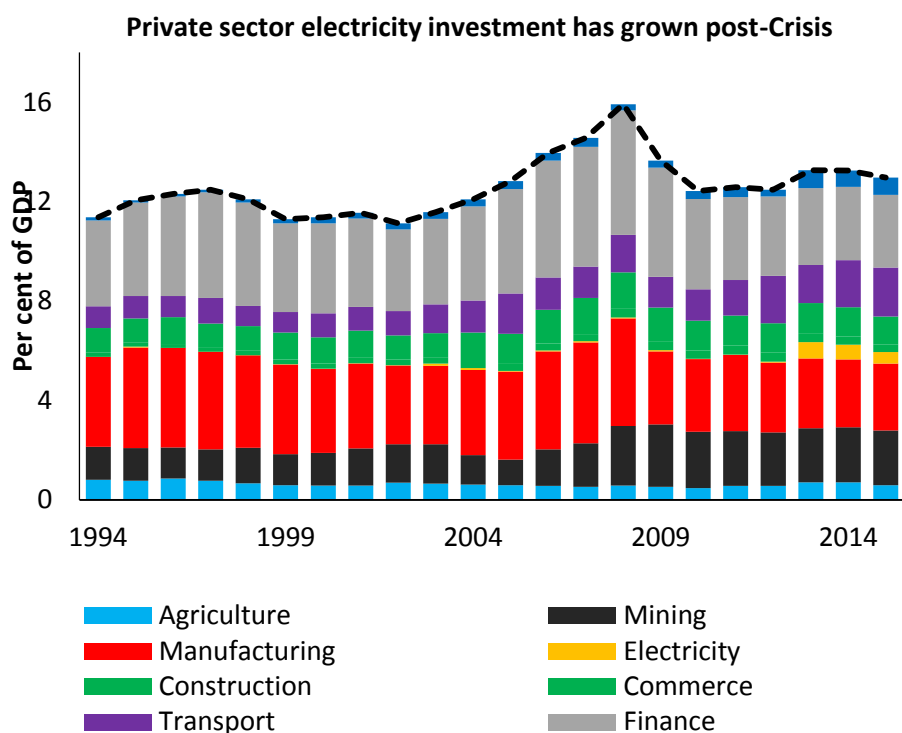
To recover, African governments will need to rebuild trust with international investors and convince them that the continent provides not only growth prospects, but also stability.

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

**Figure 9: Investment Growth has Subdued**



**Figure 10: Private Sector Electricity Growth has grown post-crisis**



Between January 2011 and May 2016 a total of 494 FDI projects were recorded. These projects represent a total capital investment of **ZAR372.39 bn** which is an average investment of **ZAR753.41 m** per project. During the period, a total of **74,098 jobs** were created.

**Table 11: FDI Projects recorded for South Africa between January 2011 and May 2016**

Destination State	Projects	CAPEX	Avg. CAPEX	Jobs Created	Avg. Jobs Created	Companies
Gauteng	200	115530.2	577.7	29391	146	193
Western Cape	86	26092.7	303.5	7154	83	84
Eastern Cape	28	28097.5	1003.0	7043	251	25
KwaZulu-Natal	50	32361.3	646.8	9694	193	40
Northern Cape	27	80077.9	2965.6	4314	159	17
Mpumalanga	9	5586.7	621.0	1471	163	9
North West	4	1160.0	290.6	569	142	4
Limpopo	6	7938.3	1322.9	499	83	4
Free State	6	19375.3	3229.2	2825	470	6
Not Specified	78	56176.2	720.6	11138	142	74
Total	494	372395.0	753.4	74098	149	403

**Notes:**

- 1) ©fDi Intelligence, from the Financial Times Ltd 2016. Data subject to terms and conditions of use.
  - 2) All Capex Figures shown in the table are in ZAR - South African Rand millions.
  - 3) Capex data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
  - 4) Jobs data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
- (Source: FDI Intelligence Markets database, prepared by Investment South Africa (ISA) a division in the dti)

**When comparing the figures in the table above with the figures in the table below it is clear that the investments became more capital intensive and less job creating in South Africa.**

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 bn** which is an average investment of **ZAR517.25 m** per project. During the period, a total of **110,370 jobs** were created. **(Source: Prepared by Trade and Investment South Africa (TISA) a division in the dti)**

**Table 12: FDI Projects recorded for South Africa between January 2008 and June 2014**

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:**

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- 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 0.80% (4) of all projects (494) in South Africa between 2011 and May 2016. This represents 0.31% (R 1.1 billion) of the capital investment and 0.76% (569 jobs).

##### North West FDI Projects Detail

**Table 13: FDI Projects recorded for the North West Province between January 2011 and May 2016**

#	Project Date	Investing Company		Industry Sector	Capital R mil	Jobs
1	June 2015	Anglo American Platinum	South East (UK)	Alternative/Renewable Energy	130.6451622	2
2	April 2015	Syngenta	Switzerland	Food & Tobacco	114.8271381	55
3	Dec 2011	IGE Resources (International Gold Exploration)	Sweden	Minerals	651.468253	383
4	April 2011	Monsanto	Missouri	Food & Tobacco	263.6337355	129

- 1) ©fDi Intelligence, from the Financial Times Ltd 2016. Data subject to terms and conditions of use.
  - 2) All Capex Figures shown in the table are in ZAR - South African Rand millions.
  - 3) Capex data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
  - 4) Jobs data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
- (Source: FDI Intelligence Markets database, prepared by Investment South Africa (ISA) a division in the dti)

**When comparing the figures in the table above with the figures in the table below it is clear that the North West province has experienced a significant decline in FDI. It is therefore recommended that concerted efforts be made to increase the focus on destination marketing and investment promotion.**

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

**Table 14: FDI Projects recorded for the North West province between January 2008 and June 2014**

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

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.
- (Source: FDI Intelligence Markets database, prepared by Investment South Africa (ISA) a division in the dti)

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

## 5. TRADE

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.

**Table 15: North West Trade Summary 2016**

<b>North West Export Partners:</b>				<ul style="list-style-type: none"><li>• <b>United Kingdom 12%</b></li><li>• <b>Japan 12%</b></li><li>• <b>China 12%</b></li><li>• <b>United States of America 11%</b></li><li>• <b>Switzerland 8%</b></li><li>• <b>Germany 5%</b></li><li>• <b>Italy 5%</b></li><li>• <b>Mozambique 5%</b></li><li>• <b>Hong Kong (China) 4%</b></li><li>• <b>Netherlands 3%</b></li></ul>
<b>North West Export Products:</b>		Gold, diamonds, platinum, other metals and minerals, machinery and equipment, chemicals, foodstuff		
<b>North West Import Partners:</b>		<ul style="list-style-type: none"><li>• China 29%</li><li>• Germany 9%</li><li>• USA 4%</li><li>• Italy 4%</li><li>• United Arab Emirates 4%</li><li>• Thailand 4%</li><li>• Turkey 4%</li><li>• India 4%</li><li>• Saudi Arabia 2%</li><li>• Japan 2%</li></ul>		
<b>North West Import Products:</b>		Chemicals, petroleum products, machinery and equipment mining products, electronic and medical equipment, foodstuffs and textiles		
		<b>South Africa</b>	<b>North West Province</b>	<b>North West as a % of South Africa</b>
<b>Exports Value (ZAR):</b>		R1 107 472 999	R24 747 607	2,23%
<b>Imports Value (ZAR):</b>		R1 089 677 002	R5 878 139	0,54%
<b>Source:</b>		<i>IHS Global Insight: Regional eXplorer 1070 (2.5y) (2016 figures)</i>		

**Table 16: International Trade Figures for 2015**

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

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

**Table 17: International Trade Figures for 2016**

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

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

**Table 18: International Trade Figures for 2013 and 2014**

International Trade Totals	South Africa		North West	
	2013	2014	2013	2014
Exports (R 1000)	924 055 893	1 003 825 998	20 156 967	18 300 516
Imports (R 1000)	991 185 991	1 072 463 997	6 022 629	5 553 622
Total Trade (R 1000)	1 915 241 883	2 076 289 995	26 179 596	23 854 138
Trade Balance (R 1000)	-67 130 098	-68 637 999	14 134 338	12 746 893
Exports as % of GDP	27,3%	26,4%	10,5%	8,1%
Total trade as % of GDP	56,6%	54,7%	13,7%	10,6%
Regional share - Exports	100,0%	100,0%	2,2%	1,8%
Regional share - Imports	100,0%	100,0%	0,6%	0,5%
Regional share - Total Trade	100,0%	100,0%	1,4%	1,1%

(Source: Regional eXplorer 832 (2.5q))

## 6. RECOMMENDATIONS

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

- Diversify the economy of the NW province;
- Develop SMMEs;
- Adhere to the Five Provincial Concretes as determined by the existing Administration for the period 2015-2020. The five concretes are based on Repositioning Rebranding and Renewal (RRR) of the Bokone Bophirima Province;
  - Agriculture, Culture & Tourism (ACT)
  - Villages, Townships, Small Dorpies (VTSD)
  - Reconciliation, Healing and Renewal (RHR)
  - "Saamwerk Saamtrek" Philosophy
  - Setsokotsane Programme
- Contribute to making the nine items of the "Basic Poverty Relief Package" or the essential food basket available within the NWDC mandate. The items include:
  - Bread (Projects like bakeries for communities to be more self reliant when it comes to poverty relief)
  - Oil (Growing or buying sun flowers and making oil locally)
  - Milk (cows and milking facilities)
  - Maize meal
  - Meat
  - Vegetables
  - Fruit
  - Water
  - Electricity
- Actively seek for opportunities to benefit from the BRICS Fund;
- Develop and diversify the manufacturing sector;
- Attract Investment to the Platinum SEZ;
- Identify leakages in the current manufacturing value chains to attract investment as well as investigate global value chains as the new trend;
- Utilise localisation strategies and products identified for local procurement by Eskom and Transnet to link to local suppliers and SMMEs that can benefit from the infrastructure development programmes;
- Increase agricultural activity and agro-processing;
- Contribute to rural development programmes;
- Utilise co-operatives to stimulate these economies;
- Utilise ICT for communication and training purposes;
- Include designated groups, youth, women and disabled as beneficiaries of projects;
- The unemployed graduates database and other databases can be consulted for possible beneficiaries;
- Skilling in line with provincial plans is very important and closer co-operation should be encouraged between tertiary institutions and project drivers to be able to develop appropriate skills.

**Report Submitted By**

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