



Economic Data Report

Quarter 1 of 2018/2019

Research & Innovation



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1. INTRODUCTION

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

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

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

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

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

2. MACRO ECONOMIC OVERVIEW

2.1 Global Economy: Cyclical Upswing, Structural Change

(Source: WORLD ECONOMIC OUTLOOK (WEO) UPDATE; April 2018)

The upswing in global investment and trade continued in the second half of 2017. At 3.8 percent, global growth in 2017 was the fastest since 2011. With financial conditions still supportive, global growth is expected to tick up to a 3.9 percent rate in both 2018 and 2019.

Advanced economies will grow faster than potential this year and next; euro area economies are set to narrow excess capacity with support from accommodative monetary policy, and expansionary fiscal policy will drive the US economy above full employment.

Aggregate growth in emerging market and developing economies is projected to firm further, with continued strong growth in emerging Asia and Europe and a modest upswing in commodity exporters after three years of weak performance.

Global growth is projected to soften beyond the next couple of years. Once their output gaps close, most advanced economies are poised to return to potential growth rates well below pre-crisis averages, held back by aging populations and lackluster productivity.

US growth will slow below potential as the expansionary impact of recent fiscal policy changes goes into reverse. Growth is projected to remain subpar in several emerging markets and developing economies, including in some commodity exporters that continue to face substantial fiscal consolidation needs.

While upside and downside risks to the short-term outlook are broadly balanced, risks beyond the next several quarters clearly lean to the downside. Downside concerns include a possibly sharp tightening of financial conditions, waning popular support for global economic integration, growing trade tensions and risks of a shift toward protectionist policies, and geopolitical strains.

The current recovery offers a window of opportunity to advance policies and reforms that secure the current upswing and raise medium-term growth to the benefit of all. Such policies should focus on strengthening the potential for higher and more inclusive growth, building buffers to deal more effectively with the next downturn, improving financial resilience to contain market risks and stability concerns, and fostering international cooperation.

Table 1. Overview of the World Economic Outlook Projections World Economic Outlook
Update April 2018 (Percent change unless noted otherwise)

	Year over Year								Q4 over Q4 2/	
	Estimate				Projections		Difference from January 2018 WEO Projections 1/		Projections	
	2014	2015	2016	2017	2018	2019	2018	2019	2018	2019
World Output	3.4	3.2	3.2	3.8	3.9	3.9	0.0	0.0	3.9	3.8
Advanced Economies	1.9	2.1	1.7	2.3	2.5	2.2	0.2	0.0	2.4	2.0
United States	2.4	2.6	1.5	2.3	2.9	2.7	0.2	0.2	3.0	2.3
Euro Area	0.9	2.0	1.8	2.3	2.4	2.0	0.2	0.0	2.2	2.0
Germany	1.6	1.5	1.9	2.5	2.5	2.0	0.2	0.0	2.5	1.9
France	0.6	1.1	1.2	1.8	2.1	2.0	0.2	0.1	1.8	2.0
Italy	-0.3	0.8	0.9	1.5	1.5	1.1	0.1	0.0	1.3	1.1
Spain	1.4	3.2	3.3	3.1	2.8	2.2	0.4	0.1	2.5	2.1
Japan	0.0	1.1	0.9	1.7	1.2	0.9	0.0	0.0	0.8	-0.1
United Kingdom	3.1	2.2	1.9	1.8	1.6	1.5	0.1	0.0	1.6	1.6
Canada	2.5	0.9	1.4	3.0	2.1	2.0	-0.2	0.0	2.1	1.9
Other Advanced Economies 3/	2.8	2.0	2.3	2.7	2.7	2.6	0.1	0.0	2.7	2.8
Emerging Market and Developing Economies	4.6	4.3	4.4	4.8	4.9	5.1	0.0	0.1	5.2	5.2
Commonwealth of Independent States	1.0	-2.2	0.4	2.1	2.2	2.1	0.0	0.0	2.3	1.6
Russia	0.7	-2.8	-0.2	1.5	1.7	1.5	0.0	0.0	2.1	1.3
Excluding Russia	1.9	-0.5	1.9	3.6	3.5	3.6	0.1	0.1	...	...
Emerging and Developing Asia	6.8	6.8	6.4	6.5	6.5	6.6	0.0	0.0	6.5	6.6
China	7.3	6.9	6.7	6.9	6.6	6.4	0.0	0.0	6.5	6.4
India 3/	7.2	8.0	7.1	6.7	7.4	7.8	0.0	0.0	7.4	7.8
ASEAN-5 4/	4.6	4.9	4.9	5.3	5.3	5.4	0.0	0.1	5.4	5.5
Emerging and Developing Europe	2.8	4.7	3.2	5.8	4.3	3.7	0.3	-0.1	3.5	3.7
Latin America and the Caribbean	1.3	0.1	-0.7	1.3	2.0	2.8	0.1	0.2	2.3	2.4
Brazil	0.1	-3.8	-3.5	1.0	2.3	2.5	0.4	0.4	3.1	2.3
Mexico	2.2	2.6	2.9	2.0	2.3	3.0	0.0	0.0	3.0	2.8
Middle East, North Africa, Afghanistan, and Pakistan	2.7	2.7	4.9	2.6	3.4	3.7	-0.2	0.2	...	...
Saudi Arabia	3.6	4.1	1.7	-0.7	1.7	1.9	0.1	-0.3	2.3	2.1
Sub-Saharan Africa	5.1	3.4	1.4	2.8	3.4	3.7	0.1	0.2	...	...
Nigeria	6.3	2.7	-1.6	0.8	2.1	1.9	0.0	0.0	...	...
South Africa	1.6	1.3	0.3	1.3	1.5	1.7	0.6	0.8	0.7	2.3
Memorandum										
Low-Income Developing Countries	6.0	4.6	3.6	4.7	5.0	5.3	-0.2	0.0	...	...
World Growth Based on Market Exchange Rates	2.7	2.7	2.5	3.2	3.4	3.3	0.1	0.1	3.3	3.0
World Trade Volume (goods and services)	3.7	2.6	2.5	4.9	5.1	4.7	0.5	0.3	...	...
Advanced Economies	3.6	4.0	2.6	4.0	5.1	4.5	0.7	0.0	...	...
Emerging Market and Developing Economies	3.9	0.3	2.3	6.4	6.0	5.6	0.5	0.6	...	...
Commodity Prices (U.S. dollars)										
Oil 5/	-7.5	-47.2	-15.7	23.3	18.0	-6.5	6.3	2.2	3.2	-5.9
Nonfuel (average based on world commodity export weights)	-4.0	-17.5	-1.6	6.8	5.6	0.5	6.1	-0.5	7.0	0.3
Consumer Prices										
Advanced Economies	1.4	0.3	0.8	1.7	2.0	1.9	0.1	-0.2	2.0	2.0
Emerging Market and Developing Economies 6/	4.7	4.7	4.3	4.0	4.6	4.3	0.1	0.0	3.9	3.9
London Interbank Offered Rate (percent)										
On U.S. Dollar Deposits (six month)	0.3	0.5	1.1	1.5	2.4	3.4	0.1	0.0	...	...

On Euro Deposits (three month)	0.2	-0.0	-0.3	-0.3	-0.3	0.0	0.0	0.1	...	...
On Japanese Yen Deposits (six month)	0.2	0.1	0.0	0.0	0.0	0.1	0.0	0.0	...	...

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during January 26–February 23, 2018.

Economies are listed on the

basis of economic size. The aggregated quarterly data are seasonally adjusted.

1Difference based on rounded figures for the current, January 2018 World Economic Outlook Update, and October 2017 World Economic Outlook forecasts.

2Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.

3For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year.

4Indonesia, Malaysia, Philippines, Thailand, Vietnam. Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during November 13, 2017–December 11, 2017. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted.

5Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$52.81 in

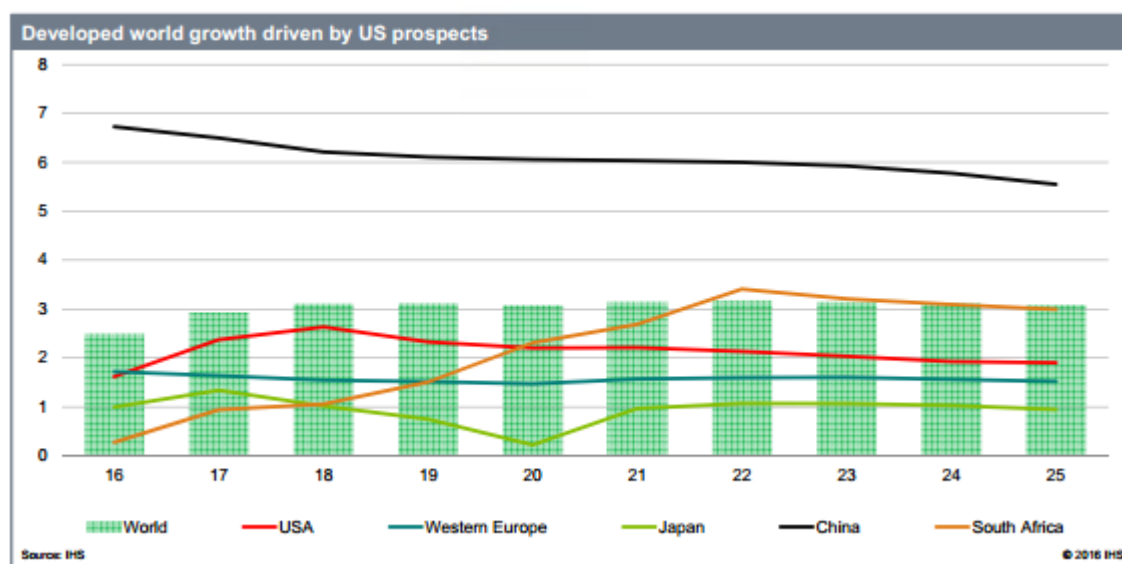
2017; the assumed price based on futures markets is \$62.30 in 2018 and \$58.20 in 2019.

6Excludes Argentina and Venezuela. See country-specific notes for Argentina and Venezuela in the “Country Notes” section of the Statistical Appendix.

7For 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.

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 Q1 2018/2019

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

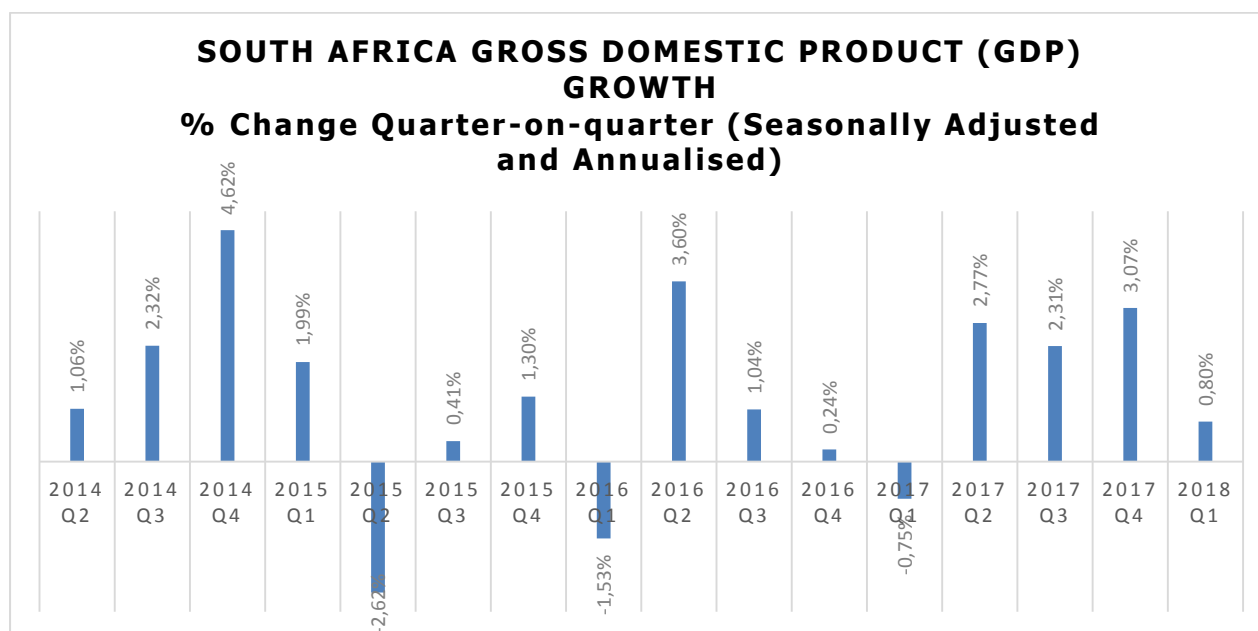
- *South African Economic Growth Q1 2018/2019*

The GDP figure for the (1st quarter 2018 2,2% q/q and 0,8% y/y)

South Africa's gross domestic product (GDP) growth rate declined by 2,2% in the first quarter of 2018.

- The largest negative contributor to growth in GDP in the first quarter was the manufacturing industry, which decreased by 6,4% and contributed -0,8 of a percentage point to GDP growth.
- The mining and quarrying industry decreased by 9,9% and contributed -0,8 of a percentage point.
- The agriculture, forestry and fishing industry decreased by 24,2%, and contributed -0,7 of a percentage point to GDP growth.
- The trade, catering and accommodation industry decreased by 3,1%. Decreased economic activity was reported in trades, catering and accommodation divisions.
- Finance, real estate and business services increased by 1,1% in the first quarter. Increased economic activity was reported for insurance and auxiliary activities and real estate activities.
- General government services increased by 1,8%, attributed to an increase in employment numbers.

Figure 2: South African Gross Domestic Product (GDP) Growth



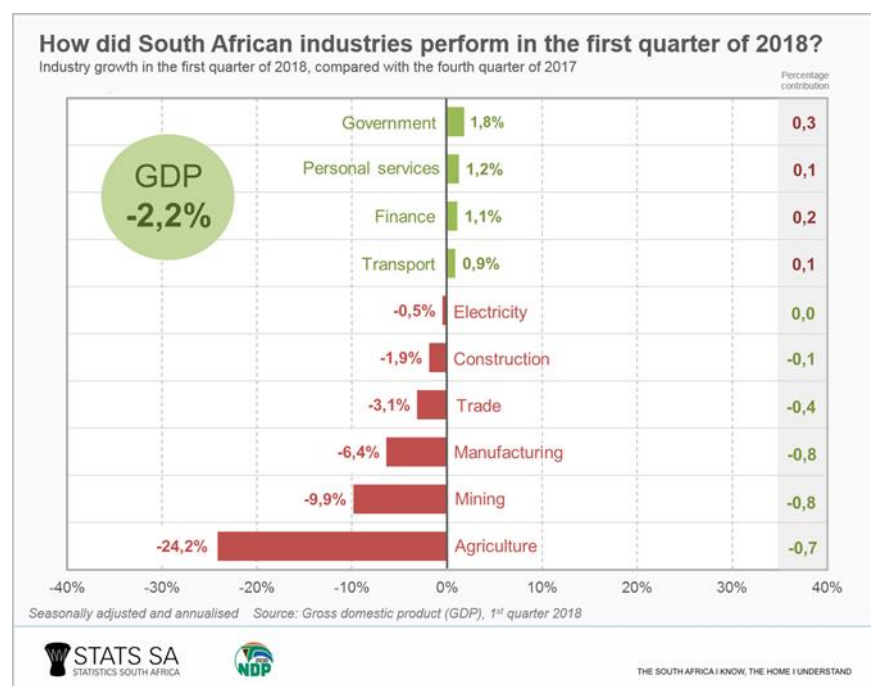
After growing by 3,1% in the fourth quarter of 2017, the South Africa economy wobbled in the first quarter of 2018, shrinking by 2,2% quarter-on-quarter (seasonally adjusted and annualised). Agriculture, mining and manufacturing were the main contributors to the slowdown, with the electricity, construction and trade industries also recording negative growth.

The 2,2% fall is the largest quarter-on-quarter decline since the first quarter of 2009. In that quarter, the economy contracted by 6,1%.¹

After recording four consecutive quarters of robust growth in 2017, the agriculture industry lost ground in the first quarter of 2018, contracting by 24,2%, the largest quarter-on-quarter fall since the second quarter of 2006.

Agriculture's relatively strong performance in 2017 is one of the positive factors that helped keep the economy afloat in 2017. This momentum failed to carry through to 2018, with decreased production in field crops and horticultural products contributing to the decline in the first quarter.

Figure 3: South African Industries Performance Q1 2018



Mining entered into recession with its second consecutive quarter of economic decline. Production was down 9,9% in the first quarter of 2018, following on from a decrease of 4,4% in the fourth quarter of 2017. Lower production in gold, platinum group metals and iron ore were the main contributors to falling performance.

Manufacturing also failed to make a positive contribution to economic growth, falling by 6,4%. The decline was driven largely by a fall in production of petroleum and chemical products, as well as basic iron and steel.

The trade, construction and electricity industries also recorded negative growth in the first quarter of 2018 compared with the fourth quarter of 2017. Trade activity fell by 3,1%, on the back of weaker wholesale, retail and motor trade sales and lower activity in catering and accommodation.

The construction industry continued to contract, experiencing its fifth consecutive quarter of decline. The industry has lost R1,7 billion in value since the fourth quarter of 2016, falling from R110 billion to R108 billion in the first quarter of 2018 (constant 2010 prices, annualised).

Economic activity in transport, finance, personal services and government increased in the first quarter of 2018. The 1,8% rise in general government was mostly related to increased employment numbers in the public sector.

(Source: Stassa GDP Q1 2018)

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 4,4% in May 2018, down from 4,5% in April 2018. The consumer price index increased by 0,2% month-on-month in May 2018.

Contributions to headline annual consumer price inflation.

- Food and non-alcoholic beverages decreased from 0,7 of a percentage point in April to 0,6 of a percentage point in May. The index increased by 3,4% year-on-year.
- Restaurants and hotels increased from 0,1 of a percentage point in April to 0,2 of a percentage point in May. The index increased by 5,0% year-on-year.
- Transport contributed 0,2 of a percentage point in May. The index increased by 1,2% month-on-month.
- In May the CPI for goods increased by 3,5% year-on-year (unchanged from April), and the CPI for services increased by 5,3% year-on-year (unchanged from April).

Note: VAT change in April 2018

The VAT rate changed from 14% to 15% from 1 April 2018. A media release on how the change will be implemented in the CPI is available on the Stats SA website (http://www.statssa.gov.za/?page_id=1307).

Provincial annual inflation rates ranged from 3,3% in North West to 5,2% in Western Cape.

Table 2. Provincial Inflation Rates

Province	Nov 2017 CPI	Feb 2018 CPI	May 2018 CPI
Western Cape	6,0%	4.7%	5,2%
Eastern Cape	4,3%	4.0%	4,0%
Northern Cape	3,5%	3.6%	3,8%
Free State	4,2%	3.8%	4,2%
KwaZulu-Natal	3,9%	3.2%	3,8%
North West	3,3%	2.8%	3,3%
Gauteng	4,5%	4.0%	4,5%
Mpumalanga	3,5%	3.3%	3,5%
Limpopo	3,6%	3.6%	3,6%

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%
Average CPI for 2017 was 5,3%

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%
Average PPI for 2017 was 4,8%

Key findings for April 2018

Final manufactured goods – headline PPI

The annual percentage change in the PPI for final manufactured goods was 4,4% in April 2018 (compared with 3,7% in March 2018). From March 2018 to April 2018 the PPI for final manufactured goods increased by 1,0%.

The main contributors to the annual rate of 4,4% were coke, petroleum, chemical, rubber and plastic products (2,0 percentage points), transport equipment (0,6 of a percentage point) and paper and printed products (0,5 of a percentage point).

The main contributor to the monthly increase of 1,0% was coke, petroleum, chemical, rubber and plastic products (0,6 of a percentage point).

Intermediate manufactured goods

The annual percentage change in the PPI for intermediate manufactured goods was 0,1% in April 2018 (compared with -1,3% in March 2018). From March 2018 to April 2018 the PPI for intermediate manufactured goods increased by 0,6%.

The main contributors to the annual rate of 0,1% were sawmilling and wood (0,9 of a percentage point) and recycling and manufacturing n.e.c. (0,5 of a percentage point).

The main contributors to the monthly increase of 0,6% were basic and fabricated metals (0,4 of a percentage point) and sawmilling and wood (0,4 of a percentage point).

Electricity and water

The annual percentage change in the PPI for electricity and water was 4,9% in April 2018 (compared with 3,5% in March 2018). From March 2018 to April 2018 the PPI for electricity and water increased by 2,1%.

The contributors to the annual rate of 4,9% were electricity (3,6 percentage points) and water (1,3 percentage points).

The contributors to the monthly increase of 2,1% were electricity (1,7 of a percentage point) and water (0,4 of a percentage point).

Mining

The annual percentage change in the PPI for mining was -2,6% in April 2018 (compared with -3,1% in March 2018). From March 2018 to April 2018 the PPI for mining increased by 1,1%.

The main contributors to the annual rate of -2,6% were stone quarrying, clay and diamonds (-3,2 percentage points) and gold and other metal ores (-2,8 percentage points).

The main contributors to the monthly increase of 1,1% were stone quarrying, clay and diamonds (0,4 of a percentage point), coal and gas (0,3 of a percentage point) and non-ferrous metal ores (0,3 of a percentage point).

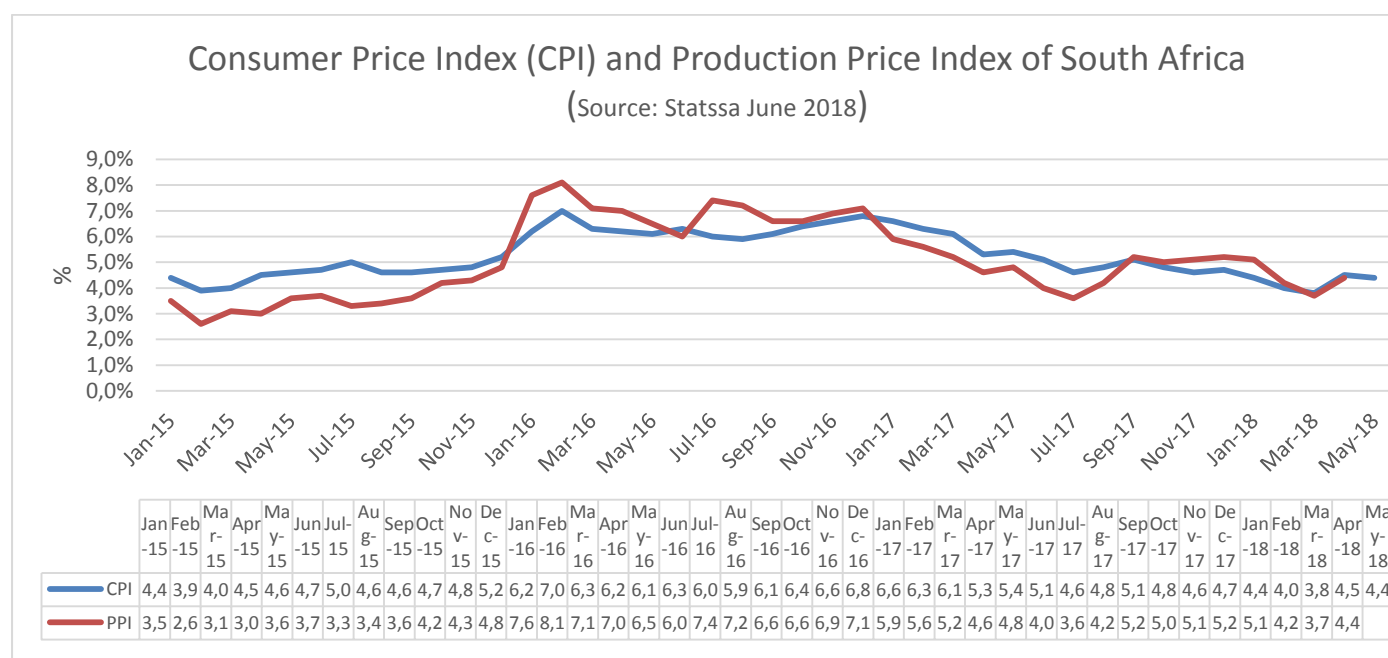
Agriculture, forestry and fishing

The annual percentage change in the PPI for agriculture, forestry and fishing was 0,4% in April 2018 (compared with 3,9% in March 2018). From March 2018 to April 2018 the PPI for agriculture, forestry and fishing decreased by 2,4%.

The main contributors to the annual rate of 0,4% were forestry (0,5 of a percentage point) and fishing (0,5 of a percentage point).

The main contributor to the monthly decrease of 2,4% was agriculture (-3,4 percentage points)

Figure 4: South Africa's Consumer Price Index (CPI) and Production Price index (PPI) March 2015 to May 2018



(Source: Statssa Q1 2018)

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

The South African working-age population increased by 153 000 or 0,4 per cent in the first quarter of 2018 compared to the fourth quarter of 2017. The rise in both employment (up by 206 000) and unemployment (up by 100 000) over the quarter led to a rise in labour force participation rate (from 58,8% to 59,3%). The unemployment rate (26,7%) remained unchanged over the first quarter of 2018 compared to the fourth quarter of 2017.

Employment gains were recorded in the formal sector (111 000), informal sector (93 000) and private households (5 000), while Agriculture recorded job losses (down by 3 000) in the first quarter of 2018. The number of discouraged work-seekers increased by 249 000 while the number of other not economically active persons decreased by 403 000, resulting in a net decline of 154 000 (down by 1,0 percentage point) in the number of people not economically active between the fourth quarter of 2017 and the first quarter of 2018,

Quarterly employment increase of 206 000 in Q1: 2018 was driven by six of the ten industries. The contributors to the increase were the Community and social services (95 000), Manufacturing (58 000), Construction (40 000) Trade (36 000) and Finance and other business services (30 000) industries. Employment declines were recorded in Transport (41 000), Mining (14 000), Utilities (6 000) and Agriculture (3 000).

While the official unemployment rate remained unchanged at 26,7% in Q1: 2018 compared to Q4: 2017, it increased in seven of the nine provinces and it decreased in two of the provinces. The largest increase in the unemployment rate was recorded in Mpumalanga (up by 3,5 percentage points), Northern Cape (up by 2,4 percentage points), and North West (up by 1,9 percentage points). KwaZulu-Natal (down by 1,8 percentage points) and Gauteng (down by 0,5 of a percentage point) recorded a decline in official unemployment rate. The expanded unemployment rate increased by 0,4 of a percentage point in Q1: 2018 to 36,7% quarter-to-quarter.

Of the 10,3 million persons aged (15-24 years) 32,4% (approximately 3,3 million) were not in employment, education or training (NEET) in the first quarter of 2018 – implying that close to one in three young South Africans between the ages of 15 and 24 years were disengaged from the labour market. Compared to the first quarter of 2017, the NEET rate remained unchanged in the first quarter of 2018.

Issued by Statistics South Africa

Table 3: Employment by Province

	Official unemployment rate					Expanded unemployment rate				
	Jan-Mar 2017	Oct-Dec 2017	Jan-Mar 2018	Qtr-to-qtr change	Year-on-year change	Jan-Mar 2017	Oct-Dec 2017	Jan-Mar 2018	Qtr-to-qtr change	Year-on-year change
	Per cent			Percentage points		Per cent			Percentage points	
South Africa	27,7	26,7	26,7	0,0	-1,0	36,4	36,3	36,7	0,4	0,3
Western Cape	21,5	19,5	19,7	0,2	-1,8	24,7	23,0	22,5	-0,5	-2,2
Eastern Cape	32,2	35,1	35,6	0,5	3,4	43,6	44,8	46,0	1,2	2,5
North West	30,7	27,1	29,5	2,4	-1,2	43,9	40,5	41,0	0,5	-2,9
Free State	35,5	32,6	32,8	0,2	-2,7	41,7	39,0	38,4	-0,6	-3,3
KwaZulu-Natal	25,8	24,1	22,3	-1,8	-3,5	41,0	41,0	40,6	-0,4	-0,4
North West	26,5	23,9	25,8	1,9	-0,7	41,7	40,6	41,8	1,2	0,1
Gauteng	29,2	29,1	28,6	-0,5	-0,6	32,0	33,7	33,6	-0,1	1,6
Mpumalanga	31,5	28,9	32,4	3,5	0,9	41,2	39,7	42,5	2,8	1,3
Limpopo	21,6	19,6	19,9	0,3	-1,7	38,2	36,8	37,6	0,8	-0,6

Figure 5: Summary of Labor Market Measures At A Glance: Q1 2018

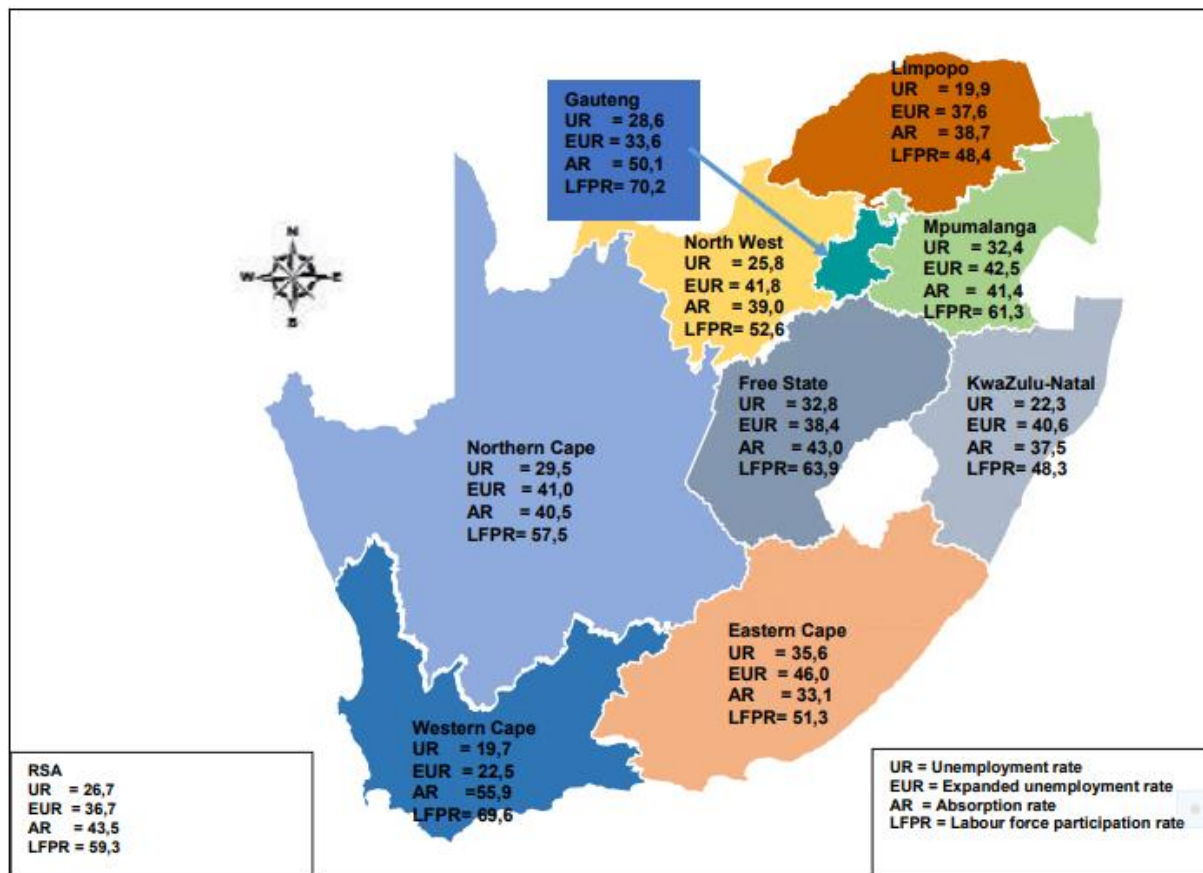


Figure 6: South Africa and North West Unemployment Rate (Source: Statssa Q1 2018)

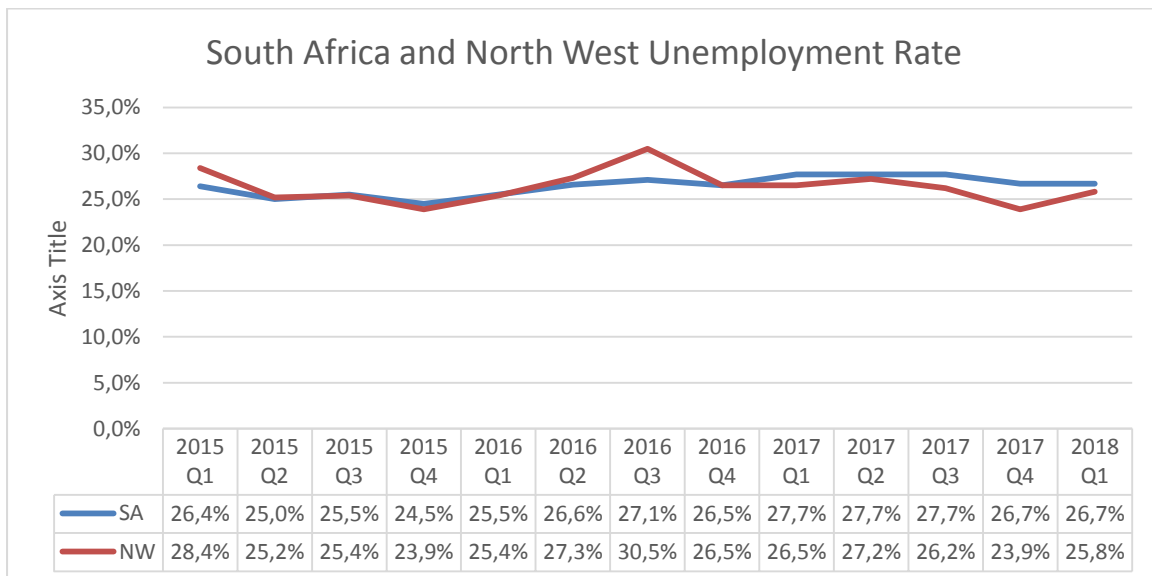


Table 4: Employment by Industry in the North West Province Q4 2017

	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 Jul-Sept 2017 Thousands	NW Oct-Dec 2017 Thousands	NW% Share Contribution on Oct-Dec 2017	NW as % of SA
Agriculture	54	37	48	55	50	54	49	47	4,7%	5,5%
Mining	154	140	141	128	132	132	137	128	12,8%	31,1%
Manufacturing	64	70	72	66	74	77	78	85	8,5%	4,7%
Utilities	5	4	11	6	1	5	5	5	0,5%	3,4%
Construction	62	77	79	72	87	84	71	90	9,0%	6,5%
Trade	171	193	147	198	179	197	200	206	20,6%	6,4%
Transport	25	33	27	37	38	31	35	36	3,6%	3,6%
Finance	110	83	85	79	87	99	102	111	11,1%	4,7%
Community and Social Services	212	201	209	233	242	210	230	218	21,8%	5,9%
Private House Holds	83	77	80	85	86	89	78	72	7,2%	5,7%
Other									0,0%	0,0%
TOTAL	940	915	900	959	976	978	983	999	100,0%	100,0%

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

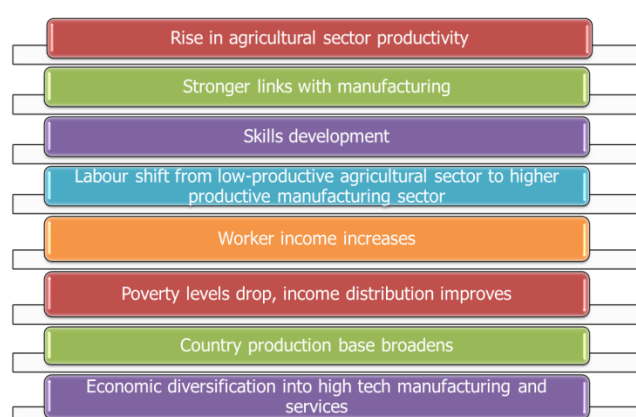
The NDP is South Africa's long term plan to 2030 and might be the sustainability 'hope' of the country. It seeks amongst other things to reduce unemployment by improving manufacturing. The NDP will also result in a change in the risk for labour unrest by reducing it.

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 5: 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
Size of Area	(km ²)	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%
Demographic	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%
Development	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
	Poverty indicators						
	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%
	Highest level of education: age 20+ (Matric only)	10 067 193	603 429	321 208	106 911	49 063	126 247
	Population density (number of people per km ²)	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%
Household Infrastructure	Share of household occupying formal dwellings	78,4%	77,1%	70,5%	80,1%	87,5%	84,2%
Labour	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
	Sector's share of regional total (%)	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
	Agriculture	6,5%	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
Income & Expenditure	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
Economic	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%
	Sector's share of regional total (%)	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
	Agriculture	2,4%	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
	Location quotient	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
Tourism		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
	Total Tourism Spend (R 1000, Current prices)	236 847 190	11 331 528	7 278 314	2 131 478	558 182	1 363 555
	Growth in Tourism (using bednights) by origin						
	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%
International Trade		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%

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

	2009	2016
South Africa	39,67	40,03
Western Cape	47,55	45,65
Eastern Cape	54,16	54,38
Northern Cape	41,19	37,23
Free State	34,13	36,83
KwaZulu-Natal	40,98	40,74
North-West	51,29	50,68
Gauteng	50,11	49,73
Mpumalanga	36,57	34,76
Limpopo	49,55	49,00
Bojanala DM	65,15	63,42
Ngaka Modiri Molema DM	45,90	46,05
Dr Ruth Segomotsi Mompati DM	43,27	41,92
Dr Kenneth Kaunda DM	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 7: 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 (2016)	Jobs created or lost since 2006 to 2016
Primary Sector	Agriculture	3,0%	6.3%	-32600
	Mining	33,0%	17.6%	
Secondary Sector	Manufacturing	5,0%	7.7%	932
	Electricity	3,0%	0.4%	
	Construction	3,0%	7.2%	
Tertiary Sector	Trade	12,0%	20.7%	17400
	Transport	7,0%	3.9%	
	Finance	13,0%	11.1%	
	Community Services	21,0%	25.1%	
TOTAL		R264 bn	836	-14268
As % of national GDP		6.1%	5.3%	

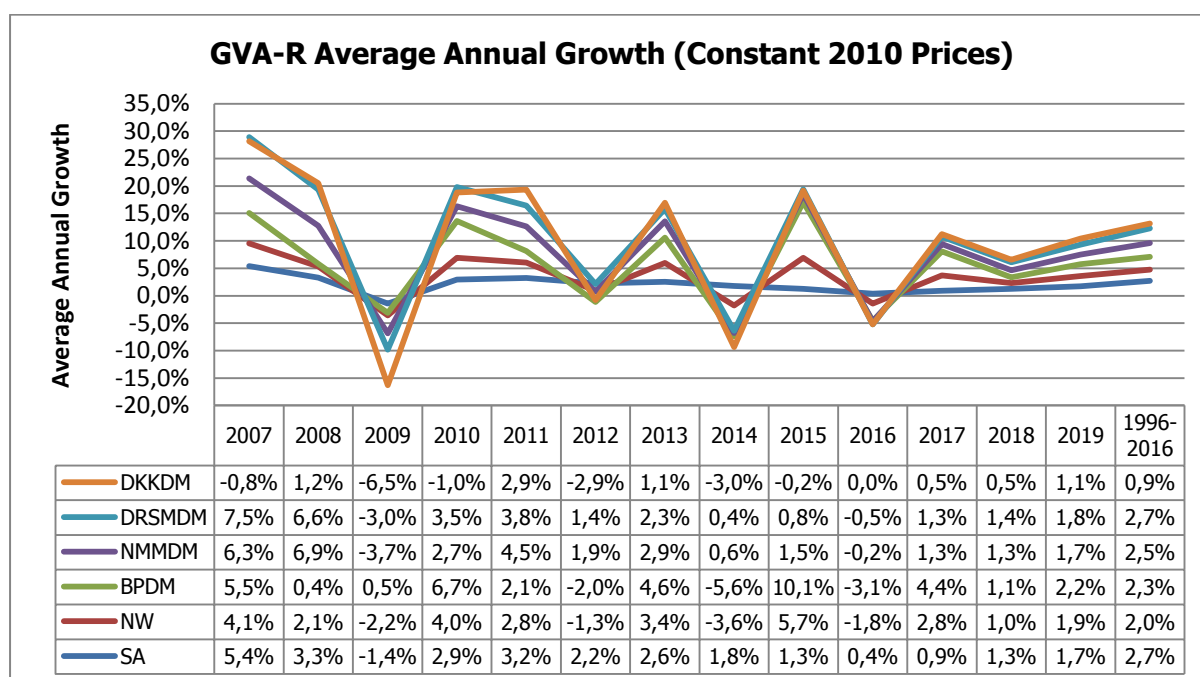
Table 8: Areas with location quotients ≥ 1.1 (highlighted in blue) by broad economic sector in the NWP (2016)

LOCATION QUOTIENT 2016									
Area	ECONOMIC SECTORS (Source: IHS Markit; Regional eXplorer 1070 (2.5y))								
	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community services
North-West (2016 boundaries)	1,10	4,18	0,41	0,90	0,65	0,79	0,65	0,65	0,91
District Municipalities									

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
<i>DRSMDM</i>									
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
<i>DKKDM</i>									
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.

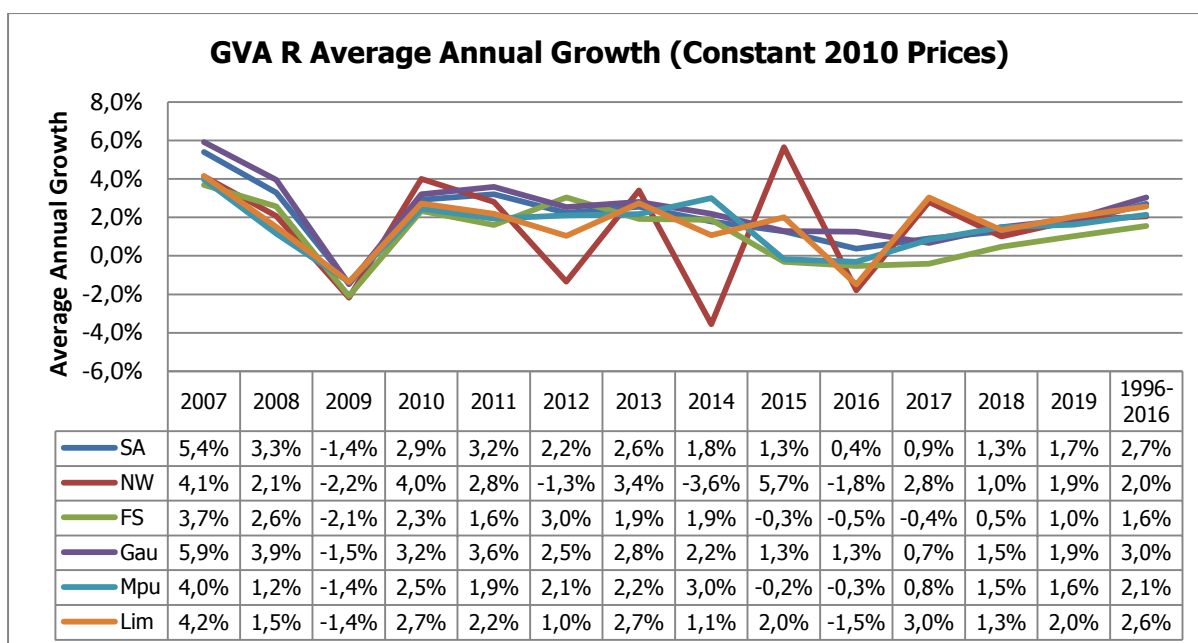
Figure 7: GVA-R Average annual growth (Constant 2010 Prices)



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

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

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



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

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

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

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

Employment

North West Employment Figures Compared to South Africa (Source: STASSA Q4 2017)

Table 9: South Africa's Employment Figures January 2016 to March 2018

SOUTH AFRICA										
	Jan-Mar 2016	Apr-June 2016	Jul-Sept 2016	Oct-Dec 2016	Jan-Mar 2017	Apr-June 2017	Jul-Sept 2017	Oct-Dec 2017	Jan-Mar 2018	% Change Y on Y
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	%
Population 15-64 yrs	36 431	36 591	36 750	36 905	37 061	37 217	37 373	37 525	37 678	1,7
Labour Force	21 398	21 179	21 706	21 849	22 426	25 403	22 402	22 051	22 358	-0,3
Employed	15 675	15 545	15 833	16 069	16 212	16 100	16 192	16 171	16 378	1,0
Unemployed	5 723	5 634	5 873	5 781	6 214	6 177	6 210	5 880	5 980	-3,8
Not economically active	15 033	15 412	15 044	15 055	14 634	14 941	14 971	15 474	15 320	4,7
Discouraged work-seekers	2 434	2 526	2 291	2 292	2 277	2 361	2 436	2 538	2 787	22,4
Other	12 599	12 886	12 753	12 763	12 357	12 580	12 536	12 936	12 533	1,4
Rates (%)										
Unemployment rate	26,7	26,6	27,1	26,5	27,7	27,7	27,7	26,7	26,7	-1,0
Employed / population ratio (Absorption)	43	42,5	43,1	43,5	43,7	43,3	43,3	43,1	43,5	-0,2
Labour force participation rate	58,5	58,7	0,2	59,1	59,2	60,5	59,9	59,9	59,3	-1,2

Table 10: North West's Employment Figures January 2016 to March 2018

NORTH WEST										
	Jan-Mar 2016	Apr-June 2016	Jul-Sept 2016	Oct-Dec 2016	Jan-Mar 2017	Apr-June 2017	Jul-Sept 2017	Oct-Dec 2017	Jan-Mar 2018	% Change Y on Y
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	%
Population 15-64 yrs	2 456	2 468	2 479	2 490	2 501	2 512	2 523	2 534	2 545	1,8
Labour Force	1 284	1 259	1 294	1 304	1 328	1 343	1 332	1 313	1 338	0,7
Employed	924	915	900	959	976	978	983	999	992	1,7
Unemployed	360	344	395	345	353	365	349	314	346	-1,9
Not economically active	1 172	1 209	1 185	1 186	1 173	1 169	1 191	1 221	1 207	3
Discouraged work-seekers	251	259	229	231	254	269	294	285	296	16,7
Other	920	950	956	955	919	900	897	936	911	-0,9
Rates (%)										
Unemployment rate	28,1	27,3	30,5	26,5	26,5	27,2	26,2	23,9	25,8	-0,7
Employed / population ratio (Absorption)	37,6	37,1	36,3	38,5	39	38,9	39	39,4	39	0
Labour force participation rate	52,3	51	52,2	52,4	53,1	53,5	52,8	51,8	52,6	-0,5

**Table 11: North West Employment by Industry Figures Compared to South Africa
(Source: STASSA Q1 2018)**

	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 Jul-Sept 2017 Thousands	SA Oct-Dec 2017 Thousands	SA Jan-Mar 2018 Thousands	SA % Share Contribution on Jan-Mar 2018
Agriculture	869	825	881	919	875	835	810	849	847	5,2%
Mining	471	447	438	421	447	434	446	411	397	2,4%
Manufacturing	1 645	1 712	1 683	1 727	1 790	1 799	1 749	1 791	1 849	11,3%
Utilities	110	111	118	131	145	148	153	149	143	0,9%
Construction	1 362	1 388	1 491	1 483	1 505	1 395	1 365	1 390	1 431	8,7%
Trade	3 158	3 136	3 198	3 222	3 207	3 265	3 286	3 240	3 276	20,0%
Transport	901	862	915	961	965	954	988	1 001	960	5,9%
Finance	2 227	2 220	2 323	2 329	2 378	2 395	2 463	2 373	2 402	14,7%
Community and Social Services	3 671	3 544	3 499	3 571	3 569	3 560	3 616	3 691	3 785	23,1%
Private House Holds	1 257	1 296	1 281	1 299	1 319	1 311	1 313	1 270	1 275	7,8%
Other	4	4	5	5	11	3	3	6	12	0,1%
TOTAL	15 657	15 545	15 833	16 069	16 212	16 100	16 192	16 171	16 378	100%

	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 Jul-Sept 2017 Thousands	NW Oct-Dec 2017 Thousands	NW Jan-Mar 2018 Thousands	NW% Share Contribution on Jan-Mar 2018	NW as % of SA
Agriculture	54	37	48	55	50	54	49	47	47	4,7%	5,5%
Mining	154	140	141	128	132	132	137	128	125	12,6%	31,5%
Manufacturing	64	70	72	66	74	77	78	85	74	7,5%	4,0%
Utilities	5	4	11	6	1	5	5	5	5	0,5%	3,5%
Construction	62	77	79	72	87	84	71	90	96	9,7%	6,7%
Trade	171	193	147	198	179	197	200	206	197	19,9%	6,0%
Transport	25	33	27	37	38	31	35	36	33	3,3%	3,4%
Finance	110	83	85	79	87	99	102	111	117	11,8%	4,9%
Community and Social Services	212	201	209	233	242	210	230	218	228	23,0%	6,0%
Private House Holds	83	77	80	85	86	89	78	72	70	7,1%	5,5%
Other										0,0%	0,0%
TOTAL	940	915	900	959	976	978	983	999	992	100,0%	6,1%

2.3.2 North West Location and Infrastructure

Location is one of the NWP's greatest natural advantages. The main Cape Town to Zimbabwe railway line runs through the provincial capital of Mahikeng, linking the NWP to several southern African countries, including Angola, Zambia and Botswana. An extensive road network connects the major commercial centres of the province to the rest of the country via a network of 1 785 km of national roads. The vital east-west corridor links the eastern Africa seaboard at Maputo to the western African

seaboard at Walvis Bay, running through the NWP en-route. Its strategic positioning has been further improved with the completion of the Trans Kalahari Corridor through Botswana and Namibia – and these developments bode well for a thriving business and tourism economy.

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

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

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

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

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

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

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

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

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

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

2.3.3 North West Policy Guidelines

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

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.

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 privacy (20)
- Women with degrees (16)
- Female researchers (17)

**EASE OF DOING BUSINESS (Business Environment/Climate)
(COMPARING BUSINESS REGULATIONS FOR DOMESTIC FIRMS IN 190 ECONOMIES
World Bank Group Flagship Report 2017 (June 2017)**

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.

Economies are ranked on their ease of doing business, from 1–190. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm.

Table 12: Ease of Doing Business Rankings (Source: Doing Business 2018)

	2015 Rankings	2017 Rankings
Ease of Doing Business Rank	43	82
Protecting Minority Investors	17	24
Paying Taxes	19	46
Resolving Insolvency	39	55
Getting Credit	52	68
Dealing with Construction Permits	32	94
Registering Property	97	107
Getting Electricity	158	112
Enforcing Contracts	46	115
Starting a Business	61	136
Trading across Borders	100	147

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

4. FOREIGN DIRECT INVESTMENT (FDI)

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

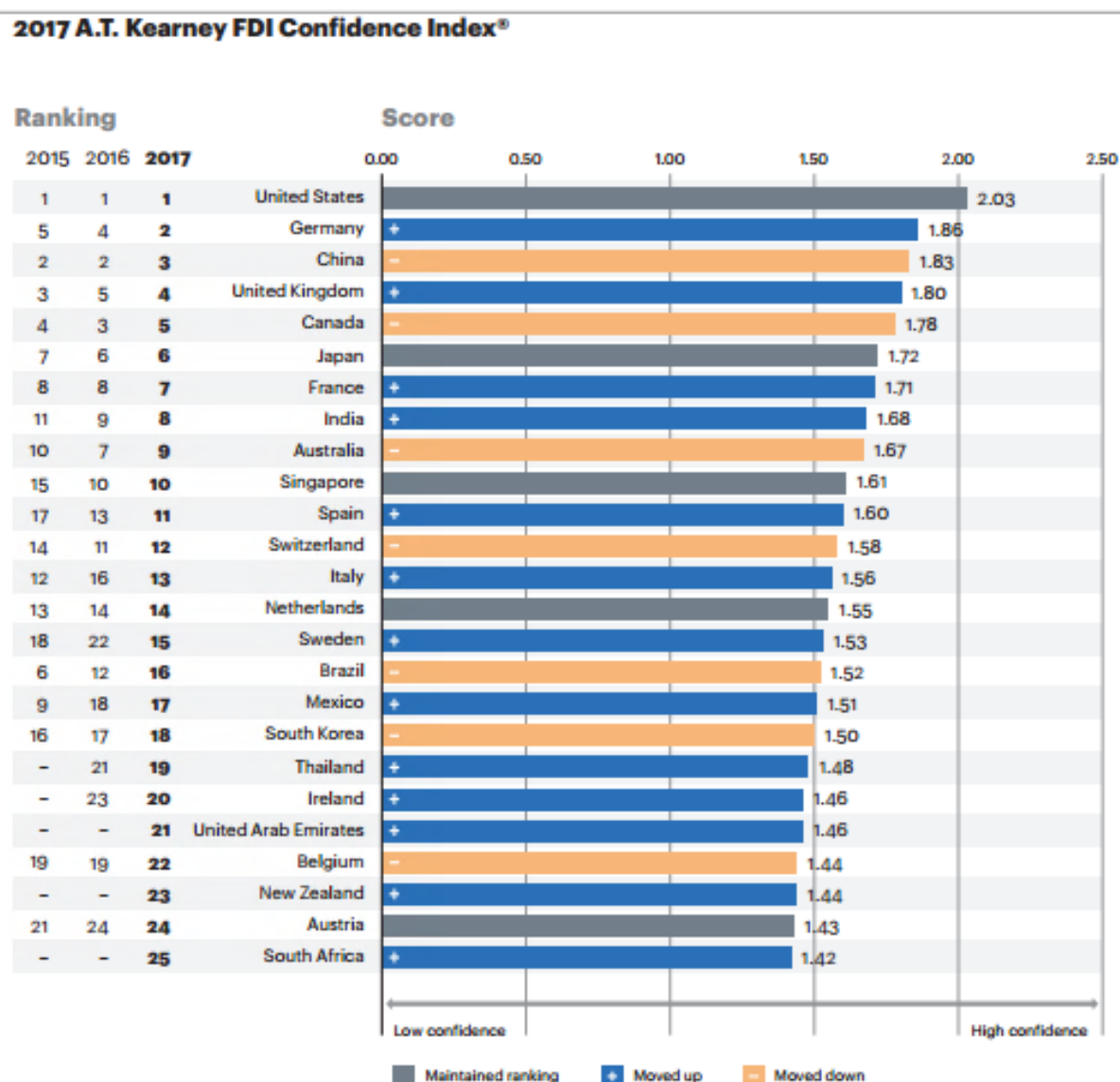
Foreign direct investment (FDI) is an investment made by a company or individual in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company. 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 2017 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:

Figure 7: A.T. Kearney FDI Confidence Index Top 25 Rankings



Note: Values are calculated on a 0 to 3 scale, with 3 being the highest level of confidence in a market as a future destination for FDI.

Source: 2017 A.T. Kearney Foreign Direct Investment Confidence Index

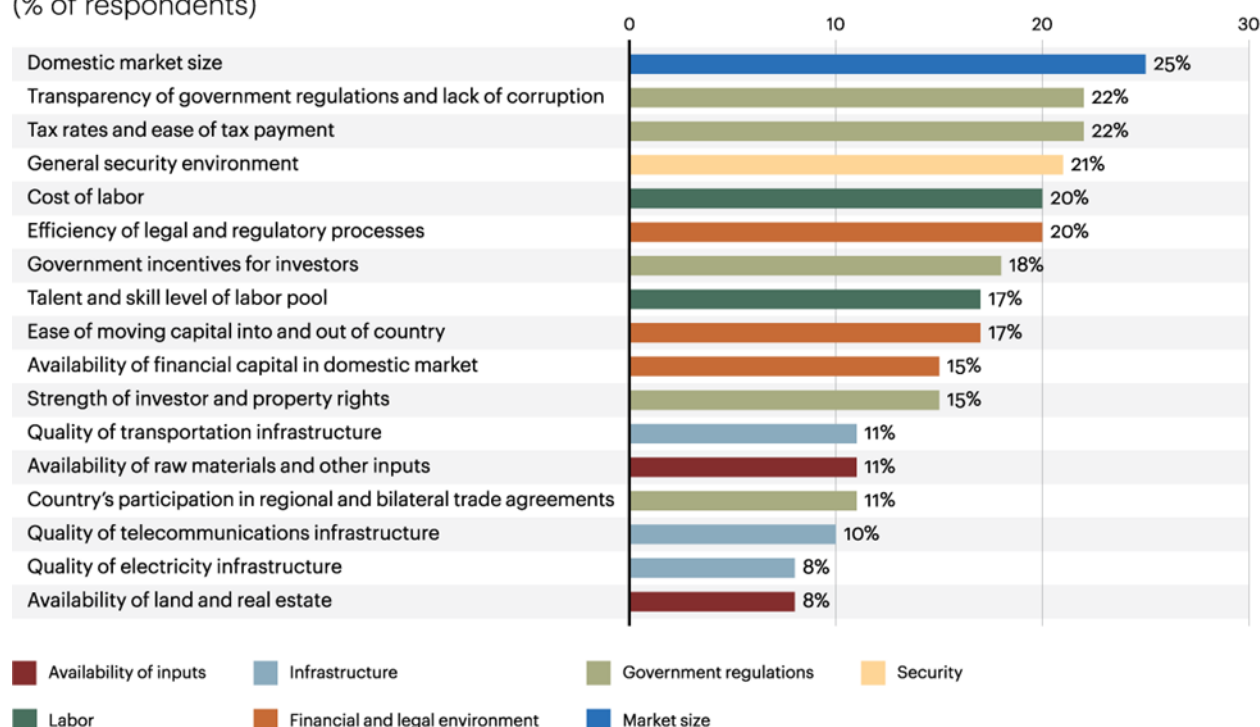
The chart below indicates the most important factors to consider when determining a new destination for investment.

Figure 8: 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

After a strong rise in 2015, global FDI flows lost growth momentum in 2016, showing that the road to recovery remains bumpy. FDI inflows decreased by 2 per cent to \$1.75 trillion, amid weak economic growth and significant policy risks, as perceived by multinational enterprises (MNEs).

Flows to developing economies were especially hard hit, with a decline of 14 per cent to \$646 billion. FDI remains the largest and most constant external source of finance for developing economies – compared with portfolio investments, remittances and official development assistance. But inflows were down across all developing regions:

- FDI flows to developing Asia contracted by 15 per cent to \$443 billion in 2016. This first decline in five years was relatively widespread, with double-digit drops in most subregions except South Asia.
- FDI flows to Africa continued to slide, reaching \$59 billion, down 3 per cent from 2015, mostly reflecting low commodity prices.
- The downward trend in FDI flows to Latin America and the Caribbean accelerated, with inflows falling 14 per cent to \$142 billion, owing to continued economic recession, weak commodity prices and pressures on exports.

- FDI in structurally weak and vulnerable economies remained fragile. Flows to the least developed countries fell by 13 per cent, to \$38 billion. Similarly, those to small island developing States declined by 6 per cent, to \$3.5 billion. Landlocked developing countries saw stable FDI, at \$24 billion.

Flows to developed economies increased further, after significant growth in the previous year. Inflows rose by 5 per cent to \$1 trillion. A fall in FDI in Europe was more than compensated by modest growth in North America and a sizeable increase in other developed economies. Developed economies' share in global FDI inflows grew to 59 per cent.

FDI flows to transition economies almost doubled, to \$68 billion, following two years of steep decline – reflecting large privatization deals and increased investment in mining exploration activities.

Major economic groups, such as the G20 and APEC, strongly influenced global FDI trends. Inflows to the G20 reached a record of more than \$1 trillion for the first time. Intragroup FDI is a growing feature in some groups.

FDI outflows from developed countries remained weak. They declined by 11 per cent to \$1 trillion, mainly owing to a slump in investments from European MNEs. Outflows from North America remained flat, but those from developed countries in Asia-Pacific reached their highest level since 2008. The flow of outward investment from developing economies registered a 1 per cent decline to \$383 billion, despite a surge of outflows from China, now the second largest investing country in the world.

Slower growth in international production contributed to lacklustre global trade expansion. International production by foreign affiliates of MNEs is still expanding, but the rate has slowed in recent years. The average annual growth rates over the last five years of foreign affiliate sales (7.3 per cent), value added (4.9 per cent) and employment (4.9 per cent) were all lower than in the equivalent period before 2010 (at 9.7 per cent, 10.7 per cent and 7.6 per cent, respectively).

UNCTAD's new database on State-owned MNEs shows their growing role in the global economy. About 1,500 State-owned MNEs (1.5 per cent of all MNEs) own more than 86,000 foreign affiliates, or close to 10 per cent of all foreign affiliates. They announced greenfield investments accounting for 11 per cent of the global total in 2016, up from 8 per cent in 2010. Their headquarters are widely dispersed, with more than half in developing economies and almost a third in the European Union. China is the largest home economy.

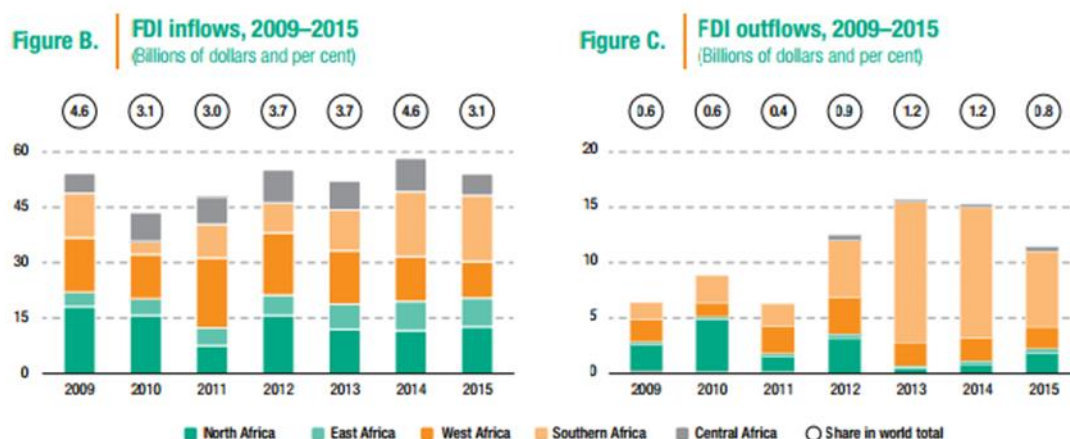
(Source: World Investment Report 2017 UNCTAD)

4.2 Africa

Africa Regional Investment Trends

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

Figure 9: 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

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 10: Investment Growth has Subdued

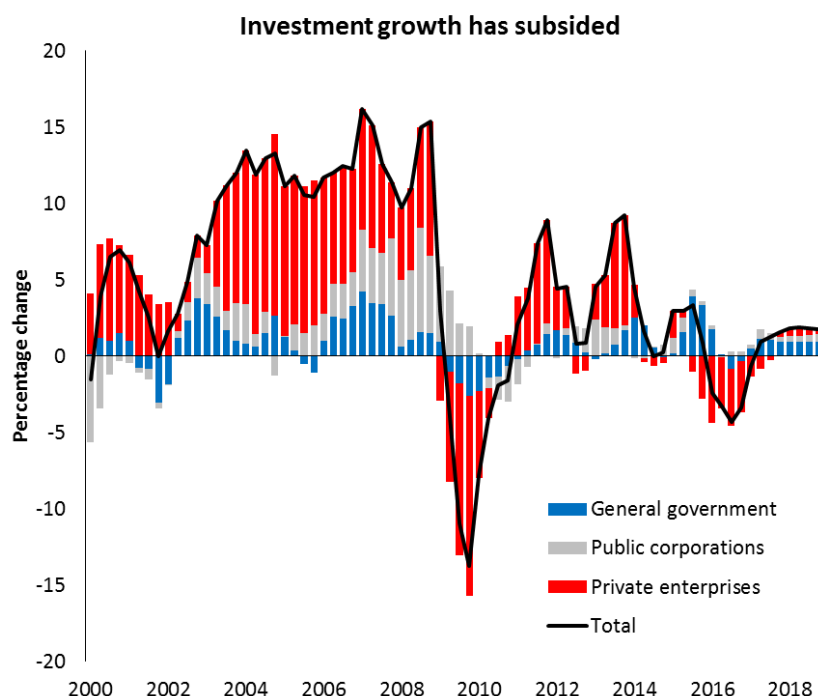
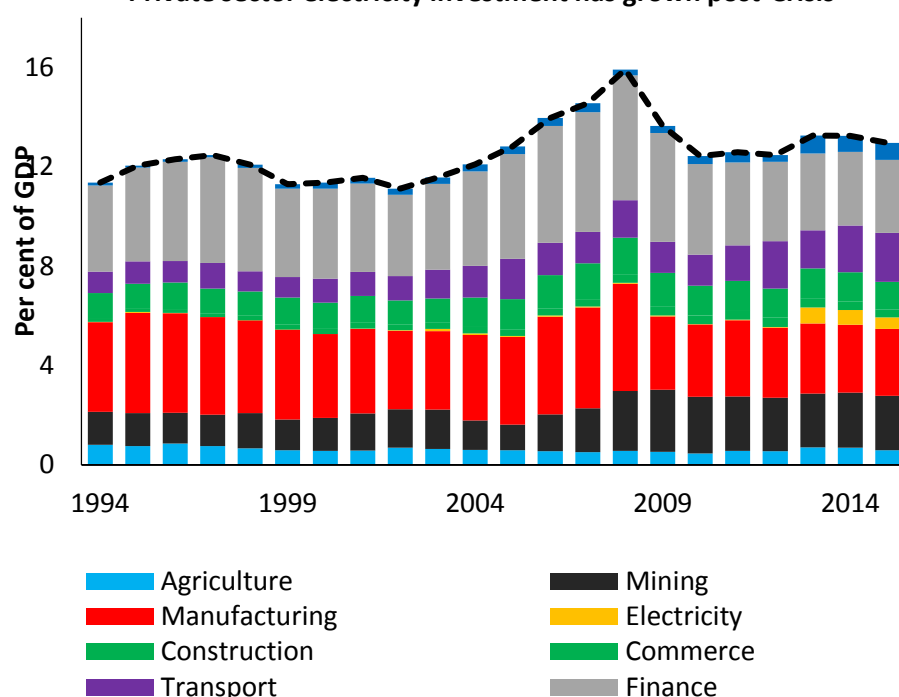


Figure 11: Private Sector Electricity Growth has grown post-crisis
Private sector electricity investment has grown post-Crisis



All FDI into South Africa

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

Between January 2003 and August 2017 a total of 1,135 FDI projects were recorded. These projects represent a total capital investment of **ZAR1,050.36 b** which is an average investment of **ZAR925.89 m** per project. During the period, a total of 203,578 jobs were created.

Table 13: FDI Projects recorded for South Africa between January 2003 and August 2017

South Africa Aggregate Annual Figures

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

2016	72	88 748,30	1 232,30	13 251	184	69
2017	42	35 477,30	844,70	2 306	54	31
Total	1 135	1 050 358,00	925,90	203 578	179	830

Notes:

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

Table 14: Destination Provinces

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

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

Notes:

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

4.4 North West Province

The North West Province received 1.4% (16) of all projects (1135) in South Africa between 2003 and Aug 2017. This represents 2.3% (R 23.7 billion) of the capital investment and 3.8% (7805 jobs).

North West FDI Projects Detail

Table 15: FDI Projects recorded for the North West Province between January 2003 and August 2017

#	Project Date	Investing Company	Source Country	Industry Sector	Capital Investment	Jobs Created
1	Oct 2016	Neovia (InVivo) (Evalis)	France	Food & Tobacco	260,61	147
2	Jun 2015	Anglo American Platinum	UK	Alternative/Renewable energy	146,02	2
3	Apr 2014	Syngenta	Switzerland	Food & Tobacco	128,34	55
4	Dec 2011	IGE Resources (International Gold Exploration)	Sweden	Minerals	728,14	383

5	Apr 2011	Monsanto	United States	Food & Tobacco	294,66	147
6	Aug 2010	Xstrata-Merafe	Switzerland	Metals	1 791,55	1706
7	Aug 2009	Platinum Australia	Australia	Metals	4 189,44	1012
8	Nov 2008	Anglo Platinum	UK	Metals	4 189,44	1012
9	Jun 2008	Primus Special Projects (Pty)DiamondTech	Switzerland	Minerals	728,14	383
10	Jun 2008	Guangzhou Pharmaceuticals	China	Food & Tobacco	441,34	106
11	Aug 2007	Orascom Construction Industries (OCi)	Egypt	Building & Construction Materials	5 762,28	840
12	Jul 2007	Eastern Platinum (Eastplats)	Canada	Metals	1 005,78	223
13	Nov 2006	Robert Bosch	Germany	Automotive Components	170,12	183
14	Jul 2006	International Ferro Metals	Australia	Metals	1 005,78	223
15	Oct 2005	International Ferro Metals	Australia	Metals	2 204,20	1000
16	Jun 2003	Monroe Minerals	Canada	Minerals	728,14	383
Totals					23 774,00	7805

Notes:

1) © fDi Intelligence, from the Financial Times Ltd 2017. Data subject to terms and conditions of use

2) All Capex figures shown in the table are in ZAR - South Africa Rand millions

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

5. TRADE

Table 16: North West Trade Summary 2017

North West Export Partners:		United States of America 17% Japan 13% China 9% United Kingdom 8% Netherlands 8% Mozambique 7% Germany 7% Botswana 7% Italy 3% Switzerland 3%
North West Export Products: Harmonized System (HS) 2-digit	71 Pearls, precious or semi-precious stones, precious metals 72 Iron and steel 26 Ores, slag and ash 28 Inorganic chemicals 99 Other unclassified goods 84 Nuclear reactors, boilers, machinery and mechanical appliances 85 Electrical machinery and equipment and parts thereof 10 Cereals 08 Edible fruit and nuts; peel of citrus fruit or melons 87 Vehicles and parts and accessories thereof	
North West Import Partners:	China 24% India 11% Germany 9% Namibia 6% Thailand 5% Botswana 4% United Arab Emirates 4% Italy 4% United States of America 4% Turkey 3%	
North West Import Products: Harmonized System (HS) 2-digit	72 Iron and steel 84 Nuclear reactors, boilers, machinery and mechanical appliances 10 Cereals 85 Electrical machinery and equipment and parts thereof 01 Live animals 74 Copper and articles thereof 39 Plastics and articles thereof 87 Vehicles and parts and accessories thereof 31 Fertilizers 73 Articles of iron or steel	

	South Africa	North West Province	North West as a % of South Africa
Exports Value (ZAR):	R 1 191 658 171	R 24 259 997	2,04%
Imports Value (ZAR):	R 1 094 510 375	R 6 623 924	0,61%
Source:	Source: IHS Markit: Regional eXplorer 1338 (2.6b) (2017 figures)		

Table 17: International Trade Figures for 2017

International Trade (2017)						
	SA	North-West	BPDM	NMMDM	DRSMDM	DKKDM
Exports (R 1000)	1 191 658 171	24 259 997	21 309 361	1 086 060	488 320	1 376 256
Imports (R 1000)	1 094 510 375	6 623 924	2 387 554	274 431	395 797	3 566 142
Total Trade (R 1000)	2 286 168 546	30 883 921	23 696 915	1 360 491	884 118	4 942 397
Trade Balance (R 1000)	97 147 796	17 636 073	18 921 808	811 628	92 523	-2 189 886
Exports as % of GDP	25,6%	8,8%	14,5%	2,2%	2,4%	2,3%
Total trade as % of GDP	49,1%	11,2%	16,1%	2,8%	4,4%	8,3%
Regional share - Exports	100,0%	2,0%	1,8%	0,1%	0,0%	0,1%
Regional share - Imports	100,0%	0,6%	0,2%	0,0%	0,0%	0,3%
Regional share - Total Trade	100,0%	1,4%	1,0%	0,1%	0,0%	0,2%
Source: IHS Markit: Regional eXplorer 1338 (2.6b)						

Table 18: International Trade Figures for 2016

International Trade (2016)						
	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Exports (R 1000)	1 107 472 999	24 747 607	21 046 353	1 246 032	582 597	1 872 625
Imports (R 1000)	1 089 677 002	5 878 139	2 415 301	281 730	213 319	2 967 790
Total Trade (R 1000)	2 197 150 001	30 625 746	23 461 654	1 527 762	795 916	4 840 415
Trade Balance (R 1000)	17 795 997	18 869 468	18 631 052	964 302	369 278	-1 095 164
Exports as % of GDP	25,5%	9,4%	15,3%	2,7%	3,4%	3,0%
Total trade as % of GDP	50,7%	11,6%	17,1%	3,3%	4,6%	7,8%
Regional share - Exports	100,0%	2,2%	1,9%	0,1%	0,1%	0,2%
Regional share - Imports	100,0%	0,5%	0,2%	0,0%	0,0%	0,3%
Regional share - Total Trade	100,0%	1,4%	1,1%	0,1%	0,0%	0,2%
(Source: IHS Markit: Regional eXplorer 1070 (2.5y))						

Table 19: International Trade Figures for 2015

International Trade (2015)						
	South Africa	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Exports (R 1000)	1 041 437 998	23 716 878	20 335 113	1 112 529	564 055	1 705 181
Imports (R 1000)	1 075 891 997	5 652 685	2 442 159	306 278	282 885	2 621 364
Total Trade (R 1000)	2 117 329 995	29 369 564	22 777 272	1 418 807	846 940	4 326 545

Trade Balance (R 1000)	-34 453 999	18 064 193	17 892 954	806 251	281 171	-916 183
Exports as % of GDP	25,9%	10,0%	15,4%	2,8%	3,7%	3,4%
Total trade as % of GDP	52,8%	12,4%	17,2%	3,6%	5,6%	8,6%
Regional share - Exports	100,0%	2,3%	2,0%	0,1%	0,1%	0,2%
Regional share - Imports	100,0%	0,5%	0,2%	0,0%	0,0%	0,2%
Regional share - Total Trade	100,0%	1,4%	1,1%	0,1%	0,0%	0,2%

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

Table 20: 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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