



Economic Data Report

Quarter 3 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: Challenges to Steady Growth

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

The steady expansion under way since mid-2016 continues, with global growth for 2018–19 projected to remain at its 2017 level. At the same time, however, the expansion has become less balanced and may have peaked in some major economies. Downside risks to global growth have risen in the past six months and the potential for upside surprises has receded. Global growth is projected at 3.7 percent for 2018–19—0.2 percentage point lower for both years than forecast in April.

- Growth in most advanced economies is expected to decline to potential rates—well below the averages reached before the global financial crisis of a decade ago.
- In the United States, momentum is still strong as fiscal stimulus continues to increase, but the forecast for 2019 has been revised down.
- Growth projections have been marked down for the euro area and the United Kingdom, following surprises that suppressed activity in early 2018.
- Prospects remain subpar in some emerging market and developing economies, especially for per capita growth, including in commodity exporters that continue to face substantial fiscal consolidation needs or are mired in war and conflict. The growth prospects of many energy exporters have been lifted by higher oil prices.
- China and a number of Asian economies are also projected to experience somewhat weaker growth in 2019.
- 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 2019/2020 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.

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

	Year over Year					
	Estimate			Projections		
	2014	2015	2016	2017	2018	2019
World Output	3,2	3,2	3,3	3,7	3,7	3,7
Advanced Economies	1,9	2,1	1,7	2,3	2,4	2,1
United States	2,4	2,6	1,6	2,2	2,9	2,5
Euro Area	0,9	2	1,9	2,4	2	1,9
Germany	1,6	1,5	1,9	2,5	2,2	2,1
France	0,6	1,1	1,2	1,8	1,8	1,7
Italy	-0,3	0,8	0,9	1,5	1,2	1
Spain	1,4	3,2	3,3	3,1	2,8	2,2
Japan	0	1,1	0,9	1,7	1	0,9
United Kingdom	3,1	2,2	1,9	1,8	1,4	1,5
Canada	2,5	0,9	2,3	2,8	2,1	2
Other Advanced Economies 3/	2,8	2,2	2,3	2,8	2,8	2,5
Emerging Market and Developing Economies	4,6	4,3	4,4	4,7	4,7	4,7
Commonwealth of Independent States	1	-2,2	0,4	2,1	2,3	2,2
Russia	0,7	-2,8	-0,2	1,5	1,7	1,5
Excluding Russia	1,9	-0,5	1,9	3,6	3,6	3,7
Emerging and Developing Asia	6,8	6,8	6,4	6,5	6,5	6,5
China	7,3	6,9	6,7	6,9	6,6	6,2
India 3/	7,2	8	7,1	6,7	7,3	7,5
ASEAN-5 4/	4,6	4,9	4,9	5,3	5,3	5,3
Emerging and Developing Europe	2,8	4,7	3,2	5,8	4,3	3,6
Latin America and the Caribbean	1,3	0,1	-0,7	1,3	1,6	2,6
Brazil	0,1	-3,8	-3,5	1	1,8	2,5
Mexico	2,2	2,6	2,9	2	2,3	2,7
Middle East, North Africa, Afghanistan, and Pakistan	2,7	2,7	4,9	2,6	3,5	3,9
Saudi Arabia	3,6	4,1	1,7	-0,7	1,9	1,9
Sub-Saharan Africa	5,1	3,4	1,4	2,7	3,1	3,8
Nigeria	6,3	2,7	-1,6	0,8	1,9	2,3
South Africa	1,6	1,3	0,6	1,3	0,8	1,4
Memorandum						
Low-Income Developing Countries	6,0	4,6	3,6	4,7	5,0	5,3
World Growth Based on Market Exchange Rates	2,7	2,7	2,5	3,2	3,3	3,3
World Trade Volume (goods and services)	3,7	2,6	2,5	4,9	4,8	4,5
Advanced Economies	3,6	4,0	2,6	4,0	4,3	4,0
Emerging Market and Developing Economies	3,9	0,3	2,3	6,4	5,7	5,4
Commodity Prices (U.S. dollars)						
Oil 5/	-7,5	-47,2	-15,7	23,3	33,0	-1,8
Nonfuel (average based on world commodity export weights)	-4,0	-17,5	-1,6	6,8	6,0	0,5
Consumer Prices						
Advanced Economies	1,4	0,3	0,8	1,7	2,2	2,2
Emerging Market and Developing Economies 6/	4,7	4,7	4,3	4,0	4,4	4,4
London Interbank Offered Rate (percent)						
On U.S. Dollar Deposits (six month)	0,3	0,5	1,1	1,5	2,6	3,5
On Euro Deposits (three month)	0,2	-0,0	-0,3	-0,3	-0,3	-0,1
On Japanese Yen Deposits (six month)	0,2	0,1	-	-	-	0,1

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during May 31, 2018. 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 2018 World Economic Outlook forecasts. Countries whose forecasts have been updated relative to April 2018 World Economic Outlook forecasts account for 94 percent of world GDP measured at purchasing-power-parity weights.

2/ For World Output, the quarterly estimates and projections account for approximately 90 percent of annual world GDP measured at purchasing-power-parity weights.

For Emerging Market and Developing Economies, the quarterly estimates and projections account for approximately 80 percent of annual emerging market and developing

economies' GDP measured at purchasing-power parity weights.

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

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

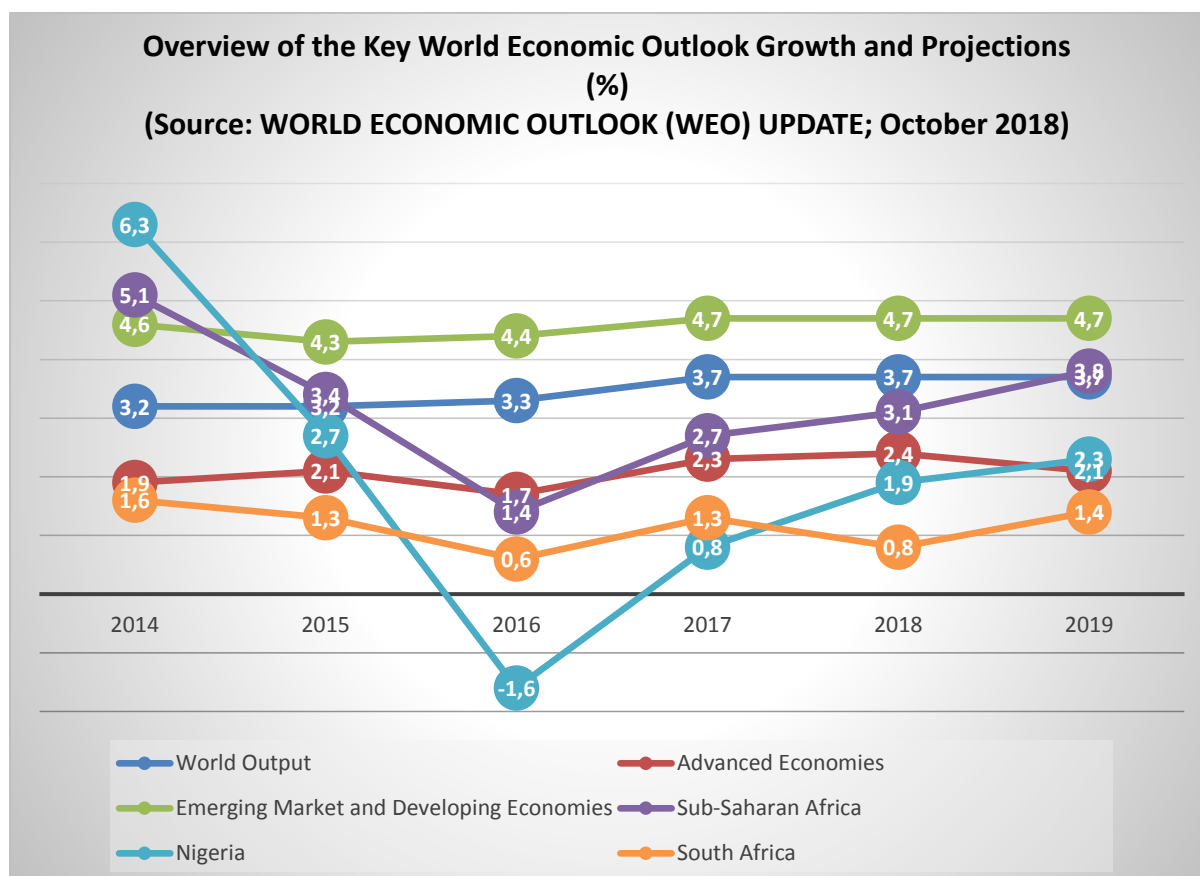
5/ Indonesia, Malaysia, Philippines, Thailand, Vietnam.

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

7/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$52.81 in 2017; the

assumed price based on futures markets (as of June 1, 2018) is \$70.23 in 2018 and \$68.99 in 2019.

8/ Excludes Argentina and Venezuela.



2.2 South African Economy

2.2.1 Highlights Q3 2018/2019

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

South African Economic Growth Q3 2018/2019

The South African economy grew by 2,2% quarter-on-quarter (seasonally adjusted and annualised) in the third quarter of 2018, bringing to an end the country's second recession since 1994. Higher contributions to growth in a number of industries – most notably in manufacturing, transport as well as finance and business services – were enough to lift economic growth back into positive territory.

The rise in economic activity in the third quarter follows two consecutive quarters of negative growth, which is a widely recognised indicator of recession. The economy slumped by 2,6% in the first quarter of 2018 and a further 0,4% in the second quarter.

Manufacturing was the main driver of positive growth in the third quarter. The industry grew by 7,5%2, largely as a result of increased production of basic iron and steel, metal products and machinery; wood and paper; petroleum products; and motor vehicles. This is the largest jump in manufacturing production since the second quarter of 2016.

After contracting in the second quarter, the transport, storage and communication industry rebounded by 5,7% in the third quarter, making it the second largest contributor to overall growth. An increase in freight transportation underpinned the rise in activity. This is the largest quarter-on-quarter increase for transport, storage and communication since the third quarter of 2007.

The finance, real estate and business services industry was another strong supporter of GDP growth, edging up by 2,3%. It was specifically the activities related to financial intermediation, insurance and real estate which performed better in the third quarter, contributing to the rise.

The agriculture industry bounced back from two consecutive quarters of negative growth to record a 6,5% rise in the third quarter. Strong growth in the production of field crops, horticultural cultivation and animal products contributed to the rebound.

The mining industry was the biggest detractor from economic growth, declining by 8,8%. Lower production levels were recorded for platinum group metals, iron ore, gold, copper and nickel.

Key facts from the third quarter 2018 GDP release:

- Expenditure on GDP increased by 2,3% in the third quarter of 2018.
- Gross fixed capital formation fell by 5,1% in the third quarter, largely as a result of declining investment in construction works, transport equipment, and non-residential buildings.
- Households spent more on food, beverages and household furnishings in the third quarter, driving up household final consumption expenditure by 1,6%.
- Unadjusted real GDP (measured by production) was up by 0,8% in the first nine months of 2018, compared with the first nine months of 2017.

Figure 1: South African Gross Domestic Product (GDP) Growth up to Q2 2018

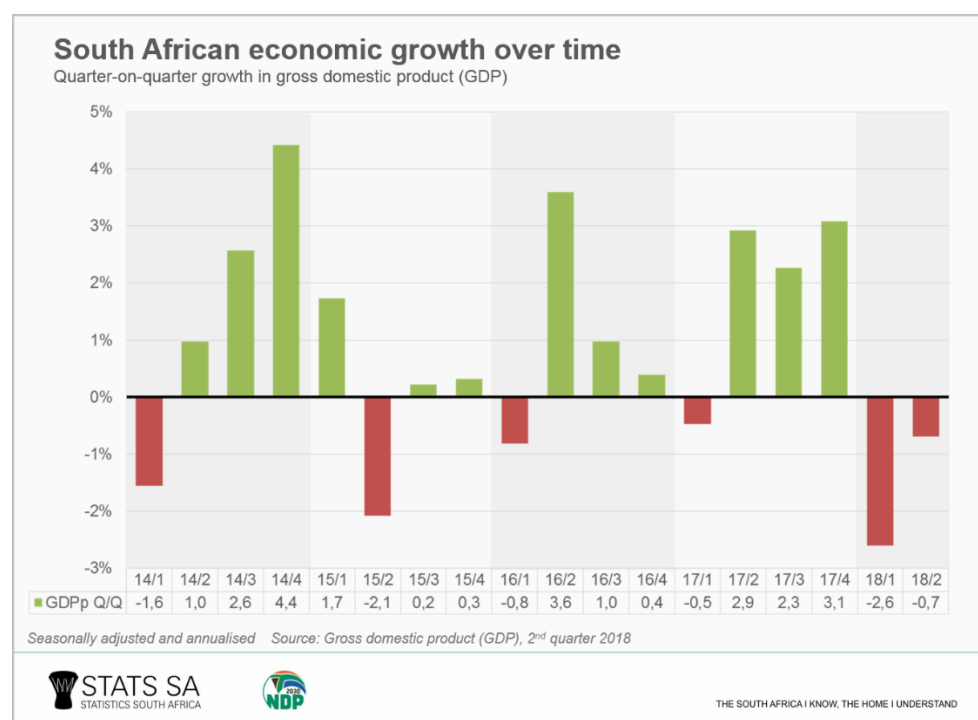
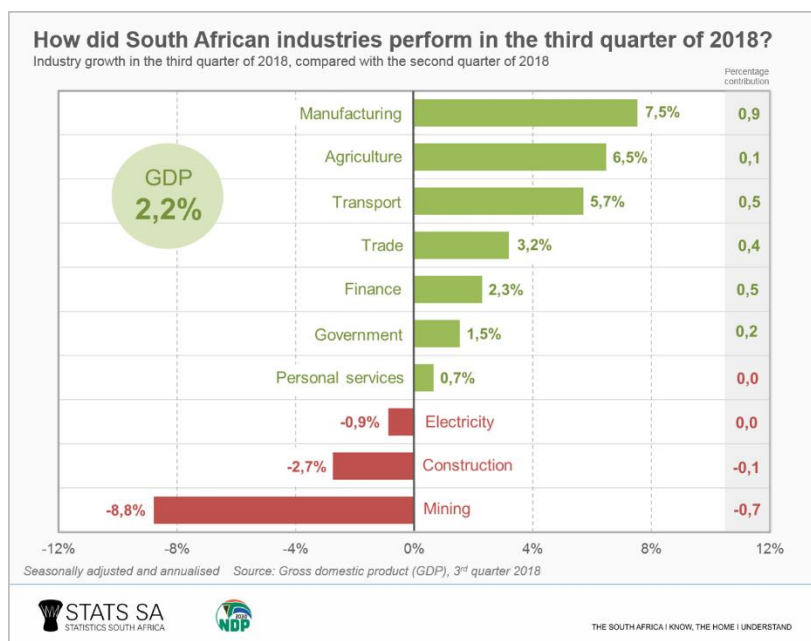


Figure 2: South African Industries Performance Q3 2018



(Source: Stassa GDP Q3 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 5,1% in October 2018, up from 4,9% in September 2018. The consumer price index increased by 0,5% month-on-month in October 2018.

Contributions to headline annual consumer price inflation.

- Food and non-alcoholic beverages decreased from 0,7 of a percentage point in September 2018 to 0,6 of a percentage point in October. The index increased by 3,4% year-on-year.
- Alcoholic beverages and tobacco decreased from 0,3 of a percentage point in September 2018 to 0,2 of a percentage point in October. The index increased by 4,2% year-on-year.
- Transport increased from 1,2 percentage points in September 2018 to 1,5 percentage points in October. The index increased by 10,5% year-on-year.
- Miscellaneous goods and services decreased from 0,9 of a percentage point in September 2018 to 0,8 of a percentage point in October. The index increased by 5,4% year-on-year.

Contributions to monthly consumer price inflation.

- Transport contributed 0,4 of a percentage point. The index increased by 2,6% month-on-month, mainly because of fuel (6,1%).

- In October the CPI for goods increased by 5,1% year-on-year (up from 4,8% in September), and the CPI for services increased by 5,1% year-on-year (down from 5,2% in September).
- Provincial annual inflation rates ranged from 4,0% in Limpopo to 5,4% in Western Cape.

Table 2. Provincial Inflation Rates

Province	Nov 2017 CPI	Feb 2018 CPI	May 2018 CPI	Aug 2018 CPI	Oct 2018 CPI
Western Cape	6,0%	4.7%	5,2%	5,8%	5,4%
Eastern Cape	4,3%	4.0%	4,0%	4,7%	4,9%
Northern Cape	3,5%	3.6%	3,8%	3,9%	4,5%
Free State	4,2%	3.8%	4,2%	4,4%	4,7%
KwaZulu-Natal	3,9%	3.2%	3,8%	4,2%	4,4%
North West	3,3%	2.8%	3,3%	4,0%	4,4%
Gauteng	4,5%	4.0%	4,5%	5,2%	5,3%
Mpumalanga	3,5%	3.3%	3,5%	4,0%	5,0%
Limpopo	3,6%	3.6%	3,6%	4.3%	4,0%

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 October 2018

Final manufactured goods – headline PPI

The annual percentage change in the PPI for final manufactured goods was 6,9% in October 2018 (compared with 6,2% in September 2018). From September 2018 to October 2018 the PPI for final manufactured goods increased by 1,4%.

The main contributors to the annual rate of 6,9% were coke, petroleum, chemical, rubber and plastic products (3,7 percentage points), food products, beverages and tobacco products (0,8 of a percentage point) and transport equipment (0,8 of a percentage point).

The main contributor to the monthly increase of 1,4% was coke, petroleum, chemical, rubber and plastic products (0,9 of a percentage point).

Intermediate manufactured goods

The annual percentage change in the PPI for intermediate manufactured goods was 7,4% in October 2018 (compared with 7,7% in September 2018). From September 2018 to October 2018 the PPI for intermediate manufactured goods increased by 1,0%.

The main contributors to the annual rate of 7,4% were chemicals, rubber and plastic products (3,7 percentage points) and basic and fabricated metals (2,2 percentage points).

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

Electricity and water

The annual percentage change in the PPI for electricity and water was 7,4% in October 2018 (compared with 4,8% in September 2018). From September 2018 to October 2018 the PPI for electricity and water decreased by 4,7%.

The contributors to the annual rate of 7,4% were electricity (5,9 percentage points) and water (1,6 percentage points).

The contributor to the monthly decrease of 4,7% was electricity (-4,7 percentage points).

Mining

The annual percentage change in the PPI for mining was 5,6% in October 2018 (compared with 0,9% in September 2018). From September 2018 to October 2018 the PPI for mining increased by 1,2%.

The main contributors to the annual rate of 5,6% were non-ferrous metal ores (4,8 percentage points) and coal and gas (4,6 percentage points).

The main contributors to the monthly increase of 1,2% were non-ferrous metal ores (1,1 percentage points) and gold and other metal ores (0,8 of a percentage point).

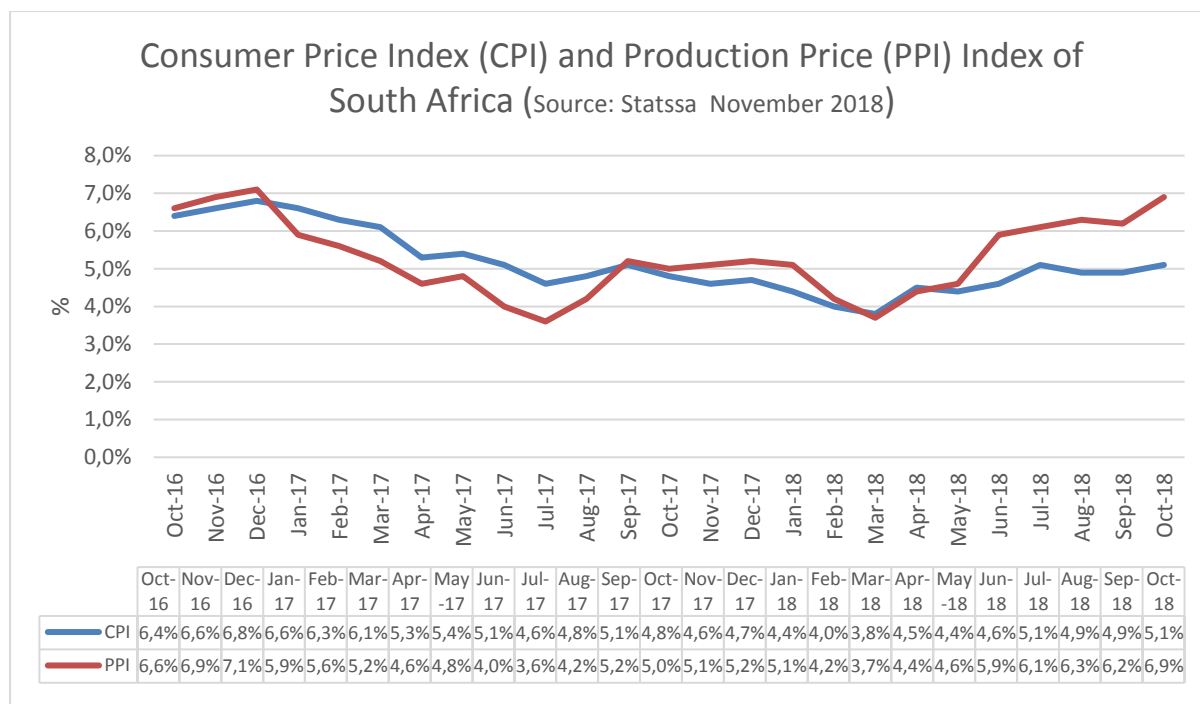
Agriculture, forestry and fishing

The annual percentage change in the PPI for agriculture, forestry and fishing was -1,4% in October 2018 (compared with 0,9% in September 2018). From September 2018 to October 2018 the PPI for agriculture, forestry and fishing increased by 0,3%.

The main contributor to the annual rate of -1,4% was agriculture (-2,2 percentage points).

The main contributor to the monthly increase of 0,3% was agriculture (0,5 of a percentage point).

Figure 3: South Africa's Consumer Price Index (CPI) and Production Price index (PPI) October 2016 to October 2018



(Source: Statssa Q3 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, 56.5 mil at Mid 2017, and 57.7 mil mid 2018.

(Source: Statssa)

Employment

South African working-age population increased by 153 000 or 0,4% in the third quarter of 2018 compared to the second quarter of 2018. The number of employed persons increased by 92 000 to 16,4 million and the number of unemployed persons rose by 127 000 to 6,2 million in Q3: 2018. The absorption rate remained unchanged at 43,1% and the unemployment rate increased by 0,3 of a percentage point to 27,5% in the same period.

During the third quarter of 2018, the informal sector recorded employment gains of 188 000, while the Formal sector, Private households and Agriculture recorded declines in employment. The number of discouraged work-seekers declined by 131 000 while the number of other not economically active persons increased by 65 000, resulting in a decrease of 66 000 (down by 0,4%) in the number of people not in the labour force between the second and third quarters of 2018.

The number of employed persons declined in seven of the ten industries. However, these declines were offset by employment gains in Finance and other business services (102 000), Trade (86 000) and Construction (27 000) industries, which resulted in a net increase of 92 000 in the third quarter of 2018. The industries that recorded larger declines in employment were Private households (which declined by 30 000), Mining (29 000) and Manufacturing (25 000). Employment gains were recorded in seven of the nine provinces in the third quarter of 2018. The largest employment increases were recorded in Limpopo (41 000), Gauteng (22 000) and Mpumalanga (20 000). Free State (14 000) and Eastern Cape (13 000) were the only provinces that recorded employment losses.

While the official unemployment rate increased by 0,3 of a percentage point at the national level in Q3: 2018 compared to Q2: 2018, the rate decreased in five of the nine provinces. The largest declines were recorded in Northern Cape (down by 1,9 percentage points), Mpumalanga (down by

0,7 of a percentage point), and Limpopo (down by 0,4 of a percentage point). The unemployment rate increased in four provinces. Year-on-year, the official unemployment rate declined by 0,2 of a percentage point. The largest decline was recorded in Northern Cape at 2,9 percentage points, followed by KwaZulu-Natal (1,6 percentage points) and Western Cape (1,5 percentage points).

Compared to Q2: 2018, the expanded unemployment rate increased by 0,1 of a percentage point in Q3: 2018 to 37,3%. The largest increases were recorded in Free State (1,4 percentage points) and Limpopo (0,7 of a percentage point). Compared to Q3: 2017, the expanded unemployment rate also increased by 0,5 of a percentage point, with Free State recording the largest increase of 3,0 percentage points, followed by Limpopo with 2,3 percentage points.

Between Q3: 2017 and Q3: 2018, the percentage of young persons aged 15–24 years who were not in employment, education or training (NEET) increased by 0,8 of a percentage point to 31,1%. While the NEET rate increased for both males and females, it was higher for females compared to that of their male counterparts in both time periods. Compared to Q3: 2017, the percentage of youth aged 15–34 years who were not in employment, education or training (NEET) increased by 0,7 of a percentage point from 38,3% to 39,0% in Q3: 2018 - almost four in every ten young females were not in employment, education, or training.

Table 3: Employment by Province

	Jul-Sep 2017	Apr-Jun 2018	Jul-Sep 2018	Qtr-to-qtr change	Year-on- year change	Qtr-to-qtr change	Year-on- year change
Province	Thousand					Per cent	
South Africa	16 192	16 288	16 380	92	188	0,6	1,2
Western Cape	2 399	2 480	2 494	14	95	0,6	3,9
Eastern Cape	1 421	1 402	1 390	-13	-31	-0,9	-2,2
Northern Cape	307	317	323	5	16	1,7	5,2
Free State	821	788	774	-14	-48	-1,8	-5,8
KwaZulu-Natal	2 536	2 620	2 635	15	98	0,6	3,9
North West	983	977	979	2	-4	0,2	-0,4
Gauteng	5 068	5 055	5 077	22	9	0,4	0,2
Mpumalanga	1 204	1 212	1 231	20	27	1,6	2,3
Limpopo	1 452	1 436	1 478	41	26	2,9	1,8

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

Figure 4: South Africa and North West Unemployment Rate (Source: Statssa Q2 2018)

The unemployment rate for the North West Province has increased to above the average for South Africa

South Africa And North West Unemployment Rate

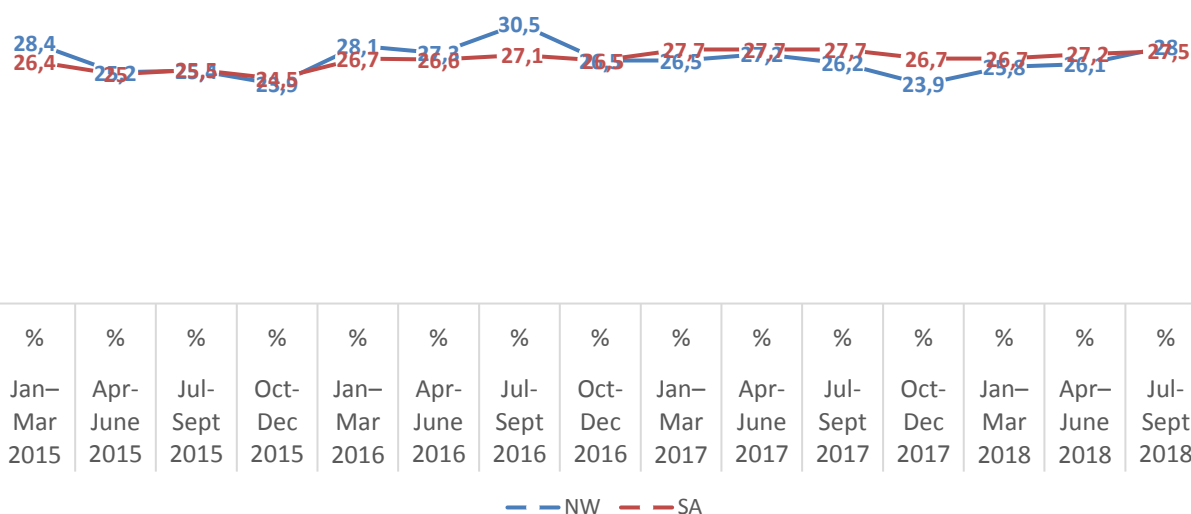


Table 4: North West Economically Active Employment Rate (Source: Statssa Q3 2018)

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

Table 4: Employment by Industry in the North West Province Jan 2016 to August 2018

	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 Apr-Jun 2018 Thousands	NW Jul-Sept 2018 Thousands	NW% Share Contribution Jul-Sept 2018	NW as % of SA
Agriculture	54	37	48	55	50	54	49	47	47	43	60	6,1%	7,1%
Mining	154	140	141	128	132	132	137	128	125	147	133	13,6%	32,8%
Manufacturing	64	70	72	66	74	77	78	85	74	49	54	5,5%	3,1%
Utilities	5	4	11	6	1	5	5	5	5	11	7	0,7%	4,5%
Construction	62	77	79	72	87	84	71	90	96	94	79	8,1%	5,3%
Trade	171	193	147	198	179	197	200	206	197	190	197	20,1%	6,0%
Transport	25	33	27	37	38	31	35	36	33	34	33	3,4%	3,3%
Finance	110	83	85	79	87	99	102	111	117	100	98	10,0%	3,9%
Community and Social Services	212	201	209	233	242	210	230	218	228	231	241	24,6%	6,6%
Private House Holds	83	77	80	85	86	89	78	72	70	77	76	7,8%	6,0%
Other													0,0%
TOTAL	940	915	900	959	976	978	983	999	992	976	979	100,0 %	6,0%

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

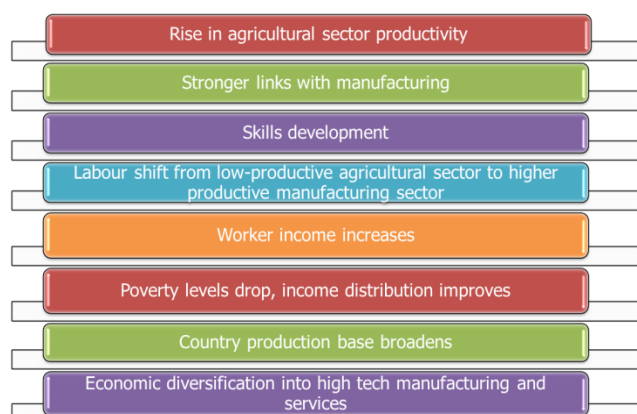
The NDP is South Africa's long term plan to 2030 and might be the sustainability 'hope' of the country. It seeks amongst other things to reduce unemployment by improving manufacturing. The NDP will also result in a change in the risk for labour unrest by reducing it.

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.

Figure 5: The Following Structural Changes in the Economy is Needed



2.3 North West Province Economic Overview

2.3.1 North West Key Economic Indicators Compared to South Africa

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

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

Table 5: KEY INDICATORS: South Africa, North West Province and NW District Municipalities (2017)

KEY INDICATORS: South Africa, North West Province and NW District Municipalities (2017)							
Source: IHS Markit; Regional eXplorer 1417 (2.6b)							
		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Size of Area	(km ²)	1 221 246	104 882	18 333	28 114	43 764	14 671
	% Share of Region		100,0%	17,5%	26,8%	41,7%	14,0%
Demographic	Total population	56 548 694	3 845 627	1 702 803	898 312	489 597	754 914
	% Share of Region		100,0%	44,3%	23,4%	12,7%	19,6%
Development	Human Development Index (HDI)	0,66	0,63	0,66	0,59	0,56	0,64
	Gini coefficient	0,63	0,62	0,62	0,62	0,60	0,61
	Poverty indicators						
	Share below the upper poverty line (StatsSA defined)	58,1%	58,5%	51,1%	65,8%	68,5%	59,8%
	Poverty gap rate (from upper poverty line)	30,8%	31,1%	31,1%	31,1%	31,0%	30,9%
	Number with Matric age 20+ years	14 833 683	851 394	433 354	163 691	69 670	184 679
	% With Matric of age 20+ years population	29,5%	26,3%	27,6%	24,2%	20,4%	28,2%
	Population density (number of people per km ²) (2017)	46,30	36,67	92,88	31,95	11,19	51,46
	Urban Population Rate (%) (2017)	64,0%	45,9%	38,1%	28,0%	38,0%	89,9%

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

		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Household Infrastructure	Share of household occupying formal dwellings (2017)	78,7%	77,1%	68,8%	83,8%	88,7%	84,0%
Labour	EAP as % of total population, official definition	38,6%	33,4%	39,4%	26,1%	24,0%	34,8%
	Unemployment rate, official definition (%)	27,2%	28,4%	27,4%	26,8%	27,4%	32,9%
	Number of formally employed people	13 215 194	731 765	389 700	138 324	65 524	138 217
	Sector's share of regional total (%)	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
	Agriculture	6,5%	8,0%	4,0%	11,7%	20,1%	10,0%
	Mining	3,6%	18,3%	31,5%	1,9%	3,2%	4,7%
	Manufacturing	10,7%	6,8%	7,5%	5,4%	4,5%	7,5%
	Electricity	0,7%	0,4%	0,3%	0,5%	0,6%	0,4%
	Construction	5,8%	4,8%	4,9%	4,3%	4,0%	5,5%

	Trade	17,7%	15,5%	14,6%	16,2%	14,0%	18,0%
	Transport	4,4%	2,2%	1,9%	2,6%	2,1%	2,4%
	Finance	18,6%	11,2%	9,8%	13,3%	10,1%	13,7%
	Community services	22,4%	22,2%	16,6%	31,8%	26,0%	26,7%
	Households	9,7%	10,5%	8,9%	12,4%	15,4%	11,1%
	Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
	Number of informally employed people	2 685 280	126 897	57 689	26 537	14 796	27 875
	Total Employment (Formal + Informal)	15 900 474	858 662	447 389	164 861	80 320	166 092
Income & Expenditure	Annual per capita income (Rand, current prices)	57 248	53 025	63 013	42 638	38 236	52 480
	Annual per household income (Rand, current prices)	201 427	178 483	196 795	156 533	140 197	180 833
	Index of buying power	1,00	0,06	0,03	0,01	0,01	0,01

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

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

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

		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Economic	Gross Value Added by Region (GVA-R)Current prices (R 1000)	4 171 728 780	243 100 302	130 005 124	42 178 993	17 511 679	53 404 506
	% Share of SA	100%	5,8%	3,1%	1,0%	0,4%	1,3%
	Gross Value Added by Region (GVA-R)Constant 2010 prices (R 1000)	2 842 415 754	155 117 331	83 493 462	27 925 613	11 418 929	32 279 327
	% Share of SA	100%	5,5%	2,9%	1,0%	0,4%	1,1%
	Average annual growth (Constant 2010 Prices)	1,3%	1,4%	1,9%	1,6%	2,9%	-0,4%
	Sector's share of regional total (%)	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
	Agriculture	2,6%	3,0%	1,2%	5,3%	9,2%	3,6%
	Mining	8,0%	32,6%	51,0%	5,6%	6,0%	17,9%
	Manufacturing	13,2%	5,3%	5,7%	5,8%	3,6%	4,8%
	Electricity	3,7%	3,5%	2,6%	5,6%	4,3%	3,8%
	Construction	3,9%	2,5%	1,8%	3,0%	3,8%	3,2%
	Trade	15,0%	11,8%	9,4%	13,4%	15,8%	15,0%
	Transport	9,9%	6,6%	5,0%	8,3%	9,2%	8,1%
	Finance	20,2%	13,2%	10,4%	15,4%	18,1%	16,6%
	Community services	23,5%	21,6%	13,0%	37,5%	30,1%	27,1%
	Total Industries	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Gross Domestic Product - GDP (Current prices (R 1000))	4 651 784 780	273 229 493	143 133 923	48 971 473	20 265 805	60 858 291
% Share of SA	100,0%	5,9%	3,1%	1,1%	0,4%	1,3%
Gross Domestic Product - GDP Constant 2010 prices (R 1000))	3 124 887 054	171 118 176	90 553 389	31 644 692	12 902 116	36 017 980
% Share of SA	100,0%	5,5%	2,9%	1,0%	0,4%	1,2%
Average annual growth (Constant 2010 Prices)	1,3%	1,4%	1,8%	1,6%	3,0%	-0,4%
GDP-R per Capita(Current prices (R 1000))	82 262	71 049	84 152	54 559	41 309	80 442
GDP-R per Capita(Constant 2010 Prices)	55 260	44 497	53 239	35 255	26 299	47 608
Tress index	40,16	50,51	63,22	46,70	43,85	43,47
Location quotient	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Agriculture	1,00	1,18	0,47	2,06	3,60	1,42
Mining	1,00	4,06	6,36	0,69	0,74	2,23
Manufacturing	1,00	0,40	0,43	0,44	0,27	0,36
Electricity	1,00	0,94	0,69	1,52	1,15	1,02
Construction	1,00	0,63	0,46	0,77	0,97	0,82
Trade	1,00	0,78	0,63	0,89	1,05	1,00
Transport	1,00	0,67	0,51	0,85	0,94	0,82
Finance	1,00	0,65	0,51	0,77	0,90	0,82
Community services	1,00	0,92	0,55	1,59	1,28	1,15
Total Industries	1,00	1,00	1,00	1,00	1,00	1,00

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

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

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

Table 6: Sectoral Contribution by Province (% of provincial GVA current prices), 2017

Sector	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpumalanga	Northern Cape	North-West	Western Cape	South Africa
Agriculture	2,1%	5,5%	0,5%	4,0%	2,6%	2,9%	7,4%	3,0%	4,1%	2,6%
Mining	0,1%	10,4%	3,2%	1,5%	28,5%	22,6%	20,8%	32,6%	0,2%	8,0%
Manufacturing	12,5%	11,6%	14,6%	18,0%	2,9%	14,2%	3,4%	5,3%	15,0%	13,2%
Electricity	2,4%	4,8%	3,2%	3,8%	4,3%	7,7%	4,0%	3,5%	2,9%	3,7%
Construction	4,1%	2,4%	4,0%	4,2%	3,2%	3,0%	3,7%	2,5%	5,4%	3,9%
Trade	20,6%	13,9%	13,7%	15,4%	15,0%	14,6%	11,9%	11,8%	17,4%	15,0%

Transport	9,4%	10,5%	10,0%	13,5%	4,9%	6,5%	12,1%	6,6%	10,9%	9,9%
Finance	17,9%	15,8%	25,1%	16,6%	14,9%	11,8%	14,4%	13,2%	25,6%	20,2%
Community services	30,8%	25,1%	25,7%	23,0%	23,8%	16,5%	22,3%	21,6%	18,4%	23,5%
Total Industries	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: IHS Markit Regional eXplorer version 1417

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

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

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

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

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

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

Table 7: North West Sector Contributions to GVA-R (Current Prices) and Employment in 2017 ((Source:IHS Markit Regional eXplorer 1479 (2.6d))

		Sector Contribution to GVA-R Current Prices (2017)	Sector Contribution to Employment (2017)	Growth in GVA-R 2008-2017 %	Jobs created or lost from 2008 to 2017 %	Jobs created or lost from 2008 to 2017 number
Primary Sector	Agriculture	3,00%	6.3%	78,7%	16,9%	8 476

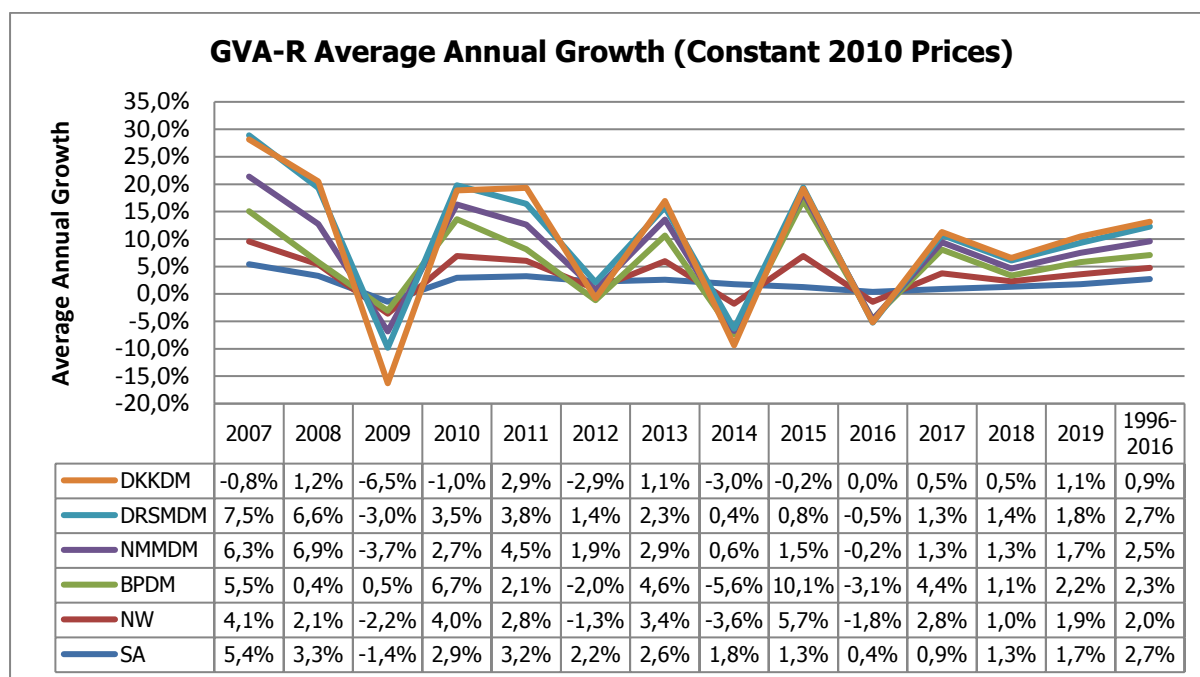
	Mining	32,60%	17.6%	79,0%	-24,3%	-43 040
Secondary Sector	Manufacturing	4,80%	7.7%	70,5%	-5,3%	-3 196
	Electricity	3,50%	0.4%	345,5%	16,5%	413
	Construction	2,50%	7.2%	32,4%	28,9%	12 046
Tertiary Sector	Trade	11,80%	20.7%	109,1%	11,8%	17 575
	Transport	6,60%	3.9%	89,3%	33,8%	7 231
	Finance	13,20%	11.1%	104,2%	24,0%	17 597
	Community Services	21,60%	25.1%	115,6%	39,1%	53 074
TOTAL		R273bn	858,432	95,20%	8,10%	70 177
As % of National GDP		5,90%	5.4%			

Table 8: Areas with location quotients ≥ 1.1 by broad economic sector in the NWP (2017)
(Source: IHS Markit Regional eXplorer 1479)

Location Quotient 2017 (Source: IHS Markit Regional eXplorer 1479 (2.6d))									
	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community Services
NW	1,18	4,06	0,40	0,94	0,63	0,78	0,67	0,65	0,92
District Municipalities									
BPDM	0,47	6,36	0,43	0,69	0,46	0,63	0,51	0,51	0,55
NMMDM	2,06	0,70	0,44	1,51	0,77	0,89	0,85	0,77	1,59
DRSMDM	3,60	0,74	0,27	1,14	0,97	1,05	0,94	0,90	1,28
DKKDM	1,42	2,23	0,36	1,02	0,82	1,00	0,82	0,82	1,15
Local Municipalities									
BPDM									
Moretele	0,36	0,25	0,78	2,33	0,83	1,21	0,93	1,15	1,03
Madibeng	0,79	3,83	0,76	0,79	0,66	0,81	0,75	0,66	0,79
Rustenburg	0,22	9,35	0,17	0,26	0,24	0,35	0,26	0,31	0,26
Kgetlengrivier	0,48	9,38	0,16	0,19	0,27	0,33	0,31	0,24	0,29
Moses Kotane	0,35	6,00	0,19	1,22	0,44	0,81	0,43	0,50	0,67
NMMDM									
Ratlou	2,77	0,53	0,24	0,63	0,80	0,84	0,78	0,82	1,84
Tswaing	6,45	0,68	0,42	0,45	0,84	0,87	0,84	0,54	1,50
Mahikeng	0,90	0,31	0,27	1,58	0,72	0,92	0,84	0,89	1,83
Ditsobotla	2,90	1,18	0,87	0,53	0,95	0,84	1,08	0,69	1,23
Ramotshere Moiloa	1,36	1,17	0,43	3,87	0,63	0,96	0,59	0,63	1,35
DRSMDM									
Naledi	3,87	0,24	0,28	0,80	0,81	1,31	1,22	1,13	1,01
Mamusa	5,08	0,91	0,20	1,16	1,41	1,08	0,81	0,97	0,99
Greater Taung	1,29	1,21	0,16	1,98	0,80	0,93	0,76	0,91	1,47
Lekwa-Teemane	4,50	0,69	0,62	0,59	1,19	1,06	1,01	0,72	1,17
Kagisano/Molopo	4,91	0,70	0,16	0,85	0,98	0,81	0,81	0,63	1,70
DKKDM									
City of Matlosana	0,55	3,00	0,29	0,87	0,76	1,03	0,86	0,85	1,00
Maquassi Hills	5,80	1,37	0,38	0,45	1,21	0,99	0,79	0,66	1,14
JB Marks (Tlokwe/Ventersdorp)	2,14	1,11	0,48	1,36	0,85	0,95	0,76	0,81	1,39

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

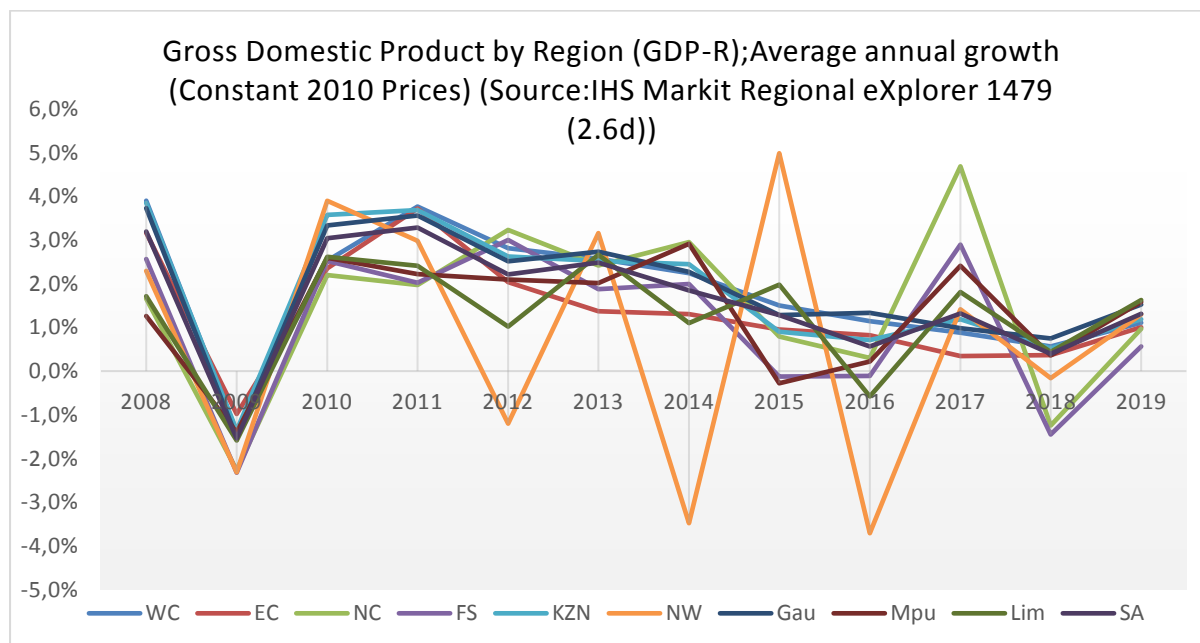
Figure 6: GVA-R Average annual growth (Constant 2010 Prices)



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 7: Average Annual Growth South Africa, and Provinces



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

- limited water and electricity supply,

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

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

Employment

North West Employment Figures Compared to South Africa (Source: STASSA Q3 2018)

Table 9: South Africa's Employment Figures July 2016 to Sept 2018

SOUTH AFRICA										
	Jul-Sept 2016	Oct-Dec 2016	Jan-Mar 2017	Apr-June 2017	Jul-Sept 2017	Oct-Dec 2017	Jan-Mar 2018	Apr-June 2018	Jul-Sept 2018	% Change Y on Y
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	%
Population 15-64 yrs	36 750	36 905	37 061	37 217	37 373	37 525	37 678	37 832	37 985	1,6
Labour Force	21 706	21 849	22 426	25 403	22 402	22 051	22 358	22 370	22 589	0,8
Employed	15 833	16 069	16 212	16 100	16 192	16 171	16 378	16 288	16 380	12
Unemployed	5 873	5 781	6 214	6 177	6 210	5 880	5 980	6 083	6 209	0
Not economically active	15 044	15 055	14 634	14 941	14 971	15 474	15 320	15 462	15 395	2,8
Discouraged work-seekers	2 291	2 292	2 277	2 361	2 436	2 538	2 787	2 864	2 733	12,2
Other	12 753	12 763	12 357	12 580	12 536	12 936	12 533	12 598	12 666	1
Rates (%)										
Unemployment rate	27,1	26,5	27,7	27,7	27,7	26,7	26,7	27,2	27,5	-0,2
Employed / population ratio (Absorption)	43,1	43,5	43,7	43,3	43,3	43,1	43,5	43,1	43,1	-0,2
Labour force participation rate	59,1	59,2	60,5	59,9	59,9	58,8	59,3	59,1	59,5	-0,4

Table 10: North West's Employment Figures July 2016 to Sept 2018

NORTH WEST										
	Jul-Sept 2016	Oct-Dec 2016	Jan-Mar 2017	Apr-June 2017	Jul-Sept 2017	Oct-Dec 2017	Jan-Mar 2018	Apr-June 2018	Jul-Sept 2018	% Change Y on Y
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	%
Population 15-64 yrs	2 479	2 490	2 501	2 512	2 523	2 534	2 545	2 556	2 567	1,7
Labour Force	1 294	1 304	1 328	1 343	1 332	1 313	1 338	1 323	1 360	2,1
Employed	900	959	976	978	983	999	992	977	979	-0,4
Unemployed	395	345	353	365	349	314	346	346	381	9,2
Not economically active	1 185	1 186	1 173	1 169	1 191	1 221	1 207	1232	1207	13
Discouraged work-seekers	229	231	254	269	294	285	296	323	300	2,2
Other	956	955	919	900	897	936	911	909	906	1
Rates (%)										
Unemployment rate	30,5	26,5	26,5	27,2	26,2	23,9	25,8	26,1	28	1,8
Employed / population ratio (Absorption)	36,3	38,5	39	38,9	39	39,4	39	38,2	38,1	-0,9
Labour force participation rate	52,2	52,4	53,1	53,5	52,8	51,8	52,6	518	53	0,2

Table 11: North West Employment by Industry Figures Compared to South Africa (Source: STASSA Q3 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 Apr– June 2018 Thousands	SA Jul– Sept 2018 Thousands	SA % Share Contributi on Jul– Sept 2018
Agriculture	869	825	881	919	875	835	810	849	847	843	842	5,1%
Mining	471	447	438	421	447	434	446	411	397	435	406	2,5%
Manufacturing	1 645	1 712	1 683	1 727	1 790	1 799	1 749	1 791	1 849	1 744	1 719	10,5%
Utilities	110	111	118	131	145	148	153	149	143	161	156	1,0%
Construction	1 362	1 388	1 491	1 483	1 505	1 395	1 365	1 390	1 431	1 476	1 502	9,2%
Trade	3 158	3 136	3 198	3 222	3 207	3 265	3 286	3 240	3 276	3 219	3 305	20,2%
Transport	901	862	915	961	965	954	988	1 001	960	1 014	996	6,1%
Finance	2 227	2 220	2 323	2 329	2 378	2 395	2 463	2 373	2 402	2 399	2 502	15,3%
Community and Social Services	3 671	3 544	3 499	3 571	3 569	3 560	3 616	3 691	3 785	3 692	3 675	22,4%
Private House Holds	1 257	1 296	1 281	1 299	1 319	1 311	1 313	1 270	1 275	1 296	1 267	7,7%
Other	4	4	5	5	11	3	3	6	12	8	11	0,1%
TOTAL	15 657	15 545	15 833	16 069	16 212	16 100	16 192	16 171	16 378	16 288	16 380	100,0%

	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 Apr–Jun 2018 Thousands	NW Jul– Sept 2018 Thousands	NW% Share Contributi on Jul– Sept 2018	NW as % of SA
Agriculture	54	37	48	55	50	54	49	47	47	43	60	6,1%	7,1%
Mining	154	140	141	128	132	132	137	128	125	147	133	13,6%	32,8%
Manufacturing	64	70	72	66	74	77	78	85	74	49	54	5,5%	3,1%
Utilities	5	4	11	6	1	5	5	5	5	11	7	0,7%	4,5%
Construction	62	77	79	72	87	84	71	90	96	94	79	8,1%	5,3%
Trade	171	193	147	198	179	197	200	206	197	190	197	20,1%	6,0%
Transport	25	33	27	37	38	31	35	36	33	34	33	3,4%	3,3%
Finance	110	83	85	79	87	99	102	111	117	100	98	10,0%	3,9%
Community and Social Services	212	201	209	233	242	210	230	218	228	231	241	24,6%	6,6%
Private House Holds	83	77	80	85	86	89	78	72	70	77	76	7,8%	6,0%
Other													0,0%
TOTAL	940	915	900	959	976	978	983	999	992	976	979	100,0%	6,0%

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.

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.

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

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

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

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

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

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

The US has topped the AT Kearney Foreign Direct Investment Confidence Index, and investors are at their most confident since 2014.

For the sixth year in a row, the US has topped the AT Kearney Foreign Direct Investment Confidence Index. Although political risks remain front of mind, investors are more bullish regarding the global economy than they have been since 2014.

The consistent attractiveness of the US to foreign investors can be attributed to its upward economic performance, a huge domestic market and new lower corporate tax rate, found the report. "The government's protectionist rhetoric and actions may also be motivating some companies to invest in the US to maintain market access," it said.

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

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

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

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

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

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

Last year South Africa was on the List but has dropped off the list this year.

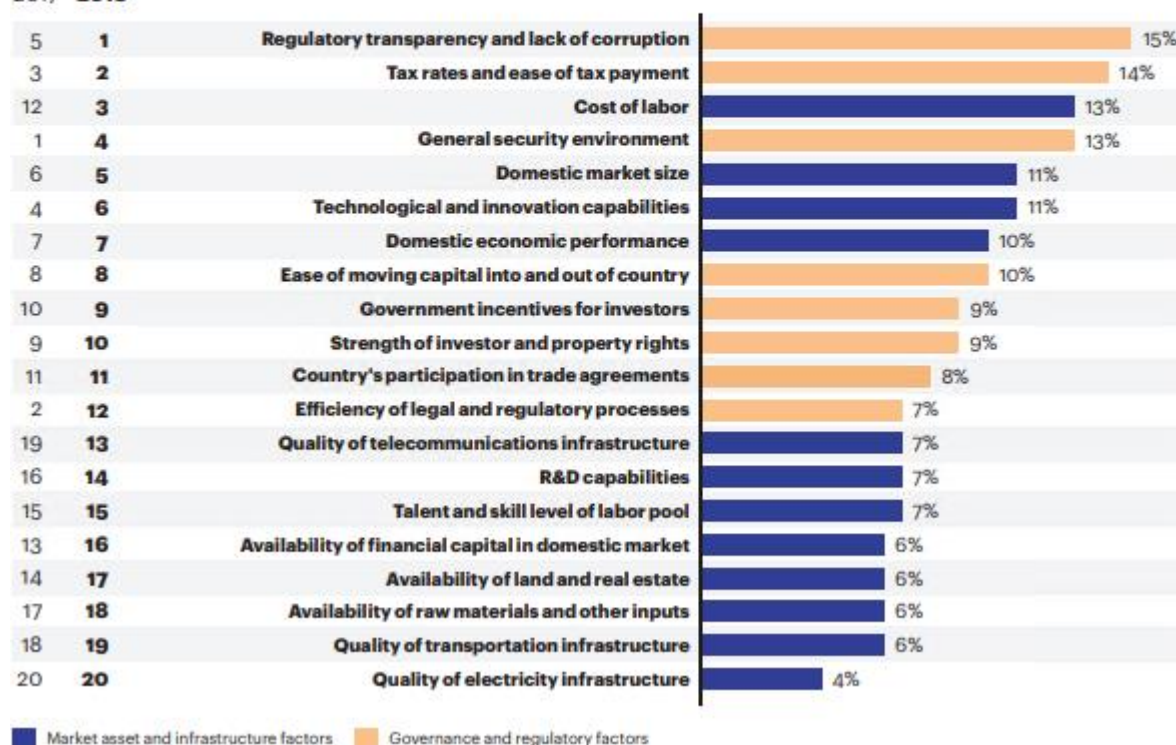
Regulatory factors are still top of mind, but cost of labor made the largest jump in importance

What are the most important overall factors in choosing where to make investments?

%

Rank

2017 2018



(Source: The 2018 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

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

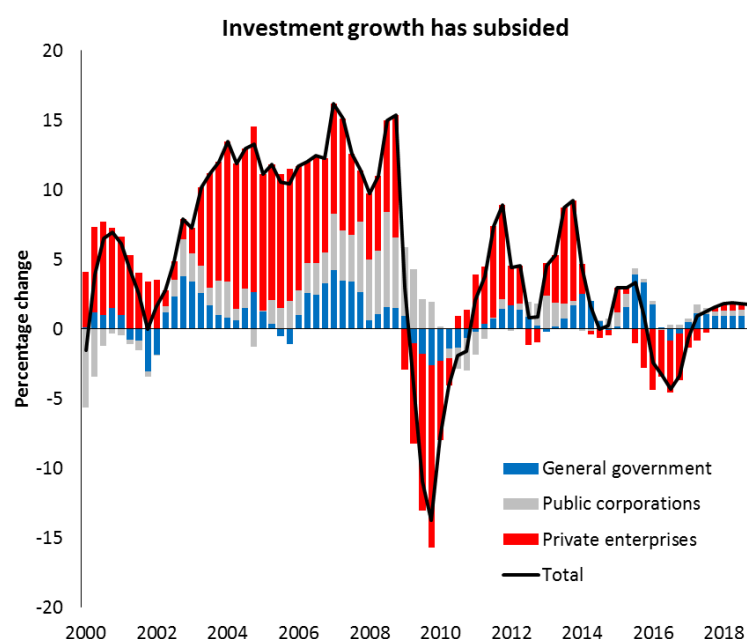
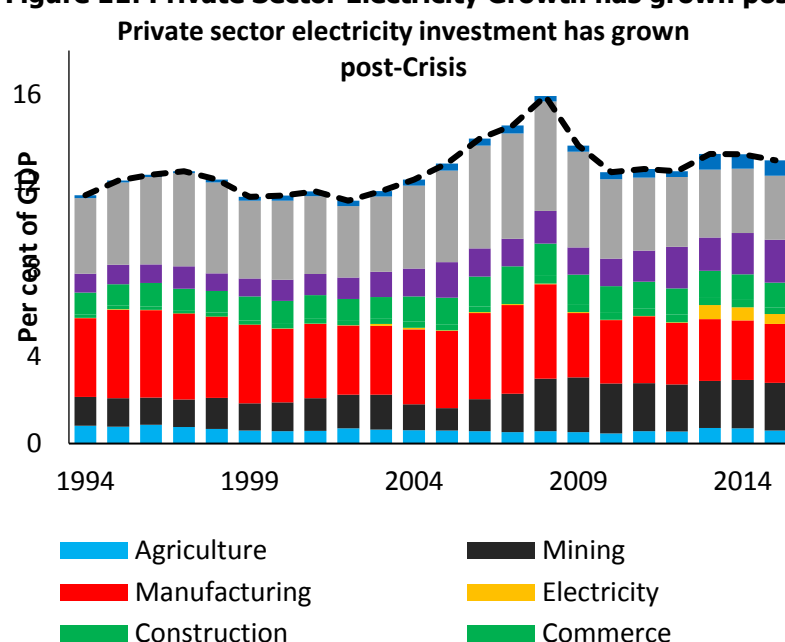


Figure 11: Private Sector Electricity Growth has grown post-crisis



All FDI into South Africa

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

Summary

FDI projects peaked in 2011

Some 129 projects, or 10.7% of projects, were recorded in 2011. This was the year in which the highest numbers of projects were recorded. During this period a total of 20,956 jobs were created and ZAR 157.46 billion capital was invested by these projects, equating to a 9.8% and 13.4% of total jobs and capital investment respectively.

Key investors account for 28% of projects.

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

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

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

Largest projects originate in China

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

Top five destinations attract the majority of projects.

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

Table 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.
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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 2018. This represents 2.3% (R 23.7 billion) of the capital investment and 3.8% (7805 jobs).

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

North West FDI Projects Detail**Table 15: FDI Projects recorded for the North West Province between January 2003 and August 2018**

Search: All FDI into South Africa								
	Data for companies from 53 source countries investing in South Africa in ten activities between January 2003 and September 2018.							
	Project Date	Investing Company	Source Country	Industry Sector	Capital Investment	Jobs Created	Estimated	Project Type
1	Jun 2003	Monroe Minerals	Canada	Minerals	728,14	383	Yes	Expansion
2	Oct 2005	International Ferro Metals	Australia	Metals	2 204,20	1000	No	Expansion

3	Jul 2006	International Ferro Metals	Australia	Metals	1 005,78	223	Yes	New
4	Nov 2006	Robert Bosch	Germany	Automotive Components	170,12	183	Yes	Expansion
5	Jul 2007	Eastern Platinum (Eastplats)	Canada	Metals	1 005,78	223	Yes	Co-Location
6	Aug 2007	Orascom Construction Industries (OCi)	Egypt	Building & Construction Materials	5 762,28	840	Yes	New
7	Jun 2008	Primus Special Projects (Pty)	Switzerland	Minerals	728,14	383	Yes	New
8	Jun 2008	Guangzhou Pharmaceuticals	China	Food & Tobacco	441,34	106	Yes	New
9	Nov 2008	Anglo Platinum	UK	Metals	4 189,44	1012	Yes	Expansion
10	Aug 2009	Platinum Australia	Australia	Metals	4 189,44	1012	Yes	New
11	Aug 2010	Xstrata-Merafe	Switzerland	Metals	1 791,55	1706	Yes	Co-Location
12	Apr 2011	Monsanto	United States	Food & Tobacco	294,66	147	Yes	New
13	Dec 2011	IGE Resources (International Gold Exploration)	Sweden	Minerals	728,14	383	Yes	New
14	Apr 2014	Syngenta	Switzerland	Food & Tobacco	128,34	55	Yes	Co-Location
15	Jun 2015	Anglo American Platinum	UK	Alternative/Renewable energy	146,02	2	Yes	Co-Location
16	Oct 2016	Neovia (InVivo) (Evisalis)	France	Food & Tobacco	260,61	147	Yes	Co-Location
		Totals			R23 774,00	7 805		

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

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

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

	SA	NW	NW as % of SA
Total Jobs Formal and Informal (2017)	15 900 474	858 662	5.4%
Total GDP (Current prices (R 1000) (2017))	R 4 651 784 780	R 273 229 493	5.87%
Current level of investment as % of GDP	17%	0%	
Target for investment as % of GDP	20%		
Target of Investment ZAR 20% of GDP 2017	R 930 356 956	R 54 645 899	
Target of Investment ZAR 2,3% of SA Target 2017		R 21 398 210	
Source: IHS Markit; Regional eXplorer 1479 (2.6d)			

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

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

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

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

5. [TRADE](#)

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

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

Report Submitted By

Date: 13 December 2018


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