



Economic Data Report

Quarter 3 of 2019/2020

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: Still Sluggish Growth

(Source: WORLD ECONOMIC OUTLOOK (WEO) UPDATE; October 2019)

After slowing sharply in the last three quarters of 2018, the pace of global economic activity remains weak. Momentum in manufacturing activity, in particular, has weakened substantially, to levels not seen since the global financial crisis. Rising trade and geopolitical tensions have increased uncertainty about the future of the global trading system and international cooperation more generally, taking a toll on business confidence, investment decisions, and global trade. A notable shift toward increased monetary policy accommodation—through both action and communication—has cushioned the impact of these tensions on financial market sentiment and activity, while a generally resilient service sector has supported employment growth. That said, the outlook remains precarious.

Global growth is forecast at 3.0 percent for 2019, its lowest level since 2008–09 and a 0.3 percentage point downgrade from the April 2019 World Economic Outlook. Growth is projected to pick up to 3.4 percent in 2020 (a 0.2 percentage point downward revision compared with April), reflecting primarily a projected improvement in economic performance in a number of emerging markets in Latin America, the Middle East, and emerging and developing Europe that are under macroeconomic strain. Yet, with uncertainty about prospects for several of these countries, a projected slowdown in China and the United States, and prominent downside risks, a much more subdued pace of global activity could well materialize. To forestall such an outcome, policies should decisively aim at defusing trade tensions, reinvigorating multilateral cooperation, and providing timely support to economic activity where needed. To strengthen resilience, policymakers should address financial vulnerabilities that pose risks to growth in the medium term. Making growth more inclusive, which is essential for securing better economic prospects for all, should remain an overarching goal.

Table 1. Overview of the World Economic Outlook Growth Projections World Economic Outlook Update July 2019 (Percent change unless noted otherwise)

Estimates	Projections
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	2014	2015	2016	2017	2018	2019	2020
World Output	3,2	3,2	3,3	3,8	3,6	3,0	3,4
Advanced Economies	1,9	2,1	1,7	2,5	2,3	1,7	1,7
United States	2,4	2,6	1,6	2,4	2,9	2,4	2,1
Euro Area	0,9	2,0	1,9	2,5	1,9	1,2	1,4
Germany 2/	1,6	1,5	1,9	2,5	1,5	0,5	1,2
France	0,6	1,1	1,2	2,3	1,7	1,2	1,3
Italy	-0,3	0,8	0,9	1,7	0,9	0,0	0,5
Spain	1,4	3,2	3,3	3,0	2,6	2,2	1,8
Japan	-	1,1	0,9	1,9	0,8	0,9	0,5
United Kingdom	3,1	2,2	1,9	1,8	1,4	1,2	1,4
Canada	2,5	0,9	2,3	3,0	1,9	1,5	1,8
Other Advanced Economies 3/	2,8	2,2	2,3	2,9	2,6	1,6	2,0
Emerging Market and Developing Economies	4,6	4,3	4,4	4,8	4,5	3,9	4,6
Commonwealth of Independent States	1,0	-2,2	0,4	2,2	2,7	1,9	2,4
Russia	0,7	-2,8	-0,2	1,6	2,3	1,1	1,9
Excluding Russia	1,9	-0,5	1,9	3,5	3,9	3,5	3,7
Emerging and Developing Asia	6,8	6,8	6,4	6,6	6,4	5,9	6,0
China	7,3	6,9	6,7	6,8	6,6	6,1	5,8
India 4/	7,2	8,0	7,1	7,2	6,8	6,1	7,0
ASEAN-5-5/	4,6	4,9	4,9	5,3	5,2	4,8	4,9
Emerging and Developing Europe	2,8	4,7	3,2	3,9	3,1	1,8	2,5
Latin America and the Caribbean	1,3	0,1	-0,7	1,2	1,0	0,2	1,8
Brazil	0,1	-3,8	-3,5	1,1	1,1	0,9	2,0
Mexico	2,2	2,6	2,9	2,1	2,0	0,4	1,3
Middle East, North Africa, Afghanistan, and Pakistan	2,7	2,7	4,9	2,3	1,9	0,9	2,9
Saudi Arabia	3,6	4,1	1,7	-0,7	2,4	0,9	2,2
Sub-Saharan Africa	5,1	3,4	1,4	3,0	3,2	3,2	3,6
Nigeria	6,3	2,7	-1,6	0,8	1,9	2,3	2,5
South Africa	1,6	1,3	0,6	1,4	0,8	0,7	1,1
<i>Memorandum</i>							
European union				2,8	2,2	1,5	1,6
Low-Income Developing Countries	6,0	4,6	3,6	4,7	5,0	5,0	5,1
Middle East and North Africa				1,8	1,1	0,1	2,7
World Growth Based on Market Exchange Rates	2,7	2,7	2,5	3,2	3,1	2,5	2,7
World Trade Volume (goods and services) 7/	3,7	2,6	2,5	5,7	3,6	1,1	3,2
Imports							
Advanced Economies	3,6	4,0	2,6	4,7	3,0	1,2	2,7
Emerging Market and Developing Economies	3,9	0,3	2,3	7,5	5,1	0,7	4,3
Exports							
Advanced Economies				4,7	3,1	0,9	2,5
Emerging Market and Developing Economies				7,3	3,9	1,9	4,1
Commodity Prices (U.S. dollars)							
Oil 6/	-7,5	-47,2	-15,7	23,3	29,4	-9,6	-6,2
Nonfuel (average based on world commodity export weights)	-4,0	-17,5	-1,6	6,4	1,6	0,9	1,7
Consumer Prices							
Advanced Economies	1,4	0,3	0,8	1,7	2,0	1,5	1,8
Emerging Market and Developing Economies 7/	4,7	4,7	4,3	4,3	4,8	4,7	4,8
London Interbank Offered Rate (percent)							
On U.S. Dollar Deposits (six month)	0,3	0,5	1,1	1,5	2,5	2,3	2,0
On Euro Deposits (three month)	0,2	-0,0	-0,3	-0,3	-0,3	-0,4	-0,6
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 July 26–August 23, 2019. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = World Economic Outlook. Beginning with the October 2019 WEO, the regional group Commonwealth of Independent States (CIS) is discontinued. Four of the CIS economies (Belarus, Moldova, Russia, and Ukraine) are added to the regional group Emerging and Developing Europe. The remaining eight economies—Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan, which comprise the regional subgroup Caucasus and Central Asia (CCA)—are combined with Middle East, North Africa, Afghanistan, and Pakistan (MENAP) to form the new regional group Middle East and Central Asia (MECA).

1/Difference based on rounded figures for the current (July 2019) WEO Update and April 2019 WEO forecasts and on revised and new groups.

2/For Germany, the definition of GDP has been changed from a working-day-adjusted basis (through the April 2019 WEO) to an unadjusted basis from the

July 2019 WEO Update onward. The change in definition implies a higher level of GDP for 2020, which is a leap year.

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 fiscal year 2011/12 as a base year.

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

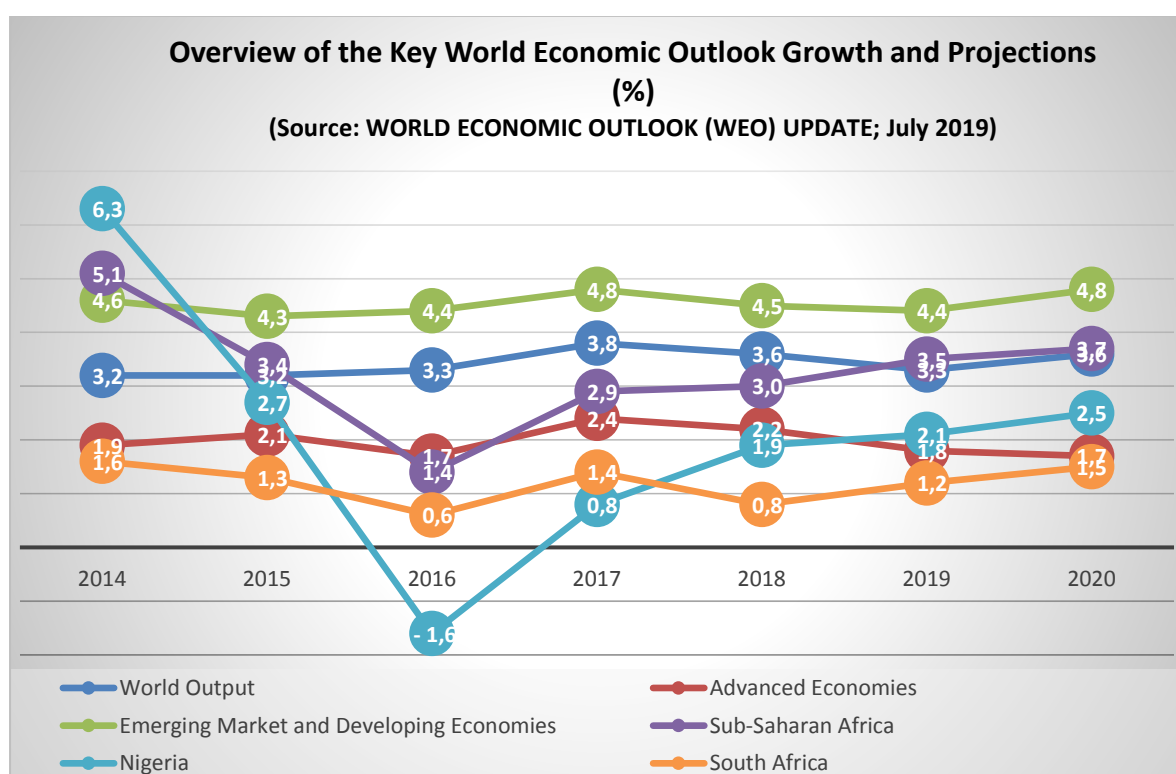
6/Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$68.33 in 2018; the assumed price, based on futures markets, is \$61.78 in 2019 and \$57.94 in 2020.

7/Excludes Venezuela. See country-specific note for Venezuela in the “Country Notes” section of the Statistical Appendix.

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

For Emerging Market and Developing Economies, the quarterly estimates and projections account for approximately 80 percent of annual emerging market and developing economies’ output at purchasing-power-parity weights.

Figure 1: Overview of the Key World Economic Outlook Growth and Projections (%)
(Source: WORLD ECONOMIC OUTLOOK (WEO) UPDATE; July 2019)



2.2 South African Economy

2.2.1 Highlights Q2 2019/2020

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

The population of South Africa increased from 54 million in mid-2014 with 6.9% to 57.7 million in mid-2018. The population growth rate for 2017 to 2018 was 2.1%. When comparing the population growth rate with the GDP growth rate of South Africa as in the table above it is clear that the population is growing at a faster rate than the economy which will lower income per capita.

The cohort-component methodology is used to estimate the 2019 mid-year population of South Africa.

- The estimates cover all the residents of South Africa at 2019 mid-year point, and are based on the latest available information. Estimates may change as new data become available. The new estimates are accompanied by an entire series of revised estimates for the period 2002–2019. On this basis, comparisons between this model and previous ones should not be made.
- For 2019, Statistics South Africa (Stats SA) estimates the mid-year population at 58,78 million.
- Approximately 51,2% (approximately 30 million) of the population is female.
- Gauteng comprises the largest share of the South African population, with approximately 15,2 million people (25,8%) living in this province. KwaZulu-Natal is the province with the second largest population, with an estimated 11,3 million people (19,2%) living in this province. With a population of approximately 1,26 million people (2,2%), Northern Cape remains the province with the smallest share of the South African population.
- About 28,8% of the population is aged younger than 15 years and approximately 9,0% (5,3 million) is 60 years or older. Of those younger than 15 years of age, the majority reside in Gauteng (21,5%) and KwaZuluNatal (21,1%). Of the elderly (those aged 60 years and older), the highest percentage 23,9% (1,27 million) reside in Gauteng. The proportion of elderly persons aged 60 and older is increasing over time.
- Migration is an important demographic process, as it shapes the age structure and distribution of the provincial population. For the period 2016–2021, Gauteng and Western Cape are estimated to experience the largest inflow of migrants of approximately, 1 643 590 and 493 621 respectively.
- Life expectancy at birth for 2019 is estimated at 61,5 years for males and 67,7 years for females.
- The infant mortality rate for 2019 is estimated at 22,1 per 1 000 live births.
- The estimated overall HIV prevalence rate is approximately 13,5% among the South African population. The total number of people living with HIV (PLWHIV) is estimated at approximately 7,97 million in 2019. For adults aged 15–49 years, an estimated 19,07% of the population is HIV positive.

South African Economic Growth Q2 2019/2020

South Africa's gross domestic product (GDP) decreased by 0,6% in the third quarter of 2019.

The mining and quarrying industry decreased by 6,1% and contributed -0,5 percentage point to GDP growth. Decreased production was reported for mining of PGMs, coal and iron ore.

Manufacturing industry decreased by 3,9% and contributed -0,5 percentage point to GDP growth. Decreased economic activity was reported in basic iron and steel, non-ferrous metal products, metal products and machinery; and petroleum, chemical products, rubber and plastic products.

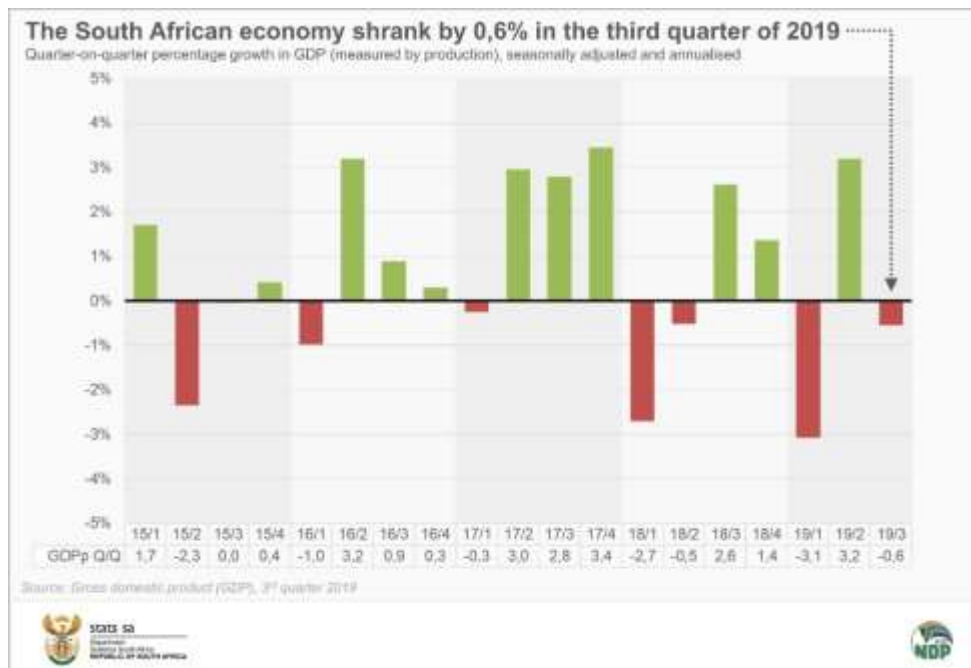
Transport storage and communication industry decreased by 5,4% and contributed -0,5 percentage point to GDP growth. Decreased economic activity was reported for land transport and transport support services.

In contrast, the trade, catering and accommodation industry increased by 2,6% and contributed 0,4 percentage point to the GDP growth. Finance, real estate and business services increased by 1,6% contributed 0,3 of a percentage point to GDP growth.

General government services increased by 2,4% mainly attributed to an increase in employment.

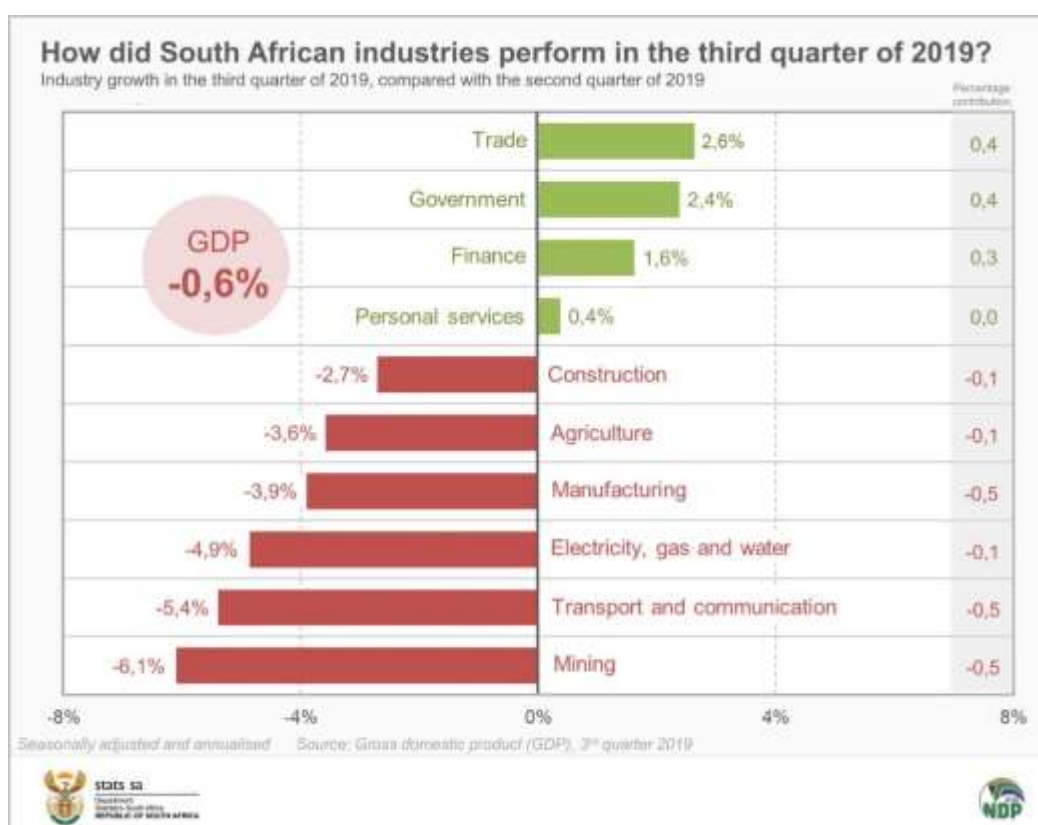
The unadjusted real GDP at market prices for the first nine months of 2019 increased by 0,3% compared with the first nine months of 2018.

Figure 2: South African GDP Growth Q3 2019



Mining was down by 6,1%, driven largely by a fall in the production of platinum group metals, coal and iron ore. Gold saw some positive movement in the third quarter, according to the Mining: Production and sales release for September 2019.

Figure 3: South African Industries Performance Q3 2019



(Source: Stassa GDP Q3 2019)

Manufacturing fell by 3,9%, but being a bigger industry than mining, its contribution to total GDP growth was just as large (-0,5 of a percentage point in both cases). The contraction was mainly due to decreases in the manufacturing of basic iron, steel, and machinery products, as well as products related to the petroleum, chemicals and plastics division. Positive gains were reported in the third quarter for the food & beverages and transport manufacturing divisions.³

The transport, storage and communication industry also found itself on the back foot, falling by 5,4%. This is the biggest quarter-on-quarter fall for the industry since 1993. A slowdown in activity related to freight and passenger transport dampened growth in the third quarter.

Agriculture saw its third consecutive quarter of contraction. Lower production was recorded for field crops such as maize, wheat, sunflower seeds, tobacco and soya beans.

The construction industry failed to pull itself out of recession, registering its 5th consecutive quarter of negative growth. Decreases were reported for activities related to residential and non-residential buildings, as well as construction works. The industry contributed R106 billion to total value added in the third quarter of 2019, lower than the R110 billion high recorded in the fourth quarter of 2016 (constant 2010 prices, annualised).

Construction's poor performance is mirrored in other data. Stats SA recently reported that public-sector investment in fixed assets such as buildings, vehicles, land and equipment fell by 8,2% between 2017 and 2018 (current prices), while spending on new construction works dropped by 11,3% over the same period.⁴

The positive contributors to GDP growth in the third quarter were trade, government and finance. Positive growth in wholesale, motor trade and accommodation lifted the trade industry by 2,6%. A rise in civil service employment in provincial government and higher education institutions pushed general government services up by 2,4%.

Key facts from the GDP release for the third quarter of 2019:

- Real GDP in the third quarter was down 0,6% quarter-on-quarter (seasonally adjusted and annualised).
- Unadjusted real GDP growth in the third quarter was 0,1% year-on-year.
- Unadjusted real GDP growth for the first nine months of the year was 0,3% year-on-year.
- Nominal GDP in the third quarter of 2019 was estimated at R1,29 trillion, higher than the R1,26 trillion recorded in the second quarter of 2019.
- Expenditure on GDP in the third quarter fell by 0,3% quarter-on-quarter (seasonally adjusted and annualised), largely the result of a drawdown in inventories.

Expenditure on GDP

Expenditure on real gross domestic product fell by 0,3% in the third quarter of 2019.

Household final consumption expenditure increased by 0,2% in the third quarter, contributing 0,1 of a percentage point to total growth. The main positive contributors to growth in HFCE were expenditures on food and non-alcoholic beverages (1,0% and contributing 0,2 of a percentage point) and restaurants and hotels (3,2% and contributing 0,1 of a percentage point). Negative contributions to growth in HFCE were reported for expenditures on clothing, housing, furnishings and recreation.

Final consumption expenditure by general government increased by 1,3%. Increases in employment and spending on goods and services were reported in the third quarter.

Gross fixed capital formation increased by 4,5%. The main contributors to the increase were machinery and equipment, other assets and transport equipment. Strong imports of machinery and equipment supported the increase in gross fixed capital formation.

There was a R9,5 billion drawdown of inventories in the third quarter of 2019. Large decreases were reported for the manufacturing, trade and mining industries.

Net exports contributed positively to growth in expenditure on GDP in the third quarter. Exports of goods and services were up 3,5%, largely influenced by increased trade in vegetable products; precious metals and stones; and vehicles and transport equipment.

Imports of goods and services decreased by 6,8%, driven largely by a decrease in imports of mineral products.

The GDP estimates are preliminary, and may routinely be revised on the basis of additional evidence that has become available by the time the subsequent quarter's estimates are released.

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

Annual consumer price inflation was 3,6% in November 2019, down from 3,7% in October 2019. The consumer price index decreased by 0,1% month-on-month in November 2019.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg
2014	5,8%	5,9%	6,0%	6,0%	6,6%	6,6%	6,3%	6,4%	5,9%	5,9%	5,8%	5,3%	6,1%
2015	4,4%	3,9%	4,0%	4,5%	4,6%	4,7%	5,0%	4,6%	4,6%	4,7%	4,8%	5,2%	4,6%
2016	6,2%	7,0%	6,3%	6,2%	6,1%	6,3%	6,0%	5,9%	6,1%	6,4%	6,6%	6,8%	6,4%
2017	6,6%	6,3%	6,1%	5,3%	5,4%	5,1%	4,6%	4,8%	5,1%	4,8%	4,6%	4,7%	5,3%
2018	4,4%	4,0%	3,8%	4,5%	4,4%	4,6%	5,1%	4,9%	4,9%	5,1%	5,2%	4,5%	4,7%
2019	4,0%	4,1%	4,5%	4,4%	4,5%	4,5%	4,0%	4,3%	4,1%	3,7%	3,6%		4,2%

The main contributors to the 3,6% annual inflation rate were food and non-alcoholic beverages; housing and utilities; and miscellaneous goods and services.

- Food and non-alcoholic beverages increased by 3,5% year-on-year, and contributed 0,6 of a percentage point to the total CPI annual rate of 3,6%.
- Housing and utilities increased by 4,8% year-on-year, and contributed 1,2 percentage points.
- Miscellaneous goods and services increased by 5,7% year-on-year, and contributed 0,9 of a percentage point.
- The annual inflation rates for goods and for services were 2,8% and 4,2% respectively.

Provincial annual inflation rates ranged from 3,2% in Eastern Cape to 4,1% in Western Cape and Limpopo

Table 2: Provincial Inflation Rates

Province	Nov 2017 CPI	Feb 2018 CPI	May 2018 CPI	Aug 2018 CPI	Oct 2018 CPI	Jan 2019 CPI	Apr 2019 CPI	May 2019 CPI	Aug 2019 CPI	Nov 2019 CPI
Western Cape	6,0%	4,7%	5,2%	5,8%	5,4%	4,6%	5,2%	5,4%	4,9%	4,1%
Eastern Cape	4,3%	4,0%	4,0%	4,7%	4,9%	3,6%	3,8%	3,9%	4,0%	3,2%
Northern Cape	3,5%	3,6%	3,8%	3,9%	4,5%	3,7%	4,2%	4,2%	4,6%	3,5%
Free State	4,2%	3,8%	4,2%	4,4%	4,7%	4,1%	4,5%	4,4%	4,2%	3,6%
KwaZulu-Natal	3,9%	3,2%	3,8%	4,2%	4,4%	3,6%	3,9%	4,0%	4,1%	3,4%
North West	3,3%	2,8%	3,3%	4,0%	4,4%	3,3%	3,9%	3,8%	3,8%	3,3%
Gauteng	4,5%	4,0%	4,5%	5,2%	5,3%	4,1%	4,2%	4,4%	4,1%	3,4%
Mpumalanga	3,5%	3,3%	3,5%	4,0%	5,0%	3,7%	4,3%	4,4%	4,4%	3,5%
Limpopo	3,6%	3,6%	3,6%	4,3%	4,0%	3,5%	4,4%	5,0%	4,7%	4,1%

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.

Table 3: Average Annual CPI and PPI 2012 to 2018

	Consumer Price Index (CPI)	Producer Price Index (PPI)
Average 2012	5,6%	
Average 2013	4,7%	6,0%
Average 2014	6,1%	7,5%
Average 2015	4,6%	3,6%
Average 2016	6,4%	7,0%
Average 2017	5,3%	4,8%
Average 2018	4,7%	5,5%

Key findings for November 2019Intermediate manufactured goods

The annual percentage change in the PPI for intermediate manufactured goods was -1,1% in November 2019 (compared with -0,6% in October 2019). The index decreased by 0,9% month-on-month.

The main contributors to the annual rate were recycling and manufacturing n.e.c. (-1,3 percentage points) and chemicals, rubber and plastic products (-1,1 percentage points).

The main contributor to the monthly rate was basic and fabricated metals (-0,9 of a percentage point).

Electricity and water

The annual percentage change in the PPI for electricity and water was 13,4% in November 2019 (compared with 13,4% in October 2019). The index remained unchanged month-on-month.

Electricity contributed 12,3 percentage points to the annual rate, and water contributed 1,1 percentage points.

Mining

The annual percentage change in the PPI for mining was 20,8% in November 2019 (compared with 17,7% in October 2019).

The index increased by 1,2% month-on-month.

The main contributors to the annual rate were non-ferrous metal ores (16,8 percentage points) and gold and other metal ores (4,4 percentage points).

The main contributors to the monthly rate were coal and gas (0,9 of a percentage point) and non-ferrous metal ores (0,8 of a percentage point).

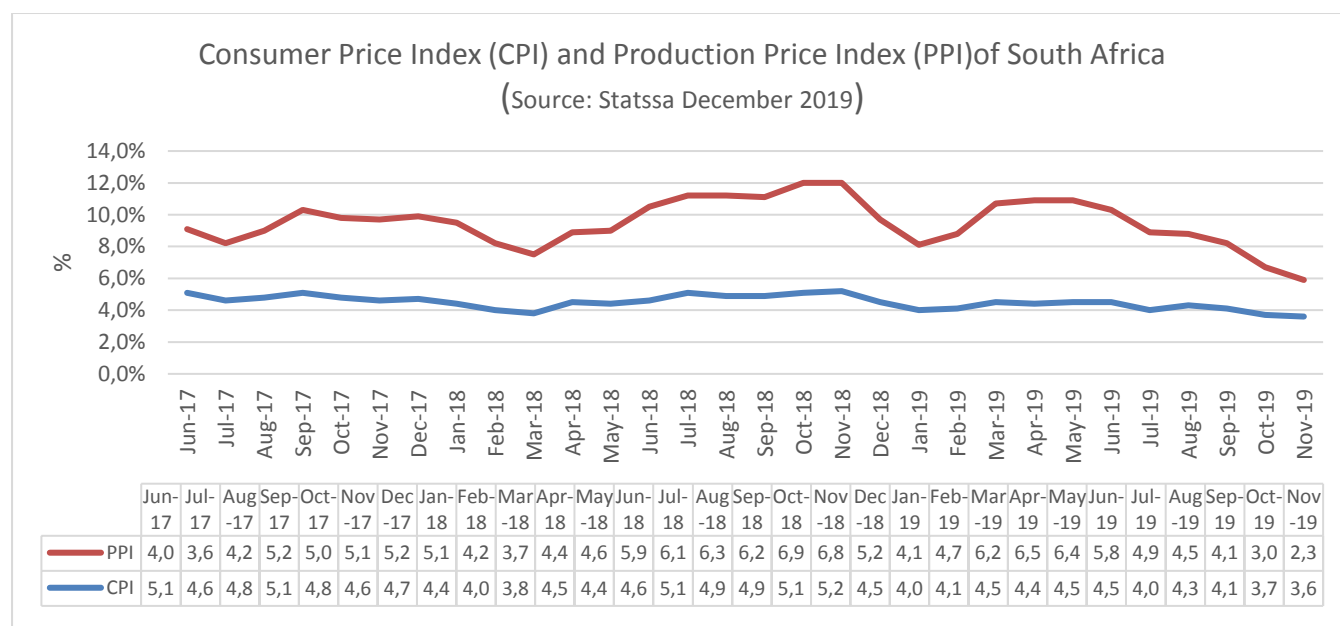
Agriculture, forestry and fishing

The annual percentage change in the PPI for agriculture, forestry and fishing was -1,1% in November 2019 (compared with -1,6% in October 2019). The index increased by 0,9% month-on-month.

The main contributor to the annual rate was agriculture (-2,5 percentage points).

The main contributor to the monthly rate was agriculture (1,0 percentage point).

Figure 4: South Africa's Consumer Price Index (CPI) and Production Price Index (PPI) June 2017 to November 2019



(Source: Statssa December 2019)

Population

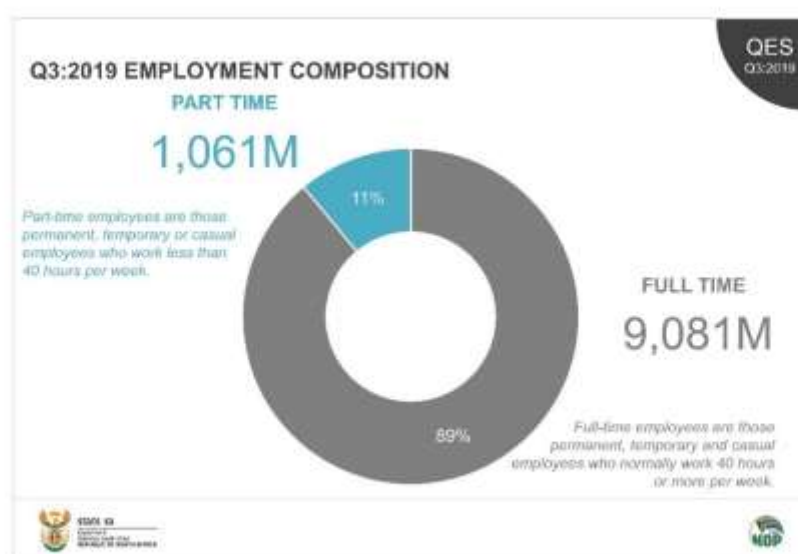
The Population of South Africa was estimated at 54.00 mil at Mid 2014, 54.95 mil at Mid 2015, 55.91 mil at Mid 2016, 56.5 mil at Mid 2017 57.7 mil mid 2018 and 58.78 mil mid 2019.

Statistics South Africa (Stats SA) estimates the mid-year population at 58,78 million. Approximately 51,2% (approximately 30 million) of the population is female. Gauteng comprises the largest share of the South African population, with approximately 15,2 million people (25,8%) living in this province (Source: Statssa)

Employment

Formal sector employment decreased by 28 000 in September 2019, with 11 000 full-time and 17 000 part-time jobs shed during the quarter.

The September 2019 Quarterly Employment Statistics (QES) survey showed that an estimated 10 142 000 people were employed in the formal non-agricultural sector of the South African economy, which is down by 28 000 from 10 170 000 in the previous quarter.



The quarterly decrease in total employment was driven by job losses in construction (-12 000); manufacturing (-12 000); community services (-11 000); business services (-9 000); and transport (-1 000). The electricity and mining industries were unchanged in September.

The only industry to record a quarterly increase was trade, up by 17 000 jobs.

Total employment increased by 78 000 between September 2018 and September 2019, with 45 000 full-time and 33 000 part-time jobs added. This increase was largely due to job increases in community services (54 000); trade (53 000); business services (28 000); and mining (6 000).

Annual job losses were reported by construction (-37 000); manufacturing (-22 000); electricity (-3 000); and transport (-1 000).

Total earnings paid to employees amounted to R711,2 billion in September 2019, up from R699,5 billion in June 2019, a quarterly increase of 1,7%.



During the quarter ending September 2019, basic salary payments increased by 1,4% and bonus and overtime payments increased by 4,2%.

Quarter-on-quarter increases in gross earnings were led by the business services industry with R6,5 billion, community industry with R3,8 billion, mining industry with R2,3 billion, manufacturing industry with

R926 million, trade industry with R628 million, and electricity industry with R130 million. Decreases in gross earnings were reported in the transport and construction industries with R1,7 billion and R727 million, respectively.

Year-on-year, total gross earnings increased by 3,8% with basic salaries increasing by 4,0% and bonus and overtime payments increasing by 2,0%.

Average monthly earnings paid to employees in the formal non-agricultural sector rose by 2,6% from May 2019 to August 2019; the year-on-year increase was 3,7%. (Source: Statssa QLFS Q3 2019)

Table 4: Employment by Province

	Jul-Sep 2018	Apr-Jun 2019	Jul-Sep 2019	Qtr-to-qtr change	Year-on- year change	Qtr-to-qtr change	Year-on- year change
Province	Thousand				Per cent		
South Africa	16 380	16 313	16 375	62	-5	0,4	0,0
Western Cape	2 494	2 497	2 494	-4	0	-0,1	0,0
Eastern Cape	1 390	1 388	1 402	15	13	1,0	0,9
Northern Cape	323	301	322	20	-1	6,7	-0,4
Free State	774	808	795	-14	21	-1,7	2,7
KwaZulu-Natal	2 635	2 635	2 674	39	39	1,5	1,5
North West	979	918	960	42	-19	4,5	-2,0
Gauteng	5 077	5 066	5 060	-6	-17	-0,1	-0,3
Mpumalanga	1 231	1 243	1 233	-10	2	-0,8	0,2
Limpopo	1 478	1 456	1 435	-21	-42	-1,4	-2,9

The number of employed persons increased in four of the nine provinces between Q2: 2019 and

Q3: 2019. The largest employment increases were recorded in North West (up by 42 000), KwaZulu-Natal (up by 39 000), Northern Cape (up by 20 000) and Eastern Cape (up by 15 000), while Limpopo and Free State recorded the largest employment losses of 21 000 and 14 000, respectively.

Compared to Q3: 2018, the largest increase in employment was recorded in KwaZulu-Natal (up by 39 000), Free State (up by 21 000), and Eastern Cape (up by 13 000). The largest decreases in the number of employed persons were recorded in Limpopo (down by 42 000), North West (down by 19 000) and Gauteng (down by 17 000), while Western Cape remained unchanged.

Table 5: Unemployment Rate by Province

	Official unemployment rate					Expanded unemployment rate				
	Jul-Sep 2018	Apr-Jun 2019	Jul-Sep 2019	Qtr-to-qtr change	Year-on-year change	Jul-Sep 2018	Apr-Jun 2019	Jul-Sep 2019	Qtr-to-qtr change	Year-on-year change
	Per cent			Percentage points		Per cent			Percentage points	
South Africa	27,5	29,0	29,1	0,1	1,6	37,3	38,5	38,5	0,0	1,2
Western Cape	20,4	20,4	21,5	1,1	1,1	23,7	23,8	24,5	0,7	0,8
Eastern Cape	35,6	35,4	36,5	1,1	0,9	46,0	46,5	46,5	0,0	0,5
Northern Cape	27,0	29,4	29,8	0,4	2,8	40,1	44,8	43,0	-1,8	2,9
Free State	36,3	34,4	34,5	0,1	-1,8	41,5	41,6	42,5	0,9	1,0
KwaZulu-Natal	23,0	26,1	25,9	-0,2	2,9	41,2	42,1	41,4	-0,7	0,2
North West	28,0	33,0	30,4	-2,6	2,4	43,9	46,6	45,1	-1,5	1,2
Gauteng	29,6	31,1	31,0	-0,1	1,4	34,3	35,0	35,1	0,1	0,8
Mpumalanga	32,5	34,7	35,3	0,6	2,8	41,3	43,5	43,9	0,4	2,6
Limpopo	18,9	20,3	21,4	1,1	2,5	38,1	41,1	41,9	0,8	3,8

The official unemployment rate increased by 0,1 of a percentage point in Q3: 2019 compared to Q2: 2019. The official unemployment rate increased in six of the nine provinces, with the largest increase recorded in Western Cape, Eastern Cape and Limpopo (up by 1,1 percentage points each), Mpumalanga (up by 0,6 of a percentage point), Northern Cape (up by 0,4 of a percentage point) and Free State (up by 0,1 of a percentage point). North West, KwaZulu-Natal and Gauteng recorded decreases in the unemployment rate (2,6 percentage points, 0,2 of a percentage point and 0,1 of a percentage point, respectively). Year-on-year, the official unemployment rate increased by 1,6 percentage points. The official unemployment rate increased in all provinces except Free State, where it decreased by 1,8 percentage points. The largest increase was observed in KwaZulu-Natal (up by 2,9 percentage points), followed by Northern Cape and Mpumalanga with increases of 2,8 percentage points each.

The expanded unemployment rate remained unchanged at 38,5% between Q2: 2019 and Q3: 2019. The largest increase was recorded in Free State (up by 0,9 of a percentage point), followed by Limpopo (up by 0,8 of a percentage point), Western Cape (up by 0,7 of a percentage point), Mpumalanga (up by 0,4 of a percentage point) and Gauteng (up by 0,1 of a percentage point) while Eastern Cape remained unchanged. Northern Cape, North West and KwaZulu-Natal were the only provinces that experienced a decrease in the expanded unemployment rate (down by 1,8 percentage points, 1,5 percentage points and 0,7 of a percentage point, respectively). Compared to the same period last year, the expanded unemployment rate increased by 1,2 percentage points in Q3: 2019. All provinces recorded increases in the expanded unemployment rate. The largest increase was recorded in Limpopo (up by 3,8 percentage points), followed by Northern Cape (up by 2,9 percentage points) and Mpumalanga (up by 2,6 percentage points).

Figure 4: South Africa and North West Unemployment Rate (Source: Statssa Q3 2019)

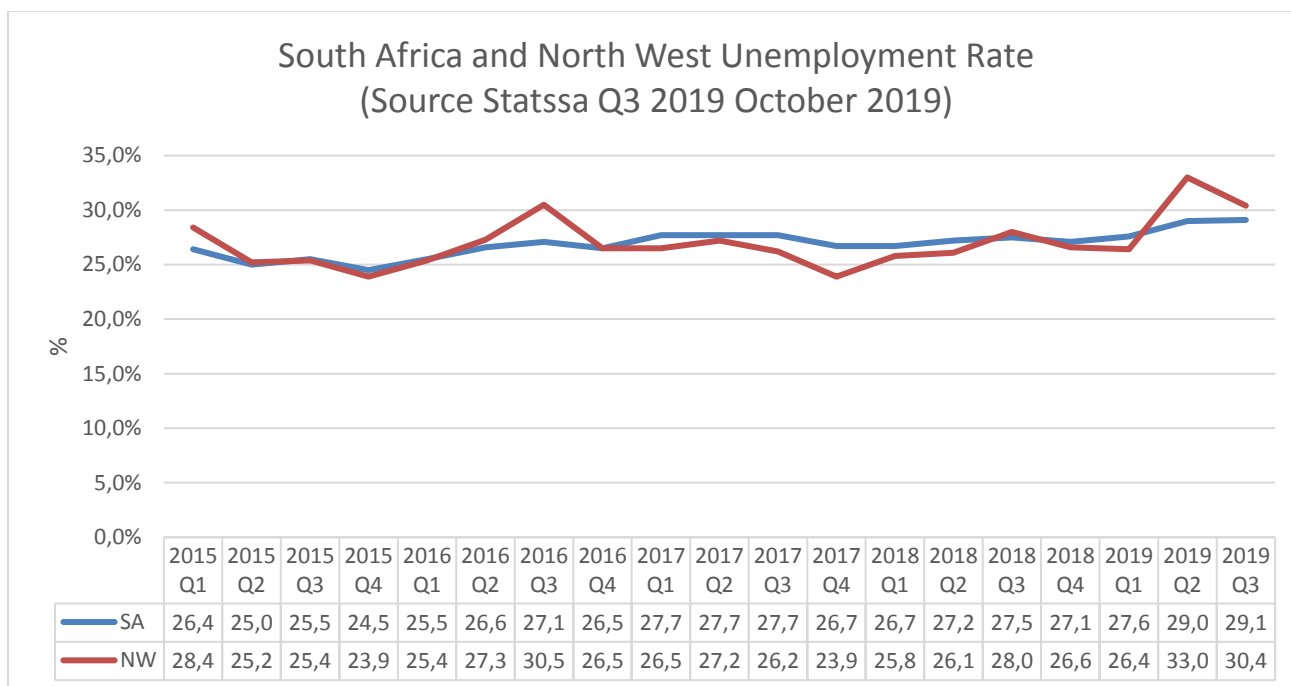


Table 6: North West Economically Active Employment Rate (Source: Statssa Q3 2019)

North West	Black African	Coloured	Indian/Asian	White	Total
Male	54,9	0,8	0,8	2,3	58,8
Female	38,3	0,6	0,1	2,2	41,2
Total	93,3	1,4	0,9	4,5	100,0

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 7: Employment by Industry in the North West Province April 2016 to March 2019

	NW Jan-Mar 2017 Thous	NW Apr-Jun 2017 Thous	NW Jul-Sept 2017 Thous	NW Oct-Dec 2017 Thous	NW Jan-Mar 2018 Thous	NW Apr-Jun 2018 Thous	NW Jul-Sept 2018 Thous	NW Oct-Dec 2018 Thous	NW Jan-Mar 2019 Thous	NW Apr-Jun 2019 Thous	NW Jul-Sept 2019 Thous	NW% Share Contribution Jul-Sept 2019	NW as % of SA
Agriculture	50	54	49	47	47	43	60	62	62	61	59	6,1%	6,7%
Mining	132	132	137	128	125	147	133	130	136	122	130	13,5%	31,0%
Manufacturing	74	77	78	85	74	49	54	55	75	72	74	7,7%	4,2%
Utilities	1	5	5	5	5	11	7	10	9	6	6	0,6%	4,5%
Construction	87	84	71	90	96	94	79	87	65	70	56	5,8%	4,2%
Trade	179	197	200	206	197	190	197	179	191	161	186	19,4%	5,5%

Transport	38	31	35	36	33	34	33	32	45	38	37	3,9%	3,8%
Finance	87	99	102	111	117	100	98	94	89	93	93	9,7%	3,7%
Community and Social Services	242	210	230	218	228	231	241	237	212	227	245	25,5%	6,7%
Private House Holds	86	89	78	72	70	77	76	85	84	70	74	7,7%	5,8%
Other												0,0%	
TOTAL	0	978	983	999	992	992	979	973	970	918	960	100,0%	5,9%

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 2018 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 6.8% of the country's total population.

Table 8: KEY INDICATORS: South Africa, North West Province and NW District Municipalities (2018)

KEY INDICATORS: South Africa, North West Province and NW District Municipalities (2018)							
(Source: IHS Markit; Regional eXplorer 1692 (2.6f) June 2019)							
		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	57 356 056	3 901 651	1 731 005	910 137	495 421	765 087
	% Share of Region		6,8%	44,4%	23,3%	12,7%	19,6%
Development	Human Development Index (HDI)	0,65	0,62	0,65	0,57	0,55	0,64
	Gini coefficient	0,63	0,62	0,62	0,60	0,60	0,61
	Poverty indicators						
	Share below the upper poverty line (StatsSA defined)	58,2%	59,0%	51,9%	66,9%	70,4%	58,1%
	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	15 219 765	863 992	439 708	167 009	71 061	186 215
	% With Matric of age 20+ years population	42,1%	35,6%	38,0%	32,2%	25,8%	39,1%
	Population density (number of people per km ²) (2018)	46,97	37,20	94,42	32,37	11,32	52,15
	Urban Population Rate (%) (2018)	64,4%	46,6%	38,9%	28,7%	38,9%	90,1%

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 0.62 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 59.0% (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%	32,9%	38,5%	26,1%	23,8%	34,2%
	Unemployment rate, official definition (%)	27,2%	27,1%	26,5%	23,9%	25,0%	32,2%
	Number of formally employed people	13 269 577	728 127	383 135	143 433	66 710	134 849
	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	6,4%	6,9%	3,3%	9,8%	17,5%	8,6%
	Mining	3,4%	17,7%	31,4%	1,9%	3,0%	2,9%
	Manufacturing	10,8%	6,1%	6,6%	4,9%	4,4%	6,9%
	Electricity	0,7%	0,5%	0,4%	0,6%	0,8%	0,6%
	Construction	5,9%	5,9%	6,0%	5,3%	5,1%	6,9%
	Trade	17,8%	16,8%	15,7%	17,8%	15,7%	19,7%
	Transport	4,5%	1,8%	1,5%	2,2%	1,8%	2,0%
	Finance	18,6%	11,1%	9,5%	13,4%	10,2%	13,9%
	Community services	22,3%	22,9%	16,6%	33,0%	27,7%	27,9%
	Households	9,6%	10,1%	9,0%	11,1%	13,8%	10,5%
	Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
	Number of informally employed people	2 832 296	143 911	66 594	29 617	16 278	31 422
	Total Employment (Formal + Informal)	16 101 873	872 038	449 729	173 050	82 988	166 271
Income & Expenditure	Annual per capita income (Rand, current prices)	59 643	54 104	64 021	41 154	36 791	58 311
	Annual per household income (Rand, current prices)	209 123	183 497	201 195	151 856	135 679	204 031
	Index of buying power	1,00	0,06	0,03	0,01	0,01	0,01

(Source: IHS Markit; Regional eXplorer 1692 (2.6f) June 2019)

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 GVA-R contributes approximately (R83,7bn) 32,5% to the total industries GVA (Current prices) in the province and 23,9% to national mining GDP and 17.7% to North West formal employment (128 878 jobs) and 28.6% to national mining employment. (Source: IHS Markit; Regional eXplorer 1692 (2.6f) June 2019)

		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)	4 341 292 046	258 028 507	138 718 576	46 027 421	18 333 601	54 948 909
	% Share of SA	100,0%	5,9%	3,2%	1,1%	0,4%	1,3%
	Gross Value Added by Region (GVA-R) Constant 2010 prices (R 1000)	2 859 605 060	155 902 489	84 844 731	28 370 902	11 085 399	31 601 457
	% Share of SA	100,0%	5,5%	3,0%	1,0%	0,4%	1,1%

Average annual growth (Constant 2010 Prices)	0,7%	0,4%	1,1%	0,1%	-0,1%	-1,1%
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%	2,8%	1,1%	4,9%	8,6%	3,5%
Mining	8,1%	32,5%	51,3%	5,6%	6,3%	16,0%
Manufacturing	13,2%	5,1%	5,4%	5,4%	3,4%	4,7%
Electricity	3,8%	3,9%	2,7%	6,3%	4,7%	4,4%
Construction	3,9%	2,5%	1,8%	3,1%	3,8%	3,3%
Trade	15,0%	11,6%	9,2%	13,1%	15,4%	15,0%
Transport	9,8%	6,5%	4,9%	8,3%	9,1%	8,1%
Finance	19,7%	13,6%	10,6%	15,8%	18,6%	17,4%
Community services	24,0%	21,6%	12,9%	37,5%	30,0%	27,5%
Total Industries	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Gross Domestic Product - GDP (Current prices (R 1000))	4 873 899 046	290 143 399	152 588 841	53 444 926	21 243 527	62 866 105
% Share of SA	100,0%	6,0%	3,1%	1,1%	0,4%	1,3%
Gross Domestic Product - GDP Constant 2010 prices (R 1000))	3 144 539 151	171 531 193	91 719 774	32 046 321	12 497 380	35 267 718
% Share of SA	100,0%	5,5%	2,9%	1,0%	0,4%	1,1%
GVA-R Average annual growth (Constant 2010 Prices)	0,7%	0,4%	1,1%	0,1%	-0,1%	-1,1%
GDP-R per Capita (Current prices (R 1000))	84 976	74 364	88 265	58 760	42 794	81 972
GDP-R per Capita (Constant 2010 Prices)	54 825	43 964	53 055	35 233	25 175	45 986
Tress index	40,27	50,52	63,53	47,19	43,71	43,04
Location quotient	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Agriculture	1,00	1,15	0,46	2,00	3,51	1,43
Mining	1,00	4,02	6,35	0,70	0,78	1,98
Manufacturing	1,00	0,39	0,41	0,41	0,26	0,36
Electricity	1,00	1,01	0,71	1,65	1,23	1,16
Construction	1,00	0,63	0,46	0,78	0,97	0,84
Trade	1,00	0,77	0,61	0,87	1,02	1,00
Transport	1,00	0,66	0,50	0,84	0,93	0,83
Finance	1,00	0,69	0,54	0,80	0,95	0,89
Community services	1,00	0,90	0,54	1,57	1,25	1,15
Total Industries	1,00	1,00	1,00	1,00	1,00	1,00

(Source: IHS Markit; Regional eXplorer 1692 (2.6f) June 2019)

The 2018 *Gini coefficient* indicates that the level of equality is decreasing from 0,60 in 2009 to 0.62 in 2018 of the North West province. This is a trend for South Africa and the District Municipalities as well.

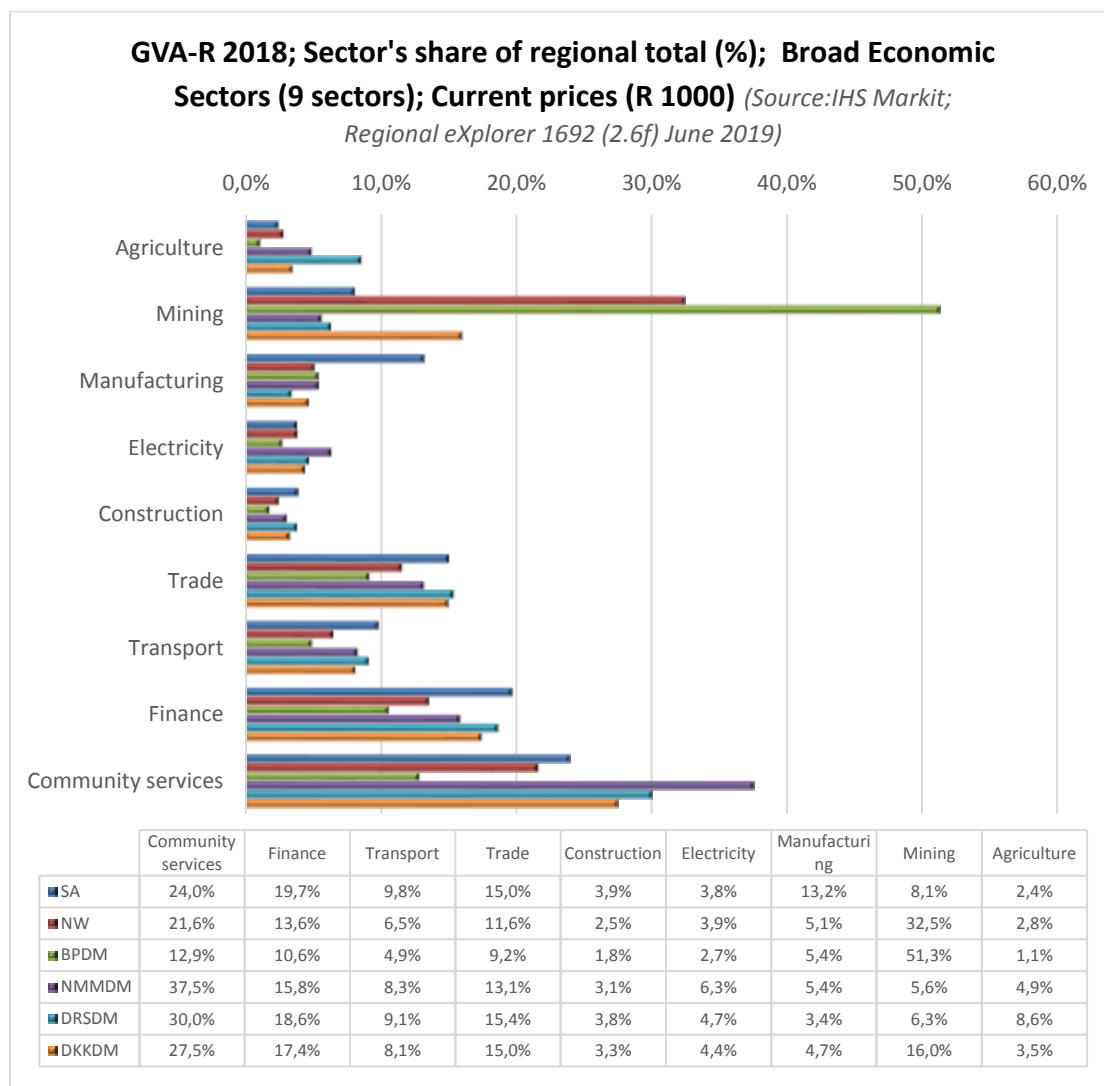
With regards to the economy, the *Tress index* provides insight into the level of concentration (or diversification) within an economic region. A Tress index value of 0 means that all economic sectors in the region contribute *equally* to GVA, whereas a Tress index of 1 means that only one economic sector 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 9: Sectoral Contribution by Province (% of provincial GVA current prices), 2018

	South Africa	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu-Natal	North West	Gauteng	Mpumalanga	Limpopo
Agriculture	2,4%	3,9%	2,0%	7,3%	5,1%	3,8%	2,8%	0,5%	2,8%	2,7%
Mining	8,1%	0,3%	0,1%	21,6%	9,3%	1,6%	32,5%	3,0%	23,6%	28,9%
Manufacturing	13,2%	15,3%	13,0%	3,4%	10,9%	17,5%	5,1%	14,9%	13,0%	3,0%
Electricity	3,8%	2,9%	2,7%	3,8%	4,4%	4,0%	3,9%	3,4%	7,6%	4,3%
Construction	3,9%	5,5%	4,0%	3,2%	2,6%	4,3%	2,5%	4,0%	3,0%	2,9%
Trade	15,0%	17,4%	20,2%	11,9%	14,7%	15,2%	11,6%	13,7%	14,8%	15,0%
Transport	9,8%	10,9%	9,1%	12,2%	10,3%	13,1%	6,5%	10,1%	6,6%	4,9%
Finance	19,7%	24,9%	18,3%	13,5%	16,9%	17,0%	13,6%	23,8%	11,6%	14,7%
Community services	24,0%	18,9%	30,6%	23,2%	25,8%	23,4%	21,6%	26,6%	16,9%	23,7%
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 1692 (2.6f) June 2019)

Figure 6: Sector share contribution of the nine (9) broad economic sectors to the economy of the North West Province and the NW District Municipalities 2018



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.

Table 10: Tourism Statistics 2018

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)	295 556 879	16 638 594	10 739 695	2 832 327	763 342	2 303 230
	Growth in Tourism (using bednights) by origin						
	Domestic tourists	-5,6%	-4,9%	-4,4%	-5,2%	-4,9%	-5,9%
	International tourists	11,1%	9,8%	9,8%	10,4%	9,1%	9,5%
	Total tourists	3,6%	1,9%	3,1%	0,4%	-1,3%	1,7%
	Total Tourism spend as % of GDP (Current prices)	6,1%	5,7%	7,0%	5,3%	3,6%	3,7%

(Source: IHS Markit; Regional eXplorer 1692 (2.6f) June 2019)

Table 11: International Trade Statistics 2018

International Trade		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
	Exports (R 1000)	1 247 225 999	87 832 784	84 085 706	1 552 124	677 355	1 517 598
	Imports (R 1000)	1 222 943 998	6 897 343	3 521 084	217 496	408 902	2 749 861
	Total Trade (R 1000)	2 470 169 997	94 730 127	87 606 790	1 769 620	1 086 258	4 267 459
	Trade Balance (R 1000)	24 282 001	80 935 440	80 564 622	1 334 629	268 453	-1 232 263
	Exports as % of GDP	25,6%	30,3%	55,1%	2,9%	3,2%	2,4%
	Total trade as % of GDP	50,7%	32,6%	57,4%	3,3%	5,1%	6,8%
	Regional share - Exports	100,0%	7,0%	6,7%	0,1%	0,1%	0,1%
	Regional share - Imports	100,0%	0,6%	0,3%	0,0%	0,0%	0,2%
	Regional share - Total Trade	100,0%	3,8%	3,5%	0,1%	0,0%	0,2%

(Source: IHS Markit; Regional eXplorer 1692 (2.6f) June 2019)

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.

Compared to 2017, North West exports increased from approximately R24 bn to approximately R88 bn representing 30,3% of the GDP of the North West province, compared to 8.9% in 2017. Imports remained at about R6 bn. R72bn of the exports where from Rustenburg and R11 bn from Madibeng.

Table 12: North West Sector Contributions to GVA-R (Current Prices) and Employment in 2018 (Source: IHS Markit; Regional eXplorer 1692 (2.6f))

		Sector Contribution to GVA-R Current Prices (2018)	Sector Contribution to Employment (2018)	Growth in GVA-R 2008-2018 %	Jobs created or lost from 2008 to 2018 %	Jobs created or lost from 2008 to 2018 number
Primary Sector	Agriculture	2,8%	6,9%	77,6%	-1,0%	-531
	Mining	32,5%	17,7%	90,1%	-27,2%	-48 120
Secondary Sector	Manufacturing	5,1%	6,1%	73,3%	-12,0%	-7 325
	Electricity	3,9%	0,5%	425,2%	53,4%	1 352
	Construction	2,5%	5,9%	42,1%	55,5%	23 250
Tertiary Sector	Trade	11,6%	16,8%	118,0%	19,3%	28 985
	Transport	6,8%	1,8%	99,4%	28,0%	6 042
	Finance	13,6%	11,1%	123,2%	24,8%	18 319
	Community Services	21,6%	22,9%	129,2%	46,4%	62 657
	Household		10,1%		-11,8%	-9 843
TOTAL		R258bn	872 038	107,6%	9,4%	74 786
As % of National GDP		5,94%	5,40%			

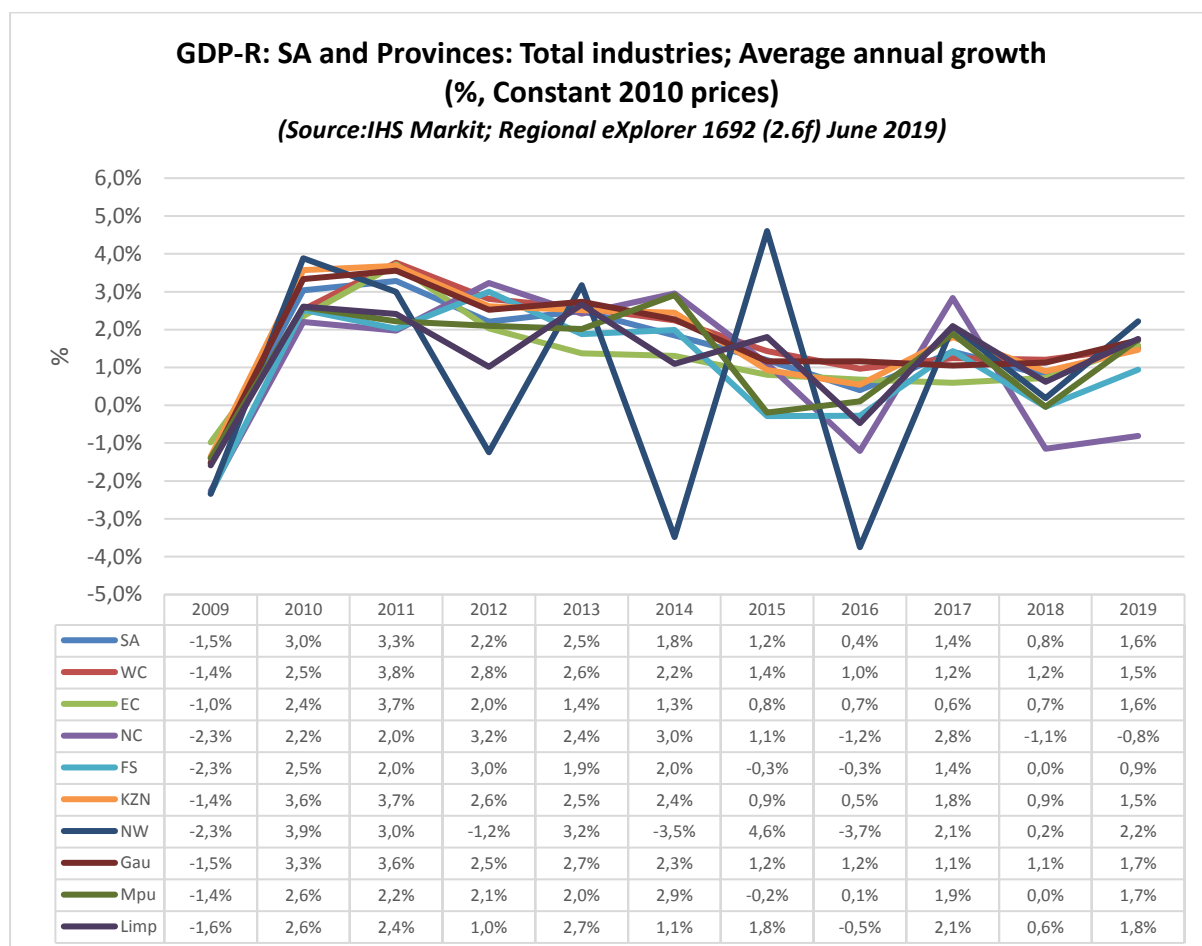
Table 13: Areas with location quotients ≥ 1.1 by broad economic sector in the NWP (2018) (Source: IHS Markit; Regional eXplorer 1692 (2.6f))

Location Quotient 2017 (Source: IHS Markit; Regional eXplorer 1692 (2.6f) May 2019)									
	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community Services
NW	1,15	4,02	0,39	1,01	0,63	0,77	0,66	0,69	0,90
District Municipalities									
BPDM	0,46	6,35	0,41	0,71	0,46	0,61	0,50	0,54	0,54
NMMDM	2,00	0,70	0,41	1,65	0,78	0,87	0,84	0,80	1,57
DRSMDM	3,51	0,78	0,26	1,23	0,97	1,02	0,93	0,95	1,25
DKKDM	1,43	1,98	0,36	1,16	0,84	1,00	0,83	0,89	1,15
Local Municipalities									
BPDM									
Moretele	0,35	0,26	0,75	2,44	0,83	1,18	0,92	1,22	1,00
Madibeng	0,77	3,91	0,73	0,78	0,66	0,80	0,74	0,69	0,76
Rustenburg	0,22	9,28	0,16	0,29	0,24	0,34	0,26	0,33	0,26
Kgetlengrivier	0,46	9,37	0,15	0,21	0,27	0,32	0,31	0,25	0,28
Moses Kotane	0,34	5,99	0,17	1,33	0,44	0,77	0,42	0,53	0,65
NMMDM									
Ratlou	2,70	0,53	0,24	0,68	0,80	0,81	0,77	0,86	1,81
Tswaing	6,42	0,65	0,41	0,48	0,87	0,87	0,86	0,58	1,48
Mahikeng	0,87	0,31	0,26	1,71	0,72	0,89	0,82	0,92	1,80
Ditsobotla	2,86	1,20	0,80	0,55	0,97	0,84	1,09	0,72	1,22
Ramotshere Moiloa	1,31	1,17	0,39	4,22	0,63	0,93	0,58	0,64	1,30
DRSMDM									
Naledi	3,78	0,26	0,27	0,83	0,82	1,29	1,21	1,20	0,99
Mamusa	4,93	0,96	0,20	1,22	1,41	1,06	0,80	1,05	0,95
Greater Taung	1,24	1,26	0,15	2,20	0,79	0,89	0,75	0,96	1,41
Lekwa-Teemane	4,41	0,69	0,61	0,64	1,21	1,05	1,01	0,76	1,15

Kagisano/Molopo	4,80	0,78	0,15	0,89	0,99	0,79	0,81	0,66	1,66
DKKDM									
City of Matlosana	0,56	2,67	0,28	1,03	0,79	1,04	0,88	0,92	1,00
Maquassi Hills	5,76	1,34	0,38	0,47	1,25	0,98	0,80	0,70	1,13
JB Marks (Tlokwe/Ventersdorp)	2,12	1,00	0,47	1,46	0,86	0,94	0,76	0,87	1,38

The Average Annual growth rate for the North West Province has clearly improved.

Figure 7: GDP-R Average annual growth SA and Provinces (Constant 2010 Prices)



(Source:IHS Markit; Regional eXplorer 1692 (2.6f) June 2019)

In the graph below the average annual growth of the North West Province is compared with the national growth figures as well as with Gauteng, Limpopo, 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.

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

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

A provincial input-output analysis points to a situation of high economic leakages and a dislocation of

supply and demand across a number of industries. This has resulted in input and output activities between industries not operating in tandem, minimising the competitiveness of the province.

Employment

North West Employment Figures Compared to South Africa (Source: STASSA Q2 2019)

Table 14: South Africa's Employment Figures Jan 2017 to Sept 2019

	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-Jun 2018 Thousands	SA Jul-Sept 2018 Thousands	SA Oct-Dec 2018 Thousands	SA Jan-Mar 2019 Thousands	SA Apr-Jun 2019 Thousands	SA Jul-Sept 2019 Thousands	SA % Share Contribution July-Sept 2019
Agriculture	875	835	810	849	847	843	842	849	837	842	880	5,2%
Mining	447	434	446	411	397	435	406	438	417	381	419	2,3%
Manufacturing	1 790	1 799	1 749	1 791	1 849	1 744	1 719	1 766	1 780	1 789	1 760	11,0%
Utilities	145	148	153	149	143	161	156	134	150	151	133	0,9%
Construction	1 505	1 395	1 365	1 390	1 431	1 476	1 502	1 481	1 339	1 363	1 339	8,4%
Trade	3 207	3 265	3 286	3 240	3 276	3 219	3 305	3 320	3 345	3 429	3 408	21,0%
Transport	965	954	988	1 001	960	1 014	996	965	1 025	983	975	6,0%
Finance	2 378	2 395	2 463	2 373	2 402	2 399	2 502	2 611	2 516	2 493	2 492	15,3%
Community and Social Services	3 569	3 560	3 616	3 691	3 785	3 692	3 675	3 624	3 574	3 622	3 679	22,2%
Private House Holds	1 319	1 311	1 313	1 270	1 275	1 296	1 267	1 332	1 301	1 251	1 268	7,7%
Other	11	3	3	6	12	8	11	9	7	6	5	0,0%
TOTAL	16 212	16 100	16 192	16 171	16 378	16 288	16 380	16 529	16 291	16 313	16 375	100%

SOUTH AFRICA												
	Jan-Mar 2017	Apr-June 2017	Jul-Sept 2017	Oct-Dec 2017	Jan-Mar 2018	Apr-June 2018	Jul-Sept 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-June 2019	July-Sept 2019	% Change Y on Y
	Thous	Thous	Thous	Thous	Thous	Thous	Thous	Thous	Thous	Thous	Thous	%
Population 15-64 yrs	37 061	37 217	37 373	37 525	37 678	37 832	37 985	38 134	38 283	38 433	38 582	1,6
Labour Force	22 426	25 403	22 402	22 051	22 358	22 370	22 589	22 668	22 492	22 968	23 109	2,3
Employed	16 212	16 100	16 192	16 171	16 378	16 288	16 380	16 529	16 291	16 313	16 375	0
Unemployed	6 214	6 177	6 210	5 880	5 980	6 083	6 209	6 139	6 201	6 655	6 734	8,4
Not economically active	14 634	14 941	14 971	15 474	15 320	15 462	15 395	15 466	15 791	15 465	15 474	0,5
Discouraged work-seekers	2 277	2 361	2 436	2 538	2 787	2 864	2 733	2 841	2 997	2 749	2 793	2,2
Other	12 357	12 580	12 536	12 936	12 533	12 598	12 660	12 625	12 793	12 716	12 681	0,1
Rates (%)												
Unemployment rate	27,7	27,7	27,7	26,7	26,7	27,2	27,5	27,1	27,6	29,0	29,1	1,6
Employed / population ratio (Absorption)	43,7	43,3	43,3	43,1	43,5	43,1	43,1	43,3	42,6	42,4	42,4	-0,7

Labour force participation rate	60,5	59,9	59,9	58,8	59,3	59,1	59,5	59,4	58,8	59,8	59,9	0,4
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Table 15: North West's Employment Figures Jan 2017 to Sept 2019

NORTH WEST												
	Jan-Mar 2017	Apr-June 2017	Jul-Sept 2017	Oct-Dec 2017	Jan-Mar 2018	Apr-June 2018	Jul-Sept 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-June 2019	July-Sept 2019	% Change Y on Y
	Thous	Thous	Thous	Thous	Thous	Thous	Thous	Thous	Thous	Thous	Thous	%
Population 15-64 yrs	2 501	2 512	2 523	2 534	2 545	2 556	2 567	2 577	2 588	2 599	2 609	1,7
Labour Force	1 328	1 343	1 332	1 313	1 338	1 323	1 360	1 325	1 318	1 370	1 380	1,4
Employed	976	978	983	999	992	977	979	973	970	918	960	-2
Unemployed	353	365	349	314	346	346	381	352	348	452	420	10,2
Not economically active	1 173	1 169	1 191	1 221	1 207	1 232	1 207	1 253	1 270	1 228	1 230	1,9
Discouraged work-seekers	254	269	294	285	296	323	300	313	339	260	275	-8,6
Other	919	900	897	936	911	909	906	940	931	968	955	5,4
Rates (%)												
Unemployment rate	26,5	27,2	26,2	23,9	25,8	26,1	28	26,6	26,4	33	30,4	2,4
Employed / population ratio (Absorption)	39	38,9	39	39,4	39	38,2	38,1	37,7	37,5	35,3	36,8	-1,3
Labour force participation rate	53,1	53,5	52,8	51,8	52,6	51,8	53	51,4	50,9	52,7	52,9	-0,1

Table 16: North West Employment by Industry Figures Compared to South Africa (Source: STASSA Q3 2019)

	NW Jan-Mar 2017 Thous	NW Apr-Jun 2017 Thous	NW Jul-Sept 2017 Thous	NW Oct-Dec 2017 Thous	NW Jan-Mar 2018 Thous	NW Apr-Jun 2018 Thous	NW Jul-Sept 2018 Thous	NW Oct-Dec 2018 Thous	NW Jan-Mar 2019 Thous	NW Apr-Jun 2019 Thous	NW Jul-Sept 2019 Thous	NW% Share Contribution Jul-Sept 2019	NW as % of SA
Agriculture	50	54	49	47	47	43	60	62	62	61	59	6,1%	6,7%
Mining	132	132	137	128	125	147	133	130	136	122	130	13,5%	31,0%
Manufacturing	74	77	78	85	74	49	54	55	75	72	74	7,7%	4,2%
Utilities	1	5	5	5	5	11	7	10	9	6	6	0,6%	4,5%
Construction	87	84	71	90	96	94	79	87	65	70	56	5,8%	4,2%
Trade	179	197	200	206	197	190	197	179	191	161	186	19,4%	5,5%
Transport	38	31	35	36	33	34	33	32	45	38	37	3,9%	3,8%
Finance	87	99	102	111	117	100	98	94	89	93	93	9,7%	3,7%
Community and Social Services	242	210	230	218	228	231	241	237	212	227	245	25,5%	6,7%
Private House Holds	86	89	78	72	70	77	76	85	84	70	74	7,7%	5,8%
Other													0,0%
TOTAL	0	978	983	999	992	992	979	973	970	918	960	100,0%	5,9%

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
- 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.

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 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 2018/2019

Out of 140 economies South Africa ranked 67th (62nd in 2017) and had the following rankings on the indicated Index components

- Market Capitalization as a % of GDP (2) Indicates the importance of the Stock Exchange.
- Insurance premium as % of GDP (3) Indicates the importance of the insurance industry.
- Cost of starting a business as % of GNI per capita - Gross national income (GNI) (4)
- Road connectivity (5)
- Mobile-cellular telephone subscriptions per 100 pop (9)
- Domestic credit to private sector as % of GDP (11)
- Conflict of interest regulation (11)
- Labour Tax Rate % (14)
- Pillar 9: Financial System (18)
- Insolvency Regulatory Framework (24)

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 2018 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 as well as in 2018 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 ranks 53rd out of 63 countries on the 2018 IMD World Competitiveness Rankings. This is the same position it held last year and one position lower than in 2016.

According to the index report, the country's challenges in 2018 are:

- low growth and high unemployment;
- limited fiscal space and higher public debt interest payments;
- deteriorating primary and secondary education standards and educational attainment; uncertainty about pending legislation on the land reform process; and
- inefficiency and mismanagement of state-owned enterprises.

South Africa ranks last in terms of its unemployment rate; 57th for its consumer price inflation; and 51st for direct investment inflows as a percentage of gross domestic product.

An effective legal environment was listed as the country's most attractive aspect, followed by open and positive attitudes, cost competitiveness and reliable infrastructure.

A skilled workforce and competency of government were listed as the least attractive aspects of the country.

"Progress in institutional framework driven by exchange rate stability contributes to a slight increase in government efficiency (in SA). A minor reduction in crime and some measures on gender disparity also support that increase," states the survey report about South Africa.

"Positive GDP growth and an improving current account deficit suggest that South Africa may be moving out of its transition period, while the continued broad range of export partners supports stability."

Still the same top five

The top five most competitive economies in the world remain the same as in the previous year, but their order has changed.

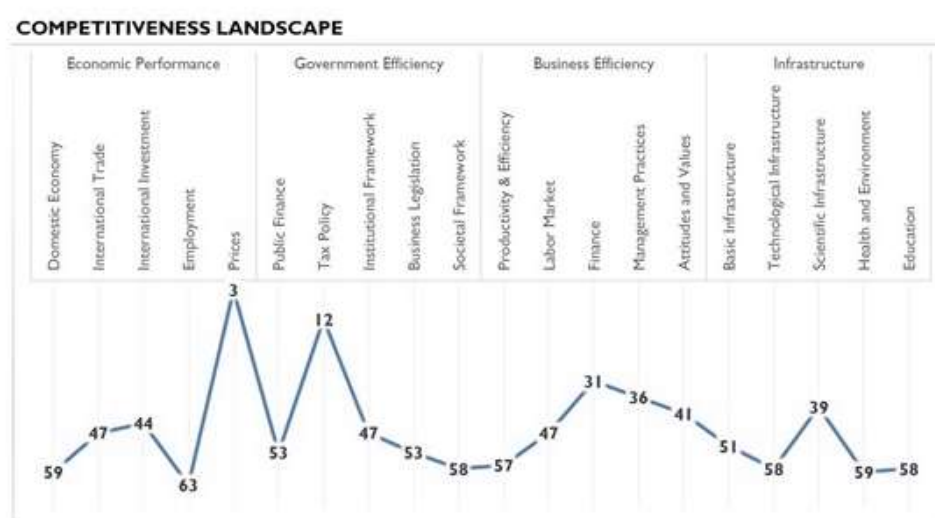
The US returns to the first spot, followed by Hong Kong, Singapore, the Netherlands and Switzerland. Austria (18th) and China (13th) considerably improved their positions by seven and five places respectively.

The bottom five economies show a slight change in their performance, especially those countries that have experienced economic and political distress in the last few years.

While Mongolia (62nd) and Venezuela (63rd) remain in the last positions, Ukraine (59th) and Brazil (60th) show improvement.

Figure 8: South Africa's Competitiveness

South Africa's competitiveness:



(Source: IMD)

"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)

DOING BUSINESS (Business Environment/Climate) (COMPARING BUSINESS REGULATIONS FOR DOMESTIC FIRMS IN 190 ECONOMIES World Bank Group Flagship Report 2019)

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.

"Sound and efficient business regulations are critical for entrepreneurship and a thriving private sector. Without them, we have no chance to end extreme poverty and boost shared prosperity around the world." (Source: Jim Yong Kim; President of the World Bank Group)

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. And the following aspects are measured to determine the Doing Business Score:

1. Starting a business
2. Dealing with construction permits
3. Getting electricity
4. Registering property
5. Getting credit
6. Protecting minority investors
7. Paying taxes
8. Trading across borders
9. Enforcing contracts
10. Resolving insolvency

Figure 9: What is measured in Doing Business:

What is measured in *Doing Business*?



Source: Doing Business database. Note: Labor market regulation is not included in the ease of doing business ranking.

Since its launch in 2003, Doing Business has inspired more than 3,500 reforms in the 10 areas of business regulation measured by the report. This year, we observed a peak in reform activity worldwide—128 economies undertook a record 314 reforms in 2017/18. Around the world, registering a business now takes an average of 20 days and costs 23% of income per capita, compared to 47 days and 76% of income per capita in 2006. Even more telling, today the average paid-in minimum capital that entrepreneurs must deposit is 6% of income per capita, compared with 145% of income per capita in 2006. The global average time to prepare, file and pay taxes has fallen from 324 hours in 2005 to 237 hours in 2017.

- Doing Business captured a record 314 regulatory reforms between June 2, 2017, and May 1, 2018. Worldwide, 128 economies introduced substantial regulatory improvements making it easier to do business in all areas measured by Doing Business.
- The economies with the most notable improvement in Doing Business 2019 are Afghanistan, Djibouti, China, Azerbaijan, India, Togo, Kenya, Côte d'Ivoire, Turkey and Rwanda.
- One-third of all business regulatory reforms recorded by Doing Business 2019 were in the economies of Sub-Saharan Africa. With a total of 107 reforms, Sub-Saharan Africa once again has a record number this year.

- The BRIC economies—Brazil, the Russian Federation, India and China—introduced a total of 21 reforms, with getting electricity and trading across borders the most common areas of improvement.
- The 10 top economies in the ease of doing business ranking share common features of regulatory efficiency and quality, including mandatory inspections during construction, automated tools used by distribution utilities to restore service during power outages, strong safeguards available to creditors in insolvency proceedings and automated specialized commercial courts.
- Training opportunities for service providers and users are positively associated with the ease of doing business score. Similarly, increased public-private communication on legislative changes and processes affecting SMEs are associated with more reforms and better performance on the Doing Business indicators.
- South Africa ranked no 82.
- Top 10 Ranked Countries:
 - 1 New Zealand
 - 2 Singapore
 - 3 Denmark
 - 4 Hong Kong SAR,
 - 5 Korea, Rep.
 - 6 Georgia
 - 7 Norway
 - 8 United States
 - 9 United Kingdom
 - 10 Macedonia.

(Source: <https://www.worldbank.org/en/news/immersive-story/2018/10/31/doing-business-2019-a-year-of-record-reforms-rising-influence>)

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 - 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 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.

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.

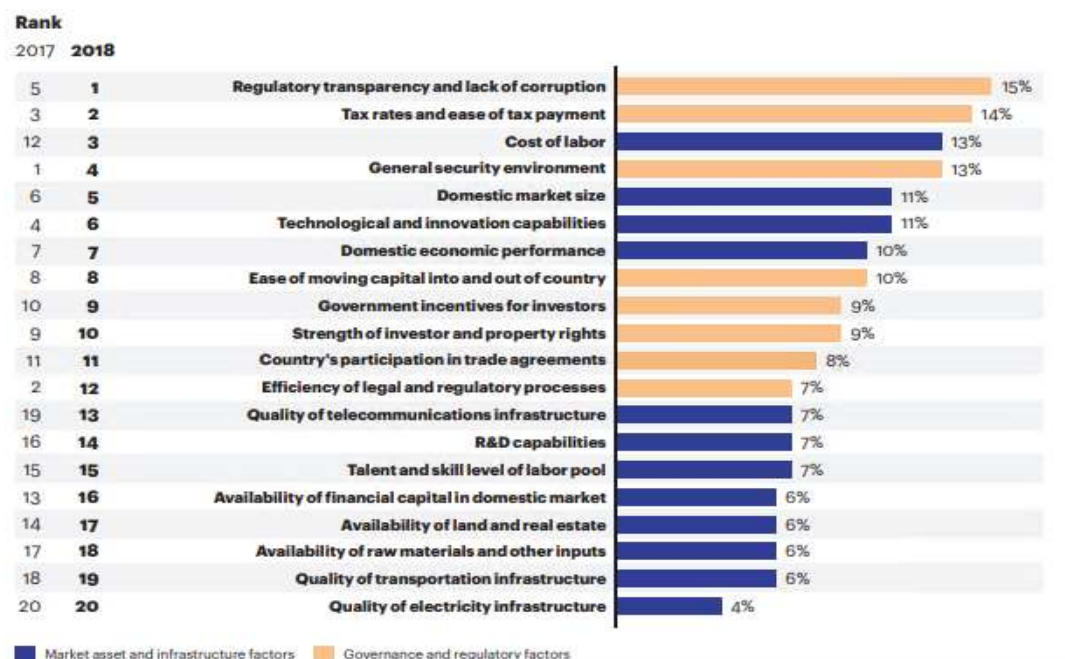
Increased geopolitical tensions topped investors' list of likely wildcards for the fourth year in a row. Investors viewed the chance of political crisis in emerging markets as higher than last year. For the second year in a row, investors are prioritising governance factors when choosing where to invest.

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 important but cost of labor made the largest jump in importance.

Figure 10: What are the most important overall factors when choosing where to make investments?



(Source: The 2018 A.T. Kearney Foreign Direct Investment Confidence Index®)

4.1 Global Investment Trends

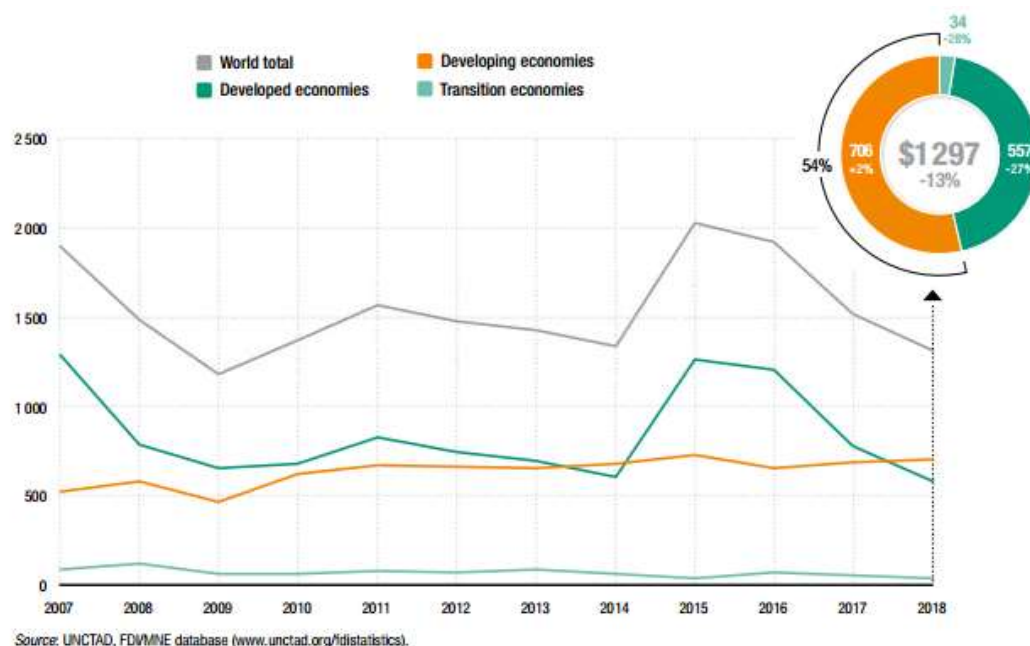
Global foreign direct investment (FDI) flows continued their slide in 2018, falling by 13 per cent to \$1.3 trillion from a revised \$1.5 trillion in 2017. The decline – the third consecutive fall in FDI – was mainly due to large repatriations of accumulated foreign earnings by United States multinational enterprises (MNEs) in the first two quarters of 2018, following tax reforms introduced at the end of 2017, and insufficient compensation from upward trends in the second half of the year.

The fall took place despite an 18 per cent rise in cross-border merger and acquisitions (M&As) (from \$694 billion in 2017 to \$816 billion in 2018). The negative trend is also in contrast to a 41 per cent jump in announced greenfield investment values (from \$698 billion to \$981 billion).

FDI flows declined sharply in developed countries and economies in transition while those to developing countries remained stable, rising by 2 per cent. As a result, developing economies accounted for a growing share of global FDI, at 54 per cent, from 46 per cent in 2017.

Repatriations of United States multinationals' foreign earnings abated in the second half of 2018. The lifting of tax liabilities on accumulated foreign earnings of United States MNEs may have contributed to the M&A boom recorded in the last quarter, limiting the global FDI decline for the year, after projections based on the first six months had estimated that annual inflows would be down by more than 40 per cent.

Figure 11: FDI Inflows: Global and by group of economies 2007-2018 (Billions of US Dollars)



The decline was concentrated in developed countries where FDI inflows fell by 40% to an estimated US\$451 billion, mainly due to large repatriations of accumulated foreign earnings by United States multinational enterprises (MNEs), following tax reforms. This caused an unprecedented 73% decline in flows to Europe to only US\$100 billion (net of large negative flows in some countries) – a value last seen in the 1990s. A decrease was also reported in the United States (-18%) to US\$226 billion.

In contrast, FDI to developing economies remained resilient, with an increase of 3% to US\$694 billion. The share of developing economies in global FDI reached 58%. Half of the top 10 host economies are developing economies.

Among developing regions, flows increased by 5% in developing Asia and 6% in Africa (although growth there was concentrated in very few countries) but declined in Latin America and the Caribbean (-4%). East and South-East Asia was the largest host region, accounting for one-third of global FDI in 2018 and almost all of the growth in FDI to developing economies. FDI to the transition economies declined by 8% to US\$44 billion.

The largely tax-reform-driven nature of the decline in global FDI is evident from the fact that investment project values increased. Cross-border merger and acquisitions (M&As) rose by 19% to US\$822 billion.

Looking ahead, a rebound is likely in 2019 but the underlying trend remains weak.

On the positive side, greenfield project announcements – an indicator of future trends – increased by 29%, albeit from relatively low levels in 2017. Also, as repatriations abated in the third quarter of 2018, developed country inflows will revert to normal levels. However, increased risks are emerging from recent downward revisions in growth forecasts, policy factors including trade tensions and uncertainty about the global policy environment for investment, and the possibility of structurally lower reinvested earnings by United States MNE.

(Source: World Investment Monitor; Jan 2019; UNCTAD)

4.2 Africa

Africa Regional Investment Trends

- In 2018, FDI flows to Africa defied the global downward trend and rose to \$46 billion, an 11 per cent increase after successive declines in 2016 and 2017.
- Reduced FDI flows to some major economies of the continent, including Nigeria, Egypt and Ethiopia, were offset by large increases in others, most significantly in South Africa.
- Growing demand for and prices of some commodities, as well as sustained non-resource-seeking investments in a few countries, were largely responsible for the higher FDI flows to the continent. However, lower than expected global economic growth, rising trade tensions and tepid economic growth in Sub-Saharan Africa limited the extent of this increase.
- MNEs from developing economies were increasingly active in Africa, although investors from developed countries remained the major players.
- FDI outflows from Africa dropped to \$10 billion, mainly due to reduced outward investment from Angola and South Africa.
- In 2019, the expected acceleration of economic growth in Africa, progress towards the implementation of the African Continental Free Trade Area Agreement and the possibility of some large announced greenfield investments materializing could result in higher FDI flows to the continent.

Inflows

Top 5 host economies



Outflows: top 5 home economies

(Billions of dollars and 2018 growth)



Figure A. Top 10 investor economies by FDI stock, 2013 and 2017 (Billions of dollars)



Source: UNCTAD World Investment Report 2019.

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 12: Investment Growth has subdued



All FDI into South Africa

South Africa recorded smaller foreign direct investment (FDI) inflows in the third quarter 2019/2020 compared with the second quarter, but portfolio investment inflows jumped after the government issued international bonds, central bank data showed on Friday.

Africa's most industrialised economy had FDI inflows of R17-billion in the third quarter from inflows of R26.3-billion in the second quarter, the South African Reserve Bank (SARB) said in its Quarterly Bulletin.

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The portfolio investment inflows were at R40.2-billion from July to the end of September from inflows of R10-billion in the prior quarter, mainly reflecting the government's issuance of international bonds of \$5-billion, the SARB said. (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 17: 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
003	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 18: 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.

- 7) Capex data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
- 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 19: 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) (Evalis)	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.

Table 20: Calculating a target for Investment in 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

Compared to 2017, North West exports increased from approximately R24 bn to approximately R88 bn representing 30,3% of the GDP of the North West province, compared to 8.9% in 2017. Imports remained at about R6 bn. R72bn of the exports where from Rustenburg and R11 bn from Madibeng.

Table 21: North West Trade Summary 2018

NORTH WEST TRADE			
<i>Source: IHS Markit; Regional eXplorer 1692 (2.6f) June 2019</i>			
	South Africa	North West Province	North West as a % of South Africa
Exports Value (ZAR):	R 1 247 225 998 764	R 87 832 783 575	7.04%

Imports Value (ZAR):	R 1 222 943 997 857	R 6 897 343 489	0.56%
North West Export Partners:	1. United Kingdom 20,1% 2. United States of America 17,9% 3. Japan 14,5% 4. Germany 11,0% 5. Hong Kong (China) 6,1% 6. Belgium 5,2% 7. China 4,5% 8. Switzerland 2,9% 9. Botswana 2,4% 10. Taiwan / Chinese Taipei 2,0%		
North West Import Partners:	1. China 32,6% 2. Germany 9,7% 3. India 7,5% 4. United States of America 6,5% 5. Botswana 6,2% 6. Namibia 5,6% 7. Turkey 3,3% 8. South Korea 2,3% 9. Taiwan / Chinese Taipei 1,9% 10. Italy 1,8%		
North West Export Products:	Mining of metal ores 74,6% Metal products, machinery and household appliances 12,0% Fuel, petroleum, chemical and rubber products 7,5% Furniture and other items NEC and recycling 2,6% Agriculture and hunting 1,1% Food, beverages and tobacco products 0,7% Electrical machinery and apparatus 0,6% Transport equipment 0,4% Other non-metallic mineral products 0,2% Textiles, clothing and leather goods 0,1%		
North West Import Products:	Metal products, machinery and household appliances 51,2% Fuel, petroleum, chemical and rubber products 13,0% Electrical machinery and apparatus 9,1% Agriculture and hunting 6,1% Food, beverages and tobacco products 6,0% Transport equipment 3,9% Electronic, sound/vision, medical & other appliances 3,7% Furniture and other items NEC and recycling 2,4% Textiles, clothing and leather goods 1,9% Other non-metallic mineral products 1,4%		

Table 22: International Trade Figures for 2018

International Trade (2018)						
	SA	North-West	BPDM	NMMDM	DRSMDM	DKKDM
Exports (R 1000)	1 247 225 999	87 832 784	84 085 706	1 552 124	677 355	1 517 598
Imports (R 1000)	1 222 943 998	6 897 343	3 521 084	217 496	408 902	2 749 861
Total Trade (R 1000)	2 470 169 997	94 730 127	87 606 790	1 769 620	1 086 258	4 267 459
Trade Balance (R 1000)	24 282 001	80 935 440	80 564 622	1 334 629	268 453	-1 232 263
Exports as % of GDP	25,6%	30,3%	55,1%	2,9%	3,2%	2,4%
Total trade as % of GDP	50,7%	32,6%	57,4%	3,3%	5,1%	6,8%

Regional share - Exports	100,0%	7,0%	6,7%	0,1%	0,1%	0,1%
Regional share - Imports	100,0%	0,6%	0,3%	0,0%	0,0%	0,2%
Regional share - Total Trade	100,0%	3,8%	3,5%	0,1%	0,0%	0,2%

Source: IHS Markit; Regional eXplorer 1692 (2.6f) June 2019

Table 23: 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 24: 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 25: 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 26: 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: 20 December 2019**


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