



Economic Data Report

Quarter 4 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: Tentative Stabilization, Sluggish Recovery?

(Source: WORLD ECONOMIC OUTLOOK (WEO) UPDATE; January 2020)

Global growth is projected to rise from an estimated 2.9 percent in 2019 to 3.3 percent in 2020 and 3.4 percent for 2021.

On the positive side, market sentiment has been boosted by tentative signs that manufacturing activity and global trade are bottoming out, a broad-based shift toward accommodative monetary policy, intermittent favorable news on US-China trade negotiations, and diminished fears of a no-deal Brexit, leading to some retreat from the risk-off environment that had set in at the time of the October WEO. However, few signs of turning points are yet visible in global macroeconomic data.

While the baseline growth projection is weaker, developments since the fall of 2019 point to a set of risks to global activity that is less tilted to the downside compared to the October 2019 WEO. These early signs of stabilization could persist and eventually reinforce the link between still resilient consumer spending and improved business spending. Additional support could come from fading idiosyncratic drags in key emerging markets coupled with the effects of monetary easing.

Downside risks, however, remain prominent, including rising geopolitical tensions, notably between the United States and Iran, intensifying social unrest, further worsening of relations between the United States and its trading partners, and deepening economic frictions between other countries. A materialization of these risks could lead to rapidly deteriorating sentiment, causing global growth to fall below the projected baseline.

Stronger multilateral cooperation and a more balanced policy mix at the national level, considering available monetary and fiscal space, are essential for strengthening economic activity and forestalling downside risks. Building financial resilience, strengthening growth potential, and enhancing inclusiveness remain overarching goals. Closer cross-border cooperation is needed in multiple areas,

to address grievances with the rules-based trading system, curb greenhouse gas emissions, and strengthen the international tax architecture.

National-level policies should provide timely demand support as needed, using both fiscal and monetary levers depending on available policy room.

Table 1. Overview of the World Economic Outlook Growth Projections World Economic Outlook Update January 2020 update (Percent change unless noted otherwise)

	Est						Projections	
	2014	2015	2016	2017	2018	2019	2020	2021
World Output	3,2	3,2	3,3	3,8	3,6	2,9	3,3	3,4
Advanced Economies	1,9	2,1	1,7	2,5	2,2	1,7	1,6	1,6
United States	2,4	2,6	1,6	2,4	2,9	2,3	2	1,7
Euro Area	0,9	2	1,9	2,5	1,9	1,2	1,3	1,4
Germany	1,6	1,5	1,9	2,5	1,5	0,5	1,1	1,4
France	0,6	1,1	1,2	2,3	1,7	1,3	1,3	1,3
Italy	-0,3	0,8	0,9	1,7	0,8	1,2	0,5	0,7
Spain	1,4	3,2	3,3	3	2,4	2,0	1,6	1,6
Japan	-	1,1	0,9	1,9	0,3	1	0,7	0,5
United Kingdom	3,1	2,2	1,9	1,8	1,3	1,3	1,4	1,5
Canada	2,5	0,9	2,3	3	1,9	1,5	1,8	1,8
Other Advanced Economies 3/	2,8	2,2	2,3	2,9	2,6	1,5	1,9	2,4
Emerging Market and Developing Economies	4,6	4,3	4,4	4,8	4,5	3,7	4,4	4,6
Emerging and Developing Asia	6,8	6,8	6,4	6,6	6,4	5,6	5,8	5,9
China	7,3	6,9	6,7	6,8	6,6	6,1	6	5,8
India 4/	7,2	8	7,1	7,2	6,8	4,8	5,8	6,5
ASEAN-5-5/	4,6	4,9	4,9	5,3	5,2	4,7	4,8	5,1
Emerging and Developing Europe	2,8	4,7	3,2	3,9	3,1	1,8	2,6	2,5
Russia	0,7	-2,8	-0,2	1,6	2,3	1,1	1,9	2
Latin America and the Caribbean	1,3	0,1	-0,7	1,2	1,1	0,1	1,6	2,3
Brazil	0,1	-3,8	-3,5	1,1	1,3	1,2	2,2	2,3
Mexico	2,2	2,6	2,9	2,1	2,1	0	1	1,6
Middle East and Central Asia	2,7	2,7	4,9	2,3	1,9	0,8	2,8	3,2
Saudi Arabia	3,6	4,1	1,7	-0,7	2,4	0,2	1,9	2,2
Sub-Saharan Africa	5,1	3,4	1,4	3	3,2	3,3	3,5	3,5
Nigeria	6,3	2,7	-1,6	0,8	1,9	2,3	2,5	2,5
South Africa	1,6	1,3	0,6	1,4	0,8	0,4	0,8	1
Memorandum								
Low-Income Developing Countries	6	4,6	3,6	4,7	5	5	5,1	5,1
World Growth Based on Market Exchange Rates	2,7	2,7	2,5	3,2	3	2,4	2,7	2,8
World Trade Volume (goods and services) 6/	3,7	2,6	2,5	5,7	3,7	1	2,9	3,7
Advanced Economies	3,6	4	2,6	4,7	3,2	1,2	2,2	3,1
Emerging Market and Developing Economies	3,9	0,3	2,3	7,5	4,6	0,4	4,2	4,7
Commodity Prices (U.S. dollars)								
Oil 7/	-7,5	-47,2	-15,7	23,3	29,4	-11,3	-4,3	-4,7
Nonfuel (average based on world commodity import weights)	-4	-17,5	-1,6	6,4	1,6	0,9	1,7	0,6
Consumer Prices								
Advanced Economies	1,4	0,3	0,8	1,7	2	1,4	1,7	1,9

Emerging Market and Developing Economies 8/	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	1,9	1,9
On Euro Deposits (three month)	0,2	0	-0,3	-0,3	-0,3	-0,4	-0,4	-0,4
On Japanese Yen Deposits (six month)	0,2	0,1	-	-	-	-	-0,1	0

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during October 14-November 11, 2019. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = World Economic Outlook.

1/ Difference based on rounded figures for the current and October 2019 World Economic Outlook forecasts. Countries whose forecasts have been updated relative to October 2019 World Economic Outlook forecasts account for 90 percent of world GDP measured at purchasing-power parity weights.

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

3/ Excludes the 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.

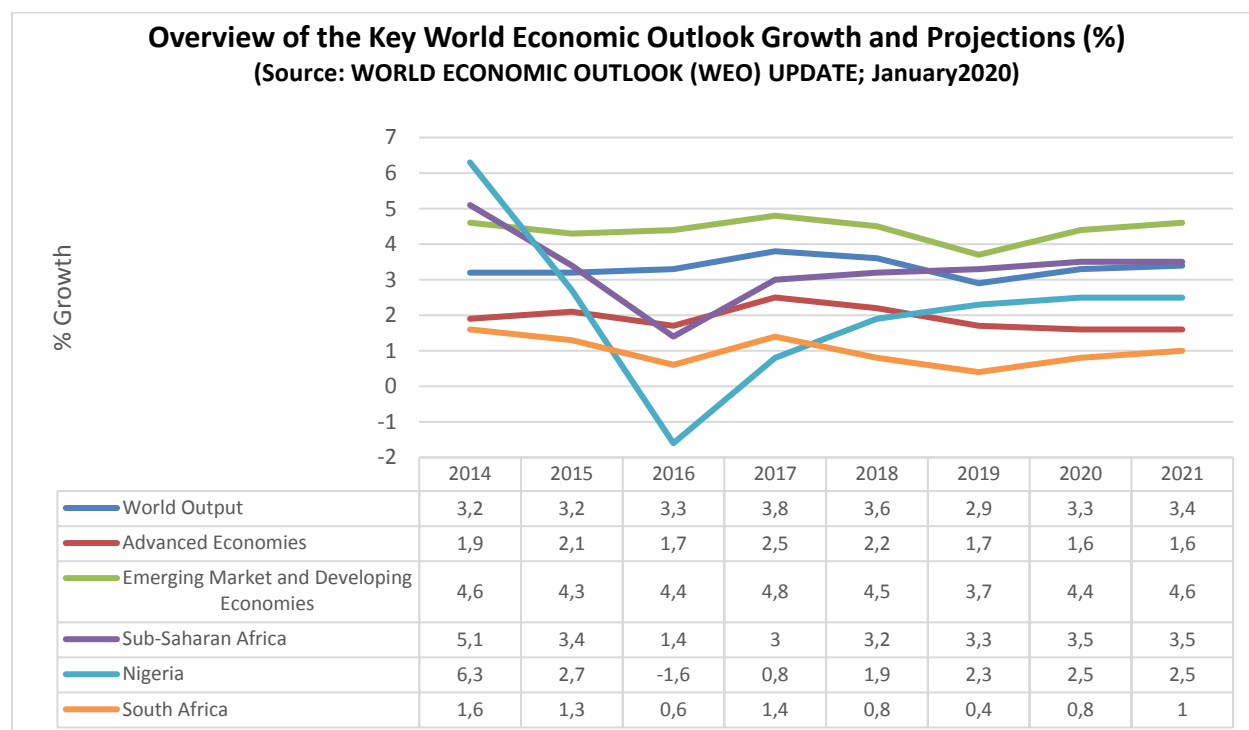
5/ Indonesia, Malaysia, Philippines, Thailand, Vietnam.

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

7/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$60.62 in 2019; the assumed price, based on futures markets (as of November 12, 2019), is \$58.03 in 2020, and \$55.31 in 2021.

8/ Excludes Venezuela.

Figure 1: Overview of the Key World Economic Outlook Growth and Projections (%)
(Source: WORLD ECONOMIC OUTLOOK (WEO) UPDATE; January 2020)



2.2 South African Economy

2.2.1 Highlights Q4 2019/2020

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

Population

The population of South Africa increased from 54 million in mid-2014 to 58.8 million in mid-2019. When comparing the population growth rate in the table below 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 and result in a poorer population.

Table 2: South African Population and Population Growth Rates

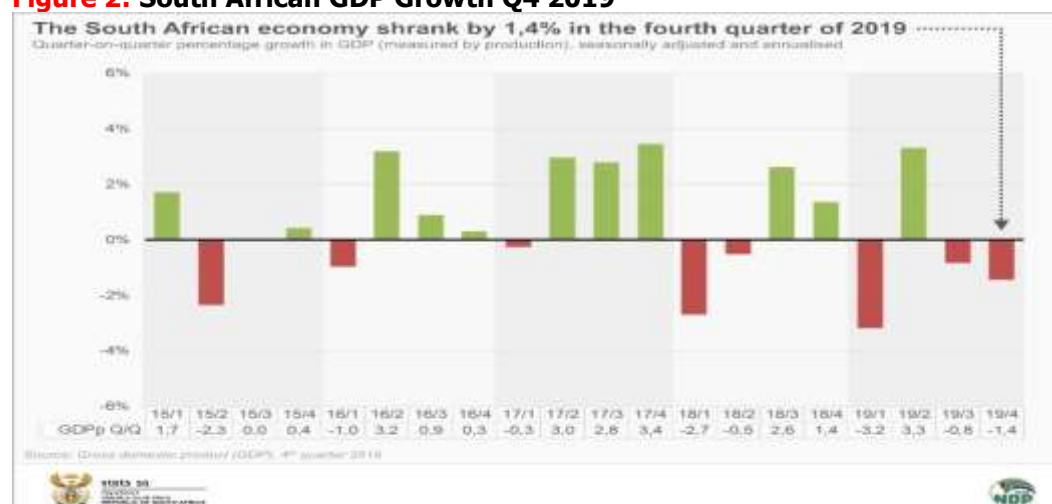
	Mid 2014	Mid 2015	Mid 2016	Mid 2017	Mid 2018	Mid 2019
SA Population (Million)	54	54,9	55,9	56,5	57,7	58,8
SA Population Growth %		1,70%	1,80%	1,10%	2,10%	1,90%
(Source: Statssa 2019)						

- 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. The proportion of elderly persons aged 60 and older is increasing over time.
- 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.
- For adults aged 15–49 years, an estimated 19,07% of the population is HIV positive.

South African Economic Growth Q4 2019/2020

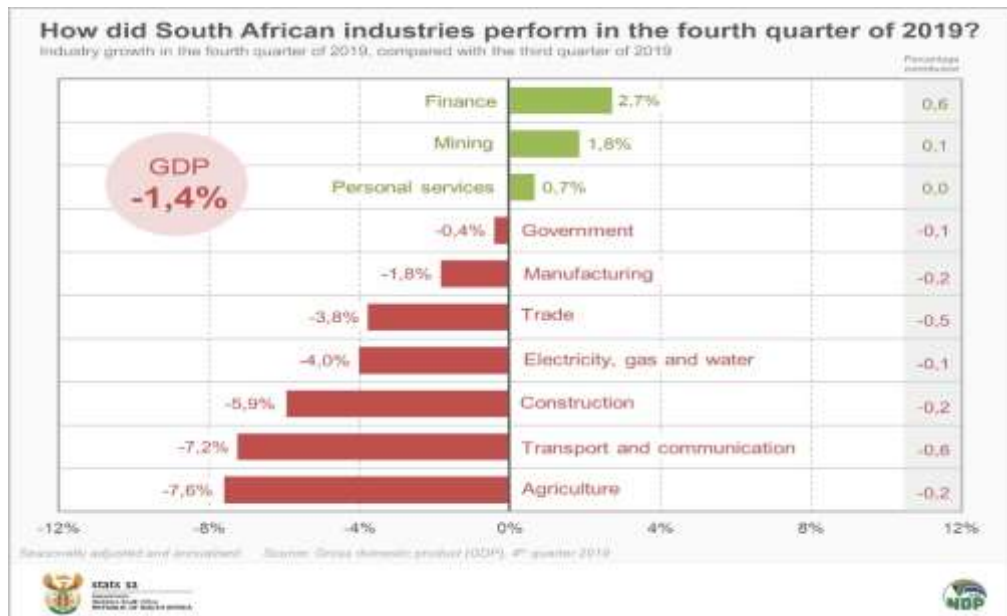
The South African economy contracted by 1,4% in the fourth quarter of 2019, following a contraction of 0,8% (revised) in the third quarter.¹ Transport and trade were the main drags on overall activity, according to the latest gross domestic product (GDP) figures.

Figure 2: South African GDP Growth Q4 2019



Seven of the ten industries contracted in the fourth quarter. Finance, mining and personal services managed to keep their heads above water, but this was not enough to prevent the economy from sliding into its third recession since 1994.

Figure 3: South African Industries Performance Q4 2019



(Source: Stassa GDP Q4 2019)

A decline in both freight and passenger transport dampened growth in the transport and communication industry, which slumped by 7,2%. The transport and communication industry contributed the most to the 1,4% fall in GDP (-0,6 of a percentage point).

Retail trade sales and restaurant trade were up in the fourth quarter, but this was insufficient to counteract the fall in motor trade, wholesale and accommodation, which dragged the trade industry lower by 3,8%. The industry was the second biggest drag on the GDP.

The country produced less motor vehicles and transport equipment in the fourth quarter, contributing to the 1,8% dip in manufacturing. Wood, paper and publishing production was also down, further hurting the industry.

Petroleum production was up, however, as a result of recovery from plant maintenance in the previous quarter, but this was not enough to lift overall manufacturing growth into positive territory.

The prize for the longest losing streak goes to construction. With its sixth consecutive quarter of economic decline, the beleaguered industry has only seen one quarter of positive growth since the beginning of 2017.

Non-residential construction fell sharply in the fourth quarter, with approvals for office space construction – in square metres – falling to its lowest point in two decades.³

Agriculture experienced its fourth consecutive quarter of negative growth, falling by 7,6%. Late rains and heatwave conditions across the country – in particular Eastern Cape and Free State – affected the production of field crops. The country also produced less horticulture products in the fourth quarter.

Ironically, as drought affected one industry, heavy rains damaged another. Flooding at some power stations and disruptions to coal deliveries caused by rain contributed to the electricity, gas and water supply industry's poor showing in the fourth quarter.

The industry didn't escape the shock of the heatwave either. Falling dam levels in various parts of the country resulted in water restrictions, reducing activity in the water supply industry.

The number of civil servants employed decreased across all levels of government, with the exception of municipalities. This dragged the industry lower by 0,4%. In particular, contracts for part-time employees came to an end across a number of higher education institutions. There were also a number of terminations and retirements across other spheres of government.

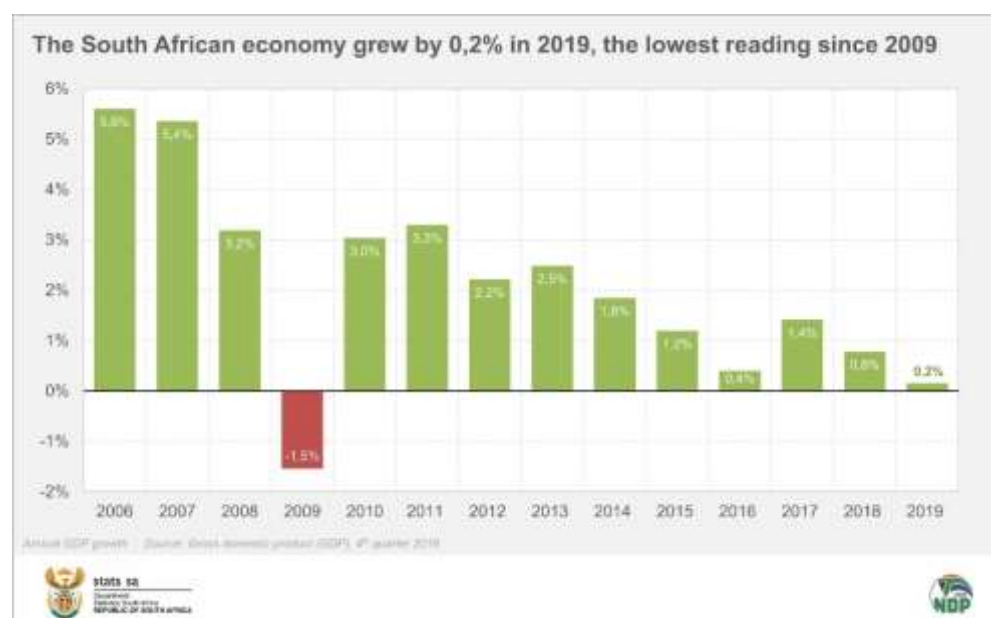
In contrast, three industries contributed positively to GDP growth in the fourth quarter. Personal services – which includes activities related to healthcare, social work, recreation and education – increased by 0,7%.

Mining growth in the fourth quarter was driven largely by platinum group metals, iron ore and gold. Coal production fell in the quarter, mainly as a result of lower demand and heavy rains affecting production. Manganese and diamonds also pulled growth lower. The growth of 1,8% contributed only 0,1 of a percentage point to the growth of the economy.

The finance industry once again posted positive growth, showing resilience against tough economic conditions. The industry, which includes banking and insurance services, has enjoyed consistent growth over the last decade. The increase of 2,7% contributed 0,6 of a percentage point to overall growth.

Growth in 2019 the lowest since the 2008–2009 global financial crisis

This quarter's GDP figures also provide an overview of the latest calendar year. The South African economy grew by 0,2% in 2019, the lowest reading since 2009 when the economy contracted by 1,5%.



Agriculture was the main drag on growth in 2019, followed by construction, mining and manufacturing. Finance and government were the main positive contributors to growth.

1 Unless otherwise indicated, all growth rates are quarter-on-quarter, seasonally adjusted and annualised, and in real (volume) terms.

2 A well-known indicator of recession is two (or more) consecutive quarters of negative growth (real GDP quarter-on-quarter). The first recession since 1994 took place from Q4: 2008 to Q2: 2009. The second took place over Q1 and Q2 of 2018.

3 This is the lowest reading for building plans passed (for office space) in a quarter since 2000 when the current data series began. This is according to data in the December 2019 Selected building statistics of the private sector as reported by local government institutions release (available here).

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 4,5% in January 2020, up from 4,0% in December 2019. The consumer price index increased by 0,3% month-on-month in January 2020.

Table 3: Historical Inflation Rates

	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%	4,0%	4,1%
2020	4,5%												

The main contributors to the 4,5% annual inflation rate were food and non-alcoholic beverages; housing and utilities; transport; and miscellaneous goods and services.

- Food and non-alcoholic beverages increased by 3,7% year-on-year, and contributed 0,6 of a percentage point to the total CPI annual rate of 4,5%.
- Housing and utilities increased by 4,7% year-on-year, and contributed 1,2 percentage points.
- Transport increased by 6,4% year-on-year, and contributed 0,9 of a percentage point.
- 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 4,9% and 4,0% respectively.

Provincial annual inflation

rates ranged from 4,0% in Eastern Cape, Free State and KwaZulu-Natal to 5,1% in Western Cape

Table 4: 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	Jan 2020 CPI
Western Cape	6,0%	4,7%	5,2%	5,8%	5,4%	4,6%	5,2%	5,4%	4,9%	4,1%	5,1%

Eastern Cape	4,3%	4,0%	4,0%	4,7%	4,9%	3,6%	3,8%	3,9%	4,0%	3,2%	4,0%
Northern Cape	3,5%	3,6%	3,8%	3,9%	4,5%	3,7%	4,2%	4,2%	4,6%	3,5%	4,4%
Free State	4,2%	3,8%	4,2%	4,4%	4,7%	4,1%	4,5%	4,4%	4,2%	3,6%	4,0%
KwaZulu-Natal	3,9%	3,2%	3,8%	4,2%	4,4%	3,6%	3,9%	4,0%	4,1%	3,4%	4,0%
North West	3,3%	2,8%	3,3%	4,0%	4,4%	3,3%	3,9%	3,8%	3,8%	3,3%	4,1%
Gauteng	4,5%	4,0%	4,5%	5,2%	5,3%	4,1%	4,2%	4,4%	4,1%	3,4%	4,4%
Mpumalanga	3,5%	3,3%	3,5%	4,0%	5,0%	3,7%	4,3%	4,4%	4,4%	3,5%	4,2%
Limpopo	3,6%	3,6%	3,6%	4,3%	4,0%	3,5%	4,4%	5,0%	4,7%	4,1%	4,7%

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 5: Average Annual CPI and PPI 2012 to 2019

	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%
Average 2019	4,1%	4,6%

Key findings for January 2020

Final manufactured goods – headline PPI

Annual producer price inflation (final manufacturing) was 4,6% in January 2020, up from 3,4% in December 2019. The producer price index increased by 0,3% month-on-month in January 2020.

The main contributors to the headline PPI annual inflation rate were coke, petroleum, chemical, rubber and plastic products; food products, beverages and tobacco products; and metals, machinery, equipment and computing equipment.

- Coke, petroleum, chemical, rubber and plastic products increased by 6,8% year-on-year and contributed 1,4 percentage points.
- Food products, beverages and tobacco products increased by 3,7% year-on-year and contributed 1,3 percentage points.
- Metals, machinery, equipment and computing equipment increased by 4,1% year-on-year and contributed 0,6 of a percentage point.

The main contributor to the headline PPI monthly increase was coke, petroleum, chemical, rubber and plastic products, which increased by 0,5% month-on-month and contributed 0,1 of a percentage point.

Intermediate manufactured goods

The annual percentage change in the PPI for intermediate manufactured goods was 0,7% in January 2020 (compared with -1,5% in December 2019).

The main contributors to the annual rate were basic and fabricated metals (1,5 percentage points) and sawmilling and wood (0,7 of a percentage point)

The main contributor to the monthly rate was recycling and manufacturing n.e.c. (0,3 of a percentage point).

Electricity and water

The annual percentage change in the PPI for electricity and water was 13,0% in January 2020 (compared with 13,8% in December 2019).

Electricity contributed 12,0 percentage points to the annual rate, and water contributed 1,1 percentage points.

Mining

The annual percentage change in the PPI for mining was 32,2% in January 2020 (compared with 24,2% in December 2019).

The main contributors to the annual rate were non-ferrous metal ores (23,8 percentage points), gold and other metal ores (4,8 percentage points) and coal and gas (3,6 percentage points).

The main contributors to the monthly rate were non-ferrous metal ores (3,9 percentage points) and gold and other metal ores (1,3 percentage points).

Agriculture, forestry and fishing

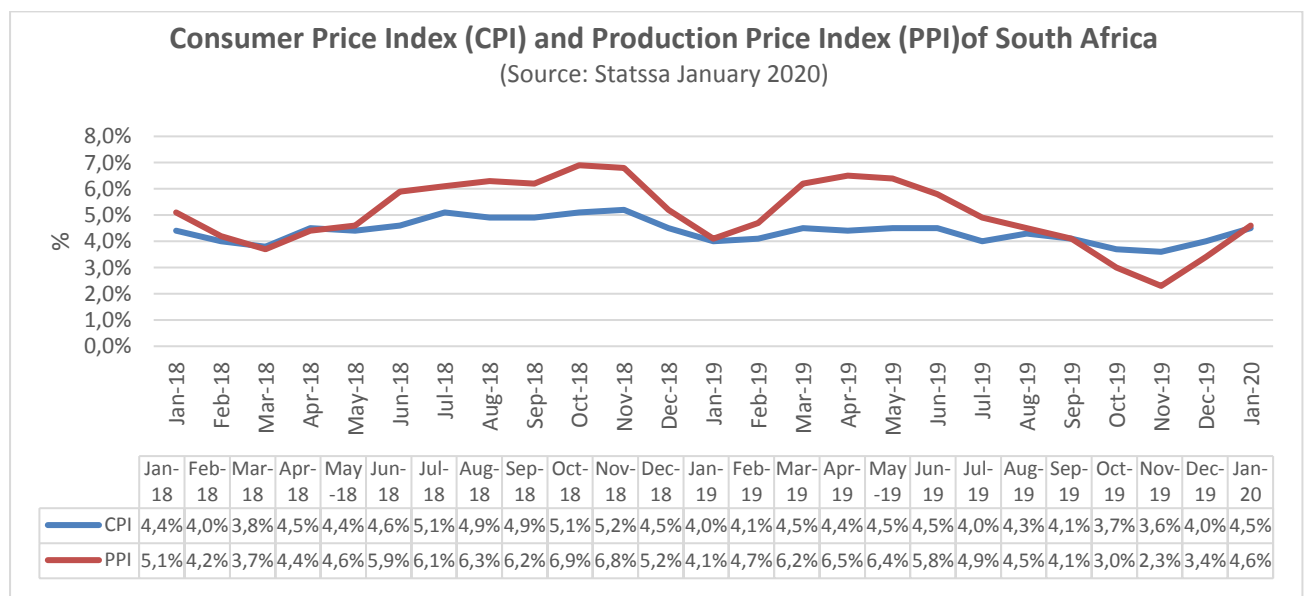
The annual percentage change in the PPI for agriculture, forestry and fishing was -0,9% in January 2020 (compared with -0,6% in December 2019).

The index decreased by 0,5% 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 (-0,5 of a percentage point).

Figure 4: South Africa's Consumer Price Index (CPI) and Production Price index (PPI) January 2018 to January 2020



Employment

Q4 2019

The working-age population increased by 145 000 or 0,4% Q on Q and 594 000 or 1,6% Y on Y.

The number of employed persons increased by 45 000 to 16,4 while the number of unemployed persons decreased by 8 000 to 6,7 million compared Q on Q, resulting in an increase of 38 000 (up by 0,2%) in the number of people in the labour force. The unemployment rate and the absorption rate remained unchanged at 29,1% and 42,4%, respectively while the labour force participation rate decreased by 0,1 of a percentage point to 59,8% in the fourth quarter of 2019 compared to the third quarter of 2019.

The largest employment increase was observed in the formal sector (117 000), followed by the Agriculture sector with 6 000 in Q4: 2019. Employment in the informal sector, on the other hand, declined by 77 000 in Q4: 2019 compared to Q3: 2019 while employment in Private households remained unchanged between the two quarters.

The number of discouraged work-seekers increased by 62 000, with the number of people who were not economically active for reasons other than discouragement increasing by 45 000 between the third and the fourth quarters of 2019, resulting in a net increase of 107 000 in the not economically active population.

Compared to a year ago, total employment decreased by 108 000, the number of unemployed persons increased by 9,6% (587 000), and the number of persons who were not economically active increased by 0,7% (115 000).

Table 6: Employment by Province

	Oct-Dec 2018	Jul-Sep 2019	Oct-Dec 2019	Qtr-to-qtr change	Year-on- year change	Qtr-to-qtr change	Year-on- year change
Province	Thousand					Per cent	
South Africa	16 529	16 375	16 420	45	-108	0,3	-0,7
Western Cape	2 520	2 494	2 518	24	-3	1,0	-0,1
Eastern Cape	1 375	1 402	1 384	-18	9	-1,3	0,7
Northern Cape	322	322	335	13	13	4,2	4,1
Free State	806	795	785	-10	-21	-1,2	-2,7
KwaZulu-Natal	2 648	2 674	2 664	-10	16	-0,4	0,6
North West	973	960	992	32	19	3,4	2,0
Gauteng	5 163	5 060	5 098	38	-65	0,7	-1,3
Mpumalanga	1 245	1 233	1 244	11	-1	0,9	-0,1
Limpopo	1 477	1 435	1 400	-35	-77	-2,5	-5,2

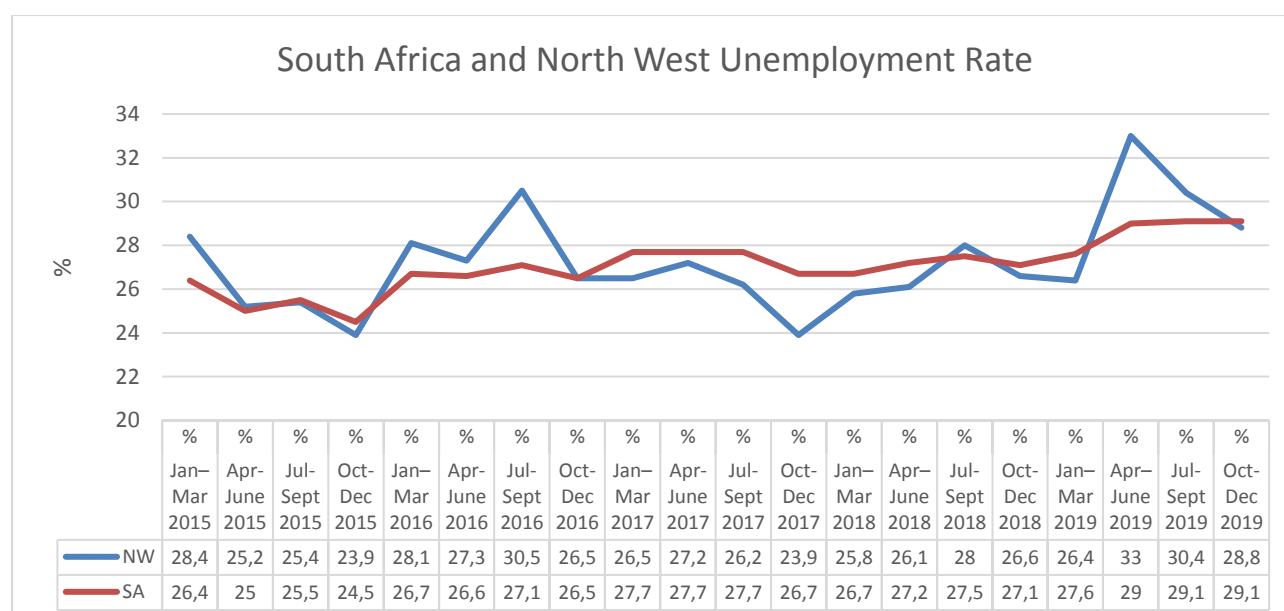
The number of employed persons increased in five of the nine provinces between Q3: 2019 and Q4: 2019. The largest employment increases were recorded in Gauteng (up by 38 000), North West (up by 32 000) and Western Cape (up by 24 000), while Limpopo and Eastern Cape recorded the largest employment losses of 35 000 and 18 000, respectively.

Compared to Q4: 2018, the largest increase in employment was recorded in **North West (up by 19 000)**, KwaZuluNatal (up by 16 000) and Northern Cape (up by 13 000). The largest decreases in the number of employed persons were recorded in Limpopo (down by 77 000), Gauteng (down by 65 000) and Free State (down by 21 000).

Table 7: Unemployment Rate by Province

	Official unemployment rate					Expanded unemployment rate				
	Oct-Dec 2018	Jul-Sep 2019	Oct-Dec 2019	Qtr-to-qtr change	Year-on-year change	Oct-Dec 2018	Jul-Sep 2019	Oct-Dec 2019	Qtr-to-qtr change	Year-on-year change
	Per cent		Percentage points			Per cent		Percentage points		
South Africa	27,1	29,1	29,1	0,0	2,0	37,0	38,5	38,7	0,2	1,7
Western Cape	19,3	21,5	20,9	-0,6	1,6	23,1	24,5	24,1	-0,4	1,0
Eastern Cape	36,1	36,5	39,5	3,0	3,4	46,8	46,5	47,7	1,2	0,9
Northern Cape	25,0	29,8	26,9	-2,9	1,9	38,6	43,0	39,2	-3,8	0,6
Free State	32,9	34,5	35,0	0,5	2,1	39,3	42,5	42,3	-0,2	3,0
KwaZulu-Natal	25,6	25,9	25,0	-0,9	-0,6	41,3	41,4	41,9	0,5	0,6
North West	26,6	30,4	28,8	-1,6	2,2	42,9	45,1	43,0	-2,1	0,1
Gauteng	29,0	31,0	30,8	-0,2	1,8	33,6	35,1	35,3	0,2	1,7
Mpumalanga	32,0	35,3	33,6	-1,7	1,6	41,1	43,9	43,8	-0,1	2,7
Limpopo	16,5	21,4	23,1	1,7	6,6	38,8	41,9	44,0	2,1	5,2

Figure 4: South Africa and North West Unemployment Rate (Source: Statssa Q4 2019)



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.

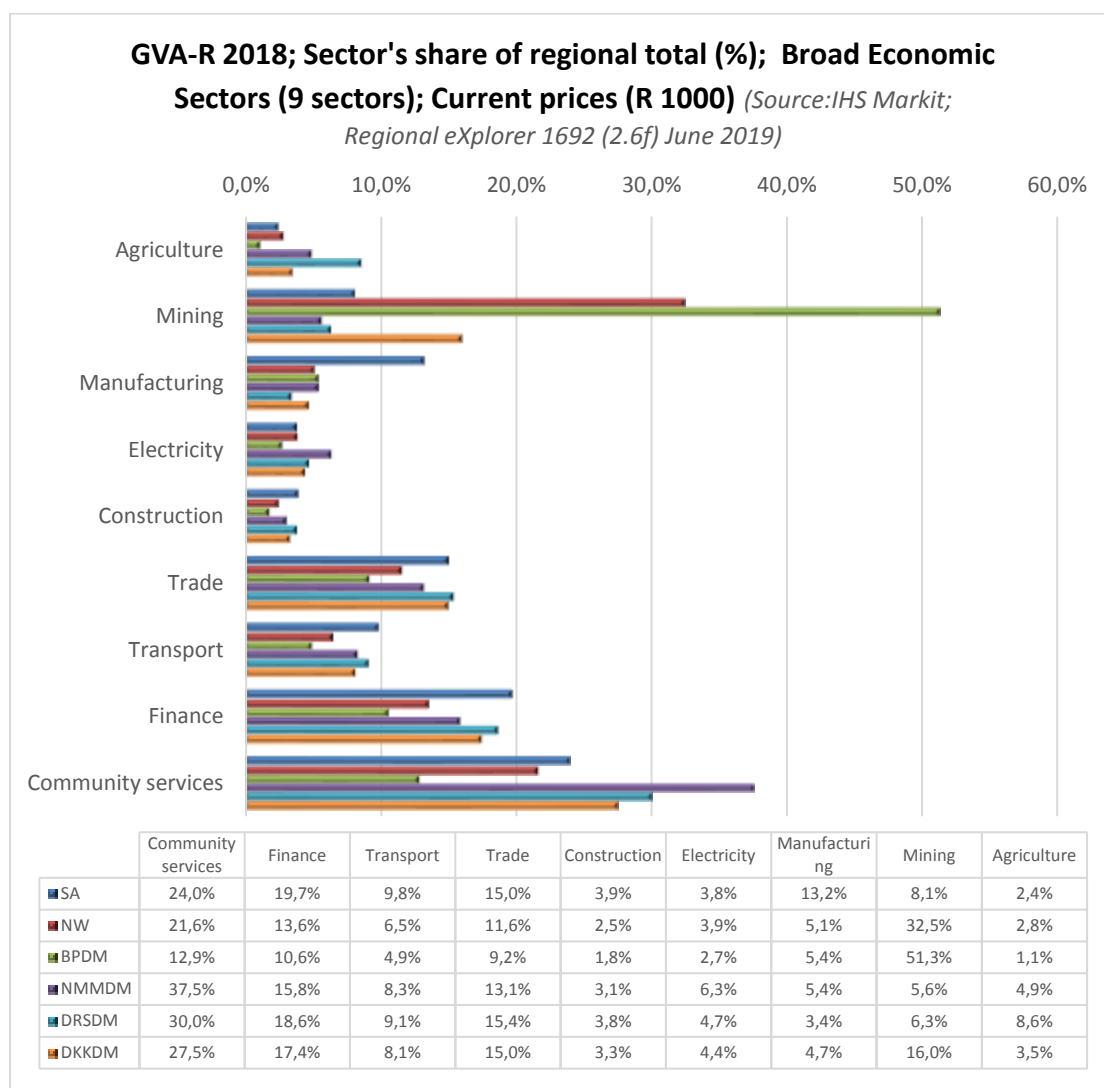
With regards to the economy, the *Tress index* provides insight into the level of concentration (or diversification) within an economic region. A Tress index value of 0 means that all economic sectors in the region contribute *equally* to GVA, whereas a Tress index of 1 means that only one economic sector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

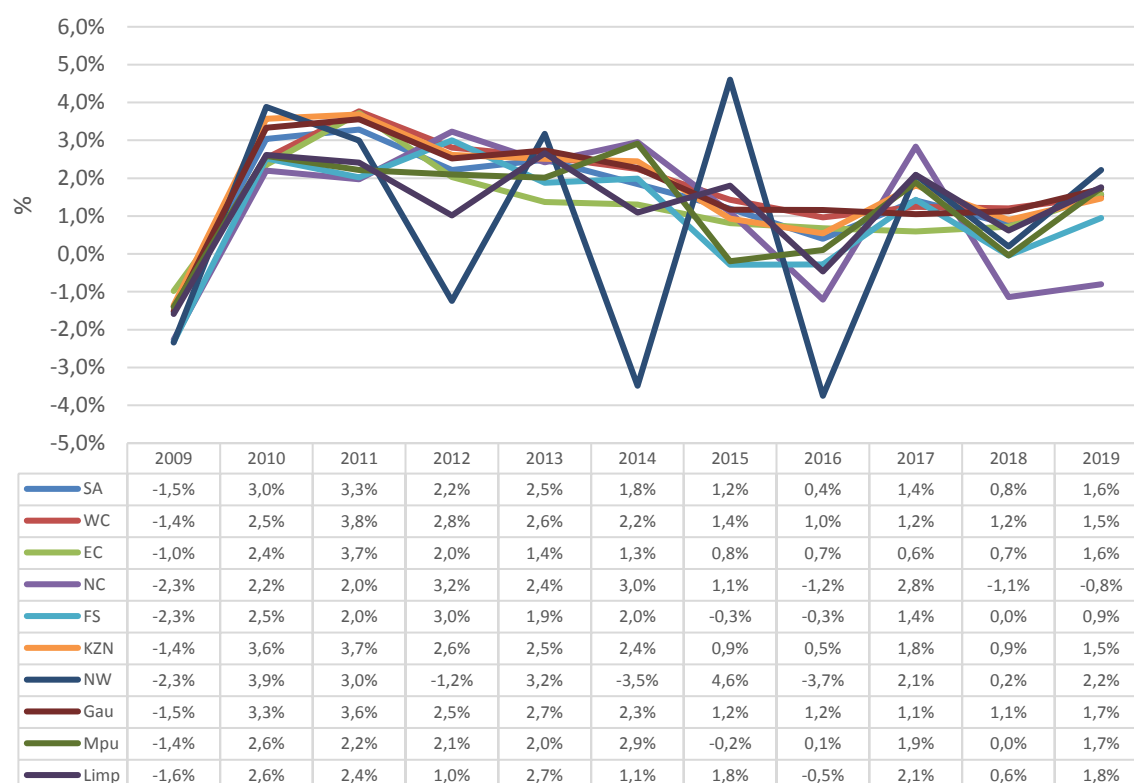
The Average Annual growth rate for the North West Province has clearly improved.

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

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.

GDP-R: SA and Provinces: Total industries; Average annual growth (%, Constant 2010 prices)

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



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

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

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

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

Employment

North West Employment Figures Compared to South Africa (Source: STASSA Q4 2019)

Table 14: North West Economically Active Employment Rate (Source: Statssa Q4 2019)

North West	Black African	Coloured	Indian/ Asian	White	Total
Male	53,9	0,7	0,5	3,1	58,3
Female	37,8	0,6	0,2	3,2	41,7
Total	91,7	1,3	0,7	6,3	100,0

Table 15: South Africa's Employment Figures January 2017 to December 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 July-Sept 2019 Thousands	SA Oct-Dec 2018 Thousands	SA % Share Contribution Oct-Dec 2019
Agriculture	875	835	810	849	847	843	842	849	837	842	880	885	5,4%
Mining	447	434	446	411	397	435	406	438	417	381	419	430	2,6%
Manufacturing	1 790	1 799	1 749	1 791	1 849	1 744	1 719	1 766	1 780	1 789	1 760	1 720	10,5%
Utilities	145	148	153	149	143	161	156	134	150	151	133	120	0,7%
Construction	1 505	1 395	1 365	1 390	1 431	1 476	1 502	1 481	1 339	1 363	1 339	1 350	8,2%
Trade	3 207	3 265	3 286	3 240	3 276	3 219	3 305	3 320	3 345	3 429	3 408	3 249	19,8%
Transport	965	954	988	1 001	960	1 014	996	965	1 025	983	975	1 011	6,2%
Finance	2 378	2 395	2 463	2 373	2 402	2 399	2 502	2 611	2 516	2 493	2 492	2 568	15,6%
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	3 792	23,1%
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	1 286	7,8%
Other	11	3	3	6	12	8	11	9	7	6	5	9	0,1%
TOTAL	16 212	16 100	16 192	16 171	16 378	16 288	16 380	16 529	16 291	16 313	16 375	16 420	100,0 %

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	Oct-Dec 2019	% Change Y on Y
	Thous	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	38 727	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	23 146	2,1
Employed	16 212	16 100	16 192	16 171	16 378	16 288	16 380	16 529	16 291	16 313	16 375	16 420	-0,7
Unemployed	6 214	6 177	6 210	5 880	5 980	6 083	6 209	6 139	6 201	6 655	6 734	6 726	9,6
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	15 581	0,7
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	2 855	0,5
Other	12 357	12 580	12 536	12 936	12 533	12 598	12 660	12 625	12 793	12 716	12 681	12 726	0,8
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	29,1	2,0
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	42,4	-0,9
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	59,8	0,4

Table 16: North West's Employment Figures January 2017 to December 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	Jul-Sept 2019	Oct-Dec 2019	% Change Y on Y
	Thous	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	2 620	1,6
Labour Force	1 328	1 343	1 332	1 313	1 338	1 323	1 360	1 325	1 318	1 370	1 380	1 393	5,2
Employed	976	978	983	999	992	977	979	973	970	918	960	992	2
Unemployed	353	365	349	314	346	346	381	352	348	452	420	401	13,9
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	1 227	-2,1
Discouraged work-seekers	254	269	294	285	296	323	300	313	339	260	275	271	-13,5
Other	919	900	897	936	911	909	906	940	931	968	955	956	1,7
Rates (%)													
Unemployment rate	26,5	27,2	26,2	23,9	25,8	26,1	28	26,6	26,4	33	30,4	28,8	2,2
Employed / population ratio (Absorption)	39	38,9	39	39,4	39	38,2	38,1	37,7	37,5	35,3	36,8	37,9	0,2
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	53,2	1,8

Table 17: North West Employment by Industry Figures Compared to South Africa
(Source: STASSA Q4 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 Oct-Dec 2019 Thous	NW% Share Contri- butio n Oct- Dec 2019	NW as % of SA
Agriculture	50	54	49	47	47	43	60	62	62	61	59	48	4,8%	5,4%
Mining	132	132	137	128	125	147	133	130	136	122	130	134	13,5%	31,2%
Manufacturing	74	77	78	85	74	49	54	55	75	72	74	70	7,1%	4,1%
Utilities	1	5	5	5	5	11	7	10	9	6	6	3	0,3%	2,5%
Construction	87	84	71	90	96	94	79	87	65	70	56	63	6,4%	4,7%
Trade	179	197	200	206	197	190	197	179	191	161	186	170	17,1%	5,2%
Transport	38	31	35	36	33	34	33	32	45	38	37	38	3,8%	3,8%
Finance	87	99	102	111	117	100	98	94	89	93	93	126	12,7%	4,9%
Community and Social Services	242	210	230	218	228	231	241	237	212	227	245	267	26,9%	7,0%
Private House Holds	86	89	78	72	70	77	76	85	84	70	74	75	7,6%	5,8%
Other														0,0%
TOTAL	0	978	983	999	992	992	979	973	970	918	960	992	100,%	6,0%

2.3.2 North West Location and Infrastructure

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

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

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

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

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

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

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

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

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

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

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

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

2.3.3 North West Policy Guidelines

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

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

Key economic sectors include:

- Agriculture and agro-processing
- 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.

According to the GCI data, South Africa now ranks number 1 out of 141 nations for budget transparency, a significant ranking that is an illustration of the robust and transparent political governance system. This is also supported by the Open Budget Index, where South Africa ranks number 2 out of 103 nations. South Africa's ranking on judicial independence also improves markedly with fifteen positions since 2018 and currently stands at 33 out of 141 nations.

South Africa's over-all performance in the 2019 GCI is specifically driven by improvements in Institutions, Health, and the Product Market.

While there are notable improvements, it is also important to note that there are several indicators which show negative movement that calls for urgent interventions, especially in the era of 4IR and where SMMEs are prioritised to grow the economy, including:

- The skillset of graduates declines from 85 to 102 out of 141 (17 positions);
- Ease of hiring foreign labour declines from 102 to 123 out of 141 (21 positions);
- Attitudes towards entrepreneurial risk declines from 38 to 46 out of 141 (8 positions)
- Financing for SMEs declines from 72 to 96 out of 141 (25 positions)

Top 10 Positive Rankings for South Africa as per the WEF Global Competitiveness Rankings 2019/2020

Out of 140 economies South Africa ranked 60th in 2019, 67th in 2018 and 62nd in 2017 and had the following rankings on the indicated Index components

- Budget Transparency (1) Indicates the checks and balances in institutions.
- Credit Gap % (1) Indicates the stability of the financial system.
- Market capitalisation as % of GDP (2)
- Insurance premium volume to GDP (3)
- Cost of starting a business% of GNI per capita (4)
- Road connectivity(7)
- Mobile-cellular telephone subscriptions per 100 pop (10)
- Domestic credit to private sector as %of GDP (10)
- Conflict of interest regulation (12)
- Labour Tax Rate % (13)

- Energy efficiency regulation (15)
- Checks and balances of institutions (16)

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 2019 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 56 in 2019 from 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. Productivity SA is the information partner for the IMD in South Africa.

South Africa's global competitiveness ranking has undergone a significant drop with Real GDP growth per capita recording negative growth. This is a significant drop from 2018 global competitiveness whereby South Africa registered a Real GDP growth per capita of 0.22. For 2019 global competitiveness ranking, South Africa's Real GDP growth per capita fell to -1.31. Real GDP growth per capita is "income per person or average income" and it serves as a measure of a nation's prosperity.

South Africa also experienced a dip in its Infrastructure ranking especially Health and Higher Education who recorded a sizeable drop and are both ranked 60. This is according to the latest Institute of Management Development (IMD)'s World Competitiveness Yearbook (WCY). In the global competitiveness rankings released by the Institute for Management Development (IMD) World Competitiveness Yearbook (WCY) of 2019, South Africa also experienced a nervy drop in its overall competitiveness with the country dropping from a ranking of 53 out of the 63 countries in 2018 surveyed by the IMD to 56 out of 63 in 2019.

South Africa dropped three places from its previous ranking (2018) in the World Competitiveness Yearbook with major challenges for 2019 cited as:

- High and increasing unemployment, especially youth unemployment.
- Low economic growth and falling contributions of primary and secondary sectors.
- Uncertainty surrounding the impending land reform programme.
- Failure of state-owned enterprises and uncovering of corruption.
- Ongoing electricity problems and adverse rolling load shedding and blackouts.

However it is not all doom and gloom for the overall performance of the South African economy with improvements in the sub sectors; Adaptability of government policy and Use of big data and analytics. Competitiveness of a country is a multi-pronged phenomenon that include the performance of the economy, the state of infrastructure as well as the efficiency of government and business, which enable a country to facilitate an environment in which enterprises can generate sustainable value. As a result, a holistic approach to competitiveness is essential for the long term health of economies to enable enterprises to achieve sustainable growth, generate employment and, ultimately, enhance the prosperity of citizens".

In the 2019 results, South Africa performed as follows:

- Economic performance remained stagnant with a rating of 59 in 2018 and 59 in 2019.
- Government efficiency's performance dropped a notch from 49 in 2018 to 50 in 2019.
- Business efficiency's performance moved up from 46 in 2018 to 44 in 2019.
- Infrastructure has recorded a major drop from 56 in 2018 to 60 in 2019.

At the top of the competitiveness rankings, Singapore toppled United States as world's most competitive economy. Singapore jumped from 3rd position in 2018 to be ranked the most competitive economy in 2019 dropping USA to 3rd position. The top five competitive countries in the world are:

1. Singapore 1 (from 3 in 2018)
2. Hong Kong 2 (from 2 2018)
3. USA 3 (from 1 in 2018)
4. Switzerland 4 (from 5 in 2018)
5. UAE 5 (from 7 in 2018)

United Arab Emirates (UAE) enters top five for the first time. Global factors that influenced competitiveness include political and economic uncertainty.

**DOING BUSINESS (Business Environment/Climate)
(COMPARING BUSINESS REGULATIONS FOR DOMESTIC FIRMS IN 190 ECONOMIES
World Bank Group Flagship Report 2020)**

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*?



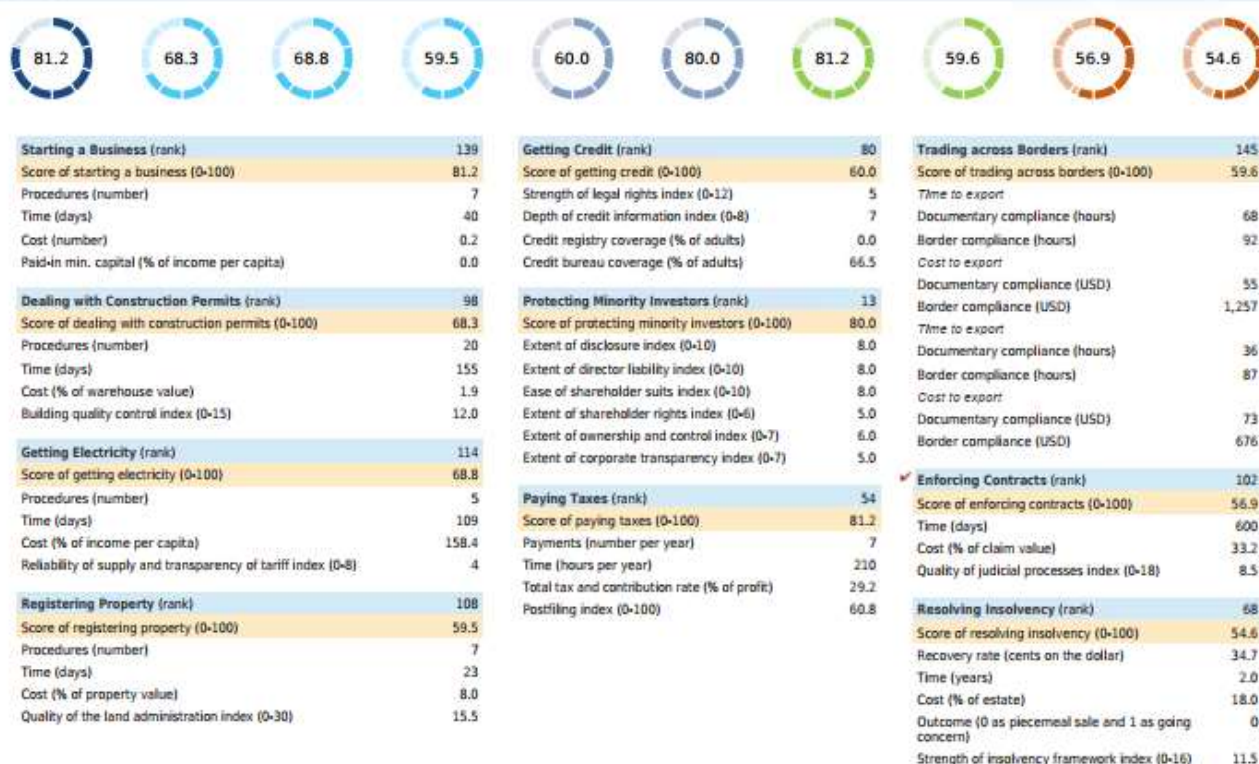
Source: *Doing Business* database. Note: Labor market regulation is not included in the ease of doing business ranking.

<p>Ease of Doing Business in South Africa</p> 	Region	Sub-Saharan Africa	DB RANK	DB SCORE
	Income Category	Upper middle income	84	67.0
	Population	57,779,622		
	City Covered	Johannesburg		

Rankings on Doing Business topics - South Africa



Topic Scores



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.

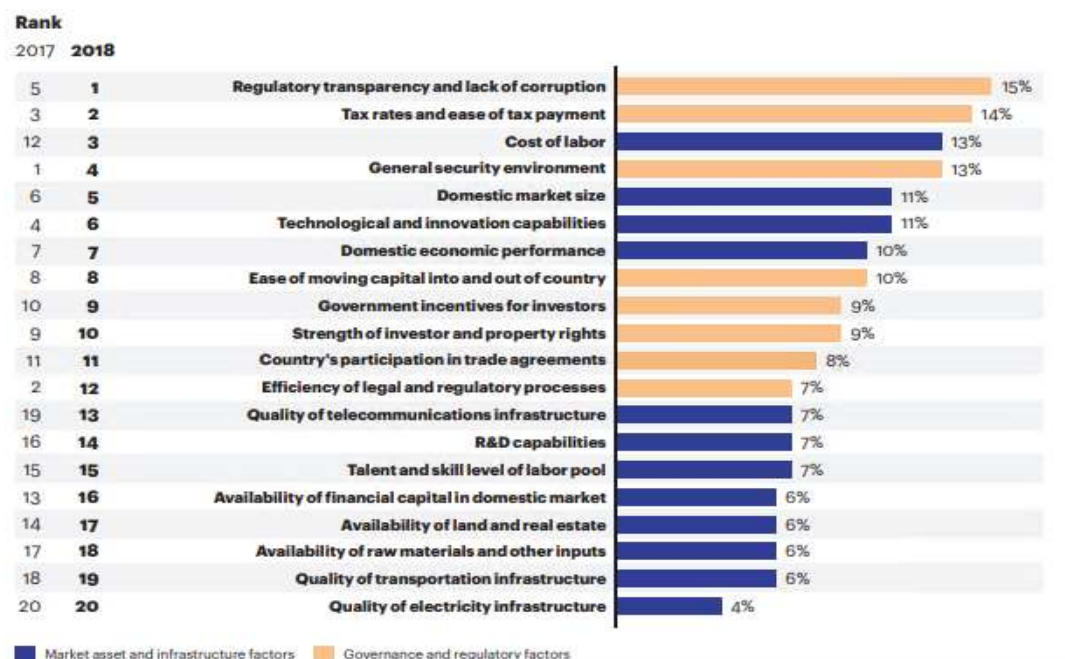
Increased geopolitical tensions topped investors' list of likely wildcards for the fourth year in a row. Investors viewed the chance of political crisis in emerging markets as higher than last year. For the second year in a row, investors are prioritising governance factors when choosing where to invest.

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

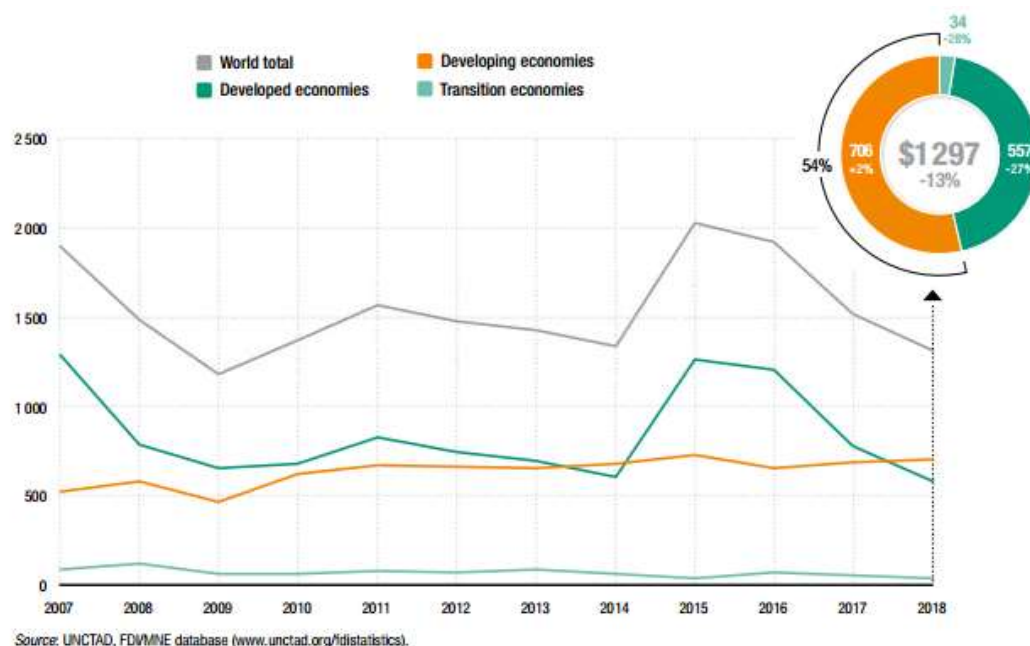
Global foreign direct investment (FDI) flows continued their slide in 2018, falling by 13 per cent to \$1.3 trillion from a revised \$1.5 trillion in 2017. The decline – the third consecutive fall in FDI – was mainly due to large repatriations of accumulated foreign earnings by United States multinational 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 a Report compiled based on information from FDI Markets.com from the Source: fDi Intelligence from The Financial Times Ltd,, that examines foreign direct investment (FDI) trends by all companies from 53 source countries investing in South Africa in ten activities between January 2003 and February 2020.

The report includes estimated values on capital investment and the number of jobs created in cases where information was not available at project announcement.

Retail and inter-state projects are excluded from this report

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.

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 192 projects, or 9.8% 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 21,683 jobs were created and ZAR 183.02bn capital was invested by these projects, equating to a 9% and 12.3% of total jobs and capital investment respectively.

Key investors account for more than one-quarter of projects.

The top 10% of investors have created a total of 525 projects, 27% of the total projects. These investors have created a combined total of 82,285 jobs, which equates to more than one-third of the overall total. The combined capital investment from these companies reached ZAR 584.14bn, equating to almost two-fifths of the total for all companies.

Software & IT services is top sector with more than one-eighth of projects.

Out of a total of 37 sectors, Software & IT services accounted for 13.8% of projects. Project volume in this sector peaked during 2011, with 31 projects tracked. Total jobs creation and capital investment in this sector was 11,645 jobs and ZAR 52.56bn respectively.

Largest projects originate in China

With an average project size of ZAR 2.06bn, projects originating in China are approximately two and a half times larger than the average across all source countries. Ranked fifth in overall projects recorded with 88 in total, China created a total of 24,714 jobs and ZAR 180.86bn capital investment.

Top five destinations attract the majority of projects.

Out of a total of 84 destination cities, the top five account for the majority of projects. Johannesburg is the top destination city accounting for one-third of projects tracked. Total investment into Johannesburg resulted in the creation of 35,518 jobs and ZAR 293.18bn capital investment, equating to an average of 54 jobs and ZAR 453.14m investment per project.

Between January 2003 and February 2020 a total of 1,961 FDI projects were recorded. These projects represent a total capital investment of ZAR 1,488.76bn, which is an average investment of ZAR 759.54m per project. During the period, a total of 241,189 jobs were created.

The largest number of projects was announced in 2011, with 192 projects that year. Average capital investment peaked in 2014, while average job creation peaked in 2005.

Table 18: FDI Projects recorded for South Africa between January 2003 and February 2020

South Africa Aggregate Annual Figures Headline FDI trends by year

Year	Number of projects	% growth per annum	Jobs created		Capital investment	
			Total	Average	Total (ZAR m)	Average (ZAR m)
2020	11	n/a	401	36	6,818.63	620.01
2019	123	20.6	9,910	80	58,533.73	476.15
2018	102	1	11,529	113	68,436.56	670.35
2017	101	n/a	6,133	60	50,759.92	502.05
2016	108	n/a	15,015	139	105,455.65	976.76
2015	131	n/a	11,265	85	73,859.81	563.90
2014	135	n/a	13,267	98	173,754.11	1,287.48
2013	167	n/a	16,523	98	106,651.07	638.71
2012	183	n/a	15,683	85	88,148.72	481.91
2011	192	60	21,683	112	183,016.80	953.74
2010	120	n/a	19,520	162	85,136.44	709.19
2009	126	n/a	16,773	133	79,818.20	632.95
2008	132	109.5	23,080	174	153,885.16	1,165.21
2007	63	n/a	7,190	114	53,429.83	848.73
2006	92	50.8	11,670	126	55,081.26	598.43
2005	61	17.3	16,798	275	42,558.87	697.69
2004	52	n/a	7,994	153	51,375.61	988.27
2003	62	n/a	16,755	270	52,038.77	838.66
Total	1,961	n/a	241,189	122	1,488,759.11	759.54

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 19: 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 20: 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).

Table 21: Data of 5 FDI Investment companies into Brits in the North West province between 2006 and Feb 2020

	Project date	Investing company	Website	Source country	Sector	Cluster	Activity	Jobs	Capital investment
1	Oct-19	Bridgestone	www.bridgestone.com	Japan	Rubber	Transport Equipment	Manufacturing	151	R 380 778 513,50
2	Oct-16	Neovia (InVivo) (Evalis)	www.invivo-group.com	France	Food & Beverages	Agribusiness	Logistics, Distribution & Transportation	159	R 388 402 715,00
3	Apr-14	Syngenta	www.syngenta.com	Switzerland	Food & Beverages	Agribusiness	Research & Development	42	R 169 746 371,70
4	Jul-07	Eastern Platinum (Eastplats)	www.eastplats.com	Canada	Metals	Physical Sciences	Manufacturing	223	R 1 104 789 945,00
5	Nov-06	Robert Bosch	www.bosch.com	Germany	Automotive components	Transport Equipment	Manufacturing	183	R 186 864 861,80

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 22: 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:	<ol style="list-style-type: none"> 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:	<ol style="list-style-type: none"> 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:	<p>Mining of metal ores 74,6%</p> <p>Metal products, machinery and household appliances 12,0%</p> <p>Fuel, petroleum, chemical and rubber products 7,5%</p> <p>Furniture and other items NEC and recycling 2,6%</p> <p>Agriculture and hunting 1,1%</p> <p>Food, beverages and tobacco products 0,7%</p> <p>Electrical machinery and apparatus 0,6%</p> <p>Transport equipment 0,4%</p> <p>Other non-metallic mineral products 0,2%</p> <p>Textiles, clothing and leather goods 0,1%</p>		
North West Import Products:	<p>Metal products, machinery and household appliances 51,2%</p> <p>Fuel, petroleum, chemical and rubber products 13,0%</p> <p>Electrical machinery and apparatus 9,1%</p> <p>Agriculture and hunting 6,1%</p> <p>Food, beverages and tobacco products 6,0%</p> <p>Transport equipment 3,9%</p> <p>Electronic, sound/vision, medical & other appliances 3,7%</p> <p>Furniture and other items NEC and recycling 2,4%</p> <p>Textiles, clothing and leather goods 1,9%</p> <p>Other non-metallic mineral products 1,4%</p>		

Table 23: 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 24: 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 25: 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 26: 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 27: 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:

- Covid-19 is currently the major issue and after the President of South Africa has announced a State of Emergency on 23 March 2020. All Ministries indicated their specific interventions that will be launched during this very trying period.
- The major focus of NWDC should be to support its Property and SMME Divisions.
- Develop SMMEs and assist them to access Emergency Funding. Please see details on NWDC web page at www.nwdc.co.za ;
- The Department of Small Business Development has introduced three intervention measures to support SMMEs affected by the COVID-19 pandemic. These are the Business Growth and Resilience Facility, SMME Relief Finance Scheme and Sefa-Debt Restructuring Facility.
- Attract Investment to the Platinum SEZ;
- 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;
- Actively seek for opportunities to benefit from the BRICS Fund;
- Seek for investment broader than the BRICS economies;
- Develop and diversify the manufacturing sector;
- Identify leakages in the current manufacturing value chains to attract investment as well as investigate global value chains as the new trend;
- Utilise localisation strategies and products identified for local procurement by Eskom and Transnet to link to local suppliers and SMMEs that can benefit from the infrastructure development programmes;
- Increase agricultural activity and agro-processing;
- Contribute to rural development programmes;
- Utilise co-operatives to stimulate these economies;
- Utilise ICT for communication and training purposes;
- Include designated groups, youth, women and disabled as beneficiaries of projects;
- The unemployed graduates database and other databases can be consulted for possible beneficiaries;
- Skilling in line with provincial plans is very important and closer co-operation should be encouraged between tertiary institutions and project drivers to be able to develop appropriate skills.

Report Submitted By

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