



# **Economic Data Report**

**Quarter 4 of 2020/2021**

*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: Policy Support and Vaccines Expected to Lift Activity**

(Source: WORLD ECONOMIC OUTLOOK (WEO) UPDATE; January 2021)

Although recent vaccine approvals have raised hopes of a turnaround in the pandemic later this year, renewed waves and new variants of the virus pose concerns for the outlook. Amid exceptional uncertainty, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. The 2021 forecast is revised up 0.3 percentage point relative to the previous forecast, reflecting expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies.

- The projected growth recovery this year follows a severe collapse in 2020 that has had acute adverse impacts on women, youth, the poor, the informally employed, and those who work in contact-intensive sectors. The global growth contraction for 2020 is estimated at -3.5 percent, 0.9 percentage point higher than projected in the previous forecast (reflecting stronger-than-expected momentum in the second half of 2020).
- The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spillovers, and structural characteristics entering the crisis.
- Policy actions should ensure effective support until the recovery is firmly underway, with an emphasis on advancing key imperatives of raising potential output, ensuring participatory growth that benefits all, and accelerating the transition to lower carbon dependence. As noted in the October 2020 World Economic Outlook (WEO), a green investment push coupled with initially moderate but steadily rising carbon prices would yield needed emissions reductions while supporting the recovery from the pandemic recession.
- Strong multilateral cooperation is required to bring the pandemic under control everywhere. Such efforts include bolstering funding for the COVAX facility to accelerate access to vaccines for all countries, ensuring universal distribution of vaccines, and facilitating access to therapeutics at affordable prices for all. Many countries, particularly low-income developing economies, entered the crisis with high debt that is set to rise further during the pandemic. The global community

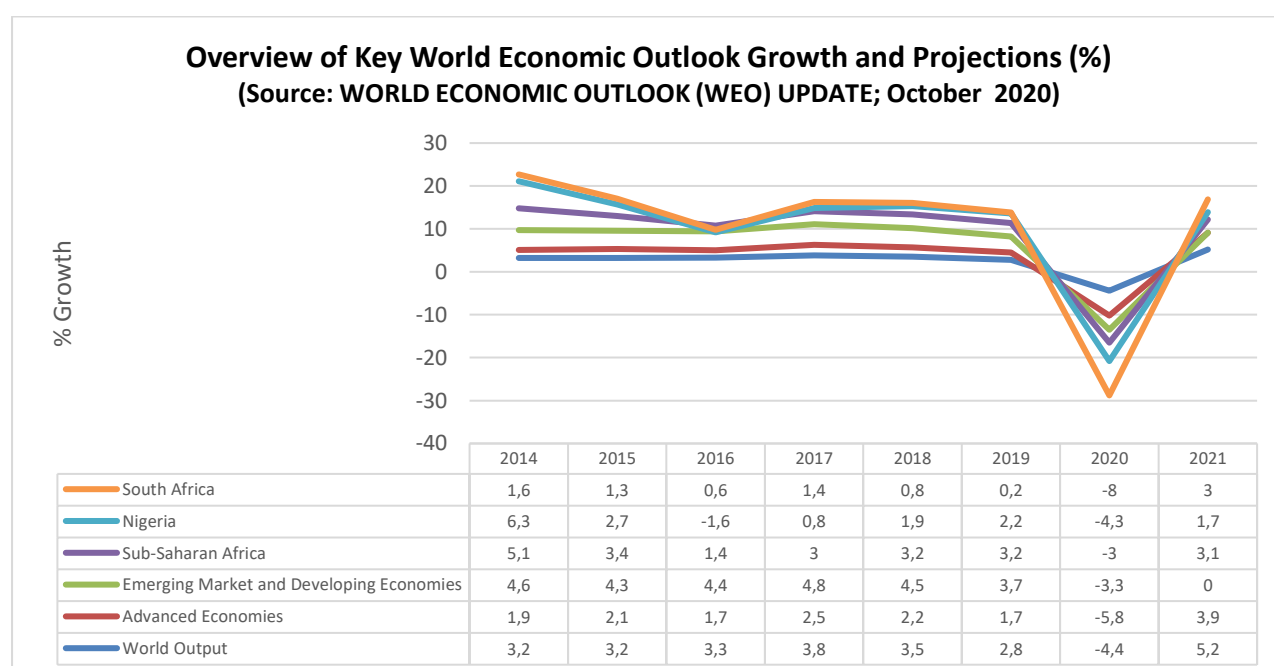
will need to continue working closely to ensure adequate access to international liquidity for these countries. Where sovereign debt is unsustainable, eligible countries should work with creditors to restructure their debt under the Common Framework agreed by the G20.

**Table 1. Overview of the World Economic Outlook Growth Projections World Economic Outlook Update January 2021**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>World Output</b>	<b>3,2</b>	<b>3,2</b>	<b>3,3</b>	<b>3,8</b>	<b>3,5</b>	<b>2,8</b>	<b>3,3</b>	<b>3,4</b>	<b>-4,4</b>
<b>Advanced Economies</b>	<b>1,9</b>	<b>2,1</b>	<b>1,7</b>	<b>2,5</b>	<b>2,2</b>	<b>1,7</b>	<b>1,6</b>	<b>1,6</b>	<b>-5,8</b>
United States	2,4	2,6	1,6	2,4	3	2,2	2	1,7	-4,3
Euro Area	0,9	2	1,9	2,5	1,9	1,3	1,3	1,4	-8,3
Germany	1,6	1,5	1,9	2,5	1,3	0,6	1,1	1,4	-6
France	0,6	1,1	1,2	2,3	1,8	1,5	1,3	1,3	-9,8
Italy	-0,3	0,8	0,9	1,7	0,8	0,3	0,5	0,7	-10,6
Spain	1,4	3,2	3,3	3	2,4	2	1,6	1,6	-12,8
Japan	-	1,1	0,9	1,9	0,3	0,7	0,7	0,5	-5,3
United Kingdom	3,1	2,2	1,9	1,8	1,3	1,5	1,4	1,5	-9,8
Canada	2,5	0,9	2,3	3	2	1,7	1,8	1,8	-7,1
<b>Other Advanced Economies 3/</b>	<b>2,8</b>	<b>2,2</b>	<b>2,3</b>	<b>2,9</b>	<b>2,7</b>	<b>1,7</b>	<b>1,9</b>	<b>2,4</b>	<b>-3,8</b>
<b>Emerging Market and Developing Economies</b>	<b>4,6</b>	<b>4,3</b>	<b>4,4</b>	<b>4,8</b>	<b>4,5</b>	<b>3,7</b>	<b>4,4</b>	<b>4,6</b>	<b>-3,3</b>
Emerging and Developing Asia	6,8	6,8	6,4	6,6	6,3	5,5	5,8	5,9	-1,7
China	3,2	3,2	3,3	3,8	3,5	2,8	-3,5	5,5	4,2
India 4/	1,9	2,1	1,7	2,5	2,2	1,6	-4,9	4,3	3,1
ASEAN-5-5/	2,4	2,6	1,6	2,4	3	2,2	-3,4	5,1	2,5
<b>Emerging and Developing Europe</b>	<b>0,9</b>	<b>2</b>	<b>1,9</b>	<b>2,5</b>	<b>1,9</b>	<b>1,3</b>	<b>-7,2</b>	<b>4,2</b>	<b>3,6</b>
Russia	1,6	1,5	1,9	2,5	1,3	0,6	-5,4	3,5	3,1
Latin America and the Caribbean	0,6	1,1	1,2	2,3	1,8	1,5	-9	5,5	4,1
Brazil	-0,3	0,8	0,9	1,7	0,8	0,3	-9,2	3	3,6
Mexico	1,4	3,2	3,3	3	2,4	2	-11,1	5,9	4,7
Middle East and Central Asia	-	1,1	0,9	1,9	0,3	0,3	-5,1	3,1	2,4
Saudi Arabia	3,1	2,2	1,9	1,8	1,3	1,4	-10	4,5	5
<b>Sub-Saharan Africa</b>	<b>2,5</b>	<b>0,9</b>	<b>2,3</b>	<b>3</b>	<b>2</b>	<b>1,9</b>	<b>-5,5</b>	<b>3,6</b>	<b>4,1</b>
Nigeria	2,8	2,2	2,3	2,9	2,7	1,8	-2,5	3,6	3,1
South Africa	4,6	4,3	4,4	4,8	4,5	3,6	-2,4	6,3	5
Memorandum	6,8	6,8	6,4	6,6	6,3	5,4	-1,1	8,3	5,9
Low-Income Developing Countries	7,3	6,9	6,7	6,8	6,7	6	2,3	8,1	5,6
World Growth Based on Market Exchange Rates	7,2	8	7,1	7,2	6,1	4,2	-8	11,5	6,8
<b>World Trade Volume (goods and services) 6/</b>	<b>4,6</b>	<b>4,9</b>	<b>4,9</b>	<b>5,3</b>	<b>5,3</b>	<b>4,9</b>	<b>-3,7</b>	<b>5,2</b>	<b>6</b>
Advanced Economies	2,8	4,7	3,2	3,9	3,3	2,2	-2,8	4	3,9
Emerging Market and Developing Economies	0,7	-2,8	-0,2	1,6	2,5	1,3	-3,6	3	3,9
<b>Commodity Prices (U.S. dollars)</b>		<b>1,3</b>	<b>0,1</b>	<b>-0,7</b>	<b>1,2</b>	<b>1,1</b>	<b>0,2</b>	<b>-7,4</b>	<b>4,1</b>
Oil 7/	0,1	-3,8	-3,5	1,1	1,3	1,4	-4,5	3,6	2,6
Nonfuel (average based on world commodity export weights)	2,2	2,6	2,9	2,1	2,2	-0,1	-8,5	4,3	2,5
Consumer Prices	2,7	2,7	4,9	2,3	2,1	1,4	-3,2	3	4,2

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Advanced Economies	3,6	4,1	1,7	-0,7	2,4	0,3	-3,9	2,6	4
<b>Emerging Market and Developing Economies 9/</b>	5,1	3,4	1,4	3	3,2	3,2	-2,6	3,2	3,9
London Interbank Offered Rate (percent)			6,3	2,7	-1,6	0,8	1,9	2,2	-3,2
On U.S. Dollar Deposits (six month)	1,6	1,3	0,6	1,4	0,8	0,2	-7,5	2,8	1,4
On Euro Deposits (three month)									
On Japanese Yen Deposits (six month)	6	4,6	3,6	4,7	5,1	5,3	-0,8	5,1	5,5
"Source: IMF staff.									
Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during October 23–November 20, 2020. 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 2020 WEO forecasts. Countries whose forecasts have been updated relative to October 2020 WEO 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 \$41.29 in 2020; the assumed price, based on futures markets (as of January 4, 2021), is \$50.03 in 2021 and \$48.82 in 2022.									
8/ The inflation rate for the euro area is 0.9% in 2021 and 1.2% in 2022, for Japan is -0.1% in 2021 and 0.5% in 2022, and for the United States is 2.1% in 2021 and 2022, respectively									
9/ Excludes Venezuela									

**Figure 1: Overview of the Key World Economic Outlook Growth and Projections (%)**  
(Source: **WORLD ECONOMIC OUTLOOK (WEO) UPDATE; January 2021**)



## 2.2 South African Economy

### 2.2.1 Highlights Q4 2020/2021

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 million 59.62 in mid-2020. 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	Mid 2020
<b>SA Population (Million)</b>	54	54,9	55,9	56,5	57,7	58,8	59,62
<b>SA Population Growth %</b>		1,70%	1,80%	1,10%	2,10%	1,90%	1.39%
<b>(Source: Statssa 2020)</b>							

- For 2020, Statistics South Africa (Stats SA) estimates the mid-year population at 59,62 million.
- Approximately 51,1% (approximately 30,5 million) of the population is female.
- Gauteng still comprises the largest share of the South African population, with approximately 15,5 million people (26,0%) living in this province. KwaZulu-Natal is the province with the second largest population, with an estimated 11,5 million people (19,3%) living in this province. With a population of approximately 1,29 million people (2,2%), Northern Cape remains the province with the smallest share of the South African population.
- About 28,6% of the population is aged younger than 15 years and approximately 9,1% (5,4 million) is 60 years or older. Of those younger than 15 years of age, the majority reside in KwaZulu-Natal (21,8%) and Gauteng (21,4%). Of the elderly (those aged 60 years and older), the highest percentage 24,1% (1,31 million) reside in Gauteng.
- The proportion of elderly persons aged 60 and older is increasing over time.
- Migration is an important demographic process, as it shapes the age structure and distribution of the provincial population. For the period 2016–2021, Gauteng and Western Cape are estimated to experience the largest inflow of migrants of approximately, 1 553 162 and 468 568 respectively.
- Life expectancy at birth for 2020 is estimated at 62,5 years for males and 68,5 years for females.
- The infant mortality rate for 2020 is estimated at 23,6 per 1 000 live births.
- The estimated overall HIV prevalence rate is approximately 13,0% among the South African population.
- The total number of people living with HIV (PLWHIV) is estimated at approximately 7,8 million in 2020.
- For adults aged 15–49 years, an estimated 18,7% of the population is HIV positive

#### South African Economic Growth Q4 2020/2021

**GDP increased at an annualised rate of 6,3%**

**Gross domestic product (measured by production)**

South Africa's gross domestic product (GDP) increased at an annualised rate of 6,3% in the fourth quarter of 2020.

The **manufacturing industry increased at a rate of 21,1%** in the fourth quarter, contributing 2,4 percentage points to GDP growth. Nine of the ten manufacturing divisions reported positive growth rates in the fourth quarter. The four divisions with the largest contributions to the increase were food and beverages; motor vehicles, parts and accessories and other transport equipment; basic iron and steel, non-ferrous metal products, metal products and machinery; and wood and wood products, paper, publishing and printing.

The **trade, catering and accommodation industry increased at a rate of 9,8%**, contributing 1,3 percentage points to GDP growth. Increased economic activity was reported for retail trade, motor trade, catering and accommodation.

The **transport, storage and communication industry increased at a rate of 6,7%**, contributing 0,5 of a percentage point to GDP growth. Increased economic activity was reported for land and air transport and communication services.

The **construction industry increased at a rate of 11,2%** in the fourth quarter. Increased production was reported for residential buildings, non-residential buildings and construction works.

The **personal services industry increased at a rate of 4,8%** in the fourth quarter; increased economic activities were reported for community and other producers.

The **agriculture, forestry and fishing industry increased at a rate of 5,9%** in the fourth quarter. The increase was mainly due to increased production of animal products.

### **Expenditure on GDP**

Expenditure on real gross domestic product increased at an annualised rate of 6,5% in the fourth quarter of 2020.

Household final consumption expenditure (HFCE) increased at a rate of 7,5% in the fourth quarter, contributing 4,7 percentage points to total growth. The highest growth rates were seen in semi-durables and non-durables, but the largest contributors to growth were non-durables and services.

The main positive contributors to growth in HFCE were expenditures on;

- restaurants and hotels (217,9% and contributing 1,8 percentage points),
- food and non-alcoholic beverages (6,6% and contributing 1,3 percentage points),
- recreation and culture (20,9% and contributing 1,0 percentage point),
- clothing and footwear (20,9% and contributing 0,9 of a percentage point),
- furnishings, household equipment and maintenance (10,3% and contributing 0,9 of a percentage point), and
- health (8,5% and contributing 0,6 of a percentage point).

Final consumption expenditure by general government increased at a rate of 1,1% in the fourth quarter. Increases in compensation of employees and spending on goods and services were reported in the fourth quarter.

Gross fixed capital formation increased at a rate of 12,1%. The main contributors to the increase were:

- transport equipment,
- construction works,
- machinery and other equipment and
- residential buildings.

There was a R115,1 billion (annualised) drawdown of inventories in the fourth quarter of 2020. Large decreases in mining and trade contributed to the inventory drawdowns experienced in the fourth quarter of 2020.

Net exports contributed negatively to growth in expenditure on GDP in the fourth quarter. Exports of goods and services increased at a rate of 26,6%, largely influenced by increased trade in:

- vehicles and other transport equipment;
- precious metals and stones; and base metals and
- articles of base metals.

Imports of goods and services increased at a rate of 52,4%, driven largely by increases in:

- vehicles and transport equipment;
- base metals and articles of base metals; and
- machinery and electrical equipment.

## **GDP: QUANTIFYING SA'S ECONOMIC PERFORMANCE IN 2020**

Stats SA's Gross domestic product (GDP) release for the fourth quarter of 2020 (October–December) concludes the series for the year, providing a sobering overview of 2020.

### **Key findings for the annual estimates of 2020**

Annual real GDP decreased by 7,0% in 2020 following an increase of 0,2% in 2019

According to the latest preliminary indicators, real GDP decreased by 7,0% in 2020 following an increase of 0,2% in 2019.

The annual real GDP growth rate of -7,0% in 2020 was primarily led by decreases in:

- manufacturing, which contributed -1,4 percentage points based on growth of -11,6%;
- trade, catering and accommodation, which contributed -1,3 percentage points based on growth of -9,1%; and
- transport, storage and communication, which contributed -1,3 percentage points based on growth of -14,8%.

The agriculture, forestry and fishing industry increased by 13,1% in 2020, and general government increased by 0,7% in 2020.

### **Expenditure on GDP in 2020**

Expenditure on GDP decreased by 7,1% in 2020, following an increase of 0,1% in 2019.

Household final consumption expenditure decreased by 5,4% and contributed -3,4 percentage points.

The main negative contributors to growth of -5,4% in HFCE were expenditure on transport (-10,6% and contributing -1,5 percentage points), clothing and footwear (-21,0% and contributing -1,2 percentage points), restaurants and hotels (-41,8% and contributing -1,1 percentage points), and alcoholic beverages, tobacco and narcotics (-16,9% and contributing -0,8 of a percentage point).

Gross fixed capital formation decreased by 17,5%, contributing -3,4 percentage points to total growth, and changes in inventories contributed -2,6 percentage points to total growth.

Net exports contributed 2,1 percentage points to growth in expenditure on GDP.

### **Manufacturing and trade help lift growth in the fourth quarter**

The economy grew by 1,5% in the fourth quarter, giving an annualised growth rate of 6,3%. This follows the revised 13,7% (annualised: 67,3%) rise in economic activity recorded in the third quarter. Eight of the ten industries made positive gains in the fourth quarter, most notably manufacturing (bolstered by increased production in food, beverages and motor vehicles) and trade (driven by retail, motor trade, catering and accommodation). Mining and finance, real estate and business services were the two industries that recorded a decline in economic activity.

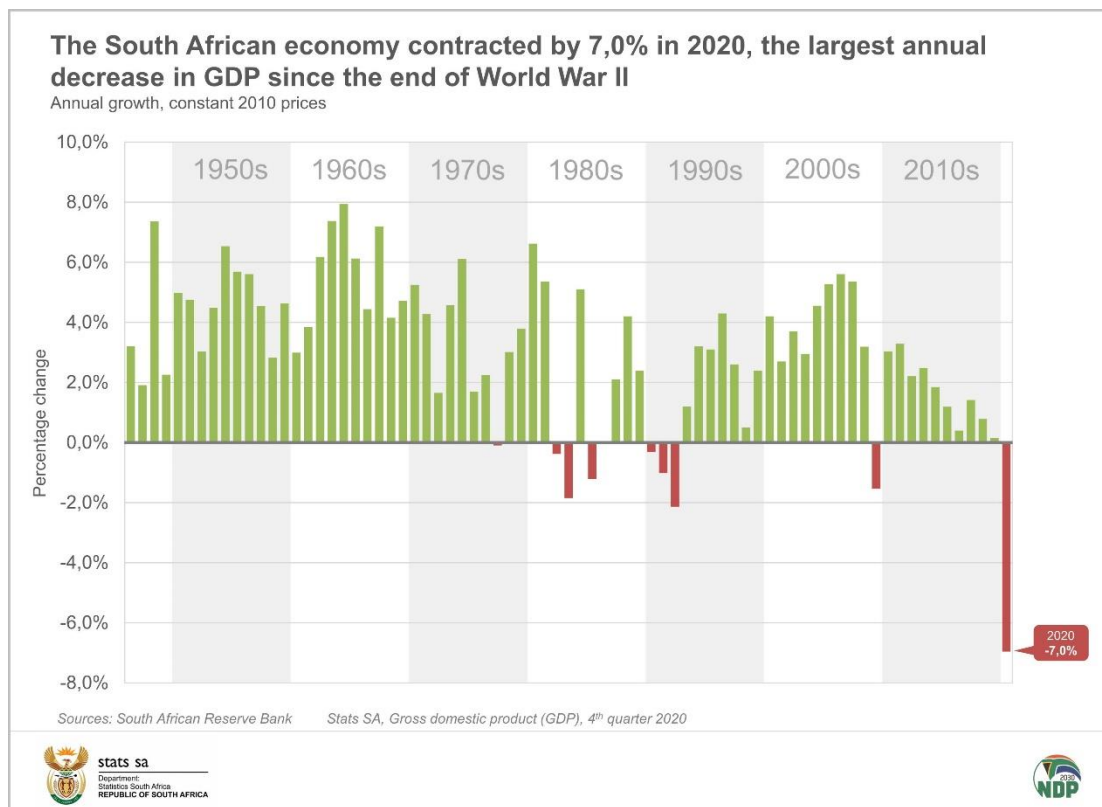


## The economy slumped by 7,0% in 2020

The positive growth recorded in the third and fourth quarters was not enough to offset the devastating impact of COVID-19 in the second quarter when lockdown restrictions were at their most stringent. Economic activity for the entire year decreased by 7,0% in 2020 compared with 2019.

If we explore the historical data, this is the biggest annual fall in economic activity the country has seen since at least 1946.2

To provide some perspective, the second biggest fall was recorded in 1992 when the economy contracted by 2,1%, as illustrated in the chart below. At that time, the country was struggling through a two-year-long recession, mainly the result of a global economic downturn. During the 2008/09 global financial crisis, the economy shrank by 1,5% in 2009.

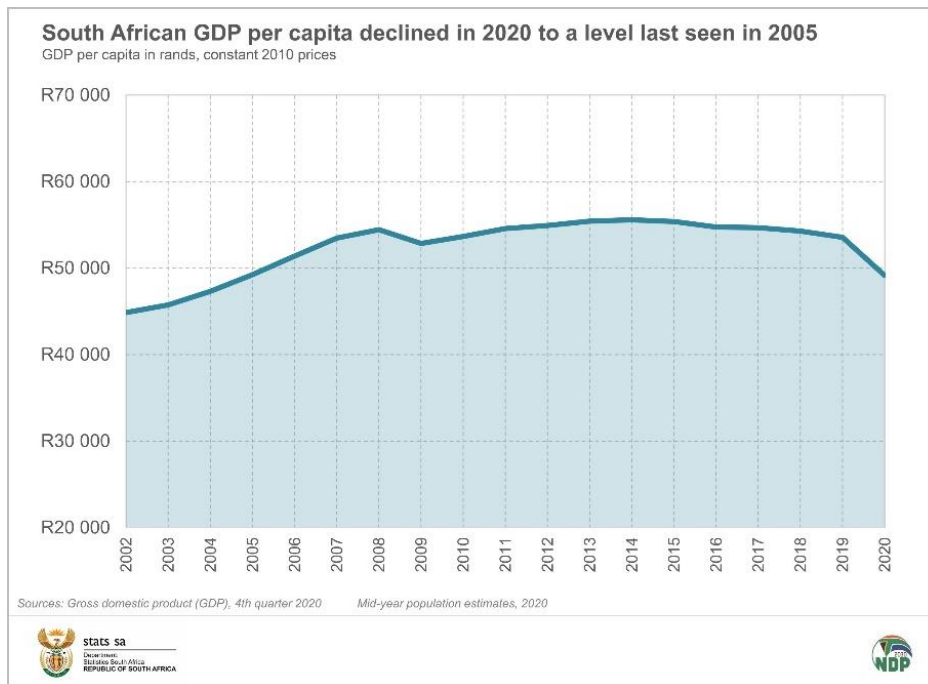


In real terms, if we adjust the figures to take account of inflation, the economy is now at about the same size as it was in 2012 (constant 2010 prices).

We have a smaller GDP with a larger population

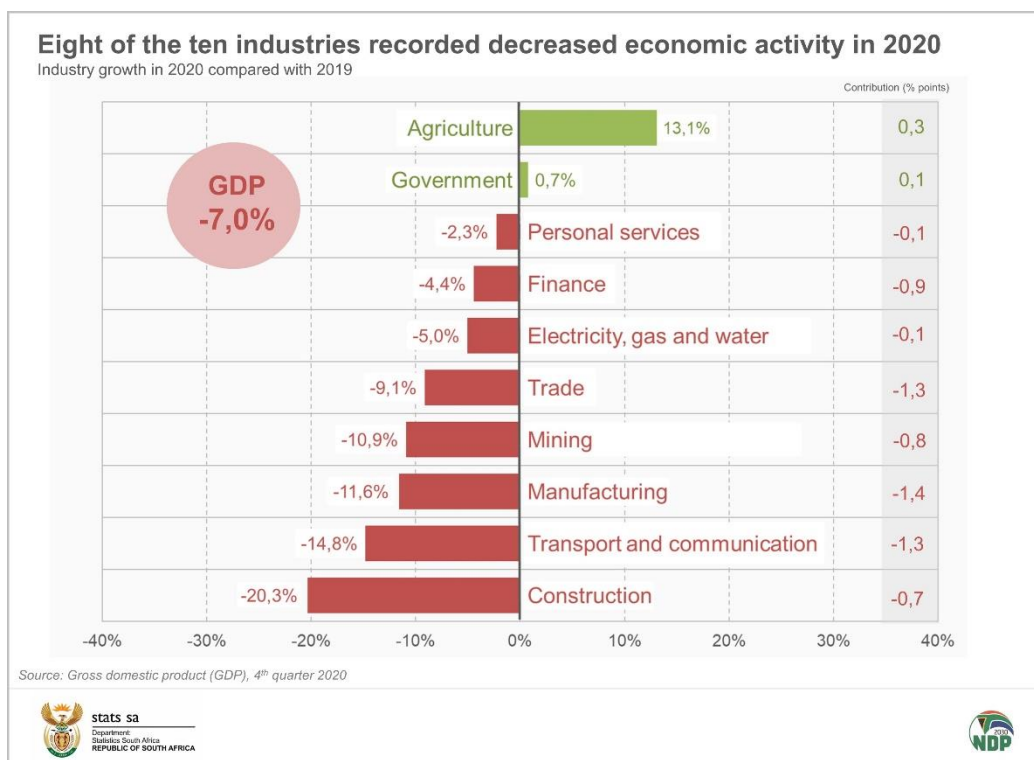
What does this mean for the wellbeing of everyone in the country? This is a complex question to answer, but a rough, quick measure is available in the form of GDP per capita. This represents the size of South Africa's economy divided by the number of people who live in the country. It is a broad measure often used to make comparisons between countries regarding average living standards.

Again adjusting for inflation, GDP per capita peaked in 2014 and has since been declining. This means that economic growth has been struggling to keep up with population growth. GDP per capita decreased in 2020 to a level last seen in 2005.



## Agriculture flourished in 2020

Despite the impact of the pandemic on economic growth, there was one shining star in 2020. Agriculture escaped the effects of the pandemic relatively unscathed, expanding production by 13,1% in 2020. Government also grew marginally in the year, up by 0,7%.



All other industries were pummelled. The construction industry, already in deep trouble before the pandemic, contracted by 20,3%. This marks the industry's fourth consecutive year of economic decline. As reported in our article covering the GDP results for the second quarter<sup>3</sup>, a decline in air travel contributed to the contraction in the transport and communication industry. Rail and road freight

operators also found themselves hamstrung by restrictions placed on the production and movement of various goods during the second quarter.

Despite a strong showing in the fourth quarter, manufacturing production was down for the entire year, falling by 11,6%. This was mostly due to work stoppages in the second quarter and a fall in the demand for steel, amongst other reasons.

## 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.

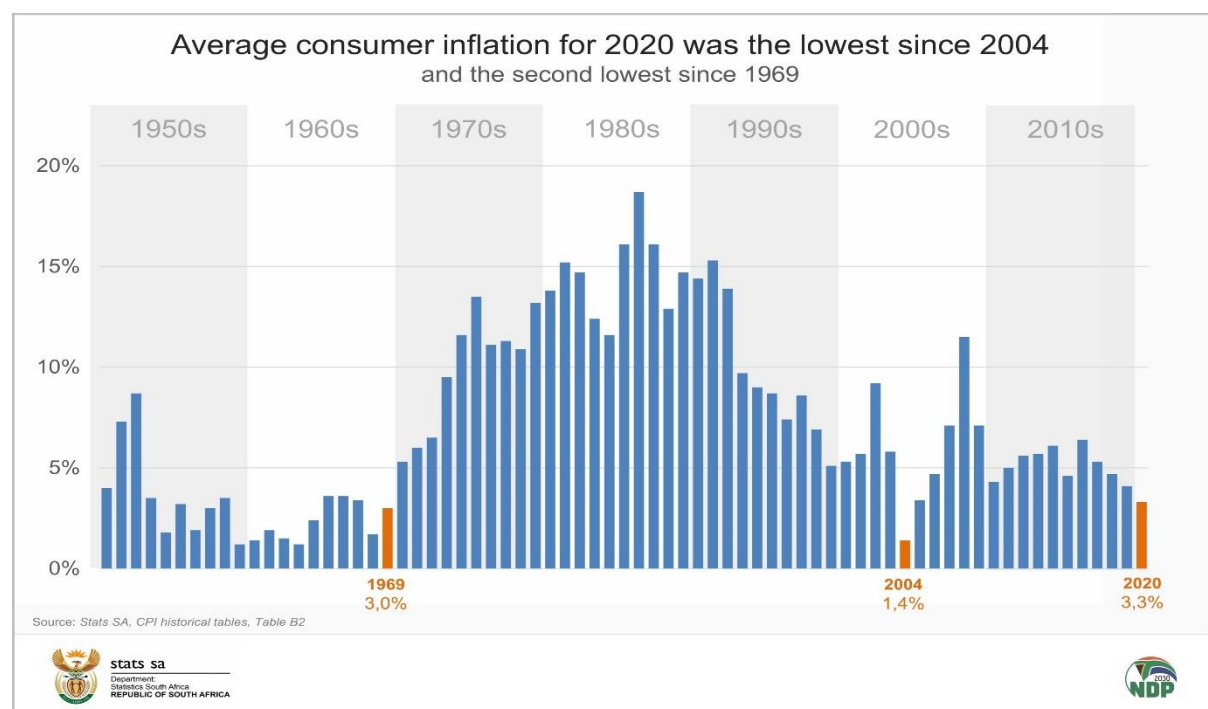
## Key Findings

Inflation for 2020 was the lowest in 16 years and the second lowest in 51 years

The December 2020 Consumer Price Index (CPI) release concludes the data points for the entire calendar year. The average annual inflation rate for 2020 was 3,3%. This is the lowest annual average rate since 2004 (1,4%) and the second lowest since 1969 (3,0%).

One of the reasons for low inflation in 2004, according to the South African Reserve Bank at the time, was a firmer rand, which strengthened from R7,56/\$ in 2003 to R6,45/\$ in 2004 (annual average).

Annual inflation ended 2020 at 3,1% in December, slightly lower than November's reading of 3,2%. The monthly increase in the CPI was 0,2%, up from 0% in November.



The food and non-alcoholic beverages category was the main driver of inflation in December, with a monthly increase of 0,5% and an annual rise of 6,0%. This was up from November's annual reading of 5,8%.

Three food groups recorded above average annual and monthly price increases in December:

**Meat prices** rose by 7,3% from a year ago and by 1,2% from November. Stewing beef was 2,9% more expensive than it was in November 2020 and 12,4% more expensive than in December 2019.

Prices in the oils and fats category climbed by 10,2% over 12 months and by 1,6% over one month.

**Cooking oil prices** increased by 11,3% since December 2019 and by 2,9% between November 2020 and December 2020.

**Inflation in sugar, sweets and dessert products** recorded an annual rise of 8,4% and a monthly rise of 1,1%. White sugar prices increased by 1,1% over the month and by 10,0% over the year.

The December CPI carries the results of the latest survey for housing rentals, which is the source for actual and imputed rentals. Together, these components comprise almost 17% of the CPI basket. Houses registered a lower annual increase (1,0% for imputed rentals) than flats (1,9% for imputed rentals) and townhouses (1,7% for imputed rentals). The overall annual increase for imputed rentals was 1,1%. Actual rentals rose by 1,2%.

**Table 3: Historical Inflation Rates**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg
<b>2014</b>	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%
<b>2015</b>	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%
<b>2016</b>	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%
<b>2017</b>	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%
<b>2018</b>	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%
<b>2019</b>	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%
<b>2020</b>	4,5%	4,6%	4,1%	3,0%	2,1%	2,2%	3,2%	3,1%	3,0%	3,3%	3,2%	3,1%	3,3%

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

Headline consumer price index (CPI for all urban areas)

Annual consumer price inflation was 3,2% in January 2021, up from 3,1% in December 2020. The consumer price index increased by 0,3% month-on-month in January 2021.

The main contributors to the 3,2% annual inflation rate were food and non-alcoholic beverages; housing and utilities; and miscellaneous goods and services.

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

### Annual average headline consumer price index for 2020

Average annual consumer price inflation was 3,3% in 2020 (i.e. the average CPI for all urban areas for 2020 compared with that for 2019). This was 0,8 of a percentage point lower than the corresponding average of 4,1% in 2019.

Provincial annual inflation rates ranged from 2,8% in Gauteng to 3,7% in Western Cape.

**Table 4: Provincial Inflation Rates**

Province	Jan 2019 CPI	Apr 2019 CPI	May 2019 CPI	Aug 2019 CPI	Nov 2019 CPI	Jan 2020 CPI	Apr 2020 CPI	Aug 2020 CPI	Nov 2020 CPI	Dec 2020 CPI	Jan 2021 CPI
Western Cape	4,6%	5,2%	5,4%	4,9%	4,1%	5,1%	3,6%	3,8%	3,7%	3,7%	3,6%
Eastern Cape	3,6%	3,8%	3,9%	4,0%	3,2%	4,0%	2,4%	3,2%	3,3%	3,3%	3,4%
Northern Cape	3,7%	4,2%	4,2%	4,6%	3,5%	4,4%	3,1%	3,1%	3,6%	3,5%	3,2%
Free State	4,1%	4,5%	4,4%	4,2%	3,6%	4,0%	2,7%	3,0%	3,1%	3,2%	3,1%
KwaZulu-Natal	3,6%	3,9%	4,0%	4,1%	3,4%	4,0%	3,0%	2,9%	3,1%	3,3%	3,3%
North West	3,3%	3,9%	3,8%	3,8%	3,3%	4,1%	2,6%	3,0%	3,2%	3,2%	3,3%
Gauteng	4,1%	4,2%	4,4%	4,1%	3,4%	4,4%	2,8%	2,7%	2,9%	2,8%	2,9%
Mpumalanga	3,7%	4,3%	4,4%	4,4%	3,5%	4,2%	2,7%	2,9%	2,7%	2,9%	2,8%
Limpopo	3,5%	4,4%	5,0%	4,7%	4,1%	4,7%	2,8%	3,1%	3,4%	2,9%	3,6%

## 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 2020**

	Consumer Price Index (CPI)	Producer Price Index (PPI)
<b>Average 2012</b>	5,6%	
<b>Average 2013</b>	4,7%	6,0%
<b>Average 2014</b>	6,1%	7,5%
<b>Average 2015</b>	4,6%	3,6%
<b>Average 2016</b>	6,4%	7,0%
<b>Average 2017</b>	5,3%	4,8%
<b>Average 2018</b>	4,7%	5,5%
<b>Average 2019</b>	4,1%	4,6%
<b>Average 2020</b>	3,3%	2,6%

## Key findings for January 2021

Final manufactured goods – headline PPI

Final manufactured goods – headline PPI

Annual producer price inflation (final manufacturing) was 3,5% in January 2021, up from 3,0% in December 2020.

The producer price index increased by 0,8% month-on-month in January 2021.

The main contributors to the headline PPI annual inflation rate were food products, beverages and tobacco products; metals, machinery, equipment and computing equipment; and transport equipment.

- Food products, beverages and tobacco products increased by 5,9% year-on-year and contributed 2,1 percentage points.
- Metals, machinery, equipment and computing equipment increased by 4,4% year-on-year and contributed 0,6 of a percentage point.
- Transport equipment increased by 6,5% 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 2,3% month-on-month and contributed 0,4 of a percentage point.

#### Intermediate manufactured goods

The annual percentage change in the PPI for intermediate manufactured goods was 8,6% in January 2021 (compared with 6,8% in December 2020). The index increased by 2,4% month-on-month.

The main contributors to the annual rate were basic and fabricated metals (6,3 percentage points) and chemicals, rubber and plastic products (1,6 percentage points).

The main contributors to the monthly rate were basic and fabricated metals (1,4 percentage points) and chemicals, rubber and plastic products (1,0 percentage point).

#### Electricity and water

The annual percentage change in the PPI for electricity and water was 8,7% in January 2021 (compared with 8,2% in December 2020). The index decreased by 1,1% month-on-month.

Electricity contributed 7,6 percentage points to the annual rate, and water contributed 1,0 percentage point.

Electricity contributed -1,1 percentage points to the monthly rate.

#### Mining

The annual percentage change in the PPI for mining was 22,9% in January 2021 (compared with 25,3% in December 2020). The index increased by 4,3% month-on-month.

The main contributors to the annual rate were non-ferrous metal ores (10,4 percentage points) and gold and other metal ores (10,2 percentage points).

The main contributors to the monthly rate were gold and other metal ores (2,3 percentage points) and non-ferrous metal ores (2,2 percentage points).

#### Agriculture, forestry and fishing

The annual percentage change in the PPI for agriculture, forestry and fishing was 11,3% in January 2021 (compared with 9,1% in December 2020). The index increased by 1,5% month-on-month.

The main contributor to the annual rate was agriculture (11,8 percentage points).

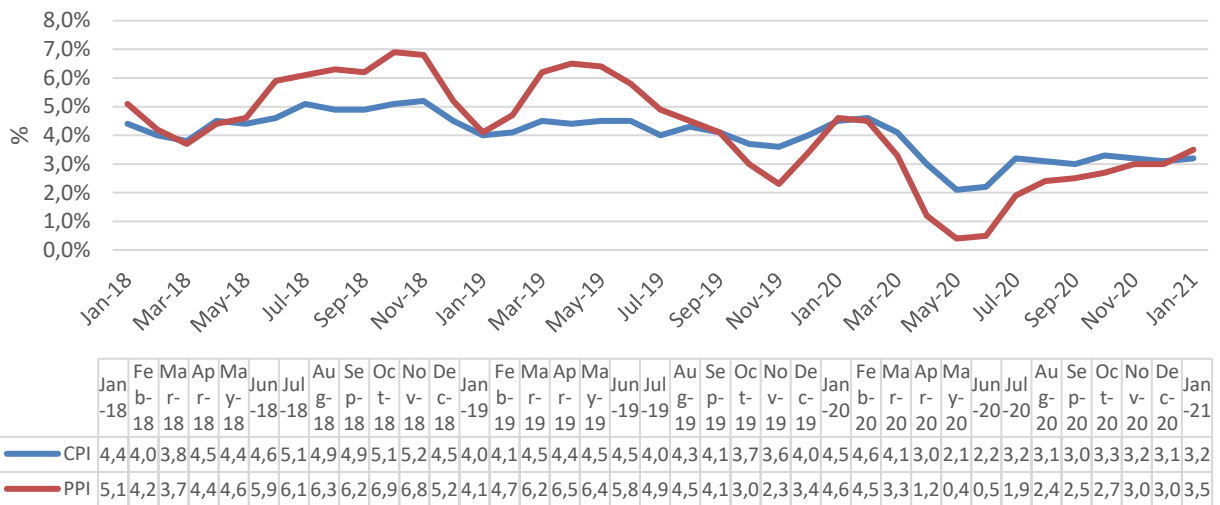
The contributor to the monthly rate was agriculture (1,5 percentage points)

### **Figure 4: South Africa's Consumer Price Index (CPI) and Production Price index (PPI) January 2018 to January 2021**



## Consumer Price Index (CPI) and Production Price Index (PPI) of South Africa

(Source: Statssa January 2021)



## Employment

### Q4 2020: Highlights of the labour force in Q4 2020

The working-age population increased by 143 000 or 0,4% in the fourth quarter of 2020 compared to the third quarter of the same year. Compared to Q4: 2019, the working-age population increased by 583 000 or 1,5%.

The number of employed persons increased by 333 000 to 15,0 million in Q4: 2020, and the number of unemployed persons also increased by 701 000 to 7,2 million compared to Q3: 2020, resulting in an increase of 1,0 million (up by 4,9%) in the number of people in the labour force.

The number of discouraged work-seekers increased by 234 000 (up by 8,7%) and the number of people who were not economically active for reasons other than discouragement decreased by 1,1 million between the two quarters, resulting in a net decrease of 890 000 in the not economically active population.

To better understand the observed large changes in the key labour market indicators between Q3: 2020 and Q4: 2020, special tabulations were done to study movements between labour market status categories. It was observed that a large number of persons moved from the "other not economically active" category to "employed" and "unemployed" status (i.e. labour force) between the two quarters. The movement was proportionately more to the unemployed than for the employed, which resulted in an increase of 1,7 percentage points in the **unemployment rate to 32,5%**. This is the highest unemployment rate recorded since the start of the QLFS in 2008.

Moreover, the labour force participation rate was also higher in Q4: 2020 as compared to Q3: 2020 as a result of these movements – increasing by 2,4 percentage points to 56,6%. The absorption rate increased by 0,7 of a percentage point to 38,2% in the fourth quarter of 2020 compared to the third quarter of 2020.

The largest employment increases were observed in the formal sector (189 000), followed by the Private households (76 000), the informal sector (65 000) and the Agricultural sector (2 000) in Q4: 2020.

Compared to a year ago, total employment decreased by 1,4 million, the number of unemployed persons increased by 7,5% (507 000), while the number of persons who were not economically active increased by 9,5% (1,5 million).

**Table 6: Employment by Province**

Province	Oct-Dec 2019	Jul-Sep 2020	Oct-Dec 2020	Qtr-to-qtr change	Year-on-year change	Qtr-to-qtr change	Year-on-year change
	Thousand					Per cent	
<b>South Africa</b>	<b>16 420</b>	<b>14 691</b>	<b>15 024</b>	<b>333</b>	<b>-1 397</b>	<b>2,3</b>	<b>-8,5</b>
Western Cape	2 518	2 216	2 338	121	-180	5,5	-7,1
Eastern Cape	1 384	1 212	1 236	23	-148	1,9	-10,7
Northern Cape	335	287	308	21	-27	7,3	-8,2
Free State	785	723	745	22	-40	3,0	5,1
KwaZulu-Natal	2 664	2 389	2 454	66	-210	2,7	-7,9
North West	992	930	944	14	-48	1,5	-4,8
Gauteng	5 096	4 506	4 570	64	-528	1,4	-10,4
Mpumalanga	1 244	1 161	1 148	-13	-96	-1,1	-7,7
Limpopo	1 400	1 266	1 281	14	-119	1,1	-8,5

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

The number of employed persons increased in eight provinces between Q3: 2020 and Q4: 2020. The largest employment increases were recorded in Western Cape (up by 121 000), KwaZulu-Natal (up by 66 000) and Gauteng (up by 64 000). Employment losses were recorded only in Mpumalanga during the same period. Northern Cape had the biggest change in employment with an increase of 7,3%, followed by Western Cape with an increase of 5,5%.

Compared to Q4: 2019, the largest decreases in employment were recorded in Gauteng (down by 528 000), KwaZulu-Natal (down by 210 000), Western Cape (down by 180 000), Eastern Cape (down by 148 000) and Limpopo (down by 119 000). Northern Cape recorded the least decrease in the number of employed persons at 27 000.

Eastern Cape had the biggest change in employment with a decline of 10,7%, followed by Gauteng with a decline of 10,4%.

**Table 7: Work Location by Province Q3 and Q4 2020**

Province	Jul-Sep 2020			Oct-Dec 2020			Jul-Sep 2020	Oct-Dec 2020	Qtr-to-qtr change (%)
	Usual place of work	Work from home	Total	Usual place of work	Work from home	Total	% worked from home Q3: 2020	% worked from home Q4: 2020	
	Thousand			Thousand			%		
Western Cape	1 347	214	1 561	1 477	217	1 693	13,7	12,8	-0,9
Eastern Cape	670	64	734	723	72	796	8,7	9,1	0,4
Northern Cape	206	8	214	242	5	247	3,7	1,8	-1,9
Free State	476	54	530	569	32	601	10,2	5,4	-4,8
KwaZulu-Natal	1 726	157	1 883	1 999	94	2 093	8,3	4,5	-3,8
North West	399	15	414	464	24	488	3,6	4,9	1,3
Gauteng	2 949	513	3 462	3 424	366	3 790	14,8	9,7	-5,2
Mpumalanga	858	73	932	938	58	996	7,9	5,8	-2,1
Limpopo	836	62	899	914	63	977	6,9	6,5	-0,5
South Africa	9 468	1 160	10 628	10 750	931	11 681	10,9	8,0	-2,9

There was a decrease in the proportion of workers who worked from home in most provinces in Q4: 2020 compared to Q3: 2020.



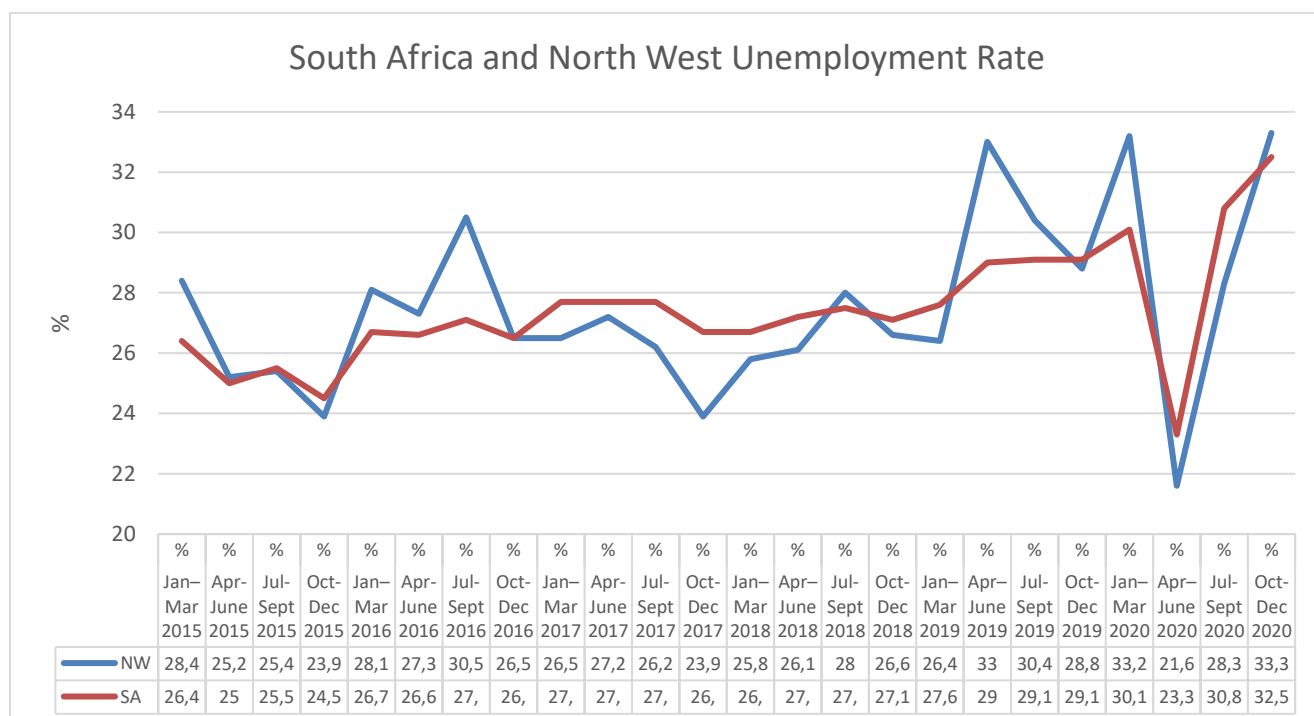
Only North West and Eastern Cape recorded increases in this regard.

**Table 8: Unemployment Rate by Province**

	Official unemployment rate					Expanded unemployment rate				
	Oct-Dec 2019	Jul-Sep 2020	Oct-Dec 2020	Qtr-to-qtr change	Year-on-year change	Oct-Dec 2019	Jul-Sep 2020	Oct-Dec 2020	Qtr-to-qtr change	Year-on-year change
	Per cent		Percentage points			Per cent		Percentage points		
<b>South Africa</b>	<b>29,1</b>	<b>30,8</b>	<b>32,5</b>	<b>1,7</b>	<b>3,4</b>	<b>38,7</b>	<b>43,1</b>	<b>42,6</b>	<b>-0,5</b>	<b>3,9</b>
Western Cape	20,9	21,6	22,5	0,9	1,6	24,1	29,1	26,8	-2,3	2,7
Eastern Cape	39,5	45,8	47,9	2,1	8,4	47,7	51,2	52,4	1,2	4,7
Northern Cape	26,9	23,1	28,7	5,6	1,8	39,2	44,0	41,8	-2,2	2,6
Free State	35,0	35,5	33,4	-2,1	-1,6	42,3	42,6	39,9	-2,7	-2,4
KwaZulu-Natal	25,0	26,4	29,6	3,2	4,6	41,9	47,5	46,0	-1,5	4,1
North West	<b>28,8</b>	<b>28,3</b>	<b>33,3</b>	<b>5,0</b>	<b>4,5</b>	<b>43,0</b>	<b>46,5</b>	<b>46,0</b>	<b>-0,5</b>	<b>3,0</b>
Gauteng	30,8	33,7	34,1	0,4	3,3	35,3	41,0	41,0	0,0	5,7
Mpumalanga	33,6	27,8	33,0	5,2	-0,6	43,8	45,6	46,4	0,8	2,6
Limpopo	23,1	26,3	27,3	1,0	4,2	44,0	46,9	47,5	0,6	3,5

The official unemployment rate increased by 1,7 percentage points to 32,5% in Q4: 2020 compared to Q3: 2020. The official unemployment rate increased in eight of the nine provinces, with the largest increase recorded in Northern Cape (up by 5,6 percentage points), followed by Mpumalanga (up by 5,2 percentage points) and North West (up by 5,0 percentage points). Gauteng recorded the least increase of 0,4 percentage points, while Free State recorded a decrease of 2,1 percentage points.

**Figure 4: South Africa and North West Unemployment Rate (Source: Statssa Q4 2020)**



## 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 2019 IHS Global Insight Indicators.

The NW region covers approximately 104 882 square kilometres, comprising 8.6% of the national area. The NWP is not densely populated when compared to the national population density. The NWP houses approximately 7,0% of the country's total population.

**Table 8: KEY INDICATORS: South Africa, North West Province and NW District Municipalities (2019)**

KEY INDICATORS: South Africa, North West Province and NW District Municipalities (2019)							
(Source: IHS Markit: Regional eXplorer 1923 (2.6i) October 2020)							
		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
<b>Size of Area</b>	(km <sup>2</sup> )	1 221 246	104 882	18 333	28 114	43 764	14 671
	% Share of Region		8,6%	17,5%	26,8%	41,7%	14,0%
<b>Demographic</b>	Total population	58 985 395	4 141 939	1 848 133	961 960	522 406	809 441
	% Share of Region		7,0%	44,6%	23,2%	12,6%	19,5%
	Population Growth rate (%) 2019	1,5%	1,7%	1,9%	1,6%	1,5%	1,6%
<b>Development</b>	Human Development Index (HDI)	0,66	0,63	0,66	0,58	0,55	0,64
	Gini coefficient	0,63	0,61	0,62	0,60	0,59	0,61
	<b>Poverty indicators</b>						
	% People below the food poverty line (StatsSA defined)	29,4%	29,4%	23,3%	35,6%	38,3%	30,2%
	Poverty gap rate (from upper poverty line)	31,1%	31,4%	31,4%	31,4%	31,3%	31,2%
	Highest level of education matric only: age 20+	11 309 518	744 513	395 471	136 480	62 398	150 164
	Literate age 15+, completed grade 7 or higher	85,4%	79,7%	84,1%	74,1%	69,0%	81,9%
	Population density (number of people per km <sup>2</sup> )	48,30	39,49	100,81	34,22	11,94	55,17
	Urban Population Rate (%)	65,0%	46,8%	39,1%	28,9%	39,3%	90,3%

The NW shows improvement in most of the *developmental indicators* (2009 used as baseline). Most notable is the improvement in the Human Development Index (HDI) currently at 0.63 up 0.52 in 2009. Similar improvements are seen in both the number and percentage of people below the food poverty line (StatsSA defined). 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
<b>Household Infrastructure</b>	Share of household occupying formal dwellings (2019)	37,3%	54,9%	53,2%	62,4%	73,5%	39,7%

<b>Labour</b>	Number of EAP, official definition	22 824 610	1 390 252	635 470	316 021	152 055	286 706
	EAP as % of total population, official definition	38,7%	33,6%	34,4%	32,9%	29,1%	35,4%
	Unemployment rate, official definition (%)	28,2%	28,8%	34,5%	19,0%	20,8%	31,3%
	<b>Sector's share of regional total (%)</b>	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
	Agriculture	5,3%	6,3%	3,0%	8,7%	15,0%	7,4%
	Mining	2,8%	14,5%	27,1%	1,7%	2,2%	3,9%
	Manufacturing	10,3%	6,4%	6,9%	5,2%	4,8%	7,2%
	Electricity	0,6%	0,5%	0,4%	0,5%	0,6%	0,7%
	Construction	8,0%	7,0%	6,9%	6,8%	5,9%	8,0%
	Trade	21,6%	19,8%	18,2%	20,6%	20,4%	22,1%
	Transport	0,6%	3,5%	3,1%	3,8%	3,9%	3,8%
	Finance	16,6%	10,5%	9,2%	12,1%	9,9%	12,3%
	Community services	21,3%	23,2%	17,3%	31,6%	26,4%	26,8%
	Households	7,9%	8,3%	7,8%	9,0%	10,8%	7,6%
	Total	100,0%	100,0%	99,9%	100,0%	99,9%	99,7%
<b>Income &amp; Expenditure</b>	Annual per capita income (Rand, current prices)	60 821	54 137	64 319	41 358	37 031	57 117
	Annual per household income (Rand, current prices)	210 514	178 251	197 168	148 396	132 147	192 168
	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 (R91,7bn) 33,8% to the total industries GVA (Current prices) in the province and 24,4% to national mining GDP and 14.0% to North West formal employment (122 000 jobs) and 32,7% to national mining employment. (Sources: IHS Markit: Regional eXplorer 1923 (2.6i) October 2020) and Statssa Q2 2020)

		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
<b>Economic</b>	Gross Value Added by Region (GVA-R)Current prices (R 1000)	4 523 580 041	271 182 429	145 778 562	51 129 617	19 953 039	54 321 212
	% Share of SA	100,0%	6,0%	53,8%	18,9%	7,4%	20,0%

Gross Value Added by Region (GVA-R) Constant 2010 prices (R 1000)	2 865 548 443	155 422 566	81 911 492	30 520 005	11 832 803	31 158 267
% Share of SA	100,0%	5,4%	52,7%	19,6%	7,6%	20,0%
Average annual growth (Constant 2010 Prices)	0,1%	-0,3%	-0,2%	-0,2%	0,0%	-0,6%
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	2,1%	2,3%	0,8%	4,0%	6,8%	3,1%
Mining	8,3%	33,8%	54,3%	6,8%	8,3%	13,6%
Manufacturing	13,2%	5,3%	5,4%	5,4%	3,7%	5,2%
Electricity	3,8%	3,8%	2,6%	6,1%	4,9%	4,7%
Construction	3,8%	2,5%	1,7%	3,2%	4,0%	3,5%
Trade	15,1%	11,7%	8,9%	13,7%	15,7%	16,1%
Transport	9,8%	6,0%	4,3%	8,0%	8,7%	7,7%
Finance	19,7%	12,3%	9,3%	14,8%	17,3%	16,3%
Community services	24,1%	22,2%	12,6%	38,0%	30,5%	29,8%
Total Industries	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Gross Domestic Product - GDP (Current prices (R 1000))	5 077 625 041	304 422 579	159 818 397	59 055 048	23 033 984	62 515 150
% Share of SA	100,0%	6,0%	52,5%	19,4%	7,6%	20,5%
Gross Domestic Product - GDP Constant 2010 prices (R 1000))	3 149 337 036	171 278 105	88 515 583	34 409 025	13 331 106	35 022 390
% Share of SA	100,0%	5,4%	51,7%	20,1%	7,8%	20,4%
GVA-R Average annual growth (Constant 2010 Prices)	0,2%	-0,9%	-1,1%	-0,1%	-0,4%	-1,4%
GDP-R per Capita (Current prices (R 1000))	86 083	73 498	86 476	61 390	44 092	77 233
GDP-R per Capita (Constant 2010 Prices)	53 392	41 352	47 895	35 770	25 519	43 267
Tress index	40,78	52,06	66,10	47,49	42,77	44,11
<b>Location quotient</b>	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Agriculture	1,00	1,10	0,40	1,89	3,20	1,46
Mining	1,00	4,06	6,52	0,82	1,00	1,64
Manufacturing	1,00	0,40	0,41	0,41	0,28	0,40
Electricity	1,00	1,00	0,68	1,59	1,28	1,22
Construction	1,00	0,67	0,46	0,84	1,04	0,92
Trade	1,00	0,77	0,59	0,90	1,04	1,06
Transport	1,00	0,61	0,44	0,82	0,89	0,79
Finance	1,00	0,63	0,47	0,75	0,88	0,83
Community services	1,00	0,92	0,52	1,58	1,27	1,23
Total Industries	1,00	1,00	1,00	1,00	1,00	1,00

(Source: IHS Markit: Regional eXplorer 1923 (2.6i) October 2020)

The *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

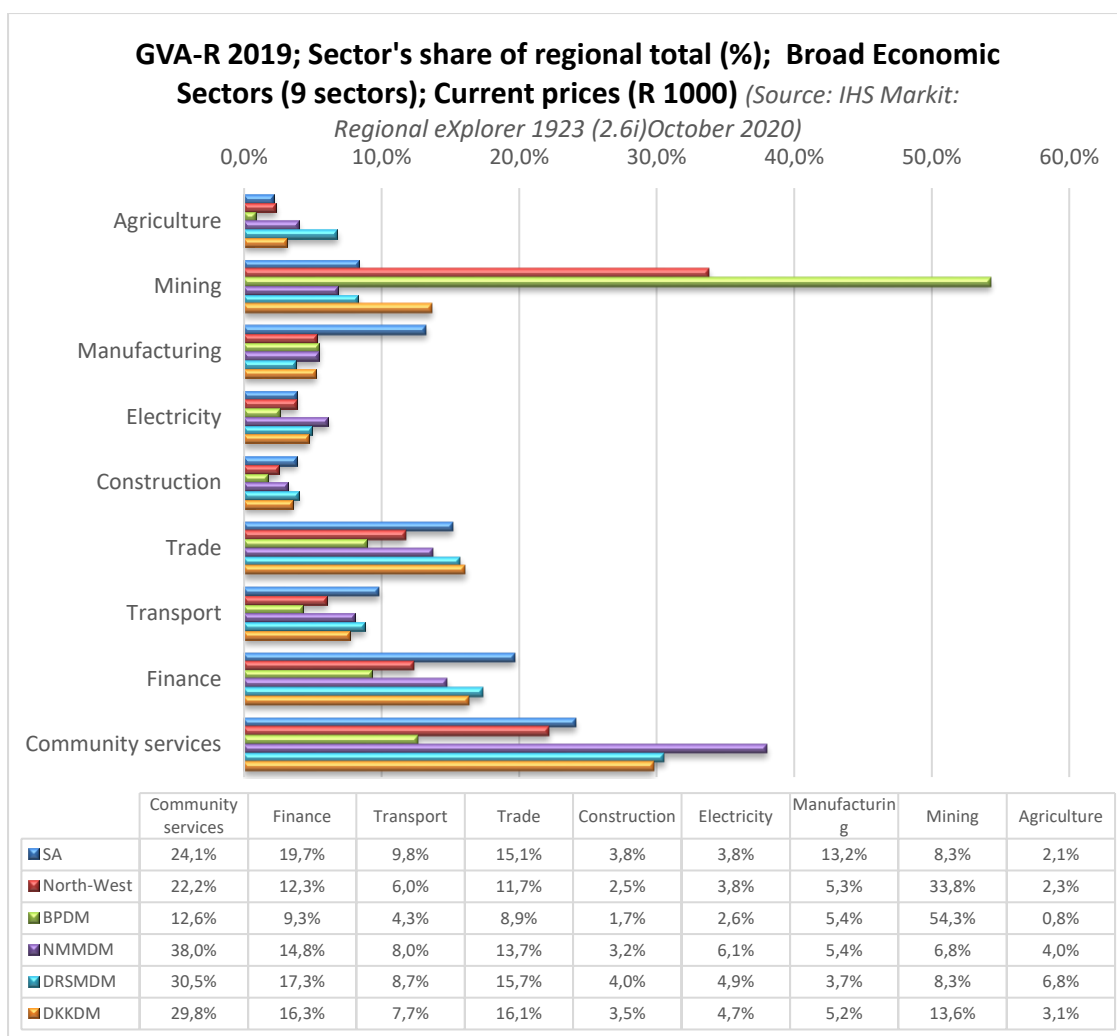
sector makes up the whole GVA of the region. In the table above it is clear that the NW province is one of the most concentrated economies in the country due to the mining sector.

**Table 9: Sectoral Contribution by Province (% of provincial GVA current prices), 2019**

	South Africa	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu-Natal	North West	Gauteng	Mpumalanga	Limpopo
Agriculture	2,1%	3,4%	1,5%	6,0%	5,0%	3,3%	2,3%	0,4%	2,5%	2,5%
Mining	8,3%	0,3%	0,1%	23,3%	10,7%	1,5%	33,8%	3,0%	23,7%	29,0%
Manufacturing	13,2%	15,5%	13,3%	3,7%	10,8%	17,4%	5,3%	14,9%	13,5%	2,5%
Electricity	3,8%	2,9%	2,7%	4,4%	4,2%	4,0%	3,8%	3,4%	7,5%	4,4%
Construction	3,8%	5,2%	3,9%	3,0%	2,7%	4,0%	2,5%	3,9%	3,1%	2,9%
Trade	15,1%	17,5%	19,8%	10,2%	14,6%	15,7%	11,7%	14,0%	14,9%	15,1%
Transport	9,8%	10,8%	8,8%	11,2%	10,5%	13,2%	6,0%	10,1%	6,9%	5,0%
Finance	19,7%	25,6%	18,1%	13,9%	16,2%	17,3%	12,3%	23,7%	11,0%	14,9%
Community services	24,1%	18,8%	31,7%	24,1%	25,4%	23,6%	22,2%	26,5%	17,0%	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 1923 (2.6i) October 2020)

**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 2019**



Total Tourism spend as % of GDP (Current prices) is 4,1% for the North West province but higher in Bojanala at 4,6% where the Pilanesberg Game Reserve is located. It is clear from the 2018 figures that domestic tourism is decreasing and international tourism is increasing. The increase in international Tourism will definitely be adversely affected by the COVID-19 Pandemic as international tourism was restricted.

**Table 10: Tourism Statistics 2019**

Number of Trips by Purpose of trip	SA	NW	BPDM	NMMDM	DRSMMDM	DKKDM
Leisure / Holiday	8 664 310	370 514	268 366	25 774	16 091	60 284
Business	3 112 189	133 298	78 766	17 409	8 048	29 075
Visits to friends and relatives	23 933 030	1 879 573	905 645	395 056	260 018	318 853
Other (Medical, Religious, etc)	3 568 225	153 017	58 985	27 734	23 289	43 009
Total	39 277 754	2 536 403	1 311 762	465 973	307 447	451 221
Number of Trips by Origin of tourist	SA	North-West	BPDM	NMMDM	DRSMMDM	DKKDM
Domestic tourists	29 557 859	1 850 581	889 010	374 166	265 468	321 936
International tourists	9 719 895	685 822	422 751	91 807	41 979	129 285
Total tourists	39 277 754	2 536 403	1 311 762	465 973	307 447	451 221
Bednights by Origin of Tourist	SA	North-West	BPDM	NMMDM	DRSMMDM	DKKDM
Domestic tourists	98 894 084	5 918 974	2 844 371	1 197 121	849 375	1 028 107
International tourists	108 426 658	5 164 586	3 185 058	695 517	315 140	968 870

Total tourists	207 320 742	11 083 560	6 029 429	1 892 638	1 164 515	1 996 977
Total Tourist Spending (R 1000, Current prices)	273 158 377	12 524 130	7 343 069	2 072 154	859 884	2 249 023
2018 Growth in Tourism (using bednights) by origin	SA	North-West	BPDM	NMMDM	DRSMDM	DKKDM
Domestic tourists	-4,5%	-2,0%	-1,5%	-2,5%	-2,4%	-2,5%
International tourists	6,5%	5,1%	5,6%	4,7%	2,7%	4,7%
Total tourists	0,9%	1,2%	2,1%	0,1%	-1,0%	0,9%
Total Tourist spend as % of GDP (Current prices)	5,4%	4,1%	4,6%	3,5%	3,7%	3,6%
Average Tourist spend per resident capita (Rand, Current prices)	4 631	3 024	3 973	2 154	1 646	2 778

(Source: IHS Markit: Regional eXplorer 1923 (2.6i) October 2020)

**Table 11: International Trade Statistics 2019**

International Trade	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Exports (R 1000)	1 303 144 999	103 472 583	99 697 307	1 578 752	739 251	1 457 273
Imports (R 1000)	1 263 823 998	6 237 964	3 255 797	264 500	183 652	2 534 016
Total Trade (R 1000)	2 566 968 997	109 710 547	102 953 103	1 843 252	922 902	3 991 289
Trade Balance (R 1000)	39 321 000	97 234 619	96 441 510	1 314 253	555 599	-1 076 743
Exports as % of GDP	25,7%	34,0%	62,4%	2,7%	3,2%	2,3%
Total trade as % of GDP	50,6%	36,0%	64,4%	3,1%	4,0%	6,4%
Regional share - Exports	100,0%	7,94%	7,7%	0,1%	0,1%	0,1%
Regional share - Imports	100,0%	0,49%	0,3%	0,0%	0,0%	0,2%
Regional share - Total Trade	100,0%	4,27%	4,0%	0,1%	0,0%	0,2%

(Source: IHS Markit: Regional eXplorer 1923 (2.6i) October 2020)

Exports from the Province are low as per the statistics above. 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
<b>TOTAL</b>	<b>R258bn</b>	<b>872 038</b>	<b>107,6%</b>	<b>9,4%</b>	<b>74 786</b>
<b>As % of National GDP</b>	<b>5,94%</b>	<b>5,40%</b>			

**Table 13: Areas with location quotients  $\geq 1.1$  by broad economic sector in the NWP (2019)**  
(Source: IHS Markit: Regional eXplorer 1923 (2.6i))

Location Quotient 2017 (Source: IHS Markit: Regional eXplorer 1923 (2.6i) October 2020)									
	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community Services
NW	1,10	4,06	0,40	1,00	0,67	0,77	0,61	0,63	0,92
District Municipalities									
BPDM	0,40	6,52	0,41	0,68	0,46	0,59	0,44	0,47	0,52
NMMDM	1,89	0,82	0,41	1,59	0,84	0,90	0,82	0,75	1,58
DRSMDM	3,20	1,00	0,28	1,28	1,04	1,04	0,89	0,88	1,27
DKKDM	1,46	1,64	0,40	1,22	0,92	1,06	0,79	0,83	1,23
Local Municipalities									
BPDM									
Moretele	0,32	0,28	0,80	2,39	0,92	1,21	0,88	1,12	1,03
Madibeng	0,67	4,05	0,74	0,76	0,68	0,80	0,67	0,62	0,77
Rustenburg	0,18	9,39	0,15	0,26	0,22	0,30	0,21	0,27	0,24
Kgetlengrivier	0,40	9,33	0,14	0,20	0,26	0,30	0,27	0,21	0,27
Moses Kotane	0,31	6,10	0,16	1,38	0,43	0,75	0,33	0,52	0,61
NMMDM									
Ratlou	2,47	0,98	0,25	0,72	0,92	0,83	0,77	0,73	1,76
Tswaing	6,31	0,63	0,42	0,56	0,95	0,94	0,87	0,55	1,51
Mahikeng	0,79	0,39	0,27	1,69	0,77	0,91	0,81	0,87	1,79
Ditsobotla	2,73	1,24	0,82	0,60	1,02	0,89	1,02	0,69	1,24
Ramotshere Moiloa	1,31	1,36	0,36	3,69	0,68	0,94	0,60	0,62	1,34
DRSMDM									
Naledi	3,44	0,41	0,29	0,90	0,88	1,34	1,17	1,10	1,05
Mamusa	4,66	0,96	0,22	1,31	1,51	1,14	0,78	1,00	0,99
Greater Taung	1,04	1,65	0,17	2,12	0,86	0,81	0,72	0,87	1,41
Lekwa-Teemane	4,23	0,62	0,69	0,70	1,27	1,11	0,97	0,73	1,19
Kagisano/Molopo	4,43	1,23	0,16	1,04	1,07	0,78	0,76	0,60	1,63
DKKDM									
City of Matlosana	0,51	2,30	0,31	1,07	0,87	1,12	0,84	0,87	1,07
Maquassi Hills	5,75	1,33	0,41	0,50	1,33	1,03	0,78	0,65	1,17
JB Marks (Tlokwe/Ventersdorp)	2,19	0,71	0,51	1,54	0,94	0,98	0,71	0,80	1,48

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

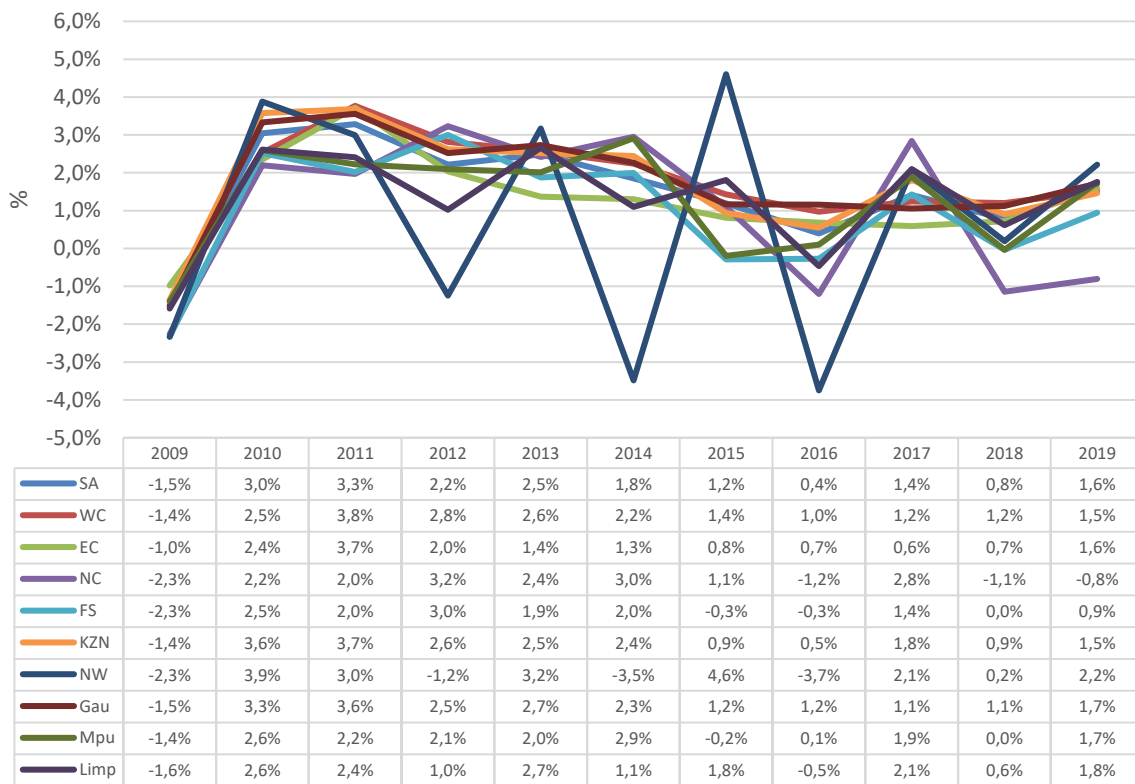
**Figure 7: GDP-R Average annual growth SA and Provinces (Constant 2010 Prices)**

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

<b>Total</b>	<b>91,7</b>	<b>1,3</b>	<b>0,7</b>	<b>6,3</b>	<b>100,0</b>
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**Table 15: South Africa's Employment Figures January 2018 to December 2020**

South Africa Thousands	Jan-Mar 2018	Apr-June 2018	Jul-Sept 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-June 2019	July-Sept 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-June 2020	July-Sept 2020	Oct-Dec 2020	SA % Share Contribution Oct-Dec 2020	Y on Y Change %
<b>Agriculture</b>	847	843	842	849	837	842	880	885	865	799	808	810	5,4%	-8,5
<b>Mining</b>	397	435	406	438	417	381	419	430	436	373	419	384	2,6%	-10,7
<b>Manufacturing</b>	1 849	1 744	1 719	1 766	1 780	1 789	1 760	1 720	1 706	1 456	1 460	1 491	9,9%	-13,4
<b>Utilities</b>	143	161	156	134	150	151	133	120	116	113	90	99	0,7%	-17,2
<b>Construction</b>	1 431	1 476	1 502	1 481	1 339	1 363	1 339	1 350	1 343	1 066	1 080	1 166	7,8%	-13,7
<b>Trade</b>	3 276	3 219	3 305	3 320	3 345	3 429	3 408	3 249	3 320	2 946	3 008	3 063	20,4%	-5,7
<b>Transport</b>	960	1 014	996	965	1 025	983	975	1 011	995	885	878	943	6,3%	-6,8
<b>Finance</b>	2 402	2 399	2 502	2 611	2 516	2 493	2 492	2 568	2 517	2 234	2 434	2 312	15,4%	-10,0
<b>Community and Social Services</b>	3 785	3 692	3 675	3 624	3 574	3 622	3 679	3 792	3 759	3 244	3 381	3 551	23,6%	-6,4
<b>Private House Holds</b>	1 275	1 296	1 267	1 332	1 301	1 251	1 268	1 286	1 316	1 005	1 121	1 197	8,0%	-6,9
<b>Other</b>	12	8	11	9	7	6	5	9	11	27	12	8	0,1%	-0,1
<b>TOTAL</b>	<b>16 378</b>	<b>16 288</b>	<b>16 380</b>	<b>16 529</b>	<b>16 291</b>	<b>16 313</b>	<b>16 375</b>	<b>16 420</b>	<b>16 383</b>	<b>14 148</b>	<b>14 691</b>	<b>15 024</b>	<b>100,0 %</b>	<b>-0,1</b>

South Africa Thousands	Jan-Mar 2018	Apr-June 2018	Jul-Sept 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-June 2019	July-Sept 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-June 2020	July-Sept 2019	Oct-Dec 2020	% Change Y on Y
<b>Population 15-64 yrs</b>	37 678	37 832	37 985	38 134	38 283	38 433	38 582	38 727	38 874	39 021	39 167	39 311	1,5
<b>Labour Force</b>	22 358	22 370	22 589	22 668	22 492	22 968	23 109	23 146	23 452	18 443	21 224	22 257	-3,8
<b>Employed</b>	16 378	16 288	16 380	16 529	16 291	16 313	16 375	16 420	16 383	14 148	14 691	15 024	-8,5
<b>Unemployed</b>	5 980	6 083	6 209	6 139	6 201	6 655	6 734	672	7 070	4 295	6 533	7 233	7,5
<b>Not economically active</b>	15 320	15 462	15 395	15 466	15 791	15 465	15 474	15 581	15 422	20 578	17 944	17 054	9,5
<b>Discouraged work- seekers</b>	2 787	2 864	2 733	2 841	2 997	2 749	2 793	2 855	2 918	2 471	2 696	2 930	2,6
<b>Other</b>	12 533	12 598	12 660	12 625	12 793	12 716	12 681	12 726	12 504	18 107	15 248	14 124	11
<b>Rates (%)</b>													
<b>Unemployment rate</b>	<b>26,7</b>	<b>27,2</b>	<b>27,5</b>	<b>27,1</b>	<b>27,6</b>	<b>29,0</b>	<b>29,1</b>	<b>29,1</b>	<b>30,1</b>	<b>23,3</b>	<b>30,8</b>	32,5	3,4
<b>Employed / population ratio (Absorption)</b>	43,5	43,1	43,1	43,3	42,6	42,4	42,4	42,4	42,1	36,3	37,5	38,2	-4,2
<b>Labour force participation rate</b>	59,3	59,1	59,5	59,4	58,8	59,8	59,9	59,8	60,3	47,3	54,2	56,6	-3,2

**Table 16: North West's Employment Figures January 2018 to December 2020**

	Jan-Mar 2018	Apr-June 2018	Jul-Sept 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-June 2019	July-Sept 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	July-Sept 2020	Oct-Dec 2020	% Change Y on Y
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Population 15-64 yrs	2 545	2 556	2 567	2 577	2 588	2 599	2 609	2 620	2 630	2 641	2 651	2 661	1,6
Labour Force	1 338	1 323	1 360	1 325	1 318	1 370	1 380	1 393	1 452	1 114	1 298	1 416	1,7
Employed	992	977	979	973	970	918	960	992	969	874	930	944	-4,8
Unemployed	346	346	381	352	348	452	420	401	483	240	368	472	17,7
Not economically active	1 207	1 232	1 207	1 253	1 270	1 228	1 230	1 227	1 178	1 527	1 353	1 245	1,4
Discouraged work-seekers	296	323	300	313	339	260	275	271	229	231	247	241	-11
Other	911	909	906	940	931	968	955	956	949	1296	1106	1004	5
Rates (%)													
Unemployment rate	25,8	26,1	28	26,6	26,4	33	30,4	28,8	33,2	21,6	28,3	33,3	4,5
Employed / population ratio (Absorption)	39	38,2	38,1	37,7	37,5	35,3	36,8	37,9	36,9	33,1	35,1	35,5	-2,4
Labour force participation rate	52,6	51,8	53	51,4	50,9	52,7	52,9	53,2	55,2	42,2	49	53,2	0

**Table 17: North West Employment by Industry Figures Compared to South Africa**  
(Source: STASSA Q4 2020)

North West Thousands	Jan– Mar 2018	Apr–Jun 2018	Jul–Sept 2018	Oct–Dec 2018	Jan– Mar 2019	Apr–Jun 2019	Jul–Sept 2019	Oct–Dec 2019	Jan– Mar 2019	Apr–Jun 2020	Jul–Sept 2019	Oct–Dec 2020	NW% Share Jul– Sept 2020	NW as % of SA	Y on Y % Chan ge
Agriculture	47	43	60	62	62	61	59	48	51	45	66	40	4,2%	4,9%	-16,2
Mining	125	147	133	130	136	122	130	134	125	122	140	120	12,7%	31,3%	-10,5
Manufacturing	74	49	54	55	75	72	74	70	62	63	44	51	5,4%	3,4%	-26,7
Utilities	5	11	7	10	9	6	6	3	6	4	1	7	0,7%	7,1%	170,8
Construction	96	94	79	87	65	70	56	63	59	51	53	60	6,4%	5,1%	-5,0
Trade	197	190	197	179	191	161	186	170	176	180	178	176	18,6%	5,7%	3,5
Transport	33	34	33	32	45	38	37	38	30	33	35	29	3,1%	3,1%	-22,8
Finance	117	100	98	94	89	93	93	126	106	85	110	107	11,3%	4,6%	-15,0
Community and Social Services	228	231	241	237	212	227	245	267	283	240	242	282	29,9%	7,9%	5,8
Private House Holds	70	77	76	85	84	70	74	75	72	50	61	72	7,6%	6,0%	-3,2
Other														0,0%	0,0
TOTAL	992	992	979	973	970	918	960	992	969	874	930	944	100,0 %	6,3%	-4,8

### 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.

#### **3.1 2020 Special Edition of the Global Competitiveness Report**

Out of 140 economies South Africa ranked 60th in 2019, 67th in 2018 and 62nd in 2017.

The 2020 special edition of The Global Competitiveness Report (GCR) series considers a very difficult and uncertain historical moment. The outbreak of the COVID-19 pandemic has led to a global health crisis and deep economic recession—deeper than the downturn during the 2008–2009 financial crisis—but has also created a climate of profound uncertainty about the future outlook.

Consequently there are growing calls for “building back better”. The situation calls for innovative and much-needed shifts in policy, focusing on the priorities for recovery and revival, and considering the building blocks of a transformation towards new economic systems that combine “productivity”, “people” and “planet” targets to lead to environmental sustainability and shared prosperity.

Based on analyses of historical trends on factors of competitiveness as well as the latest thinking on future priorities, recommendations are made against three timelines: before the health crisis; beyond immediate responses to the COVID-19 crisis, revival over the next 1-2 years; and priorities and policies needed to reboot economic systems in the longer run to achieve sustainable and inclusive prosperity in the future, transformation over the next 3-5 years.

Recommendations and timeframes are grouped into four broad areas of action:

- 1) Reviving and transforming the enabling environment,
- 2) Reviving and transforming human capital,
- 3) Reviving and transforming markets, and
- 4) Reviving and transforming the innovation ecosystem.

Based on the assessment of business leaders:

- economic digitization and digital skills;
- safety nets and financial soundness;
- governance and planning; and
- health system and research capacity have contributed to countries' resilience to the health crisis.

An initial assessment of countries on readiness for transformation is also provided that converts key priorities into quantitative measures for 37 economies. Please note that South Africa is included in the group of 37 economies that are more developed.

**TABLE18: SOUTH AFRICA'S TRANSFORMATION READINESS SCORES in 11 Categories (0-100 best)**

	INDICATOR DESCRIPTION	SA SCORE	SA RANK
1.	Ensure public institutions embed strong governance principles. Build a long-term vision and establish trust by serving their citizens	53.9	26
2.	Upgrade infrastructure to accelerate the energy transition and broaden access to electricity and ICT	63.8	35
3.	Shift to more progressive taxation, rethinking how corporations, wealth and labour are taxed Nationally and in an international cooperative framework.	65.2	1
4.	Update education curricula and expand investment in the skills needed for jobs in markets of tomorrow.	42.6	31
5.	Rethink labour laws and social protection for the new economy and the new needs of the workforce	42.9	36
6.	Expand eldercare, childcare and healthcare infrastructure and innovation for the benefit of people and the economy	Not available	37
7.	Increase incentives to direct financial resources towards long-term investments, strengthen stability and expand inclusion	38.6	35
8.	Rethink competition and anti-trust frameworks needed in the Fourth Industrial Revolution, ensuring market access, both locally and internationally	58.3	28
9.	Facilitate the creation of "markets of tomorrow", especially in areas that require public-private collaboration	35.6	35
10.	Incentivize and expand patient investments in research, innovation and invention that can create new "markets of tomorrow"	31.7	33
11.	Incentivize firms to embrace diversity, equity and inclusion to enhance creativity	61.5	19

### Parallels between the World Competitiveness Yearbook and the Global Competitiveness Report

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 2020 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.

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 hits all time low in competitiveness ranking in 2020 faced with sluggish economic growth and in the mist of the global Covid-19 pandemic, according to the latest World Competitiveness Yearbook (WCY) compiled by Switzerland based Institute of Management Development (IMD).

According to the 2020 WCY, South Africa fell by three notches to be ranked **59 out of 63** countries rated by the IMD. The country recorded a reasonably good level of global competitiveness between 2000 and 2006 averaging below 40 of the 63 countries, the best being 37 in 2001 and 2005, respectively, South Africa's performance has been on a downward trend since 2007.

This is a worrying factor in a country with high rates of unemployment, poverty and inequality and it calls for policy reform to enable a sustainable business environment.

According to the IMD 's 2020 WCY, the drop in South Africa's global competitiveness ranking was underpinned by the following factors:

- Deteriorating headline and youth unemployment
- Rising public debt levels amid a shrinking fiscal space
- Lack of decisive plans to revive the struggling economy
- Ongoing electricity supply problems and rolling blackouts
- Sluggish legal process to address corruption in state owned enterprises

The WCY evaluates each country's data based on about 346 distinct criteria, which are grouped into 4 factors, where South Africa performed as follows among the 63 selected countries:

- Economic performance - dropped to 61 in 2020 from 59 in 2019.
- Government efficiency - dropped to 54 in 2020 from 50 in 2019.
- Business efficiency - dropped to 56 in 2020 from 44 in 2019.
- Infrastructure - dropped to 61 in 2020 from 60 in 2019.

The following countries topped the global competitiveness rankings:

- Singapore - 1 in 2020 from 1 in 2019.
- Denmark - 2 in 2020 from 8 in 2019.
- Switzerland - 3 in 2020 from 4 in 2019.
- Netherlands - 4 in 2020 from 6 in 2019.
- Hong Kong - 5 in 2020 from 2 in 2019.

The WCY 2020 further shows that the BRICS countries performed as follows

- Brazil - 56 in 2020 from 59 in 2019.
- Russia - 50 in 2020 from 45 in 2019.
- India - 43 in 2020 from 43 in 2019.
- China - 20 in 2020 from 14 in 2019.
- South Africa - 59 in 2020 from 56 in 2019.

The Director of the IMD World Competitiveness Center and Professor of Finance, Arturo Bris, says "There is no single nation in the world that has succeeded in a sustainable way without preserving the prosperity of its people. Competitiveness refers to such an objective: It determines how countries, regions and companies manage their competencies to achieve long-term growth, generate jobs and increase welfare.

**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*?

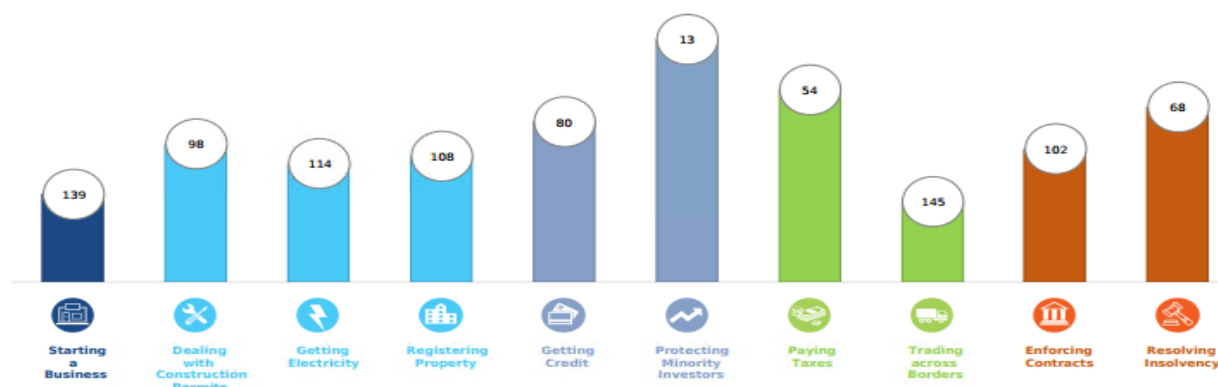


Source: *Doing Business* database. Note: Labor market regulation is not included in the ease of doing business ranking.



<b>Ease of Doing Business in South Africa</b> 	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



<b>Starting a Business (rank)</b> 139 <b>Score of starting a business (0-100)</b> 81.2 Procedures (number) 7 Time (days) 40 Cost (number) 0.2 Paid-in min. capital (% of income per capita) 0.0	<b>Getting Credit (rank)</b> 80 <b>Score of getting credit (0-100)</b> 60.0 Strength of legal rights index (0-12) 5 Depth of credit information index (0-8) 7 Credit registry coverage (% of adults) 0.0 Credit bureau coverage (% of adults) 66.5	<b>Trading across Borders (rank)</b> 145 <b>Score of trading across borders (0-100)</b> 59.6 Time to export Documentary compliance (hours) 68 Border compliance (hours) 92 Cost to export Documentary compliance (USD) 55 Border compliance (USD) 1,257 Time to export Documentary compliance (hours) 36 Border compliance (hours) 87 Cost to export Documentary compliance (USD) 73 Border compliance (USD) 676
<b>Dealing with Construction Permits (rank)</b> 98 <b>Score of dealing with construction permits (0-100)</b> 68.3 Procedures (number) 20 Time (days) 155 Cost (% of warehouse value) 1.9 Building quality control index (0-15) 12.0	<b>Protecting Minority Investors (rank)</b> 13 <b>Score of protecting minority investors (0-100)</b> 80.0 Extent of disclosure index (0-10) 8.0 Extent of director liability index (0-10) 8.0 Ease of shareholder suits index (0-10) 8.0 Extent of shareholder rights index (0-6) 5.0 Extent of ownership and control index (0-7) 6.0 Extent of corporate transparency index (0-7) 5.0	<b>Enforcing Contracts (rank)</b> 102 <b>Score of enforcing contracts (0-100)</b> 56.9 Time (days) 600 Cost (% of claim value) 33.2 Quality of judicial processes index (0-18) 8.5
<b>Getting Electricity (rank)</b> 114 <b>Score of getting electricity (0-100)</b> 68.8 Procedures (number) 5 Time (days) 109 Cost (% of income per capita) 158.4 Reliability of supply and transparency of tariff index (0-8) 4	<b>Paying Taxes (rank)</b> 54 <b>Score of paying taxes (0-100)</b> 81.2 Payments (number per year) 7 Time (hours per year) 210 Total tax and contribution rate (% of profit) 29.2 Postfiling index (0-100) 60.8	<b>Resolving Insolvency (rank)</b> 68 <b>Score of resolving insolvency (0-100)</b> 54.6 Recovery rate (cents on the dollar) 34.7 Time (years) 2.0 Cost (% of estate) 18.0 Outcome (0 as piecemeal sale and 1 as going concern) 0 Strength of insolvency framework index (0-16) 11.5
<b>Registering Property (rank)</b> 108 <b>Score of registering property (0-100)</b> 59.5 Procedures (number) 7 Time (days) 23 Cost (% of property value) 8.0 Quality of the land administration index (0-30) 15.5		

## 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 2021 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.

#### **Summary Of The 2021 Foreign Direct Investment (FDI) Confidence Index**

The shockwaves of the coronavirus pandemic cannot be overstated. The 2020 global economy contracted by 3.7 %, the most since World War II, according to our Global Economic Outlook 2021–2023. Global trade collapsed even more dramatically last year—by about 9.5 % according to the World Bank. Direct investment flows, which historically correspond closely with the fluctuations in global output and trade in goods in services, had already started to decline prior to the pandemic. Last year, they declined even more precipitously—by a staggering 42 %, according to the United Nations Conference on Trade and Development (UNCTAD).

The effects of the pandemic on direct investment flows are likely to be long-lasting. Our estimates suggest that the world could be looking at a multiyear long-haul recovery for global FDI flows—2016 peak levels will likely not be surpassed until 2028. And, under less positive assumptions, it could take as much as a decade for flows to reach their earlier apogee.

Given these dynamics, it's not surprising that investors are more cautious. In this year's Index, respondents were less optimistic about the three-year outlook for the global economy than they have been since 2016, suggesting concern about how quickly the economy will recover from COVID-19. Specifically, only 57 percent expressed optimism about the global economy this year, which is much lower than the peak of 79 percent in 2014 and 72 percent just one year.

Fast-forward to 2021—and what a difference a year makes. Following the historic economic, social, and political disruptions that came with the pandemic, vaccines have been developed, and countries around the world are now racing to inoculate their people. Our baseline projections suggest the global economy will rebound this year to 5.6 % growth and that, in the second quarter of 2021, global output will exceed its pre-pandemic level from the fourth quarter of 2019. Yet even as conditions are starting to look up, investors appear far more cautious in their outlook only 12 months after the COVID upheaval began.

In addition to the fall in optimism, most of the overall scores for the top-25 economies have fallen. In fact, only five registered higher than they did in 2020. This reflects concern about the uncertain state of the economic recovery. In fact, investors pointed to the macroeconomic environment as the most prominent factor in explaining why direct investment might decrease. In contrast, availability of funds is identified as a primary driver of investments. And this makes sense—with the pandemic severely testing their corporate finances, executives are likely to take their time expanding their store of capital before they mobilize FDI.

Such sentiment is understandable. When this year's survey was in the field, investors were still contending with the financial and psychological shocks of COVID-19. Several obstacles to overcoming the pandemic remain at this writing, including the sheer complexity of delivering vaccines to all corners of the world and the emergence of potentially deadlier and more easily transmissible strains of the virus. These have since resulted in renewed lockdowns and disruptions to economic activity, casting more doubt on the ability of the global business and investment environment to rapidly rebound to pre-pandemic conditions.

And while there is light at the end of the tunnel, emerging from the shadow of COVID-19 will be a marathon rather than a sprint. The Index respondents say they expect a long haul and a tenuous recovery for investment flows. For this reason, we have titled this year's Index On shaky ground.

## 4.1 Global Investment Trends

Global FDI flows down 42% in 2020. Further weakness expected in 2021, risking sustainable recovery (Source: World Investment Monitor; Jan 2021; UNCTAD)

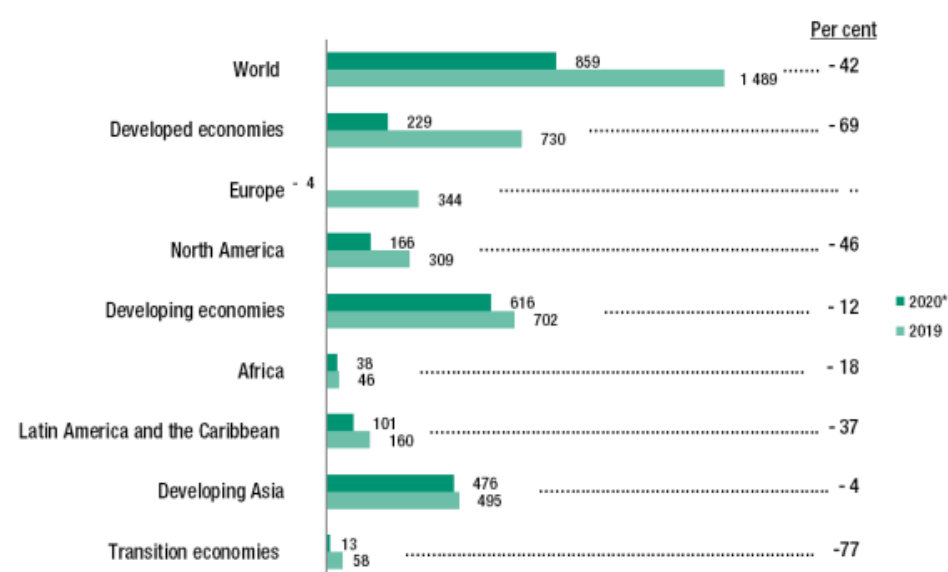
Global foreign direct investment (FDI) collapsed in 2020, falling by 42% to an estimated \$859 billion, from \$1.5 trillion in 2019. FDI finished 2020 more than 30% below the trough after the global financial crisis in 2009 and back at a level last seen in the 1990s.

The decline was concentrated in developed countries, where FDI flows fell by 69% to an estimated \$229 billion. Flows to Europe dried up completely to -4 billion (including large negative flows in several countries). A sharp decrease was also recorded in the United States (-49%) to \$134 billion.

The decline in developing economies was relatively measured at -12% to an estimated \$616 billion. The share of developing economies in global FDI reached 72% – the highest share on record. China topped the ranking of the largest FDI recipients.

The fall in FDI flows across developing regions was uneven, with -37% in Latin America and the Caribbean, -18% in Africa and -4% in developing Asia. East Asia was the largest host region, accounting for one-third of global FDI in 2020. FDI to the transition economies declined by 77% to \$13 billion.

**Figure 2. FDI inflows by region, 2019 and 2020\***  
(Billions of US dollars)



Source: UNCTAD.  
\* Preliminary estimates.

## 4.2 Africa

### Africa Regional Investment Trends

- FDI in Africa set to fall sharply, following the decline in 2019. FDI flows are forecast to decline by 25 to 40 percent to \$25-\$35 billion, based on GDP growth projections and a range of investment-specific factors.
- The COVID-19 pandemic will severely curtail foreign investment in Africa, mirroring the global trend.
- The downturn will be exacerbated by low oil and commodity prices because of the resource-oriented investment profile of the continent.
- Investment in GVC-intensive manufacturing industries will be among the hardest hit, which will hurt efforts to promote economic diversification and industrialization in Africa.
- Announced greenfield investment projects already show a strong negative trend in the first quarter of 2020, although the value of projects (-62 per cent) has declined more than their number (-23 per cent).
- Despite the immediate negative prospects for FDI to Africa, there are some mitigating factors that could limit the extent of the investment decline and help initiate a stabilization and recovery in 2021 and beyond.
- Several major investment partners outside the continent are increasingly engaged in initiatives to strengthen investment ties with the continent, promoting investment in infrastructure, resources, but also industrial development. Also, deepening regional integration with the implementation of the African Continental Free Trade Area Agreement (AfCFTA) and the expected conclusion of its investment protocol could have a positive effect.
- In 2019, FDI flows to Africa already declined by 10 per cent to \$45 billion. Tepid global and regional GDP growth and dampened demand for commodities inhibited flows to countries with diversified and natural resource-oriented investment profiles alike, although a few received higher inflows from large new projects.
- FDI inflows to North Africa decreased by 11 per cent to \$14 billion, with reduced inflows in all countries except Egypt. Egypt remained the largest FDI recipient in Africa in 2019, with inflows increasing by 11 per cent to \$9 billion.
- After an increase in 2018, FDI flows to Sub-Saharan Africa decreased again by 10 per cent in 2019 to \$32 billion.
- FDI to West Africa fell by 21 per cent to \$11 billion in 2019 largely driven by the steep decline in investment in Nigeria.
- FDI flows to East Africa also decreased, by 9 per cent to \$7.8 billion as inflows to Ethiopia contracted by a fourth to \$2.5 billion.
- Central Africa received \$8.7 billion in FDI, marking a decline of 7 per cent mainly due to the fall in flows to the Democratic Republic of the Congo.
- Southern Africa was the only sub-region that received higher inflows in 2019 (a 22 per cent increase to \$4.4 billion) but only due to the slowdown in net divestment from Angola.
- FDI inflows to South Africa decreased by 15 per cent to \$4.6 billion in 2019.

## Inflows

### Top 5 host economies



### Outflows: top 5 home economies

(Billions of dollars and 2019 growth)

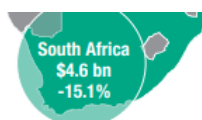
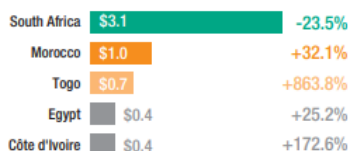
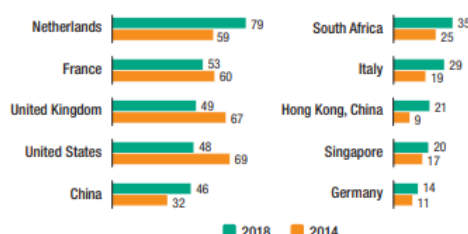


Figure A. Top 10 investor economies by FDI stock, 2014 and 2018 (Billions of dollars)



Source: UNCTAD.

Source: UNCTAD World Investment Report 2020.

**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

<b>2007</b>	63	n/a	7,190	114	53,429.83	848.73
<b>2006</b>	92	50.8	11,670	126	55,081.26	598.43
<b>2005</b>	61	17.3	16,798	275	42,558.87	697.69
<b>2004</b>	52	n/a	7,994	153	51,375.61	988.27
<b>2003</b>	62	n/a	16,755	270	52,038.77	838.66
<b>Total</b>	<b>1,961</b>	<b>n/a</b>	<b>241,189</b>	<b>122</b>	<b>1,488,759.11</b>	<b>759.54</b>

**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

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

**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) (Eviais)	France	Food & Tobacco	260,61	147	Yes	Co-Location
		<b>Totals</b>			<b>R23 774,00</b>	<b>7 805</b>		

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	<a href="http://www.bridgestone.com">www.bridgestone.com</a>	Japan	Rubber	Transport Equipment	Manufacturing	151	R 380 778 513,50



2	Oct-16	Neovia (InVivo) (Evalis)	<a href="http://www.inviv-o-group.com">www.inviv-o-group.com</a>	France	Food & Beverages	Agribusiness	Logistics, Distribution & Transportation	159	R 388 402 715,00
3	Apr-14	Syngenta	<a href="http://www.syngenta.com">www.syngenta.com</a>	Switzerland	Food & Beverages	Agribusiness	Research & Development	42	R 169 746 371,70
4	Jul-07	Eastern Platinum (Eastplats)	<a href="http://www.eastplats.com">www.eastplats.com</a>	Canada	Metals	Physical Sciences	Manufacturing	223	R 1 104 789 945,00
5	Nov-06	Robert Bosch	<a href="http://www.bosch.com">www.bosch.com</a>	Germany	Automotive components	Transport Equipment	Manufacturing	183	R 186 864 861,80

## 5. [TRADE](#)

### 5.1 African Continental Free Trade Area (AfCFTA)

#### Facilitating trade and economic integration in Africa

Official intra-African trade remains low and Africa trades more with the rest of the World than with itself. One of the main reasons for this is the lack of information on market opportunities and market access conditions.

The AfCFTA lowers trade barriers and promotes regional economic integration. Trading under the continent-wide area commenced on 1 January 2021.

The African Trade Observatory, one of the five operational instruments of the AfCFTA, it serves as a repository of trade information and allows to monitor, in real time, the pace of trade and economic integration in Africa. A new trade intelligence tool that enables firms to easily explore and compare trade opportunities across Africa to support trade under the new African Continental Free Trade Area. The African Trade Observatory (Link: <https://ato.africa/en>) was rolled out by the African Union (AU), the European Union (EU) Commission and the International Trade Centre (ITC) at an AU summit on 5 December 2020.

The African Trade Observatory is especially valuable for empowering the economic operators during this COVID-19 pandemic, by putting an entire continent of trade intelligence at the fingertips of African entrepreneurs, especially to support small local firms, women and young people in making the most of new opportunities.

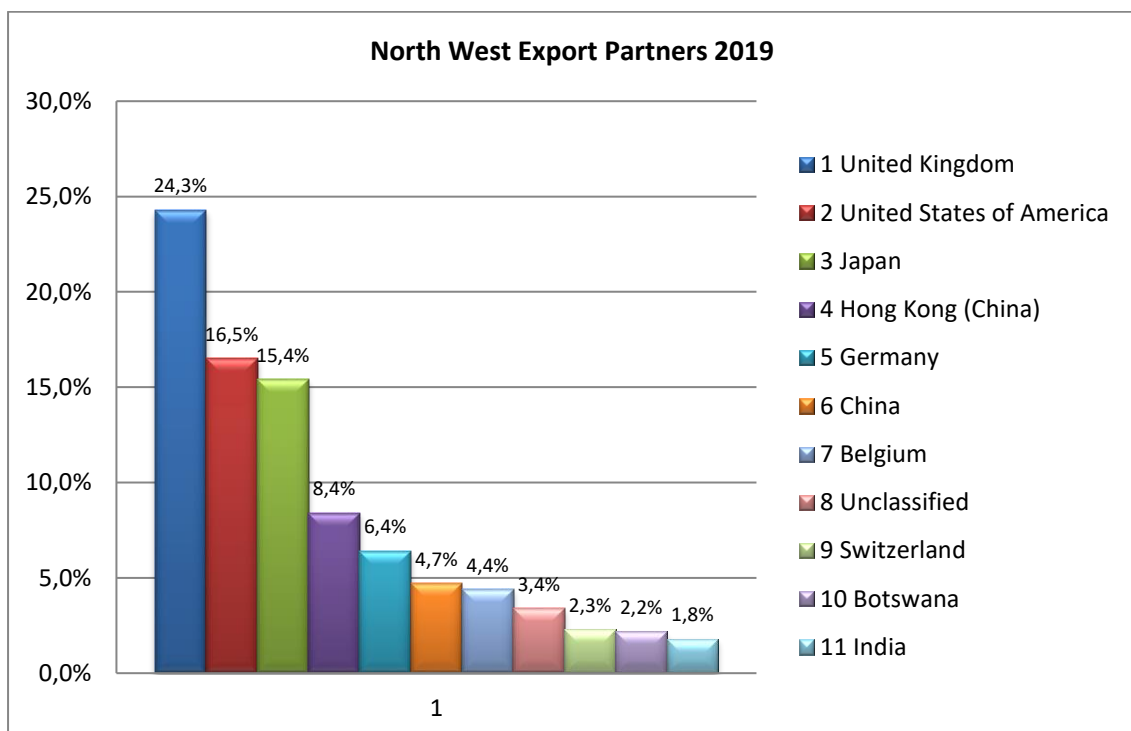
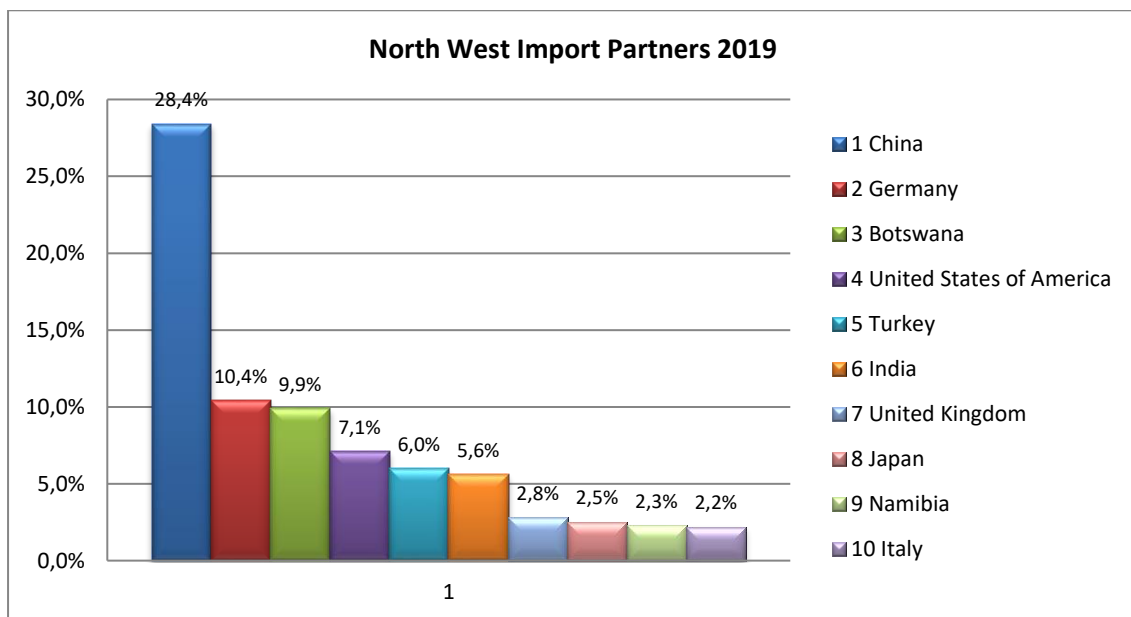
Following the release of two publicly available modules (Compare and Explore), policymakers and Regional Economic Communities will have access to a third Monitor module. This module will provide a range of real-time indicators on trade flows, utilization of AfCFTA tariff preferences, tax revenues, clearance time and trade simulations, thereby facilitating the evaluation of the implementation process and impact of the AfCFTA.

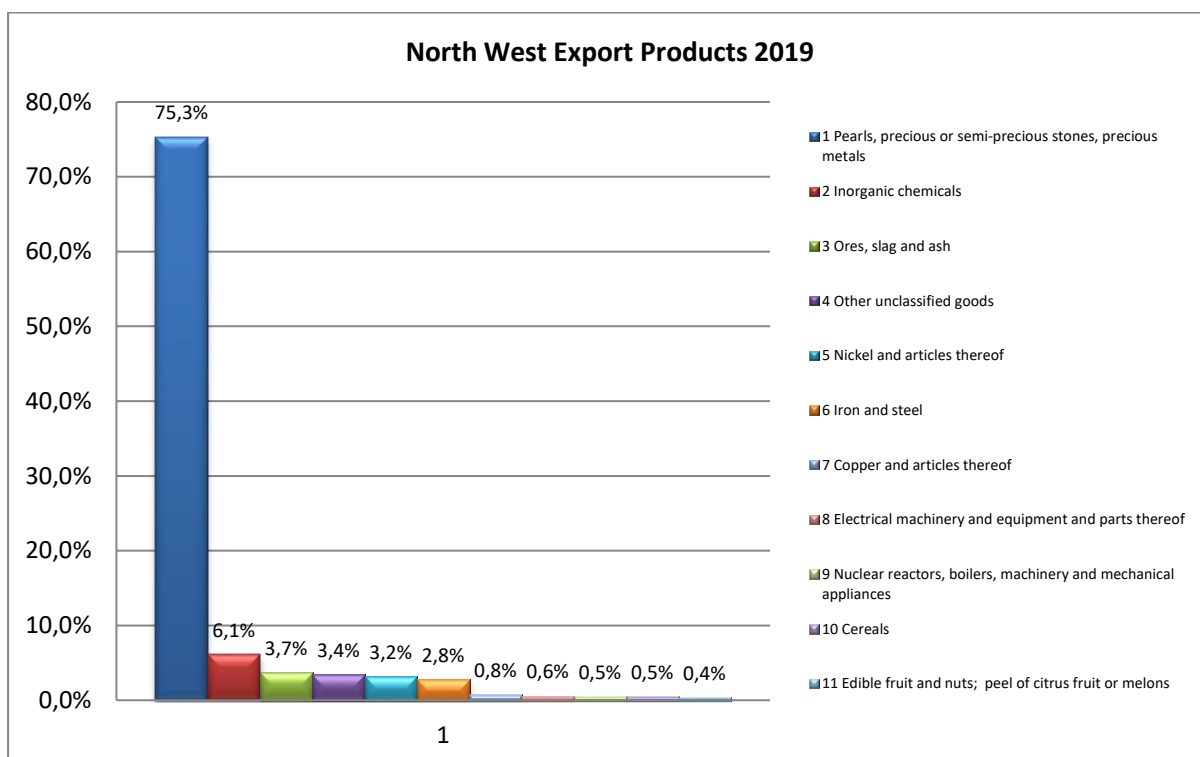
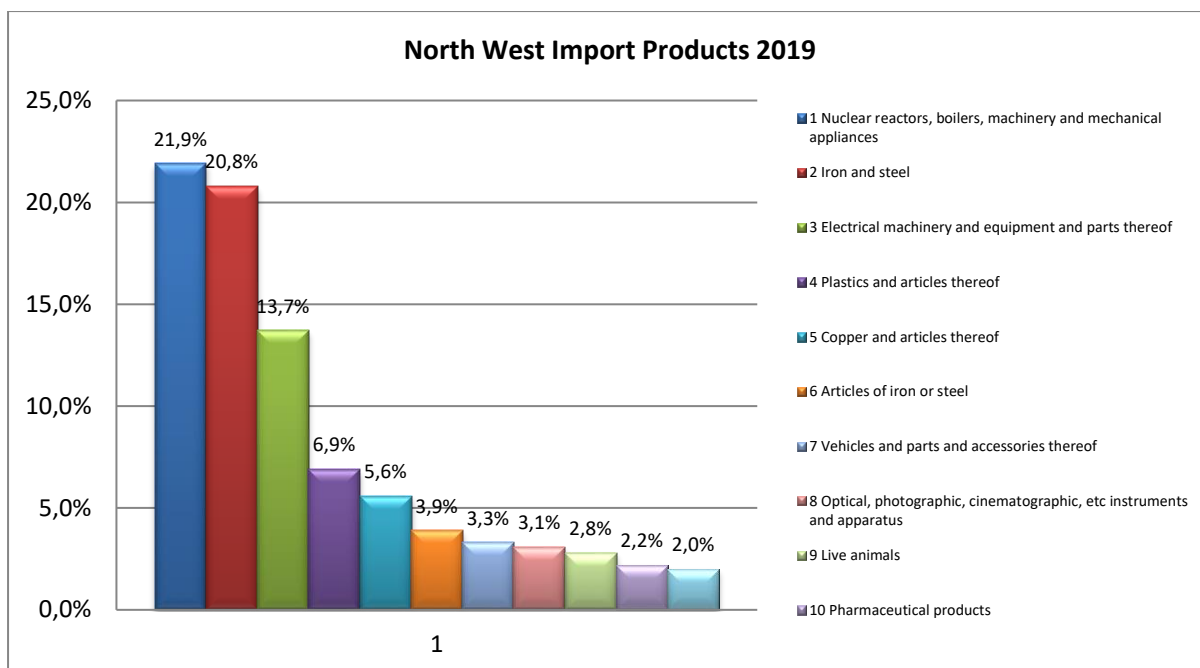
### 5.2 North West Trade

Compared to 2017, North West exports increased from approximately R24 bn to approximately R103 bn in 2019. Imports remained at about R6 bn. Exports where from mainly from Rustenburg and Madibeng.

**Table 22: North West Trade Summary 2018**

NORTH WEST TRADE			
Source: IHS Markit; Regional eXplorer 1692 (2.6f) Apr 2019			
	South Africa	North West Province	North West as a % of South Africa
Exports Value (ZAR):	1 303 144 999	103 472 583	7.94%
Imports Value (ZAR):	1 263 823 998	6 237 964	0.49%





**Table 22: International Trade Figures for 2019**

International Trade 2019						
	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Exports (R 1000)	1 303 144 999	103 472 583	99 697 307	1 578 752	739 251	1 457 273
Imports (R 1000)	1 263 823 998	6 237 964	3 255 797	264 500	183 652	2 534 016
Total Trade (R 1000)	2 566 968 997	109 710 547	102 953 103	1 843 252	922 902	3 991 289
Trade Balance (R 1000)	39 321 000	97 234 619	96 441 510	1 314 253	555 599	-1 076 743
Exports as % of GDP	25,7%	34,0%	62,4%	2,7%	3,2%	2,3%
Total trade as % of GDP	50,6%	36,0%	64,4%	3,1%	4,0%	6,4%

Regional share - Exports	100,0%	7,94%	7,7%	0,1%	0,1%	0,1%
Regional share - Imports	100,0%	0,49%	0,3%	0,0%	0,0%	0,2%
Regional share - Total Trade	100,0%	4,27%	4,0%	0,1%	0,0%	0,2%

(Source: IHS Markit: Regional eXplorer 1923 (2.6i) October 2020)

**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](http://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 to benefit from new trends;
- 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**

**Date: 31 March 2021**

  
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