



# **Economic Data Report**

**Quarter 1 of 2021/2022**

*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: Managing Divergent Recoveries

(Source: WORLD ECONOMIC OUTLOOK (WEO); April 2021)

One year into the COVID-19 pandemic, the accumulating human toll continues to raise concerns, even as growing vaccine coverage lifts sentiment. High uncertainty surrounds the global economic outlook, primarily related to the path of the pandemic. The contraction of activity in 2020 was unprecedented in living memory in its speed and synchronized nature. But it could have been a lot worse. Estimates suggest that the contraction could have been three times as large if not for extraordinary policy support. Much remains to be done to beat back the pandemic and avoid divergence in income per capita across economies and persistent increases in inequality within countries.

**Improved outlook:** After an estimated contraction of –3.3 percent in 2020, the global economy is projected to grow at 6 percent in 2021, moderating to 4.4 percent in 2022. Global growth is expected to moderate to 3.3 percent over the medium term.

Thanks to unprecedented policy response, the COVID-19 recession is likely to leave smaller scars than the 2008 global financial crisis. However, emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses.

**Divergent impacts:** Output losses have been particularly large for countries that rely on tourism and commodity exports and for those with limited policy space to respond. Many of these countries entered the crisis in a precarious fiscal situation and with less capacity to mount major health care policy responses or support livelihoods.

Youth, women, workers with relatively lower educational attainment, and the informally employed have generally been hit hardest.

Income inequality is likely to increase significantly because of the pandemic. Close to 95 million more people are estimated to have fallen below the threshold of extreme poverty in 2020 compared with pre-pandemic projections.

Learning losses have been more severe in low-income and developing countries, which have found it harder to cope with school closures, and especially for girls and students from low-income households. Unequal setbacks to schooling could further amplify income inequality.

High uncertainty surrounds the global outlook. Future developments will depend on the path of the health crisis, including:

- whether the new COVID-19 strains prove susceptible to vaccines or they prolong the pandemic;
- the effectiveness of policy actions to limit persistent economic damage (scarring);
- the evolution of financial conditions and commodity prices; and
- the adjustment capacity of the economy.

Considering the large uncertainty surrounding the outlook, policymakers should **prioritize policies that would be prudent, regardless of the state of the world that prevails including:**

- strengthening social protection with wider eligibility for unemployment insurance to cover the self-employed and informally employed;
- ensuring adequate resources for health care, early childhood development programs, education, and vocational training; and
- investing in green infrastructure to hasten the transition to lower carbon dependence.

Where elevated debt levels limit scope for action, effort should also be directed at;

- creating space through increased revenue collection (fewer breaks, better coverage of registries, and switching to well-designed value-added taxes),
- greater tax progressivity, and
- by reducing wasteful subsidies.

Policy priorities and responses of countries need to be tailored to the stage of the pandemic, strength of the recovery, and structural characteristics of the economy. Once vaccination becomes widespread and spare capacity in health care systems is generally restored to pre-COVID-19 levels, restrictions can begin to be lifted.

While the pandemic continues, policies should first focus on:

- escaping the crisis,
- prioritizing health care spending,
- providing well-targeted fiscal support, and
- maintaining accommodative monetary policy while monitoring financial stability risks.

As the recovery progresses, policymakers will need to focus on boosting productive capacity (for example, public investment) and increasing incentives for an efficient allocation of productive resources.

**All the while, long-term challenges—boosting productivity, improving policy frameworks, and addressing climate change—cannot be ignored.**

**In summary:**

- Strong international cooperation is vital ensuring that emerging market economies and low-income developing countries continue to narrow the gap between their living standards and those of high-income countries.
- Ensuring adequate worldwide vaccine production and universal distribution at affordable prices—including through sufficient funding for the COVAX facility;
- Ensure that financially constrained economies have adequate access to international liquidity so that they can continue needed health care, other social, and infrastructure spending required for development and convergence to higher levels of income per capita.
- Redouble climate change mitigation efforts.

- Resolve economic issues underlying trade and technology tensions (as well as gaps in the rules-based multilateral trading system).
- Building on recent advances in international tax policy, efforts should continue to focus on limiting cross-border profit shifting, tax avoidance, and tax evasion.

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

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

<b>Advanced Economies</b>	3,6	4	2,6	4,7	3,3	1,3	-9,5	7,9	6,4
<b>Emerging Market and Developing Economies</b>	3,9	0,3	2,3	7,5	4,1	0,5	-5,7	7,6	6
<b>Commodity Prices (U.S. dollars)</b>									
<b>Oil 5/</b>	-7,5	-47,2	-15,7	23,3	29,4	-10,2	-32,7	41,7	-6,3
<b>Nonfuel (average based on world commodity export weights)</b>	-4	-17,5	-1,6	6,4	1,3	0,8	6,7	16,1	-1,9
<b>Consumer Prices</b>									
<b>Advanced Economies 6/</b>	1,4	0,3	0,8	1,7	2	1,4	0,7	1,6	1,7
<b>Emerging Market and Developing Economies 7/</b>	4,7	4,7	4,3	4,3	4,9	5,1	5,1	4,9	4,4
<b>London Interbank Offered Rate (percent)</b>									
<b>On U.S. Dollar Deposits (six month)</b>	0,3	0,5	1,1	1,5	2,5	2,3	0,7	0,3	0,4
<b>On Euro Deposits (three month)</b>	0,2	0	-0,3	-0,3	-0,3	-0,4	-0,4	-0,5	-0,5
<b>On Japanese Yen Deposits (six month)</b>	0,2	0,1	-	-	-	0	0	-0,1	0
<b>"Source: IMF staff.</b>									

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during January 18–February 15, 2021. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = *World Economic Outlook*.

1Difference based on rounded figures for the current, January 2021 WEO *Update*, and October 2020 WEO forecasts.

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

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

4Indonesia, Malaysia, Philippines, Thailand, Vietnam.

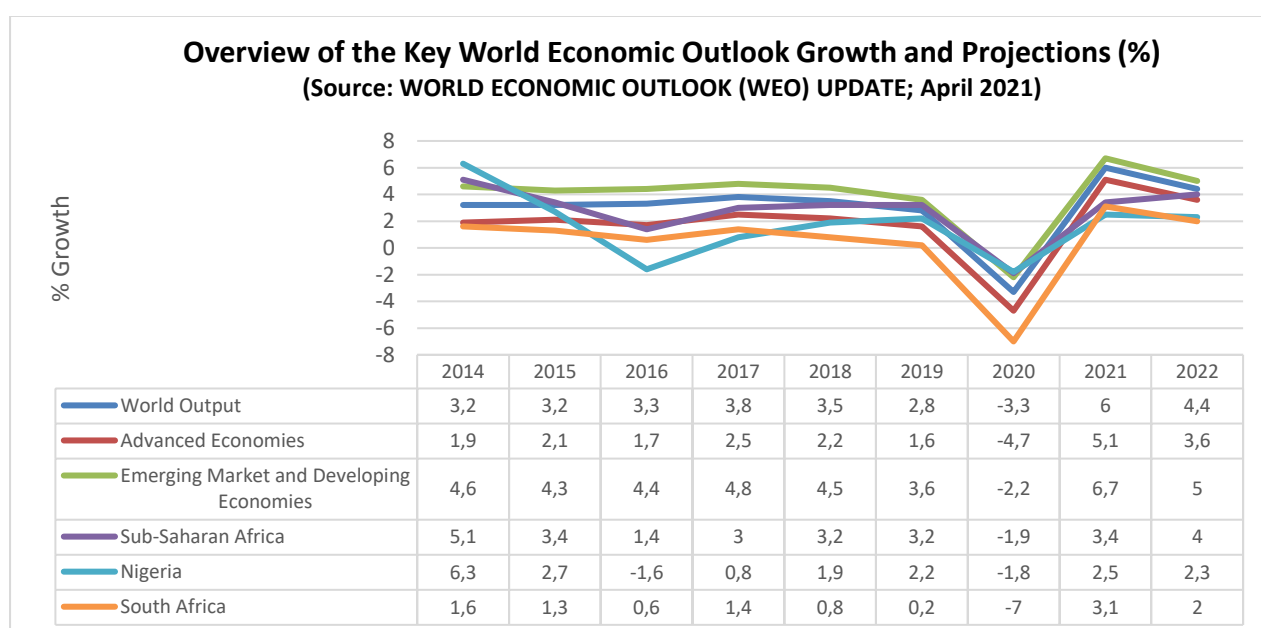
5Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$41.29 in 2020; the assumed price, based on futures markets, is \$58.52 in 2021 and \$54.83 in 2022.

6The inflation rates for 2021 and 2022, respectively, are as follows: 1.4 percent and 1.2 percent for the euro area, 0.1 percent and 0.7 percent for Japan, and 2.3 percent and 2.4 percent for the United States.

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

8For world output, the quarterly estimates and projections account for approximately 90 percent of annual world output at purchasing-power-parity weights. For emerging market and developing economies, the quarterly estimates and projections account for approximately 80 percent of annual emerging market and developing economies' output at purchasing-power-parity weights

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



## 2.2 South African Economy

### 2.2.1 Highlights Q1 2021/2022

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 Q1 2021/2022

##### GDP Rises in the first quarter of 2021

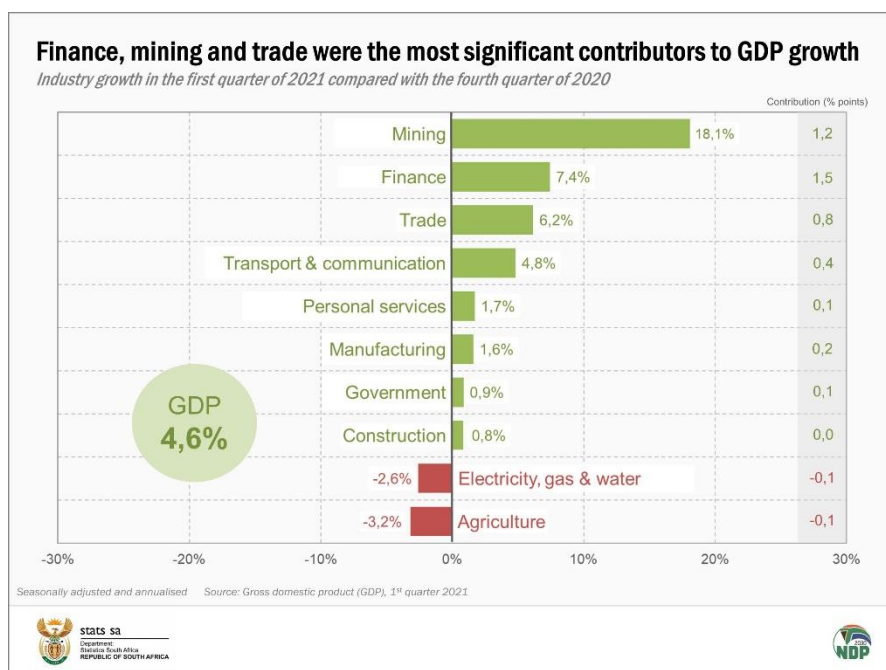
The South African economy grew by 1,1% in the first quarter of 2021 (January–March), translating into an annualised growth rate of 4,6%.<sup>1</sup> This follows a revised 1,4% (annualised: 5,8%) rise in real gross domestic product (GDP) in the fourth quarter of 2020.

The finance, mining and trade industries were the main drivers of output on the production (supply) side of the economy, while household spending and changes in inventories helped spur growth on the expenditure (demand) side.

Despite this being the third consecutive quarter of positive growth, the South African economy is 2,7% smaller than it was in the first quarter of 2020.

### Finance, mining and trade drive production

Eight of the ten industries recorded positive gains in the first quarter of 2021, with finance, mining and trade making the most significant contributions.



Economic activity in the finance, real estate & business services industry increased at an annualised rate of 7,4%. This was mostly driven by property services (recording a rise in mortgage advances and bond registrations) and the banking sector (registering a rise in the number of credit extensions).

The mining industry had a positive quarter too with annualised growth of 18,1%, boosted by the production of platinum group metals, iron ore, gold and chromium. On the downside, miners in manganese ore, coal and diamonds recorded lower production figures in the first quarter.

Strong wholesale and retail activity underpinned growth in the trade industry. Wholesalers recorded increases in sales of petroleum, as well as in consumer electronics (most notably digital appliances and high-end TVs). Retailers enjoyed a positive quarter, led by increases in sales of grocery products, healthcare services, vitamins and drugs.

Manufacturing output increased at an annualised rate of 1,6%, mostly driven by strong growth in the production of motor vehicles, parts and accessories and other transport equipment. Manufactures in wood, paper and printing made a notable contribution too, supported by strong demand for packing materials and increased newspaper sales.

Load shedding and a decline in the supply of water contributed to the contraction in the electricity, gas & water supply industry. The agriculture, forestry & fishing industry also performed poorly in the first quarter in comparison with the previous quarter, dragged lower by weaker production figures for field crops and animal products.

### Households spend more on insurance, retail, clothing and furniture

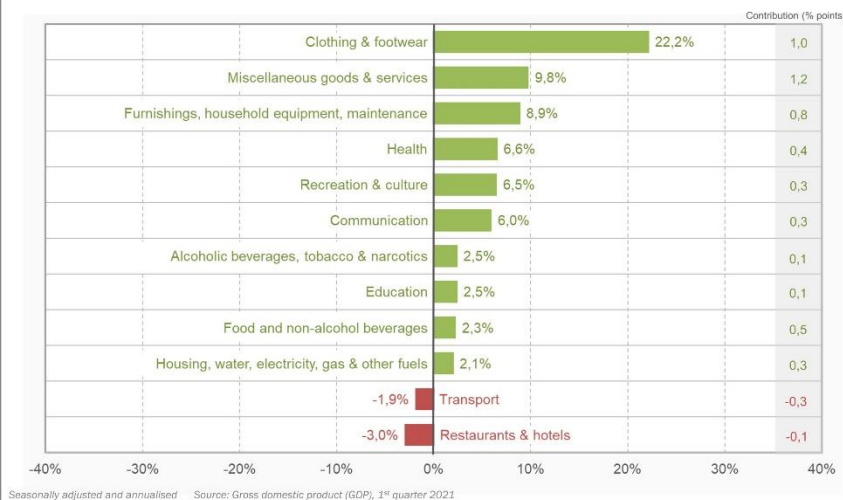
Stats SA also measures the expenditure side of GDP, providing an indication of total demand in the economy. This includes measures of household spending, government spending, investment spending (gross fixed capital formation and changes in inventories), and net exports.

Household final consumption expenditure increased at an annualised rate of 4,7% in the first quarter, driven largely by miscellaneous goods & services, clothing & footwear, and furnishings, household equipment & maintenance.



## Households increased spending on clothing & footwear by 22,2%

Growth in final consumption expenditure in the first quarter of 2021 compared with the fourth quarter of 2020



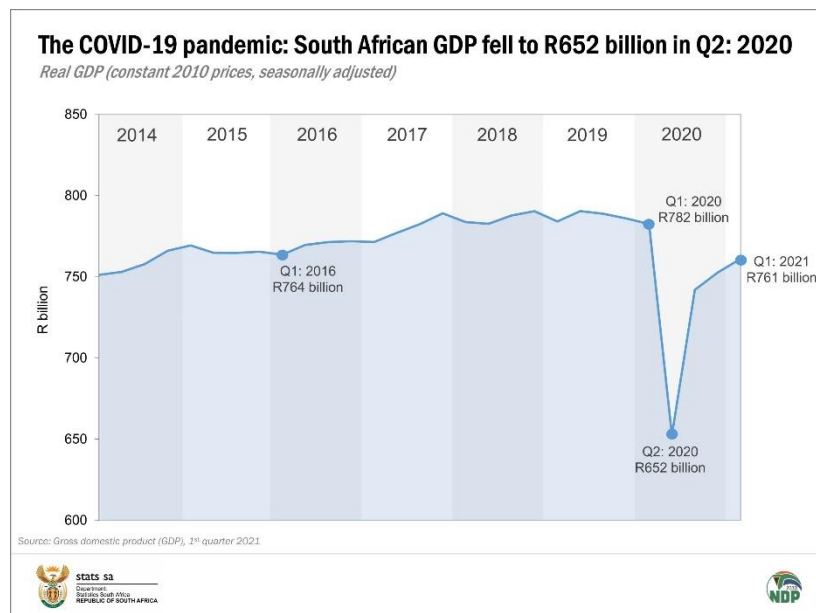
Notable items in the 'miscellaneous goods & services' category that recorded growth include insurance-related products, as well as retail goods such as electrical appliances, jewellery and other personal effects.

Clothing & footwear expenditure increased at an annualised rate of 22,2%.

Changes in inventories, particularly in the mining and trade industries, also spurred growth on the expenditure side of the economy.

## How far to go before we return to pre-COVID levels?

The COVID-19 pandemic and subsequent lockdown restrictions caused significant disruptions to the South African economy. Real GDP was R782 billion in the first quarter of 2020 (January–March).<sup>2</sup> In the second quarter of 2020 (April–June), when lockdown restrictions were at their most stringent, economic output slumped to R652 billion (click on the chart to enlarge).



Economic activity has increased since then, in line with easing lockdown restrictions, with real GDP rising to R761 billion in the first quarter of 2021. This level is roughly comparable to what the

economy was producing in the first quarter of 2016, and is 2,7% down from the R782 billion recorded in the first quarter of 2020.

## Inflation Consumer Price Index (CPI)

### Background:

- High and volatile inflation is bad for the economy
- Inflation targeting was adopted by the SA authorities in 2000
- The target is for consumer price inflation to be maintained between 3 and 6 per cent per annum
- This target was adopted by government through a cabinet decision
- The SA Reserve Bank has instrument independence
  - It must use its repurchase rate (interest rate) to keep inflation between 3 and 6 per cent
  - Inflation too high => raise repurchase rate => reduce credit extension and expenditure => lower inflation
  - Inflation too low => reduce repurchase rate => raise credit extension and expenditure => higher inflation
  - It takes time for the interest rate mechanism to work through to inflation: typically 18 to 24 months.

## Key Findings

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

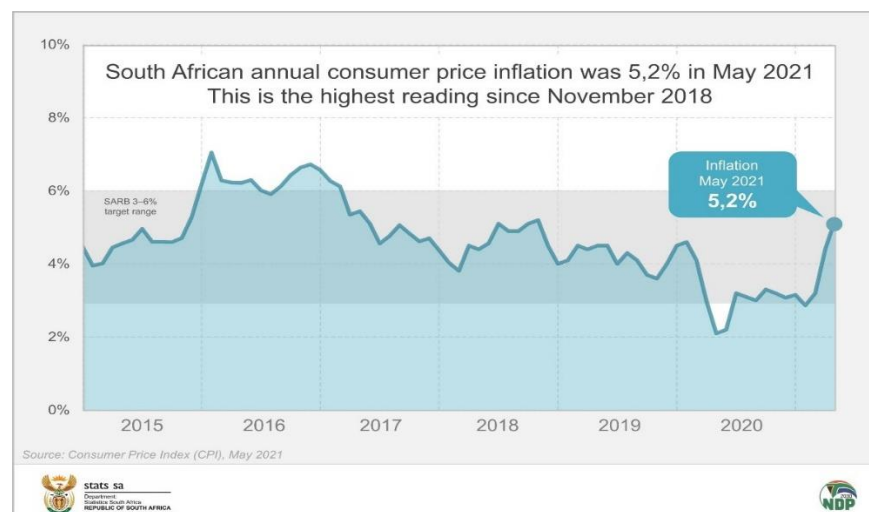
Annual consumer price inflation was 5,2% in May 2021, up from 4,4% in April 2021. The consumer price index increased by 0,1% month-on-month in May 2021.

The main contributors to the 5,2% annual inflation rate were food and non-alcoholic beverages; housing and utilities; transport; and miscellaneous goods and services.

- Food and non-alcoholic beverages increased by 6,7% year-on-year, and contributed 1,2 percentage points to the total CPI annual rate of 5,2%.
- Housing and utilities increased by 2,3% year-on-year, and contributed 0,6 of a percentage point.
- Transport increased by 15,3% year-on-year, and contributed 2,0 percentage points.
- Miscellaneous goods and services increased by 4,1% year-on-year, and contributed 0,7 of a percentage point.

### ***Consumer inflation quickens to a 30-month high***

Annual headline inflation climbed above the 4,5% midpoint of the South African Reserve Bank's monetary policy target range, accelerating to 5,2% in May from 4,4% in April. This is the highest reading since November 2018 when the rate was also 5,2%.



The 5,2% annual change in May comes off a low base recorded in May 2020, when fuel prices were low. Core inflation (this is CPI excluding food & non-alcoholic beverages, fuel and energy) was 3,1% in May 2021, much lower than the headline rate. This hints at the notable impact that fuel and food inflation has had on overall (headline) inflation levels.

### Fuel is 37% more expensive than it was a year ago

Despite a small monthly drop in the fuel price in May, the annual increase quickened to 37,4% from 21,4% in April. Petrol prices were 41,8% higher in May compared with the same month the previous year, while diesel was 27,0% more expensive.

Vehicle prices climbed by 6,5% in the year to May. Other running costs for vehicles rose by 8,9% on an annual basis and by 0,8% from April 2021 to May 2021. Most notably, tyre prices increased on average by 3,3% from April 2021.

### Food inflation edges up to a 46-month high

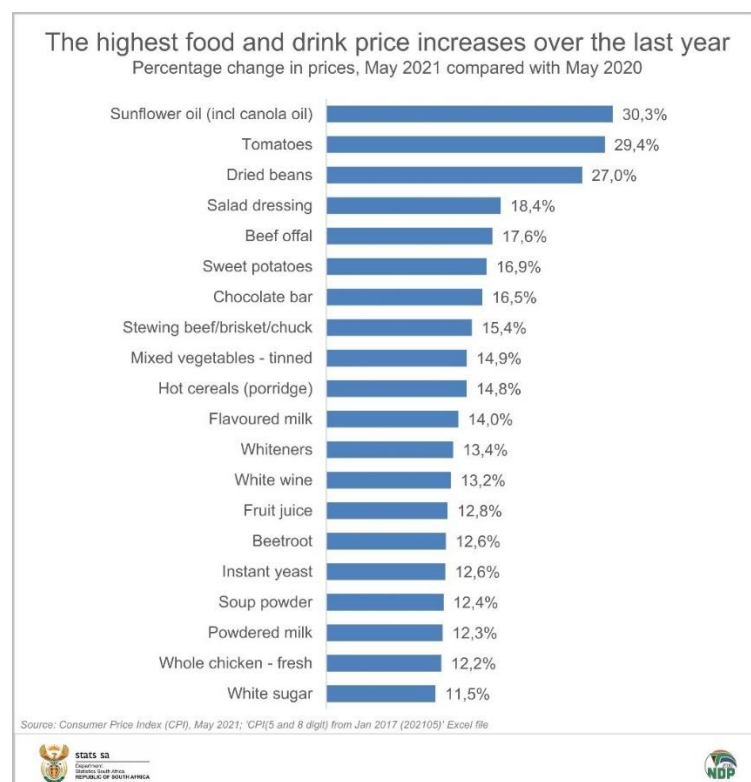
Annual food & non-alcoholic beverages inflation accelerated to 6,7% in May from 6,3% in April. May's reading is the highest since July 2017. Meat, fish, oils & fats, and sugar, sweets & desserts recorded rates higher than 6,7%.

Annual meat inflation has stubbornly remained above 6,0% since October 2020, climbing to 8,5% in May. Prices for fish products increased at a brisk 7,0%, slightly lower than April's 8,1%.

Cooking (sunflower) oil prices continue to surge, increasing by 30,3% from May 2020 and by 8,5% from April 2021. The average price of a 750ml bottle of sunflower oil, for example, was R20,99 a year ago, rising to R29,39 in May.

Higher cooking oil prices have driven inflation in the broader oils and fats category, which recorded an annual rate of 20,0% in May, up from 16,7% in April.

The sugar, sweets & desserts index increased by 8,7% on an annual basis, up from 8,0% in April. Over the past year, white sugar prices have risen faster (11,5%) than brown sugar prices (4,0%). However, from April to May, brown sugar recorded a higher monthly increase (1,9%) compared with white sugar (0,3%).



Alcoholic beverages & tobacco products registered an annual change of 5,8%. Wine prices have climbed by 7,2% and tobacco prices by 6,6%.

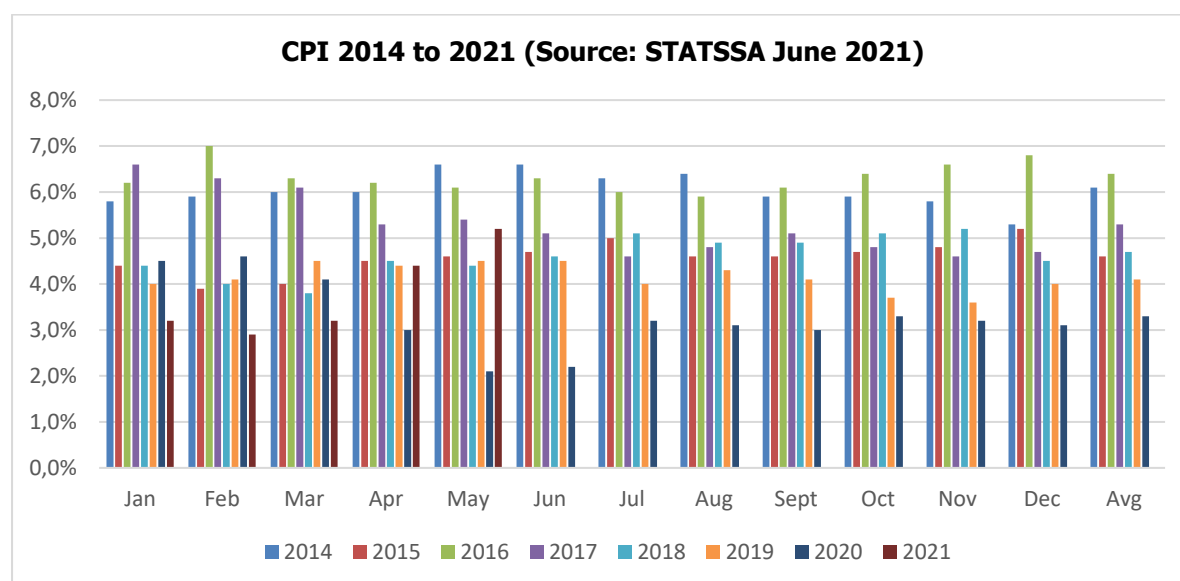
### Inflation pressure shifts from services to goods

It is notable how the drivers of inflation have shifted over the past 12 months. In May 2020, the highest annual price increases were recorded by services such as education, insurance, and housing & utilities. The annual rate for services was 4,1% in May 2020 and for goods the rate was flat.

By May 2021, services inflation had eased to 2,7% and for goods the rate had climbed to 8,0%. The product groups that recorded the highest annual rates in May 2021 were transport, food & non-alcoholic beverages, and alcoholic beverages & tobacco.

**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%
<b>2021</b>	3,2%	2,9%	3,2%	4,4%	5,2%								



Provincial annual inflation rates ranged from 5,0% in Northern Cape, Free State and Mpumalange to 5,7% in North West.

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

## 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)
Average 2012	5,6%	
Average 2013	4,7%	6,0%
Average 2014	6,1%	7,5%
Average 2015	4,6%	3,6%
Average 2016	6,4%	7,0%
Average 2017	5,3%	4,8%
Average 2018	4,7%	5,5%
Average 2019	4,1%	4,6%
Average 2020	3,3%	2,6%

## Key findings for January 2021

### Final manufactured goods – headline PPI

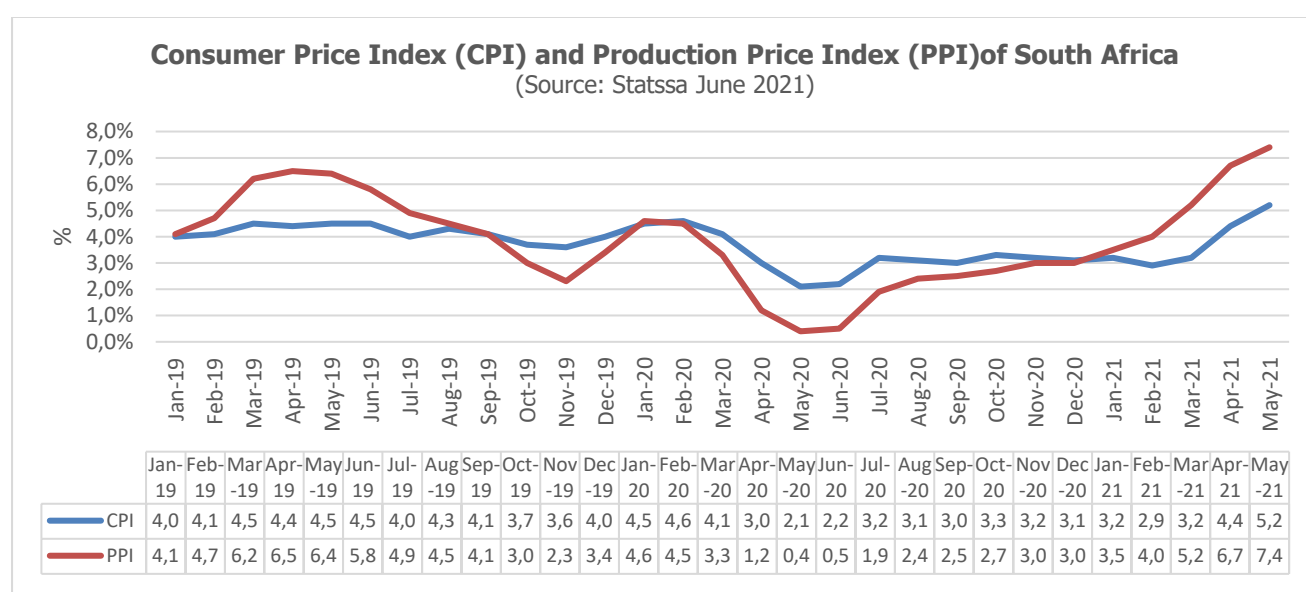
Annual producer price inflation (final manufacturing) was 7,4% in May 2021, up from 6,7% in April 2021. The producer price index increased by 0,4% month-on-month in May 2021. The main contributors to the headline PPI annual inflation rate were coke, petroleum, chemical, rubber and plastic products; food products, beverages and tobacco products; and metals, machinery, equipment and computing equipment.

- Coke, petroleum, chemical, rubber and plastic products increased by 17,1% year-on-year and contributed 3,3 percentage points.
- Food products, beverages and tobacco products increased by 6,2% year-on-year and contributed 2,2 percentage points.
- Metals, machinery, equipment and computing equipment increased by 6,8% year-on-year and contributed 1,0 percentage point.

The contributors to the headline PPI monthly increase were:

- food products, beverages and tobacco products, which increased by 0,2% month-on-month and contributed 0,1 of a percentage point;
- metals, machinery, equipment and computing equipment, which increased by 0,4% month-on-month and contributed 0,1 of a percentage point; and
- transport equipment, which increased by 0,9% month-on-month and contributed 0,1 of a percentage point.

**Figure 4: South Africa's Consumer Price Index (CPI) and Production Price Index (PPI) January 2019 to May 2021**



## Employment

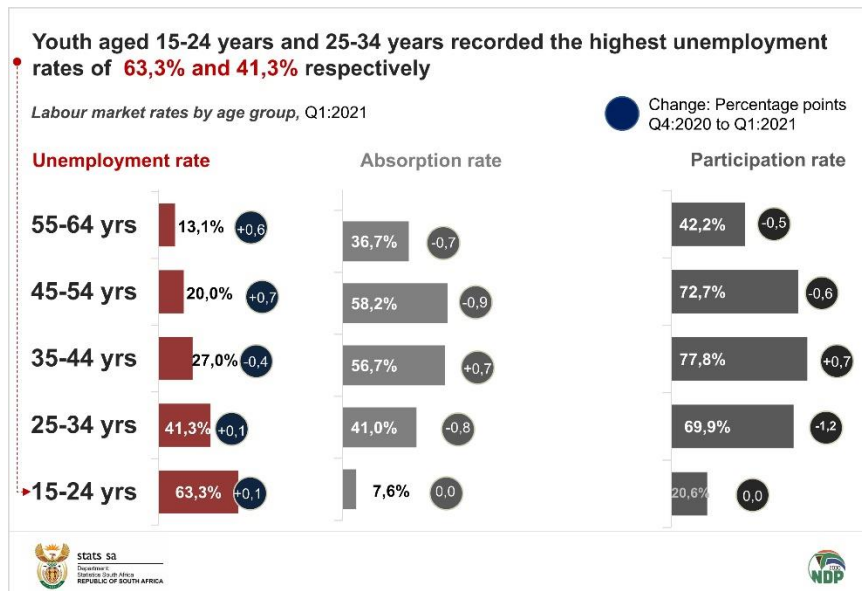
### Q1 2021: Highlights of the labour force in Q1 2021

#### Youth still find it difficult to secure jobs in South Africa

This year marks the 45th anniversary of the 16 June 1976 student uprising in Soweto. In 1994, the new democratic government declared 16 June as National Youth Day and June as the Youth Month. With the focus on the youth under the theme: *"The Year of Charlotte Manna Maseke: Growing youth employment for an inclusive and transformed society"*, the vital question is "What strides have we made in ensuring our youth have better opportunities for employment in South Africa?"



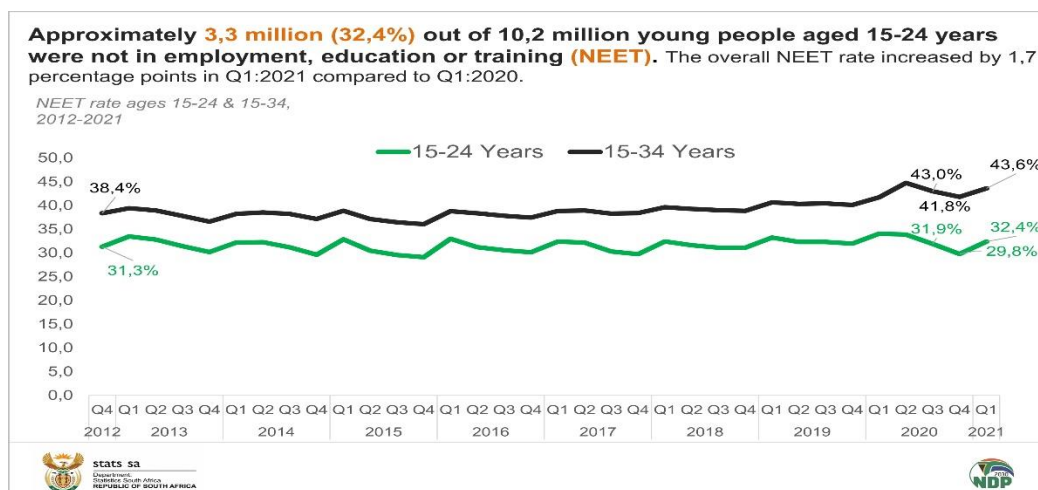
According to the *Quarterly Labour Force Survey (QLFS)* of the 1<sup>st</sup> quarter of 2021, young people are still struggling in the South African labour market. The official unemployment rate was 32,6%. This rate was 46,3% among young people aged 15 – 34 years, implying that almost one in every two young people in the labour force did not have a job in the first quarter of 2021. About a quarter (24,4%) of the youth have jobs and 45,3% of them participate in the labour market. Within the youth, those aged 15–24 years are more vulnerable in the labour market with an unemployment rate of over 63%, an absorption rate of about 7,6% and a labour force participation rate of 20,6%.



The burden of unemployment is also concentrated amongst the youth as they account for 59,5% of the total number of unemployed persons. The unemployment rate among the youth is high irrespective of education level. The graduate unemployment rate was 40,3% for those aged 15–24 and 15,5% among those aged 25–34 years, while the rate among adults (aged 35–64 years) was 5,4%.

Some of these young people have become discouraged from participating in the labour market and they are also not building on their skills base through education and training – they are not in employment, education or training (NEET).

Of the 10,2 million persons aged 15–24 years, 32,4% (approximately 3,3 million) were not in employment, education or training – implying that close to one in three young South Africans between the ages of 15 and 24 years were disengaged with the labour market in the first quarter of 2021. The NEET rate, seen in conjunction with unemployment rates over 60%, suggests that the youth face extreme difficulties engaging with the labour market in South Africa.



Definitions of youth vary considerably amongst countries. The United Nations defines the youth as those aged between 15 and 24 years. The United Nations, however, recognises that each region may have its own specific definition of youth. In South Africa, youth consists of those aged 15 to 34 years. It is often asked why children aged 15 to 18 years, who are supposed to be in school, are included in the working-age population. This is informed by the compulsory school attendance age. The South African Schools Act number 84 of 1996 states that: "Subject to this Act and any applicable provincial law, every parent must cause every learner for whom he or she is responsible to attend a school from the first school day of the year in which such learner reaches the age of seven years until the last school day of the year in which such learner reaches the age of fifteen years or the ninth grade, whichever occurs first."

Education and prior work experience play an important role in the labour market. Employers often prefer to employ those with previous work experience and a higher level of education. Unfortunately for the youth, lack of work experience is a stumbling block that results in them finding it hard to secure employment. Those with jobs are often concentrated in Trade, Agriculture, and Finance and other business services industries. Low and semi-skilled youth employment is concentrated in the Trade industry, while high-skilled youth employment is in the Community and social services as well as Finance and other business services industries. In most cases, these young people have contracts that have unspecified duration or the contracts are of a limited duration, and consequently do not have access to employee benefits such as medical aid, pension fund, paid sick leave and permanent employment.

**Table 6: Employment by Province**

	Jan-Mar 2020	Oct-Dec 2020	Jan-Mar 2021	Qtr-to-qtr change	Year-on- year change	Qtr-to-qtr change	Year-on- year change
Province	Thousand					Per cent	
South Africa	16 383	15 024	14 995	-28	-1 387	-0,2	-8,5
Western Cape	2 501	2 338	2 309	-29	-192	-1,2	-7,7
Eastern Cape	1 382	1 236	1 301	65	-81	5,3	-5,8
Northern Cape	336	308	313	6	-22	1,8	-6,7
Free State	756	745	703	-42	-54	-5,7	-7,1
KwaZulu-Natal	2 672	2 454	2 429	-25	-243	-1,0	-9,1
North West	969	944	933	-11	-36	-1,2	-3,7
Gauteng	5 134	4 570	4 626	56	-508	1,2	-9,9
Mpumalanga	1 246	1 148	1 133	-15	-113	-1,3	-9,0
Limpopo	1 387	1 281	1 248	-33	-139	-2,6	-10,0

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

The number of employed persons decreased in six provinces between Q4: 2020 and Q1: 2021.

The largest employment decreases were recorded in:

- Free State (down by 42 000), Limpopo (down by 33 000),
- Western Cape (down by 29 000) and
- KwaZulu-Natal (down by 25 000).

Employment gains were recorded only in:

- Eastern Cape (65 000),
- Gauteng (56 000) and
- Northern Cape (6 000) during the same period.

Free State had the biggest change in employment with a decrease of 5,7%, followed by Eastern Cape with an increase of 5,3%.

Compared to Q1: 2020, the largest decreases in employment were recorded in:

- Gauteng (down by 508 000),



- KwaZulu-Natal (down by 243 000),
- Western Cape (down by 192 000),
- Limpopo (down by 139 000) and
- Mpumalanga (down by 113 000).

Northern Cape recorded the least decrease in the number of employed persons at 22 000.

Limpopo had the biggest change in employment with a decline of 10,0%, followed by Gauteng with a decline of 9,9%

**Table 7: Work Location by Province Q4 2020 and Q1 2021**

Province	Oct-Dec 2020			Jan-Mar 2021			Oct-Dec 2020	Jan-Mar 2021	Qtr-to-qtr change (%)
	Usual place of work	Work from home	Total	Usual place of work	Work from home	Total	% worked from home Q4: 2020	% worked from home Q1: 2021	
	Thousand			Thousand			%		
Western Cape	1 477	217	1 693	1 508	184	1 692	12,8	10,9	-1,9
Eastern Cape	723	72	796	849	56	905	9,1	6,2	-2,9
Northern Cape	242	5	247	230	5	235	1,8	2,1	0,3
Free State	569	32	601	534	29	563	5,4	5,2	-0,2
KwaZulu-Natal	1 999	94	2 093	1 931	95	2 026	4,5	4,7	0,2
North West	464	24	488	513	31	544	4,9	5,6	0,7
Gauteng	3 424	366	3 790	3 659	331	3 989	9,7	8,3	-1,4
Mpumalanga	938	58	996	980	57	1 037	5,8	5,5	-0,3
Limpopo	914	63	977	956	47	1 003	6,5	4,7	-1,8
South Africa	10 750	931	11 681	11 161	833	11 994	8.0	6.9	-1.0

The proportion of those who worked from home was higher in Gauteng and Western Cape than in the other provinces. There was a decrease in the proportion of workers who worked from home in most provinces in Q1: 2021 compared to Q4: 2020. Only North West, Northern Cape and KwaZulu-Natal recorded increases in this regard.

**Table 8: Unemployment Rate by Province**

	Official unemployment rate					Expanded unemployment rate				
	Jan-Mar 2020	Oct-Dec 2020	Jan-Mar 2021	Qtr-to-qtr change	Year-on-year change	Jan-Mar 2020	Oct-Dec 2020	Jan-Mar 2021	Qtr-to-qtr change	Year-on-year change
	Per cent			Percentage points		Per cent			Percentage points	
<b>South Africa</b>	<b>30,1</b>	<b>32,5</b>	<b>32,6</b>	<b>0,1</b>	<b>2,5</b>	<b>39,7</b>	<b>42,6</b>	<b>43,2</b>	<b>0,6</b>	<b>3,5</b>
Western Cape	20,9	22,5	23,7	1,2	2,8	24,8	26,8	27,9	1,1	3,1
Eastern Cape	40,5	47,9	43,8	-4,1	3,3	48,9	52,4	49,6	-2,8	0,7
Northern Cape	27,0	28,7	23,4	-5,3	-3,6	40,0	41,8	42,2	0,4	2,2
Free State	38,4	33,4	35,6	2,2	-2,8	44,5	39,9	43,4	3,5	-1,1
KwaZulu-Natal	26,9	29,6	30,5	0,9	3,6	43,0	46,0	46,4	0,4	3,4
North West	33,2	33,3	32,2	-1,1	-1,0	45,1	46,0	47,2	1,2	2,1
Gauteng	31,4	34,1	34,4	0,3	3,0	36,3	41,0	41,6	0,6	5,3
Mpumalanga	33,3	33,0	33,5	0,5	0,2	43,9	46,4	47,6	1,2	3,7
Limpopo	23,6	27,3	29,4	2,1	5,8	44,4	47,5	49,5	2,0	5,1

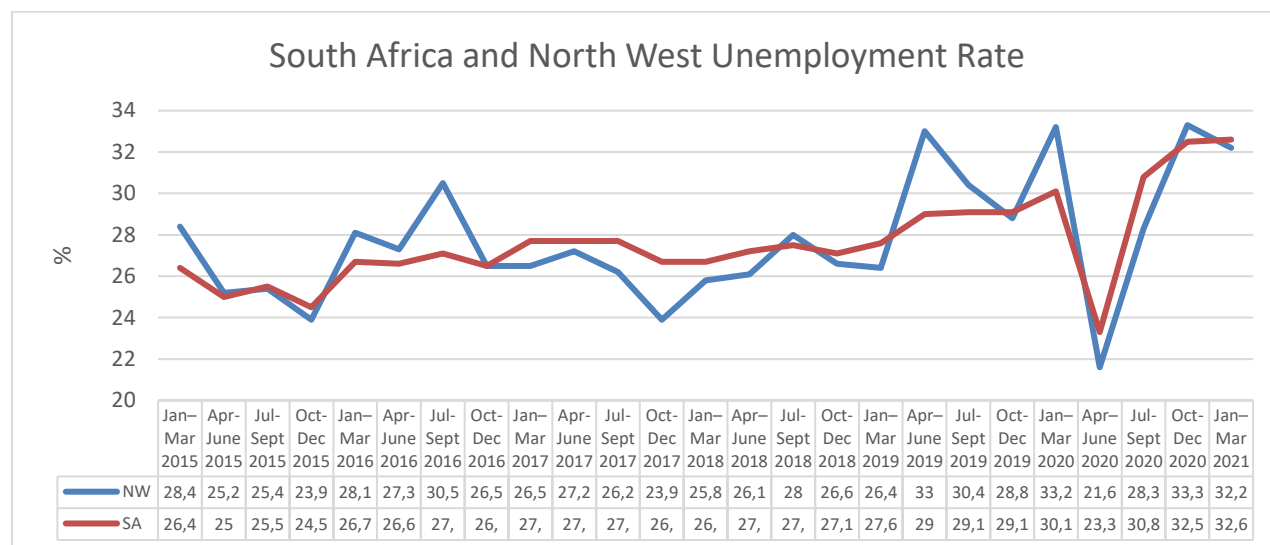
The official unemployment rate increased by 0,1 of a percentage point to 32,6% in Q1: 2021 compared to Q4: 2020.

The official unemployment rate **increased** in six of the nine provinces, with the largest increase recorded in;

Free State (up by 2,2 percentage points),  
Limpopo (up by 2,1 percentage points) and  
Western Cape (up by 1,2 percentage points).

Northern Cape recorded the highest **decrease** of 5,3 percentage points, followed by Eastern Cape and North West with 4,1 and 1,1 percentage points, respectively

**Figure 4: South Africa and North West Unemployment Rate (Source: Statssa Q1 2021)**



## 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

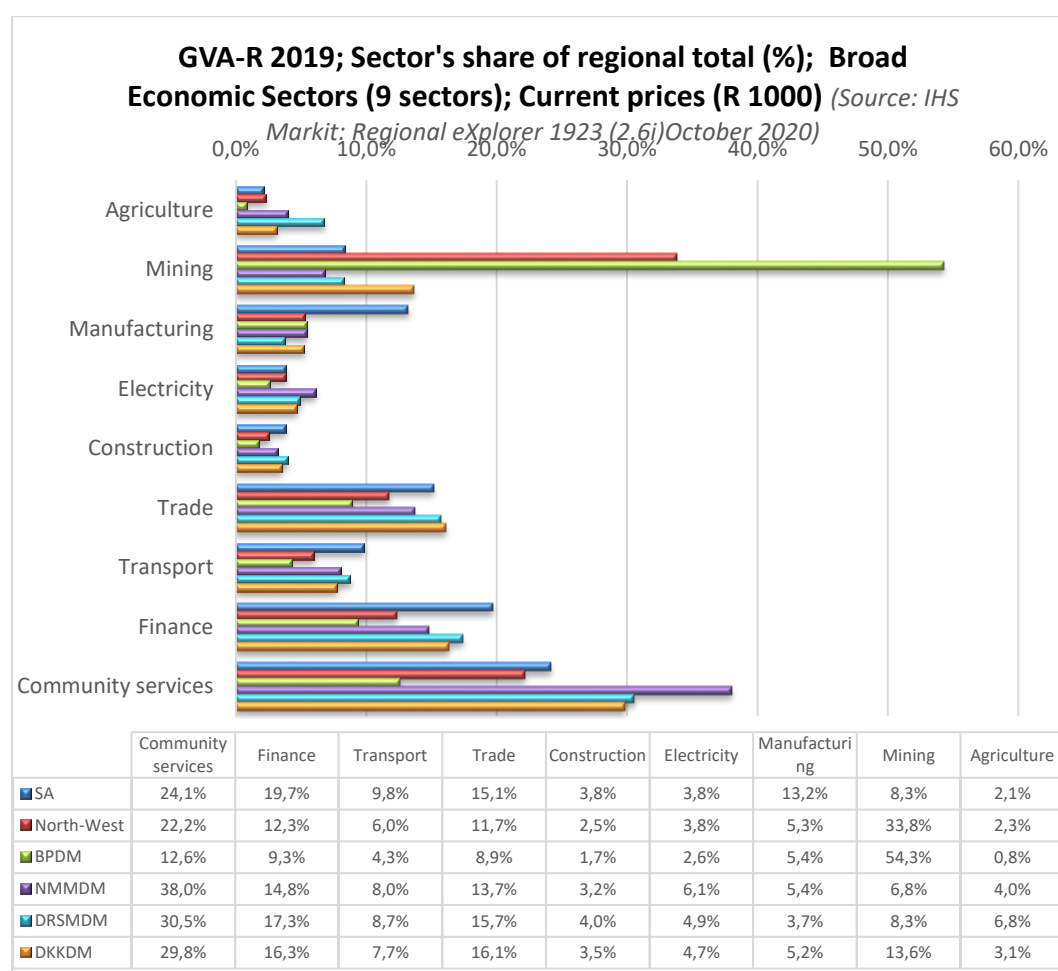
sector makes up the whole GVA of the region. In the table above it is clear that the NW province is one of the most concentrated economies in the country due to the mining sector.

**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	DRSMDM	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	DRSMDM	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	DRSMDM	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
<b>Total Tourist Spending (R 1000, Current prices)</b>	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%
<b>Total Tourist spend as % of GDP (Current prices)</b>	5,4%	4,1%	4,6%	3,5%	3,7%	3,6%
<b>Average Tourist spend per resident capita (Rand, Current prices)</b>	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
<b>Primary Sector</b>	Agriculture	2,8%	6,9%	77,6%	-1,0%	-531
	Mining	32,5%	17,7%	90,1%	-27,2%	-48 120
<b>Secondary Sector</b>	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
<b>Tertiary Sector</b>	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
<b>NW</b>	1,10	4,06	0,40	1,00	0,67	0,77	0,61	0,63	0,92
<b>District Municipalities</b>									
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
<b>Local Municipalities</b>									
<b>BPDM</b>									
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
<b>NMMDM</b>									
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

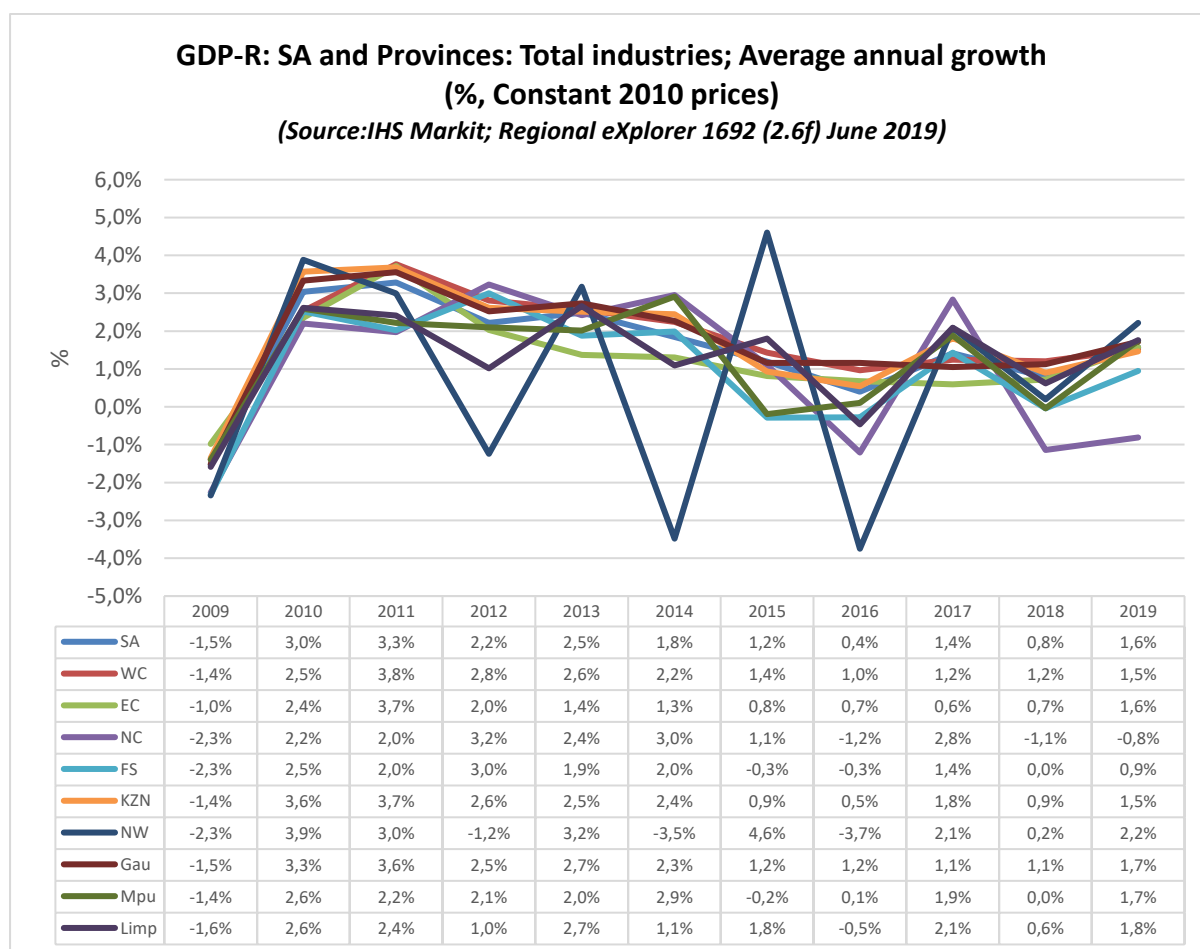


Mahikeng	0,79	0,39	0,27	1,69	0,77	0,91	0,81	0,87	1,79
Ditsobotla	2,73	1,24	0,82	0,60	1,02	0,89	1,02	0,69	1,24
Ramotshere Moiloa	1,31	1,36	0,36	3,69	0,68	0,94	0,60	0,62	1,34
DRSMDM									
Naledi	3,44	0,41	0,29	0,90	0,88	1,34	1,17	1,10	1,05
Mamusa	4,66	0,96	0,22	1,31	1,51	1,14	0,78	1,00	0,99
Greater 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.



(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 Q1 2021)

**Table 14:** North West Economically Active Employment Rate (Source: Statssa Q1 2021)

North West	Black African	Coloured	Indian/ Asian	White	Total
Male	51,4%	0,4%	1,9%	4,6%	58,3%
Female	35,9%	0,2%	0,3%	5,2%	41,7%
Total	87,3%	0,6%	2,2%	9,9%	100

**Table 15:** South Africa's Employment Figures October 2018 to March 2021

South Africa Thousands	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	Jan-Mar 2021	SA % Share Contribution Jan-Mar 2021	Y on Y Change %
Agriculture	849	837	842	880	885	865	799	808	810	792	5,3%	- 8,4
Mining	438	417	381	419	430	436	373	419	384	395	2,6%	- 9,4
Manufacturing	1 766	1 780	1 789	1 760	1 720	1 706	1 456	1 460	1 491	1 497	10,0%	- 12,3
Utilities	134	150	151	133	120	116	113	90	99	115	0,8%	- 0,9
Construction	1 481	1 339	1 363	1 339	1 350	1 343	1 066	1 080	1 166	1 079	7,2%	- 19,7
Trade	3 320	3 345	3 429	3 408	3 249	3 320	2 946	3 008	3 063	2 979	19,9%	- 10,3
Transport	965	1 025	983	975	1 011	995	885	878	943	903	6,0%	- 9,2
Finance	2 611	2 516	2 493	2 492	2 568	2 517	2 234	2 434	2 312	2 527	16,9%	0,4
Community and Social Services	3 624	3 574	3 622	3 679	3 792	3 759	3 244	3 381	3 551	3 567	23,8%	- 5,1
Private House Holds	1 332	1 301	1 251	1 268	1 286	1 316	1 005	1 121	1 197	1 127	7,5%	- 14,4
Other	9	7	6	5	9	11	27	12	8	14	0,1%	27,3
TOTAL	16 529	16 291	16 313	16 375	16 420	16 383	14 148	14 691	15 024	14 995	100,0%	- 8,5

South Africa Thousands	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	Jan-Mar 2021	% Change Y on Y
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<b>Population 15-64 yrs</b>	38 134	38 283	38 433	38 582	38 727	38 874	39 021	39 167	39 311	<b>39 445</b>	<b>1,5</b>
<b>Labour Force</b>	22 668	22 492	22 968	23 109	23 146	23 452	18 443	21 224	22 257	<b>22 237</b>	<b>-5,2</b>
<b>Employed</b>	16 529	16 291	16 313	16 375	16 420	16 383	14 148	14 691	15 024	149 995	-8,5
<b>Unemployed</b>	6 139	6 201	6 655	6 734	672	7 070	4 295	6 533	7 233	7 242	2,4
<b>Not economically active</b>	15 466	15 791	15 465	15 474	15 581	15 422	20 578	17 944	17 054	17 218	11,6
<b>Discouraged work-seekers</b>	2 841	2 997	2 749	2 793	2 855	2 918	2 471	2 696	2 930	3 131	7,3
<b>Other</b>	12 625	12 793	12 716	12 681	12 726	12 504	18 107	15 248	14 124	14 086	12,7
<b>Rates (%)</b>											
<b>Unemployment rate</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	<b>32,6</b>	2,5
<b>Employed / population ratio (Absorption)</b>	43,3	42,6	42,4	42,4	42,4	42,1	36,3	37,5	38,2	38,0	-4,1
<b>Labour force participation rate</b>	59,4	58,8	59,8	59,9	59,8	60,3	47,3	54,2	56,6	56,4	-3,9

**Table 16: North West's Employment Figures October 2018 to March 2021**

	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	July-Sept 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	July-Sept 2020	Oct-Dec 2020	Jan-Mar 2021	% Change Y on Y
<b>Population 15-64 yrs</b>	<b>2 577</b>	<b>2 588</b>	<b>2 599</b>	<b>2 609</b>	<b>2 620</b>	<b>2 630</b>	<b>2 641</b>	<b>2 651</b>	<b>2 661</b>	<b>39 445</b>	<b>1,6</b>
<b>Labour Force</b>	<b>1 325</b>	<b>1 318</b>	<b>1 370</b>	<b>1 380</b>	<b>1 393</b>	<b>1 452</b>	<b>1 114</b>	<b>1 298</b>	<b>1 416</b>	<b>22 237</b>	<b>-5,2</b>
<b>Employed</b>	973	970	918	960	992	969	874	930	944	149 995	-3,7
<b>Unemployed</b>	352	348	452	420	401	483	240	368	472	7 242	-8,3
<b>Not economically active</b>	1 253	1 270	1 228	1 230	1 227	1 178	1 527	1 353	1 245	17 218	9,9
<b>Discouraged work-seekers</b>	313	339	260	275	271	229	231	247	241	3 131	24,2
<b>Other</b>	940	931	968	955	956	949	1296	1106	1004	14 086	6,5
<b>Rates (%)</b>											
<b>Unemployment rate</b>	<b>26,6</b>	<b>26,4</b>	<b>33</b>	<b>30,4</b>	<b>28,8</b>	<b>33,2</b>	<b>21,6</b>	<b>28,3</b>	<b>33,3</b>	<b>32,6</b>	<b>-1,0</b>
<b>Employed / population ratio (Absorption)</b>	37,7	37,5	35,3	36,8	37,9	36,9	33,1	35,1	35,5	38,0	-2,0
<b>Labour force participation rate</b>	51,4	50,9	52,7	52,9	53,2	55,2	42,2	49	53,2	56,4	-3,7

**Table 17: North West Employment by Industry Figures Compared to South Africa (Source: STASSA Q1 2021)**

North West Thousands	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	Jul-Sept 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Jul-Sept 2020	Oct-Dec 2020	Jan-Mar 2021	NW% Share Jan-Mar 2021	NW as % of SA	Y on Y % Change
<b>Agriculture</b>	62	62	61	59	48	51	45	66	40	40	4,3%	5,1%	-21,6
<b>Mining</b>	130	136	122	130	134	125	122	140	120	123	13,2%	31,1 %	-1,6

<b>Manufacturing</b>	55	75	72	74	70	62	63	44	51	72	7,7%	4,8%	16,1
<b>Utilities</b>	10	9	6	6	3	6	4	1	7	9	1,0%	7,8%	50,0
<b>Construction</b>	87	65	70	56	63	59	51	53	60	64	6,9%	5,9%	8,5
<b>Trade</b>	179	191	161	186	170	176	180	178	176	175	18,8%	5,9%	-0,6
<b>Transport</b>	32	45	38	37	38	30	33	35	29	30	3,2%	3,3%	0,0
<b>Finance</b>	94	89	93	93	126	106	85	110	107	96	10,3%	3,8%	-9,4
<b>Community and Social Services</b>	237	212	227	245	267	283	240	242	282	265	28,4%	7,4%	-6,4
<b>Private House Holds</b>	85	84	70	74	75	72	50	61	72	59	6,3%	5,2%	-18,1
<b>Other</b>												0,0%	0,0
<b>TOTAL</b>	<b>973</b>	<b>970</b>	<b>918</b>	<b>960</b>	<b>992</b>	<b>969</b>	<b>874</b>	<b>930</b>	<b>944</b>	<b>933</b>	<b>100,0%</b>	<b>6,2%</b>	<b>-3,7</b>

### **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 CONSUMER.

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:**



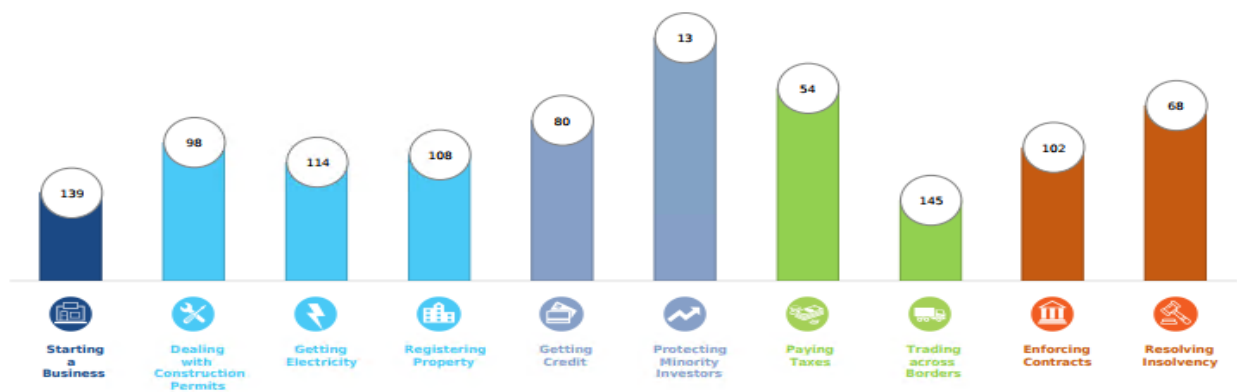
What is measured in *Doing Business*?



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

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

#### Rankings on Doing Business topics - South Africa



## Topic Scores



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

## 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)

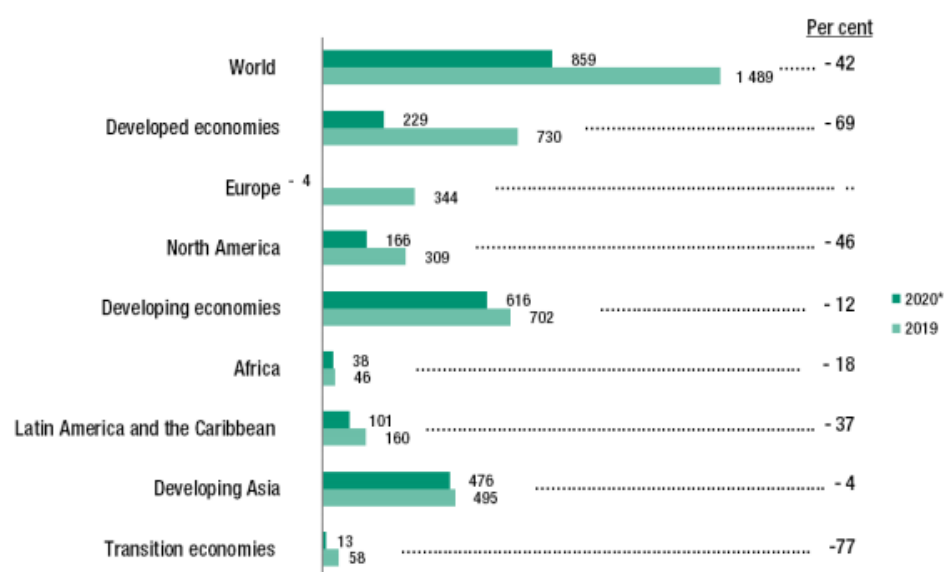
Global foreign direct investment (FDI) collapsed in 2020, falling by 42% to an estimated \$859 billion, from \$1.5 trillion in 2019. FDI finished 2020 more than 30% below the trough after the global financial crisis in 2009 and back at a level last seen in the 1990s.

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)

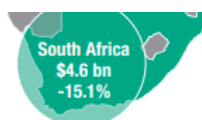
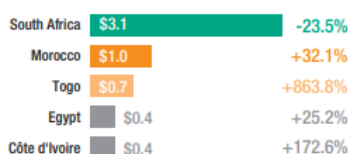
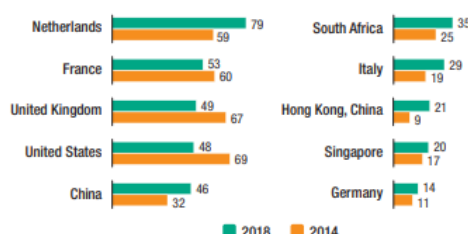


Figure A. Top 10 investor economies by FDI stock, 2014 and 2018 (Billions of dollars)



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.

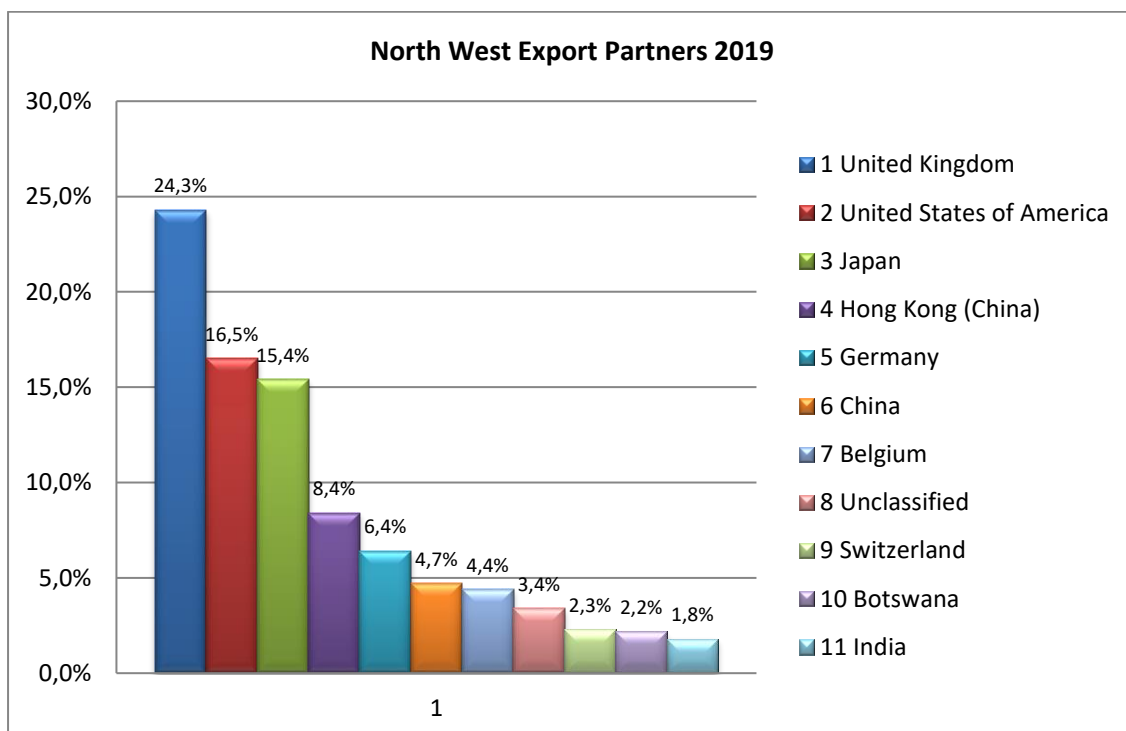
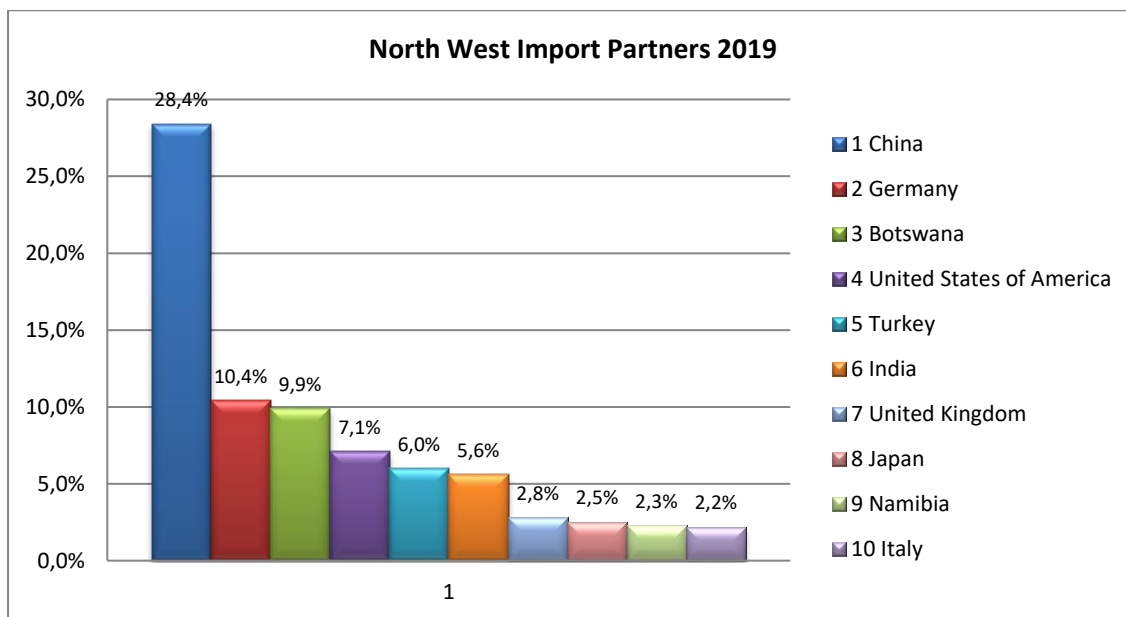
Following the release of two publicly available modules (Compare and Explore), policymakers and Regional Economic Communities will have access to a third Monitor module. This module will provide a range of real-time indicators on trade flows, utilization of AfCFTA tariff preferences, tax revenues, clearance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

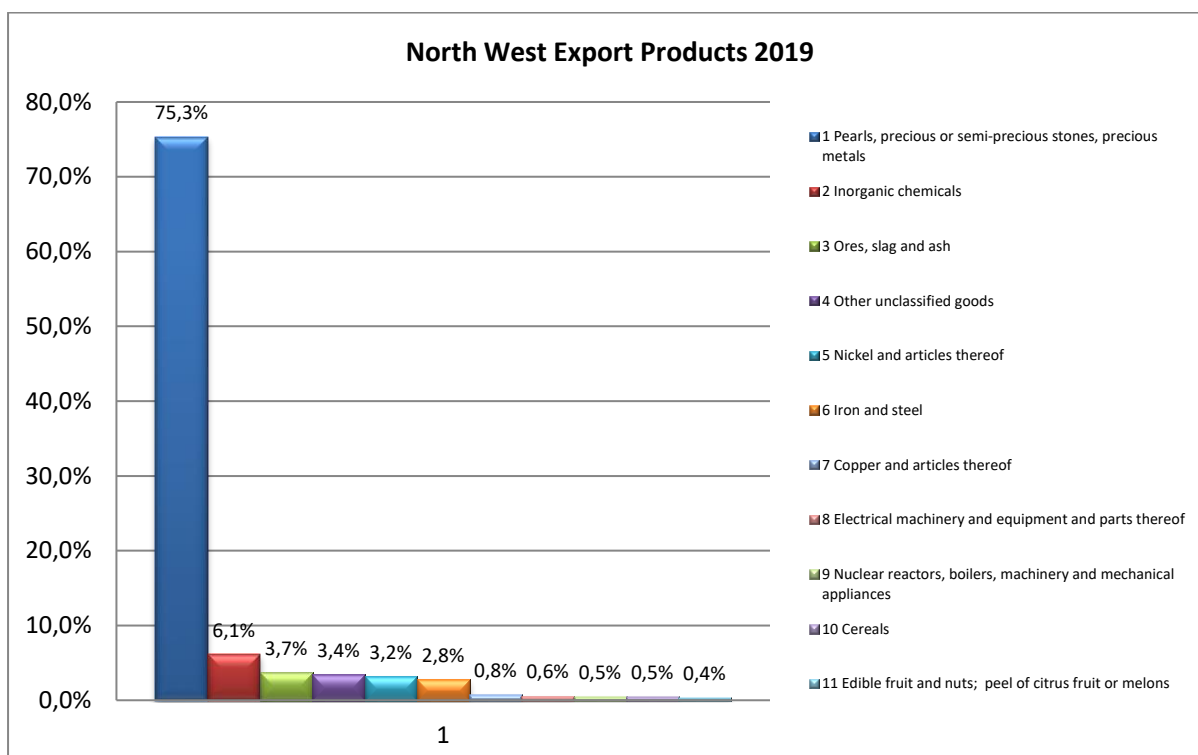
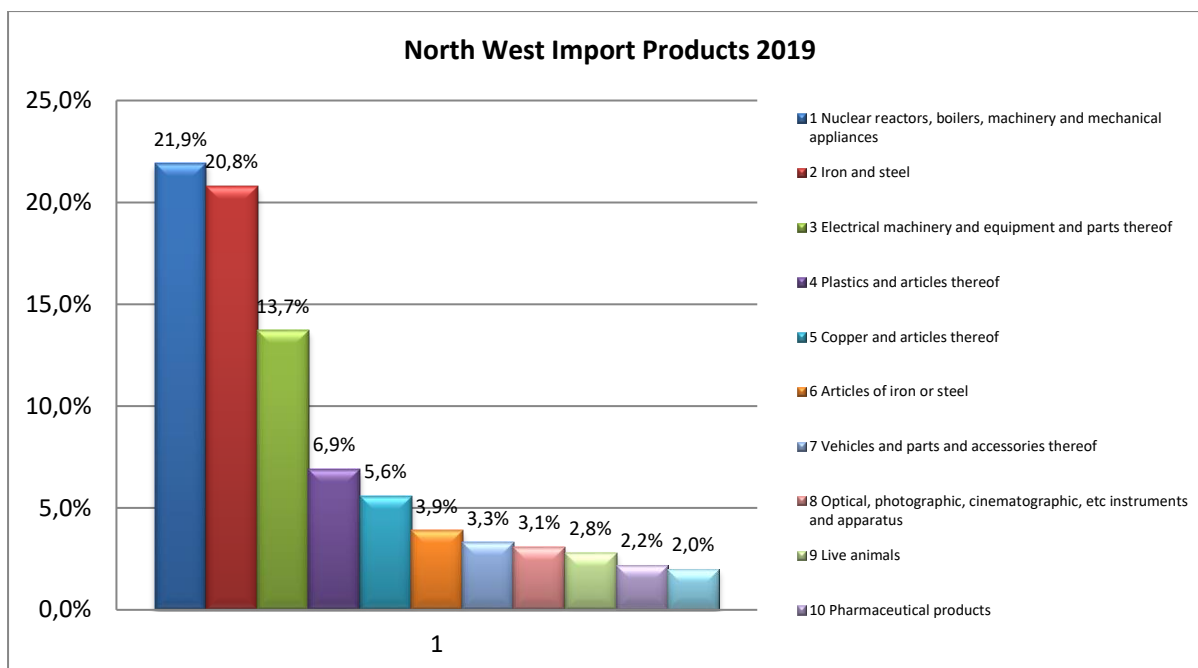
### 5.2 North West Trade

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 Bojanala 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: 29 June 2021**

A handwritten signature in black ink, appearing to read 'J. A. Hoogkamer', written in a cursive style.

**Manager Research and Innovation,  
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