



Economic Data Report

Quarter 1 of 2022/2023

Research & Innovation



TABLE OF CONTENTS

		Page
1.	<u>INTRODUCTION</u>	3
2.	<u>MACRO ECONOMY</u>	3
2.1	<u>The Global Economy</u>	3
2.2	<u>South African Economy</u>	6
2.2.1	<i>Highlights Q1 2022/2023</i>	6
2.3	<u>North West Province Economic Overview</u>	18
2.3.1	<i>North West Key Economic Indicators Compared to South Africa</i>	18
2.3.2	<i>North West Location and Infrastructure</i>	27
2.3.3	<i>North West Policy Guidelines</i>	28
3.	<u>SOUTH AFRICA's GLOBAL COMPETITIVENESS</u>	30
4.	<u>FOREIGN DIRECT INVESTMENT (FDI)</u>	34
4.1	<u>Global Investment Trends</u>	36
4.2	Africa	37
4.3	South Africa	38
4.4	North West Province	40
5.	<u>TRADE</u>	44
6.	<u>RECOMMENDATIONS</u>	50

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: War Sets Back the Global Recovery

(Source: WORLD ECONOMIC OUTLOOK (WEO) Update; April 2022)

The war in Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution. Economic damage from the conflict will contribute to:

- a significant slowdown in global growth in 2022;
- double-digit drop in GDP for Ukraine and Russia are more than likely;
- worldwide spill overs through commodity markets, trade, and financial channels;
- as the war reduces growth, it will add to inflation. Fuel and food prices have increased rapidly, with vulnerable populations—particularly in low-income countries— most affected;
- elevated inflation will complicate the trade-offs central banks face between containing price pressures and safeguarding growth;
- interest rates are expected to rise as central banks tighten policy;
- economic fragmentation as a significant number of countries sever commercial ties with Russia and risks derailing the post-pandemic recovery;
- threatens global economic integration that helped lift millions out of poverty;
- the conflict adds to the economic strains wrought by the pandemic and deaths remain high; especially among the unvaccinated and
- recent lockdowns in key manufacturing and trade hubs in China will likely compound supply disruptions elsewhere.

Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. Beyond 2023, global growth is forecast to decline to about 3.3 percent over the medium term. With a few exceptions, **employment and output will typically remain below pre-pandemic trends through 2026**. The war in Ukraine has increased the probability of wider social tensions because of higher food and energy prices, which would further weigh on the outlook.

Inflation is expected to remain elevated for longer than in the previous forecast, driven by war-induced commodity price increases and broadening price pressures. For 2022, inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies. Worsening supply-demand imbalances— including those stemming from the war—and further increases in commodity prices could lead to persistently high inflation, rising inflation expectations, and stronger wage growth raising interest rates and exposing debt vulnerabilities, particularly in emerging markets.

The war in Ukraine has exacerbated two difficult policy trade-offs: between tackling inflation and safeguarding the recovery; and between supporting the vulnerable and rebuilding fiscal buffers.

- **Tackling inflation:** Although the drivers of inflation are in many cases beyond the control of central banks (the war, sanctions, the pandemic, supply chain disruptions), price pressures are increasingly broad-based.
- **Fiscal policy amid rising interest rates and a cost-of-living squeeze:** Fiscal policies should depend on exposure to the war, the state of the pandemic, and the strength of the recovery. Moreover, authorities should be vigilant regarding private sector vulnerabilities to rising interest rates.
- **Preparing for tomorrow's economy:** Pandemic disruptions have highlighted the productivity of novel ways of working. Governments should look to harness positive structural change wherever possible, embracing the digital transformation and retooling and reskilling workers to meet its challenges. Carbon pricing and fossil fuel subsidy reform can also help with the transition to a cleaner mode of production, less exposed to fossil fuel prices.
- The green energy transition will also entail labour market reallocation across occupations and sectors.

Multilateral efforts to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change, and end the pandemic remain essential.

- The adverse consequences from the current geopolitical conflict are a reminder of the importance of global cooperation.
- Multilateral institutions offer a critical safety net, providing emergency liquidity and preventing crises from spreading. Where liquidity support alone is insufficient, progress toward orderly debt restructuring is essential.
- On climate, advanced economies must make real progress toward their COP26 climate summit pledges. Emerging market and developing economies must extend their ambition to reduce emissions.
- As the pandemic is not yet over, governments must use all tools at their disposal to combat the virus, both by meeting vaccination targets and by ensuring equitable access to tests and treatment.

Table 1. Overview of the World Economic Outlook Growth Projections World Economic Outlook Update April 2022

	Projections									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
World Output	3,2	3,2	3,3	3,8	3,5	2,8	-3,1	6,1	3,6	3,6
Advanced Economies	1,9	2,1	1,7	2,5	2,2	1,6	-4,5	5,2	3,3	2,4
United States	2,4	2,6	1,6	2,4	3	2,2	-3,4	5,7	3,7	2,3
Euro Area	0,9	2	1,9	2,5	1,9	1,3	-6,4	5,3	2,8	2,3
Germany	1,6	1,5	1,9	2,5	1,3	0,6	-4,6	2,8	2,1	2,7
France	0,6	1,1	1,2	2,3	1,8	1,8	-8	7	2,9	1,4
Italy	-0,3	0,8	0,9	1,7	0,8	0,3	-9	6,6	2,3	1,7

Spain	1,4	3,2	3,3	3	2,4	2	-10,8	5,1	4,8	3,3
Japan	-	1,1	0,9	1,9	0,3	0	-4,5	1,6	2,4	2,3
United Kingdom	3,1	2,2	1,9	1,8	1,3	1,4	-9,3	7,4	3,7	1,2
Canada	2,5	0,9	2,3	3	2	1,9	-5,2	4,6	3,9	2,8
Other Advanced Economies 2/	2,8	2,2	2,3	2,9	2,7	1,9	-1,8	5	3,1	3
Emerging Market and Developing Economies	4,6	4,3	4,4	4,8	4,5	3,7	-2	6,8	3,8	4,4
Emerging and Developing Asia	6,8	6,8	6,4	6,6	6,3	5,4	-0,8	7,3	5,4	5,6
China	7,3	6,9	6,7	6,8	6,7	6	2,2	8,1	4,4	5,1
India 4/	7,2	8	7,1	7,2	6,1	4	-6,6	8,9	8,2	6,9
ASEAN-5-5/	4,6	4,9	4,9	5,3	5,3	4,9	-3,4	3,4	5,3	5,9
Emerging and Developing Europe	2,8	4,7	3,2	3,9	3,3	2,5	-1,8	6,7	-2,9	1,3
Russia	0,7	-2,8	-0,2	1,6	2,5	2	-2,7	4,7	-8,5	-2,3
Latin America and the Caribbean	1,3	0,1	-0,7	1,2	1,1	0,1	-7	6,8	2,5	2,5
Brazil	0,1	-3,8	-3,5	1,1	1,3	1,4	-3,9	4,6	0,8	1,4
Mexico	2,2	2,6	2,9	2,1	2,2	-0,2	-8,2	4,8	2	2,5
Middle East and Central Asia	2,7	2,7	4,9	2,3	2,1	1,4	-2,9	5,7	4,6	3,7
Saudi Arabia	3,6	4,1	1,7	-0,7	2,4	0,3	-4,1	3,2	7,6	3,6
Sub-Saharan Africa	5,1	3,4	1,4	3	3,2	3,2	-1,7	4,5	3,8	4
Nigeria	6,3	2,7	-1,6	0,8	1,9	2,2	-1,8	3,6	3,4	3,1
South Africa	1,6	1,3	0,6	1,4	0,8	0,2	-6,4	4,9	1,9	1,4
Memorandum										
World Growth Based on Market Exchange Rates	2,7	2,7	2,5	3,2	3,1	2,4	-3,5	5,8	3,5	3,1
European Union						1,8	-5,9	5,4	2,9	2,5
Middle East and North Africa						0,8	-3,3	5,5	5	3,6
Emerging Market and Middle-Income Economies						3,5	-2,2	7	3,8	4,3
Low-Income Developing Countries	6	4,6	3,6	4,7	5,1	5,3	0,2	4	4,6	5,4
World Trade Volume (Goods and Services)6	3,7	2,6	2,5	5,7	3,9	0,9	-7,9	10,1	5	4,7
Imports										
Advanced Economies	3,6	4	2,6	4,7	3,6	1,4	-8,7	9,5	6,1	4,5
Emerging Market and Developing Economies	3,9	0,3	2,3	7,5	5	-0,2	-7,9	11,8	3,9	4,8
Exports										
Advanced Economies	3,6	4	2,6	4,7	3,3	1,3	-9,1	8,6	5	4,7
Emerging Market and Developing Economies	3,9	0,3	2,3	7,5	4,1	-0,2	-4,8	12,3	4,1	3,6
Commodity Prices (U.S. dollars)										
Oil 7/	-7,5	-47,2	-15,7	23,3	29,4	-10,2	-32,7	67,3	54,7	-13,3
Nonfuel (average based on world commodity export weights)	-4	-17,5	-1,6	6,4	1,3	0,8	6,8	26,8	11,4	-2,5
Consumer Prices										
Advanced Economies 8/	1,4	0,3	0,8	1,7	2	1,4	0,7	3,1	5,7	2,5
Emerging Market and Developing Economies 9/	4,7	4,7	4,3	4,3	4,9	5,1	5,2	5,9	8,7	6,5
London Interbank Offered Rate (percent)										
On U.S. Dollar Deposits (six month)	0,3	0,5	1,1	1,5	2,5	2,3	0,7	0,2	0,4	
On Euro Deposits (three month)	0,2	0	-0,3	-0,3	-0,3	-0,4	-0,4	-0,5	-0,5	
On Japanese Yen Deposits (six month)	0,2	0,1	-	-	-	0	0	-0,1	0	

"Source: IMF staff.

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during December 10, 2021--January 7, 2022. Economies are listed on the basis of economic size.

The aggregated quarterly data are seasonally adjusted. WEO = World Economic Outlook.

1/ Difference based on rounded figures for the current, January 2022 WEO Update, and October 2021 WEO forecasts.

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

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

4/ Indonesia, Malaysia, Philippines, Thailand, Vietnam

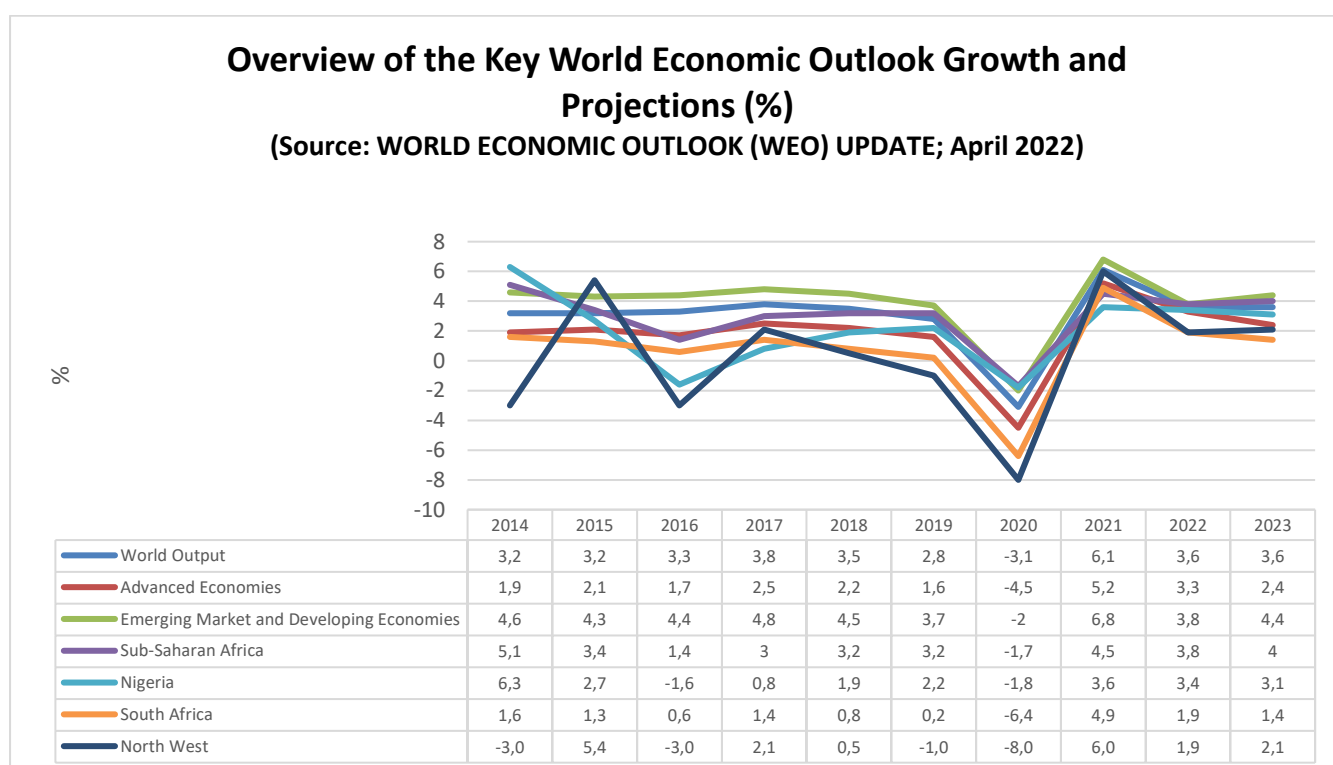
5/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$69.07 in 2021; the assumed price, based on futures markets, is \$106.83 in 2022 and \$92.63 in 2023..

6/ The inflation rates for 2022 and 2023, respectively, are as follows: 5.3 percent and 2.3 percent for the euro area, 1.0 percent and 0.8 percent for Japan, and 7.7 percent and 2.9 percent for the United States.

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

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

Figure 1: Overview of the Key World Economic Outlook Growth and Projections (%)
(Source: WORLD ECONOMIC OUTLOOK (WEO) UPDATE; April 2022)



2.2 South African Economy

2.2.1 Highlights Q1 2022/2023

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 60,14 million in mid-2021. 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 and North West Population and Population Growth Rates

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
South Africa	52 827 909	53 649 096	54 488 424	55 319 826	56 140 764	56 990 964	57 859 351	58 726 826	59 538 697	60 142 978
Growth rate %	1,56%	1,55%	1,56%	1,53%	1,48%	1,51%	1,52%	1,50%	1,38%	1,01%
North-West	3 575 520	3 636 912	3 698 739	3 759 428	3 819 022	3 881 560	3 946 988	4 012 494	4 076 040	4 122 854
Growth rate %	1,75%	1,72%	1,70%	1,64%	1,59%	1,64%	1,69%	1,66%	1,58%	1,15%

COVID-19 epidemic reduces life expectancy in 2021

The population of South Africa was estimated to be 60,14 million at mid-year 2021, an increase of about 604 281 (1,01%) since mid-year 2020. The latest [Mid-year population estimates, 2021](#) released by Statistics South Africa (Stats SA), shows that the COVID-19 pandemic impacted mortality and migration in the country since the start of the pandemic early in 2020.

Summary of Midyear Population Estimate 2021

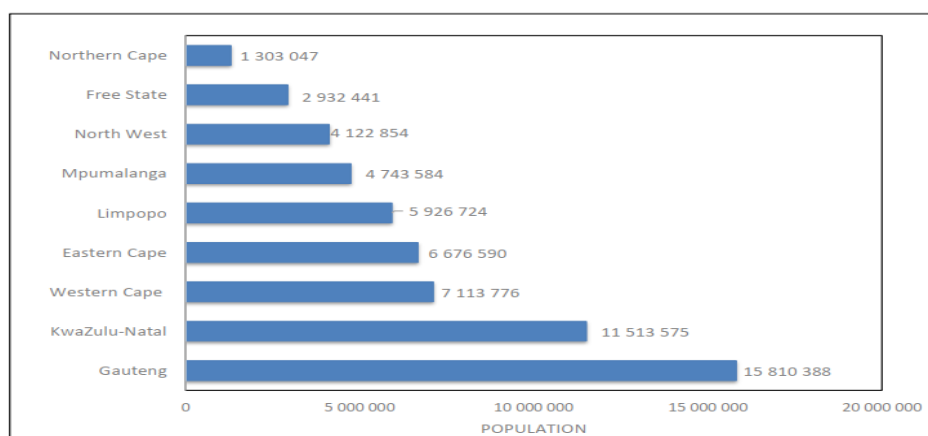
- For 2021, Statistics South Africa (Stats SA) estimates the mid-year population at 60,14 million people.
- Approximately 51,1% (approximately 30,75 million) of the population is female.
- On 5 March 2020, South Africa recorded its first case of COVID-19. By the 11th of March, the World Health Organisation (WHO) declared COVID-19 a global pandemic. South Africa's first COVID-19 related death occurred on 27 th March 2020. As the spread of the disease occurred over time, there was a rise in the number of direct and indirect deaths in the population due to COVID-19. In conjunction, there was a rise in innovation in COVID-19 related treatment protocols, prevention measures and vaccination development over this time.
- Life expectancy at birth for 2021 is estimated at 59,3 years for males and 64,6 years for females.
- The infant mortality rate for 2021 is estimated at 24,1 per 1 000 live births.
- The estimated overall HIV prevalence rate is approximately 13,7% among the South African population. The total number of people living with HIV (PLWHIV) is estimated at approximately 8,2 million in 2021. For adults aged 15–49 years, an estimated 19,5% of the population is HIV positive.
- There is a reduction in international migration, which is indicative of the COVID-19 travel restrictions and subsequent impact on migratory patterns since March 2020. 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, 1 564 861 and 470 657 respectively.
- Gauteng still comprises the largest share of the South African population, with approximately 15,81 million people (26,3%) living in this province. KwaZulu-Natal is the province with the second largest population, with an estimated 11,5 million people (19,1%) living in this province. With a population of approximately 1,30 million people (2,2%), Northern Cape remains the province with the smallest share of the South African population.
- About 28,3% of the population is aged younger than 15 years (17,04 million) and approximately 9,2% (5,51 million) is 60 years or older. Of those younger than 15 years of age, the majority reside in Gauteng (21,8%) and KwaZulu-Natal (21,2%). The proportion of elderly persons aged 60 years and older in South Africa is increasing over time and as such policies and programs to care for the needs of this growing population should be prioritised

Table 3: Mid-year population estimates for South Africa by population group and sex, 2021

Population group	Male		Female		Total	
	Number	% distribution of males	Number	% distribution of females	Number	% distribution of total
Black African	23 761 051	80,9	24 879 278	80,9	48 640 329	80,9
Coloured	2 578 930	8,8	2 716 038	8,8	5 294 968	8,8
Indian/Asian	790 412	2,7	754 810	2,5	1 545 222	2,6
White	2 257 654	7,7	2 404 805	7,8	4 662 459	7,8
Total	29 388 047	100,0	30 754 931	100,0	60 142 978	100,0

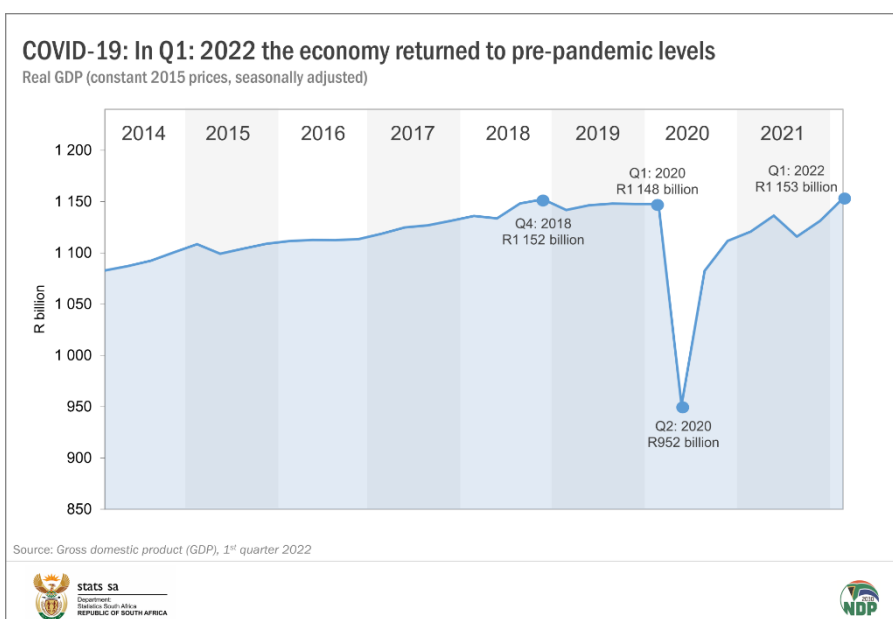
*Due to rounding totals may not add up to 100%

Figure 1: Mid-year population estimates for South Africa by province, 2021



South African Economic Growth Q1 2022/2023 After two years, GDP returns to pre-pandemic levels

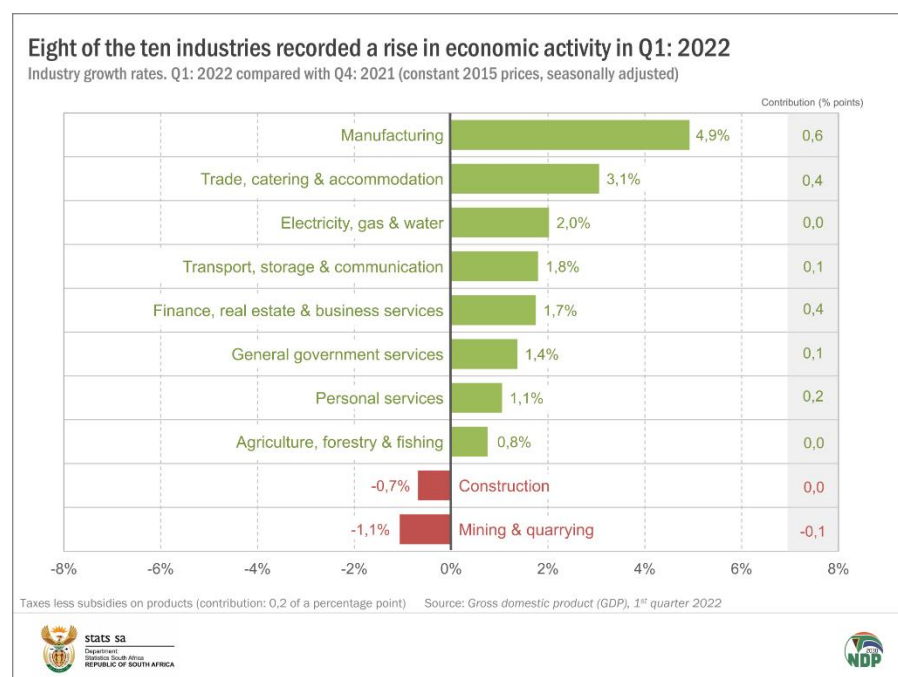
South African gross domestic product (GDP) expanded by 1,9% in the first quarter of 2022, representing a second consecutive quarter of upward growth.¹ The size of the economy is now at pre-pandemic levels, with real GDP slightly higher than what it was before the COVID-19 pandemic.



This release covers the first quarter of the year (January, February and March). This means that the economic impact of the devastating floods in KwaZulu-Natal, which occurred during the second quarter in April, will only reflect in the GDP results due for release in September.

GDP production: Manufacturing activity jumps in the first quarter

On the production side of the economy, eight of the ten industries recorded positive growth in the first quarter, with manufacturing the star performer. The sharp increase in manufacturing output was mainly driven by a rise in the production of petroleum and chemicals, food and beverages, and metals and machinery.



Finance, real estate and business services, as well as trade, also made sizable positive contributions to GDP growth. Trade activity was buoyant in the first quarter, with positive results from wholesale, retail, motor trade, and catering and accommodation.

After a strong fourth quarter, agriculture growth was more subdued in the first quarter, edging higher by 0,8%. The rise in the first quarter was mainly underpinned by increased horticulture production.

In a rare case of the national statistical agency becoming a contributor to growth, Stats SA's drive to employ thousands of fieldworkers for the population census helped generate economic activity in general government.

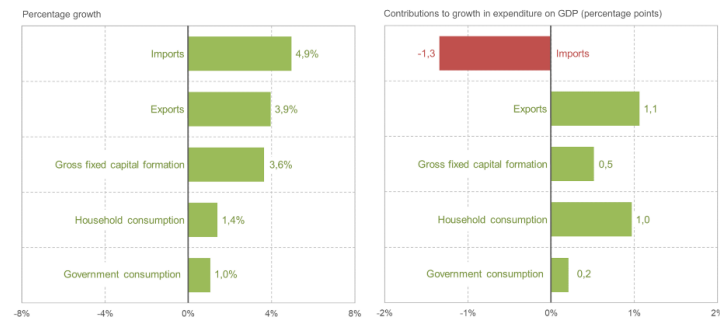
On the downside, both mining and construction contracted in the first quarter. Mining output was lower, mainly due to a pullback in the production of platinum group metals, iron ore and gold. Construction saw its fourth consecutive quarter of contraction, with underwhelming results reported for residential buildings and construction works. Economic activity related to non-residential buildings, however, increased in the first quarter.

Expenditure on GDP: Rising demand continues

Stats SA also measures the expenditure side of GDP, providing an indication of total demand in the economy. Household consumption, government consumption, gross fixed capital formation, exports and imports all continued to grow in the first quarter.

Expenditure on GDP: Imports increased by 4,9% in Q1: 2022

Component growth rates. Q1: 2022 compared with Q4: 2021 (constant 2015 prices, seasonally adjusted)



Imports, exports and household consumption were the most significant contributors to GDP growth Source: Gross domestic product (GDP), 1st quarter 2022

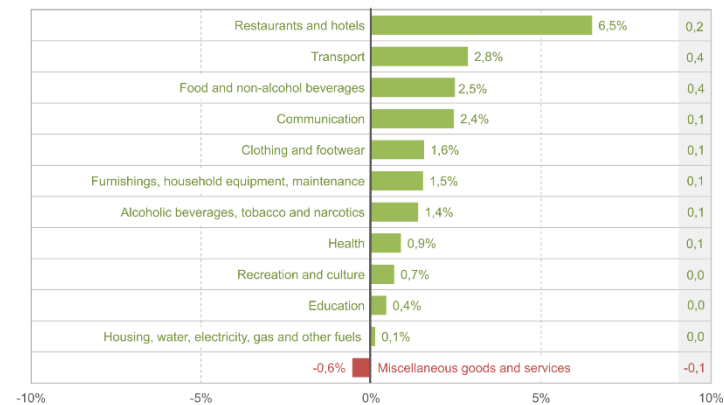


Imports were boosted by a rise in demand for motor vehicles, parts and accessories; mineral products; and animal and vegetable fats. The economy also recorded a rise in exports, mainly driven by increased trade in motor vehicles, parts and accessories; mineral products; and machinery and equipment. The automotive sector plays an important role in both export and import markets, as outlined in a recent article that tracks the flow of products through the South African economy.²

Household consumption increased by 1,4% in the first quarter. The hospitality sector in particular saw a sharp rise in activity as consumer spending on restaurants and hotels increased by 6,5%.

Transport and food & non-alcoholic beverages were key drivers of household consumption

Household consumption expenditure by purpose. Q1: 2022 compared with Q4: 2021 (constant 2015 prices, seasonally adjusted)



Source: Gross domestic product (GDP), 1st quarter 2022



For more information, download the Q1: 2022 GDP statistical release and media presentation [here](#).

1 The quarter-on-quarter rates are seasonally adjusted and in real (volume) terms (constant 2015 prices). This is Stats SA's fourth GDP statistical release after the completion of its latest benchmarking and rebasing exercise. More information on this exercise is available [here](#). Note that Stats SA no longer uses the annualised rate as the headline growth rate.

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 6,5% in May 2022, up from 5,9% in April 2022. This is the highest rate since January 2017 when the rate was 6,6%. The consumer price index increased by 0,7% month-on-month in May 2022.

The main contributors to the 6,5% annual inflation rate were food and non-alcoholic beverages; housing and utilities; transport; and miscellaneous goods and services.

- Food and non-alcoholic beverages increased by 7,6% year-on-year, and contributed 1,3 percentage points to the total CPI annual rate of 6,5%.
- Housing and utilities increased by 4,9% year-on-year, and contributed 1,2 percentage points.
- Transport increased by 15,7% year-on-year, and contributed 2,1 percentage points.
- Miscellaneous goods and services increased by 3,9% year-on-year, and contributed 0,6 of a percentage point.

In May the annual inflation rate for goods was 9,5%, up from 8,5% in April; and for services it was 3,6%, up from 3,5% in April.

Note: Not all items in the CPI are surveyed every month. Table F shows the survey schedule for items that are not surveyed monthly.

Table 3: Historical Inflation Rates

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Avg
2014	5,8%	5,9%	6,0%	6,0%	6,6%	6,6%	6,3%	6,4%	5,9%	5,9%	5,8%	5,3%	6,1%
2015	4,4%	3,9%	4,0%	4,5%	4,6%	4,7%	5,0%	4,6%	4,6%	4,7%	4,8%	5,2%	4,6%
2016	6,2%	7,0%	6,3%	6,2%	6,1%	6,3%	6,0%	5,9%	6,1%	6,4%	6,6%	6,8%	6,4%
2017	6,6%	6,3%	6,1%	5,3%	5,4%	5,1%	4,6%	4,8%	5,1%	4,8%	4,6%	4,7%	5,3%
2018	4,4%	4,0%	3,8%	4,5%	4,4%	4,6%	5,1%	4,9%	4,9%	5,1%	5,2%	4,5%	4,7%
2019	4,0%	4,1%	4,5%	4,4%	4,5%	4,5%	4,0%	4,3%	4,1%	3,7%	3,6%	4,0%	4,1%
2020	4,5%	4,6%	4,1%	3,0%	2,1%	2,2%	3,2%	3,1%	3,0%	3,3%	3,2%	3,1%	3,3%
2021	3,2%	2,9%	3,2%	4,4%	5,2%	4,9%	4,6%	4,9%	5,0%	5,0%	5,5%	5,9%	4,5%
2022	5,7%	5,7%	5,9%	5,9%	6,5%								

Provincial annual inflation rates ranged from 6,1% in Western Cape to 7,2% in Limpopo.

Table 4: Provincial Inflation Rates

Province	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	Aug 2021 CPI	Nov 2021 CPI	Feb 2022 CPI	May 2022 CPI
Western Cape	5,4%	4,9%	4,1%	5,1%	3,6%	3,8%	3,7%	3,7%	3,6%	5,4%	5,2%	5,7%	5,4%	6,1%
Eastern Cape	3,9%	4,0%	3,2%	4,0%	2,4%	3,2%	3,3%	3,3%	3,4%	5,4%	5,1%	5,6%	5,7%	6,8%
Northern Cape	4,2%	4,6%	3,5%	4,4%	3,1%	3,1%	3,6%	3,5%	3,2%	5,0%	5,4%	5,6%	6,1%	6,8%
Free State	4,4%	4,2%	3,6%	4,0%	2,7%	3,0%	3,1%	3,2%	3,1%	5,0%	4,9%	5,3%	5,5%	6,2%
KwaZulu-Natal	4,0%	4,1%	3,4%	4,0%	3,0%	2,9%	3,1%	3,3%	3,3%	5,1%	5,1%	5,4%	5,5%	6,6%
North West	3,8%	3,8%	3,3%	4,1%	2,6%	3,0%	3,2%	3,2%	3,3%	5,7%	5,7%	6,2%	6,1%	6,8%
Gauteng	4,4%	4,1%	3,4%	4,4%	2,8%	2,7%	2,9%	2,8%	2,9%	5,3%	4,8%	5,5%	5,7%	6,5%
Mpumalanga	4,4%	4,4%	3,5%	4,2%	2,7%	2,9%	2,7%	2,9%	2,8%	5,0%	4,8%	5,3%	5,7%	6,6%
Limpopo	5,0%	4,7%	4,1%	4,7%	2,8%	3,1%	3,4%	2,9%	3,6%	5,6%	5,1%	5,7%	5,4%	7,2%

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 2021

	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%
Average 2021	4,5%	7,1%

Key findings for May 2022

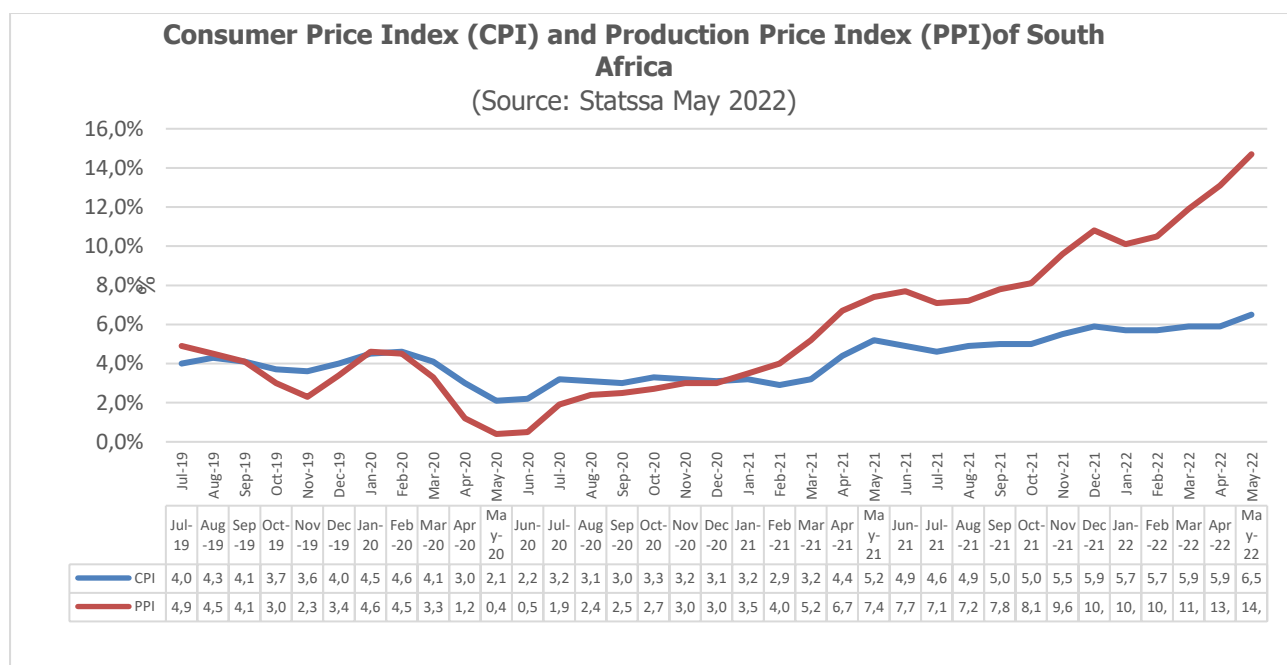
Annual producer price inflation (final manufacturing) was 14,7% in May 2022, up from 13,1% in April 2022. The producer price index increased by 1,8% month-on-month in May 2022. The main contributors to the headline PPI annual inflation rate were coke, petroleum, chemical, rubber and

plastic products; food products, beverages and tobacco products; and metals, machinery, equipment and computing equipment.

- Coke, petroleum, chemical, rubber and plastic products increased by 31,7% year-on-year and contributed 7,7 percentage points.
- Food products, beverages and tobacco products increased by 9,7% year-on-year and contributed 2,6 percentage points.
- Metals, machinery, equipment and computing equipment increased by 15,9% year-on-year and contributed 2,3 percentage points.

The main contributors to the headline PPI monthly increase were coke, petroleum, chemical, rubber and plastic products, which increased by 2,8% month-on-month and contributed 0,8 of a percentage point; and food products, beverages and tobacco products, which increased by 1,5% month-on-month and contributed 0,4 of a percentage points.

Figure 4: South Africa's Consumer Price Index (CPI) and Production Price index (PPI) July 2019 to May 2022



Employment

Q1 2022: Highlights of the labour force in Q1 2022:

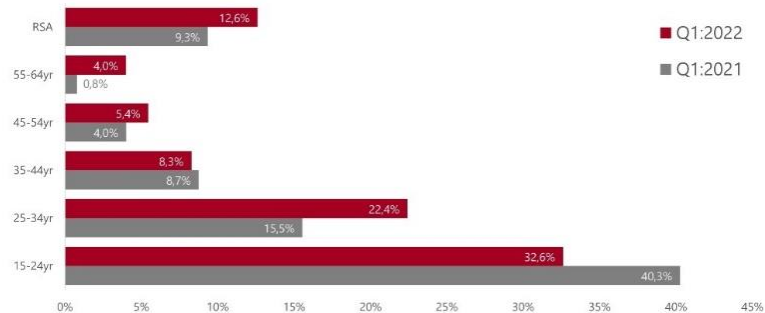
South Africa's youth continues to bear the burden of unemployment.

Youth in South Africa continue to be disadvantaged in the labour market with an unemployment rate higher than the national average. According to the Quarterly Labour Force Survey (QLFS) for the first quarter of 2022, the unemployment rate was 63,9% for those aged 15-24 and 42,1% for those aged 25-34 years, while the current official national rate stands at 34,5%.

Although the graduate unemployment rate remains relatively low in South Africa compared to those of other educational levels, unemployment among the youth continues to be a burden, irrespective of educational attainment. Year-on-year, the unemployment rate among young graduates (aged 15-24 years) declined from 40,3% to 32,6%, while it increased by 6,9 percentage points to 22,4% for those aged 25-34 years in Q1: 2022.

Although the graduate unemployment rate remains low in South Africa compared to those of other educational levels, **unemployment among the youth continues to be a burden irrespective of educational level.**

Graduate unemployment rate, 2021 and 2022



Source: QLFS Q1: 2022



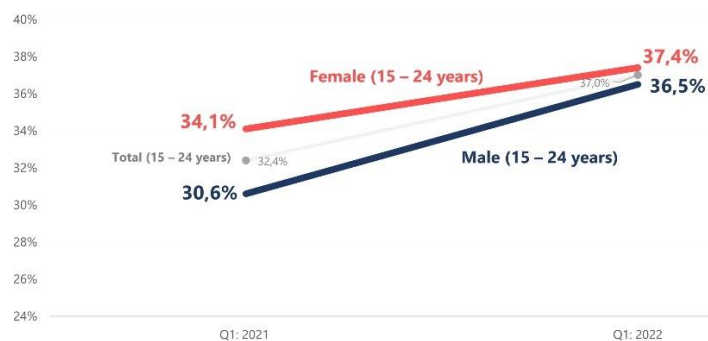
As the country moves to celebrate National Youth Day and Youth Month under the theme: “The Year of Charlotte Manna Maseke: Growing youth employment for an inclusive and transformed society”, the focus will be around various youth development and empowerment initiatives to support young people.

South Africa has over 10 million young people aged 15-24 years and, of these, only 2,5 million were in the labour force, either employed or unemployed. The largest share (7,7 million or 75,1 %) of this group of young people are those that are out of the labour force (i.e. inactive). The main reason for being inactive is discouragement, i.e. they have lost hope of finding a job that suits their skills or in the area they reside.

37,0% of this group were disengaged from the labour market in South Africa. These are regarded as youth not in employment, education or training (NEET). A large share of these (NEET) young people are discouraged. There has been an increase in the NEET rate for both males and females. The gap, however, has decreased significantly between them year-on-year.

The gender gap between NEET narrowed between Q1: 2021 and Q1: 2022. **There are over 10 million young people (15-24 years) in SA and 37,0% of these were disengaged from the labour market.**

NEET (Not in Employment, Education or Training) rates for youth aged 15 – 24 by sex



Source: QLFS Q1: 2022



Participation in employment, education or training is important for youth to find employment and achieve self-sufficiency. High unemployment rates in a number of countries have hit youth hard. This has resulted in many young people being unable to find work or withdrawing from the labour market entirely, becoming “inactive”¹. South African youth are no exception. While the 2022 South African National Budget includes R5,2 billion in tax relief to help support the economic recovery, including incentives for youth employment, issues of youth unemployment remain.

Of the 40,0 million working age population in Q1:2022, more than half (51,6%) were youth (15-34 years).

The current national absorption rate was recorded at 37,3% and remains lower for young people at 9% among those aged 15-24 years.

Q1:2022 saw the total employment increasing by 370 000 to 14,9 million compared to the previous quarter, while unemployment declined by 60 000 to 7,9 million, resulting in the official unemployment rate of 34,5%.

Table 6: Employment by Province

	Jan-Mar 2021	Oct-Dec 2021	Jan-Mar 2022	Qtr-to-qtr change	Year-on- year change	Qtr-to-qtr change	Year-on- year change
Province	Thousand					Per cent	
South Africa	14 995	14 544	14 914	370	-81	2,5	-0,5
Western Cape	2 309	2 263	2 298	35	-11	1,5	-0,5
Eastern Cape	1 301	1 247	1 293	45	-8	3,6	-0,6
Northern Cape	313	264	321	57	8	21,6	2,6
Free State	703	727	781	54	79	7,4	11,2
KwaZulu-Natal	2 429	2 424	2 371	-53	-58	-2,2	-2,4
North West	933	858	917	58	-17	6,8	-1,8
Gauteng	4 626	4 524	4 586	62	-40	1,4	-0,9
Mpumalanga	1 133	1 052	1 082	30	-51	2,8	-4,5
Limpopo	1 248	1 184	1 265	81	17	6,9	1,4

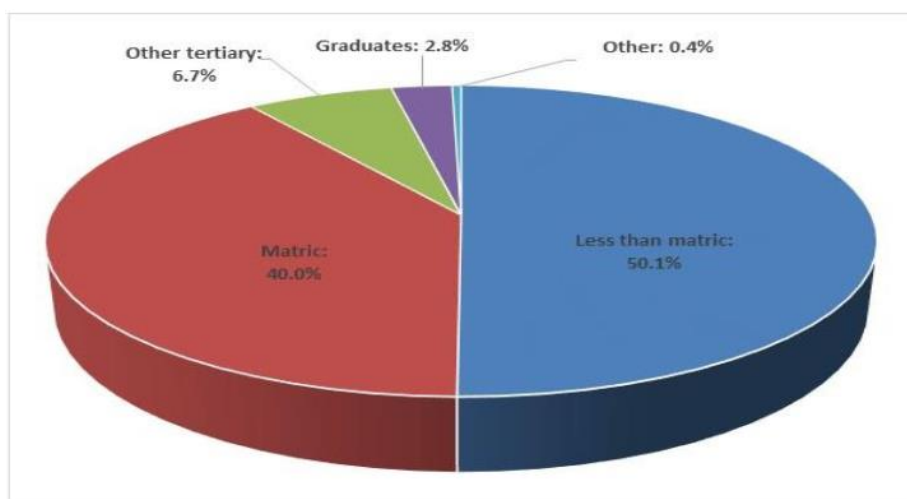
The number of employed persons increased in eight provinces between Q4: 2021 and Q1: 2022. The largest employment increases were recorded in Limpopo (up by 81 000), Gauteng (up by 62 000), **North West (up by 58 000)**, Northern Cape (up by 57 000) and Free State (up by 54 000).

Employment losses were recorded only in KwaZulu-Natal at 53 000 jobs during the same period. Northern Cape recorded the biggest quarter-to-quarter increase in employment of 21,6%.

Compared to Q1: 2021, the largest decreases in employment were recorded in KwaZulu-Natal (down by 58 000), Mpumalanga (down by 51 000), Gauteng (down by 40 000), **North West (down by 17 000)** and Western Cape (down by 11 000). Eastern Cape recorded the least decrease in the number of employed persons at 8 000. Free State, Limpopo and Northern Cape were the only provinces that recorded gains in employment at 79 000, 17 000 and 8 000, respectively.

Limpopo had the biggest change in employment with an increase of 11,2%, followed by Mpumalanga with a decrease of 4,5%.

Table 7: Proportion of the unemployed by education level, Q1: 2022



Of the 7,9 million unemployed persons in the first quarter of 2022, as many as 50,1% had education levels below matric, followed by those with matric at 40,0%. Only 2,8% of unemployed persons were graduates, while 6,7% had other tertiary qualifications as their highest level of education.

Table 8: Unemployment Rate by Province

	Official unemployment rate					Expanded unemployment rate				
	Jan-Mar 2021	Oct-Dec 2021	Jan-Mar 2022	Qtr-to-qtr change	Year-on-year change	Jan-Mar 2021	Oct-Dec 2021	Jan-Mar 2022	Qtr-to-qtr change	Year-on-year change
	Per cent			Percentage points		Per cent			Percentage points	
South Africa	32,6	35,3	34,5	-0,8	1,9	43,2	46,2	45,5	-0,7	2,3
Western Cape	23,7	28,0	25,2	-2,8	1,5	27,9	30,4	29,0	-1,4	1,1
Eastern Cape	43,8	45,0	44,0	-1,0	0,2	49,6	53,2	52,6	-0,6	3,0
Northern Cape	23,4	25,0	24,9	-0,1	1,5	42,2	50,1	44,4	-5,7	2,2
Free State	35,6	36,7	31,1	-5,6	-4,5	43,4	44,2	40,5	-3,7	-2,9
KwaZulu-Natal	30,5	32,4	33,2	0,8	2,7	46,4	48,7	50,4	1,7	4,0
North West	32,2	33,8	30,1	-3,7	-2,1	47,2	49,9	49,2	-0,7	2,0
Gauteng	34,4	36,6	36,7	0,1	2,3	41,6	44,4	43,4	-1,0	1,8
Mpumalanga	33,5	39,7	38,6	-1,1	5,1	47,6	52,4	51,6	-0,8	4,0
Limpopo	29,4	33,9	35,6	1,7	6,2	49,5	52,8	50,9	-1,9	1,4

The official unemployment rate decreased by 0,8 of a percentage point to 34,5% in Q1: 2022 compared to Q4: 2021.

The **official unemployment rate** decreased in six provinces. The largest decreases were recorded in Free State (down by 5,6 percentage points), **followed by North West (down by 3,7 percentage points)**, Western Cape (down by 2,8 percentage points) and Mpumalanga (down by 1,1 percentage points). Limpopo recorded the largest increase of 1,7 percentage points, followed by KwaZulu-Natal (up by 0,8 of a percentage point) and Gauteng (up by 0,1 of a percentage point).

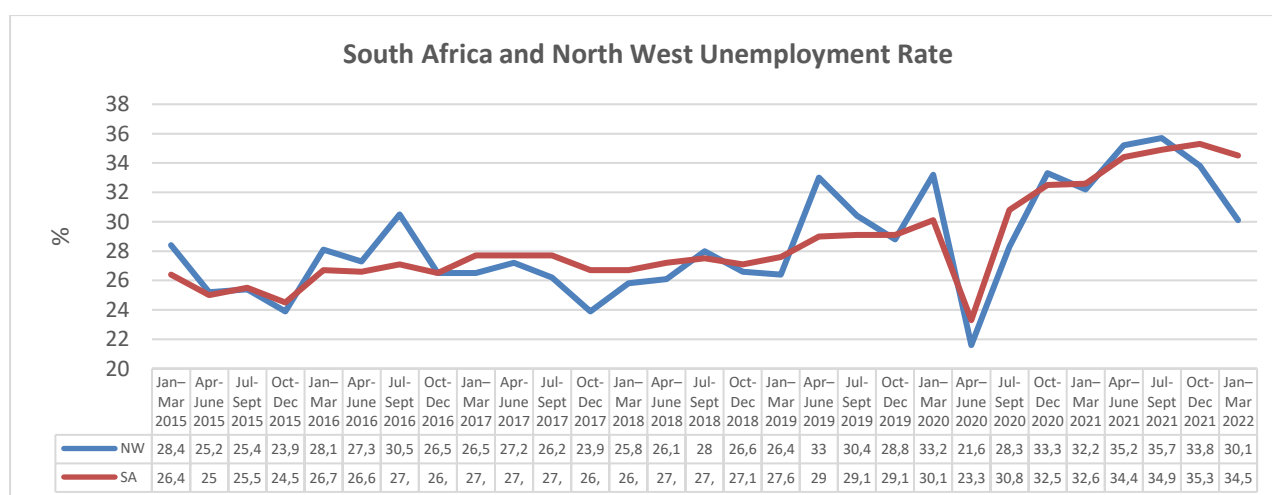
Year-on-year, the official unemployment rate increased by 1,9 percentage points. The official unemployment rate increased in all the provinces, except in Free State and **North West**, where it decreased by 4,5 percentage points and 2,1 percentage points respectively. The largest increase in the unemployment rate was recorded in Limpopo (up by 6,2 percentage points), followed by

Mpumalanga (up by 5,1 percentage points), KwaZulu-Natal (up by 2,7 percentage points) and Gauteng (up by 2,3 percentage points). Eastern Cape recorded the lowest increase of 0,2 of a percentage point in the official unemployment rate during the same period.

The expanded unemployment rate decreased by 0,7 of a percentage point in Q1: 2022 compared to Q4: 2021. This is reflective of the fact that people were available for work but did not actively look for work. All provinces recorded a decrease in the expanded unemployment rate, except in KwaZulu-Natal where it increased by 1,7 percentage points.

The largest decrease was recorded in Northern Cape (down by 5,7 percentage points), followed by Free State (down by 3,7 percentage points), Limpopo (down by 1,9 percentage points) and Western Cape (down by 1,4 percentage points). Compared to the same period last year, the expanded unemployment rate increased by 2,3 percentage points in Q1: 2022. All provinces recorded increases in the expanded unemployment rate, except in Free State where it decreased by 2,9 percentage points. The largest increase in the expanded unemployment rate was recorded in KwaZulu-Natal and Limpopo (up by 4,0 percentage points each), followed by Eastern Cape (up by 3,0 percentage points), Northern Cape (up by 2,2 percentage points) and **North West (up by 2,0 percentage points)**.

Figure 4: South Africa and North West Unemployment Rate (Source: Statssa Q1 2022)



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 2021 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 (2021)

KEY INDICATORS: South Africa, North West Province and NW District Municipalities (2021)							
(Source:IHS Markit; Regional eXplorer 2175 (2.6p);October 2021)							
		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Size of Area	(km ²)	1 221 246	104 882	18 333	28 114	43 764	14 671
	% Share of Region		8,6%	17,5%	26,8%	41,7%	14,0%
Demographic	Total population	59 646 053	4 095 248	1 820 994	953 420	517 562	803 272
	% Share of Region		6,9%	44,5%	23,3%	12,6%	19,6%
	Population Growth rate (%) 2020	1,5%	1,5%	1,6%	1,4%	1,3%	1,4%
	Number of Households	16 820 584	1 226 035	587 937	261 720	142 422	233 956
Development	Human Development Index (HDI)	0,66	0,63	0,65	0,59	0,56	0,66
	Gini coefficient	0,64	0,63	0,62	0,62	0,62	0,63
	Poverty indicators						
	People below the food poverty line (StatsSA defined)	19 396 783	1 304 752	480 348	365 801	210 392	248 211
	%	32,5%	31,9%	26,4%	38,4%	40,7%	30,9%
	% Increase 2018 to 2019	4,09%	4,45%	5,05%	4,19%	3,75%	4,29%
	% Increase 2019 to 2020	10,41%	10,76%	12,29%	9,52%	9,17%	11,05%
	Highest level of education: age 20+; Matric only	12 010 795	766 043	404 222	142 729	66 269	152 823
	Population density (number of people per km ²)	48,84	39,05	99,33	33,91	11,83	54,75
	Urban Population Rate (%)	65,1%	47,0%	39,5%	29,2%	39,7%	90,2%

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
Household Infrastructure	Share of household occupying formal dwellings (2020)	79,3%	79,5%	74,0%	82,0%	88,1%	85,3%
Labour	EAP as % of total population, official definition 2020	37,1%	32,1%	35,4%	27,6%	24,4%	35,1%
	Unemployment rate, official definition (%)	29,9%	31,1%	41,6%	20,3%	22,2%	20,8%
	Youth Unemployment rate (Aged 15-24) (Official Definition)	59,5%	63,6%	75,8%	51,7%	49,8%	49,5%
Income & Expenditure	Annual total personal income (R million, current prices)	3 977 123	251 077	123 880	45 316	22 525	59 356
	Annual per capita income (Rand, current prices)	66 679	61 309	68 029	47 530	43 521	73 893
	Annual per household income (Rand, current prices)	236 444	204 788	210 703	173 146	158 157	253 705
	Index of buying power	100,0%	5,8%	2,8%	1,1%	0,6%	1,3%

(Source:IHS Markit; Regional eXplorer 2175 (2.6p);October 2021)

The *Index of Buying Power* has also increased for the NW province. IHS Global Insight's Index of Buying Power (IBP) indicates that 5,8% 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 (R86,7bn) 29,9% 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. (Source:IHS Markit; Regional eXplorer 2175 (2.6p);October 2021) and Statssa Q3 2021)

		SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Economic	GVA-R Current prices (R 1000)	4 997 872 091	289 926 170	144 235 421	56 142 185	22 658 634	66 889 929
	GVA-R Constant 2015 prices (R 1000)	3 879 359 729	193 302 945	84 853 404	41 661 103	16 762 918	50 025 519
	GVA-R Constant 2015 prices (R 1000) Avg Annual Growth 2020	-5,9%	-7,1%	-12,4%	-2,5%	-2,3%	-2,6%
	GVA-R Constant 2015 prices (R 1000) Avg Annual Growth 2021	5,0%	6,2%	8,0%	4,7%	4,4%	4,8%
	Sector's share of regional total (%) 2020	SA	NW	BPDM	NMMDM	DRSMDM	DKKDM
	Agriculture	2,8%	3,3%	1,2%	5,5%	9,2%	4,1%
	Mining	7,1%	29,9%	53,6%	5,7%	5,3%	7,6%
	Manufacturing	13,0%	5,3%	5,6%	5,3%	3,3%	5,2%

Electricity	3,1%	3,2%	2,4%	5,0%	3,5%	3,6%
Construction	2,7%	1,8%	1,2%	2,1%	2,6%	2,6%
Trade	13,2%	10,3%	7,4%	11,5%	13,5%	14,4%
Transport	7,4%	4,7%	3,1%	6,0%	6,6%	6,5%
Finance	24,3%	16,0%	12,0%	17,4%	22,2%	21,4%
Community services	26,4%	25,5%	13,6%	41,5%	33,8%	34,8%
Total Industries	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
GDP-R Current prices (R 1000)	5 521 075 091	321 279 589	157 732 580	62 934 922	25 448 984	75 163 103
GDP-R Constant 2015 prices (R 1000)	4 279 646 860	214 550 333	93 088 724	46 594 437	18 784 095	56 083 077
GDP-R Constant 2015 prices Avg Annual Growth 2020	-6,4%	-7,9%	-13,1%	-3,6%	-3,5%	-3,5%
GDP-R Constant 2015 prices Avg Annual Growth 2021	5,0%	6,3%	7,7%	5,1%	5,0%	5,4%
GDP-R per Capita Current prices	92 564	78 452	86 619	66 010	49 171	93 571
GDP-R per Capita Constant Prices 2015	71 751	52 390	51 120	48 871	36 293	69 818
Tress index	46,40	52,56	67,65	51,97	51,31	51,32
Location quotient	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Agriculture	1,00	1,18	0,41	1,96	3,29	1,46
Mining	1,00	4,23	7,58	0,80	0,75	1,07
Manufacturing	1,00	0,41	0,43	0,41	0,26	0,40
Electricity	1,00	1,03	0,75	1,58	1,11	1,13
Construction	1,00	0,67	0,44	0,80	0,96	0,96
Trade	1,00	0,78	0,56	0,87	1,02	1,09
Transport	1,00	0,64	0,42	0,81	0,90	0,88
Finance	1,00	0,66	0,49	0,72	0,91	0,88
Community services	1,00	0,96	0,52	1,57	1,28	1,32
Total Industries	1,00	1,00	1,00	1,00	1,00	1,00

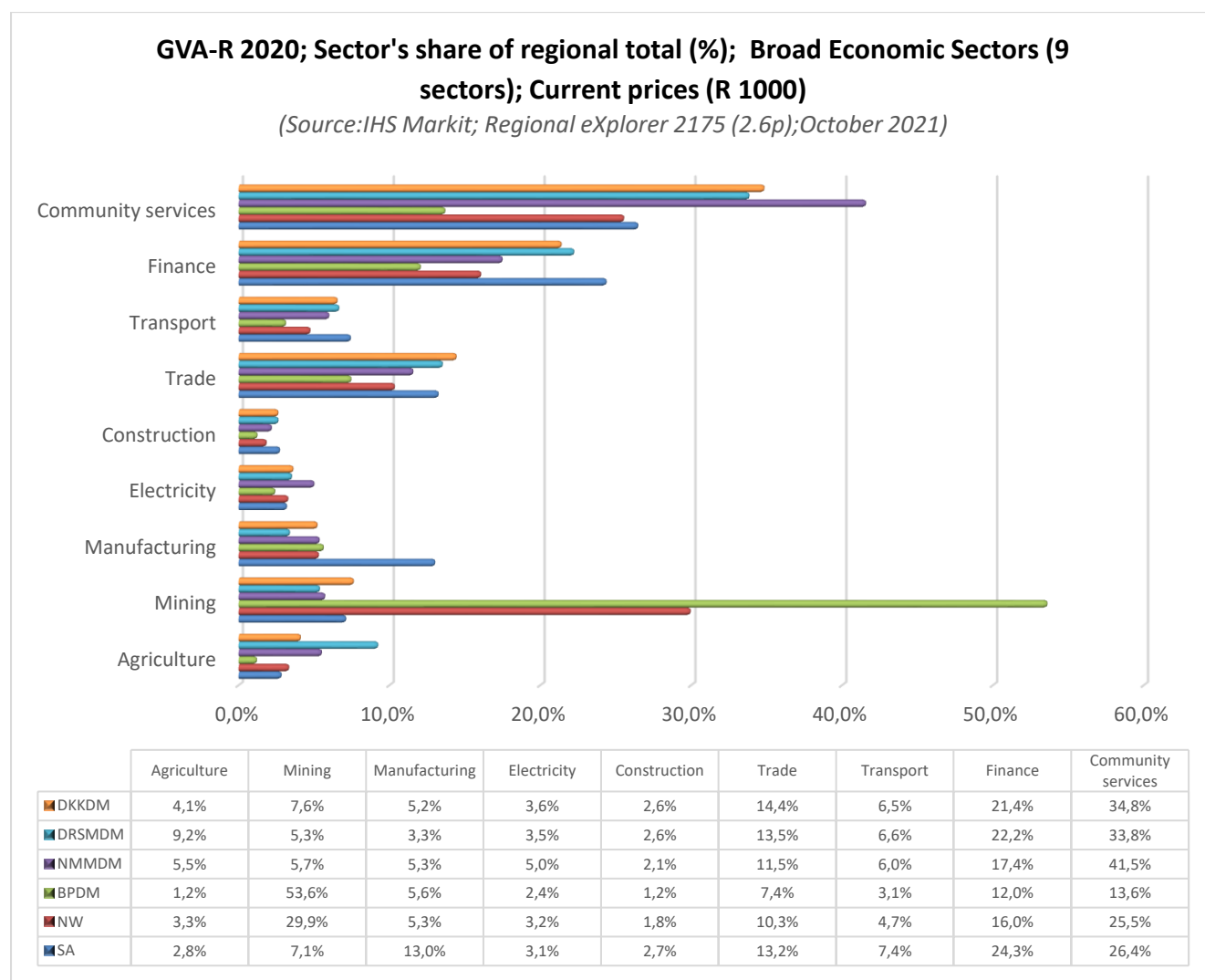
(Source:IHS Markit; Regional eXplorer 2175 (2.6p);October 2021)

The *Gini coefficient* indicates that the level of equality is decreasing from 0,60 in 2009 to 0.63 in 2020 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.

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 2020



Total Tourism spend as % of GDP (Current prices) is 1,5% for the North West province but higher in Bojanala at 1,9% where the Pilanesberg Game Reserve is located. It is clear from the 2020 figures that domestic tourism is decreasing and international tourism is increasing. The increase in international Tourism was adversely affected by the COVID-19 Pandemic as international tourism was restricted.

The table below indicates the impact of COVID-19 on the Tourism sector when comparing 2019 and 2020 figures.

Table 10: Tourism Statistics 2019 and 2020 Compared

Number of Trips by Purpose of trip	SA	NW	BPDM	NMMDM	DRSMMDM	DKKDM
Leisure / Holiday 2019	10 610 525	684 489	492 217	53 173	31 061	108 038
Business 2019	3 241 022	152 160	85 616	20 258	9 503	36 783
Visits to friends and relatives 2019	26 916 428	1 977 918	866 043	454 230	307 905	349 739
Other (Medical, Religious, etc) 2019	3 895 859	170 916	60 459	33 293	27 678	49 486

Total 2019	44 663 835	2 985 483	1 504 336	560 954	376 147	544 046
Leisure / Holiday 2020	3 790 723	268 626	196 083	20 076	12 037	40 431
Business 2020	963 794	49 706	28 375	6 645	3 201	11 484
Visits to friends and relatives 2020	8 742 114	641 347	285 998	144 968	102 653	107 728
Other (Medical, Religious, etc) 2020	1 280 309	56 032	19 844	10 654	9 273	16 261
Total 2020	14 776 939	1 015 711	530 300	182 343	127 164	175 903
Number of Trips by Origin of tourist	SA	North-West	BPDM	NMMDM	DRSMDM	DKKDM
Domestic tourists 2019	34 941 101	2 322 187	1 102 043	471 764	334 910	413 469
Domestic tourists 2020	11 549 272	796 826	399 020	152 705	113 206	131 896
International tourists 2019	9 722 733	663 296	402 292	89 190	41 237	130 577
International tourists 2020	3 227 668	218 884	131 280	29 638	13 958	44 008
Total tourists 2019	44 663 835	2 985 483	1 504 336	560 954	376 147	544 046
Total tourists 2020	14 776 939	1 015 711	530 300	182 343	127 164	175 903
Bednights by Origin of Tourist	SA	North-West	BPDM	NMMDM	DRSMDM	DKKDM
Domestic tourists 2019	138 668 418	8 322 610	3 950 490	1 691 114	1 200 565	1 480 441
Domestic tourists 2020	42 850 737	2 576 304	1 289 291	493 427	365 770	427 817
International tourists 2019	108 073 653	4 542 653	2 775 757	614 159	275 121	877 616
International tourists 2020	35 543 721	1 402 205	854 369	190 425	84 712	272 700
Total tourists 2019	246 742 071	12 865 264	6 726 247	2 305 274	1 475 686	2 358 057
Total tourists 2020	78 394 458	3 978 509	2 143 660	683 851	450 481	700 517
Total Tourist Spending (R 1000, Current prices) 2019	317 076 902	14 700 133	7 983 487	2 551 550	1 076 015	3 089 080
Total Tourist Spending (R 1000, Current prices) 2020	95 784 066	4 955 294	3 007 206	731 758	321 523	894 808
2019 Growth in Tourism (using bednights) by origin	SA	North-West	BPDM	NMMDM	DRSMDM	DKKDM
Domestic tourists	25,4%	26,3%	25,7%	26,5%	27,1%	27,2%
International tourists	-2,0%	-7,9%	-8,2%	-7,7%	-8,9%	-6,5%
Total tourists	11,8%	11,7%	9,1%	15,1%	18,4%	12,1%
2020 Growth in Tourism (using bednights) by origin						
Domestic tourists	-69,1%	-69,0%	-67,4%	-70,8%	-69,5%	-71,1%
International tourists	-67,1%	-69,1%	-69,2%	-69,0%	-69,2%	-68,9%
Total tourists	-68,2%	-69,1%	-68,1%	-70,3%	-69,5%	-70,3%
Total Tourist spend as % of GDP (Current prices) 2019	5,7%	4,6%	5,2%	4,1%	4,3%	4,1%
Total Tourist spend as % of GDP (Current prices) 2020	1,7%	1,5%	1,9%	1,2%	1,3%	1,2%
Average Tourist spend per resident capita (Rand, Current prices) 2019	5 394	3 643	4 456	2 714	2 106	3 898
Average Tourist spend per resident capita (Rand, Current prices) 2020	1 606	1 210	1 651	768	621	1 114

(Source: IHS Markit: Regional eXplorer 2175 (2.6p) October 2021)

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)	1 303 145 000	103 481 541	99 706 431	1 578 683	739 218	1 457 209
Imports (R 1000)	1 263 823 999	6 242 868	3 261 084	264 466	183 628	2 533 690

Total Trade (R 1000)	2 566 968 999	109 724 410	102 967 515	1 843 149	922 846	3 990 899
Trade Balance (R 1000)	39 321 000	97 238 673	96 445 347	1 314 217	555 590	-1 076 481
Exports as % of GDP	23,2%	32,7%	64,5%	2,6%	2,9%	2,0%
Total trade as % of GDP	45,8%	34,7%	66,6%	3,0%	3,7%	5,3%
Regional share - Exports	100,0%	7,9%	7,7%	0,1%	0,1%	0,1%
Regional share - Imports	100,0%	0,5%	0,3%	0,0%	0,0%	0,2%
Regional share - Total Trade	100,0%	4,3%	4,0%	0,1%	0,0%	0,2%

(Source: IHS Markit: Regional eXplorer 2175 (2.6p) October 2021)

Table 12: International Trade Statistics 2020

International Trade	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Exports (R 1000)	1 394 345 999	9 936 026	6 189 990	2 356 350	260 438	1 129 247
Imports (R 1000)	1 109 458 999	5 760 462	2 610 311	506 784	153 435	2 489 932
Total Trade (R 1000)	2 503 804 998	15 696 488	8 800 302	2 863 134	413 873	3 619 179
Trade Balance (R 1000)	284 887 001	4 175 564	3 579 679	1 849 566	107 003	-1 360 684
Exports as % of GDP	25,3%	3,1%	3,9%	3,7%	1,0%	1,5%
Total trade as % of GDP	45,3%	4,9%	5,6%	4,5%	1,6%	4,8%
Regional share - Exports	100,0%	0,7%	0,4%	0,2%	0,0%	0,1%
Regional share - Imports	100,0%	0,5%	0,2%	0,0%	0,0%	0,2%
Regional share - Total Trade	100,0%	0,6%	0,4%	0,1%	0,0%	0,1%

(Source: IHS Markit: Regional eXplorer 2175 (2.6p) October 2021)

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 had a healthy positive export balance which indicates more exports than imports. Please see more information in the section on trade.

Comparing 2019 export figures of the North West province to 2017, North West exports increased from approximately R24 bn to approximately R103 bn representing 32,7% of the GDP of the North West province, compared to 8,9% in 2017. Imports remained at about R6 bn. R88,7bn of the exports where from Rustenburg and R10,9 bn from Madibeng and was mostly represented by precious metals.

Comparing 2020 export figures of the North West province to 2019, North West Exports decreased to R9,9bn representing only 3,1% of the GDP of the North West province. R3,3bn of exports was from Rustenburg and R2,8bn Madibeng. The recording of the province from where the exports of mining related products take place seems to be the root cause of this dramatic change in export figures of the North West province as well as Rustenburg and Madibeng.

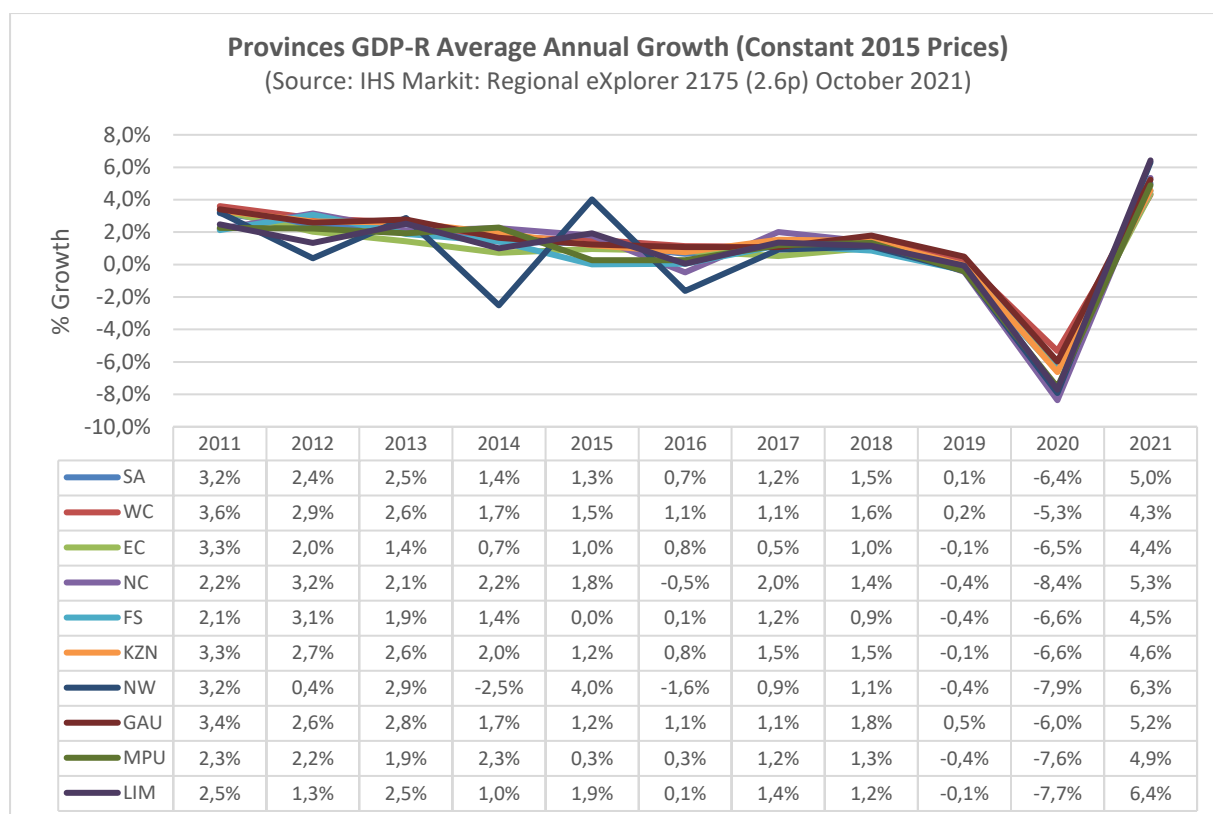
Table 13: Areas with location quotients ≥ 1.1 by broad economic sector in the NWP (2020)
(Source: IHS Markit: Regional eXplorer 2175 (2.6p) October 2021)

Location Quotient 2020 (Source: IHS Markit: Regional eXplorer 2175 (2.6p) October 2021)									
	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community Services
NW	1,18	4,23	0,41	1,03	0,67	0,78	0,64	0,66	0,96
District Municipalities									
BPDM	0,41	7,58	0,43	0,75	0,44	0,56	0,42	0,49	0,52
NMMDM	1,96	0,80	0,41	1,58	0,80	0,87	0,81	0,72	1,57

DRSMDM	3,29	0,75	0,26	1,11	0,96	1,02	0,90	0,91	1,28
DKKDM	1,46	1,07	0,40	1,13	0,96	1,09	0,88	0,88	1,32
Local Municipalities									
BPDM									
Moretele	0,34	0,25	0,84	2,14	0,89	1,18	0,84	1,14	1,05
Madibeng	0,71	5,09	0,74	0,53	0,64	0,75	0,62	0,62	0,74
Rustenburg	0,15	11,38	0,12	0,46	0,18	0,24	0,16	0,26	0,19
Kgetlengrivier	0,34	11,43	0,11	0,35	0,21	0,23	0,21	0,20	0,21
Moses Kotane	0,26	7,77	0,14	1,82	0,35	0,66	0,28	0,48	0,51
NMMDM									
Ratlou	2,67	0,53	0,24	0,60	0,82	0,80	0,75	0,77	1,77
Tswaing	6,50	0,38	0,42	0,32	0,90	0,85	0,82	0,54	1,52
Mahikeng	0,87	0,30	0,26	1,69	0,74	0,89	0,84	0,81	1,78
Ditsobotla	2,85	1,53	0,81	0,47	0,98	0,83	0,97	0,67	1,22
Ramotshere Moiloa	1,34	1,60	0,43	3,62	0,67	0,92	0,55	0,58	1,36
DRSMDM									
Naledi	3,58	0,29	0,27	0,65	0,81	1,30	1,20	1,10	1,04
Mamusa	4,64	0,87	0,19	0,99	1,40	1,05	0,81	1,02	1,01
Greater Taung	1,17	1,08	0,15	2,17	0,80	0,85	0,69	0,92	1,49
Lekwa-Teemane	4,62	0,29	0,64	0,55	1,30	1,12	0,92	0,73	1,22
Kagisano/Molopo	4,25	1,36	0,15	0,72	0,92	0,69	0,73	0,61	1,61
DKKDM									
City of Matlosana	0,66	1,32	0,34	1,14	0,95	1,18	0,96	0,93	1,24
Maquassi Hills	6,12	0,58	0,41	0,32	1,36	1,03	0,84	0,67	1,24
JB Marks (Tlokwe/Ventersdorp)	2,12	0,71	0,50	1,25	0,91	0,94	0,74	0,82	1,46

Figure 7: GDP-R Average annual growth Provinces (Constant 2015 Prices)

In the graph below the average annual growth of the North West Province is compared with the growth figures of other provinces. It is clear that the North West province growth is more volatile which can be attributed to the heavy reliance on mining.



(Source: IHS Markit: Regional eXplorer 2175 (2.6p) October 2021)

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

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

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

Employment

North West Employment Figures Compared to South Africa (Source: STASSA Q3 2021)

Table 14: North West Economically Active Employment Rate (Source: Statssa Q3 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 January 2019 to March 2022

South Africa Thousands	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 Apr–Jun 2021	July–Sept 2021	Oct–Dec 2021	Jan–Mar 2022	SA % Share Contribution Jan–Mar 2021	Y on Y Change Thous
Agriculture	837	842	880	885	865	799	808	810	792	862	829	868	844	5,7%	52,0
Mining	417	381	419	430	436	373	419	384	395	398	345	370	406	2,7%	11,0
Manufacturing	1 780	1 789	1 760	1 720	1 706	1 456	1 460	1 491	1 497	1 415	1 402	1 316	1 579	10,6%	82,0
Utilities	150	151	133	120	116	113	90	99	115	118	96	82	103	0,7%	-12,0
Construction	1 339	1 363	1 339	1 350	1 343	1 066	1 080	1 166	1 079	1 222	1 157	1 133	1 073	7,2%	-6,0
Trade	3 345	3 429	3 408	3 249	3 320	2 946	3 008	3 063	2 979	3 087	2 778	2 896	2 994	20,1%	15,0
Transport	1 025	983	975	1 011	995	885	878	943	903	969	964	951	960	6,4%	58,0
Finance	2 516	2 493	2 492	2 568	2 517	2 234	2 434	2 312	2 527	2 248	2 386	2 404	2 332	15,6%	-195,0
Community and Social Services	3 574	3 622	3 679	3 792	3 759	3 244	3 381	3 551	3 567	3 401	3 191	3 268	3 546	23,8%	-21,0
Private House Holds	1 301	1 251	1 268	1 286	1 316	1 005	1 121	1 197	1 127	1 194	1 130	1 258	1 072	7,2%	-55,0
Other	7	6	5	9	11	27	12	8	14	27	5	3	4	0,0%	-9,0
TOTAL	16 291	16 313	16 375	16 420	16 383	14 148	14 691	15 024	14 995	14 942	14 282	14 544	14 914	100,0 %	-81,0

South Africa Thousands	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	Apr–June 2021	July–Sept 2021	Oct–Dec 2021	Jan–Mar 2022	% Change Y on Y
Population 15-64 yrs	38 283	38 433	38 582	38 727	38 874	39 021	39 167	39 311	39 445	38 433	39 745	39 888	40 033	1,5
Labour Force	22 492	22 968	23 109	23 146	23 452	18 443	21 224	22 257	22 237	22 968	21 925	22 466	22 776	2,4
Employed	16 291	16 313	16 375	16 420	16 383	14 148	14 691	15 024	14 995	16 313	14 282	14 544	14 914	-0,5
Unemployed	6 201	6 655	6 734	672	7 070	4 295	6 533	7 233	7 242	6 655	7 643	7 921	7 862	8,6
Not economically active	15 791	15 465	15 474	15 581	15 422	20 578	17 944	17 054	17 218	15 465	17 820	17 423	17 257	0,2
Discouraged work- seekers	2 997	2 749	2 793	2 855	2 918	2 471	2 696	2 930	3 131	2 749	3 862	3 806	3 752	19,8
Other	12 793	12 716	12 681	12 726	12 504	18 107	15 248	14 124	14 086	12 716	13 958	13 617	13 505	-4,1
Rates (%)														
Unemployment rate	27,6	29,0	29,1	29,1	30,1	23,3	30,8	32,5	32,6	29,0	34,9	35,3	34,5	1,9
Employed / population ratio (Absorption)	42,6	42,4	42,4	42,4	42,1	36,3	37,5	38,2	38,0	42,4	35,9	36,5	37,3	-0,7
Labour force participation rate	58,8	59,8	59,9	59,8	60,3	47,3	54,2	56,6	56,4	59,8	55,2	56,3	56,9	0,5

Table 16: North West’s Employment Figures January 2019 to March 2022

	Jan–Mar 2019	Apr–June 2019	July–Sept 2019	Oct–Dec 2019	Jan–Mar 2020	Apr–Jun 2020	July–Sept 2020	Oct–Dec 2020	Jan–Mar 2021	Apr–Jun 2021	July–Sept 2021	Oct–Dec 2021	Jan–Mar 2022	% Change Y on Y
Population 15-64 yrs	2 588	2 599	2 609	2 620	2 630	2 641	2 651	2 661	2 588	2 599	2 692	2 702	2 712	1,5
Labour Force	1 318	1 370	1 380	1 393	1 452	1 114	1 298	1 416	1 318	1 370	1 323	1297	1 312	-4,7
Employed	970	918	960	992	969	874	930	944	970	918	851	858	917	-1,8
Unemployed	348	452	420	401	483	240	368	472	348	452	472	439	395	-10,8
Not economically active	1 270	1 228	1 230	1 227	1 178	1 527	1 353	1 245	1 270	1 228	1 369	1 405	1 400	8,1

Discouraged work-seekers	339	260	275	271	229	231	247	241	339	260	355	334	363	27,4
Other	931	968	955	956	949	1296	1106	1004	931	968	1 014	1 071	1 038	2,7
Rates (%)														
Unemployment rate	26,4	33	30,4	28,8	33,2	21,6	28,3	33,3	26,4	33	35,7	33,8	30,1	-2,1
Employed / population ratio (Absorption)	37,5	35,3	36,8	37,9	36,9	33,1	35,1	35,5	37,5	35,3	31,6	31,8	33,8	-1,1
Labour force participation rate	50,9	52,7	52,9	53,2	55,2	42,2	49	53,2	50,9	52,7	49,1	48	48,4	-3,1

Table 17: North West Employment by Industry Figures Compared to South Africa
(Source: STASSA Q1 2022)

North West Thousands	Jan– Mar 2019	Apr– Jun 2019	Jul– Sept 2019	Oct– Dec 2019	Jan– Mar 2019	Apr– Jun 2020	Jul– Sept 2020	Oct– Dec 2020	Jan– Mar 2021	Apr– Jun 2021	Jul– Sept 2021	Oct– Dec 2021	Jan– Mar 2022	NW% Share Jan–Mar 2022	NW as % of SA	Y on Y Change Thous
Agriculture	62	61	59	48	51	45	66	40	40	70	52	71	51	5,6%	6,0%	30,2
Mining	136	122	130	134	125	122	140	120	123	138	124	126	109	11,9%	26,8%	-11,5
Manufacturing	75	72	74	70	62	63	44	51	72	44	63	39	53	5,8%	3,4%	-26,0
Utilities	9	6	6	3	6	4	1	7	9	5	5	5	4	0,4%	3,9%	-62,4
Construction	65	70	56	63	59	51	53	60	64	82	60	56	67	7,3%	6,2%	5,0
Trade	191	161	186	170	176	180	178	176	175	187	160	154	224	24,4%	7,5%	27,6
Transport	45	38	37	38	30	33	35	29	30	38	28	19	27	2,9%	2,8%	-9,5
Finance	89	93	93	126	106	85	110	107	96	92	93	92	103	11,2%	4,4%	7,1
Community and Social Services	212	227	245	267	283	240	242	282	265	269	216	224	216	23,6%	6,1%	-18,4
Private House Holds	84	70	74	75	72	50	61	72	59	51	50	72	62	6,8%	5,8%	5,5
Other															0,0%	0,0
TOTAL	970	918	960	992	969	874	930	944	933	979	851	858	917	100,0%	6,1%	-86,0

2.3.2 North West Location and Infrastructure

Location is one of the NWP's greatest natural advantages. The main Cape Town to Zimbabwe railway line runs through the provincial capital of Mahikeng, linking the NWP to several southern African countries, including Angola, Zambia and Botswana. An extensive road network connects the major commercial centres of the province to the rest of the country via a network of 1 785 km of national roads. The vital east-west corridor links the eastern Africa seaboard at Maputo to the western African seaboard at Walvis Bay, running through the NWP en-route. Its strategic positioning has been further improved with the completion of the Trans Kalahari Corridor through Botswana and Namibia – and these developments bode well for a thriving business and tourism economy.

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

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

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

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

The NWPs 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.

IMD World Competitiveness Overall Ranking of South Africa out of 64 Economies

2017	2018	2019	2020	2021
53	53	56	59	62

Challenges in 2021

- 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.
- Slow vaccination rates to fast track the post COVID-19 recovery.

Country data is evaluated through distinct criteria, grouped into four competitiveness factors, namely:

- government efficiency,

- business efficiency,
- economic performance and infrastructure.

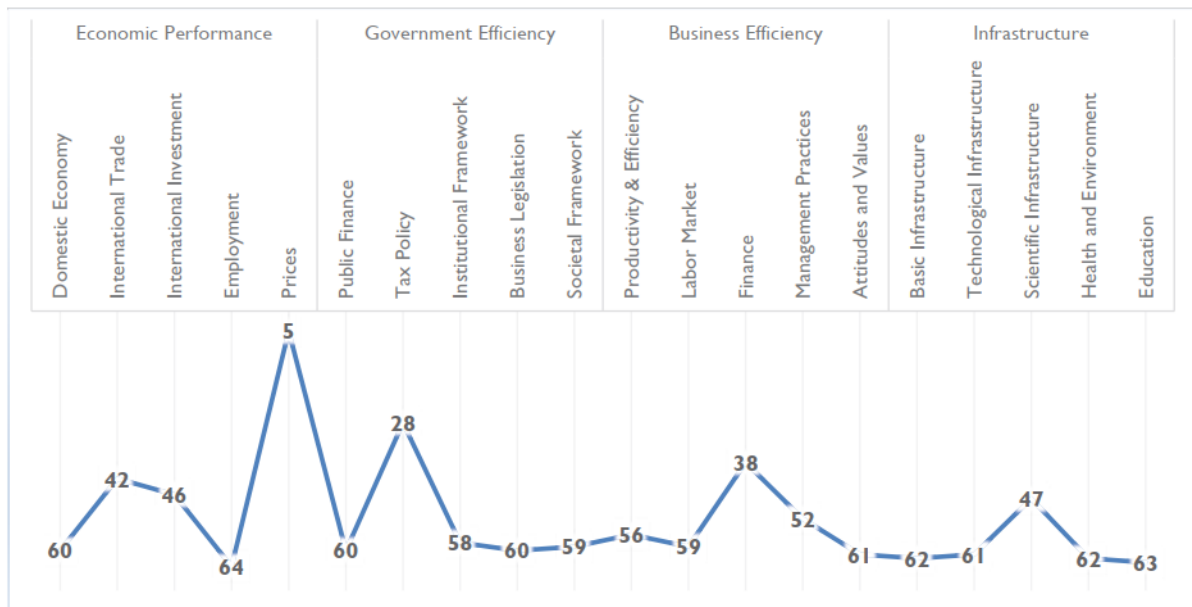
Productivity SA is the information partner for the IMD in South Africa.

South Africa hits all time low in competitiveness ranking in 2021 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 2021 WCY, South Africa fell by three notches to be ranked **59 out of 62** 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.

COMPETITIVENESS LANDSCAPE



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:

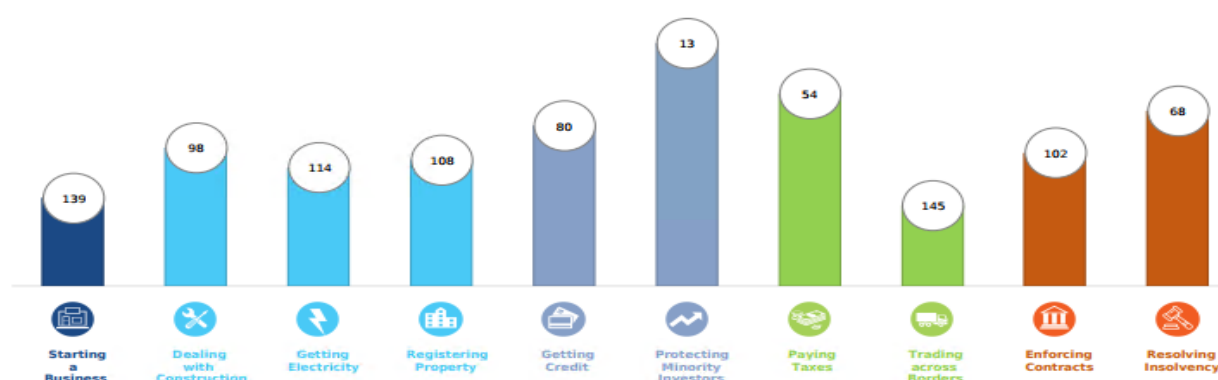
What is measured in *Doing Business*?



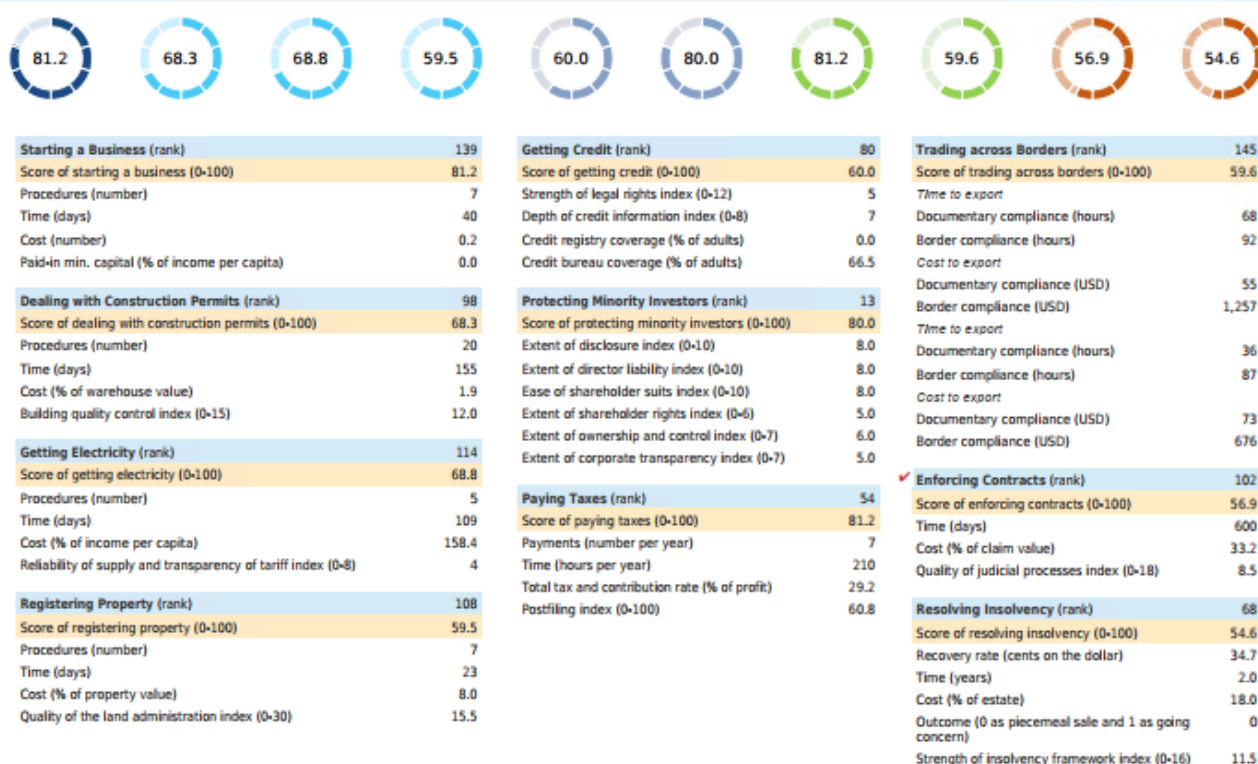
Source: *Doing Business* database. Note: Labor market regulation is not included in the ease of doing business ranking.

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

Rankings on Doing Business topics - South Africa



Topic Scores



4. FOREIGN DIRECT INVESTMENT (FDI)

Definition: What is a 'Foreign Direct Investment - FDI'

Foreign direct investment (FDI) is an investment made by a company or individual in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company. Foreign direct investments are distinguished from portfolio investments in which an investor merely purchases equities of foreign-based companies. The key feature of foreign direct investment is that it is an investment made that establishes either effective control of, or at least substantial influence over, the decision making of a foreign business. (Source: <http://www.investopedia.com/terms/f/fdi.asp#ixzz4I3cOUDNW>)

There are various institutions that do research on FDI and publish reports including: the annual World Investment Report by UNCTAD (Free Report), the annual fDi Report on Greenfield Investment - by fDi Intelligence a subsidiary of the Financial Times Ltd, the Annual Africa Investment Report by fDi Intelligence and The Foreign Direct Investment Confidence Index®. Information on FDI to the North West province can be obtained through subscription to fDi Intelligence at a cost of £20,000 British pounds per annum. NWDC research has agreed with Dti that they will supply the information to NWDC.

The 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)

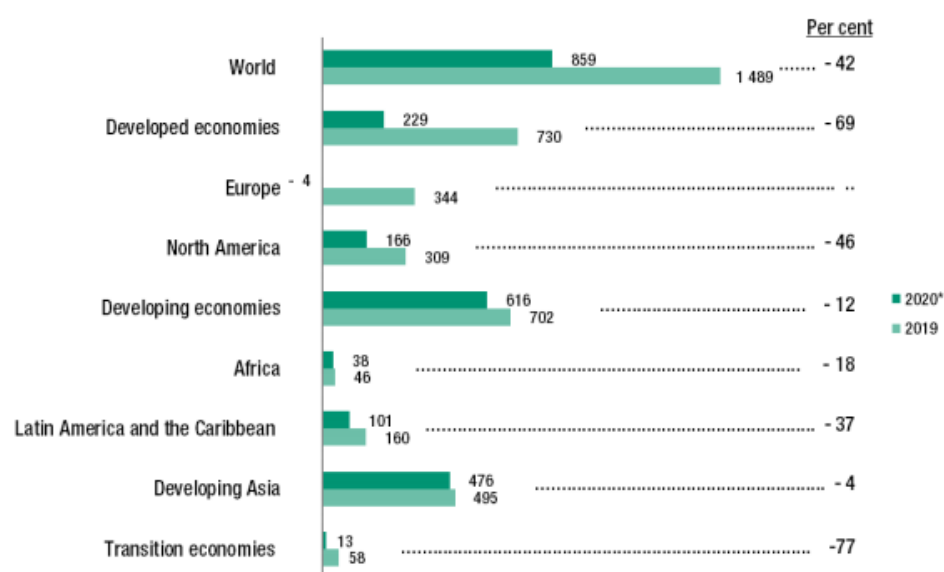
Global foreign direct investment (FDI) collapsed in 2020, falling by 42% to an estimated \$859 billion, from \$1.5 trillion in 2019. FDI finished 2020 more than 30% below the trough after the global financial crisis in 2009 and back at a level last seen in the 1990s.

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)

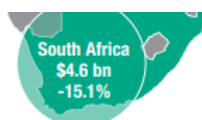
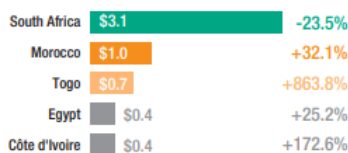
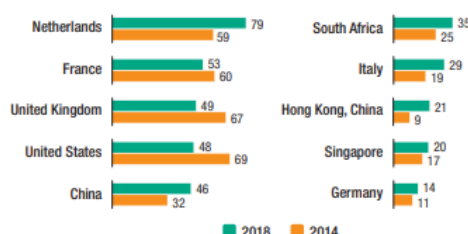


Figure A. Top 10 investor economies by FDI stock, 2014 and 2018 (Billions of dollars)



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

South Africa Aggregate Annual Figures Headline FDI trends by year

Year	Number of projects	% growth per annum	Jobs created		Capital investment	
			Total	Average	Total (ZAR m)	Average (ZAR m)
2020	11	n/a	401	36	6,818.63	620.01
2019	123	20.6	9,910	80	58,533.73	476.15
2018	102	1	11,529	113	68,436.56	670.35
2017	101	n/a	6,133	60	50,759.92	502.05
2016	108	n/a	15,015	139	105,455.65	976.76
2015	131	n/a	11,265	85	73,859.81	563.90
2014	135	n/a	13,267	98	173,754.11	1,287.48
2013	167	n/a	16,523	98	106,651.07	638.71
2012	183	n/a	15,683	85	88,148.72	481.91
2011	192	60	21,683	112	183,016.80	953.74
2010	120	n/a	19,520	162	85,136.44	709.19
2009	126	n/a	16,773	133	79,818.20	632.95
2008	132	109.5	23,080	174	153,885.16	1,165.21

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

Notes:

- 1) ©fDi Intelligence, from the Financial Times Ltd 2017. Data subject to terms and conditions of use.
 - 2) All Capex Figures shown in the table are in ZAR - South African Rand millions.
 - 3) Capex data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
 - 4) Jobs data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
- (Source: FDI Intelligence Markets database, prepared by Investment South Africa (ISA) a division in the dti)

Table 20: Destination Provinces

Data for Companies from 53 source countries investing in South Africa between January 2003 and August 2017

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

Notes:

- 5) ©fDi Intelligence, from the Financial Times Ltd 2017. Data subject to terms and conditions of use.
 - 6) All Capex Figures shown in the table are in ZAR - South African Rand millions.
 - 7) Capex data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
 - 8) Jobs data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
- (Source: FDI Intelligence Markets database, prepared by Investment South Africa (ISA) a division in the dti)

4.4 North West Province

The North West Province received 1.4% (16) of all projects (1135) in South Africa between 2003 and Aug 2018. This represents 2.3% (R 23.7 billion) of the capital investment and 3.8% (7805 jobs).

The following report examines foreign direct investment (FDI) trends by all companies from 53 source countries investing in North West in ten activities between January 2010 and August 2021.

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.

North West FDI Projects Detail

Table 21: FDI Projects recorded for the North West Province between January 2010 and August 2021

Headline figures	
No of FDI projects	8
Total jobs created	2,628
Average project size (jobs)	328
Total capital investment	ZAR 4,324.50 m
Average project size	ZAR 540.89 m

Project Profiles

October 2019 - Bridgestone into South Africa

Bridgestone (Tokyo, Japan) is investing in the city of Brits, South Africa in the Rubber sector in a Manufacturing project.

Japan-based Bridgestone, a tyre manufacturer, is investing R400m to expand its existent manufacturing facility in Brits, South Africa.

Jobs Created: 159 (est)

Investment: ZAR 380.78 million

FDI project type: Expansion

May 2018 - Grand Capital into South Africa

Grand Capital (Moscow, Russia) is investing in the city of Klerksdorp, South Africa in the Financial services sector in a Business Services project.

Russia-based Grand Capital, a forex broker, has opened a new office in Klerksdorp, South Africa. It is part of its African expansion.

Company contact: Sergey Kozlovsky (Head, Analytics)

Jobs Created: 19 (est)

Investment: ZAR 136.66 million (est)

FDI project type: New

October 2016 - Neovia (InVivo) (Evalis), a subsidiary of Union InVivo into South Africa

Neovia (InVivo) (Evalis), a subsidiary of Union InVivo (Paris, France) is investing in the city of Brits, South Africa in the Food & Beverages sector in a Logistics, Distribution & Transportation project.

Neovia, a producer of animal nutrition products and subsidiary of France-based Union InVivo, has opened a new storage and distribution centre at its production site in Brits, South Africa. The 1000 sq m facility will increase the site's capacity and facilitate the distribution of its various products

and services in South Africa as well as in 10 other African countries. The centre is supplemented by new administrative offices.

Company contact: Hubert de Roquefeuil (Chief Executive Officer, Neovia)

Jobs Created: 157 (est)

Investment: ZAR 388.40 million (est)

FDI project type: Co-Location

June 2015 - Anglo American Platinum, a subsidiary of Anglo American into South Africa

Anglo American Platinum, a subsidiary of Anglo American (London, United Kingdom) is investing in the city of Rustenburg, South Africa in the Renewable energy sector in a Electricity project.

Anglo American Platinum, a subsidiary of UK-based Anglo American, has opened a new power plant in Rustenburg, South Africa. The Eternity power plant at the firm's Waterval smelting complex is a joint venture initiative with South Africa-based Vuselela Energy and H1 Holdings. The R150m project uses waste heat from the connected plant's cooling circuit to evaporate an organic liquid and drive an expansion turbine. The plant has an installed capacity of 5 megawatts and will help reduce Anglo American Platinum's power consumption. The Department of Trade and Industry provided a R30m grant as part of its infrastructure development support initiative.

Company contact: July Ndlovu (Executive Head, Process, Anglo American Platinum)

Jobs Created: 2 (est)

Investment: ZAR 160.40 million

FDI project type: Co-Location

April 2014 - Syngenta into South Africa

Syngenta (Basel, Switzerland) is investing in the city of Brits, South Africa in the Food & Beverages sector in a Research & Development project.

Switzerland-based Syngenta, an agribusiness specialist, has opened a new research and development centre in Brits, South Africa. The Africa Middle East Seed Care Institute is located at the firm's existing packing plant and aims to stimulate the development and testing of seed treatment and protection technologies.

Company contact: Antonie Delport (Managing Director (South Africa))

Jobs Created: 55 (est)

Investment: ZAR 166.87 million (est)

FDI project type: Co-Location

December 2011 - IGE Resources (International Gold Exploration) into South Africa

IGE Resources (International Gold Exploration) (Stockholm, Sweden) is investing in South Africa in the Minerals sector in a Extraction project.

Sweden-based exploration and mining company IGE Resources has commenced production at its Bakerville diamond mine in South Africa's North West region. In the first phase the mine and treatment plant have an average output of 120 tonnes per hour of run-of-mine material. The company will carry out further drilling and exploration at the mine, with further results expected in quarter one 2012. IGE Resources holds 55% of the mining licence for the project, with 26% being held by a Black Economic Empowerment company and local investors holding the remaining 19%.

Company contact: Thomas Carlsson (Chief Financial Officer)

Jobs Created: 383 (est)

Investment: ZAR 799.82 million (est)

FDI project type: New

April 2011 - Monsanto into South Africa

Monsanto (St Louis (MO), United States) is investing in South Africa in the Food & Beverages sector in a Manufacturing project.

US-based agricultural products company Monsanto has set up a new manufacturing plant in Lichtenburg, South Africa. The company has invested R150m into the facility, which will process corn seed and can store up to 140,000 bags of seed. Around 4000 sq m will be used for cold storage below 15 degrees for 40,000 bags.

Company contact: Kobus Lindeque (Managing Director (Sub-Saharan Africa))

Jobs Created: 147 (est)

Investment: ZAR 323.67 million

FDI project type: New

August 2010 - Xstrata-Merafe, a subsidiary of Xstrata PLC into South Africa

Xstrata-Merafe, a subsidiary of Xstrata PLC (Zug, Switzerland) is investing in the city of Rustenburg, South Africa in the Metals sector in a Manufacturing project.

Xstrata-Merafe, a ferro-chrome producer, has announced plans to open a manufacturing plant at its Rustenburg mine in South Africa. The company will invest R1bn into the facility, which will have a capacity to sinster and pellitise 600,000 tonnes per year of chrome-fines. The company expects the unit to be operational by 2013.

Jobs Created: 1706 (est)

Investment: ZAR 1,967.91 million

FDI project type: Co-Location

5. [TRADE](#)

5.1 African Continental Free Trade Area (AfCFTA)

5.1.1 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 AfCFTA is the world's largest trading area since the establishment of the World Trade Organization with 54 of the 55 countries of the African Union (AU). The AfCFTA was established by the African Continental Free Trade Agreement signed in March 2018 by 44 AU countries. Over time, other AU countries signed on as the official start of trading under the provisions of the agreement approached. The AfCFTA is projected to create opportunities and boost the African economy. By facilitating this intra-African trade area, the international community expects sustainable growth and increased economic development.

The African Trade Observatory, one of the five operational instruments of the AfCFTA, serves as a repository of trade information and allows monitoring, 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.

5.1.2 The Implementation and Benefits of the AfCFTA

Creating a Single Market

The main objective is to [create a single market](#) for goods and services to increase trading among African nations. The AfCFTA is tasked to implement protocols to eliminate trade barriers and cooperate with member states on investment and competition policies, intellectual property rights, settlement of disputes and other trade-liberating strategies.

Expected Economic Boost and Trade Diversity

UNECA estimates that AfCFTA will [boost intra-African trade by 52.3%](#) once import duties and non-tariff barriers are eliminated. The AfCFTA will cover a GDP of \$2.5 trillion of the market. The trade initiative will also diversify intra-African trade as it would encourage more industrial goods as opposed to extractive goods and natural resources. Historically, more than 75% of African exports outside of the continent consisted of extractive commodities whereas only 40% of intra-African trade were extractive.

Collaborative Structure and Enforcement

All decisions of the AfCFTA institutions are reached by a simple majority vote. There are several key AfCFTA institutions. The AU Assembly provides oversight, guidance and interpretations of the Agreement. The Council of Ministers is designated by state parties and report to the Assembly. The Council makes the decisions that pertain to the Agreement. The Committee of Senior Trade Officials implements the decisions of the Council and monitors the development of the provisions of the AfCFTA. The Secretariat is established as an autonomous institution whose roles and responsibilities are determined by the Council.

Eliminating Tariffs

State parties will progressively eliminate import duties and apply preferential tariffs to imports from other state parties. If state parties are a part of regional trade arrangements that have preferential tariffs already in place, state parties must maintain and improve on them.

Settling Trade Disputes

Multilateral trading systems can bring about disputes when a state party implements a trade policy that another state party considers a breach of the Agreement. The AfCFTA has the [Dispute Settlement Mechanism](#) in place for such occasions which offers mediated consultations between disputing parties. The mechanism is only available to state parties, not private enterprises.

Protecting Women Traders

According to UNECA and the African Trade Policy Centre, women are estimated to account for around 70% of informal cross-border traders. Informal trading can make women vulnerable to harassment

and violence. With the reduced tariffs, it will be more affordable for women to trade through formal channels where women traders will not have to put themselves in dangerous situations.

Growing Small and Medium-Sized Businesses

The elimination of import duties also opens up trading activities to small businesses in the regional markets. Small and medium-sized businesses make up 80% of the region's businesses. Increased trading also facilitates small business products to be traded as inputs for larger enterprises in the region.

Encouraging Industrialization

The AfCFTA fosters competitive manufacturing. With a successful implementation of this new trade initiative, there is potential for Africa's manufacturing sector to double in size from \$500 billion in 2015 to \$1 trillion in 2025, creating [14 million stable jobs](#).

Contributing to Sustainable Growth

The United Nations 2030 Agenda for Sustainable Development includes goals that the AfCFTA contributes to. For example, Goal 8 of the Agenda is decent work and economic growth and Goal 9 is the promotion of industry. The AfCFTA initiative also contributes to Goal 17 of the Agenda as it reduces the continent's reliance on external resources, encouraging independent financing and development.

5.2 North West Trade

The negative impact of COVID-19 and the resulting lockdown is also clearly visible when comparing the international trade statistics from 2019 and 2020. When drilling into the details it is clear that in 2019 the largest contributor to exports and trade in the North West was precious metals including PGMS and the export destinations included the UK and the USA, Japan, Hong Kong and Germany. In 2020 the national export figure for precious metals actually increased but the North West province is not indicated as the export province. It is suspected that due to the fact that the head office of the exporter or exporters are in other provinces and the North West figures are therefore drastically reduced.

Exports Harmonized System (HS) 2-digit (Rand)	SA	NW	BPDM	Madibeng	Rustenburg
71 Precious metals 2019	221 262 284 620	77 931 663 975	77 923 801 336	3 923 571 543	73 987 158 466
71 Precious metals 2020	324 139 623 779	1 740 500	73 374	59 796	0

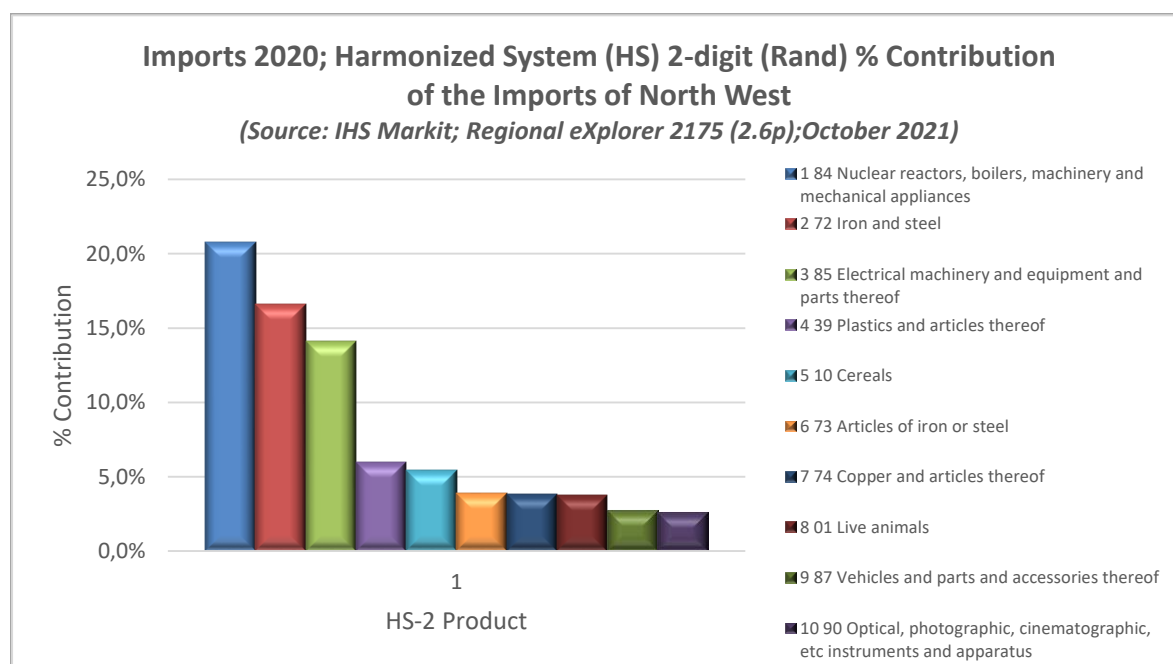
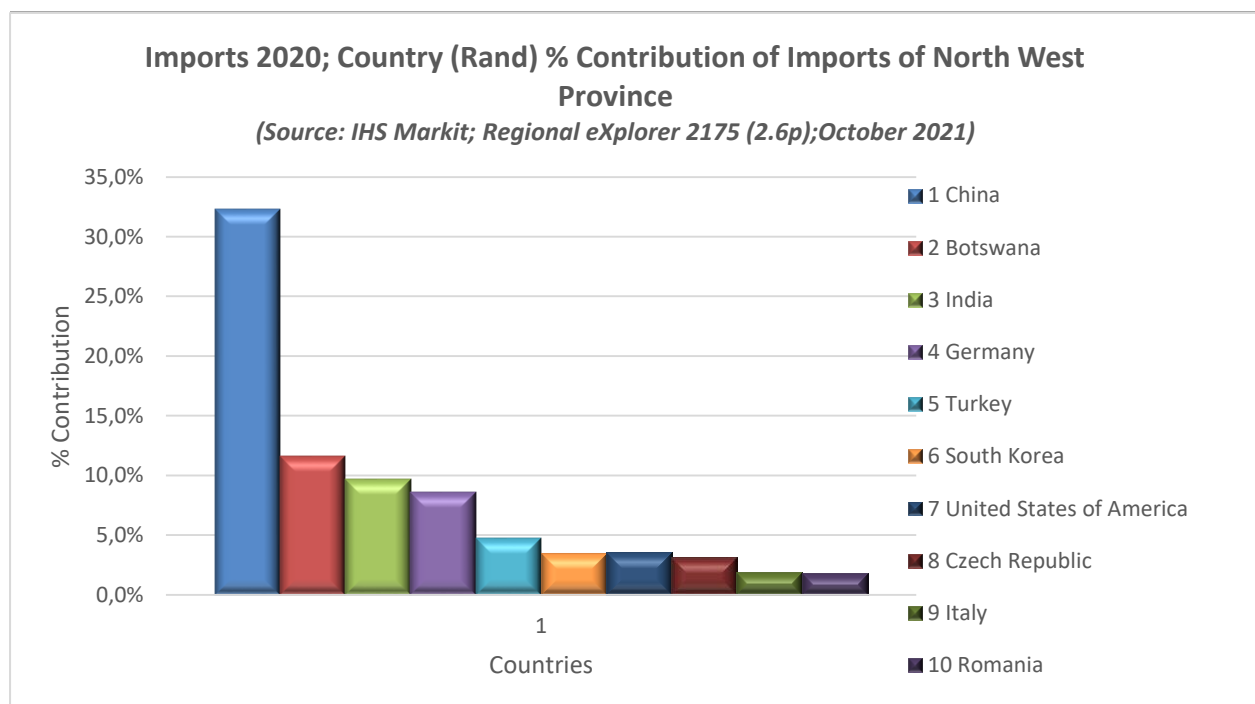
Table 22: NORTH WEST TRADE VALUES

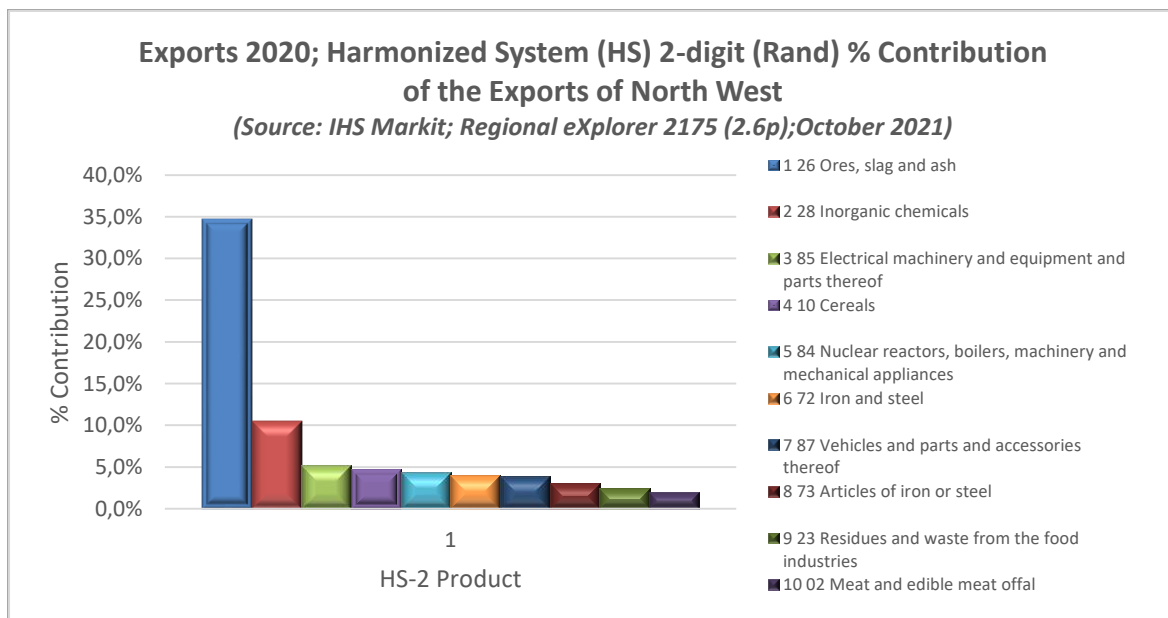
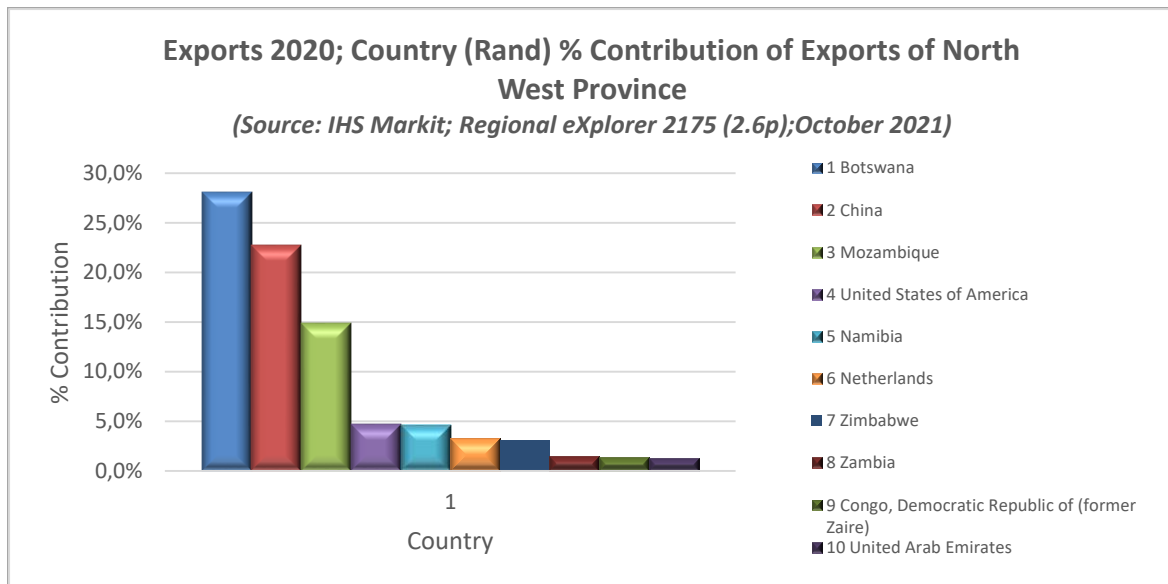
NORTH WEST International Trade Totals 2020						
	SA	NW	BPDM	NMMDM	DRSMDM	DKKDM
Exports (R 1000)	1 394 345 999	9 936 026	6 189 990	2 356 350	260 438	1 129 247
Imports (R 1000)	1 109 458 999	5 760 462	2 610 311	506 784	153 435	2 489 932
Total Trade (R 1000)	2 503 804 998	15 696 488	8 800 302	2 863 134	413 873	3 619 179
Trade Balance (R 1000)	284 887 001	4 175 564	3 579 679	1 849 566	107 003	-1 360 684
Exports as % of GDP	25,3%	3,1%	3,9%	3,7%	1,0%	1,5%
Total trade as % of GDP	45,3%	4,9%	5,6%	4,5%	1,6%	4,8%
Regional share - Exports	100,0%	0,7%	0,4%	0,2%	0,0%	0,1%
Regional share - Imports	100,0%	0,5%	0,2%	0,0%	0,0%	0,2%

Regional share - Total Trade	100,0%	0,6%	0,4%	0,1%	0,0%	0,1%
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(Source: IHS Markit; Regional eXplorer 2175 (2.6p);October 2021)

Figure 8: KEY IMPORT AND EXPORT GRAPHS





The information above indicates the competitive and comparative strengths of the North West economy as well as considers the external economic environment in which NWDC operates.

When considering the 2020 export figures of the North West province, there has been a significant decrease from R103 bn in 2019 to approximately R10bn in 2020 as indicated in Table 22 above.

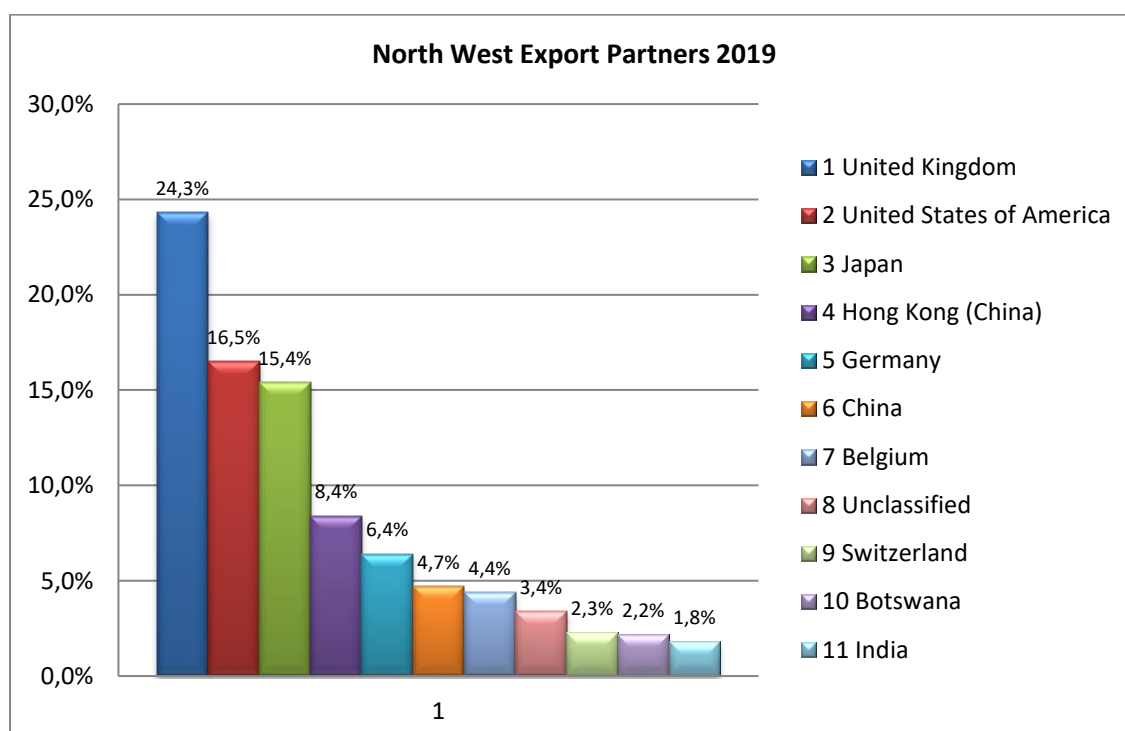
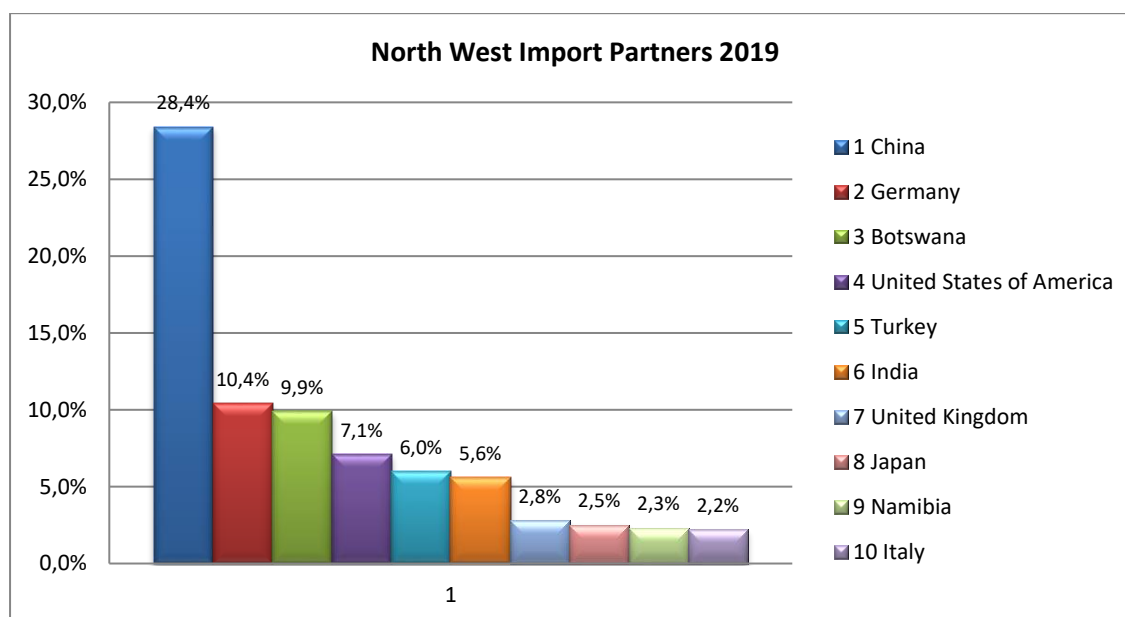
Compared to 2017, North West exports increased from approximately R24 bn to approximately R103 bn in 2019. Imports remained at about R6 bn. Exports were from mainly from Rustenburg and Madibeng.

Table 23: North West Trade Summary 2019

International Trade	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
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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)



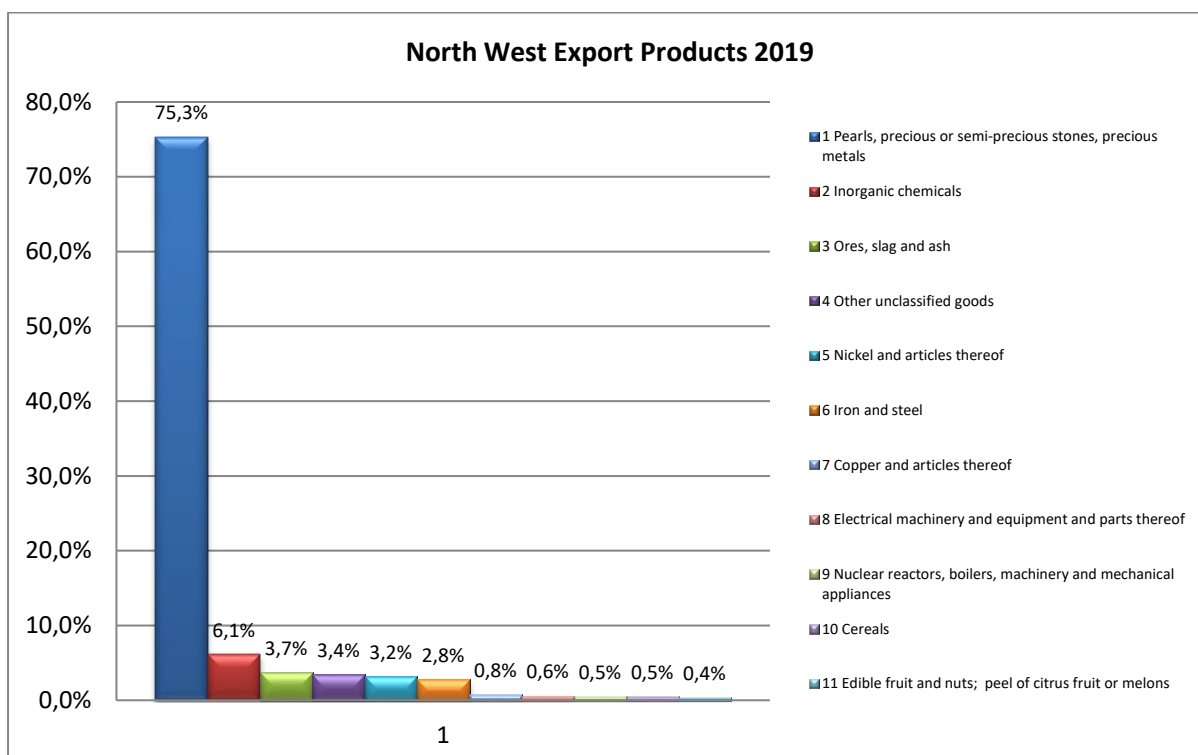
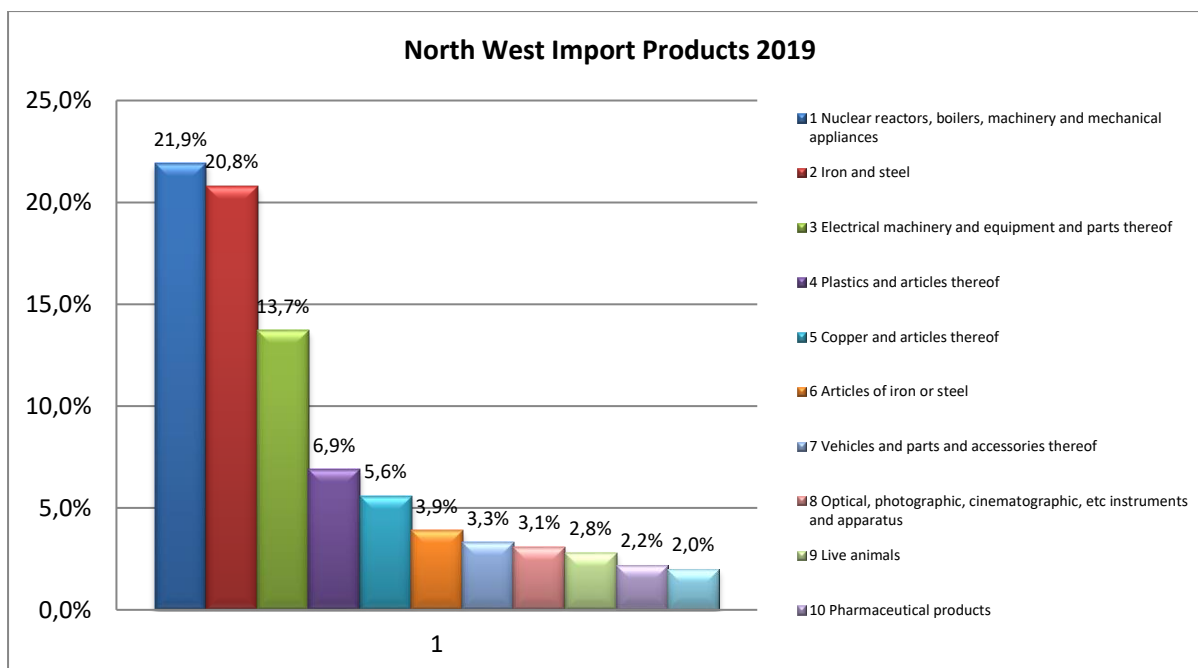


Table 24: International Trade Figures for 2019

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 25: 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 26: 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 27: 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 28: 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 29: 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 remains a major issue.
- The major focus of NWDC should be to support its Property and SMME Divisions.
- Develop SMMEs and assist them to access funding. Please see details on NWDC web page at www.nwdc.co.za ;
- The Department of Small Business Development has introduced three intervention measures to support SMMEs affected by the COVID-19 pandemic. These are the Business Growth and Resilience Facility, SMME Relief Finance Scheme and Sefa-Debt Restructuring Facility.
- Attract Investment to the 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 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: 30 June 2022

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

**Manager Research and Innovation,
North West Development Corporation
+27 14 594 2570**