



# **Economic Data Report**

**Quarter 4 of 2021/2022**

*Research & Innovation*



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## **1. INTRODUCTION**

The purpose of the Research and Innovation Unit is to initiate, plan, gather, analyse and disseminate verified, reliable and relevant economic data, intelligence and research for the benefit of users to support informed decision making.

One of the performance indicators of the unit is A Quarterly Economic Data Report.

Economic data or economic statistics may refer to data (quantitative measures) describing an actual economy, past or present. These are typically found in time-series form, that is, covering more than one time period (say the monthly unemployment rate for the last five years) or in cross-sectional data in one time period (say for consumption and income levels for sample households). Data may also be collected from surveys of for example individuals and firms or aggregated to sectors and industries of a single economy or for the international economy. A collection of such data in table form comprises a data set.

The purpose of this report is to supply an overview of the economic data and information gathered and analysed from a global, African, South African, and North West provincial perspective in order to ensure that recent, relevant and reliable economic data supports NWDC and other client and stakeholder decisions and activities.

The economic data report will be structured as follows: First a macro-economic overview taking a global perspective in terms of developed and emerging economies moving to South Africa and the North West province. Secondly subjects that have an impact on the economy and relevance to NWDC will be covered including the Global Competitiveness, Foreign Direct Investment and Trade.

## **2. MACRO ECONOMIC OVERVIEW**

### **2.1 Global Economy: Rising Caseloads, a Disrupted Recovery, and Higher Inflation**

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

The global economy enters 2022 in a weaker position than previously expected. As the new Omicron COVID-19 variant spreads, countries have re-imposed mobility restrictions. Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated, notably in the United States and many emerging market and developing economies. The ongoing retrenchment of China's real estate sector and slower-than-expected recovery of private consumption also have limited growth prospects.

Global growth is expected to moderate from 5.9 in 2021 to 4.4 percent in 2022 to 3.8 percent in 2023. The forecast is conditional on adverse health outcomes declining to low levels in most countries by end-2022, assuming vaccination rates improve worldwide and therapies become more effective.

Elevated inflation is expected to persist for longer than envisioned in the October WEO, with ongoing supply chain disruptions and high energy prices continuing in 2022.

Risks to the global baseline are tilted to the downside due to:

- prolonged pandemic
- supply chain disruptions,
- energy price volatility, and
- localized wage pressures mean uncertainty around inflation and policy paths is high.
- risks to financial stability and emerging market and developing economies'
- capital flows, currencies, and fiscal positions—especially with debt levels having increased significantly in the past two years—may emerge,
- other global risks may crystallize as geopolitical tensions remain high, and the
- ongoing climate emergency means that the probability of major natural disasters remains elevated.

The following will assist in mitigating the adverse impact of the risks:

- International cooperation will be essential to preserve access to liquidity and expedite orderly debt restructurings where needed.
- Investing in climate policies remains imperative to reduce the risk of catastrophic climate change.

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

	Projections									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>World Output</b>	3,2	3,2	3,3	3,8	3,5	2,8	-3,1	5,9	4,4	3,8
<b>Advanced Economies</b>	1,9	2,1	1,7	2,5	2,2	1,6	-4,5	5	3,9	2,6
<b>United States</b>	2,4	2,6	1,6	2,4	3	2,2	-3,4	5,6	4	2,6
<b>Euro Area</b>	0,9	2	1,9	2,5	1,9	1,3	-6,4	5,2	3,9	2,5
<b>Germany</b>	1,6	1,5	1,9	2,5	1,3	0,6	-4,6	2,7	3,8	2,5
<b>France</b>	0,6	1,1	1,2	2,3	1,8	1,8	-8	6,7	3,5	1,8
<b>Italy</b>	-0,3	0,8	0,9	1,7	0,8	0,3	-8,9	6,2	3,8	2,2
<b>Spain</b>	1,4	3,2	3,3	3	2,4	2	-10,8	4,9	5,8	3,8
<b>Japan</b>	-	1,1	0,9	1,9	0,3	0	-4,5	1,6	3,3	1,8
<b>United Kingdom</b>	3,1	2,2	1,9	1,8	1,3	1,4	-9,4	7,2	4,7	2,3
<b>Canada</b>	2,5	0,9	2,3	3	2	1,9	-5,2	4,7	4,1	2,8
<b>Other Advanced Economies 2/</b>	2,8	2,2	2,3	2,9	2,7	1,9	-1,9	4,7	3,6	2,9
<b>Emerging Market and Developing Economies</b>	4,6	4,3	4,4	4,8	4,5	3,7	-2	6,5	4,8	4,7
<b>Emerging and Developing Asia</b>	6,8	6,8	6,4	6,6	6,3	5,4	-0,9	7,2	5,9	5,8
<b>China</b>	7,3	6,9	6,7	6,8	6,7	6	2,3	8,1	4,8	5,2
<b>India 4/</b>	7,2	8	7,1	7,2	6,1	4	-7,3	9	9	7,1
<b>ASEAN-5-5/</b>	4,6	4,9	4,9	5,3	5,3	4,9	-3,4	3,1	5,6	6
<b>Emerging and Developing Europe</b>	2,8	4,7	3,2	3,9	3,3	2,5	-1,8	6,5	2,8	2,1
<b>Russia</b>	0,7	-2,8	-0,2	1,6	2,5	2	-2,7	4,5	2,8	2,7
<b>Latin America and the Caribbean</b>	1,3	0,1	-0,7	1,2	1,1	0,1	-6,9	6,8	2,4	2,6
<b>Brazil</b>	0,1	-3,8	-3,5	1,1	1,3	1,4	-3,9	4,7	0,3	1,6
<b>Mexico</b>	2,2	2,6	2,9	2,1	2,2	-0,2	-8,2	5,3	2,8	2,7
<b>Middle East and Central Asia</b>	2,7	2,7	4,9	2,3	2,1	1,4	-2,8	4,2	4,3	3,6
<b>Saudi Arabia</b>	3,6	4,1	1,7	-0,7	2,4	0,3	-4,1	2,9	4,8	2,8
<b>Sub-Saharan Africa</b>	5,1	3,4	1,4	3	3,2	3,2	-1,7	4	3,7	4
<b>Nigeria</b>	6,3	2,7	-1,6	0,8	1,9	2,2	-1,8	3	2,7	2,7
<b>South Africa</b>	1,6	1,3	0,6	1,4	0,8	0,2	-6,4	4,6	1,9	1,4
<b>Memorandum</b>										
<b>World Growth Based on Market Exchange Rates</b>	2,7	2,7	2,5	3,2	3,1	2,4	-3,5	5,6	4,2	3,4
<b>European Union</b>						1,8	-5,9	5,2	4	2,8
<b>Middle East and North Africa</b>						0,8	-3,2	4,1	4,4	3,4
<b>Emerging Market and Middle-Income Economies</b>						3,5	-2,2	6,8	4,8	4,6
<b>Low-Income Developing Countries</b>	6	4,6	3,6	4,7	5,1	5,3	0,1	3,1	5,3	5,5
<b>World Trade Volume (Goods and Services)6</b>	3,7	2,6	2,5	5,7	3,9	0,9	-8,2	9,3	6	4,9
<b>Imports</b>										
<b>Advanced Economies</b>	3,6	4	2,6	4,7	3,6	1,4	-9	8,3	6,2	4,6
<b>Emerging Market and Developing Economies</b>	3,9	0,3	2,3	7,5	5	-0,2	-6,7	11,1	5,7	5,4
<b>Exports</b>										
<b>Advanced Economies</b>	3,6	4	2,6	4,7	3,3	1,3	-9,4	8	6,6	

Emerging Market and Developing Economies	3,9	0,3	2,3	7,5	4,1	-0,2	-5,2	11,6	5,8	
Commodity Prices (U.S. dollars)										
Oil 7/	-7,5	-47,2	-15,7	23,3	29,4	-10,2	-32,7	67,3	11,9	-7,8
Nonfuel (average based on world commodity export weights)	-4	-17,5	-1,6	6,4	1,3	0,8	6,7	26,7	3,1	-1,9
Consumer Prices										
Advanced Economies 8/	1,4	0,3	0,8	1,7	2	1,4	0,7	3,1	3,9	2,1
Emerging Market and Developing Economies 9/	4,7	4,7	4,3	4,3	4,9	5,1	5,1	5,7	5,9	4,7
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 and October 2021 WEO forecasts. Countries whose forecasts have been updated relative to October 2021 WEO forecasts account for approximately 90 percent of world GDP measured at purchasing-power-parity weights.

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

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

4/ For India, data and forecasts are presented on a fiscal year basis, with FY 2021/2022 starting in April 2021. For the January 2022 WEO Update, India's growth projections are 8.7 percent in 2022 and 6.6 percent in 2023 based on calendar year. The impact of the Omicron variant is captured in the column for 2021 in the table.

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

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

7/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$69.07 in 2021; **the assumed price, based on futures markets (as of January 10, 2022), is \$77.31 in 2022 and \$71.29 in 2023.**

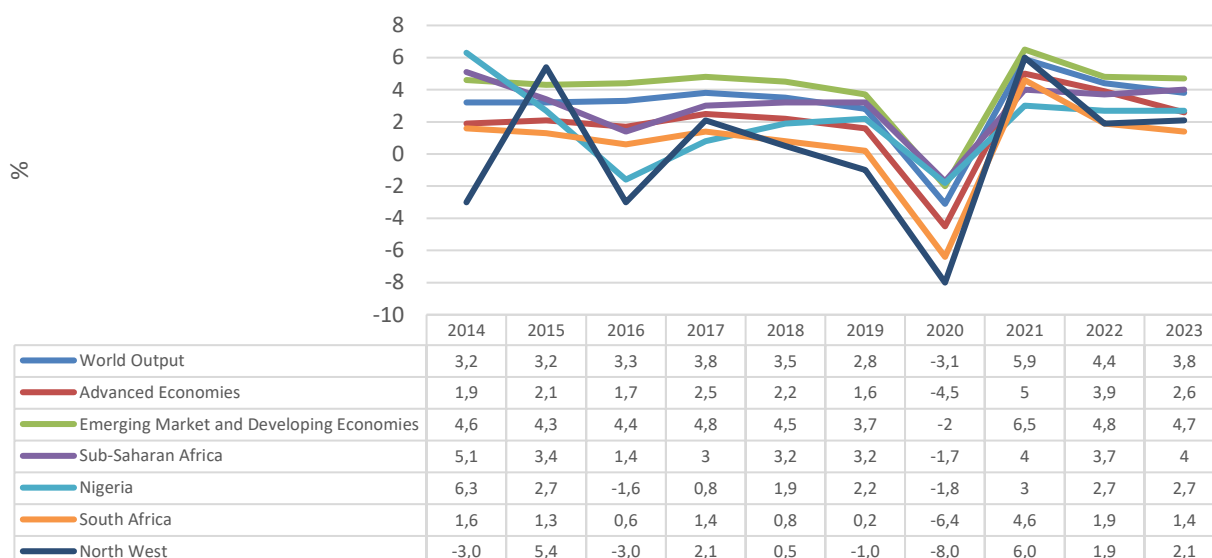
8/ The inflation rate for the euro area is 3.0% in 2022 and 1.7% in 2023, for Japan is 0.7% in 2022 and 2023, and for the United States is 5.9% in 2022 and 2.7% in 2023, respectively.

9/ Excludes Venezuela.

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

## Overview of the Key World Economic Outlook Growth and Projections (%)

(Source: WORLD ECONOMIC OUTLOOK (WEO) UPDATE; January 2022)



## 2.2 South African Economy

### 2.2.1 Highlights Q4 2021/2022

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

#### Population

The population of South Africa increased from 54 million in mid-2014 to 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
<b>South Africa</b>	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
<b>Growth rate %</b>	1,56%	1,55%	1,56%	1,53%	1,48%	1,51%	1,52%	1,50%	1,38%	1,01%
<b>North-West</b>	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
<b>Growth rate %</b>	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

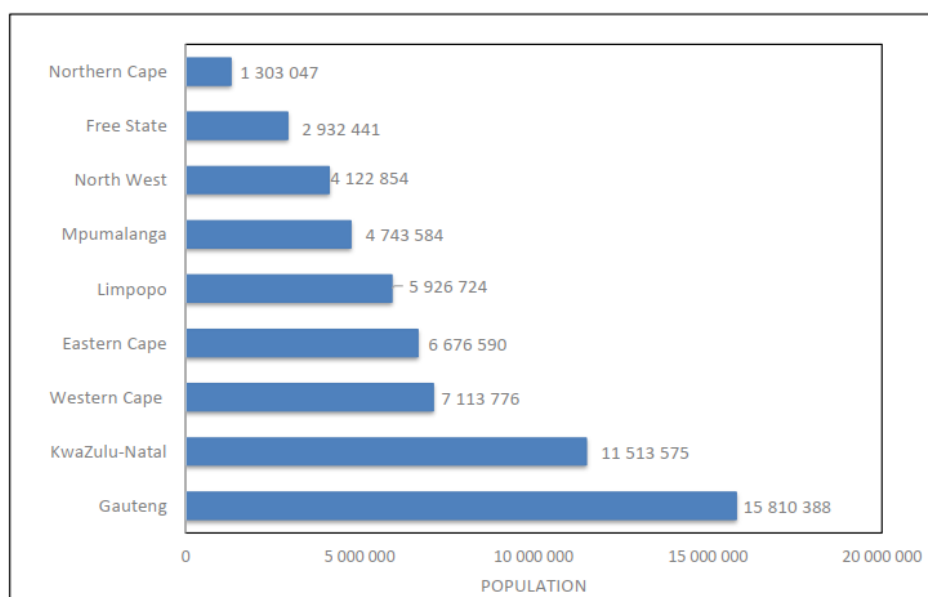
- For 2021, Statistics South Africa (Stats SA) estimates the mid-year population at 60,14 million people.
- Approximately 51,1% (approximately 30,75 million) of the population is female.
- On 5 March 2020, South Africa recorded its first case of COVID-19. By the 11th of March, the World Health Organisation (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
<b>Total</b>	<b>29 388 047</b>	<b>100,0</b>	<b>30 754 931</b>	<b>100,0</b>	<b>60 142 978</b>	<b>100,0</b>

*\*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 Q4 2021/2022

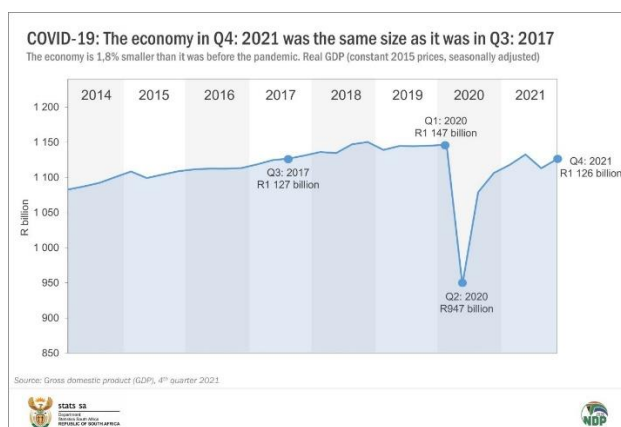
### The South African economy records a positive fourth quarter

Real gross domestic product (GDP) grew by 1,2%<sup>1</sup> in the fourth quarter (October–December), taking the annual growth rate for 2021 to 4,9%.

The fourth quarter was upbeat, with personal services, trade, manufacturing and agriculture the key drivers of growth. An increase in demand for goods and services drove up the expenditure side of the economy, with exports and household expenditure the most significant contributors to growth.

Despite these positive figures, real GDP has yet to recover to the level recorded in the second quarter of 2021, before civil unrest and stricter lockdown restrictions shook the economy in the third quarter.<sup>2</sup>

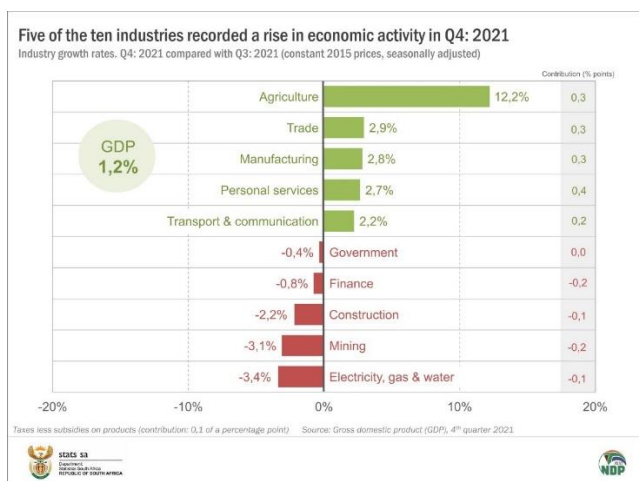
Real GDP continues to lag pre-pandemic levels too, with economic activity on par with the third quarter of 2017. The economy is 1,8% smaller than it was in the first quarter of 2020.



### GDP production: personal services, trade, manufacturing and agriculture take the lead

Personal services, trade, manufacturing and agriculture were the most significant positive contributors to growth in the fourth quarter. Personal services, which includes health-related activities, continued to register increased activity stemming from the national vaccination programme. Various hospitals also recorded a rise in non-COVID-19 related patient admissions in the fourth quarter.





Trade activity increased by 2,9% as lockdown restrictions eased, with positive results from retail; motor trade; tourist accommodation; and restaurants, fast-food and catering. Economic activity in the wholesale sector, however, edged slightly lower.

The 2,8% rise in manufacturing output was mainly driven by the production of petroleum, chemical & plastic products and food & beverages. All other manufacturing divisions posted positive results too, with the exception of metals & machinery and furniture & 'other' manufacturing that performed poorly.

Good rains during the season helped boost agriculture activity. Together with a rise in animal products – such as cattle, sheep, pigs and poultry – increased wheat production lifted the industry by 12,2%.

The higher than usual rainfall was good for agriculture, but not great for mining. The country produced less iron ore and coal in the fourth quarter, with heavy rains disrupting operations at opencast mines.

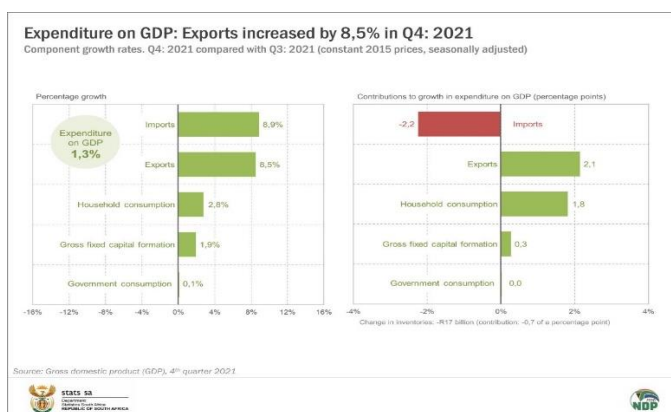
Miners of gold, manganese ore, diamonds and chromium ore also recorded lower production figures.

The finance industry edged lower by 0,8%. Financial intermediation (excluding insurance) and auxiliary activities recorded a decline in economic activity.

The electricity, gas and water supply industry was down 3,4%, with production hampered by load shedding and infrastructure problems that affected both electricity and water distribution.

### Increased demand boosts expenditure on GDP

Exports increased by 8,5% in the fourth quarter, driven mainly by precious metals and stones (gold, platinum and diamonds); base metals; and motor vehicles, parts & accessories. Imports were up too, on the back of increased demand for machinery & equipment; motor vehicles, parts & accessories; and base metals.



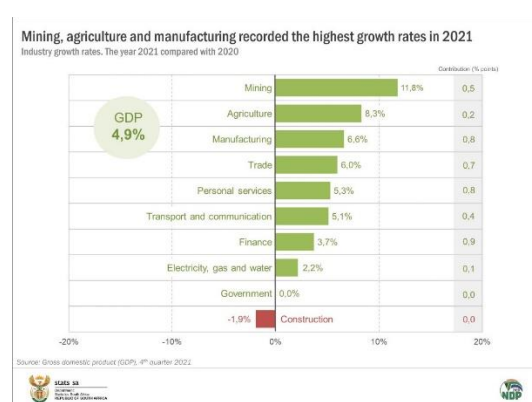
Consumer demand recovered in the fourth quarter, with household expenditure rising by 2,8%. Reflecting the rise in trade activity on the production side of the economy, households increased spending across all product categories. The largest positive contributors to household expenditure were food & non-alcoholic beverages, restaurants & hotels, and furnishings & household equipment.

Inventories were a drag on the expenditure side in the fourth quarter. Even though there was an increase in supply, brought about by a rise in production and imports, the trade and manufacturing industries had to dig into their stockpiles to meet demand.

### Mining, agriculture and manufacturing the top performers in 2021

The fourth quarter results allow us to reflect on the calendar year as a whole. After a dismal 2020, which saw the economy contract by 6,4%, economic activity increased by 4,9% in 2021. Mining, agriculture and manufacturing recorded the highest growth rates in 2021, with finance, personal services and manufacturing the largest positive contributors to overall growth.

The construction industry contracted in 2021, falling by 1,9%. This was the fifth consecutive year of decline in construction.



For more information, download the Q4: 2021 GDP statistical release and media presentation [here](#).

<sup>1</sup> The quarter-on-quarter rates are seasonally adjusted and in real (volume) terms (constant 2015 prices). This is Stats SA's third 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.

<sup>2</sup> Stats SA, *Third wave of COVID and civil disorder pummel economy as GDP falls by 1,5%* (read [here](#)).

### Inflation Consumer Price Index (CPI)

#### Background:

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

### Key Findings

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

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

Annual consumer price inflation was 5,7% in February 2022, unchanged from 5,7% in January 2022. The consumer price index increased by 0,6% month-on-month in February 2022.

The main contributors to the 5,7% annual inflation rate were food and non-alcoholic beverages; housing and utilities; transport; and miscellaneous goods and services.

- Food and non-alcoholic beverages increased by 6,4% year-on-year, and contributed 1,1 percentage points to the total CPI annual rate of 5,7%.
- Housing and utilities increased by 4,4% year-on-year, and contributed 1,1 percentage points.
- Transport increased by 14,3% year-on-year, and contributed 1,9 percentage points.
- Miscellaneous goods and services increased by 3,2% year-on-year, and contributed 0,5 of a percentage point.

In February the annual inflation rate for goods was 8,1%, unchanged from January; and for services it was 3,1%, down from 3,4% in January.

Note: Not all items in the CPI are surveyed every month.

**Table 3: Historical Inflation Rates**

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

Provincial annual inflation rates ranged from 5,4% in Western Cape, and Limpopo to 6,1% in Northern Cape and North West.

**Table 4: Provincial Inflation Rates**

Province	Jan 2019 CPI	Apr 2019 CPI	May 2019 CPI	Aug 2019 CPI	Nov 2019 CPI	Jan 2020 CPI	Apr 2020 CPI	Aug 2020 CPI	Nov 2020 CPI	Dec 2020 CPI	Jan 2021 CPI	May 2021 CPI	Aug 2021 CPI	Nov 2021 CPI	Feb 2022 CPI
Western Cape	4,6%	5,2%	5,4%	4,9%	4,1%	5,1%	3,6%	3,8%	3,7%	3,7%	3,6%	5,4%	5,2%	5,7%	5,4%
Eastern Cape	3,6%	3,8%	3,9%	4,0%	3,2%	4,0%	2,4%	3,2%	3,3%	3,3%	3,4%	5,4%	5,1%	5,6%	5,7%
Northern Cape	3,7%	4,2%	4,2%	4,6%	3,5%	4,4%	3,1%	3,1%	3,6%	3,5%	3,2%	5,0%	5,4%	5,6%	6,1%
Free State	4,1%	4,5%	4,4%	4,2%	3,6%	4,0%	2,7%	3,0%	3,1%	3,2%	3,1%	5,0%	4,9%	5,3%	5,5%
KwaZulu-Natal	3,6%	3,9%	4,0%	4,1%	3,4%	4,0%	3,0%	2,9%	3,1%	3,3%	3,3%	5,1%	5,1%	5,4%	5,5%
North West	3,3%	3,9%	3,8%	3,8%	3,3%	4,1%	2,6%	3,0%	3,2%	3,2%	3,3%	5,7%	5,7%	6,2%	6,1%
Gauteng	4,1%	4,2%	4,4%	4,1%	3,4%	4,4%	2,8%	2,7%	2,9%	2,8%	2,9%	5,3%	4,8%	5,5%	5,7%
Mpumalanga	3,7%	4,3%	4,4%	4,4%	3,5%	4,2%	2,7%	2,9%	2,7%	2,9%	2,8%	5,0%	4,8%	5,3%	5,7%
Limpopo	3,5%	4,4%	5,0%	4,7%	4,1%	4,7%	2,8%	3,1%	3,4%	2,9%	3,6%	5,6%	5,1%	5,7%	5,4%

## 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**

	<b>Consumer Price Index (CPI)</b>	<b>Producer Price Index (PPI)</b>
<b>Average 2012</b>	5,6%	
<b>Average 2013</b>	4,7%	6,0%
<b>Average 2014</b>	6,1%	7,5%
<b>Average 2015</b>	4,6%	3,6%
<b>Average 2016</b>	6,4%	7,0%
<b>Average 2017</b>	5,3%	4,8%
<b>Average 2018</b>	4,7%	5,5%
<b>Average 2019</b>	4,1%	4,6%
<b>Average 2020</b>	3,3%	2,6%
<b>Average 2021</b>	4,5%	7.1%

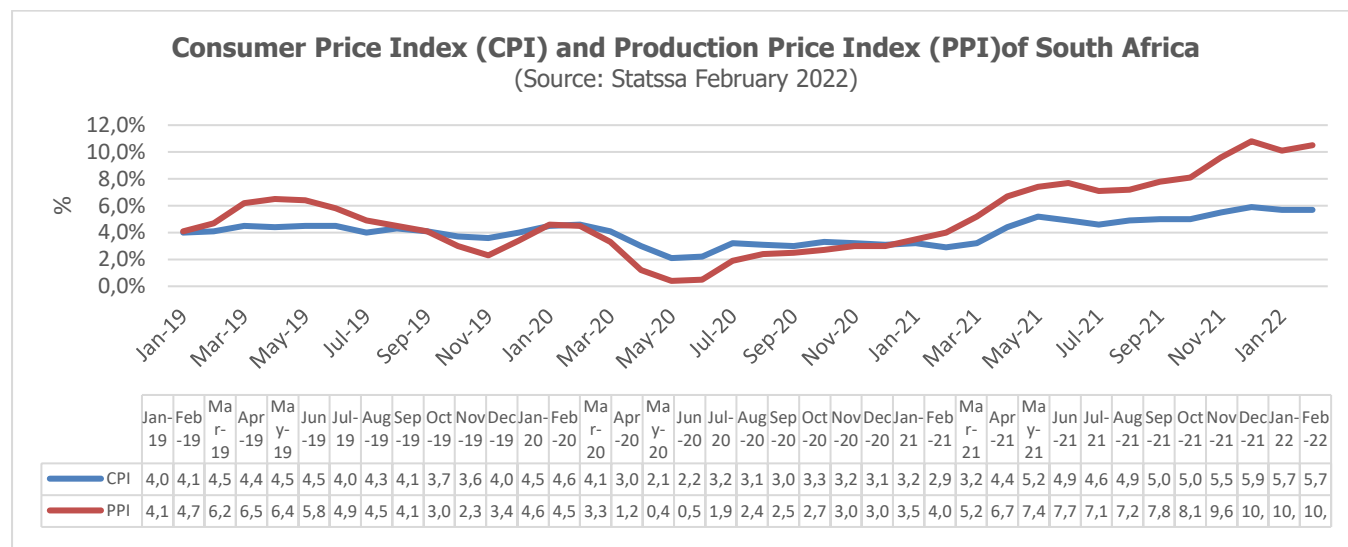
### **Key findings for February 2022**

Annual producer price inflation (final manufacturing) was 10,5% in February 2022, up from 10,1% in January 2022. The producer price index increased by 1,1% month-on-month in February 2022. The main contributors to the headline PPI annual inflation rate were coke, petroleum, chemical, rubber and plastic products; metals, machinery, equipment and computing equipment; and food products, beverages and tobacco products.

- Coke, petroleum, chemical, rubber and plastic products increased by 22,6% year-on-year and contributed 5,3 percentage points.
- Food products, beverages and tobacco products increased by 6,2% year-on-year and contributed 1,6 percentage points.
- Metals, machinery, equipment and computing equipment increased by 12,5% year-on-year and contributed 1,8 percentage points.

The main contributor to the headline PPI monthly increase was coke, petroleum, chemical, rubber and plastic products, which increased by 2,7% month-on-month and contributed 0,7 of a percentage point.

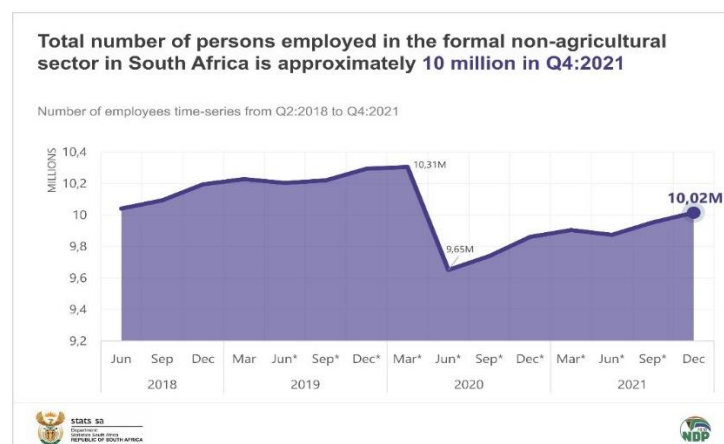
**Figure 4: South Africa's Consumer Price Index (CPI) and Production Price index (PPI) January 2019 to February 2022**



## Employment

### Q4 2021: Highlights of the labour force in Q4 2021: Part-time jobs gains offset full-time job losses in Q4 formal non-agricultural sector

Jobs in the formal non-agricultural sector increased by 62 000 in the fourth quarter of 2021, bringing the total number of persons employed in the formal non-agricultural sector in South Africa to approximately 10,0 million. According to the [Quarterly Employment Statistics \(QES, Q4:2021\)](#) survey released by Statistics South Africa (Stats SA), formal sector jobs increased by 154 000 year-on-year.



The report shows that part-time employment increased by 106 000 or 10,0% quarter-on-quarter, and by 166 000 or 16,5% year-on-year between December 2020 and December 2021, whilst full-time employment decreased by 44 000 or -0,5% quarter-on-quarter and by 12 000 or -0,1% over the same period.

The increases in part-time employment were mainly due to job gains in the community services industry (54 000 or 10,9%), trade (29 000 or 14,3%), business services (14 000 or 6,6%), manufacturing (8 000 or 11,9%) and construction (3 000 or 4,5%), while the transport industry reported a decrease of 2 000 employees or -11,8%. According to the survey, decreases in full time employment were mainly in the construction industry (-23 000 or -4,6%), business services industry

(-19 000 or -0,9%), community services industry (-9 000 or -0,4%), manufacturing industry (-7 000 or -0,6%), transport industry (-3 000 or -0,7%), mining (-1 000 or -0,2%) and electricity industry (-1 000 or -1,7%).

The trade industry, however, reported an increase of 19 000 employees or 1,0%.

Overall, the total number of employees increased by 62 000 or (0,6%) quarter-on-quarter, from 9 953 000 in September 2021 to 10 015 000 in December 2021.

Total gross earnings paid to employees increased by R44,3 billion or (5,7%) from R783,0 billion in September 2021 to R827,3 billion in December 2021. This was largely due to increases in the following industries: trade, community services, manufacturing, business services, transport, construction and electricity.



However, the mining industry reported a quarterly decrease.

Year-on-year, total gross earnings increased by R51,7 billion or 6,7% between December 2020 and December 2021.

Basic salary/wages paid to employees increased by R6,2 billion or 0,9% from R713,4 billion in September 2021 to R719,6 billion in December 2021. This was largely due to increases in the following industries: trade, business services, transport, manufacturing, electricity and community services.

Conversely, there were decreases in the construction and mining industries.

Year-on-year, basic salary/wages increased by R46,4 billion or 6,9% between December 2020 and December 2021.

Bonus payments increased by R36,9 billion or 75,5% from R48,8 billion in September 2021 to R85,7 billion in December 2021. This was largely due to increases in the following industries: community services, manufacturing, trade, business services, transport, construction and electricity.

Year-on-year, bonus payments increased by R2,8 billion or 3,4% between December 2020 and December 2021.

Overtime payments increased by R1,3 billion or 6,1% from R20,7 billion in September 2021 to R22,0 billion in December 2021. This was largely due to increases in the following industries: community services, manufacturing, trade, construction and transport.

There were decreases in the following industries, however: business services and electricity.

Year-on-year, overtime payments increased by R2,5 billion or (13,1%) between December 2020 and December 2021.

A quarter-on-quarter increase of 0,3% was reported in average monthly earnings paid to employees in the formal non-agricultural sector from R23 908 in August 2021 to R23 982 in November 2021.

Year-on-year, average monthly earnings increased by 3,9%.

**Table 6: Employment by Province**

	Oct-Dec 2020	Jul-Sep 2021	Oct-Dec 2021	Qtr-to-qtr change	Year-on- year change	Qtr-to-qtr change	Year-on- year change
Province	Thousand					Per cent	
South Africa	15 024	14 282	14 544	262	-479	1,8	-3,2
Western Cape	2 338	2 225	2 263	37	-75	1,7	-3,2
Eastern Cape	1 236	1 216	1 247	31	12	2,6	0,9
Northern Cape	308	275	264	-11	-43	-4,0	-14,1
Free State	745	720	727	8	-18	1,0	-2,4
KwaZulu-Natal	2 454	2 297	2 424	126	-31	5,5	-1,3
North West	944	851	858	7	-86	0,9	-9,1
Gauteng	4 570	4 448	4 524	76	-46	1,7	-1,0
Mpumalanga	1 148	1 104	1 052	-51	-96	-4,7	-8,3
Limpopo	1 281	1 145	1 184	39	-96	3,4	-7,5

The number of employed persons increased in seven provinces between Q3: 2021 and Q4: 2021.

The largest employment increases were recorded in KwaZulu-Natal (up by 126 000), Gauteng (up by 76 000), Limpopo (up by 39 000), Western Cape (up by 37 000) and Eastern Cape (up by 31 000). Employment losses were recorded in Mpumalanga and Northern Cape at 51 000 and 11 000 respectively, during the same period. KwaZulu-Natal had the biggest quarter-to-quarter change in employment of 5,5%.

Compared to Q4: 2020, the largest decreases in employment were recorded in Mpumalanga and Limpopo (down by 96 000 each), followed by North West (down by 86 000), Western Cape (down by 75 000), Gauteng (down by 46 000) and Northern Cape (down by 43 000). The lowest decrease in employment was recorded in Free State (down by 18 000) in Q4: 2021. Eastern Cape was the only province that recorded gains in employment at 12 000.

Northern Cape had the biggest change in employment with a decrease of 14,1%, followed by North West with a decrease of 9,1%.

**Table 7: Work Location by Province Q3 2021 and Q4 2021**



Province	Jul-Sep 2021			Oct-Dec 2021			Jul-Sep 2021	Oct-Dec 2021	Qtr-to-qtr change (%)
	Usual place of work	Work from home	Total	Usual place of work	Work from home	Total	% worked from home Q3: 2021	% worked from home Q4: 2021	
	Thousand			Thousand			%		
Western Cape	1 499	276	1 775	1 601	240	1 841	15,6	13,0	-2,5
Eastern Cape	881	52	933	955	52	1 007	5,5	5,2	-0,3
Northern Cape	201	5	206	174	0	175	2,6	0,2	-2,4
Free State	564	38	602	577	41	618	6,3	6,6	0,3
KwaZulu-Natal	1 958	93	2 051	2 087	73	2 160	4,5	3,4	-1,2
North West	501	13	514	600	15	615	2,4	2,4	0,0
Gauteng	3 462	379	3 841	3 661	176	3 838	9,9	4,6	-5,3
Mpumalanga	1 027	48	1 075	995	35	1 031	4,4	3,4	-1,0
Limpopo	978	32	1 010	1 028	38	1 066	3,1	3,6	0,4
South Africa	11 072	936	12 008	11 680	671	12 351	7,8	5,4	-2,4

The majority worked from their usual place of work in both Q3: 2021 and Q4: 2021. In the fourth quarter of 2021, 5,4% of the employees indicated that they worked from home, which is 2,4 percentage points lower than in the previous quarter. The proportion of those who worked from home was higher in Western Cape and Free State than in the other provinces. There was a decrease in the proportion of workers who worked from home in most provinces in Q4: 2021 compared to Q3: 2021. Only Free State and Limpopo recorded increases in this regard, while North West remained unchanged.

**Table 8: Unemployment Rate by Province**

	Official unemployment rate					Expanded unemployment rate				
	Oct-Dec 2020	Jul-Sep 2021	Oct-Dec 2021	Qtr-to-qtr change	Year-on-year change	Oct-Dec 2020	Jul-Sep 2021	Oct-Dec 2021	Qtr-to-qtr change	Year-on-year change
	Per cent		Percentage points			Per cent		Percentage points		
<b>South Africa</b>	<b>32,5</b>	<b>34,9</b>	<b>35,3</b>	<b>0,4</b>	<b>2,8</b>	<b>42,6</b>	<b>46,6</b>	<b>46,2</b>	<b>-0,4</b>	<b>3,6</b>
Western Cape	22,5	26,3	28,0	1,7	5,5	26,8	30,3	30,4	0,1	3,6
Eastern Cape	47,9	47,4	45,0	-2,4	-2,9	52,4	54,5	53,2	-1,3	0,8
Northern Cape	28,7	24,9	25,0	0,1	-3,7	41,8	49,1	50,1	1,0	8,3
Free State	33,4	38,1	36,7	-1,4	3,3	39,9	45,8	44,2	-1,6	4,3
KwaZulu-Natal	29,6	28,7	32,4	3,7	2,8	46,0	48,6	48,7	0,1	2,7
North West	33,3	35,7	33,8	-1,9	0,5	46,0	52,2	49,9	-2,3	3,9
Gauteng	34,1	37,0	36,6	-0,4	2,5	41,0	44,9	44,4	-0,5	3,4
Mpumalanga	33,0	37,5	39,7	2,2	6,7	46,4	49,7	52,4	2,7	6,0
Limpopo	27,3	32,5	33,9	1,4	6,6	47,5	54,5	52,8	-1,7	5,3

*Note: Estimates with CVs of more than 5% to 30% should be used with caution*

The official unemployment rate increased by 0,4 of a percentage point to 35,3% in Q4: 2021 compared to Q3: 2021.

The official unemployment rate increased in five provinces. The largest increases were recorded in KwaZulu-Natal (up by 3,7 percentage points), followed by Mpumalanga (up by 2,2 percentage points), Western Cape (up by 1,7 percentage points) and Limpopo (up by 1,4 percentage points).

Eastern Cape recorded the largest decrease of 2,4 of a percentage points, followed by North West (down by 1,9 percentage points), Free State (down by 1,4 percentage points) and Gauteng (down by 0,4 of a percentage point).

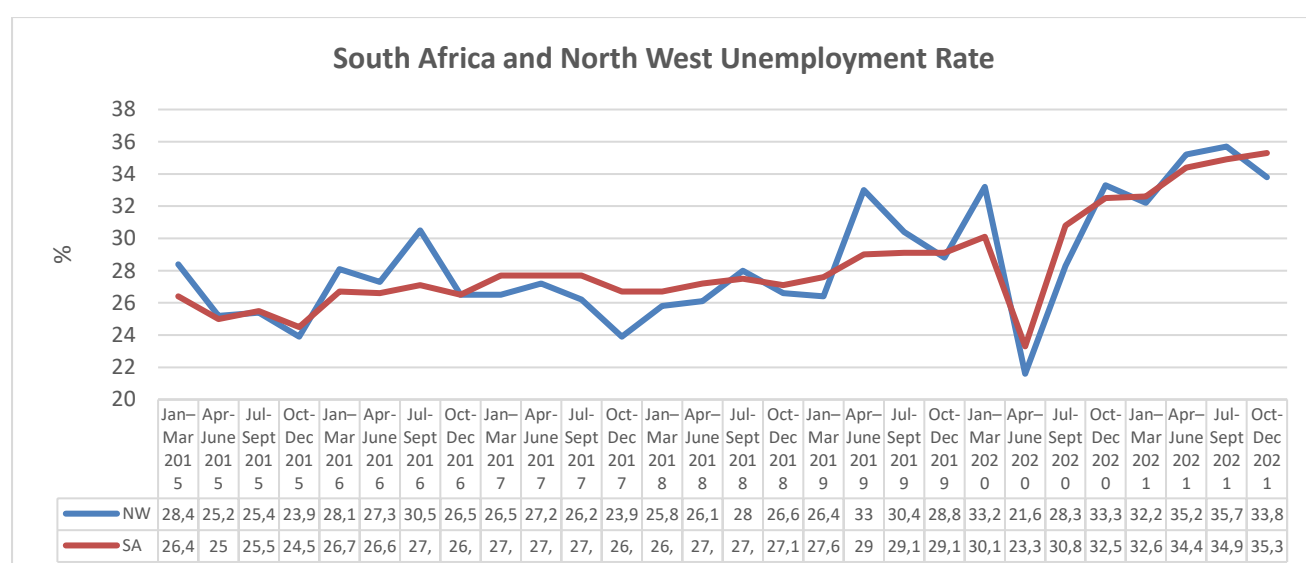


Year-on-year, the official unemployment rate increased by 2,8 percentage points. The official unemployment rate increased in all the provinces, except in Northern Cape and Eastern Cape, where it decreased by 3,7 percentage points and 2,9 percentage points respectively. The largest increase in unemployment rate was recorded in Mpumalanga (up by 6,7 percentage points), followed by Limpopo (up by 6,6 percentage points), Western Cape (up by 5,5 percentage points) and Free State (up by 3,3 percentage points). North West recorded the lowest increase of 0,5 of a percentage point in the official unemployment rate during the same period.

**The expanded unemployment rate decreased** by 0,4 of a percentage point in Q4: 2021 compared to Q3: 2021. This is reflective of the fact that people were available for work but did not actively look for work. Five provinces recorded a decrease in the expanded unemployment rate. **The largest decrease was recorded in North West (down by 2,3 percentage points)**, followed by Limpopo (down by 1,7 percentage points), Free State (down by 1,6 percentage points) and Eastern Cape (down by 1,3 percentage points). Mpumalanga recorded the largest increase in expanded unemployment rate, where it increased by 2,7 percentage points, followed by Northern Cape with an increase of 1,0 percentage point. Compared to the same period last year, the expanded unemployment rate increased by 3,6 percentage points in Q4: 2021.

All provinces recorded increases in the expanded unemployment rate. The largest increase in the expanded unemployment rate was recorded in Northern Cape (up by 8,3 percentage points), followed by Mpumalanga (up by 6,0 percentage points each), Limpopo (up by 5,3 percentage points), Free State (up by 4,3 percentage points) and **North West (up by 3,9 percentage points)**.

**Figure 4: South Africa and North West Unemployment Rate (Source: Statssa Q4 2021)**



## 2.3 North West Province Economic Overview

### 2.3.1 North West Key Economic Indicators Compared to South Africa

The table below summarises the key demographic and socio-economic characteristics for the NWP and its four district municipalities' in context of the South African picture with regards to demographics, development, household infrastructure, labour, income and expenditure, economy, tourism and international trade as per the 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
<b>Size of Area</b>	(km <sup>2</sup> )	1 221 246	104 882	18 333	28 114	43 764	14 671
	% Share of Region		8,6%	17,5%	26,8%	41,7%	14,0%
<b>Demographic</b>	Total population	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
<b>Development</b>	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
	<b>Poverty indicators</b>						
	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 <sup>2</sup> )	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
<b>Household Infrastructure</b>	Share of household occupying formal dwellings (2020)	79,3%	79,5%	74,0%	82,0%	88,1%	85,3%
<b>Labour</b>	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%
<b>Income &amp; Expenditure</b>	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
<b>Economic</b>	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
<b>Location quotient</b>	SA	North-West	Bojanala DM	Ngaka Modiri Molema DM	Dr Ruth Segomotsi Mompoti DM	Dr Kenneth Kaunda DM
Agriculture	1,00	1,18	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

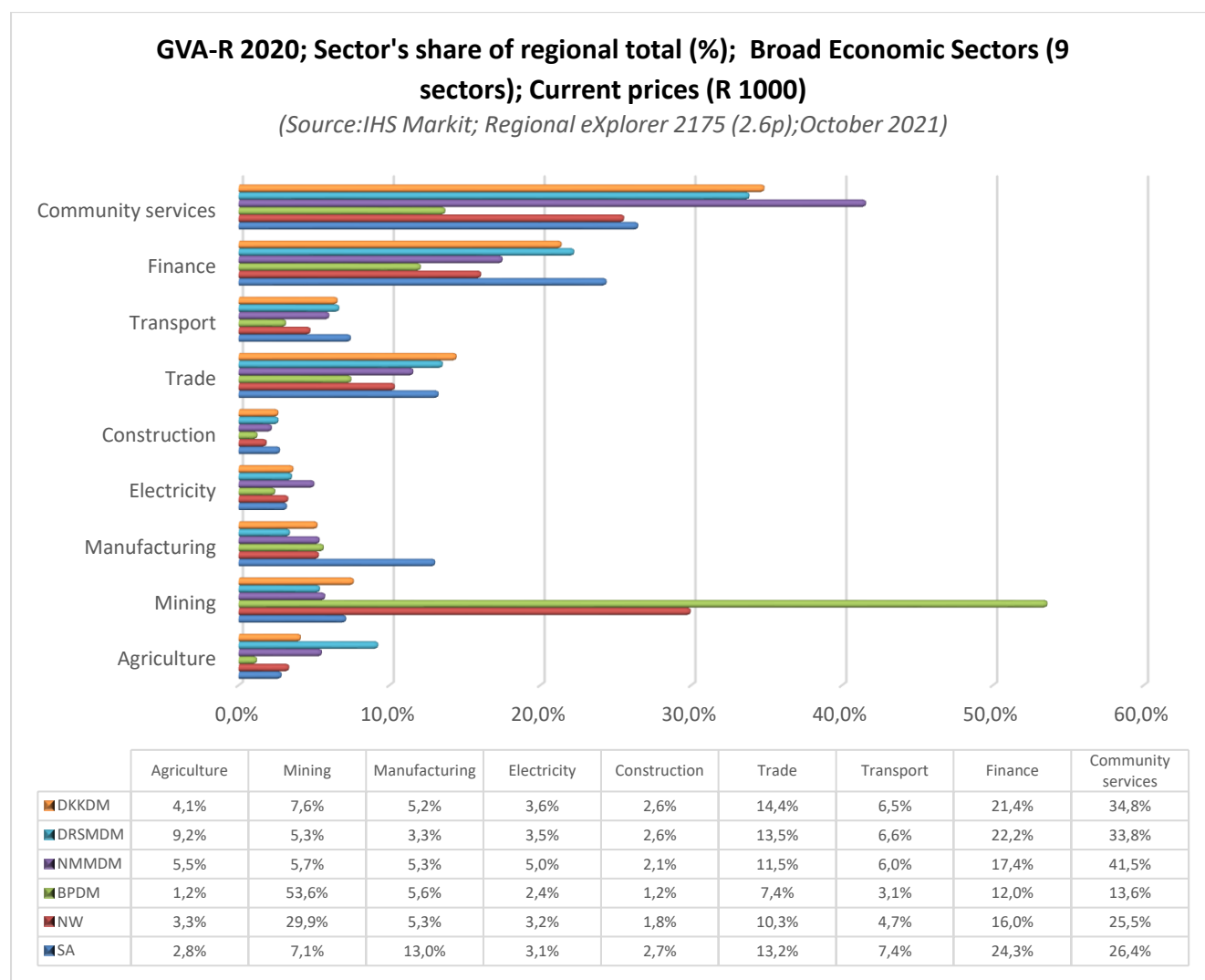
(Source:IHS Markit; Regional eXplorer 2175 (2.6p);October 2021)

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
<b>Number of Trips by Origin of tourist</b>	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
<b>Bednights by Origin of Tourist</b>	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
<b>Total Tourist Spending (R 1000, Current prices) 2019</b>	317 076 902	14 700 133	7 983 487	2 551 550	1 076 015	3 089 080
<b>Total Tourist Spending (R 1000, Current prices) 2020</b>	95 784 066	4 955 294	3 007 206	731 758	321 523	894 808
<b>2019 Growth in Tourism (using bednights) by origin</b>	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%
<b>2020 Growth in Tourism (using bednights) by origin</b>						
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%
<b>Total Tourist spend as % of GDP (Current prices) 2019</b>	5,7%	4,6%	5,2%	4,1%	4,3%	4,1%
<b>Total Tourist spend as % of GDP (Current prices) 2020</b>	1,7%	1,5%	1,9%	1,2%	1,3%	1,2%
<b>Average Tourist spend per resident capita (Rand, Current prices) 2019</b>	5 394	3 643	4 456	2 714	2 106	3 898
<b>Average Tourist spend per resident capita (Rand, Current prices) 2020</b>	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  $\geq 1.1$  by broad economic sector in the NWP (2020)**  
(Source: IHS Markit: Regional eXplorer 2175 (2.6p) October 2021)

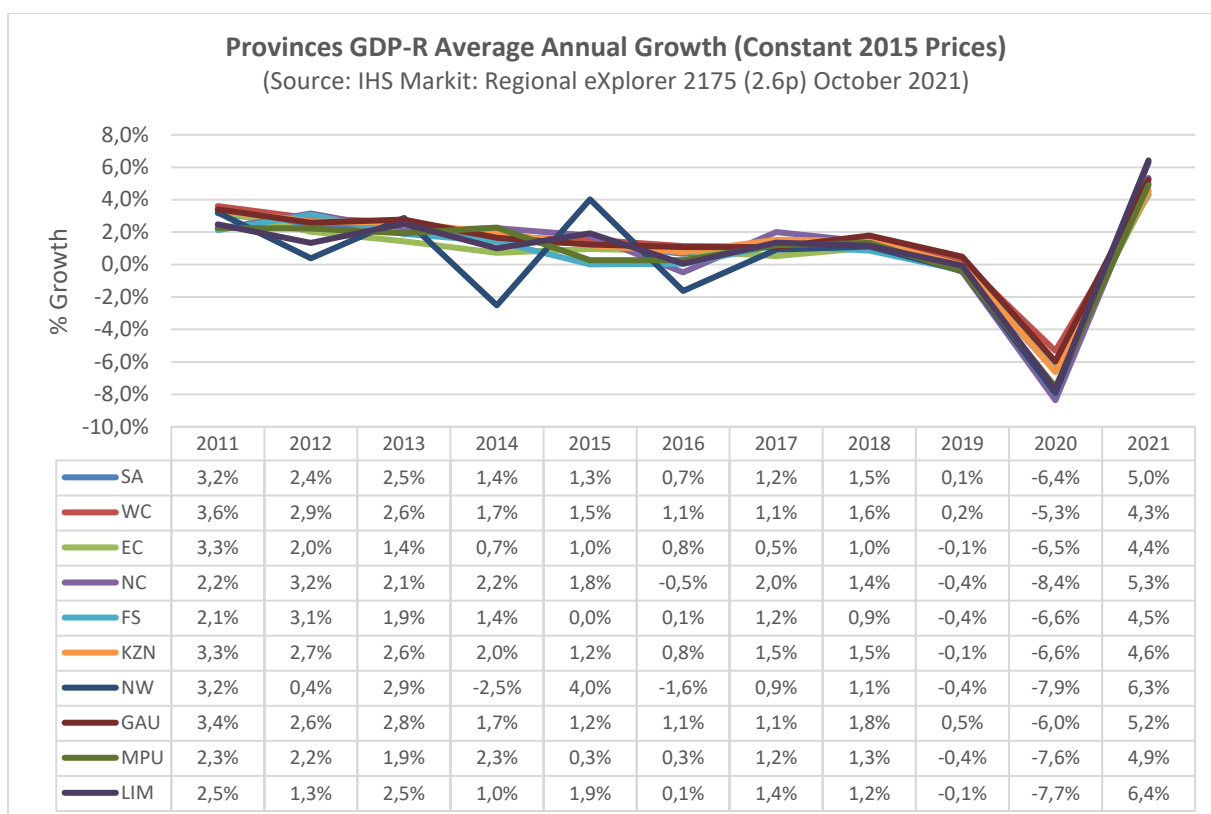
Location Quotient 2020 (Source: IHS Markit: Regional eXplorer 2175 (2.6p) October 2021)									
	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Community Services
NW	1,18	4,23	0,41	1,03	0,67	0,78	0,64	0,66	0,96
District Municipalities									
BPDM	0,41	7,58	0,43	0,75	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 December 2021**

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	SA % Share Contribution Oct-Dec	Y on Y Change Thous
Agriculture	837	842	880	885	865	799	808	810	792	862	829	868	6,0%	58,0
Mining	417	381	419	430	436	373	419	384	395	398	345	370	2,5%	-14,0
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	9,0%	-175,0
Utilities	150	151	133	120	116	113	90	99	115	118	96	82	0,6%	-17,0
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	7,8%	-33,0
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	19,9%	-167,0
Transport	1 025	983	975	1 011	995	885	878	943	903	969	964	951	6,5%	8,0
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	16,5%	92,0
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	22,5%	-283,0
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	8,6%	61,0
Other	7	6	5	9	11	27	12	8	14	27	5	3	0,0%	-5,0
<b>TOTAL</b>	<b>16 291</b>	<b>16 313</b>	<b>16 375</b>	<b>16 420</b>	<b>16 383</b>	<b>14 148</b>	<b>14 691</b>	<b>15 024</b>	<b>14 995</b>	<b>14 942</b>	<b>14 282</b>	<b>14 544</b>	<b>100,0 %</b>	<b>-480,0</b>

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	% Change Y on Y
Population 15-64 yrs	38 283	38 433	38 582	38 727	38 874	39 021	39 167	39 311	<b>39 445</b>	38 433	39 745	39 888	1,5
Labour Force	22 492	22 968	23 109	23 146	23 452	18 443	21 224	22 257	<b>22 237</b>	22 968	21 925	22 466	0,9
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	-3,2
Unemployed	6 201	6 655	6 734	672	7 070	4 295	6 533	7 233	7 242	6 655	7 643	7 921	9,5
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	2,2
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	29,9
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	-3,6
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	2,8
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	-1,7
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	-0,3

**Table 16: North West's Employment Figures January 2019 to December 2021**

	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 2020	Apr-Jun 2021	July-Sept 2021	Oct-Dec 2021	% 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	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	197	-8,4
Employed	970	918	960	992	969	874	930	944	970	918	851	858	-9,1
Unemployed	348	452	420	401	483	240	368	472	348	452	472	439	-7,0

<b>Not economically active</b>	1 270	1 228	1 230	1 227	1 178	1 527	1 353	1 245	1 270	1 228	1 369	1 405	19,9
<b>Discouraged work-seekers</b>	339	260	275	271	229	231	247	241	339	260	355	334	38,6
<b>Other</b>	931	968	955	956	949	1296	1106	1004	931	968	1 014	1 071	6,7
<b>Rates (%)</b>													
<b>Unemployment rate</b>	26,4	33	30,4	28,8	33,2	21,6	28,3	33,3	26,4	33	35,7	33,8	0,5
<b>Employed / population ratio (Absorption)</b>	37,5	35,3	36,8	37,9	36,9	33,1	35,1	35,5	37,5	35,3	31,6	31,8	-3,7
<b>Labour force participation rate</b>	50,9	52,7	52,9	53,2	55,2	42,2	49	53,2	50,9	52,7	49,1	48	-5,2

**Table 17: North West Employment by Industry Figures Compared to South Africa**  
(Source: STASSA Q4 2021)

North West Thousands	Jan–Mar 2019	Apr–Jun 2019	Jul–Sept 2019	Oct–Dec 2019	Jan–Mar 2020	Apr–Jun 2020	Jul–Sept 2020	Oct–Dec 2020	Jan–Mar 2021	Apr–Jun 2021	Jul–Sept 2021	Oct–Dec 2021	NW% Share Oct-Dec 2021	NW as % of SA	Y on Y Change Thous
<b>Agriculture</b>	62	61	59	48	51	45	66	40	40	70	52	71	8,3%	8,2%	31,0
<b>Mining</b>	136	122	130	134	125	122	140	120	123	138	124	126	14,7%	34,1%	6,0
<b>Manufacturing</b>	75	72	74	70	62	63	44	51	72	44	63	39	4,5%	3,0%	-12,0
<b>Utilities</b>	9	6	6	3	6	4	1	7	9	5	5	5	0,6%	6,1%	-2,0
<b>Construction</b>	65	70	56	63	59	51	53	60	64	82	60	56	6,5%	4,9%	-4,0
<b>Trade</b>	191	161	186	170	176	180	178	176	175	187	160	154	17,9%	5,3%	-22,0
<b>Transport</b>	45	38	37	38	30	33	35	29	30	38	28	19	2,2%	2,0%	-10,0
<b>Finance</b>	89	93	93	126	106	85	110	107	96	92	93	92	10,7%	3,8%	-15,0
<b>Community and Social Services</b>	212	227	245	267	283	240	242	282	265	269	216	224	26,1%	6,9%	-58,0
<b>Private House Holds</b>	84	70	74	75	72	50	61	72	59	51	50	72	8,4%	5,7%	0,0
<b>Other</b>														0,0%	0,0
<b>TOTAL</b>	<b>970</b>	<b>918</b>	<b>960</b>	992	969	874	930	944	<b>933</b>	979	851	858	100%	5,9%	-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 NWP's well developed road and rail links provide the platform and infrastructure for ground transportation deep into sub-Saharan Africa.

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

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

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

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

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

### ***2.3.3 North West Policy Guidelines***

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

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

Key economic sectors include:

- Agriculture and agro-processing
- Tourism
- Mining and mineral beneficiation
- Manufacturing
- Green economy
- ICT

Cross-cutting sectors include:

- Small and medium enterprise (SME)
- International trade
- Innovation and R&D
- Business process outsourcing (BPO)

Based on the information above NWDC will close the gap by focusing on smart specialization. Smart specialization is about placing greater emphasis on innovation and having an innovation-driven development strategy in place that focuses on each area's strength and competitive advantage. It aims at identifying factors of competitiveness and concentrating resources on key priorities. It also aims to

harness area diversity by avoiding uniformity and duplication in investment goals. It combines goal-setting with a dynamic and entrepreneurial discovery process involving key stakeholders from government, business, academia and other knowledge-creating institutions.

### 3. SOUTH AFRICA'S GLOBAL COMPETITIVENESS

The Global Competitiveness Index (GCI) tracks the performance of close to 140 countries on 12 pillars of competitiveness. It assesses the factors and institutions identified by empirical and theoretical research as determining improvements in productivity, which in turn is the main determinant of long-term growth and an essential factor in economic growth and prosperity. The Global Competitiveness Report hence seeks to help decision makers understand the complex and multifaceted nature of the development challenge; to design better policies, based on public-private collaboration; and to take action to restore confidence in the possibilities of continued economic progress.

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

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

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

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

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

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

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

Based on the assessment of business leaders:

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

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

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

	INDICATOR DESCRIPTION	SA SCORE	SA RANK
1.	Ensure public institutions embed strong governance principles.	53.9	26

	Build a long-term vision and establish trust by serving their citizens		
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.

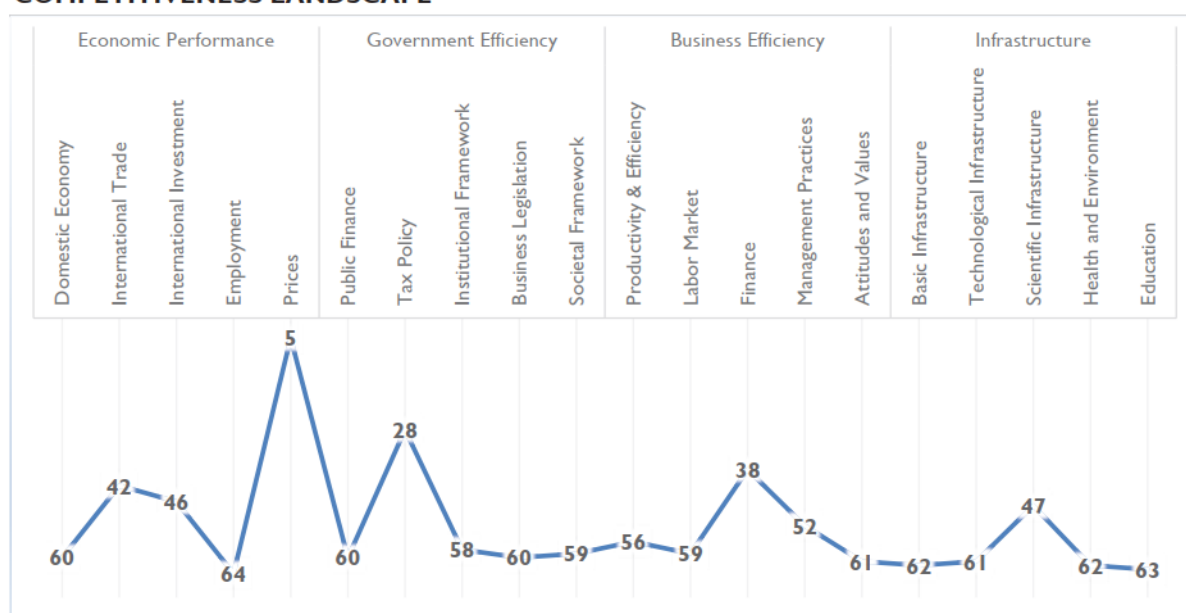
Productivity SA is the information partner for the IMD in South Africa.

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?*

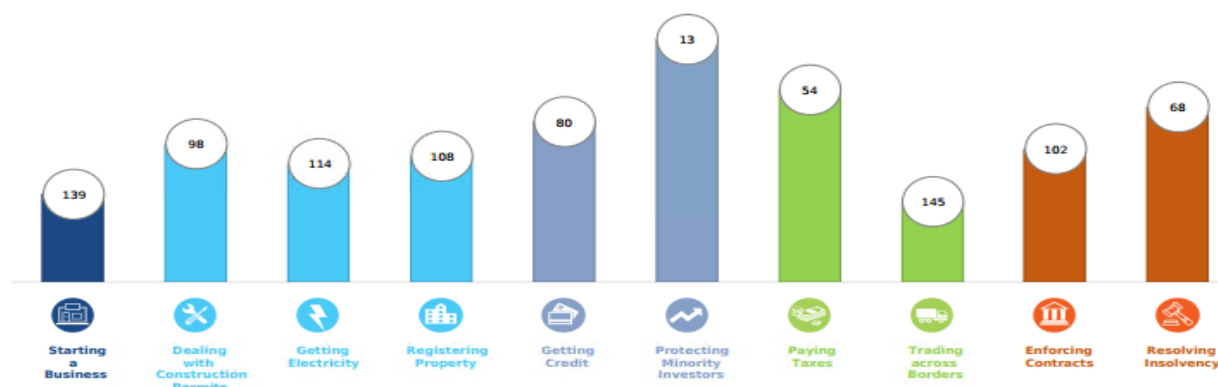


*Source: Doing Business database. Note: Labor market regulation is not included in the ease of doing business ranking.*



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

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



#### Topic Scores



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

## 4. FOREIGN DIRECT INVESTMENT (FDI)

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

Foreign direct investment (FDI) is an investment made by a company or individual in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company. Foreign direct investments are distinguished from portfolio investments in which an investor merely purchases equities of foreign-based companies. The key feature of foreign direct

investment is that it is an investment made that establishes either effective control of, or at least substantial influence over, the decision making of a foreign business. (Source: <http://www.investopedia.com/terms/f/fdi.asp#ixzz4I3cOUDNW> )

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

### **The 2021 A.T. Kearney Foreign Direct Investment Confidence Index®**

The Foreign Direct Investment Confidence Index®, established in 1998, examines the overarching trends in FDI. The top 25 ranking is a forward-looking analysis of how political, economic, and regulatory changes will likely affect countries' FDI inflows in the coming years and there has been a strong correlation between the rankings and global FDI flows.

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

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

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

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

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

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

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

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

## 4.1 Global Investment Trends

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

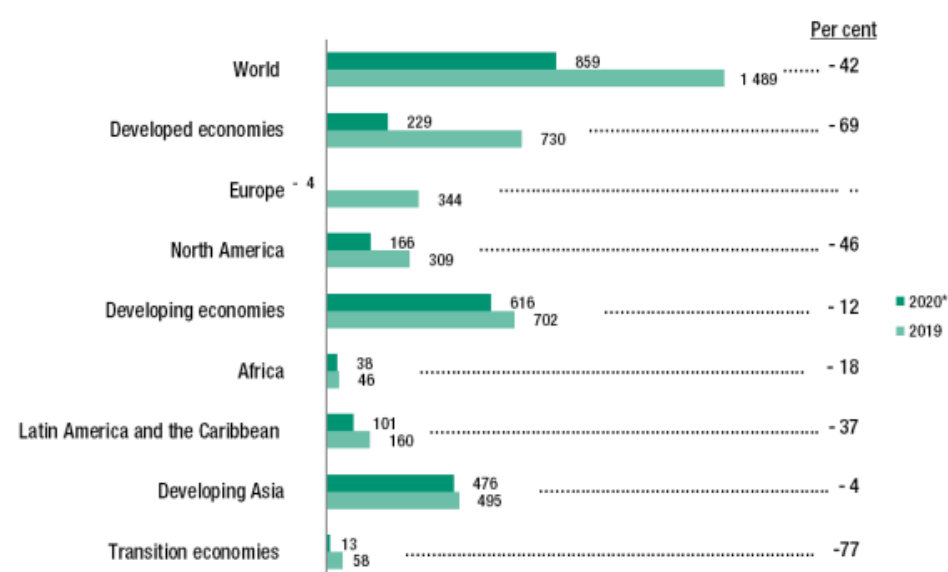
Global foreign direct investment (FDI) collapsed in 2020, falling by 42% to an estimated \$859 billion, from \$1.5 trillion in 2019. FDI finished 2020 more than 30% below the trough after the global financial crisis in 2009 and back at a level last seen in the 1990s.

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

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

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

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



Source: UNCTAD.  
\* Preliminary estimates.

## 4.2 Africa

### Africa Regional Investment Trends

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

## Inflows

### Top 5 host economies



### Outflows: top 5 home economies

(Billions of dollars and 2019 growth)

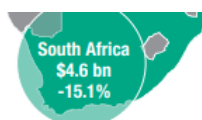
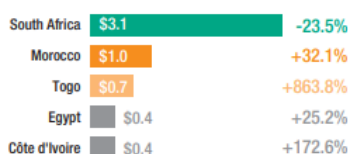
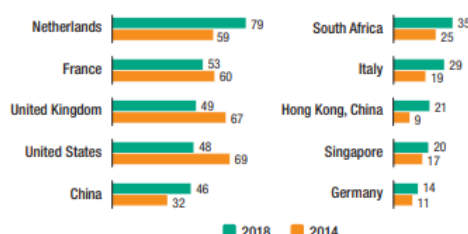


Figure A. Top 10 investor economies by FDI stock, 2014 and 2018 (Billions of dollars)



Source: UNCTAD.

Source: UNCTAD World Investment Report 2020.

**Sustainable Development Goals (SDGs) and an Action Plan for promoting private sector contributions. SDGs are being formulated by the United Nations.**

## 4.3 South Africa

According a Report compiled based on information from FDI Markets.com from the Source: fDi Intelligence from The Financial Times Ltd,, that examines foreign direct investment (FDI) trends by all companies from 53 source countries investing in South Africa in ten activities between January 2003 and February 2020.

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

Retail and inter-state projects are excluded from this report

### All FDI into South Africa

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

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

The portfolio investment inflows were at R40.2-billion from July to the end of September from inflows of R10-billion in the prior quarter, mainly reflecting the government's issuance of international bonds of \$5-billion, the SARB said. (Source: Prepared by Trade and Investment South Africa (TISA) a division in the dti)

## Summary

### FDI projects peaked in 2011

Some 192 projects, or 9.8% of projects, were recorded in 2011. This was the year in which the highest numbers of projects were recorded. During this period a total of 21,683 jobs were created and ZAR 183.02bn capital was invested by these projects, equating to a 9% and 12.3% of total jobs and capital investment respectively.

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

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

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

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

**Largest projects originate in China**

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

**Top five destinations attract the majority of projects.**

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

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

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

**Table 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

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

**Notes:**

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

**Table 20: Destination Provinces**

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

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

**Notes:**

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

## 4.4 North West Province

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

The 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 smelt and pelletise 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)**

#### **Facilitating trade and economic integration in Africa**

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

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

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

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

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

## 5.2 North West Trade

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.

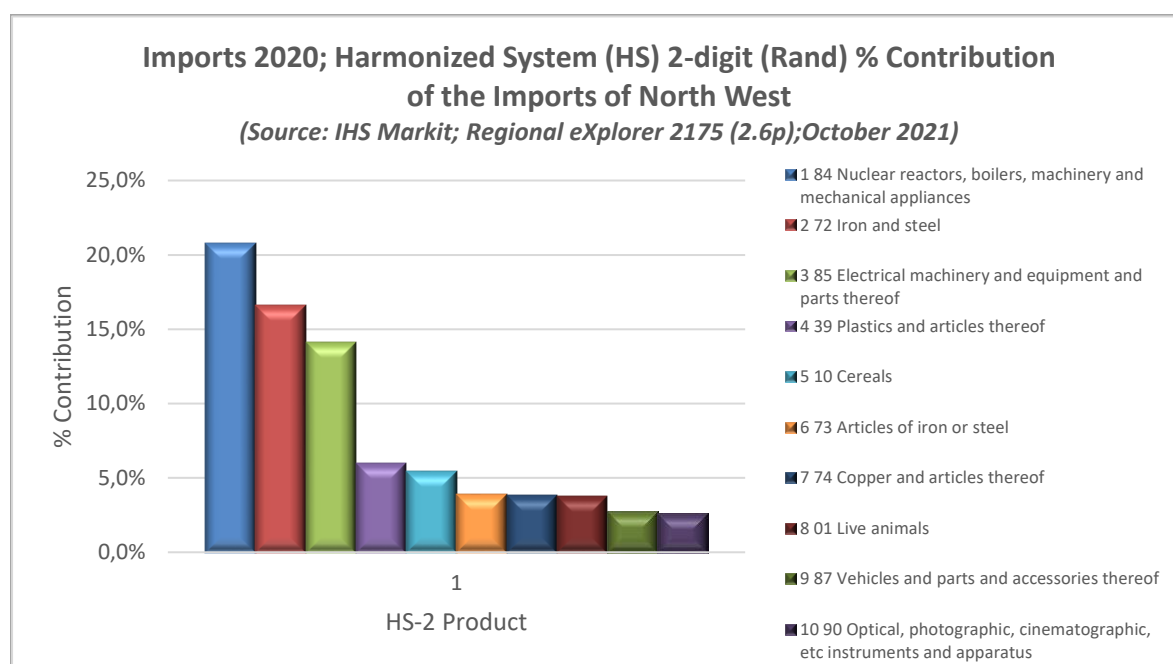
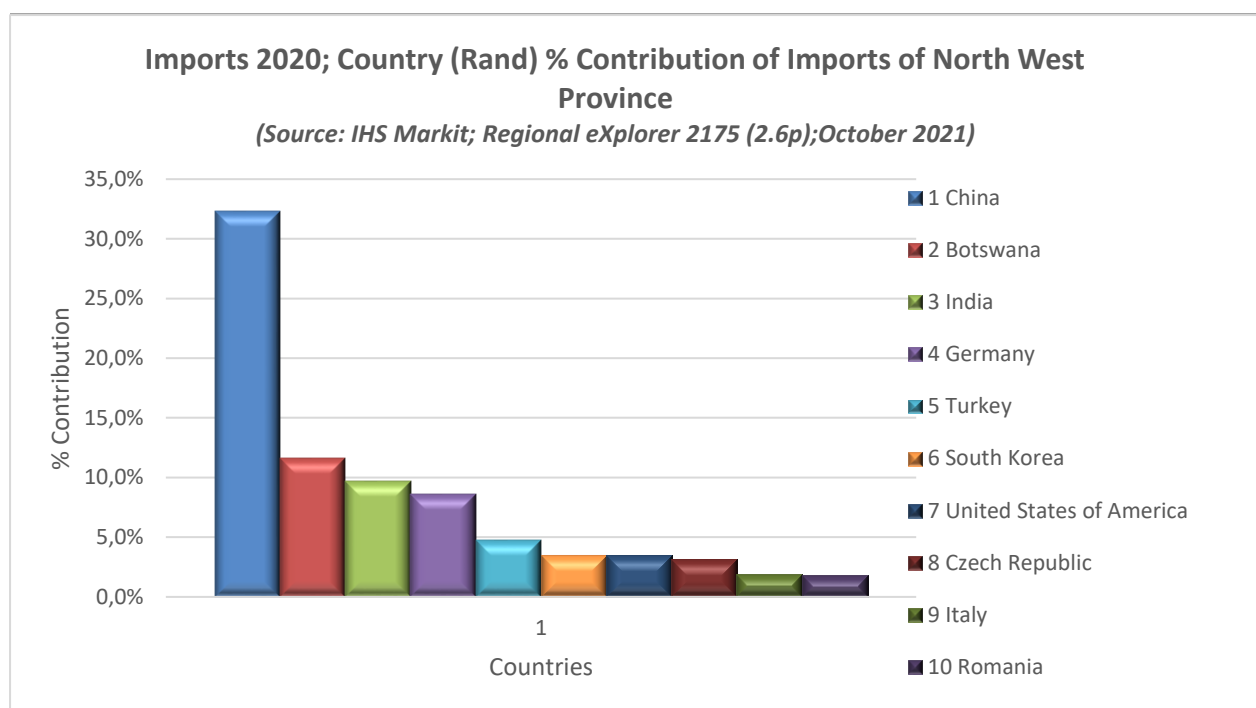
Exports Harmonized System (HS) 2-digit (Rand)	SA	NW	BPDM	Madibeng	Rustenburg
<b>71 Precious metals 2019</b>	221 262 284 620	77 931 663 975	77 923 801 336	3 923 571 543	73 987 158 466
<b>71 Precious metals 2020</b>	324 139 623 779	1 740 500	73 374	59 796	0

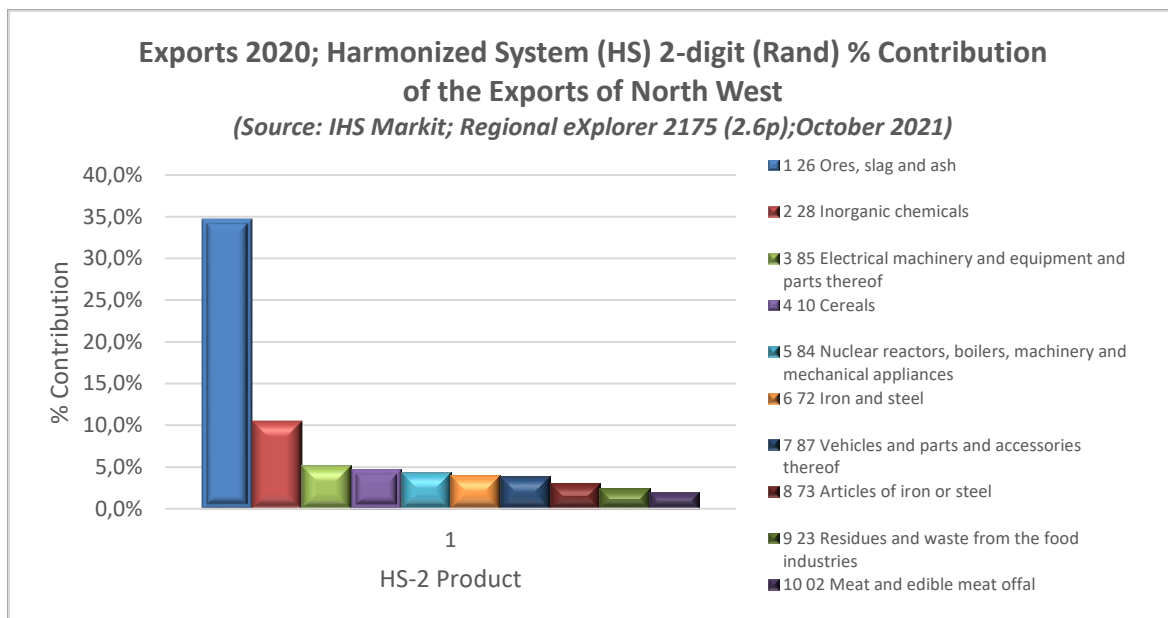
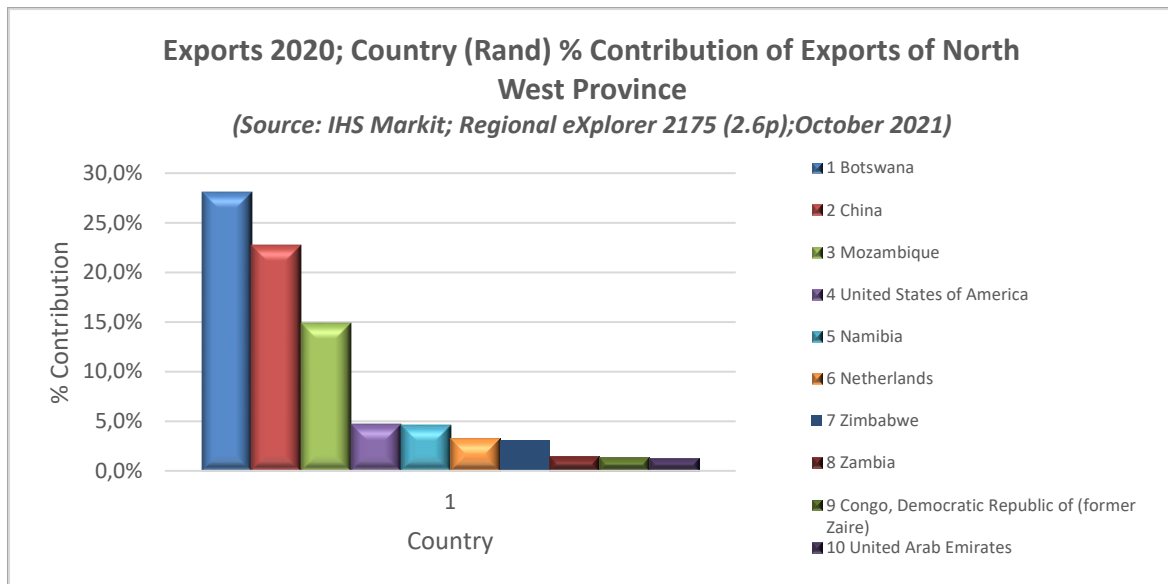
**Table 22: NORTH WEST TRADE VALUES**

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

(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.

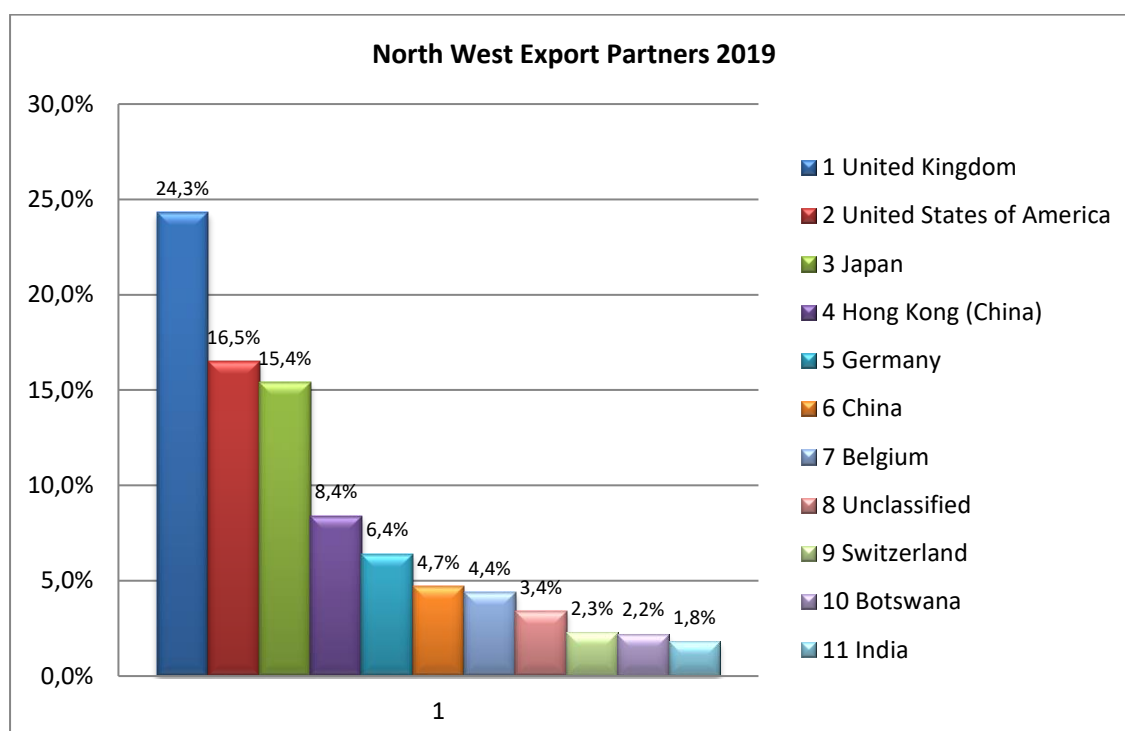
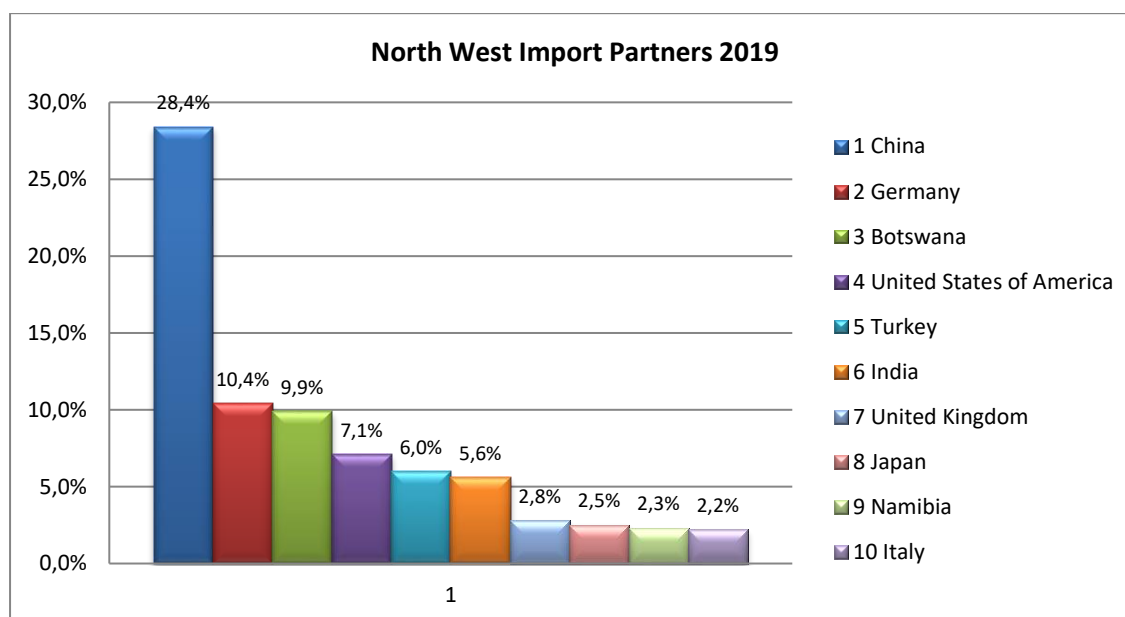
Compared to 2017, North West exports increased from approximately R24 bn to approximately R103 bn in 2019. Imports remained at about R6 bn. Exports were from mainly from Rustenburg and Madibeng.

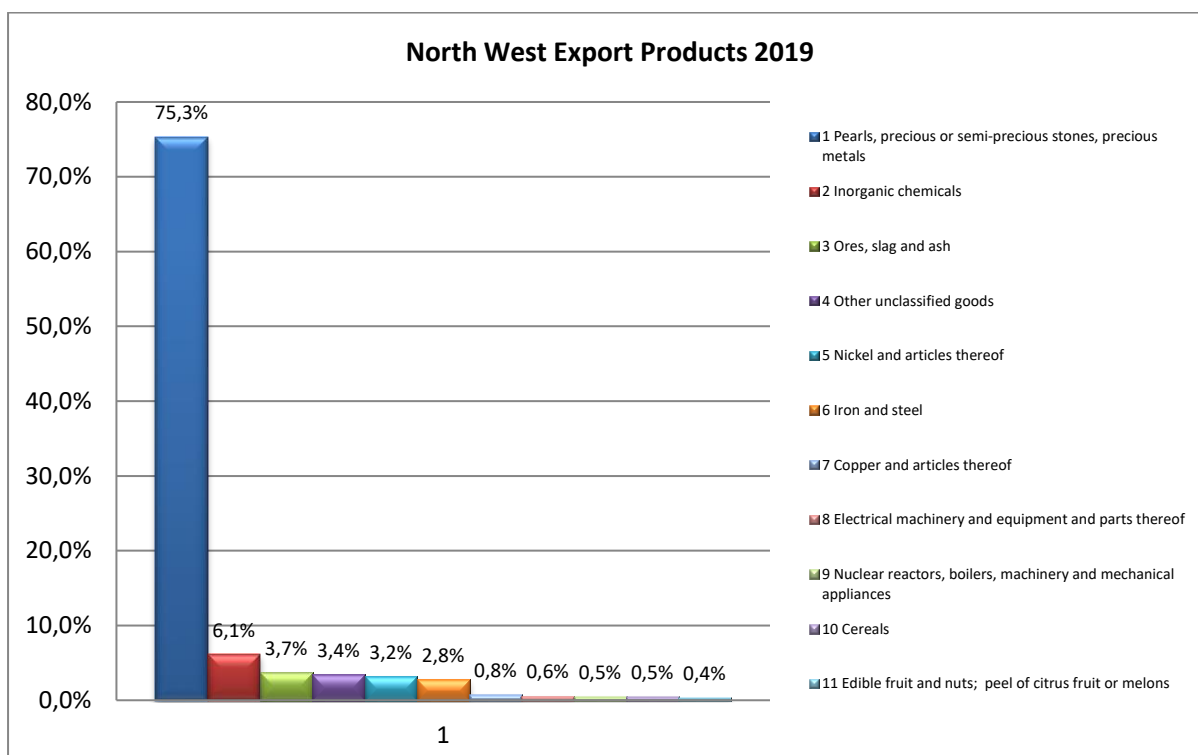
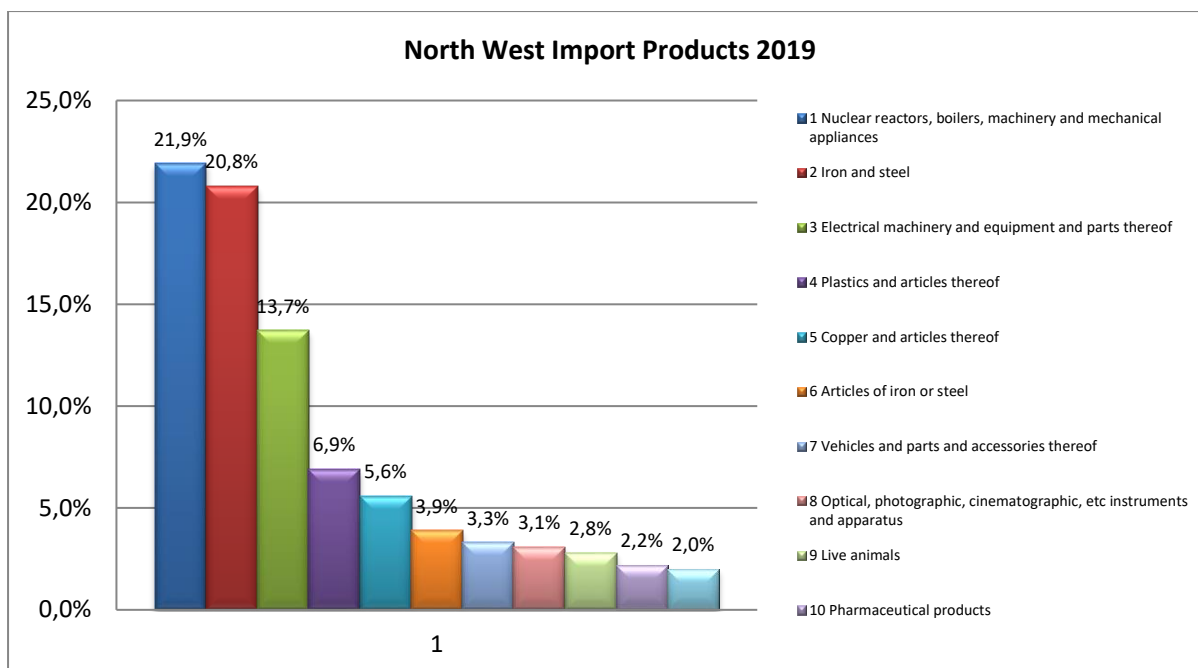
**Table 23: North West Trade Summary 2019**

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](http://www.nwdc.co.za) ;
- The Department of Small Business Development has introduced three intervention measures to support SMMEs affected by the COVID-19 pandemic. These are the Business Growth and Resilience Facility, SMME Relief Finance Scheme and Sefa-Debt Restructuring Facility.
- Attract Investment to the Bojanala SEZ;
- Diversify the economy of the NW province to benefit from new trends;
- Actively explore opportunities to participate in the fourth industrial revolution and innovation that will lead to the knowledge economy;
- Actively seek for opportunities to benefit from the BRICS Fund;
- Seek for investment broader than the BRICS economies;
- Develop and diversify the manufacturing sector;
- Identify leakages in the current manufacturing value chains to attract investment as well as investigate global value chains as the new trend;
- Utilise localisation strategies and products identified for local procurement to link to local suppliers and SMMEs that can benefit from the infrastructure development programmes;
- Increase agricultural activity and agro-processing;
- Contribute to rural development programmes;
- Utilise co-operatives to stimulate these economies;
- Utilise ICT for communication and training purposes;
- Include designated groups, youth, women and disabled as beneficiaries of projects;
- The unemployed graduates database and other databases can be consulted for possible beneficiaries;
- Skilling in line with provincial plans is very important and closer co-operation should be encouraged between tertiary institutions and project drivers to be able to develop appropriate skills.

**Report Submitted By**

**Date: 31 March 2022**



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