# Economic Data Report

## Quarter 2 of 2022/2023

*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: Gloomy and more uncertain

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

A tentative recovery in 2021 has been followed by increasingly gloomy developments in 2022 as risks began to materialize. Global output contracted in the second quarter of this year, owing to downturns in China and Russia, while US consumer spending undershot expectations. Several shocks have hit a world economy already weakened by the pandemic:

- higher-than-expected inflation worldwide—especially in the United States and major European economies—triggering tighter financial conditions;
- a worse-than-anticipated slowdown in China, reflecting COVID19 outbreaks and lockdowns; and
- further negative spillovers from the war in Ukraine.

The baseline forecast is for growth to slow from 6.1 percent in 2021 to 3.2 percent in 2022. Lower growth earlier this year, reduced household purchasing power, and tighter monetary policy drove a downward revision of 1.4 percentage points in the United States. In China, further lockdowns and the deepening real estate crisis have led growth to be revised down by 1.1 percentage points, with major global spillovers. And in Europe, significant downgrades reflect spillovers from the war in Ukraine and tighter monetary policy.

Global inflation has been revised up due to food and energy prices as well as lingering supply-demand imbalances, and it is anticipated to reach 6.6 percent in advanced economies and 9.5 percent in emerging market and developing economies this year—upward revisions of 0.9 and 0.8 percentage point, respectively.

In 2023, disinflationary monetary policy is expected to bite, with global output growing by just 2.9 percent.

The risks to the outlook are overwhelmingly tilted to the downside.

- The war in Ukraine could lead to a sudden stop of European gas imports from Russia;
- inflation could be harder to bring down than anticipated either if labor markets are tighter than expected or inflation expectations unanchor;
- tighter global financial conditions could induce debt distress in emerging market and developing economies;
- renewed COVID-19 outbreaks and lockdowns as well as a further escalation of the property sector crisis might further suppress Chinese growth; and
- geopolitical fragmentation could impede global trade and cooperation.

A plausible alternative scenario in which risks materialize, inflation rises further, and global growth declines to about 2.6 percent and 2.0 percent in 2022 and 2023, respectively, would put growth in the bottom 10 percent of outcomes since 1970.

With increasing prices continuing to squeeze living standards worldwide, taming inflation should be the first priority for policymakers. Tighter monetary policy will inevitably have real economic costs, but delay will only exacerbate them. Targeted fiscal support can help cushion the impact on the most vulnerable, but with government budgets stretched by the pandemic and the need for a disinflationary overall macroeconomic policy stance, such policies will need to be offset by increased taxes or lower government spending. Tighter monetary conditions will also affect financial stability, requiring judicious use of macro prudential tools and making reforms to debt resolution frameworks all the more necessary.

Policies to address specific impacts on energy and food prices should focus on those most affected without distorting prices. And as the pandemic continues, vaccination rates must rise to guard against future variants. Finally, mitigating climate change continues to require urgent multilateral action to limit emissions and raise investments to hasten the green transition.

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

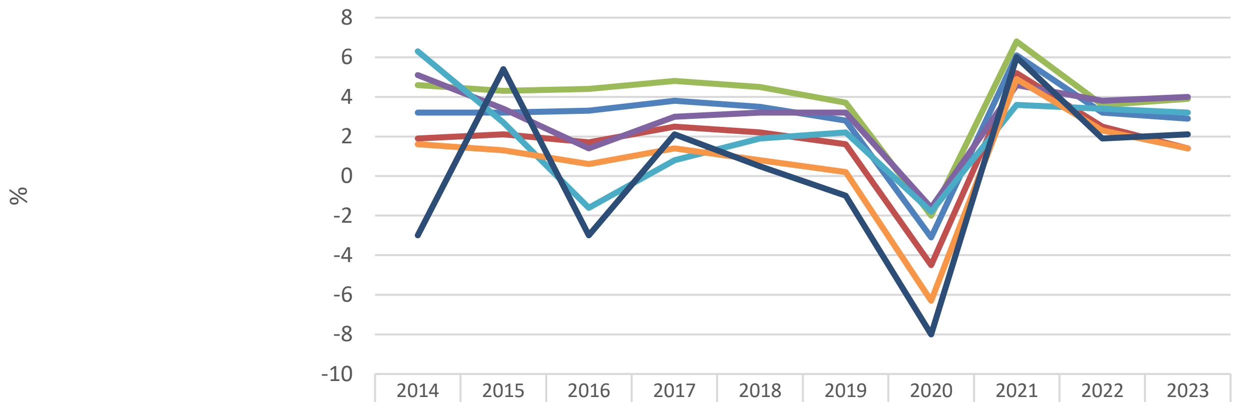
| | | | | | | | | | **Projections** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| **World Output** | **3,2** | **3,2** | **3,3** | **3,8** | **3,5** | **2,8** | **-3,1** | **6,1** | **3,2** | **2,9** |
| **Advanced Economies** | **1,9** | **2,1** | **1,7** | **2,5** | **2,2** | **1,6** | **-4,5** | **5,2** | **2,5** | **1,4** |
| **United States** | 2,4 | 2,6 | 1,6 | 2,4 | 3 | 2,2 | -3,4 | 5,7 | 2,3 | 1 |
| **Euro Area** | 0,9 | 2 | 1,9 | 2,5 | 1,9 | 1,3 | -6,3 | 5,4 | 2,6 | 1,2 |
| **Germany** | 1,6 | 1,5 | 1,9 | 2,5 | 1,3 | 0,6 | -4,6 | 2,9 | 1,2 | 0,8 |
| **France** | 0,6 | 1,1 | 1,2 | 2,3 | 1,8 | 1,8 | -7,9 | 6,8 | 2,3 | 1 |
| **Italy** | -0,3 | 0,8 | 0,9 | 1,7 | 0,8 | 0,3 | -9 | 6,6 | 3 | 0,7 |
| **Spain** | 1,4 | 3,2 | 3,3 | 3 | 2,4 | 2 | -10,8 | 5,1 | 4 | 2 |
| **Japan** | - | 1,1 | 0,9 | 1,9 | 0,3 | 0 | -4,5 | 1,7 | 1,7 | 1,7 |
| **United Kingdom** | 3,1 | 2,2 | 1,9 | 1,8 | 1,3 | 1,4 | -9,3 | 7,4 | 3,2 | 0,5 |
| **Canada** | 2,5 | 0,9 | 2,3 | 3 | 2 | 1,9 | -5,2 | 4,5 | 3,4 | 1,8 |
| **Other Advanced Economies 3/** | 2,8 | 2,2 | 2,3 | 2,9 | 2,7 | 1,9 | -1,8 | 5,1 | 2,9 | 2,7 |
| **Emerging Market and Developing Economies** | **4,6** | **4,3** | **4,4** | **4,8** | **4,5** | **3,7** | **-2** | **6,8** | **3,6** | **3,9** |
| **Emerging and Developing Asia** | 6,8 | 6,8 | 6,4 | 6,6 | 6,3 | 5,4 | -0,8 | 7,3 | 4,6 | 5 |
| **China** | 7,3 | 6,9 | 6,7 | 6,8 | 6,7 | 6 | 2,2 | 8,1 | 3,3 | 4,6 |
| **India 4/** | 7,2 | 8 | 7,1 | 7,2 | 6,1 | 4 | -6,6 | 8,7 | 7,4 | 6,1 |
| **ASEAN-5-5/** | 4,6 | 4,9 | 4,9 | 5,3 | 5,3 | 4,9 | -3,4 | 3,4 | 5,3 | 5,1 |
| **Emerging and Developing Europe** | 2,8 | 4,7 | 3,2 | 3,9 | 3,3 | 2,5 | -1,8 | 6,7 | -1,4 | 0,9 |
| **Russia** | 0,7 | -2,8 | -0,2 | 1,6 | 2,5 | 2 | -2,7 | 4,7 | -6 | -3,5 |
| **Latin America and the Caribbean** | 1,3 | 0,1 | -0,7 | 1,2 | 1,1 | 0,1 | -6,9 | 6,9 | 3 | 2 |
| **Brazil** | 0,1 | -3,8 | -3,5 | 1,1 | 1,3 | 1,4 | -3,9 | 4,6 | 1,7 | 1,1 |
| **Mexico** | 2,2 | 2,6 | 2,9 | 2,1 | 2,2 | -0,2 | -8,1 | 4,8 | 2,4 | 1,2 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Middle East and Central Asia** | 2,7 | 2,7 | 4,9 | 2,3 | 2,1 | 1,4 | -2,9 | 5,8 | 4,8 | 3,5 |
| **Saudi Arabia** | 3,6 | 4,1 | 1,7 | -0,7 | 2,4 | 0,3 | -4,1 | 3,2 | 7,6 | 3,7 |
| **Sub-Saharan Africa** | 5,1 | 3,4 | 1,4 | 3 | 3,2 | 3,2 | -1,6 | 4,6 | 3,8 | 4 |
| **Nigeria** | 6,3 | 2,7 | -1,6 | 0,8 | 1,9 | 2,2 | -1,8 | 3,6 | 3,4 | 3,2 |
| **South Africa** | 1,6 | 1,3 | 0,6 | 1,4 | 0,8 | 0,2 | -6,3 | 4,9 | 2,3 | 1,4 |
| ***Memorandum*** | | | | | | | | | | |
| **World Growth Based on Market Exchange Rates** | 2,7 | 2,7 | 2,5 | 3,2 | 3,1 | 2,4 | -3,4 | 5,8 | 2,9 | 2,4 |
| **European Union** | | | | | | 1,8 | -5,8 | 5,4 | 2,8 | 1,6 |
| **Middle East and North Africa** | | | | | | 0,8 | -3,4 | 5,8 | 4,9 | 3,4 |
| **Emerging Market and Middle-Income Economies** | | | | | | 3,5 | -2,2 | 7 | 3,5 | 3,8 |
| **Low-Income Developing Countries** | 6 | 4,6 | 3,6 | 4,7 | 5,1 | 5,3 | 0,1 | 4,5 | 5 | 5,2 |
| **World Trade Volume (Goods and Services)6** | **3,7** | **2,6** | **2,5** | **5,7** | **3,9** | **0,9** | **-7,9** | **10,1** | **4,1** | **3,2** |
| **Imports** | | | | | | | | | | |
| **Advanced Economies** | 3,6 | 4 | 2,6 | 4,7 | 3,6 | 1,4 | -8,8 | 9,1 | 5,3 | 3,2 |
| **Emerging Market and Developing Economies** | 3,9 | 0,3 | 2,3 | 7,5 | 5 | -0,2 | -6,2 | 11,7 | 2,2 | 3,3 |
| **Exports** | | | | | | | | | | |
| **Advanced Economies** | 3,6 | 4 | 2,6 | 4,7 | 3,3 | 1,3 | -9,1 | 8,6 | 5 | 4,7 |
| **Emerging Market and Developing Economies** | 3,9 | 0,3 | 2,3 | 7,5 | 4,1 | -0,2 | -4,8 | 12,3 | 4,1 | 3,6 |
| **Commodity Prices (U.S. dollars)** | | | | | | | | | | |
| **Oil 7/** | -7,5 | -47,2 | -15,7 | 23,3 | 29,4 | -10,2 | -32,7 | 67,3 | 50,4 | -12,3 |
| **Nonfuel (average based on world commodity export weights)** | -4 | -17,5 | -1,6 | 6,4 | 1,3 | 0,8 | 6,7 | 26,1 | 10,1 | -3,5 |
| **Consumer Prices 8/** | | | | | | | 3,2 | 4,7 | 8,3 | 5,7 |
| **Advanced Economies 9/** | 1,4 | 0,3 | 0,8 | 1,7 | 2 | 1,4 | 0,7 | 3,1 | 6,6 | 3,3 |
| **Emerging Market and Developing Economies 9/** | 4,7 | 4,7 | 4,3 | 4,3 | 4,9 | 5,1 | 5,2 | 5,9 | 9,5 | 7,3 |
| **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 May 30, 2022--June 27, 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 April 2022 WEO forecasts. Countries whose forecasts have been updated relative to April 2022 WEO forecasts account for approximately 90 percent of world GDP measured at purchasing-power-parity weights.
2/ For World Output (Emerging Market and Developing Economies), the quarterly estimates and projections account for approximately 90 percent (80 percent) of annual world (emerging market and developing economies') output at purchasing-power-parity weights.
3/ Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.
4/ For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year.
5/ Indonesia, Malaysia, Philippines, Thailand, Vietnam.
6/ Simple average of growth rates for export and import volumes (goods and services).
7/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was $69.07 in 2021; the assumed price, based on futures markets (as of June 29, 2022), is $103.88 in 2022 and $91.07 in 2023.
8/ Excludes Venezuela.
9/ The inflation rate for the euro area is 7.3% in 2022 and 3.9% in 2023, that for Japan is 1.9% in 2022 and 1.3% in 2023, and that for the United States is 7.7% in 2022 and 3.0% in 2023, respectively.

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

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




| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| World Output | 3,2 | 3,2 | 3,3 | 3,8 | 3,5 | 2,8 | -3,1 | 6,1 | 3,2 | 2,9 |
| Advanced Economies | 1,9 | 2,1 | 1,7 | 2,5 | 2,2 | 1,6 | -4,5 | 5,2 | 2,5 | 1,4 |
| Emerging Market and Developing Economies | 4,6 | 4,3 | 4,4 | 4,8 | 4,5 | 3,7 | -2 | 6,8 | 3,6 | 3,9 |
| Sub-Saharan Africa | 5,1 | 3,4 | 1,4 | 3 | 3,2 | 3,2 | -1,6 | 4,6 | 3,8 | 4 |
| Nigeria | 6,3 | 2,7 | -1,6 | 0,8 | 1,9 | 2,2 | -1,8 | 3,6 | 3,4 | 3,2 |
| South Africa | 1,6 | 1,3 | 0,6 | 1,4 | 0,8 | 0,2 | -6,3 | 4,9 | 2,3 | 1,4 |
| North West | -3,0 | 5,4 | -3,0 | 2,1 | 0,5 | -1,0 | -8,0 | 6,0 | 1,9 | 2,1 |

## 2.2 South African Economy

### *2.2.1 Highlights Q2 2022/2023*

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

**Population**

The population of South Africa increased from 54 million in mid-2014 to million 60,14 million in mid-2021. When comparing the population growth rate in the table below with the GDP growth rate of South Africa as in the table above it is clear that the population is growing at a faster rate than the economy which will lower income per capita and result in a poorer population.

**Table 2: South African and North West Population and Population Growth Rates**

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

**COVID-19 epidemic reduces life expectancy in 2021**

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

**Summary**

- The Mid-Year estimates 2022 series does not include inputs from the 2022 Census. Census data will be released in 2023.
- The cohort-component methodology is used to estimate the 2022 mid-year population of South Africa.
- The estimates cover all the residents of South Africa at the 2022 mid-year point, and are based on the latest available information. Estimates may change as new data become available. The updated estimates are accompanied by an entire series of revised estimates for the period 2002–2022. On this basis, comparisons between this model and previous ones should not be made.
- For 2022, Statistics South Africa (Stats SA) estimates the mid-year population at 60,60 million people. Approximately 51,1% (approximately 30,98 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 Organization (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 2022 is estimated at 60,0 years for males and 65,6 years for females.
- The infant mortality rate for 2022 is estimated at 24,3 per 1 000 live births.
- The estimated overall HIV prevalence rate is approximately 13,9% among the South African population. The total number of people living with HIV (PLWHIV) is estimated at approximately 8,45 million in 2022. For adults aged 15–49 years, an estimated 19,6% 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 (and so the country's population structure). For the period 2021–2026, Gauteng and Western Cape are estimated to experience the largest inflow of migrants of approximately, 1 443 978 and 460 489 respectively.
- Gauteng still comprises the largest share of the South African population, with approximately 16,10 million people (26,6%) living in this province. KwaZulu-Natal is the province with the second largest population, with an estimated 11,54 million people (19,0%) living in this province. With a population of approximately 1,31 million people (2,2%), Northern Cape remains the province with the smallest share of the South African population.
- About 28,07% of the population is aged younger than 15 years (17,01 million) and approximately 9,2% (5,59 million) is 60 years or older. The provinces reflecting the highest percentage of children younger than 15 within its structure are Limpopo (33,6%) and EC (32,7%). The proportion of elderly persons aged 60 years and older in South Africa is increasing over time and as such policies and programmes 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, 2022**

| Population group | Male | | Female | | Total | |
|---|---|---|---|---|---|---|
| | Number | % distribution of males | Number | % distribution of females | Number | % distribution of total |
| Black African | 23 985 479 | 81,0 | 25 085 330 | 81,0 | **49 070 809** | **81,0** |
| Coloured | 2 601 932 | 8,8 | 2 737 987 | 8,8 | **5 339 919** | **8,8** |
| Indian/Asian | 794 882 | 2,7 | 760 114 | 2,5 | **1 554 996** | **2,6** |
| White | 2 242 589 | 7,6 | 2 396 679 | 7,7 | **4 639 268** | **7,7** |
| **Total** | **29 624 882** | **100,0** | **30 980 110** | **100,0** | **60 604 992** | **100,0** |

**Figure 1:** **Mid-year population estimates for South Africa by province, 2022**

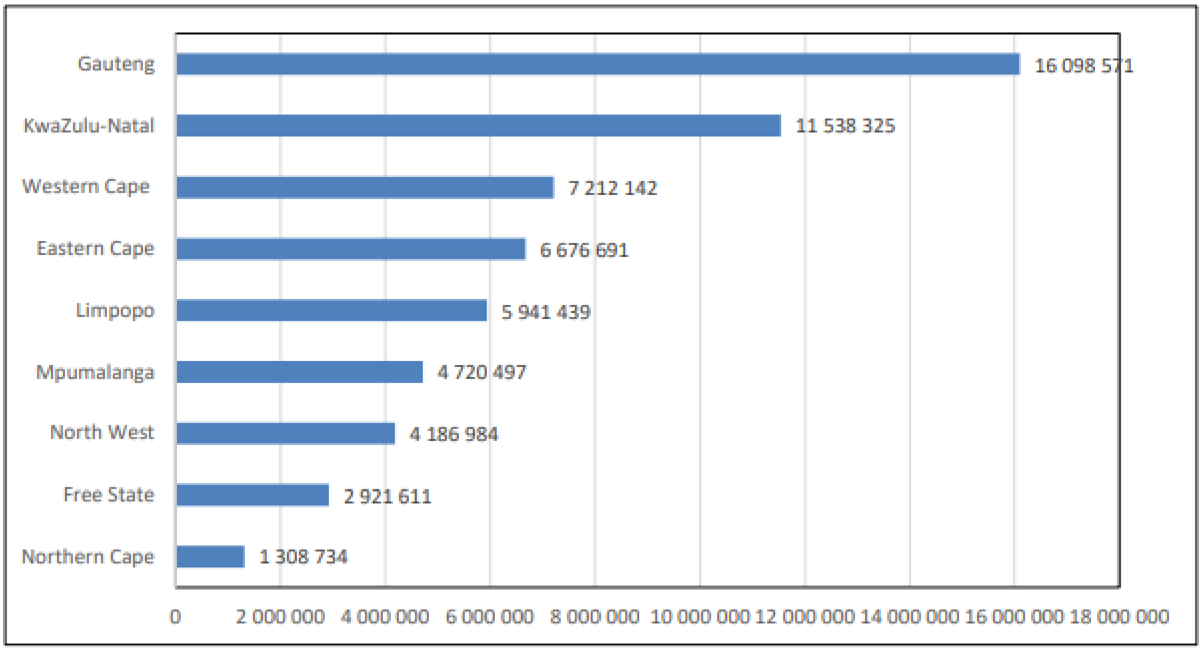



**Table 4:** **Mid-year population estimates for North West by population group and sex, 2022**

| | North West | | |
|---|---|---|---|
| **Age** | **Male** | **Female** | **Total** |
| 0-4 | 199 494 | 196 101 | **395 595** |
| 5-9 | 197 583 | 194 019 | **391 602** |
| 10-14 | 206 015 | 202 049 | **408 065** |
| 15-19 | 179 636 | 177 570 | **357 207** |
| 20-24 | 155 205 | 148 399 | **303 604** |
| 25-29 | 177 532 | 156 651 | **334 183** |
| 30-34 | 202 976 | 175 002 | **377 977** |
| 35-39 | 191 806 | 165 192 | **356 998** |
| 40-44 | 154 075 | 135 455 | **289 530** |
| 45-49 | 122 773 | 115 344 | **238 117** |
| 50-54 | 98 383 | 95 051 | **193 434** |
| 55-59 | 80 768 | 80 938 | **161 706** |
| 60-64 | 64 127 | 66 599 | **130 726** |
| 65-69 | 44 059 | 53 272 | **97 331** |
| 70-74 | 27 539 | 39 027 | **66 565** |
| 75-79 | 16 163 | 27 758 | **43 921** |
| 80+ | 10 822 | 29 601 | **40 424** |
| **Total** | **2 128 956** | **2 058 028** | **4 186 984** |

**South African Economic Growth Q2: South African GDP Declines by 0,7%**

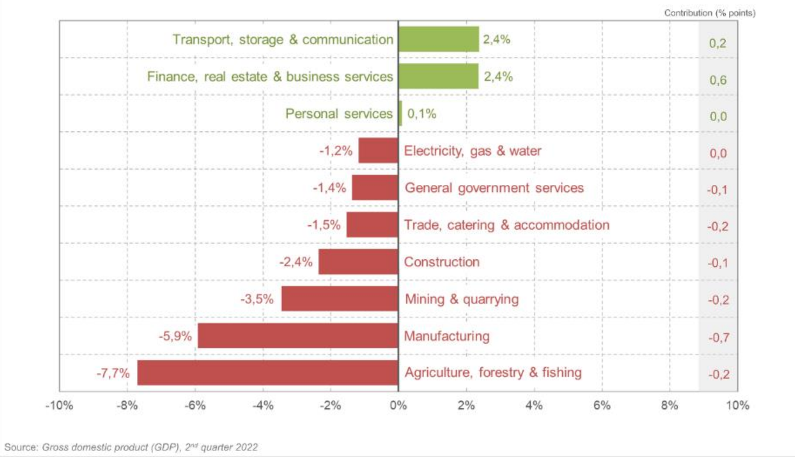
After two consecutive quarters of positive growth, real gross domestic product (GDP) decreased by 0,7%[1] in the second quarter of 2022 (Q2: 2022). The devastating floods in KwaZulu-Natal and load shedding contributed to the decline, weakening an already fragile national economy that had just recovered to pre-pandemic levels.

**Manufacturing the biggest drag on GDP**

The flooding had a negative impact on a number of industries, most notably manufacturing.

Manufacturing is the largest industry in KwaZulu-Natal, according to 2019 data, accounting for a fifth of national manufacturing production.[2] The damage to factories and plants, and disruptions to logistics and supply chains, pulled national manufacturing output down by 5,9% (Figure 1). The biggest drags on growth were petroleum and chemical products, food and beverages, and transport equipment.

Figure 1: Seven of the ten industries recorded a contraction in Q2: 2022
Industry growth rates. Q2: 2022 compared with Q1: 2022 (constant 2015 prices, seasonally adjusted)




Source: Gross domestic product (GDP), 2nd quarter 2022

Trade, catering & accommodation was negatively impacted by both the floods in KwaZulu-Natal and power cuts across the country. The industry recorded a contraction of 1,5% as floods damaged retail outlets and storage facilities. There was also a loss of trading hours due to load shedding.

Mining production was dragged lower by gold, coal and diamonds, with the decrease in coal production caused partly by the flooding. Mining output was also negatively affected by load shedding.

Economic activity in the electricity, gas & water supply industry was hampered mainly by load shedding due to lack of generation capacity. There were disruptions to water supply too, caused by both the floods in KwaZulu-Natal and drought in Eastern Cape.

Agriculture, forestry & fishing activity decreased by 7,7%, pulled lower by a decrease in the production of animal products. Electricity outages and the spread of foot-and-mouth disease contributed to the decline.

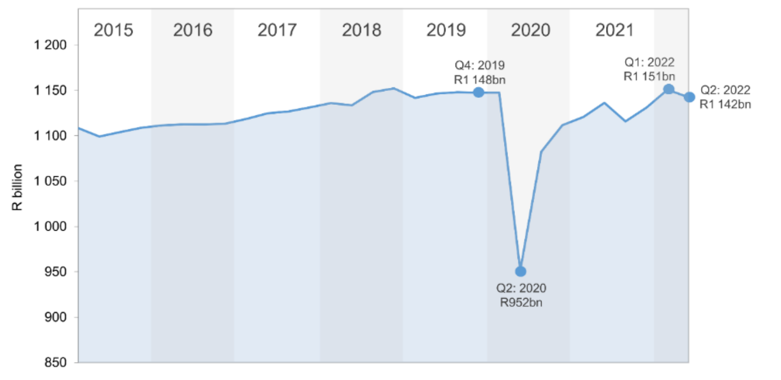
On the upside, the finance, real estate & business services industry made the biggest positive impact on GDP growth in Q2: 2022, rising by 2,4%. Growth was driven by increased activity in the banking sector, as well as in insurance and pension funding.

**Economic recovery from COVID-19: Not all industries are equal**

The economy took almost two years to recover from the impact of COVID-19, with real GDP reaching pre-pandemic levels in Q1: 2022 (Figure 2). The recovery was short lived, with the 0,7% decline in Q2: 2022 dragging GDP back below the Q4: 2019 pre-pandemic level of R1 148 billion.

Figure 2: In Q2: 2022 gross domestic product (GDP) retreated by 0,7%

Falling below the Q4: 2019 pre-pandemic level of R1 148 billion. Real GDP (constant 2015 prices, seasonally adjusted)



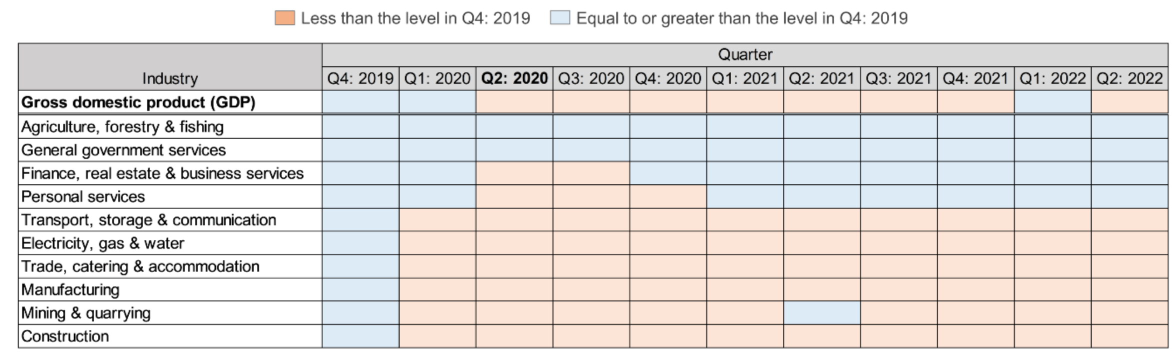

Source: *Gross domestic product (GDP), 2nd quarter 2022*

The story of recovery is more complicated when we consider the industries. Adopting the same methodology used in a recent article that compared South Africa's COVID-19 recovery with other countries[3], Figure 3 shows how long each industry took to recover to its Q4: 2019 level, from Q2: 2020 when national economic activity was at its lowest.

By Q2: 2022, only four industries were at or above their pre-pandemic levels of production. After slumping in Q2: 2020, the finance, real estate & business services industry took two quarters to recover to its Q4: 2019 level, while personal services took three quarters to get back on its feet.

Figure 3: Six industries have not yet recovered from the COVID-19 pandemic

Level of economic activity (constant 2015 prices, seasonally adjusted)




Source: *Gross domestic product (GDP), 2nd quarter 2022*

In terms of this indicator (real value added), agriculture, forestry & fishing and government seem to have weathered the pandemic relatively well.

Six industries have not yet recovered, with construction currently in the worst shape. The construction industry is 24% smaller than it was before the pandemic. Mining briefly recovered in Q2: 2021 but has since remained below its Q4: 2019 level.

For more information, download the latest GDP release, media presentation and Excel files here.

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

**Inflation Consumer Price Index (CPI)**

*Background:*

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

**Key Findings**

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

Annual consumer price inflation was 7,6% in August 2022, down from 7,8% in July 2022. The consumer price index decreased by 0,2% month-on-month in August 2022.
The main contributors to the 7,6% 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 11,3% year-on-year, and contributed 1,9 percentage points to the total CPI annual rate of 7,6%.
- Housing and utilities increased by 4,0% year-on-year, and contributed 1,0 percentage point.
- Transport increased by 21,2% year-on-year, and contributed 2,9 percentage points.
- Miscellaneous goods and services increased by 3,7% year-on-year, and contributed 0,6 of a percentage point.

In August the annual inflation rate for goods was 10,9%, down from 11,5% in July; and for services it was 4,3%, up from 4,2% in July.

Note: Not all items in the CPI are surveyed every month. Additional surveys are conducted for these items when Stats SA is aware of significant price changes outside regular survey months. Health insurance will be surveyed in September and October 2022.

**Table 5: Historical Inflation Rates**

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | Avg |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2014** | 5,8% | 5,9% | 6,0% | 6,0% | 6,6% | 6,6% | 6,3% | 6,4% | 5,9% | 5,9% | 5,8% | 5,3% | 6,1% |
| **2015** | 4,4% | 3,9% | 4,0% | 4,5% | 4,6% | 4,7% | 5,0% | 4,6% | 4,6% | 4,7% | 4,8% | 5,2% | 4,6% |
| **2016** | 6,2% | 7,0% | 6,3% | 6,2% | 6,1% | 6,3% | 6,0% | 5,9% | 6,1% | 6,4% | 6,6% | 6,8% | 6,4% |
| **2017** | 6,6% | 6,3% | 6,1% | 5,3% | 5,4% | 5,1% | 4,6% | 4,8% | 5,1% | 4,8% | 4,6% | 4,7% | 5,3% |
| **2018** | 4,4% | 4,0% | 3,8% | 4,5% | 4,4% | 4,6% | 5,1% | 4,9% | 4,9% | 5,1% | 5,2% | 4,5% | 4,7% |
| **2019** | 4,0% | 4,1% | 4,5% | 4,4% | 4,5% | 4,5% | 4,0% | 4,3% | 4,1% | 3,7% | 3,6% | 4.0% | 4,1% |
| **2020** | 4,5% | 4,6% | 4,1% | 3,0% | 2,1% | 2,2% | 3,2% | 3,1% | 3,0% | 3,3% | 3,2% | 3,1% | 3,3% |
| **2021** | 3,2% | 2,9% | 3,2% | 4,4% | 5,2% | 4,9% | 4,6% | 4,9% | 5,0% | 5.0% | 5,5% | 5,9% | 4,5% |
| **2022** | 5,7% | 5,7% | 5,9% | 5,9% | 6,5% | 7,4% | 7,8% | 7,6% | | | | | |

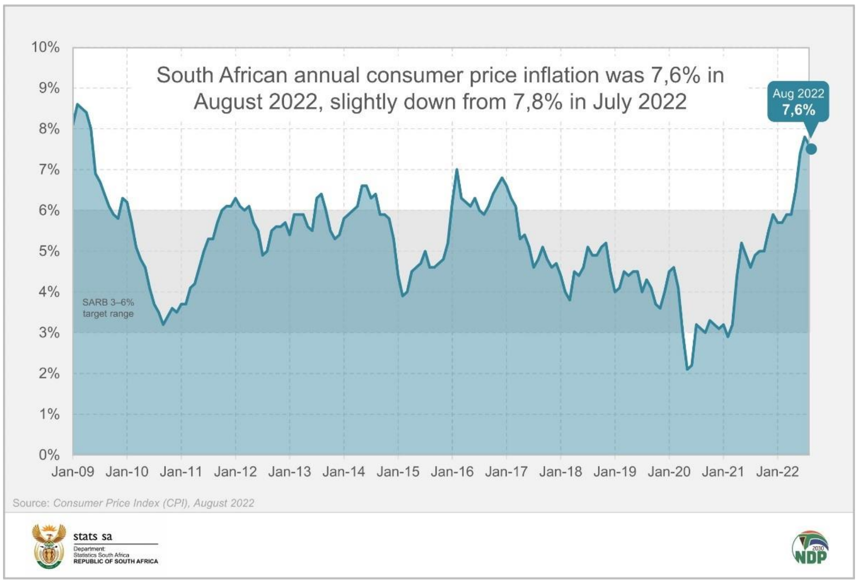
Provincial annual inflation rates ranged from 7,2% in Western Cape to 8,8% in Eastern Cape and Limpopo.

**Table 6: Provincial Inflation Rates**

| Province | May 2019 CPI | Aug 2019 CPI | Nov 2019 CPI | Jan 2020 CPI | Apr 2020 CPI | Aug 2020 CPI | Nov 2020 CPI | Dec 2020 CPI | Jan 2021 CPI | May 2021 CPI | Aug 2021 CPI | Nov 2021 CPI | Feb 2022 CPI | May 2022 CPI | Aug 2022 CPI |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Western Cape** | 5,4% | 4,9% | 4,1% | 5,1% | 3.6% | 3,8% | 3,7% | 3,7% | 3,6% | 5,4% | 5,2% | 5,7% | 5,4% | 6,1% | 7,2% |
| **Eastern Cape** | 3,9% | 4,0% | 3,2% | 4,0% | 2.4% | 3,2% | 3,3% | 3,3% | 3,4% | 5,4% | 5,1% | 5,6% | 5,7% | 6,8% | 8,8% |
| **Northern Cape** | 4,2% | 4,6% | 3,5% | 4,4% | 3.1% | 3,1% | 3,6% | 3,5% | 3,2% | 5,0% | 5,4% | 5,6% | 6,1% | 6,8% | 8,3% |
| **Free State** | 4,4% | 4,2% | 3,6% | 4,0% | 2.7% | 3,0% | 3,1% | 3,2% | 3,1% | 5,0% | 4,9% | 5,3% | 5,5% | 6,2% | 8,5% |
| **KwaZulu-Natal** | 4,0% | 4,1% | 3,4% | 4,0% | 3.0% | 2,9% | 3,1% | 3,3% | 3,3% | 5,1% | 5,1% | 5,4% | 5,5% | 6,6% | 8,0% |
| **North West** | 3,8% | 3,8% | 3,3% | 4,1% | 2.6% | 3,0% | 3,2% | 3,2% | 3,3% | 5,7% | 5,7% | 6,2% | 6,1% | 6,8% | 7,6% |
| **Gauteng** | 4,4% | 4,1% | 3,4% | 4,4% | 2.8% | 2,7% | 2,9% | 2,8% | 2,9% | 5,3% | 4,8% | 5,5% | 5,7% | 6,5% | 7.6% |
| **Mpumalanga** | 4,4% | 4,4% | 3,5% | 4,2% | 2.7% | 2,9% | 2,7% | 2,9% | 2,8% | 5,0% | 4,8% | 5,3% | 5,7% | 6,6% | 7,9% |
| **Limpopo** | 5,0% | 4,7% | 4,1% | 4,7% | 2.8% | 3,1% | 3,4% | 2,9% | 3,6% | 5,6% | 5,1% | 5,7% | 5,4% | 7,2% | 8,8% |

### Softer fuel prices take the edge off inflation in August

Annual consumer inflation dipped to 7,6% in August from 7,8% in July. The monthly increase in the consumer price index (CPI) was 0,2%, the lowest reading since January 2022 when it was also 0,2%.




Fuel prices decreased by 3,8% between July and August, with petrol falling by 5,0% and diesel by 0,9%. This pushed the annual rate for fuel down to 43,2% from 56,2% in July. The welcome decrease in the cost of fuel had an impact on the overall transport index, which declined by 1,0% between July and August.

In contrast to fuel, food inflation continued upwards. The food and non-alcoholic beverages (NAB) index increased by 11,3% in the twelve months to August, higher than the reading of 9,7% in July. Annual food and NAB inflation has climbed significantly from the recent low of 6,0% in April this year and has remained above 5,0% since October 2020. Nine of the eleven food and NAB categories recorded an annual inflation rate above 8,0% in August.

Bread & cereals registered an increase of 3,1% between July and August, pushing the annual rate from 13,7% to 17,8%. Maize meal increased by 4,8% from July, taking the annual rate to 29,1%[1]. Brown bread registered a monthly rise of 2,2% and cake flour 3,9%.

Annual meat inflation eased slightly from 9,4% in July to 9,2% in August, with a monthly increase of 0,7%. Annual meat inflation has remained above 8,0% since May 2021.

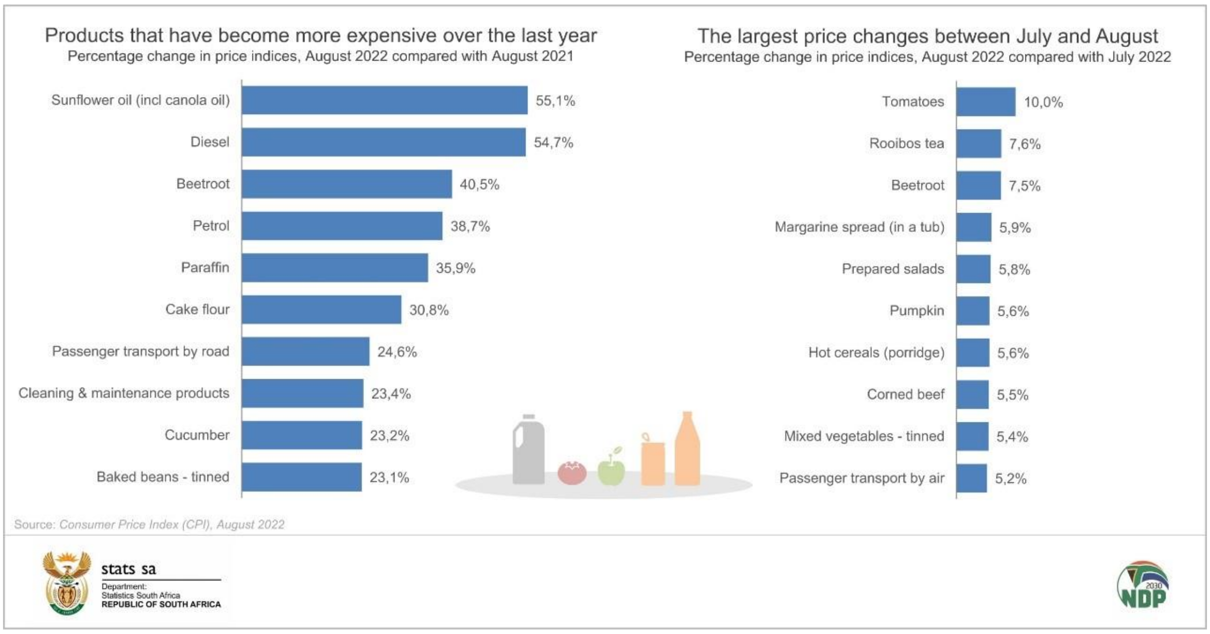
Prices for milk, eggs & cheese increased by 2,1% between July and August. Products with higher than average monthly increases include cheddar cheese (3,1%), low fat milk (2,9%) and full cream milk (2,6%).

Oils & fats hit another annual high – 37,6% in August, up from 36,2% in July. The monthly rate, however, has slowed from its peak of 10,1% in May this year to 1,1% in August.

Hot beverage prices steamed to their highest annual rate in 64 months at 11,8% (compared with 12,1% in April 2017), stirred up by monthly increases in rooibos tea (7,6%) and instant coffee (3,9%).

Household cleaning products (detergents) recorded significant price increases. Washing powder is 26,2% more expensive than a year ago. Laundry soap will set you back an additional 33,9% compared with August last year, and the price of dishwashing liquid has climbed by 13,6% over the same period. Overall, the price index for cleaning and maintenance products increased by 23,4% over the past 12 months.

The charts below list the products that recorded the largest annual and monthly price increases in August.




For more information, download the August 2022 CPI statistical release, time series data and average product prices here.

[1] Comparing maize meal (in August 2022) with super maize meal (in August 2021).

## Production Price Index (PPI)

Another important price index is the production price index (PPI). Whereas the consumer price index (CPI) measures the cost of a representative basket of goods and services to the consumer, the PPI measures prices at the level of the first significant commercial transaction. For example, the prices of imported goods are measured at the point where they enter the country and not where they are sold to consumers. Likewise, manufactured goods are priced when they leave the factory, not when they are sold to consumers.

Another important feature of the PPI is that it includes capital and intermediate goods (excluded from the CPI), excludes VAT (included in the CPI) and excludes services (which account for 45% of the CPI basket). The PPI is therefore based on a completely different basket of items than the CPI.

The PPI, which is also estimated and published on a monthly basis by Statistics South Africa, measures the cost of production rather than the cost of living. Unlike the CPI, the PPI therefore cannot be related directly to consumers' living standards. The PPI is nevertheless very useful in the analysis of inflation. Because it measures the cost of production, a significant change in the rate of increase in the PPI is usually an indication that the rate of increase in the CPI will also change a few months later.

The methods used for calculating the rate of increase in the PPI are the same as the methods used for calculating an inflation rate based on the CPI.

**Table 5: Average Annual CPI and PPI 2012 to 2021**

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

**Key findings for August 2022**

Final manufactured goods – headline PPI

Annual producer price inflation (final manufacturing) was 16,6% in August 2022, down from 18,0% in July 2022. The producer price index decreased by 0,5% month-on-month in August 2022.

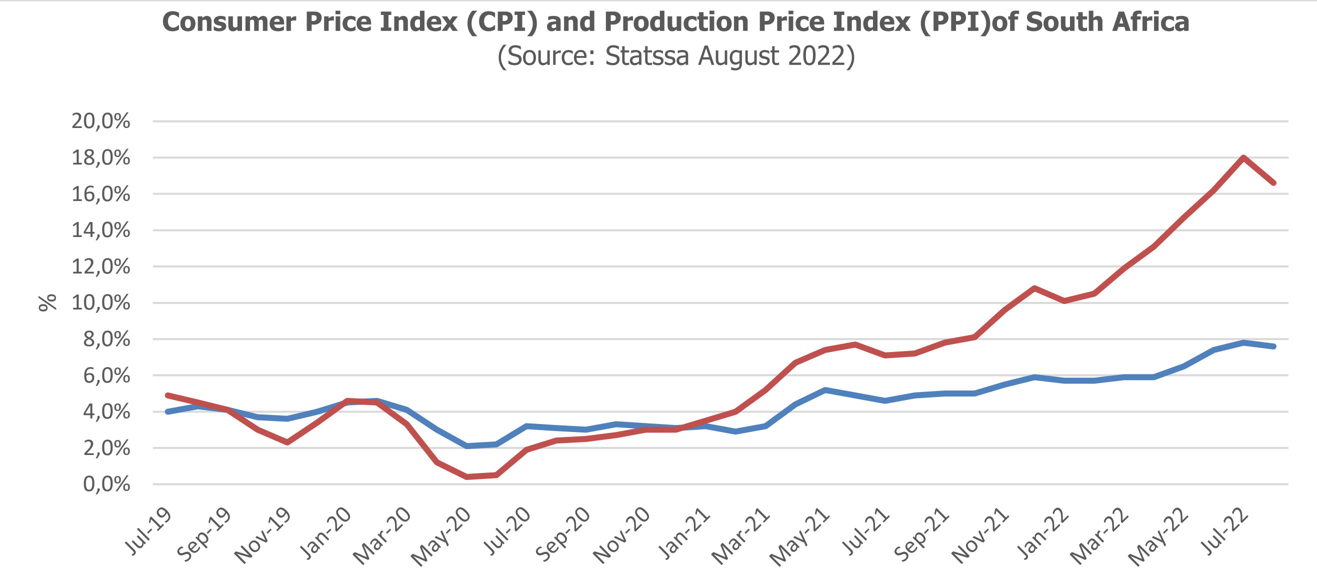
The main contributors to the headline PPI annual inflation rate were coke, petroleum, chemical, rubber and plastic products;

food products, beverages and tobacco products; metals, machinery, equipment and computing equipment; and paper and printed products

- Coke, petroleum, chemical, rubber and plastic products increased by 37,6% year-on-year and contributed 9,4 percentage points.
- Food products, beverages and tobacco products increased by 11,6% year-on-year and contributed 3,0 percentage points.
- Metals, machinery, equipment and computing equipment increased by 10,8% year-on-year and contributed 1,6 percentage points.
- Paper and printed products increased by 9,7% year-on-year and contributed 0,8 of a percentage point.

The main contributor to the headline PPI monthly decrease was coke, petroleum, chemical, rubber and plastic products, which decreased by 1,6% month-on-month and contributed -0,5 of a percentage point.

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




| | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CPI | 4,0% | 4,3% | 4,1% | 3,7% | 3,6% | 4,0% | 4,5% | 4,6% | 4,1% | 3,0% | 2,1% | 2,2% |
| PPI | 4,9% | 4,5% | 4,1% | 3,0% | 2,3% | 3,4% | 4,6% | 4,5% | 3,3% | 1,2% | 0,4% | 0,5% |

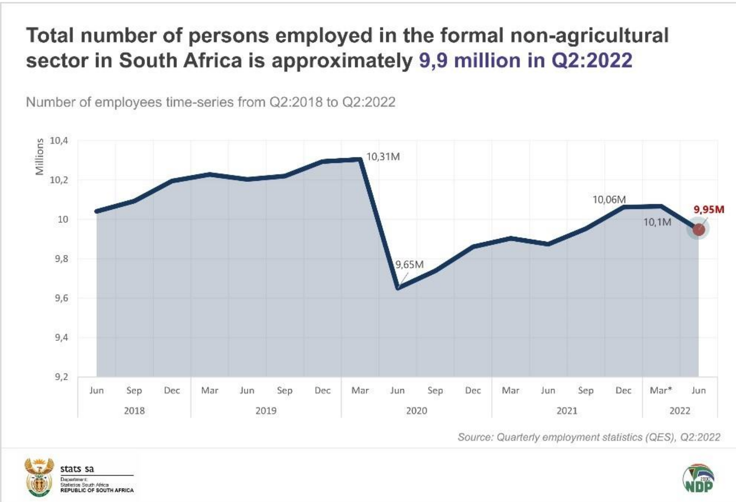
| | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CPI | 3,2% | 3,1% | 3,0% | 3,3% | 3,2% | 3,1% | 3,2% | 2,9% | 3,2% | 4,4% | 5,2% | 4,9% |
| PPI | 1,9% | 2,4% | 2,5% | 2,7% | 3,0% | 3,0% | 3,5% | 4,0% | 5,2% | 6,7% | 7,4% | 7,7% |

| | Jul-21 | Aug-21 | Sep-21 | Oct-21 | Nov-21 | Dec-21 | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CPI | 4,6% | 4,9% | 5,0% | 5,0% | 5,5% | 5,9% | 5,7% | 5,7% | 5,9% | 5,9% | 6,5% | 7,4% | 7,8% | 7,6% |
| PPI | 7,1% | 7,2% | 7,8% | 8,1% | 9,6% | 10,8 | 10,1 | 10,5 | 11,9 | 13,1 | 14,7 | 16,2 | 18,0 | 16,6 |

### Employment

### SA formal non-agricultural sector employment drops by 1,2% in Q2 of 2022

According to the [Quarterly Employment Statistics (QES, Q2:2022)] survey released by Statistics South Africa (Stats SA), total employment in the formal non-agricultural sector decreased by 119 000 in the second quarter of 2022, bringing the level of total employment to approximately 9,9 million. The survey showed that jobs increased by 74 000 between June 2021 and June 2022.




Total employment decreased by 119 000 quarter-on-quarter, from 10 067 000 in March 2022 to 9 948 000 in June 2022. This was largely due to decreases in the following industries: community services (-100 000), business services (-15 000), construction (-13 000), manufacturing (-12 000) and electricity (-1 000).

However, there were increases in the following industries: trade (17 000), mining (4 000) and transport (1 000).

Total employment increased by 74 000 year-on-year between June 2021 and June 2022.

Full-time employment decreased by 16 000 quarter-on-quarter, from 8 842 000 in March 2022 to 8 826 000 in June 2022. This was largely due to decreases in the following industries: business services (-19 000), construction (-13 000), community services (-8 000) and electricity (-1 000).

However, there were increases in the following industry: trade (19 000), mining (4 000), manufacturing (1 000) and transport (1 000).

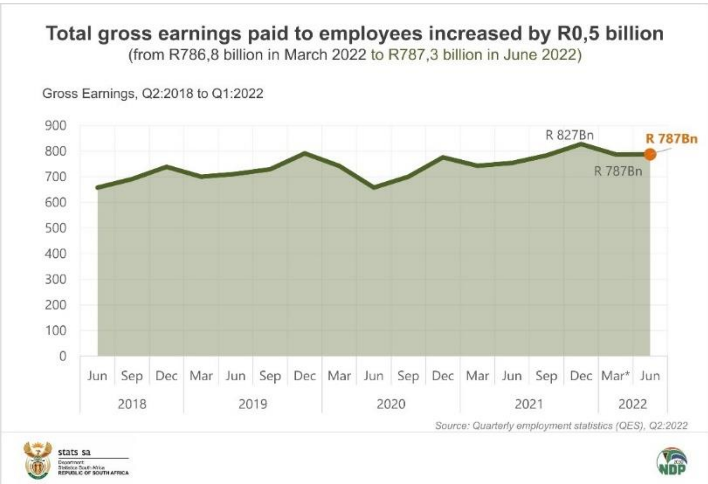
Full-time employment decreased by 80 000 year-on-year between June 2021 and June 2022.

Part-time employment decreased by 103 000 quarter-on-quarter, from 1 225 000 in March 2022 to 1 122 000 in June 2022. This was largely due to decreases in the following industries: community services (-92 000), manufacturing (-13 000) and trade (-2 000).

The electricity, construction and transport industries reported no quarterly change.

However, the business services industry reported a quarterly increase of 4 000 employees.

Part-time employment increased by 154 000 year-on-year between June 2021 and June 2022.




Total gross earnings paid to employees increased by R0,5 billion or 0,1% from R786,8 billion in March 2022 to R787,3 billion in June 2022. This was largely due to increases in the following industries: transport (R3,3 billion or 9,4%), community services (R2,7 billion or 1,0%), trade (R1,7 billion or 1,5%), construction (R1,7 billion or 5,2%) and mining (R0,7 billion or 1,6%).

However, there were decreases in the following industries: business services (-R9,2 billion or -4,2%), manufacturing (-R0,3 billion or -0,4%) and electricity (-R0,1 billion or -0,7%).

The year-on-year, total gross earnings increased by R33,6 billion or 4,5% between June 2021 and June 2022.

Basic salary/wages paid to employees increased by R10,3 billion or 1,5% from R706,7 billion in March 2022 to R717,0 billion in June 2022. This was largely due to increases in the following industries: business services (R4,0 billion), trade (R2,1 billion), construction (R1,6 billion), manufacturing (R1,2 billion), transport (R0,7 billion), mining (R0,7 billion) and community services (R0,1 billion).

The electricity industry, however, reported a quarterly decrease (-R9,0 million).

Year-on-year, basic salary/wages increased by R26,2 billion or 3,8% between June 2021 and June 2022.

Bonus payments paid to employees decreased by R11,9 billion or -20,0% from R59,2 billion in March 2022 to R47,4 billion in June 2022. This was largely due to decreases in the following industries: business services (-R13,7 billion), manufacturing (-R1,8 billion), trade (-R0,6 billion), construction (-R0,4 billion) and electricity (-R0,1 billion).

There were, however, increases in the following industries: transport (R2,4 billion) and community services (R2,3 billion).

Year-on-year, bonus payments increased by R5,9 billion or 14,3% between June 2021 and June 2022.

Overtime payments paid to employees increased by R2,0 billion or 9,6% from R20,9 billion in March 2022 to R22,9 billion in June 2022. This was largely due to increases in the following industries: business services (R492 million), construction (R457 million), manufacturing (R330 million), community services (R324 million), trade (R186 million), transport (R150 million) and electricity (R57 million).

Year-on-year, overtime payments increased by R1,5 billion or 7,1% between June 2021 and June 2022.

There was a quarter-on-quarter increase of 1,2% in average monthly earnings (AME) paid to employees in the formal non-agricultural sector from R23 697 in February 2022 to R24 578 in May 2022. AME increases were reported in construction (9,7%), community services (5,7%), transport (3,4%), business services (2,7%), trade (2,5%), manufacturing (2,4%), mining (2,3%) and electricity (1,0%).

Year-on-year, average monthly earnings paid to employees in the formal non-agricultural sector increased by 4,0%.

**Table 6: Employment by Province**

| Province | Apr-Jun 2021 | Jan-Mar 2022 | Apr-Jun 2022 | Qtr-to-qtr change | Year-on-year change | Qtr-to-qtr change | Year-on-year change |
|---|---|---|---|---|---|---|---|
| | Thousand | | | | | Per cent | |
| **South Africa** | **14 942** | **14 914** | **15 562** | **648** | **620** | **4,3** | **4,2** |
| Western Cape | 2 256 | 2 298 | 2 344 | 46 | 87 | 2,0 | 3,9 |
| Eastern Cape | 1 235 | 1 293 | 1 343 | 50 | 108 | 3,9 | 8,8 |
| Northern Cape | 256 | 321 | 318 | -3 | 62 | -1,0 | 24,1 |
| Free State | 723 | 781 | 807 | 26 | 84 | 3,3 | 11,6 |
| KwaZulu-Natal | 2 421 | 2 371 | 2 481 | 110 | 60 | 4,7 | 2,5 |
| North West | 979 | 917 | 924 | 7 | -55 | 0,8 | -5,6 |
| Gauteng | 4 648 | 4 586 | 4 787 | 201 | 138 | 4,4 | 3,0 |
| Mpumalanga | 1 166 | 1 082 | 1 167 | 85 | 1 | 7,8 | 0,1 |
| Limpopo | 1 257 | 1 265 | 1 391 | 126 | 134 | 9,9 | 10,7 |

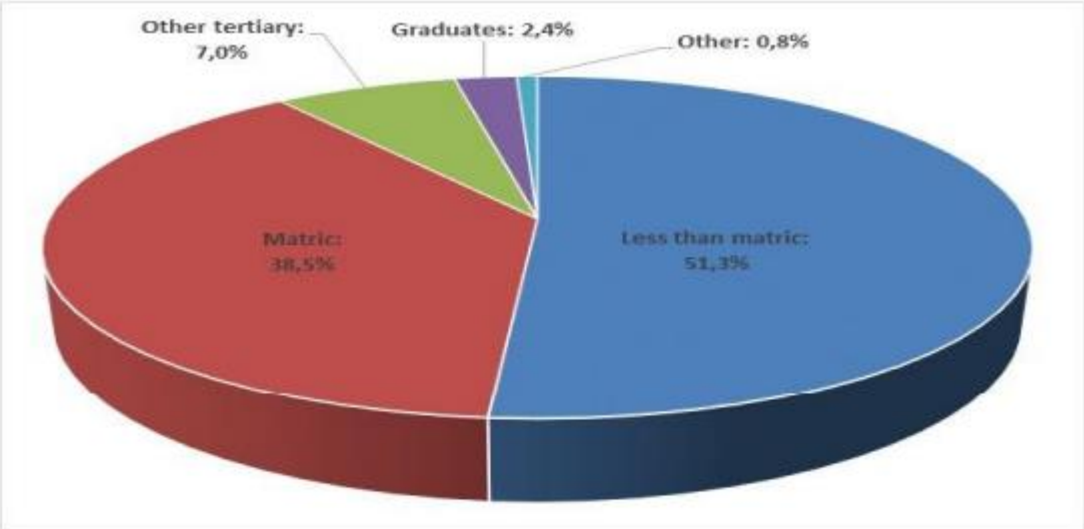
The number of employed persons increased in eight provinces between Q1: 2022 and Q2: 2022. The largest employment increases were recorded in Gauteng (up by 201 000), Limpopo (up by 126 000), KwaZuluNatal (up by 110 000), Mpumalanga (up by 85 000) and Eastern Cape (up by 50 000).

Employment losses were recorded only in Northern Cape (down by 3 000) during the same period. Limpopo recorded the biggest quarter-to-quarter increase in employment of 9,9%. Compared to Q2: 2021, the largest increases in employment were recorded in Gauteng (up by 138 000), Limpopo (up by 134 000), Eastern Cape (up by 108 000), Western Cape (up by 87 000) and Free State (up by 84 000). Mpumalanga recorded the lowest increase in the number of employed persons at 1 000.

North West was the only province that recorded losses in employment at 55 000.

Northern Cape had the biggest change in employment with an increase of 24,1%, followed by Free State and Limpopo with increases of 11,6% and 10,7%, respectively.

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




Of the 8,0 million unemployed persons in the second quarter of 2022, as many as 51,3% had education levels below matric, followed by those with matric at 38,5%. Only 2,4% of unemployed persons were graduates, while 7,0% had other tertiary qualifications as their highest level of education.

**Table 8: Unemployment Rate by Province**

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

The official unemployment rate decreased by 0,6 of a percentage point to 33,9% in Q2: 2022 compared to Q1: 2022.

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

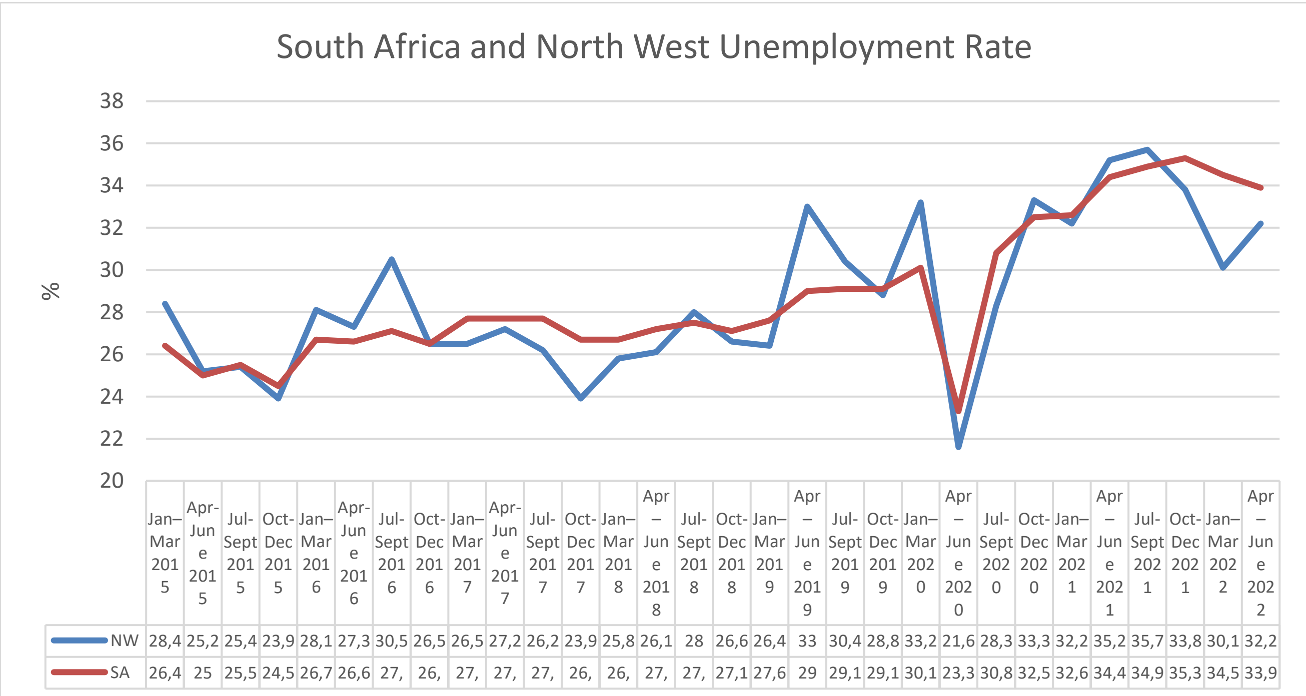
Year-on-year, the official unemployment rate decreased by 0,5 of a percentage point. The official unemployment rate decreased in five provinces. The largest decrease in the unemployment rate was recorded in Northern Cape (down by 4,4 percentage points), followed by Eastern Cape (down by 4,3 percentage points), Free State (down by 4,1 percentage points) and North West (down by 3,0 percentage points). The largest increase in the unemployment rate was recorded in Limpopo (up by 5,9 percentage points) and Western Cape (up by 1,7 percentage points).

The expanded unemployment rate decreased by 1,4 percentage points in Q2: 2022 compared to Q1: 2022. This is reflective of the fact that people were available for work but did not actively look for work. All provinces recorded a decrease in the expanded unemployment rate, except in Western Cape and Northern Cape where it increased by 2,3 percentage points and 1,9 percentage points, respectively, while North West remained unchanged. The largest decrease was recorded in Mpumalanga (down by 3,5 percentage points), followed by Limpopo (down by 3,4 percentage points) and Gauteng (down by 2,6 percentage points).

Compared to the same period last year, the expanded unemployment rate decreased by 0,3 of a percentage point in Q2: 2022. Five out of nine provinces recorded decreases in the expanded unemployment rate. The largest decrease in the expanded unemployment rate was recorded in Free State (down by 4,9 percentage points), followed by Northern Cape (down by 4,0 percentage points) and Limpopo (down by 2,4 percentage points).

The largest increase in the expanded unemployment rate was recorded in KwaZulu-Natal and North West (up by 2,3 percentage points each), followed by Western Cape (up by 2,2 percentage points).

**Figure 4: South Africa and North West Unemployment Rate (Source: Statssa Q2 2022)**



## 2.3 North West Province Economic Overview

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

The table below summarises the key demographic and socio-economic characteristics for the NWP and its four district municipalities' in context of the South African picture with regards to demographics, development, household infrastructure, labour, income and expenditure, economy, tourism and international trade as per the 2021 IHS Global Insight Indicators.

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

**Table 8: KEY INDICATORS: South Africa, North West Province and NW District Municipalities (2021)**

| KEY INDICATORS: South Africa, North West Province and NW District Municipalities (2021) | | | | | | | |
|---|---|---|---|---|---|---|---|
| (Source:IHS Markit; Regional eXplorer 2175 (2.6p);October 2021) | | | | | | | |
| | | SA | North-West | Bojanala DM | Ngaka Modiri Molema DM | Dr Ruth Segomotsi Mompati DM | Dr Kenneth Kaunda DM |
| **Size of Area** | (km²) | 1 221 246 | 104 882 | 18 333 | 28 114 | 43 764 | 14 671 |
| | % Share of Region | | 8,6% | 17,5% | 26,8% | 41,7% | 14,0% |
| **Demographic** | Total population | 59 646 053 | 4 095 248 | 1 820 994 | 953 420 | 517 562 | 803 272 |
| | % Share of Region | | 6,9% | 44,5% | 23,3% | 12,6% | 19,6% |
| | Population Growth rate (%) 2020 | 1,5% | 1,5% | 1,6% | 1,4% | 1,3% | 1,4% |
| | Number of Households | 16 820 584 | 1 226 035 | 587 937 | 261 720 | 142 422 | 233 956 |
| **Development** | Human Development Index (HDI) | 0,66 | 0,63 | 0,65 | 0,59 | 0,56 | 0,66 |
| | Gini coefficient | 0,64 | 0,63 | 0,62 | 0,62 | 0,62 | 0,63 |
| | **Poverty indicators** | | | | | | |
| | People below the food poverty line (StatsSA defined) | 19 396 783 | 1 304 752 | 480 348 | 365 801 | 210 392 | 248 211 |
| | % | 32,5% | 31,9% | 26,4% | 38,4% | 40,7% | 30,9% |
| | % Increase 2018 to 2019 | 4,09% | 4,45% | 5,05% | 4,19% | 3,75% | 4,29% |
| | % Increase 2019 to 2020 | 10,41% | 10,76% | 12,29% | 9,52% | 9,17% | 11,05% |
| | Highest level of education: age 20+; Matric only | 12 010 795 | 766 043 | 404 222 | 142 729 | 66 269 | 152 823 |
| | Population density (number of people per km²) | 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 Mompati DM | Dr Kenneth Kaunda DM |
|---|---|---|---|---|---|---|---|
| **Household Infrastruc-ture** | Share of household occupying formal dwellings (2020) | 79,3% | 79,5% | 74,0% | 82,0% | 88,1% | 85,3% |
| **Labour** | EAP as % of total population, official definition 2020 | 37,1% | 32,1% | 35,4% | 27,6% | 24,4% | 35,1% |
| | Unemployment rate, official definition (%) | 29,9% | 31,1% | 41,6% | 20,3% | 22,2% | 20,8% |
| | Youth Unemployment rate (Aged 15-24) (Official Definition) | 59,5% | 63,6% | 75,8% | 51,7% | 49,8% | 49,5% |
| **Income & Expenditure** | Annual total personal income (R million, current prices) | 3 977 123 | 251 077 | 123 880 | 45 316 | 22 525 | 59 356 |
| | Annual per capita income (Rand, current prices) | 66 679 | 61 309 | 68 029 | 47 530 | 43 521 | 73 893 |
| | Annual per household income (Rand, current prices) | 236 444 | 204 788 | 210 703 | 173 146 | 158 157 | 253 705 |
| | Index of buying power | 100,0% | 5,8% | 2,8% | 1,1% | 0,6% | 1,3% |

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

The *Index of Buying Power* has also increased for the NW province. IHS Global Insight's Index of Buying Power (IBP) indicates that 5,8% of the country's spending power is located in the NW. Income levels in the NWP are below the national average (which is to be expected for the more rural areas in South Africa). The unemployment rate is slightly higher than that of the national average, while the percentage of people living in poverty is marginally lower than the national average. The NWP has a share of approximately 5.4% of national employment.

*The NWP is a large and significant local economy in the South African economic context*. North West mining GVA-R contributes approximately (R86,7bn) 29,9% to the total industries GVA (Current prices) in the province and 24,4% to national mining GDP and 14.0% to North West formal employment (122 000 jobs) and 32,7% to national mining employment. (Source:IHS Markit; Regional eXplorer 2175 (2.6p);October 2021) and Statssa Q3 2021)

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

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

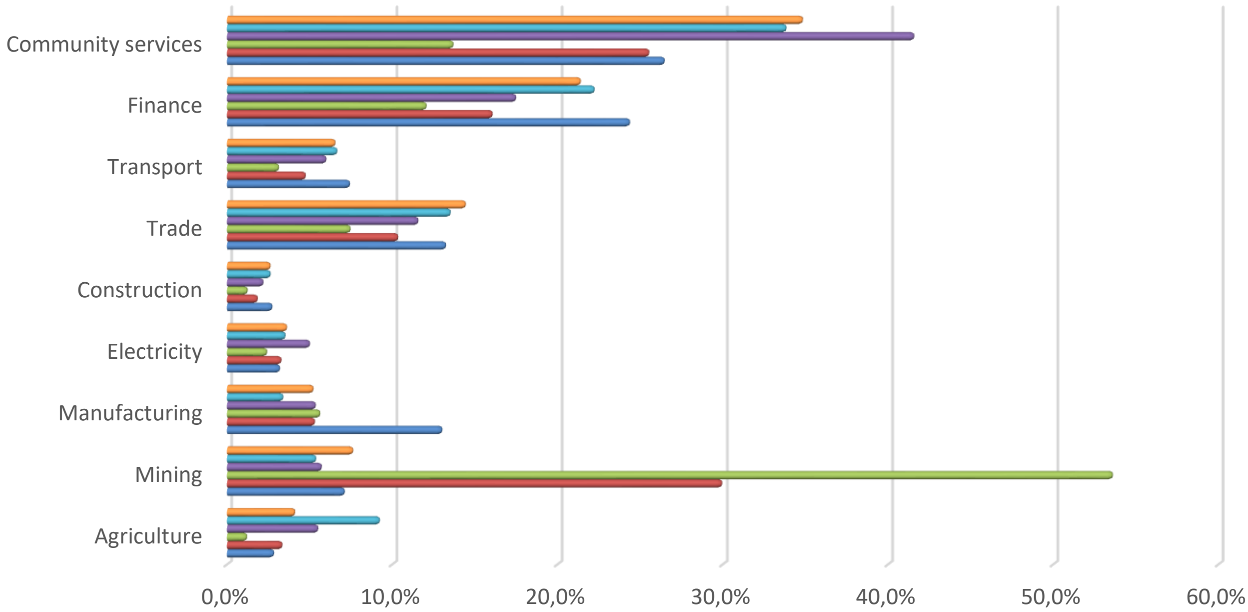
The *Gini coefficient* indicates that the level of equality is decreasing from 0,60 in 2009 to 0.63 in 2020 of the North West province. This is a trend for South Africa and the District Municipalities as well.

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**

**GVA-R 2020; Sector's share of regional total (%);  Broad Economic Sectors (9 sectors); Current prices (R 1000)**

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




| | Agriculture | Mining | Manufacturing | Electricity | Construction | Trade | Transport | Finance | Community services |
|---|---|---|---|---|---|---|---|---|---|
| DKKDM | 4,1% | 7,6% | 5,2% | 3,6% | 2,6% | 14,4% | 6,5% | 21,4% | 34,8% |
| DRSMDM | 9,2% | 5,3% | 3,3% | 3,5% | 2,6% | 13,5% | 6,6% | 22,2% | 33,8% |
| NMMDM | 5,5% | 5,7% | 5,3% | 5,0% | 2,1% | 11,5% | 6,0% | 17,4% | 41,5% |
| BPDM | 1,2% | 53,6% | 5,6% | 2,4% | 1,2% | 7,4% | 3,1% | 12,0% | 13,6% |
| NW | 3,3% | 29,9% | 5,3% | 3,2% | 1,8% | 10,3% | 4,7% | 16,0% | 25,5% |
| SA | 2,8% | 7,1% | 13,0% | 3,1% | 2,7% | 13,2% | 7,4% | 24,3% | 26,4% |

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

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

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

### Table 11: International Trade Statistics 2019

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

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

Exports from the Province are low as per the statistics above. This can be attributed to the fact that most of the exporters in the North West have their Head Quarters in other provinces and the exports are recorded there. The province had a healthy positive export balance which indicates more exports than imports. Please see more information in the section on trade.

Comparing 2019 export figures of the North West province to 2017, North West exports increased from approximately R24 bn to approximately R103 bn representing 32,7% of the GDP of the North West province, compared to 8.9% in 2017. Imports remained at about R6 bn. R88,7bn of the exports where from Rustenburg and R10,9 bn from Madibeng and was mostly represented by precious metals.

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

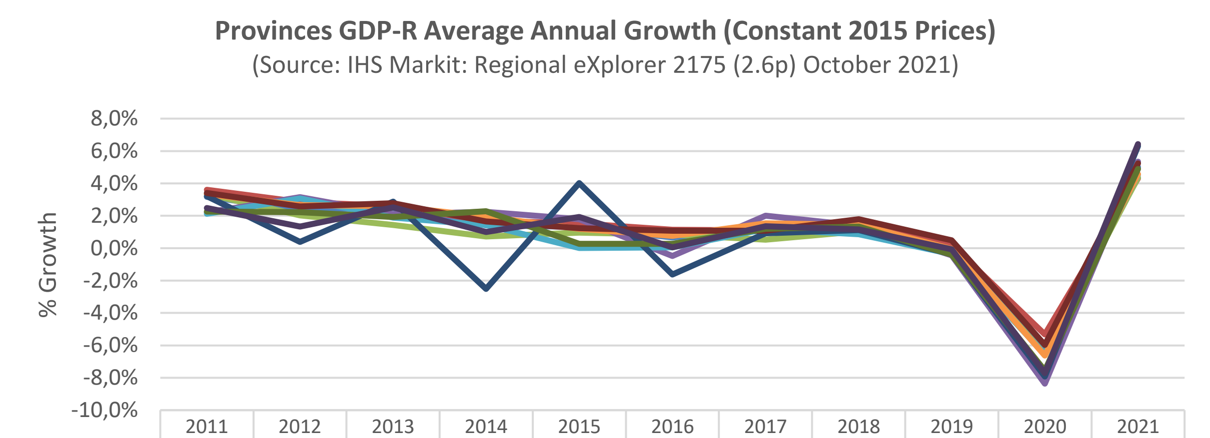
**Table 13: Areas with location quotients ≥ 1.1 by broad economic sector in the NWP (2020) (Source: IHS Markit: Regional eXplorer 2175 (2.6p) October 2021)**

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

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

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

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




| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| SA | 3,2% | 2,4% | 2,5% | 1,4% | 1,3% | 0,7% | 1,2% | 1,5% | 0,1% | -6,4% | 5,0% |
| WC | 3,6% | 2,9% | 2,6% | 1,7% | 1,5% | 1,1% | 1,1% | 1,6% | 0,2% | -5,3% | 4,3% |
| EC | 3,3% | 2,0% | 1,4% | 0,7% | 1,0% | 0,8% | 0,5% | 1,0% | -0,1% | -6,5% | 4,4% |
| NC | 2,2% | 3,2% | 2,1% | 2,2% | 1,8% | -0,5% | 2,0% | 1,4% | -0,4% | -8,4% | 5,3% |
| FS | 2,1% | 3,1% | 1,9% | 1,4% | 0,0% | 0,1% | 1,2% | 0,9% | -0,4% | -6,6% | 4,5% |
| KZN | 3,3% | 2,7% | 2,6% | 2,0% | 1,2% | 0,8% | 1,5% | 1,5% | -0,1% | -6,6% | 4,6% |
| NW | 3,2% | 0,4% | 2,9% | -2,5% | 4,0% | -1,6% | 0,9% | 1,1% | -0,4% | -7,9% | 6,3% |
| GAU | 3,4% | 2,6% | 2,8% | 1,7% | 1,2% | 1,1% | 1,1% | 1,8% | 0,5% | -6,0% | 5,2% |
| MPU | 2,3% | 2,2% | 1,9% | 2,3% | 0,3% | 0,3% | 1,2% | 1,3% | -0,4% | -7,6% | 4,9% |
| LIM | 2,5% | 1,3% | 2,5% | 1,0% | 1,9% | 0,1% | 1,4% | 1,2% | -0,1% | -7,7% | 6,4% |

(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 July 2019 to June 2022**

| South Africa Thousands | July-Sept 2019 | Oct-Dec 2019 | Jan– Mar 2020 | Apr– June 2020 | July-Sept 2020 | Oct-Dec 2020 | Jan-Mar 2021 | SA Apr– Jun 2021 | July-Sept 2021 | Oct-Dec 2021 | Jan-Mar 2022 | Apr-Jun 2022 | SA % Share Contribution Apr-Jun | Y on Y Change Thous |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Agriculture** | 880 | 885 | 865 | 799 | 808 | 810 | 792 | 862 | 829 | 868 | 844 | 874 | 5,6% | 12,0 |
| **Mining** | 419 | 430 | 436 | 373 | 419 | 384 | 395 | 398 | 345 | 370 | 406 | 407 | 2,6% | 9,0 |
| **Manufacturing** | 1 760 | 1 720 | 1 706 | 1 456 | 1 460 | 1 491 | 1 497 | 1 415 | 1 402 | 1 316 | 1 579 | 1 507 | 9,7% | 92,0 |
| **Utilities** | 133 | 120 | 116 | 113 | 90 | 99 | 115 | 118 | 96 | 82 | 103 | 104 | 0,7% | -14,0 |
| **Construction** | 1 339 | 1 350 | 1 343 | 1 066 | 1 080 | 1 166 | 1 079 | 1 222 | 1 157 | 1 133 | 1 073 | 1 177 | 7,6% | -45,0 |
| **Trade** | 3 408 | 3 249 | 3 320 | 2 946 | 3 008 | 3 063 | 2 979 | 3 087 | 2 778 | 2 896 | 2 994 | 3 163 | 20,3% | 76,0 |
| **Transport** | 975 | 1 011 | 995 | 885 | 878 | 943 | 903 | 969 | 964 | 951 | 960 | 906 | 5,8% | -63,0 |
| **Finance** | 2 492 | 2 568 | 2 517 | 2 234 | 2 434 | 2 312 | 2 527 | 2 248 | 2 386 | 2 404 | 2 332 | 2 460 | 15,8% | 212,0 |
| **Community and Social Services** | 3 679 | 3 792 | 3 759 | 3 244 | 3 381 | 3 551 | 3 567 | 3 401 | 3 191 | 3 268 | 3 546 | 3 821 | 24,6% | 420,0 |
| **Private House Holds** | 1 268 | 1 286 | 1 316 | 1 005 | 1 121 | 1 197 | 1 127 | 1 194 | 1 130 | 1 258 | 1 072 | 1 124 | 7,2% | -70,0 |
| **Other** | 5 | 9 | 11 | 27 | 12 | 8 | 14 | 27 | 5 | 3 | 4 | 18 | 0,1% | -9,0 |
| **TOTAL** | **16 375** | **16 420** | **16 383** | **14 148** | 14 691 | 15 024 | **14 995** | 14 942 | 14282 | 14 544 | 14 914 | 15 562 | 100,0% | 620,0 |

| South Africa Thousands | July-Sept 2019 | Oct-Dec 2019 | Jan–Mar 2020 | Apr-June 2020 | July-Sept 2020 | Oct-Dec 2020 | Jan–Mar 2021 | Apr-June 2021 | July-Sept 2021 | Oct-Dec 2021 | Jan–Mar 2022 | **Apr-Jun 2022** | % Change Y on Y |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Population 15-64 yrs** | 38 582 | 38 727 | 38 874 | 39 021 | 39 167 | 39 311 | **39 445** | 38 433 | 39 745 | 39 888 | 40 033 | 40 177 | 1,5 |
| **Labour Force** | 23 109 | 23 146 | 23 452 | 18 443 | 21 224 | 22 257 | **22 237** | 22 968 | 21 925 | 22 466 | 22 776 | 23 556 | 3,5 |
| **Employed** | 16 375 | 16 420 | 16 383 | 14 148 | 14 691 | 15 024 | 14 995 | 16 313 | 14 282 | 14 544 | 14 914 | 15 562 | 4,2 |
| **Unemployed** | 6 734 | 672 | 7 070 | 4 295 | 6 533 | 7 233 | 7 242 | 6 655 | 7 643 | 7 921 | 7 862 | 7 994 | 2,1 |
| **Not economically active** | 15 474 | 15 581 | 15 422 | 20 578 | 17 944 | 17 054 | 17 218 | 15 465 | 17 820 | 17 423 | 17 257 | 16 621 | -1,3 |
| **Discouraged work-seekers** | 2 793 | 2 855 | 2 918 | 2 471 | 2 696 | 2 930 | 3 131 | 2 749 | 3 862 | 3 806 | 3 752 | 3 568 | 7,6 |
| **Other** | 12 681 | 12 726 | 12 504 | 18 107 | 15 248 | 14 124 | 14 086 | 12 716 | 13 958 | 13 617 | 13 505 | 13 053 | -3,4 |
| **Rates (%)** | | | | | | | | | | | | | |
| **Unemployment rate** | **29,1** | **29,1** | **30,1** | **23,3** | **30,8** | 32,5 | **32,6** | 29,0 | 34,9 | 35,3 | 34,5 | 33,9 | -0,5 |
| **Employed / population ratio (Absorption)** | 42,4 | 42,4 | 42,1 | 36,3 | 37,5 | 38,2 | 38,0 | 42,4 | 35,9 | 36,5 | 37,3 | 38,7 | 1,0 |
| **Labour force participation rate** | 59,9 | 59,8 | 60,3 | 47,3 | 54,2 | 56,6 | 56,4 | 59,8 | 55,2 | 56,3 | 56,9 | 58,6 | 1,1 |

**Table 16: North West's Employment Figures July 2019 to June 2022**

| | July-Sept 2019 | Oct-Dec 2019 | Jan–Mar 2020 | Apr-Jun 2020 | July-Sept 2020 | Oct-Dec 2020 | Jan–Mar 2021 | Apr-Jun 2021 | July-Sept 2021 | Oct-Dec 2021 | Jan–Mar 2022 | **Apr-Jun 2022** | % Change Y on Y |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Population 15-64 yrs** | **2 609** | **2 620** | **2 630** | **2 641** | **2 651** | **2 661** | **2 588** | **2 599** | **2 692** | **2 702** | 2 712 | 2 722 | 1,5 |
| **Labour Force** | **1 380** | **1 393** | **1 452** | **1 114** | **1 298** | **1 416** | **1 318** | **1 370** | **1 323** | **1297** | 1 312 | 1 363 | -9,8 |
| **Employed** | 960 | 992 | 969 | 874 | 930 | 944 | 970 | 918 | 851 | 858 | 917 | 924 | -5,6 |
| **Unemployed** | 420 | 401 | 483 | 240 | 368 | 472 | 348 | 452 | 472 | 439 | 395 | 439 | -17,5 |
| **Not economically active** | 1 230 | 1 227 | 1 178 | 1 527 | 1 353 | 1 245 | 1 270 | 1 228 | 1 369 | 1 405 | 1 400 | 359 | 16,1 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Discouraged work-seekers** | 275 | 271 | 229 | 231 | 247 | 241 | 339 | 260 | 355 | 334 | 363 | 360 | 36,3 |
| **Other** | 955 | 956 | 949 | 1296 | 1106 | 1004 | 931 | 968 | 1 014 | 1 071 | 1 038 | 999 | 10,2 |
| **Rates (%)** | | | | | | | | | | | | | |
| **Unemployment rate** | **30,4** | **28,8** | **33,2** | **21,6** | **28,3** | **33,3** | **26,4** | **33** | **35,7** | **33,8** | 30,1 | 32,2 | -3 |
| **Employed / population ratio (Absorption)** | 36,8 | 37,9 | 36,9 | 33,1 | 35,1 | 35,5 | 37,5 | 35,3 | 31,6 | 31,8 | 33,8 | 33,9 | -2,6 |
| **Labour force participation rate** | 52,9 | 53,2 | 55,2 | 42,2 | 49 | 53,2 | 50,9 | 52,7 | 49,1 | 48 | 48,4 | 50,1 | -6,3 |

**Table 17: North West Employment by Industry Figures Compared to South Africa (Source: STASSA Q2 2022)**

| North West Thousands | Jul-Sept 2019 | Oct-Dec 2019 | Jan-Mar 2019 | Apr-Jun 2020 | Jul-Sept 2020 | Oct-Dec 2020 | Jan-Mar 2021 | Apr-Jun 2021 | Jul-Sept 2021 | Oct-Dec 2021 | Jan-Mar 2022 | Apr-Jun 2022 | NW% Share Apr-Jun 20212022 | NW as % of SA | Y on Y Change Thous |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Agriculture** | 59 | 48 | 51 | 45 | 66 | 40 | 40 | 70 | 52 | 71 | 51 | 54 | 5,8% | 6,2% | -16,0 |
| **Mining** | 130 | 134 | 125 | 122 | 140 | 120 | 123 | 138 | 124 | 126 | 109 | 120 | 13,0% | 29,5% | -18,0 |
| **Manufacturing** | 74 | 70 | 62 | 63 | 44 | 51 | 72 | 44 | 63 | 39 | 53 | 59 | 6,4% | 3,9% | 15,0 |
| **Utilities** | 6 | 3 | 6 | 4 | 1 | 7 | 9 | 5 | 5 | 5 | 4 | 4 | 0,4% | 3,8% | -1,0 |
| **Construction** | 56 | 63 | 59 | 51 | 53 | 60 | 64 | 82 | 60 | 56 | 67 | 70 | 7,6% | 5,9% | -12,0 |
| **Trade** | 186 | 170 | 176 | 180 | 178 | 176 | 175 | 187 | 160 | 154 | 224 | 211 | 22,8% | 6,7% | 24,0 |
| **Transport** | 37 | 38 | 30 | 33 | 35 | 29 | 30 | 38 | 28 | 19 | 27 | 17 | 1,8% | 1,9% | -21,0 |
| **Finance** | 93 | 126 | 106 | 85 | 110 | 107 | 96 | 92 | 93 | 92 | 103 | 80 | 8,7% | 3,3% | -12,0 |
| **Community and Social Services** | 245 | 267 | 283 | 240 | 242 | 282 | 265 | 269 | 216 | 224 | 216 | 226 | 24,5% | 5,9% | -43,0 |
| **Private House Holds** | 74 | 75 | 72 | 50 | 61 | 72 | 59 | 51 | 50 | 72 | 62 | 82 | 8,9% | 7,3% | 31,0 |
| **Other** | | | | | | | | | | | | | | 0,0% | 0,0 |
| **TOTAL** | **960** | 992 | 969 | 874 | 930 | 944 | **933** | 979 | 851 | 858 | 917 | 924 | 100,0% | 6,1% | -55,0 |

### *2.3.2 North West Location and Infrastructure*

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

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

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

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

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

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

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

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

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

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

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

### *2.3.3 North West Policy Guidelines*

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

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

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

Cross-cutting sectors include:

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

Based on the information above NWDC will close the gap by focusing on smart specialization. Smart specialization is about placing greater emphasis on innovation and having an innovation-driven development strategy in place that focuses on each area's strength and competitive advantage. It aims at identifying factors of competitiveness and concentrating resources on key priorities. It also aims to harness area diversity by avoiding uniformity and duplication in investment goals. It combines goal-setting with a dynamic and entrepreneurial discovery process involving key stakeholders from government, business, academia and other knowledge-creating institutions.

## 3. SOUTH AFRICA'S GLOBAL COMPETITIVENESS

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

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

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

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

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

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

Recommendations and timeframes are grouped into four broad areas of action:
1) Reviving and transforming the enabling environment,
2) Reviving and transforming human capital,
3) Reviving and transforming markets, and
4) Reviving and transforming the innovation ecosystem.

Based on the assessment of business leaders:
- economic digitization and digital skills;
- safety nets and financial soundness;
- governance and planning; and
- health system and research capacity have contributed to countries' resilience to the health crisis.

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

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

| | INDICATOR DESCRIPTION | SA SCORE | SA RANK |
|---|---|---|---|
| 1. | Ensure public institutions embed strong governance principles. Build a long-term vision and establish trust by serving their citizens | 53.9 | 26 |
| 2. | Upgrade infrastructure to accelerate the energy transition and broaden access to electricity and ICT | 63.8 | 35 |

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

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

Conceptually there are parallels between the World Competitiveness Yearbook and the Global Competitiveness Report understandings of competitiveness. For the Global Competitiveness Report competitiveness is "the set of institutions, policies, and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the level of prosperity that can be reached by an economy" (WEF, 2014). According to the World Competitiveness Yearbook, competitiveness is the "ability of a nation to create and maintain an environment that sustains more value creation for its enterprises and more prosperity for its people" (IMD World Competitiveness Center, 2014). Both reports, in other words, highlight the importance of prosperity as the ultimate outcome of competitiveness.

**THE IMD WORLD COMPETITIVENESS SCOREBOARD**

The IMD World Competitiveness Scoreboard 2020 by the Institute for Management Development in Zurich (IMD) assesses the competitiveness landscape of 63 economies, providing insight into the drivers of their productivity and prosperity. South Africa ranked no 56 in 2019 from 53 in 2017 as well as in 2018 and has been alternating between positions 52 and 53 since 2013.

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

| 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| 53 | 53 | 56 | 59 | 62 |

**Challenges in 2021**
- Deteriorating headline and youth unemployment.
- Rising public debt levels amid a shrinking fiscal space.
- Lack of decisive plans to revive the struggling economy.
- Ongoing electricity supply problems and rolling blackouts.
- Slow vaccination rates to fast track the post COVID-19 recovery.

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

- business efficiency,
- economic performance and infrastructure.

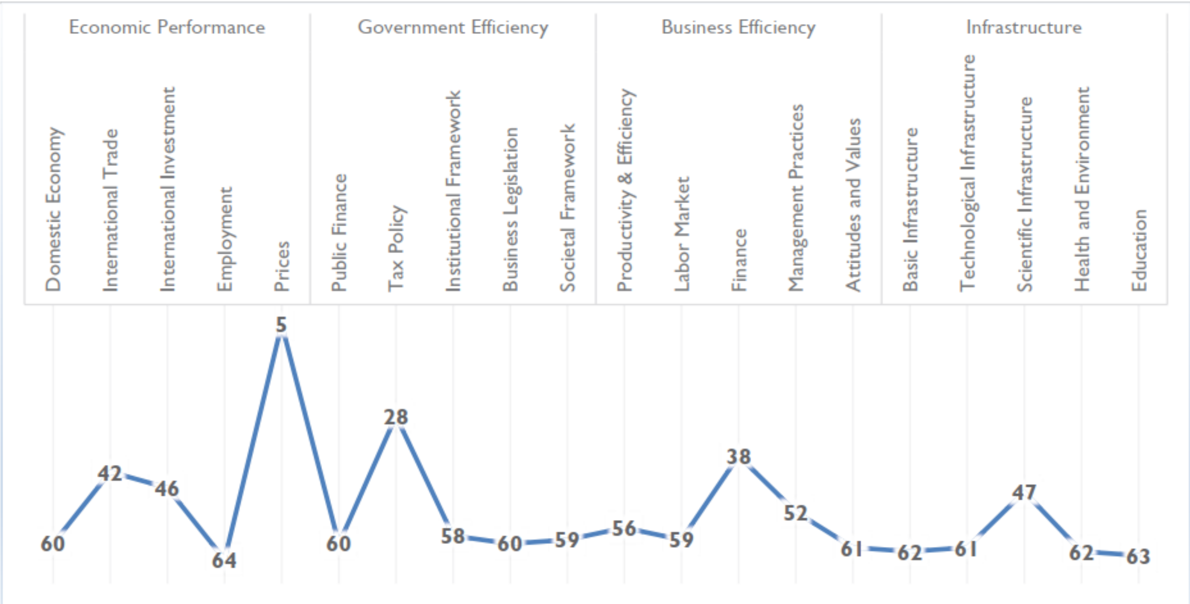
Productivity SA is the information partner for the IMD in South Africa.

South Africa hits all time low in competitiveness ranking in 2021 faced with sluggish economic growth and in the mist of the global Covid-19 pandemic, according to the latest World Competitiveness Yearbook (WCY) compiled by Switzerland based Institute of Management Development (IMD).

According to the 2021 WCY, South Africa fell by three notches to be ranked 59 out of 62 countries rated by the IMD. The country recorded a reasonably good level of global competitiveness between 2000 and 2006 averaging below 40 of the 63 countries, the best being 37 in 2001 and 2005, respectively, South Africa's performance has been on a downward trend since 2007.

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

**COMPETITIVENESS LANDSCAPE**




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

The aggregate ranking on the ease of doing business benchmarks each economy's performance on the indicators against that of all other economies in the Doing Business sample. While this ranking tells much about the business environment in an economy, it does not tell the whole story. A high ranking does mean that the government has created a regulatory environment conducive to operating a business.

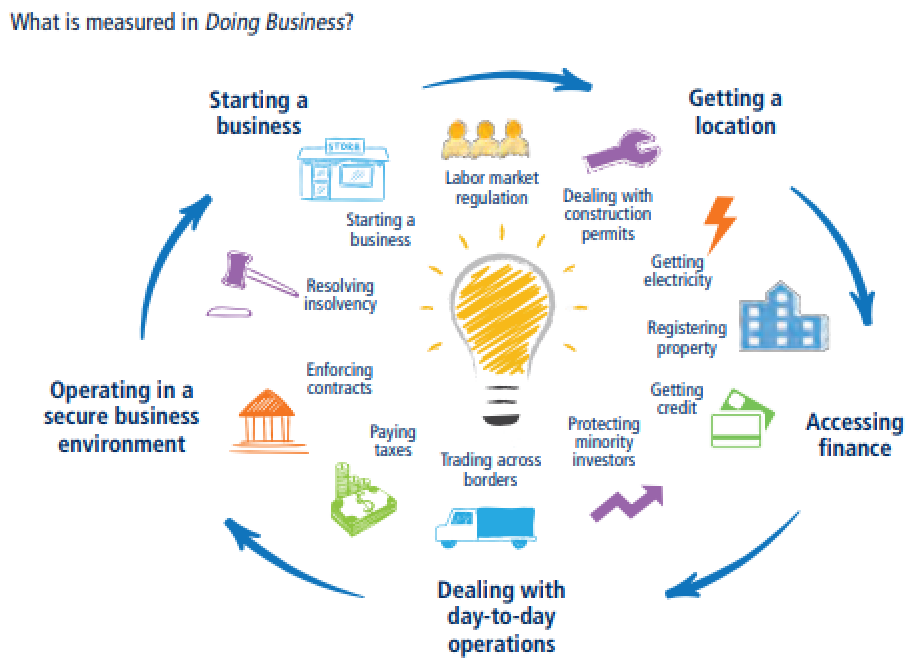
**"Sound and efficient business regulations are critical for entrepreneurship and a thriving private sector. Without them, we have no chance to end extreme poverty and boost shared prosperity around the world."** *(Source: Jim Yong Kim; President of the World Bank Group)*

Economies are ranked on their ease of doing business, from 1–190. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm. And the following aspects are measured to determine the Doing Business Score:

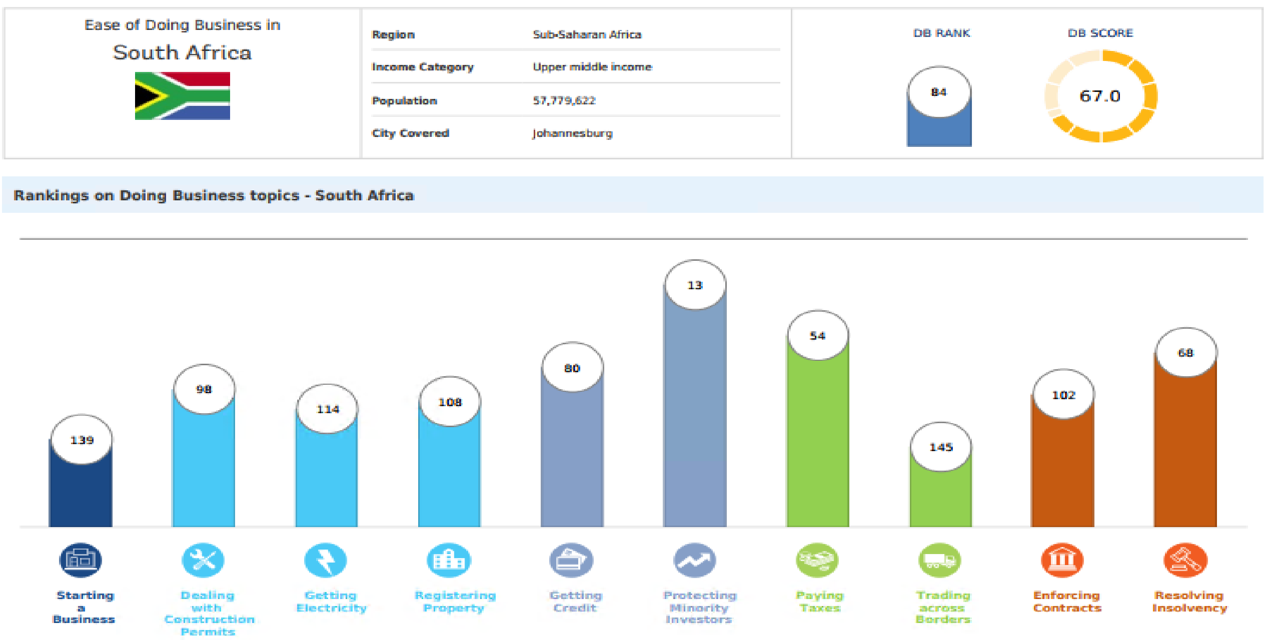
1. Starting a business
2. Dealing with construction permits

3. Getting electricity
4. Registering property
5. Getting credit
6. Protecting minority investors
7. Paying taxes
8. Trading across borders
9. Enforcing contracts
10. Resolving insolvency

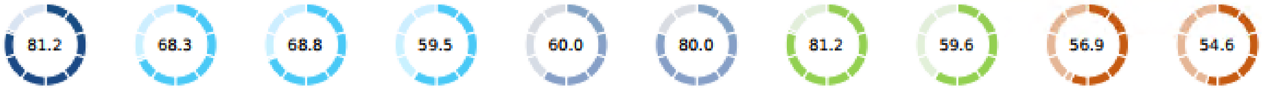
**Figure 9: What is measured in Doing Business:**




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



**Topic Scores**




| | |
|---|---|
| **Starting a Business** (rank) | 139 |
| Score of starting a business (0-100) | 81.2 |
| Procedures (number) | 7 |
| Time (days) | 40 |
| Cost (number) | 0.2 |
| Paid-in min. capital (% of income per capita) | 0.0 |
| **Dealing with Construction Permits** (rank) | 98 |
| Score of dealing with construction permits (0-100) | 68.3 |
| Procedures (number) | 20 |
| Time (days) | 155 |
| Cost (% of warehouse value) | 1.9 |
| Building quality control index (0-15) | 12.0 |
| **Getting Electricity** (rank) | 114 |
| Score of getting electricity (0-100) | 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 |
| **Registering Property** (rank) | 108 |
| Score of registering property (0-100) | 59.5 |
| Procedures (number) | 7 |
| Time (days) | 23 |
| Cost (% of property value) | 8.0 |
| Quality of the land administration index (0-30) | 15.5 |

| | |
|---|---|
| **Getting Credit** (rank) | 80 |
| Score of getting credit (0-100) | 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 |
| **Protecting Minority Investors** (rank) | 13 |
| Score of protecting minority investors (0-100) | 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 |
| **Paying Taxes** (rank) | 54 |
| Score of paying taxes (0-100) | 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 |

| | |
|---|---|
| **Trading across Borders** (rank) | 145 |
| Score of trading across borders (0-100) | 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 |
| **Enforcing Contracts** (rank) | 102 |
| Score of enforcing contracts (0-100) | 56.9 |
| Time (days) | 600 |
| Cost (% of claim value) | 33.2 |
| Quality of judicial processes index (0-18) | 8.5 |
| **Resolving Insolvency** (rank) | 68 |
| Score of resolving insolvency (0-100) | 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 |

# 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](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 was down 42% in 2020. Global foreign direct investment (FDI) flows in 2021 were $1.58 trillion, up 64 % from the exceptionally low level in 2020. (Source: World Investment Report; June 2022; UNCTAD)

The recovery showed significant rebound momentum, with booming merger and acquisition (M&A) markets and rapid growth in international project finance because of loose financing conditions and major infrastructure stimulus packages.

However, the global environment for international business and cross-border investment changed dramatically in 2022. The war in Ukraine – on top of the lingering effects of the pandemic – is causing a triple food, fuel and finance crisis in many countries around the world. Investor uncertainty could put significant downward pressure on global FDI in 2022.

The 2021 growth momentum is unlikely to be sustained. Global FDI flows in 2022 will likely move on a downward trajectory, at best remaining flat. New project activity is already showing signs of increased risk aversion among investors: preliminary data for Q1 2022 show greenfield project numbers down 21 % and international project finance deals down 4 %.

The 2021 FDI recovery brought growth in all regions. However, almost three quarters of the global increase was due to the upswing in developed countries, where FDI reached $746 billion – more than double the 2020 level. The increase was mostly caused by M&A transactions and high levels of retained earnings of multinational enterprises (MNEs). Those, in turn, led to sizeable intrafirm financial flows and major FDI fluctuations in large investment hubs.

The high levels of retained earnings in 2021 were the result of record MNE profits. The profitability of the largest 5,000 MNEs doubled to more than 8 per cent of sales. Profits were high especially in developed countries, because of the release of pent-up demand, low financing costs and significant government support.

Despite high profits, the appetite of MNEs for investing in new productive assets overseas remained weak. While infrastructure-oriented international project finance was up 68 5 and cross-border M&As were up 43 %, greenfield investment numbers increased by only 11 %, still one fifth below pre-pandemic levels.

The value of greenfield announcements overall rose by 15 per cent, to $659 billion, but remained flat in developing countries at $259 billion – stagnating at the lowest level ever recorded. This is a concern, as new investments in industry are crucial for economic growth and development prospects.

FDI flows to developing economies grew more slowly than those to developed regions but still increased by 30 %, to $837 billion. The increase was mainly the result of strong growth performance in Asia, a partial recovery in Latin America and the Caribbean, and an upswing in Africa. The share of developing countries in global flows remained just above %.

• FDI flows to Africa reached $83 billion, from $39 billion in 2020. Most recipients saw a moderate rise in FDI. The total for the continent was inflated by a single large intrafirm financial transaction. Greenfield announcements remained depressed, but international project finance deals were up 26 %, with strong growth in extractive industries.
• In developing Asia, despite successive waves of COVID-19, FDI rose to an alltime high for the third consecutive year, reaching $619 billion. Asia is the largest recipient region, accounting for 40 per cent of global FDI. However, inflows remain highly concentrated; six economies account for more than 80 per cent of FDI to the region.
• FDI in Latin America and the Caribbean rose by 56 per cent to $134 billion. Most economies saw inflows rebound, with only a few experiencing further declines, caused by pandemic-induced economic crises. Total inflows remained about 15 % below the pre-pandemic level.
• FDI flows to the structurally weak, vulnerable and small economies rose by 15 % to $39 billion. Inflows to the least developed countries (LDCs), landlocked developing countries (LLDCs) and small island developing States (SIDS) combined accounted for only 2.5 per cent of the world total in 2021, down from 3.5 per cent in 2020.

International investment in sectors relevant for the Sustainable Development Goals (SDGs) in developing countries increased substantially in 2021, by 70%.

The combined value of greenfield announcements and international project finance deals in SDG sectors exceeded the pre-pandemic level by almost 20 per cent. Most of the growth went to renewable energy. Investment activity in other SDG-related sectors – including infrastructure, food and agriculture, health, and WASH – saw only a partial recovery.

Renewable energy and energy-efficiency projects represent the bulk of climate change investments. International private investment in climate change sectors is directed almost exclusively to mitigation; only 5 % goes to adaptation projects. More than 60 % is invested in developed countries, where 85 % of projects are purely privately financed. In contrast, almost half of the projects in developing countries require some form of public sector participation.

International project finance is increasingly important for SDG and climate change investment. The strong growth performance of international project finance can be explained by favourable financing conditions, infrastructure stimulus and significant interest on the part of financial market investors to participate in large-scale projects that require multiple financiers. The instrument also enables governments to leverage public investment through private finance participation.

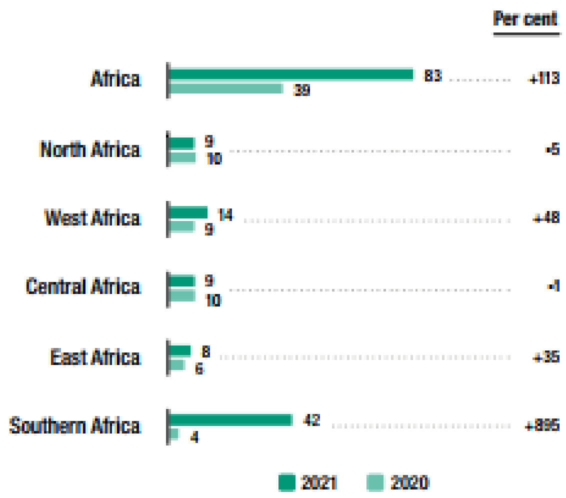
Finally, comparing the largest, the smallest and the digital MNEs shows starkly contrasting investment trends. Sales of UNCTAD's top 100 digital MNEs grew five times faster than those of the traditional top 100 over the past five years, with the pandemic providing a huge boost. The largest MNEs engage more in greenfield investment, and digital MNEs more in M&As. Digital MNEs are FDI light, needing relatively little investment in physical assets to reach overseas markets. International production by both digital and large MNEs has grown continuously, albeit at different speeds. In contrast, FDI by SMEs is in decline. Over the past five years, the share of SMEs in greenfield investment projects declined from 5.7 to 1.3 %.

## 4.2 Africa

### Africa Regional Investment Trends

FDI flows to Africa reached $83 billion – a record level – from $39 billion in 2020, accounting for 5.2 % of global FDI. Most recipients saw a moderate rise in FDI after the fall in 2020 caused by the pandemic. The total for the continent was inflated by a single intrafirm financial transaction in South Africa in the second half of 2021. Excluding that transaction, the increase in Africa is moderate, more in line with other developing regions. Southern Africa, East Africa and West Africa saw their flows rise; Central Africa remained flat and North Africa declined.

Figure I.9. FDI inflows in Africa, by subregion 2020–2021 (Billions of dollars)




*Source:* UNCTAD, FDI/MNE database (https://unctad.org/fdistatistics).

FDI to Southern Africa jumped to $42 billion due to a large corporate reconfiguration in South Africa – a share exchange between Naspers and Prosus in the third quarter of 2021. New project announcements included a $4.6 billion clean energy project finance deal sponsored by Hive Energy (United Kingdom) and a $1 billion greenfield project by Vantage Data Centers (United States), with its first African campus.

## 4.3 South Africa

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

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

Retail and inter-state projects are excluded from this report

#### All FDI into South Africa

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

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

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

**Summary**

### FDI projects peaked in 2011

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

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

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

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

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

### Largest projects originate in China

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

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

Out of a total of 84 destination cities, the top five account for the majority of projects. Johannesburg is the top destination city accounting for one-third of projects tracked. Total investment into

Johannesburg resulted in the creation of 35,518 jobs and ZAR 293.18bn capital investment, equating to an average of 54 jobs and ZAR 453.14m investment per project.

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

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

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

South Africa Aggregate Annual Figures Headline FDI trends by year

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

**Notes:**

1) ©fDi Intelligence, from the Financial Times Ltd 2017. Data subject to terms and conditions of use.
2) All Capex Figures shown in the table are in ZAR - South African Rand millions.
3) Capex data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
4) Jobs data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.

(Source: FDI Intelligence Markets database, prepared by Investment South Africa (ISA) a division in the dti)

**Table 20: Destination Provinces**

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

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

**Notes:**

5) ©fDi Intelligence, from the Financial Times Ltd 2017. Data subject to terms and conditions of use.
6) All Capex Figures shown in the table are in ZAR - South African Rand millions.
7) Capex data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
8) Jobs data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.

(Source: FDI Intelligence Markets database, prepared by Investment South Africa (ISA) a division in the dti)

## 4.4 North West Province

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

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

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

Retail and inter-state projects are excluded from this report.

### North West FDI Projects Detail

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

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

### Project Profiles

### October 2019 - Bridgestone into South Africa

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

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

Jobs Created: 159 (est)     Investment: ZAR 380.78 million

FDI project type: Expansion

### May 2018 - Grand Capital into South Africa

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

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

Company contact: Sergey Kozlovsky (Head, Analytics)

Jobs Created: 19 (est)     Investment: ZAR 136.66 million (est)

FDI project type: New

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

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

Neovia, a producer of animal nutrition products and subsidiary of France-based Union InVivo, has opened a new storage and distribution centre at its production site in Brits, South Africa. The 1000 sq m facility will increase the site's capacity and facilitate the distribution of its various products and services in South Africa as well as in 10 other African countries. The centre is supplemented by new administrative offices.

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

Jobs Created: 157 (est)     Investment: ZAR 388.40 million (est)

FDI project type: Co-Location

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

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

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

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

Jobs Created: 2 (est) Investment: ZAR 160.40 million

FDI project type: Co-Location

**April 2014 - Syngenta into South Africa**

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

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

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

Jobs Created: 55 (est) Investment: ZAR 166.87 million (est)

FDI project type: Co-Location

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

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

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

Company contact: Thomas Carlsson (Chief Financial Officer)

Jobs Created: 383 (est) Investment: ZAR 799.82 million (est)

FDI project type: New

**April 2011 - Monsanto into South Africa**

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

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

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

Jobs Created: 147 (est) Investment: ZAR 323.67 million

FDI project type: New

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

| | |
|---|---|
| Xstrata-Merafe, a subsidiary of Xstrata PLC (Zug, Switzerland) is investing in the city of Rustenburg, South Africa in the Metals sector in a Manufacturing project. | |
| Xstrata-Merafe, a ferro-chrome producer, has announced plans to open a manufacturing plant at its Rustenburg mine in South Africa. The company will invest R1bn into the facility, which will have a capacity to sinster and pellitise 600,000 tonnes per year of chrome-fines. The company expects the unit to be operational by 2013. | |
| Jobs Created: 1706 (est) | Investment: ZAR 1,967.91 million |
| FDI project type: Co-Location | |

# 5. TRADE

## 5.1 African Continental Free Trade Area (AfCFTA)

### 5.1.1 Facilitating trade and economic integration in Africa

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

The AfCFTA lowers trade barriers and promotes regional economic integration. Trading under the continent-wide area commenced on 1 January 2021. The AfCFTA is the world's largest trading area since the establishment of the World Trade Organization with 54 of the 55 countries of the African Union (AU). The AfCFTA was established by the African Continental Free Trade Agreement signed in March 2018 by 44 AU countries. Over time, other AU countries signed on as the official start of trading under the provisions of the agreement approached. The AfCTFA is projected to create opportunities and boost the African economy. By facilitating this intra-African trade area, the international community expects sustainable growth and increased economic development.

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

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

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

### 5.1.2 The Implementation and Benefits of the AfCFTA

***Creating a Single Market***
The main objective is to create a single market for goods and services to increase trading among African nations. The AfCFTA is tasked to implement protocols to eliminate trade barriers and

cooperate with member states on investment and competition policies, intellectual property rights, settlement of disputes and other trade-liberating strategies.

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

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

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

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

***Protecting Women Traders***
According to UNECA and the African Trade Policy Centre, women are estimated to account for around 70% of informal cross-border traders. Informal trading can make women vulnerable to harassment and violence. With the reduced tariffs, it will be more affordable for women to trade through formal channels where women traders will not have to put themselves in dangerous situations.

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

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

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

## 5.2 North West Trade

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

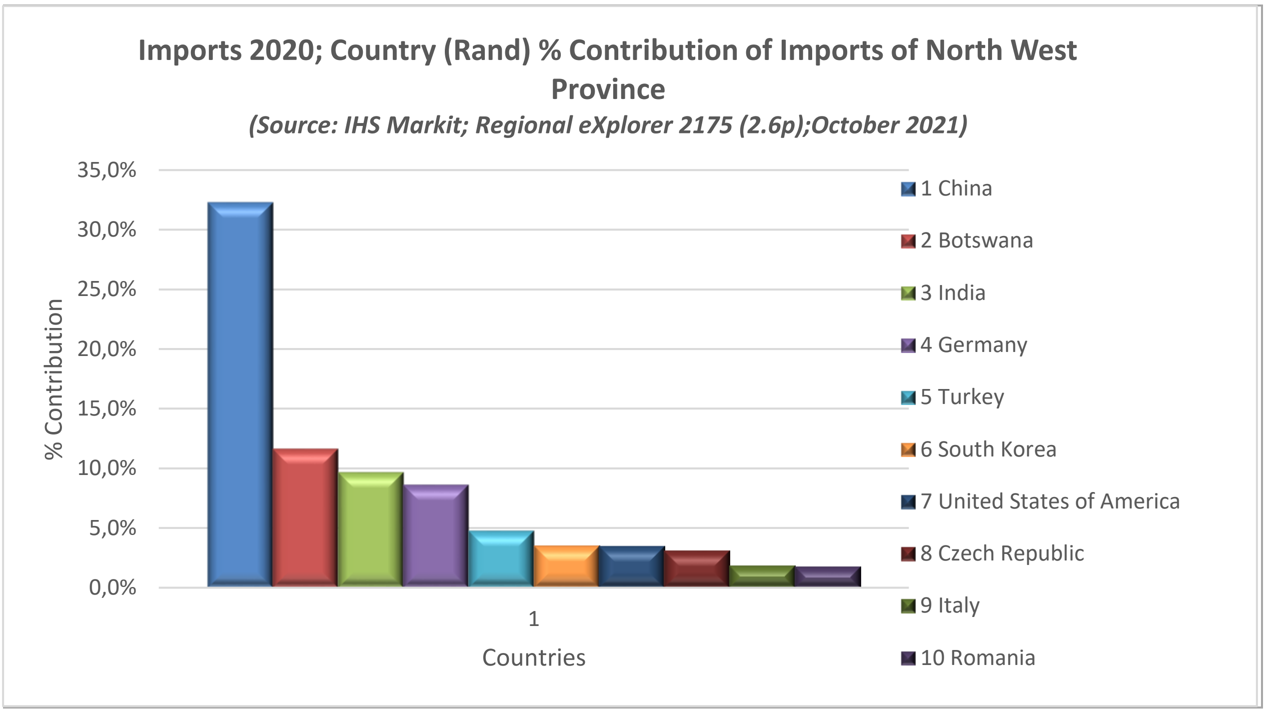
| Exports Harmonized System (HS) 2-digit (Rand) | SA | NW | BPDM | Madibeng | Rustenburg |
|---|---|---|---|---|---|
| **71 Precious metals 2019** | 221 262 284 620 | 77 931 663 975 | 77 923 801 336 | 3 923 571 543 | 73 987 158 466 |
| **71 Precious metals 2020** | 324 139 623 779 | 1 740 500 | 73 374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

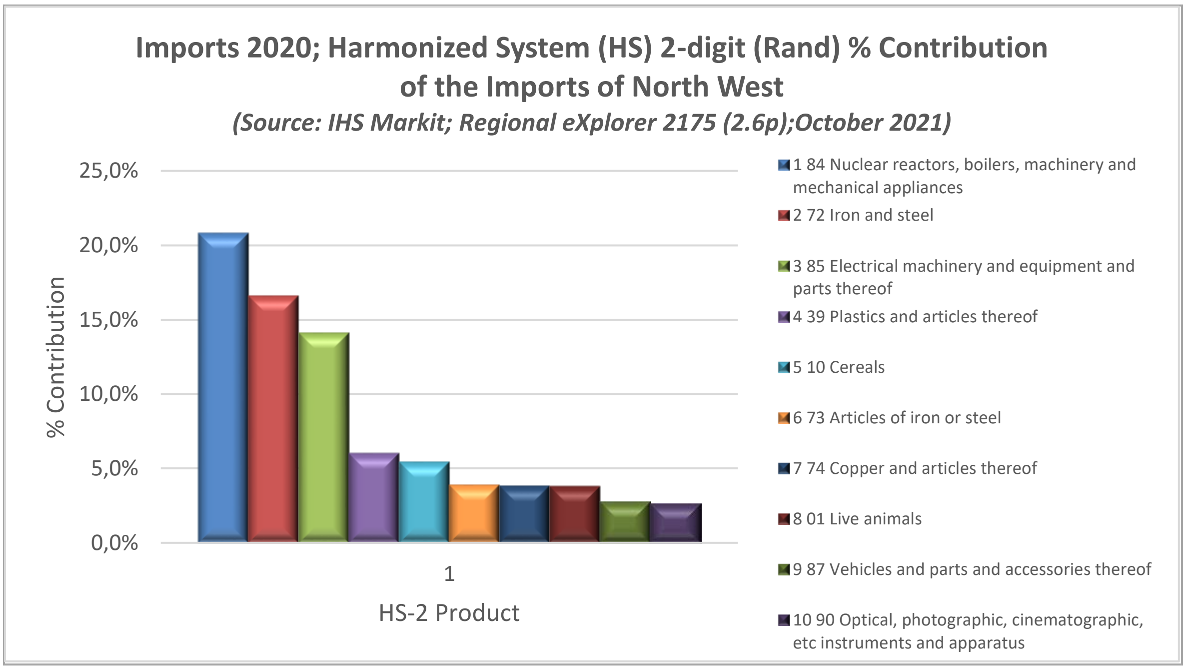
**Table 22: NORTH WEST TRADE VALUES**

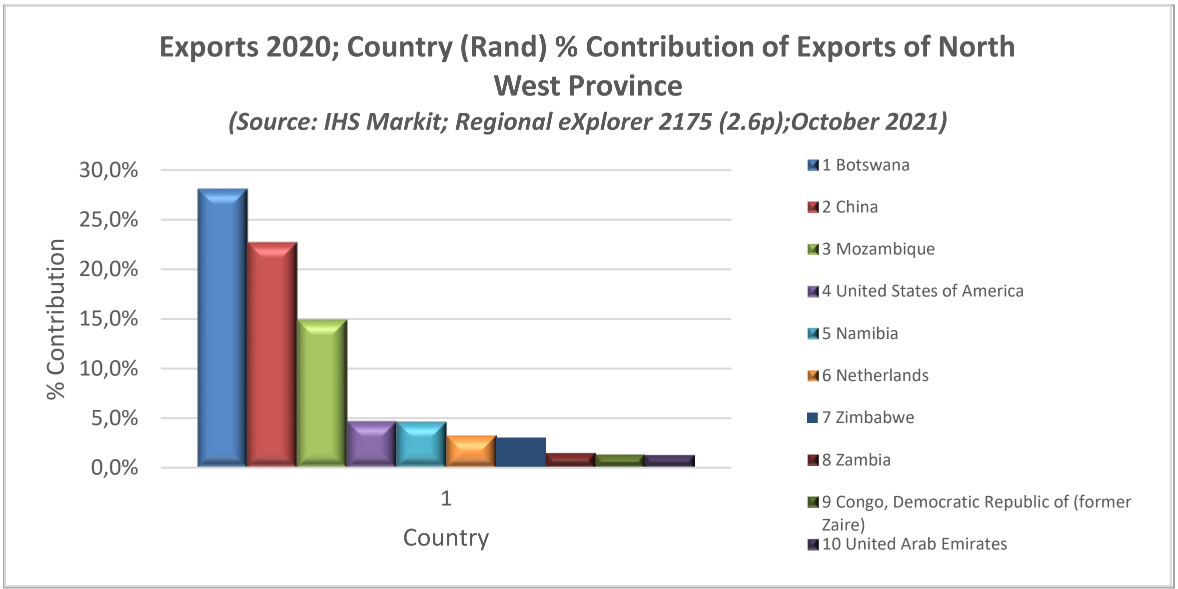
| NORTH WEST International Trade Totals 2020 | | | | | | |
|---|---|---|---|---|---|---|
| | **SA** | **NW** | **BPDM** | **NMMDM** | **DRSMDM** | **DKKDM** |
| **Exports (R 1000)** | 1 394 345 999 | 9 936 026 | 6 189 990 | 2 356 350 | 260 438 | 1 129 247 |
| **Imports (R 1000)** | 1 109 458 999 | 5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

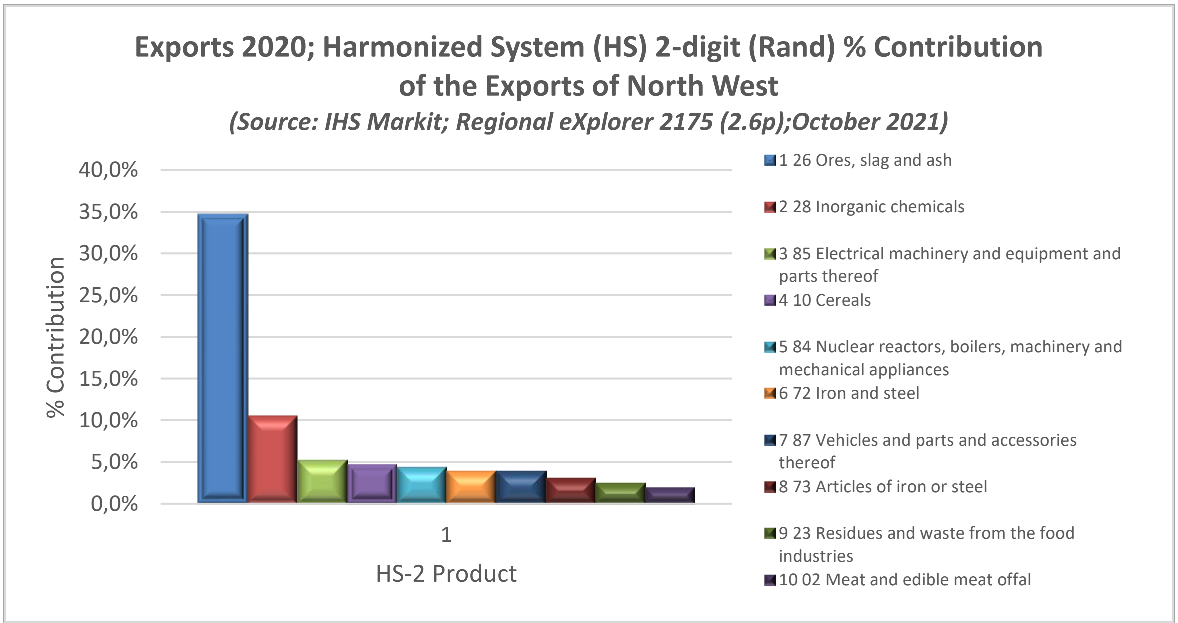
*(Source: IHS Markit; Regional eXplorer 2175 (2.6p);October 2021)*

**Figure 8: KEY IMPORT AND EXPORT GRAPHS**


Imports 2020; Country (Rand) % Contribution of Imports of North West Province
(Source: IHS Markit; Regional eXplorer 2175 (2.6p);October 2021)
35,0%
30,0%
25,0%
20,0%
15,0%
10,0%
5,0%
0,0%
% Contribution
1
Countries
1 China
2 Botswana
3 India
4 Germany
5 Turkey
6 South Korea
7 United States of America
8 Czech Republic
9 Italy
10 Romania


Imports 2020; Harmonized System (HS) 2-digit (Rand) % Contribution of the Imports of North West
(Source: IHS Markit; Regional eXplorer 2175 (2.6p);October 2021)
25,0%
20,0%
15,0%
10,0%
5,0%
0,0%
% Contribution
1
HS-2 Product
1 84 Nuclear reactors, boilers, machinery and mechanical appliances
2 72 Iron and steel
3 85 Electrical machinery and equipment and parts thereof
4 39 Plastics and articles thereof
5 10 Cereals
6 73 Articles of iron or steel
7 74 Copper and articles thereof
8 01 Live animals
9 87 Vehicles and parts and accessories thereof
10 90 Optical, photographic, cinematographic, etc instruments and apparatus




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 2091 to approximately R10bn in 2020 as indicated in Table 22 above.

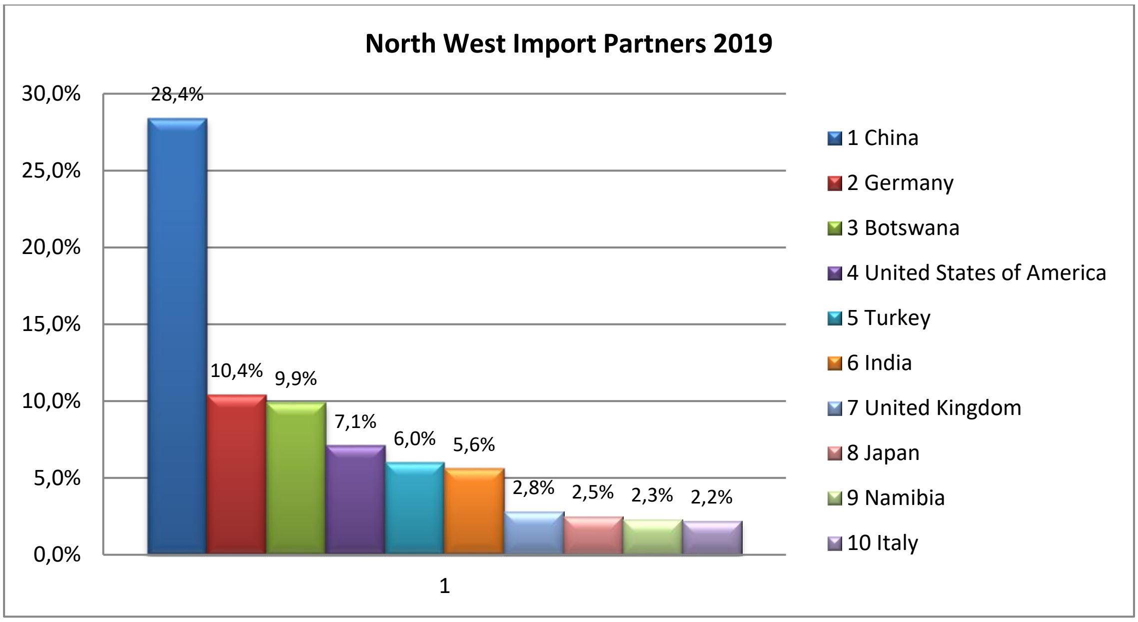
Compared to 2017, North West exports increased from approximately R24 bn to approximately R103 bn in 2019. Imports remained at about R6 bn. Exports where from mainly from Rustenburg and Madibeng.

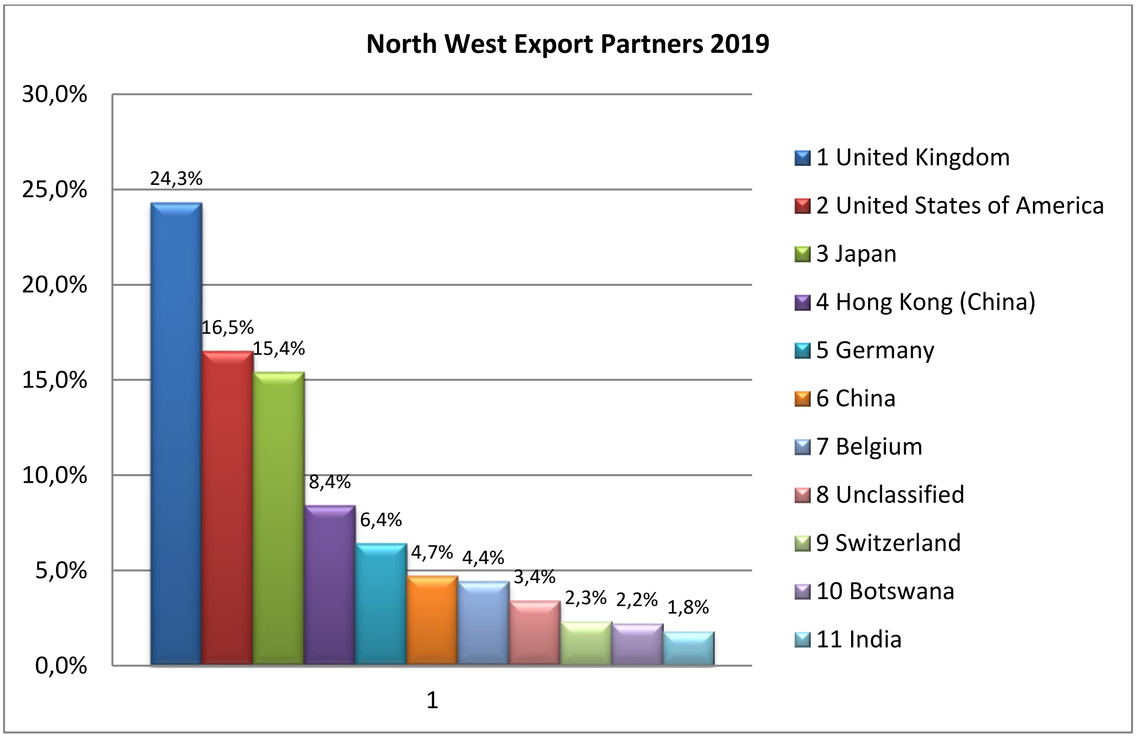
**Table 23: North West Trade Summary 2019**

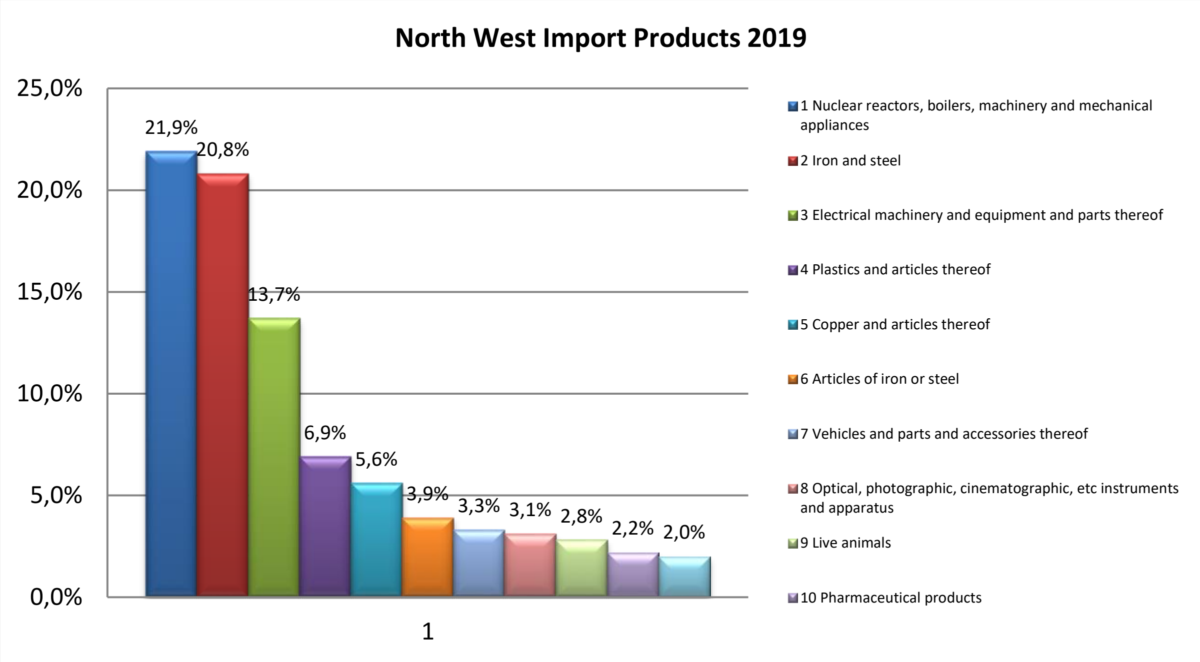
| International Trade | SA | North-West | Bojanala DM | Ngaka Modiri Molema DM | Dr Ruth Segomotsi Mompati DM | Dr Kenneth Kaunda DM |
|---|---|---|---|---|---|---|

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 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)





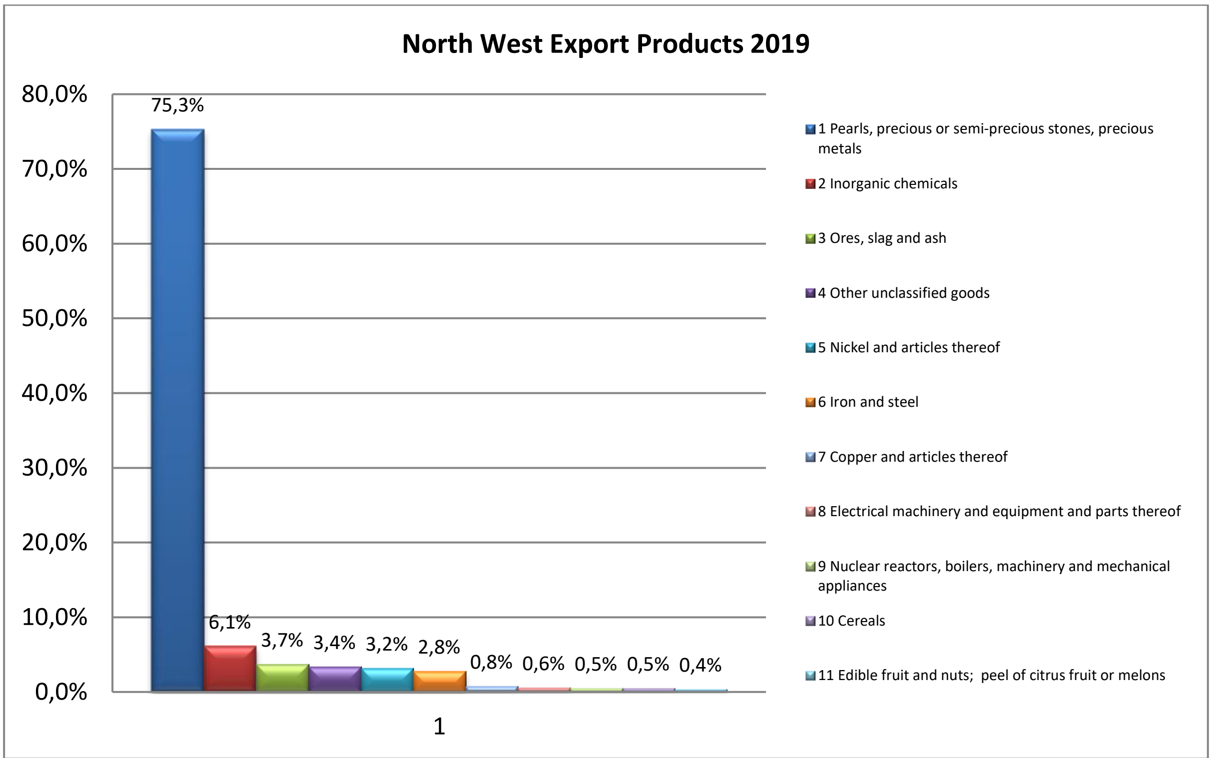




**Table 24: International Trade Figures for 2019**

| International Trade 2019 | | | | | | |
|---|---|---|---|---|---|---|
| | SA | North-West | Bojanala DM | Ngaka Modiri Molema DM | Dr Ruth Segomotsi Mompati 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 Mompati 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 Mompati 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:

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

**Report Submitted By** **Date: 30 September 2022**

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